

What happens when the last lifeline is cut: A Tuvaluan banker's story of 'derisking'

Siose Teo



Talofa. I'm Siose Teo, General Manager of the National Bank of Tuvalu, a nation of 12,000 in the Central Pacific. I want to share the reality we faced in 2020 when we were told our correspondent banking relationship was being terminated.

We had been part of the Westpac group for over 30 years — it felt more like family. Westpac held our Australian, New Zealand, and Fijian dollar accounts. Then, without warning, we were told to leave. We had three months to find new partners or lose our ability to send and receive international payments. In Tuvalu, where the Australian dollar is our everyday currency, this threatened to shut down our entire economy.

The search for new correspondent banking arrangements was a nightmare. We reached out to banks across the Pacific, but one after another, they declined. The pressure was intense. I prayed, hoping that someone would extend a hand. In the end that hand came not from the region, but across the globe—BRED Bank in Paris. Through a connection in Fiji, and after a long process of negotiations, they agreed to open AUD and NZD accounts for us. We were grateful. But the costs are high. Today, we are forced to charge a minimum fee of \$40 for an overseas transaction. For someone sending \$100, that's a 40% fee—an impossible burden for our ordinary customers.

We are Tuvalu's only commercial bank so all international payments, for government and individuals, come through us. And now, every outward payment carries heavy costs. Inward payments, once free, now carry a fee.

De-risking is meant to protect the global financial system, but for us, it has made it nearly impossible to participate in it. AML/CFT compliance requirements are complex and expensive.

Instead of helping us meet those standards, big banks simply shut us out. For now we rely on a single relationship with a European bank. It's a precarious position no country should be in. If BRED were to exit, we would

“Derisking has real human costs. It isolates our people, limits development, and undermines sovereignty. I urge global banks and institutions to work with us, not abandon us. Let's uphold the Pacific Way—where we help each other rise, not cut each other adrift.”

be right back to square one. We need solutions. I believe a shared Pacific correspondent bank—based in Australia or New Zealand, designed to meet global compliance standards—could be our way forward. A bank owned and operated with the Pacific's needs in mind.