

Caribbean Association of Indigenous Banks Inc
36th AGM & Conference
Jolly Beach Resort & Spa
November 8-12, 2009 –Antigua

Wrap-Up notes day 2

Identifying & Leveraging Opportunities for Growth in a Global Recession

Day 2: “Consolidating Regional Strengths for Syndicated Opportunities”

Session 1: The Emerging Regulatory & Supervisory Framework for Managing Risks

Responding to the moderator’s question, “Is the Regulator Friend of Foe?”, Mr. Trevor Brathwaite the Keynote speaker introduced his topic – Towards an Enhanced Model of Financial Regulation in the ECCU

- The current crisis necessitates the need for enhanced financial regulation with appropriate legislation, consolidated supervision and cooperation particularly where there are overlapping financial services as they are in the region
- The model outlined a wide participation and involvement of legislators (led by a Monetary Council providing governance and a framework), regulators, associations and the public.

Panelists

Peter Queeley gave the micro perspective to the deputy governor’s, macro model. He commented on the responses and actions of indigenous banks to the financial crises of Stanford and CLICO in stemming the tide with cooperation among themselves and proactive risk management techniques. The indigenous bank’s commitment to government borrowing needs can be a problem when crises of this nature hits. Perhaps then risk weighting on government assets will have to be looked at, he proposed along with other more stringent risk models.

Give Allen implored bankers and fiduciary agents to comprehensively address all these risks outlined before but with full disclosure and participation of their technology partners.

Ackroyd Birmingham put forward the example of self-regulation and self-assessment that the cooperative movement has successfully practiced for decades doing a better job than some audit firms in ensuring proper governance and compliance.

Peter Hill presenting on “Using Risk & Compliance as a Strategic Tool for Growth – Looking for Opportunities in Turbulent Times to Optimize & Grow your Business” showed how software like Orade

Mantas in detecting and preventing money laundering and fraud on an enterprise risk management approach in order to validate and protect our reputation.

Session 2: The Caribbean AML/CTF Principles presented by Brian Stuart-Young

Leading CAIB's advocacy in promoting and articulating internationally recognized AML standards, Mr. Stuart-Young took us through its genesis, importance especially with our correspondent banking relationship. Mr. John Rodriguez of Wells Fargo and FIBA endorsed CAIB's and Brian's work over the last 2 years in making this a reality and pledged FIBA's commitment to work with CAIB in continuous training through e-learning and risk management and overall awareness for greater effectiveness.

Session 3: Doing Business Now – Overcoming Challenges & Obstacles in Today's Environment

The PWC team kicked off with Anthony Atkinson who updated the conference on the status of the global recession especially on the OECS and specific critical sectors. As to recovery, it's anybody's guess as to when that is. One thing is for sure is that change is inevitable but opportunities will pop up. With these new realities, we were encouraged to make the right decisions eg. paying of taxes which is great advice for bank customers which will redound to us as bankers.

Ann Wallace-Ecock then updated the gathering on the complicated, but critical area of changing accounting standards in the aftermath of the meltdown. Accounting for impairment has gotten more difficult with a move towards "expected cost model" from "incurred loss model". There are changes in counterparty risk exposures as well as the reporting in our operations. Look out for capital adequacy minimums being raised to levels more in line with 15% as the new prudential benchmark.

Christopher Sambrano focused on overcoming and managing challenges in our portfolio. He encouraged taking early actions but exploring and deploying options other than straight receiverships to resolve failing businesses. Instead restructure and save our customers' business thereby protecting the banks' assets. Benefits will accrue to the bank in the medium – to long-term.

Session 4: IT Governance & the role of IT Audit

Rabindra Jaggernauth spoke to the role and importance of effective IT utilization for controls as we introduce new products with attendant risks. He demonstrated how IT governance helps in strategically aligning to a value delivery to risk management to IT Resource management to performance measurements. IT Audit then assures us that functionality and controls are both required of any IT investment. Proactive results will be achieved by having of Internal Audit and IT Audit at the outset of any initiative or major objective.

Session 5: Leveraging Dispute Settlement: Mechanisms for Financial Sector Growth and Stability

Dr. Christopher Malcolm demonstrated the importance of having the right “Horses for Courses” when he gave examples of matching the appropriate lawyers to cases. It is not wise to have attorneys act after the fact but to evoke proper governance at the drafting and negotiating stage to avoid the costly road of dispute settlement.

Session 6: Positive Steps to Overcome the Crisis of Confidence in a Financial Crisis

Sharon Christopher provided lessons and advice from how First Citizens handled and quell actual and potential storms in the acquisition of CLICO Merchant Bank and CMMB. Proactive, prepared, confidence and full communication came across very clearly in her account and ran similarly through the other presentations made by Edwin Gooding on the Republic experience and Wayne Wray on the First Global Bank experience with losses from irregular trades.

In wrapping up the presentation on the session, Wayne Wray pointed to the culmination of the day’s topics to the practical and successful management in regaining the public’s confidence in the face of financial crises.

*By Mr Wayne Wray
Chairman- CAIB*