

OPENING REMARKS

at the

FIA PUBLIC CONSULTATION REFORM

by

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Minister of Finance***

***Trinidad Hilton
May 20, 2008***

Good morning. It is a pleasure to join you here at this most important public forum as we discuss the reforms being made to the Financial Institutions Act, 1993.

Given the significance of this Bill to you and to the economic and financial growth and development of Trinidad and Tobago I think you will find this discussion forum particularly worth your attendance and participation.

The proposed Bill we are presenting here today strives to correct weaknesses identified in the current regulatory

framework and by extension produce legislation capable of supporting our longer term vision for the financial system as outlined in the White Paper on financial sector reform. The current FIA has been in existence for nearly fourteen years during which period there have been significant changes in the financial market place and an increase in systemic risk exposures both locally and internationally. There is no doubt that more robust legislation and risk management practices are needed to support the dynamism of the financial sector and to reduce the incidence of financial crisis which has had serious consequences in the region and in other parts of the world.

In developing this bill we examined legislation of many other countries regionally and internationally both in the interest of contributing to regional harmonization and in order to converge to international best practice.

The Central Bank also took into consideration voluminous comments from the industry over three years of consultation. These comments have led to far reaching modifications to the initial draft and the Bank and Bankers' Association are of the view that the current draft represents a workable compromise.

However, as a strong believer in maintaining a frank and open dialogue with our regulated public, we are now taking this to the wider public by way of holding this public forum.

Ladies and gentlemen,

As a middle-income developing country Trinidad and Tobago, has been enjoying an uninterrupted period of positive economic growth over the last decade. While the economy has weathered the recent global and regional slowdown relatively well, including the sub prime market

challenges faced by our more developed countries, the dependence on the energy sector remains a challenge in our longer term outlook.

The Government of Trinidad and Tobago has identified the achievement of developed country status by the year 2020 as the principal developmental goal of the country. This entails the development of a flexible, vibrant and diversified economy, supported by a stable and well regulated financial services sector that can respond adequately to changes in the international environment.

Globalization and advances in communications technology have been facilitating the emergence of truly global financial providers by breaking down the financial barriers between countries. At the same time, innovation is blurring the boundaries between various sections of the financial services industry. This convergence has led to

numerous mergers and acquisitions among financial institutions and the formation of financial conglomerates under one holding company. This is also happening in Trinidad and Tobago.

These forces of change create unprecedented opportunities for consumers and financial institutions and major challenges for policymakers and regulators.

To deal with these challenges, regulators need to keep pace.

As you may know, we have a comprehensive programme of legislative reform for the financial sector. In addition to a new Financial Institutions Act, we are currently working on a new Securities Industry Act (SIA); a new Insurance Act, new Pensions Legislation and a new Credit Union Act.

I cannot emphasize enough that this new legislation infrastructure is designed to achieve the right balance between providing adequate protection for consumers while at the same time promoting competition and facilitating innovation in the financial system.

It is also intended to bring our legislative framework in line with our regional counterparts, some of whom have already gone through these reforms with international best practices.

If Trinidad and Tobago is to compete in the international arena, it needs to measure up to international best practices and doing so with our financial legislation is critically important for the successful establishment of an international financial centre.

So, ladies and gentlemen, I am very pleased to see so many of you at the Consultation this morning. I take this as

testimony of your interest in the development of the financial sector and the long term economic development of the country. This consultation is yet a further demonstration of the Government's commitment to transparency and to an open collaborative process.

The Governor of the Central Bank and the Inspector of financial Institutions will outline the main provisions of the legislation and will address any questions, suggestions or classifications that you may have.