

Ariff Ali: Launch of the personal property securities registry as part of economic reform plan

Opening remarks by Mr Ariff Ali, Governor of the Reserve Bank of Fiji, at the launch of the Personal Property Securities Registry, Suva, 31 May 2019.

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Mr Masayuki Tachiiri, Regional Director, Pacific Subregional Office, Asian Development Bank;

Your Excellency Mr John Feakes, Australian High Commissioner to Fiji;

Mr Jonathan Rowe, Counsellor (Development), New Zealand High Commission;

Representatives of Government, and Licensed Financial Institutions;

Invited Guests;

Members of the Media;

Ladies and Gentlemen;

Introductory Comments

Bula vinaka and a very good morning!

It gives me great pleasure to welcome you to this very special occasion, as we acknowledge an important milestone in our financial inclusion and development journey. I specifically thank our donors and stakeholders for availing their time to be with us today.

I would first and foremost, seek to offer our sincere gratitude to some key stakeholders, who through their foresight and tireless efforts have enabled us to be launch this Personal Property Securities Registry today.

I therefore acknowledge the vision of our former Governor, Mr Barry Whiteside for initiating and driving the establishment of a framework to look at reforming our secured transaction framework. His vision was supported by the willingness and assistance of the offices of the ADB Pacific Private Sector Development Initiative (PSDI), the Solicitor General's Office, and our hard working team here at the RBF.

I therefore sincerely thank all subject matter experts and technical officers who contributed to this initiative. In particular, I would like to convey my special thanks to Peter Dirou, Terry Reid, Anthony Frazer, and Simon Thompson from the ADB PSDI team, John Kimbler from Paradigm Applications (software Vendor), DSG Ms Tracy Wong and Glenys Andrews (SGO).

However, the project could not have effectively reached this stage without the support of our licensed commercial banks and credit institutions, so the "buy-in" we obtained from these industries to embrace the initiative, and be willing partners in a larger agenda of unlocking the potential of the SME sector in Fiji, is very much appreciated.

Our Journey

We embarked on this reform journey a little over five years ago to this day, in a bid to enhance access to finance and stimulate economic activity, but recognised earlier on that the legal framework and its related procedures were inhibitive for lenders to confidently provide finance based on moveable property pledged as collateral.

We were fortunate that the ADB's Pacific PSDI came to our assistance with the generous funding of the Australian and New Zealand Governments, who worked with our Secured Transactions Reform Taskforce comprising of industry stakeholders and the Office of the Solicitor-General, in the drafting of a legal framework articulating clear rules around the priority, and securing interest in moveable property. Particular attention was made to ensure that both lenders' and borrowers' interests are adequately protected under this new framework.

In September 2017, the Personal Property Securities Act came into effect after it was unanimously passed by Parliament. Soon after, work commenced in putting into place the required Personal Property Securities Registry. It has been an interesting journey and we are indeed very grateful for the opportunity to contribute to an important economic reform which will benefit Fiji in the long run.

Highlights of the New Framework

With the law in effect and the Registry in place, there are some key information that lenders, businesses and consumers will need to be aware:

(i) For Lenders

All transactions that involve moveable property standing good for the performance of an obligation such as a repayment of a loan will now require a notice to be published on the online Registry in order to have a legal effect of a security interest.

Lenders will no longer need to be physically present at the Titles Office or take debentures to the Registrar of Companies or to file securities such as Bills of Sales and Crop Liens and they can easily check the online Registry on whether the moveable property has already been pledged to another lender.

(ii) For Businesses and Consumers

It is important for businesses and consumers to check if a moveable property, has an existing security interest on them when they are pledged as collateral. Again, this search feature is accessible through the online Registry, in a matter of minutes.

I am delighted to announce at this juncture that the Reserve Bank of Fiji has committed to hosting the Registry in this initial stage and absorbing all necessary costs to ensure its smooth operation. We see this development as significantly important to growing the economy, and unlocking the potential of the MSME sector.

According to the Fiji Bureau of Statistics Establishment Surveys, MSMEs make up about 95 percent of businesses in Fiji and yet constitute less than 20 percent of the loan books of our mainstream lending institutions. Improving access to credit for MSMEs will contribute to more inclusive and sustainable economic growth.

The ability to search the registry by anyone is therefore free-of-charge for the first two years and this arrangement will be reviewed in due time, as we monitor the effectiveness of the Registry.

(iii) Economic Reform Disguised as a Legal Reform

The online Registry we are launching today is only a part of the broader economic reform plan underlying the commencement of the PPSA. Collectively, the legal framework and the online Registry is intended to stimulate the development of new credit products and services and build confidence among lenders in accepting valuable new forms of collateral.

Conclusion

I wish to end with an important call-out to those who may have been sceptical about this whole initiative and its expected benefits. We question the basis of such unconvinced sentiments when similar initiatives with regards to the PPSA and the secured transaction reform agenda have been adopted by many countries in the region, in many parts of Africa, Asia and Middle East and also by advanced economies, and have proven to significantly contribute to inclusive growth.

As a student of economics, I was reminded of what Adam Smith, the father of economics had said, "**Money makes money. When you have got a little, it is often easy to get more. The great difficulty is to get that little**". There is enough literature and evidence available from many of these country experiences that confirm that secured transaction reform assists with getting that little money.

Furthermore, we strongly believe that this project will have a positive impact on Fiji's Ease of Doing Business ranking, and should be supported by all those who are motivated to continue to make Fiji, a preferred place of doing business.

To the ADB and the PSDI Team and the Australian and New Zealand High Commissions, the Government of Fiji and the Reserve Bank of Fiji are very appreciative of your vital role as technical advisors, and funders of this reform. Vinaka to you.

I also acknowledge the work of our Secured Transactions Reform Taskforce that was instrumental in guiding the drafting of the Act, and our financial service providers and other stakeholders for their collaboration. Let me also take this opportunity to thank Christina and her team for their hard work and effort in working with all our stakeholders.

We can now only look forward to realising the benefits of this very important initiative in the years to come as this will provide our people with an opportunity economic empowerment.

Thank you very much and Vinaka.