



KEYNOTE ADDRESS BY THE RESERVE BANK OF FIJI GOVERNOR, MR ARIFF ALI
SOUTH PACIFIC CENTRAL BANKING RESEARCH CONFERENCE,
12 DECEMBER 2018, HOLIDAY INN, SUVA

Your Excellency, Ms Amy Crago, Australian Deputy High Commissioner to Fiji;

Mr Loi Bakani, Governor, Bank of Papua New Guinea;

Mr Denton Rarawa, Governor, Central Bank of Solomon Islands;

Deputy Governors and fellow central bankers;

Members of the Griffith University Faculty;

Distinguished Guests and Participants;

Ladies and Gentlemen;

Bula Vinaka!

It is indeed an honor for me to give the keynote address in this Inaugural South Pacific Central Banking Research Conference, co-hosted by Griffith University and the central banks of Papua New Guinea, Solomon Islands, Vanuatu and Fiji.

In fact, I am delighted that we central bankers in the Pacific have taken this bold step to strengthen our research capacity, which is evident by the high-level attendance today, of representative central banks from the region. Our being here also demonstrates our sincere appreciation of the commitment of Griffith University and the Australian Government to assist in the research capacity of our Pacific central banks.

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I wish to congratulate Dr Pramendra Sharma and the team from Griffith University for convening this conference, an ultimate outcome of some years of dedicated work to highlight the research initiatives of our Pacific central bankers and provide a platform for dialogue, information sharing and future research opportunities.

Deputy Governor Masitabua has welcomed us all last night so I do not wish to repeat his welcome, but I only wish to mention that the Reserve Bank of Fiji is indeed privileged to co-host this inaugural Conference and we look forward to fruitful deliberations in the next two days.

Collaboration with Griffith University

Ladies and Gentlemen, I wish to share at the outset a brief background of our journey with Griffith University. The Griffith-South Pacific Central Banks (SPCBs) partnership with the support of the Australian Government has come a long way, from one joint-working paper with the RBF in 2014 to almost 25 published and partially completed working papers amongst the four central banks represented here today. We have indeed proven ourselves as worthy partners with Griffith University, and we can only expect bigger and better outcomes from this great partnership.

I understand that one joint-paper under this collaboration has been published in the *“Review of Pacific Basin Financial Markets and Policies”*, a prestigious academic journal in Singapore, and another has been accepted for publication in the *“Journal of the Asia Pacific Economy”*. Our Griffith counterparts have assured us that some of our regional joint papers are good potentials for top-ranked journals in the coming years.

There is certainly much to be excited about, for a unique regional partnership of this kind, yet, it would be remiss of me if I did not acknowledge a certain individual whose confidence in our work, and tireless efforts behind the scenes got us in the door with Griffith University.

Ladies and gentlemen, we would not have come this far if it was not for the key role played by Dr. Parmendra Sharma, a former colleague of us here at the Reserve Bank of Fiji. Had it not been for his work in linking our researchers to the Griffith experts and securing the necessary funding through the Australian Department of Foreign Affairs & Trade (DFAT), I believe we would not be having this conference today.

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I am also pleased to mention that Dr Sharma has just been recognized for his collaborative work with central banks in the Pacific by being awarded the 2018 Griffith Business School Pro Vice Chancellor's Engagement Leadership Award. Our heartiest congratulations to you Dr Sharma!

Let me now move on to the three key messages that I wish to share today:

1. **Being Small Should not be an Excuse for not Conducting Good Research**

A favourite quote that I share a lot and make reference to in my regular discussions with my staff and external stakeholders of the Reserve Bank of Fiji is by Dr Zeti Akhtar Aziz, Former Governor of Bank Negara Malaysia, and she said:

“The central bank is a high impact organization. Its decisions or indecisions, its actions or inactions will have major and far reaching repercussions and consequences on the economic well-being of the public at large and the entire spectrum of businesses. The responsibility and accountability are therefore immense.....Central banking is therefore not for the faint of heart.”

We cannot, therefore, make the excuse of being small central banks, as a limiting factor to our research capabilities, because the responsibility and accountability we play in our small economies are immense. Our business is about bringing value and benefits to our citizens as policy making institutions and while research allows us as policymakers to do our job better, good research lends credibility and improves the quality of our policy.

So we ask the question, *what is necessary to produce good research at the central bank?* There is no single formula for this but there are some necessary conditions for doing good research:

(i) First, there must be support from the top, and in our case from the central bank governors. Without this support, any attempt to build a good research department will most likely fail. I would like to say that the presence of us Governors in this conference is a testament of our support for research in our central banks.

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For us at the RBF, two significant initiatives were implemented as part of our collaboration with Griffith University. We have set up a Research Unit in our Economics Group with the aim to produce more research papers. Selected staff are rotated to the Unit as an opportunity to undertake research and produce working papers. In addition, the RBF now provides staff with a cash reward of \$1000 if their research is published as either working papers or journal articles.

(ii) Second, there must be highly trained research staff and a system of measuring quantity and quality of research output. Investing in the continuous development of our central bank staff is important and I know that a significant part of our central bank budgets is allocated to training and development. We must continue with this and have as a priority the need to build highly trained research officers. However, a real challenge faced by our small central banks is attracting and retaining research capacity and capability as many of our staff are so inclined to leave us for Universities that pay more and conduct more research. More collaboration with academic institutions and research institutes such as the one we now have with Griffith could help address this.

Going forward, we have to establish a system of measuring the quantity and quality of our research outcomes. Credibility and quality of research is crucial and good evidence through a policy proposal supported by good research is highly likely to be considered for decision making. Research must also be forward looking in nature to be relevant when the issues it addresses are faced by policy makers.

(iii) Third, there must be a productive and rich research environment for good research to be possible. One way to ensure this is making our central banks open to external research from academia, the fruits of which we are witnessing today through our collaboration with Griffith University. There is room therefore for more collaboration, which brings me to the second key message that I wish to share today:

2. Extending our Research Collaboration beyond the Griffith University

My second key message is that we should extend our research beyond the current collaborations with Griffith University.

Our role as central banks has never been more important than it is today. We have the core responsibility to promote macroeconomic and financial stability but our mandate has also expanded to include financial sector



development, consumer protection and financial literacy. This is a significant undertaking that calls for close collaboration with public sector agencies, private sector organisations, academic institutions and regional organisations.

I would therefore strongly recommend that we consider extending the collaboration that we have now started with Griffith University to other institutions and agencies in our countries and in the region. These include PFTAC, Regional ADB, World Bank and IFC Offices, possibility USP, and FNU. In acknowledgement of the limited resources for our research functions and data availability being a real constraint in our small island economies, such collaboration should assist in addressing these challenges.

Expanding our collaboration to other institutions will also help better communicate our policies to the public, improve our credibility as policymakers and contribute to the general knowledge that benefits society as a whole.

3. Central Banks should rightfully be Centers of Research in our Developing Economies

My third and final message to my central bank colleagues is that central banks should rightfully be the center of research in our developing economies.

I had stated earlier the reference made to central banks as high impact organisations. In an environment of greater transparency and enhanced communication, expectations are high on the delivery of our results. As central banks, we have to be knowledge intensive institutions and derive our influence mainly from the quality of our arguments, which requires a strong research function.

Central bank continuity provides institutional memory. A central bank accumulates knowledge both from research and experience. Governments change, but central banks stay. We are one of the most important reservoirs of knowledge that rightfully places us as the center of research in our small economies. While we acknowledge that we do not have access to quality, timely and reliable data in most instances, it should not stop us from using simple-excel based analysis and developing policy solutions based on our own unique experiences and institutional knowledge.

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The importance of evidence-based policy meetings and deliberations cannot be emphasised enough. Our regional central banks need to continue partnering with relevant stakeholder institutions as we aim to up-skill our researchers, build capacity and narrow the knowledge gap.

Conclusion

Ladies and Gentlemen, this conference is a great example of collaboration at the regional level on an issue that is core to our central banking role. Being the first of its kind in the region, it is my hope that the two-day Conference will stimulate vigorous debate and allow the sharing of diverse opinions to address some of the financial and economic challenges facing our Pacific Islands.

I congratulate all our researchers who will be presenting their work during the conference. The research papers are the culmination of critical thinking and innovative proposals that should be encouraged to the next step of being published in reputable journals.

In closing, I wish you all a successful workshop and I trust that the knowledge-sharing will be useful and rewarding to you personally and to your respective organizations and countries.

I also hope that you will find time to enjoy Suva. It may be challenging to listen to all the technical discussions planned, especially having such a conference in the festive month of December, so please do enjoy our Fijian hospitality and may I also take this opportunity to wish you all a blessed Christmas and a prosperous 2019.

Thank you!