



Strategic Plan

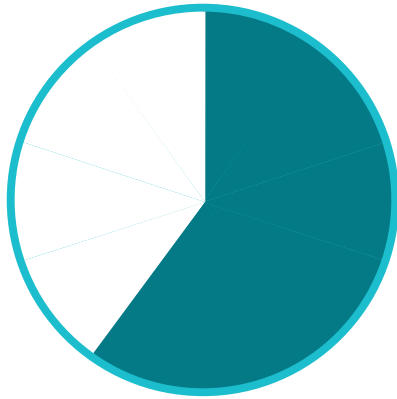
2021/22 2025/26

Project
Implementation
Update
YEAR 3
Half Year 2

Central Bank of Trinidad and Tobago Strategic Plan 2021/22—2025/26: Progress from April 1, 2024 – September 30, 2024

I. Backdrop

The Central Bank of Trinidad and Tobago moved into the second half of its current [Strategic Plan 2021/22—2025/26](#) from April 1, 2024. Over the subsequent six-month period, the Bank made good progress on its commitments outlined in its [March 2024 Strategic Plan Update](#) in the cited areas involving cybersecurity; update of the polymer \$100 banknote; boosting efficiency of the domestic payments system; improving private sector pension regulation; and consolidation of internal work processes. The groundwork was also strengthened for key projects carded for the new financial year that begins on October 1, 2024 centred on: (i) utilising the imminent increase in the coverage of deposit insurance as a platform for further reinforcing financial stability; (ii) introduction of a fast payments arrangement in Trinidad and Tobago; (iii) a more pervasive role in promoting domestic



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cybersecurity in financial transactions; and (iv) boosting the Central Bank's role in preparing the country for climate change.

The macroeconomic setting under which the Central Bank operated over the past 6 months remained quite complex on the international front. Geopolitical tensions in the Middle East and the continuation of the Russia-Ukraine war, alongside slowing but still relatively high inflation in many territories, contributed to a high level of uncertainty for fiscal and monetary authorities across the globe. Several developing and emerging market economies also found their policy options severely constrained by the build-up of high-interest debt that they had to incur to deal with the COVID-19 pandemic. The large number of national elections in calendar 2024 also added to domestic tensions and ambiguities on policy directions.

In Trinidad and Tobago, the economic environment was characterized by very low inflation, a steady economic recovery focused on non-energy activities, and somewhat volatile liquidity. The Central Bank kept its policy rate steady, and focused more on

open market operations—the sale and purchase of mainly treasury bills and notes. A sharp decline in commercial banks' liquidity in July 2024 (as evidenced in banks' reserves at the Central Bank in excess of the required levels) prompted the Central Bank to [*lower the reserve requirement*](#). This action immediately boosted system liquidity and reflected another step in the Central Bank's move away from [*direct to indirect \(i.e. more market-determined\) instruments*](#) of monetary policy. Meanwhile, the domestic financial system remained broadly stable, based on system-wide indicators showing adequate capital, strong asset quality and good profitability. [*Vulnerabilities*](#) associated with high sovereign exposure, cybersecurity threats and climate change persisted.

Internally, the Central Bank of Trinidad and Tobago is celebrating its 60th Anniversary in 2024—the Bank was established on December 12, 1964. A dynamic cross-Departmental team was established and put together a comprehensive year long programme to foster staff awareness and recognition, communicate the work of the Central Bank to children and the general public, and take

the Bank's engagement with local, regional and international institutions to an even higher level. Some of the ongoing activities to date included *Schools Outreach and Planting of 60 Trees* in both islands of Trinidad and Tobago; a *PanJazz Concert* with proceeds going to the Alzheimer's Association and Center for Persons with Disabilities; *Repatriation – A New Beginning*, an exhibition honouring the life and work of artist Glenn Roopchand; a Panel Discussion on *Trinidad and Tobago and Development Financial Institutions* featuring representatives from the Caribbean Development Bank (CDB), Corporación Andina de Fomento (CAF), Inter-American Development Bank (IDB), and International Monetary Fund (IMF); and a staff/retirees/family road race (*6K for 60*), a night of local film and folklore and a bus tour.

II. Key Achievements over the past 6 months

1. ***The Central Bank received and reviewed the first reports from licensees on their cybersecurity frameworks and adopted an approach to train supervisory staff to handle this activity.*** In April 2024 the first reports from licensed financial institutions attesting on their cybersecurity frameworks were submitted to the Central Bank. In assessing these reports, staff in the Financial Institutions Supervision Department (FISD) utilized a template drawn up by the IMF to assist supervisory authorities in such evaluations. FISD staff is continuing to gain experience in this area, adapting the template to our country circumstances and priorities. At the same time, the Central Bank recognized the need to further boost our technical capacity in cybersecurity supervision. To this end, FISD, along with the Payments and Financial Markets Infrastructure and Human Resources Departments, have generated a comprehensive plan to have all supervisors exposed to the vast body of technical training already available

from international institutions. This will be complemented by targeted workshops as required, and by hiring of short-term consultants if needed.

2. ***The first update of the TT\$100 polymer banknote is now carded for 2025.*** The milestones and activities set out in the original schedule between April and September 2024 for the update of this largest denomination were all met. In particular, the commercial banks received the concept design, and De La Rue International, the banknote printers, completed the incorporation of the security features as agreed. As outlined in the [March 2024 Strategic Plan Update](#), the new Series will be very similar to the current 2019 Series. The updated note will feature a larger security strip incorporating recent banknote technology with, among other things, the bird of paradise in iridescent ink in a larger see through “window” with holographic elements. Prior to final sign-off before production, the Central Bank was made aware of a proposed adjustment to the Trinidad and Tobago coat of arms. The production

schedule will therefore be modified to be able to integrate the change to this important banknote element. The banknote is expected to be in circulation in 2025 (Series 2025), with the precise timing dependent on the final coat of arms design.

3. ***Strong progress was made in advancing payments reform, and fintech more generally, in close collaboration with international partners.*** Staff completed a draft of new payments legislation, taking into account the views of legal experts from the IMF. Staff also continued deep engagements with the IMF, IDB, CAF and the Bank for International Settlements (BIS) on international experiences on payments reform, while exploring options with other regional Central Banks for practical solutions at the CARICOM level. Particular attention was paid to fast payments solutions introduced in Brazil and India, as well as cross-border arrangements being promoted by the IDB and BIS, among others. With respect to electronic money (e-money) providers, a new registration was approved for

Massy Remittance Services (Trinidad) Ltd. in September. Meanwhile, the Bank continued to play an active role in discussions geared towards Trinidad and Tobago's compliance with global standards, particularly in the area of virtual asset and virtual asset service providers.

4. ***Some progress was made in improving private sector pension regulation through discussions with the Board of Inland Revenue (BIR) in the context of other measures to bolster financial stability.*** An early step was taken toward reducing bureaucratic hurdles faced by the private sector pension industry in Trinidad and Tobago. This approach needs to be continued in coming months given the resource constraints outlined by the BIR. More comprehensive interventions will also need to be developed, including potential changes to regulations and legislation, to assure more effective pension supervision. Hosting of the Caribbean Association of Pension Supervisors (CAPS) Conference in June provided a good forum for the exchange of ideas with regional counterparts. More generally, the Supervision Department

continued to build on its foundations in implementing Basel II/III measures, compliance with the IFRS 17 reporting standards, credit quality analyses and the holistic approach to supervising financial conglomerates.

5. ***Experiences from the introduction of the Electronic Cheque Clearing System (ECCS) and Document Management System (DMS) helped in the planned consolidation of work processes.*** The Central Bank of Trinidad and Tobago and the commercial banks successfully introduced the ECCS in 2023 as a way of streamlining cheque processing by utilizing digital images in place of relying solely on time-consuming manual inspections of all cheques. At the same time, the Bank learnt that errors in recording of transactions during the early introductory phase of the ECCS provided opportunities to further formalize internal processes and develop communication with external parties, including the Treasury (representing the Government as the Central Bank's major client) and commercial banks as the other ECCS participants. Comprehensive

internal reviews, dialogues with the Treasury, banks, and one external agency to date—a Cabinet-appointed Investigatory Committee—have helped in this bolstering of processes and communication. Meanwhile, the Knowledge and Information Management (KIM) Department finalized its proposal toward a comprehensive document management system. A review of this recommendation is underway and may involve an external consultancy in the next 3 months with a view to commencing implementation in calendar 2025. In some aspects of outreach, the Office of the Financial Services Ombudsman (OFSO) and National Financial Literacy Programme (NFLP) have started to pivot their activities more in the direction of supporting the public in dealing with the opportunities and risks of digital transactions.

III. Overarching strategic priorities for the next 6 months

1. ***Utilizing the increase in the coverage of deposit insurance as the centre of the Central Bank's financial stability operations.*** On October 1, 2024 deposit insurance on eligible institutions (commercial banks, trust companies, merchant banks and finance houses) will increase by 60 percent (from TT\$125,000 to TT\$200,000) to be financed by a phased increase in premiums on these institutions. This significant increase gives a more appropriate coverage based on international standards and inflation since the previous increase 12 years earlier. The change was proposed by the Deposit Insurance Corporation of Trinidad and Tobago (DIC), supported by the Central Bank, and approved by the Minister of Finance consistent with the relevant legislation. The Bank has already started to [*alert the public*](#) about the significance of the movement, complementing the [*DIC's efforts*](#), and will integrate this development and related issues in its upcoming financial literacy sessions on risk and financial options. The work on IFRS

17 compliance is expected to come to a close alongside regulations to further bolster credit quality supervision.

2. ***A pilot project on the establishment of a fast payments solution will be launched, in partnership with the Ministry of Digital Transformation.*** This solution is based on the Unified Payments Interface (UPI) model that is being successfully operated in India. It is expected to be a major game-changer in allowing very widespread access by citizens to easy, reliable and low cost digital payments and transfers. The Central Bank of Trinidad and Tobago will be liaising closely with our counterpart in India (the Reserve Bank of India) as the project gets underway. It will require a significant effort on the part of Central Bank staff to flesh out and execute this project, taking into account resource needs, information technology requirements, extensive collaboration with domestic and international institutions and appropriate public communication.

3. ***The Central Bank will enter into a new phase in promoting cybersecurity in financial transactions.*** To mark *Cybersecurity Awareness Month* in October, the Bank will issue short daily tips on its social media platforms. These advices will form a part of the larger effort underway since earlier this year to sensitize the public about cybersecurity in an easily understandable form. They will also bring together more directly the coordination with key institutions such as the Ministry of Digital Transformation, the Bankers' and Insurance Companies' Associations, Credit Union League, Financial Intelligence Unit, Stock Exchange and Securities and Exchange Commission. The cybersecurity training programme for FIRD and Payments Department staff will start and the results/feedback closely monitored for effectiveness. One onsite cybersecurity examination of a large bank is already planned for the next few months.
4. ***The Central Bank will intensify its public dialogue and own actions on the issue of climate change.*** On October 4, the Bank will host its 34th Eric Williams Memorial Lecture, to

be given by Prof. Avinash Persaud on the topic *Addressing Climate Change in the Caribbean Will Cost a Lot of Money: Who Pays?* The Bank will complete the measurement of its carbon footprint, taking into account its credits to reductions via the tree planting exercises on the Lady Chancellor Hill and Richmond in Trinidad and Tobago respectively, and the investment of part of the international reserves in World Bank Sustainability Bonds. The Bank will also continue to flesh out its plans to integrate climate change matters in its financial sector supervision, including through involvement in the [*Network for Greening the Financial Sector*](#) deliberations and other international supervisory training.



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