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Remarks by
Cleviston Haynes, Governor, Central Bank of Barbados
at the Launch of
Island Compliance, Risk and the Protocol of Global Finance: Governing Evil Money
A Book by Kirk Taitt
Courtney Blackman Grande Salle
Monday May 27, 2019

I am delighted to have this opportunity to welcome you to this book launch in the Courtney Blackman Grande Salle, especially since the author, Kirk Taitt, is a member of the extended Central Bank family.

Kirk spent his formative years of development and growth in the Bank from Exchange Control to Currency to Accounts, and then as an Examiner in the Bank Supervision department, where I am sure he developed his interest in compliance. His subsequent shift to the private sector represents a well-trodden path taken by former examiners who have expanded their skills and experience to help our financial institutions strengthen their capacity to cope with the ever-changing anti-money laundering framework. We do not view this as a loss of our trained staff for, as our first Governor, Sir Courtney, for whom this facility is named, often remarked, he was training his staff for service to Barbados and the region.

We all know that writing is by no means an easy task but Kirk has taken the time to engage in meticulous research and to share with us his perspective, at times provocative, on what is one of the critical challenges we face today. Indeed, his work is timely given the increased emphasis on compliance with international standards related to Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT).

Barbados and its regional counterparts are subject to periodic AML assessments that have the potential to influence economic developments, the efficiency of our financial system and our reputation as a well-regulated jurisdiction. For example, a determination of weak, ineffective implementation of regulatory requirements may result in blacklisting, loss of correspondent banking relationships and the attendant adverse impact on the country's ability to participate in global commerce. It also has implications for future investments and its participation in the international financial services sector. From a practical perspective, these factors can result in high transaction costs or the failure to deliver efficiently cross-border financial transactions, such as remittances or trade payments, which are critical to the functioning and openness of our economies.

The perception of risk in our jurisdictions and the stigma of being associated with illicit activity threaten the fabric of the sound reputation on which our banking sector is based. We must preserve our national reputations by adopting a comprehensive regulatory approach to strategically address the realities of these risks.

But compliance often brings with it inconvenience. How often do we have customers complain of the stress of opening accounts or of completing transactions, with the lamentation by frontline officers that it is due to the requirements of the Central Bank? We accept some responsibility for the design and administration of a regulatory framework that is intended to be consistent with international standards. But I am not convinced that the operational implementation by some institutions is always consistent with the intention of the policy directive. Improved dissemination of rules together with enhanced training of frontline staff should mitigate the risk that opening an account is easier in Toronto or Port of Spain than it is in Bridgetown for the same customer. Better standardisation of customer on-boarding requirements is but one means of tackling concerns of potential financial exclusion across various strata of society. This must be supported by the efforts of financial institutions to deepen their customers' experiences to access a wider range of online financial services in a convenient, cost-effective manner.

We are cognisant of our exposure to our reputational, operational and regulatory risks and can assure you that we are working toward strategies to address these issues. Regulatory compliance regimes may not be sufficient to mitigate all risk factors, but it is imperative that we continue to lobby for a balanced approach and utilise opportunities to collaborate with the standard-setting bodies that make decisions on our regulatory requirements. This is particularly important for future regulatory reform initiatives whether geared towards consumer protection or the mitigation of abuse of our financial systems for criminal gain.

In closing, let me congratulate Kirk for completing a body of work that presents these real and conflicting issues for the region, that recognises the political economic environment in which we operate, and that seeks to challenge the status quo.

Do enjoy this evening.