ENDING DE-RISKING IN THE CARIBBEAN: ELIMINATING RISKS FOR THE WORLD

Ten Practical Ideas for International Co-operation to Maintain the Caribbean's Inclusion in the Global Financial and Trading System

by

Gaston Browne

Prime Minister of Antigua and Barbuda

Preface

In 2014, as he was elected as Prime Minister of Antigua and Barbuda, Gaston Browne was asked to assume lead responsibility for financial matters in the quasi-Cabinet of Heads of Government of the Caribbean Community (CARICOM).

An important part of that role is combatting the adverse effects of 'de-risking' and the consequent withdrawal of correspondent banking relations (CBRs) from banks in the entire Caribbean region by global banks in the United States of America and the United Kingdom.

This withdrawal of CBRs, if it continues unabated, runs the risk of excluding the entire Caribbean from the world's trading and financial system, plunging the region into economic decline, and creating an underground organization for financial flows that are illicit and outside of regulatory control.

The problem is acute and it continues to hang over the region like the sword of Damocles, largely because of inaction by major governments and despite many studies conducted by international financial and development institutions pointing out its adverse effects and its irrationality.

This paper by Prime Minister Browne explains the dangers that 'de-risking' poses for the Caribbean and the consequences for the wider global community. Constructively, in calling for all stakeholders to address the problem with the urgency its deserves, the Prime Minister offers 10 practical ideas for co-operative action.

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By Gaston Browne
Prime Minister of Antigua and Barbuda

In recent years, the international community has begun to focus on financial inclusion as part of a broader strategy to reduce poverty, encourage economic development, and promote stability and security. This is a good development and one that small states in the Caribbean welcome.

However, the international focus on financial inclusion has coincided with increased attention to anti-money laundering and countering the financing of terrorism (AML/CFT) frameworks as crucial tools for advancing stability and security objectives and for curbing criminal and violent extremist activity. This, of and by itself, is not a bad thing and it is also welcomed by Caribbean states.

But, regrettably, the good intentions of the international community's focus on financial inclusion is being compromised by a narrow focus on AML/CFT only. This has resulted in regulators' increased scrutiny of the formal and informal financial sectors, as well as international pressure on global banks, particularly those in the United States of America and the United Kingdom, to shy-away from doing business with banks and other financial institutions in any jurisdiction about which allegations – substantiated or not - have been made of being a "tax-haven" or having the potential for money laundering.

Global banks in the U.S. have been told by their regulatory bodies that they face huge penalties in the event that they facilitate – even if unintentionally - money laundering and other forms of financial crime, including tax evasion. This has led to the phenomenon of "de-risking".

What is De-Risking?

De-risking is a vague and amorphous term that has been interpreted differently by as many organizations that have attempted to define it. Essentially, global banks terminate banking relations with clients in jurisdictions that have been labelled as either "tax havens" or "high risk" for money laundering, whether or not the jurisdictions are innocent or have established practices that conform to the highest international standards.

But, in effect, as the World Bank has asserted: "De-risking practices by global financial institutions threaten to cut off access to the global financial system for remittance-companies and local banks in certain regions, putting them at risk of losing access to the global financial system."

Why has De-risking Come About?

As two experts describe it: "In an effort to bolster the fight against financial crime, to meet regulatory expectations and to avoid further enforcement, global financial institutions are continuing to invest millions of dollars in their compliance functions. However, financial institutions are also grappling with the question of whether, in the context of managing certain risks, it is simply more cost effective (and less troublesome) to pull out of doing business in relevant sectors or markets".

Faced with the prospect of heavy fines, even for the most minimal and unintended infraction of AML/CFT requirements, financial institutions have increasingly decided to avoid, rather than to manage, possible money laundering or terrorist financing risks, by terminating business relationships with entire regions or classes of customers. This approach defeats the basic business purpose of banks which, as fiduciary institutions, should accept the role of managing and mitigating risk rather than simply ending relationships with clients.

This so-called ‘de-risking’ practice has negatively impacted correspondent banking relations (CBR’s) which is vitally important to the global trading and financial system. The Caribbean has been hit particularly hard by this decision.

De-risking is not only an existential threat but one of the most egregious acts committed against small and vulnerable states in the Caribbean.

The consequences of de-risking - intended or unintended - could be more devastating than any natural disaster. If it is allowed to continue unabated, de-risking poses the real risk of de-banking small, vulnerable states in the Caribbean. Therefore, this artificial, exogenously-imposed construct has increased the vulnerability of small island states in the Caribbean.

It is significant that a recent working paper of the International Monetary Fund (IMF) noted that, “The Caribbean region has many characteristics that could potentially pose barriers to financial development and inclusion: the countries’ small size and scale, prolonged low growth, high debt, and vulnerability to external, including natural disasters and the recent loss of correspondent banking relations” as a consequence of de-risking strategies employed by global banks, particularly in the United Sates (U.S.) and the United Kingdom (U.K.).

The Vital Importance of Correspondent Banking Relations

De-risking has had its most harmful effect on the Caribbean by causing the withdrawal of Correspondent Banking Relations (CBRs) from banks in the region.

Correspondent banking enables the provision of domestic and cross-border payments, supports economic growth through international trade and cross-border financial activity, including remittances. Traditionally, the main CBR providers in the Caribbean were in the U.S., the U.K. and Canada. Now, the region's banks, apart from the Canadian-owned ones, have to go further afield. When these CBRs are withdrawn, the capacity of the affected countries to participate in the global trading and financial systems is severely constricted.

As a recent World Bank study explains: "To move funds internationally, banks rely on CBRs, roughly defined as the provision of banking services by one bank (the correspondent) to another bank (the respondent). CBRs are essential to international payments and provide an essential nexus between local economies and jurisdictions and the international financial system. They underpin international trade, remittances, and humanitarian financial flows among countries and are therefore particularly relevant to developing countries to support economic growth and development".[1]

The vital importance of CBRs, has been emphasized by the Managing Director of the International Monetary Fund (IMF), Christine LaGarde, who observed: "Correspondent banking is like

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[1] The Decline in Access to Correspondent Banking Services in Emerging Markets: Trends, Impacts, and Solutions Lessons Learned from Eight Country Case Studies, World Bank Group, Washington DC, 2018

the blood that delivers nutrients to different parts of the body. It is core to the business of over 3,700 banking groups in 200 countries. A global bank like Société Générale, for example, manages 1,700 correspondent accounts and processes 3.3 million correspondent transactions every day".[2] The IMF President stressed that the decline of correspondent banking relationships is "a serious concern for those countries that have few avenues for participating in the global payment and settlement systems"[3]. She stated that "these countries, too, need to ensure an efficient allocation of capital. And they need ways to empower the poor and the small to participate in the economy".[4]

Loss of CBR's: Impact on the Caribbean

The indiscriminate application of de-risking strategies, such as the withdrawal of CBR's, and the attendant financial shocks, have already disrupted the payment systems in the Caribbean and it could get worse, with far reaching socio-economic consequences for the region's open economies that are dependent on trade (especially in services) and investment. These consequences include: impeding trade and investment flows, distorting competition and undermining human development.

Even basic payments for medicines, education, healthcare, tourism receipts and remittances could be threatened, as financial intermediaries in advanced countries seek to de-bank small, vulnerable countries from the international payment system.

All Caribbean jurisdictions have suffered the loss of CBR's. In some cases, banks have become reliant on only one correspondent bank. This has forced Caribbean banks to look further afield for

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[2] Speech to the New York Fed, "Relations in Banking – Making it Work for Everyone", July 18, 2016

[3] Ibid

[4] Ibid

CBR's to settle their transactions, including with the United States which is their largest trading partner and which benefits to the tune of more than $6 billion in trade surpluses with the region every year.

Consequently, bank costs have risen and so have the costs of settling payments for goods and services imported into and exported from Caribbean countries. There has also been a subsequent rise in the cost-of-living and an increase in the cost of doing business. The latter has adversely affected the competitiveness of the region in the global economy.

De-risking in the Context of AML/CFT

De-risking is not in line with the Recommendations of the Financial Action Task Force (FATF), the primary body concerned with AML/CFT.

The FATF has itself said: that de-risking can result in financial exclusion, less transparency and greater exposure to money laundering and terrorist financing risks. In a Guidance Note, the FATF explained:

This guidance explains the FATF's requirements in the context of correspondent banking services. In particular, it clarifies that the FATF Recommendations do not require correspondent financial institutions to conduct customer due diligence on each individual customer of their respondent institutions' customers. The guidance also highlights that not all correspondent banking relationships carry the same level of money laundering or terrorist financing risks, hence any enhanced due diligence measures have to be commensurate to the degree of risks identified.[5]

[5] Guidance on correspondent banking services, Financial Stability Board, 1 October 2016

Despite this FATF guidance, the phenomenon of U.S. financial institutions terminating or restricting business relationships with clients or categories of clients continues. It appears to be driven by fear of penalties by supervisory bodies in the U.S. and the United Kingdom. Therefore, global banks are seeking to avoid, rather than manage, risk.

This was confirmed by the President of the Financial Action Task Force (FATF), Roger Wilkins, who told the Financial Times in late 2014 that de-risking is "not so much a function of our standards as a fig leaf for the banks doing what they need to do and are going to do anyway by taking people off their balance sheets ... There is nothing in our standards that requires this 'blunderbuss' approach to de-risking".

The Situation with Correspondent Banks in the US

Regulators in the United States claim that they do not tell banks to withdraw CBRs as part of their de-risking strategies.

Daniel Stipano, Deputy Chief Counsel in the Office of the Comptroller of the Currency, stated that his agency "the OCC as a regulator doesn't tell banks whose business they should take on. Those are business decisions that the banks have to make themselves. But we also don't think ... that the answer, when it comes to providing banking services for higher risk clients, is to just dump them wholesale".

However, banks in the U.S. are getting mixed signals. As the International Finance Corporation (IFC) has observed: "Regulatory guidance on how to manage these risks is often vague and contradictory. As a result, to reduce their own risks banks have become more conservative and less discretionary when evaluating customers".[6]

The principal cause of de-risking and loss of CBR's in the Caribbean is the effect of the International Narcotics Control Strategy Report (INSCR), published by the United States Government, that, year after year, characterizes all Caribbean countries as "major money launderers".

All banks in the U.S. get that Report and their compliance departments are guided by it. Their fear of heavy U.S. fines in the event of any infraction, however small, has led these U.S. banks to shy away from Caribbean banks with which they had previously conducted untroubled business for decades. Ironically, there is no evidence that any bank licensed in the Caribbean Community (CARICOM) has ever been the cause of any fines imposed on any correspondent bank in the U.S., the U.K. or Canada.

Therefore, while Caribbean jurisdictions sacrifice revenues and employment – and even their sovereignty in some matters - to make themselves compliant with OECD, FATF and European Union requirements, that sacrifice counts for little with U.S. banks in the face of the pernicious condemnation by the U.S. INCSR of all Caribbean jurisdictions.

Note should be taken that the following countries in the Americas are also named in the U.S. INCSR as "major money launderers": Argentina, Brazil, Canada, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, and Honduras.

The difference between the countries named above and the Caribbean is that they all have more avenues for participating in

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[6] Can Blockchain Technology Address De-Risking in Emerging Markets?", EMCompass, Fresh Ideas about Business in Emerging Markets, International Finance Corporation (IFC), World Bank Group

the global payment and settlement systems through their own large banks. Canada, for instance, has many global banks with a presence in the U.S. and other markets for its transactions.

A further problem with the U.S. INCSR is that it does not evaluate the risk of a jurisdiction's, impact on the global financial system. Thus, it equates small jurisdictions, with less than $5 Billion dollars in deposits, to major financial jurisdictions with tens of billions of dollars such as Canada, Mexico, the U.K. and France.

The harmful and wrongful effects of the U.S. INCSR is a disturbing matter that governments must address collectively to change the de-risking posture of U.S. global banks, or the situation will worsen not improve.

Correspondent Banking: A Global Public Good

Correspondent Banking is a global public good and should be available to all countries and their peoples.

The provision of correspondent banking service is also a fundamental human right. It is just as important as the provision of other basic services, including include water, electricity and broadband services.

Therefore, the provision of CBRs cannot be seen exclusively through the lens of geo-political interests, financial risks and profitability. To do so, would be unjust and would do nothing more than worsen the global inequalities that presently characterize the global economic system. To paraphrase the great American leader, Abraham Lincoln, the world cannot survive "half-free and half-slave".

The Fallacy of the Caribbean as a High-Risk Region

Many small island states in the Caribbean have been stigmatized as major tax havens and money laundering centres. But, the small size of these jurisdictions and the relatively minuscule volume of transactions, disprove this fallacious classification.

Antigua and Barbuda, for example, has under $5 Billion in total onshore and offshore banking assets, with less than a few dozen remittances daily.

It is instructive that there is a presumption of money laundering involving Citizenship by Investment flows to the Caribbean, while the very investors can move funds seamlessly, to invest in the Investment Residency programmes of developed states without any such characterization.

Interestingly, it is in these very developed countries from which de-risking is being pursued, that 95 percent of global illicit flows take place.

The focus on micro states in the Caribbean while side-stepping the major money laundering centers in developed countries, is counter-productive. The problem of money laundering and counter terrorism financing must be tackled in the countries where the problem is greatest and most prevalent.

The Cost of being Falsely Labeled as 'High Risk'

The creation of the perception that the Caribbean region is high risk and susceptible to financial crimes and tax evasion, has driven up the costs to both the domestic and international banks of providing the most basic banking services.

In addition, the time to complete transactions, which were once measured in hours or days, now take weeks and months to be processed, because of new and cumbersome due diligence requirements.

As a growing number of small banks no longer have CBRs in a global money centre, they are forced to establish relationships with smaller banks in Central America, Asia, Africa and the Middle East. Therefore, the transfer process is lengthened and cumbersome. This lengthened process has proved to be expensive and prone to errors, resulting in information delivery gaps and, sometimes, non-acceptance of payments. This is confirmed by a recent study conducted by the International Finance Corporation of the World Bank Group.[7]

Recently, some Caribbean banks have noted that certain global banks have decided not to accept transfers that include an intermediary bank. If this practice continues and widens to include other correspondent banks, many local Caribbean banks would be put out of business, thereby de-banking the region and increasing its vulnerability to foreign owned banks.

Thus, de-risking has resulted not only in closure of banks but also in loss of new business relationships, because of the inability of existing banks to establish correspondent banking relations. De-risking undermines competitiveness and is an impediment to trade, investment, growth and development.

The overall impact of de-risking has been revenue losses for all Caribbean governments, thereby undermining their ability to meet their financial obligations. It has also caused job losses and an increase in unemployment and poverty; increased transaction costs; reduced competitiveness in the global community; and a decline in the ease of doing business.

The opportunity costs of loss of business from de-risking, though unquantified, are significant.

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[7] De-Risking and Other Challenges in the Emerging Market Financial Sector Findings from IFC's Survey on Correspondent Banking, Washington DC, September 2017; see: https://www.ifc.org/wps/wcm/connect/3d215edb-55da-4097-982c-e90409d6621a/IFC+2017+Survey+on+Correspondent+Banking+in+EMs+final+September+1.pdf?MOD=AJPERES

De-risking as a Policy Tool

It should be noted that de-risking is a policy tool to sanction rogue or uncooperative states. De-risking should never be utilized as a tool to punish innocent people in cooperative and compliant countries in the Caribbean.

De-risking Not Effective for AML/CFT

In any event, de-risking in its present construct is not an effective long-term solution to AML/CFT and tax transparency.

In its present form, the ultimate result of de-risking, will be the marginalization of states, especially Small Island Developing States in the Caribbean, undermining their capacities to attain the UN mandated Sustainable Development Goals (SDG's).

The Injustice of De-risking

To whom much is given much is expected; therefore, the multi-national correspondent banks that control the international payment systems, have an obligation to provide corresponding banking services to all.

This is so, since small vulnerable states in the Caribbean, do not have access to any alternative international trade settlement hard currency and correspondent banking architecture, to settle their trade and investment transactions. They are at the mercy of these multi-National correspondent banks that are centralized in developed countries and on whom they are completely reliant for correspondent banking relations.

For instance, the IFC has observed that, "De-banking of money service businesses can impact global remittances, a vital source of finance for poorer countries that totals some $440 billion a year—over three times the amount of foreign aid disbursed".[8]

Clearly, there is no justice in the de-banking and barring of these countries from the international payment system. It undermines their ability to meet their development agenda without cause and injures them without any mechanism for remedy.

Withdrawal of CBRs Counter-productive to AML/CFT

The withdrawal of CBRs as part of a de-risking strategy is counterproductive to fighting the scourge of AML/CFT and other financial crimes. An effective strategy requires the commitment, inclusion and participation of all.

De-banking the majority of innocent masses in Caribbean countries, and elsewhere, to fight the risks of AML/CFT violations could never be a sustainable solution.

Also, de-banking countries and regions based on profitability, conflicts with the overriding social and moral responsibility of correspondent banks to provide all countries and regions with the mechanism to settle their trade transactions.

The exclusion of countries and regions from the international payment system will ultimately undermine the fight against illicit financial flows, by driving these payments underground, where they are likely to go undetected. Additionally, alternative informal payment mechanisms will be developed and utilized to cover these illicit transactions without traceability.

The effective management of financial crime risks, including AML/CFT, requires the inclusion and commitment of all stakeholders, in all countries and regions, if not the world is put at risk. Consequently, governments, regulators and the private sectors

[8] Op.Cit., Note [6]

in all countries, must work collaboratively to fight financial crimes effectively and sustainably, while striving to preserve the international payments system for all, and not to disadvantage further the poor and underdeveloped.

Caribbean: A Co-operative Region

Money laundering, the financing of terrorism and other financial crimes are global problems that demand a global response. Such a global response will not be achieved by a handful of countries, however powerful they may be, unilaterally creating rules that they impose on others. A better, more sustainable response is one that takes account of the views and circumstances of all and, in that context, develops a universally acceptable strategy for addressing the problem.

Caribbean countries have not been averse to participation in wider efforts to tackle the problems of financial crime. All of them have participated in the Global Forum on Transparency and Exchange of Information for Tax Purposes of the Organization for Economic Co-operation and Development (OECD) and, through the Caribbean Financial Action Task Force (CFATF) in the implementation of the rules, euphemistically described as 'recommendations', of the FATF. They have each done so at great cost to themselves, including financing the legislative and enforcement machinery and through the loss of revenues and employment from businesses that have been sacrificed, and the higher costs to businesses they have managed to retain.

Indeed, as of February 2018, only one Caribbean jurisdiction has been listed by the FATF among the "Jurisdictions with strategic deficiencies", and even in respect of this jurisdiction, it has been acknowledged that it "has taken steps towards improving its AML/ CFT regime, including the approval of the Counter Terrorism Strategy by the National Security Council, the issuance of a Case Prioritization Policy, and advancing legislation in a number of areas".[9] With regard to the OECD's ratings for cooperation with the international standard on exchange of information on request (the EOIR standard), again only one Caribbean country has been found to be non-compliant. Most of the Caribbean countries are "largely compliant" (the same category as the U.S., the U.K. and Canada) or "provisionally largely compliant".

Costs of compliance, that the Caribbean incurs, are not limited to implementation of OECD and FATF requirements. Additional costs have been incurred to comply with the U.S. imposed Foreign Account Tax Compliance Act (FATCA) that compel our jurisdictions to report to the U.S. Internal Revenue Service (IRS) on U.S. related assets in our financial institutions, as well as with the European Union's Base Erosion and Profit Shifting (BEPS) framework.

It should be noted that scarce resources have been expended on compliance with all of these organizations and governments. To provide those resources, Caribbean jurisdictions have had to forego spending on health, education and much needed development infrastructure.

Therefore, there can be no question about the Caribbean's co-operation in the effort to address financial crime in a meaningful way.

De-risking and Loss of CBRs Hurt International Business

De-risking and the loss of CBR's adversely impacts the Caribbean's trading partners and the companies that export goods and services to the region.

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[9] See, FATF website: http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-february-2018.html

For instance, the U.S. enjoys a balance of trade surplus with the Caribbean region that is annually more than $6 billion. That sum of money represents both revenues and employment to the U.S. When Caribbean countries cannot pay for the goods and services they purchase from the U.S., jobs are lost, and income is sacrificed.

Especially affected will be the travel agents, tour operators, airlines and cruise ships that send passengers from the U.S. and elsewhere into Caribbean ports. They too need correspondent banking relationships to pay for the holidays and business trips of their passengers to a region that ranks very high on their tourism map.

Similarly, affected will be the agriculture and manufacturing communities from whom the Caribbean imports a significant quantity of food, construction material, and other goods and services.

If the region cannot pay for the goods and services that it imports and cannot be paid for the goods and services it exports, including tourism receipts, it will be constrained to seek markets elsewhere simply to survive.

This trade diversion will not be a swift process and, in any event, will be expensive since direct transportation links do not exist even with neighbouring countries in Central and South America. Consequently, in the transition period, Caribbean economies will deteriorate, and their vulnerability will increase.

By the same token, revenues and employment in existing trading partners, particularly the U.S., the U.K. and Canada, will also decline.

The Way Forward: 10 Ideas

The sustainable solution to de-risking is multi-faceted and requires a cooperative approach by all stakeholders in developed and developing countries alike.

Below, are 10 ideas concerning the elements of what would be an acceptable and fair global approach to de-risking that does not simply target Caribbean and other developing countries but also encompasses OECD and European Union member states.

- The international community should recognize the importance of balancing the appropriate steps to prevent illicit actors access to financial services with ensuring continued or expanded access to finance for companies, small businesses, households and individuals.

- There should be cooperation among governments, regulators, the private sectors, respondent and correspondent banks to strengthen the AML/CFT, tax transparency framework with harmonized rules in pursuit of their common interests. This alignment of interests in managing and curbing international financial crime risks should negate the need for any hostility or harmful knee-jerk de-risking decisions.

- Policy implementation timelines set by the FATF and the OECD Global Forum should be based on national capacity and not the one-size-fits-all implementation policy that is widely practiced.

- De-risking should be restricted to rogue, uncooperative institutions and countries, and not jurisdictions that cooperate with the OECD Global Forum and the FATF. Entire regions should not be broad-brushed as being "high-risk". Jurisdictions should be assessed according to their own merits.

- Correspondent Banks should focus on managing financial crime risks instead of risk avoidance. They too should build their capacity to manage the risks of correspondent banking instead of de-banking countries.

- Where appropriate, correspondent banks should give respondent banks sufficient time to remedy any deficiency in their AML/CFT and tax transparency framework

- There should be improved dialogue between respondent and corresponding banks to promote cooperation and to build capacity.

- Within developing countries, respondent banks should improve their risk management processes including strong KYCC.

- In the particular case of the U.S., there must be continuous efforts to alert the agencies of the Government and the U.S. Congress of the harmful effects of its annual INCSR which, year after year, wrongfully list Caribbean countries as 'major money laundering jurisdictions', thereby encouraging the withdrawal of CBR's from Caribbean banks.

- Technology should be introduced and utilized by correspondent and respondent banks to include: Fintech, block chain technology, for KYCC, to identify suspicious transactions and to ensure full traceability.

On the final point of technology utilization, it is worth noting the observation of The Bipartisan Policy Center on the implementation of block chain:

"Block chain could give banks and regulators access to far more detailed transactional and cross-institutional data than is currently available, allowing them to peer deeper into financial networks to identify bad actors. Furthermore, the distributed nature of blockchain technology makes it difficult for criminals to falsify transactional data to cover their tracks. All of this could take place in real-time, giving law enforcement the precious time they need to identify terrorist plots before they happen. However, this additional speed would need to be balanced against privacy concerns that could arise depending on how such a system were implemented." [10]

Alternative Pathways

Caribbean jurisdictions have to be realistic and practical in their own response to the severe problems caused by de-risking and the loss of correspondent banking relations. Part of such realism and practicality is recognision that the 10 ideas presented in this paper may not be taken up by global stakeholders.

What then are Caribbean jurisdictions to do? Set-out below are some of the options that might be considered:

- Changing source markets for imported goods and services;
- Trade bartering with a wider group of countries than those that are now the Region's major trading partners;
- Holding central bank reserves in a balanced portfolio of currencies, instead of concentrating reserves in any single currency;
- Development of alternative payment systems through the use of digital currency, including crypto currencies; and
- Establishing a Caribbean owned correspondent bank in major capitals to settle transactions emanating from the region.

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[10] Why Blockchain Could Bolster Anti-Money Laundering Efforts, By Kristofer Readling, Justin Schardin, Bipartisan Policy Centre, June 2016. See: https://bipartisan-policy.org/blog/blockchain-anti-money-laundering/

Summary and Conclusion

Representatives of Governments of the OECD countries must cast aside the policy briefs seen through an AML/CTF lens only. They have to see the problem of de-risking more broadly and realistically.

That means not limiting the discussion only to AML/CTF considerations but widening the scope of responses to recognize that: (a) no country should be excluded from the global finance and trading system; and (b) success in reducing poverty and curbing economic inequality requires international co-operation, including correspondent banking relations.

The ideas set-out for tackling de-risking and its consequences in the section above, titled, **The Way Forward: 10 Ideas**, are the least of what should be done by global stakeholders.

Such global stakeholders would be regulatory bodies and global banks in the U.S. and UK, the FATF, the OECD Global Forum, respondent banks and regulators in the Caribbean, the Financial Stability Board, the IMF, the World Bank and the Inter-American Development Bank, the Caribbean Development Bank, representatives of Central Banks and Finance Ministries, and private sector companies.

The IMF has the convening power to gather such stakeholders to address the consequences of de-risking in a comprehensive manner. We urge that the IMF convene such a gathering, sooner rather than later.

Until an appropriate meeting is organized to discuss the de-risking issue and to devise a fair, equitable and global approach to resolving its harmful consequences, it will continuously be studied with little practical action being taken. That would be nothing short of global neglect – a neglect that the Caribbean cannot afford, and that will ultimately have undesirable international consequences.

Prime Minister Gaston Browne

Gaston Browne is the Prime Minister and Minister of Finance of Antigua and Barbuda. He was educated in banking and finance at tertiary institutions in the United Kingdom. He served as Commercial Banking Manager for a major banking consortium in Antigua and Barbuda, comprising offshore and onshore banks and a trust company.

He became an elected member of Parliament in 1999 and has been re-elected in four subsequent general elections. Between 1999 and 2004, he served as Minister of Planning, Trade, Industry, Commerce and Public Service Affairs. While in opposition in Parliament between 2004 and 2014, Browne returned to the private sector as a businessman and launched several successful ventures.

In 2013, he was elected as Leader of the Antigua and Barbuda Labour Party which he steered to victory in General Elections in 2014, becoming Prime Minister. In March 2018, he again led his party to success in General Elections, increasing its representation in Parliament.

His colleague Caribbean Heads of Government appointed him to have lead responsibility for financial matters in the quasi-Cabinet of Heads of Government of the Caribbean Community (CARICOM) in 2014 – a role that he has performed diligently, including by advocacy before international financial and development institutions, and private sector organizations.