

Abstract

This study is essentially an attempt to provide positive direction to the development of an adequate system of financial accounts in the Commonwealth Caribbean. This work was considered to be worthwhile pursuing because no proper analytical framework had been previously developed for studying the process of financial intermediation in the region. The growing awareness on the part of policy-makers of the critical role which the financial system can play in the process of economic development increased the urgency for the production of a work of this nature.

In reviewing the growth of financial accounting within the region, the study critically examines the major institutional forces which operated to shape the orientation of financial accounts within the Commonwealth Caribbean. The analysis shows how colonial institutions performed the pivotal role in influencing early attitudes to the development of financial accounting within the region.

In order to provide a proper setting for the more positive aspects of the project, specifically the devising of a schema of financial accounts, the study examines the critical characteristics of the 'Commonwealth Caribbean' economy. This exercise was necessary in order to decide on the appropriate orientation of the accounting system. It proceeds to a critical evaluation of the current state of the financial accounts in the region. This exercise highlights

the problems to be tackled in the development of an appropriate system of financial accounting. The study evaluates the major systems of financial accounting with a view to ascertaining the extent to which their analytical framework enables them to organize the type of information required for a thorough appreciation of the process of financial intermediation in the economy.

The study has provided evidence to show that the present bias of the financial accounts towards the collection of data on stocks as opposed to flows is wholly undesirable in the particular circumstances of the economic and financial environment of the Commonwealth Caribbean. Apart from focussing attention on existing deficiencies in the quality of the statistics on financial intermediation, the study has highlighted the acute dearth of knowledge concerning financial relations in the economy. Finally, it provides definite guidelines for the development of financial accounting within the region.