

# RESERVE BANK OF FIJI



## *PRESS RELEASE*

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### **TRANSFER OF THE ADMINISTRATION OF THE CMDA ACT TO THE RESERVE BANK OF FIJI**

The Prime Minister and Minister for Finance, Commodore Voreqe Bainimarama announced that with effect from 13 August, 2009 the administration of the Capital Markets Development Authority (CMDA) Act has been transferred to the Reserve Bank of Fiji (RBF). This is part of the Government's ongoing review of the Financial Services Sector in Fiji and the overall and continuing reform of the public sector to bring about greater efficiency and cost savings.

The CMDA was established under the CMDA Act 1996 and commenced operations in 1998. It was hoped that the capital markets would grow sufficiently so that the industry would be able to support bulk of the operating costs of the CMDA. However, this has not happened and the cost of operations kept on escalating and was expected to reach almost \$1.6 million by 2010. The total operating and capital expenditure was expected to increase by 95 percent this year to \$1.3 million and the operating expenditure was budgeted to increase by 32 percent to \$800,000. This type of cost escalation was difficult to sustain.

With the tight financial position of the Government and the need to maintain low transaction costs for the financial intermediaries in the capital markets it became necessary to make a major change in the operations of the CMDA. This led to the decision by the Government to merge the CMDA operations into the RBF. It is expected that with the merger the operating costs of the CMDA will be reduced by 50 percent or more immediately.

The operations of the CMDA will be consolidated into the RBF. In the interim, the CMDA will continue to function normally but report to the Reserve Bank Governor. Ms Wati Seeto has been appointed Officer-in-Charge in the interim until a final move of staff to the Reserve Bank takes place by end October.

Governor of the Reserve Bank of Fiji, Mr. Reddy said, "The experience and expertise of the RBF in the financial sector supervision, regulation and development will enhance the work done to date by the CMDA. Over the coming months, some supervision and regulation processes will be reviewed. Most of the staff of the CMDA will be absorbed in other parts of the Bank on their existing terms and conditions."

**Reserve Bank of Fiji**