



FINANCIAL SERVICES AUTHORITY SVG

ANNUAL REPORT

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FINANCIAL SERVICES AUTHORITY SVG



Mission - To develop, regulate, and supervise the international and non-bank financial sectors with integrity and efficiency, fostering financial stability, protecting consumers, and building public awareness through robust oversight, innovation, digital transformation, and collaboration.

Vision - To be a trusted, transparent, and globally recognized authority ensuring financial stability, public confidence, and aiding economic growth.

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BOARD OF DIRECTORS



Left to Right Standing: Deidre Adams - Secretary | Susan Samuel - Director | Kozel Fraser - Director | Carla James - Executive Director | Karen Duncan - Director.

Left to Right Seated: Stewart Haynes - Director | Kenneth Young - Chairman | Hance John - Director.

Absent: Edmond Jackson - Director

BOARD OF DIRECTORS



KENNETH YOUNG, was appointed as Chairman of the FSA in October 2023. Mr. Young is a Qualified Accountant with over forty (40) years of experience in Auditing and Accounting. Mr. Young brings vast professional experience to the Board, having served in various capacities in the public and private sector for many years.

He was the first Financial Controller of the St. Vincent Brewery Limited and served as the Financial Controller of SVG Air Limited for over twenty (20) years. He has also lectured in Accounting for over twenty years at the University of the West Indies and in a private capacity.



SUSAN M. SAMUEL, is a native Vincentian and a Qualified Accountant with over twenty-five (25) years of experience in Finance, Banking, Internal Auditing and Compliance. She is a Fellow Member of the Association of Chartered Certified Accountants. She is currently serving as Financial Controller in the Government Owned Hotel Project Implementation Unit.



STEWART HAYNES, is a Chartered Financial Analyst (CFA) and a Fellow of the Faculty and Institute of Actuaries (FIA). Mr. Haynes holds a Master's Degree in Actuarial Management from the Cass Business School-City University, London and a BSc in Actuarial Science from the London School of Economics and Political Science. He has served on the Board of Directors of the International Financial Services Authority prior to the establishment of its successor, the Financial Services Authority, for several years.

Mr. Haynes currently holds the post of Executive Director of the National Insurance Services. He is a current Director on the Board of Directors of Eastern Caribbean Financial Holdings, St. Lucia.



KOZEL FRASER, Kozel Fraser is the Country Manager of the Eastern Caribbean Central Bank. She holds a BSc. in Economics from the University of Cienfuegos and a MSc. in Sustainable Development from the University of London. Mrs. Fraser has worked in Senior management for over 10 years. She is the former Coordinator of WINFA and the former President of the Board of Directors of the Caribbean Policy Development Centre. She has extensive knowledge in Project Management and is actively involved in community development through her work with the Avenues United sports, educational and cultural organization.

BOARD OF DIRECTORS



DEIDRE ADAMS, serves as Secretary to the Board of Directors of the FSA. Since 2010, Ms. Adams has held the position of Budget Officer II in the Financial Management Unit of the Ministry of Finance. Prior to this period she held several other positions within the public service including Budget Officer in the Treasury Division.

Ms. Adams holds a BSc Degree in Accounting and is also actively involved as a Youth Leader and mentor to young persons in her church community.



EDMOND A. JACKSON, holds a BSc in Economics and Management from the University of the West Indies and a MSc. in Financial Economics from the University of London. He currently holds the post of Director General in the Ministry of Finance and Planning.

Mr. Jackson's professional experience spans both the public and private sectors having served in several capacities within the Credit Union sector and within the banking industry. He has wide-ranging experience and training in the areas of financial sector regulation, policy development and public finance. He has been at the forefront of civil service reform with a career extending over twenty-five years within the public service.



KAREN DUNCAN, is the Solicitor General in the Attorney General's Chambers, Ministry of Legal Affairs. She holds a BSc. in Management Studies from the University of the West Indies (U.W.I), Mona; a LLB from U.W.I, Cave Hill; a MSc. in Global Affairs from New York University; and a LLM in Legislative Drafting from U.W.I., Cave Hill.

Ms. Duncan was an Attorney in the Litigation Department at DunnCox, Attorneys-at-Law in Jamaica; Legal Officer at the Jamaica Fair Trading Commission focusing on competition/anti-trust law; and Case Manager at Scholars at Risk, an international network of institutions protecting academic freedom, based at New York University.



HANCE JOHN, holds a BSC in Accounting (Special) from the University of the West Indies Cave Hill Campus Barbados. He has worked as an Auditor with BDO Eastern Caribbean for four years and is currently Project Officer/Accountant in the Ministry of Finance, Economic Planning and Information Technology. Mr. John is a current Director of the Farmers Support Company and a Committee Member on the Prime Ministerial Advisory Council on Youth for the Agricultural Sector. He also serves as a Consultant to the Pan American health organization/ World Health Organization.

Mr. John is also a Cultural Ambassador of St. Vincent and the Grenadines.

EXECUTIVE MANAGEMENT



CARLA JAMES, joined the FSA, St. Vincent and the Grenadines as Executive Director in September 2018. Ms. James is a barrister at law and solicitor and holds a LLB from U.W.I Cave Hill and a L.E.C from Hugh Wooding Law School.

As Executive Director, she also holds the posts of Registrar of IBCs, International Trusts, Mutual Funds and Credit Unions and Commissioner of International Insurance. She is also a statutory member of the National Anti-Money Laundering Committee.

Ms. James has worked in the field of financial services since 2003, specifically the detection and combating of financial crimes, firstly as the Legal officer of the Financial Intelligence Unit, known as one of the leading FIUs in the Caribbean region, and then as its Director from 2016-2018. She has also served as Magistrate at the Kingstown Magistrates' Court for a period of one and a half years where she adjudicated on all aspects of the law.



MR. DEREK ST. ROSE, was appointed as Deputy Director in May of 2019. He has over 29 years of experience in financial services regulation and supervision and prior to his appointment he held several key positions in various countries, including: Superintendent of International and Domestic Insurance at the Financial Services Regulatory Commission (FSRC) in Antigua and Barbuda, Head of Insurance at the Financial Services Commission in Turks & Caicos Islands, Deputy Director of the Financial Services Commission in Anguilla.

He also held numerous positions at the Ministry of Finance in St. Lucia and has been involved in international financial services regulation and supervision, and financial services development and policy formulation over his career.

Mr. St. Rose holds an MBA (Finance) degree from Charles Sturt University, Australia, a Post Graduate Diploma in Management and E-Commerce from the London School of Commerce and a BSc. Degree in Management Studies (Honours) from the University of the West Indies (Mona, Jamaica). He also holds the Certified Anti-Money Laundering Specialist (CAMS) and Accredited Director (Acc. Dir.) designations from the Association of Certified Anti-Money Laundering Specialist (ACAMS) and Chartered Governance Institute of Canada (CGIC), respectively.

MANAGEMENT AND LEGAL TEAM



KEISHA BYNOE, serves as the Manager, Finance & Administration of the Financial Services Authority, effective July 1, 2019. Prior to this she acted in the position for approximately a year and a half. She holds a BSc. in Accounting from the University of the West Indies, Cavehill, Barbados and is ACCA qualified.

Mrs. Bynoe has gained experience in auditing and accounting from working with the auditing firm of KPMG (Eastern Caribbean) for over seven (7) years. Prior to that period, she worked with the Inland Revenue department of the Government of St. Vincent as a Junior Tax Officer.



KAREN JACKSON, Manager of International Financial Services, continues with the FSA having been an integral part of the former International Financial Services Authority. Prior to joining IFSA, Ms Jackson worked in the fields of accounting, auditing and bank supervision with the SVG Port Authority, the audit firm of Coopers and Lybrand and the Eastern Caribbean Central Bank

Ms. Jackson is a Fellow of the Chartered Certified Accountants (FCCA) of the UK. She holds an MS Degree in Finance graduating from Rochester Institute of Technology, NY under the Fullbright Scholars Program and a BSc honors degree in Accounting from the University of the West Indies, Jamaica.



MRS. MINTRUE ROSE-PROVIDENCE, worked with the Ministry of Finance & Economic Planning for ten years prior to being appointed to the position of Manager, Insurance and Pensions with the FSA. During her tenure in the public service, she served as an officer of the Economic Research and Policy Unit and Director of the Supervisory and Regulatory Division with responsibility for domestic non-bank financial institutions.

Mrs. Rose-Providence has wide range of experience and training in the areas of financial sector supervision and regulation, financial programming and policies, monetary and financial statistics. She also received training from the Small Countries Financial Management Centre in the Isle of Man and training in Negotiations at the Said International School of Business, Oxford University.

Mrs. Rose-Providence holds an MSc in Economics, Finance and Management from the University of Bristol, United Kingdom, a BSc in Economics from University of the West Indies, Cave Hill, Barbados and a Diploma in Trade Policy from the World Trade Organisation. She is a Certified Anti-Money Laundering Specialist (CAMS) and Certified Risk and Compliance Management Professional (CRCMP).

Over the period 2010-2014 Mrs. Rose-Providence served as Secretary of the Caribbean Association of Insurance Regulators (CAIR).

MANAGEMENT AND LEGAL TEAM



NYASHA BROWNE, joined the Financial Services Authority in August 2015. She serves as the Manager, Credit Unions, Building Societies, Friendly Societies and Money Services Business. Her expertise in this area is founded on her previous managerial experiences and her forte in the field of Accounting- she is ACCA qualified and holds a BSc in Accounting from Oxford Brookes University U.K. Additionally, Mrs. Browne is a certified FATF 4th round assessor.

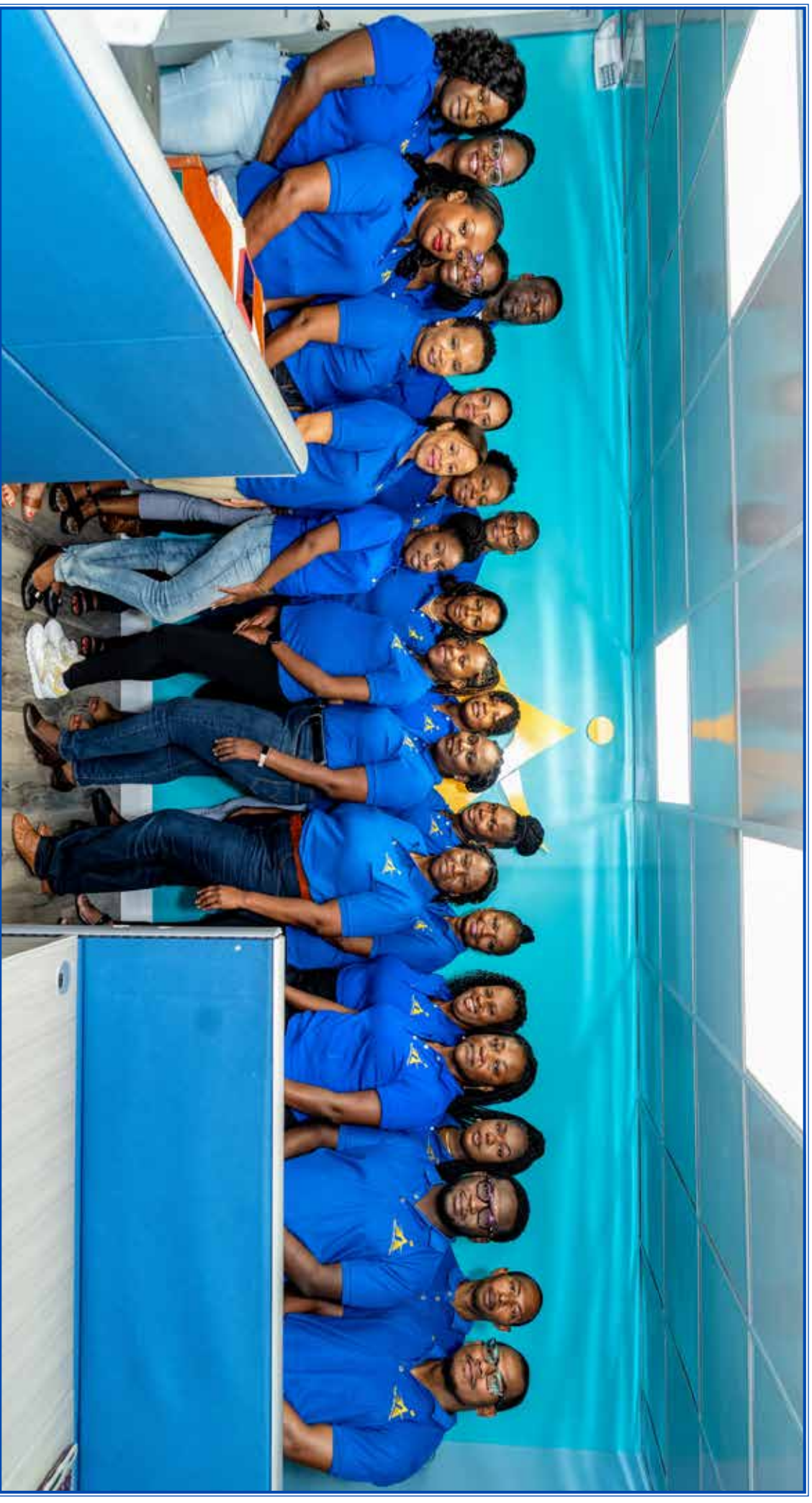
At present, her skills are being further honed through the pursuit of ACAMS certification.



GESHELL PETERS, serves as the Legal Counsel and Deputy Registrar of International Business Companies. Prior to joining the FSA, Ms. Peters worked in various departments of the public service.

Ms. Peters holds a Bachelor of Laws (LLB) (Hons) Degree from the University of the West Indies, Cave Hill campus, Barbados, a Legal Education Certificate with Merit (LEC) from the Hugh Wooding Law School, Trinidad and Tobago and an ACAMS accreditation in AML/CFT. In 2013, Ms. Peters was one of St Vincent's representatives at the Small Countries Financial Management Programme, University of Oxford, IOM Business School.

Ms. Peters duties include legal research, advice and legal representation of the Authority, supervision of the Registry department and assisting the Registrar of IBCs in the exercise of her powers, duties and functions under the International Business Companies Act.



Our Staff

Left to Right - Geshell Peters, Mintrude Providence, Farique Daniel, Sashaw Dublin, Derek St. Rose, Daphne Scott, Carla James, Yolande Balcombe, Debon Moses, Jimmy Black, Bernette Williams (SET Intern), Vasilca Morgan, Donja Laborde (SET Intern), Keisha Bynoe, Nyasha Browne, Tenisha Thomas, Roxanne Durham, Karen Jackson, Ival Jack, Leslieanna Joseph, Danialar Small, Kalique Peters, Courtney Lewis, and Laffa Francois.

THE FSA-WHO WE ARE AND WHAT WE DO

The Financial Services Authority (the "FSA"/ "Authority") was established on November 12, 2012 under the Financial Services Authority Act, No. 33 of 2011 and is responsible for the regulation and supervision of the non-bank and international financial services sector in St. Vincent and the Grenadines.

The FSA is responsible for registering/regulating/supervising the following entities:

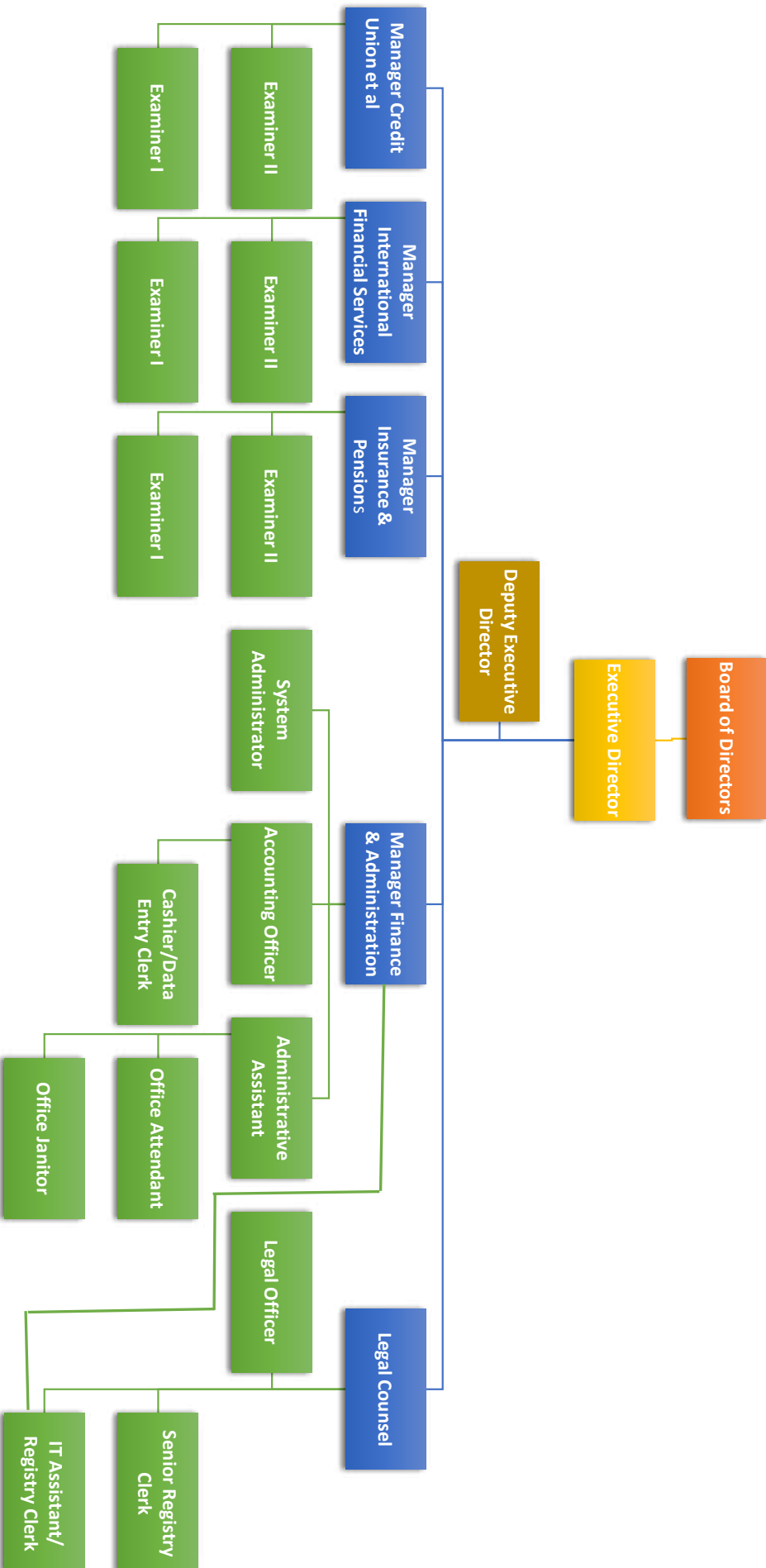
- Business Companies (IBCs);
- Limited Liability Companies (LLCs)
- Mutual Funds;
- International Banks;
- Trusts;
- International Insurance Companies;
- Domestic Insurance Companies
- Insurance Intermediaries;
- Pension Fund Plans;
- Credit Unions;
- Building Societies;
- Friendly Societies; and
- Money Service Businesses.

In addition, the FSA monitors compliance of all registered and financial entities with the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Legislation.

The main functions of the FSA include, but are not limited to, the following:

- **Reduction of Risk** - the FSA seeks to reduce the risk of financial loss to the public due to dishonesty, incompetence or malpractice by or through the imprudence of persons providing financial services in or from within St. Vincent and the Grenadines;
- **Risk Based Supervision** - the FSA directs greater supervisory effort to entities that are classified as high risk and place more emphasis on dealing with regulatory issues that may significantly affect the entire financial system;
- **Protection and enhancement of the Reputation and Integrity** of St. Vincent and the Grenadines in financial matters;
- **Counter Financial Crimes** in St. Vincent and the Grenadines and elsewhere;
- **Financial stability and security** of the financial services sector;
- **Transparency, equity and cost efficiencies in decisions, processes and actions** – the FSA carries out its functions in accordance with existing legislation and best practices;
- **Collaboration** - the FSA works together closely with financial entities as well as other financial services regulators regionally and internationally to ensure the stability of the financial sector of St. Vincent and the Grenadines;
- **Professionalism** - the FSA exhibits a positive, courteous, conscientious and businesslike approach in its interactions; and
- **International competitiveness and innovativeness in the financial services sector** – the FSA ensures that its products and services can compete on the international market by continuous focus on updating and improving relevant legislation and keeping apprised of all international developments and best practices.

ORGANIZATIONAL CHART STRUCTURE OF THE FSA (ST. VINCENT AND THE GRENADINES)



CHAIRMAN'S MESSAGE 2024



Dear Stakeholders,

It is with great pleasure that I present the 2024 Annual Report of the St. Vincent & the Grenadines Financial Services Authority (FSA). Over the past year, the FSA has continued to undertake an ambitious transformation process directed by our strategic plan for 2022–2024 which expired in December 2024. This plan provided us with a clear strategic roadmap which coupled innovation with robust regulatory oversight as we continued to navigate the increasingly complex global financial landscape.

Realization of Our Vision: The 2022–2024 Strategic Plan in Action

Our Strategic Plan was conceived from the conviction that a dynamic yet accountable regulatory framework is essential to maintain public confidence, attract new and sustainable investment in financial services, and foster a stable and resilient financial ecosystem. Over the last year, we continued to embark on initiatives that have enhanced and modernized our supervisory practices and advanced our regulatory infrastructure. We refined our processes in key areas such as our risk-based approach both in the prudential and anti-money laundering (AML) and counter-terrorism financing (CTF) supervision and specifically, microfinance supervision. We also continued our preparation for the regulation of virtual assets (VA) and virtual assets service providers (VASPs). 2024 also saw a focus on the preparation for the incorporation of digital solutions in our supervisory processes as we embrace

technology in our strategic pursuits and going forward.

Our strategic focus on the continuous strengthening of supervision has reinforced the trust that market participants place in our jurisdiction. This approach, codified in our 2022-2024 strategic plan, has allowed us to maintain a proactive posture amid a rapidly evolving financial environment and will continue as part of our emphasis for the new strategic triennium. We have, in very large part, met our objectives for the last year and will carry incomplete initiatives over into the new period as we strive for regulatory excellence.

Reinforcing a Robust and Forward-Looking Regulatory Environment

In a time of technological disruption and rapidly changing market dynamics, the FSA has been unwavering in its commitment to safeguard the financial system while supporting new economic opportunities. To that end, we have begun the planning for several critical initiatives:

- Digital Assets Regulation and Legislative Enhancement
- Stakeholder Engagement and Industry Support, Collaboration and Consultation
- Enhancing the AML/CTF Regime
- International Collaboration and Standards Alignment
- Organisational Capacity Building
- Innovation and Technology, Infrastructure Development

Looking Ahead with Commitment and Purpose

As we celebrate our achievements in 2024, we remain acutely aware that the journey toward a fully modernized and resilient financial services sector is an ongoing process. Our strategic success will depend on achieving harmony between policy innovation, regulatory rigor and dexterity, and stakeholder collaboration. Looking into the future, we will continue to fortify our framework, assuring that the FSA and market participants are well equipped to manage both contemporary challenges and unforeseen disruptions.

We are committed to further refining our legislation and policies, especially in emerging areas of digital finance and embrace technologies that enhance operational efficiency. It is our vision to promote an environment where financial innovation is promoted in tandem with robust regulation and sustainable growth. We believe that this

balance is achievable through relentless determination and industry collaboration, and is paramount to a stable financial services sector.

In Conclusion

I extend my heartfelt appreciation to our Board of Directors, staff, industry partners, government representatives and the Honourable Minister of Finance who have contributed to the evolution of the FSA. Your commitment, expertise, and input have made our achievements over the past year possible. As we forge ahead, we do so with the confidence that our strategic direction will continue to drive economic progress and maintain the high standards upon which St. Vincent & the Grenadines has built the reputation of its financial services industry.

Thank you for your continued support, trust, and collaboration as we embark on this exciting new chapter.


Kenneth Young
Chairman

EXECUTIVE DIRECTOR'S REPORT 2024



It is my pleasure to report on the work and activities of the FSA over the period January 01- December 31, 2024.

Through sound stewardship and guidance from its Board of Directors, dedicated and hardworking staff, and collaboration and engagement with key stakeholders, the FSA, in 2024, capably delivered on its core activities, namely, regulating and supervising the international and non-bank financial sectors in accordance with international best practices so as to promote the safety, soundness, and integrity of these sectors, thereby enhancing the reputation of St. Vincent and the Grenadines (SVG) as a secure and competitive financial centre.

With the ever-changing financial services landscape and the unrivaled impact of climate change, evidenced most recently by Hurricane Beryl, the FSA has remained grounded in its core guiding principles through a sound supervisory framework, transparency, compliance, a commitment to protecting consumers and stakeholders, and maintaining financial sector stability.

As the organization approaches the expiration of its fourth Strategic Plan, it can, on reflection, boast of successfully executing its vision to be a safe, sound, modernized, and robust regulatory regime that assists with strengthening the financial services sector in SVG.

Implementing our Strategic Framework/ Objectives

The 2024 work programme of the FSA was driven by its Strategic Plan, which outlines the priorities and strategies of the organization. The overarching strategic goals and its underlying objectives include the effective management

of risks to the international and non-bank financial system, the design and implementation of an operating framework for financial stability in SVG, collaboration with strategic partners, financial supervisory authorities, and other relevant bodies on common interests, and continuously enhancing human resource capacity and competencies.

As the organization assesses its strategic priorities for the next three years, it has already embarked on a review of its operations and recognized the need for a clearly defined Enterprise Risk Management framework, to guide its assessment of relevant financial and non-financial risk exposures with which it may be confronted. This process will no doubt be captured as a critical initiative in the updated Strategic Plan for the years 2025-2027.

Effective Management of Risks- Risk-Based Supervision

In 2024, the FSA's implementation of a Risk-Based Supervisory Approach continued apace and the organization can attest to the tangible benefits of its application on its work processes. The Risk-Based Approach (RBA) has resulted in activities becoming more aligned with and proportionate to a supervised entity's risk and impact, translating into more efficient utilization of the Authority's resources.

Phase one of the project on Integrating Climate-related Financial Risks in Financial Supervision, which commenced in 2021, and concluded in 2024, was led by the ECCB and facilitated by a Consulting firm¹. The conclusion culminated with a report being issued, which outlines, inter alia,

1. Agence Française de Développement (AFD)

recommendations for strengthening climate-related risk supervision, stress testing of climate related risks, and an outlook for the project, which includes recommendations for the setting up of a supervisory framework. A major milestone also included the commissioning of a Working Group on Regulatory and Supervisory Technology (Reg-Tech/Sup-Tech), with the terms of reference being the integration of climate risks into Risk Based Supervision.

As part of the initiative, a separate Working Group was founded with a deliverable of designing Request for Proposals (RFP) for an adequate Reg-Tech/Sup-Tech solution. Rapid change in the financial sector's use of technology requires the FSA's information technology systems to be flexible and adaptive with an optimal blend of security, stability, and responsiveness. As such, the FSA will continue to engage with the Working Group to acquire and integrate this solution into its work practices.

Stakeholder Engagement/Collaboration

Strong stakeholder relationships are central to regulatory effectiveness. In 2024, the FSA continued to foster relationships, including with Invest SVG, the investment promotions arm of the Government, in an effort to encourage and support greater marketing of the International Financial Services sector. The FSA also engaged with the industry through regular meetings and the administration of its annual survey. This engagement has helped to shape plans for next year.

The FSA engaged in a series of outreach and education initiatives in 2024 focusing on complementing technical and legislative advancement with education and personal engagement. The findings of the country's Mutual Evaluation (MEV) Assessment of the AML/CFT Regime and the FSA's 2023 AML/CFT sectoral Risk Assessment were delivered via sector-specific workshops. In addition, the FSA provided the industry with an overview of the provisions of the AML/CFT (Administrative Penalties) Regulations² and engaged with the Credit Union Sector on the Cooperatives Societies Regulations³, to discuss the new requirements and supervisory expectations.

The FSA also engaged with the Credit Bureau within the ECCU and pledges its continued support for the establishment of this important initiative, which will redound to the benefit of the financial sector and consumers.

Anti-Money Laundering/ Counter Financing of Terrorism

The FSA continued to build on its focused delivery of AML/CFT supervision and oversight in 2024 by ensuring that its supervised entities have strong AML/CFT preventive measures in place. AML/CFT risk profiles of supervised entities were updated following desk-based reviews, in which thorough analysis of responses and accompanying

submissions to the 2024 AML/CFT Questionnaire was undertaken. The FSA prepared and executed its AML/CFT Supervisory Plan for 2024 to incorporate focused on-site examinations driven wholly by risk.

Following its approval and adoption at the Fifty Seventh (57th) Plenary of the CFATF in Aruba in November 2023, the MEV Report of SVG was published in January 2024. The FSA, as a statutory member of the National Anti-Money Laundering Committee (NAMLC), will continue to play its part in ensuring that SVG remains compliant with AML/CFT Standards and demonstrates effectiveness in its AML/CFT regime by ensuring effective oversight and supervision of core and other financial institutions.

Enhancing Human Resource Capacity and Competencies

Continuous enhancement of staff competencies is a top priority of the FSA in order to engender high performance standards.

In 2024 staff participated in workshops and seminars hosted and facilitated by the Caribbean Regional Technical Assistance Centre (CARTAC), the Caribbean Association of Insurance Regulators (CAIR), the Caribbean Association of Pension Supervisors (CAPS) and the International Credit Union Regulatory Network (ICURN). The FSA also continued to participate in quarterly Regulatory Oversight Committee (ROC) Meetings, hosted by the ECCB, in which matters of mutual interest which may impact financial stability in the region were discussed.

With the advent of Fintech in financial services, continued focus is placed on building capacity in Fintech and virtual asset supervision. Accordingly, training was sourced from CARTAC and the Toronto Centre on Digital Financial Services supervision for relevant staff. The World Bank was also a source of technical assistance for the FSA, through the delivery of a four-day in country workshop assessing ML/TF risks facing virtual asset service providers, as well as practical training on implementing licensing and reporting requirements. The mission's objective was to contribute to the advancement of licensing and risk-based supervision of Virtual Asset Service Providers in SVG, in line with global AML/CFT Standards.

Continued focus was also placed on building staff capacity in AML/CFT to ensure staff are appropriately qualified and trained on the global standards. Accordingly, staff participated in a hybrid seminar on Beneficial Ownership, hosted and facilitated by the ECCB and International Monetary Fund (IMF), where participants were provided with training on the changes to Recommendations 24 and 25 and the application of same in practice. The FSA added one additional AML Specialist to its team, making a total of ten (10) Certified Anti-money Laundering Specialists (CAMS) on staff. Additionally, in 2024, two (2) staff were trained by the CFATF as Assessors for the Fifth Round of Mutual Evaluations.

2. Statutory Rules and Order, No. 18 of 2024

3. Statutory Rules and Order, 2023 No. 45

Emphasis was placed on providing capacity building opportunities to enhance the knowledge and competence of staff on the International Financial Reporting Standard (IFRS) 17. Targeted and focused training was thus sourced for staff on the standard and facilitated via the accounting firm Deloitte Consulting Inc. The FSA collaborated with ECCU and other regional regulators to develop forms and guidance to ensure a harmonized approach to the implementation of this standard.

Shaping the Legislative Framework and Guiding the Sector

The FSA continuously reviews and updates its legislative framework to ensure that it is fit for purpose, meets international standards, is appropriately flexible and supports ethical business practices. Legislative reform for 2024 included further review of the Draft Virtual Assets Business Regulations to ensure that the key provisions therein adequately supplement and elaborate on the main provisions within the Act⁴. The FSA also reviewed and provided feedback on the digital assets' supervisory framework to the Working Group of the ECCB ROC, tasked with the development of the framework for the ECCU.

The FSA also intensified its focus on amending its enabling legislation, the FSA Act⁵, to include provisions to strengthen the FSA's enforcement powers and enhance its crisis management preparedness, inclusive of recovery and resolution functions. Complementary Regulations for recovery and resolution were also finalized and circulated for review by the regulated sector. The FSA will host a consultation on the legislation with the sector in early 2025.

The FSA has also drafted an Enforcement Policy and Guidelines, and will finalize and publish same in 2025. The purpose of this document is to outline when and in what circumstances the FSA will consider taking enforcement action, how enforcement action is taken, encourage

effective alignment and coordination of regulatory processes within the FSA, and ensure consistent, proportionate, effective and dissuasive enforcement outcomes.

Industry Guidelines have also been drafted to bolster the regulatory framework and promote compliance with legal requirements and best practice. The FSA issued Guidelines on Good Practices for Insurance Claims Management, intended to enhance efficiency, transparency, disclosure of information to policyholder/claimant during claims processing and increase consumer satisfaction. The FSA also issued a Complaints Advisory to educate the public on the FSA's consumer protection and market conduct roles for the non-bank and international financial services sectors, and to ensure that the relevant information on how to lodge complaints is documented.

Conclusion

Looking ahead, 2025 brings with it numerous challenges and opportunities. As the Authority embarks on a new strategic period, following the expiration of its current Strategic Plan, it must continue to be agile and proactive in today's rapidly evolving financial services landscape. Through strict application and adherence to its core guiding principles, the FSA continues to foster strong stakeholder relationships to ensure the stability of the financial services sector in accordance with existing legislation and international best practices.

I thank the FSA's Board of Directors for their consistent sound stewardship and guidance as well as the Management and staff for their unwavering commitment and dedication. Sincere gratitude is also owed to the regulated sector and our other stakeholders, for their strong collaboration and solidarity. I also sincerely thank the Honourable Prime Minister, the Honourable Minister of Finance and the Honourable Attorney General for their invaluable cooperation and support.

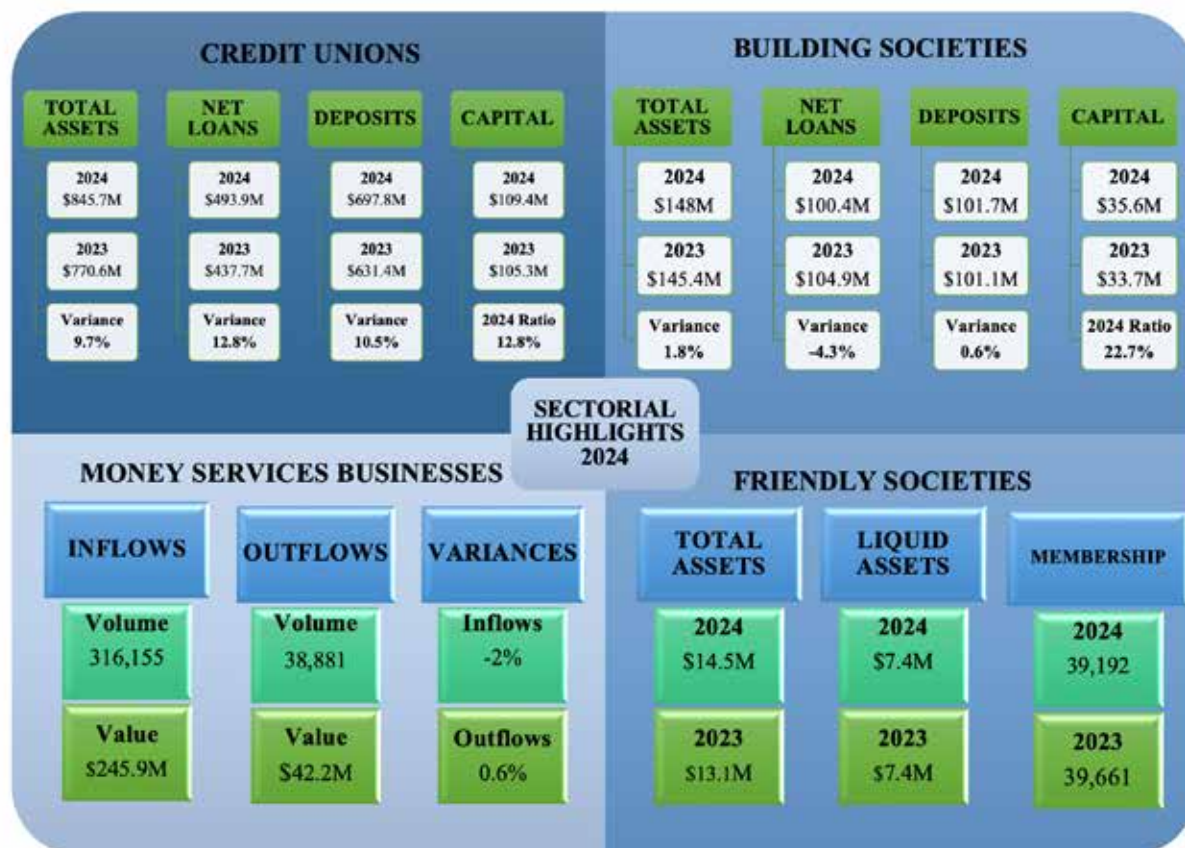


Carla James
Executive Director

4. Virtual Asset Business Act, Act No. 9 of 2002
5. Act No. 33 of 2011

CREDIT UNIONS, BUILDING SOCIETIES, FRIENDLY SOCIETIES, AND MONEY SERVICES BUSINESS SECTOR REPORT

Key Highlights for the Year ended December 31, 2024, with comparison from 2023



1.0 Credit Unions

As at December 31, 2024, four (4) credit unions and the apex body, St. Vincent and the Grenadines Cooperative Credit Union League Ltd. remained active in St. Vincent and the Grenadines. The credit union sector continued to provide affordable access to financial services to the population and saw sustained growth in key performance indicators (See Chart 1 and Table 1).

Chart 1: A graphical representation of the sector's growth in total assets, net loans, and total deposits, 2022-2024

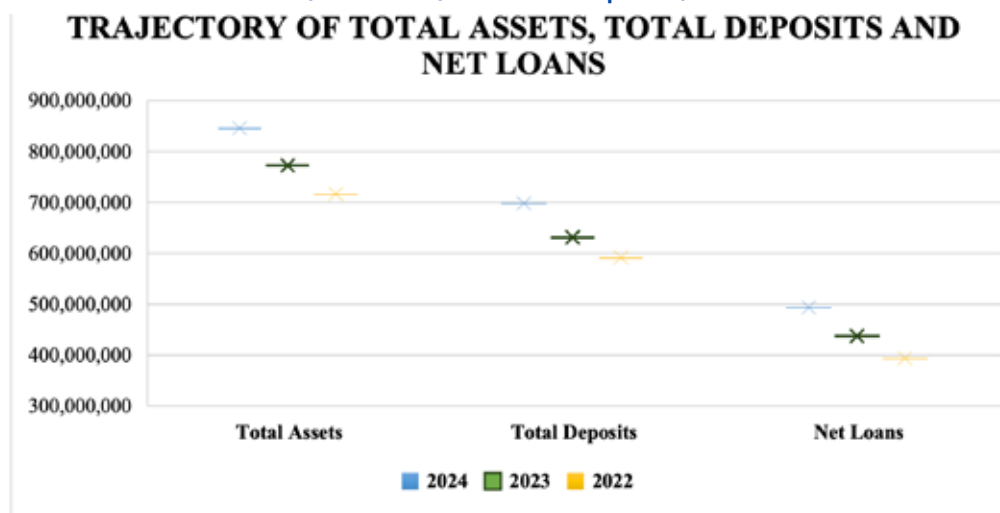


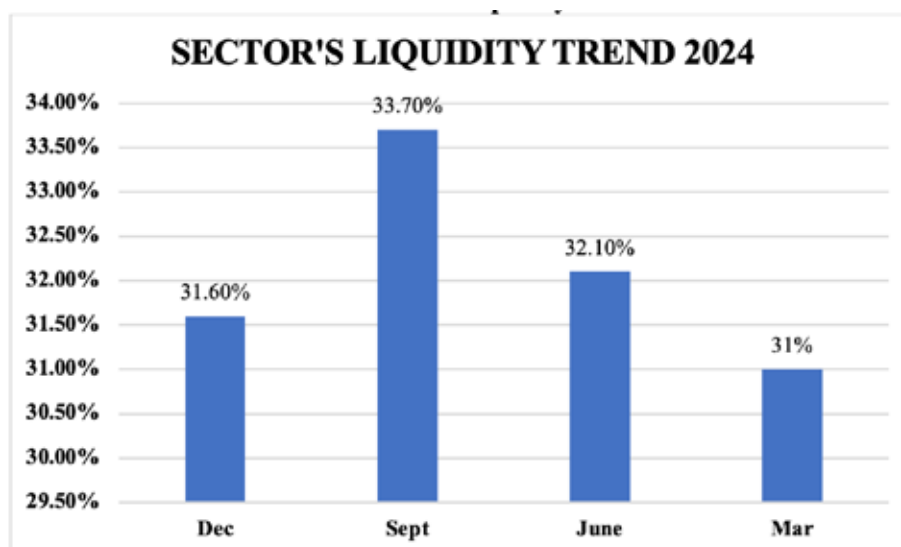
Table 1 – Synopsis of Financial Performance 2022-2024

Categories	December 2024 (Unaudited)	December 2023 (Audited)	December 2022 (Audited)
Total Assets	EC\$845,817,657	EC\$772,524,176	EC\$ 716,338,864
Net Loans	EC\$493,881,768	EC\$437,681,334	EC\$ 393,757,603
Total Deposits	EC\$697,901,592	EC\$631,440,437	EC\$ 591,686,002
Total Liabilities	EC\$711,699,797	EC\$647,374,039	EC\$ 603,806,167
Regulatory Capital	12.78%	14.5%	13.4%
Total Membership	82,332	79,718	75,661
Total Staff	217	216	216

*Figures reported for the year ended December 2024 are unaudited and are expected to change.

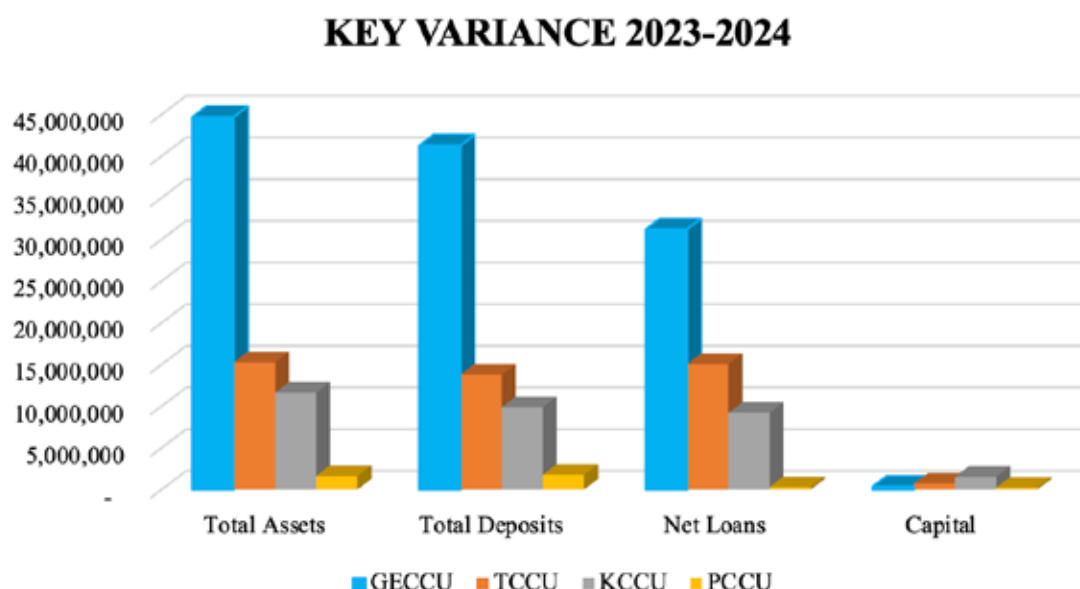
The sector's performance was within expectation; the unaudited reports showed that all credit unions generated a surplus of \$6.3M from core business activities for the year ended December 31, 2024. The sector remains liquid, as all credit unions maintained a liquidity ratio above 15% and the average liquidity increased by 2.6% to 31.6% when compared to the prior year. The below chart illustrates the sector's quarterly liquidity trend for 2024.

Chart 2. Credit Union's liquidity trend for 2024



The total assets and deposits in the sector increased by \$73.3M, or 9.5% and 11.6% or \$697.9M respectively compared to the prior year. Further growth was noted in the sector's capital base; the nominal value increased by 12.2% and stood at \$109.4M at December 31, 2024 compared to the \$97.5M in the prior year. The regulatory capital is projected to trend above the prudential benchmark of 12%, at 12.8%. Chart 3 outlines the changes in monetary value of the assets, loans, and deposits held by each credit union year on year.

Chart 3. Changes in monetary value of assets, loans, deposits and capital as at 2024/2023



Other notable changes were as follows:

- Credit unions' membership increased by 2,614 or 3.3%.

Governance

The sector's governance structure by way of the board of directors, statutory committees, and management teams, continued to perform their duties in accordance with the Cooperative Societies Act, No. 12 of 2012 and its amendments. The governance teams engaged in various professional development activities to enhance their skillset and contribution to the sector. Some focus areas included a three-part seminar series facilitated by the Eastern Caribbean Central Bank (ECCB): Introductory Sessions to Greening the Financial System, Integrating Climate-Related Financial Risks in Financial Supervision, risk management and investment planning. Generally, the strategies employed by sector participants positively impacted the overall performance of the financial services sector in the jurisdiction.

Regulation and Supervision

Supervisory activities for the year included risk-based AML/CFT and prudential on-site and offsite examinations and desk reviews. The FSA also engaged with the sector through seminars, workshops and consultations, on the Cooperative Societies Regulations, 2023, and AML/TF Administrative Penalties Regulations 2024.

2.0 Building Societies

The St. Vincent Building and Loan Association (SVBLA or the Association) remained the only registered building society in St. Vincent and the Grenadines. As at December 2024, its total assets stood at EC\$148M, reflecting an increase of 1.8% year-on-year. Conversely, the loan portfolio decreased by \$4.6M to \$100.4M, while the total members' deposits rose by \$0.6M to \$ 101.7 M. The Association's full membership as at December 31, 2024, was 9,982.

3.0 Money Service Businesses

Money Remitters

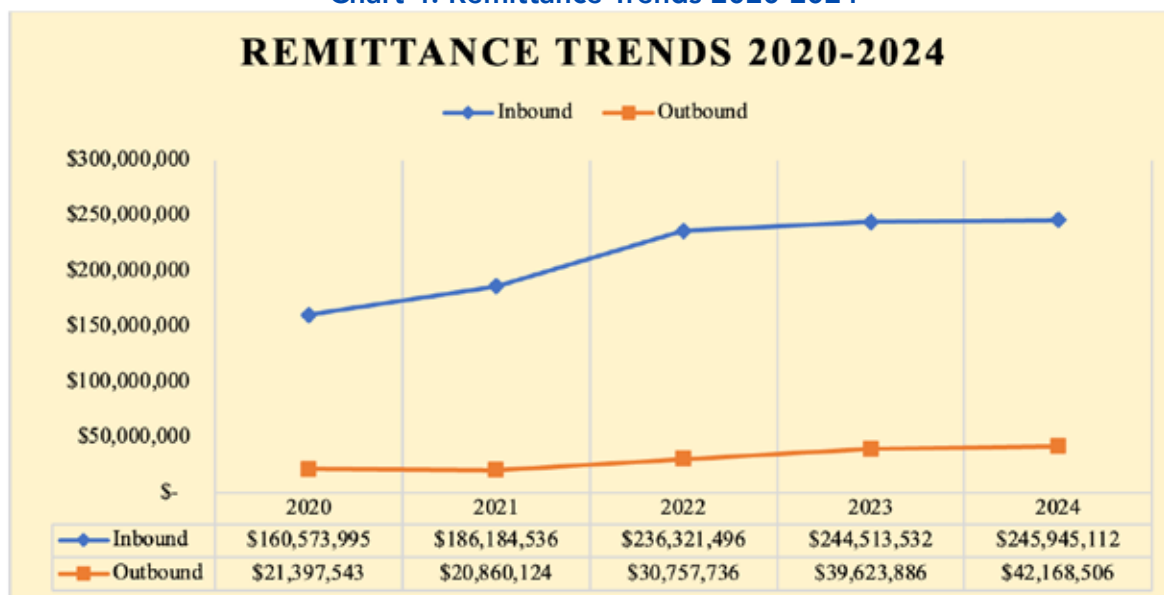
At the end of December 31, 2024, the sector consisted of four (4) money remitters and twenty (20) sub-agents. One money remitter was issued a Class F licence to facilitate foreign currency exchange transactions within a closed group. Table 2 below provides a breakdown of the composition of the sector.

Table 2 – Classes of Licence and number of agents and sub-agents

Class	Number of Agents	Number of Sub-agents
A	3	16
F	1	4

The sector remained a sound and viable conduit through which remittances were circulated in the jurisdiction. The sector saw increased flows in remittances for both inbound and outbound activities as displayed in Chart 4 below.

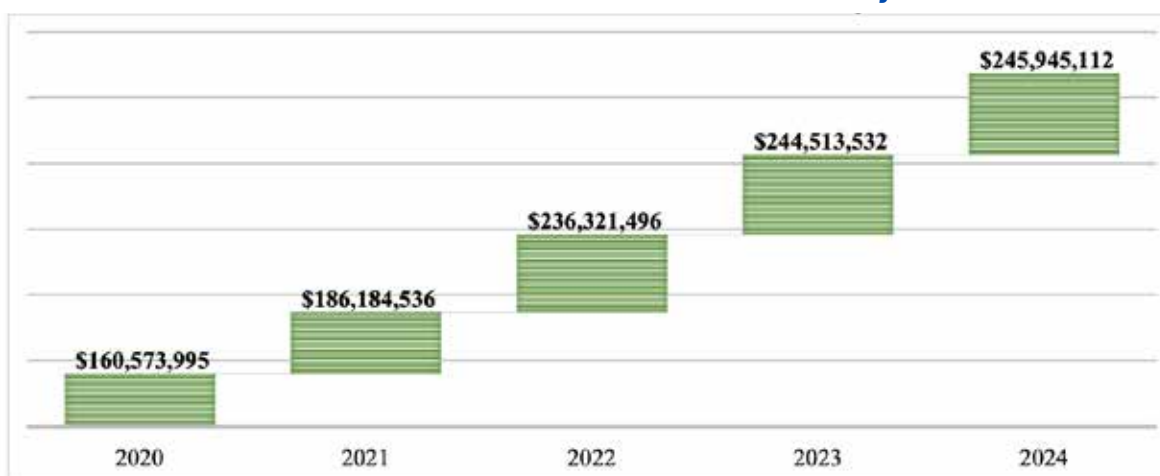
Chart 4: Remittance Trends 2020-2024



Analysis of Inflow Remittances

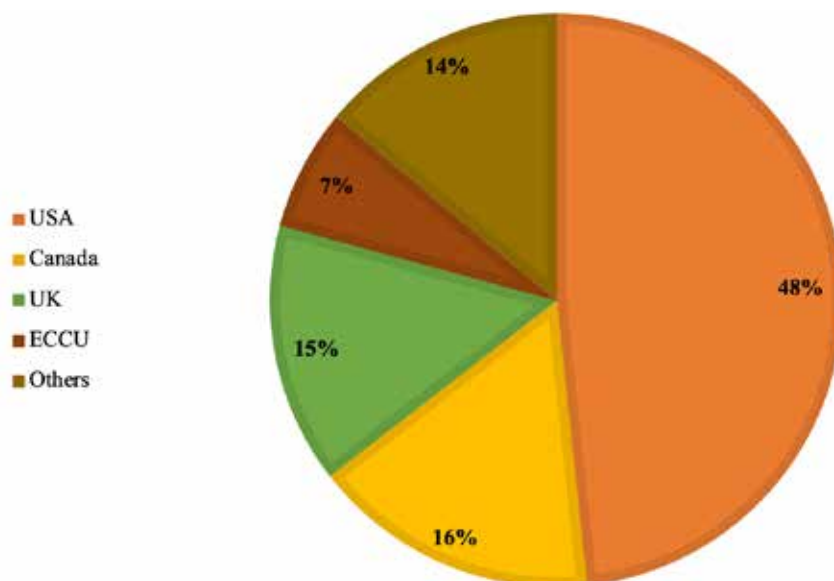
Inbound remittances increased marginally by 0.6% or \$1.4M, to \$245.9M, compared to the prior year. Chart 5 below shows the contribution of remittance to the economy for the last five years. Increased access to service outlets also contributed to this continued increase in inbound flows as more remittance channels are available.

Chart 5. Inbound Remittances for the last five years



As seen in Chart 6 below, most inbound transactions originated in the United States. Inflows from that jurisdiction account for 48.3% or \$118.8M and show that money remitted therefrom are a vital source of cross-border money movements.

Chart 6: Inbound Remittances Based on Country of Origin



Analysis of Outflow Remittances

Consistent positive trends were noted for outbound remittances over the last three years. Outflows for the year were valued at \$42.2M and represent an increase of 6.4% or \$2.5M compared to the prior year. Chart 7 below provides a pictorial representation of outbound remittances for 2020-2024. A more in-depth comparison for the years 2023 and 2024 is shown in Figure 1 below.

Chart 7: Outbound Remittance Trends 2020-2024

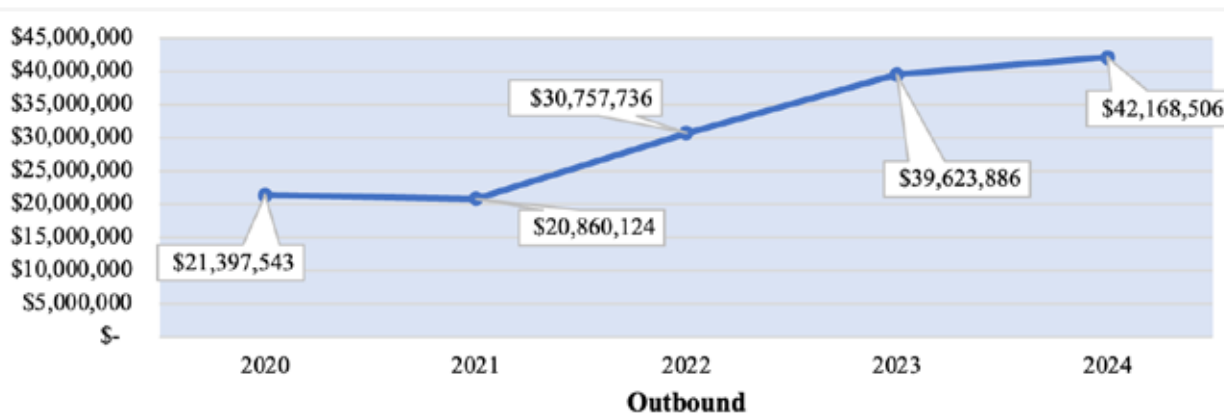
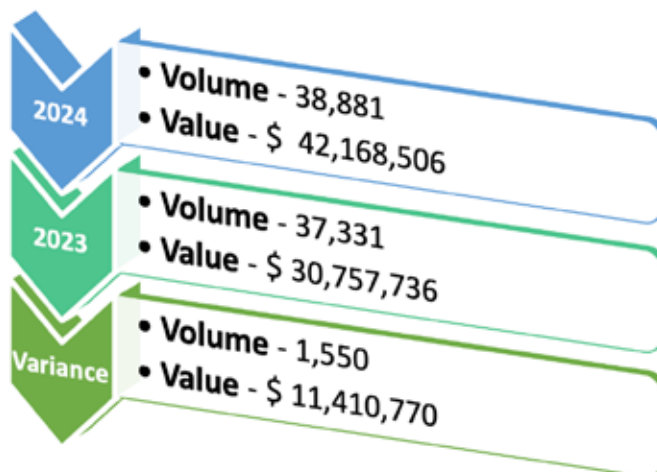


Figure 1: Total Outbound Remittances 2024-2023 with Variance



Micro-Financing

The four (4) micro-financing entities identified have successfully obtained a money service business license by the end of 2024. These entities are required to report operational trends quarterly to the FSA and are thus far fully compliant with their reporting obligations. Total assets for this sector stood at \$20.2M and delinquency amounted to 19.2% of total loans. Nonetheless, all entities within the sector returned a surplus for 2024. Chart 8 below provides a summary of the performance of the microfinancing institutions.

Chart 8: Financial Summary of Micro Financing Institutions



4.0 Friendly Societies

At the end of December 31, 2024, the total number of registered friendly societies stood at fourteen (14). The sector's total assets for this period were \$14.5M, increasing by 10.5% compared to the prior year. Collectively, friendly societies' liquid assets remained stagnant at \$7.4M. The combined membership in the sector fell by 469 members and was approximately 39,192 at year-end.

The sector supported thrift activities for rural communities reliably throughout the year. The FSA continued to engage the sector to ensure compliance with the governing legislation. Figure 2 below provides a summary of the financial position of the friendly societies.

Figure 2. Summary of Financial Position of Friendly Societies



Source: Financial Services Authority

Developments:

In 2024, the Department continued to undertake capacity enhancement activities with all sectors, including training in climate-related risk, key financial indicators and AML/CFT.

INSURANCE SECTOR REPORT

The insurance industry in St. Vincent and the Grenadines is comprised of the domestic insurance sub-sector which provides insurance for local risks, and the international insurance sub-sector, which provides insurance of foreign risks by insurers from within St. Vincent and the Grenadines.

Domestic Insurance Sector

The domestic insurance industry is comprised of insurance companies and intermediaries and pension fund plans. Domestic Insurance companies are either indigenous or domestically incorporated companies or incorporated in CARICOM countries and operating through local agencies or branches. Insurance business is written directly with those companies or through the use of intermediaries such as brokers and agents.

As at December 31, 2024, there were twenty-one (21) companies licensed under section 9 of the Insurance Act, Cap 306 ("the Insurance Act"), to conduct domestic insurance business in St. Vincent and the Grenadines. Fourteen (14) companies were licensed to conduct short-term/general (property and casualty) insurance business. Four (4) of these companies were locally incorporated while the other ten (10) were branches of Caricom-based/foreign-owned companies. General insurance business and policies of insurance typically do not exceed one (1) year and fall into six (6) categories, namely: liability insurance, motor vehicle insurance, pecuniary loss insurance, personal accident insurance, property insurance, and marine, aviation and transport of insurance business.

Seven (7) companies were licensed to undertake long-term insurance business. Two (2) companies were registered to write life business only, while the other five (5) were registered to conduct business in both segments of the market. Additionally, two (2) companies, namely: British American Life Insurance Company Limited ("BAICO") and CLICO International Life Insurance Company Limited ("CLICO") remained under judicial management. Long-term insurance policies exceed one (1) year and comprise ordinary long-term, creditor life, group life and annuity business.

There were one hundred and three (103) Insurance Sales Representatives, seven (7) Insurance Brokers, fifteen (15) Insurance Agents, four (4) Insurance Adjusters and one (1) Association of Underwriters licensed for the review period.

The sector has contributed substantially to the local economy and thus plays a vital role in contributing to economic development. In 2024, the sector contributed \$8.3M in insurance premium taxes to the government, an increase of \$1.4M or 20.3% compared with the previous year's figure of \$6.9M. The sector also generated \$0.1M in registration and license fees in 2024 and 2023.

Table 1 below summarizes the composition of the domestic insurance sector.

Table 1. Number of Licensees in the Insurance Industry for the period 2020 - 2024

As at December 31	2024	2023	2022	2021	2020
Insurance companies	21	21	21	22	22
Brokers	7	7	6	6	8
Agents	15	15	15	17	15
Sales Representatives	103	97	99	114	116
Association of Underwriters	1	1	1	1	1
Insurance adjusters	4	2	3	3	1
Total Insurance Licences	151	143	145	163	163

Source: Financial Services Authority

Capital Adequacy & Solvency

Solvency, both as an economic requirement in the market and as a regulatory and supervisory tool, is critical to the insurance sector and underpins the prospect for insurers to contribute effectively to financial sector development. One of the principal aims of insurance supervision is the protection of the interest of the policyholders through a properly managed and financially sound insurance sector. Consequently, insurance companies must have appropriate capital adequacy and solvency regimes in place to ensure that the benefits of the claimants and policyholders are secured.

The FSA monitors the solvency position of each company quarterly and annually based on the returns for the respective periods. As at December 31, 2024, all companies satisfied the solvency requirement. The quality and quantum of capital of each company was adequate as most companies' capital tends to be permanent and include share capital.

Analysis of Financial Position

Total assets for the domestic insurance sector stood at \$389.5M¹ as at December 31, 2024, an increase of 15.5% when compared with \$337.2M for the previous year. Additionally, there was a 6.7% increase in total investment assets over the previous year.

Total liabilities amounted to \$282.9M, which resulted in net assets of \$106.6M. Total insurance liabilities as well as total liabilities increased by 27.5% and 22.6% respectively in 2024.

Key balance sheet figures for the past five (5) years are presented along with the industry's net position in Table 2 below.

Table 2. Insurance Industry Balance Sheet 2020-2024

Account	2024	2023	2022	2021	2020	Percentage Change 2024/2023
Total Investment Assets	277,397,424	259,962,796	249,156,469	231,489,925	216,040,956	6.7%
Total Assets	389,537,653	337,195,169	318,327,818	308,706,572	295,268,998	15.5%
Total Insurance Liabilities	246,904,072	193,717,193	190,639,953	179,551,107	166,418,551	27.5%
Total Liabilities	282,913,102	230,825,905	231,727,017	218,467,160	202,355,532	22.6%
Total Capital & Reserves	106,624,551	106,369,264	86,600,801	90,239,412	92,913,466	0.2%

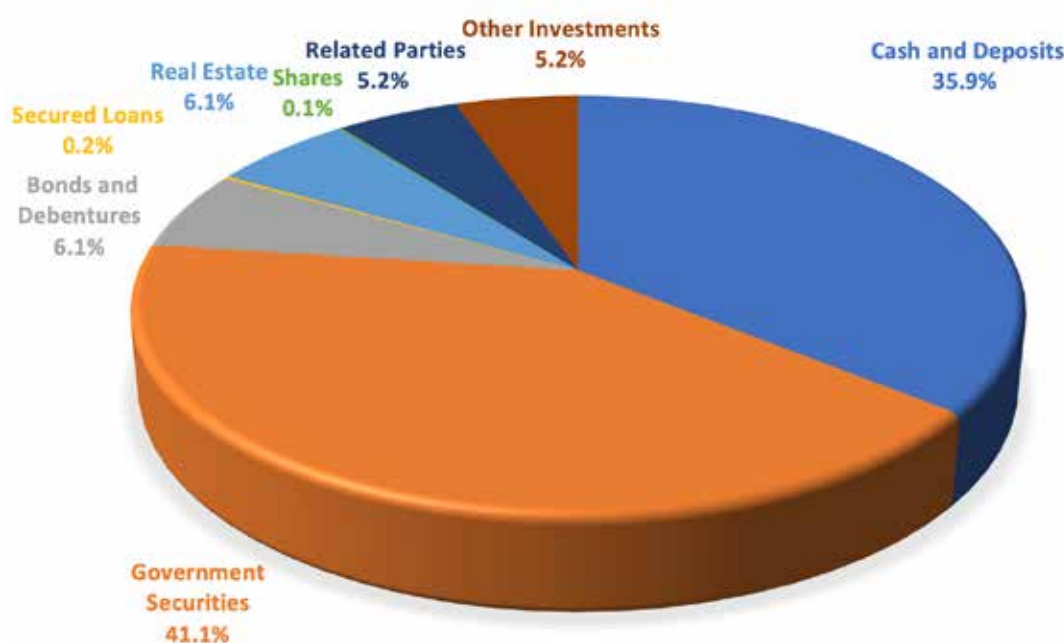
Source: Financial Services Authority

For the industry as a whole, government securities and cash and deposits continue to be the largest asset class and accounted for 37.1% (2023: 40.2%) and 20.4% (2023: 22.4%) of total assets respectively.

For the short-term segment of the industry, total assets amounted to \$171.2M. Investment assets represented 44.9% of total assets. As depicted in Figure 1, government securities (41.1%) and cash and deposits (35.9%) accounted for 77.0% of investment assets.

Figure

1. General Insurance Investment Assets Composition 2024

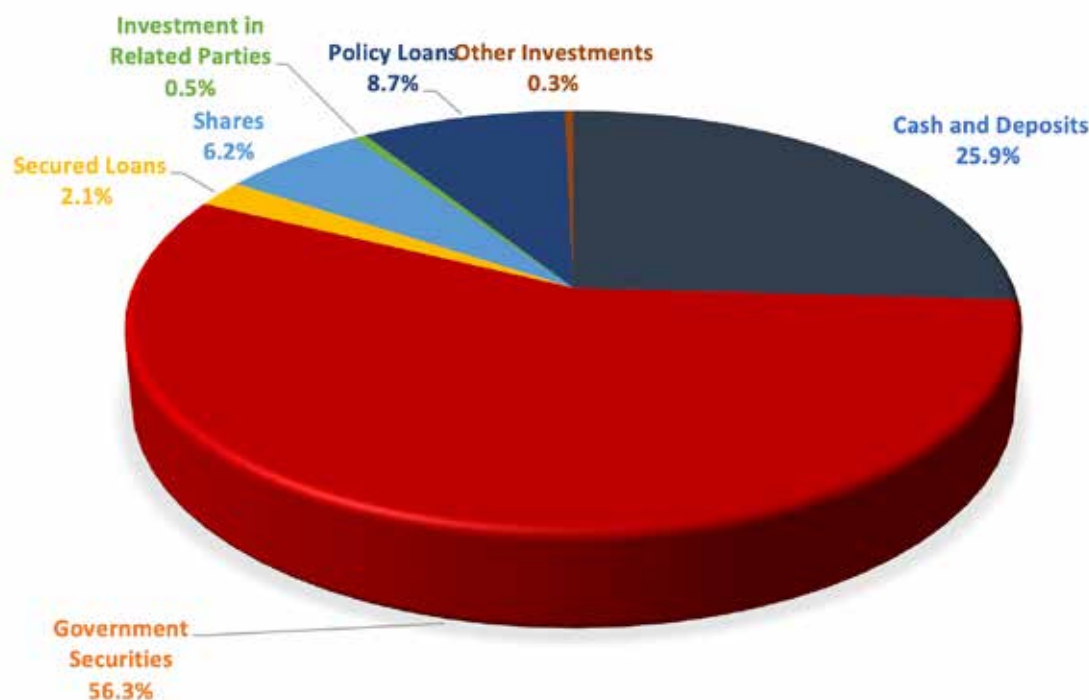


Source: Financial Services Authority

1. All figures for 2024 are preliminary, while 2023 figures have been restated based on the annual returns.

Total assets, including statutory deposits for companies registered to conduct long-term insurance business, stood at \$218.3M, an increase of 9.5%, when compared with the previous year's figure of \$199.3M. Investment assets accounted for 91.9% of total assets. As depicted in Figure 2 below, government securities accounted for 56.3% of total cash and investments, while cash and deposits accounted for 25.9%.

Figure 2. Life Insurance Investment Assets Composition 2024



Source: Financial Services Authority

Premium Analysis and Profitability

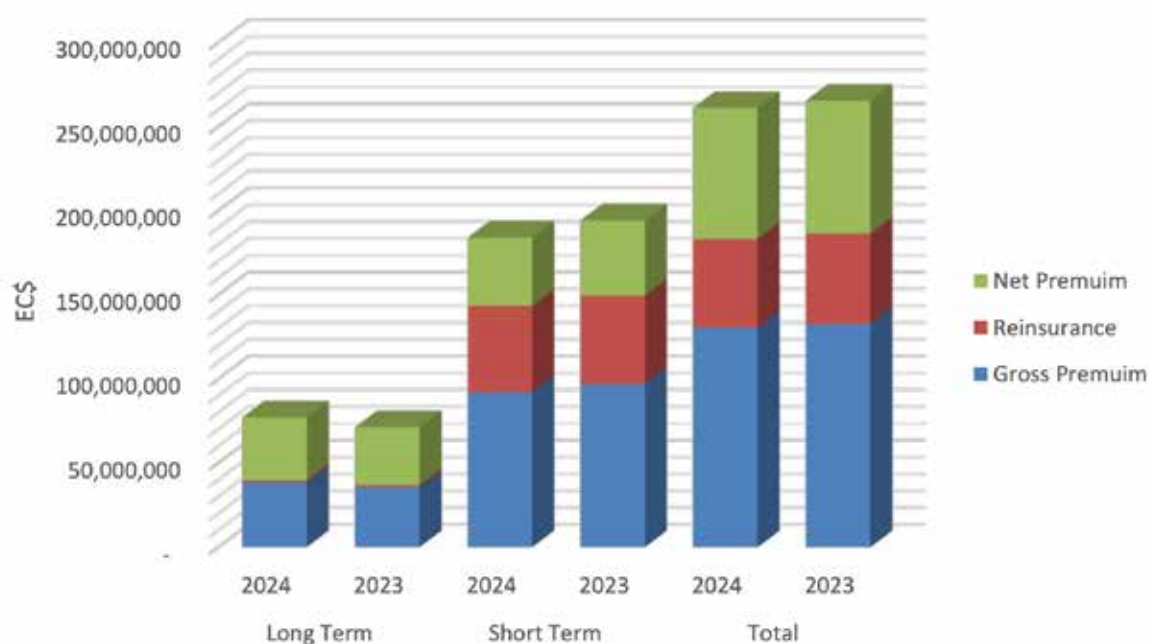
Gross premium income

In 2024, Gross Premium income in the insurance industry totaled approximately \$130.6M. This represented roughly 4.3% of Gross Domestic Product² at market prices and a decrease of 1.6% when compared with gross premium income of \$132.7M reported in 2023. More specifically, the gross premiums written for the long-term insurance sector increased by 8.3% to \$38.6M (2023: \$35.6M). Overall, ordinary life insurance represented more than half of the total business written by this segment of the market. Additionally, the leading long-term insurer held approximately 64.1% of total premiums written.

Conversely, gross premiums written for the general insurance segment of the market exhibited a decline of 5.2% and amounted to \$92.0M (2023: \$97.1M). Notwithstanding, property and motor businesses remained the dominant classes of insurance within this segment of the market, accounting for approximately 70.0% of total business written.

2. GDP at market price for St. Vincent and the Grenadines for 2024 was forecasted at EC\$3.1b. Source: Ministry of Finance and Economic Planning.

Figure 3. Gross Premium Income 2023



Source: Financial Services Authority

Profitability

In terms of profitability, the general segment of the industry reported a net loss of \$5.4M compared with a net profit of \$10.3M in 2023. The life segment however, recorded net profits of \$2.5M compared with a loss of \$401K the previous year.

The combined ratio, which is used to measure the underwriting performance of the general segment of the market, stood at 114.5%. The combined ratio represents, as a percentage, incurred losses plus expenses to net premiums earned. A ratio below 100 percent indicates that the sector is making underwriting profits, while a ratio above 100 percent means that it is paying out more money in claims that it is generating from premiums.

Much of the income of a life insurer comes from invested assets, hence the combined ratio is not a meaningful indicator of profitability in the life sector, instead, the Return on Equity (ROE) is used. As at December 31, 2024 the ROE for this segment of the industry stood at 4.9% when compared with -1.4% in 2023.

Claims

In the insurance industry, claims have historically been the largest component of insurance expenditure. During 2024, net claims incurred amounted to \$36.1M within the short-term insurance segment of the market, a 69.3% increase over the prior year. This was primarily attributable to claims associated with the passage of Hurricane Beryl.

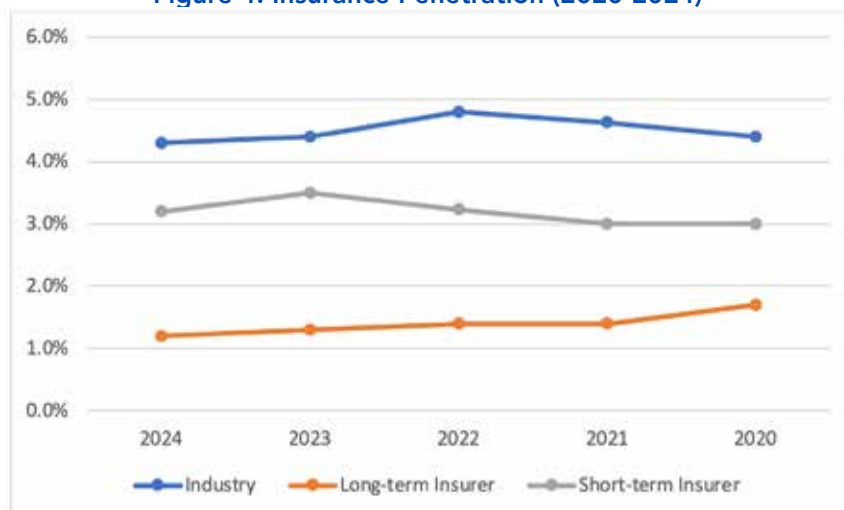
The incidence of claims in this life segment of the market is not as prevalent as in the short-term segment of the market. However, total benefits paid to policyholders (inclusive of claims, annuity payments and policy surrenders) declined by 3.6% to an estimated \$25.9M compared with \$26.9M the previous year.

Insurance Penetration

Insurance penetration is an indicator of the level of development and reach of the insurance sector in a country. It measures the level of insurance market development relative to the size of the economy. As at December 31, 2024, the average penetration of insurance as a percentage of GDP for the industry as a whole was 4.3%, 0.1 percentage point lower than that of 2023.

Dissecting the ratio into long-term and short-term shows an average penetration ratio of 1.3% and 3.2% respectively over the five-year period 2020-2024. Lower insurance penetration ratios are characteristic of lower levels of economic development, which may have resulted in a lower demand for insurance cover. Also, the higher penetration in the short-term segment of the market may be attributable to the compulsory nature of certain classes of general insurance products such as motor insurance and to a lesser extent property insurance, in cases where it is a requirement for a mortgage loan. The result, however, suggests that the insurance sector still has significant room for expansion.

Figure 4: Insurance Penetration (2020-2024)



Source: Insurance Companies and Financial Services Authority

International Insurance Sector

The number of international insurance sector participants has remained relatively stable since 2007. As at December 31, 2024, there were two (2) Class II international insurance companies, licensed to conduct life and capital assurance business, one (1) insurance manager and one (1) insurance broker registered under the International Insurance Act, Chapter 307 of the Revised Laws of St. Vincent and the Grenadines. One (1) company is currently in the process of voluntary liquidation.

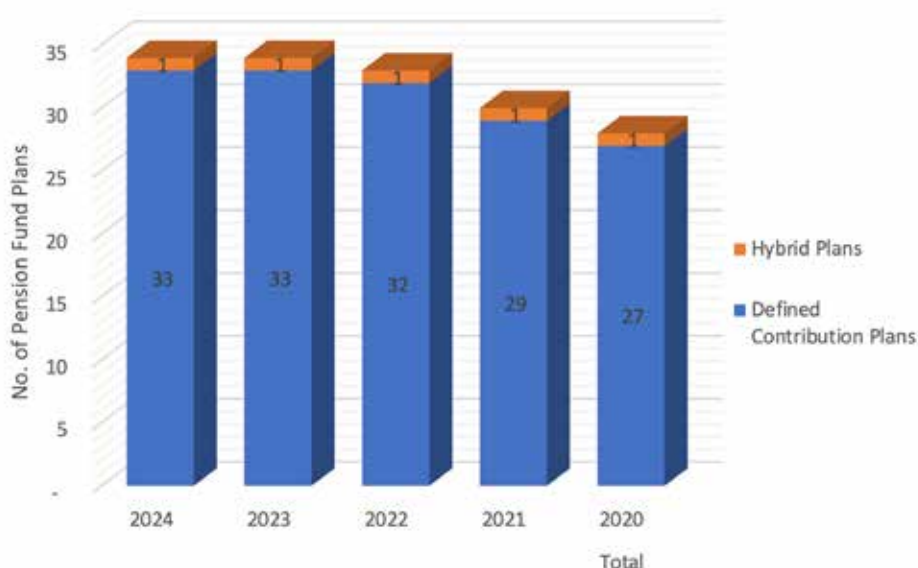
The FSA continues to monitor this sector to ensure effective supervision and compliance with applicable legislation and guidelines.

Pension Fund Plans

The legislative authority governing the regulation and supervision of pension funds in St. Vincent and the Grenadines is Part VIII of the Insurance Act. These provisions provide for a registration process of occupational pension plans and regulatory submissions of annual accounts and triennial actuarial valuations.

The number of registered pension fund plans have been relatively stable over the last five years and stood at thirty-four (34) at the end of the 2024 financial year. Of the thirty-four (34), there were thirty-three (33) Defined Contribution (DC) plans and one (1) hybrid of DC and Defined Benefit (DB) registered. One (1) of the DC plans is a multi-employer plan. Of the registered plans, three (3) are operated by insurance companies that are currently under judicial management.

Figure 5: Registered Pension Fund Plans (2020-2024)



Source: Financial Services Authority

Registered pension plans originate from various sectors within the Vincentian economy. Financial and insurance institutions, wholesale and retail traders and manufacturing and information and communication companies dominated the list of registered pension fund plans with 32.4%, 17.7% and 11.8% each respectively.

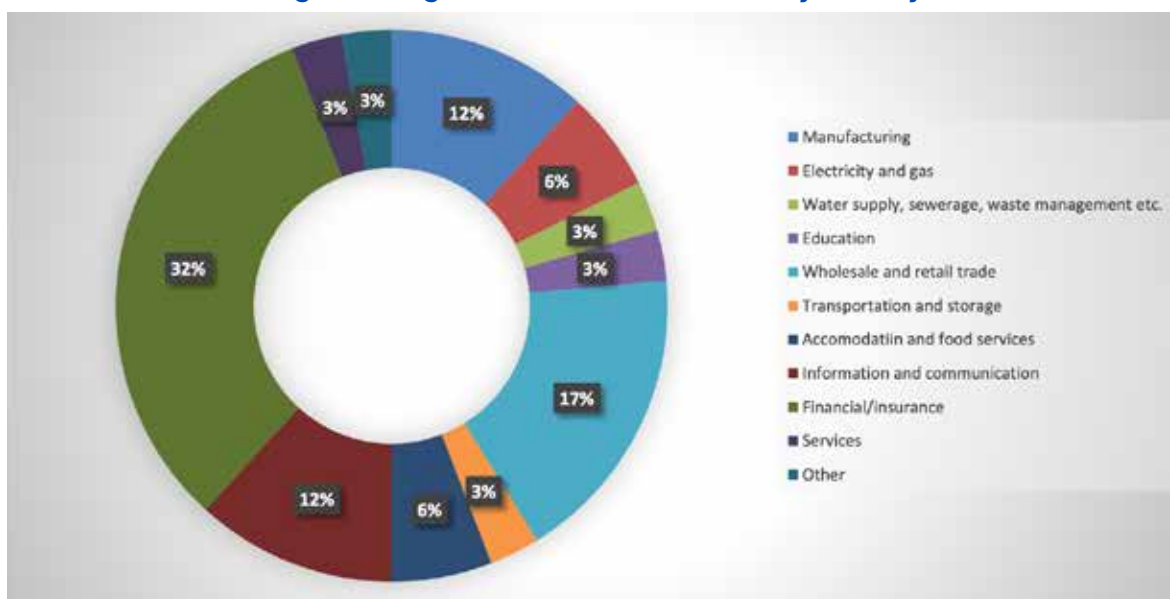
mortgage loan. The result, however, suggests that the insurance sector still has significant room for expansion.

Table 3: Registered Pension Fund Plans by Industry as at December 31, 2024

Industry	No.
Manufacturing	4
Electricity and gas	2
Water supply, sewerage, waste management and remediation activities	1
Education	1
Wholesale and retail trade	6
Transportation and storage	1
Accommodation and food service activities	2
Information and communication/Media	4
Financial and insurance activities	11
Services	1
Other	1
Total Number of Pension Fund Plans	34

Source: Financial Services Authority

Figure 6: Registered Pension Fund Plans by Industry



Source: Financial Services Authority

The majority of the plans are relatively small in terms of the number of participants as well as asset size. Plan membership ranges from small plans with only four (4) members to as large as over four hundred (400) members, while assets range from \$100K to \$8M.

INTERNATIONAL FINANCIAL SERVICES SECTOR REPORT

Introduction

As at December 2024, the St. Vincent and the Grenadines International Financial Services (IFS) sector comprised a range of registered and regulated products of seven (7) main types of financial services entities namely, **Business Companies (BCs), Limited Liability Companies (LLCs), International Banks, Mutual Funds (including Mutual Fund Managers and Administrators), Trusts, Registered Agents & Trustees, International Insurance¹ and Virtual Asset Businesses.** Each product is subject to regulation under its respective governing legislation, which provides the framework for registration, licensing, and ongoing regulatory oversight.

In 2024, the sector continued to operate within a robust legal and regulatory framework. However, there has been a gradual downward trend in the IFS sector which can be attributed to a slowing global growth as several economies struggled to recover from prior period losses, notwithstanding the ease in inflation in 2024. Additionally, the removal of tax exemptions, the introduction of economic substance requirements, and the tightening of AML/CFT and international tax compliance measures continued to influence a downward trend in the sector. These global reforms, driven by international standard-setting bodies and regulatory cooperation initiatives, have heightened operational and compliance costs for international financial service providers and reduced the attractiveness of traditional low-tax jurisdictions.

Developments

(i). Virtual Asset Businesses

Since the implementation of the Virtual Asset Businesses Act ('the Act') which was passed in SVG in 2022, the Authority undertook key initiatives to support the implementation of the new regime, these include, the drafting of internal standard operating procedures, development of forms and certificates and staff capacity development initiatives. In the upcoming year several consultative sessions are planned to be undertaken with relevant stakeholders. The implementation of the Act and registration process for virtual asset businesses is expected to commence in the first half of 2025.

Notably, the accompanying Virtual Asset Business Regulations, has not yet been approved. Significant progress was made to the Regulations in 2024, and it is anticipated that the full legislative framework will be in place in early 2025.

IFS Entities: 2020 - 2024

The total number of active entities for all IFS products has generally trended downwards since 2020. The exception to this was the net increase of two (2) new Mutual Fund entities which were licensed in 2024. The number of active registered agents, stable since 2020 at fourteen (14), increased in 2024, as an additional agent was licensed. Also, the number of active international banks remained at two (2) since 2022.

The trend in increased formations of LLCs, observed from 2020 to 2022, ended in 2023, with a significant decline of 49.0% noted. However, an improvement was recorded in 2024 as the number of LLC formations increased by 10.8%. This suggests that the tax-exempt feature of the LLC continues to make it an attractive product within the sector. The decline of 57.8% in the incorporations of BCs in 2023 was also reversed in 2024 with a 12.1% increase of new BCs recorded, an indication that this product continues to be appealing.

Trust registrations generally trended downwards. Renewals of all IFS products trended downwards in 2024.

The IFS sector continued to face challenges in 2024. However, the marketing efforts of a few Registered Agents continued to impact favourably on the industry and yielded positive results. These efforts, inter alia, have ensured that SVG remains an attractive IFS center.

Of note is that, across the various categories of products, some entities were cancelled for 2024, with the exception of international banks and registered agents, which remained unaffected.

Total income generated from IFS products decreased in 2024 when compared to 2023. This decline was reflected in income from all categories except income from new registrations/applications.

1. Reference the Insurance Sector Report for more details.

Table I below, provides information on the number of active IFS entities licensed/registered/formed between 2020 and 2024.

TABLE I – NUMBER OF ACTIVE ENTITIES 2020 – 2024

Type of International Financial Services Products	2020	2021	2022	2023	2024
Business Companies (IBCs/BCs)	4,245	2,809	3,125	2,172	2,113
Limited Liability Companies (LLCs)	653	905	1,951	1,668	1,577
Trusts ²	30	35	35	35	36
International Banks	3	3	2	2	2
Mutual Funds	76	66	59	56	58
Registered Agents	14	14	14	14	15

2

(i) International Banks

As at 31st December, 2024, two (2) licensed international banks, as shown in Table II below, continued to be licensed to operate in SVG.

TABLE II - INTERNATIONAL BANKS YEAR 2024

NAME OF BANK	CLASS
RBC Royal Bank Holdings (EC) Limited	B
MPB Bank Limited	B

These licensed international banks have generally maintained adequate capital and met minimum paid-up capital requirement of 8.0% and US\$ 0.5M respectively. A decision for the approval of a Class A Bank is pending.

(ii) Mutual Funds, Mutual Fund Managers and Mutual Fund Administrators (Mutual Fund Entities)

At 31st December 2024 there were fifty-eight (58) (2023: 56) active entities registered/recognized/licensed pursuant to the Mutual Funds Act.

2. Revised from previous reporting

Update on Investment Funds Supervision

The Eastern Caribbean Securities Regulatory Commission (ECSRC) is the intended regional supervisor for investment funds, including mutual funds registered in Saint Vincent and the Grenadines. This transition aims to centralize and strengthen oversight of investment funds across the Eastern Caribbean Currency Union, enhancing regulatory consistency and investor protection.

The following updates/developments occurred during the reporting period:

- Work continued towards the finalization and enactment of the new Investment Funds Act, in the jurisdictions of Anguilla, St. Kitts and Nevis and St. Lucia, which had not passed the legislation. St. Lucia has also provided comments and several amendments on/to the Investment Funds Bill which are being worked through. The said Act has been enacted in all other Eastern Caribbean Currency Union jurisdictions as at 31st December 2024.
- Work also continued towards finalizing the Investment Fund Regulations.

(iii) Trusts

At 31st December, 2024, there were thirty-six (36) active trusts (2023: 35). One (1) new Trust was registered during the reporting period.

(iv) Business Companies (BCs)

New BC registrations (2024:158) were significantly lower than that of LLCs (2024:614) in 2024. It is important to note that BCs registrations have generally been declining since 2020. Notwithstanding, administrative filings by BCs has generated the most income for the FSA in 2024.

(v) Limited Liability Companies ('LLC')

In 2024, 614 LLCs were formed representing a 10.8% increase from the 554 formations recorded in 2023. While this indicates a modest recovery, the figures still fall short of the levels observed up to 2022. Notably, the formation of LLCs continues to outperform that of all other IFS new registrations in 2024.

(vi) Registered Agents ('RAs')

At reporting date, there were fifteen (15) licensed registered agents in the jurisdiction due to the licensing of one new Registered Agent & Trustee in 2024. The FSA continued active onsite and offsite supervision of all licensed entities during the year to ensure adherence to regulatory requirements. The findings from the onsite examinations have led to improved compliance by Registered Agents with the applicable legislation.

Monitoring of the IFS sector

The Financial Services Authority continued to actively monitor the IFS sector to ensure regulatory compliance and promote the sector's financial stability. Regular oversight activities such as conducting risk assessments, offsite and onsite reviews, financial reports analysis and engaging with stakeholders to identify emerging trends and challenges were conducted during the year. These activities served to assist in maintaining the jurisdiction's reputation as a well-regulated international financial services center.

FINANCIAL PERFORMANCE ANALYSIS

Overview

The Financial Services Authority's ("The FSA/ The Authority") operations are funded by the Government of St. Vincent and the Grenadines through subvention. Revenue earned is remitted to the Consolidated Fund¹.

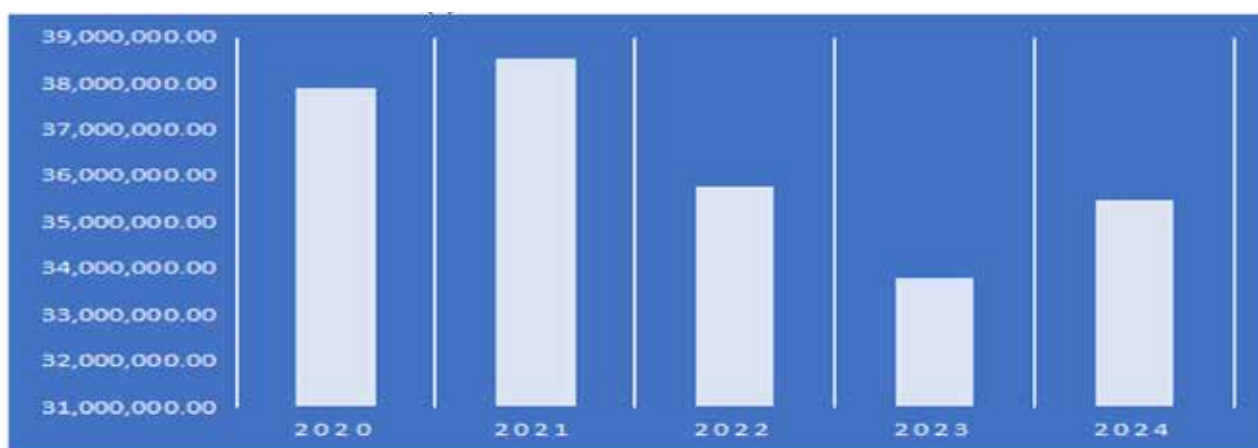
Fee Income remitted to the Consolidated Fund for 2024 was EC\$2.8M compared to EC\$2.9M for 2023. This represents a decrease of EC\$0.1M or 3.4%.

The FSA reported a profit of \$493K in 2024, a 47.9% increase from the prior year. Cash and cash equivalents grew by \$1.7M, driven primarily by positive operating cash flows totaling \$2.1M, compared to a negative cash flow of \$1.0M in 2023. Liabilities grew significantly by \$1.6M or 4.7% due to a rise in statutory deposits. Overall, the financial performance and position strengthened in 2024. The information below provides a further analysis of the Authority's 2024 Statement of financial position and profit & loss.

Statement of Financial Position

The FSA's total assets increased by EC\$1.7M or 4.9% as of 31 December 2024 (See Chart 1 below). Over the year, the growth in total assets was largely reflected in cash and cash equivalents, with a marginal increase in trade and other receivables; partially offset by a decline in plant and equipment.

Chart 1: Total Assets over Five (5) Years



(Source: Audited financial statements for 2024)

At the reporting date, the Authority's net cash and cash equivalents position stood at EC\$16.4M, representing a net increase of EC\$1.7M from the opening balance of EC\$14.7M. The movement in cash flows during the year was primarily driven by a favourable working capital adjustment of EC\$2.1M, partially offset by cash outflows of EC\$25K for investing activities related to asset acquisitions, and EC\$402K for financing activities. Of the total cash and cash equivalents, EC\$16.1M, or 98.1%, was held on behalf of regulated entities during the financial year.

Trade and other receivables increased by EC\$9.9K, reflecting a higher number of entities restored post year end 2024 following administrative action by the Authority for the non-payment of 2024 annual fees. Conversely, Plant and Equipment declined by EC\$74.3K, or 20.6%, as depreciation charges for the period exceeded the value of new acquisitions.

Liabilities

At the end of the 2024 financial year, the Authority's total liabilities amounted to EC\$35.1M, an increase of EC\$1.6M or 4.7% compared to the prior year (see Chart 2 below). This increase was primarily attributable to the receipt of statutory deposits required for the establishment of two (2) micro-financing entities, one (1) money service business, as well as additional statutory funds placed by several insurance companies during the reporting period.

During the year, the Authority held 45.2% of deposits due to statutory depositors, while the remaining 54.8% was held with the Government of St. Vincent and the Grenadines. Overall, liabilities due to statutory depositors accounted for 97.3% of total liabilities, with the remaining 2.7% classified as short-term obligations.

1. The Consolidated Fund is the account into which the Government of St. Vincent and the Grenadines' ('GOSVG') taxes and revenues are deposited. Thus, all funds collected on behalf of the GOSVG by the FSA are deposited into this account.

Chart 2: Total Liabilities over Five (5) Years



(Source: Audited financial statements for 2024)

Trade and other payables declined by 34.9%, primarily due to a reduction in other payables following the settlement of interest obligations during the period. The Authority's Fund Balance increased by 91.8K primarily because profit for the year exceeded the net distribution to the Government's consolidated fund.

Statement of Profit or Loss

The FSA recorded a profit of EC\$493K for the year ended 31 December 2024, a significant increase of EC\$159.8K or 47.9% when compared with the previous financial year. Total income increased from EC\$3.0M in 2023 to EC\$3.1M in 2024, achieving a growth of 3.3% (See Chart 3 below). This performance was largely driven by a significant increase in interest income, which rose by EC\$248.8K. The increase resulted from the recognition of accrued interest from prior years that had not previously been recorded as income. This adjustment is a one-off and may not recur in future periods.

Fee income for the 2024 financial year totaled EC\$2.8M, reflecting a decrease of 3.4% (EC\$91.1K), compared to EC\$2.9M in 2023. The decline was primarily driven by lower annual license fees and other fee income, which fell by 1.2% and 8.9%, respectively. These decreases were partly offset by a 7.6% increase in registration and application fees.

Annual license fees, the largest revenue category, remained relatively stable at EC\$1.4M, as growth in money service businesses and credit unions was offset by declines across most International Financial Services (IFS) products and Local insurance entities. The total number of registered entities, declined from 3,961 in 2023 to 3,270 in 2024, mainly due to reduction in Limited Liability Companies (LLCs) and Business Companies (BCs).

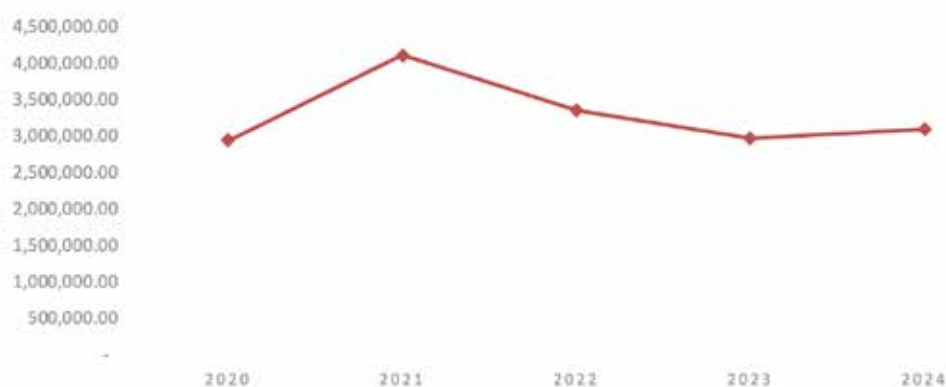
Likewise, filing fees et al declined by EC\$101K, or 8.9%, reflecting a lower volume of filings for LLCs, local insurance and mutual funds, partially cushioned by increases in BCs and International insurance filings.

Conversely, the rise in registration and application fees was driven by increased incorporations, particularly among BCs and LLCs. The total number of incorporations rose from 141 to 158 for BCs, and from 554 to 614 for LLCs.

Despite this overall decline, fee income from BCs increased relative to the prior year, contributing 52.5% of total fee income. Income from other IFS products accounted for 34.1%, while the non-IFS sector represented the remaining 13.4%.

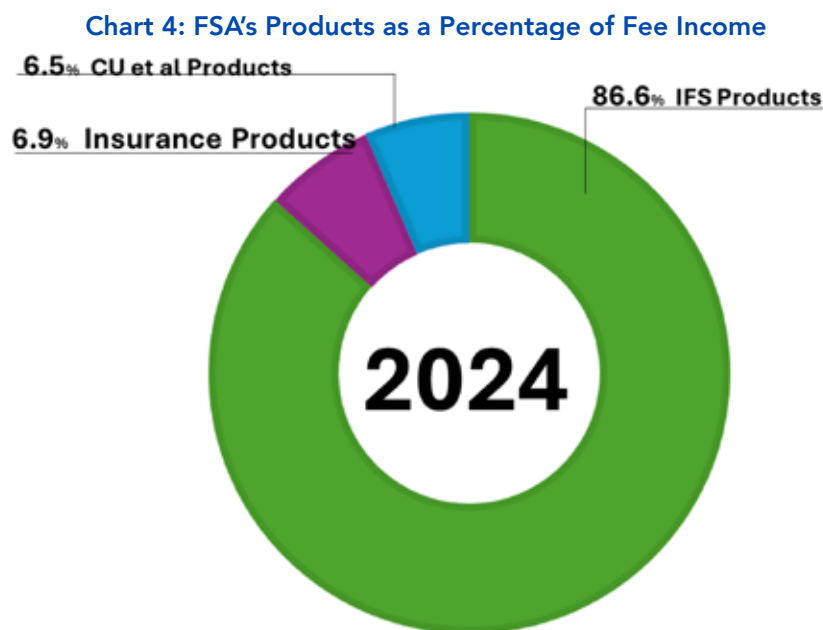
Other income decreased by 52.8%, primarily due to a reduction in non-recurring receipts.

Chart 3 – Total Revenue Over Last Five (5) years
TOTAL REVENUE



(Source: Audited financial statements for 2024)

The IFS sector continued to be the dominant revenue generator for 2024, contributing EC\$2.4M or 86.6% to fee income (and 78.8% to total revenue), while the other sectors represented EC\$0.4M or 13.4% of total fee income as reflected in Chart 4 below.



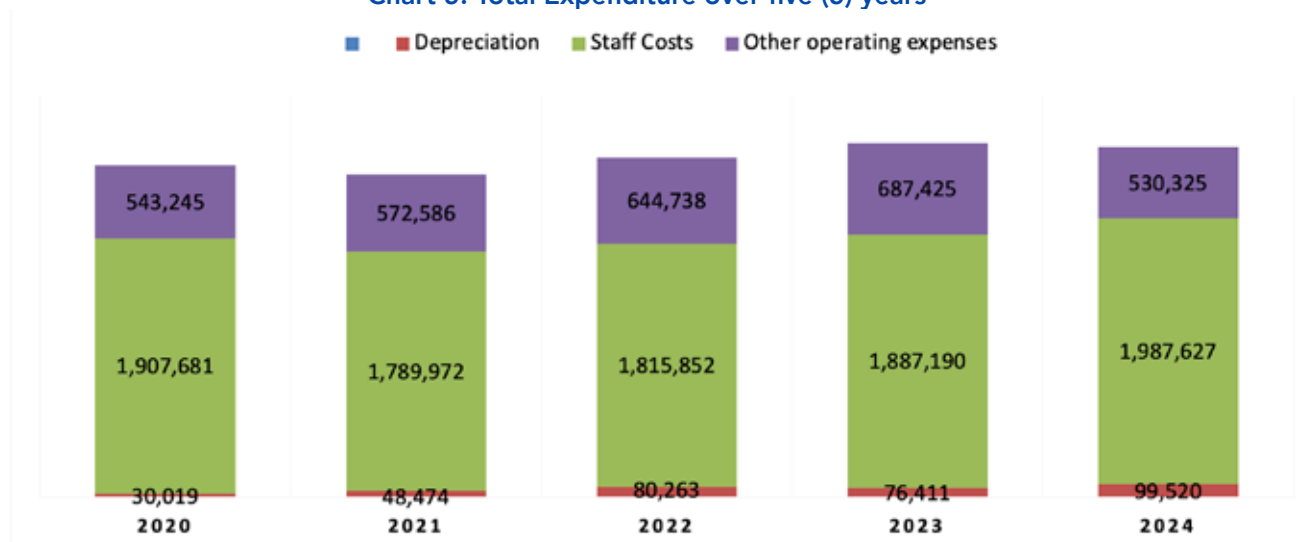
(Source: Audited financial statements for 2024)

During the period, total operating expenses totaled EC\$2.6M, a decrease of EC\$34K (1.3%) than the previous year. The decrease in total operating expenses was primarily due to the decrease of EC\$157K in other operating expenses which were offset by the increases in staff costs and depreciation. This is reflected in Chart 5 below.

Staff costs increased during the period, primarily due to the costs of recruiting one (1) additional employee and the final 2.5% payment of an approved 7.0% salary increase phased over 2023–2025. Depreciation expenses also recorded an increase, attributable mainly to additional allocation costs from acquiring new capital assets during the year.

Staff costs represented the Authority's largest expense, accounting for 75.9% (2023:71.2%) of total expenses for the reporting period. The FSA's full-time staff complement was twenty-three (23) as at December 31, 2024.

Chart 5: Total Expenditure over five (5) years



(Source: Audited financial statements for 2024)

Overall, the Authority maintained a stable financial position, supported by improved interest income and efficacious expense control.

FSA DEPARTMENTS AND MANAGEMENT TEAM



Financial Services Authority

Financial Statements
Year Ended December 31, 2024
(in Eastern Caribbean dollars)



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Corporate Information

REGISTERED OFFICE

2nd Floor Inland Revenue Building
Grenville Street
Kingstown
St. Vincent and the Grenadines

NON-EXECUTIVE DIRECTORS

Present

Mr. Kenneth Young - Chairman
Mr. Stewart K. Haynes – Director
Mrs. Kozel S. Fraser – Director
Ms. Karen L. Duncan – Director
Mr. Edmond A. Jackson – Director
Ms. Susan M. Samuel - Director
Mr. Hance John - Director

EXECUTIVE DIRECTOR

Ms. Carla A. James

SECRETARY TO THE BOARD

Ms. Deirdre Adams

BANKERS

Bank of St. Vincent and the Grenadines Ltd.

AUDITORS

Grant Thornton
Chartered Accountants
Sergeant-Jack Drive
Arnos Vale
St. Vincent

INDEPENDENT AUDITORS' REPORT

To the Minister of Finance, Economic Planning and Information Technology

Grant Thornton

Sergeant-Jack Drive, Arnos Vale
P.O. Box 35, Kingstown
St. Vincent, W.I.

Report on the Audit of the Financial Statements

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Opinion

We have audited the financial statements of **Financial Services Authority**, which comprise the statement of financial position as at December 31, 2024, and the statement of changes in fund balance, statement of profit or loss, and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Financial Services Authority** as at December 31, 2024, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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 the Eastern Caribbean, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 the IFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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.

Auditors' 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 auditors' 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 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 judgement 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 purposes 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, then we are required to draw attention in our auditors' 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 auditors' 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.



August 27, 2025

Chartered Accountants
Audit | Tax | Advisory

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Financial Services Authority

Statement of Financial Position

As of December 31, 2024

(in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	16,435,096	14,712,061
Trade and other receivables	5	23,887	13,941
Prepayment		13,010	12,748
Total Current Assets		16,471,993	14,738,750
Non-Current Assets			
Due from Government of St. Vincent and the Grenadines	6	18,716,078	18,716,078
Plant and equipment	7	286,766	361,026
Total Non-Current Assets		19,002,844	19,077,104
TOTAL ASSETS		35,474,837	33,815,854
LIABILITIES			
Current Liabilities			
Trade and other payables	8	255,549	392,682
Deferred revenue	9	523,582	528,048
Due to Government of St. Vincent and the Grenadines	10	179,589	179,589
Total Current Liabilities		958,720	1,100,319
Non-Current Liability			
Due to statutory depositors	11	34,169,480	32,460,684
Total Non-Current Liability		34,169,480	32,460,684
TOTAL LIABILITIES		35,128,200	33,561,003
FUND BALANCE		346,637	254,851
TOTAL LIABILITIES AND FUND BALANCE		35,474,837	33,815,854

These financial statements were approved by the Board of Directors and authorized for issue on August 19, 2025, and signed on its behalf by:


Kenneth Young
Chairman


Stewart Haynes
Audit Committee Chair

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

Financial Services Authority

Statement of Changes in Fund Balance For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	General Fund \$	Total \$
Balance as of December 31, 2022	113,133	113,133
Profit for the year	333,509	333,509
Net distribution to the Government's consolidated fund	(191,791)	(191,791)
Balance as of December 31, 2023	254,851	254,851
Profit for the year	493,358	493,358
Net distribution to the Government's consolidated fund	(401,572)	(401,572)
Balance as of December 31, 2024	346,637	346,637

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

Financial Services Authority

Statement of Profit or Loss

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Notes	2024 \$	2023 \$
Income			
Fee income	12	2,831,701	2,922,801
Interest income	19	251,106	2,302
Other income	19	28,023	59,432
		<u>3,110,830</u>	<u>2,984,535</u>
Operating Expenses			
Depreciation	7	99,520	76,411
Staff costs	13	1,987,627	1,887,190
Other operating expenses	14	530,325	687,425
		<u>2,617,472</u>	<u>2,651,026</u>
Total Expenses			
		<u>2,617,472</u>	<u>2,651,026</u>
Profit for the Year		<u>493,358</u>	<u>333,509</u>

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

Financial Services Authority

Statement of Cash Flows

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

	Note	2024 \$	2023 \$
Cash Flows from Operating Activities			
Profit for the year		493,358	333,509
Adjustments for			
Depreciation		99,520	76,411
Disposal of Plant and Equipment		-	2,517
Interest earned		(5,610)	(2,302)
Profit before Working Capital Changes		587,268	410,135
Change in trade and other receivables		(9,946)	18,356
Change in prepayment		(262)	4,738
Change in due from Government of St. Vincent and the Grenadines		-	617,259
Change in trade and other payables		(137,133)	59,253
Change in deferred revenue		(4,466)	(16,103)
Change in due to statutory depositors		1,708,796	(2,143,090)
Cash Generated from (Used in) Operations		2,144,257	(1,049,452)
Interest received		5,610	2,302
Net Cash Generated from (Used in) Operating Activities		2,149,867	(1,047,150)
Cash Flows from Investing Activity			
Additions to plant and equipment		(25,260)	(198,780)
Net Cash Used in Investing Activity		(25,260)	(198,780)
Cash Flows from Financing Activity			
Net distribution to the Government's consolidated fund		(401,572)	(191,791)
Net Cash Used in Financing Activity		(401,572)	(191,791)
Net Movement in Cash and Cash Equivalents		1,723,035	(1,437,721)
Net Cash and Cash Equivalents – Beginning of year		14,712,061	16,149,782
Net Cash and Cash Equivalents – End of year	4	16,435,096	14,712,061

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

Financial Services Authority

Index to Notes to the Financial Statements

Note 1	Incorporation and Principal Activities
Note 2	Summary of Significant Accounting Policies
Note 3	Critical Accounting Estimates and Judgments
Note 4	Cash and Cash Equivalents
Note 5	Trade and Other Receivables
Note 6	Due from Government of St. Vincent and the Grenadines
Note 7	Plant and Equipment
Note 8	Trade and Other Payables
Note 9	Deferred Revenue
Note 10	Due to Government of St. Vincent and the Grenadines
Note 11	Due to Statutory Depositors
Note 12	Fee Income
Note 13	Staff Costs
Note 14	Other Operating Expenses
Note 15	Related Party Transactions
Note 16	Taxation
Note 17	Contingent Assets
Note 18	Financial Risk Management
Note 19	Excess of Subvention over Expenses

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

1. Incorporation and Principal Activities

The Authority is a statutory body of the Government of St. Vincent and the Grenadines (the Government). It was established by the Financial Services Authority Act, No. 33 of 2011.

The Authority has responsibility for regulating, supervising and developing the international financial services and non-bank financial services sectors in St. Vincent and the Grenadines.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

a. Basis of Preparation

The financial statements of the Authority have been prepared in accordance with the 'International Financial Reporting Standard for Small and Medium-sized Entities' (IFRS for SMEs). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Authority's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in **Note 3**.

b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits as well as highly liquid investments with insignificant interest rate risk and original maturities of ninety days or less at the date of purchase. Bank overdrafts, where applicable, are shown within borrowings on the statement of financial position.

c. Trade and Other Receivables

Trade and other receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective rate method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivable.

d. Plant and Equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Any gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in the statement of comprehensive income.

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

2. Summary of Significant Accounting PoliciesCont'd

d. Plant and EquipmentCont'd

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation has been provided on all assets on a straight-line basis at the following annual rates: -

Computer hardware and software	-	20%
Furniture and fittings	-	15%
Motor vehicle	-	20%
Office equipment	-	20%
Books	-	20%

e. Borrowings

Borrowings are recognized initially at the transaction price (that is, the present value of the cash payable to the lenders, including transaction cost). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance cost.

f. Foreign Currencies

These financial statements are expressed in Eastern Caribbean dollars, which is the Authority's functional currency. Transactions involving currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items are converted to the functional currency at the spot rate at the reporting date. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end of monetary assets and liabilities are recognized in the statement of comprehensive income. Non-monetary items, which are measured at their historical cost in a foreign currency, are converted at their historical exchange rate at year-end. Non-monetary items which are measured at fair value in a foreign currency are converted at the exchange rate at the date when the fair value is determined. Exchange gains or losses on non-monetary items, which are measured at fair value, are recognized in the statement of comprehensive income.

g. Revenue Recognition

(i) Annual fees

Annual fees relating to services provided in the current financial year are recorded as revenue in that financial year. If the service provided during the year is in respect of non-licensed entities and received up to three months in the subsequent financial year, the annual fee income is recorded in the current financial year. Fees received in advance of the period to which the service is rendered is recognized as revenue in the year to which the service relates.

(ii) Registration and application fees

Registration and application fees are recognized in revenue in the year in which the transaction is approved by the Authority.

(iii) Late fees

Late fees are recognized in revenue in the year received.

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

2. Summary of Significant Accounting PoliciesCont'd

g. Revenue RecognitionCont'd

(iv) Grants

Government grants are recognized at fair value. A grant that imposes specified future performance conditions is recognized in income when those conditions are met. Grant receipts in advance of satisfying performance conditions are treated as deferred revenue in the statement of financial position.

Government grants that affect revenue consist of two types:

(a) Capital grants

Capital grants are presented as deferred revenue on the statement of financial position. The assets purchased from these grants are capitalized as property, plant and equipment. Each year, an amount equal to the depreciation charge for the assets is transferred from deferred revenue to the statement of comprehensive income as income.

(b) Income grants

Income grants are taken to income in the year in which the performance conditions are met.

(v) Statutory deposit income

The Authority receives as income a component of the interest generated on statutory deposits that are placed as certificates of deposit at its bank. Income from statutory deposits is recognized on an accrual's basis.

h. Deferred Revenue

Receipts relating to annual fees for future periods are shown within trade payable and taken to revenue in the period to which they relate. Receipts relating to grants of a capital nature are shown within deferred revenue in the statement of financial position.

i. Impairment of Non-Financial Assets

Assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

If any impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income.

j. Financial Assets

The Authority classifies its financial assets into one of the categories shown below, depending on the purpose for which the asset was acquired. The Authority has not classified any of its financial assets as available-for-sale.

(i) Fair value through profit or loss

This category comprises investments held long-term and financial contracts in an asset. When used they are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income within "Net changes in fair value on financial assets at fair value through comprehensive income".

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

2. Summary of Significant Accounting PoliciesCont'd

j. Financial AssetsCont'd

(ii) *Receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment allowance provisions are recognized when there is objective evidence that the Authority will be unable to collect all of the amounts due under the terms receivable, the amount of such an allowance being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The Authority's receivables comprise cash and cash equivalents, trade and other receivables and due from Government. Cash and cash equivalents are as defined in **Note 4**.

(iii) *Investments at amortized cost*

Investments at amortized cost are non-derivative financial assets with fixed or determinable payments and fixed maturities where the Authority has the intention and the ability to hold in the long-term or until maturity. After initial measurement, investments are measured at amortized cost using the effective interest method.

k. Financial Liabilities

Financial liabilities include trade and other payables, due to Government and due to statutory depositors.

Financial liabilities are recognized when the Authority becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as an expense in the statement of comprehensive income.

Trade and other payables and other short-term monetary liabilities are recognized initially at their fair values and subsequently measured at amortized cost less settlement payments.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of comprehensive income.

l. Fair Value Measurement

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Authority has access at that date. The fair value of a liability reflects its non-performance risk. When available, the Authority measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Authority measures instruments quoted in an active market at a mid-price. If there is no quoted price in an active market, then the Authority uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

3. Critical Accounting Estimates and Judgments

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Estimated Impairment of Assets

The Authority tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in **Note 2** "Significant Accounting Policies". The recoverable amounts of some assets have been determined based on value-in-use calculations. The calculations require the use of estimates.

b. Trade and Other Receivables

The Authority determines its trade and other receivable balances at each year-end by conducting a review of receipts in the three months after year-end which are applicable to fee income for previous years. Changing the assumption selected by management, in particular the period after year-end for which the review is undertaken, could significantly affect the Authority's evaluation of its income and trade and other receivables and hence its reported assets and profit or losses.

4. Cash and Cash Equivalents

	2024	2023
	\$	\$
Cash on hand and at bank	5,640,633	5,543,287
Interest bearing bank deposits	10,794,463	9,168,774
	<u>16,435,096</u>	<u>14,712,061</u>

As of reporting date, cash and cash equivalents, include cash held in trust, in accordance with statutory prudential provisions, for certain regulated entities amounting to \$16,127,637 (2023: \$14,356,166).

5. Trade and Other Receivables

	2024	2023
	\$	\$
Annual fees - International Business Companies	23,387	13,441
Other receivables	500	500
Total Trade and Other Receivables	<u>23,887</u>	<u>13,941</u>

As at year end date, the Authority had no impaired trade receivables.

The aging of trade receivable is as follows: -

	2024	2023
	\$	\$
0 - 90 days	<u>23,387</u>	<u>13,441</u>

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

5. Trade and Other ReceivablesCont'd

Trade and other receivables are denominated as follows:

	2024 \$	2023 \$
United States dollars	23,387	13,441
Eastern Caribbean dollars	500	500
	23,887	13,941

6. Due from Government of St. Vincent and the Grenadines

The amount of \$18,716,078 (2023: \$18,716,078) represents statutory deposits of regulated entities held in the Government's consolidated fund on behalf of the Authority.

The amount due from Government is denominated in Eastern Caribbean currency.

7. Plant and Equipment

	Furniture & Fittings \$	Motor Vehicles \$	Computer Hardware \$	Computer Software \$	Office Equipment \$	Books \$	Total \$
At January 1, 2023							
Cost of valuation	172,743	105,905	90,057	163,487	41,573	7,629	581,394
Accumulated depreciation	(161,253)	(41,038)	(72,467)	(32,105)	(25,729)	(7,628)	(340,220)
Net book amount	11,490	64,867	17,590	131,382	15,844	1	241,174
Year Ended December 31, 2023							
Opening net book amount	11,490	64,867	17,590	131,382	15,844	1	241,174
Additions	158,310	-	25,048	-	15,422	-	198,780
Disposals	(2,517)	-	-	-	-	-	(2,517)
Depreciation charge	(11,172)	(21,181)	(8,215)	(32,101)	(3,742)	-	(76,411)
Closing net book amount	156,111	43,686	34,423	99,281	27,524	1	361,026
At December 31, 2023							
Cost of valuation	323,607	105,905	115,795	163,482	56,311	7,629	772,729
Accumulated depreciation	(166,169)	(62,219)	(80,676)	(64,201)	(30,810)	(7,628)	(411,703)
Net book amount	157,438	43,686	35,119	99,281	25,501	1	361,026
Year Ended December 31, 2024							
Opening net book amount	157,438	43,686	35,119	99,281	25,501	1	361,026
Additions	13,006	-	4,920	-	7,334	-	25,260
Depreciation charge	(26,383)	(21,181)	(11,203)	(32,696)	(8,057)	-	(99,520)
Closing net book amount	144,061	22,505	28,836	66,585	24,778	1	286,766
At December 31, 2024							
Cost of valuation	336,613	105,905	120,715	163,482	63,645	7,629	797,989
Accumulated depreciation	(192,552)	(83,400)	(91,879)	(96,897)	(38,867)	(7,628)	(511,223)
Net book amount	144,061	22,505	28,836	66,585	24,778	1	286,766

Depreciation expense amounting to \$99,520 (2023: \$76,411) is included in the operating expenses.

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

8. Trade and Other Payables

	2024	2023
	\$	\$
Trade payables	114,494	104,130
Payroll related liabilities	3,413	360
Other payables	137,642	288,192
	255,549	392,682

Trade and other payables are denominated as follows: -

	2024	2023
	\$	\$
Pound sterling	1,874	3,437
United States dollars	63,577	40,210
Eastern Caribbean dollars	190,098	349,035
	255,549	392,682

9. Deferred Revenue

Fees in Advance

	2024	2023
	\$	\$
Annual fees	455,029	478,733
Due diligence fees	54,199	28,659
	509,228	507,392

Grant Income

Beginning of the year	20,656	33,015
Transfer to income for the year	(6,302)	(12,359)
	14,354	20,656
	523,582	528,048

Deferred revenue is denominated as follows: -

	2024	2023
	\$	\$
United States dollars	509,228	507,392
Eastern Caribbean dollars	14,354	20,656
	523,582	528,048

10. Due to Government of St. Vincent and the Grenadines

The amount of \$179,589 due to the Government, which is unsecured, denominated in Eastern Caribbean currency, is non-interest bearing and has no fixed terms of repayment.

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

11. Due to Statutory Depositors

The amount due to statutory depositors is held as follows:

	2024 \$	2023 \$
Deposits with - the Authority	15,453,402	13,744,606
- the Government of St. Vincent	18,716,078	18,716,078
	34,169,480	32,460,684

Deposits with the Authority includes accrued interest amounting to \$1,576,450 (2023: \$1,682,930).

Statutory deposits are denominated as follows: -

	2024 \$	2023 \$
United States dollars	5,287,952	5,108,360
Eastern Caribbean dollars	28,861,528	27,352,324
	34,149,480	32,460,684

12. Fee Income

Registration and Application Fees

	2024 \$	2023 \$
Business Companies	73,523	64,472
Banks	-	5,376
Trusts	1,613	806
Mutual Funds	2,688	-
Money Service Businesses	600	18,600
Limited Liability Companies	300,884	265,171
Registered Agents	25	-
Insurance Companies - Local	4,250	2,000
	383,583	356,425

Annual License Fees

Business Companies	608,458	680,921
Trusts	20,968	21,002
Mutual Funds	67,149	68,493
Limited Liability Companies	290,729	326,294
Banks	26,882	26,882
Registered Agents	45,162	45,162
Insurance Companies - International	18,818	9,409
- Local	156,800	175,478
Money Service Businesses	132,000	72,525
Credit Unions	44,525	50
Friendly Societies	5,200	7,500
	1,416,691	1,433,716

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

12. Fee IncomeCont'd

Other Fee Income

	2024 \$	2023 \$
Filing, Certification and Late Fees		
- Business Companies	803,304	687,841
- Trusts	3,528	739
- Mutual Funds	4,076	26,143
- Limited Liability Companies	183,537	348,257
- Banks	941	2,061
- Registered Agents	2,957	1,882
- Insurance Companies - Local	655	64,255
- International	29,227	-
- Due Diligence	3,202	1,482
	1,031,427	1,132,660
	2,831,701	2,922,801

13. Staff Costs

	2024 \$	2023 \$
National Insurance Services contributions	69,144	57,531
Salaries and allowances	1,845,047	1,787,778
Medical insurance	12,124	10,239
Gratuity	-	9,071
Training	50,458	10,985
Staff appreciation	10,854	11,586
	1,987,627	1,887,190
Number of employees at reporting date	23	23

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

14. Other Operating Expenses

	2024	2023
	\$	\$
Advertising and promotion	9,471	14,515
Audit fees	20,000	27,840
Bank charges	2,588	10,316
Board meeting expenses	10,325	8,336
Consultancy fees	23,010	4,600
Customs and brokerage	9,202	6,564
Directors' fees	84,000	84,000
Donations	16,913	15,674
Due diligence	30,701	8,151
Electricity	51,670	73,437
Foreign exchange loss	44	-
General expenses	3,094	1,020
Insurance	14,639	12,329
Internet Expense	3,701	3,942
Loss on asset disposal	-	2,518
Meeting and interviews	304	145
Miscellaneous	-	1,020
New office space	22,527	37,627
Office supplies	14,890	8,347
On-site inspection	1,642	790
Overdraft interest	-	80
Postage and delivery	582	401
Rent	-	143,060
Repairs and maintenance – equipment	10,645	11,558
- vehicle	8,019	7,475
- other	14,846	32,153
Seminars and conferences	52,376	30,940
Stationery and printing	61,126	79,667
Subscription and dues	15,668	23,830
Technical support	34,546	28,469
Telephone, fax and internet	13,138	9,641
Water	658	-
	530,325	687,425

15. Related Party Transactions

(a) Definition of Related Party

A related party is a person or entity that is related to the Authority.

A person or a close member of that person's family is related to the Authority if that person: -

- (i) has control or joint control over the Authority;
- (ii) has significant influence over the Authority; or
- (iii) is a member of the key management personnel of the Authority.

An entity is related to the Authority if any of the following conditions applies: -

- (i) The entity and the Authority are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the Authority (or an associate or joint venture of a member of a group of which the other entity is a member).

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

15. Related Party TransactionsCont'd

(a) Definition of Related PartyCont'd

- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third party and the other entity is an associate of the third party.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Authority or an entity related to the Authority entity. If the Authority is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part provides key management personnel services to the Authority or to the parent of the Authority.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(b) Identity of Related Parties

The Authority has related party relationships with the directors, secretary to the Board, key management personnel and Government.

(c) Related Party Transactions and Balances

The following transactions were carried out with related parties: -

(i) Key Management Compensation

Key management includes the Board of Directors (executive and non-executive). The compensation of key management for employee services as follows:

	2024	2023
	\$	\$
Chairman and non-executive directors' emoluments	84,000	84,000
Key management salaries and allowances	398,063	386,504
	<u>482,063</u>	<u>470,504</u>

(ii) Net Distribution to Government

	2024	2023
	\$	\$
Distribution to consolidated fund	(2,808,029)	(2,946,791)
Subvention from Government (Note 19)	2,393,000	2,755,000
Net distribution to consolidated fund	<u>(415,029)</u>	<u>(191,791)</u>

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

16. Taxation

In accordance with the Financial Services Authority Act, No. 33 of 2011, the Authority is exempt from stamp duties, import duties and all other taxes or other charges, on its income or profits or on assets which it acquires for its own use in carrying out its functions.

The Authority's income is also exempt in accordance with section 25 (r) of the Income Tax Act, Chapter 435 of the Revised Laws of St. Vincent and the Grenadines, as it is a statutory authority of the Government.

17. Contingent Assets

As of reporting date, the Authority, as regulator, holds charges over securities and cash balances, which vest in certain regulated entities and held by an independent depository as statutory deposits, having a nominal or face value of \$25,011,241 (2023: \$22,268,772).

18. Financial Risk Management

Financial Risk Factors

The Authority's activities expose it to a variety of financial risks; market risk (foreign exchange risk, interest rate risk), credit risk and liquidity risk. The Authority's overall risk management programme seeks to minimize potential adverse effects on the Authority's financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in accordance with those policies.

Financial assets of the Authority include cash and cash equivalents, trade and other receivables, and due from Government. Financial liabilities include borrowings, trade and other payables, deferred revenue, due to the Government and statutory deposits of licenced entities.

a. Market Risk

Market risk is the risk that changes in market prices – such as from foreign exchange rates, interest rates and equity prices – will affect the Authority's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk arises from the Authority's use of interest bearing and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (foreign currency risk) or other market factors (other price risk).

(i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument or revenue will fluctuate due to changes in foreign exchange rates. In the normal course of business, the Authority enters into transactions denominated in foreign currencies. As a result, the Authority is subject to transaction and translation exposure from fluctuations in foreign exchange rates.

The Authority is exposed to foreign currency risk arising from the denomination of financial instruments, statutory deposit liabilities and certain trade payables in foreign currencies.

The Authority has statutory deposits denominated in United States dollars, which are pegged to the Eastern Caribbean dollar, and are payable in United States dollars.

The Authority denominates all its offshore revenues in United States dollars. Furthermore, the Authority customarily receives revenues for subsequent financial years in its current financial year and treats these as deferred revenues, as a component of liabilities in its statement of financial position.

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

18. Financial Risk ManagementCont'd

Financial Risk Factors

a. Market RiskCont'd

(ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument or financial liabilities will fluctuate due to changes in market interest rates. Floating rate instruments expose the Authority to cash flow interest rate risk whereas fixed rate instruments expose the Authority to fair value interest rate risk.

The Authority has bank deposits with fluctuating interest rates. These deposits originate from statutory deposits made by regulated entities on which the Authority pays interest. The Authority changes the interest rate that it pays to depositors when the interest rate it receives on these deposits is changed, however the interest rate spread is not fixed.

The Authority's bank borrowings is negotiated with a fixed interest rate.

Fair Value Interest Rate Risk

The Authority is exposed to fair value interest rate risk on its held-to-maturity investments, which are either regional, public and private sector securities, however these financial instruments are traditionally held to term. These investments bear fixed yields, and their value is inversely affected by movements in market interest rates. The Authority does not hedge itself against fair value interest rate risk, however, as these financial assets are held to term and for the benefit, and sometimes in the name of the regulated depositors, any losses are borne by the depositor.

b. Credit Risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Authority's cash and cash equivalents, trade receivables, due from Government, and held-to-maturity securities.

Cash and cash equivalents are held with reputable financial institutions. Trade receivables and the related revenue are recorded only when the debtor is assured of paying the amount due and the Authority evidence payment a reasonable period after year-end.

The carrying amount of the financial assets represents the maximum credit exposure.

c. Liquidity Risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Authority's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Authority is exposed to liquidity risk from its financial liabilities which include bank borrowings, trade and other payables, deferred revenue, and statutory deposits payable to licensed entities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet current operating requirements. The Authority is not exposed to significant liquidity risk as it maintains sufficient cash and cash equivalents to meet its current and foreseeable future obligations. Furthermore, its most significant liabilities are statutory deposits payable to depositors. These deposits were placed with the Authority by regulated entities as either held-to-maturity securities or deposits with the Government of St. Vincent and the Grenadines. In instances where statutory deposits originally placed as held-to-maturity securities are redeemed the original security is returned to the depositor.

The Authority also has significant liabilities to Government's statutory bodies, as a component of trade and other liabilities that are available for underwriting by the Government.

Financial Services Authority

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

18. Financial Risk ManagementCont'd

c. Liquidity RiskCont'd

The table below breaks down the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the date of the financial statements to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The Authority's schedule of its contractual repayment period of its financial assets and liabilities as of December 31, 2024, is as follows: -

	Within 12 Months \$	1 – 5 Years \$	Over 5 Years \$	Total \$
Assets				
Cash and cash equivalents	16,435,096	-	-	16,435,096
Trade and other receivables	23,887	-	-	23,887
Due from Government	-	3,449,373	15,266,705	18,716,078
Total	16,458,983	3,449,373	15,266,705	35,175,061
Liabilities				
Trade and other payables	255,549	-	-	255,549
Due to Government	179,589	-	-	179,589
Due to statutory depositors	-	-	34,169,480	34,169,480
Total	435,138	-	34,169,480	34,604,618
Net	16,023,845	3,449,373	(18,902,775)	570,443

The Authority's schedule of its contractual repayment period of its financial assets and liabilities as of December 31, 2023, is as follows: -

	Within 12 Months \$	1 – 5 Years \$	Over 5 Years \$	Total \$
Assets				
Cash and cash equivalents	14,712,061	-	-	14,712,061
Trade and other receivables	13,941	-	-	13,941
Due from Government	-	-	18,716,078	18,716,078
Total	14,726,002	-	18,716,078	33,442,080
Liabilities				
Trade and other payables	392,682	-	-	392,682
Due to Government	179,589	-	-	179,589
Due to statutory depositors	-	-	32,460,684	32,460,684
Total	572,271	-	32,460,684	33,032,955
Net	14,153,731	-	(13,744,606)	409,125

Financial Services Authority

Notes to the Financial Statements For the Year Ended December 31, 2024

(in Eastern Caribbean dollars)

19. Excess of Subvention over Expenses

	2024	2023
	\$	\$
Income		
Government's subvention (Note 15)	2,393,000	2,755,000
Interest income	251,106	2,302
Other income	28,023	59,432
Total Income	2,672,129	2,816,734
Operating Expenses		
Staff costs (Note 13)	1,987,627	1,887,190
Other operating expenses (Note 14)	530,325	687,425
Total Expenses	2,517,952	2,574,615
Excess of Subvention over Expenses	154,177	242,119



FINANCIAL SERVICES AUTHORITY SVG

OUR LOGO

Our logo symbolizes and connotes the following:

- Its pyramid is symbolic of ancient civilization, the beginning of time and the ingenuity which went into establishing such a strong and perfect structure.
- The pyramid's triangular shape is symbolic of power and stability and is associated with the mountainous terrain of St. Vincent and the Grenadines.
- The arch represents a welcoming symbol, welcoming persons into the local financial industry.
- The arch within the pyramid is symbolic of Kingstown, which is also known as the City of Arches.
- The circle is symbolic of the sun, a symbol of infinite stability and continuity.
- The wave behind is congruent with the changing nature of water (and the financial environment) and its dynamism.
- The wave is also reflective of the fact that we are an island surrounded by water.
- The Gold symbolizes the potential for success of the industry.



**FINANCIAL SERVICES AUTHORITY
ST.VINCENT AND THE GRENADINES**