

Brian Wynter: Promoting financial inclusion through public education and awareness

Remarks by Mr Brian Wynter, Governor of the Bank of Jamaica, at the JDIC Financial Markets Symposium, Kingston, 29 August 2013.

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Moderator; Minister Peter Phillips; Mr Thomas, Chairman of the Jamaica Deposit Insurance Corporation; Ms McKain, CEO, JDIC; special guests, colleagues, ladies and gentleman, good morning.

Today, we are "*Promoting Financial Inclusion through Public Education and Awareness.*" According to the United Nations, more than half the population of developing countries in 2010 was financially excluded. In the case of Jamaica, the World Bank's Global Findex indicates that, for 2011, about 71 per cent of Jamaicans had some form of access to banking services. This is a lot better than the average of 57 per cent for Latin America and the Caribbean but, clearly, we can do more to improve the ease of access to financial services for Jamaicans and promote more active and appropriate use of financial services for the un-banked and the under-banked. So, while I am delighted to bring greetings to the JDIC on this occasion marking their 15th year of operation, Bank of Jamaica is especially pleased to have the opportunity to join in partnership with JDIC, the Financial Services Commission, and the Jamaica Stock Exchange, to host this Financial Markets Symposium and Fair.

It is generally thought that, through increased access to financial services, the financially excluded can better undertake business activities, manage risks, and build financial security. Financial inclusion thereby helps to reduce poverty and improve economic opportunity; it promotes inclusive growth.

So what are the elements of financial inclusion, and how do they intersect with the work of Bank of Jamaica and JDIC? Financial inclusion broadly refers to the offer of good-quality financial services to the unbanked in a timely manner, at affordable prices, and through appropriate, effective channels. A recent popular channel for this type of delivery has been low cost technologies such as mobile phones. Some of the more prominent models of this form of service are to be found in the Philippines, Kenya, Pakistan, and Mexico, and we in Jamaica are making progress on our own models, with the release by Bank of Jamaica of the Retail Payment Services guidelines, and the mobile money pilot project by Development Bank of Jamaica, that is currently in train with the approval of Bank of Jamaica.

The introduction of credit bureaus is another important element in improving access to credit.

One of the two recently-licensed credit bureaus started issuing credit reports last month. I am pleased to report that the other licensee is expecting to commence operations soon.

But financial inclusion is only possible when individuals and households are able to make informed choices about how they can use financial services to save, borrow, and invest. Financial literacy, therefore, is the second of the twin pillars of financial deepening. It stimulates demand for financial services by making people aware of what services are available, and how they can be used by them to improve their lives.

At the same time, the benefits of financial inclusion are predicated on financial stability. Much work is being done to maintain this bedrock for successful financial inclusion and financial literacy initiatives. Amendments to the Bank of Jamaica Act are being prepared which will, once approved, assign formal responsibility to Bank of Jamaica for overseeing financial stability. The amendments will, among other things, facilitate effective coordination

amongst financial sector regulators, and provide a statutory basis for macro-prudential surveillance aimed at the early identification of systemic risks to financial stability.

In addition, we are preparing legislation that will consolidate into one the various statutes covering deposit-taking institutions (mainly banks and building societies), and eliminate inconsistencies and opportunities for regulatory arbitrage. The proposed legislation is expected to include provisions to permit some banking services to be provided through agents, which will facilitate the orderly and safe expansion of mobile money services. We are also including an enforceable code of conduct for deposit-taking institutions, which is aimed at advancing consumer protection in this area. These two innovations, I believe, are relevant to the topic that you will discuss today.

In closing, I wish for the JDIC a successful event and many more years of service to our nation.

Thank you.