

IM4DC

Action Research Report

SUMMARY

Researcher:

Tim Grice

School/Centre:

Centre for Social Responsibility in Mining

University/Institutions:

Sustainable Minerals Institute,
The University of Queensland

Key themes:

Governance and Regulation
Community and Environmental Sustainability
Operational Effectiveness

Key countries:

Papua New Guinea

Completion:

June 2015

Research aims:

This study investigated whether strengthening mobile money ecosystems around PNG's resource regions can:

- improve the distribution of compensation and benefits payments for local communities
- enhance social license for resources companies
- catalyse financial inclusion efforts in PNG's resource regions

For further information on this action research:

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Mobile Transparency? Financial Inclusion, Mobile Money and Papua New Guinea's Resources Sector

Approximately 2 billion adults – more than half of the worldwide adult population – do not have a registered account at a financial institution. As a result of this 'financial exclusion' from the formal economy, most people living in poor households live their financial lives exclusively within the cash and barter economy; restricted in their ability to save and protect themselves and their families from hunger, theft, unforeseen health expenses and the economic displacement caused by natural disasters.

Papua New Guinea (PNG) has some of the highest unbanked rates in the world owing to a set of interrelated challenges including geographically dispersed communities; low population density; low financial literacy; relatively underdeveloped telecommunication and banking infrastructure; and diverse cultural and language groups.

Yet PNG also has substantial oil, gas, copper and gold deposits, as well as a significant number of existing resource projects. Equitable and transparent distribution of payments from resource projects in PNG is a challenge for regulators, companies and communities alike; often causing significant local conflict and leading to a loss of 'social license to operate' for resources companies.

This study used a mix of semi-structured interviews and quantitative surveys to examine stakeholder attitudes towards financial inclusion, mobile money and the resources sector in PNG. Participants included representatives from government regulators, industry bodies, banks, telecommunication companies, civil society and the resources industry.

The results of the study suggest that strengthening mobile money ecosystems around PNG's resource projects can improve the distribution of payments to local communities; strengthen 'social license to operate' for resources companies; and enhance financial inclusion efforts in PNG's mining, oil and gas regions.

More broadly, the results suggest that resource projects can be used as a catalyst for global financial inclusion efforts, particularly in developing countries where geographically remote oil, gas and mineral deposits often neighbour unbanked communities.