



Government of the Republic of Trinidad and Tobago
MINISTRY OF FINANCE

For immediate release

Wednesday 18th March, 2020

MEDIA RELEASE

FINANCIAL AND ECONOMIC SUPPORT MEASURES

TO BE PUT IN PLACE BY THE MINISTRY OF FINANCE

IN RESPONSE TO THE COVID-19 PANDEMIC

The Minister of Finance, Hon. Colm Imbert, wishes to advise the population at large with respect to the programme of financial and economic support measures that the Ministry of Finance has been authorised by the Cabinet to put in place to assist affected individuals and businesses to cope with the financial difficulties caused by the Covid-19 Pandemic.

It must be understood that the Government's primary objective is to preserve jobs and maintain economic activity during this period.

1. In this regard, the Central Bank yesterday announced a reduction in the reserve requirement for the commercial banks from 17% to 14% and a reduction in the repo rate by 150 basis points from 5.0% to 3.5%. These actions will inject an additional \$2.6 billion in increased liquidity into the commercial banking system and as a result, we have been advised by the commercial banks that this should cause an immediate reduction in the prime lending rate of 1.5 percentage points to 7.75%.
2. Further, we have asked the commercial banks to drop their prime lending rates further to 6% and to reduce the spread between lending rates and deposit rates.
3. The commercial banks have agreed to provide a one-month moratorium (skip a payment) on mortgage loan and instalment loan payments, without any penalty and to waive penalty interest on overdraft facilities.



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4. Interest rates on credit cards will be reduced by amounts ranging from 10% to 17% of the existing rates, on a bank by bank basis. This means that First Citizens Bank, for example, has agreed to reduce its credit card interest rate from 24% to 20% and Republic Bank will reduce its interest rate from 24% to 21%, and so on. It should be noted that this position on credit card interest rates was erroneously communicated in the discussions held over the last two days, where it was communicated in error that rates would be reduced by 10 percentage points to 14%. The banks have also been requested to make further reductions in credit card interest rates for small businesses and affected individuals.
5. In furtherance of the primary objective of the financial support measures, the two main business organisations in Trinidad and Tobago, namely the Trinidad and Tobago Chamber of Commerce and the Trinidad and Tobago Manufacturer's Association, have agreed to encourage all of their members to keep their employees in jobs for at least the next 4 weeks (i.e. no staff reductions).
6. In turn, the Government has agreed to put businesses in funds and to give them much needed cash flow (to keep people in jobs) by accelerating the payment of a substantial proportion of outstanding VAT refunds and income tax refunds, and overdue payables, owed by the Government to suppliers and contractors for items such as rent, security, janitorial services, construction work, pharmaceuticals, materials and supplies etc. These accelerated payments for goods and services and refunds will be made with the next 30-60 days. Special attention will be paid to small and medium-sized businesses.
7. The Trinidad and Tobago Mortgage Finance Company (TTMF) and the Housing Development Corporation (HDC) will also be asked to provide an appropriate moratorium to customers who experience difficulty during this period in meeting their monthly commitments.
8. The major moneylenders in the country, such as Island Finance and Unicomer, who finance household effects, such as furniture and appliances, will be asked to make similar reductions in interest rates and to provide appropriate moratoriums on instalment loans or hire purchase agreements.
9. The Government will institute a Liquidity Support Loan Programme through the Credit Union movement to its members. The objective of the program would be to provide liquidity support to individuals and those small businesses who qualify for credit union loans. Individuals and businesses who access the programme will be expected to repay the loans advanced to them within 12 months after the end of the affected period. These loans will attract a reduced interest rate of 50% of the existing credit union interest rate, i.e. from 12% to 6%, and will be supported with funding from the government.
10. In light of the need by businesses providing essential goods to the general public to settle outstanding bills to foreign suppliers, and to ensure that supplies of basic items are not interrupted, the allocation of foreign exchange in the system will be increased, using the Exim Bank and other suitable institutions, with essential goods, food and pharmaceuticals being the focus in the first instance.
11. A special grant facility will be provided by the Government to hoteliers in Tobago and in Trinidad to facilitate upgrading of their facilities during this slow period in preparation for future business, with Tobago being the primary focus at this time and the Financial Secretary of the Tobago House of Assembly and the Minister of

Tourism have been asked to make further submissions to the Minister of Finance on how the Government can assist tourism operators in Tobago and Trinidad, as well as assist small businesses in Tobago generally.

The Government is fully aware that Trinidad and Tobago is going through a difficult period at this time and these measures are designed to assist those most in need, to keep people in jobs and provide much needed cash flow for businesses. - END -

The Hon. Colm Imbert, M.P.
Minister of Finance