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COMMISSION*



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PROMOTING INTEGRITY IN THE JAMAICAN FINANCIAL SECTOR

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PRIVATE PENSIONS INDUSTRY STATISTICS - DECEMBER 2021

As at December 31, 2021, the total value of assets in the Jamaican private pensions industry amounted to \$713.35 billion.

Private pension assets exceeded pre-pandemic levels by the end of 2021 (Dec 2019: \$700.73B), resulting from consistent

quarterly growth during the year and concomitant annual growth of 7.68%. This contrasts the fluctuation in asset values and overall 5.38% contraction experienced during the 2020 calendar year. Further, plan membership increased during 2021 notwithstanding the termination of four (4) pension plans, and 96% of active pension plans remained solvent.

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FSC'S SCHOOLS' FINANCIAL EDUCATION PROGRAMME BROADENING SCOPE

David Answer, Financial Services Commission

This year, the Schools' Financial Education Programme ("SFEP") is celebrating a decade of teaching students about key financial concepts and important financial institutions that operate in Jamaica. Concepts such as saving, budgeting, investing, planning for retirement, the importance of insurance and being a savvy consumer of financial products are major components of the SFEP Curriculum which is presented to the students in interactive presentations done by FSC staff members.

Students are also introduced to key institutions that operate in the Jamaican financial industry including the FSC, the Jamaica Stock Exchange, the Jamaica Deposit Insurance Company, the Bank of Jamaica and the Consumer Affairs Commission. Students with this knowledge tend to be more confident in a financial sector that is touted as operating with integrity and equal opportunity for all its participants.

The programme has been implemented as a method to improve financial literacy and financial inclusion among our youth, which is a goal of the National Financial Inclusion Strategy. This strategy is a component of Jamaica's Vision 2030 development plan that seeks to boost participation and trust in the Jamaican financial sector. SFEP also assists the students to develop other professional skills such as public speaking, presentation making, documentation and teamwork.

They are also challenged to apply their newly gained knowledge in the SFEP Essay Competition; this year, students were tasked with writing on the theme "Financial Inclusion: Savvy and Safe". The essay competition officially opened on March 16, 2022 and closed on April 14, 2022. A total of fourteen students from all three counties entered this year's competition. Prizes will be awarded for the best entries from the three counties: Cornwall, Middlesex and Surrey.

We look forward to growing SFEP from strength to strength, to become a more inclusive programme that invites primary school participants as well as youth groups from minority and vulnerable groups such as the blind and deaf communities.

DR. NIGEL CLARKE ELECTED IDB CHAIRMAN

Minister of Finance and the Public Service Dr Nigel Clarke has been elected chairman of the 48-member board of governors of the Inter-American Development Bank (IDB). He was recently elected at the annual meeting of the board of the IDB and IDB Investment Corporation (IDB Invest), the IDB's private sector financing arm, at the bank's headquarters in Washington, DC.

Minister Clarke, the first Jamaican in decades elected to the post, takes over the chairmanship from José Manuel Restrepo Abondano, minister of finance of Colombia. His election was proposed by Paraguay's Finance Minister, Oscar Llamosas Díaz, who said the decision was in recognition of his Jamaican colleague's demonstrated leadership in managing the economic affairs of Jamaica.

It was seconded by Canada.

"Because of his great leadership and his ability to bolster public finances in his country, we are sure that his vision, commitment and leadership will also guide us in this process to renew and strengthen the IDB group as the needs of our countries and the region currently demand," Paraguay's IDB governor said.

Dr. Clarke, the only candidate nominated, was elected unanimously. His chairmanship will last for one year and will culminate with the 2023 annual meeting of the IDB board set to be held in Panama.

The new chairman will preside over plans by IDB President Mauricio Claver-Carone for a major increase in IDB resources for private sector financing and to streamline the bank's government lending programmes to make them more efficient and impactful.

It was announced after the meeting that the capital increase plan for a better resourced IDB Invest, dubbed IDB Invest 2.0, which was presented to the March 28 board meeting, was endorsed and accepted in principle by a majority of IDB borrowing and non-borrowing shareholders with a detailed proposal and implementation plan to be submitted by September this year.

DR. NIGEL CLARKE ELECTED IDB CHAIRMAN

In a statement following his election, Dr. Clarke acknowledged the work of the outgoing chairman and the IDB executive team for steering the bank during the tumultuous COVID-19 pandemic.

“The region has benefited greatly from the agility and capacity of the IDB in responding to the unprecedented challenges brought by the COVID-19 pandemic. As our hemisphere focuses on economic recovery and responds to new global shocks, we are confident in the bank’s ability to support member countries’ economic growth and development strategies,”.

He expressed the commitment of the Government of Jamaica to remaining fully engaged with the institution, noting that the IDB was Jamaica’s largest creditor and has played an integral role in supporting the country’s growth and development objectives over the years.

LOCAL ENTREPRENEURS TO BENEFIT FROM JBDC ACCELERATOR PROGRAMME

Sixty local entrepreneurs within the micro, small, and medium-sized enterprise (MSME) sector are set to benefit from the Jamaica Business Development Corporation (JBDC) Accelerator Programme.

The \$60-million initiative is being funded jointly by the JBDC and the Development Bank of Jamaica (DBJ).

The 60 entrepreneurs form the fourth cohort of the six-month Accelerator Programme, which includes six modules, focusing on strategy development, financial management, marketing and sales, operational improvement, digital transformation, and business valuation.

Participants will also benefit from training, mentorship, networking, increased sales, business growth, and financing opportunities.

The initiative was launched at The Jamaica Pegasus hotel in New Kingston on April 5.

Addressing the ceremony, Chief Executive Officer, JBDC, Valerie Veira, told the entrepreneurs that being a part of the programme will provide an opportunity for them to improve their network and net worth.

She urged them to fully immerse themselves in the programme, reminding them that they must put in the work to achieve success.

Manager, Business Advisory Services, JBDC, Melissa Barrett, said a tailored programme will be created to guide the business owners.

Technical Coordinator, Intermediary Services Unit, Boosting Innovation, Growth and Entrepreneurship Ecosystems (BIGEE), DBJ, Natalie D'Oyen, said the initiative aims to support entrepreneurs so that they can grow.

"Be humble in order to learn," she told the participants.

In an interview with Jamaica Information Service News, Executive Assistant for Hema Luxe Limited, André Green, expressed optimism that the initiative will assist the company to grow.

"What this means for me is that we will be able to grow our business. We are seeking to expand our business overseas, and this Accelerator [Programme] will give us all the tools available, for us to expand and grow our business as we want," he told JIS News.

LOCAL ENTREPRENEURS TO BENEFIT FROM JBDC ACCELERATOR PROGRAMME

Applicants were chosen through a rigorous selection process. The Accelerator Programme will provide an opportunity for the businesses to be assisted with the preparation of critical documents, such as certified statements, and strategic business, operations, marketing and digitisation plans.

The JBDC was established in 2001. The organisation, which operates within the ambit of the Ministry of Industry, Investment and Commerce, strives to continually fuel the local economy through its services and programmes designed to support the growth and development of the MSME sector.

EPOC CAUTIOUS, CITES VARIOUS RISKS TO THE ECONOMY

The Economic Programme Oversight Committee (EPOC) holds a cautious outlook on the Jamaican economy, because of external factors disrupting global trade and growth.

“There is so much risk, you couldn’t ask for a riskier time across the globe,” said EPOC Chairman Keith Duncan. “EPOC is very cautious on Jamaica’s growth path as risks remain high,” he said.

That said, EPOC believes that the Government’s 2022/23 budget projections are “credible and achievable”, albeit with risks to growth and revenue projections.

The group, which monitors the economy, is concerned about geopolitical tensions with the Russian invasion, global inflation, higher interest rates, supply-side disruptions and new variants of COVID-19.

“We have to be astute with agile management to work through this conundrum,” said Mr. Duncan, referring to actions by monetary and fiscal authorities.

Headline inflation is at 10.7 per cent as at February. Prices have been rising because of the continued effects on international commodity and shipping prices, which impact domestic transport-related and utility costs and processed food prices.

Core inflation, measured as the change in prices excluding agricultural commodities and fuels prices, was at 10.8 per cent in February, Mr. Duncan noted, more than double the 3.5 per cent recorded in February 2021.

Around the globe, inflation in the United States is at 8.5 per cent; the United Kingdom is at 7 per cent, a 30 year-high; and eurozone countries in Europe, at 7.5 per cent.

Domestically, EPOC expects the continued lifting of pandemic restrictions under the Disaster Risk Management Act to give added boost to the economy.

“This considerable easing will see the return of the entertainment industry and a return to some degree of normalcy which will definitely have a positive impact on the recovery of the economy,” Mr. Duncan said.

EPOC CAUTIOUS, CITES VARIOUS RISKS TO THE ECONOMY

The Jamaican Government projects growth of 3.5 per cent this fiscal year and expects the economy to return to pre-COVID levels by FY2024. The Bank of Jamaica's Monetary Policy Committee expects growth with a range of two to four per cent this year.

The four interest rate hikes executed by the central bank since last year to rein in inflation, taking the policy rate to 4.5 per cent, are meant to incentivise saving in local currency compared to holding US dollars or investing in US instruments, said the EPOC Chairman.

The rate hikes have led to a spike in Treasury yields, which recently jumped another two percentage points each, to 7.96 per cent for the 3-month T-bill and 8.46 per cent for the 6-month T-bill.

"The commercial banks will have to move rates at some point in time, and this is what the BOJ wants to see -- interest rates going up to slow demand and limit the ability of the business to pass on price increases to consumers," Mr. Duncan said.



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News Release Consumer Price Index March 2022

FOR IMMEDIATE RELEASE

KINGSTON, April 19, 2022: The inflation rate for March 2022 was 1.6 per cent as released today by the Statistical Institute of Jamaica (STATIN). This movement was largely impacted by a 1.9 per cent increase in the index for the heaviest weighted division 'Food and Non-Alcoholic Beverages'. The two groups within this division, 'Food' and 'Non-Alcoholic Beverages', registered increases of 2.0 per cent and 0.6 per cent respectively. 'Food' was mainly impacted by higher prices for tomato, cabbage, onion and sweet pepper. This resulted in an increase of 5.3 per cent in the index for the class 'Vegetables, tubers, plantains, cooking bananas and pulses'.

The overall rate of inflation was also influenced by a 3.9 per cent increase in the index for the division 'Housing, Water, Electricity Gas and Other Fuels' and a 0.6 per cent increase in the index for the 'Transport' division. The inflation rate in the 'Housing, Water, Electricity Gas and Other Fuels' division was due largely to a 9.6 per cent increase in the index for the group 'Electricity, Gas and Other Fuels' caused by higher electricity rates for the period. However, the increase in the division was tempered by a 1.0 per cent fall in the index for the group 'Water Supply and Miscellaneous Services to the Dwelling,' due to reductions in water and sewage rates. The increase in the 'Transport' division was due mainly to higher prices for fuels and lubricants.

For March, the point-to-point inflation rate (March 2021 – March 2022) was 11.3 per cent. This was the largest point-to-point change since the implementation of the new CPI basket in April 2020. The main contributors to this upward movement were the divisions: 'Food and Non-Alcoholic Beverages' (14.7%); 'Housing, Water, Electricity, Gas and Other Fuels' (9.6 %) and 'Transport' (14.3%). The inflation rate for the fiscal year 2021/2022 was 11.9 per cent.

The Consumer Price Index (CPI) measures changes in the general level of prices for consumer goods and services purchased by private households. The March 2022 Consumer Price Index Bulletin outlines additional information and may be obtained from the Statistical Institute of Jamaica website at www.statinja.gov.jm or the Information Section at (876) 630-1619. Visit the Institute's Facebook, LinkedIn and Instagram pages @STATINJA for the March 2022 CPI infographic.

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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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