



safe-tt

Volume 1. Issue 4

August 2004

safe-tt is a newsletter on developments in the Payments System in Trinidad and Tobago

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...Countdown to December '04

The implementation of the RTGS system, **safe-tt**, and related systems is due to be completed in December 2004. It will be a two staged process, with **safe-tt** going live in October 2004 and the Government Securities Settlement (GSS) System and most linkages being completed in December 2004.

While these are the core elements of the payments and securities clearance and settlement systems, it should be remembered that there are other important aspects to the payments architecture, some of which have undergone reforms in recent times and others that are due to be reformed shortly. These include:

- The introduction of the Trinidad and Tobago Central Securities Depository (TTCD) which began operations in January 2003;
- The new Trinidad and Tobago Stock Exchange Electronic Trading System that is scheduled to be implemented in 2004;
- The Automated Clearing House called **TTIPS**, to be established in 2005;
- New / amended legislation to support the reformed system to be drafted in 2004.

All these reforms to the National Payments System seek to enhance the efficiency of the domestic payments system utilizing proven modern technologies. As noted in the *White Paper* on the Financial Services Sector, the National Payments System is indispensable for the development of financial services in Trinidad and Tobago. It will provide users with:

- A range of options for making payments;
- Reduction of the cost of financial transactions;
- Minimization of systemic risk;
- Enhancement of the smooth functioning of the financial sector;
- Assurance that there are modern, fast and accurate tools to manage liquidity and monitor the behavior of the payments system in Trinidad and Tobago.

The goal is to provide all users of the National Payments System with a standard of payment services that is comparable to that anywhere else in the world. The systems will be continuously updated to take advantage of the new technologies and international best practices. ■

safe-tt is published monthly by the Central Bank of Trinidad & Tobago

If you require any further details on any aspect of the reforms process, or would like to offer any suggestions, then please contact the Payments System Department at the Central Bank of Trinidad and Tobago.

Project Progress

The payments project continues to make good progress. Installation of the RTGS software at the Central Bank is complete and the Site Acceptance Testing is well underway and running smoothly. The SWIFTNet Migration window for Trinidad and Tobago occurs between 23 and 27 August 2004. All participants in the RTGS will be involved in this exercise. We are confident that the target for system acceptance of the end of August 2004 will be achieved. Following system acceptance, the next stage will be member trials, the process by which all members are made adequately prepared for the live system which goes into effect on October 2004. The diagram on page 3 shows the project's timeline; the progress made to date is indicated by the red line. ■



Staff Visit LogicaCMG Office

Two staff members from the Central Bank of Trinidad and Tobago visited LogicaCMG office in London, United Kingdom during the period July 26, 2004 to July 30, 2004. The two representatives were Ms. Lisa Chambers, Senior Business/Technical Analyst and Ms. Leslie Ann Figaro, Senior Banking Operations Officer.



David Kohen (LogicaCMG) assists Lisa Chambers and Leslie Ann Figaro of CBTT during Factory Acceptance Testing at LogicaCMG office in London.



Leslie Ann Figaro (CBTT) gets some 'hands-on' while Lisa Chambers (CBTT) and Stephen Leask (LogicaCMG) look on.

The main purpose of the visit was to witness the factory testing of LogicaCMG'S RTGS software, known as CAS (Central Accounting System), which is to be installed in Trinidad and Tobago. The factory testing was led by two representatives from LogicaCMG and sessions were overseen each day by different representatives of the Products Centre. This afforded the Bank's team the opportunity to make contact with the individuals from the Products Centre who would be responsible for providing support for the Bank's system after its implementation.

The LogicaCMG standard RTGS product was tested to ensure that the basic functional features of the product were operating adequately. This included testing of a normal day; that is starting the CAS session, setting a new value date, opening the system for business, changing limits for participants and sending and settling payments between parties. The warehousing of payments was also tested; such payments could either be rejected or settled on the prescribed value date depending on the number of forward dates set by the rules governing the system. Other functions that were examined included suspending an account or participant, defaulting a participant, using the File of Account Transfer feature, making enquiries on payments and generating reports. The team also went through test scripts for the customized parts of the product which incorporates the reserve requirement, the emailing facility and the billing module. The opportunity also was taken to become familiar with the browser workstation and the facility to create reports.

The Bank's team was allowed to conduct most of the testing under the close guidance of the LogicaCMG team. This was very beneficial as it served as an individual training programme on use of the new software and for understanding the operations of the standard and enhanced CAS product.

The Bank's team is of the view that the system is quite user friendly and easy to manipulate. The workstation contains a help facility that the team believes would serve as a very practical tool for the participants of the system. Based on the experience of the factory testing, the Bank's team looks forward to a successful Site Acceptance Testing which is now underway at the Central Bank. ■



Member Trials

An important part of the testing of the Real Time Gross Settlement (RTGS) system or **safe-tt** is the member trials. This is a forum where the Central Bank and participants (mainly the commercial banks) of the RTGS actually conduct a simulated trial of the system. These trials, will start on the 6th September 2004 and end on Saturday the 9th October 2004, following the Site Acceptance Tests (SAT) due to be completed on the 27th August 2004.

The Trials will allow participants to:

- Become fully conversant with **safe-tt**'s functionality;
- Become familiar with the new rules and procedures governing the system;
- Understand the impact of the system and so effectively modify their internal procedures.

In order to achieve the above, the trials are structured to begin with scripted tests and to progress to unscripted tests in which participants are asked to replay actual live operational days. This approach will give all members the opportunity not only to test system functionality, but also to assess their internal operations. The month long exercise will also afford banks the opportunity to expose all required staff to the new system.

The member trials consist of three distinct phases:

1. The first is **Participant Certification Testing** in which the banks will be asked to perform scripted tests on each of the major functions of **safe-tt**. These tests will be run on the Test system and will require the members to send payment messages via SWIFT as well as interact with the system using the browser.
2. The second phase consists of tests carried out on the live system called **Live Environment Tests**. These will take place during the third week and will focus on ensuring that the live system has been properly configured and is ready for rollout. The banks' involvement during this week will entail simple scripted payments.
3. The third (and final) phase is the **Live Rehearsals**. During these rehearsals, full business days will be run on the live system, inclusive of all procedures. Four rehearsals are planned; of these, one is scheduled on an evening after business hours and the others on Saturdays. This approach will allow all required staff at each institution to adequately prepare for the go-live date of 14th of October.

These Trials represent a critical phase in the RTGS project. They embody an enormous opportunity for each participant to ready itself for this fundamental change in business operations. Preparation is the key to the success of the implementation of this system. Participants are therefore encouraged to review the documents that were distributed during the **safe-tt** participant seminar, particularly those on SWIFT messaging and the Participant Browser. It is important that these documents be shared with all personnel who will be involved in the tests. ■

Project Progress



