

RESERVE BANK OF FIJI



**ADDRESS BY
GOVERNOR OF THE RESERVE BANK OF FIJI
BARRY WHITESIDE
AT THE 3rd ANNIVERSARY CELEBRATIONS OF HFC BANK
4 March 2017**

Mr Tom Ricketts. Chairman of the HFC Bank Board

Members of the Board

Mr Raj Sharma, Acting Chief Executive Officer

Management and Staff

Members of the media

Invited Guests

Ladies and Gentlemen

Bula Vinaka and a very good morning to you all!

Introductory Comments

I am pleased to join you in celebrating this special day, marking the 3rd anniversary of HFC Bank's operations as a commercial bank. I always welcome such opportunities to celebrate the achievements of our licensed financial institutions as they confirm to us the commitment and resilience they have to continue to serve our people.

The Fijian financial system has evolved significantly into a modern, reputable and stable one, which has safely steered our economy through the past two decades, and is considered the most advanced amongst our Pacific island countries.

Three years ago when the Reserve Bank of Fiji first received an application for a commercial banking licence by Home Finance Company Limited there was a bit of hesitancy on our part to accept the proposal. However, with the acknowledgement of the performance of HFC as a licensed credit institution for 18 years, the commitment of strong shareholders, and also the strengthening of the Reserve Bank's own regulatory capacity, it was agreed that it was an opportune time to allow a locally owned bank to operate.

It was, however, not a light decision as HFC Bank will acknowledge, with the Reserve Bank setting high expectations for the institution and continuing to closely liaise on necessary regulatory matters, in line with our mandate of protecting Fijian depositors.

I therefore wish to congratulate the shareholders of HFC Bank, its Board, management and staff for this milestone we are celebrating today, achieved through great dedication and teamwork.

HFC Bank

Ladies and Gentlemen, from the humble beginnings of a home loan provider in 1962 and later as a licensed credit institution with services limited to providing term deposits and loans limited to mortgage financing, HFC today boasts a vast offering of financial services akin to other banks in Fiji.

Substantial and necessary investment into its technological platform has also made it possible for the institution to provide secured online banking services which will also soon include bill payment capabilities. HFC Bank has further invested heavily in refurbishing its branches to be on par with other commercial banks and has increased its presence with the installation of its first ATMs.

I acknowledge the Bank for being an active user of the Reserve Bank's import substitution and export finance facilities. We continue to encourage banks to utilise these services for the benefit of their customers.

Ladies and Gentlemen, HFC's achievement in this three year period is testament to public confidence in the Fijian banking industry and in a growing Fijian economy. I would like to take this opportunity to make some comments on the significant contributions made by our financial institutions to the growth of our economy, and towards ensuring the maintenance of a sound and safe financial system.

The Fijian Financial System and the Commercial Banking Industry

The gross assets of the Fijian financial system stood at \$17.5 billion at the end of 2016, nearly twice the size of our GDP. 51 percent of that was held by the commercial banks alone, making the banking industry the most dominant sector in our financial system.

Commercial banks in Fiji have grown in terms of the size of their balance sheets, and the scope of their services and product offerings. They have also extended their reach to areas once unbanked, through their increased footprints and financial inclusion initiatives, including financial literacy.

The range of banking customers in Fiji has also expanded significantly, with banking services provided at the early ages of primary school to tertiary education, and then to the other end of the spectrum acknowledging the importance of our retiree population and senior citizens, who are being offered products designed specifically to meet their financial status.

Commercial banks have also established their presence in Fiji by driving investments through their basic function of intermediation, paying taxes and

providing employment. Ladies and Gentlemen, like any other business, all these cannot be achieved without extensive investments by the commercial banking industry.

One just has to look at the significant development in Fiji's banking infrastructure to understand the extent of commitment made by commercial banks in Fiji to ensure that most Fijians are financially included. The Reserve Bank continues to work with them in this area.

The number of EFTPOS terminals available to our people has increased from 2937 in 2011 to 6081 at the end of 2016, while the number of ATMs increased from 212 to 326 in the same 5-year period. All commercial banks in Fiji have continuously upgraded their core systems, costing millions of dollars, to enhance how they do business and improve services to their customers. Competition has been strong.

Ladies and Gentlemen, because of the important service that commercial banks provide, it is vital that we ensure that they continue to operate soundly and safely. The soundness and safety responsibility is at the core of the Reserve Bank's financial stability mandate. Banks are to ensure at all times that they are well capitalised and earning adequate profits to sustain their operations. Banking business is a business of managing risks, and it is important that commercial banks have robust frameworks to identify and mitigate the risks inherent in their operations.

Market conduct and consumer protection have also come to the fore of banking in recent years. Commercial banks in Fiji are continuously reviewing their processes to ensure that these issues are managed effectively. The Reserve Bank of Fiji expects all banks to prioritise customer complaints and ensure the efficient and effective resolution of these at all times.

The banking sector, in the coming months, will embark on further improving its payments infrastructure by participating in the Fiji Interchange Network Payment system, or what has often been referred to as a national switch. Having a central national switch will further allow the efficient provision of payment services and in due time provide cost savings for banking customers.

Closing

In closing, I would like to again congratulate HFC Bank on achieving 3 years of commercial banking, but also HFC as a financial institution for having served the people of Fiji for the last 55 years.

As the institution's regulator, it would be remiss of me if I do not remind the HFC board and management of the importance of the task they have ahead of them, which includes their duty to serve the public interest by ensuring a good governance environment and a strong risk management culture.

We wish HFC Bank the very best for the future, and look forward to the many years of great service that they will provide for all Fijians.

Vinaka vakalevu!

END.