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Solomon Islands' New Payment System to improve efficiency in payment and Increase Access to Banking, Support Economy

Honiara, Solomon Islands, April 8, 2024 – Solomon Islands will benefit from a new financial payment infrastructure, which will make banking easier, contribute to the digitalization of the economy, and help drive inclusive sustainable economic development.

Launched today by the Central Bank of Solomon Islands (CBSI), a new digital payment platform called, the Solomons Automated Transfer System (SOLATS) is a real time gross settlement (RTGS) payment system. It will increase efficiency and strengthen security in the financial system, making it more accessible and convenient for all.

IFC, a member of the World Bank Group, with funding from the governments of Australia and New Zealand as well as support from the World Bank, provided technical expertise to the CBSI in relation to these developments. This follows similar transformations undertaken by central banks in Papua New Guinea, Fiji, Samoa, and Vanuatu, all of which help to facilitate responsible and inclusive digital financial services in the Pacific.

This initiative is critically important to help drive economic development and bring more people into the formal financial system in the Pacific Islands nation. According to a demand side survey conducted in 2015, more than 30 percent of **adult Solomon Islanders do not have a bank account and lack access to banking services, forcing them to rely on cash.**

“This new platform revolutionizes payments in Solomon Islands. Individuals, businesses, and government will benefit from secure, efficient, and convenient transactions,” said **Dr Luke Forau, Governor, CBSI**. “SOLATS is a big step towards a more digital economy for Solomon Islands, and it will create the conditions for banks and other financial institutions to offer new services.”

SOLATS, which is overseen by CBSI, will increase security and efficiency in the financial system. It ensures secure transactions, protecting customers and businesses from fraud. It also simplifies transactions for purchasing goods or sending money. SOLATS will make various payment options easier, including electronic and mobile.

This new platform replaces the existing inefficient system of manual transfers between banks that relied on cheques and always lead to delays in clearing funds, slowing commerce and economic activity. Over time, SOLATS is expected to help reduce people’s reliance on cheques and cash in Solomon Islands.

CBSI will also shortly launch a Central Securities Depository, a financial market platform based on an electronic registry holding all government and central bank securities. The Central Securities Depository will be linked to SOLATS in real time, ensuring the safekeeping and accurate recording of securities transactions, increasing efficiency in securities trading, and supporting the development of Solomon Islands’ capital markets.

“These important developments in the financial system will help boost financial inclusion and economic activity in Solomon Islands, and will help create the conditions for resilient, broad-based economic growth,” said **Judith Green, IFC Country Manager for Australia, New Zealand, Papua New Guinea and the Pacific Islands**. “Secure and efficient payment systems, along with robust capital markets, are

crucial to help reduce poverty and boost people's prosperity. IFC is working with central banks and other partners across the Pacific to help create this transformative change."

"Australia is a strong supporter of the Solomon Islands Government's efforts to ensure more citizens have access to financial services, supporting economic stability and growth," said **Australian High Commissioner to Solomon Islands Rod Hilton**. "Congratulations to the Central Bank of Solomon Islands on the introduction of this important new system which will make it possible for more everyday cash transactions to be electronic, and faster and safer for more people to access financial services."

New Zealand High Commissioner to Solomon Islands Jonathan Schwass said, "Aotearoa New Zealand is proud to support this crucial initiative and others like it across the Pacific. These new platforms are a key step forward for Solomon Islands' economy. They will enable people and businesses to benefit from a modern, resilient financial system, which will contribute to the growth of new financial services, support the nation's capital markets, and help make everyday life easier."

The ongoing reform program, overseen by CBSI, will continue the modernization of Solomon Islands' financial sector, with further regulations to be introduced.

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 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 2023, IFC committed a record \$43.7 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

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