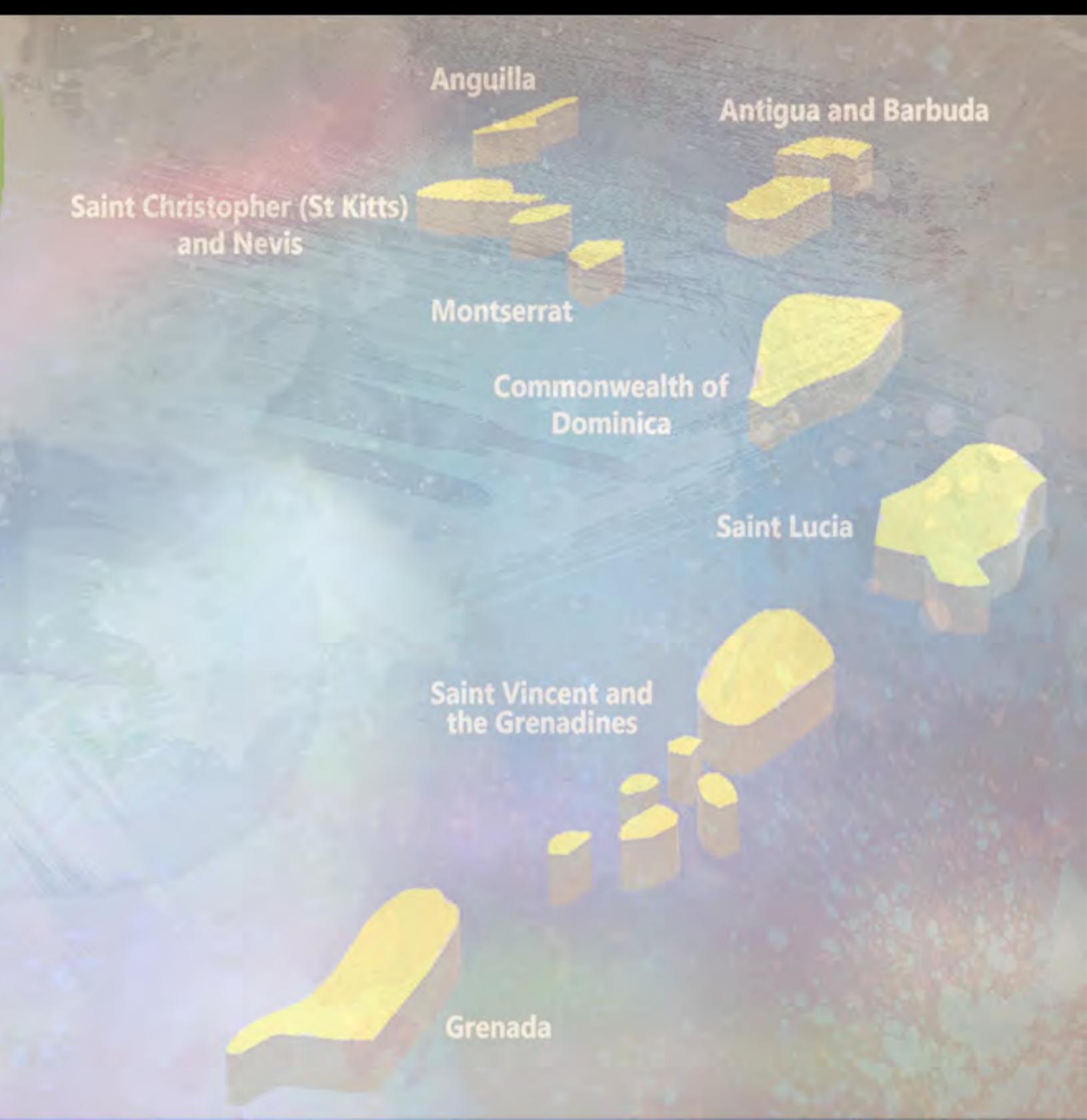


# Eastern Caribbean Central Bank 2020-2021 Annual Report



# REPORT AND STATEMENT OF ACCOUNTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021



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## Eastern Caribbean Central Bank

16 June 2021

Sirs

In accordance with Article 48(1) of the Eastern Caribbean Central Bank Agreement 1983, I have the honour to transmit herewith the Bank's Annual Report and Statement of Accounts for the year ended 31 March 2021, duly certified by the External Auditors.

I am,  
Your Obedient Servant

Timothy N. J. Antoine  
GOVERNOR

# LETTER OF TRANSMITTAL

The Honourable Dr Ellis Lorenzo Webster  
Premier  
ANGUILLA

The Honourable Gaston Browne  
Prime Minister  
ANTIGUA AND BARBUDA

The Honourable Roosevelt Skerrit  
Prime Minister  
COMMONWEALTH OF DOMINICA

The Honourable Gregory Bowen  
Minister for Finance  
GRENADA

The Honourable Joseph E Farrell Premier  
MONTSERRAT

Dr The Honourable Timothy Harris  
Prime Minister  
SAINT CHRISTOPHER (ST KITTS) AND NEVIS

The Honourable Allen Chastanet  
Prime Minister  
SAINT LUCIA

The Honourable Camillo Gonsalves  
Minister for Finance  
SAINT VINCENT AND THE GRENADINES

Tel: (869) 465-2537 • Fax: (869) 465-9562/1051  
E-mail: [info@eccb-centralbank.org](mailto:info@eccb-centralbank.org) • Website: [www.eccb-centralbank.org](http://www.eccb-centralbank.org)  
SWIFT: ECCBKN

## MISSION STATEMENT

Advancing the good of the people of the currency union by maintaining monetary and financial stability and promoting growth and development.

## VISION STATEMENT

To be a model institution delivering exceptional service and influential policy advice to support the development of a thriving currency union.

## CORE VALUES

- Service Excellence
- Teamwork and Truth Telling
- Accountability
- Results



# MONETARY COUNCIL

*As at 31 March 2021*



**Dr The Hon Timothy Harris**  
*Saint Christopher (St Kitts)  
and Nevis*  
**CHAIRMAN**



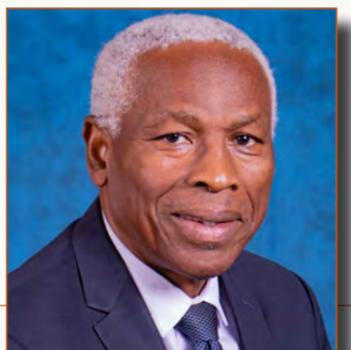
**The Hon Dr Ellis Lorenzo Webster**  
*Anguilla*



**The Hon Gaston Browne**  
*Antigua and Barbuda*



**The Hon Roosevelt Skerrit**  
*Commonwealth of Dominica*



**The Hon Gregory Bowen**  
*Grenada*



**The Hon Joseph E Farrell**  
*Montserrat*



**The Hon Allen Chastanet**  
*Saint Lucia*



**The Hon Camillo Gonsalves**  
*Saint Vincent and the Grenadines*

# BOARD OF DIRECTORS

As at 31 March 2021

## Executive Directors



Timothy N. J. Antoine  
Governor  
**CHAIRMAN**



Trevor Brathwaite  
**Deputy Governor**

## Appointed Directors



Kathleen Rogers  
**Anguilla**



Whitfield Harris, Jr  
**Antigua and Barbuda**



Denise Edwards  
**Commonwealth of Dominica**



Ophelia Wells-Cornwall  
**Grenada**



John Skerritt  
**Montserrat**



Hilary Hazel  
**Saint Christopher (St Kitts) and Nevis**



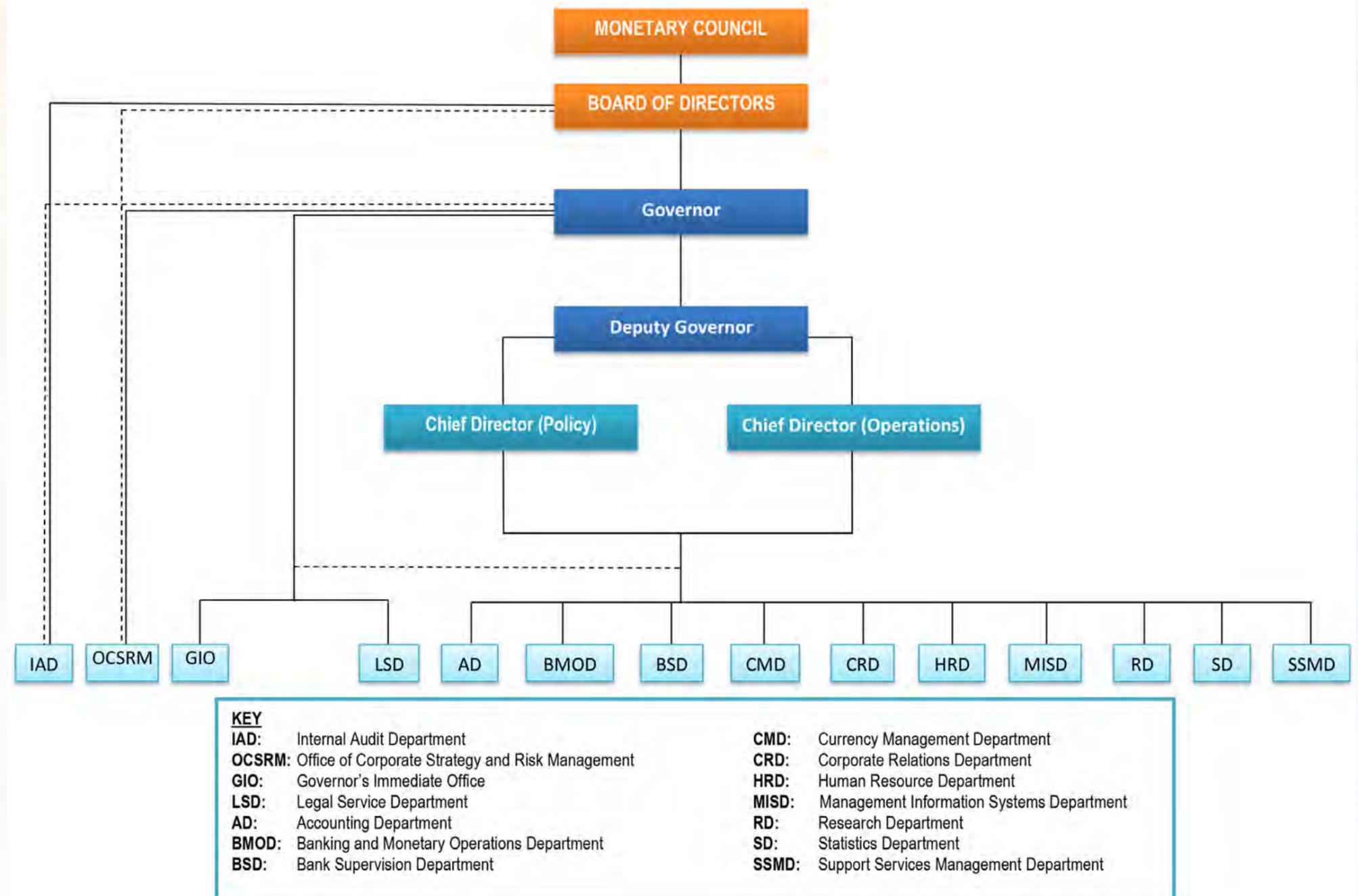
Esther Rigobert  
**Saint Lucia**



Edmond Jackson  
**Saint Vincent and the Grenadines**

# ORGANISATIONAL CHART

As at 31 March 2021



\*Chief Director, Operations (vacant)

# MANAGEMENT STRUCTURE

As at 31 March 2021

## Executive Committee



Timothy N. J. Antoine  
**Governor**



Trevor Brathwaite  
**Deputy Governor**



D Tracy Polius  
**Chief Director (Policy)**

## Senior Management Team



Wayne Myers  
**Senior Director**  
Support Services  
Management Department



Senator Samuel  
**Director**  
Accounting  
Department



Raquel Leonce  
**Director**  
Banking and Monetary  
Operations Department



Christopher Louard  
**Director**  
Bank Supervision  
Department



Rosbert Humphrey  
**Director**  
Currency Management  
Department



Jolene Newton  
**Director**  
Human Resource  
Department



Yvonne Jean-Smith  
**Director**  
Internal Audit  
Department



Merlese O'Loughlin  
**Director**  
Legal Services  
Department



Cindy Parris-Gilbert  
**Director**  
Management Information  
Systems Department



Sharmyn Powell  
**Director/Chief Risk Officer**  
Office of Corporate  
Strategy and Risk Management



Teresa Smith  
**Director**  
Statistics  
Department



Karen Williams  
**Senior Project Specialist/Unit Head**  
Projects and Tech. Assistance Unit  
Governor's Immediate Office



Shermalon Kirby  
**Director (Ag)**  
Corporate Relations  
Department



Patricia Welsh  
**Director (Ag)**  
Research  
Department



Dr Emefa Sewordor  
**Unit Head (Ag)**  
Advisory Services Unit  
Governor's Immediate Office

# MANAGEMENT STRUCTURE

## SENIOR MANAGEMENT TEAM

As at 31 March 2021

### Accounting Department

Shanna Herbert - *Deputy Director*

### Banking and Monetary Operations Department

Francis Fontenelle - *Senior Banking Specialist*

Allison Stephen - *Senior Banking Specialist*

Chay Grant - *Deputy Director*

Lynette Griffin - *Deputy Director*

Niall Pistana - *Deputy Director*

Gillian Skerritt - *Legal Specialist*

### Bank Supervision Department

Humphrey Magloire - *Senior Information Systems Specialist*

Shawn Williams - *Senior Bank Supervision Specialist*

Allison Crossman - *Deputy Director*

Laurel Seraphin-Bedford - *Deputy Director*

Schwabach Caines - *Deputy Director (Ag)*

### Corporate Relations Department

Beverley Edwards-Gumbs - *Deputy Director*

### Currency Management Department

Norman Sabaroche - *Deputy Director*

### Governor's Immediate Office

#### *(Projects and Technical Assistance Unit)*

Kennedy Byron - *Senior Project Specialist*

Sybil Welsh - *Senior Project Specialist*

### Human Resource Department

Merva Mallelieu - *Deputy Director*

### Internal Audit Department

Alamina Trotman - *Deputy Director (Ag)*

### Management Information Systems Department

Aldrin Phipps - *Information Systems Specialist*

Lyle Mark - *Deputy Director*

### Research Department

Beverley Labadie - *Deputy Director (Ag)*

Shernel Thompson - *Deputy Director (Ag)*

### Statistics Department

Seana Benjamin-Mack - *Deputy Director*

Juletta Edinborough - *Deputy Director*

Leah Sahely - *Deputy Director*

### Support Services Management Department

Adaeze Matthew-Hanley - *Deputy Director*

Danny Caine - *Chief of Security*

# AGENCY OFFICES

## COUNTRY MANAGERS

*As at 31 March 2021*

### **Shirmaine Lynch-Harrigan**

ECCB Agency Office  
P O Box 1385  
The Valley  
ANGUILLA  
Telephone: 264 497 5050  
Facsimile: 264 497 5150  
E-mail: [eccbaxa@eccb-centralbank.org](mailto:eccbaxa@eccb-centralbank.org)

### **Albert Lockhart**

ECCB Agency Office  
P O Box 741  
Sagikor Financial Centre  
Factory Road  
St John's  
ANTIGUA AND BARBUDA  
Telephone: 268 462 2489  
Facsimile: 268 462 2490  
E-mail: [eccbanu@eccb-centralbank.org](mailto:eccbanu@eccb-centralbank.org)

### **Sherma John**

ECCB Agency Office  
P O Box 23  
3<sup>rd</sup> Floor Financial Centre  
Kennedy Avenue  
Roseau  
COMMONWEALTH OF DOMINICA  
Telephone: 767 448 8001  
Facsimile: 767 448 8002  
E-mail: [eccbdom@eccb-centralbank.org](mailto:eccbdom@eccb-centralbank.org)

### **Linda Felix-Berkeley**

ECCB Agency Office  
St Matthew and Monckton Streets  
St George's  
GRENADA  
Telephone: 473 440 3016  
Facsimile: 473 440 6721  
E-mail: [eccbgnd@eccb-centralbank.org](mailto:eccbgnd@eccb-centralbank.org)

### **Angela Estwick**

ECCB Agency Office  
P O Box 484  
2 Farara Plaza  
Brades  
MONTSERRAT  
Telephone: 664 491 6877  
Facsimile: 664 491 6878  
E-mail: [eccbmni@eccb-centralbank.org](mailto:eccbmni@eccb-centralbank.org)

### **Everton Sealy**

ECCB Agency Office  
P O Box 295  
Ground Floor  
Financial Administrative Centre  
Point Seraphine  
Castries, LC04 101  
SAINT LUCIA  
Telephone: 758 452 7449  
Facsimile: 758 453 6022  
E-mail: [eccbslu@eccb-centralbank.org](mailto:eccbslu@eccb-centralbank.org)

### **Elritha Miguel**

ECCB Agency Office  
P O Box 839  
Frenches House  
Frenches  
Kingstown  
SAINT VINCENT AND THE GRENADINES  
Telephone: 784 456 1413  
Facsimile: 784 456 1412  
E-mail: [eccbsvd@eccb-centralbank.org](mailto:eccbsvd@eccb-centralbank.org)

# HIGHLIGHTS OF THE YEAR

## ***ECCB Staff Work from Home***

The management and staff of the ECCB transitioned to full telecommuting in response to the COVID-19 pandemic following a period of testing and preparation in March 2020.

## ***Youth Xpress Programme Debuts***

In May 2020, the ECCB released the first episode in a new video series dubbed: Youth Xpress. The series features young people in the ECCB member countries sharing their views, concerns and recommendations on issues that matter to and affect them. It is also intended to place focus on issues that affect the youth.

## ***ECCB Introduces New Public Engagement Series - ECCB Digital Dialogues***

The series was developed to create a new avenue for engaging the people of the ECCU and building regional solidarity in light of the risks and opportunities presented by the COVID-19 pandemic. The inaugural session was held on 2 June 2020 and focused on Pandemic and Digital Currency.

## ***EC One and Two-Cent Coins Cease to be Legal Tender***

The withdrawal came into effect on 30 June 2020, following the Bank's July 2015 announcement that it was withdrawing the coins from circulation.

## ***ECCB Marks 37<sup>th</sup> Anniversary***

The ECCB celebrated 37 years of service to the people of the region. Speaking on the anniversary, Governor of the ECCB, Timothy N. J. Antoine said that the Bank celebrated the milestone, fully cognisant of and thankful for the accomplishments over these nearly four decades and the achievements over the past six months in the face of the COVID-19 pandemic.

## ***ECCB Hosts 2<sup>nd</sup> Annual Conference with Financial Institutions***

Held virtually for the very first, the conference brought together members of the banking and financial sector and ECCU regulators to discuss, collaborate and shape the development of the region's financial system. The discussions focused on the theme: "The Changing Economic Landscape - COVID-19 and the Financial System".

## ***First-Ever DCash Consumer-to-Merchant Transaction was Completed***

The transaction was completed on 12 February at Geo F. Huggins' Foodland in Grenada as part of the closed pilot of the ECCB Digital Currency (DCash) Pilot Project.

The Pilot involves the secure minting and issuance of a digital version of the EC dollar – DCash. One of the key goals of the project is to provide the people of the ECCU with a safer, faster, cheaper option for conducting financial transactions.



# HIGHLIGHTS OF THE YEAR

## ***ECCB Launches Blog***

The ECCB launched its Blog: Insights Towards Recovery, Resilience and Socio-economic Transformation on 1 March 2021. The blog is aimed at strengthening stakeholder engagement and deepening understanding of the work of the Bank.

## ***ECCB Rolls Out DCash to the Public***

DCash, the digital version of the EC dollar, became the world's first retail central bank digital currency (CBDC) to be publicly issued within a formal currency union.

This historic transaction was the climax of over two years of extensive research, consultations, planning, software development, operational training, merchant acquisition, customer service, and marketing, achieved through collaboration with the ECCB, the international fintech company, Bitt, and multiple external stakeholders.



# GOVERNOR'S FOREWORD

## Bouncing Forward: Charting the Recovery, Resilience and Transformation of the ECCU

*“Where there is no vision, there is no hope.”*

~ George Washington Carver

**T**he Eastern Caribbean Currency Union (ECCU), like the rest of the world, has faced the crucible of the COVID-19 pandemic over the past year. The toll on lives and livelihoods as the pandemic washed over us in waves, has been unimaginable. The struggle to protect lives and restore livelihoods is real and relentless.

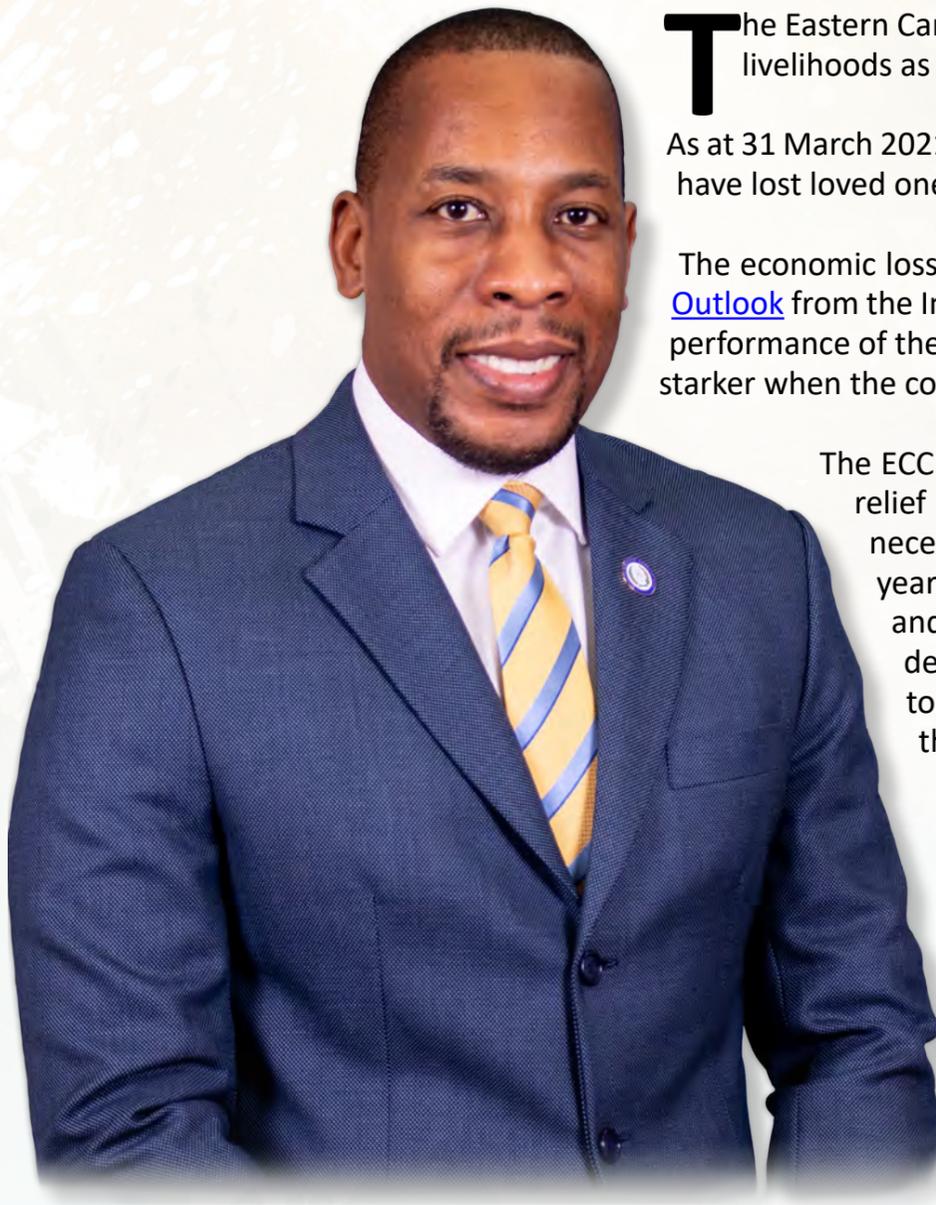
As at 31 March 2021, 100 lives had been lost in the ECCU to COVID-19. The Eastern Caribbean Central Bank (ECCB) family conveys deepest condolences to all those who have lost loved ones in the ECCU and the diaspora.

The economic loss, too, is grave, with 2020 posting the worst GDP contraction on record: 14.0 per cent. According to the [April 2021 edition of the World Economic Outlook](#) from the International Monetary Fund (IMF), the impact of the pandemic on the global economy in 2020 was a decline of 3.3 per cent. The significantly worse performance of the ECCU reflects the heavy reliance of our economies on the now decimated Tourism sector. The extent of the economic carnage in the ECCU is even starker when the contraction is juxtaposed with the growth of 3.3 per cent that was forecast for 2020 prior to the onset of the pandemic.

The ECCU member governments have had to embark on extraordinary spending programmes to stanch the waves of the pandemic, and provide care and relief packages to their distressed citizens, businesses and economies. The governments' efforts were undertaken in an environment of low revenues, necessitating additional debt contraction. The result has been a widening of the fiscal deficit to \$1.5 billion in 2020, from \$0.8 billion in the preceding year. The region's debt-to-GDP ratio has risen to 85.6 per cent in 2020 from 67.2 per cent in the preceding year. Ever mindful of the imperative of fiscal and debt sustainability but cognisant of the current projections for the recovery of Tourism (around 2023), the Monetary Council took the weighty decision to defer the target of attaining Debt-GDP ratio of 60 percent to 2035 from 2030. This was a carefully considered decision but a necessary one to ensure that adequate fiscal support could be maintained to fight the ongoing war against COVID-19 and to resuscitate the economies. At this time, the region's focus remains resolutely on safeguarding lives and livelihoods.

The ECCB's response, in the midst of the turmoil, has been focused, determined and comprehensive. The centrepiece of this response has been articulating a vision for the region in a three-year ***Programme of Action for Recovery, Resilience and Transformation of the ECCU Economies***. The Programme was approved by the Monetary Council in October 2020. It maps out a clear direction to help the region navigate these tumultuous times over the short to medium term. The Programme is goal-driven and action-oriented. It is guided by the principles of regional integration and solidarity, sustainable and innovative financing, inclusive growth, and innovation and competitiveness. Its aligns well with ECCB's Strategic Plan and will to serve as a companion document to it, the Programme is established on four pillars:

1. Financial stability;
2. Fiscal and debt sustainability;
3. Resilient and inclusive growth; and
4. Payments modernisation and digital transformation.



# GOVERNOR'S FOREWORD

Sustaining the backing for the currency remains a central tenet for the Bank. In an environment of such great uncertainty, ***maintaining a strong and stable EC dollar*** by supporting the exchange rate anchor at US\$1.00 to EC\$2.70 brings confidence and comfort to ECCU residents – businesses and consumers alike. As at the end of the 2020/2021 financial year, the backing ratio was a robust **95.8** per cent. This greatly exceeds the statutory level of 60.0 per cent set forth in the ECCB Agreement.

Given the magnitude of the economic shock dealt by the pandemic, there will be reverberations in the financial sector. However, the sector continues to be stable, with liquidity and capital buffers remaining strong. It is a testament to the resilience of the financial sector that, to date, no licensed financial institution has approached the Central Bank for liquidity support.

During the 2020/2021 financial year, the ECCB's activities geared toward ***ensuring a strong, diversified and resilient financial sector*** included:

1. Providing prudential guidance on such critical matters as loan moratoria in light of the pandemic;
2. Reinforcing the legal environment for the sector by making progress on various pieces of legislation;
3. Enhancing supervision by implementing a Risk-based Supervision framework;
4. Supervising the consolidation activities within the space;
5. Launching the Eastern Caribbean Partial Credit Guarantee Corporation in October 2020;
6. Advancing work on the Optimal Regulatory Framework for the sector; and
7. Developing a financial sector infrastructure that include features such as a credit bureau and deposit insurance.

To help alleviate the fiscal pressures and liquidity constraints brought on by the pandemic, the Bank provided support to member governments from its credit allocation. This was done in accordance with the Bank's legal framework, which allows for credit extension to member governments while simultaneously safeguarding the backing for the currency. The Bank also acted in its capacity as the ***advisor of choice to our Participating Governments in pursuit of fiscal and debt sustainability*** by assisting with debt sustainability analyses to inform the Monetary Council decision to revise the debt anchor. Furthermore, the Bank assisted with maintaining steady functioning of the Regional Government Securities Market (RGSM) – an important source of liquidity to the participating member governments. To reinforce the member governments' call for support from the international community, the ECCB leveraged its discussions at the IMF/World Bank Annual Meetings in October 2020 to advocate strongly for vulnerability to be factored into decisions regarding small states' access to grant and concessional financing.

While the Bank's core twin mandates are monetary stability and financial stability, under Article 4 of the ECCB Agreement, the Bank is charged with the additional responsibility to ***actively promote the economic development of our member territories***. To that end, the ECCB held a momentous launch of its Central Bank Digital Currency, a digital version of the EC dollar - styled ***DCash*** - on 31 March 2021 and piloted in four member countries: Antigua and Barbuda, Grenada, Saint Christopher (St Kitts) and Nevis and Saint Lucia. The value proposition of DCash is to offer a ***faster, cheaper and safer*** payment option that promotes financial inclusion and supports the development of the digital economy in the region.

The Bank's strategic goal to ***enhance organisational effectiveness to ensure responsiveness and service excellence*** is unapologetically staff-centric. The ECCB honoured its duty of care to staff by continuing to operate in telecommuting mode throughout the 2020/2021 financial year. To assist staff in dealing with the challenges and mental strain of the unusual operating environment, the Bank offered a psychosocial support programme that included a plethora of health and wellness activities and services. Support to the Bank's vital human resource also came in the form of continuous training and capacity development, including through the successful execution of the second round of the Emerging Leaders' Programme. Additionally, the ECCB commenced upgrades to its campus to ensure an enhanced working environment the safety of staff once a return to Campus is effected.

Although the changes to the Bank's mode of operation precluded physical interaction with the public and other stakeholders, the ECCB leveraged digital tools and platforms to help bridge that gap. The Bank undertook a wide-ranging programme for citizen engagement and stakeholder relations management that saw it continue to deliver its annual programme of conferences, consultative meetings, webinars and podcasts. The Bank also launched new public engagement initiatives, such as Digital Dialogues and the ECCB Blog, to promote regional solidarity and collective action.

# GOVERNOR'S FOREWORD

On the governance front, the Bank fortified its framework by introducing a number of new human resource policies to guide staff and meet the standards befitting an institution that strives to be a *model*. Furthermore, an External Quality Assessment rating validated the institution's efforts to strengthen its internal audit function.

Other areas of progress in respect of enhancing our operations include the development of a banknote-forecasting model to help manage the Central Bank's currency operations. Despite the deterioration in global financial conditions, prudent management of the institution's resources contributed to profits for a fifth consecutive year, amounting to **\$25.2 million** for the 2020/2021 financial year. Also noteworthy is the completion of Phase II of the Solar Canopy Project as part of the broader Greening of the ECCB Campus Initiative. The completion of Phase II is a milestone in our programme to achieve carbon neutrality by 2022. Given the region's vulnerability to climate change risks, the Bank takes seriously its moral obligation to reduce carbon emissions and contribute to climate resilience.

Recent spikes in COVID-19 cases in the region and around the world are an admonition against prematurely declaring that the war on COVID-19 is won. The rollout of vaccination programmes in the ECCU offers hope to end the crisis sooner rather than later. Even with this hope of emerging from one crisis, the cataclysmic eruption of La Soufrière Volcano in Saint Vincent and the Grenadines in early April 2021 made the region's vulnerability to crises glaring, once again. The Bank stands in solidarity with our brothers and sisters in Saint Vincent and the Grenadines as they endure this additional shock. With another Atlantic Hurricane season upon us, the very real threat of cascading crises looms large in the region.

Against this backdrop of heightened risks, the ECCB forecasts that GDP growth in the ECCU will range from **1.5 per cent to 2.5 per cent** in 2021 – falling short of the target growth rate of 5.0 per cent. The IMF projects strong global economic performance in 2021, with a growth rate of 6.0 per cent. Still, Tourism in the ECCU is not expected to recover to pre-pandemic levels before 2023 or 2024. The focus for the region now must be to prevent permanent damage to our economies, hasten the recovery and build resilience against future (inevitable) shocks.

Upon my reappointment as Governor on 1 February 2021, I invited and Team ECCB committed to be: ***competent yet caring; prudent but proactive; and imaginative and industrious***. Guided by our renewed purpose to serve the region in a difficult time, for the financial year 2021/2022, the Bank will launch a new Strategic Plan 2021-2026. The new Plan will be centered around five strategic themes: digital transformation; environmental, social and corporate governance; financial stability; organisational effectiveness and development; and payment systems improvement and financial inclusion. Our programmes and plans for recovery, resilience and transformation are not merely aspirations. The Bank will move to action by pursuing a full slate of activities in the financial year 2021/2022:

## ***Financial Stability***

- Advance work towards the implementation of Basel II/III;
- Complete research work on a Regional Standards Setting Body for the Non-Bank Financial Institution (NBFi) Sector of the ECCU; and
- Continue to collaborate with partners on the development of a renewable energy infrastructure fund facility.

## ***Digital Transformation***

- Roll out DCash in the remaining four member countries: Anguilla, the Commonwealth of Dominica, Montserrat and Saint Vincent and the Grenadines;
- Explore SupTech and RegTech to improve the efficiency of supervisory and regulatory operations; and
- Expand the use of SAS software solution for data management, visualisation and analytics.

## ***Payment Systems Improvement and Financial Inclusion***

- Prepare a new Payment System and Services Act and Regulations;
- Develop a Payment System Reform Strategy; and
- Conduct surveys to assess the level of financial inclusion in the region.

# GOVERNOR'S FOREWORD

## *Environmental, Social and Corporate Governance*

- Continue the Greening of the Campus Initiative to reduce the Bank's carbon footprint.

## *Organisational Effectiveness and Development*

- Conduct the third round of the Emerging Leaders' Programme; and
- Create an innovation hub.

Perhaps no group has experienced the crucible of the pandemic more acutely than the frontline warriors in the medical profession, who continue to work tirelessly - more than one year on - to keep us all safe. Other essential workers across different sectors have also kept our societies ticking through significant disruptions to normal operations. I laud you all for your dedication and stellar, selfless service to society. You are exemplars for the rest of us to follow in our own vocations and spheres of influence.

I am inspired and energised by the confidence placed in me by the Monetary Council as I continue to helm the institution. I am also indebted to the Board of Directors for their support for the Bank's programme this past year. My profound gratitude to Team ECCB - Deputy Governor, Chief Director (Policy), management and staff for standing shoulder-to-shoulder with me to realise the Bank's vision for the region. Without the persistent hard work of Team ECCB, none of the accomplishments of the past year would have been possible. I am confident that, with our renewed commitment and dedication, together, we can elevate our economies to a higher plane **for the good of the people of the Currency Union.**

Above all, I raise a high note of praise to Almighty God for **"for it is Him, we live and move and have our being"** (Acts 17:28, NIV).

I close with a word of encouragement, drawn from 2 Corinthians 4:8-9, NIV: **"We are hard pressed on every side, but not crushed; perplexed, but not in despair; persecuted, but not abandoned; struck down, but not destroyed."**

1

# Monetary Stability

*The Council approved a temporary reduction in the Discount Rate to 2.0 per cent from 6.5 per cent as a means of providing low cost short-term credit to member governments, as per section 32 of the ECCB Agreement 1983.*

# MONETARY STABILITY

## MAINTAIN SUFFICIENT FOREIGN RESERVES TO SUPPORT THE EC DOLLAR

During the year under review, the ECCB recorded an expansion in its foreign reserve portfolio to approximately EC\$4.6 billion. That was primarily due to an increase in the market value of fixed income securities. Reserve levels were about 5.0 per cent above its 12-month average, with valuation changes responsible for most of the adjustments.

### Response to COVID-19 Pandemic

The ECCB's policy response to the COVID-19 pandemic included the following;

- Temporary reduction of the short term policy lending rate (discount rate) for Governments and licensed financial institutions under the Banking Act from 6.5 per cent to 2.0 per cent;
- Temporary reduction of the long term policy lending rate (discount rate) from 6.5 to 3.5 percent;
- Increase in the credit envelope allocated to Governments from 65.0 per cent to 75.0 per cent of the amount available to Governments and Licensed Financial Institutions;
- Production of revised forecasts for Gross Domestic Product (GDP); and
- Design of the Programme of Action for Recovery, Resilience and Transformation.

Chart 1 - ECCB Total Foreign Exchange Reserves (in ECS billions)

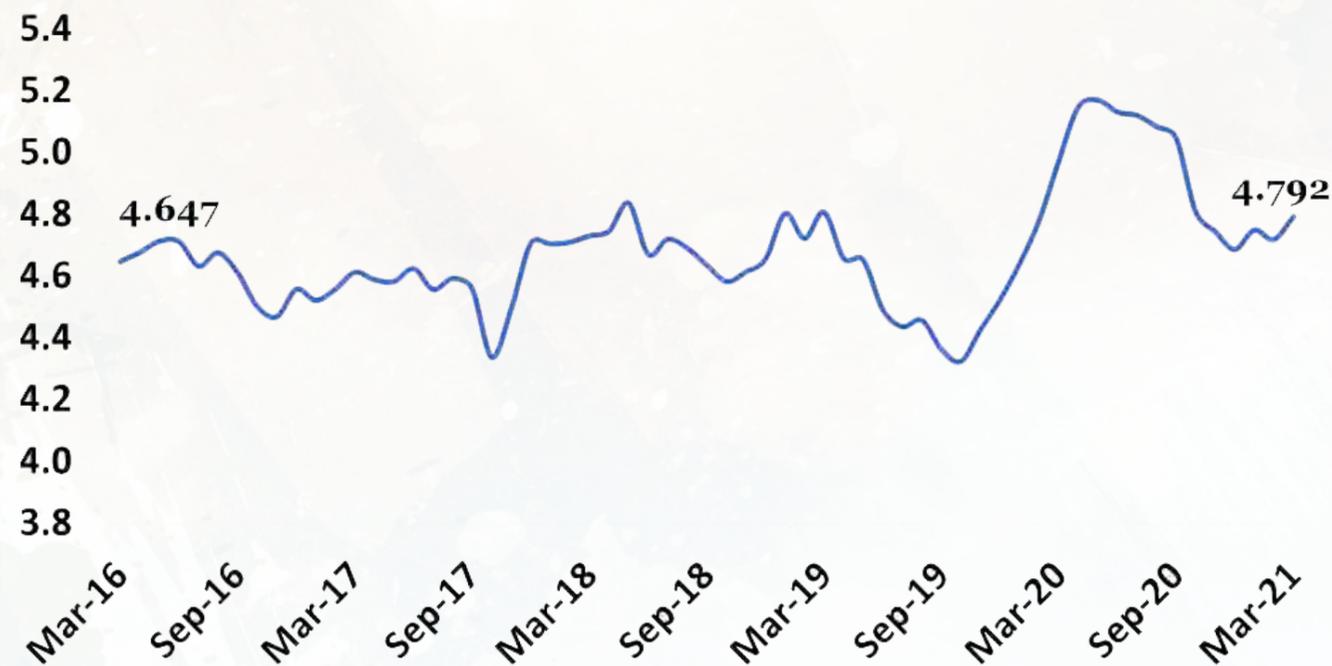
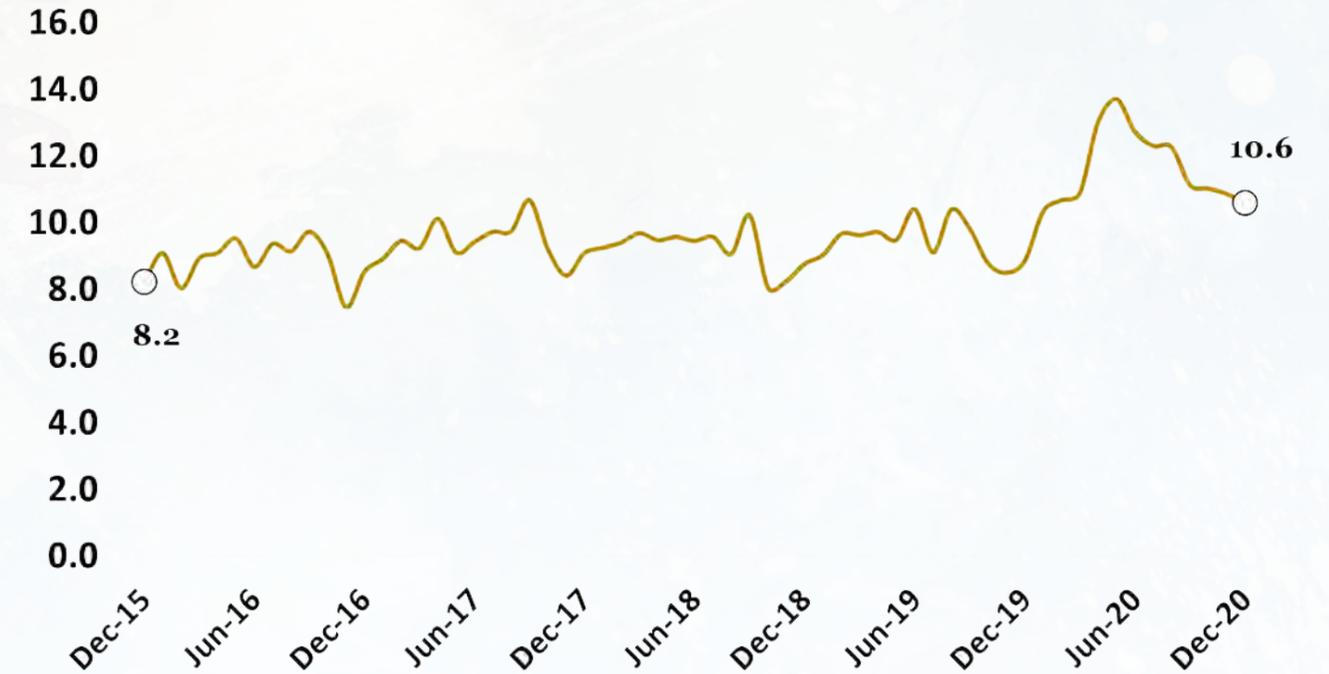


Chart 2 - Import Cover Ratio (Goods and Services: December 2015 - December 2020)



# MONETARY STABILITY

## **Reserve Management**

Given the low interest rate environment following the onset of the COVID-19 pandemic, the Bank explored alternative asset classes to support reserve management and meet the key objectives of foreign reserve management and strategy. The assessment included evaluating each asset's risk/return profile, operational requirements and any policy implications.

The investment guidelines for the Bank's external managers were reviewed and updated. The revision included additional securities allowing the money managers greater latitude to outperform their respective benchmarks while maintaining the Bank's risk tolerance. The annual review of the reserve portfolios' risk tolerance and benchmarks was also conducted.

## **REVIEW AND ADOPTION OF A REVISED RESERVE MANAGEMENT FRAMEWORK**

The Bank completed a Request for Proposal (RFP) and due diligence process for custodial services relevant to foreign reserve management and the Bank's Pension Fund. The Bank will transition to the new custodian in the second quarter of the Bank's 2021/22 financial year.

The Bank continued its engagement with the World Bank's Reserves Advisory Management Partnership (RAMP) for a second three-year term. The first term ended during the financial year and a second engagement was deemed appropriate for the continued development of the newly formed Risk and Analytics Unit and in furthering the advancement of the internal manager's portfolio management skills.

The newly formed Risk and Analytics Unit has operationalised its compliance and performance functions. Compliance is monitored on a daily basis for all investment portfolios. The Unit generates performance reports daily and monthly for the internally managed fund.

## **ADVISE MONETARY COUNCIL ON MONETARY AND CREDIT CONDITIONS CONSISTENT WITH THE ECCB AGREEMENT**

In its ongoing efforts to ensure that conditions were consistent with the ECCB Agreement, the Bank monitored and prepared reports regarding the Banking System and overall ECCU liquidity, maintenance of the required 6.0 per cent reserves and the status of governments and related accounts.

In accordance with the mandate given in the ECCB Agreement, reports on monetary and credit conditions affecting the Eastern Caribbean Currency Union (ECCU) were presented at the meetings of the Monetary Council. During the year under review, the format and structure of the report was changed to capture financial conditions and developments. The report retitled: *Monetary, Credit and Financial Conditions Report*, captures key analysis provided by the Bank Supervision Department, the Banking and Monetary Operations Department, the Advisory Services Unit and the Research Department.

In this new iteration, the Monetary Council and the Board of Directors were advised and updated on the status of, and developments in, monetary and credit aggregates as well as financial stability matters in the ECCU. The Monetary and Credit Conditions Report was produced twice during the financial year 2020/2021, while the new Monetary, Credit and Financial Conditions Report was produced once during the financial year and will continue to be produced.

During the year, the Bank also convened several Special Meetings of the Monetary Council which focused on the social and economic challenges emanating from the COVID-19 pandemic. Recommendations to the Council focused on policies for addressing fiscal and debt sustainability, financial stability, legislative reforms, and a Programme of Action for Recovery, Resilience and Transformation for repositioning the region post the COVID-19 pandemic.

# MONETARY STABILITY

In April 2020, the Council approved a temporary reduction in the Discount Rate to 2.0 per cent from 6.5 per cent as a means of providing low cost short-term credit to member governments, as per section 32 of the ECCB Agreement 1983. That was followed by a reduction in long-term credit from 6.5 per cent to 3.5 per cent in February 2021. The Minimum Savings Deposit Rate of 2.0 per cent was maintained during the year and the currency peg remained backed by a high level of foreign reserves.

## **PLAN TO MAINTAIN A STRONG AND STABLE EC DOLLAR**

The External Sector Statistics (ESS) work programme in the Eastern Caribbean Currency Union (ECCU) was affected by the institutional and structural changes brought on by the Covid-19 pandemic. Member countries and the ECCB had to adjust their work programmes as we maneuvered through a series of lockdowns, displacements and the move to the virtual environment for many public and private sector enterprises. Consequently, the detailed compilation of the ECCU ESS was delayed during the financial year. In its stead, estimates were prepared for the member countries for the period 2019 to 2021 and disseminated via the ECCB website on 31 March 2021. In preparation for the dissemination of the data, the estimates were reviewed by the Caribbean Regional Technical Assistance Center (CARTAC) External Sector Statistics Adviser.

Staff participated in two (2) External Sector Statistics workshops organized by CARTAC during the financial year:

- Virtual Regional Workshop on External Sector Statistics during the COVID-19 Pandemic: 2 to 4 November 2020
- Virtual Regional Workshop on Cross-border Statistics on Special Purpose Entities (SPEs): 8 to 10 December 2020

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# Financial Sector Stability

*In light of the COVID-19 pandemic, the ECCB provided regulatory guidance to all Licensed Financial Institutions on the application of the International Financial Reporting Standard 9 (IFRS 9) requirements.*

# FINANCIAL SECTOR STABILITY

## ENHANCE RISK-BASED SUPERVISORY AND MANAGEMENT FRAMEWORK

### Enhanced Supervision of Licensed Financial Institutions (LFIs):

The supervisory strategy, which is the final component of the Risk-based Supervision (RBS) framework, was implemented in May 2020. RBS (as well as AML/CFT) onsite examinations scheduled over the financial year were suspended, due to travel restrictions and enhanced COVID-19 protocols that hindered the ease of movement within the member countries. In this regard, the Bank developed a remote inspections plan to guide the examination process during the pandemic. In February and March 2021, the Bank conducted two remote RBS inspections to inform the development of remote inspection procedures for the financial year commencing 1 April 2021.

In accordance with the COVID-19 regulatory guidance provided by the ECCB, licensed financial institutions (LFIs) were required to provide monthly updates on loan moratoria granted and loans restructured as a result of the COVID-19 pandemic.

Off-site surveillance focused on follow-up on the implementation of remedial action items by LFIs. Surveillance activities were also enhanced to include additional reporting and more in-depth assessments and discussions with LFIs in the following areas:

1. Liquidity management and forecasts;
2. Cyber security and Information Technology controls;
3. Business contingency plans specific to the COVID-19 pandemic; and
4. Capital stress testing in light of the economic downturn, potential increase in non-performing loans and provisioning, and the implementation of Basel II/III.

The ECCB continued to provide oversight of the Receiverships of ABI Bank Ltd in Antigua and Barbuda, and National Bank of Anguilla Ltd (NBA) and Caribbean Commercial Bank (Anguilla) Ltd (CCB) in Anguilla. The Bank commenced its assessment of the application from the National Commercial Bank of Anguilla Ltd to transition from a bridge bank.

Chart 3 - Moratorium Loans - Commercial Banking Sector as at 31 March 2021

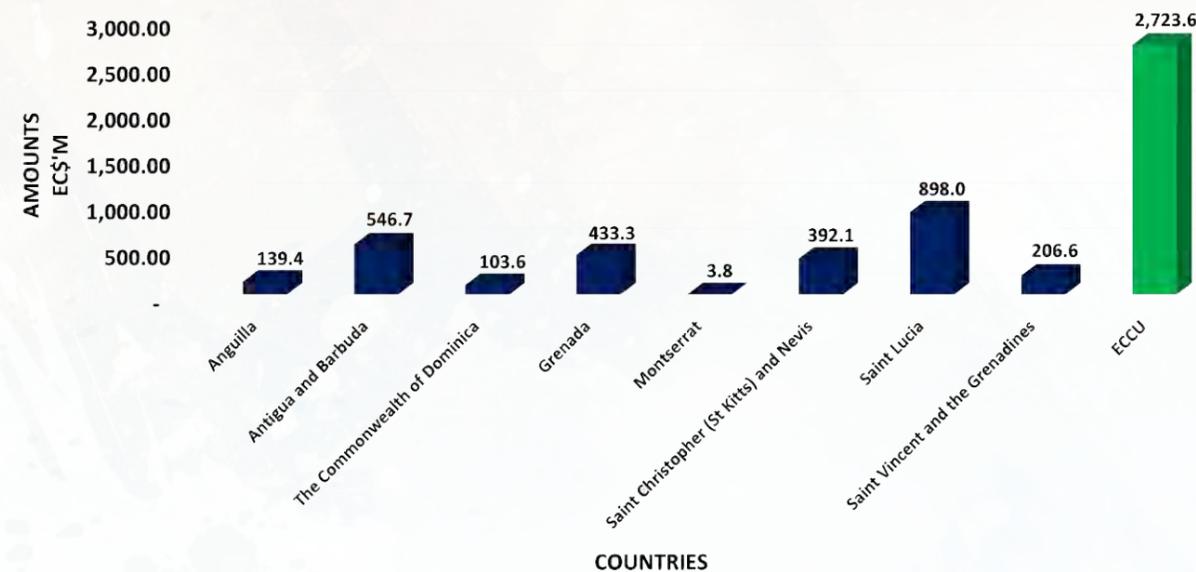
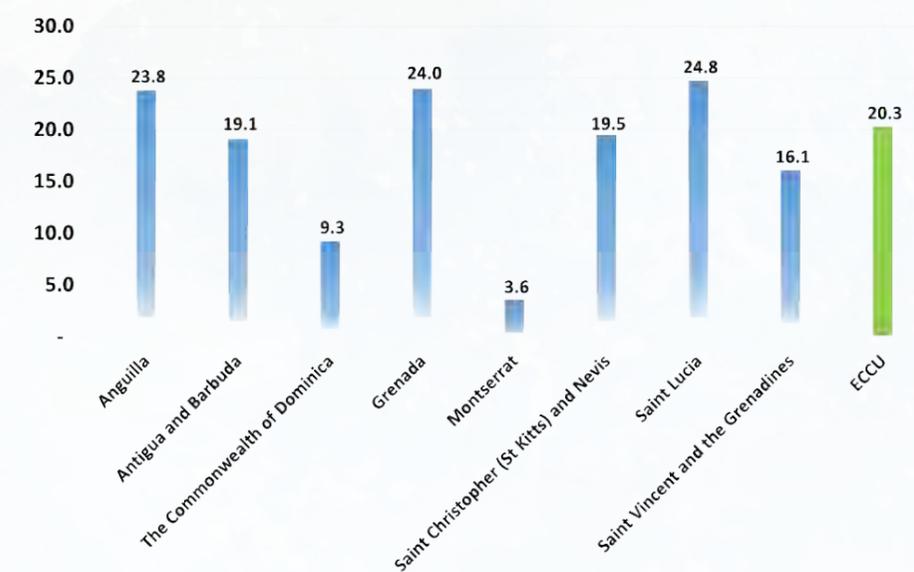


Chart 4 - Moratorium Loans to Total Loans and Advances (%) as at March 2021



# FINANCIAL SECTOR STABILITY

## *Supervision of Mergers and Acquisitions in the Eastern Caribbean Currency Union*

The ECCB continued its enhanced supervision of LFIs, in light of their acquisition of other banking operations in the ECCU, giving due consideration to systemic importance and free and fair competition.

In consultation with the Monetary Council, the ECCB approved on 22 December 2020, the applications for the transfer of the assets and liabilities of Royal Bank of Canada to a Consortium of national banks in Antigua and Barbuda, the Commonwealth of Dominica, Montserrat, Saint Christopher (St Kitts) and Nevis and Saint Lucia, pursuant to Section 43 of the Banking Act, 2015.

## *International Financial Reporting Standard (IFRS) 9 Implementation*

In light of the COVID-19 pandemic, the ECCB provided regulatory guidance to all Licensed Financial Institutions on the application of the International Financial Reporting Standard 9 (IFRS 9) requirements. The prudential guidance included the treatment of various initiatives such as loan moratoria and restructuring, cognisant of the potential impact on the financial statements of our licensed financial institutions. The ECCB continued to monitor LFIs' compliance with IFRS 9.

## *Financial Stability Report*

The ECCB continued to report on risks to the financial sector emanating from the macroeconomy. Key to this is the production of the Annual Financial Stability Report as well as inputs into the Monetary, Credit and Financial Conditions Report. The Bank produced the report based on analysis of the commercial banking sector, the credit union sector and the insurance sector in the ECCU. The Bank also worked with the Single Regulatory Units (SRUs) in each member country to collect and analyse the data for the credit union and insurance sectors. The Annual Financial Stability Report was produced for 2019; preparations have begun for the 2020 edition.

## **DEVELOP A MACRO-PRUDENTIAL FRAMEWORK**

Work continued towards the development of a macroprudential policy framework, which will complement micro-prudential regulation of financial institutions operating in the ECCU. The Bank contributed towards the development of an Optimal Regulatory Framework for the financial system. The proposed framework retains the existing regulatory portfolios but is enhanced with a regional standard setting body. This framework was developed with a view to, (1) reducing the level of fragmentation within the financial system, (2) increasing oversight, (3) improving financial sector safety nets, (4) improving consumer protection and business conduct supervision and (5) creating a framework to allow for more relevant legislation and regulations.

## *Issuance of Revised Prudential Returns*

Quarterly revised commercial banks' prudential returns were implemented in April 2020 and financial year end 2020 returns were implemented during the latter half of 2020. The balance sheet data submitted by banks were revised to meet international requirements of the monetary and financial statistics. The ECCB was therefore able to disseminate monetary and financial statistics based on these revised prudential returns.

## **Why the Enhanced Regulatory Approach?**



No major disruption of the current arrangements;



Improved collaboration among regional regulators



Leverages the expertise and experience of the SRUs;



Enhanced coverage of the financial sector reduces blind spots;



Harmonized standards for supervision of the financial sector;



[Read 2019 Financial Stability Report](#)

# FINANCIAL SECTOR STABILITY

## *Issuance of Prudential Standards*

The ECCB continued to pre-emptively update its suite of prudential standards to ensure that LFIs were inherently safe and sound and to increase financial sector resilience. In 2020, Standards related to Internal Auditing, Management of Operational Risk, Outsourcing and Permissible Activities, came into effect. The Standard for the Treatment of Impaired Assets was issued in January 2021, and becomes effective on 1 January 2022, to enable licensed financial institutions to establish the necessary frameworks towards compliance.

Standards on Corporate Governance and Fitness and Probity were finalised, however issuance is contingent on all ECCU member countries passing the amendments to the Banking Act 2015. Standards on Credit Risk Management, Residential Mortgage Underwriting, Consolidated Supervision, Electronic Banking and External Auditing are being finalised for issuance during the 2021/2022 financial year. Basel-related Standards Encapsulating Capital, Credit Risk, Market Risk and Interest Rate Risk are also being finalised for issuance by December 2021.

## **DELIVER NEW RISK MANAGEMENT INFRASTRUCTURE TO SUPPORT THE ECCU FINANCIAL SECTOR**

### *Strengthen the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Supervision Framework*

Since the establishment of the AML Supervisory Unit in 2018, the ECCB has made significant progress towards the development and implementation of its AML/CFT Supervision Framework, which has been published on the ECCB's website.

The ECCB continued its offsite supervision and monitoring of measures taken by LFIs towards satisfaction of remedial action items. Corrective action for AML/CFT deficiencies is critical, particularly in light of the Mutual Evaluation assessments that are scheduled within the ECCU during 2021/2022.

A milestone was attained with the finalisation of the ECCB's AML/CFT Prudential Return (PR14), following a pilot which took place in August 2020. The PR14 became effective 31 March 2021 with a reporting date of 31 May 2021. The objective of the Prudential Return is to gather quantitative information from LFIs, based on products and services, customers and entities. The PR14 captures pertinent data to assist the ECCB with the conduct of AML/CFT risk assessments of LFIs.

### *Eastern Caribbean Asset Management Corporation (ECAMC)*

During the financial year, the ECCB continued to provide technical advisory support to the ECAMC's asset acquisition efforts, particularly with funding solutions. The Bank also provided support with preparatory work for assuming role of receiver for two additional financial institutions and ensuring the ECAMC's compliance with the ECAMC Act.

### *World Bank Risk-Based Approach Toolkit*

The ECCB, in partnership with the World Bank, launched the 'Risk-Based Approach (RBA) Toolkit- A Risk Based Approach to AML/CFT Supervision and Monitoring' (RBA Toolkit/the tool) on 15 April 2020. The training is geared towards strengthening the risk-based supervision of Anti-

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*A milestone was attained with the finalisation of the ECCB's AML/CFT Prudential Return (PR14), following a pilot which took place in August 2020. The objective of the return is to gather quantitative information from LFIs, based on products and services, customers and entities.*

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# FINANCIAL SECTOR STABILITY

Money Laundering and Countering the Financing of Terrorism (AML/CFT). The RBA Toolkit includes a suite of seven interrelated modules and templates, which can support AML/CFT supervisors in developing practical skills to create an effective regulatory environment. The training will be delivered over an 18-month period.

Over 100 regulators from across the ECCU participated in The World Bank RBA Toolkit Training. The following modules have been covered since May 2020:

- Module 1 - basic concepts of AML/CFT and the Financial Action Task Force (FATF) 40 Recommendations, with a focus on risk-based supervision.
- Module 2 - the risk-based design of the AML/CFT supervision framework for all financial sector supervisors.
- Module 3 and 4 - Module 3, which focuses on the legislative review of member countries, is scheduled to run parallel with Module 4, which focuses on risk-based onsite and offsite supervision processes and procedures.

## **Basel II/III Implementation**

The ECCB's Basel Implementation Team, which was established in February 2018, continued implementation activities in three major areas: (i) reviewing of banks' Basel Implementation Plans, (ii) finalising the Basel Capital Standard (BCAR) and (iii) completing an instructions manual to guide completion of the BCAR template for conducting the Quantitative Impact Study (QIS). The pilot phase of the QIS was launched in February 2021 with four banks.

The ECCB also continued its ongoing sensitisation of licensed financial institutions, members of the board and senior management of LFIs, external auditors and other key stakeholders. The ECCB has begun to see signs of real progress with the completion of banks' Basel Implementation Plans. The ECCB continues to work with the Basel Implementation Working Group, comprising representatives from the ECCB and LFIs, and other relevant stakeholders to see the implementation process to fruition by December 2021.

## **ECCU Credit Bureau**

In February 2021, the ECCB issued a licence to Creditinfo ECCU Ltd to carry on credit reporting business. The credit bureau has commenced steps towards completion of its development phase.

## **Deposit Insurance**

A draft ECCU Deposit Insurance Bill was prepared during the 2020/21 financial year as a critical step towards the establishment of a deposit insurance system for the ECCU.

## **IMPROVE PAYMENTS INFRASTRUCTURE TO ADAPT TO EVOLVING MARKET EXPECTATIONS**

The Board of Directors and the Monetary Council approved three policy documents, which are prerequisites to modernising the payment system in the ECCU: 1. Policy Objectives and Principles for Regulating Electronic Retail Payment Services in the ECCU; 2. Policy Framework

## **About the ECCU Credit Bureau Project**

**A**ccording to the International Finance Corporation's *Credit Bureau Knowledge Guide (2006)*, "a credit bureau is an institution that collects information from creditors and available public sources on a borrower's credit history. The bureau compiles information on individuals and/or small firms, such as information on credit repayment records, court judgments, and bankruptcies, and then creates a comprehensive credit report that is sold to creditors."

*Credit bureaus are crucial building blocks that enable greater access to financing for both individuals and small businesses.*

*Credit bureaus also allow customers to make more informed business decisions by making financial data, collated with the informed consent of the customer, available to members. The data collected allows customers to make fact-based decisions about whether to grant credit or not, and the conditions under which such credit should be extended. A credit bureau can be a significant monitoring tool that may be used by financial governing authorities to research and monitor trends in the economy.*

*A credit bureau in the ECCU will therefore improve citizens' access to loans from financial institutions and will help to reduce the cost of borrowing.*

*The ECCU Credit Reporting Act has been passed in the Parliaments of: Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Montserrat, Saint Christopher (St Kitts) and Nevis, and Saint Vincent and the Grenadines.*

# FINANCIAL SECTOR STABILITY

for the Modernisation of the Payment System Act; 3. Policy Considerations for Data protection in the ECCU. In its modernisation agenda, the Bank looked into opening access to the Eastern Caribbean Automated Clearing House (ECACH) to other classes of institutions. This entailed an amendment to the ECACH rules, which is currently undergoing the stakeholder engagement process for comments prior to its finalisation. The second phase of this initiative is to work closely with the financial institutions and the Eastern Caribbean Automated Clearing House Services Incorporated (ECACHSI) to give effect to this plan.

The ECCB also continued to enhance its oversight mandate by improving the capacity of Financial Market Infrastructures (FMIs) to undertake their self-assessment exercise. This is necessary in an effort to comply with the Principles for Financial Market Infrastructures (PFMIs) that was issued by the Committee on Payments and Market Infrastructures and the International Organisation of Securities Commission (CPMI-IOSCO) and approved for adoption by the Monetary Council in October 2018. This is a pre-condition in conducting the oversight of those entities. Three FMIs were provided with training and two have commenced their self-assessment exercise.

## **SUPPORT CONSOLIDATION WITHIN THE BANKING SECTOR**

The ECCB continued to assist participating domestic banks with their shared services initiative, considered to be a preliminary step towards consolidation of the ECCU indigenous banking sector. The focus of the initiative is on the participants' sharing of the rights and obligations of technologically-advanced Risk and Compliance functions, with the ultimate objective of realising greater efficiency and synergy in the prosecution of the duties associated with both functions. The project commenced in July 2020 with Stage 1 - Initiate/Plan, followed by the Current State Assessment of each participating bank. The project is currently at the High Level Design stage, which includes delivery of workshops to obtain feedback on future state high level designs, and compilation of a draft Business Case.

## **DEEPEN MONEY AND CAPITAL MARKETS**

### ***ECCU Money and Capital Market Development Initiative (MCM 3.0)***

During the year, the Bank developed an execution strategy for deploying the ECCU Money and Capital Market Development Initiative (MCM 3.0), which is an initiative geared towards unleashing key catalysts for capital market development in the ECCU. The main deliverable of this initiative is the development and implementation of an ECCU Capital Market (Development and Literacy) Master Plan (CMMP) to promote the strengthening and innovative transformation of the regional money and capital markets for financing sustainable growth and development. Through this strategy, the Bank will develop a regional development tool featuring a multi-year cohesive strategic roadmap and action plan in collaboration with key capital market stakeholders and with the support of international and regional development partners. This will be supported by an industry-wide change management approach for the synchronised implementation of interdependent initiatives for sustained long-term public, legislative and private sector support to mitigate vicious cycles of underdevelopment.

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*The Bank developed an execution strategy for deploying the ECCU Money and Capital Market Development Initiative (MCM 3.0), which is an initiative geared towards unleashing key catalysts for capital market development in the ECCU.*  
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# FINANCIAL SECTOR STABILITY



## Virtual Launch of Eastern Caribbean Partial Credit Guarantee Corporation

### *Governor Antoine Calls for ECPCGC to Support Women and Young Digital Entrepreneurs*

In delivering remarks at the official launch of the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) on 5 October 2020, Governor Antoine made a special call for the corporation to support women in business and young digital entrepreneurs as a matter of policy.

Governor Antoine said that far too often these categories of persons, with no track record or collateral, are shut out of the credit space and stymied in their ability to realise their dreams and contribute to raising their families and building the region.

Governor Antoine added that, “efficient financial intermediation, broad financial inclusion and private sector development are imperatives for economic growth and development.”

The objective of the ECPCGC is to facilitate additional financial intermediation for Micro, Small and Medium Enterprises (MSMEs). The Corporation partners with financial institutions and guarantees up to 75.0 per cent of the security or collateral needed by MSMEs to obtain loans to expand or improve their operations. Additionally, the ECPCGC provides training for the lending officers of the participating financial institutions and supports business owners in the areas of business planning, financial management and marketing.

### **PROMOTE THE DEVELOPMENT OF THE FINANCIAL SECTOR TO INCREASE CITIZEN ACCESS TO CREDIT AND OTHER FINANCIAL SERVICES**

The Bank participated in a number of meetings with key stakeholders regionally and internationally, as part of its efforts to promote the expansion of access for financing the private sector (particularly micro, small and medium-size enterprises - MSMEs). This included attendance at the Annual Meeting of the Organisation of African, Caribbean and Pacific States (OACPS) Ambassadors with the European Investment Bank (EIB).

Research work on access to credit continued to be undertaken on the gaps in the current SME finance architecture in the ECCU and appropriate mechanisms and solutions for informing policy options.

The Bank hosted two consultative meetings with the development banks during the year. Discussions focused on the impact of the COVID-19 pandemic on the operations of the development banks and areas relating to their role in facilitating the recovery, resilience and transformation of the ECCU. The meetings provided an opportunity for sharing of information and experiences on key issues such as access to funding, climate resilience, renewable energy and the optimal regulatory framework for the financial sector.

In keeping with the thrust to strengthen the financial system and to improve access to credit, the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) was officially launched in October 2020. The ECCB encouraged financial institutions to sign on to the programme to make credit more accessible to Small and Medium-sized Enterprises (SMEs).

 [View Official Launch of the ECPCGC - 5 October 2020](#)



# The Future of the EC Dollar is Digital - ECCB Launches DCash

Following an extensive period of development and product testing the Bank launched DCash, a blockchain based version of its EC currency, on 31 March 2021.

The DCash, developed in collaboration with Bitt Inc, a Barbados-based company, was motivated by the Bank's vision for greater payment system efficiency, financial inclusion through digital enablement and the promotion of innovation and competitiveness across the currency union. This initiative was also fueled by our aspiration to see a fifty percent reduction in the use of physical cash by the year 2025. It offers a faster, cheaper and safer payment option to the ECCU citizenry.

The project, which officially launched in March 2019, was divided into two distinct phases; the first phase dedicated to software development and testing, followed by a live pilot in four of the eight ECCU territories. One of the key objectives of the DCash project was to promote financial inclusion across the ECCU, and ensure access to digital payment options to ECCU citizens who may have been otherwise excluded. This is achieved through the DCash model which allows persons who do not have bank accounts to access and transact using DCash.

During the year, the project was negatively impacted by the effects of the COVID-19 pandemic, resulting in extensive delays in development, testing and training, and necessitating a revamp of the project plan. However, the requirements for physical and social distancing as a result of the pandemic, increased the need for more contactless payment solutions which translated into a heightened interest in the project. The challenges also enabled us to enhance the overall product and extend the pilot to all eight ECCU member territories.

DCash was officially launched in Antigua and Barbuda, Grenada, Saint Christopher (St Kitts) and Nevis and Saint Lucia and would be rolled out to the other four ECCB member countries by September 2021.

## DCash in Action - ECCB Country Managers demonstrate the sending and receiving of DCash during the



[View Official Launch DCash - 31 March 2021](#)

3

# Fiscal and Debt Sustainability

*The Bank developed: A Programme of Action for Recovery, Resilience and Transformation of the ECCU, which is the foundation for guiding the region for the next three years as it implements policy measures to recover from the devastating effects of the pandemic on the economies of the ECCU.*

# FISCAL AND DEBT SUSTAINABILITY

## PROVIDE POLICY ADVICE TO PARTICIPATING GOVERNMENTS AND FACILITATE CAPACITY BUILDING OF MEMBER COUNTRIES FOR EFFECTIVE DEBT MANAGEMENT

The financial year under review marks one where the Bank contributed significantly to, inter alia, the provision of policy advice to member governments. The objective in question was fulfilled through a number of policy pieces, weekly updates and the economic reviews. Two reviews were completed: a Bi-annual Economic and Financial Review (January to June 2020) and an Annual Economic and Financial Review (January to December 2020). These reports primarily addressed the economic and financial wellbeing of both individual member countries and the ECCU as a whole.

The Bank developed: *A Programme of Action for Recovery, Resilience and Transformation of the ECCU*, which is the foundation for guiding the region for the next three years as it implements policy measures to recover from the devastating effects of the pandemic on the economies of the ECCU.

The policy work completed this year covered a number of thematic areas and pieces driven by the request of the Monetary Council, largely in the context of the adverse impact of the COVID-19 pandemic on the economies of the ECCU. The Bank, in the fulfilment of its mandate, advised on the time for the tourism industry to recovery, given the adverse impact of lockdowns in major source markets and other measures implemented as a result of the pandemic. Policy advice was presented in the area of fiscal and debt management, which involved undertaking debt sustainability analysis for all member countries and presenting options for the revision of the fiscal anchor (Debt to GDP Ratio of 60.0 per cent by 2030). Other areas where policy briefs were prepared included: Trends and Strategies for the Tourism Industry, Growth and Development, Food Security, Nutrition and Agriculture, Health Care Financing, Labour Market Developments and Sustainable Energy.

### *Technical Assistance to Debt Management Offices*

Amidst challenges related to the pandemic, the Bank continued to collaborate with the Commonwealth Secretariat to implement the debt software tool, The Commonwealth Meridian. Saint Lucia and Saint Christopher (St Kitts) and Nevis were the two pilot countries which launched in June 2019. Saint Lucia completed the implementation of The Commonwealth Meridian and went live on 1 April 2020. The Commonwealth Meridian implementation stalled in Saint Christopher (St Kitts) and Nevis. The implementation process started in Anguilla in October 2020 and is currently ongoing.

## PROVIDE RECOMMENDATIONS AND SHAPE REGIONAL CONSENSUS TO FACILITATE THE ACHIEVEMENT OF A PRIMARY SURPLUS AND IMPROVE THE COLLECTIVE FISCAL HEALTH OF THE ECCU

During the year, the Bank conducted thorough fiscal and debt sustainability analyses to carefully examine the feasibility of achieving the Monetary Council's fiscal anchor - Debt to GDP Ratio of 60.0 per cent by 2030. The research was undertaken in the context of the adverse impact that the COVID-19 pandemic was having on the economies of the ECCU. The analyses indicated that four of the eight member countries are not likely to meet the target based on a baseline scenario. Alternative scenarios indicated that to do so, significant fiscal adjustments would

### Programme of Action for Recovery, Resilience and Transformation of the ECCU



**Financial Stability**



**Fiscal and Debt Sustainability**



**Resilient and Inclusive Growth**



**Payments Modernisation and Digital Transformation**

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# FISCAL AND DEBT SUSTAINABILITY

be necessary, which were not possible given the tight fiscal space of these countries and the healthcare and other expenditure warranted by the pandemic. Emanating from these findings, a number of policy recommendations were proposed to the member governments. The Monetary Council approved the option to maintain the current fiscal target of 60.0 per cent Debt to GDP Ratio and to extend the date of achievement to 2035, to lessen the fiscal effort required by member governments post the COVID-19 pandemic. Notwithstanding, the Monetary Council agreed to encourage the governments of countries which are on the trajectory to achievement by 2030, to be persistent and do so.

## **TRACK MEMBER COUNTRIES PERFORMANCE RELATED TO FISCAL AND DEBT SUSTAINABILITY AND SHARE INFORMATION WITH MEMBER COUNTRIES AND OTHER STAKEHOLDERS**

Through its continuous country surveillance activities, the Bank keeps track of the main fiscal indicators of the countries, updates macroeconomic frameworks and prepares fiscal projections both for policy considerations and for integration into the Debt Sustainability Analysis (DSA) frameworks. The DSA frameworks for the eight member countries benefitted from the 20-year projections and the report on the main findings, including the primary surpluses needed to achieve the 60.0 per cent debt to GDP target. These findings also contributed to the comprehensive analysis of the fiscal anchor undertaken by the ECCB during the course of the year.

## **IMPROVE THE FUNCTIONING OF THE MARKET FOR GOVERNMENT SECURITIES**

During the financial year, the Bank continued to provide oversight, technical and advisory support to participating member governments to ensure stability and the proper functioning of the Regional Government Securities Market (RGSM). The Bank engaged in enhanced market oversight, surveillance and intelligence gathering activities noting the rising importance of the RGSM during the pandemic and underscored the need for preserving and maintaining market access for issuers and investors. The ECCB also provided assistance through the review of prospectuses, administration of the auctions and facilitating investor payments to support the issuance of government securities on the RGSM.

### ***Performance of the RGSM***

The performance of the RGSM remained relatively stable as annual fund raising managed to exceed EC\$1.0b for another year, resulting in a 7.8 per cent increase in the cumulative value of total funds raised on the RGSM from inception to date. The five participating governments navigated the uncertainties of the pandemic by deploying responsive investor relations strategies and continuing to satisfy debt service obligations, while actively accessing the market to fulfill short-term financing needs at competitively low rates, ranging from 1.5 to 4.3 per cent.

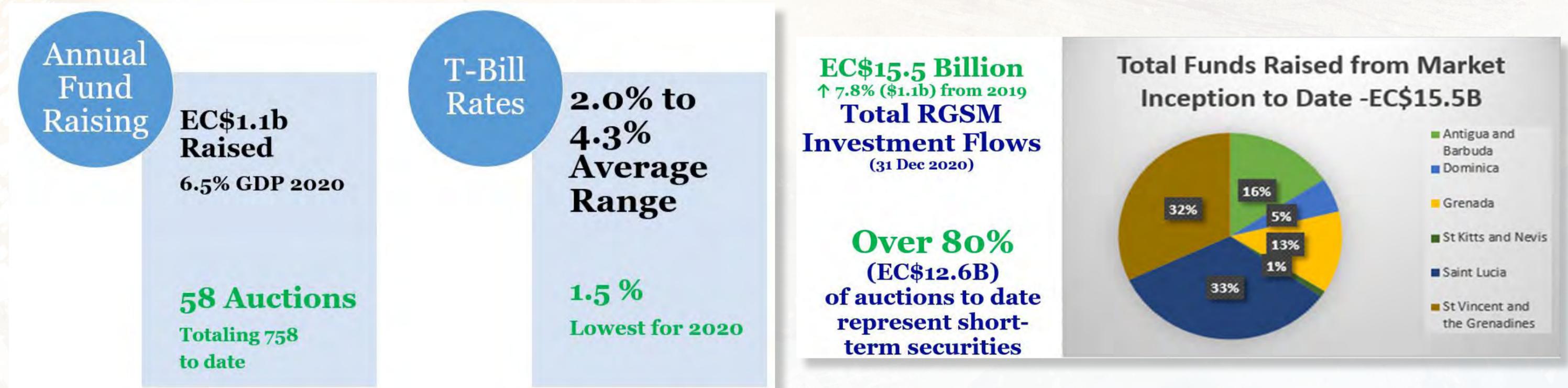
At the 43<sup>rd</sup> Meeting of the Regional Debt Coordinating Committee (RDCC) held on 29 October 2020, the Bank discussed strategies for developing a vibrant local currency bond market in the ECCU, underpinned by recommendations from the recent conclusion of a technical assistance initiative conducted by the International Monetary Fund in August 2020. Key areas for developmental reform include the primary market, investor base, secondary market, financial market infrastructure and the legal and regulatory framework. The RDCC approved the Bank's

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*The Bank engaged in enhanced market oversight, surveillance and intelligence gathering activities noting the rising importance of the RGSM during the pandemic and underscored the need for preserving and maintaining market access for issuers and investors.*  
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# FISCAL AND DEBT SUSTAINABILITY

recommendations in support of a strategy to inform the deployment of reform initiatives for effective RGSM development. The RDCC also approved guidance to market participants on new disclosure and trading requirements for enhancing market transparency, marketability and investor protection, in relation to primary market auctions.

## RGSM Auctions - Market Overview 2020



### ABOUT THE RGSM

The Regional Government Securities Market (RGSM) is a regional market for the trading of debt instruments of the member states of the ECCU which comprise Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, Saint Christopher (St Kitts) and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. The market was established in November 2002 and operates on a fully electronic platform. The instruments on the RGSM take the form of Treasury-bills and Bonds and have varying maturities. These securities are backed by the full faith of the governments of the issuing member states.

The maturities of these securities currently range from 91 days to 10 years. Treasury bills are often issued at a discount with maturities of less than a year. Bonds are coupon securities with maturities greater than a year.

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# Growth Competitiveness and Employment

*The ECCB engaged in discussions with the World Bank Group to explore alternative sources of financing to scale-up renewable energy development in the ECCU. The Bank is seeking to mobilise financing by crowding in private sector resources to address the region's challenges with availability and access to finance for energy-related projects.*

# GROWTH, COMPETITIVENESS AND EMPLOYMENT

## **SUPPORT THE OECS COMMISSION IN THE CONTINUED REFINEMENT OF THE OGDS AND IMPLEMENTATION OF AN ECCU-WIDE ECONOMIC DEVELOPMENT PLAN (INCLUDING INITIATIVES, TARGETS AND ASSIGNED RESPONSIBILITIES)**

### *Joint Policy Work with the OECS Commission to Inform Monetary Council Policy Sessions*

As mandated by the Monetary Council at its 96<sup>th</sup> meeting held in July 2020, the Bank has engaged in policy work with the OECS Commission to propose strategies with pointed actionable recommendations for addressing the economic challenges posed by the ongoing COVID-19 pandemic. The collaborative work focuses on five key areas: Tourism, Food Security, Labour Markets, Digital Transformation, Support to Businesses and Citizenship by Investment Programmes (CIPs).

The Bank undertook research in the area of labour markets, competitiveness, enhancing the tourism value chain, sustainable economic development, population growth and conducted growth decompositions exercises for the economies of the ECCU. Joint research with the OECS was also a highlight of the Bank's collaboration with other development partners.

## **PROVIDE TECHNICAL ASSISTANCE, POLICY ADVICE AND CONSULTATIONS TO ECCU MEMBER COUNTRIES ON HOW TO EXPAND EXISTING AND ATTRACT NEW SECTORS AND IMPROVE REGIONAL COMPETITIVENESS AND EASE OF DOING BUSINESS**

The Bank prepared background papers on growth and competitiveness for consultations with the Financial Secretaries. The research papers on Enhancing the Tourism Value Chain and Reinvigorating ECCU Tourism: Current Trends and Strategies provided insight on the improvement of the tourism industry – a significant contributor to foreign exchange and economic activity in the region. Although the pandemic did not allow for physical missions, the Bank provided technical assistance to member countries through virtual missions and online platforms. Collaborative work progressed with the Fiscal Responsibility Oversight Committee in Grenada on the completion of their annual report, the documents related to Medium Term Fiscal and Development Strategies of Antigua and Barbuda and the Medium Term Economic Framework of Anguilla.

During the year, the Bank also worked with the Social Security Systems of the ECCB member countries and The World Bank Treasury to establish the Reserve Advisory Management Partnership (RAMP) for the Social Security Systems. This programme provides guidance to Social Security Systems on improving financial soundness and stability as well as providing training and other capacity building opportunities to the Board of Directors, Executive Management and staff of the systems. In addition, the Bank continued to facilitate meetings of the Directors of Social Security Systems. Those meetings allowed the ECCB to work with the Social Security Systems to meet their various needs and to facilitate, where necessary, their collaboration with other key parties.

As the COVID-19 pandemic unfolded in 2020, the ECCB and many member countries, transitioned to a remote or virtual working environment. This affected the work programmes of all statistical stakeholders and alternate means of executing tasks were instituted. In an effort to guide the policy discussions within the ECCB, worst case scenarios for the Gross Domestic Product (GDP) for 2020 and 2021 for the member countries and the ECCU were prepared. The focus was on the tourism industry and its impact on other industries given the ongoing pandemic. The results indicated significant decline in economic activity for the member countries and the ECCU as the pandemic caused major stoppages in routine activities, lockdowns, border closures and limitations on mass gatherings.

For the national accounts work programme, the annual compilation of the GDP estimates was impacted. Only three member countries were able to complete and disseminate finalised GDP data during 2020. The ECCB produced GDP estimates using appropriate indicators for the remainder of the member countries so that the dissemination of this important statistical output was available for policy making and advice during the pandemic. Two further revisions and updates were made to the GDP Projections for 2020 based on data for January to June 2020 and January to September 2020.

To supplement macro-economic analysis, the Bank continued with the administration and conduct of the bi-annual Business Outlook Survey. Contracted consultants within the member counties were advised to utilise social distancing measures to conduct the surveys instead of the usual in-person interviews. In spite of the mode of delivery used to execute the survey in 2020, the overall response rates remained high at 87.5 per cent for the January to June 2020 survey and 95.5 per cent for the July to December 2020 survey.

# GROWTH, COMPETITIVENESS AND EMPLOYMENT

Economic statistics, which were a combination of actual data and ECCB estimates, were also disseminated via the ECCB website during the pandemic. Additionally, a project to transfer economic statistics to the ECCB SAS database continued through several iterations of development work and testing. Staff were deployed to focus on different aspects of this development work. Currently, only the monetary and financial statistics have been fully deployed to the ECCB SAS database.

Consistent with its strategic goal of actively promoting the economic development of its member territories and staff, the Bank participated in the following training workshops along with the member countries:

- International Trade Centre (ITC)/OECS Commission Virtual Meeting on Trade – 25 June 2020
- International Standard Industrial Classification of Economic Activities (ISIC) Online Training – 16 June to 21 July 2020

The ECCB also collaborated with regional partners, particularly the OECS Commission, CARTAC and Statistics Canada through the Project for the Regional Advancement of Statistics in the Caribbean (PRASC) on various statistics related initiatives and meetings.

## ***Renewable Energy Development Financing Initiative***

The ECCB engaged in discussions with The World Bank Group to explore alternative sources of financing to scale-up renewable energy development in the ECCU. The Bank is seeking to mobilise financing by crowding in private sector resources to address the region's challenges with availability and access to finance for energy-related projects.

Essentially, this initiative will help:

1. Identify approaches to make affordable financing available directly and enhance the bankability of renewable energy projects through risk mitigation instruments and capital market financing to realise the region's enormous energy production potential for affordable, clean and resilient energy; and
2. Inform the development of de-risking mechanisms and regional financing arrangements for the renewable energy sector for the ECCU's long-term sustainability and economic development, in support of the Bank's foreign reserves management mandate.

As part of the Bank's initial engagements with The World Bank, a market sounding and barriers diagnostics assessment for renewable energy development and private sector investment readiness in the ECCU was initiated by The World Bank in March 2021.

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# Organisational Effectiveness

*The Bank launched, ECCB Blog: Insights Towards Recovery, Resilience and Socio-Economic Transformation, on its website on March 2021. Through this platform, the Bank shares insights on its strategic priorities and projects that affect the wellbeing of citizens and residents of the ECCU.*

# ORGANISATIONAL EFFECTIVENESS

## RETURN THE BANK TO PROFITABILITY THROUGH OPERATIONAL COST EFFICIENCIES

### Greening of the Campus Project

The bank completed the final phase of the solar renewable energy project, Phase II Solar Canopy Project on 10 August 2020. This followed the completion of the initial phase on 11 December 2019. The Bank's solar farm produces 970 kW AC resulting in approximately 60.0 per cent reduction in electrical costs for the Campus. With respect to the environmental impact, approximately 3,440,000 lbs of CO2 emissions are reduced per year and a projected 51,316 tons of CO2 emissions reduction over the 30 year PV System lifetime.

### Currency Management

As at 31 March 2021, the value of currency in circulation was \$1,288.50 million. Banknotes accounted for \$1,169.53 million or 90.77 per cent, coins in circulation amounted to \$118.57 million or 9.20 per cent and digital currency (DXCD) in circulation amounted \$0.4 million or 0.03 per cent. The aggregate currency in circulation at the end of the financial year reflected an increase of \$18.91 million (1.49 per cent) above the total in the previous financial year.

The Bank issued the \$5.00 polymer banknote in March 2021; completing the circulation of the full family of EC polymer notes. Throughout the financial year, the Bank work closely with the financial institutions and vending machine operators in getting their ATMs and other currency apparatus to enhance the efficient distribution of polymer banknotes.

The Bank continued its participation in commemorative coin programs with the Commonwealth Mint and Scottsdale Mint, which realised significant receipts in royalties during the year. Eight commemorative coin programs were initiated during the financial year, seven programmes with Commonwealth Mint and one with Scottsdale Mint. The Royal Dutch Mint has also expressed interest in partnering with the ECCB to mint and sell commemorative coins.

The one and two-cent coins ceased to be legal tender in June 2020. The withdrawal of the coins was part of the Bank's thrust to eliminate loss-making coins.

Chart 5 - Total Currency in Circulation as at 31 March 2021



### Family of EC Polymer Notes



# ORGANISATIONAL EFFECTIVENESS

## TRANSFORM CITIZEN ENGAGEMENT AND STAKEHOLDERS' RELATIONS MANAGEMENT BUILT ON TRANSPARENCY, ACCOUNTABILITY AND KNOWLEDGE SHARING

### *ECCB Digital Dialogues and ECCB Blog*

As the ECCU continued to navigate through the COVID-19 pandemic, the Central Bank saw the need for additional platforms for engaging with the people of the ECCU. To this end, the Bank introduced two new public engagement initiatives: *ECCB Digital Dialogues* and *ECCB Blog: Insights Towards Recovery, Resilience and Socio-economic Transformation*.

*ECCB Digital Dialogues*, which was launched on 2 June 2020, serves as an avenue for stimulating public discourse and building regional solidarity in response to the threats and opportunities presented by the pandemic. Each session of the ECCB Digital Dialogues comprises a panel discussion by experts on a topical issue and includes a Question and Answer segment where viewers are invited to share their questions and comments for the panelists' response. A total of twelve (12) Dialogues were held during the year which covered issues and initiatives relating to the recovery, resilience and transformation of the region's economies. Topics included digital currency, tourism, regional air transport, banking, food security, faith, digital transformation and climate resilience.

The Bank launched *ECCB Blog: Insights Towards Recovery, Resilience and Socio-Economic Transformation* on its website in March 2021. Through this platform, the Bank shares insights on its strategic priorities and projects that affect the wellbeing of citizens and residents of the ECCU. The blog provides an avenue for harnessing collective thinking and taking collective action to deliver greater resilience and shared prosperity for the people of the ECCU. The inaugural blog featured the ECCB's Digital Currency (DCash) which served to heighten citizens' understanding and awareness of the initiative and its potential for helping to transform the region's economies. Publications will cover a range of relevant topics including the Digital Economy, Financial Stability, Renewable Energy, Food and Nutrition Security, Healthcare, Small Business Development and Tourism. [Read ECCB Blog](#)

### *ECCU COVID-19 Tracker*

In April 2020, as part of fulfilling its mandate to provide timely, reliable and accurate statistics, the ECCB began tracking and disseminating statistics on COVID-19 in the ECCU. Statistics were disseminated daily and have included information on the number of cases, tests conducted, deaths, and vaccines administered. The results of monitoring developments in the ECCU member countries are displayed on the ECCB's website daily.

### *Networking Meetings with ECCU Directors of Statistics*

The ECCB, in collaboration with the OECS Commission, convened a networking meeting with ECCU Directors of Statistics in October 2020. The theme of the meeting was: *Strengthening the ECCU/OECS Statistical System*. Discussions focused on plans for a GDP Rebased Exercise within the ECCU and the work to be conducted by the ECCB and CARTAC; as well as matters related to statistical Governance, specifically on the ISIC and the Statistical Business Register.



[View the ECCB Digital Dialogues Series: June 2020 - March 2021](#)

# ORGANISATIONAL EFFECTIVENESS

## ***Celebrating Caribbean Statistics Day and World Statistics Day***

The Bank joined with Caribbean and International Statisticians in celebrating a week of activities for Statistics, in October 2020, under the theme: *Connecting The World With Statistics We Can Trust*. In promoting information sharing and data visualisation, the Bank disseminated on its website and Facebook page a series of info-bytes/info graphics on topics such as:

- COVID-19 threatens the economy of the ECCU
- ECCU Tourism Sector – the effects of COVID-19
- Liquidity in the ECCU Banking Sector

The Bank also joined with Central Statistical Offices in ECCB member countries in supporting their activities including participating in Statistical Symposia.

## ***Consultative Meetings With ECCU Financial Secretaries***

Two consultative meetings were held with the Financial Secretaries which focused on fiscal measures undertaken by member governments in response to the COVID-19 pandemic; collaboration for implementation of debt management software and advancement of key reforms such as secured transactions and insolvency to support access to credit. The meetings facilitated the sharing of information and experiences as well as participation of international partners such as The World Bank and International Monetary Fund (IMF).

## ***IMF 2021 ECCU Common Policies Consultation***

The IMF's Annual Common Policies Consultation with the Bank took place virtually over the period January to February 2021. The Consultation is one aspect of the Fund's Article IV discussions with its members. Staff of the Fund engaged in meetings with the Executive, management and staff of the Central Bank on regional economic and financial developments, issues and policies. Central to this year's discussions were issues relating to the impact of the COVID-19 pandemic on the economies of the ECCB member countries, which included fiscal policy support in response to the economic and social fallout; financial stability; monetary stability; fiscal and debt stability; programmes and reforms to support recovery, resilience and transformation of the region's economies. The Consultation culminated on 9 February 2021 with the Concluding Meeting, which was attended by the ECCU Financial Secretaries. As is customary, the IMF published its Staff Concluding Statement, which described the preliminary findings of the IMF staff from the mission. The detailed Staff Report was scheduled to be discussed at the IMF Board Meeting in late April 2021.

## ***Financial Information Month (FIM) - October 2020***

The year 2020 proved to be a challenging year for the FIM partners as they all faced the roadblocks brought on by the COVID-19 pandemic. In spite of all the uncertainty, the FIM Planning Committee believed that it was critical to maintain outreach efforts with the public and provide the much needed information and guidance on how to cope in this 'new normal'. Activities planned and executed throughout the month addressed the following sub-themes:

- *Living Through 'Rainy Days': How to Manage your Money in Challenging Times* – Times of crisis can bring uncertainty for many reasons,



 [View FIM 2020 activities across the ECCU](#)



Winners of the FIM 2020 Virtual Treasure Hunt held in Saint Christopher and Nevis - Washington Archibald High School

# ORGANISATIONAL EFFECTIVENESS

and the COVID-19 pandemic was no exception. Discussions offered guidance on: management of available resources, creation of priority spending plans, dealing with creditors and recovering strong.

- *It's Happening Online: Using the Internet as a Tool in the New Normal* – With the advent of social and physical distancing, we were forced to seek new ways to connect with others and conduct our personal transactions. This area of focus addressed how the internet had become an essential tool in all facets of our daily lives, creating a new normal. It also highlighted the various online/digital services financial institutions were offering to customers.
- *Turning the Frown Upside Down: Creating Opportunities from COVID-19* - As the COVID-19 pandemic created uncertainty, many were under stress on a number of fronts. However, crises and extreme threats can be useful in creating incentives and motivation which can potentially lead to new behaviours and even to the creation of new systems or structures. This sub-theme highlighted how opportunities could emerge from adversity.

Some of the key events, including the FIM Business Symposium and Financial Workshops, were held virtually and new events such as the Virtual Treasure Hunt and a Primary School Video Competition were conceptualised given that physical contact with the students was not possible.

## **ECCB/RSS-ARU Creative Youth Competition**

The 2<sup>nd</sup> edition of the ECCB/Regional Security System – Asset Recovery Unit (RSS-ARU) focused on art where students were afforded another opportunity to showcase their talents in traditional artwork. The competition revealed the amazing artistic abilities of the students in the ECCU. [Meet the winners and view the winning entries](#)

## **ECCB Connects: Who We Are, What We Do, How We Serve you!**

As at 31 March 2021, the ECCB had released 205 episodes of ECCB Connects, a programme which forms part of the Bank's Public Education efforts. Due to the COVID-19 restrictions, most of the programmes were recorded virtually. The topics covered included:

1. How can small businesses navigate the impact of COVID-19 and prepare for recovery
2. Managing finances in times of crisis
3. COVID-19 Loan Repayment Deferral Programme
4. Cyber Security – Protecting oneself while conducting business online

## **REVAMP THE HUMAN RESOURCE STRATEGY TO SUPPORT TALENT DEVELOPMENT AND MANAGEMENT**

During the year 2020, the ECCB like the rest of the world, faced the unexpected effects of the COVID-19 global pandemic which mandated changes to our way of life and the world of work. Notwithstanding the unexpected, the Bank executed its core functions based on two priorities: (i) The well-being of staff – the bank's key asset; (ii) the ability to continue to serve the region.

Ensuring that the current staff remained motivated and comfortable in the changing environment was key; however, due attention was also required to ensure that key vacancies were filled. To this end, recruitment and onboarding of quality talent from the member countries of the ECCU continued to be a critical function of the Human Resource Department. Despite the limitations posed by COVID-19, the Bank successfully and engaged in the virtual recruitment and onboarding of 28 new members of staff to the ECCB family. The Bank also strove to maintain and promote professional growth opportunities and engagement through creative internal measures for existing talent. Targeted vertical and lateral movements were also undertaken with approximately 15.0 per cent of the staff body to ensure a robust organisational structure poised for proactive execution of organisational objectives. The Bank had a turnover rate of 3.3 per cent for the financial year 2020/2021, in trend with previous years.

# ORGANISATIONAL EFFECTIVENESS

## ***ECCB Telecommutes***

In response to the COVID-19 pandemic the Bank, in very short, order transitioned to telecommuting with minimal organisational and work programme disruption. Departments remained available for operational and collaborative support during the transition, providing tips for staff and managers and adjusting policies and procedures as required to accommodate the changing work environment. The Bank also commissioned a Return to Campus Committee headed by the Human Resource Department with representatives from other critical departments and staff representatives to orchestrate a plan of action for return to campus. The Committee liaised with the National Emergency Operating Committee (NEOC) Task Force to ensure best practices for a safe return to campus.

## **UTILISE TECHNOLOGY TO INFORM DATA-DRIVEN DECISION MAKING**

The Bank continued to expand its use of technology to improve efficiency. Activities included the use of a feature known as the API Web Service to automatically transfer data from the Bank's data warehouse to the website; use of the SAS application to extract, transform and load data; building reports for internal and external users using the SAS VIYA application; and using advanced EXCEL functionalities to bridge data from member countries. Enhancements were also made to the Bank's Statistical Enterprise Solution which utilises the SAS software/application

## ***Currency Management Solution***

The Bank commission a new high-speed bank note sorter as part of the Currency Management Solution implementation on 27 July 2020. Work continues on the upgrade of the software which is the final phase of the implementation.

## ***Adoption of SWIFT Global Payments Innovation (GPI)***

The Bank continued to ensure safety and efficiency for the transmission of messages by adopting the use of SWIFT Global Payments Innovation (GPI) which provides tracking for all transactions executed via SWIFT. The Bank also executed the necessary requirements to be compliant with the SWIFT 2020 release. The SWIFT 2020 release included a Payment Tracker System for handling Universal Payment Confirmations as well as further development of the SWIFT GPI system for payment handling.

ISO 20022 is an emerging global and open standard for payments messaging. The Bank commenced planning to ensure its readiness for the implementation of ISO 20022, in 2025. To prepare for the implementation of ISO20022, the ECCB established an internal working Committee. The Terms of Reference for the Committee was established and an implementation plan is being finalised.

## ***SWIFT Customer Security Programme (CSP)***

The Bank successfully implemented the mandatory requirements identified in the SWIFT (Society for Worldwide Interbank Financial Telecommunications) Customer Security Programme (CSP) and attested before the 31 December 2020 deadline. To comply with SWIFT CSP 2021 attestation requirements, the Bank is preparing for an independent assessment of SWIFT security controls.

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# ORGANISATIONAL EFFECTIVENESS

## DEVELOP A HOLISTIC INTERNAL RISK MANAGEMENT FRAMEWORK

During the year, the Office of Corporate Strategy and Risk Management (OCSR) continued its thrust towards the full implementation of the Bank's Enterprise Risk Management Framework. To this end, the risk reporting framework was enhanced to allow for more targeted focus on the key risk areas. The impact of the COVID-19 pandemic, which necessitated the Bank's transitioning to full telecommuting mode, also influenced the approach the OCSR adopted for risk assessment. Emphasis was shifted to the analysis of new and emerging risks associated with teleworking as well as any other potential impacts of the pandemic on the Bank's overall operations.

Business Continuity was also a key focus area of the OCSR during the year given the challenges of the COVID-19 pandemic and the Bank's transition to full telecommuting at the end of March 2020. Therefore, alongside the ongoing project for the full implementation of the revised Business Continuity Management System (BCMS) Framework, the OCSR was engaged in close monitoring of the Bank's operations to ensure continuity of its critical operations in the new environment. The lessons learnt from the period of telecommuting would be instrumental in informing the revised Business Continuity Plan.

### *Internal Management*

The Bank's Internal Audit function underwent its second External Quality Assessment in its history, and successfully attained a rating of General Conformance for the first time. This is the highest rating that could be given to an internal audit activity and suggests that the Bank's internal audit activity demonstrates clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing and the Definition of Internal Auditing.

There were some successful internal audit practices identified during the assessment, including:

- Internal Audit is highly regarded and supported by Senior Management and the Board Audit and Risk Committee for the value that it brings to the Bank;
- There is an appropriate and high level of interaction between Internal Audit and the Bank's Board Audit and Risk Committee;
- Internal Audit has a very well developed and comprehensive multi-year strategic plan in concert with the ECCB's goals and objectives; and
- Audit planning includes the well-developed engagement level risk assessments, which identifies the risks and the expected controls.

Over the financial year, the Bank conducted an internal audit review of its procurement function, which included vendor and contract management, in addition to IT outsourcing. The review focused on the extent to which the controls in the function were reflective of the inherent risks in the Bank's procurement environment, and to ascertain whether the processes and procedures adopted were reflective of leading practices in the area. The Bank also conducted an internal review of the Reserves Management Function to determine whether the controls in the remote working environment adequately mitigated the risks in the area.

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# ORGANISATIONAL EFFECTIVENESS

## *Change Management Initiative*

As part of the thrust to enhance its change management infrastructures to support the many change initiatives taking place, the Bank adopted the proposal developed by one of the teams from its inaugural cohort of the Emerging Leaders' Programme to institutionalise a change management function. Having robust change management infrastructures is critical to achieving organisational effectiveness and integral to realising the Bank's vision to be "a model institution delivering exceptional service and influential policy advice". The Bank sees the value in focusing not just on the technical aspects of strategic initiatives but also on the people part of the change process. To that end, the Bank seeks to create an inclusive workplace whose staff are engaged, creative, agile and with a growth mindset that embraces change. The goal of the initiative is to recruit a change management specialist to develop and implement a change management framework for the Bank, and manage the impacts of the organisational changes on staff. Internal preparations for the recruitment of a change management specialist are underway.

## *Cyber Security*

The Bank has assessed cyber security as one of the most significant impediments to operational resilience. To increase awareness, understanding and inform the mitigation of cyber risks, the Bank engaged an external service provider to conduct a Vulnerability Assessment, Penetration Test and Configuration Review of the information technology environment and human firewall capabilities. The Bank has made progress with the implementation of recommendations from the assessment.

The Bank was readily positioned to adapt to the restrictions imposed at the advent of the COVID-19 epidemic, with the transition to a full telecommuting workforce being completed almost seamlessly. Notwithstanding this, the Bank recognised the cyber risks associated with employees working from home. Beyond the technical measures implemented for secure telecommuting, a significant component of the cyber security awareness programme focused on further enhancing employees and other stakeholders' capabilities in detecting and mitigating the associated cyber security issues.

## **REFORMULATE ORGANISATIONAL STRUCTURE TO SUPPORT THE STRATEGY**

The OCSRMs commenced the process for the development of the Bank's Strategic Plan for the period 2021 – 2026. This included the identification of appropriate thematic areas which would inform the formation of objectives and the corresponding initiatives that would be pursued to meet these objectives. The process involved extensive consultations across the Bank and leveraged the lessons learnt from the development and implementation of the 2016 -2021 Strategic Plan. The Bank has adopted the Balanced Scorecard framework for the development and monitoring of the 2021 – 2026 Strategic Plan.

## **FOSTER A CULTURE OF CONTINUOUS LEARNING AND PROFESSIONAL DEVELOPMENT**

The ECCB as a continuous learning and knowledge institution, ensured its staff were provided with relevant learning and professional development opportunities as a key part of its mandate. During the financial year, staff at both the leadership and non-leadership levels benefitted from

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# ORGANISATIONAL EFFECTIVENESS

virtual training sessions in various technical and soft skill areas such as Information Technology, Supervision and Regulation, Risk Management, Audit, Cyber Security and Leadership. Four persons also benefitted from Staff Initiated Training during the period.

Following a successful inaugural edition, the Bank also conducted the second cohort of its Emerging Leaders Programme, designed to develop employees for leadership positions. The programme was held virtually over the period September – December 2020 and was conducted by CARICAD. Participants subsequent to engagement in varied leadership development and enhancement sessions were tasked with the creation of innovation projects through Action Learning.

## **The 2<sup>nd</sup> Annual Conference of Licensed Financial Institutions**

The 2<sup>nd</sup> Annual Conference of Licensed Financial Institutions was held on 12 November 2020. This year's conference was a departure from the annual gathering of members of industry and regulation at ECCB Headquarters, and instead received presentations in a virtual format. The conference was held under the theme: *The Changing Economic Landscape: COVID-19 and the Financial System*. The discussions were held under the sub-themes:

- The COVID-19 Pandemic: What is ahead for the ECCU Financial System? and
- Improving Financial Inclusion through Digital Transformation.

### *The COVID-19 Pandemic: What is Ahead for the ECCU Financial System?*

In this sub-theme, representatives of the banking and credit union industry gave their perspectives on developments in the Financial System in light of the COVID-19 Pandemic. Panellists also offered suggestions on lowering the cost of borrowing for households and ECCU member governments, making use of liquidity and the implementation of the appropriate credit reporting legislation to facilitate financial intermediation.

### *Improving Financial Inclusion Through Digital Transformation*

The panellists in this discussion sought to provide their perspective on improving financial inclusion through Digital Transformation. The panellists discussed the challenges of improving financial inclusion in the ECCU, the role of member governments and the ECCB in fostering financial inclusion and provided a glimpse of some the opportunities available to improve financial inclusion in the ECCU.

## **ECCB Webinar Series**

The ECCB held a Webinar Series over the period September – November 2020. The three-part webinar series was conducted in collaboration with the Association of Certified Anti-Money Laundering Specialists. The training was geared towards raising awareness on key risk and technical areas impacting the ECCU region. Over 100 compliance professionals and regulators from the ECCU participated in the webinar series. The following topics were covered:

1. Risk Models
2. Combating the Scourge of Human Trafficking: Perspectives on Unique Caribbean Risks

**2<sup>ND</sup> ANNUAL CONFERENCE WITH LICENSED FINANCIAL INSTITUTIONS**

**Christopher Louard**  
Director, Bank Supervision Dept.  
Eastern Caribbean Central Bank

**Timothy N. J. Antoine**  
Governor  
Eastern Caribbean Central Bank

**Michelle Palmer Keizer**  
Managing Director  
Republic Bank (EC) Limited

**Kervyn Tobias**  
Head - Monitoring and Evaluation  
OECS Commission

**Phoenix Belfield**  
General Manager, Dominica Cooperative  
Societies League Ltd.

**Oliver Masetti**  
Economist - The World Bank  
Finance, Competitiveness and Innovation Global Practice

**Donna Wellington**  
Managing Director, Barbados & Eastern  
Caribbean, CIBC FirstCaribbean  
International Bank

**Sharmyn Powell**  
Chairperson  
ECCB Fintech Working Group

**VIRTUAL CONFERENCE**

[WWW.ECCB-CENTRALBANK.ORG](http://WWW.ECCB-CENTRALBANK.ORG)  
[FACEBOOK/ECCBCONNECTS](https://www.facebook.com/ECCBCONNECTS) | [YOUTUBE/ECCBCONNECTS](https://www.youtube.com/ECCBCONNECTS)

# ORGANISATIONAL EFFECTIVENESS

3. Trade Based Money Laundering
4. Politically Exposed Persons
5. Correspondent Banking

## *Risk Assessments Training*

At the 4<sup>th</sup> Meeting of Licensed Financial Institutions (LFIs) held 13 November 2020, the ECCB presented on the topic 'AML Risk Assessments - A Necessity or Regulatory Burden'. The training was aimed to provide LFIs with an overview of institutional money laundering and terrorist financing risk assessments and the importance of the assessment in the application of a Risk Based AML/CFT Compliance Programme.

## *Integrating Climate-Related Financial Risks in the Eastern Caribbean*

As part of the Adapt'Action Facility, the ECCB is partnering with United Nations Environment Programme – Finance Initiative (UNEP – FI), the Agence Française de Développement Group (AFD and Expertise France), and the Organisation of Eastern Caribbean States (OECS) on Integrating Climate-related Risks in the ECCU. To this end, a high level presentation was made to the Regulatory Oversight Committee in March 2021, to sensitise members about the project. An awareness session was also held with representatives of Development Banks and national regulators on 26 March 2021, which focused on financial risks arising from climate and environmental risks, a roadmap for a sustainable financial system, and a strategic approach to managing risks and opportunities in climate change.

The awareness session was part of a series of four workshops on the importance and impacts of potential climate-related financial risks, how to monitor and supervise those risks, and how to include these issues in strategic plans.

## **CONTINUE TO TRANSFORM THE ECCB ALONG S.T.A.R. VALUES**

In response to the environmental changes posed by COVID-19, the Bank was more deliberate about the well-being of employees and ensured employees remained engaged during the pandemic. The thrust for service excellence and teamwork continued as the Bank utilised various creative initiatives to meet the needs of employees and deliver the same high quality service while telecommuting. These initiatives included inter alia, monthly town hall meetings through a virtual medium, HR virtual open door availability, departmental partners, flexible leave opportunities, virtual Fun at Work week, and HRD's 10 Days of Christmas trivia event.

## *Reformulate Organisational Structure to Support Strategy*

The Bank focused on strengthening its policies and procedures during the review year. The drastic changes brought about by the COVID-19 pandemic accentuated the need for the Bank to have strong and flexible policies and procedures in place that are able to guide staff, create greater alignment between the Bank's strategies and increase efficiency and effectiveness. Prior to the pandemic, the Bank commenced work on a Telecommuting Policy which was finalised in the early weeks of the pandemic and effected on 1 July 2020. Subsequently the Bank focused its efforts on the Code of Ethics Policy and the Whistleblower Policy for completion and operationalisation in early 2021. Both policies aim to strengthen accountability and will also serve as better guidance to staff as they continue to navigate the work from home environment.

## *Compensation and Benefits Management*

Compensation and benefits are a key part of Human Resource Management. The Bank remained committed to ensuring that its benefits package continued to motivate its current employees, while keeping their focus on the Bank's strategic goals, and to attract new ones. The Bank was open to exploring recommendations for improvement in all its benefits and seized the opportunity to further improve its mortgage loan

# ORGANISATIONAL EFFECTIVENESS

benefits offerings to staff, by reviewing qualifying years of service and minimum Debt Service Ratio.

During periods of mandatory lockdown, the Bank provided two days special leave to allow staff a period of rest and rejuvenation without utilising vacation leave. Annual vacation leave requirements were also amended allowing for further flexibility, however remaining in line with relevant labour law requirements.

## *Health and Wellness*

The COVID-19 pandemic taught us that creating an organisational culture that promotes health and wellness is no longer ‘a nice-to-have’ but a necessity. Finding ways to encourage and support a healthy work/life balance and the overall wellness of the Bank’s staff remained paramount. This was further demonstrated in the Bank’s early and decisive move to resort to telecommuting to ensure that its staff remained safe from the COVID-19 virus while continuing to serve the people of the region.

Virtual counselling service was made open to all staff and special leave days were granted as mental health days to help alleviate the initial shock brought about by the drastic changes of the pandemic. The Bank’s wellness drive continued with the organising of breast cancer screening over a two-day period in October 2020 for all interested staff. This was made possible through an initiative organised by the St Kitts and Nevis Ministry of Health, Wellpoint Medical and Oncology and the St Kitts and Nevis Cancer Society.

The Bank has also embarked on a Healthy Business Challenge, another initiative of the St Kitts Ministry of Health aimed at supporting workplaces with their implementation of a health and wellness programme. The Healthy Business Challenge (HBC) is designed as an annual programme divided into three four-month sections. Businesses will be given a challenge and will be judged in the categories of healthy eating, physical activity and overall health and wellness.

## *ECCB S.T.A.R Awards*

Through its S.T.A.R. Awards, the ECCB recognises and celebrates individuals and the department which exemplify the Bank’s mantra of: Service Excellence, Teamwork and Truth Telling, Accountability and Results. The 2020 Awards recognised staff who went above and beyond the call of duty to advance the transformation of the Currency Union, and these were well received, as this year tested the mettle of staff like no other. The onslaught of the Corona Virus Pandemic forced the ECCB to make the decision to “take the office” home. Staff rose to the challenge of transforming their homes into office spaces while remaining committed to serving the region and making positive impact on the operations of the Bank.

The S.T.A.R. Awards are presented in two categories: Department and Individual. There were twelve individual awards. Due to the ongoing pandemic, the Bank was unable to host its usual Annual Staff Banquet and Awards Ceremony and so a special ceremony was staged at ECCB Headquarters to present the 2020 awards and light the Campus grounds in keeping with the Christmas season.

“  
*During periods of mandatory lockdown,  
the Bank provided two days special  
leave to allow staff a period of rest and  
rejuvenation without utilising vacation  
leave.*”

# ORGANISATIONAL EFFECTIVENESS

## **Individual S.T.A.R Awardees**

The 12 staff members rewarded for exemplifying the S.T.A.R mantra were:

1. Antonia Aaron – Office of Corporate Strategy and Risk Management
2. Jeremy Alexis – Support Services and Management Department
3. Nelisa Anthony – Support Services and Management Department
4. Jenielle Brathwaite – Management Information Services Department
5. Marlon Bristol – Corporate Relations Department
6. Shafari Challenger - Management Information Services Department
7. Wendy George – Governor’s Immediate Office (Projects and Technical Assistance Unit)
8. Damille James – Bank Supervision Department
9. Andrea Samuel-Peets – Currency Management Department
10. Sandra Storrod – Banking and Monetary Operations Department
11. Miclos Swift – Governor’s Immediate Office (Advisory Services Unit)
12. Imran Williams – Governor’s Immediate Office (Projects and Technical Assistance Unit)

## **Department S.T.A.R Award**

The Human Resource Department (HRD) received the 2020 Departmental S.T.A.R. Award. Guided by its mantra “How May We Serve You Better?”, the HR team consistently went beyond the call of duty to be responsive and provide staff with the support needed during this challenging period. Some of the initiatives the department executed were:

- Virtual Fun at Work Week
- Production of Thank You Videos from Management and the HR Team
- Personalised Greetings for Administrative Professionals
- Virtual Afterschool programme

The department also led the drafting and implementation of the Telecommuting Policy to provide for additional flexible work options to staff.

## **Spirit Award**

The Spirit Award is presented to staff who continuously demonstrate the ECCB spirit or are excellent ambassadors of the Bank. To be considered for this Award, individuals met one of the following criteria: (i) Demonstrated the ECCB spirit by actively volunteering and supporting campus initiatives; and (ii) Enhanced the image of the Bank by acting as an ambassador for the ECCB as a great place to work, learn and grow; (iii) Made contributions that were above and beyond regular job duties; and (iv) Promoted a work environment that is respectful, collegial and supportive.

The recipients of the 2020 ECCB Spirit Awards were:

- Ella Willius – Bank Supervision Department
- Tracey Josephs – Corporate Relations Department, assigned to the ECCB Agency Office in the Commonwealth of Dominica



Governor Antoine presents Department S.T.A.R. Award to Director, Human Resource Department - Jolene Newton

# ORGANISATIONAL EFFECTIVENESS

## **Impact Award**

The Impact Award is conferred on staff members or teams who have developed, revised or implemented a system, tool, process, initiative or programme within their departments or across the Bank, which has had a positive impact. Two groups received the 2020 Impact Award: (i) ECCB Staff Association Executive and (ii) Productions Unit of the Corporate Relations Department.



[!\[\]\(f44d6154fb700fb72b613123de1343f7\_img.jpg\) View 2020 S.T.A.R, Spirit and Impact Awards Ceremony](#)

## Legislative Agenda to Support Strategic Objectives

### *ECCB (Amendment) Agreement*

During the 2020/2021 financial year, the Bank engaged with member governments to facilitate the issuance of the statutory instrument to give effect to the amendment to the Schedule of the Eastern Caribbean Central Bank Agreement Act to give legal validity to the issuance of the EC currency in digital form. The statutory instrument has been issued in two member countries.

### *Banking (Amendment) Act*

The Bank remains committed to encouraging member governments to enact the amendments to the Banking Act. In this regard, during the year, the Bank conducted one-on-one consultations with member governments geared towards facilitating the enactment of the Banking (Amendment) Bill in all ECCU countries. The Bill has been enacted in five member countries.

### *Amendments to AML/CFT Legislation*

The Bank continued to encourage and support member Governments in enacting amendments to the existing Anti-Money Laundering/Counter Financing of Terrorism legislation which transfers the supervisory and regulatory responsibility for anti-money laundering and counter financing of terrorism for financial institutions licensed under the Banking Act to the Bank. Four member countries have passed the amendments conferring that authority on the Bank. The Bank also provided inputs to member governments' mutual evaluation frameworks.

### *Banking (Licences) Regulations*

The Bank continued to follow up with member governments on the Banking (Licences) Regulations intended to operationalise the general provisions under the Act which deal with the application for a license to carry on banking business and the application for a licence for a financial holding company. The Regulations have been issued in four member countries.

### *Banking (Abandoned Property) Regulations*

The ECCB has revised the captioned regulations for consistency with the rules governing the processing of abandoned property under the Banking Act, 2015. The regulations are intended to replace the current regulations dealing with abandoned property. Importantly, in relation to the administration of abandoned property in safe deposit boxes, the contents are to be handled by the Ministry of Finance. The draft regulations were submitted to Member Governments in April 2020 for issuance. The regulations have been issued in three of the ECCU member countries.

### *Insurance and Pensions Act*

The Bank facilitated the drafting of an Insurance and Pensions Bill which was discussed with the ECCU Attorneys General and Chief Parliamentary Counsel in April 2020. However, the Bank has since revisited its approach with this Bill. It is anticipated that efforts in this area would now be encapsulated under a new proposed Regional Optimal Regulatory Framework.

### *Deposit Insurance*

During the year, the Bank received support from The World Bank in formulating the policy and in drafting an Eastern Caribbean Deposit Insurance Corporation Agreement Bill which seeks to, inter alia:

- establish a deposit insurance system to provide insurance against the loss of part or all of deposits;
- promote and otherwise contribute to financial stability in the Currency Union; and
- incorporate international best practices for establishing and reforming deposit insurance systems.

# ORGANISATIONAL EFFECTIVENESS

The development and implementation of a deposit insurance system in the ECCU will contribute towards the establishment of a comprehensive financial safety net and improve business conditions for banks in the region. A first draft of the Bill has been prepared for consultation.

## ***Virtual Asset Business Bill***

During the year, the drafting of the Virtual Asset Bill was completed and the Bank convened consultations with stakeholders. Moreover, at the 97<sup>th</sup> Meeting of the Monetary Council of the ECCB held on 20 October 2020, the Council approved the Virtual Asset Business Bill. The Bill was submitted to the member states in November 2020 for enactment. The Bill has been passed in one member country.

## ***Payment System (Eastern Caribbean Clearing House) Rules***

The Bank continued to follow up with member governments on the amendments to the Payment System (Eastern Caribbean Clearing House) Rules aimed at enhancing efficiencies and flexibility in the processing of transactions by the Eastern Caribbean Automated Clearing House (ECACH). The amended Rules have now been published in five countries.

## ***Credit Reporting Bill***

The Bank continued to encourage member governments to bring the Credit Reporting Bill and Regulations into force. The primary objective of this legislation is to develop a credit reporting infrastructure that would provide financial institutions and other lending institutions with an additional mechanism to evaluate the creditworthiness of their customers and monitor their credit circumstances. This will allow for the local credit markets to function more efficiently. Six member countries have passed the Bill and the Regulations have been issued in three countries.

## ***Harmonised Insolvency and Bankruptcy Legislation***

Cognisant of the economic fallout in 2020 due to the COVID-19 pandemic, the Monetary Council at its 96<sup>th</sup> Meeting held on 24 July 2020, endorsed a twelve-month Programme of Action for recovery and resilience inclusive of the enactment of modern insolvency and bankruptcy legislation to support the efficacious restructuring of businesses to protect jobs and to preserve financial stability in the ECCU.

During the year, the ECCB, in collaboration with member governments and the International Finance Corporation, advanced efforts towards the development of modern harmonised insolvency and bankruptcy legislation in the ECCU to:

- Strengthen the legislative framework for corporate and household insolvency in the ECCU;
- Improve the ranking of OECS member countries on World Bank's Ease of Doing Business Indicators and specifically in addressing Insolvency;
- Enhance the region's competitiveness; and
- Facilitate a thriving private sector in the region.

## ***ECCU Electronic Conveyancing System Project***

During the year the Bank continued its engagement with its partners to pursue the ECCU Electronic Conveyancing System Project and in particular the finalisation of a draft harmonised Registered Land Bill which is intended to facilitate the development of a harmonised modern system of land registration throughout the ECCU.

## ***Registration of DXCD Trademarks***

In preparation for the launch and implementation of the Bank's digital cash project, the Bank accelerated actions to secure the registration and protection of the DXCD trademarks in the ECCU member countries.

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# Financial Results

*The Bank recorded a net profit of \$25.2 million for the year ended 31 March 2021, representing a decrease of \$37.9 million or 60.1 per cent from the profit of \$63.1 million reported in the prior year.*

# FINANCIAL RESULTS

## STATEMENT OF FINANCIAL POSITION

As of 31 March 2021, the ECCB's total assets amounted to \$5,442.1 million, an increase of \$65.4 million or 1.2 per cent compared to the position at the end of the prior year. The increase in our asset base was driven primarily by growth of \$285.4 million or 76.5 per cent in Domestic Assets offset by a decrease of \$220.0 million or 4.4 per cent in Foreign Assets.

Domestic Assets expanded primarily due to increases in Participating Governments' Securities, Participating Governments' Advances, Property and Equipment, and Pension Asset. Participating Governments' Securities grew by \$123.3 million attributable to an increase in the Bank's holdings of debentures issued by Member Governments during the financial year. Participating Governments' Advances rose by \$112.1 million as a result of short-term loans extended to Member Governments. Property and Equipment increased by \$36.8 million, which arose from the revaluation of the Bank's land and buildings and the acquisition of fixed assets. These increases were moderated by a decline of \$7.3 million in Term Deposits.

Foreign Assets contracted mainly due to the sale of foreign currency balances to commercial banks in the Eastern Caribbean Currency Union (ECCU) and the depreciation in the market value of Foreign Investment Securities and U.S. Agency Mortgage-Backed Securities given the impact of the COVID-19 pandemic on the performance of the U.S. bond market over the financial year. This was partially offset by the reinvestment of income on foreign investments and the reinvestment of gains on the sale of foreign investment securities.

Total Liabilities increased by \$45.2 million or 0.9 per cent to \$4,996.9 million year-over-year. The growth in total Liabilities was mainly attributable to increases of \$162.9 million in Commercial Banks' Current accounts, \$53.8 million in Bankers' Collateral accounts, \$33.8 million in Eastern Caribbean Securities Exchange account and \$12.4 million in Eastern Caribbean Home Mortgage Bank's Operating account. The aforementioned increases were offset by decreases of \$93.3 million in Participating Governments' Call accounts, \$81.0 million in Participating Governments' Fixed Deposits accounts, \$40.5 million in Commercial Banks' Fixed Deposits accounts and \$10.6 million in Participating Governments' Operating accounts.

Total Equity increased by \$20.2 million or 4.7 per cent to \$445.2 million year-over-year, led by an increase of \$23.9 million in General Reserve due to allocation from net profit for the year ended 31 March 2021 in accordance with the ECCB Agreement Act. This increase was offset by a reduction of \$3.6 million in Other Reserves on account of a decline in Unrealised Holding Gains on Foreign Investment Securities of \$55.0 million moderated by increases in Revaluation Reserve of \$31.6 million and Pension Reserve of \$19.0 million.

## STATEMENT OF PROFIT OR LOSS

The Bank's results of operations for the year ended 31 March 2021 were marked by the effects of the unprecedented Coronavirus (COVID-19) pandemic. During the year, major disruptions in the global environment negatively impacted our financial results as interest rates remained at historically low levels. Despite the unparalleled global impact of the COVID-19 pandemic, the financial year ended 31 March 2021 was a profitable year for the ECCB.

Chart 6 - Total Assets (EC\$'M)

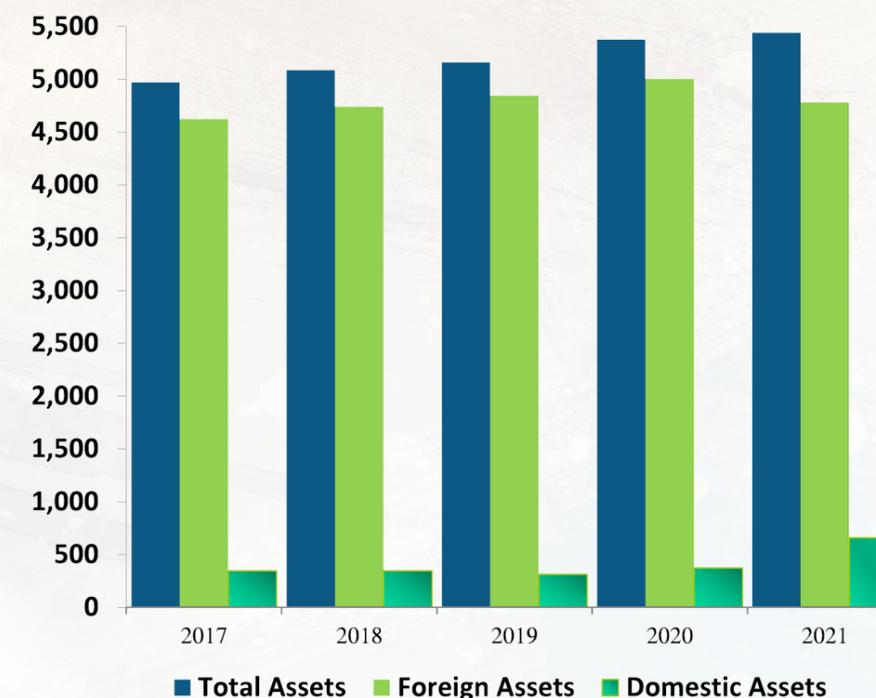
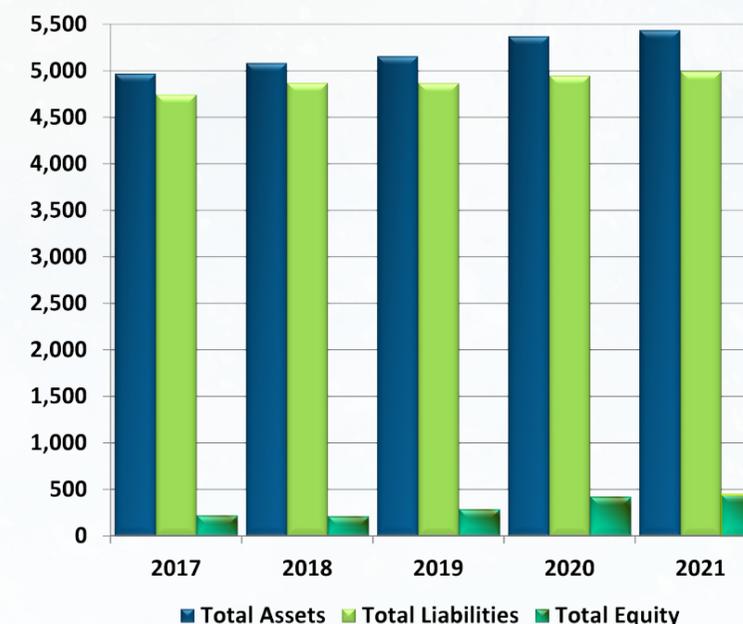


Chart 7 - Assets, Liabilities and Equity (EC\$'M)



# FINANCIAL RESULTS

The Bank recorded a net profit of \$25.2 million for the year ended 31 March 2021, representing a decrease of \$37.9 million or 60.1 per cent from the profit of \$63.1 million reported in the prior year. The deterioration in net profit was principally due to a significant reduction in interest income earned on the Bank's foreign reserves portfolio, consistent with the Federal Reserve lowering its benchmark interest rate to a range of 0 to 0.25 per cent in March 2020, which remained over the reporting period.

Operating Income for the financial year ended 31 March 2021 fell by \$42.6 million or 29.4 per cent to \$102.3 million when compared to the previous financial year. The falloff in operating income was driven largely by decreases of \$41.3 million in Net Interest Income, \$11.7 million in Gains on Mortgage-Backed Securities and \$6.6 million in Commissions Income. The reductions in the aforementioned revenue items were offset by increases of \$14.2 million in Gain on Sale of Foreign Investment Securities and \$2.0 million in Other Income.

Net Interest Income contracted by \$41.3 million or 43.3 per cent to \$54.1 million for the year ended 31 March 2021 compared to the previous financial year. This decline was driven principally by a reduction of \$39.3 million in interest earned on money market instruments and money at call; and \$9.1 million in interest on foreign investment securities given the current low interest rate environment compared to the prior financial year.

Chart 10 - Income Mix 2020

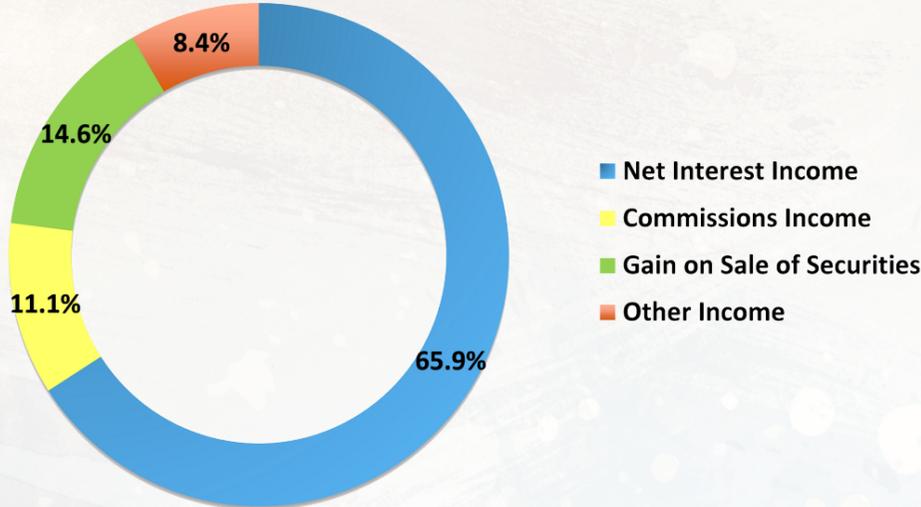


Chart 8 - Net Profit (EC\$'M)

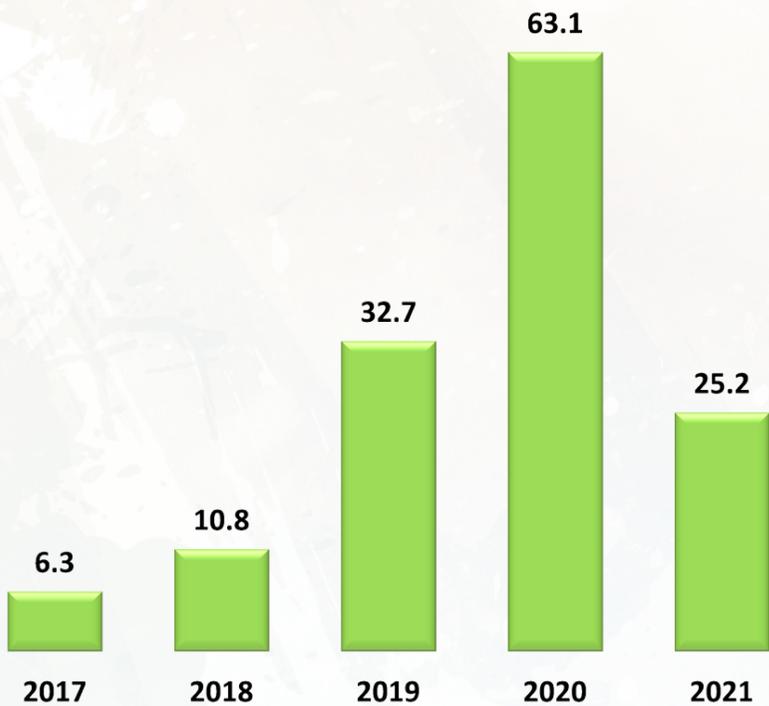
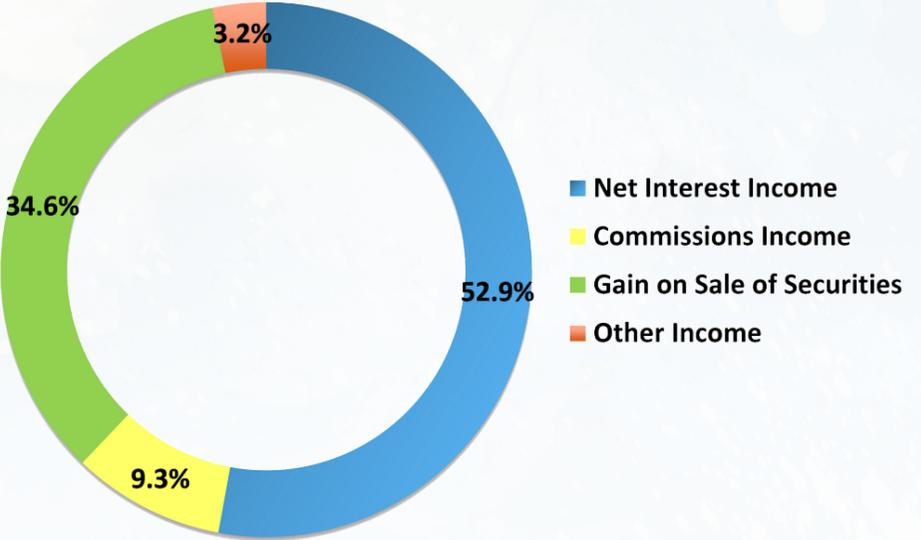


Chart 9 - Operating Income (EC\$'M)



Chart 11 - Income Mix 2021



# FINANCIAL RESULTS

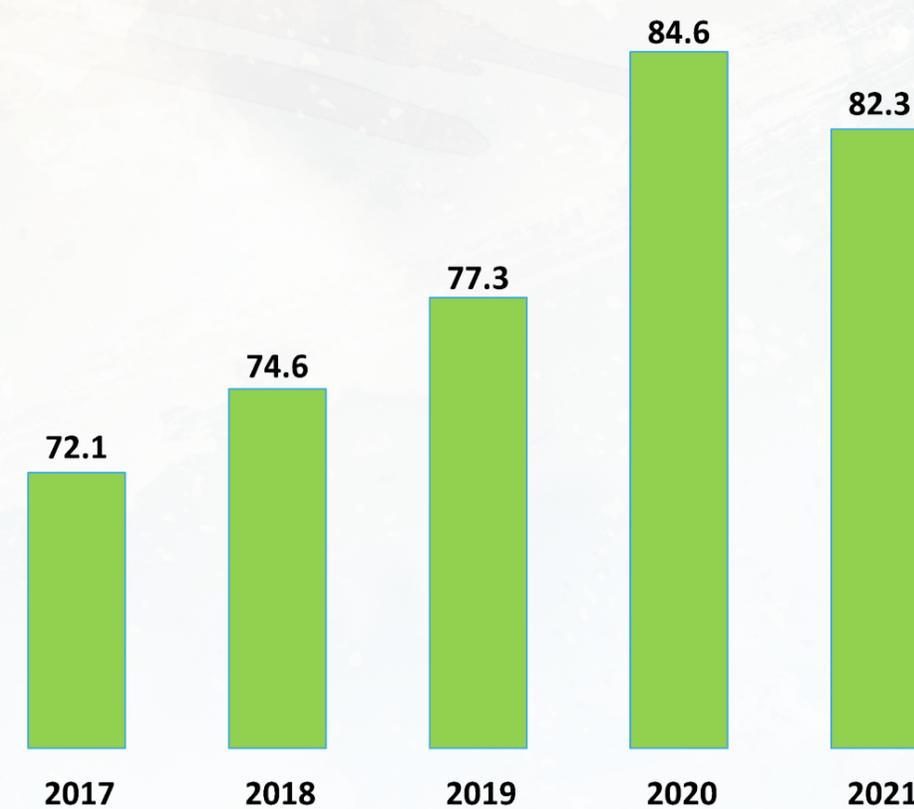
Operating expenses for the year ended 31 March 2021 totalled \$82.3 million, down \$2.3 million or 2.7 per cent from \$84.6 million in the previous year. The reduction in operating expenses was mainly due to decreases in currency expenses of \$5.3 million and administrative and general expenses of \$5.1 million moderated by increases of \$5.7 million in impairment losses on financial assets, \$1.6 million in salaries, pensions on other staff benefits, and \$0.9 million in depreciation expense.

Currency expenses declined as the issuance of new polymer banknotes resulted in fewer notes issued and replaced during the financial year. The decrease in the administrative and general expenses category was attributable to lower costs incurred in key areas. Conversely, net impairment losses on financial assets increased on account of the recording of a loss on the modification of financial assets during the year.

Chart 12 - Net Interest Income (EC\$'M)



Chart 13 - Operating Expenses (EC\$'M)

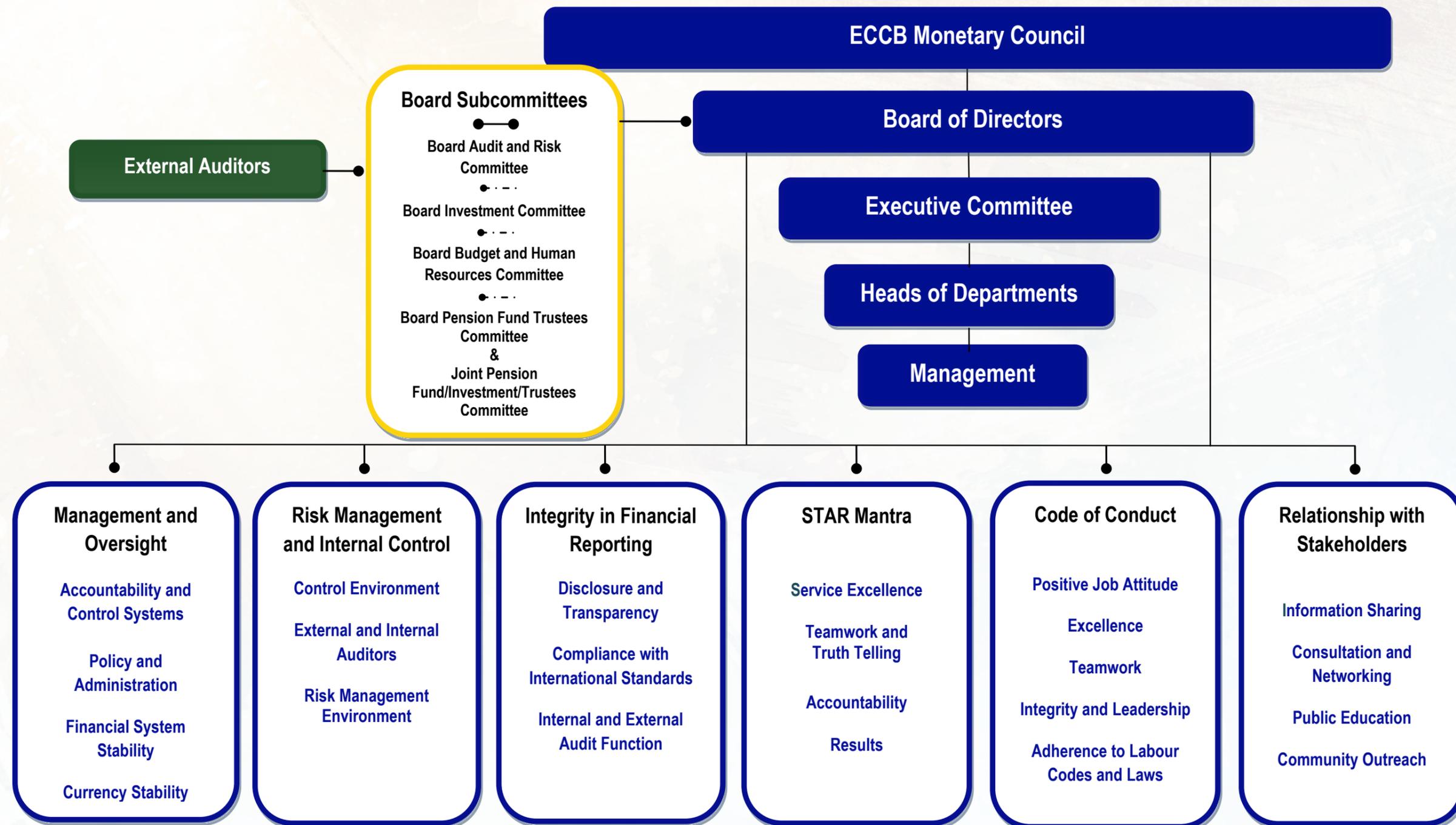


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# Corporate Governance

*Now more than ever, the ECCB recognises its corporate social responsibility to the people of the region, a responsibility that is preserved in its mandate to promote a sound financial structure conducive to the balanced growth and development of its member states, Article 4 (3), ECCB Agreement, 1983.*

# Corporate Governance Framework



# CORPORATE GOVERNANCE

The Eastern Caribbean Central Bank (ECCB) continues to recognise the importance of good corporate governance and is committed to ensuring that this attribute is preserved in its operations.

The Bank's Corporate Governance Framework is upheld by the following pillars:

1. Firm Foundation for Management and Oversight;
2. Proactive and sound risk management and internal control;
3. Integrity in financial reporting;
4. Code of Conduct that endorses ethical values; and
5. Reciprocal relationship with stakeholders.

The Corporate Governance Framework is guided by the following:

1. The ECCB Agreement Act, 1983 (as amended) and the Banking Act, 2015;
2. The Corporate Governance Principles for the Organisation of Eastern Caribbean States (OECS);
3. The Legal and Regulatory Framework of the ECCU member countries; and
4. Best Practices in the Local and International arena.

The framework seeks to promote accountability; ensure that appropriate control systems are developed and are operationalised to address associated risks; and to foster innovation through critical thinking and problem solving in pursuit of the Bank's objectives.

## ADMINISTRATION AND MANAGEMENT

### *Monetary Council*

The Monetary Council comprises the eight Ministers for Finance of the ECCB Participating Governments and is the highest decision-making organ of the Bank. Provision is made in the ECCB Agreement Act, Article 7 (1) for each Minister to designate an Alternate, who shall also be a minister of government, to serve on the Council in his/her absence.

### *Chairmanship of the Monetary Council*

The tenure of the Chair of the Monetary Council is for a one-year duration and is rotated among member countries in alphabetical order. The current serving Chairman is Dr Timothy S. Harris, Honourable Prime Minister and Minister for Finance, Saint Christopher (St Kitts) and Nevis, who assumed the Chairmanship on 24 July 2020. Given the prevailing circumstances of the COVID-19 pandemic and the uncertainty associated with the future development of the pandemic in the region, the Ceremony to Mark the Change in Chairmanship was held for the first time via virtual platform Zoom Webinar. Following the ceremony, the Chairman, Honourable Prime Minister Harris engaged media personnel at the Media Conference and presented the Communique of the 96<sup>th</sup> Monetary Council Meeting.

The Honourable Prime Minister Harris will hand over the Chairmanship in July 2021.

### *Meetings of the Monetary Council*

Article 7 (2) of the ECCB Agreement states, "The Council shall meet not less than twice each [calendar] year to receive from the Governor the Bank's report on monetary and credit conditions and to provide directives and guidelines on matters of monetary and credit policy to the Bank and for such other purposes as are prescribed under this Agreement."

# CORPORATE GOVERNANCE

During the calendar year 2020, the Monetary Council convened its requisite three meetings:

- 95<sup>th</sup> Meeting of the Monetary Council on 14 February 2020 in Saint Christopher (St Kitts) and Nevis;
- 96<sup>th</sup> Meeting of the Monetary Council on 24 July 2020 via Zoom Meeting and Zoom Webinar platforms; and
- 97<sup>th</sup> Meeting of the Monetary Council held on 23 October 2020 using the virtual platform Zoom Meetings.

The Monetary Council is supported by the Ministerial Subcommittee on Insurance which held its meeting in December 2020 under the Chairmanship of Gaston Browne, Honourable Prime Minister and Minister for Finance, Antigua and Barbuda. The other members of the Subcommittee are: Roosevelt Skerritt, Honourable Prime Minister and Minister for Finance, Commonwealth of Dominica; and Camillo Gonsalves, Honourable Minister for Finance, Saint Vincent and the Grenadines.

With the onset of COVID-19 in the region, the Monetary Council also convened its 1<sup>st</sup> Special Meeting for 2020 on 3 April 2020 via virtual platform Zoom.

The Monetary Council saw the following new appointments during the financial year:

- At its 96<sup>th</sup> meeting in July 2020, the Council welcomed the Honourable Premier and Minister for Finance - Dr Ellis Webster, as the new Monetary Council Member representing Anguilla. Honourable Premier Webster, whose appointment to the Council became effective 30 June 2020.
- The Monetary Council welcomed the Honourable Minister for Finance - Gregory Bowen, as the new Monetary Council Member representing the member country, Grenada. Honourable Minister Bowen was received in October 2020 during the 97<sup>th</sup> Meeting of the Monetary Council. He was appointed to the Council effective 5 October 2020 following the reshuffle of the Cabinet of Grenada.

## *The Board of Directors*

The powers of the Bank are vested in the Board of Directors. The Board of Directors is responsible for the policy and general administration of the Bank. According to the ECCB Agreement Act Article 8 (2), "The Board shall have power to make, alter or revoke regulations, notices and orders for the purpose of giving effect to the provisions of this Agreement." The Board of Directors is responsible for submitting recommendations to the Monetary Council on such matters as the external value of the EC dollar; the denomination, composition, form and design of the currency to be issued; the terms and conditions for temporary advances to Participating Governments and interest rates. Appointed Directors are required to consider the interests of all the members of the ECCU in their decision-making process.

## *Composition of the Board of Directors*

The Board consists of the Governor, Deputy Governor and one Director appointed by each Participating Government. The appointed directors are installed for terms not exceeding three years and are eligible for reappointment. The Governor and the Deputy Governor are appointed by the Monetary Council for a period not exceeding five years and are eligible for reappointment.

## *The Governor*

The Governor serves as chairman of the Board of Directors. As Chief Executive Officer of the Bank, the Governor is responsible to the Board for the implementation of policies and the day-to-day management of the Bank. He is required to attend all meetings of the Monetary Council. The Governor has the authority to act, contract and sign instruments and documents on behalf of the Bank, and may by resolution of, and to the extent deemed appropriate by the Board, delegate such authority to other officers.

# CORPORATE GOVERNANCE

## *The Deputy Governor*

The Deputy Governor gives support to the Governor in his duties, and exercises the powers, duties and responsibilities of the office during the absence of the Governor.

## *Newly Appointed Director to the Board*

During the financial year, the Bank welcomed the following Appointed Directors to the Board:

- Denise Edwards, Appointed Director for the Government of the Commonwealth of Dominica was appointed, in the first instance, for the period 1 June 2020 to 3 July 2020 to serve the incomplete tenure of the previous Board Member, Rosamund Edwards who was seconded to the IMF. Subsequently, Denise Edwards was appointed effective 4 July 2020 to 3 July 2023 and is expected to serve her 3-year term. Ms Edwards is the Financial Secretary, Ministry of Finance, Commonwealth of Dominica.
- Kathleen Rogers, Appointed Director for the Government of Anguilla was appointed effective 1 February 2021 and is expected to serve her term of office not exceeding three years. Ms Rogers currently holds the title of Permanent Secretary, Ministry of Finance, Anguilla. She replaced Dr Aidan Harrigan whose term on the Board of Directors naturally terminated on 31 January 2021.

## *Meetings of the Board of Directors*

The Board is required to meet as often as the business of the Bank may require; but not less than once every three calendar months. During any given year, the Board convenes five meetings. Five Directors at any meeting constitutes a quorum.

Within the governance framework, six (6) subcommittees assist with the work of the Board:

1. Board Audit and Risk Committee
2. Board Investment Committee
3. Board Budget and Human Resources Committee
4. Pension Fund Trustees Committee
5. Pension Fund Investment Committee
6. Joint Pension Fund and Investment Committee

In keeping with Article 13 (1) of the ECCB Agreement Act, the Board of Directors convened the following meetings during the calendar year 2020:

1. 175<sup>th</sup> Meeting of the Board of Directors with the listed subcommittee meetings: Board Audit and Risk Committee; Board Budget and Human Resources Committee; Board Investment Committee – 23 and 24 January 2020 via Zoom platform.
2. 176<sup>th</sup> Meeting of the Board of Directors with the Meeting of the Board Audit and Risk Committee – 27 March 2020 via Zoom platform.
3. 177<sup>th</sup> Meeting of the Board of Directors – 11 and 12 June 2020 via Zoom platform.
4. 178<sup>th</sup> Meeting of the Board of Directors with the following subcommittee meetings: Meeting of the Board Audit and Risk Committee; Meeting of the Board Investment Committee – 10 and 11 September 2020 via Zoom platform.

The Board also convened special meetings in 2020 namely: Special Meeting of the Board Audit and Risk Committee and the 1<sup>st</sup> Special Meeting of the Board of Directors for 2020. The special meetings were held on 19 June 2020.

# CORPORATE GOVERNANCE

## **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board Audit and Risk Committee (BARC) continues to provide guidance to the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process; and to provide a system of internal control, risk management, and compliance monitoring with laws and regulations, and the code of conduct. Specific to the work of the Committee, consultations are conducted as deemed necessary with the external auditors, Bank's directors and officers, and the Internal Audit Department.

The current Committee comprises:

1. John Skerritt, Chairman
2. Hilary Hazel, Deputy Chair
3. Esther Rigobert, Board Member
4. Edmond Jackson, Board Member

### ***External Auditors***

The Monetary Council gave approval for the engagement of the KPMG auditing firm on 25 October 2017 for a period of three years. The firm served the ECCB over the financial period 2017/2018 to 2019/2020. At the end of the initial engagement period, the KPMG auditing firm was further contracted on 5 June 2020 to serve as the Bank's external auditors for 2020/2021 to 2022/2023.

The external auditor conducts an annual audit to provide the assurance that the financial statements fairly represent the Bank's financial position. The external auditor further reports to the Board Audit and Risk Committee on its findings and recommendations. Following the application of signatures to the engagement letter, KPMG was expected to complete the 2020/2021 audit of the Bank.

## **INTEGRITY AND FINANCIAL REPORTING**

### ***Disclosure and Transparency***

In keeping with international best practices, and in accordance with statutory requirements, the Bank publishes its statement of assets and liabilities on a monthly basis and the audited annual financial statements by the end of June each year.

### ***Compliance with International Financial Reporting (IFR) Standards***

Effective 1 April 2018, the Bank adopted IFRS 9, Financial Instruments, followed by the adoption of IFRS 16, Leases on 1 April 2019. The Bank continues to stay abreast with changes in IFRS.

### ***Ongoing Training for Appointed Directors***

For the Financial Year 2020, Denise Edwards participated in the Chartered Director Program facilitated by the Caribbean Governance Training Institute (CGTI) from 8 to 24 February 2021. Appointed Director for Montserrat, John Skerritt and Appointed Director Hilary Hazel for Saint Christopher (St Kitts) and Nevis attended the Institute of Internal Auditors (IIA) GAM Conference from 16 to 18 March 2021. All programmes were conducted virtually.

# CORPORATE GOVERNANCE

## CODE OF CONDUCT

The Bank's overriding code of conduct is encapsulated in its value statement as follows: "The Bank values a results-focused approach in delivering timely, relevant and high quality output for the benefit of the people of the ECCU." The behaviour of management and staff is governed by various policy documents including:

1. The Eastern Caribbean Central Bank Corporate Governance Charter
2. Conflict of Interest Policy
3. Media Relations Policy
4. Information Systems and Security Policy
5. Eastern Caribbean Central Bank Staff Regulations
6. The ECCB's Guide – Protocol, Diplomacy and Etiquette
7. Energy Management Policy
8. Financial Regulation

## HUMAN RESOURCE MANAGEMENT

The Bank is governed by the labour codes and laws of each of its participating member territories. The oversight of the Bank's human resources is delegated to the Human Resource Department. The management of human resources is informed by policies and guidelines which conform to international conventions and standards pertaining to human rights, equal employment opportunity and working conditions. The Internal Audit Department helps to maintain the integrity of the human resource management process by ensuring that the Bank complies with stipulated policies and procedures.

## RELATIONSHIP WITH STAKEHOLDERS

### *Stakeholder Involvement*

Amidst the dynamic nature and with the uncertainty of the developments of COVID-19 during 2020, the Bank found it necessary to continue to engage its stakeholders by virtually delivering the scheduled networking meetings and consultative fora which provided the avenue for productive engagement and an opportunity to share the measures taken at an individual institution level, while looking at the national and regional responses.

The Bank also convened several special networking and consultative meetings in 2020:

1. Special Meeting of the Regional Debt Coordinating Committee
2. Special Meeting of the Regulatory Oversight Committee
3. Special Meeting with Comptrollers of Inland Revenue Departments
4. Special Meeting with the Regulatory Oversight Committee with the Caribbean Confederation of Credit Unions and systemically important credit unions

The ECCB remained connected with its stakeholders through a variety of media over the year, to enhance the awareness and involvement of the people of the region in relevant economic and financial matters.

# CORPORATE GOVERNANCE

## Corporate Social Responsibility

Now more than ever, the ECCB recognises its corporate social responsibility to the people of the region, a responsibility that is preserved in its mandate to promote a sound financial structure conducive to the balanced growth and development of its member states, Article 4 (3), ECCB Agreement, 1983. The Bank's execution of, and continued efforts to expand its public relations and Community Outreach programmes, embody this corporate social responsibility.

During the financial year, the Bank continued to exhibit its corporate social responsibility through the following programmes: ECCU Bank of the Year Awards; OECS/ECCB International Netball Series; ECCU Bright Sparks Programme; and Student Programme for Innovation in Science and Engineering (SPISE).

## ECCU Bank of the Year Awards

The ECCB hosted the 2<sup>nd</sup> ECCU Bank of the Year Awards via virtual platform. Banks submitted entries in four categories: Customer Service, Financial Education and Empowerment, Technological Innovation and a new judging category, Pandemic and Banking. Customers were allowed to vote for their favourite bank through online voting. The Awards recognise the banks which have made outstanding contributions to the overall development of the people they serve through everyday business practices.

The recipients of the 2<sup>nd</sup> ECCU Bank of the Year Awards were:

1. Bank of Saint Lucia, Ltd – Financial Education and Empowerment and Technological Innovation
2. CIBCFirst Caribbean International Bank, Antigua and Barbuda – Customer Service
3. National Commercial Bank of Anguilla, Ltd - Pandemic and Banking



Recipient of the 2<sup>nd</sup> ECCU Bank of the Year Award  
*Customer Service*

Country Head, CIBC FCIB (Barbados) Ltd (Antigua and Barbuda), Ladesa James (right) accepting award from ECCB Board Member for Antigua and Barbuda, Whitfield Harris Jr. (left)



Recipient of the 2<sup>nd</sup> ECCU Bank of the Year Awards  
*Financial Education and Empowerment and Technological Innovation*  
Deputy Managing Director, Bank of Saint Lucia, Limited, Lyndon Arnold, receiving awards on behalf of Bank of Saint Lucia



Recipient of the 2<sup>nd</sup> ECCU Bank of the Year Awards  
*Pandemic and Banking*

Chairman, Board of Directors, National Commercial Bank of Anguilla, Carl Harrigan (left) and CEO, National Commercial Bank of Anguilla, Sharmaine Francois pose with award following virtual ceremony.

# CORPORATE GOVERNANCE

## **OECS/ECCB International Netball Series**

The 2020 OECS/ECCB International Netball Series was scheduled to be held in Antigua and Barbuda. However, due to the COVID-19 pandemic, the Series was cancelled. In order to continue the engagement with the region's netballers, coaches and umpires, the OECS/ECCB International Netball Series Legacy Programme was held. The initiative aimed to enhance the human resource capability and capacity to drive the delivery of a high-performance netball culture and an OECS netball product that is compliant with internationally competitive netball standards.

The programme entailed three modules: Governance, Coaching and Umpiring with participants from the eight ECCB member countries and guest participants from Bermuda and the Cayman Islands. There were 75 registrants in the Governance module, 84 in umpiring and 63 participated in the Coaching module.

## **Student Programme for Innovation in Science and Engineering (SPISE)**

The ECCB supported the 2020 Student Programme for Innovation in Science and Engineering (SPISE), a five-week virtual programme where the students were exposed to university-level classes in calculus, physics, computer programming, electronics, biochemistry and entrepreneurship. The ECCB-sponsored students were Terry Benjamin from Antigua and Barbuda and Najeh Francis from the Commonwealth of Dominica. Terry received the Teamwork Award for Entrepreneurship while Najeh received the Teamwork Award for Electronics.

## **ECCU Bright Sparks Programme**

The ECCB Bright Sparks Programme provides the opportunity for students in Information Technology (IT) across the ECCU, to gain hands-on work experience in an IT work environment. To date, five of the region's bright sparks in IT have benefited from the programme.

The 2019 Bright Sparks programme was extended into the 2020-2021 Financial Year and the Bright Sparks: Jenielle Brathwaite from the TA Marryshow Community College in Grenada, Olivia Langhorne from the Sir Arthur Lewis Community College in Saint Lucia and Christina Cho from the Clarence Fitzroy Bryant College in Saint Christopher (St Kitts) and Nevis, transitioned from interns to full-time staff. Their work focused on providing IT support as part of the wider DCash Pilot FinTech project team.



[!\[\]\(ede606615747e55d2dc9c7074c63cf30\_img.jpg\) View 2020 ECCU Bank of the Year Awards Ceremony](#)



[!\[\]\(ecd1bea145115110ef5e7f294dfb08cb\_img.jpg\) View ECCB Bright Sparks share their journey of transitioning from internship to full-time staff at the ECCB](#)

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# Areas of Focus 2021 - 2022

*The work programme initiatives for 2021-2022 will support the Bank's strategic objectives under the five pillars of the 2021-2026 Strategic Plan.*

# AREAS OF FOCUS

## **ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE**

The Bank will seek to enhance its corporate governance infrastructure and practices through the full implementation of a comprehensive compliance function.

## **DIGITAL TRANSFORMATION**

The Bank will continue efforts to automate and streamline supervisory processes within the Bank Supervision Department, including efforts towards implementation of a Supervisory/Regulatory Technology (SupTech/RegTech) solution towards achieving the ECCB's objective of operational efficiency.

Furthermore, the ECCB will continue to roll-out and implement the blockchain based central bank digital currency project initiative, DCash Pilot, by building out the ecosystem and extending the offering to all eight ECCU member states.

## **FINANCIAL STABILITY**

The Bank will continue to work with the respective member Governments to secure promulgation of outstanding legislation as it pertains to financial stability.

The development of macro-prudential supervision and regulation aims to mitigate systemic risk in order to maintain financial stability and minimise regional systemic risk. Accordingly, in the 2021/2022 financial year, the Bank will establish an overarching statutory framework that will vest in the ECCB an explicit mandate for financial stability. This mandate will enable the ECCB, as the macro-prudential supervisor, to facilitate coordination and cooperation among the respective financial supervisory authorities in assessing and containing systemic risk.

The Bank will also pursue the development of a legislative framework to support the adoption of an Enhanced Regulatory and Supervisory approach in which:

- The ECCB assumes the role of a macro prudential regulator;
- Existing regulatory authorities at the national level is preserved; and
- A Regional standard-setting body is established to issue guidelines and standards to facilitate a harmonised approach to regulation and supervision of the financial sector across the ECCU.

The Bank, in collaboration with member governments and stakeholders, will continue its efforts towards advancing initiatives in support of the enactment of modern insolvency and bankruptcy legislation in the ECCU to support the efficacious restructuring of businesses to protect jobs, preserve financial stability and facilitate a thriving private sector in the region. Policy formulation will be accelerated, consultations and capacity building will be conducted, after which legislation will be prepared.

Consultations on the draft Deposit Insurance Bill will proceed in the financial year 2021/2022 with a view to arriving at a final version of the Bill that would then be submitted to member countries for enactment.

The Bank will continue to provide effective oversight of the Receiverships to ensure their efficient operation and technical support to the banking sector in enhancing the risk management frameworks of Licenced Financial Institutions (LFIs).

In its supervisory and regulatory role, during the period 2021/2022 the Bank will:

- Seek to strengthen the capital adequacy framework of LFIs to which Basel II/III will apply, in order to align commercial banks' capital requirements more closely with credit, operational and market risks.
- Commence activities geared towards strengthening the Supervisory Review Process for LFIs to which Basel II/III will apply, by verifying whether banks have systems in place to identify, measure, and manage their risks and maintain sufficient capital;
- Continue to enhance the ECCB's supervisory framework to incorporate the assessment of technology, cybersecurity and climate risks;

## AREAS OF FOCUS

- Continue to review, update and issue appropriate prudential standards aimed at minimising or eliminating regulatory risks;
- Continue to engage in market sensitisation and training regarding Basel II/III implementation; and
- Continue work in the areas of Community Outreach, Deposit Insurance, Eastern Caribbean Appraisal Institute and Shared Services Arrangement for national banks.

The ECCB will work on strengthening the resilience of the financial sector to withstand shocks by advancing its efforts to establish a new risk management infrastructure that comprises a Credit Bureau. The drive to establish a Deposit Insurance Corporation will also continue with national consultations on the draft ECCU Deposit Insurance Bill towards finalisation and passage of the Bill.

Work on the modernising of appraisal standards in the ECCU will be pursued in 2021/22 with the review of the prudential guidelines for valuation of collateral, review of legislation and the training of regulators in the valuation/appraisal standards and of appraisers/surveyors.

The ECCB will continue to coordinate and facilitate the Shared Services initiative. The focus will be on the Detailed Design and Deploy and Sustain stages, and should be completed within the Financial Year 2021/2022. The Detailed Design stage will include the following:

1. Workshops to inform Service Level Agreements, design the detailed solution, and obtain feedback on the organisation design;
2. Development of change management plan;
3. Development of a communication plan and strategy;
4. Development of training plan;
5. Finalisation of Future State operational model

The Deploy and Sustain stage will include the following:

1. Communication of transition process;
2. Delivery of change communication and assessment thereof;
3. Implementation of training plan;
4. Facilitation of knowledge sharing on re-designed processes

Upon completion of this initial phase, the participants will consider extending the shared services arrangement to include other functions, such as, information technology, internal audit, and procurement.

Money Laundering and Terrorist Financing are major international problems whose direct and indirect costs constitute a significant impediment to economic growth, particularly in economies with weak regulatory, supervisory and governance regimes. International standards on anti-money laundering (AML) and combating the financing of terrorism (CFT) promote financial integrity and support the fight against crime. However, the inappropriate implementation of these standards—especially in developing countries—plays a role in excluding millions of low-income people from formal financial services. It can undermine social and economic advancements and deny regulators and law enforcement a key means of strengthening financial integrity: the ability to trace the movement of money.

It is against this backdrop that the Caribbean Development Bank (CDB), Global Affairs Canada and the ECCB have collaborated to give priority to the strengthening of the AML/CFT frameworks within the member states and to increase the technical capacity of financial institutions and regulatory authorities. The scope of this project entails:

1. Assess and understand the AML and CFT risks in the Eastern Caribbean;
2. Assess the effectiveness of the existing AML and CFT control and reporting system in the ECCU, particularly the asset freezing mechanisms, data collection practices and statistics on the proceeds of crimes and illicit financial flows;
3. Assess the gaps between the existing AML and CFT legal and regulatory framework and the requirements under the revised (2012) Financial Action Task Force recommendations;
4. Propose measures to improve the AML and CFT control and reporting systems;

## AREAS OF FOCUS

5. Prepare, in coordination with the ECCU member country and ECCB the draft national risk assessment framework, and the implementation of National Action Plans (NAPs) that are sensitive to the specific gender issues in financial criminality;
6. Advice on the appropriate tools, laws and regulations to reduce institutional and societal vulnerability to transnational financial crime associated with AML/CFT risks. To include demographic data (for example by gender) on the most vulnerable to and the impacts of money laundering and terrorist financing;
7. Review the scope of training received by relevant stakeholders in the AML and CFT system over the last 2 years, and propose topics to be included in training or workshops, including ways to integrate practical cases;
8. Deliver training and workshops to national regulators, financial-sector officers, investigators, prosecutors and judges (including staff of other relevant agencies) on AML and CFT related issue
9. Engage in stakeholders' consultation to include but not limited to the role of civil society in financial crime prevention and monitoring, and the national impact, inclusive of the development challenges created by financial criminality;
10. Support the development and implementation of a Risk-Based AML/CFT Supervisory Framework in pilot country.

The project is currently at the negotiation phase with the selected consultant.

The Bank will embark on the implementation of the ECCU Money and Capital Market Development Initiative (MCM 3.0) which is geared towards unleashing key catalysts for capital market development in the ECCU. Key activities include:

- Development of an ECCU Capital Market (Development and Literacy) Master Plan (CMMP) incorporating a multi-year cohesive strategic roadmap and implementation framework.
- An implementation plan for effectively deploying Regional Government Securities Market reforms directed at developing a vibrant local currency bond market in the Eastern Caribbean Currency Union, from the recently concluded technical assistance initiative conducted by the International Monetary Fund in August 2020.
- Consultations with key capital market stakeholders, international and regional development partners.

MCM 3.0 will be supported by an industry-wide change management approach for the synchronised implementation of interdependent initiatives among key stakeholders for sustained long-term public, legislative and private sector support to mitigate vicious cycles of underdevelopment.

The Bank will continue to collaborate with development partners and regional stakeholders:

- To undertake a barriers and risk diagnostic assessment of the ECCU renewable energy sector to evaluate the private sector investment readiness of the market to help triple the region's renewable energy transition mix by 2025;
- On the conceptualisation and design of an innovative financing model to accelerate renewable energy infrastructure development in the ECCU.

The Bank will examine policies, projects and tools necessary to facilitate increased growth, development and competitiveness of its member states. One initiative that will address this effort is the hosting of the 6<sup>th</sup> Growth and Resilience Dialogue.

The International Organisation for Standardisation (ISO) has developed a new standard (ISO20022) for payment messaging which will provide enhancements and improved efficiencies in the processing of financial transactions. The Society for Worldwide Interbank Financial Telecommunications (SWIFT) is facilitating the adoption of the ISO20022 Programme that will establish this new messaging service which will be live on SWIFT as of November 2022. Following four (4) years of coexistence, the corresponding legacy SWIFT MT messages will be decommissioned on the SWIFT platform.

The Bank will embark on a project to inform its readiness for full implementation of the new standard that should be adopted in November 2025. During the financial year 2021/2022, the Committee will focus on evaluating the requirements of the ISO20022 to ensure ECCB's readiness.

# AREAS OF FOCUS

A new quarterly reporting form (Anti-Money Laundering), as well as a revised annual reporting form (Appraisal Log) will be implemented during the period. Existing forms would be further revised to allow reporting of the Eastern Central Bank DCash, the digital version of the Eastern Caribbean currency.

During the new financial year, other Licensed Financial Institutions will be on boarded with respect to their use of the Bank's Statistical Enterprise Solution to upload data and access various indicators. ECCB hopes to expand its datasets to also capture data from other institutions such as the Eastern Caribbean Automated Clearing House (ECACH) and the Caribbean Credit Card Corporation (4Cs).

## **PAYMENT SYSTEMS IMPROVEMENTS AND FINANCIAL INCLUSION**

1. During the 2021/2022 financial year, through its engagement with regional and international partners, the Bank will pursue opportunities for collaboration to increase access to finance and financial inclusion.
2. The Bank will advance revisions to the payment system regulatory framework inclusive of a revised Payment System and Settlements Act to enhance the regulatory framework for payment services in the ECCU, strengthen consumer protection and foster greater confidence in the use of electronic payments, reflecting the ECCB's shift towards regulation that is modular and facilitative of growth and development in the ECCU payments landscape. Draft legislation will be developed during the 2021/2022 financial year and consultations will be conducted with stakeholders on the legislation.
3. In the 2021/2022 financial year, data protection legislation will be developed to complement the payment system reforms. Accordingly, work will continue on the development of a robust legislative data protection framework in the ECCU that is reflective of the modalities of a new digital era with particular focus on the mechanisms in which data is created and managed, ensuring transparency in the collection and use of data, preserving data subjects' rights and engendering public trust and confidence in the system.
4. Efforts to develop and modernise the payment system in the ECCU will continue with the focus on producing a new Payment System and Services Act to be accompanied by relevant Regulations. In addition, new Data Protection legislation for the region will be pursued as it is considered integral to a payment system that will be highly digital/electronic in its orientation.
5. The Bank will move to engage technical experts in the design and modernisation of payments infrastructure that will auger well for the advancement of the payment system in the ECCU. It is expected that increased dialogue with key stakeholder groups in the payment system landscape, including participants in both the retail and large value payments space will enhance the process.
6. Further engagements and capacity building will be undertaken to strengthen the operations of Financial Market Infrastructures that are integral to the clearing and settlement functions in the ECCU. Such interventions will aid in the completion of the PFMI self-assessments and the observance of the Principles of the payment system.
7. Updated survey techniques will be used to explore the extent of financial inclusion and usage of payment infrastructures and products and services. The data gathered will be used to inform policy decisions.
8. Finally, a holistic payment System Reform strategy will be developed for the region that will be informed by the Payment System Vision and Modernisation Plan.
9. In the upcoming financial period, the Bank will advance the rollout of DCash in the original four (4) pilot countries and launch DCash in the remaining four (4) territories. A target date of September 2021 has been set to have DCash available for transacting in all eight (8) ECCU member countries. This would be supported by a comprehensive marketing campaign.
10. Project activities during the period would also include data gathering and analysis, product refinement and enhancement and overall project assessment towards full commercialisation of DCash.

## **ORGANISATIONAL EFFECTIVENESS AND DEVELOPMENT**

The Bank will complete the recruitment of a Change Management Specialist and establish the necessary framework to guide the institution as it undergoes this period of rapid and massive change. The ECCB will also continue to strengthen its engagement with citizens and stakeholders through its Digital Dialogues and ECCB Blog: Insights Towards Recovery, Resilience and Socio-economic Transformation Blog platforms.

As the Bank strives to improve its operations and become more aligned with international best practices, over the 2021/2022 financial year, there will be some strategic operational audit reviews. These will include an audit review of the Fintech Pilot project, with a focus on Cyber-related risks, an IT Governance review and a Risk Management audit, neither of which has been conducted in the past. Additionally, as the Bank transitions into a more technology-dependent organisation, an ethics and culture review will be conducted to ensure that the changes being made on these levels contribute positively to the Bank's human resources.

## AREAS OF FOCUS

Recognising a strong need for effective, proactive and trailblazing people management, the Bank will be taking a three pronged approach to its outcomes for the year ahead, incorporating, lessons learnt, stakeholder feedback and deliberate proactive and innovative measures in support of attainment of the its strategic goals. Initiatives to be undertaken in the 2021-2022 financial year include:

1. Facilitation of the Emerging Leaders Programme, Cohort 3, for leadership development and succession planning;
2. Continuation of the development and review of key policies to guide the critical operations of the Bank and to improve the overall HR function within the Bank in particular Promotions, Recruitment and Internship Policy;
3. Development of a 'databank' of Subject Matter Experts (SMEs) to leverage the intellectual capital within the Bank and foster an environment sharing of ideas and perspectives;
4. Development and continuous monitoring of key HR metrics to inform sound decision-making;
5. Creation of an Innovation Hub;
6. Focused and targeted staff engagement activities;
7. Application of an internal training calendar to provide planned learning opportunities for staff monitoring and support for targeted capacity building;
8. Ongoing review and enhancement of the Bank's compensation and benefits package;
9. Ensure competitiveness in attracting and retaining best fit talent.

In its efforts to continue to enhance the Reserve Management Framework, the Bank will onboard a new global custodian for providing custodial services relevant to foreign reserve management. Work will also continue on the development of the Risk and Analytics Unit and the internal manager will implement an enhanced indexation portfolio strategy for the management of the reserves.

The ECCB will continue to collaborate with Development Partners in the area of Economic Statistics and will focus on assisting ECCU member countries in rebasing their Gross Domestic Product (GDP) estimates. In order to more appropriately reflect the existing structure of our economies, the GDP estimates will be rebased using a 2018 base (reference) year. ECCU member countries, with the exception of Saint Lucia, currently use a 2006 base year. Saint Lucia rebased their GDP estimates in February 2020. The rebasing exercise for other ECCU countries is expected to be completed in 2022 in collaboration with the Caribbean Regional Technical Assistance Centre (CARTAC).

Other assignments will include database management and dissemination including expanding the economic database, utilizing a more robust software solution (SAS) for data management, and re-development of the Business Outlook Survey.

Focused attention would be dedicated to the extended compilation of the External Sector Statistics for the years 2019 and 2020 and the projections for 2021 to 2023 as the Statistics Department institutes structural changes to improve efficiencies and timeliness in the compilation of the External Sector Statistics in the ECCU.

The integration of technology into existing processes will result in enhanced data visualization and data analytics, though the use of software solutions including SAS.

As the Bank progresses towards full operationalisation of its Enterprise Risk Management function, and in its thrust for operational efficiency, the monitoring and reporting framework will be enhanced through the procurement and implementation of an appropriate Governance, Risk and Compliance (GRC) System.

The Bank will complete and publish its Strategic Plan for the period 2021 – 2026 which provides details of the areas of focus and strategic objectives for the next five years. This rendering of the strategic plan is developed in line with the Balanced Scorecard framework.

## AREAS OF FOCUS

In terms of currency management, the Bank will:

1. Continue management and issuance of the polymer banknotes in co-circulation with paper banknotes and training in 'Know Your Money' for cash handlers in the Eastern Caribbean Currency Union on the features of the EC polymer banknotes;
2. Finalise use of scientific method of currency forecasting in collaboration with De La Rue, the authorised printers of the EC banknotes;
3. Continue improvement in the processes and operations in the Currency Management Department with the acquisition of a new processing/sorting machine and upgraded of the Vault Management Solution;
4. Participate in additional commemorative coin programme with international agencies; and
5. Continue re-examination of the metal composition of the EC coins, particularly the heavy coins, with a view to ensure value for money.

The Bank will also embark on:

1. Expanding the Primary School Mentorship Programme by launching the ECCB Primary School Mentorship Radio Programme in its eight member countries;.
2. Monitoring and assessing for future enhancements, the new ECCB Creative Youth Competition for Secondary Schools and Community Colleges;
3. Executing a Monitoring and Evaluation instrument for FIM activities;
4. Completing the implementation of the Currency Management Solution and the Electronic Signature Solution;
5. Completing the upgrade of the UPS Units and Server Infrastructure;.

# LIST OF COMMERCIAL BANKS MAINTAINING CLEARING ACCOUNTS WITH THE ECCB

*As at 31 March 2021*

## **ANGUILLA**

National Commercial Bank of Anguilla Ltd  
Republic Bank (Anguilla) Limited

## **ANTIGUA AND BARBUDA**

Antigua Commercial Bank  
Caribbean Union Bank Ltd  
CIBC FirstCaribbean International Bank (Barbados) Limited  
Eastern Caribbean Amalgamated Bank  
RBC Royal Bank of Canada  
The Bank of Nova Scotia

## **COMMONWEALTH OF DOMINICA**

CIBC FirstCaribbean International Bank (Barbados) Limited  
National Bank of Dominica Ltd  
RBC Royal Bank of Canada  
Republic Bank (EC) Limited

## **GRENADA**

CIBC FirstCaribbean International Bank (Barbados) Limited  
Grenada Co-operative Bank Ltd  
RBTT Bank Grenada Limited  
Republic Bank (Grenada) Limited

## **MONTSERRAT**

Bank of Montserrat Limited  
RBC Royal Bank of Canada

## **SAINT CHRISTOPHER (ST KITTS) AND NEVIS**

Bank of Nevis Limited  
CIBC FirstCaribbean International Bank (Barbados) Limited  
RBC Royal Bank of Canada  
RBTT Bank (SKN) Limited  
St Kitts-Nevis-Anguilla National Bank Limited  
Republic Bank (EC) Limited

## **SAINT LUCIA**

1<sup>st</sup> National Bank St. Lucia Limited  
Bank of Saint Lucia Ltd  
CIBC FirstCaribbean International Bank (Barbados) Limited  
RBC Royal Bank of Canada  
Republic Bank (EC) Limited

## **SAINT VINCENT AND THE GRENADINES**

Bank of St Vincent and the Grenadines Ltd  
CIBC FirstCaribbean International Bank (Barbados) Limited  
RBTT Bank Caribbean Limited  
Republic Bank (EC) Limited

# Independent Auditors' Report and Financial Statements

The financial statements of the Eastern Caribbean Central Bank comprise the statement of financial position as at March 31, 2021, the statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information. The financial statements were audited by KPMG and conducted in accordance with International Standards on Auditing (ISAs).

[Click here for the Independent Auditors' Report and Financial Statements](#)



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