



Strategic Plan

2021/22 2025/26

Project
Implementation
Update
YEAR 2
Half Year 1

Central Bank of Trinidad and Tobago Strategic Plan 2021/22—2025/26: Progress from October 1, 2022 – March 31, 2023



Project Implementation Year 2 : 2022/2023 HY1

The strong performance in the first year of the Central Bank's current Strategic Plan carried over into the first six months of Year 2. For the most part the international macroeconomic environment remained characterized by uncertainty in the context of high global inflation, further interest rate increases by many central banks and a continuation of the Russia-Ukraine war with spillover impacts on trade and financial flows. Domestically, the Trinidad and Tobago economy continued on a gradual recovery, but with a spike in inflation that was largely imported. At the end of the period, global financial markets were roiled by failures of some significant banks which threatened to spread to other institutions.

The Central Bank's staff has become much more confident in project management over the years, as reflected in the fulfillment of several main targets set for this six-month period and outlined in the [previous Strategic Plan Update](#). The milestones

achieved spanned a wide range of activities. These included the Central Bank's exit from emergency control over two troubled insurance companies, registration of two additional electronic money issuers, further investment of international reserves in Environment, Social and Governance (ESG) instruments, completion of the project to purchase and install a new currency processing machine, and introduction of an automated cheque clearing arrangement that will halve the time persons need to wait for cheques to clear.

Meanwhile, activities on the Bank's premises for the public expanded, particularly offerings from the museum and auditorium, alongside fresh social media interfaces on technical as well as cultural topics. Through it all, Bank staff are adapting well to the changes and embracing the higher level of service delivery to the public made possible by the achievements.

Key Achievements

- (i) **New currency processing machines were acquired and installed, in time and on budget.** The project was carefully executed, led by the Banking Operations team, with close support from Facilities and other Departments. Staff members went on training to Mexico and Germany and successfully navigated a few challenges alongside the machine providers. Meanwhile, the implementation of the measure to charge commercial banks a fee for the Central Bank's processing fit banknotes is yielding tangible results, as banks are progressively streamlining their own note processing. Campaigns were rolled out to encourage greater use of the 50 cent coin and 50 dollar bill as part of efforts to economize on the cost of minting and printing. In February 2023, the commercial banks and Central Bank launched an electronic cheque clearing facility that is intended to lower the processing time for cheques from t+4 (4 days after a cheque is presented to a bank) to t+2 (2 days after the cheque is presented).

- (ii) **Two new entities, a domestic telecommunications company and a smaller startup, were approved as electronic money (e-money) issuers.** The Telecommunications Company of Trinidad and Tobago (TSTT) and Pesh Limited were granted authorization to issue e-money domestically from March 1, 2023. From that date also, the provisional registration of PayWise was extended by a further 6 months. In coming months, the companies are expected to offer facilities for customers to transfer money electronically on peer-to-peer and peer-to-(private) company bases, progressively adding public entities into their arrangements. The technical assistance (TA) project with the International Monetary Fund (IMF) on fintech supervision is now carded to start in April 2023.
- (iii) **The Bank received excellent TA on the cybersecurity of Central Bank operations and the Bank's capacity to conduct supervision of cyber activities at licensees.** The joint mission on these tasks was conducted in November 2022 and the final consolidated Report will be

published in April 2023. Key actions emanating from this interaction include the reorganization of the security arm of the Information Technology (IT) Department and a concrete schedule to publish a Guideline for domestic financial institutions on cybersecurity requirements.

- (iv) **The Office of the Financial Services Ombudsman (OFSO), which is also currently responsible for the National Financial Literacy Program (NFLP), was upgraded.** As a result, the FSO will operate at the Senior Management level while a new Assistant Manager position was created, for which applications are currently being reviewed. The work of the NFLP is being expanded to strengthen public awareness and understanding of fintech applications, in addition more generally to market conduct by financial entities.
- (v) **The Central Bank exited from its emergency control of Colonial Life Insurance Company (Trinidad) Ltd. (CLICO) and British American (Trinidad) Ltd. (BAT).** The exit from control over CLICO and BAT on December 1 and December

22, 2022 respectively marked a major turning point in the resolution strategies for these entities. The Supervision Department of the Central Bank will continue to work very closely with these insurance companies to ensure in particular that the interests of their traditional life insurance policyholders are well protected.

What's ahead for the next 6 months?

There are four main strategic priorities for the Central Bank over the coming six months, related to boosting efficiency of the payments system, fintech, cybersecurity of our operations, and supervision of cybersecurity of licensees. A number of other projects are also identified below, which generally fall into the categories of either substantially completed and in an early implementation phase (such as the project to acquire the cash processing machine and the cheque truncation exercise); or a revival of momentum on earlier identified projects (such as pension reform actions):

- (i) **Strengthening domestic, regional and international payments.** On the domestic side, a draft of legislation and regulations to consolidate and streamline payments activities will be completed with technical support from the Legal Department of the IMF. A team from regional Central Banks has been convened to propose practical solutions to facilitate payments within CARICOM, and is expected to make good progress over the coming six months. The Central Bank will also be part of international efforts, led by the Group of 20, to construct a more effective global payments network.
- (ii) **The Bank will build out its capacity to supervise fintech activities.** An IMF TA mission in late April 2023 is expected to significantly broaden our appreciation of worldwide experience and best practices in this area. This will be complemented by our continued engagement with other bodies such as CAF (the Latin American Development Bank) and the UNCDF (United Nations Capital Development Fund). Meanwhile a consultant was hired in March 2023 to coordinate production of

a strategic plan, staffing requirements, work and training programs for the PFMI Department; this report is carded to be ready by September 2023.

(iii) Steps will be taken to further boost the security of the Bank's cyber operations.

From April 1, 2023 the security unit of the IT Department will be headed by an Assistant Manager who will spearhead the continued streamlining and strengthening of this fundamental activity. This will potentially include acquiring fresh expertise, more training, greater liaisons with other agencies and outsourcing as appropriate. Possible vulnerabilities in the Central Bank's communication and electrical infrastructure will also be investigated and addressed.

(iv) A Guideline on cybersecurity requirements for licensees will be drafted.

Engagement with financial companies in recent months has shown that most firms have some form of defenses against cyberattacks. A gap exists however in the availability of a consolidated set of standards for the domestic financial industry. As a result, the Central Bank, in consultation with other

regulators and the IMF, will draw up a Guideline on these standards. The Guideline will form the basis for our supervision of licensees in this area, and can also assist other financial institutions not currently supervised by the Central Bank (such as credit unions).

Other strategic projects over the next half year include:

- Putting the electronic cheque processing facility into full operation;
- Full testing and processing on the new banknote machines;
- The early phase of close monitoring by the Supervision Department of the two insurance companies over which control was released;
- Specific steps to address issues raised in the 2022 staff survey; and
- Revival of activities towards improving oversight of private pensions in Trinidad and Tobago.



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