



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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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.



L - R: Mr. Cris Seecheran, Executive Director (Ag) TATT; Mr. Dennis Mc Comie, Moderator; Ms. Joan John, Deputy Governor Operations, Central Bank; Mr. Carl Rosenquist, Managing Principal of SynerCom (Cyprus) Limited and Ms. Sharon Villafana, Payments System Coordinator, Central Bank.

In this edition of the Payments Quarterly, our feature article is a report on the 6th ICT forum hosted by the Telecommunications Authority of Trinidad and Tobago (TATT) on 23rd September 2010. The ICT Open Forum is a quarterly series undertaken by TATT that serves as an education and information sharing platform for stakeholders in the ICT and related fields. The format consists of presentations on ICT and related topics followed by a panel discussion session. Information gathered at these fora is used, in conjunction with information obtained from other sources, to inform the Authority's 'build out' of the necessary regulatory framework for the effective oversight of Trinidad and Tobago's telecommunications and broadcasting sectors.

The theme of this year's forum was "Electronic Payment System in Trinidad and Tobago – Legal, Cultural and Technology Challenges". The opening remarks were delivered by Mr. Cris Seecheran, Executive Director (Ag) TATT and the main presenters were Ms. Joan John, Deputy Governor Operations, Central Bank of Trinidad and Tobago and Chairman of the Payments System Council and Mr. Carl Rosenquist, Managing Principal of SynerCom (Cyprus) Limited. The audience consisted of 85 persons representing members of the business community including commercial banks, credit unions, government ministries and other agencies.

Presentation at the Telecommunications Authority of Trinidad and Tobago ICT Forum (continued)

Ms. John's presentation began with an overview of the National Payments System including its evolution from the use of cheques in the 1960's to more sophisticated and efficient electronic systems such as the Real Time Gross Settlement (RTGS) system and the Automated Clearing House (ACH). Details were provided on the clearance and settlement arrangements for the RTGS, the ACH, and the LINX debit card systems. These systems are operated by the Central Bank of Trinidad and Tobago, the Trinidad and Tobago Interbank Payments System (TTIPS), and InfoLink Services Limited respectively. Throughout the presentation, Ms. John underscored the importance of a sound and robust ICT infrastructure to support e-payments.

In addition to having a robust ICT infrastructure, Ms. John emphasized the need for a sound legal framework. The Financial Institutions Act, 2008, in conjunction with the Central Bank Act, provides the legal basis for the Central Bank to conduct oversight of the national payments systems.

The audience was also informed that the Ministry of Finance is in the process of amending the Exchequer and Audit Act which will grant Government the authority to make and receive payments by electronic methods. This amendment will facilitate internet-based payment solutions for the Government's proposed single portal for the supply of goods and services.

In concluding, Ms. John stated that one of the goals of the Central Bank is to have an efficient national payments



Ms. Joan John - Deputy Governor Operations, Central Bank and Chairman of Payments System Council

system which meets the present and emerging needs of our citizens. A copy of Ms. John's presentation can be found at www.tatt.org.tt

Mr. Rosenquist, the second presenter, is a strategic business and IT consultant with extensive experience in project management. His presentation entitled "*Electronic Payments Legal and Regulatory Issues: How ICT can facilitate implementation*", outlined the main benefits of a future Interoperable Mobile Payment System (Mobicash), which is the availability of 'cash' in the hand of the user ready to pay anyone, anytime and anywhere using technology that provides a high level of security.

The presenter made the distinction between mobile banking and mobile payments. Mobile banking is often considered to be an additional channel for a bank's customers to access and manage their accounts in a bank. Mobile banking services, similar to those offered through internet banking, include balance enquiry and the transfer

of funds between accounts. On the other hand, mobile payments embrace a wider selection of financial transactions which incorporate the ability to effect payments to persons and businesses, both domestically and internationally. Mobile payment systems also embrace agent-based services such as cash-in, cash-out, and linkages of mobile accounts with payment card-based accounts in a member bank core banking or card management system.

Mr. Rosenquist spoke about the concept of converging a Public Key Infrastructure (PKI) and biometrics to produce a bio certificate. It was explained that the bio certificate is used as a due diligence



Ms. Rosemary Alves, member of the Payments System Council responds to a member of the audience

tool to simplify the processes of *Know Your Customer (KYC) and Anti Money Laundering (AML)/Combating the Financing of Terrorism (CRT)*.

The concluding remarks stressed the need to implement a national PKI

organization and a National ID card. The example from the Hong Kong Smart ID card model was highlighted to demonstrate the use of a Digital Certificate to enable e-Government and Mobile payment transactions. A copy of Mr. Rosenquist's presentation is available at www.tatt.org.tt

During the subsequent panel discussion/ audience participation segment of the forum, the main concern from the private sector was the lack of a functional payments system to cater for the purchase of local goods and services via the use of foreign credit cards. ☐

The Jamaican Automated Clearing House

The Bank of Jamaica established an Automated Clearing House (ACH), to process small value recurrent payments such as salaries and insurance premiums, in 2006. The Jamaican ACH was actually launched in two phases. The first phase, completed in October 2002, allowed for the electronic clearing and settlement of cheques only while the second phase completed in September 2006, allowed for the processing of direct debits and credits as an electronic alternative to cheque payments.

The Jamaica Clearing Bankers Association (JCBA) is the governing body for ACH operations. The JCBA

comprises the eight clearing banks and the Automated Payments Limited (APL) which is owned jointly by the commercial banks. The Bank of Jamaica is also a member of the association. The Constitution of the JCBA, to which all members subscribe, governs the relationship between the participating clearing banks and the ACH Operator. Various committees within the JCBA, such as the Rules Committee, continuously review the ACH Operating Rules and facilitate the ongoing business of the ACH.

The introduction of this system has yielded several benefits for the financial system.

These include:

- reduction in clearing time for cheques from five to three days;
- creation of a platform for future electronic payment services;
- more efficient and predictable settlement arrangements for banks and customers; and
- elimination of float in the system.

Since its implementation, the volume of transactions on the ACH has remained relatively constant, but the value has been increasing. Future plans for the ACH include the removal of large value transactions of J\$1mn and over from the ACH to the Real Time Gross Settlement System in 2011. ☐

OPERATORS SPOT

Infolink Services Limited – LINX



Here are a few tips on using your LINX debit card this coming Holiday Season!

Using LINX at a Merchant:

1. The LINX card can be used anywhere the LINX logo is displayed;
2. The LINX card can be used for transactions of any size (Subject to issuing bank arrangements);
3. The LINX card should always be kept secure by the holder;
4. Be aware of your surroundings when entering your PIN number;
5. NEVER DISCLOSE YOUR PIN NUMBER TO ANYONE!
6. NEVER pay the merchant a fee to make a LINX purchase;
7. On an average it costs about 75 cents to use your LINX card at any retail outlet.

Using LINX at the ATM:

1. The LINX card works at over 320 ATMs across Trinidad and Tobago;
2. Minimise time spent at the ATM by having your LINX card out and ready to use;
3. ALWAYS be aware of your surroundings;
4. GUARD the keypad to prevent others seeing your PIN;
5. Do not let anyone see how much money is withdrawn;
6. NEVER accept advice from "helpful" strangers;
7. If your LINX card is captured, report it to your bank immediately;
8. ALWAYS review your account statements. If you believe there is a discrepancy, contact your bank immediately.

Payments Glossary



Here are 5 terms applicable to the Payments System:

1. ICT	acronym for Information and Communications Technology. ICT is an umbrella term that includes any communication device or application...as well as the various services and applications associated with them. ICTs are often spoken of in a particular context, such as ICTs in education, health care, or libraries.
2. Clearing	is the process of verifying that the payer has the money to make the payment and that the payment method by which the transaction is effected is valid. It should always precede the settlement process.
3. Settlement	refers to the actual exchange of value from the payer to the beneficiary and is usually facilitated through financial institutions.
4. Automated Clearing House (ACH)	is an electronic clearing system which processes financial transaction orders, in batches, specifically designed for small value recurrent payment requests. The payment orders are exchanged among the participants, usually financial institutions.
5. Real-time gross settlement	is a funds transfer system in which settlement takes place in real time and on a payment by payment (gross) basis.

Safe-tt, ACH and Cheques Volume Meter

Safe-tt, ACH and Cheques statistics 2007-2010¹

	2007	2008	2009	July - September 2009	September 2010
Safe-tt	34,222	43,062	46,166	34,100	35,007
ACH	987,318	2,028,636	2,585,502	1,868,595	2,120,756
Cheques	10,641,346	10,454,213	9,758,883	2,459,320	n.a
Total	11,662,886	12,525,911	12,390,551	8,724,030	

¹ Data provided by Payments System Operators
n.a - Not available

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

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