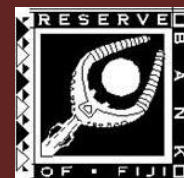


The E-Guardian

Quarterly e-newsletter of the Reserve Bank of Fiji Financial Systems Development & Compliance (FSDC) Group



Issue 1/Q1, 2012

Editor's Note

Welcome to the first edition of the 2012 E-Guardian.

We started the year with the distribution of the RBF 2012 Student Diaries. Some 3,000 copies were disseminated to high school students throughout Fiji.

In January, we accompanied Westpac, PFIP, FRCA and BSP to the Island of Bau on a financial literacy training programme.

In March, we held two scheduled quarterly meetings. These were for the National Financial Inclusion Taskforce and the Complaints Management Forum. Updates from 2011 and key issues for 2012 were discussed in both meetings.

Also in March, we bid farewell to Ms. Frazine Dutta, Manager, Settlements & Payments Systems Unit. Ms. Dutta leaves after spending 20 years with the RBF. The FSDC Group wishes her well in her new job at BSP.

We thank all our partners and stakeholders for their support in helping us make a good start to 2012 and we look forward to working with you all and to your support for the remainder of the year.

Vereimi Levula
Chief Manager FSDC

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FHL CORPORATE GOVERNANCE WORKSHOP

Fijian Holdings Limited's (FHL) commitment in delivering best practices in corporate governance saw FHL organising a corporate governance workshop at the Holiday Inn, Suva on 31 January, 2012.

According to the Chairman of FHL, Mr. Iowane Naiveli, this was the first workshop organised by FHL that was specifically designed for key decision making personnel such as Board Directors and Senior Management of FHL and its twelve subsidiary companies.

The workshop was opened by the Governor, Mr. Barry Whiteside. In his opening address Mr. Whiteside mentioned that, "Sound corporate governance is, of course, critical to improved capital markets in Fiji, as much as it is around the globe. Effective corporate governance can create safeguards against corruption and mismanagement and promote transparency in economic affairs. It is at

the heart of building confidence in the financial system and at the heart of sustainable economic growth."

Mr. Whiteside also mentioned that, FHL is one of the largest conglomerates in Fiji and is a vital player in the economy. It has investments in 22 companies of which 12 are subsidiary companies and a large percentage of shareholders are the public. It is therefore critical that FHL has well established lines of governance, responsibility and accountability.

Sound corporate governance is an issue that the RBF continuously encourages and enforces through its "Ten Corporate Governance Principles," in the supervision and regulation of its Capital Market intermediaries. The RBF commends FHL for their commitment to improved Corporate Governance practices.

The workshop was facilitated by Ms. Nazhat Shameem.

BAU FINANCIAL LITERACY TRAINING

In February 2012, RBF accompanied officers from BSP Life, Westpac and Fiji Revenue and Customs Authority (FRCA) on a financial literacy training programme to the chiefly island of Bau. The programme was organised by the Pacific Financial Inclusion Programme (PFIP), the Pacific-wide programme aimed at helping provide sustainable financial services to low income households.

A total of 40 youths attended the two hour training session conducted by Westpac's 'Financial First Steps' programme. The session covered basic financial literacy topics such as saving, budgeting and how to manage income and expenses. The training was tailor-made to help students understand where their money went and what they could do to manage it better. BSP Life also made presentations on the various life insurance policy products that they offered.

Adults and village elders who listened in during the training were also able to absorb some financial tips on managing their money from the sessions. The presence of FRCA officials enabled the facilitation of tax identification numbers for the villagers who were able to open a bank account straight after the training.

RBF used the opportunity to distribute the 2012 RBF Student Diaries to the training participants and a box of diaries was given to a school for dissemination to their students. The visiting team plans to carry out some follow up sessions on the effectiveness of the training session and more in depth financial literacy training in Bau during this year.

(Source – PFIP)



Participants during group activities



RBF representative - Mr. Neumi Usumaki addressing the participants in Bau

NEWS IN BRIEF

South Pacific Stock Exchange Hosts Listed Company Executives Lunch

Following the success of its listed company Executives Lunch initiative in 2010, the South Pacific Stock Exchange (SPSE) hosted Executives of the 17 publicly listed companies to another meeting and lunch on 15 March, 2012 at the Reserve Bank building.

The initiative provided a forum of discussion between the SPSE and its listed companies on the performance of the industry and the challenges that it faces. Items discussed at the meeting included on-going listing requirements, increasing liquidity in the market and specific tax-related issues that were addressed by a panel of FRCA officials.

Present at the meeting were representatives of the SPSE, executives of listed companies and representatives of RBF.

Complaints Management Forum

The RBF convened its first meeting of the Complaints Management Forum for 2012 on 21 March. The Forum members present at the meeting were updated on the progress of Financial Inclusion in Fiji by the Chairman of the National Financial Inclusion Taskforce, complaints management by RBF and an update was also provided by Mrs. Premila Kumar (CEO Consumer Council of Fiji) on the World Consumers Rights Day.

World Consumer Rights Day

The World Consumer Rights Day was launched on 15 March, 2012 with the theme "Our home, our rights: fighting for transparency in Mortgagee Sale". The Consumer Council of Fiji (CCOF) organised event was attended by RBF officials. Various consumerism issues on mortgagee sale were discussed and the CCOF put forth several recommendations to be considered for implementation by the Financial Institutions.



Attorney General - Mr. Aiyaz Sayed-Khaiyum delivering his opening speech



Attendees at the World Consumer Rights Day 2012

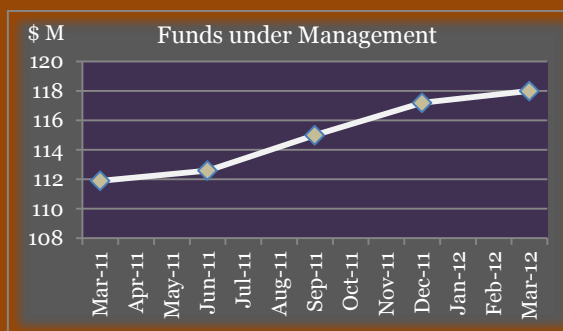
CAPITAL MARKETS UPDATE

MARKET STATISTICS



Q1 Market Capitalisation - \$767.6 million.

This is an increase of 3.2 percent from the previous quarter and attributed largely to increases in share prices of 5 out of the 18 listed securities.



Q1 Funds under Management - \$118 million.

An increase of 0.7% from the previous quarter and a 5.5% increase from same quarter of 2011.

POLICIES

Market comments on Capital Markets

Supervision Policy Statement No. 10: "Code of Conduct for Prevention of Insider Trading" due 27 April, 2012. The Policy aims to protect and promote investor confidence and enhance fair trading in Fiji's capital markets.

PUBLICATIONS

In January, RBF disseminated its second edition of the RBF Student Diary to High schools throughout Fiji. Our first diary was published in 2011 from which we received a lot of positive responses. To continue advocating and promoting financial literacy we have decided to make this an annual publication. A total of 3,000 diaries were distributed to schools in the Central, Eastern, Western and Northern division with the assistance of the Ministry of Education's Curriculum Unit. The RBF will monitor the use and effectiveness of the diary through a feedback questionnaire in July 2012.

MOBILE MONEY OMNIBUS SURVEY

The initial findings of the Mobile Money OMNIBUS Survey conducted by Tebutt Research on behalf of the Pacific Financial Inclusion Programme (PFIP) were presented at an information exchange session with stakeholders at the Reserve Bank of Fiji on 16 March, 2012.

The twofold objective of the survey was to analyze the factors that prevent people from using Mobile Money (MM) services and inform PFIP and stakeholders on how to overcome subscriber reluctance.

The survey team surveyed a sample of one thousand and twenty households in the Suva, Lami, Nausori, Nadi, Lautoka and Ba areas. Participants surveyed were from different age, gender and ethnic groups.

Specific areas that the survey focused on were in relation to:

- What customers are thinking? What is driving their behavior?
- How do you segment, target & position e-payment products and mobile money to a low income customer?
- What factors limited the usage of mobile money? What persuades customers to use it more?
- What strategies can help to increase customer usage of mobile money? What roles can banks play in outreach?
- Are there any successful pilots of Bank integration with mobile money in the region?

Some of the survey findings showed that:

- 67% of the Mobile Money prospects were in the income range of FJD \$0-\$20,000;
- 43% found 'convenience' to be the biggest advantage of using Mobile Money while 37% found the biggest advantage to be 'saves time';
- 37% ranked information as persuading factor to use Mobile Money more;
- 80% trusted cash over Mobile Money, less than 50% trusted Mobile Money, while 40% found Mobile Money to be inexpensive.
- There is a need for appropriate segmenting, targeting and positioning strategies for Mobile Money as people relate to products differently based on their age, gender, income and location; and
- Mobile Money cannot be sold as a mass market product; therefore, niche marketing is critical for the success of Mobile Money.

Stakeholders were invited to discuss and deliberate on issues that the wider sector of the economy may have with regards to Mobile Money. With Mobile Money having the potential to provide access to finance, the survey was timely as the findings provided key answers to why uptake has not been much in Fiji.



Attendees at the Mobile Money Information Sharing Session

FINANCIAL COMPLAINTS STATISTICS

Status of Complaints by Quarter as at 13 April, 2012

Industry Type	Q1, 2012			Q4, 2011			Q3, 2011			Q2, 2011			Q1, 2011		
	Received	Closed	Investigation	Received	Closed	Investigation	Received	Closed	Investigation	Received	Closed	Investigation	Received	Closed	Investigation
Banking & CIs	14	6	8	6	2	4	15	12	3	9	9	0	12	12	0
Insurance	2	1	1	4	0	4	8	5	3	6	6	0	6	6	0
Cap Mkts	0	0	0	0	0	0	1	1	0	0	0	0	2	2	0
FNPF	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
NBFIs	1	1	0	0	0	0	1	1	0	1	1	0	2	2	0
Foreign Ex	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
Total	17	8	9	10	2	8	25	19	6	16	16	0	24	24	0

Complaints received against the banking industry were mainly on housing loans, fraud, interest rates, fees and charges and customer services.

Complaints received against the insurance industry were on sub-agents, motor vehicle/property insurance claims, premium payments and termination of insurance policies.

UPCOMING EVENTS

Tailevu Microfinance Exposition: 19 May

The theme for the Tailevu Microfinance Expo is, "Empowerment through Accessible Financial Services". The Expo will be held in Korovou town and will be open from 9am – 3pm. The Expo will house commercial banks, capital markets intermediaries, insurance companies, microfinance institutions, and some micro-entrepreneurs.

Capital Markets Taskforce Meeting: 10 May

This is a first meeting for the RBF Capital Markets Development & Advisory Taskforce to discuss development strategies for the capital markets.

3 Day Finance Master Class: 16-18 May

This is a three day workshop for experienced non-finance executives, managers, board directors, and senior officers who need a background in the principles of corporate finance. The workshop will be held at the RBF building.

Complaints Management Forum: June (to be confirmed)

A quarterly meeting, where representatives from financial institutions and the Consumer Council of Fiji address consumerism issues.

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Please contact the FSDC Group if, you require further information or are interested in any of our upcoming events.