



BELIZE CHAMBER OF COMMERCE & INDUSTRY

4792 Coney Drive, 2nd Floor Withfield Tower, P.O. Box 291 , Belize City, Belize, Central America

Tuesday, June 30th, 2020

BCCI CONCERNED ABOUT INEVITABLE ECONOMIC AND CONSUMER IMPACT OF SCOTIABANK (Belize) Ltd's ACQUISITION

- For Immediate Release-

On Monday, June 22, 2020 the Belizean public was notified of a share purchase agreement by which Caribbean Investment Holdings Limited (CIHL), the parent company of The Belize Bank Limited, would acquire the shares of Scotiabank (Belize) Limited, pending regulatory approval. This acquisition leaves 50% of the commercial banking sector under the control of one institution and reduces the number of commercial banks in Belize from five to four. The impact of this transaction will be felt across the entire spectrum of personal and business customers seeking credit, finance, foreign exchange, correspondent bank services, and much more. It is therefore imperative for the BCCI to express its views and concerns.

This acquisition highlights the need for the Government to introduce competition laws, to ensure that market dominance will not adversely affect any industry. In other more developed jurisdictions, prior to any acquisition, the regulator would undertake an in-depth assessment of the impact of the acquisition on the market and on consumers. The BCCI considers it imperative that the Central Bank of Belize, as the regulator of all financial institutions, exercises wholesome scrutiny to guard against further reduction of access to finance or against anti-competitive behavior resulting from the consolidation of the banking sector. It therefore urges:

- That the Central Bank of Belize reviews this acquisition in the context of its impact on the overall banking sector, as well as from a consumer protection standpoint;
- That the Central Bank of Belize considers the impact that the loss of Scotiabank (Belize) Limited will have on the country's stability and its ability to access and maintain correspondent banking relationships;
- That the Central Bank of Belize ensures that the risk of anti-competitive behavior is eliminated, in particular by introducing regulations that will limit the percentage of market share that can be held by any one institution; and
- That the Government of Belize through its investment promoters and other relevant bodies encourages and incentivizes new commercial banking institutions to enter Belize, while

the Central Bank opens the market to encourage properly regulated modern alternatives to traditional banking.

The BCCI is fully aware of the risk profile the Caribbean presents to foreign banks and recognizes the difficulty this creates in attracting financial institutions to our small jurisdiction. The fight against money laundering fueled by the illegal drug trade, people trafficking proceeds, and general corruption, exacerbate our risk profile. Our members have borne the full burden of the resultant banking de-risking efforts, which reduced overall access to finance, increased business cost, and loss of competitiveness. It is highly unlikely that this situation will improve if the number of banks in the market continues to reduce or market concentration follows through unchecked.

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