

Address on  
Banking and Financial Services: Enhancing Access & Economic  
Resilience  
by  
Hon. T. Brent Symonette  
Deputy Prime Minister & Minister of Foreign Affairs  
Commonwealth of The Bahamas  
At the Commonwealth Business Conference  
Perth, Australia  
26<sup>th</sup> October, 2011

Ladies and Gentlemen:

The Bahamas is a small island developing state with an open economy dominated by two sectors – tourism and financial services. Those sectors are in the main, foreign-owned. It is increasingly important and desirable that local ownership in the economy be increased and local value added expanded.

It is to be acknowledged however that particularly over the past 20 years Bahamian professionals, hoteliers, bankers, accountants, lawyers and investment specialists have increasingly become a part of the tourism and financial services business environment in our country.

Also, our still small and developing agricultural and light manufacturing sectors have met some success where they have

been effectively linked into the tourism and financial services engines of the economy as providers of goods and services.

You will appreciate then the extent of our external dependency and also our limited options as we continue to confront the present international economic crisis and the less than desired rate of recovery in the global economy.

In such a scenario our topic “Banking and Financial Services: enhancing access and economic resilience” takes on special meaning. Two years ago addressing this forum in Trinidad and Tobago, my Prime Minister commented on exactly that challenge indicating the urgent need for us to promote greater equity in the international development process so as to make the prospects for sustained growth of the world economy, and hence the sustainability of small economies such as our own, more enduring and widespread.

We believe that process must include support for financial sector reform that improves the efficiency of financial intermediation and the implementation of policies that encourage savings, provide consumer protection, and facilitate access to credit for qualifying entrepreneurs. Without efficiency in the

financial system credit can be both more costly and more risky. The responsiveness of an efficient system is key to investment and therefore to the process of growth.

Building an enabling environment for innovation and financial inclusion is a primary goal of my Government which sees itself as a facilitator of business. For several years now we have been engaged in a continuing process of reforming our financial legislative and regulatory frameworks.

At the national level, a new Business Licence Act streamlining the process of doing business in the country was enacted less than one year ago; new domestic and international insurance legislation has further modernized our financial laws and importantly, the launch of a multi-million dollar e-government services platform in July of this year will help reposition our financial services sector, in partnership with the private sector, to produce a new strategic framework for financial services.

We have also developed very targeted programmes and initiatives meant to enhance access to financial services and thereby improve the prospects for the entrepreneurial class. This has involved targeted initiatives in support of small business and financing of small and medium size businesses in the economy.

Additionally, we seek to assist individuals with sound business ideas but limited capital to receive assistance in translating an idea or concept into a business plan capable of withstanding the most robust scrutiny by financiers/investors, thereby improving access to finance on favourable and appropriate terms from a variety of funding sources be it venture capitalist, commercial banks, or other investors.

In short, we seek to reorganize small and medium size business in a way that enables true entrepreneurial enterprises to invigorate local economic activity creating the jobs not now readily available in the tourism and financial services sector given the persistence of the lackluster international economic recovery.

I will simply list a number of initiatives undertaken by my Government over the past four years:

- Injection of loan funding into The Bahamas Development Bank
- Implementation of a Government Loan Guarantee Programme which provides guarantees for up to 80% of costs of a small business project not exceeding \$250,000 and up to \$500,000 for tourism developments

- Introduction of a micro-financing facility at the Bahamas Agricultural & Industrial Corporation providing grants of \$7,500 to individuals seeking to start their own business.
- A Self-Starter programme designed to empower young persons ages, 18 to 30, with micro business start ups and providing them with up to \$5,000 in grant funding for tools and supplies

These programmes are in addition to incentive legislation which provide customs duty waivers and real property tax holidays

This year, the Government has also funded a Jobs- Readiness Programme which is injecting an additional \$25 million into the economy, enabling thousands to pay for goods and services within the business community, providing training and skills enhancement opportunities for thousands of workers to improve their productivity, and subsidizing private sector wages for new workers taken on by businesses who might otherwise not have been engaged.

Finally, I note that an enormous challenge to enhancing access and hence economic resilience in small developing

Commonwealth countries is access to quality education and training, most particularly access to technical and business training.

There can be no doubting the positive link between education and a country's economic growth and development. Here again, my government's policy has been aggressive in promoting more and better technical education and training in facilitating mentoring and apprenticeship programmes and in expanding the number of 'on-the-job training experiences available in the country.

Enhancing access to financial services particularly for small and medium size business will improve I believe the economic resilience of our economies. A broad range of initiatives may assist this process. I have touched on a few that we have undertaken. I commend the Commonwealth Forum for bringing focus to the subject.