

Strategic Plan

2016/17 2020/21

Project
Implementation
Update
YEAR 5
Half Year 1



Central Bank of Trinidad & Tobago Strategic Plan 2016/17 - 2020/21: Progress from October 1, 2020 – March 31, 2021



Project Implementation Year 5 : 2020/2021 HY1

Notwithstanding the difficulties emanating directly from the pandemic, there continued to be meaningful progress in the fifth and final year of the Central Bank's current Strategic Plan. Key achievements that marked the first half of this year included the introduction of a complete suite of polymer notes on the back of the successful demonetization exercise, passage of new and much stronger insurance legislation as one component of the fortification of our financial sector supervision, a bolder public interface via our social media platforms, and internally, a dramatic transition to more electronic and remote 'work from home' arrangements to assure staff safety. Some of the challenges involved project delays due to problems in sourcing supplies or technicians from abroad, a few national communication glitches that affected our information technology, and legal challenges that affected the pace of the CLICO resolution. Looking ahead, a number of precise milestones have been set for the closing 6 months of the current Plan as the Bank seeks to strengthen its contribution to monetary and financial stability in the most efficient manner. Moreover, elements of a successor Five Year Plan are already being developed and will be put forward for public reaction in July 2021.

1. What are the major achievements over the past 6 months?

(i) The entire new suite of polymer notes was put into circulation. In December 2019 the large demonetization exercise ushered in the switch of the \$100 cotton note to the polymer substrate. The features of the new \$100 bill—including advanced tactile features for the visually impaired, a more modern design and the national flag—were incorporated into the new suite. In this regard, in November 2020 the \$5, \$10 and \$20 polymer notes were launched, while in February 2021 the new \$50 and \$1 notes were released. A mobile application 'CB Noteworthy' was also made available for download: this app is simple but extremely effective in showing the unique features of each denomination and helping to combat fraud. The rhythm of replacement of the cotton notes by the polymer notes has exceeded expectations to date.

(ii) The long awaited new insurance legislation was passed. For over a decade, new insurance laws were in the making, aimed at addressing the many deficiencies in then existing legislation. The new legal framework will significantly enhance capital requirements, governance, and risk management in the sector. It also gives the Central Bank more regulatory powers of enforcement. Along these lines, the Bank's Supervision Department is in the process of reforming its operations to a more risk based approach in order to guard financial stability. Additionally on the banking side, the Financial Institutions (Capital Adequacy) Regulations were promulgated, and will help to bolster the amount of capital that banks should hold, again in line with their risk exposure. Interaction with other regulators intensified, including the sharing of stress tests conducted by the Trinidad and Tobago Securities and Exchange Commission on dual registrants, and an inaugural meeting on a domestic Financial Sector Crisis Management Plan. While progress on the sale of the traditional portfolios of CLICO and BAT was held up in the context of a legal challenge, documents outlining the lessons from the CLICO/BAT experience and the conduct of the resolution were completed, forming a good record for the future.

(iii) The Central Bank significantly stepped up its outreach, via a stronger social media presence and public communication. The launch of the various polymer notes provided an excellent opportunity for the Bank to explain to the public in simple, memorable and effective terms the features of the notes; how, when and why the polymer notes would be replacing the cotton series; and how people could ascertain counterfeits. This exercise put in train a dynamic campaign that took into account public feedback. In an atmosphere that restricted face to face interaction, the Communications team presented virtual museum and other tours, as well as several online cultural productions. At the same time, the Supervision Department conducted a well-attended webinar on *The New Insurance Legislation and You*, explaining the subject to the media, industry participants and the wider public in clear and nontechnical terms.

(iv) Internally, electronic communications responded to the priority for staff safety. As far as practicable, staff were encouraged to work from home in order to reduce face-to-face interaction. The aim was to reduce staff presence to 20 percent onsite, but so far we have averaged around 25-30 percent, often due to circumstances that required some teams to collaborate in the office to produce specific events. An internet outage that affected the whole of Trinidad and Tobago brought into focus our vulnerability on the information technology side. It also highlighted the dependence of many projects on the IT infrastructure, which itself had to respond to the demands for more hardware and software for remote computing.

2. What can be expected over the next 6 months?

As the current Strategic Plan draws to a close our focus will be on advancing or completing already identified projects. Some specifics include: a structured review and rationalization of information assets in light of the increase in electronic communications and electronic regulatory filings; a public webinar on *Financial Sector Mergers and Acquisitions* in April; beefing up our interaction with international organizations, in particular the Network for Greening the Financial Sector (NGFS)—a collaboration among central banks on environmental issues—which we recently joined; further issue of the new polymer bills with a view to possible demonetization of all cotton notes on January 1, 2022; completion of study on a Central Bank digital currency; and building our stress testing capacity on insurance.

We will also be developing our strategic ambitions for the next 5 years. The Bank is planning a public webinar in July 2021 to present a draft Plan (2021/22—2025/26) to our licensees, other agencies and the public to gain their feedback. Some of our considerations so far are: (i) the upcoming 5 year period is likely to be difficult for the economy unless the coronavirus is tamed and energy prices/production are buoyant; (ii) fintech is here to stay and the Central Bank's work in this

area must be accelerated; (iii) relatedly, safe and efficient electronic financial transactions must replace the reliance on cash and checks; (iv) gaps in the supervisory and regulatory framework (including those pointed out by the IMF/World Bank Financial Sector Assessment Program (FSAP)) must be addressed; (v) the Central Bank of Trinidad and Tobago can play a bigger role in its interface with international bodies; and (vi) in order to effectively play our role, staff need to be safe, well trained and versatile.



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