

RESERVE BANK OF FIJI



**ADDRESS BY GOVERNOR OF THE
RESERVE BANK OF FIJI, BARRY WHITESIDE
AT THE 25th ANNIVERSARY CELEBRATIONS OF
CREDIT COPORATION (FIJI) LIMITED ON
21 March 2017**

Sir Wilson Kamit, Board Chairman of Credit Corporation Fiji Limited

Mr. Torquil Bowen, Chief Executive Officer, Credit Corporation PNG

Members of the Board

Mr. Peter Dixon, Managing Director

Management and Staff

Distinguished Guests

Ladies and Gentlemen

Bula Vinaka and a very Good Evening to you all!

Introductory Comments

I am honoured to be invited to be a part of this very special occasion to celebrate the Silver Jubilee of Credit Corporation Fiji Limited, or CCFL as we often refer to it. These celebrations are always an opportune time to reminisce on past achievements and consolidate lessons that can be taken for future growth.

I congratulate CCFL for this milestone achievement. It has indeed been a journey of confidence and resilience, though not without some hiccups, for one of our long established licensed credit institutions.

Credit Corporation Fiji Limited

Ladies and gentlemen, CCFL has come a long way since it first opened its doors in Fiji back in 1992. From its initial site in Gorrie Street, the company has opened an additional three branches, in Lautoka, Nakasi and Namaka. I recall that it was only a few years ago when I also had the pleasure of commissioning the office in Namaka. At that time Peter proudly pointed out to me that the branch was well clear of the flood zone in the Nadi area!

CCFL has built a good business over the years and now serves a range of customers from large corporates to small and medium enterprises and private individuals. The institution's loan book has grown from \$54 million 10 years ago to \$110 million last December, while its deposit portfolio has consistently grown from \$41 million to \$91 million over the same period. The company has

also recently invested in its IT platform, with the upgrading of its core information system being reflective of its ongoing efforts to cater for increasing business demands and ensuring it stays on par with its competitors.

It is also important to highlight that CCFL continues to operate in Fiji today because of the support and commitment of its Board and its shareholders at Credit Corporation PNG. We acknowledge CCPNG's strategic direction to maintain its network around the Pacific, contributing to the economic growth of the region by way of financing our local businesses and supporting the development of our respective financial systems.

The Credit Institutions Sector

Ladies and gentlemen, in Fiji, CCFL is part of what we refer to as our credit institutions sector. Such institutions are not fully fledged banks, given the specific criteria under which they are licensed. However, because they accept deposits from the public this makes them very much a part of the core of our financial system, which the Reserve Bank of Fiji is mandated to watch over.

Credit institutions perform a special role in the growth of our economy, specifically in the transportation, machinery and storage sectors at the business level, and with private individuals and small businesses at the personal level. They are part of a very important chain of funds intermediation that supports Government's infrastructure projects, and major commercial projects from construction to exports. They help fund the business aspirations of entrepreneurs and Small and Medium Enterprises (SMEs) from taxi drivers, to rental companies, to start-up agriculture exporters to construction and transport companies.

Customers of credit institutions are often regarded as high-risk and as such, more often than not, find it difficult to access funds from the mainstream commercial banks. Instead they provide a niche market for the credit institutions, like CCFL, that have been able to adapt their operations to meet the needs of their customer base.

It is probably also correct to say that once the customers of credit institutions achieve success in their respective businesses, they become "marketable" and often move on to become customers of the commercial banks. Unfair as this may sound, this is what competition is about. However, I have also heard that great personal customer service is also key to the credit institutions maintaining their customers.

On the other side of the balance sheet, licensed credit institutions have also brought in much needed competition into the money markets by offering term

deposits at very competitive rates. This has benefited small and large investors alike, and has broadened the investment opportunities for the people of Fiji.

These institutions have certainly played an important role in deepening the Fijian financial system, and they will continue to do so. We are grateful for their services and appreciate their confidence in our economy.

Recent Developments in the Financial Sector

Ladies and gentlemen before I close, please allow me to make some brief comments on two developments relevant to the Fijian financial sector.

Firstly, with the growth in demand for credit over the years, we have also observed the growth of lending activities emerging from the shadows of our supervised financial system; what has been termed internationally as “**shadow banking.**” Being unregulated, such shadow activities could pose a significant risk to financial stability if they are not closely monitored.

We understand that there is always a perceived, though incorrect, view out there that all lending institutions are supervised by the Reserve Bank of Fiji. Indeed, we recently experienced this with the disclosure made by one newly established finance company, not licensed by the Reserve Bank, which had made a statement in one of its advertisements that it was a regulated entity. Needless to say our Supervision team was quickly on to them.

We acknowledge that to be known as a supervised institution brings with it the needed sense of confidence by the public, but it also comes with a significant set of responsibilities and accountabilities.

So it is important for the general public to ensure that they have a good understanding of the financial institutions with whom they are dealing. Any institution that solicits and accepts deposits from the public must be licensed under the Banking Act and must maintain its responsibilities as required under the relevant legislations.

On my second point, you may also be aware of the current review being undertaken of the Fiji Consumer Credit Act 1999, which is of course relevant to CCFL and other licensed credit institutions as well as the banks. I urge all our regulated institutions to take the time to fully understand the proposed requirements and accordingly submit their views to the relevant Government ministry.

Closing

In closing, I thank Peter for the kind invite to say a few words this evening and wish to again sincerely congratulate CCFL for the milestone years of service achieved, and more importantly for serving the Fijian people over the last 25 years.

I wish the CCFL Board, management and staff the very best for the future, and look forward to more years of great service to the people of Fiji.

Vinaka Vakavalevu!