



## FIJI COMMERCE COMMISSION

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13<sup>th</sup> April, 2011.

### **Press Statement**

#### **Inquiry into Substantial Market Power of Fiji's Financial Sector**

The Commerce Commission Decree 2010 (öDecreeö), obliges the Fiji Commerce Commission (öCommissionö) to promote competition in Fiji. Where the Commission has reason to believe that the advancement of the objectives of the Decree are not adequately assured by prevailing market conditions, the Commission must:

- (a) identify and review relevant product and service markets for financial services;
- (b) evaluate the level of existing or likely competition in financial markets, including taking into account substitution effects of inter-modal competition; and,
- (c) determine whether, and the extent to which, an insufficiency of existing or likely competition in such markets is likely to impede the advancement of the objectives of the Decree.

If the Commission determines that an insufficiency of existing or likely competition in a relevant market reviewed is reasonably likely to impede the advancement of the objectives of the Decree, the Commission must identify the financial institutions having a substantial degree of power in that market and take appropriate steps to rectify the problem.

Noting the above, the Commission has received a submission from the Consumer Council of Fiji alleging that the Banks in Fiji have abused their market power in imposing exorbitant charges, fees and unreasonable conditions which has become an impediment to investment and thus growth in Fiji. In light of this submission, and Commissions own preliminary analysis, the Commission has today, launched an inquiry to undertake a Substantial Market Power (SMP) study of Fiji's Financial Market. The SMP study is charged with providing a stocktake of the level of competition, products and services offered, fees and charges and the level of disclosures amongst the financial institutions in Fiji. The forces driving further change will be analyzed, in particular, technological development. Recommendations will be made on the nature of the regulatory arrangements that will best ensure an efficient, responsive, competitive and flexible financial system to underpin stronger economic performance, consistent with financial stability, prudence, integrity and fairness.

The Commission today has written to all the players in the financial sector explaining the details of the inquiry, the expectations of the Commission from them, the process and the timelines involved.

The Commissions hopes to finish the inquiry in two months time.

A handwritten signature in blue ink, appearing to read 'M. Reddy', with a long horizontal stroke extending to the right.

Dr. Mahendra Reddy,  
Chair, Fiji Commerce Commission