An Historical Overview of Explicit Deposit Insurance Systems in the English-Speaking Caribbean: 1986-2011

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Abstract

Thestudy attempts to examine the key features and peculiarities of the deposit insurance system in each territory of the Caribbean that has adopted an explicit deposit insurance system (EDIS), namely, Trinidad and Tobago (1986), Jamaica (1998), The Bahamas (1999) and Barbados (2006). The rational for the study lies in the fact that while deposit insurance has been a critical phenomenon in the financial safety net mechanism adopted by most developing countries, there seems to be a dearth in the literature on deposit insurance in the context of the Caribbean as it relates to whether it has achieved its dual mandate aimed at protecting depositors and averting banking crises.

The advent of deposit insurance in the four (4) territories of Caribbeanwas positioned against a backdrop of adverse macroeconomic conditions and a series of bank failures that plagued the financial sector in the late twentieth and early twenty-first century. There is the presumption, therefore, that there may be reasons for policy makers in the Caribbean to have gone the route of EDIS as the panacea to arrest banking crises and to restore depositor confidence in the banking system.

Researchers have described some of the key features of deposit insurance, as well as, established a distinction between an explicit and an implicit deposit insurance scheme. Demirgüç-Kunt (2000), in particular, definesexplicit deposit insurance as a formal set of arrangements established to compensate depositors of a failed financial institution; the absence of such formal arrangement, however, is the assumption that the country has an "implicit" deposit insurance system.

The study showed that with the establishment of EDIS, there was no bank failure in three of the four Caribbean territories; the exception being Trinidad and Tobago, which, recorded five (5) bank closures. Further, deposit insurance payoutswere made to depositors of the five (5) failed financial institutions in Trinidad and Tobago. However, in the case of The Bahamas, the authorities had directed the payment of deposit insurance to depositors of one of its major financial institution which failed in the year prior to the establishment of the EDIS.

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Keywords: Banking crises, bank failures, depositor confidence, depositor protection, English-speaking Caribbean, explicit deposit insurance system, macroeconomic conditions.

1.0 Introduction

The establishment of an explicit deposit insurance system (EDIS)[2] in the Caribbean has been a recent phenomenon that graced the financial landscape during the latter years of the twentieth century and the beginning of the twenty first century. A review of the origins of EDIS in developed countries suggests that such occurrences were preceded by a series of bank failures and/or imminent threats to the stability of the banking system in those countries. In the United States, for instance, after experiencing thousands of bank failures between the years 1920 and 1933, the then Administration opted for the establishment of the Federal Deposit Insurance Corporation in early 1933 to administer an EDIS. Also, in Nigeria an EDIS was established in 1989 following a series of severe economic crises, characterised by an unprecedented deterioration in all economic indicators, including falling output, high rates of inflation and unemployment, increasing budgetary deficits due to rapidly falling government revenue, huge balance of payments deficits occasioned by the collapse of oil prices and a worsening terms of trade as well as escalating external debt service obligations (Afolabi and Mamman,1994:and Afolabi, 1995).

Similar to the Nigerian experience, some Caribbean territories were faced with periods of turbulence in the banking systems in the early 1980s and late 1990. This forced respective governments to go the route of setting up an EDIS, which at the time, was viewed as a critical mechanism to restore depositor confidence and to mitigate panic by depositors in the aftermath of the financial crisis.

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[2]Demirgüç-Kunt and Sobaci (2000) define explicit deposit insurance as a formal set of arrangements established to compensate depositors of a failed institution. In the absence of such formal arrangements, the default is the assumption that the country has an "implicit" deposit insurance system.

In the context of the English-speaking Caribbean, four (4) countries now enjoy an EDIS. Trinidad and Tobago, Jamaica, The Bahamas and Barbados adopted EDISin 1986, 1998, 1999 and 2006, respectively, have each adopted an EDIS against a backdrop of adverse economic conditions, and coupled with a series of bank failures as seen in three of the four Caribbean territories. Barbados, though, which experienced similar adverse conditions, had no occurrence of a bank failure in the period prior to the introduction of EDIS.

Given the foregoing historical perspective, this paper attempts to chronicle the evolution of EDIS in the English-speaking Caribbean over the last quarter century, that is, from 1986 to 2011. The paper is structured as follows: a detailed methodology, a review of the literature, a macro-economic environment analysis prior to the establishment of an EDIS, the legal framework of an EDIS, the administration and funding, the membership, the coverage limits and types of deposits covered; the basis and quantum of premiums charged, the bank failure resolutions and deposit payouts, the public awareness programmes adopted to assure depositor confidence in an EDIS, and concludes with recommendations and future outlook.

2.0 The Economic and Financial Environment

During the period of the mid 1980s to the mid to late 1990s, the banking sector within the Caribbean has been plagued with a series of problems emanating from the macroeconomic environment. With the exception of Barbados which experienced strong economic performances, the other territories studiedhad their share of adversities that impacted negatively on the banking sector in varying degrees.

(A) Trinidad and Tobago

The general economic outlook for Trinidad and Tobago in the 1980s, compared to the late 1970s, revealed sharp reversals of fortune with falling government revenues, major business failures, increasing unemployment and balance of payment problems[3].In fact, in 1986 the economy recorded a negative growth rate of 3.3 percent of real gross domestic product (GDP), very high unemployment and inflation rates of 7.1 percent and 17.2 percent, respectively.

The exogenous shocks that affected the real sectors in the 1980s were exerting pressure on the financial system in Trinidad and Tobago, more so on those institutions which were inadequately capitalized, straddled with inefficient management structures and whose loan portfolios demonstrated high levels of risk that was only sustainable in conditions of buoyancy and high levels of demand[4]. In response to these challenges, the then government tailored its reform policy agenda toward restoring confidence in the banking system mainly through the strengthening of the financial safety net mechanisms. Such initiatives, undertaken through the Central Bank, include (i) prudential regulation and supervision; (ii) lender-of-last resort facility to assist banks facing temporary liquidity problems; and (iii) the amendment of the Central Bank Act to incorporate the establishment of an EDIS in 1986.

(B) Jamaica

[3] Auditor General: Reports on the accounts of Trinidad and Tobago,1981-1985
[4] Central Bank of Trinidad and Tobago Annual Economic Reviews-1970-1986

The economic environment in Jamaica during the period 1986 -1992 was strongly influenced by macroeconomic policy changes that emanated from the World Bank-sponsored structural adjustment programme. Under that programme there was a series of financial reforms which facilitated growth in the banking sector, particularly in merchant banking activities where the number of merchant banks grew from 8 in 1985 to 21 in 1990, accounting for 15.4 per cent of the total assets of the financial system.[5]However, the late 1990s saw the economy plagued with a series of bank failures which, to a large extent, was triggered by institutions pursuing aggressive growth strategies, relying on short-term deposits or deposit-like instruments to fund longer-term investments and loans to connected parties (Daley, 1998, Daley and Matthews, 1998).

In the period 1994-1997, the banking sector was faced with a series of crises as monetary policies squeezed liquidity and, as perceived risks escalated, depositors and investors withdrew funds. The initial crisis was essentially felt in the merchant banking segment of the banking sector in 1994 with the closure of the Blaise Trust Company and Merchant Bank Limited. The crisis escalated with closure of the Century National Bank (CNB), the Century National Merchant Bank and Trust Company and the Century National Building Society in 1996, notwithstanding interventions from the Bank of Jamaica, as lender of last resort, in granting overdraft facilities. Further, there was a run on deposits in Citizens Bank during December of that same year, followed by a run on Eagle Commercial Bank in January 1997. By the end of the banking crisis, the tally of closures amounted to twenty-one (21) banks.[6]

[5] Bank of Jamaica The First 40 Years:1961-2000
[6] Central Bank of Jamaica Annual Report-1995 and 1998,FINSAC Annual Report 1998

As an initial response to the crisis, the Government of Jamaica in 1997 established a resolution company named the Financial Sector Adjustment Company (FINSAC), whose mandate was to assist in the restructuring of the banking sector and to guarantee the funds of depositors, life insurance policy holders and pensioners. Further, the Jamaica authorities in March 1998 enacted the Deposit Insurance Act to establish a scheme (EDIS) for the protection of depositors and the restoration of confidence in the financial system through the Jamaica Deposit Insurance Corporation (JDIC).

(C) The Bahamas

The macro-economic environment in the Bahamas in the late 1990s was not as depressed as those of its Caribbean counterparts. In fact, the period 1995 to 1999, there were favourable movements in GDP growth, unemployment and inflation rates: GDP growth moved from 10.3 percent to 12.4 percent; unemployment rates moved from 2 percent to 1.25 percent; and inflation rate moved from 10.8 percent to 7.4 percent. Meanwhile, the current account showed deficits of US$148 million (1% of GDP) in 1995 and US$242 million (4% of GDP) in 1999, coupled with fiscal deficits in the amounts of US$22 million (0.6% of GDP) and US$70 million (1% of GDP) in the respective years.

Despite heavy reliance on the tourism sector which is the primary contributor to GDP, The Bahamas economy has the financial sector as its second most important pillar which contributes between 15 to 20 percent of GDP. Notwithstanding the macroeconomic factors, there was a growing number of managed banks operating in The Bahamas as “brass plates”, i.e. with no physical presence in the country, a situation that threatened the integrity of the international financial system with regards to money laundering and terrorist financing. In addition, the country experienced the failure of a major financial institution, the Gulf Union Bank (Bahamas) Limited (Gulf Union), in 1997. The Bahamian authorities responded through the establishment of an EDIS enacted by the Protection of Depositors Act, 1999, which was made retroactive to cover the depositors of Gulf Union.

It is interesting to note that immediately following the establishment of the EDIS, the Bahamian authorities initiated a policy directive in 2000 that required all banks and trust companies to have a physical presence in The Bahamas as a precondition for obtaining and maintaining a license from the Central Bank.[7]

(D) Barbados

The economic situation in Barbados was peculiar in that during the period leading up to the adoption of a deposit insurance scheme in 2006, the economy was sending mixed signals in terms of its performance indicators. GDPgrowth rate moved from 3.1 % in 2000 to 6.2% in 2006 while unemployment rate fell from 9.2 % to 7.6%, respectively.In contrast, inflation rate showed an upward trend, moving from a low of 1.5% in 2003 to a high of 9.1 % in 2005 and dropping slightly to 6.1% in 2006. Over the same period, balance of payments deficit grew exponentially from 3.1% of GDP to 12.3% of GDP, while the fiscaldeficit increased from 4.1 % of GDP to 6.3 % of GDP in 2006, largely because of falling government revenue, coupled with increasing public sector expenditure.[8]

Notwithstanding the foregoing economic conditions, the banking sector remained stable with no reported bank failure occurring in the Barbadian economy in the years immediately preceding the introduction of an EDIS in 2006.

[7]Gross Economic Contribution of the Financial Sector in the Bahamas (2005),the Central Bank of The Bahamas Quarterly Economic Review, March 2006.
[8] Central Bank of Barbados Annual Report 2006.

3.0 Literature Review

Researchers have argued that banks play a very important role in intermediating between lenders and borrowers banks by taking deposits from lenders on short-terms and granting loans to borrowerson long-terms. George (1997) argues that by using liquid, short-term liabilities to fund relatively long-term, illiquid assets, the assets and liabilities of banks are mismatched and this allows commercial banks to be particularly vulnerable to systemic risk which presents two sets of concerns: (i) the provision of some measure of protection to the depositing public; and (ii) the health and stability of the entire banking system.

Given the special role played by banks, researchers saw the need for governments to provide some kind of safety-net arrangements to compensate depositors in the event of bank failures and to maintain confidence and stability in the financial system. Blair et al (2007) argued that these safety-net arrangements can take different forms, but typically include some combination of the following: (i) bank access to lender of last resort; (ii) final, riskless settlement of payment system transactions; (iii) prudential supervision of banks; and (iv) deposit insurance.

As regard the latter, Demirgüç-Kunt and Sobaci (2000) make the distinction between explicit and other forms of deposit insurance systems.They defined explicit deposit insurance as a formal set of arrangements established to compensate depositors of a failed financial institution. Further, they opined that in the absence of such formal arrangements for deposit insurance, the default is the assumption that an "implicit" deposit insurance system is in existence, as authorities in every country establish a *de facto* insurance system for banks whether or not the elements of insurance are defined by explicit statutes.

Several researchers showed evidence where limited coverage is offered in most EDIS. For instance, Dennis and Sims (1996) observed that some or all of the large deposit groups-- foreign deposits of domestic banks, domestic deposits of foreign banks, inter-bank deposits, and deposits denominated in foreign currencies -- are often excluded from the coverage in most deposit insurance systems. Similarly, Demirgüç-Kunt and Huizinga (2004) contend that in most countries there is the exclusion of interbank and foreign currency deposits as a means to limit deposit insurance coverage. However, Laeven (2008) contends that most governments opt to set coverage levels above the social optimum level, as such most deposits in the system are covered in full rather than only those of small depositors.

Keeley (1990) opined that over much of its history, deposit insurance has worked well, even though it provides a moral hazard for excessive risk taking. Moral hazard, according to Lindgren et al (1996), is defined as the tendency for people to be less careful when they do not expect to bear the full cost of their behaviour. Further, they explain that moral hazard increases, particularly when managers or owners do not have their own funds at stake and try to recoup their losses.

The issue of moral hazard and market discipline was also addressed by other researchers, such as Soledad,Peria and Schmukler (2001), Demirgüç-Kunt, A. and H. Huizinga (2004), Hooks and Robinson (2002), Cull, Senbet and Sorge (2005)and Demirgüç-

Kuntand Detriagache (2000). In particular, Demirgüç-Kunt and Detriagache (2000) found evidence that suggests deposit insurance is associated with increased risk-taking and risk of banking crises.

4.0 Methodology

The paper seeks to trace the development and evolution of explicit deposit insurance schemes in the English-speaking Caribbean, namely Trinidad and Tobago, Jamaica, The Bahamas and Barbados. The research methods utilize both exploratory and explanatory to identify and examine the macroeconomic factors that may have influenced the establishment of EDIS; to source evidence to ascertain the design features of the respective EDIS in each of the four territories and to evaluate the impact of these features on the desired goals.

The data collection process involved sourcing historical and statistical data from the annual reports of the respective deposit insurance corporations and from the annual reports of the central banks of the relevant Caribbean territories. From these reports, the macroeconomic data, which include GDP growth rates, inflation rates, unemployment rates, balance of payment surplus/deficits and fiscal surplus/ deficits, were extracted to ascertain the economic state in the period leading up to the establishment of the EDIS in each territory. In addition, the various pieces of legislation relevant to deposit insurance in the region were sourced. Further, to supplement and corroborate the data thus obtained, written requests for information, together with interviews of key players in the central banks and deposit insurance institutions were done. The latter also added qualitative data.

5.0 The Regulatory and Supervisory Framework

In the English-speaking Caribbean the establishment of deposit insurance is guided by legislation. Generally, provisions are made, *inter alia*, for the following elements and/or features of theEDIS: the definition of 'deposit'; the establishment of an independent statutory body (a Corporation) to manage the EDIS; the establishment of a Deposit Insurance Fund (DIF);the granting of certain powers to the Corporation; establishment of the relationship with the respective central bank; compulsory membership in the EDIS for all deposit-taking institutions, licensed and supervised by the respective central banks; the level of deposit insurance coverage; and payment to depositors in the event of a bank closure.

The Central Bank in each territory is the main regulatory body for financial institutions, in particular, banks and other deposit taking institutions. In Trinidad and Tobago the regulatory arm of the Central Bank extends to include insurance companies, while in Jamaica, it embraces the credit unions and building societies.

In its role as lender-of-last resort, the Central Bank of Trinidad and Tobago was often called upon to intervene in providing liquidity support for financial institutions who were undergoing cash flow problems during the economic down turn in the 1980s.Also, in Jamaica, the Central Bank made considerable injections into the banking system to thwart the eventual banking crisis in the 1980s and 1990s.

Another key role of central banks in the region is the supervision of the banking sector. As supervisors of banks, the central banks, through its adoption of Basel I, conduct both on- site and off –site bank examinations and using the CAMEL[9] methodology to evaluate and grade banks' performances and risk profiles.

6.0 The Funding and Premium Structure

The funding base of the EDIS in the Caribbean is stipulated in the legislation and is determined by three factors, namely, the premium levels, the deposit base for assessing the premiums and supplementary financing by the government through the respective central banks. A flat-rate premium system has been adopted in the Caribbean, as opposed to one that has variable rates which are either risk-based or differentiated on the basis of individual bank risk profiles.[10]

The two main sources of funding the EDIS in Trinidad and Tobago are: (a) compulsory contributions from members of the Fund and the Central Bank and (b) Investment income from its portfolio of investments. As regard the former, funding involves initial contributions, annual contributions and special contributions by members, while the Central Bank is required to make matching initial and special contributions to the Fund.

Bye-Laws provide the basis for which the levy is to be made and that the rate for the initial contribution which must be matched equally by a contribution from the Central Bank is fixed at 0.4 per centum of the aggregate of the deposit liabilities. However, for the first and subsequent annual premiums, a fixed rate of 0.2 per centum of the aggregate of the deposit liabilities applies. During the period following its inception, 1986 to 1991, the Deposit Insurance Corporation was faced with having to manage eight failed institutions and made insurance payments totaling TT$223.1 million to 14,758 depositors. The effect of these sizeable payouts placed the Fund in a deficit of TT$91

[9] Basel I prescribe the use of the CAMEL model to evaluate banks. The acronym refers to capital adequacy, management, earnings and liquidity.
[10] IADI Core Principles suggest risk-adjusted differential premium systems for effective EDIS.

million. However, the situation was alleviated with a loan of TT$100 million from the Central Bank, which was eventually repaid in 2002. As at September 30, 2011, the Fund stood at TT$1,782.3 million, while revenues recording over the last five years averaged TT$ 168 million, of which premiums accounted for 54 percent and investment income, 46 percent.

Similar to the system in Trinidad and Tobago, the Deposit Insurance Fund (DIF) in Jamaica is managed by a corporate body known as the Jamaica Deposit Insurance Corporation (JDIC). Also, the DIF is primarily made up of annual premiums collected from Policyholders (member institutions) and from income earned from investments. As at March 31, 2011, the DIF amounted to J$7.8 billion, mainly held in Government of Jamaica securities. Revenue generated in the fund over the last five years averaged J$1.2 billion, of which premiums contributed 46 percent and investment income, 54 percent.

The Protection of Depositors Act in the Bahamas provides, *inter alia*, for the establishment of a DIF and the management of the DIF by the Board of management of the Deposit Insurance Corporation (DIC). It also provides for compulsory membership and that every member of the DIF pay annual premium to the Fund, equal to one twentieth of one per cent of an amount equal to the average of the sum of those deposits insured by the DIC, together with an initial contribution of B$500,000 in aggregate, to be paid by members on a pro rata percentage share of all deposits insured by the DIC on the last day of the month in which the Act came into force. In addition, the Central Bank is mandated to make an initial contribution of B$500,000 as capital in the DIC, in accordance with Section 13 (2) of the Act.

As at December 31, 2011, the DIF stood at B$20.8 million and is held mainly in the Bahamas Government Registered Stock. Meanwhile, revenue generated over the last five years averaged B$3.2 million, of which premiums and interest income contributed 78 percent and 22 percent, respectively.

The DIF in Barbados has accumulated BDS$27.8 million as at December 31, 2011,of which premiums, including an initial contribution of BDS$6.9 million, contributing 83 percent and interest income on investments accounted for 17 percent. The Fund is mainly invested in Government of Barbados securities.

7.0 Impact on Financial Stability and Depositor Confidence

Best practice suggests that for an effective EDIS, there should be in place a failure resolution framework within the financial system safety-net that provides for the early detection and timely resolution of troubled banks. Also, if not the deposit insurer, it is essential that one or more of the safety-net participants perform such role and is empowered to do so by appropriate legislation.[11]

Under the special powers entrusted to the Deposit Insurance Corporation in accordance with the relevant Acts, provisions are made for the resolution of failed or failing member institutions of the DIF. The methodologies include financial assistance by way of a bailouts, lender-of-last resort, mergers and other forms of restructuring, and liquidation. In all instances, the central banks play a critical role either as advisor or in other cases, as initiator of the failure resolution process.

Again, this paper draws from experiences gained by Trinidad and Tobago and The Bahamas where failed and failing financial institutions were placed in the portfolios of the EDIS. In the late 1980s, both the Central Bank of Trinidad and Tobago and the Deposit Insurance Corporation were confronted with the failure of three indigenous commercial banks, namely, National Commercial Bank of Trinidad and Tobago, Trinidad Co-operative Bank Limited and Workers' Bank Trinidad and Tobago Limited. This

[11] Basel and IADI Core Principles (#15 & #16) for Effective DIS, 2010.

situation resulted in the formation of First Citizens Bank Limited in 1993, through a merger of the three failed indigenous banks.

The closure of nine (9) financial institutions in Trinidad and Tobago saw the appointment of the DIC as liquidator of all nine institutions. As liquidator, the DIC was able to assume responsibility for the assets of these companies for the purpose of realization and distribution to creditors of these companies. As at December 31, 2011 total assets under management were valued at TT$ 156.7 million at closure, while total liabilities were valued at TT$492.3 million, showing a deficit of TT$335.6 million. However, realization as at December 31, 2011 amounted to TT$57.9 million, with asset recovery rates ranging from a low of 10.3 percent in the case of Summit Finance Corporation (T&T) Limited to a high of 130 percent with respect to BCCI. Meanwhile, from the sum realized, payments to creditors amounted TT$57.3 million.

In 1997,The Bahamas experienced the collapsed of the Gulf Union Bank (Bahamas) Limited, one of its largest financial institution, a situation which forced the authority to respond with a view to protect depositors and to avert a potential run on the banking system. On July 2, 1998, Messrs. Graham C. Garner and Raymond I. Winder were appointed Joint Official Liquidators of Gulf Union Bank (Bahamas) Limited (in Liquidation). On commencement of the liquidation, the total value of the assets was B$9.4 million, total liabilities, B$33.3 million, resulting a net deficit of B$23.9 million. However, with realization of B$5.8 million, the deficit is reduced to B$18.1 million as at December 31, 2011. Further, the liquidators have made three distributions to creditors amounting to B$7.5 million (or B$0.30 to the dollar) and, subject to a pending Order of the Court, the liquidators have indicated their intention to make a fourth distribution, ranging between 5 % and 10 % from the bank balance of B$4,9 million.

8.0 Conclusion

The findings suggest that there may be a relationship between the state of the economy and the adoption of aEDIS in the Caribbean territories. However, in the case of Barbados, although the state of the economy had some challenges, there was no evidence of bank failures to precipitate the adoption of aEDIS a seemed to be the case in the other three territories. To this end, further research work is needed to ensure validity and reliability.

With regard to the design features of the respective EDIS, the legislative framework in all four territories was able to capture the critical variables to ensure best practices are inherent in the EDIS. In particular, compulsory membership as oppose to voluntary; funding of the scheme through varying sources contributions from members and matched by the central bank in each EDIS, and the failure resolution processes clearly expressed in the legislation.

Notwithstanding, the choice to legislate for a fixed/flat rate premium instead of a risk-adjusted rate is not in keeping with recommended practices for an effective EDIS. However, the burden of compensating depositors is shared between the regulator in the central bank and the member institution.

Finally, the recovery processes have tended toward mixed success in that while Trinidad and Tobago was able to complete three out of nine liquidations, the asset recovery rate was greater than 50 percent in six of the failed banks. Also, in the Bahamas, the liquidation of Gulf Union has demonstrated moderate success, if one were to gauged success by the level of distributions made by the liquidator, namely, a 30 percent distribution made to creditors, with a further projection of 10 percent from fund realized to date. Further research is thus needed for validity and reliability.

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Appendix I-Bank closures and deposit insurance payments in Trinidad & Tobago

Name of Institution	Year of Closure	Number of Deposits	Deposit $-value (TT$ Mn.)	Deposit Insurance Paid (TT$ Mn.)	Insurance Paid as a % of Total Deposits
Commercial Finance Company Ltd	1986	7,452	182.0	100.1	55.0
Summit Finance Corporation (T&T) Ltd	1986	2,097	36.6	28.8	78.7
Trade Confirmers Ltd	1986	23,647	114.3	55.7	48.7
SWAIT Finance Ltd	1986	350	18.8	6.7	35.6
Mat Securities Ltd	1988	366	28.9	8.0	27.7
BCCI	19991	377	39.0	43.0	110.3
Caribbean Mortgage &Funds Ltd	1991	162	4.1.	3.9	95.1
Principal Finance Company Ltd	1993	179	6.1	5.3	86.9
Clico Investment Bank	2009	128	4.3	4.3	100.0
Totals		**14,758**		**255.8**	

Source: Annual Report 2011, Deposit Insurance Corporation, Trinidad and Tobago

Appendix II—EDISAsset Recovery for T&T

Name of Institution	Year of Closure	Total Liabilities (TT$ Mn.)	Total Assets (TT$ Mn.)	Asset Recovery (TT$ Mn.)	Asset Recovery Rate %
CFC	1986	235.1	90.9	14,4	15.9
Summit	1986	57.7	7.0	0.7	10.3
TCL	1986	205.4	48.7	31.5	64.7
SWAIT	1986	41.0	12.7	7.7	60.8
Mat	1988	92.8	22.5	11.3	50.4
BCCI	19991	52.8	46.8	61.2	130.8
CM&F	1991	4.6	2.3	2.6	111.0
PFC	1993	6.2	2.2	1.6	75.5
Clico Investment Bank	2009	11,570.0	5,990.9	N/A	N/A
Totals					

Source: Deposit Insurance Corporation, Annual Report 2011

Appendix III- List of failed Jamaican Banks, 1990-1998

NAME OF BANK	DATE OF FAILURE
Buck Securities Merchant Bankers	September 1998
Caldon finance Merchant Bank	February 1998
Fidelity Finance Merchant Bank	March 1998
Eagle Merchant bank	March 1997
Blaise Trust and Merchant Bank	December 1994
Intercontinental Merchant Bank	November 1998
Century National Bank Limited	July 1996
Century National Trust & Merchant Bank	July 1996
National Commercial Bank	February 1997
NCB Trust & Merchant Bank	March 1998
Corporate Merchant Bank	September 1998
Eagle Commercial Bank	March 1997
Citizens Bank Limited	September 1997
Citizens Merchant Bank	April 1997
Island Life Merchant Bank	December 1998
Island Victoria Bank	July 1998
Workers Savings and Loan Bank	February 1998
Billy Craig Finance & Merchant Bank	January 1998
Partner Merchant Bank	April 1998
Caribbean Trust & Merchant Bank	September 1998
Horizon Merchant Bank	June 1998

Source: FINSAC Annual Report 1998, Bank of Jamaica Annual Report 1995, 1998

Appendix IV-Membership in the EDIS in the English-speaking Caribbean.

Institution	Trinidad & Tobago	Jamaica	The Bahamas	Barbados
Commercial Banks	Bank of Baroda (Trinidad and Tobago) Limited Citibank (Trinidad and Tobago) Limited FirstCaribbean International Bank(Trinidad and Tobago) Limited First Citizens Bank Limited Intercommercial Bank Limited Republic Bank Limited Scotia Bank Trinidad and Tobago Limited RBC Royal Bank (Trinidad and Tobago) Limited	The Bank of Nova Scotia (Jamaica) Limited Citibank, N.A. Jamaica Branch First Global Bank Limited FirstCaribbean International Bank (Jamaica) Limited National Commercial Bank (Jamaica) Limited RBC Royal Bank (Jamaica) Limited Sagicor Bank	Bank of The Bahamas International Limited Citibank N.A. Commonwealth Bank Limited Fidelity Bank (Bahamas) Limited Finance Corporation of The Bahamas Limited FirstCaribbean International Bank (Bahamas) Limited RBC Royal Bank (Bahamas) Limited Scotiabank (Bahamas) Limited	Republic Bank Barbados Limited The Bank of Nova Scotia First Citizens Bank (Barbados) Limited CIBC FirstCaribbean International Bank (Barbados) Limited RBC Royal Bank (Barbados) Limited Citicorp Merchant Bank Limited

Non-Bank Financial Institutions/Other Deposit Taking Institutions	AIC Finance Limited Caribbean Finance Company Limited Fidelity Finance and Leasing company Limited General Finance Corporation Limited Island Finance Trinidad and Tobago Limited ANSA Merchant Bank Limited Citicorp Merchant Bank Limited Development Finance Limited First Citizens Asset Management Limited First Citizens Trustee Services Limited Guardian Asset Management Limited Intercommercial Trust and Merchant Bank Limited RBC Investment Management (Caribbean) Limited RBC Merchant Bank (Caribbean) Limited RBC Trust (Trinidad and Tobago) Limited Republic Finance and Merchant Bank Limited ScotiaTrust and Merchant Bank Trinidad and Tobago Limited	JMMB Merchant Bank MF&G Trust & Finance Limited Jamaica National Building Society Scotia Jamaica Building Society Victoria Mutual Building Society	Ansbacher (Bahamas) Limited Bank of Nova Scotia Trust Co. (Bahamas) Limited Royal Bank of Canada Trust Co. (Bahamas) Limited Royal Fidelity Merchant Bank & Trust Limited	CIBC FirstCaribbean International Trust and Merchant Bank (Barbados) Limited Consolidated Finance Co. Ltd Signia financial Group Inc. Globe Finance Inc. Republic Finance and Trust (Barbados) Corporation Capita Financial Services Inc. Royal Fidelity Merchant Bank & Trust (Barbados) Limited

Source: Annual Reports 2011, Deposit Insurance Corporation, Trinidad & Tobago, Jamaica, The Bahamas and Barbados