

# RESERVE BANK OF FIJI

## *PRESS RELEASE*



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### **RESERVE BANK OF FIJI RELEASES 2018 FINANCIAL STABILITY REVIEW**

The Reserve Bank of Fiji has released its Financial Stability Review (FSR) for October 2018. The FSR is an annual review of the stability of the Fijian financial system by the Reserve Bank, highlighting key risks to the financial system and how these are being mitigated.

Reserve Bank of Fiji Governor, Mr Ariff Ali in summarising the review noted that global economic and financial conditions remained relatively favourable, however fluctuations in commodity prices and geopolitical and international trade tensions resulted in an elevation of risk.

Domestically, macroeconomic risks remained subdued and a favourable outlook for the economy is anticipated in the short to medium term.

The latest credit conditions bi-annual survey conducted by the Reserve Bank noted a tightening of credit conditions in the banking system. However, system liquidity remained adequate and while non-performing loans edged up marginally in the review period, the Fijian financial system continued to be assessed as safe and sound.

The 2018 FSR contains the findings of the thematic credit risk review of commercial banks focusing on their mortgage lending portfolio. The thematic review concluded that while there are vulnerabilities in the mortgage lending market, these do not support macro-prudential intervention at this time. The FSR also includes key recommendations of the Fiji Financial Sector Stability Review conducted by the International Monetary Fund in February 2018.

Governor Ali has emphasised that Fijian banks are well capitalised to withstand adverse shocks in the short term as concluded from stress tests conducted, however specific areas of concern at individual institution levels will continue to be closely monitored by the Reserve Bank.

The Financial Stability Review can be downloaded from the RBF's website at [www.rbf.gov.fj](http://www.rbf.gov.fj)

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