

# SECURED TRANSACTIONS REFORM: Personal Property Securities Act (PPSA) and Registry (PPSR)

Fiji Institute of Accountants Seminar  
T11 Conference Room, RBF  
Monday 29 July 2019



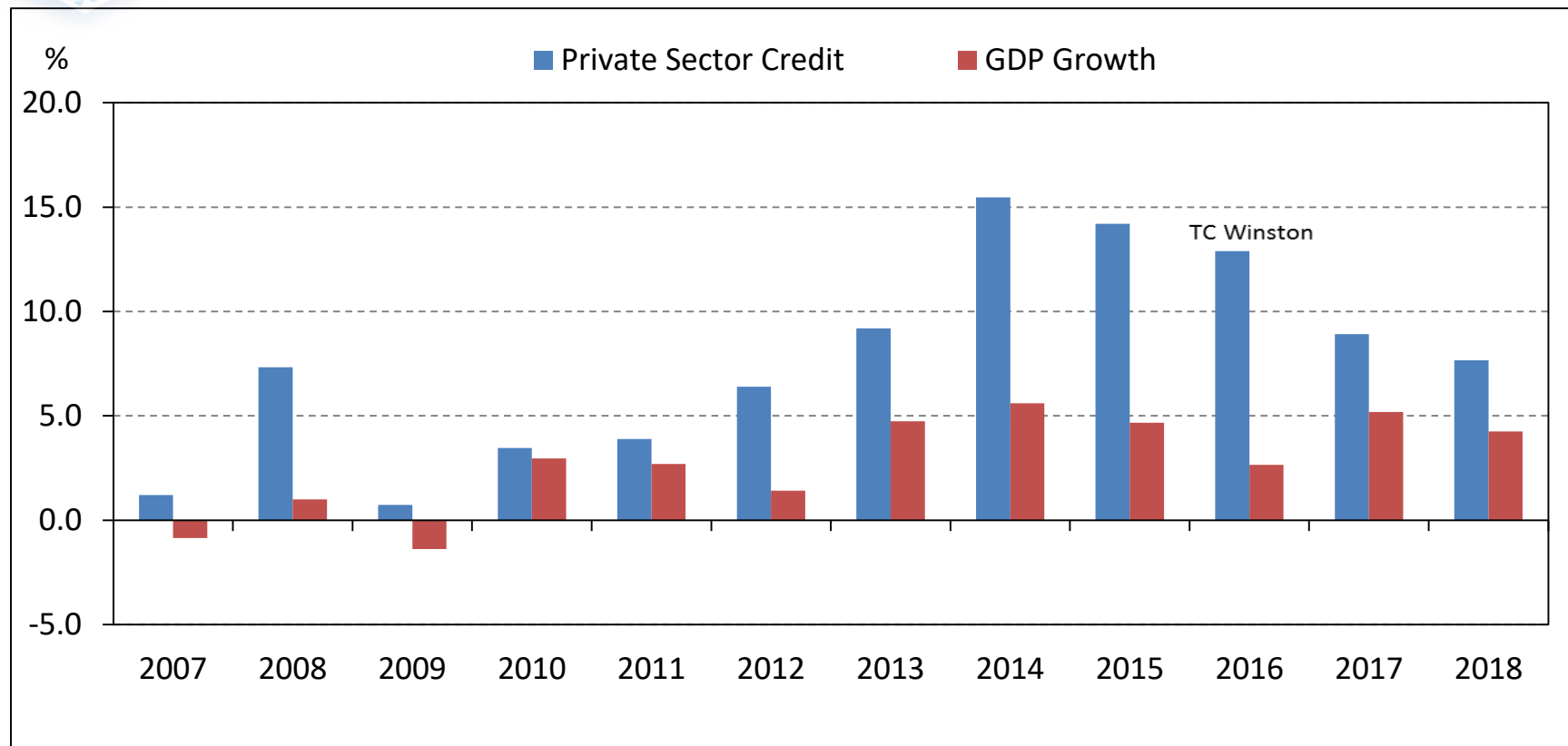


# OBJECTIVES

- Update on the Secured Transactions Reform underway for Fiji
- Highlight the financing needs of the MSMEs
- Raise awareness on the key aspects of Fiji's PPSA and the PPSR



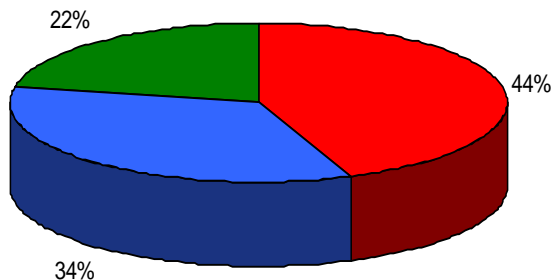
# CORRELATION BETWEEN CREDIT & ECONOMIC GROWTH





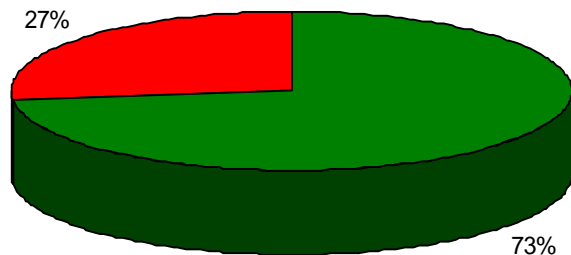
# The collateral mismatch in developing economies ...

## Capital Stock of Firms



- Vehicles / Machinery / Equipment
- Accounts Receivable
- Land / Real Estate

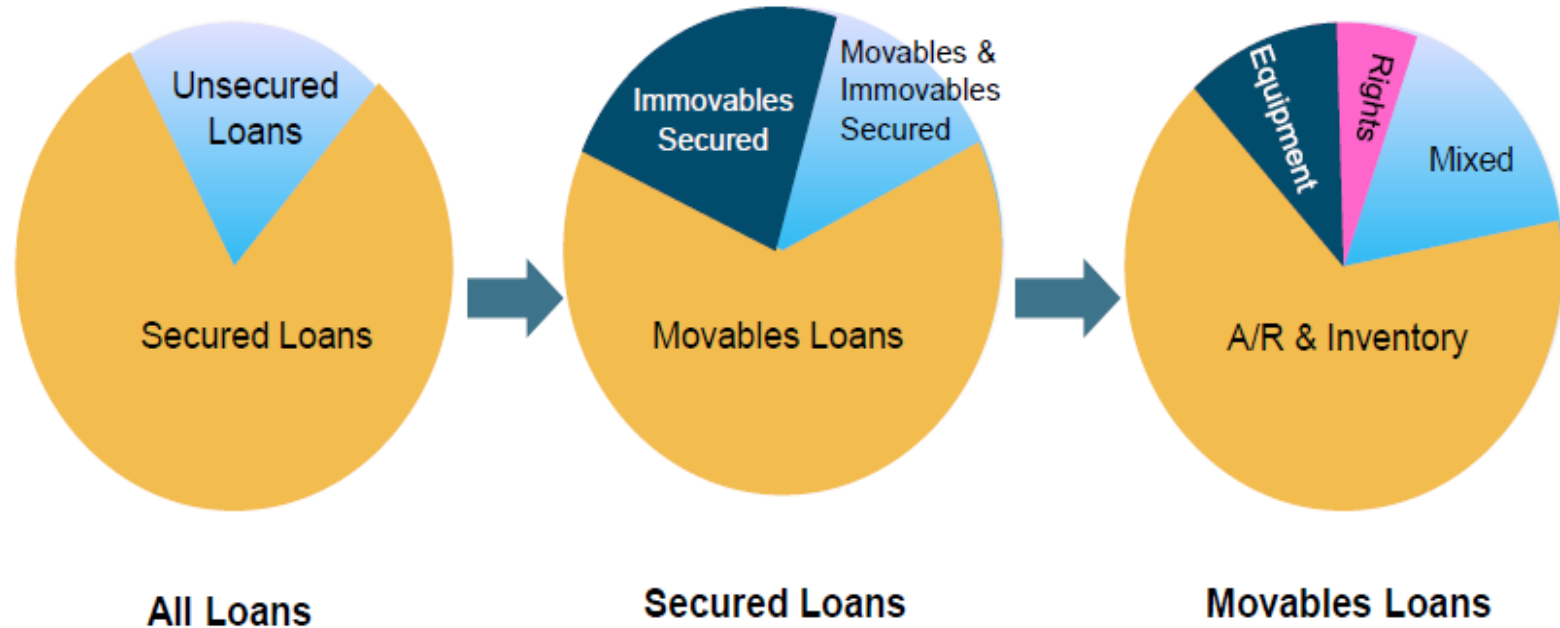
## Security Collateral Taken by Lenders



- Land / Real Estate
- Movable Property



... but not so in developed economies







# Secured Transactions Reform

- **Objective: Unlock Collateral & Credit For MSMEs**
  - Significant value is “locked up” if movables can’t be used as collateral
- **Requirements:**
  1. **Robust legal framework**
  2. **Efficient infrastructure – online registry**





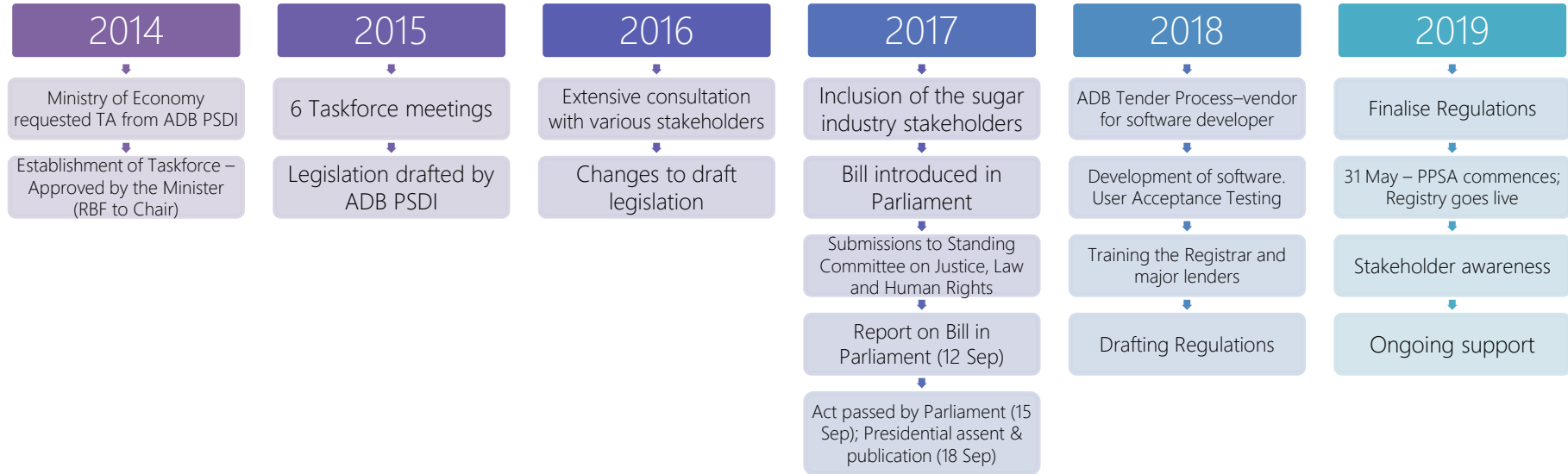
# Secured Transactions Reform

Three phases:

- 1) Legal framework - Personal Properties Securities Act 2017
- 2) Infrastructure - Personal Property Securities Registry
- 3) Improved access to finance - Lending Products and Services



# REFORM JOURNEY





# IS PPSA NEW?



Federated States of  
Micronesia (2006)



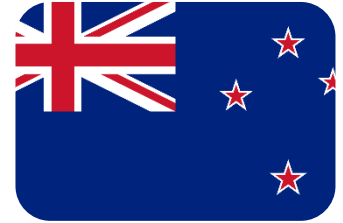
Republic of Marshall  
Islands (2007)



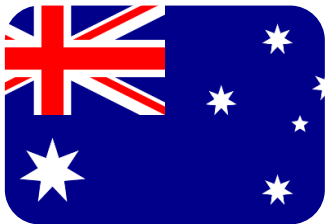
Solomon Islands  
(2008)



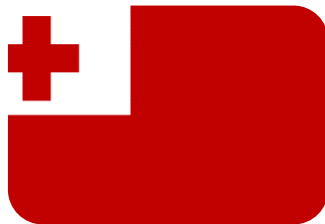
Vanuatu (2008)



New Zealand (2009)



Australia (2009)



Tonga (2010)



PNG (2011)



Palau (2012)



Samoa (2013)





# PPS Act 2017 Highlights









# Transactions subject to the Act - Sect. 8

- PPSA applies to any deal, regardless of terminology, if collateral stands good for a debt
  - Conditional sale, pledge, mortgage debenture, etc.
  - Leases for a term of more than one year
- Interests in property obtained by “Execution creditors” are covered by PPSA
  - Includes court judgment winners
  - Tax liens
  - Unpaid FNPF contributions



# What types of Assets can be collateralised?



Motor  
vehicles



Livestock



Crops



Other  
tangible  
properties  
(Machinery  
jewellery,  
etc.)



Bank  
accounts



Intellectual  
property



Inventory



# Transactions not covered by the Act - Sect. 9



- **The Act does not apply to land or buildings!**

- **Other exceptions**

- Wages
- Ships registered under the Fiji Maritime Transport Act 2013 and aircrafts
- Consumer goods: special rules to protect families
  - Can only finance specific consumer good as part of its purchase, so no blanket charges (Sect. 11)







# “Security Interest” created in collateral

- A “security interest” is the right in collateral that secures payment of debt
  - Lender “takes a security interest” in collateral
  - The lender called a “secured party” under the Act
- Security interests are created by the underlying loan documents/contracts
  - Generically called a “Security Agreement” in the Act
  - **Attracts stamp duty to that of a mortgage i.e. 1.75%**





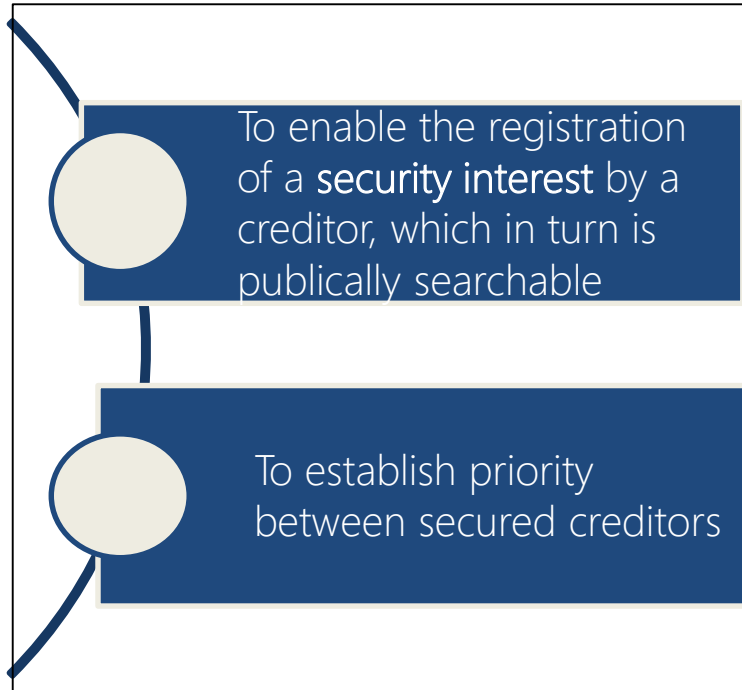
# PPS Registry Highlights

[www.ppsr.gov.fj](http://www.ppsr.gov.fj)

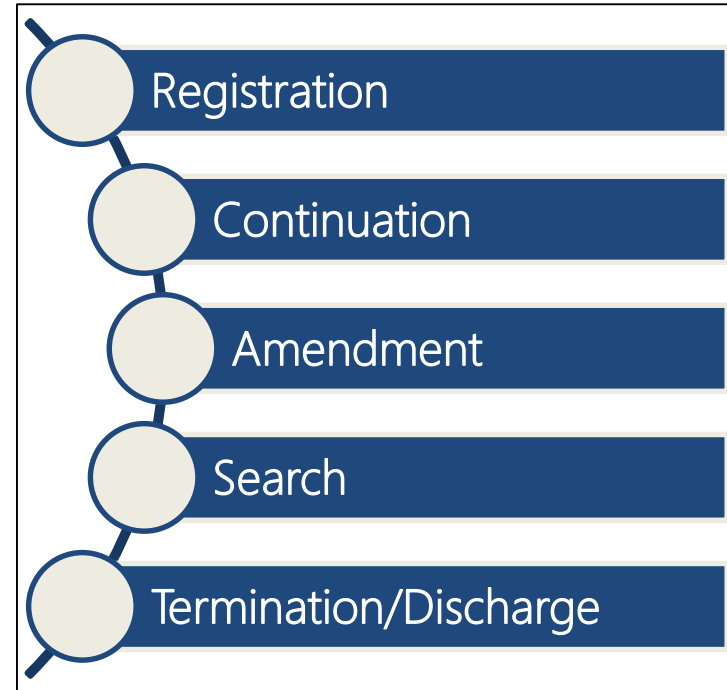


# NATURE OF REGISTRY

## Purpose



## Functions





## Example – moveable asset for a loan

Pre-PPSA	PPSA
Loan application approved	Loan application approved
Stamp duty paid	Stamp duty paid
Physically file Bill of Sale, deeds, crop liens with RoT/ RoD or debenture charges with RoC	Lender registers notice on motor vehicle on <a href="http://www.ppsr.gov.fj">www.ppsr.gov.fj</a>
Disbursement of funds	Disbursement of funds
Financial interest noting at LTA (motor vehicles only)	Financial interest noting at LTA (motor vehicles only)





# WHY FILE “NOTICES OF SECURITY INTERESTS”?

## **Rule:**

- First lender to file has first rights in collateral against third parties
- Priority over other creditors
- Priority over “buyers”
- Filing puts all others on notice that this debtor has pledged this collateral
- Existing transactions need to be filed on the Registry – 180 day transition period ending





# Fiji Personal Property Securities Registry

Reserve Bank Building, Pratt Street, Suva, Fiji.

Telephone: (679) 331 3611 Facsimile: (679) 330 2094 Email: [support@ppsr.gov.fj](mailto:support@ppsr.gov.fj)

[www.ppsr.gov.fj](http://www.ppsr.gov.fj)

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## Bula Vinaka & Welcome

To the Fiji Personal Property Securities Registry, Fiji's online site for searching and filing notices of security interest in movable property

### Who can search?

Anyone can search the registry to verify whether there are any security interests on movable property. Public searches are free of charge. To access, click [Public Search](#)

### How can I file a notice?

If you wish to file a notice of security interest on movable property, you must have an account. If you would like to apply for an Account, click [Create an Account](#).

### We can help you!

If you have any queries regarding the use of the registry or encounter technical problems connecting to or while using this site, please contact [Fiji PPSR Support Team](#).



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# PPSR Statistics as at 29 July 2019

## Notices

### Filing of Security Interests

No. of filings		<b>21,306</b>
Prior transactions	17,251	
Security interest	4,055	

### Searches

No. of searches		<b>3,587</b>
Client	1,583	
Public	1,903	
Administration	101	

## Users

### Accounts in the Registry

Client accounts		<b>50</b>
Banks and Credit Institutions	10	
NBFIs	7	
Car dealers	4	
Hire Purchase Companies	2	
Law firms	24	
Others	3	





# Advantages of the online Registry

- File from the comfort of your desk
- Increases efficiency in finalizing settlements
- No lag in confirming registrations – done instantaneously
- Ability to search and verify filing
- All for free in the first two years
- Search results provides more information to make better decisions





# Secured Transactions Reform

## Phase III :Products & Services

- Work in progress
- ADB PSDI working with two lending institutions
- Impact Evaluation





# WHAT ARE THE BENEFITS?

- Increase access to credit
  - Unlock the value of movable property
  - Powerful tool for MSMEs or people that do not have land holding
- Reduces cost of credit
  - Cost savings for businesses – reduced legal fees
  - Better interest rate
- Credit risk diversification
  - Immovable and moveable
- Increase market competition
  - Development of industries (factoring and leasing)
  - Banks and NBFIs
- Increase access to credit which will increase overall economic activity



Also...



Ease of Doing  
Business

	PNG				Fiji			
	2016	2017	2018	2019	2016	2017	2018	2019
Overall Ranking	133	117	109	108	88	97	101	101
Getting Credit	109	32	42	44	79	157	159	161





# SUMMARY

- The Secured Transactions Reform assists in unlocking the value of moveable assets as loan collateral and improves credit flow to MSMEs
- PPSA commenced 31 May – 180 day transition period
- Filing notices via the online Registry replaces physically filing documents at Registrar of Titles and Registrar of Companies
- Filing notices and searches on the Registry are free for first 2 years
- Opportunities for new credit products
- Positive impact on developing MSMEs, economic growth and Ease of Doing Business ranking.





# Thank you

For more information please visit:

[www.ppsr.gov.fj](http://www.ppsr.gov.fj)