

PML Acquisition and What's in It For You As a PML Customer

PNG SME MAGAZINE



Image: MiBank CEO Tony Westerway with PMLs CFO and Acting OIC Basse Robert

In 2000, the Asian Development Bank (ADB) carried out a study on the economy of PNG with the intention of providing financial assistance to support poverty alleviation.

Based on the recommendations, the Government of PNG and ADB initiated the PNG-ADB Microfinance and Employment Project to address the financial needs of micro and small enterprises and subsistence farmers who were without financial services.

A micro banking pilot scheme was started in April 2004 in Wau under the Business Name of Wau Microbank. The policy making body for microfinance pilot project was the Project Steering Committee and the Bank was managed by the PNG Institute of Banking and Business Management who held the Certificate of Exemption.

In February 2007, WMB was incorporated as a limited liability company under the Companies Act and all assets and liabilities of Wau Microbank were transferred to WMB Limited. BPNG withdrew the Certificate of Exemption the following year and issued a banking license to Nationwide Microbank Limited, the new name adopted to better reflect the proposed geographical scope of its operations.

In 2013 the trading name of MiBank was registered, it had 12 branches and more than 100 Agents operating throughout Papua New Guinea since its formative year.

PNG Microfinance Ltd (PML), was established in 2004. It peaked with nine (9) main branches and two (2) service centers and a book of 90,000 depositors and 3,000 borrowers and was owned by the PNG Sustainable Development Program (PNGSDP) and International Finance Corporation (IFC).

By 2010, MiBank had migrated digitally with

innovations such as the first licensed financial institution to deploy a Mobile Wallet in the South Pacific, called MiCash, and the first institution to introduce a Microinsurance product in Papua New Guinea called MiLife. PML on the other hand was still operating with passbooks and its core banking facility was not up yet.

"We alleged that we were the biggest MicroBank in the south pacific, and well, we actually are now after the settlement on the 31st of January 2020," says MiBank CEO Tony Westerway.

"It's a Rescue Mission that presented a great result for PML. They didn't get wound up. We protected deposits, branches and jobs."

For MiBank, the acquisition represented a welcome chance to expand deposits, customers, geographic spread and a gain of market share in microfinance banking.

"Retaining PMLs branch network grew ours from 12 to 17 branches. It was 19 but Hagen and Lae but we merged. We also picked up 40 Million in Deposits and 47,000 customers. People don't realise that 50% of Mibank is owned by the state, Pacific Balance Fund, Lihir Land Owners and 15% is owned by Kina Bank. That's another WIN for PML because we've retained ownership in PNG."

1. What's in it for PML customers?

"PML was a different institution from us. Over the last 10 years, we've certainly morphed from a typical microfinance institution into a micro bank that sees itself as a second tier institution in the market place. We've moved away from passbooks and running a microfinance service from 9am to 3pm Monday to Friday to a 24-7 environment for our customers."



“We are not only providing Debit cards, for Access to ATMs and POS but we have mobile banking as well. We been working digital since 2010. MiCash Mobile Wallet is a key product offering with 10s of thousands in the market place. PML Branches will see a paradigm shift. The crowding will go down. They will be able to go ATMS and Mobile Wallet Agents nationwide.”

“What we are offering for the PML customer is the opportunity to transit from passbooks to cards and mobile wallet. Some people say that might be difficult because PML deals with people at the bottom of the economic pyramid or grass roots level, BUT, that’s our target market as well. We understand their status in life and we understand their needs. We provide solutions in that space. We have more than 160 agents nationwide. We’ve got a brand new agent in Faniufa in Goroka. We are testing the use of QR codes in Goroka to reduce all the paying pains.

“PML customers don’t need to be concerned. We are licenced and regulated by the Central Bank.”

“We migrated ourselves and so this won’t be hard. Papua New Guineas are adaptable. Years ago when ATMS and POS was introduced, the industry was worried but people took it ducks to the water.”

“I see PML going through that maturity process we went through in the last 10 years. Our intention is to integrate the business quickly.”

“MiBank’s e-services has made many inroads into various Agriculture Value Chains in Goroka through

FPDA, and the Honey and Coffee Industry. SP Brewery was able to pay the Cassava Famers using our mobile wallet. In November 2019, we paid 26 farmers from the SPs mobile.”

“There is no excuse to pay by chqs any more to farmers for their produce. No more ques. No more cash handling. You don’t have to cash your chq and take everything. You can have some savings now. You can do transactions in tuckshops on the street, anywhere and in doing so, we are building ecosystems in the districts as well.”

2. Will there be any disruptions in a current PML SME lending portfolio? (Taxi, PMV)

“NO, not at all. We will migrate it all into our core banking system. Our core system will prevail in our platform. Any PML customer can get a loan but it will follow our MiBank lending process. In fact, on the 18th of March, our MiBank network was setup across all PML Branches.”

3. Will they see changes in PML products and services?

“We will mix and match and keep the best of both. PML has a fix deposits down to K300. BUT in actual fact, if you look under the rug, our products a cheaper. Our hibiscus women’s account has no deposit charges. The Hibiscus has 18,000 accounts in the market and 4Million in deposits.”

“Our mission has not drifted. We are still with Rural PNG and when we talk SMEs, it’s Agriculture Value Chains.”

2nd MSME Business Breakfast

Friday June 26, 2020

The UN General Assembly in its 74th Plenary held on the 6th April, 2017 declared 27th June as Micro, Small and Medium-sized Enterprises Day, recognizing the importance of Micro, Small and Medium-sized Enterprises in achieving sustainable development goals. In 2019, the PNG SME Magazine with the support of Lead Government Agencies, Corporate and Development Agencies hosted PNG’s inaugural event.



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