



# **Presentation to BICA**

## **Bahamian Economic Growth**

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## Three Themes

- **Economic Imbalances & Risks**
- **Central Bank Initiatives**
- **What can the Average Bahamian Do?**



# Bahamian Economic Imbalances

- **Sluggish Economic Growth**
- **Balance of Trade**
- **Narrow Industry Base**
- **Public Sector Deficit**
- **Unhelpful Borrowing & Consumption**



## Sluggish Growth

	2010	2016
<b>Income per capita</b>	\$21,770	\$21,640
<b>Electricity Sold</b>	1.88 GWH	1.96 GWH
<b>Bank loans to private sector</b>	\$6.6 bn	\$6.2 bn



# Why Are We Growing Slowly?

- **Good News on Tourists, Oil Prices**
- **Bad News:**
  - **Post – 2008 hangover**
  - **Increased Debt**
  - **Financial Services Drifting Down**
  - **Weather**
  - **Low Investment**



## Reasons For Hope

- **Better Tourism Income**
- **Improved Government Efficiency**
- **Financial Services**
- **Energy (and other) Reforms**
- **Reduced Criminality & Corruption**



# Obvious Risks

- **U. S. or Global Recession**
- **Oil Prices**
- **Debt**
- **Climate Change**
- **Suppression of Financial Services**



## Bahamian Merchandise Trade

	2010	2016
<b>Exports</b>	\$461 million	\$357 million
<b>Imports</b>	\$2.2 billion	\$2.5 billion
<b>Trade Balance</b>	(\$1.7 billion)	(\$2.2 billion)



## Please Be Nice To The Tourists

	<b>2010 Stopover</b>	<b>2010 Cruise</b>	<b>2016 Stopover</b>	<b>2016 Cruise</b>
<b>Number of tourists</b>	1.4 million	3.8 million	1.5 million	4.7 million
<b>Expenditure</b>	\$1.9 billion	\$0.3 billion	\$2.3 billion	\$0.3 billion
<b>Expenditure/ Tourist</b>	\$1,360	\$78	\$1,561	\$64



## Government Fiscal Summary

Government Accounts	2010	2017
Revenue	\$1.3 billion	\$2.1 billion
Expenditure	\$1.6 billion	\$2.7 billion
Balance	(\$0.3 billion)	(\$0.6 billion)
Debt (direct charge)	\$3.7 billion	\$7.2 billion



## Bahamian Households

	2010	2017
<b>Bank deposits</b>	\$3.4 billion	\$3.3 billion
<b>Total Personal Credit</b>	\$5.1 billion	\$5.1 billion
<b>Consumer Installment Credit</b>	\$2.1 billion	\$2.3 billion
<b>Past due</b>	\$178 million	\$153 million
<b>Number past due</b>	23,600	8,600
<b>Average past due balance</b>	\$7,600	\$17,800

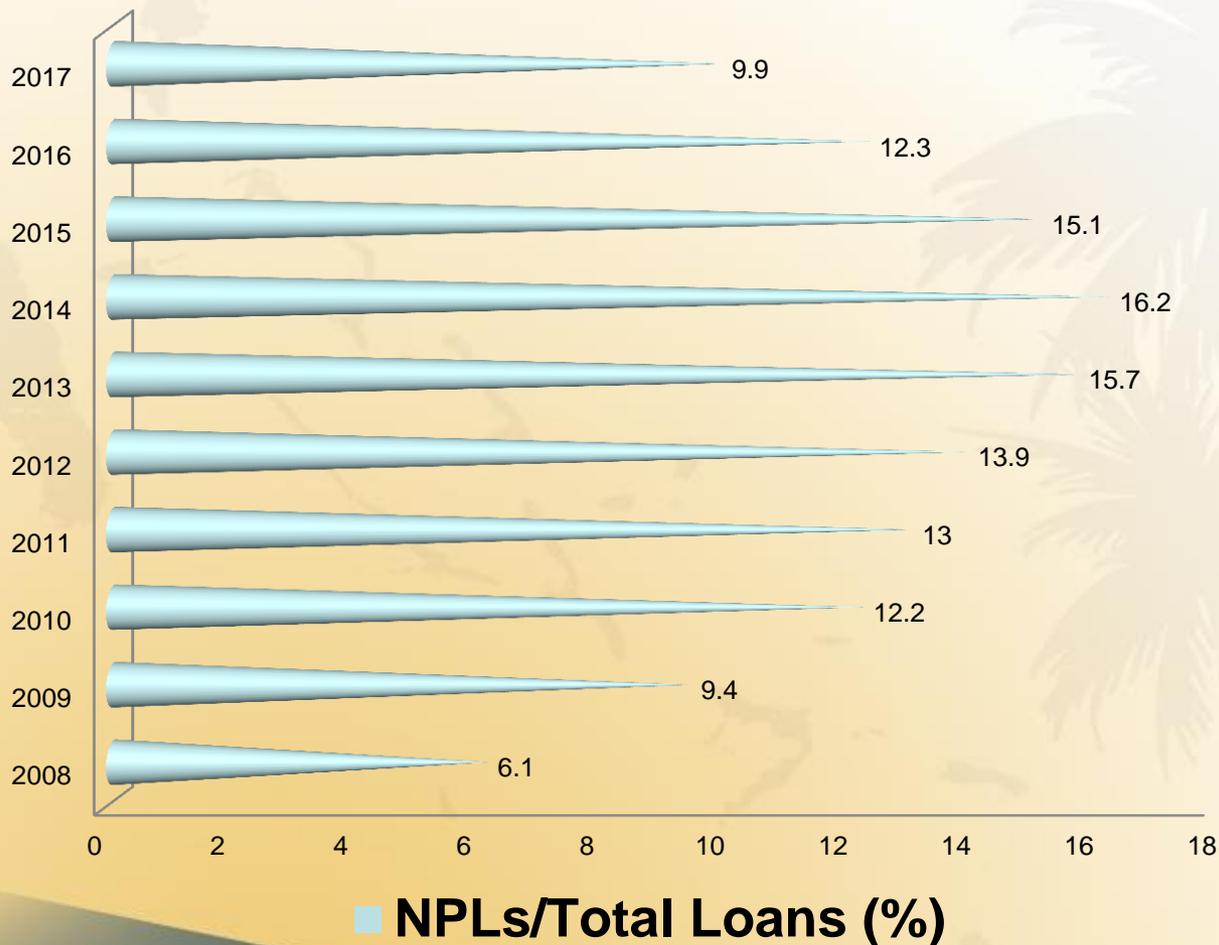


# What Is The Central Bank Doing?

- **Reducing Problem Debts**
- **AML/CFT**
- **Simplification**
- **Payments**

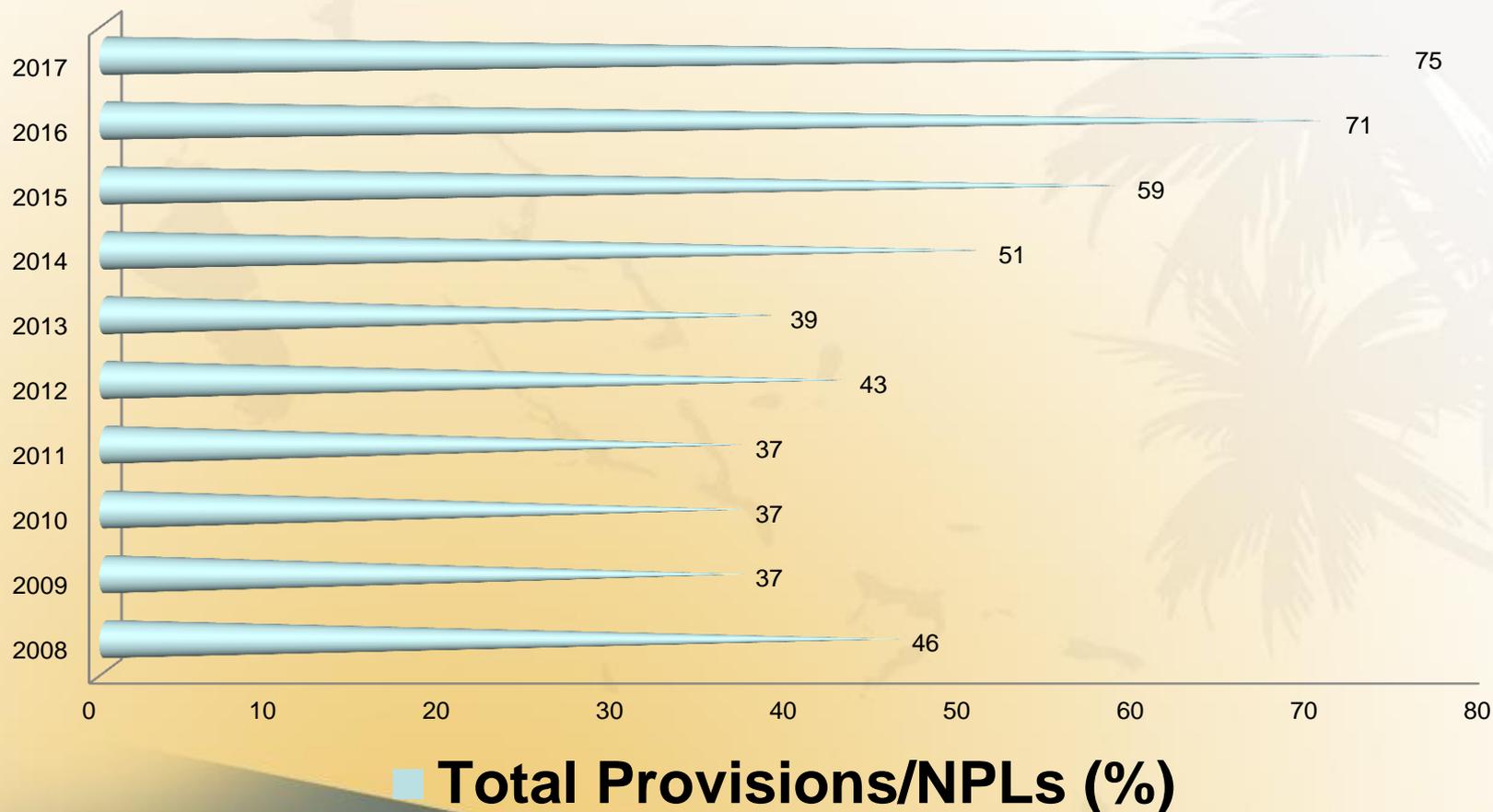


## Domestic Non-Accruals





## Provision Coverage





## Pushing Down NPLs

- **Portfolio Sales**
- **Respect Due Process**
- **Steady Progress**
- **Foreclose When Necessary**



## Financial Crime Risk Management

- **We are mainly an AML Risk**
- **Need to monitor terrorism,  
Proliferation**
- **Steadily increasing global standards**



## AML/CFT Initiatives

- **Continuous Supervision**
- **Legislation/Regulation Reform**
- **More Industry Guidance**
- **More Outreach**

**National AML/CFT Conference  
September 17 & 18, 2018**



## Simple Policies & Procedures

- **Streamlining Prudential Policy**
  - **108 Documents**
  - **1,000 pages**
- **Approval Processes**
- **CDD / Account Opening**



## We Are A Cash-Heavy Jurisdiction

	2010	2017
Notes in circulation	\$290 million	\$411 million
Credit card purchases	\$521 million	\$715 million
Cheque numbers	3.5 million	2.5 million
Cheque value	\$6.8 billion	\$7.2 billion
RTGS numbers	60,000	94,000
RTGS value	\$11.6 billion	\$29.3 billion



## What Could We All Do?

- **Consume Less, Save More**
- **Spend to Reduce Costs**
- **Buy Bahamian**
- **Support Sound Policies**
- **Follow the Rules**



# THANK YOU!



## ANY QUESTIONS?