

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK REDUCES STATUTORY RESERVE DEPOSIT REQUIREMENT FOR COMMERCIAL BANKS IN FIJI

All licensed commercial banks in Fiji are required under Section 40 of the Reserve Bank Act to hold a proportion of their deposits and similar liabilities with the Reserve Bank. This requirement is known as the Statutory Reserve Deposit (SRD).

The SRD currently stands at 6 percent. Effective from 7 April 2009, the SRD requirement will be reduced to 5 percent.

The Governor of the Reserve Bank of Fiji, Mr Savenaca Narube said that, “The lower SRD requirement will supplement existing measures to maintain an adequate level of liquidity in Fiji’s financial system. These measures include commercial banks borrowing from the Reserve Bank and the use of special facilities like the Export Finance and the Flood Rehabilitation Facilities. I am confident that the combination of these measures will keep liquidity at an acceptable level in the next twelve months. The Reserve Bank will continue to monitor the situation closely and consider further reductions in SRD if necessary. However, I would like to urge commercial banks to use this additional liquidity to lend to priority areas that will support growth, exports and investment.”

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