



**BANKERS
ASSOCIATION**
OF TRINIDAD AND TOBAGO

**STRAIGHT
OFF THE
BATT!**



—NEWSLETTER—
ISSUE #1

WEATHERING THE STORM



MAR 2020



Have
a look!



**BANKERS
ASSOCIATION**
OF TRINIDAD AND TOBAGO

BATT's Mission

The Mission of the Bankers Association of Trinidad and Tobago is 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.





Executive Director's Greetings

Our lives are dotted with many "firsts": first paycheck, first home purchase, first car, first job.

But, unfortunately for some, another day that remains etched in their minds is the day that their professional lives are upended - the day that they found themselves unemployed after being gainfully employed for years.

Unemployment or loss of income can come from nowhere and hit you like a ton of bricks, or sometimes, there may be prior warning due to cutbacks and you sensed that joblessness was imminent. Either way, the reason for unemployment is moot, and job loss becomes both an emotional and financial stress factor and a major setback. You are left without the customary security of monthly income and face a hugely bleak and uncertain future of unknowns.

Life then catapults in all directions – the inflow of money has ceased, but the bills never stop flowing; mortgage payments hang in the balance; bill collectors come knocking at your door; grocery purchases become tight, and competing obligations have to be met. Your month-end "treat-to-self" may now have to be carefully reconsidered.

As you closely watch the edge of every dollar, the narrative becomes surreal. Here in Trinidad and Tobago, this is the narrative of several persons who experience the unfortunate and sometimes unexpected period of joblessness.

Whether it's for a month, a year or more, being unemployed is no fun and in true "Murphy's Law" fashion can come at the worst time: when a car or house has just been bought, or your child has just started university, or there has been a new addition to the family. The scenarios are endless.

As we now reeling from the effects of the COVID-19 pandemic, we see before our very eyes how life can throw a curveball in our direction. But, as our very own Monk Monté Machel Montano sang in his popular "We Not Giving Up" ..., we got to "keep moving, keep walking, don't you ever look down".

If you are in this position right now, you have made a timely pit stop. This issue of **Straight Off the BATT** provides some useful information and steps to get you back on track. Start your knowledge trek by reading our "On the BATT Burner" feature which contains excellent pointers on how you can surmount this temporary setback healthily and productively. Check out too our **Maximizing Your Severance** piece. If you have been the recipient of a severance package, remember that money doesn't last forever. Therefore, it's vital that you seek financial counselling and carefully determine the priority areas into which those funds can be channelled and stretched to meet your immediate needs.

Finally, BATT wishes to reassure that our banks are taking every precautionary measure to protect its staff and customers from the threats posed by COVID-19 while ensuring the efficacy of our services to meet our citizens' financial needs. We take this opportunity to remind the public to adhere to all health and safety guidelines issued by the relevant authorities to control the spread of the virus. At this time, our banks will be taking critical risk management measures to provide services safely and prudently. Do know that we shall communicate all changes to you, our customers, and we remind that all banks continue to provide services through alternate delivery channels such as via ATMs, online and mobile banking. We encourage you to utilize these channels.

Best wishes for your well-being as we face this public health challenge together.

Wishing you an enjoyable read of **Straight Off the BATT!**

Kelly Bute Seaton

On the BATT BURNER

Question:

I have been out of a job for several months and I am having challenges coping financially. How can I manage when I still have many bills and loans to pay?

Answer:

Unfortunately, this question or questions like this are being asked more and more frequently given the current state of the local economy. In times like these, it's important to remain objective and calm rather than to give in to the feelings of anxiety or worry which naturally occur. The following are some simple strategies which we would recommend:



1 Critically review your expenses - Typically we hear the phrase "stick to a budget" which tends to have negative connotations. Another way to think about it is that you take a critical look at your monthly expenses and see which ones are necessary and which ones are "nice to have".

It's critical that you be brutally honest in this process because you may surprise yourself at how many "nice to have" expenses you have which you can do without at least until you get back on your feet again.

Alternatively, you may consider writing to the Bank or Lender and asking for a temporary concession where for example you pay the interest part of the loan only, and when you are re-employed, payments towards the principal can resume. In a very worst-case scenario, you may consider selling the collateral e.g. vehicle and just paying off the loan until you are in a better position to take on debt.

Mortgages are a different situation altogether as this involves your home. In the case of a mortgage, you can consider seeing if the Bank would consider refinancing your mortgage which could lower your payments. Most importantly, resist the urge to use credit cards or other forms of high-priced debt to repay your existing debt as this just worsens the situation since interest rates on credit cards and other forms of "quick loans" can be quite exorbitant.

Overall, you want to take action before your loan goes into arrears. It is important to protect your credit score or your status as a borrower as this will have a significant long-term impact on your ability to access loans and other types of financing in the future.



2 Assess your debt obligations - This process can be pretty complex. One of the first things you should do is to gauge how long you think it may take you to find another job. It can be three months or six months or longer. If you feel that you can get a job in a relatively short period of time, then consider using savings to pay down some months' worth of payments to give you the breathing room to job hunt.



3 Explore quick options to make alternative income - As you work to streamline your cash flows and prioritize your spending, another coping strategy on the income side of things is to explore quick options for making some income until you are



substantively re-employed. This can be catering if you have hidden culinary skills; trying AirBNB to earn a secondary form of income if circumstances allow or accepting a temporary entry-level job such as a cashier or store clerk. The main idea, of course, is to be able to earn some minimal level of income that would allow you to survive until you are back on your feet again. Always have a "Plan B" in terms of the ability to earn income just in case "Plan A" doesn't work out.



4 Emergency fund or savings - Finally the last strategy is not really for if you become unemployed, but should be done while employed so you are better equipped to respond to a situation of unemployment - and that is to have an emergency fund or savings. Develop the discipline to save a little for a rainy day so that you can give yourself breathing room when the unexpected happens. As a rule of thumb, your emergency fund should consist of at least three to six months' worth of living expenses.

Maximizing and Managing Your Severance Pay



Sometimes job separation, whether for a period of unemployment can be accompanied by a severance package - a lumpsum payment to help during the out of work phase.

Many people are at a loss as to what to do with the severance payment when received.

First things first. It's not a windfall lotto pay-out!

Before you start counting that cash, you should be prepared to manage your severance for optimal return. Using the money to buy a new car, take a vacation or doing some outstanding home renovations can be tempting, but it's not wise, particularly if another job is not on the immediate horizon.

Here are some things you should do when those severance funds are in your hands:

- 1. Hit the "Pause" button** - Take time to assess your next professional and financial steps.
 - ii) your expenses e.g. credit card payments, utilities, hire-purchase facilities, rent or mortgage payments, grocery bills, loan repayments, health care, car instalments, insurance premiums
- 2. Candid Camera** - Get an overall honest and complete picture of your financial situation.

Make a list of:

 - i) your savings and other income e.g. income from investments, rental income, severance or lump sum payments,
- 3. Review and decide** - Now that you have listed your assets and liabilities, you can work out what you can afford to pay.
- 4. Clear your debts** - Conventional wisdom says that you should clear all your debts and become debt-free. But that may have to be re-considered and instead, you may need to take a more considered approach to debt eradication.

Consider:

If you have more years in the workforce and intend to actively seek another job, don't rush to liquidate your mortgage, instead, pay off high-interest debts first (e.g. credit card balances, hire-purchase debts). The rationale here is that the benefits of paying down your mortgage, which attracts a lower interest rate, must be balanced with the need to have enough money for day to day expenses while looking for work.

While focusing on your highest interest debt first is a smart move, it may not be the best move if you are approaching retirement as, generally speaking, you want to reduce risk as you get older. In this case, eliminating the mortgage is one way to do that. Moreover, if you are nearing retirement, you may likely have already paid the chunk of your mortgage and it would make sense to also retire the balance. No doubt, getting rid of this bit of financial baggage will now leave room for other costs, such as health care.

5. Set aside some of the severance for investment - You shouldn't deplete your entire severance on debts as so doing will make you less financially secure. Instead, after having determined how much you will need for the short term, and what debt you intend to liquidate, you will be better positioned to determine how much can be channelled towards investment.

Investments should be approached with an understanding of your current and future needs.

A percentage of your portfolio should be kept fairly liquid allowing for accessibility while having principal protection. A Fixed Net Asset Value (NAV) mutual fund facility (a trust with pooled funds from several investors), which allows you to withdraw a fixed amount periodically to meet your immediate living expenses, is a considered option. This is but one investment option.

Dependent on your current financial position a smaller percentage should be designated towards equity purchases. The equity portion of your portfolio though carries a level of risk and would allow for two avenues for returns that are, yearly Dividends (payment of earnings of a company to shareholders) and Capital Appreciation (the profit made when an investment is sold for a higher price than the original purchase price).

The increase in the value of your equity coupled with yearly dividends would allow investors an additional income stream, a hedge against inflation and a nest egg that would continue to grow through the difficult times into retirement.

Finally, do speak with your financial advisor about other options to determine which interest-bearing facility best meets your needs.

A To-Do List when Your Salary Stops.

Even in the best of times, debt and monthly expenses can be a juggling act, but it can be downright punishing if you are unemployed. It doesn't matter if you were laid off, your contract was not renewed or you quit your job in the haste of frustration, being unemployed is disorienting. How will you buy food? Send children to school? Manage everyday expenses?

Working through the following tasks can help you stretch every dollar until you are employed again.

ASSESS YOUR SAVINGS - Take stock of what you have saved. How far will it get you? Factor in any severance or payouts which will help stretch your reserves.



BARE-BONES FINANCIAL DIET - Make a list of all the expenses you can slash. The goal here is to identify, reduce and if possible, eliminate all unnecessary expenses. That means cutting non-essentials e.g gym membership, cable television, moving to a lower cell phone plan. Now is the time to rein in expenses and exercise prudent spending. Added debt is not an option, especially when under job-loss stress.



COMMUNICATE WITH YOUR CREDITORS - Contact lenders and financial institutions to discuss available options. Don't wait until you have missed a few payments. Contact them immediately to discuss options including reducing or suspending payments.



REFINANCE YOUR MORTGAGE - If you have a mortgage you may want to consider talking to your lender about getting it refinanced to lower your payment or what other loan modifications, they may offer.



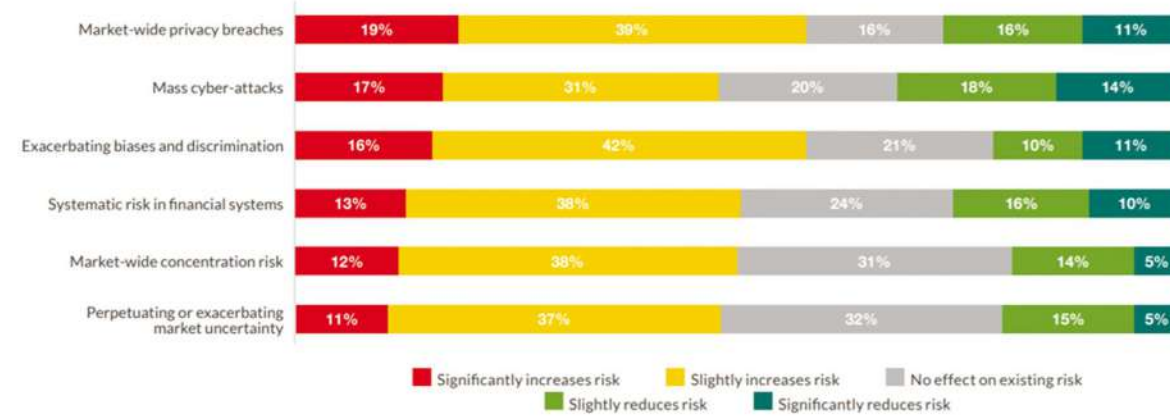
TAP INTO OTHER FINANCIAL RESOURCES - This may mean using your emergency savings fund. If you have "rainy" day money set aside, now is the time to tap into those funds.





Recent survey results from a World Economic Forum and the Cambridge Centre for Alternative Finance report that 64% of financial service leaders expect to become mass adopters of AI in two years

Perceived influence of AI mass adoption on market-wide risks



Cambridge Centre for Alternative Finance
UNIVERSITY OF CAMBRIDGE Judge Business School
WORLD ECONOMIC FORUM
COMMITTED TO IMPROVING THE STATE OF THE WORLD

Transforming Paradigms

A Global AI in Financial Services Survey

January 2020

[Click here](#)

Can You Spot the True Blue

PUBLIC NOTICE

INTRODUCTION OF

100

POLYMER BANKNOTE

The Central Bank of Trinidad and Tobago announces the introduction of a new \$100 bill as legal tender from December 9, 2019. The new bill is based on a polymer substrate and has significantly enhanced security features. The introduction is consistent with the objectives laid out in the Central Bank's Strategic Plan 2016/17-2020/21 to improve the durability of the Trinidad and Tobago banknotes, upgrade the capacity to protect against forgery, and allow for easier tactile recognition by the visually impaired. The Central Bank intends to expand the range of polymer notes to the other denominations in 2020. The new polymer \$100 note will co-circulate with the existing paper-based \$100 note remaining as legal tender until further notice.

FRONT



REVERSE



FEEL



Polymer notes feel smoother than paper.

- 1 Run your fingers over the bottom corner of the note to feel the X.

LOOK



When you hold the note up to the light you will see:

- 2 A clear window that can be seen from the front and back of the note.
- 3 The number 100 appearing in the blue print.

TILT



As you move the note around you will see:

- 4 Areas with a shimmering gold ink.

For more information, see:
www.central-bank.org.tt/currency/about-notes-and-coins



Financial Tips to Help You Navigate Through These Uncertain Times

The COVID-19 pandemic is the classical black swan event as it took the globe by surprise, reaching to nearly every corner of the earth, with possible long-lasting consequences. Without a definitive cure to date, the coronavirus, which was first seen in China on December 31, 2019, the full impact of this pandemic is still unknown.

Faced with the realities of job losses and reduced income that may arise from supply disruptions and reduced demand for goods and services, the ramifications will be felt throughout the world. Cognizant of the many uncertainties facing individuals and businesses, the focus of all the major players including the government and the financial institutions is one of protection. Measures including reducing the prime lending rate, deferring interest and/or principal loan payments are some of the various tools implemented by the Bankers Association of Trinidad & Tobago to alleviate the expected fall out of the COVID-19 virus.



Financial Tips for Businesses and Entrepreneurs

Reduce Discretionary Spending

If you are a business owner, cash flow management is of critical importance to help navigate this pandemic. One immediate action that can be implemented is to reduce variable costs by imposing hiring freezes and reducing or limiting discretionary spendings like advertising, training and entertainment allowances.



Assess Financing Options

Businesses should seek to ensure their financing options remain viable – do not be trapped by assumptions. Use this opportunity to actively engage talks with financing partners to ensure the lines of credit remain available and to explore new or additional options that may be required.



Refinance at a lower rate

With the reduction of the prime lending rate, businesses can seek to refinance existing debt at the reduced interest rates, thus lowering interest payments and easing monthly cash outflows.



Factor Receivables

Given the wide impact of the virus, not just domestically but globally, it may be prudent for businesses to sell their receivables to a financial institution that specializes in buying receivables at a discount. The sale allows the company to receive cash quickly rather than waiting for the duration of the credit terms and exposing themselves to the risk that the debtor may not repay.



Financial Tips for Individuals

For the individual, similar measures must also be taken to protect one's cash flow and finances. The risks are somewhat higher for the individual as more often than not, there is only one source of income. With many business places closed, job and income continuity are at risk.

Don't Panic Buy

There are many strategies that can be adopted to alleviate the anticipated fall out of the COVID-19 virus. One such measure is to restrict the need to over-buy items – more likely than not, these additional purchases will not be budgeted for, and thus may disrupt and derail personal budgets.

The COVID-19 pandemic is an unprecedented event in our lifetime and may seem daunting. In the absence of an effective treatment plan, no one knows how long the virus will last or how bad it can get, among other variables. Despite this reality, we can seek to alleviate the impact of the virus and make smart and rational decisions.



Take advantage of low-interest rates

The reduction in interest rates is expected to result in a similar decline in borrowing costs. If existing loans carry interest rates higher than the current average, it will prove beneficial to refinance existing debt, especially mortgages. Obtaining financing at the new lower rates can lower monthly payments and help build savings faster.



Boost Emergency Funds

For times like this, having an emergency fund greatly improves the chances of riding out such uncertainties. An emergency fund is an account set aside to cover financial surprises due to unanticipated events including job loss, medical emergencies and car troubles. With this cash already set aside, in the event of becoming unemployed, all financial obligations will be covered. Now is a great time to create or add to an emergency fund, with the savings from scaling down eating out and shopping, being channelled into the fund. The more funds set aside, the greater the buffer.



For both the individual and business owners, it would be beneficial to spend time getting up to speed with the various offerings and support programs provided by the Government and how to gain access to such support, if eligible.



COVID 19 - How our banks are responding

As we continue to navigate the COVID-19 challenge, BATT remains dedicated to helping you stay informed about what we are doing to protect the health and well-being of our customers, staff and broader community.

Here are some helpful reminders as we jointly manage the many facets of the COVID-19 pandemic.

- The banks will be observing social distancing practices as advised by health care officials. As such, banks may manage the number of customers being serviced in the banking halls at any one time.
- If you have virus symptoms avoid coming into a Bank branch.
- Reduce your in-branch transactions.
- Use your Bank's digital and electronic channels as much as possible.
- Use debit and/or credit cards and limit the use of cash.
- Use your Bank's conveniently located ATM machines.
- If you must visit a Branch, you should avoid physical contact with persons and limit your contact with surfaces within the public spaces.
- Banks have reduced their Prime Lending rate by at least 1.5% following the reduction in Repo Rate by the Central Bank of Trinidad and Tobago. This reduction will reduce the interest cost for all clients whose loans are re-priced on Prime.
- Some deferral of interest and/or principal payments will be considered by banks for at least one month for clients based on their circumstances being adversely impacted by the measures taken related to COVID -19.



Please continue to visit our website at www.batt.org.tt for updates and thanks for staying informed.

Slow the Spread of COVID-19

BANKERS ASSOCIATION OF TRINIDAD AND TOBAGO

Slow the spread of COVID-19 by utilising digital & mobile banking facilities

Slow the spread and protect yourself from COVID-19 by handling your finances remotely. Explore all of your bank's secure digital solutions all from your web browser.

Customers who may not have online or mobile banking services, can use the opportunity to sign up for these services by calling their bank's contact centre. This will help with respect to adhering to the national call for social distancing practices.

Maintain your social distance with the following tips using your bank's secure Digital solution:

- Reduce your in-branch transactions – use your Bank's conveniently located ATM machines across the nation for cash deposits and withdrawals. You can visit your bank's website to find a nearby machine.
- Minimize your outdoor errands by using online banking. Online banking allows you to manage your accounts through your desktop or mobile devices.

You can typically perform tasks such as:

- Transferring funds to persons/companies both locally and internationally
- Paying bills, credit cards, etc
- Checking your account balances any time of the day

- Customers are encouraged to use their debit and credit cards when making transactions, thereby minimizing the handling of cash.
- Speak to your Bank's representative via the Bank's contact centre: Should you wish to enquire about your bank accounts or recent account activity, you can hold for an operator who will be able to answer any questions you may have.

We hope that you take advantage of these easy and convenient services.

Let's all work together to protect ourselves, our communities and our country.

<https://batt.org.tt/>




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WE CAN DO THIS TOGETHER.

**STRAIGHT
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A small, stylized black and white illustration of a person in a rowing boat, positioned at the bottom left of the 'BATT!' text.