



CENTRAL BANK OF
TRINIDAD & TOBAGO

Payments Quarterly

Payments Quarterly is a newsletter on developments in the Payments System in Trinidad and Tobago

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Please see our full contact details on the last page.

Highlights of CEMLA Regional Payments Workshop hosted by Central Bank of Trinidad and Tobago 2011



Opening Remarks delivered by Mark Hollanders, Special Advisor, Bank of International Settlement (BIS) at the Regional Payment Systems Workshop for Latin America and the Caribbean. Seated (L-R) Joan John, Deputy Governor Operations at the Central Bank of Trinidad and Tobago; Javier Guzman Calafell, Director General, CEMLA; and Gregor Heinrich BIS Representative, Office of the Americas.

The Central Bank of Trinidad and Tobago hosted representatives from over 16 Caribbean and Latin American central banks at the Regional Payment Systems Workshop for Latin America and the Caribbean from February 8th to 10th 2011. This event was held in conjunction with the Bank for International Settlements (BIS) and the Centre for Latin American Monetary Studies (CEMLA).

The objective of the two and a half day workshop was to consider as a group recent developments in the retail payment system and the implications for the existing payment and securities settlement systems in Latin America and the Caribbean.

The workshop featured speakers from several international organizations including the organizers, BIS and CEMLA, the World Bank, the European Central Bank and the Bank of France. Topics at the seminar included the interdependencies of payment and settlement systems, the role of non-banks in retail payments, innovation in retail mobile payments, retail payments: a changing environment, the Single Euro Payments Area (SEPA) and remittances. Country presentations were made by several participants focusing on the key developments within local payments systems.

Highlights of CEMLA Regional Payments Workshop hosted by Central Bank of Trinidad and Tobago

The seminar was considered a success by all participants. Useful information was garnered about the retail payments sector which would assist in the work currently being done with respect to the development of the payments system infrastructure in several of the countries present.



Staff of Central Bank listen in at one of the presentations delivered at the Regional Payment Systems Workshop for Latin America and the Caribbean



Participants at the Regional Payment Systems Workshop for Latin America and the Caribbean

DEVELOPMENT AND IMPLEMENTATION OF JAMCLEAR - JAMAICA'S CENTRAL SECURITIES DEPOSITORY (CSD) Part II

(article provided by the Bank of Jamaica)

OVERSIGHT OF JAMCLEAR-CSD

JamClear-CSD, being the electronic registry for all Bank of Jamaica (BOJ) and Government of Jamaica (GOJ) Securities, provides the authentic record of ownership and transfer of ownership of the securities held in the depository. In addition, the integration of JamClear-CSD with JamClear-RTGS allows for significant reduction in settlement risks, with all fixed income securities transactions being settled on a delivery versus payment basis in the system. In general, JamClear provides for the safe, efficient and reliable functioning of the securities market and in so doing contributes to the stability of the financial system in general.

Further, JamClear-CSD provides ready access to the collateral required for the smooth functioning of the interbank market and the safe and efficient execution of the Bank's monetary policy operations. It is in this context that JamClear-CSD is the focus of continuous monitoring by the BOJ Payments System Oversight Team.

The oversight programme for JamClear-CSD, which forms an important part of the general oversight of the entire payment system, includes:

- monitoring performance of the system and providing periodic reports on system utilization;
- monitoring compliance with the rules of the system and ensuring

that agreed penalties are imposed where breaches occur;

- ensuring that rule changes and system changes, where necessary, are effected prudently;
- ensuring that appropriate business continuity arrangements are developed and tested in readiness for timely implementation.

The imminent passage of the Payments, Clearing and Settlement Bill will provide the necessary legislative support that is required for further strengthening of the Bank's oversight function.

JAMCLEAR-CSD ACCESS AND UTILISATION

JamClear-CSD is a modern electronic securities depository which

enables the execution of securities transactions with high levels of speed, safety and efficiency. It facilitates a wide range of transactions and activities inclusive of:

- The completion of securities transactions on a delivery versus payment basis through seamless integration with JamClear-RTGS.
- The ability to auction all new issues of BOJ and GOJ securities,
- Electronic processing and generation of all entitlement proceeds;
- Processing of repurchase and reverse repurchase agreements;
- Pledging mechanism and
- Billing mechanism.

The growth in utilization of JamClear-CSD services during the seventeen months of its existence reflects the growing acceptance of the system and the increasing levels of confidence in its safety and reliability, by participants and investors in general. We are also mindful of the fact that participants are still in the transition phase as they embrace the electronic environment in which securities transactions are now being processed, recorded, stored and retrieved. The direct participants in JamClear-CSD, comprised of the BOJ, the GOJ, Commercial

Banks, Primary Dealers and other security dealers, continue to share experiences and strategies under the umbrella of the NPC.

As at the close of business on 30 September 2010, the 44 direct participants had created 18,000 accounts for 13,000 investors in JamClear-CSD. It is estimated that approximately 60% of the number of investors in GOJ and BOJ securities currently hold accounts in JamClear-CSD.

Of significance is the fact that the entire stock of BOJ Open Market Securities is currently housed in JamClear-CSD and, since 15 May 2009, all new securities issues have been in electronic form via JamClear-CSD. Further, the passage of the Government Securities Dematerialization Act provided the legal basis for the issue of electronic GOJ securities to replace the paper certificates that were previously mandated by law. Consequently, more than 95% of GOJ domestic debt securities are now housed in JamClear-CSD following the appointment of the BOJ as the Registrar.

The continued growth in the volume and value of securities transactions provides conclusive evidence of the increasing level of acceptance of JamClear-CSD and the new business processes that it facilitates (see the table below).

For the first three quarters of 2010 a total of 99,499 transactions have been recorded in the system with each quarter showing a significant increase over activity levels in previous quarters. This trend is expected to continue as security dealers and investors in general become more aware of the high levels of safety and reliability that is guaranteed in the new environment that is made possible by JamClear-CSD.

CONCLUSION

The Payments Systems Team of the Bank of Jamaica is appreciative of this opportunity to contribute to this newsletter. It is our intention to use this and all available channels to intensify the conversation on the regional imperative that payments system reform has become.

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Finance & Technology and
Payments System & Risk Management Divisions

JamClear-CSD						
Activity Levels 2009 to 2010						
	Volume		Nominal Value J\$mn		Nominal Value US\$mn	
	Transactions	% Change	Value	% Change	Value	% Change
2009						
1st Qrt	0		0.00		0.00	
2nd Qrt	1,098	0%	11.10	0%	0.00	0%
3rd Qrt	9,149	733%	9,637.50	86711%	0.00	0%
4th Qrt	8,591	-6%	31,269.20	224%	0.00	0%
Total 2009	18,838		40,917.80		0.00	
2010						
1st Qrt	18,698	118%	3,555,792.94	11272%	2,177.60	0%
2nd Qrt	37,260	99%	4,846,055.34	36%	1,831.35	-16%
3rd Qrt	43,541	17%	3,559,613.56	-27%	2,486.06	36%
Total 2010-T-D	99,499		11,961,461.84		6,495.01	

Payments Glossary



Here are 6 terms ¹ applicable to the Payments System:

1. BIS - Bank for International Settlements	<p>is an international organisation which fosters international monetary and financial cooperation and serves as a bank for central banks.</p> <p>The BIS fulfils this mandate by acting as:</p> <ul style="list-style-type: none"> • a forum to promote discussion and policy analysis among central banks and within the international financial community • a centre for economic and monetary research • a prime counterparty for central banks in their financial transactions • agent or trustee in connection with international financial operations <p>Website www.bis.org</p>
2. CEMLA - Centre For Latin American Monetary Studies	<p>is the regional association of Latin American and Caribbean central banks. Its main objective since 1952 is cooperation amongst its members in order to promote a better knowledge of monetary and financial topics in the region.</p> <p>Website: www.cemla.org</p>
3. Clearing	<p>is the process of verifying that the payer has the money to make the payment and that the payment method by which the transaction is effected is valid. It always precedes the settlement process.</p>
4. Settlement	<p>refers to the actual exchange of value from the payer to the beneficiary and is usually facilitated through financial institutions.</p>
5. Automated Clearing House (ACH)	<p>an electronic clearing system in which payment orders are exchanged among financial institutions, primarily via magnetic media of telecommunication networks, and handled by a data-processing centre.</p>
6. Real-Time Gross Settlement	<p>the continuous (real-time) settlement of funds or securities transfers individually on an order by order basis (without netting).</p>

¹Source (except first and second terms): A glossary of terms used in payments and settlement systems, Committee on Payment and Settlement Systems, Bank of International Settlement March 2003.

Safe-tt, ACH and Cheques Volume Meter

Safe-tt, ACH and Cheques statistics 2008-2011²

	2008	2009	2010	2010	2011
				Jan - Mar	Jan - Mar
Safe-tt	0.04	0.05	0.05	0.01	0.01
ACH	2.03	2.59	2.89	0.69	0.73
Cheques	10.45	9.74	9.43	2.28	2.25
Total	12.52	12.38	12.37	2.98	2.99

NB: Volumes in Millions

²Data provided by Payments System Operators except in the case of cheque data

If you require any further details or would like to offer any suggestions, please contact the Payments System Department at the Central Bank of Trinidad and Tobago at
 Phone number: 1 (868) 625-4835 ext. 2719; or send an email to: rtgs@central-bank.org.tt