

15 May 2019

### **BANK OF JAMAICA REDUCES CASH RESERVE REQUIREMENT**

Bank of Jamaica will reduce the cash reserve requirement by two percentage points to 7 per cent, effective 03 June 2019. This is the second reduction in the cash reserve requirement for 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 reduction in the cash reserve requirement will increase liquidity in the financial system by \$12.3 billion and thereby support the expansion of credit to businesses and households at lower rates and on better terms.

As a consequence of the reduction in the cash reserve requirement, the overall liquid asset requirement will fall to 21 per cent, effective 03 June 2019.

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

The series of reductions of the cash reserve requirement is possible given the entrenchment of macroeconomic stability in Jamaica. The timing and scope for the next reduction will be determined on the basis of assessments of market conditions.