

January 2013

YOUR FINANCESYOUR FUTURE

Staying Connected

For the Alumni of the ECCB's
Savings and Investments Course

**YOUR FINANCIAL
NEWS**

2012 ECCU Economic Review

Realism and Hope

Presentation by the Honourable Sir K Dwight Venner, Governor, ECCB

**MORE
GRADUATES
OF THE
ECCB
SAVINGS AND
INVESTMENTS
COURSE**

**SPEECHES
AND
PHOTOS**

Visit us at www.eccb-centralbank.org

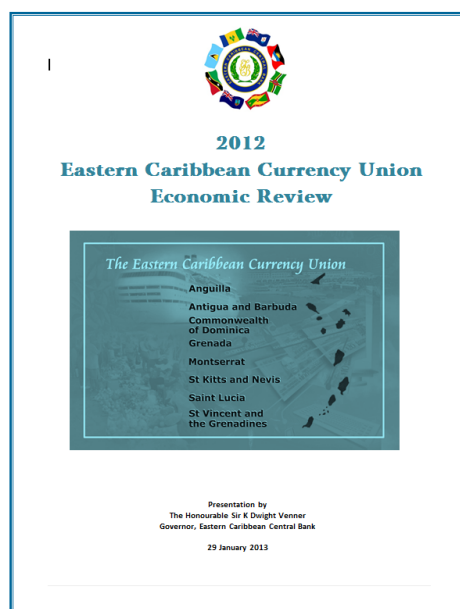
Realism and Hope

Editor's Note

The Honourable Sir K Dwight Venner's review of the **ECCU Economy 2012 and Prospects for the Future** is based on the theme "Realism and Hope".

Realism points to the realities that the region confronts, both domestic and external, which are reflected in institutional and socio-economic constraints and challenges. Hope maps out the possibility of a stronger economic foundation that the region and its people can craft through focused action based on specific achievable goals.

It is this thematic duality in the message - *the reminder to be realistic as to the challenges we confront but not to despair for we can overcome our challenges armed with a clear vision on where we need to go and the pathways to take us there* - that makes us pause in deep reflection while inspiring us to take the necessary actions to alter our course in order to achieve long lasting economic prosperity. **SLW**



Extract

2012 ECCU Economic Review

For the full presentation, visit the ECCB's website <http://www.eccb-centralbank.org/News/eccupres2012.asp>

Good evening fellow citizens.

The countries of the Eastern Caribbean Currency Union have endured four years of negative economic growth as a result of the impact of the global economic and financial crisis which has affected all facets of our economic and financial systems.

As we enter the year 2013, it has become clear that we have reached a tipping point which will require our sustained and collective efforts to get our economies on the path to growth and development.

It is for this reason that the theme of this presentation is: **"Realism and Hope"**.

The reality is that we are constrained by factors, both external and domestic, some of which are within our capacity to deal with and some of which are not. For example, one reality which stares us in the face is the resources, both human and natural, that we have at our disposal to drive our economies. Because we now live in a globalised world and are geographically located in the western hemisphere and in close proximity to the United States of America, the most advanced economy in the world, our expectations are very high but our resources are inadequate to provide a similar standard of living as in the U. S. In addition, because we have competitive multiparty political systems, tremendous pressures are put on those systems to deliver public goods and services which are beyond the current capabilities of our economic systems.

The result of these circumstances can be seen in

two very marked trends; first, the high level of outmigration from our countries to North America, and second, the increasing fiscal deficits and debt that we are now experiencing.

We therefore need to honestly, objectively, and realistically assess our current situation and the structure and functions of the political, social and economic systems within which we have to operate. If they are not functioning to deliver what we expect them to, we will need to deliberately make the necessary adjustments to ensure that the practical steps are taken to achieve the successful resolution of our problems. It is only in this way that we can generate the hope for a brighter future among our people.

There are four issues I would like to address in this presentation:

1. Our current realities;
2. Our hopes and aspirations, that is, the vision for the future of our countries;
3. What has been done so far; and
4. What needs to be done at this time.

Foster Roberts, Graduant and Principal of the Jennings Secondary School reflects on the ECCB Savings and Investments Course, Antigua and Barbuda
January 26, 2013

"As the different presenters came and we acquired more information we grew in wisdom and became enlightened on our way to being better



"On behalf of all the participants I wish to convey heartfelt thank you to ECCB and ABI for collaborating in the delivery of this very exciting learning experience."

"To Albert Lockhart and his team at the ECCB I say a hearty thank you. May you continue to use your knowledge to inspire others to make better financial choices so we can grow our economies and that of the sub-region. Thank you to all of the lecturers, without you guys none of this would have been possible. To all of my colleagues, heartiest congratulations and may we all grow in success."

Achieving Financial Independence

Extract - Feature Address to the Graduands by Dr Paul Ashe

Fellow presenters, specially invited guests and the graduation classes of the ECCB's Savings and Investments Course, a very pleasant evening.

First let me thank you for inviting me to be part of this celebration.... My presentation will be built around Dr. Bob Moorhead's essay on the Paradox of our Age.

Moorhead (1995) reminded us that *"we have taller buildings but shorter tempers, wider freeways, but narrower viewpoints; we spend more, but have less, we buy more, but enjoy less; we have bigger houses and smaller families, more conveniences, but less time; we have more degrees but less sense, more knowledge, but less judgment, more experts, yet more problems, more medicine, but less wellness"*.

Nonetheless, even with all the problems we are facing in this world we can take comfort from the immortal words in the Desiderata *"in spite of all the sham drudgery and broken dreams, it is a beautiful world to live in"*.

This morning as I embarked on my morning walk I was greeted with the picturesque sight of a full moon in a cloudless sky and a reminder that we still live in a beautiful country. Whenever we get an opportunity to celebrate our successes we should embrace the moment.

I remember attending a graduation ceremony in 2012. It was a very festive occasion filled with pomp and ritual. There were a number of well known celebrities in attendance. However, as the ceremony unfolded, the initial set of persons collecting the diplomas were the wives/ partners and children of the graduates. In spite of their hard work, sweat, blood and tears of these graduates, they were not able to relish and savour their moments of success ...death intervened. They graduated posthumously. While the scale of this graduation may be different it is so important that we always take time to celebrate our successes and never take success for granted. We must take time for fellowship.

Dr. Moorhead noted that *"men have been to the moon and back; we are conquering outer space but we have a problem walking across the street to say hello to our new neighbours"*.

What is financial security? Any discussion of a topic should include clear definitions to ensure fixity and certainty. Rubia and Spaht (2010) defined financial independence as being able to do what you want when you want. Very few of us will be able to reach this point in our lives financially. Some of us are stuck in jobs that we hate or even worse in jobs that we hate the people that we work with. Dr. Moorhead reminded us that *"we talk too much, love too seldom, and hate too often"*

The definition provided by Rubia and Spaht (2010) is more aspirational than practical but for the purposes of my discussion financial independence is being able to maintain a reasonable life style for a minimum of 12 months after the passage of a financial storm. If each of us achieved Rubia and Spaht's (2010) definition of financial dependence then Antigua and Barbuda will move to a state of hyper -inflation as there will be too much money chasing too little goods and services. Sellers would be able to charge inflated prices given the spending power of buyers. This is not a goal to which we should aspire.

Over the duration of the course your facilitators reminded you of the famous quote from Shakespeare's Merchant of Venice *"all that glitters is not gold."*

I share with you an event from my life.

In another life, many moons ago, I worked in another country. During my first week on the job, I used my lunch hours to discover some of the local cuisine. On my first day I wandered through the city seeking a restaurant to start my exploration of local delights. I was about to give up when I saw a young lady in a restaurant sipping a drink. Each time she sipped the drink her face lit up with an ecstatic glow. I entered hesitantly in the doorway of the restaurant as I thought the young lady was part of a promotional video. Her makeup was flawless and it was evident

from her perfect hair style that she made a recent visit to a beauty salon. I was mesmerised by the sight. After I was satisfied that this was not a promotional video I sat down and asked the waiter to let me have whatever the young lady was drinking. The very beautiful young lady continued to sip the drink and her face glowed with each sip. I became very impatient as the waiter had disappeared for what seemed like an eternity. When he finally brought the drink, rather than sip it I was so excited that I gulped the drink.

It was the worst drink I have ever tasted. By this time, the young lady was watching me. Rather than paying the waiter, cutting my losses and leaving the restaurant, I did not want to lose face so I continued drinking the awful drink. That evening as I was going to and from my bathroom suffering from diarrhea I cursed the young lady, her family and everyone in the country in which I was working. But I was the problem. I ignored the basic rule that *“all that glitters is not gold”*.

You were reminded of the basic principles for investing that if it is too good to be true then more than not, it is too good to be true. I learned the hard way.

Back to the graduation ceremony I attended. The feature address was given by Martha Stewart. Yes, she found herself on the wrong side of the law and paid her dues with imprisonment. She shared that in order to succeed in

life, we must know how to make an omelette and lemonade.

Lemonade! Omelette! What do they have to do with financial independence?

In order to make lemonade, we must use lemon. We will be confronted with lemons in our lives. These lemons are our financial storms.

President Obama in his recent inauguration speech noted that *“no matter how responsibly we live our lives, any one of us, at any time, may face a job loss, or a sudden illness, or a home swept away in a terrible storm”*. If we ignore our lemons (financial storms) then we do so at our peril. We do not underestimate the effects of hurricane and tropical storms. We plan for these storms in our building codes, the installation of storm shutters, and the use of stand by generators, candles, and search lights but yet we do not give the same care and preparation for our financial storms. We must know how to make lemonade as it is not a matter of if but rather, a matter of when we are confronted with lemons. Your facilitators shared with you the means by which we can make better savings and investment decisions. These are not lessons to hide away in your desks or drawers but should form a constant companion to which you refer from time to time. Lemons will not go away but we have to be able to confront and work along with them...we must know how to make lemonade ...we must not underestimate the taste of lemons.

Earlier today I watched a documentary which involved persons coming face to face with death.

One sunny afternoon, a young

mother set out from home to collect her two young children from the day care. She drove through what she thought was a slow moving stream of water. But as she attempted to cross the stream the force of the water increased and very soon she was not able to move forward. Very quickly the water flow became an angry torrent. She climbed on top of the car and realized that she had made a huge error by attempting to cross the stream.

Earlier in the day there were heavy rains in the mountains which created a flash flood. She felt that she was going to die and was not going to see her children again. She underestimated the challenge. In this case there was a happy ending as she was rescued by the emergency team in a helicopter. We may not be so lucky. It is important that we do not underestimate the severity of our lemons.

Martha Stewart shared also that in order to succeed we must know how to make omelettes.

To make an omelette we must have eggs. We must break the eggs. The breaking of the eggs signifies the sacrifices that we must make to achieve financial independence. Increasing our savings is a sacrifice, as we must forego some spending by saving for the future. Dr. Moorhead reminded us that we *“live in a time of fast food and instant gratification.”* Good investment approaches cannot be accommodated with a fast approach as returns on our investments are usually not immediate. Patience and sacrifice are required. We must

break eggs. We must forgo some of the unnecessary expenditure.

Dr. Moorhead shared that there is much in the show window but nothing in the stock room. We adjust our lives with each increase in salary. We expand our show window but ignore our stock room. It is through a process of building up our stock room that we will be able to confront and survive our financial storms ...our lemons. To do this we must make sacrifices by investing for the future. Having adequate resources in our stock room is the step in the right direction to achieving financial independence.

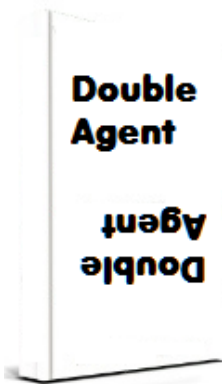
Your facilitators shared with you principles of savings and investing. You learned that there is no magic formulae to savings and investments. To avoid the pitfalls you must embrace Martha Stewart's advice of how to make lemonade and omelettes.



Dr Paul Ashe,
in his speech,
also highlighted
c o r p o r a t e
g o v e r n a n c e
issues related

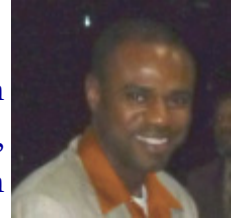
to the offshore sector and state owned enterprises.

Dr. Ashe is the Supervisor of International Banks and Trust Corporations, Financial Services and Regulatory Commission, Antigua and Barbuda.



FROM STUDENT TO FACILITATOR

This evening, I will be acting in the capacity of **Double Agent**, as I shall first address you on behalf of the graduating students. Having done this, I shall shift gears and represent my other fellow facilitators.



Student's Viewpoint

When I first started this course, I had NO idea what to expect. However, since it was made possible by the Eastern Caribbean Central Bank, I figured I would learn something about how to accumulate money and how to make it work for me.

On day one, you walk into a room filled with women and we are taught to Feed the Caterpillar... You get an early, and potentially rude, awakening as to where your money is actually going. Over the weeks that followed, your eyes became opened to a whole range of possibilities.

The networking opportunities are fantastic as well. You walk into the classroom and you have teachers, police officers, college students, personal assistants, insurance practitioners, and people who work for

t e l e c o m m u n i c a t i o n s companies just to name a few. But most of all, you CANNOT miss the presence of the BANKERS.

While I am not sure about any of you, I can tell you that when I started the course, to me BANK was a four-letter word. However, having some of their representatives in the class, you can't help but learn quite a bit about them. For me, I learned:

If you need a loan to think "*Strength. Service. Solutions*"; and that the Eastern Caribbean Amalgamated Bank has "*Excellent Service and Great Rates.*"

Yes, there was a lot of shameless promotion going on in there...

After the second week, you start to get a sense of who is who. This girl is the time

keeper, that girl whispers so you can't hear what she's asking. For me, it was rather strange because I was always the volunteer; not by choice mind you. I would sit in a corner at the back of the class and the facilitator would ask "*so who would like to be the first to do so and so...*" then something strange would happen. I notice everyone in front of me doing the same thing...[turn head and look back].

Let's have a debate, who's going to come up and represent? [turn head and look back]. Who wants to tell us how they've divided up their monies and where they' had put their investments? [turn head and look back]. Who is going to start today's discussion about the situation with the St. Kitts Treasury Bond? [turn head and look back].

It did not take me very long to get the point.

Facilitator's Viewpoint

From a tutor's perspective, it was quite different. What kind of students would I have? I knew that I would be compared with the other facilitators. I didn't need to

be the best or the worst. I just wanted to be remembered. Do any of the students remember me?

Ok, so you have survived. The 12 weeks of giving up your Wednesdays or Tuesdays are FINALLY over! You can now breathe a sigh of relief.

I will admit, we have given you lots and lots of papers over the course of the program. For some of you, to go to work for eight hours then to have a bunch of papers pushed in your face can be a bit much, and we understand that. But, you have to understand that this may be the only legitimate way for us to track your progress...unless of course you want to show us your bank account from week to week. Hmm, then again, that would be interesting now, wouldn't it?

"Ayanna, what's going on here? You had 1,000 last week, but now you only have 990? What happened to the \$10!?! Nadia, why you only have \$100 on your account?"

I understand that the time was a little challenging for some of you, but it was worth it, wasn't it? Ok, let me ask you a few questions. If you learned something new from attending the classes, raise your right hand. If you believe that the knowledge gained over your 12 weeks of

learning can make you better at managing your money, raise your left hand. If you are willing to admit that you are still broke because you have NOT put the materials learned into practice, SMILE.

Ok, I understand but there is still hope for you.

The ECCB wants all of you here to understand that they do care about you. When phone companies tell you about their latest 4G LTE, and when the retailers tell you that they have furniture "cheap cheap," even when the fast food restaurant tells you to "Eat Fresh" do you believe that they care about you? Ok, for those of you who do, I would like to tell you about the Terence Dublin Trust Fund, so see me for details after dinner.

The thing is, when the ECCB puts on this course, you guys are the ones who benefit. You pay \$100. Over 12 weeks that works out to be \$8.33 per week. So for less than a plate of fried rice, you get the manual, several hand-outs per week, use of the ABI conference room, facilitators to guide you for two hours every week and learning that will last you a lifetime. Trust me, you all are getting away

with MURDER!

Some people may come to class to lime or because they have nothing better to do, but TRUST ME, when you stop and think of what is really going on, you realise that the ECCB is doing something BIG. I would like to take this opportunity to invite Mrs Mary-Jean Benjamin Prime and Mr Albert Lockhart as the representatives for the Eastern Caribbean Central Bank to stand right where they are. They deserve a round of applause for what they have been doing over the years.

Now I know that you are tired of hearing my voice, so let me just close by saying, remember to feed the caterpillar and not to put all your eggs in one basket.

Congrats and farewell. My name is D. Terence Dublin and I am signing out.

D. Terence Dublin is a Technical Underwriter with the Caribbean Alliance Insurance Co. Ltd, Antigua



Live Your Life's Purpose.