Long-Term Capital for a Long-Term Future: Pension Investment and Resilience in Barbados

Remarks by **Governor Dr., The Most Honourable Kevin Greenidge, F.B.**
at the Eckler Pension Investment Conference 2026

Wednesday, November 25, 2026

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Good morning,

Thank you to Lisa Wade and the Eckler team for the invitation to join this important conference again. This is a valuable forum because the choices made in these rooms have consequences long after today's presentations end. You are investing the savings on which Barbadians will depend in retirement.

When I spoke at this conference last year, one of the questions that generated considerable discussion concerned access to foreign exchange for investment abroad. I said then that the Bank had been liberal in approving such requests, and I acknowledged friction in processing them. That remains an important issue, and I will return to it this morning. But it belongs within the wider question of how we secure adequate retirement incomes in a small economy with limited domestic investment choices.

That is why I have called these remarks "Long-Term Capital for a Long-Term Future". Pension funds are among our most patient pools of capital. They can invest over decades, but their horizon does not make their obligations any less real. Above everything else, the money belongs to plan members. The duty of trustees is to protect their interests. Any contribution that pension capital makes to our country's development must be consistent with that responsibility.

I will address pension pressures, investable opportunities, capital-market reform, and foreign exchange access.

Start With the Pension Promise

The first question for an investment committee is not where the latest attractive yield can be found. It is what the plan has promised, when benefits must be paid, and how much risk it can properly bear.

According to the Financial Services Commission, Barbados had 238 registered occupational pension plans as at October 31, 2026. Of these, 138 were defined-contribution plans, 75 defined-benefit plans and 25 hybrid arrangements. Defined-contribution plans now account for the majority.

This transition matters. In a defined benefit plan the sponsor bears the obligation to deliver a promised benefit, and funding adequacy and the strength of that sponsor matter enormously. In a defined contribution plan the member bears more of the investment risk. Contributions, market returns, and charges determine the retirement balance. Fees that may appear small in one year can materially affect a member's outcome over 30 or 40 years.

Demographics reinforce these pressures. Barbadians are living longer and our population is ageing. People need retirement income for more years. The public pension remains essential, and the reforms to the National Insurance system have sought to strengthen its sustainability. But occupational and

personal savings must still play their part. Adequacy, not simply compliance with contribution rules, must be our test.

Inclusion matters too. People with irregular incomes often struggle with retirement products designed around monthly salaries. The FSC's April 2026 pension reform consultation considers micro-pensions and wider regulation of private retirement products. These are proposals, not enacted measures, but they address a genuine gap.

Stability is Necessary, But It is Not Sufficient

The domestic investment environment has improved significantly since the crisis of 2018. Barbados has restored fiscal credibility, reduced public debt, and rebuilt its international reserves. At the end of September this year, gross reserves stood at approximately BDS$2.8 billion, representing 22.8 weeks of import cover. In October, Fitch affirmed Barbados' B+ rating with a Positive Outlook.

We must, however, be balanced in presenting the position. Growth has moderated. The economy expanded by 1.4 percent in the first nine months of 2026, and the Central Bank's latest projection for the full year is approximately 1.7 percent. Tourism value added has been affected by shorter stays, while higher international energy costs remain a risk. The strength of our buffers allows us to navigate those pressures; it does not eliminate them.

BERT 2026 puts greater emphasis on productivity, financial market development, and climate resilience. Stability gives investors a stronger foundation, but it does not automatically create a deep, liquid capital market.

Our Domestic Market is Still Too Shallow

Let us be candid about the problem. Barbados has savings, but our market does not yet provide enough instruments offering the range of return, maturity, liquidity, and risk that pension funds need.

The Central Bank's 2025 Financial Stability Report shows that trading volume on the regular market fell by 76 percent and the number of bond trades declined from 42 to just seven. The three largest domestic mutual funds accounted for approximately 52 percent of the sector's assets. Those figures reveal two separate concerns: limited liquidity and concentration, including concentration that may be less visible when a plan invests through a pooled fund.

A bond's maturity is not a guarantee that it can be sold tomorrow. A quoted price may not be what a sizeable fund could realise. When securities rarely trade, valuation and liquidity management become difficult.

The regional picture is similar: small exchanges, few issuers, fragmented rules, and investors who rarely trade. Established firms can finance themselves without listing; smaller enterprises may lack the governance needed to raise capital publicly. Many portfolios consequently depend heavily on the same sovereign and domestic economy.

Turning Investment Needs into Investable Assets

There are nevertheless opportunities. The critical distinction is between a project that Barbados needs and an instrument that a pension trustee can responsibly buy. They are not automatically the same thing.

Government securities will remain an important part of many portfolios. They can provide predictable contractual payments and help match future liabilities, but trustees must still assess credit risk, interest-rate risk, liquidity, and concentration. A more regular issuance calendar, meaningful benchmark maturities, and better secondary-market arrangements would make government securities more useful to institutional investors. An excessive concentration in any single borrower, including the state, is not a substitute for diversification.

Infrastructure is another promising area, especially where projects can generate reliable revenues over long periods. Renewable energy, energy storage, water systems, some transport and logistics assets, and well-structured housing projects could create cash flows compatible with pension liabilities. Barbados' 2035 net-zero ambition, together with the target of generating 50 percent of our electricity from renewable sources by the end of 2027, points to a significant investment agenda.

But we must structure these opportunities properly. A renewable-energy project requires credible off-take arrangements, clear grid access, and transparent treatment of construction and operating risks. An income-producing housing investment needs realistic rents, proper maintenance provisions, and independent valuation. A coastal defence project may be essential to national resilience yet have no direct revenue stream. In that case, government or development partners must provide a credible repayment mechanism. We must not present valuable public expenditure as though it were automatically a bankable private investment.

One emerging example is the Government's proposed Barbados Energy Special Purpose Vehicle Inc. In August, Government outlined a structure under which up to 49 percent of the economic interest could be available to Barbadian investors, including pension funds, credit unions, insurance companies, and individuals, to support energy-storage investment. This remains a proposal, not a security on offer. Its commercial terms, valuation, governance, liquidity, and risk allocation would all require proper assessment before a trustee could consider investing.

The instruments could include properly structured project bonds, pooled infrastructure funds, professionally managed real estate vehicles, and, where appropriate, credit-enhanced instruments supported by multilateral development partners. These would need to comply with pension investment rules, including concentration limits, independent valuation, and appropriate safeguards for related-party transactions.

Equity deserves greater consideration too. Barbados has long sought wider citizen participation in productive assets. Public offerings, responsibly governed investment funds, and access to viable enterprises can make that ambition tangible. But shareholding democracy must mean access to well-governed opportunities, not an expectation that ordinary savers should accept unsuitable risks for the sake of national ownership.

What Government and Market Institutions Can Do

The organisers also asked how government can help. I would identify four practical areas.

First, protect fiscal discipline, the exchange rate peg, prudent debt management, and consistent rules. Long-term investors need confidence in the economic framework.

Second, improve the quality of the project pipeline. A list of projects is not the same as a pipeline of securities. Each prospective investment needs a credible feasibility study, clear ownership and procurement, realistic cash-flow forecasts, an allocation of risk that investors can understand, and transparent reporting once funds are raised. Government must decide which projects should remain publicly financed and which can genuinely attract private capital.

Third, use market-based financing when appropriate. Where public enterprises are issuing debt or new shares, or where government considers reducing a holding, carefully designed market transactions can increase the supply of securities and widen ownership. But the objective must be efficient financing, sound governance, and fair value, not merely a larger number of listings.

Fourth, strengthen the supporting institutions. Disclosure, audited accounts, credible valuations, and reliable custody and settlement arrangements matter as much as new issues. The FSC's consultations on pensions and securities reform, including fiduciary duties, asset protection, and risk-based supervision, merit active industry participation.

We must also think regionally. There is ongoing CARICOM work on capital-market integration, including a model securities law that the FSC has proposed as a possible basis for Barbados' new securities legislation. A deeper regional investor base could improve issuance scale and create opportunities that are too small for any one national market. Regional pooled vehicles and, potentially, regional bonds merit careful examination. But the Caribbean's risks are often correlated through tourism, global financing conditions, and climate events. Regional investment can improve the range of opportunities; it cannot replace genuine international diversification.

Foreign Exchange: Diversification Alongside Stability

Let me return to the issue that arose at last year's conference: access to foreign exchange for investing abroad.

There are two legitimate considerations. From the trustee's standpoint, a portfolio confined largely to one small economy is exposed to the same growth shocks, climate events, and sovereign risks. Overseas investments can provide access to different industries, currencies, and asset classes. They can improve diversification and, if well chosen, strengthen long-term risk-adjusted returns.

From the Central Bank's standpoint, international reserves protect our fixed exchange rate, meet external obligations, and provide a buffer against shocks. They are not a pool of uncommitted funds that can be converted at unlimited scale or speed without consequences. A substantial, simultaneous conversion of domestic savings into foreign assets would have implications for reserves and the confidence that underpins the exchange rate peg.

These considerations must be managed together, not presented as opposing sides. The Central Bank's position is not that pension plans should invest only in Barbados. We recognise the case for prudent diversification, and existing exchange-control arrangements provide a process for seeking approval for overseas investment. Under that framework, residents need the Bank's permission to invest abroad.

Last year I told you that the Bank is liberal in approving these requests and that I knew of no case in which we had declined a request for transfer. That remains the case. I also acknowledged that some

transfers had been held in a processing queue. Administrative friction should not be mistaken for a policy objection to diversification.

Here is the practical advice. Build overseas allocations into your Statement of Investment Policies and Goals. Estimate your requirements over the coming year rather than dealing only with individual transactions as they arise. Engage authorised dealers early, provide the necessary investment documentation, and approach the Central Bank where approval is required. A phased, well-explained programme is easier to assess alongside the country's external position than a series of sudden, large requests.

I would welcome continued engagement between the industry, authorised dealers, and the Bank on how to improve the predictability and efficiency of that process. That is not a blanket approval or a commitment to a particular allocation. Each request remains subject to the applicable framework and prevailing external conditions. But the objective is clear: sensible diversification and confidence in the peg should reinforce one another.

Make The Annual Investment-Policy Review Count

This conference exists for a specific reason. Under Regulation 38 of the Occupational Pension Benefits Regulations, the administrator must review and confirm or amend the Statement of Investment Policies and Goals at least once each year. Confirmations and amendments are to be filed within 90 days. That is a substantive duty, not an invitation simply to change the date on last year's document.

I would ask each trustee to leave here with five questions answered. First, do our assets still match the age profile, benefit obligations, and liquidity requirements of our members? Second, are we properly diversified, including exposures that sit behind mutual funds and other intermediaries? Third, do we understand the actual risks, costs, and liquidity of each product, particularly any private or infrastructure investment? Fourth, have we reviewed fees, performance, governance, and conflicts of interest, and explained the outcomes to members? And fifth, have we tested how the portfolio would perform if growth weakened, interest rates moved sharply, a hurricane struck, or a major investment became illiquid?

For defined-contribution plans, I would add special attention to default arrangements, contribution adequacy, and member education. For defined-benefit plans, the funding position, sponsor covenant, and liability duration need continuing scrutiny. In all cases, delegating investment management does not remove the trustees' responsibility to oversee it.

Operational resilience also matters. Member records, cyber controls, and reconciliation must be sound. BiMPay, launched in June, offers potential to simplify contributions and benefits payments as administrators become ready. We must also maintain accessible options for pensioners who do not use digital channels.

Conclusion

Ladies and gentlemen, pension plans hold the accumulated effort of working Barbadians. That demands care, discipline, and independence of judgement.

Barbados needs more long-term investment, and pension funds are important participants in that market. But we will not build a durable investment market by asking trustees to set aside their duties.

We build it by creating assets that can stand up to the same scrutiny a sound pension fund applies to every investment: credible cash flows, proper governance, transparent pricing, reasonable liquidity, and returns commensurate with risk.

For government, the task is to preserve stability and improve the supply of investable opportunities. For regulators and market institutions, it is to maintain trust while helping markets develop. For the Central Bank, it is to safeguard monetary and financial stability while supporting efficient markets and prudent diversification. For trustees, it is to protect retirement incomes through disciplined decisions made in the interests of members.

If we do those things well, pension capital can finance productive enterprise and resilience while fulfilling its first and most important purpose: helping Barbadians retire with security and dignity.

Thank you, and I wish you a productive conference.