

# STANDING COMMITTEE ON ECONOMIC AFFAIRS

## CONSOLIDATED REVIEW REPORT OF THE RESERVE BANK OF FIJI 2021 – 2024 ANNUAL REPORTS

### **Appendices**

# ANNEX 1

WRITTEN SUBMISSION

**RESERVE BANK OF FIJI ANNUAL REPORTS: 2021/2022; 2022/2023;**  
**2023/2024**

**A. INTRODUCTION**

1. We wish to thank the Honourable Chair and Honourable Members, for the invitation to make a written submission to the Standing Committee on Economic Affairs, on the Reserve Bank of Fiji's Annual Report for the past three financial years (FY) (2021-2022FY, 2022-2023FY, 2023-24FY).
2. It is well known to the Honourable Chair and members of the Standing Committee that  
the Reserve Bank of Fiji ('RBF'; 'Bank') is mandated under section 56 of the Reserve Bank of Fiji Act 1985 ('Act') to transmit to the Minister within 3 months after the close of each financial year, a copy of its annual audited accounts and a report of its operation during that year, a requirement that the Bank continues to effectively meet.
3. Honourable Chair, given the timing of this submission, we wish to propose that we provide the highlights of the three Reports in this document according to the key mandates that the Bank is responsible for, complimented by some high-level commentary on a comparative analysis of the outcomes highlighted in the three annual reports, and conclude with a more recent outlook on the Fijian economy for the next 12 months. We would however wish to begin, by highlighting the mandates that the RBF has to undertake its important role as Fiji's central bank.

**B. THE RESERVE BANK OF FIJI MANDATES**

4. Honourable Chair, the Reserve Bank of Fiji Act 1985 clearly stipulates the principal purposes of the RBF, and these are to:
  - regulate the issue of currency, and the supply, availability and international exchange of money.
  - promote monetary stability.
  - promote a sound financial structure; and

- foster credit and exchange conditions conducive to the orderly and balanced economic development of the country.

The Act was further amended in 2009 to add two more principal purposes to:

- regulate the insurance industry; and
- regulate the capital markets and the securities industry.

5. Woven into these stated principal purposes are the key mandates that the Bank protects at all times, which are monetary stability and financial stability. These are further translated into the vision and missions of the Bank, always ensuring our alignment to our principal purposes as stated under the Act.
6. All activities of the Bank are planned and undertaken around the principal purposes and key performance indicators are established around the successful meeting of the Organisational vision, missions and strategic priorities.
7. Honourable Chair, the RBF is humbly proud that we can consider ourselves as one of the most accountable statutory institutions in Fiji in terms of the strength of our balance sheet, meeting the obligation of transferring profits to Government, and the timely disclosure of our operations through our annual reports and other publications. This is an important tenet of ensuring and protecting the trust bestowed upon the Bank, by its shareholders, particularly the Government, and members of the public.
8. Let me move on to the highlights of the three annual reports as requested by the Standing Committee. These Reports, Honourable Members, encapsulate years marked by both challenges and opportunities, and they reflect the unwavering commitment of the RBF to uphold its mandates and contribute to the sustainable growth and stability of the Fijian economy.

**C. RESERVE BANK ANNUAL REPORTS HIGHLIGHTS: 2021/2022; 2022/2023; 2023/2024**

9. Honourable Chair, the global environment in which Fiji operates has remained volatile, with central banks worldwide navigating complex trade-offs, tightening policies to contain inflation while safeguarding economic growth and financial stability. Ongoing geopolitical tensions and the lasting effects of the COVID-19 pandemic have further complicated the economic landscape. Fiji, like many other countries in the world, has faced these headwinds with resilience, guided by informed and adaptive policymaking.

In therefore seeking to meet its mandates over the three years, the Reserve Bank continued to ensure:

**(i) Price Stability**

10. Fiji's inflation rate has experienced significant fluctuations over the past five years influenced by both global and domestic factors. Following a period of deflation in 2020 and the first half of 2021,<sup>1</sup> prices picked up to 5.2 percent in July 2022 (average: 3.1%) from -0.4 percent in July 2021. This increase was largely driven by the Russia-Ukraine war, lingering supply-side constraints linked to the COVID-19 pandemic, followed by the re-opening of international borders.
11. In 2023, inflationary pressures stemming from global supply chain disruptions, elevated freight costs and commodity price shocks began to ease. As a result, Fiji's inflation rate fell to 0.3 percent by July 2023 (average: 2.7%). However, inflation rose sharply again in 2024, reaching 6.8 percent in July (average: 4.8%). This uptick was attributed to several domestic and external factors including tax reforms introduced in the 2023-2024 National Budget, the impact of flooding (in late March 2024) on market item prices, El-Nino phenomenon affecting imported food prices, and continued geopolitical tensions disrupting global supply chains.

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<sup>1</sup> Caused by the economic slowdown due to COVID-19.

## **(ii) External Stability<sup>2</sup>**

12. Honourable Chair, as a small and open economy, Fiji is heavily reliant on imports for most of its productive and consumer needs. To therefore allow for funding of international transactions and maintain exchange rate stability, it is essential for Fiji to ensure it has sufficient foreign reserves at all times. A sufficient level of reserves can also contribute to confidence which encourages investment for sustainable growth.
13. Over the past five years, Fiji's foreign reserves have remained at comfortable levels despite global and domestic economic challenges. In July 2022, foreign reserves stood at \$3,596.0 million, covering 6.5 months of retained imports. This was primarily due to government loan drawdowns, which helped offset lower export receipts, particularly from mineral water and sugar. By July 2023, reserves were slightly lower at \$3,555.7 million (5.8 months of import cover), supported by strong inflows from tourism, remittances, and continued Government loans and grants received, which outweighed outflows for imports and profit repatriation.
14. At the end of July 2024, foreign reserves rose slightly to \$3,581.1 million, equivalent to 5.8 months of retained import cover. This increase of \$25.4 million from the previous year was again driven by robust tourism and remittance inflows, along with Government grants and loan drawdowns. These inflows more than compensated for outflows from imports, profit and dividend repatriation, and external debt repayments.

## **(iii) Financial Stability<sup>3</sup>**

15. Honourable Chair, the RBF has been vigilant in its efforts to safeguard the stability of our financial system. The Fijian financial system was able to effectively navigate

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<sup>2</sup> External stability refers to the ability of an economy to service its international liabilities. The IMF refers to external balance as a current account position that can be sustained by capital flows on terms compatible with the growth prospects of the economy without resort to restrictions on trade and payments, so that the level of international reserves is adequate and relatively stable

<sup>3</sup> Financial stability is defined in terms of its ability to facilitate and enhance economic processes, manage risks, and absorb shocks.

the aftermath of the COVID-19 pandemic and continues to be assessed as safe and sound, supported by strong capital positions and effective regulatory safeguards.

16. Total financial system assets grew from \$24.1 billion in July 2021 to \$30.9 billion by July 2024, an overall increase of 26.1 percent. This expansion was driven by all productive sectors supported by improved asset quality, increased lending activity and the return to business-as-usual conditions post-COVID-19.
17. The banking sector, as the biggest industry in the financial system continued to perform strongly, maintaining adequate capital buffers and liquidity. As highlighted earlier to the Standing Committee in March this year, the insurance industry remained resilient and continued to maintain solvency surplus positions and satisfactory earnings. The Fiji National Provident Fund as Fiji's single largest financial institution continued to meet its solvency requirement ensuring the protection of member savings, while the capital markets report consistent growth in market capitalization and funds under management.

**(iv) Payment System Stability**

18. Honourable Members, to promote financial system development, support financial stability, expand financial inclusion and provide secure, affordable and accessible payment services, the RBF, over the last five years had embarked on the reform of Fiji's payments system landscape including the modernization of its real time gross settlement (RTGS) payments infrastructure.
19. Key achievements from this significant project include the enactment of the National Payments System (NPS) Act in 2021 and the NPS Regulations in 2022 to promote digital payments, and the establishment of a regulatory oversight framework for payment services providers. In 2022, an upgraded RTGS system was introduced to enable faster and more secure interbank transactions, along with the launch of the new Central Securities Depository (CSD) automating the administration and storage of all securities issued by the Bank on behalf of Government, Statutory Bodies and other institutions.

20. In November 2023, the NPS Automated Clearing House was launched, allowing instant interbank transactions between commercial banks and in 2024, the Reserve Bank integrated mobile money platforms with the national payment system, establishing a full-circle payments ecosystem connecting bank accounts and mobile wallets enhancing convenience and financial inclusion through digital payments.

**(v) Financial Inclusion**

18. Honourable Chair, it has been just over 10 years that the RBF had taken on the non-traditional central bank mandate of financial inclusion covered under our broad role of financial system development. The review periods as covered by the three annual reports therefore saw the RBF continuing to support the development of the financial sector and made strides in advancing financial inclusion, focusing on our underserved communities and leveraging digital innovation.
21. Key initiatives undertaken in this regard include the launch of the National Financial Inclusion Strategy 2022–2030 in 2022, and the introduction of two RBF administered Micro, Small and Medium-sized Enterprise (MSME)-related initiatives: (i) the \$1.15 million Viti Kart Subsidy Scheme to provide a cost-effective e-commerce platform to MSMEs which was later extended to e-commerce aggregators, and (ii) a revised allocation of the Disaster Rehabilitation and Containment Facility (DRCF) targeted to help MSMEs recover from the impact of the COVID-19 pandemic.
22. The RBF also collaborated with existing and prospective financial service providers to develop digital financial technology (FinTech) solutions (such as the parametric micro insurance product) under its Regulatory Sandbox Guidelines framework. The financial inclusion program - *Noda i Lavo* – is another key achievement of the Bank, a TV programme hosted in the iTaukei language, is currently into its seventh season. This financial inclusion segment, conducted by the RBF and co-sponsored by the United Nations Capital Development Fund (UNCDF), continues to receive strong positive feedback, catalyzing subsequent community-level financial literacy awareness programs.



23. Honourable Members, we are beginning to be confident about our efforts in this area as we see improvements to indicators monitored with a notable 86.4 percent of adults financially included as of 2023, surpassing the short-term target of 86 percent which was set for 2024.

**D. FRAMEWORK IN WHICH RBF MANDATES ARE SET AND PROTECTED**

24. Honourable Chair, in highlighting our achievements in the three reporting periods, it is only right that we also refer to the approved frameworks in place that govern what we do. These are critical in the effective delivery of our outputs, our compliance with statutory requirements and obligations, and ensuring confidence in our central banking role.

**(i) Corporate Governance**

25. The strong leadership of the RBF Board and Executive Management has been vital in steering through recent economic challenges and subsequent ongoing recovery. The Board, as required under the Act, meets at least ten times a year to oversee policy decisions, governance matters, and the Bank's operations. This leadership ensures that strategic priorities are well-aligned with the Bank's core mandates, ensuring governance and cost controls.
26. The Board has two sub-committees focusing on audit and risk matters (BARC), and another on governance issues (BGC). Internal and external auditors undertake their reviews quarterly and annually, respectively with observations and recommendations required to be actioned in set timelines. Overall institutional governance is further maintained by complying to disclosure obligations through regular publication of accountability documents such as monthly financial reports and annual audited accounts.
27. Reports on travel and leave taken by the Governor and members of Executive Management are submitted quarterly to the BGC, which also oversees compliance

declarations and conflict of interest disclosures completed annually by all employees and members of the Board. The Bank's legal function ensures adherence to the internal Code of Conduct and fraud policy including quarterly fraud declarations by all Groups.

28. Honourable Members, by upholding high standards of governance and accountability, the Bank is able to effectively manage risks to its operations and reputation and respond in a timely manner to the ever evolving global and domestic challenges. The Bank strongly believes that the foundation of strong institutional governance and visionary leadership allows for the effective achievement of its mandates and strategic goals.

**(ii) Corporate Strategic Plan**

29. The RBF has continued to establish 5-year strategic plans to document its strategic direction. A well-crafted strategic plan is important in ensuring the Bank continues to effectively meet its mandates, but at the same remain future-ready and fit for purpose.
30. 2024 saw the conclusion of the Bank's 2019–2024 Strategic Plan upon which the RBF undertook a comprehensive review of its vision statement, and strategic themes and priorities. This strategic planning process involved extensive consultations with staff, executive leadership, and external stakeholders to ensure the new plan reflects both internal insights and external expectations.
31. The collaborative strategic planning process in 2024 resulted in the new RBF 2025–2029 Strategic Plan which sets the strategic direction for the next five years, reflecting on a new vision of a *'Progressive and Resilient Central Bank, Trusted by Our People'*, and revised values of: **Teamwork, Respect, Unwavering Focus, Stewardship and Transparency & Integrity.**
32. The new strategic plan is built around three core themes, and nine priority areas as follows:

*Theme 1: **Safeguarding Institutional Resilience:*** (Macroeconomic and Financial Stability and Currency Management; Institutional Governance & Risk Management; Communications & Relationship Management).

*Theme 2: **Promoting Sustainability & Inclusion*** (Sustainable & Resilient Central Bank; Sustainable and Inclusive Financial Sector).

*Theme 3: **Enabling Digital Transformation with Safety*** (IT & Cyber Risk Management; Technology Driven Processes; Innovation with Risk Management)

33. The Bank has already embarked on some key projects in line with the strategic themes and priorities and future annual reports will include relevant updates in this regard.

**(iii) Monetary Policy Setting**

34. Honourable Chair, in delivering on its mandates of maintaining an adequate level of foreign reserves and ensuring price and financial system stability, despite a context of varying unexpected challenges over the past few years, the RBF has maintained an accommodative monetary policy to support economic recovery.
35. Responding to the significant economic impact of the COVID-19 pandemic, the RBF reduced the Overnight Policy Rate (OPR) to a record low of 0.25 percent in 2020 to ease any liquidity constraints and facilitate the necessary credit support required by households and businesses to recover and regain their footing and expand. Thereafter, with its mandates continuously met, the RBF has maintained the OPR at 0.25 percent to date.
36. The Bank continues to utilize a range of tools to deliver effective monetary policy, working with financial institutions and the Government to provide financial support and stimulate demand in the economy. The RBF-administered facilities to provide concessional funding to eligible Fijian businesses to maintain operations and withstand the COVID-19 crisis were expanded and enhancements were made to the

Disaster Rehabilitation and Contained Facility (DRCF) from the beginning of the 2021-2022 FY, which included an additional allocation of \$200 million. The facility also offered a limited and tiered Government credit guarantee subsidy to assist MSMEs.

37. The allocation for the Import Substitution and Export Finance Facility (ISEFF) was also gradually increased to \$500 million from the previous funding of \$300 million, with guidelines amended to enable the tourism sector and travel-related businesses to also access funds under this facility. The RBF also expanded its balance sheet by investing \$300 million worth of government bonds in 2021-22 FY to support fiscal operations and by extension economic activity.
38. The Bank continued to provide concessional funding under the Housing Facility for low-income earners, assisting low-eligible households to purchase or build their first homes. On this note Honourable Members, the Committee's earlier recommendation is noted, and the Bank will work towards ensuring that the funds are fully utilized.
39. Nevertheless, the demand for funds from the Housing Authority and, to a lesser extent, financial institutions determine the facility's utilization. As of 30 April 2025, the outstanding loans under the facility stood at \$89.8 million to 1,301 first homeowners, with \$10.2 million available for further lending. Since its inception, 1,677 homeowners have been assisted with loans totaling \$124.1 million of which \$34.2 million have been settled.
40. As the Fijian economy gradually recovered from the impacts of the COVID-19 pandemic, the RBF has suspended the ISEFF, and ceased lending under the DRCF effective from 01 August 2023, reversing the support measures that were initially implemented to aid the economy during the pandemic. As a result, only five loans totaling \$15.6 million that were approved before the suspension of ISEFF were disbursed in the 2023-2024 FY, and \$1.3 million was disbursed for MSME loans approved before the closure of the DRCF Government Guarantee.

41. Furthermore, the Bank's accommodative monetary policy stance also paved the way for the relaxation of capital controls imposed in April 2020 at the onset of the COVID-19 pandemic. In June 2023, most capital controls and limits were reinstated to pre-pandemic delegations.

**(iv) Profitability and Transfer to Government**

42. Honourable Members, while central banks are not-for profit institutions, it is always preferred that they ensure an appropriate level of financial performance to ensure their independence and ongoing confidence in their role. The financial performance of the RBF has recorded strong and steadily increasing profits over the three reporting periods, underpinned by prudent foreign reserve management, robust investment strategies, and favorable global interest rates.
43. The Bank's net profit increased significantly each year—\$42.0 million in FY2021–22, \$102.2 million in FY2022–23, and a record-high of \$135.5 million in FY2023–24. These gains were driven mainly by increased returns on the Bank's foreign reserves portfolio, which delivered \$86.1 million in income in FY2022–23 and further increased to \$124.7 million in FY2023–24. The portfolio consistently outperformed benchmark rates, reflecting the Bank's effective investment strategy.
44. In accordance with section 34(3) of the Act, total transfers to Government also grew over the three-year period: \$44.4 million in FY2021–22, \$103.4 million in FY2022–23, and \$136.2 million in FY2023–24. These transfers included annual allocations to the General Reserve Account (\$1.0 million each year) and one-fifth of the Revaluation Reserve Account, amounting to \$3.4 million, \$2.1 million, and \$1.7 million, respectively.
45. The Bank's financial performance is very dependent on global developments particularly on interest rates earned through foreign reserves. While a shift in global policies could see challenges in maintaining consistently, high profits in the years to come, the RBF remains committed to protecting the strength of its balance sheet, and in turn its reputation.

**(v) Emerging Areas of Focus**

***Climate Sustainability***

46. The RBF continues to advance its climate-related and sustainability initiatives, recognizing the growing impact of climate change on Fiji's economy. As part of its commitment, the Reserve Bank during the review periods strengthened its capacity and awareness of climate change risk working with the Government's Climate Change Division on better understanding the requirements of the proposed Climate Change Act 2021 for its operations and the financial system it regulates.
47. Enhancing its contribution to reducing carbon footprint for Fiji, the Bank has supported businesses in the renewable energy sector through its ISEFF and introduced accessible climate-related financial products, such as parametric insurance for low-income earners, farmers, and fishers, aimed at enhancing resilience to climate shocks. In 2023, the RBF also played a key role in facilitating the issuance of Fiji's blue bond and has a legacy of climate finance leadership, having been central to the launch of Fiji's sovereign green bond in 2017.
48. Honourable Chair in June 2024, as part of a regional collaboration, the RBF launched the '*Natadola Roadmap to Inclusive Green Finance*' to promote green financial inclusion across vulnerable Pacific Island countries. Earlier, in March 2024, the Bank had endorsed the *Women in Finance (We-Fi) Code* alongside key government ministries and private institutions to enhance support for women-led MSMEs.
49. Within its internal operations, the RBF has also integrated sustainability into its currency operations issuing a \$7 commemorative note celebrating Fiji's Olympic rugby achievements in March 2022 and offset its carbon footprint by contributing \$10,000 to environmental projects under the Ministry of Waterways and Environment. The Bank continues to support climate efforts through energy-saving practices and collaboration with development partners and the private sector on the development of green financial products under its financial inclusion mandate.

### ***Cybersecurity***

50. Honourable Members, cyber risk management remains a top priority of the RBF with cyber-risk amongst the top 5 risks under the Bank's risk radar, which continues to be elevated given the rapid shift to digitalization by the financial sector. In view of its custodian role of the national payments system and regulatory oversight of the Fijian financial system, the Bank takes very seriously its responsibility of ensuring that it remains robustly prepared for any cyber security incident or system-wide crisis.
51. In this regard, the Bank has issued its minimum requirements for the management of cyber security risk to all supervised institutions after extensive consultations over 2023/2024 and at the same time investing heavily in its own information system infrastructure to ensure it is safeguarded to mitigate any potential cyber threat. Collaboration is now ongoing with the Ministry of Defence and the Association of Banks in Fiji on ensuring that the financial sector's preparedness for any system wide cyber threat is in place and will be effective.

### **E. ECONOMIC OUTLOOK**

52. Honourable Chair, before I conclude, please allow me to make a few statements on the current economic conditions and outlook we see in the short to medium term.
53. The Fijian economy has recovered to pre-pandemic levels, noting an estimated growth of 3.8 percent in 2024,<sup>4</sup> following a strong economic rebound of 7.5 percent in 2023 and 19.8 percent in 2022 with the reopening of international borders post-COVID-19 and resumption of tourism. In the near term, including this year, the economy is forecast to return to trend at a broad-based average growth of around 3.0 percent.
54. Economic activity over the years post-COVID-19 has largely been underpinned by the tourism sector and its positive flow-on effects to other related sectors like

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<sup>4</sup> Estimate by the Macroeconomic Committee (November 2024).

transport & storage, accommodation & food services, wholesale & retail sales, financial services, and administration services sectors. We have also noted and welcomed some economic diversification with the expansion of the BPO sector since the pandemic which has contributed to employment and investment in the economy and has the potential to boost the growth of other sectors such as property and real estate.

55. Honourable members, as mentioned at the beginning of this submission, the economic outlook faces downside risks, largely due to potential spillovers from the uncertain global landscape, including ongoing trade disputes and the ever-present threats of climate change and natural disasters. As a result, the Reserve Bank remains committed to safeguarding its mandates by closely monitoring both domestic and international developments and adjusting policy when necessary.

## **F. CONCLUSION**

53. Honourable Chair and Honourable Members, I conclude by highlighting the significant milestone in the RBF history reached in July 2023, when the Bank commemorated 50 years of its existence as Fiji's central bank. This was a momentous occasion which offered an opportunity to reflect on our journey from the early days of the Currency Board to the Central Monetary Authority and to the Reserve Bank of Fiji that we are today. The year-long low-key celebration, which concluded in July 2024, was a tribute to the Bank's achievements, and progress over the 5 decades reaffirming the institution's enduring commitment to the Fijian people and economy.
56. On behalf of the Board, senior management and staff, we extend our gratitude to all key stakeholders, including Government and its various agencies, financial institutions, and development partners for the support rendered to ensure that we effectively meet our mandates, the results of which you could clearly see in the three annual reports submitted.



57. We hope this submission has allowed for a better understanding of the role we play and the purposes we serve as Fiji's central bank and provided you with valuable insights on the operations of the Reserve Bank of Fiji.

I am happy to now take your questions.

Thank you.

**Reserve Bank of Fiji**

**09 June 2025**

# ANNEX 2

RBF Responses to the Findings and  
Recommendations to the  
Consolidated Review Report of the  
Reserve Bank of Fiji 2018/19, 2019/  
20, 2020/2021 Annual Reports.

## **STANDING COMMITTEE ON ECONOMIC AFFAIRS**

### **Consolidated Review Report of the Reserve Bank of Fiji 2018/19, 2019/ 20, 2020/2021 Annual Reports**

#### **RBF Responses to the Findings and Recommendations**

- 1. The Committee is aware that the Reserve Bank of Fiji had introduced a number of policies during the 2019-20 and 2020-21 period to mitigate the economic impacts of Covid-19 and commends the Bank for its proactive measures.**
- 2. The Committee was pleased to note that there was a significant increase in remittances during the 2020-21 Financial Year through the Mobile Money services which saw a substantial increase of 283.5% thus positively contributing towards the economy.**
- 3. The Committee noted that under the Housing Facility for Low Income Earners Scheme, 1,011 households were assisted since its inception. Out of the allocation of \$100m, \$58.6M is outstanding for 1,004 first homeowners whilst \$24.7m is pending drawdown for 302 first homeowners, leaving \$16.7m available for lending. The Committee recommends that funds allocated for this facility should be fully utilized as intended for the review periods.**

*The Committee's recommendation is noted, and the RBF will work towards ensuring that the funds are fully utilized. Nevertheless, the demand for funds from Housing Authority and, to a lesser extent, financial institutions determine the facility's utilization. The lending institution process applications from customers and submit to the RBF for assessment. The RBF assesses the application according to the housing facility guidelines and disburses the funds on the date agreed by the lender.*

*On a positive note, the backlog in processing because of the Covid 19 pandemic has been cleared. As of 30 April 2025, the outstanding loans was \$89.8 million to 1,301 first homeowners, with \$10.2 million available for further lending. Since its inception, 1,677 homeowners have been assisted with loans totaling \$124.1 million of which \$34.2 million have been settled.*

- 4. The Committee recognizes and acknowledges the huge potential of Business Process Outsourcing (BPO) as a key economic sector given the challenges faced by Tourism and the Sugar Industries. The Committee noted the current contributions of BPO with key factors such as Mind pearl and fully supports further development and growth of the BPO sector given its potential for substantial growth of Fiji's GDP.**

*The RBF reiterates the Committee's acknowledgement of the BPO sector's potential in Fiji particularly following the sector's notable growth post COVID-19. In 2023, the RBF met bilaterally with 23 firms involved in the BOP sector with discussions centered around the sector's contributions to the Fiji economy through employment, foreign earnings from varied services provided, and investment. The industry has helped diversify the economy and boost the growth of other sectors such as property and real estate. Given this growing importance, the RBF continues to liaise with BPO companies and relevant stakeholders on an annual basis.*

**5. The Committee noted that RBF had partnered with UNCDF to review the National Financial Inclusion Strategic Plan. The Committee recommends for RBF to continue working with stakeholders such as the UNCDF to further identify other priority areas.**

*The RBF, as the lead agency in financial inclusion in Fiji, works closely with UNCDF and other UN programmes such UNDP, PDEP<sup>5</sup> and UNESCAP (MOA in 2022), Alliance for Financial Inclusion, ADB, and the World Bank etc. for technical and financial assistance towards targeted groups.*

**6. The Committee noted that RBF, through the MSME Technical Working Group, liaised with MCTTT to advance initiatives that support the development of MSME sector. Given the impact of COVID-19 on MSMEs, the Committee recommends for the Working Group to continuously work in collaboration with relevant stakeholders to provide support to affected MSMEs.**

*The membership of the National Financial Inclusion Taskforce (NFIT) 4 Working Groups includes stakeholders working and providing services in any of the relevant priority areas: Inclusive Finance, Digital Financial Services, MSME Finance and Consumer Protection and Market Conduct. Their membership is a concerted effort to consolidate efforts in the various priority areas and to build a coherent framework that allows partners to leverage each other's resources and networks. The NFIT is charged with monitoring the implementation progress of each of the National Financial Inclusion Strategy (NFIS). Fiji has had 3 NFIS to date.*

*Government is also an important stakeholder. The RBF has signed a formal MOU with the Ministry of Rural and Maritime Development and Disaster Management (MRMDDM) and works closely with the Ministry for Women, Children and Social Protection for initiatives related to women's financial inclusion and the Ministry of Trade, Cooperatives, Small and Medium Enterprises for initiatives targeted at access to finance for MSMEs.*

**Update by the Reserve Bank on recommendations under Points 5-6 and encouragement under SDG4 – Quality Education and SDG17 – Partnerships for the Goals.**

*Stakeholder partnerships and collaboration are crucial for effectively addressing the diverse needs of Fiji's financially underserved population. Engaging with stakeholders – including community organizations, development partners, financial institutions, government entities and beneficiaries, provides us with unique insights and perspectives. These partnerships enable the RBF to co-create solutions that are not only innovative but also tailored to the specific challenges faced by various communities particularly the target groups – women, youths, people living with disabilities (PWDs), rural communities and MSMEs. By pooling expertise, funding and tools, the RBF creates a cohesive framework that enhances the overall impact of our initiatives.*

*Over the past year, we have formed the following formal partnerships:*

- **8 April 2025: MOU between RBF and Ministry for Rural and Maritime Development and Disaster Management – RBF to conduct financial literacy in communities where**

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<sup>5</sup> Pacific Digital Economy Programme (PDEP) is a five-year programme with a two-year inception phase that aims to foster inclusive digital economies in the Pacific that support rural communities, women, MSMEs and seasonal workers as they increasingly participate in the online market.

Government is setting up Starlink kits. Below is the list of the pilot locations covered under the MOU.

<u>Central Division</u> <ul style="list-style-type: none"> <li>▪ Dada, Namosi - <b>completed</b></li> </ul>	<u>Eastern Division</u> <ul style="list-style-type: none"> <li>▪ Rotuma - <b>completed</b></li> <li>▪ Koro, Lomaiviti</li> </ul>
<u>Northern Division</u> <ul style="list-style-type: none"> <li>▪ Tukavesi, Cakaudrove</li> <li>▪ Saqani, Cakaudrove</li> <li>▪ Lekutu, Bua</li> <li>▪ Kubulau, Bua</li> </ul>	<u>Western Division</u> <ul style="list-style-type: none"> <li>▪ Nadarivatu, Ba</li> <li>▪ Namarai, Ra - <b>completed</b></li> <li>▪ Keiyasi, Navosa - <b>completed</b></li> </ul>

- **5 December 2024 - MOU between RBF and Good Return** - for designing and implementation of financial capability and consumer awareness and empowerment activities for women through the Good Return CAFÉ<sup>6</sup> curriculum. To date, the RBF has assisted in the translation of the training manual into iTaukei and the first workshop was piloted on 30 women from the Serua province from 19-23 May, 2025.
- **Ongoing MOU between RBF and ANZ Bank** –for provision and usage of the ANZ Money Minded Curriculum and programme.

**7. The Committee noted a significant increase in digital transactions and therefore recommends that the bank continues to strengthen its cybersecurity capabilities with relevant stakeholders such as FFIU.**

*The RBF is strongly committed to maintaining the highest standards of technology, security and innovation. It continues to leverage technology to support the evolving needs of the payments system in the financial sector and the broader economy. As the sponsoring agency for the FFIU, the RBF also ensures the strong capability of the FFIU information system through ongoing support and maintenance.*

*Various initiatives in this regard include:*

- *ongoing contracting of the services of cybersecurity professionals to enhance protection against common and advanced persistent threats. This Managed Security Service Provider delivers complete managed detection and response services that include 24 x 7 x 365 proactive threat detection and incident response, Incident Management, Integrated Cyber Threat Intelligence, User Behavior Analysis and Vulnerability management.*
- *access to cybersecurity advisory, assessment and capability development services to strengthen cybersecurity policies which remains a priority focus for the Bank. This form of outsourcing model ensures savings from significant investments in additional security software, hardware, security analysts, training, and more.*
- *continued simulation tests performed at the Bank's Business Recovery Site (BRS) with a highly resilient network infrastructure enables us to continue providing critical NPS functions through effective disaster preparedness and recovery; and*

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<sup>6</sup> The goal of Good Return's CAFÉ (Consumer Awareness Financial Empowerment) Initiative is to enable low-income households to achieve financial wellbeing. To achieve this, CAFÉ works with local partners to bring people in poverty innovative training and tools that enable them to take control of their financial life.

- *engagement of ethical hackers and international penetration testers annually to conduct independent vulnerability assessment.*

*The Bank has established partnerships with regional organizations, including the Pacific Cybersecurity Operational Network (PaCSON) and the Computer Emergency Response Teams (CERT), to enhance its awareness of emerging threats at both local and international levels. These partnerships support staff education and capacity building in specialized areas such as payment system security controls, incident response and regulatory compliance. Ensuring the security and integrity of digital assets remains a key priority, the Bank will continue to invest in strong cybersecurity measures to protect sensitive financial data and the payment system against evolving cyber threats.*

*The Ministry of Home Affairs and Immigration has been working towards drafting the National Critical Infrastructure Cybersecurity Framework and Incident Response and Recovery Communications Plan for Fiji, with the technical assistance of USAID, to protect Fiji's 'Critical Infrastructure' from cyber threats. Under the draft National Critical Infrastructure Cybersecurity Incident Response Framework for Fiji, 'Critical Infrastructure' refers to physical assets, systems and networks that are vital to the functioning of a nation. In this regard, 'Financial Services' has been included as a critical infrastructure hence the Reserve Bank and commercial banks inclusion in the review process of the draft framework. The RBF and representatives from the commercial banks have reviewed the initial drafts of this framework and continue to collaborate with the Ministry to finalise the framework.*

**STANDING COMMITTEE ON ECONOMIC AFFAIRS Consolidated Review Report:**  
[Consolidated-Review-Report-of-the-Reserve-Bank-of-Fiji-2018-2021-Annual-Reports-2.pdf](#)

# **ANNEX 3**

## **Annual Reports Summary**





## Annual Report Summary – Standing Committee on Economic Affairs

### Reserve Bank of Fiji (RBF) 2021 - 2024 Annual Report Summary

#### 1.0 Introduction

This brief is provided to the Standing Committee on Economic Affairs (“SC-EA” or “Committee”) as requested through its secretariat. This comparative analysis is a summary of some of the key issues in the Reserve Bank of Fiji (RBF) Annual Report (“AR”) for financial years Aug 2021-Jul 2022, Aug 2022-Jul 2023, and Aug 2023-Jul 2024. The summary is designed to assist Honourable Members of Committee undertake their comparisons and related analysis of the organisation’s performance as discussed in the ARs. The narrative provided here is only intended to assist the Committee with its appraisal of the reports and does not aim to provide in-depth oversight on the RBF’s performance.

#### 2.0 Review of Reserve Bank of Fiji (RBF) Annual Reports

Activities	RBF 2021-2024 AR <sup>1</sup> Summary
<b>Background</b>	The Reserve Bank is Fiji’s central bank. Their objectives as are to protect the value of currency in the interest of balanced and sustainable economic growth, formulate monetary policy, promote price stability and issue currency.
<b>Acts in place</b>	The Reserve Bank of Fiji (RBF) is the central bank of the Republic of Fiji established in 1984 through an Act of Parliament - the <u>RBF Act (1983)</u> .
<b>Vision</b>	Leading Fiji to Economic Success
<b>Mission</b>	<ul style="list-style-type: none"><li>• Conduct monetary policy to foster sustainable and inclusive economic growth</li><li>• Promote an internationally reputable financial system</li><li>• Play an influential role in the development of the economy</li><li>• Provide proactive and sound advice to Government</li><li>• Disseminate timely and quality information to stakeholders</li><li>• Enhance operational efficiency through innovation and risk management</li><li>• Develop, empower and retain a professional team</li></ul>
<b>The principal purposes of the RBF</b>	<ul style="list-style-type: none"><li>• To regulate the issue of currency and the supply, availability and international exchange of money to promote monetary stability</li><li>• To promote a sound financial structure</li><li>• To foster credit and exchange conditions conducive to the orderly and balanced economic development of the country</li><li>• To regulate the insurance industry</li><li>• To regulate the capital markets and the securities industry</li></ul>
<b>2024-2029 Strategic Plan</b>	<p>Work on the <b>2024-2029 Strategic Plan</b> began in August 2023, with the Leadership Team reviewing the importance of strategic planning. A bottom-up approach was adopted, involving senior staff and management in assessing the Bank’s performance under the current plan and identifying future priorities. This process included a PESTLE analysis and discussions on key strategic priorities and thematic areas for the next five years.</p> <p>An <b>employee engagement survey</b> was conducted from December 2023 to February 2024 to gather feedback from the wider RBF community, identifying successes and areas for improvement. To align with stakeholder expectations, consultations included feedback from key stakeholders and former board members, supported by a stakeholder feedback survey in February. The finalized 2024-2029 Strategic Plan</p>

<sup>1</sup> AR – Annual Reports Summary





focuses on three key thematic areas and nine priority areas as shown in the table below:

Table 1: The 2024-2029 Strategic Plan

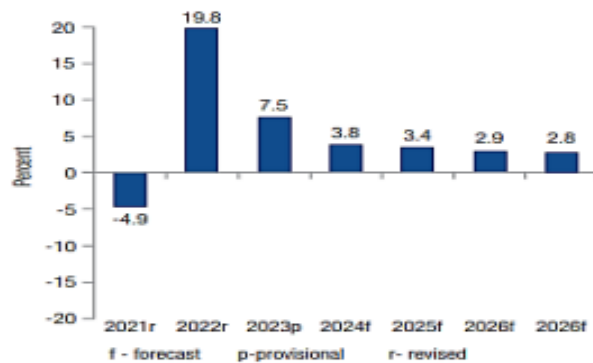
Theme	Priorities
Safeguarding our Institutional Resilience	Macroeconomic Stability, Financial Stability & Currency Management
	Institutional Governance & Risk Management
	Communications & Relationship Management
	People & Culture
Promoting Sustainability & Inclusion	Sustainable & Resilient Central Bank
	Sustainable & Inclusive Financial Sector
Enabling Digital Transformation with Safety	IT & Cyber Risk Management
	Technology Driven Processes
	Innovation with Risk Management

Source: Reserve Bank of Fiji Aug 2023-Jul 2024 Annual Report, Page 14

#### Key Economic Indicators – Highlights

##### Fiji's GDP Growth Rates

Figure 1: Fiji's GDP Growth Rates

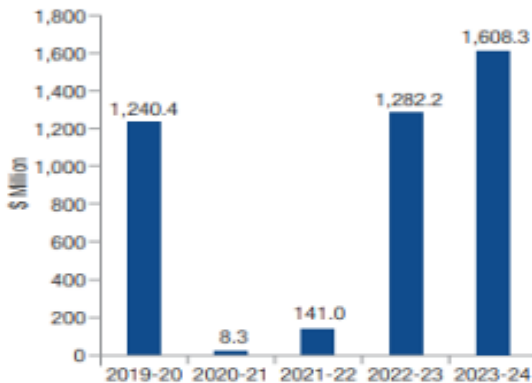


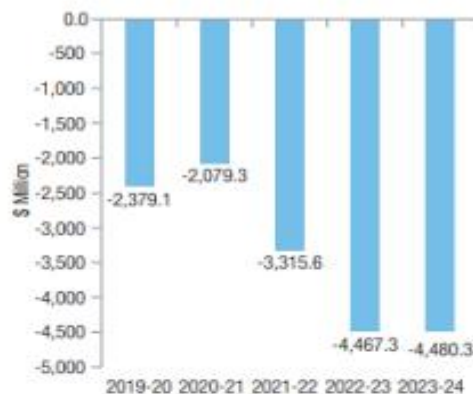
Source: Fiji Bureau of Statistics and Macroeconomic Committee

##### Analysis

- 2021(Revised):** The economy contracted by **-4.9%**, indicating a decline, likely due to the lingering effects of the COVID-19 pandemic.
- 2022 (Revised):** The economy rebounded significantly, growing by **19.8%**, suggesting a strong post-pandemic recovery.
- 2023 (Provisional):** Growth moderated to **7.5%**, signaling a slowdown as the economy stabilized.
- 2024-2026 (Forecasted):**
  - 2024f:** Projected growth of **3.8%**, economic growth is expected to be driven by the finance, transportation, public administration, accommodation, information and communication, agriculture, manufacturing, wholesale and retail, real estate, administration, mining, and professional services sectors.
  - 2025f:** Growth is expected to further ease to **3.4%**.
  - 2026f:** Forecasts show a gradual decline to **2.9%** in 2026 and **2.8%** thereafter.



Visitor Arrivals	Table 2: <u>Visitor Arrivals</u>			
		Aug 2021-Jul 2022	Aug 2022-Jul 2023	Aug 2023-Jul 2024
	No. of visitor arrivals	309,567	863,480	963,892
	Source: Reserve Bank of Fiji Jul 2021-Aug 2024 Annual Report			
	<p>The tourism sector outperformed expectations with <b>963,892</b> visitor arrivals in the 2023- 24 FY compared to <b>863,480</b> in the previous FY. The <b>11.6 percent increase</b> in visitors was largely driven by higher arrivals from NZ (9.5%, 2.3pp), Australia (4.3%, 2.1pp), China (95.7%, 1.8pp), the US (15.8%, 1.7pp), Pacific Islands (22.5%, 1.2pp), Continental Europe (29.9%, 0.7pp), Japan (153%, 0.7pp), and the Rest of Asia (18.7%, 0.3pp).</p> <p><u>Note:</u> For further statistics and trends for visitor arrivals and departures click here: <a href="#">Tourism and Migration - Fiji Bureau of Statistics</a></p>			
Tourism Earnings	<p>Figure 2: <u>Tourism Earnings</u></p>  <p>Source: Reserve Bank of Fiji Aug 2023-Jul 2024 Annual Report, Page 20</p> <p>From August 2023 to June 2024, tourism earnings totaled <b>\$2,254.4 million</b>, reflecting a <b>6.8%</b> annual increase compared to the same period in the previous fiscal year (Figure 2). Majority of these earnings came from key source markets, including Australia, New Zealand, the United States, Pacific Island countries, China, and Europe.</p>			
Trade Deficit	Figure 3: <u>Trade Deficit</u>			

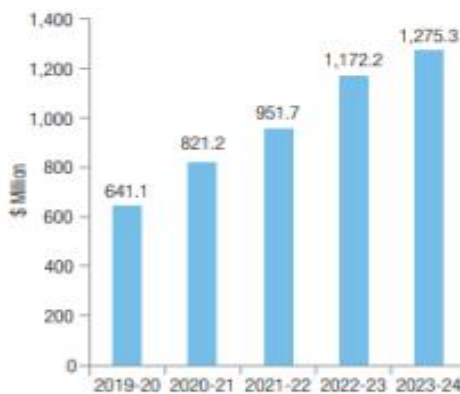


Source: [Fiji Bureau of Statistics](#)

The merchandise trade deficit widened by **0.3%** to **\$4,480.3 million** (34.5% of GDP) in the 2023-2024 fiscal year, up from **\$4,467.3 million** (38.2% of GDP) in the previous fiscal year. This increase was driven by import growth outpacing export growth (Figure 3). Imports rose by **0.2%** to **\$6,980.4 million** (53.7% of GDP), primarily due to higher payments for machinery and transport equipment, food and live animals, beverages and tobacco, and miscellaneous manufactured goods. Meanwhile, total exports fell in the same period (-0.1% to \$2,500.1m; 19.2% of GDP), owing to a contraction in mineral fuel re-exports and domestic exports of food & live animals, and beverages & tobacco.

#### Inward Personal Remittance

Figure 4: Inward Personal Remittance



Source: [Fiji Bureau of Statistics](#)

In the 2023-24 fiscal year, inward personal remittances grew by **8.8%**, reaching **\$1,275.3 million**, following a **23.2%** increase in the previous year (Figure 4). Among remittance components, personal transfers increased, while employee compensation declined. Regarding transfer channels, inflows via mobile money operators surged by **36.4%**, while other channels saw declines, reinforcing mobile money as the dominant method for receiving remittances, with a **43.6%** market share.

#### Monetary Policy Formulation



<b>Chronology Monetary Policy Actions</b>	<p>During the 2023-24 fiscal year, the Reserve Bank of Fiji (RBF) kept its Overnight Policy Rate (OPR) at <b>0.25%</b> to aid the country's economic recovery from COVID-19. As the economy improved, the RBF suspended the Import Substitution and Export Finance Facility (ISEFF) and stopped lending under the Disaster Rehabilitation and Containment Facility (DRCF) from August 2023. This resulted in only five loans totalling <b>\$15.6 million</b> being disbursed from ISEFF and <b>\$1.3 million</b> in MSME loans.</p> <p>In November 2023, the RBF published the "Financial Stability Review for 2023," evaluating global and domestic market impacts on Fiji's financial stability. The second phase of the National Payment System's Automated Clearing House (ACH) component was launched to facilitate instant interbank transactions, enhancing efficiency in financial and real sectors. Furthermore, in June, the RBF announced plans to relax exchange controls further starting August 2024, to streamline foreign exchange payments and support economic activity.</p>
<b>Monetary Policy Outcomes</b>	<p>In July 2024, annual headline inflation rose to <b>6.8%</b>, significantly higher than the <b>0.3%</b> recorded in July 2023. This increase was driven by higher prices in food, non-alcoholic beverages, alcoholic beverages, tobacco, transport, housing utilities, restaurants, hotels, and health categories. Tax hikes introduced in the 2023-2024 national budget also contributed to inflation. The food and non-alcoholic beverages sector saw the most significant price hikes, impacted by factors such as flooding, the El-Nino phenomenon, and geopolitical tensions affecting supply chains. Although the effects of VAT and tax hikes are expected to ease later in 2024, price stickiness and new budget policies, like wage increases and excise duties, may cause prices to decline gradually.</p> <p>As of July 2024, Fiji's foreign reserves stood at <b>\$3,581.1 million</b>, covering 5.8 months of retained imports. The <b>\$25.4 million</b> increase from July 2023 was fueled by strong tourism and remittance inflows, along with government loans and grants, which offset outflows related to imports, profit repatriation, and external debt repayments.</p>
<b>Summary of Commercial Banking Industry</b>	
<b>Table 3: Summary of Commercial Banks' Profitability (\$M)</b>	





	2021 <sup>1</sup>	2022 <sup>1</sup>	Jun 2023 <sup>r2</sup>	2023 <sup>1</sup>	Jun 2024 <sup>p2</sup>
Interest Income	440.4	415.5	218.2	441.9	229.1
Interest Expense	102.9	65.4	25.6	53.4	34.6
<b>Net Interest Income</b>	<b>337.5</b>	<b>350.1</b>	<b>192.6</b>	<b>388.5</b>	<b>194.4</b>
Add: Non Interest Income	161.2	208.5	117.3	257.3	133.1
Income from Overseas Exchange Transactions	54.3	80.2	49.5	108.6	58.0
Commission	14.4	13.2	9.6	15.9	7.0
Fee Charges	56.4	79.3	38.6	82.9	44.6
Other Income	36.1	35.8	19.7	49.8	23.5
<b>Total Operating Income</b>	<b>498.8</b>	<b>558.6</b>	<b>310.0</b>	<b>645.8</b>	<b>327.5</b>
Less: Operating Expenses	267.4	264.5	137.6	295.3	158.8
Less: Bad Debts and Provisions	54.9	-10.8	2.8	-19.6	-5.8
<b>Profit Before-Tax and Extraordinary Items</b>	<b>176.5</b>	<b>304.9</b>	<b>169.5</b>	<b>370.1</b>	<b>174.5</b>
Less: Tax	36.2	57.8	33.2	78.8	41.3
<b>Net Profit After-Tax</b>	<b>140.3</b>	<b>247.1</b>	<b>136.4</b>	<b>291.2</b>	<b>133.2</b>
Add/Less: Extraordinary Items	0	0	0	0	0
<b>Net Profit After-Tax and Extraordinary Items</b>	<b>140.3</b>	<b>247.1</b>	<b>136.4</b>	<b>291.2</b>	<b>133.2</b>
<b>Average Assets</b>	<b>10,824.7</b>	<b>12,368.7</b>	<b>13,213.6</b>	<b>13,453.8</b>	<b>14,047.3</b>
After-Tax Return on Equity (%)	9.5	15.9	16.7	17.8	15.9
Efficiency (%)	53.6	47.4	44.4	45.7	48.5
Yield on Earning Assets (%)	4.6	3.8	1.9	3.7	1.8
Cost of Funding Liabilities (%)	1.1	0.6	0.2	0.5	0.3
<sup>1</sup> Calendar year profits for all commercial banks.					
<sup>2</sup> 6 months of profits for all commercial banks.					
r – revised					
p – provisional					

Source: [Reserve Bank of Fiji Aug 2023-Jul 2024 Annual Report, Page 31](#)

In the first 6 months of 2024, commercial banks recorded a pre-tax profit of \$174.5 million, an increase from \$169.5 million in the same period of 2023. This growth was primarily driven by higher net interest and non-interest income, alongside improvements in bad debts and provisions. The efficiency ratio rose to 48.5%, reflecting a 15.4% increase in operating expenses, which outpaced the 5.7% growth in operating income. Meanwhile, the return on assets remained stable at 2.5%.

The interest rate spread narrowed slightly from 3.3% to 3.1%, attributed to a higher cost of funding liabilities amid a decline in the yield on earning assets. As of June 30, 2024, commercial banks' liquid assets contracted by 10.5% year-over-year, reaching \$3.7 billion. The composition of these assets remained concentrated in exchange settlement account balances (52.5%), followed by bank deposits and at-call funds (23.0%), investments (18.9%), and cash holdings (5.6%).

#### Summary of Credit Institutions

Table 4: Summary of Credit Institutions' Profitability (\$M)



	2021 <sup>1</sup>	2022 <sup>1</sup>	Jun 2023 <sup>r</sup>	2023 <sup>1</sup>	Jun 2024 <sup>p</sup>
Interest Income	87.2	81.4	39.3	82.1	45.1
Interest Expense	23.4	16.7	7.5	14.5	6.1
<b>Net Interest Income</b>	<b>63.8</b>	<b>64.7</b>	<b>31.8</b>	<b>67.6</b>	<b>39.0</b>
Add: Non Interest Income	4.8	5.5	8.5	12.9	3.6
Commission	0.2	0.3	0.3	0.5	0.2
Fee Charges	2.7	3.9	1.1	2.7	1.9
Other Income	1.8	1.4	7.1	9.6	1.5
<b>Total Operating Income</b>	<b>68.6</b>	<b>70.2</b>	<b>40.3</b>	<b>80.5</b>	<b>42.6</b>
Less: Operating Expenses	26.7	32.3	16.7	34.3	19.7
Less: Bad debts and Provisions	24.2	0.8	0.9	4.4	6.3
<b>Profit Before-Tax</b>	<b>17.7</b>	<b>37.1</b>	<b>22.8</b>	<b>41.7</b>	<b>16.6</b>
Less: Tax	3.4	7.2	3.1	6.3	3.7
<b>Net Profit After-Tax</b>	<b>14.3</b>	<b>30.0</b>	<b>19.7</b>	<b>35.4</b>	<b>12.9</b>
Earning Assets	642.4	616.1	639.7	655.2	686.1
Cost of Funds	487.7	456.8	471.4	486.8	522.2
<b>Average Assets</b>	<b>734.0</b>	<b>673.7</b>	<b>678.7</b>	<b>692.8</b>	<b>724.8</b>
After-Tax Return on Equity (%)	10.0	20.1	26.9	23.7	15.8
Before Tax Return on Assets (%)	2.4	5.5	6.7	6.0	4.6
Efficiency (%)	38.9	46.0	41.4	42.7	46.2
Yield on Earning Assets (%)	12.8	13.0	6.3	12.9	6.8
Cost of Funding Liabilities (%)	4.4	3.6	1.6	3.1	1.2

<sup>1</sup> Calendar year profits for all credit institutions.

<sup>2</sup> 6 months of profits for all credit institutions.

r – revised

p – provisional

Source: Reserve Bank of Fiji Aug 2023-Jul 2024 Annual Report, Page 32

The credit institutions industry demonstrated satisfactory performance in capital, earnings, and liquidity, though asset quality remained weak. As of June 30, 2024, the industry's capital adequacy ratio stood at 25.7%, well above the 15.0% minimum requirement.

Total assets grew by 4.3% year-over-year to \$777.6 million, primarily driven by a \$58.5 million increase in loans and advances, which reached \$561.9 million. This growth was mainly attributed to lending in the private individuals, professional and business services, and wholesale, retail, hotels, and restaurants sectors. Meanwhile, balances due from banks declined by 21.3% to \$130.8 million, making up 16.8% of total assets. Deposits rose by 7.1% to \$447.2 million, with the majority held by private individuals (35.4%), private sector business entities (27.5%), and non-bank financial institutions (18.1%).

Asset quality showed some improvement, with past-due loans decreasing by 11.1% to \$87.7 million and classified exposures declining by 26.4% to \$58.3 million. Specific provisions dropped by 31.7% to \$21.1 million, covering 36.2% of problem loans. The general reserve for credit losses stood at 2.4% of net loans.



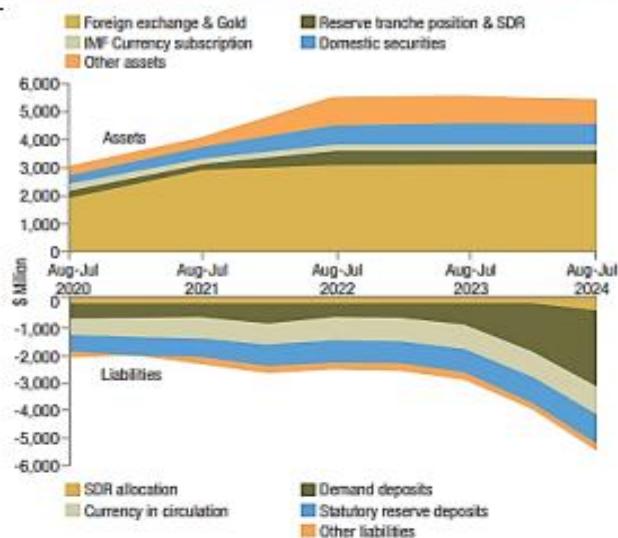


	<p>Return on assets fell from 6.7% to 4.6%, reflecting a \$6.8 million decline in net profit after tax and a \$46.1 million increase in average assets. The efficiency ratio stood at 46.2%. Liquidity declined, with liquid assets dropping by 19.8% to \$144.9 million, primarily due to reduced balances due from banks, representing 18.6% of total assets.</p>
<b>Financial Facilities at the Reserve Bank of Fiji (RBF) – FY 2023-2024</b>	
	<p>During the 2023-2024 financial year, the RBF discontinued lending under the <b>Disaster Rehabilitation and Containment Facility (DRCF)</b> and suspended the <b>Import Substitution and Export Finance Facility (ISEFF)</b> as part of its efforts to phase out COVID-19 recovery measures. However, the <b>Housing Facility</b> and the <b>Micro, Small, and Medium Enterprises Credit Guarantee Scheme (MSMECGS)</b> remained operational.</p> <p><b><u>Import Substitution and Export Finance Facility (ISEFF)</u></b></p> <p>Although the ISEFF remained suspended, five pre-approved loans totalling \$15.6 million were disbursed. Outstanding loans under the facility declined significantly to \$369.6 million by July 2024, compared to \$480.2 million in the previous year. The <b>manufacturing sector</b> led loan uptake, followed by <b>tourism, wholesale and distribution, agriculture, public transportation, timber, and renewable energy</b>. Since its inception, ISEFF has supported <b>315 businesses</b> with a total disbursement of <b>\$747.1 million</b>.</p> <p><b><u>Disaster Rehabilitation and Containment Facility (DRCF)</u></b></p> <p>With the closure of the facility, no new loan disbursements were made. By July 31, 2024, <b>73 businesses</b> had outstanding loans totalling <b>\$274.4 million</b>, down from <b>\$345.2 million for 88 businesses</b> in the previous year.</p> <p><b><u>DRCF Government-Guaranteed Loans</u></b></p> <p>Launched in August 2021 with a <b>\$200 million allocation</b>, this facility aimed to assist <b>MSMEs</b>. A total of <b>5,784 businesses</b> received loans worth <b>\$126.5 million</b>. Government interest subsidies for the first two years will continue until 2026. In FY 2023-24, <b>\$1.3 million</b> was disbursed for MSME loans approved before the facility's closure. As of July 31, 2024, <b>\$113.5 million</b> remained outstanding across <b>5,380 businesses</b>, with:</p> <ul style="list-style-type: none"> <li>• <b>46% (2,493) micro-businesses,</b></li> <li>• <b>32% (1,719) small businesses,</b></li> <li>• <b>13% (705) medium-sized businesses, and</b></li> <li>• <b>9% (463) large businesses</b> receiving loans through licensed credit institutions, commercial banks, and the Fiji Development Bank (FDB).</li> </ul> <p><b><u>Micro, Small, and Medium Enterprises Credit Guarantee Scheme (MSMECGS)</u></b></p> <p>Managed by the RBF, this scheme facilitates <b>MSME credit access</b> by sharing loan risks with commercial banks, licensed credit institutions, and the FDB. As of June 2024, <b>324 loans worth \$6.87 million</b> were registered under MSMECGS. Additionally, <b>12 new claims valued at \$0.13 million</b> were processed, bringing total claims under the scheme to <b>\$0.62 million</b> out of a <b>\$9.0 million allocation</b>.</p>
<b>Financial Performance</b>	



Income	<p>Table 5: <u>RBF Foreign and Domestic Income</u></p> <table><tr><th></th><th>Aug 2020-Jul 2021</th><th>Aug 2021-Jul 2022</th><th>Aug 2022-Jul 2023</th><th>Aug 2023-Jul 2024</th></tr><tr><td>Foreign Interest Income</td><td>19.6</td><td>19.9</td><td>97.9</td><td>141.4</td></tr><tr><td>Domestic Interest Income</td><td>30.1</td><td>39.6</td><td>43.0</td><td>42.8</td></tr><tr><td>Other Income</td><td>9.1</td><td>11.4</td><td>6.3</td><td>5.1</td></tr><tr><td>Total</td><td>58.8</td><td>70.9</td><td>147.2</td><td>189.3</td></tr></table> <p>Source: <a href="#">Reserve Bank of Fiji Aug 2023-Jul 2024 Annual Report, Page 52</a></p> <p>The Reserve Bank’s total revenue is primarily derived from interest earnings on foreign currency investments and domestic securities. For the financial year ending July 31, 2024, total income reached <b>\$189.3 million</b>, driven by strong interest returns on foreign reserves and domestic interest income (Table 5).</p>		Aug 2020-Jul 2021	Aug 2021-Jul 2022	Aug 2022-Jul 2023	Aug 2023-Jul 2024	Foreign Interest Income	19.6	19.9	97.9	141.4	Domestic Interest Income	30.1	39.6	43.0	42.8	Other Income	9.1	11.4	6.3	5.1	Total	58.8	70.9	147.2	189.3
	Aug 2020-Jul 2021	Aug 2021-Jul 2022	Aug 2022-Jul 2023	Aug 2023-Jul 2024																						
Foreign Interest Income	19.6	19.9	97.9	141.4																						
Domestic Interest Income	30.1	39.6	43.0	42.8																						
Other Income	9.1	11.4	6.3	5.1																						
Total	58.8	70.9	147.2	189.3																						
Expenditure	<p>Figure 5: <u>Total Income Vs Total Expenditure</u></p> <table><caption>Data for Figure 5: Total Income Vs Total Expenditure (\$ Million)</caption><tr><th>Period</th><th>Income</th><th>Expenditure</th></tr><tr><td>Aug-Jul 2020</td><td>58.8</td><td>25.9</td></tr><tr><td>Aug-Jul 2021</td><td>70.9</td><td>25.9</td></tr><tr><td>Aug-Jul 2022</td><td>147.2</td><td>25.9</td></tr><tr><td>Aug-Jul 2023</td><td>189.3</td><td>25.9</td></tr><tr><td>Aug-Jul 2024</td><td>189.3</td><td>25.9</td></tr></table> <p>Source: <a href="#">Reserve Bank of Fiji Aug 2023-Jul 2024 Annual Report, Page 52</a></p> <p>The total expenditure for the year amounted to <b>\$53.7 million</b> (Figure 5). Administrative expenses accounted for <b>\$25.9 million</b>, with staff costs being the largest operational expense, comprising <b>68.1%</b> of total operating costs. Other expenses for the year totaled <b>\$7.8 millions</b>.</p>	Period	Income	Expenditure	Aug-Jul 2020	58.8	25.9	Aug-Jul 2021	70.9	25.9	Aug-Jul 2022	147.2	25.9	Aug-Jul 2023	189.3	25.9	Aug-Jul 2024	189.3	25.9							
Period	Income	Expenditure																								
Aug-Jul 2020	58.8	25.9																								
Aug-Jul 2021	70.9	25.9																								
Aug-Jul 2022	147.2	25.9																								
Aug-Jul 2023	189.3	25.9																								
Aug-Jul 2024	189.3	25.9																								
Assets and Liabilities	<p>Figure 6: <u>Composition of RBF’s Balance Sheet</u></p>																									





Source: [Reserve Bank of Fiji Aug 2023-Jul 2024 Annual Report, Page 53](#)

As of July 31, 2024, the Bank's total assets amounted to **\$5.5 billion**, reflecting a **2.6%** decline primarily due to reductions in overseas Fixed Term Deposits, overseas Short-term Paper & Current Accounts, and Financing Facilities. On the liabilities side, the decrease was mainly driven by a reduction in Demand Deposits.

#### Operating Profit and Payment to Government

Table 6: [RBF's Profit Payable to Government \(\\$M\)](#)

	Aug 2020-Jul 2021	Aug 2021-Jul 2022	Aug 2022-Jul 2023	Aug 2023-Jul 2024
Operating Profit	31.7	42.0	102.2	135.5
Less				
Transfer to General Reserves	1.0	1.0	1.0	1.0
Balance Paid to Government	30.7	41.0	101.3	134.5
One-fifth of RRA	2.2	3.4	2.1	1.7
<b>Total Paid to Government</b>	<b>32.9</b>	<b>44.4</b>	<b>103.4</b>	<b>136.2</b>

Source: [Reserve Bank of Fiji Aug 2023-Jul 2024 Annual Report, Page 53](#)

For the financial year ending July 31, 2024, the **operating profit** amounted to **\$135.5 million**. The Minister for Finance approved a **\$1.0 million** transfer from the operating profit to the General Reserve Account. As mandated by the RBF Act (1983), the remaining operating profit was transferred to the Government at the end of September 2024.

Additionally, in accordance with the RBF Act, the **Bank transferred one-fifth of the Revaluation Reserve Account (RRA) balance** to the Government, totalling **\$1.7 million** as of July 31, 2024, compared to **\$2.1 million** in the previous financial year.

Overall, the **total transfer to the Government** for the year ending July 31, 2024, was **\$136.2 million**, an increase from **\$103.4 million** in the previous year (table 6).



### 3.0 Sources

1. Reserve Bank of Fiji Aug 2021-Jul 2022 Annual Report: [RBFAR-2021-2022.pdf](#)
2. Reserve Bank of Fiji Aug 2022-Jul 2023 Annual Report: [RBF-Annual-Report-2022-2023.pdf](#)
3. Reserve Bank of Fiji Aug 2023-Jul 2024 Annual Report: [RBF-Annual-Report-2023-2024.pdf](#)

27 January 2025

#### Disclaimer

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