



Address by

**MINISTER IN THE MINISTRY OF FINANCE
SENATOR THE HONOURABLE ALLYSON WEST**

At the

IFC FINTECH STAKEHOLDER ENGAGEMENT SESSION

Monday 10th September, 2018

SALUTATIONS

ASSEMBLYMAN JOEL JACK – DEPUTY CHIEF SECRETARY & SECRETARY OF FINANCE AND
THE ECONOMY, TOBAGO HOUSE OF ASSEMBLY

Mr. RICHARD P. YOUNG – CHAIRMAN OF THE TRINIDAD AND TOBAGO IFC

MEMBERS OF THE BOARD OF DIRECTORS OF THE TRINIDAD AND TOBAGO IFC

MR. COLIN SOO PING CHOW – EXECUTIVE CHAIRMAN OF EY CARIBBEAN

THE MANAGEMENT & STAFF OF EY

MR. OMAR SULTAN-KHAN, CEO, THE MANAGEMENT & STAFF OF THE TRINIDAD AND
TOBAGO IFC

MR. HADYN GITTENS – CEO OF THE TRINIDAD AND TOBAGO SECURITIES & EXCHANGE
COMMISSION

REPRESENTATIVES OF THE CENTRAL BANK OF T&T, INVESTTT, EXPORTTT AND OTHER
STATE AGENCIES

Ms. KELLY BUTE-SEATON – EXECUTIVE DIRECTOR BANKERS' ASSOCIATION OF T&T

Mr. GABRIEL FARIA – CEO OF THE T&T CHAMBER OF INDUSTRY & COMMERCE

Mr. NIRAD TEWARIE – CEO OF THE AMERICAN CHAMBER OF COMMERCE

DISTINGUISHED LEADERS OF THE FINANCE AND TECHNOLOGY SECTORS

OTHER SPECIALLY INVITED GUESTS

LADIES AND GENTLEMEN

Good morning to all! What a wonderful way to begin the day and one's week – breaking bread and having discussions with our stakeholders in the Financial Services Sector.

I am very happy to have this opportunity to share some thoughts on the Government's policy on Financial Sector Development, including Financial Technology or 'FinTech'.

To quote the Honourable Prime Minister in his January 07th address to the nation: *'The naked truth is that for a small hydrocarbon-based economy like Trinidad and Tobago, fiscal adjustment and economic diversification are no longer just options; they are essential requirements for long-term growth and stability and I dare say, survival.'*

In these trying times, when there is much anxiety, the question that has often been asked is "what is the Government's diversification plan?" I wish to remind all citizens that the **National Development Strategy (Vision 2030)** outlines the

Government's '*robust and prudent development agenda to successfully navigate the country back to socio-economic prosperity.*'

The Ministry of Finance plays a critical role in this process and has, in collaboration with all other Ministries and stakeholders alike, implemented Fiscal and Monetary policies which will facilitate Vision 2030's realization. Of course, some of these measures, like rationalizing the G.A.T.E. programme, reintroducing the Land & Building Tax, introduction of the Revenue Authority, and even the restructuring of Petrotrin will present short-term challenges, but will in their own way, allow for medium- to long-term benefits to all, as they are part of the process of ensuring that revenues are appropriately collected and allocated.

Friday marked the 3rd Anniversary of the Government's installation and three years spent working toward balancing the national budget. With the current circumstances of the global Oil & Gas industry and our own domestic interests in this sector undergoing restructuring, the Government has had to intensify the diversification agenda and initiatives to attract Foreign Direct Investment, which is essential to our diversification thrust.

Such FDI and diversification will assist in finding solutions to meet our forex demands, which for much too long has been much too dependent on the Energy Sector. If the last 4 years has taught us anything it is that as important as the energy sector is, and will continue to be for some time, to T&T, we can ill afford to continue to keep all of our eggs in that one basket. Diversification has to cease to be a buzz word and must absolutely become a reality.

Therefore, Government's policy is to allocate resources into sectors that produce goods and services for export as well as for import replacement. And the government is walking the talk of diversification. The recently signed gas deal with Venezuela puts us in a strong position to secure energy and feedstock to supply existing and new industrial and manufacturing operations well into the future.

I was thrilled to be at last Friday's signing of the agreement for the dry-docking facility to be established in La Brea and to see the concept design for what will truly be an impressive project that will transform the La Brea area and its environs and indeed T&T. That is diversification in action.

Other areas targeted to promote diversification include

- 1) Tourism, with several initiatives in the pipeline, including the new and improved T'go airport and the Sandals project,
- 2) manufacturing starting with the new Zone in Point Lisas which has already identified 11 foreign tenants.

Another sector that has been targeted to promote diversification and, what some see as the lowest hanging fruit of all is Financial Services.

T&T, via its free secondary education programme as well as GATE, MUST and other State-funded education programmes, has produced a cadre of highly educated persons. We can leverage the investment made in their training to build a truly unique competitive advantage. I am sure all of you would agree, as captains of industry and leaders in the Public Service, that one's best source of competitive advantage is our people, our talent, our human capital.

As a matter of fact, the Financial Sector, inclusive of the insurance industry, already employs over 56,600 persons and contributes almost 10% to the nation's GDP. According to the 2017 Review of the Economy by the Central Bank, it is the only area that was projected to see **real growth** in the 2016-2017 period. And the results posted over the last year by many of the institutions in that sector bear that out. Therefore, the Government of which I am a part has reaffirmed that Financial Services is a major growth pole for economic transformation.

The state of banking, finance and insurance has become much more diversified in the last decade, since the 2008 international financial crisis. Undeniably, the global financial services sector continues to evolve at an exponential rate. The world has entered the 'FinTech' era and sovereign states are investigating blockchain applications and enhanced security protocols.

Traditional banks and financial institutions are being eclipsed by digital competitors such as PayPal - a phenomenon that was explored by the World Economic Forum in January. One of the discussion panels was entitled *Agile Governance in the Fourth Industrial Revolution*, and explored the rapid speed of technological change which

is dismantling traditional institutions and mechanisms for governance. Like the rest of the world, Trinidad and Tobago has to define what tools can help us accelerate our response time, while ensuring the process remains inclusive of all society and trustworthy. Other dimensions addressed were artificial intelligence "haves" and "have-mores" and national standards for global technologies.

The world is experiencing another sea change given the increased integration of Technology and Finance – in fact, some financial institutions see themselves as 'technology companies'. By 2020, Bahrain's FinTech Bay – the world's first FinTech consortium with 11 regional banks and 15 new FinTech solutions, is expected to become a reality. Many young persons do not interact with banks the way older generations do, and mobile technologies have banked the unbanked like never before.

There must also be room for start-ups to flourish in the local FinTech ecosystem. Part of the Government's vision for a more developed Trinidad and Tobago requires more entrepreneurs and a greater entrepreneurial spirit amongst our citizens to fuel the level of innovation that is required for us to grow. There are countless

examples globally of start-ups that have made noteworthy contributions to their domestic economies and these start-ups should serve as inspiration for Trinidad and Tobago. However, for the ideas from start-ups to reach their target market, financing is key. We have seen (in a report by Accenture in Feb. '18) US\$31 billion raised globally for FinTechs in 2017 with US\$11 billion invested in the United States, US\$3 billion invested in the United Kingdom and US\$2 billion invested in India. The Government strongly encourages investment from the private sector in local Fintech start-ups; providing them with the capital needed to commercialize their ideas.

What does all this mean? Well, there are opportunities for Trinidad and Tobago, at a state and private sector level, to jump ahead of the curve. This is one area where innovation, and not size, will dictate success.

We must be proud that Trinidad and Tobago already has several successes in Financial Services, as it is the headquarters for the region's leading financial institutions, and our commercial banks have an asset base of over US\$20 Bn. Our recent IPOs and Bond issues have been oversubscribed. In particular, our Finance & Accounting BPO sector has grown with Scotiabank, Royal Bank and BHP Billiton all opening shared services centres. These created new job opportunities and give us additional forex earning capacity. I am reliably informed that there are also additional Finance & Accounting BPO operators considering opening in T&T and one has already begun to recruit persons with assistance from the TTIFC.

The Government is encouraged by the potential of FinTech to deliver significant benefits directly to the citizens of Trinidad and Tobago by increasing the ease and reducing the cost of doing business, by providing increased access to financial services and in some cases reducing the cost of financial services. This last will be well received given the population's sentiment towards bank fees and charges. We must note the steps taken by local financial institutions to exploit the available technology in the delivery of services to their customers. There has been an

increase in efforts to encourage customers to use mobile and internet banking instead of visiting branches and standing in long lines. The future of banking is shorter lines not due to more tellers but because of more services being made available via mobile and internet banking and the Government encourages local banks to continue and where possible expedite moving online while not compromising the safety and security of customer data and while still catering for the traditionalists who remain among us and who still cherish the weekly visit to the bank to speak with the teller and have their records updated.

As we are all acutely aware, the nation is in a position where resources are scarce, and we cannot sit on our past accomplishments. We must act decisively and in the best interests of the entire nation. GORTT believes that allocations of resources into the development of the Financial Service sector will reap rewards. Our increasing international obligations, such as FATCA and Global Forum, are also propelling us along this path. Those obligations require us to enhance our financial services sector to remain internationally compliant. In other facets, we can define our own destiny and perhaps even create new benchmarks for others to follow. The Ministry of Finance is committed to facilitating such efforts.

The Ministry Finance commends the efforts of the TTIFC to date. It leads by example in the area of compliance and in the concerted execution of a well-planned series of strategic initiatives. The TTIFC has enhanced Trinidad and Tobago's international brand as a financial hub in the Caribbean, it has been able to attract real interest from F&A BPO operators by positioning T&T on the global BPO map (a feat some thought was unlikely); and it has invested in upskilling the F&A labour pool so as to prepare our professionals for the upcoming opportunities.

This is why the TTIFC has remained well-resourced and empowered to seek out the opportunities and develop the strategies which would allow Trinidad and Tobago to succeed. Its mandate must now also be expanded to include the exploration of FinTech and development of strategies that would leverage our human talent, infrastructure, creativity and other sources of competitive advantage so that Trinidad and Tobago can take on a leadership role in this area, regionally and globally.

This very activity – an exploration of FinTech for Trinidad and Tobago – which has brought us all together today, is timely and another bold step in pushing the development agenda further. It will lead to innovation and new enterprises especially for our young talent. Exploring FinTech requires this dedicated focus so that we can bring all the stakeholders to the table and build dialogue and synergies.

Given the great potential for FinTech locally, its development should be deliberately guided.

Consideration should be given to the establishment of a private-sector led group that will provide thought leadership on FinTech related matters, identify initiatives for the development of FinTech in Trinidad and Tobago, guide FinTech entrepreneurs and start-ups and work with the Government and its agencies to create an enabling environment and take advantage of the opportunities that will add the most value.

To build the ecosystem, the Government is aware that the right environment must be created and the challenges that FinTechs face must be addressed. As with the traditional financial services sector, all entities operating in the FinTech ecosystem in T&T must be well regulated. Regulatory sandboxes that provide opportunities to test new ideas and business models in a less regimented environment have been implemented in various countries around the world and have proven useful for early-stage start-ups fostering the experimentation and innovation that is necessary for them to succeed. Sandboxes have been implemented in countries such as the United Kingdom, Singapore, Australia and Canada, just to name a few and this may have benefits for T&T.

As I wrap up I wish to commend each of you for taking the time to be a part of this project. Sharing your inputs, ideas, suggestions and insights freely will allow for the TTIFC to get a comprehensive view of the gaps, opportunities and work that needs to be completed to build the best ecosystem to fit our needs.

As our President and Prime Minister have said, Trinidad and Tobago needs everyone to be involved and make their best effort to help with our Country's ongoing development.

Hand-in-hand, side by side, together we must aspire, so that together we will achieve.

I thank you and wish you every success in your deliberations. T&T is counting on you to create for us a new area for diversification.