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Rear Admiral Hon. J.V. Bainimarama, CF (Mil), OSt.J, MSD, jssc, psc

**Prime Minister of Fiji and Minister for iTaukei Affairs and Sugar Industry**

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**KEYNOTE ADDRESS AT THE 7TH PACIFIC CREDIT UNION TECHNICAL CONGRESS**

**Novotel Wed. 5th Nov., 2014**

**LAMI 0900 Hours**

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**The Board of Directors of the Oceania Confederation of Credit Union Leagues,**

**Co-hosts, Organizers, Sponsors & Supporters of Congress 2014,**

**Distinguished Guests,**

**Ladies and Gentlemen,**

Bula Vinaka and a very good morning to you all.

I’m delighted to be here to officially open the 7th Annual Pacific Credit Union Technical Congress and to welcome you all to Suva. A very special welcome to Fiji to those of you from other parts of the Pacific region. I know as a credit union member myself the important role you all play in our financial sectors and our economies and the service you provide for many thousands of members. So I welcome both the opportunity to be here and to say a few words that may provide some food for thought.

This Congress is not only an important networking event but a forum for the exchange of ideas and information. It brings together credit union movements, their leagues, federations and government regulators from throughout the Pacific region. I know that in the three days ahead of you, you intend to have a robust dialogue about the state of the movement, to share your experiences, learn from each other and return home with fresh insights to improve the level of service to your members.

Many of these are ordinary people who have traditionally been excluded from the mainstream financial system and who rely on you to provide them with affordable credit. So as not-for-profit, co-operative financial institutions, you are fulfilling a vital role in our societies, especially when you serve the financial needs of disadvantaged communities and individuals.

The notion of credit unions being *“organisations inspired by the community for the community”* has taken root all over the world. My Government is a great supporter of empowering ordinary Fijians by providing them with access to affordable credit. You have been powerful allies in keeping our people from falling victim to rapacious money lenders. But we are equally insistent that credit unions are bound by the same high standards of governance and accountability that apply to other financial institutions.

As we all know, Fiji has had a patchy record in this regard, as have some of its neighbours, not only with credit unions but the mainstream banking system. So I believe my most important contribution to this event is to remind you all of what can go wrong if proper standards aren’t adhered to. And to remind you of your obligations not only to your members and their own fragile circumstances but your obligations to the countries in which you operate such as Fiji.

Back in February, I had the pleasure to launch the Home Finance Company Bank, an institution different from the commercial banks in that it is 100 per cent owned by the Fijian people. HFC is a joint venture between our national superannuation fund, the FNPF – which owns 75 per cent of the bank – and the Unit Trust of Fiji, which holds the remaining 25 per cent. So in a very real sense, every Fijian has a stake in HFC and their fortunes are directly linked to its success.

Yet for all the optimism that accompanied the launch, I found myself also having to play the elephant in the room – the guy with the long memory - and remind everyone of what happened the last time Fijians had their own bank.

This is the sorry saga of our first 100 per-cent Fijian-owned financial institution – the debacle of the National Bank of Fiji. The NBF, as some of you might know, was owned by the people of Fiji through the Government.

When it was launched in 1976, there were the same high hopes that it would be a people’s bank that would create a new level of prosperity in Fiji. Instead a greedy elite – after the two coups of 1987 – used the people’s bank as their personal piggy bank. With their noses stuck firmly in the trough, this elite – aided by a grossly irresponsible management and board – raided the National Bank of Fiji for loans that many had no intention of repaying. They ripped off their fellow Fijians.

When the NBF finally crashed in the late 1990s, it had debts of $220-million dollars or 8 per cent of Fiji’s gross domestic product. It remains the biggest financial scandal in Fiji’s history and must never be forgotten or repeated.

The ultimate blame lies with other Governments, which presided over a prolonged period in which the funds of ordinary Fijians were misappropriated. These elites effectively robbed their own countrymen and women – decent, hardworking ordinary people who had put their trust in the Bank and the Government. Our Reserve Bank – which is meant to oversee the system – also shoulders some of the blame for failing to see what was happening, turning a blind eye to it or at the very least, failing to go public with its concerns.

By the time the whole fiasco ended, 51 per cent of the remnants of the NBF was sold off to foreign interests for what was widely considered a pittance. Any notion of good governance took second place to other Government’s political interests. After all, many of those treating the NBF as their personal piggy bank were its ministers, supporters and hangers-on. Under the SDL Government, the remaining 49 per cent was sold at what would again be considered a pittance. It was a disaster of the first order and it took us many years to recover, both from the financial loss and the loss of Fiji’s reputation.

I tell this story today because it has resonance in this room – the absolute need for the highest standards of probity, accountability and good governance in all our financial institutions, whether banks or credit unions. My Government will have zero tolerance for any institution that fails to meet these standards. And we will be ruthless in upholding the interests of shareholders, investors and the interests of our nation and its reputation in the international marketplace. Put simply: If you raid the piggy bank now, the elephant will step on you.

I say all of this because I am convinced that wherever they live, Pacific islanders crave honesty in their dealings with others. They want integrity both from their elected representatives and those entrusted with their public and private institutions. And we have an obligation to them to meet these standards. For the credit union movement to also retain the confidence of those who look to it for empowerment and the leg-up they need to improve their lives.

Ladies and Gentlemen, with those few words, I wish you well in your deliberations over the next three days. Please take some time to enjoy our capital – which I’m sure you’ll all agree has never looked better – and to see more of the rest of our country. And above all, to enjoy the famous Fijian hospitality.

I now have great pleasure to officially open the 7th Pacific Credit Union Technical Congress 2014.

Vinaka vakalevu. Thank you.

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