

20 February 2019

REDUCTION IN CASH RESERVE REQUIREMENT

Bank of Jamaica will reduce the cash reserve requirement by three percentage points to nine per cent effective 01 March 2019. The cash reserve requirement is the amount of money that deposit-taking institutions are required to hold at Bank of Jamaica against prescribed liabilities.

This is the first in a series of reductions that will be effected over the next 12 months. The timing and scope for the next reductions will be determined on the basis of assessments of market conditions over the course of the year.

This reduction will increase liquidity in the financial system by \$16.8 billion and thereby support the expansion of credit to businesses and households at lower rates and at better terms.

The series of reductions of the cash reserve requirement is possible given of the entrenchment of macroeconomic stability in Jamaica.

The liquid asset requirement is also being reduced by the same amount, effective 01 March 2019.

No change is being made to the reserve requirements applicable to foreign currency prescribed liabilities.