



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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Why the name change to Payments Quarterly?

As you would have noticed the name of this publication has changed from *safe-tt* to *Payments Quarterly*. Why this change? The simple answer is that the scope of the magazine has expanded beyond the original content.

Under its former name *safe-tt*, the magazine was first issued in 2004 and at that time it was envisaged as a source of information to readers on the major developments with the implementation of the RTGS and GSS systems and related matters. By 2006, in an effort to bring more information to its readership, the magazine began to include articles on other available products and services in the payments systems, such as the ACH. Today, the magazine covers information on issues taking place in the local, regional and international payments arena.

The new face of the magazine is a reflection of this change. The magazine will include articles from contributors both within and external to the Central Bank. This will allow readers to benefit from submissions by a broader interest group.



Many of the old features will remain as the publication would continue to feature articles on current payment system related issues, payment statistics and news from payments systems operators, as well as a running series throughout the year on a central theme. The theme selected this year is "electronic money".

We would like to take this opportunity to thank our readers for the support and interest shown in *safe-tt* and we look forward to your feedback on our new publication, *Payments Quarterly*. ■

Payments Quarterly is published by the Central Bank of Trinidad and Tobago,
Eric Williams Plaza, Independence Square, Port-of-Spain.

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.

If you would like to see any additional feature in this publication, please send us an e-mail.

Contact info: Phone: +1 (868) 625-4835 ext. 2719; e-mail: rtgs@central-bank.org.tt

What is Electronic Money?

A number of innovative payment methods have been introduced over the last few years as a result of the increasing advances in technology. Over the next few issues of the magazine, we will be focusing on these innovations and their impact on today's world. In this first issue we present an overview of electronic money.

Electronic money can be simply defined as money stored electronically in a device such as a smartcard or electronic tokens. Smart cards are

typically embedded with a microchip used to store information of a financial nature. Smart cards are quite popular in Europe where they are used extensively in the health, insurance and banking industries.

These cards operate in a similar way to debit cards, utilizing a magnetic stripe technology to store information and track funds.

Stored value cards are not very popular in Trinidad and Tobago however there



exist some limited use of gift cards and telephone cards with pre-determined values. ■

InfoLink Services Limited Welcomes Eastern Credit Union Co-operative Society Limited to the LINX Debit Card network

InfoLink Services Limited (Infolink) the owner of the LINX network welcomes the Eastern Credit Union Co-operative Society Limited (Eastern) to its network.

InfoLink Services Limited formed in 1993 launched its LINX ATM service in 1995 and the LINX/Point of Sale service in 1996.

The LINX Service and Brand has grown over time and today there are over 700,000 LINX debit cardholders with 310 ATMs and over 8,776 participating merchants throughout Trinidad and Tobago. The LINX Network facilitated over 22 million transactions in 2007.

The Eastern Credit Union was formed on January 30th, 1975 from an amalgamation of Bermudez Employees Credit Union and Aranguez Estate Credit Union. Today Eastern is considered one of the leading credit union co-operatives in Trinidad and Tobago and is expected to bring an additional 60,000 cardholders to the LINX Network.

What does this mean for Eastern's membership? It means that members of Eastern will be able to use their new LINX Sprint cards for cash withdrawal and shopping at any LINX ATM or LINX Merchant throughout Trinidad and Tobago. Pilot testing will be ongoing during the period February through April 2008. ■



Launch of Payment System Participant Return - CB70



The Central Bank, through the Payments System department, recently launched the CB70 return. This form is to be completed by all commercial banks and submitted to the Central Bank via secured email.

The CB70 is a monthly return for the collection of payments statistics such as the following:-

- Cards in circulation;
- Payments infrastructure;
- Fees and charges for the various types of payments.

The main objective in capturing these statistics on the country's payment systems is to improve decision-making with respect to improving the payments systems in the country. ■

- Cash withdrawals
- Cashless payment instruments;

ABC.. Glossary of Payment Systems Terms

Here are 7 more terms applicable to Electronic Payments Systems:



1	Automated Clearing House	An electronic clearing system in which payment orders are exchanged among financial institutions, primarily via magnetic media or telecommunications networks.
2	Bond	A bond is a type of debt security in which the authorised issuer owes the holders a debt and is obliged to repay the principal (the original amount of the loan) plus interest at an agreed later date.
3	Debit Card	A card enabling the holder to have his purchases directly charged to funds on his account at a deposit-taking institution (may sometimes be combined with another function, eg that of a cash card or cheque guarantee card).
4	Electronic Money	Value stored electronically in a device such as a chip card or a hard drive in a personal computer.
5	Prepaid Card	A card on which value is stored, and for which the holder has paid the issuer in advance.
6	Primary Market	The primary market is part of the capital market that deals with the issuance of new securities.
7	Secondary Market	This refers to a market in which an investor purchases an asset from another investor rather than an issuing entity.

Developments in Secondary Market Trading of Government Securities



In January 2008, secondary market trading in Government of Trinidad and Tobago securities was automated on the Trinidad and Tobago Stock Exchange. In order to use the automated system, securities must be in electronic form (dematerialized). All government securities issued under the automated auction system at the Central Bank are in dematerialized form and held at a depository at the Central Bank. Steps are being taken to change those government securities that are in paper based form to electronic form.

How does the system work?

Step 1: An investor indicates his desire to either buy or sell a security by completing a standard form at any authorised member of the Trinidad and Tobago Stock Exchange (TTSE). (See insert box).

Step 2: The TTSE member will, from his office, enter the buy or sell transaction into the trading system. For a buy order, the TTSE member must first verify the source and amount of the buyer's funds that is needed for the transaction. In the

case of a sell order, the seller's holdings in the bond must be verified.

Step 3: A trade takes place when independent buy and sell orders for the same bond are entered i.e. matched by the trading system.

Orders are matched first on the basis of price and, in the case of competing orders, time. That is to say, competing buy orders which come in at the same price will be decided upon according to which was entered earliest.

Step 4: On the settlement date, the payment is made and the depository is updated at the same time with the new holder's details.

Step 5: The TTSE member settles the transaction with the investor.

The *safe-tt*, GSS and ACH Volume Meter

The actual volumes of payment transactions to date are as follows:-

Date	<i>safe-tt</i>	GSS	ACH
January 2007	2490	756	37285
February 2007	2546	1507	40601
March 2007	2578	717	50767
April 2007	2783	1342	54702
May 2007	2716	1224	67547
June 2007	2515	1066	71659
July 2007	2882	943	75451
August 2007	2843	577	85448
September 2007	2740	1134	95403
October 2007	3456	938	127380
November 2007	3409	859	137548
December 2007	3264	912	144319
January 2008	3756	1768	144747
February 2008	3098	766	147192

INSTITUTIONS AUTHORISED TO TRADE IN GORTT BONDS EXCHANGE MEMBERS

STOCKBROKERS -

- West Indies Stockbrokers Limited
- Caribbean Stockbrokers Limited
- AIC Securities Limited
- Republic Securities Limited
- Bourse Securities Limited
- CMMB Securities Limited

GOVERNMENT SECURITIES INTERMEDIARIES (GSIs) -

- ANSA Merchant Bank Limited
- Citicorp Merchant Bank Limited
- First Citizens Bank Limited
- Intercommercial Trust & Merchant Bank Limited
- Republic Finance and Merchant Bank Limited (FINCOR)
- RBTT Merchant Bank Limited
- Scotiastand and Merchant Bank Limited
- Trinidad and Tobago Unit Trust Corporation
- FirstCaribbean International Bank Limited
- Caribbean Money Market Brokers Limited ■