



PUBLIC ADVISORY

THE EASTERN CARIBBEAN CENTRAL BANK HAS ISSUED VALUATION PRUDENTIAL STANDARD TO ALL FINANCIAL INSTITUTIONS LICENSED UNDER THE BANKING ACT

The public is hereby informed that the Eastern Caribbean Central Bank (ECCB) has issued the Valuation Prudential Standard for Licensed Financial Institutions under the Banking Act, 2015 (Valuation Standard). All institutions licensed under the Banking Act, 2015 as amended (the Act) must comply with the Valuation Standard which is made pursuant to section 184 of the Act. This Standard came into effect on 15 December 2017.

This is a very important standard which requires licensed financial institutions (LFIs) to manage real estate valuation risks and to ensure prudent lending practices in an age of dynamic property markets.

The Valuation Standard establish minimum requirements for real estate valuation programmes, appraisal practices, and collateral risk management at LFIs.

Specifically, the Valuation Standard covers:

1. Real Estate Valuation Programme
 - Establishes the structure, policies, and independence requirements for effective valuation oversight.
2. Selection and Qualifications of Appraisers
 - Outlines criteria for selecting competent and independent appraisers and evaluators.
3. Appraisal Development and Reporting
 - Provides guidelines for conducting appraisals and producing comprehensive appraisal reports.
4. Appraisal Review Process
 - Covers processes for reviewing and validating appraisals to ensure quality and compliance.
5. Monitoring Collateral Values
 - Mandates ongoing monitoring of collateral values and portfolio risks.
6. Third-Party Arrangements
 - Establishes requirements for managing and overseeing third-party valuation service providers.



Eastern Caribbean Central Bank

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7. Compliance Process
 - Focuses on ensuring adherence to the standard through internal controls and monitoring.
8. Payment for Appraisal Services
 - Addresses timely payment practices to maintain appraiser independence.

Please note that the ECCB does not impose any requirements on LFIs with regard to the frequency of conduct of property valuation.

The entire Valuation Standard can be accessed at <https://www.eccb-centralbank.org/standards>.

The ECCB expects all LFIs to adhere strictly to the Valuation Standard to ensure reliable property valuations, prudent lending decisions, and effective management of real estate collateral risks; ultimately protecting consumers and maintaining financial stability.

Compliance with the Valuation Standard is being monitored by the ECCB through off-site supervision and risk-based on-site examinations. LFIs found to be non-compliant will be subject to remedial and enforcement actions permitted under the Act.

About the Eastern Caribbean Central Bank

The Eastern Caribbean Central Bank was established in October 1983. The Central Bank is the Monetary Authority for: Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, Saint Christopher (St Kitts) and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

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