

CARIBBEAN ICT ROADSHOW

Address by:

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BVI Financial Services Commission

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Ladies and gentlemen,

It is my sincere pleasure and honour to be before you today as we discuss the critically important and timely topic of harnessing the power of innovation. I am most grateful to have the opportunity of addressing this distinguished audience and panel about how the BVI has proactively used ICT to enhance its regulation and competitiveness.

I commend the Caribbean Telecommunications Union leadership, not least Secretary-General Bernadette Lewis, for bringing this forum and roadshow to life and to the BVI. I also commend the ministry of Communication and Works and the Telecommunications Regulatory Commission for their role in the process. It is truly a fresh and innovative way for different industries to come together with the common purpose of sharing ideas, increasing awareness and collectively moving our region forward.

Charles Darwin said that “in the long history of humankind...those who learned to collaborate and improvise most effectively have prevailed.” I couldn’t agree more.

Over the last decade, technology-based innovations and the active use of ICT have fundamentally changed the way in which the Financial Services Commission of the British Virgin Islands operates.

On a macro-level, we have gone from paper to paperless, wired to wireless and office to officeless. For the Commission – as for the BVI and across the developed world – broadband and high speed connections have gone from being costly luxuries to business norms.

On a micro-level we now speak of thumbs and thumb speeds no doubt doctors in the BVI will soon have to start coping with an increase in cases of carpal tunnel syndrome and tendonitis, otherwise known as "BlackBerry thumb". Indeed, I can see people here today putting themselves in danger of this condition even as I speak!

We must salute the bravery of the new British Prime Minister David Cameron, who has just shown himself to be a bold man indeed by banning the use of Blackberrys and mobile phones in cabinet meetings!

Of course, there is no doubt that all the many technological advancements have made our lives easier and our businesses more efficient. But whether we always make the best use of them to advance our businesses and industries is another question altogether. Addressing this challenge is a central reason why we are all here today.

Certainly, in the British Virgin Islands, the Financial Services Commission has worked hard at harnessing the power of ICT. In doing so, we have sought to transform the way in which we interact with our industry, respond to demands and comply with international standards.

For the Commission, making efficient and increasing use of technology in our supervisory role is essential to securing our Territory's competitive edge in financial services.

Simply put, the better we use ICT, the more attractive the BVI becomes to those whom we want to use our services.

For something to be attractive, it must be distinguishable and provide what others in the competitive landscape lack. Maintaining the attractiveness of the BVI, therefore, depends on two principal things: ensuring regulatory confidence and ensuring technological efficiency.

In recent years, no single tool has had more of a role in making our industry in the BVI more efficient, effective and attractive than ICT. ICT has provided the essential underpinning of our sustained economic growth and our efficient and well-regarded regulation.

For the Financial Services Commission, in our highly competitive and globalized economy, the proactive use of ICT to enhance our business goals has not been optional but a necessity.

We have worked tirelessly to ensure that ICT plays a vital role in improving our business practices today and in the future. We have invested heavily in ICT so as to be ahead of

the curve, and we are now reaping the rewards of our investment.

The BVI Financial Services Commission is unique in that it is the only financial services regulatory body in our territory. As such, all financial services activities, including company incorporations, all banking and fiduciary services, all money transfers services, all mutual fund and investment business activity and all insolvency and insurance activity come within our purview and regulatory reach.

Given the breadth of our remit, it has been imperative for us to make sound investments in critical technological infrastructure.

To give you some practical examples of what I mean...:

- The Commission's Virtual Integrated Registry and Regulatory General Information Network, known as VIRRGIN, took our bustling Registry of Corporate Affairs from one that relied heavily on paper to a near paperless Registry based online.

- Meanwhile, K-review, our on-site inspection programme, has allowed us to evaluate the compliance of our licensees and assess our own effectiveness.
- We have also recently installed radio frequency identification or RFID file tracking and management system to add a more advanced level of protection and security to our document systems and make document retrieval simpler and more sophisticated.
- Furthermore, Videoconferencing technology enables us to reduce the costs of the participation of our external Commissioner in monthly Board meetings.
- Those of you familiar with the hurricane season will be relieved to learn that our disaster recovery systems are always online and accessible within seconds, thousands of miles away from the Territory.
- And the Commission's public website and its internal employee-only intranet provide tremendous gains by disseminating information quickly and offering a virtual reference library for the tools of our regulatory regime.

Taken together, these ICT investments have already paved the way for significant growth, and they will continue play a significant role in the future success of the Commission and of the BVI as an attractive and technologically savvy international finance centre.

I would like to take a closer look at these investments and at what they have achieved for the Commission and the Territory as a jurisdiction of choice for international finance.

First, I mentioned VIRRRGIN (with two “R”s). This virtually eliminated paper by taking our Registry online, including BVI Business Company incorporations and the formation of limited partnerships. It was a huge step forward for our Registry of Corporate Affairs and one which truly captured the value and speed of e-commerce.

Why did we introduce it? As the premier territory for new corporate domiciles and with a growing register of over 700,000 companies, the efficient and effective storage and retrieval of data is of critical importance to the BVI. Despite the success of our Registry, our industry clamoured for more from us in terms of the handling of data and critical documents, with longer hours and reduced turnaround times.

This required us to replace a 12-year-old information system that used 20-year-old technology, relied heavily on paper and served over 130 internal users and more than 500 external corporate users. It was a mammoth task and the eventual outcome, our Virtual Integrated Registry and Regulatory General Information network (VIRRGIN), was the culmination of over two-and-a half years of research, business analysis and policy review.

Technology that is one day cutting-edge very quickly becomes obsolete and it was a challenge to manage current infrastructure while moving upwards to the next best thing – and at the same time ensuring that the next best thing itself stayed cutting edge.

By December 2006, we were in a position to roll VIRRGIN out to the industry. I cannot pretend that the rollout was without its hiccups. Undertaking a change of this magnitude is rarely easy. The glitches and implementation concerns that the Commission experienced are part and parcel of all major transitions to new systems and technology.

However, we weathered the storms and VIRRGIN and the Registry have enjoyed great success ever since. Four years on, it is hard to remember life pre-VIRRGIN and the industry now challenges us to provide ever more extensive functionality using the system.

VIRRGIN allows new business company incorporations in as little as two hours, with immediate electronic confirmation to the industry for easy transmission to their clients. Corporate VIRRGIN users have 24-hour access to the Registry of Corporate Affairs. They enjoy real-time processing and acknowledgement for time-sensitive filings, much greater flexibility and convenience for paying annual government fees and the ability to search the Register of Companies electronically.

The response to VIRRGIN has been phenomenal and the Commission and industry are very proud of it. Not only have we seen an increase in use of the BVI's services but we have realised operational synergies that we could not have achieved prior to VIRRGIN.

Daily, over 824 users file approximately 2,000 transactions using VIRRGIN and we see a significant increase in filings and activity at the peak periods for annual fee payment. Approximately 59,000 of VIRRGIN's monthly transactions are fully automated and do not require user intervention for completion.

The Commission is also able to generate and sign electronically 4,500 certificates a month issued by its Registry of Corporate Affairs. Prior to VIRRGIN, these certificates all had to be individually signed by a team of Registrars, which significantly affected our turnaround times at peak periods.

Because of the efficiencies we have gained through the introduction of VIRRGIN, the Commission is further able to give the industry and users of BVI financial services globally a time standard in which we pledge to complete transactions.

At present, VIRRGIN is being expanded to address the needs of our regulatory and supervisory divisions.

While VIRRGIN put us in the paperless game, we also recognized that we could use ICT to ensure that we were assessing regulatory and legislative compliance of our licensees in faster and more effective ways. The technological innovation that has allowed us to do this is called “K- review”.

The Commission uses K-review to conduct on-site compliance inspections at the licensee’s place of business. The application has been customised to address the Commission’s regulatory regime and it offers a mobile office to inspection teams as they conduct on-site evaluations of the business processes, procedures and information systems of our financial services firms.

Another innovation has been our approach towards retrieving files. Our Registry of Corporate Affairs maintains vast file vaults in which it houses physical files for over 700,000 companies, with each file holding on average a minimum of 45 pages. To improve the security and retrieval of these files, the Commission has adopted a radio frequency identification (RFID) system. This enables our staff to use hand-held scanners to locate a single file anywhere on the premises.

And we keep on exploring new ways of using ICT to enhance what we do. As visionary inventor Thomas Edison once said, “We shall have no better conditions in the future if we are satisfied with all those which we have at present.”

How many of you are familiar with the Amazon.com Kindle? I am sure Amazon.com would be surprised to see the utility to which my Executive Assistant has enabled the Commission to derive from the Kindle. Thanks to her expertise, we are able to put the Kindle to use in ways Amazon never intended to. Whenever we travel with our Kindles, it is a mobile FSC library containing all FSC Laws, codes of conduct and regulations all presentations, speeches, ect.

So the Commission has ensured it can create an office presence anywhere using videoconferencing. We have installed matching videoconferencing equipment at BVI House in London to facilitate the attendance at Board meetings by our external Commissioner who resides in London, and this facility is available to Government and industry as well to improve their operational efficiencies.

The Commission has also made full use of ICT to ensure that BVI financial services will remain open for business even if disaster, whether natural or otherwise, should strike. Even a one-day unavailability of service would be unacceptable to us. We have therefore invested heavily in creating a “redundant technology” infrastructure that is available instantaneously at all times. This system is a complex web of telecommunications and computing power which ensures we would be able to operate even in the most dire circumstances, whether local to our operations or affecting the whole Territory.

Ladies and gentlemen, as you will appreciate, reputation is the cornerstone of BVI’s success in financial services and we

guard it ferociously. For any global operation, an essential part of protecting its reputation is the ability to use technology to keep track of what is being said about it and what is being proposed that would affect it.

With customised software applications that gather intelligence from around the world, the Commission is able to monitor the international climate for financial services, garner information on BVI entities and the moves of our competitors and keep up to speed with what the enemies of the offshore world are saying and planning.

This intelligence is crucial to the Commission and to the Government in planning strategically and benchmarking. It ensures we are aware of, and respond to, legitimate concerns, maintain our competitive edge and continue to address the needs of those who use our products.

The Commission continues constantly to examine new ways in which ICT can help us reach new heights of business development and regulatory efficiency.

Our industry is global. It operates at the speed of light and it requires the most robust communications systems. Like all modern organisations, we make full use of email and our website to make announcements, provide guidance and solicit feedback.

We have also championed the introduction of an electronic version of the Virgin Islands Official Gazette and the passage of an Electronic Transactions Act. Both have paved the way for additional efficiencies in communicating with those who use our services by enabling increasing automation and electronic transmission of publicly available information.

Finally, we know that if we want to capture all the opportunities available to us and truly become trailblazers, we must position ourselves to capitalise on opportunities ahead of the game. It is imperative that we continue to identify, source, adapt and if need be, ourselves develop the right tools and the right applications to maintain our competitiveness and ensure our continued growth.

I have very much welcomed this opportunity to provide some insight into how the proactive and dedicated use of ICT can ensure that the regulation and supervision of financial services here in the Caribbean can match anything found in larger countries.

I look forward to discussing this with you. Thank you for time and attention.