

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK REFORMS DISCLOSURE REQUIREMENTS FOR INTEREST RATES, FEES & CHARGES OF LICENSED BANKS IN FIJI

The Reserve Bank has today issued its revised policy guideline on fees and charges of licensed banks in Fiji - *Banking Supervision Policy Statement No. 8A (Revised 2011): Accountability and Disclosure Guidelines on Interest Rates, Fees and Charges for Licensed Banks in Fiji*.

The policy guideline imposes several new disclosure requirements on the banks, however, the key initiatives are in the standardisation and details required to be disclosed. Standardisation is aimed at ensuring greater transparency and comparability of fees and charges across the different banks while the level of details required is aimed at assuring banks' customers of the total cost of borrowings or net returns they will receive from deposits before a banking decision is made.

The Policy which becomes effective from 1 September 2011 and is applicable to all licensed banks in Fiji is a review of the Disclosure of Fees and Charges Policy issued in July 2002. Certain provisions requiring reprinting of forms and brochures will become effective from 1 January 2012 while provisions requiring system changes will become effective from 1 June 2012. The Reserve Bank is expected to step up market surveillance to ensure compliance and will also monitor compliance through its Complaints Management policy.

Governor of the Reserve Bank of Fiji, Mr. Barry Whiteside said the policy statement was the culmination of two years of work and acknowledged the contributions from various stakeholders including the commercial banks and the Consumer Council of Fiji. He added that this completes the first phase of the Reserve Bank's work on reforming fees and charges of licensed financial institutions in the country. The second phase which is already in progress is the review of current fees and charges of the commercial banks.

Governor Whiteside clarified that the Reserve Bank had removed references to "unfair and unjust" fees and charges from the initial draft of the policy guideline, preferring to conduct a separate review of all existing fees and charges to complement the new policy guideline. The review entails the banks reviewing all their fees and charges and the Reserve Bank is confident that several identified fees and charges will be reduced or eliminated all together. Going forward, the Reserve Bank will ensure any new fee or charge is fully justified prior to approval for implementation.

Mr. Whiteside said the Reserve Bank acknowledged that the banks, like any other commercial enterprise, are actively seeking to meet the needs of their customers with new product offerings, particularly leveraging off technology and with new products and services come new fees and charges. However, the Reserve Bank's task was to ensure these charges are reasonable.

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