

INVESTED

NEWSLETTER

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

Promoting integrity in the Jamaican financial sector

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BOJ ESTABLISHES 'TWIN PEAKS' COMMITTEE

OBSERVER ONLINE

The Bank of Jamaica (BOJ) has indicated that credit unions will finally fall within the ambits of its regulation when the supervision structure for the nation's financial sector is transitioned from sector-by-sector regulation to a "twin peaks" regulation model.

The transition towards a twin peaks supervisory model for the financial sector is set to end in the 2024/25 fiscal year. It will see the Financial Services Commission (FSC) becoming a consumer protection and market conduct supervisor for financial entities while the BOJ will ensure the entities are financially sound as the prudential



The Bank of Jamaica says it has set up a committee to transition it to becoming the overall prudential supervisor of all financial institutions by fiscal year 2024/25.

The BOJ has so far established a committee to help it navigate the intricacies of the transition.

The central bank, writing in its most recently published 2022 Financial Stability Report — the report for the prior year is published at the end of March of the current year — said the key areas of focus for each group are:

- prudential supervision unification,
- legislative amendments processes and governance issues,
- human resources,
- technology and facilities management, and
- conduct regulation and consumer protection unification.

The transition to the twin peaks model will involve three components: interim management, legal reform and institutional restructuring, and change management.

The interim management component of the transition is currently underway as new appointments to the board and management of the FSC have been made. During this stage the BOJ and the FSC will maintain their distinct regulatory roles while a framework for the merger of responsibilities is developed. The new board and management, along with help from consultants and multilateral partners, will facilitate this process. Additionally, the legislative component will involve the drafting and implementation of relevant amendments to the FSC and BOJ Acts, among other legislation, and the institutional reform component will involve organisational reviews to decide on new structures and staffing arrangements.

In addition to that, the central bank pointed out that when it becomes the unified prudential regulator the "new approach will engender a more extensive view of Jamaica's financial landscape, spanning the banking, credit union, securities dealers, insurance, and pension industries".

The central bank currently supervises deposit-taking institutions such as commercial banks, merchant banks and building societies. Though credit unions are deposit-taking institutions, they have never come in for direct supervision from the BOJ. However, credit unions have been designated as 'specified financial institutions' under the Bank of Jamaica Act as a preliminary step towards placing these institutions under the supervisory oversight of the Bank of Jamaica. This specification currently enables the central bank to obtain information on their operations.

8,000 HOSPITALITY EMPLOYEES CONTRIBUTE TO TOURISM WORKERS PENSION SCHEME

GLEANER ONLINE



Tourism Minister, Hon. Edmund Bartlett.

The Ministry of Tourism is reporting that 8,000 hospitality workers are paying into the Tourism Workers Pension Scheme, with over \$550 million in contributions, to date.

Portfolio Minister, Edmund Bartlett, made the disclosure as he opened the 2023/24 Sectoral Debate in the House of Representatives, on April 18.

The Government has committed over \$1 billion to the scheme, and the final tranche of \$50 million will be paid in the new fiscal year.

Bartlett pointed out that in the next five years, when the first cohort of beneficiaries will come, "that fund would have [reached] well over \$10 billion, and then we begin to see the unfolding of a pool of funds that will be there for investments, so that we can have growth".

The Tourism Workers Pension Scheme was launched in 2022. The scheme is designed to cover all workers in the tourism sector, regardless of their employment status or age, and it includes hotel workers, craft vendors, tour operators, red-cap porters, contract carriage operators and workers at attractions.

This means that all workers in the tourism industry can benefit from the scheme, regardless of their specific roles or responsibilities.

OVER US\$1.9 BILLION IN EXPORT EARNINGS FOR 2022

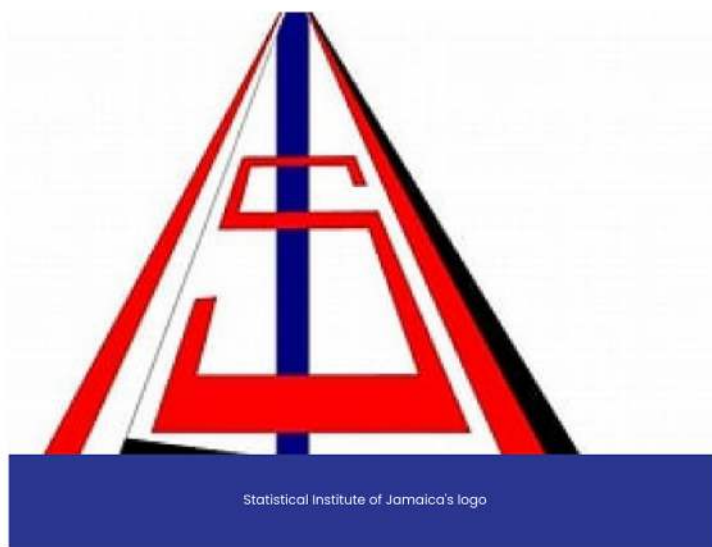
DOUGLAS MCINTOSH

Jamaica generated export earnings of just over US\$1.9 billion, between January and December 2022.

This represents a 28.4 per cent increase over the US\$1.48 billion recorded for the corresponding period in 2021, according to the Statistical Institute of Jamaica (STATIN).

A STATIN communiqué indicated that the value of last year's exports surpassed the US\$1.65 billion earned in 2019, prior to the COVID-19 pandemic's onset, by 15 per cent.

The 2022 outturn, according to the Institute, was primarily due to a 102.6 per cent rise in the export of 'Mineral Fuels'.



Domestic exports amounted to US\$1.36 billion, which was 6.7 per cent above the US\$1.28 billion recorded in 2021.

STATIN pointed out, however, that this was 9.8 per cent lower than the US\$1.5 billion earned in 2019, primarily due to lower alumina exports.

Re-exports in 2022 were valued at US\$534 million, a significant increase compared to 2021 and 2019.

Consequent on the latest outturn, Jamaica's trade deficit fell to a low of US\$5.8 billion, relative to the previous three years. The top five destinations for Jamaica's exports were the United States of America (USA), Puerto Rico, the Russian Federation, the United Kingdom, and Canada.

STATIN indicated that outflows to these countries increased by 46.3 per cent to just over US\$1.4 billion, due mainly to higher fuel exports to the USA.

Meanwhile, Jamaica's expenditure on imports in 2022 rose by 29.5 per cent to US\$7.73 billion, compared to 2021. The increased spend was mainly due to higher imports of 'Raw Materials/Intermediate Goods', 'Fuels and Lubricants', and 'Consumer Goods'.

These rose by 24.4 per cent, 53.7 per cent and 21.8 per cent, respectively, and contributed to the overall expenditure figure surpassing the 2019 pre-pandemic level total of US\$6.4 billion.

Jamaica's five main trading partners for 2022 were the USA, China, Brazil, Trinidad and Tobago, and Japan.

Expenditure on imports from these countries increased by 33.7 per cent to US\$4.97 billion, due mainly to higher fuel inflows from the USA and Trinidad and Tobago.

ECLAC PREDICTS ECONOMIC GROWTH FOR LATIN AMERICA, CARIBBEAN

GLENER ONLINE

THE ECONOMIC Commission for Latin America and the Caribbean (ECLAC) is predicting that regional economies will grow by 1.2 per cent this year as they face “a complex external scenario” marked by low growth in economic activity and global trade.

In addition, ECLAC said the interest rate hikes carried out globally were compounded by the financial turbulence seen in early March, which has increased uncertainty and volatility in financial markets.

“Although inflationary pressures have slowed, monetary policy rates are expected to remain high throughout 2023 in the main developed economies,” it said, noting that in this context of growing external uncertainties and domestic restrictions, it expects the slowdown in economic growth to deepen in Latin America and the Caribbean in 2023, reaching a rate of 1.2 per cent.

It warned that regional countries are facing limited space for fiscal and monetary policy once again in 2023.

“As in the rest of the world, inflation in the region is exhibiting a downward trend, and while the process of interest rate hikes in several of the region’s countries is expected to end soon, the effects of this restrictive policy on private consumption and investment will be felt more strongly this year, due to the lag time with which monetary policy acts,” ECLAC said.

“In addition, given the recent global financial volatility related to problems at banks in developed countries, and given that regional inflation is seen remaining high in comparison with pre-pandemic levels, a monetary easing cycle is not expected to take hold yet in the region,” it added.

With regard to fiscal matters, ECLAC said the authorities have “little leeway as long as public-debt levels remain high”. In a context of high demand for public spending, ECLAC said measures will be needed to strengthen fiscal sustainability and expand fiscal space by strengthening the taxation policy’s revenue-raising and redistributive capacity.

The United Nations regional commission estimates that all of the sub regions will experience lower growth in 2023 versus 2022.

It said South America will grow by 0.6 per cent in 2023 as compared with 3.8 per cent in 2022; the group made up of Central America and Mexico will expand by two per cent in comparison with 3.5 per cent in 2022; and the Caribbean, without including Guyana, will grow by 3.5 per cent in comparison to 5.8 per cent in 2022.

In the Caribbean economies, ECLAC said the deceleration forecast for 2023 is “due mainly to the fact that inflation has affected both real income – and with it, consumption – as well as production costs, with a negative impact on the competitiveness of exports, both of goods as well as tourism”.

ECLAC said the 2023 growth projection for the region is subject to downside risks, “given the possibility that turbulence in the global banking system, or in the financial system as a whole, could return and intensify, which would lead to a longer-lasting tightening of global financial conditions, with the resulting impacts on the access to and cost of financing.

“Along with these financial risks, uncertainty remains about the effects – on the world and on the region – that a possible prolongation of the war in Ukraine and increase in geo-economic fragmentation could have on economic growth, commodities prices, and global trade,” ECLAC warned.

Corporate Governance Index Report for the period 2021/2022

The Corporate Governance Index (CGI) provides a numerical basis for measuring the strength of a company's adherence to corporate governance standards and best practices. These standards and best practices are based on governance codes developed by the Private Sector Organisation of Jamaica (PSOJ) and cover legal and regulatory requirements as embodied in the Rules of the JSE, the Companies Act and the Jamaican Securities Act.

The CGI is maintained by the Jamaica Stock Exchange and evaluated by the PSOJ Corporate Governance Index Review Committee (CGIRC), an independent body created to ensure transparency and accountability and to maintain the credibility of the assessment system.

For the review period April 1, 2021, to March 31, 2022, the JSE in collaboration with the CGIRC assessed the corporate governance practices and principles of the companies listed on the JSE for more than a year.

Companies are awarded a CGI Rating from AA to NR as shown in Table A below.

Table A: Definition of CGI Rating

Rating	Definition
AA	The Company's performance was excellent in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index.
A	The Company's performance was very good in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index.
BB	The Company's performance was good in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index.
B	The Company's performance was fair in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index.
CC	The Company's performance was weak in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index.
C	The Company's performance was very weak in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index.
NR	This indicated that no rating was applied due to insufficient information on which to base a rating or that the company has listed for less than the stipulated period for which rating would be applicable.

The Overall Average CGI for the period 2021/2022 is a B. This indicates that most companies' performance was fair in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index Manual.

For the 2021/2022 CGI, a total of ninety (90) companies were reviewed. The ratings for each company are detailed in Please see Tables 1 and 2.

Companies listed for less than one (1) year were not included in the CGI review.

Table 1. Ratings Assigned for the Period 2021/2022

Rating	No. of Companies
AA	2
A	13
BB	17
B	23
CC	16
C	11
NR	8
Total	90

Table 2: Companies CGI ratings are:

NAME	CGI Rating
GraceKennedy Limited	AA
NCB Financial Group Limited	AA
Barita Investments Limited	A
Carreras Limited	A
Jamaica Broilers Group Limited	A
Jamaica Producers Group Limited	A
Jamaica Stock Exchange Limited	A
JMMB Group Limited	A
Kingston Properties Limited	A
Lasco Financial Services Limited	A
Lasco Manufacturing Limited	A
Mayberry Investments Limited	A
Sagicor Group Jamaica Limited	A
Supreme Ventures Limited	A
Wigton Windfarm Limited	A
Access Financial Services Limited	BB
AMG Packaging and Paper Limited	BB
Honey Bun (1982) Limited	BB
Jamaica Public Service Limited	BB
Jamaican Teas Limited	BB
Key Insurance Company Limited	BB
Kingston Wharves Limited	BB
Lasco Distributors Limited	BB
PanJam Investments Limited	BB
Proven Group Limited	BB
Radio Jamaica Group Limited	BB

Sagicor Select Funds Limited – Financial	BB
Sagicor Select Funds Limited – Manufacturing and Distribution	BB
Scotia Group Jamaica Limited	BB
tTech Limited	BB
Victoria Mutual Investments Limited	BB
Wisynco Group Limited	BB
138 Student Living Limited	B
CAC 2000 Limited	B
Caribbean Assurance Brokers Limited	B
Caribbean Cream Limited	B
Caribbean Flavours and Fragrances Limited	B
Caribbean Producers Jamaica Limited	B
Derrimon Trading Company Limited	B
Fontana Limited	B
Future Energy Source Company Limited	B
GWest Corporation Limited	B
Ironrock Insurance Company Limited	B
Limners and Bards Limited	B
Lumber Depot Limited	B
Main Event Group Limited	B
Mayberry Jamaican Equities Limited	B
Medical Disposables Services Limited	B
MPC Caribbean Clean Energy Limited	B
Paramount Trading (Jamaica) Limited	B
Portland JSX Limited	B
QWI Investments Limited	B
Salada Foods Jamaica Limited	B
Sterling Investments Limited	B
Sygnus Credit Investments Limited	B
Blue Power Group Limited	CC
Berger Paints Jamaica Limited	CC
Caribbean Cement Company Limited	CC
Dolphin Cove Limited	CC
Elite Diagnostics Limited	CC
First Rock Real Estate Investments Limited	CC
FosRich Company Limited	CC
General Accident Insurance Company Limited	CC
JETCON Corporation Limited	CC
Mailpac Group Limited	CC
Sagicor Real Estate XFUND Limited	CC
Seprod Limited	CC
SSL Venture Capital Jamaica Limited	CC

Stationery and Office Supplies Limited	CC
Trans-Jamaica Highway Limited	CC
Tropical Battery Company Limited	CC
1834 Investments Limited	C
Equityline Mortgage Investments Limited	C
Everything Fresh Limited	C
Express Catering Limited	C
Indies Pharma Limited	C
KLE Group Limited	C
Knutsford Express Services Limited	C
Margaritaville (Turks) Limited	C
Productive Business Solutions Limited	C
Pulse Investments Limited	C
Stanley Motta Limited	C
Ciboney Group Limited	NR
Cargo Handlers Limited	NR
Consolidated Bakeries Limited	NR
Eppley Caribbean Property Fund Limited	NR
Eppley Limited	NR
iCreate Limited	NR
ISP Finance Services Limited	NR
Palace Amusement Company Limited	NR

Pensions (Superannuation Funds and Retirement Schemes) Act, 2004 (“the Act”)

Name of firm		Name of auditor	Date of determination
1.	Auditor General’s Department (“AGD”)	All named auditors connected with the AGD in relation to statutory bodies	07/01/09 – update to policy and procedure
2.		Vintoria V. Bernard	28/07/08
3.	Paul Goldson & Company	Prunella Vassell	14/10/08
		Lisa Cousins	14/10/08
		Denis Goldson	14/10/08
4.		Gilbert O. Brown	March-23-2009
5.	Mair Russell Grant Thornton	Sixto Coy	April-07-2009
		Kenneth Lewis	April-07-2009
6.	Pearce Jarrett & Company	Aspinal Pearce	June 15, 2009
7.		Rolf Lanigan	July 01 2009
8.		Ainsley H. Walker	June 16, 2009
9.	H.A. Barakat & Company	Elvyn Anthony Robinson	August 24, 2009
		Patrick Garth Barakat	
10.	Bogle and Company	Worrick Bogle	September 04, 2009
11.		Andrew Fowles	September 07, 2009
12.	Ernst & Young Chartered Accountants	Linval Freeman	May 17, 2010
		Winston Robinson	January 23, 2015
		Andrew Tom	
		Kayann Sudlow	December 24, 2019
		Kay-Ann Steer	January 23, 2020
13.	KPMG Chartered Accountants	Nigel Chambers	October 29, 2010
		Patrick Chin	
		Patricia Daley-Smith	
		Caryl Fenton	
		Raphael Gordon	
		Rai Handa	
		Cynthia Lawrence	
		Linroy Marshall	
		Rajan Trehan	

Pensions (Superannuation Funds and Retirement Schemes) Act, 2004 (“the Act”)

	KPMG Subsequent	Wilbert Spence	June 9, 2016
		Widanelage de Mel (W. Gihan de Mel)	
		Nyssa Johnson	
		Rochelle Minto	
14.	PricewaterhouseCoopers (“PWC”)	Peter Woodrow	March 14, 2012
		Colin Donovan Wayne Maxwell	
		Peter Edward Williams	
		Leighton Ainsworth McKnight	
		Laurene Elizabeth Augier	
		Alok Kumar Jain	
		Bruce Lynden Scott	
		Garfield Andre St. Michael Reece	
		Paul Anthony Williams	
		Recardo Nathan	
		Eric Crawford	August 30, 2017
15.	C.R. Hylton & Company	Charlton Hylton	
16.	Daly Garrick Daly	Basil Stuart Garrick	July 20, 2012
		Ainsley Bradford Campbell	
17.	BDO (Chartered Accountants)	Raynold McFarlane	January 25, 2013
		Kenneth Wilson	
		Sonia McFarlane	
		Jennifer Green-Hibbert	September 20, 2017
		Donna Hobson	
18.	McKenley & Associates	Wilfred McKenley	March 20, 2013
19.	Ashburn C. Simon & Company	Ashburn C. Simon	June 11, 2013
20.	Crichton Mullings & Associates	Rohan Crichton	August 30, 2013
		Leroy Mullings	
21.	Dale Parks & Associates	Dale Austin	August 20, 2013
		Eaton Parkins	
22.	Millen Associates	Ewan Millen	September 20, 2014

Pensions (Superannuation Funds and Retirement Schemes) Act, 2004 (“the Act”)

23.	Crooks Jackson Burnett	Effie Crooks	January 23, 2015
		Ethlyn Crooks	
		John Jackson	
24.	Thomas Spence and Associates	Kim Spence	May 14, 2015
25.	Strachan Lafayette & Associates	Wayne Strachan	May 14, 2015
		Emile Lafayette	
26.	CalvertGordon Associates	Audley Gordon	March 15, 2015
		Fagan Calvert	
27.	Chambers Henry & Partners	Audrey Malcolm	August 30, 2017
		Sophia Beckford	
28.	Hall Wilson & Associates	Novlett Hall	August 30, 2017
		Wilfred Hall	
29.	Lee Clarke Chang	Oswald Lee	August 30, 2017
30.	Baker Tilly Strachan Lafayette	Emile Lafayette	January 26, 2018
31.	HLB Jamaica	Orville Christie	September 6, 2019
32.	Hugh Foster & Associates	Gregory St. Hugh Foster	September 6, 2019

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

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