



CENTRAL BANK OF
TRINIDAD & TOBAGO

STRATEGIC PLAN

2021/22 – 2025/26

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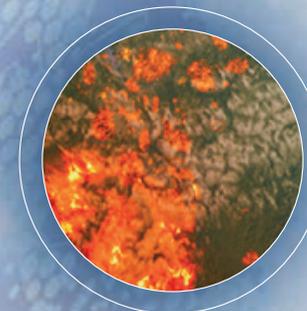
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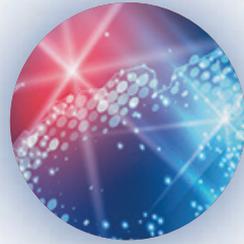
Our commitment to international standards in service delivery



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a. The Central 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 and financial 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; and
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.

The 2021/22-2025/26 Strategic Plan highlights our focus on fulfilling the highest international standards in delivering our services.

Core Values

- Teamwork
- Integrity
- Leadership
- Excellence
- Service

b. Review of Strategic Plan: 2016/17 – 2020/21

Overall, the implementation of the Strategic Plan was very successful. In the Bank's assessment, the Plan significantly helped to raise the capacity of our institution to deal effectively with evolving monetary and financial challenges, while communicating even more transparently and clearly with the general public and other interlocutors. Founded on the responsibilities of the Central Bank for monetary policy and financial stability, supported by efficient internal operations, Plan 2016/17-2020/21 outlined 10 objectives to be effected via 23 projects. As Table 1 shows, over half of these projects were fully executed as planned, while most of the rest were in advanced stages of implementation.

Since September 2016 when the 5 year Plan was drawn up, several then unanticipated developments took place: these included the rapid pace of digitalization, depressed external energy prices and domestic energy output, the rapid demonetization of the largest local currency note as part of a national security plan, and the coronavirus pandemic. The approach to carrying out the Strategic Plan proved robust enough to adjust to these and other unforeseen circumstances as the Bank retained a clear focus on its objectives, while modifying project timelines and components as appropriate. In this regard, the disciplined semi-annual reporting to the staff and the public on our website on Plan execution contributed greatly to maintaining a clear compass for the Bank's work that formed the framework

for the annual work programs, staff training activities, budgets and resource allocation. On the monetary policy front, the twin crises involving low energy prices/production and covid-19 necessitated bold responses. These responses took the form, among other things, of unprecedented reductions of the reserve requirement and repo rate in 2020.

More fundamentally for Plan purposes, the entire monetary policy framework has become more robust, as the analytical underpinnings and database were strengthened. A book published by the Research Department in 2020 on monetary policy captured the policy considerations over the years and was complemented by other high quality publications in the Working Papers series. A new Portfolio Management System is significantly assisting in straight-through processing and management of our external reserves—this project is one of the most expensive undertaken by the Central Bank and involved close collaboration among Departments and with the World Bank. The demonetization of the cotton \$100 bill at the end of 2019 helped to advance the switch from cotton-based to polymer-based notes; the latter were all successfully introduced in late 2020/early 2021, as part of a broader goal to streamline currency management. Meanwhile, steps are underway to move to more digital forms of payments in consultation with commercial banks, the Government and other agencies.

With respect to financial stability, the long awaited new insurance legislation was finally proclaimed at the start of 2021. The new legislation will significantly enhance capital requirements, governance, and risk management in the sector. The Bank's Supervision Department is in the process of reforming its operations to a more risk based approach in order to guard financial stability. In addition, on the banking side, the Financial Institutions (Capital Adequacy) Regulations was promulgated, and will help to bolster the amount of capital that banks should hold, again in line with their risk exposure. Interaction with other regulators intensified, including via the sharing of stress tests conducted by the Trinidad and Tobago Securities and Exchange Commission on dual registrants and an inaugural meeting on a domestic Financial Sector Crisis Management Plan. While progress on the sale of the traditional portfolios of CLICO and BAT was held up in the context of a legal challenge, documents outlining the lessons from the CLICO/BAT experience and the conduct of the resolution were completed, forming a good record for the future. Consistent with the Strategic Plan, tremendous support for the Bank's financial stability efforts took the form of a joint International Monetary Fund/ World Bank Financial Sector Assessment Program (FSAP) Report finalized in 2020. Via this Report, and high-quality technical assistance from these and related agencies, a comprehensive set of activities is underway to bolster financial

Table 1 Implementation of Strategic Plan 2016/17 - 2020/21

	Strategic Objectives	Strategic Projects	Status
Monetary Policy	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.	1. Assess and promote capital market efficiency	●
		2. Strengthen the capture, collation, analysis and dissemination of high frequency economic information	●
		3. Enhance monetary policy framework	●
		4. Streamline operation of foreign exchange market	●
		5. Streamline currency issue and banking operations	●
		6. Enhance management of international reserves	●
		7. Promote publications on Central Banking and other identified issues	●
Financial Stability	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.	8. Finalise CLICO Resolution	●
		9. Strengthen technical and analytical capacity in supervision and resolution	●
		10. Coordinate with other supervisory agencies	●
		11. Take stock of recent developments in payments systems	●
		12. Identify and prepare for new strategies carried out by financial institutions	●
		13. Advance the legislation for supervision	●
		14. Improve governance standards in financial institutions	●
		15. Streamline external legal engagement	●
		16. Improve risk-based supervision	●
Internal Operations	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.	17. Identify and promote the Central Bank's external interface and corporate social role	●
		18. Strengthen internal corporate governance and efficiency	●
		19. Identify appropriate mechanisms to ensure safety and reliability of information systems	●
		20. Develop and implement plan for optimising use of available technology	●
		21. Assess and develop cost effective staff training plans	●
		22. Develop transparent staff feedback mechanisms and effective wellness programmes	●
		23. Advance Central Bank public education and communication	●

● little or no progress ● initial progress ● underway with meaningful progress ● completed as planned

supervision. One current engagement involves reform of Trinidad and Tobago's payments system to bring it more in line with international standards.

Internal operations of the Central Bank have become more streamlined over the Plan period while public outreach has become more effective.

An updated procurement management system has reduced processing times without compromising governance standards, while a formal whistleblowing mechanism for staff was implemented very early in the Plan period to further bolster governance and corporate culture. The launch of the various polymer notes provided an excellent opportunity for the Bank to explain to the public in simple, memorable and effective terms the features of the notes; how, when and why the polymer notes would be replacing the cotton series; and how people could ascertain counterfeits. Public launches and webinars (since 2020) have proven particularly effective in explaining issues to the media, industry participants and wider public in clear and nontechnical terms. With respect to staff issues, a Survey conducted in November 2018 elicited important responses and a plan of action was drawn up based on the feedback—a successor Survey will feature in the new Plan period. In the pandemic circumstances, staff remain encouraged to work from home in order to reduce face-to-face interaction, with a goal of no more than 20 per cent of staff onsite. As other organizations, the Bank has relied extensively on our information technology systems, which have risen to the tasks. Internet outages that affected the whole of Trinidad and Tobago and reports of cyberattacks brought into focus our vulnerability in this area to external threats. They also highlighted the dependence of many projects on the IT infrastructure, which itself had to respond to the demands for more hardware and software for remote computing.



c. Current Situation and Outlook

The uncertainty surrounding the coronavirus pandemic is dominating the current economic and health situation. Optimism about a global recovery is founded on the combination of enormous fiscal and monetary support provided by policy makers alongside rollouts of vaccines. At the same time, limited access to vaccines by many developing countries and the emergence of virulent coronavirus strains threaten to significantly slow progress toward widespread eradication or control of the virus.

In this context, the Central Bank of Trinidad and Tobago's base case scenario is that the virus could continue to be with us for at least the first two years (2021/22 to 2022/23) of the new Plan period.

As a result, we will aim to continue to develop our work from home capacity, remote computing and electronic communications; as the situation evolves and hopefully improves on the infection front, we can adjust our procedures accordingly. With this approach, we are building the capacity to have more work options in a post-virus world. We will need to

carefully balance our need for more electronic access with safety considerations and possible bottlenecks depending on how many projects rely on IT upgrades. Communications and education programs will also need to be creatively designed, taking into account what is most likely to gain public attention and trust. A large premium will also be placed on simplicity in messaging and in internal service delivery more generally.

The need for coordinated monetary, fiscal and structural policies will remain. Notwithstanding the pace of the domestic recovery, issues surrounding inflation, liquidity, interest rates, digitalization, investment and the foreign exchange market will preoccupy monetary policy making in coming years. Strategically, the Bank will need to remain focused on building its analytical capacity, databases in collaboration with the National Statistical Agencies, market intelligence and close interface with regional and international institutions. Developing the interaction with global bodies is particularly crucial

in light of the coordinated efforts being made on the international front to deal with looming issues of vaccine access, financing, debt relief and fresh liquidity—such as the proposed large increase in International Monetary Fund allocations of Special Drawing Rights.

The demonstrated dynamism of the financial system and latent stresses arising from the pandemic require a more risk-based approach to supervision. The Central Bank is well on its way toward putting in place the trained staff complement, regulations and guidelines, and collaborative framework with licensees and other regulators. It will require building diligently on all those fronts as well as constant vigilance to deal with financial system stresses that may occur. Support from the IMF/ World Bank and other agencies will continue to play a pivotal part in understanding external experiences and adapting them to our circumstances in Trinidad and Tobago.

3 9 20
THEMES OBJECTIVES PROJECTS

Strategic Plan 2021/22 – 2025/26

**THE SHAPE OF
THINGS TO COME**





Modern

01

THEME

MONETARY POLICY

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...

- (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.

Central Bank (Amendment) Act 1994

Rapid developments in technology and communications require a modernization of monetary operations.

OBJECTIVES

1. Modernize our monetary operations to advance and cater for digitalization.
2. Strengthen our economic analysis and disseminate our findings widely.
3. Significantly bolster our interface with international agencies.



Vigilant

02

FINANCIAL STABILITY

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

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”

Insurance Act 1980 and amendments

Stresses to the financial system due to the pandemic and climate change highlight the need for constant vigilance.

OBJECTIVES

4. Ensure a well functioning and stable financial system.
5. Prepare for an evolving financial landscape in collaboration with other regulators.
6. Develop an efficient payments system.



Simple

03

THEME

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.

The simplest, quickest and most direct approaches should be adopted to meeting targets.

INTERNAL OPERATIONS

OBJECTIVES

7. Streamline the work of support Departments to promote a safe, secure and creative work environment.
8. Further promote a staff culture of versatility, excellence and service delivery to international standards.
9. Widen the role of the Bank in public financial education and community affairs.



PROJECTS

1. Strengthen technical research on policy issues.

Integrate priority macroeconomic issues in Department work programs and prepare associated policy documents. Streamline the Central Bank's communications on economic matters. Bolster collaboration with other local and international agencies, including via the Caribbean Economic Research Team (CERT), in research and joint activities.

2. Fortify the data and economic intelligence underlying our analyses.

Review all our data collection to reestablish priorities and eliminate non priority series; specific attention to upgrading the real estate price index and Tobago-specific data as feasible. Increase efforts to promote better data production domestically (e.g. the National Statistical Institute) and regionally. Centralize currency and other Central Bank operational data to assist in forecasting and decision making.

3. Streamline currency and overall banking operations.

Complete transition to new polymer suite of banknotes. Review and modernize vault operations and update currency management with the commercial banks. Complete cheque truncation and other electronic clearing mechanisms.

4. Promote domestic capital market development and explore opportunities in investment of external reserves.

Survey actual and potential capital market participants. Assess possible institutional solutions with other regulators. Investigate, in the context of the World Bank's Reserve Asset Management Program and elsewhere, options for further strengthening reserves management and investment.

5. Advance digitalisation in Trinidad and Tobago.

Determine the factors inhibiting further digitalisation in Trinidad and Tobago (legislative, institutional, behavioral etc.) and propose solutions. Continue to support fintech solutions in a stable and safe framework. Finalize assessment on a Central Bank digital currency and implement appropriate plan.

- 6. Integrate environmental issues and climate change into policy considerations.**
Play active role in Network for Greening the Financial System. Collaborate with local financial institutions and other agencies on assessing environment/climate change developments and relevant financial measures. Calculate the Central Bank's carbon footprint and determine appropriate changes.
- 7. Bolster the Central Bank's interface with international institutions**
Review our existing arrangements for interfacing with and tracking developments in international agencies and adjust as necessary. Explore avenues for more attachments, secondments, staff exchanges. Further extend our presence in regional and international conferences and projects.
- 8. Reinforce banking sector supervision.**
Ascertain impact of pandemic-induced stresses on banks/nonbanks and prioritize interventions. Implement Basel II/III reforms and associated measures, taking into account recommendations of the IMF/World Bank Financial Sector Assessment Program (FSAP). Extend engagement with the Caribbean Group of Banking Supervisors (CGBS) and other regulators in strengthening cross-border and consolidated supervision.
- 9. Build on the new legislation in advancing risk-based insurance supervision.**
Reassess staffing and other supervisory resources to bolster effective supervision. Work closely with insurance companies in the implementation of the Insurance Act (2018), including on alternative dispute resolution schemes. Work with regional agencies in the framework of the Caribbean Association of Insurance Regulators (CAIR) on IFRS17 implementation and other issues.
- 10. Determine the scope for reform to pension schemes and other areas currently supervised by the Central Bank.**
Review pension legislation and propose improvements. Streamline the Bank's engagement on anti-money laundering/combating the financing of terrorism (AML/CFT) issues. Examine avenues for further streamlining licensing of bureaux de change and remittance service providers.

- 11. Explore the role of the Central Bank in areas not currently under our supervision.**
Engage with current regulators in advancing supervision of credit unions. Contribute to modernizing mutual funds instruments. Examine effective approaches to assure stability of systemically important institutions outside of the present supervisory purview of the Central Bank.
- 12. Advance financial sector crisis management and resolution plans.**
Finalize CLICO/BAT resolution with a view to Central Bank exit from emergency control of these institutions. Building on lessons from past experiences, determine a strategy to deal with future resolutions. Collaborate with other regulators in developing crisis management plans for Trinidad and Tobago and participate in efforts to draw up a regional plan.
- 13. Modernize Trinidad and Tobago's payments system.**
Review, with IMF technical assistance, the domestic payments system and reform priorities. Review internal organizational arrangements for the payments supervisory function. Develop and implement a comprehensive reform plan, taking into account G20 and other international efforts to improve cross-border payments.
- 14. Expand the Central Bank's market conduct oversight.**
Determine appropriate steps to further formalize the market conduct function. Further develop public communication, feedback and redress mechanisms, in particular via supervisory activities, the work of the Office of the Financial Services Ombudsman, and the National Financial Literacy Program.
- 15. Further strengthen incident reporting and investigation.**
Advance cyber security capacity. Strengthen business continuity planning, taking into account the pandemic experience, alongside other financial institutions and national agencies. Liaise with national and external institutions in countering fraudulent financial activities.

- 16. Strengthen enterprise-wide risk awareness, assessment and management.**

Develop audit plans based on risk priorities. Integrate risk assessments further into the Bank's budgeting, annual work programs and resource allocation. Review current governance controls, document and adjust as necessary.
- 17. Review internal administration, building and procurement processes with a view to further simplicity and cost effectiveness.**

Examine opportunities for simplifying and streamlining work activities, utilizing more electronic processing as appropriate. Assure that the property management function is effective for all owned and rented sites. Extend means of tracking supplies, contracts and the performance of contractors.
- 18. Continue to maintain a strong information technology system and update to meet with new and future demands.**

Take stock of existing IT hardware, software and service arrangements with external providers and assess required adjustments in light of the Bank's needs. Optimize deployment of IT resources for high quality service delivery. Implement a Bank-wide document management system.
- 19. Promote versatility of staff.**

Expand internal mobility, secondments and staff exchanges with other local and foreign institutions. Adapt wellness and life balance programs based on feedback from staff. Increase cross-Departmental project involvement and foster greater staff exposure at all levels.
- 20. Build further on external communications to highest international standards and our corporate social responsibility.**

Extend communications training to managers and staff. Seek feedback on the reach of our social media and other communications and make the necessary adjustments. Broaden the role of the Central Bank in cultural areas and our contribution to disadvantaged communities.



Phasing, Implementation and Reporting

The phasing of the projects over the 5-year plan period reflects the Bank's priorities, risk assessments and resource availability.

Table 2 on page 22 provides a high level project schedule. Operationally, the projects will be implemented via more detailed timelines for the various subcomponents of each project. Based on the overall Strategic Plan, departments also develop their individual plans as well as annual work programs, training activities and budgets.

With its 9 objectives and 20 projects, the 2021/22-2025/26 Strategic Plan is ambitious. Most of the projects require intense collaboration among Departments and are resource-intensive.

The Bank's Organisational Structure reflects the 3 themes of the Strategic Plan, with the Inspector of Financial Institutions overseeing the Department responsible for the financial stability mandate and Deputy Governors assigned to oversee the internal operations and monetary policy areas. Designated Senior Managers are accountable for the specific projects.

The Risk Management Department will be responsible for semi-annual tracking of project performance based on appropriate metrics and milestones. A formal interim review of the Plan's progress will take place in September 2024.

The Central Bank's management will report to the Board and will publish a progress report on plan execution on its website semi-annually.

Table 2 Strategic Projects Schedule 2021/22 - 2025/26

THEMES	STRATEGIC PROJECTS	TIMELINE									
		2021/22		2022/23		2023/24		2024/25		2025/26	
		HY1	HY2	HY1	HY2	HY1	HY2	HY1	HY2	HY1	HY2
MONETARY POLICY	1. Strengthen technical research on policy issues.										
	2. Fortify the data and economic intelligence underlying our analyses.										
	3. Streamline currency and overall banking operations.										
	4. Promote domestic capital market development and explore opportunities in investment of external reserves.										
	5. Advance digitalisation in Trinidad and Tobago.										
	6. Integrate environmental issues and climate change into policy considerations.										
	7. Bolster the Central Bank's interface with international institutions										
FINANCIAL STABILITY	8. Reinforce banking sector supervision.										
	9. Build on the new legislation in advancing risk-based insurance supervision.										
	10. Determine the scope for reform to pension schemes and other areas currently supervised by the Central Bank.										
	11. Explore the role of the Central Bank in areas not currently under our supervision.										
	12. Advance financial sector crisis management and resolution plans.										
	13. Modernize Trinidad and Tobago's payments system.										
	14. Expand the Central Bank's market conduct oversight.										
INTERNAL OPERATIONS	15. Further strengthen incident reporting and investigation.										
	16. Strengthen enterprise-wide risk awareness, assessment and management.										
	17. Review internal administration, building and procurement processes with a view to further simplicity and cost effectiveness.										
	18. Continue to maintain a strong information technology system and update to meet with new and future demands.										
	19. Promote versatility of staff.										
	20. Build further on external communications to highest international standards and our corporate social responsibility.										

October 1, 2021



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CENTRAL BANK OF
TRINIDAD & TOBAGO