

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK REVISES MINIMUM CAPITAL ADEQUACY REQUIREMENTS FOR LICENSED FINANCIAL INSTITUTIONS

The Reserve Bank of Fiji Board approved at its meeting on 21 April 2010 to increase the minimum capital adequacy requirements for licensed commercial banks to 12 percent from 8 percent, and for licensed credit institutions to 15 percent from 10 percent.

All licensed financial institutions in Fiji are required under Section 6 of the Banking Act to maintain a minimum amount of capital and unimpaired reserves, to be held in Fiji. This requirement is known as the minimum capital adequacy requirement.

The recent global financial crisis and the uncertainties related to a sustained recovery, call for a more conservative approach to ensuring that banks and credit institutions at all times, have sufficient capital to mitigate the risks that they face in their operations.

The review of the minimum requirements for capital adequacy is also in line with the Reserve Bank of Fiji's continuous effort to strengthen the safety and soundness of licensed financial institutions and overall, enhance the resilience of the financial system.

All licensed banks and credit institutions are required to maintain the increased minimum capital adequacy requirements from 3 May 2010.

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