



CENTRAL BANK OF TRINIDAD & TOBAGO

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October 5, 2015

**CIRCULAR LETTER TO ALL FINANCIAL INSTITUTIONS LICENSED UNDER
THE FINANCIAL INSTITUTIONS ACT, 2008,
ALL INSURANCE COMPANIES REGISTERED UNDER THE INSURANCE ACT,
ALL FINANCIAL HOLDING COMPANIES**

REF: CB-OIFI-2299/2015

DRAFT GUIDELINE FOR OUTSOURCING ACTIVITIES

The Central Bank of Trinidad and Tobago (the Central Bank/ Bank) acknowledges that there are increasing trends in the use of third parties (or service providers) to carry out business activities that are normally performed in-house by financial institutions. Outsourcing in the financial services industry was initially limited to activities that did not pertain to a firm's primary business, such as payroll processing. More recently however, commonly outsourced activities have included information technology, accounting, auditing, electronic funds transfer, investment management and human resources.

Given that outsourcing has the potential to significantly increase *inter alia*, the reputational and operational risks of a financial institution, the Central Bank has developed a draft Outsourcing Guideline (Guideline) which sets out the Bank's expectations regarding the management of outsourcing contracts and risks.

As is customary, the Central Bank is seeking the comments on the attached Guideline. Comments should be submitted by **Monday November 02, 2015**, and can be forwarded electronically to [**outsourcing-comments@central-bank.org.tt**](mailto:outsourcing-comments@central-bank.org.tt). Written comments should otherwise be submitted to the undersigned.

The Central Bank anticipates your continued cooperation and looks forward to your timely feedback.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Carl Hiralal'.

**Carl Hiralal
INSPECTOR OF FINANCIAL INSTITUTION**