



Highlights of ECCB 2008/2009 Annual Report by Sir Dwight K. Venner

Part 1

July 18, 2009

On June 29, Governor of the Eastern Caribbean Central Bank (ECCB), Sir Dwight Venner, presented the 2008-2009 Annual Report for the Bank in accordance with the Eastern Caribbean Central Bank Agreement Act of 1983. **Money Talks** presents Sir Dwight's presentation in a three-part series due to the importance and implications of the report for our local economy. In our first part of the series, we highlight the Bank's performance and its intervention in the region's own financial crises.

ECCB's Fiscal Performance

Despite the global economic turmoil, the ECCB made a net profit of \$36.8 million and its total assets stood at \$2.4 billion which represents a decrease of 0.4% when compared to last year. This decrease in assets was caused by a dip in foreign assets due to a significant draw down of excess foreign reserves by commercial banks among other factors such as a weakened US bond market.

ECCB's Handling of the CLICO & Bank of Antigua Crises

The Governor highlighted the CLICO and Bank of Antigua crises as two grave situations in which the ECCB had to intervene. To address the CLICO scenario, the Bank established an institutional arrangement consisting of a ministerial sub-committee of the Monetary Council; a technical team of insurance regulators from the Eastern Caribbean Currency Union (ECCU) chaired by Saint Lucia; as well as an ECCB coordinating unit. Sir Dwight said that extensive discussions have been held with the governments of Trinidad, Barbados and The Bahamas to resolve the CLICO matter.

Exercising its emergency powers under the ECCB Agreement Act 1983, the Bank acted swiftly in the Bank of Antigua crisis. It established an entity, the Eastern Caribbean Amalgamated Financial Holding Co. to manage the Bank of Antigua's operations. This entity is comprised of 5 indigenous banks, including East Caribbean Financial Holding Co. (ECFH). Sir Dwight pointed out that both these crises underscored the need for "adequate supervision and regulation of commercial banks, insurance companies, credit unions and other institutions..."

To address this need, the ECCB has established a **Regulatory Oversight Committee** comprised of all financial sector regulators in the ECCU which are the ECCB, the Eastern Caribbean Securities Regulatory Commission (ECSRC) and the Single Regulatory Units (SRUs) in the member countries.

In the second part of this series, **Money Talks** will highlight Sir Dwight's assessment of the current economic climate and the challenges facing the Eastern Caribbean Currency Union.