



## **ANNUAL MEETINGS OF IMF AND WORLD BANK**

Governor of the Central Bank, Dr. DeLisle Worrell, accompanied Minister of Finance, Honourable Chris Sinckler, who led the Barbados delegation to the Annual Meetings of the IMF and World Bank in Lima on October 8-11. Other Central Bank members of the team were Michelle Doyle-Lowe, Director of Research, and Dr. Allan Wright, who is leading a Caribbean team investigating the withdrawal of correspondent banking relationships affecting many countries.

This problem, of commercial banks that are closing client accounts and not accepting certain types of business, attracted much attention during the meetings. The Financial Stability Board, which coordinates international policy on financial supervision, convened a meeting on the topic in the margins of the Annual Meetings. That meeting was attended by Dr. Wright. Minister Sinckler and Dr. Worrell both commented on this matter during the annual breakfast meeting between Caribbean delegations and the Managing Director of the IMF, Madame Christine Lagarde. The Caribbean study, which is currently underway, aims to document the incidence of severed banking relationships, and the reasons why commercial banks feel obliged to divest themselves of potentially profitable high quality business that they really would prefer to retain.

Other themes which were discussed with the Managing Director were the supply of international finance for development and the challenges that small economies face with respect to environmental issues. Both themes were also ventilated in sessions arranged specifically for small states, by the World Bank and other international institutions.

Dr. Worrell attended the International Council Meeting of the Bretton Woods Committee, which featured addresses by Madame Lagarde, Dr. Luis Alberto Moreno, President of the Interamerican Development Bank, Mr. Angel Gurría, Secretary General of the Organisation for Cooperation in Economic Development (OECD), Dr. Stefan Ingves, Governor of the Swedish Riksbank, Mr. Tharman Shanmugaratnam, Deputy Prime Minister of Singapore, and Mr. Claude Trichet, former President of the European Central Bank.

The most thought-provoking contribution was by Tharman, who is universally referred to by his first name. He pinpointed a number of sources of uncertainty in the modern world which were inhibiting investment and retarding the growth of world income. They included uncertainty about the future of work, with the emergence of artificial intelligence, Big Data and other new methods and technologies that have made some jobs obsolete. Aging populations unsure of the adequacy of their pensions are another major source of uncertainty.

A consequence of the low investment caused by uncertainty is that emerging economies, other than China and a handful of Asian countries, have not been catching up to advanced economies. It is true that

other developing countries have experienced fast growth up until last year, but that proves to have been a temporary phenomenon resulting from the boom in commodity prices, and may now have run its course.

Dr. Worrell and Ms Doyle-Lowe attended the International Banking Seminar organised by the Group of 30, a select group of the world's most influential leaders, which was addressed by Dr. Stan Fischer, Vice Chair of the Federal Reserve Board, Haruhiko Kuroda, Governor of the Bank of Japan, Sabine Lautenschlager, Member of the Board, European Central Bank and Dr. Yi Gang, Deputy Governor of the People's Bank of China, among others. The seminar included a panel on commercial bank culture and conduct which featured addresses by Klaus Knott of the Dutch Central Bank and the Chairman of UBS (the Swiss bank), Axel Weber. Since 2011 bank inspections conducted by the Dutch Central Bank have included assessment of culture and conduct, and the inspection teams have been augmented with non-traditional expertise such as psychologists to assist with these assessments. Mr. Weber described the wholesale changes in systems and organization which new management has introduced at UBS, which provide for transparency and accountability of the Board and management of the bank.

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