

OPENING REMARKS

- The Honourable Winston Dookeran, Minister of Finance
- Mr. Ewart Williams, Governor of the Central Bank of Trinidad and Tobago
- Mr. Iwan Sewberath, Messir, Country Representative of the Inter-American Development Bank
- Other Members of the Board of Directors of BATT
- Ms. Catherine Kumar, Executive Director of The Trinidad and Tobago Chamber of Industry and Commerce.
- Ms. Lorraine Kam, Director of AMCHAM
- Ms. Linda Besson, Executive Director of the Employers' Consultative Association.
- Mr. Vishal Persad, Representative from the Trinidad and Tobago Manufacturers Association
- Specially invited guests
- Members of the Media
- Ladies and Gentlemen

It is indeed my pleasure to welcome you to the launch of the Banking Association of Trinidad and Tobago's (BATT)'s inaugural Banking Week.

I have always felt that the banking sector, as a key driver of our economy, is given its just credit by the general public for its role in ensuring a sound, stable and sustainable economy despite its many varied efforts..

It is my hope that this Banking Week would provide the platform for communicating the contributions that banks in Trinidad and Tobago make collectively to our various stakeholders, namely, consumers, small businesses, corporations, the government, regulators and the wider community. Hence the theme for this year's banking week: **"Partnering with you for a new economy"** which is fully aligned to BATT's main objective which is **"to positively influence and impact its stakeholders"**.

I believe that this week is also timely as we begin a new year, which from all accounts, would be a challenging year for the economy. It is mandatory that we, as banks, play our part in working with our stakeholders during this difficult time to support our economy.

Allow me first to provide a bit of background on the Bankers Association of Trinidad and Tobago.

The Bankers Association of Trinidad and Tobago, commonly referred to as BATT, was formed thirteen (13) years ago. Initially the association was comprised of the following member banks: Bank of Commerce, Bank of Nova Scotia, Citibank (Trinidad & Tobago) Limited, First Citizens Bank Limited, Republic Bank Limited and the Royal Bank of Trinidad and Tobago. Today the Association's membership has grown to include all eight (8) commercial banks within Trinidad and Tobago namely RBTT Bank Limited, Republic Bank Limited, Scotiabank Trinidad and Tobago Limited, Bank of Baroda, Intercommercial Bank Limited, First Caribbean International Bank Limited, First Citizens Bank Limited and Citibank (Trinidad & Tobago) Limited. The primary objective of forming BATT, was to bring together all

the banks in the form of an association, with a view to addressing, from a common platform, all matters of relevance to the banks and the industry. These issues ranged from legal and regulatory, to economic and industry related matters. BATT also saw it as necessary for the Banks to come together as an Association to lend their expertise in matters of national interest, via pronouncements on matters of importance and provide guidance and assistance to its various stakeholders.

To effectively perform these functions the Sub Committees were formed to deal with special matters. The sub committees are comprised of a representative of each of the banks and are currently chaired by the following persons:

- Fraud Awareness – Judy Ann Stewart
- Anti Money Laundering and Compliance Awareness – Nicole Sambrano
- Credit Risk and Market Risk – Richard Look Kin
- Finance and Operational Risk – Mahadeo Sebarath
- Economics – Mahadeo Sebarath
- Legal – Belinda James
- Interbank Business Continuity- Hayden De Four
- Marketing – Damian Cooper
- Trade – Carlos Waldron

BATT is also managed by our new Executive Director, Ms. Kelly Bute, who was pivotal in organising this banking week. I would like to thank her and the various chairs of the sub-committees for their commitment and efforts in championing our many initiatives including this Banking Week.

We all experienced, in some form or the other, the pains of the Global Economic downturn and its redounding effects to our region and sector from the fallout of Clico; reduction in employment rates, consumer and investor confidence leading to a fall in credit demand and considerable increase in banks liquidity, pushing short term interest rates to an all time low. In spite of the negative effects on the financial system, the key financial indicators of the sector show that the Banking industry remains stable by regional and international standards as the commercial banks have been incredibly resilient. As we would have all witnessed from the present global down turn, a stable and efficient financial system is tantamount to economic growth of any society. Take for instance the resilience shown in some of our stronger economies that were able to weather the economic crisis: Canada, Singapore, China - all possessed a robust banking sector.

The benefits of a strong banking sector to a nation are many. A strong sector supplements capital injections to save or develop business and industries removing the burden borne by tax payers in the absence of such a sector, as well as contributing to national reserves. Consumers will continue to have access to a

banking system that is accessible, affordable and competitive and boost the confidence of consumers in the safety of their deposits, and the continued availability of affordably priced credit for lending even in a downturn. Business owners who can easily access credit can contribute to overall national development, diversification, innovation, job creation and contribution to GDP. Having a strong banking system is also essential to maintain the viability of the medium and long term investments of their clients through annuities, pension funds, mutual funds and carries its own share of contribution to employment, GDP and human resource development.

The Banking Sector of Trinidad and Tobago is no different. The Banks have been instrumental in engaging in activities to develop our people and communities with our many Corporate Social Responsibility initiatives. We have all taken a keen interest in youth entrepreneurship, the SME industry and education, with heavy involvements with Junior Achievement, Youth Mentorship programmes and Partnerships with the different educational institutions. We support the arts and culture, sports and overall country development. In 2010 the banks came together and gave contributions to the Flood Relief effort. Our projects and programmes are too many to name but one thing is for certain, the positive impact is widespread and the beneficiaries range from all age groups, from the individual to entire communities, from the Small to Medium Enterprise to the Multi nationals. More importantly the issues addressed are also widespread from health to education, from business development and the capital markets to savings and financing. All in all, a strong financial sector is paramount to maintaining economic stability.

The Trinidad and Tobago banking sector has shown incredible resilience, stability and efficiency in the midst of crisis, both internationally and at home. Our key indicators are still strong even by international standards. In the past year commercial banks have shown strengthening of their liquidity position, increasing reserves at the Central Bank in excess of statutory demands to as high as \$3.3 billion in October 2010, from an average of \$1.6 billion in 2008. Due to prudent management practices banks have contained their risk exposure which declined to 6.9 per cent in September 2010 from 8.6 per cent in December 2009 and loan delinquency is largely contained. Profitability ratios have been strong with return on equity (ROE) and return on assets (ROA) decreasing only slightly from 2009 to 2010 by 1.6 per cent and 0.2 per cent respectively. Banks remain well capitalized reaching 23.3 per cent by September 2009, 15.3 per cent in excess of the minimum requirement. Overall, through our partnership with our many stakeholders and the banks, stability, strength and efficiency have contributed significantly to the buoyancy and prosperity of the Trinidad and Tobago's economy.

This increased liquidity of Banks can be used to revitalize the economy as Organizations can access the needed capital injection to finance projects at the individual, community and national level. Companies and citizens can take the opportunity to restructure their debt and capitalize on the many creative products that banks are now promoting to encourage consumer and investor confidence and stimulate the economy. Mortgage rates are still trending downwards. Over the last 3 years commercial prime has trended down from as

high as 13 per cent up to 8.25%. Rates for new mortgages have dropped from 9.75 per cent to 6.75 per cent over the last 18 months. More importantly Central Statistical Office statistics have shown under the Banking, Real estate & Insurance sector that Banks contribution to GDP and employment accounted for 14 per cent of GDP in 2009 and employ approximately 8 per cent of the labor force. The banks have been resilient, prudent, and stable and, in the growing interest of our customers and the economy, are committed to remaining that way. By no means has the banking sector become this stable by being passive. The Banking Sector is very competitive; we compete for market share and mind share, the vast diversity of products released on the market from savings and investment plans, to mortgages, loans and credit cards just to name a few. The lengths we go to market those products bear testament to the competitive environment. However, we also cooperate. Today is an example of that. We cooperate on matters of joint interest that require feedback from our sector such as commentary to the Financial Institutions Act and defining ways of common practice in adhering to new legislation and monetary policy. We collaborate on issues that require our input that positively impact the economic standing of Trinidad and Tobago or the world's perception of our economy. These include but are not limited to:

- discussions on regulatory reform,
- the enhancement of our Anti money laundering policies as a sector, and as a country,
- the development of modern infrastructure to facilitate banking transactions e.g. LINX, The Credit Bureau- TransUnion, Real Time Gross

Settlement System (RTGS), Trinidad and Tobago Interbank Payment system (TTIPS).

- We also cooperate on issues to educate, protect and assist our clients and the general public with joint advertisements to the public on banking hours and activities, financial planning seminars, commingling of funds, filing of tax returns, credit card fraud and safe consumer practices, as well as information on banks products and services.

Even this Banking Week initiative bears testament to our continued commitment to educating our customers and creating a forum for the dispensation of knowledge sharing and expert advice.

Against a backdrop of excess liquidity and limited demand for loans, I expect competition in 2011 will only intensify as we compete for market share. Also consumers are becoming more discerning and demanding and are shopping around much more. I expect participants in the sector 2011 to respond with new, creative and cutting edge products and provide more options to the public. At the same time, we also recognise that in order to ensure this industry progresses, especially in the wake of a global economic crisis, we have to exercise prudence and it is important we maintain the strength of the sector, and to achieve this we will also need to cooperate. So what can you expect to see in 2011? You can expect to see:

- Future inputs from the sector into regulatory reform and into the standardization of the requirements of the FIA, working closely with the

Central Bank and related Ministries for the establishment of a strong Financial Intelligence Unit (FIU) and removal of Trinidad and Tobago off of the FATF list of countries with AML deficiencies;

- ON going collaboration with the various ministries on the position of the Financial Sector in the numerous Trade Agreements;
- Continued outreach and education of our consumers through various press releases;
- Making loans and debt restructuring more accessible;
- Greater participation in public debate, financial planning, banking standards and policies, products and safe consumer practices.

One of our initiatives of note for 2011 is the Small and Medium Enterprise(SME) credit rating project that will prove to make credit more readily available to SME's. This project will help to by sensitize banks on new tools and methodologies for assessing this important and underserved contributor to our economy and workforce. This project will be launched this month and will be elaborated further on in today's proceedings.

I leave you today with the banking community's commitment to playing a leadership role in the reshaping of our economic landscape as we collaborate with our stakeholders to make Trinidad and Tobago the country all it can be.

THANK YOU