potential. These investments are generally characterized as high-risk/high-return opportunities.” Simply, these investors invest in smaller companies that they believe will grow quickly and be extremely profitable.

- Small Business Associations – assist small businesses with securing grants and formulating business plans and proposals to acquire loans and funding through other agencies.

- Family – business owners often obtain loans from family and friends to keep their business afloat or to assist with start-up costs, (defined on www.businessdictionary.com as “non-recurring costs associated with setting up a business, such as accountant’s fees, legal fees, registration charges. Also called startup expenses”)

International Money and Capital Markets

Long term lending and borrowing markets are called capital markets, which are comprised of networks of banks and other financial institutions that offer debt financing. Some of these financial institutions operate at the regional level while others operate at the international level.

Regional Financial Institutions

These financial/banking institutions were founded specifically to benefit the Caribbean and surrounding regions, for example the Caribbean Development Bank and the Inter American Development Bank.

Caribbean Development Bank (CDB) — www.caribank.org

Founded in 1969, the Caribbean Development Bank (CDB) has its headquarters in Barbados. Members of CDB include Caribbean territories and any non Caribbean states that are members of the United Nations. The CDB website states that:

Functions include:

- to assist the borrowing member countries to optimize the use of their resources, develop their economies and expand production and trade.
- to promote private and public investment, encourage the development of the financial upturn in the region and facilitate business activity and expansion.
- to mobilize financial resources from both within and outside the region for development.
- to provide technical assistance to its regional borrowing members.
- to support regional and local financial institutions and a regional market for credit and savings.
- to support and stimulate the development of capital markets in the region.

Inter American Development Bank (IADB/IDB) — www.iadb.org

This institution was established in 1959 and states that its function is “to support the process of economic and social development in Latin America and the Caribbean. It is the main source of multilateral financing in the region. The IDB Group provides solutions to development challenges by partnering with governments, companies and civil society organizations, thus reaching its clients ranging from central governments to city authorities and businesses.” Its headquarters are located in Washington D.C., USA.

The IDB has twenty-six member countries and provides grants and loans, the latter at competitive rates. It also offers technical assistance in the key areas of education, poverty reduction and agriculture.

International Financial Institutions

These financial/banking institutions operate at a global level, for example the International Monetary Fund and the World Bank.

International Monetary Fund (IMF) — www.imf.org

The IMF is also headquartered in Washington D.C., USA. It has 187 members and states that its mission is “working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.” Its main functions are:
• Lending to member countries – Provides loans to countries that have trouble meeting their international loan payments and are having difficulty finding sufficient funding from alternative sources. It assists countries in stabilizing their balance of payments.

• Surveillance – The institution monitors the international monetary system and keeps track of economic developments on a national, regional, and global basis, consulting regularly with member countries and providing them with macroeconomic and financial policy advice.

• Technical advice – They implement structural adjustment programmes which are designed to assist borrowing countries in restructuring their economies such as their civil service, fiscal policies etc, so that they can successfully repay loans.


The World Bank has its headquarters in Washington D.C., USA and its role is to provide technical and financial assistance to its members. It is comprised of two unique development institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).” The IBRD focuses on middle income and creditworthy poor countries, while IDA focuses on the poorest countries in the world. Together they provide low-interest loans, interest-free credits and grants to developing countries for investments in education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management.

The Stock Market

The stock market is a public market, for trading (buying and selling) of a company’s stocks (shares) at an agreed listed price.

• A stock (also known as equity or share) is a small percentage in the company’s ownership for which you pay. When you own stock in a company, you are entitled to share in the profits of the company, which are paid in the form of dividends.

• The two main types of stocks are common and preferred which differ in the rights which are conferred upon the owners.
  • Common stock – The basic stock a corporation issues. The dividends on common stocks are directly influenced by the success or failure of the company. If the company makes a profit, the shareholder receives a dividend on each share. Common stocks have voting rights, usually one vote per share.
  • Preferred stock holders are paid a fixed dividend and so do not stand to profit as much as common stock holders if the company is extremely profitable, but they also do not stand to lose as much if the company does not do well. Preferred shares do not carry voting rights, but they have “preference” over common stock when dividends are paid i.e. dividends on preferred stock must be paid before dividends on common stock. In case of bankruptcy or liquidation, preferred stockholders get paid before common stockholders.
  • Stock split – Often when a company has a high stock price and people are not buying the stock they give more stock for the money. If you own stock in a company that does a two for one stock split, you get double the amount of stock at the same value/price.

- Check out www.nyse.com to learn more about the New York Stock Exchange.
- Visit www.nasdaq.com to learn more about the NASDAQ.
- www.londonstockexchange.com to learn about London’s Stock Market.

- Research some companies. Choose two companies you might like to invest in and follow their stocks over the next 3 months to see if you made a wise decision.
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