HOUSEHOLD SAVINGS IN GUYANA

A Preliminary Analysis

by

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Paper Presented at the XVI Regional Programme of Monetary Studies Conference, Kingston, Jamaica

OCTOBER 10-12, 1984

INTRODUCTION

Increasingly, the level of domestic savings in Guyana has become one of the major preoccupations with local policymakers as well as with I.M.F. Officials. Persistent, and increasing, deficits on the current account of the balance of payments, the depletion of foreign reserves and relatively high levels of domestic inflation are often cited as manifestations of the need to increase these savings. To this end, many demand management policies have been implemented under the auspicies of the International Monetary Fund.

While it would be useful to analyse the overall level of savings in Guyana from a National Accounts perspective such a task is beyond the scope of this paper. Indeed, this paper does not even attempt to analyse the total savings of the private sector. As far as is known very little research has been done in terms of analysing household savings in the banking system even though this is a significant proportion of private savings in the system.

It is recognised that, to the extent that the financial system in Guyana is relatively underdeveloped, savings of households which are placed in the banking system may not represent a significant part of the total savings of this sector. This, however, will remain a matter of speculation until such time as serious attempts are made to measure the volume of savings taking place outside of the banking system.

This paper sets out to examine the adequacy of household savings in the banking system from a development perspective. It is hoped that this would lay the foundations for a more thorough study of the determinants of household savings and their policy implications.

Basically, this study is divided into seven sections. Section II reviews and discusses the theory of, and necessity for domestic financial savings. The third section is a brief discussion on the structure of and economic developments in the Guyanese economy. Section IV describes the Financial Sector and discusses some aspects of monetary policy in Guyana. Section V addresses the issue of household savings in the banking system while Section VI analyses the portfolio behavior of the banks. Section VII is the Summary and Conclusion.

II - SAVINGS AND INVESTMENT IN THE DEVELOPMENT PROCESS

Even though it has long been recognized that savings play a crucial role in the process of development few would contend that it is a sufficient condition. It must be aided by advancement in education, economic attitudes and so on. With this caveat in mind savings provide a source of funds for investment activities. Investment which results in capital accumulation, rather than increases in working capital, expands the productive base of an economy thus enabling it to generate higher levels of output in subsequent periods.[1)]

1. SOURCES OF SAVINGS

An economy may utilize savings which originate either from foreign or from domestic sources. In the former case, there would be a current account deficit in the balance of payments which, provided the investment is profitable and other things remain the same, would be reversed in future periods. Recent history has shown that other things do not remain unchanged.[2)] This has resulted in a number of underdeveloped countries experiencing persistent and unsustainable balance of payments deficits, severe shortages of foreign exchange and other conditions which stifle economic growth.

Moreover, heavy reliance on foreign savings as a source of funds for investment activities implies that residents are consuming too much out of current incomes. In short, aggregate domestic demand is greater than domestic

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1) Of course investment in working capital is important with regards to sustaining current levels of output and employment. However, to the extent that it does not expand capacity it cannot lead to increased growth rates.

2) Increased petroleum prices, relatively high interest rates, recession in the developed economies and a slump in the world prices for exports of developing countries are only some of the adverse changes which occurred between 1973 and 1983.

supply. Apart from manifesting itself in high levels of inflation, low levels of employment and a high degree of social unrest and political instability, such a scenario is unsustainable in the long run and is not conducive to economic growth and development.

Thus, above and beyond all else, concern for both external and internal stability make it desirable, indeed necessary, that an economy generate its own savings for purposes of capital accumulation. To the extent that domestic savings are made available for development purposes, the prospects for noninflationary financing of development are enhanced.

2. TYPES OF SAVINGS AND THEIR DETERMINANTS

Domestic savings may be in the form of either a real or a financial asset. In this sense real savings include purchase of land and other real estate, purchase of consumer durables and investment in speculative activity. On the other hand financial savings refer to investment in instruments which are liabilities of other agencies. These include cash, deposits and the holding of share certificates amongst others. Most savings which are held in the form of real assets are not productive as they represent idle resources. Similarly, financial savings, such as cash, which lie idle in the hands of individuals are counter productive. It is other forms of financial savings which provide the necessary funds for investment in productive activity and expansion of the productive base of an economy.

Financial intermediaries are expected to play a pivotal role in the mobilization and channelling of idle resources into efficient and productive activities. It is generally argued that in most underdeveloped countries, where there exists a large subsistence agricultural sector, much of the savings generated by households are not made available to the official financial system. Commercial banks attempt, actively, to mobilize (financialize) these savings by establishing branches in outlying areas.

Traditional theory holds that the level and growth of financial savings depend, amongst others, on the rate of interest, the level of income and wealth. Of these, much attention has focussed on the level and structure of interest rates. The argument is that the real rate of interest must be positive if banks are to be able to attract savings into the system as well as to ensure that financial resources are channelled to efficient and productive enterprises. Unless these rates are positive economic units would invest their savings in the form of real assets and other speculative activities as a hedge against inflation.

In many underdeveloped economies the nominal rates of interest have been kept at relatively low levels; sometimes resulting in negative real interest rates. Policymakers in these countries argue that these rates should be low in order to provide a cheap source of credit to businesses - usually to Government. Not only do such policies result in the misallocation of resources and other distortions in the economy but they also act as a disincentive to financial savings. This is known as financial repression.

The structure and level of interest rates also play a crucial role in determining the asset preferences of banks. It is this asset portfolio which determines, in part, their profitability. In cases where the interest rate is inappropriately fixed by the authorities, commercial banks may find it too unprofitable to channel resources to potentially productive activities. Moreover, an inappropriate interest rate regime is normally reinforced by overall and selective credit controls. These limit, indeed sometimes reduce, the profitability of the banks and their willingness to actively mobilize savings.

Apart from these issues of financial widening is the whole question of financial deepening. A lack of diversity of financial instruments is often cited as one of the main reason for a low level of financial savings in underdeveloped economies. The central bank could do much in the way of developing various types of financial instruments.

III - OVERVIEW OF THE GUYANESE ECONOMY

Even though Guyana has an area of 83,000 squares miles most of its 700,000 population is concentrated along the narrow coastal plain. Basically, modern industry is located in the urban centres while the population in the rural areas depend, to a large extent, on subsistence-type agricultural activities. Communication and transportation facilities within rural areas, and even between rural areas and urban centres are very underdeveloped and largely inefficient.

As is the case in most underdeveloped countries, the pillars of the economy consist of the production and export of a narrow range of primary products whose prices are determined by foreigners. (See Appendix Table I). About 80% of productive activity is accounted for by the public sector. Domestic demand is largely dependent on imports. In fact, even the production process depends heavily on import of raw materials, intermediate and capital goods. The average annual import and export of goods and services during 1971 to 1983 amounted to 67% and 61% of G.N.P. respectively.

Over the decade to 1983 the economy experienced severe economic dislocations. The boom in commodity prices during 1974-75 and 1978-79 acted as a buffer to the increased petroleum prices of 1973 and 1978. The economy was, generally, still able to grow and to build up its stock of international reserves during these years. More recently, however, the levels of interest rates in developed countries, international recession and a slump in the demand and prices for commodity exports have taken their toll on the international reserves of the economy. From a level of G$117.3 million in 1975, net international reserves declined continually until they were a negative G$1,263.6 million by the end of 1983. Significantly, the economy has run up significant arrears on payment for commercial transactions. These totalled G$396.2 million at the end of 1983.[1)]

1) This represents local currency deposits placed in the banking system for the purchase of foreign currency. To the extent that some enterprises have stopped making these deposits it is more than likely that commercial arrears are actually much more significant than this.

Reaction to these developments have been in the form of increasing controls. In an attempt to reduce imports, controls have been placed (and heightened) on foreign currency transactions and the goods market is now extensively regulated. These have resulted in a number of production bottlenecks, chief among which is the shortage of spare parts and other imported inputs.

Official estimates have shown that the rate of growth of output in real terms have been continually declining over the past five years. In real terms gross domestic incomes have fallen by an annual average of 4.0% over this period. Demand management policies have, largely, been unsuccessful - thus exacerbating the balance of payments problems, inflation and employment.

Finally, these adverse developments have resulted in the emergence of what is known as the parallel economy.[2)] Unemployment, widespread shortages and the promise of relatively high and quick returns fuel its growth. Very little is known about the workings of this economy and it is extremely difficult to measure.[3)] To the extent that is is not captured in official estimates of economic activity, national statistics are grossly understated.

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2) This economy could be defined as the set of trading activities, both export and import, which take place outside of official channels. Largely, they are deemed to be illegal by the state as they involve the purchase and sale of foreign exchange other than by authorized dealers. The prices paid and charged for goods is normally way above the controlled prices for these goods.

3) A forthcoming paper by Leslie Glen gives a good description of this economy, analyses the problems of measurement and offer some suggestions in this regard. See: Leslie Glen: The Parallel Economy and Economic Adjustment: A Preliminary Analysis of the Guyana Experience. Paper to be presented to the XXI CEMLA Conference.

IV - THE FINANCIAL SYSTEM IN GUYANA

1. OVERVIEW

The Central Bank is at the apex of the financial system in Guyana. As is the case with most central banks it has the traditional roles of acting as banker and advisor to Government as well as the promotion of monetary stability.[1] In this sense, it must be seen not only as a regulator but also a promoter of sound integrated financial systems.

At the next level are six commercial banks; five of which are branches of banks incorporated abroad, i.e. foreign-owned. The history of these date as far back as the late 19th century. The sixth is the only indigenous commercial bank and was established in 1970. Traditionally these banks have concentrated on the financing of foreign trade and domestic commerce to the detriment of capital development projects.

There is one near bank, the New Building Society, which accept deposits in the form share certificates. This institution lends almost totally for investment in housing and real estate.

Two development banks, one for agriculture and the other for housing were set up during the 1970s. Their capital is subscribed largely by the central government. Loanable funds are provided by Government and from foreign agencies with interest in these specific areas.

Fifthly, the insurance companies play a significant role in the financial system. While some of these companies are indigenous most of them are agencies with their head offices in foreign countries. These companies

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1) The Bank of Guyana Act provides for this. Whether the bank does in fact carry out these functions is beyond the scope of this study. In this respect see: Sobers, T: "The Banking System and Balance of Payments Adjustments." Paper presented to the XIV RPMS Conference.

offer a wide variety of insurance coverage but, like the New Building Society and the housing development bank, they invest mainly in housing and other real estate.

Finally, there are a number of credit unions and Pension Funds which are scattered all over the country. These units are very small in size. They accept very small savings and the credit unions lend mainly to households for the purchase of consumption goods.

Since we are looking at financial savings from a development perspective it is the banking system which is the relevant part of financial system. It is this sector which has the most potential for providing development finance.

Up until 1980 most of the commercial banks had an extensive network of branches in the rural areas and it was not unusual to find different banks competing for business in these districts. Where banks found it inefficient to set up a branch, mobile units were sent in order to provide residents with banking services. Gradually, however, banks started to withdraw their services from these areas; largely in response to decreased economic activity and financial repression. At the present time it is only the indigenous bank which still provide residents of rural areas with some banking facilities. Not only have the foreign-owned banks stopped operating in the rural areas but they have also reduced the number of branches which service the urban centres.

Monetary Policy and Interest Rates

The Central Bank Act endows the Bank of Guyana with all the traditional tools of monetary policy. Neither the liquid assets ratio nor the minimum reserve requirements have been changed since 1966. As the banks already maintained reserves which were much higher than those imposed it is doubtful that use of these instruments would have had any significant impact. In addition, the underdeveloped nature of the capital market in Guyana renders the use of open market operations inappropriate.

As is the case in most underdeveloped countries, the Bank of Guyana fixes the interest rates paid on deposits and the rates at which the commercial banks lend to the Government. In the case of loans to the public the central bank merely stipulates the maximum by which these rates should increase as a result of changes in the prime lending rate and the bank rate. A look at the comparative structure of these rates is very revealing.

Nominal interest rates remained at the same levels during the period 1972 to 1977. Small savings deposits attracted interest at the rate of 3.5% per annum while three months, six months and twelve months time deposits earned 4%, 4.5% and 5.5% per annum respectively. (Table III). Throughout the period the rate of inflation, as measured by changes in the consumer price index, remained above 8% per annum. (Table IV). In real terms depositors were being paid negative rates of interest. An average lending rate of 8.9% per annum meant that commercial banks were able to earn a spread which varied, on average, between 62 and 154 percentage points per annum. In terms of loans and advances to Government, however, the spread ranged between 36 and 114 percentage points per annum while, if the banks held treasury bills, they only earned spreads of between 7 and 66 percentage points per annum.

Primarily as a result of programmes with the International Monetary Fund, these rates were changed in 1978, in 1979, 1980 and again in 1982. Though the nominal levels were increased in all of these instances they became progressively negative in real terms as inflation soared above 15% per annum. Moreover, even though the basic structure remained unchanged, the spreads available to the commercial banks became consistently lower up to 1981. In fact, the changes in the levels of interest rates created an anomaly in so far as the rates which the commercial banks were asked to pay on deposits of twelve months duration was higher than the rates which they earned on the purchase of treasury bills. The most recent change in nominal interest rates (1982) attempted to correct the declining profit margins of the banks but it left unchanged the disincentive to invest in treasury bills.

V - HOUSEHOLD SAVINGS IN THE BANKING SYSTEM

Commercial banks offer three types of deposit schemes: demand, savings and time. Time deposits are either of three months, six months or one year duration. Savings deposits, which amounted to 48% of total deposit liabilities of commercial banks, is by far the largest category of savings in the banking system. Time deposits, at 32%, is the next largest category; followed by demand deposits. (Table V).

Demand deposits, generally, do not earn any interest and are placed, in large part, by business enterprises which use it for purposes of day to day transactions. These enterprises account for over 70% of the total demand liabilities of the commercial banks. Because of the nature of these deposits the matching assets must necessarily be in a highly liquid form. This category of savings therefore, is hardly likely to be used for development financing.

Time and savings deposits, on the other hand do attract interest. Up to 1974, households accounted for about 90% of these deposits. (Table VI). Thereafter, probably in response to interest rate developments and the fact that cheques of relatively large amounts could now be drawn on savings accounts, business firms started to increase their share of these deposits. The share of household sector fell continually until it represented 83% at the end of 1983. Even though this implies that banks would have to increase their liquid assets ratio, the bulk of investment funds would still originate from this source.

An ana4ysis of the movement of time and savings deposits, in real terms, is very enlightening. Year on year comparisons of the growth of these deposits show that they declined in 1974, 1978, 1979 and in 1981. (See Table I in Text). To a large extent, the declines in the first three periods is accounted for by increases in the price of petroleum and petroleum products. These price increases resulted in reduced profits to the public enterprises and lower income to the central government - ultimately this lead to lower levels of

TABLE I

TIME AND SAVINGS DEPOSITS[1)]

	TOTAL	% CHANGE	HOUSEHOLDS	% CHANGE
1972	135,018	-	121,364	-
1973	144,718	7.2	130,264	7.3
1974	133,841	-7.5	119,536	-8.2
1975	166,334	24.3	143,445	20.0
1976	168,607	1.4	141,384	-1.4
1977	182,463	8.2	149,578	5.8
1978	174,132	-4.6	150,372	0.5
1979	169,697	-2.5	146,290	-2.7
1980	191,814	13.0	163,032	11.4
1981	182,057	-5.1	154,135	-5.5
1982	197,608	8.5	164,720	6.9
1983	218,660	10.7	180,640	9.7

1) Measured in Constant 1970 Prices

SOURCE: Calculated from Appendix Tables No.

disposable income in the household sector. Household savings in the form of time and savings deposits declined by 8% and 3% in real terms by the end of 1974 and 1979 respectively. In similar fashion, the decline in output, freeze in salaries and wages and heightened inflation lead to a decline in the real value of household incomes during 1981. Time and savings deposits of this sector fell by almost 6% during that year.

The boom in commodity prices during 1978 lead to increased incomes and an expansionary policy on the part of the central government. These, coupled with increased subsidies, caused disposable income of households to increase sharply - resulting in a twenty per cent increase in the time and savings deposits of the sector. Again in 1980, a brief respite in the economic decline of the country allowed a real increase of 11% in these deposits which were placed by the household sector.

From 1982 to the present time a pervasive situation seems to have developed. Real output and incomes have been continually declining at a very rapid pace; the freeze on wages have been intensified and there has been mass retrenchment in the public sector. In addition, the rate of inflation, as measured by the official consumer price index, remained in the two-digit area. Despite these, total time and saving deposits placed in the banking system has increased in real terms by relatively high rates.[1)] Moreover, over 70% of these increases resulted from increases in the deposits placed by households.

Two points need to be particularly emphasized here. In the first place, the savings behavior of households with respect to income appears to have been a firm one during the 1970s; in the 1980s however, this relationship seems to be a rather tenuous one. This development may be a direct result of the emergence and growth of parallel market activities. To the extent that activity in this market goes unrecorded in statistics of national output, G.N.P. may be grossly understated. To the extent that savings of this "economy" enters into official statistics, it explains the developments discussed above.

Secondly, the indication is that household savings in the banking system is not dependent on the real rate of interest. This may have resulted in part from the limited number and liquidity of financial instruments available to the Guyanese public. With very few alternatives, households were forced to use the banking system not only as a method of liquid investment but also for security purposes. Again, "parallel economy" activities provides an explanation for this scenario.

We may thus conclude that financial repression has had very little negative effects, if any, on household savings in Guyana. It could nevertheless be argued that savings are now more concentrated and that the re-opening of rural branches of banks would contribute to further increases and diversification of savings.

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1) The fact that the C.P.I. is outdated as well as understated may lower the rates of increase given in the table somewhat.

VI - ASSET BEHAVIOR OF BANKS

It is interesting to observe the ways in which commercial banks responded to changes in their deposit liabilities. During the 1970s banks tended to hold about 45% of their assets in very liquid form. (See Table VIII). At all times these assets were far in excess of that stipulated by the central bank. In 1974, the reduction in real savings and increased demands for credit which resulted from the petroleum price increases of 1973 caused the liquidity of the banking system to be relatively tight. These assets amounted to only 36.5%. In 1975, however, the astronomical increase in deposits, the huge decline in the demand for credit (both of which resulted largely from the boom in commodity prices) and the narrow capital market forced the banks to increase their liquid assets ratio to one of 60.7%. Excess liquidity amounted to almost 40% of deposit liabilities during that year. Similarly in 1978, relatively good prices for exports from Guyana lowered both public and private sector demands for credit and resulted in a situation of monetary ease; but during 1979 the scenario of 1974 re-emerged.

So far, the experiences of the 1980s have lead to a somewhat different scenario. In the first instance total loans and advances outstanding as a proportion of deposit liabilities increased tremendously largely on account of increased lending to public sector enterprises. (See Table VII). Faced with worldwide economic recession, a slump in the prices of their output and inability to lower cost of production, these enterprises relied more and more on banking system credit. By the end of 1983 loans and advances outstanding to these enterprises represented 48.3% of deposit liabilities. Private sector credit, though slightly higher than it was during the 1970s, maintained its relationship to the deposit liabilities of the banks.

One would expect that, with these developments, liquidity in the banking system would be relatively tight. This, however, was not the case; there is monetary ease. Total liquid assets amounted to 48% and 53% of deposit liabilities at the end of 1982 and 1983 respectively - excess liquidity amounted to 30% and 35% respectively.

The implication of these developments is that the banks were borrowing funds from sources other than depositors. Indeed, an analysis of the central bank's balance sheet reveals that from 1979 relatively large sums were being lent to one particular bank for onlending to public enterprises.

One last issue in the portfolio behavior of the commercial bank is noteworthy. With the exception of 1977, (when real savings were increased and the proportion of credit to the private sector declined) the banks' holding of treasury bills averaged 64% of their total liquid assets. During the 1980s this ratio increased continually; by the end of 1983 banks' holdings of treasury bills was equivalent to 83% of their total liquid assets and 44% of their deposit liabilities.

We may argue that the fact of the commercial banks maintained their lending to the price sector while simultaneously increasing their loans and advance to the public enterprises and still having a relatively high level of excess liquidity implies that the demands for credit from the banking system is too low.[1] The lack of demand for credit by the private sector is in large measure attributed to the severe foreign exchange shortage with which the Guyanese economy has for some time now been plagued. While some firms have reduced the level of their activities many have actually ceased operations as a result of inability to obtain (imported) inputs for their production processes.

Banks have, since 1981, reacted to the stagnated demand for credit and their increased liquidity ratios by trying to discourage savings. In this context, they have continually increased the minimum levels which would be accepted as time and savings deposits. As at time of writing the levels are so high that about 85% of the salary and wage earners would be unable to open or hold accounts. It is only the indigenous bank which has not increased minimum deposit levels.

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1) Of course the fact that the central bank has been continually creating money has contributed directly to this. However, to the extent that only a relatively small bank borrowed from the central bank, this cannot be interpreted to mean that enough resources were not available to the commercial banking system as a whole. Indeed, the liquidity of the other banks prove otherwise.

VII - SUMMARY AND CONCLUSIONS

The paper discussed the arguments for increased mobilization of domestic financial savings. It was argued that domestic financial savings was germane to capital accumulation and growth with both internal and external stability. Next, it was shown that there has been a significant amount of financial repression in the Guyanese economy. Given this and the continued precipitous declines in real income we still found that deposits of households increased significantly in real terms. This lead to the conclusion that household savings which were placed in the banking system was dependent on factors other than interest rates and incomes. In this regard it was noted that an analysis of "parallel economy" activities may provide us with an explanation but that much research was left to be done in this area.

Further, it was shown that banks increased their liquidity ratios in the light of weak demands for credit by the private sector. We found that, as a proportion of deposit liabilities, banks invested more in treasury bills than in credit to the private sector even though this meant lower profit margins. Commercial banks are therefore presently making serious attempts to reduce the amount of savings which are placed in the system.

All of the above lead to the rather obvious conclusion that the amount of savings which are placed in the banking system by households is more than adequate for the level of investment activities now being undertaken. This should not, however, be interpreted to mean that the level of household savings is adequate from a development perspective. If actions are taken to increase the level and improve on the types of investment activities it is more than likely that present levels of household savings would be inadequate.

TABLE I

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
	(In Millions of Guyana Dollars)											
GROSS DOMESTIC PRODUCT	529.3	576.4	865.0	1,096.4	1,024.5	1,011.5	1,135.6	1,179.0	1,336.0	1,350.0	1,250.0	1,200.0
SUGAR	76.6	67.2	250.0	334.5	191.0	104.4	165.0	166.0	198.0	160.0	112.0	99.0
RICE	11.2	15.9	29.3	42.2	30.0	58.2	49.5	40.0	51.0	54.0	62.0	50.0
BAUXITE	89.7	80.4	117.0	142.2	145.0	164.2	178.5	169.0	221.0	101.0	88.0	17.0
AS A PERCENTAGE OF G.D.P.												
SUGAR	14.5	11.7	28.9	30.5	18.6	10.3	14.5	14.1	14.8	11.9	9.0	8.3
RICE	2.1	2.8	3.4	3.8	2.9	5.8	4.4	3.4	3.8	4.0	5.0	4.2
BAUXITE	16.9	13.9	13.5	13.2	14.2	16.2	15.7	14.3	16.5	7.5	7.0	1.4
MEMO ITEM - REAL G.D.P.[1)]	852	872	941	1,032	1,050	1,019	990	976	994	989	886	804
MERCHANDISE EXPORTS	293.3	281.9	592.0	840.5	695.2	651.8	739.9	736.6	976.6	953.5	697.7	580.0
SUGAR	101.8	75.9	284.8	413.1	258.7	185.7	234.6	230.6	307.6	302.8	263.6	208.4
RICE	25.3	25.0	49.0	84.8	73.6	66.8	96.0	80.8	87.5	110.0	60.7	65.0
BAUXITE	132.2	138.3	198.2	271.9	288.8	331.0	332.0	326.8	479.3	427.3	282.8	215.2
AS A PERCENTAGE OF EXPORTS												
SUGAR	34.7	26.9	48.1	49.1	37.2	28.5	31.7	31.3	31.5	31.8	37.8	35.9
RICE	8.6	8.9	8.3	10.1	10.6	10.2	13.0	11.0	9.0	11.5	8.7	11.2
BAUXITE	45.1	49.1	33.5	32.3	41.5	50.8	44.9	44.4	49.1	44.8	40.5	37.1

1) G.D.P. at constant 1977 prices

SOURCE: Bank of Guyana Annual Reports and Statistical Bureau

TABLE II

NET INTERNATIONAL RESERVES

G$Mn.

PERIOD ENDED	TOTAL NET INTERNATIONAL RESERVES	BANKING SYSTEM TOTAL	MONETARY AUTHORITY	COMMERCIAL BANKS	COMMERCIAL BANK ARREARS DEPOSITS	GOVERNMENT
1975	117.3	104.1	176.9	+ 7.2	-	13.2
1976	-31.4	-55.0	-60.0	+ 5.0	-	23.6
1977	-100.2	-109.6	-104.2	- 5.4	-	9.4
1978	-109.2	-115.2	- 56.0	- 2.6	- 56.6	6.0
1979	-251.1	-251.1	-180.3	- 2.2	- 68.8	-
1980	-471.4	-471.4	-399.8	+ 3.4	- 75.0	-
1981	-620.0	-620.0	-464.6	-18.1	-137.3	-
1982	-946.2	-946.2	-619.4	-42.1	-284.7	-
1983	-1,263.6	-1,263.6	-830.7	-36.7	-396.2	-

TABLE III

SELECTED INTEREST RATES IN GUYANA

YEAR END	Average D/count Rate on Three Mths. T. Bills	COMMERCIAL BANKS					
		LOANS		DEPOSITS			
		Prime Lending Rate	Average Lending Rate	Small Savings Dep.	Three Mths. Time Fixed	Six Mths. Time Fixed	Twelve Mths. Time Fixed
1972	5.88	7.50	9.10	3.50	4.00	4.50	5.50
1973	5.88	7.50	8.90	3.50	4.00	4.50	5.50
1974	5.88	7.50	8.90	3.50	4.00	4.50	5.50
1975	5.88	7.50	8.90	3.50	4.00	4.50	5.50
1976	5.88	7.50	8.90	3.50	4.00	4.50	5.50
1977	5.88	7.50	8.90	3.50	4.00	4.50	5.50
1978	7.80	9.50	10.50	6.50	7.00	7.50	8.50
1979	9.72	11.50	12.75	8.50	9.00	9.50	10.50
1980	11.62	13.50	13.88	10.50	11.00	11.50	12.50
1981	11.62	13.50	13.94	10.50	11.00	11.50	12.50
1982	12.75	15.00	16.21	11.50	12.00	12.50	13.00
1983	12.75	15.00	16.21	11.50	12.00	12.50	13.00

SOURCE: Bank of Guyana Annual Report

TABLE IV

GUYANA: URBAN CONSUMER PRICE INDEX

(1970=100)

END OF PERIOD	ALL ITEMS INDEX	ANNUAL %AGE CHANGE
1972	108.3	7.2
1973	122.2	12.8
1974	140.7	15.1
1975	148.4	5.5
1976	161.9	9.1
1977	176.4	9.0
1978	213.1	20.8
1979	254.5	19.4
1980	276.1	8.5
1981	356.2	29.0
1982	425.0	19.3
1983	472.5	11.2

SOURCE: Bank of Guyana Annual Report

TABLE V

COMMERCIAL BANKS: ASSETS AND LIABILITIES

G$'000	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
LIQUID ASSETS	79,867	92,532	92,049	207,779	179,970	228,297	286,050	299,973	330,058	340,193	517,172	678,714
LOANS AND ADVANCES	96,798	122,664	160,575	171,950	196,880	234,429	243,951	332,067	427,162	637,638	627,127	1,000,994
OTHER ASSETS 1)	29,850	33,960	39,739	42,722	63,642	63,257	134,948	151,557	167,094	213,569	367,979	505,437
TOTAL ASSETS/LIABILITIES	206,515	249,156	292,363	422,361	440,402	525,983	664,949	783,597	924,314	1191,400	1512,278	2,185,145
TOTAL DEPOSIT LIABILITIES	182,649	217,799	251,868	342,213	377,237	445,931	497,100	572,585	704,055	832,933	1054,290	1279,525
DEMAND DEPOSITS	31,468	36,234	58,018	97,991	96,065	112,235	114,102	123,016	153,407	158,642	181,833	209,393
TIME DEPOSITS	70,380	81,002	79,127	99,673	108,963	129,687	141,647	175,550	231,543	276,952	386,466	429,087
SAVINGS DEPOSITS	80,801	100,563	114,723	144,549	172,209	204,009	241,351	274,019	319,105	397,339	485,991	641,045
OTHER LIABILITIES	23,866	31,357	40,495	80,148	63,165	80,052	167,849	211,012	220,259	358,467	457,988	905,620
AS A PERCENT OF TOTAL DEPOSIT LIABILITIES:												
DEMAND DEPOSITS	17.2	16.6	23.0	28.6	25.5	25.2	23.0	21.5	21.8	19.0	17.2	16.4
TIME DEPOSITS	38.5	37.2	31.4	29.1	28.9	29.1	28.5	30.7	32.9	33.3	36.7	33.5
SAVINGS DEPOSITS	44.2	46.2	45.5	42.3	45.7	45.7	48.6	47.9	45.3	47.7	46.1	50.1

1) Includes Guyana Government Securities, Fixed Assets and Other Assets

SOURCE: Bank of Guyana Annual Reports

TABLE VI

COMMERCIAL BANKS - TIME AND SAVINGS DEPOSITS

G$000

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
TOTAL	146,225	176,846	188,314	246,840	272,975	321,864	371,076	431,879	529,599	648,486	839,834	1,033,167
PUBLIC SECTOR	4,126	10,998	13,527	20,631	30,446	31,675	17,867	19,532	25,239	29,849	41,267	79,030
- CENTRAL GOVERNMENT	-	-	134	148	552	843	1,279	2,180	2,331	3,617	7,139	7,281
- PUBLIC ENTERPRISES	4,126	10,998	13,393	20,483	29,894	30,832	16,588	17,352	22,908	26,232	34,128	71,749
PRIVATE SECTOR	142,099	165,848	174,787	226,209	242,509	290,189	353,209	412,347	504,360	618,637	798,567	954,137
- BUSINESS FIRMS	10,661	6,666	6,600	13,336	13,629	26,333	32,766	40,039	54,228	69,608	98,509	100,611
- HOUSEHOLDS	131,438	159,182	168,187	212,873	228,880	263,856	320,443	372,308	450,132	549,029	700,058	853,526
AS A % OF TOTAL												
PUBLIC SECTOR	2.8	6.2	7.2	12.3	11.2	9.8	4.8	4.5	4.8	4.6	4.9	7.6
- CENTRAL GOVERNMENT	-	-	0.1	0.1	0.2	0.3	0.3	0.5	0.4	0.6	0.9	0.7
- PUBLIC ENTERPRISES	2.8	6.2	7.1	12.2	11.0	9.5	4.5	4.0	4.4	4.0	4.0	6.9
PRIVATE SECTOR	97.2	93.8	92.8	91.6	88.8	90.2	95.2	95.5	95.2	95.4	95.1	92.3
- BUSINESS FIRMS	7.3	3.8	3.5	5.4	5.0	8.2	8.8	9.3	10.2	10.7	11.7	9.7
- HOUSEHOLDS	89.9	90.0	89.3	86.2	83.8	82.0	86.4	86.2	85.0	84.7	83.4	82.6

TABLE VII

COMMERCIAL BANKS

LOANS AND ADVANCES

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
	(In Thousand of Guyana Dollars)											
Total Loans & Advances	96,764	122,574	160,363	166,995	191,432	230,382	240,511	328,928	423,041	633,284	623,554	996,536
Public Sector	13,312	22,327	58,523	59,624	81,477	123,038	127,347	177,064	235,507	387,604	314,229	620,241
Central Government	-	-	-	-	19	13	738	78	40	1,738	2,397	2,914
Public Enterprises	13,312	22,327	58,523	59,624	81,458	123,025	126,609	176,986	235,467	385,856	311,832	617,327
Private Sector	83,452	100,247	101,840	107,371	109,955	107,344	113,164	151,864	187,534	245,680	309,325	376,295
Business Firms	65,493	74,878	77,434	84,675	81,929	75,287	72,923	100,519	121,468	165,439	208,889	258,640
Households	17,959	25,369	24,406	22,696	28,026	32,057	40,241	51,345	66,066	80,241	100,436	117,655
	(As a Percent of Total Liabilities)											
Total Loans & Advances	53.0	56.3	63.7	48.8	50.7	51.7	48.4	57.4	60.1	76.0	59.1	77.9
Public Sector	7.3	10.3	23.2	17.4	21.6	27.6	25.6	30.9	33.5	46.5	29.8	48.5
Central Government	-	-	-	-	-	-	0.1	-	-	0.2	0.2	0.2
Public Enterprises	7.3	10.3	23.2	17.4	21.6	27.6	25.5	30.9	33.5	46.3	29.6	48.3
Private Sector	45.7	46.0	40.4	31.4	29.1	24.1	22.8	26.5	26.6	29.5	29.3	29.4
Business Firms	35.9	34.4	30.7	24.7	21.7	16.9	14.7	17.6	17.3	19.9	19.8	20.2
Households	9.8	11.6	9.7	6.6	7.4	7.2	8.1	9.0	9.4	9.6	9.5	9.2

TABLE VIII

LIQUID ASSET REQUIREMENTS OF COMMERCIAL BANKS

G$000	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
LIABILITIES	182,649	217,799	251,868	342,213	377,237	445,931	497,100	572,585	704,055	832,933	1,054,290	1,279,525
Demand	31,468	36,234	58,018	97,991	96,065	112,235	114,102	123,016	153,407	158,642	181,833	209,393
Time and Savings	151,181	181,565	193,850	244,222	281,172	333,696	382,998	449,569	550,648	674,291	872,457	1,070,132
LIQUID ASSETS												
Required	33,239	40,617	48,472	71,868	73,608	88,027	111,454	144,597	186,165	154,269	199,624	234,348
Actual	79,867	92,532	92,049	207,779	179,970	228,297	286,050	299,973	330,058	340,193	505,073	678,714
Foreign	384	1,672	1,684	5,928	2,346	2,308	1,632	4,241	3,912	2,652	6,723	5,406
Currency	5,861	6,913	7,276	12,207	10,349	11,777	12,162	12,595	13,948	15,244	16,491	17,816
Reserve Deposits	17,032	10,116	10,958	19,637	21,923	24,897	37,604	34,347	43,760	41,128	67,245	72,237
Treasury Bills	52,647	60,943	55,618	128,705	119,390	170,797	198,215	190,111	210,916	237,984	402,147	563,024
Other	3,943	12,888	16,513	41,302	25,962	18,518	36,437	58,679	57,522	43,185	12,467	20,231
Excess	46,628	51,915	43,577	135,911	106,362	140,270	174,596	155,376	143,893	185,924	305,449	444,366
(As a Percent of Total Liabilities)												
LIQUID ASSETS												
Required	18.2	18.6	19.2	21.0	23.3	19.7	22.4	25.3	26.4	18.5	18.9	18.3
Actual	43.7	42.5	36.5	60.7	47.7	51.2	57.5	52.4	46.9	40.8	47.9	53.0
Foreign	0.2	0.8	0.7	1.7	0.6	0.5	0.3	0.7	0.6	0.3	0.1	0.4
Currency	3.2	3.2	2.9	3.6	2.7	2.6	2.4	2.2	2.0	1.8	1.6	1.4
Reserve Deposits	9.3	4.6	4.4	5.7	5.8	5.6	7.6	6.0	6.2	4.9	6.4	5.6
Treasury Bills	28.8	28.0	22.1	37.6	31.6	38.3	39.9	33.2	30.0	28.6	38.1	44.0
Other	2.2	5.9	6.6	12.1	6.9	4.2	7.3	10.2	8.2	5.2	1.2	1.6
Excess	25.5	23.8	17.3	39.7	28.2	31.4	35.1	27.1	20.4	22.3	30.0	34.7

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