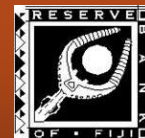


The E-Guardian

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



ISSUE 1/Q1, 2011

Editor's Note

Welcome to our first Issue of the E-Guardian for 2011. In 2010, we were challenged with some of the new initiatives we undertook but we successfully accomplished most of what we set out to do. In the process we also began building good relationships with our stakeholders and partners.

We began the year saying farewell to our Chief Manager, Mr. Filimone Waqabaca, who left the Group for a 3 year secondment at the Ministry of Finance as its Permanent Secretary.

In early March we organised a National Microfinance Workshop that concluded with important key action plans for 2011-13. We also organised a 1 week microfinance exposition around our maritime zone and covered Savusavu, Taveuni, Koro, Levuka and Gau.

Also in March, the RBF approved the University of the South Pacific (USP) Bachelor of Commerce (Finance) programme as a pre-requisite for licensing in the capital markets. We wish USP School of Accounting well in this endeavour and look forward to building on this partnership in other areas of financial systems development.

The Continuing Professional Education (CPE) Policy for the capital markets became effective on 1 January and in March the Fit & Proper Policy and Capital Raising Policies also became effective.

We thank all our partners and stakeholders for helping us make Q1 a success and we look forward to your continued support through 2011.

Vereimí Levula



This Issue

Editors Note	P.1
FSDC Chief appointed PS Finance	P.1
Maritime Microfinance Exposition	P.2
RBF Capital Markets Baseline Study	P.2
Go Green Goes Bush	P.3
News in Brief	P.3
Upcoming Events	P.4
Complaints Statistics	P.4
Contacts	P.4

Congratulations! FSDC Chief appointed PS Finance

Reserve Bank of Fiji Chief Manager Mr. Filimone Waqabaca was appointed Permanent Secretary Finance for three years effective 7 February, 2011.

Mr. Waqabaca graduated with a Bachelor of Arts degree from USP and a Masters of Science in International Banking and Financial Studies from the University of Southampton, UK.

He joined the Reserve Bank as a new graduate technical assistant in 1990 in the Economics Group. He later became Adviser to the Group in 1998.

In 1999, Mr. Waqabaca left the Reserve Bank and joined the Pacific Islands Forum Secretariat as an Economic Policy Adviser.

He rejoined the Reserve Bank in 2003 as Senior Adviser in the Economics Group and in 2004 was appointed Chief Manager of the Economics Group.

In April 2007, Mr. Waqabaca was seconded to the International Monetary Fund for 2 years as Advisor to the Executive Director.

He returned to the Reserve Bank in May 2010 as Chief Manager of the newly created Financial Systems Development & Compliance Group (FSDC); a group set up specifically to take the lead role in promoting and developing innovative and emerging issues many central banks around the world were beginning to focus on. These were issues such as microfinance, e-money and financial inclusion and other development of the financial system initiatives.

In his farewell speech Mr. Waqabaca said:

"I personally believe that God purposed for me to join the Ministry of Finance (MOF) at this hour. His invincible hand has continuously guided me and my family throughout the years. Whilst many have commended my intention to have a stint at the MOF, there are those who remain skeptical about the appointment, saying that I am either brave or foolish. To this I normally reply: I know who holds the future and I know who holds my hand."

Team RBF and the FSDC Group proudly wishes Mr. Waqabaca well in his new appointment.

What's happening in our Capital Markets?

- SPSE market capitalisation as at 31 March - \$775.4m
- Unit Trusts Funds under management as at 31 March - \$111.9m
- Reserve Bank accredited USP Bachelor of Commerce (Finance) programme
- Capital Markets Policy on Fit & Proper Requirements for Licensed Intermediaries & Issuers became effective 1 March
- Capital Markets Policy on Capital Raising through Debt & Equity became effective 1 March.

MARITIME MICROFINANCE EXPOSITIONS



The maritime microfinance group on board the Blue Lagoon's Princess Nanuya prior to departing Suva

The RBF hosted 5 microfinance expositions (Expos) in Savusavu, Taveuni, Koro, Ovalau and Gau from 21-25 March, 2011.



The Expos are part of RBF's ongoing efforts to raise awareness and promote greater financial inclusion in Fiji to improve the lives of rural and unbanked communities.



Major highlights included the bank account opening services provided by the banks and instant TIN registration services offered by the Fiji Revenue & Customs Authority (FRCA). Many appreciated the provision of the TIN registration service because it meant that they did not have to travel all the way

to Suva to register.

At each Expo venue, staff of the RBF conducted presentations to schools and communities on the state of the economy and also undertook some financial literacy sessions. The sessions were well attended in all the venues.



The RBF thanks all the organisations that took up the challenge and made the maritime microfinance expos an experience to remember. We also thank the PS Finance, who accompanied the group, for the support rendered throughout the week.



RBF undertakes Capital Markets Baseline Study into Investor Behaviour & Characteristics

The Capital Markets Unit will undertake a baseline study of investor behavior and characteristics in Fiji's Capital Markets.

The study will evaluate and provide an analysis of investment trends according to gender, ethnicity, age groups and length of investments held in the stock and unit trust markets for the past five consecutive years. Statistical data collected from the study will aid the RBF's capital markets development plans and could assist intermediaries in marketing their products effectively to specific target groups.

The study will begin in May and it is expected that a draft report of the study will be completed in June.



Students at the capital markets booth during the Microfinance Expo in Levuka

RBF Project Manager of Financial Competency Survey project, Fiji

PFIP is currently working with the central banks in Fiji, Samoa and Solomon Islands on a national survey project on the financial competencies of low income households in the 3 countries. The RBF has been appointed the project manager for Fiji, with our FSD Unit responsible for the project implementation and reporting.

This financial competency survey is the first of its kind in the world and is expected to attract a lot of international attention on Financial Inclusion activities in Fiji.

Questions for the survey will be developed by the consultant through focus group discussions in May whilst the actual survey will be undertaken in July. The field survey will be conducted over 14 days by 14 enumerators who have worked with the Fiji Bureau of Statistics (FBOS) on the Household Income and Expenditure Survey for 2008-2009.

RBF Accredits USP Degree in Finance

The RBF has given formal recognition to the USP Bachelor of Commerce (Finance) programme. Graduates of this programme will be eligible to apply for a securities license provided that all the required core curriculum subjects have been completed satisfactorily. They will not be required to undertake the RBF securities licensing examination although they must satisfy all licensing requirements by the RBF in order to qualify for a license.

FIJICLEAR Update

A review of the FIJICLEAR Business Rules was recently completed. The revised Business Rules will come into effect on 1 May, 2011. Major amendments include changes to the operating schedule whereby an additional 30 minutes window is provided for both customer and interbank settlements. Customer payments will close at 4:00pm while interbank at 4:30pm daily. The RBF appreciates the smooth consultation with all commercial banks and anticipates improved FIJICLEAR services due to the extended times.

SPSE considers Rule change to public holding requirement

The SPSE is reviewing its Rules on public holding of listed companies to allow some flexibility for new companies that want to list on its official Board. In particular, very large companies concerned about whether they would be able to achieve the 20% public holding requirement under the current Rules, may be allowed some flexibility for listing purposes.

The changes were sent to all SPSE stakeholders, brokers and partners. A formal submission has been made to the RBF and an outcome is expected soon.



Article supplied by Howard Politini, BSP General Manager Microfinance, Government & Community Relations.

BSP's financial inclusion drive into the rural areas has prompted the practice of the old adage that teaching one to fish is better than just giving someone a fish and feeding them only for a day.

BSP Microfinance's strategy is simple – they use and capitalise on every opportunity they get, whether via invitation or as part of an organised trip by Government or other organisations, to undertake and include fundamental financial literacy sessions whilst promoting their microfinance product. This has meant that in some areas, financial literacy becomes the pre-requisite to the microfinance product. The result is that, although microfinance client statistics may not be as high when compared with other banks, BSP's microfinance clients get a 2-for-1 deal because they receive training on how to manage and save their money together with the finances they need to start their businesses.

For BSP, taking banking to rural areas in this high tech banking age is a stretch, especially considering that most parts of Fiji are yet to fully develop technologically. To address this, BSP is working in the wake of expanding mobile networks to promote financial inclusion of the traditionally unbanked rural dwellers. This is proving to be a welcome complement to the micro economies that exist with the different levels of trade in

agricultural and marine products and other income generating activities for rural dwellers.

As a major stakeholder in the financial services industry, BSP takes very seriously its corporate responsibility of providing services across the whole economic spectrum, despite the inherent risks that come with it. For BSP, having a business conscience with acumen is part of good corporate citizenship.

BSP's significant investment in Fiji since the takeover of the Colonial Group is testament to the bank's commitment to Fiji and to growing their business and reach in the country.

Community Projects

BSP's financial inclusion initiatives have been complemented by the bank's Branch Community Projects initiative launched in 2010. In the project, all BSP branches are each allocated a \$20,000 budget to utilise on community projects in their respective districts.

The projects are in the areas of education, health and sports development, with the poorly resourced education and health sectors attracting the major contributions. Schools took the opportunity to open special bank accounts for students in their desire to strengthen our community relations. While the projects are financed by BSP, the projects offer BSP staff and families some fun team bonding opportunities as well. Thirty five community projects were

Go Green Goes Bush!

We asked BSP about their microfinance programme around Fiji and their "saving first" philosophy.

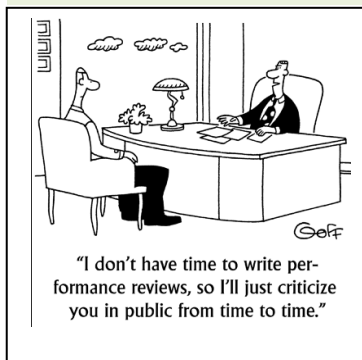
completed in 2010 with the majority of projects undertaken in rural areas. BSP branches around the country will continue to add this to their activities for 2011.

Go Green Campaign

BSP launched another first for the Green Bank with their "Go Green" campaign. The campaign is a demonstration of BSP's commitment to ensuring a cleaner and sustainable environment.

BSP's broad branch network each spearheaded community group activities. Staff took to selected main streets on a Saturday morning in the three main centers and ended with the annual Family Fun Day programme in each center. Making work fun is important for BSP.

BSP also has its own Environmental Officer based in PNG. Rachael James, who was Miss PNG and a contestant in the South Pacific Pageant in 2010, made a special trip to Fiji last year and had a firsthand experience visiting some of BSP's community projects, including the most inland in Namosi.



Contact Details for FSDC Group

Acting Chief Manager

Mr. Vereimi Levula
Tel. (679) 322 3295
Email. vereimi@rbf.gov.fj

Capital Markets Unit

Ms. Wati Seeto (Manager)
Tel. (679) 3223 430
Email. wati@rbf.gov.fj

Financial Systems Development Unit

Mr. Eliki Boletawa
(Manager)
Tel. 322 4313
Email. eliki@rbf.gov.fj

Settlements & Payment Systems Unit

Ms. Frazine Dutta
(Manager)
Tel. 322 3320
Email. frazine@rbf.gov.fj

Financial Systems Compliance Unit

Mr. James
Baledrokadroka
(Acting Manager)
Tel. 322 3439
Email. james@rbf.gov.fj

Postal Address

FSDC Group
Reserve Bank of Fiji
Private Mailbag
Suva, Fiji

Tel. (679) 331 3611
Fax. (679) 330 2094
Email. info@rbf.gov.fj

Upcoming Events

▪ 2 DAYS FINANCE MASTER CLASS FOR NON-FINANCIAL EXECUTIVES & DIRECTORS – 12-13 May

Does your job and position require you to:

- *Understand* the contents and implications of the balance sheets, cash flow and income statements?
- *Speak* the language of your finance colleagues and tell the right stories?
- *Understand* the impact of your decisions on the bottom line of your organisation?
- *Identify* business opportunities and become more commercially aware?

Then you should attend this workshop...

In just 2 days you will learn to:

- ✓ *Understand* the contents, structure and linkage of the balance sheet, income statement and cash flow statements
- ✓ *Analyse* financial statements by using ratios to determine business strengths, weaknesses, opportunities and threats
- ✓ *Use* financial ratios to measure performance of an entity
- ✓ *Appreciate* the importance of cost accounting concepts to strategic decision making
- ✓ *Assess* short, medium and long term financial needs and working capital management
- ✓ *Learn* how to effectively present capital investment proposals
- ✓ *Set* benchmarks and monitor performance measures for the entity

Facilitator: Mesake Nawari – USP Graduate School of Business

Fees: \$500 (includes, course materials, morning tea, lunch & afternoon tea for both days)

Venue: RBF Tower 11

- **ABIF Bank Exposition – 7 May, 2011 - Suva Civic Auditorium**
- **National Financial Inclusion Taskforce Meeting – May (tbc)**
- **RBF Microfinance Exposition- Tailevu/Naitasiri - 24 June**
- **Capital Markets Month – 1-30 June 2011**
- **National Capital Markets Conference – 29-30 June, 2011**
- **Valuation of Unlisted Securities Workshop - 17-18 August**

Industry Type	Status of Complaints by Quarter as at 31 March 2011											
	Q1, 2011			Q4, 2010			Q3, 2010			Q2, 2010		
	Received	Closed	Investigation	Received	Closed	Investigation	Received	Closed	Investigation	Received	Closed	Investigation
Banking	12	7	5	16	14	2	8	7	1	11	10	1
Insurance	6	5	1	5	3	2	6	6	0	5	5	0
Capital Markets	2	2	0	1	0	1	0	0	0	3	3	0
Superannuation	1	1	0	0	0	0	1	1	0	2	2	0
NBFIs	1	1	0	0	0	0	3	3	0	3	3	0
Forex	1	0	1	0	0	0	0	0	0	0	0	0
<u>Total</u>	<u>23</u>	<u>16</u>	<u>7</u>	<u>22</u>	<u>17</u>	<u>5</u>	<u>18</u>	<u>17</u>	<u>1</u>	<u>24</u>	<u>23</u>	<u>1</u>