



## **Remarks at the Bankers Association of Trinidad and Tobago (BATT) 20<sup>th</sup> Anniversary Event**

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**Central Bank of Trinidad and Tobago**

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*1. A very warm welcome from the Central Bank of Trinidad and Tobago to our financial community and to the members of the Bankers Association of Trinidad and Tobago in particular on the occasion of BATT's 20<sup>th</sup> anniversary.*

A double-decade birthday marks a very special time—just breaking out of the teenage years—and provides a great opportunity for both reflection on the past and looking forward to the future.

*2. For many Trinbagonians, banks are our first introduction to the financial world.* When I was a child (not too long ago) it was a serious rite of passage to be escorted by one's parents to the neighborhood bank to open an account and to deposit a few dollars. With no internet, LINX or ATMs, everything was cash, personal visits to the tellers and the little red passbook to keep track of all your precious transactions. Nowadays, with technology and electronic communications

the form of interaction has changed somewhat—becoming a bit more impersonal at times—but the fundamental relations with our bankers remain basically the same. From small cash deposits, to salary deposits, car loans, mortgages, credit cards and investments, our dealings with banks follow us over the years and help to define key stages of our life cycle.

**3. *Banks in Trinidad and Tobago have a lot to be proud of.*** Through thick and thin they have made important contributions, mobilizing savings and channeling these to individual, private corporate and public sector borrowers. Taken together, banks' assets currently amount to TT\$137 billion which is equivalent to 43 per cent of the entire financial system's assets in the country. Of course, as any nation we have had our share of bank failures and challenges but we have always weathered the storms. It is inevitable that fresh tests will emerge, especially in a world where we are financially integrated internationally, speed of communication and capital movements can be instantaneous, and domestically we are faced with reengineering an economy away from a long dependence on energy exports. But I have absolutely no doubt that we have the technical capacity, will and energy to survive, adapt and thrive in the decades ahead. Now that I have ventured into the perspective of taking the long view, I'd like to touch on three related issues for further active consideration of our bankers gathered here:

**4. *The first involves further bolstering financial inclusion in Trinidad and Tobago.*** Our country became the 100<sup>th</sup> member of the international body, the Alliance for Financial Inclusion (AFI) in 2013. AFI's main role is to strengthen the ability of individuals across the globe—especially low income persons in remote

areas—to safely and meaningfully participate in organized financial activities. In certain parts of Africa, East Asia and Latin America many communities are effectively cut off from the banking world—most transactions are by barter, or cash, and few persons have or even know what a bank account is. Trinidad and Tobago is somewhat different—we do have a widespread banking presence due to the country’s income level, our relatively small size and our long history with banks. Nonetheless, we still need to work more on encouraging, embracing and keeping the participation of several communities in the formal financial sector. In this regard, it is important for banks to pay particular attention to the specific needs of the young, the elderly and the differently abled among others as you roll out your array of services and outfit your facilities. We at the Central Bank are boosting our National Financial Literacy Program in 2017/18; we are happy to partner with BATT in common areas so that the man in the street has a better understanding of the importance and the options available for savings, investments, budgeting, retirement planning as well as the potential risks in the financial world.

***5. A second issue relates to transparency and fairness in dealing with customers.***

As we develop as a society, financial transactions can tend to become more complex and opaque—sometimes you get the impression that you need to enlist a Senior Counsel to get you through the fine print of the contract for setting up the most basic savings account! It is therefore imperative that banks and other financial institutions commit to meaningfully simplifying their agreements and making every effort to ensure that their customers understand the terms and conditions. We at the Central Bank are encouraged by the relaunch of the Banking Code of Practice a few days ago, but like Mr. Stoddard, the Financial Services Ombudsman, we look forward to the principles of transparency and fairness being

applied fully in practice. One specific example I would call to mind is the Guideline on the Mortgage Market, jointly developed between the Central Bank and BATT, to cover information disclosure and predictability in the adjustment of interest rates on loans on what for most people represents their major lifetime investment—their homes.

*6. The third matter I'd like to touch on involves banks using their influence to lead by example in the corporate governance field.* At present we have 8 institutions that have been licensed as commercial banks in Trinidad and Tobago. These licenses offer a privilege and responsibility to operate in a specific financial space. Banks have enormous access to private information, financial resources, big and small businesses, public sector agencies and the international network of financiers. As noted earlier, at this juncture in our economic history, the country is making significant adjustments to the decline in energy prices. But we have been here before and, with appropriate management, the country will adapt to the cycle. As bankers committed to the long term, I'm sure that you will continue to analyze the situation and options dispassionately, put forward your recommendations clearly and operate in a spirit of give-and-take as the country adapts to current circumstances. In the corporate governance field, due to their high visibility, banks are well placed to implement best practices in how their boards operate and in demonstrating integrity in the conduct of their affairs. On a related note, I am very pleased to note the participation and leadership shown by banks and BATT as a whole in (non-financial) issues that affect many of us, including seminars on gender-based violence, non-communicable diseases and genetic issues such as breast and other forms of cancer and Downs' Syndrome, and sporting and cultural events. *Well done!* At the Central Bank, our staff are busy collecting one cent and

other coins over the past few months; the Central Bank will match those contributions and use the proceeds to purchase testing strips and other equipment for the Diabetes Association at the end of the year. We look forward to exploring opportunities to partner with BATT on community ventures in the future.

*7. With these few remarks, I would like to once again congratulate BATT on its 20<sup>th</sup> anniversary.* While as regulator and in the conduct of monetary policy, we will certainly not always agree on all issues, we at the Central Bank look forward to continuing to engage forthrightly and honestly with the banking community in further strengthening the contribution of the financial system to our beloved Trinidad and Tobago.