

2ND CONFERENCE



FINANCIAL RISK ASSESSMENT IN AN INTEGRATING REGION: THE CARIBBEAN

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Challenges and Progress in the Financial Stability Architecture in Trinidad and Tobago

Outline of Presentation

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1. Progress in Local Architecture

- Financial Stability Organization
- Regulation of Systemically Important Financial Institutions
- Regulatory Model

2. Regional/Cross-border Regulatory Initiatives

- Consolidated Supervision
- Macro Prudential Monitoring
- Basel II Implementation
- Insurance Capital Adequacy regulations
- CAIR Insurance Statistics

3. Crisis Management

- National Plan
- Regional Plan

Progress in local Architecture

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1.1 *Financial Stability Decision Making Framework*

- expanded the FSC and Terms of Reference
- established a Financial Stability Secretariat
- new Financial Stability Report from 2014
- Established separate unit

Progress in local Architecture

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1.2 *Regulation of SIFIs*

- deemed 5 institutions as SIFIs
- bring SIFIs under the regulatory ambit of the Central Bank
- international standards to be applied to regulations

Challenge: diverse pieces of legislation today

Progress in local Architecture

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1.3 *Single Financial Regulatory Authority*

- 3 separate regulators today
- Deliberation on the benefits and disadvantages of the various models

Challenge: no model proven as the best

Regional Initiatives

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2.1 *Consolidated Supervision Framework for banks and insurance companies*

- framework established for banks only
- Inadequate legislation to permit on-site examinations
- lack of legislation for insurance companies
- Banks' regulatory reporting not fully implemented

Regional Initiatives

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2.2 *Monitoring Prudential Indicators in normal times*

- Objective is to harmonize indicators used for non-crisis or normal times.
- Pilot implementation underway in CGBS
- *Challenge*: data gaps and inconsistencies

Regional Initiatives

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2.3. Basel II implementation

- CGBS Technical Working Group
- In the process of preparing guidance notes for harmonization

Challenge: jurisdictions at various stages.

2.4. Insurance Policyholder Valuations

- Regional standards for actuarial standards
- Will be based on upcoming international standards

Crisis Management

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3.1 *National Financial Crisis Management Plan*

- In working-document form for T&T
- Fashioned along lines of the RCMP
- Several jurisdictions have completed or in the process of development

Challenges:

- Gaps in the legislations to deal with resolution.
- Consideration of lessons learned.

Crisis Management

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3.2 *Regional Financial Crisis Management Plan*

- Currently in draft form
 - On hold at the moment
 - Needs to be simulated
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- *Challenges:*
Some policy issues remain undecided
Insurance companies are not included

THANK YOU!