



**RESERVE BANK OF FIJI  
STRATEGIC PLAN  
2014 - 2018**





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# FOREWORD



The Reserve Bank of Fiji plays a key role in the management of Fiji's economy with the prime responsibility of maintaining monetary and financial stability. This stability helps secure a sustained economic growth and better quality of life for our people.

This Strategic Plan for the years 2014-2018 has been developed through contributions from the Board of Directors and all Staff of the Bank. It explains how the Reserve Bank of Fiji intends to ensure that all its strategic objectives are met, and we are challenging ourselves to effectively deliver the strategies contained in this Plan, in "Leading Fiji to Economic Success".

We have undertaken to maintain the Missions of the Bank developed in the Strategic Plan 2009-2013, as we consider these to be still relevant in providing us direction to where we want to be in the next five years. We will strengthen our effort and be resilient in the face of challenges impacting our developing economy and financial system.

Our Monetary Policy Framework has served us well through the past years. We will continue in the next five years to improve the effectiveness of policies we implement. In particular, I look forward to engaging with our stakeholders regularly to ensure at all times, the effective delivery of our monetary policy stance.

We commit to expanding into the non-conventional roles of central banks as reflected by recent international trends. Such roles include the promotion of financial inclusion initiatives and stepping up our responsibility of

ensuring increased access to financial services, and effective consumer protection, for all users of financial services in Fiji.

As the nation's central bank, we have the unique opportunity to engage, support and influence initiatives by Government and the private sector, to effectively grow our economy.

We will continue the work already undertaken to reform and develop Fiji into a regional financial hub by playing a key role with Government on the development of the Financial Sector Development Plan for Fiji. Our development work on implementing a Macro prudential Surveillance Framework for Fiji will continue.

We will exert maximum effort towards strengthening our risk management framework to effectively mitigate internal and external risks. As part of this, our progress in the implementation of this Strategic Plan will be monitored by a Strategic Taskforce, reporting directly to the Board of Directors.

It is befitting that we are formulating this Strategic Plan during the 40th anniversary of the Bank as it provides a platform to set higher benchmarks for ourselves as we move forward together.

I am confident of the commitment of the Board and all Staff, whom I know will continue to rise to the challenges that lie ahead, in delivering the strategic objectives as they have in the past, and which have brought us to where we are today.

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

**Barry Whiteside**  
**Governor and Chairman of the Board**  
**January 2014**

# CORPORATE STATEMENTS

For the first time, the Constitution of the Republic of Fiji has included a specific provision on the Reserve Bank of Fiji. Section 153 of the Constitution states: -

(1) The Reserve Bank of Fiji is the central bank of the State, whose primary objects are: -

- (a) to protect the value of the currency in the interest of balanced and sustainable economic growth;
- (b) to formulate monetary policy;
- (c) to promote price stability;
- (d) to issue currency; and
- (e) to perform other functions conferred to it by a written law.

(2) In pursuing its primary objects, the Reserve Bank of Fiji must perform its functions independently and without fear, favour or prejudice, but there must be regular consultation between the Reserve Bank of Fiji and the Minister responsible for finance.

(3) The powers and functions of the Reserve Bank of Fiji are those customarily exercised and performed by central banks.

(4) The Governor of the Reserve Bank of Fiji shall be appointed by the President on the advice of the Constitutional Offices Commission, following consultation with the Minister responsible for finance.

(5) A written law must provide for the composition, powers, functions and operations of the Reserve Bank of Fiji.

(6) The Reserve Bank of Fiji must deliver quarterly and annual reports to Parliament, and any other reports when required by law, or requested by resolution.

It is in this light that this Strategic Plan sets out the Reserve Bank of Fiji's key strategic priorities for the five year period 2014–2018. The Reserve Bank of Fiji Act defines the principal purposes of the Bank as: -

(a) to regulate the issue of currency, and the supply, availability and international exchange of money;

(b) to promote monetary stability;

(c) to promote a sound financial structure;

(d) to foster credit and exchange conditions conducive to the orderly and balanced economic development of our country;

e) to regulate the insurance industry; and

f) to regulate the capital markets and securities industry

The vision of **“Leading Fiji to Economic Success”** sets the strategic direction of the Bank as an organisation. This vision has carried the Reserve Bank of Fiji since 2001, and remains relevant for us going forward.

Simply put, our vision means that: *“My work in the Reserve Bank of Fiji helps create jobs, puts food on the table, provides opportunities for our people to own a home, gives our children a better education, and secures a brighter future for all of us.”*

Supporting our vision are six corresponding mission statements: -

## **1. Enhance Our Role in the Development of the Economy**

As an apex policy making institution in the country, the Reserve Bank will, at all times, seek to enhance its contribution to the development of the Fijian economy. The Bank has taken a lead role in promoting financial inclusion and will continue to work on pursuing the financial inclusion agenda. Collaboration with Government and other external stakeholders is vital to ensure that there is synergy in promoting and implementing development objectives.

We commit ourselves to better understanding what is happening around us by visiting and

inviting discussions with industries, investors, and public sector institutions.

## **2. Provide Proactive and Sound Advice to Government**

The Reserve Bank assists Government through the provision of sound policy advice on matters relating to macroeconomic and financial stability. At all times, the Reserve Bank will seek to shape the national policy agenda through high quality advice and ongoing engagement with Government.

## **3. Develop an Internationally Reputable Financial System**

The financial system forms the cornerstone of the economy as it enables effective financial intermediation thus ensuring that financial resources are allocated efficiently towards promoting economic growth and development.

In ensuring that Fiji's financial system continues to be internationally reputable, the Reserve Bank remains committed to its objective of ensuring financial stability, financial sustainability, the promotion of an ethical financial system, and compliance with international best practice.

## **4. Conduct Monetary Policy to Foster Economic Growth**

The development and conduct of monetary policy remains one of the core responsibilities of the Reserve Bank. The use of a variety of policy tools, both conventional and unconventional, to achieve our primary objectives of maintaining low inflation and an adequate level of reserves will continue to feature in our monetary policy work. We aim to enhance the effectiveness of monetary policy so as to provide a platform where investment will increase and economic activity will thrive.

## **5. Disseminate Timely and Quality Information**

The dissemination of timely and quality information is vital to the implementation

of the Reserve Bank's role as a key agency responsible for monetary policy and financial stability.

The Reserve Bank disseminates information through established channels of communication, including print and web media. The Bank will continue its efforts to meet the growing demands of stakeholders in this regard.

## **6. Recruit, Develop and Retain a Professional Team**

The Bank through its staff will strive to grow performance excellence, foster active engagement and build collaborative capacity development to champion the missions and values of the Bank.

The Bank's values are: -

- Professionalism in the execution of our duties;
- Respect for each other;
- Integrity in our dealings;
- Dynamism in our operations; and
- Excellence in everything.

The living of our values is key in the efficient and effective delivery of the vision, missions and strategic objectives we have set.

The Bank's mission statements have been further dissected. Ten Strategic Goals have been formulated to ensure that all strategies and actions are captured within realistic and achievable parameters with assigned timelines and resources, to ensure their effective execution within the period of this Plan.

The identification of the Strategic Goals as a level below the Mission Statements provides a critical yardstick for the Bank as they allow us to realistically measure our achievements in the implementation of this Plan, and meet our strategic objectives.

# ENVIRONMENT IN WHICH WE OPERATE

The role of the Reserve Bank in maintaining and enhancing macroeconomic stability gained prominence over the last five years as the Fijian economy faced significant challenges. Externally, the Global Financial Crisis (GFC) in 2008 and high commodity and food prices posed implications for our external position as the global economy's growth slowed. The uncertain political environment domestically together with the devastating impact of natural disasters depressed economic activity and growth. Against this background, policymaking became increasingly difficult with the Reserve Bank having to implement drastic policy measures such as the devaluation in 2009, to stabilise the economy.

While growth remains below potential, it is noteworthy that the economy has stabilised considerably with the twin objectives of monetary policy remaining intact and foreign reserves at a comfortable level. From the low level of less than F\$500 million in early 2009, foreign reserves have consistently surpassed the one billion dollar mark and are anticipated to remain at comfortable levels over the coming years. Similarly, inflation is expected to be at moderate levels going forward. Furthermore, the Bank pursued unconventional central banking measures as it took on a greater role in the development of the economy with initiatives such as financial inclusion and the promotion of small to medium enterprises.

At this juncture, the medium term outlook is favourable with the economy expected to expand by more than two percent per annum from 2012-2015. The policies initiated by the Reserve Bank over the last few years have been geared largely towards aiding economic recovery and creating an environment that is conducive to investment and growth.

With subdued global growth and sluggish external demand for our goods and services, the operating environment for the central bank is bound to be even more challenging as

gains in economic activity ultimately result in the reduction of our foreign reserves.

The introduction of the Reserve Bank of Fiji's 2014-2018 Strategic Plan is therefore timely as the Bank stands at crossroads of national development, with national elections planned to take place in September 2014. The return to democratic rule will pave the way for increased confidence in the domestic economy, especially by international institutions and investors who see Fiji as an investment opportunity.

While Fiji's financial system has been insulated from the direct effects of the GFC, key sectors of the economy continue to be closely monitored given the indirect effects arising from the impact of the GFC on our major trading partners.

Performance of key primary sectors has not met expectations as well. The sugar and gold industries remain to show some buoyant results amidst reforms being undertaken. There have been some promising developments towards the mining of other minerals in some parts of Fiji, such as copper, bauxite, manganese and iron ore, but generating a positive return that is channelled back into the economy to fund development will take a longer time.

The Reserve Bank will continue to support import substitution and renewable energy initiatives going forward, given the downside implications of having a high import bill, particularly for energy and food, on a small open economy such as Fiji.

Fiji's financial system however, remains sound and stable. Liquidity in the financial system has been at higher levels than in previous years, giving allowance for increased lending both to institutional borrowers and private individuals. Commercial banks and credit institutions remain well capitalised with licensed insurance companies and the Fiji National Provident

Fund adequately meeting their prudential solvency requirements.

The Bank's role in maintaining financial stability reflects the critical role a well-functioning financial sector plays in facilitating economic growth.

This Strategic Plan is therefore set in the context of continuing macroeconomic stability though there are expected developments to Fiji's political situation from 2014 that will directly impact on economic growth strategies contained in this Plan.

Positive indicators however have emerged in the last 12 months with a consistent increase in private sector credit, a rise in consumption spending and the high levels of liquidity, which continues to drive down interest rates providing the needed competition in the financial system. Competition amongst lenders has recently contributed to an increased range of financial services and products provided, and improved level of customer service.

The key elements of this plan are: -

- **Sustaining macroeconomic stability and supporting economic growth** through progressive development of the financial system;
- **Continuing the reform of the regulatory and supervisory framework** to ensure risks to stability are effectively mitigated and consumers of the financial system are protected;
- **Deepening the financial system** by widening the scope and reach of financial services to support the financial inclusion initiatives as planned; and
- **Influencing key policy decisions of Government** that support macroeconomic stability and economic growth initiatives.

Underpinning all the activities under the ten strategic goals will be a key focus **on enhancing operational efficiency, cost effectiveness and governance**. The continuous development and up-skilling of Bank staff is vital to the successful implementation of the key strategies of this Plan. A strategic focus on training and development will be prescribed and implemented over the next five years.

### **Governance and Regulatory Approach**

The governance of the Reserve Bank is outlined in the Corporate Governance Principles and Guidelines document that is available and accessible through electronic means to all staff in the Bank. It is important that the governance structure and principles of the Bank are in line with international best practice and are continuously reviewed for relevance and appropriateness. This is also applicable to the leadership and management of the Bank, as well as the quality management program that the Bank has in place.

It is vital that the Bank does whatever is necessary to safeguard the Fijian financial system against threats of instability to protect its depositors, policyholders, provident fund members and consumers. To achieve this, decisive steps will be adopted to strengthen the financial system through timely policies and guidelines, continuous monitoring, and inter agency partnerships.

The Reserve Bank regulates and supervises the following industries and institutions: -

- banking industry;
- insurance industry;
- foreign exchange dealers & money changers;
- superannuation industry; and
- capital markets.

Any supervisory regime has to continue to evolve and adapt to new circumstances, and ours is no exception. We will seek to move into full risk-based and outcome focused supervision to get the best outcome, to meet

our statutory objectives. Where necessary, we will tighten up standards and implement new regulations.

### **Economic Advice and Policy Development**

The Bank plays an important role in influencing national economic policy, by acting as an independent commentator on the economy and as advisor to Government on policy initiatives. This role is performed

through the delivery of economic advice and analysis, and the provision of financial and monetary statistics.

The Bank will strengthen its capacity to meet current challenges, including additional resourcing and training to improve the delivery of policy-relevant information and research to enable better analysis and forecasts, and to enhance the quality of economic advice to Government.

### **Addressing Consumer Challenges**

Working to protect the interests of consumers of financial services remains an important priority. In 2009, the Bank had established a Compliance Unit to focus on addressing consumer needs and complaints, which remain unresolved at licensed financial institution level. A Complaints Management Forum was also established with membership drawn from external stakeholders including the Consumer Council of Fiji and other private stakeholders. Going forward, the Bank will review its consumer protection strategy to ensure that it has adequate legislative powers and has the right focus for consumers now, and into the future.

### **Statistics**

The Bank plays a key role in the collection, verification, analysis and dissemination of financial and monetary statistics in Fiji and continues to work closely with the Fiji Bureau of Statistics (FBOS), in developing a robust national statistical framework. Having an effective statistics framework allows for: -

- providing key information to

policy-makers for the compilation of relevant and timely macroeconomic advice; and

- meeting the Bank's reporting obligations to the Government and other international organisations.

Demand for statistics has increased significantly in recent years and we envisage that this trend will continue.

At a regional and global level there is a need to improve existing data to respond to new challenges, particularly to support financial stability assessment. Data gaps that have been identified include the lack of information on the interconnectedness of financial institutions and markets and other relevant industries, required for compiling a Financial Stability Report for Fiji.

On the domestic front, new statistics are required to monitor sectors of the financial system that are currently not being regulated. These will significantly expand the Bank's role as repository of financial system statistics.

## **Payment System Stability**

### **Payment System**

The Bank is responsible for the oversight of operational elements of payment and settlement systems. In view of the importance of these systems to economic activity, the Bank will seek to ensure the safety, effectiveness and efficiency of payment system in Fiji. Work on finalising an effective legislative framework for the oversight of the payment system in Fiji will continue.

### **Currency Management**

The Bank will continue to liaise with the commercial banks to ensure the currency system is efficient, secure and resilient, and at the same time, meets the needs of the retailers and the consumers. In 2013, the new series of bank notes and coins were released

into circulation. Going forward, the Bank will continue to monitor the supply and quality of our bank notes and coins to ensure its versatility and efficiency.

## **Risk Management and Compliance**

### **Risk Management**

Continuous effort has been made in the past to enhance the Bank's Risk Management Framework. Noting the refocus on risk management at most central banks globally, the Bank is undertaking with renewed vigor a review of its principles and practices to ensure better safeguards are in place through a well-structured framework. The Bank's Risk Management Framework therefore will be reviewed and strengthened to ensure regular and effective mitigation of all risks.

### **Compliance**

Management of a Compliance Framework to reflect the changing environment of central banking is a continuous challenge for the Bank. The review of the Bank's Risk Management Framework will result in a stronger compliance culture and this is a priority for this Strategic Plan.

### **Communications**

Communication has been identified as one of the key challenges for the Bank at the 2013 Strategic Planning Workshop. While a Communication Policy is in place, the now constant expectation for the Bank to provide effective communication to all our stakeholders has called for a review and enhancement of our communication framework.

The Bank's communication strategy to better involve and engage stakeholders will be further strengthened, with the establishment of a robust communications framework to ensure timely and relevant information is provided to key stakeholders at all times.

All the communication channels we will use, including the Bank's website, will be reviewed to ensure that they meet the following objectives: -

- to explain what we do and why;
- to be an effective medium of conveying policy stances to the market;
- to mobilise action on financial awareness; and
- to regularly inform our industries and communities.

### **Human Resources and Organisational Change**

The development of human resource capital is necessary to deliver the goals of this Strategic Plan. The development will begin with the review of the functional structure of the Bank and the recruitment, retraining and appointment of staff to compliment the current capacity.

The technical and soft skills requirements of staff and management will be identified through a three year staff development program.

The Bank will continue to assess processes and cost effectiveness within the organisation to maximise operational efficiencies. In this regard, strengthening of strategies for human resources, premises, infrastructure and information technology systems will be a key focus of this Plan.

### **Legal Environment**

The Bank administers a number of laws and these provide the legislative mandate for us to take action to meet our principal purposes.

Reviews of some of the current laws are being undertaken to ensure that the legal framework we work within, remains relevant.

The introduction of other key legal requirements such as the new Fiji Companies Act and a strategy to expand our supervisory

ambit to current unregulated sectors calls for continuous reviews of our legislative powers as well as policies supporting our compliance with the various laws.

### **Aligned and Linked Strategies**

This Strategic Plan is linked to a number of micro-plans, apart from our internal action plan. The Financial Intelligence Unit has in place its own five-year Strategic Plan (2014-2018) which aligns with the Bank's Plan to ensure the effective implementation of the Unit's strategic priorities including alignment with the Bank's budget.

The Bank prepares its five-year Information Technology Strategic Plan (2014-2018) to coincide with, and achieve the institution's IT related goals accordingly. A Human Resource Strategic Plan (2014-2018) will also be prepared for the first time, to ensure alignment with this Strategic Plan.

Other documents linked to this Plan are the Capital Markets Development Plan 2020 and

the Financial Sector Development Plan.

All these aligned and linked plans will be discussed by the Board before they are finalised and implemented.

### **Monitoring the Plan**

The Strategic Plan 2014–2018 will be reviewed annually to take stock of progress, identify any need for additional strategies to take into account changes in the environment we operate in, or adjust priorities where required.

Group Chief Managers will be responsible for their respective areas noted in the Plan. This monitoring exercise will be coordinated by the Risk Management and Communications Group. The Board will be updated annually or more often if required.

The review process will be included as part of the annual work plan exercise which commences in July every year, and the Board will be updated during its August meeting.



**“Rules and regulations protect the integrity of the organisation and the interest of all stakeholders, including staff. Rules and regulation are changed when circumstances change. But when in place they must be adhered to.”**

**Address by Savenaca Siwatibau at The People Management Workshop for PSC Senior Executives 9 June 2001, Raffles Tradewinds**

# STRATEGIC GOALS

The ten Strategic Goals contained in this Strategic Plan are derived from the current mandatory purposes and mission statements of the Reserve Bank. The expected responsibilities that the Reserve Bank will undertake in the next five years fall under these Strategic Goals. Being able to measure our progress and development is critical to the success of this Plan.

The Reserve Bank recognises that to achieve the expected results of the Strategic Plan would require increased capacity in terms of staff development and other support resources. It is therefore crucial that the objectives of the Bank in meeting its operational efficiency and cost effectiveness remain our target.

The Strategic Goals are summarised as follows:

## **1. Macroeconomic Stability**

Promoting and enhancing macroeconomic stability remains a key priority for the Bank. At the core of this, is the development and conduct of effective monetary policy that will ensure a comfortable level of foreign reserves and low inflation, at all times. The development of an effective macro prudential surveillance framework to ensure continued financial stability will also be undertaken.

## **2. Effective and Efficient Regulation of Financial Institutions and Markets**

Regulation of licensed financial institutions and markets will be undertaken through the strengthening of the risk-based supervision approach and increasing the effectiveness of the regulatory and supervisory regime, which involves the transition from a rule-based regulation to an enhanced principle-based regulation regime with focus on governance practices and risk management.

The implementation of the strategies under the Capital Markets Master Plan 2020 will also contribute to the achievement of this high-level goal.

## **3. Provide Independent Economic Advice and High Quality Financial and Monetary Statistics**

Increasing the quality and appropriateness of economic and financial research we conduct and statistics we collect and disseminate, will assist in the macro assessments undertaken on the economy and contribute to the effectiveness of decisions made by national policy makers, the financial market, the media and the public at large.

## **4. Protect Consumers of Financial Services**

Strategies have been identified which aim to strengthen and maintain protection for consumers, so that financial services work in the best interests of consumers. The current complaints management framework will be reviewed and strengthened to ensure that it delivers the most effective protection through streamlined processes and full compliance by financial service providers.

## **5. Support Government Growth Initiatives**

The Bank, in close consultation with Government, will undertake to be more influential in collaborating efforts with relevant stakeholders to meet national development goals. The Bank will play a proactive role in developing and implementing national planning strategies and strategically use the financial system to help grow the economy without compromising monetary and financial stability.

## **6. Develop the Financial System**

The Bank recognises the intricate links between the financial system and the macro economy. We will proactively work to deepen our financial market through increased participants and products, whilst ensuring an efficient and effective platform for financial intermediation.

We will also ensure that Fijians also have access to finance and that work on financial inclusion and literacy initiatives continue.

### **7. Payment System Stability**

Ensuring the efficiency of the payment and settlement system will allow for the provision of a safe and resilient system with ease of access by users.

The Bank is committed to safeguarding public confidence in the nation's currency and its value in terms of what it will purchase. In so doing, the Reserve Bank ensures that the Fijian currency it issues will perform its dual role as a medium of exchange and a stable store of value.

Equal attention will be given to the development of the financial infrastructure, in particular, the payment and settlement system, and the modernisation of the legal framework governing payment system oversight.

### **8. Operational Efficiency and Cost Effectiveness**

Efficiency and cost effectiveness will underpin all our operations. The Reserve Bank will strive to have the people, systems and structures in place to maximise our effectiveness. Prudent management of costs within our operations and ensuring improved returns on our investment portfolio will be key priorities in the next five years. We will strengthen our risk management framework and the effectiveness of our internal controls. Our operations will also be conducted within well-defined risk management and control frameworks.

### **9. Our People**

Underpinning our operations will be an endeavour to have the people, systems and structure that will promote effectiveness in the discharge of our responsibilities.

The Bank's Human Resources priorities are: -

- Compensation & Career Pathways;
- Automation of Human Resources Information System;
- Performance Management & Professional Development; and
- Workforce Strategic Plan and Work Culture Enhancement.

The appropriate allocation of resources and prioritisation of staff wellbeing will ensure increased productivity and effective achievement of this Strategic Plan

### **10. Governance**

The Bank is committed to ensuring that its governance structure is in line with international best practice of central banking. The Bank will ensure that the leadership and management including processes and systems are in line with its corporate statements.

The quality management program will continue to ensure that the Bank is effective and efficient. The Bank's functions and processes will be reviewed regularly to identify and ensure control of any new and upcoming risks.

The governance framework will cover all people (Board included), processes and functions so that we are strategically aligned to achieving the goals of this Plan.

# STRATEGIC GOALS – MACRO VIEW

Macro-economic Stability	Effective & Efficient Regulation	Provide Independent Economic Advice & High Quality Statistics	Protect Consumers of Financial Services	Support Government Growth Initiatives	Develop the Financial System	Payment System Stability	Operational Efficiency & Cost Effectiveness	Our People	Governance
Ensure Comfortable Level of Foreign Reserves	Enhance Risk-Based Supervision	Improve Quality of Statistics	Develop Consumer Protection Framework	Drive Value Adding Initiatives	Implement Financial Inclusion Strategy	Enhance Payment and Settlement Infrastructure	Strengthen Risk Management, Internal Controls and Compliance	Strengthen Compensation and Career Pathways	Enhance Corporate Governance
Effective Monetary Policy	Strengthen Regulatory Framework of Licensed Institutions and Markets	Improve Quality of Statistical Analysis	Ensure Fair and Transparent Treatment of Consumers	Provide Necessary Facilities and Mechanisms	Develop and Implement Financial Sector Development Plan	Ensure Robust Currency Management System	Apply Effective Support Services	Automate Human Resources Information System	Ensure quality is paramount in all processes and functions
Ensure Financial System Stability	Implement Effective Regulatory Regime of Credit Unions, Microfinance & Other Non-Deposit Taking Institutions	Improve Quality of Data Collection and Dissemination	Engage with Key Stakeholders	Initiate Regular Engagement with Government and Key Stakeholder	Implement Capital Market Development Master Plan 2020		Implement Proactive Communications Strategy	Implement Competency Based Performance Management and Professional Development	
	Credible Enforcement	Provide Independent, Proactive, Timely and Quality Advice to Government						Prepare HR Strategic Plan, On-boarding and Work Culture enhancement	

# STRATEGIC GOAL 1

## MACROECONOMIC STABILITY

Promoting and enhancing macroeconomic stability remains a key priority for the Reserve Bank. The Bank contributes towards this role by formulating and implementing monetary policy aimed at maintaining a comfortable level of foreign reserves and low inflation, as well as ensuring that the financial system is stable.

At the core of this, is the development and conduct of effective monetary policy that will ensure the attainment of the twin objectives of monetary policy pertaining to external and price stability. Additionally, the development of an effective macro prudential surveillance framework will ensure continued reinforcement of financial stability.

Strategy	Action
<b>Maintain a Comfortable Level of Foreign Reserves</b>	<ul style="list-style-type: none"> <li>· Maintain appropriate monetary policy stance</li> <li>· Conduct review &amp; assessment and implementation of exchange control policies</li> <li>· Strengthen foreign reserves forecasting</li> <li>· Manage foreign reserves effectively within the parameters of safety, liquidity and profitability</li> <li>· Benchmark review</li> <li>· Provide advice to Government on external debt management</li> <li>· Review and implement new financing facilities, policies and initiatives.</li> </ul>
<b>Formulate Monetary Policy</b>	<ul style="list-style-type: none"> <li>· Review monetary policy framework</li> <li>· Enhance the quality of macroeconomic modelling, forecasting and quantitative research</li> </ul>
<b>Maintain Appropriate Exchange Rate Regime</b>	<ul style="list-style-type: none"> <li>· Assess appropriateness of Exchange Rate Regime annually</li> </ul>
<b>Implement Monetary Policy Efficiently</b>	<ul style="list-style-type: none"> <li>· Conduct open market operations effectively and efficiently</li> <li>· Manage system liquidity in accordance with monetary policy objectives</li> </ul>
<b>Promote Stability of the Financial System Through Macro prudential Surveillance</b>	<ul style="list-style-type: none"> <li>· Prepare Financial Stability Report for Fiji</li> <li>· Formalise the establishment of the Financial Stability Council</li> <li>· Conduct Financial System Assessment Program for Fiji</li> </ul>

## STRATEGIC GOAL 2

### EFFECTIVE AND EFFICIENT REGULATION OF FINANCIAL INSTITUTIONS AND MARKETS

Prudential supervision promotes the safety and soundness of individual institutions and markets and the protection of consumer assets, through compliance with capital, solvency and other requirements. The supervisory approach adopted by the Bank over the last two years has been developed in accordance with the international standards and best practices tailored to the local environment and the nature, scale and complexity of local institutions.

Furthermore, legal changes currently being finalised will strengthen our enforcement powers. This approach is delivering an assertive risk-based supervision system for financial institutions which is underpinned by a credible enforcement deterrent.

#### **Assertive Supervision**

Under the enhanced supervisory framework, the supervision of financial institutions has become more challenging. This challenge extends to business models as well as controls. The level of engagement with institutions also provides an opportunity for dialogue which enables the Bank to assure itself that concerns expressed are taken seriously by the institutions and that, where necessary, remedies are being put in place.

#### **Risk-Based Supervision Framework**

During 2012, the Bank introduced a risk-based approach to supervision which enables us to apply our resources to those institutions with the highest impact and risk profile with the emphasis on conclusive mitigation of identified risks. Through this approach, build-up of vulnerabilities in individual institutions, systemically important institutions and the banking industry as a whole should be identified and addressed early. Other quasi

banking activities such as credit unions will be included in the supervisory monitoring of the Reserve Bank. The skills and depth of supervisory staff will be strengthened to ensure that the supervisory function is robust and proactive. The effectiveness, efficiency and transparency of the financial system as an intermediary for development will also be captured in the supervision framework.

#### **Capital Markets Supervision Framework**

The Bank wears two hats when it comes to the supervision of the capital markets. On the one hand it is tasked with the responsibility of regulation and supervision, while on the other hand it is mandated to take necessary actions to develop the capital market. This requires a balancing approach by the Bank

The overriding aim of capital markets supervision is investor protection and the mitigation of systemic risk. Work in this area is split between the supervision of firms and the oversight of primary and secondary markets. Mindful of our overriding responsibilities, we will develop appropriate supervisory arrangements for capital markets entities and intermediaries.

#### **Enforcement**

The Bank's approach to regulating financial services providers and markets, whilst ensuring the protection of consumers, is based on a model of assertive risk-based supervision underpinned by a credible threat of enforcement. Where entities fail to comply with regulatory requirements, enforcement is an important tool to achieve compliance and promote the expected behaviours.

Strategy	Action
<p><b>Enhance Risk-Based Supervision Approach</b></p>	<ul style="list-style-type: none"> <li>· Deliver effective, judgement-based, outcome-focused supervision</li> <li>· Allocate supervisory resources in accordance with risk concentration and systemic importance</li> <li>· Produce comprehensive risk mitigation plans</li> <li>· Conduct onsite and offsite supervision of regulated institutions</li> </ul>
<p><b>Strengthen the Regulatory Framework of Licensed Institutions and Markets</b></p>	<ul style="list-style-type: none"> <li>· Assess the relevance of advancing the adoption of the BASEL III Capital Framework for Fiji banks</li> <li>· Review compliance of the RBF Supervisory Framework to International Core Principles and Anti Money Laundering Standards</li> <li>· Undertake policy development, implementation and review</li> <li>· Fund and oversee the operations of the Financial Intelligence Unit</li> </ul>
<p><b>Credible Enforcement</b></p>	<ul style="list-style-type: none"> <li>· Improve compliance by focusing on key enforcement priorities</li> <li>· Enhance enforcement capabilities and expertise</li> </ul>
<p><b>Implement an Effective Regulatory Regime for Credit Unions, Microfinance and Other Non-Deposit Taking Institutions</b></p>	<ul style="list-style-type: none"> <li>· Establish appropriate legal powers for supervision</li> <li>· Implement an effective supervisory framework</li> <li>· Develop prudential returns</li> <li>· Conduct onsite examinations</li> </ul>
<p><b>Ensure Effectiveness of Risk-Based Supervision Approach</b></p>	<ul style="list-style-type: none"> <li>· Adopt a tiered classification of all financial services in Fiji</li> <li>· Expand the peer review of supervised institutions</li> <li>· Review risk-based supervision manual</li> </ul>

# STRATEGIC GOAL 3

## PROVIDE INDEPENDENT ECONOMIC ADVICE AND HIGH QUALITY STATISTICS

The provision of high quality economic and statistical analysis is integral to the policy advisory function of the Bank. It contributes not only to the goal of providing independent economic advice and high quality financial and monetary statistics but also to achieving macroeconomic, price and financial stability. The following have been identified as key objectives of this strategic goal going forward:-

- to increase and improve our policy-relevant outputs and their timeliness. Work related to the Fijian economy, the financial system and financial stability will be prioritised;
- to raise the visibility and influence of the Bank's output vis-à-vis other policy-makers, the economics profession and the wider public. This

is important both for the purposes of reputation and communication, as well as for the maintenance of professional standards;

- to make our research more closely aligned with the objectives of the Bank. This will help further raise the Bank's profile both domestically and internationally; and
- to continue to meet our obligations in relation to both domestic and international related work. This involves contributing actively in regional and international meetings/ working groups and performing all statutory and other functions in line with international best practice.

Strategy	Action
<b>Improve Quality and Depth of Financial and Monetary Statistics, and Economic Analysis</b>	<ul style="list-style-type: none"> <li>• Conduct robust economic analysis</li> <li>• Align research and empirical initiatives with economic policy development</li> <li>• Improve quality of data collection and dissemination</li> <li>• Strengthen collaboration with Fiji Bureau of Statistics</li> <li>• Enhance website content and online format of data</li> </ul>
<b>Develop a Repository of Financial and Monetary Statistics</b>	<ul style="list-style-type: none"> <li>• Implement new data collection and dissemination initiatives</li> <li>• Ensure compliance with the IMF's Standard Reporting Format requirements</li> <li>• Put in place Memorandum of Understanding (MOU)/ Memorandum of Agreement (MOA) with key agencies and stakeholders for data collation and reporting</li> </ul>
<b>Advice to Government</b>	<ul style="list-style-type: none"> <li>• Provide independent, timely and quality advice</li> <li>• Conduct regular consultation and meetings with line minister</li> </ul>

## STRATEGIC GOAL 4

### PROTECT CONSUMERS OF FINANCIAL SERVICES

It is important that the Bank continues to have a good understanding of the risks facing consumers. Collaboration will continue with other agencies which have a direct role in protecting consumers to achieve this goal.

The Complaints Management Forum will continue to be used as a mechanism for bringing external input and advice to our work. Work will continue on conducting themed reviews and inspections in specific sectors and also on specific issues facing consumers based on our analysis of emerging risks.

Institutional strengthening of some of the current complaints handling framework will be a focus during the period of this Plan to include: -

- extending our scope to include complaints against non-regulated financial institutions; and
- providing the Reserve Bank with legislative powers to provide redress for complaints.

Strategy	Action
<b>Develop a Consumer Protection Framework</b>	<ul style="list-style-type: none"><li>• Develop framework for consumer redress schemes and fair treatment processes</li><li>• Explore additional powers to provide redress for complaints</li></ul>
<b>Fair and Transparent Treatment of Consumers of Financial Services</b>	<ul style="list-style-type: none"><li>• Ensure proper disclosure of fees and charges</li><li>• Create wider awareness</li><li>• Manage financial system customer complaints</li></ul>
<b>Engage with Stakeholders</b>	<ul style="list-style-type: none"><li>• Increase consultation with local advisory board</li><li>• Complaints Management Forum</li></ul>

# STRATEGIC GOAL 5

## SUPPORT GOVERNMENT’S GROWTH INITIATIVES

Complementing and supporting Government’s initiatives to ensure sustainable economic growth is key to the Reserve Bank’s role. In this regard, the Bank, in close consultation with Government, will undertake to be more influential in collaborating with relevant stakeholders in the economy to meet national development goals.

The Bank will also play a proactive role in developing and implementing national planning strategies and strategically use the financial system to help grow the economy without compromising financial stability.

Strategy	Action
<b>Drive Value Adding Initiatives &amp; Provide Necessary Facilities and Support Mechanism</b>	<ul style="list-style-type: none"> <li>Proactively identify arenas, mechanisms in support of Government growth initiatives</li> <li>Review RBF financing facilities</li> <li>Review SME Credit Guarantee Scheme</li> <li>Identify potential growth sectors and industries and target groups</li> </ul>
<b>Initiate Regular Engagement with Government and Key Stakeholders</b>	<ul style="list-style-type: none"> <li>Regular engagement through economic forums</li> <li>Develop networking in support of existing channels and processes</li> <li>Develop MOUs with key partners</li> <li>Improve on inter-agency cooperation and collaboration</li> </ul>
<b>Regional, International Collaboration and Partnerships</b>	<ul style="list-style-type: none"> <li>Strengthen liaison with regional and international agencies and other central banks</li> <li>Take the lead in the region in development of financial inclusion, etc. initiatives and foster knowledge sharing</li> <li>Consider membership of international organisations that would benefit RBF</li> <li>Implement capacity building arrangements with regional and international counterparts</li> </ul>

# STRATEGIC GOAL 6

## DEVELOP THE FINANCIAL SYSTEM

The Bank recognises the intricate links between the financial system and the macro economy. We will proactively work to accelerate growth of the financial system through the formulation of a Financial Sector Development Plan for Fiji. This plan will reinforce existing plans to position Fiji as the financial hub in this region.

The Bank will continue to drive development and initiative in financial inclusion, micro finance, e-money and financial literacy programs and initiatives. The use of technology in supporting these initiatives will be emphasised.

Partnership with stakeholders at community level is vital if we are to see real transformation in how the Fijian people access and benefit from efficiencies of financial entities, products and services.

In this regard the Bank will step up its collaboration and stakeholder engagement efforts in ensuring that our development programs and activities address the issue and targets the people that we want to develop.

We will continue to use our strategic partnerships with donor and funding agencies like UNDP, PFI, VISA, IMF and ADB to achieve the target of having 100 percent of the un-banked population of Fiji accessing banking and financial services.

The implementation of the Capital Markets Master Plan to develop Fiji as the 'preferred capital markets centre in the South Pacific' and the achievement of the target to increase the number of adult investors from 32,000 to 100,000 by 2020, will be closely monitored.

Strategy	Action
<b>Implement Financial Inclusion Strategy</b>	<ul style="list-style-type: none"> <li>· Achieve financial inclusion target</li> <li>· Implement the National Financial Literacy Strategy</li> <li>· Support the National Financial Inclusion Task Force [NFIT] goals for achieving financial inclusion</li> </ul>
<b>Develop and Implement Financial Sector Development Plan</b>	<ul style="list-style-type: none"> <li>· Establish working committee</li> <li>· Establish key stakeholder partnerships and collaboration for development of various markets and industries</li> </ul>
<b>Grow the Capital Market</b>	<ul style="list-style-type: none"> <li>· Implement Capital Market Master Plan 2020</li> <li>· Effectively monitor and evaluate target activities and report to Taskforce</li> </ul>
<b>Credit Unions, Microfinance &amp; Other Non-Deposit Taking Institutions</b>	<ul style="list-style-type: none"> <li>· Establish appropriate legal powers</li> <li>· Collate statistics and information on industries and institutions</li> <li>· Identify compliance and supervisory framework</li> <li>· Provide training and corporate governance advice</li> </ul>

# STRATEGIC GOAL 7

## PAYMENT SYSTEM STABILITY

Launching FIJICLEAR, Fiji's payment and settlement system in 2007 was the first strategic step in the vision to modernise Fiji's financial system. Further development of our financial system infrastructure is planned over the next five years with exploratory work already undertaken on Check Imaging Truncation Systems (CITS).

Developing the payment and settlement system will lead to the reduction of overall transaction costs and enhance the efficiency and effectiveness of conducting financial transactions.

The implementation of the National Payment Systems Decree is a key goal in ensuring an efficient and effective payment and settlement system.

The Bank is committed to safeguarding public confidence in the nation's currency by incorporating appropriate local currency designs and security features on Fiji's notes and coins, and ensuring currency stocks are maintained at all times to meet public demand.

Strategy	Action
<b>Enhance Payment and Settlement Infrastructure</b>	<ul style="list-style-type: none"> <li>· Explore cheque imaging truncation system infrastructure</li> <li>· Develop and implement National Payment Systems Law</li> </ul>
<b>Ensure Robust Currency Management System</b>	<ul style="list-style-type: none"> <li>· Review the Numismatic Strategy</li> <li>· Review currency stock projection methodology</li> <li>· Undertake currency security features review</li> <li>· Evaluate electronic and mobile payment systems and use of cash</li> <li>· Review currency processing systems</li> <li>· Plan the issue of commemorative 50th Anniversary of Independence banknote and/or coin (for 2020)</li> </ul>

# STRATEGIC GOAL 8

## OPERATIONAL EFFICIENCY AND COST EFFECTIVENESS

Process efficiency and cost effectiveness will underpin all our operations. We will strive to have the people, systems and structures in place to maximise our effectiveness.

Enhancing corporate governance processes between the Board and management is crucial for the promotion of good corporate governance in the Bank.

The Bank recognises that the internal communication channels are equally important, if staff are to personally own and

drive the success of each of these strategic goals.

Prudent management of cost within our operations and ensuring improved returns on our investment portfolio will be key priorities in the next five years.

We will strengthen our risk management framework and the effectiveness of our internal controls. Our operations will also be conducted within well-defined risk management and control frameworks.

Strategy	Action
<b>Manage Risks, Ensure Compliance and Strengthen Internal Controls</b>	<ul style="list-style-type: none"> <li>Establish a risk management framework</li> <li>Implement and monitor of the recommendations of the internal auditors reports</li> <li>Review the policy framework of the Bank to incorporate changes in legislation</li> <li>Establish new projects, procurement approval policy and process</li> </ul>
<b>Apply Effective Support Services</b>	<ul style="list-style-type: none"> <li>Provision of specialised and general internal services to support the Bank's core work</li> <li>Secure the internal environment of the Bank from all emerging threats.</li> <li>Strengthen project management and set up of a Project Management Office</li> <li>Use technology to improve operations, processes and deliver the goals of the Strategic Plan</li> <li>Review the effectiveness of systems implemented and create value</li> <li>Ensure adequate space on premises for growing staff numbers</li> </ul>
<b>Communications</b>	<ul style="list-style-type: none"> <li>Develop a communication framework identifying strategies for external (domestic, regional, international) and internal communication</li> <li>Improve communication of the policies and views of the Bank</li> <li>Develop forums for effective internal communication</li> </ul>
<b>Operational and Cost-Effective Strategies</b>	<ul style="list-style-type: none"> <li>Review organisational structure in alignment with strategic goals</li> <li>Migration towards paperless office and reduce carbon footprint</li> <li>Maximise profits without compromising the Board approved foreign reserves investment guidelines</li> <li>Maintain growth in numismatic sales</li> <li>Review existing QMT framework, workflows and controls</li> <li>Work towards minimisation of waste</li> </ul>

# STRATEGIC GOAL 9

## OUR PEOPLE

The Reserve Bank's Human Resources Strategic goals provide the framework for its most valuable asset – its people.

We will endeavour to have the right people, systems and structure that will promote effectiveness in the discharge of our responsibilities. Key to the full realisation of these goals lies in the ongoing development of Bank staff.

The appropriate allocation of resources and prioritisation of staff wellbeing will ensure increased productivity and the achievement of this Plan.

The Bank's Human Resources (HR) priorities are: -

### **Compensation & Career Pathways**

We will develop a phased approach to review and address compensation issues, with a view of addressing any market and internal equity issues that may exist or develop. This work includes review and/or update of compensation policies and practices, development of career pathways and assessment of internal development and promotion opportunities.

### **Automation of Human Resources Information System**

We will develop a HR technology plan to fully utilise People Inc. reporting and tracking capabilities. Integral to this plan will be the development of a HR dashboard to measure the safety, health and

wellbeing of the Bank's employees. We will also establish a HR safety metrics against national benchmarks and best practices;

### **Performance Management & Professional Development**

We will periodically review competency-based job descriptions with expected performance and behavioural outcomes. All employees apart from having undergone annual performance evaluation will have a professional development plan. A solid performance management system is the foundation for succession planning programs. Succession planning begins with the definition of target performance and behaviours, assessment of performance strength, identification of future leadership needs and development of a plan/ talent pipeline to mitigate the gap.

### **HR Strategic Plan and Work Culture Enhancement**

The compilation of the Bank's HR Strategic Plan is a top priority. The Plan will include bank-wide analysis and alignment to overall Bank objectives. It is a four-step process: current state, future state (out at least five years), gap analysis and HR strategy development and recommendations. Elements analysed include: corporate values performance, workforce diversity, recruitment and retention, internal promotions and opportunities for advancement, professional development, and termination and retirement trends.

Strategy	Action
<b>Compensation &amp; Career Pathways</b>	<ul style="list-style-type: none"> <li>· Consider establishing a Compensation &amp; Benefits Board/ Sub-Committee to review and communicate changes to existing benefits, review of financial implications, fiduciary responsibilities for benefits and implementation as needed</li> <li>· Revise/update compensation philosophy, policies and practices, to analyse and determine market position and internal equity and to recommend compensation strategies to address retention and scarce skills</li> <li>· The Board/Subcommittee will also develop an Employer of Choice model for the Bank to pursue</li> <li>· The Board/Subcommittee will develop the foundational pieces of a career pathway structure specific to each Group with the support of the HR Unit's leadership and implement</li> </ul>
<b>Automation of HR Information System</b>	<ul style="list-style-type: none"> <li>· Develop a HR Technology Plan in collaboration with the IT Unit to identify, prioritise, set timelines and establish resources required for full deployment of People Inc. system as well as an end-to-end integration recruitment system with e-Forms, reminders and tracking capability of on-line applications</li> <li>· Development of a HR Dashboard to measure staff health, safety and wellbeing performance of the Bank compared to national workforce benchmarks and best practices</li> </ul>
<b>Performance Management &amp; Professional Development</b>	<ul style="list-style-type: none"> <li>· Annual review of competency-based job descriptions, with performance and behavioural expectations incorporated, as well as required training and remedial requirements tied to position</li> <li>· Enhance employee training &amp; development with the introduction of an individual annual professional development plan (PDP) tied to annual performance evaluation</li> <li>· Develop a 360o feedback process/forms (supervisor, peer direct report review) as well as explore a system and process for automating the entire performance management process (R&amp;R)</li> <li>· Develop a succession risk management plan for all identified Bank critical roles (at risk roles) with a tool to track success and opportunities for continuous improvement</li> <li>· Develop a bridging leadership program for potential managers</li> </ul>
<b>HR Strategic Plan, On-Boarding and Work Culture Enhancement</b>	<ul style="list-style-type: none"> <li>· Develop a HR Strategic Plan 2014-2018</li> <li>· Redesign of new employee induction/On-Boarding process</li> <li>· Develop and implement listening systems/tools to measure employee satisfaction levels</li> </ul>

# STRATEGIC GOAL 10

## GOVERNANCE

The Bank's Corporate Governance Principles and Guidelines need to be regularly reviewed so that they are in line with international best practice and are also relevant with the environment in which we operate. This document will always be accessible to staff to enhance transparency in the Bank.

Linked to governance is leadership, management and continuous improvement. We need to further

strengthen governance in the Bank so that we lift our benchmark and progress from strength to strength.

Quality must be paramount in everything that we do – in the delivery of our services, in the formulation and implementation of our policies, in our recruitment and performance assessment. We must ensure that our systems and processes are cost effective and efficient.

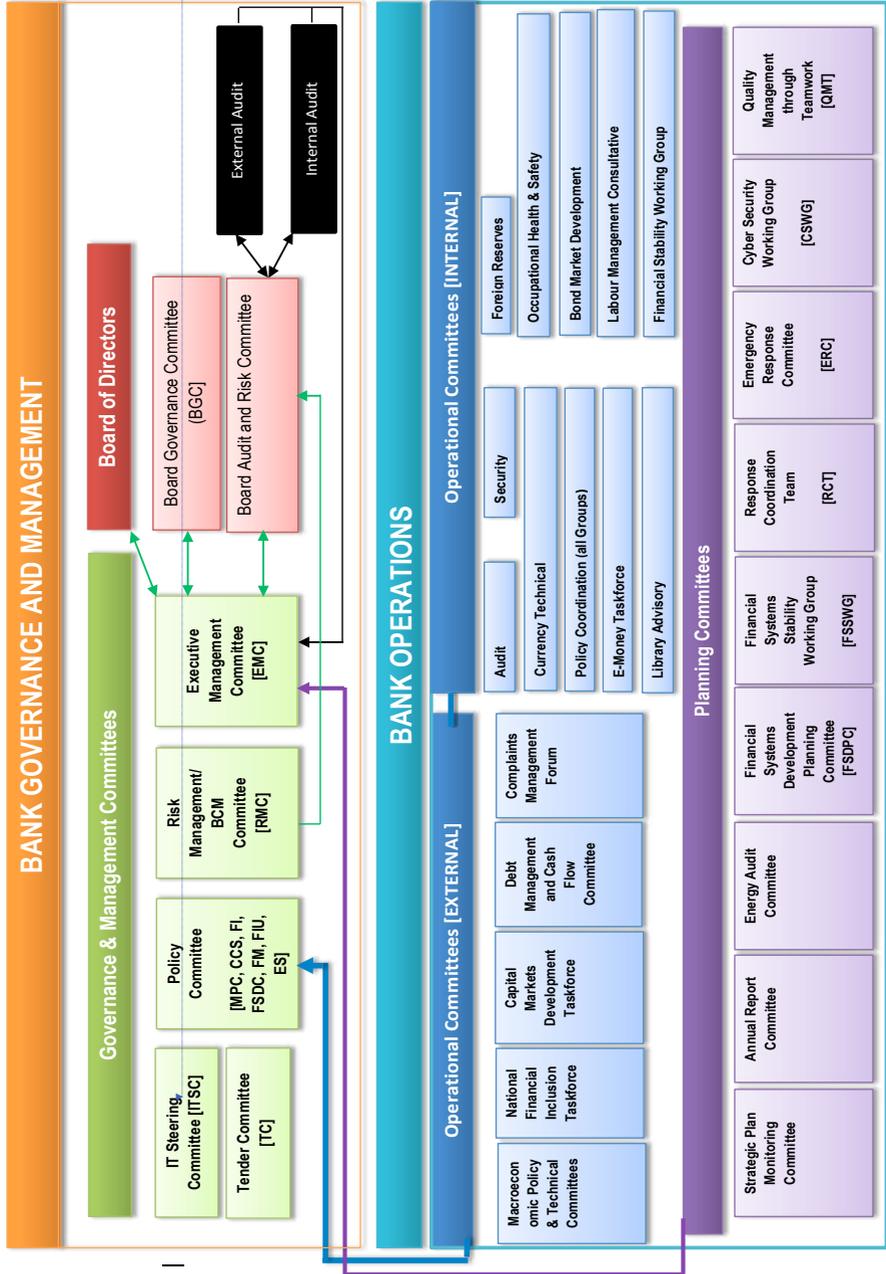
Strategy	Action
<p><b>Further strengthen governance framework and structure</b></p>	<ul style="list-style-type: none"> <li>• Develop and implement Board charters</li> <li>• Clearly demarcate the role and responsibilities of the Board and Management</li> <li>• Review the current corporate governance organisation structure</li> <li>• Manage and communicate change efficiently</li> <li>• Align strategic and management risk</li> <li>• Review and assess existing policies and implement initiatives</li> <li>• Review existing Acts and implement new ones as necessary</li> </ul>
<p><b>Ensure that quality is paramount in all processes and functions</b></p>	<ul style="list-style-type: none"> <li>• Ensure that all processes in the Bank are documented and linked to performance assessment</li> <li>• Chief Managers to take responsibility for enhancing quality in their Groups, in particular checking and attention to detail</li> <li>• Staff to ensure that they are responsible and accountable for all aspects of their work</li> <li>• Create awareness of Bank polices, rules and regulations, delegations of authority so that there are no breaches</li> <li>• Staff to strictly adhere to approved processes to minimise internal and external audit citations</li> </ul>



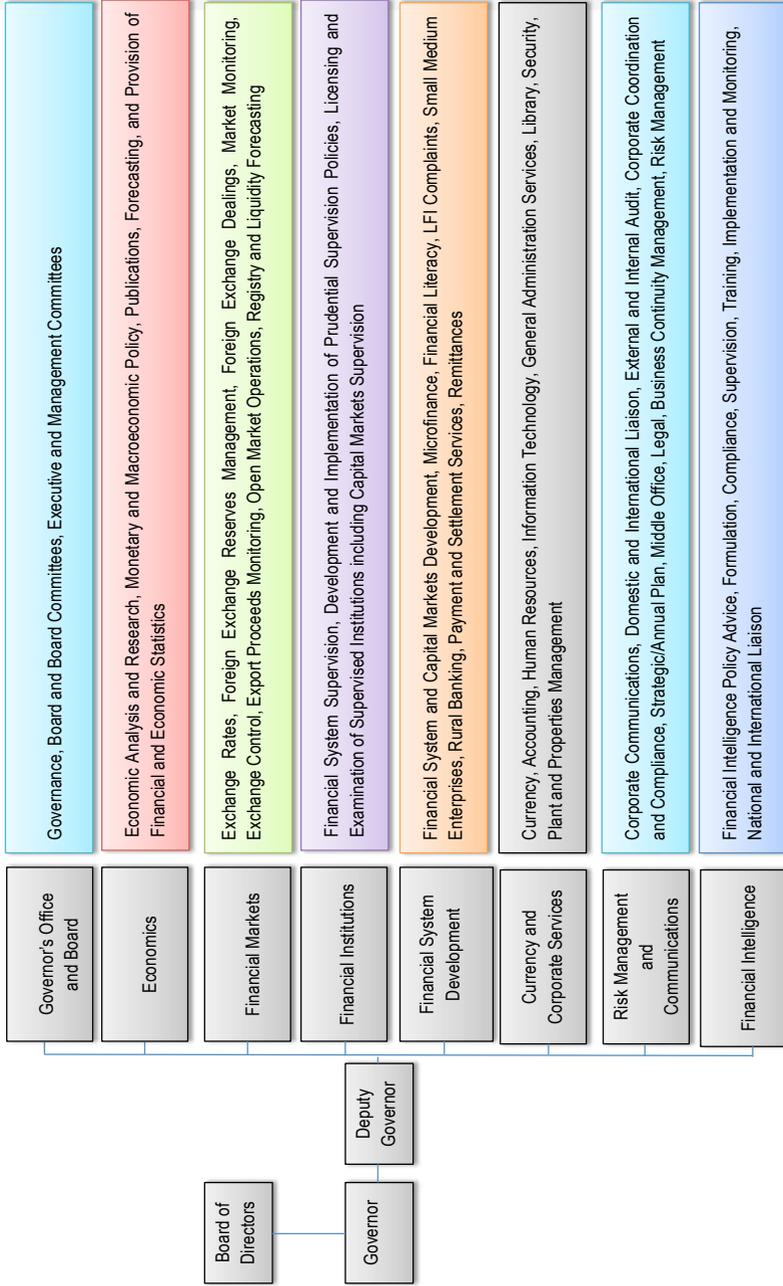
**“Bringing out the best in a person is often a catalyst for bringing out the best in the team.”**

*John C Maxwell*

# RESERVE BANK OF FIJI - CORPORATE GOVERNANCE STRUCTURE



# ORGANISATIONAL STRUCTURE





## **RESERVE BANK OF FIJI**

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The great double-hulled, ocean-going canoes (drua) of the ancient Fijians were remarkable crafts, capable of long voyages. The tagaga (pronounced “tanganga”) or masthead, was crucial for holding in place the sails, woven from the leaves of the pandanus tree. It was the tagaga which enabled the navigators to keep their drua sailing towards their destinations. For the Reserve Bank of Fiji, a logo based on the tagaga masthead, symbolises the Bank’s role in contributing towards a sure and steady course for Fiji’s economy.





## **RESERVE BANK OF FIJI**

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