



Opening Remarks by Programme Coordinator, Therese Turner-Jones

Caribbean Financial Stability Workshop

March 3-5, 2010

Port of Spain, Trinidad

Central Bank Governors Williams and Worrell, regional regulators, external presenters, CCMF, CARICOM and IMF colleagues, good morning and welcome to Port of Spain and to this timely, if not, urgent workshop. First of all, let me say that the genesis for this 3 day event lies with the Centre for Money and Finance (CCMF) and discussions at CARTAC last year with the then Director, now Governor of the Central Bank of Barbados, Delisle Worrell.

This conference marks a substantial turning point in the region's work on understanding the role of the financial sector and its linkages with the macro economy. Some may wonder if we are behind the ball on this topic of financial

stability, at a regional level, given what has emerged as frequent—reporting on global financial stability issues since 2002, in at least one major multilateral institution.

Eight years ago, the IMF began a series, commonly known now as the GFSRs or global financial stability reports, “*to assess key risks facing the global financial system with a view to identifying those that represent systemic vulnerabilities. In normal times, the report seeks to play a role in preventing crises by highlighting policies that may mitigate systemic risk, thereby contributing to global financial stability and the sustained economic growth of IMF member countries*”.

Recent reports, naturally, have not been undertaken in such normal times, and the GFSRs in 2009, focused on the sources and channels of financial distress (April), while in October, it chronicled “*the evolution of the path toward reestablishing sound credit intermediation and the near term risks that could interrupt its restoration, including the rising burden of sovereign financing, and the design of medium term policies that aim to reshape the financial system to*

make it more resilient”¹

These references to the global context, underscore the complexity of financial stability issues and pose a challenging backdrop to our discussions over the next three days. We are fortunate to be able to draw on the experiences of Jamaica, and Trinidad/Tobago, two countries in the region, which have been producing financial stability reports, and you will be hearing from them tomorrow.

Why is CARTAC involved in this exercise and what can you expect from us?

- CARTAC is pleased to facilitate this workshop as urgent action is needed to ensure that the risks to the region’s financial sector are adequately assessed and monitored, and appropriate action taken to mitigate against these risks. *We need a Caribbean financial stability report.*
- There is ongoing need for enhanced regulation and supervision of financial conglomerates and the collection and dissemination of information on cross border financial activity (this is not a trivial exercise and requires technical skills)
- CARTAC is already assisting in across all areas of the financial system:
 - Regional groups (CGBS,CAIR,CGSR,CAPS)
 - Training (e.g. on-site supervision of all financial institutions, financial analysis, risk assessment)

¹ GFSR, October 2009

- Setting up of Colleges of Regulators
- Facilitating Group Meetings (CAIR, OECS SRUs)
- Member countries with legislative reform (e.g. Insurance, Credit Unions, Pensions, Money Services Businesses, SRUs).
- With efforts to harmonize regional financial sector laws and supervisory practices
- Member countries with the development of credit bureaus
- Member countries with improving data collection and statistical reporting
- Strengthening macroeconomic policy formulation and projection
- With the formulation of the CCMF Statistics project and the Development of the Financial Sector Soundness Indicators (FSI) and Early Warning System (EWS) project

Finally, CARTAC is willing to continue working with the CCMF and CARICOM to implement the recommendations of this workshop which we hope will yield the desired results: assessment of risks, mitigation of risks and identification of actions to address crises when they occur.

With these remarks, I welcome all of you and thank you in advance for your participation which we expect to be lively and productive.
