



The Cayman Islands Bankers' Association

PRESS RELEASE

Statement by The Cayman Islands Banker's Association

Cayman's Banks have always been an integral part of the Cayman Islands' success and growth of the economy. By being trusted stakeholders with a vested interest in the ongoing success of the Cayman Islands and its People, Cayman's Banks have supported our community and clients through many financial cycles by ensuring confident, stable and sustainable access to liquidity that helps businesses grow, creates jobs, and contributes to the high standard of living of the people throughout these islands. In every unique situation and changing market cycles, the banks in Cayman have acted responsibly and thoughtfully, always seeking to help customers with sound advice, support and solutions.

Notably, throughout the recent change in the interest rate environment:-

- Banks have proactively responded by offering a variety of fixed-rate loan options, often below the Prime Rate, thus providing the opportunity of stability and predictability for borrowers. The uptake of fixed-rate loans has increased significantly since last year as many customers have chosen to mitigate their risk.
- Banks have continued to offer sound financial advice to customers, including strategies to pay down high-interest debts and improve financial management. As well, on-going tips on budgeting and saving have been shared through social media and websites, empowering individuals to make informed financial decisions.
- Cayman's Banks work closely with customers during times of growth and expansion, and also work individually with clients experiencing financial difficulty, exploring possible solutions and loan restructuring to provide support during challenging times. As a result of on-going dialogue and support of customers, delinquency levels to date remain low and stable across the country. We continue to encourage clients to approach their lending bank directly to discuss any concerns and assess options that may be available to them individually.

Cayman's Banks adjust interest rates in alignment with the US Federal Reserve's rate decisions. According to some experts, the current interest rate cycle is anticipated to be nearing its peak, with expectations of rates trending downward in the near future.

Many years ago, the Cayman Islands Dollar (CI\$) Prime Rate was aligned with the US Dollar Prime Rate. This helps mitigate potential imbalances in the financial system, ensuring consistency and continued stability throughout market cycles. Any change to the current rate setting convention could create an imbalance between funding costs and borrowing rates. Such an imbalance could potentially result in banks deploying capital elsewhere and, as a consequence, access to credit locally could tighten.

The Cayman Financial Services structure has worked well for many years. It has proven to be robust and resilient, as reflected by Cayman having one of the strongest, most stable economies and financial services centers in the world. CIBA members reaffirm their commitment to promoting an environment of collaboration and financial stability, supporting borrowers during difficult periods, and contributing to the long-term prosperity of the Cayman Islands.

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