Update on the CBR Roadmap & Pacific Strengthening Correspondent Banking Relationship Project

Innovation Solutions Lab

Securing Financial Connections: Reimagining Correspondent Banking in the Pacific

PACIFIC ISLANDS FORUM

Presentation Outline

- CBR Roadmap
- Pacific Strengthening CBR Project

The CBR Roadmap

- The CBR Roadmap was endorsed in early 2024.

- The CBR Roadmap was developed to implement the recommendations from a World Bank study on de-risking of CBRs in the Pacific.

- It is a multi-year plan, with prioritized actions over specific time frames.

CBR Roadmap cont'd

Achievements to date:

1. MOU signed between PIFS and US Treasury

2. Pacific De-risking Group (PDG) was established and two meetings held in 2024.

3. A CBR information sharing event was convened in Sydney in March 2024.

4. Pacific Banking Forum (PBF) was established in 2024. Two meetings were convened last year in Brisbane and Washington DC.

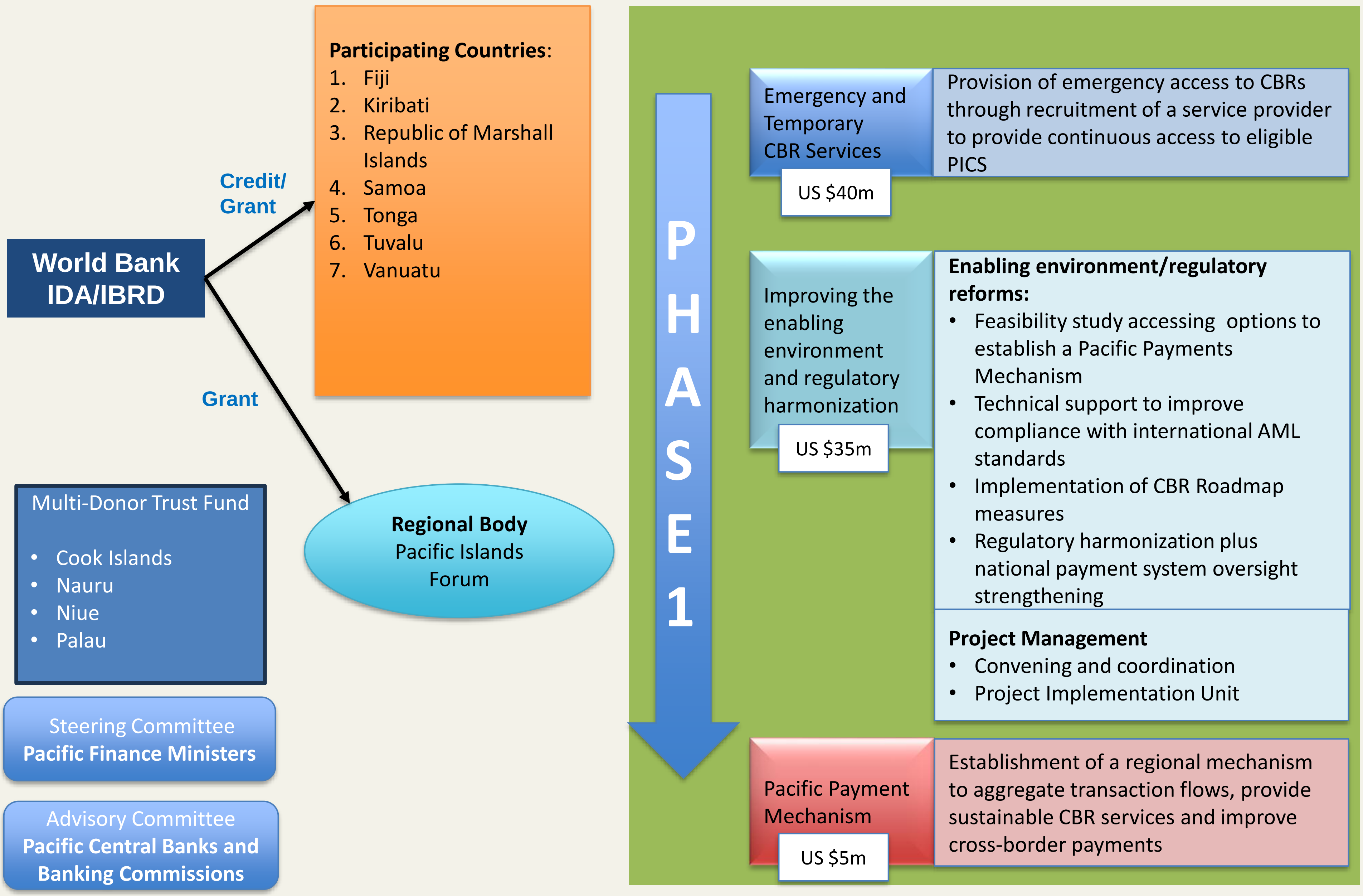
Ongoing work & future deliverables:

- Collection of CBR data (including SWIFT data) for the region and report trends to FEMM.
- Templates for CBR data collection and annual reporting to PIF members have been developed.
- A dashboard of actions by PI jurisdictions to meet required AML/CFT/CPF and tax transparency standards to be developed, and a report presented to the PIF.
- A platform for Pacific engagement with parties to Pacific CBR corridors established.
- Explore and design CBR frameworks for Pacific jurisdictions on cross border public-private partnerships and regulations

The Pacific Strengthening CBR Project

- Collaboration between World Bank, PIFS, other partners on the CBR project in 2024 as part of implementing the CBR Roadmap.
- IDA grants from seven participating FICs: Fiji, Kiribati, Marshall Islands, Samoa, Tonga, Tuvalu and Vanuatu.
- The project has two components: (1) provide emergency/temporary access to CBR services in critical currencies and (2) improve the enabling environment and harmonisation of regulations in the region and conduct a feasibility study for a more permanent solution, the Pacific Payment Mechanism.
- A parallel financing arrangement: a Trust Fund was established in Dec 24 with pledges/commitments from Japan & USA to cater for non-IDA or non-WB members.

CBR Project Overview



Current state of play

- WB Board endorsed the project in August 2024
- PIFS SG signed the Project Financing Agreement in October 2024, triggering the Project Conditions of Effectiveness (COE) to be achieved within 90 Days (22nd January 2025: extended to 22nd April 2025)
- Conditions of Effectiveness cover:

(i) Recruitment of 3 key staff for the Project Management Unit (Project Coordinator, Financial Management Specialist & Procurement Specialist)

(ii) Finalise the Project Operations Manual

(iii) Conclude the Subsidiary Agreements between PIFS and the 7 participating countries.

Conclusion

- Implementation of both the CBR Roadmap and Project are progressing well.

- Other Technical Specialists (AML, CBR and Payments) and Country Coordinators are in the process of being recruited.

- EOI for the feasibility study on the Pacific Payment Mechanism has been issued. At the closure of the advert, several international firms have submitted their EOI.
- Further shortlisting to be done to select a small group of firms to be invited to provide detailed technical and financial bids.

Further Queries

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Thank you

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