



CENTRAL BANK OF  
TRINIDAD & TOBAGO

# CEMLA – II MEETING OF HEADS OF FINANCIAL MARKET INFRASTRUCTURES

## Legislative Reform of the Payment System in Trinidad and Tobago

A detailed architectural line drawing of a modern building with multiple towers and a complex facade, rendered in black and white.

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## STRATEGIES TO IMPROVE NATIONAL THE PAYMENT SYSTEM

Work In  
progress

Complete

Operationalisation of Fintech Policy:

- Establishment of the Joint Fintech Steering Committee for supervisory collaboration
- Launch of the Innovation Hub
- Regulatory Sandbox



Operationalisation of E-money Policy

- Introduction of the E-money Issuer Order, 2020



Revision of Payment Systems Guidelines



Development of a modern and comprehensive Payment Systems law –

- Issued the Policy Proposal Document to inform the Payment Systems legislation for public consultation
- Draft Payment Systems legislation



Exploration of a Central Bank Digital Currency



Upgrade of the payments infrastructure including automation of the Cheque Clearing System



Enhancing cross-border payments





# PRESENTATION OUTLINE

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**Current Legal Framework & Key Challenges**

**The Need for Legislative Reform**

**Objectives & Key Policy Proposals**

**Stakeholders' Feedback**



# CURRENT LEGAL FRAMEWORK & KEY CHALLENGES

## Central Bank Act, Chap. 79:02

**Section 36 (cc) of the CBA** - The Central Bank is required “...to supervise the operations of payment systems in Trinidad and Tobago generally, Interbank Payment Systems in accordance with the Financial Institutions Act and the transfer of funds by electronic means including money transmission or remittance business...”

## Financial Institutions Act, Chap. 79:09

**Section 5(1) of the FIA** - “The Central Bank shall be responsible for the general administration of this Act, the supervision of licensees and the oversight of payment systems...”

**Part XII of the FIA** - Oversight Framework for the Interbank Payment System.

## E-Money Issuer Order, 2020


- The Order provides for specific categories of persons other than licensees (under the FIA) ) to apply to the Central Bank to be E-money issuers.

## Guidelines

- **Guideline No. 1** - Licensing and Operation of Interbank Payment Systems
- **Guideline No. 2** - Registration & Operation of Non-Interbank Payment Systems
- **Guideline No. 3** - Operation of Payment Service Providers
- **Guideline No. 4** - Oversight of Systemically Important Payment System




# CURRENT LEGAL FRAMEWORK & KEY CHALLENGES




**CENTRAL BANK ACT,  
CHAPTER 79:02 :  
SECTION 36 (CC)**

- The CBA **does not** contain explicit powers to **license, examine, regulate or enforce compliance** of Non-Interbank Payment Systems, PSPs, and Fintech entities.



**FINANCIAL INSTITUTIONS ACT,  
CHAPTER 79:09 :  
SECTION 5(1) FIA**

- The FIA **treats only** with the **Interbank Payment Systems**.



**E-MONEY ISSUER  
ORDER, 2020**

- The EMI Order only regulates **one payment service activity – E-Money Issuance Services**.
- EMIs are also required to be registered as PSPs
- ‘Sandboxing’ is limited to EMIs.
- Entity-based focus.



**GUIDELINES**

- Non-Interbank Payment Systems Operators and non-bank PSPs are regulated by Guidelines which are **inadequate and lack enforceability**.



# THE NEED FOR LEGISLATIVE REFORM

**To address the fragmented legal framework**

**To address the inadequate supervisory, regulatory and oversight powers of the Central Bank**

**To treat with all payment systems (interbank and non-interbank)**

**To supervise a wider range and new types of payment services/activities**

**To treat comprehensively with risks (systemic, AML)**

**To accommodate sandboxing to promote modernization and innovation**



# OBJECTIVES OF THE POLICY

**Streamline the oversight of payment systems and the regulation and supervision of PSPs under a single comprehensive Act.**

**Promote the safety and efficiency of payment systems and enhance financial system stability.**

**Give legal certainty to, and protect users of payment, clearing and settlement systems.**

**Implement a flexible, modular and risk-based regulatory regime for PSPs that is activity-focused.**

**Promote e-commerce, cashless payments and financial inclusion.**



# KEY POLICY PROPOSALS

**Designation for Oversight of Systemically Important Payment Systems and Significant Retail Payment Systems; Lighter Regulatory Regime for Other Payment Systems**

**Licensing Regime for Payment Service Providers- Activity-Based Risk-Focused**  
Account Issuance; Merchant Acquisition; E-Money Issuance; Domestic Money Transfer/Remittance;  
Cross-Border Transfer/Remittance; Virtual Assets (Payments & Transfer)

**Provisions to treat with Key Regulatory Risks and Concerns**

AML/CFT; Consumer Protection; Interoperability; Cyber/Technology; Systemic; Operational Resilience

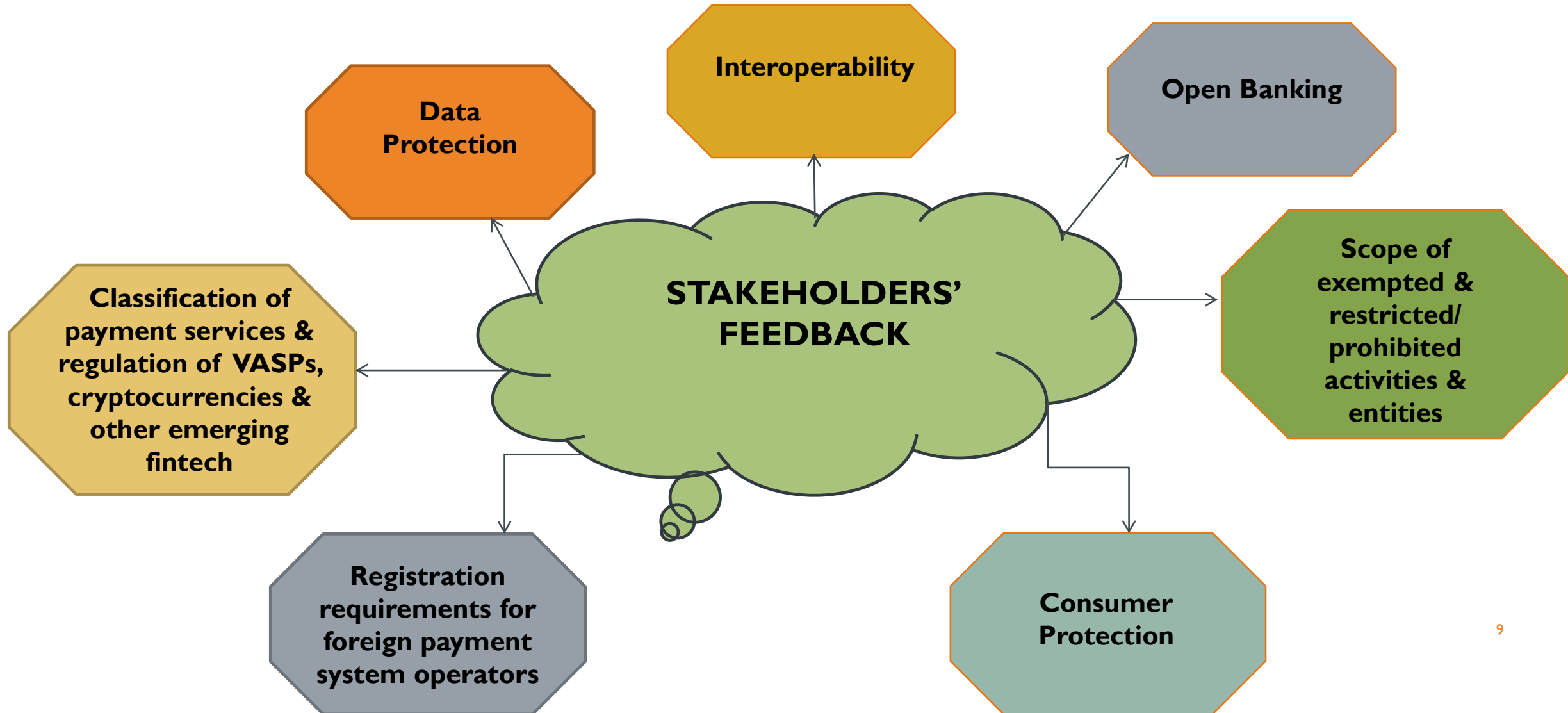
**General Supervision and Enforcement Powers of the Central Bank**

**Other- Exempt Activities, Restricted / Prohibited Activities and Governance**





# STAKEHOLDERS' FEEDBACK



# THE END

# QUESTIONS? COMMENTS?

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