

FINANCIAL SYSTEM STABILITY COMMITTEE
STATEMENT ON JUNE 2019 MACROPRUDENTIAL REPORT

The Financial System Stability Committee (“FSSC”) has reviewed Bank of Jamaica’s June 2019 Macroprudential Policy Report and noted that threats to the financial system remained tempered within the context of a generally favourable domestic macroeconomic environment. While Jamaica’s economic growth is expected to slow and there are headwinds from the global economy, Bank of Jamaica’s stress tests show that the Jamaican financial system is resilient to macroeconomic and financial shocks. The regulated financial institutions have adequate capital and other key indicators of financial soundness, such as profitability and liquidity, have remained relatively stable.

Of note is the continued reduction in the Government of Jamaica’s footprint in the domestic debt market, the continued accommodative monetary policy and the associated increase in credit issued to households and businesses by banks. While non-performing loans as a share of total loans provided by banks to the private sector is low and declining, the FSSC continues to monitor the debt sustainability of borrowers. Additionally, Bank of Jamaica’s analysis shows that despite the interconnected nature of financial institutions, the financial sector is generally resilient to adverse developments in any one entity.

The FSSC will continue its regular review of financial system stability assessments and make recommendations to assist in the execution of Bank of Jamaica’s financial system stability mandate. The FSSC expects to make its next public statement on these and other emerging issues in March 2020. Highlights of Bank of Jamaica’s quarterly macroprudential report are available at [http://www.boj.org.jm/financial_sys/Financial Stability Reports and Technical Notes.php](http://www.boj.org.jm/financial_sys/Financial_Stability_Reports_and_Technical_Notes.php).

Financial System Stability Committee

30 October 2019