

IFC signs up to improve bank payment system

The International Finance Corporation (IFC), a private arm of the World Bank, will help the Bank of the Lao PDR (BOL) to improve the legal framework of the national payment system amid growing demands for modern banking services in Laos.

Improved banking services will make it easier for the private sector to do business in Laos, create more job opportunities, and sustain economic growth.

Representatives of the IFC and BOL have signed a Memorandum of Understanding, creating a joint project to improve the legal framework of the national payment system and establish more payment options for small and medium enterprises and individuals.

BOL Governor Mr Phouphet Khamphounvong and senior bank officials attended the signing ceremony held at the bank yester day.

According to a press release from the IFC, which has experience and expertise in the development of payment systems in more than 100 countries, the corporation will provide advice and recommendations to the BOL on how to improve its legal and regulatory framework covering the national payment system.

The improved national payment system will help commercial banks in Laos to deliver safer, more efficient, cheaper and innovative payment methods, such as mobile payments, to customers, in particular small and medium size enterprises that need more modern banking services.

“The national payment system lacks a sound legal basis to support its development,” BOL International Relations Department Deputy Director General, Mr Panom Lathouly, was quoted as saying in the IFC press release.

“The development of an appropriate regulatory framework for the Lao National Payment System is an urgent agenda for us and we greatly appreciate IFC’s engagement.”

Laos’ financial institution development strategy has identified payment system reform as critical to the development of the country’s

financial infrastructure is inseparable for the stability of the young and growing financial market in Laos,” Head of the IFC Office in Vientiane Mr Aimilios Chatzinikolaou said.

“The development of a payment system has important social implications when it is able to reach underserved segments of the population and provide them with affordable payment services.”

The Bank of the Lao PDR has completed installation of a modern IT system as part of improving national payment system infrastructure. The improved financial infrastructure has enhanced the capacity of the central bank to deliver better services to commercial banks so they can deliver improved service to customers.

The infrastructure, worth US\$10million, was installed in March and allows commercial banks to provide more diverse payment options, for example the payment of electricity bills via ATMs or mobile phones.

Vientianetimes date 01/06/2011