

Sada Reddy: Improving access to money in Fiji

Address by Mr Sada Reddy, Deputy Governor of the Reserve Bank of Fiji, at the official opening of ANZ ATM No. 70, Nasese, 5 August 2008.

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Mr. Robert, Bell, General Manager ANZ Bank
Management and staff of ANZ Bank
Distinguished guests
Ladies and gentlemen

Introductory remarks

Good morning to you all

I would like to thank the ANZ Bank for the kind invitation to open this new ATM, their 70th to date. It is certainly an honour for me to be part of another milestone in ANZ's history and growth in Fiji.

It is always encouraging to see banks in Fiji expanding their services through opening new branches and ATMs. Such developments bring banking services closer to the people and the community.

In this regard, I congratulate ANZ for their long term commitment to Fiji and to the economy of Fiji.

ANZ Bank in Fiji

Let me say a few words on ANZ's history in Fiji. ANZ's association with Fiji goes back to the 1800's when the Union Bank of Australia, an ancestor of ANZ, began operations in Levuka in 1880. As you know, Levuka then was the capital of Fiji.

When Suva was established as the capital, ANZ opened a branch here in 1883. For various reasons, ANZ withdrew from Fiji by 1895. However it re-established operations in Fiji in 1951. Since then, of course, ANZ has grown from strength to strength.

Today ANZ Bank in Fiji has many points of representation - 16 branches, 2 Prime Banking Sites, 2 Business Centres, 831 Electronic Merchants countrywide, 734 EFTPOS terminals, 24/7 phonebanking and internet services, banking facilities within the concourse and transit lounge of Nadi International Airport and an agency at Nausori Airport and is deeply involved with mobile rural banking services.

ANZ is the largest bank in Fiji with total assets of \$1.6 billion and forms 40 percent of the total banking system.

ANZ's rural banking

Let me say a few words about ANZ's Rural Banking Services. ANZ started its Rural Banking Services in October 2004. To date, this business has grown substantially from almost nothing to \$7 million in deposits. Total lending is approaching \$1 million. The customer base was more than 50,000 as at end March 2008.

Through mobile banking trucks, ANZ services the rural areas of Tailevu/Naitasiri, Namosi/Serua, Nadroga/Nadi, Bua/Macuata, Cakaudrove and fly-in fly-out operations to Taveuni and Kadavu. Apart from various deposits products, the rural program also includes small and micro loans to communities in rural and outlying areas. The Government and the

Reserve Bank have supported this initiative of ANZ from the beginning and are pleased to see that more and more rural areas are being serviced through ANZ Rural Banking. We encourage various businesses and Government agencies, including NLTB, to use these services when they wish to make payments such as royalties, land rent etc.

Financial Literacy programs organised by the United Nations Development Program (UNDP) have been conducted in conjunction with ANZ rural banking in these rural areas as well since October 2004.

ATMs

ATMs provide a very convenient way of doing banking. Customers can access their bank accounts to make cash withdrawals or credit card cash advances and check their account balances as well as topping up their mobile balances. With more and more ATMs being installed around the country, the need to go to a bank for cash has reduced dramatically. I am told that people in Fiji use ATMs more than in many other countries. This is seen from the frequency of use of each ATM in the country.

As of today, there are 151 ATMs in Fiji. Of that total, ANZ has 70 ATMs or 46 percent of the total. This is an excellent achievement for ANZ in Fiji!

The location of this ATM in Nasese is going to service a rapidly growing part of Suva. We hope that this will lessen the queues at the ATMs in Suva.

FIJICLEAR

While we are on the topic of access to money, I would like to take this opportunity to say a few words about FIJICLEAR. Fiji's electronic payment system is called FIJICLEAR. This system went live on 30 August 2007 and was launched on 16 October 2007.

FIJICLEAR allows people to make and receive payments electronically on the same day through a commercial bank anywhere in Fiji. FIJICLEAR has been in operation for almost a year but for some reason many of our people are not using this very easy and efficient payment system.

There are a number of benefits of using FIJICLEAR.

To the *Payee* i.e. the person receiving money, the benefits include: -

- Funds are credited into the account straight away. So there is no waiting of 3 to 7 days for funds to be cleared when using a cheque;
- There is time savings as one does not have to physically visit a bank to deposit cheque;
- There is no uncertainty of any dishonoured cheques with the associated charges and loss of income;
- Immediate crediting of account means that any overdraft limit is reduced and hence lower interest charges;
- Immediate crediting of funds will help in cash flow; and
- Reduced overhead or staff costs as there is less paperwork.

There are also benefits to the *Payer* i.e. those making the payment: -

- There is less risk of transporting cheques;
- There is savings in time and charges; and
- There is better business relationship with creditors.

I therefore strongly encourage businesses as well as individuals to use this modern payments system to make transactions. The Payee should insist on the Payer to use FIJICLEAR for payments.

In the coming months, the Reserve Bank will be working closely with the commercial banks to enhance awareness of the system. We hope to reduce overall transaction costs of using FIJICLEAR and improve the efficiency of financial transactions in the economy. At present, the banks charge the local TT rate of around \$10 to \$15 per transaction. But this charge should go down as the number of transactions increase. We will be asking the banks to review the current charges to encourage the use of FIJICLEAR.

Official opening

Once again, I would like to thank Robert for his kind invitation. I wish him and his team every success in their Fiji operations.

I now have much pleasure in declaring ANZ's 70th ATM open.

Thank you.