

Richard Byles: Redefining economic leadership - building resilient financial ecosystems in emerging markets

Speech by Mr Richard Byles, Governor of the Bank of Jamaica, at the Caribbean CFO Summit 2026 "Redefining economic leadership - building resilient financial ecosystems in emerging markets", Kingston, 24 March 2026.

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Ladies and gentlemen, good morning. It is both an honour and a huge responsibility to speak on the theme: Redefining Economic Leadership: Building Resilient Financial Ecosystems in Emerging Markets.

Nonetheless I will try; and, of course, I will speak from the point-of-view of Governor of Bank of Jamaica.

It used to be said that only two things in life are certain – death and taxes. Today we can add at least two more things to that list: uncertainty itself and shocks.

For many, economic leadership is measured in narrow terms - Gross Domestic Product, growth rates, asset expansion, profits and market share. These metrics remain important, but in today's environment, they are no longer sufficient. In an environment of perennial uncertainty and successive shocks, leadership must also be measured by resilience: that is, the ability to build financial ecosystems that can withstand shocks, adapt to rapid and disruptive change and support sustainable development.

We must do this at the firm level, at the sector level and at the macro level because resilience today is multidimensional. It includes:

- Macro-economic buffers, such as robust foreign reserves, a flexible and agile monetary policy framework, prudent fiscal policies;
- Financial resilience, meaning capital adequacy, liquidity, and risk management;
- Cyber resilience - preparedness against digital threats;
- Climate resilience - anticipating and managing exposures to climate-related risks;
- Governance resilience - the ability to adapt to technological, regulatory and market change.

For countries like ours, resilience is no longer a theoretical concept. It is tested repeatedly.

In Jamaica, over the past five years, we have faced the COVID-19 pandemic, the inflationary pressures that followed, Hurricane Beryl in 2024, and most recently, a devastating category 5 hurricane. If those were not enough, geo-political tensions, including conflicts in Ukraine and now in the Middle East, continue to pose risks to the global economy with potentially catastrophic implications.

These are not isolated shocks. They are reminders that volatility is now structural rather than episodic.

In this environment, resilience requires strong financial ecosystems with sufficient capacity to withstand increasingly frequent economic headwinds. This means maintaining adequate capital and liquidity buffers - particularly important in emerging markets, where fiscal space is often constrained and the capacity to support failing institutions without burdening taxpayers, is limited.

At the national level, Jamaica has made significant progress in strengthening resilience:

- We have built up record levels of foreign reserves – some US\$6.8 billion;
- The monetary policy framework, built on the pillar of an independent central bank, is serving the country well by managing inflation and financial sector stability;
- Important elements of catastrophe insurance are in place;
- Fiscal discipline by successive Governments has significantly reduced the debt to GDP ratio, providing greater room for economic re-investment, as well as infrastructure and social development spending;
- Legislation is being advanced to facilitate the resolution of failing financial institutions without recourse to public funds.

At the macroprudential level, the message is clear: financial stability and sustainable development are inseparable. Without stable institutions, growth is fragile. Without sustainable development, financial stability is incomplete.

Jamaica also benefits from a well-coordinated financial system stability framework, involving Bank of Jamaica, the Financial Services Commission, the Jamaica Deposit Insurance Corporation and the Ministry of Finance.

Ladies and gentlemen, resilience is not only a principle, it is a practice. Allow me to share how the Bank of Jamaica has approached prudential regulation in this regard.

Our approach has been deliberate and pragmatic. Rather than pursuing a full or mechanical implementation of Basel III, we have adopted a calibrated, risk-based approach, incorporating the most relevant elements of international standards while tailoring them to the structure and complexity of Jamaica's financial system.

The objective is straightforward: to strengthen resilience in a way that is proportionate, practical and aligned with domestic realities.

In practical terms, this means ensuring that institutions hold higher-quality capital, maintain stronger liquidity positions, and adopt more forward-looking approaches to risk management. It also means deeper supervisory engagement, with a focus on governance, capital planning, and the ability of institutions to withstand stress.

We have prioritised reforms that matter most for systemic stability, particularly those that strengthen liquidity resilience and improve the quality of capital across the system.

This is not about regulatory compliance for its own sake. It is about ensuring that our financial institutions are better positioned to absorb shocks, adapt to change, and continue to support the real economy.

This work is taking place alongside broader reforms, including Jamaica's transition to a Twin Peaks model of financial sector regulation, further strengthening our supervisory framework and institutional resilience.

You might ask, in all this focus on systemic resilience, where does profitability fit?

Profitability is critical. But, it is sustainable, risk-adjusted profitability that is the true foundation of resilience. In today's environment, chief financial officers (CFOs) operate under real pressure. With compressed margins, heightened competition and increasing performance expectations, the temptation to stretch risk parameters can increase, particularly in challenging cycles.

That is precisely when governance discipline matters most.

Short-term earnings that exceed an institution's risk capacity may appear attractive, but they erode stability over time.

Boards and management must evaluate performance not only through headline returns, but through:

- Risk-adjusted returns;
- Capital and liquidity adequacy; and
- Alignment with the institution's stated risk appetite.

The truth is, resilience is not built on peak profits. It is built on profits earned within clearly defined risk boundaries. Achieving this balance requires informed and engaged Boards that understand the businesses they oversee and hold management accountable.

This leads me to speak a bit about Boards. Three points in particular:

1. Boards should include a strong presence of independent directors – individuals free from conflicts that may impair objective judgement.
2. Board membership should have skills pertinent to the needs of the organisation including accounting, finance, technology, law.
3. The Board must be supported by effective committees – particularly in the areas of risk, audit and governance – which are headed by independent members.

Strong governance from a board of directors has been a key focus in Jamaica, and across the region. The principle is clear:

The Board is ultimately responsible for approving strategy, defining and overseeing risk appetite, ensuring prudent risk management, and holding senior management accountable.

One of the most important - and sometimes uncomfortable - elements of strong governance is constructive tension. Healthy institutions benefit from Boards that challenge management, ask difficult questions and enforce accountability. Unchecked consensus weakens institutions; constructive challenge strengthens them. This dynamic protects depositors, shareholders, and the broader financial system.

Globally, we have seen the consequences of weak corporate governance: erosion of public trust, higher funding costs, capital strain, and, in some cases, regulatory intervention.

Looking beyond our shores, we must also consider that the Caribbean financial system is deeply interconnected. We have conglomerates operating across multiple jurisdictions, business models, and cultures. This interconnectedness means:

- Weaknesses in one institution can transmit across markets;
- Group-wide governance and consolidated oversight are critical;
- Opportunities for regulatory arbitrage must be minimised.

Resilient ecosystems therefore require:

- Greater alignment in regulatory frameworks and supervisory expectations;
- Strong cross-border coordination and collaboration, governed by MOUs that contemplate both normal times and crisis periods; and
- A collective commitment to prudence and stability.

This is not just the responsibility of regulators. It is a shared responsibility across Boards, management teams, CFOs, and finance leaders across the region. Together, we must build systems that are not only profitable but sustainable, not only competitive but resilient.

In closing, redefining economic leadership in emerging markets is not about abandoning growth. It is about ensuring that growth is durable, inclusive, and resilient. It is about building financial ecosystems that can withstand shocks, adapt to change, and support sustainable development for generations to come.

As regulators, CFOs, and finance leaders, we are stewards of resilience. The decisions we make today - in governance, risk management, profitability, and regional collaboration - will define whether our institutions can withstand the next shock-. not if, but when it comes.

Let us commit, collectively, to building resilient financial ecosystems across the Caribbean. Because in resilience lies the foundation of true economic leadership, stability and the prospects for a better tomorrow.