

## **FINANCIAL SYSTEM STABILITY COMMITTEE**

### **STATEMENT ON THE 2018 FINANCIAL STABILITY REPORT**

The Financial System Stability Committee (“FSSC”) has reviewed the 2018 Financial Stability Report, which will be published by Bank of Jamaica on 29 March 2019. Information presented in the report showed continued deepening of the financial system as measured by total system assets and activity within the payment system. In light of growth in the financial system, entities have demonstrated sound performance similar to previous review periods. Both deposit-taking and non-deposit taking financial entities were well capitalized, supported by sound earnings. Furthermore, Bank of Jamaica’s stress tests showed that the Jamaican financial system is resilient to hypothetical but plausible macroeconomic and financial shocks.

Risks to the Jamaican financial system are, however, predominantly characterized by the interconnected nature of the financial system, the relatively large size of a few financial firms and uncertainties stemming from volatility in global financial markets. Recognizing these risks, the FSSC endorses the regulatory strategies being pursued by Bank of Jamaica and the Financial Services Commission to mitigate these exposures and acknowledges the progress made on the financial sector reforms, one of which is the introduction of risk-based consolidated supervision.

Of note is the continued reduction of the Government of Jamaica’s footprint in the domestic debt market during the review period. This has resulted in lower concentration risk within the financial system. The reduction in government debt coupled with the accommodative monetary policies implemented over the review period resulted in an increased availability of capital for deployment to non-financial enterprises. The FSSC will continue to review regular financial system stability assessments and make recommendations to assist in the execution of Bank of Jamaica’s financial system stability mandate.

At its meeting on 26 March 2019, the Financial System Stability Committee endorsed the conclusions drawn in the report. The report is available at <http://boj.org.jm/publications>.

**Financial System Stability Committee**  
**29 March 2019**