



CAYMAN ISLANDS

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Fact Sheet/Backgrounder – Banking Assessment
INTERNATIONAL MONETARY FUND ASSESSMENT OF THE SUPERVISION
AND REGULATION OF THE FINANCIAL SECTOR IN THE CAYMAN ISLANDS

- Based on *25 Core Principles for Effective Banking Supervision* developed by the Basel Committee
 - ~ The Basel Committee was established at the end of 1974 comprising of members from Belgium, Canada, France, Germany, Italy, Japan, Luxembourg, the Netherlands, Spain, Sweden, Switzerland, United Kingdom and United States. The Committee formulates broad supervisory standards and guidelines and recommends statements of best practice in the expectation that individual authorities will take steps to implement them through detailed arrangements – statutory or otherwise – which are best suited to their own national systems
- The IMF assessed the Cayman Islands banking supervision as “compliant” or “largely compliant” with all 30 recommendations included in the *25 Core Principles for Effective Banking Supervision*.
 - ~ A five point rating scale for each of the recommendations was used:
 - Compliant – all “essential” criteria are met without any significant deficiencies
 - Largely compliant – minor shortcomings, but not sufficient enough to raise doubts about the authority’s ability to achieve the objective of a given principle
 - Materially non-compliant – shortcoming is sufficient to raise doubts about the authority’s ability to achieve compliance
 - Non-compliant – no substantive progress towards compliance has been achieved
 - Not applicable – a principle deemed by the assessors to not have relevance
- Evaluation involved a qualitative on-site and off-site analysis by expert assessors based on the following information:
 - ~ Comprehensive discussions with the Banking Supervision Department and Legal Counsel, Cayman Islands Monetary Authority (CIMA)
 - ~ Discussions with individual financial institutions in the Cayman Islands
 - ~ Discussions with professionals in the Legal and Accounting areas in the Cayman Islands
 - ~ Review of the report titled, *Financial Regulation in the Caribbean Overseas Territories and Bermuda*, jointly commissioned by the UK and overseas territories governments in October 2000 and completed by KPMG
 - ~ Audit and review of reports, materials and supporting information used by the industry for regulation and supervision
 - ~ A review of CIMA’s self assessment conducted prior to the IMF delegation’s arrival
- The IMF assessors were Mr. Timothy Sullivan, Banking Advisor, IMF and Mr. Stefan Niessner, Deutsche Bundesbank