

**Financial Risk Assessment in an Integrating
Region: The Caribbean
Second Conference**



**“POLICY FOR A REGIONAL CRISIS
MANAGEMENT PLAN FOR
THE CARIBBEAN BANKING SECTOR”
(EXCERPTS AND FURTHER THOUGHTS)**

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DATE: TUESDAY NOVEMBER 26, 2013

Outline of Presentation

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- Background
- Objective of the Regional Crisis Management Plan
- Critical Pre-requisites to the RCMP
- Summary of Policy
- Key Elements of the Plan

Background

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- The Caribbean Group of Banking Supervisors (CGBS) was commissioned to develop a Regional Crisis Management Plan (RCMP) in 2008
- A policy document to inform the RCMP was necessary and was formulated in 2009.
- Suggestion to rename:
“Regional Financial Contagion Risk Management Arrangements”

Objective of the RCMP

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- Preservation of the financial stability of regional jurisdictions which face contagion risk arising from the distress of a financial institution by operating cross-border means of, *inter alia*:
 - Harmonisation of regional intervention approaches to cross border systemic risk
 - *Full understanding of the connectedness of the institutions*
 - Establishment of a regime of Early Warning Indicators to strengthen preparedness in normal times

Critical pre-requisites to the RCMP

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- Sharing of information among regional authorities
- National Crisis Management Plans
- *National Safety Nets*
- *Recovery and Resolution Plans for entities*
- National Early Warning Systems
- Relevant legislation in each jurisdiction

Summary of the Policy Document

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- Proposed responsibilities of Home and Host Supervisors
- Proposed protocol on Supervisory Colleges
- Early Warning Ratios and Financial Stability Indicators
- Communication protocols
- Crisis Scenarios & Triggers for Action
- Resolution and Recovery Methods

Critical Elements of the Plan

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- Crisis emanates from one institution vs the sector
- Crisis declaration made by home regulator
- Must have assessment of systemic risk
- Organized by pre-crisis, during crisis and post crisis
- Stresses importance Regulatory College
- Lists critical tasks for the first 3 days
- Options for resolution

THANK YOU!