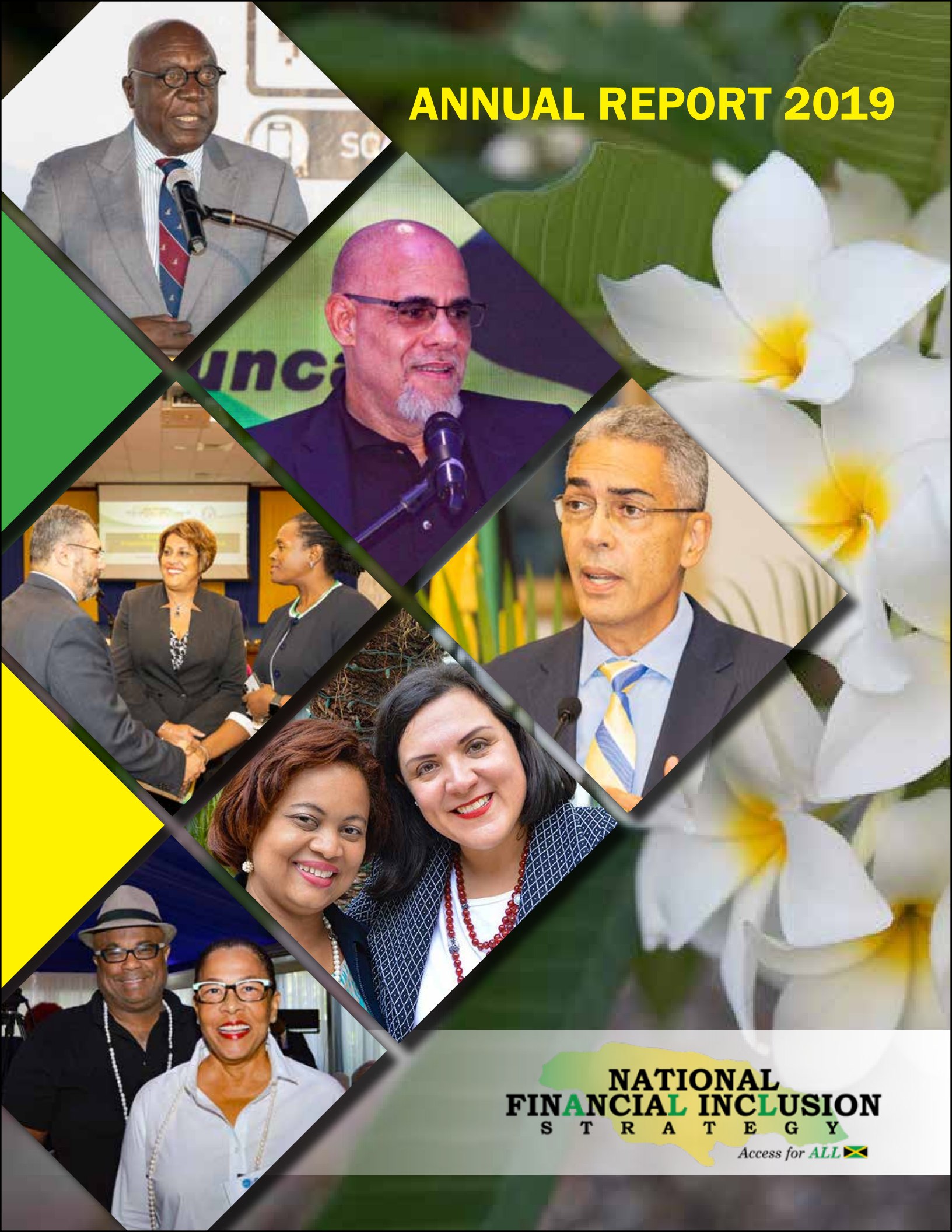


# ANNUAL REPORT 2019



**NATIONAL  
FINANCIAL INCLUSION  
STRATEGY**  
Access for **ALL** 





**NATIONAL  
FINANCIAL INCLUSION  
S T R A T E G Y**  
*Access for ALL* 

# Annual Report 2019

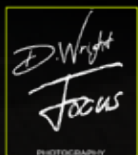
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# Abbreviations and Acronyms

AGD	Accountant General's Department
AML/CFT	Anti-money laundering/Counter-financing of terrorism
BOJ	Bank of Jamaica
CAC	Consumer Affairs Commission
CDD	Customer Due Diligence
DBJ	Development Bank of Jamaica
DTI	Deposit Taking Institutions
ERPS	Electronic Retail Payment Services
FISC	Financial Inclusion Steering Committee
FSC	Financial Services Commission
FTC	Fair Trading Commission
JMB	Jamaica Mortgage Bank
IDB	Inter-American Development Bank
KYC	Know Your Customer
MEGJC	Ministry of Economic Growth and Job Creation
MOFPS	Ministry of Finance and the Public Service
MICAF	Ministry of Industry, Commerce, Agriculture and Fisheries
NFIS	National Financial Inclusion Strategy
NHT	National Housing Trust
OTA Treasury	Office of Technical Assistance, United States Department of Treasury
PIOJ	Planning Institute of Jamaica
STATIN	Statistical Institute of Jamaica



Photography by Derron Wright  
of Wright Focus Photography



Animation done by George Hay

# Foreword



**The Hon. Nigel A. Clarke, D.Phil., MP.**  
*Minister of Finance and the Public Service*  
*Chairman of the National Financial Inclusion Council*

The Government of Jamaica continues its work on the implementation of the National Financial Inclusion Strategy to empower Jamaican citizens, and to catalyse the Government's objective of 'Economic Opportunity for All.'

This Government recognizes that increasing access to financial services and products greatly enhances the ability of Jamaicans to pursue their own financial path, and personal financial independence.

As Jamaican firms increasingly participate in global value chains, the availability and utilisation of digital payments is critical. Digital payments require easier account opening processes, while maintaining sound anti-money laundering and counter-terrorism financing mechanisms. To ensure the appropriate balance between robust anti-money laundering and counter-terrorism requirements and financial inclusion, the Government enacted amendments to the Proceeds of Crime Act and other relevant legislation. A critical amendment was to the Proceeds of Crime (Money Laundering Prevention) Regulations, which introduced simplified customer due diligence requirements. These amendments are part of a broader risk-based approach which provide financial institutions the flexibility to update their customer identification and verification processes to accommodate low-risk consumers seeking to open bank accounts, thereby increasing financial access for consumers.

'Economic Opportunity for All' also means creating a financial system that especially incentivises more MSMEs to formalise their businesses; produce financial products and services that respond to the needs of MSMEs; and, stimulate greater growth and expansion of these enterprises. To increase the opportunity for micro, small and medium sized businesses to raise capital through equity financing, the Government has focused on creating the enabling environment for increased access to the financial markets. In August 2019, the Government of Jamaica enacted amendments to the Pensions (Superannuation Funds and Retirement Schemes) Investment Regulations. These amendments increased the thresholds for investment in private equity and venture capital funds.

Additionally, the Government continued its work on improving MSME finance through a review of the Security Interests in Personal Property Act in conjunction with the International Finance Corporation. Led by the Ministry of Industry, Commerce, Agriculture and Fisheries with the support of key stakeholders in the private and public sector, the Government engaged the banking industry and legal fraternity on advancing MSME Finance through moveable assets and the secured transactions regime. All stakeholders, including the Development Bank of Jamaica and deposit taking institutions recognise that greater utilisation of moveable collateral provides the opportunity to increase lending to the private sector, particularly MSMEs.

I am particularly excited about the work on the Access to Finance project being spearheaded by the Development Bank of Jamaica to implement its electronic reverse factoring platform, which will improve the time for payment for approved invoices issued by MSMEs to their clients, by leveraging the creditworthiness of large enterprises as anchor firms.

Broadening the ownership base of the Jamaican economy is an important strategy in achieving 'Economic Opportunity for All.' As such, in 2019, there was a concerted effort to increase the number of ordinary Jamaicans participating in the stock market through the earmarking of investment opportunities in initial public offerings, including one of the largest in the history of the Jamaican Stock Exchange, Wigton Windfarm. The Jamaica Stock Exchange reported that over 32,000 Jamaicans responded to the IPO with bids that exceeded \$14 billion.

Even as the Government continues its work, we must educate our population so that they can become financially capable and better protect their interests when selecting the products, they need.

To achieve this, Bank of Jamaica implemented its national financial inclusion outreach programme, which sensitized the public key financial literacy concepts and consumer protection concepts.

We are excited about what we have achieved in financial inclusion and financial literacy to

date, even as we recognize much more must be done to promote financial literacy of our population, especially our youth, to achieve sustainable economic growth. I encourage you to support the Government of Jamaica on this journey.

**Hon. Nigel A. Clarke, D.Phil., MP.**

*Chairman, National Financial Inclusion Council*









**Richard Byles**  
*Governor, Bank of Jamaica*

Bank of Jamaica's role in promoting financial inclusion is captured in our pledge to "Build an inclusive economy."

Too often, Jamaican citizens and businesses have been perplexed and intimidated by the complexity of the formal financial system, its rules and laws. Bank of Jamaica appeared to be just another part of a slow bureaucracy which was unresponsive to the needs of the market.

With the continued implementation of the National Financial Inclusion Strategy, I am pleased to note that Bank of Jamaica is truly being seen as *the Bank of Jamaica*, belonging to the people of Jamaica, committed and accessible, relevant and accountable. Bank of Jamaica is more than a citadel on the beautiful Kingston Harbour. Bank of Jamaica exists to protect, shape and manage the economy of Jamaica.

In 2019, Bank of Jamaica began its grass-roots public sensitization on the National Financial Inclusion Strategy. Going across the Island, Bank of Jamaica sought to have a conversation with our fellow Jamaicans to explain key economic concepts and the role of Bank of Jamaica, as regulator and implementor of the National Financial Inclusion Strategy. Bank of Jamaica and its financial inclusion partners from across the public and private sectors, visited 6 parishes, educating persons on the Banking Services (Consumer Related Matters) Code of Conduct, the Credit Reporting Act, the Payment Clearing and Settlements Act and the Proceeds of Crime Act and simplified customer due diligence requirements. In 2019, Bank of Jamaica also updated our guidance on provisioning for expected credit losses, making reference to the Security Interests in Personal Property Act. Bank of Jamaica encouraged the greater use of secured transactions, supported the development of new asset based lending products, such as reverse factoring; and championed the enhancement of financial literacy and digital payments.

In keeping with the completion of the Banking Competition Study, Bank of Jamaica made the strategic decision to create the enabling environment for digital finance, through developing policies to improve access to the retail payments infrastructure and delivery of

welfare benefits electronically.

One of the crowning achievements for financial inclusion, was the enactment in October 2019 of the amendments to the Proceeds of Crime Act and the Proceeds of Crime (Money Laundering Prevention) Regulations, which allowed for the application of simplified customer due diligence requirements. With this legislative change, financial institutions were now able to implement easier account opening procedures for clients which posed a low risk of money laundering and financing of terrorism. A key legal barrier to accessing the formal financial system had been modified to allow for an improved risk-based approach to anti-money laundering and counter-financing of terrorism regulation.

In 2019, as in previous years, Bank of Jamaica benefitted greatly from the work of its financial inclusion partners. In July 2019, the Private Sector Organisation of Jamaica (PSOJ) launched its PSOJ Access to Finance Panel, which identified the critical success factors for financial inclusion from the perspective of micro, small and medium-sized enterprises. Through the creative use of workshops and conferences which were accessible on social media, more businesses began to equip themselves with the tools needed to scale up their operations and go digital in the delivery of their services.

In 2020, Jamaica, like the rest of the World, had to face new challenges to its economy because of the global pandemic of Covid-19. The significant gains made in improving access to finance for MSMEs and achieving greater financial growth were threatened by Covid-19 and the reduction of economic activity.

In the midst of this challenge however, Bank of Jamaica identified opportunities to accelerate work on financial inclusion through the expansion of digital payments and improved consumer protection. Our work to achieve financial inclusion has accelerated, as we build a new digital – and inclusive economy. Our journey continues, with Bank of Jamaica at the vanguard of the transformation. Welcome to our new inclusive economy.

**Richard Byles, Governor**

*Bank of Jamaica*

# Executive Summary

The goal of the National Financial Inclusion Strategy is to

“create an inclusive financial system in which every adult and enterprise has access to, and is able to make full use of a range of adequate, quality and affordable services”

Through the commitment of the public and private sector partners, 2019 was the year within which several of the financial inclusion initiatives began to bear fruit. The enactment of the amendments to the Proceeds of Crime (Money Laundering Prevention) Regulations created the enabling legislation for the application of simplified know your customer requirements for individuals and businesses, thereby facilitating easier account opening practices by financial institutions for low-risk clients.

To advance capital market development, amendments were made to the Pensions (Superannuation Funds and Retirement Schemes) (Investment) Regulations, which resulted in the revised limits for investments in private equity by approved private pension plans.

The Ministry of Industry, Commerce, Agriculture and Fisheries (MICAFA) continued its work to empower MSMEs, through its work on improving the operational processes for online business name registration by the Companies Office. Further, research on the possibility of utilizing unclaimed funds as a source of financing for MSMEs was completed in August 2019. MICAFA in partnership with the International Finance Corporation spearheaded the development of educational materials on assets based lending products, such as reverse factoring, which could be used by financial institutions to advance credit to MSMEs.

Bank of Jamaica supported these efforts, by the issuance of its updated supervisory guidance on the Standard of Sound Practice for provisioning and managing expected credit losses, which made specific reference to the Standard of Sound Practice for Problem Asset Management, Provisioning Requirements and Accounting for Expected Credit Losses and Asset Based Lending Product. This work complemented the completion of the Banking

Competition Study, which highlighted the importance of digital payments and fintech as a driver of financial inclusion.

Bank of Jamaica accelerated its financial inclusion outreach, with a strong presence on traditional and social media on relevant topics, such as access to finance, digital payments, consumer protection and financial literacy. With outdoor radio broadcasts and town halls in six (6) parishes, Bank of Jamaica had the conversation on financial inclusion with Jamaican citizens and firms. The diaspora was also engaged, as was the private sector.

July 2019 was the moment in which the private sector, through the PSOJ Access to Finance Facilitation Panel, advanced work on financial inclusion. In a partnership of financial institutions, regulators, industry associations, lawyers and MSMEs, the PSOJ Access to Finance Facilitation Panel demonstrated that all financial institutions wanted to do business with MSMEs. The MSMEs outlined their challenges with obtaining financing and business support services, and the financial institutions committed themselves to resolution of these issues.

The timing of this collaboration was fortuitous, as six impact indicators improved; and three intermediate indicators improved. Details of these achievements and ongoing work-streams are in the Appendices to the report. The work of building an inclusive economy continues.





# Message



**Melanie Williams**

*Financial Inclusion Technical Secretariat, Bank of Jamaica*

# NFIS Achievements for 2019

## **Report from the Financial Inclusion Technical Secretariat, Bank of Jamaica**

Throughout 2019, the Financial Inclusion Technical Secretariat continued to drive Bank of Jamaica's financial inclusion projects, in collaboration with its financial inclusion partners. Below are the highlights of the achievements of Bank of Jamaica.

### **A. Technical Assistance, Conferences and Workshops**

Bank of Jamaica, through the Financial Inclusion Technical Secretariat, in association with the Office of Technical Assistance staged a workshop on "Leveraging data to drive financial inclusion" on 31 January 2019. Participants included Bank of Jamaica, the Statistical Institute of Jamaica, the Development Bank of Jamaica and the Ministry of Industry, Commerce, Agriculture and Fisheries.

On 12 June 2019, the Financial Inclusion Technical Secretariat presented at the National Bank of Ukraine's Financial Inclusion Forum, which focused on developing a cashless society and Jamaica's experiences with the implementation of the NFIS. For

additional information, please see the hyperlink below:

<https://www.youtube.com/watch?v=DqIzwBgt0T8>

The Financial Inclusion Technical Secretariat continues to partner with the Private Sector Organisation of Jamaica (PSOJ) on the PSOJ Access to Finance Panel and the series of workshops to build the financial literacy of MSMEs and address the barriers to accessing credit for MSMEs. The Secretariat participated in a panel on 3 July 2019 which discussed challenges with accessing loans from deposit taking institutions, the need for training of front-line staff engaged in credit adjudication processes and simplified customer due diligence requirements.

On 1 – 2 October 2019, the Financial Inclusion Technical Secretariat in partnership with the Ministry of Industry, Commerce, Agriculture and Fisheries, the International Finance Corporation, the Inter-American Development Bank and the World Bank staged a workshop on MSME Growth and Development through moveable asset based finance, on 1 – 2 October 2019. Topics covered included presentations on the National Financial Inclusion Strategy, the Standard of Sound Practice on Problem Asset Management, Provisioning

Requirements and Accounting for Expected Credit Losses; and Asset Based Lending Products.

**B. Participation in the Regional Diaspora Conference 17 – 19 June 2019**

BOJ's Research and Economic Programming Division in collaboration with the Financial Inclusion Technical Secretariat prepared and administered a survey to conference participants on remittances and access to financial products and services to identify new investment opportunities for the diaspora.

**C. External Outreach and Communication**

On 22 January 2019, through the Ministry of Finance's communication team, the Financial Inclusion Technical Secretariat participated in the Ministry's radio programme "Let's talk Finance" which was aired on Nationwide FM on 6 February 2019. Future radio broadcasts were recorded on 13 February and 20 February, which featured the NFIS Brand Ambassadors.

The Financial Inclusion public service announcement was published by BOJ on its Twitter page on 24 January 2019. A second PSA, featuring the jingle and animation for the National Financial Inclusion Strategy was published on 28 January 2019. The responses to both tweets was quite positive.

On 30 January 2019, in partnership

with the Ministry of Finance, copies of the NFIS brochure, which summarizes the strategy were distributed by the Hon. Fayval Williams, M.P. during a public outreach programme held in St. Andrew.

On 24 February 2019, the Financial Inclusion Technical Secretariat had its Financial Inclusion Church Service at Swallowfield Chapel. Participants included representatives from the Jamaica Deposit Insurance Corporation (JDIC) and Bank of Jamaica.

The Financial Inclusion Technical Secretariat collaborated with the Public Relations team on the development of a radio programme "Centrally Speaking" to educate the public on BOJ's role in implementing monetary policy, creating an inclusive economy and supervision of deposit taking institutions.

In 2019, the Financial Inclusion Technical Secretariat and its financial inclusion partners staged 6 outdoor broadcasts with Irie FM as part of public sensitization programme.

Starting in October 2019, staff engagement videos on financial inclusion were posted to BOJ's intranet to communicate the key thematic areas of the National Financial Inclusion Strategy.

Partners that have participated in the



outreach include the Ministry of Industry, Commerce, Agriculture and Fisheries, the Companies Office of Jamaica, the Consumer Affairs Commission, the Development Bank of Jamaica, the Financial Services Commission, the Jamaica Business Development Corporation, the Jamaica Deposit Insurance Corporation, the Private Sector Organisation and the PSOJ Access to Finance Panel.

A Financial Inclusion Town Hall was held at Bank of Jamaica on 19 September 2019 by the Financial Inclusion Technical Secretariat in conjunction with the International Monetary Fund.

On 7 October 2019, a presentation on financial inclusion and financial literacy was made at the University of the West Indies, Mona School of Business.

The Secretariat partnered with the National Consumers League on 4 December 2019 to present on financial inclusion and consumer protection.

#### ***Under the Law – Public Sensitization about important legal matters***

Starting November 2019, Bank of Jamaica sponsored four (4) episodes in “Under the Law” programme.

For a full listing of communication initiatives, please see section 5.0.

#### **D. Graded Customer Due Diligence Requirements under the Proceeds of Crime Act**

On 11 September 2019, the Ministry of National Security circulated the Bill containing proposed amendments to the Proceeds of Crime Act and the POCA (Money Laundering Prevention) Regulations. The Financial Inclusion Technical Secretariat provided its comments on 12 September 2019 in relation to the simplified customer due diligence requirements. The enactment of these legislative amendments, were a critical part of the enabling framework for risk-based supervision of money laundering and financing of terrorism risks.

Updated bills were received on 30 September and 4 October from the Ministry of National Security and feedback was provided by the Financial Inclusion Technical Secretariat.

On 28 October 2019, Parliament passed the amendments to the Proceeds of Crime Act and the Terrorism Prevention Act.

The proposed amendments to the POCA (Money Laundering Prevention) Regulations were passed by Parliament in October 2019. These amendments included changes to permit a risk-based approach to be taken when opening accounts and to allow financial institutions to administer simplified

customer due diligence requirements.

The Financial Inclusion Technical Secretariat continued to work with the Financial Markets Infrastructure Division to strengthen the legal framework for the regulation of payment services providers.

#### **E. *Digitization of Government Payments***

The Financial Inclusion Technical Secretariat completed its research paper on improving financial access through digitization of government payments and presented the findings to the Chair of the Retail Payments and Financial Infrastructure Working Group on 6 November 2019.

#### **F. *Research Paper on improving access and interoperability***

In August 2019, the Financial Inclusion Technical Secretariat submitted its research paper on improving interoperability and access to the financial infrastructure to the Retail Payments and Financial Infrastructure Working Group. Comments were received from key stakeholders, including the Planning Institute of Jamaica and MultiLink.

The Financial Inclusion Technical Secretariat presented its paper to the National Payments Council on 23 October 2019. Comments were also solicited on the implementation plan for improving financial access and digital payments.

#### **G. *Presentation to the Economic Growth Council – 17 October 2019***

The Ministry of Finance and Bank of Jamaica met with the Economic Growth Council to discuss matters related to the NFIS MSME Finance agenda and the Financial Deepening Agenda. Work continues with the pursuing the objectives of the Access to Finance Project led by the Development Bank of Jamaica.

#### **H. *Development of demand side surveys***


The Financial Inclusion Technical Secretariat developed survey instruments to measure a number of key metrics for financial inclusion, namely:

- (a) Ease of access to financial services;
- (b) Usage of financial services (payment services);
- (c) Access to credit; and
- (d) Access to Insurance and Pensions.

Once finalized, these will be shared with the Consumer Protection and Financial Capability Working Group and the Retail Payments Financial Infrastructure Working Group for their comments.

Work was done on development of the terms of reference for a baseline survey for financial literacy. On completion, that document will be shared with the Ministry of Education, Youth and Information and the members of the Consumer Protection and Financial Capability Working Group.

# NATIONAL FINANCIAL INCLUSION STRATEGY

Access for ALL 

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# NATIONAL FINANCIAL INCLUSION STRATEGY

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### I. **Banking Competition Study**

BOJ had two virtual meetings with the Consultants (Menns SRPL) on 22 May 2019 and on 18 June 2019 to discuss:

- Comments on the Final Draft Interim Report;
- Proposed focus groups to be held with the banked and unbanked customers as identified by the Consumer Affairs Commission and the Fair Trading Commission; and
- Further discussions with the deposit taking institutions, and micro-finance institutions to identify factors that may influence the competitive behaviour of the market participants in the banking services industry.

The Fair Trading Commission (FTC) and BOJ provided their comments on the Final Interim Report on 17 June 2019 and subsequently on 24 June 2019. Comments were received from the Financial Inclusion Technical Secretariat, the Financial Stability, the Financial Market Infrastructure and the Financial Institutions Supervisory Division teams of BOJ.

The Consultants presented their findings to the Ministry of Finance and the Public Service, Bank of Jamaica and the Fair Trading Commission and other stakeholders on 10 – 11 October 2019. The Financial Inclusion Technical Secretariat confirmed on 31 October 2019, that it had no further comments on the draft final study.

### J. **Utilisation of Unclaimed Funds**

BOJ provided comments on the draft interim report on the proposed utilization of unclaimed funds to drive MSME growth. This report was prepared by Consultants to the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAF). The report was finalized in August 2019.

### K. **Legislative review of the Credit Reporting Act**

Bank of Jamaica (BOJ) received the second interim report in June 2019. The Financial Inclusion Technical Secretariat and the Financial Institutions Supervisory Division provided comments.

### L. **The Financial Inclusion Steering Committee**

The Financial Inclusion Steering Committee met on 28 May 2019.

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# 3.0 Monitoring and Evaluation Framework

- 3.1. For the period under review, the Financial Inclusion Technical Secretariat reviewed data on the intermediate and impact indicators. These are measured annually as a method of tracking progress on the NFIS objectives.
- 3.5 With regard to the impact indicators for financial growth, the impact indicator measuring improvement in MSME Finance declined below its 2018 measurements.

## Impact Indicators

- 3.2 Six (6) impact indicators advanced positively towards the 2020 targets. These indicators are all in the dimensions of access to financial services and usage of financial services.
- 3.3 Access impact indicators which advanced towards 2020 targets were the:
- Number of deposit accounts with commercial banks per 1,000 adults,
  - Number of access points per 1,000 square kilometres; and
  - Number of access points per 10,000 adults.
- 3.4 Usage impact indicators which advanced towards 2020 targets
- Unclaimed deposits as a percentage of total deposits,
  - Electronic retail payments (via commercial banks) per capita; and
  - Individual deposits as a percentage of gross domestic product.
- 3.6 There is incomplete data for the measurement of the impact indicator on the value of outstanding residential mortgages, and the value of loans to the agricultural sector. Such data as is available was limited to credit advanced by deposit taking institutions only.



## Table 1: Status of NFIS Impact Indicators

Pillar	Impact Indicator	Base-line 2015	2016	2017	2018	2019	Target 2020	Source
<b>FINANCIAL ACCESS AND USAGE</b>	Number of deposit accounts with commercial banks per 1,000 adults	1152	1078	1583*	1629	1733	1500	BOJ
	Unclaimed deposits (for 7 years or more) to total deposits (%) - DTIs	1.2	1.3	0.9	0.9	0.8	0.5	BOJ
	Number of electronic retail payments (via commercial banks) per capita per year	33	37	39	44+++	46	50	BOJ
	Number of access points per 1,000 sq. km	2270	2484	2715	3303+++	3711	5000	BOJ
	Number of access points per 10,000 adults	128	139	150	180+++	201	240	BOJ
	Individual Deposits (%GDP) – DTIs & Credit Unions	28	29	25.7	25.8	27.1	31	BOJ
<b>FINANCING FOR GROWTH</b>	Value of loans to MSMEs (as % of total private sector credit) – DTIs (Fiscal Year Basis)*	11	N/A	13.90* (revised data)	10.7	9.7	12	BOJ
	Value of loans to agricultural sector (as % of total lending) – DTIs + NPCB	2.4	1.5	1.2* (DTIs only) (revised data)	1.8 (DTIs only)	1.6	4.0	BOJ/ NPCB
	Value of outstanding residential mortgages – DTIs, Credit Unions and NHT (%GDP)	21	7.6	8.2	6.7*** (DTIs and Credit Unions only)	7.1	30	BOJ/ NHT

**Notes:**

\*This reflects data for deposit-taking institutions only.

\*\*\* This reflects data for deposit-taking institutions and credit unions only

+++ This reflects revised data points for 2018





# Intermediate Indicators

1.1 As part of the monitoring and evaluation framework, there are ten intermediate indicators, which measure Jamaica's progress towards financial inclusion throughout the project's time-line. See **Table 2**.

1.2 Of these, for the period under review, four intermediate indicators are moving in a positive direction towards the 2020 targets.

1.3 These are:

- a) The number of PATH beneficiaries who received their benefits through digital payments;
- b) The number of remittance agents (determined by location);
- c) The percentage of the adult population covered by the credit bureaus; and
- d) The number of micro, small and medium-sized enterprises supported by the Partial Credit Guarantee (PCG).

1.4 Of these, two indicators have met their 2020 targets, which are:

- a) Financial access – number of remittance agent locations; and
- b) Financing for growth – percentage of the credit utilizing adult population which is covered by a credit bureau.

1.5 The number of micro-insurance products in the market place remained unchanged for the past three years, as the legislative amendments to the Insurance Act for the micro-insurance industry were not enacted.



**Table 2: Status of Intermediate Indicators as at December 2019**

<b>Pillar</b>	<b>Intermediate Indicator</b>	<b>Baseline</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Target 2020</b>
<b>FINANCIAL ACCESS AND USAGE</b>	Percentage of direct benefit transfers payments transmitted via electronic retail payment products (using PATH beneficiaries as a proxy)	11	13	13.71	12.37	14.4+++	28
	Number of remittance agents (by location)	402	422	425	453	482	450
<b>FINANCIAL RESILIENCE</b>	Number of micro-insurance products	25	7++	7++	7++	7++	50
<b>FINANCING FOR GROWTH</b>	Percentage of the adult population covered by credit bureaus	22	22	25	43	47	40
	Percentage of land plots registered***	58.68	59.06	59.57	60.01	60.47	65
	Number of MS-MEs supported by Partial Credit Guarantee (PCG) Programme per fiscal year, end March)	51	57	78	106	162	300
	Per cent of NHT contributors accessing benefits through NHT	34	43	38	26.5	TBC	60

Pillar	Intermediate Indicator	Baseline	2016	2017	2018	2019	Target 2020
<b>RESPONSIBLE FINANCE</b>	A: Per cent of financial consumer complaint cases resolved (of those received)	76	53*	56	58	98	N/A
	B: Number of complaints received (via BOJ, FSC, CAC)	214	195	223	211	170	N/A

Notes:\*The data set for 2016 is incomplete, as BOJ was unable to confirm the percentage of complaints, which was resolved in 2016.

++ Currently, there are no approved micro-insurance products in Jamaica, as the current legislative framework does not address micro-insurance business. The figures presented are insurance products offered in Jamaica that have some of the characteristics of micro-insurance product as per the intended framework.

\*\*\* Effective 1 April 2016, road parcels were excluded. These figures do not include retired parcels. See <http://apps.nla.gov.jm/parcelstatistics/>

+++ As at October 2019

### Table 3: Consumer Complaints as at 31 December 2019 As reported by the Office of Consumer Complaints

Category of Complaints	Number of complaints
Access to Funds	3
Account Related	48
Fees & Charges	4
Fraud	15
Loan	9
Other	3
Total	82

Source: BOJ

Notes: \*Rate of Resolution of complaints: 95.1%



**Table 4A: Number of New Listings in the Jamaica Stock Exchange**

Number of New Listings					
Years	2019	2018	2017	2016	2015
Main Market	6	5	9	5	1
Junior Market	4	7	5	6	1
USD Equities Market	3	4	1	1	0
Bond Market	2	1	1	1	0
<b>TOTAL</b>	<b>15</b>	<b>17</b>	<b>16</b>	<b>13</b>	<b>2</b>

Source: Jamaica Stock Exchange

**Table 4B: Number of New Listings in the Jamaica Stock Exchange**

Number of New Listings					
Years	2015	2016	2017	2018	2019
Main Market	1	5	9	5	6
Junior Market	1	6	5	7	4
USD Equities Market	0	1	1	4	3
Bond Market	0	1	1	1	2
<b>TOTAL</b>	<b>2</b>	<b>13</b>	<b>16</b>	<b>17</b>	<b>15</b>

Source: Jamaica Stock Exchange

**Table 5: Number of Investors trading on the Jamaica Stock Exchange**

Year	Number of Investors	YOY% change
2015	3412	-
2016	7991	134.20%
2017	14904	86.51%
2018	16450	10.37%
2019	48,167	192.81%

Source: Jamaica Stock Exchange

**Table 6: Annual Market Capitalization in Junior JSE Market and Main JSE Market**

Market Capitalization					
Years	2019	2018	2017	2016	2015
Main Market (J\$)	\$1,929,947,681,342.09	\$1,383,834,940,068.79	\$1,048,739,993,889.94	\$697,446,825,637.37	\$615,559,573,602.85
Junior Market (J\$)	\$151,356,360,107.15	\$139,776,812,503.52	\$114,795,266,054.62	\$103,417,577,608.87	\$67,946,699,870.58
Combined Market (J\$)	\$2,081,304,041,449.24	\$1,523,611,752,572.31	\$1,163,535,259,944.56	\$800,864,403,246.24	\$683,506,273,473.43

Source: Jamaica Stock Exchange

**Table 7: Volume and Value of Electronic Retail Payment Transactions for the years 2017 - 2019**

Electronic Retail Payment System (ERPS) Data					
Date	Total Accounts:	Active Accounts	Transaction Volume	Transaction Value(J\$)	E-Money (J\$)
Mar-17	56852	13432	17,561	221,650,290	11,215,257.65
Jun-17	43823	13310	564,739	216,251,597	18,173,489.69
Sep-17	43585	13448	471,879	209,041,738	19,225,836.10
Dec-17	21062	17075	557,097	242,946,997	19,226,547.63
Mar-18	21901	14607	640,263	279,770,384	20,300,302.11
Jun-18	37316	15658	708,715	322,702,217	12,286,371.43
Sep-18	37570	16888	785,846	370,750,414	13,455,209.56
Dec-18	46482	21745	1,002,094	592,930,699	21,149,923.47
Mar-19	85975	63258	1,308,929	1,859,009,342	61,325,045.88
Jun-19	124836	90085	1,388,480	2,631,216,723	80,941,662.98
Sep-19	134756	101731	1,244,304	3,193,078,377	84,137,492.36
Dec-19	202985	132139	1,666,964	4,003,961,739	89,501,594.98

Source: BOJ

Notes: Accounts are recorded as a stock figure

## Table 8: Status of Credit Information Providers as at 31 December 2019

Activity Indicators		2016	2017	2018	2019
<b>1.</b>	<b>Total No. of CIPS in data sharing agreements with credit bureaus</b>	<b>84</b>	<b>87</b>	<b>94</b>	<b>103</b>
1.1	<i>Deposit Taking Institutions</i>	10	10	10	10
1.2	<i>Credit Unions</i>	23	23	23	24
1.3	<i>Statutory Lending Agencies</i>	5	4	4	5
1.4	<i>Micro Finance Entities</i>	25	24	27	30
1.5	<i>Trade Creditors (not covered under the Hire Purchase Act)</i>	10	14	16	16
1.6	<i>Utility Companies</i>	3	4	4	4
1.7	<i>Others</i>	8	8	11	14
<b>2.</b>	<b>No. of CIPs submitting data to credit bureaus</b>	<b>36</b>	<b>41</b>	<b>51</b>	<b>55</b>
<b>3.</b>	<b>No. of CIPs pulling data from credit bureaus</b>	<b>63</b>	<b>65</b>	<b>70</b>	<b>69</b>
<b>4.</b>	<b>No. of CIPs pulling data but not yet submitting to credit bureaus</b>	<b>27</b>	<b>26</b>	<b>24</b>	<b>48</b>
<b>5.</b>	<b>No. of reports issued during the year (inclusive of free reports)</b>	<b>250 122</b>	<b>442 712</b>	<b>466 531</b>	<b>582 822</b>
<b>6.</b>	<b>No. of consumers free reports issued per section 15(3) of CRA</b>	<b>5 765</b>	<b>6 758</b>	<b>7 316</b>	<b>8638</b>
<b>7.</b>	<b>No. of account records in credit bureau data base with the largest number at year end</b>	<b>1 070 168</b>	<b>1 525 375</b>	<b>2 032 157</b>	<b>2385733</b>
<b>8.</b>	<b>No. of data subjects in credit bureau data base</b>	<b>408 570</b>	<b>467 432</b>	<b>818172</b>	<b>895116</b>
<b>9.</b>	<b>Population coverage* at year end (per cent)</b>	<b>22</b>	<b>25</b>	<b>43</b>	<b>47</b>
<b>10.</b>	<b>Hit Rate** for CIPs (using credit bureau with highest rate at year end)</b>	<b>72.6</b>	<b>77.2</b>	<b>83.60</b>	<b>99.41</b>
<b>11.</b>	<b>Complaints raised by consumers that required correction of information provided by CIPs, as reported by credit bureaus</b>	<b>1 116</b>	<b>2 316</b>	<b>2 762</b>	<b>3512</b>
<b>12.</b>	<b>Complaints raised by consumers with credit bureaus which were subsequently escalated to BOJ</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>0</b>
<b>13.</b>	<b>Complaints that were as a result of errors on the part of the credit bureaus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>

Source: BOJ

Notes: CIPs – credit information providers

\* Percentage of population covered by credit bureaus – credit granting population segment - ages 18 - 74 years. Source - Statistical Institute of Jamaica - Demographic Statistics

\*\*Hit Rate represents the percentage of credit report requests that are returned with a credit history

Account Records, Data Subjects and Hit Rate used in table reflect the credit bureau with the largest number at year end





# 5.0 Communication – the art of engaging, listening, learning and adapting

5.1 Bank of Jamaica recognized that it is crucial that we communicate effectively to our stakeholders to ensure that our messages on financial inclusion are heard, understood and feedback received from our fellow Jamaican citizens and businesses, especially our MSMEs. Too often, the use of complex jargon can obscure the message, which causes our people to lose interest in the message and either change the channel – or in our social media world – scroll on.

5.2 In July 2018, the Financial Inclusion Technical Secretariat of Bank of Jamaica embarked on a campaign to connect and share with Jamaica information that our people wanted to understand. Our financial inclusion messages were crafted for our people, and the Financial Inclusion Technical Secretariat hit the streets, the airwaves and the television. We discussed matters pertaining to monetary and financial stability, as educating the public about Bank of Jamaica's responsibilities as supervisor of financial institutions, overseer of payment systems and regulator of deposit taking institutions, cambios, remittance service companies and electronic retail payment service providers. Jamaican citizens and businesses were eager to learn about their rights under the Banking Services Act (Customer Related Matters) Code of

Conduct, the Credit Reporting Act, the Operating Directions for cambios and the Operating Directions for remittance service providers.

5.3 In 2019, we took the messages of the Bank into several communities across Jamaica, through our community engagement programmes. Here, we sought to ensure understanding of our messages to broaden and deepen public understanding while we empower consumers, especially those at the lower end of the financial spectrum. Bank of Jamaica held town halls on financial inclusion at the Bank as well as outdoor broadcasts in partnership with Irie FM in six (6) parishes. In partnership with the radio series "Under the Law", we shared relevant information on remittances, credit reporting and the Code of Conduct to empower our fellow Jamaican citizens and MSMEs.

5.4 Bank of Jamaica also leveraged our NFIS network and our alliances with key financial inclusion partners, including the Ministry of Finance and the Public Service, the Ministry of Industry, Commerce, Agriculture and Fisheries, the Development Bank of Jamaica, EXIM Bank, the Financial Services Commission, Jamaica Business Development Corporation and the Jamaica Deposit Insurance Corporation. Through workshops, townhalls, seminars and radio we were able to share valuable content

on how to register a company online, the benefits of the Security Interests in Personal Property Act and its electronic registry, and digital payments.

5.5 In 2019, Bank of Jamaica collaborated with multilaterals, such as, the Inter-American Development Bank, the International Monetary Fund, the International Finance Corporation and the World Bank on innovative products to drive MSME finance, such as asset based lending, factoring and receivable financing. The target audience for these messages including the banking industry, representatives from micro finance institutions and the legal fraternity.

5.6 Bank of Jamaica not only spoke – but we listened. The art of effective communication is based on respect and understanding. The concerns of our citizens informed the design of our Financial inclusion and financial literacy campaigns.

5.7 Bank of Jamaica is pleased to recognise the leadership role played by the Private Organisation of Jamaica (PSOJ) in forming its PSOJ Access to Finance Panel, which held its inaugural conference on 3 July 2019. Since the formation of this public-private partnership, there were three (3) workshops held which identified key impediments to growth of small and medium-sized enterprises, while articulating potential solutions to these problems. Bank of Jamaica

is pleased to partner with the PSOJ Access to Finance Panel in its work to achieve deepening of the capital markets and greater financial inclusion.

5.8 To ensure reach and message connection, Bank of Jamaica began to expand the channels of communication to include Facebook and YouTube, building on the Bank's use of its Twitter channel, which had started in 2018. These efforts were supported by the use of traditional media, giving consumers access to information, pertinent to the Bank on any device, any platform, anywhere and anytime.

5.9 Bank of Jamaica's digital footprint made it possible for the private sector and the public to notice our efforts as our unique and innovative communication strategy exemplified how to connect with Jamaican enterprises and individuals on economic policies and regulation, topics which has proven challenging in the past.

5.10 The Bank also produced its inaugural flagship television production **Centrally Speaking**, which was aired on Television Jamaica (TVJ). The programme is also available on several digital channels to include, Twitter, Facebook and YouTube. Our radio series of the same name was aired on Irie FM as well as on RJR.

5.11 Bank of Jamaica's podcast series commenced in mid-year 2019 on four platforms including Buzz Sprout, Soundcloud, Stitcher and Apple podcast. In 2020, the Bank will pursue its 360-degree communication strategy as we seek to retain and reach new stakeholders and improve public confidence.



# Highlights from BOJ's Financial Inclusion outdoor broadcasts



Members of the audience in Ocho Rios listen attentively to the performance of the Financial Inclusion Play by the Kenny Salmon acting troupe



Brand Ambassadors Tishauna Mullings and Theodore Henry at BOJ's financial inclusion outdoor broadcast in St. Thomas

# BOJ Financial Inclusion Team At Their Outdoor Broadcasts















MICAF's Clifford Spencer, speaking at BOJ's Financial Inclusion Outdoor Broadcast in Port Maria



Mr. Paul Chin from DBJ, speaking at BOJ's Financial Inclusion outdoor broadcast in Port Maria





Courtney Lodge, son of Port Maria presenting on financial literacy and MSME Finance at BOJ's outdoor broadcast.







Kenny Salmon's Acting Troupe dramatize the increased opportunities for access to finance from commercial banks and DBJ's partial credit guarantee scheme

## Table 9: Financial Inclusion Outreach Activities for 2019

Date	Location	Activity
Friday, 3 January 2019	Ministry of Finance and the Public Service, Kingston	Appearance on the radio programme “Let’s Talk Finance” with Nationwide FM
Tuesday, 29 January 2019	Bank of Jamaica	“Leveraging Data to drive Financial Inclusion” workshop with the US Treasury, Office of Technical Assistance
Thursday, 6 February 2019	Ministry of Finance and the Public Service, Kingston	Appearance on the radio programme “Let’s Talk Finance” with Nationwide FM
Thursday, 13 February 2019	Ministry of Finance and the Public Service, Kingston	Appearance on the radio programme “Let’s Talk Finance” with Nationwide FM
Thursday, 20 February 2019	Ministry of Finance and the Public Service, Kingston	Appearance on the radio programme “Let’s Talk Finance” with Nationwide FM
Friday, 28 February 2019	Ministry of Finance and the Public Service, Kingston	Appearance on the radio programme “Let’s Talk Finance” with Nationwide FM
Sunday, 23 February 2019	Swallowfield Church St. Andrew	Church Service and official launch of the Financial Inclusion Communication Strategy
Thursday, 5 March 2019	Ministry of Finance and the Public Service, Kingston	Appearance on the radio programme “Let’s Talk Finance” with Nationwide FM
Saturday, 30 March 2019	Sam Sharpe Square, Montego Bay	JDIC Town Hall on Financial Inclusion
Thursday, 4 April 2019	Morant Bay Plaza, St. Thomas	Outdoor Radio Broadcast and Education Booth with IRIE FM
Tuesday, 28 May 2019	Television Jamaica Limited, St. Andrew	Appearance on the television programme “Smile Jamaica” on TV J
Thursday, 30 May 2019	Port Maria, St. Mary	Outdoor Radio Broadcast and Education Booth with IRIE FM with Ministry of Industry, Commerce, Agriculture and Fisheries, Development Bank of Jamaica
Wednesday, 3 July 2019	Terra Nova Hotel, St. Andrew	PSOJ Access to Finance Panel Workshop



Date	Location	Activity
Thursday, 25 July 2019	Sam Sharpe Square, Montego Bay, St. James	Outdoor Radio Broadcast and Education Booth with IRIE FM  BOJ with Ministry of Industry, Commerce, Agriculture and Fisheries, Jamaica Business Development Corporation
Thursday, 5 September 2019	One Love Plaza, Ocho Rios, St. Ann	Outdoor Radio Broadcast and Education Booth with IRIE FM  BOJ with Ministry of Industry, Commerce, Agriculture and Fisheries, Development Bank of Jamaica and PSOJ Access to Finance
Thursday, 19 September 2019	Auditorium, Bank of Jamaica, Kingston	Town Hall with IRIE FM with PSOJ Access to Finance Panel, International Monetary Fund, Ministry of Industry, Commerce, Agriculture and Fisheries
Tuesday – Wednesday, 1 – 2 October 2019	Terra Nova Hotel, St. Andrew	World Bank/IFC/BOJ/Ministry of Industry, Commerce, Agriculture and Fisheries workshop on MSME Finance
Monday, 7 October 2019	University of the West Indies, St. Andrew	Presentation at the Faculty of Social Sciences
Thursday, 31 October 2019	Papine Square, St. Andrew	Outdoor Radio Broadcast and Education Booth with IRIE FM  Topic: Consumer Protection and Making Smart Investments, Role of BOJ as Regulator
Thursday, 28 November 2019	Ministry of Finance and the Public Service, Kingston	Presentation at the Financial Literacy: Table Talk Forum
Thursday, 28 November 2019	Radio Programme – Kool FM, Power 106 FM	Under the Law  Programme on Licensing requirements for remittance service companies – [Bank of Jamaica Act; Operating Directions for Remittance Companies]
Monday, 3 December 2019	Project Management Institute (PMI) Jamaica Chapter	Presentation at the PMI 20 <sup>th</sup> Anniversary Awards Breakfast
Tuesday, 4 December 2019	Ministry of Industry, Commerce, Agriculture and Fisheries, St. Andrew	Presentation at the National Consumers League of Jamaica Consumer Help Education Workshop “Money Matters”

Date	Location	Activity
Thursday, 5 December 2019	Radio Programme – Kool FM, Power 106 FM	Under the Law Programme on Resolution of Consumer Complaints – [Banking Services Act (Consumer Related Matters) Code of Conduct]
Monday, 9 December 2019	Half Way Tree Transport Centre, St. Andrew	Outdoor Radio Broadcast and Education Booth with IRIE FM, in partnership with Consumer Affairs Commission, Financial Services Commission and Jamaica Deposit Insurance Corporation. Topics; “Consumer Protection”
Thursday, 12 December 2019	Radio Programme – Kool FM, Power 106 FM	Under the Law Programme on Bank Charges – [Banking Services Act (Consumer Related Matters) Code of Conduct]
Thursday, 19 December 2019	Radio Programme – Kool FM, Power 106 FM	Under the Law Programme on obtaining a Free Credit Report – [Credit Reporting Act]

# 6.0 The FISC Working Groups



**Representatives of the NFIS Consumer Protection and Financial Capability Working Group**

**Front Row:** Ms. Peta-Gaye Coombs - JDIC, Miss Toni-Ann Bryson - FSC, Mr. Peter Chin – DBJ, Mrs. Nadia Teape – FSC, Mrs. Nicolette Jenez (Chair) – FSC, Mr. Dwight Hamilton – FSC, Mrs. Racquel White – CAC, Miss Laura Levy – PIOJ

**Back Row:** Miss Elise Spencer, Miss Kadah Harriott, Miss Melanie Williams and Miss Ashley Bishop, Bank of Jamaica



**Representatives of the MSME Finance and Agriculture Finance Working Group**

**Front Row:** Mrs. Nadia Teape – FSC, Mr. Althestan Bellamy – NPCB, Mrs. Nicolette Jenez – FSC, Mr. Paul Chin – DBJ (representing the chair Mr. Milverton Reynolds); Mrs. Kamesha Turner-Blake – PIOJ, Mr. Omar Chedda – MEGJC, Mrs. Karen Hylton – MICAF, Mr. Oral Shaw – MICAF

**Back Row:** Ms. Laura Levy – PIOJ, Mr. Dwight Hamilton – FSC, Miss Toni-Ann Bryson – FSC, Miss Elise Spencer – BOJ, Miss Melanie Williams – BOJ, Miss Kadah Harriott – BOJ, Miss Ashley Bishop – BOJ; and Mr. Keron Burrell – BOJ

# 7.0 Pictorial Highlights of NFIS Activities in 2019

## **Bank of Jamaica's Financial Inclusion Town Hall held on 12 September 2019**



Governor Richard Byles of Bank of Jamaica addresses the audience at the Financial Inclusion Town Hall



Mrs. Natalie Haynes, Deputy Governor, Financial Markets Infrastructure and Banking and Currency Operations Divisions of Bank of Jamaica, Mr. Jerome Smalling, Chief Executive Officer of JMMB Jamaica Bank Limited and President of the Jamaica Bankers Association, and Ms. Chorvelle Johnson, Chief Executive Officer of Sagicor Bank Jamaica Limited



Governor Richard Byles, IMF's Dr. Uma Ramakrishnan and Deputy Governor Wayne Robinson



Mr. Karim Youssef, IMF Resident Representative for Jamaica and Mr. Jerome Smalling, President of the Jamaica Bankers Association in an animated discussion at Bank of Jamaica's Financial Inclusion Town Hall, September 2019



The International Monetary Fund's Dr. Uma Ramakrishnan



Mr. Keith Duncan, President of the Private Sector Organisation of Jamaica



Mr. Milverton Reynolds, Managing Director of Development Bank of Jamaica





Ms. Sonia Beaton-Bogle General Manager at Alliance Finance Limited and Mr. Mark Anderson, Executive Director, Financial Markets, Bank of Jamaica

## **MSME Growth and Development through Moveable Asset Based Finance Workshop - 1 – 2 October 2019**



Senior Deputy Governor, John Robinson opening the 2-day workshop on MSME Finance, hosted by the Ministry of Industry, Commerce, Agriculture and Fisheries, Bank of Jamaica, the Government of Canada, the World Bank Group, and the International Finance Corporation.



Keron Burrell, Director, Financial Institutions Supervisory Division, Bank of Jamaica, Presenting on the Standard of Sound Practice on Problem Asset Management, Provisioning Requirements and Accounting for Expected Credit Losses and Asset Based Lending Products.



Melanie Williams, National Financial Inclusion Coordinator  
*Presenting on the National Financial Inclusion Strategy*



Mr. Oral Shaw, Principal Director, MSME Office, Ministry of Industry, Commerce,  
Agriculture and Fisheries



Mr. Clifford Spencer, MSME Office, Ministry of Industry, Commerce, Agriculture and Fisheries



Mr. Nevada Powe, Chief Architect, PSOJ Access to Finance Facilitation Panel



Panelists respond to a question from the audience



Mr. Imtiaz Ahmad, Consultant to the Development Bank of Jamaica  
Presenting on the DBJ's Electronic Factoring Platform



Mrs. Gail Dixon, President of JAMFIN

## Highlights from FSC's 2019 Town Halls



Passersby in Montego Bay stop and pose with the FSC Town Hall Meeting flyer during the Outside Broadcast attended by members of the FSC, the Consumer Affairs Commission and the Jamaica Stock Exchange



Pensions Analyst, Ann Marie Trowers Smith speaks to the audience about the importance of proper pension and estate planning at the Falmouth Town Hall Meeting in Water Square.

# 8.0 Highlights from the PSOJ Access to Finance Facilitation Panel (PSOJ AFFP)

8.1 In July 2019, the Private Sector Organisation of Jamaica launched its Access to Finance Facilitation Panel. An initiative that brought together fifteen (15) public and private sector entities brought a renewed private sector focus to advancing financial inclusion, particularly increasing MSME Finance for small and medium-sized enterprises.

8.2 The work of the PSOJ AFFP fostered the public-private partnership needed to advance the work of financial inclusion through development of “fit for purpose” solutions for small and medium-sized enterprises.

8.3 Presented below are key highlights from the PSOJ Access to Finance work streams in 2019.



## PROJECT PLAN



**Workshop 1:** Setting the Stage on the 10 Key Ecosystem Factors, Identifying the Issues and Exploring Possible Solutions (July 3, 2019).

**Workshop 2A & 2B:** New Thinking Around Products, Improving Credit Adjudication & Risk Assessment, Frameworks and Supporting Infrastructure including Credit Bureau, ICAJ & DBJ (Technical Workshops for 2A - Commercial Banks & 2B - Credit Unions and Micro Finance Institutions)

**Workshop 3 :** Partnering with SMEs for Growth

- Ensure smoother working relationship between Capital Providers, Multi-Laterals, Regulatory Agencies, DBJ & Support Players in Ecosystem and SMEs
- Preparing SMEs to better meet the bar through registration, regularization, training & transparency
- Re-engineering processes and procedures particularly with respect to simplifying forms and speeding up turnaround times

**Workshop 4:** Working with the BDO Trainers for Optimal Performance

- Create overlays on Business Training Nationally to ensure more modules Fit For Purpose
- More short sessions, after hours, in easily accessible language for SME
- New Joint training sessions of SMEs & Bankers

**Workshop 5:** Pulling It All Together

Implementing The New Ecosystem - Pulling it all together

## WORKSTREAMS TO IMPROVE THE 10 KEY FACTORS IN THE ECOSYSTEM (1)



### WORK STREAMS

Engage ICAJ, Credit Bureaus and DBJ Credit Enhancement Fund

Simplify & Standardize Forms & Requirements (FIs, DBJ, GOJ Procurement, etc.)

Enacting tiered KYC/CDD Requirements in POCA

End to End Product Design: Seasonal Loans; Factoring; Reverse Factoring

Update Credit Adjudication Process for more scalable decision making

Help steer greater Usage of Electronic Registry when MICAF complete adjustments

Re-thinking Training for SMEs & Financial Institutions: Short After-Hours Fit for Purpose Classes

On Going Communication with Public, SMEs & Stakeholders

Create Programs on Benefits of SME Formalization & Ensure Easier Processes

Create Advocacy Body: Financial Ombudsman to help consumers with FIs, Tax Authority; DBJ Interface and Customs

Design Process to implement a risk-based AML/CFT approach into Ecosystem (3 months)

Build Website "smallbusinessportal.com": Access to Finance; Training; Service Providers; Business Tools

Create & Track Project Metrics to ensure increased SME access to Finance & Training



## WHAT HAS HAPPENED SINCE JULY 15 2019



- Continued development of smallbusinessportal.com . Launch planned for October.
- Engaged the Bank of Jamaica with regard to tiered/graded "Know Your Customer" (KYC) that will allow for the adjustment of information requirements and application process to reflect level of risk which is dependent on:
  - Amendments to Proceeds of Crime Act (POCA) that will enable graded KYC – already drafted; being reviewed for tabling in Parliament after which there will be consultations before it is passed into law.
  - Bank of Jamaica is supportive of the PSOJ AFFP initiative and will collaborate where possible to deliver on the National Financial Inclusion Strategy
- Engaged the Institute of Chartered Accountants of Jamaica to create a national network of Chartered Accountants that will provide support to SMEs and Financial Institutions; services to be provided may include financial statement preparation, financial review, data collection, verification, validation and post loan disbursement monitoring.
- Engaged Credit Bureaus (the CRIF and Credit Information Jamaica) about the provision of SME credit reports to assist Financial Institutions in making decision to lend to SMEs
- Developing detailed workplans for the various workstreams to deliver solutions proposed to address the 10 Key Ecosystem Factors
- Engaged MICAF on low usage of the Electronic Registry by Commercial Banks to support SME lending – issues are being addressed and MICAF will be responsible for driving delivery of system that facilitate greater usage.

## Pictorial Highlights from Launch of PSOJ Access to Finance Facilitation Panel's workshops and conferences



Mr. Keith Duncan, C.D. and President of PSOJ welcomes participants to the launch of the PSOJ Access to Finance Facilitation Panel on 3 July 2019



Members of the Private Sector gather to display proudly the signing of the MOU (memorandum of understanding) by financial institutions



David Noel, President and CEO, Scotiabank Jamaica



Mr. Nevada Powe Lead Architect, PSOJ  
AFFP, and  
Michelle Coulton, Managing Director, SoHo  
Boutique



The Hon. Minister Floyd Green  
M.P., Minister of Agriculture  
and Fisheries



The Hon. Audley Shaw, CD, MP, Minister of Industry, Investment and Commerce being welcomed by Keith Duncan, CD, President, The Private Sector Organisation of Jamaica (PSOJ)



Small business owners gathered around a table in conversation



Ms. Rochelle Cameron, Chief Project Executive, PSOJ Access to Finance Facilitation Panel (AFFP) beams as she hosts the PSOJ Access to Finance Panel workshop



Members of the PSOJ Access to Finance Panel and financial institutions at Workshop 2 held in November 2019, which was geared to the banking industry and MSMEs.



# Appendix 1 – Summary of the NFIS Priorities and 2020 Objectives

## A. Context

### 1.0 Overriding objective of existing NFIS strategy:

“Jamaica would create an inclusive financial system in which every adult and enterprise has access to, and is able to make full use of a range of adequate, quality and affordable financial services.”

The implementation mechanism/governance structure depends on a public-private sector partnership established in 2017, with multi-lateral support.

### 1.1 Vision of existing NFIS

- Every adult and enterprise is connected to the financial system through access to and ability to use a transactional account,
- Every adult and enterprise is able to save and insure itself to be protected from potential shocks,
- Every adult and enterprise has access to appropriate and affordable credit or alternative financial instrument; and
- Every adult and enterprise is adequately protected as a financial consumer and is able to access the necessary education for improving their financial capability.

### 1.2 Key thematic areas under existing NFIS:

- Usage of accounts and digital payments by firms and individuals,
- Access to suitable savings products, affordable insurance and retirement products,
- Access to credit and financing needs for firms and households,
- Improving consumer confidence in financial institutions; and
- Improving financial capability so consumers better understand basics of personal finance.

### 1.3 Intended goals of NFIS (What success would look like – What does Financial Inclusion mean)

- Expansion of the retail payments infrastructure and fostering easier access to and greater use of electronic transaction/digital payment products,
- Encouraging the use of a diverse set of financial services offered by banks and non-bank financial service providers,
- Ensuring all consumers of financial services are adequately educated, protected, informed, fairly treated and able to resolve conflicts in an effective and cost efficient manner; and
- Enhancing the enabling environment for provision of financial services,

including the improvement in the financial infrastructure and the legal, regulatory and supervisory framework.

## **B. Summary of key action items to achieve financial inclusion outcomes<sup>1</sup>**

### **2.0 To achieve greater access Bank of Jamaica and its financial inclusion partners completed the following project activities:**

- Legislative reform to promote easier account opening processes as part of a risk-based approach to anti-money laundering and counter-financing of terrorism;
- Strengthening the supervisory and legal framework for payment service providers (non-DTIs) to offer digital payment and e-commerce services;
- Enabling greater access to financial market infrastructure (payment systems) for non-DTIs (i.e. payment service providers), through updating the, Retail Payments Strategy and preparing its research paper on interoperability and the National Payment switch;
- Encouraging digital payment of government welfare benefits through bank accounts or transactional accounts;
- Conducting the banking competition study;
- Legislating the use of national identification mechanisms (e.g. NIDS) to ease account opening processes (data protection law to provide privacy protections);
- Promoting greater competition in the prices for financial services through innovation (e.g. fintech), removing barriers to entry for service providers and wide circulation of information on fees and charges for financial services;
- Work towards standardisation of the description of banking services to allow for easier comparison of fees and charges;
- Financial literacy and financial inclusion outreach via traditional and social media;
- Enhancing the use of secured transactions through revision of the supervisory framework for managing expected credit losses and assessing credit risk; and
- Expanding MSME finance through the use of asset based lending products, venture capital and improving access to capital.

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<sup>1</sup> *These actions were further revised based on the recommendations of the Banking Competition Study, completed in 2019; and the recommendations of the Credit Reporting Act legislative review, both of which Bank of Jamaica's Financial Inclusion Technical Secretariat and FISD coordinated in collaboration with other financial inclusion partners, MOFPS, MICAF, the Fair Trading Commission and the Consumer Affairs Commission.*



## **2.1 To achieve greater usage of financial products, in 2019, the NFIS public sector entities pursued the following project activities:**

- Strengthening FSC's market conduct regulation of its entities (securities dealers, insurance companies);
- Legislative and supervisory reform to promote the use of secured transactions (asset based lending such as reverse factoring, leasing, use of moveable collateral and credit reporting utilization) to increase access to finance;
- Proposing legislative amendments to the Insurance Act to promote micro-insurance products;
- Developing policy proposals for legislative reform to promote greater access to debt financing for firms through capital markets (venture capital, easier exempt distribution processes, easier registration of business names);
- Commencing improved financial literacy/financial capability programmes (focused on BOJ's responsibilities as regulator of specified entities, legal obligations of entities and consumers);
- Restructuring the Credit Enhancement Fund, so that guarantees could be issued on a portfolio basis rather than a policy basis.
- Tabling in Parliament the Micro-credit Bill to bring micro-credit financial institutions under a regulated regime; and
- Promoting greater financial literacy and awareness of existing legal protections for consumers of financial services through outreach, town halls and seminars.

## **2.2 To achieve greater financial growth in 2020, the NFIS partners will continue their work on the following initiatives:**

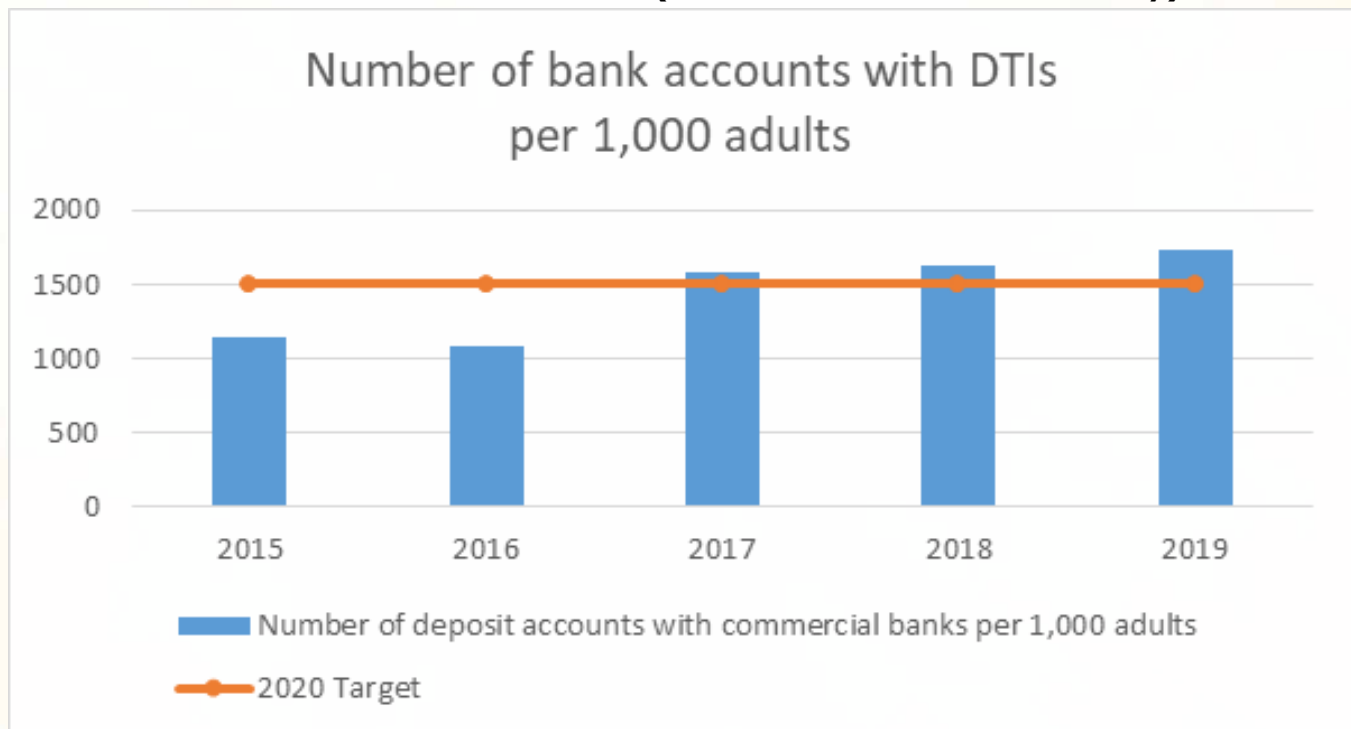
- Implementing reforms to reduce informality by incentivizing business name registration of firms,
- Promoting MSME Finance through asset based lending products, such as reverse factoring, revision of SIPPA, revision of Income Tax Act to promote venture capital and encouraging banks to create financial inclusion plans (e.g. partnership with PSOJ Access to Finance Facilitation Panel),
- Encouraging the development of secondary markets for moveable collateral to allow for objective valuation/pricing and realization of security,
- Creating the enabling environment for expansion of credit information providers (CIPs) through legislative revisions of the Credit Reporting Act to expand categories of CIPs and implementing principles of mandatory reporting and reciprocity to access credit profiles,
- Promoting fintech and interoperability of payment services through the development of policy proposals for the enhancement of the legal and supervisory framework for payment service providers,
- Developing housing micro-finance solutions for low income contributors to NHT,
- Capacity building for MSMEs,
- Encouraging greater formalization of MSMEs in partnership with MICAF,
- Utilisation of unclaimed funds as a source of funding for MSMEs,
- Enhancing the business enabling environment through implementation of simplified customer due diligence requirements

for MSMEs and individuals,

- Encouraging financial institutions to develop internal financial inclusion plans, which would facilitate easier account-opening processes and the design of suitable products for MSMEs and individuals;
- Developing demand side surveys to measure financial literacy competencies, consumers' financial knowledge, behaviour and attitudes, factors impacting use of digital payments, credit facilities, insurance and pension products; and
- Launching financial literacy campaigns on matters related to savings, cambios, credit reporting, consumer protection, and simplified CDD requirements.

## C. Trend analysis of NFIS impact and intermediate indicators from 2015 to 2019<sup>2</sup>

### Access to financial services indicators (which are measured annually)

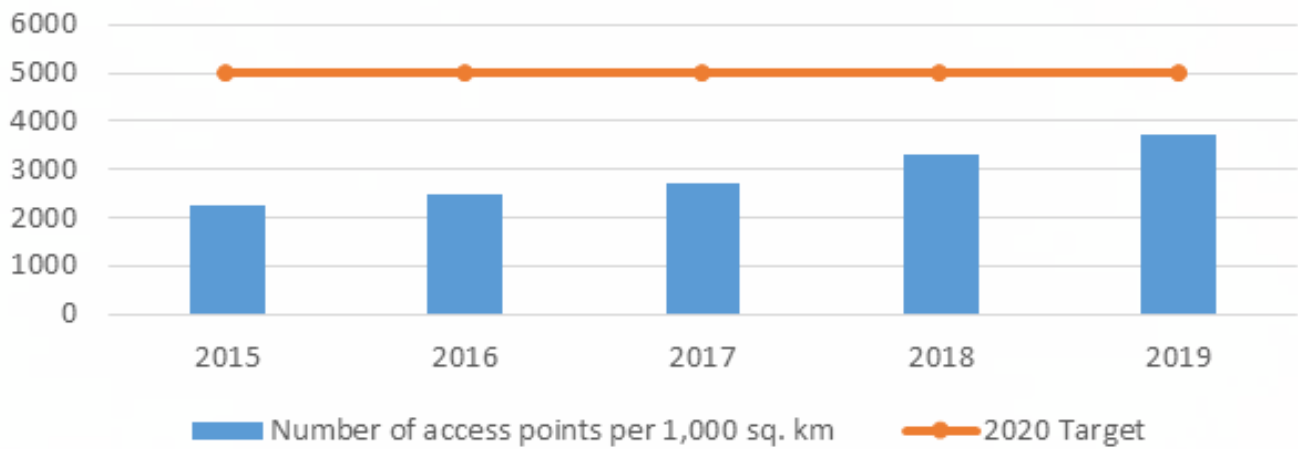


Source: BOJ

Notes: The 2020 target of 1500 accounts per 1000 adults was exceeded in 2019

<sup>2</sup> There are other NFIS indicators which are to be measured triennially, using the Global Findex. The NFIS was launched in 2017, and relied on the Global Findex data, the Global Findex was not conducted in Jamaica since 2014. To enhance its data on financial inclusion, the Financial Inclusion Technical Secretariat in Bank of Jamaica has developed demand side survey instruments and is in the process of procuring market research firms to conduct this measurement as part of its monitoring and evaluation of the project. It is expected that these surveys will be conducted in 2020 – 2021.

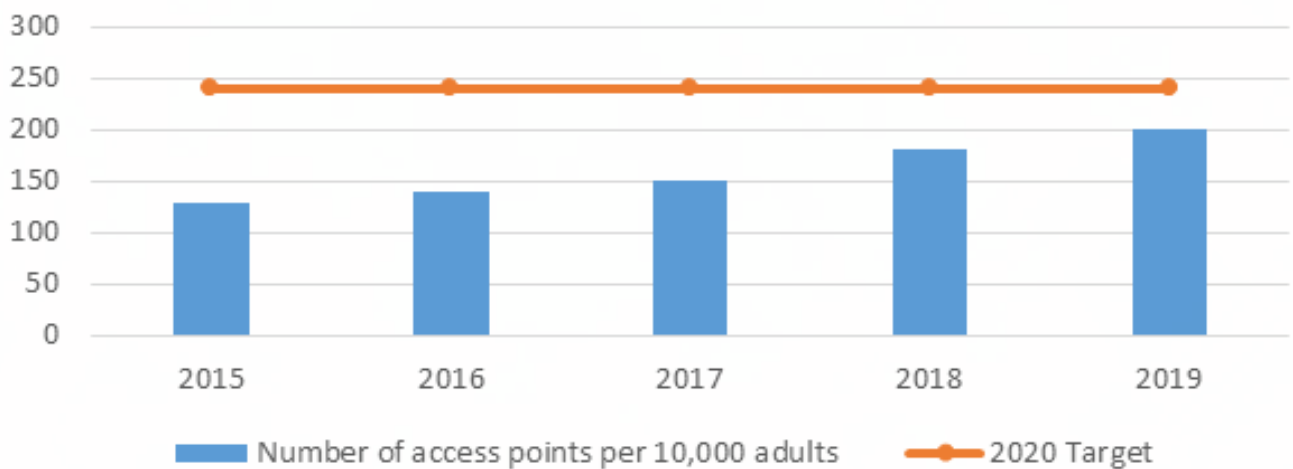
## Geographical distribution of financial services access points



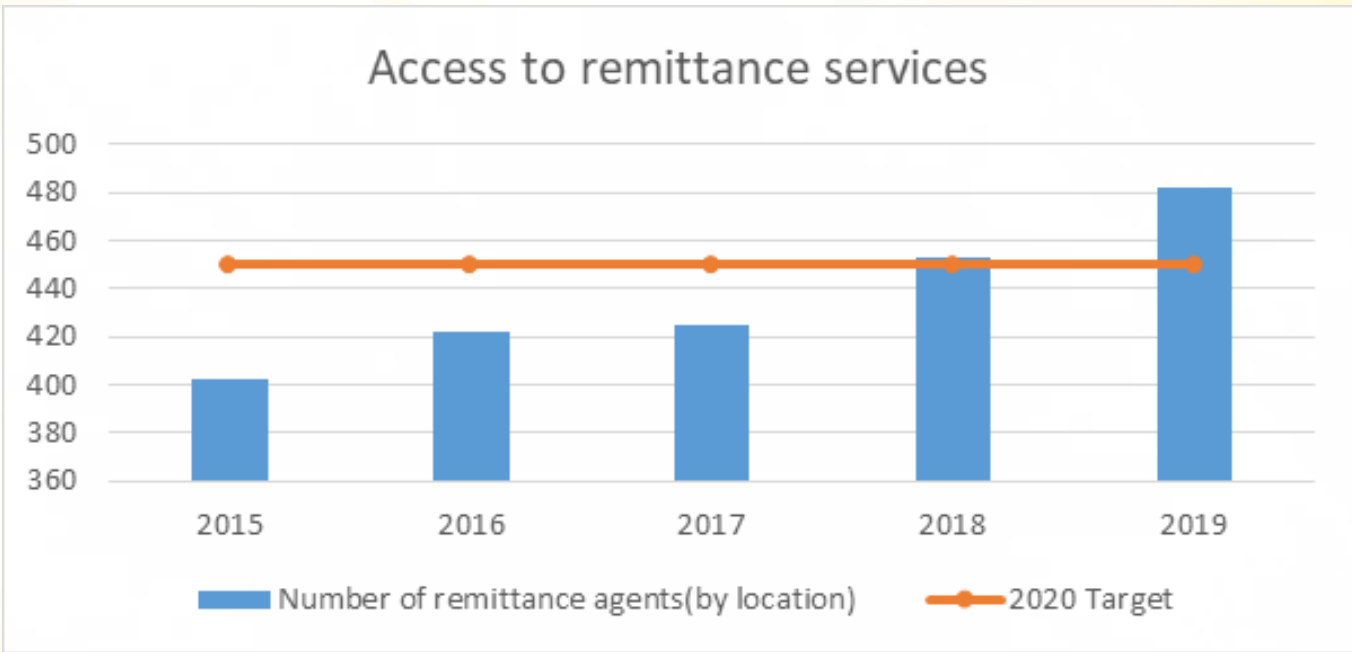
Source: BOJ

Notes: Access points include ATMs, bank branches, and point of sale machines

## Concentration of financial services points accessible by the adult population

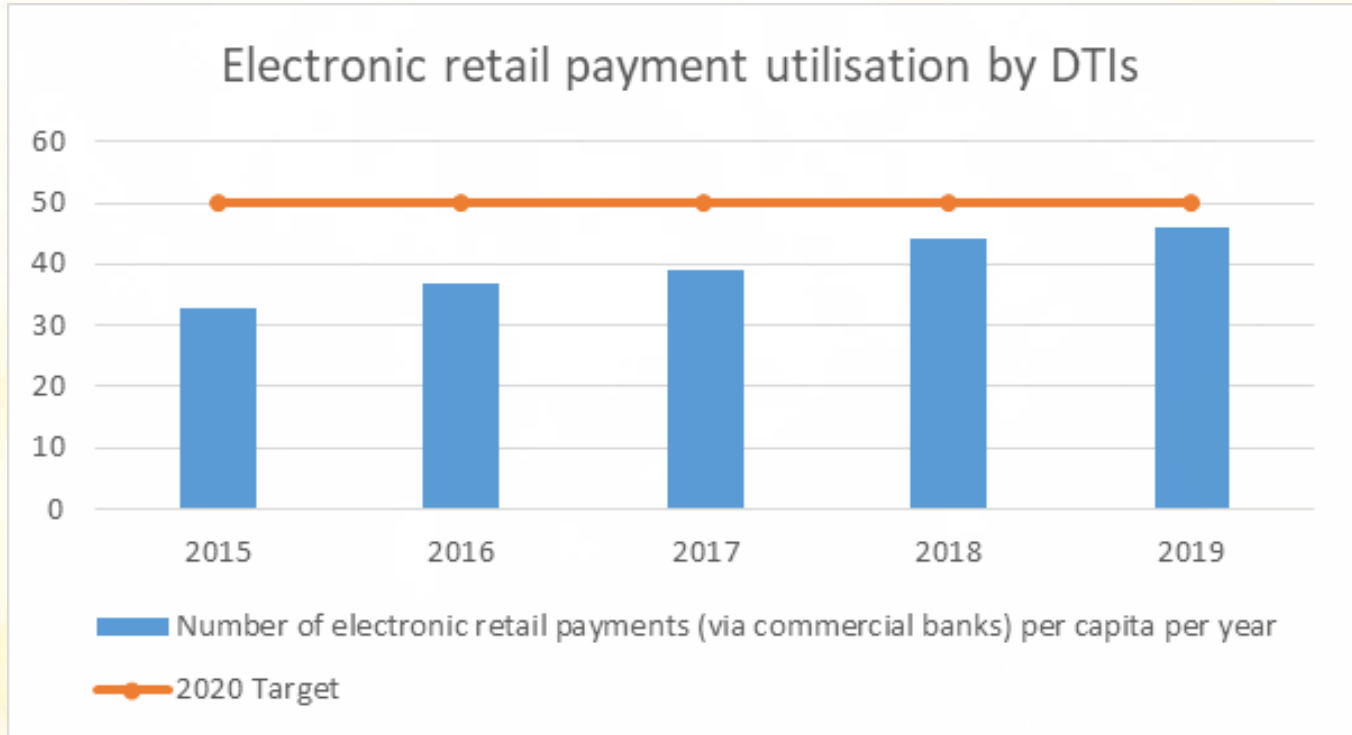


Source: BOJ

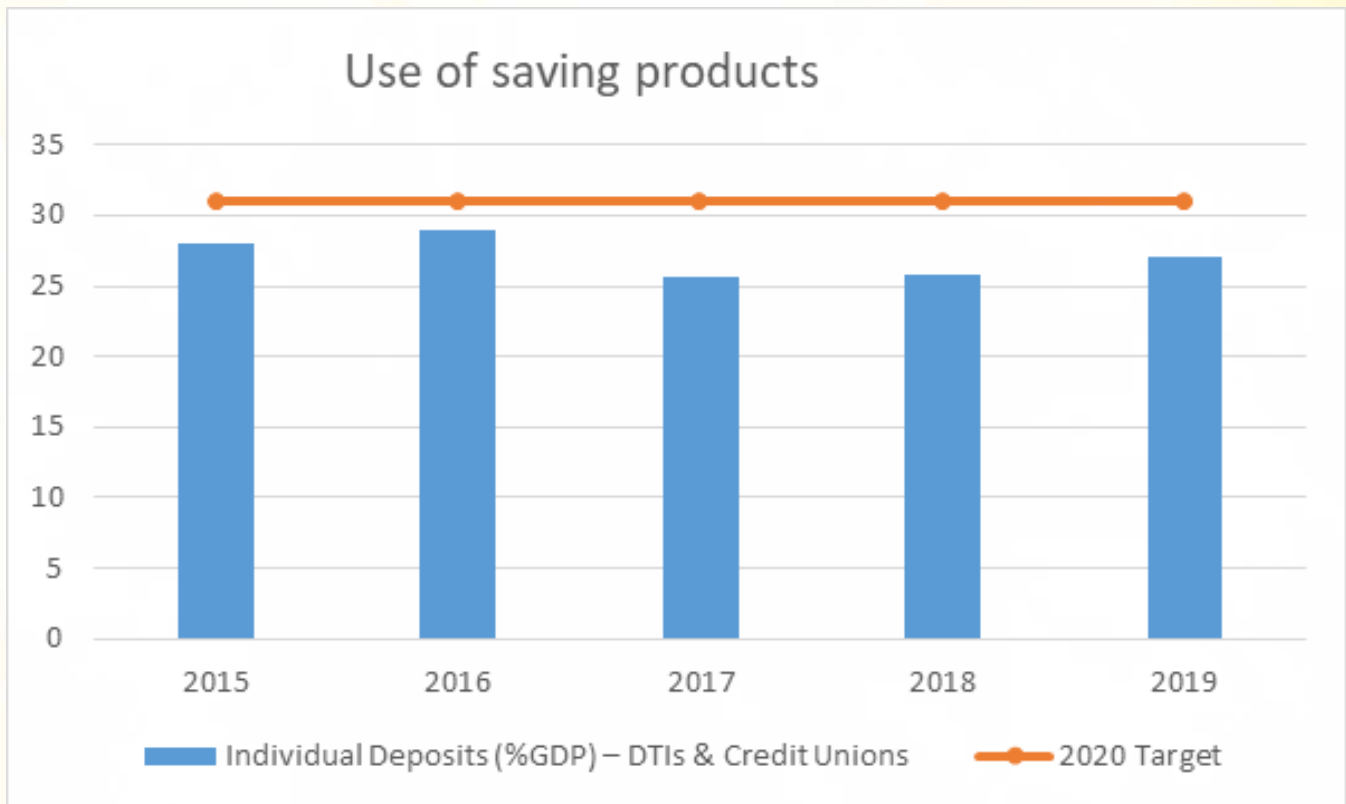


Source: BOJ  
 Notes: The 2020 target of 450 locations was exceeded in 2019

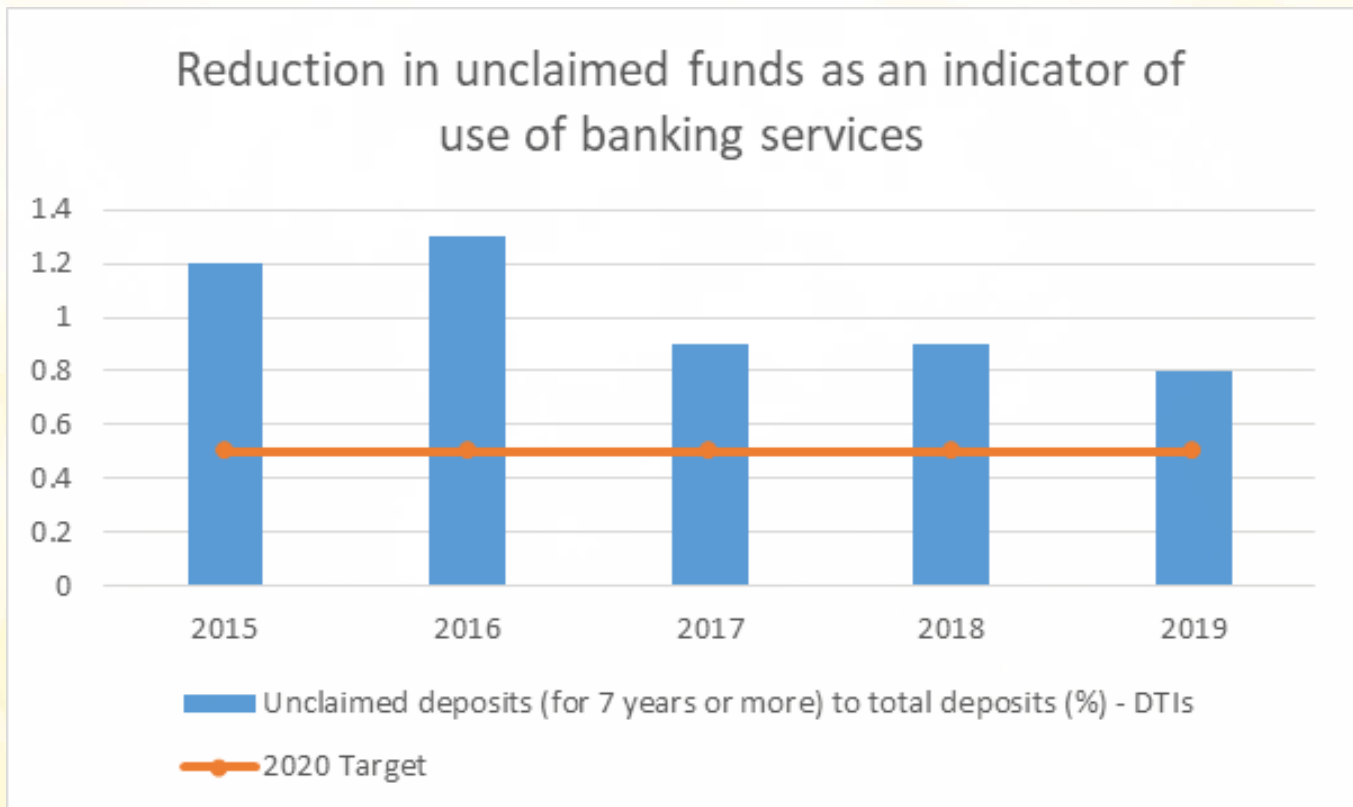
### Usage indicators (measured annually)



Source: BOJ  
 Notes: Electronic retail payments includes payments via ACH, Janclear®-RTGS

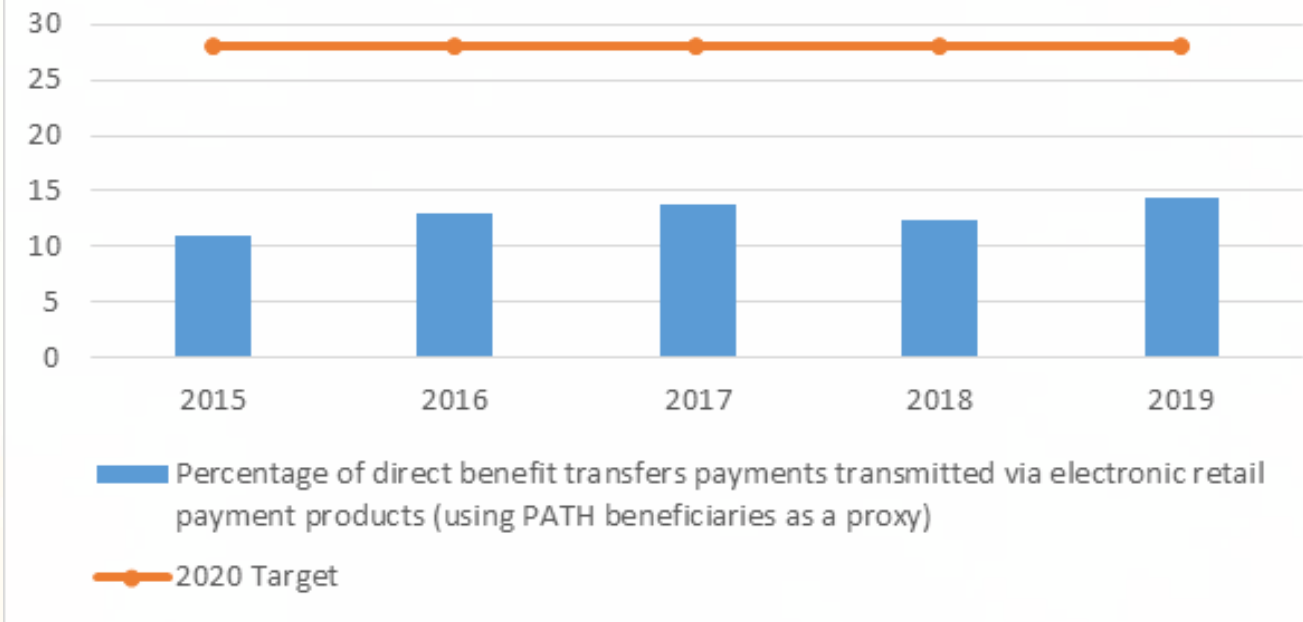


Source: BOJ



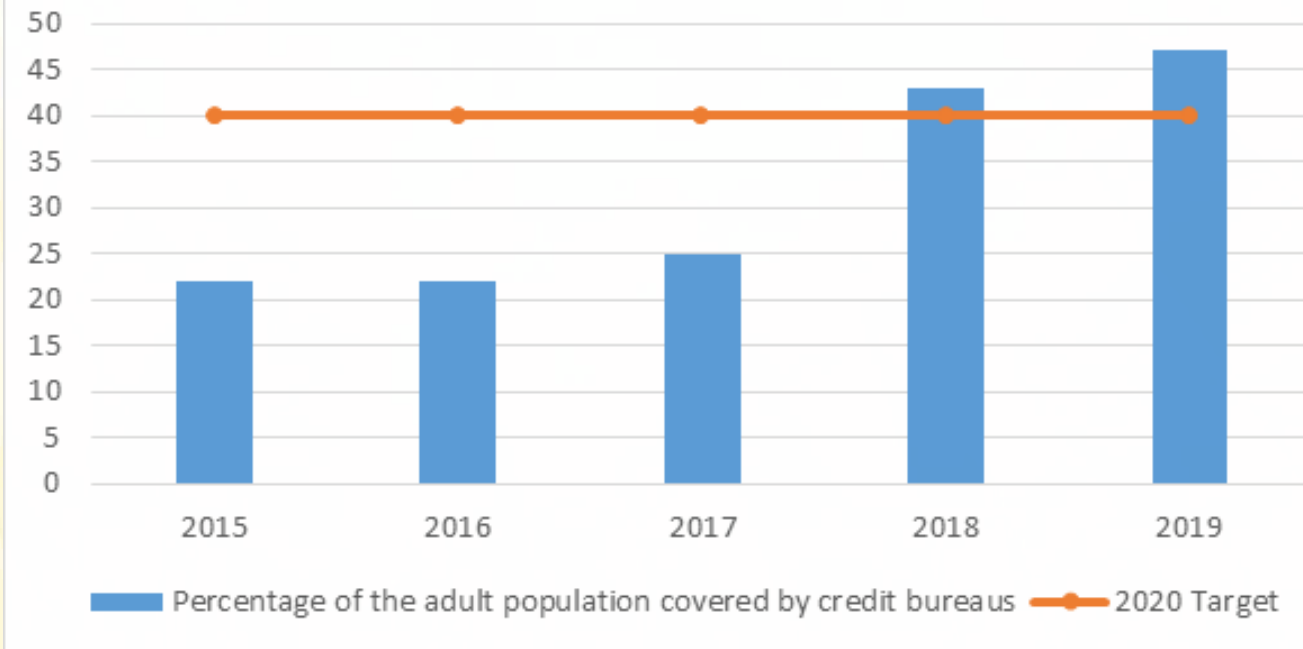
Source: BOJ

### Percentage of direct welfare benefits paid digitally



Source: MLSS

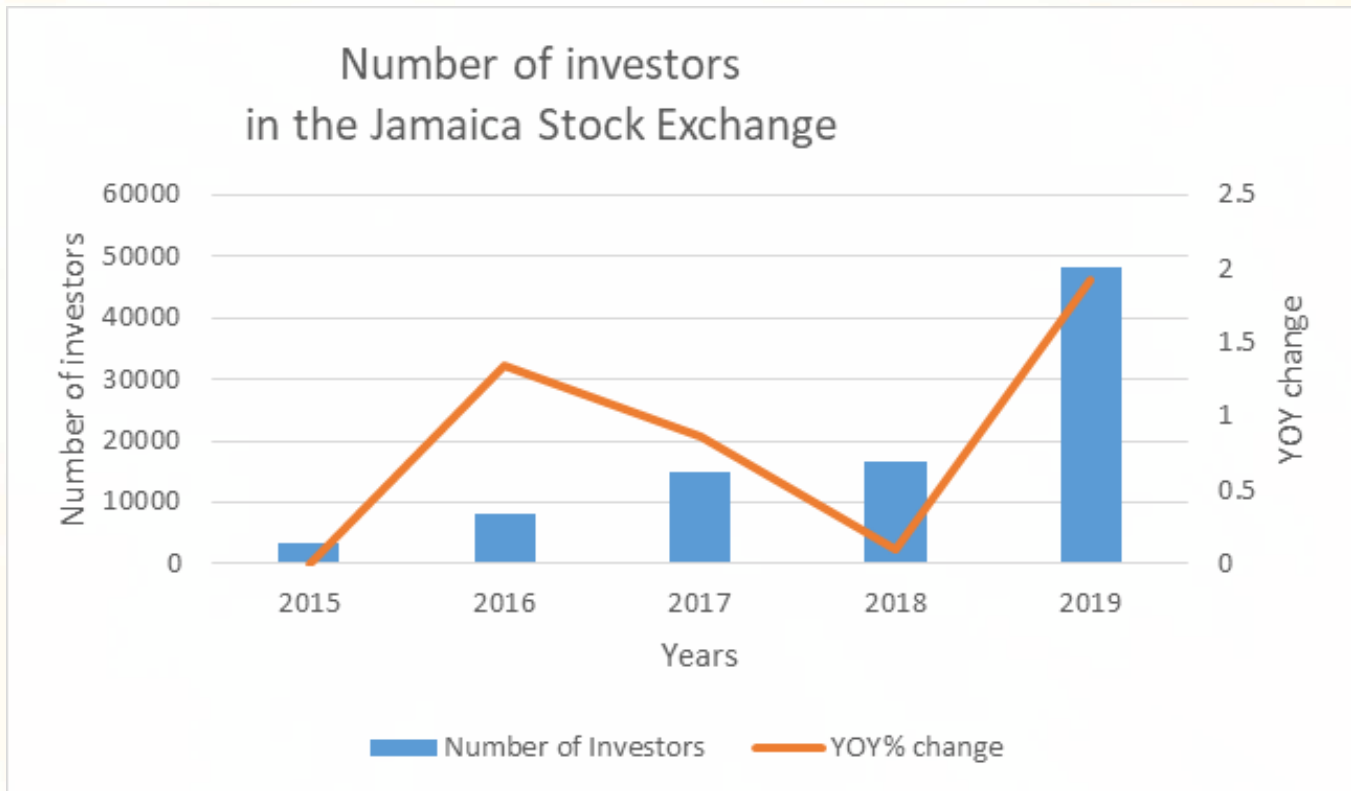
### Percentage of credit borrowing population covered by credit bureaus - enabling improved credit adjudication by DTIs



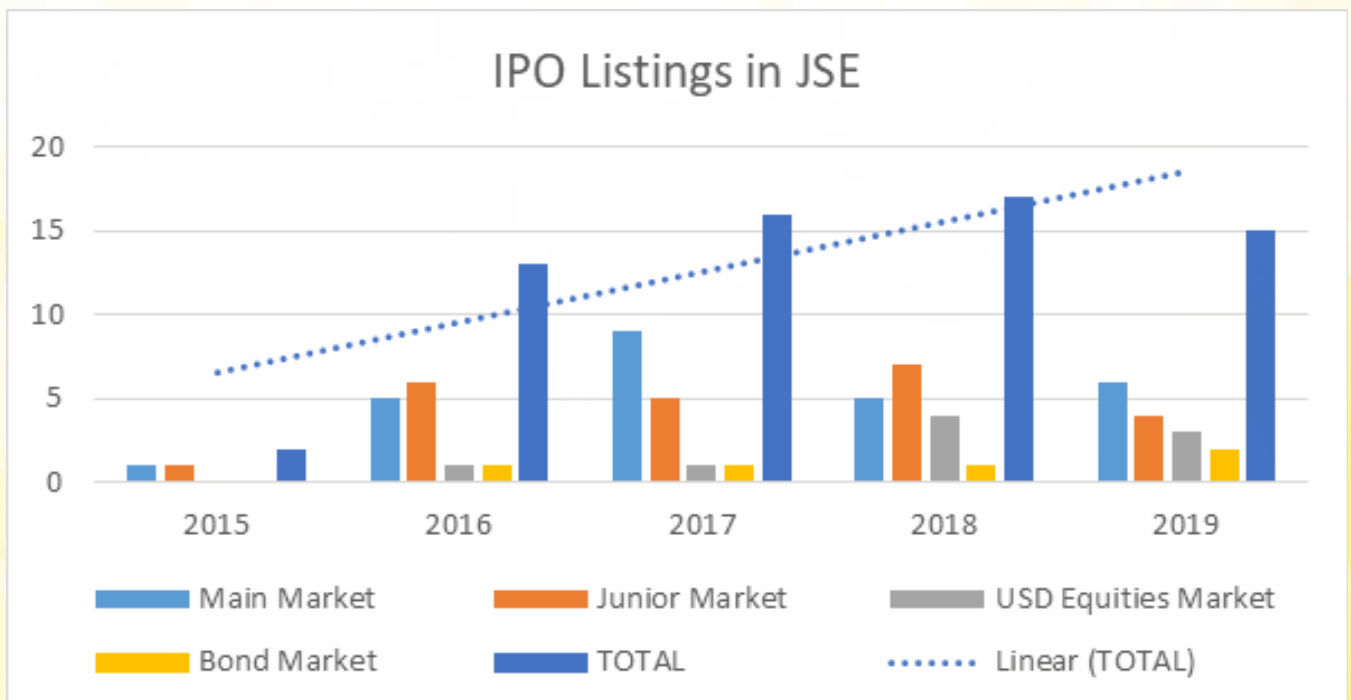
Source: BOJ

## Financing for Growth

### MSME Finance and driving investment through the Capital Markets



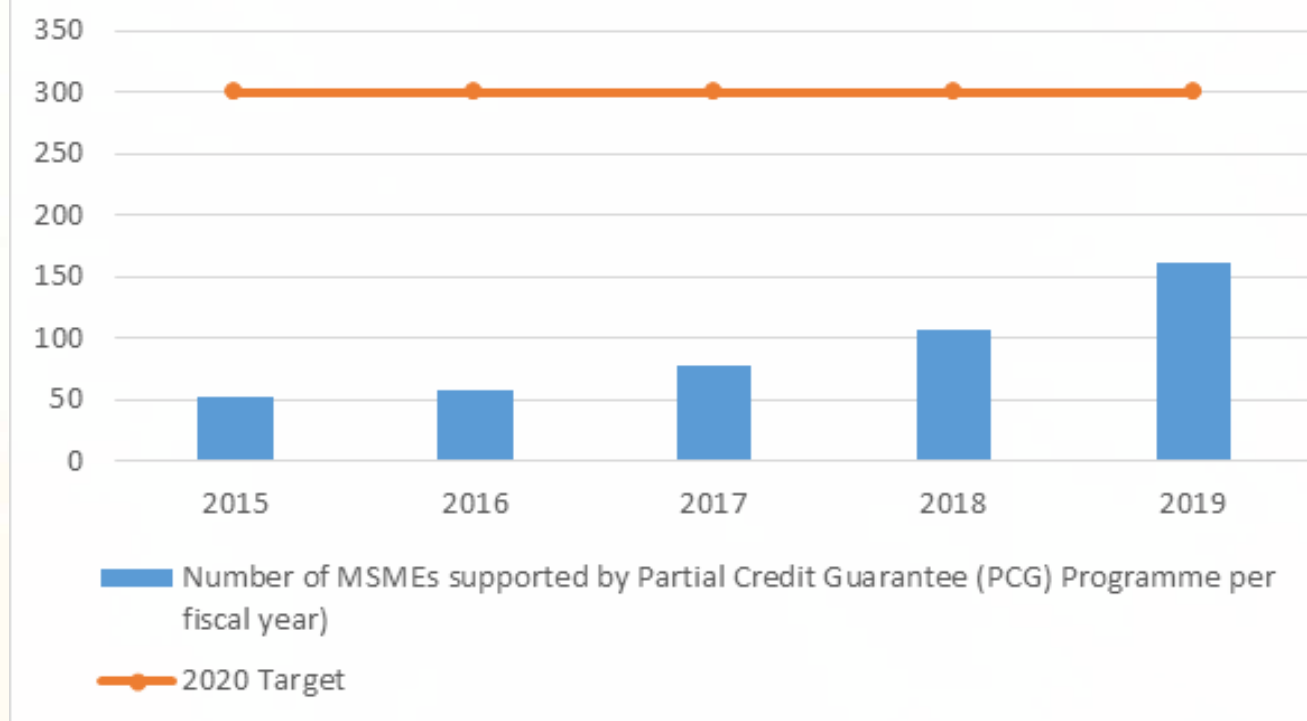
Source: JSE



Source: JSE

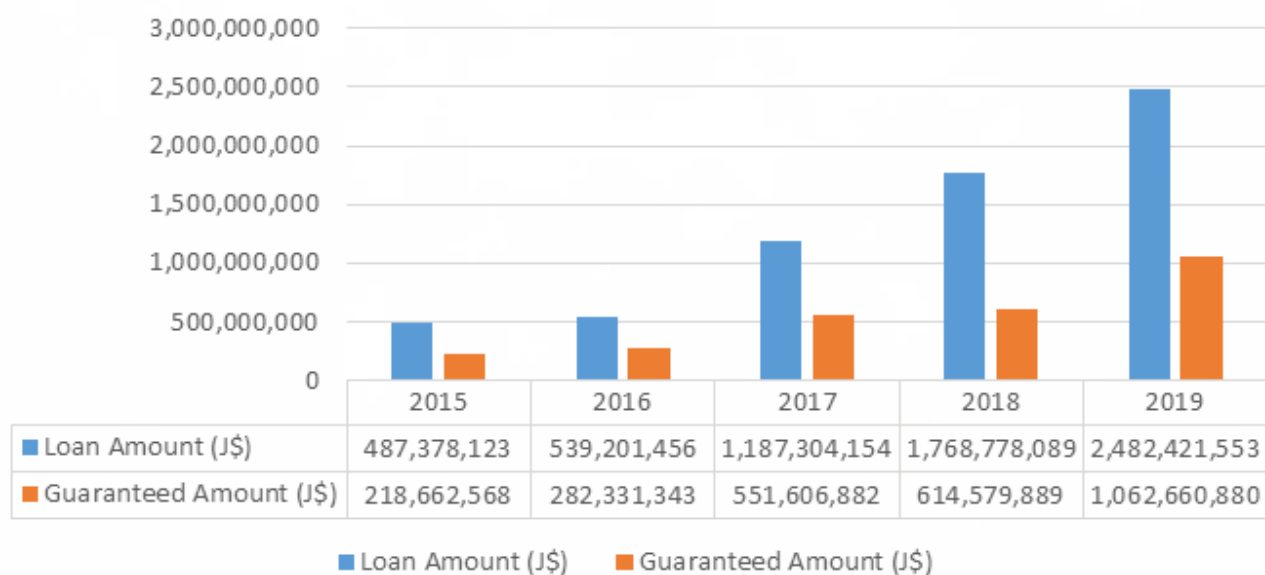


## MSMEs supported by the Partial Credit Guarantee



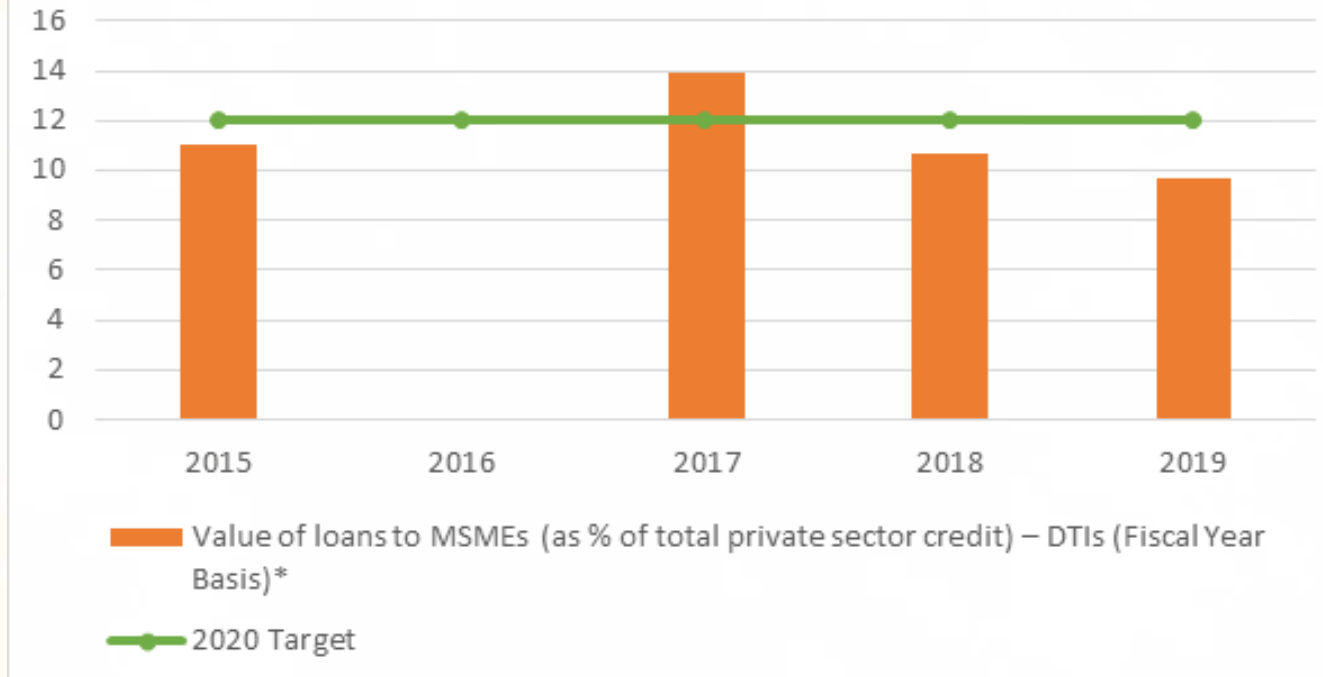
Source: DBJ

## CEF Loan Approvals and Guarantees (fiscal year)



Source: DBJ

## Private sector credit to MSMEs



Source: BOJ

Notes: Source of this data is BOJ based on the statutory filings from DTIs. Data for 2016 was not available.

# Appendix 2

## Details of activities under the NFIS Pillars

### 1.0 Financial Access and Usage Pillar

1.1. Under the Financial Access and Usage Pillar, the following were the achievements for the period under review:

*Enhance the regulatory framework for appointment of DTI agents to facilitate greater penetration*

- a. February 2019 – The Financial Inclusion Technical Secretariat prepared a brief on agent banking. A detailed research paper is being done on the existing regulation of DTI agents to determine how best to foster financial inclusion.

*Promote competitive practices in payment services to increase access, market penetrations and competitive prices for consumers*

- b. August 2019 – Completion of the policy proposal paper on proposals to facilitate to promote wider access to payment systems and services.

Bank of Jamaica's policy paper noted that a critical factor impeding the expansion of digital payment solutions were:

- (a) barriers faced by non-deposit taking institutions in accessing the existing payments infrastructure; and
- (b) the lack of interoperability of existing electronic retail

payment services.

In seeking to address these challenges and promote greater financial inclusion through digital payments, Bank of Jamaica considered international standards and principles on the development of financial market infrastructure.

The paper proposed solutions that could widen access and promote interoperability. Four options were identified, namely:

- (i) Proposal 1: connecting through messaging standards such as ISO20022. Canada and UK are countries that used this method to provide interoperability.
- (ii) Proposal 2: leveraging existing infrastructure using the hub and spokes model, as was done in Belize and Mexico.
- (iii) Proposal 3: developing and implementing a national payment switch, such as in the case of Mauritius.
- (iv) Taking a multifaceted approach that incorporates proposals one (1) through three (3) in stages, which would allow for greater penetration.

In September 2019, the policy proposal paper was circulated to the members of the Retail Payments and Financial Infrastructure Working Group for their comments.

As a subsequent development, exploratory work began on the feasibility of a national payment switch in January 2020.

- f. October 2019 – Completion of the Banking Competition Study, which outlined recommendations for promoting digital finance through fintech and digital payment solutions.
- g. October 2019 – Enactment of the Amendments to the Proceeds of Crime Act and Regulations to facilitate application of simplified customer due diligence requirements. As part of the legislative amendments to enhance the integrity of the financial system, the Government of Jamaica took steps to encourage financial inclusion by enacting provisions that allowed for a risk-based approach in the application of customer due diligence requirements. Critically, amendments were made to the Proceeds of Crime (Money Laundering Prevention) (Amendment) Regulations 2019, which permitted regulated entities, including financial institutions to apply simplified customer due diligence requirements based on their assessment of the risk of money laundering posed by a potential customer. In addition, the legislation permitted firms to accept one form of Government issued identification as a means of customer verification. For further information, please see the link below to access the legislation:  
  
[http://www.boj.org.jm/financial\\_sys/supervised\\_legislation.php](http://www.boj.org.jm/financial_sys/supervised_legislation.php)
- h. November 2019 – Completion of research paper on digitization of Government Payments and

presentation to the Retail Payments and Financial Infrastructure Working Group.

*Evaluate, design and implement a policy framework for opening transaction accounts with graded KYC requirements*

- i. December 2019 - Bank of Jamaica determined that the enhancement of the legal and regulatory framework for the regulation of electronic retail payment service providers was a critical factor in developing the enabling environment for digital payments. A determination was made to commence research on comparative legal jurisdictions to inform the policy proposals for the relevant statute under which non-DTIs offering electronic retail payment service providers could be regulated

*Review and revise the regulatory framework to facilitate the development of financial products linked to remittances, including remittance-based cards*

- j. November 2019 – The review of the regulatory framework was completed in August 2016, with an amendment being made to the Operating Directions for Remittance Services to permit remittances to be paid via cards which were linked to bank accounts. As part of its financial inclusion public sensitization, Bank of Jamaica used the “Under the Law” series to highlight the licensing requirements for remittance businesses. Ongoing education on the oversight powers of Bank of Jamaica continued in 2019.

## 2.0 Financial Resilience Pillar

2.1 The Financial Resilience pillar supports reforms that will contribute to increased savings, insurance, and retirement accounts for the low-income and informal segments of the population.

2.2 The following were the achievements for the period under review:

### ***Develop a legal and regulatory framework for micro-insurance***

- a. March 2019 – FSC published its consultation paper on policy proposals for micro-insurance regulations. The policy proposals included definitions for key terms such as “Micro-insurance business”, “Micro-insurance institution” and “Bundled micro-insurance product”. This consultation paper further refined policy proposals which were developed by the FSC in March 2017, in its micro-insurance framework policy paper “Creating a regulatory framework for inclusive insurance.”

For further information on the Micro-Insurance Consultation Paper, please see: <http://www.fscjamaica.org/regulated-industries/content-1229.html>

- b. May 2019 – FSC completed its review of the Bill to amend the Insurance Act to facilitate micro-insurance and provided its comments to the MOFPS on 16 May 2019. The FSC also submitted its concept paper on the proposed micro-insurance

regulations to the Ministry of Finance and the Public Service on 16 May 2019, having received comments from the industry on the paper.

- c. September 2019 - Following the initial drafting of amendments to the Insurance Act and Regulations, the Ministry prepared a draft Cabinet submission on the amendments to the Insurance Act and Regulations. This was sent to the Attorney-General's Department for its review and comment.
- d. November 2019 – In November 2019, the FSC received questions from MOFPS for clarifications on micro-insurance. The FSC provided a response on 28 November 2019.

### ***Promote a retirement product for low-income and the informally employed***

- e. December 2019 - The procurement of a suitable consultant was completed and the contract for micro pension consultancy was awarded.

## 3.0 Financing for Growth

3.1 This pillar has 22 action items which cover the thematic areas of MSME Finance, Agriculture Finance and Housing Finance. Of these, progress was made on MSME Finance and Housing Finance.

## **MSME Finance**

3.2 Under MSME Finance, there are nine action items including matters related to factoring, leasing, venture capital and capacity building of MSMEs.

3.3 The following are the updates under this thematic area for this reporting period:

### **World Bank Access to Finance Project**

#### *Component 1: Enhancement to the CEF*

- a. In January 2019, DBJ reported that for the fiscal year of 2018/2019, work began on the development of the business plan, the financial model, policies and procedures for the operations of the Credit Enhancement Fund (CEF). As part of the programme, software would be procured to assist DBNJ's risk unit with assessing the qualifications of the approved financial institutions (AFIs) under the programme and provide DBJ with technical assistance in the area of risk assessment.
- b. April 2019 - The business plan and financial model for the CEF were completed, as well as the policies and procedures for the enhanced CEF. The CEF would move from an individual scheme to a portfolio-based scheme. Initial sensitization about the changes were communicated to the public via the Financial Inclusion Technical Secretariat's town halls and outdoor broadcasts, pending the implementation

of DBJ's marketing plan for the enhanced CEF.

- c. June 2019 – Capitalisation of the Partial Credit Guarantee scheme was achieved, with the first tranche of US\$1.5 million being received in June 2019. This was used as additional capital for the CEF to support additional guarantees.

#### *Component 2: Supporting the establishment of a SME Fund*

- d. The consultancy for the development of new products and a marketing plan was completed in 2019.

### **IDB Credit Enhancement Programme for MSMEs**

- e. September 2019 – The identification of key monitoring and evaluation indicators which were developed to measure the impact of the programme. These included the number of guarantees approved, the percent of women owned businesses receiving guarantees and the percentage of guarantees supporting loans for energy projects.
- f. September 2019 – For the period January 2018 to September 2019, 165 guarantees were approved with a value of close to \$1 billion (J\$ 979,000,000), which supported loans of 2.4 billion (J\$2,400,000,000). Fifty percent (50%) of businesses benefitting from the guarantees were owned by women; with five percent (5%)

of the guarantees supporting energy loans. Forty-two (42) of the one hundred and sixty-five (165) guarantees were issued in support of loans made to micro entrepreneurs, with fifty-three (53) benefitting medium-sized enterprises.

### **Venture Capital**

- g. August 2019 – Amendments were made to the Pensions (Superannuation Funds and Retirement Schemes) (Investment) Regulations to permit investments in private equity and venture capital funds.

## **3.0 Housing Finance**

3.1 In March 2019, NHT announced that it would reduce interest rates for all its mortgagors by one percent (1%). In addition, NHT widened its income bands, by increasing the ceiling of the lowest interest rate band from \$12,000 to \$15,000. This change would enable more persons to access the Home Grant facility. Further, the loan limits were increased by 18% from \$5.5 million to \$6.5 million to allow lower income contributors to offset the higher costs of construction.

3.2 NHT announced the issuance of “Intergenerational mortgages” which would provide flexibility in relatives servicing a mortgage obligation in the event of the death or retirement of the mortgagor.

3.3 NHT continued its partnership with select financial institutions under the Joint Financing mortgage programme. Under the terms of the agreement, the NHT invested funds with participating institutions for the sole purpose of these institutions lending funds to qualified contributors to the NHT. As at March 2019, the participating institutions were nine (9) deposit taking institutions.

3.4 March 2019 - Under the NHT continued its Housing Micro Finance Loan Programme, under which the NHT entered into an agreement with participating credit unions to provide funds to low income contributors to assist with their housing needs. As at March 2019, the maximum loan amount was eight hundred and fifty thousand dollars (J\$850,000) which could be used for repairs, home improvement or to construct homes. The loans were offered at 9% per annum unsecured and 4.5% per annum secured for a loan term of six (6) months to five (5) years. As at December 2019, the four participating institutions were Educom Cooperative Credit Union, Community & Workers of Jamaica (C&WJ) Cooperative Credit Union, Jamaica Police Cooperative Credit Union and Lascelles and Partner Credit Union. 300 micro loans were disbursed valued at \$194,683,058.67.

## 4.0 Responsible Finance

4.1 There are ten action items under this pillar, which fall into the thematic areas of consumer protection and financial capability.

4.2 The following action items advanced under this pillar during the reporting period. These are:

a. January 2019 – FSC issued its updated Guidelines on Market Conduct for Insurance Companies and Intermediaries. The Guidelines established specific minimum standards for acceptable business practices for protection of policyholders. For more information, please see:

<http://www.fscjamaica.org/regulated-industries/content-1229.html>

b. August 2019 – The FSC published its draft revised market conduct guidelines for the securities industry on the FSC's website. The draft Guidelines were also circulated to the industry for its comments.

c. October 2019 – The Banking competition study was completed, which made recommendations on revisiting the existing regulatory treatment of fintech and innovative digital payment solutions as a key driver for financial inclusion. Recommendations were also made on the AML/CFT regulation of financial services, to facilitate a risk-based approach to AML/CFT oversight of low-risk clients.

d. December 2019 – Work continued on the review of the Credit Reporting Act, with the consultant preparing his final report for the consideration of Bank of Jamaica and the Ministry of Finance and the Public Service.

## 5.0 Supporting Infrastructure

### 5.1 Use of unclaimed funds

Consultants completed their research on the feasibility of using of unclaimed funds in deposit taking institutions. The potential uses of the funds included the formation of a MSME fund, a fund for financial literacy for MSMEs and ensuring appropriate safeguards were included to meet any claims made regarding the entitlement to such funds.

### 5.2 The Micro-Credit Bill and Credit Unions (Special Provisions) Bill

a. The Micro-Credit Bill was tabled in Parliament in February 2019.

b. Stakeholder consultation continued on the draft Credit Unions (Special Provisions) Bill.





**SG**  
SPRAYGROUND

KEEP  
PLUS



MCL  
MONEY CREDIT LENDING

Personal Loans  
Business Loans  
Agricultural Loans  
Education Loans

PHARMACY  
VICTORY DRUG STORE  
PARKING IS CHARGED  
MANAGEMENT ACCEPTS NO LIABILITY  
SECURITY MANAGEMENT

PHARMACY  
VICTORY DRUG STORE  
PARKING IS CHARGED  
MANAGEMENT ACCEPTS NO LIABILITY  
SECURITY MANAGEMENT





**NATIONAL  
FINANCIAL INCLUSION  
STRATEGY**  
Access for **ALL** 🇯🇲