

Savenaca Narube: Personal remittances – an important source of foreign exchange

Opening address by Mr Savenaca Narube, Governor of the Reserve Bank of Fiji, at the MH Supermarket and Westpac Bank Launch of MoneyGram® Worldwide Money Transfer Service, Suva, 16 October 2006.

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Mr. David Evans, Chief Manager Westpac Fiji
Mr. Roger Powell, Managing Director Carpenters Fiji
Distinguished Guests
Ladies and Gentlemen:

Thank you for inviting me to the joint launch of MoneyGram® Worldwide Money Transfer Service by MH Supermarket and Westpac. I congratulate you on this initiative and wish you all the best with this new international money transfer service.

I have been informed that MoneyGram International Incorporated is a leading global payment services company. The company is listed on the New York Stock Exchange. Its major products and services include global money transfers, money orders and payment processing solutions for financial institutions and retail customers. There are about 100,000 global money transfer locations in 170 countries and territories.

With such international outreach, it is encouraging to see MoneyGram expand its business connections into Fiji. MoneyGram services will be available through twelve MH Supermarkets and every Westpac branch Fiji wide. Westpac has 14 branches all over Fiji so access to services will increase significantly. We also know that MH Supermarkets open for extended hours - most of MH stores open from 1am to 7pm daily, inclusive of weekends so customers have access to MoneyGram services as well as MH's extended shopping hours. I have been told that you can send and receive money worldwide in as little as 10 minutes - subject to agent operating hours and availability, of course. An added advantage is that customers do not need a bank account or credit card to use this service. This is therefore an excellent development for Fiji.

Personal remittances are becoming an important source of foreign exchange reaching \$311 million in 2005 from a level of \$43 million in 1995. This MoneyGram service will definitely make it more accessible, convenient, efficient and simpler to receive remittances from friends and families abroad. We in the Reserve Bank are in the process of learning more about remittances. Two things that we would like to know are the sources and recipients of these flows and we look forward to the assistance of the commercial banks and money changers on this exercise. Some of the other issues we would also like to know are how this money is spent and if this level of remittances will be maintained for a long time and we may be commissioning a national survey to help us collect this information. One thing that we would definitely like to see is these funds being channelled to investment projects. It is always good for our future generation if these funds are spent on productive purposes.

There has been a lot discussed about the Fiji economy recently at the National Economic Summit. Economic growth has averaged around 2.4 percent over the past 5 years and is expected to average around 2.7 percent in the next 3 years. But we know that we can do better especially when we benchmark Fiji's performance against the Pacific and some Asian economies. Investment is growing with momentum coming from the private sector. Tourism is doing well. Inflation remains low.

We also have challenges ahead of us. These challenges can be resolved in the short term if we do the necessary things now. Let me mention five of them:

- First, the resource based sectors like gold, fisheries and forestry are underperforming. But there is potential with greater private public partnership, incentives offered by Government, improved market access and value-adding initiatives.
- The second is sugar - there are long standing issues with production, land leases and the withdrawal of preferential prices. However, there are projects that are now in place to revive the industry with reforms underway with support from the Indian Government, the European Union and the Asian Development Bank. These reforms will assist those who will be displaced by the reforms and address the land tenure issue and raise farm productivity.

- The third is our rising debt level - the Strategic Development Plan for 2007 to 2011 has a strong commitment to lower the fiscal deficit to around 2 percent of GDP and this is expected to help bring the level of Government debt down to 45 percent of GDP by 2011.
- The fourth is reforms. We have been slow in implementing the necessary reforms in the public sectors and other sectors.
- The last but not least is the Balance of Payments. Exports must now drive growth. The mitigating factors are actions taken by the Reserve Bank to dampen consumption demand, Government's fiscal consolidation plans in the SDP, development of a National Exports Strategy to increase Fiji's exports and consideration of alternative sources of energy and import substitution for relevant and viable areas.

We are aware of what we need to do. The greatest challenge is for us to now just do them. If we do them, I am confident that we can lift our economic performance for the benefit of everyone.

Once again, my sincere thanks for inviting me here today. I congratulate you - both Westpac and Carpenters Fiji - for this joint initiative and I wish your project every success.

Thank you.