



Strategic Plan

2021/22 2025/26

Project
Implementation
Update
YEAR 1
Half Year 1

Central Bank of Trinidad & Tobago Strategic Plan 2021/22 – 2025/26: Progress from October 1, 2021 – March 31, 2022

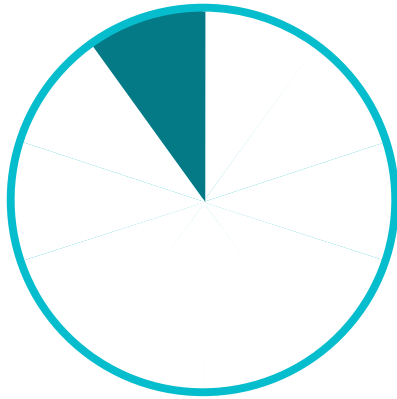
This is the first semi-annual report on the performance of the Central Bank's Strategic Plan for the 5-year period 2021/22–2025/26. The momentum from the previous Strategic Plan continued into these early months of the new Plan, conditioned by a significant transition on the pandemic front and geopolitical turmoil that spilled over to Trinidad and Tobago's economy.

The Backdrop

As regards the latter, the outbreak of war between Russia and Ukraine directly stoked an acceleration of global energy and other commodity prices. While higher oil and gas prices will benefit the Government's coffers, the wider inflationary impact due to supply chain disruptions were already evident in local headline and food inflation in early 2022. Price pressures, alongside the higher interest path of the United States' Federal Reserve and other central banks, are important current considerations behind domestic monetary policy design.

Meanwhile, evidence of marked decelerations in COVID-related hospitalizations and deaths prompted a significant rollback in lockdowns and mobility restrictions in Trinidad and Tobago, leading to some revival of business operations and adjustments in staff onsite presence at the Central Bank.

Despite potential challenges related to clients' loan servicing capacity, the financial system has remained stable, with some revival in credit to businesses in recent months. The boost to electronic financial transactions brought about by the pandemic has gained additional impetus with the growing interest in fintech solutions.



Project
Implementation
Year 1 : 2021/2022
HY1

Key Plan Achievements

- (1) **In the monetary policy/operations sphere** there were several important advances related to currency management, research, and foreign reserves intervention and investment. Specifically: —
 - (a) **a new banknote processing machine** is being commissioned;
 - (b) **fees are being introduced on redemption of notes by commercial banks** to help streamline currency management;
 - (c) **joint research** is underway with the Inter-American Development Bank and other agencies;
 - (d) **high frequency data series** were further developed to strengthen the empirical basis for decision making by the Monetary Policy Committee;
 - (e) the **Foreign Exchange Liquidity Guarantee Facility** (which provides foreign currency to authorized dealers based on their trading positions) was extended into 2023; and
 - (f) a plan to **improve access to new foreign investment asset classes**, including those with a demonstrated ESG (environmental, social and governance) component, was drawn up in order to boost potential returns on our international reserves, while contributing to the global efforts to deal with climate change.
- (2) On the **financial stability front**, good progress was made in advancing the Colonial Life Insurance Company/British American Trinidad Ltd. (CLICO/BAT) resolution, strengthening Intraregional supervisory collaboration and advancing the fintech agenda. In this regard: -
 - (a) **the debt to the Government was lowered to about TT\$1.2 billion** (compared to an initial TT\$18 billion), further paving the way for an eventual exit of the insurance companies from Central Bank control;
 - (b) **A Regional Financial Stability Report** was finalized and important advances made in bringing insurance institutions in line with IFRS standards within the context of regional coordination;
 - (c) joint efforts by the Central Bank and Commissioner of Cooperatives towards **bolstering supervision of credit unions** were formalized; and
 - (d) the new Payments and Market Infrastructure Department made significant strides in **moving forward the regulatory apparatus for fintech solutions**, including via its contribution to the proceedings of a Joint Select Committee of Parliament.
- (3) With respect to **improving the Bank's internal operations**, much progress was made in fortifying the information technology (IT) systems, moving towards energy efficiency and simple communication on financial matters to the public. Actions included:
 - (a) **the IT hotsite operations were moved** to a facility that specializes in providing a secure and efficient framework to international standards for such activities;
 - (b) **an independent Report that assessed energy use** and provided recommendations for conservation was provided to the Bank and a plan drawn up based on the findings;
 - (c) **the Bank continued to raise the level of simple and effective communication with the public on technical matters**, including through participation in a CARICOM Governors' Forum in November 2021 that tackled important regional issues such as inflation, climate change and unemployment;
 - (d) while both the auditorium and museum remained physically closed to the public, **the Bank mounted several virtual exhibitions**, including the Transition to Polymer Banknotes, an art show featuring the Bank's Art Club titled **A Vision of Hope**, and livestreamed cultural shows; and

- (e) **our National Financial Literacy Program (NFLP) launched an online application** aimed at creating an understanding among young children of the need for early vigilance on money matters. The NFLP also conducted a nationwide survey on financial awareness and inclusion—the results point to important gaps in such awareness, including of the range of work conducted by the NFLP;

What's ahead for the next 6 months

The scope of activities will remain extensive, building on the Strategic Plan schedule and the work outlined above. Three upcoming highlights relate to:

- (i) **A survey of staff will be conducted in June 2022**, as a follow-up to the November 2018 Survey. Direct feedback from staff will be critical to calibrating the way forward on work-from-home and other potential adjustments in a way that maintains high quality service delivery within a safe and satisfying work environment.
- (ii) **Our evolving approach to fintech solutions is expected to transition to supervision of licenced entities**, some of whom may operate in a “sandbox” setting—that is, some fintech companies may get limited scope licenses involving very close monitoring of their activities over 6-12 month periods.
- (iii) **A significant further streamlining of IT activities** is planned, including the start of work on upgrading the Bank's Data Centre to Tier 3 status (the desired international standard for modern operations), and fortifying resilience to cyber threats.



CENTRAL BANK OF
TRINIDAD & TOBAGO