



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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details or would like to offer any
suggestions please contact the
Payments System Department at
the Central Bank of Trinidad and
Tobago.*

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In this edition of Payments Quarterly, We look at the awareness and usage of the newer e-payment options among credit unions. This was evaluated at a recent meeting with member organisations of the Cooperative Credit Union League arranged by the Payments System Council (PSC). This meeting also sought to educate credit unions not familiar with the newer electronic payment options available such as the Real Time Gross Settlement (RTGS) System and the Automated Clearing House (ACH).

1 On the legal scene, we summarize Part II of the Data Protection Act, No. 13 of 2011. This legislation, which was proclaimed on 6th January 2012, is expected to have a significant impact on the transfer, storage and administration of data in the electronic environment, including e-commerce and e-payments-related issues in Trinidad and Tobago.

2 In the Operator's Spot, we provide highlights of the Banking On The Future Summit 2012 hosted by Infolink Services Limited and E-Finity Group Inc. of Canada and held on 14th and 15th June 2012 at the Hyatt Regency Hotel.

Payments System Council Outreach 2012 Meeting With Members of the Co-operative Credit Union League



Payments System Council Education Outreach to Credit Unions – Members on Panel (L-R) Anne Joseph Central Bank, Sharon Villafana Central Bank, Maureen Craig-Rousseau Bankers Association of Trinidad and Tobago, Helen Llanos Infolink Services Limited, Jonathan Nanan Trinidad and Tobago Interbank Payments System Limited.

The Payments System Council (PSC) was established in 2002 to foster the development of the payments system in Trinidad and Tobago. One of its major objectives is to improve the efficiency of payments and accordingly promote the use of electronic payments (e-payments) in the country. To this end, the PSC in 2012 continued its efforts to increase the awareness and understanding of consumers and businesses about this means of payment.

Over the last two years, the Council has met with the Bankers Association of Trinidad and Tobago (BATT), the Telecommunications Authority of Trinidad and Tobago (TATT), the Ministry of Legal Affairs, Consumer Affairs Division, the Association of Trinidad and Tobago Insurance Companies (ATTIC) and the Institute of Chartered Accountants of Trinidad and Tobago (ICATT). On 10th July 2012, the Council met with members of the Cooperative Credit Union League of Trinidad and Tobago

Payments System Council Outreach 2012

Meeting With Members of the Co-operative Credit Union League (continued).



Payments System Council Education Outreach - Members of the Cooperative Credit Union League listen attentively.

at the Central Bank. A summary of the meeting is outlined below.

Ms. Anne Joseph of the Payments System Council Secretariat welcomed all to the outreach programme. She provided a summary of the objectives of the Council and its role in fostering the use of e-payments in Trinidad and Tobago.

Ms Sharon Villafana also of the Secretariat made a presentation on electronic payment options available. She outlined the results of a survey

conducted in 2010 on the awareness of and use by the business sector of e-payment options. Although businesses were fairly knowledgeable about the more traditional non-cash payment methods (debit and credit cards and cheques), their knowledge and use of the newer electronic methods - the Real Time Gross Settlement (RTGS) System and the Automated Clearing House (ACH) were significantly lower. She further described the benefits of e-payment options which include convenience, shorter clearing and settlement times which means quicker access to funds and greater security.

Ms. Maureen Craig Rousseau of BATT then spoke about the role of commercial banks in processing e-payments, with special emphasis on safety, cost and efficiency issues.

A quick survey done at the meeting to measure participant's awareness and usage of e-payments showed that only a few credit unions used the ACH and even less knew about the RTGS. Many

credit unions still use cheques to make their payments.

Of those that use the ACH, some of the challenges encountered included easy reconciliation of payments, lack of consumer and business confidence in the use of the newer electronic payment options and the costly IT hardware and software investment required.

Attendees were assured that their concerns would be addressed by the pertinent authorities and feedback provided on concerns highlighted. ■



Payments System Council Education Outreach - Meeting with members of the Cooperative Credit Union League.

What's New on the Legal Scene: The Data Protection Act No. 13 of 2011 Part II

In the June edition of *Payments Quarterly* we provided a summary of Part I of the Data Protection Act No.13 of 2011(Act). The Act (Part I and Part II: Sections 7 to 18, Sections 22, 23, 25(1), 26 and 28) was proclaimed on January 6th 2012. The objective of the Act is the protection of an individual's right to privacy and the right to maintain personal information as private and personal. The following summarises Part II Sections 7-14 of the Act:

Sections 7 and 8 provide for the establishment of an Office of the Information Commissioner, which

must be a body corporate. The Head of the Office of the Information Commissioner is to be appointed by the President and must be an Attorney-at-law with at least ten years standing and training or experience in the areas of Economics, Finance, Information Security, Technology, Audit or Human Resource Management. This Head shall hold the post for five years and can be reappointed.

Section 9 lists those duties which are discretionary and which the Head of the Office may perform but not those which he is obligated to perform. Failure to perform these discretionary duties will

not amount to a breach of his duties or attract any penalties. These functions are:

- (a) Conduct audits and investigations to ensure compliance with the Act;
- (b) Advise on the impact of privacy protection in Government programmes. He may also entertain representations from members of the public on data protection and privacy matters;
- (c) Order the destruction of information which breaches the Act. It is also within his power to order a body to stop collection practices and destroy collections which breach the Act. This can only be done after giving the Head of the affected bodies the opportunity to be heard;
- (d) Authorize the collection of data even if it is not to be obtained directly from the individual itself whom it concerns;

What's New on the Legal Scene: The Data Protection Act No. 13 of 2011 Part II (continued).

- (e) Determine the reasonability of fees required by an organization which is under this Act;
- (f) Authorize data matching by a public body or bodies;
- (g) Make orders which include terms and conditions the Commissioner considers appropriate.

Section 10 outlines the required functions of the Office, which are as follows:

- (a) Promote the development of codes of conduct which are to be used as a guide to good practice in data protection;
- (b) Ensure that good practices are adhered to;
- (c) Publicize information about the Act;
- (d) Ensure that there is compliance with the Act;
- (e) Promote protection of personal privacy in both the public and private sectors by liaising with counterparts in other jurisdictions;
- (f) Engage in research and carry out studies on privacy-related issues;

- (g) Notify the Head of a public body or organization where there has been non-adherence with a particular standard set out in Part III and IV of the Act. These Parts have not yet received proclamation by the President and as such are not operational.
- (h) Issue reports on the current status of compliance with the requirements of this Act;
- (i) Obligated to perform functions which other written Laws assign to him.

Section 11 deals with the Office of Deputy Information Commissioner, and states that the President may appoint at most, two Deputy Information Commissioners who are to possess qualifications similar to that of the Information Commissioner. If more than one Deputy Commissioner is appointed, the President will be the person who specifies the functions of each Deputy Commissioner and these Deputy Commissioners can hold office for five years with an option of reappointment.

Section 12 provides for the removal/resignation of the Information Commissioner or Deputy Commissioner who can be removed if there has been some misconduct in the performance of their duties or there is a physical or mental inability preventing them from functioning properly. Where the Commissioner or Deputy wishes to resign, he must address a letter expressing this, to the President.

Section 13 deals with the Remuneration of other conditions of service of the Commissioner and Deputy Commissioner, which will be handled by the Salaries Review Commission, once it obtains the approval of the President.

The remaining sections of this Act that have been proclaimed will be summarized in the next issue of *Payments Quarterly*. ■

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OPERATORS SPOT REPORT ON BANKING ON THE FUTURE SUMMIT 2012

The Banking On the Future Summit was hosted by InfoLink Services Limited and E-Finity Group Inc. of Canada on 14th and 15th June 2012 at the Hyatt Regency Hotel, Trinidad. This Summit provided a forum for discovering and exploring the next steps in strategic financial service development for local and regional stakeholders. The theme was The Changing Ecosystem for Financial Institutions: Meeting the Challenge. Participants were exposed to new insights and

knowledge of major issues within the financial industry, using case studies and experiences as told by international experts and practitioners.

The 2012 Summit covered content such as:

- **Social Media** — the impact that the emergence of tools like Twitter, Facebook and others has on banks and their client interactions.
- **E-payments and new payment infrastructures** — as the use of digital and electronic tools continues to gain prominence in



Ms. Joan John, Deputy Governor, Central Bank of Trinidad and Tobago delivered the opening address.



Ms. Joan John, Deputy Governor Operations of Central Bank of Trinidad and Tobago along with Dr. James Norrie, Associate Dean, Professor and Author, Ryerson University, Toronto, Canada.

OPERATORS SPOT: REPORT ON THE BANKING ON THE FUTURE SUMMIT 2012 (continued).

the world of payments, applications in mobile banking and other non-traditional channels are undoubtedly of interest. Discussions were held with respect to key issues and effective responses to these emerging technologies.

- **New players and competitors** —with the world of financial services broadening and creating opportunities for many new providers or new services from

traditional players, speakers identified these possible entities and discussed whether they were perceived as threats or as positive contributors to an expanding global marketplace.

- **Getting a grip on Risk** — increasing global economic instability, combined with the increasing need for vigilance and action against fraud and other risks on the local front, has increased the need to better

understand and respond to a wide variety of threats. The implications for the banking industry demand clear rational thinking sooner rather than later. Discussions were held on pragmatic approaches and solutions to these challenges. ■

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Payments Glossary

Here are 5 terms applicable to the Payments System:



1. Automated Clearing House (ACH)	An electronic clearing system in which payment orders are exchanged among financial institutions, primarily via magnetic media of telecommunication networks, and handled by a data-processing centre. <i>A Glossary of Terms used in Payments and Settlement Systems, March 2003.</i>
2. E-payment	A payment transaction in which monetary value is transferred electronically or digitally between two entities as compensation for the receipt of goods and services. <i>A Glossary of Terms used in Payments and Settlement Systems, March 2003.</i>
3. Settlement Agent	An institution that manages the settlement process (eg the determination of settlement positions, monitoring of the exchange of payments, etc) for transfer systems or other arrangements that require settlement. <i>A Glossary of Terms used in Payments and Settlement Systems, March 2003.</i>
4. Settlement	An act that discharges obligations in respect of funds or securities transfers between two or more parties. <i>A Glossary of Terms used in Payments and Settlement Systems, March 2003.</i>
5. Social media	The web- and mobile-based technologies to support interactive dialogue and communication between organizations, communities, and individuals. <i>Adapted from http://en.wikipedia.org/wiki/Social_media</i>

Safe-tt, ACH and Cheques Volume Meter

Safe-tt, ACH and Cheques statistics 2009-2012

	2009	2010	2011	2011	2012
				April - June	April - June
Safe-tt	0.05	0.05	0.05	0.01	0.01
ACH	2.59	2.89	3.13	0.76	0.84
Cheques	9.74	9.65	9.46	2.35	2.37
Total	12.38	12.59	12.64	3.12	3.22

NB: Volumes in Millions

Source: Central Bank of Trinidad and Tobago, Trinidad and Tobago Interbank Payments System Ltd.

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 at

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