

Papua New Guinea on the Grey List & what it means for Members



Introduction

You may have seen or heard reports that Papua New Guinea (PNG) has been placed on the “Grey List” by an international body known as the Financial Action Task Force (FATF).

This factsheet provides a clear and simple explanation of the grey list, why PNG has been placed on the FATF grey list, and what this means for you as a Member of Nambawan Super.

What is the FATF Grey List?

The grey list is a list of countries that need to improve their systems to prevent financial crimes such as money laundering, terrorist financing and proliferation financing.

PNG is placed on this list because FATF has monitored PNG, and our country is seen as not doing enough to prevent financial crimes like money laundering, and it needs to strengthen certain financial systems, controls and laws.

Why does it matter?

PNG on the grey list sends a signal to the rest of the world to be more careful when dealing with PNG. This can affect PNG’s economy, reduce investor confidence and make it harder for PNG businesses and individuals to send or receive money overseas. Even simple services like using Western Union could be limited.

If PNG is on the FATF grey list, how does this affect ordinary citizens?

While being on the grey list does not directly change day-to-day life, it can have ripple effects across the economy through:



Banking and International Payments

Overseas banks may apply stricter checks on PNG-related transactions, leading to slower processing times, higher fees, and more complex international and trade payments.



Cost of Goods and Inflation

If imports become more expensive or delayed, businesses may pass on higher costs for fuel, food, and manufactured goods to consumers, contributing to rising prices and inflation.



Tariffs and Trade

While grey-listing does not directly increase tariffs, it can reduce PNG’s competitiveness and make trading partners more cautious about extending credit or entering supply agreements.



Cost of Doing Business

Grey-listing does not signal a crisis but can increase the cost of doing business through higher import costs and reduced investor confidence. These impacts can raise living costs and make it harder for businesses to operate efficiently.



Does PNG on the grey list affect my Nambawan Super account or savings?

Nambawan Super Members are not directly affected if PNG is placed on the grey list. The grey list is about improving a country's system to prevent financial crimes. It has nothing to do with an individual's superannuation fund. Members' savings are not frozen or taken away because of grey-listing PNG.

Your savings are safe.

Nambawan Super Limited (NSL) operates under strong governance, compliance, and regulatory oversight by the Bank of Papua New Guinea (BPNG) and the *Superannuation (General Provisions) Act 2000*.

Little to no direct impact on your Superannuation

PNG on the grey list does not affect Member accounts or withdrawals. The Fund remains financially strong and compliant with local and international standards.

Continued confidence

Nambawan Super's investment and risk management frameworks are already strongly aligned with FATF principles.

Long-term benefits

As PNG strengthens its financial systems, it will improve investor confidence, reduce financial risk, and support economic stability, which benefits the long-term performance of NSL's investments.

In the short term, there is little to no impact. Over time, if grey-listing PNG makes it harder or costlier to deal with overseas investors, there may be impact on investment opportunities. However, NSL's diversified investments and strong risk management help protect Members' returns. The Fund continues to manage investments prudently, maintaining close engagement with regulators and financial partners to ensure compliance and safeguard Members' interests.

Most superfunds, including Nambawan Super, invest across a range of asset types, such as local businesses, property, and international markets, to grow Members' savings over the long term.

If investor confidence weakens or the cost of doing business increases, some investments may experience valuation changes. In simple terms, this means the estimated market value of certain assets (like property, shares, or foreign investments) might temporarily decrease.

When valuations decrease, this can have a short-term effect on the overall value of Members' superannuation returns. However, these changes are part of normal market movements and typically adjust over time as conditions stabilise. For Nambawan Super, the Fund remains financially sound, well-regulated, and compliant with both local and international financial standards. The Fund already operates under strong governance, reporting, and risk management frameworks, which strongly align with the FATF's requirements.

What is Nambawan Super doing about the grey list?

Nambawan Super is playing its part by:

- Working closely with the Regulator, Bank of PNG, through the Financial Analysis and Supervision Unit (FASU) and associated agencies to stay compliant in its operations;
- Monitoring any international impacts on investments; and
- Continuing to manage Members' savings responsibly.

Looking Ahead

PNG's inclusion on the grey list presents an opportunity for the country to strengthen its financial systems. Nambawan Super supports these national efforts and remains committed to safeguarding Members' retirement savings and maintaining trust and transparency in all our operations.

You can find more information about the grey list and the combined efforts to address this on the Bank of Papua New Guinea website: <https://www.bankpng.gov.pg/publications/media/media-statement-png-works-prevent-grey-listing-status-what-it-means-and-whats-being-done>

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