

THE 2015 HIGH LEVEL CARIBBEAN FORUM FINANCING GROWTH

Should Commercial Banks Be Doing More?



David Noel
Managing Director, Caribbean East
Scotiabank

About Scotiabank

Scotiabank serves more than 21 million customers in over 55 countries

A footprint that helps customers compete



Innovative partnerships that benefit customers



Deep relationships that create growth



Should Commercial Banks Be Doing More?

1. Financing
2. Prudent Risk Management
3. Capacity Building

Obstacles Facing Commercial Banks

- High levels of delinquency/Non-Accrual Loans
- Difficulty enforcing security (particularly real estate)
- Relatively high Cost of Funds in some markets
- Increased structural costs and operational challenges

Obstacles Facing Commercial Banks

- Lack of harmonized laws/regulations
- Poor Management Information Systems/financial reporting by SMEs
- Difficulty in assessing credit risk
- No credit bureaus in some markets

Doing More:

1. Financing

- Reasonable rates
- Flexible terms and structures
- Restructure highly leveraged businesses (which have positive outlooks)
- Leveraging Guarantee programmes (particularly those backed by multilateral financial institutions)
- Special “Loan Funds” targeting the productive sector

Scotiabank Funding In The Caribbean

- Since 1998, Scotiabank has disbursed \$US32.1M in loans and \$US12.1M over last 5 years to the productive sector in Jamaica

Loan Fund	Amount
Economic Growth Fund 1	\$US11.3 million (1998)
Productive Sector Growth Fund	\$US 8.69 million (2006)
Productive Sector Growth Fund	\$US4.34 million (2009)
FARM Fund	\$US 869,000 (2010)
WBO Fund	\$US2.6 million (2011)
SME 125 th Anniversary Fund	\$US 4.34 million (2014)

- We recently launched **Economic Growth Funds** in Barbados (BBD\$50 million) and the Eastern Caribbean (XCD\$50 million) following the reduction/removal of MSR
- Trinidad - **Capital Equipment Fund**

Doing More: 2. Prudent Management

- Prudent lending practices to minimise delinquency and Non-Accrual Loans
- Operate efficiently and manage structural costs
- Proactively manage delinquency
- Avoid being part of the problem

Doing More:

3. Capacity Building

- Provide financial and technical support to initiatives that stimulate economic growth
- Develop strategic partnerships to help provide support to entrepreneurs and SMEs
- Provide funding to support educational programmes/workshops
- Support mentorship programmes
- More involvement in governance/lobbying

Scotiabank Contributions - Capacity Building

- Scotiabank Enterprise-Wide Risk Management and Financing Programme (SERMAF)
- Scotiabank “Bank on Me”
- Scotia Action Coach
- Branson Centre Collaboration



Examples of Partnerships

- Signed the Memorandum of Understanding with Jamaica Trade & Invest (JAMPRO), in relation to their “**Export Max II**” programme to assist exporters in building capacity and export potential of 20 companies
- Signed on as a partner for the **Development Bank of Jamaica (DBJ) World Bank SME Loan Facility** under the "Foundations for Competitiveness and Growth Project", a collaboration of the Planning Institute of Jamaica (PIOJ), Jamaica Trade & Invest (JAMPRO), Ministry of Industry, Investment and Commerce (MIIC) and DBJ.