CHAPTER 7

The role of building societies in financing development in Jamaica, 1964–88

Desmond Thomas

Building societies represent an important response to the historic problems of land-hunger and inadequate housing conditions affecting low-income groups in Jamaica. Since first being established in Jamaica in the 1860s, they have grown to take a conspicuous position in the financial landscape. They represent a distinguishing feature of the Jamaican financial market by comparison with those of the other English-speaking Caribbean countries where building societies have made hardly any impression. They are an integral part of community life, especially in rural areas where, until the relatively recent expansion of commercial banks, they have been the dominant financial institution. They have the distinction of a strong indigenous base in Jamaica although at inception they were heavily influenced by expatriate religious leaders. Within the last two or three decades, building societies have undergone a process of consolidation, characterised by merger activity, which has given them a more conspicuous role in capital markets. In 1989, two new building societies were formed, marking a growing trend of interest in these institutions as profitable investment opportunities. This trend is noteworthy given the traditional perception of building societies as non-profit organisations.

This chapter will outline the performance of building societies in the mobilisation of savings and their effectiveness as a vehicle for providing resources for housing. They have had growing competition in recent decades from old institutions such as commercial banks and new institutions such as merchant banks and trust companies which are competing for savings and the National Housing Trust (NHT) which has a specific role in relation to housing.

Building societies are compared with commercial banks and credit unions. Commercial banks are chosen because they are the largest, most influential financial institutions and credit unions have similarities with building societies in terms of the people they are supposed to serve. The analysis deals with the period 1964–88 for which data are available; in some instances, data are only available up to 1986.

1989 CCMS Annual Conference

Building societies in Jamaica: A brief history

It is possible to identify three overlapping phases in the history of the building societies movement in Jamaica. The first phase may be termed the establishment phase when the original building societies were launched and consolidated their influence throughout Jamaica. The first building societies were set up in Jamaica in the middle of the nineteenth century and new ones were started up until the 1950s. By the 1920s, building societies were a well-established institution in Jamaica. The second phase was a period of further consolidation lasting from the 1950s until the 1980s, characterised by many mergers and growing modernisation. Mergers created the large building societies that exist today, giving individual firms a more conspicuous role in the Jamaican capital market. This was also a period of growing competition in the capital market characterised by the expansion of financial institutions. The third, current phase has witnessed a new surge of interest and the creation of new building societies.

The first building societies in Jamaica appeared about three decades after emancipation. The early post-emancipation period was characterised by growing tensions between the sugar planters and colonial administration, on the one hand, and the emerging peasantry, on the other (*see* Woolcock, 1987). The former slaves who had been expected to continue working on the sugar plantations chose to leave the plantations and establish themselves in independent production. At the same time, the sugar industry experienced a marked decline in production with exports falling from £1.3 million in 1832 to £½ million in 1870. The sharpening tensions between the economically besieged planters and the emerging peasantry erupted in the Morant Bay Rebellion of 1865.

One of the critical problems of this period was the peasants' access to land for housing and growing crops. An attempt was made by the Baptist Church, led by William Knibb, to settle the former slaves in villages across the island and although considerable progress was made with the establishment of up to 200 villages by 1842, the problem of land availability persisted.

Building societies were established to facilitate ownership of land and the movement was spearheaded by the churches. The Kingston Benefit Building Society, which was founded in 1864, was the first building society in Jamaica. The leading figure in its establishment was the Reverend W.S. Gardner, who was a Congregational Minister at the time. The Kingston Benefit Building Society failed in 1907.

Over the next century, building societies proliferated. By 1959, 21 building societies had been created, as listed in Table 7.1. Members of the clergy, including the Anglicans, Baptists and Congregationalists played a conspicuous role. Many societies have survived although most have merged

Table 7.1 Building societies founded in Jamaica

Date of establishment	*Name of building society*
1864	Kingston Benefit*
1874	Westmoreland Benefit
1875	St James Benefit
	St Ann Benefit
1878	Jamaica Permanent
	Victoria Mutual
1893	Hanover Benefit
	Browns Town
1897	St Thomas Mutual
1915	St Mary's Benefit
1925	Middlesex**
1931	Clarendon
1932	Jamaica Central*
1939	The Metropolitan*
	St Catherine's Mutual*
1942	Progressive Mutual
	Surrey Mutual
1952	Farmer's General Mutual*
	Jamaica National*
1955	Manchester Mutual
1959	Allied

* These building societies went out of existence.
** Originally Western St Mary's Building Society. Renamed in 1945.

Sources: Woolcock (1987), Building Societies Association of Jamaica.

with others. In addition to the Kingston Benefit, five societies went out of existence, namely, Jamaica Central, Metropolitan, St Catherine Mutual, Farmers and General Mutual and the first Jamaican National (not to be confused with the present Jamaica National).

Building societies were established to assist members, especially the low-income groups, in obtaining freeholds and developing their properties by pooling their savings. Provision was also made for a limited amount of borrowing. Some societies, such as the Western St Mary Benefit, went beyond the acquisition of dwellings and displayed a specific concern with helping peasants to finance farming activities. Societies were widely dispersed across the island, operating in urban and rural areas.

The 1970s witnessed a spate of mergers among building societies reducing their number to five, namely, Hanover Benefit, Jamaica National, Jamaica Savings and Loans, Victoria Mutual and Allied. Table 7.2 presents

a chronology of these mergers. The building societies continue to offer services island-wide through a network of branches. Improved efficiency has been advanced as the justification for the mergers, as the enlarged societies updated their facilities.

Table 7.2 Jamaica building societies: List of mergers

Date merged	*Merging societies*	*Name of new society*
January 1967	Westmoreland Benefit Manchester Mutual	Westmoreland Building Society.
December 1970	St Ann's Benefit Browns Town Benefit St James Benefit Westmoreland Building	Jamaica National Building Society
September 1972	Progressive Mutual Jamaica Permanent	Jamaica Permanent Building Society
June 1975	Trelawny Benefit Northern United	United Benefit Building Society
December 1975	Middlesex Surrey Mutual	Jamaica Savings and Loan Building Society
September 1976	Jamaica National Jamaica Permanent	Jamaica National Building Society
October 1978	Victoria Mutual Clarendon Benefit	Victoria Mutual Building Society
September 1983	Jamaica National St Mary's Benefit	Jamaica National Building Society
April 1986	Victoria Mutual United Benefit	Victoria Mutual Building Society

Sources: Building Societies Association of Jamaica, *Fact Book* (1986); Woolcock (1978).

After a lapse of 30 years, new building societies are starting to be formed. Two new building societies were formed in 1989, both as subsidiaries of financial groups. These new efforts are proprietorships linked to groups which are in the business of maximising profits. The element of mutuality which motivated building societies at their inception is giving way to conventional business motives. However, the attractiveness of building societies as investment opportunities is matched by their failure with respect to the goal of providing housing for low-income people.

Regulation

The operations of building societies in Jamaica are governed by the Building Societies Act of 1897. Under the Act, a building society may carry out mortgage lending on a security of freehold and may foreclose such mortgages. However, the proceeds of foreclosures have to be disposed of and converted into money as soon as practicable in keeping with the general restriction against ownership of property by building societies. The only land and buildings which a society may own are those necessary for conducting its business. The building society may also lend on security of up to 80% of shares which have no prior lien on them. The Act also stipulates the ceiling for penalties for infractions such as accumulating arrears and makes mortgages not greater than $16,000 exempt from duty. The total borrowing by building societies, including deposits by the public, is limited to 75% of mortgages outstanding. The Act allows the regular rules governing building societies to be waived in making loans for the development of a housing scheme, slum clearance scheme and other kinds of schemes aimed at benefiting low-income groups, provided that the approval of the Minister of Housing is obtained for the scheme.

Apart from the Act, there is a considerable level of self-regulation of the industry through the Building Societies Association of Jamaica. The Building Societies Association of Jamaica was established in 1959 to 'formulate and promote the adoption and observance of regulations of their business in Jamaica' and to assist in the 'securing and maintaining of public confidence in the Movement' (Woolcock, 1987, p. 26). It includes all the building societies except the Allied Building Society. Its decisions with respect to minimum reserve and liquidity ratios are binding upon its members and, in addition, it makes recommendations on other aspects of operations. Its members are required to hold 7% of total assets in liquid form and to hold reserves of not less than 3.5% of total assets.

Building societies are not subject to the control of the Central Bank in setting their interest rates but the rates actually set tend to be influenced by what is happening in the banking sector. Up until 1985, the lending rate was set by the Minister of Finance but since then, this has been an area of self-regulation. Building societies usually mobilise funds at lower rates of interest than commercial banks and so are invariably able to carry out mortgage lending to the household sector at lower rates than those obtained in the banking sector. For example, in February 1990, the interest rate offered by building societies on shares is about 12% and the lending rate for household mortgages is 19%, 10 – 15% below those charged by commercial banks.

The fact that building societies are not strictly subject to the Bank Act gives them some advantages in the financial markets. For example, they do not withhold income tax on interest earnings while commercial banks are required to do so, and this helps them to attract funds. In addition, building societies do not have to adhere to credit ceilings which have been imposed on the banking sector although they are expected to exercise some self-regulation in this regard.

The growth of building societies in independent Jamaica

Two aspects of the general economic conditions prevailing in Jamaica since the early 1970s bear special relevance for the growth and performance of building societies in Jamaica in the last two decades. Firstly, this period has been one of economic stagnation, marked by deteriorating average income and living standards, high inflation and a balance of payments deficit. Secondly, the responses to the balance of payments problem have involved rising rates of interest. Economic stagnation and high inflation have conspired to make the problem of access to adequate housing more acute as low and middle-income groups have watched the prices of homes climb out of their reach. Ironically, the real sector deterioration has been accompanied by a boom in the financial sector as a whole in which building societies have shared. Monetary developments, including the tendency for high market interest rates to prevail, have played a significant role in the pattern of growth experienced by building societies.

Building societies achieved vigorous growth between 1964 and 1988 in nominal terms but this growth appears to be more modest in real terms. Total assets and liabilities which stood at $22.8 million in 1964 reached $1,860.5 million in 1988 representing an average rate of annual increase of 20.1% (see Table 7.3). This was a slightly faster rate of growth than that experienced by commercial banks which displayed an average annual rate of increase of assets and liabilities of 19.8%. It was, however, slightly lower than that experienced by credit unions, the assets and liabilities of which grew annually at 22.7% from 1964 to 1986. If the period 1964–88 is broken up into three sections of eight years each, one sees that the growth rate of the building societies has been steadily increasing over the period. Building societies registered average annual rates of growth of 17.5%, 18.0% and 25.1% in the periods 1964–72, 1972–80 and 1980–88, respectively. This is partly a reflection of rising inflation.

Over the period 1964–86, price levels increased by some 1,642%. When this inflation rate is taken into account it may be observed that the real rate of growth of assets and liabilities was 4.5% per annum. By comparison, the average annual rate of growth of real GDP over the same period was 1.2%.

Mobilisation of savings

The main sources of savings for building societies are share accounts and deposit accounts held by the public. In addition, building societies are permitted a limited amount of borrowing under the Act. Share account

Table 7.3 Jamaica: Total assets and liabilities of building societies, commercial banks and credit unions as at 31 December, 1964–88

Year	Building societies	Commercial banks	BS/CB	Credit unions	CU/BS
	(J$000)	(J$000)	(%)	(J$000)	(%)
1964	22,800	n.a.	n.a.	4,626	20.3
1965	25,614	199,594	12.8	5,356	20.9
1966	28,322	216,490	13.1	6,321	22.3
1967	32,550	240,902	13.5	6,665	20.5
1968	39,190	305,874	12.8	8,920	22.8
1969	47,713	388,606	12.3	8,889	18.6
1970	54,551	452,682	12.1	10,063	18.4
1971	67,947	543,081	12.5	11,356	16.7
1972	82,782	665,587	12.4	13,421	16.2
1973	97,858	770,264	12.7	19,743	20.2
1974	114,425	910,903	12.6	25,560	22.3
1975	137,908	1,010,875	13.6	36,078	26.2
1976	156,886	1,066,100	14.7	48,811	31.1
1977	189,829	1,183,899	16.0	65,636	34.6
1978	222,446	1,538,621	14.5	94,495	42.5
1979	253,624	1,643,774	15.4	127,285	50.2
1980	311,058	2,100,353	14.8	168,161	54.1
1981	387,536	2,634,167	14.7	214,961	55.5
1982	500,280	3,150,399	15.9	258,733	51.7
1983	579,999	4,320,389	13.4	307,415	53.0
1984	675,199	5,426,014	12.4	353,125	52.3
1985	802,237	6,622,963	12.1	387,024	48.2
1986	1,047,282	8,241,008	12.7	417,374	39.8
1987	1,353,708	9,600,366	14.1	n.a.	n.a.
1988	1,860,494	12,812,423	14.5	n.a.	n.a.

BS = building societies; CB = commercial banks; CU = credit unions.

Source: STATIN, *Monetary Statistics*; BOJ, *Statistical Digest*, June 1989.

holders are members of the society. Membership gives one priority in obtaining mortgage loans and members are entitled to a part of the dividends declared by the building society, though their returns fluctuate with the fortunes of the society. Deposit accounts earn interest only and their interest earnings are guaranteed.

The supply of funds through shares and deposits to building societies has grown at an average annual rate of 19.1% in nominal terms and 4.6% in real terms over the period 1964–86 (see Table 7.4). By way of comparison, deposits in commercial banks rose from $138.9 million in 1965 to $6,203.5 million in 1986, at an average annual growth rate of 19.8%. Shares plus deposits in credit unions grew at an annual rate of 21.5% from 1964 to 1986 reaching $379.1 million. Credit union deposits grew at the fastest rate over the entire period but building societies have registered a higher annual average rate of growth than credit unions in the 1980s.

The good performance of building societies in mobilising funds is remarkable in the context of rising market rates of interest in recent years. Interest rates offered by building societies are lower than those offered by other institutions such as commercial banks and margins have been increasing in favour of these other institutions (see Table 7.5). In these circumstances, it is reasonable to expect that building societies would encounter great difficulty in attracting funds. The steady growth of the funds mobilised may be attributed to a number of factors:

- the access to mortgage financing which goes with the holding of share accounts is an appealing feature in the context of the chronic shortage of housing. (In addition, share accounts entitle their holders to share loans);
- unlike commercial banks, building societies do not withhold taxes;
- a considerable amount of advertising and promotional activity has been undertaken by building societies; and
- building societies have displayed important qualitative features such as the personal nature of services.

Building societies are able to mobilise resources cheaply relative to other institutions in the financial sector. The composition of the funds mobilised has shifted in favour of shares. Share accounts have grown unremittingly in absolute terms since 1964. Their proportion of total liabilities has increased from 48.1% in 1964 to 88.6% in 1986 while the proportion of deposits has declined from 43.3% to 4.7% (see Table 7.4). This shift has been promoted by the building societies because of the flexibility it allows in dealing with fluctuations in their earnings. From the point of view of savers, there is some incentive to choose share accounts in so far as they entitle holders to priority in qualifying for mortgages. In addition, tax withholding is applied with respect to deposits but not share accounts.

The strong growth of building societies is reflected in increases in the number of deposit and share accounts within the last two decades. From 99,698 accounts in 1969, the numbers increased to 542,106 in 1987. This represents an average annual rate of growth of 9.8%. This growth in the number of accounts has, however, been slowing down over the period indicated above. Over the sub-periods 1969–74, 1974–81 and 1981–7 the average annual growth rates were 12.2%, 10.1% and 7.7%, respectively. Moreover, the growth in the number of accounts has not kept up with the

Table 7.4 Jamaica: Mobilisation of savings by building societies, 1964–86

Year	Shares	Ratio of shares to liabilities	Deposits	Ratio of deposits to liabilities	Shares and deposits	Reserves	Reserve/ assets ratio
	(J$000)	(%)	(J$000)	(%)	(J$000)	(J$000)	(%)
1964	10,956	48.1	9,902	43.3	20,856	1,560	6.8
1965	12,600	49.2	10,788	42.1	23,388	1,756	6.9
1966	14,518	51.3	11,204	39.6	25,722	2,042	7.2
1967	17,328	53.2	12,462	38.3	29,790	2,332	7.2
1968	20,456	52.2	15,684	40.0	36,140	2,652	6.8
1969	24,943	52.3	19,253	40.4	44,196	3,087	6.5
1970	29,729	54.5	20,745	38.0	50,474	3,455	6.3
1971	37,286	54.9	26,241	38.6	63,527	3,944	5.8
1972	47,016	56.8	30,611	37.0	77,627	4,684	5.7
1973	56,104	57.3	35,623	36.4	91,727	5,372	5.5
1974	64,938	56.8	42,271	36.9	107,209	6,131	5.4
1975	77,919	56.5	51,540	37.4	129,459	7,070	5.1
1976	90,404	57.6	55,940	35.7	146,344	8,241	5.3
1977	113,824	60.0	61,871	32.6	175,695	8,557	4.5
1978	148,745	66.9	61,717	27.7	210,462	10,776	4.8
1979	176,985	69.8	64,109	25.3	241,094	11,650	4.6
1980	218,586	70.3	76,129	24.5	294,715	15,079	4.8
1981	284,695	73.5	81,790	21.1	366,485	18,640	4.8
1982	374,607	74.9	98,774	19.7	473,381	21,130	4.2
1983	456,286	78.7	89,070	15.4	545,356	32,212	5.6
1984	542,410	80.3	84,464	12.5	626,874	47,175	7.0
1985	682,036	85.0	57,898	7.2	739,934	54,659	6.8
1986	929,833	88.6	49,704	4.7	979,537	63,784	6.1

Source: STATIN, *Monetary Statistics*; BOJ, *Statistical Digest*, June 1989.

Table 7.5 Jamaica: Comparative lending rates: Commercial banks and building societies, 1977–87 (per cent)

Year	Commercial banks	Building societies
1977	11.7	7.1
1978	10.5	7.0
1979	8.9	n.a.
1980	10.3	7.2
1981	11.6	7.7
1982	9.6	8.4
1983	13.1	8.3
1984	14.4	11.0
1985	21.3	11.8
1986	19.0	12.3
1987	17.5	11.2

Interest rates quoted are *averages* taking into account, in the case of building societies, mortgage lending as well as lending at rates closer to market rates of interest.

Source: IMF, *IFS 1981*; Building Societies Associations of Jamaica, *Fact Book*, several issues.

rate of increase of the total value of accounts. Consequently, the average value of accounts has risen steadily from $387 in 1969 to $2,319 in 1987. At this rate, average accounts have failed to keep up with the pace of inflation.

Assets

A convenient breakdown of the total assets of building societies is in terms of mortgages, liquid funds and other loans and assets (see Table 7.6). Liquid funds consist of government securities, other similar 'investments' and cash in hand. Included in the category of other loans and assets are commercial loans, and resources devoted to building or otherwise acquiring physical facilities to carry out their operations.

The most salient development on the asset side in recent years has been a marked shift in composition from mortgages to liquid funds. Liquid funds have been the fastest growing part of total assets with an annual average growth rate of 26.4% from 1964 to 1986. Meanwhile, mortgages grew by 16.7% annually (i.e. at a lower than average rate for assets as a whole). In 1964, liquid funds were 13% of mortgages outstanding but by 1986 this

Table 7.6 Jamaica: Distribution of building societies' assets, 1964–86 (J$000)

Year	Mortgages	Liquid funds	Other loans and assets
1964	19,466	2,464	800
1965	22,422	2,236	896
1966	24,824	2,518	950
1967	28,476	2,920	1,126
1968	33,150	4,034	1,988
1969	39,892	3,711	3,110
1970	47,310	4,335	2,906
1971	54,758	10,822	2,367
1972	64,632	14,543	3,607
1973	74,620	18,165	5,073
1974	87,062	21,215	6,148
1975	105,889	25,665	6,354
1976	122,929	25,085	8,872
1977	133,811	47,288	8,730
1978	163,246	49,301	9,899
1979	187,372	58,020	8,232
1980	223,859	76,666	10,533
1981	269,623	105,741	12,172
1982	355,824	123,982	20,474
1983	442,498	121,009	16,492
1984	525,410	127,299	22,490
1985	546,570	214,547	41,120
1986	580,897	428,409	37,976

Source: STATIN, *Monetary Statistics.*

ratio had reached 74%. The rapid growth of liquid funds has been most dramatic in the 1980s, a period characterised by high interest rates. The relative growth of liquid funds is a discomfiting development in light of the primary mission of building societies to facilitate access to housing.

The shift to liquid funds has been accompanied by a sharp rise in the proportion of building society income generated by liquid funds, although mortgage income remains the largest source of income. From close to 90% in the 1960s, the share of mortgage interest in the total earnings of building societies declined to 62% in 1986. Liquid funds yielded typically over 20% of total income in the 1980s and reached 32% in 1986, up from around 5% in the 1960s (see Table 7.7).

The shift towards liquid funds is partly explained by lagging demand for mortgages. Sharply rising inflation combined with falling average

Table 7.7 Jamaica: Building societies: Income and expenditure, 1964–86 ($m.)

Year	Total income and expenditure	Mortgage interest	Interest on other investments	Int/bon. on shares, deposits	Oper./admin. expenses	Surplus
1964	1.6	1.4	0.1	0.8	0.5	0.3
1965	1.8	1.6	0.1	1.0	0.6	0.3
1966	2.1	1.8	0.1	1.1	0.7	0.3
1967	2.4	2.1	0.1	1.3	0.7	0.4
1968	2.8	2.4	0.2	1.6	0.7	0.4
1969	3.6	2.9	0.3	2.0	1.0	0.5
1970	4.0	3.3	0.3	2.2	1.2	0.5
1971	5.3	4.3	0.5	3.1	1.7	0.5
1972	7.0	5.3	1.0	4.1	2.1	0.8
1973	8.5	6.2	1.3	4.9	2.8	0.8
1974	10.9	7.7	1.9	6.4	3.7	0.8
1975	14.3	10.8	1.4	8.2	4.7	1.4
1976	16.7	13.3	2.0	9.6	5.6	1.5
1977	19.2	15.1	3.1	12.0	6.5	0.8
1978	22.1	15.9	4.9	12.8	7.9	1.3
1979	25.7	18.6	5.9	14.9	9.2	1.6
1980	33.8	25.0	7.2	19.2	12.1	2.4
1981	43.1	30.6	9.5	25.4	15.2	2.5
1982	57.0	39.1	12.6	35.3	18.7	3.0
1983	69.0	51.4	15.3	42.5	23.5	3.1
1984	90.7	69.4	20.0	55.9	31.4	3.4
1985	123.9	93.5	28.7	80.8	39.3	4.5
1986	161.0	100.1	51.3	106.1	47.9	7.0

Int./bon. = Interest and bonus on share and deposit accounts.
Oper./admin. = operating and administrative expenses.

Source: STATIN, *Monetary Statistics*, several issues.

real incomes made housing unaffordable for the majority of the low- and middle-income population. In addition, there are indications that administrative hurdles have been used to slow the pace of construction activity, given the high foreign exchange costs of building. Consequently, the growth in the demand for mortgages has fallen behind the growth in funds mobilised. The impact of inflation is dramatically reflected in the sharp increase in the average value of mortgages over the years from $3,593 in 1964 to $80,998 in 1986 and the number of mortgages is less in 1986 than it was in 1964 (see Table 7.8).

Rising market interest rates have increased the attractiveness of liquid funds. The growth rate of liquid funds has accelerated during the 1980s coinciding with very high market rates of interest which reached a peak of 21% in 1985 (see Table 7.5). Liquid funds have turned out to be a highly profitable, relatively riskless way of holding assets.

Mortgages are secured for different types of housing, including dwelling houses, agricultural enterprises, commercial and semi-commercial buildings, undeveloped lots and land development. The composition of total mortgages is dominated by those for existing houses which are changing hands, the proportion in this category varying between 88% and 98% in value (see Table 7.8). This gives rise to the criticism that the operations of building societies are linked to speculative activity rather than the creation of more housing. Mortgages for agricultural enterprises have typically been 1% to 2% of total mortgages since 1964.

Other loans and assets matched the growth rate of total assets with a nominal growth rate of 19.2% from 1964 to 1986 (see Table 7.6). This growth rate reflects a steady pace of modernisation of the facilities and operations of building societies.

The reserves of building societies have grown rapidly, keeping pace with liabilities. The BSAJ regulation that reserves observe a minimum ratio to assets of 3.5% has been upheld by the movement as a whole (see Table 7.4). The source of reserves is 'accumulated surpluses or earnings retained to protect depositors against losses that may arise on the asset side'. Therefore, although building societies are basically non-profit organisations, the need to maintain reserves is the principal motivation for surpluses.

Conclusions

The period since independence in Jamaica has been one of vigorous growth for building societies, but there have been significant changes in the character of the movement. In the first place, the perception of the building society as a business in the conventional sense has gradually replaced its traditional role as a non-profit institution, devoted specifically to improving the access to low-income groups to adequate housing through the pooling of their savings. Reflections of this profitability are the expansion of the building societies movement over the last three decades and, more specifically, the upsurge in interest displayed by the establishment of two new societies in 1989. The new building societies are proprietorships rather than mutual societies and are attached to financial groups where the traditional rationale is profit-making.

The basis for the profitability of building societies is the fact that they continue to be able to mobilise funds cheaply and are in a position to take

Table 7.8 Jamaica: Analysis of the value of loans, 1964–86

Year	Total mortgages	Housing	Agricultural enterprises	Commercial or semi-commercial	Land development	No. of mortgages	Average mortgage
	($000)	($000)	($000)	($000)	($000)	(no.)	(J$)
1964	5,454	4,748	68	554	84	1,518	3,593.0
1965	6,198	5,572	84	484	58	1,529	4,054.6
1966	5,944	5,518	64	298	64	1,456	4,082.4
1967	7,270	6,786	70	358	56	1,648	4,411.4
1968	9,180	8,574	32	494	80	1,721	5,334.1
1969	12,600	11,385	29	1,057	129	2,122	5,937.8
1970	13,167	11,760	141	1,059	207	1,759	7,485.5
1971	12,449	11,188	144	1,007	110	1,486	8,377.5
1972	20,407	18,719	146	1,259	283	1,984	10,285.8
1973	23,358	21,984	206	872	296	1,819	12,841.1
1974	26,202	24,695	111	1,028	368	1,738	15,075.9
1975	37,367	35,672	752	542	401	2,633	14,191.8
1976	29,313	28,622	–	383	308	1,747	16,779.1
1977	24,878	24,204	36	268	370	1,522	16,345.6
1978	43,773	41,242	37	430	2,064	2,248	19,472.0
1979	46,657	44,798	–	1,311	548	2,152	21,680.8
1980	58,302	56,452	958	573	319	5,240	11,126.3
1981	74,360	66,466	1,501	2,423	3,970	2,295	32,400.9
1982	119,735	107,593	3,584	4,732	3,826	3,041	39,373.6
1983	122,103	114,598	1,507	2,684	3,314	2,364	51,651.0
1984	118,271	109,842	1,260	3,610	3,559	1,890	62,577.2
1985	84,756	80,860	1,716	796	1,378	1,259	67,320.1
1986	81,160	78,648	–	1,138	1,374	1,002	80,998.0

Source: STATIN, *Monetary Statistics*.