

BANKERS ASSOCIATION  
OF TRINIDAD AND TOBAGO

# 19th | ANNUAL GENERAL MEETING

AUGUST 10TH, 2017



**BANKERS**  
ASSOCIATION  
OF TRINIDAD AND TOBAGO

GROWTH | SUSTAINABILITY | UNITY & DEVELOPMENT

## **Who is The Bankers Association of Trinidad and Tobago?**

The Bankers Association of Trinidad & Tobago (BATT) is the leading association for the banking sector, comprising of the eight commercial banks, namely RBC Royal Bank Limited, Republic Bank Limited, Scotia Bank Trinidad and Tobago Limited, Bank of Baroda (Trinidad and Tobago) Limited, JMMB Bank Trinidad and Tobago Limited, First Citizens Bank Limited, Citibank (Trinidad & Tobago) and CIBC First Caribbean International Bank (Trinidad and Tobago) Ltd.

## **The Role of BATT**

The BATT, which was established in 1997 has been taking an active role in addressing key issues from a common platform and providing expert advice on matters related to the financial sector, public education and imparting knowledge on key issues related to the economic development of the country.

## **Mission Statement**

To play a core role in the growth and stability of the financial sector, through advocacy and representation; and to facilitate the provision of the most competitive banking products and services to our customers, with integrity and transparency.

## **Strategic Focus**

- Representation & Reputation: To promote a better banking industry for the benefit of Trinidad & Tobago
- Lobbying & Advocacy: Functioning in an advisory role to our stakeholders on the financial services sector based on best practices and proven results
- Education & Corporate Social Responsibility: Working with our stakeholders to create sustainable projects/solutions to issues plaguing our society and playing our part in the enrichment of life for all.



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## **PRESIDENT'S REPORT-**

### **Anya Schnoor, President of BATT**

**A**s the voice of the banking sector since its establishment in 1997, the Bankers Association of Trinidad and Tobago (BATT), has successfully represented its members to policymakers, regulators, the media and all key stakeholders in a way that serves the interest of the banking sector and the wider public in general. Whether navigating the ebbs and flows of the country's economic landscape, mobilizing in the current climate of financial technology (Fintech), or addressing financial regulation, BATT continues to work tirelessly to strengthen and shape strategic pathways for the banking sector whilst creating value for its stakeholders.

During 2016, BATT progressed on many fronts, responsibly addressing the public debate on fees and charges while making great strides on regulatory initiatives. We undertook several stakeholder dialogue sessions including with various players in the financial sector, development agencies and the media all meant to draw consensus on financial sector priority areas for attention and interventions required therein. These engagements have helped us develop proposals as well as build foundations for partnerships, collaborations and undertaking of initiatives that we will continue to drive in 2017 onwards.

## **Economy and Performance**

The ability to produce solid results under favourable conditions is usually expected. However, producing solid results in times of economic contraction requires a sound strategy and exceptional teamwork.

The economic trends of 2014 to 2016 did not prevent our banks from staying the course. Our banks demonstrated a keen ability to navigate an uncertain environment having weathered the storms that took a heavy toll on the economy in the wake of weakened energy prices.

Our banks displayed solid growth in recent years, and 2016 was no exception. The banking sector's profitability as measured by Return on Assets was a sound 2.9%, whilst Return on Equity was a commendable 19.9%. Banks achieved this during a challenging macroeconomic environment, and it is with much optimism and more than a glimmer of hope that we envision recovery for Trinidad and Tobago in years ahead.

## **Our Digital Adoption**

On the global scale, Trinidad and Tobago's banks are ranked in the impressive 37th spot out of 138 countries in the World Economic Forum's Global 2016-2017 Competitiveness Index. As we make significant investments to build new digital technologies to upgrade existing systems and improve customer experience, our banks' operational fundamentals are focused and premised on forward-visioning.

Over the years, banking in Trinidad and Tobago has evolved from passbooks to debit cards, from banking halls to Automatic Teller Machines, and from counter services to online transactions.

Banks have invested in capabilities that recognize changing customer patterns that move in tandem with social media and electronic commerce upgrades. Some of our upgrades are evident in our online banking platforms, credit card chip and pin technologies and mobile app facilities.

In like manner, banks have invested in capabilities that recognize changing customer appetite for real-time transactions, and will continue to promote more electronic delivery channels to improve our reach whilst simultaneously decreasing banking costs.

e-Banking has served the purpose of greatly enhancing the ability of our commercial banks to immediately respond to customers' transactions. Online services are now ubiquitous and mobile

adaptation emerge as a significant channel. This shift and increased adaptation of technology is being driven not just by cost-saving benefits offered to customers and to our banks, but also by the demand made by an increasingly growing tech-savvy and computer proficient population. According to the latest data from the 2016/2017 World Economic Forum Business Competitiveness Index, Trinidad and Tobago's fixed broadband penetration rate stood at 43%, while the mobile penetration rate was an impressive 101%.

Our thrust to adopt current and forward-looking digital offerings becomes particularly relevant with the advent of the financial technology (Fintech) industry which is the medium through which novel financial services such as bitcoin (virtual payment systems and lending platforms) are delivered. As this subject receives increased regional and international attention and adoption and as our customers lean towards advanced digital banking systems, our banks remain vigilant, proactive, and ready. By adhering to our value proposition to put the needs of the customers first, we intend to remain relevant, competitive, and stand ready to optimize our digital offerings to better align them with customer preferences.

## **Cybersecurity**

With the increased prominence of mobile and internet banking, cyber threats security is understandably strategically placed on our banks' radar. While cyber risk cannot be completely neutralized, our banks have taken concrete steps to improve their cyber vigilance. Important platforms have been instituted to cover wide-ranging aspects of cybersecurity and our banks have taken the most stringent controls to protect their virtual systems. Banks have simultaneously put at staff disposal additional training to detect fraudulent activities, whilst ensuring that their Know Your Customer compliance frameworks are robustly adhered to in all the branches. We have always worked on the basis that cyber-security is a shared interest and responsibility. Our intention is to deepen that spirit of co-operation, working closely with the Government, and the Central Bank, regional and international colleagues on this important issue.

## **Fees and Charges**

Service charges in the banking sector have been the subject of much public commentary as questions have been raised about the competitiveness of our commercial banking fees. To inform the public debate, the Bankers Association commissioned an independent study on the structure and

competitiveness of the banking sector, the first such review undertaken in Trinidad and Tobago and the wider Caribbean. Some critical findings emanated from that study which counter the public perception about price collusion among our commercial banks: on average some fees and service charges have been adjusted only three times over the last ten years; our banks have kept their fees at relatively competitive levels compared to other regional banks; fees and charges represent seven to eleven percent of total revenue of all banks and the banking sector's profitability per customer and per account has declined over the last ten years. The bottom line is this: banks are not collectively price-fixing; fees and charges are reflective of the cost for providing the services and the profits of our banks are not contingent upon fees and service charges. Our Association has always sought to ensure that consumers remain well-informed about their options and able to choose wisely and freely. The Bankers Association continues to maintain that customers have banking options. We continue to urge our customers to utilize the technology – internet, mobile and tele-banking – which in offering more cost-effective banking options will automatically reduce or eliminate fees and charges associated with some of the more widely used banking services.

## **Regulation – FATCA**

The year 2016 was a pivotal year. Banks were instrumental in advancing coordination efforts for the implementation of a compliance framework with the United States Foreign Account Tax Compliance Act (FATCA). FATCA requires banks and other financial institutions to report annually on “reportable accounts”. This reporting includes information on account balances and incoming payments of foreign account holders.

The entire banking community which has been holding joint consultations on FATCA has agreed to comply with FATCA requirements. In ensuring FATCA compliance whilst endeavouring to make the FATCA regime as seamless as possible, the Bankers Association is committed to work with the government and industry stakeholders to secure completion of the framework for FATCA compliance. Banks continue to maintain dialogue with its local regulator, the Central Bank, on this matter to ensure full regulatory compliance. Banks also continue to maintain dialogue and collaboration with the executing body and the Board of Inland Revenue to ensure readiness for reporting as agreed by the FATCA guidelines. In 2017, banks will be fully compliant with their obligations under the FATCA Agreement.

In addition to FATCA, our member banks are in conformity with international best standards for capital adequacy of banks, and continue to make steady progress for the implementation of Basel II/III which relate to their minimum capital requirements. Full implementation of the Basel II and III frameworks is expected to be adopted by 2021.

### **Correspondent Banking**

During 2017 we have noted an escalation in de-risking and erosion of correspondent banking relationships in the region. A survey conducted by the Caribbean Association of Banks revealed that banks in 12 countries, including The Bahamas, Belize, Guyana, Jamaica, Suriname, Trinidad and Tobago and countries in the Eastern Caribbean have lost at least one correspondent banking relationship.

Our banks have accorded the highest priority to this matter and have proactively engaged the Central Bank and strengthened partnerships with regional bankers' associations to ensure there are no unintended consequences that could affect their efficient and effective access to global financial payments and settlement systems. At the same time, our banks have developed the necessary structures for strengthening their anti-money laundering and counter-terrorist financing (AMF/CTF) due diligence and surveillance platforms to address the withdrawal of correspondent banking services from some regional institutions.

### **Institutional Strengthening**

Overall the Secretariat and our committees have worked independently and collectively to bring the sector to the position of strength that it presently holds today. We applaud the work of the Association in taking our industry to the state where our advice and feedback are constantly sought after and our stakeholders are becoming more and more aware of not only their rights but their options as well and becoming more financially savvy. We continue to provide value to our various stakeholders through the different touchpoints provided by the Secretariat and our Committees.

Compliance and Security: The Banks continue to keep a watchful eye and adhere to all measures of compliance required. Our committees have been actively involved in identifying and communicating current fraud risk to relevant stakeholders, as well as conducting numerous Fraud and Security Awareness Presentations throughout Trinidad and Tobago and even at major locally held international



conferences. Our media campaigns have permeated the minds of our customers causing them to be more diligent in protecting their assets and more aware of the compliance requirements of the industry. Meanwhile our collaborations with the Financial Intelligence Unit, other state agencies and law enforcements bodies continue to enrich the environment for all to bank more securely.

**Legal:** The committee's involvement in advancing the legislative agenda has brought about institutional strengthening for the industry ranging from recommendations into various Government and stakeholder policy documents to progressing different Acts related to the proper functioning of the sector.

**Operations:** We are called upon with increasing frequency to advise our stakeholders on best practices in ensuring that customers can understand and access the financial services that they need, from direct deposits for disabled, disenfranchised and elderly, to Electronic Cheque Image Exchange for GORTT, processes to mitigate AML/CTF and fraud, handling transfers and the Code of Banking Practice.

**Marketing and Education:** From the 2016 Banking Week to present there have been numerous seminars throughout Trinidad and Tobago on topics covering the full gamut of customer related banking matters, along with a bevy of educational campaigns emanating through all forms of media. This heightened sensitization has caused our discerning public to now crowd our doors wanting to understand more, to take responsibility for their financial future and to ask the right questions.

### **Corporate Social Partnership**

Trinidad and Tobago's banks continue to acknowledge and uphold their role as responsible corporate social partners. We believe that our reputation, together with the trust and confidence of those whom we serve are among our most treasured assets. These principles have served us well over the past 19 years and remain an indispensable component of our core values. As such, over the years, our banks have provided corporate support for sports, education, arts and culture, and community well-being, and last year, our corporate stewardship supported initiatives and groups such as the 37th Annual Crime Stoppers Conference, the Youth Philharmonic Group and the Trinidad and Tobago Women's Cricket Association.

This partnership with a wide range of community organizations have resulted in tangible, visible and meaningful contributions to community development. At a time when the promise of Trinidad and Tobago hinges on our youth capital, banks will continue this future partnership in a more focused way by placing more emphasis on youth empowerment, education, sporting excellence, and entrepreneurship.

### **Staying the Course during 2017**

My sincere appreciation is extended to our Association's Board of Directors for their constant, unwavering support and dedicated efforts to develop Trinidad and Tobago's banking sector.

I also take this opportunity to gratefully acknowledge the support extended to us by the Central Bank of Trinidad and Tobago, and all the relevant authorities who provide capacity-building and technical guidance to boost and support of Trinidad and Tobago's banking sector.

In like manner, I also wish to acknowledge the invaluable work rendered to the Association and to me, by the Sector Committees and Secretariat Staff in this my first year as President. Your support coupled with your insights, enable BATT to be a strong, respected voice and advocate for the banking sector in Trinidad and Tobago.

As 2017 progresses, it will be signalled as a milestone year during which we celebrate our 20th anniversary. I remain extremely optimistic about the future of the Bankers Association of Trinidad and Tobago that is blessed with an exceptional team that remains committed to the Association's success and well-being.

Without you, it will be impossible to cover so much ground. I thank you.

*Anya Schnoor*

**President of BATT**



# HELPING BANKS THRIVE

**Bankers Association of  
Trinidad and Tobago**

Level 2, Invader's Bay Tower,  
Invader's Bay,  
Port of Spain.

Phone: (868) 235-6049

Phone: (868) 235-6050

[secretariat@batt.org.tt](mailto:secretariat@batt.org.tt)



## **EXECUTIVE DIRECTOR'S REPORT-**

**Kelly Bute-Seaton, Executive Director**

As the leading advocate for the commercial banking community, the Bankers Association of Trinidad and Tobago (BATT) has had an active and eventful year. In addition to participating in regulatory initiatives, BATT effectively participated in numerous information and training events and spearheaded several public education outreach initiatives.

During calendar 2016 we aligned our activities with our new Three-Year Strategic Priorities with a focus on:

- Forging sound partnerships and alliances for effective advocacy,
- Achieving closer alignment with regulators and other associations,
- Widening our scope of services through education and training; and
- Institutional strengthening to deliver on greater effectiveness and efficiency as well as our CSR initiatives

### **Meetings with Central Bank and Government**

As a trusted partner to our members and a bridge between the banking sector and government, we remain focused on boosting our sector's profile as vibrant, relevant and an effective interlocutor. Quarterly meetings and technical briefings with the government and policymakers have kept the importance of the local banking sector front-and-centre.

During the year, we served on committees based outside of the Association and participated in several stakeholder dialogue sessions including with other NGOs, various players in the financial sector and development agencies. Such engagements ensured that concerns on important topic areas were publicly ventilated, and these included discussions on FATCA, anti-money laundering and financial crimes, cyber-security, the national budget, de-risking and correspondent banking.

These conversations with our broader stakeholder community have helped us to identify priority areas for attention and interventions required therein. Moreover, they have informed the debate around the issues that affect our industry and have successfully built foundations for partnerships, collaborations and undertaking of initiatives that we will be driving in 2017 onwards.

The range of policy issues at a national level to which the BATT is asked to provide advocacy and representation continues to expand. To undertake these tasks, we have increased reliance on working arrangements with policy experts within our nine sectoral committees. I thank all our Committee heads and members for their input and support.

### **Banking Week**

A real highlight of the year has been Banking Week which ran from June 27, 2016 to July 1, 2016. The event saw the delivery of television discussions led by our Board Members as well as a series of financial seminars across Trinidad and Tobago where industry experts made presentations on a range of financial issues.

Beyond the events of the Banking Week, we made several important interventions under our financial literacy and education initiatives. We have had several initiatives at the community level on fraud awareness and protection, business planning, credit management, budgeting, FATCA, to name a few and at the same time we have used the wider platforms of print and electronic media and other publications to disseminate basic financial information.

### **Banking Hall Let's Chat Conversations**

This year we piloted a series of Let's Chat Conversations in banking halls across Trinidad and Tobago as a means of informal but credible engagement with our customers. The sessions, which offered

information and counsel were a resounding success and helped our customers to clarify important questions to make more informed decisions about their banking activities.

### **Knowledge Sessions**

The Bankers Association hosted several training and networking sessions on current and future-focused topics which provided an invaluable opportunity to network with peers and keep abreast of important issues which feature in the country.

We held workshops in collaboration with the Institute of Banking and Finance, KPMG and the Chambers of Commerce on issues such as the Property Tax, Anti-Money Laundering and Fraud, Understanding Banking, SME and Business Development & Financial Solutions. In the same vein, we facilitated several cyber-crime workshops for public and private sector stakeholders which aimed to heighten awareness about the potential risks associated with the use of the internet for online banking and other transactions.

### **Broadening Partnerships**

To strengthen our advocacy efforts and to collaborate with a wider network of banking professionals, the Bankers Association has been building and maintaining relationships with other regional bankers associations including the Caribbean Association of Banks, the Jamaica Bankers Association and the Guyana Bankers Association. The areas where focus has been given are capacity building, technical cooperation and sharing of best practices. Given the dynamism of our sector and the synergies to be derived from regional collaboration, the Association will continue its outreach to build on our core competencies and to achieve greater effectiveness at a national and regional level.

### **FATCA (Foreign Account Tax Compliance Act)**

Throughout the year, we saw traction on the discussion around the Foreign Account Tax Compliance Act (FATCA), particularly the need for regulatory and legislative reform in response to an inter-governmental agreement (IGA) with the United States. Recognizing that failure to do so would have far-reaching implications for banks in terms of an increase in sovereign risk and their ability to conduct business, we welcomed open and frank dialogue with the government and other stakeholders. We are pleased that the collaborative effort has resulted in important new legislation. The passage of the Tax Exchange and Information Bill 2016 Act on March 8, 2017 has been welcomed by our members. With the passing of this critical piece of legislation, Trinidad and Tobago avoided the adverse consequences

of losing correspondent banking, the imposition of withholding taxes, and de-risking activity that would have occurred had consensus not been reached on the legislation.

The Bankers Association will continue to work with the relevant regulatory bodies during the next few months to ensure that all necessary systems are in place in advance of the September 30, 2017 deadline to report on US financial assets and accounts held in Trinidad and Tobago.

## **A New Look**

Perhaps the most eye-catching change in 2016 was the launch of our new corporate identity, featuring a new logo and visual brand. This new logo has been designed to unite our member banks and strengthen BAT'T's profile and influence on behalf of its members. With varying hues of blue, our corporate logo communicates union and progression among our member banks. The dominant blue colour highlights our sector's driving characteristics: trust, harmony, stability.

## **Website & Digitization**

This year we also significantly upgraded the BAT'T's website modernizing our online presence by incorporating new tools that allow the site to be a rich repository of information for our members, our stakeholders and the broader public. The new website makes it easier for members of the public to engage with our Association, contact us, advance queries and posit suggestions. This provides us with great opportunities to use our website more effectively to meet the needs of our members and the wider community.

Further to this improvement in connectivity to our stakeholders, we have also undertaken the exercise of converting all our paper documents, accumulated from over the years of operations into easily retrievable soft versions. This is also complemented by the installation of an in-house encrypted server which provides additional documentation security.

## **Conclusion**

As 2017 unfolds, the Bankers Association has several key operational goals that we will seek to realize over the next year. We will continue to strengthen our structure and governance, as well as reinvigorate our brand to better reflect our vision moving forward. We will continue to consolidate and modernize our activities and build on our achievements to date. We will continue to advocate on important issues that affect the banking sector, the broader economy and welfare of our country.

It has been a privilege to lead the BATT's secretariat and operations during 2016. I thank all our collaborators in the government and regulatory sector, in industry, in the media and the many organisations with whom we do business.

This year again, I would like to thank my lean but hugely competent BATT team at the Secretariat, as well as my colleagues who drive BATT's working groups and committees. I am indebted to our Board, which is presided by Ms. Anya Schnoor. Our Directors bring deep and extensive experience of the economic and regulatory landscape in our local market and an exceptional grasp and understanding of our domestic, regional and international financial system.

I am grateful for their dedication and for developing an aspiration for what the Bankers Association can and should be. Above all, I am greatly appreciative of the support and confidence shown in BATT by our member banks as we continue to serve you with quality care, integrity and transparency.

*Kelly Bute-Seaton*

**Executive Director**



# Board of Directors

## BATT EXECUTIVES



President- Anya Schnoor



Vice President- Nigel Baptiste



Treasurer-Karen Darbasie

## DIRECTORS



Nigel Romano



Darryl White



Catalina  
Herrera Roca



Anthony Seeraj



Kare  
Nagabhushana  
Rao

## **BATT's Economic Overview**

For a third consecutive year, the economy contracted, with negative growth of 2.3% estimated for 2016, reflecting weak performance of the energy and non-energy sectors. While production interruptions and soft hydrocarbon prices adversely affected the energy sector (crude oil and natural gas production fell by 4.2% y/y and 10.8% y/y in Q4-2016), the non-energy sector also lost steam, challenged by weak activity in construction, distribution and other sectors.

The near-term outlook remains tepid because of uncertainties in both the external sector and the domestic economy. Henry Hub natural gas prices averaged USD2.50/MMBtu in 2016 and are projected to average USD3.67/MMBtu in 2017. Despite this 47% y/y increase, the projected natural gas price for 2017 contrasts unfavourably to the USD13.00/MMBtu highs of the energy boom years of the mid-2000s.

Low energy prices have weighed considerably on public accounts as total fiscal revenue slid by 24.0% y/y in H1 FY2016/2017 (October 2016 – March 2017) to USD16.6bn; this led to a widening of the overall budget deficit to USD6.9bn from USD3.1bn for the corresponding period of FY2015/2016. The economic outlook encountered a further setback in April (2017), after Standard and Poors lowered the country's long-term sovereign credit rating to BBB+ from A-, while Moody's Ba1 downgrade (from Baa3) placed Trinidad and Tobago squarely in non-investment grade.

Given evidence of weak economic activity and tolerable levels of inflation (1.8% in April 2017), the Central Bank maintained its accommodative monetary policy stance during the year, holding the benchmark 'repo' rate at 4.75%, having maintained this rate since December 2015.

It has been reassuring to observe the resilience of the local banking system during the country's economic contraction. According to the Central Bank, while the country's GDP contracted by 2.3% in 2016, the finance sector grew by 3.7%.

Specific to the local commercial banks, selected financial soundness indicators attest to the robustness of the sector.

According to the central bank, total assets of the country's commercial banks were recorded at TTD149.4bn at the close of 2016 while sound excess liquidity of 21.8% was registered in December

2016. At the same time, profitability as measured by return on equity has been in the double digits over the past five years, peaking at 19.9% in 2016.

More broadly, the strength of our banking system was documented in the latest World Economic Forum 2016-2017 Global Competitiveness Report. In respect of ‘soundness of banks’, Trinidad and Tobago was ranked at an impressive 37th out 138 countries.



# BATT's 2017-2018 Initiatives

## **Education & CSR**

### **September 2017**

- Fraud Detection and Prevention Strategies- NIPDEC
- BATT's National Budget Presentation

### **October 2017**

- BATT's 20th Anniversary and Code of Banking Launch

### **November,2017**

- National Financial Literacy Launch with the Central Bank of Trinidad and Tobago

### **December 2017**

- BATT's CSR Christmas Initiative
- Fraud Awareness Advisory (Christmas)

### **January 2018**

- AML Education outreach (articles)

### **March 2018**

- Financial Literacy and Public Awareness in Tobago

### **May 2018**

- Youth Education Outreach (Financial Literacy and other related topics)