

**CARIBBEAN ASSOCIATION OF INDIGENOUS BANKS INC**  
**36<sup>TH</sup> AGM & CONFERENCE**  
**NOVEMBER 8-12, 2009- JOLLY BEACH RESORT & SPA -ANTIGUA**

**Wrap-Up Notes – Day 1**

**The Competitiveness Of The Caribbean Financial Sector -**  
**Re-Evaluating Caribbean Banking From A New Perspective.**

This panel discussion concluded that going forward, Caribbean Banks must focus on three (3) platforms

**Strengthening the financial infrastructure**

- Strengthening of Regional Credit Bureau
- Regional Stock Exchange

**Efficiency**

- Recruitment – Best fit
- Service excellence
- Profitability

**Technology**

- To use technology to become more efficient and agile

**MOBILE BANKING MONEY TRANSFER – IBIS MANAGEMENT – CLARK RUSSEL**

We learnt that:-

Mobile Banking is the fastest growing form of money transfer- person to person and to 3<sup>rd</sup> parties.

More non banks are providing mobile banking service

How banks can use this facility to be more competitive, efficient and save money

Mobile banking will provide a wide range of benefits:— reduce fraud; reach the unbanked; gain higher bank balances.

**REDEFINING WEALTH MANAGING BUSINESS FOR CARIBBEAN BANKS – AL TOWNSEND – TMC GROUP**

Highlighted:-

Opportunities to help clients reach their financial goals in a time of reduced confidence in the market.

How to manage the range of risks, including aspirational risk.

Wealth management - Can be done in-house or outsourced.

But you must be focused around the client to satisfy their needs.

Remove barriers that impede client satisfaction.

He provided a road map to meet or exceed our clients' expectation.

## **MICRO FINANCING – PANEL DISCUSSION - FRIEND OR FOE TO THE FORMAL BANKING SECTOR?**

It is the fastest growing sector in banking services. Yet formal banks have not embraced Micro financing, why? They think it is too risky; poor credit quality and too costly.

The experience is the opposite.

- Repayment is excellent
- Very profitable
- Cheaper to underwrite loans
- Social benefit

Relationships replace collateral requirement

Micro financing is potentially a “friend” to banking – but it remains as a “foe” for now.

But banks have to reconfigure their traditional mechanisms and overhead structure. Possible models are:-

- Service company
- Financial subsidiary
- Internal Unit

## **MODERNIZING CARIBBEAN INSOLVENCY LAW: IS IT NOW OR NEVER? – DAVID HOLUKFF**

This was a practical learning session

- **Insolvency-** there are several causes :-
  - Fraud,
  - Improprate Capital structure,
  - Industry downturn and
  - Regional economic downturn.

Invoking insolvency measures – Who starts the process?

- Objective is maximizing recovery of stakeholders while minimizing cost, disruption to the operation

Timely action is key.

Application of insolvency law in the region.

- What is missing?
- There are benefits of updating our statutes.

## **RISK MANAGEMENT AFTER THE FINANCIAL CRISIS – JAMES SMOUSE AND LAKSHMI SHYAM-SUNDER – IFC**

Stimulus funding continues around the world

There are small signs of stabilization mainly in the financial sector but not in the real sector.

### Prognosis

- Long slow climb back to the “new” top. The world of finance has changed
- Significant uncertainties linger on

### Reform proposals

Regulation is necessary but there are limits to its effectiveness in terms of preventing future crises  
Need for good risk management at the institutional level  
Global best. Practice alone will not suffice – go back to basics and determine what is best for your own circumstances.

### Take aways

- Good governance
- Clearly defined risk appetite
- Staff training & staff rotation required
- Information Technology and good reporting

### **DISASTER RECOVERY DRILL PRESENTATION – JACK HENRY - Tom Williams**

Benefits of the disaster drill explained-

- Experienced a mock drill
- We went through the various phases of the recovery process and addressed real life challenges that will occur during the recovery phase.
- Lesson is to make sure that you have an approved and tested BCP/DRP – in place

BE PREPARED

### **BANKING ON THE TOURIST DOLLAR – PANEL DISCUSSION**

- Tourism is the mainstay in the economy of many Caribbean countries - 60% in the case of Antigua GDP and similar high figures in the other countries.
- Competition in tourism around the world is increasing
- Our plant requires refreshing and financing but this is not readily available. Projects are stalled.
- Syndication of loans among CAIB members as a means to mobilizing funds for Tourism development.
- Government initiatives need to be created to facilitate and encourage development of the tourism product.

Why are banks hesitant to support tourism projects?

Banks should be more supportive and creative in developing financial solutions e.g.

- Mezzanine financing
- Zero Coupon bond financing

Banks should know the market, the peculiar cost structure of Caribbean tourist destinations, provide advisory support and take a long term view of this market segment.

We do not have a mechanism to fund tourism projects

There is need for tourism specialists in banks

Partner with large international finance agencies where the expertise lies

Use Social Security funds from NIB/NIS to finance the long term funding essential for the future of the Tourism Industry

**BUILDING EXTRA REGIONAL BANKING RELATIONSHIPS WITH CARIBBEAN BANKS – YVES FERREIRA CIB**

Discussed the various

- Funding Mechanisms
- The Technical Assistance/Interest Subsidies programme
- The Terms and conditions of lending – environment/social investment
- Finance for growth
- Infrastructure – Financial Sector

*By Mr Edwin Gooding  
Managing Director, Republic Bank of Guyana*