

The background features a large, faint watermark of the Bank of Jamaica logo. It consists of a circular emblem with the words "BANK OF JAMAICA" around the perimeter and a central figure of a bird, possibly a parrot, perched on a branch.

CHALLENGES AND PROGRESS IN THE FINANCIAL STABILITY ARCHITECTURE IN THE CARIBBEAN: JAMAICA'S EXPERIENCE

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Second Conference
IADB Funded Project
Financial Risk Assessment in an
Integrating Region: The Caribbean

Hilton Hotel, Barbados

Outline

- Programme of Reforms to Strengthen the Financial System
- New Central Bank Internal Financial Stability Committee
- Restructured Financial Stability Department
- Macro-prudential Policy Training

Programme of Financial System Reforms

- Amend BOJ Act to underpin BOJ's responsibility for financial system stability
 - discretionary powers to provide liquidity
 - power to direct inspection and demand information
 - power to issue prescriptive rules, standards and codes
 - mandate to establish and update central financial system database
 - mandate the publication of a financial stability report

- Omnibus banking law for more effective supervision of financial conglomerates:
 - enhanced powers to address the requirements of Basel III
 - power to share information and collaborate with overseas supervisory authorities on the basis of the existing confidentiality safeguards

- Credit reporting regulations were approved by Parliament on 14 January 2011 to regulations operationalize the Credit Reporting Act (2010) under the BOJ's regulatory framework (currently two licences)

- Phase out of retail repos and implementation of a legal and regulatory framework conducive to the operations of CIS (to begin in 2014)

- Bring credit unions under BOJ's prudential oversight (draft regulations still pending presentation to Parliament)

New Financial Stability Committee WG

- Objectives:
 1. undertake macro-prudential risk analysis and make recommendations to the Governor regarding the use of macro-prudential tools to prevent or mitigate systemic risks to financial stability in Jamaica.
 2. design, monitor and calibrate the Bank's macro-prudential toolkit, which will include recommendations to FRC on, macro-prudential policy tools
 3. oversee an up-to-date central database for regulatory authorities

- Frequency: monthly

- Participants: (i) internal – FSD (secretariat), bank supervision, market operations, payments system oversight; (ii) external – FSC?

- Report to Executive Financial Stability (Advisory) Committee

Restructured Financial Stability Department

- Revised structure of 11 posts (previously 7) in keeping with the new mandate
 - senior economists replaced with senior financial economists (levels I and II)
- Reports directly to Deputy Governor (REPD & Financial Stability) for operational independence from monetary policy and bank supervision areas
- Review of the Bank's organizational structure to ascertain the feasibility of realigning the FSD and Payments System Department

Macro-prudential Policy Training

- BOJ hosted ASBA/CGBS-Toronto Centre: Macro-prudential Surveillance Regional Programme, November 4-8, 2013
- Main objectives: provide participants with a practical approach to macro-prudential surveillance and current challenges
- Target audience: middle level and experienced central bankers and supervisors involved in managing financial stability, financial surveillance, and supervision of financial institution
- Topics:
 - the case for macro-prudential surveillance in LAC
 - institutional structure for macro-prudential oversight
 - financial indicators and macro-financial linkages
 - identifying Systemically Important Financial Institutions (SIFIs)
 - macro stress testing
 - macro-prudential instruments
- Also FSD staff attended external workshops on macro-prudential policies