



## *PRESS RELEASE*

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### **RESERVE BANK OF FIJI REDUCES LENDING RATE ON ITS IMPORT SUBSTITUTION AND EXPORT FINANCE FACILITY**

The Reserve Bank of Fiji today announced a reduction in the lending rate that will now be applicable for businesses that access funds under its Import Substitution and Export Finance Facility (ISEFF). Effective from 1 March 2013, the maximum interest rate charged to eligible businesses will be lowered to 5 percent from 6 percent per annum. The change is applicable to all new ISEFF loans.

The Governor of the Reserve Bank of Fiji, Mr Barry Whiteside stated that “Reducing the ISEFF interest rate is timely and reflects the general downward trend in domestic interest rates and further supported the objective of the Facility to provide loans at a concessional rate. The lower concessional loan rate is expected to boost demand for ISEFF funds and contribute towards improving Fiji’s balance of payments position.” Governor Whiteside added that the change was necessary to ensure that the Facility is attractive as the average commercial bank lending rate had fallen to 6.7 percent.

The ISEFF was established by the Reserve Bank in July 2010. Under the Facility, lending institutions such as commercial banks, licensed credit institutions and the Fiji Development Bank can borrow funds from the Reserve Bank at an interest rate of 2 percent per annum. The same funds are on-lent to exporting businesses, agricultural firms involved in import substitution, and businesses engaged in renewable energy projects at a maximum rate of 5 percent per annum. Eligible businesses may apply for loans of up to \$1.0 million per businesses and maximum loan term of five years.

A total of \$80 million has been allocated by the RBF to be lent out under this Facility of which more than \$30 million have already been lent out to eligible businesses through various financial institutions.

More information on the Facility may be obtained from the Domestic Markets Unit at the Reserve Bank of Fiji.

**RESERVE BANK OF FIJI**