

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK ISSUES REVISED DISCLOSURE REQUIREMENTS FOR LICENSED CREDIT INSTITUTIONS AND URGES BANKING PUBLIC TO MAKE INFORMED DECISIONS

The Reserve Bank has today issued its revised policy guideline on fees and charges of licensed credit institutions in Fiji - *Banking Supervision Policy Statement No. 8B (Revised 2012): Accountability and Disclosure Guidelines on Interest Rates, Fees and Charges for Licensed Credit Institutions in Fiji*. A similar policy guideline was issued to licensed commercial banks in September 2011.

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

The Policy is applicable to Home Finance Co Ltd, Merchant Finance Co Ltd and Credit Corporation (Fiji) Ltd, the three licensed credit institutions in Fiji. It is a review of the July 2002 Disclosure of Fees and Charges Policy which credit institutions have implemented for over 10 years. The revised Policy requirements are effective from 1 October 2012, while provisions requiring non system changes, such as updating and printing of revised fees and charges brochures and updating letters of offer, will become effective from 1 January 2013. Credit institutions have also been given time to implement other long-term changes.

Governor of the Reserve Bank of Fiji, Barry Whiteside said the policy statement was the culmination of three years of work towards ensuring that customers got sufficient information before deciding to take a loan or invest in a time deposit, during the term of the loan or deposit and when it is paid off. The requirements were carefully chosen to provide customers with relevant information to enable them to make sound decisions after comparing carefully the features and costs of products available. He acknowledged the contributions from various stakeholders including the Finance Companies Association and the Consumer Council of Fiji.

Governor Whiteside urged all customers to make good use of the information provided by banks and credit institutions to ensure they understood what they were buying and how much they would be paying for a product or a service. He added that this completes the first phase of the Reserve Bank's work on reforming fees and charges charged by licensed credit institutions in the country. The second phase, which is in progress, is the review of all current fees and charges of the credit institutions.

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