

## SUPERVISION PROFILE

### BANK OF GUYANA

#### 1. NAME OF SUPERVISORY AGENCY AND CATEGORY/IES OF FINANCIAL INSTITUTIONS FOR WHICH IT HAS REGULATORY OVERSIGHT

SUPERVISORY AGENCY	CATEGORY OF FINANCIAL INSTITUTIONS
<b>Bank of Guyana</b>	1) Commercial Banks 2) Trust Companies 3) Finance Companies 4) Investment Companies 5) Stock Brokers 6) Merchant Banks 7) Microfinance Companies 8) Insurance Companies 9) Cambio Dealers 10) Money Transfer Services

#### 2. NUMBER AND NAMES OF ENTITIES SUPERVISED UNDER EACH CATEGORY

FINANCIAL INSTITUTIONS		
Type	Number	Names
<b>Commercial Banks</b>	6	- Bank of Baroda (Guyana) Incorporated - Bank of Nova Scotia - Citizens Bank Guyana Incorporated - Demerara Bank Limited - Guyana Bank for Trade & Industry Limited - Republic Bank (Guyana) Limited
<b>Trust Companies</b>	2	- Hand in Hand Trust Company - Trust Company (Guyana) Limited
<b>Finance Companies</b>	1	- Laparkan Financial Services Limited
<b>Investment Companies</b>	1	- Secure International Finance Company Incorporated
<b>Stockbrokers</b>	1	- Beharry Stockbrokers Limited
<b>Merchant Banks</b>	1	- Guyana Americas Merchant Bank
<b>Microfinance Companies</b>	1	- Development Finance Limited of South America Incorporated (DFLSA)

**FINANCIAL INSTITUTIONS**

<b>Type</b>	<b>Number</b>	<b>Names</b>
<b>Insurance Companies</b>	13	<ul style="list-style-type: none"> <li>- Clico Life &amp; General Insurance Company Limited</li> <li>- Diamond Fire &amp; General Insurance Incorporated</li> <li>- Frandec &amp; Company (Insurance) Incorporated</li> <li>- Guyana Co-operative Insurance Services Limited</li> <li>- Guyana &amp; Trinidad Mutual Fire Insurance Company Limited</li> <li>- Guyana &amp; Trinidad Mutual Life Insurance Company Limited</li> <li>- Hand-in-Hand Mutual Fire Insurance Company Limited</li> <li>- Hand-in-Hand Mutual Life Assurance Company Limited</li> <li>- North American Fire Insurance Company Limited</li> <li>- North American Life Insurance Company Limited</li> <li>- The Demerara Fire and General Insurance Company Limited</li> <li>- The Demerara Mutual Life Assurance Society Limited</li> <li>- United Insurance (represented by John Fernandes Insurance services Limited)</li> </ul>
<b>Insurance Brokers</b>	6	<ul style="list-style-type: none"> <li>- Abdool &amp; Abdool Incorporated Insurance Brokers and Financial Consultation</li> <li>- Apex Insurance Brokers Incorporated</li> <li>- Insurance Brokers Guyana Limited</li> <li>- M. P. Insurance Brokers &amp; Consultants Limited</li> <li>- P &amp; P Insurance Brokers &amp; Consultants Limited</li> <li>- Raj Singh Insurance Brokers &amp; Risk Management Consultants</li> </ul>
<b>Insurance Agents</b>	175	
<b>Pension Plans</b>	17	<ul style="list-style-type: none"> <li>- Courts (Guyana) Incorporated Pension Plan</li> <li>- Demerara Distillers Limited Pension Plan</li> <li>- Fogarty's Pension Scheme</li> <li>- Guyana Bank for Trade &amp; Industry Limited Pension Plan</li> <li>- Guyana Geology &amp; Mines Commission Pension Plan</li> <li>- Guyana School of Agriculture Pension Plan</li> <li>- Hand-in-Hand Pension Scheme</li> <li>- Hand-in-Hand Trust Corporation Incorporated Pension Plan</li> <li>- National Agriculture Research Institute Pension Plan</li> <li>- Neal &amp; Massy Group Pension Scheme</li> <li>- New Building Society Pension Plan</li> <li>- Republic Bank (Guyana) Limited Pension Plan</li> <li>- Sterling Products Limited Pension Scheme</li> <li>- Sugar &amp; Trading Enterprise Pension Plan</li> <li>- T. Geddes Grant (Guyana) Limited Pension Scheme</li> <li>- The Pension Fund of the Guyana and Trinidad Mutual Fire Insurance Company</li> <li>- The Pension Plan for the Sales Representative of the Guyana and Trinidad Mutual Insurance Companies</li> </ul>

## FINANCIAL INSTITUTIONS

Type	Number	Names
<b>Cambio Dealers</b>	19	<ul style="list-style-type: none"> <li>- A &amp; N Sarjoo Cambio</li> <li>- Bank of Baroda (Guyana) Incorporated</li> <li>- Bank of Nova Scotia</li> <li>- Cambio Royale</li> <li>- Citizens Bank Guyana Incorporated</li> <li>- Confidential Cambio</li> <li>- Commerce House Cambio</li> <li>- Demerara Bank Limited</li> <li>- F. &amp; F. Foreign Exchange Enterprise Cambio</li> <li>- Gobind Variety Store &amp; Cambio</li> <li>- Guyana Bank for Trade &amp; Industry Limited</li> <li>- Guyana Pegasus Hotel Cambio</li> <li>- Hand-in-Hand Trust Corporation Incorporated</li> <li>- L. Mahabeer &amp; Son Cambio</li> <li>- Martina's Cambio</li> <li>- Mohamed's Cambio</li> <li>- R. Sookraj Cambio</li> <li>- Republic Bank (Guyana) Limited</li> <li>- Salt &amp; Pepper Cambio</li> </ul>
<b>Money Transfer Services</b>	6	<ul style="list-style-type: none"> <li>- Excel Capital Incorporated</li> <li>- Grace Kennedy Remittance Services (Guyana) Limited</li> <li>- Laparkan Financial Services Limited</li> <li>- N. M. Services Limited</li> <li>- National Pride Financial Services</li> <li>- Samsó's Express Money Transfer Incorporated</li> </ul>

### 3. PRUDENTIAL INFORMATION/DATA REQUIRED OF LICENSED INSTITUTIONS AND REPORTING INTERVALS

REPORT /DATA		INTERVAL/ FREQUENCY
1.	Clearing House Facilities	Daily
2.	Foreign Exchange Market Information System (FEMIS) (Forms I, II & III)	Daily
3.	Cash Projections	Weekly
4.	Daily buying and selling Rates for Caricom Transactions	Weekly
5.	Liquid Assets Requirement	Weekly
6.	Report on Caricom Currency Transactions	Weekly
7.	Report on daily buying and selling of foreign currencies	Weekly
8.	Report on daily buying and selling rates of foreign currencies	Weekly
9.	Report on Money Transfer Transactions	Weekly
10.	Reserve Requirement	Weekly
11.	Capital Adequacy Ratio	Monthly
12.	Foreign Currency Assets	Bi-monthly/ Monthly
13.	Foreign Exchange Market Information System (FEMIS) (Forms IV)	Monthly
14.	Monthly Survey of Purchases and Sales of Foreign Exchange	Monthly
15.	Past Due and Non-performing Loans Per Economic Sector	Monthly
16.	Public Sector Balances	Monthly
17.	Report on Foreign Currency Accounts	Monthly
18.	Statement of Assets and Liabilities	Monthly
19.	Survey on Money Transfer Agencies	Monthly
20.	Financial Indicators	Quarterly
21.	List of shareholders	Quarterly
22.	Report on aggregate loans to shareholders, officers and other related persons	Quarterly
23.	Report on loans to Top Twenty Borrowers	Quarterly
24.	Statement of Income	Quarterly
25.	Trust Accounts and Investment Dispositions	Quarterly
26.	Loan Portfolio Review Summary	Half Yearly
27.	Repossessed Assets	Half Yearly
28.	Audited Financial Statements	Annually
29.	Internal Auditor's work programme vs. actual audits conducted	Annually
30.	Payment System Report	Annually
31.	Report on Fraud	As fraud is detected
32.	Information Sheet - contains information relating to Principal Business Activities, Organizational Structure, Board of Directors, etc.	Where there is material change
33.	Personal Declaration Sheet (PDS) (to be submitted by Directors and Officers)	Where there is material change

#### **4. PRUDENTIAL INFORMATION/DATA PUBLISHED BY THE AUTHORITY AND PUBLICATION INTERVAL**

Selected ratios for the licensed depository institutions are published on a quarterly basis on the Bank's website.

#### **5. PRINCIPAL PIECES OF LEGISLATION GOVERNING THE OPERATION OF BANKING/FINANCIAL LICENSEES**

- Financial Institutions Act 1995
- Companies Act 1991
- Securities Industry Act 1998
- Bank of Guyana Act 1998
- Foreign Exchange (Miscellaneous Provisions) Act 1996
- Anti-Money Laundering and Countering the Financing of Terrorism Act 2009
- Dealers in Foreign Currency (Licensing) Act 1989
- The Money Transfer Agencies (Licensing) Act 2009
- Insurance Act 1998

#### **6. MAJOR CHANGES TO BANKING/FINANCIAL STATUTES OVER THE PAST TEN YEARS**

In the past ten years the following pieces of legislation were enacted:

- The Money Laundering (Prevention) Act 2000.
- The Financial Institutions Act 1995 was amended in 2004 to:
  - Prohibit the granting of loans by an LFI for the purpose of purchasing shares in the said LFI or its related companies;
  - Prevent insiders from colluding with others to obtain credit facilities by fraudulent means;
  - Improve the BOG's ability to deal speedily with problematic LFIs, particularly in relation to unsafe or unsound practices which may pose a threat of loss to depositors.
- The Bank of Guyana Act 1998 was amended in 2004 to:
  - Increase the Bank's authorized capital;
  - Strengthen the policy making capabilities of the Bank and for the efficient discharge of its responsibilities as a modern central bank;
  - Assist the Bank in conducting business efficiently and in meeting its principal objective;
  - Redefine the Bank's relationship with the Government and specified entities and reaffirm the Bank's independence in matters of monetary management.
- The Money Transfer Agencies (Licensing) Act 2009 was passed on August 21, 2009 and took effect on October 1, 2009. This Act seeks to:
  - Provide for the licensing of persons carrying on the business of money transfer;
  - Make provisions for the registering of money transfer agents and for connected purposes.

- Pursuant to the Insurance (Supplementary Provision) Act 2009, which took effect on July 1, 2009, the Bank of Guyana is now the Supervisory Authority for the insurance companies.
- The new Anti-Money Laundering and Countering the Finance of Terrorism Act 2009 was passed on April 30, 2009 by the National Assembly and assented to on August 14, 2009.

## **7. AREAS IDENTIFIED FOR FURTHER LEGISLATIVE CHANGES AND DETAILS/STATUS OF ANY NOW IN PROCESS**

- Proposed legislative amendments to the Financial Institutions Act (FIA) 1995 are currently with the Minister of Finance for review. Amendments include:
  - Provision for the sharing of information among domestic regulators and confidentiality issues related thereto;
  - Deletion of the need to consult with the Minister of Finance with respect to the supervision and regulation of the LFIs;
  - Provision for the reimbursement of cost for defending any legal suit that may be instituted against an officer of the bank while discharging his/her duties;
  - Provision for revoking a licence based on a false declaration made by a licence holder in his/her application;
  - Definition of control to address the concept of significant ownership and controlling interest.
- A Draft Bill for the Bank of Guyana to supervise and regulate the New Building Society is with the Ministry of Finance.
  - A Draft Bill for the establishment of the Credit Bureau has been tabled in Parliament and is currently before a Select Committee.

## **8. FORMAL DIRECTIVES, POLICIES, GUIDELINES/GUIDANCE NOTES ISSUED BY SUPERVISORY AUTHORITY TO LICENSEES**

These guidelines listed below were issued under the authority of the Financial Institutions Act 1995:

- Inspection Fees and Cost
- Licensing of Financial Institutions
- Branching
- Capital Adequacy Ratio
- Loan Portfolio Review, Classification, Provisioning and Other Related Requirement
- Limits on Large Loans and Loans to Shareholders, Directors, Officers and Other Related persons
- Acquisition of Control of Financial Institution
- Corporate Governance
- Risk Management

*The following Notices were issued by the Bank of Guyana under Section 7(3) of the Financial Institutions Act 1995.*

- Minimum Capital for Trust Companies

- Minimum Capital for Non-depository Financial Institutions

*The following **Regulations** were issued by the Bank of Guyana under Sections 3(8) and 61 of the Financial Institutions Act 1995.*

- Financial Institutions Regulations 1996:
  - Prohibition on non-depository financial institutions pertaining to the acceptance of deposits and borrowing from twenty or more persons;
  - Necessity of non-depository financial institutions to specify principal financial business;
  - Licensing and minimum capital requirements of non-depository financial institutions;
  - Necessity of prior approval for trust business;
  - Minimum capital for trust business;
  - Conduct of trust business by depository financial institutions;
  - Conduct of trust business by non-depository financial institutions;
  - Trust agreements.

*The Bank of Guyana issued a Director's Handbook as a standard and quick reference for directors, financial institutions and their management staff on the responsibilities, monitoring and evaluating tools and methodologies that are critical in performing their tasks.*

## **9. STATUS OF JURISDICTION VIS A VIS BASEL CORE PRINCIPLES OF BANKING SUPERVISION**

A review of the status by the International Monetary Fund highlighted the principles with which we are yet to be fully compliant. These are currently being addressed.

### **Areas Identified as Requiring Ameliorative Action:**

#### *Changes in Legislation:*

- The FIA was amended in 2004 to prohibit the granting of loans by an LFI for the purpose of purchasing shares in the said LFI or its related companies, to prevent insiders from colluding with others to obtain credit facilities by fraudulent means as well as to improve the BOG's ability to deal speedily with problematic LFIs, particularly in relation to unsafe or unsound practices which may pose a threat of loss to depositors.
- There is need for the FIA to be amended to allow for information sharing between various supervisory authorities.

#### *Supervisory Policy and Approach:*

In 2007, the Bank shifted its supervisory framework from the transaction-based approach and adopted a risk-based approach to supervision. The risk-based approach incorporates both on-site and off-site elements and places greater emphasis on identifying, understanding, and assessing the risks which would pose the greatest threat to the safety and soundness of each licensed financial institution and the financial system as a whole.

## **10. JURISDICTION STATUS VIS A VIS FINANCIAL SECTOR ASSESSMENT PROGRAMME (FSAP)**

The first FSAP was conducted in 2005. The issues raised therein are being addressed.

## **11. ANY OTHER CATEGORY OF PRUDENTIAL/REGULATORY INFORMATION NOT CAPTURED ABOVE**

A Financial Intelligence Unit (FIU) was established. The Act to govern the operational conduct of this unit – **Anti-Money Laundering and Countering the Financing of Terrorism Act 2009** was passed on April 30, 2009.

The Bank has circulated a draft of Supervision Guideline No. 10. – “Public Disclosure of Information” to all stakeholders for comments.

March 31, 2010