

# RESERVE BANK OF FIJI

## *PRESS RELEASE*



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### **RESERVE BANK OF FIJI RELEASES 2020 FINANCIAL STABILITY REVIEW**

The Reserve Bank of Fiji (RBF) has today, released its Financial Stability Review for 2020, which provides an assessment of the stability of the Fijian financial system and its resilience to risks arising from developments in the global and domestic economy.

The COVID-19 pandemic has exposed financial systems around the world to vulnerabilities such as falling asset prices, weakened quality of borrowers, tightened credit standards, and potential knock-on-effect across institutions because of their interconnectedness. However, following the 2008 Global Financial Crisis, financial system regulators have focused on building capital and liquidity buffers which have been effective in cushioning the impact of COVID-19 on the financial sector.

The Governor of the Reserve Bank of Fiji, Mr Ariff Ali in releasing the Report reiterated that “Fiji has not been spared having to face its own share of the negative impacts of the pandemic, as the containment measures and border restrictions resulted in the substantial downturn of the tourism industry, one of Fiji’s key economic sectors. As a result, the Fijian economy is projected to contract by 19.0 percent in 2020.”

The Report further provides some analysis on the level of personal remittances into Fiji during this COVID-19 period, considered a positive story amidst all the downward trends in key indicators. A general explanatory note on the stress tests that the RBF has been conducting to assess the resilience of the banking sector is also included in the Review, together with the results of the Credit Conditions Survey undertaken in 2020.

Governor Ali further states that “while the Fijian financial system had entered the pandemic on the back of strong capital positions supported by adequate liquidity levels, the prolonged uncertainty on the reopening of borders and resumption of international travel is key to the quick recovery of the economy, and the continued stability of the financial system.”

The Reserve Bank of Fiji will continue to closely monitor the performance of banks and other supervised entities during this challenging time, and if warranted, implement measures considered necessary to maintain the safety and soundness of the Fijian financial system.

The Financial Stability Review is available on the RBF’s website at [www.rbf.gov.fj](http://www.rbf.gov.fj)

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