

RESERVE BANK OF FIJI



**ADDRESS AT THE OPENING OF HFC LAUTOKA BRANCH BY
GOVERNOR OF THE RESERVE BANK OF FIJI
BARRY WHITESIDE ON
THURSDAY 20 SEPTEMBER 2012**

The Chairman of the HFC Board, Mr. Tom Ricketts

Board of Directors

Chief Executive Officer, Mr. Isikeli Tikoduadua

Management and Staff of HFC

Distinguished Guests

Ladies and Gentlemen

Introductory Comments

Good evening and bula vinaka to you all.

I am honoured to be here this evening for the opening of HFC's new Lautoka Branch and offer my warm congratulations on the company achieving 50 years of service to Fiji.

I thought to begin with a bit of history as this year marks HFC's Golden Jubilee year.

Just over fifty years ago the *British Overseas Development Corporation*, through its locally incorporated company, the *Fiji Development Corporation*, partnered with the Fijian Colonial Government to form *Home Finance Company Limited*. The institution, which was registered on 30 June 1962, was reportedly set up primarily to provide Government guaranteed assistance for housing to civil servants.

Coincidentally, it was also in the 1960s that I spent some of my formative years in these very surroundings while my dad served as the Post Master, Lautoka.

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Needless to say, I have many fond memories of this City and its neighborhood areas.

HFC – Home Finance Company Limited

With such a rich history dating back to our colonial days, Home Finance can lay claim to its fair share of credit for playing a role in advancing Fiji's financial system and economic development. Three milestones are worth mentioning in the Company's history to bridge the past with the present: –

- **33 years ago in 1979** the *Fiji National Provident Fund* first acquired a partial ownership,
- **17 years ago in 1995**, the Government divested its partial ownership in the company and
- **A decade ago in 2002**, *Home Finance Company Limited* rebranded as *HFC*, launching the vibrant colours we are familiar with today and also diversified markedly from its traditional objective of home loan provider.

I have watched the growth of the company with interest over the years, particularly since 2004 when I headed the Supervision function at the Reserve Bank.

A decade ago, primarily as a consequence of competitive pressures, HFC rebranded, diversified and repositioned itself. Invariably, as is so often seen in various facets of life, as we adapt, change and successfully address a set of challenges, new ones arise. Understandably therefore, HFC has faced some difficult years, but I am pleased to say that they have persevered and pulled through well. HFC today has a well entrenched market presence and, I am happy to say, complies with all Reserve Bank requirements.

Currently, HFC boasts an asset base of a little over \$247 million; a lending book in excess of \$196 million and deposits totaling approximately \$157 million.

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These figures have grown threefold in the past decade. Apart from its Headoffice, there are four branches: in Suva; Namaka; Labasa; and this one in Lautoka. An agency was recently opened in Ba and I understand a fifth branch will be added soon in Nakasi. The number of employees has grown to 82 officers managing a total of over 1,300 deposit accounts and approximately 2,500 loan accounts. HFC's products have expanded and now include Term Deposits, Home Loans, Personal Loans, and Asset Finance Loans, Investment and Commercial Loans.

However, I reiterate that as challenges occur and are addressed, new ones inevitably arise. With increased growth comes increased risks and responsibilities.

HFC has experienced strong growth and, in line with its vision to serve the people with innovative financial products, recently branched out concertedly into commercial lending. This alters the institution's risk profile and necessitates deviations from the norm. In this regard, we have seen HFC strengthen its corporate governance and risk management framework significantly over the past few years. The Reserve Bank will continue to work closely with HFC, as we do with all licensed financial institutions, to ensure inherent risks are adequately mitigated with the required buffers and oversight systems and processes.

Earlier this month, I had the opportunity to meet with the Senior Management of HFC with regard to its business performance, views on the general business environment, products and services and the overall strategic intent of the Company. Let me just say that there are bold commitments in the offing. The relocation and refurbishment of this branch underlines HFC's commitment and dedication to its strategic goals and meeting the needs of its customers both current and potential.

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HFC is proud of its local management and local ownership. I am sure you will all agree with me that they back this up with being an exemplary corporate citizen. We often open the daily newspapers to read about HFC being involved in some community project:- flood supplies distribution; hospital ward upgrades; involvement with Senior Citizens; the WOWS Cancer initiative, just to name a few. And yes the name HFC cropped up recently pitching in to reward Fiji's **first Olympic Champion, Iliesa Delana**.

In addition to all this, HFC has introduced products to support the Reserve Bank's initiatives towards Export and Import Substitution and Flood Rehabilitation.

I am told that there are a few more innovative products in the pipeline to be launched soon. I commend the Board and Management of HFC for their empathy and support of nation building initiatives, not only in terms of the facilities I have mentioned, but also in our financial inclusion initiatives.

The Fiji Economy

Ladies and gentlemen, please allow me say a few words about our economy. You would be aware that our latest forecast has growth pegged at 2.7 percent this year, the strongest for some time. The forecast is currently being reviewed by the Macroeconomic Policy and Technical Committees as we gear up for the 2013 National Budget announcement. However, all indicators are generally moving in line with expectations. Real sector growth has been broad based. While some sectors are exhibiting lower growth than forecasted, others are exceeding forecasts. Investment is picking up and consumption is strong. There are extremely positive signs that we are on the cusp of strong economic growth going forward. This is underpinned by the ongoing reforms by Government, including the fiscal measures put in place in the 2012 Budget,

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which are fueling the positive sentiments. Our key threats are any deterioration to global growth which could impact on our trading partners, hikes in commodity or oil prices and of course natural disasters.

In terms of the Reserve Bank's twin statutory objectives, inflation is trending down; the year-end inflation forecast remains unchanged at 3.5 percent, and foreign reserves are comfortable at just under \$1.6 billion or the equivalent of 5 months of retained imports. Given this scenario, our monetary policy stance remains accommodative.

Concluding Remarks

Coming back to the business at hand, it is investment like HFC has put in place here today, that will fuel and drive the increasing positive sentiment in the economy. There have been a number of new investments noted in this city and we certainly hope the trend will continue.

I would like to again thank Isikeli for his kind invitation. I reiterate my thanks to the Board, management and staff of HFC for their support and cooperation with the Reserve Bank's policies and guidelines. I also salute this institution on achieving its Golden Jubilee Year of existence and for the role that it has played in Fiji's economic development. Congratulations on this new branch and all the very best in your future endeavours.

Official Opening

I now have much pleasure in declaring the new HFC Lautoka Branch open.

Vinaka vaka levu.

20 September 2012