

# RESERVE BANK OF FIJI



## *PRESS RELEASE*

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Telephone : (679) 331 3611

Facsimile : (679) 330 2094

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Email : [info@rbf.gov.fj](mailto:info@rbf.gov.fj)

### **RESERVE BANK OF FIJI RELEASES JANUARY-JULY 2016 REPORT**

The Honourable Minister for Economy, Mr Aiyaz Sayed-Khaiyum, tabled the Reserve Bank of Fiji's January-July 2016 Report in Parliament on 22 March 2017. The Report included the audited accounts and the operations of the Reserve Bank for the seven month period ended 31 July 2016. The Governor of the Reserve Bank, Mr Barry Whiteside, said it was necessary to produce the Report covering the shorter period, to coincide with the change in the Bank's financial year. Mr Whiteside highlighted that despite the negative impact from the natural disasters at the beginning of 2016, the Fijian economy stayed on track to record positive growth for the seventh consecutive year, although at a projected slower pace of 2.0 percent. The outcome was attributed to strong macroeconomic fundamentals prior to 2016 which helped the country withstand the effects of tropical cyclones Winston and Zena. In addition, the immediate and ongoing relief efforts by the authorities, private sector and financial institutions post-cyclones provided the much needed economic stimulus. Furthermore, favourable financial conditions, including ample liquidity and low interest rates, also supported the recovery.

In terms of monetary policy objectives, foreign reserves remained comfortable at the end of July 2016, while inflation trended higher than expected due to supply side shortages following the cyclones. Looking ahead, foreign reserves are projected to remain stable while the current high inflation level is expected to moderate as supply for cyclone-impacted agricultural items normalise. The Bank maintained an accommodative monetary policy stance throughout the seven month period and is expected to continue in the following months as warranted by the economic outlook.

Mr Whiteside also highlighted the soundness of Fiji's financial sector remains intact, as indicated by adequate earnings, capital, liquidity positions and asset quality for banks, companies and credit institutions. The Reserve Bank continued to prioritise efforts to further develop the financial system during the first seven months of 2016 through various policy initiatives, including the expansion of mobile services, microfinance development and financial literacy awareness programs.

The Report underscored the Bank's ongoing commitment towards financial inclusion, in particular the hosting of the eighth Alliance for Financial Inclusion (AFI) Global Policy Forum (GPF) in Nadi in September 2016. The milestone event would bring together more than 540 delegates from 82 countries at Denarau to discuss financial inclusion issues. It was also an opportunity to share Fiji's financial inclusion journey and its close collaboration with other fellow central banks in the Pacific region.

Governor Whiteside noted that the change in the Reserve Bank's financial year from 1 August to 31 July was in alignment with Government's change in fiscal year. On the Bank's financial performance for the seven months, lower interest rates in most of our trading partner countries resulted in the lower income and profits from its investments offshore. Nevertheless, the Bank transferred \$15.7 million in profits and an additional \$3.0 million from the Revaluation Reserve Account to Government in early October 2016.

The Governor and the Board of Directors thanked the RBF staff for meeting their key objectives and extended their appreciation to all the Bank's stakeholders for their continued support during the first seven months of 2016.

The January-July 2016 Report can be downloaded from the RBF's website at [www.rbf.gov.fj](http://www.rbf.gov.fj)

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