



Collateralised Transactions

The Eastern Caribbean Landscape

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Kingston, Jamaica
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Disclaimer

- The views expressed in this presentation are the views of the presenter and are not necessarily the views of the Eastern Caribbean Central Bank



Outline

- Understanding the Environment (Eastern Caribbean Currency Union)
- Current landscape for Collateral (Real Property)
- Next Steps
- Systemic Considerations
- The Role of Commercial Banks in Secured Lending



The Eastern Caribbean Central Bank (ECCB)

- 1 OF ONLY 4 MULTI-STATE BANKS IN THE WORLD.
- **PARTICIPATING TERRITORIES**
(Eastern Caribbean Currency Union – ECCU)
 - **4 LEEWARD ISLANDS**
 - ANGUILLA, ANTIGUA & BARBUDA, MONTSERRAT, ST.KITT'S/NEVIS
 - **4 WINDWARD ISLANDS**
 - DOMINICA, ST. LUCIA, GRENADA, ST. VINCENT & THE GRENADINES

GULF OF MEXICO

Eastern Caribbean

ATLANTIC OCEAN

○ **ECCU comprises of eight (8) Countries**

Cayman Islands

Cuba

Jamaica

Haiti

Dominican Republic

Puerto Rico

US Virgin Islands

British Virgin Islands

○ **Population of approximately 600,000**

CARIBBEAN SEA

Anguilla

St Kitts and Nevis

Antigua and Barbuda

Montserrat

Guadeloupe

Dominica

Martinique

Saint Lucia

Barbados

○ **Single Currency Union**

Aruba

Netherlands Antilles

Grenada

St Vincent and the Grenadines

○ **40 Commercial Banking Units**

Trinidad and Tobago





The ECCB Agreement

- **The Eastern Caribbean Central Bank Agreement Act:**
 - was passed into law by the eight Participating Governments.
- **The Schedule to the Act :**
 - contains an agreement made on July 5 1983 by seven member governments and acceded to by the Government of Anguilla on 1st April 1987.



The ECCB Agreement

- **The Agreement provides for:**
 - the establishment of the Eastern Caribbean Central Bank, its Management and Administration, its Currency, Relations with Financial Institutions, Relations with the Participating Governments, Foreign Exchange Operations, External Reserves and other related matters.

Structure of Financial System

Institutions Licensed Under The Banking Act

	Clearing Banks	Non-Bank Financial Institutions
MEMBER TERRITORIES ↓ v		
ANGUILLA	4	-
ANTIGUA AND BARBUDA	8	2
DOMINICA	4	1
GRENADA	5	2
MONTserrat	2	-
ST. KITTS AND NEVIS	7	1
ST. LUCIA	6	7
ST. VINCENT AND THE GRENADINES	4	2
TOTAL	40	15

Structure of Financial System

Clearing Banks

Locally Incorporated		Foreign Incorporated
Locally Owned	Foreign Owned	
14	8	18

Structure of Financial System

Other Financial Institutions

FINANCIAL INSTITUTIONS:	Development Banks	Credit Unions	Insurance Companies/ Agencies	National Development Foundations	Building and Loan Associations	International Financial Services Sector Banks
MEMBER TERRITORIES ↓ v						-
ANGUILLA	1	1	22	1	-	3
ANTIGUA AND BARBUDA	1	6	26	1	-	16
DOMINICA	1	15	17	1	1	3
GRENADA	1	16	24	1	1	-
MONTserrat	-	1	7	1	1	7
ST. KITTS AND NEVIS	1	3	17	1	-	1
ST. LUCIA	1	16	26	1	-	4
ST. VINCENT AND THE GRENADINES	-	9	22	1	1	5
TOTAL	6	67	161	7	4	39



Current Legislative Framework

- No single legislation for Secured Interest in Personal Property.
- Several Systems operate in Parallel throughout the OECS
 - Land Registration
 - Cadastral System – ID preassigned
 - ID Assigned at registration
 - Unregistered land



Legislative Framework (Registration)

Country	Registered	Unregistered
<i>Anguilla</i>	Cadastral	-
<i>Antigua and Barbuda*</i>	Cadastral	-
<i>Dominica*</i>	ID On Registration	Deed System
<i>Grenada</i>	-	Deed System
<i>Montserrat</i>	Cadastral	-
<i>St. Kitts and Nevis*</i>	ID On Registration	Deed System
<i>Saint Lucia</i>	Cadastral	-
<i>St. Vincent and the Grenadines</i>	-	Deed System

** Torrens system (Mirror Principle): a certificate of title is issued to the land owner and all the rights and interests are mirrored on the face of the title.*




Legislative Framework (Extra Judicial Sale)

- Available in the ECCU
- *EXCEPT* Saint Lucia.
- Premised on the default of the borrower
- Requires Notice



Legislative Framework (Judicial Sale)

- Can be a Lengthy Process
- Under the direct supervision of the court.
- Commences with serving of formal notice to pay off within a prescribe time period.
- Saint Lucia's Civil Requirements presents a challenge.



Legislative Framework (ECCU Integration Gaps)

- Single ECCU Land Registry Required to support the Single Financial Space.
- Harmonisation of taxes and fees required to avoid arbitration or deterrents to doing business in specific territories.
- All ECCU citizens must be equal (no alien land holding license should be required)



Next Steps

- ECCU Commission to be created to review policy issues and pursue recommendations:
 - ECCU Harmonised Legislation
 - A regional digitized land registry should be established.
 - Consideration for non-applicability of the CIVIL Code in Saint Lucia
 - Expansion of Extra Judicial sale to include private contracts



Next Steps

- “The financial services most accessed by retail consumers involve mortgage credit...Consumers also access other lines of personal credit for a wide range of activities from car loans to travel loans.

Accordingly, the integration of the mortgage and other credit markets is central to a more efficient functioning of the single financial space.”



Systemic Considerations

- Population Size Dictate the margins for error and Risk Appetite
- Competence is Key (Banks, Appraisers and Clients)
- Standards and Standard setting Bodies **CRITICAL** in providing homogeneity of valuations and practices.



Systemic Considerations

- Market is critical
 - May require Market makers
 - Market size including access to cross border markets will assist
- Not limited to Commercial Banks or primary lenders
 - Specialist institutions (factoring houses)
 - Development and Export Banks
 - Industry specific trade financing operations



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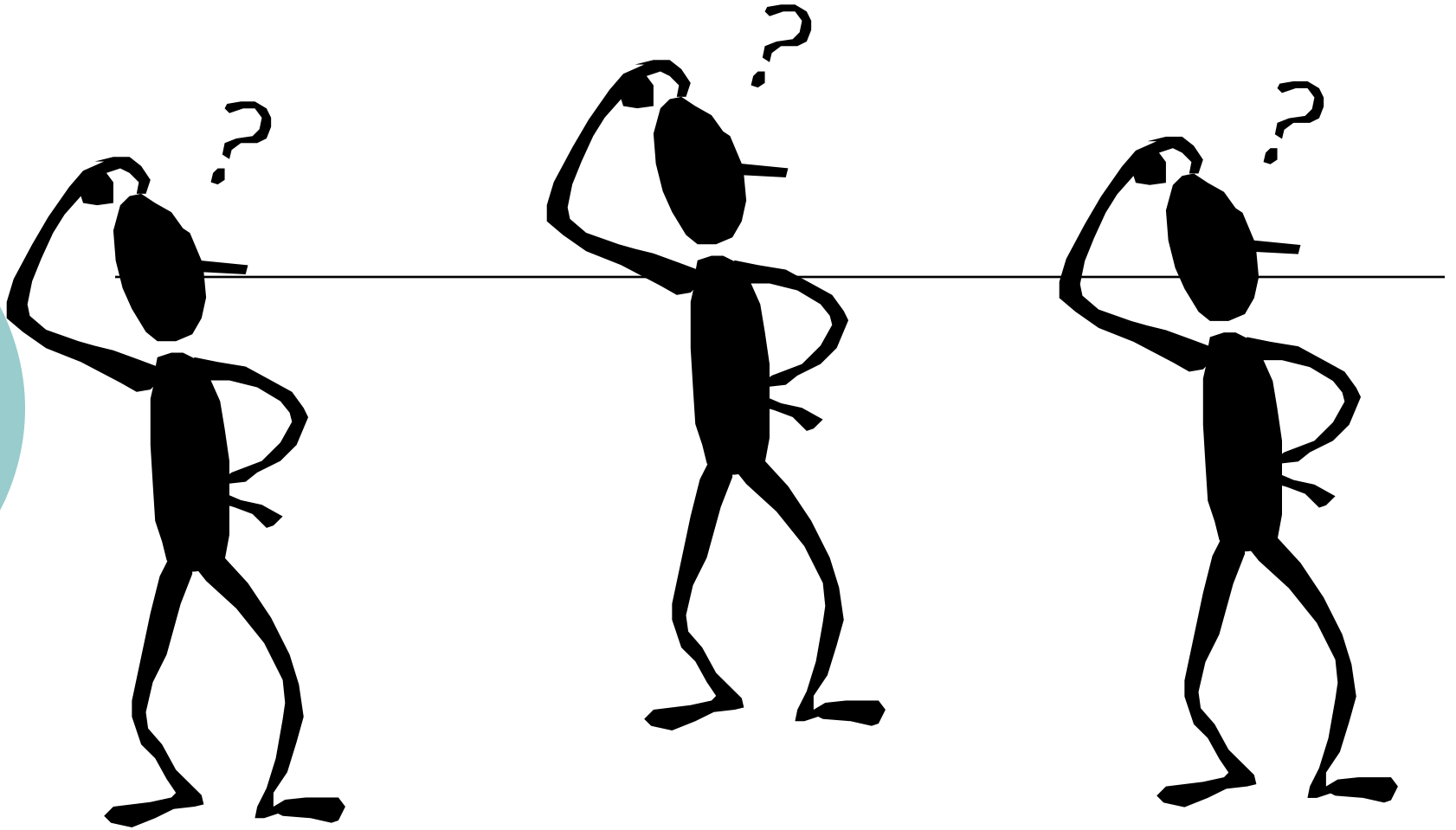
Role of Commercial Banks

- Commercial Banks are Primary Lenders and therefore a major source of finance.
- Legislation does not preclude Commercial Banks from performing Asset Based Lending.
- Prudential Guidelines **MUST** still apply.



Role of Commercial Banks

- The need for COMPETENCE cannot be overemphasized.
- DON'T RUSH – ONE ONE FULL BASKET!



**QUESTIONS? COMMENTS.
EMOTIONAL OUTBURSTS!!!**