



FEATURE ADDRESS
BY THE
MINISTER OF PUBLIC ADMINISTRATION AND COMMUNICATIONS
THE HONOURABLE MAXIE CUFFIE, MP

Exploring Innovation in Transactions & Financing in the Caribbean

1st – 3rd June 2016

SALUTATIONS:

- Chairman
- Mr. Cleveland Thomas, ITU Caribbean representative
- Representatives of the Telecommunications Authority of Trinidad and Tobago (TATT)
- Representatives of the United Nations Economic Commission for Latin America and the Caribbean (UN ECLAC)
- Representatives of the Bill and Melinda Gates Foundation
- Representatives of the ITU DFS Working Group
- Representatives of the Commonwealth Virtual Currencies Working Group
- Representatives of the World Bank
- Other specially invited guests
- Members of the media distinguished ladies and gentlemen

Allow me to begin this morning by extending my sincerest congratulations and appreciation to the Telecommunications Authority of Trinidad and Tobago, the International Telecommunications Union, and the United Nations Economic Commission for Latin America and the Caribbean, for making this conference possible. Both the ITU and ECLAC have provided valuable assistance to the Caribbean over the years, and in this regard I would like to pay tribute, on behalf of the Caribbean Community, to the tremendous contribution made by the ITU Caribbean Area Office in Barbados, and the ECLAC-CDCC Office here in Port of Spain.

The timeliness and relevance of this conference is only superseded by the stellar cast of speakers and contributors who have agreed to share their expertise in the field with us. Surely, the storehouse of local knowledge will be significantly enhanced by the collective wisdom gathered in this one place.

I don't know if you saw it but a few days ago, MasterCard released the findings of a study it had commissioned entitled "Evaluating the Social Cost of Cash." The report said that there was the potential for the Trinidad and Tobago economy to grow by as much as 3.5 per cent if the country increased its use of electronic payments by 30 percent in a four-year period.

The report concluded that "A greater financial inclusion and greater use of storage of electronic values and electronic payments are key drivers of economic development and the reduction of indirect costs such as the informal economy." Whilst speaking directly to Trinidad and Tobago, the results of the report can undoubtedly find currency in each, if not all, of the other Caribbean economies.

I have chosen to begin my own remarks with the results of this study as I believe it reinforces in no uncertain way, the timeliness and indeed the relevance of this conference's proceedings. There is much for us to contemplate over the next few days, as we seek to explore innovation in transactions and financing in the Caribbean.

Ladies and gentlemen, I have no doubt that Trinidad and Tobago can continue to be the major financial hub in the Caribbean Region, especially through the continued development and operationalization of the International Financial Centre (IFC).

This was designed with Trinidad and Tobago ready to assume the lead as the financial capital of the region, and in so doing, expand the country's diversification process. Nearly a decade and an intervening change in administration later, it pains me to say that we have not come as far as we dreamt when we started. But for the partial proclamation of the Electronic Transaction Act in 2011 which facilitated the operations of the Single Electronic Window little else has been accomplished.

Today, I give the financial community the assurance that this present administration will do what is necessary, what is opportune and what is left to be done to ensure that the IFC fulfils the mandate for which it was intended, and that Trinidad and Tobago assumes its place as the financial hub of the region.

Accomplishing this is no easy task, as I believe there are three critical areas we must address as a country if we are to successfully accomplish what we know is possible. The first issue that we need to address is **cyber-security and information security to build confidence in investors and citizens alike.**

As the internet and technological advances continue to reshape the way we do business as a government, the reality of increased economic crime having a serious impact on the economy grows exponentially.

The two hallmarks of any decent financial services sector are security and confidentiality. There is no doubt therefore, that increasingly, greater attention will have to be paid to the potential of cyber-crime on the financial systems.

If anything the recent exposes dubbed “the Panama-Papers” have taught us, is the levels to which persons will go, to hide behind their manipulation of the financial sector, using shell companies and a myriad number of electronic transactions to cover their tracks. These exposes, like Wiki-leaks before them and so many revelations, point to the need for an increased and more robust application of technology to boost cybersecurity in the financial sector.

Countries like Bangladesh, for example, have suffered tremendously at the hands of hackers who, with seeming impunity, have compromised the integrity of the financial sector.

As cyberattacks continue to escalate, forward-thinking financial services sectors must begin to leverage and link innovative cybersecurity tools, with the suggestion that these be cloud-enabled. Increasing numbers of organisations are now improving their security programmes with technologies such as cloud-based cybersecurity services, Big Data analytics, and advanced authentication and biometrics.

The 2016 Global State of Information Security Survey undertaken by the accounting and auditing firm PWC, has pointed to a more disturbing trend in cybercrime, where there is cross-border cooperation amongst the perpetrators.

To show how vulnerable we are, one only has to reflect on the recent impact of one WhatsApp voice note, repeated several times, on the operations of several

malls throughout Trinidad, to understand the potential for economic sabotage. Only four years ago we had one of our energy companies robbed of 60 billion dollars through an internet transaction undertaken with First Citizens Bank. That was a transnational crime that has so far not been resolved.

The question for us in the Caribbean is simply this: are we truly equipped to deal with the modern versions of cyber-crime? Moreover, how can we, using the ITU and ECLAC position ourselves in such a way that any such threat to the financial services sector in the region can be met with the requisite level of resistance?

Another area we need to address is to have effective policy, regulations and legislation in place. Once there is an understanding and acceptance of the exponential increase in the number of electronic transactions occurring daily, and the speed with which cash is being rendered obsolete by many institutions, then the need for increased protection from cybercrime becomes a fait accompli. Here in Trinidad and Tobago, I am pleased to announce that cyber-security legislation as well as the full proclamation of the Electronic Transactions Act and the Data Protection Act are back on the agenda as key deliverables of the Ministry of Public Administration and Communications.

These two bits of legislation were designed to both modernise Government's ability to accept electronic payments and protect those persons who provided their data to financial and other institutions.

These partially proclaimed pieces of legislation, crafted with so such good intention, debated with much passion and undoubtedly conviction in our Parliament, have laid dormant for too long, bringing to mind the old adage: "while the horse is starving, the grass is growing."

While there has been a general tendency to allow for self-regulation of the internet, Government regulation has, for the most part, focused on cybercrimes that are not economic crimes, such as privacy invasion. Increasingly though, we recognise that we need to push in the direction of criminal fraud committed on the internet, fraud such as identity theft and issues involving internet security and attacks on websites.

As we make our way through all the joys and pains of managing this country, the Government understands and accepts that there are sometimes very simple solutions to what many deem to be complex problems.

Undoubtedly there is need to complete the work that has already started on critical ICT policy and infrastructure. Establishment of the Office of the Data Commissioner under the Data Protection Act, for example, as well as the creation of a Designated Authority for e-transactions under the Data Protection Act, are but two pieces of legislation that come easily to mind. We also plan to introduce changes to the Telecommunications Act to bring it more in line with the changing economic landscape.

I have no intention of reinventing the legislative wheel. What can work will be made to work, and what is still needed will be brought to the Parliament for its consideration. The third area that we need to address is develop the human capacity needed to provide skilled labour to the emerging ICT and Financial sectors.

Ladies and gentlemen, with the best of legislative clothing in the world, our financial and economic systems will still stand naked and exposed like the Emperor, if we do not, simultaneously address the need to develop the human capacity to provide skilled labour to the emerging ICT and financial sectors.

I humbly suggest that an effective human capital management agenda would require close collaboration amongst the Private Sector, Academia and Government.

Specialised training, for example, in the areas of economic and computer crime, and how they affect specific industries, as well as computer forensics, needs to become part of the staple diet for law enforcement personnel. Without an understanding of how specific industries function, it will be even more difficult to investigate and prosecute economic crimes. A greater appreciation of this would undoubtedly result in new career paths for law enforcement officials.

What is clear though is that no one group will be able to solve the complex problem posed by economic crime. Coalitions of private and public groups need

to work together to combat economic and cybercrime, and this conference, jointly hosted as it is, surely provides an excellent demonstration of this potential.

Change, however, is often difficult to achieve, and ridding ourselves of cash, as the MasterCard report suggests, will require new thinking on the interaction between customers and their financial service providers, and the level of government involvement that might be deemed necessary, without being invasive or intrusive.

The growth of e-commerce and the creation of law enforcement techniques to combat cybercrime, raise critical issues concerning, consumer, business, and governmental privacy. There is, undoubtedly, a delicate balance between protecting one's privacy, legitimate business use of personal data, and fraud prevention. Effective authentication in an e-commerce transaction, for example, is impossible without the use of independent, personal verification data. Authentication, and therefore loss of privacy, is critical to the growth and confidence of e-commerce.

The criminal's job is to stay one step ahead of law enforcement. Our job, ladies and gentlemen, is to stay two steps ahead of the criminals. If they are allowed to opt out of databases, on the basis of an invasion of privacy, they will rapidly exploit our vulnerabilities, to the financial detriment of the general public.

This three-day conference, ladies and gentlemen, must serve to deepen the debate and throw light on the mysteries often associated with financial dealings, cybercrime and cyber security.

It is equally about building collaboration between our Financial and ICT Sectors in a way that facilitates the emergence of a suitable enabling environment for the promotion of Financial Technology and the emergence of Digital Financial Services. For example, it is easy to see how the high mobile penetration enjoyed by many Caribbean countries were to be leveraged into an explosion in the use of mobile payments. The challenge for us over the next three days, as the crafters and implementers of Financial and ICT Policy, is to ensure that the solutions deployed are harmonized throughout our Region in order to maximize benefits to the Private Sector, Governments, and – above all – citizens.

For all that you would recommend at the end of the proceedings, I am certain that one thing is absolutely needed, a significant education and advocacy campaign, which would bring together both public and private actors into the one space.

I would strongly suggest that this campaign include a generous mixture of both well-established firms who will bring their financial brawn to the table, as well as a host of younger, smaller tech-oriented firms which have emerged within the last few years. This combination could prove to be quite effective in bridging the digital divide that exists in the financial arena.

Ladies and gentlemen, distinguished guests, I hope I have provided you with some food for thought as you commence your conference's proceedings. I wish you a fruitful three days of discussions and pray God's blessings on you and our nation.

I thank you.