

invested

Information for investors in Securities, Pensions and Insurance

September 2021



SHOT OF THE FSC BUILDING AT 39-43 BARBADOS AVENUE, NEW KINGSTON JAMAICA.

Shot by: Nicholas McClure

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Promoting Integrity in the Jamaican Financial Sector.



Ministry of Finance & Public Service's Wealth Summit

Jamaicans are being warned that failure to plan for retirement “will cause them to be a burden on society, their family, their neighbours or the Government.”

Director of Stakeholder Engagement, Communication and International Relations at the Financial Services Commission David Geddes says the level of participation in pensions and retirement schemes in Jamaica are at a paltry eleven percent.

Mr. Geddes was speaking at the Ministry of Finance and the Public Service's inaugural Wealth Summit at the Jamaica Pegasus Hotel recently.

He said as at December 31, 2020 the total value of assets in the pensions industry amounted to \$663.07 billion with a total of 817 pension plans and total pension coverage of 11.54%.

Similar to the benefits derived from participating in a superannuation fund, contributions to approved retirement schemes are tax deferred, that is, contributions are deducted from salary before the calculation of taxes.

An employer can contribute to a retirement scheme on behalf of an employee and benefit from tax savings as well. Further, earnings on investments in a retirement scheme are tax exempted; therefore it provides better earning potential when compared to a regular savings account.

Contributions to a retirement scheme are locked-in, which according to Mr. Geddes removes the temptation of withdrawing funds, enhancing the achievement of the primary goal to provide an adequate income at retirement age.

He noted that the FSC is this year celebrating its 20th anniversary of regulating the Non Deposit Taking Financial Institutions which include the Private Pensions Industry, the Securities Industry and the Insurance Industry.

Mr. Geddes in highlighting the Commission's stellar performance over the past two decades noted that the Securities Industry had assets of just under two trillion dollars while the Insurance Industry was valued at approximately four hundred billion dollars.

He said in fulfilling its mandate of promoting Integrity in the Jamaican financial sector, the FSC also receives and investigates complaints from consumers of financial services at no charge.

SECURITIES INDUSTRY MARCH 2021 QUARTERLY SUMMARY

OVERVIEW

This section provides information on the securities industry for the quarter ended March 2021

MARKET INTERMEDIARIES

The Financial Services Commission (FSC) had registered forty-six (46) intermediaries to operate in Jamaica as at March 30, 2021. The analysis will concentrate on thirty (30) securities dealer businesses whose primary activity is dealing in securities out of the forty-six (46) regulated intermediaries.

[Click here to read the full report!](#)





WHAT IS RISK?

- Kimoy Haughton - Securities Analyst, FSC

If I told you risk existed the very instant you born, the moment Adam and Eve were created or even before the creation of Earth, would you believe me?

Well, the concept of risk existed since the dawn of time however, the first record of its use happened in the 1600s. Since that time phrases and idioms have been created around this word. Some of these are:

- *A bird in the hand is worth two in the bushes*
- *Risk it for the biscuit*
- *One bad apple spoils the bunch*
- *Mongoose seh man who cyaa tek risk anuh man atall*

Risk, is at the core of our being.

So, what is Risk?

When you hear the word risk, what word comes to mind (other than “risk” of course), what emotion is evoked? For many words such as loss or bad comes to mind, feelings of sadness, regret and fear are evoked. For most, the word usually carries a negative connotation.

Initially, risk was defined as the probability or chance of loss, but with the emergence of Enterprise Risk Management the definition of risk has been modified to encompass the positive effects of risk. Segal (2011) defines risk as “uncertainty; the deviation from the expected and includes upside volatility”. The essence of this definition is similar to the definition provided by ISO 31000 which states that risk is the “effect of uncertainty on objectives. An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats.”

In other words, risk is what happens when we don’t get what we planned for, the outcome can either be good or bad. Based on the ISO 31000 definition, if you planned to sell 10 pairs of pants for J\$200 but instead you got an order for 50 pairs which resulted in you earning revenues of J\$1000, would that be a risk? YES, it would be.

WHAT IS RISK?

- Kimoy Haughton - Securities Analyst, FSC

Why would it be considered a risk? It is considered a risk because your objective was to sell 10 pairs of pants so that you could earn \$200. However, because of an increase in demand (which you did not anticipate) you sold 40 pairs of pants more than you expected and earned \$800 more than you had projected (which is the effect of the unexpected demand, for your pants, on your sales). By dissecting this example and comparing it to the ISO 31000's definition of risk, we can clearly see that risk can be both positive and negative.

Isn't it simply ludicrous to think that earning more is a risk? No, it is not because you need to now consider what you will do with the extra money you have earned from these unexpected sales. You may now contemplate, "Do I invest it? Do I repurchase inventory? Do I settle a debt or deposit it in my bank account?" Whichever choice you make will impact you in both the short and long run.

Note, that regardless of the direction of the deviation, we have to plan for and manage risk so that we can make the best of the opportunities it presents or reduce the negative impact it may have.

Who does risk affect?

Take a second and write down the individuals or entities that you think risk impacts?

To better understand whom risk impacts we need to consider its origin. The word risk originated from the Greek word "rhíza" which means root. According to Oxford dictionary, the word root means "the origin or basis of something", and as far as we know everything has an origin. Therefore, it is safe to say that risk exists in everything and an implication of this is that risk impacts everyone. Everyone meaning, your 5 year old daughter, you, me, the vendor at your local market, the windscreen wiper men, the woman who owns a corner-shop, a sole trader, financial institutions, manufacturing and distribution companies, the government, your doctor, an attorney and the list goes on.

We all have made plans and we all have had those "then life happens" situations that thwarts our plans OR where things turned out better than expected. What these "then life happens" situations do to our plans are the risks we face in our daily lives.



WHAT IS RISK?

- Kimoy Haughton - Securities Analyst, FSC

Risk Parlance

Similar to other professional disciplines, risk management has its special set of words that it uses to describe certain aspects of the area of study. The main risk jargons that you may come across are:

Probability

This is sometimes referred to as Likelihood. It is the chance or possibility that something will happen. The greater the chance of something occurring, the higher the probability is; the lesser the chance of something occurring, the lower the probability is.

Key Risks

These are risks that have a high probability of positively or negatively impacting a business if left unaddressed. These are priority risks.

Risk Management

It is “coordinated activities to direct and control an organization with regard to risk” (The International Organization for Standardization (ISO), 2021).

In short, it is the process of managing risk.

Risk Tolerance

It is defined as the maximum amount of risk an individual or company is willing to take on or accept.

Risk Exposure

The amount of risk you or your business currently faces.

Risk Source

According to ISO 31000, this is an “element which alone or in combination has the potential to give rise to risk”. Simply put, this is the uncertain event.

Risk Scenario

Segal (2011) defines this as “a potential future outcome related to a risk source”.

Another perspective is the story of how the risk source may impact you or your business.

WHAT IS RISK?



- Kimoy Haughton - Securities Analyst, FSC

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The International Organization for Standardization (ISO). (2021, June 1). ISO 31000:2018(en), Risk Management - Guidelines. Retrieved from [iso.org: https://www.iso.org/obp/ui/#iso:std:iso:31000:ed-2:v1:en](https://www.iso.org/obp/ui/#iso:std:iso:31000:ed-2:v1:en)

Editors' note : This is the first in a series of articles on Risk by Ms. Kimoy Haughton. The next installment will be in the October issue of Invested.

A photograph of the Bank of Jamaica building, a modern structure with a glass facade and a prominent vertical architectural element. The building is slightly out of focus, serving as a background for the text.

BOJ MINTS FIRST BATCH OF JAMAICA'S CENTRAL BANK DIGITAL CURRENCY

- Bank of Jamaica

At a short ceremony on August 9, 2021, Bank of Jamaica (BOJ) minted Jamaica's first batch of Central Bank Digital Currency (CBDC).

A total of J\$230 million dollars in CBDC will be issued to deposit-taking institutions and authorized payment service providers during the CBDC pilot exercise which ends in December.

BOJ's CBDC team demonstrated the process of minting digital currency during the ceremony, and the very intricate but efficient process took place under the watchful eyes of Minister of Finance and the Public Service, Dr. The Hon. Nigel Clarke, BOJ Governor Richard Byles, members of BOJ's senior management team, as well as the management team of technology provider, eCurrency Mint Inc.

Speaking at the ceremony, Minister Clarke acknowledged the rapid progress being made with BOJ's CBDC project and noted its importance in the creation of a digital economy. He also promised that the legislative amendment to accompany CBDC will be in place before the end of this fiscal year.

BOJ Governor Byles thanked Minister Clarke for his support as he recognized the work of BOJ's CBDC project team, noting that the next step after this significant milestone is to ensure widespread access and acceptance by taking CBDC to the people.

eCurrency CEO, Jonathan Dharmapalan, had high praise for the project and noted that in terms of how much work had been done in a relatively short time, Jamaica has the fastest-moving CBDC project in the world, in addition to the world's fastest man and fastest woman.

Deputy Governor Natalie Haynes advised that the judging process for the recent public contest to propose a name, tagline, logo and image design for Jamaica's CBDC was complete and that the winners would be notified and an announcement made soon.

Continue reading on the next page

A photograph of the Bank of Jamaica building, a modern structure with a glass facade and a prominent entrance. The building is partially obscured by a large, semi-transparent text overlay.

BOJ MINTS FIRST BATCH OF JAMAICA'S CENTRAL BANK DIGITAL CURRENCY

- Bank of Jamaica

BACKGROUND:

CBDC is a digital form of central bank-issued currency and therefore is legal tender. It is not to be confused with cryptocurrency, which is privately issued, generally not backed by a central authority and does not perform all the essential functions of money.

As legal tender, CBDC can be exchanged dollar for dollar with physical cash. Households and businesses will be able to use CBDC to make payments and store value, as now obtains with cash. CBDC is backed by the issuing central bank and issued to authorised financial institutions to include deposit taking institutions on a wholesale basis just as now being done with physical currency.

The anticipated benefits of CBDC for Jamaican citizens, businesses and the Government include increased financial inclusion, as it will provide another, easier-to-access means of efficient and secured payments. For deposit-taking institutions and BOJ itself, CBDC presents an opportunity to improve cash management processes and costs.

For further information and queries, please contact Bank of Jamaica at cbdc@boj.org.jm

Jamaica FDI at decade low, recovery expected by 2022

- Steven Jackson, Jamaica Gleaner

Foreign direct investment, or FDI, flows to Jamaica fell to a one-decade low in 2020, but activity in the business process outsourcing market is expected to help recover some of that lost ground by 2022.

Jamaica earned US\$325 million in FDI last year, half of the US\$665 million of flows reported in 2019, according to ECLAC, a regional United Nations body.

“The magnitude and characteristics of the recovery, both in 2021 and 2022, will depend on the pace of the global economic recovery,” stated ECLAC in its 2021 FDI report for Latin America and the Caribbean published in August.

The fall in Jamaica’s FDIs reflects the wider global economic fallout, due to the pandemic, with global FDIs at their lowest levels since 2011.

Companies that invested in Jamaica included the Founders Agency, a digital marketing firm based in the United States, which announced the opening of a new office in Kingston to serve clients in the Central American and Caribbean markets; while C4GlobalSolutions, a provider of outsourced customer services, expanded its facility in the Montego Bay free trade zone.

Over 60 outsourcing firms operate in Jamaica, generating US\$700 million in revenue in 2020 and employing roughly 40,000 persons, according to data from the Jamaican Government’s marketing agency, Jampro.

The report also noted that remittances, which are usually associated with personal consumption, “in many cases” formed the fuel to start small businesses. Remittance flows to Jamaica in 2020 amounted to US\$2.9 billion, up 21 per cent over the previous year. The rise in remittances, said ECLAC, “more than offset the decline in FDI inflows”.

FDIs inflows across the Caribbean also declined on average by 25 per cent to US\$5.3 billion in 2020. Suriname, for example, registered just US\$1 million of FDI, a 99 per cent decline from US\$84 million in 2019.

The economies registering FDI growth were The Bahamas, up 47 per cent to US\$897 million from US\$611 million; and Barbados, up 22 per cent to US\$262 million from US\$215 million in 2019.

A photograph of Kristalina Georgieva, the Managing Director of the International Monetary Fund, pointing her right index finger upwards. She is wearing a pink jacket. In the background, a portion of the IMF flag is visible.

IMF OKS BIG INCREASE IN FUNDS TO ALLEVIATE PANDEMIC IMPACT

- Jamaica Gleaner Online

The governing body of the International Monetary Fund has approved a \$650 billion expansion in the agency's resources to support economically vulnerable countries battling the coronavirus pandemic and the economic downturn it has caused.

The 190-nation lending institution said that its board of governors approved the expansion of its reserves known as Special Drawing Rights (SDR's) and that it was the largest increase in the institution's history.

"This is a historic decision ... and a shot in the arm for the global economy at a time of unprecedented crisis," IMF Managing Director Kristalina Georgieva said.

"It will particularly help our most vulnerable countries struggling to cope with the impact of the COVID-19 crisis."

The general allocation of SDRs became effective on August 23.

The IMF said that the new reserves will be credited to IMF member countries in proportion to their existing quotas with the agency.

About \$275 billion of the new allocation will go to the world's poorer countries.

The agency is also looking into ways richer countries could voluntarily channel SDRs to poorer countries..

The big boost in IMF resources had been rejected by the Trump administration in the United States.

But after President Joe Biden took office in January, Treasury Secretary Janet Yellen threw her support behind the proposal.

Many Republican members of Congress objected to the SDR increase, saying that the expanded IMF resources would benefit US adversaries such as China, Russia and Iran.

However, the increase in resources was strongly supported by international relief agencies.

Foreign Exchange Summary

as at September 17, 2021

Member State	USD	CAD	GBP	Euro
Bahamas (BSD)	1.00	0.78	1.39	1.19
Barbados (BBD)	2.03	1.60	2.81	2.40
Belize (BZD)	2.02	1.60	2.80	2.39
Guyana (GYD)	218.00	166.00	290.36	248.04
Haiti (HTG)	99.56	76.02	133.36	113.45
Jamaica * (JMD)	149.13	118.23	205.60	176.88
OECS (XCD)	2.71	2.15	3.74	3.21
Suriname (SRD)	21.52	16.70	30.04	23.83
T&T (TTD)	6.77	5.69	9.94	8.40

*Rates applicable for Customs & GCT purposes

Business News In Brief

Electricity rates in Jamaica increase by 1.4%

Customers of Jamaica Public Service (JPS), the islands monopoly electricity provider, will see an overall average increase of 1.4% on their October utility bills. The increase follows a decision made by the Office of Utilities Regulation (OUR) on the 2021 Annual Review Application submitted by JPS in May. JPS had requested an average increase of 3.5%. The OUR's decision took effect September 1, 2021. Residential customers will experience an increase of 1.2%, small commercial operations (1.1%) and large commercial operations (1.4 – 1.6%). [\(OUR\)](#) [\(JG\)](#) [\(LOOP\)](#)

Bahamas to receive B\$2 million from airspace agreement

The Bahamas, for the first time in its history, has assumed management of its sovereign airspace after it signed a 10-year air navigation services agreement with the US Federal Aviation Authority (FAA), which could be extended for an additional 36 months. The move is expected to yield B\$300-350 million over the period. The country will receive B\$2 million by the end of September as part of this agreement. Under the new agreement, as of May 2021, aircraft landing in and departing out of the sovereign airspace of The Bahamas, aircraft flying solely within the airspace of The Bahamas and aircraft flying over the sovereign airspace of The Bahamas will start paying fees to the newly established Bahamas Air Navigation Services Authority. [\(JO\)](#)

Jamaica's exports record growth of 24.6%

Jamaica's total spending on Imports for January – May 2021 amounted to US\$2,249.3 million, an increase of 12.0% relative to the same period in 2020. This increase was mainly attributable to higher imports of Fuels and Lubricants (42.7%) and Raw Materials / Intermediate Goods (13.8%). Total exports for the review period were valued at US\$655.1 million, 24.6% above the US\$525.7 million earned in the similar 2020 period. Total expenditure on imports and earnings from exports to the key trading blocs for January to May 2021 increased and were valued at US\$1,241.1 million and US\$496.5 million, respectively. Imports from the United States-Mexico-Canada Agreement (USMCA) – formerly NAFTA were valued at US\$999.0 million. Expenditure on goods from the European Union - (less UK) and CARICOM amounted to US\$128.9 million and US\$113.1 million, respectively. Exports to the EU - (less UK) and the CARICOM region also recorded increases to value US\$107.0 million and US\$36.5 million, respectively. [\(STATIN\)](#)

Corporate Movements

⇒ Salada Foods Jamaica Limited (SALF) has advised that Dianna Blake-Bennett has resigned as General Manager and will demit office effective October 31, 2021.

Barbados declines by 20% in first quarter

The economy of Barbados declined by 20% in the first quarter of 2021 relative to the corresponding quarter of 2020, in the wake of a second wave of COVID-19 infections in Barbados, which triggered business closures and curfews. According to the Financial Stability Report 2020, unemployment remained elevated and inflation continued to slow during the quarter. The economic contraction and its impact on revenue and spending led government to alter its fiscal stance. The primary balance target shifted from a programmed surplus of 6% to a deficit of 1% for FY 2020/21. As a result, government operations incurred an overall deficit of \$429.6 million, in contrast to the \$384.5 million surplus recorded 1 year earlier. The steep decline in economic activity was responsible for more than 80% of the rise in the debt-to-GDP ratio, which surged by 35.3 percentage points to 151.8% at end-March 2021. Over the first 3 months of 2021, gross international reserves fell by \$86 million, due principally to the negative impact of COVID-19 on the tourism sector; however, the import reserve cover remained elevated at 43 weeks. [\(BoB\)](#)

Stock Market Summary

as at September 17, 2021

Jamaica Stock Exchange

Overall Market activity resulted from trading in 51 stocks of which 21 advanced, 20 declined and 10 traded firm. Market volume amounted to 3,971,368 units valued at over J\$49,614,466.14. Wigton Windfarm Pulse Limited Ordinary Shares was volume leader with 875,782 units. The JSE Index advanced by 309.7 points (0.08 %) to close at 406,950.76.

Jamaica Junior Stock Exchange

Overall market activity resulted from trading in 36 stocks of which 21 advanced, 9 declined and 6 traded firm. Market volume amounted to 3,408,470 units valued at over J\$10,100,692.27. Limners & Bards Limited was the volume leader with 762,073 units. Index closed at 3,248.47.

Barbados Stock Exchange - as at September 16

1 security traded firm as 500 shares traded on the Regular Market, with a total value of \$1,040. Goddard Enterprises Ltd was the sole security trading. Index closed at 2,441.68.

Trinidad & Tobago Stock Exchange

Overall Market activity resulted from trading in 18 securities of which 4 advanced, 5 declined and 9 traded firm. Trading activity on the First Tier Market registered a volume of 523,954 shares crossing the floor of the Exchange valued at TT\$5,162,368.15. Trinidad Cement Ltd was volume leader with 198,591 shares changing hands for a value of TT\$777,182.10. The All T&T Index advanced by 7.16 points (0.37%) to close at 1930.11 and the Composite Index advanced by 3.70 points (0.26%) to close at 1424.68.

Guyana Stock Exchange

1 declined and 4 traded firm as 129,228 units crossed the floor. Demerara Distillers Limited (DDL) was volume leader with 100,000 shares traded. The LSI closed at 945.38.

Eastern Caribbean Securities Exchange (ECSE)

1 stock traded with 100 Grenada Electricity Services Ltd shares traded at \$11.75 per share crossing the floor.

CARICOM Business is a weekly newsletter produced by the Directorate of Trade & Economic Integration.

Editorial Manager: Joseph Cox ; Email: tei.info@caricom.org

Business News In Brief

MSMEs to benefit from \$3 billion in loans and grants

MSMEs in Jamaica affected by the COVID-19 pandemic are to benefit from \$3 billion in loans and grant support. Under the Social and Economic Recovery and Vaccine (SERVE) Jamaica Programme led by the Development Bank of Jamaica (DBJ), entities will have access to funds to digitise their operations as well as recover from the economic fallout that has affected their cash flows. The SERVE Programme offers a MSME recovery loan facility; a Go-Digital loan facility; and a Go-Digital Grant. The \$2-billion MSME recovery loan facility will allow entities to access up to \$10 million at a rate of 5%. The \$1-billion Go-Digital loan facility enables MSMEs with sales of less than \$425 million to borrow up to \$800,000, with a 3-year repayment period at a rate of 2%. Through the Go-Digital Grant, MSMEs with sales of less than \$75 million, can access up to \$300,000 to digitise their operations. ([JG](#))



CLICK TO DOWNLOAD
[The New Normal - A Post-COVID Primer for Business](https://www.caricom.org/the-new-normal/)
<https://www.caricom.org/the-new-normal/>

World Bank discontinues Doing Business Report

The World Bank has announced the discontinuation of its Doing Business Report. This after data irregularities on Doing Business 2018 and 2020 were reported internally in June 2020 and the World Bank management initiated a series of reviews and audits of the report and its methodology. The investigation later [confirmed](#) that the changes were inconsistent with the Doing Business methodology. The World Bank has now said in a statement that a new approach will be worked out to assess countries' business and investment climates after the irregularities raised ethical matters involving former bank staff and board officials. The irregularities had affected four countries: China; Saudi Arabia; United Arab Emirates; and Azerbaijan. ([HT](#)) ([WB](#))

International Oil Prices as at September 17, 2021

Futures	Price	US\$ Change	Change %
WTI Crude	US\$71.96	-0.61	-0.84
Brent Crude	US\$75.49	-0.18	-0.24
OPEC Basket	US\$74.17	+0.88	+1.20
Natural Gas	US\$5.05	-0.22	-4.17

Current Vacancies



The Organisation for Economic Co-operation and Development

Director - Directorate for Financial and Enterprise Affairs(Job Number: 14301)

Application Closing Date: 03-10-2021, 4:59:00 PM

The Organisation for Economic Co-operation and Development (OECD) is an international organisation comprised of 38 member countries, that works to build better policies for better lives. Our mission is to promote policies that will improve the economic and social well-being of people around the world. Together with governments, policy makers and citizens, we work on establishing evidence-based international standards, and finding solutions to a range of social, economic and environmental challenges. From improving economic performance and creating jobs to fostering strong education and fighting international tax evasion, we provide a unique forum and knowledge hub for data and analysis, exchange of experiences, best-practice sharing, and advice on public policies and international standard-setting.

We are looking for a dynamic and visionary Director to provide leadership and strategic direction to the Directorate for Financial and Enterprise Affairs. In line with the strategic objectives of the Secretary-General, the core mission of the OECD's Directorate for Financial and Enterprise Affairs (DAF) is to build open, fair, efficient and inclusive markets and market institutions, combat market abuse and corruption, and promote responsible business conduct in member countries and beyond. DAF contributes to the international rules-based order by supporting a global level playing field for business through the development and implementation of international treaties and policy guidance, and fostering co-operation between nations toward common goals.

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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.