



STANDING COMMITTEE ON ECONOMIC AFFAIRS

Consolidated Review Report of the Reserve Bank of Fiji August 2021 – July 2024 Annual Reports



PARLIAMENT OF THE REPUBLIC OF FIJI
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Table of Contents

Acronyms.....	3
Chairperson’s Foreword	4
1. Committee Membership.....	7
1.1 Committee Secretariat	8
2. Introduction and Terms of Reference.....	9
2.1 Procedure and Programme.....	9
2.2 Public Hearing with Key Stakeholders.....	9
2.3 Written Submissions.....	10
3. Committee Deliberations and Analysis.....	11
3.1 Background.....	11
3.2 Summary of 2021-2024 Performance and Achievement.....	11
4. Findings	13
5. Recommendations.....	14
6. Sustainable Development Goals	15
7. Conclusion	Error! Bookmark not defined.
8. Committee Members’ Signatures.....	19
9. Appendice	20

Acronyms

BPO	Business Process Outsourcing
COVID-19	Coronavirus Disease of 2019
CSD	Central Securities Depository
DRCF	Disaster Rehabilitation and Containment Facility
MSME	Micro, Small and Medium-sized Enterprises
NPS	National Payments System
OPR	Overnight Policy Rate
RBF	Reserve Bank of Fiji
RTGS	Real Time Gross Settlement
SGDs	Sustainable Development Goals
UNCDF	United Nations Capital Development Fund

Chairperson's Foreword

On behalf of the Standing Committee on Economic Affairs, I am pleased to present this Review Report on the Reserve Bank of Fiji's Annual Reports for the past three financial years 2021-2022, 2022-2023, and 2023-2024.

The Committee recognises the integral role of the Reserve Bank of Fiji (RBF) in maintaining monetary stability, fostering sound financial institutions, and supporting sustainable economic growth. Over the review period, Fiji's economy experienced significant challenges and transitions, particularly in the aftermath of the COVID-19 pandemic and during the broader efforts toward economic recovery and resilience.

The Committee's review process entailed thorough analysis of RBF's performance across key functions, including monetary policy implementation, exchange rate stability, financial system regulation, and management of foreign reserves. The Committee also considered RBF's strategic interventions in support of economic activity and its initiatives to promote financial inclusion and digital transformation in the financial sector.

During its deliberation the Committee identified the following:

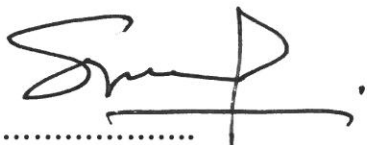
1. Fiji's inflation rate has exhibited considerable variability between 2021 and 2024, influenced by both international and domestic developments. Following a period of deflation in 2020 and the early months of 2021, inflation began to rise, reaching 5.2% in July 2022 (with an average of 3.1%), up from -0.4% in July 2021. This surge was primarily attributed to the Russia-Ukraine conflict, persistent supply chain disruptions related to the COVID-19 pandemic, and the reopening of international borders. By 2023, global supply chain pressures, elevated freight costs, and commodity price shocks had begun to subside, leading to a decline in inflation to 0.3% by July 2023 (average: 2.7%). However, in 2024, inflation escalated once again, rising to 6.8% in July (average: 4.8%).
2. The total financial system assets grew from \$24.1 billion in July 2021 to \$30.9 billion by July 2024. This represents a 26.1 percent increase. The growth was broad-based across all productive sectors. It was supported by improved asset quality and increased lending. The return to normal business conditions post-COVID-19 also contributed.

3. The Committee highlights the National Payment System Act 2021 (NPSA) and National Payment System Regulations 2022 that promote digital payments and regulate providers. In 2022, the upgraded Real Time Gross Settlement (RTGS) system improved transaction speed and security.
4. The new financial market infrastructure, Central Securities Depository (CSD), was launched in November 2022 to automate securities administration to safekeep securities such as shares and bonds.
5. In 2022, RBF collaborated with financial providers to develop FinTech solutions, including a parametric microinsurance product under the Regulatory Sandbox framework.
6. RBF is commended for the financial inclusion program *Noda i Lavo*, a TV show in the iTaukei language now in its seventh season. This program has received positive feedback and encouraged community financial literacy programs.
7. RBF's efforts are commended in financial inclusion, showing positive results. As of 2023, 86.4 percent of adults are financially included. This surpasses the short-term target of 86 percent set for 2024. The Committee recognises this as a significant achievement.
8. RBF is commended for adhering to the code of conduct and fraud policies as well as compliance and conflict of interest declarations.
9. RBF is commended for their collaborative strategic planning process which resulted in the formulation of a new RBF 2025–2029 Strategic Plan. The plan sets a clear direction with a vision of a “Progressive and Resilient Central Bank, Trusted by Our People.”
10. During COVID-19, RBF reduced the Overnight Policy Rate (OPR) to a record low of 0.25 percent in 2020 and since then, the RBF has maintained the low OPR while fulfilling its mandates. This helped to ease liquidity constraints and support credit access for households and businesses.
11. The RBF has maintained strong and steadily increasing profits over the past three reporting periods, driven by prudent reserve management, sound investment strategies, and favourable global interest rates supporting its financial independence and credibility. RBF's net profit rose significantly over three consecutive years, reaching a record \$135.5 million in 2023–24. This growth was primarily due to strong returns from the foreign reserve portfolio.

12. That the RBF continues to lead in climate finance through support for renewable energy, inclusive climate-related financial products, and its role in issuing Fiji's blue bond in 2023.
13. That in 2024, RBF advanced regional and gender-focused initiatives by launching the Natadola Roadmap for Inclusive Green Finance and endorsing the Women in Finance (We-Fi) Code to support women-led MSMEs.
14. Cyber risk management remains a top priority for the RBF, which recognises the heightened risks from rapid digitalisation and is committed to maintaining robust preparedness to protect the national payments system and financial sector.

I extend my sincere appreciation to the Honourable Members of the Committee for their valuable contributions and commitment throughout the review process. I acknowledge the Secretariat for their continued support in compiling this report.

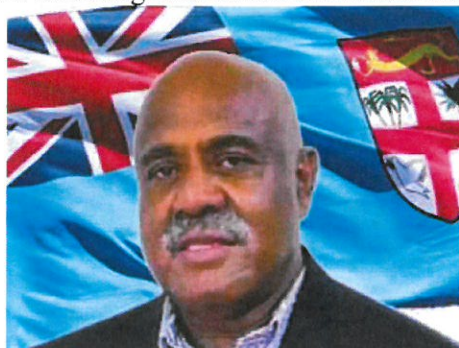
On behalf of the Standing Committee on Economic Affairs, I commend this Review Report to Parliament and request all members of this august House to take note of the report.



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Hon. Sakiusa Tubuna
Chairperson

1. Committee Membership

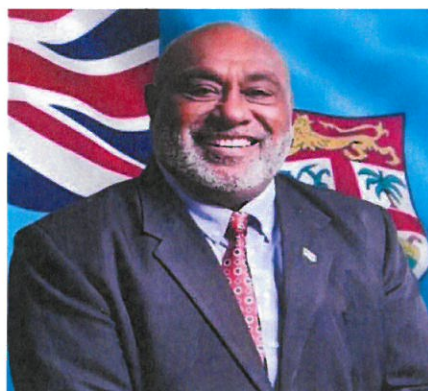
The substantive members of the Standing Committee on Economic Affairs are:



Hon. Sakiusa Tubuna
Chairperson



Hon. Premila Kumar
Deputy Chairperson



Hon. Semi Koroilavesau
Member



Hon. Aliko Bia
Member



Hon. Shalen Kumar
Member

1.1 Committee Secretariat

The Committee is supported by a team of Parliament Officers serving as the Committee Secretariat. These officers are appointed and delegated by the Secretary-General to Parliament under Standing Order 15(3)(i). The Secretariat team consists of the following Parliament officers:

Secretariat Staff

Ms. Marica Tuisoso – Senior Committee Clerk

Ms. Awantika Raj – Deputy Committee Clerk

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2. Introduction and Terms of Reference

The Standing Committee on Economic Affairs was referred the Reserve Bank of Fiji 2021-2024 Annual Reports, pursuant to Standing Order 38 (2) of the Standing Orders of the Parliament of the Republic of Fiji. The Committee was mandated to review the Annual Reports and table its findings back to Parliament.

In accordance with Standing Order 38(2) of the Parliament of the Republic of Fiji the Annuals Reports of the following years was referred to the Committee the 2021 – 2022 on 27 March 2023, the 2022 – 2023 on 24 November 2023 and the 2023 – 2024 on 6 December 2024.

In line with its mandate, the Committee undertook a detailed examination of all three reports and now presents its findings and observations to Parliament.

2.1 Procedure and Programme

The Committee began its review of the Annual Reports in June 2025. The review methodology was agreed upon by consensus among the Committee Members and involved a comprehensive and systematic examination of the reports.

Before the formal meetings, the Members of the Committee individually read and reviewed the 2021 - 2024 Annual Reports. During Committee deliberations, Members analysed the content of the reports, identified key issues, and engaged in thorough discussions to evaluate the findings. These discussions led to the formulation of the key questions and identification of issues requiring further clarification.

The Committee developed a structured workplan that included a public hearing session with RBF. This session was broadcast live on the Walesi platform and Parliament Facebook page, allowing the public to follow the proceedings.

2.2 Public Hearing with Key Stakeholders

The Committee received oral submission from the Reserve Bank of Fiji and carefully considered the information provided during these submissions and from the official verbatim records to formulate findings.

These engagements enabled the Committee to identify critical issues, assess regulatory and consumer perspectives, and develop evidence-based findings and recommendations aimed

at enhancing the overall performance, transparency, and responsiveness of the Reserve Bank in Fiji.

2.3 Written Submission

The Committee received written submissions from RBF, this submission provided valuable insights and assisted the Committee in its review and analysis of the Annual Reports.

3. Committee Deliberations and Analysis

3.1 Background

The Reserve Bank of Fiji (RBF) is the central bank of the Republic of Fiji, established under the Reserve Bank of Fiji Act 1983. The Bank's core mandate is to formulate and implement monetary policy to maintain price stability, regulate the issue of currency, promote financial stability, and oversee the financial system. Additionally, RBF manages Fiji's foreign reserves and acts as a banker to the Government.

The RBF also plays a broader developmental role, particularly in promoting financial inclusion, supporting access to finance, and encouraging a stable and inclusive financial ecosystem aligned with national economic objectives.

3.2 Summary of 2021-2024 Performance and Achievements

Key Highlights: 2021-2024

2021: Navigating Pandemic Recovery

- Fiji's economy remained under pressure due to the ongoing effects of the COVID-19 pandemic.
- The RBF adopted an accommodative monetary policy stance, maintaining the Overnight Policy Rate (OPR) at historic lows to stimulate economic activity.
- Measures were introduced to provide liquidity support to financial institutions and ensure continued credit flow to the private sector.
- Foreign reserves remained adequate despite a sharp decline in tourism revenue, supported by donor inflows and remittances.

2022: Stabilisation and Resilience Building

- The economy showed signs of recovery, supported by the reopening of international borders and gradual revival of the tourism sector.
- RBF continued its supportive monetary stance while monitoring inflationary pressures driven by global fuel and food prices.

- In July 2022, foreign reserves reached \$3,596.0 million, covering 6.5 months of imports, mainly supported by government loan inflows amid declining export receipts.
- The Reserve Bank of Fiji continues to advance climate and sustainability initiatives, enhancing its capacity and collaboration with the Government's Climate Change Division to address climate risks and align with the proposed Climate Change Act 2021.

2023: Recovery Momentum and Structural Support

- Strong economic rebound was recorded, with increased tourism arrivals, remittance inflows, and investment activity.
- RBF maintained a cautious approach toward monetary tightening as inflationary pressures persisted.
- Initiatives to promote green finance and climate-related risk management were integrated into the Bank's policy agenda.
- Enhanced focus was placed on strengthening anti-money laundering (AML) and combating the financing of terrorism (CFT) frameworks.

2024: Transitioning Toward Sustainable Growth

- Fiji's economy entered a phase of stable recovery, with robust performance in key sectors including tourism, agriculture, and services.
- The RBF gradually adjusted its policy rate to support macroeconomic stability while curbing inflation.
- Continued progress in financial inclusion was reported, with increased uptake of digital financial services.
- The Bank intensified collaboration with regional and global institutions to address cross-border financial risks and climate vulnerability.

4. Findings

The Committee conducted thorough review of the annual reports and identified several key findings as stated below:

4.1 That the RBF currently holds \$3 billion in liquidity, which is yielding no interest to the bank.

4.2 That the RBF is aware of the conflict of interest that exists as a regulator of financial services and carrying out its supervisory role.

4.3 That the RBF continues to demonstrate a lack of oversight in the area of financial literacy.

4.4 The absence of evidence indicating the availability of banking services tailored for students.

4.5 The concerns regarding the inadequacy of housing provisions for individuals with low income.

4.6 That RBF faced challenges with elevated levels of non-performing loans (NPLs) resulting from the Disaster Rehabilitation and Containment Facility (DRCF).

4.7 The Bank reported significant growth in financial activity, with around \$3 billion in mobile app transactions and \$2 billion in person-to-person transactions annually.

5. Recommendations

The Committee recommends the following:

- 5.1 That the RBF introduce initiatives or schemes like those available for MSME loans first home grants, and women's grants, specifically tailored to the agriculture sector with specific instruction to commercial banks to allocate 4% of their loan facility to agriculture which will enable farmers to access funding from banks at concessional rates.
- 5.2 That the RBF should not simultaneously be responsible for both the formulation and implementation of regulations. A clear separation of powers is essential to ensure accountability and good governance.
- 5.3 That the RBF undertakes a comprehensive review of the financial literacy program to evaluate its effectiveness and overall impact, with the view of formulating a recognised national standard on financial literacy course.
- 5.4 That the RBF needs to collaborate with the Association of Banks to revive and promote banking service programs targeting students.
- 5.5 The RBF to implement a targeted loan restructuring and recovery framework for DRCF-linked NPLs, with mandatory early-warning mechanisms and borrower support programs. Monitoring border movements is highly recommended.
- 5.6 The increasing provisions and enhancing public awareness regarding the accessibility and payment options for low-income housing.
- 5.7 That to implement a centralised real-time payment monitoring system to strengthen oversight and ensure the security, efficiency, and transparency of all payment transactions.
- 5.8 RBF needs to modernise the banking and insurance sector by reviewing the current legislation.

6. Sustainable Development Goals

The Committee noted that Reserve Bank of Fiji Annual Reports for the period under review captured elements of Sustainable Development Goals (“SDGs”).

The RBF has progressively aligned its operations with the United Nations Sustainable Development Goals, particularly focusing on SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 13 (Climate Action).

SDG 4: Quality Education

- **Financial Literacy and Inclusion Programs:** The RBF has implemented various financial literacy initiatives aimed at enhancing the financial capabilities of individuals across Fiji. These programs are designed to equip participants with essential skills for managing personal finances, which can indirectly support their educational pursuits by fostering a stable financial environment conducive to learning.
- **Support for Educational Institutions:** While not explicitly detailed in the Annual Reports, the RBF's broader economic policies and initiatives contribute to the overall financial stability of the country, which can have a positive impact on the education sector. A stable economy can lead to increased government revenues, potentially allowing for greater investment in educational infrastructure and resources.
- **Capacity Building for Financial Institutions:** The RBF has focused on strengthening the capacity of financial institutions through training and development programs. By enhancing the skills of professionals within the financial sector, these initiatives contribute to the creation of a more knowledgeable workforce, which can indirectly support the development of educational programs and services.

SDG 8: Decent Work and Economic Growth

- **Financial Inclusion Initiatives:** RBF has actively promoted financial inclusion through various programs, including the Micro, Small, and Medium Enterprise Credit Guarantee Scheme and the Housing Facility for Low-Income Earners. These initiatives aim to provide accessible financial services to underserved communities, fostering economic growth and reducing inequalities.
- **Support for MSMEs:** The Bank has introduced measures to support Micro, Small, and Medium Enterprises (MSMEs), recognising their role in job creation and economic diversification.

SDG 9: Industry, Innovation, and Infrastructure

- **National Payment System Reform:** In 2022, RBF implemented the National Payment System Act 2021 and Regulations, enhancing the country's payment infrastructure. This reform aims to provide secure, efficient, and inclusive payment services, facilitating economic transactions and supporting digital innovation.
- **Real-Time Gross Settlement (RTGS) Modernization:** The Bank upgraded its RTGS and Central Securities Depository systems, improving the efficiency and security of interbank transactions and supporting financial market development.
- **FinTech Regulatory Sandbox:** RBF established a regulatory sandbox to encourage innovation in financial technologies, allowing startups to test new products in a controlled environment, thereby fostering a culture of innovation in the financial sector.

SDG 13: Climate Action

- **Climate Risk Awareness:** RBF has collaborated with the Government's Climate Change Division to enhance understanding of climate-related risks, aligning its operations with the proposed Climate Change Act 2021.
- **Support for Renewable Energy:** Through the Import Substitution and Export Finance Facility (ISEFF), RBF has provided financial support to businesses in the

renewable energy sector, contributing to the transition towards a low-carbon economy.

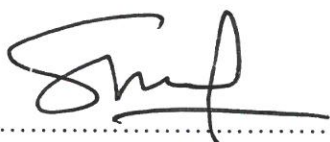
- **Climate-Related Financial Products:** The Bank introduced accessible climate-related financial products, such as parametric insurance, to enhance resilience among low-income earners, farmers, and fishers against climate shocks.
- **Issuance of Blue Bond:** In 2023, RBF facilitated the issuance of Fiji's blue bond, building on its previous experience with the sovereign green bond launched in 2017, to finance projects that address marine and ocean-related environmental challenges.

7. Conclusion

The Committee concludes that from 2021 to 2024, the Reserve Bank of Fiji played a stabilising role in the economy through prudent monetary policy, effective crisis response, and coordinated financial measures, contributing to Fiji's post-pandemic recovery and long-term economic resilience.

To support technology driven financial services, the Reserve Bank of Fiji should modernise outdated regulations, clearly separate supervisory and regulatory roles to avoid conflicts of interest and erosion of consumer trust. RBF needs to strengthen cybersecurity infrastructure to better protect consumers and business entities. There is a need to promote climate-resilient finance and focus on sectors such as agriculture to grow the economy.

8. Committee Members' Signatures



Hon. Sakiusa Tubuna
Chairperson



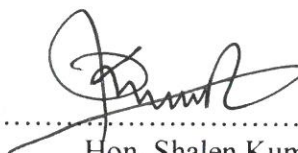
Hon. Premila Kumar
Deputy Chairperson



Hon. Semi Koroilavesau
Member



Hon. Alikia Bia
Member



Hon. Shalen Kumar
Member

9. Appendices

Published evidence

Written evidence, transcripts and supporting documents can be viewed on the Parliament website at the following link:

<https://www.parliament.gov.fj/committees/standing-committee-on-economic-affairs/>