

OPENING REMARKS BY DR. KIM MALLALIEU, DEPUTY CHAIR OF THE  
TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO, AT  
EXPLORING INNOVATION IN TRANSACTIONS AND FINANCING IN THE  
CARIBBEAN II WORKSHOP

THURSDAY APRIL 27TH 2017, PARLIAMENT BUILDING, PORT OF SPAIN

SALUTATIONS

It is a privilege to be given the pleasant task of welcoming you all to this workshop on Exploring Innovation in Transactions and Financing in the Caribbean II.

I am particularly pleased that the Telecommunications Authority of Trinidad and Tobago has had the opportunity to host yet another significant regional International Telecommunications Union event in conjunction with the Economic Commission for Latin America and the Caribbean and the Caribbean Telecommunications Union.

Just eleven months ago, the first Exploring Innovation in Transactions and Financing in the Caribbean workshop was held here in Trinidad. It generated considerable interest in exploring how transactions and financing can be improved in the region. The level of interest shown at that workshop led to the hosting of this follow-on event.

Ladies and gentlemen while electronic payment has been growing in popularity around the globe, slowly but surely Caribbean entrepreneurs, the traditional business community, regulators, governments, government agencies and other regional leaders are recognizing the benefits of more richly and more deeply leveraging Information and Communications Technology (ICT) in finance. Since we last met, tangible strides have been made towards the reality of digital financial services

(DFS) in the region. For example, at the 15th Ministerial Strategic ICT Seminar in Antigua, Oliver Gale, President and CFO of the Barbados based e-payment firm, Bitt Inc, and Selby Wilson of the CTU, signed a three year MOU to establish a framework for collaboration and co-operation.

The success of digital finance is inextricably linked to a number of enabling factors including but not limited to a healthy, vibrant telecommunications sector with considerable investment in infrastructure, as well as with high penetration rates and affordable access.

In the case of Trinidad and Tobago, the telecommunications and broadcasting sectors grew from TT\$3.3 billion in revenues in 2006 to an estimated TT\$5.51 billion in 2016, the latter 3.8% of GDP. During this period, mobile and Internet services experienced double digit growth. Mobile voice subscriptions rose from 1.5 million subscribers in 2006 to 2.2 million in 2016. The demand for fixed Internet services increased from 82,000 in 2006 to an estimated 255,000 in 2016. Of particular note is the increase in mobile Internet subscribers from 10,000 in 2007 to 707,000 in 2016. With approximately 63% of mobile voice subscriptions using mobile Internet, digital financial services could potentially meet a considerable market, immediately on introduction.

Since its establishment in 2004, TATT has played a central role in the development of the telecommunications sector and facilitation of service offerings. In 2016, the Authority made an important step towards universal access to affordable basic telecommunication services. The first phase of this project will facilitate free Wi-Fi at specific public locations such as hospitals, libraries and transportation hubs. Other initiatives, soon to come on stream, will improve digital access through the provision of assistive technologies to persons with disabilities and facilitate the development of infrastructure in underserved communities. As services become increasingly affordable and accessible, demand for value added services such as mobile money will increase.

Indeed while infrastructure, penetration, access and value added services bolster digital finance, so too will the growth in digital finance chip away at the digital divide in a virtuous circle. The poor often save small amounts, send and receive money from relatives, pay bills, borrow from suppliers and others to meet obligations, even in the absence of bank access. To satisfy their needs, most low-income consumers make use of informal financial mechanisms that are often insecure, unsafe, inefficient, and more costly than necessary. The ITU-T Focus Group on Digital Financial Services estimates that the use of agents and digital channels may reduce the cost of financial transactions by as much as 90%. DFS is

therefore of keen interest as a solution to the financial needs of poor and unbanked consumers.

TATT's role in the successful deployment, uptake and impact of digital finance is expected to extend beyond its traditional mainstays in accordance with the ITU's expectations that, even while financial regulators and policymakers assume primary responsibility for DFS policy development, regulation and supervision, telecommunications authorities will play an increasingly prominent role in DFS policy development particularly with respect to issues such as quality of service (QoS), data privacy and security, consumer protection and interoperability.

At the same time that DFS offers the potential for improving services and reducing costs for consumers in the financial and non-financial sectors, the challenges do not escape us: consumer acceptance amidst concerns regarding fund protection and data privacy; and regulators' concerns of how to effectively regulate DFS amidst non-traditional service providers, the latter validated by survey responses from central banks across the Caribbean.

So our tasks over the next 2 days are considerable. We must treat with issues such as:

- 1) Those raised by the ITU's Focus Group on DFS which include best practice in consumer and data protection
- 2) Bold actions necessary to develop the region without stifling innovation;
- 3) Contemporary market and regulatory developments affecting the Digital Financial Services sector;
- 4) Creation of a platform for dialogue between the telecommunications and financial services regulators regarding policy and regulatory frameworks for financial inclusion and;
- 5) Development of a safe and enabling ecosystem for the development of digital financial services.

I challenge you to treat these matters head on. You can do so in the comfort that challenges are not new to us, nor are we daunted by them. It is important for all of us here to realize that we are critical cogs in a wheel that will turn today into tomorrow. I had the pleasure last night of recalling the pre-TATT, pre-ECTEL, pre digital finance days, at an event much like this 15 years ago, in which I apparently shared my vision for a Master's degree in Telecommunications Regulation and Policy. The ITU's Sylvester reminded me of this and we both reminisced that within a year, funds had been secured (on the side lines of another meeting much like this) and off we were at The University of the West Indies with the delivery of the MRP.

The programme was delivered to over 30 developing countries around the world through a mix of face to face and online modes before there existed an established institutional framework at The UWI for the latter. With agility, we responded to a pressing need expressed by the region; led the way to several subsequent programmes around the world; and are proud to count amongst our graduates regional telecom icons including Cleveland Thomas, Selby Wilson, Embert Charles, Ernie Smith and his Excellency Reginald Bourne.

We sit here in this room, taking a liberalized telecommunications sector for granted. But it was not always so. We took daring yet essential steps in those days under the dogged leadership of the likes of Donnie de Freitas. The air was charged back then with bold, brave and somewhat scary moves which brought the end to telecommunications monopolies the length and breadth of the Caribbean and throughout the world. So here we are today, charged with the responsibility of driving transformational changes beyond telecoms to include increasingly important, interacting sectors such as finance. We are up to the task. You are part of the movement.