CENTRAL BANK OF TRINIDAD AND TOBAGO

CARIBBEAN CENTRE FOR MONETARY STUDIES

XXVIIIth ANNUAL CONFERENCE ON MONETARY STUDIES

NEW TRENDS AND CHALLENGES FOR THE FINANCIAL SERVICES SECTOR IN THE CARIBBEAN

Dave Seerattan

CARIBBEAN CENTRE FOR MONETARY STUDIES

October 28 - November 1, 1996
Conference Facilities - 16th Floor, Central Bank of Trinidad & Tobago

NEW TRENDS AND CHALLENGES FOR THE FINANCIAL SERVICES SECTOR IN THE CARIBBEAN

BY

DAVE SEERATTAN

CARIBBEAN CENTRE FOR MONETARY STUDIES

OCTOBER 1996

NEW TRENDS AND CHALLENGES FOR THE FINANCIAL SERVICES SECTOR IN THE CARIBBEAN

BY

Dave Arnold Seerattan

ABSTRACT

This paper reviews the range of financial services available in the Caribbean, the reasons for their increased prominence in the recent past, important trends in the provision of financial services, the determinants of a competitive financial services sector and suggests some areas in which private market players and the monetary authorities may need to take action to help promote the efficiency and stability of this sector.

INTRODUCTION

A service can be described as a product typically characterized by intangibility and non-storeability. In the past, the two parties engaged in the transaction would have had to meet in some central marketplace, however, technological developments now enable many transactions to be conducted through a "virtual" meeting place (internet) or via other electronic media.

Every market usually offers a myriad of financial services. The growing importance of financial innovations have created a situation where many services are new, or, are hybrids of different financial products. This have greatly complicated the task of trying to classify financial services. Nevertheless, the following list of financial services is outlined as examples of the type of services available in the Caribbean.

THE RANGE OF FINANCIAL SERVICES AVAILABLE

(a) Insurance and Related Services

- Life (term, annuities and whole life)
- Non-life (accident, health and business)
- Reinsurance
- Brokerage and agency services

(b) Banking and other Financial Services

- Acceptance of deposits and other repayable funds from the public
- Lending (consumer credit, mortgages, factoring and overdrafts)
- Financial leasing
- Payment and money transmission services
- Guarantees and commitments
- Securitization
- Trading for own account or for clients' accounts, on stock exchanges, over-the-counter markets or otherwise the following:

    - Money market instruments (cheques, bills and certificate of deposits)
    - Foreign exchange
    - Derivative products
    - Transferable securities
    - Other negotiable instruments and financial assets
- Participating in the issue of securities (under-writing and brokerage)
- Asset management (cash or portfolio management, collective investment, pension funds, custodial depositories and trust services).

- Settlement and clearing services for financial assets
- Advisory and auxiliary financial services (credit reference and analysis, investment/portfolio research and advice on corporate acquisitions and restructuring.
- Provision and transfer of financial information and financial data processing to providers of other financial services

This list is not meant to be exhaustive but is an attempt to highlight the range of services one can expect to find in the region. Some of the above services will of course not be available in some territories in the region. The financial service sector represents one of the most important piece of institutional infrastructure of modern economies. As such, the efficiency of the financial services sector is a major determinant of the international competitiveness of a country's economy.

As with other services, the growth of this sector is closely tied to the development of the real economy. As production systems and economic agents became more sophisticated, new instruments and hybrids of existing instruments emerge to more effectively facilitate growth and development. Few economist now doubt that there is a positive relationship between financial development and economic growth (Goldsmith 1969) shaw 1973, McKinnon 1973). It is unlikely, however, that there is a simple causal relationship from financial development to growth. It is more likely that these two processes are complementary, with development in each area reinforcing one another (Modeste 1993).

FACTORS DRIVING THE GROWTH OF THE FINANCIAL SERVICES INDUSTRY

The increased prominence of the financial services sector (see Table 1) can be attributed to the natural outcome of the development of the economic system, as well as, the increasing sophistication of economic agents . There are, however, some catalytic factors which have led to significant increases in the level of activity in the financial service sector of countries around the world. These factors include the increased variability of interest and exchange rates which have exposed economic agents to greater risks, huge surges in capital flows, major shifts in the public policy environment (especially economic and financial liberalisation programmes), attempts to evade regulations and the competitive drive of financial services firms to increase market share and profitability (see Tables 2 and 3).

All of the above factors, except perhaps capital flows, have had significant effects on the financial service sectors in the region. It is therefore not surprising, in light of the above mentioned factors, that Jamaica and Trinidad and Tobago are the countries which have experienced the most intense increases of activity in the financial services sector. These countries are the most developed in the region in terms of economic structure, have experienced the most dramatic public policy changes, have some of the highest reserve requirements in the region, tend to have a good supply of professionals trained in finance and are characterised by a significant level of competition among financial institutions.

In other countries in the region such as the Bahamas, Barbados Bermuda, the Cayman Islands and the British Virgin Islands, the financial sector is driven by off-shore financial services. Off-shore financial centres are usually restricted to foreign clients, with the local residents being excluded from access to the services offered by these companies. Usually, these companies are prevented from soliciting funds from or investing in the local market.

The off-shore centres in the Caribbean have had varying degrees of success. Of these, the Bahamas is probably the most successful. At one time, it was the third most important off-shore banking centre after New York and London. Today the sector accounts 15% of GDP, generates about $500 million in foreign exchange earnings and, over half of its 400 banks and trust companies have some local operations employing about 3,500 persons, nearly all of whom are Bahamians.

In Bermuda, the off-shore financial sector also makes the second largest contribution to GDP after tourism, contributing about 20% of the total. Bermuda is the worlds leading off-shore captive insurance centre and is increasingly becoming one of the leading reinsurance centres. Additionally, it had registered some 375 mutual funds with some $8 billion in net assets as of 1994. In fact, many companies from Hong Kong has transferred their operations to Bermuda as 1997 approaches (the date for the return of Hong Kong to China). The off-shore sector has similar effects in the British Virgin Islands and the Cayman Islands.

To encourage the development of off-shore financial centres countries typically offer the following:

- Legislation authorising the establishment of specific vehicles (financial institutions) which offer financial services.

- No taxes on profits, dividends and income or very low rates of taxes when they are imposed.
- In low-tax centres tax treaty are negotiated with the home country of foreign firms to provide them with an additional incentive.
- Exempt the off-shore sector from exchange controls where they exists.
- Require the minimum in terms of administrative arrangements.
- A degree of confidentiality or secrecy though the absence of public inspection and disclosure requirements.

Other factors affecting the attractiveness of these Caribbean off-shore financial centres are their proximity to North America, a good supply of professionals available for technical, organisational and executive support, a stable political climate and good telecommunications infrastructure.

INTERNATIONAL AND REGIONAL TRENDS IN THE PROVISION OF FINANCIAL SERVICES

Financial Services firms in the Caribbean should also be cognizant of a number of trends which have emerged in the international financial services industry and which have already began to have an effect in the region.

One of the most important trend is the blurring of traditional boundaries between the different types of financial services offered. Improvements in financial theory, deregulation, technological development and competition have resulted in a situation where previously specialised firms are now trying to compete by moving into several lines of financial services.

The concept of a financial "supermarket", in which virtually the whole range of financial services is offered, seem increasingly to be the direction in which we are headed. For their own profitability and long-term viability, financial institutions have recognised that it is in their interest to strategically diversify into non-traditional financial services.

For example, many commercial banks have found that their traditional business of collecting deposits and issuing loans is not as profitable as offering trust services, underwriting the issue of securities, setting up mutual funds and issuing guarantees. Commercial banks have therefore set up holding companies in which subsidiaries are used as the medium to diversify across product lines. Jamaica and Trinidad and Tobago are the countries in which this trend is most pronounced. The crossing of traditional banking, trust and insurance lines have in fact generated some hybrid products[1] which possess some insurance and banking attributes.

This blurring of traditional lines of business has, however, not only been confined to the banking and insurance markets. Institutions like credit unions and thrift institutions have been getting into the fray in an effort to better meet all the financial needs of their clients. They recognise that in order to do this and be competitive in the long-term, they have to compete with a range of financial institutions in a range of markets.

---

[1] Retirement savings plans offered by commercial banks in Trinidad and Tobago are close substitutes for annuities offered by insurance companies.

Other important trends relate to globalisation and consolidation. Internalization has been a dominant trend as capital increasingly seeks the best returns wherever they are in the world. The internationalization of finance has also occurred as a natural off-shoot of the growing integration of production systems around the world. The globalization of finance has been most significant in the mutual funds and insurance sectors.

The consolidation of the financial service industry has also been a dominant trend. The merger and consolidation trend in the industry reflects a number of factors of which the following represents the most important of these factors:

- Large firms absorbing smaller firms to achieve economies of scale and to develop a broader service network.
- Large firms absorbing firms in other territories to improve their distribution networks and gain local foothold in these territories for their services. The territories in which they gravitate inevitably have tremendous growth potential.
- Mergers involving firms in different fields, for example, insurance firms absorbing banks to diversify across product lines.
- Non-financial firms absorbing a range of financial institutions to exploit their growth opportunities.

These trends have already touched the region as is evident by the strategic alliances which have developed between some insurance companies and banks. Some of the larger banks in the region have also been spreading their distribution network by buying controlling shares in smaller institutions in different territories within the region.

These same banks have successfully offered their services in jurisdiction where particular services such as underwriting and trust services are not available from local institutions. The globalisaiton trend has also required that financial institution in the region set up strategic alliances with institutions in industrialised countries to facilitate clients whose business is now internationalised. These relationship are also important in terms of their technology and knowledge development effect.

A trend which must be looked at carefully, given the fact that a number of territories in the region are actively pursuing the development of an off-shore financial centres, is the current attitude, especially in industrialised countries, to off-shore centres. Presently, the liberalisation and deregulation of financial systems around the world have reduced demand for the provision of financial services via off-shore centres. Double taxation treaties are also being circumscribed, so that only qualified residents of the home country with sufficiently capitalised permanent establishments can access benefits.

Signatories to the Vienna Anti-Money Laundering Convention are also now bringing pressure to bear on Caribbean off-shore centres to implement mechanism to fight drug money laundering. Many of these mechanisms can, however, also discourage legitimate users of off-shore services. Despite these problems the expansion of industrial country firms internationally, as well as, increasing international capital flow would still, on average, lead to a buoyant demand for the services provided by these off-shore financial centres.

Another interesting trend has been the entry of non-financial firms into the sector. This has been a particular feature of the US financial services industry, where these non-financial firms have sought to diversify into rapid growth sectors as foreign competition and slow industrial growth took their toll. The most familiar example of this trend has been the issuing of credit cards by these entities. They have also sought to offer commercial paper directly to investors rather than going through the traditional financial system. In the region, non-financial firms have indeed begun to offer commercial paper to, and solicit deposits directly from, the public.[2] However, only reputable firms can pursue this option because they trade primarily on their track record.

As part of this general trend of firms offering financial services directly to the public, increasingly, the issuers of financial securities are going directly to investors, eliminating the middlemen (the brokers and insurance salesmen). Moreover, as mutual funds, and other investment vehicles grow, as regulation and supervision improve and as people become more sophisticated, the services of brokers and salesman became less relevant. The mass marketing of financial products where advertising and publicity replaces sales personal is, therefore, going to be increasingly prevalent.

Another important trend has been the increased fungibility of finance caused by innovations such as securitization and financial options. These development has led to institutions transforming primary securities into more exotic securities offering various maturities and rates of return. Financial institutions have also increasingly developed off-balance-sheet securities, often in an attempt to evade tight regulations.

---

[2] This trend is particularly prominent in some OECS jurisdiction.

Moreover, financial innovations such as forwards have meant that traditional methods of risk managements such as capital requirements and reinsurance may no longer be as important for risk management. Financial institutions, in many instances, can manage their risk more effectively via these instruments and the regulatory authorities may, in the very near future, have to re-think their traditional approach to the prudential regulation and supervision of financial institutions to accommodate this trend.

Last but by no means least, is the increasing automation of the financial services industry. These automated systems can provide services faster and cheaper. It is therefore likely that the bulk of the day-to-day financial transactions will, in the future, be done through these systems. It also means that staff levels at these institutions will become smaller over time, especially in the area of customer service representatives in retail banking.

DETERMINANTS OF A COMPETITIVE AND STABLE FINANCIAL SERVICES SECTOR

These trends are going to fashion the structure of the financial services sector of the future. They also signal that there are certain key requirements to be met if the financial services sectors in the region are to maintain their stability and increase their competitiveness. Some of the more important requirements are outlined below.

In terms of institutions' ability to reliably produce services, the authorities must seek to promote a stable macroeconomic environment marked by policy consistency. Moreover, the infrastructure in terms of telecommunication, markets, laws and supervisory systems must also be in place to facilitate transactions and maintain confidence in the sector.

The latter point about confidence cannot be overstated as it is a key ingredient in any successful financial market. Moreover, once confidence in the industry is damaged it is very difficult to rebuild.

The telecommunications infrastructure is important because it is the modality through which many financial services are delivered. In most countries in the region the telecommunication systems are adequate (though somewhat expensive, with the exception of Jamaica) with the possible exception of Guyana. The region will of course have to ensure that its telecommunications infrastructure is upgraded as more financial services becomes available via this medium. Cost of telecommunications services in the region will also have to have to fall to put the financial services industry on a more competitive footing.

Market infrastructure should also be in place for the whole range of financial services. In the region, primary and secondary markets are sometimes missing, especially for corporate securities. These trading systems, no matter how simple, must be developed to facilitate the exchange of instruments. Moreover, in many territories there are certain classes of financial institutions, such as, investment bank, trust companies, stock brokerage firms and financial consulting firms which do not as yet exist.

Strong fiduciary laws must be part of the region's legal infrastructure so that the interest of creditors and investors are protected. These laws must speak directly to the issue of debt collection; the rights of shareholders, debtholders and investors in terms of income earned on securities and, it must specify the obligations of the financial institutions and professionals offering financial services to their clients.

Again, the region's legal infrastructure is, in many instances, not adequate. In all cases, legislation should attempt to be as broad based as possible, defining the rules of the game for the full range of financial services.

In terms of confidence in the financial services sector, the regulatory and supervisory systems in the region is also a major component of a vibrant financial service sector. Capable bank supervision departments, offices of supervisor of insurance, credit union oversight agencies (commissioners of cooperatives) and securities commissions, staffed by well trained professionals with authority vested in legislation, is vital to maintaining the confidence of economic agents in the financial service sector. In many instances, these regulatory and supervisory systems are inadequate as they were designed two a more decades ago and are now seriously outdated. The ongoing upgrading of these supervisory systems, which is quite advanced in some territories, is therefore a welcomed development.

The availability of well trained personnel is also an essential building block of an efficient financial services industry. As a matter of fact, the quality and supply of human resources, both in the private financial services sector and in the regulatory and supervisory agencies can have a significant impact on the efficiency and stability of the sector.

The new trends in financial services require personnel that is not only well trained in the area but experienced in the new lines of business. These qualities would enable them to better manage the risk related to the provision of the various financial services, while at the same time, adapting services to better meet the needs of their clients. The regulators will of course also have to be versed in the risks associated with these services so as to more effective supervise these firms.

A good supply of professionals such as lawyers, accountants and information technology specialist who provide ancillary services to these financial services sector firms, is also required to promote the efficiency of the sector.

Another important determinant of the efficiency of the financial service sector is the taxation system. The financial services sectors in the region are characterized by a range of taxes an financial services. Taxes such as withholding taxes on income from financial assets, capital gains tax an financial assets, taxes levied on financial transactions (value added taxes) and stamp duties on financial services are found in most jurisdictions. Taxation does appear to have a negative effect on the demand for financial services. More importantly, however, is whether tax rates are too high for the financial service sectors in these territories to effectively compete with institutions in other jurisdictions.

The relevant authorities must, therefore, be careful that taxes on financial transactions, instruments and income from financial assets are not so high as to make the local sector a high cost financial service centre, relative to other countries in the region, and indeed, internationally.

The authorities also have to be aware that too many restrictions, which may be in place for many sensible reasons, may have a negative effect on the efficiency of the financial sector. These restrictions relate mostly to foreign transactions where restrictions such as exchange controls and alien landholding legislation restrict the provision of financial services across borders.

On the domestic side, legislation which still circumscribe particular types of institutions to only provide a certain subset of financial services should be looked at carefully, in light of the increased trend for financial institutions to offer services across traditional product line. This is an issue which have not really been tackled by the regulatory authorities in the region but which deserves some attention.

Institutions have also found ways to circumvent the barriers by adopting a holding company structure, so, in reality one holding company does offer an almost full range of services. In spite of this, the laws have not been changed to speak directly to the question of whether universal banking is going to be allowed or whether the present trend of adopting a holding company structure would be formalised. The necessary checks and balances will, however, have to be put in place whichever system is finally implemented.

These factors are fundamental determinants of the efficiency of the financial service sectors in the Caribbean. When put in the context of international trends which have already began to manifest themselves in the region, they suggest that some fundamental challenges still have to be addressed by private players and the monetary authority in the region, to facilitate a stable and efficient financial services industry.

POLICY CONSIDERATIONS AND CONCLUSION

The following approaches by the financial services firms and the monetary authorities may be the best way to approach these challenging times.

Any efficiency measures taken regarding the financial services industry should be required only to better serve its clients and not necessarily merely to support firms in the industry. Particular policies to improve efficiency should also be tailored to the conditions existing in a particular jurisdiction.

The strong focus on the riskiness of new services and activities can lead to situations, where, an inadequate understanding of the new environment creates a sense of greater risks even though the objective level of risks in the system is about the same or even reduced. The point is that these new services require major changes in terms of the institutions and infrastructure needed to support the new dispensation.

The knowledge base required to manage this new environment is significantly different from the traditional training and experience of many private sector financial managers and regulators. Indeed, whereas risk management has traditionally focussed on capital and reserves under the well known CAMEL system using ratio analysis, the new environment may require that the focus now be on hedging via forward contracts. To manage risk in this way, however, the exact nature and quantity of the risks must be specified.

Managing risks this way therefore require a deeper understanding of the firm's operations than in the case of the all purpose equity. Thus, changes such as hiring new suitably qualified staff or upgrading skills through training programmes (for market players as well as regulators) and, changes to existing legislation to incorporate the different regulatory and supervisory practices would likely be required.

As an example, consider the following scenario. At present, the Bank for International Settlement's (BIS) guidelines on capital requirements is organised in such a way that there are different capital requirements for different assets based on differences in their perceived risk classes. Under these rules, government bonds carry a lower risk weight than mortgages and therefore attract lower capital requirements.

If, however, a bank which issues mortgages enters into an amortization swap with a third party in which the bank receives the total return on the mortgages and pays the return on the government bonds to the swap counterparty, the bank receives returns equivalent to the return on mortgages, however, the net of that series of transactions based on BIS calculations results in a lower capital requirement for the bank.[3] The point is, that many of these asset categories would have to be redefined to be operationally efficient in setting prudential standards in the future.

Any discussion of the redefining of asset categories to manage risks more effectively must include a discussion of the accounting system. At present, the accounting system in the Caribbean is focused on value allocations. It is, however, an inefficient system for identifying risks allocations. There is much talk in the financial community presently about exposure being "off-balance-sheet", sometimes to evade detection of these activities. Even if the firms did not want to mask these transactions, however, there is no place for them under the present accounting system. Accounting must, therefore, change in major ways, in order to provide information which can assist in measuring and managing risks effectively.

---

[3] There are many examples where a firm can institutionally hold one type of instrument but in economic effect have another type of instrument (Kopeke and Rosengren 1990).

Specialised risk accounting systems will therefore have to be developed in the future. This is not as far fetched as it sounds, many firms by virtue of necessity, have developed risk-accounting systems as part of their management accounting system (Merton 1989). These systems focus on the evaluation of risk exposure for particular investment strategies and could serve as prototypes for a new risk accounting system.

The increased fungibility of capital also means that attempts to regulate a few ways of executing an equivalent transaction is not going to be effective. It is going to become increasingly difficult to regulate along traditional institutional lines. In the near future, therefore, the regulatory authorities will have to start implementing regulations along functional lines. That is, transactions which are not equivalent in their institutional definition but similar in function should be subject to similar regulations.

For private market players, consolidation seem to be the way to go. The legislative framework for mergers and takeovers will, however, have to be made more explicit and comprehensive. Relatedly, the issue of whether some territories should adopt a universal banking type structure or, whether they should formalise the current practice of forming holding companies to enable firms to offer the full range of financial services, must be faced head on. In any event, whichever system is finally adopted there will have to be sufficient checks and balances.

Private market players should also note that in many instances it is more cost effective to use derivatives in the implementation of financial strategies, than it would be if conventional money market instruments were used. The safe and profitable implementation of strategies using these new instrument must, of course, be carried out by managers who are not only well trained but experienced in the use of these new ways of providing financial services.

It appears that off-shore centres can have a positive effect on the domestic financial and economic systems of countries in the region. However, one must be cognisant of trends internationally which have reduced the incentives for foreign financial firms to set up operations in these off-shore locations. The authorities in countries that choose to go this way would also have to ensure that there are appropriate legislative and infrastructural systems in place. It may also be advisable to completely segregate the off-shore centre from the domestic sector to prevent the leakage of resources from the local to the off-shore centre.

In conclusion, financial services firms will continue to use informational and transaction cost advantages to earn profits by assuming risks. The types of product produced will continue to evolve, as well as, the roles played by the various private agents and regulators. In spite of these changes, however, there is one fundamental truth that is unchanging. The real benchmark on which the performance of the financial services sector will continue to be judged is its ability to efficiently meet the needs of economic agents in a way that expands the real productive capacity of economies. This is the issue that must continually be placed at the centre of any effort to improve the financial service sector in the region.

BIBLIOGRAPHY

Berger A., Hunter W., and Timme S. "The Efficiency of Financial Institutions: A Review and Preview of Research Past, Present, and Future" Journal of Banking and Finance vol. 17, 1993 pp. 221-249.

Merton R. "Financial Innovation and the Management and Regulation of Financial Institutions" Journal of Banking and Finance vol. 19, 1995 pp. 462-481.

---------. "On the Application of the Continuous-Time Theory of Finance to Financial Intermediation and Insurance" The Geneva Papers on Risk and Insurance vol. 14, 1989, pp.225-262.

The World Bank. Prospects for Service Exports From the English-Speaking Caribbean The World Bank, 1996.

Kopeke R. W., and Rosengren E. S. "Are the Distinction Between Debt and Equity Disappearing?" Federal Reserve Bank of Boston Conference Series No. 33, 1990.

TABLE 1

PERCENTAGE CONTRIBUTION OF THE FINANCIAL SECTOR TO GDP

Countries	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Barbados	11.8	10.8	11.6	12.4	12.6	12.8	14.3	13.3	-	-
Belize	10.2	8.5	9.1	10.6	9.4	10.6	10.9	10.4	10.7	-
Guyana	4.5	4.5	4.5	2.9	6.1	3.5	3.5	3.0	2.8	2.6
Jamaica	17.3	14.4	15.4	16.1	16.1	17.6	19.6	18.7	23.9	23.8
Trinidad & Tobago	12.5	11.9	11.3	11.6	10.0	11.9	13.7	12.1	11.7	-

Source: Regional Central Banks

TABLE 2

PROFITABILITY OF COMMERCIAL BANKS IN BARBADOS AND TRINIDAD AND TOBAGO (NET PROFIT BEFORE TAX)

Country	1986	1987	1988	1989	1990	1991	1992	1993	1994
Barbados (Bd$M)	22.0	32.5	38.4	53.1	44.1	43.7	38.4	17.2	-
Trinidad & Tobago (TT$M)	64.9	53.8	76	82.1	83.6	146.3	188.7	262.0	248.2

Source: Same as Table 1

TABLE 3
INFLATION, INTEREST AND EXCHANGE RATES IN THE CARIBBEAN

Country		1986	1987	1988	1989	1990	1991	1992	1993	1994
Barbados	I	1.3	3.3	4.9	6.2	3.1	6.3	6.1	1.1	0.1
	D	4.28	3.61	4.26	4.78	6.28	6.5	6.68	4.39	4.32
	L	9.06	8.75	9.44	1.92	11.42	12.42	13.54	8.92	9.08
	E.R.	2.0111	2.0111	2.0111	2.0111	2.0111	2.0111	2.0111	2.0111	2.0111
Belize	I	0.8	2.0	5.3	-	3.0	5.6	2.8	1.6	-
	D	11.83	9.58	8.42	7.86	8.14	8.42	8.15	8.13	8.55
	L	14.69	14.14	13.56	13.77	14.04	14.24	14.32	14.37	14.78
	E.R.	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Guyana	I	7.9	28.7	39.9	4.0	3.7	2.3	2.6	-	-
	D	12.0	11.08	12.0	15.81	29.18	29.53	22.51	12.26	11.42
	L	15.0	15.0	15.07	18.94	32.75	33.55	28.69	19.36	18.36
	E.R.	4.3	9.8	10.0	27.2	39.5	11.8	125.0	126.7	138.3
Jamaica	I	15.1	6.7	8.3	14.3	22.0	51.1	77.3	22.1	35.1
	D	18.76	15.64	15.80	15.95	23.88	24.67	33.63	27.59	36.41
	L	27.345	25.45	25.19	25.22	30.50	31.51	44.81	43.71	49.46
	E.R.	5.478	5.478	5.489	5.745	7.184	12.116	22.960	24.941	33.086
The Bahamas	I	5.4	5.8	4.4	5.4	4.7	7.1	5.7	2.7	1.4
	D	5.57	5.50	5.97	6.48	6.57	6.92	6.13	5.19	4.30
	L	9.25	9.0	9.0	9.0	9.0	9.0	8.08	7.46	6.88
	E.R.	1	1	1	1	1	1	1	1	1
OECS	I									
	D									
	L									
	E.R	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Trinidad & Tobago	I	7.7	10.8	7.8	11.4	11.1	3.8	6.6	10.7	8.8
	D	6.04	6.03	-	6.28	5.96	5.79	6.88	7.07	6.91
	L	12.0	11.5	12.58	13.31	12.87	13.17	15.33	15.50	15.98
	E.R.	3.60	3.60	3.84	4.25	4.25	4.25	4.25	5.35	5.93

Notes: I = Inflation; D = Deposit Rate L = Loan Rate E.R. = Exchange Rate

Source: IFS Yearbook Internation Monetary Fund, 1995.