Central Bank of Trinidad & Tobago

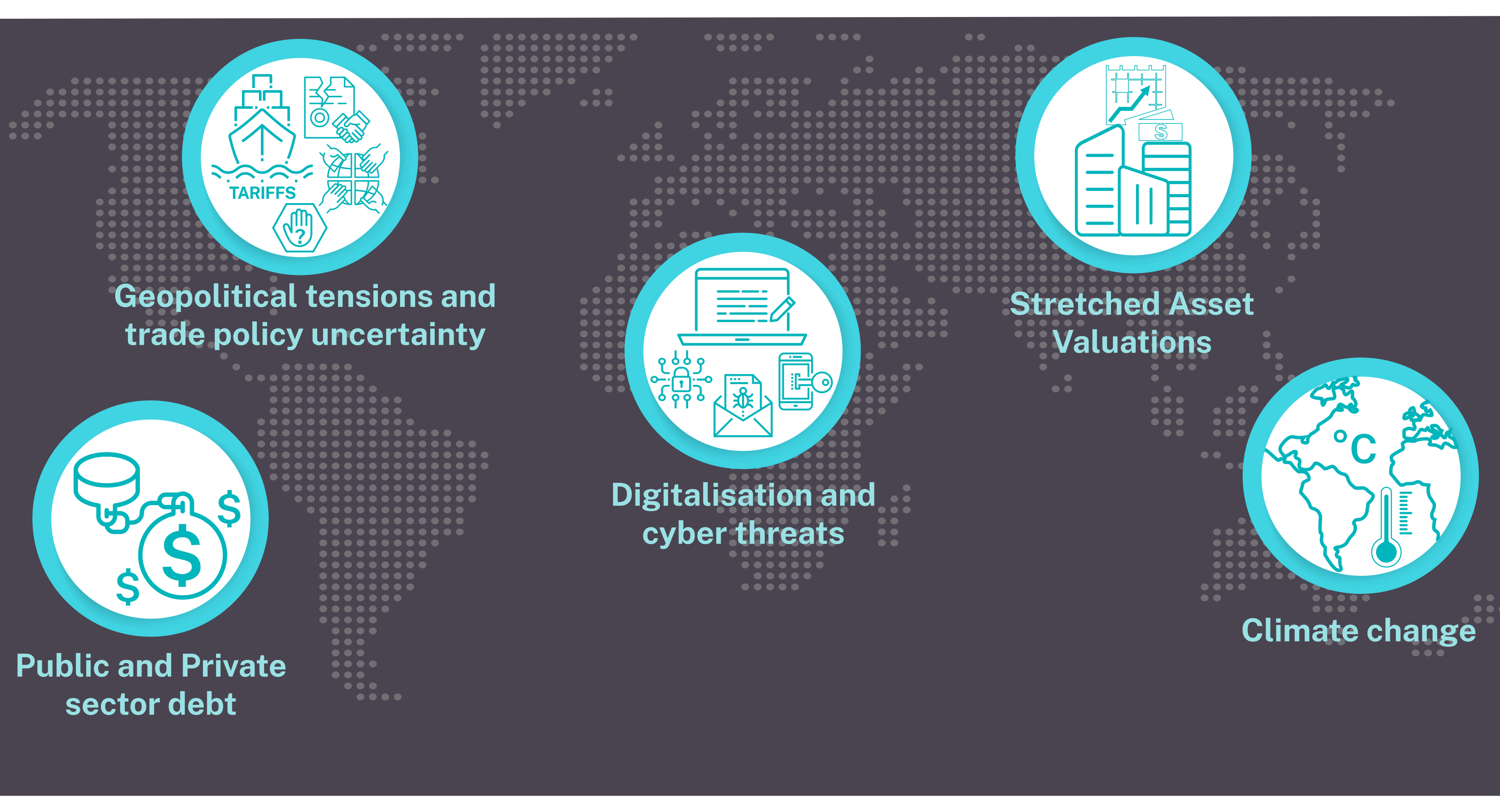
Financial Stability Report 2024

HIGHLIGHTS

IN SUMMARY

- Global financial stability risks eased in 2024 as inflation converged closer to targets and world economic growth stabilised at pre-pandemic levels. Major central banks cautiously loosened monetary policy in 2024, aiming to balance inflation control with economic growth.
- The global financial system remained generally resilient in 2024; however, rising global uncertainty stemming from shifting tariff policies and geopolitical conflicts, has increased financial stability risks in the near term. Vulnerabilities related to high asset valuations, highly leveraged financial institutions and non-bank financial intermediaries, high government debt levels, and concerns about debt sustainability persist.
- Real Gross Domestic Product expanded in 2024 owing to improvements in non-energy sector activity and modest growth in energy sector output. Despite this, domestic economic conditions remained challenged in 2024 as unemployment rose and fiscal and external positions softened.
- The domestic financial sector experienced moderate growth in 2024. Overall, institutions maintained healthy capital and liquidity buffers in the face of rising global stock market volatility. Meanwhile, asset quality and profitability ratios remained solid.
- Although domestic financial stability risks were contained in 2024, several persistent and emerging vulnerabilities shaped the domestic risk landscape-sovereign debt concentrations, cyber-related threats, heightened liquidity volatility, and rising household indebtedness.
- During 2024, the Central Bank advanced domestic financial stability through key regulatory initiatives. Focus was placed on introducing liquidity metrics and monitoring tools and introducing Basel Pillar 3 risk disclosure rules. Efforts continued on revising insurance regulations on capital adequacy, policy liabilities, and financial condition reporting while work commenced on developing a Cybersecurity Risk-Based Supervision Framework.

GLOBAL FINANCIAL STABILITY RISKS



DOMESTIC MACRO-FINANCIAL CONDITIONS

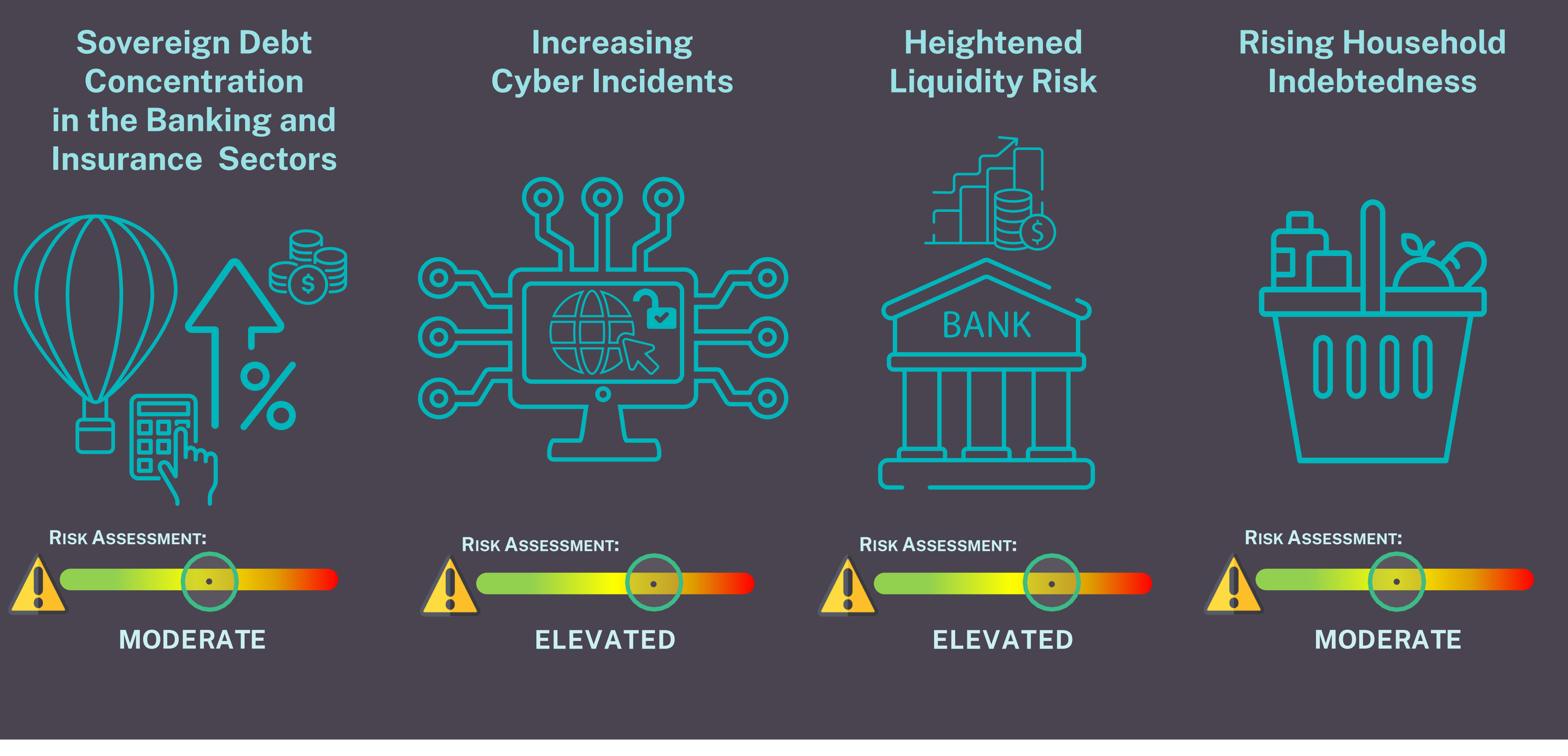
Real Gross Domestic Product grew by 2.5 per cent in 2024 compared to 1.5 per cent in 2023.

The Central Government's financial activities resulted in an overall deficit of $9.1 billion (5.3 per cent of GDP) in Fiscal Year 2023/2024.

Non-Performing Loan ratios improved for the Corporate sector but rose for the **Household sector** over 2024.

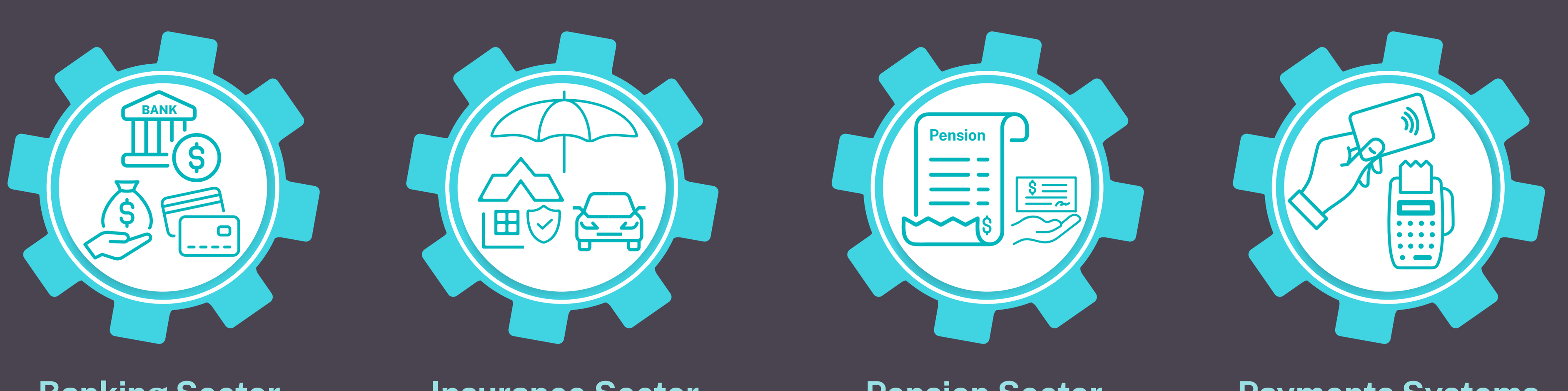
DOMESTIC FINANCIAL STABILITY RISKS

Domestic financial stability risks were broadly contained in 2024. However, results from the Macroprudential Early Warning Indicators signalled pressures from rising credit growth, weaker resilience to external shocks, and more variable liquidity conditions.



FINANCIAL SECTOR RESILIENCE

Asset concentrations across the major sectors remained stable in 2024. Regarding asset mix, investments represented the largest asset class, with relatively high domestic sovereign exposures. Concentrations within individual financial industries highlight concerns about systemic risk.



Banking Sector

Performance improved over the period with higher capital and profitability levels at the end of 2024. Credit, liquidity and market risks were contained.

Insurance Sector

Capital and liquidity ratios in the long-term insurance industry reverted to average growth levels in 2024 following the temporary boost in 2023. The general insurers saw improved outturns for earnings and profitability, and liquidity ratios in 2024.

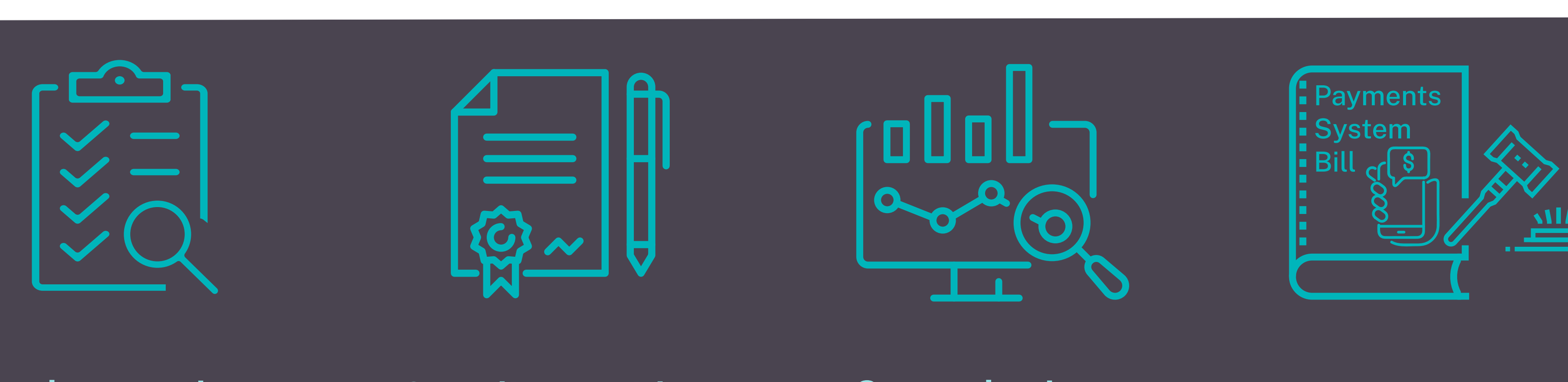
Pension Sector

Assets increased marginally due to challenges faced in equity markets. In 2024, 52 active pension plans reported funding deficits, up from 51 plans in 2023. The sector experienced a noticeable shift toward defined contribution or hybrid models.

Payments Systems

Electronic payment activity continued to expand. As at March 2025, the Central Bank granted full registration to four firms and a provisional registration to one firm to operate as e-money providers.

POLICIES TO SAFEGUARD FINANCIAL STABILITY



Implementation of New Supervisory Standards

- ✓ Completed consultations to implement the Liquidity Coverage Ratio (LCR) and Liquidity Monitoring Tools (LMT).
- ✓ Preparation of Pillar 3 Disclosure Requirements Guideline for industry consultation.
- ✓ Development and issuance of revised regulatory Annual Returns which are IFRS 17 compliant.

Compliance with Global AML/CFT and Tax Standards

- ✓ Legislation passed to levy administrative monetary fines for AML/CFT breaches.
- ✓ Preparation continued for 2026 Caribbean Financial Action Task Force (CFATF) Fifth Round Mutual Evaluation.
- ✓ Completed National Risk Assessments.
- ✓ Developed draft guidance for: i) Implementing Compliance programmes, and ii) Conducting Periodic Reviews of Customer Relationships.

Strengthening of Risk-Based Supervision and Analytical Capability

- ✓ A draft Guideline on an Own Risk and Solvency Assessment (ORSA) Guideline is being reviewed.
- ✓ A draft Guideline on the Approval for Insurers to Engage in Real Estate Investments is being reviewed.
- ✓ Efforts underway to develop a Cybersecurity Risk Based Supervision Framework and a Manual of Policies and Procedures for Cybersecurity Supervision.

Review of Payments Systems Developments

- ✓ Completed draft Payments System and Services Bill and the accompanying Regulations.
- ✓ Work continued with stakeholders to implement a Fast Payments System (FPS) similar to India's Unified Payments System (UPI).
- ✓ Tested the ability of the CARICOM Payment and Settlement System (CAPSS) to process instant cross-border payments without intermediaries.