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**FOR IMMEDIATE RELEASE**

**PRESS RELEASE**

In response to the recent press briefing held by Minister Samuda on a report by the Fair Trading Commission (FTC) on the Nature and Extent of Competition in the Commercial Banking Sector, the Jamaica Bankers Association would like to address some of the comments that were made by Mr. Samuda.

Firstly, on the issue of the level of competition, Jamaican banks operate in a diverse financial sector that includes numerous other players, such as credit unions and building societies, each competing with different business models. Jamaicans can shop around for the product or service that best suits their needs, knowing that the market features a rich diversity of service providers and options, including low cost or zero-rate options. Through this choice, consumers have a great deal of control over the service fees they pay, and banks do not typically charge customers for switching from one provider to another.

As it relates to the availability of relevant information, it is important to highlight the fact that banks, in the general course of business, practise transparency through widespread disclosure using various channels which include displaying fees and charges associated with different services in banking halls and on their websites. In addition, notifications to customers are sent out periodically in the form of flyers in statement mail outs and on a personal basis by their customer service agents and tellers. Jamaica's banks are strong advocates for improving the financial literacy of Jamaicans and support a variety of programmes and initiatives to help them better understand financial matters and improve their money management skills, including information on how to minimize their fees.

On the issue of bank revenues relative to costs, the FTC report noted that "bank fees are significantly more than the cost of providing the services". However, the basis on which they came to that conclusion is incomplete and inaccurate. The FTC report did not take into account the significant operating costs that banks incur in providing services and, instead, only quoted the fee expenses which represent a specific type of direct expenses. In determining the cost of a service, the full cost (including all direct and indirect costs) of said service must be taken into

consideration. This is in the same way that the cost of retailing goods is not considered to be simply the cost of buying it from a wholesaler, but would also include the cost of securing, insuring and transporting it, as well as the cost of maintaining the business office. Certain services, for example electronic services, will generally have lower fees as the cost of providing those services is usually less. Consumers can often reduce their fees by using lower cost services, particularly electronic services.

We are in agreement with the recommendation that a credit bureau be established as this will positively contribute to the Jamaican financial landscape. A credit bureau will reduce certain significant variables that currently exist in the assessment of a customer's creditworthiness and the resulting interest rate that is charged.

As an Association, we recognize the need for a more robust public education campaign to further educate persons on the various options that are available to them. To this end we are currently exploring other appropriate channels that can be used to ensure that consumers feel empowered whenever they make financial decisions.

The Jamaica Bankers Association is committed to a competitive, free market environment, where pricing policies are determined based on the business model that is employed by a company.