

Barry Whiteside: Microfinance in Fiji

Introductory remarks by Mr Barry Whiteside, Governor of the Reserve Bank of Fiji, at the 2015 National Microfinance Awards, Suva, 13 November 2015.

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Salutations

The Honourable Faiyaz Koya, Minister for Industry, Trade and Tourism,

Members of the Board of the Reserve Bank of Fiji,

Our valued sponsors of the 2015 Microfinance Awards,

National Financial Inclusion Taskforce and Working Group Members,

All our Microfinance Entrepreneurs who are with us tonight,

Ladies and Gentlemen

Good evening and welcome to the National Microfinance Annual Awards, our special evening to celebrate and recognise the best from this important sector of our economy.

Introductory Comments

Today has been a long day for some of us who came together this morning to strategise on a way forward for financial inclusion in Fiji and it has been a pleasure to note the support we have received from all stakeholders.

This evening we will witness some inspirational examples of microfinance entrepreneurship. The National Microfinance Awards is an important event in the Reserve Bank of Fiji calendar, as it recognises our micro entrepreneurs' economic empowerment through income generating activities.

Microfinance is a sector that has a lot of potential for creating new jobs and boosting economic activity and, in turn, contributing to economic growth in the country. It involves among other things, extending loans, some of them as low as fifty dollars, so that people can start their own small businesses and generate income for their families.

Microfinance, when done well, has the ability to empower people. When our most vulnerable are empowered with financial support to take care of their family, they can pay for the basic needs of food, water and shelter, health care services, a good education for their children and enjoy a better living standard. When this happens, there is of course less pressure on the State, but it also surely must bring a sense of pride to our people.

I mentioned that it is important that microfinance needs to be done well. It is not just about giving out small loans and leaving the recipients to get on with whatever it is they are doing. It is about also providing the necessary support structures and skills development so that the people are able to sustain their businesses. Often these people are the very ones that need the most help. So we need to hold them by the hand for a while and give them encouragement and proper mentoring. Some financial institutions have been doing this well and I applaud them for that. Clearly, you can see the results here tonight with the many stories of success.

However this is only the tip of the iceberg and we can do much more. It is something that we must continue to work into our wider financial literacy and inclusion goals and I was excited by many of the outcomes from our deliberations earlier today. As I mentioned this morning, it is my hope that our schools' FinEd program can go a step further and encourage an entrepreneurial spirit in our children. Most of my generation and my children's generation came out of school or university with the sole aim of finding a job and working for someone else. I would love to see my grandchildren, the next generation, leaving school with an alternative

mindset and that is the ability and desire (if they so wish) to establish their own small businesses.

We don't need to look far in Fiji to see how a small or even micro business can blossom through hard work over the years to become large successful companies employing many of our citizens. Pure Fiji Limited is a classic case of such a business. I recall Gaetane Austin years ago telling me that they started from her kitchen in Beach Road, Laucala Bay, and look where the company is now: Pure Fiji is not only a household name in Fiji, but also an internationally renowned brand. I therefore see it as our responsibility to nurture this sector and help it grow.

Government Support

Ladies and Gentlemen, it has been extremely encouraging to note the growing support by Government for our MSME sector. Several years ago the State set aside funds with the Reserve Bank to establish a credit guarantee scheme covering loans by financial institutions to eligible small and medium businesses. Interest charged on these loans must not exceed 10 percent per annum. To date more than 1,040 loans valued at just over \$62 million have been registered under the scheme. I am pleased to say that there have been only two calls on the guarantee in the last 3 years.

This year Government also initiated a Micro and Small Business Grant Facility to provide financial and capital assistance to not only existing businesses but also to those wanting to start a business. The intention is to help micro-businesses with seed capital or additional capital to grow and succeed. Since the set-up of the facility, we understand that more than 2,100 micro-entrepreneurs have benefited, with grants up to a maximum of \$1,000 each. This is a huge show of support for the MSME sector which must be applauded. Clearly it is important that the level of backup as I indicated earlier must be managed well.

Sponsorship

Ladies and Gentlemen, I would like to express my sincere gratitude to our sponsors for this evening's Microfinance Awards: the Pacific Financial Inclusion Programme; ANZ Bank; Life Insurance Corporation of India; Westpac Banking Corporation; Bank South Pacific; Bank of Baroda; and, HFC Bank. Thank you for your continuous support and partnership in helping us recognise and appreciate our up and coming Fijian businesses.

Awards

This year we have introduced one new award category, the Young Entrepreneur of the year. The Microfinance Awards categories are now:

1. Individual Micro-entrepreneur;
2. Partnership Micro-entrepreneurs;
3. Young Micro-entrepreneur; and
4. Microfinance Service Provider.

The winners for the Individual, Partnership and Young Micro-entrepreneur categories will each receive a cash prize of \$5,000 while the three runners up will receive \$3,000, \$2,000 and \$1,000 respectively.

The Institution category winners will receive trophies and we also have some merit Awards.

Process

This year we have received a total of twenty-nine entries, predominantly from Viti Levu and a few from Kadavu, Labasa, Lau and Gau.

Assessments for the Individual, Partnership and Youth categories were based on business growth, use of local resources and creativity, adequate book-keeping, sustainability and compliance with Government regulations.

The assessment for the Institution Category focused on outreach, delivery channels and use of innovative technology and client protection.

Congratulatory comments

Ladies and Gentlemen, all finalists for the 3rd National Microfinance Awards were selected by a panel of 3 judges representing the Pacific Financial Inclusion Program, the National Centre for Small and Medium Enterprise Development and the Reserve Bank.

I would like to congratulate all the winners of tonight's awards and trust that you will seize this opportunity and use the additional financial windfall to further grow your businesses. For those who did not quite make the top award in your category, I urge you to continue to strive hard. I have found that nothing comes easy in life. We must work for it.

I certainly wish all of you the very best over the coming years.

Introduction of Chief Guest

Ladies and Gentlemen, it is now my privilege and honour to introduce our chief guest this evening, the Honourable Faiyaz Koya, our Minister for Industry, Trade and Tourism.

Amongst his ministerial portfolio, Honourable Koya is also responsible for micro, small and medium enterprise development. We know that he has taken an extremely keen interest in this role and we wish him the very best as we all try to grow our MSME sector.

Minister, we are delighted that you could join us tonight. Ladies and Gentlemen please join me in welcoming the Honourable Faiyaz Koya to address us!

Vinaka.