



CREDIT CONDITIONS IN THE CARICOM REGION

The Caribbean still has some work to do in order to develop its credit market. The IFC/World Bank 2010 report ranked Caribbean countries high with respect to the regulatory infrastructure, but not so well with respect to the development of the information infrastructure. The study showed that from among the 183 countries surveyed, the legal infrastructure in the Caribbean compared relatively well with the rest of the world, particularly in terms of the legal rights of borrowers and lenders with respect to collateral and bankruptcy laws.

REGULATORY INFRASTRUCTURE

COUNTRY	GETTING CREDIT	STRENGTH OF LEGAL RIGHTS (A)
Antigua and Barbuda	113	7
Bahamas, The	71	9
Belize	87	8
Dominica	71	9
Grenada	87	8
Guyana	150	4
Haiti	135	3
Jamaica	87	8
St. Kitts and Nevis	87	8
St. Lucia	87	8
St. Vincent and the Grenadines	87	8
Trinidad and Tobago	30	8

Source: Doing Business 2010, IFC and The World Bank.

Notes: Ranking is based on 183 countries. (A) denotes protection of rights of borrowers and lenders through collateral and bankruptcy laws; and Security interest which is a non-possessory one in movable assets.

Nevertheless, outside Trinidad and Tobago and to a lesser extent Haiti, the region did not do so well with respect to the depth of credit information. In particular, most countries lacked public and private credit registries. The region as a whole has not done well with respect to the development of databases on credit histories of customers to assist in the screening of borrowers.

INFORMATION INFRASTRUCTURE

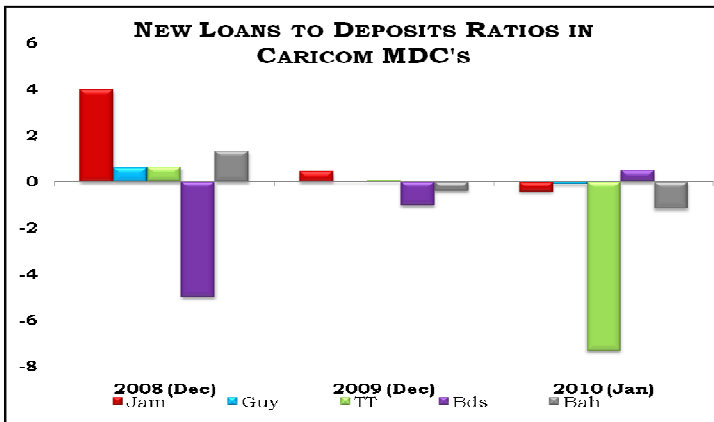
COUNTRY	DEPTH OF CREDIT INFORMATION INDEX (B)	PUBLIC REGISTRY COVERAGE (% OF ADULTS) (C)	PRIVATE BUREAU COVERAGE (% OF ADULTS) (D)
Antigua and Barbuda	0	0	0
Bahamas, The	0	0	0
Belize	0	0	0
Dominica	0	0	0
Grenada	0	0	0
Guyana	0	0	0
Haiti	2	0.7	0
Jamaica	0	0	0
St. Kitts and Nevis	0	0	0
St. Lucia	0	0	0
St. Vincent and the Grenadines	0	0	0
Trinidad and Tobago	4	0	41.7

Source: Doing Business 2010, IFC and The World Bank.

Notes: Ranking is based on 183 countries. (B) is the scope and accessibility of credit information distributed by public and private credit agencies; and the quality of data distributed by public and private credit registries. (C) is the number of individuals and firms listed in a public credit registry as a percentage of adult population. (D) is the number of individuals and firms listed in a private credit bureau as a percentage of adult population.

Trinidad and Tobago was ranked highest as the 'easiest' CARICOM country to access credit, particularly on account of the existence of the private credit bureau, which was estimated to just over 40 per cent of the adult population. The report also showed that Haiti was the only other regional economy that made active attempts to develop the information infrastructure by establishing a public registry, though this was limited to 0.7 per cent of the adult population. The other CARICOM countries are yet to effect public registries or private credit bureaus so as to facilitate information flows.

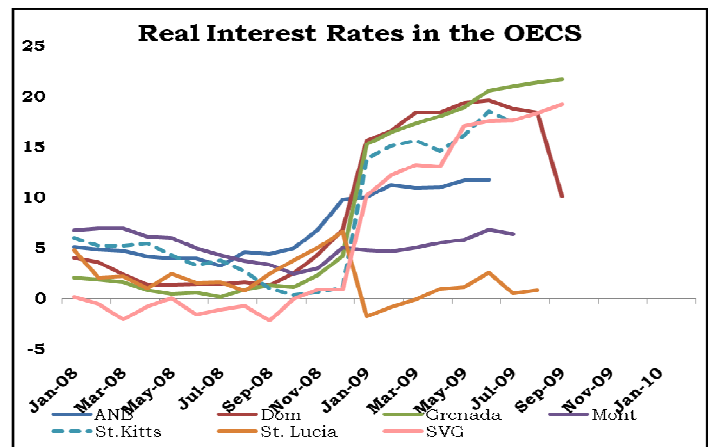
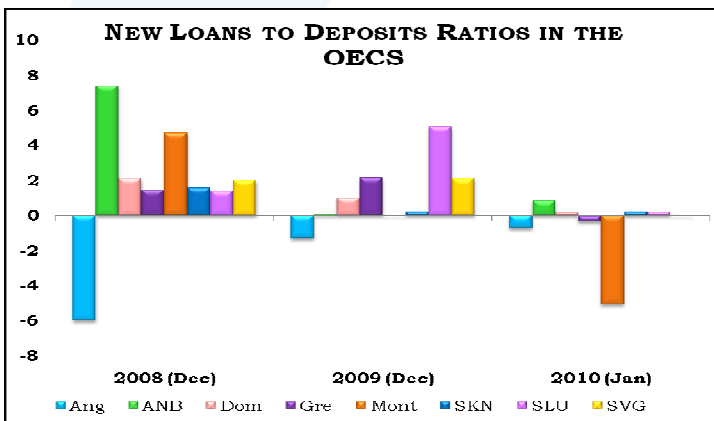
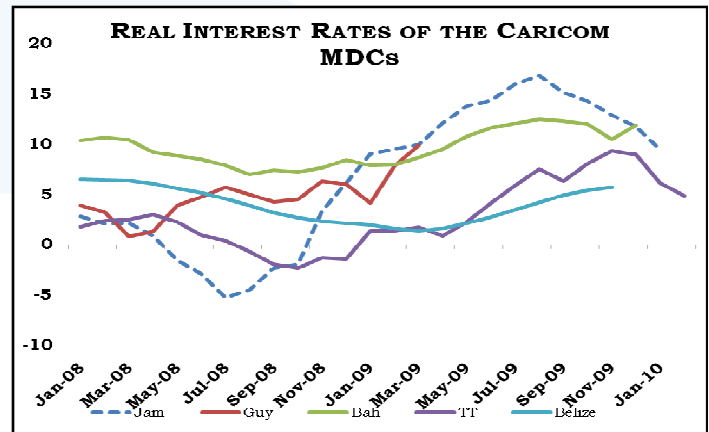
CREDIT CONDITIONS IN THE CARICOM REGION



as a ratio of new deposits by the end of 2009. This was a result of the global recession and the slowdown in the Caribbean economies. The real lending rates increased following declines in the inflation rates in the regional economies.

The policy imperative arising from the ITC/World Bank Report is that the region needs to develop laws to strengthen the credit information infrastructure.

It must be noted that the magnitude of lending in the Caribbean was not necessarily in accordance with the World Bank ranking of the ease of credit availability. At the start of 2010, new loans declined in most of the largest regional territories, declining most sharply for Trinidad and Tobago. In the OECS, declines were limited to Anguilla, Grenada and Montserrat.



The volume of credit was largely influenced by the global economy as well as by prevailing real lending rates as loans declined

REGIONAL NEWS SUMMARY

CL FINANCIAL

- All investments made by policyholders in Colonial Life Insurance (CLICO) of Barbados will be honoured. (BN 29 Mar)
- Marlon Holder, former executive director of the UTC, is the new chairman of CLICO as Dr Euric Bobb announced he was resigning. Holder was also appointed as the new managing director and group CEO of CL Financial (TE 1 Apr)
- Dr Euric Bobb, outgoing chairman of CLICO, said the company contravened the best practice for accounting used in companies. "Simple controls and processes were not there". (TG 1 Apr)
- 25 administrative staff of CLICO International Life (Barbados) have been temporarily laid off following a decision by the Supervisor of Insurance to bar the company from writing new business. (BN 7 Apr)

- If CLICO Holdings Barbados has been honest about the strength of its balance sheet and assets, the Barbados government's support of the cash-strapped company may come on the basis of such value. (BN 15 Apr)
- Lawrence Duprey says documents bearing his signature and used by Andre Monteil to push through a CL Financial share swap transaction in exchange for bank borrowings in excess of \$100 million were materially misleading and done without his knowledge and/or consent. (TE 18 Apr)
- Clico Investment Bank is insolvent and an analysis of the accounts say the only way out is liquidation. A petition has been made to the high court for a wind-up order on the grounds that the bank has a \$4.7 billion insolvency hole and is unable to pay its debts as they fall due. (TE 18 Apr)

REGIONAL NEWS SUMMARY cont'd

THE STANFORD GROUP

- Allen Stanford, will be allowed to switch criminal defence lawyers one last time, a federal judge said. (Cnn 8 Apr)
- Antigua's Governor General Dame Louise Lake-Tack has signed the order revoking the knighthood of Allen Stanford. (JG 5 Apr)
- The court-appointed receiver for Allen Stanford's businesses has asked permission to sell the indicted financier's stakes in a Houston television station, a pair of glossy horse-industry magazines, a boutique bank in the US Virgin Islands and a publicly traded precious-metals company. Three buyers willing to pay a total of US\$6.1 million for Stanford's holdings in these companies have been found. (Cnn 8 Apr)
- The US Securities and Exchange Commission didn't conduct a meaningful probe of Allen Stanford until 2005 even though examiners suspected him of operating a Ponzi scheme eight years earlier, an internal report found. (Cnn 19 Apr)
- Approximately US\$14.2 million has been secured for the benefit of victims of Allen Stanford's alleged fraud scheme from the sale of properties in Panama. (TG 13 Apr)

CARIBBEAN

- In Jamaica, the 68 public bodies' combined spending plans in the fiscal year starting April 1, is just under J\$360 billion, of which J\$69 billion is designated for capital projects and programmes, and J\$290 billion for operational expenses. Central government will spend \$499.4 billion. (JG 28 Mar)
- National Commercial Bank in Jamaica launched a new loan product that offers farmers up to \$2 million of credit at 9% interest; applicants have until April 30 to file applications for the cheap funds, after which the rate reverts to 15%. Borrowers must be either onion, Irish potato or pepper farmers. (JG 28 Mar)
- The Central Bank Governor says the banking sector must increase its allocation to small businesses and the agriculture sector for T&T to create jobs and boost economic growth. (TG 29 Mar)
- Guardian Holdings Ltd posted a loss of TT\$821 million for its financial year ended December 31, 2009. This is attributed to its loss-making UK subsidiary Zenith Insurance Company (since sold). (TE 30 Mar)
- Five days after the Jamaica Minister of Finance and the Public Service tabled a \$499.3-billion budget in Parliament, the Estimates of Expenditure have been moved up by nearly one percentage point to \$503.9 billion. (JG 31 Mar)
- Sagcior Life Jamaica and its subsidiary Pan Caribbean Financial Services have been removed from 'watch' status by CariCRIS. However, National Commercial Bank and NCB Capital Markets Limited, remain on the watch list. (JG 31 Mar)
- The size of bad debt across the Jamaican financial sector jumped to J\$16.4 billion in the last quarter of 2009 after easing to \$14.2 billion at the end of September 2009. (JO 31 Mar)
- Life insurance companies in Jamaica are paying out increasing amounts as policyholders turn in their plans for cash. Industry officials report that cash disbursements last year grew to \$12.24 billion from \$10 billion in 2008, and most of this was as a result of policy encashments. (JG 1 Apr)
- Guyana's President Bharrat Jagdeo is worried that CARICOM countries will go bankrupt if the debt situation across the region isn't brought under control. (TG 1 Apr)
- Unemployment increased among Barbadian males (to 10.5%) but declined marginally for females (to 8.1%) in the last quarter of 2009, resulting in an overall unemployment rate of 9.4 per cent. (BN 2 Apr)
- French bank BNP Paribas announced Friday it has reached an agreement with Scotiabank to cede its wealth management business in the Bahamas, Panama and the Cayman Islands to the Canadian bank. (Cnn 3 Apr)
- The Guyana Marketing Corporation says that agricultural exports to Suriname almost trebled over the five year period between 2003 and 2008, increasing from \$1 billion in 2003 to \$2.9 billion two years ago. (SN 3 Apr)
- The IMF approved Grenada's request for US\$13.3 million to help the government boost growth and strengthen the island's business climate. The funds, including US\$1.9 million up front, will be disbursed under the Extended Credit Facility over a three-year period. (JG 7 Apr)
- International and local energy companies have been invited to bid on and explore for oil and gas in seven blocks offshore Trinidad and Tobago. (TE 8 Apr)
- The main offices of TCI Bank in Providenciales, which is partially owned by a number of OECS banks, were closed down, as well as the branch in Grand Turk, following the appointment of provisional liquidators by the Supreme Court of the Turks and Caicos Islands. The Financial Services Commission was forced to take this action after the bank suffered a number of significant withdrawals of funds which left the bank unable to operate normally and meet its obligations on a timely basis. (Cnn 10 Apr)
- The Barbados Index of Industrial Production for December 2009 shows that output levels for all industries increased by 5.9 points or 7.1% compared with November 2009, and fell by 2.4 points or 2.7% compared with December 2008. (BN 13 Apr)
- India-based Essar Steel Caribbean Limited has abandoned its controversial \$12 billion project near Pranz Gardens, Claxton Bay, at least for the present. (TE 13 Apr)
- Grenada's Prime Minister has welcomed the participation of Grenada's business community in the implementation of the Value Added Tax, which replaced the motor vehicle purchase tax, airline ticket tax and general consumption tax from February 1st, 2010. (Cnn 14 Apr)
- The Planning Institute of Jamaica expects the construction sector to decline for the third consecutive year in 2010. (JO 14 Apr)
- In Barbados, for the first three months of 2010, foreign exchange reserves were stable, unemployment held steady and GDP contracted marginally. There was also a drop in the

REGIONAL NEWS SUMMARY CON'T

fiscal deficit, current account spending and capital expenditure, while long-stay visitor arrivals for the first two months improved over the same period last year. (BN 14 Apr)

- Over a thirteen year period, the government has spent over \$3 billion of the proceeds acquired from the Guyana Lotteries Company without parliamentary consent. The latest Auditor General report 2008 has once again highlighted the government's failure to pay over its proceeds from the Guyana Lotteries to the Consolidated Fund, in keeping with the Financial Management and Accountability Act. (SN 14 Apr)
- The Guyana economy expanded by more than 3% last year spurred by the recovery in the agricultural sector and continued strong gold production and robust activity in the non-tradable sector, according to the IMF. (JG 15 Apr)
- There will be less "human discretion" involved in business

transactions with the introduction of the Single Electronic Window according to Carl Francis, permanent secretary, Ministry of Trade and Industry. (TG 15 Apr)

- The impending general election has slowed the pace of business in T&T. (TE 16 Apr)
- IF a major natural disaster were to befall Jamaica, most of the country's general insurance companies would be unable to pay out claims, according to the latest financial reports filed by the firms. (JO 16 Apr)
- Preliminary labour data show that the unemployment rate in T&T reached 5.2% in the fourth quarter of 2009, down from 5.8% in the previous quarter (TG 17 Apr)
- The Jamaican senate yesterday passed the credit reporting bill setting the stage for the establishment of a credit bureau in that country. (JG 17 Apr)

ANNOUNCEMENTS

42ND ANNUAL MONETARY STUDIES CONFERENCE

"Financial Stability, Crisis Preparedness and Risk Management in the Caribbean"

November 9th-12th 2010 , Port of Spain, Trinidad

Submissions are invited for the 42ND Annual Monetary Studies Conferences on the following sub-themes :

- Debt Management and Financial Stability
- Procyclical Economic Policy and its Impact on Financial Stability
- Financial Regulation and its Role in Promoting Financial Stability
- The Link between Currency/Exchange Rate Crises and Financial Stability
- Financial Integration, Contagion and Financial Stability
- Aspects of Monitoring Financial Stability: Issues and Tools for Measurement
- Best Practices for Resolution of Financial Sector Difficulties
- Risk Management, Accounting Practices and Corporate Governance and Financial Sector Stability
- Equity Markets and the Action of Market Participation in Promoting Financial Stability
- Economic Management in Times of Crisis

Abstracts of the papers to be presented must be submitted in Microsoft word Format by **Wednesday September 1ST, 2010** to the Caribbean Centre for Money and Finance (CCMF) at: ccmf@sta.uwi.edu or Kathleen.Charles@sta.uwi.edu and to ahenry@central-bank.org.tt at the Central Bank of Trinidad and Tobago. Please include the title of the paper (s). For more information please contact: CCMF at (868) 645-1174/1610; email us at ccmf@sta.uwi.edu or visit our website at <http://www.ccmf-uwi.org>

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