

**Keynote Address by the Minister of Finance,
Honourable Colm Imbert, MP**

Event: A Technical Workshop Event Brought by the Trinidad and Tobago International Financial Centre (TTIFC) and the EU-UNCDF-OACP Partnership for Digital Financial Inclusion

Date: Monday 4th December, 2023

Theme: Advancing the Digital Payment & Financial Inclusion Agenda Across Trinidad and Tobago

[Salutations List]

Good morning, ladies and gentlemen.

I am pleased to be here with you this morning to discuss a very important agenda item for the Government of Trinidad and Tobago, namely **Financial Inclusion**.

One of this Government's major focuses is empowering every citizen to participate meaningfully in the economy of Trinidad and Tobago. To achieve this, we believe that everyone should have equitable access to the formal financial sector regardless of their circumstances or background. Today's National Financial Inclusion Strategy Stakeholder Consultation Workshop illustrates our work in this regard.

Rationale for Financial Inclusion:

In our view, Financial Inclusion is essential to long-term economic growth, poverty reduction and social advancement. It is more than simply having a bank account. Apart from empowering our citizens who are left out of the formal financial sector, it encourages entrepreneurship in underserved groups, such as residents of rural areas, women and small and micro businesses.

The National Financial Inclusion Strategy is thus intended to provide the framework to empower citizens - particularly the unbanked, with the tools and resources they need to be financially resilient. It is more than a plan on paper; instead, it is an active programme to ensure that financial services are readily available to everyone, reasonably priced, and customised to meet the different requirements of various communities in Trinidad and Tobago.

The Trinidad and Tobago Landscape:

In Trinidad and Tobago, according to the Survey done by TTIFC this year, 2023, which captured data from approximately 2,000 households across the country, it was reported that only 76% of our people own a formal financial account - whether with a bank, a regulated institution such as a credit union, microfinance lender, or a mobile money service provider, compared to 81% as reported over in 2017 through the World Bank Findex Report. Therefore, we have witnessed a widening in the financial exclusion gap, or a reduction in financial inclusion, over the last five years.

There is little doubt that the COVID-19 pandemic would have been partially responsible for this, as the vulnerable population suffered disproportionately from infections, loss of employment and income and financial difficulties.

Further, in 2020, bank branches worldwide were reduced in scope or closed. Banks have been optimising branch efficiency for several years, accelerated by the pandemic. Further, the rapid switch from over-the-counter transactions to digital consumer transactions has created concern and anxiety for several persons.

This is particularly true for persons who don't know how to make contactless payments and are unfamiliar with online bank transfers or mobile wallets, which is further exacerbated by our low debit and credit card usage.

Millions of people worldwide still rely heavily on cash; some are battling to hold onto it. This is the same for Trinidad and Tobago, as cash is still heavily relied upon, particularly for low-value, high-volume transactions. The use of electronic payments is still low, with the total percentage of general transactions using the following payment methods as follows, among others:

- a. Cash: 63%;
- b. Debit card: 12%;
- c. Credit card: 3%; and
- d. Online/mobile banking: 2%
- e. Cheques, over the counter transactions etc. 20%

On the supply side, the pervasiveness of digital payments within micro firms is minimal, as 86% of these businesses do not use digital instruments within their operations. The National Financial Inclusion focus group data highlighted some significant obstacles that are delaying adoption and use.

The findings support the view that Know Your Customer and Source of Funds requirements hinder Micro- Small and Medium-Sized Enterprises (MSMEs) from easily obtaining business bank accounts. Furthermore, merchants with accounts are often discouraged from using digital payments for low-value transactions due to the high fees and account-related costs associated with using point-of-sale systems and accepting card payments. We have also found, not surprisingly, that persons who reside in rural areas have higher rates of exclusion with less access to

traditional banking infrastructure. Digital financial solutions with the right mix of access and awareness can therefore create convenience for these persons through digital payments and mobile banking.

As a country, we have a unique opportunity to change views about the benefits of a cashless society given the current conditions. Although several people still have reservations about it, transitioning to a cashless economy can increase Financial Inclusion by making banking and financial services more accessible.

A cashless economy also stimulates financial technology innovation, where FinTech, digital payment systems, and mobile banking can all foster more advanced and easier to use services, tailored to individual needs.

The Ministry of Finance, through the TTIFC, is determined to identify and improve all requirements for the construction of a thriving FinTech innovation ecosystem, focusing on the pillars of education, innovation, and acceleration of inclusive digital financial services.

The very facility where we are gathered today stands as evidence of our ambition. **One FinTech Avenue** has already become a showcase for FinTech innovation in Trinidad and Tobago and the wider region. This is evident in the recent launch of a new e-money wallet and the upcoming deployment of market-relevant FinTech solutions derived from the FinTech Sprint for Financial Inclusion, which was held earlier this year. We are also increasing e-money wallet sizes and transaction limits to facilitate and encourage the use of electronic transactions.

We expect that these and upcoming initiatives will generate a robust pipeline of investment opportunities. Our goal is to translate these opportunities into scalable FinTech products and solutions. By doing so, we hope to advance the development of a viable sector that can effectively address the financial exclusion gap.

Having conducted our diagnostic studies and gained a proper understanding of our current situation, we must now establish a financial system that is more equitable, stable, and sustainable.

This can only be achieved through a National Financial Inclusion Strategy that can address socioeconomic challenges, promote economic growth, and ensure that all segments of society can benefit from financial services.

This will involve using technology, promoting financial literacy, and working with stakeholders to unlock all areas of digital financial transactions, not just bank accounts for the financially excluded.

Partnership/Relationship with the UNCDF:

The Government of the Republic of Trinidad and Tobago continues to prioritise developing meaningful, strategic alliances to advance the country's financial services industry.

Due to the Ministry of Finance's collaborative partnership with the UN Capital Development Fund Programme, the goals it is pursuing have effectively advanced. The UN-CDF has made a name for itself in the Financial Inclusion space and is regarded as one of the leading authorities worldwide. The EU- UNCDF-OACPS' programme for "*Leveraging Digital Finance to Increase the Resilience of African, Caribbean, and Pacific Countries*" played a critical role in administering the National Digitisation of Payments and Inclusion Survey using best practice methodologies. It is worth noting the invaluable assistance provided by the UNCDF in this regard.

Ladies and gentlemen, I am pleased to be here with you today to participate in this crucial initiative for the advancement of Trinidad and Tobago. Your participation and the contributions that will be made over

the next three (3) days will play a vital role in achieving the impactful changes that we are aiming for. These changes will benefit citizens and help them take advantage of policies, programmes, and other resources that can enhance their financial resilience and improve their overall quality of life.

I am eager to see the outcome of our collective efforts during this brief period. Our goal is to create a future where financial inclusion is not just a plan, but a reality. A future where every individual has access to the necessary resources to take charge of their own life and contribute to the prosperity of our global community.

I appreciate your commitment and I wish you all a fruitful week of discussions as we seek to advance the people of Trinidad and Tobago towards a more financially inclusive future.