



CENTRAL BANK OF
TRINIDAD & TOBAGO

STRATEGIC PLAN 2016/17 – 2020/21

Central Bank of Trinidad and Tobago

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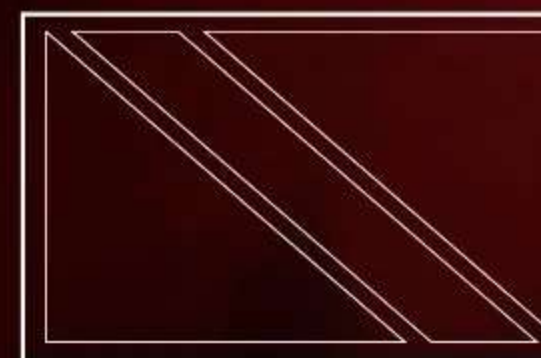
Layout and Photography:

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Central Bank of Trinidad and Tobago

September 30, 2016

ISBN 978-976-8134-27-1

Central Bank of Trinidad & Tobago **Strategic Plan** 2016 /17 – 2020 / 21



service using resources, skill, ingenuity, and experience
to effect benefit to consumers.

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The Bank's Mission, Vision and Core Values

Mission

The Central Bank of Trinidad and Tobago was established as a body corporate under the Central Bank Act Chap. 79:02. 1964. The Bank's enabling legislation entrusts it with a wide range of responsibilities including:

1. The exclusive right to issue and redeem currency notes and coins in Trinidad and Tobago;
2. Acting as banker for and rendering economic, financial and monetary advice to the Government;
3. Maintaining monetary stability;
4. Managing the foreign exchange market and protecting the external value of the currency in the best interest of the country;
5. Investing the country's foreign exchange reserves;
6. Undertaking continuously, economic, financial and monetary research.

The Bank is also authorised to supervise and regulate the activities of banks, non-banks, insurance companies and private pension funds, as well as payment systems.

Vision

To be a premier, trusted and dynamic Central Bank committed to a better Trinidad and Tobago

Core Values

- Teamwork
- Integrity
- Leadership
- Excellence
- Service



Strategic Plan: 2011/12 – 2013/14

Pillar One: Strengthening Monetary and Financial Stability

Traditionally, the Bank has utilised 3-year strategic plans as frameworks for organising its activities. Initially designed to cover the financial years 2011/12 to 2013/14, the objectives and priorities of the previous Plan were carried over to the 2 subsequent financial years 2014/15 and 2015/16.

The Plan's theme was **Enhancing Financial Stability, Governance and Efficiency**. It identified 2 pillars: Strengthening Monetary and Financial Stability and Governance, Accountability and Transparency and included 9 strategic objectives and 26 projects.

In terms of outcome, under the monetary and financial stability pillar, key achievements included: the establishment of a regular Liquidity Management Committee

Strategic Objectives	Strategic Projects	Status
Promotion of Monetary Stability	Framework for Liquidity Management.	●
	Evaluate framework for the foreign exchange market.	●
Enhancement of Financial Stability	Legislative Projects Finalise Pension Policy Document for Occupational Pension Plans and develop an accompanying Bill in collaboration with the Ministry of Finance.	●
	Finalise new Insurance Bill.	●
	Finalise new Credit Union Bill.	●
	Regulatory and Supervisory Frameworks Develop regulatory and supervisory framework for money remitters.	●
	Implement consolidated supervisory framework for large financial conglomerates.	●
	Operationalise national crisis management plan.	●
Upgrade of the Payments System	Develop the framework for Payments System.	●
Promote Capital Market Development	Examine ways to accelerate the development of the secondary market in Government Securities.	●

● In Progress
● Completed

Strategic Plan: 2011/12 – 2013/14
Pillar Two: Governance, Accountability and Transparency

in collaboration with the Ministry of Finance to assess short-term money market developments as a basis for monetary action; introduction of a Mortgage Market Reference Rate to guide domestic pricing of residential mortgages; strengthening of the regulatory regime for financial conglomerates, systemically important financial institutions and bureaux de change; stress testing of commercial banks; and upgrade of supervision of the payments system.

Within the rubric of governance, accountability and transparency the outcomes included: membership in the Alliance for Financial Inclusion; expansion of the work of the Financial Services Ombudsman; formalization of business continuity, risk management and governance standards and reporting; extension of the financial literacy programme; and modernization of employee performance evaluations.

● In Progress
● Completed

Strategic Objectives	Strategic Projects	Status
Enhancing the Governance Framework	Implementation of new Governance, Risk and Compliance (GRC) Methodology in the whole Bank.	●
	Continue to strengthen internal controls.	●
	Implementation of Information Systems/Technology Best Practices and Standards.	●
Improve Operational Efficiency	Enhance efficiency in key operational areas.	●
	Upgrade Corporate Enterprise Network Architecture.	●
	Enhance Management of Electronic Information and Information Technology.	●
Strengthen Research and Information Management	Strengthen technical and policy research output via closer collaboration with universities and international agencies.	●
	Solidify and expand statistical databases.	●
	Enhanced early warning indicators and market surveys.	●
	Special Data Dissemination Standards (SDDS) Project.	●
Enhance Public Education and Communication	Improve Communication to the Public.	●
	Continue to strengthen internal Communication and Employee Morale.	●
	Improve Public Education and Financial Literacy.	●
Developing People and Competencies	Ensure manpower requirements are consistent with changing organisational needs and circumstances.	●
	Review of and continued implementation of succession plans.	●
	Continue to build a culture of high performance and productivity.	●



Current Situation and Outlook

In 2016, the economy of Trinidad and Tobago finds itself in the early phase of adjustment to a major terms-of-trade shock occasioned by depressed energy prices. Although a turnaround in domestic energy sector output is anticipated in 2017, it is not only likely to take some time for an economy-wide recovery to be firmly established but the trajectory of global energy prices remains very uncertain - See Hilaire, "Macroeconomic Management in a Period of Uncertainty" available at https://www.central-bank.org.tt/MPR_May2016.pdf

At minimum, therefore, the Central Bank can expect to continue to operate in a challenging domestic environment over the early part of the 5 year span of the Strategic Plan. Its mandate of keeping inflationary pressures in check will consequently be set in the context of likely severe constraints on economic growth. At the same time, very close attention will need to be paid to the supervisory front to the extent that the quality of financial institutions' credits is affected by borrowers facing difficulty in servicing loans.

The international scene is likely to remain unsettled for some time, in the wake of continued weakness in European economies, the delayed sustained rise in US interest rates, the fallout from Brexit and nervousness about investments in emerging markets. The loss

of correspondent banking relationships is of particular concern to Caribbean neighbours. The growing integration of Trinidad and Tobago's financial market with the rest of the world, developments in international payments systems, creation of new financial products, incidence of cross border mergers and acquisitions will quickly impact the domestic market. These will require ever closer collaboration of financial sector supervisors domestically, regionally and internationally.

The rapid pace of technological advances also means that contagion effects could be more immediate and far reaching, while cyber risks become larger and potentially more serious. Within this broad context, over the next 5 years, the Central Bank will need to be in tune with a more dynamic financial landscape and adapt its policies and communication strategy appropriately.



Strategic Plan

2016/17 – 2020/21

3

THEMES

10

OBJECTIVES

23

PROJECTS

value

a measure of the benefit
provided by a good or service



The Bank shall have as its purpose the promotion of such monetary credit and exchange conditions as are most favourable to the development of the economy of Trinidad and Tobago, and shall, without prejudice to the other provisions of this Act –

- (a) have the exclusive right to issue and redeem currency notes and coin in Trinidad and Tobago;
- (b) act as banker for, and render economic, financial and monetary advice to the Government;
- (c) maintain, influence and regulate the volume and conditions of supply of credit and currency in the best interest of the economic life of Trinidad and Tobago;
- (d) maintain monetary stability, control and protect the external value of the monetary unit, administer external monetary reserves, encourage expansion in the general level of production, trade and employment.

Source: Central Bank (Amendment) Act 1994

OBJECTIVES

- 1. Contribute meaningfully to solutions to the current (and future) macroeconomic problems.**
- 2. Strengthen our economic and other technical analyses and disseminate our findings.**
- 3. Engage effectively with external agencies.**



ecosystem

a complex network or interconnected system.

"The Central Bank shall be responsible for the... supervision of licensees and the oversight of payment systems.... The primary objective of the Central Bank, in respect of licensees shall be to maintain confidence in, and promote the soundness and stability of, the financial system in Trinidad and Tobago."

Source: Financial Institutions Act 2008

The Central Bank is responsible for "providing for the regulation of insurance business and for other purposes related to or connected with such business and for the regulation of privately administered pension fund plans"

Source: Insurance Act 1980 and amendments

OBJECTIVES

4. Prepare for an evolving financial landscape.
5. Ensure a well functioning and stable financial system.
6. Fortify the legal underpinnings of what we do.



efficiency

the ability to accomplish a job without
wasting materials, time or energy.

Internal operations refer to how the Bank organises itself in order to deliver on its mandate. The Bank's biggest resource is its human capital and a highly trained, experienced and motivated staff is essential. As a major public financial institution, the Bank must continuously adhere to the highest governance standards and seek to be as efficient as possible.

OBJECTIVES

7. Implement strong and clear controls in procurement, contract and budget management.
8. Ensure that our IT systems are safe and appropriate to our needs.
9. Allow for constant meaningful engagement with staff at all levels and retirees.
10. Widen the role of the Bank in public financial education and community affairs.

The image features a background of several construction cranes silhouetted against a sky transitioning from a warm orange glow at the bottom to a clear blue at the top. A large, white, semi-transparent circle is positioned in the center-left area of the frame. Inside this circle, the word "PROJECTS" is written in a clean, black, sans-serif font.

PROJECTS

1. Assess and promote capital market efficiency

Upgrade Government bond issue process as appropriate. Evaluate the functioning of the domestic capital markets and make recommendations for improvements.

2. Strengthen the capture, collation, analysis and dissemination of high frequency economic information

Streamline and automate data capture and presentation. Extend and deepen the coverage of the balance of payments information. Complete comprehensive coverage of public debt statistics and analysis with Ministry of Finance.

3. Enhance monetary policy framework

Formalise quarterly financial programming exercise. Reassess monetary policy instruments and adjust as appropriate. Deepen collaboration with the Ministry of Finance in liquidity management.

4. Streamline operation of foreign exchange market

Evaluate existing arrangements governing the interaction between the Central Bank and foreign exchange market participants. Modify arrangements as necessary to promote efficient market clearing.

5. Streamline currency issue and banking operations

Change metallic composition of coins and eliminate 1 cent coin. Update Clearing House arrangements. Automate teller functions.

6. Enhance management of international reserves

Introduce a new portfolio management system. Review investment strategy and interface with external managers with World Bank assistance.

7. Promote publications on Central Banking and other identified issues

Publish 4 Central Bank of Trinidad and Tobago Working Papers annually. Publish 2 consolidated works on selected economic issues.

8. Finalise CLICO Resolution

Update and implement resolution plan. Assess legal and other lessons learnt and adjust processes accordingly.

9. Strengthen technical and analytical capacity in supervision and resolution

Implement stress testing framework. Prepare crisis management plans. Develop strategy for monitoring designated systemically important financial institutions and other large financial institutions outside of Central Bank's span of control.

10. Coordinate with other supervisory agencies

Implement consolidated supervisory framework. Engage dynamically with regional/ international agencies. Assert leadership role with other domestic supervisory bodies.

11. Take stock of recent developments in payments systems

Assess current global and national issues and potential supervisory gaps. Develop and evaluate legal and supervisory options to fortify the payments system.

12. Identify and prepare for new strategies carried out by financial institutions

Evaluate options for dealing with financial mergers and acquisitions. Strengthen capacity to deal with diverse financial group structures.

13. Advance the legislation for supervision

Implement provisions for a new Insurance Act. Review all existing financial legislation and propose changes (Central Bank, Financial Institutions, Exchange Control Acts etc.). Contribute to strengthening legal framework for credit union supervision.

14. Improve governance standards in financial institutions

Consolidate the approach to conducting governance reviews of financial institutions. Assure that the Central Bank's governance framework is robust. Develop appropriate anti-money laundering/combating the financing of terrorism (AML/CFT) framework in collaboration with relevant agencies.

15. Streamline external legal engagement

Evaluate current approach and effectiveness of external legal engagement. Pilot "retainer" approach to utilising selected external counsel for specific interrelated issues. Strengthen Central Bank Board and staff understanding of legal issues and developments.

16. Improve risk-based supervision

Introduce Basel II/III requirements for banks. Implement risk based capital requirements for insurance companies. Strengthen monitoring of credit and concentration risks.

17. Identify and promote the Central Bank's external interface and corporate social role

Formalise internal mechanisms for engaging with foreign entities. Finalise museum upgrade. Deepen contribution of the Bank to the arts, culture and the underprivileged.

18. Strengthen internal corporate governance and efficiency

Formalise budget tracking and all procurement processes, taking into account upcoming Procurement Legislation. Identify and promote cost management programmes and develop a plan for treating with the real estate portfolio. Enhance risk awareness, business continuity and reporting.

19. Identify appropriate mechanisms to ensure safety and reliability of information systems

Finalise information governance arrangements. Develop and implement mechanisms for ongoing assessments and regular independent testing of security and reliability of IT systems. Implement a comprehensive information storage and management plan.

20. Develop and implement plan for optimising use of available technology

Establish mechanisms for exploring applicability of alternative technologies. Implement programme for secure electronic information sharing and communication with the Board and external agencies.

21. Assess and develop cost effective staff training plans

Evaluate effectiveness of staff training programmes. Develop and implement staff rotation policy. Review and adjust staff performance plans and promotion policy as appropriate.

22. Develop transparent staff feedback mechanisms and effective wellness programmes

Conduct staff opinion survey. Implement whistleblower policy and mechanism. Review and adjust as appropriate Employee Assistance and other programmes geared at promoting staff physical and mental health.

23. Advance Central Bank public education and communication

Execute nationwide financial literacy programme. Strengthen effectiveness of the Office of the Financial Services Ombudsman. Formalise external communication plan and media monitoring.



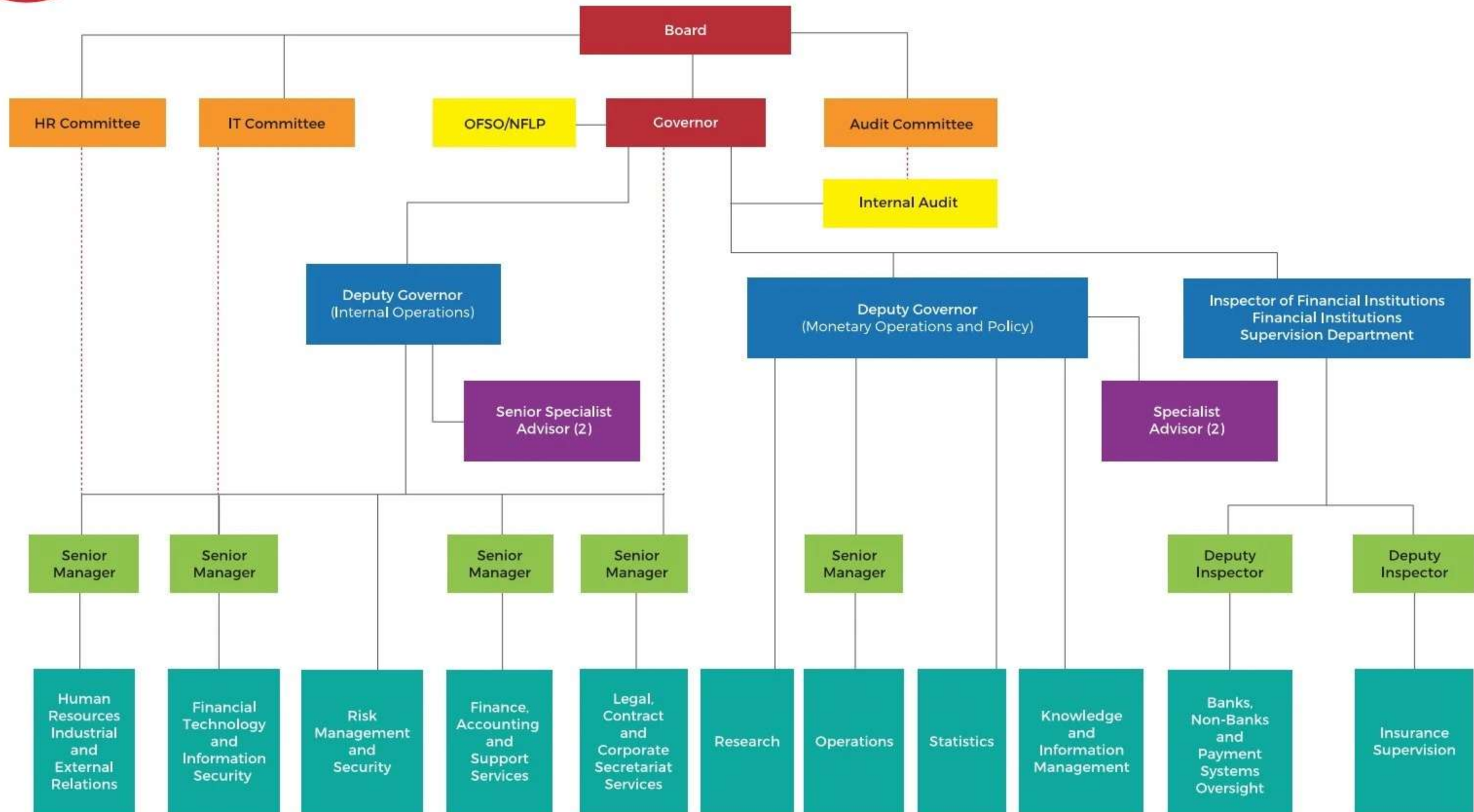
Project Phasing, Implementation and Tracking

The Bank's Organisational Structure reflects the 3 themes of the Strategic Plan, with the Inspector of Financial Institutions overseeing the Department broadly responsible for the financial stability mandate and Deputy Governors assigned to oversee the internal operations and monetary policy areas (Appendix A). The Bank's overall Strategic Plan is translated into more specific 5-year Departmental strategic plans and annual work programmes.

With its 23 projects, the 2016/17-2020/21 Strategic Plan is ambitious. Most of the projects require intense collaboration among Departments and are resource-intensive. Consequently, over the first few months of the Plan horizon the precise phasing of the projects will be determined.

The Risk Management Department will be responsible for semi-annual tracking of project performance based on appropriate metrics and milestones (Appendix B) and a formal interim review of the Plan's progress will take place in September 2019.

Organisational Structure - September 30, 2016



Strategic Project Tracking Template

Appendix
B

Planned
Actual

Present Time - Status as at 30th Sept 2018

15 ENHANCE MANAGEMENT OF INTERNATIONAL RESERVES				RESPONSIBLE Mr Jack Smith				TITLE Senior Manager, Investments							
								TIMELINE							
COMPONENTS				YEAR 1 (2016/2017)		YEAR 2 (2017/2018)		YEAR 3 (2018/2019)		YEAR 4 (2019/2020)		YEAR 5 (2020/2021)		On Track?	
15.1	Introduce a new portfolio management system	HY 1	HY2	HY1	HY2	HY1	HY2	HY1	HY2	HY1	HY2	HY1	HY2	No	
											
			(1)										
15.2	Review, with World Bank assistance, investment strategy and interface with external managers.			%		%		%		%		%		Yes	
						(2)									
Metrics		Percentage Completed (%) ; Milestones (")													
Depts Involved		Reserve and Domestic Market Management, Finance and Accounting, Banking Operations.													
Notes		(1) Milestones one and two were completed on schedule, however gaps encountered during user acceptance testing have prevented the completion of Milestone 3; this would be completed in HY1 of 2018/2019. (2) This project is ahead of schedule. The review of the investment strategy due to be completed in the first half of Year 3, was completed at the end of Year 2.													



NOTES



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