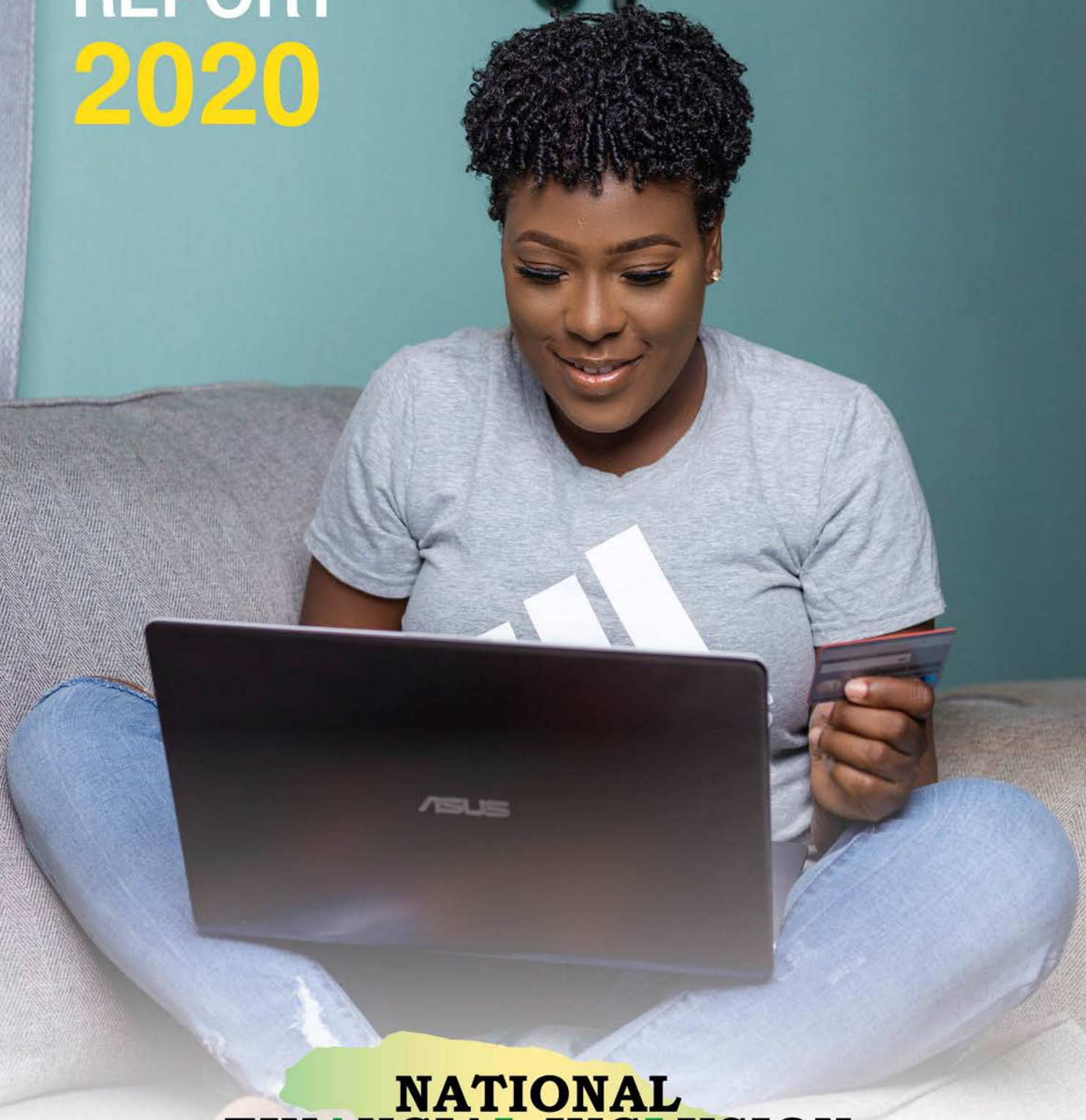


ANNUAL REPORT 2020



NATIONAL FINANCIAL INCLUSION S T R A T E G Y

Access for **ALL** 



**NATIONAL
FINANCIAL INCLUSION
S T R A T E G Y**

Access for ALL 

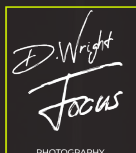
Annual Report 2020

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Abbreviations and Acronyms

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 Institution
ERPS	Electronic Retail Payment Services
FSC	Financial Services Commission
FTC	Fair Trading Commission
IDB	Inter-American Development Bank
IFC	International Finance Corporation
JDIC	Jamaica Deposit Insurance Corporation
KYC	Know Your Customer
MOFPS	Ministry of Finance and the Public Service
MIIC	Ministry of Industry, Investment and Commerce
MSME	Micro, Small and Medium-sized Enterprise
NFIS	National Financial Inclusion Strategy
NHT	National Housing Trust
PIOJ	Planning Institute of Jamaica
PSOJ	Private Sector Organisation of Jamaica
PSOJ A2FFP	Private Sector Organisation of Jamaica Access to Finance Facilitation Panel
STATIN	Statistical Institute of Jamaica



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of Wright Focus Photography



Animation done by George Hay

Foreword

It is undeniable that 2020 has been one of the most difficult and challenging years on record for Jamaica, Jamaicans, and for the entire world. We have had to adapt to a radically changed environment – demonstrating both our vulnerability and resilience as a country. As challenging as the times have been, it also represents an opportunity to embrace reform to recover sustainably and with greater resilience.

In response to this new environment, the Government of Jamaica and Bank of Jamaica sought to capitalize on the opportunity to advance the shared agenda for creating a digital economy.

The Government of Jamaica strengthened the social safety net through its Covid Allocation of Resources for Employees (CARE) programme to mitigate the worst effects of the contraction of the labour market and the reduction of productive hours by employees. As at 1 June 2020, the GOJ provided more than \$20 Billion as a fiscal stimulus response to COVID-19, which included direct benefits paid to persons applying for assistance under the CARE Programme. Another \$1.1 Billion was transferred to the PATH beneficiaries. Leveraging the opportunity presented by COVID-19, these benefits were delivered through various channels, including through digital means. The use of digital platforms to respond to the financial needs of individuals was unprecedented, and has set the stage for Jamaica's targeted interventions to be administered digitally. This will result in greater efficiencies and cost savings.

Through the Go-Digital campaign, which is promoting the adoption of digital practices among micro, small and medium-sized enterprises ("MSMEs") the Government of Jamaica, in partnership with several stakeholders, expanded the opportunity for MSMEs to access vouchers to build-out their websites and e-commerce platforms.

MSMEs constitute the backbone of



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

Jamaica's economy, and by investing in improving structural issues such as the digital inclusion of MSMEs, the Government of Jamaica is signaling its commitment to deepening the business ecosystem for MSMEs.

Emerging economies such as Jamaica must adopt a private sector-led focus to all aspects of the supply chain, from the incorporation of businesses and registration of business names to the opening of bank accounts, to the use of electronic methods for verification.

This Government is committed to ensuring the time of consumers and firms can be invested in productive activities that allow the Jamaican economy to recover from the negative impact of Covid-19 in the shortest period.

The Government was pleased with the approach taken by Bank of Jamaica ("BOJ") in applying special regulatory treatment for COVID-19 related payment accommodations, as this allowed financial institutions to proactively meet the needs of their clients.

In addition, BOJ's Fintech Regulatory Sandbox has provided the environment for the testing of innovative payment solutions and e-KYC solutions, that can significantly reduce the time to market while encouraging digital payments.

As financial inclusion is dependent on financial system stability, it is critical that financial institutions accelerate the application of a risk-based approach for the efficient and effective management of anti-money laundering and counter-financing of terrorism processes. Both MSMEs and individuals will benefit from the application of a risk based approach by financial institutions which utilizes the standard, simplified and enhanced customer due diligence requirements.

As a further step in the development of a digital economy, the Government continues to pursue the development of a unique national identification system through a series of virtual townhalls via social media platforms.

With plans for a national identification system, faster and more customer verification processes that minimize money laundering and financing of terrorism risks, and secure digital means of payment, Jamaica is positioned to become a leader in the region in terms of the

digital delivery of financial services.

The Government has also begun the legislative process for improving consumer protection for persons engaging with financial institutions which are regulated by Bank of Jamaica.

Another key development is the development of policy proposals for the legal and regulatory framework for payment service providers, which will provide the enabling environment for expansion of digital payment services by non-banks.

Increased usage of digital payments and transactional accounts is dependent on the ability of financial institutions to identify their customers and verify these customers.

As we 'Build Back Better,' which includes the creation of a digital economy, the implementation of the National Financial Inclusion Strategy is critical.

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

Chairman, National Financial Inclusion Council



Richard Byles
Governor, Bank of Jamaica

In 2020, Jamaica faced its most serious challenge – the deadly Covid-19 pandemic. Like the rest of the world, the impact was severe, causing contraction in economic activity, attendant job losses and a reduction in consumer spending.

The pandemic underscored the importance of Bank of Jamaica's decision to accelerate its work on promoting digital payments and a digital economy. The ongoing challenge remains the need to incentivize the financially excluded to embrace digital payments as an important step in becoming financially included. The introduction of a central bank digital currency, which will serve the needs of all Jamaicans, will therefore play an important catalytic role in driving greater financial inclusion.

The Bank is also undertaking other initiatives to create the enabling environment for digital payments. These include enhancing the legal and regulatory framework for payment service providers. Simultaneously, Bank of Jamaica encouraged the use of digital financial solutions through the launch of its Fintech Regulatory Sandbox in March 2020. In collaboration with the members of Retail Payments Jamaica Limited and the members of the Automated Clearing House, significant advances were also made in the expansion of access to the financial markets infrastructure.

Bank of Jamaica also contributed to the New Economy Taskforce, led by the Hon. Fayval Williams, MP, Minister of Education, Youth and Information. This taskforce seeks to promote the digitization of firms through the adoption of e-commerce solutions, e-KYC and the provision of technical support through local technology partners.

The work on financial inclusion also seeks to increase the access to finance for micro, small and medium-sized enterprises. In 2020, the Bank supported the efforts of the Ministry of Industry, Investment and Commerce to advance the development of a secondary market for moveable collateral. Bank of Jamaica continues

to collaborate with the Development Bank of Jamaica under the Access to Finance project, with improvements being made to the Credit Enhancement Facility.

One of the main lessons from successful financial inclusion strategies globally is the need to provide individuals and firms with information that will enable them to effectively use financial services. With this in mind, the Bank embarked on a financial literacy campaign in 2019. Throughout 2020, Bank of Jamaica used radio and social media to communicate key messages regarding its role as regulator of deposit taking institutions, remittance agents and agencies and cambios. In December 2020, we launched BOJRealTalk on our social media platforms. With a focus on teaching financial literacy concepts that promote competencies in saving, budgeting, use of credit and building a strong credit rating profile, Bank of Jamaica is intent on ensuring that consumers have access to the information and tools they need to make smart financial decisions. This will be supported by surveys to gauge the extent of financial literacy/financial capability, particularly among the youth.

As Jamaica adapts to the new economic reality, financial inclusion remains a key priority. Bank of Jamaica encourages Jamaican firms and consumers to support this work to build an inclusive economy.

Richard Byles, Governor

Bank of Jamaica



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Total	\$0.00

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Executive Summary

Since the implementation of the National Financial Inclusion Strategy in March 2017, Bank of Jamaica has continued to coordinate the implementation of the strategy through specified project activities designed to drive increased access to financial services, participation in financial markets, increased application of private sector credit and developmental funding to allow for the productive sector to have an increased impact on the economic development of Jamaica.

This work has been achieved through the leadership of the public and private sector with targeted interventions aimed at increasing the knowledge of households and firms about opportunities for financing and how to make sound financial decisions.


The implementation of the strategy has seen the enactment of legislation which removes barriers to investment in MSMEs and opening of accounts, while facilitating expansion of financial services and innovation in products, particularly digital payment solutions and Fintech.

Significantly, a review of the impact and intermediate indicators has shown that the Strategy has achieved a measure of success in improving access to finance and usage of financial services. Six (6) impact indicators and three (3) intermediate indicators improved over the 2019 measurements. Notably, MSME Finance continues to improve in relation to 2019 through the work of Government of Jamaica and the private sector, despite COVID-19.

There are however, underlying challenges which are affecting the use of financial services. To illustrate, while individual deposits in deposit taking institutions as a percentage of GDP increased, the number of electronic retail payments (via commercial banks) per capita declined by 4% from its 2019 measurement. The means of payment statistics provide useful insights into the preferred means of payment, particularly in terms of digital payment methods.

The COVID-19 pandemic represents a





decisive moment. The financially excluded must be incentivized to use digital payments. Importantly, consumers are rational - persons will not use products if they do not understand them.

The Strategy will be revised to focus on meeting the needs of households and firms for greater consumer protection and increased financial literacy. By measuring financial capability competencies, improved financial literacy content can be created to inform the decision making process on the use of financial services, especially at the point of purchase. This step represents the implementation stage of the National Financial Literacy Action Plan, which was developed in 2018.

To advance this work, as part of the Consumer Protection and Financial Capability Working Group; the regulators, namely Bank of Jamaica, the Consumer Affairs Commission, the Financial Services Commission and the Jamaica Deposit Insurance Corporation, increased their efforts to educate the public on key financial literacy concepts and consumer

protection mechanisms.

To update our strategy, there must be improved data from the market. The Financial Inclusion Technical Secretariat began the process of gathering demand-side data through the procurement of a firm to conduct its Baseline Financial Literacy Survey in 2020. In 2021, the administration of this survey is a key deliverable.

In addition, in 2021, the administration of two other demand-side surveys to measure barriers to accessing finance for MSMEs and digital payments is planned.

The findings of these surveys will inform the revision of the National Financial Inclusion Strategy as the Government of Jamaica strives to create an inclusive economy with greater access and usage of financial services by households and firms.



NFIS Achievements for 2020

In 2020, Bank of Jamaica, through the work of its Divisions, most notably the Banking and Currency Operations Division and the Financial Markets Infrastructure Division led by Deputy Governor Natalie Haynes advanced work on its efforts to increase use of digital payments and promote greater access to the existing Financial Markets Infrastructure. The Financial Inclusion Technical Secretariat supported these projects, while continuing its work in collaborating with Bank of Jamaica's financial inclusion partners. Below are the highlights of the achievements for 2020.

A. *Technical Assistance, Conferences and Workshops*

In September 2020, Bank of Jamaica through its Financial Inclusion Technical Secretariat participated in the Jamaica Deposit Insurance Corporation's consumer protection webinar on the increase in the quantum of deposit insurance.

In September 2020, Bank of Jamaica presented during the Jamaica Stock Exchange's National Investor Week on financial literacy and financial inclusion.

In December 2020, the Financial Inclusion Technical Secretariat collaborated with the European Investment Bank, the Frankfurt School of Business and the Ministry of Industry, Investment and Commerce in staging a regional webinar targeted to MSMEs and the adaptation of their business model in response to COVID-19.

B. *External Outreach and Communication*

On 9 January 2020, the Financial Inclusion Technical Secretariat made a presentation to the National Competitiveness Council Working Group on Accessing Credit on work done to date to promote Access to Finance, with a specific emphasis on MSME Finance.

Under the Law and BOJ Real Talk – Public Sensitization about important legal matters

In the months of March, June, September and December 2020, Bank of Jamaica sponsored the airing of the Under the Law programme on four stations – Power 106, Love FM, Mello FM and Kool FM. The programmes focused on issues relating to Bank of Jamaica's supervision of remittance companies, cambios, DTIs and payment systems. Topics included Bank of Jamaica's role in promoting digital payments, use of simplified customer due diligence requirements, fintech and the Banking Services (Deposit Taking Institutions)(Consumer Related Matters) Code of Conduct.

In December 2020, the Financial Inclusion Technical Secretariat launched its financial literacy series, BOJ Real Talk on the Bank's social media platforms. The first three programmes focused on savings, budgeting and home ownership.

https://www.youtube.com/watch?v=S5YYw3Y7q3E&list=PLOn9IYPYbp_4DCyRhBU7-pl1XeN2AvvLt&index=7

C. *National Payment Switch*

In January 2020, Bank of Jamaica published its request for expressions of interest for the development of a national payment switch. Over seventeen responses were received.

D. *Central Bank Digital Currency*

In May 2020, Bank of Jamaica began pursuing work on the development of a central bank digital currency. The objectives were to achieve greater efficiencies in currency issuance and management processes, payment services efficiency and financial

inclusion. The Banking and Currency Operations and the Financial Market Infrastructure Divisions completed their assessment of the feasibility of the central bank digital currency. Work began towards a pilot to test the feasibility of central bank digital currency. The Financial Inclusion Technical Secretariat supported the work of the Banking and Currency Operations and Financial Market Infrastructure Divisions by completing a research paper.

E. *Fintech Regulatory Sandbox*

In March 2020, Bank of Jamaica through its Financial Markets Infrastructure Division, launched its Fintech Regulatory Sandbox. The Financial Inclusion Technical Secretariat provided its policy advice in its support of this initiative.

The objectives of the Fintech Regulatory Sandbox are to provide a platform to encourage innovations in financial services, promote competition and promote financial inclusion. Eligible entities that may apply for entry into the Sandbox include:

- (a) Regulated Entities such as Deposit Taking Institutions (DTIs - mean Commercial Banks, Merchant Banks, Building Societies), Cambios, Remittance Service Providers, Securities Dealers which have been authorised by the Financial Services Commission;
- (b) Credit Unions;
- (c) Fintech Companies in partnership with DTIs; and
- (d) Fintech Companies offering solutions not directly related to payment services provided by Regulated Entities.

For more information on the Fintech Regulatory Sandbox, please see:

<https://boj.org.jm/?s=fintech>

F. *Legal and Regulatory Framework for Payment Service Providers*

This project is led by the Financial Markets Infrastructure Division with the support of the Financial Inclusion Technical Secretariat. In August 2020, in keeping with the instructions of Deputy Governor Natalie Haynes, the Financial Inclusion Technical Secretariat completed a research paper which recommended policy proposals for enhancing the legal and regulatory framework for payment service providers. Payment service providers are non-DTIs. The policy proposals recommended legislative amendments to the Payment Clearing and Settlement Act to address the licensing of payment service providers and enhanced supervisory powers including investigative and enforcement powers. A consultation paper was prepared and published by Bank of Jamaica in December 2020 as part of the stakeholder consultation process.

G. *Legislative review of the Credit Reporting Act*

Bank of Jamaica received the final report from the Consultant in February 2020. Bank of Jamaica shared with the industry, the summary of the Consultant's recommendations as

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Receipt on paper bag

part of its stakeholder consultation. Bank of Jamaica began the process of developing its policy proposals to inform the proposed legislative amendments to the Credit Reporting Act.

H. *Sensitization of Regulated Entities about Simplified Customer Due Diligence Requirements*

On 17 January 2020, sensitization letters were sent to deposit taking institutions and cambios, informing these regulated entities of the enactment of the amendments to the Proceeds of Crime Act. Specific mention was made of the simplified customer due diligence requirements and the requirement for institutions to develop a risk-based approach for the assessment of anti-money laundering and counter-financing of terrorism risks.

Further industry guidance was provided in June and August 2020 via letters and presentations to the public on the PSOJ Access to Finance Facilitation Panel's CovidCast series.

Notably, Bank of Jamaica indicated that each regulated financial institution is required to conduct its risk assessment of a proposed business transaction having regard to the Proceeds of Crime Act and regulations, including the recent amendments to facilitate simplified customer due diligence requirements for low-risk customers.

I. *Venture Capital*

In June 2020, the Financial Inclusion Technical Secretariat submitted its comments to the GOJ's Access to Finance Venture Capital Legal Working Group on the policy proposals. The Working Group was established under the GOJ Access to Finance Project, led by the Development Bank of Jamaica (DBJ) with the responsibility of developing policy proposals for legislative amendments that would inform the tax and regulatory treatment of venture capitalists.

J. *Study on the Secondary Market for moveable collateral*

The Ministry of Industry, Investment and Commerce (MIIC) with technical support from the International Finance Corporation (IFC), a World Bank subsidiary, conducted its assessment of secondary market for movable assets in the Jamaica manufacturing sector, which was completed in July 2020. The Financial Inclusion Technical Secretariat provided its policy advice in relation to the study.

K. *Measures to reduce informality*

MIIC also secured grant funding through the International Labour Organization (ILO) to implement the pilot project titled "Formalizing Operators in the Jamaican Agricultural & Fisheries Sectors". The project seeks to increase formalization in the agriculture and fisheries sector and will commence in 2021.

L. *Digitization of MSMEs*

MIIC continued its implementation of its Digitalization Plan for MSMEs 2019-2022. MIIC has partnered with two e-commerce companies to offer e-commerce shops to MSMEs; while it continued to host webinars on e-commerce for MSMEs and the need for adaptation to the new business realities created by COVID-19.

M. *Electronic Reverse Factoring Platform*

In January 2020, DBJ began the procurement process for the acquisition of the platform. In March 2020, DBJ obtained a legal opinion from the Attorney-General's Chambers on the Electronic Reverse Factoring Platform. In June 2020, Bank of Jamaica, advised its regulated entities that the reverse factoring products would not require non-objection letters from the Bank under the Banking Services Act. For the remainder of 2020 DBJ continued its discussions with five DTIs in relation to the Electronic Reverse Factoring Platform.

N. *Financial Inclusion Surveys – Baseline Financial Literacy Survey for Youth*

In September 2020, the Bank published its request for quotations (RFQ) for its Baseline Financial Literacy Survey. The objective of the RFQ is to procure the services of a market research firm to conduct a survey of the financial capability and financial literacy competencies of in-school youth and at-risk youth. The survey was targeted at children between the ages of 12 – 18.

A firm was selected in November 2020. As a subsequent development, the work on the Baseline Financial Literacy Survey began in the first quarter of 2021.

O. *Consumer Protection – DTIs and other BOJ Regulated entities*

In September 2020, the legislative process began with the approval of the cabinet submission for the creation of legislative provisions for consumer protection for consumers of services from DTIs and other Bank of Jamaica regulated entities.





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.

Impact Indicators

3.2 Six (6) impact indicators improved over their 2019 measurements and 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 Of these six (6) indicators, two exceeded their 2020 targets. These were in the dimensions of access and usage, namely:

- a. Number of deposit accounts with commercial banks per 1,000 adults; and
- b. Individual deposits as a percentage of gross domestic product.

3.4 The impact indicators which improved in 2020 were:

- a. Number of deposit accounts with commercial banks per 1,000 adults;
- b. Number of access points per 1,000 square kilometres;
- c. Number of access points per 10,000 adults;
- d. Individual deposits in DTIs and Credit Unions as a percent of GDP;
- e. Value of loans to MSMEs as a

percentage of GDP; and

f. Value of outstanding residential mortgages issued by DTIs as a percentage of GDP.

3.5 The impact indicators which deteriorated in 2020 were:

- a. Unclaimed deposits as a percentage of total deposits; and
- b. Electronic retail payments (via commercial banks) per capita.

Notably, during the reporting period there was an increase in the average daily currency in circulation, which may be attributed to persons reverting to relying on physical notes as a store of monetary value in response to the fears driven by the pandemic.

3.6 There is incomplete data for the measurement of the impact indicator on 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	Baseline 2015	2016	2017	2018	2019	2020	Target 2020	Source
Financial Access and Usage	Number of deposit accounts with commercial banks per 1,000 adults	1152	1078	1583*	1629	1733	1827	1500	BOJ
	Unclaimed deposits (for 7 years or more) to total deposits (%) - DTIs	1.2	1.3	0.9	0.9	0.8	1.2	0.5	BOJ
	Number of electronic retail payments (via commercial banks) per capita per year	33	37	39	44	46	42	50	BOJ
	Number of access points per 1,000 sq. km	2270	2484	2715	3303	3711	4166	5000	BOJ
	Number of access points per 10,000 adults	128	139	150	180	201	225	240	BOJ
	Individual Deposits (%GDP) – DTIs & Credit Unions	28	29	25.7	25.8	27.1	33.8	31	BOJ
Financing for Growth	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	10.4	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	1.6	4.0	BOJ/ NPCB
	Value of outstanding residential mortgages – data for DTIs, Credit Unions only is shown*** (%GDP)	21	7.6	8.2	6.7	7.1	11	30	BOJ/NHT

SOURCE: BOJ, NHT, NPCB

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

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

4.2 Of these, for the period under review, three intermediate indicators have exceeded their 2020 targets.

4.3 These are:

- a) The number of PATH beneficiaries who received their benefits through digital payments;
- b) The number of remittance agents (determined by location); and
- c) The percentage of the adult population covered by the credit bureaus.

4.4 Two indicators have stagnated, which are:

- a) Financial access – number of micro-insurance products in the market place; and
- b) Financing for growth – percentage of land plots registered.

4.5 One indicator has declined since its 2019 measurement, namely the number of guarantees issued to MSMEs by the Partial Credit Guarantee as at the end of the fiscal year 2020.

4.6 In keeping with the directive of the National Financial Inclusion Council, the Financial Inclusion Technical Secretariat continued to monitor the number of new investors participating in the Jamaica Stock Exchange. For the reporting period ending December 2020, there was a decline in the number

of new investors in the Jamaica Stock Exchange of 48.02%. The number of new listings on the Jamaica Stock Exchange also declined by 47% for the period.

4.7 For one indicator, data was not provided on the percentage of NHT contributors who accessed benefits. In lieu of that data point, the NHT provided information on the value of benefits utilised as at the end of fiscal year (March 2020), as well as data on the types of loans accessed. For the reporting period, throughout its Island-wide branch network, loans totaling \$28,182,226,223.00 were distributed for the fiscal year 2019/2020. Please see Table 12 for additional information.



Table 2: Status of Intermediate Indicators as at December 2020

Pillar	Intermediate Indicator	Baseline	2016	2017	2018	2019	2020	Target 2020
FINANCIAL ACCESS AND USAGE	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	38+++	28
	Number of remittance agents(by location)	402	422	425	453	482	497	450
FINANCIAL RESILIENCE	Number of micro-insurance products	25	7++	7++	7++	7++	7++	50
FINANCING FOR GROWTH	Percentage of the adult population covered by credit bureaus	22	22	25	43	47	48	40
	Percentage of land plots registered***	58.68	59.06	59.57	60.01	60.47	60.91	65
	Number of loan guarantees for MSMEs issued by Partial Credit Guarantee (PCG) Programme per fiscal year, end March)	51	57	78	106	162	104	300
	Per cent of NHT contributors accessing benefits through NHT	34	43	38	26.5	TBC	TBC	60



Pillar	Intermediate Indicator	Baseline	2016	2017	2018	2019	2020	Target 2020
RESPONSIBLE FINANCE	A: Per cent of financial consumer complaint cases resolved (of those received)	76	53*	56	58	98	90	N/A
	B: Number of complaints received (via BOJ, FSC, CAC)	214	195	223	211	170	227	N/A

Source: BOJ, CAC, DBJ, FSC, MLSS, NLANotes:

*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 products 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 2020

**Table 3: Consumer Complaints as at 31 December 2020
As reported by the Office of Consumer Complaints**

Category of Complaints	Number of complaints
Access to Funds	3
Account Related	66
Fees & Charges	5
Fraud & Impropriety	32
Loan	18
Other	8
Total	132

Source: BOJ

Notes: *Rate of Resolution of complaints: 78.8%



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

Number of New Listings						
Years	2015	2016	2017	2018	2019	2020
Main Market	1	5	9	5	6	4
Junior Market	1	6	5	7	4	2
USD Equities Market	0	1	1	4	3	2
Bond Market	0	1	1	1	2	0
TOTAL	2	13	16	17	15	8

Source: Jamaica Stock Exchange

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

Year	Number of New Investors	YOY% change
2015	3,412	-
2016	7,991	134.20%
2017	14,904	86.51%
2018	16,450	10.37%
2019	48,167	192.81%
2020	25,038	-48.02%

Source: Jamaica Stock Exchange

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

Market	Market Capitalization					
	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20
Main Market (J\$)	615,559,573,602.85	697,446,825,637.37	1,048,739,993,889.94	1,383,834,940,068.79	1,929,947,681,342.09	1,547,121,992,661.17
Junior Market (J\$)	67,946,699,870.58	103,417,577,608.87	114,795,266,054.62	139,776,812,503.52	151,356,360,107.15	119,696,798,328.86
Combined Market (J\$)	683,506,273,473.43	800,864,403,246.24	1,163,535,259,944.56	1,523,611,752,572.31	2,081,304,041,449.24	1,666,818,790,990.03

Source: Jamaica Stock Exchange

Table 7: Average Daily Currency in Circulation in JMD Millions

Year	Average Daily CIC *	YOY % Change
2015	61,227.81	
2016	71,489.62	16.76
2017	79,832.51	11.67
2018	90,376.77	13.21
2019	102,975.99	13.94
2020	126,878.43	23.21

Explanatory Notes:

*Average Daily CIC – Average Daily Currency in Circulation excludes vault cash held in commercial banks

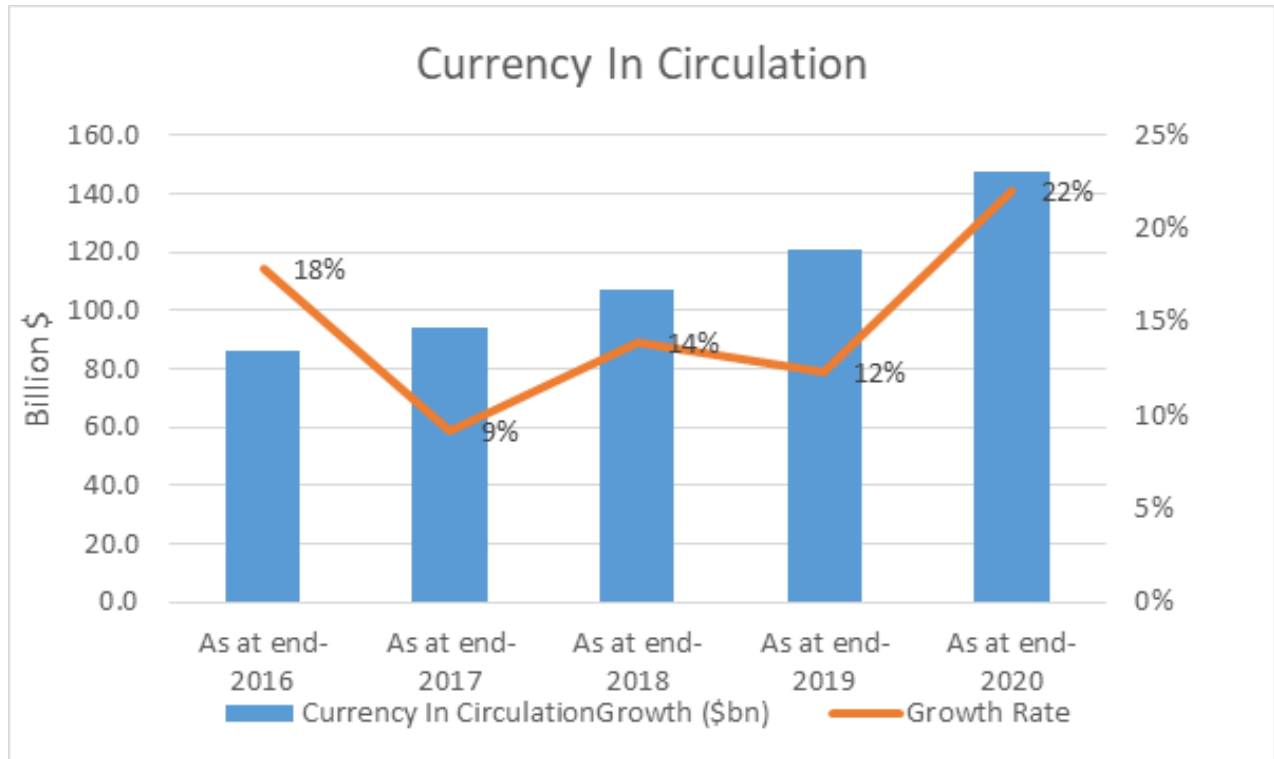
Source: BOJ

Table 8: Performance of the Partial Credit Guarantee 2010 – 2021

Year End	No of Loan Guarantees	Value of Loan Approvals (\$)	Value of Guarantee Approvals (\$)
March-2010	4	30,000,000.00	8,320,000.00
March-2011	3	10,800,000.00	3,956,000.00
March-2012	3	34,700,000.00	10,750,000.00
March-2013	106	241,969,378.00	160,297,000.00
March-2014	28	238,994,000.00	90,457,150.00
March-2015	51	487,378,122.75	218,662,567.88
March-2016	57	539,201,456.10	282,331,343.42
March-2017	78	1,187,304,154.23	551,606,882.28
March-2018	106	1,768,778,088.80	614,579,888.75
March-2019	162	2,482,421,552.61	1,062,660,880.29
March-2020	104	1,418,601,332.85	647,779,610.52
March-2021	208	1,860,235,492.16	1,053,037,032.18
April -Sep-2021	162	1,658,106,662.74	972,240,701.20
Grand Total	1072	11,958,490,240.24	5,676,679,056.52

Source: DBJ

Chart: Changes in Currency in Circulation (as at the end of the year) for period 2016 - 2020



Source: BOJ



Table 9: Use of Cash as a Payment Instrument (Volume and Value) For the period: 2015-2020

Year	2015	2016	2017	2018	2019	2020
Cash Usage – Volume (Number of transactions)						
ABM Withdrawals (aggregate)	51,607,410	55,564,931	55,794,015	61,245,987	59,314,753	52,709,647
Bill Payments - Cash payments only	10,147,941	10,197,785	10,047,634	10,127,950	9,712,065	9,951,268
Cash Usage – Value (\$)						
ABM Withdrawals (aggregate)	327,808,540,189	393,068,388,296	442,088,328,720	525,338,000,776	549,089,659,848	535,933,253,555
Bill Payments - Cash payments only	59,432,822,546	58,984,039,121	65,637,278,069	81,474,270,758	89,599,328,621	91,494,815,489

Source: BOJ



Table 10: Means of Payment Quarterly Statistics for 2020

Means of Payment	Means of Payment Quarterly Statistics														
	March 2020			June 2020			September 2020			December 2020					
	Volume	Value (\$bn)	Volume	Value (\$bn)	Volume	Value (\$bn)	Volume	Value (\$bn)	Volume	Value (\$bn)	Volume	Value (\$bn)			
JamClear®-RTGS Beneficiary Payment	259,589	\$1,558.87	310,000	\$1,284.97	427,634	\$1,411.34	486,358	\$1,506.46					Share Means of Payment vs Grand Total for December 2020 Quarter	Value	58.98%
ACH Direct Debit	140,472	\$2.03	134,560	\$2.07	133,857	\$2.04	156,036	\$2.16					Volume	0.43%	0.08%
ACH Direct Credit	1,389,462	\$99.42	1,619,420	\$98.44	1,707,622	\$112.06	1,889,037	\$122.09					Volume	5.16%	4.78%
Cheques	2,834,723	\$396.43	2,098,940	\$271.05	2,060,830	\$293.25	2,041,403	\$292.00					Volume	5.58%	11.43%
Debit Card	22,994,972	\$398.39	17,827,195	\$351.97	21,527,283	\$370.01	21,492,544	\$405.12					Volume	58.75%	15.86%
Credit Card	5,774,927	\$154.05	4,172,293	\$115.59	5,318,522	\$139.99	5,999,343	\$153.06					Volume	16.40%	5.99%
Online Payment	968,383	\$52.78	1,114,437	\$49.83	1,289,385	\$62.40	1,203,890	\$66.33					Volume	3.29%	2.60%
E-money	1,672,519	\$4.00	1,139,416	\$4.17	1,720,825	\$6.13	3,312,997	\$7.00					Volume	9.06%	0.27%
Grand Total	36,035,047	\$ 2,665.98	28,416,261	\$ 2,178.08	34,185,958	\$ 2,397.24	36,581,608	\$ 2,554.21					Volume	100.00%	100.00%

Source: BOJ

Please see explanatory notes on following pageSource: BOJ

Explanatory Notes for Means of Payment Statistics

Items	Notes
1. National Payment System	A set of instruments, procedures, and rules for the transfer of funds between or among participants; the system includes the participants and the entity operating the arrangement
2. Debit Card	This includes On-Us (refers to transactions drawn against an institution and negotiated at the same institution) proprietary data and Multilink AMB and POS data.
3. Credit Card	This includes both On-US and Not On-Us (refers to transactions drawn against an institution and negotiated at another institution) proprietary data. (Includes domestic and dual currency credit cards)
4. Cheques	<ul style="list-style-type: none"> • Proprietary cheques – These are cheques drawn on the institution of issue and processed within the same institution. • ACH cheques – These cheques are processed via the Automated Clearing House.
5. ACH Direct Debit and ACH Direct Credit (PPD)	Refers to credit or debit entry initiated by an organization pursuant to a standing or a single entry authorization from a Receiver to effect a transfer of funds to or from an account of the Receiver.
6. Online Transactions	<ul style="list-style-type: none"> • This includes internet and e-commerce transactions. • Internet transactions refer to other transactions completed using an instrument other than a debit or credit card via the internet (E.g. token). • E-commerce refers to transactions performed for business clients using an instrument other than a debit or credit card. (E.g. transactions processed using a platform to conduct the payment).
7. JamClear®RTGS Beneficiary Payments	These include single customer credit transfers and multiple customer credit transfers.
8. Payment Service Providers Products	Existing Payment Service Providers are National Commercial Bank (Quisk), Sagicor (My Cash) and Alliance Financial Services Limited (E-Pay).
9. E-Money	<p>E-money means electronically, including magnetically, stored monetary value on any device or instrument or server as represented by a claim on the PSP, which is issued on receipt of funds for the purpose of making payments and which is accepted as a means of payment by persons other than the PSP.</p> <p>This includes e-money stored on a device such as a SIM card or a server and accessible via telephone, internet or other access devices, cards, and other similar instruments but excludes any electronic means to permit transfers to/and from a deposit or current account held by a DTI.</p>

Table 11: Status of Credit Information Providers as at 31 December 2020

Activity Indicators		2016	2017	2018	2019	2020
1.	Total No. of CIPs in data sharing agreements with credit bureaus	84	87	94	103	115
1.1	<i>Deposit Taking Institutions</i>	10	10	10	10	10
1.2	<i>Credit Unions</i>	23	23	23	24	23
1.3	<i>Statutory Lending Agencies</i>	5	4	4	5	5
1.4	<i>Micro Finance Entities</i>	25	24	27	30	33
1.5	<i>Trade Creditors (not covered under the Hire Purchase Act)</i>	10	14	16	16	22
1.6	<i>Utility Companies</i>	3	4	4	4	4
1.7	<i>Others</i>	8	8	11	14	18
2.	No. of CIPs submitting data to credit bureaus	36	41	51	55	55
3.	No. of CIPs pulling data from credit bureaus	63	65	70	69	75
4.	No. of CIPs pulling data but not yet submitting to credit bureaus	27	26	24	48	28
5.	No. of reports issued during the year (inclusive of free reports)	250 122	442 712	466 531	582 822	363 020
6.	No. of consumers free reports issued per section 15(3) of CRA	5 765	6 758	7 316	8638	7574
7.	No. of account records in credit bureau data base with the largest number at year end	1 070 168	1 525 375	2 032 157	2385733	2708344
8.	No. of data subjects in credit bureau data base	408 570	467 432	818172	895116	925114
9.	Population coverage* at year end (per cent)	22	25	43	47	48
10.	Hit Rate** for CIPs (using credit bureau with highest rate at year end)	72.6	77.2	83.60	86.7***	90.0
11.	Complaints raised by consumers that required correction of information provided by CIPs, as reported by credit bureaus	1 116	2 316	2 762	3512	3063
12.	Complaints raised by consumers with credit bureaus which were subsequently escalated to BOJ	1	0	4	0	1

Activity Indicators		2016	2017	2018	2019	2020
13.	Complaints that were as a result of errors on the part of the credit bureaus	0	0	0	14	0

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

***Revised figure

Table 12: Benefits accessed by NHT Contributors from April 2019 – March 2020

BENEFIT TYPE	Number of Loans
MAIN MORTGAGE:	
Build on Own Land (BOL)	461
Construction Loan (CL)	915
Home Improvement (HI)	142
House Lot (HL)	1,396
Serviced Lot (SL)	47
Open Market (OM)	3,365
Scheme (SCH)	203
Fifteen Plus	725
SUBTOTAL #1	7,254
Other Loans#1:	
Joint Finance Mortgage (JFM)	1,187
Solar Water Heater	159
SUBTOTAL#2	1,346
Other Loans#2:	
Microfinance Loan	276
SUBTOTAL#3	276
TOTAL	8,876



Roly Red
Squirt

ROUTE TAXI

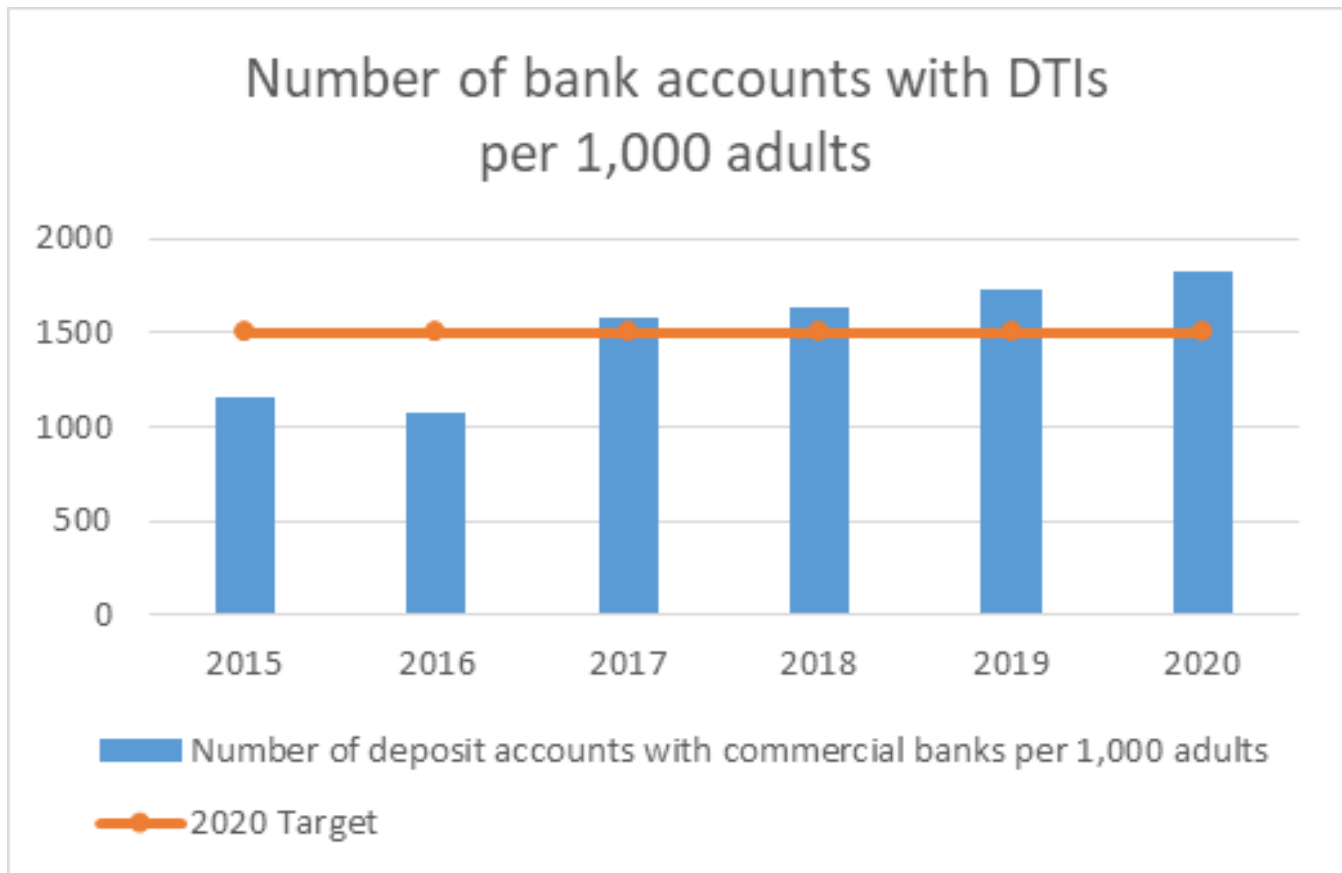
SPANISH TOWN
TAXI ASSOCIATION
31

SPANISH TOWN - KITSON TOWN
VIA
ST JOHN'S ROAD.

APPENDIX: Summary of Key Financial Inclusion Indicators

Access Indicators

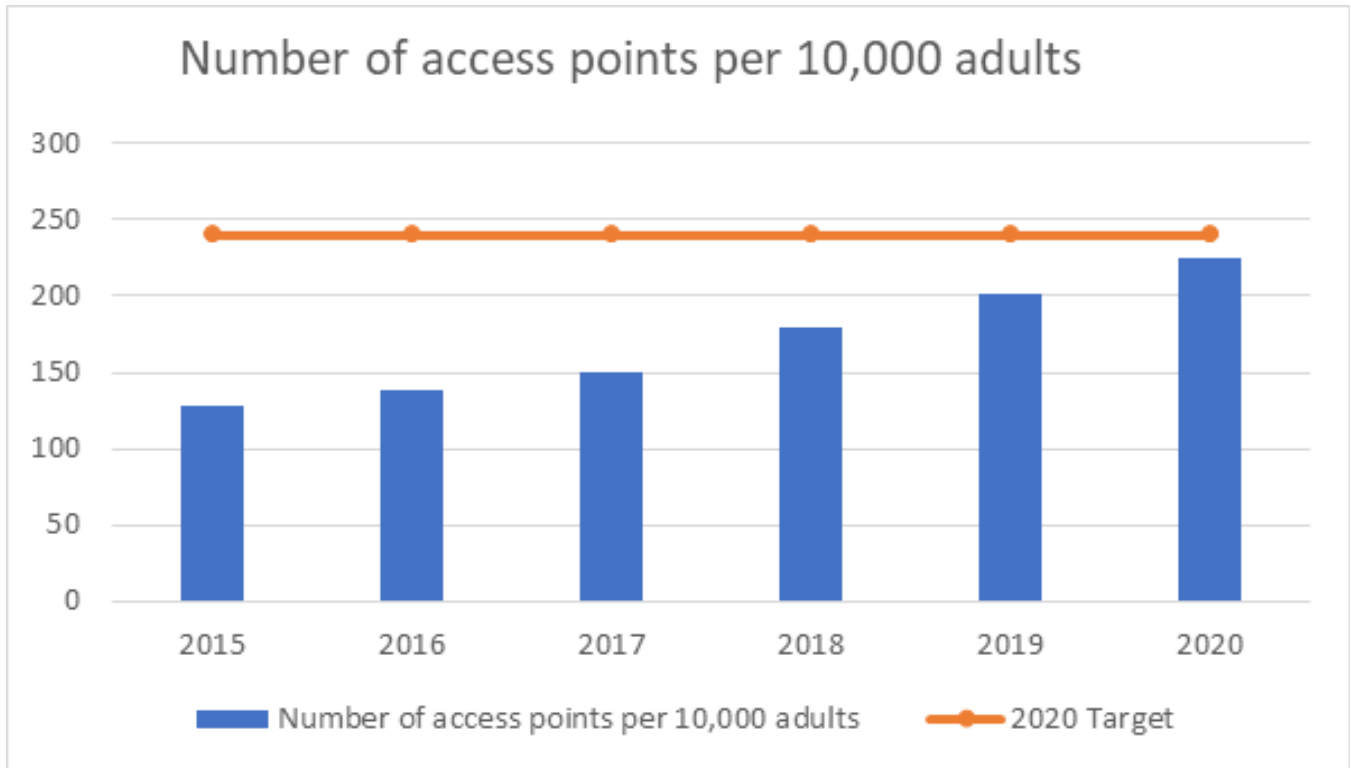
Chart 1: Number of bank accounts per 1,000 adults



Source: BOJ

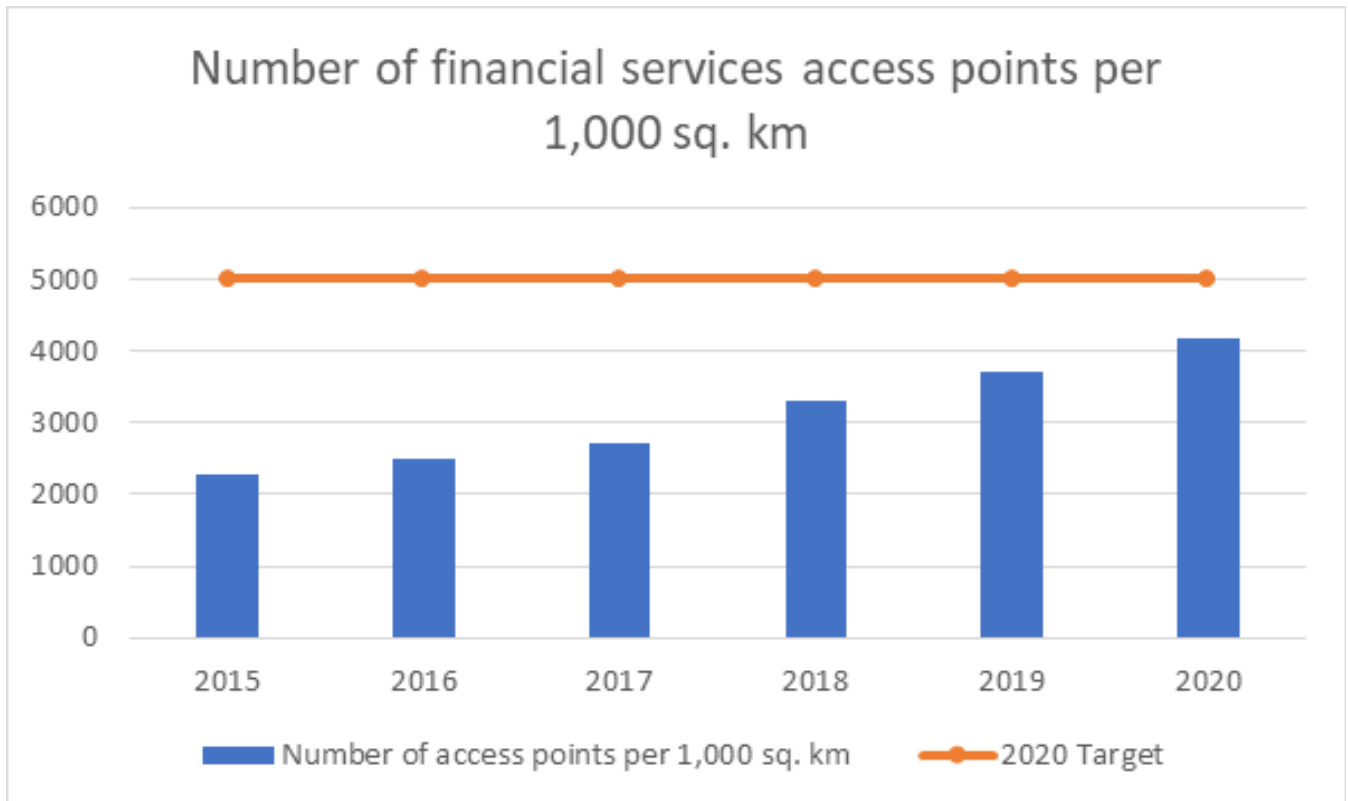


Chart 2: Accessibility of access points per 10,000 adults



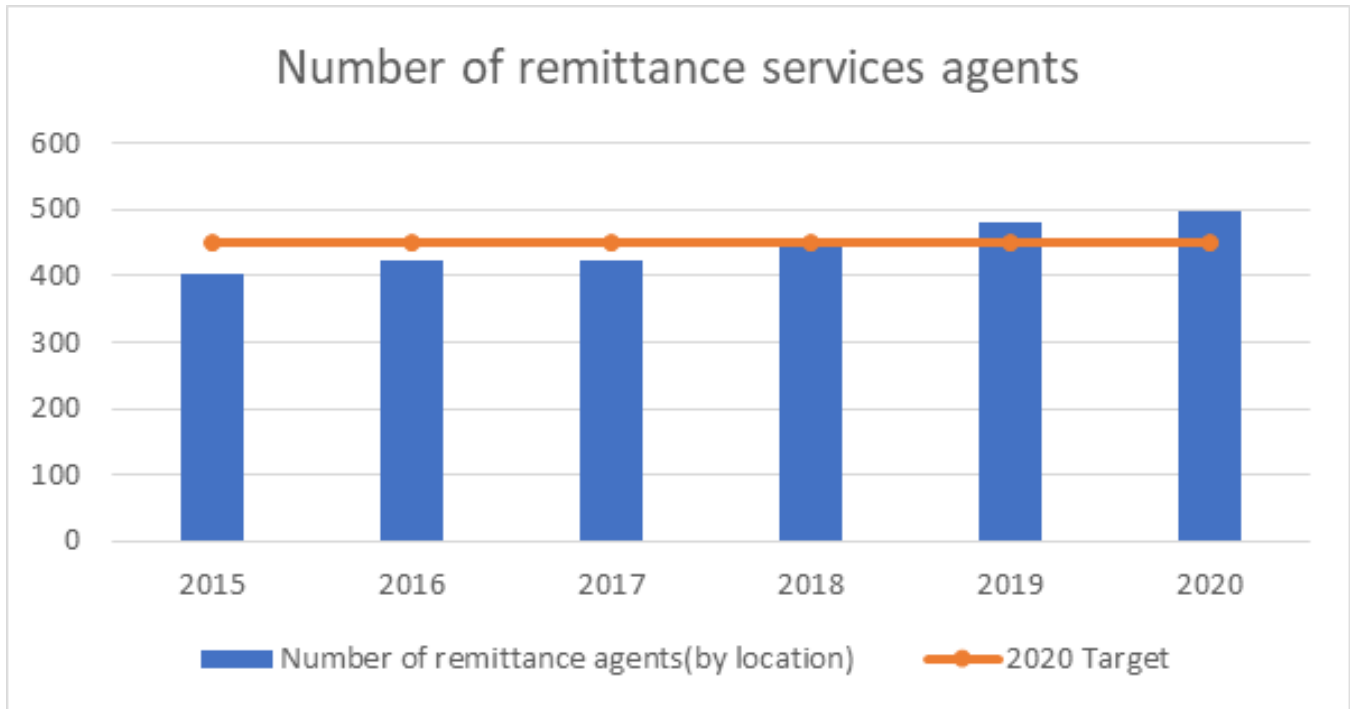
Source: BOJ

Chart 3: Number of financial services access points per 1,000 sq. km



Source: BOJ

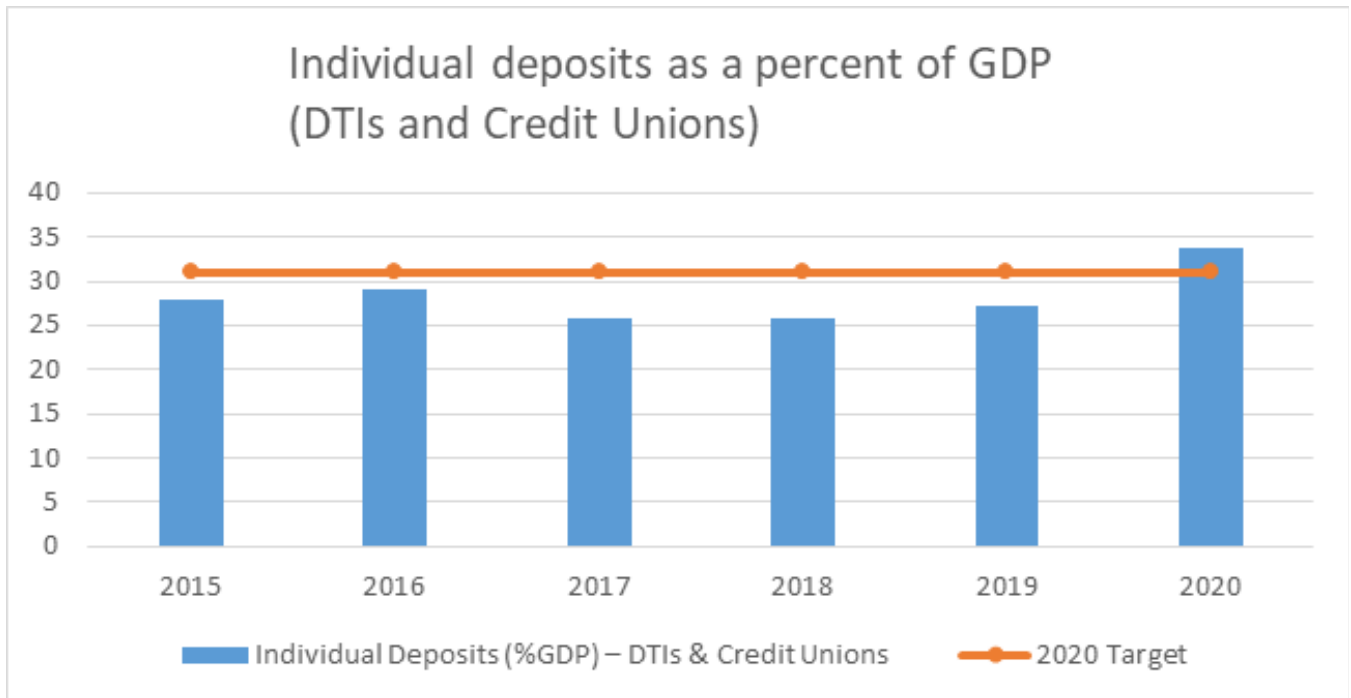
Chart 4: Number of Remittance Service Providers



Source: BOJ

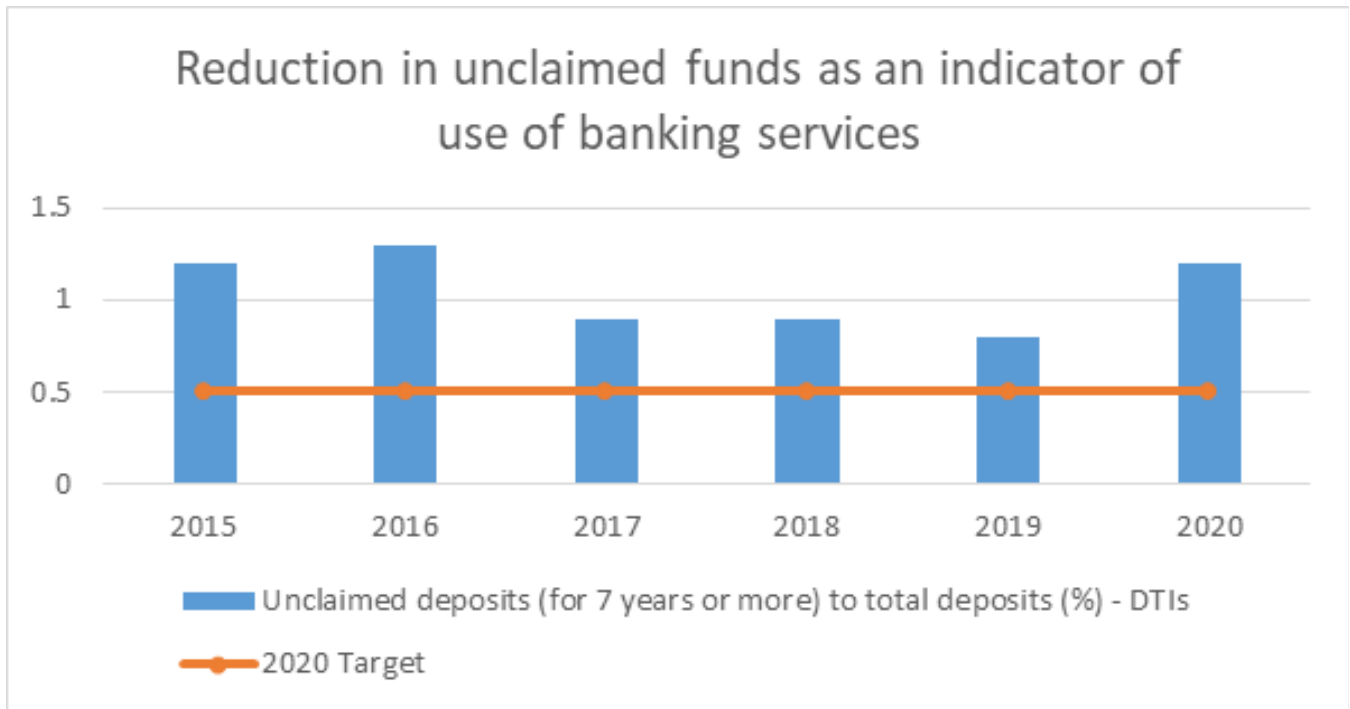
Usage Indicators

Chart 5: Deposits in DTIs as a percent of GDP



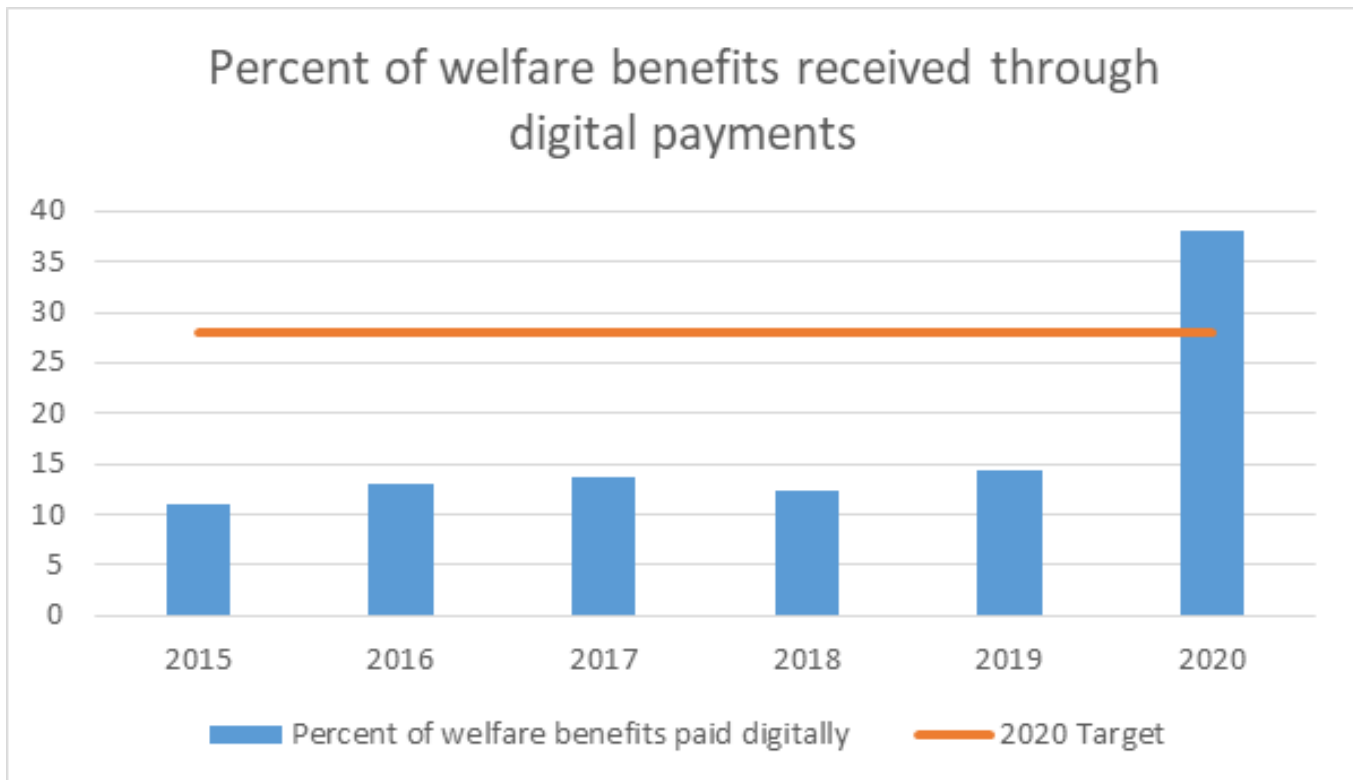
Source: BOJ

Chart 6: Unclaimed Funds as a percent of total deposits



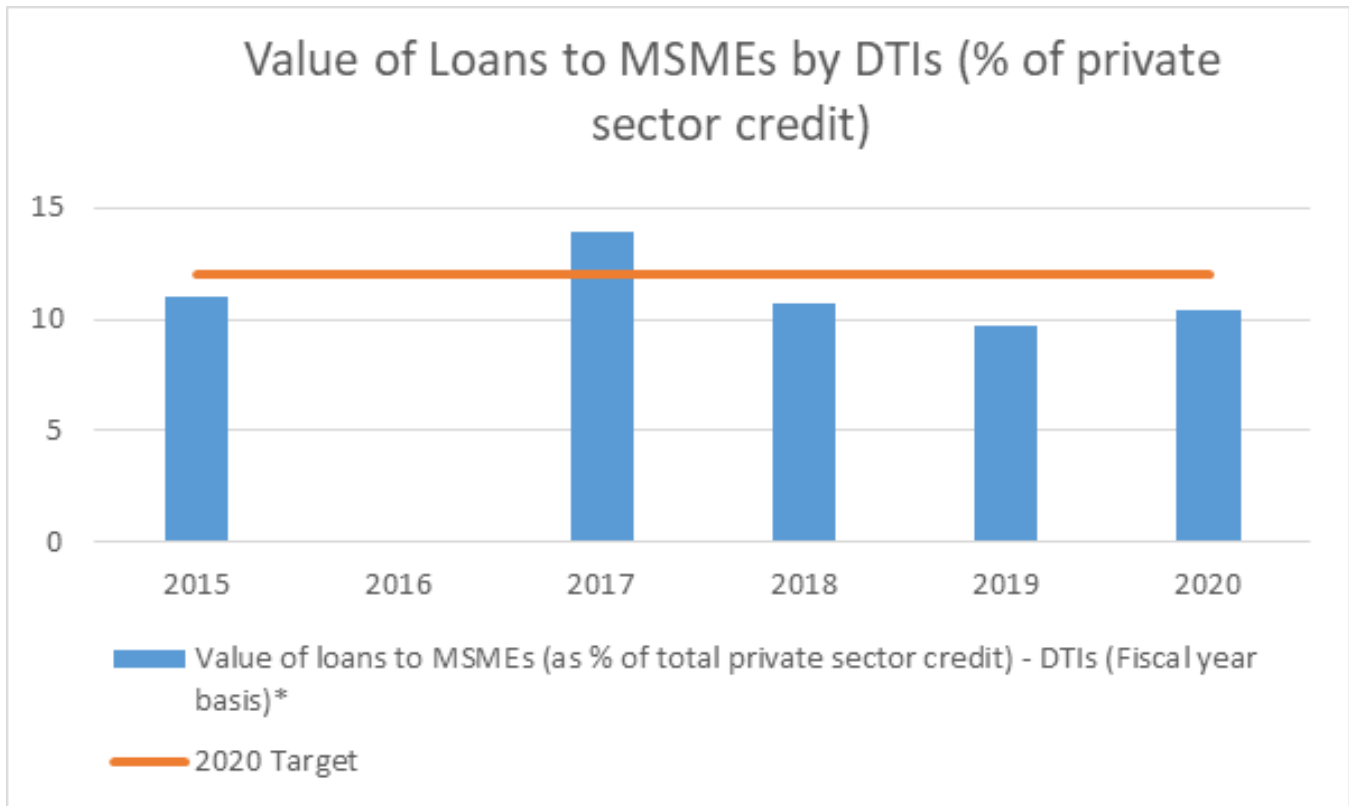
Source: BOJ

Chart 7: Percent of welfare benefits received through digital payments



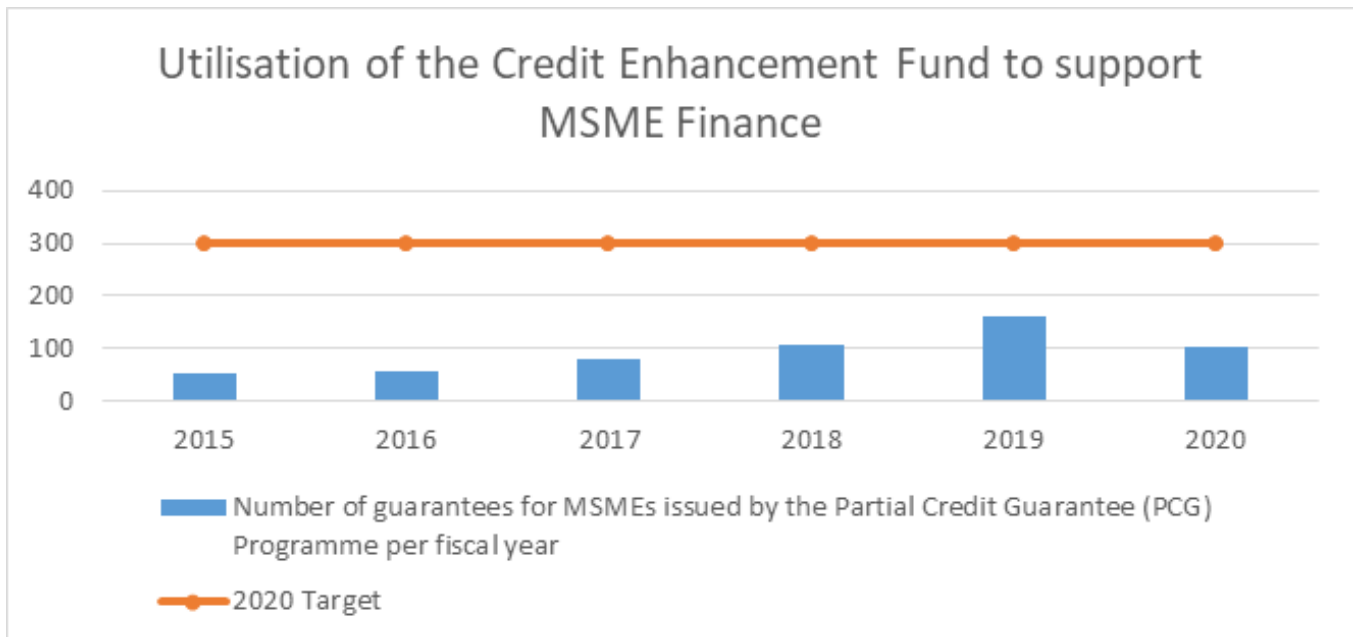
Source: MLSS

Chart 8: Private sector credit from DTIs to MSMEs



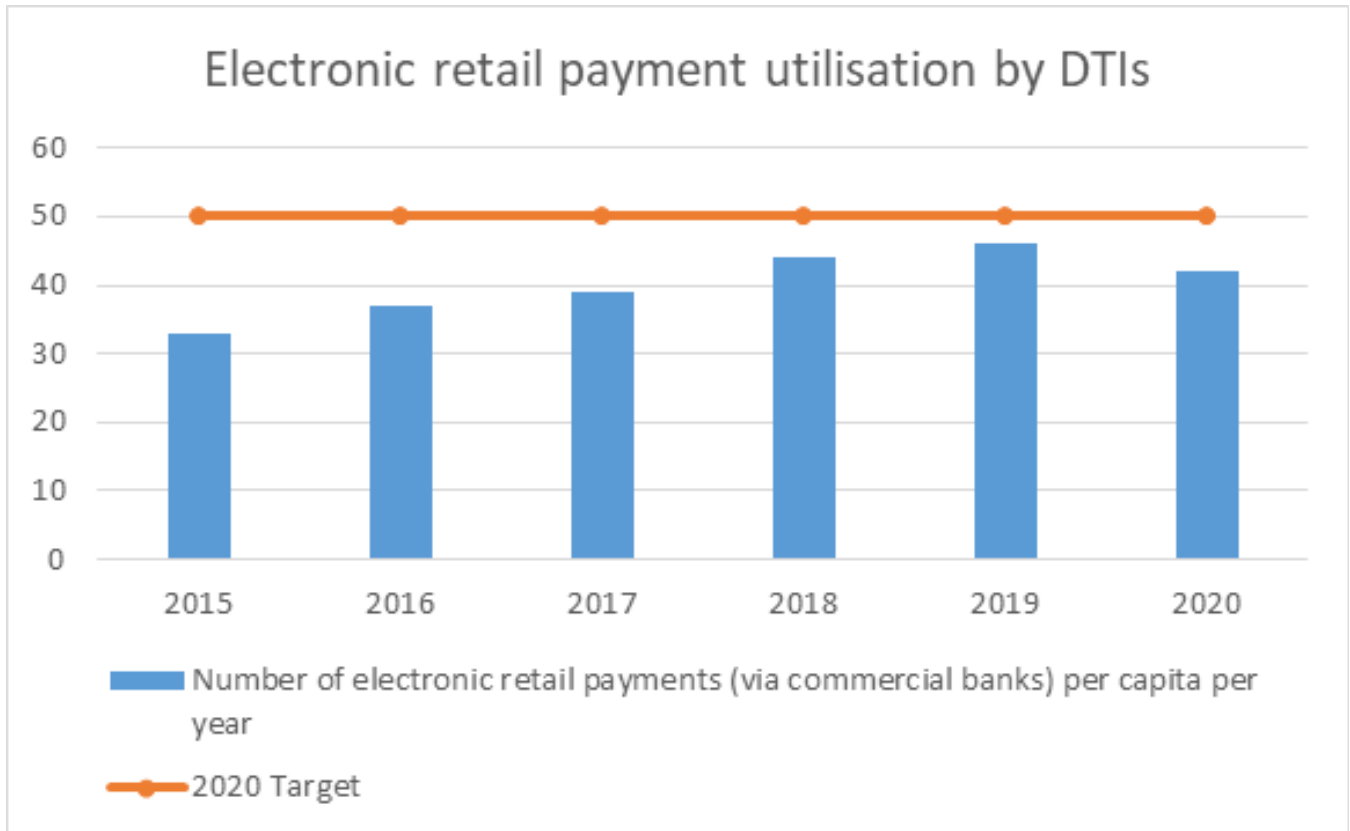
Source: BOJ

Chart 9: Utilisation of the Credit Enhancement Fund to support MSME Finance



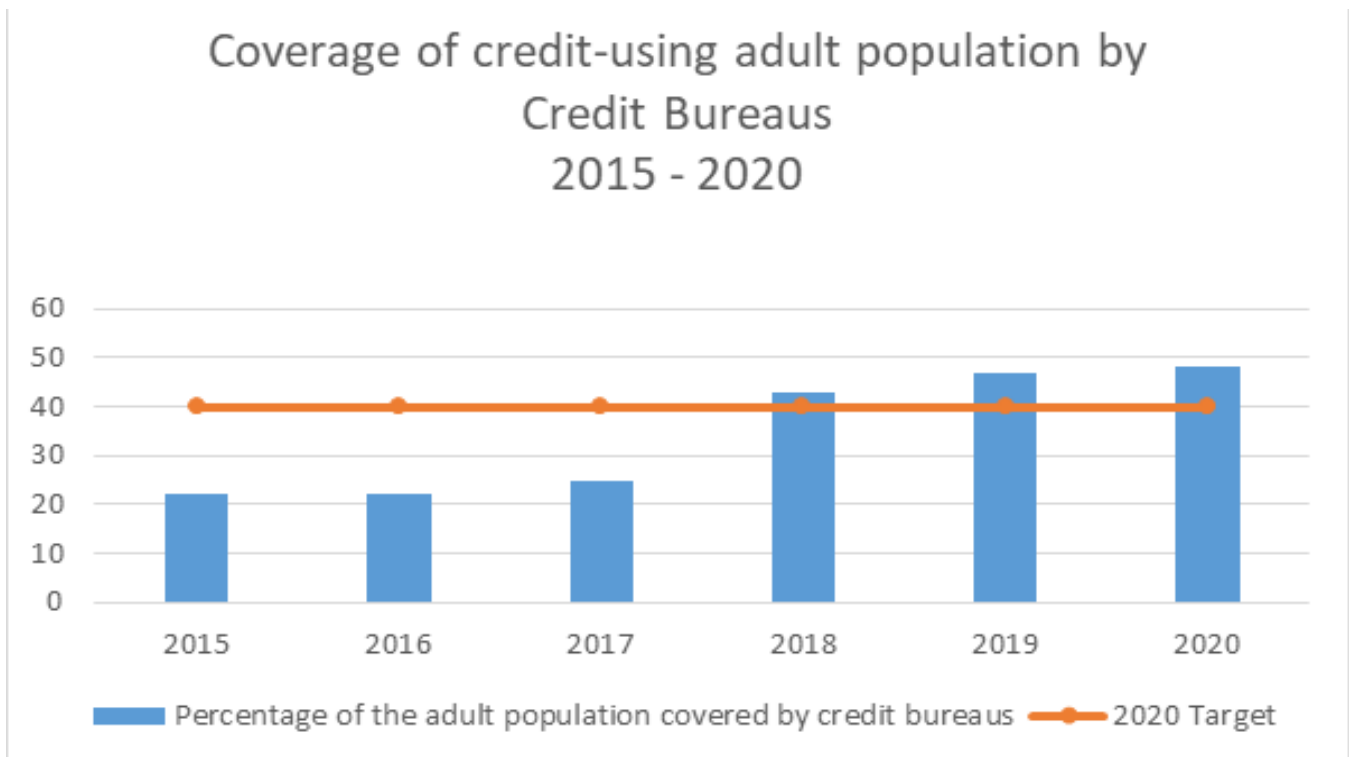
Source: DBJ

Chart 10: Utilisation of Electronic Retail Payments by Deposit Taking Institutions



Source: BOJ

Chart 11: Coverage of the Credit-Using Adult Population by Credit Bureaus



Source: BOJ



Bank of Jamaica

Advancing Digital Payments as a driver of Financial Inclusion

Overview

Over the review year, Bank of Jamaica ("the Bank") continued to lead the charge in advancing digital payments as a gateway to incentivizing the financially excluded to participate in the formal economy. A critical step is the Bank's creation of an enabling environment through regulatory reform and policy implementation to include financial access to the existing Financial Market Infrastructure (FMI); and strengthening the Bank's oversight mechanism for payment services. In addition, the Bank utilized the opportunity presented by Covid-19 to incentivize usage of digital payments.

Significant initiatives of the Bank included:

- the furtherance of the promulgation framework to facilitate innovations in digital payments;
- as a temporary measure, the Bank waived transaction fees associated with all customer payments in response to Covid-19 and the associated restrictions in movement by the public. In addition, the Bank also took a proactive response to the implementation of annual and transaction fees for the JamClear® systems; and
- the Bank commenced the adoption and implementation of the 'ISO 20022 - Universal Financial Industry Message Scheme'.

In addition, data showed that cash usage trended upward in 2020. Electronic means of payment continued to increase. Electronic means of payment was measured by the value of transactions across debit cards, credit card, point of sale and other electronic transactions.

Development of an Enabling Regulatory Framework for Payment Service Providers

Enabling regulations drive innovation to more effectively bring financial services to large segments of the population. During the year, the Bank accelerated the development of an enabling regulatory framework for Payment Service Providers (PSPs) that are not deposit-taking institutions, aimed at enhancing the Bank's supervisory powers over PSPs. In this regard, the Bank in December 2020 issued a consultation paper to industry stakeholders that provided policy proposals for the legal and regulatory framework for the supervision of PSPs.

The policy proposals include:

- licensing of PSPs;
- strengthening of the Bank's oversight powers for PSPs;
- imposition of Administrative Fines for breaches by licensees; and
- ensuring PSPs comply with existing Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) Legislation.

Effective 2 March 2020, the Bank withdrew the Guidelines for Electronic Retail Payment Services (ERPS 2); previously issued to guide the operations of PSPs to further ensure the closure of gaps in the legislative framework. The Fintech Regulatory Sandbox Guidelines replaced ERPS 2 as the guiding document for entities wishing to offer electronic retail payment services.

JamClear®-RTGS Fee waiver and Financial Inclusion

As a temporary measure, on 20 March 2020, the Bank waived transaction fees associated with all customer payment transactions (Single and Multiple Customer Credit transfers). This was a proactive step in response to the COVID-19 pandemic and the associated restrictions in movement by the public. The aim was to encourage the use of electronic means of payments.

Payment Service Providers and Financial Inclusion

Despite the challenges associated with the Coronavirus (COVID-19), in 2020, the services offered by Payment Service Providers (PSPs), facilitated an increase in access to and usage of digital payment instruments and channels. As indicated earlier, PSPs previously authorized under Electronic Retail Payment Services Guidelines (ERPS 2) were permitted to continue operations via the Fintech Regulatory Sandbox Guidelines.

The services provided by PSPs continued to provide access to non-traditional payment services to the unbanked and underbanked population. A review of the 2020 data indicated a slight decrease in the number of ERPS accounts provided by PSPs. However, based on the percentage change, volume and value of ERPS transactions increased for the reporting period. (See table 1 below)

Table 1: Electronic Retail Payment Services Data

Year	Accounts	Transaction Volume (Mn)	Transaction Value (J\$) (Bn)
2019	202,985	5.6	11.7
2020	189,029	7.8	21.3
Absolute Change	(13,956.0)	2.2	9.6
% Change	-6.9%	39.9%	82.2%

For the 2020 period, a total volume of 7.8 million transactions were reported by PSPs, valued at \$21.3 billion. This represented increases of 39.9% (2.2 million) and 82.2% (\$9.6 billion) in volume and value, respectively.

One of the critical factors for the successful implementation of financial inclusion is the increased access to digital payment services provided by PSPs to the underbanked and unbanked. The proposed legal and regulatory framework will codify the ability of PSPs to design innovative ERPS products to incentivize use of these products by the financially excluded. Tiered threshold and transactional limits will continue to remain key features of the products and services offered by PSPs.

It is anticipated that the enhancement of the legislative framework for PSPs will allow them to use the simplified customer due diligence requirements under the Proceeds of Crime Act (POCA), to on-board persons who are financially excluded, thereby encouraging greater financial inclusion.

The increase in access point depends on the activities of deposit taking institutions in expanding the network of automated banking machines (ABMs) and point of sale (POS) terminals. (See Table 2 below)

Table 2: ABMs and POS Terminals

Year	No. of ABMs	No. of POS Terminals
2019	755	40,030
2020	791	45,002

The total number of access points per 1,000 sq. km in 2020, increased to 4,166, moving from 3,711 in 2019. The geographical distribution of access points is trending in the right direction to achieve financial inclusion. Notably, based on the Banking Competition Study, there is a correlation between the location of bank branches and ABMs and the location of the population, which is concentrated in urban centers such as; towns and cities. Bank of Jamaica continues to work towards creating the enabling environment for the expansion of digital payments to facilitate the delivery of financial services beyond a “brick and mortar” bank-branch model.

Total Electronic Means of Payment

A significant portion of the total value of consumer payments was made via electronic means of payment. For 2020, electronic means of payments¹ stood at \$2.7 trillion (See Table 3 below).

Table 3: Electronic Means of Payment

Year	Total Electronic Means of Payment (\$bn)	YOY % Change
2015	1,519.01	-
2016	1,727.33	13.71
2017	2,023.62	17.15
2018	2,585.10	27.75
2019	2,604.43	0.75
2020	2,746.52	5.46

A total of 66.7 million electronic transactions were recorded in 2020, moving from 67.2 million in 2019. Though volumes marginally declined by 1% (565,538), values increased by 5% (\$142.1 billion) in 2020.

¹

Electronic means of payment consist of debit and credit cards via various channels, online payments, direct debits and direct credits.



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IOSCO 2022 and Financial Inclusion

The objective of the standard is to enable communication interoperability between financial institutions, their market infrastructures and their end-user communities. It streamlines communication for payments, securities, funds, foreign exchange trading and credit card sectors.

The Bank, in collaboration with key stakeholders has embarked on the adoption and implementation of the 'ISO 2022 – Universal Financial Industry Message Scheme'; by end 2022.

This initiative will open up access to PSPs, expand operating hours and improve the interoperability of systems.

Bank of Jamaica Report on the Fintech Regulatory Sandbox

The Fintech Regulatory Sandbox (Sandbox) was established by Bank of Jamaica (the Bank) to provide a platform to encourage innovation in financial services, promote competition and financial inclusion, while protecting consumers and mitigating risks associated with digital financial services.

The Sandbox came into effect on 16 March 2020, offering a controlled environment for the deployment and testing of financial technology. The Sandbox also allows for the adaptation of regulatory requirements or procedures that may adversely affect the viability of products, services or business models.

Operations of the Sandbox are guided by the Fintech Regulatory Sandbox Guidelines (the Guidelines) which were published 2 March 2020 and became effective on 16 March 2020.

Entities eligible for entry into the Sandbox, outlined in Section V of the Guidelines are as follows:

1. Regulated Entities:
 - Deposit Taking Institutions (DTIs)
 - Cambios
 - Remittance Service Providers

- Securities Dealers which have been authorised by the FSC to participate in the Sandbox
2. Credit Unions
 3. Fintech Companies in partnership with a DTI
 4. Fintech Companies offering solutions not directly related to payment services provided by regulated entities may not necessarily be required to partner with a DTI
 5. Entities invited by Bank of Jamaica to provide technology solutions

As at end-2020 the Bank received **Ten (10)** applications from **Nine (9)** entities. **Three (3)** entities were granted approval to test solutions in the sandbox, see Table 1 below:



Table 1: Applications to BOJ Fintech Regulatory Sandbox

Entity Type	No. of Approved Solutions by Type	
	Prepaid Card	eCommerce Solution
Remittance Service Provider	1	1
Credit Union	1	-
TOTAL	2	1

A prepaid card is a form of payment card, where funds must be pre-loaded before its use. A user of a prepaid card does not necessarily have to be a holder of a bank account, but would be able to transact financial business by merely owning a pre-paid card.

Both the unbanked and underbanked can obtain prepaid cards without going through conventional Know Your Customer (KYC) checks that would normally prohibit their access to certain financial services. Prepaid cards can enable persons to shop online or pay at a point of sale (POS) terminal, withdraw funds from ATMs/ABMs or act as a channel for remittance transfers. In granting individuals access to a variety of financial services, prepaid cards can serve as a key payment instrument to facilitate financial inclusion.

Electronic commerce (eCommerce) is a business model that allows firms and individuals to buy and sell goods and services over the internet. eCommerce solutions, especially those that target different business models, for example MSME's, can aid in promoting the use of digital financial services among low income earners and the unbanked/underbanked. In light of movement and gathering restrictions induced by the COVID – 19 pandemic in 2020 the use of eCommerce platforms as an access point for financial services is likely to increase and play a greater role in driving financial inclusion beyond the reviewed year.





Ministry of Industry, Investment & Commerce

Report on MSME Finance For 2020

The Government of Jamaica (GOJ) places the micro, small and medium-sized enterprises (MSMEs) as well as entrepreneurship and enterprise development at the forefront of the country's policy agenda, and seeks to create and introduce policies and programmes to enhance their competitiveness, innovation and internationalization. The sector is being targeted to play a major role in achieving its target to contribute to the growth of the economy. The focus on MSMEs to achieving GOJ's objectives is very strategic and remains a priority programme for national development.

The role of government, therefore, is to develop and implement policies and programmes to enhance the competitiveness, innovation, sophistication and internalization of these enterprises, so as to ensure that their potential to maximize the contribution to economic growth, while growth in GDP is realized.

During the 2020 financial year, the MSME Office of MIIC delivered the following results in alignment with the NFIS's mandate:

1. Advanced the winding up of the Micro Investment Development Agency (MIDA), an agency of MIIC, and a former wholesaler of funds to an approved network of non-traditional and non-bank financial intermediaries to facilitate the growth and development of MSMEs. This was in keeping with the GOJ's public sector rationalization programme to streamline public agencies to generate greater efficiencies and effectiveness;
2. Obtained Cabinet approval for the transfer of MIDA's loan portfolio to the EXIM Bank to continue the Government's mandate of improving access to affordable credit for MSMEs. It is expected that when the transaction is completed, the EXIM Bank will administer a portfolio of approximately \$600m for on lending to productive MSMEs at low single-digit interest rates.
3. Completed a business continuity plan (BCP) for adoption by MSMEs to assist in mitigating the inherent risks and challenges associated with the adverse implications of doing business in a pandemic;
4. Collaborated with the Ministry of Finance and the Public Service to launch the pilot project on the Public Procurement (Offsets) Regulations generally, and more specifically, the budget specific set aside of a 20% stake of the annual procurement spend targeting MSMEs. The regulations also aim to enhance the ability of local companies to compete for contracts, thereby reducing procurement and developmental costs over time by promoting equity, fairness, promote linkages between larger and smaller firms and foster the development of clusters, technology transfer, domestic, regional and international value chains;
5. Promoted and accelerated the inclusion of marginalized groups in business development, by securing funding from the United Nations (UN Woman) to grant fund Phase II of the Ministry's Women Entrepreneurship Support (WES) Project. The project is designed to provide women-owned businesses with direct grant financing to enhance the capacity building potential of these enterprises.
6. Enhanced Jamaica's secured transactions regime (STR) to facilitate access to credit for MSMEs, utilizing moveable assets as collateral. MIIC, through technical support from the International Finance

Corporation (IFC), a World Bank subsidiary, conducted an assessment of secondary market for movable assets in the Jamaica manufacturing sector, which was completed in July 2020. The assessment is the first of its kind in the Caribbean to be commissioned by the IFC. The assessment recommended the operationalization of a comprehensive e-commerce secondary market platform to facilitate the trading of repossessed movable assets, used as collateral to access credit. Work will commence in 2021 by the IFC to commence the design, development and implementation of the secondary market platform, thereby strengthening STR, and in the process making it attractive for use by capital providers;

7. Secured USD70,000 in grant funding through the International Labour Organization (ILO) to implement the pilot project titled ***“Formalizing Operators in the Jamaican Agricultural & Fisheries Sectors”***. The project is aimed at increasing formalization in the agriculture and fisheries sector. Implementation will commence in 2021 with the JBDC as lead implementing agency. The project will involve the promotion of formalization, and assisting the beneficiaries to transition to formal operators and scale-up along the business development spectrum, that is from micro to small and then from small to medium enterprises. The pilot will seek to benefit 100 farmers and fishers with capacity building support to be provided by the Jamaica Business Development Corporation (JBDC);
8. Focused on facilitating the digitization efforts of MSMEs, with the development and implementation of the Digitalization Plan for MSMEs 2019-2022. Two e-commerce partners forged an alliance with the Ministry to offer e-commerce shops to MSMEs, by providing a comprehensive suite of options for businesses to transform with online stores, with payment buttons/ links for social media, invoicing and inventory and is connected with local banks and couriers in one location;

9. Facilitated several training webinars for MSMEs on e-commerce in collaboration with JBDC and other e-commerce partners. The Ministry will, in 2021, continue work with its stakeholders to maintain focus on the provision of e-commerce solutions for MSMEs;
10. Partnered with the PSOJ Access to Finance Facilitation Panel (AFFP) to move from advocacy to action on SME Financing.

The MSME Office and by extension the MIIC looks forward to the continued partnership and implementation of the NFIS and we work together to contribute to the growth and development of the MSME sector.





DEVELOPMENT BANK OF JAMAICA

Access To Finance Programme For Msmes 2020 Achievements

Access to Finance Programme

The Access to Finance (A2F) programme is a collaboration between the GOJ, World Bank and Inter-American Development Bank with the DBJ being the implementing agency. Under the A2F programme, the DBJ was charged with the responsibility for the execution of two projects geared towards improving access to finance for micro, small and medium-sized enterprises (MSMEs). They were:

- (i) The World Bank-funded Access to Finance for MSMEs; and
- (ii) The Inter-American Development Bank-funded Credit Enhancement Facility for MSMEs.

Both projects are funded by loans to the GOJ. This has resulted in the establishment of a project-implementing unit with responsibility for managing the projects within the Strategic Services Division.

World Bank - Access to Finance for MSMEs Project

In January 2018, the World Bank's Board of Directors approved funding for an Access to Finance for MSMEs project in the amount of US\$15 million. The project will be executed over the five-year period, January 2018 to January 2023.

During the 2020 Fiscal year, a number of activities were completed and are reported by Components as follows:

Component 1 – Capitalization and Enhancement of the DBJ's Credit Enhancement Fund

- ✓ Development of a business plan, financial model, policies and

procedures for the operations of the CEF fund as a portfolio scheme, and training

The newly developed business plan and financial model recommended that the CEF operates as a new portfolio scheme utilizing a Portfolio Claims Cap. A Portfolio Claims Cap is the limit on the amount of loss that the CEF will absorb and is in place to ensure a reduction in the incidence of moral hazard on the part of the AFIs. The enhanced scheme was launched in November 2019, however, the CEF continued to operate to issue guarantees to MSMEs with the capital injection from the project. US\$1 million was injected for the FY 2020/2021 which supported an increase in number of Guarantees issued to MSMEs to 658.

- ✓ **Capital injection of approximately US\$3 million which supported an increase in number of Guarantees issued to MSMEs**
- ✓ **Completed the Implementation of a Software for AFI qualification and risk monitoring for the Risk unit at the DBJ**

A firm was selected to provide a Risk Enterprise Management Software System (REMSS) to the DBJ to automate the AFI qualification of Financial Institutions to access guarantees under the CEF as well as other products offered by the DBJ. The Bank has now moved from a manual process to assess the risk rating of its AFIs to an automated process. AFIs will upload the required financial data and the REMSS will assign a Risk Rating based on the approved Model. The Bank will now be able to monitor more closely the Risk ratings of the AFIs and track their financial performance.

Component 2 –Supporting the Establishment of an SME Fund

✓ Completed an Assessment of the Taxation Regime for Private Equity and Venture Capital in Jamaica

The consultancy provided the Government of Jamaica (GOJ), through the DBJ, with an overall review on how the tax regimes for private equity and venture capital funds are typically designed (referencing best practices on a global basis) and provided recommendations for enhancements.

✓ Completed Supply Assessment for SME Fund Feasibility (Fund to provide risk capital for SMEs in Jamaica)

A Demand and Supply Assessment for SME Fund Feasibility was conducted. The reports showed that there was a demand by SMEs in Jamaica for risk capital. Similarly, the Supply assessment showed that there were possible fund managers in the market locally and internationally to provide risk capital financing.

✓ Completed a Review of the Legal and Regulatory Framework for Private Equity and Venture Capital in Jamaica

The consultancy provided the GOJ through the DBJ with a broad understanding of the legal and regulatory framework necessary for Private Equity and Venture Capital (PEVC) investments in Jamaica and to make recommendations on the legal/regulatory and institutional reforms that will be the catalyst to increase PEVC investments.

✓ Established Working Groups for Legal, Regulatory and Taxation Reform for Private Equity and Venture Capital in Jamaica

DBJ in collaboration with the public and private sector completed the following:

1. Reviewed the analysis and recommendations arising from the Taxation and Legal and Regulatory reports
2. Provided further inputs to

augment reports

3. identified key reforms which if addressed, would remove impediments to private equity and venture capital transactions and allow for the mobilization of capital for investments in, inter alia, innovative businesses, growth companies and infrastructure projects.

4. Provided recommendations to the Portfolio Minister(s) for approval

✓ Completed the Selection of an SME Fund Manager to establish and manage an SME fund in Jamaica

Actus Partners Limited, a management consultancy firm focused on alternative private equity & venture capital solutions, based in London, England, has been selected to establish and manage a new Small and Medium-sized Enterprises (SMEs) Fund, based in Jamaica. Actus Partners' team, which has more than 100 years of combined experience in global private equity, has established the Jamaica Actus Small & Medium Enterprises Fund I (JASMEF) which will provide growth and risk capital financing to invest in high-growth SMEs in Jamaica, in addition to other investments undertaken in the Caribbean. JASMEF will receive an investment of US\$5 million from the DBJ, through the A2F Project and will be required to raise additional funding of a minimum of US\$10 million, in order to meet the DBJ's objective of having a minimum level of funding dedicated to Jamaica-based SMEs.

Component 3 - Enabling environment for MSMEs including the development of financial instruments & Business development services for MSMEs to improve bankability

✓ Completed a Feasibility assessment for Reverse Factoring in Jamaica and the Development of a Reverse Factoring Product (Payables Financing).

An assessment for Reverse Factoring in Jamaica was conducted and the Development of a Reverse Factoring

Product (Payables Financing) was done. DBJ was supported by consultants in the Platform Selection to deploy the developed Product.

✓ **Completed the Implementation of a Reverse Factoring Platform**

Supported by the findings of the consultancy and the consultant, the procurement process for a firm to provide Implementation Service for A Reverse Factoring Platform was completed in March 2020. The Platform has since been tested and is awaiting its first clients. DBJ personnel have also been trained in its usage.

The dislocation in the financial market caused by the pandemic resulted in a loss of traction in the project in 2020, as banks and potential clients shifted focus to keeping their operations viable and not on a new product build-out.

There are five commercial banks which have confirmed participation in Reverse Factoring and are at varying stages of building out their operations to be able to offer the product to the market. Additionally, the DBJ is in discussions with several buyers to participate in a direct DBJ offering of the programme.

✓ **Completed an Assessment of the DBJ's Capacity Development Strategies Programs**

The Assessment involved a review of policy documents, internal procedural and operational manuals as well as databases maintained for client management. Interviews and surveys were undertaken of MSMEs and Service Providers involved in the energy Audit Grant (EAG) programme, the Ideas to New Entrepreneurship (IGNITE) programme and the Voucher for Technical Assistance (VTA) Programme. Recommendations were provided to further enhance the programs.

✓ **Completed the Procurement of a firm to develop a new Interactive technological platform for DBJ's Voucher for VTA Programme**

The selected firm will design, supply,

commission and test a custom solution by providing the necessary technical expertise that will ensure a rapid and efficient implementation of an Interactive Technological Platform for the DBJ. The implementation of the platform is expected to automate several processes in relation to the Voucher for Technical Assistance Program and is scheduled to be completed by December 2021.

✓ **Supported 161 MSMEs under the DBJ's Vouchers for Technical Assistance Program- by providing vouchers for technical services, Business plan, financial statements etc.**

IDB - Credit Enhancement Programme for MSMEs

The Inter-American Development Bank's Credit Enhancement Programme for MSMEs is a US\$20 million project that will be executed over a five-year period, from September 2017 to September 2022, with the objective of improving access to finance for MSMEs in Jamaica. The programme will be supplemented by a US\$250,000 grant for the digitization of the CEF management process.

Activities under this programme will include:

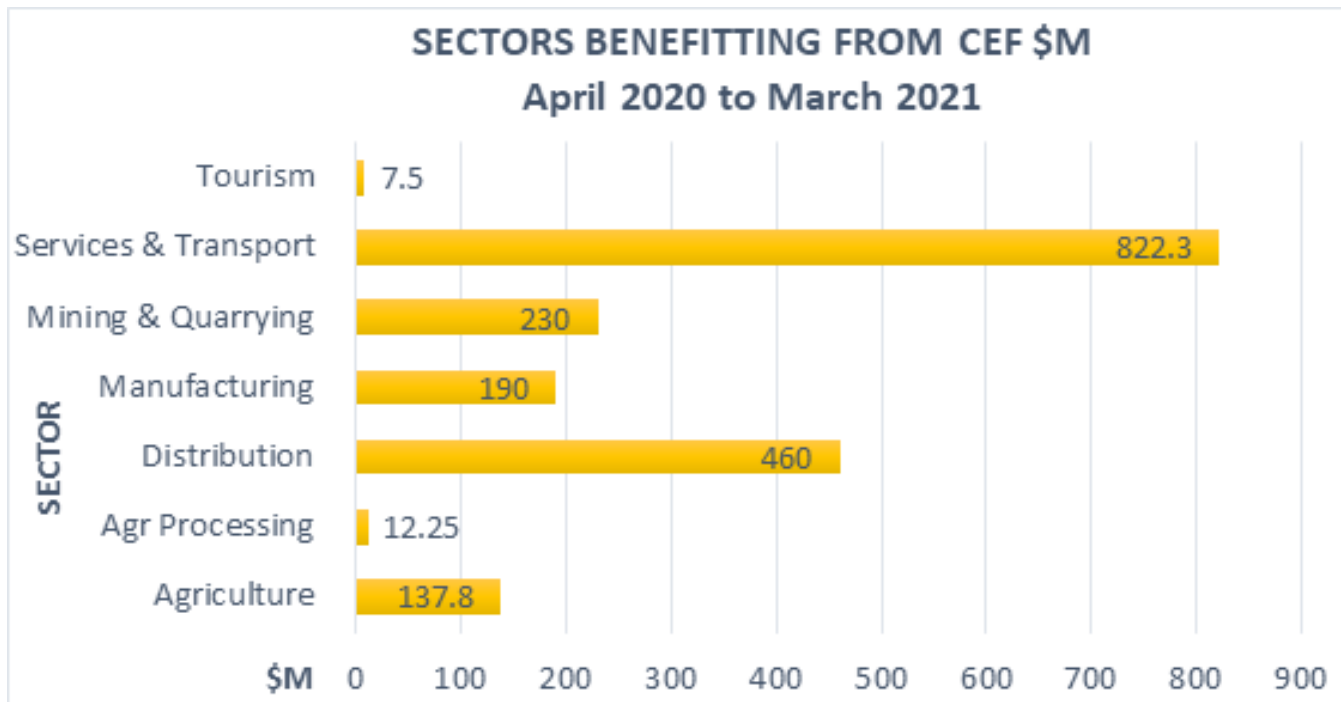
- Injection of capital into the CEF to increase the capital base of the fund
- Administration, external audit, monitoring and evaluation
- Provision of Grants for the procurement of an IT system that will improve the efficiency and effectiveness of the programme as it is scaled and supports more MSMEs

As at the end of the last financial year, funding received under the IDB project supported an additional 427 guarantees to MSME totaling \$2.3 billion and supporting loans totaling \$4.98 billion.

For the period April 2020 to March 2021, the number of Guarantees issued was 208 with

206 MSMEs benefitting. The Total value of loans supported was \$1.86B. A breakdown of the loans by sector is below which shows that Services and Transport sector accounted for the largest volume of loans; followed by the Distribution sector.

The MIS has been completed and will now allow the DBJ to automate guarantee approval and registration, fees collection, claims processing and payout, financial calculations and analysis, account monitoring, and recovery follow-up under the Enhanced CEF.





18+
WE DO NOT SELL
CIGARETTES
TO PERSONS UNDER 18

NOTICE
WE DO NOT SELL TO MINORS

ICE
Irident
Irident
Tropical Milk Tea

Development Bank of Jamaica Project Update – JVCapital As at completion of Execution Phase - December 31, 2020

BACKGROUND

The project, Supporting the Development of an Entrepreneurial and Early Stage Ecosystem in Jamaica (JA-M1033), an IDB Lab (formerly IDB-MIF) funded 4-year (2016-2020) Technical Assistance project, was developed under the JVCapital Programme, with the objective of increasing the access, by dynamic small and medium sized enterprises (SMEs) with high-growth potential, to early stage and growth equity financing, by fostering the development of a vibrant ecosystem for venture capital investing in Jamaica.

JVCapital MAIN ACHIEVEMENTS IN 2020

Entrepreneurship Development

(i) National Business Model Competition (NBMC) 2020

The NBMC continues to attract large gatherings at the various universities' sensitizing sessions and boot camps and has become a calendar event at the tertiary and national levels.

Plans were well advanced for the 7th staging of the NBMC having officially launched the 2020 NBMC on February 20th, with five universities, including Edna Manley College of the Visual & Performing Arts, Northern Caribbean University (NCU), University of Technology (UTECH), Jamaica, The University of the West Indies (UWI) and new addition, the College of Agriculture, Science & Education (CASE), when COVID-19

coronavirus pandemic necessitated the cancellation of the event, as we observed the Government of Jamaica's (GOJ) protocols regarding mass gatherings.

In preparation for the 2020 NBMC edition which was to be held in March 2020, the Universities Internal Business Model Competitions took place during the period, October 2019 to February 2020, where the five universities had a total of 269 student entrepreneurs participating in boot camps and sensitization sessions at their school campuses.

(ii) The Mentorship Council Programme for Entrepreneurs

JVCAPITAL has setup a Mentorship Council programme to help selected high-growth potential, innovation-based start-ups access technical expertise. The Mentors for Innovation & Entrepreneurship Programme (MIEP) was designed to help fill one of the gaps identified by the IDB: there is little or no technical mentorship available to guide innovation-based start-ups in Jamaica. Specifically, the programme was designed to meet those needs of early-stage Entrepreneurs described in the 2018 Beecher Report on Jamaica's innovation eco-system: mentorship and access to global networks (for investment and customer acquisition). The MIEP was established in May 2020 as a pilot project aimed at providing an infrastructure to support the growth of local entrepreneurs. This pilot is

supporting twelve entrepreneurs and is overseen by a seven-member Mentorship Council, comprising local and diaspora PE/VC industry professionals, as well as other business advisors and subject matter mentors.

The Mentorship Council of the Mentors for Innovation & Entrepreneurship Programme (MIEP) will consist of local and international experts who will serve as “Mentors of Mentors” and assist in the selection of the Entrepreneurs in the Programme. The goal of the Council is to support the MIEP that will see twelve innovation-centered entrepreneurs with scalable ventures participating in an intensive year-long programme to provide them with a channel for accessing global investors and markets.

(iii) Investment Readiness Virtual Training Workshops

Twenty-two founders of high potential, innovation-based start-ups have successfully completed the ninth Investment Readiness Training Workshops organized by JVCapital in partnership with Biztactics Limited. With the onset of the COVID 19 pandemic, the training model was changed from an in-person, intensive weekend format to a 45-hour, twice weekly online programme running from July 21 to September 16. Five (5) participants were selected for pitch coaching sessions, for preparation to pitch to angel investors.

Jamaica's leading angel investor group, FirstAngelsJa Network, is now conducting due diligence on two entrepreneurs, from the ninth round of training workshops. With this final workshop, a total of 120 founders would have been prepared for pitching to private investors, as a result of the capacity building from the project.

Stakeholder Training & Capacity Building

(iv) Executive Training in Private Equity Learning Development

The JVCapital hosted a training programme in Private Equity for Limited Partners (investors), conducted by the Institutional Limited Partners Association (ILPA). The training was targeted at key players in the alternative investment ecosystem, particularly the investors who invest in the PE-VC funds; advisors, including attorneys and accountants; and the prospective new PE-VC fund managers. The training took place on the following dates: October 27 & 29 & November 3 & 5. Thirty-three (33) participants attended the training workshops.

A major takeaway for participants was the information from the ‘real world’ experiences of the trainers and the case studies reviewed. Of significant value, was the training relating to legal term sheets, due diligence, and financial models for private equity funds. The topics covered included:

- a. Private Equity Overview
- b. Hallmarks of PE Investment Success
- c. Legal Aspects of PE Funds
- d. Finding & evaluating the Best Managers
- e. Conducting Due Diligence
- f. ILPA Principles in Action
- g. Benchmarking & Monitoring
- h. Reporting & Transparency

Promotion of Equity Financing

(v) Caribbean Alternative Investment Association (CARAIA)

Webinar Sessions

CARAIA hosted a seven (7) webinar series in June & July 2020 entitled: Building the Economy: Funding through Alternative Investments. Topics covered included:

- Why you may need Equity Financing now & how to get it
- Private Credit (tailored alternatives- mezzanine, subordinated debt, inventory financing, preferred shares, profit sharing notes, etc.)
- Public- Private Sector led Infrastructure Development, as a driver of economic recovery & growth
- Venture Capital (patient financing, how relevant is it & why does it matter)
- Insolvency Legislation: can businesses impacted by COVID-19 be restructured & rescued
- Jamaican Innovators & Tech-Entrepreneurs, shining light on the future
- DBJ – the way forward for Jamaican MSMEs (loans, alternative investments, BIGEE).

Roundtable Discussions

In collaboration with the members of CARAIA, the JVCAPITAL held its first event, in a planned series of Roundtable Discussions, on September 29, 2020, with the Honourable Dr. Nigel Clarke, Minister of Finance and the Public Service. The objective of this meeting was to get an understanding of the state of the nation and what role the Alternative Investment industry can play in the economic recovery in the near term as well as long term growth and expansion.

The second Roundtable discussion was held on October 8th, and the topic of discussion was 'Alternative Investment from a Pension Fund perspective'. The panelists were from four of the largest Jamaican Pension Fund Managers, and the event was moderated by Mr. Nicholas Scott, Managing Director of Eppley Limited/Caribbean Mezzanine Fund 1.

Virtual Caribbean Roadshows

Membership growth across the Caribbean is the immediate focus of CARAIA for the short to medium term. Activities to achieve this include a series of virtual roadshows across several countries – Trinidad, Dominican Republic, Barbados, Guyana, and St. Lucia. On October 23, the first roadshow was held in Trinidad and Tobago. Using the online meeting platform ZOOM, sixty-two (62) participants attended.

The concept behind these virtual roadshows is to bring awareness of this new entity, which will act as a catalyst to place the Caribbean markets on the Alternative Investment map, globally, provide training and capacity building and to increase membership and representation throughout the region.

Research and Reporting Database

A major component of the formation and launch of the Association is the creation of a Research and Reporting database system aimed at providing high quality, accurate reporting on private capital transactions, to the members of the Association and other stakeholders.

(vi) DBJ's Investment in Alternative Investment Funds

Fund raising between 2016 and 2020 (by five private equity, infrastructure capital-renewable energy, private credit, SME, and mezzanine funds, operating in the region) and in which DBJ-JVCapital has led the investment process for local

investors through calls for proposals) has resulted in some US\$354M (J\$59B) being raised, as at December 2020, from local, regional and international investors.

Of this amount, approximately US\$176M (J\$26.4B) was raised from Jamaican investors, with some US\$68M or J\$10B already invested in Jamaican businesses. DBJ has invested US\$4.25M (J\$637M) in the five funds.

Knowledge Management & Communication Strategy

Two case studies are part of these knowledge documents. These are:

- i. The National Business Model Competition Case Study
 - ii. The JVCAPITAL Case Study and an accompanying 'Toolkit'.
- **The National Business Model Competition Case Study**

The objective of the Case Study is to develop a publication (print and electronic) which examines the genesis of the National Business Model Competition (NBMC) and charts its growth and development over the years, highlighting the successes, challenges, and impact.

The NBMC Case Study was completed in August 2020 and distribution commenced, immediately, to the following stakeholders- Universities, International Development Partners (IDB), sponsors, Interest groups such as Jamaica Manufacturers and Exporters Association, Private Sector Organization of Jamaica, Ministries, Departments and Agencies of

Government, Media, etc. The NBMC case study has been uploaded to the JVCAPITAL and the DBJ websites.

The reviews and comments have been encouraging and worthy of mention is the fact that the local IDB office organized a *Brown Bag Lunch* (BBL) on October 13, to discuss and share the case study with a wider stakeholder group, the objective being the sharing of the NBMC methodology for possible replication in other countries in the region. Invitees to this event included representatives from the donor community, Head of IDB Caribbean, Head of IDB Lab, and other regional heads. Coming out of the BBL, a follow-up Zoom conference call was held with stakeholders from the Bahamas to 'deep dive' into our programme.

- **JVCAPITAL Case Study & Toolkit**

The production of the JVCAPITAL knowledge document – a 30-minute video and an accompanying Toolkit - have been created as part of our deliverable under the Technical Cooperation Agreement. It is planned for these documents to be shared with stakeholders and international development partners at a 'close-out' event, to be arranged for July 2021. The knowledge documents will be uploaded to our website and the intent is to ensure that any other

regional countries, developing similar programmes, may utilise our 'learnings' in their own jurisdictions.

Other JVCAPITAL Initiatives:

The JVCapital team has developed and led the following diagnostic research which has led to new initiatives pursued by DBJ:

- Innovation Ecosystem Assessment (identification of & recommendation on the continued innovation and entrepreneurship gaps) - which has provided key information for the development of the **BIGEE Project**. The BIGEE Project, among other initiatives, will continue initiatives such as capacity building of entrepreneurs and support to the start-up and early stage ecosystem.
- Establishment of new funds (under the BIGEE project (IDB); Access to Finance Project (World Bank). Funding of some US\$11.5M in total has been earmarked for investment in SMEs by the DBJ in funds identified through Calls for Proposals and through angel networks.
- Legal, Regulatory & Taxation – identification of reforms necessary for building the private equity and VC ecosystem. Working Groups (public and private sector) have now been established under the Access to Finance Project to analyse and recommend reforms.





Development Bank of Jamaica

Promoting Alternative Investment Funding Sources

Through the JVCAPITAL, approximately US\$75M (or J\$11.25B) has been mobilized for Jamaican businesses, since the inception of the JVCAPITAL Programme, from private capital sources, investing private equity, mezzanine financing, private credit, infrastructure capital and SME Funding.

These private capital funds operating in Jamaica have, over the past five (5) years, mobilized approximately US\$391.4M (J\$59B) in funding from local, regional, and international sources.

The DBJ, as an anchor investor, has participated in the funding of the following private capital funds:

1. **Portland Caribbean Fund 11 - Portland JSX Limited Update**

Portland JSX Limited (PJX) is incorporated in St. Lucia as an International Business Company ("IBC") and is traded on the Jamaican Stock Exchange (JSE). The primary business of PJX is that of a limited partner in the Portland Caribbean Fund II, L.P. ("PCF II KY"). PJX may also co-invest alongside PCF II. PJX expects its revenues to be generated from income and capital gains on its direct and indirect investments.

PCF II KY is a limited partnership that is one of a set of parallel partnerships that comprise a fund ("PCF II Fund") that invests in quality businesses in the Caribbean and Latin America, and is managed by Portland Private Equity II, Ltd. The Company provides an opportunity for retail and institutional investors to gain access to the types of private and infrastructure investments that typically are only available to large institutional and ultra-high net worth investors. The current size of the PCF II is US\$202.5million, which PJX has invested US\$32million into PCF II.

PJX has completed its investment phase with 10 Caribbean-based companies in its portfolio. The fund is now in its operational cycle, where it will focus on driving value from its investments. DBJ invested US\$250,000 in the company, in January 2016.

2. **Caribbean Mezzanine Fund 1 Limited Update**

Caribbean Mezzanine Fund 1 Limited (CMF1) is incorporated as a limited liability Company under the laws of Jamaica. The objective of the Fund is to generate attractive risk adjusted returns by originating and investing primarily in mezzanine securities and forms of credit. The Fund is jointly managed by Eppley Limited, a Company listed on the Jamaica Stock Exchange and NCB Capital Markets, a wholly owned subsidiary of National Commercial Bank Jamaica Limited.

In July 2016, CMF1 was designated an Approved Venture Capital Company by the Ministry of Finance & the Public Service, in relation to its investment strategy.

In December 2016, DBJ made an investment commitment, US\$1.5 million to Caribbean Mezzanine Fund I Limited (CMF1) and made investment into the Fund by a capital call structure, upon receiving notices from the fund manager for investments to be made. DBJ has made their full investment commitment in the Fund by December 2019.

CMF1 deployed all US\$15.95 million of committed capital in line with their investment strategy in December 2019, two years ahead of schedule and has so far achieved its targeted returns. The portfolio consists of only eight (8) investments, with six (6) having clear amortization schedules

and similarly the other two (2) equity investments have fixed contractual monthly payments and are reflected at fair value based on the same methodology in the Fund's PWC audited financial statements.

3. **Sygnus Credit Investments Limited Update**

Sygnus Credit Investments Limited (SCI) is the largest publicly listed speciality private credit investment company in the Caribbean. SCI successfully raised US\$36million in equity capital during its first year of operation and provides alternative financing to middle-market businesses across the Caribbean region. These portfolio companies typically have revenues of between US\$5million and US\$25million.

SCI successfully raised an estimated US\$27.1million in its additional public offering (APO) in December 2020. Through this APO, SCI plans the fund its current pipeline of investments.

The investment objective of SCI is to generate attractive risk-adjusted returns with an emphasis on principal protection, by generating current income, through investments primarily in portfolio companies using private credit instruments. SCI invests primarily in private credit instruments including, bilateral notes and bonds, preference shares, asset-backed debt, mezzanine debt, convertible debt, and other forms of structured private credit instruments.

SCI has been a pioneer in the regional private credit market and intends to continue expanding the market by strategically building long term relationships with investors, middle-market firms, and other stakeholders. SCI's solutions are customized to align with the growth strategy of middle-market companies, and this has resulted in a robust pipeline of opportunities across various industries such as manufacturing, energy, distribution, hospitality, and financial services in multiple Caribbean territories. DBJ invested US\$500,000 in SCI, in June 2017.

4. **MPC Caribbean Clean Energy Fund**

MPC Caribbean Clean Energy Limited (a Barbados domiciled company, publicly listed in Jamaica and Trinidad), was

incorporated in November 2017 as a special purpose vehicle to facilitate investments from the region into MPC Caribbean Clean Energy Fund LLC (the Fund). The Company is part of a 'master-feeder' structure whereby it invests substantially all its assets in the Fund, a limited liability company incorporated under the laws of Cayman Islands. The investment objective of the Fund is to generate attractive risk adjusted returns with an emphasis on capital appreciation, generating stable cash yields, and capital appreciation, through investments primarily in solar PV and wind farm assets in the Caribbean. The current size of the Fund is approximately US\$35 million. MPC Capital is the parent company for the Fund, and its headquarters are based in Hamburg, Germany. MPC Capital is an international real asset and investment manager with a focus on three core segments: real estate, infrastructure, and shipping. The organization specializes in the development and management of real asset investments and investment products for international institutional investors, family offices, and professional investors.

In December 2018, the Company (MPC CCEL) through an IPO raised US\$ 11,424,160.00 from both Jamaica and Trinidad & Tobago investors. The Company met the requirements of listing for both Jamaica Stock Exchange (JSE) and Trinidad & Tobago Stock Exchange (TTSE) and as a result it was approved for listing and was admitted beginning trading in January 2019, on JSE Main Market, and the US Dollar equity markets of the JSE and the TTSE. DBJ invested US\$1million in the MPC Caribbean Clean Energy Fund, in December 2018.

In November 2019, the Company opened a Rights Issuance where existing shareholders were given the option to acquire two new shares for every share they originally owned. All the non-exercised rights were made available to new investors to purchase. The Rights Issuance closed in January 2020, where 10,242,382 new Class B shares were issued and allotted to applicants in both the markets of Jamaica and Trinidad & Tobago, increasing the total Class B shares issued to 21,666,542.

5. SEAF Caribbean SME Growth Fund Update

SEAF's 40th fund, the SEAF Caribbean SME Growth Fund, is a private equity fund that invests growth capital in small and medium-sized enterprises throughout the English-speaking countries of the Caribbean Common Market (CARICOM).

The Fund had secured over US\$25 million in its first close, in October 2019, and is ultimately targeting US\$100 million. As of March 31, 2021, the Fund has raised US\$47 million from local and international investors. As with all SEAF-managed funds, the Fund aims to generate both attractive financial returns and a strong social impact by providing equity and active business partnership to companies that have traditionally lacked access to institutional risk capital. Payments into the fund by investors will be made in accordance with periodic Calls from the fund manager, in accordance with the Operating and Shareholder's Agreement, and will coincide with the investing milestones of the fund over the next five years.

The investment strategy of the Fund is to deliver risk capital financing linked with business advisory to achieve rapid growth of SMEs. The Fund will enhance the returns on growth capital by complementing it with strategic planning, post-investment support and accessing SEAF's global network. In October 2019, DBJ made an investment commitment of US\$1 million into the Fund by a capital call structure.

SEAF will establish complementary funds and establish a Centre for Entrepreneurship Education & Development (CEED) in Jamaica to support its investments and the PE and entrepreneurial ecosystem in general. CEED currently links 20,000 entrepreneurs globally and is another unique strength that SEAF brings to the Jamaican ecosystem.





Report from the Financial Services Commission on its Financial Inclusion Work-Streams

1. NFIS Action items relating to the FSC

A. Develop a legal and regulatory framework for micro-insurance

The aim is to establish a legal and regulatory environment that is conducive to the development and marketing of affordable insurance products that will help low-income households increase their financial resilience against stress incurred by certain life events that impact their income and/or assets. These adverse events include but are not limited to an individual level (e.g., unemployment, widowhood, health problems) or at a larger scale (e.g., recessions, natural disasters).

The FSC is currently awaiting a draft bill from the Ministry of Finance and the Public Service (MOFPS) and will continue to assist in the legislative process to amend the necessary legislation.

B. Promote a retirement product for Low-income and informally employed persons, with low fees and easy contributions, and a focus on payments infrastructure, products design and eligibility

The objective is to create a legal and regulatory environment that is conducive to the development and marketing of affordable retirement products for low-income and informally employed persons.

Having received a report from the micro-pension consultant, the next immediate steps are to complete an

internal review of the consultant's report and then prepare a consultation paper on micro pension for the pension industry;

C. Enhance the legal and regulatory framework to ensure fair business practices and to strengthen market conduct

The end goal is to complete legislative amendments that require insurance companies and intermediaries as well as securities dealers to adhere to a higher level of fair business practices and market conduct standards. To this end, the FSC submitted to the MOFPS a proposal paper for enhancing fair business practices and strengthening market conduct in both the insurance and the securities industries. The FSC will continue to assist in the legislative process to amend the necessary legislation.

D. Strengthen FSC's existing complaints handling framework

The FSC is seeking to:

- a. Increase consumers' confidence in the handling of their complaints filed with regulated entities,
- b. Improved consumers' knowledge of making complaints and available mediums via which complaints can be submitted, and
- c. Achieve greater efficiency and ease for consumers when making complaints to the regulated entity and then, if necessary, file a complaint to the FSC

In order to achieve these goals, the FSC formally created a Complaints Unit. The FSC will be conducting research to prepare a policy paper with recommendations to improve the efficiency; effectiveness and user-friendliness of the complaint procedure and mechanism. Thereafter, once the policy is approved internally, implementation will begin.

2. FSC Financial Literacy / Financial Inclusion Activities

The FSC recognizes that investor education is closely related to greater investor confidence and that this investor confidence is derived from our stakeholders' understanding of the operations of financial markets which can help to debunk commonly held misconceptions and as a result encourage greater participation in the financial sector.

The FSC believes that its role to safeguard against market manipulation is of paramount importance, and as such we see it as our duty to equip stakeholders with critical information that will instill confidence in a financial industry characterized by transparency, integrity and a dedication to their well-being.

Through its commitment to protect users of financial services in the areas of private pensions, securities and insurance, the FSC continues to forge a regulatory environment for our stakeholders that promotes integrity and fosters transparency. To this end, the FSC has been engaged in promoting financial inclusion and financial literacy as part of Vision 2030's National Financial Inclusion Strategy (NFIS).

The FSC is but one of several key institutions in Jamaica promoting increased financial literacy, but in keeping with our mandate during a year that has presented the island and its people with extraordinary challenges the FSC has readied itself to exceed expectations. The

importance of a digital presence had been amplified by the implications of the COVID-19 pandemic. In responding to this emerging challenge, the FSC took steps to rethink and reinvent its communication strategies to meet the needs of our stakeholders in new, innovative and safer ways.

World Investor Week/National Investor Education Week 2020

In October 2020, the FSC collaborated with the Jamaica Stock Exchange (JSE) to celebrate World Investor Week (WIW) 2020 as well as National Investor Education Week on several initiatives and events that impacted hundreds of thousands of people both virtually and by electronic media, reaching into homes and business places, local and internationally, particular amongst the diaspora.

During this period, the FSC also worked closely with the International Forum on Investor Education (IFIE) on themed campaigns for promoting financial resilience.

Financial resilience is the ability of a person, community or state to withstand life events that can potentially impact one's income and/or assets. The FSC contributed to the development of the selected theme by sharing our research on the importance of community-based financial resilience. The opportunity to collaborate on such an important aspect of financial literacy on a regional level was an invaluable moment for Jamaica. The topic of financial resilience was incorporated in all other public education initiatives stemming from our involvement in WIW 2020.

Town Hall Meetings

Town hall meetings were convened with minimal numbers in keeping with safety protocols and broadcast via cable television and rebroadcasted regularly throughout the third quarter of the financial year. The meetings were organized in collaboration with institutions including the Bureau of

Gender Affairs. The town hall meetings were held in various sections of the Island:

1. Trelawny
2. St. Elizabeth
3. Portmore, St. Catherine

This was done to make the sessions as inclusive as possible, appealing to those who would not have been able to access the content digitally or on the television. These sessions provided a comprehensive look at personal financial management skills and concepts related to financial well-being:

1. Savings and Investments
2. Purchasing Insurance
3. Planning for Retirement
4. The Importance of Financial Inclusion

The Invested Newsletter

In embracing the growing need for a digital presence, our external newsletter, the *Invested* saw great success as 6 editions of the newsletter were dispatched via email to over 7,000 recipients across the world. The newsletter shared critical FSC related information such as industry statistics (Private Pensions, Securities and Insurance) special features on each of the industries under our regulatory powers as well as relevant news stories and features on financial inclusion and financial literacy. The newsletter also played an integral role in maintaining international relations with our fellow regulators across the world.

Public Education Initiatives targeting Vulnerable/Marginalized Groups

The FSC worked extensively with the Ministry of Finance and the Public Service, the Bureau of Gender Affairs and the School for the Blind to promote financial literacy content geared towards the needs of vulnerable groups such as women and the visually impaired. These groups are often underrepresented in banking and other financial inclusionary activities.

Schools' Financial Education Programme

Since its inception in 2011, the FSC has sponsored the participation of thousands of high school students in an annual programme aimed at building key financial skills that would inform sound financial decision making in the future. The ability to manage money effectively, build assets safely and plan for the future are core components of a comprehensive curriculum aimed at providing youth with an extensive understanding of key financial concepts and the major financial organizations such as the FSC, Jamaica Deposit Insurance Corporation, Jamaica Stock Exchange and Bank of Jamaica.

Due to the implications of the COVID-19 pandemic, the programme had to be realigned to suit the new norm as we continued to facilitate greater financial inclusion and financial capabilities among our youth. Normal face-to-face visits to the aforementioned financial institutions had to be substituted with an entirely digital online experience. The full curriculum was recorded as a video presentation and sent to 15 schools across Kingston, St. Andrew and St. Catherine. The presentation video was also uploaded to YouTube and made available via our redesigned website.

The FSC continues to be one of the flag bearers of financial literacy and inclusion as topics such as these continue to have an increasing importance in safeguarding the future development of Jamaica and the well-being of its citizens.



Pictorial highlights of the work of the Financial Services Commission



A student from the York Castle High School poses with the SFEP photo frame during a school visit undertaken by FSC.



FSC team member David Answer presents tokens to Edgar Morgan of the Jamaica School for the Blind after a virtual presentation of financial literacy



FSC team member Patricia McDowell presents final remarks at the first ever Virtual SFEP Awards Ceremony in 2020

Deputy Executive Director of the FSC, Mrs. Nicolette Jenez delivers opening remarks at the Virtual SFEP Awards Ceremony in 2020.



Report from the Jamaica Stock Exchange on National Investor Education Week 2020 Virtual Session

“Savings and Investments: How to Survive and Prosper in Difficult Times”

The Jamaica Stock Exchange (JSE) hosted its 11th **National Investor Education Week (NIEW)**, on **September 29 – October 1, 2020**. The NIEW is a planned week of activities that is designed to assist the public in making wise savings and investments decisions and with COVID-19 this has created new challenges for everyone. The week of activities exposed the possibilities and opportunities that are available and that despite the difficulties posed by the COVID-19 pandemic, persons can achieve financial freedom. However, it will take a new way of thinking about savings and investments and the JSE partnered with experts in different areas to bring to the public the knowledge and skills that would assist them to achieve their financial goals.

COVID-19 impacted every household, individual and the economy, which resulted in the following effects:

1. Loss of income due to loss of job or reduction in working hours.
2. Increased cost of living with the decline in economic activities and increased inflation.
3. Uncertainty about the future as persons do not know when the pandemic will be over.
4. Fear caused by the severe illness and at times death.

Background to NIEW

The NIEW was launched in 2007 by the JSE with a mandate to educate the population on the

importance of savings and investments as the way to wealth creation. The Stock Exchange recognized that investment in financial knowledge pays the best dividend and that persons who are financially literate generally make better savings and investments decisions. Economists worldwide agree that savings and investments by individuals are important both for personal wealth creation and economic growth.

The JSE through the NIEW is playing its part to encourage these very important principles in the decision-making of all possible market participants.

Rationale

The NIEW aims to educate and encourage Jamaicans of all demographics to become more financially literate and more knowledgeable about the products, services, and processes in the financial markets to knowledgeable and confidently make wise decisions that will over time improve their financial prosperity.

The objectives of NIEW week were:

JSE partnered with businesses in the financial community and wider corporate Jamaica to educate the public and achieve the following objectives:

- How to navigate your finances through these difficult times
- How to identify existing opportunities

- Understanding the products and services that are available in the market for wealth creation and financial freedom over time and through difficult times
- What are the benefits of sound savings and investments
- Increasing the number of savers and investors in the market
- Continuing the dialogue with existing customers
- Showcasing the products and services that are available in the markets

responsibility.

The feedback received from the day's presentations were very good with majority of the participants indicating that their expectations were met, and they would be interested in attending similar event in the future.

The NIEW week of activities included a church service, outside broadcast, youth forum, and an open house forum.

Financial Inclusion

The Bank of Jamaica (BOJ) was one of our partners that focused on Empowering Consumers through Financial Inclusion.

This session was a part of the Open House forum that had over 600 persons online. Other presenters on this forum covered areas such as reading a basic financial statement and understanding the fundamentals of buying and selling shares.

BOJ focused on empowering consumers through financial inclusion and financial literacy, explaining what this meant for Jamaican citizens and businesses. This was a suitable fit with the NIEW theme, which emphasized financial literacy to promote a greater understanding key financial concepts, so that persons can select suitable financial products to manage their personal finances.

The pillars of Jamaica's financial inclusion strategy were also shared with participants. These included, financial access and usage, financial resilience, financing for growth and responsible finance.

Financial access and usage focused on electronic retail payment transactions, while financial resilience dealt with savings, insurance, and retirement products. Financing for growth covered MSME, agriculture and housing finance. Responsible finance looked at consumer protection and financial





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**NATIONAL
FINANCIAL INCLUSION
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Access for ALL 🇯🇲