

# INVESTED

INFORMATION FOR INVESTORS IN SECURITIES,  
PENSIONS AND INSURANCE

*FINANCIAL  
SERVICES  
COMMISSION*



JANUARY 2022



PROMOTING INTEGRITY IN THE JAMAICAN FINANCIAL SECTOR

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# FSC'S SCHOOLS' FINANCIAL EDUCATION PROGRAMME LEADING THE CHARGE

David Answer, Financial Services Commission

The Financial Services Commission's youth-focused financial inclusion initiative, the Schools' Financial Education Programme is one of the largest initiatives in the region that targets youth on the topic of financial literacy.

In its decade of operation, thousands of students across the island have benefited from the experience and knowledge gained from their involvement in the programme and this has undoubtedly been a driving factor of boosting financial inclusion and literacy among Jamaican youth.

The programme seeks to build competence in the areas of personal finance, and also to build confidence in the Jamaican financial sector; both competence and confidence play an integral role in promoting learned participation in the financial sector.

This year's iteration is being implemented in a different manner, with all schools across Jamaica being invited to join the programme. This comes as a direct response to the COVID 19 pandemic, its implications and the overall benefits of remote learning. Understanding the relative lack of resources that may be available to students across the island, the programme is made available in various ways to bridge the technological gap that may hinder its delivery to students underserved by internet penetration efforts. This year, SFEP has been made available both in new and old media, with the presentation made available both online and on television. Additionally, students are also able to listen in on various radio stations to hear small tidbits of information relating to the content of the programme by way of radio interviews.

This mixed media strategy has been hailed by members of the International Forum on Investor Education's Caribbean Working Group as a brilliant means of expanding reach. The Schools' Financial Education Programme has been regarded as somewhat of a template for other jurisdictions to follow as a means to effectively reach the more underserved youth in their respective countries, which have also been negatively affected by the ongoing pandemic. It was also noted that SFEP's introduction of retirement planning and the importance of insurance are traits that any financial literacy initiative targeting youth should emulate.



## FSC'S SCHOOLS' FINANCIAL EDUCATION PROGRAMME LEADING THE CHARGE

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This initiative is one of the many youth-based initiatives that have been implemented to assist in realizing Jamaica's development plan and the United Nations' Sustainable Development Goals.

For more information on SFEP, see the flyer on the subsequent page or contact the FSC [inquiry@fscjamaica.org](mailto:inquiry@fscjamaica.org) . Information to register your school is detailed on the flyer. Schools must be located in Jamaica to participate.



# Secondary School Teachers!



*The Financial Services Commission's Schools Financial Education Programme (SFEP) is celebrating its tenth anniversary!*

## Essay Competition!

As part of these celebrations, we are having an Essay Competition for secondary level students across the island!



## Registration

Registration is easy and free! The first twenty (20) secondary schools whose teachers register are guaranteed acceptance and a stipend!

# 20

## Registration is OPEN!

Registration opened at midday on Monday January 17, 2022 and ends close of business on Monday February 28, 2022



## Essay Competition

Entries will be accepted beginning Tuesday March 1, 2022 through to Thursday March 31, 2022

Entries should be emailed to [fscsays2021@gmail.com](mailto:fscsays2021@gmail.com) by the teachers (Max 3 entries per school)



## Registration Requirements

Teacher's Name  
Schools' Name  
School's Address  
County of School  
Contact Email Address  
Telephone Number



## You'll Have Help!

Teachers and students will receive a bank of resources that has been provided by the FSC, the Bank of Jamaica and the Jamaica Deposit Insurance Company to assist the students in writing their essays!



## Your Essay's Theme

The theme for this year's essay competition is "Financial Inclusion Savvy and Safe"





## SENATE APPROVES ORDER TO TACKLE MONEY LAUNDERING

Chris Patterson, Jamaica Information Service

The Senate recently approved the Proceeds of Crime (Designated Non-Financial Institution) (Trust and Corporate Services Providers) Order, 2022.

The Order provides for the designation of Trust and Corporate Services Providers as Designated Non-Financial Institutions.

Minister without Portfolio in the Ministry of Economic Growth and Job Creation, Senator the Hon. Matthew Samuda said the designation reiterates Jamaica's stance in the fight against money laundering and also signals Jamaica's compliance with set international obligations and practices.

He noted that in February 2020, Jamaica was placed on a 'grey list' by the Financial Action Task Force (FATF) for weaknesses in its Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regime.

The Minister explained that once the FATF 'grey lists' a country, the European Union (EU) parliamentary law requires that the European Commission put that country on a list referred to as the 'Blacklist', deeming them a high-risk third country.

"In light of our inclusion on the Grey List and its implications, crucial steps are being taken to strengthen the effectiveness of Jamaica's AML/CFT framework and address identified technical compliance deficiencies with the Financial Action Task Force (FATF) recommendations," he said.

Senator Samuda pointed out that the Proceeds of Crime Act, 2007 is a critical legislative tool in Jamaica's fight against Money Laundering and the Financing of Terrorism (AML/CFT) regime.

He added that the Act provides for money-laundering offences, outlines and imposes obligations on businesses in regulated sectors to take active steps to prevent and detect money laundering.



## SENATE APPROVES ORDER TO TACKLE MONEY LAUNDERING

Chris Patterson, Jamaica Information Service

“It should be noted that the designation of the Trust and Corporate Services Providers as Designated Non-Financial Institutions under the Act will allow any person or entity providing (a) a trust service, or (b) a corporate service to fall within the regulated sector.

This will also support the International Corporate and Trust Services Providers Act recently passed in December 2021 that came into effect on December 24, 2021,” he said.

Additionally, Senator Samuda said, Trust and Corporate Services Providers are categorised under recommendation 24 of the FATF Methodology as Designated Non-Financial Businesses and Professions (DNFBPs).

He noted that recommendation 24 makes it a requirement for countries to ensure that this class of business is subject to effective systems of monitoring and is compliant with anti-money laundering and countering the financing of terrorism measures.

It was highlighted within the ‘Jamaica: 3rd Follow-Up Report and Technical Compliance Re-Rating’ in 2021 that the country is only partially compliant with recommendation 24, due to deficiencies in the monitoring of Trust and Corporate Services Providers.

“The designation of Trust and Corporate Services Providers will ensure Jamaica’s compliance with recommendation 24. The result of this designation will also enable the Financial Services Commission (FSC) to be given the requisite authority to ensure that the Trust and Corporate Services Providers operate in compliance with the Proceeds of Crime Act and its Regulations,” he said.

In supporting the Order, Opposition Senator, Donna Scott-Mottley, said it is necessary and strengthens the country’s anti-money laundering regime.

“There can be no disagreement about the importance of Jamaica abiding by and recognising its international obligations. Although this was put in the context of moving Jamaica out of the ‘Grey List’, we here recognise that it is important for our own international regulations and the proper functioning of our country,” she said.



## 0.8% INFLATION OUT-TURN FOR DECEMBER

Douglas McIntosh, Jamaica Information Service

The Statistical Institute of Jamaica (STATIN) is reporting that the inflation rate for December 2021 was 0.8 per cent.

Director General, Carol Coy, said that this was due mainly due to a 4.7 per cent increase in the index for the division – ‘Housing, Water, Electricity, Gas, and Other Fuels’.

Speaking during STATIN’s digital quarterly media briefing on Monday (January 17), Ms. Coy said the spike in the index largely resulted from increased electricity, water and sewerage rates.

She pointed out, however, the December out-turn was tempered by a 0.5 per cent decline in the heaviest weighted division – ‘Food and Non-Alcoholic Beverages’.

“For the second consecutive month, the index for the group, ‘Food’ – declined, moving down by 0.6 per cent. This was primarily attributed to the 5.6 per cent fall in the class – ‘Vegetables, Tubers, Plantains, Cooking Bananas and Pulses’,” the Director General noted.

She indicated that surplus in some agricultural produce resulted in lower prices for items such as tomato, lettuce, cabbage, and yam.

Ms. Coy told journalists that the point-to-point inflation rate, between December 2020 and December 2021, was 7.3 per cent.

This, she explained, was influenced by increases for ‘Housing, Water, Electricity, Gas, and Other Fuels’, up 11.7 per cent; ‘Food and Non-Alcoholic Beverages’, up 4.9 per cent; and Transport, up 13.9 per cent.

“The main contributor to the rise in the index of the division ‘Housing, Water, Electricity, Gas and Other Fuels’ was a 23.6 per cent increase in the index for the class – ‘Electricity, Gas and Other Fuels’. This was due to higher rates for electricity over the period,” she further outlined.



## 0.8% INFLATION OUT-TURN FOR DECEMBER

Douglas McIntosh, Jamaica Information Service

Ms. Coy informed that the index for 'Food and Non-Alcoholic Beverages' was impacted by increases of 13 per cent and 13.8 per cent respectively for the categories 'Cereals and Cereal Products' and 'Meat and Other Parts of Slaughtered Land Animals'.

"These increases largely resulted from higher grain prices on the international market, as well as the impact of increased shipping costs. However, moderating these movements was the class 'Vegetables, Tubers, Plantains, Cooking Bananas and Pulses', which declined by 11 per cent, mainly due to increased supplies of agricultural produce, which led to lower prices," she added.

Ms. Coy advised that the 'Transport' division was mainly impacted by higher cost for 'Passenger Transport Services', which increased by 12.7 per cent. This, she pointed out, was attributed to a 15 per cent increase in bus, route taxi and hackney carriage fares granted in August, as well as 'Operation of Personal Transport Equipment', which rose by 19.8 per cent due to increased fuel cost.



## HOLNESS EXPECTING GROWTH IN USE OF DIGITAL CURRENCY IN JAMAICA

Lester Hinds, Gleaner Online

Prime Minister Andrew Holness has said that, within five years, about 70 per cent of the Jamaican population will be using digital currency.

“This will reduce banking costs, the cost of handling money and will allow for more accountability,” Holness disclosed during an interview with Bloomberg News.

He said that the presence of digital currency is expected to bring more Jamaicans into the banking system.

While acknowledging that there may be challenges, he expressed confidence that having digital currency in Jamaica will be to the benefit of the country.

Regarding the overall financial industry in Jamaica, the Prime Minister noted that the entire sector is being digitalised.

Meanwhile, addressing the issue of the impact of the COVID-19 pandemic, Holness stated that the Jamaican economy has experienced a decline.

But he indicated that the government is expecting a rebound of the economy.



## NEW MINISTRY TO FOCUS ON LEGISLATIVE AGENDA, LEGAL AND CONSTITUTIONAL REFORM

Latonya Linton, Jamaica Information Service

Minister of Legal and Constitutional Affairs, Hon. Marlene Malahoo Forte, says her Ministry will take charge of and give focused attention to the Government's legislative agenda and its legal and constitutional reform aspirations.

Speaking in the House of Representatives on Tuesday (January 18), Mrs. Malahoo Forte noted that the creation of the Ministry could be regarded as the first serious attempt by any head of government, to revisit, holistically, the legal and constitutional infrastructure of the Jamaica nation state.

"The culmination of the rewrite of Chapter III of the Constitution of Jamaica, with the passage of the Charter of Fundamental Rights and Freedoms over a decade ago, has been the closest we have come to any fundamental constitutional reform since Independence," she said.

"That monumental achievement should have been followed by a comprehensive review of the Laws of Jamaica to make them compliant with the Charter, given its binding nature and the significant narrowing of the savings clause. Yet, this comprehensive review remains undone, leaving the legal architecture in an unsatisfactory state, even though some work on the 19th century laws on our books has commenced," Mrs. Malahoo Forte argued.

She pointed out that the Law Revision Act provides for functions of law revision to be carried out by Statute Law Commissioners.

She noted, however, that the entire system will have to be completely revamped, starting with a re-conceptualisation of the enabling law and the role of the Statute Law Commissioners vis-à-vis the day-to-day tasks of law revision.

Meanwhile, Minister Malahoo Forte advised that the practice of rushing laws through to the Attorney General's Department (AGD), the Office of the Chief Parliamentary Counsel (OCPC), and the Legal Reform Department (LRD) as deadlines approach will be a thing of the past.



## NEW MINISTRY TO FOCUS ON LEGISLATIVE AGENDA, LEGAL AND CONSTITUTIONAL REFORM

Latonya Linton, Jamaica Information Service

She said that all Ministries will be required to work within settled time frames, especially when matters are time-sensitive.

“The time frame required to, among other things, settle policy issues, answer questions, get approvals, prepare drafting instructions and the drafts themselves, will be set. It is simply intolerable for us to work without set timelines. No longer will instructing officers be allowed to put in the minimum having taken the maximum time and then create a crisis in the lawmaking process,” she said.

Mrs. Malahoo Forte noted that the OCPC, which is at the end of the production chain, is particularly impacted, as “sufficient time was not given [for the office] to produce the drafts”.

She said that each Ministry must now designate a responsible officer for sending instructions, who should be a legal officer working with the policy official.



## THE RIGHT RECIPE FOR REFORMING PENSIONS

Gleaner Online

Pension reform is a thankless but necessary task. Pensions are a difficult and emotional subject that affects every citizen, and changing how they are calculated or when workers can retire involves negotiating a complex web of rules, habits, and entitlements that neat academic models do not capture.

In countries with national pension systems, the main pillar is typically written into law and managed by the state. Other sources of retirement income come from occupational pension funds and individual investments, which are dependent on the market but subject to regulatory bodies, such as the European Insurance and Occupational Pensions Authority (or in Jamaica, the Financial Services Commission).

Even though the state does not provide all pension income, governments have good reasons to be involved in reform efforts. After all, more than efficiency is at stake in the provision of pensions, and the insurance market's ability to protect people in old age is limited. Moreover, relying on the market to provide senior citizens support risks causing an increase in poverty.

Twentieth-century social protection programmes were created with these considerations in mind. Despite profound demographic and economic changes, they are no less relevant today.

The government pension pillar typically is financed on a pay-as-you-go (PAYG) basis that depends on an intergenerational contract. The working population pays social security contributions via payroll taxes to the government pension agency, which pays this money more or less immediately in the form of annuities to the retired population.

Unlike private insurance programmes, the PAYG system does not rely on financial reserves, but on the understanding that those who are working pay for retirees and that the young and yet-to-be-born will do the same for those currently working. The state, not the market, can “guarantee” this contract by pegging future pensions to mathematical formulas, taking into account the entire flow of contributions and a rate of return that corresponds to the growth rate of labour income.



## THE RIGHT RECIPE FOR REFORMING PENSIONS

Gleaner Online

Funding pension programmes through private entities has sometimes been touted as a better option than the public PAYG system. This approach assumes that the interest rate will be higher than the rate of economic growth, so pension income – for the same volume of contributions – will be higher. But in countries in Latin America and Eastern Europe where this kind of radical reform has been introduced, it has not been a success. In some cases, a painful policy reversal has been necessary.



The editorial staff of the Invested newsletter welcomes your comments, suggestions and articles as we strive to share financial information with our many stakeholders.

The Financial Services Commission also welcomes invitations to speak at forums as well as community meetings.

Public education and financial literacy are critical elements as we pursue financial inclusion.



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