GREAT EXPECTATIONS OR FEASIBLE INITIATIVE? TRINIDAD AND TOBAGO AS A PAN-CARIBBEAN FINANCIAL CENTRE

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ABSTRACT

This paper addresses some issues relevant to positioning Trinidad and Tobago as the Pan-Caribbean Financial Centre (PCFC). This goal requires strong Government support and the allocation of full time resources. In addition, success will depend on speed, effective coordination and sustained commitment, given Trinidad and Tobago's late entry into the process. Several recommendations are made, including the need for a small and powerful task force to take leadership of the PCFC initiative.

Introduction

In the four decades since Trinidad and Tobago gained independence, its financial sector has emerged from an embryonic stage to playing a pivotal role in channelling capital throughout the Caribbean. Over the past five years, several CARICOM member states have together issued more than US$500 million in bonds on the Trinidad and Tobago capital market to help bridge their external financing requirements. Regional banks and life insurance companies, mainly in Barbados and Jamaica, have benefited from around US$200 million in foreign direct investment by the financial sector in Trinidad and Tobago. Conservative regulatory practices, an open market and sound macroeconomic fundamentals have helped to create a vibrant financial sector that is growing in complexity. A holding company structure and product diversification are

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now common among banks, while a similar thrust towards conglomeration and diversification, both geographically and along business lines, is occurring in the insurance industry. Based on overall balance sheet soundness, the larger banks and insurance companies have strong credit ratings from international rating agencies.

In the context of its vision to attain developed country status by 2020, the Government announced in mid-2004 its intention to establish Trinidad and Tobago as the Pan-Caribbean Financial Centre (PCFC). To help guide this ambitious process, the authorities unveiled a White Paper which contained a host of general and sector specific recommendations, as well as a phased implementation plan. Indeed, a key issue – especially in light of the evidence that size and "critical mass" matter for capital markets – is whether Trinidad and Tobago, which lacks a sufficiently large base or hinterland, can really develop the depth and liquidity in its capital market to attract issuers, intermediaries and investors beyond its borders. This is particularly relevant since the country would be competing against established offshore centres in the region and against New York, the leading financial centre in the Western Hemisphere.

Accordingly, this paper addresses some issues relevant to positioning Trinidad and Tobago as the PCFC. Section 2 briefly profiles the Caribbean financial sector, which essentially depicts several untapped market segments. Section 3 examines the state of readiness of Trinidad and Tobago for expanding into overseas financial business, while Section 4 proposes a sketch of the business model of the PCFC. Concluding remarks are made in Section 5.

2. The Caribbean Financial Services Industry

The global financial services landscape is rapidly and pervasively changing. Boundaries separating banks, trust companies, finance houses, insurance firms and securities dealers have disappeared or are fast disappearing. Institutional investors and capital markets – fixed income and equity markets and the fund management industry – are becoming the main conduits for raising money and channelling savings. Most importantly, as investors can manage money and access markets from just about anywhere in the world, technological advances are eroding the geographic advantage of financial centres being situated in favourable time zones.

The financial services industry in the Caribbean has also been experiencing similar changes, albeit at a much slower pace. Although most Caribbean countries have a fairly high degree of financial depth (measured by ratios of gross domestic product (GDP) to broad money, assets and private credit), their financial systems are largely bank-centric (see Table 1). Capital is still largely controlled by commercial banks, which account for between 45-75 percent of total financial system assets. Three or four of the largest banks typically hold the lion's share of these assets. Banks lend mainly short term to finance firms' working capital and households'

Table 1
Summary Data on the Caribbean Financial Sector

	Bahamas	Barbados	Belize	Jamaica	OECS	T&T
GDP (US$M)	4,497	2,490	687	6,788	n.a.	6,789
GDP per capita (US$)	15,070	9,500	2,827	2,660	n.a.	5,281
Liabilities/GDP (%)	55	74	61	35	70	54
Market Share (%)						
Banks	53	62	74	65	72	46
Near-Banks	9	8	n.a.	28	n.a.	25
Dev. Banks	1		8	5	3	1
Credit Unions	2	5	12	2	5	5
Insurance	12	11	5	n.a.	4	15
Soc. Security	19	15	n.a.	n.a.	16	8
No. of Banks	9	7	4	9	24	5
ConcentrationThree *largest banks (%)*	*56*	*60*	*n.a.*	*64*	*n.a.*	*55*
Banks						
ROE (%)	24.5	13	61.1	19.6	n.a.	17.6
ROA (%)	3	1.8	4.7	0.8	n.a.	1.7
Capital Adequacy (%)	10	14.9	12.5	20.8	n.a.	17.5

Source: Worrell *et. al.* (2001), Financial System Soundness in the Caribbean: An Initial Assessment, IMF Working Paper, No. 01/123, Washington, DC.

Notes: n.a. means not available.

acquisition of assets (houses, motor vehicles, and personal loans). Banks also provide finance to governments. Financial risks are, therefore, heavily concentrated in the banking system.

Institutional investors– pension funds, insurance companies and fund managers – have a diverse but growing presence in the Caribbean, especially in Trinidad and Tobago, where they have been gaining market share over the past few years. A host of other financial institutions comprising finance companies, mortgage banks, development banks, credit unions and building societies populate the landscape. The share of the non-bank sector ranges widely between 1- 28 percent of total financial system assets.

Equity markets in the Caribbean are quite shallow, with a small base of about 85 listed companies on the stock exchanges in Barbados, Jamaica and Trinidad and Tobago. At around US$30 billion, total market capitalisation is just under half of 1 percent of global market capitalisation. New equity issues are rare in the region, which partly explains the strong performance of cross-listed securities. Government securities dominate debt markets and secondary market trading is limited. Repo activity – a key building block of a vibrant debt market – is picking up in Jamaica and in Trinidad and Tobago.

Offshore financial centres are common in the smaller Caribbean territories, offering financial services exclusively to non-residents. The major centres are The Bahamas, Bermuda, Cayman Islands, the Netherlands Antilles, Barbados and the British Virgin Islands. The Bahamas offshore financial sector is one of the largest in the Western Hemisphere, with 35 of the top 100 global banks managing nearly US$300 billion in assets. Regional offshore financial centres have recently faced increased concerns about tax evasion, money laundering, and terrorism financing. The supervisory authorities have had to strengthen legislation to bring these regimes into compliance with international standards, closing some shell companies in the process.

Some financial and corporate entities occasionally use sophisticated financial products such as convertible bonds, asset-backed securities and derivatives to hedge exposures to interest- and exchange-rate risks. Trinidad and Tobago's derivatives market, for example, has a small number of (potential) traders and speculators, no domestic regulatory body and limited financial resources to establish a clearinghouse. The lack of liquid benchmarks to price credit risks and credit ratings for most corporates limits effective price discovery. In 2004, a regional credit rating agency – Caribbean Credit Rating Information Service (CARICRIS) Limited – was established and should allow investors to assess credit risk on debt instruments on a consistent and comparable scale.

Venture capital funds and other advanced mechanisms for financing small and medium enterprises and higher risk companies with growth and profit potential are virtually non-existent. Only eleven venture capital firms are active in the region with a combined small investment base of just over US$100 million. As a result, the region has a large untapped market of creditworthy entrepreneurs and small-to-medium size enterprises that need capital and advanced financial services.

A regional financial centre would undoubtedly add an essential dimension and dynamism to Caribbean bond and equity markets, and to the easier availability of world-class financial services. International financial players attracted to such a centre would introduce highly needed corporate advisory services, debt and equity capital placements, and project finance services. They would also help accelerate regional privatisation drives, enhance the level and scope of asset management services, and help upgrade the region's insurance and reinsurance markets.

Furthermore, a truly regional exchange, on which all financial instruments can be listed, will attract Caribbean companies to list their shares and other issued securities. This, in turn, will help to attract portfolio flows to the region, and accelerate its process of integration with world markets.

3. Trinidad and Tobago's State of Readiness as a World Financial Player

A financial centre consists of a high concentration of financial institutions and underlying markets that allow for more efficient transactions than other locations. Both demand and supply factors influence the clustering of financial services and institutions at a particular location. These include market openness, low cost of funds, geographic location, a well-developed infrastructure and an ample supply of skilled labour. High volumes of information flow from trade or other commercial activities also support financial activities. The larger the market grows, the greater the efficiency, liquidity and information flows that generate a critical mass, which in turn, attracts more market players and more liquidity.

Given the intense competition, its late start, and several notable start-up failures (Malta, Belize), Trinidad and Tobago will need to assess its state of readiness and develop a viable strategy for quickly establishing itself in the business of global financial services. The underlying criterion is that the jurisdiction must inspire trust and confidence. A SWOT analysis of the financial sector in Trinidad and Tobago reveals the following:

A. Strengths

Location, Climate and Culture: Trinidad and Tobago is strategically located at the southernmost point of the Caribbean archipelago between North and South America with complementary time zones. It is less exposed to severe weather-related risk, lying south of the active hurricane belt. There is an ideal tropical climate year-round. The country is multicultural, reflecting influences from Africa, China, the Middle East and India.

Political and Social Stability: Trinidad and Tobago has enjoyed relative political stability and undergone four democratic, peaceful transfers of power in the last two decades. Although the various races live together in relative harmony, providing ethnic and religious diversity, there are occasional political noises tinged with racial overtones.

Economic Stability: Since the mid-1990s, Trinidad and Tobago's economic performance has been strengthening, as evidenced by buoyant growth for more than a decade led by the energy sector, low inflation and a strong build-up of external reserves. The economy weathered the global slowdown in 2001. Much of these achievements are due to basically sound policies, although the more recent improvements in fiscal and external outcomes have also been helped by the pickup in energy prices, which are masking underlying vulnerabilities. Medium-term prospects appear bright.

***Legal System*:** Commercial, civil, and criminal law codes are well developed and, by and large, based on English law. This ensures clarity in, and acceptance of, the outcome of the litigation process, which is often an essential recourse in the resolution of complex financial claims. There is a long democratic tradition supported by the rule of law, which is formulated by an elected legislature and administered by an independent judiciary, with the ultimate appellate body being the Queen's Privy Council, soon to be replaced by the Caribbean Court of Justice in many jurisdictions.

***Quality of Life*:** Trinidad and Tobago ranks 54^{th} among 177 countries in the 2004 Human Development Report. Its Human Development Index (HDI) at 0.801 is above the average of 0.663 for developing countries and 0.777 for Latin America and the Caribbean. Trinidad and Tobago is host to numerous multinational corporations, mainly in the energy sector. Most of the amenities to which expatriates are accustomed are easily available. Access to schools is not difficult; two international schools (US, Canada) recently expanded operations. Private medical facilities are good. There is an adequate stock of quality residences, apartment complexes, and office space with good infrastructure and ambience.

***Professional Skills*:** Trinidad and Tobago has a well-educated and skilled labour force. The adult literacy rate is 98.5 percent and the workforce in the financial sector has a small but growing pool of professionals, some of whom have qualified and practised in advanced financial centres.

***Financial System*:** Table 2 shows that Trinidad and Tobago's financial services industry boasts a range of institutions, markets, and instrůments, including:

- A few prominent and professionally managed banks and insurance companies that are aggressively expanding into the Caribbean. Some of these institutions have existed for a few decades and are leveraging their accumulated wealth of knowledge and experience for regional expansion.

- The Trinidad and Tobago Stock Exchange (TTSE) will soon join other exchanges in the region in the implementation of an automated trading system. Listed and quoted shares as well as corporate bonds are already settled through the Central Depository System (CDS). This infrastructure will help in the establishment of a Regional Stock Exchange.

- The Central Bank of Trinidad and Tobago (CBTT) regulates and supervises banks, trust and mortgage finance companies, and finance houses and merchant banks. It recently expanded the regulatory and supervisory net to insurance companies and private pension funds. The payment system has been upgraded to operate on a real-time gross settlement (RTGS) basis, allowing for easier, faster and more efficient transaction settlements, and will be linked to an international payments infrastructure, SWIFT.

B. Weaknesses

***Regulatory Framework*:** While some strides have been made in strengthening the regulatory and supervisory framework for the financial system, the governing legislation is still archaic in many instances. The present insurance legislation, for instance, inhibits the supervisory authority from taking prompt corrective action against troubled firms and does not address strategic alliances with banks. Moreover, the system is subject to three different regulatory authorities – the CBTT, the Trinidad and Tobago Securities Commission (TTSEC) and the Commissioner of Co-operative Societies. The lack of a unified and harmonised approach to financial supervision creates room for regulatory arbitrage.

***Potential Systemic Risks*:** The growing exposure of the financial sector to the Eastern Caribbean raises contagion risk. Many countries in the Eastern Caribbean face weak growth prospects and have high public debt ratios in excess of 90 percent of GDP, underscoring the need for supervisory authorities to pay closer attention to the portfolios of those institutions with direct exposure to such sovereigns. The presence of some marginal, undercapitalised, illiquid and poorly staffed insurance companies, writing mostly motor and general insurance, may be viewed as a source of systemic risk.

***Tax Treatment*:** Significant differences exist in the tax and regulatory treatment of various financial service providers and their products. The blurring of traditional business lines is leading insurance companies and banks to issue products that appear similar, but which have different regulatory structures. Commercial banks are subject to both reserve requirements and deposit insurance; insurance companies make no such payments.

***Product and Business Innovation*:** The dominant position of a handful of large players inhibits competition and innovation in terms of products and business models. There is barely sufficient secondary market trading in bonds and stocks.

***Pension System*:** The fragmented nature of pension legislation has made it very difficult to manage and supervise both public and private pension funds. This raises the risk of insufficient asset accumulation to finance the future pensions of the current employed labour force. The public pension system appears to be severely under-funded and, unless reformed, could prove destabilising for the economy given the population ageing expected over the next two decades. Quantitative restrictions on investment opportunities for pension funds have limited their ability to diversify internationally and mitigate local markets risks. There has also been much conflict about the ownership of surpluses accrued in a pension plan.

Capital Market: The TTSE is characterised by low volume, poor liquidity and lack of depth. The disclosure, reporting and dissemination of information are very inadequate and hinder the proper evaluation of business and credit risks. The absence of appropriate yield curves has limited the efficient pricing of bonds. Low confidence also stems from the lack of transparency in dealings and weak mechanisms for takeover bids.

Physical Infrastructure: Trinidad and Tobago needs enough communication bandwidth at costs that are relatively cheaper than those in North America in order to efficiently process financial operations. There are insufficient air links between Trinidad and Tobago and the rest of the world. The shipping port in Port of Spain urgently needs modernisation. Roads into Port of Spain are increasingly congested even beyond the rush hour period.

Skilled Manpower: An insufficient number of professionals with international exposure may be one of the reasons for the lack of innovation in the provision of financial services. The industry has no defined institutional set-up for the continued training and upgrading of skills of its human resource base, especially in new areas such as asset securitisation and financial engineering. Only about 6 percent of the population has tertiary education. In addition, the population is not bilingual which is a disadvantage, given the country's proximity to the lucrative Latin American market.

Crime: Societal fears fuelled by the increase in murders, robberies, wounding as well as the spate of kidnappings, particularly among the business community, are worrying. The number of serious crimes has averaged 17,200 over the last five years, while the prosecution rate for serious crimes is around one-third. There are therefore some concerns that law enforcement may not be as effective as desired.

C. Opportunities

Learning from the Experiences of International Financial Centres: It would be useful to distil the experiences of traditional, successful financial centres such as New York and London and to learn from more recent centres in Ireland, Singapore and Australia. Emerging centres such as Dubai and Bahrain and unsuccessful start-ups in Malta and Belize can also provide useful lessons.

***Identifying Niche Markets*:** Fund management is one of the fastest growing segments in the financial services industry worldwide. Capital is flowing to countries that provide superior returns for the given level of risks. This shift from traditional bank deposits to investment products is accelerating in the region and creates opportunities if Trinidad and Tobago can inspire the necessary investor confidence and offer the appropriate products. Tentative steps have already been taken towards repackaging assets and developing new instruments such as zero coupon bonds and securitised receivables.

***Market Positioning*:** Trinidad and Tobago can be positioned as the conduit through which funds will be invested in markets in North America, Europe and Asia and the centre where foreign fund managers would locate their operations to manage money from North America, Europe and Asia that is intended for investment in the region. Financial opportunities could flow from North/South trade (entry point to the Free Trade Area of the Americas (FTAA) for European producers) and South/South trade (intermediary for India and Brazil, two populous emerging markets negotiating a bilateral trade agreement). The diaspora markets in the UK and North America also offer possibilities worth exploring.

***Establishing a Regional Exchange*:** The TTSE can play a more dominant role in mobilising funds for investment in the region and serve more as a regional stock exchange, moving from managing about 30 listed stocks to providing reliable and liquid markets for a wider range of financial instruments.

***Seeding the Centre*:** If the headquarters of the larger local banks and insurance companies are relocated to a site designated for the regional financial centre, this would help in seeding the centre. Bundling some of the general insurance premiums directed into overseas captives or to foreign reinsurers would also contribute to seeding. Back-office functions such as insurance premium processing, fund administration, share registration and credit card processing could be offered to overseas business in a low-cost environment. The centre could also be the home for a regional catastrophe fund.

D. Threats

Trade Liberalisation: The main threat is from current multilateral World Trade Organisation (WTO) and regional (FTAA) negotiations on trade in financial services. Domestic players will increasingly face competition along the entire value chain of activities from foreign financial institutions that have the advantage of both size and global reach.

Table 2
Trinidad and Tobago: Financial System Institutional Composition of Assets
(TT$ Million)

Institution	1966	1975	1980	1985	1990	1995	1999	2001	2002
Central Bank	73	1,994	7,188	5,578	7,010	7,646	8,556	12,481	15,592
Commercial Banks	300	1,555	5,216	10,165	12,178	20,054	26,474	32,933	38,137
Finance Companies & Merchant Banks	-	80	485	1,235	1,172	2,090	4,014	4,792	6,251
Trust and Mortgage Finance Companies	-	159	655	1,856	1,823	3,740	4,890	9,159	8,907
Development Banks	4	74	297	980	1,076	993	1,009	1,349	1,327
Credit Unions	13	53	211	695	1,722	2,500	2,800	2,838	n.a
Insurance companies	-	362	806	2,034	3,686	5,462	8,500	n.a	n.a
Thrift Companies	10	42	60	92	102	78	81	75	63
National Insurance Board	-	150	530	1,570	2,414	3,284	4,795	6,397	7,185
Stock Exchange	-	-	-	1	3	9	18	19	22
Unit Trust Corporation	-	-	-	21	335	1,316	2,826	4,420	5,579
Deposit Insurance Corporation	-	-	-	-	67	193	318	431	515
Home Mortgage Bank	-	-	-	-	283	656	773	837	886
Trinidad and Tobago Mortgage Finance					1,075	1,004	1,120	1,326	1,406

Source: Government of the Republic of Trinidad and Tobago (2004), Reform of the Financial System of Trinidad and Tobago – A White Paper.

Complacency: Existing dominant players could become complacent and satisfied with their current market positions. This would result in the transfer of domestic savings out of Trinidad and Tobago into global markets through more efficient international financial institutions. There are signs that this process is already at work.

4. Proposed Business Model for the Pan Caribbean Financial Services Centre

Financial centres take many forms, capitalising on existing strengths and on surrounding market realities. Booking centres or tax havens encourage overseas entities by offering tax incentives, light regulation and supervision, confidentiality and geographic location. The booking centres in the Caribbean are used largely by US investors, while the Channel Islands and Gibraltar are employed mainly by UK and continental European investors.

Regional financial centres have arisen within geographical economic groupings. They offer incentives to international financial service providers but also encourage a significant local presence. Global financial institutions locate in these centres to be closer to their multinational clients and participate in the accumulation of funds and other international financial activity both within and outside the region. Examples of such regional financial centres are Ireland, Hong Kong, Luxembourg, Singapore, Bahrain and Miami.

London is considered the largest and most competitive international financial centre in the world. It offers a range of advanced financial services from its domestic market. International businesses locate in such centres to source the best financial facilities available worldwide, within an open, flexible and prudent regulatory regime.

A Pan Caribbean Financial Services Centre can potentially serve at least twenty-one countries in the Caribbean and Central America encompassing a combined market of some 90 million persons and a combined GDP estimated at more than US$65 billion (see Table 3).

By offering appropriately structured investment incentives, the regional financial centre can combine the low tax status of traditional offshore financial centres, such as Bermuda and Jersey, and the high transparency and world class status of established international financial centres, like London, New York and Singapore. It should focus on attracting the world's leading financial institutions, including global banks, investment banks, fund managers, insurance and reinsurance companies, and professional financial service providers.

It will provide vital services in the areas of: capital markets; corporate finance; project finance; venture capital and private equity; corporate treasury and asset management; pension fund management and administration; mergers and acquisitions; credit rating; and insurance and reinsurance.

Such a structure could see the elevation of the TTSE to the status of a Regional Stock Exchange on which all financial instruments can be listed and traded. The exchange would be totally electronic and not restricted to one product type; it would include energy and weather derivatives as well as equities, bonds, oil contracts and other instruments.

Table 3
Potential Pan Caribbean Countries: Selected Statistics

Country	Area (000 sq. km)	Population (million)	GDP (US$ Billion)
Antigua and Barbuda	4.4	0.1	0.8
Bahamas	13.9	0.3	5.3
Barbados	0.4	0.3	2.6
Belize	22.9	0.2	1.0
Dominica	0.7	0.1	0.3
Grenada	0.3	0.1	0.4
Guyana	215.0	0.8	0.7
Haiti	27.8	7.2	2.7
Jamaica	10.9	2.5	7.8
St. Kitts and Nevis	0.2	0.1	0.4
St. Lucia	0.6	0.1	0.7
St. Vincent	0.4	0.1	0.4
Suriname	163.2	0.4	1.2
Trinidad and Tobago	5.1	1.3	10.2
Costa Rica	50.9	3.4	17.5
El Salvador	21.0	5.7	14.4
Guatemala	108.9	10.6	24.7
Honduras	112.1	5.6	7.0
Nicaragua	130	4.1	4.1
Cuba	110.9	10.9	30.2
Dominican Republic	48.7	7.9	15.9
Panama	77.1	2.6	12.9

Source: CMMB Research Department.

Regional governments and companies could tap the regional financial centre not only to raise debt, a process which has already started, but also to raise equity financing and to list their issued shares and other securities on the Trinidad Regional Exchange. This should encourage foreign and regional investors to have their wealth managed through regionally registered asset managers, rather than through other financial centres. A portion of these investments could be made in equity and debt instruments listed on the Trinidad Regional Exchange and invested directly in regional markets.

The drafting of a legal framework, which incorporates world-class regulation and complies with international standards, is a necessary precondition. The framework must begin with a Financial Services Act governing all aspects of the PCFC and extending to corporate and commercial laws, including company, insolvency, securities and collateral, data protection, privacy and anti-money laundering laws.

Specific regulations must govern PCFC sector activities, including reinsurance, asset management, institutional banking and securities trading. The Centre's governing laws and regulations would be familiar to the major international banks and financial institutions because they would be based on existing legislation governing similar jurisdictions like the City of London.

5. Concluding Remarks

Trinidad and Tobago has the potential to fully develop as a regional financial services centre. Over the last decade, several initiatives have explored this possibility, but unfortunately they were never taken forward. Given its late stage of entry into the business of being a regional financial centre and the intense international competition for financial business, achieving this ambitious goal requires strong Government support and the allocation of full-time resources.

In late 2003, the Government appointed a Committee to prepare a White Paper on the financial system of Trinidad and Tobago. The Committee made the following recommendations that would help develop Trinidad and Tobago as a Pan Caribbean financial centre:

- Upgrade the legislative framework in line with international best practices, where appropriate, across all segments of financial activity -banking, capital markets, insurance, pensions, mutual funds, credit unions and venture capital;

- Require all companies engaged in the provision of financial services to adopt international financial reporting standards;

- Upgrade the supervisory framework, shifting the emphasis from rules – based to a risk management approach and establishing a Regulatory Council as a first step towards creation of a Mega-regulator for the financial sector;

- Review tax incentives (withholding tax on interest income, reserve requirements and deposit insurance) to ensure that the financial sector is competitive;

- Liberalise the telecommunications sector to keep pace with technological developments and the provision of telecommunications services at competitive prices;

- Expedite the development of a competition policy for the financial sector, including rules to deal with unfair practices and to protect consumers;

- Ensure that commitments under trade agreements do not inhibit the financial system;

- Upgrade the Office of the Banking Ombudsman to that of a Financial Institutions Ombudsman to provide an alternative dispute resolution, and

- Develop a strong human resource capability to manage the financial services industry.

When the sector-specific recommendations are added to this list, the range of tasks is certainly a tall order. Given that Trinidad and Tobago is seeking to become a regional financial services centre at a rather late stage, success will depend on speed, effective coordination and sustained commitment. It is therefore imperative to establish a small but powerful Task Force to take leadership of the PCFC initiative. The Task Force should:

- Be headed by a senior financial executive with considerable industry experience and marketing expertise;

- Provide policy advice on the PCFC to the Government;

- Coordinate the overall implementation effort;

- Develop a promotional campaign to internationally raise Trinidad and Tobago's profile in the financial services arena;

- Draw its membership from both the private and public sectors; and

- Develop a detailed and comprehensive implementation schedule.

As financial activities tend to be attracted to centres with a low regulatory burden, the authorities would need to strike a balance between financial soundness and credibility, while not overly restricting financial innovation and market development.

Trinidad and Tobago's participation in a joint International Monetary Fund or World Bank Financial Sector Assessment Program should contribute to assessing progress thus far and planning for future financial development.

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