



*Welcome to the Monthly Public Awareness column with the Reserve Bank of Fiji (RBF). This month's article will introduce you to the FIJICLEAR payment system that is provided by the Reserve Bank. We hope that you will find the article interesting and informative.*

### **FIJICLEAR Payment System**

Tired of delivering goods or providing services and waiting for more than three days to get your bank payments processed? Do you want to send money to your family and friends in other parts of Fiji but worry of high service fees? If you do, then you must consider a faster payment clearance system that is available through your commercial bank. **FIJICLEAR** is a secure payment system that allows same day settlement and in some cases immediate settlement at a reasonable cost.

#### **FIJICLEAR – Modern Way of Making Payments**

FIJICLEAR is the name of Fiji's "**Real Time Gross Settlement System**" (RTGS) which went live in August, 2007. It is a system that transfers money, whereby, the transfer of money takes place from one bank to another on "real time" and on a "gross" basis. Settlement in "real time" means that payment transactions are not subjected to any waiting period. The transactions are settled as soon as they are processed. "Gross settlement" means the transaction is settled on a one-to-one basis without bulking with any other transactions. Once processed, payments are final and irrevocable.

Payments through FIJICLEAR can be made almost instantantly, unlike cheque payments that take a few days to clear. A typical FIJICLEAR transaction involves 3 parties; the payer, the commercial bank and the payee.

FIJICLEAR is an electronic payment system which enables payments to be made electronically within Fiji. The key elements of FIJICLEAR are:

- **Speed** – the payment is settled on the same day;
- **Certainty** – commercial banks ensure that the payer has funds in his/her bank account prior to making a FIJICLEAR payment;
- **Reliability** – FIJICLEAR system is able to deliver funds as required in a short time span;
- **Safety** – The Reserve Bank of Fiji has put in appropriate measures to ensure the safety and security of the system;
- **Convenience** – the system is available at all bank branches in Fiji; and
- **Cost Effectiveness** – the cost per transaction depends on the value of the transaction set by the Reserve Bank of Fiji.

### **How does FIJICLEAR work?**

A payment through FIJICLEAR is driven by the payee (person receiving the money) requesting the payer (person paying) to be paid electronically instead of cheque or cash. Hence the payee does not have to do anything except to provide his bank details to the payer. The payer makes all the arrangements to have the funds deposited into the payee's bank account. In this way both parties reduce their exposure to some of the risks that may arise from handling cash or cheques.

Before deciding to use FIJICLEAR, the payer must make an arrangement with his/her bank to send an instruction to make a payment. For the majority of potential payers in Fiji a trip to their bank is required to provide an application to make payments through FIJICLEAR.

### **What does the payer (person paying) have to do?**

Instead of writing a cheque and giving it to the payee, when using FIJICLEAR, the payer instructs his or her bank to make the payment electronically by giving bank details of the payee and the amount to be paid.

The following are the benefits to the payer for using FIJICLEAR:

- Allows payments to be made on the same day;
- Reduces transaction costs such as special answers & bank cheques;
- Convenient, as it eliminates physical delivery of cheques or cash;
- Less risk of loss and theft of cheques;
- Less risk of identity theft as the payer deals directly with his/her bank;
- Saving time; and
- Better business relationships with creditors as payments are made without delay.

### **What does the payee (person receiving money) have to do?**

The payee enquires with his/her bank on whether the funds have been deposited into his/her account. If necessary, the bank can provide a payment advice or deposits will be recorded in the payee's bank statement.

The following are the benefits to the payee for using FIJICLEAR:

- Funds are credited to the payee's account almost immediately. There is no need to wait 3 to 7 working days for funds to be cleared, as is the case when using cheques;
- Saves time, as the payee does not have to physically visit a bank;
- There is no uncertainty of having a dishonored cheque;
- Immediate crediting of an account means that any overdraft limit is reduced. Hence the payee could potentially lower interest charges;

- Immediate receipt of funds will help in cash flow; and
- Less risk of identity theft as the payee's account is credited directly.

**FIJICLEAR fee structure**

The FIJICLEAR cost per transaction is based on the value of your payment. All banks follow a standard fee structure set by the Reserve Bank of Fiji which is outlined below:

<b><u>Value of transaction</u></b>	<b><u>Fee</u></b>
Up to \$100	\$2.00
\$101 — \$1,000	\$5.00
\$1,001— \$10, 000	\$10.00
\$10, 000 plus	\$15.00

**FIJICLEAR transactions over the years**

FIJICLEAR transactions increased over 220% from the year of its inception. More than 67,000 transactions were processed over 2011. The annual average transaction over the 4 years of FIJICLEAR operations was 50,000 transactions.

**Role of the Reserve Bank of Fiji**

RBF is the operator as well as the supervisor of the FIJICLEAR system.

RBF ensures that the system has sufficient funds and it functions smoothly through the use of appropriate policies. It also ensures that procedures in relation to the functioning of FIJICLEAR are complied with as stipulated in the FIJICLEAR business rules.

**FIJICLEAR business hours**

The operating hours for customer payments to be made through FIJICLEAR is from 9.30am to 4.00pm from Monday to Friday. FIJICLEAR payments can be made in any of the four banks (ANZ, Bank of Baroda, Bank of South Pacific, and Westpac) in Fiji for domestic payments only.

For more information on FIJICLEAR, please contact your nearest bank or the Reserve Bank of Fiji's Financial Systems Development and Compliance group on 322 3244, 322 3360 or 322 3361.

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*This article is provided by*

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