HIGHLIGHTS



In Summary:

- Global financial stability concerns increased in 2019, although efforts to support economic activity intensified. Further, the global outbreak of the novel coronavirus (COVID-19) in early 2020 worsens these concerns by threatening to destabilize the economic and financial positions of various economies.
- Already faced with economic and financial challenges, fallouts from COVID-19 have severely impacted Caribbean growth prospects.
- Domestically, it is estimated that the energy sector underperformed in 2019, with spillovers on non-energy sector activity. However, the financial sector continued to grow driven by an expansion in the deposit base, which facilitated growth in consumer credit and real estate mortgages.
- The domestic financial system as a whole is healthy, but uncertainties related to the pandemic have heightened risks. An analysis of the domestic banking sector's (commercial banks and non-bank financial institutions) financial network suggests limited connectivity, with a small subset of entities which play a key role in the system. Future work in this area requires more coordinated domestic and regional supervision.
- The 2019 vulnerability and risk assessment has maintained growing household debt, high sovereign concentration in the financial system and the rapid digitalization of financial services as key sources of potential financial imbalances. The channels for risk amplification and propagation take on new dimensions against the backdrop of the COVID-19
- To promote financial stability, the Central Bank continues to engage in activities that are aimed at sustaining and enhancing operational resilience and financial sector development via improvements in the regulatory framework; risk-based supervision and governance of financial institutions; technical and analytical capacities in supervision and resolution; and its coordination with other domestic and regional supervisory agencies.



C MACRO-FINANCIAL CONDITIONS



the energy sector adversely affected economic activity.



earnings from the non-energy sector improved the Government's fiscal position for FY2018/2019. Further the Heritage and Stabilization Fund continues to provide a useful buffer for the economy.



credit, supported by favourable financial conditions, drove the performance of consolidated private sector lending.

Continued growth in consumer

3. FINANCIAL SYSTEM PERFORMANCE



Healthy capital buffers,

of just over 23% of risk-weighted assets, and low non-performing loans (3.1% of total loans) reflect well managed lending and funding portfolios.



Favourable asset growth and profitability ratios despite previous years of losses incurred from natural disasters in the non-life sector. Return on

equity averaged 17% and 12% for the life and non-life sectors, respectively.



PENSION SECTOR Challenged in the long

term by changes in the

composition of the sector's income and funding profile. The financial performance over the last five years shows an increasing reliance on investment income to fund benefit payments.

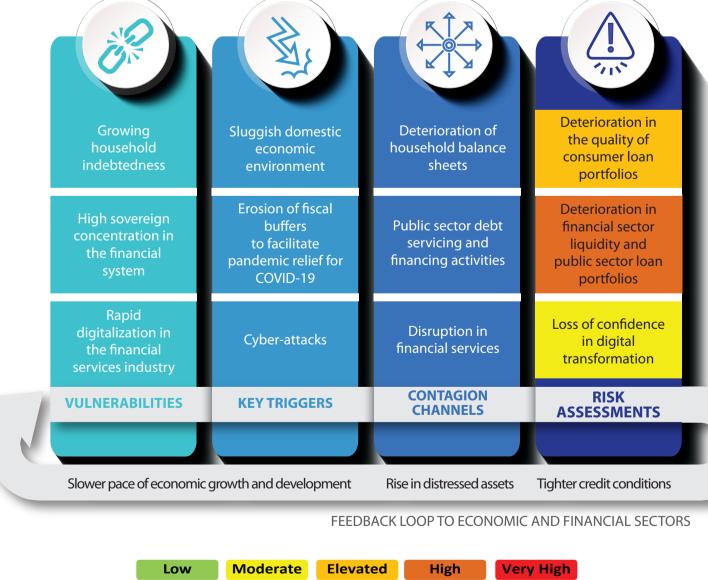


Upward trend in the

expansion and use of

electronic payments. Cash remains an important payment instrument. In 2019, the number of cash withdrawals stood at 39 million (up from 36 million in 2018) valued at just over \$56bn (up from \$53bn in 2018).

4. VULNERABILITIES AND RISKS





5. EFFORTS TO ENSURE CONTINUED FINANCIAL STABILITY

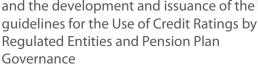


the Financial Institutions (Capital Adequacy) Regulations, 2020



Improving Risk-based Supervision and Governance

Implementation of Phase 2 of Basel II/III and the development and issuance of the



Ensuring Compliance with International Standards

and CFATF standards

Progressed compliance with FATF

Development Highlights

Operational Resilience and

Financial Sector



Testing



Enhancing Regulatory Framework for Payments System E-Money and Fintech Policy;



Payment System Guidelines for



CEMLA Fintech Forum

Regulators; Trinidad and Tobago Securities

and Exchange Commission; the CARICOM Fintech Working Group and