

RESERVE BANK OF FIJI



ADDRESS AT THE LAUNCH OF CHINA UNIONPAY CARDS ACQUIRING AT BANK SOUTH PACIFIC ATMs ON MONDAY 17 SEPTEMBER 2012 at 11.00AM AT THE HOLIDAY INN

Salutations

Mr Cai Jianbo (First Executive Vice President China UnionPay)
Mr Kevin McCarthy (Bank South Pacific Country Head for Fiji)
Representatives of the Embassy of the People's Republic of China
Representatives of the credit issuing banks and China UnionPay
Distinguished guests
Ladies and Gentlemen

Introduction

Bula vinaka and Ni How

It is an honour for me to be here today at the launch of the business partnership between China UnionPay and Bank South Pacific. In Fiji, we are always pleased to see the strengthening of collaboration, partnerships and business opportunities with countries that are aligned to our objectives and will help us grow as a nation.

It is also a pleasure to welcome all our distinguished guests from the People's Republic of China. You may be a long way from home, but please take the time to experience our world renowned Fijian hospitality.

China UnionPay Cards

I understand that our Prime Minister launched the UnionPay products in Fiji on 20 September 2010, almost two years ago to the day. At that time the China UnionPay cards were accepted by a few merchants in the country. That official launch in 2010 enabled local merchants and businesses to be aware of this particular brand. With greater acceptance over time, this is vital for the development of the Chinese tourist market.

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Today's announcement of the ability of BSP ATMs to accept China UnionPay credit and debit cards is a milestone achievement. This will now allow China UnionPay's 3.1 billion cardholders the ability to conduct financial transactions at any of BSP's 100 ATMs or 1,000 EFTPOS terminals when they are visiting Fiji.

This milestone, with the added convenience of direct flights between Hong Kong and Fiji and the Visa on Arrival policy for Chinese visitors to Fiji, will add to the attractiveness of Fiji as a popular tourist destination for inbound Chinese travellers.

China UnionPay, together with BSP, will be able to offer Chinese tourists, as well as UnionPay card cardholders from other countries, a better way to facilitate their financial transactions while they are in Fiji.

We have noted a large increase in tourist arrivals from China recently. In 2009, the number of tourist arrivals from China at 4,087 was just 0.8 percent of total arrivals. In 2010, the figure rose to 18,147 or 2.9 percent and further increased to 24,389 or 3.6 percent in 2011. The latest figure for January to March 2012 is 5.2 percent. With the increasing trend in arrivals from China, we know that such an alliance will be beneficial to China UnionPay and BSP.

Card Policy

Ladies and gentlemen, the Reserve Bank issued a press release on Thursday last week upholding the "no surcharge rule" for credit and debit card payments in Fiji. This extends to all merchants and all cards used in Fiji and will be effective from 1 November 2012, allowing a necessary transition period for banks to roll out awareness and merchants to review their existing practices and procedures.

The "no surcharge rule" is already in place as stipulated by major credit card providers in agreements with banks and contained in agreements between banks and merchants. I hope that this announcement will make shopping in Fiji more transparent, convenient and attractive for our visitors from China. So whether you pay by cash or credit card, the price is the same.

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We look forward to compliance by the commercial banks and merchants in the implementation of this policy.

The Fijian Economy

Let me take this opportunity to say a few words about the Fijian economy. Based on economic activity for the first six months of 2012, overall performance has been on track and the projected growth of 2.7 percent for the year remains intact. However, we still need to be mindful of developments in the global economy and any likely impact on our trading partners.

Inflation in Fiji was 4.0 percent in July. This is lower than the inflation rates in the previous months. The decline is due to lower commodity prices and current benign domestic driven inflationary pressures. As a result, we still expect the year end inflation to be around 3.5 percent.

The level of foreign reserves is currently just under \$1.6 billion or adequate to cover 5 months of retained imports of goods and non factor services.

We are currently reviewing economic data and the next official update on the economic variables will be during the 2013 National Budget announcement.

Conclusion

In conclusion, I take this opportunity to thank the Chinese Government for its continuing goodwill and willingness to engage in closer economic ties with Fiji. I also extend my best wishes towards this partnership between China UnionPay and Bank South Pacific. This alliance is an excellent business and investment opportunity for both countries and institutions.

I wish you both the very best in your future endeavours.

Vinaka vaka levu