

Press Release:

Samoa attends the Inaugural Pacific Banking Forum in Brisbane, Australia

Honourable Minister of Finance, Afioga Lautimuia Uelese Vaai led Samoa's delegation (that included officials from the Central Bank of Samoa, Ministry of Finance and the Samoa International Finance Authority (SIFA)) to the first Pacific Banking Forum held from 8 – 9 July in Brisbane, Australia. The Forum, co-hosted by the Governments of the United States of America and Australia, convened following a commitment made in 2023 by Australia Prime Minister Albanese and USA President Biden to address the withdrawal of correspondent banking relationships (CBR) in the Pacific region.

This inaugural event brought together financial regulators and commercial banks in the Pacific and their counterparts in the United States of America as well as Pacific Finance Ministers and multilateral partners (such as the World Bank, Asian Development Bank and the International Monetary Fund) to engage in serious discussions on the drivers and possible solutions for the loss of CBRs in the region. The lower volume and value of international transactions from small island economies like Samoa limiting profitability for correspondent banks, the perceived high risk of money laundering and terrorism financing and ineffectiveness of anti-money laundering and combating the financing of terrorism (AML/CFT) frameworks in the Pacific are identified as key drivers of de-risking (and loss of CBRs) in the region.

CBRs are vital to the economic linkage between countries, facilitating remittances, trade and investment flows that contribute to their inclusive growth and development. While also experienced by other small island economies around the world, the loss of CBRs (particularly for the US Dollar) for domestic financial institutions in the Pacific is the fastest. This has been a longstanding issue for Samoa, which started with the loss of bank accounts for some of its money transfer businesses operating in New Zealand and Australia since 2013. Samoa has been vocal in voicing its concerns on this issue in several forums at regional and international level over the years.

As one of the panellists providing the Pacific Governors perspective on this critical developmental challenge, Central Bank of Samoa Governor, Maiava Atalina Enari, spoke of the many initiatives undertaken by Samoa over the years to address the de-banking of money transfer operators and the recent losses of USD CBRs for our locally owned commercial banks. This has included the strengthening of Samoa's AML/CFT framework through its legislative and regulatory amendments and enhancing Samoa's financial infrastructure, including efforts to establish an electronic Know-Your-Customer (e-KYC) system, modernisation of Samoa's National Payment System as well as initiatives to establish a Credit Information Registry. Samoa is also collaborating with the IMF to be a part of their Safe Payment Corridor pilot program, a first of its kind for the Pacific region. Governor Maiava also emphasized the need for correspondent banks and foreign regulators (particularly in Australia and USA) to get a better understanding of Samoa and the Pacific's context

in global transaction flows, particularly remittances. She also encouraged a case-by-case assessment for bank accounts and banking relationships rather than a wholesale approach. At the same conference, Tauiiili Ruth Penaia, Senior Manager at the Samoa Commercial Bank, provided an insight of the immense challenges faced by Pacific banks in a panel discussion with the US and Australian banks. The critical need to have USD CBRs were stressed to sustain Samoa's economic link with the rest of the world.

The Forum promoted coordination between key stakeholders to identify practical and innovative solutions to maintain access to and increase the CBRs available to Samoa and the Pacific region. Funding, which will include the financing of AML/CFT technical assistance programs for the Pacific, were committed by the governments of Australia, NZ, USA and Japan while multilateral development partners also indicated continued assistance to the Pacific in CBR-related projects and AML/CFT capacity building programs at the conclusion of the Forum.

Samoa's delegation also had the opportunity to meet on the sidelines of the Forum with Australia's Assistant Treasurer and Minister for Financial Services, Hon. Stephen Jones to discuss matters of importance between the two countries. This included perspectives on the CBR issue as well as the Pacific Australia Labour Mobility (PALM) Scheme. The Honourable Jones also conveyed the Australian Government's condolences to the Government of Samoa and the families of the Samoan seasonal workers who passed away in the recent road tragedy in Australia.

A meeting with the World Bank Vice President for East Asia and Pacific, Ms. Manuela Ferro, and World Bank officials also took place in Brisbane to discuss the Bank's proposed *Pacific Strengthening CBR Project* as well as other specific Bank-funded projects for Samoa. It was a chance for the Bank to underscore its continued commitment through the financing of various projects to enhance the resilience of Samoa's infrastructural and financial sectors. Minister Lautimuia also provided Samoa's latest economic performance, which reflected the positive contributions from some of the past project developments supported by the World Bank and other multilateral partners.

The Central Bank of Samoa also held a bilateral meeting with US Treasury Deputy Assistant Secretary Mr. Robert Kaproth following the Banking Forum to further discuss the extent of the CBR issue in Samoa. This meeting provided an opportunity for Governor Maiava to reiterate the importance of effective communication and open dialogue between the US correspondent banks and Samoa's domestic banks.

On the 10th and 11th July, the delegation participated in the Pacific AML/CFT Supervisors Forum. AML/CFT Supervisors from around the Pacific, NZ and Australia as well as the US treasury came together to discuss issues and to provide updates regarding AML/CFT supervision in the Pacific.



MEDIA RELEASE

Samoa provided its update on its work for AML/CFT supervision during roundtable discussions. Governor Maiava and SIFA CEO Tuifaasisina Sieni Voorwinden also took part in high level Panel Discussions on perspectives on De-risking in the Pacific (as a result of the Banking Forum) as well as supervision of Financial Institutions for AML/CFT.

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