



Fintech and the Trinidad and Tobago Securities Market

The pervasive nature of Fintech and other digital innovations in the financial sector have the potential to transform the securities industry in Trinidad and Tobago, and enhance our global attractiveness for investment potential. This transformation may improve the efficiency of the market whilst reducing transaction costs and encouraging growth in the local securities industry. Although such opportunities exist, innovation without proper institutional safeguards can pose serious risks to investors and negatively impact the stability of the financial markets.

What is Fintech?

“Financial technology” or “Fintech” is a combination of financial services and information technology. According to the International Organization of Securities Commissions (IOSCO), the term Fintech is used to describe a variety of innovative business models and emerging technologies which can potentially revolutionise the financial services industry. These innovative products and/or systems can compete with or enhance traditional financial services.

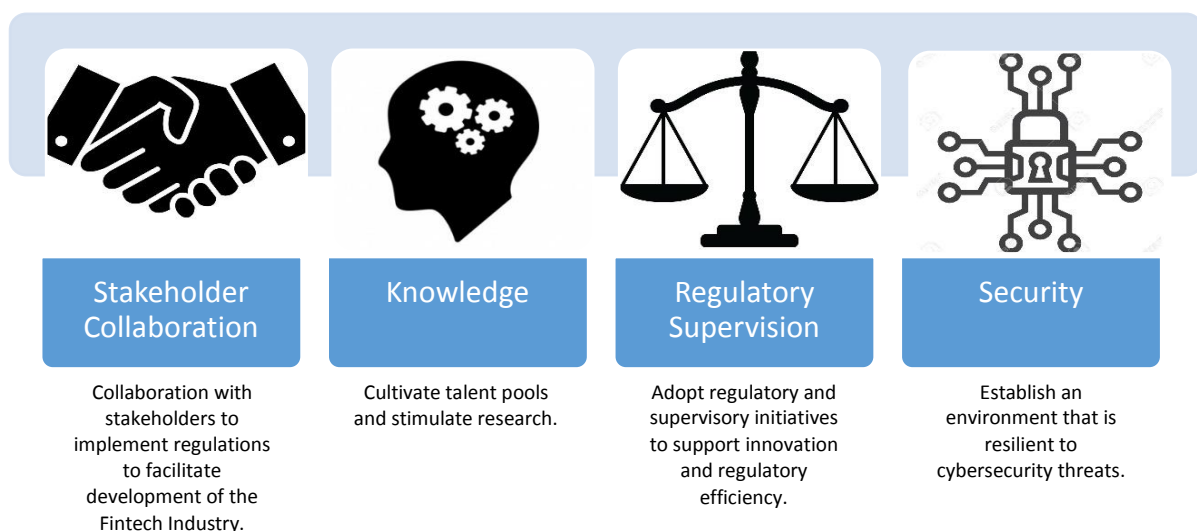
Mark Carney, the current Governor of the Bank of England stated, *“FinTech’s true promise springs from its potential to unbundle banking into its core functions of: settling payments, performing maturity transformation, sharing risk and allocating capital.”* Examples of such products and/or services in relation to the securities sector include:

- Automated Advice Tools (i.e. Robo-advisers),
- Debt Crowdfunding,
- Equity Crowdfunding,
- Digital Currency Exchange,
- Initial Coin Offerings/Tokens and
- Blockchain Securities.

TTSEC's Approach

The TTSEC intends to create a holistic long-term approach to stimulate innovation and growth of the securities industry of Trinidad and Tobago, while ensuring robust investor protection, market integrity and financial soundness.

Accordingly, the TTSEC has developed a policy position on Fintech that is premised on four fundamental pillars - Shareholder Collaboration, Knowledge, Regulatory Supervision and Security, as illustrated below:



The first step in our approach to the constructive regulation of the Fintech sector included the release of a public statement on March 13th 2019, seeking to advise the public on the potential advantages of Fintechs in the securities industry. This became necessary as companies purporting to deal in Fintech and/or crypto assets began entering the local financial market. Such companies have created apprehension in potential investors who have begun to regard Fintech related products in a negative light.

The TTSEC has observed some unsafe investment practices, as many of these companies promise high returns on investment in their products but do not make full disclosure to their investors.

The statement was also aimed at information gathering, as potential Fintech providers were given the opportunity to approach the TTSEC and determine whether their products or services were regulated activities.

While Fintech presents many opportunities for the sector, it may also pose risks to the investor. Therefore, the TTSEC is inviting Fintech companies in Trinidad and Tobago to engage in discussions, to fully explore the nature of the systems to be introduced into the environment.

Any current and future Fintech providers can contact the TTSEC via the following email address: fintech@ttsec.org.tt. The market can look forward to future information being released by the TTSEC related to Fintech.

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