www.fsrastlucia.org

10 Years

FINANCIAL SERVICES REGULATORY AUTHORITY

ANNUAL REPORT 2023/2024

VISION

"To be a regulator of excellence promoting the growth and development of the Financial Services Sector of Saint Lucia"

MISSION

"To maintain the integrity and stability of Saint Lucia's financial sector through the efficient and effective administration of the laws and regulations and the application of international best practices and standards."

CORE VALUES

1 INTEGRITY

The Financial Services Regulatory Authority is committed to the embodiment of honesty, fairness, trustworthiness and consistent adherence to high moral principles in its dealings with stakeholders.
The Financial Services Regulatory Authority is committed to being forthright, honest, ethical and consistent in its dealings with stakeholders.

2 SAFETY AND SECURITY

Financial services safety and security refers to our responsibility to safeguard customers' financial assets and information. It involves effectively supervising the financial sector as well as ensuring that regulated entities comply with relevant laws and regulations.
We are committed to the ongoing review of our customers' financial soundness, and creating an environment which facilitates stakeholder engagements and legislative enhancements.

3 EFFICIENCY

Efficiency is the life blood of all our operations. We value the time and effort of our employees, clients, and other key stakeholders. As such, we commit to the continuous improvement of our core business processes and systems. We will leverage technology and innovation as key drivers in our quest for meeting or exceeding service standards.

4 TRANSPARENCY

It is our firmly held view that disclosing the discharge of public resources is essential in promoting trust of the FSRA. The FSRA is committed to articulating and documenting key decision-making processes at all levels of the organisation and providing for the retention of critical records for a reasonable time frame that will allow for organisational review and improvement in the future.

5 PROFESSIONALISM

As significant regulators we are committed to providing dedicated and competent service to our clients, employees and key stakeholders. We will endeavour to adopt best practices and standards that promote a professional disposition on the part of the FSRA.

6 ACCOUNTABILITY

The FSRA is accountable to our clients, employees, the government and other external stakeholders. As accountability is crucial to our success, we will articulate performance expectations and results, train and empower our organizational leaders to make effective decisions, install the systems, checks and balances that nurture accountable behavior, and reward success.

7 COLLABORATION

We believe in the power of working together to achieve shared objectives. We will listen actively, communicate clearly and respectfully, and be supportive of our internal and external stakeholders. From time to time, where the opportunity presents itself, we will collaborate to co-create tools, instruments, and/or information that is mutually beneficial to both parties.

Section 14 of the Financial Services Regulatory Authority Act, Cap 12.23 of the revised laws of Saint Lucia also states core guiding principles that the Authority must commit to as follows:

- Reduction of the risk to the public of financial loss due to dishonesty, incompetence or malpractice by or through the imprudence of persons carrying on the business of financial services in or from within Saint Lucia;
- Protection and enhancement of the reputation and integrity of Saint Lucia in financial matters;
- Upholding the best economic and social interests of Saint Lucia;
- The need to counter financial crime both in Saint Lucia and elseawhere;
- The protection and fair treatment for consumers;
- Stable and secure financial markets;
- Competitive and innovative financial markets (including a choice of organizational options);
- Proportionate, risk-based regulation;
- Prudential supervision and enforcement;
- Management responsibilities (including the maintenance of adequate financial and managerial resources); and
- The application of ethical conduct at all levels of thee regulated entity.

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Board of Directors

Philip Dalsou
Chairman

Francis Fontenelle
Permanent Secretary
Ministry of Finance

Paul Thompson
Executive Director
Financial Intelligence Authority

Adria Rose Sonson
Director

Marcia Vite
Alternate Director to the Permanent Secretary
Ministry of Finance

Mary Popo
Director

Trevor Brathwaite
Designated Representative
Eastern Caribbean Central Bank
(Appointed August 23, 2023)

Board of Directors
KEY HIGHLIGHTS

New Director

Trevor Brathwaite
Designated Representative Eastern Caribbean Central Bank

Mr. Brathwaite is a professional accountant who served the Government of Saint Lucia in various roles over 14 years. He worked as Assistant Comptroller, Audit, in the Inland Revenue Department from 1992 to 1995, then as Comptroller of Inland Revenue until 2002. He was Permanent Secretary in the Ministry of Finance from 2002 to 2006. Before his public sector career, he worked for KPMG Peat Marwick in Saint Lucia, New Zealand, and Barbados.

Mr. Brathwaite is a member of the Certified Public Accountants of Canada and the Institute of Chartered Accountants of the Eastern Caribbean. He holds a diploma in Business Administration with a concentration in Accounting from Lambton College, Ontario, Canada. He is also a Certified Director, Certified Audit Committee member, and member of the Advisory Board of the Caribbean Institute of Directors.

Currently, he chairs the Board of the Eastern Caribbean Automated Clearing House Services Inc. and is a board member of the Financial Services Regulatory Authority in Saint Lucia and the UTC Global Balanced Fund Ltd. He has represented Saint Lucia on the ECCB's Board of Directors, served on the boards of East Caribbean Financial Holding Company Ltd and Jalousie (1996) Ltd, and chaired the boards of the Saint Lucia Air and Seaports Authority, the National Insurance Corporation Investment Committee, and the Caribbean Organisation of Tax Administrators.

Exiting Director

Leathon Khan
Director

Mr. Khan was appointed to the Board of the Financial Services Regulatory Authority on June 1st, 2022. He demitted office as Deputy Chairman of the Board on August 31st, 2023.

Board of Directors
KEY HIGHLIGHTS

NUMBER OF MEETINGS AND ATTENDANCE

Section 16 (1) of the Financial Services Regulatory Authority Act, Cap 12.23 states that “The Board shall meet monthly as far as practicable and at such other times as may be necessary or expedient for the transaction of business and in any event not less than 6 times per year and the meetings of the Board must be held at such places as the Chairperson shall determine.”

10 Board Meetings were held during the period under review as per the graph below:

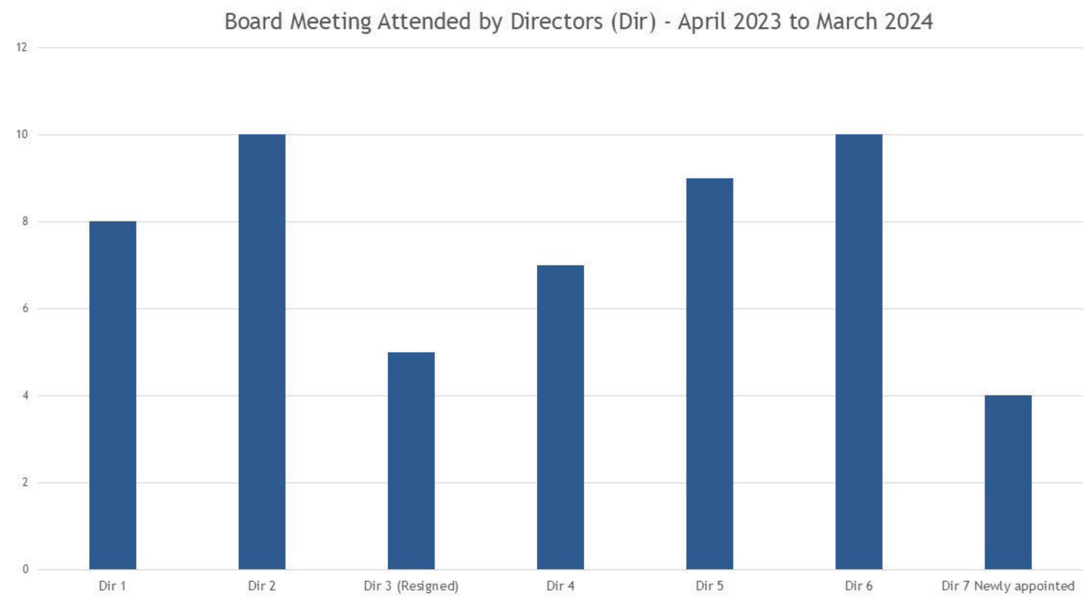


Figure 1: Board Meeting Attended by Directors (Dir) - April 2023 to March 2024

COMMITTEES

Table 1: Committee members as per resolution of September 22, 2022 and Board Minutes of December 8, 2023

Directors	Finance and Audit Committee	Human Resource Committee	Corporate Governance Committee	Legal Committee	Ad Hoc Committee
Adria Sonson	√	√			√
Phillip Dalsou		√			
Paul Thompson (Director of FIA)				√	√
Mary Popo		√	√		
Francis Fontenelle (Permanent Secretary Ministry of Finance)			√	√	
Trevor Brathwaite (ECCB designate)	√		√	√	√

Board of Directors
KEY HIGHLIGHTS

- **Finance and Audit Committee**: The purpose of the Finance and Audit Committee is to support the Board in meeting its duties and oversight obligations concerning financial planning, the audit process, financial reporting, corporate controls, and risk management. Additionally, when necessary, the committee is tasked with presenting recommendations to the entire Board.

- **Human Resources Committee**: The purpose of the Human Resources Committee is to assist and advise the Board on matters that have been delegated to the Committee; review and make recommendations to the Board on matters that have been delegated to the Committee; present recommendations to the Board of Directors for approval.

- **Corporate Governance Committee**: The purpose of the Corporate Governance Committee is to (i) assist, review, advise and make recommendations to the Board on matters that have been delegated to the Committee; (ii) ensure that there is a robust and effective process in place (systems, processes, resources and accountabilities) to enable good governance of the Financial Services Regulatory Authority (FSRA/ Authority); (ii) ensure that there is an effective process for evaluating the performance of the Board, Board Committees and individual directors for greater effectiveness; (iv) review environmental and social governance issues of the Authority and make recommendations to the Board.

- **Legal Committee**: The purpose of the Legal Committee is to provide legal expertise to the Board and provide recommendations on legal issues as required. Keep members informed about pertinent legal advancements, including potential international conventions, encompassing areas such as civil liability, insurance, corporate social responsibility, and related subjects.

- **Ad hoc Committee**: The Ad hoc Committee is a temporary committee created to address a particular issue referred by the Board that does not fall within the purview of any other committees established by the Board.

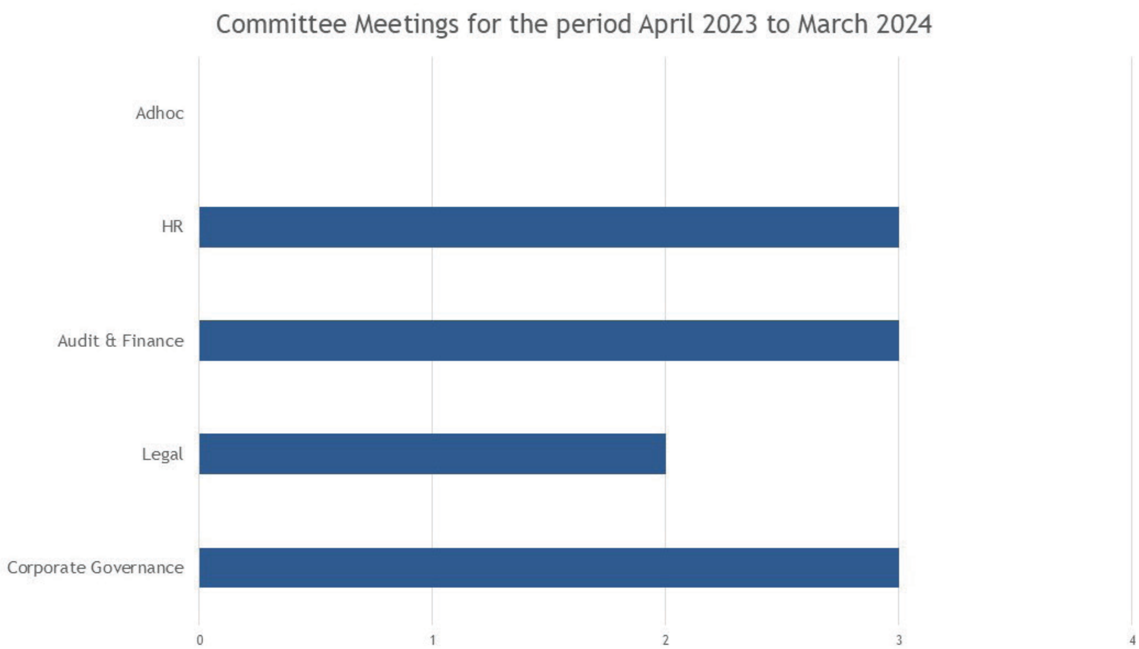


Figure 2: Committee Meetings for the period April 2023 to March 2024

10 Years of Good Governance...

Management Team

Nathalie Dusauzay
Executive Director

Hubert Deligny
Deputy Executive Director

Hemish Lesmond
Corporate Secretary/ Legal Officer

Sancha Victor
Manager International Financial Services and NBFIs

Cuby King
Manager Insurance and Pension Fund Plans Sector

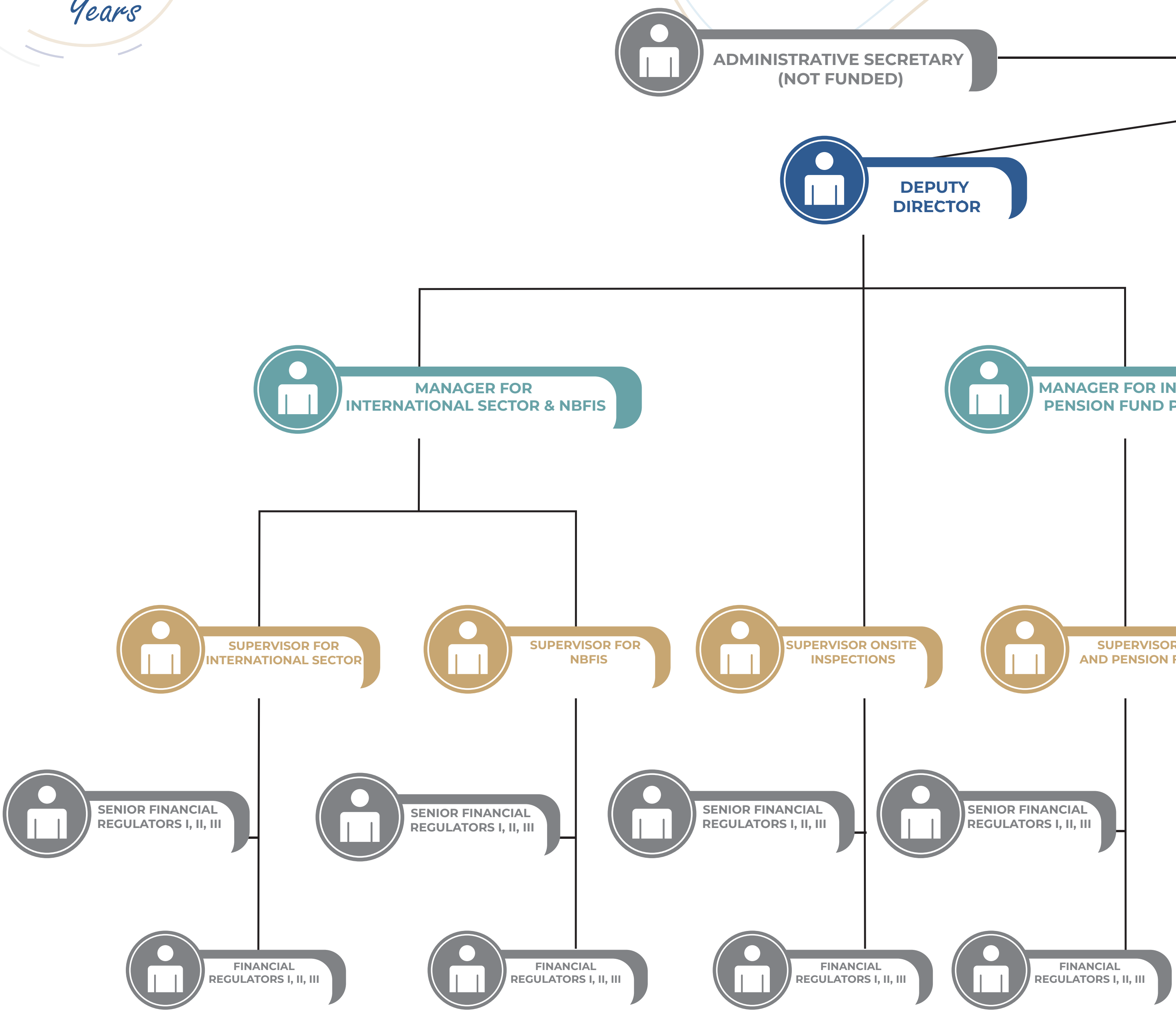
Shemedia Gajadhar
Administrative Manager

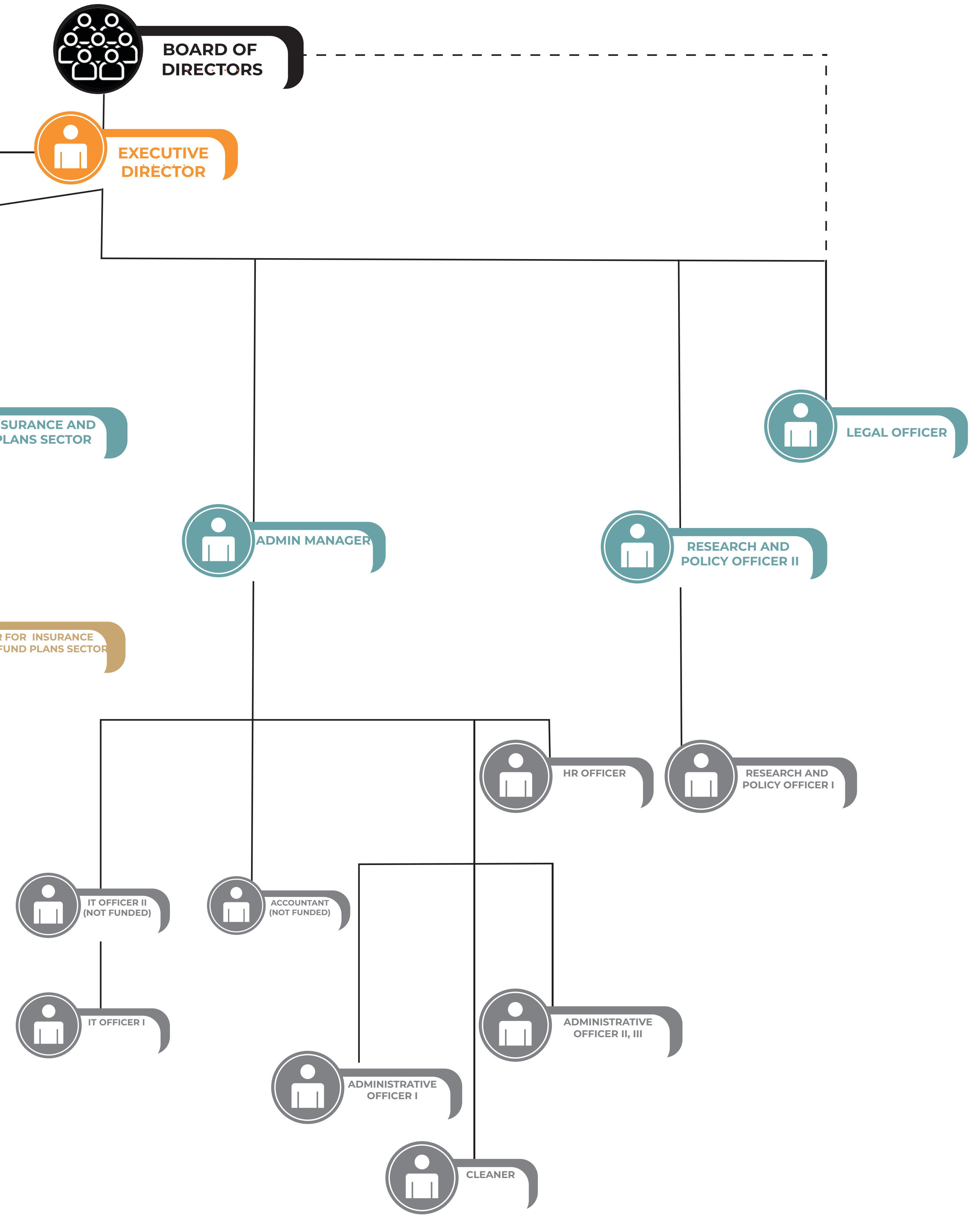
Hannah Mc Donald
Supervisor NBFIs

Shelevon Louis
Supervisor International Financial Services

Crystal Martyr
Supervisor Insurance and Pension Fund Plans Sector

Organization Chart




BOARD OF DIRECTORS
EXECUTIVE DIRECTOR
SURANCE AND
PLANS SECTOR
LEGAL OFFICER
ADMIN MANAGER
RESEARCH AND POLICY OFFICER II
R FOR INSURANCE
FUND PLANS SECTOR
HR OFFICER
RESEARCH AND POLICY OFFICER I
IT OFFICER II (NOT FUNDED)
ACCOUNTANT (NOT FUNDED)
IT OFFICER I
ADMINISTRATIVE OFFICER II, III
ADMINISTRATIVE OFFICER I
CLEANER

Staff Members

Front Row from L to R: Mrs. Shemedia Gajadhar, Ms. Kurthny Shoulette, Ms. Edmona James, Mrs. Sancha Gervais-Victor
Second Row from L to R: Ms. Kelly Trim, Mrs. Nathalie Dusauzay, Mrs. Krysta Anthony-Sylvester, Mrs. Shelevon Louis, Ms. Nina William, Ms. Ruan Branch, Ms. Elaina Naitram, Ms. Nadell George, Mr. Malauge Vitalis, Mr. Kirby Auguste, Mr. Giovanni Saltibus, Ms. Crystal Martyr
Third Row from L to R: Ms. Jamica Francis, Ms. Cornelia Francis, Mr. Shelanco Frederick, Mr. Travis Deterville, Ms. Jeannique Gaillard, Mrs. Hannah McDonald, Mr. Cody Mohamed, Mr. Cuby King, Mr. Hemish Lesmond, Mr. Embert St Juste, Mr. Gillan Dore, Mr. Tyller Jules
Absent: Ms. Suzanne James, Ms. Kerline Sylvester, Ms. Kerea Joseph, Mr. Hubert Deligny

Insurance and Pension Fund Plans Unit

From L to R: Ms. Jamica Francis, Mr. Travis Deterville, Ms. Edmona James, Ms. Crystal Martyr, Ms. Jeannique Gaillard, Ms. Ruan Branch, Mr. Cuby King, Ms. Nadell George
Absent: Ms. Kerline Sylvester, Ms. Kerea Joseph

International Financial Sector & NBFIs Unit

From L to R: Mr. Shelanco Frederick, Ms. Nina William, Mrs. Shelevon Louis, Mr. Kirby Auguste, Ms. Kelly Trim, Mrs. Hannah McDonald, Mr. Giovanni Saltibus, Mr. Malauge Vitalis, Mrs. Krysta Anthony-Sylvester, Mrs. Sancha Gervais-Victor

Onsite Inspection Unit

From L to R: Mr. Cuby King, Mr. Cody Mohamed, Ms. Kurthny Shoulette, Mr. Gillan Dore, Mrs. Sancha Gervais-Victor

Absent: Mr. Hubert Deligny

Administrative Unit

From L to R: Mrs. Shemedia Gajadhar, Ms. Elaina Naitram, Mr. Tyller Jules, Ms. Cornelia Francis

Absent: Ms. Suzanne James

Chairman's Message

Philip Dalsou
Chairman

Dear valued stakeholders,

I am honored to present the Financial Services Regulatory Authority's (FSRA) 2023-2024 Annual Report. This marks a decade of our operations since we began in January 2014. Over the past ten years, the FSRA has been diligent in its commitment to strengthening the financial services sector, ensuring robust regulatory frameworks, and safeguarding consumer interests in an ever-evolving post-pandemic landscape.

"...marks a decade of our operations since we began in January 2014."

This report provides a comprehensive review of our achievements and progress during the second year of our 2022-2025 Strategic Plan.

As we reflect on this important milestone there is much to celebrate. The FSRA has become more focussed and strategic in ensuring that it transforms into a high performance organization. The successes of the FSRA has been due to the staff, our most important resource and underscores their commitment, resilience, adaptability and innovation. Our team is composed of 31 dedicated employees, 25 of whom are directly involved in supervision. Together, we have effectively regulated and supervised 139 financial institutions, 34 pension fund plans, 8 international mutual funds, 17 registered agents, 1 registered trustee, and approximately 187 insurance salesmen. Our active participation in key initiatives, including the National Anti-Money Laundering Oversight Committee (NAMLOC) and various other regulatory committees, has been crucial in enhancing our regulatory oversight and aligning with international standards.

"The successes of the FSRA has been due to the staff, our most important resource and underscores their commitment, resilience, adaptability and innovation."

Our strategic objectives have been guided by the 2022-2025 Strategic Plan. The plan's four strategic pillars—Clients and Consumers, Operations, Internal Capacity, and Financial Resources—have provided a clear framework for our initiatives and accomplishments. As we celebrate ten years of dedicated service, we look forward to continuing our mission to foster a resilient and inclusive financial sector in Saint Lucia. Our achievements for each pillar are listed below.

STRATEGIC PILLAR 1: CLIENTS AND CONSUMERS. Our commitment to enhancing the legislative and regulatory framework saw us propose significant amendments to key acts, including the International Mutual Funds Act (IMFA) and the Virtual Assets Business Regulations (VABR). We also focused on stakeholder engagement through initiatives like the 'Regulatory Interface' with the Credit Union Sector and consultations with the Insurance Council of Saint Lucia (ICSL). These efforts have strengthened our regulatory practices and improved sector awareness.

STRATEGIC PILLAR 2: OPERATIONS. The adoption of the Risk-Based Supervisory (RBS) Framework has significantly improved our oversight capabilities. Despite not fully achieving the projected number of assessments, we conducted eight risk-based and pre-opening inspections of financial institutions, identifying and mitigating potential risks proactively. Hence, we continue to build capacity with the implementation of a dedicated Onsite Inspection Unit within our structure. Enhancing our internal processes through engagement with software providers is also a priority, although progress was delayed due to resource constraints. Nonetheless, our interventions in regulatory non-compliance cases have maintained industry standards and ensured corrective actions.

STRATEGIC PILLAR 3: INTERNAL CAPACITY. Improving our internal capacity has been a focal point. Human Resource Management training for management and supervisors has bolstered our leadership capabilities. Additionally, ongoing technical training and participation in workshops have enhanced our staff's regulatory and supervisory skills, ensuring we remain at the forefront of regulatory excellence.

"... we continue to build capacity with the implementation of a dedicated Onsite Inspection Unit within our structure."

STRATEGIC PILLAR 4: FINANCIAL RESOURCES. Financial independence and revenue growth have been critical. We have undertaken comparative analyses and consultations to inform our licensing and fee structures, aiming to achieve greater financial sustainability. Implementing measures to enhance revenue collection and exploring remote working options have also contributed to our operational efficiency.

The domestic financial sector has demonstrated resilience, showing increased profitability and asset growth in insurance, credit unions, and money services businesses. However, the international sector continues to face challenges due to legislative changes and heightened regulatory scrutiny. Despite these challenges, the sector is beginning to adjust, showing signs of stabilization.

The domestic financial sector has demonstrated resilience, showing increased profitability and asset growth in insurance, credit unions, and money services businesses. However, the international sector continues to face challenges due to legislative changes and heightened regulatory scrutiny.

As we look to the future, we are poised to address key developments and challenges. These include the implementation of IFRS-17 for insurance contracts, managing reinsurance contracts, and continuing our Asset Quality Review (AQR) exercise to enhance sector resilience. Our focus on climate-related risk initiatives, in collaboration with the Eastern Caribbean Central Bank (ECCB), will further bolster the sector's sustainability.

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I extend my heartfelt gratitude to the entire FSRA team for their dedication and hard work. Our achievements are a testament to their commitment and expertise. I wish to also thank our stakeholders, including the financial services sector and government agencies, for their continued cooperation and collaboration. Together, we will continue to protect the financial system, promote market integrity, and support sustainable economic growth for the betterment of Saint Lucia's financial landscape.

Thank you.

Philip Dalsou
Chairman of the Board of Directors
Financial Services Regulatory Authority

Executive Director's Report

Nathalie Dusauzay
Executive Director

I am pleased to present the Financial Services Regulatory Authority's (FSRA) 2023-2024 Annual Report, marking the second anniversary of the FSRA's 2022- 2025 Strategic Plan. Over the past year, we have continued to navigate the post- pandemic landscape, leveraging our strategic pillars to reinforce our commitment to maintaining public confidence in the financial system. Our focus on sound corporate governance principles, international best practices, and the protection of consumers of financial services has been unwavering.

As we reflect on our journey, it is evident that the Strategic Plan has provided us with a robust framework to achieve our goals. The dedication and professionalism of our staff, the support of our management, and the guidance of our Board of Directors have been instrumental in our progress. During the fiscal year, we showed agility and effectiveness in a dynamic operating environment. With a dedicated team, we successfully regulated and supervised 139 financial institutions and approximately 187 insurance salesmen. We also provided critical support to the National Anti-Money Laundering Oversight Committee (NAMLOC), with two senior officers of the FSRA serving on this committee. The FSRA also actively participated on various committees and contributed to numerous initiatives, including managing Climate Related Risk initiative which is being led by the Eastern Caribbean Central Bank (ECCB) and the IFRS-17 implementation project which involves aligning the regulatory framework with the new accounting standard and developing the relevant accounting and actuarial guidelines and reporting forms. In addition, the FSRA continued to provide valuable information on the financial sector to a range of stakeholders, including the ECCB, International Monetary Fund (IMF) and government agencies. These efforts included attending and contributing to meetings with various stakeholders.

This Annual Report outlines our accomplishments for the fiscal year 2023-2024. It details our success in meeting strategic and operational objectives, fulfilling the priorities established in the 2022-2025 Strategic Plan, and showcases the performance of the domestic and international financial sectors.

STRATEGIC PLAN

Our 2022-2025 Strategic Plan, which was published in April 2022, outlines our primary agenda and criteria for success. The plan is centered around four strategic pillars:

1. CLIENTS & CONSUMERS	2. OPERATIONS	3. INTERNAL CAPACITY	4. FINANCIAL RESOURCES
VIBRANT JURISDICTION	**OPERATIONAL ALIGNMENT**	**STRATEGIC COMPETENCE**	**STEWARDSHIP & SUSTAINABILITY**
Creating a vibrant and attractive jurisdiction with a strong emphasis on stakeholder engagem,ent and consumer protection	Strengthening and aligning operations for risk-based supervision of current and emerging financial innovations	Building strategic competence to meet our expanding mandate and the creation of a corresponding culture that promotes professionalism, accountability and employee engagement	Fostering growth and stewardship of our financial resources to support the need for increased independence and long-term financial sustainability

In 2023, we focused on evaluating our progress based on the strategic plan, balancing the interests of depositors, policyholders, pension plan beneficiaries, and other consumers with the need for financial institutions to compete and manage risks responsibly. Despite resource constraints and necessary adjustments to timelines and milestones, we made significant strides towards our strategic objectives.

REPORTING RESULTS

STRATEGIC PILLAR 1: CLIENTS AND CONSUMERS

Improving Legislative and Regulatory Frameworks:

Proposed amendments to key acts and regulations, such as the International Mutual Funds Act (IMFA) and the Virtual Assets Business Regulations (VABR), aim to further strengthen our regulatory framework.

The proposed amendment to the IMFA will require international private mutual funds to have a licensed administrator under the Act which will allow for the FSRA's direct oversight of these administrators.

While the VABR have not been passed and virtual asset service providers were not licensed during the fiscal period, the legislation and draft VABR mandate that individuals or entities intending to offer virtual asset services must undergo thorough due diligence processes to comply with regulatory requirements and ensure the integrity of the financial system.

In addition to our ongoing efforts, we proposed a review of the International Business Companies (IBC) Act to caution the incorporation of IBCs engaging in finance-related activities without prior approval from the FSRA. Also, we proposed amending the Companies Act and the Registration of Business Names Act to explicitly require FSRA's consent for the registration of businesses with names suggesting involvement in financial services. These measures aim to enhance regulatory oversight and ensure that all financial entities operate within the legal framework.

Enhancing Stakeholder Engagement:

We conducted extensive consultations with various stakeholders, including the insurance sector, cooperative league, and regional regulatory units, to align our practices with international standards.

Specific initiatives include:

• A new initiative termed 'Regulatory Interface', aimed at improving the FSRA's engagements/consultation with the Credit Union Sector. The first of these regulatory interfaces was held during the first quarter of the fiscal period in collaboration with the St. Lucia Co-operative Credit Union League Ltd. This regulatory interface took the form of a one (1) day sensitization workshop which aimed to increase sector awareness concerning the notion of Asset Quality Reviews (AQR).

• Engagement with the Insurance Council of Saint Lucia (ICSL), where we attended the ICSL AGM and provided updates on the implementation of IFRS 17.

• Additionally, in October 2023, we promoted awareness on corporate governance through the CARIB DE programme.

• We also presented the FSRA's Vision, Mission, and Core Values which were broadcasted on national television to ensure transparency and public awareness.

• Furthermore, Own Risk and Solvency Assessment (ORSA) guidelines were circulated to the insurance sector for review and consultation.

These efforts are part of our commitment to comprehensive stakeholder engagement and regulatory excellence.

Maintaining Jurisdictional Integrity:

The development and circulation of guidelines for various sectors have reinforced our commitment to transparency and compliance. We have developed and circulated guidelines across various sectors.

For Credit Unions, we issued new guidelines for requesting extensions for the submission of returns and the tenure of directors and prepared draft guidelines on loan provisioning to ensure adequate financial safeguards. Additionally, we have increased the frequency of meetings with credit unions subject to prompt corrective actions, addressing their compliance and operational challenges.

For the Insurance Sector, we drafted guidelines on IFRS 17-compliant quarterly and annual returns, as well as ORSA.

These initiatives underscore our dedication to maintaining jurisdictional integrity and upholding rigorous regulatory standards.

STRATEGIC PILLAR 2: OPERATIONS

Risk-Based Supervision:

The adoption of the Risk-Based Supervisory (RBS) Framework has enhanced our oversight capabilities. The FSRA continued with its effort towards full implementation of RBS for the various sectors. However, the projected number of entities to be assessed using this framework was not fully achieved. Notwithstanding, the FSRA conducted 8 risk-based and pre-opening inspections of financial institutions, utilizing the risk-based approach, identifying and mitigating potential risks proactively.

An onsite inspection team was commissioned towards the third and last quarters of 2023. This team will serve to further enhance our capacity to oversee financial institutions, ensuring compliance and addressing any emerging issues promptly. During the 2023/2024 fiscal period the team was involved in both onsite examinations and asset quality reviews. The team also placed focus on Registered Agents, a crucial intermediary of IBCs, due to the possible reputational risk exposure to Forex Brokerage Services providers, who are registered under the IBC Act, but not captured under the existing financial regulatory and supervisory regime. The FSRA also held regulatory prudential meetings and participated in regulatory colleges for cross-border regulated entities. Below are the statistics for the number of onsite inspections, prudential meetings, and regulatory colleges conducted.

Onsite inspections:
- Money Service Business – 4
- International Banks – 1
- Registered Agents – 1
- Credit Unions – 2

Regulatory Prudential Meetings:
- Insurance Companies – 2
- Credit Unions – 2

Regulatory Colleges:
- Insurance Companies – 1

Efficiency in Internal Processes:

Engaging with software providers to improve our regulatory functions has been a priority, aiming to facilitate more efficient supervisory oversight. In that regard, the FSRA held discussions with several service providers.

To this end, information on the FSRA's internal processes and workflows has been provided and discussed to ensure the software solutions are tailored to our specific regulatory needs and requirements. These enhancements are also expected to benefit our external stakeholders by improving the accuracy and timeliness of regulatory reporting and compliance monitoring. However, progress in this regard was delayed due to resource constraints.

Compliance and Enforcement:

We have intervened in cases of regulatory non-compliance, ensuring that corrective actions are taken to maintain industry standards. In 2023, we issued compliance directives to ten (10) entities and closely monitored the rectification processes to ensure compliance within the stipulated timelines.

STRATEGIC PILLAR 3: INTERNAL CAPACITY

Improving Leadership Practices:

Human Resource Management training for management and supervisors has strengthened our leadership capabilities. Our Leadership Development Training Programme saw 6 managers and 3 supervisors complete advanced management training modules, improving leadership skills and organizational effectiveness.

Enhancing Sector Competence:

Ongoing technical training and participation in workshops have bolstered our staff's regulatory and supervisory skills. The FSRA facilitated staff training in several technical and regulatory areas with the assistance and support of our stakeholders such as CARTAC, the world bank, ICAEC and the ECCB.

Training facilitated in 2023/2024 included:
- Access to E-Learning platform (Banking, Insurance, AML, Accounting standards, etc) which is ongoing;
- Participation in annual workshops such as CAIR, CAPS and Carib De;
- IFRS 17 training;
- BIS online course on finance, innovation and technology;
- Risk-Based Supervision for Credit Unions;
- Own Risk and Solvency Assessment (ORSA) and Introduction to Risk-Based Capital;
- Management Development training;
- In-house training on technical supervisory and regulatory subjects;
- UNCDF Policy Acceleration Programme - Introduction to Instant and Inclusive Payment - Training on virtual assets and digital money;
- Virtual Asset training by the World Bank;
- Climate Related Risks and Assessment;
- ICAEC – IFRS updates (IAS 1,8,12; IFRS 17, IFRS S1 and S2).

STRATEGIC PILLAR 4: FINANCIAL RESOURCES

Financial Independence and Revenue Growth:

Comparative analysis and consultations with the Ministry of Finance have informed our approach to licensing and fee structures. We anticipate revised fee structures for the credit union and insurance sectors, commensurate with the cost of regulating and supervising these sectors. Upon implementation, this will result in an increase in revenue for the FSRA.

Revenue Collection and Cost Reduction:

By implementing measures to enhance revenue collection and exploring remote working options, we aim to achieve greater financial sustainability and operational efficiency. Whilst the full benefit of remote working pertaining to cost reduction could not be quantified for the fiscal year, we identified positive impacts on work-life balance and hope to continue monitoring and optimizing our remote work strategies to maximize both employee satisfaction and organizational efficiency in the coming years.

OVERVIEW OF THE FINANCIAL SECTOR

The domestic financial sector demonstrated resilience, transitioning from the restrictive environment imposed by COVID-19. The sector showed strong stability, recording increased profitability and asset growth in insurance, credit unions, and money services businesses. However, the international sector continued to experience challenges, due to internationally imposed restrictions. More particularly, international banks continued to struggle with obtaining the requisite correspondent banking relationships to operate due to de-risking by banks operating in the OECD countries, because of heightened compliance costs and regulatory scrutiny. An overview of the various sectors' performance is provided below:

Domestic Insurance and Pension Fund Plans Sector

As of December 31, 2023, Saint Lucia's domestic insurance sector demonstrated robust performance, marked by significant growth in gross written premiums and total assets. The sector's positive trajectory can be attributed to a favourable macroeconomic environment, including steady economic growth and increased consumer confidence. Additionally, the sector's focus on maintaining a high proportion of liquid and investment assets contributed to its overall stability and resilience. The increase in capital and reserves further bolstered the sector's financial health, ensuring that it remained well-capitalized to meet policyholder obligations and support ongoing business operations.

Credit Union

In addition to the strong performance of the insurance sector, Saint Lucia's credit union sector also showed notable growth and stability. Membership continued to rise, covering a significant portion of the population and highlighting the strong demand for credit union services. The sector's total assets saw a substantial increase, reflecting its growing importance within the financial landscape.

A key factor behind this positive performance was the sector's concerted efforts to meet new regulatory capital requirements, leading to an increase in permanent share capital. This focus on regulatory compliance and capital adequacy contributed to the sector's financial stability and resilience. Despite challenges such as delinquent loans remaining above prudential limits, the overall provisioning for these loans decreased, indicating improved management and risk mitigation strategies.

The growth of the credit union sector was further supported by broader economic recovery following the pandemic. As economic conditions improved, so did consumer confidence and financial activity, providing a supportive environment for credit unions to thrive. This growth was underpinned by a strong capital base and ongoing efforts to align with regulatory standards, ensuring the sector remained resilient and well-positioned for future challenges.

Money Services Business Sector

In 2023, the MSB sector saw a notable increase in remittance inflows totalling $169 million, a 5% increase, reversing the slight dip experienced in the previous year. This resurgence was particularly significant given the outlier year of 2021, where there were substantial increases in overseas contributions during the COVID-19 pandemic. The consistent upward trend in remittance inflows from 2018 to 2023 underscores the sector's robust growth trajectory.

International Sector

The total number of regulated entities operating in the international sector stood at Fifty-one (51) entities which comprised International Banks (10), International Insurance (33) and International Mutual Funds (8).

The growth of the international sector has been stymied due to legislative amendments to the International Business Companies Act, Cap. 12.14 as amended, where international business companies (IBCs) are now subjected to the same corporate income tax treatment (30%) as domestic companies, moving from the preferential tax rate of 1%. However, 2023 saw a net reduction in the number of registered entities compared to previous years, indicating that the sector is beginning to adjust to these legislative changes.

FINANCIAL SECTOR OUTLOOK

Looking ahead, I wish to highlight some of the developments, challenges, and opportunities anticipated in the various subsectors for the upcoming year.

IFRS 17 – Insurance Contracts

Insurers are required to prepare financial statements in accordance with International Financial Reporting Standards (IFRS). In keeping with IFRS, insurers must adopt IFRS-17 compliant reporting by the end of 2023. However, the FSRA, collaborating with other Caribbean regulators to develop harmonized IFRS-17-compliant reporting forms, has faced delays, with new forms still under consultation with the industry. Acknowledging insurers' requests for more time to address IFRS-17 complexities and input from accountants and actuaries, the FSRA decided to defer the IFRS-17 implementation by one year.

Reinsurance Contracts

Following a hardening of the reinsurance market in 2023, reinsurance rates for property catastrophe business are forecasted to rise moderately in 2024, impacting property insurance pricing in Saint Lucia. Additionally, insurers may continue to face difficulties in expanding catastrophe capacity limits, potentially leading to underinsurance and increased loss exposure. Facultative arrangements may be necessary to meet demands, and insurers will need to carefully balance capacity, retention, and capital. This will call for close monitoring by the FSRA to ensure prudent risk management by insurers.

Asset Quality Review (AQR)

The FSRA commenced an Asset Quality Review (AQR) exercise of the credit union sector during the last quarter of the fiscal period. The FSRA plans to extend this exercise in the coming years to encompass other systemically important and higher risk institutions. This continuation aims to enhance the sector's resilience and ensure the stability and robustness of financial institutions that play a crucial role in the financial system.

Forex Business

During the first quarter of 2023, the FRSA noted that several International Business Companies (IBCs) were engaged in Forex activities. Such services are not captured under the current legislative framework of Saint Lucia and therefore are not supervised and regulated by the FSRA. To mitigate reputational risk exposure, the FSRA decided to issue notices on its website clarifying that it does not regulate Forex activities and that entities engaged in such activities are not licensed by the FSRA. This aims to further clarify regulatory boundaries and protect investors and stakeholders. Discussions have been held with various stakeholders and the policy makers are considering establishing the necessary framework to regulate the sector in the near future.

Climate Related Risk Initiative

The FSRA will be continuing its collaboration with the Eastern Caribbean Central Bank (ECCB), regional financial sector supervisors, and the Eastern Caribbean Securities Regulatory Commission (ECSRC) towards enhancing supervision of climate-related financial risks. In the last quarter of the fiscal period, a Climate-Risk Readiness Survey of Non-Banking Financial Institutions was initiated to gauge awareness and readiness in managing climate-related risks. The project, currently in phase one, is expected to progress to phase two in the upcoming financial year, with phase three aimed at enabling credit unions and insurers to contribute relevant data. This initiative seeks to enhance awareness, accountability, and risk mitigation, ensuring the financial sector's resilience to potential disasters and bolstering sustainability in Saint Lucia's financial services industry.

CONCLUSION

In closing, I would like to express my sincere appreciation to the entire team at the FSRA for their hard work and dedication and the strategic guidance provided by our Board of Directors, throughout the year. Our achievements are a testament to their commitment and expertise. I also thank our stakeholders, including the financial services sector and government agencies such as the Department of Finance, the Attorney General's Chambers, the Inland Revenue Department, and the Financial Intelligence Authority, for their continued cooperation and trust. As we look ahead, we remain focused on our mission to protect the financial system, promote market integrity, and support sustainable economic growth. We are confident that, with our collective efforts, we will continue to navigate the challenges ahead and seize new opportunities for the betterment of Saint Lucia's financial landscape.

Sector Reports

Domestic Sector

- **Domestic Insurance Sector**
- **Credit Union Sector**
- **Money Services Business Sector**

**Please note the figures contained in the following reports are as at 31st December 2023*

Domestic Insurance Sector

As at December 31, 2023 Saint Lucia's domestic insurance sector was comprised of 23 active registered insurance companies being, eight (8) long-term insurers, fourteen (14) general insurers and one (1) composite insurer underwriting both long-term and general insurance business. An additional three (3) long-term insurers were registered but not selling insurance policies; two (2) under judicial management as they continue to transition out of the market and one (1) which was incorporated within the ECCU to assume the portfolio of an associated company operating on a branch/agency basis within the sub-region. The portfolio transfer is expected to be completed within the year. Of the 14 general insurers, one (1) is operating under judicial management.

Twenty-three (23) companies were registered as insurance agents for fourteen (14) insurance companies at the close of 2023. The number includes the deregistration of 1 Insurance Agent and the registration of 1 Insurance Agent since the last report. Six (6) insurance agents operated as their principal's sole insurance representative in Saint Lucia, while the other (17) Insurance Agents represented eight (8) insurance companies which have their own offices in Saint Lucia. Ten (10) Insurance Agents operate for three (3) insurers which each have more than one insurance agent.

Insurance salespersons were also contracted by insurers and insurance agents to solicit business on their behalf. At the end of 2023, there were one hundred and eighty-seven (187) insurance salesmen certificates issued to approximately one hundred and sixty-seven (167) individuals.

At the end of 2023, nine (9) insurance brokers continued to be registered to serve potential policyholders and existing clients, while four (4) applicants remain unregistered as they seek to satisfy the requirements for registration. For the past few years, Insurance Brokers handled premiums in the range of $75-to-$85 million equalling approximately 32-to-33% and 23-to-28% of general and long-term gross written premiums, respectively, evidencing their integral role in the insurance industry. Brokers continued to place select risks directly with Lloyd's, an association of underwriters registered to operate in Saint Lucia, which have not included motor vehicle or long-term insurance for several years. Eight (8) of the nine (9) insurance brokers are Saint Lucian owned companies.

Private occupational pension fund plans (pension plans) are registered and regulated under the Part 9 of the Insurance Act. During 2023 there was no movement in the number of registered pension plans, thus thirty-four (34) plans were registered at the end of year. Of the registered pension plans, twenty-seven (27) are defined contribution plans, four (4) are defined benefit plans, and three (3) are hybrid plans which operate both defined benefit and defined contribution sections.

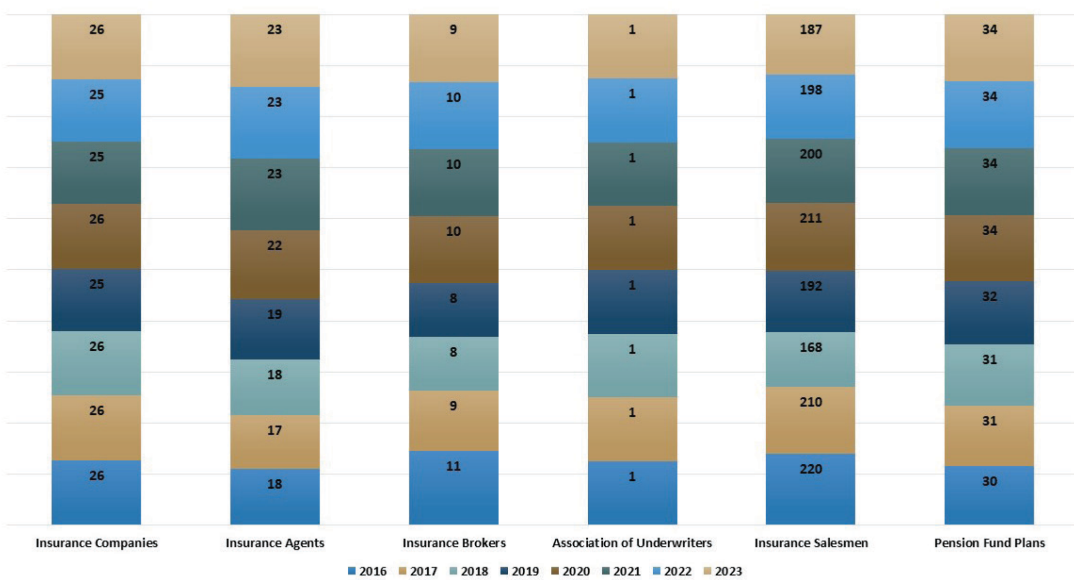

Figure 3: Number of Registered Insurance Entities and Pension Fund Plans 2016-2023

SECTOR PERFORMANCE AND POSITION

For the year 2023, the insurance sector maintained the trend of recording higher gross written premiums compared to the previous year. Total premiums generated by insurance companies approximated $294.2 million; a $28.31 million increase from the prior year 2022, where $265.96 million was generated. The significant increase was underpinned by increases in the gross premiums of nineteen (19) of the twenty-three insurers which offset the combined $2.55 million reduction in premiums by the other four insurers.

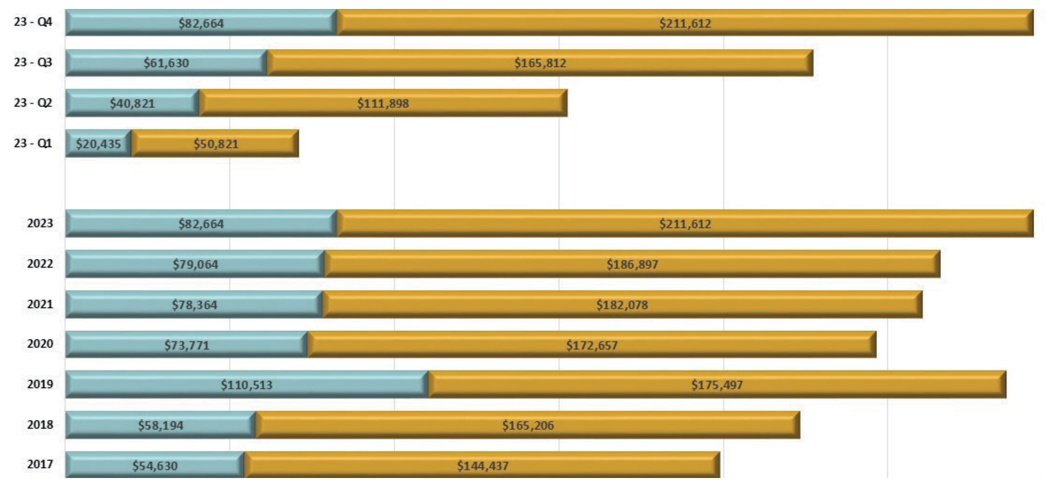

Figure 4: Industry Gross Written Premium 2016-2023 ($'000)

The 10.6% increase in gross written premiums was fuelled by increases in both the long-term and general insurance sectors, with the latter being responsible for 87.29% of the total increase. Analysis of the quarterly underwriting performance of the sector when compared with the prior year, 2022, reveals increases in premiums by both sectors in every quarter, with the greatest increases being recorded by the general insurance sector in their second quarter (21.7% increase) and their first quarter (14.14% increase).

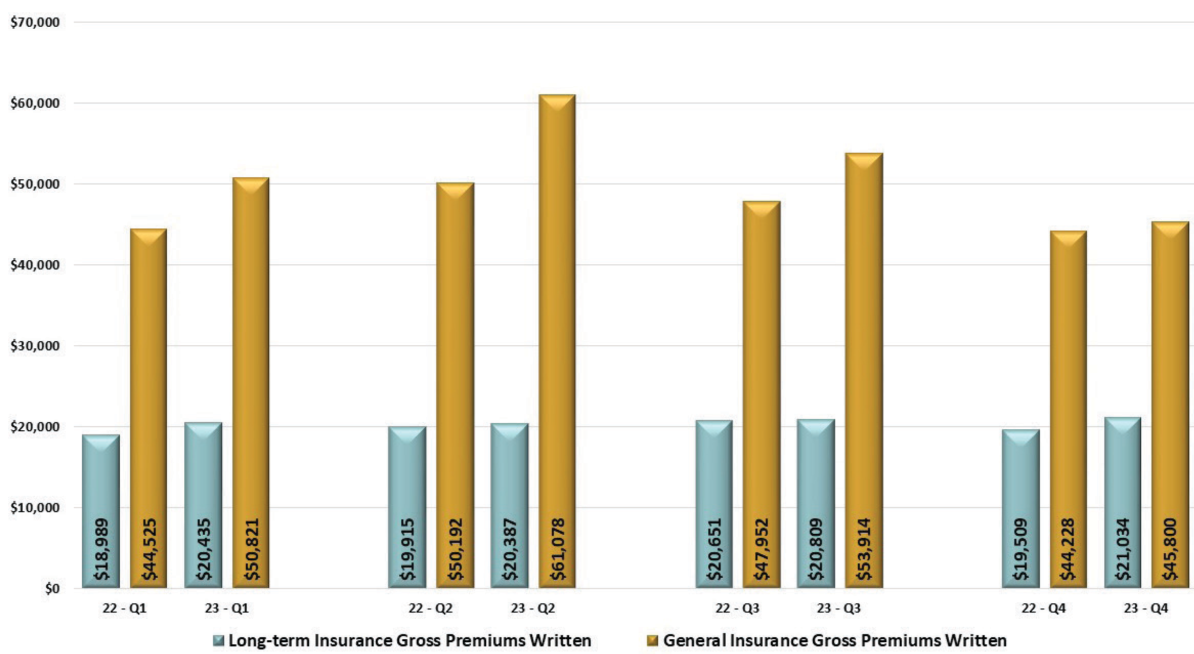

Figure 5: Quarterly Gross Written Premiums by Subsectors 2022, 2023

The percentage of total premiums retained by insurers in 2023, that is, amounts not ceded to reinsurers, fell slightly from 64.16 to 63.69%, placing 2023 just above the 8-year median of 63.55%. Since 2016, the retention rate ranged from 61.3% to 67.0%.

Premiums earned by the sector during 2023 of $179.99 million along with other revenue of $24.68 million were sufficient to fully cover all insurers' claims, expenses and other policyholder benefits totalling $188.74 million, earning the insurance sector an operating profit of $15.92 million.

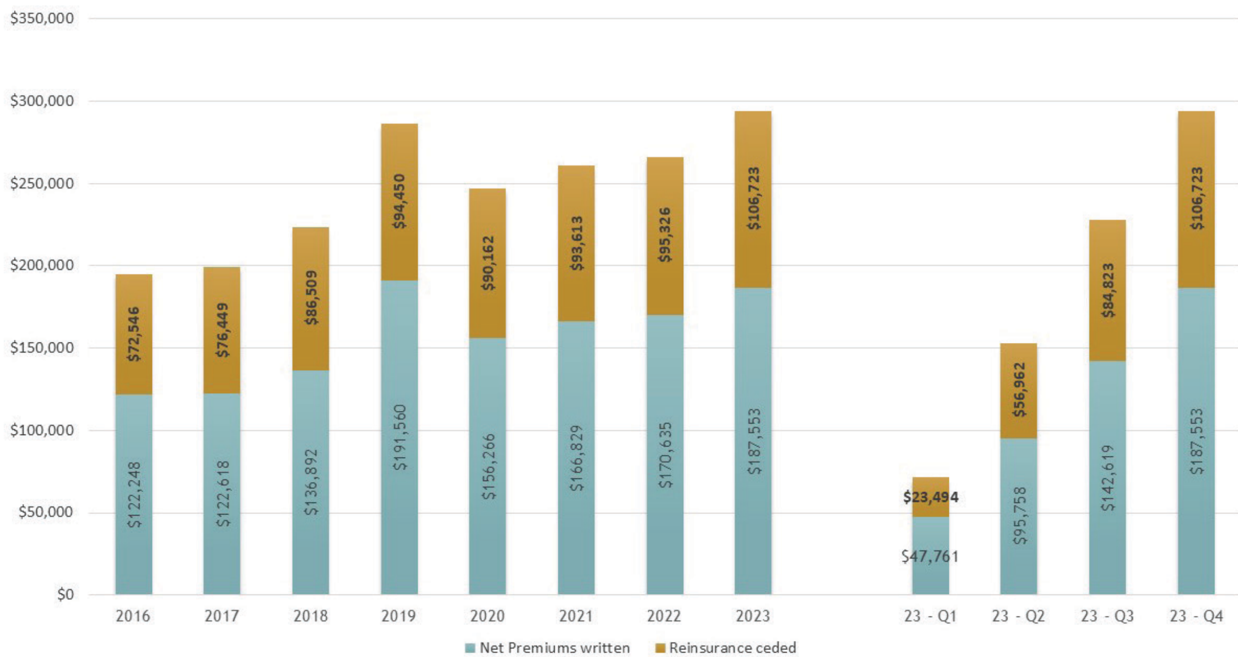

Figure 6: Premiums Ceded and Premiums Retained by Domestic Insurers 2016-2023 ($'000)

Insurers' assets totalled $829.95 million at the end of 2023, from $808.12 million in 2022; a 2.7% increase. Highly liquid and other investment assets made up 78.52% or $651.6 million. An additional amount totalling $48.48 million (5.84% of assets) represented an estimate of reinsurers' portion of insurance liabilities. Total liabilities amounted to $593 million, of which, insurance liabilities formed 83.4% or $494.58 million. Total capital and reserves of insurers were reported at $236.87 million; an increase of $11 million or 4.91% from the prior year's $225.78 million.

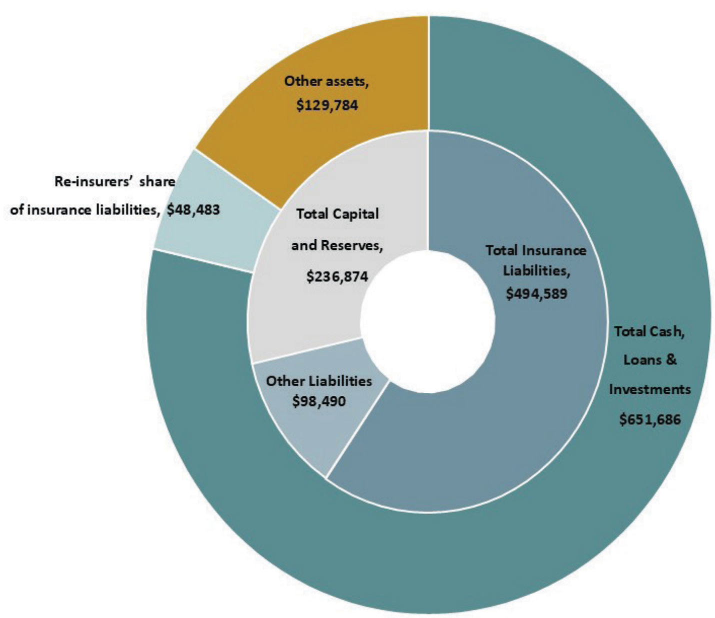

Figure 7: Balance Sheet of Insurance Companies operating in Saint Lucia, 2023 ($'000)

GENERAL INSURANCE BUSINESS

During the reporting period, the general insurance classes of business contributed 71.87% ($211.24 million) of total premiums underwritten by insurers. This represents an increase of $24.34 million or 13% compared to the prior year, 2022, where insurers recorded $186.9 million in total premium. Net premiums increased by a larger percentage (13.82%) to $108.92 million, a $13.22 million increase, due to a disproportionate 12.74% increase in reinsurance premiums ceded from $91.19 million to $102.68 Mn ($11.48 million).

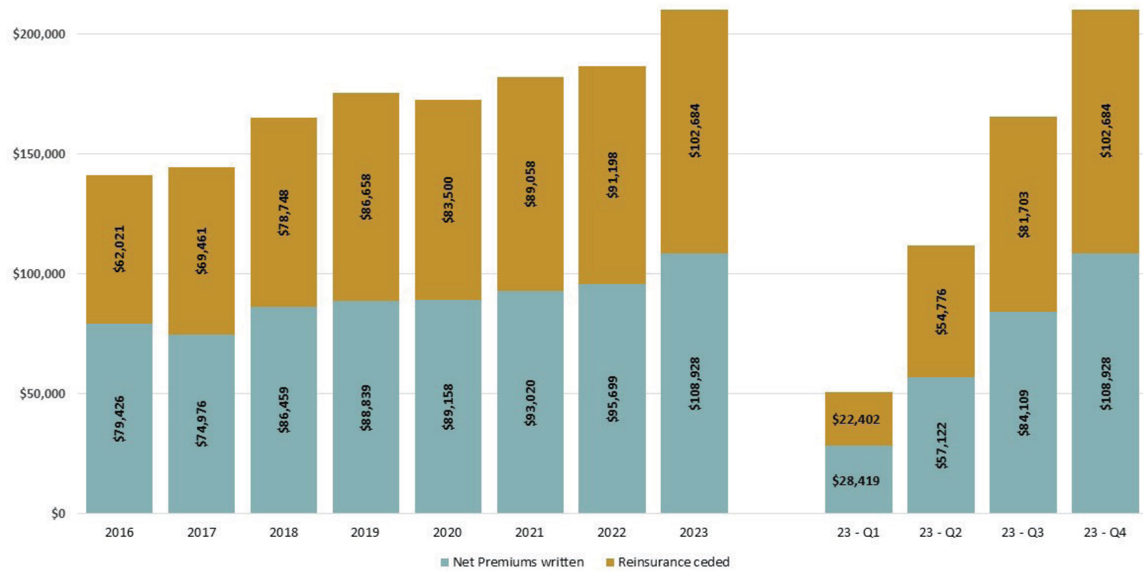

Figure 8: General Insurance Premiums Written by Insurers during 2016-2023 FY ($'000)

Premiums earned from general insurance business was calculated at $101.51 million while underwriting expenses totalled $91.61 million. These expenses were primarily driven by claims expenses of $60.78 million and operating/management expenses of $22.72 million. The underwriting profit of $9.8 million was supplemented by other income of $3.92 million resulting in net operating income of $13.72 million. Out of the nineteen (19) insurers underwriting general insurance business, including the four (4) long-term insurers underwriting personal accident (health) insurance, fourteen (14) reported positive net income from general insurance operations totalling $16.1 million.

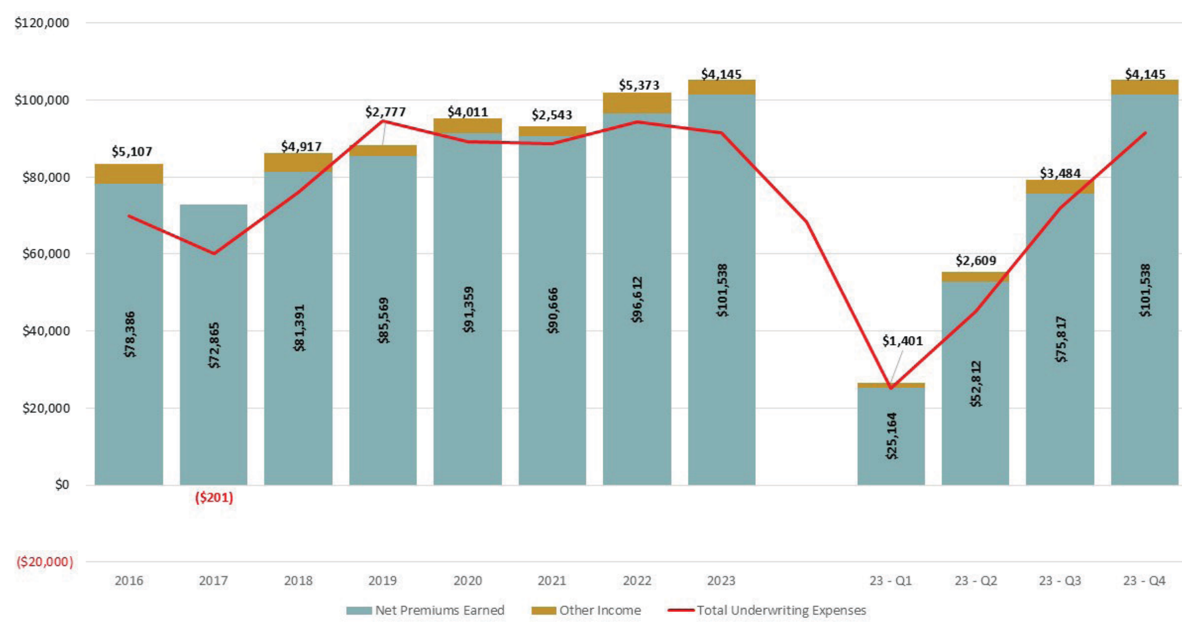

Figure 9: General Insurance Business Profitability 2016-2023 ($'000)

Of the $211.6 million of general insurance gross premiums generated in 2023, property accounted for $88.68 million (41.9%), motor vehicle $64.86 million (30.7%), personal accident $40.98 million (19.37%) while the other three (3) classes of general business (namely liability, pecuniary loss and marine, aviation and transport) accounted for $17 million (8.1%) collectively. The overall increase in premiums during 2023 was largely driven by increased premiums in the property and motor vehicle classes of business of $8.92 million and $7.2 million, respectively. These increases correlate with the increases in policy rates to meet increasing motor vehicle claims costs and increased reinsurance costs for property risks. Only one class of business, the marine, aviation and transport class, generated reduced premiums (-$0.48 million).

	2016	2017	2018	2019	2020	2021	2022	2023
Liability	7,428	7,971	5,763	6,782	5,909	6,802	9,470	13,108
Marine, Aviation and Transport	2,005	2,438	2,382	2,695	2,286	2,810	3,090	2,610
Motor Vehicle	41,031	44,490	48,391	53,759	51,087	53,230	57,660	64,864
Pecuniary	1,433	1,286	1,568	478	1,036	1,681	523	1,358
Personal Accident	31,760	29,514	33,767	37,198	38,269	40,728	36,403	40,982
Property	57,792	58,737	73,338	74,569	74,066	76,827	79,760	88,687

Table 2: Gross Written Premiums by Classes of General Insurance 2016-2023 ($'000)

The general insurance market shows a diverse distribution of market share among insurers, as illustrated in Figure 8. The largest insurer accounted for 19.3 of gross written premiums, while the second-largest insurer claimed 13.4% of GWP. The other 67.3% of market share was distributed among 17 insurers, each generating between 1.0% and 7.5% of GWP.

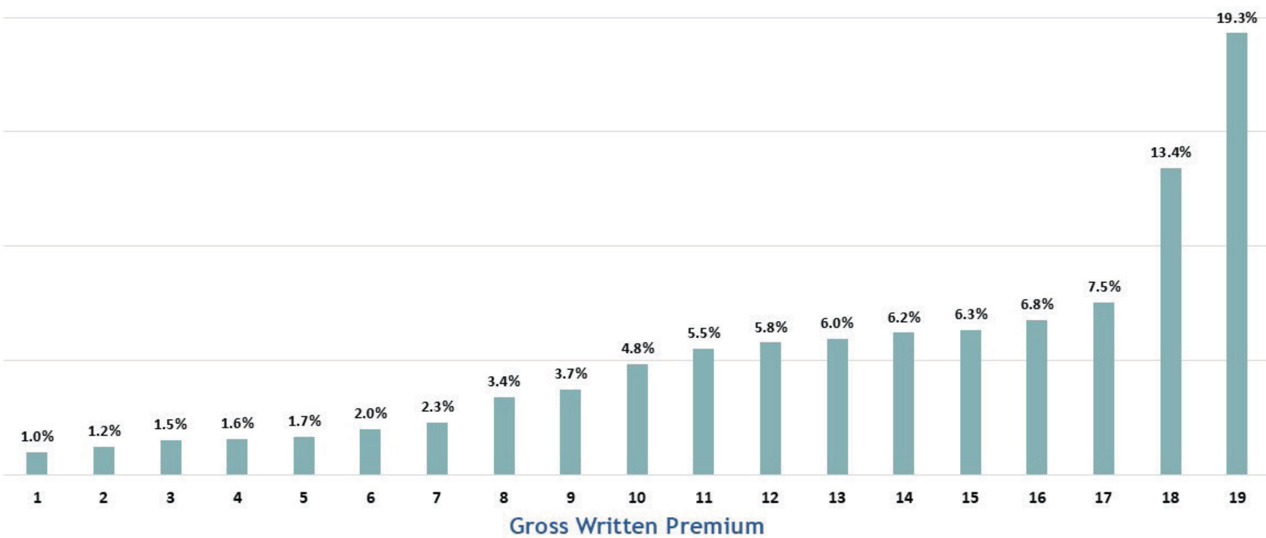

Figure 10: General Insurance Business Market Share based on 2023 Gross Written Premium

The Herfindahl-Hirschman Index (HHI) for this market stands at 1,005, reflecting a competitive environment with no single insurer overwhelmingly dominating the industry. This moderate HHI value suggests that while a few insurers have notable market share, there is still a healthy level of competition among the many Insurers in the sector.

LONG-TERM INSURANCE BUSINESS

Long-term insurance business underwritten during 2023 was recorded at $82.66 million; a $3.6 million, or 4.55%, increase in comparison with the prior year. Conversely, reinsurance ceded dropped by $0.09 million, from $4.13 million to $4.04 million, resulting in a $3.69 million (4.92%) increase in net premiums to $78.63 million.

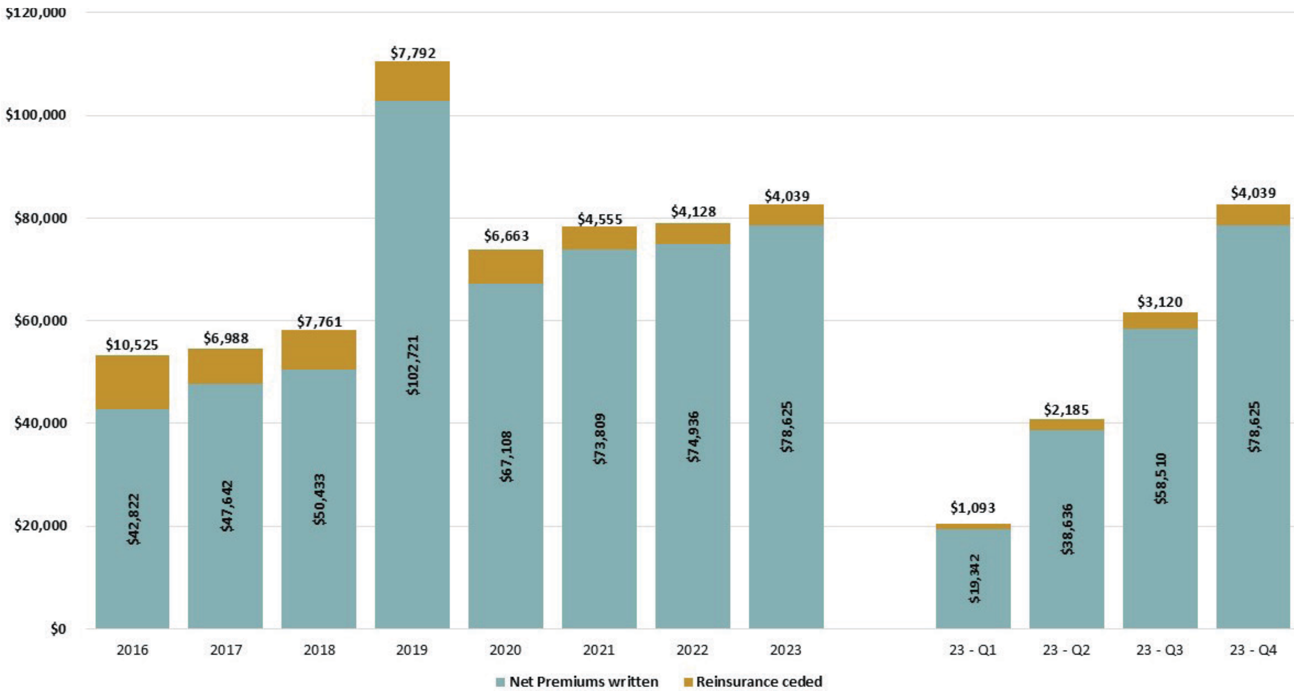

Figure 11: Long-term Insurance Premiums Written 2016-2023 ($'000)

Investment income, a critical revenue source of long-term insurers, also increased by $4.43 million to $21.99 million. However, other expenses surpassed other revenue by $1.62 million. As a result, insurer's total long-term revenue (net premium, investment income and other revenue) amounted to $99 million, a $7.83 million increase from the prior year's total of $91.17 million.

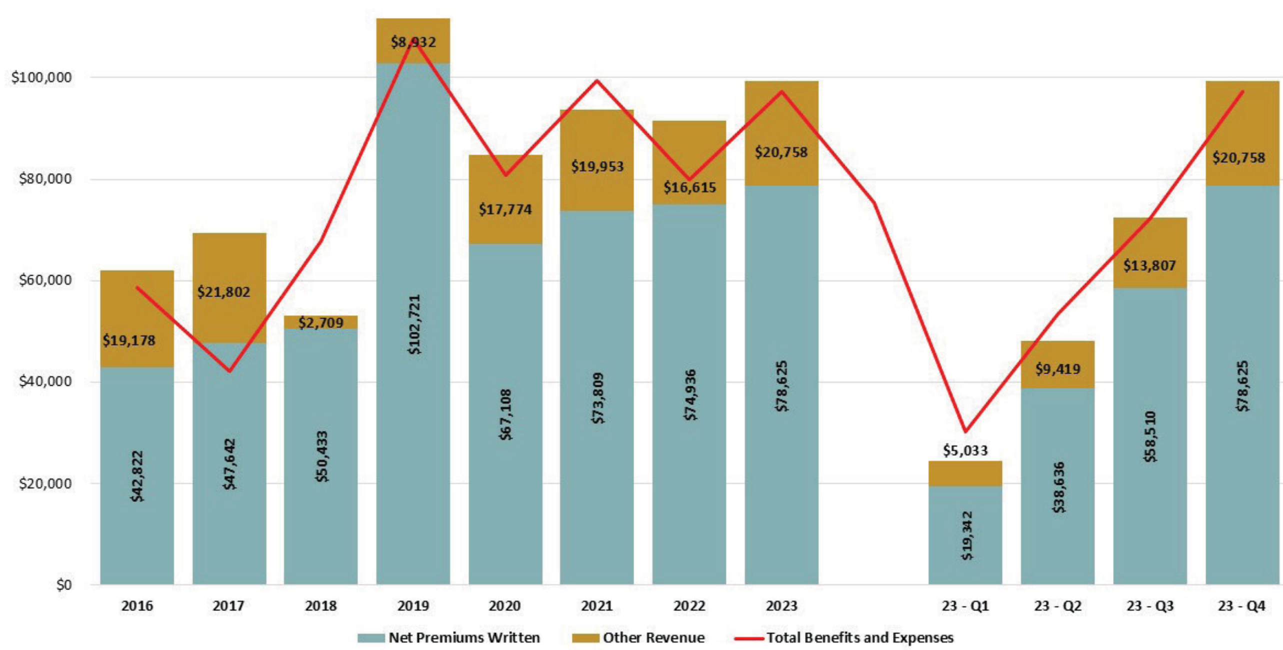

Figure 12: Long-term Insurance Business Profitability 2016-2023 ($'000)

Insurers carrying on long-term insurance business reported a total of $61.17 million of policyholder benefits for 2023 (2022: $47.2 million). The key expenses driving the increase were insurance claims of $21.04 million, policy surrenders of $17.09 million and the increase in the provisions for life insurance, annuity and deposit benefits of $11.15 million. Compared to the prior year, the most significant increase was the $13.6 million increase in the life insurance, annuity and deposit benefits provision, which was recorded in 2022 at -$2.47 million.

Adding to policyholder benefits were operational expenses of $30.5 million (2022: $27.24 million) and net commission expenses totalling $5.09 million (2022: $5.1 million), which resulted in total policyholder benefits and expenses of $96.79 million – a 21.7% increase from 2022. For the year 2023, long-term insurance business generated a net profit before tax of $2.2 million.

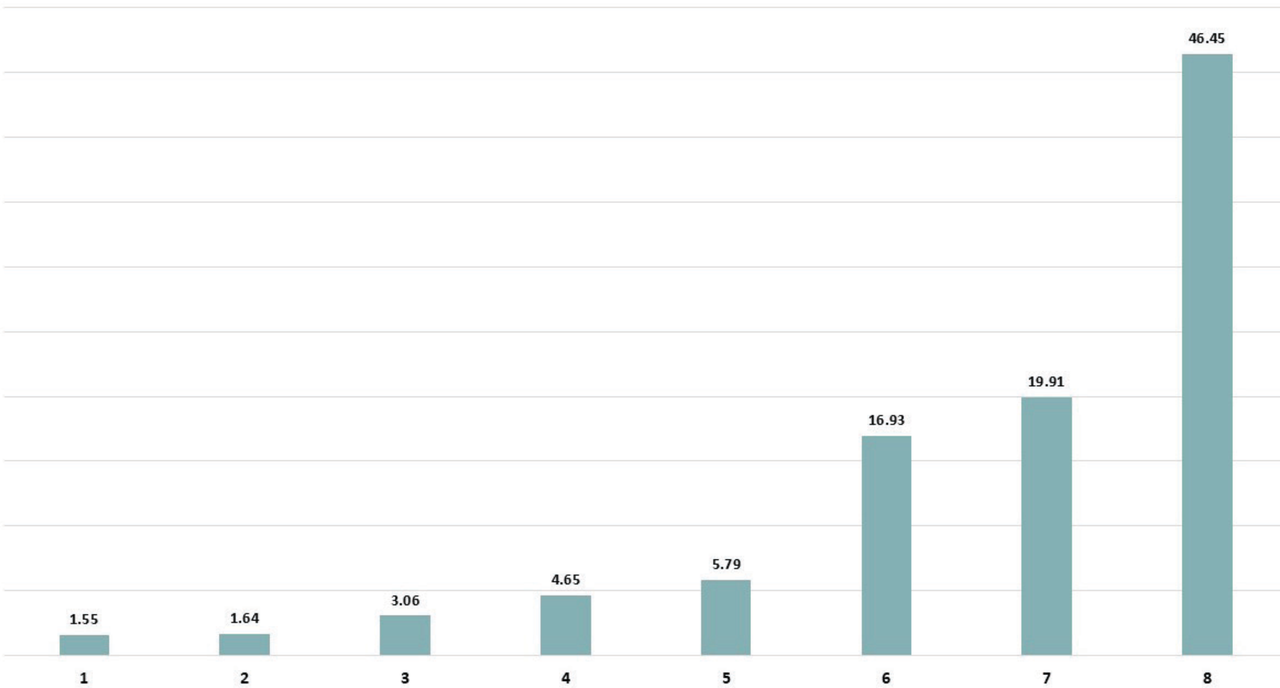

Figure 13: Long-term Insurance Business Market Share based on 2023 Gross Written Premium

The long-term insurance market recorded a Herfindahl-Hirschman Index (HHI) score of 2,911, indicating a high concentration of business among a few companies relative to the market size. At the end of 2023, a single life insurer generated 46.45% of all long-term business, with its nearest competitor claiming just under 20% market share. The top three (3) insurers accounted for 83.29% of the long-term insurance market.

Credit Union Sector

Credit Unions are member-based “not-for-profit” financial cooperative institutions that aim to generate surpluses for membership growth and socio-economic development, thereby creating sustainability for future generations. The Credit Union sector is a critical player within the financial sector, providing an avenue and alternative means of savings, value, and wealth creation for niche groups, and individuals with common bonds. Credit unions also offer financial inclusion for people deemed “unbankable.”

STRUCTURE

Governance

Credit unions are governed by a Board of Directors and a management team that collaborates to implement policies, provide strategic direction, and oversee risk, while maintaining transparency and accountability to their members. Other elected volunteers support the Board and management by serving on the credit committee, which handles loan review and oversight, and the supervisory committee, which works with internal audit and compliance. The sector’s elected officials and committee members include approximately 110 individuals. Additionally, the Board can appoint specialized committees to assist with specific oversight functions in areas like investments, risk assessment, education, and delinquency recovery.

Offerings & Services

The primary business of the sector is providing members with accessible and affordable loans while promoting thrift and savings. Additionally, credit unions offer services such as vehicle, medical, and family indemnity insurance plans through brokers.

Composition

As at the year ended December 2023, the composition of the credit union sector remained unchanged, comprising of sixteen (16) credit unions and one (1) League.

Socio-Economic Insight

From the period January to December 2023, some notable changes within the sector were observed as follows in comparison to the prior financial year (See Table 3):

- Total membership increased from 132,464 to 139,230, representing a 5.1% increase. This accounts for 77% of the population (180,251) of St. Lucia, which includes persons with dual membership;
- The number of active employees increased from 345 to 364, showing a 5.5% increase;
- The sector’s total asset base grew by $171 million, from $1.5 billion in 2022 to $1.649 billion in 2023, an 11.6% increase.
- Institutional capital increased by 4.5%, and the capital base grew by 7.2%.

SECTOR PERFORMANCE

Income Year	Total Assets	Total Withdrawable shares & Deposits	Total Liabilities	Institutional Capital	Capital Base	Percentage of Capital Base / Assets	Total Share Capital (Permanent)	Percentage of Permanent Shares / Assets	Total Members	Total Staff
2013	552,034,054	393,046,497	448,037,150	68,208,277	86,872,722	15.70%	18,664,445	3.40%	75,653	203
2014	604,358,592	480,486,613	493,021,469	75,975,107	98,588,790	16.30%	22,613,683	3.70%	83,397	232
2015	672,371,519	536,970,193	536,970,193	90,230,496	117,570,935	17.50%	27,340,439	4.10%	91,637	237
2016	782,988,581	632,332,205	639,847,975	97,781,731	132,577,697	16.90%	34,795,966	4.40%	99,098	255
2017	871,240,735	702,329,185	711,737,295	107,647,013	148,765,822	17.10%	41,118,809	4.70%	104,142	263
2018	989,184,726	796,673,487	807,175,677	123,723,295	174,155,350	17.60%	50,432,055	5.10%	111,141	279
2019	1,095,856,689	885,074,677	895,904,661	132,564,523	190,416,200	17.40%	57,851,678	5.30%	111,141	279
2020	1,185,008,871	961,938,397	976,222,045	127,792,880	190,209,926	16.10%	62,417,046	5.30%	114,149	308
2021	1,315,291,928	1,079,836,332	1,097,947,498	133,059,171	202,832,540	15.40%	69,773,369	5.30%	126,204	323
2022	1,478,411,410	1,220,506,698	1,239,597,911	141,420,837	220,296,032	14.90%	78,177,707	5.40%	132,473	345
2023	1,649,436,883	1,359,813,172	1,388,092,760	147,745,631	236,202,199	14.30%	88,456,568	5.40%	139,230	364

Table 3: Capital Requirement ($)

Total Assets

Over the past eight years, total assets have continued to increase, amounting to approximately $1.649 billion as of December 2023, reflecting an 11.6% increase from December 2022. This growth indicates a rising demand for credit union services, such as loan access for members. By the end of December 2023, the sector's capital base had grown significantly compared to the prior year, with an increase of $15.9 million. The capital base to total assets ratio stands at 14.3%, the lowest since 2013, indicating potential stress in the sector.

Capital

Following consultations with the credit union sector, a new provision in the Cooperative Societies Bill requires credit unions to maintain a minimum Permanent Share Capital requirement (members' permanent share capital/ total assets) of 5.0% and an Institutional Capital adequacy ratio (institutional capital/total assets) of 10.0%. These benchmarks align with the "PEARLS" industry standard. Additionally, the Bill introduces the concept of Capital Base, imposing a 15.0% minimum requirement. This Capital Base comprises permanent shares, institutional capital, and the co-operative society's contribution to the stabilization fund.

To meet these requirements, credit unions are implementing initiatives to increase their Permanent Share Capital base. This is crucial, as a larger Permanent Share Capital strengthens the sector's ability to withstand economic shocks and cushion losses during downturns.

The sector's Permanent Share Capital increased by $10.4 million, from $78.1 million in December 2022 to $88.5 million in December 2023, a 13.2% increase.

According to Section 119 (3) (b) of the Co-operatives Societies Act, Cap. 12.06, every society must ensure that its statutory and other reserves are at least 10% of its total liabilities at all times (Figure 16).

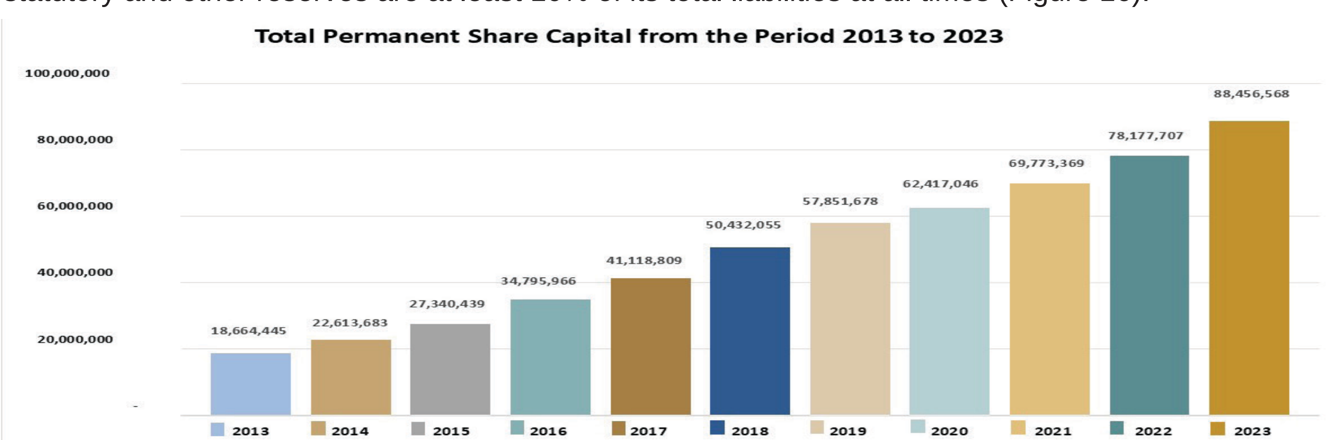

Figure 14: Members' Share Capital

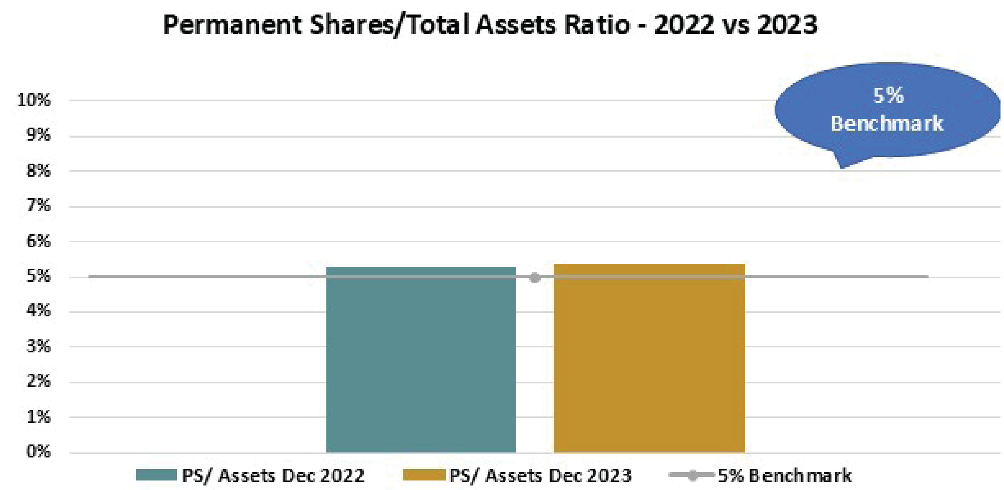

Figure 15: Permanent Shares/Total Assets Ratio (2023 vs 2022)

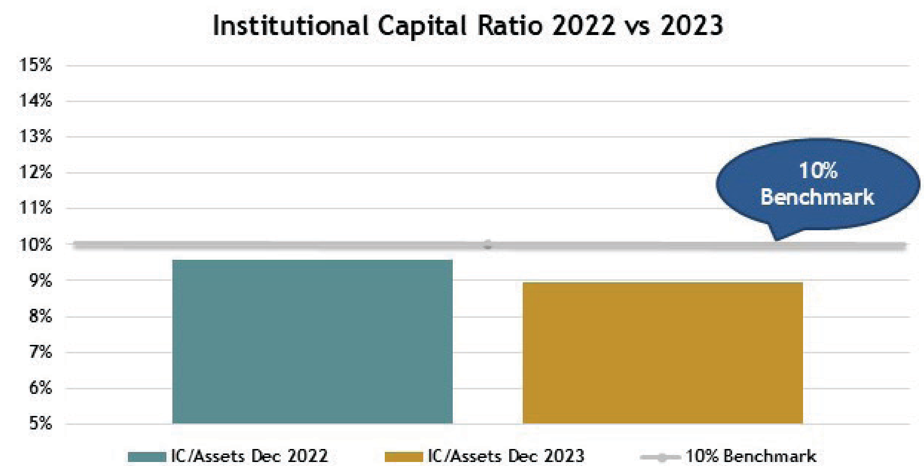

Figure 16: Institutional Capital/Total Assets Ratio (2023 vs 2022)

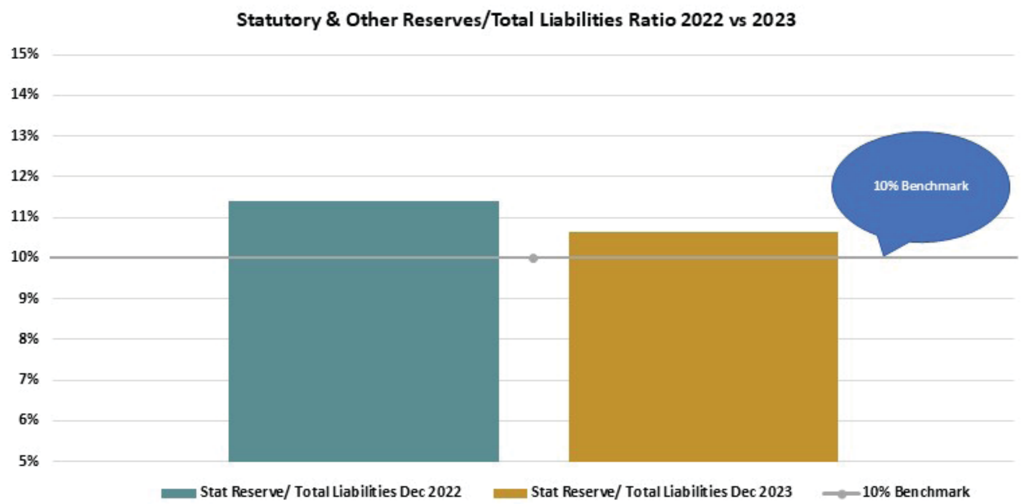

Figure 17: Statutory &Other Reserves/Total Liabilities Ratio (2023 vs 2022)

Income Year	Total Assets	Total Loans	Total Delinquent loans	Total Delinquent loans/ Total loans	Total Provisions on Loans	Provisions on Loans/Total Delinquent Loans	Capital Base less Delinquent Loans NO PROVISION	Percentage of Capital Base less Delinquent Loans NO PROVISION / Assets
2014	604,358,592	439,318,934	50,711,135	11.5%	16,696,548	32.9%	64,574,203	10.7%
2015	672,371,519	505,270,587	56,173,728	11.1%	16,028,098	28.5%	77,425,305	11.5%
2016	782,988,581	568,918,047	58,220,553	10.2%	14,693,315	25.2%	89,050,459	11.4%
2017	871,240,735	628,710,244	64,761,574	10.3%	13,832,028	21.4%	97,836,276	11.2%
2018	989,184,726	694,895,165	62,301,307	9.0%	24,591,214	39.5%	136,445,257	13.8%
2019	1,095,856,689	733,923,615	63,053,292	8.6%	24,456,916	38.8%	151,819,824	13.9%
2020	1,185,008,871	766,277,561	97,812,050	12.8%	28,214,793	28.8%	120,612,669	10.2%
2021	1,315,291,928	891,563,637	87,623,556	9.8%	39,989,417	45.6%	155,198,401	11.8%
2022	1,478,411,410	1,036,599,235	89,044,556	8.6%	37,638,385	42.3%	168,889,862	11.4%
2023	1,649,436,883	1,176,737,457	80,536,116	6.8%	36,558,138	45.4%	192,224,221	11.7%

Table 4: Total Loans & Asset Quality

Total loans amounted to $1,177 million for the year ending December 2023, compared to $1,037 million for the year ending December 2022, representing an increase of $140 million (13.5%). The sector has progressed toward its goal of having 70-80% of its assets as loans to members. A 1% increase helped surpass the minimum benchmark, reaching a ratio of 71% in 2023 (2022: 70%).

There was a significant decrease of $8.5 million (9.6%) in total delinquent loans, from $89 million in December 2022 to $80.5 million by December 2023, attributed to restructuring and some loans being written off. Additionally, the ratio of total delinquent loans to total loans decreased by 1.8 percentage points, from 8.6% in December 2022 to 6.8% in December 2023. It's noteworthy that this ratio steadily declined from 2014 to 2019, with a 4% increase in 2020 due to widespread job losses and wage cuts from the COVID-19 pandemic (Figure 18).

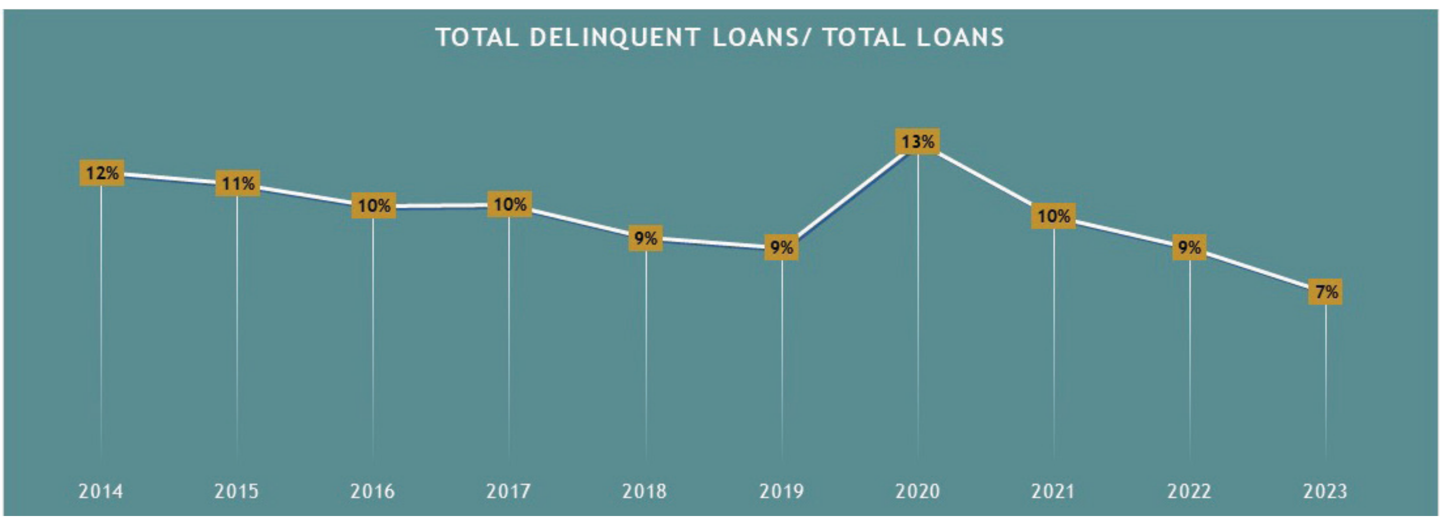

Figure 18: Total Delinquent Loans/Total Loans Ratio Trend

Notably, the economy has returned to a significant level of normalcy, with the majority of businesses having resumed operations on a full scale. As a result, more members have regained employment and resumed regular loan payments. This has enabled credit unions to restore pre-pandemic loan mechanisms, such as restructuring.

Despite progress in reducing the delinquency ratio, delinquent loans still exceed the PEARLS prudential limit of less than 5.0%.

Another important aspect is provisioning levels. From December 2022 to December 2023, total provisioning decreased by 2.9%, from $37.6 million to $36.6 million. The level of provisioning over delinquent loans stood at 45.4% as at December 2023, an increase in comparison to the period 2022 (See Figure 19).

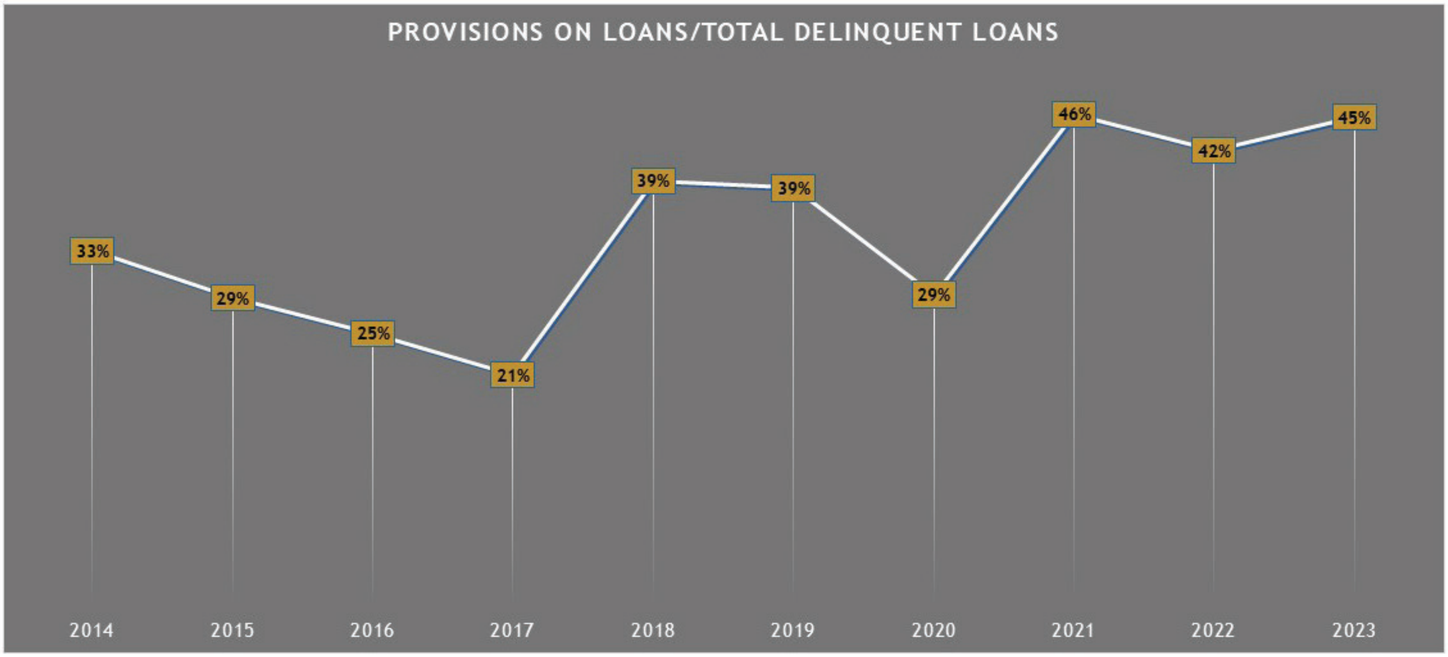

Figure 19: Provisions/Total Delinquent Loans Ratio Trend

Liquidity

According to Section 119(3)(a) of the Co-operatives Societies Act, Cap. 12.06, every society must ensure that at least 15% of its members' shares and deposits are kept in a liquidity reserve. The sector remained liquid, with most credit unions showing a ratio above 15%. However, there was a contraction in the liquidity ratio for the period ending December 31, 2023, compared to December 2022 (see Figure 20). A declining trend in the liquidity ratio has been observed over the last four years (2019–2023). Nonetheless, the sector's total liquid assets increased by $22 million (5.5%) from approximately $398.9 million in December 2022 to about $420.9 million in December 2023.

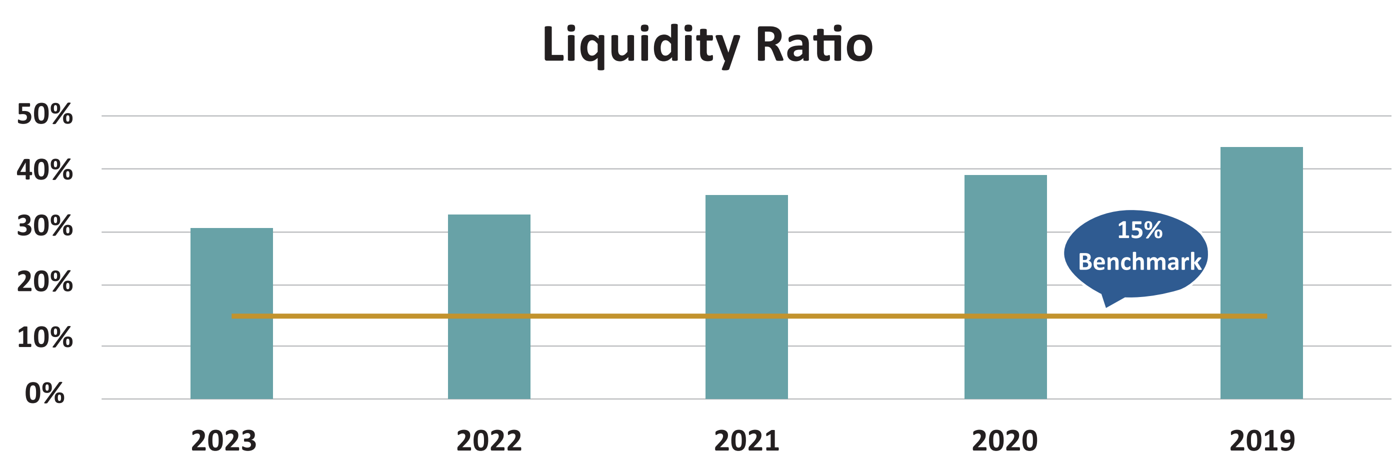

Figure 20: Liquid Assets/ Liabilities

AREAS OF GROWTH AND IMPROVEMENT

The sector continues to recover from the negative effects of the COVID-19 pandemic and has shown resilience, with increases and improvements in significant areas. For instance, total assets increased by 11.6%, along with total withdrawable shares and deposits, which increased by 11.4%. There were further notable increases in gross loans, institutional capital, total equity, and interest income.

Nonetheless, the total delinquency to gross loan portfolio ratio remains a major concern for the Authority. The sector's sustainability may be negatively impacted if innovative measures to improve the quality of the loan administration processes are not implemented. Measures to foster better delinquency control and recovery must also be explored.

REGULATORY OVERSIGHT & SUPERVISION

The Authority engaged in continuous regulatory oversight to preserve members' deposits and maintain a stable financial sector. Key activities undertaken by the Authority, including on-site and off-site supervision, are as follows:

Regulatory Framework Interface Meeting

The Authority embarked on a new initiative called the 'Regulatory Interface' to improve its engagements with the credit union sector. The first regulatory interface was held on April 18, 2023, in collaboration with the St. Lucia Co-operative Credit Union League Ltd. This event was a one-day sensitization workshop aimed at increasing sector awareness concerning Asset Quality Reviews (AQR).

Intervention Measures

The Authority's Prompt Corrective Action (PCA) Framework provides clear signals to credit unions about progressive actions to be instituted for those presenting regulatory ratios below the required benchmarks. The PCA Framework has five stages: (1) Watch List & Increased Reporting, (2) Restoration Plan, (3) Restricted Action/Restructure, (4) Administration or Merger, and (5) Sale or Closure.

Phases	Number of Credit Unions
1. Watch List & Increased Reporting	1
2. Restoration Plan	3
3. Restricted Action/Restructure	-
4. Administration (Examiner/Receiver Manager) or Merger	2
5. Merger, Sale or Closure	-

Table 5: PCA Actions Taken

During the 2023 to 2024 financial year, the Authority has utilized the PCA by actively collaborating with the appointed Receiver Manager and Examiners to identify and implement the best solutions for these credit unions. Money services businesses (MSBs) serve as financial intermediaries, and provide an alternative avenue for funding, whether by means of transmission of money or the facilitation of personal loans to clients. The Money Services Business Act, Cap. 12.22 allows for six (6) classes of licence which are Money Transmission (Class A), Issuance of Traveller's Cheques (Class B), Cheque Cashing (Class C), Currency Exchange (Class D), Micro-Lending (Class E) and Lending (Class F).

Money Services Business Sector

COMPOSITION

As of December 31, 2023, the Money Services Business Sector comprises a total of fourteen (14) licensed money services business providers. Five (5) “Class A”, four (4) “Class E” and five (5) “Class F” licensees. Currently, two applications (one “Class E” and one “Class F”) are under review. Noteworthy, one MSB (Class “E”), ceased underwriting loans, hence, is no longer conducting money services business.

Type of License	Description	No of Licences 2023	No of Licences 2022
Class A	1. Transmission of money or monetary value 2. Issuance, sale or redemption of money orders or Traveller's cheques 3. Cheque Cashing 4. Currency Exchange	5	5
Class B	1. Issuance, sale or redemption of money orders or Traveller's cheques 2. Cheque Cashing 3. Currency Exchange	0	0
Class C	4. Cheque Cashing	0	0
Class D	5. Currency Exchange	0	0
Class E	6. Micro-lending	4	5
Class F	7. Lending	5	5
TOTAL		**14**	**15**

Table 6: Type of Licence

While there are five (5) licensed Money transmitters (Class A Licensees), approval was granted for these Money transmitters (Main agents) to operate through sub-agents. There are currently thirty- one (31) approved sub-agents operating across the island.

MONEY TRANSMITTERS INFLOWS

Growth in the Sector

For the year 2023, total remittance inflows for the sector amounted to $169 million, an increase of 5% ($3.51 million) from 2022. Figure 21 shows a generally increasing trend throughout the 2018-2023 period, with a slight decrease in remittance inflows from the year 2021 to 2022. This decrease is likely attributed to the more stable financial climate post-COVID-19, which resulted in fewer financial buffers from abroad. However, the trend began to rise again from 2022 to 2023.

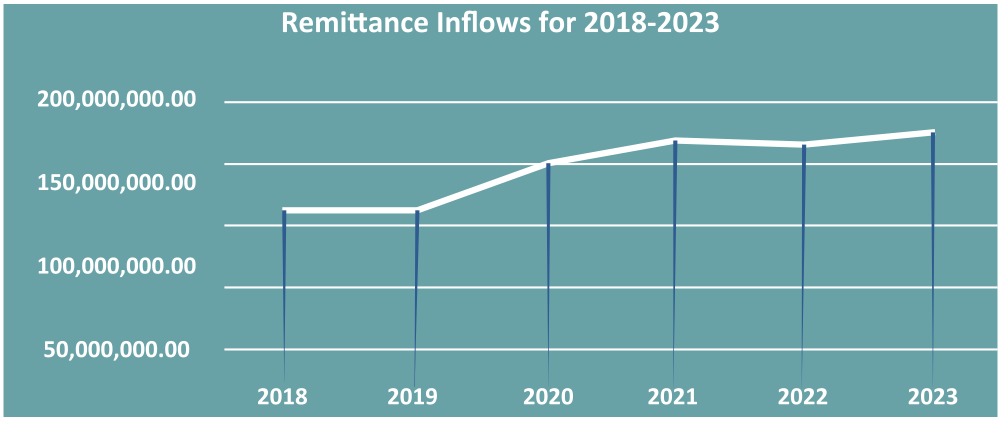

Figure 21: Money Transmitters - Trends in remittance Inflows

Country Proportion

The United States of America (USA) continues to account for the largest proportion of remittance inflows. USA total share of inflows stood at 52%, as seen in Figure 22, which increased by 1% from the previous year. Remittances for Canada and other regions both stood at 13%, while the United Kingdom (UK) increased to 12%.

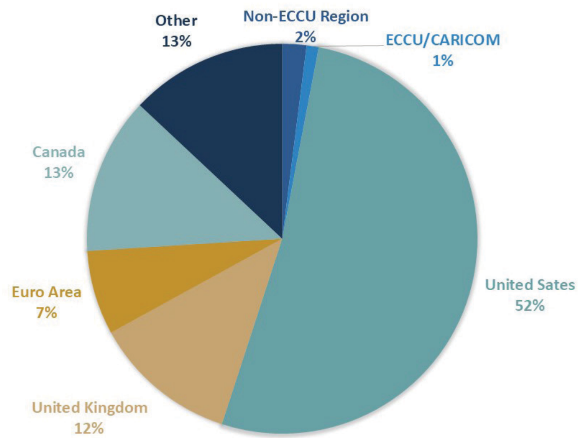

Figure 22: Money Remittance - Inflows during 2023 by region

INFLOWS (XCD)

	2018	2019	2020	2021	2022	2023
ECCU Region	4,612,761.80	4,816,785.95	3,542,370.98	3,088,309.26	3,458,197.41	3,436,717.12
Non-ECCU/CARICOM	2,035,780.56	2,208,229.71	1,278,739.15	1,777,368.71	6,892,423.31	1,615,080.49
USA	55,992,339.98	56,522,851.77	79,034,859.86	81,491,678.23	83,954,910.47	88,430,600.46
UK	14,022,329.23	13,948,275.24	18,201,694.81	21,682,271.77	19,029,351.01	20,989,800.44
EURO AREA	7,222,773.31	7,418,699.94	10,722,111.50	13,410,676.55	10,607,797.66	11,752,801.08
Canada	11,643,878.75	11,988,029.59	19,087,356.18	21,414,754.85	20,029,078.54	21,196,106.30
Other	16,972,791.02	16,380,298.51	18,551,574.67	26,083,286.28	21,527,795.23	21,636,975.00
Total	**112,502,654.65**	**113,283,170.71**	**150,418,707.15**	**168,948,345.65**	**165,544,554.00**	**169,058,080.89**

Table 7: Inflows in XCD

MONEY TRANSMITTERS OUTFLOWS

Growth in the Sector

Total remittance outflows reached $21.9 million in 2023, marking a 10% increase, or $2 million, from the previous year, returning to pre-COVID-19 levels.

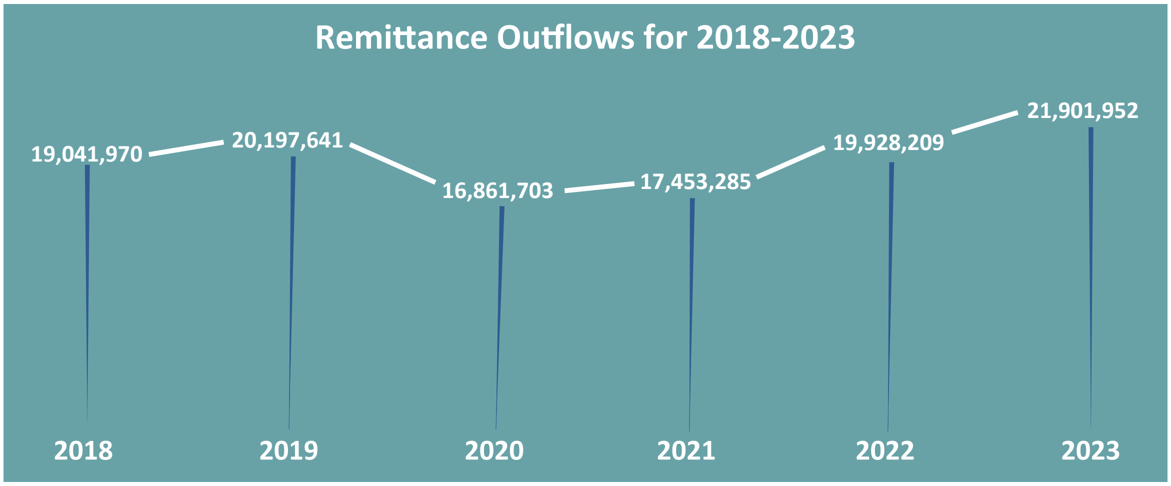

Figure 23: Money Transmitters - Trend in Remittance Outflows

Country Proportion

Remittance outflows represent 13% of remittance inflows, hence remaining significantly below remittance inflows by $147.16 million. The USA currently accounts for the highest proportion of outflows at 31%, Non-ECCU CARICOM countries receive the second-highest proportion at 14%, and Other countries recorded a notable proportion of 26% for 2023.

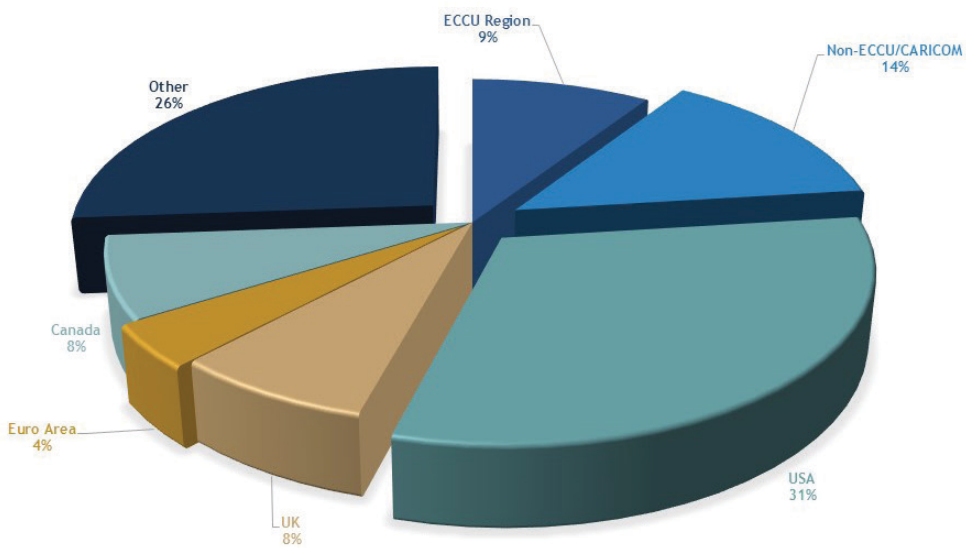

Figure 24: Outflows by Region 2023

OUTFLOWS (XCD)

	2018	2019	2020	2021	2022	2023
ECCU Region	1,705,390	1,584,697	1,830,932	1,798,542	2,119,687	2,020,993
Non-ECCU/CARICOM	1,891,614	1,834,887	6,006,673	2,636,413	6,586,760	3,022,115
USA	6,149,050	6,445,543	1,153,370	5,528,418	1,317,943	6,838,017
UK	1,441,121	1,581,218	594,327	1,304,530	708,441	1,682,812
Euro Area	665,674	806,709	954,707	553,073	1,366,484	907,424
Canada	1,221,828	1,242,335	4,075,258	1,202,312	4,615,152	1,694,277
Other	5,967,293	6,702,252	2,246,436	4,429,997	3,213,742	5,736,314
Total	**19,041,970**	**20,197,641**	**16,861,703**	**17,453,285**	**19,928,209**	**21,901,952**

Table 8: Outflows in XCD

MICRO-LENDERS/LENDERS

Lenders and Micro-lenders play a vital role in promoting financial inclusion, supporting entrepreneurship, and fostering economic development, particularly in underserved or economically disadvantaged areas.

Analysis of the Sector
For the year ended December 31, 2023, loans disbursed in amounts of
• $50,000 and more account for the largest proportion of aggregate loans approved, totalling $32.2 million (27.4% in 2023, compared to 31.1% in 2022).
• $0-$5,000, totals $26.6 million (22.62% in 2023, compared to 25.01% in 2022), the second largest loan range. The consistency in loan distribution across different ranges suggests a stable lending pattern by the sector, indicating a strategic approach to managing loan disbursement and risk assessment.
• $20,001 to $50,000 remains the least preferred, as this range may not provide sufficient capital for larger investments or expenses, whereas the >$50,000 range offers more flexibility and financial freedom for borrowers. Additionally, individuals seeking loans in the higher range may have stronger credit profiles and financial stability.

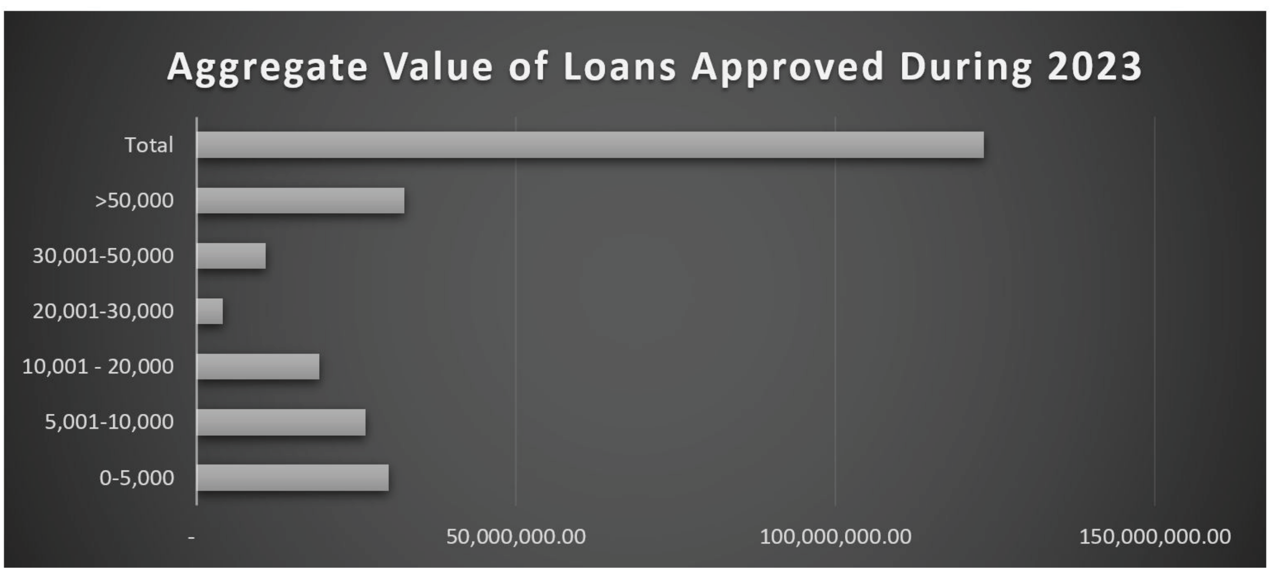

Figure 25: Lenders & Micro – lenders - Aggregate Loans Approved During 2023

As depicted in Table 9, Personal Loans account for the largest portion of loans (38.3% in 2023, down from 42% in 2022). Notably, in 2023, Medical, debt consolidation, and education loans were the least demanded categories, each at 1.41%, 3.32% and 2.56%, respectively. However, there was a decrease in Business loans (to 2%) and an increase in Vehicle Loans (to 34.5%) as a percentage to overall loan amounts disbursed for the year 2023. Noteworthy, the vehicle loan portfolio increase significantly by 124% or an increase of $27 million, as a result of the licensing of a Lender specialised in the granting of vehicle loans.

Type of Loan	Total Amount (December 2023)	Total Amount (December 2022)	Change (%)
Personal	54,230,956	33,162,099	64%
Business	2,827,759	2,130,648	33%
Agriculture	529,439		
Vehicle	48,793,837	21,747,169	124%
Education	3,618,209	3,725,511	-3%
Medical	1,989,443	2,169,638	-8%
Home Renovation	12,814,796	10,304,107	24%
Debt Consolidation	4,699,397	3,209,449	46%
Other	12,045,599	2,544,417	373%
Total	**141,549,434**	**78,993,038**	**79%**

Table 9: Type of Loans - Lenders/Micro-lenders

PROACTIVE MEASURES AGAINST NON-LICENSED BUSINESSES

On a quarterly basis, the FSRA publishes a notice on its website and at least one local newspaper in Saint Lucia, advising that:

1. The activity of engaging in Money Services Business (Money or Value Transfer Services) is prohibited unless the activity is regulated and supervised by the FSRA.

2. Money or Value Services Providers must be licensed, and the license must be in a conspicuous place at the business operation in keeping with Section 11 of the Money Services Business Act.

3. Persons operating a Money Services Business (Money or Value Transfer Service) without a license must cease and desist from such practice and contact the FSRA to obtain the necessary license;

4. A person who contravenes section 4 (1) of the Act commits an offence and is liable on summary conviction to a fine not exceeding $50,000 or to imprisonment for a term not exceeding 2 years or to both”.

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Series 1 Series 2
Jan 0.17 5.60
Feb 0.95 8.52
Mar 1.56 8.74
Apr 2.09 1.08
2.69 5.54
2.73 3.03
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3.65 5.78
4.01 4.32
4.57 7.56
5.45 5.90
6.16 2.43
Jan Feb Mar Apr May Jun
Jan Feb Mar Apr May Jun
Series 1 Series 2
Feb 8.27 7.29
Mar 5.42 7.51
Apr 0.70 0.24
May 0.35 9.99
Jun 8.01 0.91
Jul 8.54 8.08
Aug 7.79 8.71
Sep 8.17 5.70
Oct 9.71 7.19
Nov 5.45 5.90
Dec 6.16 2.43
1% 3% 23% 39% 34%
9.99 5.52 7.29 0.24 7.51
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International Financial Sector

- **International Banks Sector**
- **International Insurance Sector**
- **International Mutual Funds Sector**
- **Registered Agents and Trustees**

**Please note the figures contained in the following reports are as at 31st December 2023*

International Banks Sector

The International Banking Sector remains the most globally interconnected, attracting investors worldwide. However, it faces challenges, including securing correspondent banking relationships. Risks such as reputational damage, currency fluctuations, and restricted access to funds during geopolitical tensions or crises are also prevalent. To manage these risks effectively, the Financial Services Regulatory Authority (FSRA) is committed to implementing enhanced monitoring and robust oversight through a risk-based supervision framework. One of our key objectives is to maintain public confidence in Saint Lucia's financial system.

Applicants have consistently faced difficulties in establishing and securing correspondent banking relationships with authorized banks in the Organization for Economic Co-operation and Development (OECD) member nations. This requirement, outlined in Condition VIII of the International Banks Guidance Notes, has been a persistent issue for the past five years.

COMPOSITION

The International Banks Act, Cap. 12.17, provides for the issuance of two (2) classes of international bank licences: "Class A" and "Class B".

A "Class A" licence allows licensees to conduct business with third parties who are neither citizens nor residents of St. Lucia. These banks are actively engaged in transactional accounts (wire transfers), corporate loans and trade financing activities, which involve little to no over-the-counter physical cash transactions. There are no restrictions concerning the licensee receiving or soliciting funds by way of trade or business from non-residents. Conversely, holders of a "Class B" licences are restricted to conduct business with affiliates, not exceeding 10 (ten) persons/entities.

As at year end December 2023, there were four (4) licensed Class B banks and six (6) licensed Class A banks. During the period under review, one Class B bank surrendered its license, and one (1) Class A bank converted to a Class B license due to challenges in establishing correspondent banking relationships.

The Authority reports that for a fourth consecutive year, no international bank licenses were issued. In 2023, one application was received, which is presently under review. Additionally, one application, received in 2022, was denied in the first quarter of 2024 due to the applicant's failure to secure a correspondent bank to the satisfaction of the Authority.

International Banks	2019	2020	2021	2022	2023
Licensed International Banks Beginning of Period	**14**	**11**	**11**	**11**	**11**
Application Received	2	0	2	1	1
Application Approved	0	0	0	0	0
Application denied	4	2	1	1	1
Pending application	2	0	1	1	1
Revocation or surrendering	3	0	0	0	1
Licensed International Banks Ending of Period	**11**	**11**	**11**	**11**	**10**

Table 10: Table showing the number of banks licensed by the FSRA from 2019 to 2023, from the start to end of each period.

Shareholding

Investors from the Caribbean region maintain their dominance in the shareholdings of the ten (10) licensed international banks, accounting for 46% of the total holdings. Following closely, investors from Latin America and the United States of America each hold an average percentage of 18%.
Meanwhile, investors from Europe and other nations respectively control 9% of the shares each.

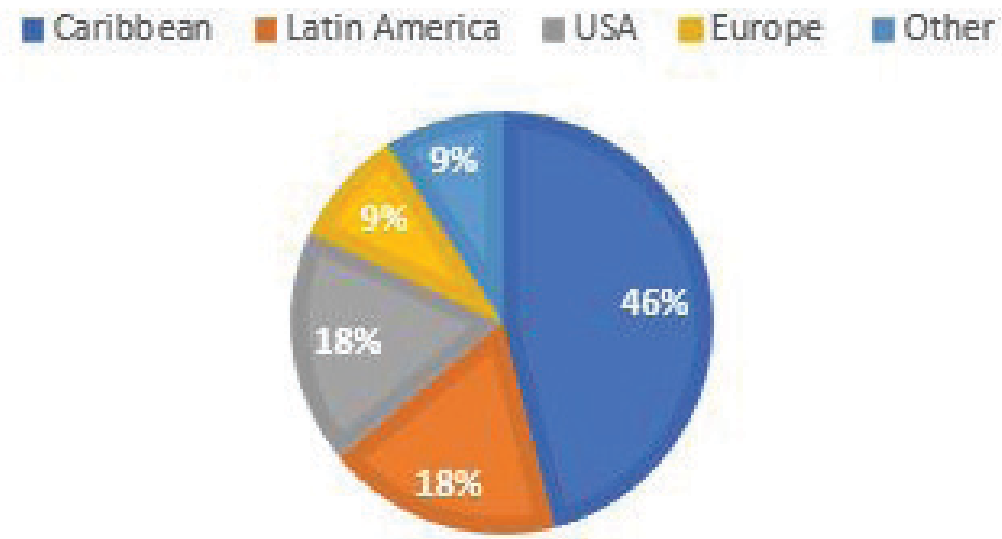

Figure 26: Pie chart depicting the shareholders of the international banking sector by country.

SECTOR PERFORMANCE

As observed in the table below, the sector's total assets increased by 7.2% in 2023 from the previous year. Gross loans increased by 2.1% due to an increase in loans and advances during the year. In 2022, net income decreased by 46%, however, in 2023, net income increased by 109%. The decrease in net income in 2022 was attributed to the challenges being faced by some of the international banks in relation to securing correspondent banking relationships, adversely impacting the banks' ability to transact business and by extension, to generate revenue. However, 2023 saw the onset of Electronic Money Institutions (EMIs) being used by the international banks to transact business, in the interim, until such time that they were able to fully secure correspondent banking relationships.

Details	2023	2022	Variation	Diff. percent
Total Assets	1,135,068,136	1,058,539,712	76,528,424	7%
Share Capital	277,452,599	276,552,599	900,000	0%
Tier 1 Capital	400,119,535	369,454,512	30,665,023	8%
Total Deposits	567,932,344	555,288,817	12,643,527	2%
Gross Loans	237,286,734	232,339,000	4,947,734	2%
Net Income	18,929,267	9,045,298	9,883,969	109%
Total Employees	103	130	-27	-21%

Table 11: Table showing the comparative data of assets, capital, deposits, loans and net income, for the period 2022 vs 2023.

Total deposits held by Class A licensee increased by 2.3% whilst total employees decreased by 20.8% as a result of the bank's licence being surrendered in 2023. Nonetheless, the International Bank's Total Asset base continues to increase.

Investments

The chart below shows that corporate bonds and long-term securities constitute a significant portion (61%) of total investments in the banking sector. These bonds are typically investment-grade bonds.

International banks operating in this space often use a combination of internal rating models and external ratings from credit agencies such as Standard & Poor's (S&P), Moody's, and Fitch to assess the creditworthiness of these debt investments. Generally, these debt investments are deemed to have low credit risk, aligning with globally accepted standards for investment-grade ratings. Bonds rated BBB- (or Baa3) and above by these agencies are classified as investment grade.

Investment grade bonds play a crucial role in diversified investment portfolios for International Banks. They provide a steady income stream with lower risk compared to equities. These bonds are particularly attractive to international banks that seek capital preservation and income

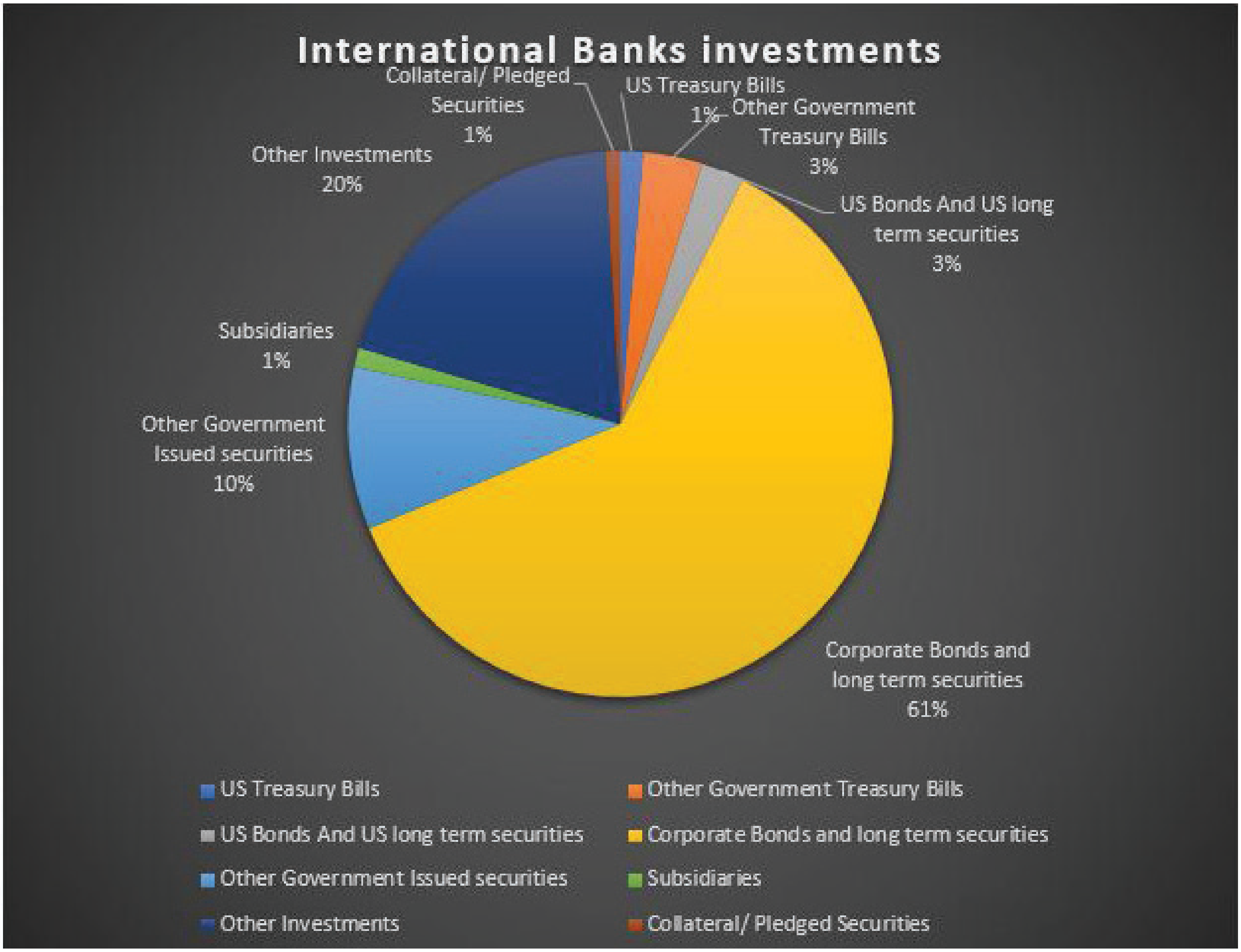

Figure 27: Investments by International Banks

International Insurance Sector

COMPOSITION

At the end of 2023, the FSRA had on record four (4) Incorporated Cell Companies, fourteen (14) Incorporated Cells and fifteen (15) International Insurance Companies. Thus, with a total of thirty- three (33), there was no change in the total number of entities in the international insurance sector. However, during the reporting period, the FSRA approved one (1) new application and also approved the surrender of the licence of one (1) International Insurance Company. Two (2) Incorporated Cells are in the application phase.

International Insurance	2018	2019	2020	2021	2022	2023
Licensed International Insurance beginning of period	54	49	39	38	34	33
Applications Received	0	2	3	0	2	2
Applications Approved	1	1	1	2	2	1
Applications Denied	0	0	1	1	0	0
Pending Applications	3	3	2	1	1	2
Revocation or Surrender	6	11	2	6	3	1
Licensed International Insurance ending of period	49	39	38	34	33	33

Table 12: International Insurance Entities - Movement in the number of licensees 2018-2023

The fifteen (15) International Insurance Companies comprised seven (7) Class A1, seven (7) Class A2, and one (1) Class C2 licensees. Class A1 licensees insure anything other than human life, while Class B licensees are licensed to insure human life. The Class C licence allows for the selling of both general and long-term insurance. General insurers may be issued either as a sub-class 1 license to insure only the risks of its parent or affiliates within a group or a sub-class 2 license which permits the holder to also insure third party risks.

SECTOR PERFORMANCE

	2018	2019	2020	2021	2022	2023
Gross Written Premiums	50,291	48,240	54,736	20,234	81,939	29,812
Allowable Assets	224,953	240,186	288,435	259,758	280,600	311,159
Capital & Surplus	83,470	97,202	118,896	159,395	186,417	203,760

Table 13: International Insurance Sector – Key Financial Indicators 2018-2023 (USD ‘000)

As depicted in Table 13, although gross written premiums decreased by sixty-four per cent (64%) from 2022 to 2023, allowable assets and capital and surplus increased by eleven per cent (11%) and nine per cent (9%) respectively. The sector’s capital and surplus has been increasing annually from 2018.

International Mutual Funds Sector

The International Mutual Funds Sector remains the smallest subsector in the international financial sector and is governed by the International Mutual Funds Act, Cap.12.16 of the Revised Laws of St. Lucia (Mutual Funds Act), as well as the International Mutual Funds Guidance Notes. The Act governs four (4) types of entities: International Private Mutual Funds, International Public Mutual Funds, International Public Mutual Fund Administrators and International Public Mutual Fund Managers.

COMPOSITION

As of the year ended December 31, 2023, the International Mutual Funds Sector comprised seven (7) Private Mutual Funds and one (1) International Mutual Fund Administrator.

International Mutual Funds Sector	2023	2022	2021	2020
International Private Mutual Funds	7	7	6	7
International Public Mutual Funds	-	-	-	3
International Public Mutual Fund Administrators	1	1	1	2
International Public Mutual Fund Managers	-	-	-	1
Total	**8**	**8**	**7**	**13**

Table 14: International Mutual Funds – Registered Entities

International Private Mutual Fund	International Public Mutual Fund
Maximum 100 Investors	No limit on the number of Investors
Minimum investment of USD 50,000	No minimum investment requirement
Minimum net worth of investors of USD 1,000,000	No minimum net worth requirement
Registered	Licensed
Annual fee USD 500	Annual Licence Fee USD 1,000
Not marketed to the Public	Marketed to the Public
	Submission of Audited Accounts
	Submission of Offering Documents
	Licensed Administrator & Manager

Table 15: Requirements for International Private Mutual Funds and International Public Mutual Funds

The International Mutual Funds registered in Saint Lucia, have historically invested primarily in debt securities (approx. 43%), equity securities (approx. 43%), real estate and property, with small investments in foreign exchange, art, investment accounts and oil/gas investments.

PROPOSED AMENDMENTS

The following amendments have been proposed, aimed at strengthening the overall supervision framework of International Private Mutual funds, after consultation with the Registered Agents Sector.
Amendments to the International Mutual Funds Act, Cap 12. 16 would require international private mutual funds to have a licensed administrator licensed under the Act. This will allow for the FSRA's direct oversight of these administrators. According to the law, the Administrator has certain responsibilities and duties to discharge as a condition to its licence. Some key responsibilities of the administrator include:

1. If the Administrator knows or has reason to believe that an international mutual fund is unable to satisfy its obligation as they fall due, or if the international mutual fund business is being carried out in a manner that is contrary to the International Mutual Funds Act, the Administrator is mandated to immediately inform the FSRA.
2. Making available to FSRA at the Administrator's registered office, such books, records, vouchers, documents, cash securities and other information of the Administrator and of the international mutual funds administered by the Administrator as may be specified by the FSRA.

The statutory requirements, when applied to international mutual funds will significantly strengthen the supervisory framework for International Private Mutual Funds, as it will be necessary to have the books and records located at the office of the Administrator of the International Private Mutual Funds and be readily available for inspection by the FSRA and the Financial Intelligence Authority (FIA).

Registered Agents and Trustees

Registered Agents and Trustees are governed by the Registered Agent and Trustee Licensing Act, Cap 12.12 of the Revised Laws of St. Lucia (The RATLA).

As at December 2023, the FSRA regulated a total of 17 Registered Agents (RAs) and one (1) Registered Trustee.

Registered Agents	
1	Abacus Financial Services Limited
2	Adco Incorporated
3	AFCS Inc.
4	Axis Financial Services Ltd.
5	Bespoke Corporate & Fiduciary Services Ltd.
6	Colonial Trust Company Ltd.
7	Corporate Services (St. Lucia) 1996 Ltd.
8	Dentons Corporate Services Ltd.
9	Financial & Corporate Services Ltd.
10	Fortgate Offshore Investments & Legal Services Limited
11	Foster Capital Inc.
12	Hewanorra Corporate Services Limited
13	Island Registered Agents Ltd.
14	McNamara Corporate Services Inc.
15	Oceanus International Inc.
16	PKF Corporate Services Ltd.
17	Proven Corporate Services Limited
Registered Trustees	
1	Adco Incorporated

Table 16: Registered Agents and Trustees- Registered with the Authority

Registered Agents and Trustees serve as gatekeepers, and administrative intermediaries between the promoters of International Business Companies (IBCs) and the FSRA. As at December 31, 2023, there were three thousand five hundred and four (3,504) IBCs incorporated in Saint Lucia. The figure below shows the distribution of regulated IBCs represented by Registered Agents.

Figure 28: Number of IBCs by Registered Agent

The International Business Companies (IBC) Act, Cap. 12.14, has been revised to enhance transparency and facilitate efficient information exchange. Registered Agents (RA) and Registered Trustees (RT) have a fiduciary responsibility to IBCs by providing representation for international financial services. They are obligated to ensure that IBC promoters meet fit and proper criteria. Presently, the International Business Companies Act, Cap. 12.14 of Saint Lucia mandates consent from the Financial Services Regulatory Authority (FRSA/ Authority) for IBCs engaging in international banking, insurance, and mutual fund activities. However, the legislation does not address the incorporation process for IBCs seeking to conduct other financial services, for example, forex brokerage services.

During the first quarter of 2023, it was brought to the Authority's attention that several International Business Companies (IBCs) were providing financial services related business, that currently falls outside of the legislative framework of Saint Lucia (i.e. Forex Brokerage Activities).

Despite the lacuna in the legal framework, the FSRA asserts that critical to safeguarding Saint Lucia's reputation is the oversight of all activities relating to financial services. In that regard, the Authority engaged in consultation with the sector during the period with the aim of addressing this lacuna in the law.

Additionally, the FSRA took the decision to issue Notices on its website, as well as communicate through direct correspondence to the Registrar of International Business Companies informing that FSRA does not regulate nor license Forex Brokerage Services providers, Contract for Difference or any similar activities in St. Lucia.

Accountant's Report

REVENUE- SUBVENTIONS

The Financial Services Regulatory Authority (FSRA) continues to be financed by the Central Government receiving a gross subvention of $3,027,995 for the fiscal year April 2023 to March 2024, an increase of $700,998 when compared to prior period.

This increase in allocation was to facilitate the appointment of additional Financial Regulators to allow for enhanced prudential supervision of regulated entities.

A surplus of $98,375 was recorded at year ended March 31, 2024 primarily due to the delayed appointments of additional regulators. The FSRA will utilize this surplus to support strategic initiatives in its commitment to effective and efficient financial regulation.

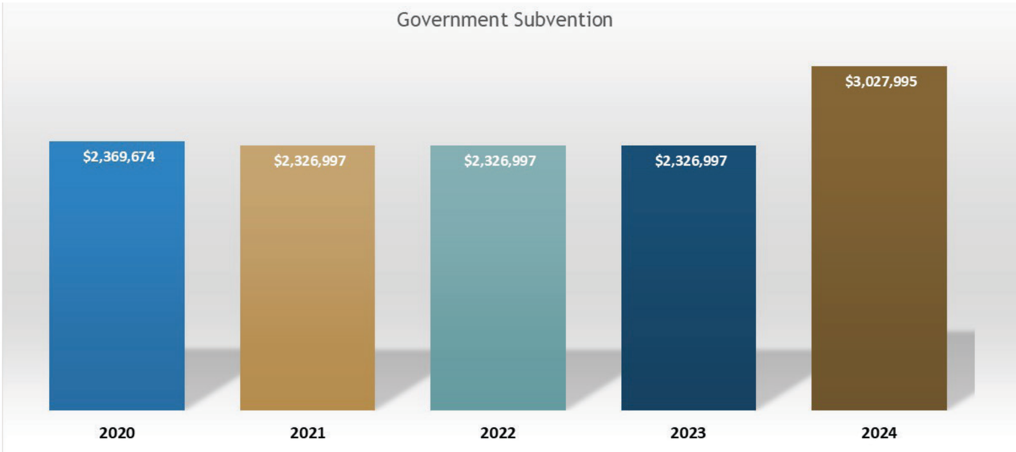

Figure 29: Government Subventions of fiscal years 2020 to 2024

ADMINISTRATIVE EXPENSES

In the fiscal year just concluded, administrative expenses totalled $2,929,620, an increase of 17.4% (2023-$2,460,625) when compared with the prior period.

The increase is primarily attributable to the expansion of our department by the commissioning of an onsite inspection unit.

The FSRA strategically augmented its team to bolster prudential supervision. This measure will assist with enhancing compliance with regulatory standards and FSRA's continued commitment to safeguarding stakeholder's interest in the domestic financial market.

Salaries and benefits remain the largest portion of general and administrative expenses at 75%.
Other expenses remain constant with that of prior financial years.

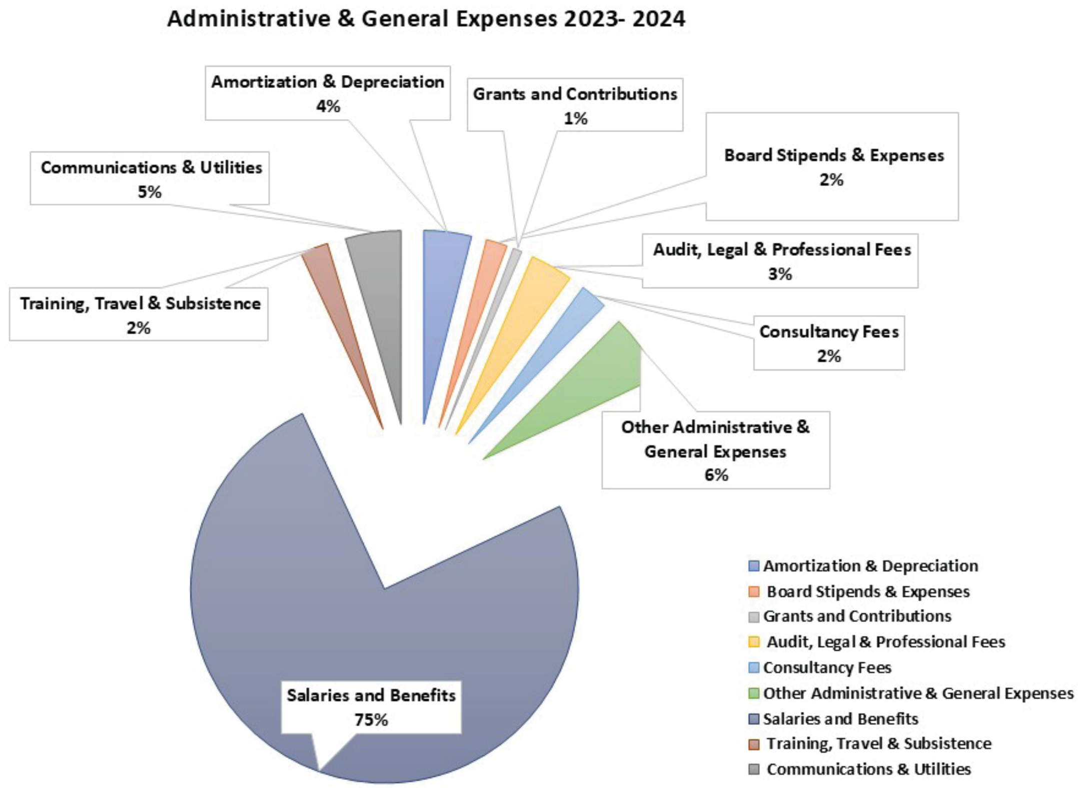

Figure 30: Total Administrative Expenses for the year 2023-2024

BREAKDOWN OF FEES, FINES AND FOREFITURES COLLECTED ON BEHALF OF THE GOVERNMENT OF SAINT LUCIA

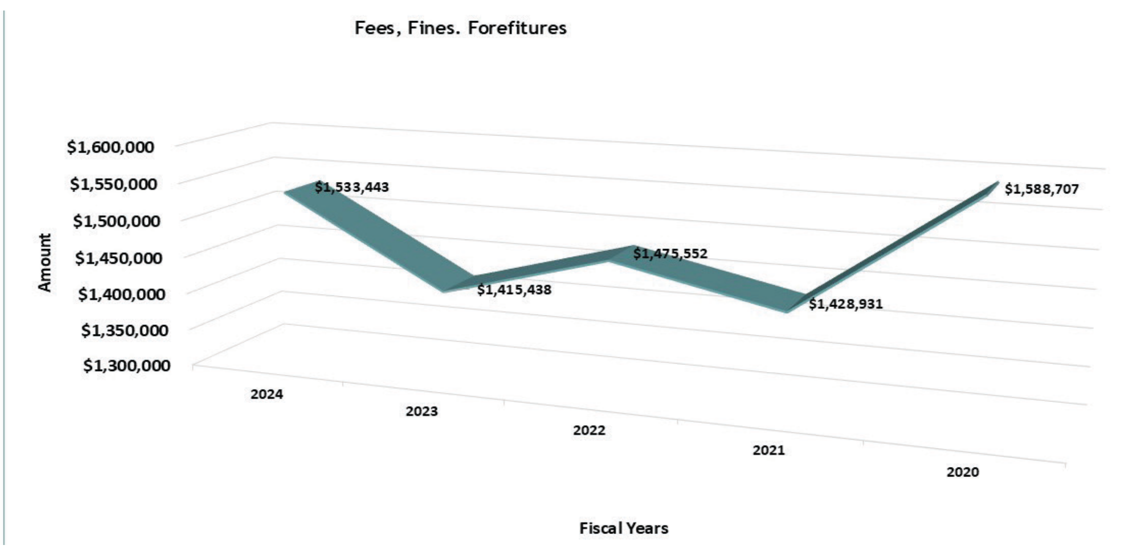

Figure 31: Fees, fines and Forfeitures collected for the financial year ended March 31, 2023

Total fees collected from Regulated Entities amounted to EC$1,533,443 for the period ended March 31, 2024, an 8% increase from last fiscal year's collection of $ 1,415,438.

Although a slight increase is being reported this fiscal year, there must be ongoing efforts to optimize revenue streams and enhance the attractiveness of our jurisdiction, particularly to the international financial market.

STAFF TRAINING

The FSRA continues to prioritize staff training as a cornerstone of our commitment to excellence. This continued investment in our personnel reinforces capacity building and the need to keep our team knowledgeable of emerging developments that are of a financial nature.

The Management of the FSRA remains grateful to all the sponsors and agencies which partnered in the development of the staff of the FSRA.

Training/Program	Period	Facilitator/Sponsor
Management Development Training		
HR Management	May-23	CEA Associates
Emotional Intelligence	Jul-23	CEA Associates
Effective Supervision & Appraisals	Nov-23	CEA Associates
Coaching Skills	Mar-24	CEA Associates
Own Risk and Solvency Assessment (ORSA) & Introduction to Risk Based Capital (RBC)	Jun-23	Caribbean Regional Technical Assistance Center (CARTAC)
Risk Based Supervision (RBS)	Jul & Aug 2023	Caribbean Regional Technical Assistance Center (CARTAC)
Annual IFRS Training	Sep-23	Institute of Chattered Accountant Eastern Caribbean (ICAEC)
Annual Carib DE Workshop	Oct-23	Caribbean Development Education Program (CAIRBDE)
Own Risk and Solvency Assessment (ORSA) & Introduction to Risk Based Capital (RBC)	Oct-23	Caribbean Regional Technical Assistance Center (CARTAC)
Financial Soundness Indicators	Nov-23	IMF Institute
Security, Compliance, and Identity Fundamentals	Nov-23	CTTL- Canada
Climate Risk & Financial Stability Workshop	Feb-24	Caribbean Regional Technical Assistance Center (CARTAC)
Associate Professional in Human Resources – International (aPHRi)	Mar-24	Lightsparc Training

Table 17: Staff Training 2024

AUDITED FINANCIAL STATEMENTS

Audited Financial Statements

Financial Services Regulatory Authority

FOR THE YEAR ENDED MARCH 31, 2024

BDO

Contents

REGISTERED OFFICE

6th Floor
Francis Compton Building
Waterfront
Castries

EXECUTIVE DIRECTOR

Mrs. Nathalie Dusauzay

DIRECTORS

Mr. Philip Dalsou – Chairman (Appointed, June 01, 2022)
Mr. Paul Thompson – Managing Director, Financial Intelligence Authority
Mr. Trevor Brathwaite – Designated Representative : Eastern Caribbean Central Bank (Appointed August 23, 2023)
Mr. Francis Fontenelle – Permanent Secretary Ministry of Finance (Appointed, September 01, 2022)
Ms. Marcia Vite' – Alternate for Permanent Secretary, Ministry of Finance
Ms. Mary Popo – Non-Executive Director
Mr. Leathon Khan - Non-Executive Director, (Resigned, August 31, 2023)
Ms. Adria Sonson - Non- Executive Director, Appointed, July 11, 2022)

BANKERS

Bank of Saint Lucia Limited

AUDITORS

BDO Eastern Caribbean

Tel: 758-452-2500
Fax: 758-452-7317
www.bdoecc.com

Mercury Court
Choc Estate
P.O. Box 364
Castries
LC04 101
St. Lucia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Financial Services Regulatory Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Financial Services Regulatory Authority (the Authority), which comprise the statement of financial position as at March 31, 2024, and the statements of changes in equity, income and expenditure and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Saint Lucia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Other Information Included in the Authority's 2024 Annual Report

Other information consists of the information included in the Authority's 2024 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Authority's 2024 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Other Information Included in the Authority's 2024 Annual Report (Cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the 2024 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charges with governance.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

BDO

Chartered Accountants
Castries, St. Lucia

June 30, 2024

Statement of Financial Position
As at March 31, 2024
(Expressed in Eastern Caribbean Dollars)

	Notes	2024 $	2023 $
ASSETS			
Current Assets			
Cash	6	666,835	1,017,816
Accounts receivable and prepayments	7	28,230	13,430
Investments	8	200,000	-
		895,065	1,031,246
Long-term Assets			
Property and equipment	9	349,193	202,875
Intangible assets	10	4,529	6,185
		353,722	209,060
TOTAL ASSETS		1,248,787	1,240,306
LIABILITIES AND EQUITY			
Current Liability			
Accounts payable and accruals	11	276,415	366,309
Equity			
Contributed capital	12	-	-
Accumulated surplus		972,372	873,997
Total Equity		972,372	873,997
TOTAL LIABILITIES AND EQUITY		1,248,787	1,240,306

The accompanying notes form an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD: -

Chairperson

Member

Statement of Changes in Equity
For the Year Ended March 31, 2024
(Expressed in Eastern Caribbean Dollars)

	Contributed Capital $	Accumulated Surplus $	Total $
Balance as at March 31, 2022	61,431	946,194	1,007,625
Transfer to accumulated surplus (Note 12)	(61,431)	61,431	-
Deficit for the year	-	(133,628)	(133,628)
Balance as at March 31, 2023	-	873,997	873,997
Surplus for the year	-	98,375	98,375
Balance as at March 31, 2024	-	972,372	972,372

The accompanying notes form an integral part of these financial statements.

Statement of Income and Expenditure
For the Year Ended March 31, 2024
(Expressed in Eastern Caribbean Dollars)

	Notes	2024 $	2023 $
Revenue			
Subventions	13,16	3,027,995	2,326,997
Administrative and general expenses	14	(2,929,620)	(2,460,625)
Surplus/ (Deficit) for the year		98,375	(133,628)

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended March 31, 2024
(Expressed in Eastern Caribbean Dollars)

	Notes	2024 $	2023 $
Cash Flows from Operating Activities			
Surplus/(deficit) for the year		98,375	(133,628)
Adjustments for:			
Depreciation and amortization	9,10	115,767	75,513
Operating income before working capital changes		214,142	(58,115)
(Increase)/decrease in accounts receivable and prepayments		(14,800)	385,436
(Decrease)/increase in accounts payable and accruals		(89,894)	144,155
Net cash generated from operating activities		109,448	471,476
Cash Flows from Investing Activities			
Purchase of intangible assets	10	(2,249)	(4,874)
Investments		(200,000)	-
Purchase of property and equipment	9	(258,180)	(161,195)
Net cash used in investing activities		(460,429)	(166,069)
(Decrease)/increase in Cash		(350,981)	305,407
Cash - Beginning of Year		1,017,816	712,409
Cash - End of Year	6	666,835	1,017,816

The accompanying notes form an integral part of these financial statements.

Index to Notes to the Financial Statements

1. Incorporation and Principal Activity

The Financial Services Regulatory Authority (the Authority), formerly the Financial Sector Supervision Unit, is a statutory body of the Government of Saint Lucia, which was established on April 1, 2011, under the Financial Services Regulatory Authority (FSRA) Act No. 13 of 2011 and commenced operations on January 1, 2014.

The Authority is the single regulatory body which licenses, supervises and regulates financial institutions within the financial sector of Saint Lucia, with the exception of Financial Institutions licensed under the Banking Act Chap 12.01 and the Securities Act Chap. 12.18.

The Authority's registered office and principal place of business is located on the 6th Floor, Francis Compton Building, Waterfront, Castries, Saint Lucia.

2. Date of Authorisation of Issue

These financial statements were authorised for issue by the Board of Directors on June 28, 2024.

3. Material Accounting Policy Information

The principal accounting policies adopted are stated in order to assist in a general understanding of the financial statements. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Statement of Compliance

The financial statements of the Authority have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note 4.

(b) New standards amendments to standards and interpretations

(i) Standards amendments and interpretations effective in 2024 financial year are as follows:

A number of new standards, amendments to standards and interpretations effective for annual periods beginning on or after January 1, 2023, have been adopted in these financial statements. Note: those new standards, amendments and interpretations effective for annual periods beginning on or after January 1, 2023, which do not affect the Authority's financial statements have not been disclosed below.

- *IAS 1, 'Presentation of Financial Statements'* and *IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'* were amended to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

  This amendment is applicable for annual periods beginning on or after January 1, 2023. It is not anticipated that the application of this amendment will have a material impact on amounts reported in respect to the Authority's financial statements.

3. Material Accounting Policy Information (Cont'd)

(b) New standards amendments to standards and interpretations (Cont'd)

(i) Standards amendments and interpretations effective in 2024 financial year are as follows (Cont'd):

- *Disclosure of Accounting Policies (Amendments to IAS1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments).* In February 2021, the IASB issued amendments to IAS1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more "informative by replacing the requirement to disclose "significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

  These amendments have no effect on the measurement or presentation of any items in the financial statements of the Authority but affect the disclosure of accounting policies.

(ii) Standards, amendments and interpretations that are issued but not effective and have not been early adopted are as follows:

- *Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);*
- *Classification of Liabilities as Current or Non-Current (Amendments to IAS1 Presentation of Financial Statements)l and*
- *Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)*

  The Authority does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the financial statements.

(c) Cash

Cash is carried on the statement of financial position at cost. For the purpose of the statement of cash flows, cash comprises balances with a maturity period of three months or less from the date of acquisition including cash on hand and deposits held on call with banks.

(d) Accounts Receivables and Prepayments

Accounts receivables are carried initially at fair value and subsequently measured at amortised cost less any impairment. The amount of the provision for impairment of trade receivable is recognised in Statement of Income and Expenditure. Trade and other receivables, being short-term, are not discounted.

(e) Prepayments

Prepayments represent expenses not yet incurred but are already paid. Prepayments are initially recorded as assets and measured at the amount paid. Subsequently, these are charged to the Statement of Income and Expenditure as they are consumed in the operations or expire with passage of time.

Prepayments are classified in the Statement of Financial Position as current asset when it is expected to be collected within one year. Otherwise, prepayments are classified as current.

3. **Material Accounting Policy Information (Cont'd)**

(f) **Property and Equipment**

Property and equipment are stated at historical cost net of accumulated depreciation and or impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Income and Expenditure during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

Assets	**Estimated Useful Lives**
Motor Vehicles	5 – 7 years
Furniture	5 - 10 years
Equipment	3 - 5 years
Leasehold improvements	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are amortized on a straight-line basis over the shorter of the lease or estimated useful life.

Gains and losses on disposal are determined by comparing proceeds with carrying amounts. These are included in the statement of income and expenditure.

(g) **Intangible Assets**

Intangible assets are stated at historical cost less accumulated amortization. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Amortization is calculated using the straight-line method to allocate cost less residual value over the estimated useful life of three (3) years.

(h) **Impairment of non-financial Assets**

The carrying amounts of the Authority's property and equipment are reviewed at each reporting date to determine whether there are any indicators of impairment. If any indicators exist, the asset's recoverable amount is estimated.

The recoverable amount of the asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Income and Expenditure.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3. Material Accounting Policy Information (Cont'd)

(i) Accounts Payable

Accounts payable are classified as current liabilities if payment is due within one year (1) or less. Accounts payable are initially recognised at fair value and subsequently measured at amortised cost.

(j) Related Party Transactions

A party is related to the Authority if:

(i) Directly or indirectly the party:

- Controls, is controlled by, or is under common control with the Authority;
- Has an interest in the Authority that gives it significant influence over the Authority; or
- Has joint control over the Authority;

(ii) The party is a member of the key management personnel of the Authority;

(iii) The party is a close member of the family of any individual referred to in (i) or (ii).

(iv) The party is a post-employment benefit plan for the benefit of employees of the Authority or anybody that is a related party to the Authority.

(k) Contributed Capital

Contributed capital relates to net assets acquired by the Authority at inception.

(l) Revenue Recognition

Revenue is recognised on an accruals basis and comprises subvention received from the Government of Saint Lucia.

An annual subvention is approved by Parliament and is included in the Government of Saint Lucia's Estimates of Revenue & Expenditure for the given financial year.

(m) Expenses

Expenses are recognised on an accruals basis.

(n) Contingencies

Contingent liabilities represent possible obligations and are disclosed in the financial statements unless the possibility of the outflow of resources embodying the economic benefit is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

(o) Events after the Reporting Date

Post year-end events that provide additional information about the Authority's position at the reporting date (adjusting events) are reflected in the Authority's financial statements. Material post year-end events which are not adjusting events are disclosed.

(p) Comparatives

Where necessary, comparatives have been adjusted to conform with changes in the presentation in the current year.

4. Critical Accounting Judgments, Estimates and Assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstance arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur.

The most significant use of estimates and assumptions are:

- Estimated useful lives of property and equipment - Note 3
- Estimated useful lives of intangible assets – Note 3

5. Financial Risk Management

In accordance with the provisions of International Financial Reporting Standard No. 7, disclosures are required regarding credit risk, liquidity risk, market risk, fair value of financial instruments and capital management.

(a) Credit Risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Authority. The Authority's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

The financial assets which may potentially expose the Authority to concentrations of credit risk consist of cash and cash equivalents. The Authority places its deposits with a reputable financial institution and as such, management does not believe that significant credit risk exists as at March 31, 2024.

(b) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet contractual obligations. Management reviews cash flow forecasts on a regular basis to determine whether the Authority has sufficient cash reserves to meet future working capital requirements. All contractual obligations are expected to be settled within the next year.

As such, management does not believe that significant liquidity risk exists as at March 31, 2024.

(c) Market Risk

Market risk is the risk that changes in market prices, such as interest and foreign exchange rates will affect the value of the Authority's assets, the amount of its liabilities and/or the Authority's income. The Authority has minimal exposure to interest rate risk as it has no significant interest-bearing financial assets or liabilities. The Authority also has minimal exposure to foreign exchange risk as the majority of its foreign transactions are quoted in its functional currency, the Eastern Caribbean Dollar.

5. Financial Risk Management (Cont'd)

(d) Fair Value of Financial Instruments

Fair values represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and are best evidenced by quoted market values, if they exist. None of the Authority's financial assets or liabilities are traded on formal markets and as such their fair values are assumed to approximate their carrying amounts.

(e) Capital Management

The Authority's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to collect funds on behalf of the Government of Saint Lucia. In order to maintain or adjust its capital structure, the Authority may adjust its levels of expenditure.

6. Cash

	2024 $	2023 $
Cash on hand	500	500
Cash in bank	666,335	1,017,316
	666,835	1,017,816

Other cash in bank is non-interest bearing.

7. Accounts receivable and Prepayments

	2024 $	2023 $
Prepaid expenses	11,661	13,430
Advance payment	16,569	-
	28,230	13,430

8. Investments

<u>Amortised cost</u>

Fixed deposit

	2024 $	2023 $
Bank of St. Lucia Limited	200,000	-

Fixed deposit account has interest of 1.25% per annum.

9. Property and Equipment

	Leasehold Improvements $	Furniture $	Equipment $	Motor Vehicles $	Total $
At March 31, 2022					
Cost	-	98,037	268,293	-	366,330
Accumulated depreciation	-	(80,614)	(171,709)	-	(252,323)
Net book value	-	17,423	96,584	-	114,007
Year ended March 31, 2023					
Opening net book value	-	17,423	96,584	-	114,007
Additions	-	-	16,695	144,500	161,195
Depreciation charge (Note 14)	-	(5,564)	(51,281)	(15,482)	(72,327)
Closing net book value	-	11,859	61,998	129,018	202,875
At March 31, 2023					
Cost	-	98,037	284,988	144,500	527,525
Accumulated depreciation	-	(86,178)	(222,990)	(15,482)	(324,650)
Net book value	-	11,859	61,998	129,018	202,875
Year ended March 31, 2024					
Opening net book value	-	11,859	61,998	129,018	202,875
Additions	179,606	47,120	31,454	-	258,180
Depreciation charge (Note 14)	(39,912)	(9,287)	(42,020)	(20,643)	(111,862)
Closing net book value	139,694	49,692	51,432	108,375	349,193
At March 31, 2024					
Cost	179,606	145,157	316,442	144,500	785,705
Accumulated depreciation	(39,912)	(95,465)	(265,010)	(36,125)	(436,512)
Net book value	139,694	49,692	51,432	108,375	349,193

10. Intangible Assets

	Software $
At March 31, 2022	
Cost	13,947
Accumulated amortisation	(9,450)
Net book value	4,497
Year ended March 31, 2023	
Opening net book value	4,497
Additions	4,874
Amortisation charge (Note 14)	(3,186)
Closing net book value	6,185
At March 31, 2023	
Cost	18,821
Accumulated amortisation	(12,636)
Net book value	6,185
Year ended March 31, 2024	
Opening net book value	6,185
Additions	2,249
Amortisation charge (Note 14)	(3,905)
Closing net book value	4,529
At March 31, 2024	
Cost	21,070
Accumulated amortisation	(16,541)
Net book value	4,529

11. Accounts Payable and Accruals

	2024 $	2023 $
Gratuity payable	121,358	227,683
Vacation accrual	124,374	84,004
Accounts payable	30,683	54,622
	276,415	366,309

The amount for accounts payable represents outstanding utility payments and other payments due to suppliers.

12. Contributed Capital

	2024 $	2023 $
Property and equipment	-	87,093
Vacation paid	-	(25,662)
	-	61,431
Transferred accumulated deficit	-	(61,431)
	-	-

These amounts represent balances assumed by the Authority from the Financial Sector Supervision Unit on the assumption of the corresponding responsibilities. This includes Property and Equipment transferred to the Authority and outstanding vacation paid to officers transferred from the Financial Sector Supervision Unit to the Authority.

This amount was transferred to the accumulated surplus at March 31, 2023.

13. Government Subvention

The Authority received an annual subvention from the Government of Saint Lucia to meet its operational costs of $3,027,995 (2023: 2,326,997). A budget is submitted to the Government based on projected cash requirements, and the final amount received is at the discretion of the Government. There are no unfulfilled conditions or other contingencies attached to amounts received in 2024.

14. Administrative and General Expenses

	2024 $	2023 $
Advertisements	2,888	1,793
Audit Fees	14,887	12,994
Amortisation (Note 10)	3,905	3,186
Bank charges	3,106	3,473
Board expenses	4,097	6,615
Board stipends and appeals tribunal	47,600	51,750
Communications	33,042	39,080
Depreciation (Note 9)	111,862	72,327
Grants and contributions	21,948	13,407
Gratuity	125,575	113,550
Hosting and entertainment	12,343	10,344
Legal and professional expenses	90,138	35,051
Consultancy Fees	67,662	-
Maintenance	14,798	3,400
Office and general expenses	121,009	56,867
Public relations	10,337	15,047
Salaries and benefits (Note 15)	2,073,413	1,830,356
Training	35,317	12,779
Travel and subsistence	32,984	11,697
Utilities	102,709	166,909
	2,929,620	2,460,625

15. Employee and Management Costs

	2024 $	2023 $
Senior Management		
Salaries and wages	871,077	537,537
National insurance	9,500	9,000
	880,577	546,537
Other Staff		
Salaries and wages	1,117,324	1,220,144
National insurance	51,074	47,864
Other	24,438	15,811
	1,192,836	1,283,819
	2,073,413	1,830,356

The average number of staff for the year was 30 (2023-26).

16. Related Party Transactions

During the year, the Authority collected funds totaling $1,533,443 (2023- $1,475,438) on behalf of the Government of Saint. Lucia for license fees, fines and forfeitures from the financial services sector, in keeping with Section 39 of the FSRA Act No. 13 of 2011.

These amounts generated are paid directly to the consolidated fund of the Government of Saint Lucia by the Licensees.

	2024 $	2023 $
Government of St. Lucia	3,027,995	2,326,997

17. Taxation

In accordance with section 32 of the Financial Services Regulatory Authority Act No. 13 of 2011, the Authority is exempt from the payment of taxes, levies, duties and fees on income, property and documents.

Notes

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