OPENING REMARKS BY
TIMOTHY N. J. ANTOINE
GOVERNOR, EASTERN CARIBBEAN CENTRAL BANK
At
2nd Conference of Financial Institutions
12 November 2020
(ECCB Headquarters, St Kitts and Nevis)

Salutations:
Mr. Trevor Brathwaite, Deputy Governor, ECCB
Ms. Tracy Polius, Chief Director (Policy)
Mr. Michael Spencer, President of the ECCU Bankers’ Association and other
Executive Members
Chairpersons, CEOs and Senior Management of Licensed Financial Institutions
(LFIs)
Moderators and Panelists
Other ECCB colleagues
Development partners
Citizens and residents of the ECCU
Members of the Media
Good morning.
Introduction

I convey warm and fraternal greetings, to each of you, on the occasion of the 2nd Annual Conference of Licensed Financial Institutions.

We convene at a time of unprecedented challenge for our region and our world. The past nine months have not been easy. I wish then to offer high commendation to all licensed financial institutions for your diligent work and responsiveness throughout this period. You and your staff have worked hard to serve your clients, many of whom are quite anxious about their livelihoods and their future.

The collaboration between the ECCU Bankers Association and the ECCB, on the loan deferral programme, which we jointly announced in March and the extension, which we agreed and announced in September, bear testimony to our collaboration and partnership. **This arrangement has benefitted over 26,000 loans totaling $5.2 billion - almost 40 percent of outstanding loans and advances.**

As I have often said, we (ECCB and LFIs) are partners in development. This partnership must endure in all seasons: good times and especially bad.

I now turn to the current economic situation.

Current Economic Situation

The International Monetary Fund in its most recent World Economic Outlook projects that the global economy will contract by 4.4 percent this year before rebounding by 5.2 per cent, next year.
The Fund’s key message is that we should expect a long and difficult ascent with significant downside risks. One such risk is the resurgence in COVID-19 cases. As we speak, a second wave is underway in USA and Europe, our main trading partners. This second wave, which led to the UK’s second lockdown, is having a very chilling effect on our region’s attempt to jumpstart Tourism. Moreover, the recent spike in cases in some of our member countries has resulted in a burst in the CARICOM bubble even as it was being assembled. These recent developments have direct implications for the pace of our region’s economic recovery and the health of our financial system.

For the ECCU, we now project, a contraction of 16.2 per cent this year, the highest contraction on record, before a rebound of 5.1 per cent next year. Tourism, our dominant export is unlikely to make a full recovery before 2023. That said, we are all heartened, earlier this week, by news from Pfizer, about a promising vaccine. The availability of an effective vaccine by the start of the 2021 tourist season would greatly improve our economic prospects and elevate the trajectory of recovery. In this regard, I am aware that our governments, through CARICOM, are already engaged with international partnerships to ensure early access to an effective vaccine.

Today, I wish to confirm that our EC dollar remains strongly backed by foreign reserves. As of November 06, 2020, the backing ratio was 97.2 percent. As I have averred on previous occasions, our high buffers, at the outset of this pandemic (a veritable insurance policy for shocks) will serve us well during this pandemic.
Our Regional Response

Faced with this unprecedented challenge, the ECCB crafted a 3-year Programme of Action for Recovery, Resilience and Transformation. This Programme of Action is intended to complement national recovery plans, which have been or are being prepared. I thank those of you who have contributed to the development of national recovery plans.

Three weeks ago, the Monetary Council approved this Programme of Action. The Programme has four pillars:

- Financial Stability
- Fiscal and Debt Sustainability
- Resilient and Inclusive Growth (includes renewable energy and food security)
- Payments Modernisation and Digital Transformation

Under the Financial Stability pillar, our planned actions include:

- Enactment of Bankruptcy and insolvency (starting in St Lucia later this month)
- Establishment of a Secured Transactions Collateral Registry (to support small businesses)
- Establishment of an Optimal Regulatory Framework for the ECCU (which we will discuss tomorrow)
The initiatives under this pillar will build on a set of unfinished matters on which we have been working in recent years including amendments to the Banking Act. We were pleased to launch the Eastern Caribbean Partial Guarantee in early October.

Six countries have now passed the Credit Reporting Bill (with St Lucia expected to enact later this month) thereby paving the way for us to establish the credit bureau, commence an intensive public education campaign next year, and launch the credit bureau.

Under the **Payments Modernisation and Digital Transformation pillar**, the ECCB will soon launch DCash, our retail central bank digital currency. Our Central Bank has already crafted a Virtual Assets Bill, which was approved by the Monetary Council last month. We are urging member countries to enact this Bill before the end of this year. Additionally, a new Payments System and Services Bill will be ready for enactment in 2021.

We have asked our governments for a big push - to treat all outstanding legislation, as an emergency, and enact with similar alacrity as the States of Emergency and COVID-19 regulations that have been issued in the pandemic. We request that LFIs support these efforts with advocacy to our member governments and public education.
From the outset of this pandemic, we have asserted the necessity for a growth mindset to seize the opportunities, it presents.

The late Peter Drucker, world-renowned management guru, once said: and I quote: “the greatest danger in times of turbulence is not the turbulence. It is to act with yesterday’s logic.” End of quote.

Based on that sagacious insight, I invite you to consider the following questions:

Is your institution now equipped to switch to teleworking mode at short notice?
If not, you have urgent work to do. What if there is another lockdown? As part of operational resilience, every LFI must quickly build its teleworking capability. After all, the payment system is a public utility. Consequently, shutdowns of our payment system ought to be minimised.

Where are you with your digitization programme? Does your programme include loan files?
Could you imagine how helpful digitization of loan files would be for the ECCB to undertake its time-bound onsite inspections, in this period, as mandated in the current Banking Act? Moreover, it would also mean shorter and less disruptive onsite inspections for you and your staff.

On a scale of 1 to 10, where does your cybersecurity and resilience rank? Is that ranking the finding of an independent assessor?
Licensees, we have much to do in this period and not a moment to waste.
Conclusion

In conclusion, I wish to thank my colleagues who put together this year’s virtual event. This effort has been led by our Research Department (Shernnel Thompson, Zanna Barnard, and Allister Hodge) with support from other departments such as Management Information Systems, Corporate Relations and Support Services.

I close with my now oft repeated phrase. As a region, we cannot change our history, we cannot change our geography but we can certainly change our development trajectory through digitization and collective action.

Let us meet this moment by setting and pursuing ambitious targets that would help all our LFIs and our Currency Union to emerge stronger and more resilient in a post-pandemic world.

Let us do so for the immense benefit of the people we serve.

I look forward to our sessions today and tomorrow.

Have fun.

God bless you all.