



CENTRAL BANK OF  
TRINIDAD & TOBAGO

# Payments Quarterly

Payments Quarterly is a newsletter on developments in the Payments System in Trinidad and Tobago

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## Featured Articles

- i. *The Data Protection Act, No. 13 of 2011 was proclaimed on 6th January 2012. This legislation is expected to have a significant impact on the transfer, storage and administration of data in the electronic environment, including e-commerce and e-payments-related issues, in Trinidad and Tobago.*
- ii. *In keeping with the electronic commerce theme started in the March 2012 issue, another article focuses on the awareness and usage of e-payment options among the business community, based on a study commissioned by the Payments System Council.*
- iii. *The Operator's Spot looks at Treasury Bills, as another investment option in the government securities market.*

Payments Quarterly is published at the end of each quarter by the Central Bank of Trinidad and Tobago.

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## What's New on the Legal Scene?

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### The Data Protection Act No. 13 of 2011

The objective of the Data Protection Act, 2011 (Act) as outlined in **Section 4** is the protection of an individual's right to privacy and the right to maintain personal information as private and personal. The Act states that disclosure is dependent on the consent of the individual. It also acts as a guide for organizations which may have cause to deal with personal information. In essence, the Act addresses the use of personal information and provides safeguards for such use. The Act (Part One and Part Two: Sections 7 to 18, Sections 22, 23, 25(1), 26 and 28) was proclaimed on January 6th 2012. A brief description of some key aspects of Part one is presented below:

**Section 2** provides definitions within the Act which include:

**Information Commissioner:** a person to monitor the administration of this Act to ensure that its purposes are achieved;

**Data:** any information in a documented form including documents, any written or drawn work, films, and photos and its copies;

**Data matching:** a comparison of data containing personal information about individuals, with other documents containing personal information about persons. This is done in order to produce new forms of information about individuals;

**An information sharing agreement:** an agreement which regulates:

- a) The exchange of personal information between a public body and a person, organization or group;

- b) The disclosure of personal information by a public body to a person, organization or group;
- c) The collection of personal information by a public body from a public body, a person or a group of persons of an organization;

**Personal Information:**

information concerning an individual, and which points to that individual's identity. It may include that person's race, age, medical and criminal history and records and marital status. The use of a particular symbol in information can also assist in the identification of a particular individual. Contact information, correspondence sent out by that person, finger prints, and D.N.A. of the person, once disclosed in a documented form, and which identifies that person, renders that information, personal information.

**Personal Information Bank:** a collection of personal information, organized in such a way, that it can easily be obtained by looking at the name of the individual, an identifying number, symbol or other particulars of the individual to whom it pertains.

**Privacy Impact Assessment:** an assessment which is carried out to determine whether a proposed enactment, system or project meets the requirements of the General Privacy Principles, which are referred to in Section 6 of the Act.

**Record:** recorded information collected, created or received which is evidence or proof of a particular transaction or activity.

**Sensitive personal information:** information pertaining to a person's racial or ethnic origins, political affiliations, religion, mental health and sexual orientation, as well as criminal or financial record.

**Section 5** outlines where the Act does not apply which include:

- a) Preventing a party to court proceedings from obtaining information which the law allows him access;
- b) Preventing a court or tribunal from ordering a witness to testify in court. It also cannot

- prevent a court from ordering that a certain document be produced; or
- c) Where notes are prepared by or for a person for personal use in court or in a tribunal.

**Section 6** looks at general privacy principles, which apply to all persons who handle, store or process personal information which belong to another. These are:

1. An organization is responsible for the personal information under its control.
2. The organization must identify the purpose for which the information is needed. This is done before or at the time of collection of the information.
3. Where personal information is to be used, this person to whom it pertains must be informed and his consent obtained.
4. The collection of personal information must be done within the confines of the law and is to be used only for the purposes for which it was obtained.

5. Personal information can only be retained for as long as is necessary. It must only be for the purpose for which it was collected. It cannot be divulged for any other purposes and not without the consent of the individual to whom it pertains.

6. This information must be accurate, complete and up-to-date.

7. Safeguards must be used to protect this information, taking into account the sensitivity of the information.

8. Sensitive personal information is protected, except where the written law does protect it.

9. Organizations must make their policies and practices on management of personal information available to individuals.

10. The Organization must disclose all documents relating to the existence, use and disclosure of personal information where they have been asked to do so by the person to whom it pertains. This allows the individual to challenge the accuracy and completeness of the information.

11. The individual can challenge the organization's compliance with the principles listed in this section. Where they challenge the Organization, the Organization must respond appropriately in a timely manner.

12. Personal information which needs to be disclosed outside of Trinidad and Tobago has to be regulated under safeguards existing in that country, which are similar to these set out here.

In the next edition of *Payments Quarterly*, Part II of this Act, which deals with the Office of the Information Commissioner, will be summarised.

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## E-readiness of Commercial Banks in Trinidad and Tobago

In November 2011, the Central Bank, consequent to a commitment to the Payments System Council, conducted an assessment of the commercial banks' electronic payments systems with particular focus on the level of automation supporting the back-end of these operations. Through the use of interviews and questionnaires, the study sought to assess the commercial banks' ability to receive and process electronic transactions via (a) the internet, (b) telephone and (c) mobile telephone channels. It also took a general look at (d) the efficiency of banks' back office operations, (e) commercial banks' attempts to promote e-payments and the challenges being encountered. The following is a summary of the findings.

### (a) Internet Banking

Internet banking was first offered in 2000. Five banks now offer this service with the

majority providing basic banking services. All offer external third party beneficiary transfer. One bank's processes were fully automated while the majority of the others were automated up to the posting of transactions. Most banks indicated that registration for the service was semi-automated. Usage of the service averaged 20 per cent for both corporates and individuals.

### (b) Telephone Banking

Telephone Banking was introduced in 1993. Five banks offer basic banking services. None of these offer external third party beneficiary transfer capability. This service is fully automated in two banks, while the other three have a mix of automated, semi-automated or manual processes for the following operations: initiation of payment by the customer; data capture; processing; posting; and the registration process. Data on corporate usage of the service was

provided by only two banks and varied widely from 55 per cent to 2.8 per cent, while usage by individuals averaged 37 per cent.

### (c) Mobile Banking

Mobile Banking was first offered in 2010. Four banks offer this service which includes account balance inquiries, transfer to own accounts, bill payments, loan status, credit card account information and transfers to internal third parties. Three banks are fully automated with respect to initiation of payment by the customer, data capture, processing and posting. One of these banks indicated that the registration process was automated while two stated that this was semi-automated. There was no corporate usage of mobile banking and usage by individuals averaged 6 per cent.

### (d) Integration of front/back-end operations

Six banks indicated that they offer their corporate and individual customers front-end access to the Real time Gross Settlement System (RTGS) and Automated Clearing House (ACH) systems, but the extent of integration

## E-readiness of Commercial Banks in Trinidad and Tobago

(continued)

of the front-end systems with their core operating systems varied from straight-through processing to manual file uploads.

### (e) Promotion of E-payments and the Challenges

All banks surveyed indicated they were working at promoting e-payments, while four banks identified specific penetration targets, ranging between 75-100 per cent. However, banks identified several constraints to high

acceptance of e-payments. These included: (i) legal constraints; (ii) lack of technology to handle e-payments; (iii) culture/tradition; (iv) the benefits of keeping a float; (v) operational issues; and (vi) the timing of clearance and settlement.

## Operator's Spot

### Another investment option: Treasury Bills

Treasury Bills are short-term government debt instruments of up to one year and are generally issued for periods of 91 days (3 months) or 182 days (6 months). The Central Bank is the agent for the Government in the management of Treasury Bills. There is a Treasury Bill issue maturing almost every week and the government generally issues new Bills to replace the maturing ones. Any individual or company in Trinidad & Tobago can purchase Treasury Bills.

The issue of Treasury Bills is done through an auction procedure. Both competitive and non-competitive tenders are permitted. Competitive tenders are submitted by more knowledgeable investors who have the experience and know-how about pricing. Less sophisticated investors can submit non-competitive tenders of up to

\$100,000.00 whereby they agree to accept the average price determined in the auction. Treasury Bills can be bought and sold at the Central Bank of Trinidad and Tobago.

Treasury Bills are traded (bought or sold) on a discount basis. This means that the price of the Bill is equal to its face value less the amount of the discount.

To calculate the discount the following information is needed:

- date of purchase
- date of maturity
- discount rate
- amount you wish to purchase

Let us assume a person wants to purchase \$1,000 of Treasury Bills issue number 1293 on November 8, 2010. Also, assume that

this issue matures on January 19, 2011 and the discount rate is 0.35%. The number of days between the purchase date and the maturity date is 72.

The discount is calculated as follows:

$$\begin{aligned} \text{Discount} &= \text{Principal} \times \text{Rate} \times \text{Time} / 100 \\ &= (1000 \times 0.35 \times 72) / (100 \times 365) \\ &= \$0.69 \end{aligned}$$

**The price is the difference between the face value and the discount. In this example:**  
 $\$1000.00 - \$0.69 = \$999.31$

The Central Bank regularly publishes information on Treasury Bill auctions in the newspapers. Information on discount rates is available from the Domestic Market Operations Department or online at [www.central-bank.org.tt/content/treasury-bills](http://www.central-bank.org.tt/content/treasury-bills).

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 Central Bank of Trinidad and Tobago

<sup>1</sup> The Domestic Market Operations Department of the Central Bank handles these transactions during the hours of 8:00 a.m. to 2:30 p.m. each work day.

## Payments Glossary

Here are 5 terms applicable to the Payments System:



### 1. Mobile banking

is a term used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone or Personal Digital Assistant (PDA). (Also known as M-Banking)

[http://en.wikipedia.org/wiki/Mobile\\_banking](http://en.wikipedia.org/wiki/Mobile_banking)

### 2. Internet banking

allows customers of a financial institution to conduct financial transactions on a secure website operated by the institution, which can be a retail or virtual bank, credit union or building society. (Also known as Online banking or E-banking)

[http://en.wikipedia.org/wiki/Internet\\_banking](http://en.wikipedia.org/wiki/Internet_banking)

### 3. Security

means any document, instrument or writing evidencing ownership of, or any interest in, the capital, debt, property, profits, earnings, or royalties of any person, or enterprise, and without limiting the generality



# Payments Glossary

### 3. Security *(continued)*

of the foregoing, includes—(a) any bond, debenture, note or other evidence of indebtedness; (b) any share, stock, unit, unit certificate, participation certificate, certificate of share or interest; (c) any document, instrument or writing commonly known as a security; (d) any document, instrument or writing evidencing an option, subscription or other interest in or to a security; (e) any investment contract; (f) any asset-backed security; (g) any document, instrument or writing constituting evidence of any interest or participation in— (i) a profit sharing arrangement or agreement; (ii) a trust; or (iii) an oil, natural gas or mining lease, claim or royalty or other mineral right; (h) an interest in the whole, or in part of, the net assets of a collective investment scheme; or (i) any right to acquire or dispose of anything specified in items (a) to (h)

*Financial Institutions Act, 2008*

### 4. Government Securities Settlement System (GSS)

Electronic depository and auction system for government entities.

*Domestic Market Operations, Central Bank*

### 5. Treasury Bill

short term government issued debt instrument. In Trinidad and Tobago, bills are issued under the Treasury Bills Act of 1960. These bills are generally issued for periods for 91 days (3 months) or 182 days (6 months)

*Frequently Asked Questions on Treasury Bills Brochure Domestic, Market Operations, Central Bank*

## Safe-tt, ACH and Cheques Volume Meter 2009 - 2012

(millions)

	2009	2010	2011	2011	2012
	2009	2010	2011	April - June	April - June
<b>Safe-tt</b>	0.05	0.05	0.05	0.01	0.01
<b>ACH</b>	2.59	2.89	3.13	0.76	0.84
<b>Cheques</b>	9.74	9.65	9.46	2.35	2.46
<b>Total</b>	12.38	12.59	12.64	3.12	3.31

Source: Central Bank of Trinidad and Tobago, Trinidad and Tobago Interbank Payments System Ltd.



If you require any further details or would like to offer any suggestions, please contact the Payments System Department at the Central Bank of Trinidad and Tobago at  
**Phone number: 1 (868) 625-4835 ext. 2719; or send an email to: [rtgs@central-bank.org.tt](mailto:rtgs@central-bank.org.tt)**