COMMERCIAL BANKING IN BELIZE
1960 - 1980

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THE DEVELOPMENT OF THE COMMERCIAL BANKING SECTOR

The commercial banks operating in Belize have, for the most part, enjoyed free and unrestricted growth. The Royal Bank of Canada, the first bank to operate in Belize, opened its doors in the early 1900's. Royal Bank was joined by Barclays Bank D.C.O. in 1949. These two banks together comprised the banking system until the Bank of Nova Scotia began its operations in 1968. Atlantic Bank, the only locally incorporated bank (an affiliate of the Chase Manhattan Group)(1) has been in business since 1971.

The proliferation of branch offices occurred in the 1960's. At the end of 1959, the two banks then in Belize had between them only four offices - a main branch each in Belize City and sub-branch in Stann Creek Town (now Dangriga Town). That the banks chose to set up sub-branches in Dangriga first, attests to the fact that the commercial banks move into areas where business is likely to develop rapidly. The late 1950's saw export earnings from the citrus industry in the Stann Creek Valley growing from \$0.9 million in 1955 to \$3.1 million in 1960. The commercial banks moved in to service the obviously profitable citrus industry.

The mid 1960's saw the banks move north to service the sugar industry in the Corozal and Orange Walk Districts. Both the Royal Bank of Canada and Barclays Bank D.C.O. opened sub-branches in Corozal in 1964 - Barclays in April and Royal in May. Barclays opened its Orange Walk office

(1) Atlantic Bank Limited is locally incorporated with fifty percent of its shares Belizean owned. The remaining fifty percent is held by Inversiones Atlantida, S.A. incorporated in the Republic of Honduras and an affiliate of the Chase Manhattan Group. While the Chairman of the Board of Directors is Belizean, the Vice Chairman (a former World Bank executive and current President of Banco Atlantida, S.A. of Honduras), the Manager and Assistant Manager are non-Belizean. The relationship between Atlantic Bank Ltd. in Belize and Banco Atlantida S.A. may be interpreted as analogous to that between one of the foreign banks and its head office.

in 1965 and Royal Bank in 1966. The Bank of Nova Scotia, since its inception in Belize has opened only two sub-branches, one each in Corozal and Orange Walk. Thus of the sixteen branches and sub-branches of commercial banks in Belize, six are located in the sugar belt.

After the completion of the new capital, Belmopan, two banks, Barclays Bank and Royal Bank opened sub-branches there in 1976. Only Royal Bank has a sub-branch in San Ignacio and only Barclays has a sub-branch in addition to its main office in Belize City. Although Atlantic Bank operates two offices in Belize City, the second office is not classified as a sub-branch(2) but as an agency of the main office.

Currently, with a total of sixteen bank offices in the country of Belize, the average number of customers per office is 9,085 (1980 population of Belize is 145,353). In Corozal and Orange Walk the average is as low as 7,829 while in the Belize District it is 10,160.

GROWTH IN ASSETS

Growth in total commercial bank assets may be roughly divided into two periods. Firstly, during 1960 to 1967 total asset holdings fluctuated within relatively narrow limits and grew by only $15.1 million overall. Secondly, between 1968 and 1980, total assets shot forward by $117.2 million or more than quadrupled.

During the earlier period, total assets grew relatively slowly. In fact, in 1962 and 1963, total assets of the commercial banks declined by 24.0 percent and 18.0 percent respectively. This followed phenomenal growth of 68.0 percent in 1961. After the devastation of

(2) Sub-branches, although subordinated to the main offices in Belize City, have their own managers, furnish their own balance sheets, solicit deposits and extend loans etc, independent of the main offices.

Hurricane Hattie in 1961, substantial funds flowed into Belize as insurance settlements and hurricane relief aid. These inflows were reflected in the $9.1 million expansion in deposits during 1961. A concurrent rapid build up of balances held abroad indicates the retention and/or transfer overseas of surplus funds by the banks.

TABLE 1
ANNUAL RATE OF GROWTH
in
ASSETS AND LIABILITIES
1960 - 1980

Year	Rate of Growth	Year	Rate of Growth
1960	+14.3	1971	+4.8
1961	+67.8	1972	+24.8
1962	-23.8	1973	+8.7
1963	-18.2	1974	+20.5
1964	+13.7	1975	+9.1
1965	+14.8	1976	+11.3
1966	-9.2	1977	+9.4
1967	+17.0	1978	+19.5
1968	+62.3	1979	+21.6
1969	+16.9	1980	+14.1
1970	+22.9		

1968, the beginning of the second period, saw total assets being boosted 62.0 percent. During that year, the bulk of the funds for financing the construction of Belmopan were received. For the remaining years, the rate of growth in total assets was positive, fluctuating between 5.0 and 25.0 percent.

Appendix Figure I gives a graphic representation of the level and rate of growth of commercial bank assets. The rapid growth in assets following so closely on the rapid increase in the number of branch offices suggests that as of the mid-1960's, the commercial banks entered upon a period of aggressive and competitive expansion. This strategy was aimed at tapping pontentially profitable areas and proved immensely successful.

Foreign assets and loans and advances account for a disproportionately large portion (usually well over 70.0 percent) of total asset holdings. This was so throughout the 1960's and 1970's. The percentage distribution of the commercial banks assets and liabilities during this period (Appendix Tables III and IV) reveals not only the high portion of the banks' portfolio of assets accounted for by foreign assets and advances, but also the inverse relationship between the two.

The high level of foreign asset holdings is a reflection firstly of the absence of a viable domestic capital market. The existing treasury bill market (in operation since 1977) is yet very small. It, in effect, serves only as an outlet for excess liquidity of the banking system. Bank liquidity is of a seasonal nature and fluctuates with the receipt of funds for the sugar cane farmers. As sugar funds flow into the system and the system becomes very liquid, bank holdings of treasury bills increase. Once, however, the inflows cease and liquidity begins to tighten, the banks reduce their holdings of bills.

This is not to say that if there had been available significant local assets, the commercial banks would have transferred any of their foreign holdings to the domestic economy. These banks have traditionally held balances abroad for international trade payments and for investment purposes. It is only since the inception of the Monetary Authority that the legal framework has been erected to place an upper limit on the level of foreign balances held by the commercial banks.

Within the banks' portfolio distribution of assets, loans and advances occupy the primary position. In the early 1960's loans and advances rarely went above 50.0 percent of total assets. But from 1965 onwards, its portion was consistently above 50.0 percent, rising at times to as high as 80.0 percent. This rise in the relative importance of loans and advances was accompanied by a decline in the portion of assets held abroad. Prior to 1976, the banks had in fact only two profitable categories of assets - loans and advances and foreign balances. Subsequent to the new average minimum balance and liquidity requirements of the Banking Ordinance 1976, the banks adjusted somewhat their portfolio distribution of assets. Early in 1977, the banks reduced the nominal value of loans and advances outstanding and in the succeeding years up to 1980 have kept the portion of loans and advances between 60.0 and 70.0 percent of total assets.

GROWTH IN LIABILITIES

Growth in bank deposits has been the main source of increase in the nominal size of the banks' portfolios. As a result, deposit liabilities are the single most important component of commercial bank liabilities. Significant decline in total deposits in any one year is usually offset by expansion in the foreign indebtedness of the banks as they seek alternate sources of finance. Total deposits expanded from $7.1 million in 1960 to $94.1 million at the end of 1980. While demand deposits grew fourfold and savings deposits expanded elevenfold, time deposits increased by more than thirty-four times.

Deposits growth is heavily influenced by the seasonality of currency inflows from abroad and the level of currency inflows for the year. The receipt in August and December, respectively, of the second and final payments for sugar exports boosts demand deposits during these months every year. Without the inflows in December, it is entirely conceivable that the nominal value of demand deposits would be less (given the increase in expenditure on imported consumer goods at Christmas). In addition, the rate of increase in deposits in any year is a function of the level of currency inflows. For example, the sharp rise in deposits in 1978 was in part caused by substantial increases in sugar earnings during 1978 and the inflows of insurance settlement funds following Hurricane Greta.

The diverse rates of growth in the various categories of deposits resulted in a substantial shift in the percentage distribution of deposits. Demand deposits share of total deposits declined from 49.5 percent in 1960 to 27.3 percent in 1980. Savings deposits share declined also, albeit less sharply. Time deposits, however, saw its share of total deposits rising from 14.8 percent to 39.2 percent.

This may be interpreted as a shift in the placement of funds from savings and demand deposits into time deposits. This, as suggested by one bank manager, may be the result of an increased awareness by the public of the greater profitability of long-term deposits as a store of large sums of money. However, this simplistic explanation for these changes should be investigated. It is generally accepted that the section of the public utilizing demand deposits differs from the section utilizing savings or time deposits. The decline in demand deposits could very well reflect a shift of funds by businessmen from local to foreign banks, be it to make financing of trade easier or to earn higher interest rates from surplus funds. It could also reflect the practice of placing funds in time deposits and using those time deposits as collateral for loans to finance imports.

A breakdown of deposits by holders is available only for the 1976 - 1980 period. "Individuals" and "incorporated businesses" together account for between 75.0 percent and 85.0 percent of total deposits throughout that period. There was an increase in the portion of total deposits held by individuals from 76.4 percent in 1977 to 78.4 percent in 1980 while at the same time deposits by incorporated businesses declined from 8.8 percent of total deposits to 6.1 percent.

Over this period, "individuals" increased their portion of both demand and time deposits, while reducing their portion of savings

TABLE 2

PERCENTAGE OF TOTAL DEPOSITS HELD BY
INDIVIDUALS AND INCORPORATED BUSINESSES
1976 - 1980

		1976*	1977	1978	1979	1980
Demand	Individuals	6.6	8.1	13.7	14.6	15.1
	Incorporated Businesses	4.6	6.1	6.3	5.4	3.1
Savings	Individuals	32.7	40.0	33.7	34.3	31.7
	Incorporated Businesses	0.5	0.6	0.7	0.7	0.7
Time	Individuals	21.0	28.3	28.1	27.3	31.6
	Incorporated Businesses	12.5	2.1	2.3	1.9	2.3
Total	Individuals	60.3	76.4	75.5	76.2	78.4
	Incorporated Businesses	17.6	8.8	9.3	8.0	6.1

Source: Consolidated Commercial Bank Returns of Assets and Liabilities.
* The December 1976 returns were the first remitted to the Authority and there was substantial readjustment in the distribution of deposits among holders early in 1977.

deposits. On the other hand, "incorporated businesses" reduced their holdings of demand and time deposits while hardly varying their portion of savings deposits. Given that some businessmen choose to keep their funds in personal deposits, a portion of "individual" demand deposits may actually be held by businessmen. Likewise, with respect to time deposits, there is no certainty as to how much of the individual time deposits are actually businessmen funds.

Foreign liabilities are comprised chiefly of head office indebtedness. The ties between the branch banks in Belize and their head offices are very strong. In fact, the local offices depend very heavily on their head offices to provide funding in case of liquidity squeezes and to finance large domestic loans. The relationship between foreign liabilities and deposits, like that between foreign assets and loans and advances is inverse. Taking the analysis a step further, there is a direct relationship between movements in the net foreign position of the banks and the difference between changes in deposits and loans over time. This is indicated in the table below.

TABLE 3

AVERAGE* OF MOVEMENTS IN NET FOREIGN POSITION, TOTAL DEPOSITS AND LOANS AND ADVANCES 1961 - 1980

Period	(1) Change in Net Foreign Position	(2) Change in Deposits	(3) Change in Loans and Advances	(4) (2) - (3)
1961-1965	+1202	+1006	+344	+666
1966-1970	-3047	+1605	+4064	-2419
1971-1975	+3057	+7760	+4684	+3076
1976-1980	-2854	+7001	+8067	-1066

* a simple average over five years

Throughout the 1961 - 1975 period, there was relatively close correlation between changes in the banks' net foreign position and the difference between changes in deposits and loans. During the 1976 - 1980 period, however, some disparity developed. Because up to 1975 the banks held, besides loans and advances, no significant local assets, the relationship between deposits, loans and advances and the net foreign position followed logically. The changes during the 1976 - 1980 period may be a reflection of the new relations that developed with the entry of the Authority into the system. The decline in loans and advances and the even greater decline in the net foreign position reflect the redistribution of the banks' portfolio of assets to include some Government of Belize securities.

COMMERCIAL BANK ACTIVITY

Bank Lending

While bank loans' portion of total liabilities has fluctuated widely (especially during the 1960 - 1970 period), the nominal value of total loans and advances grew steadily throughout the two decades of this study. (Only in 1961, 1963 and 1977 did this value decline).

The two sectors commanding the bulk of bank credit are the agricultural and distributive sectors. There has, however, been a decided shift in the distribution of credit away from agriculture and into distribution. In 1960, of the $6.1 million outstanding loans, $4.0 million (65.3 percent) was for primary production (agriculture and commercial fishing).(3) By 1970, primary production accounted for 51.0 percent of total loans and advances. At the end of 1980, only 26.2 percent of total bank loans went to agriculture.

Between 1960 and 1970, lending to "other industries", the chief of which is distribution, expanded from $0.3 million to $10.0 million. "Other industries'" share of total loans rose from 5.3 percent to 35.4 percent. Approximately one half of this went to distribution in 1970. From 17.4 percent in 1970, distribution's portion of total loans rose ten percentage points in 1980. Thus, by 1980, the distributive sector was receiving a greater portion of total loans than the agricultural sector.

Within the agricultural sector, lending to the sugar industry continues to dominate. Data for the 1970 - 1980 period indicate that bank lending to the sugar industry grew from $9.5 million to $12.6 million or by 32.0 percent. Although the portion of credit going to the sugar industry declined from 74.2 percent at the end of 1970, sugar still commanded over 50.0 percent of all loans to agriculture in 1980.

(3) See Appendix page (ii)

In comparison, lending to citrus, rice and bananas has grown considerably as has their portion of total agricultural credit. These industries, however, invariably receive less than 15.0 percent of total agricultural loans. (The period 1975 - 1977 when lending to the rice industry rose to unprecedented heights coincides with the expansion of rice producing concerns.)

Of the remaining sectors only manufacturing has significantly increased its share of total loans from 2.5 percent in 1970 to 13.6 percent in 1980. The portion of loans to the construction and transport sectors fluctuates within narrow margins while that to the tourist sector appears to be slowly declining.

When considering loan applications, the most important requirements are: adequate collateral and/or a guarantee and a sound credit record. The banks prefer, as collateral, mortgages on urban property, insurance policies, fixed deposits and papers of ownership. As a result propertyless small customers find it immensely more difficult to obtain a loan than larger businessmen. The commercial banks hesitate to accept as collateral mortgages on small rural land holdings. In addition, they see little viability and high risk in the operation of small farming concerns. Consequently loans to small farmers, with the exception of some small sugarcane farmers, are very rare.

The nature of the distributive sector, with little risk and a high rate of return, makes that sector most lucrative to the banks. In addition, as one bank manager pointed out "commercial banks set up to facilitate business, therefore the main thrust is to finance merchandise trade and manufacturing".

The commercial banks are short term lenders. Very infrequently, a long term loan (of up to 15 years) is extended. The practice of rolling over debt, however, means that an outstanding loan balance may remain on the books of the banks for well beyond the short term.

Under Section 13(a) of the Banking Ordinance 1976, no bank or financial institution shall extend any credit facilities in excess of twenty-five percent of the capital and reserves to one customer "except with the permission in writing of the Minister (of Finance)* after consultation with the Authority". Before the establishment of the Authority, the banks effectively had to account to no one when extending large loans. Thus there would be diffuculty in assessing the level of large loans prior to 1976. (Under the 1963 banking ordinance "capital" was interpreted as the global capital of the bank. 25 percent of this would be no real restriction) Currently, credit in excess of $375,000 cannot be extended to a customer before permission is granted under this section of the ordinance. Permission always ultimately granted, the processing of 13(a) applications remains little more than a formal procedure, its possible use as an instrument of credit control as yet untried.

An examination of movements in advances/deposits ratio during the two decades under review leads to two observations. Firstly, on the whole ratio was lower in the first decade than in the second. This results from the fact that during the 1960's the banks held a larger portion of their assets abroad than during the 1970's.

TABLE 4

AVERAGE ADVANCES/DEPOSITS RATIO 1960 - 1980

Period	Weighted Average Advances/Deposits Ratio
1960 - 1965	53.3
1966 - 1970	115.8
1971 - 1975	103.0
1976 - 1980	96.7

* my addition in parentheses

The second observation is that there appears to be no formal relationship between the level of deposits and the level of loan extensions. In conversation with the bank managers, only one bank[4] claimed a direct relationship between the level of its advances and its deposits. It would appear that the banks, with their ready access to head office financing, do not see the need to tie expansion in credit to expansion in deposits. Perhaps this may help to explain the almost lacadaisical approach to the attempts by the banks to attract new customer deposits. The banks appear to be competing with each other for existing customers rather than attempting to attract new deposits into the system.

Bank Liquidity

The commercial banks have traditionally kept a low level of liquidity in their operations. With the cash/deposits ratio usually very low and with the advances/deposits ratio at best widely fluctuating, the intuitive deduction is that because of:

i) the high level of dependency on head office for policy instruction;

ii) the ease with which finance can be secured from head offices, and;

iii) the low or non-profitability of local liquid asset holdings (Up to 1976, cash was the chief liquid asset available in Belize)

there was neither need nor incentive to maintain a level of liquid assets comparable with those held by banks in North America or Europe.

The paucity of pre-1976 data on the liquidity of the commercial banking system makes empirical verification difficult, but events occurring with the inception of the Authority at the end of 1976 belie the fact that the banks hold very low levels of liquid assets. With the enactment of the Monetary Authority of Belize Ordinance 1976, the requirements for liquid asset holdings were instituted. Section 18 (1) of the Banking Ordinance states that every bank "shall maintain a minimum aggregate holding of approved liquid assets, which on average shall be

(4) That bank tried to maintain an 80.0 percent advances/deposits ratio.

equivalent in value to twenty per centum of its average deposit liabilities". The Monetary Authority of Belize Ordinance 1976, gives the Authority the power to vary this requirement.

In the months before this ordinance came into effect, there was much discussion between the Government and the banks concerning the so-called "transitional difficulties" with which the banks would be faced when crossing over from a prolonged period of no regulation to a new system of some regulation. In particular, the banks were concerned that they would not be able to meet the liquid asset requirements by holding only "approved liquid assets" as described in the Banking Ordinance.

Some leeway was allowed under Section 18(3)(5), which allows "such other liquid assets as the Authority, with the approval of the Minister, may declare by notice in the Gazette to be approved liquid assets". Note here that these "other" approved liquid assets are not in fact liquid, they are "declared" liquid by powers vested in the Authority by the Ordinance.

Thus in order to avoid a situation where the banks would be forced to cut sharply their credit level, allowances were made under Section 18(3)(5) to include as liquid assets eighty percent of advances to the public sector and ten percent of advances to the private sector as at the end of 1976. In addition, the Authority agreed to lend to the commercial banks to assist them in meeting the requirement for average minimum balances[5] with the Authority.

Of the four banks, three were able to meet the liquid assets requirement only because of the provision for "other approved liquid assets".

(5) The required average minimum balances with the Authority is five percent of average deposit liabilities.

Two of these three also had to borrow from the Authority to meet the average minimum balance requirements. The borrowings from the Authority were repaid within three months but the special provision for "other approved liquid assets", although at the outset clearly intended as a transitory arrangement has lingered on until today. It has, however, been redefined to include only a portion of the loans to the public sector.(6)

So far, provision for the "other" approved liquid assets allows each bank to comfortably meet its liquid assets requirement. Because of this, it is conceivable that much objection would be raised if the remaining assets designated as liquid under this proviso were to be declared no longer approved. Here, it must be inserted that without the provision, the banks in aggregate have usually exceeded the minimum requirements for liquid asset holdings, though at times the excess has been minimal. (See Appendix Table 9)

Interest Rates

Before the establishment of the Authority in 1976, commercial bank deposit and lending rates were determined in relation to international rates - chiefly U.K. rates. The openness of the system as underlined by the features of the Currency Board System, allowed for the free movement of funds between Belize and the rest of the world. Interest rate differentials would, therefore, have helped to determine the direction of the flow of funds.

With the Authority came its attendant function as foreign exchange controller. While the Authority cannot fully control the flow

(6) Assets now designated as "other approved liquid assets" include only existing loans to two statutory bodies, the Banana Control Board and the Reconstruction and Development Corporation.

of capital funds into and out of the system, the Authority, through the Exchange Control Department, does monitor the flow of funds that occur through legal channels. There are no means of measuring extra-legal flow of funds. The point of note here, however, is that the Authority brought also the means of loosening the ties between foreign and local interest rates.

Between 1977 and 1979, interest rates did not change. The prime lending rate remained at 9.5 percent and the deposit rate (on time deposits for three months) was stable at 7.0 percent before rising to 17.5 percent and 15.0 percent respectively by the end of 1980. Thus, while for most of 1977 rates in Belize were at least comparable with U.K. rates, by the end of 1979, international rates as a whole were substantially higher than local rates.

The reasons why the banks kept interest rates stable for the first three years of the Authority's existence cannot be strictly determined. It is likely that the banks, adopting a wait-and-see attitude to a new overseer institution, and interest rates in 1976 working to their favour, agreed to keep these rates stable. The effects of keeping these rates stable for such an extended period can only be surmised. Firstly, in view of the relatively short time since the inception of the Authority, it would be difficult to draw definitive conclusions. Secondly, because the exchange control function was not fully excercised from the beginning, there can be no certainty that the data collected over the period reflect fully the outflow of funds. However, the tendency would be more towards errors of ommission as opposed to errors of commission.

There is some speculation that the development of higher interest rates abroad led to some degree of capital outflow. Table 5 overleaf indicates a definite increase in total outflows for capital

TABLE 5

TOTAL APPROVED FOREIGN EXCHANGE PERMITS

FOR CAPITAL TRANSACTIONS 1977 - 1980

Year	Residents	Non Residents	Total	Rate of Change in Total
1977	3,304	1,514	4,818	
1978	7,306	4,359	11,665	+142.1
1979	4,818	3,390	8,208	-29.6
1980	11,443	3,863	15,306	+86.5

Source: Annual Reports Monetary Authority of Belize 1977 - 1980

transactions over the 1977 - 1980 period. For the four years, all non-residents capital transfers were classified as repatriation of funds. Of the capital transfer by residents, emigration allowances and profits/ dividends accounted for close to 70.0 percent during 1977 and 1978, before declining to 64.0 and 54.0 percent respectively during 1979 and 1980, while loan and interest payments generally account for approximately one quarter of resident capital transfers (except in 1978 when this declined to 14.0 percent).

In the absence of credible data on the inflation rate and in view of fluctuations in outflows during the period, any real increase in capital outflows through official channels cannot be conclusively determined. If outflows occurred, they would have been outside the scope of the Authority.

The interest sensitivity of domestic savings and demand for credit has not and cannot at this point be extablished. Given the rates of growth in deposits during the period of stable interest rates (1978 was an extraordinary year due to the inflows of insurance funds. See page 5) and assuming intuitively that the rate of inflation in Belize, as a result

TABLE 6

RATE OF GROWTH IN DEPOSITS AND LOANS

1977 - 1980

Year	Deposits	Loans
1977	+1.0	-7.0
1978	+27.4	+9.2
1979	+5.0	+33.2
1980	+13.0	+6.2

of the high import content of both consumption and production would at least be higher than the nominal rate of growth in deposits in normal years, indications are that real changes in deposits during 1977 and 1980 are negative.

With respect to changes in loans, no conclusions will be attempted since in addition to the time span being very short, in 1977 credit declined as a result of readjustments of the banks' portforlios of assets in response to the new liquid asset requirements of the Banking Ordinance, 1976 and in 1979, the expansion was based on temporary excess liquidity following inflows of funds for insurance settlements after Hurricane Greta.

Why the banks raised interest rates so drastically in 1980 is also indeterminable. Certainly, the Authority, in the interest of foreign reserves conservation approved and even urged the adjustment of interest rates. Beyond that, however, these rates were in a sense inevitable given the foreign dependency of the domestic system.

The Banks Among Themselves and the Banks and the Authority

The commercial banks operating in Belize have traditionally done so with a high degree of cooperation. For example, interest rates on both deposits and loans were kept uniform and it was expected that no changes would be made in these rates without first consulting with each other. After consultation, rates at all banks were changed simultaneously or rates at no bank at all would be changed. Even opening hours were kept uniform. This near cartelization of the banking system was especially true during the 1960's period of rapid expansion.

When one bank, without prior notice to the other banks raised the interest rates on term deposits to 15.0 percent in 1980, it caused widespread consternation among the other banks. However, after lengthy debates and arguments, the other banks also raised their term deposit rates to 15.0 percent. These actions and reactions led the Authority to exhort all banks in the interest of stability to forewarn the Authority and other banks of any anticipated strong actions.

In the short time since its inception, the Authority has tried to exhibit efficiency, approachability and understanding in its relations with the banks so as to earn their respect and cooperation. While all four banks declare their sincere respect for the Authority and declare their acceptance of its role, the actual day to day behaviour on the part of some banks belie their sincerity. The apathy and carelessness with which bank returns are sometimes prepared and the hesitancy with which information is disclosed does this. Nevertheless, the relationship remains amicable with the Authority trying to exert enough pressure on the banks to obtain the necessary cooperation but not too much pressure to cause the relationship harm.

It is understandable also, that the banks are somewhat wary of so young an institution which has at its disposal the legal instruments not only to oversee the workings of the banks but to also enter the banks and examine their books with a view to ensure the keeping of the law and the safety of depositors funds.

To date, the Authority has acted only once to effect a drastic change in the system. At the end of 1979, the Authority directed the banks to reduce the nominal value of outstanding loans and advances by 5.0 percent during the first quarter of 1980.[7] This followed sharp contraction in liquidity and foreign reserves during 1979 as a result of rapid expansion in domestic credit based on the large but temporary inflows of insurance settlement funds after Hurricane Greta in late 1978. The banks complied with the directive, but when their customers complained about the unavailability of credit, tended to point to the Authority's directive as the problem, when in fact the directive was an attempt to rectify the situation created by the banks themselves in 1979.

(7) A more detailed discussion of the directive is available in DORLA HUMES- Foreign Reserves Management an Assessment of the Liquidity Constraints in 1979, Paper presented at the Twelfth Regioanl Monetary Studies Conference, 1980, Belize City

CONCLUSION

While other economists have neglected to do so Odle[8] defines the operations of the branch offices of metropolitan banks in underdeveloped countries as being a part of the activities of multinational corporations within these countries. He cites this neglect as arising out of several factors, four of which are the following:

Firstly, traditional quantitative yardsticks for determining the relative importance of multinational enterprises tend to rank banks very low.

Secondly, the assets of any single subsidiary branch is generally small relative to the size of head office operations. What is often ignored is that the total assets and/or earnings of peripheral branches taken together is not only growing at a faster rate than that of the head office but in many cases is on par with that of the head office. The importance of the overseas portion of multinational bank operations is growing. This fact is bypassed when the role of the operations of an overseas bank branch in a single territory is examined.

Thirdly, the "mystique" inspired by commercial bankers and strengthened by central bankers of peripheral countries continues to make investigation of banking practices very difficult. The banks, while publishing global balance sheets decline to publicize detailed information on their activities in individual countries and the data collected and released by the Central Monetary Authorities show little detail.

Finally, the relationship between finance and underdevelopment "has never been clearly and convincingly demonstrated".[9]

(8) Odle: Multinational Banks and Underdevelopment, Pergamon Press, New York, 19
(9) ibid.

There is little doubt that the multinational banking industry operates like its counterpart in the real sector. Major policy decisions originating in the centre (head office) are implemented at the periphery (subsidiaries/branches) and profits generated in the periphery are repatriated to the head office. While the activities of each individual bank's Belize operations may be insignificant in comparison to its global operations, the importance of the commercial banks together in the financial system and the overall economy of Belize cannot be overestimated. Before the establishment of the Authority, the banks effectively controlled the greatest portion of the financial assets of the system and determined the flow of credit with neither hindrance nor supervision. The Authority has brought, not control over the system. but the means to regulate the system should this be necoessary.

The managers of the banks in Belize insist that decision making is to a large extent localized. While it is accepted that day to day decisions (for example, regarding the issuance of regular customer loans) are made locally, larger policy decisions would necessarily be kept in line with global policies. Contact between the Belize offices and their foreign offices is maintained on a daily basis through telephone and telex and balance sheets and liquidity statements are remitted to head offices regularly - in cases as often as weekly. In addition, the foreign offices periodically send bank officials to inspect the books of the local offices and investigate the practices of the bank.

With respect to the repatriation of profits, prior to 1976, there was no means of keeping accurate checks on the level of these outflows This is now done in the Exchange Control Department of the Authority. In 1980, of total capital outflows amounting to $11.4 million[10] at least $3.2 million in profits were sent to head offices by the banks in Belize. Total outflows also include dividends sent abroad (approximately $58,000),

(10) Estimates are based on the sales of foreign exchange by authorized dealers.

interest payments on loans from head offices (approximately $825,500) and payment for management or professional services (approximately $88,000) rendered by the foreign offices to the banks in Belize.

Beyond the questions of foreign induced versus localized decision making and the level of funds repatriated, is the question of the role the banks have played and are playing in the development process. No banker could deny that the making of profits comprised the basic incentive for his bank's operations. Profits are pursued irrespective of whether or not consequences of this pursuit will fall in line with basic developmental needs of the economy or the strategies of government to meet these needs. Thus, while the call has been for the development of the agricultural sector so as to produce more food and reduce the dependence on imported foodstuffs, the trend has been for the banks to reduce the portion of credit going to agriculture and increase the portion going to the distributive trades for the financing of imports. Where lending to agriculture occurs, it serves chiefly to reinforce the dependence of the economy on sugar production.

One bank manager saw the twofold development of agriculture (small farming of food crops co-existing with large scale monocrop production) as entirely possible, but declared that small scale agricultural production must be left to development financing institutions and Central Government since banks have a duty to their shareholders and depositors to protect their investments. (In the next breath, he said that his bank had "on paper" a scheme to fund small farmer credit which "unfortunately is not yet implemented".) It is unfortunate that these banks, though they admit a control of the greatest portion of the financial assets of the economy of Belize cannot (because of the nature of their operations and ownership) accept a duty to the economy also.

The pattern of lending, has, on a whole, served to increase the foreign dependency of Belize. This was the result not only of funnelling funds into the sugar industry, thereby reinforcing the dependence on sugar exports but also was the result of increasing credit to the distributive sector for directly financing imports and extending more personal loans which increase the demand for imported consumer goods.

The banks see themselves as the pivots of the financial system. Having comprised practically the entire system up until recently, this is understandable. The defacto role of the Authority is yet small while the banks continue to control the greater part of the financial system by serving as the only apparently effective financial intermediaries.

They perceive their role in the development of the country so far as a positive one, pointing specifically to the high level of credit to the sugar industry as the major source of its success, this success being the source of overall economic growth. In effect, theirs has been an "honourable" role and they anticipate no great changes or problems occurring in their relationships with each other, with the Authority or with Central Government in the near future.

AFTERWORD

This study is intended as a preliminary investigation of the commercial banking sector in Belize. It has grown out of a desire not only to document the development of the system over the two decades of this study, but also to provide a basis for further study in the area. To date very little has been done.

APPENDIX

The data presented in the following tables have been collected from a variety of sources. In most cases these sources are secondary. For the period 1960 - 1970 the major sources of data were the banking statistics as published in the Government Gazette during that period and the Abstract of Statistics from the Central Planning Unit. Data for the period 1971 - 1975 were obtained from the Abstract of Statistics also. The post 1975 period was covered by the Monetary Authority of Belize's Statistical Digest.

Prior to 1976, the commercial banks forwarded their returns to the Ministry of Finance. In turn, the Ministry used the data derived from the bank returns in the Abstract of Statistics and the Economic Surveys of Belize. In addition, the consolidated balance sheet of the commercial banks as at the end of each month was published in the Government Gazette

With the establishment of the Monetary Authority of Belize at the end of 1976, the functions associated with the collating and publishing of banking and financial statistics were passed over to the Authority. Subsequently there have been a few adjustments in the formulation of the returns sent by the banks. None of these adjustments have been significant enough to seriously prejudice analysis over the two decade time span.

Only in the breakdown of commercial bank loans and advances has there been notable difficulties in classification. Admittedly, there are some ambiguities involved. For example, prior to 1976, loans for agricultural processing[1] were included with loans to agriculture. Since 1976, however, agricultural processing has been

(1) Agricultural processing can account for up to 10.0 percent of total loans and advances by the commercial banks.

classified as a manufacturing activity. If credit is extended to the sugar industry for renovation and expansion of the sugar factory, the bank employee in compiling the return of loans and advances, has to decide if these funds should be classified as going to agricultural or the manufacturing sector. There might even be some thought of classifying these funds under building and construction.

Problems also arise with the classification of loans to the public sector. Quite frequently there is debate over where to classify loans to the Belize Marketing Board. At times the Belize Marketing Board will borrow to import condensed milk or to purchase locally produced corn to store for resale at a later date. While these activities are clearly distributive, because the Marketing Board is a quasi-government entity, these loans are apt to be classified as being for Government services.

The Authority has sought to minimize these difficulties by emphasizing to the banks that the return seeks a breakdown of loans according to the purpose to which the funds will be put. A breakdown according to the recipients of the loans is given on the return of assets and liabilities. Also, it must be noted that, the banking system being as small as it is, any significant changes in the bank returns can be challenged immediately and, if in error, corrected.

Data on loans and advances has been divided into two periods of a decade each. The detailed breakdown presented for the period 1970 - 1980 was not available for the 1960 - 1969 period. Following is the breakdown of the categories used for the earlier period:

1. Primary products include agriculture (less loans for land clearing purposes) and commercial fishing

2. Other industries include, tourism, building and construction, manufacturing, distribution and transport

(iii)

3. Other advances include personal loans, government services and public utilities.

Lastly, the data presented has been extracted as at December 31 for each of the years under study. This implies that the problems associated with seasonal fluctuations are being removed. Towards the end of the year, monetary variables are inflated by the inflows of final payments for the sugar cane farmers and by Christmas monies. By the end of the year, neither of these two influences may have worked themselves fully into the system.

FIGURE I
COMMERCIAL BANK ASSETS AND LIABILITIES
1960 - 1980

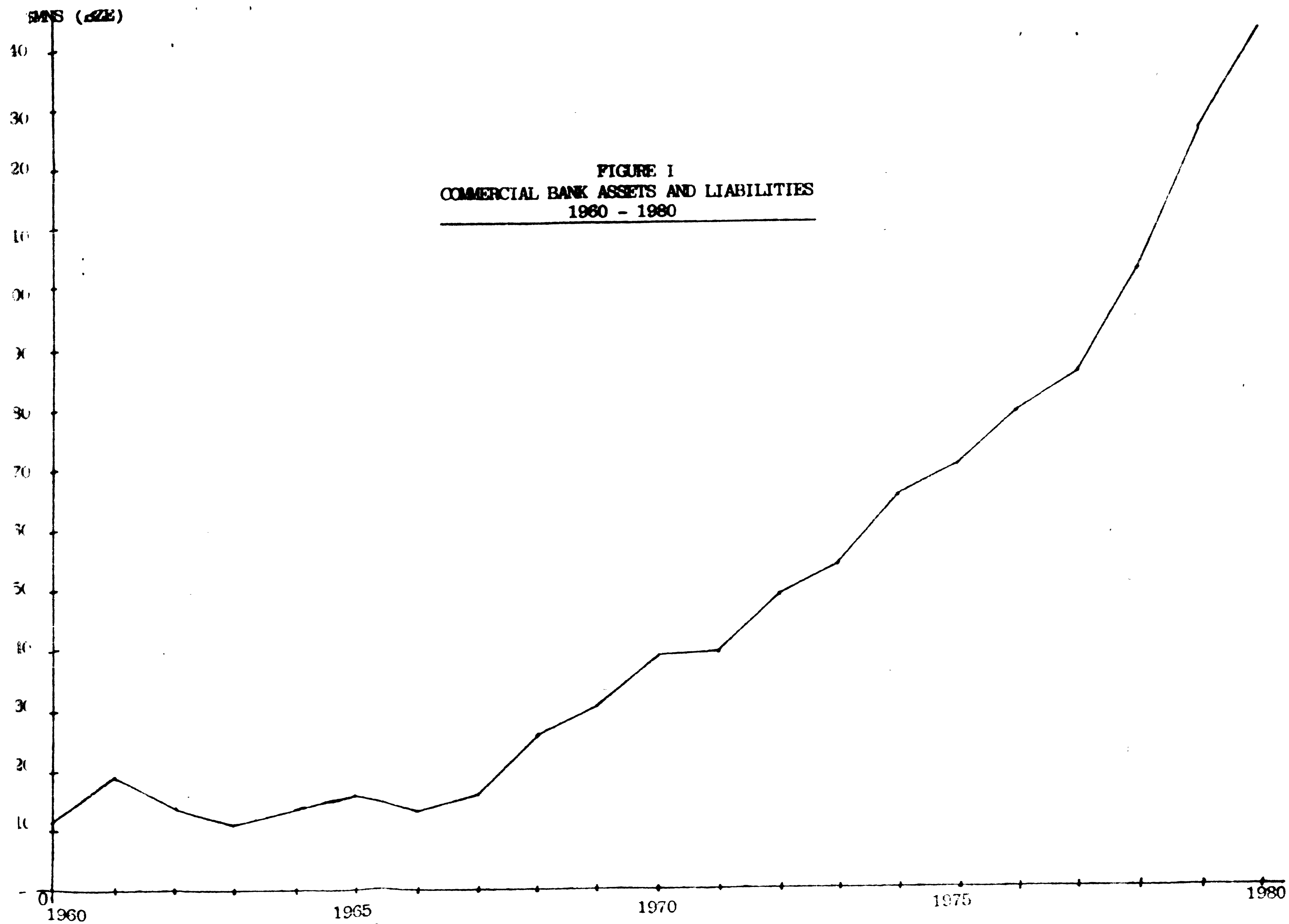

TABLE I

Commercial Bank Liabilities

1960 - 1980

BZE $000

Year	Total Deposits	Demand Deposits	Savings Deposits	Time Deposits	Foreign Liabilities	Advances From Monetary Authority Of Belize	Due To Other Local Institutions	Capital And Reserves	Other Liabilities	Total Liabilities
1960	7077	3501	2527	1049	3041	-	-	-	1145	11263
1961	16139	9983	4504	1652	5	-	-	-	2750	18894
1962	12082	4743	4197	3142	130	-	-	-	2208	14420
1963	10640	4125	3857	2658	115	-	-	-	1047	11802
1964	11930	5166	3754	3010	110	-	-	-	1374	13414
1965	12108	4703	3823	3582	1297	-	32	-	1956	15393
1966	12289	4631	4196	3462	545	-	-	-	1147	13981
1967	12678	4753	4208	3717	2311	-	-	-	1370	16359
1968	15904	5813	5316	4775	7945	-	501	-	2198	26548
1969	18039	5155	6675	6209	9488	-	482	-	3020	31029
1970	20335	5339	8166	6830	14432	-	482	-	2879	38128
1971	24615	6073	10690	7852	12103	-	450	-	2772	39940
1972	31120	7511	12146	11463	13425	-	502	-	4789	49836
1973	37042	8961	13674	14407	8158	-	1912	-	7081	54193
1974	50586	12266	19881	18439	2421	-	2939	-	9359	65305
1975	59137	13056	24308	21773	993	-	2036	-	9074	71240
1976	61290	11174	23371	26745	10685	-	10	700	6574	79259
1977	62278	13158	25854	23266	12047	-	1254	5385	5713	88687
1978	79316	21525	28059	29732	10857	-	38	5205	8160	103576
1979	83293	23054	29838	30401	27216	-	493	7246	7703	128661
1980	94143	25708	31573	38862	31720	400	180	7628	9883	143754

Sources: Statistical Digest, Monetary Authority of Belize; Abstract of Statistics. Central Planning Unit, Ministry of Finance; Government Gazette, Government Printers.

TABLE IX

AVERAGE LIQUIDITY POSITION OF COMMERCIAL BANKS

QUARTERLY 1977 - 1980

CONSOLIDATED

Year / Quarter	(A) Required ... of Liquid Assets	(B) Actual Liquid Asset Holdings	(C) Excess	(D) ... Approved Liquid Assets	(E) [illegible]	(F) [illegible]
1977 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
1979 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	7717	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	4511	4920	7375	[illegible]
1980 [illegible]	14201	18930	[illegible]	5910	[illegible]	[illegible]
[illegible]	16643	24653	[illegible]	5848	500	1362
[illegible]	18683	31704	[illegible]	5623	150	7248
[illegible]	17911	25945	[illegible]	5416	482	[illegible]

Source: Statistical Digest, Monetary Authority of Belize

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SOURCES OF DATA

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Statistical Digest, Monetary Authority of Belize

Abstract of Statistics, Central Planning Unit, Ministry of Finance, Government of Belize

Economic Survey of Belize, Central Planning Unit, Ministry of Finance, Government of Belize

TABLE II

COMMERCIAL BANK ASSETS

1960 - 1980

BZ $000

Years	Cash	Balances with MAB	Due from Other Local Institutions	Foreign Assets	Loans & Advances	Government Securities	Of which Treasury Bills	Other Assets	Total Assets
1960	709	-	-	2855	6100	-	(-)	1599	11263
1961	498	-	-	11967	4488	-	(-)	1941	18894
1962	770	-	-	5604	5746	-	(-)	2300	14420
1963	682	-	165	4540	5446	-	(-)	969	11802
1964	984	-	91	4101	6717	-	(-)	1521	13414
1965	1078	-	61	5439	7821	-	(-)	994	15393
1966	1147	-	54	2597	7963	-	(-)	2200	13981
1967	1051	-	12	1804	10997	161	(-)	2334	16359
1968	1560	-	12	3094	18611	160	(-)	2681	26118
1969	1735	-	934	892	22613	160	(-)	5614	31948
1970	1508	-	622	3339	28139	165	(-)	4354	38127
1971	1612	-	314	3973	27272	165	(-)	6612	39948
1972	1702	-	2505	968	39889	165	(-)	4613	49842
1973	2069	-	4528	884	40829	161	(-)	5724	54194
1974	2294	-	3421	4333	46603	161	(-)	8493	65305
1975	3002	-	3811	5186	51559	161	(-)	7521	71240
1976	2370	-	879	2148	64053	161	(-)	9648	79259
1977	2594	3195	1472	7467	59615	3168	(2717)	9276	86687
1978	2478	5899	16	11936	64996	7013	(5817)	11238	103576
1979	3256	2962	446	19673	86550	636	(300)	12428	125951
1980	3736	4756	117	21643	91892	7612	(7316)	13998	143754

Sources: Statistical Digest, Monetary Authority of Belize; Abstract of Statistics, Central Planning Unit, Ministry of Finance; Government Gazette, Government Printers.

TABLE III

PERCENTAGE DISTRIBUTION OF COMMERCIAL BANK LIABILITIES

1960 - 1980

Year	Deposits	Demand	Savings	Time	Foreign Liabilities	Advances from Monetary Authority of Belize	Due to Other Local Insti-tutions	Capital and Reserves	Other Liabilities	Total Liabilities
1960	62.8	(49.5)	(35.7)	(14.8)	27.0	-	-	-	10.2	100.0
1961	85.4	(61.9)	(27.9)	(10.2)	0.0	-	-	-	14.6	100.0
1962	83.8	(39.3)	(34.7)	(28.0)	0.9	-	-	-	15.3	100.0
1963	90.2	(38.8)	(36.3)	(24.9)	0.9	-	-	-	8.9	100.0
1964	89.0	(43.3)	(31.5)	(25.2)	0.8	-	-	-	10.2	100.0
1965	78.7	(38.8)	(31.6)	(29.6)	8.4	-	0.2	-	12.7	100.0
1966	87.9	(37.7)	(34.1)	(28.2)	3.9	-	-	-	8.2	100.0
1967	77.5	(37.5)	(33.2)	(29.3)	14.1	-	-	-	8.4	100.0
1968	59.9	(36.6)	(33.4)	(30.0)	29.9	-	1.9	-	8.3	100.0
1969	58.1	(28.6)	(37.0)	(34.4)	30.6	-	1.6	-	9.7	100.0
1970	53.3	(26.2)	(40.2)	(33.6)	37.9	-	1.3	-	7.5	100.0
1971	61.6	(24.7)	(43.4)	(31.9)	30.3	-	1.1	-	7.0	100.0
1972	62.5	(24.2)	(39.0)	(36.8)	26.9	-	1.0	-	9.6	100.0
1973	68.4	(24.2)	(36.9)	(38.9)	15.0	-	3.5	-	13.1	100.0
1974	77.5	(24.2)	(39.3)	(36.5)	3.7	-	4.5	-	14.3	100.0
1975	83.0	(22.1)	(41.1)	(36.8)	1.4	-	2.9	-	12.7	100.0
1976	77.3	(18.2)	(38.1)	(43.7)	13.5	-	0.0	0.9	8.3	100.0
1977	71.8	(21.1)	(41.5)	(37.4)	13.9	-	1.5	6.2	6.6	100.0
1978	76.6	(27.1)	(35.4)	(37,5)	10.5	-	0.0	5.0	7.9	100.0
1979	66.1	(27.7)	(35.8)	(36.5)	21.6	-	0.4	5.8	6.1	100.0
1980	65.5	(27.3)	(33.5)	(39.2)	22.1	0.3	0.1	5.3	6.7	100.0

Source. Derived from Table I

TABLE IV

PERCENTAGE DISTRIBUTION OF COMMERCIAL BANK ASSETS

1960 - 1980

Year	Cash	Balances with MAB	Due from Other Local Institutions	Foreign Assets	Loans and Advances	Government Securities	(Of which Treasury Bills)	Other Assets	Total Assets
1960	6.3	-	-	25.3	54.2	-	(-)	14.2	100.0
1961	2.6	-	-	63.3	23.8	-	(-)	10.3	100.0
1962	5.3	-	-	38.9	39.8	-	(-)	16.0	100.0
1963	5.8	-	1.4	38.5	46.1	-	(-)	8.2	100.0
1964	7.3	-	0.7	30.6	50.1	-	(-)	11.3	100.0
1965	7.0	-	0.4	35.3	50.8	-	(-)	6.5	100.0
1966	8.2	-	0.4	18.6	57.1	-	(-)	15.7	100.0
1967	6.4	-	0.1	11.0	67.2	1.0	(-)	14.3	100.0
1968	6.0	-	0.0	11.8	71.3	0.6	(-)	10.3	100.0
1969	5.4	-	2.9	2.8	70.8	0.5	(-)	17.6	100.0
1970	4.0	-	1.6	8.8	73.8	0.4	(-)	11.4	100.0
1971	4.0	-	0.8	9.9	68.3	0.4	(-)	16.6	100.0
1972	3.4	-	5.0	2.0	80.0	0.3	(-)	9.3	100.0
1973	3.8	-	8.4	1.6	75.3	0.3	(-)	10.6	100.0
1974	3.5	-	5.2	6.6	71.4	0.3	(-)	13.0	100.0
1975	4.2	-	5.3	7.3	72.4	0.2	(-)	10.6	100.0
1976	3.0	-	1.1	2.7	80.8	0.2	(-)	12.2	100.0
1977	3.0	3.7	1.7	8.6	68.7	3.6	(3.1)	10.7	200.0
1978	2.4	5.7	0.0	11.5	62.8	6.8	(5.6)	10.8	100.0
1979	2.6	2.4	0.3	15.6	68.7	0.5	(0.2)	9.9	100.0
1980	2.6	3.3	0.1	15.1	63.9	5.3	(5.1)	9.7	100.0

Source: Derived from Table II

TABLE V (a)

COMMERCIAL BANK LOANS AND ADVANCES 1960 - 1970

BZ$ 000

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Primary Products	3985	3064	4238	2180	3304	3446	2804	4947	10923	11836	14338
Other Industries	325	111	451	998	1679	1093	2816	2125	2824	5298	9968
Other Advances	1790	1313	1057	1468	1734	3282	2363	3925	4864	5479	3834
TOTAL	6100	4488	5746	4646	6717	7821	7983	10997	18611	22613	28140

SOURCES: Government Gazette, Government Printery;
Economic Survey, Central Planning Unit

TABLE V (b)

COMMERCIAL BANK LOANS AND ADVANCES

1970 -1980

BZ$ 000

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Government Services	835	1988	2908	2887	2127	1633	3259	332	5	1955	2457
Public Utilities	1121	1294	2032	2728	3140	3101	1230	1093	1010	775	218
Agriculture	12821	12490	15643	16218	19109	19993	21356	16680	18139	23444	24059
Commercial Fishing	190	117	161	168	318	127	95	303	312	328	738
Forestry	1327	308	346	140	312	440	185	1991	3965	1424	3070
Manufacturing	696	430	1308	1727	1727	2893	5542	8032	7191	10272	12494
Tourism	1092	1079	1228	537	599	756	622	540	543	739	685
Building & Construction	2824	2594	2118	2332	3302	3769	4357	5969	7228	9379	9242
Real Estate	..	..	..	..	..	..	601	1022	1046	1222	933
Financial Institutions	..	..	..	..	..	..	724	644	850	650	204
Distribution	4904	4117	9601	9783	11651	14270	18150	13595	14879	23563	25163
Professional Services	..	..	..	..	..	..	191	509	532	667	1091
Transport	461	529	906	1286	1043	1264	1925	1733	1484	2449	1566
Entertainment	..	..	..	..	..	..	117	349	271	307	375
Mining & Exploration	..	..	..	..	..	..	-	-	-	15	-
Personal	1878	2306	3638	2969	3275	3313	5447	6723	7541	9361	9587
Sundries	..	..	..	..	..	..	127	-	-	-	-
TOTAL	28139	27272	39889	40775	46603	51559	63928	59515	64996	86550	91892

Sources: Abstract of Statistics, Central Planning Unit, Ministry of Finance;
Statistical Digest, Monetary Authority of Belize

91882

TABLE VI

COMMERCIAL BANK LOANS AND ADVANCES TO THE AGRICULTURAL SECTOR 1970 - 1980

BZ$ 000

Year	Sugar	Citrus	Rice	Bananas	Cattle & Dairy	Land Clearing & Preparation	Other	Total
1970	9507	481	60	2	180	381	2210	12821
1971	9053	900	18	2	357	270	1890	12490
1972	10453	2202	51	2	359	505	2071	15643
1973	10852	1337	44	-	319	410	3256	16218
1974	10756	3237	63	21	737	357	3935	19109
1975	10668	3055	1653	630	487	842	2658	19993
1976	9682	2683	5231	864	409	949	1538	21356
1977	8715	1003	3292	1126	623	525	1396	16680
1978	10076	720	2733	2205	607	458	1340	18139
1979	13036	1036	2333	3616	803	615	2005	23444
1980	12553	2514	2751	3585	757	365	1534	24059

SOURCES: Abstract of Statistics, Central Planning Unit, Ministry of Finance
Statistical Digest, Monetary Authority of Belize

TABLE VII (a)

PERCENTAGE DISTRIBUTION OF COMMERCIAL BANK LOANS AND ADVANCES 1960 - 1970

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Primary Products	65.3	68.3	73.8	46.9	49.2	44.1	35.1	45.0	58.7	52.3	51.0
Other Industries	5.3	2.5	7.8	21.5	25.0	14.0	35.3	19.3	15.2	23.5	35.4
Other Advances	29.4	29.2	18.4	31.6	25.8	41.9	29.6	35.7	26.1	24.2	13.6
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Derived from Table V(a)

TABLE VII (b)

PERCENTAGE DISTRIBUTION OF COMMERCIAL BANK LOANS AND ADVANCES 1970 - 1980

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Government Services	3.0	7.3	7.3	7.1	4.6	3.2	5.1	0.6	0.0	2.2	2.7
Public Utilities	4.0	4.8	5.1	6.7	6.7	6.0	1.9	1.8	1.6	0.9	0.2
Agriculture	45.5	45.8	39.2	39.8	41.0	38.8	33.4	28.0	27.9	27.1	26.2
Commercial Fishing	0.7	0.4	0.4	0.4	0.7	0.2	0.2	0.5	0.5	0.4	0.8
Forestry	4.7	1.1	0.8	0.3	0.7	0.9	0.3	3.4	6.1	1.6	3.3
Manufacturing	2.5	1.6	3.3	4.2	3.7	5.6	8.7	13.5	11.1	11.9	13.6
Tourism	3.9	4.0	3.1	1.3	1.3	1.5	1.0	0.9	0.8	0.9	0.8
Building & Construction	10.0	9.5	5.3	5.7	7.1	7.3	6.8	10.0	11.1	10.8	10.1
Real Estate	..	..	..	..	..	..	0.9	1.7	1.6	1.4	1.0
Financial Institutions	..	..	..	..	..	..	1.1	1.1	1.3	0.8	0.2
Distribution	17.4	15.1	24.1	24.0	25.0	27.7	28.4	22.8	22.9	27.2	27.4
Professional Services	..	..	..	..	..	..	0.3	0.9	0.8	0.8	1.2
Transport	1.6	1.9	2.3	3.2	2.2	2.4	3.0	2.9	2.3	2.8	1.7
Entertainment	..	..	..	..	..	..	0.2	0.6	0.4	0.4	0.4
Mining & Exploration	..	..	..	..	..	..	0.0	0.0	0.0	0.0	0.0
Personal	6.7	8.5	9.1	7.3	7.0	6.4	8.5	11.3	11.6	10.8	10.4
Sundries	..	..	..	..	..	..	0.2	0.0	0.0	0.0	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Derived from TABLE V(b)

TABLE VIII

PERCENTAGE DISTRIBUTION OF COMMERCIAL BANK LOANS

TO THE AGRICULTURAL SECTOR

1970 - 1980

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Sugar	74.2	72.5	66.8	66.9	56.3	53.4	45.3	52.2	55.5	55.6	52.2
Citrus	3.7	7.2	14.1	8.2	16.9	15.3	12.6	6.0	4.0	4.4	10.5
Rice	0.5	0.1	0.3	0.3	0.3	8.3	24.5	19.7	15.1	10.0	11.4
Bananas	0.0	0.0	0.0	0.0	0.1	3.1	4.1	6.8	12.2	15.4	14.9
Cattle & Dairy	1.4	2.9	2.3	2.0	3.9	2.4	1.9	3.7	3.3	3.4	3.1
Land Clearing	3.0	2.2	3.2	2.5	1.9	4.2	4.4	3.2	2.5	2.6	1.5
Other	17.2	15.1	13.3	20.1	20.6	13.3	7.2	8.4	7.4	8.6	6.4
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Derived from Table VI

TABLE X

CASH/DEPOSITS AND ADVANCES/DEPOSITS RATIOS

1960 - 1980

YEAR	CASH/DEPOSITS RATIO	ADVANCES/DEPOSITS RATIO
1960	10.0	86.2
1961	3.1	27.8
1962	6.4	47.6
1963	6.4	51.2
1964	8.2	56.3
1965	8.9	64.6
1966	9.3	65.0
1967	8.3	86.7
1968	9.8	117.0
1969	9.6	125.4
1970	7.4	138.4
1971	6.5	110.8
1972	5.5	128.2
1973	5.6	110.2
1974	4.5	92.1
1975	5.1	85.5
1976	3.9	104.5
1977	4.2	95.6
1978	3.1	81.9
1979	3.9	103.9
1980	4.0	97.6