

Barry Whiteside: Brief comments on Fiji's economy

Opening address by Mr Barry Whiteside, Governor of the Reserve Bank of Fiji, at the launch of BSP Life's new "Bula Elite" product, Suva, 13 June 2013.

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Mr. Robin Fleming, Chief Executive Officer, BSP Group

Mr. Kevin McCarthy, BSP Fiji Country Manager

Mr. Malakai Naiyaga, Managing Director, BSP Life Limited

Members of the Board, Management and Staff of BSP Life Limited and Bank South Pacific

Distinguished Guests

Ladies and Gentlemen

Introductory comments

Bula vinaka and a very good evening to you all!

I am delighted to be here this evening at yet another key BSP event, this time to launch BSP Life's new **Bula Elite** product. Thank you, Malakai, for your kind invitation.

Since establishing its presence in Fiji, the BSP Group has elevated the standards of innovation for financial products and services in both banking and insurance, and has become a leading player in both industries. The launch of another Life product is a further endorsement of the success of the BSP Group and the key role it plays in Fiji's financial system.

We at the Reserve Bank are seeing the flow-on effects of such business success in our domestic economy, through increased positive sentiments and actions by the private sector. Let me therefore make some comments on the economy.

Economic update & outlook

We all know that Fiji is a small OPEN economy – so what happens globally will generally find its way back to us in one form or the other. While global growth is trending upwards, it is really being pulled along by growth in the major emerging economies (or the BRICS as we refer to them).

In contrast, slowdowns are forecast for most of our trading partners in 2013, with much of the Eurozone in recession and having been there for the last 4 to 6 quarters.

But all this has not dampened our own recent domestic output and the forecasts we have set for the near term.

On the domestic front, GDP growth this year is forecast at 2.7 percent, a little improvement on the 2.5 estimated for 2012. An important takeaway is that our growth is broad-based with almost all sectors making a positive contribution. In 2013, growth is being led by agriculture, manufacturing, the finance and construction sectors.

While we know that investment is the "driver" of growth, it is the Private Sector that is the recognized "engine". This, however, was clearly not the case in 2010 when the private sector contributed just 3.5 percent to the overall 13.5 percent Investment-to-GDP number. I am pleased to say that we have seen a turnaround through 2012 and now into 2013. Our indicators are showing high growth, led by greater lending by financial institutions for investment purposes as well as strength in building and construction activity. Look around you when you are travelling through Suva and other areas on Viti Levu and you will see the

evidence. Talk to business people and they exude more positive vibes. Our own Business Expectations Survey, where we survey 243 businesses on a semi-annual basis, is reflective of this.

This year, the Investment-to-GDP ratio will be around 25 percent, of which the private sector's share is forecast at 13 percent. Clearly this is a vote of confidence by the private sector in the Fijian economy.

Through all this our foreign reserves have been holding steady and are currently at \$1.62 billion (worth the equivalent of around 4.7 months of imports), while inflation was 1.5 percent at the end of May.

The challenge moving forward is to keep this positive momentum going – and, on Government's part, to ensure its Reform programmes gain ground, and that the deadlines to Parliamentary elections continue to be met.

The BSP Fiji Group

Let me come back to why we are here this evening.

It is evident that the BSP Group has lifted the game in banking services, and I am assured it will continue to be at the forefront of product and technology innovation as it grows its presence in Fiji. It is most pleasing to see that, so far, the profits it has made here are being ploughed back into the country in raising that presence.

From a product innovation standpoint, Bank South Pacific has been a market leader in providing access points of financial services. I understand it now has the largest ATM network and the second largest number of EFTPOS machines. It was also the first to introduce SMS banking here. The Bank's website also provides 24- hour on-line banking services, 7 days of the week.

On the insurance business, BSP Life, as a brand, has been in the market for just over two years, having taken over from Colonial Life. The Company has, however, achieved significant success in a short period of time.

I would like to highlight some of these major accomplishments:

- The enhancement to its life product offering through the launch of the Bula Prime product in 2011.
- The re-branding of Dominion House to BSP Life Centre, which now accommodates all of BSP Life's operations.
- The opening of a new Customer Services centre on the ground floor of BSP Life Centre. I am told that walk-in customers are averaging 2,000 per week, double what they were before the office opened.
- The opening of a Lautoka office, to complement the Nadi branch and to provide greater service to customers in the West.
- The rollout of new medical products earlier this year, including the introduction of an India Evacuation product at very affordable premiums.

I understand that BSP Life has partnered with the world renowned Apollo chain in India which provides a broad range of specialist medical services. Access to India is now seamless via Hong Kong or Seoul and the quality of services at Apollo, I am told, is world class. In 2012 Apollo treated over 60,000 international patients at their Delhi facility alone. I think these numbers provide some indication of the acknowledgement of the quality of the treatment available.

- In so far as investments go, the BSP Life portfolio has grown to \$323 million. Most of this money is invested in Fiji, helping to provide employment for our people and helping to grow our economy.
- I also note the strong financial standing of the business as publicly declared in the Company's recent Key Disclosure Statement for 2012. This augurs well for future growth and ongoing returns to BSP Life policy holders.

I am pleased to note a significant investment in marketing by the BSP Group to create awareness of the need to invest and protect our financial future. With the take-up of life insurance at less than 15 percent of our population, BSP Life has taken a lead role in creating awareness of the critical need for us to have insurance and protect our loved ones.

BSP Life and BSP Bank have also been key partners, along with other stakeholders, in the Reserve Bank of Fiji's ongoing efforts to promote financial inclusion and financial literacy in Fiji.

Launch of Bula Elite and concluding remarks

Ladies and Gentlemen, it is clear that BSP Life has strongly established itself in life and health insurance in the Fiji market over such a short period of time.

Tonight is another special milestone in the Company's growth as a major player in Fiji's insurance industry.

I understand that the **Bula Elite** product has been developed following extensive market research and is designed to provide exceptional value for clients. It is an insurance product that will meet both short and long term investment needs whilst simultaneously providing peace of mind with insurance protection for loved ones. This is again a testament to BSP Life's focus where products and services are developed to provide strong value for customers.

I wish you, Malakai, and your team, the very best with the rollout of this new product. Without further ado, it is my pleasure to officially launch BSP Life's latest product, **Bula Elite**.

Vinaka vakalevu.