



FINANCIAL SERVICES AUTHORITY
SAINT VINCENT & THE GRENADINES

PRESS RELEASE NO.5

February 13, 2013

STATEMENT BY THE FSA

The **Financial Services Authority (FSA)** continues to work assiduously to obtain accurate and reliable information pertaining to the financial performance and condition of the **St Vincent Building and Loan Association (“the Association”)**, prior to its intervention. Such information will guide our Recommendations to the Association’s Shareholders. This is not a straightforward task in view of inadequate record keeping, lack of transparent operational policies and inadequate accounting and ICT systems. Still, the FSA retains its confidence in the Association and we are convinced that we can assist the Association to attain financial stability and a sound future.

The FSA emphasizes certain facts to the Vincentian public:

1. The FSA’s intervention into the Association was undertaken as a **matter of necessity in order to stabilize and strengthen** the Association.
2. The Association had taken **little or no successful corrective action** for major problems over several years, even though those problems were pointed out to the Association, AS WELL AS the corrective action to be implemented.
3. Compounding these problems in January 2013, was a **strain on the liquid resources** of the Association due to the panicked reaction of some customers of the Association to a newspaper article of January 18th 2013, entitled ‘Is the Building and Loan Association on the verge of collapse?’
4. The FSA had **no confidence that the required corrective action would be effected in a timely way** under the present management and control of the Association. This was reinforced by the Association’s position of allowing millions of dollars to be immediately withdrawn from the Association, sometimes on a daily basis, instead of enforcing its own mandatory Rule of a notice period of three (3) months (**Rule # 77**, Rules of the Association, Revised 2000). This continued even **AFTER** the FSA advised strongly that the said Rule should be enforced.

Regarding the **capacity or the experience of the FSA** for the task at hand, the following is noteworthy:

1. Though the FSA is a new organization, it must be borne in mind that the organization is a **MERGER of three (3) already existing regulatory agencies** (as previously reported).
2. The organization of regulatory powers and functions into one 'umbrella' body **promotes effectiveness** and brings St. Vincent and the Grenadines on par with best international standards for regulatory oversight. One should not be doubtful that this country has the appropriate resources to staff the FSA.
3. The management and staff of the FSA **in fact possess relevant qualifications as well as relevant experience** to properly manage this intervention.
4. The FSA has organized its resources so as to properly **balance its work** with the Association and its other regulatory work. This is what happens in any regulatory authority around the world when there is a priority matter requiring focused attention.
5. The FSA is working with strategic business, banking and financial **international consultants of the highest caliber**, with expertise in distressed assets management, debt restructuring and strategic planning. There is no cost attached to the Association for this or for the FSA's time.
6. The FSA has also **joined forces** with the divisional managers and staff of the Association (32 employees) who are cooperating with the FSA. The issue is **proper corporate governance and effective and informed decision-making**, rather than quantitative numbers of staff.
7. The Eastern Caribbean Central Bank is standing by to provide technical assistance if needed.
8. The responsibility of an intervention by the FSA would never have been undertaken **IF** the FSA had not been sufficiently resourced or fully capable of managing such an intervention.

One's perspective on the Association and its intervention by the FSA, should **NOT** depend on which political party one supports. Ensuring the survival of the Association should not just be the objective of the FSA but a **national objective, one that every Vincentian citizen holds dear.**

The FSA is committed and focused **on its primary objective of restoring the Association's efficiency, profitability, solvency and stability.** The FSA reiterates that it welcomes any constructive action on the part of Shareholders, Members and the public geared towards helping us to help the Association.

Submitted by and on behalf of:

Financial Services Authority

Press Release No. 5 (*Following Statements/Press Releases No. 1, dated January 25th 2013; No. 2, dated January 29th 2013; No.3, dated February 1st 2013; and No. 4, dated February 13th 2013*).