

Sada Reddy: Promoting microfinance in Fiji

Opening speech by Mr Sada Reddy, Governor of the Reserve Bank of Fiji, at the third Microfinance Expo, Labasa, 24 September 2010.

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The Commissioner Northern, Lieutenant Colonel Inia Seruiratu
Labasa Town Administrator Mr. Vijay Chand
Microfinance clients and entrepreneurs
Representatives of banks and financial institutions
Government agencies and NGOs
People of Labasa
Distinguished guests, ladies and gentlemen

Introductory remarks

Bula si'a and a very good morning to you all.

It is a real pleasure for me to be here today in Labasa on this occasion. The reception we received since arriving yesterday has been overwhelming. Indeed the people of this region live up to your reputation as "*the Friendly North*".

I am sure that the Macuata Province is still celebrating its rugby team's successful challenge and promotion to play amongst the big boys in the 2011 Digicel Cup, after the win over the Namosi rugby team last weekend. Congratulations and well done!

We have been monitoring with much anticipation the developments that have been taking place here in the North. We want to be part of it and this is the reason we are here today.

I wish to acknowledge the tremendous support we have received from the Commissioner Northern's Office and all the stakeholders here today in organizing this event. Thank you very much!

This is the third Microfinance Expo organized by the Reserve Bank this year. The support and co-ordination that we have received in all three have been fantastic. Our partners are here again today – the banks, financial institutions, the non-bank financial institutions, investment agencies, government agencies, mobile network operators, NGOs, MFIs, the NCSMED and the micro enterprises. All combine their efforts to promote greater awareness about financial inclusion and microfinance. It is a good example of the public, private sectors and civil society partnership towards common goals. Results are produced through such coordination and understanding. At the end of the day, it is the general population that will benefit from such collaboration.

Why promote microfinance?

Some of you may be wondering why the Reserve Bank of Fiji is so keen on promoting microfinance. Various studies on microfinance around the world have shown the significant improvement in the lives of people through the outreach of microfinance. It has:

- contributed significantly in tackling poverty;
- seen improvements in housing, health & sanitation;
- resulted in better access to education; and
- more particularly the empowerment & participation of women in social and economic activities.

So you see, we are interested for the simple reason that microfinance can play a key role in the economic development and wellbeing of our people and country. We believe that through microfinance, many of the poor and unbaked in our communities will have the opportunity to access financial services to improve their living standards.

Ladies and gentlemen, microfinance is not only about loans. It also includes savings, payments, micro insurance services and capacity building of clients. I hope that at the end of our Expo, the people of Labasa would be better informed about these financial services. Not only that, but we would like to see new micro business initiatives spring up, resulting in improved living standards.

The theme for this third microfinance expo is "*Inspiring Growth through Microfinance*".

When we look at statistics, the informal sector, which includes small and micro-entrepreneurs, contributes around 17 percent of our GDP.¹ In some Asian countries, this particular sector form around 60–80 percent of GDP. You can see then that there is a lot that can be done to develop the microfinance and small business sector to become a major contributor to the development and growth of our country.

The North can contribute to this objective. Labasa, as well as the entire Northern Division has become a national priority in Government's current development focus. There is availability of vast untapped resources in the Northern Division.

With proper policies and support in place, these resources can be harnessed to produce business opportunities and source of living for the people in this region. The Government is keen on realizing this. We intend to visit some projects under the Northern Development initiatives today. We have heard some encouraging developments and will see them whilst we are here.

RBF policies to support and promote microfinance

In the last 17 months, you may have noticed that the Reserve Bank has implemented a number of new initiatives to promote microfinance and greater financial inclusion in Fiji.

In April 2009 a new department was established in the Bank, the Financial Systems Development and Compliance Group. This Group has been tasked with spearheading developments in the areas of microfinance, financial literacy, remittances, complaints management, capital markets and payments systems.

To develop microfinance in Fiji, the Reserve Bank issued a policy in December last year to all commercial banks to establish microfinance units at all their branches by January this year. These banks are all participating at this Expo and you can talk to their staff to find out more on the services and products they offer.

In February this year the RBF facilitated the establishment of the National Financial Inclusion Taskforce – an apex body of stakeholders from the public, private sectors and civil society in implementing targeted strategies to promote greater financial inclusion, and has taken on the leadership role.

The goal of this Taskforce is "to reach 150,000 unbanked clients by 2014 through a nationally coordinated effort, supported by a variety of financial service providers, offering a broad range of relevant, accessible, affordable and cost effective financial services."

I am pleased to say that good progress has been made on this front. Both the mobile phone network operators in Fiji, Vodafone and Digicel have complemented the microfinance initiatives by recently launching their mobile money financial services, with the approval of

¹ Source: Fiji Islands Bureau of Statistics (2009 GDP Release as at September 2010).

the Reserve Bank. New services and products are available and more are expected in the market. New innovations, vision and new technology have enabled this.

In June this year, the Reserve Bank, in partnership with stakeholders, hosted the first microfinance expo in Ba. The second Expo was in Suva during the 2010 Hibiscus Festival. We had set-up a Microfinance Village during the Festival to promote microfinance and financial literacy. A green ribbon campaign was launched that same week to promote financial literacy. As usual, our partners were with us during the occasion.

It is pleasing to see that the commercial banks, are now actively participating in microfinance programs. We hope that these new services and products will make financial services more accessible and affordable.

Another area that the Reserve Bank has been actively promoting is local value adding and import substitution, especially with fruits and vegetables. We hope that this is an area that many of our rural farmers here in the North can actively engage in. I believe the Department of Agriculture officials will be available over the next two days to assist those of you who may have questions and need assistance.

We also sponsored a Chef this year for a two month attachment in Malaysia at a five star hotel to study the use of local produce in hotel menus. He returned in August and we have collaborated with TPAF to organize a two day commercial cooking workshop at the Takia Hotel, where this Chef will conduct training. Training is open to school leavers, professional chefs, or budding home based caterers.

To support local value adding and small business development we have also collaborated with the Ministry of Women and the Indonesian Government in facilitating a training workshop for women on making handcrafts utilizing batik, bamboo and coconuts.

We hope that the two workshops today will enable participants to learn about creating income generating activities that could be used to start a small business.

We also have on hand commercial banks and microfinance institutions that offer free financial literacy trainings and advice on their products and services.

Of course, we have also invited the micro entrepreneurs to come and sell their wares at this expo. You can extend your support to these entrepreneurs.

Conclusion

We hope that you will invite and encourage as many of your friends and families to come down and enjoy the wide variety of goods and services available from the different stakeholders.

Ladies and gentlemen, this is a rare opportunity; we have brought microfinance and financial literacy to your door-step. I hope you will grab this opportunity. This occasion is also meant to be educational and fun. Apart from the abundance of useful information and products by the institutions represented, there are also lots giveaways for the children and the entire family.

With these words I declare the Labasa 2010 Microfinance open.

Thank you.