

RESERVE BANK OF FIJI



CAPITAL MARKETS ADVISORY AND DEVELOPMENT TASKFORCE UPDATE: MEETING 01/2019

Date **29 April 2019**

At its meeting on 18 April, the Capital Markets Advisory and Development Taskforce (CMDT) welcomed the notable progress reported by key capital market stakeholders and considered a number of issues, including:-

- **Growth in the Unit Trusts.** The Managed Investment Schemes market in Fiji comprising the Unit Trust of Fiji (UTOF) and Fijian Holdings Unit Trust has recorded considerable growth of 30 percent in funds under management since 2017. Taskforce members also noted an uptick in young retail investor participation as well as UTOF's success in attracting foreign investment from the region. The two Unit Trust companies attribute the industry's success to efforts to reach out to rural and traditionally "unbankable" areas through extensive awareness programmes and innovative product offerings.
- **South Pacific Stock Exchange (SPSE) Reaching New Heights.** The SPSE reported considerable growth in its market capitalisation on the back of increasing share prices of listed entities. As of March 2019, the overall market capitalisation recorded a growth of 72% ending at a value of \$3.5 billion which now represents 36% of Fiji's Gross Domestic Product. CMDT members noted that the growing confidence in the stock market was evident from the registration of 234 new investors during Quarter 1, 2019 which represented a significant annual increase when compared to 35 new investors that were recorded in the same period last year. The main contributor towards the overall increase recorded in new investors was Fijian Holdings Limited following the completion of its share split process. The Exchange has also noted an increase in investments in the age category of lower than 18 years which is certainly another encouraging trend noted whereby investments are done in early years by parents for their children towards their future financial goals. It was highlighted that these category of investors currently make up more than 6 percent of total new investors for 2019 compared to around 3 percent historically. With these and other upcoming developments, the SPSE is also making preparations to host the 2020 World Exchange Congress in Nadi next year in June.
- **Developing Fiji's Corporate Bond Market.** The Reserve Bank in collaboration with the International Finance Corporation and stakeholders from the financial industry are developing an enabling environment to develop Fiji's corporate debt bond market. Work is currently underway for the design of a practical framework which will allow sophisticated investors to diversify their investment portfolios and corporates to raise capital at competitive costs.

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- **2020 World Exchange Congress – Sofitel Fiji Resort & Spa, Denarau Island, Nadi.**
This annual event brings together key stakeholders and organisations from exchange ecosystems across the globe to share experiences, innovations, success stories and challenges around developing trading exchanges in their respective countries. The 2020 Congress is envisaged to provide a similar experience for Fijian stakeholders and the Taskforce looks forward to being part of the event. The congress is expected to generate a lot of discussions, learning experiences and networking that will provide new insights for the development of Fiji’s capital markets. This international conference is also expected to have a positive impact on Fiji’s tourism industry.

Capital Markets Advisory and Development Taskforce membership:

Ms Makereta Konrote, Permanent Secretary for Economy, Ministry of Economy; Mr Ariff Ali, Governor of the Reserve Bank of Fiji; Mr Esala Masitabua, Deputy Governor of the Reserve Bank of Fiji; Mr Pradeep Patel, Partner, BDO; Ms Lisa Apted, Partner, KPMG; Mr Haroon Ali, Representative, Association of Banks in Fiji; Nitish Niranjana, CEO, VB Holdings Ltd; Ms Krishika Narayan, CEO, South Pacific Stock Exchange; Mr Sakiusa Bolaira, Manager Business Development and Company Secretary, Unit Trust of Fiji; Mr Nouzab Fareed, Group CEO, Fijian Holdings Ltd; Ms Caroline Waqabaca, Chief Manager Financial Markets; and Mr Apenisa Tuicakau, Manager Domestic Markets.

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