



PROMOTION OF E-PAYMENTS IN TRINIDAD & TOBAGO

Presentation to Bankers Association
of
Trinidad and Tobago
Held at
First Citizens Bank, Queens Park East

February 6, 2014



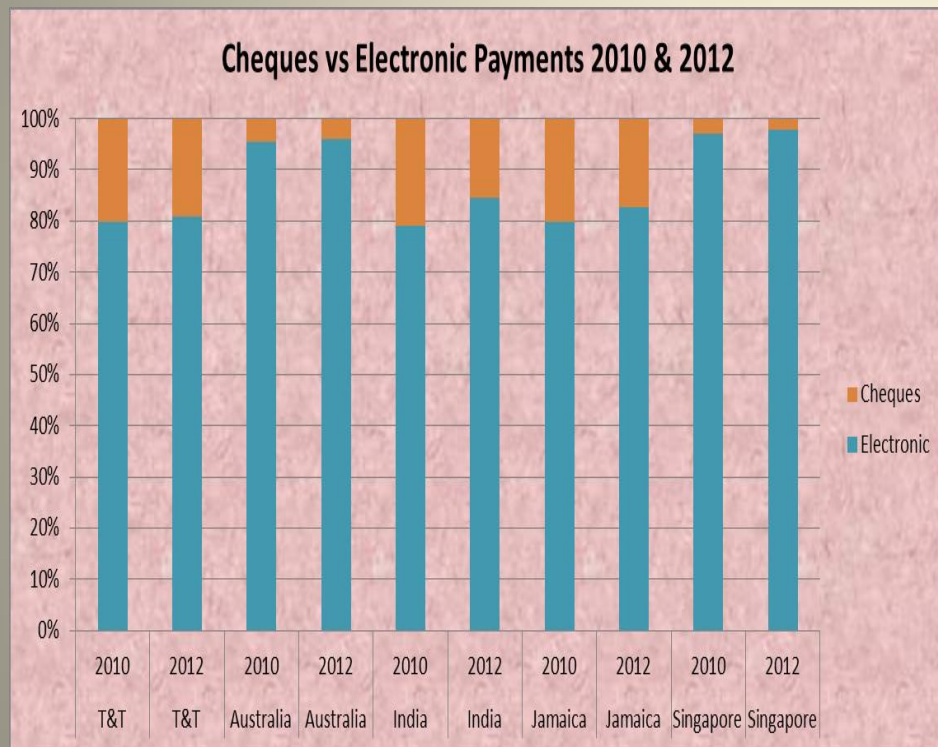


OUTLINE

- ❖ Background on Electronic Payments
- ❖ What are People in T&T Saying
- ❖ The Response of Key Players



E-payments are Growing in Significance Globally

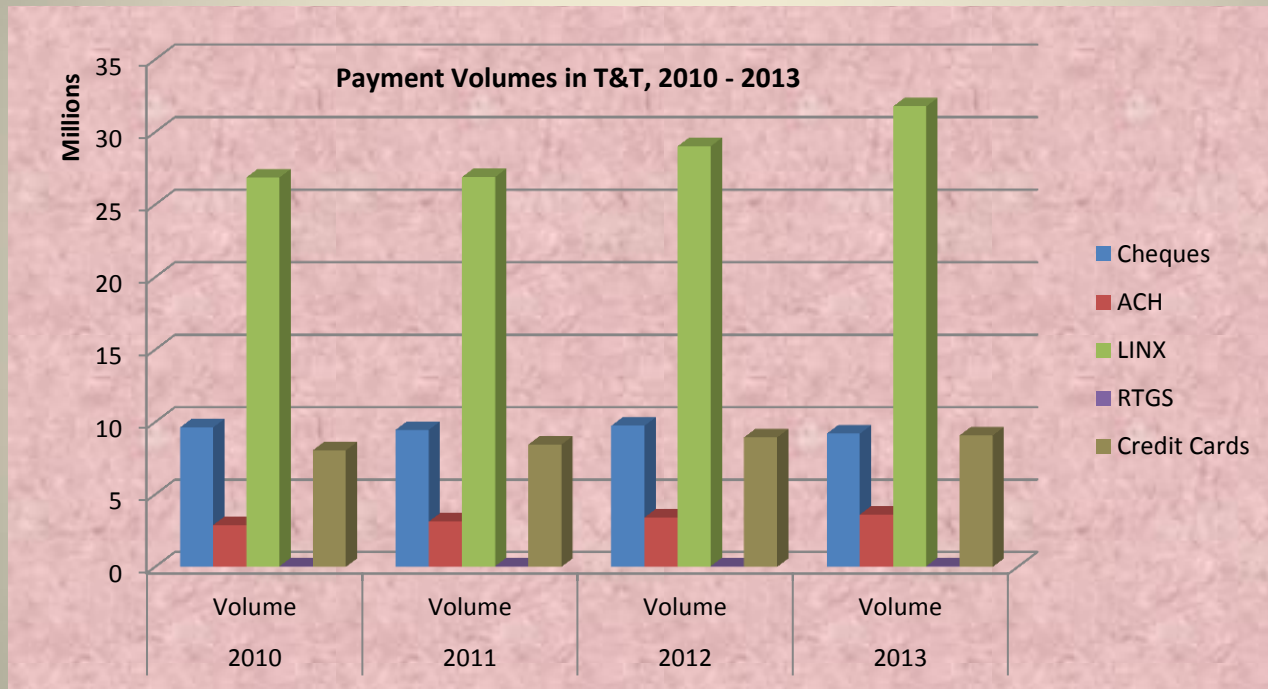


- In general, the use of cheques is on the decline and in more developed markets, the use of paper-based instruments is limited.
- Trinidad & Tobago appears to be lagging as cheques continue to maintain their current levels.

Source: Central Bank of Trinidad and Tobago & CPSS Statistics on Payment Clearing & Settlement Systems in CPSS countries, 2012

E-Payments include electronic credit & debit transfers, point of sale card transactions & electronic money.

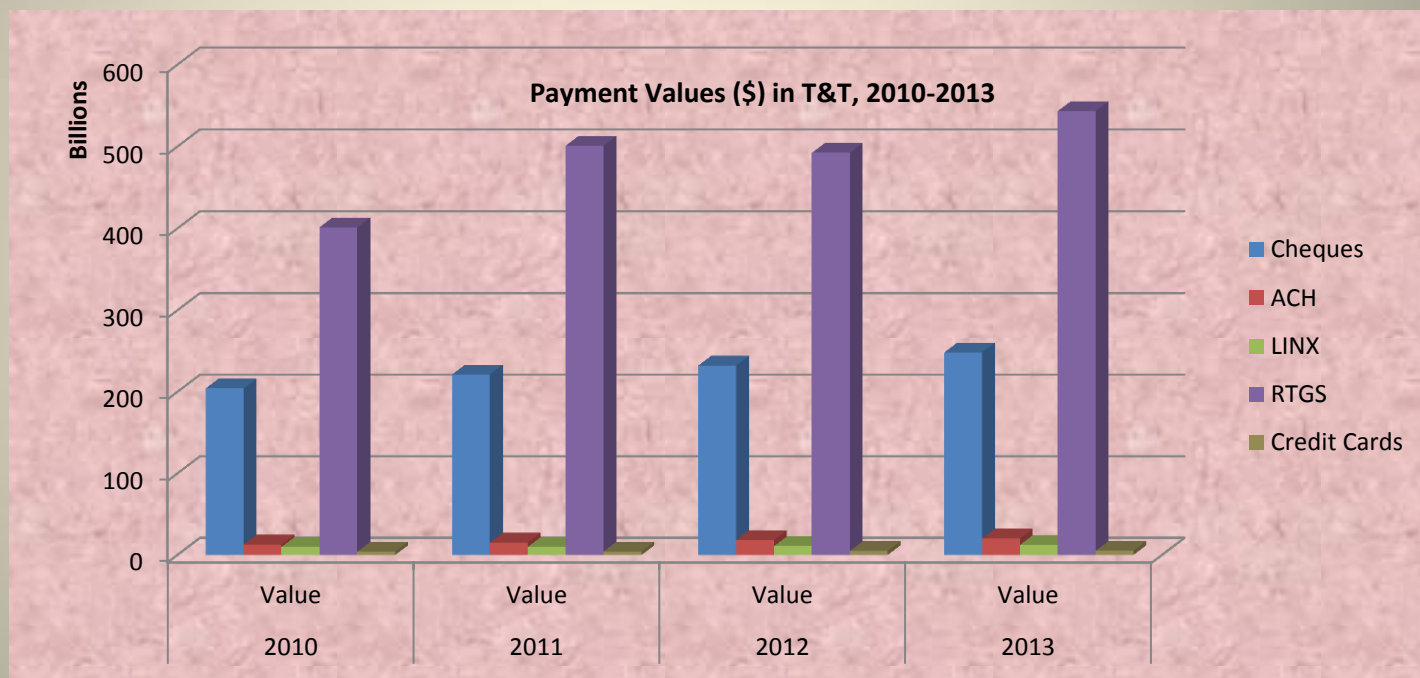
Slow Growth of ACH & RTGS Payments




Source: Central Bank of Trinidad and Tobago

- There continues to be steady growth in the use of debit cards
- Cheques continue to maintain its level of usage

Cheque Values Continue to Grow Despite RTGS Dominance



Source: Central Bank of Trinidad and Tobago



In Trinidad & Tobago, the Payment System has undergone significant change since 2002...

- ❖ Institutional Changes
 - ❖ Payment System Council
 - ❖ Trinidad & Tobago Interbank Payment System
- ❖ Operational Changes
 - ❖ Real Time Gross Settlement System - 2004
 - ❖ Government Securities Settlement System -2005
 - ❖ Automated Clearing House -2006
- ❖ Legislative Changes
 - ❖ Amendments to the Financial Institutions Act
 - ❖ Amendments to the Central Bank Act & Pursuant Guidelines
 - ❖ Introduction of the Electronic Transactions Act
 - ❖ Introduction of the Data Protection Act



What are People Saying about E-Payments in T&T

❖ Consumers

2010 Survey

- Lack of Knowledge of ACH & RTGS
- High usage of Debit Cards

❖ Businesses

2010 Survey

- Little knowledge of ACH & RTGS
- High usage of Cheques
- Expressed Preference for Electronic Receipts

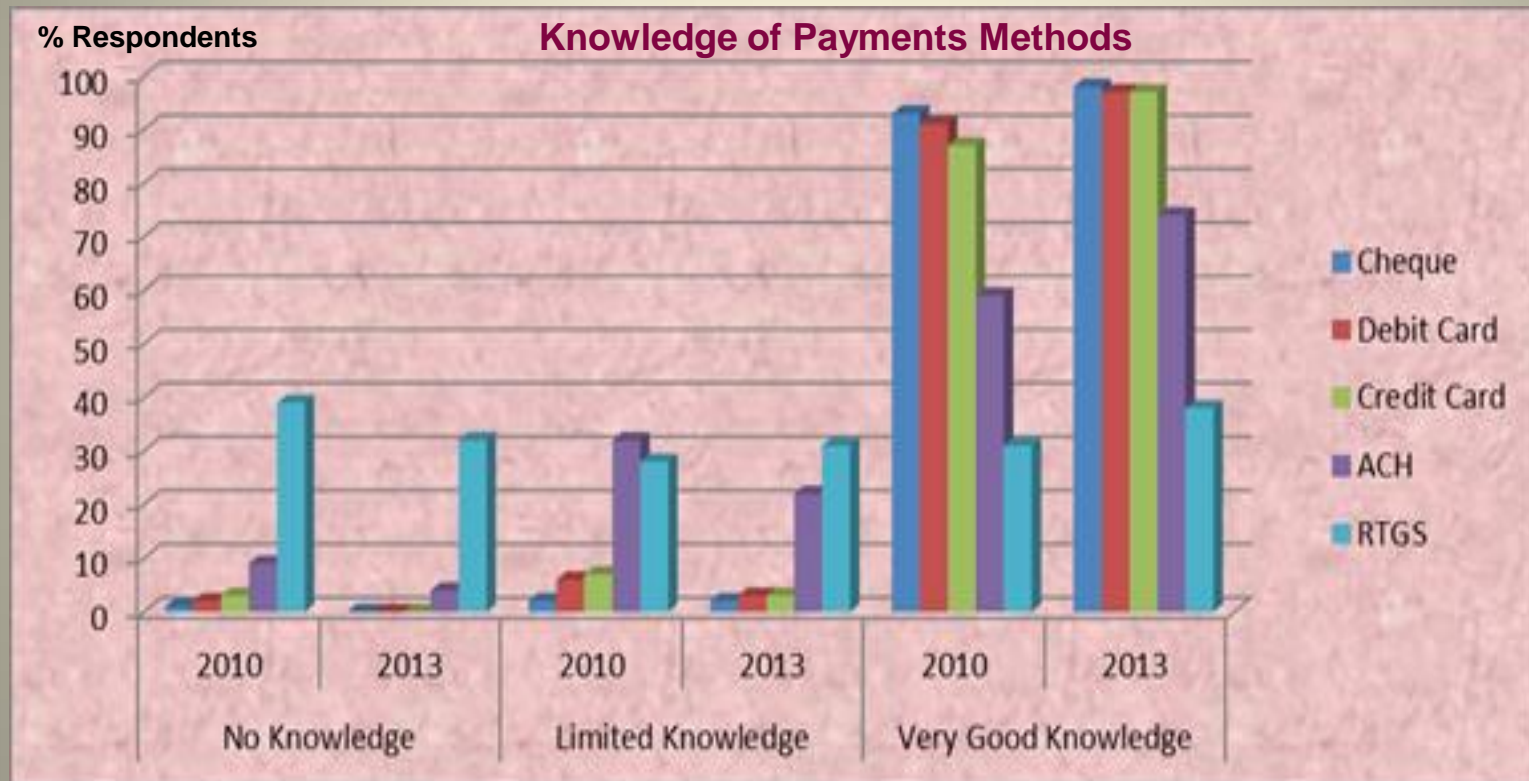
What are People Saying about E-Payments in T&T

❖ Businesses

2013 Survey

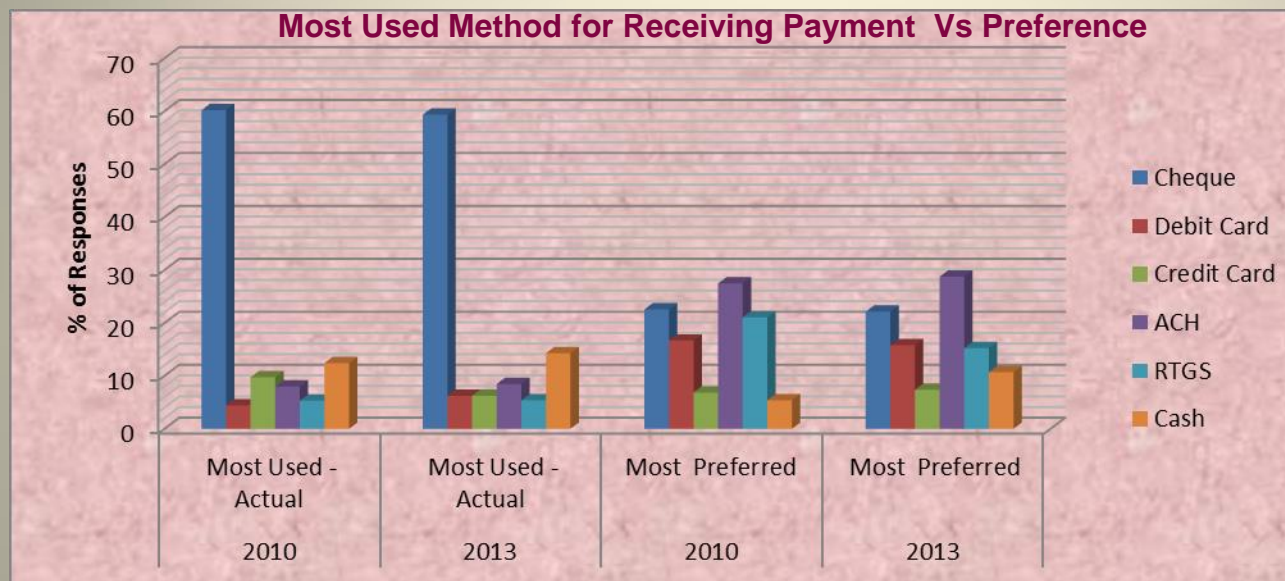
- Improved knowledge of ACH & RTGS
- Still high usage of Cheques
- Expressed Preference for Electronic Receipts

More Businesses Know about ACH & RTGS in 2013



Source: Central Bank of Trinidad and Tobago

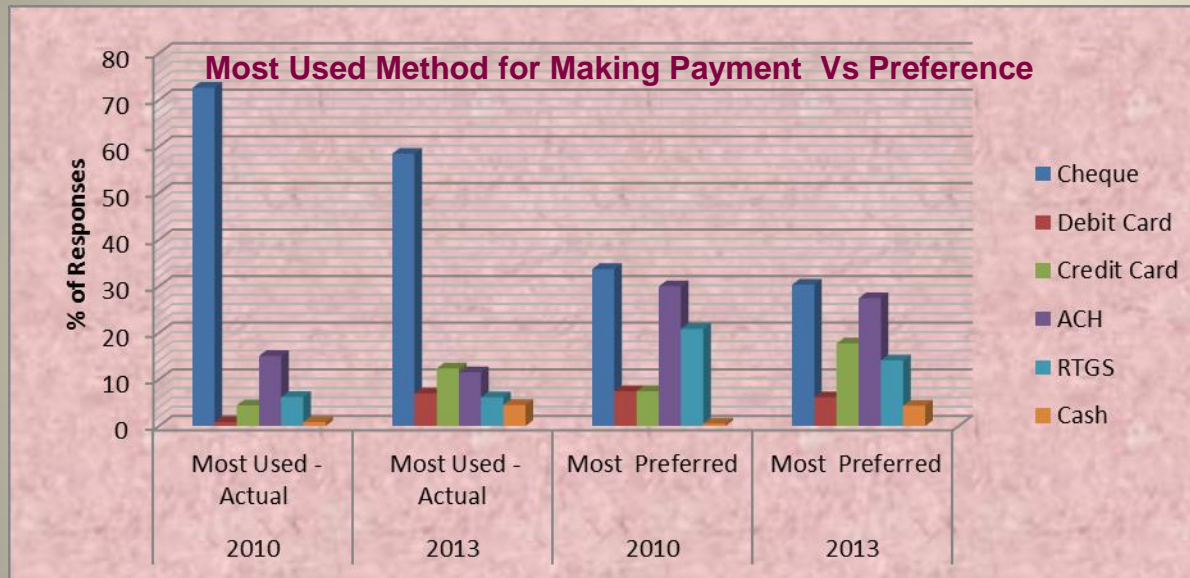
Businesses continue to rely on cheques for receiving payments in 2013



Source: Central Bank of Trinidad and Tobago

- However, most preferred electronic receipts by ACH.
- In 2013 there appears to be an increase in the use and preference of cash for receipts.

Cheques continued to be the most used & preferred payment method




Source: Central Bank of Trinidad and Tobago

- Notably, there was a decline in the preference for making payments by ACH & RTGS
- But an increase in the use and preference for payment by cash and credit card.

Businesses expressed dissatisfaction with e-payment options citing the following as concerns...

<i>Payment Instrument</i>	<i>Areas for improvement - 2013</i>	<i>Areas for improvement - 2010</i>
<i>Cheque</i>	<i>Customer support and timely and accurate completion of payment</i>	<i>Customer support and timely and accurate completion of payment and convenience</i>
<i>Debit Card</i>	<i>Cost and customer support</i>	<i>Technical customer support, privacy and security</i>
<i>Credit Card</i>	<i>Cost and level of privacy and security</i>	<i>Cost, privacy, security and customer support</i>
<i>ACH</i>	<i>Customer support and cost</i>	<i>Customer support, convenience and ease of use and timely and accurate completion of payment</i>
<i>RTGS</i>	<i>Customer support and cost</i>	<i>Cost, customer support, convenience and ease of use</i>
<i>Cash</i>	<i>Level of security and privacy and convenience</i>	<i>Security, privacy and convenience</i>



What are Commercial Banks Saying about E-Payments in T&T

❖ Commercial Banks

2012 Survey

- Lack of e-readiness on a wider scale
- Heavy use of semi-automated systems



The Response of Central Bank

- ❖ Chair of the Payments System Council - Driving the promotion of e-payments
- ❖ Development of e-money policy and guidelines
- ❖ Adoption of international best practice for oversight of Payment Systems – Principles for Financial Market Infrastructure issued by BIS.
- ❖ Internal Education Drive on e-payments
- ❖ Adoption of e-payment methods for vendor payments



The Response of Government

- ❖ Exchequer and Audit Act Amendments
- ❖ Operational arrangements for electronic payments and receipts



The Response of Payments System Council (PSC)

❖ PSC Membership:

- Central Bank
- Securities and Exchange Commission
- Treasury Department of the Ministry of Finance
- Bankers Association of Trinidad and Tobago
- IGovTT
- Infolink Services Limited
- Trinidad and Tobago Chamber of Commerce
- Ministry of Legal Affairs & Consumer Affairs
- Telecommunications Authority of T&T
- Recognized Private Technology Specialists
- Institute of Chartered Accountants of T&T



The Response of PSC

The PSC work agenda has been rightly focused but needs to be more visible.

❖ **Closer collaboration among the stakeholders in the promotion of e-payments.**

- Payments System Operators
- Banks
- Merchants, Associations, Chambers of Commerce
- Consumers

❖ **Extending the scope of the PSC' s Education Programme**

- BATT
- Law Association
- Construction industry
- Car Dealers
- Educational institutions



The Response of individual Banks

- ❖ Education of frontline staff
- ❖ Introduction of innovative payment solution (mobile top-up arrangements, internet banking)
- ❖ Migration of Commercial Clients to E-payments
- ❖ E-payment Platform upgrade to enable more aggressive use of e-payments



What more is required

- ❖ A coordinated effort is required to enhance the efficiency of banks and operators in their delivery of electronic payments solutions. This means:
 - Ensuring that banks' front-line staff are knowledgeable on electronic payment systems
 - Providing more straight-through back-office processing by replacing manual-based procedures
 - Providing better Customer Support & Information