



Reserve Bank of Fiji's Risk Management Framework

Session 4: Risk Management Framework

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2025 ASIAN REGIONAL FORUM
ON INVESTMENT MANAGEMENT
OF FOREIGN EXCHANGE RESERVES

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Presentation Outline

01 Introduction

02 Risk Governance Structure

03 RBF Risk Management Framework

04 Reporting

05 Conclusion

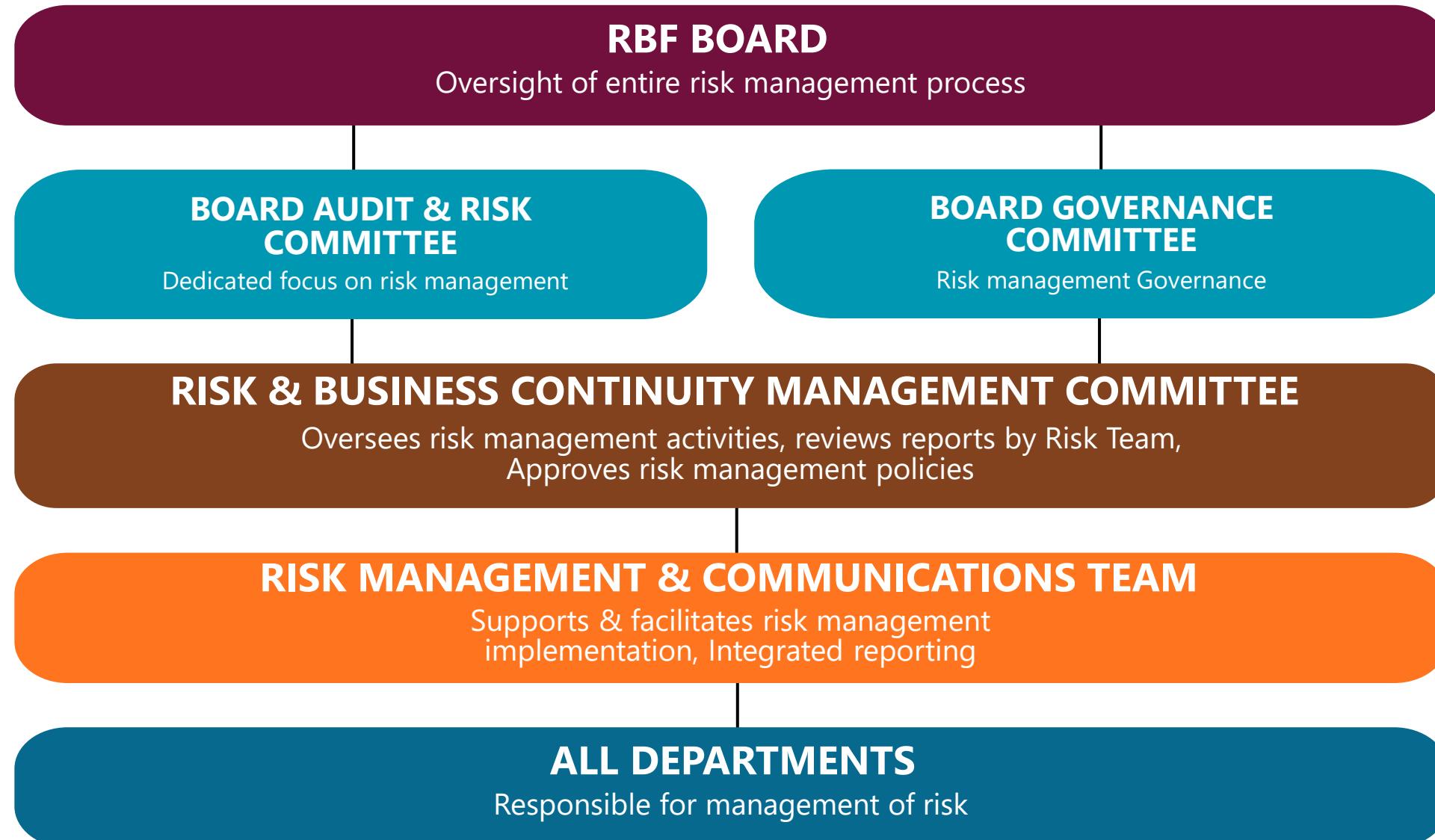
Introduction



The Reserve Bank of Fiji is committed to ensuring that effective risk management

- remains central to all of its activities
- is embedded in its processes and culture
- contributes to the achievement of its core objectives.

Risk Governance Structure



RBF Risk Management Framework

Hybrid model -> best practices and risk management standards.

Three Lines of Defence



First Line - Staff

Responsible for identifying, analysing, evaluating & managing risks and implementing appropriate controls



Second Line - Risk Management Team

Responsible for assurance activities, monitoring, managing and reporting risks identified by 1st line.



Third Line - Outsourced Internal & External Audit

Independent review of the Bank's risk management activities and internal controls

Steps to Evaluate Risk

1) Identify & assess key risk areas

2) Measure likelihood & consequence of each risk using the **Risk Matrix**



3) Evaluate and rank these risks

4) Implement controls to manage the risks

5) Treat unacceptable risks to reduce likelihood or impact

6) Document these processes using the **Risk Register**

7) Continue to monitor, learn, communicate & review these risks

Key Risks



STRATEGIC RISK



FINANCIAL RISK



OPERATIONAL RISK



REPUTATIONAL RISK

Types of Risks



STRATEGIC RISK

Strategic Risk
Governance Risk
Macroeconomic Instability Risk
Financial Instability Risk



FINANCIAL RISK

Currency Risk
Asset Allocation
Investment Classes
Interest Rate Risk
Liquidity Risk
Credit Risk
Concentration Risk
Settlement Risk



OPERATIONAL RISK

IT/Cybersecurity Risk
Business Disruption Risk
Fraud Risk
People & Culture Risk
Legal & Compliance Risk
AML Risk



REPUTATIONAL RISK

Financial Risks



- Currency Risk - FJD dollar basket weights
- Asset Allocation - Cash and Bond
- Investment Classes - Types of Eligible Securities
- Interest Rate Risk - Duration
- Liquidity Risk - Enough cash in current accounts
- Credit Risk - Credit Ratings
- Concentration Risk - Investment in same
- Settlement Risk - Delays/Lateness

Reporting

- Monitoring of the Risk Environment is done **daily**
- **Monthly** updates of Global Markets risks is provided to management and the Board
- On a **quarterly** basis, a consolidated risk dashboard and report is presented to management and the Board



Conclusion



Having an **integrated risk management framework** has allowed the Reserve Bank of Fiji to have a holistic, centralized approach to risk

This has led to **improved decision-making** and **increased operational efficiency**



Thank you

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