

INVESTED

NEWSLETTER

June
2023

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

Promoting integrity in the Jamaican financial sector

IN THIS ISSUE

REGIONAL REGULATORS URGED TO BUILD RESILIENT PENSION SYSTEMS	1
MORE BENEFIT INCREASES FOR NIS PENSIONERS	3
PENSIONS VALUES ON THE MEND BUT CONCERNS REMAIN	4
CONSUMER PRICE INDEX UP 0.6 PER CENT IN MAY	5
INT'L PARTNERS HELPING TO LIFT J'CONS OUT OF POVERTY	6
TOURISM MINISTRY TO CONDUCT ECONOMIC IMPACT STUDY OF PROPOSED HOTEL ROOM DEVELOPMENTS	8
PROJECT STAR ADMINISTRATORS LOOKING TO RAISE \$100M THROUGH THE JAMAICA SOCIAL STOCK EXCHANGE	9
INTERNATIONAL MERCHANDISE TRADE	11
IOSCO MARCHES FORWARD ON ITS STANDARD SETTING AND INCLUSIVENESS PRIORITIES	12
STATISTICAL INTSTITUTE OF JAMAICA NEWS RELEASE	13

REGIONAL REGULATORS URGED TO BUILD RESILIENT PENSION SYSTEMS

OBSERVER ONLINE

Stakeholder regulators across the region are being urged to build resilient pension systems with the capacity to respond to small and large shocks and navigate a rapidly changing financial sector.

This charge comes from Financial Services Commission (FSC) Executive Director Major Keron Burrell, who delivered the keynote address during last Tuesday's opening ceremony for the Caribbean Association of Pensions Supervisors (CAPS) Conference at Jamaica Pegasus hotel in New Kingston.



Executive Director of the Financial Services Commission, Major Keron Burrell delivering his keynote address at the 2023 Caribbean Association of Pensions Supervisors (CAPS) Conference

Major Burrell pointed out that the COVID-19 pandemic "accelerated the pace of change" globally and triggered the "largest global economic crisis in more than a century" which unearthed several pre-existing vulnerabilities of pension systems.

These include rising corporate debt, increasing sovereign debt, fragility in non-deposit-taking institutions (DTIs), and declining profitability in certain DTIs.

"While we cannot anticipate every shock type, we can build resilience. Resilience puts systems in a better position to absorb some pandemic-related shocks, effectively support economies, consumers, and investors, and mitigate the worst economic and financial effects," the executive director said.

He noted that the sector continues to be challenged by threats associated with the rapid advancements in technology, including increased cybercrime and fraudulent activities, among other things.

Major Burrell pointed out that even in crisis there are opportunities, and "preparedness and resilience are, therefore, critical, not just in the face of shocks but in the face of the rapidly changing nature of the financial sector itself".

"We all, as regulators, must cultivate strategies to rebuild resilience over time, including addressing old vulnerabilities and testing for new ones. As pension plan supervisors, we must stay informed about technological advancements and enhance our ability to monitor the industry more efficiently and effectively," he added.

Major Burrell urged the regulators to continue providing financial education to members, especially on pertinent issues, and provide guidance to the trustees that will enable them to ask direct questions and make sound decisions.

He further emphasised that continuous learning and professional development are critical in light of industry trends.

Major Burrell pointed out that regulatory updates and best practices are essential for pension funds providers to carry out their duties effectively and make informed decisions that benefit pension plan members and beneficiaries.

The CAPS comprises 20 member countries, including all members of the Caribbean Community.

REGIONAL REGULATORS URGED TO BUILD RESILIENT PENSION SYSTEMS

OBSERVER ONLINE

It aims to provide a forum for members to promote and facilitate efficient and effective pension supervisory and regulatory systems in the region.

The conference was held under the theme 'Enhancing Protection, Building Resilience Amid Macro Uncertainty and Systemic Risk'.

Experts from Jamaica, Canada, the United Kingdom, and the United States of America made presentations on several crucial topics during the event.

MORE BENEFIT INCREASES FOR NIS PENSIONERS

GLEANER ONLINE



Tourism Minister, Hon. Edmund Bartlett.

The Ministry of Labour and Social Security has announced that along with increases to pension benefits, which became effective on April 1, 2023, three other benefits under the National Insurance Scheme (NIS) have also been increased.

Employment injury benefits have been increased from \$3,200 to \$4,200 per week, with effect from April 1, 2023

The funeral grant has been increased from \$90,000 to \$150,000. The increase is applicable to claims for eligible contributors, pensioners, and their spouses who have died on or since April 1, 2023.

Additionally, benefits under the NI Gold (Comprehensive) Health Insurance Plan (HIP) have also been increased, with effect from June 1, 2023. The increases to the HIP coverage apply to hospitalisation, surgical fees, doctors' visits, diagnostic procedures, dental and optical services and prescription drugs.

The rates of increase for hospitalisation range from 25 per cent to 150 per cent. Daily room and board rates have been increased from \$800 to \$1,000 per day, while hospital outpatient coverage has been increased from \$2,000 to \$5,000.

Coverage for diagnostic services, consultants' fees and doctors' visits, including emergency home visits, have been increased by 100 per cent.

Prescription drug coverage has been increased by 40 per cent, while coverage for dental and optical services has been increased by 166 per cent.

PENSIONS VALUES ON THE MEND BUT CONCERNS REMAIN

GLENER ONLINE

Pension valuations are recovering but require stronger oversight to detect fraud, according to the acting director general at the Financial Services Commission, Major Keron Burrell.

“Recent scandals have shown that the framework for fighting financial crime is not as effective as desired,” said Burrell at the start of the Caribbean Association of Pension Supervisors conference in New Kingston

Those scandals include alleged financial fraud at Stocks & Securities Limited, which drew international headlines. Burrell said that effective governance, accountability and conduct within institutions are essential for the sector to be resilient and trustworthy.

“A thorough review of the consumer protection and the market conduct framework is exceedingly important to address risk and emerging trends,” he said.

He suggested that pension trustees and managers stay abreast of industry trends and regulatory updates to carry out their duties effectively.

“We must remain connected and engaged. By sharing knowledge and best practices, we can collectively work to improve management and oversight of pension plans in the Caribbean,” he said at the conference.

Burrell noted that some pension funds are showing signs of recovery from the losses of 2022. The aggregate value of assets invested in the Jamaican private pensions industry as at December 2022 was \$703.2 billion, according to the private pensions industry data compiled by the FSC. The figure represented a 1.8 per cent increase over the September 2022 quarter, at \$690.9 billion, but down 1.42 per cent from \$713.4 billion at December 2021.

During the 2022 calendar year, eight pension plans commenced winding-up proceedings, leaving 364 active pension plans. Some 96 per cent of the remaining active pension plans were solvent, the data indicated.

Total private pension assets reported a reduction in value for three consecutive quarters of 2022. However, the increase in the final quarter of the period was attributable to an increase in most of the reported asset classes. While asset values were changing, the top three asset classes remained the same, with investments in pooled arrangements being the top class at 39 per cent, followed by stocks at 21.7 per cent, and government securities at 21 per cent.

“Signs of stress are starting to appear in some financial market segments, as investors are reassessing risk and credit conditions. These are elements currently affecting pension plans,” said Nicolette Jenez, president of the Caribbean Association of Pension Supervisors and deputy executive director of the FSC.

She said that the region’s challenges include poverty, inflation, pandemic-induced financial market turmoil, and low growth.

The Caribbean Association of Pension Supervisors was incorporated in 2010 and was the brainchild of several pension regulators in the Caribbean. CAPS now has 20 members.

The conference, featuring experts from Jamaica, Canada, the United Kingdom, and the United States, is focused on building up pension holdings amid uncertainty and risk.

“The decisions we make, the actions we take, and solutions we develop during this conference could well have a lasting impact on the lives of millions of people in our region,” said Jenez



Executive Director, Major Keron Burrell speaking with Deputy Executive Director, Nicolette Jenez at the 2023 CAPS Conference

CONSUMER PRICE INDEX UP 0.6 PER CENT IN MAY

OBSERVER ONLINE

The All-Jamaica Consumer Price Index (CPI) increased by 0.6 per cent for May 2023 according to the latest update provided on Thursday by the Statistical Institute of Jamaica (STATIN).

According to STATIN, this upward movement was influenced mainly by increases in the index for the divisions 'Housing, Water, Electricity, Gas and Other Fuels' (1.8 per cent) and 'Food and Non-Alcoholic Beverages' (0.7 per cent). The inflation rate was however tempered by a decline of 0.3 per cent in the index for the 'Transport' division, due to lower petrol prices. The increase in the 'Housing, Water, Electricity Gas and Other Fuels' division's index was due largely to higher rates for electricity, which resulted in a 6.3 per cent increase in the index for the group 'Electricity, Gas and Other Fuels'. This increase, however, was tempered by a fall of 2.0 per cent in the index for the group 'Water Supply and Miscellaneous Services relating to the dwelling' due to lower water and sewage rates said STATIN.

For the 'Food and Non-Alcoholic Beverages' division, the index for the group 'Food' rose by 0.7 per cent and the group 'Non-Alcoholic Beverages' increased by 0.8 per cent. Increases were registered in the index for all classes within the group 'Food', with the largest contributor 'Vegetables, tubers, plantains, cooking bananas and pulses', moving upwards by 1.3 per cent due to higher prices for products such as yam, lettuce, pumpkin, and carrot.

The point-to-point inflation rate (May 2022 – May 2023) was 6.1 per cent. This was influenced mainly by the point-to-point inflation rate for the divisions: 'Food and Non-Alcoholic Beverages' (10.7 per cent) and 'Restaurants and Accommodation Services' (8.6 per cent). Tempering these increases, however, was the decline of 0.7 per cent in the index for the 'Transport' division, as well as a fall of 2.3 per cent in the index for the 'Information and Communication' division. For the fiscal year-to-date the inflation rate was 0.6 per cent.

The Consumer Price Index (CPI) measures changes in the general level of prices for consumer goods and services purchased by private households

INT'L PARTNERS HELPING TO LIFT J'CONS OUT OF POVERTY

KIMONE FRANCIS



The Andrew Holness Administration has turned to its international financial partners for assistance in "lifting Jamaicans out of poverty", declaring that the current economic stability alone would not achieve this.

Speaking ahead of a closed meeting with World Bank President Ajay Banga at the Office of the Prime Minister in St Andrew, Holness said while Jamaica had achieved economic stability, poverty remained a challenge for the country and had worsened with the onset of the coronavirus pandemic.

"We have never taken our eyes off the goal of lifting every single Jamaican out of poverty. The IDB (Inter-American Development Bank) and World Bank have

been constant partners with us on this journey," he said.

Holness said the Government's challenge is to leverage this economic stability to support a pipeline of investments through partnership with the private sector to bring about infrastructural changes and increase economic good.

"...We don't take it for granted that this will automatically result in a reduction in poverty. The Government must be very deliberate and instrumental in structuring programmes that will lift people out of poverty, and the World Bank and the IDB have credible experience, knowledge, and, of course, [financial] resources to assist us in crafting programmes that will deal with poverty – be it informational dimension, income dimension, and the access to services," he said.

Added to that, he said that his administration is seeking to work closely with the international financial institutions to navigate the "multiple overhanging crises" limiting state institutions.

Holness said that with the deep reforms undertaken to strengthen the country's economic and financial systems, his government must now contemplate deeper reforms of institutions and public administration. He said digitisation is another aspect of the reform that needs to take place in these institutions.

The prime minister said the Government has been partnering with the IDB to establish the digital identity scheme known as NIDS and "intends to work closer with the World Bank to ensure that Jamaica becomes a digital society".

At the same time, he said that it is a widely held view that international financial institutions rely too much on GDP as the main metric for support. Holness said his administration's position is that there needs to be a wider set of metrics used to determine how support is given.

"We support and endorse that call, but we also support that countries like Jamaica we must pay it forward in taking charge of our economy to ensure that we are fiscally responsible and that we manage our expenditure well to ensure that we are efficient, that we are competitive, transparent, and that the systems are set a way that corruption cannot flourish in those systems," he said.

"So, we use this platform to endorse the call for a system that looks fairly on countries like Jamaica in terms of how we get access to concessional financing and support," he added.

Banga, meanwhile, said the strides made by countries to reduce poverty over the years have been cut into in the last four to five years because of the pandemic and rise in interest rates.

INT'L PARTNERS HELPING TO LIFT J'CONS OUT OF POVERTY

KIMONE FRANCIS

The said limiting the effects of global factors that contribute to poverty requires very serious application of prioritisation and the right levels of capital, which includes the private sector.

Banga said the World Bank can be "most helpful" to Jamaica in three spaces: its assistance in human capital development, digitisation of state institutions, and resiliency.

"If five years from today we can come and look back and say we picked a few things and we go about them well and we replicated them at scale across your country to the benefit of your people, then we would have done a terrific job," he said

TOURISM MINISTRY TO CONDUCT ECONOMIC IMPACT STUDY OF PROPOSED HOTEL ROOM DEVELOPMENTS

GLENER ONLINE



A Tourism Economic Impact Study is to be conducted to identify the economic, fiscal, social and environmental impact of the development of an additional 15,000 to 20,000 hotel rooms to augment Jamaica's existing stock.

This exercise will be spearheaded by the Ministry of Tourism, Portfolio Minister, Edmund Bartlett, announced as he closed the 2023/24 Sectoral Debate in the House of Representatives on Tuesday. He said the study's objectives are to identify and evaluate the potential impact of the proposed developments on gross domestic product (GDP); foreign exchange earnings; investment; government revenue and expenditure; income and employment (direct and indirect); and key related sectors such as agriculture, construction, manufacturing and entertainment.

The study is also intended to identify and evaluate the potential impact of the proposed developments on infrastructure needs; the environment; and individuals (particularly in relation to housing, transport, and recreation); and provide recommendations to mitigate potential negative impacts while capitalising on positive effects, as well as a credible, rigorous evidence base to inform public awareness of the value of the tourism industry to Jamaica.

"This is the most substantial increase in room stock over the shortest period of time in Jamaica's history. It represents a uniquely transformative moment. We must seize the moment to obtain the maximum social and economic benefit," Bartlett said.

PROJECT STAR ADMINISTRATORS LOOKING TO RAISE \$100M THROUGH THE JAMAICA SOCIAL STOCK EXCHANGE

JUDANA MURPHY



The administrators of Project STAR (Social Transformation and Renewal) are seeking to raise \$100 million via an Initial Public Offering (IPO), which will be launched on the Jamaica Social Stock Exchange (JSSE) come June 22.

Project STAR is a social and economic transformation initiative created by the Private Sector Organisation of Jamaica (PSOJ) in partnership with the Jamaica Constabulary Force (JCF). It focuses on reversing poor social outcomes in beneficiary communities.

Jamaica Stock Exchange (JSE) Chairman, Julian Mair, said the prospectus will be available by the end of this week, adding that social shares will be offered at \$1 per unit.

Mr. Mair was speaking during a press briefing at the JCF headquarters in Kingston on Wednesday (June 14) to provide an update on the project's implementation and outcomes, to date.

"The minimum threshold will be \$500, meaning that you can own as small as 500 shares each denominated at \$1. It's important that we put the threshold as low as that, not because we don't need a lot of money, because we do. It's an ambitious project which requires a lot of money. But we do want to have extreme broad-based support and we do want people to understand that even if it's only \$1,000 or \$500 or \$10,000, each dollar goes towards its purpose and each dollar is a part of the transformative fuel for this project," he said.

Ten communities have been earmarked for interventions under Project STAR over the next five years.

The initiative has already been rolled out in several east downtown Kingston communities, as well as Savanna-la-Mar, Westmoreland, for seven and three months, respectively, while interventions recently commenced in May Pen, Clarendon.

Mr. Mair, who is also co-sponsor and Project STAR's public funding lead advisor, said the IPO will ensure a very broad distribution of the ownership of the engagement.

"They'll be reported to as any shareholder would in any publicly listed company. They'll find themselves with quarterly reports coming into their inbox, [and] they'll see their ownership of shares represented in the Jamaica Central Securities Depository, which will evidence the ownership of social shares in Project STAR in each investor's account," he explained.

Mr. Mair advised that investing in Project STAR will not provide investors with financial returns, noting that the dividends will be in the form of transformation and the achievement of the key performance indicators.

"The ambitious nature of this project is that we can make a difference in the trajectory of Jamaica by impacting human capital," he said.

PROJECT STAR ADMINISTRATORS LOOKING TO RAISE \$100M THROUGH THE JAMAICA SOCIAL STOCK EXCHANGE

JUDANA MURPHY

Project STAR is intended to facilitate the implementation of programmes that will enable target communities to become safer and more resilient with improved social outcomes and reduced levels of violence.

INTERNATIONAL MERCHANDISE TRADE

GLEANER ONLINE



The Statistical Institute of Jamaica (STATIN) is reporting that for the period January to February 2023, Jamaica's total spending on imports were valued at US\$1,193.4 million, while earnings from total exports were valued at US\$325.4 million.

STATIN, in its report on Monday said that for the period, the value of imports increased by 12.9 per cent when compared to the same period in 2022. This increase was largely attributable to

higher imports of raw materials/intermediate goods; fuels and lubricants; and consumer goods, which rose by 3.2 per cent, 20.3 per cent and 13.3 per cent, respectively.

The increase in total exports for the January to February 2023 was 54.6 per cent above the US\$210.4 million earned in the similar 2022 period

IOSCO MARCHES FORWARD ON ITS STANDARD SETTING AND INCLUSIVENESS PRIORITIES

IOSCO MEDIA RELEASE



The International Organization of Securities Commissions (IOSCO) concluded its 48th Annual Meeting, this week. The meeting was hosted by the Securities and Exchange Commission of Thailand, in Bangkok.

The financial supervisors that are members of IOSCO regulate more than 95% of the world's financial markets across 130 jurisdictions. The IOSCO Annual Meeting serves as a platform for IOSCO members to convene, discuss market developments, share knowledge, foster collaboration, and agree on common positions.

Jean-Paul Servais, Chair of IOSCO welcomed the work done and emphasized the important progress made in recent months on some key topics:

"The meetings of the IOSCO Board and other IOSCO committees have been the occasion to monitor recent market developments and to highlight the work realized in relation to the three fundamental priorities we identified during our previous Annual Meeting in Marrakech in October 2022. These include crypto assets, sustainable finance, and financial stability. This week's meetings have also illustrated IOSCO's inclusive approach to all our members from different geographies, of different sizes and of different stages of development. All IOSCO members are connected through the thread of our shared goals of investor protection, market integrity and financial stability. I personally learn a lot from our members, and it was rewarding to be part of the discussions of the different regional committees, the Growth and Emerging Markets Committee and the Affiliate Members Consultative Committee.

I am very grateful to the SEC Thailand for hosting the IOSCO members for this very significant set of meetings."

At the IOSCO Board and the different Committees including the Annual General Meeting of IOSCO (called the Presidents' Committee), 381 delegates discussed diverse subjects such as sustainable finance, private finance, liquidity risk management, CCP margin requirements, decentralized finance, leveraged loans and benchmarks.

Market Developments and Capacity Building in emerging markets were key items for discussion where IOSCO will be moving forward with concrete measures. IOSCO will be seeking to harness the capabilities within the Growth and Emerging Markets Committee, regional committees, and the Affiliate Members Consultative Committee to deliver these goals



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News Release

FOR IMMEDIATE RELEASE

First Quarter 2023

Quarterly Gross Domestic Product (GDP)

KINGSTON, June 30, 2023: Total value added at constant prices for the Jamaican economy increased by 4.2 per cent in the first quarter of 2023 when compared to the first quarter of 2022. This was attributed to growth in the Services and Goods Producing Industries of 5.4 per cent and 1.0 per cent, respectively. The performance of the economy reflected the sustained recovery from the impact of the COVID-19 pandemic.

The increase in the Services Industries was due to improved performance in all industries, with the exception of the Producers of Government Services which declined by 0.3 per cent. Growth was recorded for Hotels & Restaurants (29.7%), Other Services (13.0%), Transport, Storage & Communication (7.1%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (2.8%), Real Estate, Renting & Business Activities (2.3%), Finance & Insurance Services (1.9%) and Electricity & Water Supply (0.7%). The performance of the Hotels & Restaurants industry was positively impacted by a 45.5 per cent growth in foreign national arrivals to the island.

Within the Goods Producing Industries, higher output levels were recorded for Mining & Quarrying (114.7%) and Manufacturing (3.6%). However, there were declines in Agriculture, Forestry & Fishing and Construction of 6.9 per cent and 4.2 per cent, respectively. The growth in the Mining & Quarrying industry was due to increased output from the JAMALCO plant which was closed in the comparable period of 2022.

When compared to the fourth quarter of 2022, total value added for the economy grew by 1.0 per cent. This was the result of a 1.5 per cent increase in the Services Industries and a 0.6 per cent fall in the Goods Producing Industries. The economy grew by 4.7 per cent for the fiscal year 2022/2023 compared to fiscal year 2021/2022.

-30-

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Directors: Professor David Tennant (Chairman), Miss Carol Coy (Director General), Dr. Fabian B. Lewis, Mr. Livingstone Morrison, Mr. Robert Stennett, Mr. James Stewart, Mr. Colin Williams, Ms. Nadine Williams

You are invited to the

PENSION INDUSTRY ASSOCIATION OF JAMAICA ANNUAL LUNCHEON

under the theme

**Designing a multi-pillar pension system for a high-
informality environment.**

13. 07. 2023 | 11:30 am

Hotel Four Seasons | Dining Room

- PIAJ Members
\$12,000.00
- Non-PIAJ Members
\$15,000.00

GUEST SPEAKER

David Kaplan
Labour Market Specialist
Inter-American Development
Bank (IDB)

David Kaplan is a Lead Labour Market Specialist in the Labour Markets and Social Security Division of the Inter-American Development Bank (IDB). He is also a research affiliate at the Institute of Labour Economics (IZA for its initials in German). Before joining the IDB in 2010, David was a research economist at the U.S. Bureau of Labour Statistics, an assistant professor at the Mexican Autonomous Technological Institute (ITAM for its initials in Spanish), and a Private Sector Development Specialist at the World Bank.

Register
Click Here



REGISTER BY JULY 11, 2023

<https://piaj.org/register-for-piaj-luncheon>
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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!

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