

# Why Customary Land Cannot be 'Bankable'



Banks are large corporations dedicated to making profits by lending money and charging interest.

For hundreds of years banks have been lending to businesses based on credible business plans and trusted customer relationships. They also use business assets like vehicles, machinery or buildings as collateral to mitigate risk where necessary.

The banks want to lend as much money as possible to as many people as they can. They view customary land in Papua New Guinea (PNG) as their most obvious and easily accessible safety net.

But customary land is much more important to the people of PNG. Customary land sustains an economy worth up to K40 billion a year, provides employment for 3 million rural farmers, sustains a population of over 7 million people living in rural communities and provides them with a social and economic safety net.

Customary land can never be allowed to be used as collateral for loans as that would endanger the survival of landowning communities.

Banks in PNG should rely on the same principles they use in other countries to make business loans – credible business plans, trusted customer relationships and standard risk mitigation measures.