The Virgin Islands Consortium

G.V.I. Gets Extra Line Of Credit Worth $200 Million With Banco Popular

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ST. CROIX -- A bill passed last year to grant local banking institutions more flexibility in how they insure their deposits will soon result in a positive impact on the Government of the Virgin Islands' bottom line, according a press release Government House issued on Tuesday.

Acting Governor Osbert Potter and Finance Commissioner Valdamier Collens, above, announced on Tuesday that Banco Popular de Puerto Rico has established an irrevocable stand-by letter of credit in the amount of $200 million with the Federal Home Loan Bank of New York. The letter of the credit will serve as a collateral pledge for the guarantee of public funds held on deposit at Banco Popular on behalf of the G.V.I.

Prior to the enactment of bill no. 31-0322 last fall, deposits had to be guaranteed by a corporate surety bond. The new system offers significant benefits to both the banks and the government, according to the release.

“A stand-by letter of credit allows for immediate access to capital, ease of use, efficient reporting features and Triple A Moody’s Investment rating - making it the best option to seamlessly address any concerns relative to insuring public funds,” Mr. Collens said. “We can earn more interest on our deposits as a result of this system.”

Mr. Potter expressed profound gratitude to the 31st Legislature for its support of bill, according to the release. The bill was approved on October 7, 2015 with 12 senators voting in favor.

“Because the executive and legislative branches of government worked collaboratively, the people of the Virgin Islands have a new form of collateral for public funds, saving the Government money and providing a heightened layer of security on the funds held in banking institutions,” Mr. Potter said.

Officials from the Federal Home Loan Bank of New York said the letter of credit will help the G.V.I. “more efficiently manage its balance sheets."

“We have seen our membership utilize this product to the mutual benefit of members and municipalities across our district, and look forward to the benefits it will provide to Banco Popular and the Virgin Islands President and CEO José R. González said. “The Federal Home Loan Bank of New York is focused on providing our members with innovative and supportive products to help them meet the needs of the communities they serve.”