



# RESERVE BANK OF VANUATU

## South Pacific Central Bank Governors Committed to Cost Effective Remittances

At the South Pacific Central Bank Governors' Meeting on 17–18 November 2020, the South Pacific Governors agreed that access to cost-effective remittances remains a high priority focus for the region.

A key focus has been their collective effort to develop a regional 'Know Your Customer' (KYC) facility. The central banks, with support from the International Monetary Fund and other international agencies, have successfully completed an initial phase of work on a KYC facility for the South Pacific region.

Simeon Malachi Athy, Governor of the Reserve Bank of Vanuatu and host of the Meeting, said, 'The intention of the facility is to improve customer due diligence processes and Anti-Money Laundering / Countering Financing of Terrorism (AML/CFT) compliance, reduce the cost of remittances, lower legal compliance risks, and support the provision of correspondent banking services to the region.'

'Remittances are a key source of income for Pacific Island countries, and are crucial to the income for many families in these communities. The catastrophic impact of COVID-19 on the South Pacific economies has heightened the need to accelerate progress on this initiative. The implications of high remittance costs and de-banking are significant to the future economic wellbeing of the South Pacific Region - and globally.'

Governors have agreed to continue their work to develop the regional KYC facility. This will include working with commercial banks, money transfer operators, and other key stakeholders in the remittance sector. If successful, this work will also help drive financial inclusion in the region.

The Governors of the nine central banks thank all of those involved in the work to date, including: International Monetary Fund, World Bank, Asian Development Bank, the UN's Capital Development Fund, Australian Government Department of Foreign Affairs and Trade; New Zealand Ministry of Foreign Affairs and Trade; New Zealand Department of Internal Affairs; and all other Pacific Island country government agencies that have made contributions to date.

### Endnotes

- This press release is made on behalf of: The Reserve Bank of Australia, Reserve Bank of Fiji, Reserve Bank of New Zealand, Bank of Papua New Guinea, Central Bank of Samoa, Central Bank of Solomon Islands, Banco Central de Timor-Leste, National Reserve Bank of Tonga, and the Reserve Bank of Vanuatu.
- Know Your Customer (KYC) refers to the process of obtaining and verifying the identity of customers, before and during the time that they have a business relationship with a reporting entity. The term 'KYC' also refers to practices which assess and monitor customer risk.