THE 2015 HIGH LEVEL CARIBBEAN FORUM
FINANCING GROWTH

Should Commercial Banks Be Doing More?

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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
• Difficultly 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

<table>
<thead>
<tr>
<th>Loan Fund</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Productive Sector Growth Fund</td>
<td>$US4.34 million (2009)</td>
</tr>
<tr>
<td>FARM Fund</td>
<td>$US 869,000 (2010)</td>
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<tr>
<td>WBO Fund</td>
<td>$US2.6 million (2011)</td>
</tr>
<tr>
<td>SME 125th Anniversary Fund</td>
<td>$US 4.34 million (2014)</td>
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- 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.