



THE COST OF COMPLIANCE AFFECTING CORRESPONDENT BANKING SERVICES IN BARBADOS AND THE REST OF THE CARIBBEAN

Central Bank Governor DeLisle Worrell attended the meeting of the Financial Stability Board (FSB) in London on Friday, September 25. The agenda item of immediate interest to Barbados had to do with the difficulties that some resident individuals and companies have encountered in their banking relationships, and in setting up bank accounts for new clients. The FSB meeting received a preliminary report of an ongoing World Bank study of the problem. Governor Worrell reported: "We were told that preliminary findings were that correspondent banking relationships had declined because the increasing costs of compliance with anti-money laundering and other stipulations make certain kinds of activity unprofitable for banks. Most seriously affected are the Caribbean, Sub-Saharan Africa, small banks and money transfer companies." The World Bank is conducting a worldwide survey on this matter, to which Barbados and other Caribbean countries are contributing. A report will be presented at a meeting in Barbados organised by the Regional Consultative Group for the Americas (RCG-A) of the FSB, on December 3, 2015.

Another item of interest on the agenda of the London meeting was a report documenting nonbank financial activities and institutions, to ensure that they are adequately regulated. Barbados is participating in this exercise. The press release issued at the end of the London FSB meeting may be found at www.fsb.org. It covers these and all the other issues discussed at the meeting.

Governor Worrell attended the London FSB meeting in his capacity as Chair, jointly with Deputy Governor Carolyn Wilkins of the Bank of Canada, of the RCG-A. Governor Worrell and Deputy Governor Wilkins will together chair the forthcoming meeting of the RCG-A in Barbados on December 4. The member countries of the RCG-A are: Argentina, Bahamas, Barbados, Bermuda, Bolivia, Brazil, British Virgin Islands, Canada, Cayman Islands, Chile, Columbia, Costa Rica, Guatemala, Jamaica, Mexico, Panama, Paraguay, Peru, Uruguay and the United States.

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