

# Caribbean Financial Services Centres – Challenges and factors determining future sustainability

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- Is our future in financial services threatened?
- What can we do about it? (discussion points)
- 6 success factors for the sustainability of Caribbean offshore centres

# What is the threat to sustainability to financial centers in the region?

- Perception among key regulatory bodies and other stakeholders is negative and persistent
- Global developments to address risks embody these perceptions
- Many countries may find it challenging to meet the necessary resources to meet today's regulatory infrastructure requirements (even those that do not embody the perception bias).

# What can we do about it?

- Context: Its not just a matter of Caribbean based centers it's a general issue with emerging economies everywhere.
- To a large extent we have a 'path' to further development because demand for services is growing globally.
- The path is threatened by global regulatory developments. Example: the current challenge now with correspondent banking.

# What can we do about it? (contd)

- The issue persists partly because there are instances of jurisdictions which remain lacking in the necessary infrastructure and when a case blows up and an example of regulatory failure surfaces it reinforces the perception.
- The other issue is that not every case of a regulatory failure means there is widespread or systemic failure. But these things do tend to get blown out of proportion.
- The only way around this is a truly regional effort to bring all the centers upto the same standards.

# How do we deal with this perception issue re risky behaviour?

We can only deal with the perception on two fronts;

- a) educate relevant bodies on what we have actually done in terms of improving our regulatory regime. E.g a survey which shows how many millions the Caribbean has spent on regulatory enhancements over the past decade.
  - A step further: a full report on Caribbean financial services re the efforts for the entire region in terms of regulatory developments and cross border initiatives.
  - Individual country efforts VS regional efforts. Remember there is a regional perceptions which impacts all countries.

# How do we deal with this perception issue re risky behaviour?

- b) We also have to a closer look at our regulatory standards. Example in case of the regulation of private banking as a sub sector. In some jurisdictions they have made efforts to ensure that these banks have a full physical presence on the ground which is the best practice.

# Success factors for the sustainability of Caribbean offshore centres

1. Strike smartest balance between regulation and commercial success
2. Political stability
3. Fiscal stability
4. Innovation in products
5. Effective PR
6. Breadth of services to withstand shocks

# Questions

