

**In Suva:**

Elenoa Baselala

Phone: +679 9986303/+679 7239616

Email: [ebaselala@ifc.org](mailto:ebaselala@ifc.org)

**In Honiara:**

CBSI

Uriel Matanani

Ph: +677 7515700 / +677 21791

Email: [umatanani@cbsi.com.sb](mailto:umatanani@cbsi.com.sb)

***Solomon Islands Reforms Making Banking Easier and Increasing Access to Affordable Digital Services***

**Honiara, Solomon Islands, October 3, 2022** –Small businesses and individuals across Solomon Islands stand to benefit from national payment systems reform that will help modernize the country’s financial architecture, in turn driving inclusive economic development and making everyday banking transactions easier.

In a move which is expected to enable the increased use of electronic payments, the Solomon Islands Government has enacted the National Payment Systems Act 2022. This is a key step in a reform process, undertaken in consultation with the Central Bank of Solomon Islands (CBSI), which is set to increase access to affordable digital payment services, reduce reliance on cash and drive broad-based financial inclusion across this Pacific Islands nation where many adults do not have access to a bank account.

“We are pleased to bring in this important reform. Updating payment systems is a key step forward for the economy, unlocking the benefits of increased use of electronic payments,” said **Harry Kuma, Solomon Islands Minister for Finance and Treasury**. “These new measures help create the conditions for sustainable, broad-based economic growth, benefitting businesses and individuals.”

The reform paves the way for Solomon Islands to adopt an electronic funds settlement process, replacing a system by which transfers between banks are done manually using cheques. The current manual system is highly inefficient and can result in significant delays in clearing funds which hampers everyday commerce and economic activity.

“This crucial legislation will enable Solomon Islands to benefit from a modern, resilient financial system, with a more efficient, safe and transparent approach. It will enable the Central Bank to better protect consumers, and it will enable Solomon Islands’ banks and financial institutions to offer better products and services,” said **Dr Luke Forau, Governor, CBSI**. “The next step in this important program will be to develop regulations and modern electronic payment system infrastructure which will in turn help us enhance our capacity to monitor systemic risk and increase access to improved financial services for businesses and households.”

IFC, a member of the World Bank Group, with the support of the governments of Australia and New Zealand as well as the World Bank, has provided technical expertise to the CBSI in relation to this landmark reform. This latest development follows similar reforms undertaken by central banks in Papua New Guinea, Fiji, Samoa and Vanuatu that promote responsible and inclusive digital financial services in the Pacific.

“Our payment systems work in Solomon Islands will help increase access to electronic payment services for people who have simply been missing out on the offerings by banks and other financial providers. It helps strengthen the legal framework for the national payment system and will enable modern payment systems infrastructure that delivers safe, and reliable digital payment and remittance transactions at lower cost,” said **Judith Green, IFC Country Manager for Australia, New Zealand, Papua New Guinea and the Pacific Islands**. “At a time when Solomon Islands has been hit hard by the pandemic and is on the global frontline of climate change, these crucial building blocks of financial inclusion will enable people throughout the nation to benefit.”

The ongoing reform program, overseen by the CBSI, will see further regulations and policies developed and an Automated Fund Transfer system established to enable digital payments.

### **Pacific Partnership**

IFC’s work in Solomon Islands is guided by the Pacific Partnership. Australia, New Zealand and IFC are working together through the Partnership to stimulate private sector investment and reduce poverty in the Pacific.

### **About the Ministry of Finance and Treasury**

The Ministry of Finance and Treasury has the responsibility to provide strategic advice, leadership and reporting on economic reforms, monetary, budget and fiscal policy to the Solomon Islands Government. Across the public service, the Ministry is responsible for financial reporting, and preparing and managing the annual recurrent budget.

### **About CBSI**

The Central Bank of Solomon Islands (CBSI) is the premier financial institution in the country and is at the center of the banking and financial system, performing a number of essential functions, including the formulation and implementation of the country’s monetary policies. CBSI is the only authority that exercises discretionary control over the Country’s entire monetary system.

### **About IFC**

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2022, IFC committed a record \$32.8 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of global compounding crises. For more information, visit [www.ifc.org](http://www.ifc.org).

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