

# CCMF/CARTAC/Caricom Workshop on Regional Financial Stability

A Caribbean Architecture  
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# Caribbean Experiences with Colleges of Regulators

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# Outline

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- Core Principles for Effective Banking Supervision
- Early Experiences
- Ongoing College Experiences
- Benefits
- Concerns
- The Way Forward

# Core Principles

- Principle 1 (6) - formal or informal arrangements should be in place for cooperation and information sharing with foreign supervisors of banks and banking groups
- Principle 25 - ... arrangements should... provide for exchange of information on the financial condition and performance of operations in the home and host countries

# Early Experiences

- **The college approach is consistent with Core Principles**
- **Institution specific forum for regulators and licensees to discuss areas of mutual interest and to exchange information**
- **Our first experience was the London College**  
(attended by regional regulators, Canadian and UK regulators, Barclays Bank and CIBC to discuss their merger in the region to form FirstCaribbean)
- **Issues discussed included branding, corporate structure, consolidated supervision, home/host relationships, capital, governance, guarantees & large exposures**

- **Supervisory collaboration continued in Barbados, where regulators established the framework within which the proposed FirstCaribbean would be licensed and supervised. Consensus was reached on pre-merger issues, such as**
  - **Branding**
  - **Corporate Structure**
    - » **Branch vs Subsidiary**
  - **Consolidated Supervision**
    - » **Regional Home Regulator**
    - » **Regional MOU**

- **Capital Structure**
- **Corporate Governance**
- **Market Share & Competition**
  - Concentration issues
- **Dispute Resolution**
- **Guarantees & Large Exposures**
  - Uneven legislation
- **Staffing/Labour Issues**
- **IT issues**
  - Different technology platforms

# Ongoing College experiences

- **The recent merger of RBC/RBTT - no meetings, but weekly, now quarterly conference calls which assist in achieving consensus**
- **CGBS convenes 4 semi annual regional colleges: (appended to planning meeting and annual conference)**
  - **FirstCaribbean**
  - **Republic Bank**
  - **RBC/RBTT**
  - **Bank of Butterfield**
- **Annual OSFI Colleges**
  - **Royal Bank**
  - **Scotiabank**





# Benefits

- Forum for home/host regulators discussions
  - understanding of roles
  - enhancement of consolidated supervision
- Allows for consensus building
- Discussion of common themes
- Insight into global strategy of parent bank
- Forum to discuss specific concerns with the parent bank

# Benefits (cont'd)

- Serves as an early warning tool
  - Regional level
    - **Systemic risk across region**
  - International level
    - **Problems at parent level which could result in contagion at branch/subsidiary level**

# Concerns

- Regional colleges of banking regulators do not follow the international model by involvement of industry participants
- International colleges are held annually, need for ongoing information
- Sectoral colleges will be inadequate in case of complex groups
- Colleges tend to be backward looking

# The Way Forward

- **Regional Colleges should include industry participants**
- **Cross Sectoral Colleges of complex groups**
  - **CLICO experience (Barbados)**
    - Bank/Insurance Regulator
    - Bank/Credit Union Regulator
- **Increased frequency via teleconferencing/Web conferencing**
- **Proactive approach with attendance of FSUs at regulatory colleges**

END