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**ADDRESS AT THE OPENING OF BSP LAUTOKA BRANCH
BY THE GOVERNOR RESERVE BANK OF FIJI, BARRY
WHITESIDE, ON THURSDAY 10 NOVEMBER 2011**

Mr Kevin McCarthy, BSP Fiji Country Manager

Management and Staff of Bank South Pacific

Distinguished Guests

Ladies and Gentlemen

Introductory Comments

Let me start by thanking Mr. McCarthy for his kind invitation to come to Lautoka this evening to open Bank South Pacific's newest branch. It is an honour for me to be here.

I must say that I have many fond memories of our second city, as I spent some of my most formative years here when my Dad served as Postmaster back in the 1960s. I can clearly remember my Drasa Avenue School days, and the homes we lived in on Kadavu Street, Valima Hill and Tagimoucia Street – stretching from one end of town to the other.

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I also remember the great abundance and sweet smells of sugar cane and mangoes, and the sound of the regular sirens to signal the change of shift at the then CSR mill. I remember tasting ‘burnt’ sugar for the first time many years ago and taking early morning rides to Saweni on the Free Train. As you may have guessed I have many fond memories of this city.

Ladies and gentlemen, the opening of your new Lautoka Westfield Branch is another milestone to check off in BSP Fiji’s relatively short history in our country. This Pacific bank continues to expand its operations and make its presence known in our market.

Not long ago, when it opened its doors in December 2006, BSP was regarded by some as a small operator with a niche market inherited from Habib Bank, the bank whose single branch Fiji operations BSP had purchased. We of course know that BSP is the largest bank and major player in its home country of Papua & New Guinea with more than FJD9 billion in assets. (*Note: K10.972billion as at June 2011*)

However, BSP has come to our country with a specific purpose to grow its international footprint. I can say that in the short span of time since its inception here, it has certainly worked

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hard to make its presence felt. My staff inform me that BSP Fiji operations now includes representation points through 20 branches (including your Westfield Branch), 48 agencies, 97 ATMs, 171 EFTPOS Merchants and 568 EFTPOS Terminals.

The recent advent of SMS banking has further widened BSP's in-country reach currently recording 64,000 registered users. BSP has also expanded in terms of its deposit base which now stands at more than 200, 000 deposit accounts valued at more than \$688m. Staff numbers have also increased to 565 compared to 11 that started with the branch in December 2006.

During these challenging times, it is always encouraging to see businesses expand their operations to better serve their customers' needs. I wish to congratulate BSP for its commitment to Fiji and also for the confidence it has shown in the Fiji economy.

The BSP Westfield Branch

Ladies and gentlemen, many people would place Lautoka outside the circle of fast developing urban centers in Fiji, by these I mean Suva and Nadi. Your city has, unfortunately, not really enjoyed the growth seen in these two centers over the last

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two decades. However, I do know that you have in your presence, business men and women who have maintained their links over the years and have the community of Lautoka in their collective hearts. They continue to have faith and run their operations here. I do, however, look forward to seeing changes and more bright spots emerging with the longed for resurgence of sugar, an industry on which your city had been founded.

I also read with interest just last week of additional prospects in regard to a fish processing business that is being established here. The generation of much needed new employment and activity can only mean good things for your community and Fiji.

Ladies and gentlemen, I find the decision by Kevin and his Team to open this new branch in Lautoka, a very strategic one. It is no secret that we have come through a period of extremely sluggish growth. It is also no secret that during such times commercial banks will work hard to ensure that their clients continue to remain with them. They will also need to work harder to acquire new clients. It can be a time of great competition.

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With all banks in Fiji of reputable names and brands, customer service and convenience will play a major role in maintaining banking relationships.

The opening of this new Westfield Branch will provide BSP with a platform to maintain its customer base and also get new stable and quality customers.

I have been told that this new Westfield branch will have general banking facilities on the ground floor, while the lending and international sections will be based on the first floor, with management. I have also been informed that the branch will host a *Premium Service Centre* for High Value customers - providing personal bankers, international business, priority tellers for business banking customers as well as a safe deposit box facility.

The move to this new location will also make way for the renovation of the old premises which I have been told will be re-opened as a multi-function business centre, offering among other things, *BSP First*, the bank's priority banking platform. This is expected to extend BSP's exposure to the corporate community in Lautoka, with a reliance on brand and retail presence.

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You may have all noticed the close proximity of the location of this new branch to central areas of convergence in the city such as the Lautoka Bus Terminal and the main shopping centres around it. I have been made aware that the BSP Automatic Teller Machine located in the Sugar City Mall is the highest performing ATM out of all the BSP ATMs in Fiji, and no doubt the opening of this branch will compliment an already active presence of BSP in Lautoka.

Someone once said that **“If we don’t take care of our customers; someone else will”**. BSP has certainly heeded these words by opening a new branch that will take care of its present and future customers in Lautoka.

I take this opportunity to thank BSP for its role in providing guidance and leadership to the business community and to the wider Fiji economy through its services, innovative products and great expansion towards introducing the latest banking technology to Fiji.

Brief Economic Update

Ladies and gentlemen, allow me to take this opportunity to share with you a few updates on our economy.

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The IMF Article IV Mission for Fiji concluded its 2011 just 6 days ago and noted that our financial system remains sound. The Mission also concurred with the recent policy stances of the Reserve Bank. On growth prospects, the IMF Mission has noted a growth of 2 percent in 2011, by far the best result of the past 5 years, and in part reflecting a bounce back after two consecutive years of contraction.

The Reserve Bank has continued with its accommodative stance with regard to monetary policy to encourage banks to lend more and stimulate growth. However, in the current situation of high liquidity in the banking system, we will remain vigilant to any signs of inflation coming through domestic pressures.

Liquidity in the banking system, measured by bank demand deposits held at the Reserve Bank, is currently around \$522 million. This liquidity stems from growth in reserves coupled with weak demand for credit from the domestic economy. This can be seen in low annual growth rates in commercial bank lending. We have however seen some pickup in recent months.

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Foreign reserves are currently around \$1.5 billion, sufficient to cover nearly 5 months of imports of goods and non-factor services.

In view of the relatively comfortable reserves position, the Reserve Bank has further reduced some exchange controls and will continue to work with banks and other key stakeholders to reduce uncertainties considered as hindrances towards increasing investment.

Ladies and gentlemen, the Reserve Bank maintains an open door policy in regard to new entrants to the financial system in Fiji, provided that potential licensed entities meet relevant legislative and regulatory requirements. It was in this spirit that we approved the acquisition of the former Colonial National Bank by Bank South Pacific Limited, and we will continue to approve other players into the market to allow for healthy competition. Such competition will benefit us all.

BSP has again today demonstrated its confidence in Fiji by further putting in new capital to expand its branch network. I would urge all of us here this evening to make a difference to raise investment, and ensure that Fiji's economic growth is sustainable.

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Official Opening

Once again, I thank Mr. McCarthy for his kind invitation. I wish him and his team at BSP every success in their operations in Fiji.

I now have much pleasure in declaring the BSP Westfield, Lautoka branch open.

Vinaka.

10 November 2011

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