



## **News Release**

**MAY 27, 2004**

**SPEAKING NOTES  
SENATOR THE HON. DEIKA MORRISON  
MINISTER OF STATE FOR FINANCE AND PLANNING  
JNBS MONEY TRANSFER CARD**

### **Greetings**

### **Introduction**

It is indeed a pleasure for me to participate in this evening's event to mark the unveiling of the JN Money Transfer Card and the 2004 International Money Transfer Brand's Print, Radio and Television advertising campaigns. It is a privilege for me to share in this occasion with such a broad cross section of representatives from the private sector, public sector, JN customers and potential customers, and of course the JN family.

As regards tonight's event, I must begin with a confession. When I was asked to speak, I agreed without hesitation. I have never once denied a request – for speaking – from the JN family. However, I was taken aback when I was informed that the event was to be held at Mass Camp. Imagine my dilemma and the questions that ran through my mind. What was the dress code? Would I look ridiculous in a suit? What on earth could Jamaica National be launching at Mass Camp of all places?

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Is it so innovative, so cutting edge and so right on the pulse of the younger generation? With the greatest of respect, *trendy* does not readily pop to mind with the Jamaica National name.

Strong, secure, solid – that is what I think of – as it should be for a financial institution celebrating 130 years of service to the nation and our people. Could Jamaica National possibly be launching a product and/or a campaign that is cutting edge with a younger appeal – yes, perhaps trendy – but still retain the strong, secure, solid character that it is renowned for? That would be no easy task – easily an achievement of rare and gargantuan proportions given our demographics as well as the direction of the evolution of the financial services marketplace, including the pivotal and decisive role that remittances are playing in the economy – here and in the region.

### **The remittance phenomenon**

Whilst Caribbean and Latin American countries have always recognized the value of remittances in the development of their respective economies, very few if any can claim to have employed holistic and structured approaches to increasing remittance flows and creating a sustainable remittance market. It has been determined that the appropriate enabling environment has been hampered by a lack of outreach strategies and marketing to the Diaspora, as well as few initiatives to increase and enhance the quantity, range and value of flows. That however, has begun to change and we can feel that change right here in Jamaica – a changed approach to our Diaspora, and the whole matter of remittances.

In more recent times, the multilateral agencies – IMF, IADB, World Bank etc – have **begun to study** the phenomenon – yes, a phenomenon because it is much

more than just sending money home. Indeed, just yesterday, an article in a Kansas newspaper began with the following line: *“The remittances phenomenon appears to be unstoppable”*.

The international newswires have been abuzz with the news that a recent IDB study on remittances. Several of the findings have raised eyebrows. First, the study has showed that in a majority of 19 Latin American and Caribbean countries, the combined value of foreign direct investment, multilateral aid and interest payments on foreign debt – the **combined** value – is dwarfed by remittances. Second, in the coming decade, the IDB anticipates US\$450 billion worth of remittances will flow into the region. Naturally, a number of questions are being raised with regard to how to tap this great potential. Earlier this month, the G7 finance ministers - US, Japan, Germany, the UK, France, Canada and Italy - met in NY and aside from placing the matter of remittances as a “top priority agenda item” at their summit in June, they have clearly articulated in a statement:

*“Remittance flows ... support families and finance small businesses in developing countries, making them a key factor for growth and poverty reduction in these countries. We are engaged in overcoming institutional impediments to the transmission and receipt of remittances, improving financial education, increasing the range of services, and promoting partnerships to strengthen their development impact”*

The development impact is yet to be determined. We know that remittances have driven migration patterns and creation of family networks across borders as family members have followed employment opportunities in other countries to provide financial resources to support themselves and their families. We know that at the individual and community levels, these monies educate children, provide food and shelter and a range of other consumer goods. To a lesser

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extent, some durable goods are purchased and to an even lesser extent investments are made in sustainable economic activity. We know that from a macroeconomic perspective, remittances are a significant source of foreign exchange and contributor to the balance of payments. However, the overall social and economic ramifications are yet to be documented, analyzed and discussed. This is critical information necessary to drive policy discussion and formulation that will then in turn drive the development of strategies to gain even greater benefits from the remittance phenomenon.

The studies to date – generic mind you, not specific to Jamaica - have made preliminary recommendations to remittance institutions, the public sector and civil society to foster sustainable growth of the remittance market.

Remittance institutions are encouraged to

- increase transparency as regards total costs and transfer conditions,
- engage in fair competition and pricing,
- apply appropriate technology with emphasis on cost effectiveness, speed, security and safeguard measures against money laundering and other illicit activity,
- develop partnerships and alliances and
- expand financial services creating a deeper and more integrated financial market

The public authorities are encouraged to:

- facilitate remittance markets,
- improve systems for collecting and reporting remittance market data,
- encourage financial intermediation and
- promote financial literacy – raising awareness of the benefits of savings and other financial products and informing consumers of their rights involving remittance transactions.

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Civil society is encouraged to identify obstacles to leveraging the development impact of remittances and engage relevant parties in an active process to remove same.

There is a role for everyone in any capacity.

Certainly in Jamaica, the public and private sectors have taken on a more aggressive approach. Recently passed legislation designed to place money transfer and remittance agents and agencies within a regulatory framework, fulfill an international obligation to combat money laundering. The purpose of that legislation is to protect the integrity of the system to allow it to grow and evolve in a sustainable manner consistent with international best practices – which are no longer optional in today's globalized world.

The entire Administration has actively begun to court the Diaspora - not just for the remittance flows, but more importantly because of a recognition that the **nation is beyond our borders**. Our people overseas have made and continue to make tremendous contributions to the country's development.

- Yes, they may do so for their family members who are here, or for generations to come who may want to live here – even if they do not want to
- Yes, they may do so out of a sense of nostalgia, patriotism
- But, it is also true that they do so because Jamaica is an extremely attractive investment destination by any standards

The Administration in partnership with the private sector – and I must single out the Jamaica National family here – is creating tangible mechanisms for the Diaspora to become involved.

In June, the nation will be hosting our first Diaspora conference and I urge everyone to take an interest in this momentous occasion and play a part where you can in engaging the Diaspora. Their commitment to Jamaica can take us to the next level of development. Their remittances, their skills and even their recommendations to a tourist or investor can make a significant difference to our ability to realize our collective vision of a prosperous nation with sustainable economic growth.

## **Conclusion**

In closing, let me congratulate JN and the USAID for the partnership that they have developed that will result not only in reduced transaction costs but also the channeling of a portion of those savings into education.

Reduced transaction costs have already been identified as a driving force in the development of the remittance market, and I am sure you would not be surprised if I fully endorsed mechanisms to increase the inflow. Last year, our inflows stood at more than US\$1B. (IADB estimate US\$1.425B) It is not an insignificant sum that played a critical role in the country's foreign exchange reserves, in addition to the individual impact on each and every person, family and community to whom these flows are directed.

As regards the education initiative, I must commend all partners across the island – in all sectors –public, private and civil society - who have joined in the war against illiteracy and innumeracy. Education must be the foundation upon which we build a civilized society that expects to compete successfully in a complex globalized environment. I remain convinced if we all work together in partnership towards a common goal; there is no obstacle that we cannot successfully overcome.

In that vein, let us together, in partnership work towards a common goal to maximize the potential of the remittance market and the incredible untapped resources of the Diaspora. Let us together determine how we can achieve that efficient remittance market characterized by heightened awareness, increased confidence and trust in financial institutions, appropriate technological infrastructure and appropriate – not excessive – regulation. I assure all of you – current or potential senders, recipients, or indirect beneficiaries – that we are committed to encouraging the application of innovative mechanisms to increase and stabilize such flows. Let us together, study the remittance phenomenon as it relates to Jamaica and our Diaspora – its drivers, impacts – and let us be reminded that this would be a dynamic process representative of a dynamic phenomenon. The remittance market must evolve through a process of dialogue and consensus between the public sector, private sector and civil society.

I thank you.

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