



**BANKERS
ASSOCIATION**
OF TRINIDAD AND TOBAGO

STRAIGHT *OFF THE* BATT!



—NEWSLETTER—
ISSUE #3

KNOW YOUR CUSTOMER



Money Laundering

Tax Avoidance

Tax Evasion



JUN 2019



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

Dear Readers,
Is it just me, or is it that the year is moving at lighting speed? Welcome friends to our June issue of ***Straight Off The BATT!***

We hear a lot from customers who say that the demands from their banks for information both on account opening and during the banking relationship are tedious. Some customers may feel they are being asked for the same information multiple times. These requests by the banks are known as KYC, an acronym for **Know Your Customer**.

Folks, there is no escape from the KYC process in banking and broader financial operations, whether in Trinidad and Tobago or elsewhere as this practice is driven by both local and global regulations. The goal of KYC is to prevent banks from being used, intentionally or not, for money laundering and other illegal activities, such as terrorism financing or tax evasion.

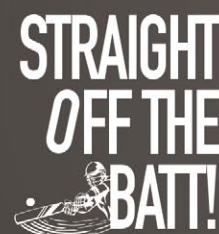
In this quarter's issue, we shed light on the KYC process, and its importance to you as a member of the banking community. Our news spread this quarter also reminds us that in the context of money laundering, tax evasion and

other fraudulent financial activity, there is a key role for international cooperation in addressing these issues. The Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) is a partner for dialogue and action, and forms part of this international agenda. This issue will thus spotlight the Global Forum and international tax cooperation and what it means for Trinidad and Tobago.

Hope this quarter's instalment gives you some food for thought.

Enjoy the reading.

Best regards,
Kelly Bute-Seaton



On the BATT BURNER

WHY DO BANKS ASK FOR SO MUCH INFORMATION WHEN AN ACCOUNT IS OPENED?

ISN'T IT ENOUGH TO KNOW MY NAME, ADDRESS AND DATE OF BIRTH?



We understand that customers may feel that banks are becoming too intrusive with the number of questions that are being asked. As such, banks would continue to perform a balancing act to ensure that it remains customer focused as well as compliant with the **Anti-Money Laundering (AML)** and **Combating of Terrorism Financing (CTF)** legislation and Guidelines issued by the Central Bank of Trinidad and Tobago and the Trinidad and Tobago Securities Exchange Commission.

All banks are legally bound to know their customer and as such, must implement an **Anti-Money Laundering (AML)** and **Combating Terrorism Financing (CTF) Programme**, which is at the heart of the **Know Your Customer (KYC)** requirement. KYC refers to procedures which require financial institutions to know more than just the name, address, and date of birth of their customers. It requires the institution to understand their customer's activities, financial position, banking practices, and purpose for which their services and accounts are to be used. In this regard, the bank may ask the customer for documents evidencing business operations, proof of income or any other proof that may help the bank to verify the source of funding and the purpose for the account to be used.

In asking these questions, banks are better able to know and understand their customers and their financial dealings. Thus, customers should inform their bank whenever there are changes to their KYC information. By providing updated information, it would also assist the bank in protecting its customers from various financial attacks including identity theft, phishing and fraud.

The ultimate objective is to prevent banks from being used by criminal elements for money laundering, terrorism financing, fraud and tax evasion. This is important as banks play a central role in the financial sector and have a legal responsibility to report suspicious activity. Having an effective **AML/CFT Programme** also assists the banks in maintaining their correspondent banking relationship.

While the questions posed may appear intrusive, the responses provided help banks to keep the "dirty" money out of the financial system. Therefore, asking for additional information assists the bank in knowing their customer; otherwise it becomes difficult for the bank to identify their law-abiding customers and differentiate from those who are not willing to obey the law.

Banks are not doing this because they believe you are laundering money – they are doing it to help protect you and the financial system because they have a legal obligation to do so.

Banks remain committed to preserving its customer information in the strictest manner and would continue to abide by local privacy rules to ensure customer confidentiality.

Let us all work together to keep customers, banks and the country safe from financial crime.



Money Laundering - Hiding in Plain Sight

Money laundering operations are designed to take the proceeds of illegal activity and disguise the existence, source or application of those funds so the proceeds appear to come from a legitimate source. Money laundering is a common element in many fraud, corruption and terrorist-financing cases



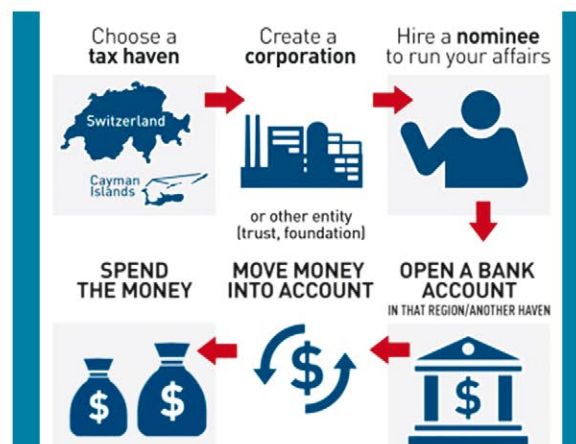
The Three Stages of Money Laundering

- 1. Placement** – Placing the proceeds of crime into the financial system without arousing suspicion. Some examples are deposits, purchases of cheques, money orders.
- 2. Layering** – Movement of money, often in a series of financial transactions, across multiple jurisdictions designed, to create distance from the source and provide the appearance of legitimacy. These transactions may include purchasing investment instruments, insurance contracts, wire transfers, money orders or making small bank deposits over time into multiple accounts.
- 3. Integration** – Once the funds have been sufficiently layered, they are “invested”. In this case, illicit funds re-enter the legitimate economy by way of investment in real estate, vehicles or business ventures for example, until the laundered funds are eventually disbursed back to the criminal appearing, to be a legitimate transaction.



Money Laundering Methods

- ▶ Commingling of accounts between individuals and their private company financial accounts.
- ▶ Repatriation of funds via wire transfer or remittances.
- ▶ High dollar purchases of tangible goods such as luxury cars, high-end homes and condominiums.
- ▶ Establishing shell companies which exist only on paper and have no active business operations.



Tax Evasion

Tax evasion is the illegal practice of knowingly failing to pay taxes or not reporting income or not paying taxes owed. Examples of practices of tax evasion include concealing profits liable to tax or other taxable activities, providing false information to the Board of Inland Revenue about business income or expenses or deliberately underpaying taxes owed.



Tax Avoidance

Tax avoidance is the legitimate minimizing of taxes. Common examples are approved deferred annuity contributions or venture capital tax credits.



What Is The Difference Between Tax Avoidance And Tax Evasion?

TAX AVOIDANCE

Minimizing of Taxes Examples
Using legitimate tax deductions, setting up tax deferral plans, taking tax credits.

TAX EVASION

Not Paying Taxes Examples
Not reporting income, reporting more expenses than you can, not paying taxes owed, understating your tax amount owed.

EYE SPY

THE FUTURE OF BANKING TECHNOLOGIES

8 New Banking Technologies That Will Transform The Financial Sector In The Next 5 Years

New technology in banking is already transforming the financial sector, and the traditional banking landscape is set to rapidly change in the next five years. Safety features, such as advanced cryptography and biometrics, will help protect against bank scams, and remote applications will make it easier than ever to do your banking without visiting a branch — but if you do, the experience is likely to be much more customer-friendly. See link below for more info.

[Click here:](#)

BATT Celebrates Global Money Week 2019

More than 500 primary and secondary school students from across Trinidad and Tobago participated in GMW 2019, hosted by the National Financial Education Committee (NFEC). Trinidad and Tobago joined over 160 countries in recognising this very important and exciting international event. Global Money Week aims to raise awareness and educate the youth about the importance of financial management, budgeting, saving, investing, as well as entrepreneurship.

The NFEC held three exciting days of celebration. The first day kicked off in Tobago on Tuesday 26th March 2019 at the Cultural Complex, Shaw Park Tobago. On the second day (March 28th), the Committee hosted 200 Primary School Children from the East-West corridor. These students had the opportunity to experience a fun interactive tour of the Central Bank's Money Museum. On the third day, the celebrations were held at the Naparima College Auditorium, San Fernando on Friday 28th March 2019. On the first and last days, four hundred secondary students were taught key financial lessons such as budgeting, saving, investing, and the value of money through drama by DMAD Company. Students and teachers also participated in a fun, educational and interactive games and activities during the financial exposition, which featured approximately 20 booths from the financial and entrepreneurial sectors in Trinidad and Tobago.



BATT Supports The Development And Advancement of Women



From left - Candice Gray-Bernard, AFETT's President Elect; Jeane Warner, AFETT's Director; Dixie-Ann Dickson, BATT's Communications Specialist & AFETT's Director; Franka Costelloe, TTMA President; Gretchen Camacho-Mohammed, BATT's Director & RBC's Royal Bank Managing Director; Yolande Agard-Simmons, AFETT's President; Charlene Pedro, AFETT's Past President

BATT was pleased to be the title sponsor for the Association of Female Executives of Trinidad & Tobago (AFETT) 3rd Annual Women Leadership series themed, **"FEARLESS - Closing the Gender Confidence Gap."**

Under the distinguished patronage of Her Excellency Paula-Mae Weekes, the audience received mentorship and personal stories of wit and wisdom from President Weekes, Mrs. Gretchen Camacho-Mohammed, Director, BATT and Ms. Franka Costelloe, Trinidad & Tobago Manufacturer's Association's President. It was an extraordinary event which in offering profound and inspiring stories, manifested positive energy and elevated spirits.

Camacho-Mohammed challenged and encouraged the participants to bridge the confidence gap by believing more in themselves. Feelings of self-doubt, she shared, could be overcome. She said when women believe in themselves, they can be fearless, break biases and awaken dreams. She supports platforms such as this because creating opportunities for women to share experiences and learn, helps build a society of fearless women. She advised that women should embrace who they are and live their full potential. "I want to advocate women to possess self-worth, confidence and freedom to choose what they may in all aspects of their lives."

Echoing similar sentiments was Yolande Agard-Simmons, AFETT's President who advised women to "strike out and step out" and don't allow anything to deter them.

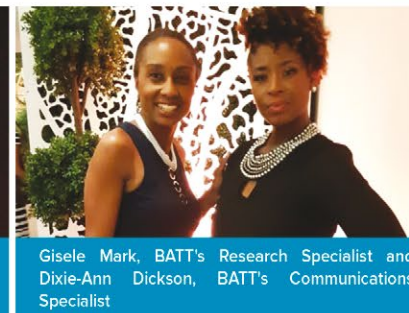
The Leadership series was held on May 25th at the Hyatt Regency Trinidad Hotel.



Dixie-Ann Dickson, BATT's Communications Specialist & AFETT's Director moderates a couch conversation with Her Excellency Paula-Mae Weekes



Gretchen Camacho-Mohammed, BATT's Director



Gisele Mark, BATT's Research Specialist and Dixie-Ann Dickson, BATT's Communications Specialist



Franka Costelloe, TTMA President chats with Gretchen Camacho-Mohammed, BATT's Director





Spotlight On: Global Forum

What is the Global Forum and Why Does it Matter?

The Global Forum on Transparency and Exchange of Information for Tax Purposes (**Global Forum**) is the leading international body that carries out work to tackle international tax evasion and promote exchange of tax information. It is a self-standing body, founded in 2000 by the Organisation for Economic Cooperation and Development (OECD), and based in Paris. It is made up of 154 countries.

In this era of borderless banking, substantial money can be moved covertly among multiple jurisdictions with relative ease. This can be done to support offshore structures and secret bank accounts such that no taxes are paid at home where they are due.

So doing is damaging in many respects – governments lose tax income, money laundering is facilitated, and it creates an uneven playing field for legitimate tax payers.

To address this dual challenge of tax evasion and improving visibility of offshore financial account information, tax transparency and exchange of information among tax authorities becomes important. This is where the Global Forum comes in - to ensure that global tax transparency standards are applied to allow tax authorities to obtain information about taxpayers.

The Global Forum does two things.

- ▶ It established a set of rules that governments need to follow in order to exchange information between governments on request.
- ▶ It does peer reviews of all the member countries to determine that they are actually applying the rules effectively and efficiently for their partners.

To do this requires a lot of effort. It entails laws, international treaties and systems being implemented, maintained and reviewed around the world.

Non-compliance with the Global Forum standards could pose challenges for financial institutions in that foreign correspondent banks may restrict or terminate their relationship with local banks. The consequences of this are considerable to customers and include restrictions in types of banking transactions available to the public such as wire transfers, credit card payments or business transactions.

Trinidad and Tobago is a member of the Global Forum and is working to have its legislative framework in place that would allow for the exchange of information and compliance with Global Forum obligations.



What's Next in the Wicket?

▶ June 27th 2019

SME Financial Management Workshop

▶ July 11th 2019

Closing Ceremony and Networking of BATT's Tobago SME Development Training Programme-
In Partnership with the Financial Literacy Secretariat, Tobago House of Assembly

If your organization is interested in BATT facilitating a financial educational session or an Anti-fraud Prevention and Strategy workshop, kindly E-mail communications@batt.org.tt

The Bankers Association of Trinidad and Tobago

Level 1, Invader's Bay Tower,
Invader's Bay
Off Audrey Jeffers Highway
Port of Spain
Website: www.batt.org.tt



**BANKERS
ASSOCIATION**

OF TRINIDAD AND TOBAGO

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

KYC

Know Your Customer



**STRAIGHT
OFF THE
BATT!**

