



safe-tt

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

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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.

Please see our full contact details on the last page.



Safe-tt goes LIVE!!



On October 14, 2004, the Bank introduced a new system – a Real Time Gross Settlement system - to clear and settle TT dollar payments between commercial banks. The importance of this new system is that payments can now be settled faster, safer and generally in a more efficient manner.

Any payment made in a form other than cash, requires some arrangement whereby the money value passes from the payor to the payee. (Examples of non-cash forms of payment are cheques, debit/credit cards and other electronic payments.) The arrangement is referred to as the clearing and settlement system.

In general, arrangements for paper-based payments involve a longer time span and more risk than those for electronic forms.

In order to prevent these risks and also to provide businesses and individuals with clearing and settlement systems that are comparable to those in the developed world, the Central Bank introduced the RTGS which we have named **safe-tt**.

Here's how it works: businesses will request their bankers to make their large value TT\$ payments through **safe-tt** and also request their creditors to pay them through **safe-tt**. The minimum requirement would be the account information of the

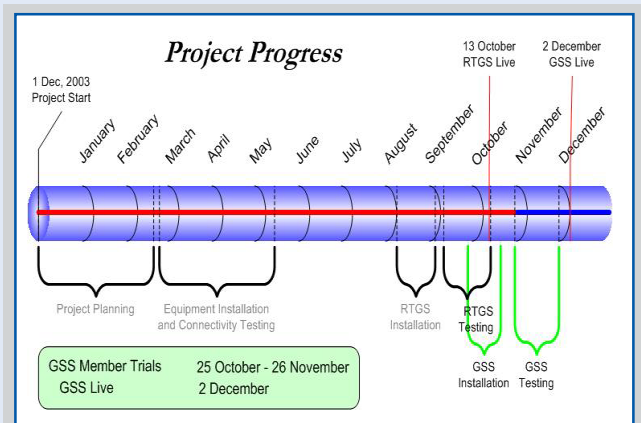
beneficiary and sufficient funds in the payor's account. The bank would send a payment request through the Central Bank which would debit the paying bank's account and credit the beneficiary's bank account, passing on the information on the beneficiary to the receiving bank. This all happens electronically using the SWIFT messaging system which was previously used only for international payments.

The system is being used for large value and time critical payments since it is most cost effective in these cases. ■

Project Progress

Now that safe-tt has gone live, the Bank is currently undertaking Site Acceptance Tests with the Government Securities and Settlement system (GSS). This is to confirm that the GSS system will deliver the functionality specified by the Bank.

The diagram to the right shows the project's timeline; the progress made to date is indicated by the red line.

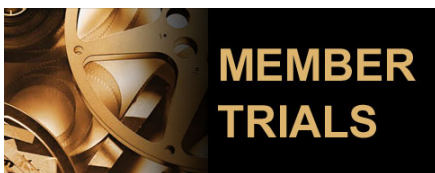


**GEARING UP FOR
THE LAUNCH OF...**

safe-tt

safe-tt Operating Hours and Operational Windows.

Time	Event	Activities & Transactions
0800	Start of Day Processing	Participants can log into SWIFT Closed User Group
0830	safe-tt opens	Participants can begin to send customer payments
0830-0845	Automated Clearinghouse Settlement Window 1	Electronic retail transactions settled. Also Central Bank settles banks' currency transactions
1000-1015	Cheque Clearinghouse Settlement	Net settlement of cleared cheques
1100-1115	TTCD and Stock Exchange Settlement Window	TTCD equities and Stock Exchange secondary market transactions received.
1400-1415	Automated Clearinghouse Settlement Window 2	Second settlement window for electronic retail transactions.
1445-1515	Close for Customer Payments	safe-tt closes for customer payments. Banks squaring commences.
1515-1530	Special Deposits transfers	Excess funds transferred to Special Deposits account.
1530	End of Day Processing	safe-tt closes. All transactions must have settled by this time. All outstanding transactions cancelled. Housekeeping for safe-tt.
1600	Business Day Ends	safe-tt shutdown.



The Member Trials for our Real Time Gross Settlement System (RTGS), **safe-tt**, constituted an important phase required for successful implementation of the system. These Trials, in which all of commercial banks participated, started on 6th September and ended on Saturday 9th October. The month long exercise afforded commercial banks the opportunity to expose their members of staff to the new system.

The Member Trials allowed participants:

- to become fully conversant with **safe-tt** functionality;
- to become familiar with the new rules and

procedures governing the system; and
- to understand the impact of the system and so effectively modify their internal procedures.

The Member Trials consisted of three distinct phases:

The first was the **Participant Certification Testing** in which the banks were asked to perform scripted tests on each of the major functions of **safe-tt**. These tests ran on a *test system* and required the members to send payment messages via SWIFT as well as interact with the system using the Browser Participant Workstation.

Tests were then carried out on the live system called **Live Environment Tests**. These took place during the third week of the Member Trials and focussed on ensuring that the live system had been

properly configured and ready for rollout. The banks' involvement during this week involved simple scripted payments.

The final phase was the **Live Rehearsals**. During these rehearsals, full business days were conducted on the live system, inclusive of all procedures. Four rehearsals were carried out during this period; after business hours or on Staurdays.

Member Trials represented a crucial phase in the RTGS project. They provided an enormous opportunity for each participant to ready itself for the fundamental change in business operations. Preparation was the key to its success. The Central Bank thanks commercial banks for their co-operation and participation. ■

safe-tt Training

In addition to **safe-tt** Member Trials, the Central Bank of Trinidad and Tobago (CBTT) also trained its staff in the administration of **safe-tt**. Staff participated in two **safe-tt** training courses from September 1 to 3, 2004, held at CBTT offices. The courses were conducted by Mr. Eanna de Hal with the assistance of David Kohen, both of LogicaCMG Limited.

The first course, the RTGS Business User course held from 1 to 2 September 2004, was designed for operational users, managers, supervisors, clerical and audit staff of the RTGS system. The course was divided into three modules and covered a functional overview of the RTGS system and training on the Browser Participant Workstation. It also contained a Domestic User Module.

The first module offered a functional overview of the RTGS system, payment flows and functionality; while the Browser Participant Workstation (PWS) course provided an outline of the browser PWS infrastructure and its functionality. Staff was shown how to set up new users of the PWS and how to use the browser.

The Domestic user module equipped users of the system with the ability to create new workstation users; maintain access security control over them; add new data

to the system via the workstation; search for information about payments that have been entered into the system; perform tasks on the workstation to enable settlement of payments when problems occur; and identify the procedures that need to be followed on the workstation.

The second course, the RTGS System administration training was held on September 3, 2004. The course was geared towards business users and operations users who will be responsible for the daily operation of RTGS such as starting and stopping the system, running housekeeping, database backups, business archiving, and initial diagnosis of problems. The module began with a brief technical overview of the RTGS system and covered the topics such as RTGS alliance link status enquiries and control; RTGS Operational day administration and Database user administration. ■



Photo A: Mr. Eanna De Hal guiding trainees through the system.



FREQUENTLY ASKED QUESTIONS

What is the Participant Browser Work Station used for?

The Participant Browser Workstation allows the participant to:

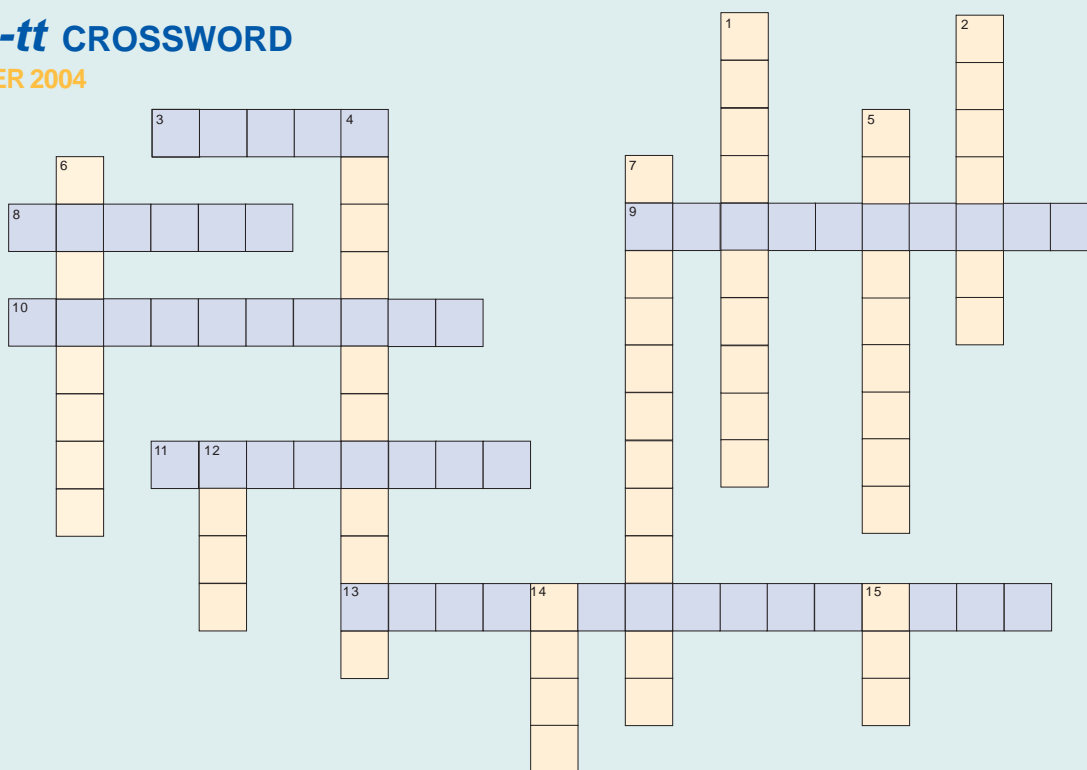
- View payments made to creditors;
- Make enquiries into participants' payment details, own account, status of participant organisations and the status of the **safe-tt**;
- Send text messages;
- View system generated reports (e.g. End of Day report, Interim report);
- View Statistics (e.g. History and Payment Distribution);
- Change Passwords;

- Cancel payments;
- Changing Payment Priority;
- Obtain Status Information (e.g. Value Date, Settlement Status);
- Close session/log-off.

Please note for security purposes:

- Participants can only see their own data;
- Outside parties cannot see participants data.

safe-tt CROSSWORD
OCTOBER 2004



ACROSS

- 3** Society for Worldwide Interbank Financial Telecommunication.
- 8** The right of a member or participant to use the services of a particular payment system.
- 9** 'Cutting off' the movement of cheques by replacing paper with electronic records.
- 10** The term for the completion of a transaction; it may be final or provisional.
- 11** Operator who establishes the hardware and software conditions for the conduct of transactions with electronic money, without necessarily being the issuer of the electronic money units.
- 13** In electronic money systems, the degree to which an electronic balance can be transferred between devices without interaction with a central entity.

DOWN

- 1** Event whose impact has the potential to threaten the stability of the financial system, by transmission from one financial institution to another.
- 2** This mechanism allows payments to be held until sufficient funds are available in the originator's account.
- 4** In electronic money systems, the degree to which value transfer transactions can be traced to the originator(s) or the recipient(s) of the transfer.
- 5** An integrated circuit card with a microprocessor, capable of performing calculations.
- 6** Any trading or service establishment that accepts, on its own behalf or on behalf of its network, the payment of goods or services via an electronic money instrument.
- 7** Those parties whose interests are affected by the operation of the system.
- 12** Repurchase agreement.
- 14** An agreement for an exchange of payments between two counterparties at some point(s) in the future and according to a specified formula.
- 15** A sequential record of transactions that is stored on a device.

EPISTYDORO	depository
FUTELDA	default
GDILKOCR	gridlock
EIETNNRT	internet
LLOACRATL	collateral
ANYCTFNDDIOTILE	confidentiality
HEUCEQ	cheque
LILARWFE	firewall
IANYLTFI	Finality
LCNECARAE	clearance
GTEINNT	netting
OITBOLGNIA	obligation
TTICNOTNUAHAIE	authentication

UNSCRAMBLE THIS...SOLUTION
Safe-tt September 2004

In next month's issue

- GSIs and PDs
- What is an ACH

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

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