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## **41<sup>st</sup> CONFERENCE OF THE SEACEN GOVERNORS AND 25<sup>th</sup> MEETING OF THE SEACEN BOARD OF GOVERNORS**

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### **Response Address by the Governor of the Reserve Bank of Fiji and Chairman of the SEACEN Board of Governors, Mr. Savenaca Narube at the Opening of the Ceremony on 4 March 2006, Bandar Seri Begawan, Brunei Darussalam**

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Honourable Minister for Finance, Pehin Rahaman

Permanent Secretary, Dato Ali

Fellow Governors

Delegates

Ladies and Gentlemen

It is indeed a great honor for me as the previous host of the SEACEN Governors Conference to respond on behalf of fellow Governors to the welcome address by Permanent Secretary Dato Ali.

We were privileged to host the SEACEN Governors meeting last year in Nadi, Fiji. I trust that the Governors and members of your delegations enjoyed your stay in Fiji. Let me add that we ourselves had a good time hosting the SEACEN Governor's conference and the Board of Governor's meeting for the first time.

This is my first visit to Brunei Darussalam. I can recall the brief introduction to Brunei Darussalam by Permanent Secretary Dato Ali at

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the closing of our conference in Nadi last year. I thought that that the images of the country that he painted were impressive. But let me say that, being physically here, in this beautiful country surpasses my expectation. It is indeed an Abode of Peace. Since our arrival at the airport, the welcome has been tremendous and the hospitality has been extremely warm. We are really looking forward to our stay and to experience the culture of Brunei Darussalam.

On behalf of my fellow Governors and members of our delegations, I would like to express our appreciation to the Government of Brunei Darussalam, the Ministry for Finance and to Permanent Secretary Dato Ali for inviting us to attend this Conference and the excellent arrangements made for our meeting.

May I also express our gratitude and honour to have the Honorable Minister for Finance, Pehin Rahaman grace our opening ceremony this morning and I thank him for his presence.

Fiji shares some commonalities with Brunei Darussalam. We joined SEACEN at about the same time. We both gained our independence from Great Britain less than 30 years ago. We joined SEACEN at about the same time. We are the two smallest members of the SEACEN by population. We hosted this conference soon after we became members of SEACEN. As small economies, we share many common challenges. However, there is one major difference. Fiji would dearly love to have find oil particularly at this time when international oil prices have hit the roof.

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This year's theme is "Internationalisation of Financial Services: Implications and Challenges for Central Banks". I believe that this topic fits in quite nicely to last year's theme of financial stability.

Internationalization of financial services is, in my view, hard to reverse. The catalyst is of course globalisation and its concomitant trade liberalization. The rapid advance in technology particularly in the telecommunication area provides the vehicle. Product innovation to better meet financial risks is an additional motivation. The increasing push by some of the industrial world to fully liberalise the capital account will catalyze this internationalisation further in future.

While this may be inevitable, it does bring with it a new set of complexities and challenges both to government and to central banks. We have already faced some of these challenges and their effects in the past decade particularly during and after the Asian Financial Crisis. Obviously, one of these challenges is the difficulty of protecting the country from the movement of short term speculative capital flows. The difficulty in conducting monetary policy under these conditions was another one. These have serious implications on the effectiveness of our financial supervision.

The question that I anticipate being answered in our conference is: How do we Governors respond to this new set of challenges? I am therefore looking forward to our discussions in the next two days.

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In recent years, we have seen the SEACEN family grow. I was glad that we admitted Papua New Guinea as our 14<sup>th</sup> member in Nadi. It is extremely encouraging that more and more countries in the Asia Pacific Region are wishing to join the Group. This clearly signifies to me that there is growing appreciation of what SEACEN can offer in terms of training, research, networking and collaboration.

Greater membership also poses a challenge to us in how we, with limited resources, frame the activities of the SEACEN Center to adequately cover all the needs of the membership.

But I firmly believe that this networking amongst more central banks in the Region will foster, enhance and strengthen our relationships and ultimately help us in executing our important mandates as central bankers. I am encouraged that SEACEN is well on its way towards its Vision of becoming the premier training institution in the Asia Pacific region.

I would like, at this point, thank the SEACEN Executive Director, Dr Subarjo and his team for their hard work in getting the documents ready for this conference so soon after the EXCO meeting in Nadi two weeks ago.

I would like to conclude by again expressing the appreciation of the SEACEN Governors and delegates to Dato Ali and his team at the Ministry of Finance and the Brunei Currency and Monetary Board for the excellent arrangements and warm hospitality.

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Thank you.