

Strategic Plan

2016/17 2020/21

HALF WAY THERE!

Project
Implementation
Update
YEAR 3
Half Year 1

Half Way There!



Project Implementation Year 3 : 2018/19 HY1

Central Bank of Trinidad and Tobago Strategic Plan 2016/17-2020/21: Project Implementation from October 1, 2016 —March 31, 2019)

The Central Bank's Strategic Plan 2016/17-2020/21 is now at its half way point. The 23 projects (aligned to three strategic themes of **monetary policy, financial stability and internal operations**) are firmly in their execution phases. Over the two and half year period, significant progress was recorded in planned activities, while new priorities also emerged that demanded the staff's attention. This implementation update not only reviews the last six months but more broadly the Plan's achievements, challenges and experience since its inception and the outlook for second half of the 5 year journey.

1. Is the Plan on course?

Yes, the Plan remains firmly on course to achieve its objectives. **Project execution gathered momentum following the analysis and mobilization of year one and the more coordinated work in the second year.** Staff at all levels have been progressively working closer together in cross-Departmental teams in moving project components forward. A process of regular communication with Departments on the Plan's execution has been established; this has strengthened responsibility and accountability for project outcomes. In this regard, a survey at the end of 2018 showed that the vast majority of staff support and are aware of the Strategic Plan's goals and activities.

Most project components are on schedule. Others, while experiencing challenges (either due to exogenous factors-such as delays in passage of legislation-or because the projects turned out to be more complex than initially determined) are well advanced. At the same time, fresh priorities have emerged that have required flexibility and adaptability. As a result, in a few areas project components were added in the second year, alongside a modification to project scheduling.

Important progress was recorded in all areas: The framework for the conduct of monetary policy is being strengthened in the context of a record of very low inflation; new coins were put into circulation and the one cent coin demonetized; and a new Portfolio Management system was installed. The conduct of financial sector supervision has advanced in a stable financial setting with the Supervision Department making major strides towards employing a risk-based approach to regulation and dealing with cross-border and mixed financial entities, while addressing public concerns related to market conduct and digital currencies. Internally, greater efficiency and improved governance are being achieved.

The experience in Plan implementation has highlighted the importance of continued focus on objectives along with close project monitoring. Such ongoing analysis provided the basis for pragmatic adjustment of initial resource allocation and timing of activities over the course of the past 30 months. In this regard, the relation between the Strategic Plan and Departmental Work Programs will continue to be strengthened.

After the first year, additional priorities emerged which were not fully envisaged when the Strategic Plan was drawn up, for example: i) proposals by a Joint Select Committee of the Parliament for the Central Bank to take a frontal role in the oversight or regulation of fees and charges by commercial banks (the market conduct issue more generally); (ii) the mushrooming of cryptocurrencies and implications for domestic financial risk and activity; (iii) the Central Bank's lead role in the reconfiguration of the Caribbean Center for Money and Finance (CCMF) into the Caribbean Economic Research Team (CERT); and (iv) Parliamentary assent to the long-awaited upgrade of the insurance legislation. These priorities were integrated into the Bank's work in FY2017/18 and now form part of the formal Strategic Plan.

2. What were some of the main achievements?

Six of the highlights over the first half of the Plan period are:

- (i) Substantial financial savings were achieved by changes in the metallic composition of coins and the elimination of the one cent piece.** From July 1, 2017, following a wide-ranging public education campaign, new coins were put into circulation while issue of the one cent coin ended. In July 2018 the one cent coin was demonetized.
- (ii) The new Portfolio Management System was successfully installed at the end of 2018.** This represents completion of one of the largest and costliest inter-departmental projects the Bank has undertaken. It benefited from close support and advice from the World Bank's Reserve Asset Management Program. Integration with other aspects of the Central Bank's financial systems is also complete.
- (iii) The financial literacy program was enhanced by formal collaboration with other agencies.** In March 2018 a memorandum of understanding was signed among the Central Bank, Bankers Association of Trinidad and Tobago, Securities and Exchange Commission, Trinidad and Tobago Stock Exchange, Financial Literacy Secretariat-Tobago House of Assembly, Association of Trinidad and Tobago Insurance Companies, Trinidad and Tobago Insurance Institute and the Co-operative Credit Union League. This provides for the establishment of a National Financial Education Committee to build concrete financial literacy programs nationwide.
- (iv) The International Monetary Fund (IMF) worked with the Bank in significantly bolstering our approach to dealing with financial groups.** The Financial Institutions Supervision Department (FISD) established multi-year supervisory plans for commercial banks and improved its proficiency in the areas of financial mergers and acquisitions. Meanwhile the CLICO/BAT resolution advanced via identification of a preferred bidder for their traditional portfolios; the anticipated completion of this phase was delayed in the context of protracted consultations with the Ministry of Finance.

(v) Major work was done to improve internal governance, information security and internal arrangements.

The various arms of the Central Bank's risk management/internal control apparatus including Board Committees, Internal Audit and Risk Management Departments worked very closely in progressively strengthening identification of control gaps and proposing solutions. The Bank's entire procurement process inclusive of contract management, fixed asset management and financial authorization functions, has been reviewed and a comprehensive recast proposed. Other achievements included an improved information and cyber security framework. The Bank hosted major regional conferences on Central Bank governance and cyber security supervision that helped to build peer collaboration in these areas. A website redesign, alongside powerful and attractive graphical interfaces and state of the art media technology, have helped to boost the appeal, understanding and reach of the Central Bank's communication on technical monetary and financial subjects.

(vi) Finalization of a whistleblower mechanism, a mobile application and most recently an action plan based on a November 2018 staff survey were key elements in improving staff engagement and welfare.

The formal whistleblowing mechanism, the first in the Bank's history, is facilitated by an independent external agency to which staff can make anonymous reports. The mobile app enables staff to keep in touch with Bank issues more conveniently and is expected to be particularly useful during emergency situations. The results of a comprehensive staff survey factored into an Action Plan that was finalized in March 2019 with concrete actions geared to strengthening staff engagement and internal communication. On the external front, the Bank's Museum was upgraded and reopened to the public in January 2019, underlining the Bank's commitment to culture and education. The fresh modern design allows visitors to interact with the technology and artefacts and has already received rave reviews.

3. What can we expect in the second half of the Plan period?

As the Bank celebrates its 55th year of existence in 2019, the Strategic Plan continues to play a critical role in charting the way forward. The original philosophy and scheduled activities remain relevant and as more projects are completed, they will enter the maintenance phase. **The Bank will therefore be paying greater attention to ensure that the gains from completed projects continue into the long run.** The game changing projects may require openness to fresh approaches as to how work is organized, staff are trained and resources are allocated.

As regards specific themes, in the **monetary policy** area, the emphasis will be on accelerating the establishment of a clear analytical path for reviewing the policy options and instruments, taking into account recommendations of past IMF and other technical assistance missions, the current economic environment and the need to incorporate more dynamic and relevant data sets and tools.

With respect to **financial stability**, selectivity remains an overarching issue. As there will continue to be intense competition for limited resources and time, particularly given the dynamic nature of the financial sector, clear choices will need to be made to assure effectiveness and focus on high value activities. Some of the priorities include recapturing the momentum regarding the Central Bank's exit from the control of CLICO, finalizing regulations and guidelines for the new Insurance Act, Basel II/III implementation, strengthening market conduct oversight and adopting an approach to fintech/digital currencies.

On the **internal operations** front, the priority remains improving efficiency and significantly streamlining operations while maintaining good governance and transparency. Arising from the results of the staff survey, an action plan to improve staff communications and engagement has been initiated; progress on the commitments will be carefully tracked. Work on the information governance and procurement processes will also be advanced, while the Bank seeks to steadily reach new heights in its public communication and outreach.



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