Macroeconomic Policy: Key Issues in Banking and Finance in the Pacific

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The fundamental issue in banking and finance in the Pacific is

- The mismatch between Pacific risk and willingness to take on that risk
Key issues in banking and finance in the Pacific

• Commercial provision of banking services
• Provident funds
• Protecting against disasters
• The opportunity for financial innovation
Commercial provision of banking services

• Good banks and access to credit
• The collateral problem
• Secured transactions reform
• Development banks and Pacific risk
• The role for second tier financial institutions such as finance companies
Provident funds – underpinning the ability to provide adequate retirement incomes

• Balance sheet structure
• Hybrid financial institutions – part investment, part credit
• Should provident funds be in the credit business?
• Reconciling 2 policy objectives
  » Maintaining adequate foreign exchange reserves
  » Restrictions on provident funds’ foreign assets
Protecting against disasters

- Insurance
- Re-insurance
- Catastrophe bonds
Opportunities for financial innovation

- Movables finance
- Credit assessments
- Catastrophe bonds
- Capital raising
Thank you.

Find out more:

Pacific Liaison and Coordination Office
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