**Bankers must do the right thing, says Le Hunte**

A SENIOR BANKER has urged his colleagues to ensure the projects they finance were environmentally and socially responsible.


"Commercial banks have not only a social responsibility but a moral responsibility to do the right thing," the banking executive said.

"Yes, while we have a responsibility to ensure that we make returns on our investments, we must ensure that these returns are obtained in a way that is consistent with our moral responsibility to the people we employ, our stakeholders, our customers and the communities in which we operate to critically assess what comes before us for the benefit of society as a whole," he emphasised.

Regarding BBN’s own operating guidelines, Le Hunte said the bank’s lending policies specifically required that it receive confirmation from borrowers that all statutory approvals were in place for projects which would require environmental approvals.

"In the case of Barbados these requirements would of course be environmental impact assessments and in some cases social impact assessments," he added.

The scale of social risk or social protection, the banker noted, was not a topical issue in the current environment. At the time, the BBN boss told participants: "This, however, would relate to us ensuring that our borrowers operate ethically in everything they do. For instance, they do not flout labour laws as was the case with the Indian workers at the recent Cricket World Cup or the experiences of Nike which manufactured goods in developing countries where child labour is exploited."

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**Commercial banks must strengthen themselves**

WITH $3.6 billion deposited with them and a world financial system that is expected to deteriorate further, commercial banks need to quickly introduce more protection measures.

Minister of Financial Affairs and Sport Dr. Esther Byer-Suckoo offered this advice to officials from the commercial banking sector yesterday during a Workshop on Evaluation and Management of Environmental and Social Risks in Lending and Investment Practices at Hilton Barbados.

Dr. Byer-Suckoo, who was asked to address the meeting as Environment Minister, a portfolio she no longer holds effective yesterday, said, "Acknowledging the growing momentum of sustainability issues in the global financial services sector, not least in the context of current economic and financial crisis, will be important if we are to buttress our local set-up.

**Region’s success depends on ability to co-operate**

against any potentially negative effects."

"When one considers that deposits in the local commercial banks increased from $3.21 billion in 2007 to $3.61 billion in 2008, an example of the continued upward trend in that sector, special attention must be paid to strengthening and developing new approaches to investment protection," she added.

She said in light of this sector leaders and practitioners needed to "re-look, in more detail, your evaluation processes, adjust for improved relations and standards to support the region’s sustainability agenda, fast track information sharing systems, and design capacity building schemes in the various layers of your respective organisations" in the short term.

According to her, in addition to "enhancing our ability to assess and manage risks, such moves can also serve to heighten the competitiveness of this region in the medium and long run, with respect to the evolving international trade, finance and investment regimes." Of note, the Minister stated, were the "opportunities for local financial service companies to assist in facilitating economic activity with the European Union, or, simply to expand the movement of multinational business to emerging and developing markets".

"I will admit there is still a slight trend of seeing environmental and social risk management as optional, but we still see some firms doing the business just to satisfy the green wave. But, in this current financial climate or turmoil and uncertainty, which requires a heightened need for prudence, transparency and accountability, I expect that this attitude will be wiped out sooner rather than later," she said.

"The global financial crisis is expected to continue into next year and may not begin to abate until 2010. Therefore, Barbados and the other Small Island Developing States in the region have limited lead time to put measures in place to lessen the impact of the crisis on the region and prepare a sound foundation for taking our financial sector into a post crisis economy that can no longer operate using the business-as-usual model."

Byer-Suckoo noted too that while the financial service sectors in the region individually were small and vulnerable to external shocks a united region "stands a better chance of mitigating against these external shocks".

"In light of the rapidly globalising world economy and the loss of preferential treatment, the regional’s strength must lie in the delivery of services more so than products. Much of the region’s success in this regard will depend largely on our ability to co-operate with the businesses such as tourism, international business and financial services," she said.

"Credit and investment analysts in the CARICOM region need to be aware of potential environmental and social risks and work with their clients to avoid them. Of course, that means extra due diligence, but it is above all another critical service that more and more clients are demanding. Emerging trends in risk management tend to focus on risk avoidance as much as possible," the official also noted.

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