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MINISTER OF FINANCE

KEYNOTE SPEECH AT THE TRINIDAD AND

TOBAGO STOCK EXCHANGE LIMITED

THEME: *"CHARTING NEW HORIZONS:*

ACCELERATING GROWTH WITH

DIVERSIFICATION AND SEIZING DIGITAL

OPPORTUNITIES"

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The Regency Ballroom,

Hyatt Regency Hotel

Wrightson Road, Port of Spain

Dear Participant

It is an honour and privilege to welcome each of you to the Trinidad and Tobago Stock Exchange 2024 Capital Market Conference.

Today's conference is driven by the thought-provoking theme of ***"Charting New Horizons: Accelerating Growth with Diversification and Seizing Digital Opportunities."***

At this critical juncture in our economic development, the Government of Trinidad and Tobago is fully prepared to expand and develop our capital markets. Our goal is clear: to create a resilient, diversified economy that can exploit the new opportunities the digital era brings.

As the Minister of Finance, I am firmly committed to developing our capital markets to support this goal and to build a strong and resilient economy that can prosper in the face of global challenges and external financial shocks.

I recently wrapped up a rigorous parliamentary agenda over almost 4 weeks that resulted in my 10th National Budget being passed. It was gruelling but a necessary exercise in public communication and transparency.

By all accounts, as with the 2024 Budget, the 2025 Budget has been well-received by most interest groups, including virtually all business organisations. While there are the customary negative remarks from the usual attention-seekers, these voices thankfully represent a small minority,

and their comments remain largely irrelevant to the economic choices that we, as workers and managers in the real world, must make every day.

As I have indicated before, regardless of the challenges presented by prevailing economic conditions, we have no desire or intention to burden the population or place undue pressure on any group. This commitment is evident in our last three national budgets, each designed to promote and foster sustainable economic growth. Despite facing unprecedented external shocks—such as oil prices dropping to zero, natural gas prices falling by over 50%, and a global pandemic that brought economic activity to a halt—we have successfully avoided the rigors of an IMF structural adjustment program over the past nine years. We have weathered the worst, and it is now time to build upon the economic foundation we have established.

To successfully engage our local capital market and obtain the flexibility required to fund important development projects, we must have stability and discipline. Adherence to a strict budgetary process and fiscal consolidation is essential, keeping a close eye on income and expenditure, the size of the public debt, and the level of subsidies and transfers, while maintaining investor confidence and focusing on national priorities.

I anticipate that your discussions today will focus on how our capital markets can support our national economic goals. From my review of the Conference Agenda, it's clear that your talks will centre on harnessing digital innovation and diversification to their fullest potential—seizing opportunities to enhance resilience and growth in Trinidad and Tobago's financial markets.

I must say, I am impressed by the quality, depth, and regional representation of your conference speakers and panellists.

A Worldwide Perspective

As we know, global capital markets are evolving rapidly, driven by growing investor interest in sustainable development and digital innovation. The International Monetary Fund (IMF) forecasts that, despite ongoing inflation, regional conflicts, and geopolitical tensions, global growth will remain around 3% in 2024. In this environment, markets will naturally gravitate toward economies with strong governance, stability, and growth potential. Numerous international agencies have recognized these qualities in Trinidad and Tobago, which is reaffirmed each time we enter the international capital market, where we secure substantial sums with relative ease and at highly competitive rates.

It is obvious that digital transformation can and does significantly increase operational efficiency and reduce costs and that diversified economies are far more resilient to economic change than economies that depend on a single or principal source of income, such as tourism, oil and gas, financial services or agriculture.

The digitization of stock markets has revolutionized trading practices, enhancing efficiency, accessibility, and market liquidity. This transformation is primarily driven by advancements in information technology and the increasing reliance on electronic trading platforms. The shift from traditional trading floors to fully electronic systems has eliminated the need for physical

presence in trading activities, allowing investors to engage in transactions remotely.

Electronic trading systems have been adopted globally, significantly reducing the costs associated with trading and enabling new competitors to enter the market more easily. This transition has not only streamlined operations but has also democratized access to stock trading, as investors can now participate from virtually anywhere with internet access.

Moreover, the integration of machine learning techniques into trading strategies has further enhanced the capabilities of investors. Techniques such as Support Vector Regression and Artificial Neural Networks empower investors to predict stock movements more accurately, thereby optimizing their investment decisions and potentially increasing returns while mitigating risks. The automation of trading processes has also been shown to initiate significant structural changes in stock exchanges, such as demutualization, which is linked to improved market liquidity. This relationship underscores the importance of technological advancements in fostering a more dynamic and responsive financial market environment.

The role of information technology in enhancing market efficiency cannot be overstated. The effective use of IT applications by companies and market participants significantly influences stock price behaviour and overall market performance and the digitization of financial information, as evidenced by the implementation of standards like XBRL, has reduced information processing costs, leading to more informative stock prices and quicker market responses to new information. This is particularly beneficial for younger firms that may struggle with public disclosure, as the digitization

process accelerates the incorporation of firm-specific information into market prices.

The competitive landscape of stock exchanges has also evolved due to digitization and the emergence of alternative trading systems has compelled traditional exchanges to invest heavily in technology to remain competitive. This has resulted in a more integrated global financial market where technological prowess is a key determinant of success. The digitization trend is not merely a technological upgrade; it represents a fundamental shift in how financial markets operate, characterized by increased transparency, reduced transaction costs, and enhanced investor engagement.

Accordingly, the digitization of stock markets has fundamentally transformed trading practices, driven by technological advancements and the need for greater efficiency and accessibility. The integration of sophisticated trading technologies and the shift towards electronic platforms have not only improved market liquidity but have also reshaped the competitive dynamics of financial markets globally. As markets continue to evolve, the ongoing digital transformation will likely yield further innovations and improvements in trading practices.

In our pursuit of diversification, we will continue to strive to increase investor confidence and maintain Trinidad and Tobago's position as a financial leader in the Caribbean.

By working together, we can create the framework for a thriving, inclusive capital market that propels long-term prosperity for all nationals of Trinidad and Tobago.

Building on a Solid Foundation in Trinidad and Tobago

In recent years, we have advanced our capital markets with impressive results. Initiatives to improve market mechanisms, encourage investment, and assist digital transformation have been a consistent feature of our national budgets since 2016. For instance, in order to increase the TTSE's competitiveness and draw in both domestic and foreign investors, our 2020 and 2022 budgets included incentives. Our most recent 2025 Budget provides funding and incentives for projects that increase the use of digital platforms and encourage greater financial inclusion.

The Government has made it clear that we are firmly committed to developing a digital economy to fortify and diversify the country's economy. Initiatives to promote digital literacy, infrastructure, and financial inclusion across various sectors are at the heart of this commitment. For instance, a regional software development and support platform is offered via the Government's Developers' Hub (D'Hub). At the same time, cybersecurity and e-government initiatives strengthen data security protocols and expedite the delivery of public services.

Additionally, we intend to boost economic activity by facilitating smooth online services and implementing digital payments—primarily via the Unified Payment Interface. Together, these programs help Trinidad and Tobago achieve its objective of creating a robust, diverse economy capable of competing in the rapidly changing digital global marketplace.

On a related matter, due to public demand and consistent with our drive to provide digital options for all financial transactions, I undertook to introduce a facility for online payments for property tax by October 31, 2024, which is tomorrow. I am pleased to report that First Citizens Bank will go live today to provide an electronic banking facility to allow property owners to pay their property tax online in the same way they currently pay their utility bills. The other commercial banks will follow with their e-banking platforms shortly, and in the near future, payment of taxes online by credit card will be facilitated.

By using state-of-the-art digital solutions and diversifying investment channels, we are uniquely positioned to increase the innovation and resilience of our capital market. This strategic focus allows us to draw on a broader spectrum of investors and promote entrepreneurial growth in several industries. We can build a more inclusive financial ecosystem that empowers all stakeholders, promotes sustainable economic growth, and establishes Trinidad and Tobago as a regional leader in capital market development, by prioritising digital transformation and diversification.

Creating a Resilient and Diverse Economy

Diversification is the cornerstone of our Government's economic plan. We completely understand that building an economy that is adaptable to changes in the world requires lowering reliance on any one sector. We have continuously raised our investments in manufacturing, tourism, technology, and agriculture because we understand these industries' importance to sustainable development. Our budget initiatives facilitate private sector expansion in these domains and improve access to funding via our stock

exchange. In this regard, I must compliment the newest entrant to our junior stock exchange, SOLIS, and I wish that company success in all its future endeavours.

The TTSE, which provides an easily accessible and regulated venue for investment and capital raising, is essential to this diversification strategy. We envision a capital market that represents all industries and a diversified economy.

Adopting Digital Technology and Finance

Globally, digital transformation is reshaping finance, and Trinidad and Tobago needs to prepare itself for success in this changing environment. Digital finance has enormous potential to increase the reach of our capital market and improve transparency, making investing more accessible to all citizens. This includes everything from digital assets and financial technology to online trading platforms.

Our Government has taken aggressive steps to control and monitor the integration of digital assets and innovative financial technologies through the Central Bank, the Trinidad and Tobago Securities and Exchange Commission (TTSEC). It is our responsibility to ensure that a safe trading environment is created that protects investors and promotes innovation in the financial industry and evolves and adapts as digitization takes root.

The Government will continue its thrust to prioritise digital infrastructure development and investment and continue to offer incentives to companies that focus on the use of technology to facilitate this shift. While protecting investors remains our first responsibility, we are dedicated to fostering a culture of digital innovation in our financial services, creating opportunities for fintech companies and digital asset providers.

Encouragement of Responsible and Sustainable Investment

Trinidad and Tobago is dedicated to the global trend of responsible investing, emphasising the importance of Environmental, Social, and Governance (ESG) factors. According to our Government, sustainable finance is a crucial part of our overall economic plan. We hope to build an environment that responds to global sustainability goals and satisfies investors' expectations for responsible governance by bringing our capital market into line with worldwide best practices.

We are committed to putting ESG-aligned investments and policies into place to advance our capital markets and our purpose goes beyond simply luring capital; we work to draw in responsible capital that significantly advances the well-being of future generations.

Increasing Investor Trust through Regulation

One of the main components of healthy financial markets is investor confidence. Recent efforts have focused on internationally compliant investor protections, stricter market behaviour laws, and improved anti-

money laundering procedures. With these measures, we are building a strong basis for an open and safe capital market.

In this context, I am pleased to announce that I will be travelling to the Headquarters of the Organisation for Economic Co-operation and Development (OECD) in Paris, France, next week to sign the **Multilateral Convention on Mutual Administrative Assistance in Tax Matters**, since based on the progress we have made in this year 2024 towards becoming compliant with the tax information sharing requirements of the Global Forum and the EU, the members of the OECD have invited Trinidad and Tobago to become a party to this very important international Treaty.

I must tell you that this was no easy task and by signing and quickly ratifying the Convention, Trinidad and Tobago will be sending a strong signal of its commitment to fight offshore tax evasion and avoidance.

We are well on our way therefore to coming off the Global Forum and EU tax blacklists, which we expect to achieve in 2025, and which is key to our efforts to develop our capital markets.

Returning to regulation, maintaining strict regulatory guidelines creates a market that gives both domestic and foreign investors trust and confidence and we are committed to this policy, which demonstrates how seriously we take the building of a robust, trustworthy, and internationally recognized capital market.

In this regard, we will continue to work with and support the TTSE and the TTSEC to improve and update their rules and regulations, particularly to deal with market manipulation, which some company shareholders and managers believe is occurring in our local stock market.

I am concerned at the reduction in share value of several large local corporations, listed on our stock exchange, particularly some of our banks, as a result of small trades, as small as 50 shares, which have caused significant reductions in share prices in just one day. There must be a solution to this problem, and I will be holding discussions with the regulators and managers to fashion appropriate remedies and corrective measures.

I would like to conclude by restating that everyone present, including regulators, investors, entrepreneurs, and corporate executives, must work together to map new paths for Trinidad and Tobago's financial markets. You are all essential to creating a resilient, diversified, and forward-thinking economy.

I encourage you to actively support our vision of sustainable growth, prosperity, and inclusive progress as we traverse this pivotal time, and in particular, to promote digitisation and electronic trading. Our capital markets can be a catalyst, advancing Trinidad and Tobago toward an innovative and opportunity-rich future.

Working together, we can make Trinidad & Tobago an exceptional example of resilience, progress and modernisation. Together, we can harness digital innovation, drive growth, and create a prosperous future.

Thank you.