

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 4
Half Year 1

Central Bank of Trinidad & Tobago Strategic Plan 2016/17-2020/21: Progress from October 1, 2019-March 31, 2020



Project Implementation Year 4 : 2019/2020 HY1

The Central Bank's Strategic Plan 2016/17-2020/21 is in its final phases. The 23 projects (aligned to three strategic themes of **monetary policy, financial stability and internal operations**) are well underway, alongside some additional priorities that have naturally emerged over the past 3½ years. The momentum has been sustained over the last six months which have been characterized by significant new developments. These included a rapid demonetization of the largest currency denomination in December 2019 to combat financial crimes, the COVID-19 Pandemic that spread rapidly since the start of 2020, and the dramatic oil price collapse in March. Semi-annual project implementation reports track progress over the entire Plan period to date and are available online on the Central Bank's website. This current Report focuses on October 2019 through March 2020 and sets forth the likely outlook for the rest of the Plan:

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

A new Insurance Act was passed and will be proclaimed in April 2020. For several years, teams principally from the Legal and Supervision Departments worked steadfastly to shore up the legislative framework for the insurance sector. The effort involved wide-ranging consultations with the insurance industry, international collaboration and close interaction with legislators. The result is much needed modern legislation that will allow for more risk-based supervision, meaningful capital requirements, built-in stress tests by insurers and stronger protection for policyholders.

A joint IMF/World Bank Financial Stability Assessment Programme (FSAP) of the domestic financial system was completed in February 2020. The results of this comprehensive review by independent international experts are expected in June 2020. Two in-country missions assessed, among other things, the Central Bank's compliance with the Basel Core Principles on Banking Supervision; the adequacy

of supervision on financial groups; the stress testing framework; crisis management; the payments system; and the securities/mutual funds industry. The intense collaboration on this exercise proved an important learning experience for staff at the Central Bank and other supervisory agencies in Trinidad and Tobago.

The Central Bank made good progress in the fintech area. With the advance of digital technology, the Bank has received several applications for companies to provide such services to the general public. While embracing the potential efficiency and financial inclusion benefits of new products, the Bank aims to inform and guard consumers against unnecessary risk. In balancing such concerns, the Bank established a cross departmental team to tackle the issues and make recommendations. This fresh approach proved to be very successful, with the team bringing to bear a range of skills in information technology, technical analysis and information security in analyzing applications for new payment services. This approach is already being replicated in other areas such as the on-site review of commercial banks' cybersecurity.

Additional policies to fortify governance, improve efficiency and streamline operations were formalized. An updated Procurement Policy was put in place alongside Financial Authorities and Contract Management Policies. Rollout is carded for the next half year. Online training for all staff continued on cybersecurity awareness as part of the ongoing efforts to bolster the Bank's cyber defences. Compliance procedures were strengthened in the area of software licence management and stronger oversight is being employed to improve planning and management of key system upgrades.

The Bank celebrated its many achievements over the past 55 years. To mark this important milestone, three books were published highlighting aspects of its history, art collection and staff members: 'At Your Service, The Central Bank of Trinidad and Tobago' on the Bank's role as a corporate citizen and its contribution to communities, 'The Art Collection' a showcase of the Bank's paintings, and 'An Art Perfected by Practice', an historical recount of the inner workings of the Bank.

The Bank took a central role in a national exercise to address financial crimes with the rapid demonetization of the \$100 cotton note in December 2019. The exercise was massive and intense, involving redemption of over 75 million cotton notes in a 3 week period. Central Bank staff members rose admirably and professionally to the enormous challenges involved, coordinating smoothly with other financial institutions, the government and security agencies across the country. In the January to March 2020 period the Bank continued to exchange notes for legally specified categories of persons who were unable to convert prior to December 31, 2019. The Central Bank also unveiled the concept designs for the entire suite of polymer notes in February 2020; the polymer notes for the other denominations are expected to be distributed to the public from late 2020.

2. What are some of the key elements that we can expect as the Bank enters the remaining 30% of the Plan period?

The COVID-19 pandemic is already causing major changes to all countries as they grapple with containment. The virus has affected over 180,000 persons worldwide and impacted all sectors. Governments are adopting a range of policies to protect their people and economies. The pandemic is a serious concern to Trinidad and Tobago and the Bank will respond appropriately given the developing situation. The second half of the current financial year is expected to be dominated by our efforts to deal with the virus at staff and country levels. It will require sensitivity, the activation of business continuity plans, and close coordination with financial institutions, national and international bodies. Efforts are already well in train on all fronts.

As part of this response, the Bank is accelerating its capacity to interact remotely with other agencies and its own staff. The Bank will employ available technologies to facilitate the social distancing recommendation of the World Health Organization. In the current

situation, conferences, meetings and overseas travel are actively discouraged and the world is being asked to adopt new methods of interaction. Video conferencing, teleconferencing, online meetings and 'work from home' (already in place at the Bank) will be expanded.

Dealing with the simultaneous macroeconomic impact of the recent drop in oil prices will also be a major preoccupation for the Central Bank.

The spillover effect of the oil price war between Saudi Arabia and Russia and the depressed state of the world economy are likely to keep energy prices low for some time. Coordinated fiscal, structural and monetary policy actions would be necessary to assure macroeconomic stability.

The Central Bank's supervisory priorities will be shaped by the results of the FSAP exercise.

The current projects in the Strategic Plan already recognize the Bank's manifold and dynamic supervisory responsibilities. The completion of the FSAP offers a good opportunity to step back, digest the results in detail, rework priorities and mount a plan to acquire, tailor and direct resources and training as appropriate. The July-December 2020 period will be devoted to this task.



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