FEATURED Q&A

How Can Caribbean Countries Strengthen Financial Regulation?

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Q In a civil complaint last month, US authorities charged financier R. Allen Stanford with orchestrating a fraud connected to $8 billion of certificates of deposit sold by Antigua-based Stanford International Bank through a network of advisors. Does this incident show a need for stricter regulation of financial services companies in the Caribbean? What role should Caribbean governments and private sector businesses play in maintaining the integrity of financial services firms in the region?

A Guest Comment: Ronald Sanders: "The matter of the SEC prosecuting a civil suit for alleged fraud against R. Allen Stanford points to the absolute need for stricter regulation not only in Antigua and Barbuda but also in the United States. Court documents about this matter claim that the alleged fraud relates to the sale of products by the Stanford International Bank (SIB) in Antigua and by the Stanford Financial Group in Houston. The regulators in both jurisdictions are, therefore, culpable. While the smallness of its resources does not absolve the Antigua regulators of responsibility, the vastness of the resources available to the US regulators condemns their failure to recognize the danger signals in the operations at a much earlier stage. The Stanford allegation should not be used to stain Caribbean regulators while ignoring the fact that deficiencies also existed in the US system. No Caribbean jurisdiction should wish to remain in the business of hosting companies that offer financial services without strong, relevant and appropriate legislation and supervision that protects the interests of customers. In this regard, independent statutory bodies that are free of political interference and are overseen by bipartisan committees drawn from the legislature should be established to raise their credibility and give confidence to domestic and international clients. So there is a need for stricter and fearless regulation of financial services as much in the US as in the Caribbean.