



# **Building the TTIFC: Challenges, Strengths and Potential**

by

Mr. David Dulal-Whiteway

President, Bankers Association of Trinidad and Tobago  
(BATT)

Presented to the TTIFC Symposium, April 1-2, 2008



# Outline of Presentation

- What is required for an IFC?
- Where is T&T?
  - positives and negatives
- What needs to be addressed and how?
- Potential of an IFC
- Conclusions



# Economic/political strength and stability

- Sizeable and growing economy
- Corporate, retail and financial institution customer base
- High level of wealth
- Manageable government debt/deficit
- Low and stable inflation and unemployment
- Stable government regime



# Regulatory, legal and tax environment

- Legal code of an international standard
- Minimal corruption and red tape
- Market open to competition and foreign entities
- Friendly tax regime
- Regulatory coverage
- Independent institutions, clear mandates, full accountability



# Financial Infrastructure

- High quality human capital
- Efficient payments infrastructure
- Access to capital (liquid securities/bond exchange)
- Trade and a post-trade services
- Currency convertibility
- High quality data environment



# Physical/business Infrastructure

- Ease of transportation including major airports and direct flights
- Good IT infrastructure
- Adequate hotels and restaurants
- Quality commercial and residential real estate
- Defined financial district
- Open business culture
- Attractive lifestyle and sense of physical security



# T&T and Singapore: A Comparison

	Singapore	Trinidad & Tobago
Human Development Rank	25	59
Internet users per 1000	571	123
Life Expectancy (2005)	79.4	69.2
Murders per 100,000 (2007) *	0.38	30

Sources: Human Development Report 2007/2008, Singapore Police website\*



# T&T and Singapore: A Comparison

<b>2007 estimates</b>	<b>Singapore</b>	<b>Trinidad &amp; Tobago</b>
Population	4.7 M	1.3 M
Real GDP Growth (% chge)	6	5.5
Inflation - period average (%)	1.5	7.9
Unemployment Rate (%)	2.6	5.7
Private Sector Credit (% chge)*	4.9	16.6
Non performing loans (NPL) ratio (%)*	2.8	1.4
Capital Adequacy ratio(%)*	15.4	18

\* 2006 data

Sources: International Monetary Fund (IMF), Central Bank of Trinidad & Tobago (CBTT), Central Statistical Office (CSO)





# Some Positives In T&T

- Telecommunications liberalisation is underway
- Drive to promote Spanish as a 2<sup>nd</sup> language
- Efforts at improving international transport
- Increasing focus on tertiary education



# How Does Domestic Banking Match Up?

- Domestic financial sector has expanded regionally
- Stable
- History of good performance
- Strong regulations
- Good HR skills



# Further Initiatives Needed In the Banking Sector

- Need for a New Financial Institutions Act
- New technical skills
- Greater efficiency



# Areas of Concern

- Frightening increase in the murder rate
- Vagrancy
- Inconsistent levels of care at our major health institutions
- Lack of enforcement of laws at various levels



# Framework for Action

- The TTIFC could be realized in the context of Vision 2020
  - The myriad of systems and developmental leaps that Vision 2020 needs, already form part of the overarching master plan that is Vision 2020
- While the magnitude of the task seems daunting a number of the pieces have already begun to be put in place



# Areas for Action

- Attack inflationary pressures
- Continue to support local banking activity
- Revise regulatory and tax framework to attract desired financial institutions
- Encourage T&T emigrants to return
- Work to make currency more liquid and access to capital more obtainable
- Make targeted investments in infrastructure to attract desired business



# Other Areas for Action

- Health sector reform
- A more efficient justice system combined with rigorous and sustained enforcement



# Potential of the TTIFC

- Can build on the foundation laid down by the banking industry
- Can create another pillar of economic development for T&T
- Can create a trading platform between North and South America
- Can bring the region's inhabitants into the mainstream of international finance
- Can reverse the brain drain of migrating financial professionals





# The TTIFC in a Regional Context?

- While it is the intention that the TTIFC would create significant linkages with the global financial system, it might also strive for alignment with the principal objectives of the CSME
- The TTIFC can provide opportunities for individuals and entities from across the region to participate in the international financial system
- Notwithstanding the above, it should not be stymied by the characteristically slow pace of regional legislative reform and implementation



# Conclusions

- Infrastructural and other demands on any country wanting to establish a competitive, reputable IFC are onerous
- T&T has certain advantages
- Much more needs to be done
- Potential of a successful IFC can be huge



Thank You For Listening