



Government of the Republic of Trinidad and Tobago
MINISTRY OF FINANCE
OFFICE OF THE PERMANENT SECRETARY

F: (PS): 6/3/1

May 29, 2023

Mrs. Jacqui Sampson-Meiguel,
Clerk of the House
Office of the Parliament
Parliamentary Complex
Cabildo Building
St. Vincent St.
Port-of-Spain.

Dear Mrs. Sampson-Meiguel,

Subject: Fifth Report of the Joint Select Committee on an inquiry into the implementation of a Regulatory Framework for the Development of Financial Technology (Fintech) and E-Payments

I refer to your letter dated April 24, 2023 on the captioned subject.

In this regard, please find attached the consolidated comments of the Treasury Division (TD), the Trinidad and Tobago International Financial Centre (TTIFC) and the Financial Intelligence Unit to Trinidad and Tobago (FIUTT).

Yours sincerely,

Permanent Secretary,
Ministry of Finance



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Written Response to the 5th JSC Report – “An inquiry into the implementation of a regulatory framework for the development of FinTech and E-payments”

Recommendations:

A. The Committee has taken note of the various initiatives undertaken by the State regarding Fintech. However, given the embryotic stages of some of these initiatives, the Committee recommends that the Ministry of Finance in the Ministerial Response to this Report, include status updates on:

i. The Digitalisation of Payments services across Government Ministries and Departments

Recent Implementations

The Ministry of Finance - has been pursuing several initiatives to develop Electronic Funds Transfer methods and Instructions for the Public Sector. This is being done through collaboration with the Treasury Division and the Trinidad and Tobago International Financial Centre, to encourage and facilitate the digitalisation of government payments. The focus is on the implementation of Online debit and credit cards as well as payments via Payment Service Providers to facilitate the unbanked within Trinidad and Tobago.

In January 2023, the Housing Development Corporation (HDC), in partnership with the TTIFC and the Telecommunications Services of Trinidad and Tobago Limited (TSTT), launched its online payment platform ‘More Ways to Pay’, via TSTT’s ePay, which offers an omni-channel solution to HDC clients to issue rent, lease-to-own and mortgage payments. HDC clients can complete transactions online in the safety and convenience of their homes using their debit cards and credit cards. Clients also have the option to issue payments through payment service provider (PSP) PayWise, at any of its 120 agent locations.

In January 2023, the Public Transport Service Corporation (PTSC) launched ‘PTSC Online’ which offers citizens the option to make cashless payments to book “know your country” tours¹ using their debit or credit cards within PTSC’s website.

In April 2023, the Judiciary of Trinidad and Tobago added to its CourtPay portal the use of vouchers for the payment of child maintenance, or court-ordered fines and fees. Citizens can purchase two different CourtPay vouchers from the National Lotteries Control Board (NLCB) Lotto Booths: CourtPay Maintenance Voucher and CourtPay Fines and Fees Voucher. The TTIFC supported the Treasury Division in drafting of the EFT Instructions to leverage the platforms of Payment Service Providers (PSPs) to provide for the underbanked and unbanked, these Instructions were approved by the Minister of Finance back in March 2022. The Central Bank of Trinidad and Tobago (CBTT) approved list of PSPs covers a combined network of approx. 2,000 agents across Trinidad and Tobago which will allow for greater reach to citizens with a higher propensity for cash use.

¹ <https://ptsc.co.tt/know-your-country-tours/>

Upcoming Implementations

By the end of the 2023 fiscal period, the following Ministries, Departments, and Agencies (MDAs) will have online payment solutions implemented as well:

- Ministry of Trade and Industry (MTI): A collector of revenue model using the Single Electronic Window (SEW) to support online payment transactions for the Ministry of Health (MOH), Ministry of Works and Transport (MOWT), Ministry of National Security (MNS) and Ministry of Agriculture, Land and Fisheries (MALF).
- Ministry of Works and Transport (MOWT): debit card and credit card payments for the payment of Licensing Office schedule of goods and services.
- Ministry of National Security – Immigration Division (MNS-ID): debit card and credit card payments within its e-Portal.
- Environmental Management Authority (EMA): debit card, credit card, payment service provider (PSP) voucher payments for Certificate of Environmental Clearance (CEC) applications.
- National Entrepreneurship Development Company Limited (NEDCO): online payment functionality within NEDCO's existing website.

The Ministry continues to engage other MDAs to provide technical and administrative support for their online payment implementation projects in the near future.

ii. The consultancy aimed at Broadening Financial Inclusion in Trinidad and Tobago through the utilisation of Technology to improve the operation of a Low-Value Payment System;

The TTIFC has partnered with the United Nations Capital Development Fund (UNCDF) to pursue joint activities aimed at advancing financial inclusion. Thus far, the TTIFC has been receiving consultancy services and technical expertise, and resources from the UNCDF, to aid in the delivery of its projects dedicated to increasing financial inclusion.

The TTIFC and UNCDF are presently undertaking two integral projects aimed at broadening financial inclusion and FinTech adoption in Trinidad and Tobago. These are as follows:

1. **National Digitalisation Payments and Financial Inclusion (NDP&I) Study:** This study aims to provide a deeper understanding of the local financial landscape and the demand side implications regarding the use of formal financial services. The survey seeks to:
 - Determine the current levels of financial inclusion within Trinidad and Tobago by assessing the levels of account ownership and account usage in the formal financial services sector.
 - Assess citizens' understanding of formal financial services and products, as well as digital financial services.
 - Assess citizens' current usage of the Government's e-Services and cashless payment options.
 - Identify the barriers that hinder financial inclusion.

- Assess the preferences and willingness of citizens to utilise cashless payment solutions.
- Collate valid, reliable, and up-to-date statistics to fill existing data gaps related to financial inclusion levels in Trinidad and Tobago.

Following the approval by the Ministry of Finance, the NDP&FI survey has commenced and will be completed before the end of fiscal 2023. The results will inform the development of a National Financial Inclusion Roadmap which will guide the implementation of the financial inclusion strategies aimed at strengthening the financial services sector, educating citizens on both formal and digital financial services, as well as increasing overall financial inclusion levels.

2. **Caribbean FinTech Sprint for Financial Inclusion:** The Sprint is the first initiative of the TTIFC's FinTech Innovation Hub in partnership with the UNCDF-EU. It is designed to support and scale the capacity of the FinTech Sector and aims to solve industry-wide issues constraining digital financial inclusion across the Eastern Caribbean. The FinTech Sprint has attracted local and global FinTechs to develop market-ready solutions which can improve the digital financial ecosystem. The Sprint is focused on solving three problem statements, two of which are relevant to Trinidad and Tobago's context:

- The development of e-commerce solutions for smallholding farmers; and
- Digital payment solutions for credit unions.

Successful applicants of the FinTech Sprint may be awarded up to US \$100,000 each, to fund the development and implementation of the FinTech solution for the respective problem statement. There will be an opportunity for FinTechs to design and implement these proposed solutions at the upcoming FinTech boot camp, to be hosted in the FinTech Innovation Hub in July 2023.

The Sprint is a necessary building block in establishing the foundation for FinTech integration in Trinidad and Tobago and increasing financial inclusion as it allows for acceleration support and scale innovation within Trinidad and Tobago's FinTech sector, whilst catering to the technological and financial needs of different market segments.

iii. **The Review of Government Incentives for FinTechs and Possibilities for Trinidad and Tobago.**

In 2021, the TTIFC conducted a review of the existing Government incentives for FinTech companies (FinTechs) and solicited feedback, in 2022, from stakeholders on the incentives that exist and the potential for Trinidad and Tobago's economy to benefit from FinTech solutions. The stakeholders involved in the review included:

- The Central Bank of Trinidad and Tobago (CBTT)
- The Trinidad and Tobago Securities and Exchange Commission (TTSEC)
- The FinTech Association of Trinidad and Tobago Limited (FinTechTT)
- VISA

The following outlines the main findings of TTIFC's research and the stakeholder review:

- **The need to modernise legislation:** a legal framework that fosters the development of a digital economy is necessary for establishing a successful FinTech industry. This includes developing and promoting legislation and regulations related to electronic payment acceptance as well as improving access to and usage of FinTech solutions.
- **The development of a solid online payment system:** improvements in the current payment landscape will accelerate the demand and rollout of FinTech solutions. It is proposed that a National Payments Hub, which will connect solution providers, acquirers, processors, and real-time payment rails, will enable support for such a development.
- **Positioning:** Through intragovernmental reciprocal licensing schemes, talent development, capital acquisition, and regional forums, Trinidad and Tobago can uniquely position itself as the Caribbean's FinTech Hub.

B. Following the completion of the necessary research at A. iii. above, the Ministry of Finance, in collaboration with the Central Bank of Trinidad and Tobago, the Trinidad and Tobago International Financial Centre, and the FinTech Association should develop an implementation plan for introducing Fintech to Trinidad and Tobago in a substantial way.

The TTIFC remains committed to working with all relevant stakeholders to accelerate and sustain the implementation of FinTech in Trinidad and Tobago. Thus, the Company has engaged the financial sector regulators, FinTechTT, and other government bodies on its plans to develop the first FinTech Innovation Hub (FIH or the Hub), in partnership with the UNCDF.

The TTIFC's Hub will be a focal point for FinTech activity with the vision of *"offering a collaborative environment for all stakeholders to work, connect and collaborate on innovation and FinTech-enabled transformation projects; as well as attract both local and foreign FinTechs through accelerator and incubation programs, funding and training."*

The programs within the Hub will include:

- **Acceleration program:** to curate a collaborative environment for FinTech with an onsite ecosystem.
- **Solutions program:** to crowd in investors, donors, and partners to facilitate financing opportunities that help FinTech come to market.
- **Policy program:** to provide guidance that will strengthen business plans/applications ahead of submission for licensing.
- **Research program:** to conduct relevant surveys, questionnaires, and other research activities related to FinTech integration, digital finance, and financial inclusion.

The Hub also seeks to provide a unique opportunity for engagement between TTIFC, FinTechs, and other institutions. The communications strategy is envisioned to bring awareness on matters related to the FinTech sector, insights, and learnings, among others, through forums for dialogue, questions, and discussions among all relevant stakeholders.

Through the Hub’s operations, a stronger and more supportive business environment and culture that promotes opportunities for FinTechs to operate and grow in Trinidad and Tobago and the wider region will be established.

The TTIFC is also committed, through its Policy program, to support the Financial Regulators’ ‘Joint Regulatory Hub’. This Regulatory Hub operates as a central point of contact for FinTechs and the three regulatory bodies – CBTT, TTSEC, and the Financial Intelligence Unit (FIU) – where FinTechs can gain information on regulatory and operational requirements and the Regulators are better able to understand the new financial solutions being proposed.

D -State agencies that have implemented online debit and credit card payments should provide a status update on the implementation and use of these systems. These agencies should also provide an analysis of implementation on service delivery.

The Ministry of Finance does not currently have any written report or statistical information on the implementation of online debit and credit card payments or its effect on service delivery. However, best efforts will be made to obtain a status update on the implementation and use of these systems as well as an analysis on service delivery.

The following additional Ministries, Departments, and Agencies (MDAs) currently have one or more Electronic Funds Transfer (EFT) capabilities to facilitate payment for citizen-facing services:

Current State of Existing EFT payments within the Government:

MDA	Services	Current EFT capability
Office of the Attorney General: Registrar General Division	<ul style="list-style-type: none"> • Civil Registry • Companies Registry 	<ul style="list-style-type: none"> • Online Debit and Credit Card <i>(Implemented in 2020)</i>
Intellectual Property Office	<ul style="list-style-type: none"> • Patents • Industrial Designs • Trademarks • Geographical Indications • Integrated Circuits • New Plant Varieties 	<ul style="list-style-type: none"> • Online Debit and Credit Card <i>(Implemented in 2020)</i>
Trinidad and Tobago Bureau of Standards (TTBS)	<ul style="list-style-type: none"> • Customs import declaration 	<ul style="list-style-type: none"> • Online Debit and Credit Card <i>(Implemented in 2019)</i>
Public Transportation Service Corporation (PTSC)	<ul style="list-style-type: none"> • Tour bookings 	<ul style="list-style-type: none"> • Online Debit and Credit Card <i>(Implemented in 2023)</i>
The Housing Development Corporation	<ul style="list-style-type: none"> • Payment of rents for HDC units 	<ul style="list-style-type: none"> • Online Debit and Credit Card • Cash via Payment Service Providers (SurePay and PayWise) <i>(Implemented in 2023)</i>

F. The Ministerial Response From The Ministry Of Finance Should Include The Proposed Role The FIUTT Will Play In Monitoring The New E-Money Issuers.

What is the Role of the FIUTT in monitoring EMIs?

The Financial Intelligence Unit of Trinidad and Tobago (“FIUTT”) is the Anti-Money Laundering, Counter Financing of Terrorism and Counter Proliferation Financing (“AML/CFT/CPF”) Supervisory Authority over E-Money Issuers.

In accordance with section 5(3) of the E-Money Issuer Order an EMI shall apply for registration with the FIUTT within five business days after being granted approval or provisional registration by the Bank to operate as an EMI.

As an AML/CFT/CPF Supervisory Authority, the FIUTT is responsible for monitoring EMIs and taking the necessary measures to secure their compliance with the applicable provisions of the Financial Intelligence Unit of Trinidad and Tobago Act, the Financial Intelligence Unit of Trinidad and Tobago Regulations, the Proceeds of Crime Act, the Financial Obligations Regulations, the Anti-Terrorism Act, the Financial Obligations (Financing of Terrorism) Regulations, the Economic Sanctions Orders and any other written law by which the recommendations of the Financial Action Task Force as implemented, as well as guidelines issued in pursuance of the aforementioned Acts and Regulations.

EMIs are supervised according to their Money Laundering, Terrorist Financing and Proliferation Financing (“ML/TF/PF”) risks in a similar manner as all other non-regulated financial institutions and listed businesses supervised by the FIUTT.

This FIUTT’s supervision ensures that supervised entities appropriately and sufficiently implement the measures set out in the aforementioned laws. These measures enable the supervised entity to identify its risks for being misused by criminals for ML/TF/PF, and mitigate those risks in accordance with the law. The FIUTT is also equipped with the ability to impose administrative sanctions, in the form of a Compliance Directive, if its supervised entities are found to be deficient in their application of the aforesaid laws.

Why is the FIUTT the AML/CFT/CPF Supervisory Authority for EMIs?

According to section 7 of the E-Money Issuer Order, an E-Money Issuer (“EMI”) is permitted to carry out the following financial services:

- (a) issuance of e-money account;
- (b) cash-in;
- (c) cash-out;
- (d) provision of payment services; and
- (e) money transfer or remittances.

The definition of e-money, as set out in the Financial Institutions Act, Chap. 79:09 (“FIA”), indicates that e-money is considered a form of value, notwithstanding the method or mode of issuance. As set out at section 7 of the EMI Order, EMIs, *inter alia*, are permitted to: provide payment services using this form of value; and permit the transfer of money or remittance of money using this form of value.

For the purposes of AML/CFT/CPF compliance, Money or Value Transfer Service business (“MVTS”) is defined in section 2(1) of the Financial Obligations Regulations, 2010 (“FORs”) as follows:

“a financial service that accepts cash, cheques, other monetary instruments or other stores of value, in one location and pays a corresponding sum in cash or other form to a beneficiary in another location, by means of a communication, message, transfer or through a clearing network to which the money or value transfer service belongs.”

Entities that engage in MVTS business activities are considered non-regulated financial institutions (“NRFIs”)² and are required to register with the FIUTT in accordance with section 18B of the FIUTTA³. MVTS is one of the “other financial institutions” which the Proceeds of Crime Act, Chap 11:27 (“POCA”)⁴ and the FORs indicate are subject to the AML/CFT/CPF Supervision of the FIUTT.

The Financial Action Task Force’s (“FATF”) Guidance for A Risk-Based Approach to Money or Value Transfer Services⁵ also provides more clarity concerning the types of businesses considered engaging in MVTS activities. According to FATF, MVTS activities fall into two (2) broad categories:

i) “Banking institutions offering MVTS – Institutions that provide banking services including acceptance of deposits and other repayable funds from public; lending; and issuing or managing means of payment; and

ii) Non-banking institutions offering MVTS – Any natural or legal person that provide MVTS as business, including through agents or a network, most commonly without the acceptance of deposits and other repayable funds from public. This includes HOSSP. Non-banking institutions offering MVTS may settle through the banking system and/or outside the banking system by cash or net settlement. Many MVTS providers may settle with agents, through the banking system either through centralized account and subaccounts or through settlement between a centralized bank account held by the provider and individual bank accounts held by agents of the MVTS. It may also include virtual currency exchangers which fall within the definition of MVTS where regulated as such.”

The definition in the FORs and the FATF explanation, when compared to the permitted activities of an EMI to provide the service of “money transfer” or “remittances”, show clearly that EMIs are permitted to conduct the business of MVTS.

From the definition provided at section 2 of the EMI Order, a Money Remitter appears to provide substantially the same service as a MVTS –

² Section 2(1), Financial Intelligence Unit of Trinidad and Tobago Act, Chap.83:01, *“non-regulated financial institution” means—*

(a) a society registered under the Co-operative Societies Act;
(b) a person who carries on money or value transfer services; or
(c) a Building Society registered under the Building Societies Act.”

³ Section 18B, Financial Intelligence Unit of Trinidad and Tobago Act, Chap.83:01, *“All non-regulated financial institutions and listed businesses shall register with the FIU, in accordance with the prescribed procedure.”*

⁴ Section 55D(4)(c), Proceeds of Crime Act, Chap. 11:27, *“For the purposes of this section, “Supervisory Authority” means, in respect of - ...other financial institutions and listed business, under the FIU.*

⁵ FATF (2016), Guidance for a Risk-Based Approach for Money or Value Transfer Services, FATF, Paris www.fatf-gafi.org/publications/fatfrecommendations/documents/rba-money-or-value-transfer.html

“Money Remitter” means a provider of electronic transfer who accepts funds from a payer for the purpose of making them available to a payee, through a data communication network or by an electronic platform that processes the data, without necessarily maintaining an account relationship with the payer or payee;”

By reason of the foregoing, EMIs are considered a subset of MVTS business in Trinidad and Tobago.

Entities that fall into the category of **banking institutions offering MVTS/EMI facilities** will be licensed under the FIA and, by virtue of the definition of Supervisory Authority in the POCA and FORs, **will be subject to AML/CFT/CPF Supervision by the Central Bank.**

However, **EMI’s not licensed under the FIA to conduct the business of banking**, will, therefore, fall into the category of non-banking institutions offering MVTS as explained by the FATF and consequently **will be subject to AML/CFT/CPF Supervision by the FIUTT.**

Central Bank of Trinidad and Tobago’s Payment Systems Legislation

The FIUTT understands that the Central Bank of Trinidad and Tobago (“CBTT”) has been engaged in the development of stand-alone legislation which treats with payment systems as a whole. The FIUTT has been informed that this legislation intends to cover all MVTS business activities, therefore, once enacted, MVTS business, including EMIs will move entirely under the CBTT for both prudential regulation and AML/CFT/CPF supervision.