

FOREIGN CURRENCY CASH MOVEMENTS

TREND ANALYSIS



Prepared by: Financial Intelligence Unit (FIU)
Guyana

Date: September 2014

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Introduction

This analysis examines the trend of foreign currency cash movements within Guyana. Information over a three year period (2011 – 2013) derived from declarations at ports of entry and exit and from foreign currency dealers have been analysed.

The use of foreign currency cash within the country's economy has been a feature for decades for both commercial and non-commercial purposes, especially for most businesses involved in the trade of goods and services on the international market. The most traded foreign currency is the United States (US) dollar and trades are seldom done in Euros, Pounds Sterling and Caribbean Currencies.

The Canadian dollar, Euros and Pounds Sterling collectively trading at 25% of the US dollar by value and the major Caribbean currencies, the Barbados, Eastern Caribbean and Trinidad and Tobago dollars were 14%.

Passenger arrivals at the country's main port of entry -the Cheddi Jagan International Airport Timehri (CJIA), have been increasing annually over the period. In 2011 passenger arrivals were 156,910, in 2012 - 235,967 and in 2013 -267,652. Although, passenger arrivals have increased annually foreign currency cash declarations have been minimal throughout the same period. In 2011 there were only 26 declarations, in 2012 -16 and in 2013 -24. Notably, there were no declarations of Euros, Barbados and Eastern Caribbean currencies entering the country during the period.

The threshold limit is \$10,000 USD or its equivalent in any foreign currency before a cash declaration is required, which may be a contributing factor to the recorded low levels of currency imports or conversely will affect the true level of cash declared at the points of exit.

The table below indicates the following:

- a. Import declarations, dealer purchases and sales of each currency expressed as a percentage of the respective export declarations.
- b. Each foreign currency exported expressed as a percentage of total export declarations.
- c. Total import declarations, dealer purchases and sales expressed as a percentage of export declarations.

Figures expressed as percentages of export declarations totally or respectively

<u>Details</u>	<u>Import Declarations</u>	<u>Dealer Purchases</u>	<u>Dealer Sales</u>	<u>Export Declarations</u>
US dollar	2%	174%	169%	70%
Canadian dollar	1%	103%	98%	8%
Euros	-	163%	154%	8%
Pounds Sterling	0.1%	154%	150%	5%
Major Caribbean Currencies	1.3%	156%	117%	9%
% of Export Declarations	1.6%	166%	157%	-

Trends/Observations

- Foreign cash exports were approximately 50 times greater than imports.
- Cash purchased by dealers were approximately 102 times greater than imports.
- The trading activities of currency dealers (buying and selling) exceeded the export level by approximately 60%.
- While USD cash exports were 70% of all exports, Major Caribbean Currencies were 9%.
- Trinidad and Tobago cash were the only Caribbean currency imported.
- While non USD cash imports were nominal and the usage of these currencies as a method of payment within the local commercial sector is limited, moderate activities were experienced at the currency trading level and at the ports of exit.
- Euro cash is not a readily traded or negotiated currency in local business and commerce, but it accounts for 8% of exports (no imports declared) ranking equal to the Canadian dollar and greater than the Pounds Sterling.
- Overall dealer purchases exceeded sales, while sales exceeded exports.
- Major international currencies (£, € & Canadian dollar) imported were 1.1% of currency exports, but accounted for 21% of total exports.
- Relatively high levels of Trinidad and Tobago and Barbados dollars are evident as exports, while conversely were low levels of imports.
- No Eastern Caribbean (EC) dollar was imported and minimal exports recorded, however this currency accounted for 17% of all Major Caribbean Currencies traded by the currency dealers.
- Foreign currencies exported by the top 10 exporters as a percentage of respective currency exports are as follows:

<u>Details</u>	<u>US dollar</u>	<u>Canadian dollar</u>	<u>Euros</u>	<u>Pounds Sterling</u>	<u>Major Caribbean Currencies</u>
Top 10 Exporters	20%	68%	82%	53%	44%

- During the period the top 10 exporters accounted for 34% of all currency exports, travelling a total of 261 times at an average of 87 trips annually.

- These exporters accounted for 66% of all non USD exiting the country.
- Over the years the trend has been a decline in export of foreign cash with corresponding reductions at the dealer level.
- There has been a gradual shift from US dollars to non US dollars.

These figures are presented as an analysis of trends only.

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