

Staying Connected

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



Your Financial Puzzle

Solve it, live by the principles and see a turn around in your finances



FINANCIAL FITNESS
Savings is the most important part of our expenses and should be the first bill that we pay when we get paid. Practise depositing in a separate account at least 10% of your gross income and make sure that **you leave it alone.**

Most successful businesses have a three year or a five year plan to guide them into the future. Do you have a financial plan for your life that will help you to navigate through the everyday ups and downs and guide you to your future financial goals?

The one thing in life that is certain is **uncertainty.** Life will throw us some unexpected and costly curve balls—*illness, car accident, lay off from job.* That is why having an emergency fund is critical to our financial success.

We all should have at least three to six months salary in an account that is easily accessible in the event of an emergency. Amassing adequate savings in our emergency fund should be a top priority. Achieving this may mean foregoing the weekly outings to movies or the regular trips to our favorite restaurant — for a while.

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B	N	N	F	T	A	T	I	O	N	E	A	S	Y	O	U	V	U
I	N	V	E	I	T	M	E	N	T	N	Y	I	E	L	D	Y	T
D	D	E	P	S	S	I	U	T	I	N	S	U	R	A	N	C	E
P	O	O	R	E	T	Y	K	D	W	U	K	S	Y	J	O	B	E

Down

1. My _____ is my plan that shows how I am going to allocate my weekly or monthly income to meet my financial obligations and have money set aside for savings.
2. It is wise to limit my credit card _____ to a limit I can pay off on time and in full.
3. I adopt good _____ management practices by looking at how much I earn versus how much I spend.
4. By walking with my lunch instead of eating out, I am able to cut back on my _____.
5. I am arming myself with a financial _____ by starting an emergency savings account.

Across

1. When budgeting, it is important that I stay focused on my _____.
2. I must take _____ for my financial future.
3. Before I dive head first into an investment, I will find out about all the potential _____ associated with that investment.



Hon. Keesha C. Webster

Addressing the graduates of the 3rd Cohort
ECCB Savings and Investments Course, Anguilla

Triumphs and Challenges OF Entrepreneurship

.....**M**ost of us formulate our dreams at different points in our lives. Mine was quite early. I dreamt of becoming a lawyer since I was six years old. (*Perry Mason was my mentor at that time*). My parents encouraged me in it and I thank them for it. I spent my entire early education preparing to become the best lawyer I could be. Helped, and at times forced by my mother, I practically lived in a book. I used to actually study for fun.

Profit is the maturity and realisation of your investment of time and finances.

I believe it was in university that I made up my mind that I wanted to have my own business. Of course, given the profession that I had chosen, I needed experience prior to launching on my own. I worked for four years to that end.

Even in the work force, I knew that I wanted my own business. Law requires unbelievable hours, and no matter how much money

you are paid for a job, it could never be worth the time invested. To my mind, it made no sense labouring for those hours in a business that I had no interest in other than as an employee. I therefore worked to acquire the necessary experience and credibility in my field. **I ensured I had a capable mentor and consultant, and I made arrangements over time to start my own business.**

As I matured as a lawyer and as I grew as a Christian, I knew that my business would not only be a law firm, but it would be an office which would bring glory and honour to God. That was and still is most important to me.

I do not force my faith on any of my clients, but no person leaves my office without my telling them something about God. I encourage them to pray about their matters, or I remind them that with God all things are possible. Some of them I can pray with and others I pray for.

My faith is a very important part of my business. After all, it is only through God's grace and goodness that I was able to establish my business; it is only because of Him that I am succeeding in my field. I unashamedly publish my motto on my business card, which is Philippians 4: 6-7 "*Be anxious for nothing, but in everything by prayer and supplication, with thanksgiving, let your*

requests be made known unto God. And the peace of God which passeth all understanding shall keep your hearts and minds through Christ Jesus." I look to this motto for encouragement when things are slow and gratefully for the fulfillment of His promise when things are well.

Another part of my dream which I pursue shamelessly is working towards a profit. After all, that is the reason why we enter business. I am sure you have learnt from this course that profit is not automatic. Profit is the maturity and realization of your investment of time and finances. That maturity comes slowly and over time for most. I had anticipated about one year – but I have learnt that it may take much longer. **What is most important, though, is saving from what you make.** Managing your debt does not necessarily mean paying all your debtors up front. Be smart about it.

Making money is not the end all and be all of it. I could have only made money if I offered a quality service to persons who needed it. For that reason, one's reputation as a lawyer, and by extension yours as an entrepreneur, is what makes or breaks your career. To earn this reputation, you must put in the work. One of the things that I most pride myself on is my preparation. As a lawyer, clients want to see that despite the number of other cases you have, that you know theirs

Cont'd on page 3

Share "Your Financial News" with your family members, friends, and colleagues. The newsletter is also available at <http://www.eccb-centralbank.org/PublicAwareness/save2.asp>

Triumphs and Challenges of Entrepreneurship *Cont'd*

thoroughly. In preparing, I study the facts, the law, the issues, the challenges, the other side's strategies, and I use that to formulate and strengthen my strategies. I always start from the premise that I am an authority on nothing so to make my points, I need legal authorities for everything. No matter how trite the point is, I can point you to a case for it. In doing so, I have learnt that you not only earn a reputation in the public, but you also earn one in the Court. The Court begins to rely on your submissions more, so that you can babble less.

I have also taken the decision as a lawyer that I will promote settlement if possible before I go to Court. When I take a matter to Court, it is because I have tried every other conceivable means of amicably settling the matter. Here is why - Court is most times a waste of money for the client and a waste of time for the lawyer. The only ones that win in a court case is the lawyer because he/she gets paid. I do not want to be a lawyer only for the sake of money. I want to be a lawyer who serves my clients and serve them well. I have found that this has been beneficial to me because clients appreciate your honesty and although you would have lost the fees in going to Court, that client will come back for other matters and will recommend you to others.

What most lawyers may not readily admit to clients is that even though they may win a case, the

cost of winning may be much more than settlement or even walking away. For example, you may pay \$50,000.00 in fees for a judgment in your favour of \$35,000.00. Sometimes it is a harsh reality for clients to hear, but if you honestly give your clients all the options and advise them so that they can weigh all the eventualities, you are building an incredible reputation and you command tremendous respect. It is so important for you to set these distinguishing goals and standards for yourself and your business. **Your business must stand for something.** Sometimes these standards may show a decline in business initially, but once word spreads that you are ethical and honest in your dealings, business will pick up.

My dream, and I would encourage you to make it a part of yours as well, is to use my business to help others who need help but who cannot afford it. At the age of six, I did not want to be a lawyer for money – I wanted to help people. As an adult, I still hold on to that part of my dream. **I have found in my lifetime that the more I help and give, the more I am blessed.** I do several pro bono cases through my office. At times I ask only for the fees to pay the court costs or disbursements, and at times I subsidise the entire matter myself. I do not have a calculated formula to determine my pro bono cases, but I do it according to the Lord's leading. You know there are times when persons are before you and something inside you says you

should help that person? I listen keenly to that voice. I count it a privilege for God to use me to help others. And again, those cases never go unrewarded because those persons will always come back and when they can afford to pay, they will come to you.

I also dreamt of being a good corporate citizen. This was important to me because when I attended university, my eyes were opened to the number of failed businesses and mortgages and I vowed to never be such a one. It is very important to me to be able to pay my bills, to put aside something periodically, and to contribute meaningfully to our economy.

I firmly believe that if you put your mind to something, and work hard towards that end, you will achieve it. All of my life I have worked hard towards the fulfillment of my dreams and one by one I have achieved them. When I was growing up, I told my parents that I did not believe that I should be under their roof at the age of 25. By 25, I had purchased land, built my house and was living in it. Subject to my mortgage, I own a home, a vehicle, a law firm and most recently I became an investor in Frans Ice Cream Parlour in Blowing Point, Anguilla. I am 29 years old.

That is something I am very proud of. I have been living my dream – but I learnt from an early age that that dream came with a whole lot of challenges. It would be an injustice on my part to tell you of my

Triumphs and Challenges of Entrepreneurship

accomplishments, and not tell you the several difficulties I encountered and continue to encounter on this journey. I speak of them not as a deterrent to you, but as a means of encouraging you to be realistic in your business decisions.

Probably the most important challenge I have encountered is sacrifice. *“Nothing good comes easy”* is such an appropriate phrase. Just as I sacrificed in school by studying when I wanted to be playing, I do the same thing now. When others are out playing or at home sleeping or just relaxing, I am most times working. At times I sleep on my office floor, if I sleep at all. I sacrifice my wants, and at times my needs, to ensure that I can meet my monthly obligations. At times I sacrifice my health for the sake of helping someone else secure their livelihood. To be honest, at times I resent it; at times I regret it; but when I come to my senses, I thank God that I have and that I am able to sacrifice.

I have to remind myself ever so often that I need a vacation and then I have to tell myself I can't afford it right now. It is not that my business is not making money; it is because as an entrepreneur, I have to be continuously prioritising and reprioritising.

The vacation will come, but right now the savings have to be built



up. That full 8 hour a night sleep will come, but right now a claim has to be answered. My masters will come, but right now my experience in Court has to take priority.

The sacrifices are sometimes great. I am not fortunate as yet to have a husband or children with which to divide my time. I am however very close to my parents and step parents and I have younger siblings who do their share to ensure they have some of my time. **It is so important, amid the sacrifice, not to alienate the support system around us.** It preserves my sanity at times to spend time talking to my parents or playing with my brothers. For those of you with families, I can only imagine how helpful and sobering it must be to have someone there at the end of a long day to comfort you or simply to listen to you vent.

For those of you who have, make time for your families. When we as entrepreneurs sacrifice, we implicitly demand that our families sacrifice as well. Just as we expect our profits to reward us for our sacrifices later, we must expect that our families look for a future reward as well. Most times that reward is not monetary but it is our time. We ask them to sacrifice their time with us now and they must expect that it means they will get more time later. Our families break up over these sacrifices so we need to constantly assess those sacrifices and ensure that they are balanced. To my mind, there is no business that is worth the sacrifice of a family.

Just as important as managing the time at work with the time at home, is the management of time within the

office. There was a reason why when we were setting exams at primary, secondary and tertiary levels we were told to manage our time well. It makes no sense to ace one question on the paper and not have time to complete the other four. At the beginning of each day I prepare my to-do list. At times I have to give myself deadlines. If I do not do this then most times I cannot complete everything I had hoped to. It is especially important in light of the fact that I have hundreds of cases to manage, each of which I have to give my very best. I have always held firm to the belief that effective use of time can be best guaranteed through planning.

Another challenge and probably the most detrimental I have found, is battling the fear of failure.

We all have doubts about whether we will succeed. I have them too but I have determined that nothing I do will fail because the Lord did not give me a spirit of fear but of power, love and a sound mind. Whenever those thoughts cross my mind, I dismiss them and I pray.

Fears are most times planted because unfortunately, we live in a time and a place where everyone is not happy to see us succeed. When we do go on our own and are struggling, we find more support than when we are succeeding. During those times we also find persons discouraging us and damning us to failure. For those who overcome this initial obstacle, it becomes even harder when success is within reach because it is at that time when we

Triumphs and Challenges of Entrepreneurship



Graduates of the 3rd Cohort
ECCB Savings and Investments Course,
Anguilla

are most discouraged and sadly by our friends. Some persons go as far as to try to sabotage our success, either directly or indirectly, and others try to distract us.

Have you ever noticed that it is when you think things are going well that something terrible and unexpected happens that could potentially ruin everything you have worked for? Well if not to you, this has happened to me. I overcame and will continue to overcome because I hold strong to God's promises – He said he will never leave me nor forsake me; He said He will not give me more than I can bear; He said that He will condemn every tongue that rising up in judgment against me; He said that He knows the plans He has for me and they are good plans, plans for me to prosper; He said that my latter shall be greater than my former; He said he will bless my coming in and my going out; and He says that when my enemies come in like a flood, He will raise up a standard against them.

I consider that there is no fear that can stand up to my faith. My

advice to you therefore, in whatever you do and despite the doubts you may have, is to please God and yourself first. Do not concern yourselves too much with others and do not govern yourselves by their standards or beliefs. Know what you want and what you are capable of. Those who wish you well, you will know; and those who don't, you will see most. Ignore them. Use them as a stepping stone.

Finally, here are some other pearls of wisdom I have gathered in my few years of being an entrepreneur:

- If you need it, ask for help, ask for guidance. Contrary to popular belief, we do not know it all.
- Give when you can, but be wise with it. There is a time for giving and there is a time for reserving. Know what time it is.
- Your reputation is important and so are your customer service skills. If you have others working for you, make sure they appreciate the importance of your customers. All of your customers are important; make sure they feel that way.
- Remember that if you have a business, profits are not yours, they belong to the business. It took me sometime to realise that the best thing to do was to pay myself a salary.
- You may not be able to afford the vacation or the luxury lifestyle right not, but treat yourself to something. I have a

policy that every month, usually after that depressing period of paying bills, I buy a little something for myself. Most times it is a pair of shoes or a day at the hairdresser, a massage, a facial – something relaxing but not too expensive. You would be surprised how that small treat will brighten up your month.

The bottom line is that as an entrepreneur, it is challenging, but the sense of accomplishment and pride that you feel after that sense of... I am working so hard but I am working for myself – I am sacrificing so much but I am sacrificing for myself. That sense of achievement is like none other. **The most challenging thing is waiting for the return on your investment, but let me tell you, that wait is worth it.** That dream realised is always worth it, so make a start to achieving your dreams and stop merely dreaming. You have taken the first step in attending and successfully completing this course. I encourage you to recommend the course to others and impart your knowledge to others because knowledge shared is knowledge gained. Someone will need assistance just as you have. And if you need assistance – ASK FOR IT! .. Congratulations again on this wonderful accomplishment. I trust that my journey has given you something to ponder and that it has left you energised to consider your journey as an entrepreneur. May the Lord continue to bless you, your lecturers, organizers and the future success of this course. ●



Anchor in the storm

Editor's Note

Amidst the talk of global financial crises, job losses and a declining tourism sector brought on by a global economic downturn, we in the Eastern Caribbean Currency Union must not forget that there is still a lot that we can celebrate in terms of the regional institutions and infrastructure that provide, in spite of the many challenges, a sense of financial and economic stability. These serve as platforms for overcoming and surmounting these current challenges. One such institutional infrastructure is our stable EC currency, which will turn 44 years on the 6th October 2009. Another of course, is the ECCB, the institution charged with maintaining a stable EC currency (*via a fixed exchange rate peg of EC\$2.70 to US\$1*) and a stable financial system.

The EC currency which is the official currency for the eight member countries that comprise the ECCU, namely; Anguilla, Antigua and Barbuda, Commonwealth of

Dominica, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines, has remained stable and strong with no evidence of lack of confidence in spite of the challenges that have been faced by the countries individually and collectively-*volcanic disruptions in Montserrat and Hurricane Ivan in Grenada which significantly impaired the economies of these countries; structural adjustment programmes adopted by some of the member countries, and global economic downturns affecting all.*

Let us for one moment therefore reflect on the history of the EC currency and why it has been and still remains the passport to wealth creation for the citizens and residents of the currency union.

HISTORY OF THE EC\$

Prior to the EC currency, the Eastern Caribbean Currency Authority (ECCA), and the Eastern Caribbean Central Bank (ECCB), there was the British Caribbean Currency Board (BCCB) and the British Caribbean currency. When the West Indies Federation (1958-1961) came to its demise preceded by the exit of Jamaica, and the subsequent declaration by Premier Eric Williams of Trinidad and Tobago, that “**1 from 10 leaves 0**”, the smaller islands faced the formidable task of pursuing their economic development in a manner that would satisfy the aspirations of the people. The answer was the

pursuit of joint goals via regional arrangements and regional institutions.

This philosophy of coordination and collaboration gave rise to the **East Caribbean Currency Authority** in 1965 (*with responsibility for issuing and managing the Eastern Caribbean currency which debuted on Wednesday, 6th October 1965.*) The ECCB replaced the ECCA in 1983. Other successful areas of collaboration have continued to emerge adhering to the principle that “**the sum of the whole is greater than its individual parts**”.

It is this principle and the astute monetary policies adopted by the ECCB *related to the management of the region's foreign reserves; the management of the availability of money and credit, and the preservation of the external and domestic value of the EC currency* which have ensured a stable and strong EC currency, one of the strongest currencies in the Caribbean.

Initially pegged to the pound sterling, the EC\$ has, since 1976, been pegged to the US\$ at a rate of EC\$2.7 to US\$1. Being pegged to the region's main trading partner, the USA, affords stability and confidence in the purchasing power of the EC dollar. There is no exchange rate risk between the EC dollar and the US dollar and the fixed exchange rate helps

Cont'd on page 7

Anchor in the storm *Cont'd*

to provide a long term strategic tool in relation to maintaining an environment of relatively low inflation for the ECCU member states.

SNAPSHOT OF OTHER CARICOM CURRENCIES

How have the other former members of the West Indies Federation fared in relation to the stability of their currencies? In spite of their large size and significant natural resources, Guyana, Jamaica, Trinidad and Tobago, have all had to devalue their currencies. The following extract from a report published by the Inter-American Development Bank provides insights:

“Statutory limits on government borrowing and on central bank credit to government were expected to insure against the exhaustion of reserves. In any event, it was the failure to observe these limits which allowed Guyana, Jamaica and Trinidad and Tobago to drift, against the wishes of their governments and populations, into a policy of depreciating exchange rates... In contrast, the ECCB always kept credit to governments well below statutory limits... The strategy of issuing domestic currency almost exclusively in exchange for foreign currency continued unchanged throughout all the metamorphoses of the BCCB. As a result there has never been a threat to the exchange rate peg.”

The Political Economy of Exchange Rate Policy in the Caribbean. By DeLisle Worrell, Don Marshall, Nicole Smith, (with research assistance by Jacqueline Morris)

Inter-American Development Bank, June 2000

Just to give a perspective of the volatility of the exchange rate of the Jamaican dollar relative to the US dollar, consider that when the J\$ was introduced in 1969, the exchange rate was J\$0.77 to US\$1. However, within a few years of circulation the J\$ began to hit a series of lows. In early 2009, the exchange rate had already exceeded J\$88 to US\$1.

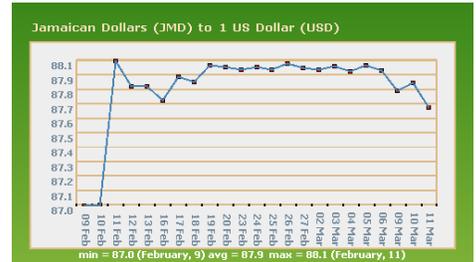
0.77	Dec 31 1971
0.91	Jan 17 1973
3.30	Dec 28 1983
8.17	Dec 31 1990
21.57	Dec 31 1991
37.16	Dec 31 1998
47.40	Dec 31 2001
50.97	Dec 31 2002
60.62	Dec 31 2003
61.63	Dec 31 2004
64.58	Dec 30 2005
67.15	Dec 29 2006
70.62	Dec 31 2007
80.47	Dec 31 2008
88.78	April 1 2009

Source: http://www.boj.org.jm/foreign_historical_rates.php#

Bank of Jamaica- Foreign Exchange, Historical Exchange Rates

It must be obvious, from this sharp downturn in the value of the J\$, that the more Jamaican dollars required to purchase US dollars, the greater the cost of productive inputs required in terms of Jamaica dollars. This then leads to

pervasive inflationary pressures that erode the purchasing power of the Jamaican currency.



<http://www.exchange-rates.org/history/JMD/USD/G/30>

CASE STUDY

By way of illustration, just imagine the owner of the largest bakery shop in Kingston, Jamaica and who imports flour and other additives to make bread. In December 2007 the wholesale price of 1 ton of flour was listed as US\$1,000.00 which would be J\$69,034.00, assuming an exchange rate of J\$69.034 = 1US\$.

Assume that in February, 2009, the exchange rate moved on average to J\$87.9 = 1US\$.

The Jamaican baker would have had therefore, in February 2009 to find an additional J\$18,866.00 to purchase the same quantity of flour. This would have increased his cost of production and in turn increased the cost of the bread products sold to consumers. Given that most consumers are living on fixed

Anchor in the storm *Cont'd*

incomes, one can easily imagine that they would have found the price increases burdensome on the household budgets.

What would be the scenario in the Eastern Caribbean Currency Union? Assuming the price of flour remained at US\$1,000.00 per ton, the baker in the Eastern Caribbean Currency Union would have no change in his cost structure. He would pay EC\$2,700.00 in 2007 for one ton of flour and the

same amount for that ton of flour in 2009.

It is for this reason that stability in the EC exchange rate relative to the US\$ is such an important aspect of the ECCB's monetary policy objective; as any depreciation in the value of the EC currency relative to the US currency (*the currency in which most trading activity is conducted*) will lead to increasing inflation and hence economic hardships for the people of the region. This is the nexus between the stability of the EC

currency and development of member countries of the Eastern Caribbean Currency Union.

Discussions therefore, about the quality of life enjoyed by our people—*employment, housing, sanitation, education, health and infrastructure*—cannot be divorced from the work that the ECCB does in relation to maintaining a stable EC currency, the foundation on which the region's development is built.

SLW

Money Grow

Make Your



Go Shopping for Investments.



Pay yourself first.

Your hands-off savings stash can start small with deposits of just \$25.00 from each paycheck. Just as the tiniest seed can become the biggest tree, Small deposits can turn into big savings.



Reduce Your Debts.

Tally up all your debts and start reducing them.

The goal is to get your debts under control and free up cash to put towards your dream.



Cut back on expensive consumption habits.

You can live without that new dress every month or those weekly trips to the bar.

The objective is to trim your optional living expenses so that you can have more money to save and invest.



Dream.. Dream Big

Think about all the things that you would be able to do if you could get your finances under control; *a new home, your own business, a rental property, early retirement.....* Let this be your motivation to get financially fit.

Even if you do not have the money ...**WINDOW SHOP**. This would give you a good perspective on the issues that could shape your financial goals.

Drive around the country and look for sale signs... ask questions. Schedule an appointment with a real estate agent. Visit your bank and local treasury department to find out what investments are available. Logo onto the ECSE's website: <http://www.ecseonline.com/>