

INVESTED

NEWSLETTER

January
2023

SECURITIES INSURANCE FINANCIAL LITERACY AML
PRIVATE PENSION TRUST & CORPORATE SERVICES COMPLAINTS

Promoting integrity in the Jamaican financial sector

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STIFFER PENALTIES COMING FOR BREACHES OF FINANCIAL LAWS

LATONYA LINTON

The Government is moving to review several pieces of financial sector legislation to apply more stringent penalties for breaches.

Minister of Finance and the Public Service, Dr. the Hon. Nigel Clarke, made the disclosure during a policy address on the financial sector held on January 23 at the Ministry of Foreign Affairs and Foreign Trade in downtown Kingston.

Dr. Clarke said the review is necessary to strengthen the country's ability to identify, investigate and prosecute financial crimes in the banking, securities, insurance and pensions sectors.



Legislation to be amended include the Securities Act, Banking Act, Insurance Act and the Pensions Act.

"We will stiffen the penalties for white-collar crime in the financial sector. The discrepancy between the sanctions for white collar crime and other forms of crime must be erased," Dr. Clarke said.

"If you rob depositors or you defraud investors and you put our financial systems and our way of life at risk, the Jamaican society wants you to be put away for a long time," he pointed out.

The Government will also require securities dealers to publish their financial statements and material events at standards equivalent to public companies on the Jamaica Stock Exchange.

Material events relate to any information that would affect the judgment of an informed investor.

The Government is also moving to tighten regulations around connected party transactions for securities dealers and introduce a fixed penalty regime, where companies can be fined for Anti-Money Laundering (AML)/Combatting the Financing of Terrorism (CFT) and other breaches.

"If they don't pay, they go to court. What we have now is that authorities have to take companies through the court process and only then can the fines be imposed. This will improve the sanctions regime, and the speed with which sanctions can be applied," Dr. Clarke stated.

The Finance and the Public Service Minister further informed that the Government will tighten regulations around insider trading to ensure that the penalties and sanctions regime is severe and dissuasive.

"We will require technical assistance from our international partners in the design of these reforms and in advising us of additional reforms that may be necessary," Dr. Clarke said.

RICHARD BYLES APPOINTED TO CHAIR FSC BOARD

DOUGLAS MCINTOSH



Bank of Jamaica (BOJ) Governor, Richard Byles, has been appointed Chairman of the newly constituted Financial Services Commission (FSC) Board, effective January 23.

This was announced by Minister of Finance and the Public Service, Dr. the Hon. Nigel Clarke, during a Financial Sector Regulation Policy Address at the Ministry of Foreign Affairs and Foreign Trade in downtown Kingston recently.

Mr. Byles, who is one of four new appointees, is joined by BOJ executives, Senior Deputy Governor, Dr. Wayne Robinson; Deputy Governor in charge of Supervision, Dr. Jide Lewis; and Deputy Governor in charge of Finance, Technology and Administration, George Roper, who is a former FSC Deputy Executive Director.

Dr. Clarke, who indicated that he was “not yet prepared to name” the fourth new Commissioner, said their appointments were consequent on a decision by four members of the previous Board who “volunteered to provide the vacancies”.

The Commissioners who have been retained are GraceKennedy Deputy Chief Executive Officer, Irwin Burton; retired Partner, PricewaterhouseCoopers (PwC), Dennis Brown; Attorney-at-Law, Kenisha Davis; and Senior BOJ Director, Hilary Robertson, who is on secondment to the Ministry of Finance and is an advisor to Dr. Clarke’s office.

“I do not believe in the complete turnover of Boards as institutional memory is lost. Furthermore, that practice no longer accords with existing regulations,” the Minister said.

Dr. Clarke announced recently that BOJ Chief Prudential Officer, Keron Burrell, was appointed to succeed former FSC Executive Director, Everton McFarlane, who resigned in the wake of alleged multibillion dollar fraudulent activities, currently under investigation at Stocks and Securities Limited (SSL).

The Minister said the new Board’s responsibilities include overseeing the current interventions at SSL, including formalising Mr. Burrell’s appointment; establishing a mechanism to review the FSC’s approach to the SSL case to identify any gaps or constraints and assessing the status of other licensees and determining whether there are concerns or potential concerns in respect of companies in the securities industry.

These, he pointed out, are “in addition to what customarily applies”.

Dr. Clarke further advised that the FSC will release to the public, the chronology of the supervisory action or activities with respect to SSL for the period of the alleged fraud, between 2010 and 2023.

PM PLEDGES TO UNCOVER EXTENT OF FRAUD AT SSL

JAMAICA INFORMATION SERVICE

Prime Minister, the Most Hon. Andrew Holness, says no effort will be spared in uncovering the full extent of fraudulent activity at Stocks and Securities Limited (SSL) and bringing the perpetrators to justice.

The Prime Minister gave this undertaking in a statement on January 20), where he said he was upset and disgusted at the revelations.

Mr. Holness, who indicated that he was briefed on the matter, said he is concerned and sympathetic to the hard-working Jamaicans who are uncertain of the status of their funds invested with SSL.



He noted that while every investor's distress must be equally acknowledged, "there is a dimension of a heightened public sense of betrayal, which I share, that a National Icon who has brought so much pride to all of us, is also a victim of the alleged fraud".

The Prime Minister said that a thorough investigation is being undertaken to identify the perpetrators and colluders involved in the fraudulent activity, as well as to trace the stolen funds and secure forfeiture of assets acquired with these. "The Government will ensure that the laws and systems in place work for the benefit of the general public good, accountability for those responsible, and justice for those negatively affected," he emphasised.

"The affected investors and the public can be assured that the investigative and prosecutorial agencies have the necessary competencies and resources, and have already started to act decisively to gather information and evidence," he added. The Prime Minister said that while the matter has sparked immediate fear and general concern, there is no need for panic about the strength and soundness of the financial system.

He noted that, as a result of significant reforms implemented over the last two decades, Jamaica has a strong and vibrant financial system in which the public can have confidence, adding that it is recognised as the leading financial market in the region.

"The public can rest assured that the Government will be proactive in ensuring that there is accountability and probity in the exercise of public functions, and that our policy and administrative response is effective in continually strengthening the financial sector and protecting the investing public," he said. The Prime Minister urged the public to exercise caution and patience as the investigation proceeds, and not to fuel panic through speculations and baseless assertions.

He noted that given the potentially complex and litigious nature of these matters, the Government must ensure that it verifies every bit of information it gives to the public. "I have stressed the importance of transparency and accountability to the various Government agencies, as this is the only way to secure public confidence," he said.

The Prime Minister said that Finance and Public Service Minister, Dr. the Hon. Nigel Clarke, has indicated that he will update the public on certain policy and administrative actions of the Government on the matter. Dr. Clarke announced on January 19 that Chief Prudential Officer at the Bank of Jamaica (BOJ), Kerron Burrell, has been seconded to the Financial Services Commission (FSC) to head the SSL following the resignation of FSC Executive Director, Everton McFarlane, effective January 31, 2023.

Ken Tomlinson of Business Recovery Services Limited has been appointed the Special Auditor and is also serving as the securities firm's Temporary Manager.

INDUSTRY, INVESTMENT AND COMMERCE MINISTRY'S 2023 STRATEGIC OBJECTIVES OUTLINED

CHANEL SPENCE

The Ministry of Industry, Investment and Commerce's strategic objectives for 2023 will focus on increasing exports and local direct investments and training unattached youth.

Portfolio Minister, Senator the Hon. Aubyn Hill, outlined details of these during the Ministry's Rebranding and Quality Recognition Ceremony recently at the AC Hotel by Marriott in Kingston

Minister of Finance and the Public Service, Dr. the Hon. Nigel Clarke, and executives of the Industry Ministry's departments and agencies, were among the guests attending.



Minister of Industry, Investment and Commerce, Senator the Hon. Aubyn Hill, addressing stakeholders at a Rebranding and Quality Recognition Ceremony, held at the AC Hotel by Marriott in Kingston, on Wednesday (January 18).

Senator Hill said the Ministry will be looking to meet the targetted objectives under its new unofficial brand, 'Jamaica's Business Ministry', by collaborating with businesses, engaging trade missions, implementing legislative frameworks, and working closely with its relevant agencies and departments.

Senator Hill emphasised the importance of increasing exports, in order to significantly boost earnings generated for Jamaica. "If we only keep selling to Jamaicans, we will never become a wealthy country. We cannot remain poor people we must export to the world," he said.

Consequently, Senator Hill advised, the Ministry and its agencies will be advocating for more local direct investments as financial institutions continue to provide the private sector with more opportunities for accessing capital.

"The banks have a lot of money to lend, because the Government is not borrowing; we stepped out of the market. So, you [the private sector] can have all the money you want," he declared.

Senator Hill advised that businesses are the "largest providers of money that the Government spends", which requires the Ministry to take a "laser-sharp focus" on helping, encouraging and facilitating these entities to excel and be profitable.

Meanwhile, the Minister said the training and certifying of approximately 400 unattached youth will be pursued through a programme with the HEART/NSTA Trust.

"We need to take them in. HEART/NSTA is working out a programme that will start this month. We must train, because the business people say they want to employ people," he argued.

The Minister encouraged the business community to take greater responsibility in providing training opportunities for youth. "What I found is many businesses overseas, especially in developed economies and some very astute emerging market economies are training their people well. If we don't, we're going to remain poor. Those of us who are privileged to lead must help them get to a better place," Senator Hill stated.

CDB PROJECTS 5.7% GROWTH FOR CARIBBEAN ECONOMIES

GLENER ONLINE

Caribbean countries averaged growth of 10.3 per cent last year, compared to 4.5 per cent in 2021, the Caribbean Development Bank reported on recently..

Its forecast for this year is growth of 5.7 per cent.

CDB Vice-President of Operations Isaac Solomon said at the bank's annual news conference that regional growth was largely underpinned by increased energy production in Guyana and Trinidad & Tobago and higher international oil prices, fuelling much of the 20.6 per cent economic growth in commodity-exporting member countries of the CDB.

In the tourism-dependent countries, increases in extra-regional airlift also resulted in a strong, though incomplete, recovery amid rising inflation that dampened domestic demand and moderated growth in key economic sectors, Mr. Solomon said. This outturn helped buoy economic growth of 4.6 per cent, with increased government revenues and improved fiscal positions.

Looking ahead, the CDB is projecting that in 2023, despite facing multiple challenges, regional economic performance will continue to improve over the medium term.

"While cautiously optimistic about the near-term outlook and recognising the uncertainty regarding the war in Ukraine, it is difficult to estimate growth with a large degree of certainty," it was said.

The 5.7 per cent regional growth forecast by the CDB for 2023 is anchored on the continued resuscitation of the tourism sector and energy investments.

"This forecast, however, is subject to some downside risks, since most advanced economies are on track to register lower growth relative to 2022, increasing the likelihood of a global recession. When coupled with continued, albeit lower inflation, this slowdown in economic activity could trigger stagflation," Solomon said.

The CDB official said access to food remains a major concern and that food security threatens the region, especially the poor, for whom food and fuel represent a large share of their consumption basket.

As such, Solomon said the bank welcomes and supports an initiative of Caricom heads of government to reduce the estimated US\$5-billion regional food import bill by 25 per cent by 2025.

"We also continue to invest in climate-resilient agriculture production and marketing systems" in several CDB member countries, Solomon added.



STATIN REPORTS DECREASE IN DECEMBER INFLATION RATE

DOUGLAS MCINTOSH



The rate of inflation for December 2022 decreased by 0.9 percentage point to 9.4 per cent, compared to November, the Statistical Institute of Jamaica (STATIN) has reported.

The reference week for the December 2022 Consumer Price Index (CPI) was the first full week of the month. Director General, Carol Coy, says the negligible decline in the index was mainly influenced by a one per cent fall in the out-turn for the heaviest weighted division – ‘Food and Non-Alcoholic Beverages’. Speaking during STATIN’s digital quarterly media briefing recently, Ms. Coy said the decline in the division mainly resulted from a 1.1 per cent drop in the index for the ‘Food’ group, despite the ‘Non-Alcoholic’ category rising by one percentage point.

She told journalists that the inflation rate was also impacted by the ‘Transport’ division, which fell by 0.9 percentage point, due mainly to a 3.7 per cent decline in the index for the group ‘Operation of Personal Transport Equipment’, as the costs for petrol continued to decrease over the period under review.

“The inflation rate was, however, tempered by increases in the index for the divisions ‘Restaurants and Accommodation Services’, up 3.4 per cent, mainly impacted by increased prices for meals consumed away from home and ‘Housing, Water, Electricity, Gas and Other Fuels’, up 0.7 per cent, due mainly to increases in the rates for electricity, water and sewage,” the Director General pointed out.

Ms. Coy advised, however, that the December 2022 inflation rate represented an increase on the out-turn recorded 12 months earlier.

This December 2022 inflation rate was mainly attributed to increases in the index for the divisions, ‘Food and Non-Alcoholic Beverages’, up 13.8 per cent; ‘Restaurants and Accommodations Services’, up 23.9 per cent, and ‘Housing, Water, Electricity, Gas and Fuels’, up 2.8 per cent,” she indicated. STATIN advises that the 2022/23 fiscal year-to-date inflation rate is 6.2 per cent. The CPI measures changes in the general level of prices of consumer goods and services purchased by private households.

CURRENCY IN CIRCULATION FOR YEAR ENDING DECEMBER 2022 TOTALLED \$238.8 BILLION

DOUGLAS MCINTOSH

The overall amount of currency in circulation at the end of December 2022 totalled \$238.8 billion, the Bank of Jamaica (BOJ) has reported.

This represented an annual nominal growth of three per cent, compared to 19.1 per cent at the end of December 2021. A BOJ communiqué earlier this month indicated that when the estimated change in the general level of consumer prices for 2022 is considered, "the currency stock, in real terms, is estimated to have declined for the year by seven per cent, compared to real growth of 11 per cent for 2021."

The Central Bank also advised that currency in circulation during the last ten work days of 2022, between December 19 and 30, rose by \$13.7 billion.

This spurred an overall \$27.7 billion or 13.4 per cent growth in the figure for the entire month, compared to the outturn for November 2022.

The BOJ pointed out that the figure was also higher than its \$21.5 billion or 10.4 per cent month-over-month projection for December and greater than the 11 per cent growth recorded for the same period in 2021.

Increases during this period are usually linked to heightened commercial activities and correlating expenditures associated with Christmas.

The BOJ said it is anticipated that most of the currency issued during December 2022 will be redeemed in January 2023. "For the last five years, net currency redemption in January averaged 76.5 per cent of the net currency issued in the preceding month," the Bank added.



ONE-THIRD OF WORLD'S ECONOMIES EXPECTED TO BE IN RECESSION THIS YEAR

GLEANER ONLINE

Managing Director of the International Monetary Fund (IMF), Kristalina Georgieva, has warned that 2023 will be tougher than the previous year for most of the global economy as the United States, European Union and China experience slowing growth.

The IMF boss said that 2023 will be a "tough year", with one-third of the world's economies expected to be in recession. "Why? Because the three big economies, the US, EU, China, are all slowing down simultaneously," Georgieva said on Sunday during an interview on 'Face the Nation', a CBS programme.

In October 2022, the IMF cut its global growth forecast to 2.7 per cent, down from 2.9 per cent projection in July, amid headwinds including the war in Ukraine and sharply rising interest rates. Ms. Georgieva told CBS that China, the world's second-largest economy, is likely to grow at or below global growth for the first time in 40 years as COVID-19 cases surge following the dismantling of its ultra-strict "zero-COVID" policy.

"That has never happened before. And looking into next year, for three, four, five, six months the relaxation of COVID restrictions will mean bushfire COVID cases throughout China," Ms. Georgieva said. "I was in China last week, in a bubble in the city where there is 'zero COVID'. But that is not going to last once the Chinese people start travelling," the IMF Director noted.

However, Ms. Georgieva said that she expected China's growth to improve towards the end of the year but there are concerns about its longer-term trajectory.

"Before COVID, China would deliver 34, 35, 40 per cent of global growth. It is not doing it anymore. It is actually quite a stressful period for the Asian economies. When I talk to Asian leaders, all of them start with this question, 'What is going to happen with China? Is China going to return to a higher level of growth?'"



ONE-THIRD OF WORLD'S ECONOMIES EXPECTED TO BE IN RECESSION THIS YEAR

GLENER ONLINE

At the same time, the EU has been especially hard hit by the war in Ukraine, with half of the bloc expected to be in recession this year, Ms. Georgieva said.

The IMF chief said, however, that the US economy has stood out for its resilience and could avoid contraction this year.

"The US is most resilient. The US may avoid recession," she said.

"We see the labour market remaining quite strong. This is, however, a mixed blessing because if the labour market is very strong, the Fed (Federal Reserve) may have to keep interest rates tighter for longer to bring inflation down."

Last Wednesday, The Gleaner FINANCE reported that technocrats expect the Jamaican economy to grow by 3.0 per cent in 2023, or nearly double the pace of the region, as it benefits from recovery and sectors coming back online.

It was noted however that the growth is projected to be slightly less than the initial forecast of 3.3 per cent in April 2022 by the World Economic Outlook, a flagship publication by the IMF. But it still outpaces the growth of the wider Latin America and Caribbean, which is set to grow by 1.7 per cent in 2023, down from initial projections of 2.5 per cent.

JAMAICA TO HOST HISTORIC GLOBAL TOURISM RESILIENCE CONFERENCE IN FEBRUARY

SHANNA K. SALMON

Approximately 200 persons have been invited to physically attend the inaugural Global Tourism Resilience Conference, slated for February 15 to 17 at the University of the West Indies (UWI) Regional Headquarters in St. Andrew. Other participants will be able to register at no cost and join virtually.

This was announced by Minister of Tourism, Hon. Edmund Bartlett, during the Conference's launch at the Jamaica Tourist Board in Kingston, on January 12. Among those expected to attend are aficionados and technical teams, theoreticians, academics, ministers of government, investment gurus and other stakeholders involved in the tourism industry from the Middle East, Africa, and the Caribbean.

"This is an earth-breaking international event. We're excited that Jamaica is hosting this very important global activity and we invite you all to share with us as together we chart a new path as we recover better and stronger in tourism from COVID-19," Minister Bartlett said.

He informed that the conference will focus on sustainability and investment, as well as "the varied areas that are part of the mosaic of connectivity that enables tourism". "The inclusion of an investment component in the conference, along with a discussion on the future of employment in the tourism sector, are critical factors, as they underpin the very resilience that we seek to build for tourism against global shocks," Mr. Bartlett added.



Minister of Tourism, Hon. Edmund Bartlett, provides details about the first-ever Global Tourism Resilience Conference scheduled to be held in Jamaica. He was speaking during the event's launch on Thursday (January 12), at the Jamaica Tourist Board in Kingston.

He pointed out that natural disasters, climate-change impacts and biodiversity loss, food insecurity, political instability and conflicts, the threat of terror attacks, cybercrime and cybersecurity issues, economic recession, epidemics and pandemics are among the disruptive events that lead to global shocks affecting travel and tourism.

Mr. Bartlett further informed that the three-day conference will include 40 international speakers, who will bring insight on various topics.

JAMAICA TO HOST HISTORIC GLOBAL TOURISM RESILIENCE CONFERENCE IN FEBRUARY

SHANNA K. SALMON

"Our Prime Minister, the Most Hon. Andrew Holness, will have a very special session at this conference, in which he will engage with Peter Greenberg of CBS TV and Radio to have a Fireside Talk. He will be talking about resilience and the impact and importance of building resilience in the Caribbean and globally," he shared.

Mr. Bartlett indicated that a major highlight at the conference will be the African-Caribbean component.

"We've asked the former Prime Minister of Jamaica, who heads the Africa Caribbean Institute at the UWI, the Most Hon. P.J. Patterson, to keynote that summit element of the conference," he further informed.

Additionally, Mr. Bartlett said there will be a series of panel discussions with the ministers and leaders of Africa and the Caribbean.

The Minister of International Affairs from Saudi Arabia is also expected to participate in the conference, as the discussion on the Middle East will be infused in the general discourse.

Minister Bartlett said a key component of the conference will be a discussion on the Labour Market Arrangements in Tourism.

Meanwhile, Chairman, Caribbean Tourism Organization (CTO) and Minister of Tourism and Transport for the Cayman Islands, Hon. Kenneth Bryan, is encouraging all regional ministers and directors of tourism and other stakeholders involved in the industry to attend the conference.

"Knowing Minister Bartlett, I am confident that the conference will not be a talk fest, but rather a gathering that will seek to advance these important discussions and identify concrete solutions to issues that are central to our economic and the social well-being of our territories," he said.

The conference is being jointly organised by the Ministry of Tourism, Global Tourism Resilience and Crisis Management Centre (GTRCMC), CTO, Caribbean Hotel and Tourism Association (CHTA), International Tourism Investment Conference, Jacobs Media and the World Travel Awards.

THANK YOU

FOR READING!

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!

Editorial Staff

geddesd@fscjamaica.org
mcdowellp@fscjamaica.org
bryson@fscjamaica.org
answerd@fscjamaica.org

Contact Us!

inquiry@fscjamaica.org
876 906-3010-2
39-43 Barbados Avenue,
Kingston, Jamaica.