

WINNER FOR INNOVATION

INNOVATE FOR EVERYONE

How to Make Financial Services Accessible to All

The Bank of Papua New Guinea, winner of the 2021 Duty of Care Award for Innovation, used technology to make financial services available to all, including those with no access to mains power or the internet.

The Bank of Papua New Guinea (BPNG) is the country's Central Bank. Its primary objective is to ensure that its monetary and banking policy is directed to the greatest advantage to the people of Papua New Guinea, and direct its efforts to promoting monetary stability and a sound and efficient financial structure.

However, in PNG there are approximately 8 million people, of whom:

- **85%** do not have a bank account.
- **Only 20%** have access to mains power.
- **Only 5%** have a birth certificate.
- **Less than 5%** have a smartphone.

Plus, internet connectivity is poor and not widely available.

This means it is difficult for many people to access bank accounts and other financial services. In turn, that makes it extremely difficult to get jobs, own land and vote.

As part of its commitment to Duty of Care, BPNG rose to this challenge. Elizabeth Genia, BPNG Assistant Governor, Corporate Affairs, explains:

'One of the pillars in our Strategic Plan is the pursuit of financial inclusion for all PNG citizens. BPNG is duty-bound to investigate new and emerging technologies, to understand the impact that they have on banking regulations, and to develop a culture of embracing new and emerging technologies.'

'For some time, we have been trying to make financial and social products and services accessible and affordable to all, irrespective of their wealth or social standing. A key aspect of this was finding a proper and trusted way for PNG citizens to prove their identity.'





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Embracing Technology, Creating Partnerships

In 2016, BPNG began to investigate the use of Digital Blockchain Technology (DLT) as a tool to achieve financial and social inclusion. This was actively supported by BPNG Management as it recognised that identity was key to the achievement of financial and social inclusion.

The Bank's initial research included sponsorship and attendance at the London Blockchain Week and Hackathon in January 2017, and again in 2018 and 2019.

It also sponsored and hosted the first ever DLT conference in PNG with 240 attendees listening to presentations from 9 different countries; this led to the funding of free training for 24 participants in developing DLT-based solutions.

Another initiative was the creation and patronage of the PNG Digital Commerce Association, a legally-constituted entity designed to encourage innovation.

The Digital Access Tool

As a result of these and other collaborations, BPNG championed the creation of a number of products and services, including a Digital Access Tool - DAT. The DAT is the world's first digital identity creation tool that does not require mains power, internet connectivity or the use of "smartphone" mobile technologies.

For example, those responsible for issuing official identities take the initiative to visit remote communities. There the local elders vouch for the identity of each of their people. Each individual is then given a smart card which acts as an official record of their identity.

The DAT was successfully field-tested in Abau, Vesulogo, Wewak and Maprik. Over 100 people were provided with a personal identity for the first time in their lives. DAT has also been subjected to world-class cybersecurity testing by Price Waterhouse Coopers in Hong Kong.

DAT opens the way for individuals to gain access to otherwise unavailable financial and social products across multiple providers. It also has the potential to capture other social and financial records, such as medical records, land titles, genealogy records, voting records and more.

Regulatory Sandbox

BPNG also saw the creation of the first 'Regulatory Sandbox' in the South Pacific. This provides a controlled environment for the testing of new technologies aimed at creating new social and economic opportunities that promote financial and social inclusion. The DAT is one of the innovations that will be subject to rigorous testing by the Regulatory Sandbox.

In mid-2019, BPNG's Regulatory Sandbox was selected as a case study in the Commonwealth FinTech Toolkit publication. This major study was designed to showcase the application of FinTech innovations for the betterment of Commonwealth citizens.

Elizabeth Genia Concludes

'We believe the DAT project will become one of a number of digital identity solutions available to PNG citizens and will reduce the speed and cost of securing a personal identity, provide a basis for encouraging other internationally funded innovations to submit to the BPNG Sandbox, and create a "can do" environment for entrepreneurs across PNG. Such initiatives move us towards bringing financial and social inclusion to all the citizens of Papua New Guinea.'

Key Elements

- Investigate and embrace new and emerging technologies.
- Create partnerships and collaborate to maximise innovation.
- Seek practical solutions for the benefit of those least well off in society.