



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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Inside this issue:

The Payments System Council

1

Central Bank Introduces Statistical Returns on the Payments System

2

Operators Spot: The Automated Clearing House Update

3

Payments Glossary

4

Safe-tt & ACH Volume Meter

4

Payments Quarterly is published quarterly by the Central Bank of Trinidad and Tobago.

If you require any further details on or would like to offer any suggestions please contact the Payments System Department at the Central Bank of Trinidad and Tobago.

Please see our full contact details on the last page.

The Payments System Council



In September 2002 the Payment System Council (PSC) was formed with the objective of supporting the achievement of sound and efficient payments and securities clearance and settlement systems in the country. The Council was to be comprised of *"all stakeholders in the payments clearance and settlement system."* However, it was felt that in the start-up phase a narrower membership would be more focused and effective in moving the process forward. Accordingly, the initial membership was limited to commercial banks, the TTSEC and the Treasury Division of the Ministry of Finance and the Central Bank.

In January 2009, with the major elements of the modernized payments system firmly entrenched, the membership of the Council was broadened to encompass a wider cross-section of stakeholders as originally envisioned. The new team comprises senior officials from the Central Bank, TTSEC, Treasury Division of the Ministry of Finance, Bankers Association of Trinidad and Tobago (BATT), Ministry of Public Administration (Government E- Commerce initiative), Payment System Operators, Trinidad and Tobago Chamber of Commerce, Ministry of Consumer Affairs, Telecommunications Authority of Trinidad and Tobago (TATT) and other recognized Technology Specialists.

The Council currently meets once a month under the Chair of the Central Bank which also provides its secretariat services. The agenda for each meeting is prepared by the Secretariat with input from the membership and approved by the Chairman.



The Payments System Council (continued)

The main tasks of the PSC are as follows:-

- promote initiatives towards the development of the payment system infrastructure.
- facilitate the necessary co-operation between all market participants and regulators in payments matters.
- play a key role in facilitating the sharing of information on economic and business requirements of all parties impacted by the payment system.
- explore the options for future system designs.

- promote the knowledge of payment system issues in the country. To this end, the Council will use any means

it might find appropriate (workshops, seminars, web pages, newsletter, etc.).



Members of the Payments System Council

Central Bank Introduces Statistical Returns on the Payments System

In January 2008 the Central Bank launched a series of statistical returns, the CB70's. These returns are designed to gather information on payment instruments and their usage in Trinidad and Tobago. The family of returns is the CB70, CB71 and CB73.

The **CB70** is a monthly return directed to all licensed commercial banks and provides information on paper based/ paperless payment instruments; payment cards in circulation; the payments infrastructure; cash withdrawals and the prices of domestic transactions.

The **CB71** is a quarterly return to be completed by payment system

operators. The data covers volumes and values of different types of transactions including direct debits and credits, returns, rejects as well as the fees charged to participants.

The **CB73** is used to collect both monthly and quarterly data from the Central Bank. The information collected covers cashless payment instruments, Real Time Gross Settlement (RTGS) transactions, cash withdrawals and prices of domestic transactions.

All data collected will be uploaded directly into the FAME (*acronym for Forecasting, Analysis, and Modeling Environment*) database in order to enhance collecting, reporting and forecasting of information.

In 2010, all new and existing CB70 data will be uploaded directly into the Bank's research database called FAME.





Operators Spot: The Automated Clearing House Update

The Trinidad and Tobago Interbank Payments System (TTIPS) is the operator of the Automated Clearing House (ACH) in Trinidad and Tobago. Since the launch of the ACH in January 2006, the system has processed over 6.2 million transactions at a value of \$31.3 billion.

TTIPS continues to grow at an average monthly rate of 2.7% with 97% of volume targets being achieved. The highest monthly volume and value recorded of 238,171 transaction worth \$1 Billion was attained in October 2009. Average monthly transactions are currently in excess of 200,000. **Table 1** below shows the growth in ACH switch transactions for 2009 while **Table 2** shows the volume of year-on-year switch transactions for the period 2004-2010.

So far most transactions on the ACH have been payroll type transactions. In the future, the operator anticipates greater awareness and adoption of the ACH for making other types of payments.

TTIPS has developed the 'addenda record' to facilitate the transmission of additional payment details with a transaction. Several participants on the system have already implemented this feature and the others are expected to 'go live' during the second quarter ended June 2010.

TTIPS is also in the final stages of development and testing of the Corporate Trade Exchange (CTX) code which will be used for bulk payments. CTX is a NACHA defined Standard Entry Class (SEC) code used for the transfer of funds (credit or debit entries) originated by an originator to pay or collect an obligation of such originator and destined for the account of another organisation. The CTX payment format combines the payment information and the addenda record, allowing multiple payments in a single transfer of funds. CTX entries

are accompanied by Addenda Records (up to 9,999 per ACH payment) and are normally used for payment or collection of obligations between businesses (e.g. corporate invoice payments).

TTIPS is currently reviewing its Operating Rules and Regulations towards strengthening ACH operations as it pertains to Risk, ACH Fraud, System of Fines & Network Fees, Monitoring and Rule enforcement. The proposed network amendments will contribute to the overall stability of ACH system and member oversight. The amendments will also add value towards the reduction of excessive returns for payment type and classification.



Volume Growth
January 2009 - February 2010

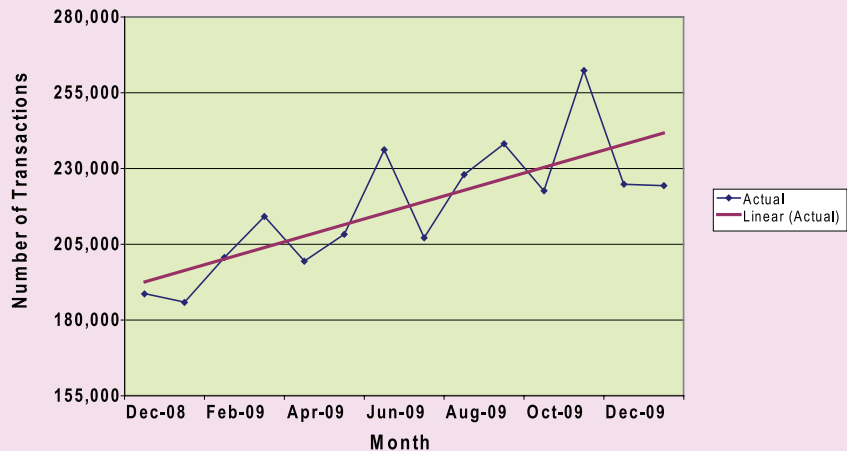


Table 1: Volume of ACH switch transactions in 2009

Fiscal Volume Comparative
05/06, 06/07, 07/08, 08/09 & 09/10

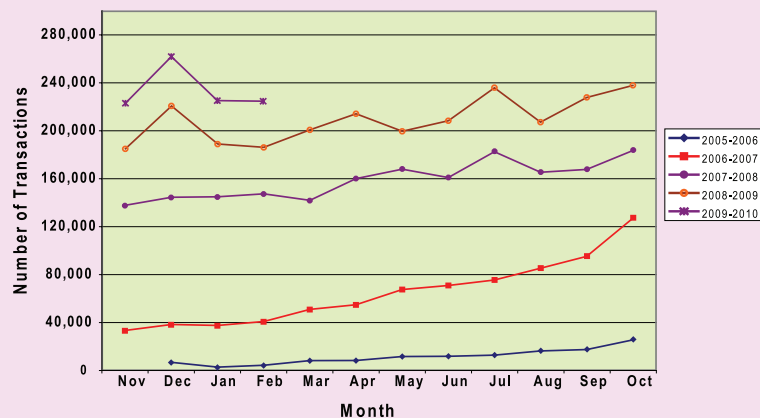


Table 2: Volume of ACH switch transactions from 2005 to 2009

Payments Glossary



Here are 5 terms¹ applicable to the Payments System:

1. Acquirer	A financial institution that initiates and maintains contractual agreements with merchants for the purpose of accepting and processing card transactions.
2. CTX	Acronym for Corporate Trade Exchange. The CTX is a payment format that combines payment information and a variable length record (called an addendum record) with related information, such as invoice numbers, allowing multiple payments to trade creditors in a single transfer of funds.
3. Issuer	A financial institution that offers payment cards and products to consumers
4. Operator	means the Central Bank or the person operating an Interbank Payment System or a Licensed Interbank Payment System.
5. Payment instrument	means every paper-based electronic or other means of effecting the transfer or withdrawal of money.

¹ Source: <http://www.answers.com/topic/corporate-trade-exchange-ctx>; FIA 2008; VISA website.

Safe-tt, ACH and Cheques Volume Meter

Safe-tt, ACH and Cheques statistics 2006-2009²

	2006	2007	2008	2009
Safe-tt	26,924	34,222	43,062	46,166
ACH	190,431	987,318	2,028,636	2,585,502
Cheques	10,618,146	10,641,346	10,685,786	11,371,843
Total	10,835,501	11,662,886	12,757,484	14,003,511

Safe-tt and ACH statistics first quarter 2008 - 2010

	2008 Jan-Mar	2009 Jan-Mar	2010 Jan-Mar
Safe-tt	10,146	11,212	11,382
ACH	433,677	575,047	694,596
Total	443,823	586,259	705,978



² Data provided by Payments System Operators and consists of transactions settled between commercial banks.

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