

Barry Whiteside: Business confidence and resilience in Fiji's economy

Address by Mr Barry Whiteside, Governor of the Reserve Bank of Fiji, at the re-opening of BSP Bank, Nadi, 21 February 2013.

* * *

Mr. Ian Clyne, Bank South Pacific Group Chief Executive Officer

Mr. Kevin McCarthy, Bank South Pacific Fiji Country Manager

Management and Staff of Bank South Pacific Fiji

Distinguished Guests

Ladies and Gentlemen

Introductory Comments

Bula vinaka, a very good evening and a belated happy new year to you all!

Let me first thank Kevin for his kind invitation to this “reopening” ceremony.

I am pleased to be officiating at yet another unveiling of a BSP premises.

While this change may have been out of necessity, we see many other financial institutions and businesses throughout the country have also been refurbishing and upgrading premises and systems in recent times. This is testament to a great turnaround in business confidence across Fiji. These events are investments and therefore a great vote of confidence in the locality, the industry and the economy.

Ladies and gentlemen, this evening's event bears a special significance. We stand in premises that were underwater not so long ago. The whole country has always marveled at the resilience and tenacity of the people of the West, having faced the brunt of three devastating floods in four years. And only just recently you were hit by the devastating Cyclone Evan.

So many individuals and businesses have had to expend time, energy and resources in rebuilding their livelihoods. They could have easily said “enough” at some stage and pulled up their “roots” and moved on. However, their roots have proven to be very deep. There is strong faith in this town of Nadi to bounce back and today we are witnessing BSP's own efforts at this. No doubt there are many others in this town and across the West. My admiration goes out to all of you.

Natural disasters always present some of the greatest risks to our country and economy. Our “smallness” further accentuates this threat. The resilience, therefore, of “weathering the storm” and getting up again quickly after being knocked down, is something so natural to us. Today we all applaud BSP's efforts in returning to Nadi, might I add, even better than before.

The BSP Group

Ladies and Gentlemen, Bank South Pacific is no longer a newcomer in Fiji, and no longer the “new kid on the block”. That title belongs to another bank now. You have adjusted well and in line with the economic conditions faced here. You continue to make significant contributions to Fiji's financial landscape in partnership with a wide group of stakeholders.

I read recently that BSP won the Connected World Forum Award for the *Best Bank-led Mobile Money Programme* at the *Mobile Money Global Summit and Expo* in Dubai. The Connected World Awards celebrate the very best in Mobile Money with specific emphasis on innovation & service. Congratulations are definitely in order.

Innovation is definitely a hallmark of Bank South Pacific's services being provided across Fiji and we are fully appreciative of your new technology rollouts. You were the first bank in Fiji to introduce SMS Banking and you rightly boast the largest network of ATMs and wireless EFTPOS machines across the country.

I note that this refurbished branch has revamped its customer service areas. Understandably there has been a migration to the second floor, but also there is a new Foreign Exchange Bureau accessible to the street. This is no doubt a natural response to the tourist traffic through Nadi on a daily basis.

You have all now had an opportunity to look at our new flora and fauna series of notes and coins, which have been in circulation since the 2nd January. We hope that the Fiji public will be proud of their new currency and that it will continue to be a source of pride for all Fijians for a long time. We at the Reserve Bank trust that the images on our currency will quickly become household names and provide instant recognition of our heritage and of the beauty that surrounds us here in Fiji. The Reserve Bank will continue to roll out its awareness campaigns over the next several months, including to schools.

Logistically, in terms of issuance of our new currency, all the coins and the \$10, \$20, \$50 and \$100 notes commenced issuing on the 2nd January. However there will be a co-circulation period with most of the old design currency notes up to December of this year as we run down stocks. This co-circulation will not apply to the old \$2 and \$5 notes. The old design coins will remain in circulation, so for those who are already missing the Queen you may take some comfort in this.

The new \$5 polymer or "plastic" note will be issued once we have withdrawn the existing \$2 notes from circulation. This is because both notes are green and we do not want to create undue confusion. The \$2 note withdrawal exercise is expected to take up to three months so we should see the first new \$5 notes in circulation in April.

Economic update

Ladies and gentlemen, the Reserve Bank remains bullish on our economic prospects and supports the notion underpinning the 2013 National Budget that the fundamentals are being laid and the best is yet to come. Throughout 2012 domestic demand had been buoyant and investment continued to pick up. As a result, our labour market is finding some traction.

However we are always prone to the threat of natural disasters and Cyclone Evan showed that we must not be complacent. There also continue to be risks on the external front with the recent downward revisions in global growth.

Despite the downside risks the Reserve Bank's twin objectives of low inflation and a comfortable level of foreign reserves presently remain intact. Inflation fell to 1.5 percent in December then blipped upwards to 3.2 percent in January following Cyclone Evan. Our end year expectation is around 3 percent. Foreign reserves are currently at \$1.6 billion or sufficient to pay for just under 5 months of imports of goods and services.

Concluding remarks

Ladies and Gentlemen, I reiterate that I enjoy being a part of these functions as they come on the back of increased investment and confidence in the country and its future.

Thank you again Kevin for the invitation to be here this evening and I take this opportunity to wish you and your families a Prosperous New Year.

Official opening

I now have much pleasure in declaring the refurbished Bank South Pacific, Nadi Branch, open.

Vinaka vaka levu.