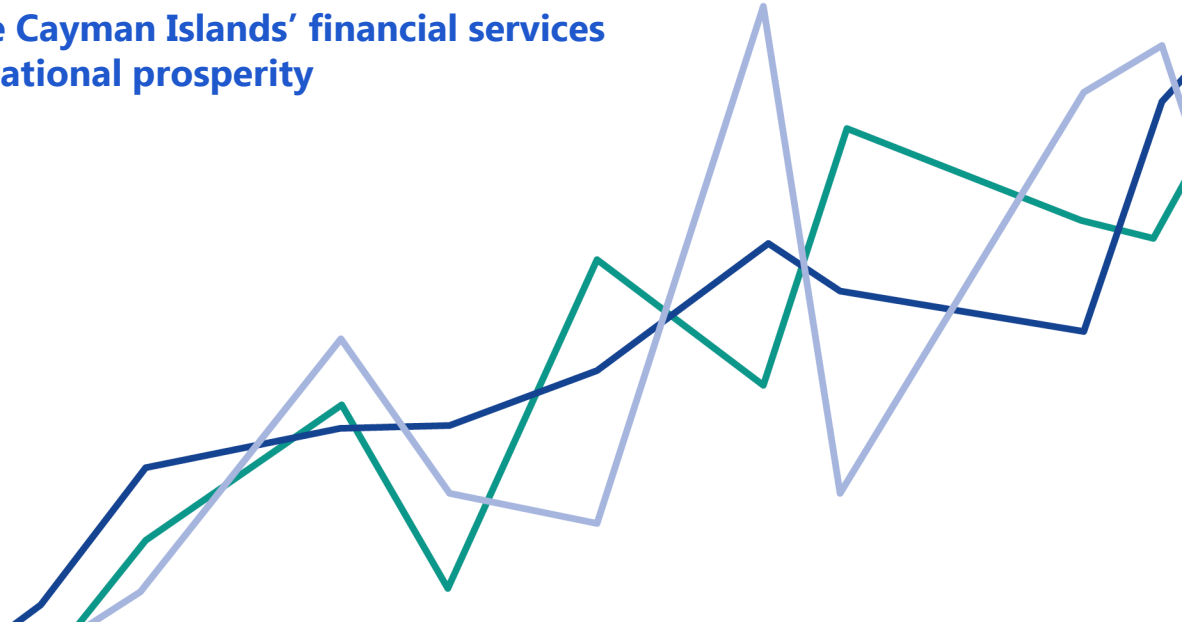


# Creating value for Cayman

Evidence-based insights into how the Cayman Islands' financial services industry supports jobs, growth and national prosperity

A confidential report for Cayman Finance



**2 October 2025**

Sophie Bleaney, Alexandra Dreisin, Andrew Evans and Imogen Pattison

# Contents

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Executive summary.....	5
1. Direct contribution.....	14
2. Indirect and induced impacts.....	25
3. Challenges facing the sector's growth potential.....	29
4. Scenarios.....	38
5. Recommendations.....	49
Appendix.....	52

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# Executive summary

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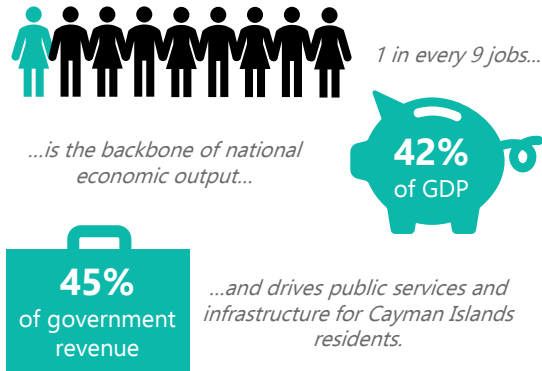
# The Cayman Islands' financial services industry is an integral part of the territory's economy, and the benefits of the sector reach far beyond its direct footprint

The Cayman Islands' financial services industry is the backbone of the domestic economy. It fuels economic activity, strengthens government revenue, and creates opportunities for Caymanians. The industry is the single largest contributor to national output, producing over CI\$2.5 billion in 2023, equivalent to 42% of GDP. The sector directly employed 6,724 people in 2023, accounting for 11.5% of total economy employment, powering roughly one in every nine jobs across the Islands. The financial services industry also generated CI\$510 million in 2024 – nearly half of all government revenues – through licensing fees, work permit fees and stamp duty.

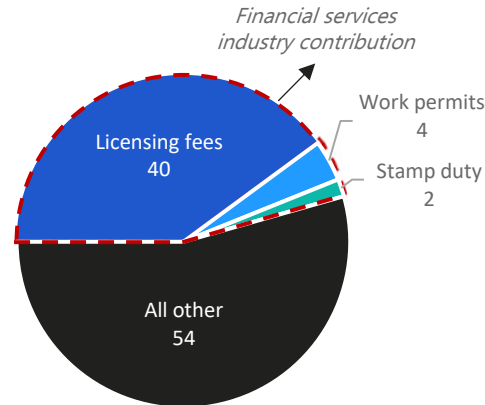
Yet the full contribution of the Cayman Islands' financial services industry to the local economy is much broader than its direct activities. The sector has further tangible impacts on the Cayman Islands' economy, effecting the livelihood of the territory through the spending of financial services firms and their employees. This additional activity supports an additional CI\$1.2 billion in economic output, 3,560 jobs in other sectors and CI\$224 million of government revenues.

## Direct impact of financial services industry\*

The Cayman Islands' financial services industry accounts for:



## Financial services industry contribution to government revenues \* (%)



## Supported activity by financial services industry\*

	GDP (CI\$mnn)	Jobs (persons)	Gov't revenue (CI\$mnn)
Direct	2,532	6,724	510
Indirect	303	874	57
Induced	899	2,686	168
<b>Total</b>	<b>3,735</b>	<b>10,283</b>	<b>734</b>
<b>Share of economy supported</b>	<b>62%</b>	<b>20%</b>	<b>65%</b>

Sources: Cayman Islands Economics & Statistics Office, Capital Economics. Figures in table may not sum to total due to rounding. \*Note: GDP figures reference 2023 data from official statistics and are in 2023 prices, employment figures reference 2023 data scaled from Capital Economics' survey and gov't revenue figures reference 2024 data from official statistics.

# Official classifications distort both the scale and structure of Cayman’s financial services industry – hindering policymakers’ ability to measure, manage and support the industry effectively

The Cayman Islands is a world-leading international financial centre, home to a unique and diversified global cluster of firms and specialist service providers operating across funds, banking, insurance, capital markets, fintech, trusts, and related services. Yet, the true scale and complexity of this sector is obscured in official statistics.

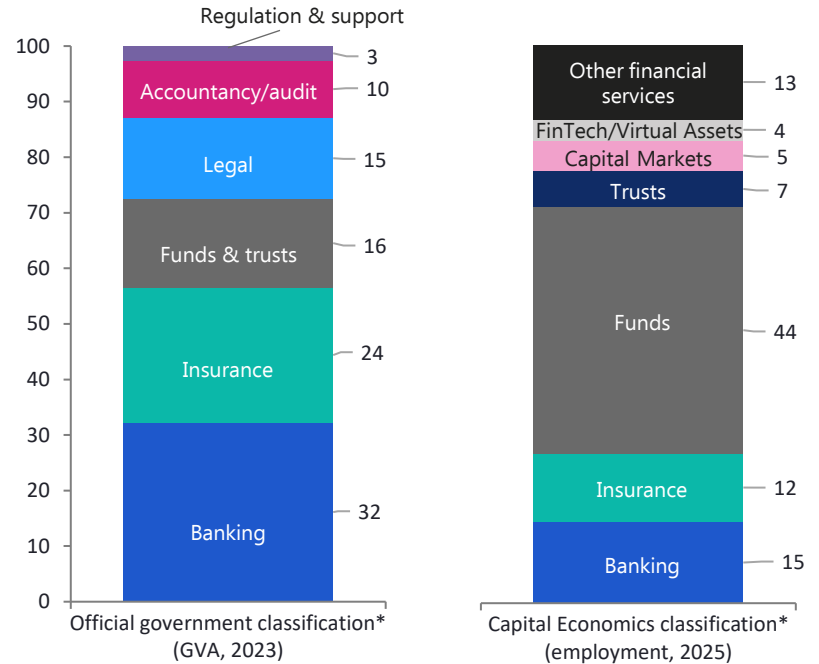
International standards such as the UN industry classification system – adopted by the Cayman Islands – group activities into broad categories like ‘Financial & Insurance’ or ‘Professional, Scientific & Technical Activities’. As a result, essential services such as law, auditing, and regulation are counted outside the financial sector, while many government and support services are grouped under Public Administration. This fragmented approach understates the interconnected and specialised nature of Cayman’s financial services cluster.

Official data suggests banking and insurance dominate the sector. Yet a survey undertaken by Capital Economics, which asked firms to allocate staff time across seven financial sub-sectors, reveals a different picture, highlighting the central role of the funds sector.

Note that the chart to the right compares estimates of GVA using official government sector classifications to employment estimates from Capital Economics’ survey. (See page 17 for further information.) As such, the overlapping sub-sector shares should not be compared on a like-for-like basis. However, this comparison chart serves to highlight at a high level the constraints of official data, particularly with financial services activity that span multiple sub-sectors.

This misalignment makes it difficult for policymakers and industry stakeholders to measure, manage and support the industry effectively. Capturing more representative data on the financial services sector is an area for further research.

**Estimates of financial services industry activity based on alternative classifications (% of financial services sector)**



Sources: Cayman Islands Economics & Statistics Office, Capital Economics

\*Note: Official government classification refers to GVA data from 2023, while Capital Economics’ classification refers to 2025 employment data from Capital Economics’ survey.

# Beneath headline economic expansion, Cayman faces falling GDP per capita as financial services jobs move overseas

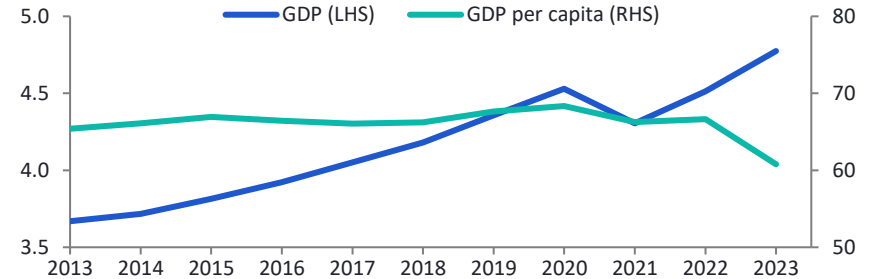
The Cayman Islands' economy has enjoyed strong and relatively stable economic growth over the last decade. Yet this high-level performance masks a deeper concern: declining GDP per capita driven in part by weak employment growth in the financial services industry, its most productive sector.

This divergence can partly be attributed to a shift in employment towards lower-productivity sectors. The financial services and insurance sub-sector (based on official government statistical classifications), produces around one-third of all output yet has seen employment grow by just 11% over the last decade. This is in stark contrast to employment growth of well over 100% for the construction sector, which contributes less than 5% of economic output.

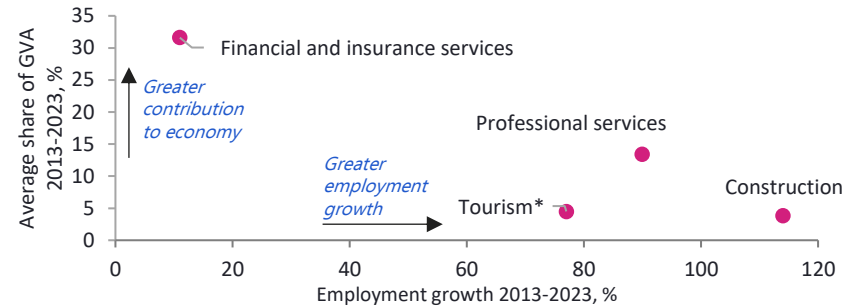
Output per worker – or productivity – is meaningfully higher in the financial and insurances sector compared to construction and tourism. The sharp rise in population and employment across the Islands in recent years has primarily been attributed to the latter sectors. Yet each of these employees contributes just a fraction of the economic output of a single financial and insurance services employee.

Employment growth in Cayman's financial services sector is stalling, even as firms report strong revenues driven by a wave of offshoring that boosts profits but hollows out local jobs. While revenues remain strong, companies are shifting back-office roles to competing hubs like Toronto, Halifax and Dublin eroding Cayman's economic output and dampening local real estate and business spending. Industry consolidation and remote work fuel the trend, while local hurdles – costly work permits, and high living expenses – make relocation a simpler option. With firms becoming increasingly "jurisdiction neutral," (a trend exacerbated by industry consolidation) the Islands risk becoming a revenue centre without the jobs, raising long-term concerns for the economy.

**Real GDP (CI\$bn, 2015 prices) and real GDP per capita (CI\$000s, 2015 prices)**



**Average employment growth and average share of GVA between 2013 and 2023 by sector, %**



Sources: Cayman Islands Economics & Statistics Office, Capital Economics

\*Note: We have defined the tourism sector to consist of the: i) accommodation; and ii) restaurants & mobile food sectors.

## Industry stakeholders identified a number of issues affecting their company's outlook

In order to gain a better and deeper understanding of the issues impacting the financial services industry's growth, Capital Economics carried out a survey of financial services firms in the territory and held a series of roundtable discussions with experts on the Islands. (See Appendix for further information.) The quantitative and qualitative information received from the survey and roundtables was also used to help to inform scenario modelling around what the future of the Cayman Islands' financial industry could look like if issues are either left unaddressed or tackled head-on.

As part of the survey and roundtable discussions, Cayman Islands financial services businesses were asked what the most significant issues affecting their company's outlook were. (See heat map summary below.)

Summary most significant issues affecting your company's outlook by sub sector (Red = most affecting, Green = least affecting)



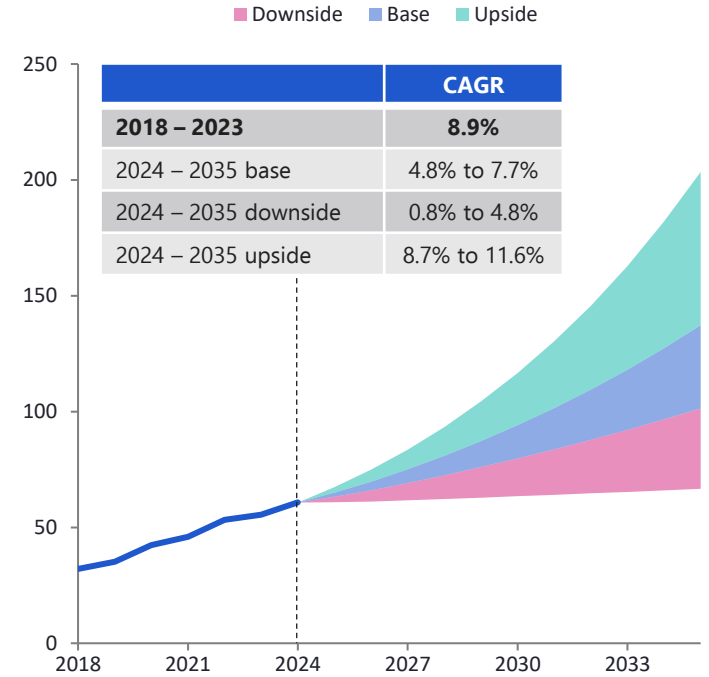
	Trusts	Insurance/ Reinsurance	Funds	Fintech & digital assets	Board	Banking
<b>Burdensome regulatory requirements</b>	Red	Light Green	Red	Orange	Red	Orange
<b>Friction or delays in government services</b>	Yellow	Red	Yellow	Red	Yellow	Yellow
<b>Availability of skilled talent</b>	Orange	Orange	Orange	Light Green	Orange	Red
<b>Lack of visibility and/or challenges attracting new clients</b>	Light Green	Yellow	Light Green	Dark Green	Dark Green	Light Green
<b>Other</b>	Dark Green	Dark Green	Dark Green	Yellow	Light Green	Dark Green

Source: Capital Economics

# Scenarios show three potential outcomes for the Cayman Islands economy, all of which require continued growth in government funding to support the sector

<p><b>BASE</b> Government funding continues to grow at recent trend rates. Policy and government service quality remain broadly the same</p>	<p>In the base case there are no major policy changes affecting the financial services sector. Funding of regulatory bodies continues to grow in line with trends over the last decade at about 6% per year in real terms. Offshore competition continues to chip away at some finance roles. Although Cayman retains its position as a premier jurisdiction for funds, trusts, and insurance, GVA and employment growth in the sector is lower than in the past. Government revenues per person on the island fall over time.</p>
<p><b>DOWNSIDE</b> Government funding grows more slowly than recent trend rates. Policy compliance becomes more burdensome and there are additional barriers to hiring.</p>	<p>In the downside, the policy environment and government services make it harder for financial services firms to comply with regulations and hire talent. Funding of government services and promotion grows more slowly than recent trends. High-value jobs shift overseas, local employment growth stalls, and GDP per capita continues to decline. The government remains reliant on financial services revenue but fails to reinvest sufficiently in the sector's infrastructure, meaning overall government revenues fall in real terms over the next decade.</p>
<p><b>UPSIDE</b> Government funding grows more quickly than recent trend rates. Productive investments improve efficiency and policies support a growing sector.</p>	<p>Continuous improvements to the islands' regulatory framework, increases in government funding and productive investments in new technologies sees the financial services industry thrive. Streamlined compliance coupled with progressive immigration policies attracts global talent while investment in local talent sees more Caymanians enter the sector, solidifying the Cayman Islands as the jurisdiction of choice for complex, high-value financial structures. The industry's growth offsets GDP per capita decline trends and supports growing government revenue per person.</p>

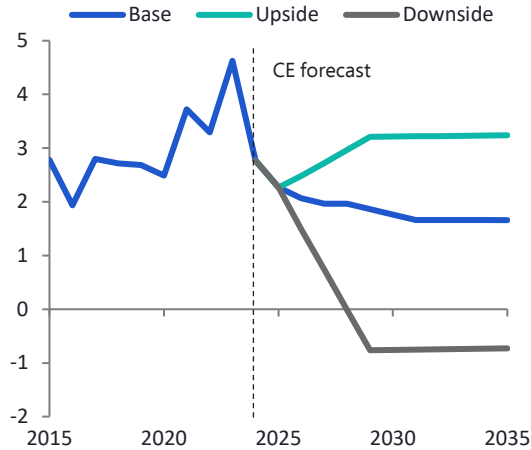
**Indicative government funding of DITC, General Registry and CIMA associated with each of the scenarios (CI\$m, 2024 prices)**



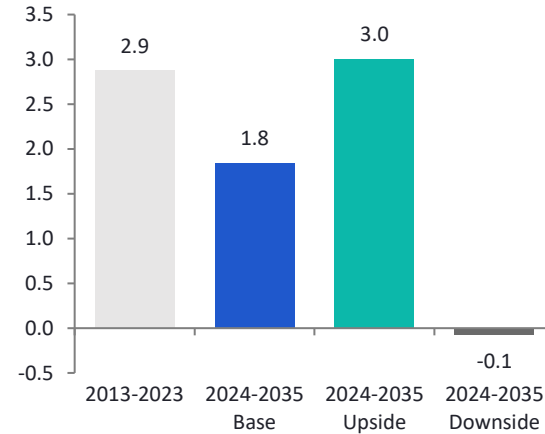
Sources: CIMA Annual Reports, Cayman Islands Government Budget Statements, Capital Economics

# In the base scenario, which is not guaranteed without active support, growth in the financial services sector slows and overall GDP per capita is lower in 2035 than it was in 2021

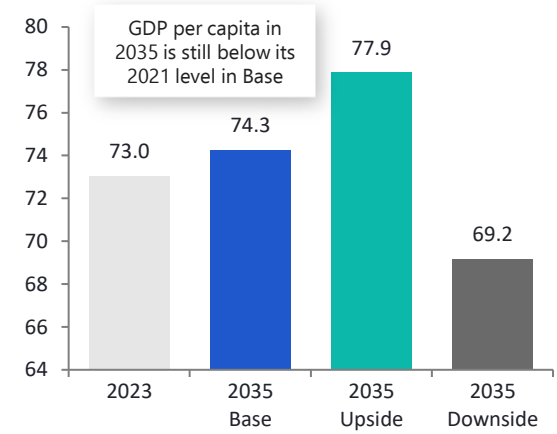
Financial services industry real GVA (y/y, %)



Financial services industry real GVA (compound annual growth rate, %)



Cayman Islands total economy GDP per capita (CI\$, 2024 prices)

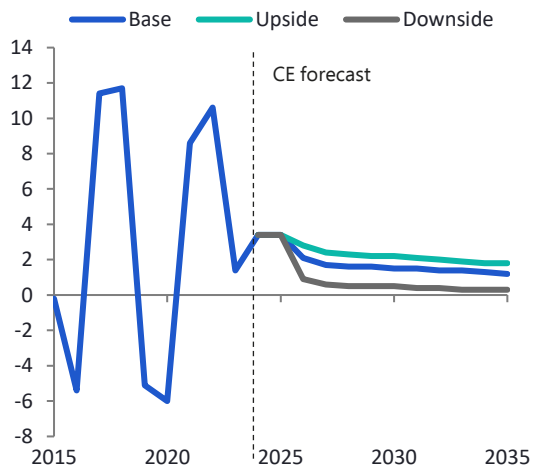


Under a base case – which assumes that government investment continues to grow at recent trend rates and promotion, regulation and workforce hiring practices are maintained - financial services industry output growth will slow over the next decade compared to the last ten years. We expect the industry’s growth to average 1.8% per annum between 2024 and 2035, compared to 2.9% average annual growth over the previous decade. Under an upside scenario, which sees improvements to the Islands’ regulatory framework, meaningful increases in government funding and productive investments in new technologies as well as streamlined immigration policies, the industry is expected to see annual average growth of 3.0% over the same time horizon. This highlights that improvements in processes, technology, talent and infrastructure supporting financial services are required just to maintain current standards of growth. Even in the base case, GDP per capita across the entire Islands is only expected to rise from CI\$73,000 per person in 2023 to CI\$74,300 in 2035, an increase of just 1.7%, and still below 2021 levels.

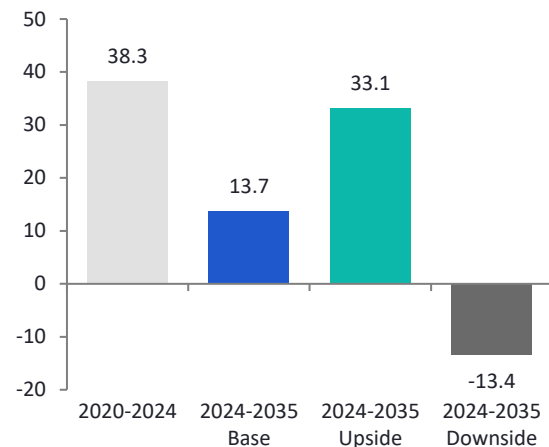
Sources: Cayman Islands Economics & Statistics Office, Capital Economics

## The performance of the financial services sector is crucial to Cayman's government revenues; only the upside scenario sees an increase in government revenues per person over the next decade

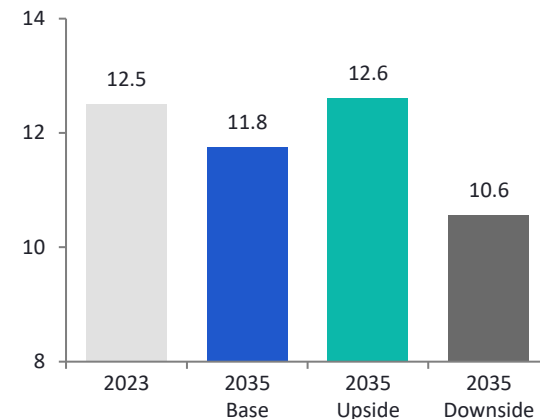
Financial services industry employment (y/y, %)



Financial services industry government revenue, change between 2024 and 2035 (real terms, %)



Total Cayman Islands government revenue per capita, 2035 (2024 prices, CI\$ thousand)



A similar story can be seen for employment and government revenue. Under a base case, employment in the financial services industry will see annual growth steadily decline over the next decade, driven by expectations for slowing overall population growth. In the downside scenario, employment growth essentially stagnates. With slowing economic activity and employment in the industry, government revenues from the sector are expected to grow by a modest 14% over the next decade in real terms. This compares to 38% growth in government revenues seen just over the last five years. Indeed, Capital Economics' modelling exercise reveals that even in an upside scenario, growth in government revenue from the financial services industry will fail to match the growth seen in recent years, meaning that in per capita terms the upside will see government budgets at roughly the same level as in 2023.

Sources: Cayman Islands Economics & Statistics Office, Capital Economics

# Financial services industry is best placed to grow backed by proportional regulation, technological innovation, increased funding for promotion and more streamlined workforce planning

## High-level recommendations for the future of the Cayman Islands' Financial Services Industry

### Regulation

- Ensure application of a risk-based, proportional approach and provide clear and consistent guidance on rules and interpretations.
- Create formal mechanisms for appeals and clarifications.
- Conduct a review of obligations for simpler and less risky structures.
- Adopt a practice of continuous improvement and streamlining of compliance proceedings based on learnings from individual cases.

### Government services

- Set clear service standards and timelines for regulatory, registry, and immigration processes.
- Invest in technology to digitise and automate applications and processing for simpler requests.
- Develop a unified digital portal for submissions, tracking, and feedback for clear communication channels.
- Invest in regulator capacity through better retention, training, and private sector secondments.
- Conduct a review of fees to ensure they are appropriate and do not disproportionately impact any sub-sectors.
- Introduce an option for fast-track processing for time critical business.

### Talent

- Invest further in Caymanian talent development through scholarships, apprenticeships, and sector-specific training.
- Improve integration of Caymanians returning with degrees into business roles to support careers and lessen reliance on work permits.
- Consider a separate work permit process for critical financial services roles.
- Invest in digitisation and automation of work permit applications.
- Provide greater certainty on residency pathways.
- Set clear service standards and timelines for work permit applications.

### Promotion

- Support promotion through increased investment to reflect importance of the sector to Cayman's economy.
- Establish a coordinated national financial services strategy led jointly by government and industry, with transparent funding.
- Articulate a unified Cayman value proposition highlighting regulatory credibility, talent, and jurisdictional stability.
- Increase co-ordination between government and private sector to identify areas where each party can add the most value.

# 1. Direct contribution

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- **The Cayman Islands' financial services industry is the backbone of the domestic economy. The industry offers a uniquely diverse financial ecosystem, connecting global expertise, specialist services, and trusted regulation in one jurisdiction.**
- **As the single largest contributor to national output, the sector generates nearly half of all economic activity and government revenue while providing roughly one in every nine jobs on the Islands.**
- **The sector plays a critical role in elevating average earnings for Caymanians and is notable for employing more Caymanians than expatriates, as well as being the largest employer of women.**
- **The international deposits that flow through the Islands' banks provide billions of dollars in lending to Caymanian families, businesses, and government.**
- **Within the sector, banking and insurance dominate when measured by official statistics. However, a more activity-based classification reveals that funds are the true cornerstone, accounting for almost half of all financial services employment. In comparison, banking and insurance represent just 14% and 12% of sector employment, respectively.**

# The Cayman Islands' financial services industry is a developed eco-system serving international clients

## Clusters of expert professional service providers

The Cayman Islands has long established itself as a leading international financial centre. Over the last 50 years, the Islands have worked hard to achieve leadership in a number of areas, including the world's leading domicile for alternative investment funds, a top international banking centre, the second largest captive insurance jurisdiction and a world leader in structured finance.

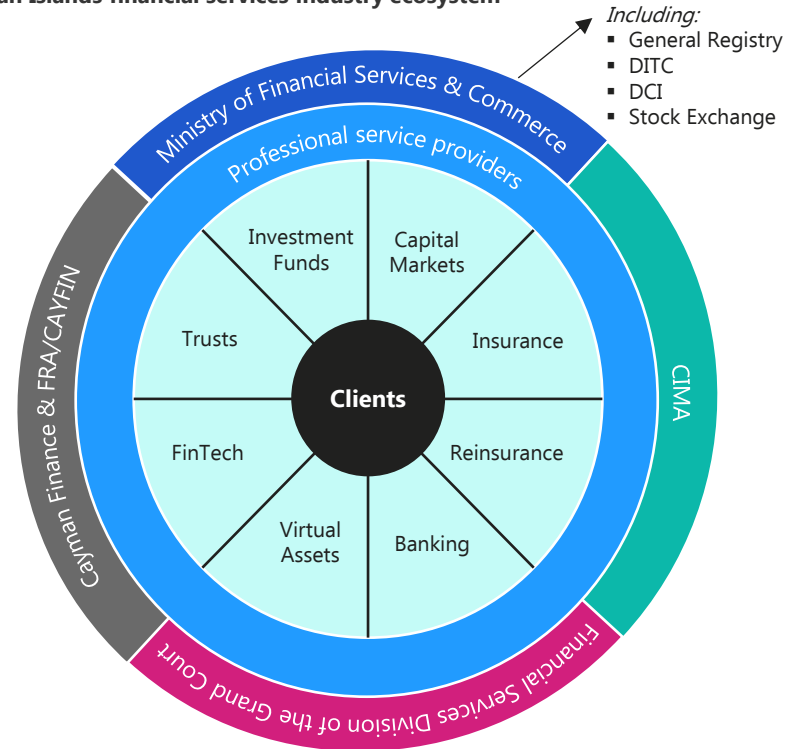
The jurisdiction has maintained its leading international position through the enactment of numerous financial services legislation and proactive engagement and voluntary cooperation with international regulatory standards. They were one of the first non-OECD jurisdictions to adopt the principles of transparency and exchange of information, and the jurisdiction continues to be at the forefront of such initiatives.

Cayman's financial service industry offering is truly diverse. Its eight thriving sectors include: investment funds; capital markets; insurance; reinsurance; banking; virtual assets; fintech; and trusts.

The sector is more than just the activities directly relating to financial intermediation. Clusters of firms – local, regional and global – have developed to help service the needs of those that are looking to carry out cross-border trade and investment and that want the comfort of Cayman's well-regarded corporate law.

The cluster of professional service providers – which include legal, insolvency and accountancy practices, fund managers and administrators, trust and estate planning experts, banks and insurers – plus specialist government and regulatory authorities, comprise the Cayman Islands' financial services sector. These specialist and highly-personalised services, coupled with specialised regulatory environments and frameworks, offer clients an attractive place to do business.

## Cayman Islands financial services industry ecosystem



Source: Capital Economics

# Defining, and measuring, the Cayman Islands' financial services industry

## Conventional government classifications fail to reflect the breadth and complexity of Cayman's financial services industry

Governments do not typically categorise their broader financial services industries as a separate sector in their official national industry classification statistics. As such, estimates of their size, scope and impact vary across different publications.

The United Nations industry classification system is widely used by governments around the world, including the Cayman Islands, as the international standard for industry classification relating to the economic activities undertaken in the domestic economy. Under this classification system, 'Financial and insurance activities' includes activities directly related to financial services such as banking, trusts, funds, and insurance and pension funding. The entirety of this industry sector is included in the classification of the financial services industry. 'Professional, scientific and technical activities' includes legal and accounting activities, along with other activities not directly related to the financial services industry such as scientific research, architectural and engineering activities and advertising and market research.

These rudimentary sectoral groupings do not accurately capture the full contribution of the Cayman Islands' financial services industry, as the sector encompasses a wide range of activities, making it hard to define its boundaries and measure its impact comprehensively. Official industry classifications are not tailored to capture the unique sectoral breakdown of the Cayman Islands' financial service sector, including separating out the eight key sectors on page 15. Furthermore, many roles within a company span multiple sectors. For example, a Partner at a law firm may advise on fund formation (Funds), token regulation (Virtual Assets) and SPV structuring (Capital Markets). An audit team might work on both insurance and banking clients. Similarly, a private wealth structure may use a trust to hold investments.

This misalignment obscures the unique contributions and challenges of specific sub-sectors, making it difficult for policymakers and industry stakeholders to measure, manage and support the industry effectively.

## Capital Economics survey exercise to capture more granular and representative categorization of financial sub-sectors

In order to better understand and more fully quantify the underlying size and shape of the Cayman Islands' financial services sector, Capital Economics conducted a survey of financial services firms in the territory between 12 August 2025 and 3 September 2025. (See Appendix for further information.) One of the primary goals of the survey was to gather employment data across a more granular categorization of financial sub-sectors.

# New employment categorisation helps paint a clearer picture of the financial services industry

## Redefining sector classification for more accurate representation

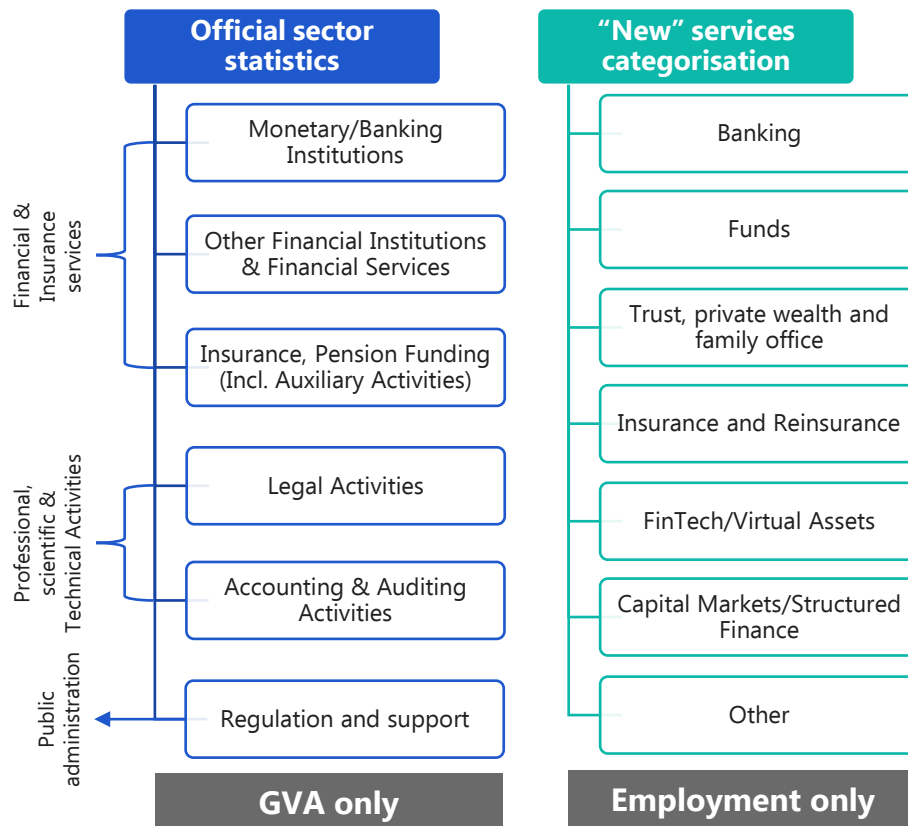
The Cayman Islands' Economics and Statistics Office (ESO) classifies '**Financial and Insurance Services**' as activities relating to: Monetary/Banking Institutions; Other Financial Institutions and Financial Services; and Insurance, Pension Funding and Auxiliary Activities. Legal, accounting and auditing activities are grouped under the classification '**Professional, Scientific and Technical Activities**'. Finally, the majority of regulation and support activities for the financial services industry are grouped under '**Public Administration**'.

This sector classification paints an unhelpful picture of the Cayman Islands' financial services sector due to how different financial activities are defined and measured for national accounts reporting.

To help paint a more valuable representation of the Islands' financial services sector, Capital Economics' survey captures employment by main service activity for the following seven sectors: **Banking; Funds; Trust, Private Wealth and Family office; Insurance and Reinsurance; FinTech/Virtual Assets; Capital Markets/Structured Finance; and Other.**

Due to time constraints and the scope of this particular study, only employment data is provided by the new services categorisation. Undertaking a more detailed survey to capture GVA breakdowns by these new sectors is an area for further research.

Going forward, all references of the size of the financial services industry by GVA will be using Capital Economics estimates based on official statistics classifications, while all employment references will be based on Capital Economics' survey using the new services categorisation.



# The financial services industry is the largest contributor to domestic economic activity, accounting for roughly one in nine jobs and just under half of all output

GVA (gross value added) measures the value of goods and services produced in an industry or area. This measure takes into account the cost of inputs such as raw materials and business services (intermediate consumption). With GVA of CI\$2.5 billion in 2023, the financial services sector accounted for the largest share of the economy's output, equivalent to 44% of total economy GVA.

The financial services sector employed 6,724 people in 2023, equivalent to 11.5% of total economy employment.

**Cayman Islands gross value added (GVA) based on official government data breakdown, 2023, and employment by major sector based on Capital Economics' survey, 2023 (%)**

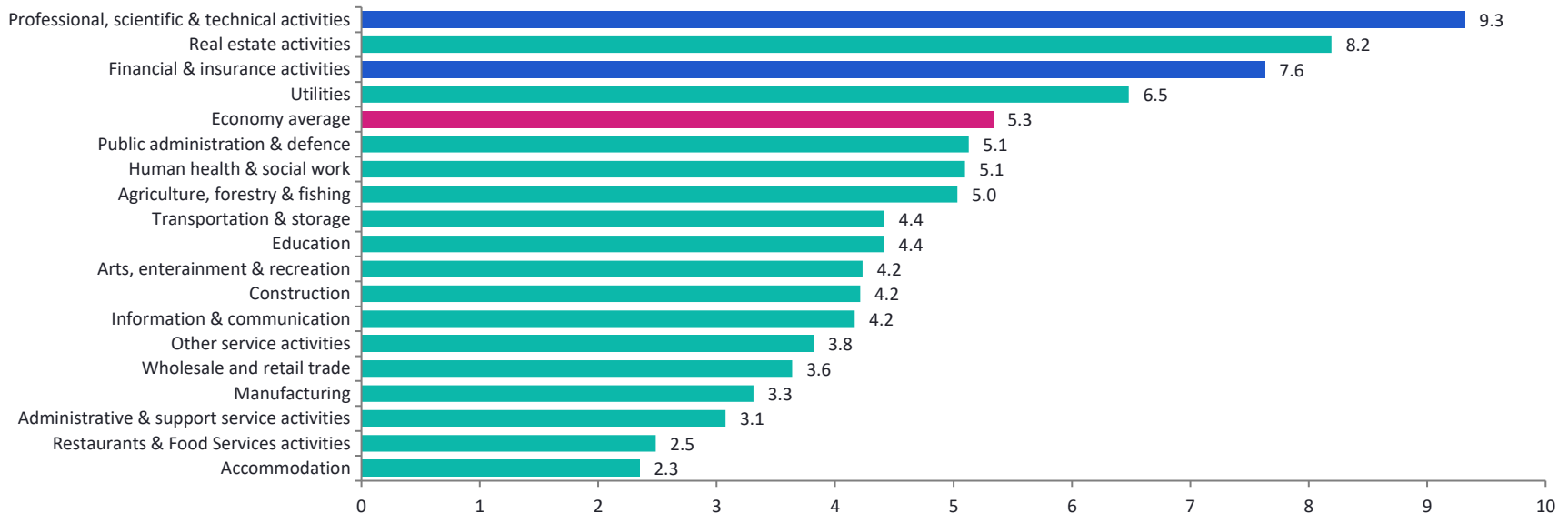


Sources: Cayman Islands Economics & Statistics Office, Capital Economics  
 \*Note: Financial services figures based on Capital Economics estimate. See page 17 for more information. \*\*Exclusive of activities directly related to the financial services sector. 2023 is the latest official publicly available data.

# Activity from the financial services sector helps push up average earnings for Caymanians

Average monthly earnings for Caymanians averaged CI\$5,300 in 2023, according to the Cayman Islands Economics and Statistics Office. Monthly wages of Caymanians in the financial services industry, at an average of CI\$8,300\* in 2023, were 55% higher than the Caymanian all-industry average, and stand in stark contrast to Caymanian remuneration in construction and hospitality. Average monthly wages of Caymanians for financial services were 2.0 and 3.4 times higher than those in construction and accommodation & food sectors, respectively.

## Average monthly compensation of Caymanians by selected broad industry based on official government data breakdown, 2023 (CI\$ thousand)



Sources: Cayman Islands Economics & Statistics Office, Capital Economics

\*Note: Weighted average of 'Financial & insurance activities' and 'Professional, scientific & technical activities'.

# The financial services industry employs more Caymanians than expats and is the largest employer of women on the Islands

## A key source of Caymanian employment

The financial services industry is a major employer of Caymanians, who account for 54% of the sector. This 3,900-strong workforce in 2023 makes the sector the largest employer of Caymanians across the jurisdiction and stands in stark contrast to other sectors like construction and tourism, where Caymanians account for just 29% and 17% of each sector's workforce, respectively.

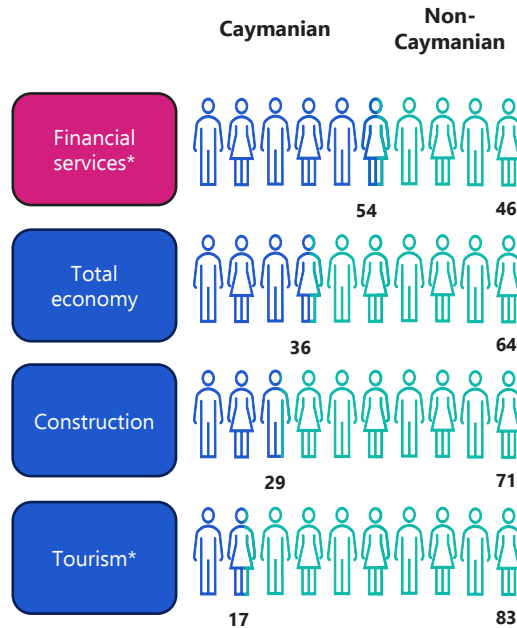
This chimes with work permit data by industry. Despite the industry's substantial contribution to economic output and government revenue, financial services have relatively low work permit holder numbers compared to other industries.

At an estimated ~2,800 work permits in 2023, financial services ranks below sectors like construction and tourism which taken together account for a third of total work permits. When viewed in terms of GVA contribution, financial services are notably underweight, generating far more economic output than construction and tourism while relying on far fewer work permit holders.

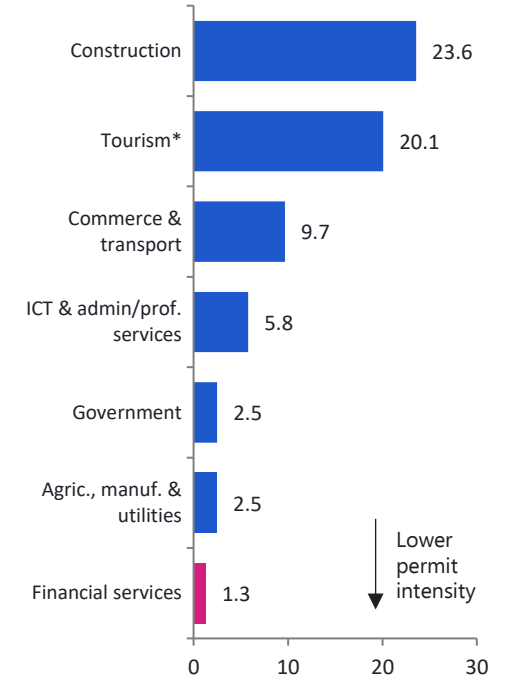
## 60% of financial service employees are female

The financial services industry not only provides a major source of resident employment but is a significant employer of women. Nearly 60% of industry employees are female, and around one in five women across the Islands' workforce are employed in the sector.

Share of Caymanian and non-Caymanian workers by selected sectors, 2023 (%)



Number of work permit holders as a share of sector GVA, 2023\* (ratio workers/CI\$ million)



Sources: Cayman Islands Economics & Statistics Office, Capital Economics

Note: \*Tourism is proxied by the 'Accommodation & Food Services Activities' sectors. 2023 is the latest official publicly available employment and work permit data across all sectors.

# Activity in the financial services industry generates almost half of government revenues

## Financial services is a vital source of government revenue

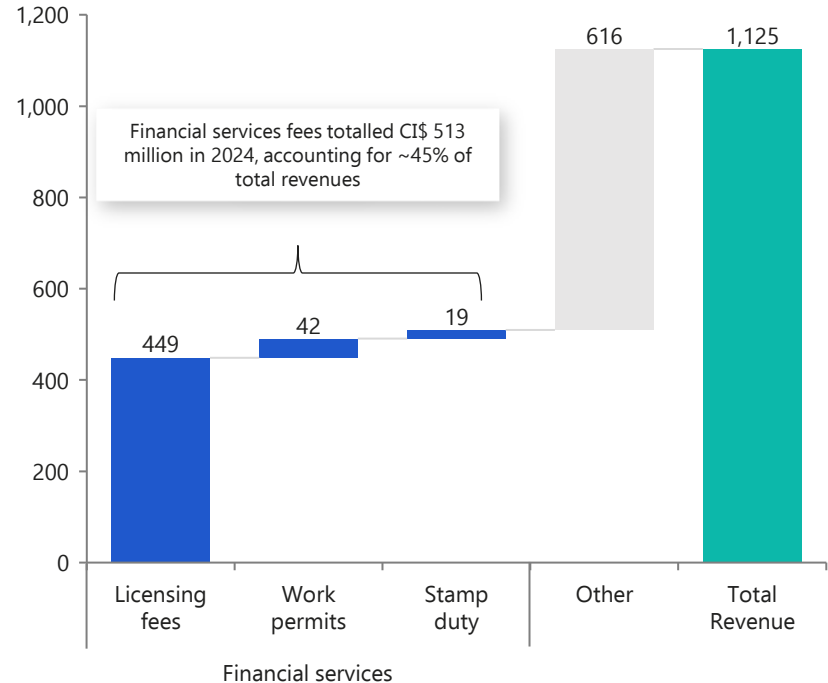
As the Cayman Islands does not impose direct income or corporation taxes, a large source of government revenue comes from taxes on international trade and transactions (import duties) and taxes on goods and services (licensing fees, work permits and stamp duties). Indeed, these revenue streams have historically accounted for roughly 80% of total government revenue.

Within taxes on goods and services, those relating directly to the financial services sector make up a significant share of revenues. In 2024, total revenues accrued from financial services license fees, as well as work permit and stamp duty fees for employees in the financial services sector amounted to roughly CI\$510 million. This is equivalent to 45% of all government revenues, up from 42% in 2022.

## Financial service sector contribution to government revenues

	2022	2024
Total financial services (CI\$ mn)	426	510
Total government revenues (CI\$ mn)	1,021	1,125
Share (%)	41.7	45.3

## Contributions to government revenues by fee type (CI\$ million, 2024)



Sources: Cayman Islands Economics & Statistics Office, Capital Economics

# The ancillary benefits of the industry's banking sector help to increase the availability of credit for Caymanian families, businesses and government

## International deposits fuel domestic credit

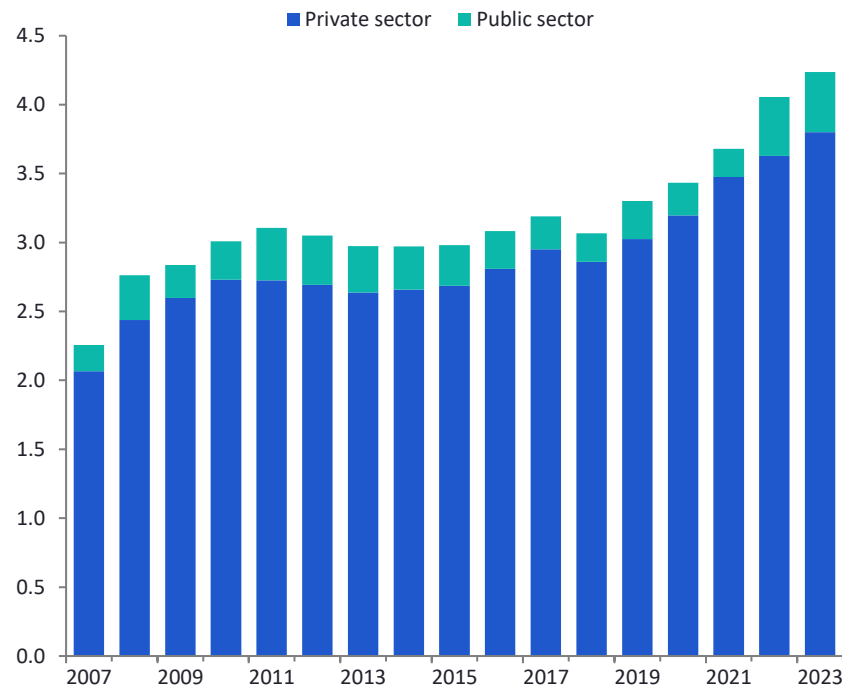
The activity of the Islands' financial services sector has further tangible benefits on the local economy through the activities of its banking sector.

While the Cayman Islands' financial services industry primarily serves international clients, the deposits it generates are not isolated from the domestic economy. The billions of dollars in deposits placed by international companies with local banks substantially expand liquidity in the domestic banking system. This enables banks to channel significant volumes of credit into the local economy.

In 2023, net domestic credit to residents and the public sector reached approximately CI\$4.24 billion. These funds support mortgages for households, loans for commercial development, and financing for local enterprises, while also providing a major source of funding to the Cayman Islands Government.

Because international deposits typically lower banks' funding costs, Cayman's borrowing rates stay closely tied to U.S. benchmarks rather than the higher spreads common in small island economies. This allows households to secure competitive mortgages, businesses to finance growth affordably, and government to borrow locally at far lower cost than in external markets.

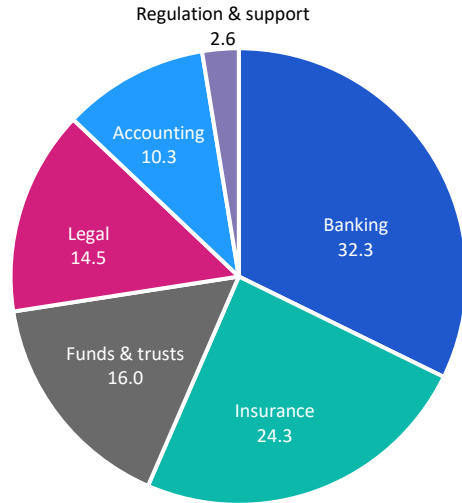
## Net domestic credit from Cayman Islands' retail banks (CI\$ billion)



Sources: Cayman Islands Economics & Statistics Office, Bank for International Settlements, Capital Economics

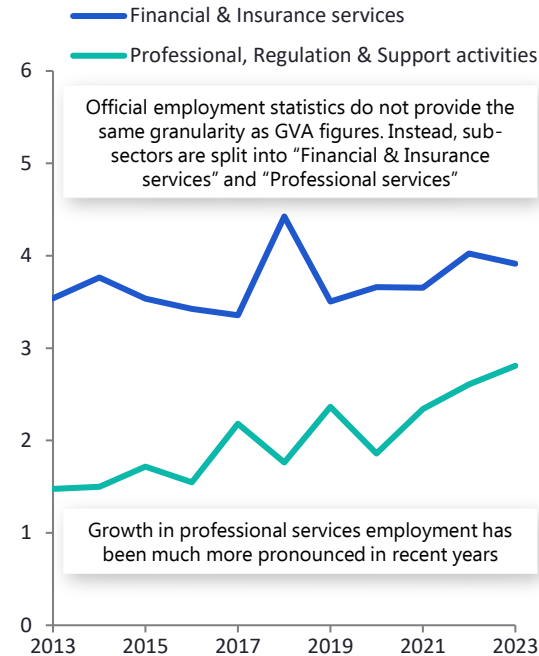
# The breakdown of the financial services industry based on official government statistics show banking and insurance sub-sectors dominate

Financial services industry GVA based on official government data breakdown, 2023 (% of sector)

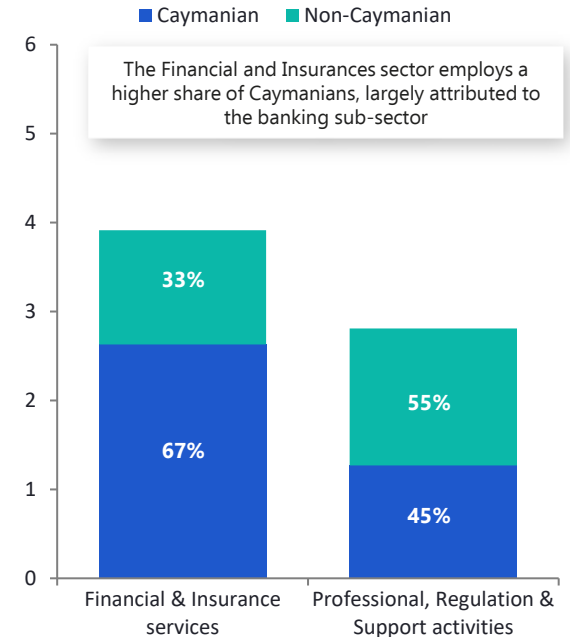


Banks dominate activity in terms of economic output, contributing 32% of financial sector GVA and 14% of total economy GVA.

Financial services industry employment by major sub-sector based on official government data breakdown ('000 people)



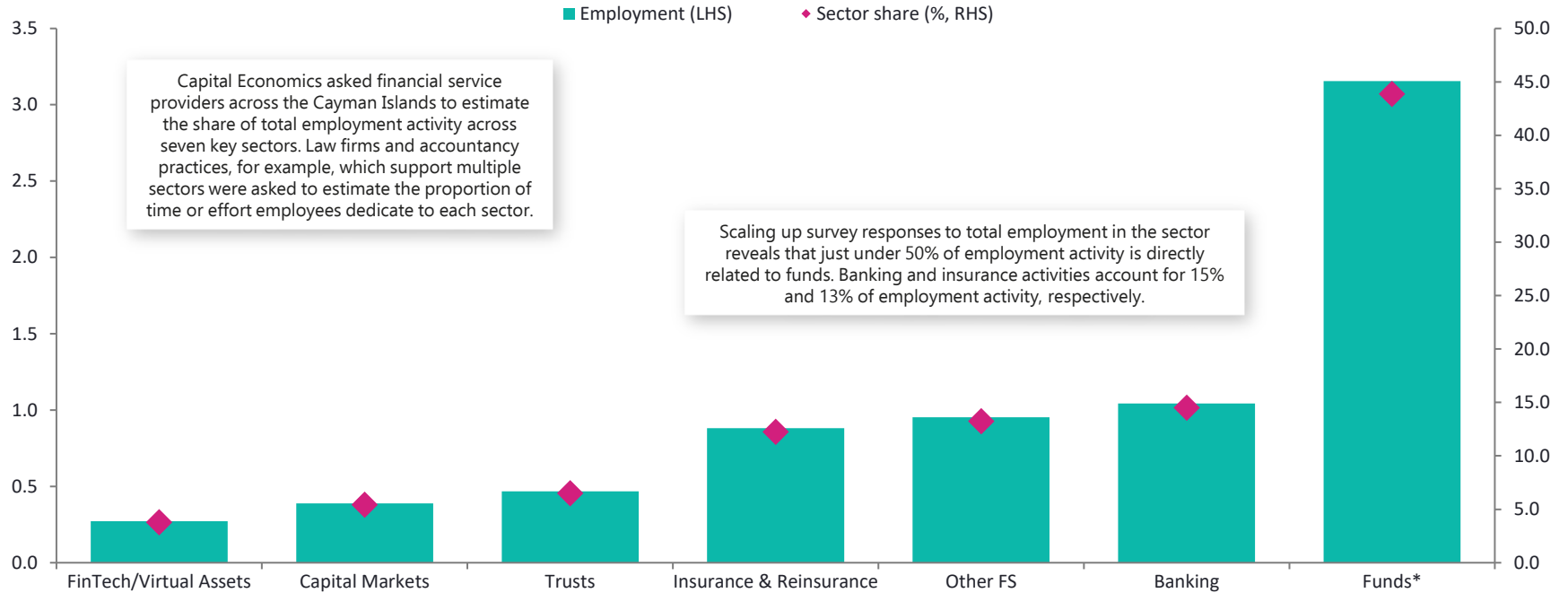
Financial services industry employment by major sub-sector and status, based on official government data breakdown, 2023 ('000 people)



Sources: Cayman Islands Economics & Statistics Office, Capital Economics

# Yet a more accurate sub-sector classification of employment highlights the dominance of the funds sector

Financial services industry employment by major sub-sector based on Capital Economics' survey, August 2025 (thousand people)



Sources: Cayman Islands Economics & Statistics Office, Capital Economics Survey

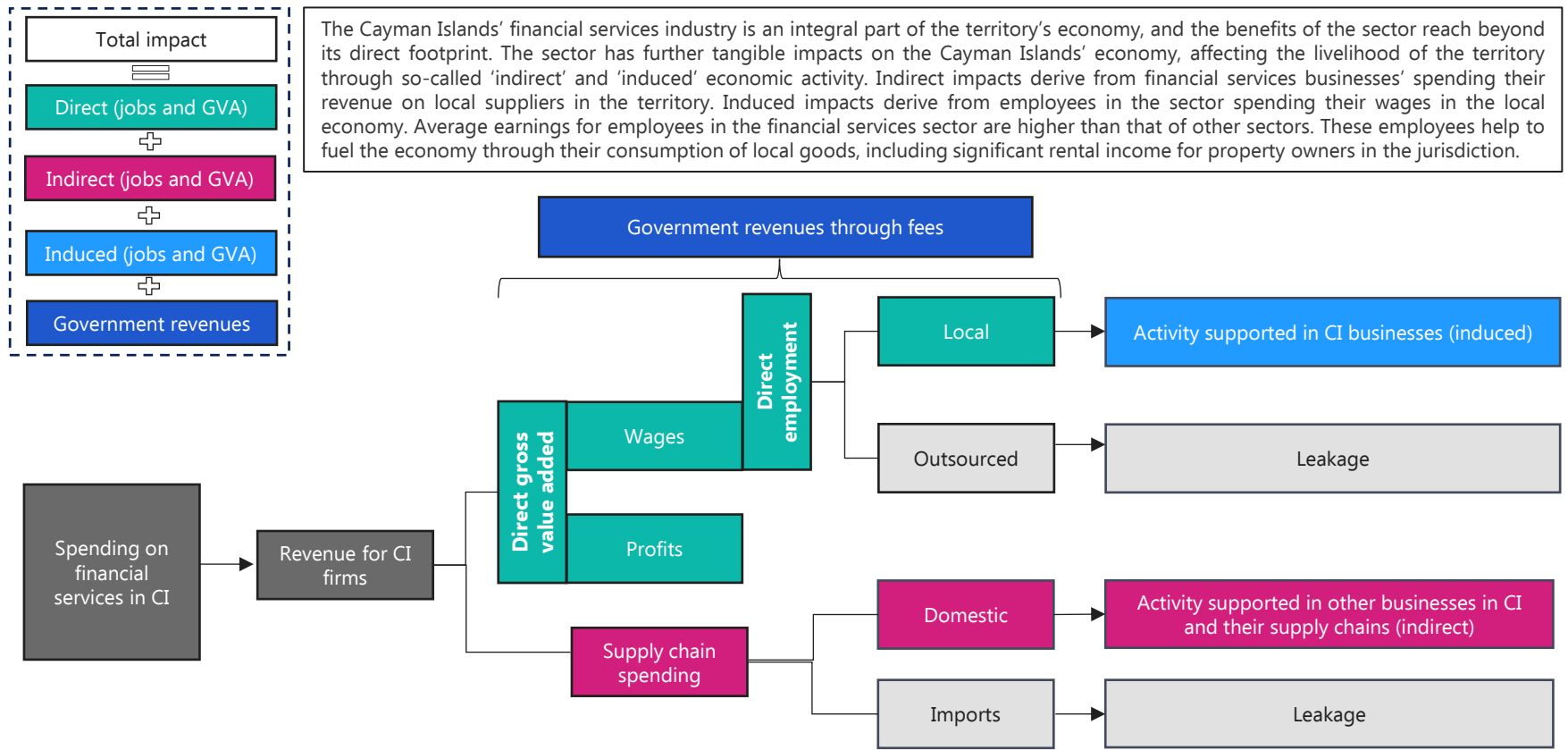
\*Note Funds includes Unit Trusts.

## 2. Indirect and induced impacts

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- **The Cayman Islands' financial services industry is an integral part of the territory's economy, and the benefits of the sector reach far beyond its direct footprint.**
- **Including the indirect and induced effects of the Cayman Islands' financial services industry, the sector supports approximately 10,283 jobs, equivalent to 18% of all employment in the territory.**
- **The financial services sector supports CI\$3.7 billion of economic activity, equivalent to 62% of all activity in the Cayman Islands.**
- **The total economic activity supported by the financial services sector supports CI\$734 million in government revenues, representing 65% of total government revenues.**

# The full contribution of the Cayman Islands' financial services industry to the local economy is much broader than its direct activities



# Financial services industry supports around 10,283 jobs in Cayman, equivalent to 18% of total employment

Input-output modelling of the Cayman Islands economy was undertaken to estimate the linkages of each component of the financial services industry to other sectors of the jurisdiction's economy. See methodology in Appendix for further information.

## Direct (employed directly by financial services firms)

- In 2023, the financial services sector **employed 6,724 people**, equivalent to 11.5% of total economy employment. Within that, 54% of those employed are Caymanian.

## Indirect (non-financial services jobs supported by financial sector spending)

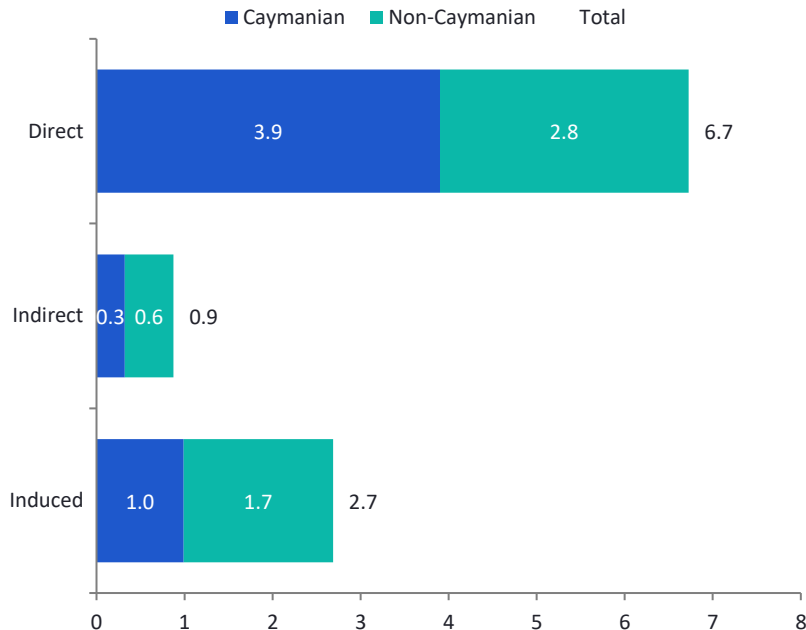
- Much of the indirect spending is passed back through the financial and professional services sectors. Indeed, ~90% of financial and insurance sector spending goes back into financial services and ~48% of professional services spending. The remaining share of indirect spending (e.g. rent/office supplies) supports **874 additional jobs** in other parts of the economy.

## Induced (non-financial services jobs supported by spending of employees)

- The spending of financial services employee wages in the wider economy (e.g. on housing, hospitality, transport, food) further supports jobs in businesses providing local goods and services. In 2023, **additional jobs supported totalled 2,686**.

Taken together, the direct, indirect and induced impacts **support 10,283 jobs** in the Cayman Islands.

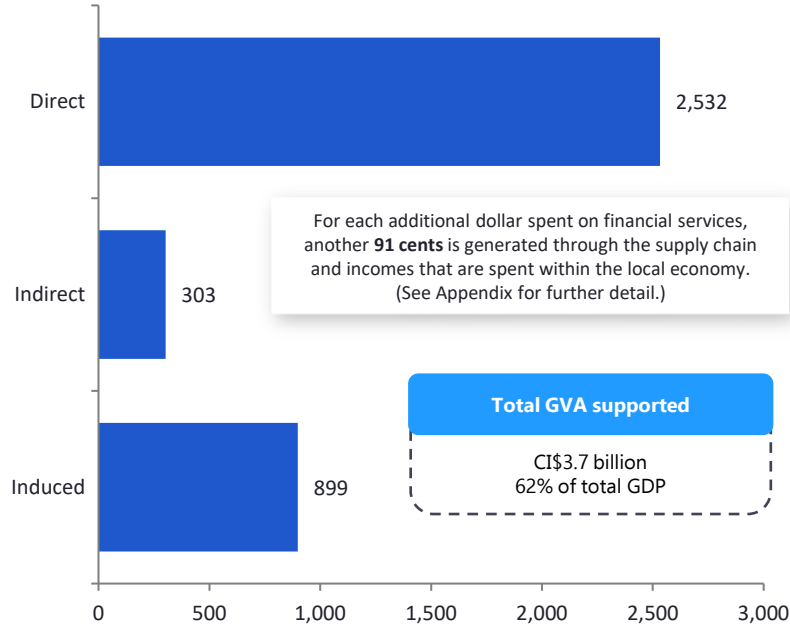
## Jobs supported by the Cayman Islands' financial services industry, 2023 (000s)



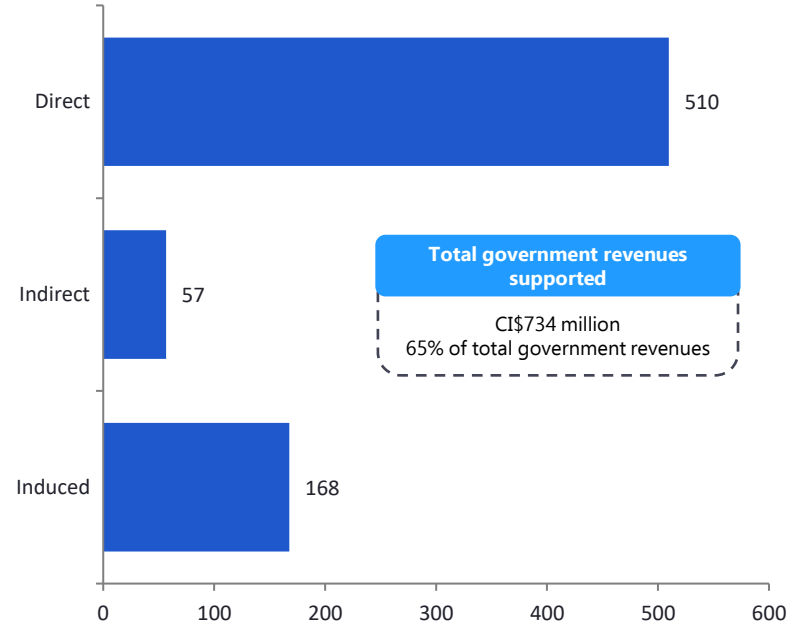
Sources: Cayman Islands Economics & Statistics Office, Capital Economics

# The sector supports over CI\$3.7 billion in economic activity, equivalent to 62% of total GDP, and contributes the equivalent of 65% of total government revenues

Cayman Islands financial services industry GVA impact, 2023 (CI\$m, 2023 prices)



Cayman Islands financial services government revenue impact, 2024 (CI\$m, 2024 prices)



Sources: Cayman Islands Economics & Statistics Office, Capital Economics. Figures may not sum to total due to rounding.

### 3. Challenges facing the sector's growth potential

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- The Cayman Islands' economy has enjoyed strong and relatively stable economic growth over the last decade. Yet this high-level performance masks a deeper concern: declining GDP per capita driven by weak employment growth in the financial services industry, its most productive sector.
- This divergence can partly be attributed to a shift in employment towards lower-productivity sectors. The financial services and insurance sub-sector, producing one-third of all output, has seen employment grow by just 11% over the last decade. This is in stark contrast to employment growth of well over 100% for the construction sector, which contributes less than 5% of economic output.
- In order to gain a better and deeper understanding of the issues impacting the financial services industry's growth, Capital Economics carried out a survey of financial services firms in the territory and held a series of roundtable discussions with experts on the Islands.
- Four major themes of challenges were identified: regulation; government services; availability of talent; and efforts to promote the jurisdiction.

# Cayman's economic growth masks a deeper concern: declining GDP per capita driven by weak employment growth in its most productive sector

## Overall prosperity has failed to keep pace with headline economic expansion

At a high level, the Cayman Islands economy has grown robustly, averaging 3.2% annually over the last decade, and 5.8% over the last two years alone. This growth has been largely underpinned by the financial services industry, which contributed an average of 45% to GVA over the same period.

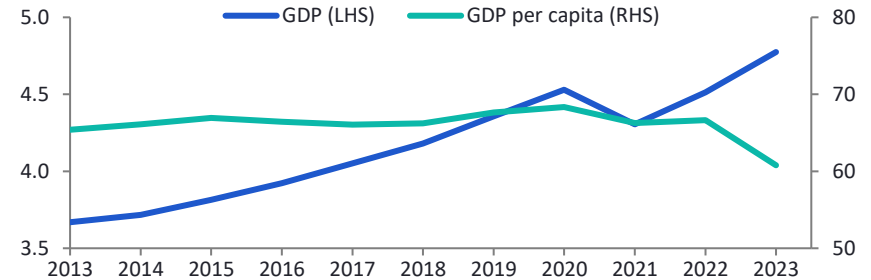
However, despite this seemingly positive picture, GDP per capita – a measure of individual prosperity and economic well-being – has been broadly stagnant over the last ten years, even declining in 2023 to reach its lowest level since 2006. While overall GDP has risen by around 27% in real terms since 2007, GDP per capita has fallen by 18%, suggesting a deterioration in average living standards for residents.

## Limited financial services employment growth relative to its economic weight

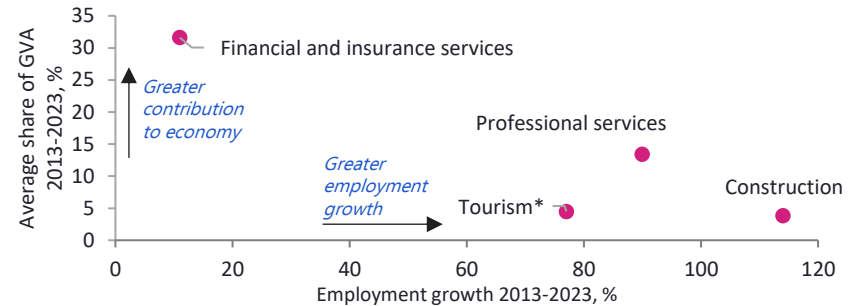
There are a number of reasons that can explain this fall in GDP per capita. The most compelling can be attributed to sluggish employment growth in the financial services sector. While accounting for one-third of the economy's output, the financial and insurance services subsector has seen its headcount grow by 11% over the last decade. This is in stark contrast to the construction sector, for example, which accounts for just under 4% of total economy output yet has seen employment grow by 114% over the same period.

The stagnation of employment in financial services – where output per worker and multiplier effects are far higher – alongside rapid job growth in lower-productivity sectors such as construction, has created a mismatch that helps explain why rising GDP has not translated into higher GDP per capita.

## Real GDP (CI\$bn, 2015 prices) and real GDP per capita (CI\$000s, 2015 prices)



## Average employment growth and average share of GVA between 2013 and 2023 by sector, %

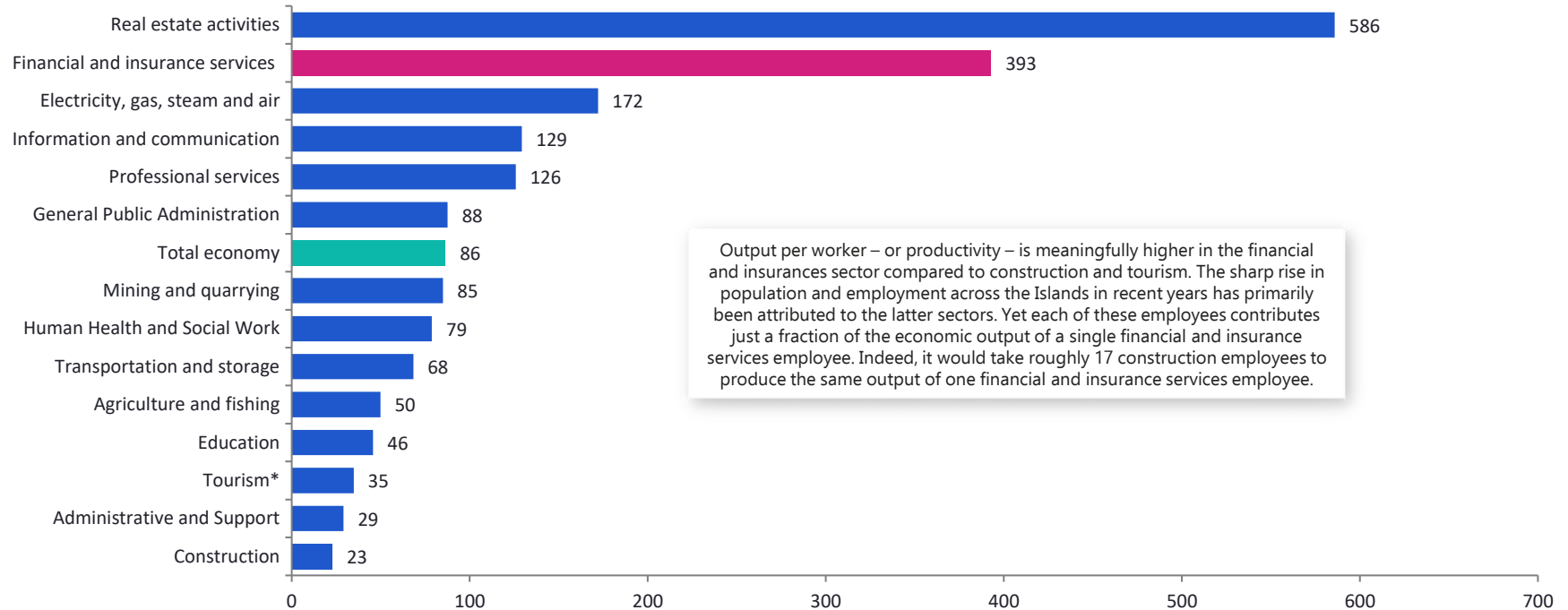


Sources: Cayman Islands Economics & Statistics Office, Capital Economics

\*Note: We have defined the tourism sector to consist of the: i) accommodation; and ii) restaurants & mobile food sectors.

# While sluggish employment growth is concerning in any sector, its persistence within one of the most productive industries poses a significant risk to the territory's long-term economic prosperity

Real GVA per employed person by industry based on official government data breakdown, 2023 (CI\$ '000s)



Sources: Cayman Islands Economics & Statistics Office, Capital Economics

\*Note: We have defined the tourism sector to consist of the: i) accommodation; and ii) restaurants & mobile food sectors.

# The trend in offshoring financial service jobs is propelled by a number of factors, and difficulty obtaining work permits in the industry is further stifling employment growth on the island

## Offshoring boosts company profits but drains Cayman's local workforce

Employment growth in the Cayman Islands' financial services sector has slowed in recent years, despite continued strong revenue generation by firms operating in the jurisdiction. This discrepancy is largely driven by the offshoring of jobs to other countries, a trend that poses long-term economic challenges for the local economy. While companies continue to perform well financially, a reduced local workforce means less economic output on the island, impacting everything from real estate to local business spending.

Several interrelated factors are driving this shift. Increased industry consolidation, particularly by private equity firms, has reshaped operational structures and encouraged firms to centralise roles in major global hubs. Increasingly, administrative and support positions—particularly in back-office operations—are being relocated to international financial centres such as Toronto, Dublin, and Hong Kong, as well as regional service centres like Halifax. The rise of remote work, accelerated by the COVID-19 pandemic, has further normalised the idea that key roles do not need to be physically based in Cayman.

Local structural challenges also contribute to the problem. The Cayman Islands faces a persistent shortfall in the number of local graduates relative to industry demand, forcing firms to rely heavily on international recruitment. However, extended hiring timelines caused by work permit processing delays, combined with high work permit fees—often seven times higher than those in the tourism industry—make hiring in Cayman less attractive for global firms.

Additionally, the high cost of living on the island discourages relocation and retention, especially when compared to more affordable international hubs. Many international firms are also "jurisdiction neutral", meaning they have little incentive to hire specifically in the Cayman Islands when talent can be accessed more easily elsewhere. Other operational considerations, such as the ability to cover more time zones with distributed teams, further support the trend toward offshoring.

## Key causes of offshoring of employment away from the Cayman Islands



Source: Capital Economics

# Industry stakeholders identified a number of issues affecting their company's outlook

## Challenging regulatory environment could harm company operations

To help Capital Economics gain a better and deeper understanding of the issues impacting the financial services industry's growth, we carried out a survey of financial services firms in the territory and held a series of roundtable discussions with experts on the Islands. (See Appendix for further information.) The quantitative and qualitative information received from the survey and roundtables was also used to help to inform our modelling exercise.

As part of the survey and roundtable discussions, Cayman Islands financial services businesses were asked what the most significant issues affecting their company's outlook were. (See heat map summary below.) Across the industry, burdensome regulatory requirements and friction or delays in government services were the most pressing of challenges, followed closely by availability of skilled talent.

Summary most significant issues affecting your company's outlook by sub sector (Red = most affecting, Green = least affecting)



	Trusts	Insurance/ Reinsurance	Funds	Fintech & digital assets	Board	Banking
<b>Burdensome regulatory requirements</b>	Red	Light Green	Red	Orange	Red	Orange
<b>Friction or delays in government services</b>	Yellow	Red	Yellow	Red	Yellow	Yellow
<b>Availability of skilled talent</b>	Orange	Orange	Orange	Light Green	Orange	Red
<b>Lack of visibility and/or challenges attracting new clients</b>	Light Green	Yellow	Light Green	Dark Green	Dark Green	Light Green
<b>Other</b>	Dark Green	Dark Green	Dark Green	Yellow	Light Green	Dark Green

Source: Capital Economics

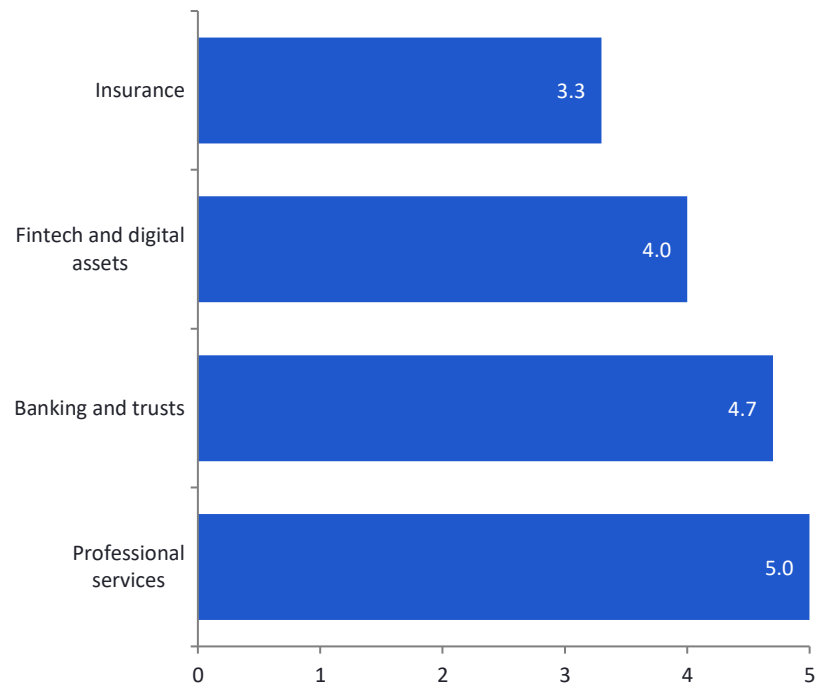
# Robust regulatory framework is crucial, but pragmatism is needed

## Robust regulation is crucial

There is broad recognition from the sector that a well-regulated financial services sector is crucial to the success of the industry. Recent regulatory developments demonstrate the Cayman Islands' commitment to transparency and compliance. These include updated anti-money laundering rules that enhance due diligence and prevent financial crime, greater public access to beneficial ownership data, and revisions to CIMA's audit extension and reporting processes to improve oversight and ensure timely, accurate disclosures.

Cayman's removal from the EU's list of non-cooperative jurisdictions in 2020, the FATF grey list in October 2023, and the EU's AML blacklist in January 2024 reflects increasing international recognition of its regulatory progress. As of 2025, the Cayman Islands is no longer listed on any major international grey or blacklists, reinforcing its reputation as a well-regulated and globally integrated financial centre.

## How burdensome is the regulatory environment (based on responses from 24 firms. 0 = not at all, 5 = very,)



Source: Capital Economics

# Timely, predictable and streamlined government services are crucial

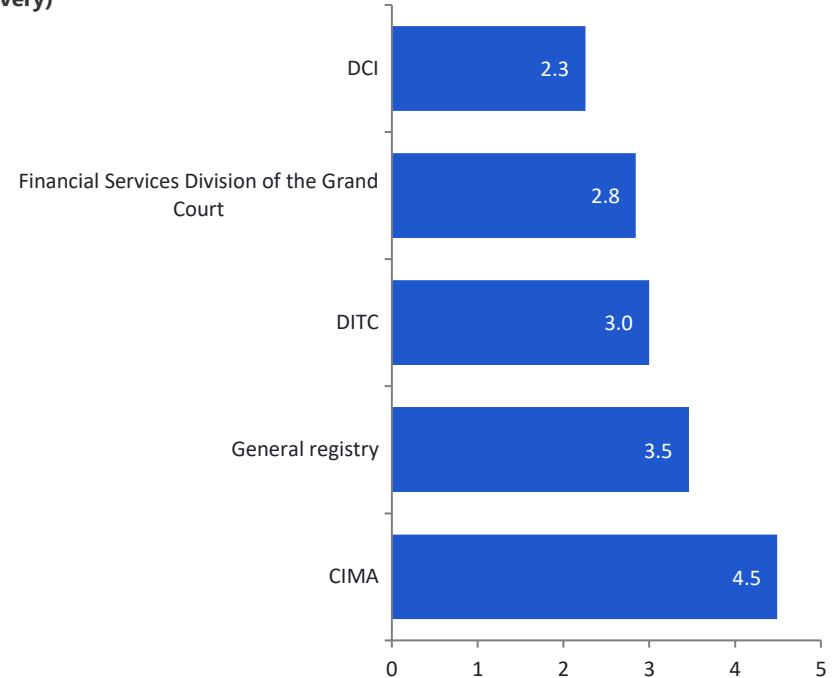
## Government services are a key cog in the financial services eco-system

Government services supporting the financial services sector range from CIMA providing oversight of regulatory compliance and issuing licenses, to company registrations through the General Registry and reviews of CRS compliance by DITC.

## Current practices create some frictions in the sector

Timely, consistent and streamlined government services are critical for the offering to clients of Cayman financial services. Our survey of businesses demonstrates the importance that financial service providers place on government services. Based on a survey of financial services' firms during roundtable conversations, the activities of CIMA were identified as the most important to their ability to attract and maintain clients, scoring 4.5 on a scale of 1 to 5. That was followed by the General Registry and DITC scoring 3.5 and 3.0 respectively.

## Importance of government services to financial services firms' ability to attract and maintain clients (based on responses from 44 firms. 1 = not at all, 5 = very)



Source: Capital Economics

# Hiring and retaining skilled workers is crucial for the success of the financial services industry in the Cayman Islands

## Ability to hire skilled workers is key to continued success of financial services

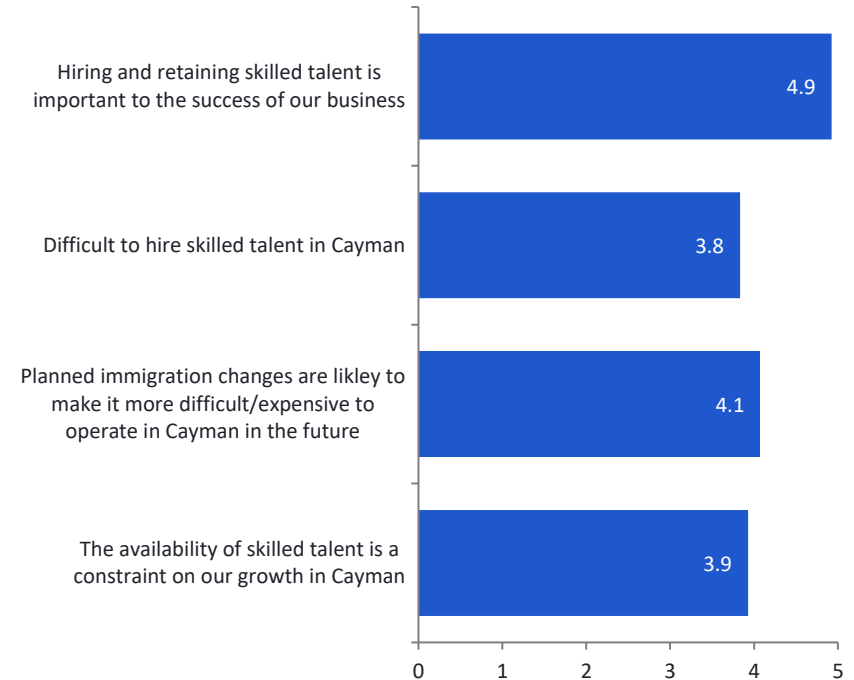
Recruiting and retaining skilled workers is crucial to the success of the financial services industry. What's more, ensuring that as many jobs as possible are physically located on the island ensures that the benefit of increased financial services activity flows into the local economy. In a poll of 39 financial services firms in Cayman, the importance of hiring and retaining skilled staff scored 4.9 out of 5. Meanwhile, a score of 3.8 suggests that firms also find it difficult to hire skilled talent.

## There's a balance between employment for Caymanians & meeting business demand

Based on discussions with over 50 key industry stakeholders, a consistent message was the desire to recruit Caymanian employees to fill roles. Around 55% of jobs in the sector are currently filled by Caymanians. However, discussions also highlighted that the pool of candidates is not sufficient to meet business needs. Most jobs in financial services require a degree level candidate and the unemployment rate for Caymanian graduates was just 1.5% in Fall 2024, compared to 4.6% for the Caymanian population as a whole.

Experts from the sector highlighted some of the difficulties in labour availability that they are facing, including the fact that most the process of obtaining work permits. An inability to hire leads to more outsourcing of jobs outside the island, lower growth, and increased inter-company movements in a race for talent, which pushes up wages.

## Average financial services firms' response to the following statements (based on responses from 39 firms. 1 = strongly disagree, 5 = strongly agree)



Source: Capital Economics

# Promotion of financial services in Cayman supports industry growth

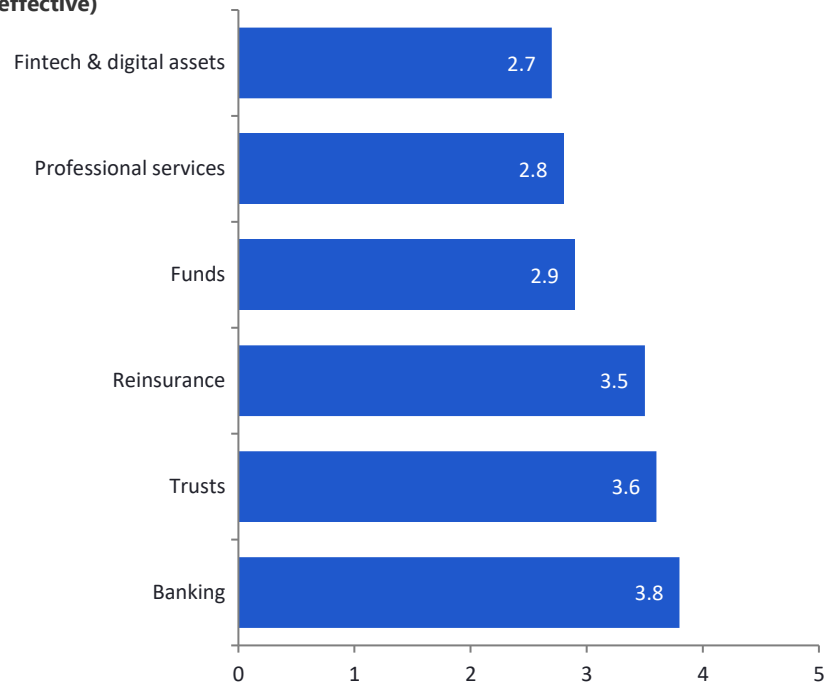
## Funding for promotion of Cayman financial services falls short

Promotion of Cayman Islands' financial services sector helps firms in the sector to reach new markets, attract new clients, educate stakeholders about the role and value it provides both locally and internationally, as well as dispelling misconceptions and negative news and media. Ultimately, this underpins growth in the sector which supports the local economy and government revenues. Financial services firms in Cayman see the value of promoting the offering. According to a survey of 66 firms in Cayman, the importance of promotion to their business outlook was rated at 7.8/10.

## A joined-up approach important for domestic and international reputation

Promotional efforts can be conducted by a combination of the private sector, Cayman Finance and the government. However, current funding for promotion through Cayman Finance is low relative to comparators. For example, government support for promotion given to Cayman Finance is roughly US\$1.6 million, equivalent to just 0.1% of 2024 government revenue. This is in stark contrast to the roughly US\$8.4 million funding Jersey Finance receives, and significantly less than the Cayman Islands' government spends promoting tourism each year.

## Effectiveness of efforts to promote Cayman Islands as an international financial centre (based on responses from 43 firms. 1 = not effective, 5 = very effective)



Source: Capital Economics

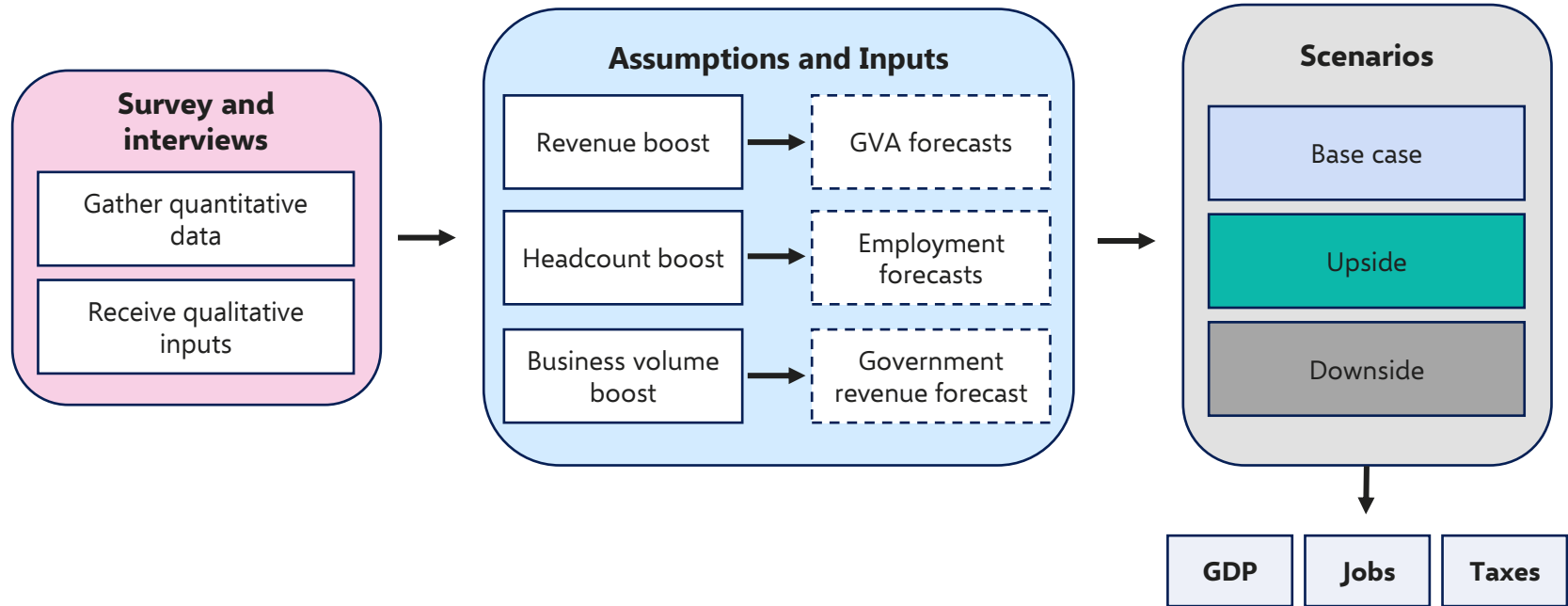
## 4. Scenarios

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# Historic trends and survey responses drive assumptions for scenarios

Capital Economics' broad modelling approach

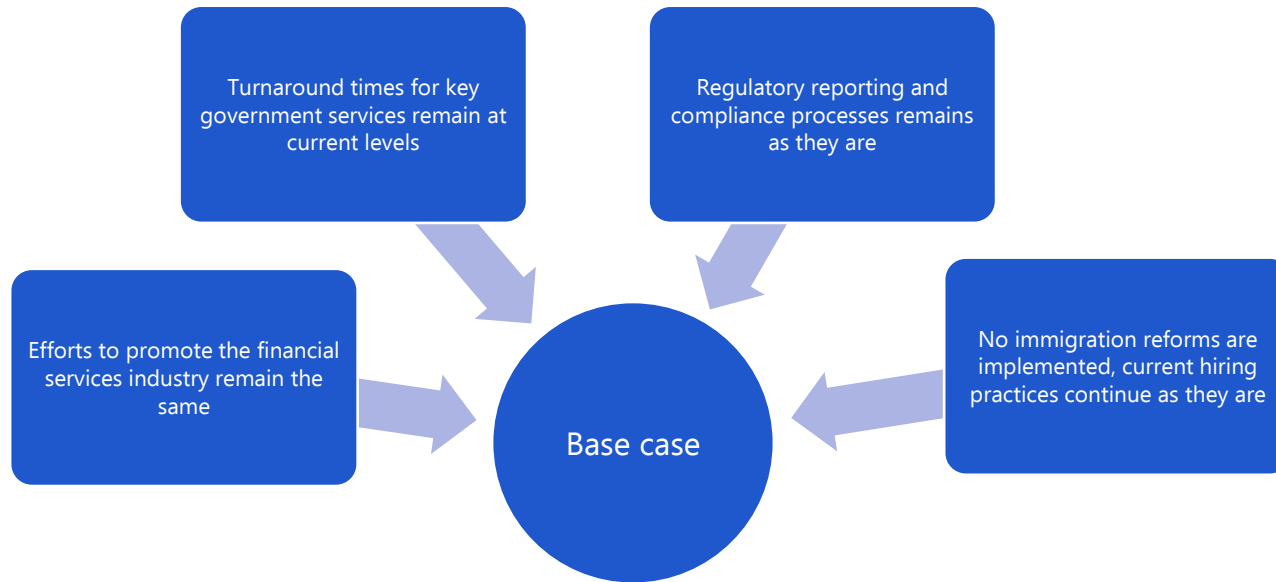


Source: Capital Economics

## Base case scenario sees modest growth in the financial sector

In the base case there are no major policy changes affecting the financial services sector. Funding of regulatory bodies continues to grow in line with trends over the last decade at around 10% per year. Offshore competition continues to chip away at some finance roles. Although Cayman retains its position as a premier jurisdiction for funds, trusts, and insurance, GVA and employment growth in the sector is lower than in the past. Government revenues per person in the island fall over time.

### Parameters for base case

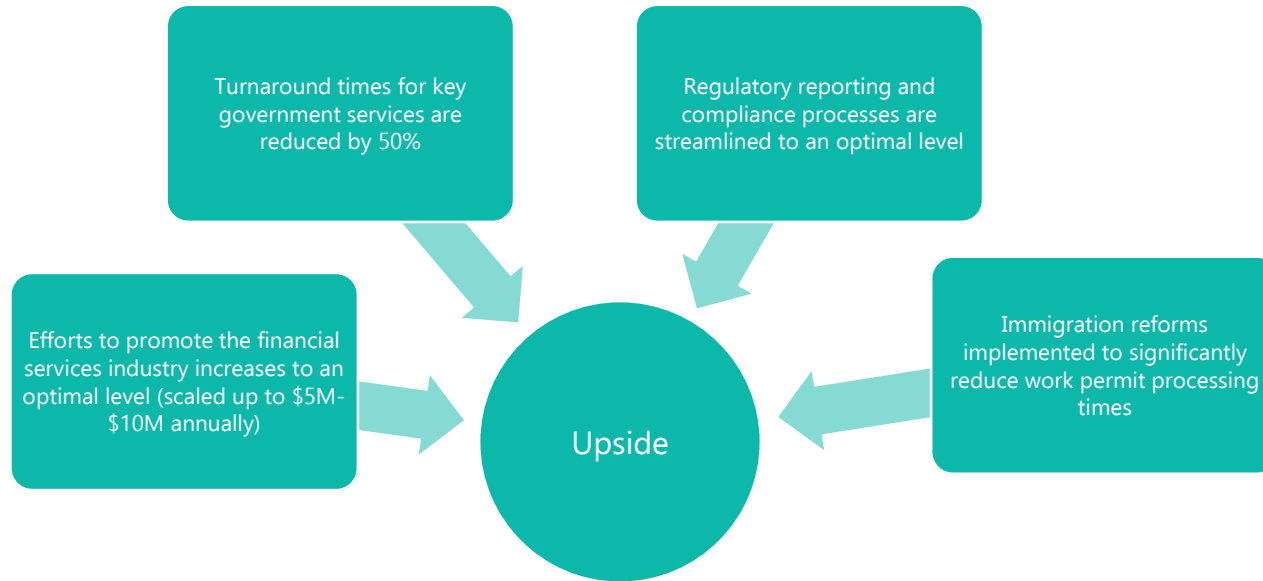


Source: Capital Economics

## Upside scenario incorporates reforms and improvements in efficiency

Continuous improvements to the islands' regulatory framework, increases in government funding and productive investments in new technologies sees the financial services industry thrive. Streamlined compliance coupled with progressive immigration policies attracts global talent while investment in local talent sees more Caymanians enter the sector, solidifying the Cayman Islands as the jurisdiction of choice for complex, high-value financial structures. The industry's growth offsets GDP per capita decline trends and supports growing government revenue per person.

### Parameters for upside scenario

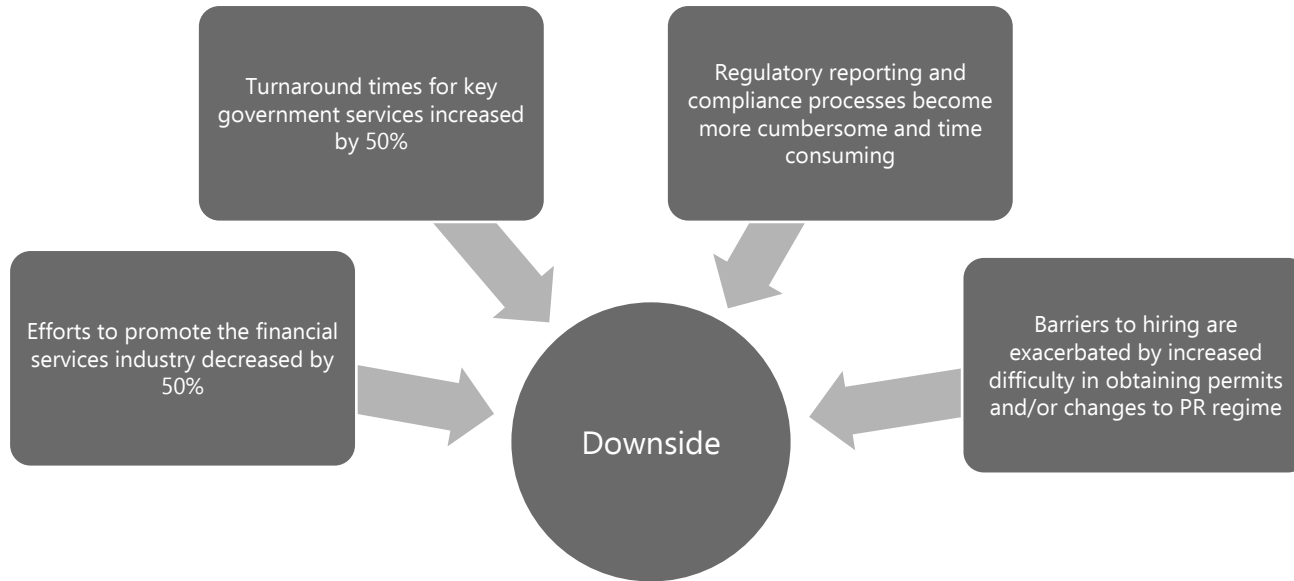


Source: Capital Economics

## Downside scenario sees challenging backdrop deteriorate over the decade

In the downside policies are enacted making it harder for financial services firms to comply with regulations and hire talent. Funding of government services and promotion grows more slowly than recent trends. High-value jobs shift overseas, local employment growth stalls, and GDP per capita continues to decline. The government remains reliant on financial services revenue but fails to reinvest sufficiently in the sector's infrastructure, meaning overall government revenues fall in real terms over the next decade.

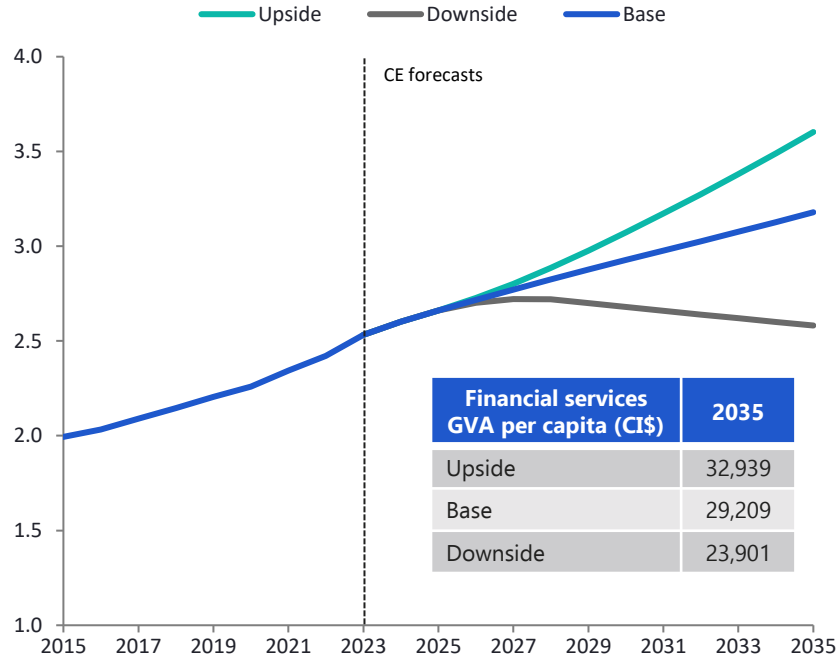
### Parameters for downside scenario



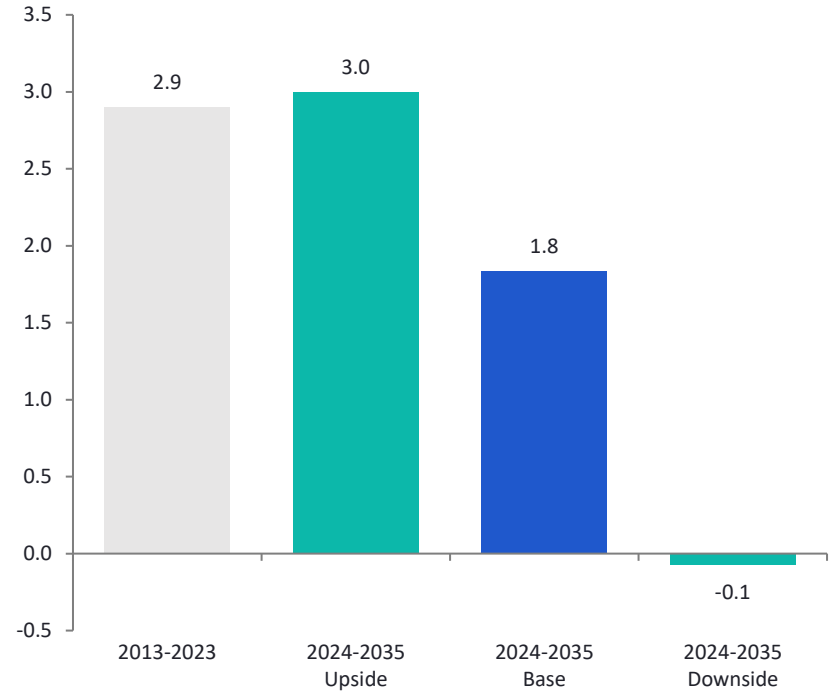
Source: Capital Economics

# GVA impact: Financial services growth in the base case is meaningfully slower than that seen over the past decade

Financial services industry real GVA (CI\$bn, 2023 prices)



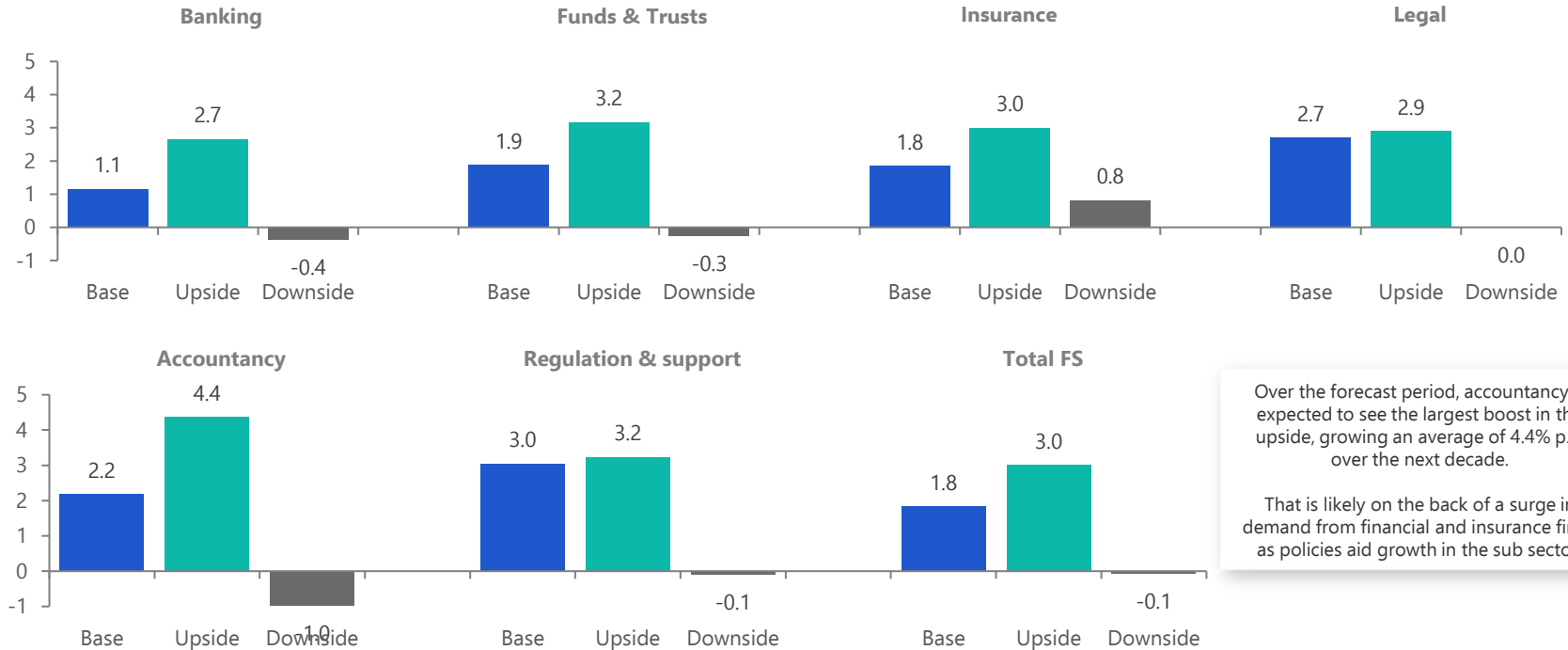
Financial services industry real GVA growth (CAGR, %)



Sources: Cayman Islands Economics & Statistics Office, Capital Economics

# GVA impact: Effect on growth in economic activity is spread across the sub-sectors

Real GVA across finance sub-sectors (CAGR, %, 2024-35)



Over the forecast period, accountancy is expected to see the largest boost in the upside, growing an average of 4.4% p.a. over the next decade.

That is likely on the back of a surge in demand from financial and insurance firms as policies aid growth in the sub sector.

Sources: Cayman Islands Economics & Statistics Office, Capital Economics

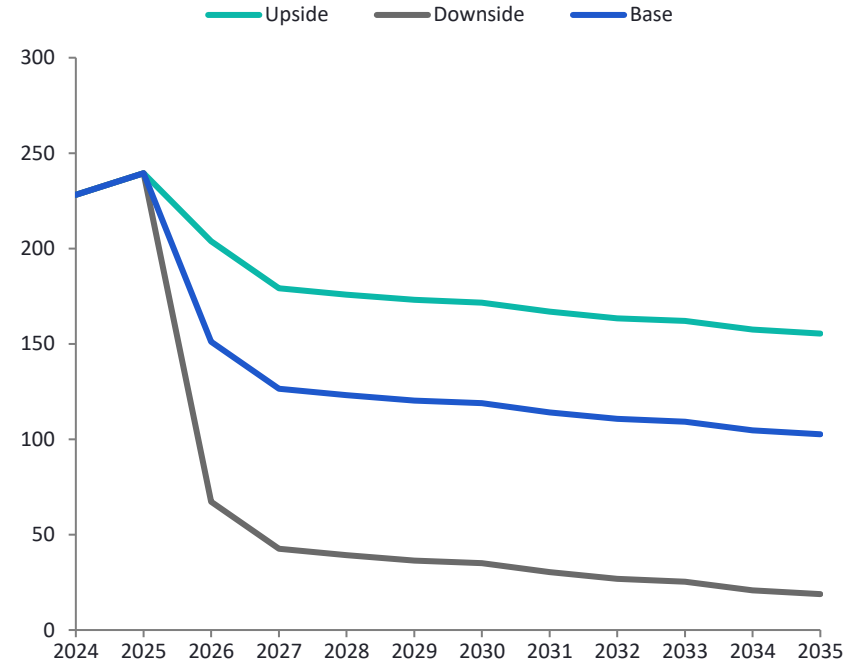
# Employment impact: Ease of hiring over the next decade will determine the limit or boost employment growth in Cayman

- Following three years of strong growth, Cayman Island government statistics estimate that population growth will remain strong out to 2027.
- Thereafter, UN statistics suggest population growth will steadily decline, partly on the back of weaker Caymanian population growth.
- Applying assumptions from historic shares of Caymanian and Non-Caymanian population working in the financial sector and inputs from survey responses, the base case leaves total sector employment up 20% from 2024-2035, down from the ~40% increase over the prior decade. (See table.)
- Immigration reforms in the upside prop up employment growth, giving rise to a 28% increase. That leaves sector employment at just under 9,000. Meanwhile, barriers to hiring in the downside scenario cause estimated additional financial sector workers to stagnate by the end of the forecast period.

## Total financial services industry employment (percentage change)

	2013-2023	2024-2035
Upside	39%	28%
Base		20%
Downside		8%

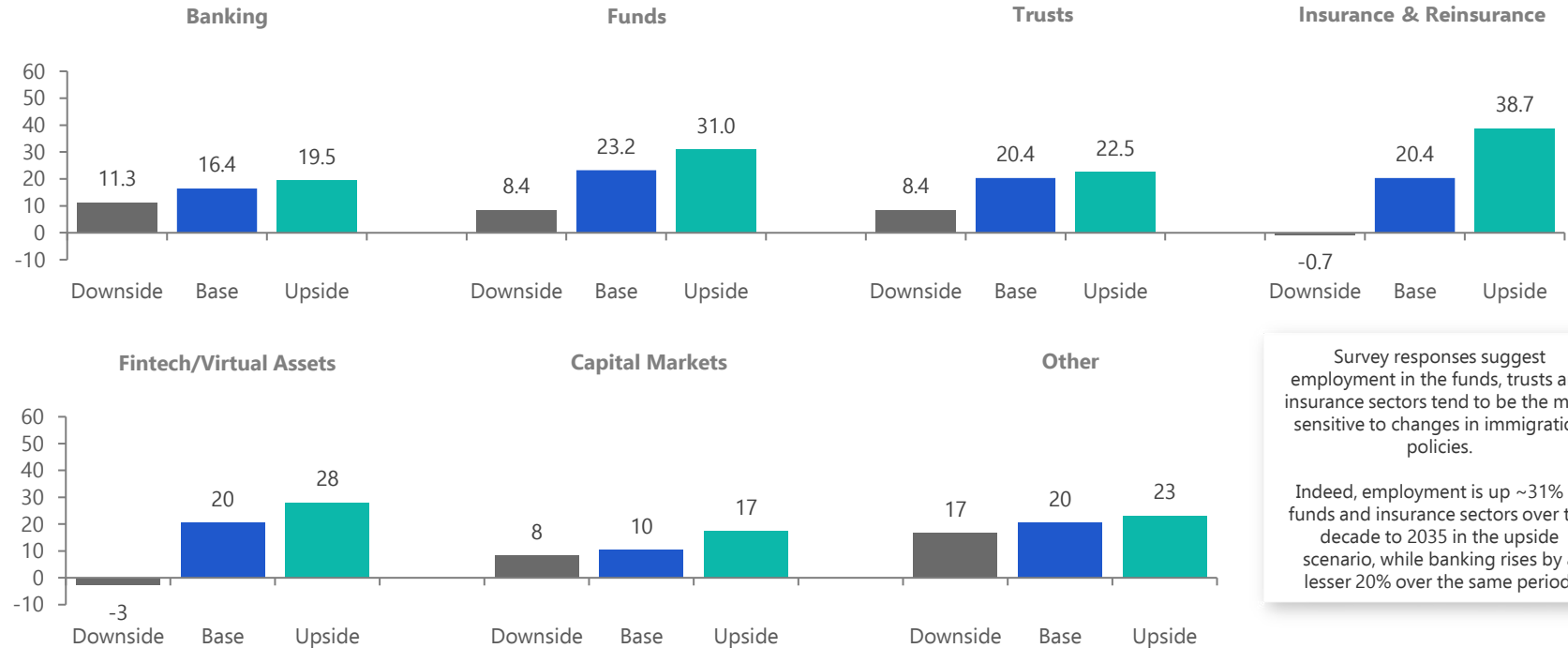
## Estimated additional financial services industry workers per year (persons)



Sources: Cayman Islands Economics & Statistics Office, Capital Economics

# Employment impact: Effect on growth in employment is spread across sub-sectors with funds and insurance the most affected

Employment by financial services sub-sector (percentage change, 2024-2035, %)



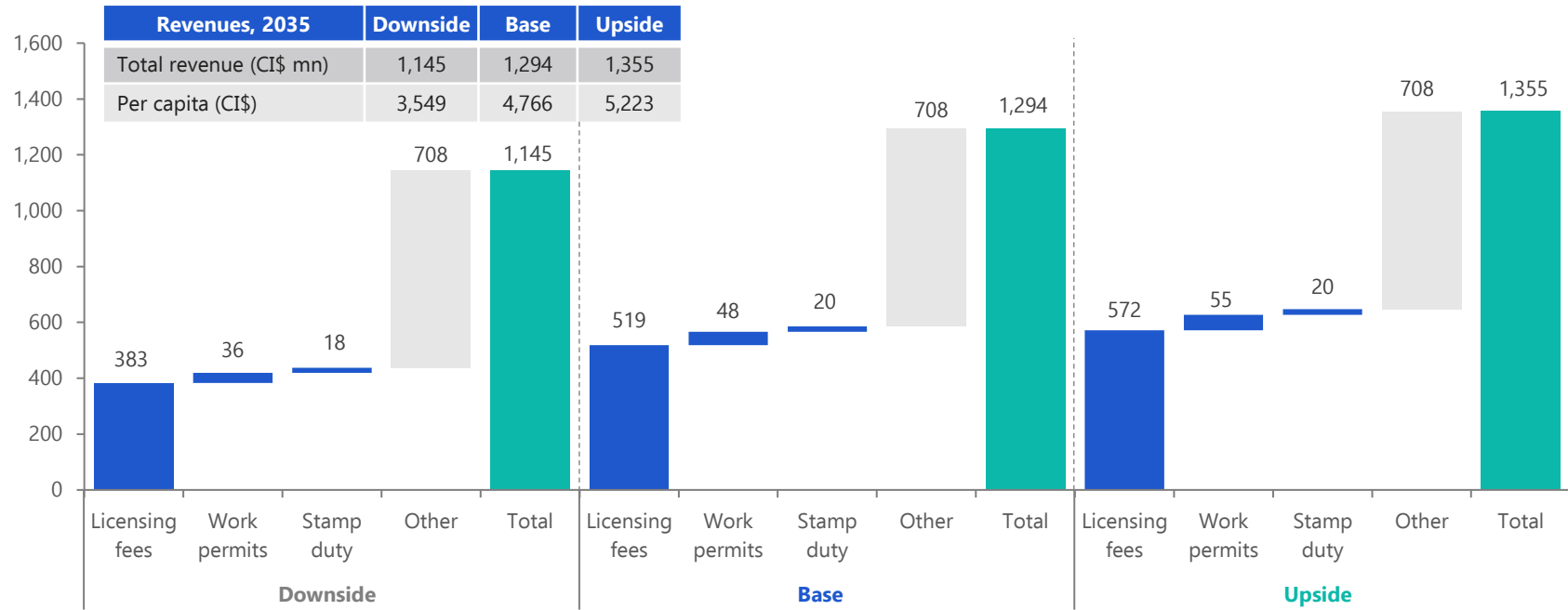
Survey responses suggest employment in the funds, trusts and insurance sectors tend to be the most sensitive to changes in immigration policies.

Indeed, employment is up ~31% in funds and insurance sectors over the decade to 2035 in the upside scenario, while banking rises by a lesser 20% over the same period.

Sources: Cayman Islands Economics & Statistics Office, Capital Economics

# Government revenue impacts: An unfavourable policy environment results in a substantial hit to government revenues, while the upside would boost total revenues by 10% from the base case

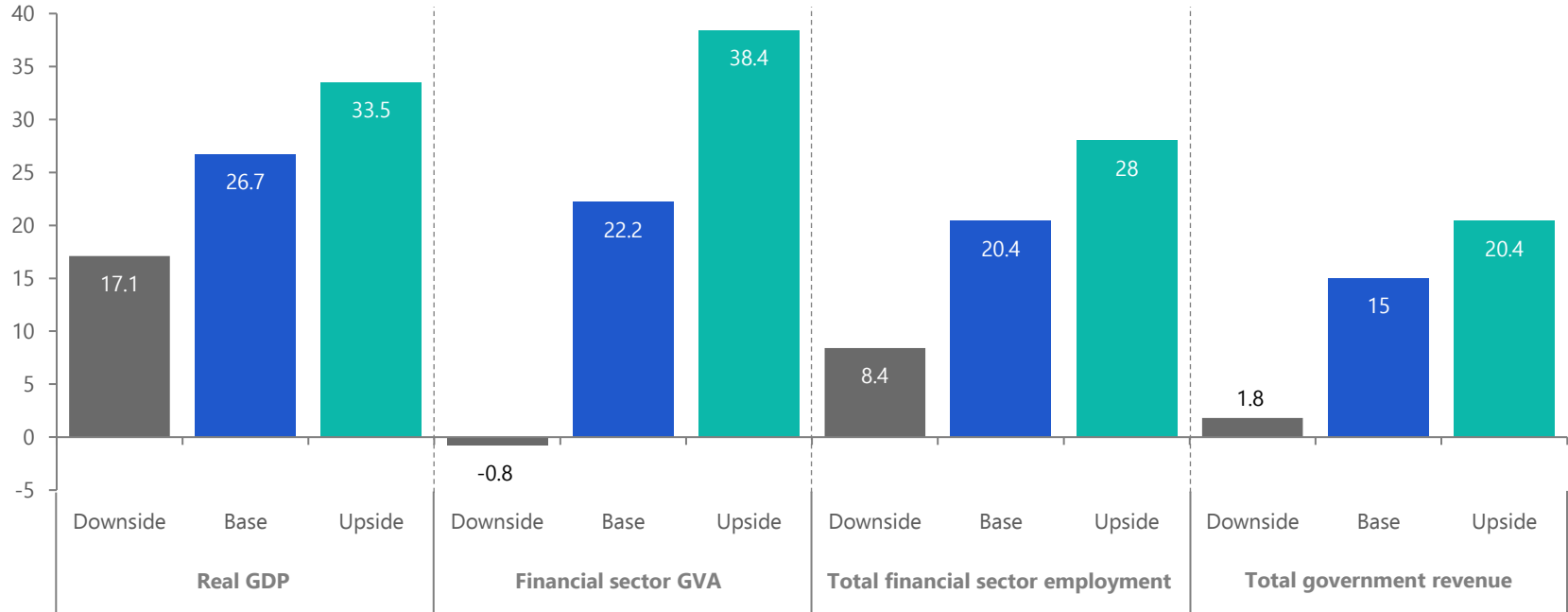
Contributions to government revenues by fee type in 2035 (CI\$ million, 2024 prices)



Sources: Cayman Islands Economics & Statistics Office, Capital Economics

# Total impact: Range in potential outcomes for financial services demonstrate importance of supporting the sector

Outlook for key variables by scenario percentage change, 2024-2035 (%)



Sources: Cayman Islands Economics & Statistics Office, Capital Economics

## 5. Recommendations

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# Financial services industry is best placed to grow backed by proportional regulation and a modern talent strategy

## High-level recommendations for the future of Cayman's Financial Services Industry

### Regulation

**Objective:** *Ensure regulation is risk-based, proportionate, and predictable while maintaining international credibility.*

- **Ensure application of a risk-based, proportional approach** to reduce unnecessary burdens while maintaining international standards.
- **Provide clear and consistent guidance** on rules and interpretations to avoid uncertainty.
- **Create formal mechanisms for appeals and clarifications** to increase fairness and trust in the system.
- **Conduct a review of obligations** for simpler and less risky structures, with a view to introduce some flexibility to reduce the burden of a blanket approach where appropriate.
- **Adopt a practice of continuous improvement** and streamlining of compliance proceedings based on learnings from individual cases.

### Talent

**Objective:** *Secure and retain specialized talent while building the local workforce.*

- **Invest further in Caymanian talent development** through scholarships, apprenticeships, and sector-specific training.
- **Improve integration of Caymanians returning with degrees** into business roles to support careers and lessen reliance on work permits.
- **Consider a separate work permit process for critical financial services roles** to ease talent shortages. This could involve fast-track and streamlined permits or a set allocation for finance roles.
- **Invest in digitisation and automation** of work permit applications to increase productivity and reduce delays.
- **Provide greater certainty on residency pathways** to improve retention of senior professionals.
- **Set clear service standards and timelines** for work permit applications.

# Predictable and efficient government services alongside smarter promotion are key to support growth in financial services

## High-level recommendations for the future of Cayman's Financial Services Industry

### Government services

**Objective:** *Make financial services processes faster, predictable, and more transparent*

- **Set clear service standards and timelines** for regulatory, registry, and immigration processes to ensure predictability.
- **Invest in technology** to digitise and automate applications and processing for simpler requests.
- **Develop a unified digital portal** for submissions, tracking, and feedback for clear communication channels.
- **Invest in regulator capacity** through better retention, training, and private sector secondments.
- **Conduct a review of fees** to ensure they are appropriate and do not disproportionately impact any sub-sectors.
- **Introduce an option for fast-track processing** for additional fee to support time critical business.

### Promotion

**Objective:** *Position Cayman as a leading, competitive, and diverse financial services hub.*

- **Support promotion through increased investment** to reflect importance of the sector to Cayman's economy.
- **Establish a coordinated national financial services strategy** led jointly by government and industry, with transparent funding.
- **Articulate a unified Cayman value proposition** highlighting regulatory credibility, talent, and jurisdictional stability.
- **Increase co-ordination between government and private sector** to identify areas where each party can add the most value.

# Appendix

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## Survey

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In order to better understand and more fully quantify the underlying size and shape of the Cayman Islands' financial services sector, Capital Economics conducted a survey of financial services firms in the territory between 12 August 2025 and 3 September 2025.

Questionnaires were issued to firms in the Cayman Islands' financial services industry, with 67 institutions completing responses. Survey results represent the full breadth of activities conducted by the territory's financial services industry, as well as a wide range of companies of different sizes, business models and nationalities.

Overall, the respondents to the survey reported that the organisations for which they were supplying information employed just under 4,850 full time equivalents, which is 72% of the total number of jobs across the entire financial services industry (excluding regulation and support employees). Survey results have been scaled up in line with the differential between our survey results and employment figures provided to Cayman Finance by selected organisations.

# Input-output table methodology to estimate indirect and induced impacts

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## Estimating the indirect and induced economic impact of the financial sectors in the Cayman Islands

- We used the 2015 Input-Output (I-O) tables published by the Cayman Islands Economic and Statistics Office
- These tables provided domestic multipliers, which applied to 2023 financial sector data provided estimates of the indirect and induced impact, by GVA and employment.

### GVA

Using financial subsector multipliers from UK input-output tables as a guide, we assumed the same multipliers for the sectors and the corresponding sub-sectors. Note that to avoid double counting within the indirect effects category, we removed the proportion of spending of the financial services industry that goes back into the financial services industry itself. This provides a more accurate estimate of the impact that is “supported” by the financial services industry, but that accrues to sectors outside of financial services.

However, the total multiplier for the financial services industry still includes the indirect spending that is passed back through the financial services industry itself. If these intra-sector impacts are included multiplier for the financial services industry as a whole is 0.91 – For each additional dollar spent on financial services, another 91 cents is generated through the supply chain and incomes that are spent within the local economy.

### Employment

At the sector level (financial & insurance services and professional activities & support) we were able to provide the employment split by Caymanian and non-Caymanian.

- To split the indirect impact, we used the spending of each sector reported in the Cayman Island ESO I-O tables. We assumed sector employment shares were equivalent to the spending share of the financial services into all other sectors. (i.e. if 10% of total financial & insurance services sector spending is in the professional activities sector, then we have assumed 10% of jobs indirectly supported by the financial & insurance services sector are in the professional activities sector). Once we have the number of jobs for each sector, we then split that total by 2023 Caymanian/non-Caymanian employment in the corresponding sector. The total of all sectors provides overall Caymanian/non-Caymanian jobs supported by the financial sectors.
- The induced impact (activity supported by employee spending) already takes wages and employment into account. Therefore, to calculate the split we simply divided each sectors total employment impact by national Caymanian/non-Caymanian employment shares.