



COMMUNIQUE OF THE
84th MEETING OF THE MONETARY COUNCIL
OF THE EASTERN CARIBBEAN CENTRAL BANK
12 FEBRUARY 2016

The Eighty Fourth (84th) Meeting of the Monetary Council of the Eastern Caribbean Central Bank (ECCB) was held under the chairmanship of the Honourable Victor F Banks, on 12 February 2016 via videoconference.

- 1.0** The Council endorsed the vision and proposed programme of action of the newly appointed Governor of the ECCB, Timothy N. J. Antoine. Governor Antoine's vision for the ECCB and by extension the Eastern Caribbean Currency Union (ECCU), includes maintaining a strong EC dollar, a sound and resilient financial system, sustainable public finances, single-digit unemployment and a striving and thriving citizenry within the context of a single economic and financial space. Governor Antoine outlined the strategic priorities of this vision as financial stability, fiscal and debt sustainability, growth, competitiveness and employment and enhancing the organisational effectiveness of the Central Bank.
- 2.0** Council received the *Governor's Report on Monetary and Credit Conditions in the ECCU* which was based on developments during the fourth quarter of 2015. The report indicated that:
- a) Monetary conditions were estimated to have eased over the first three quarters of 2015 as the broad money supply (M2) grew by 3.7 per cent, compared with 5.7 per cent in the comparable period of 2014. In addition, excess reserves of commercial banks continued to expand. By contrast, credit conditions are estimated to have tightened based on an increase in the weighted average interest rates spread.
 - b) Domestic credit fell by 4.4 per cent during the first nine months of 2015, in contrast to an increase of 1.0 per cent in the comparable period of 2014. The decline in domestic credit was primarily attributed to a lower extension of credit to the private sector of \$319.8m or 2.6 per cent.

- c) Real GDP growth in the ECCU for 2015 has been revised downward, reflecting a combination of external and environmental vulnerability.
- d) Developments on the Regional Government Securities Market (RGSM) showed that credit terms for participating ECCU governments eased slightly as the weighted average interest rate on 91 day T-bills fell to 2.47 per cent in the third quarter of 2015, from 2.88 per cent in the comparative period of 2014.

Having deliberated on the state of monetary and credit conditions in the ECCU, Council agreed to:

- a. Maintain the minimum savings deposit rate at 2.0 per cent; and
- b. Maintain the Central Bank's discount rate at 6.5 per cent.

3.0 Financial Stability

As at 31 October 2015, the ECCU financial system was assessed as stable but improving.

The matter pertaining to the two intervened banks in Anguilla was underscored. Council endorsed the ECCB's efforts to stabilise and restructure banking operations, to ensure full protection of depositors and the stability of the banking sector in Anguilla. The ECCB is currently continuing the execution of its bank resolution strategy as it relates to the two banks, namely, the Caribbean Commercial Bank Ltd and the National Bank of Anguilla Ltd. It is noteworthy that the resolution of the ABI Bank in Antigua and Barbuda took effect on 27 November 2015 and the process was successful.

As it relates to the Eastern Caribbean Asset Management Company (ECAMC), a statutory body will be established by an Agreement among the ECCB member territories. The ECAMC will be governed by a Board of Directors. Council noted the ECAMC was established into the domestic legislative framework in most member territories and near completion in others.

Council underscored the importance of correspondent banking relations as providing a critical contribution to the global payment and financial system. Members opined that these relationships enable key financial and economic transactions which contribute to the region's growth and development.

As it relates to compliance with Foreign Account Tax Compliance Act (FATCA), Council concurred that member Governments should continue to support the establishment of the necessary framework and ensure the passage of enabling legislation.

4.0 Report From Insurance Core Committee

Council noted that the Plan of Arrangement Bill (BAICO and CLICO) had been passed in three countries; Grenada, St Vincent and the Grenadines, and Antigua and Barbuda and urged passage by all the ECCB member countries by March 2016.

This law would enable BAICO policy holders to receive a further payment later this year.

5.0 Date and Venue of Next Meeting of the Monetary Council

Council agreed that the 85th Meeting of the Monetary Council would be held on Friday, 22 July 2016, immediately following the Handing Over Ceremony to Mark the Change in Chairmanship of the Monetary Council in Antigua and Barbuda.

6.0 Attendance

Council members attending the meeting were:

1. Hon Victor F. Banks, Chief Minister and Minister for Finance, Anguilla
(Chairman)
2. Hon Gaston Browne, Prime Minister and Ministry for Finance, Antigua and Barbuda
3. Hon Roosevelt Skerritt, Prime Minister and Ministry for Finance, Commonwealth of Dominica
4. Dr the Right Hon Keith Mitchell, Prime Minister and Minister for Finance, Grenada
5. Hon Donaldson Romeo, Premier and Minister for Finance, Montserrat
6. Dr The Hon Ralph Gonsalves, Prime Minister and Minister for Finance, St Vincent and the Grenadines

12 February 2016