



Government of the Republic of Trinidad and Tobago  
**MINISTRY OF FINANCE**

For immediate release

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## **MEDIA RELEASE**

### **The Minister of Finance does not Control Internal Banking Decisions or Operations**

The Minister of Finance has noted a lot of uninformed and speculative commentary in the public domain regarding a recent decision of Republic Bank to reduce credit card limits from US\$10,000 to US\$5,000 and an unfounded belief that this move by the Bank was done on the Minister's instructions.

It is necessary to clear the air on this issue. Firstly, it must be made clear that the Minister of Finance was not involved in any way in this matter and as a rule the Minister of Finance does not interfere with the day-to-day operations and internal decisions of our commercial banks. It must also be understood that Trinidad and Tobago has an open economy with a free market system, and further, foreign exchange controls were largely abolished 20 years ago in 1993, when the currency was floated.

Tinkering with the system to achieve short term results must therefore be avoided, although this is not to say that interventions should not be made by the Government when required, just that care and caution is required in any such intervention.

In this case, Republic Bank made this decision to cut credit card limits by 50% on its own without any discussion with the Minister of Finance. Upon investigation, the Bank advised that its credit card sales had reached an unsustainable level in September 2023, and it had no choice but to reduce the limits on credit cards to stay within its own approved guidelines for what is referred to in the industry as a "short position".

Upon being informed of this decision of Republic Bank, after the fact, it was determined by the Ministry of Finance that the sales by all banks of foreign exchange using credit cards in Trinidad and Tobago (overseas transactions) had in fact reached close to US\$6 million a day in September 2023, with Republic Bank being responsible for a significant percentage of these sales.

It is noteworthy that at the rate of credit card usage that has been recorded up to the end of August 2023, it is estimated that credit card sales using foreign exchange will reach US\$2 billion in 2023, which is 45% higher than the pre-Covid level of US\$1.38 billion in credit card sales using foreign exchange in 2019.

As a first step to alleviate the situation, the Minister of Finance requested the Central Bank to inject a further US\$50 million into the banking system, on a one-off basis (i.e. in addition to the usual fortnightly injection) which was done on Wednesday September 19, 2023.

The Minister of Finance also met with the Trinidad and Tobago Chamber of Commerce and the Banker's Association during this week to discuss the situation with credit cards, and forex generally, and in particular, ways and means of making foreign exchange available to local Small and Medium Enterprises (SMEs) to purchase materials and supplies from their overseas suppliers.

The discussions have been very useful, and it is expected that a meaningful solution to the challenges faced by SMEs in accessing foreign exchange can be developed and implemented over the next 6 months.

In all this, it must be understood that in normal circumstances, as has been the practice for the last 20 years, the management of foreign exchange is delegated by the Minister of Finance to the Central Bank, and the commercial banks, and the Ministry of Finance does not get deeply involved in the system, unless necessary.

However, in view of what recently occurred, where the Ministry of Finance was not kept fully informed by all concerned, and with the Christmas and Carnival Seasons approaching, and the expected further surge in demand for forex, the Ministry of Finance will make appropriate interventions as and when required. It is also expected that there will be prior consultation on these matters in the future, rather than unilateral action.

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The Honourable Colm Imbert M.P.  
Minister of Finance