



FIJI

FINANCIAL SECTOR DEVELOPMENT PLAN

2016-2025





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## Message from the Governor



One of the key elements of developing an internationally reputable financial system is to stocktake and review the current state of financial sector development. Against the backdrop of a growing financial sector landscape, a forward looking and proactive policy stance is needed thus, the formulation of the Financial Sector Development Plan (FSDP or Plan) for Fiji. The underlying goal of the FSDP is to contribute more effectively to inclusive, sustainable economic growth.

As Fiji's central bank, the Reserve Bank of Fiji's primary responsibilities are to maintain monetary and financial stability whilst in pursuit of economic growth. The role therefore of developing the financial sector is one that falls directly under the ambit of the Reserve Bank of Fiji and its many stakeholders within the financial sector.


This FSDP aims to articulate the key reform areas for the financial system in the next 10 years. It identifies 10 key pillars in which such reforms are needed and where proposed recommendations have been formulated to unlock further growth in the financial sector. Policy objectives, broad strategies and key recommendations are articulated to guide implementation by the wide spectrum of stakeholders. The policy objectives are consistent with the Government's national development plans and goals, and the final product is an outcome of the input by key stakeholders. Strategies are provided for all stakeholders to drive their efforts in the next 10 years.

The FSDP recognises the need to allocate private investment to broaden our economic base and to address the vulnerabilities of Fiji's narrow based economy and overreliance on imports. It also acknowledges the need to complement current efforts to improve access to finance and financial services to the Micro, Small and Medium Enterprises (MSMEs), priority economic sectors and to the poor and low income households to achieve inclusive growth. The response of the financial sector towards achieving the sustainable development goals and supporting green finance is inherent in the FSDP.

The formulation of the FSDP is an outcome of a consultative process undertaken with financial services providers, government ministries and development partners. Its successful implementation will therefore depend on the collaboration and partnership of stakeholders and we look forward to their commitment to this FSDP. The role of Government and its enabling infrastructure is vital under this Plan to enable the financial sector to meet the financing needs of both, our people and foreign investors.

Lastly a robust measurement and monitoring framework is vital to the success of this FSDP. I call on all stakeholders to assist with data collection to facilitate evidence based policy making, implementation of recommendation and impact assessment.

I wish all stakeholders in the financial sector every success in their efforts.

A handwritten signature in black ink, appearing to read 'Barry Whiteside'.

**Barry Whiteside**

**Governor**

**26 May 2017**

# Executive Summary

1. **Fiji is an upper middle income country with a population of 871,334<sup>1</sup> and Real Gross Domestic Product (GDP) per capita estimated at F\$7,804.10, (US\$3,722.60) in 2016.** Fiji's major exports include mineral water, fish, sugar, gold, garments and timber. On the other hand, Fiji's major imports include machinery & transport equipment, mineral fuels, food and manufactured goods. In 2017, Fiji's economy is estimated to grow by 3.8 percent.
2. **Fiji's financial system has developed significantly from its infancy stages in the early 1970s.** Currently, the Reserve Bank of Fiji<sup>2</sup> sits at the apex of the system. The banking industry consists of 6 commercial banks and 4 credit institutions, the insurance industry has 7 general insurers, 2 life insurers, 4 insurance brokers and 524 agents and the superannuation industry consists solely of the Fiji National Provident Fund (FNPF). The capital market comprises a single securities exchange with 19 listed companies, 2 Unit Trusts, 12 investment advisors, 3 stockbrokers and 3 dealers, while the non-bank financial institutions (NBFIs) consists of 2 statutory lenders, 9 foreign exchange dealers, 2 money changers, as well as 89 co-operatives and 21 credit unions. Fiji's financial sector is governed by key legislations including the Reserve Bank of Fiji Act 1983, the Exchange Control Act 1985, the Banking Act 1995, the Companies Act 2015, the Fiji National Provident Fund Decree 2011, the Insurance Act 1998 and the Fair Reporting of Credit Act 2016.
3. **The focus of the FSDP is to strengthen the Fijian economy through financial sector deepening to contribute further to inclusive and sustainable economic growth in Fiji.** The FSDP recognises that there are current financing gaps for key sectors including the provision of Green Finance. There is also potential for growth in the various sectors of the economy in particular the area of export and import substitution including the agriculture and energy sectors. It identifies the need for financial services provision to MSMEs and the underserved.
4. **It is for the above reasons that this FSDP, which was developed through a consultative and collaborative process, has been formulated to guide stakeholders' efforts over the next 10 years.** The FSDP identifies 10 key areas or enablers of growth as "Pillars" and articulates broad strategies and recommendations that will position the financial sector to be a catalyst for economic growth and development.
5. **The role of the Government in this FSDP is crucial.** Its role in macroeconomic stability is the cornerstone for a strong and stable financial sector. It is also vital that the Government effectively undertakes its traditional roles of maintaining legal and social frameworks, providing public goods and services, redistributing income and correcting negative externalities.
6. **The vision of this FSDP is "To Develop a Robust and Deep Financial Sector that will Stimulate Economic Growth".** By 2025, in partnership with the Government and relevant stakeholders, it is envisioned that Fiji would achieve financial deepening and a robust financial sector that is sound, resilient, dynamic and inclusive. This will contribute and support economic growth. It will also realise the capability to accommodate the needs of both domestic and regional clientele. This vision is supported by the strategies and recommendations contained in this FSDP and an implementation framework that is able to adapt to changing economic and political conditions.

<sup>1</sup> Reserve Bank of Fiji Quarterly Review, March 2017.

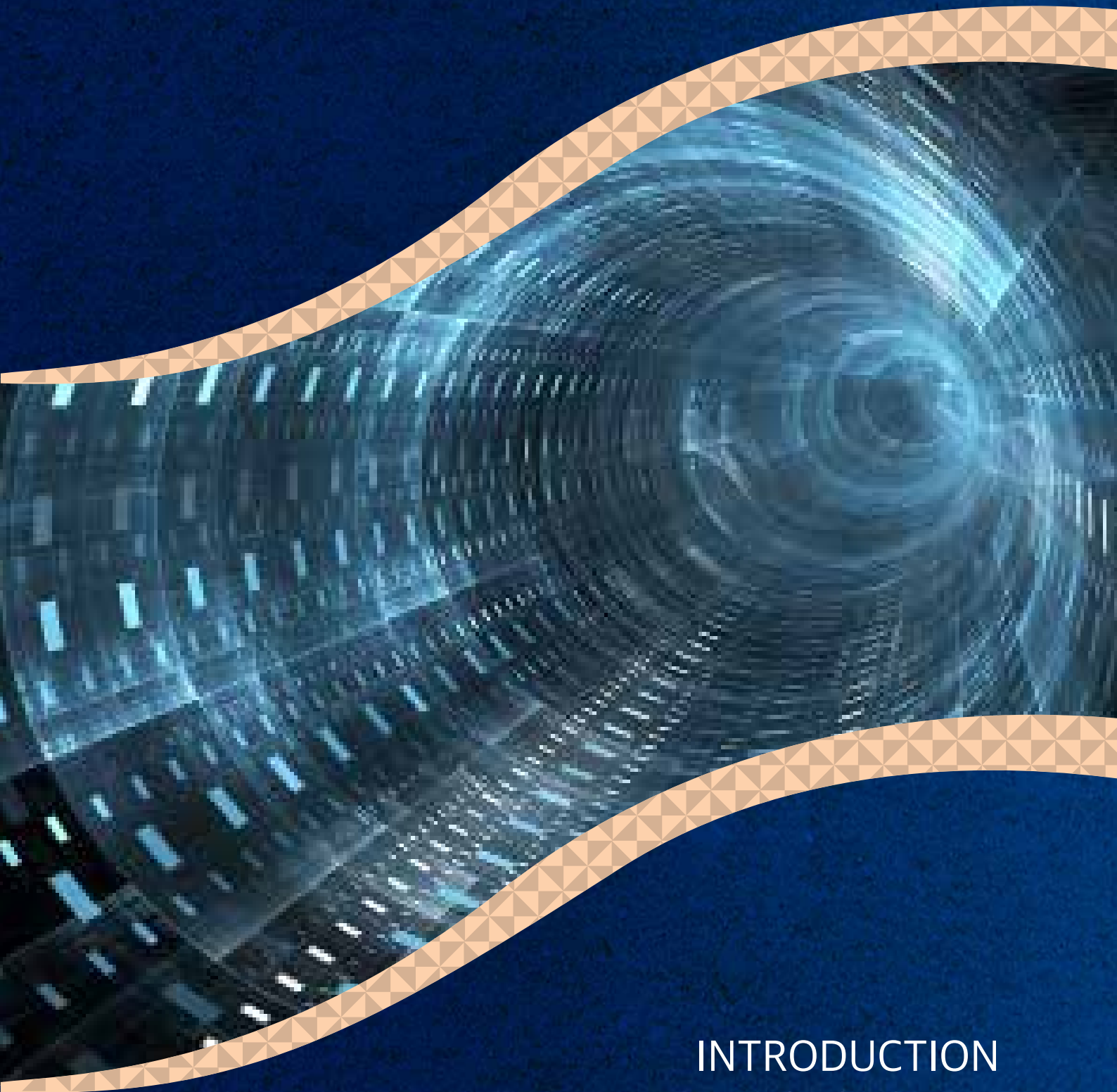
<sup>2</sup> The Reserve Bank of Fiji is established under the Reserve Bank of Fiji Act 1983 while banks and credit institutions are licensed under the Banking Act 1995, insurance underwriters, brokers and agents are licensed under the Insurance Act 1998. The FNPF was established under the Fiji National Provident Fund Act 1966 while all capital market intermediaries are licensed under the Companies Act 2015.

7. The FSDP will also assist the Government's agenda for a financial hub and represents, in the initial stages, a building block for the financial sector's contribution towards this long-term vision of transforming Fiji into a regional financial hub in the South Pacific.
8. The successful implementation of the Plan is primarily dependent on continued collaboration with and a unified commitment by all financial sector players towards the fulfilment of the FSDP Vision. To this end:
  - (i) A Taskforce shall be formed to facilitate the oversight of the implementation of the FSDP;
  - (ii) Working Groups along with technical committees shall be created when and where needed to assist the Taskforce with the implementation and monitoring process; and
  - (iii) The Reserve Bank of Fiji shall be the Secretariat to the Taskforce.

The implementation framework of this Plan includes the monitoring of appropriate and measurable indicators to effectively capture and evaluate the progress achieved for further assessment.



# SECTION 1



## INTRODUCTION AND BACKGROUND

## 1.1 Introduction

1. **Fiji's financial sector has grown impressively since independence when players were limited and markets were in nascent stages and highly regulated.** The Reserve Bank of Fiji in collaboration with successive Governments has spearheaded financial sector reforms that have allowed the market to develop, grow and innovate in a deregulated environment. Players and stakeholders in the financial sector have invested heavily in Fiji and have remained committed to delivering products and services that have helped shape and develop Fiji's financial sector to its current state.
2. **Fiji's financial sector now comprises a variety of players offering various products and services.** These include the Reserve Bank of Fiji, the banking industry which consists of 6 commercial banks and 4 credit institutions, the insurance industry which has 7 general insurers, 2 life insurers, 4 insurance brokers and 524 agents, the superannuation industry consisting solely of the FNPF, the capital market comprising a single securities exchange with 19 listed companies, 2 Units Trusts, 12 investment advisors, 3 stockbrokers and 3 dealers, NBFIs consisting of 2 statutory lenders, 9 foreign exchange dealers, 2 money changers, as well as 89 co-operatives and 21 credit unions.
3. **As at 31 December 2016, the size (gross assets) of Fiji's financial services sector (excluding Reserve Bank) stood at F\$17.4 billion.<sup>3</sup>** This represented 177.1 percent of GDP and the financial and insurance sector as a whole contributed to 9.8 percent of the GDP in 2016. Over the last five years, the financial sector's gross assets have registered an average growth of 9.1 percent with annual growth rates ranging from 7.5 percent (2012) to 4.9 percent (2016).
4. **Along with this growth, the financial sector has become one of the most rapidly developing markets in the South Pacific.** It is not only secure and sound with well managed financial institutions and effective financial markets, but has remained resilient despite many economic and political shocks, including the 2007-2008 global financial crisis.
5. **The aim of this Plan is to accommodate and enhance Fiji's economic growth and development that is both inclusive and sustainable.** It shall focus primarily on the financial sector and its contribution to and support of the domestic economy. The Plan will strengthen and position Fiji's financial sector to meet the financing needs of the domestic economy over the medium-term to 2025.
6. **This Plan shall bring together all financial sector players, the Government and all other stakeholders to collaborate and:**
  - (i) Address the obstacles that inhibit the financial sector from meeting the financial intermediation needs of all players in the Fijian economy supported by key financial sector reform pillars that will supplement economic growth; and
  - (ii) Implement action items within feasible timeframes to address the above and steer the financial sector towards the desired direction of growth and development.

## 1.2 Financial Sector as a Catalyst to Economic Growth and Development

7. **It is recognised that Fiji is at the threshold of a new stage of development.** There have been positive developments in recent years which signal the right time to collaborate and partner with both industry and national stakeholders to launch this FSDP.

<sup>3</sup> For the purpose of the FSDP, the existence of finance companies (operating under the Money Lending Act 1978), co-operatives, credit unions, microfinance institutions and informal insurers are noted but due to the unavailability of financial information, these financial service providers are not included in the current computation of the financial services sector.

8. **First and foremost, Fiji has held a successful General Election in 2014 and now has a democratically elected Government.** The peaceful transition has brought about political stability and the confidence of the international community as well as domestic investors. The re-engagement of governments and donor partners is conducive for accelerating development in the economy.
9. **In addition, the continuous positive economic growth rate recorded from 2010 to 2016 with the last three years growing at an average of 3.7 percent has signalled improved investor confidence.** This underscores the need for the financial sector to take into account the emerging financial needs of the economy and position itself to contribute in sustaining positive growth in the next 10 years and elevating it to higher levels.
10. **Government's commitment via infrastructure spending, particularly, on new roads is enabling accessibility to markets and increasing the potential for higher economic activity.** This along with a growing focus on the development of the MSME sector, signal the need for more innovative and convenient financial and ancillary products and services.
11. **Fiji has the state of the art technology and electronic payments systems which have the potential to develop further and enable influential changes in financial services delivery.** It is important for the financial sector to leverage off these new technologies and improve efficiency to enable wider and higher affordability of financial services. There is general consensus that financial technology (FinTech) will define and shape the future of the financial sector in emerging economies.
12. **On the sectoral front, there are sectors<sup>4</sup> that have the potential to grow further and increase and/or diversify Fiji's export base to strengthen our balance of payments.** Growth in exports and import substitution is a fundamental change required to improve our balance of payments position and the wealth of our nation. The financial sector as a whole must collaborate with all stakeholders in order to respond to this national need. In addition, certain industries in the financial sector have excelled in the extension of products and services whilst others have remained costly and available only to certain segments of the Fijian populous. Financing gaps and appropriate financial products and services to address these, needs to be identified and provided for in order to achieve higher growth.
13. **Government has successfully forged new international relationships and new trade partners.** These, including the Melanesian Spearhead Group (MSG) Trade Agreements coupled with higher foreign direct investment and political stability, indicate the need for improved efficiency in financing as international trade increases.
14. **Employment is anticipated to increase** in line with improved investor confidence and higher foreign direct investment, growing work opportunities from seasonal working schemes and trade agreements. The workforce will require the financial sector to facilitate effective and efficient targeted services.
15. **On the domestic front, changing demographics, a more educated workforce and the growing diaspora of Fijians working overseas imply that the financial system has to respond to more sophisticated financial needs and wants** including remittances, Fiji's second highest foreign exchange earner.
16. **Furthermore, there is a need to align legislation, policies and procedures in both the financial sector and the real sector to bring about synergies that enable the financial sector players to provide effective financial services to players in the real sector.** This alignment should address obstacles which include, but is not limited to, structure, ownership and concentrations within the respective industries in the financial sector, as well as low levels of financial literacy and competency, high cost of doing business and information asymmetry for players in the real sector.

<sup>4</sup> Agriculture, forestry, mining & quarrying, renewable energy generation, manufacturing, and tourism.

### 1.3 Role of Government in the Financial Sector Development Plan

17. **The role of the Government in this FSDP is crucial.** Its role in macroeconomic stability is the cornerstone for stability in the financial sector. It is also vital that the Government effectively undertakes its traditional roles of maintaining legal and social frameworks, providing public goods and services, redistributing income and correcting negative externalities. In this regard, the Government has formulated a National Development Plan for Fiji encompassing economic, social and environmental goals. The FSDP will play a critical role in complementing Government's successful implementation of its national development plans including the Green Growth Framework.
18. **In addition, the financial sector shall rely on continuous advice from the Government regarding their vision for priority sectors and financial services requirements.** To provide financial solutions needed to boost these priority sectors, these must be articulated and shared with financial sector players who can then collaborate and respond to the financing needs that arise.
19. **In view of the above, the FSDP's implementation framework shall include membership of Government ministries and agencies in the Taskforce and its Working Groups.** The implementation framework shall also include creating awareness of the long-term agenda of financial market deepening, establishing partnerships and ongoing collaboration with relevant Government ministries who can drive reforms required to address important preconditions and work towards:
  - (i) Creating a favourable and transparent tax regime;
  - (ii) Achieving greater regional integration through trade, investment and labour mobility;
  - (iii) Reducing cost and improving ease of doing business; and
  - (iv) Improving the quality, reliability and appropriateness of physical infrastructure (stable power generation, robust telecommunications, and efficient transportation and payment and settlement systems).
20. **This Plan will be supported by a strong implementation framework that is able to adapt to changing economic and political conditions.** The framework will be driven by a robust and responsive monitoring and evaluation structure, strategic partnerships, and continuous consideration of lessons learnt. It will also include initiatives undertaken by developed countries as well as a commitment by the sector to be the leader in the region for creative thinking and innovative financial services and products.

### 1.4 Approach and Consultation Process

21. **The FSDP was formulated through a consultative and collaborative process between the Reserve Bank of Fiji,** financial service providers, key departments and agencies of Government, other development partners, non-governmental organisations and consumer advocates who are involved in facilitating and supporting economic development and growth in Fiji.
22. **Adopting this consultative and collaborative approach was a critical prerequisite for an effective Plan.** In order to understand the current conditions of the sector and effectively chart an agreed way forward for its accelerated development, consensus on a sector wide level on the content and the commitment of stakeholders and fiscal policy makers were imperative.

23. The consultation process involved three key steps:

- (i) Market consultation letters;
- (ii) Consultative meetings with the stakeholders; and
- (iii) Peer review by the International Monetary Fund (IMF) Pacific Financial Technical Assistance Centre.

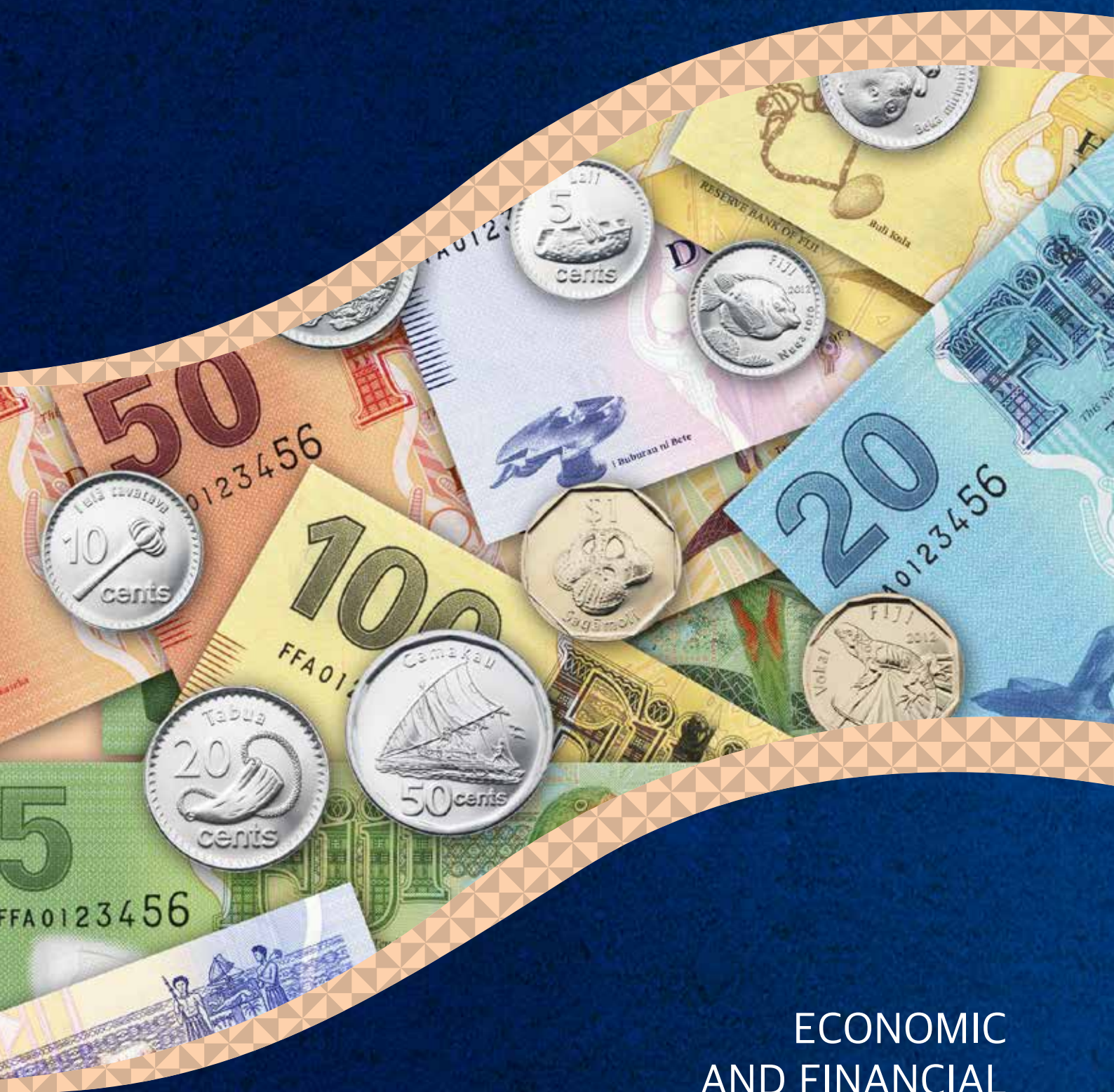
The primary objectives and expected outcomes of the three-step consultation process were:

<b>Core Objectives</b>	<ul style="list-style-type: none"> <li>• To obtain the following information from stakeholders:                             <ul style="list-style-type: none"> <li>• General view of the financial system;</li> <li>• Stakeholders' view on developing a FSDP for financial market deepening and strengthening of the domestic economy; and</li> <li>• Comprehensive Strengths, Weaknesses, Opportunities and Threats (SWOT) assessment of all industries in the sector.</li> </ul> </li> <li>• To decide on and provide a sound basis for the strategies and action plan that will be included in the FSDP.</li> </ul>
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>• Identify the development opportunities/areas in the financial sector; and</li> <li>• Finalise a FSDP for Fiji that is a collaborative product resulting from the contributions of all relevant stakeholders.</li> </ul>

24. Supplementing the consultation process were:

- (i) A review of the Financial Sector recommendations in Fiji Government's Roadmap for Democracy and Sustainable Socio-Economic Development 2010-2014; and
- (ii) Research on experiences of other comparable countries and international best practices.

## SECTION 2



## ECONOMIC AND FINANCIAL SECTOR OVERVIEW

## 2.1 Economic Overview

25. **Fiji is an upper middle income country with Real GDP per capita estimated at F\$7,804.10 equivalent to US\$3,722.60 in 2016.** The main island, Viti Levu with more than 10,400 square kilometres accounts for more than half of Fiji's total land area while the second largest island, Vanua Levu, covers 5,500 square kilometres.
26. **Fiji's population is around 871,334.** The iTaukei,<sup>5</sup> make up an estimated 58.0 percent of the population while Indo-Fijians and other ethnic communities<sup>6</sup> comprise 36.0 percent and 6.0 percent of the population, respectively. The iTaukei communally hold approximately 87.0 percent of all land, the Government holds approximately 4.0 percent, while the remainder is freehold land.<sup>7</sup>
27. **Fiji is predominantly a service oriented economy.** The services sector include the wholesale and retail trade; accommodation and food services; transport and storage; information and communication; financial and insurance activities; real estate activities; public administration and defence; education; human health and social work activities; professional, scientific and technical activities; administrative and support services; arts, entertainment and recreation activities, and the other services activities sectors.
28. **Fiji's major merchandise exports include mineral water, fish, sugar, gold, garments and timber.** Over the last decade (2007-2016) the main traditional export of sugar has declined significantly while all other major categories have expanded. Total exports (excluding aircraft) increased from F\$1,209.8 million in 2007 to F\$1,936.3 million in 2016. The main export destinations are United States (US), Australia, New Zealand, China, United Kingdom, Japan, New Zealand and the South Pacific Islands.
29. **Fiji's major merchandise imports include mineral fuels, machinery and transport equipment, food and manufactured goods.** All categories of imports increased over the last decade, with machinery and transport equipment accounting for the largest share (30.4 percent) in 2016. Food together with manufactured goods (16.3 percent and 16.0 percent respectively) currently account for the largest share after machinery and transport equipment. Total imports (excluding aircraft) increased from F\$2,874.5 million in 2007 to F\$4,838.9 million in 2016.
30. **Tourism is the largest foreign exchange earner and contributes to around 30.0 percent of GDP.** In 2016, Australia was the largest source market with 45.5 percent of all visitors followed by New Zealand (20.7 percent), United States (8.8 percent), Pacific Islands (6.3 percent), China (6.2 percent) and Continental Europe (4.0 percent). The industry is highly sensitive to external and domestic shocks. Tourism earnings were around F\$1,603.0 million in 2016.
31. **Economic growth over the past decade (2007-2016) comprised early years of volatile growth, followed by latter years of consecutive positive growth, owing in part to a range of internal and external shocks.** These include political uncertainty, natural disasters, food, fuel and commodity price shocks and the global financial crisis. Between 2004 and 2014, the Fijian economy grew on average by 2.0 percent per year. However, there has been a marked improvement in growth over the last three years which averaged 3.7 percent from 2014-2016.
32. **Foreign reserves have reached comfortable levels after the devaluation in 2009.** Foreign reserves (Reserve Bank holdings) were around F\$430.0 million at the beginning of April before the devaluation in the same month in 2009, sufficient to cover 1.7 months of retained imports of goods and services. Foreign reserves have recovered to higher

<sup>5</sup> Indigenous Fijians.

<sup>6</sup> Europeans, Chinese, Rotuman and other Pacific Islanders.

<sup>7</sup> Fiji Facts and Figures 2011, Fiji Bureau of Statistics.

levels since then, reaching F\$1,921.2 million at the end of 2016, sufficient to cover 5.0 months of retained imports of goods and services. Improvement in foreign reserves over the last five years was the result of higher tourism earnings, inward remittances, other receipt accounts, offshore borrowing by Government, foreign investment and additional Statutory Reserve Allocation by the IMF.

33. **Government's net fiscal deficit has averaged around 2.0 percent of GDP in the last decade and has been financed primarily through domestic and offshore borrowing.** In the fiscal year 2015/2016, the net deficit was estimated at 1.6 percent of GDP while in 2016/2017, the net deficit is budgeted at 4.7 percent of GDP, including estimated asset sales of F\$250.0 million.
34. **External risks to Fiji's outlook include weak foreign demand arising from the lower global economic growth, a sharp uptick in commodity prices from the current low, levels, appreciation of the US currency and weak foreign labour markets.** A slowdown in economic activity of our major trading partners is translated to Fiji's real sector through reduced trade and tourism flows. Volatility in commodity prices will affect Fiji's terms of trade, prices and balance of payments, while a stronger United States dollar (USD) will have implications on foreign debt repayment. In addition, a weak foreign labour market has implications on the influx of remittances to Fiji.
35. **On the domestic front, given the improved growth outcomes since 2010 and the establishment of a democratically elected Government, Fiji's prospects have improved with increased resilience to deal with the downside risks.** These include the continued weak performance of exports relative to imports, slowdown in structural reforms, natural disasters and political uncertainty. Increased donor funding, technical assistance and new bilateral relationships are being established and is envisaged to address key structural challenges causing supply side constraints in Fiji. These challenges include institutional red tape and bureaucracy resulting in higher cost of doing business;<sup>8</sup> low productivity; land tenure issues;<sup>9</sup> lack of skilled labour<sup>10</sup> in key sectors of the economy; and infrastructural challenges (for example roads, airports, wharfs, and jetties).
36. **In 2017, the economy is forecasted to grow by 3.8 percent.** The main drivers of growth are expected to be the manufacturing; financial & insurance activities; construction; wholesale & retail trade and transport & storage sectors.

## 2.2 An Overview of Fiji's Financial System

37. **Fiji's financial system consists of various types of financial institutions, financial markets and financial instruments which interact to provide financial products and services within a well-defined legal framework.** Fiji's financial sector is governed by key legislations including the Reserve Bank of Fiji Act 1983, the Exchange Control Act 1985, the Banking Act 1995, the Companies Act 2015, the Fiji National Provident Fund Decree 2011, the Insurance Act 1998 and the Fair Reporting of Credit Act 2016. The sector is also supported by other legislations relating to bankruptcy and security.
38. **As at 31 December 2016 the size of Fiji's financial services sector (excluding Reserve Bank) depicted by the total assets**

<sup>8</sup> According to international Doing Business rankings by the World Bank, Fiji's annual overall ranking relative to a total of 189 countries in the world, deteriorated over the years since 2006 when it first took part in the World Bank survey. Fiji's rank in the ease of doing business has stood at 84 in 2016. For registering property, Fiji is ranked 55 (54 in 2015) while for dealing with construction permits it stands at 100 in 2016 (109 in 2015), for getting credit and electricity, it stands at 78 (71 in 2015) and 79 (75 in 2015), respectively.

<sup>9</sup> To assist in addressing land issues, the Government has set up the Committee for Better Utilisation of Land (CBUL) in 2008 and the Land Bank Unit in 2010 under the Land Use Decree.

<sup>10</sup> Certain key sectors of the economy such as mining, garment manufacturing and the transport industry currently face shortage of industry specific skilled labour.



of financial institutions in the financial services sector stood at \$17.4 billion.<sup>11</sup> This comprised 174.8 percent of GDP and the financial and insurance sector contributed to 9.8 percent of the GDP in 2016. Commercial banks make up the largest portion of the sector holding 51.5 percent, followed by the FNPF with 31.5 percent. The capital market players<sup>12</sup> comprise 1.3 percent of total sector assets with the rest of the industries comprising the balance.

39. **The financial markets in Fiji, namely money market, interbank market and the capital market have grown steadily over the years. Although Fiji's financial market is large in absolute value, it is still at a nascent stage of development.** The money market offers short-term securities namely Government Treasury Bills, Statutory Corporations' promissory notes and Reserve Bank Notes. In the last 15 years, total funds raised in the money market peaked at just over F\$7.0 billion in 2002 before falling to around F\$351.9 in 2016. Borrowing in the interbank market is very low and intermittent. A total of \$118.0 million was borrowed in the interbank market in 2016 locking the interbank rate at 0.90 percent. The issue of long-term bonds of Government and Statutory Corporations dominate the capital market. Fiji dollar-denominated Government bonds issued by the Ministry of Economy make up a significant proportion (90.0 percent) of the bond market. These bonds are issued with standard maturities of 2 years, 3 years, 6 years, 7 years, 10 years and 15 years and are sold on a tender basis by means of competitive and non-competitive bidding. Outstanding Government bonds stood at F\$3.1 billion at the end of 2016 and compares to banking sector loans at F\$6.0 billion.
40. **Most of the money market activity occurs in the primary market** where the securities are purchased directly from the issuer or registrar (Reserve Bank) acting on behalf of the Government. Securities are available to the general public on a tender basis. Trading in the secondary market where investor purchases a security from another investor rather than the issuer is minimal.
41. **The payments system in Fiji is considered developed due to the introduction of state of the art electronic networks and a real time gross settlement system.** The National Payment System is the infrastructure consisting of financial institutions and other payment service providers, payment instruments, rules, procedures, standards and technical means which affect the transfer of monetary values and discharge of mutual obligations in the financial sector and economy. In 2016, Fiji's Real Time Gross Settlement System (FIJICLEAR) recorded a total of 115,298 transactions valued at F\$105.6 billion. A growth of 5.1 percent was realised in transaction volume, while the total value rose by 4.8 percent compared to 2015 figures. This is attributed to an increase in large value payments during 2016.
42. **The cash and cheque payment systems are the traditional and dominant payment systems used in Fiji.** Currency in circulation stood at F\$412.3 million at the end of 2016. The number of cheques processed by banks was reported at 5.1 million in 2016. As illustrated in the preceding paragraphs, the financial sector continues to develop and churns a significant amount of cash flows and payments.

## 2.3 Past Reforms In Fiji's Financial Sector

43. **The sound and stable position of the financial sector and the reasonably well functioning markets have successfully evolved over the past 4 decades since independence due to the sound management, innovations and continued commitment of key stakeholders including financial institutions in Fiji.** In addition past reforms are regarded as instrumental in shaping the current financial sector. Key highlights of these reforms include the following:

<sup>11</sup> For the purposes of the FSDP, the existence of finance companies (operating under the Money Lending Act), Co-operatives, Credit Unions, Microfinance Institutions and Informal Insurers are noted but due to the unavailability of financial information, these financial service providers are not included in the current computation of the financial services sector.

<sup>12</sup> The capital market players comprise of the unit trusts, stock brokers and the stock exchange.

- (i) Enactment of the Fiji National Provident Fund Act 1966;
- (ii) Enactment of the Central Monetary Authority of Fiji Act 1973;
- (iii) Fiji dollar pegged to the USD, severing the fixed link with the sterling in 1974;
- (iv) Fiji dollar was fixed in relation to a trade weighted basket of currencies of Fiji's major trading partners in 1975;
- (v) First issue of Fiji Development Bank (FDB) bonds in 1976;
- (vi) Enactment of the Insurance Act 1976;
- (vii) Savings Bank of Fiji commenced operations as a full commercial bank in 1976;
- (viii) Establishment of the Unit Trust of Fiji to encourage small savers to participate in productive investments in businesses and government securities in 1978;
- (ix) First issue of Fiji Electricity Authority (FEA) bonds and establishment of the Suva Stock Exchange in 1979;
- (x) Removal of interest ceiling on deposits of F\$250,000 and over with a maturity of one month and over thus allowing market forces to determine the rate in 1981;
- (xi) Introduction of new instruments such as the Fiji Sugar Corporation (FSC) and FEA Promissory Notes, and the first issue of FDB bonds in 1982. Orientation of public debt policy towards a more flexible and market determined regime (public tender system);
- (xii) Enactment of the Reserve Bank of Fiji Act 1983;
- (xiii) Enactment of the Exchange Control Act 1985;
- (xiv) Both the post shipment rediscount facility and forward exchange facility for non-traditional exports on South Pacific Regional Trade and Economic Co-operation Agreement countries were extended to the same class of exports to the European Economic Community under the London Metal Exchange Agreement in 1985;
- (xv) Introduction of Automated Teller Machines (ATM) into Fiji in 1993;
- (xvi) Enactment of the Banking Act and Introduction of Electronic Funds Transfer at Point of Sale (EFTPOS) machines in 1995;
- (xvii) Introduction of Restricted Foreign Exchange Dealers as new entrant into the banking system and new financial system player in 1996;
- (xviii) Enactment of the Capital Markets Development Authority Act 1996;
- (xix) Move to Magnetic Ink Character Recognition (MICR) encoded cheques issued by the banking industry in 1999;
- (xx) Reform of the Banking Supervision and Examination Department at the Reserve Bank in 1999;
- (xxi) Suva Stock Exchange renamed to South Pacific Stock Exchange in 2000;
- (xxii) Establishment of Credit Reference/Data Bureau in 2001;
- (xxiii) Establishment and launch of a modernised payment system in Fiji - FIJICLEAR which is an automated clearing system which allows commercial banks to transact amongst themselves and the Reserve Bank electronically in 2007;
- (xxiv) Capital Markets Decree 2009 repealed Capital Markets Development Authority Act 1996;
- (xxv) Introduction of convertible notes and hybrid investment security on the South Pacific Stock Exchange (SPSE) in 2009;

- (xxvi) Introduction of mobile money by Mobile Network Operators (MNOs) in 2010;
- (xxvii) FNPF reform and FNPF Decree 2011 came into effect;
- (xxviii) Achievement of ATM and EFTPOS interoperability in 2012;
- (xxix) Enactment of Companies Act 2015; and
- (xxx) Enactment of Fair Reporting of Credit Act 2016.

## 2.4 Key Highlights of Current Policy Initiatives and Reforms

44. **On the back of the past reforms and the satisfactory performances of the financial sector, further key reforms are underway.** Key highlights of these reforms are discussed below.
45. **Successful implementation of first National Financial Inclusion Strategy (2009-2014).** Financial inclusion has been a key focus for Government, the Reserve Bank of Fiji and the financial sector. Supervision Policies released in 2009 have been key in raising awareness and efforts of licensed institutions. Through the collaborative “National Financial Inclusion Taskforce” (NFIT) model, the target of “Reaching 150,000 unbanked by 2014” was achieved in February 2014. In recognition of Fiji’s success in this area, the Reserve Bank received the Alliance for Financial Inclusion “Maya Declaration Award” in 2013. The second National Financial Inclusion Strategic Plan 2016-2020 has been endorsed to further advance our financial inclusion journey.
46. **Successful introduction of mobile money technology.** The Reserve Bank of Fiji approved the introduction of mobile money transfer systems in 2010. This has complemented the availability of latest technologies to improve payments in Fiji.
47. **Successful policy initiatives for improved Small and Medium Enterprise (SME) finance.** The Government introduced the SME Credit Guarantee Scheme in 2012. This initiative will be complemented by the “Secured Transactions Reform” which has commenced with the formation of the Secured Transactions Reform Taskforce and the completion of a proposed Secured Transactions Bill.
48. **Strengthening of the Credit Unions and Microfinance Institutions in the NBFi Sector.** The Reserve Bank has embarked on reforms for the Credit Union sector beginning with legislative reforms. With Government, the Reserve Bank has also contributed to the reform in the Microfinance Institutions sector.
49. **Against the backdrop of the FNPF Decree 2011, FNPF has undergone significant operational reforms** aimed at protecting its sustainability and improving efficiency and service delivery.
50. **Under the FSDP, this work will continue along with the approved strategies for the other key focus areas.**

## SECTION 3



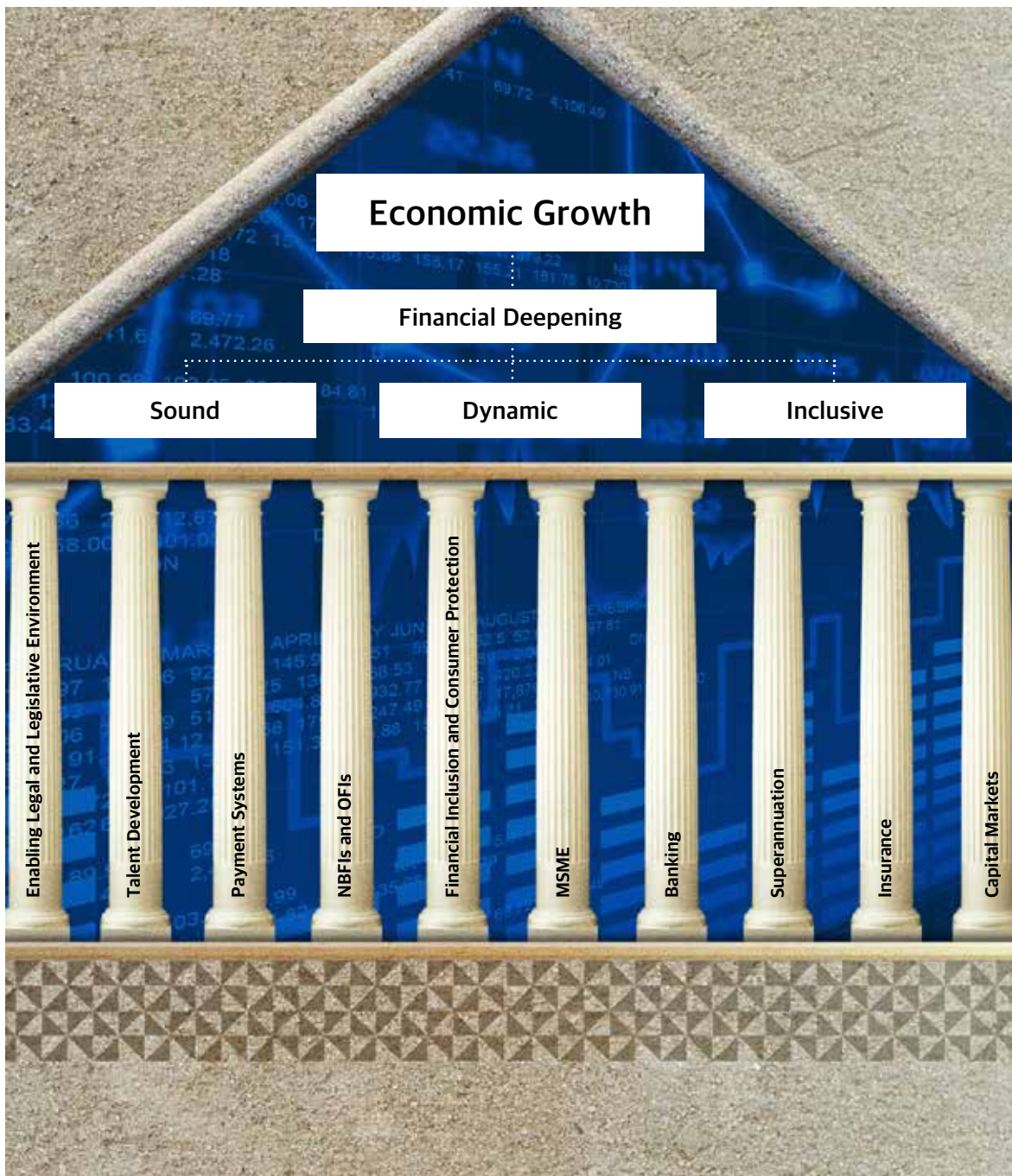
FIJI'S FUTURE  
FINANCIAL SECTOR  
LANDSCAPE

### 3.1 Vision



### 3.2 Fiji’s Future Financial Sector Landscape

- 51. Aspiration to Vision: The following are the premise of our aspirations for Fiji’s financial sector so as to assist in “maintaining and building a sound, dynamic and inclusive financial system that enables financial deepening to foster economic growth and development”.



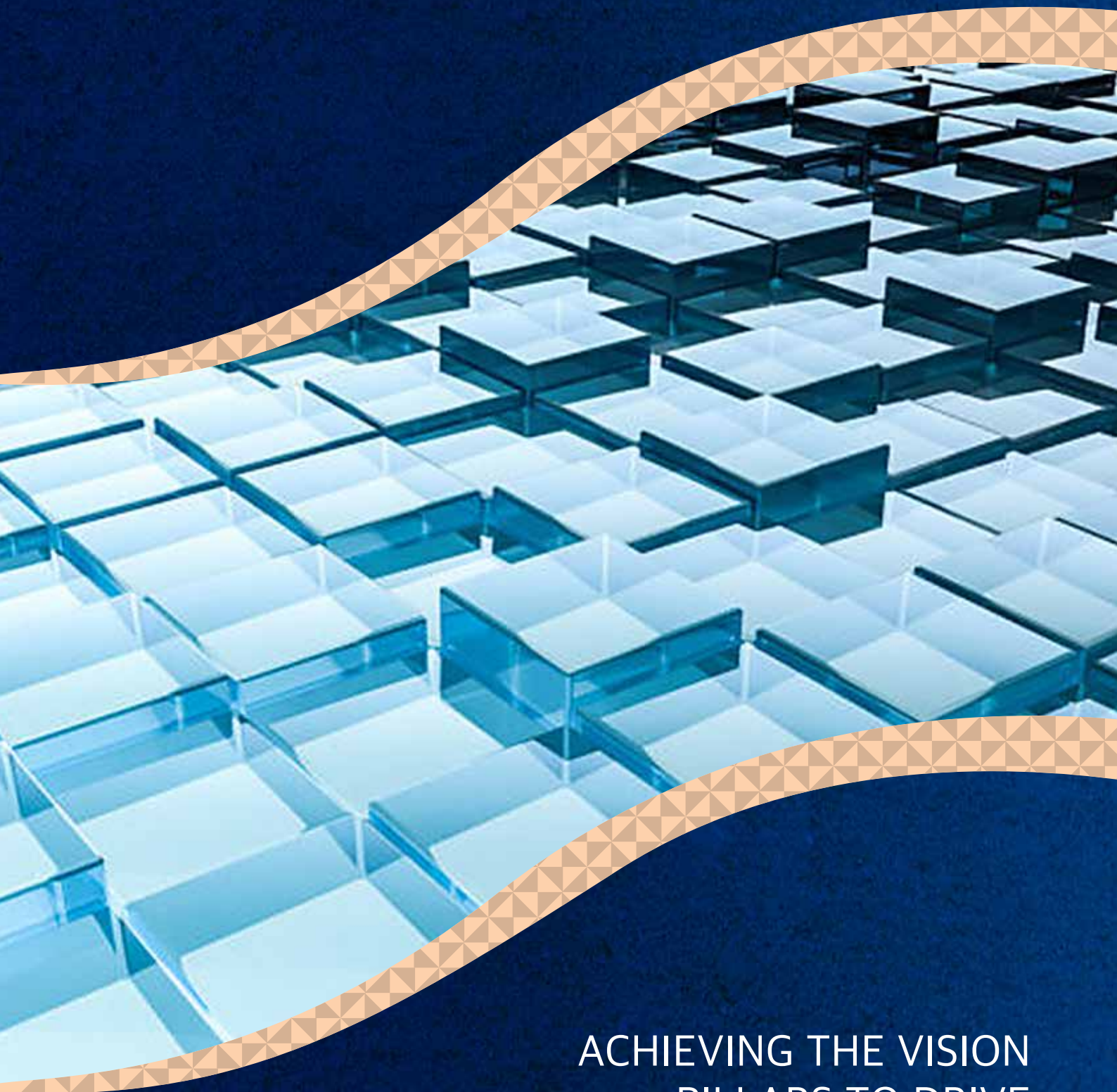
These aspirations will be characterised by, but not limited to the following features:

DEFINING THE ASPIRATIONS	
Sound	<ul style="list-style-type: none"> <li>The financial sector is able to withstand financial shocks without major damage to the real economy and losses to the public.</li> <li>The industries in the sector remain stable and operating withstanding any adverse event.</li> <li>The financial sector to collect, analyse and distribute accurate and timely information and advice for better decision making by economic agents and that such information/advice is issued with the appropriate balance of transparency and confidentiality.</li> <li>The financial sector has a transparent regulatory system that implements robust surveillance, regulatory and supervisory frameworks that are in line with international best practice but customised to suit the domestic environment.</li> </ul>
Dynamic	<ul style="list-style-type: none"> <li>The financial sector is more efficient in its allocation of capital to support economic growth by improving ways to borrow money, raise money for new ventures and finance day to day needs of a business along with ways to finance large infrastructure projects.</li> <li>The financial sector provides economic agents with ways to consistently get access to a variety of investment opportunities at fair and accurate market prices along with ways to access buyers and sellers for financial products.</li> <li>The financial sector facilitates efficient payments through safe and easier ways of paying for goods and services, transferring money domestically and internationally, and making payments without carrying large sums of cash.</li> <li>The financial sector will feature new/specialist market players and is able to facilitate cross-border transactions.</li> </ul>
Inclusive	<ul style="list-style-type: none"> <li>The financial sector provides a range of accessible, affordable and appropriate financial services and products to all Fijians and in particular to the low income households and the vulnerable.</li> <li>In addition, the provision of risk protection, risk transfer and diversification to mitigate risks during unforeseen circumstances.</li> <li>A level playing field that promotes responsible market conduct.</li> </ul>
Financial Deepening	<ul style="list-style-type: none"> <li>Financial sector and agents are able to use a range of financial markets for savings and investment decisions, including at long maturities (access).</li> <li>Financial intermediaries and markets are able to deploy larger volumes of capital and handle larger turnover, without necessitating large corresponding movements in asset prices (market liquidity).</li> <li>The financial sector can create a broad variety of assets for risk-sharing purposes (hedging or diversification). In other words, deep markets allow savers to invest in a broad range of quality investment and risk-sharing instruments and allow borrowers to likewise tap into a broad range of financing and risk management instruments.</li> </ul>
Economic Growth and Development	<ul style="list-style-type: none"> <li>Financial sector growth complements and propels real economic growth.</li> <li>The financial sector is heavily involved in the channelling of finance and services into key priority sectors/industries of the real economy, therefore, resulting in increased and sustained economic activity.</li> <li>The ratio of total financial assets to GDP continues to increase on an annual basis to reflect the sector's contributions towards economic growth.</li> </ul>

52. With these aspirations in mind, the FSDP presents 10 pillars of reform which are strategic objectives that will need to be addressed effectively over the next 10 years to fulfil the vision. These pillars are as follows:
- **Pillar 1** - Ensure an enabling and sound legislative and regulatory environment;
  - **Pillar 2** - Enhance the development of talented and dynamic service providers;
  - **Pillar 3** - Promote the adoption of state of the art technologies for more efficient payment and settlement services (including remittances) to drive financial system efficiency;
  - **Pillar 4** - Enhance the development and competitiveness of non-bank financial institutions and other financial institutions;
  - **Pillar 5** - Promote sustainable financial inclusion and strengthen consumer protection;
  - **Pillar 6** - Create a vibrant environment for the development and financing of Micro, Small and Medium Enterprises;
  - **Pillar 7** - Enhance the affordability, dynamism, transparency and efficiency of Fiji's banking industry to service domestic and regional clientele;
  - **Pillar 8** - Introduce competition in the superannuation industry and establish a culture of retirement and long-term savings;
  - **Pillar 9** - Provide affordable risk protection and promote the widespread use of insurance services and products; and
  - **Pillar 10** - Become the preferred capital market centre in the South Pacific.
53. Fiji's financial sector needs to develop and adapt accordingly to the global financial sector revolution to appropriately accommodate the current needs of the domestic clientele. In the longer term, it also needs to accommodate the regional clientele positioning Fiji to become a financial hub for the South Pacific.
54. The Plan contained in the following section provides recommendations of strategies that will contribute to the successful realisation of the pillars and consequently the aspirations contained in the vision.



# SECTION 4



ACHIEVING THE VISION  
- PILLARS TO DRIVE  
CHANGE

## 4.1 Pillar 1 - Ensure an enabling and sound legislative and regulatory environment

- 55. The creation of a stable, deep and market driven financial sector through reform of legislations and regulatory frameworks creates conducive business environment, allowing increased intermediation and investments in businesses ventures and projects. Reviewing archaic laws, legal processes and procedures ensuring consistency in application, examining a conducive tax environment and encouraging continuous dialogue between the relevant stakeholders are some areas that will contribute to that environment.
- 56. A sound legal basis is a prerequisite for the orderly working of the financial system. Financial sector laws must facilitate orderly financial markets and payment systems, fair, responsible and professional business conduct, prudential regulation and supervision, tools for crisis management and prevention, financial safety nets and deterrence of financial crimes.
- 57. The legislative and regulatory environment should facilitate the orderly introduction of new players, products, services and markets, and allow the financial sector to innovate and deepen while ensuring safety and soundness of the system. New laws and regulations will be enacted, existing laws reviewed, licensing and prudential frameworks developed and simplified, and industry supervisory frameworks strengthened. To complement this, fiscal and tax measures will be reviewed to minimise market distortion, provide the required impetus and support for market failures and financing gaps, and to intervene to curb emerging risks.
- 58. A number of aspects of the current stock of financial sector laws indicate regulatory gaps where the market has innovated and operates without any regulation. These include clarity in rules of enforcement of contracts involving the market infrastructure institutions such as exchanges, clearing arrangements and over the counter markets which are required for certainty to encourage trading of financial instruments. In some instances, archaic laws are viewed as impediments to market entry, restrictive in terms of broadening access or inhibiting the sustainable operations of financial firms.
- 59. In recognising the challenges above, this Pillar will focus on implementing strategies that are geared towards the policy objective of establishing an enabling legislative and regulatory environment that safeguards the stability of financial institutions and facilitates financial sector deepening and market-driven innovation as a catalyst for economic growth.

STRATEGIES	RECOMMENDATIONS
1. Engage with Government and relevant stakeholders to review Fiji’s legal and regulatory framework to modernise financial sector laws and ensure they allow new innovations for development and growth of Fiji’s financial sector while preserving financial stability.	a. Undertake a diagnostic review of the financial system legislative and regulatory framework i.e. regulatory impact assessment by independent organisation(s) and implement key recommendations on the preferred framework that will allow for the development of the domestic financial sector.
2. Review Fiji’s fiscal and tax regimes to ensure an enabling policy mix for growth, innovation and development.	a. Review the fiscal and tax regimes to ensure that incentives are made more effective and market distortions are removed to supplement Government’s growth policies and encourage growth in the financial sector.
3. Encourage continuous dialogue on development among the industry, regulators, government, private sector and other development partners.	a. Collaborate with relevant stakeholders to improve ease of doing business in the financial sector, including the Justice Department to improve the transparency and time taken for court processes relating to financial sector disputes. b. Where required, align legislation, policies and procedures.

## 4.2 Pillar 2 - Enhance the development of talent management and dynamic service providers

- 60. Enhancing the skills and expertise of domestic human resources strengthens the development of the domestic financial sector where service providers are able to improve internal organisational performance and introduce innovative financial products and services. The existing knowledge gap entails building up a pool of domestic qualified professionals focussing on a culture of quality service which reduces the costs of sourcing external skills and expertise.
- 61. Safeguarding the successful implementation of strategies and recommendations that have been presented in this Plan and achieving the Vision requires to a large extent the presence of a robust talent development framework. Human resources transform ideas into action and lift the quality of services in the sector. Investment in human capital has been proven to promote and generate greater efficiency, productivity and innovation that not only furthers domestic development, but will prepare domestic financial sector players for business opportunities within the South Pacific region in the long-term.
- 62. In Fiji, there is a need to bridge the gap between the knowledge requirements of all financial sector industries with what is acquired by graduates from/through tertiary institutions. The establishment of a relevant professional training institute needs to be considered. Partnerships and collaboration between the industry and the academia to align training and development with the requirements of the industry is required. Greater involvement of financial institutions in designing curriculum for the secondary and tertiary level as well as providing real business exposure and training through the provision of internship or graduate training tenure will ensure that the human capital needs of the sector are readily met.
- 63. This Plan also acknowledges that the current investment by the Fijian Government in the education sector shall result in a more educated population that shall have sophisticated needs for financial products and services. Therefore, the financial sector will need to invest in providing continuous professional development opportunities for its workforce to meet the evolving skills demand of the Fijian population between 2016 and 2025.
- 64. There is also an evident need to groom strong leaders, via domestic and international training or secondment opportunities, to meet the needs of an innovative and growing financial sector, and more importantly to conceive and implement innovative outputs in Fiji. Industry specific skills and the availability of a variety of consistent training opportunities are required to facilitate the introduction of new players, products, services and markets and delivery channels.
- 65. To address the aforementioned opportunities, the strategies and recommendations outlined in the following table are provided for implementation by relevant parties.

STRATEGIES	RECOMMENDATIONS
<p>1. Ensure that the human capital in the financial sector has the capability to implement and drive the main strategies of this FSDP.</p>	<ul style="list-style-type: none"> <li>a. Raise awareness of financial sector development strategies amongst financial sector stakeholders and align technical knowledge and skills through appropriate training.</li> <li>b. Work in close collaboration with the Ministry of Education and tertiary institutions to provide effective training on the various industries in the financial sector and financial sector issues.</li> <li>c. Explore the possibility of establishing a training institution for Fiji's financial sector with a view of expanding into a 'Pacific Institute of Finance'.</li> </ul>

- |   |  |
|---|--|
| 2. Promote and cultivate a culture of quality service amongst all industry players. | a. Advocate on service excellence in the financial sector and establish rewards and recognition programs within institutions, among industry players as well as at the financial sector level. |
|---|--|

### 4.3 Pillar 3 - Promote the adoption of state of the art technologies for more efficient payment and settlement services (including remittances) to drive financial system efficiency

- 66. The National Payment System is a vital part of the financial infrastructure of a country and can be likened to the bloodstream of an economy. It includes both large value and retail value payments. Its failure could contribute to a systemic crisis and transmit financial shocks to the financial system. The establishment of an efficient payment system will be charted through a national payment plan where financial sector services and processes are automated, financial transactions are immediate and financial services reach the wider Fijian populace. An efficient payment system reduces transaction costs for both service providers and consumers and allows financial transactions and services to be executed more effectively.
- 67. The Fiji Interchange Network Bill is currently underway and is seen as an important development in the financial system. Banks will be required to link in to the interchange network, enabling all card holders to draw cash or make payments from any ATM or Point of Sale machine throughout Fiji, thus enabling and encouraging total interoperability as well as reduced cost on interchange fee. The network is designed to allow the many forms of payment systems operating in Fiji to electronically link to each other through one national medium.
- 68. Currently despite the presence of an electronic payments system, access and usage is still relatively low. There is a need to build awareness and encourage shift in mindsets to embrace this change and increase usage of the more efficient electronic channels.
- 69. A National Payment System that is well designed and managed will maintain financial stability by preventing or curbing the spreading of financial crises. The National Payment System requires further innovation and improved efficiencies to effectively support the payment needs of society in particular to the underserved segments in the islands, remote communities and the poor.
- 70. Further to efficient payments systems, the adoption of efficient technologies to improve business processes is another area for reform. It is envisaged that business processes in both the financial sector and the real sector, will be improved if technological improvements are made.
- 71. To address the aforementioned challenges and accomplish the desired objectives articulated in this Pillar, the following strategies and recommendations outlined in the table below will be implemented by the relevant parties.

STRATEGIES	RECOMMENDATIONS
1. Develop a National Payment Plan to increase the availability and usage of cost effective electronic payment methods by firms and households to improve velocity of money.	a. Consult with all stakeholders to develop a National Payment Plan for Fiji to improve uptake of efficient payment and settlement channels. b. Increase awareness and encourage the use of convenient and cheaper remittance channels. c. Encourage partnership between money transfer operators and financial services providers to develop and introduce remittance-linked financial products and services.
2. Promote the use of innovative technology to improve efficiency in the delivery of financial services.	a. Engage stakeholders including the Government, to develop and adopt innovative technologies for the payment systems such as electronic documentation, online registers and databases.

## 4.4 Pillar 4 - Enhance the development and competitiveness of non-bank financial institutions and other financial institutions

- 72. Strengthening NBFIs and Other Financial Institutions (OFIs) improves the institutions performances and services where operational and environmental barriers to development are addressed. The development of NBFIs and OFIs enables these institutions to complement banks filling the financial services gap through enhancing financial inclusion, access to finance and MSME development. This development would be supplemented by a robust data gathering and monitoring framework.
- 73. OFIs comprise credit unions, co-operatives, finance companies and microfinance institutions, who serve important niche segments in the financial services sector. NBFIs consisting of the FDB and Housing Authority (HA) also serve particular niche segments of the market.
- 74. The two institutional groups vary in the type of financial products and services offered, scale and level of development. The segments of the population served are mostly low to middle income earners and entrepreneurs who are usually overlooked by the banking and insurance industries which includes the rural and maritime areas. This therefore serves as a locomotive for inclusive economic growth and development.
- 75. The absence of supervision, proper legislation and regulations leads to the informality in the operations of OFIs. As a result, the prevalence of weak governance frameworks are features that distinguish this sector and inhibit their ability to compete or operate at standards displayed by the formal financial system. NBFIs, on the other hand, are formally established under their respective legislations but are in need of supervisory oversight and institutional strengthening and development to become sustainable and to expand services and product offerings to the public.
- 76. To address the above challenges and accomplish the objectives articulated in this Pillar, the following strategies and recommendations outlined in the table below are provided for implementation by relevant parties.

STRATEGIES	RECOMMENDATIONS
1. Identify barriers to development and collaborate with stakeholders to implement effective solutions.	<ul style="list-style-type: none"> <li>a. Where relevant, stocktake with relevant stakeholders to map a way forward for the strengthening and development of credit unions, co-operatives, microfinance institutions and NBFIs.</li> <li>b. Contribute to Government reforms on the role and services of the FDB (including access to finance for MSMEs).</li> </ul>
2. Develop a monitoring and data gathering framework to monitor progress and development.	<ul style="list-style-type: none"> <li>a. Develop offsite monitoring and onsite framework with relevant regulators.</li> <li>b. Strengthen and develop institutional capacity, governance, financial management advisory services, and operational funding to enable the provision of effective financial services to niche segments.</li> </ul>

## 4.5 Pillar 5 - Promote sustainable financial inclusion and strengthen consumer protection

77. Financial inclusion is an important agenda for Fiji to ensure that the country has an inclusive financial system that serves the needs of all and in particular, the low income households. The provision of appropriate, affordable and accessible financial services and products to the low income households for savings, credit, payments and insurance is essential for inclusive growth. At the same time, consumer protection needs to be embraced and enforced in the economy.
78. The Fiji NFIT<sup>13</sup> with the commitment of stakeholders has driven financial inclusion in the last seven years. Fiji has seen a significant increase in accessibility and usage of financial services and products by the unbanked population in Fiji. This has been achieved through a number of initiatives including an enabling regulatory and supervisory environment, development of innovative financial services and products, introduction of responsible financial inclusion through financial literacy and consumer protection initiatives, undertaking a comprehensive financial inclusion data upgrade to assist in evidence based policymaking, and capacity building of the market practitioners who advocate financial inclusion in their respective institutions.
79. Through NFIT efforts, by 2016, the financial sector had reached 289,295 unbanked adults. The impact of these initiatives is such that the number of Cash-In and Cash-Out access points per 10,000 adults increased from 6.73 in 2010 to 21.41 in 2016. On the other hand, the number of regulated deposit accounts per 10,000 adults increased from 10,341 in 2010 to 16,178 in 2016.
80. Whilst the collaborative model of NFIT has worked well, there are both demand and supply side issues which persist and continue to inhibit comprehensive financial inclusion agenda. On the demand side, there is low-medium level of financial literacy and competence among low income households in Fiji and lack of awareness on products and services. Due to a lack of understanding about the financial services and products, people are hesitant to adapt to changes that can better their livelihoods. There is also a dependence on informal sources of credit. The lack of transparent and detailed information to support informed decision making and irregular income patterns also contribute to the low uptake of financial services.
81. Over the years, the number of access points has increased in Fiji, however this has not translated into regular usage. This can be contributed to the existence of supply side barriers which range from high interest rates on loans but minimal interest rates on savings, inappropriate and lack of customised products for the low income households, market failures that contribute to inefficiencies and barriers to access. The barriers also include long distances from formal financial institutions and the lack of appropriate infrastructure. Notwithstanding, other macroeconomic factors and the fact that there is lack of income in the hands of households.
82. Fiji poses an issue of scale for the financial services providers (FSPs) as it is a small open economy with a population of less than a million. It is thus conceived difficult for the institutions to realise economies of scale for the target market since demand is not sufficient to meet the operational costs of FSPs.
83. In light of the above, an evidenced based policy driven strategy is required to ensure that the financial sector works better for all stakeholders. Therefore, a Financial Services Demand Side Survey had been carried out and the results have been incorporated into the new National Financial Inclusion Strategic Plan (2016-2020) which is envisioned to enable policymakers to address the dimensions used to measure the effectiveness of financial inclusion.

<sup>13</sup> A national body responsible to coordinate supervise and monitor the medium-term strategy for financial inclusion in Fiji.

- 84. Over the next decade, financial consumer protection and education would receive greater recognition in contributing towards a sound, stable and competitive financial structure. As Fiji transits towards financial sector growth, the financial sector will become more competitive with a greater diversity of intermediaries and delivery channels and this will also entail a greater demand for appropriate consumer protection and education.
- 85. In addition, an increased range of innovative financial products and services will be offered to meet the different consumer demands and profiles. In this environment, strengthening the financial capability of consumers will continue to be an important priority to support well informed, effective and responsible financial decisions.
- 86. To address the aforementioned objectives of this Pillar, the following strategies and recommendations outlined in the table below are provided for implementation by relevant parties.

STRATEGIES	RECOMMENDATIONS
1. To improve access, usage and quality of financial products and services to enhance the livelihoods of Fijians.	a. Implement National Financial Inclusion Strategic Plan (2016-2020) and put in place measurement, monitoring and evaluation processes and procedures public and private sector collaboration.
2. Develop a comprehensive plan to address consumer empowerment and market conduct in the financial system.	a. Review existing consumer protection policies and programs and strengthen effectiveness of Consumer Protection Framework for Fiji in close collaboration with relevant stakeholders.



## 4.6 Pillar 6 - Create a vibrant environment for the development and financing of Micro, Small and Medium Enterprises

87. MSMEs are critical to economic development and the resilience of the economy as these enterprises form the backbone of economic activity and growth at the grass root level. To complement the Government's objective of developing MSMEs, this pillar proposes a holistic and coordinated approach to enable improved finance and appropriate support services. The development of the MSME sector through increased financing and provision of improved support services and incentives will encourage more business start-ups and expansions. These generate self-employment, employment of women and youth, increasing incomes and improving livelihood which in turn will contribute to economic growth. The MSME sector in Fiji currently contributes 12.0 percent of GDP.
88. The National Centre for Small and Micro Enterprises (NCSMED) is mandated under the Small and Micro Enterprises Development Act, with the role of promoting the establishment of MSMEs in the country. Government ministries also independently carry out specific projects tailored to assist and develop rural based MSMEs and women entrepreneurs. Measures to develop MSMEs in the country have also been outlined in Government's National Development Plan.
89. The NCSMED lacks the convening power as an apex body for SMEs in Fiji. It lacks coordinating authority and capital resources. This has to some extent restricted the effective delivery of its mandate and fulfilment of its strategic objective. The absence of a clear and transparent national MSME framework strongly supported by Government, stakeholders and financial institutions, also hinders development efforts and opportunities in the sector. Financial institutions may lack appropriate knowledge and skills in lending to MSMEs which is considered a risky sector. Products and services available in the market are loosely tailored to the financial services needs of MSMEs while entrepreneurs lack the ability to prepare basic financial reports and business documents that are required for financing proposals.
90. To support the development of the sector, commercial banks provide microfinance services including the provision of loans to MSMEs. Currently, SME loans by commercial banks, licensed credit institutions and the FDB are guaranteed by Government. Under the Scheme, Government will guarantee to pay 50 percent of the principal outstanding on defaulted SME loans up to a limit of \$50,000 per business. Informal financial institutions such as credit unions, unregulated microfinance institutions and finance companies also provide loans to targeted segments of the sector.
91. Prohibitive regulations and business rules applied to MSMEs need to be tailored to ensure it is conducive to the sector's development. Rules developed for informal financial services providers should be conducive to facilitate the provision of finance to the sector. Useful information and data on MSMEs are difficult to obtain and access since there is no centralised source to contain all relevant information of the sector. The unavailability of information limits financiers' interests to finance the sector and also possess challenges to the formulation of effective policy solutions to develop the sector.
92. Alongside the aforementioned challenges, high costs of doing business also hinder MSME development. Fiji currently ranks<sup>14</sup> 84/189 in the overall ease of doing business rankings which included 166/189 in the ease of starting a business, 78/189 on the ease of getting credit and 76/189 in trading across borders. These barriers to MSME development discourage formation of new MSMEs or the entry of existing ones into larger markets.
93. To address the aforementioned challenges and accomplish the objectives articulated in this Pillar, the following strategies and recommendations outlined in the following table are provided for implementation by relevant parties.

<sup>14</sup> According to 2015-2016 Doing Business Rankings by World Bank.

STRATEGIES	RECOMMENDATIONS
<p>1. Improve access to finance for MSMEs.</p>	<ul style="list-style-type: none"> <li>a. Review of the Small and Micro Enterprises Development Act 2002 and inhibitions to cost of doing business in Fiji.</li> <li>b. Enact Secured Transaction legislation and implement Secured Transaction Framework for Fiji.</li> <li>c. Explore and implement alternative sources of finance for MSME, for example, SME trading board on the SPSE, venture capital funds, crowdfunding, etc.</li> <li>d. Enhance the reporting capacity of licensed Credit Bureaus to undertake full reporting in line with international best practice.</li> <li>e. Contribute to the institutional strengthening for the NCSMED or an alternative apex body for MSME development through the review of its governance and operational framework including appropriate funding and resourcing.</li> <li>f. Establish a robust SME Database and impact assessment framework.</li> <li>g. Encourage and support business innovation through entrepreneurship training, mentoring etc.</li> </ul>
<p>2. Provide access to markets for MSMEs.</p>	<ul style="list-style-type: none"> <li>a. Provide physical venues at minimum cost for MSMEs to sell products.</li> <li>b. Provide platforms to enable the marketing of MSME products both domestically and internationally.</li> <li>c. Provide opportunities for vendors to interact amongst themselves through a supply chain relation and also to allow for backward and forward integration.</li> </ul>
<p>3. Engage stakeholders to formulate a holistic and comprehensive national MSME development strategy for Fiji.</p>	<ul style="list-style-type: none"> <li>a. Consult with Government to map a way forward for the engagement of stakeholders and formulation of the National Vision, Key Focus Areas for a MSME Development Plan to address: <ul style="list-style-type: none"> <li>i) Products and services for MSMEs;</li> <li>ii) Capacity building and mentorship;</li> <li>iii) Market access;</li> <li>iv) Adoption of technology to improve efficiency and the cost/ease of doing business; and</li> <li>v) Appropriate governance, monitoring and supporting framework.</li> </ul> </li> </ul>

## 4.7 Pillar 7 - Enhance the affordability, dynamism, transparency and efficiency of Fiji’s banking industry to service domestic and regional clientele

- 94. An affordable and efficient banking industry ensures effective intermediation to the emerging and existing businesses, and the priority sectors, to ensure their growth and the creation of more employment opportunities in the local economy. The banking industry has the potential to evolve with the changing dynamics of the economy to ensure innovative banking solutions are provided that meet the demand for more effective and inclusive financial services provision and delivery.
- 95. The banking industry is core to Fiji’s financial sector with wide public acceptance and long operating history of sustained profitability and stability. Institutions in the industry have strong brand reputations and operational presence in the region and internationally. Products and services have provided adequate banking solutions for both households and firms, and strong links with their communities have been established. The industry’s risk management framework is considered adequate due to satisfactory asset quality, liquidity and strong capital base.
- 96. The industry is largely dominated by international banking groups and adopts stringent and comprehensive group risk management frameworks. The imposition of prudential policies and supervision by the Reserve Bank have also complemented the implementation of these risk management frameworks and improved the governance of the smaller and local institutions. Banking operations are supported by a strong information technology infrastructure and banks in Fiji have adopted a wide range of technological advancements including FIJICLEAR, ATM and EFTPOS interchange network. However, challenges still hinder the industry’s competitiveness and affordability.
- 97. The industry has also been viewed as largely profitable and maintains high liquidity levels which can be productively and effectively invested in emerging business sectors and niche sectors of the economy that demonstrate positive prospects. Commercial banks’ efficiency over the years also demonstrates a need for improvement to ensure transparency and affordability.
- 98. The provision of financial services to the priority sectors by the industry is limited by weak supporting mechanisms, including the lack of accurate information about the priority sectors which makes investment and financing opportunities in such sectors risky. A framework for access to finance for the priority sectors is lacking to properly guide investment activities in the sectors. Weak partnership and collaboration between institutions in the industry restricts sharing of information about clients banking with multiple institutions and meaningful discussion of initiatives that have system wide implications that can be otherwise effectively approached and maximised from an industry front.
- 99. To address the above issues, the following strategies and recommendations outlined in the following table will need to be undertaken by relevant parties.

STRATEGIES	RECOMMENDATIONS
1. Promote affordable and effective banking services.	<ul style="list-style-type: none"> <li>a. Ensure that the banking business environment innovates and facilitates competition, and supports priority sectors and local ownership, along with affordability in prices, fees and charges.</li> <li>b. Support the introduction of innovative and alternative banking solutions that will meet the financing needs of retail as well as corporate customers, including trade financing and value chain financing and green financing.</li> </ul>

<p>2. Establish effective supporting framework to improve access to finance.</p>	<p>a. Develop an information sharing framework (through the use of technology and memorandum of understanding) for priority sectors to allow the industry to make informed risk assessments and risk pricing.</p> <p>b. Examine the development of an export/import bank to support expansion in trade.</p>
<p>3. Ensure industry support in event of financial crises.</p>	<p>a. Develop a financial crisis management plan and examine the possibility of a deposit insurance for the protection of depositors' funds.</p>

## 4.8 Pillar 8 - Introduce competition in the superannuation industry and establish a culture of retirement and long-term savings

- 100. The superannuation industry plays a vital role in Fiji’s financial system. In addition to the central role of guaranteeing Fijians an adequate and comfortable standard of living during retirement, the industry is also responsible for boosting national savings and providing capital for financial markets and private equity investments.
- 101. The FPNF as a contractual savings scheme for workers in Fiji is well entrenched in the administrative environment of firms in Fiji and is governed by a well-established legislative and regulatory framework. The collection of contributions has worked well with pooled savings from members’ contributions providing significantly to local investment and the long-term financing needs of the economy. In the recent past, the industry has undergone significant legislative and operational reforms aimed at protecting the FPNF’s sustainability and improving efficiency.
- 102. While the FPNF has served Fiji’s financial system adequately over the last five decades, there are a number of issues pertaining to the industry and Fiji’s financial system which is a challenge and needs to be addressed. The FPNF is the only player in this industry and the entrance of new players would increase investments in securities, real estate and other investment assets to generate more returns for the industry and members. This is envisaged to encourage larger national savings to fund investments, promoting greater economic growth. The Fiji National Provident Fund Decree 2011 does not permit contributing members to invest their compulsory retirement savings in alternative products or managed funds other than the FPNF. Therefore, the industry lacks competition, depth and consumer choice.
- 103. This Pillar will focus on elevating the competitiveness of the superannuation industry by implementing strategies geared towards increasing the depth of the industry and the uptake of retirement savings by the populace through the introduction of new types of players, distribution channels, products and services for pre- and post-retirement needs.
- 104. In recognising the challenges above, the policy recommendations to be addressed by relevant parties are presented in the table below.

STRATEGIES	RECOMMENDATIONS
1. Inculcate a culture of savings for retirement amongst all age groups in Fiji.	a. Increase advocacy for the importance of long-term/retirement savings through synergies and collaboration with stakeholders.
2. Supplement the compulsory pension Scheme and develop a vibrant private pension industry.	<ul style="list-style-type: none"> <li>a. Work with the Government to develop incentives to promote savings.</li> <li>b. Explore suitable approaches to allow for the participation of other providers and players in Fiji’s superannuation industry and subsequently implement a feasible road map.</li> <li>c. Introduce innovative products and players to cater for the retirement savings needs of Fiji’s workforce and other voluntary contributors.</li> </ul>

## 4.9 Pillar 9 - Provide affordable risk protection and promote the widespread use of insurance services and products

105. The insurance sector plays a fundamental role in the development of an economy. It provides a safety net for the investments of policyholders and helps in the management of risks through risk transfer. As the economy grows, so do the inherent risks therein. A deep and active insurance market is therefore vital as it contributes positively to economic growth by meeting financial losses, rebuilding businesses and providing confidence for long-term investments in the economy. Insurance penetration in Fiji is relatively low. This is attributed to a number of resonating factors including the lack of appreciation of risk and risk planning.
106. The widespread use of affordable insurance products and services expands the insurance safety net coverage to the populace, increasing risk protection for insured individuals and businesses. It also mitigates risks to lenders offering credit to individuals and businesses. The creation of a vibrant insurance environment encourages financial protection, safeguarding the insured's wellbeing and the growth of businesses.
107. Presently, the insurance regulatory framework is accommodative and robust with many strong elements that ensure a strong risk and compliance framework. This leads to a financially strong industry protecting the insured populace which is strengthened further with strong reinsurance protection.
108. All insurers, whether they are subsidiaries of overseas entities, branch offices or local insurers, maintain fully operational local offices in Fiji. This benefits the development agenda by providing a more flexible decision making framework for product innovation. Over the last decade, the collaboration between the regulator and the industry has been a key strength for the financial sector as a whole.
109. The impediments for further growth in the insurance industry are both supply-side and demand-side challenges. Some of the key supply side barriers pertain to affordability of insurance services and products. There is a lack of qualified staff to address specialised needs of this industry. With Fiji being a small economy with a population of less than a million, the insurable population is too small thus scale becomes an issue due to cost effectiveness. There are other global phenomena such as, climate change and disaster risk management that have an adverse effect on the insurance industry as well.
110. On the other hand, demand side barriers relate to the lack of knowledge and understanding of insurance among Fijians generally and in particular among the low income households. Also, due to lack of disposable income, it is very difficult for individuals and households to meet the regular insurance premium payments.
111. In view of the above, this Pillar recognises the importance of developing the industry to accommodate the needs of the market. With the evolving needs of businesses and customers alike, there is a need to constantly adapt to the changes in the market. These range from innovative distribution channels to a range of products and services for different sections of the population. The policy recommendations to be addressed by relevant parties are presented in the following table.

STRATEGIES	RECOMMENDATIONS
<p>1. Inculcate a culture of risk awareness and planning among households and firms through education and awareness programs to improve the uptake of insurance.</p>	<p>a. All relevant stakeholders to develop and implement awareness programs on the importance of insurance and managing risk associated with economic loss, taking into account risk tolerance levels.</p>
<p>2. Deepen the insurance penetration by providing a broad range of products at competitive and affordable prices.</p>	<p>a. Introduce innovative and affordable products, players through an inclusive insurance carrier and delivery channels to increase the uptake of inclusive insurance.</p> <p>b. Increase and strengthen the capacity of insurers to write risks currently not insured locally.</p> <p>c. Examine alternative risk pooling mechanisms to reduce or eliminate risk for critical sectors that formal insurers do not have capacity to underwrite.</p> <p>d. Encourage collaboration with relevant stakeholders through public-private partnerships to reduce risk and premiums, e.g. enforcement of engineers building code, etc.</p> <p>e. Strengthen the capacity of local underwriters to write non-traditional risks such as political risk, surety bonds, and credit guarantee insurance to protect Fiji businesses that expand or are involved in export.</p>

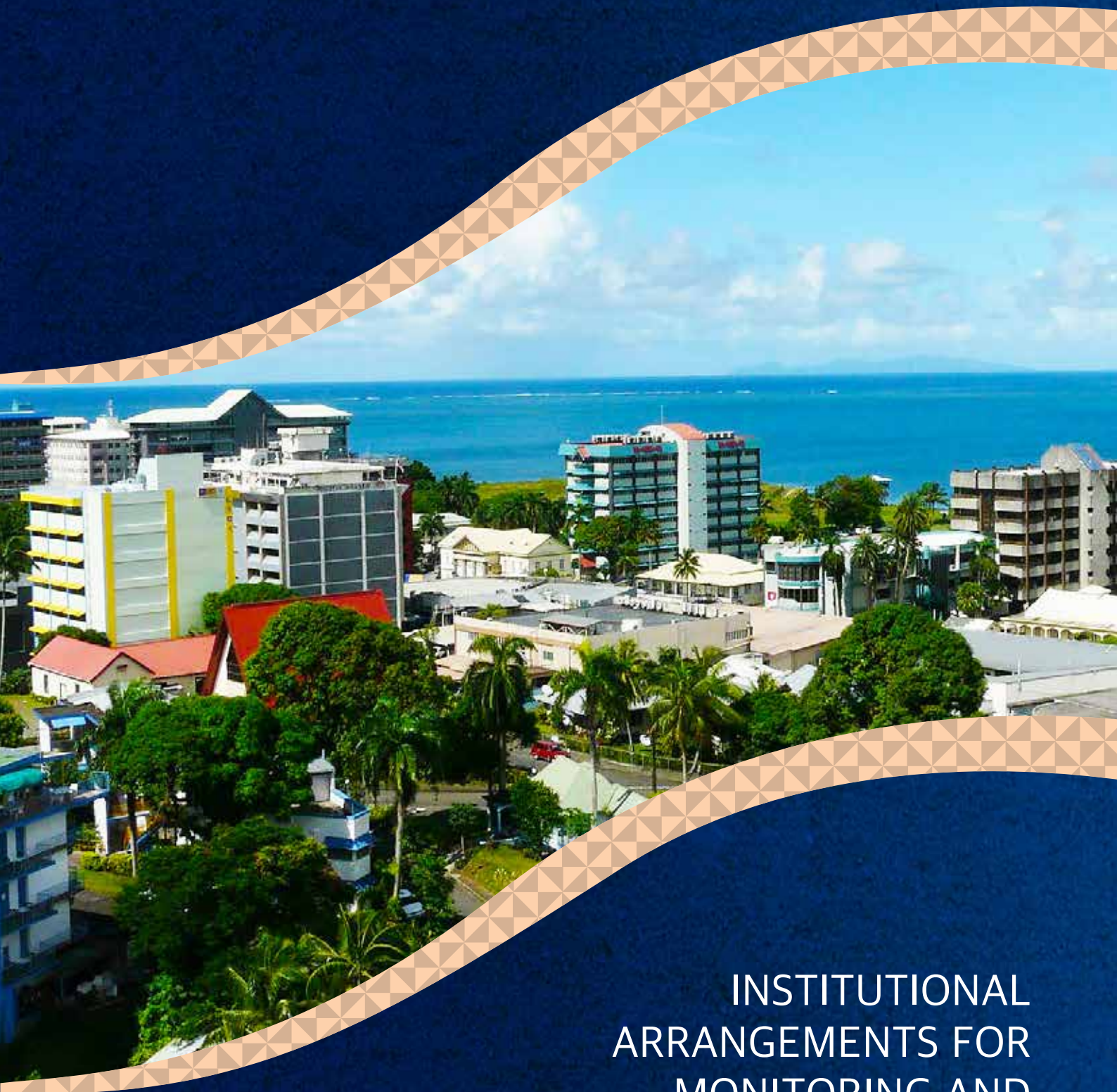
## 4.10 Pillar 10 - Become the preferred capital market centre in the South Pacific

112. A thriving and efficient capital market will contribute to equitable and sustainable economic growth in Fiji. It assists in the creation and expansion of businesses by channelling savings or surplus funds from savers to businesses which require funds for development and growth thus creating employment and increasing wealth. Fiji’s capital market lacks depth and liquidity, both in the primary and secondary markets.
113. Whilst Fiji’s capital market has been able to provide a small range of products to investors and allow local businesses to access capital, there are many issues besetting Fiji’s capital market. These include small retail investor base, limited financial products, illiquid stock market, high transaction costs, lack of awareness of the capital market and inconsistent application of policy by regulatory agencies. There is also a need for financing of large private sector driven projects funded with long-term financing instruments which are usually offered by the capital market.
114. In response to these challenges and the important role that a thriving capital market plays in the financial hub agenda, the Reserve Bank established the Capital Market Advisory and Development Taskforce (CMDT) in 2010 and committed resources towards formulating a development blueprint for the future of Fiji’s capital market - the Capital Market Development Master Plan 2016-2025. The CMDT comprises the Governor of the Reserve Bank as the Chairman, the Permanent Secretary for Economy and capital market experts from public and private sectors.
115. The Master Plan identifies five policy objectives or strategies to bring about major changes in Fiji’s capital market to (i) ensure that our capital market is well positioned to support economic growth and (ii) transform into the “Preferred Capital Market Centre in the South Pacific”.
116. Being the preferred capital market centre means that companies and investors in Fiji and other Pacific island countries will look to Fiji first as a place where they can efficiently raise funds for business development at the lowest cost, be subject to a favourable tax regime and have access to a pool of suitably qualified corporate advisors and investment managers as well as safe and favourable investment opportunities.
117. To address the aforementioned development areas through the identification and implementation of specific action items, the CMDT has established the following Working Groups comprising national policy makers and market practitioners:
- (i) Capital Market Awareness and Capacity Building Working Group;
  - (ii) Capital Market Legislative and Regulatory Environment Working Group; and
  - (iii) Capital Market Industry Development (Products/Players/Infrastructure) Working Group.
118. Accordingly, the policy recommendation to be addressed by relevant parties is presented in the following table.

STRATEGIES	RECOMMENDATIONS
1. Develop and deepen Fiji’s capital market as an alternative source of finance and investment.	a. Implement annual work plans formulated from the recommendations of the Capital Market Development Master Plan (2016-2025).



# SECTION 5



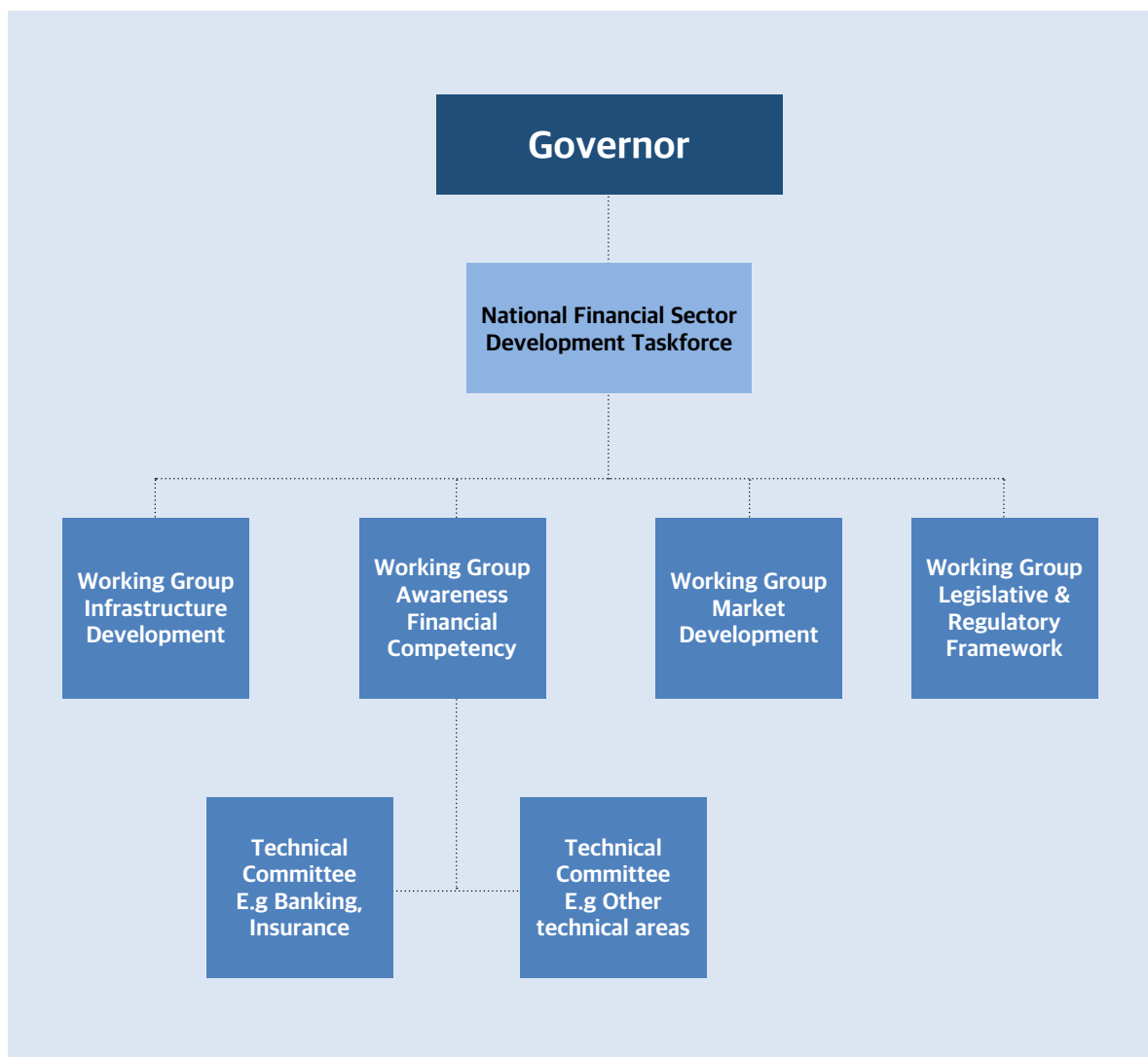
## INSTITUTIONAL ARRANGEMENTS FOR MONITORING AND EVALUATION

## 5.1 National Financial Sector Development Taskforce

119. To facilitate the oversight of the implementation of the FSDP, a Taskforce shall be formed. This Taskforce will include high level representatives of Government, the industry, regulators and identified leaders/professionals to ensure thorough oversight of the implementation is maintained. Key positions such as Governor of the Reserve Bank of Fiji, Permanent Secretary for Economy, Chief Executive Officer of the FPNF and Chairpersons of the Association of Banks in Fiji (ABIF), Insurance Council of Fiji (ICF), Finance Companies Association (FCA), Foreign Exchange Dealers Association (FXDA) shall be members of the Taskforce.

## 5.2 Working Groups and Annual Work Plans

120. To facilitate an effective implementation process Working Groups along with technical committees shall be created when and where needed. Terms of references and annual work plans shall be prepared, implemented and reviewed annually to ensure key performance indicators are achieved or corrective measures undertaken. Representatives on Working Groups should also include appropriate levels of authority in key organisations at Executive Management level to ensure decisive action. Donor representatives, private sector representatives and non-government organisations will also be included.



## 5.3 Secretariat

121. The Reserve Bank of Fiji shall be the Secretariat to the Taskforce to facilitate the smooth oversight and coordination of the framework for the implementing agencies. The secretariat to Working Groups shall be determined by the terms of reference of the respective Working Groups.

## 5.4 Monitoring and Evaluation Framework

### 5.4.1 Development Indicators

122. To determine whether the proposed FSDP is contributing to or has successfully led to the achievement of its intention to assist in “maintaining and building a sound, dynamic and inclusive financial system that enables financial deepening to foster economic growth and development”, it is essential to establish development indicators that will measure progress to enable consistent monitoring of the effect of the FSDP.
123. To this end, the implementation framework of the FSDP shall include the development of indicators to capture the progress achieved. Industry specific development indicators measuring ‘Size/Depth’, ‘Access’, ‘Efficiency’ and ‘Stability’ will be developed to augment the monitoring of the FSDP. The 2025 targets for each indicator shall be developed by the Reserve Bank of Fiji in consultation with relevant industries and to be approved by the Taskforce.

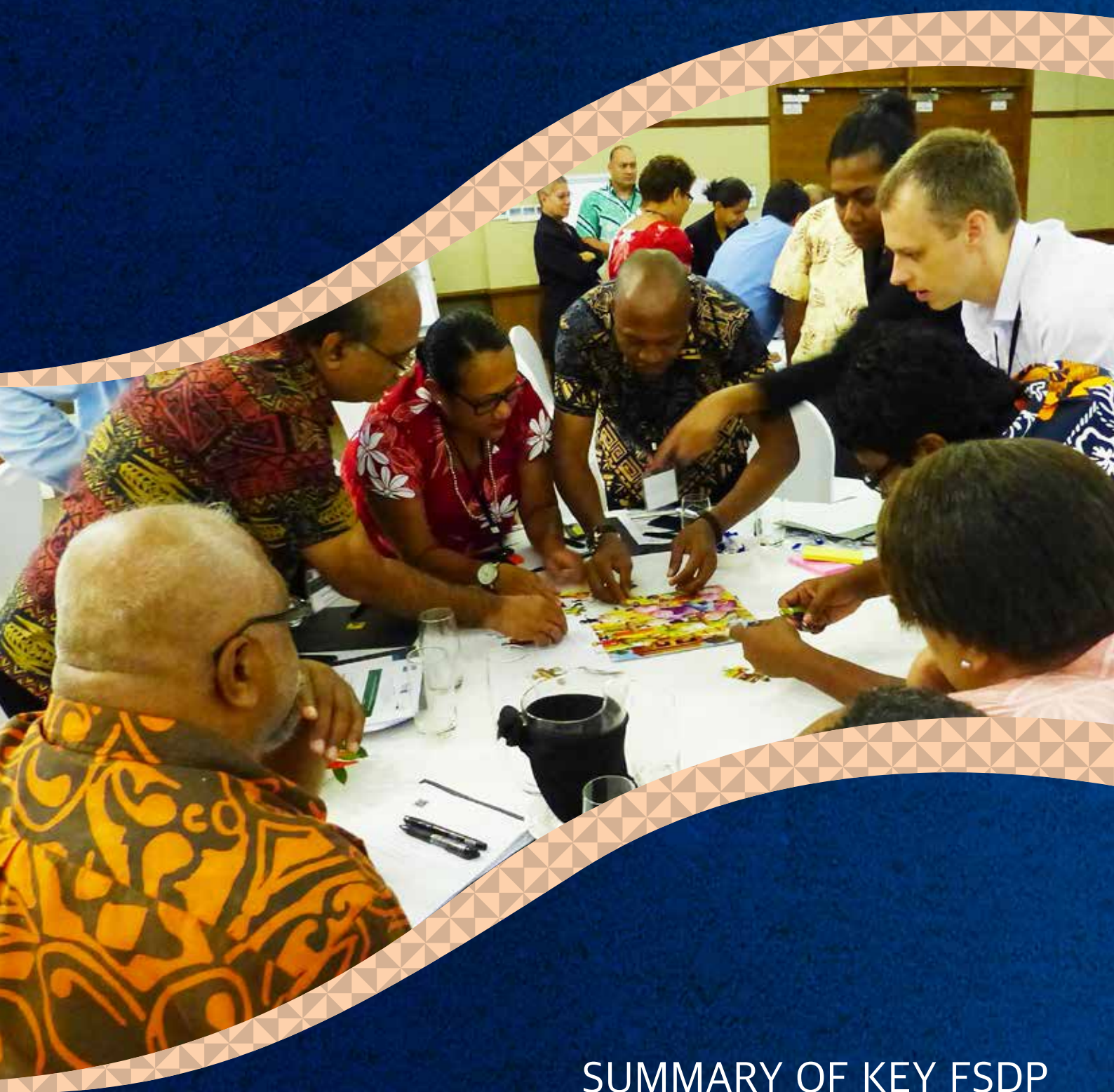
### 5.4.2 Mid-Term Review and Reporting to Government

124. A mid-term review by the Taskforce would be undertaken to gauge implementation progress of the FSDP. The outcome of the review would be reported to the Government through the Ministry of Economy.

### 5.4.3 Other Independent Assessments

125. In addition to the internal monitoring framework under this Plan, periodic independent assessments by other development partners will be requested. These could include the IMF/World Bank Financial Sector Assessment Program, Asian Development Bank (ADB) Development Program Assessment, and others as deemed appropriate by the Taskforce.

## SECTION 6



## SUMMARY OF KEY FSDP RECOMMENDATIONS

## 6.1 Top 25 Recommendations by 2025

KEY PILLAR	RECOMMENDATION	RESPONSIBLE PARTY	TIMELINE (TERM)			
			SHORT (2016-2019)	MEDIUM (2020-2022)	LONG (2023-2025)	
<b>Pillar 1:</b> Establish an enabling and sound legislative and regulatory environment	1. Undertake a diagnostic review of financial system legislative and regulatory framework and implement key recommendations on the preferred framework that will allow for the development of the domestic financial sector.	Technical Committee - Reserve Bank, Office of the Attorney General (OAG), ABIF, FCA, Fiji Revenue and Customs Authority (FRCA), Fiji Commerce Commission (FCC), Consumer Council of Fiji (CCoF), private sector players, development partners	↑	↑		
	2. Review the fiscal and tax regimes to ensure that incentives are made more effective and market distortions are removed to supplement Government's growth policies and encourage growth in the financial sector.	Reserve Bank, Ministry of Economy (MOEC), ABIF, FCA, FRCA, ICF	↑	↑		
	<b>Pillar 2:</b> Enhance the development of talent management and dynamic service providers	3. Raise awareness of financial sector development strategies amongst financial sector stakeholders and align technical knowledge and skills through appropriate training.	Reserve Bank, ABIF, FCA, tertiary institutions	↑	↑	↑
		<b>Pillar 3:</b> Promote the adoption of state of the art technologies for more efficient payment and settlement services (including remittances) to drive financial system efficiency	4. Engage stakeholders to develop and adopt innovative payment systems technologies such as electronic documentation, online registers and databases.	Reserve Bank, ABIF, FCA, MNOs, private sector players, development partners	↑	↑
			5. Increase awareness and encourage the use of convenient and cheaper remittance channels.	Reserve Bank, ABIF, FCA, FXDA, Money Transfer Operators (MTOs), MNOs	↑	↑
			6. Encourage partnership between money transfer operators and financial service providers to develop and introduce remittance-linked financial products and services.	Reserve Bank, ABIF, FCA, MNOs, MTOs	↑	↑
	<b>Pillar 4:</b> Enhance the development and competitiveness of non-bank financial institutions and other financial service institutions	7. Stocktake with relevant stakeholders to map a way forward for the strengthening and development of finance institutions such as the FDB, credit unions, co-operatives, microfinance institutions and NBFIs.	Government, technical committee (Reserve Bank), OFIs	↑	↑	↑

KEY PILLAR	RECOMMENDATION	RESPONSIBLE PARTY	TIMELINE (TERM)		
			SHORT (2016-2019)	MEDIUM (2020-2022)	LONG (2023-2025)
<b>Pillar 5:</b> Promote sustainable financial inclusion and strengthen consumer protection	8. Implement the National Financial Inclusion Strategic Plan 2016-2020 and put in place measurement, monitoring and evaluation processes and procedures. Foster public and private sector collaboration.	Government, Reserve Bank, NFIT	↑		
	9. Review existing consumer protection policies and programs and strengthen effectiveness of the Consumer Protection Framework for Fiji in close collaboration with relevant stakeholders.	Government, Reserve Bank, private sector players, CCoF, FCC	↑	↑	
	10. Review of the Small and Micro Enterprises Development Act 2002 and inhibitions to cost of doing business in Fiji.	Reserve Bank, Ministry of Industry, Trade and Tourism (MITT), ABIF, private sector players, development partners	↑		
	11. Consult with Government to map a way forward for the engagement of stakeholders and formulation of the National Vision, Key Focus Areas for a MSME Development Plan to address: <ul style="list-style-type: none"> <li>• Products and services for MSMEs;</li> <li>• Capacity building and mentorship;</li> <li>• Market access;</li> <li>• Adoption of technology to improve efficiency and the cost/ease of doing business; and</li> <li>• Appropriate governance, monitoring and supporting framework.</li> </ul>	MITT, Reserve Bank		↑	
	12. Enact Secured Transaction legislation and implement Secured Transaction Framework for Fiji.	Reserve Bank, Government, ABIF, private sector players	↑		
<b>Pillar 6:</b> Create a vibrant environment for the development and financing of Micro, Small and Medium Enterprises	13. Provide physical venues at minimum cost for MSMEs to sell products.	MITT, Reserve Bank, NCSMED, development partners			
	14. Provide platforms to enable the marketing of MSME products both domestically and internationally.				
	15. Contribute to the institutional strengthening of the NCSMED or an alternative apex body for MSME Development following the review of the Small and Micro Enterprises Development Act 2002, its governance and operational framework including appropriate funding and resourcing.			↑	

KEY PILLAR	RECOMMENDATION	RESPONSIBLE PARTY	TIMELINE (TERM)		
			SHORT (2016-2019)	MEDIUM (2020-2022)	LONG (2023-2025)
<b>Pillar 7:</b> Enhance the affordability, dynamism, transparency and efficiency of Fiji's banking industry to service domestic and regional clientele	16. Ensure that the banking business environment facilitates competition, supports priority sectors and local ownership, along with affordability in prices, fees and charges to meet the financing needs of retail and corporate customers, including trade finance, value chain finance and green finance.	Working Group Sub-Committee (Reserve Bank), ABIF, FCA, FRCA, FCC, CCoF, OAG, legal fraternity, private sector players	↑	↑	↑
	17. Develop an information sharing framework (through the use of technology and memorandum of understanding) for priority sectors to allow the industry to make informed risk assessments and risk pricing.	Government, Reserve Bank, ABIF, FCA, private sector players	↑	↑	↑
	18. Determine the development of a Roadmap for Sustainable Development Finance in the Fijian Financial Sector.	Government, Reserve Bank, ABIF, development partners	↑	↑	↑
	19. Develop a financial crisis management plan and examine the possibility of a deposit insurance for the protection of depositors' funds.	Government, Reserve Bank, ABIF, FCA	↑	↑	↑
	20. Explore suitable approaches to allow for the participation of other providers and players in Fiji's superannuation industry.	Government, Reserve Bank, FNPF, ICF	↑	↑	↑
<b>Pillar 8:</b> Introduce competition in the superannuation industry and establish a culture of long-term savings	21. Introduce innovative products and players to cater for the retirement savings needs of Fiji's workforce and other voluntary contributors.	Government, Reserve Bank, FNPF	↑	↑	↑
	22. All relevant stakeholders to develop and implement awareness programs on managing risk associated with economic loss, taking into account risk tolerance levels.	Government, Reserve Bank, ICF, private sector players, development partners	↑	↑	↑
	23. Introduce innovative products, players and delivery channels to increase the uptake of insurance services.	Reserve Bank, ICF, private sector players	↑	↑	↑
<b>Pillar 9:</b> Provide affordable risk protection and promote the widespread use of insurance services and products	24. With regards to Disaster Risk Management, examine alternative risk pooling mechanisms to reduce or eliminate risks for critical sectors that formal insurers do not have capacity to underwrite.	Government, Reserve Bank, ICF, development partners	↑	↑	↑
	25. Implement annual work plans formulated from the recommendations of the Capital Market Development Master Plan (2016-2025).	Government, Reserve Bank, SPSE, CMDT, private sector players, capital market players	↑	↑	↑
<b>Pillar 10:</b> Become the preferred capital market centre in the South Pacific			↑	↑	↑

# Acronyms

<b>ABIF</b>	Association of Banks in Fiji
<b>ADB</b>	Asian Development Bank
<b>ATM</b>	Automated Teller Machine
<b>CBUL</b>	Committee for Better Utilisation of Land
<b>CCoF</b>	Consumer Council of Fiji
<b>CMDT</b>	Capital Market Advisory and Development Taskforce
<b>EFTPOS</b>	Electronic Funds Transfer at Point of Sale
<b>FDB</b>	Fiji Development Bank
<b>FCA</b>	Finance Companies Association
<b>FCC</b>	Fiji Commerce Commission
<b>FEA</b>	Fiji Electricity Authority
<b>FIJICLEAR</b>	Reserve Bank of Fiji's RTGS Payment System
<b>FINTECH</b>	Financial Technology
<b>FNPF</b>	Fiji National Provident Fund
<b>FRCA</b>	Fiji Revenue and Customs Authority
<b>FSC</b>	Fiji Sugar Corporation
<b>FSDP</b>	Financial Sector Development Plan
<b>FSPs</b>	Financial Services Providers
<b>FXDA</b>	Foreign Exchange Dealers Association
<b>GDP</b>	Gross Domestic Product
<b>HA</b>	Housing Authority

<b>ICF</b>	Insurance Council of Fiji
<b>IMF</b>	International Monetary Fund
<b>MICR</b>	Magnetic Ink Character Recognition
<b>MITT</b>	Ministry of Industry, Trade and Tourism
<b>MOEc</b>	Ministry of Economy
<b>MNOs</b>	Mobile Network Operators
<b>MSG</b>	Melanesian Spearhead Group
<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>MTOs</b>	Money Transfer Operators
<b>NBFIs</b>	Non-Bank Financial Institutions
<b>NCSMED</b>	National Centre for Small and Micro Enterprises Development
<b>NFIT</b>	National Financial Inclusion Taskforce
<b>OAG</b>	Office of the Attorney General
<b>OFIs</b>	Other Financial Institutions
<b>RTGS</b>	Real Time Gross Settlement
<b>SME</b>	Small and Medium Enterprise
<b>SPSE</b>	South Pacific Stock Exchange
<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
<b>US</b>	United States
<b>USD</b>	US dollar





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