



## **PRESS RELEASE**

### **Bank of Jamaica Assures Ready Access to Liquidity by Financial Institutions**

Today, Bank of Jamaica briefed members of the Jamaica Bankers Association and the Jamaica Securities Dealers Association, on measures that the central bank would implement in order to assure financial institutions of adequate access to both foreign currency and Jamaica Dollar liquidity, throughout this challenging period.

With the sharp contraction in the tourism industry and the likely disruption to remittance inflows, the supply of foreign exchange to the market will fall in the near term. The central bank will support the foreign exchange needs of businesses in the real sector through sales to authorised dealers and cambios, as needed.

Bank of Jamaica also stands ready to expand the volume of swap arrangements with authorised dealers.

At the same time, the Bank has asked securities dealers and arrangers to postpone the issue of instruments denominated in foreign currency until the flows in the market can accommodate these capital market transactions.

While the current holdings of Jamaica dollar liquid balances by the banking system are adequate for their immediate needs, Bank of Jamaica will facilitate expanded access to Jamaica Dollar liquidity through the following channels:

- Removing the current limits on the amounts that deposit taking institutions (DTIs) borrow overnight without being charged a penal rate. Overnight liquidity support will be made available at the prevailing rate of 2.5 per cent, limited only by collateral;

- Re-introduction of a facility whereby the central bank can make Jamaica Dollar liquidity available to DTIs for periods up to six months. These lending arrangements can be backed by GOJ and BOJ securities.

To enable access to liquidity by all financial institutions, the Bank is also prepared to purchase GOJ securities on the secondary market from holders of these instruments, to intermediate funds between holders of liquid balances and others who require liquidity and will activate the Emergency Liquidity Facility that was established in 2015 upon application by any financial institution.

It will be critical that the financial system remains liquid and able to meet the needs of all stakeholders. Bank of Jamaica stands ready to ensure that orderly conditions are maintained.

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