

CCMF/CARTAC/Caricom Workshop on Regional Financial Stability

Caribbean Financial Statistics Project



Outline

- Challenges confronting the region
- Further Gaps in information architecture
- Data Building Opportunities
- Data Needs
- Agreement to Build Regional Database
- Ultimate Goals of Financial Statistical Project
- Objectives

Outline (Cont'd)

- What Already Exists
- Weaknesses
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 - Deliverables
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Challenges Confronting the Region

- Conglomeration of Financial Sector
 - Common ownership, financial flows etc
- Fiscal and balance of payment dependence on intraregional capital flows.
- Lack regional financial and macroeconomic models that can aid with respect to regional linkages.
- Statistical framework to guide understanding of the implications of cross-border supervision and financial planning.

Challenges (cont'd)

- Ability of regional statistical framework to adopt to a more integrated financial environment.
- Cross-border flow of funds between governments, flow of funds in the private financial sector.
- Mechanisms are not in place to capture financial soundness indicators for the region as a whole.
 - Need to improve database to construct financial stability indicators and
 - Implications of flow of funds for the region as a whole.

Further Gaps in information Architecture

- Wages and productivity in the financial sector.
- Bank concentration, ownership structure of the financial sector
- Data on non-banks:
 - credit unions, insurance companies mutual funds, pension funds (size, asset composition, transaction volumes, cross border investments etc).
- Holding of government securities by other regional partner countries.

Data Needs

Information Gaps include;

- Data on the non bank financial sector.
- Data on intra regional financial balances.
- Monthly Data on Government fiscal deficits and financing.
- High frequency data on regional Stock Markets.
- Regional Collective Investment Schemes.
- Financial soundness indicators for the non-bank financial sector.

Agreement to Build Regional Database

- CARICOM Heads of Government agreed to put in place an adequate framework for regional financial stability.
 - To include regulatory bodies
 - Institutional arrangements for ongoing financial stability assessment
 - Coordinate action to increase financial resilience.
 - Implementation of a framework for regional harmonisation of national initiatives of
 - Emergency Liquidity Assistance
 - Remedial action
 - Resolution of troubled financial institutions
 - Crises resolution framework with trigger points for action.



Ultimate Goals Of Financial Statistical Project

- To build regional financial soundness indicators.
- Prepare regional stability report.
- Assist decision making in the private sector and at governmental levels.
- To provide a scientific basis for mitigating regional uncertainty.
- To identify gaps and make recommendations.

Objectives of Project

- Creation of Regional database and financial statistics.
 - To measure performance of the Regional Financial Sector.
 - Series needed for the assessment of regional financial soundness.
- Introduction of a range of needed data on
 - Nonbanks (including insurance, mutual funds and credit unions), conglomerates and cross border financial transactions.

Objectives (Continued)

- Dissemination of data and analysis on a timely basis.
 - Tables, charts, data series and reports.
 - On a timely basis possibly monthly.
- Ensure that there is a framework in the Region to sustain the compilation and publication of data.
 - Strengthen the capacity of CCMF, Central Banks, Relevant government agencies to undertake this task.

What already exists

- Project designed to complement the work of Central Banks, National Statistical Agencies, the CDB, CARICOM, IMF, UNECLAC and other UN agencies, the BIS and other providers.
- These agencies currently provide inputs to CCMF for analysis of regional economic and financial performance.
- CCMF also act as a central resource for accessing data.



Weakness of current data

- Monthly data are available for only a limited number of variables
 - Inflation; foreign exchange reserves, interest rates, commercial bank assets and liabilities and a few others.
- Daily data are only available for
 - Exchange rates and stock market indices in TT and Jamaica and foreign transactions in Jamaica.
- Data not maintained with respect to non-bank financial institutions:
 - Insurance companies, finance houses, mortgage and investment banks, the collective securities industry, credit unions etc.

Weakness (Continued)

- Limited and segmented data on cross-border operations of conglomerates.
- Little information on cross-border flows and risks inherent in cross-border operations of financial institutions.
- Limited information on intraregional balances.
 - Asset types, asset qualities, maturities of instruments.
 - Cross-border fiscal flows and financing.

Project Delivery

CCMF is currently in search for a suitable consultant.

Project will be delivered in three phases;

- first phase; six months – identification of statistical needs & preparation of a report with recommendations for a system for providing this data.
- Second phase; 18 months- implementation of plan of action for producing daily and monthly data by Central banks and other bodies to transmit to CCMF.
- Third phase; 12 months – rectification of problems, making revisions to systems and training of staff of CCMF, central banks and other relevant authorities.

Deliverables

- A comprehensive system of collection & publication of regional financial system data and indicators by CCMF on a monthly & daily basis.
- A comprehensive system of collection & publication of data on Caribbean regional financial integration on a suitably frequent and timely basis.
- Daily publication of data on the performance of regional securities exchanges.
- Daily exchange rates, forex activity and forex reserves and other high frequency data.

Modalities for Project Delivery

- Project is currently being considered for financing.
- Comprehensive survey of financial statistics reporting in the Caribbean.
- Identification of requirements of an adequate system of regional statistics.
- Development of an action plan for updating financial statistical reporting in the Caribbean.
- Coordinate a regional workshop to discuss the recommended programme, agree to the plan of action and assign responsibilities for various aspects of reporting.

Modalities for Project Delivery

- Monitor & advise on the implementation of the plan of action, & provide training where necessary with the assistance of CARTAC and other institutions as appropriate.
- Prepare report on implementation at the end of the second year of the project and organize a second workshop to discuss the implementation report.
- Complete training of CCMF staff and staff of other reporting institutions.
- Prepare final report on the project

Project Management

- The project will be managed by CCMF through the Executive Director.
- The CCMF will provide administrative services for the project, including office space & admin support to the consultant and research assistants.
- Project will be coordinated by a qualified and experienced economic statistician to be recruited by CCMF.
- Research assistance will be contracted as needed through the life of the project.