

RESERVE BANK OF FIJI



PRESS RELEASE

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GOVERNOR REDDY'S ADDRESS TO PACIFIC CREDIT UNION TECHNICAL CONGRESS

The Governor of the Reserve Bank of Fiji, Mr. Sada Reddy addressed the 2nd Pacific Credit Union Technical Congress and officially opened the event on 15 September 2009 at Nadi. The Congress which is being held from 14-17 September is hosted by the Credit Union Foundation of Australia, the World Council of Credit Unions and the Fiji Credit Union League.

Mr. Reddy highlighted that the global financial crisis had brought to the forefront the issue of failure in the governance oversight functions and risk management. The governance oversight functions practically failed in not proactively detecting what was happening. Financial institutions continued to accept risks well above their required risk margin given their resources. Credit unions, like banks and other financial intermediaries are not immune to risks. Governor Reddy added that, "If the credit movement is sizeable, it can have destabilising effects on the financial system. It is for these reasons that some countries have allowed for legislation of licensing and supervision of credit unions with the central bank of the country". The Governor informed the Congress that, "the Reserve Bank of Fiji will shortly be carrying out a study to find out what needs to be done to improve governance standards of credit unions in Fiji. This will also involve a thorough review of the Fiji Credit Union Act. This review is also expected to make recommendations to the Fiji Government on the appropriate licensing and supervision arrangements for credit unions in Fiji".

Governor Reddy acknowledged the vital role played by credit unions movements in meeting the needs of our people. He also indicated that credit unions need to be innovative in

diversifying products and use of technology. Mr. Reddy said that the Reserve Bank will partner with the credit unions to outreach microfinance development to this sector of our populations so as to make a positive impact on the lives of our people.

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