



Pacific Financial Technical Assistance Centre Press Release

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PACIFIC ISLANDS TAKE CONCRETE STEPS TO STRENGTHEN BANK SUPERVISION

The **Association of Financial Supervisors of Pacific Countries (AFSPC)** was recently created at the initiative of eight Heads of Supervision in the Pacific region and endorsed by the Governors of Central Banks and Ministers of Finance. Eight countries are now regular AFSPC members: the Federated States of Micronesia, Fiji, Papua New Guinea, the Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, and Vanuatu. Australia and New Zealand have been invited to join the AFSPC as observers. The Pacific Financial Technical Assistance Center (**PFTAC**) was asked to act as interim AFSPC Secretariat for a year, until a more permanent arrangement is decided.¹

During their 2nd meeting last November 2002, organized by PFTAC in Suva, Heads of Supervision (HOS) passed resolutions to organize as a group and initiate a number of projects that will strengthen banking supervision in the region. Subsequently, at the December 2002 meeting in Wellington, Governors endorsed the organization and its projects. Finance Ministers for countries without a central bank also gave their endorsement. They all reiterated the region's commitment against money laundering and financial crimes and stressed the importance of making the "voice of the Pacific" heard in international forums where banking supervision issues are debated. They therefore welcomed AFSPC's intention to register as a regional group with the Basel Committee on Banking Supervision and other international professional organizations. The need to initiate concrete steps to promote information sharing and pave the way for closer regional cooperation was also recognized.

Mr. Inia Naiyaga (Chief Manager, Financial Institutions Department, Reserve Bank of Fiji) and Mr. Peter Tari (Deputy Governor in charge of the Bank Supervision Department, Reserve Bank of Vanuatu) were respectively elected chairman and deputy chairman of AFSPC. In their conclusions at the end of the HOS meeting in Suva, they urged other countries of the region to join AFSPC. They also asked PFTAC to spearhead and be closely involved with the proposed projects, which include:

- **Legal and regulatory framework**

Members agreed to forward copies of their legislations on the financial sector to PFTAC for publication on its website. These will also include current updates and amendments.

- **Ownership profile**

Members agreed that as a measure to improve transparency in the region, ownership profiles of financial institutions, once researched, will be published by PFTAC subject to the approval of the country concerned.

- **Prudential financial indicators**

Members agreed that PFTAC will take a lead role, in collaboration with other donors, in conducting a study to recommend a common set of prudential returns and financial indicators best suited to the country's needs and capacity.

The next meeting of the AFSPC is expected to take place at end-2003 and a more permanent location for the new secretariat will be chosen. Progress on AFSPC's activities will be regularly reported on PFTAC's web site at www.pftac.org.

¹ The Pacific Financial Technical Assistance Centre (PFTAC) is a multi-donor supported regional centre based in the Reserve Bank of Fiji building in Suva, with a mandate to provide technical assistance aiming at strengthening economic and financial management in the region. PFTAC is financed by the International Monetary Fund, which is also the implementing agency, the Asian Development Bank, and the governments of Australia (AusAid) and New Zealand (nzaid).

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