

CHRONOLOGY OF MONETARY POLICY AND DEVELOPMENTS

2011 (01 October) The Central Bank reduced the proportion of Government of Belize Treasury bills that commercial banks were required to hold as part of their securities requirement from 3.0% to 0.0% of average deposit liabilities as calculated for the reporting period October 2011.

(01 October) The minimum rate on savings deposits was reduced from 3.5% to 2.5%, and commercial banks required to disclose annual nominal and effective interest rate on savings deposits.

(01 April) The Central Bank reduced the proportion of Government of Belize Treasury bills that commercial banks were required to hold as part of their securities requirement from 5.0% to 3.0% of average deposit liabilities as calculated for the reporting period January 2011.

(01 February) The Central Bank lowered the interest rate on all loans and advances granted to domestic commercial banks, in its capacity as lender of last resort, from 18.0% to 11.0% per annum.

(01 January) The Central Bank reduced the proportion of Government of Belize Treasury bills that commercial banks were required to hold as part of their securities requirement from 6.5% to 5.0% of average deposit liabilities as calculated for the reporting period October 2010.

2010 (01 November) The minimum interest rate on saving deposits was reduced from 4.5%, set in March 1994, to 3.5%.

(01 May) Cash reserve requirements were reduced from 10.0% to 8.5% of average deposit liabilities, while the liquid asset requirement remained at 23.0%.

(01 May) Central Bank implemented a third tier to the liquid asset requirement, which required commercial banks to hold a minimum of 6.5% of their average deposit liabilities in Government of Belize Treasury bills.

(01 April) The Export Processing Zone Act was amended to repeal the requirement for Export Processing Zone companies to conduct all transactions in US currency, thereby restoring the Belize dollar as the sole currency for domestic transactional purposes.

(30 March) The Central Bank of Belize Act was amended to reduce Central Government's limit on direct advances from the Central Bank from 20.0% of the preceding year's current revenue or \$50.0mn (whichever is greater), to 8.5% of the previous fiscal year current revenue and to increase the aggregate amount of Government securities that the Central Bank may hold at anytime from seven times to ten times the aggregated amount of its paid up capital and General Reserve Fund.

(30 March) The provision under the Central Bank Act which allowed foreign exchange earners to settle domestic expenses in US currency was repealed in an effort to strengthen Belize's single currency system.

2009 **(26 August)** The fixed interest rate for interbank loans was removed and replaced by an 11.0% ceiling rate. Commercial banks were subsequently allowed to offer and place funds at market determined rates below this upper threshold.

(06 May) The short term yield on Treasury bills that had been fixed by the Ministry of Finance at 3.25% since 2002 was liberalized with a reversion to the system of competitive bidding.

2006 **(01 September)** Commercial banks' cash and liquid asset ratios were raised from 9.0% to 10.0% and from 22.0% to 23.0% respectively.

(01 January) The Central Bank disallowed the process of co-mingling domestic and offshore deposits and required the commercial banks to transfer all foreign currency deposits belonging to non-residents to their offshore branches as stipulated under the International Banking Act.

(01 January) Commercial banks' cash and liquid asset ratios were raised from 8.0% to 9.0% and from 21.0% to 22.0% respectively.

2005 **(01 July)** The new Commercial Free Zone (CFZ) Act with new and better provisions regarding free zones commenced.

(11 July) The amendment to the Exchange Controls Regulations that allowed the licensing of Casas de Cambios was repealed.

(01 May) The Central Bank disallowed the inclusion of long-term loans to Central Government as part of the commercial banks' approved liquid assets.

(01 May) Commercial banks' cash and liquid asset ratios were raised from 7.0% to 8.0% and from 20.0% to 21.0%, respectively.

2004

(01 December) The Credit Unions Act was amended to provide for the appointment of the Governor of the Central Bank as Registrar of credit unions.

(01 December) Commercial banks' cash and liquid asset ratios were increased from 6.0% to 7.0% and from 19.0% to 20.0%, respectively.

(01 November) The International Banking Act was amended to eliminate the co-mingling of resident and non-resident deposits in domestic banks. The Central Bank decreed that commercial banks' loans from affiliates must not exceed 10.0% of domestic deposit liabilities.

(01 April) The Central Bank disallowed the inclusion of residential construction loans as part of commercial banks' approved liquid assets, a move that coincided with the reduction of the liquid asset ratio from 24.0% to 19.0%.

(29 January) The Export Processing Zone (EPZ) Act was amended to disallow the use of Belize currency within an EPZ, require that all transactions be conducted in US dollars and specify that EPZs are subject to the Exchange Control Regulations.

2002

(01 November) The cash reserve requirements on demand, savings and time deposit liabilities were harmonized at 6.0%.

(01 October) The Offshore Banking Act was amended to enable domestic companies with EPZ and CFZ status to conduct banking transactions with offshore banks licensed in Belize. The Act was also renamed "The International Banking Act".

(28 September) Commercial banks' cash reserve requirements were raised from 3.0% to 5.0% on average savings and time deposit liabilities and from 5.0% to 7.0% on average demand deposit liabilities.

- (02 January)** Amendments to the Exchange Control Regulations that allowed the licensing and operations of Casas de Cambios became effective.
- 2000** **(03 April)** Commercial banks' cash reserve requirement on savings and time deposits was lowered from 5.0% to 3.0%. New commercial bank loans for non-traditional, export-oriented enterprises became classifiable as approved liquid assets.
- 1998** **(01 November)** Commercial banks' liquid asset and cash reserve ratios were lowered from 26.0% to 24.0% and from 7.0% to 5.0%, respectively. The Central Bank also authorized the inclusion of new loans for residential construction (up to 5.0% of deposit liabilities) as part of commercial banks' approved liquid assets.
- 1996** **(16 August)** The inter-bank market was officially introduced and managed by the Central Bank. The primary objective of this facility is to provide the commercial banks with a mechanism to profitably re-deploy their excess cash holdings within the banking system. Thus, those banks experiencing a cash shortfall would now be able to borrow from another bank experiencing excess liquidity thereby reducing the need to seek financing outside the domestic financial system. This would be done by way of a short-term loan which bears interest at a rate determined by the Central Bank.
- (June)** The Public Investment Company (PIC) section of the International Business Companies Act was repealed on the basis that it provided no economic benefits to Belize and was in fact detrimental since it unfairly advantaged subsidiaries of holding companies. Existing PICs are protected by a 30-year clause and therefore only the creation of new PICs is restricted.
- (March)** Belize Social Security Board (BSSB) transfers \$4.7 million of its deposits held with the commercial banks to Central Bank.
- (January)** The Bank establishes disclosure requirements which will specify that banks display prominently the effective rates of interest charged on loans and paid on deposits in order that the general public may be better informed. In order to promote orderly development of the market, the Central Bank will commence to publish the marginal rates of interest on a monthly basis beginning January 1995.

(01 January) The new Banks and Financial Institutions Act (BFIA) came into force and replaced the 1976 Banking Act. It contains features that strengthen the role of the Central Bank in the prevention of banking failures/crisis. Some of the most important features of the new BFIA include:

- i) Licensing procedures and requirements were strengthened imposing stringent standards on the Central Bank to ensure that only fit and proper persons own and manage banking and financial institutions.
- ii) BFIA now covers not only banks, but also other financial intermediaries such as finance companies, specialized mortgage lending institutions, merchant bank, investment banks, etc.
- iii) Legal duties and responsibilities on officers and directors of licensed institutions are imposed.
- iv) The minimum entry capital requirements are increased.
- v) Limited supervision of bank holding companies and affiliates are introduced.
- vi) Bank auditors now have the legal obligation to review and report to the Central Bank on certain key area of the bank's operations.
- vii) Gateway provisions for the exchange of confidential information with other foreign supervisors now are included.
- viii) New provisions were introduced to facilitate early intervention in problem institutions.
- ix) Provisions are made for dealing with abandoned property.
- x) BFIA established an Appeal board to hear and determine matters arising from the enforcement of the Act.

(01 January) The required liquid asset holdings of the commercial banks are reduced from 28.0% to 24.0%.

Cash reserves requirements are reduced from 7.0% to 5.0%.

Central Bank removes the floors previously set on time deposits, savings other than passbook savings and the lending rate.

The floor on ordinary passbook savings was set at 4.5% to provide some measure of security to small savers.

Government shifts \$21.0 million of its time deposits held with commercial banks to the Central Bank.

1995 **(01 December)** Cash reserves increased from 5.0% to 7.0% of average deposit liabilities. Liquid asset requirement is increased from 24.0% to 26.0% of average deposit liabilities.

The Central Bank prepared and submitted to Government a draft Bill for an Offshore Banking Act which will establish licensing requirements for two classes of offshore banks; list the prohibited activities of these institutions; provides for its adequate supervision and establishes secrecy and disclosure practices. This should be enacted in 1996.

The Central Bank also proposed the implementation of anti-money laundering legislation to discourage such activity from taking place in Belize. The Money Laundering (Prevention) Bill is expected to be passed into law in 1996 along with the Offshore Banking Act. Both pieces of legislation will assist the development of Belize as a reputable offshore financial services sector.

1994 **(12 December)** The second one-year issue of Treasury Notes is floated for \$10.0 million.

(26 March) Commercial banks prime lending rate is reduced from 10.0% to 9.0%.

Interest rate on ordinary passbook savings is decreased from 5.0% to 4.5%.

Interest rate on term deposits is reduced to 6.5%.

Central Bank's lending rate is reduced from 12.0% to 11.0%.

These rate changes are to simplify the rate structure so as to increase the flexibility of the banking system in determining interest rates.

(04 January) The first issue of Treasury Notes was floated. This was a one year issue for \$5.0 million. This was taken up by the commercial banks who were required to purchase these with foreign exchange so that they could be classified as a component of liquid assets.

Government may issue up to \$25.0 million in Defense Bonds. The first issue which was floated at 8.0% amounted to \$5.0 million and was held largely by Belize Social Security Board. These have a five year maturity period.

The second issue of Defense Bonds at 9.0%, amounting to \$10.0 million, was floated and held by the Central Bank, bringing the total amount outstanding to \$15.0 million.

1993 **(November)** An amendment is made to the Treasury Bill Act, chapter 65 of the Laws of Belize, to provide for the issue of Treasury Notes up to a maximum of \$25.0 million and to increase the amount of outstanding Treasury Bills to \$70.0 million.

(27 November) The Central Bank of Belize Act was amended to increase the maximum level of advances to Government from the Central Bank from “15.0% of estimated current revenues of Government for its current financial year” to “20.0% of the current revenues of the Government collected during the preceding financial year, or the sum of fifty million dollars, whichever is the greater”.

(01 November) Approved liquid asset ratio is increased by 1 percentage point from 27.0% to 28.0%.

The aim is to reduce the level of excess liquidity in the system thereby dampening the demand for foreign exchange and encourage financial institutions to bring in funds from abroad.

1992 **(20 December)** Approximately 10 months after commencing operations in Belize, Banca Serfin SNC closed its doors as part of a global streamlining strategy, pending privatization of the bank in Mexico.

(01 October) a) Cash reserve ratio is increased by 1 percentage points to 7.0%.

b) Required liquid assets ratio is increased by 2 percentage points to 27.0% of average deposit liabilities. The aim is to dampen the rate of credit expansion by absorbing some of the excess liquidity in the system and ease the pressure on the official international reserve position.

(August) Central Bank offers the Central Bank Building Construction Bonds to the public to finance the construction of a new headquarters which will house all departments.

Government injected \$3.5 million in equity into the Development Finance Corporation (DFC). The DFC financial position improved following the restructuring exercise started in 1990.

A Securities Desk is established at the Central Bank to carry out such functions of subscriptions, transfer and registrar agent for Belize Telecommunications Limited and Belize Electricity Limited. In the privatization process of these companies, the Central Bank acted as the sole financial intermediary for the Government through its Securities Desk. The Bank is also responsible for maintaining the Register of share holders, debenture holders and the payment of interest and dividends.

1991 **(01 September)** Required liquid asset ratio was decreased by 3 percentage points to 25.0%.

(01 September) Required cash reserve ratio was decreased by 1 percentage points to 6.0%.

(11 February) A fifth commercial bank, Banca Serfin SNC of Mexico, commenced operation in Belize.

1990 The International Business Companies (IBC) Act 1990 comes into force in an effort to promote the expansion and development of the financial system. This Act provides for the formation of PICs as a unique type of IBC with several advantages including exemption of all forms of taxes and duties in Belize for up to 30 years, exemption from exchange control requirements, exemption from withholding taxes on its dividends to shareholders and treatment of members of PIC group as one local entity for tax purposes and preferential tax rates of 25.0%. Subsequently, two commercial banks became members of PIC groups and enjoyed advantages over the rest.

1989 **(09 September)** The Central Bank Act is amended to enable the Bank to obtain loans or grants from domestic or foreign sources for on-lending to banks and financial institutions in Belize for financing specific development projects and also to provide for the submission of the Bank's budget estimates to the Minister of Finance.

The “Development Finance Corporation (Amendment) Act, 1989” is passed to allow the Financial Secretary or his representation to sit on the Board of Directors and to require DFC to submit its budget to the Minister of Finance who could amend it before laying it before the National Assembly.

(01 April) Commercial banks’ prime lending rate remains unchanged at 10.0%.

Commercial banks’ prime lending rate is increased from 10.0% to 12.0%.

Central Bank’s deposit rate remains at 6.0%.

Interest rate on ordinary passbook savings is increased from 4.5% to 5.0%.

Interest rate on premium savings remains unchanged at 6.0%.

Interest rate on one-month term deposits remains at 7.0%.

Interest rate on three-month and six-month term remains at 8.0%.

Interest rate on twelve-month term deposits remains at 8.5%.

Rate on Treasury Bills will be determined at the monthly tenders.

The rate changes reflect the need to encourage a shift from consumption to savings in order to sustain a continuation of the high rate of investment in productive capacity in the economy.

(01 February) Required cash reserve ratio is reduced by 2 percentage points to 7.0%.

(01 February) Required liquid asset ratio is decreased by 2 percentage points to 28.0%.

1988 **(01 August)** Prime lending interest rate is decreased from 12.0% to 10.0%.

Interest rate on ordinary passbook is decreased from 5.0% to 4.5%.

Interest rate on premium savings is decreased from 8.0% to 6.0%.

Interest rate on one-month term deposits is decreased from 8.0% to 7.0%.

Interest rate on three-month and six-month term deposits is decreased from 10.0% to 8.0%.

Interest rate on twelve-month term deposits is reduced from 11.0% to 8.5%.

Interest rate on new two year term deposits remained unchanged at 12.0%.

Discount rate is reduced from 12.0% to 10.0%.

Central Bank's deposit rate is reduced from 8.0% to 6.0%.

The new rate structure is intended to provide an opportunity to commercial banks to reduce their lending rates without unduly reducing the incentive to save and to restrain consumption.

The "Banking (Amendment) Act, 1988" amends Section 14 by removing the restrictions on commercial banks' investment in public companies in which Government holds more than 50.0% of the shares.

1986 **(12 December)** Prime lending rate is decreased from 14.0% to 12.0%.

Interest rate on ordinary passbook savings is decreased from 7.0% to 5.0%.

Interest rate on premium savings is decreased from 9.0% to 8.0%.

Interest rate on one-month term deposits is decreased from 10.0% to 8.0%.

Interest rate on three-month and six-month term deposits is decreased from 12.0% to 10.0%.

Interest rate on twelve-month term deposits is reduced from 12.5% to 11.0%.

Interest rate on new two year term deposits set at 12.0%.

Discount rate is reduced from 20.0% to 12.0%.

Central Bank's deposit rate is reduced from 10.0% to 8.0%.

Treasury Bills Act is amended to limit the outstanding aggregate amount of Treasury Bills to \$65.0 million.

Development Finance Corporation (Amendment) Act, 1986 provides for the share capital of the corporation to be increased from \$4.0 million to \$10.0 million. It also provides for the corporation to operate as a savings institution.

1985 **(April)** The rate on Central Bank lending to commercial banks was raised from 12.0% to 20.0% and the practice of automatic lending was stopped. Banks were informed that loans would only be considered in cases where failure to lend could seriously harm the banking system. This measure was understood not to apply to Central

Bank lending under the commercial bank discount fund arrangements jointly sponsored by USAID.

(01 April) Commercial banks' liquid asset requirement was increased by another 5 percentage points to 30.0% of average deposit liabilities.

(01 March) Commercial banks' liquid asset requirements were increased by 5 percentage points to 25.0% of average deposit liabilities. Interest rate on Central Bank's loans to banks raised from 12.0% to 20.0%. This meant abandoning the previous practice whereby Central Bank's lending rate to Government and commercial banks was calculated at 2.0 percentage points above the Treasury Bill rate and rounded to the nearest 0.5%.

(01 March) Cash reserve ratio was increased by 2 percentage points from 5.0% to 7.0%.

(February) A loan agreement is signed between the Government of Belize and the Government of the United States of America for the sum of US \$13.0 million and a US \$1.0 million grant. The purpose of the agreement was to assist Government in its fiscal stabilization efforts through the provision of funding for capital projects and through the provision of technical and other assistance.

(28 January) Prime lending rate is increased from 12.0% to 14.0%.

Interest rate on ordinary passbook savings is increased from 4.0% to 7.0%.

Interest rate on premium savings is increased from 6.0% to 9.0%.

Interest rate on one-month term deposits is increased from 7.0% to 10.0%.

Interest rate on three-month and six-month term deposits is increased from 9.0% to 12.0%.

Interest rate on twelve-month term deposits is increased from 9.5% to 12.5%.

Interest rate on Central Bank's deposit rate set at 10.0%.

(28 January) Minimum lending rate is increased from 12.0% to 14.0%.

Discount rate is 20.0%.

1984

(01 November) Cash reserve ratio was increased by 2 percentage points to 7.0%.

(July) Banks are allowed to include US\$3.0 million balance of payments support loan to the Central Bank in other approved assets.

(12 January) Prime lending rate is lowered from 14.0% to 12.0%.

Interest rate on ordinary passbook savings remains unchanged at 4.0%.

Interest rate on premium savings is reduced from 7.0% to 6.0%.

Interest rate on one-month term deposits is reduced from 8.0% to 7.0%.

Interest rate on three-month and six-month term deposits is reduced from 10.0% to 9.0%.

Interest rate on twelve-month term deposits is reduced from 10.5% to 9.5%.

The "Banking (Amendment) Act, 1984 is passed, imposing fines for the violation of Sections 10 and 13 of the Banking Act and increasing the fine payable for violation of Section 14.

1983 **(01 August)** The prime lending rate chargeable to borrowers is reduced from 16.0% to 14.0%.

Interest rate on ordinary passbook savings is reduced from 5.0% to 4.0%.

Interest rate on premium savings is reduced from 8.0% to 7.0%.

Interest rate on one month term deposit is reduced from 10.0% to 8.0%.

Interest rate on three & six month term deposits is reduced from 12.0% to 10.0%.

Interest rate on twelve month term deposits is reduced from 12.5% to 10.5%.

Discount rate is reduced from 13.5% to 12.0%.

(March) Government of Belize signs an Agreement with the Government of United States of America to provide a US \$5.0 million loan facility to the Central Bank to establish a Discount Fund against which the commercial banks could discount new loans for certain designated projects. The aim of this agreement is to provide funding for private sector productive investment, which are mainly export oriented.

1982 **(January)** Central Bank suspended its trading in Treasury Bills for the first time to stem reserve losses and hopes to stimulate inter-bank trading.

- (01 January)** a) The “Central Bank of Belize Act, 1982” becomes law. The assets and liabilities of the Monetary Authority are transferred to the Central Bank, which is granted additional powers to set maximum and minimum interest rates. The Central Bank is required to maintain an external asset ratio of 40.0% of currency in circulation and deposit liabilities, while also allowed to hold Treasury Bills of up to 5 times its paid up capital and reserves.
- b) The Central Bank establishes minimum commercial bank deposit and lending rates at 5.0% and 16.0% respectively on January 1, 1982.
- c) The Central Bank’s discount rate is set at 13.5%.
- d) The “Banking (Amendment) Act, 1982 is passed which doubles the required assigned capital of foreign banks, increases license fees and exempts loans to Government from the restrictions under Section 13 of the Banking Act.

The “Credit Unions Act” is amended to allow the Minister responsible to vary interest payable on loans, approve increases in credit union borrowing limits. The amendment also enables shareholders to operate joint accounts.

1981 **(21 September)** Belize achieves Independence from Great Britain and becomes eligible to apply for membership in a number of international organizations. Applications are made to the International Monetary Fund and the World Bank.

(June) The Social Security Scheme comes into effect. Contributions by both employers and employees are to be administered by the Social Security Board and are to be utilized to protect insured persons and their dependents against loss of income from employment, invalidity, retirement from work, sickness and maternity.

The Authority increases the discount rate from 14.0% to 14.5%.

1980 **(December)** a) Prime lending rate is raised to 17.0%.

b) Interest rate on three month time deposits is set at 15.0%.

(December) The discount rate is raised to 14.0%.

(August) The discount rate is lowered to 13.0%.

(July) The discount rate is raised to 14.0%.

(June) The discount rate is raised to 13.5%.

(May) The discount rate is raised to 12.75%.

(March) a) Prime lending rate is increased by 2 percentage points from 9.5% to 11.5%.

b) The discount rate is increased from 10.75% to 12.5 %.

(January) The discount rate is raised from 10.0% to 10.75%.

(01 January) The Monetary Authority with the approval of the Minister and, in accordance with the provisions of sections 18 (3) (j) of the Banking Ordinance 1976, declared that approved liquid assets would include loans and advances outstanding from the Banana Control Board and the Reconstruction and Development Corporation. This replaced the declaration of June 1978.

Amendment to Savings Bank Ordinance is enacted to increase the rate of interest on savings from 4.0% to 6.0%.

1979 The discount rate is increased from 7.75% to 10.0%.

(March) The arrangement set up by the Monetary Authority in October 1978 to facilitate the exchange of Mexican pesos by a correspondent Mexican bank failed to achieve the desired objective and was discontinued.

The Monetary Authority directs commercial banks to reduce outstanding credit by 5.0% of the value outstanding as at December, 1979 by March 1980.

1978 **(October)** A clearing house agreement is signed between the Monetary Authority and commercial banks to encourage local commercial banks to clear local documentary credits and to settle local interbank balances in Belize. Representatives of each bank meet every business day except Mondays, to deliver cheques drawn on

other banks and to receive cheques issued by its customers. The agreement also provides for ad hoc clearing between two banks.

(October) The Monetary Authority established correspondent relationship with one of the commercial banks in Chetumal, Quintana Roo, Mexico, to facilitate the exchange of Mexican pesos received by Belizeans for payment of re-exports.

(June) In accordance with the provisions of section 18 (3) (j) of the Banking ordinance, 1976, the Monetary Authority with the approval of the Minister declared only those loans and advances outstanding to Government and other public sector entities to be approved liquid assets for the purposes of section 18 of the said ordinance. This replaced the declaration of January 1978 and, consequently, 5.0% of outstanding private sector loans no longer qualify as approved liquid assets.

(May) The issue of monthly Treasury Bills commenced.

(01 January) In accordance with the provisions of section 18 (3) (j) of the Banking ordinance, 1976, the Monetary Authority with the approval of the Minister declared the following to be approved liquid assets for the purposes of section 18 of the said ordinance:

- a) Loans and advances outstanding to government and any public sector entity;
- b) Five percentum of other loans and advances outstanding from time to time.

The preceding would be effective between January 1, 1978 and June 30, 1978, after which date the Monetary Authority would stand ready to make advances in accordance with the provision of sections 26 of the Monetary Authority of Belize Ordinance 1976 if necessary to assist a bank facing liquidity difficulties of a seasonal nature.

The Monetary Authority increases its discount rate from 7.0% to 7.5%.

The Monetary Authority introduces a commission charge on its own account dealings in Treasury Bills where transactions are initiated by third parties. In May, Treasury bills were moved to monthly issues from the previous practice of quarterly issues in order to increase flexibility in dealings. It also began accepting non-competitive tenders for Treasury Bills.

1977

The Development Finance Corporation launched the D.F.C. Investment Company with an offer of 500,000 shares of \$1.00 to the public. It is intended that the

Company will invest in new and existing operations in Belize, and thereby provide nationals with an opportunity to own a stake in productive enterprises in the country.

(05 August) The first issue of Government Treasury Bills is made. The Monetary Authority acted as agent in this process.

(16 June) The Monetary Authority fixes and notifies licensed institutions on a daily basis, the minimum and maximum selling rates of stipulated currencies. These rates are to be posted on notice boards at all banking premises, including the offices of the Monetary Authority. Stipulated currencies were (a) pound sterling, (b) United States dollar, (c) Canadian dollar and (d) currencies of member countries of the Caribbean Community.

(04 March) The Monetary Authority is a signatory to the Agreement establishing the CARICOM Multilateral Clearing Facility which replaced several bilateral arrangements that previously constituted the inter-regional system of payments. The declared aims of the Facility are to facilitate settlement on a multilateral basis of payments for eligible transactions and to promote the use of participants' currencies in settling eligible transactions.

(01 February) The Monetary Authority, with the approval of the Minister and in accordance with the provisions of Section 18 (3) (j) of the Banking Ordinance 1976, declared as approved liquid assets 80.0% of loans to Government and public sector entities together with 10.0% of all other loans.

(01 February) "Banking Ordinance, 1976" repealed the 1963 Ordinance. This Ordinance required every person carrying on banking business to obtain a license, and every licensed institution to maintain:

- i) A minimum balance in an account with the Authority amounting to 5.0% of average deposit liabilities and
- ii) A minimum aggregate holding of approved liquid assets amounting to 20.0% of average deposit liabilities.

(01 January) a) "Monetary Authority of Belize Ordinance" comes into force and the new Authority assumes control of the assets and liabilities of the Currency Board. The Authority is given the power to regulate commercial bank operations and

initiate monetary policy measures to stimulate the economy, control inflation, and maintain balance of payments stability. Its instruments include varying the cash reserve and liquid assets ratios of the commercial banks, the imposition of selective controls on the volume of credit extended, and open market operations.

b) The Monetary Authority establishes its discount rate at 7.0%.

1976 (11 May) a) "Exchange Control Regulations, 1976" comes into force and provided the detailed guidelines for the monitoring and management of daily foreign exchange transactions. The Monetary Authority was appointed Controller and assumed responsibility for ensuring "that the foreign exchange reserves in Belize are administered in the interest of the economy and in accordance with the economic policy of the Government."

b) The Belize dollar link with the US dollar is re-established and set at a parity of BZ \$2.00 to US \$1.00.

1973 a) "Banking (liquid assets) Order" is passed and established liquid asset ratio for two of the four banks at 20.0% of average deposit liabilities.

b) "Development Finance Corporation (DFC) (Transfer of Shares)" Ordinance transforms DFC into a public sector enterprise. All shares in the company were transferred to Government, with the private shareholders being compensated for the value of their shares. This was done in order that the corporation could fulfill the requirements of obtaining a government guarantee for development loans from international, regional and bilateral funding institutions.

c) "Credit Unions (Amendment) Ordinance" is passed to tighten the auditing requirements of the credit unions.

1972 a) "Exchange Control Regulations Ordinance" is passed which provides for the making of regulations to control and regulate the holding, dealing and transactions involving gold, foreign currency, securities, etc.

b) "Development Finance Corporation (Loans) Ordinance" is passed and authorized the Minister to issue Government Debentures for the purchase of shares in DFC.

- c) "Treasury Bills Ordinance" is passed to authorize the Minister of Finance to borrow by issuing Treasury Bills, provided that the total value of the issue does not exceed 15.0% of the estimated revenues of the current financial year.
- 1971** The locally incorporated Atlantic Bank commenced operations in Belize.
Amendment to the Savings Bank Ordinance is enacted to increase the rate of interest offered on savings from 2.5% to 4.0%.
- 1968** The Bank of Nova Scotia commenced operations in Belize.
- 1965** Amendment to Currency Board Ordinance is enacted to increase the authorized investment of the Board to fiduciary issue of \$1.0 million.
- 1963** a) The "Foreign Banks Ordinance" is repealed and "Banking Ordinance, 1963" is passed into law. The Ordinance requires paid up capital of banks to be no less than \$200,000 and includes prohibitions on banks engaging in trade and speculating in land. Commercial banks are also prohibited from granting loans and advances in excess of 10.0% of paid up capital and reserves without ministerial approval and required to submit quarterly and annual returns on loans, advances, assets and liabilities to the Minister of Finance. A section provides for the publishing of audited balance sheets in the principal newspapers of the country.
- b) "DFC Ordinance 1961" is repealed and "DFC Ordinance, 1963" comes into force. The objectives of the corporation are spelled out in greater detail and its tax holiday is limited to 15 years.
- 1961** Passage of "DFC Ordinance 1961". The Corporation is expected to provide investment capital and undertake economic and financial studies to help guide investors. Profits and dividends paid by the corporation are exempted from income taxes.
- 1949** Barclays Bank PLC commenced operation in Belize.
- 1912** The Royal Bank of Canada buys over the Bank of British Honduras and continues providing banking services.
- 1904** The Bank of British Honduras is the first commercial bank to operate in Belize and is founded by a group of local financiers

1894 The Belize Board of Commissioners of Currency is established.