

The background of the slide is a photograph of several large construction cranes silhouetted against a sky transitioning from a deep blue at the top to a warm orange and yellow at the bottom, suggesting a sunset or sunrise. The cranes are of various sizes and are positioned across the frame, with the largest one on the right side.

Strategic Plan

2016/17 2020/21

Project
Implementation
Update
YEAR 2

Central Bank of Trinidad and Tobago Strategic Plan 2016/17-2020/21: Project Implementation Update Year Two (October 1, 2017—September 30, 2018)



Project Implementation Year 2 : 2017/18

Implementation of the Central Bank's Strategic Plan 2016/17-2020/21 continued very successfully. The 23 projects (aligned to three strategic themes of **monetary policy, financial stability and internal operations**) are now for the most part firmly in their execution phases. At the same time, new priorities emerged that required attention and resources and now need to be explicitly integrated into the Plan. This update shares the Plan's status, main achievements and challenges in its second year and the outlook for the upcoming financial year by addressing three questions:

1. Has project execution advanced?

Yes, in a meaningful fashion. **The momentum of project execution gathered considerable steam following the building blocks laid in year one.** Meanwhile, the appearance of fresh priorities that naturally emerge over time required adaptability, alongside a renewed focus on implementation of planned projects.

Important progress was made in all areas: the Supervision Department made major strides towards employing a progressively more risk-based approach to regulation and dealing with cross-border and mixed financial entities, while simultaneously having to address public concerns related to market conduct, fintech and digital currencies, and gearing up to implement new insurance legislation. The statistical basis for monetary policy action is being solidified, although there was some delay in the update of the policy framework. A foundation was also laid for improving internal operations by drawing up and disseminating a number of processes, which would need to be bolstered in the coming year by further streamlining activities and ensuring staff accountability for results.

All of the 23 projects are broadly on track (see attached Table for specifics). **The experience in Plan implementation has highlighted the importance of continued focus on objectives along with close project monitoring.** Such ongoing analysis has provided the basis for pragmatic adjustment of initial resource allocation and timing of activities over the course of the past 24 months. In this regard, the relation between the Strategic Plan and Departmental Work Programs will be significantly strengthened in the upcoming financial year.

Some of the additional priorities in year two that emerged which were not fully envisaged when the Strategic Plan was drawn up include: 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, which is expected to be proclaimed into law early in the new FY. These priorities were integrated into the Bank's work in FY2017/18 and will now form part of the formal Strategic Plan.

2. What were some of the main Plan achievements in FY2017/18?

Six of the highlights over this period are:

- (i) **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. Moreover, the Office of the Financial Services Ombudsman significantly boosted its public outreach during the year, attracting much more public awareness and interest in its services.

- (ii) **The project to replace the Portfolio Management System is almost complete.** An inter-departmental team, in collaboration with the selected vendor, completed all aspects of the analysis and development stages; the configuration and testing phases are underway with a view to full implementation in the first half of FY2018/19. Work on developing the complementary systems recommended by staff of the World Bank's Reserve Asset Management Program is also in train so as to ensure smooth integration with the Bank's financial systems.
- (iii) **Our approach to dealing with financial groups and collaboration with other supervisory agencies has meaningfully improved.** The adoption of recommendations from a 2017 IMF Technical Assistance Mission greatly helped to improve the consolidation and reporting of financial data and analyses. Meanwhile, multi-year supervisory plans for commercial banks were established and more attention is being paid to avenues for sharing of information and analysis of regional entities with other supervisors of banks and insurance companies across the Caribbean.
- (iv) **Recommendations on strengthening the legal framework for credit union regulation and supervision have been shared with relevant stakeholders.** A technical assistance mission from the Caribbean Regional Technical Assistance (CARTAC) conducted an assessment of the status of credit union regulation and supervision in Trinidad and Tobago. The mission's recommendations—notably the establishment of

a supervisory Board including representation from the Central Bank, Ministry of Finance and credit unions—provide a good basis for moving the national dialogue forward on fortifying supervision of the sector.

(v) The establishment of more explicit policies and procedures and the assignment of Departmental ‘risk champions’ helped to heighten enterprise wide risk assessment at the Bank.

Inter-departmental teams completed the review of the Bank’s policies and procedures, which have been extended to further bolster internal governance. ‘Risk champions’ were appointed in each Department to broaden awareness of issues and integrate the culture and sensitivity to risk matters across the Bank.

(vi) The Bank’s cyber security framework has been improved.

The Bank’s Information Security Policy was approved and was accompanied by a mandatory staff awareness campaign that has significantly expanded threat awareness. A Cyber Security Information sharing group with the commercial banks was also set up to improve financial sector sensitivity and response to cyber threats while the Bank continued to take a lead role in coordinating communications among the Central Bank IT Departments in the Caribbean.

3. What are the expected Plan priorities in the third year?

In the **monetary policy** area, the emphasis will be on establishing 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 data sets and tools. At the same time, the Bank will be building on its collaboration with the Central Bank of Canada in FY2017/18 to advance public communication on economic issues.

With respect to **financial stability**, an overarching issue in FY2018/19 is selectivity: there will be intense competition for limited resources and time; clear choices will need to be made to assure effectiveness and focus on high value activities. Some of the priorities include 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 continues to be improving efficiency and significantly streamlining operations while strengthening governance. Consistent with the July 2018 Risk Management Report emphasis will be on dealing with issues of (i) cybersecurity; (ii) the physical infrastructure of the Bank; (iii) fraud; and (iv) business continuity.



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