

SPEAKING NOTES

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Leadership in a Time of Crisis

INTRODUCTION

There are not many places in the world where bankers are actually invited to speak these days. In fact in some parts, banking is a dirty word. So I'm very grateful to head an institution that is not only respected, but at the risk of blowing our own horn, still the safest and strongest financial institution in Jamaica.

Scotiabank continues to be strong because we can tap into the strengths of two great nations: Canada with her emphasis on prudence, conservatism, sound policies and capital strength and Jamaica with her can-do spirit, people focus and fierce commitment to performance.

The Global Financial Crisis

The meltdown in the US banking industry has grown into a full-blown economic crisis with reverberations around the globe.

- \$700 Bn Bailout Fund in U.S.
- End of the Broker/Dealer industry in the U.S.
- Likely nationalization of large global banks in U.K. and U.S.

The same inter-connectedness which brought so many benefits for trade has also made us vulnerable to each other's weaknesses. It's the main topic of conversation everywhere you turn these days. So I guess you're expecting me to talk about the global meltdown. But I want to take a different perspective on the current situation and I invite you to open your minds and join me. I know these days the word crisis comes to mind as the best way to characterise our current situation.

But today, I propose instead that we are at a cross-road, that the answers to the challenges we face lie within the leaders of this nation and that we must act decisively to turn fear into confidence. This is the only way we will overcome the inertia and anxiety that is currently prevailing and emerge from these turbulent times a stronger, more productive nation.

1. The whole world (including Jamaica) is at a crossroads

Let's talk a little bit about the cross-roads where we find ourselves right now. I'm not going to attempt to speak for the whole world; but I do want to talk about the options facing us in Jamaica. If we are truthful, the current situation exposes many long-standing problems in Jamaica, but also opportunities for us to move this country onto a path to growth that has somehow eluded us until now.

It is a chance for us to examine the way we conduct the nation's business; our decisions about where and when to spend money and our commitment to address those issues that inhibit growth and development.

These include;

- Dependence on imported fuel oil and the lack of progress on viable alternative fuels and the need to look at energy conservation and efficiencies.
- A huge trade imbalance and the need to re-energize export industries and to focus on import replacements
- The 500 lb gorilla is crime, and the spin-offs in the cost of doing business, a deterrent to investment and a drag on the quality of life for our citizens.

One of the paths before us leads to the 'same-old' way; keeping the status quo and struggling to keep our heads above the water. The other is lined with tough decisions, creative thinking and new paradigms of public and private behaviour. But it also holds the opportunity to build real national wealth and manage our public and private business with propriety. It is a chance to fashion new rules of engagement or return to the core values on which this nation was built.

2. The answers lie within us as leaders

The question you may be asking is what new rules; which core values. I'm gonna be honest, I don't have those answers. And this is precisely my second point. I strongly believe that the answers to the challenges facing us a nation, how to: to reduce the national debt; curb the crime wave; increase GDP; stimulate investment; these answers lie within the leaders of the public and private sector of this country. People like you, sitting right here today.

In business, we all understand the role of leadership. As leaders we must have a clear vision for our business, develop a strategy to achieve that vision, and communicate the vision and strategy to our people to align the goals of everyone to the goals of the organization. In times of crisis, communication is even more critical to ensure that our staff stay focused on the strategy and keep the vision in sight.

In Jamaica today, the demands of leadership are no different than in our companies. The population has a fear of the future, of possible job loss and the deterioration of wealth. When fear rules, people become afraid to spend money, investors hold back and a dangerous spiral begins leading to increased unemployment and rapid economic downturn. The economy is inextricably interlinked: when the small store owner is forced to close because her customers have stopped spending, her family suffers, her suppliers lose business, and every other business in which she would be a consumer also loses revenue. Her banking relationships weaken and there is less taxes for the government to collect. So it is imperative to protect our economy from the ravages of fear.

It is our responsibility as leaders, to come together and recommit to our vision for the country, agree upon strategies to take us through this crisis and to communicate to the people. All sectors must be engaged: government, private sector, unions and other civil society organizations. As a leadership group in society we must communicate honestly, openly and with respect amongst ourselves to agree upon vision and strategy. With vision and strategy agreed, all sectors must communicate to address the fear in the country. We too often forget the impact that we, as leaders, have; how many people look to us to determine if they should worry about tomorrow or not.

3. We must act decisively to change fear to confidence

As important as communication is, it is not the only ingredient to success. It is not enough to simply talk. To gain and maintain credibility as leaders we need to act. It is not enough for leaders to say that we need to support the exchange rate and then we start buying US\$'s today for money we need next month, or we hold off selling US\$'s we have today for an extra month and hope that the rate rises.

It is not enough to say we need to reform the tax system to increase government revenues, and then we under report income to reduce our own taxes. It is not enough to complain about what government, or Bank of Jamaica, or others in society are doing; and not be prepared to be part of the solution. Real leadership has a cost. That cost is acting in the manner that we say others should act; even when others are not doing so.

CONCLUSION

At times it is difficult to see the light at the end of the tunnel when the largest economies in the world seem to be in an intractable, long-term crisis. But two things are true. First, financial systems must recover. Secondly, Jamaica is a nation of incredible natural, intellectual and spiritual wealth. This nation has produced the world's fastest man, not once, not twice, but three times. The most famous musician in the world came from a little village on Jamaica's North Coast. Our scholars have excelled among their peers in schools and universities in North America and England. This island has maintained a democracy over 36 years of independence even in the face of serious challenges to this system. We have produced scientists of the highest caliber, who have made their mark in industry and academia all over the world.

If we believe that we; you and I, are good leaders; If we believe that we are as good as the best leaders anywhere in the world; Then together we can solve the problems facing Jamaica today; because I firmly believe that there are solutions. However, to do so requires that every one of us act as the leaders we are;

- To face the brutal reality of the situation facing us, but also the strengths that we have collectively to deal with it,
- To put aside ego and politics, and as leaders communicate openly and honestly to reconfirm our vision for Jamaica and the path before us,
- To communicate, as leaders, to the people of Jamaica to remove fear and to allow people to see the path forward,

- To act decisively, even when it involves personal cost today.

At Scotiabank, we have been leaders in Jamaica's financial system for over 100 years. As the largest and strongest financial institution in Jamaica, we know that we have a critical role to play in this crisis. I encourage each of you, as fellow leaders of Jamaica, to stand with us, with the government and with all leaders in the society; and lead Jamaica through this crisis.

Thank you.

