

Caribbean Centre for Monetary Studies: 10th Annual Senior Level Policy Seminar

“Financial Stability in the Caribbean Single Market and Economy: Opportunities and Challenges”

International standards and the provision of tailored financial products support financial stability

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Overview

- ◆ What has contributed to Global Financial Stability?
 - Improved practice and conduct standards
 - More diverse range of instruments to manage risk
- ◆ Are these developments relevant to the Caribbean context?
- ◆ Can improving practice and conduct standards in the Caribbean support financial stability in the CSME?
- ◆ Can the use of new creative instruments tailored to the return/risk objectives of investors support financial stability in the CSME?
- ◆ Q & A

Key elements of Global Stability

◆ Global Financial Stability

- Role of improving practice and conduct standards in promoting financial stability
- Role of creative financial instruments for risk dispersion and risk management in promoting financial stability

Translation to the Caribbean

- ◆ Are these developments relevant to the Caribbean context?
 - First at the level of the regions integration within the Global Financial System?
 - Second in the context of further integration in the CSME?

First proposition

- ◆ Improvement and promotion of practice and conduct standards in the Caribbean can support financial stability in the CSME
 - High Standards of Conduct and Codes of Ethics in all aspects of Financial Service areas at the level of the professional – Accountant, Auditor, Banker, Financial Advisor, Asset Manager, etc.
 - Improving regulatory and supervisory framework for actors in the financial system, individuals, companies, and financial institutions
 - Improved financial system infrastructure

Second proposition

- ◆ The use of new range of instruments tailored to the return and risk objectives of investors will support financial stability in the CSME
 - Allows better risk management
 - Reduces risk
 - Improves liquidity
 - Reduces cost of capital
 - Dispersion of risk – diversification, sharing

Recap

- ◆ Identified two key developments that have contributed to Global Financial Stability
- ◆ Made a general case for the relevance to the Caribbean based on linkages and integration at two levels
- ◆ Outlined some of the practice and conduct standards in the Caribbean that could support financial stability in the CSME
- ◆ Outlined some of the new types of instruments tailored to investor requirements that would support financial stability in the CSME
- ◆ Q&A