

FINANCIAL SERVICES

Fact Sheet

BACKGROUND

Financial sector is among the key drivers of the economic growth in Fiji. This sector is crucial to the functioning of the economy in terms of facilitating the free flow of liquidity and capital. This sector includes banking, insurance and FNPF and non-banking sectors. As a whole, this sector has contributed 20.7% of the GDP in 2022. The Financial sector is well developed with Banks, and credit institutions, general insurance companies with insurance brokers and insurance agents. The other financial sector institutions are the Unit Trust of Fiji, the Fiji Development Bank (FDB), and the Fiji National Provident Fund (FNPF) which is the only superannuation provider. The South Pacific Stock Exchange (SPSE) is the sole licensed securities exchange in Fiji. The Reserve Bank of Fiji is the regulator of Fiji's financial sector besides its role in independently determining monetary policy, and promoting financial inclusion.

CURRENT STATUS

Financial system in Fiji remains stable and sound coming out of the impact of the Covid-19 pandemic. The insurance industry is gradually growing with strong solvency and a satisfactory level of earnings and liquidity. The FNPF has seen positive operating returns even during the COVID-19 pandemic, has sufficiently met its solvency requirement and has strong buffers. The payment system in Fiji has been reformed allowing for the modernizing of the financial sector and further promoting economic activity and growth. The National Payment System (NPS) Act was passed in 2021 and its accompanying Regulations came into effect in 2022. Financial inclusion has improved significantly contributing to increased financial literacy and increased access to digital finance including internet banking and mobile money.

CHALLENGES

1. *Legislations*: prolonged Acts and regulations hinders growth in the financial sector.
2. *Financial Literacy*: people of Fiji lack information on the financial services.
3. *Digitization*: to transform and ensure effective usage of cashless system in Fiji.

4. *Money Laundering*: to identify and keep a pace and monitor money laundering activities.
5. *Access to Insurance*: to allow people of Fiji to have access to different types of insurance.

OPPORTUNITIES

1. *Legislative Reforms*: Reviewing of Banking and Insurance Act will improve efficiency in the financial sector.
2. *Financial Literacy*: Creating awareness and inclusion of financial literacy chapters in education system will allow better financial management.
3. *Digitization*: Ensuring better connectivity will lead to efficiency in the financial sector and improve Know Your Customer (KYC) in the banking sector.

FUTURE POLICIES AND STRATEGIES

Future growth of this sector will be determined by the following policies:

- **Modernizing Financial sector legislations**
 - ✓ Review and update the Banking Act and Insurance Act to modernize the current banking standards to best global practices
 - ✓ Review and update the Exchange Control Act with respect to risks emanating for external markets and its impact on Fiji's foreign reserves
 - ✓ Review and update the Credit Union Act
- **Developing capital market for SMEs and startups**
 - ✓ Review and update the Banking Act and Insurance Act to modernize the current banking standards to best global practices
 - ✓ Review and update of capital market regulations for MSME's and start-ups to enlist in stock markets.
 - ✓ Make it easier for new businesses to source start-up capital requirements from crowd-funding initiatives by developing rules and regulations.

➤ **Strengthening Financial literacy in Fiji**

- ✓ Improve financial literacy courses in the school curriculum to encompass recent technology changes and adoption of mobile money.
- ✓ Educate departing workers under the labour scheme on the importance of saving, investment, and future planning.
- ✓ Increase outreach financial literacy programmes to Fijians living in rural areas to create awareness of various financial services, especially to women.
- ✓ Review and enhance the credit guarantee scheme for women.

➤ **Increasing life and health insurance coverage among all people**

- ✓ Advocate on the importance of obtaining life and health insurance to workers across the private and public sector towards lessening the financial burden during difficult periods.
- ✓ Encourage employers to have direct deductions from payroll for life and health insurance payments.

➤ **Increasing greater uptake of insurance for damages caused by climate change and weather-related risks**

- ✓ Develop a universal parametric micro-insurance product to protect the vulnerable communities following a natural disaster such as tropical cyclone.
- ✓ Increase awareness regarding climate-related and green insurance products in Fiji.

➤ **Increasing digitization of the payment system to cashless and card based**

- ✓ Incentivize adoption of bank debit cards across Fiji.
- ✓ Provide incentives on the installation of EFTPOS machines across all businesses and point of sales.
- ✓ Encourage all commercial banks to have universal EFTPOS and ATM services with development of relevant standards.
- ✓ Development of National Cryptocurrency Act to recognize exchange and holding of virtual assets in the investment portfolio.

➤ **Protect all Fijians from financial fraudulent activities**

- ✓ Fiji Financial Intelligence Unit and RBF to play a huge role in continuously reviewing and revising laws to changing international

standards to mitigate new financial threats and risk.

- ✓ Develop a national policy and regulation of the virtual assets (crypto assets) sector.
- ✓ Educate about financial threats and risks through financial literacy courses to school students.
- ✓ Strengthen advocacy and awareness on online fraudulent activities.

➤ **Promoting Financial Inclusion**
Inclusive Finance

- ✓ Address access and usage gaps to financial products and services.
- ✓ Develop and implement policies and guidelines for inclusive financial products and services.
- ✓ Strengthen pathways to formal financial inclusion for users of informal financial services.
- ✓ Develop affordable and appropriate financial products and services to mitigate shocks and build resilience to adverse impact of climate change.
- ✓ Measure access to and usage of broad range of financial products and services.

Digital Financial Services

- ✓ Promote technology enabled financial products and delivery channels.
- ✓ Promote full interoperability and create an enabling payments ecosystem.
- ✓ Support DFS infrastructure development.
- ✓ Develop gender sensitive FinTech Ecosystem.

MSME Finance

- ✓ Develop an enabling regulatory framework for MSMEs.
- ✓ Establish a specialised institution for MSME sector.
- ✓ Develop value-chain financing programmes and initiatives.
- ✓ Develop suitable financial products and services to support key target sectors.

Consumer Protection & Financial Capability

- ✓ Establish a consumer protection framework for the financial sector.
- ✓ Review the complaints management framework and existing dispute resolution mechanisms for financial consumers.