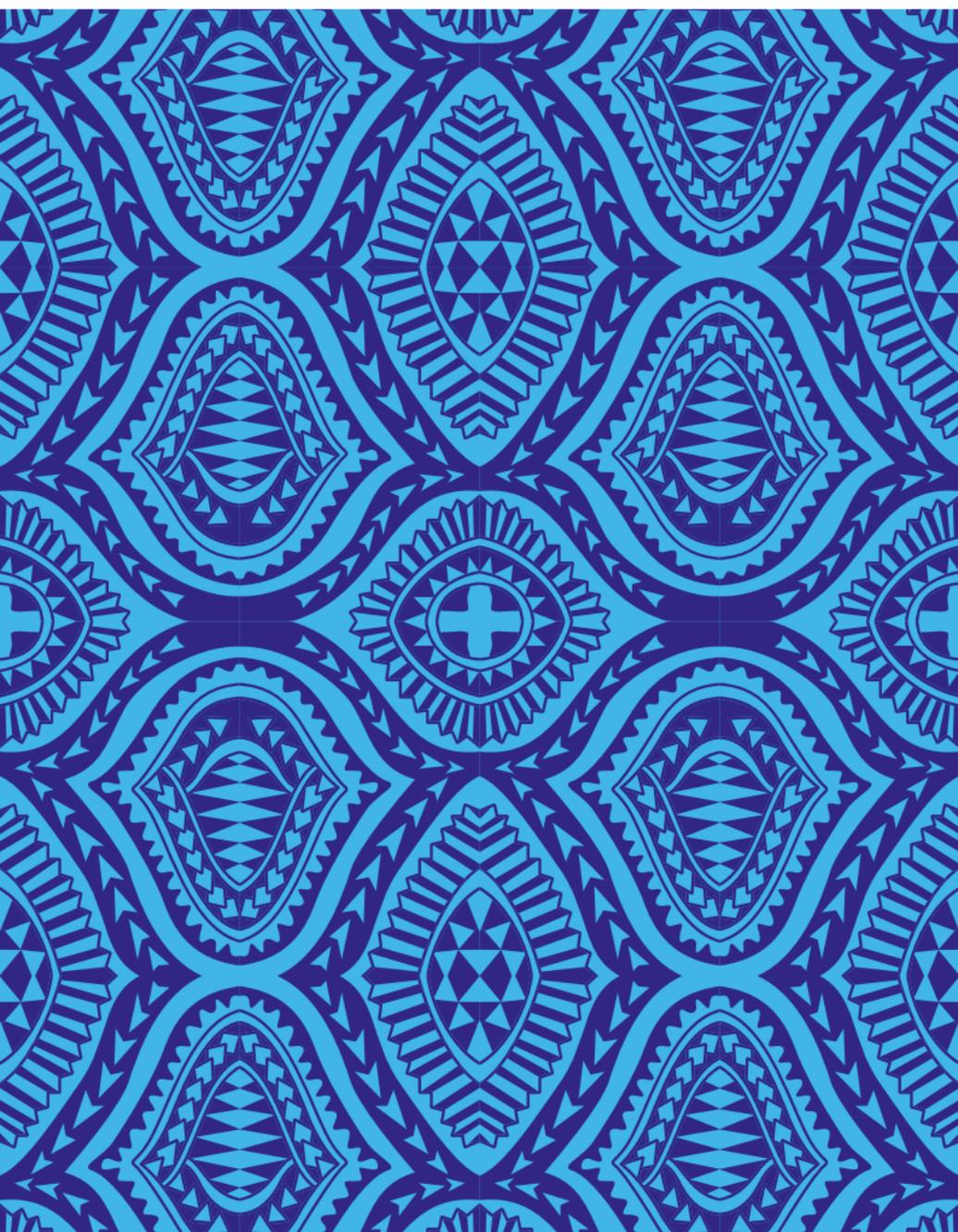




# PACIFIC ISLANDS

## REGIONAL DE-RISKING ACTION PLAN



## POLICY CHALLENGE

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De-risking, or de-banking, is a critical issue that affects the financial inclusion goals of many AFI members, particularly small island states. Despite increased attention given to the issue over the last five years, progress in stemming or reversing de-risking has been slow.

## ULTIMATE GOAL

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Increased economic stability in the Pacific region through stable global and regional banking relationships and financial services that are accessible to all Pacific islanders.

## SUCCESS INDICATORS

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- > Increased number of Pacific banks obtaining or retaining correspondent banking relationships (CBRs).
- > Increased number of Pacific money transfer operators (MTOs) obtaining or retaining business relationships with global banks, including in Australia, New Zealand and the United States.
- > Improved willingness of Pacific and global banks to engage, coordinate and address the drivers of de-risking.
- > Reduced costs of remittances to the Pacific region.
- > Enhanced access of all low-income Pacific Islanders to remittances.

## DEVELOPMENT OF THE ACTION PLAN

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- > PIRI leaders and Experts Group on Financial Inclusion Policy (EGFIP) members endorsed the development of a Regional De-risking Action Plan for the Pacific at the 10th PIRI Meeting in Honiara, Solomon Islands in May 2019.
- > Following that, PIRI conducted a two-day workshop in Sydney, Australia in November 2019 to further develop and finalize the action plan with key non-PIRI jurisdictions and regional partners. The workshop emphasized an open and inclusive consultative approach that ensured shared ownership among the stakeholders and attained a consensus on feasible timelines, roles and progress tracking mechanisms.

## IMPLEMENTATION OF THE ACTION PLAN

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- > PIRI cluster co-chairs - Tonga, Samoa, Timor-Leste, and Papua New Guinea - will drive and oversee the action plan's implementation with support from the AFI Management Unit (AFI MU) and key partners, and will report to PIRI leaders at each PIRI meeting (held twice a year), who will provide strategic oversight, leadership and coordination.
- > The implementation of the action plan will leverage on, and complement, relevant existing and new partner activities directed towards addressing de-risking in the Pacific region.
- > PIRI will continue to take an open and inclusive approach in implementing the action plan, particularly through the "PIRI Plus" mechanism agreed on in Sydney whereby there will be close engagement with both non-PIRI jurisdictions affected by de-risking and regional partners, including technical assistance providers, developed country regulators and the private sector.

## ACTION PLAN CLUSTERS

### Cluster 1: Inter-regulator and stakeholder coordination

**Cluster co-chairs:**  
Reserve Bank of Tonga,  
Reserve Bank of Vanuatu



### Cluster 2: Diagnostics and monitoring frameworks to track implementation progress

**Cluster co-chairs:**  
Central Bank of Samoa,  
Central Bank of Solomon  
Islands



### Cluster 3: Compliance with AML/CFT standards and risk assessment

**Cluster co-chairs**  
Banco Central de  
Timor-Leste,  
Bank of the Cook Islands



### Cluster 4: Technology-based solutions

**Cluster co-chairs:**  
Bank of Papua New Guinea,  
Reserve Bank of Fiji,  
Republic of the Marshall  
Islands Office of the  
Banking Commission



## ACTION PLAN PILLARS

Establish a coordination mechanism to drive the implementation of the action plan and its national-level iterations.

Strengthen engagement and coordination among key stakeholders, including through enhanced engagement with Australia, New Zealand and the United States banks, regulators and anti-money laundering and countering the financing of terrorism (AML/CFT) supervisors.

Promote effective data collection and analysis, including diagnostic studies to accurately inform the development of a coordinated regional and national response to address de-risking and to track implementation progress.

Facilitate a data- and information-sharing mechanism between key stakeholders.

Enhance national capacity building to improve AML/CFT compliance and supervision.

Strengthen risk-based AML/CFT in the Pacific region.

Explore the use of financial technology (FinTech) and regulatory technology (RegTech) solutions as well as innovative regulatory approaches, such as innovation hubs, national sandboxes and the PIRI Regional Regulatory Sandbox.

Enable initiatives that leverage the deployment of technology-based solutions.

