

## ***FSA Celebrates 5th Anniversary***

The Financial Services Authority ('FSA') was established on November 12<sup>th</sup> 2012 and recently celebrated its 5<sup>th</sup> anniversary. The FSA is marking this occasion with a number of events, including an Open House to the public on November 17<sup>th</sup> 2017, at its offices on the 2nd Floor of the Reigate Building, Kingstown, to raise awareness of its work and activities.

The FSA is an autonomous statutory body established pursuant to the Financial Services Authority Act, No. 33 of 2011 ('the FSA Act'), for the purpose of regulating the international (*offshore*) financial and non-bank financial sectors, the latter comprising Credit Unions, Insurances and Pensions, Building Societies, Friendly Societies and Money Remitters. The FSA's role, functions and powers are outlined in the FSA Act, and its regulatory objectives are enshrined in the FSA's core guiding principles, also outlined therein. These include, in sum, the protection and fair treatment of consumers, the enhancement of market integrity and financial stability, and the promotion of fair competition.

The establishment of the FSA in 2012 was a regulatory development of historic significance to St. Vincent and the Grenadines, as such an amalgam of different regulatory entities into a single regulatory body was unprecedented. Such constitution has yielded substantial benefits by consolidating resources and optimizing efficiencies. Over the past years, the FSA forged full speed ahead to evolve into a professional and specialized organization, engaged in the responsible execution of its legal mandate. It has utilized its wide ranging regulatory powers to undertake various regulatory and empowerment actions to foster compliance with governing legislation and to promote stability in the operations of financial entities.

A main rationale for the establishment of the FSA was the need to have in place a more cohesive regulatory regime for the various non- bank financial institutions. The international financial services were at that point already being supervised by a statutory body, the International Financial Services (IFSA), which had worked diligently with stakeholders to ensure appropriate legislative and administrative systems were in place to govern and properly regulate the offshore industry.

It is no small accomplishment then that in 2016, just four years after the establishment of the FSA, that the International Monetary Fund (IMF) has described St. Vincent and the Grenadines as "**the regional leader in non-bank supervision**" (*St. Vincent and the Grenadines 2016 Article IV Consultation - Press Release/ Staff Report July 2016, page 15*). It is also significant that in their equivalent 2015 Report, the IMF had observed that this country was "**leading the region in credit union supervision,**" an observation which was also **repeated** in the aforementioned 2016 Report.

This FSA is both gratified and humbled by this accolade, as it traces and recognizes the progress of the FSA in the execution of its mandate to date in **an independent way**. That there is still much more work to be done by the FSA to accomplish its goals is undisputed, and the FSA intends to continue to strategize and optimize on its resources, to deliver on its extensive mandate in absolute good faith. Indeed, as the FSA celebrates its 5th anniversary, it is especially mindful of the journey ahead as a still growing institution and will be working steadfastly with the industry and stakeholders, to ensure that mutual objectives of financial soundness, accountability, stability, sustainability and above all, the protection and preservation of fair treatment to consumers, are met.

The FSA has worked tirelessly over the past 5 years to address the various challenges and problematic issues which have been identified, and our engagement with the industry and all relevant entities, including stakeholders, strategic partners, the industry, customers of financial entities and members of the public, will continue.

The FSA urges that each member of the regulated sector ensures that it is well positioned to easily demonstrate its accountability as well as its integrity, to its consumers, stakeholders (*particularly its regulator*) and the public at large. Being able to demonstrate sound governance structure and systems, compliance with governing legislation, prudential requirements and best practices and thus transparency and accountability as an institution, is no longer a choice on the part of the regulated sector. Voluntariness has long been superseded by the practical imperative need for regulatory compliance in today's financial world. Any deviation therefrom has the potential for irrepressible adverse impact on the micro and macro- economic stability and the reputation of our country. The maelstrom of international challenges that never seems to abate also heightens the need for every member of the regulated sector to be able to demonstrate regulatory compliance, more so now than ever before.

Against this backdrop, it bears underscoring that the FSA cannot fail to have a strong appreciation of its own role, responsibilities and accountability. Such awareness invariably tends to become even more intensified when adverse situations arise or desired results are not attained, even though it is commonly recognized that even the best of regulatory efforts cannot always prevent failed institutions or fraud. Thus, in awareness of the matrix of challenges which frequently arise, the FSA's strategy and approach will be reviewed on an ongoing basis, in order to continuously improve our results.

The FSA wishes to herewith record its deepest appreciation and thanks to the industry and stakeholders for its cooperation and support received throughout the past few years, without which, the FSA would not be able to effectively discharge its mandate.

*Submitted by:*

**Financial Services Authority**

November 12<sup>th</sup> 2017.

