

Keynote Address by the Honourable Brian Manning, Minister in the Ministry of Finance at the launch of One FinTech Avenue, on 5th July 2023 at the Trinidad and Tobago International Financial Centre.

Good morning, ladies, and gentlemen.

I am very pleased to be here today to formally open this facility – ***One FinTech Avenue*** – which will be regarded as the starting point and gateway for FinTech innovation in the Caribbean, this centre will also be **the first of its kind in the Caribbean**. This is certainly a huge milestone for Trinidad and Tobago as we seek to take our place alongside other globally recognized jurisdictions such as Luxembourg, Singapore, and the UK for **advancing the FinTech sector and as a hub for the growth of inclusive digital financial services for the rest of the region**. The Government, through the Ministry of Finance, is deeply invested in efforts to modernize our financial sector and supports the drive towards achieving more acceptance for digital payment products and services.

Trinidad and Tobago's financial sector accounts for approximately one-third of total financial assets in the region, today's launch underscores Trinidad and Tobago's goal to preserve its position as having one of the largest and most diversified financial systems in the Caribbean. This goal is premised on the sector's interconnection with the rest of the Caribbean, which is crucial for a robust ecosystem of digital financial services.

Trinidad and Tobago's financial sector accounts for several TT-based banks and insurance conglomerates actively operating across the region and with this strong foundation, Trinidad and Tobago is the perfect jurisdiction for FinTech start-ups that are seeking to build capabilities upon traditional finance.

Rationale for implementing a FinTech Innovation Centre

One of the focal points of the National Budget for 2022 was the creation of a FinTech-enabled Hub in Trinidad and Tobago. This was an initiative charged to the Trinidad and Tobago International Financial Centre - TTIFC, the lead agency under the Ministry of Finance for driving the adoption of digital financial services across the public sector.

FinTech Innovation hubs exist in numerous global jurisdictions, the majority can be found in advanced economies or emerging economies nearing advanced economy status such as ourselves. It is known that financial participation has positive effects on economies. The Fintech sector, which has gained significant momentum recently and is related to financial inclusion, is also considered the engine of digital finance. A report published by the McKinsey Global Institute supports this view. According to the report, it is estimated that by 2025, digital finance has the potential to boost the GDP of developing economies by 6%, or up to \$3.7 trillion.

In T&T, many consumers and businesses still face challenges when trying to adopt and use digital financial products, in particular payment products, and, as a result, primarily operate in cash. This is a challenge not only here at home but across many emerging economies across the world.

Global Findex data shows that 29% of unbanked people choose not to use banking services because they lack confidence in the institution. There are a number of additional obstacles to the adoption and use of digital payments as well as the rate of financial exclusion, which can be seen in a variety of problems with access to or maintenance of bank accounts, acquisition of digital payment

acceptance products, ownership and use of credit and debit cards as well as other digital payment modalities. This restricts access to finance as well as further restricted access to larger domestic and international markets.

The TTIFC is at present working to gather updated data and insights that will assist the Ministry of Finance to better understand the barriers that contribute to the rate of financial exclusion currently experienced in T&T, through its Digital Financial Inclusion Study which is well underway. It is my hope that with these insights, the Government can develop initiatives to increase the usage of digital financial services and increase the participation of citizens in the formal economy.

What we do know is that the systemic importance of financial inclusion and digital finance integration is interwoven across various policy domains, including Education, Agriculture, Healthcare, National Security, Energy, and Business Development. FinTech holds much promise for achieving policy goals and positioning our country as a hub for international players seeking to operate across the Caribbean and the Americas.

That said, domestically T&T is primed for FinTech innovation, with solid foundations for mobile and internet infrastructure, as well as a robust payment environment. Scaling FinTech in T&T can help overcome the problems mentioned and has proven successful in increasing inclusion globally.

With this view in mind, we anticipate that through this initiative, digital financial services will become more prevalent in the market, and will benefit stakeholders such as:

- **Citizens**, who will be provided with safer and easier options to make purchases and the ability to build their credit history which can lead to enjoying the benefits of being part of the financial system.
- **Micro, Small, and Medium Enterprises**, will have an opportunity to increase their sales and facilitate safety for their customers by handling less cash.
- **Government**, which will allow for the increase of the ease of doing business and increase levels of transparency and efficiency in government processes and services whilst enabling the private sector environment.

The Global FinTech Landscape

FinTech centres around the world offer services comparable to those to be offered by this facility and attract some of the biggest names in FinTech and e-commerce. For example, The Luxembourg House for Financial Technology, or LHoFT, has long been a popular location for top e-commerce and e-payment providers such as **PayPal, Amazon, and Rakuten**. Via the LHoFT, a combination of 26 financial institutions and e-money institutions within the EU have advanced their digital payments solutions. Similarly, the Singapore FinTech Association enables capacity building, financing access, and compliance support for entities within the Asia-pacific region. Both the LHoFT and the Singapore FinTech Association are examples of similar facilities that have played crucial roles in fostering innovation and growth in the financial technology sector.

They have helped to create a supportive ecosystem that encourages collaboration, knowledge sharing, and investment in new technologies.

T&T's One FinTech Avenue will utilise a similar Innovation Facilitator strategy, which, according to the World Bank, is best suited for policymakers and regulators to interact actively with FinTech in order to strengthen risk management and analyse currently applicable rules that will provide start-ups with easy access to the expertise needed to build their products securely and responsibly in accordance with the applicable regulations.

Finally, it will seek to establish a clear framework to assist innovative entrepreneurs and establish FinTech in developing their operations, testing and operating FinTech solutions in T&T, and scaling their solutions for the global market.

The Local Landscape

Over the last three years, Trinidad and Tobago's financial sector has undertaken tremendous strides in upgrading the market payments infrastructure, which provides the foundation for FinTech to build and scale their businesses.

The migration of the local LINX magstripe cards across all local commercial banks to Visa's contactless credentials has enabled:

- Consumers with capabilities to shop domestically online via local e-commerce sites.
- Cardholders to enjoy fast and secure transactions with tap-and-pay facilities and;
- E-payment credentials which can be loaded to local e-wallets and e-Money Issuers operating within the market.

As the largest merchant and consumer of electronic payments, the government has also contributed significantly to sparking the industry and fostering interest in digital payment technologies. One of the Government's top priorities is digital transformation and through the Ministry of Finance, receivers of revenue are being urged to speed up their digitalization of payment efforts and adoption of digital financial products to improve service delivery. An example of this is through the TTIFC's coordination efforts of several Ministries, Divisions, and Agencies (MDAs) in collaboration with the Treasury Division to bring to market use cases such as the HDC's omnichannel payment platform for residents to conveniently make payments via cash agents, online debit and credit cards, the Judiciary's expansion of its Court Pay platform into the NLCB's network of over 1,700 cash agents to allow for any service of the courts to be transacted across T&T and the Ministry of Trade's Single Electronic Window, which will be deployed in the coming weeks. These are just a few of the use cases being accelerated and all of which would have benefited through the use of FinTech.

The government has also prioritised regulations that support the local FinTech sector. The Electronic Money Issuer or (EMI) Order gives non-financial institutions a path towards issuing payment credentials, which has pushed local talent, capital, businesses, and FinTech to focus on developing electronic payment solutions. This creates a strong foundation to accelerate innovation and financial/digital inclusion in the coming years. At present, the Central Bank has issued three of these licenses to local players and we anticipate more in the future.

The Government also continues to place a high priority on cultivating beneficial, strategic partnerships in order to expand opportunities for the development of the financial services industry in the country. This facility as an example was

enabled and aided by both international and local private sector partners who understood the vision for T&T and invested fully in that vision with no costs being borne by the state to bring this facility to reality. I would like to acknowledge those partners, **the United Nations Capital Development Fund (UNCDF) which has strong backing by the EU, VISA, Huawei, TSTT, and Amaranth Business Solutions for their support of this effort and shared vision.**

In addition to the financial contributions from the UNCDF and VISA, two organisations widely regarded as among the world's foremost authorities on financial inclusion and the development of reliable and secure digital payment networks respectively, technical support, training, grants, and tools will be provided as well to further enhance the viability of this initiative. Some of these have already begun to materialise as the UNCDF supported by the EU, through its program focusing on "leveraging digital finance to increase the resilience of African, Caribbean, and Pacific Countries" has begun to provide technical assistance, capacity building, training, and peer-to-peer exchanges on various financial inclusion-related topics inclusive of the 1st Caribbean FinTech sprint for financial inclusion, which up to USD \$500,000 will be awarded right here in this facility later this month to short listed FinTech entities. VISA as well has also provided investment into the local financial infrastructure to introduce its CyberSource payment gateway which is now connected to the local banking sector to provide modern capabilities for payments such as tokenisation, and enhanced fraud prevention and will act as an enabler for international FinTech players and merchants to transact with Trinidad and Tobago which is now connected to their network of over 450,000 merchants globally and provide scale as approximately US\$526 billion has been transacted on this network.

Additionally, by incorporating capabilities from Amaranth Business Solutions for infrastructure development and Huawei and TSTT's emerging technology solutions, infrastructure, and collaboration technologies, this collaboration will be strengthened. As representatives of the private sector, I commend each and every one of you for your confidence in this initiative and your contributions to building an inclusive digital financial economy for our country.

It would be remiss of me to close my contribution this morning, without recognising the contribution of the Central Bank of Trinidad and Tobago, the Trinidad and Tobago Securities Exchange Commission, the Financial Investigations Unit of Trinidad and Tobago, the Treasury Division of the Ministry of Finance, TTCSIRT and several other partnering policymakers, and critical stakeholders across the government and their efforts to facilitate new entrants into the FinTech sector, towards government's shared vision for achieving a cashless society for Trinidad and Tobago.

Ladies and gentlemen, today's ceremony is the result of dedication, and resounding commitment, which is represented by each and every one present this morning, to ensure that Trinidad and Tobago will continue to move stride for stride in the race for technological advancement in the financial sector with our counterparts around the world.

Before I close, please allow me to recognise the Board, Management and staff of the TTIFC for what you have achieved here today. I look forward to seeing

great innovations emerging from One FinTech Avenue. Congratulations to all of you.

Thank you, ladies and gentlemen.