



FINANCIAL REGULATORS'  
APPROACH TO  
**FINTECHS**



CENTRAL BANK OF  
TRINIDAD & TOBAGO



The Central Bank of Trinidad and Tobago (CBTT), in collaboration with the Trinidad and Tobago Securities and Exchange Commission (TTSEC) and the Financial Intelligence Unit of Trinidad and Tobago (FIUTT), has established a framework for the regulation and supervision of entities that offer products and services based on financial technology (Fintechs). The Regulators recognise that developments in financial technology potentially offer tremendous possibilities for advancing e-payments and e-commerce generally, as well as for promoting financial inclusion.

Both the CBTT and the TTSEC have developed Fintech Policies to guide their approach to Fintech. These policies seek to promote an environment for financial innovation while mitigating risks to the public, and have guided the Regulators' approach to the establishment of a Regulatory Innovation Hub and Regulatory Sandbox. In addition, CBTT is updating its Payments System guidelines and has developed an E-Money Policy. The latter has informed the Government of the Republic of Trinidad and Tobago's (GoRTT) E-Money Issuer Order, which came into operation from August 4, 2020 (see [Legal Supplement Part B–Vol. 59, No. 138–4th August, 2020](#))

## WHAT IS FINTECH?

Fintech is a broad term used to describe new technology that seeks to improve and automate the delivery and use of financial services. This may be used by entities such as E-Money Issuers seeking to issue electronic payment instruments such as digital/mobile wallets; payment service providers who offer payment solutions to facilitate bill payments, other online payments; and virtual asset service providers.

## HOW WILL THE REGULATORS ASSESS FINTECHS?

Fintech products, services and business models will be assessed, and fintech queries addressed, by a multidisciplinary team within the regulatory agencies upon submission of a query or application to the Regulatory Innovation Hub. The team will comprise personnel with expertise in payments, fintech, IT, legal and regulatory matters.

## WHAT IS THE REGULATORY INNOVATION HUB?

The Regulatory Innovation Hub is a portal that will allow entities to seek guidance on the regulatory requirements for their proposed financial technology products and services.



## HOW WILL THE HUB ASSIST FINTECHS?

The Hub will:

- provide a central point of contact with the Regulators;
- provide information and guidance on regulatory and operational requirements for persons wanting to offer Fintech products and services (complete Form A for Regulator's response); and
- allow persons to submit applications for approval of Fintech products and services (complete Form B or EMI Form).

## HOW WILL THE HUB BE MANAGED?

The Hub will be managed by personnel from the Regulatory agencies that comprise the Joint Fintech Steering Committee. Information submitted to the Hub will be viewed simultaneously by Regulators, who will collaborate to determine how the particular enquiry or application should be handled, and provide appropriate feedback as required.

## HOW WILL ENTITIES ENGAGE IN THE HUB?

Entities requesting information or submitting a query on their product/service should complete the **Request for Information Form (Form A)**. Once Form A is submitted the requisite Regulator will respond to the request.

Entities wishing to meet with a Regulator, to discuss their finished Fintech initiative, will be required to complete the **Registration Application Form (Form B) or E-Money Issuer Registration Form** along with the requested documentation.

Once a completed Form B or E-money Issuer Registration Form is submitted, the following Steps would be applicable:

STEP 1 – A meeting will be scheduled with the entity to discuss the Fintech initiative once the Regulators are satisfied that all the mandatory information has been submitted. A complete application must include all the required documents as per Form B.

STEP 2 – The Evaluation Process may result in one of the following recommendations:

- i. Approval under existing legislation which may be with or without conditions (where applicable); or
- ii. Testing in the Regulatory Sandbox; or
- iii. Objection to or Refusal of the proposed product or service.



## WHAT IS THE REGULATORY SANDBOX?

The Regulatory Sandbox is an arrangement that is being established by the Regulators to provide entities with the facility to test innovative financial products or services; business models and/or delivery mechanisms, in order to determine the readiness of the product/ service for public consumption. Entities entering the Regulatory Sandbox must have already been assessed via the Regulatory Innovation Hub; and their products or services determined acceptable for testing in the Sandbox. Upon approval by the Regulators to enter the Sandbox, Fintechs will be issued a provisional registration for a specific period of time; and subject to certain terms and conditions, and to close monitoring, by the Regulators during their time in the Sandbox.

The overall objective of the Regulatory Sandbox is to determine whether the innovative financial product or service can be introduced safely into the domestic financial environment.

The Regulatory Sandbox will be rolled out in 2 phases. **Phase 1** will allow E-Money Issuers (EMIs) to be tested in the Sandbox. The E-Money Issuer Order allows for provisional registration of the entity. The provisional registration would allow the EMI to operate for a limited period (six months as specified in the Order) with a limited amount of customers and the CBTT may choose to waive one or more of the registration requirements or may add conditions and limitations on the entity's operations to protect consumers and mitigate risks to the payments space, while it assesses the entity's ability to comply with the registration requirements.

The CBTT may extend the provisional registration for a further six months, if it considers that good progress has been made but that the entity needs some more time to meet all the registration requirements set out in the Order before granting an annual registration.

The proposed **Phase 2** will extend to broader Fintech initiatives that may span the purview of all the Regulators. These may require regulatory amendments to each of the Regulators' legislative frameworks to allow the establishment of the Sandbox and the ability to grant provisional licences/ registration.

For further information, please email the Central Bank on [fintechvc@central-bank.org.tt](mailto:fintechvc@central-bank.org.tt) or contact us via telephone on 621-2288 or 235-2288.

