

**VERBATIM NOTES OF THE FOURTEENTH MEETING OF THE JOINT  
SELECT COMMITTEE ON FINANCE AND LEGAL AFFAIRS HELD IN  
THE ANR ROBINSON MEETING ROOM (EAST), LEVEL 9 (IN PUBLIC),  
TOWER D, OFFICE OF THE PARLIAMENT, PORT OF SPAIN  
INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD,  
PORT OF SPAIN, ON FRIDAY, MAY 05, 2017 AT 9.15 A.M.**

**PRESENT**

Miss Sophia Chote SC	Chairman
Mr. W. Michael Coppin	Vice-Chairman
Mr. Clarence Rambharat	Member
Mr. Prakash Ramadhar	Member
Mr. Wayne Sturge	Member
Mr. Julien Ogilvie	Secretary
Miss Shanice Ramdhan	Asst. Secretary
Miss Sacha Singh	Research Assistant
Miss Simone Yallery	Legal Officer I

**ABSENT**

Mr. Randall Mitchell	Member
Dr. Lovell Francis	Member
Miss Marlene Mc Donald	Member

**BANKERS ASSOCIATION OF TRINIDAD AND TOBAGO**

Ms. Anya Schnoor	President, BATT
Mr. Nigel Baptiste	Vice-President, BATT
Mrs. Kelly Bute Seaton	Executive Director, BATT
Ms. Kimi Rochard	Chairperson, Legal Sub-Committee, BATT
Ms. Rachel Laquis	Vice-Chairperson, Legal Sub- Committee, BATT
Mrs. Karen Darbasie	Treasurer
Ms. Lindi Ballah-Tull	Legal Committee Member

**Madam Chairman:** Good morning, this is the Fourteenth Meeting of the Joint Select Committee on Finance and Legal Affairs. The Committee is convening its second public hearing on the issue of commercial banking fees in Trinidad and Tobago. For those of you who are following us live, either on TV or on the radio, the first session had been held on Friday, February 17, 2017, when we had personnel from the Central Bank here.

This hearing is being broadcast live on the Parliament Channel, Parliament radio 105.5 FM and the Parliament's YouTube channel, *ParlView*. Members of the viewing and listening audience are invited to send comments or questions via email at [parl101@ttparliament.org](mailto:parl101@ttparliament.org), or on our Facebook page at [Facebook.com/ttparliament](https://www.facebook.com/ttparliament), or on Twitter @ttparliament. Now, having got all of that out of the way which I have to say because we are live, I would like to welcome members of the Bankers Association of Trinidad and Tobago, thank you all for being here and for being here on time. I apologize for the late start. I will ask Ms. Schnoor, the President of the association to make some opening

comments.

**Ms. Schnoor:** Thank you, Madam Chairperson and other members of the Committee and the Secretariat of the Joint Select Committee. Let me first start by thanking you for the opportunity to answer questions on behalf of the Bankers Association of Trinidad and Tobago. We are aware that the topic of fees and charges in the banking sector has been the subject of much public debate and we look forward to the opportunity to speak to this Committee and probably more importantly to the people of Trinidad and Tobago to clarify some misconception which may have made their way into the public domain.

I would first like to start by explaining the role of the Bankers Association which we are representing here today and, of course, to discuss its core purpose. BATT is an association which comprises all eight of the commercial banks in Trinidad and Tobago. Its core purpose is to ensure that member banks are positioned to meet international trends and compliance standards, educate the public on financial options available to them, public awareness of fraud and risk prevention as well working with the Central Bank and other regulators on areas to improve the overall strength and stability of this sector. That is it. As an association, we are not involved in the internal business decisions of any of our individual members.

I move on to the next page. As we look at the purpose of this enquiry I think it is important that we first reiterate the overall role and the importance of banks to the economy of any country, and to understand how each of our members contribute to the economic development of the country. Banks play an intermediary role by channeling funds from depositors to borrowers thereby increasing economic efficiency. Indeed, when we look at the GDP of Trinidad and Tobago, financial services is perhaps the second largest contributor to the GDP of

the country and consequently provide significant tax revenues.

The health of the financial sector is therefore critical and each of our key stakeholders in the sector, and here I refer to our shareholders, our depositors and our regulators, all of whom have a key interest in our continued growth and stability. Our depositors in particular want to be assured that their deposits are safe. Our shareholders who in large measure are citizens of Trinidad and Tobago want a return on their investment and our regulators want to be assured that banks are well managed and adequately capitalized to meet any unforeseen shocks which may impact the viability of the industry. These are some of the key reasons, the financial industry and commercial banks, in particular, are so heavily regulated.

So that gives you some context and background as we turn to the particular subject of this enquiry and to set the stage for some of the questions I am sure members will have today. I would like to note that in preparation for this enquiry, and because BATT does not collate or have knowledge of the strategic-making process of any individual member bank, we engaged the services of an international accounting firm to collate information in aggregate on the industry.

Here are some of the facts which came out of that engagement which I think the public will be interested in. Fees have not increased annually for any fee category analyzed over the last 10 years. Fees and service charges were adjusted only three times over the last 10 years and independently of each bank. For some fee categories there were no increases over the past 10 years. Online and mobile options have remained free over the last 10 years. For many fee categories the inflation-adjusted fee increases have actually been negative over the last 10 years. When compared to similar services provided by banks in the region, in almost all fee categories in Trinidad and Tobago were lower than our regional counterparts.

The overall conclusion of this review is, there is no price collusion among

banks in setting fees and charges, and bank fees and charges are determined by individual pricing considerations which include operating costs, competitive product placement, influencing customer behaviour, alternate channels available and investment in technology.

Here are some other pertinent facts. Fees and charges represent 7 to 11 per cent of the total revenue of banks. The banking sector's profitability per customer and per account has declined over the last 10 years and there are many reasons for this, the primary being the tremendous increases in operating costs in all banks over the same period. Net interest margins in the banking industry are at their lowest level in over a decade in all major loan categories. Interest rates today are lower than they were a decade ago.

Deposit rates have also declined during the last decade and this is related to the build-up of liquidity in the sector. As a reference point, deposits have grown from 50 billion a decade ago to over 110 billion today. Profitability in the banking industry has marginally moved at a compounded annual growth rate of just 1.2 per cent over the last decade and declines in key measures, such as return on assets and return on equities are noted for most banks. So what does all of this mean for the public? Banks are not price fixing, and fees and charges are reflective of the cost for providing these services.

In addition to the eight commercial banks, there are a number of other entities which provide financial services and here I speak to 126 credit unions in Trinidad, the insurance companies and, of course, the Unit Trust Corporation. And therefore, competition is fierce among all players, not just commercial banks which in large measure have kept fees at relatively competitive levels even when compared to other regional banks. Over the past decade the commercial banks have provided over \$4.6 billion in taxes to the Government and over \$11.8 billion in

dividends to shareholders, the vast majority of whom are residence of Trinidad and Tobago. Banks play a critical role in the economic development, and a vibrant commercial banking sector is critical to the future growth and stability of the economy. Banks have invested heavily in technology over the past decade to provide new products and services to customers which make it easier and cheaper for them to conduct their banking needs.

I wish to conclude these opening remarks by stating that banks are proud to provide the services we offer the public or customers. Many of our members have been doing so in Trinidad and Tobago for over a century. Our entire value propositions and core purpose is to provide our customers with financial advice and options to suit their individual needs. Banks also play a critical role in the communities we serve. We employ over 7,400 citizens and during the past three years alone we have contributed \$131million to the various corporate social responsibility programmes that we each individually undertake.

Indeed, despite the tremendous challenges facing our country, banks collectively have increased spending on CSR by 20 per cent over the last three years alone. We recognize and embrace our role in society and we look forward to continuing to work with our customers, to grow and develop this beautiful twin island state. So thank you very much and we will now answer any questions the Committee members may have. Thank you.

**Madam Chairman:** Thank you, Ms. Schnoor. Before we go on to the questions, I want to say I appreciate the fact that you took the time to go through your content slowly so that our viewers would be fully apprised of the position of the association before we start.

Now, I am not sure as to whether the persons who are attending today on your part are the same as on the last occasion. So what I am going to do is to

simply from left to right ask you to introduce yourselves.

*[Introductions made]*

**Madam Chairman:** Thank you all. Now, I will ask members of our Committee, starting with my Vice-Chairman to introduce themselves to you.

*[Introductions made]*

**Madam Chairman:** My name is Sofia Chote and I am the Chairman of this Committee. The gentleman to my left is Mr. Julien Ogilvie whom you may have communicated with in the past with respect to the setting up of this enquiry. The other persons you see in the room are members of the Secretariat and members of the audiovisual team.

Now, for the viewing public I need to remind everyone about the six objectives of the enquiry. I will do so very quickly:

1. To determine the rationale for the fee structure observed by commercial banks in Trinidad and Tobago.
2. To determine the feasibility of state involvement in the regulation of commercial banking fees in Trinidad and Tobago.
3. To determine the possible effects of unregulated fees on consumer welfare.
4. To examine the possible instances of anti-competitive behaviours by commercial banks with respect to fees.
5. To ascertain the amount of profits made by commercial banks per year due to changes in fees over the last 10 years, and
6. To ascertain the trends in banking fees or charges in Trinidad and Tobago in the last 10 years.

Now, because we are short for time and because Ms. Schnoor has been so thorough in her opening remarks, I think that we can go straight to questions and I

invite any members of the Committee who would like to start off. Mr. Ramadhar.

**Mr. Ramadhar:** First of all, let me tell you how grateful I am for your opening statement and it really does not add much to say that banks are crucially important in our society. But what I find very disturbing, now, for whatever reason I think we need to explore, there is a tremendous backlash against the banks. We need to know how we have arrived there, if there is good reason for it or whether it is unreasonable. And one of the issues that have come to us, as Members of Parliament, is the number and some have described it as incredible rise in banking fees. I heard you say that there has been no real increase over the last 10 years. So we need to explore something in relation to that.

I would like really for you to also explain to us, in a declining economy for the last couple of years, in particular, you have seen banks posting record profits and at the same time we are getting disturbing reports that when persons go to the banks for any loan that they are met with a collateral requirement that sometimes exceed the value of the loan required and many stumbling blocks are put in their way for the citizens to have access to meaningful funding to create business in an economy that requires it and we will explore some of that, but I would like you to give us some response to begin with on that.

**Ms. Schnoor:** Thank you for your question. And, yes, we represent 7,400 employees across our industry. So obviously we are concerned with any negative perceptions of any of our members and it is very important that we address some of the concerns that have been expressed by various customers. And I think it is important that we understand the different ways in which people interact with the banks and there is the impression sometimes that there is one product for all the customers and it really is around how do you chose to interact with the bank. I think we have invested quite a bit over the last decade and for a number of decades

in trying to provide new and different options for clients.

So if you want to interact with the bank to save there is a suite of products that are geared towards that particular activity. If you want to interact with the bank to do a number of transactions there is a different suite of products to suit that particular activity. If you want to interact with the banks only online and through mobile channels, there is a suite of products that suit that. So I think for us and what we have learnt through the last few years is that it is very important for clients to have access to information to make the choices that suit their particular need and that is one of the reasons we have partnered with the Central Bank to ensure that all our services are now public, not only on our own individual websites, but also on the Central Bank's website so that clients can be better informed to choose the particular service that suits their need. And that is one of the reasons why we think education and financial literacy and providing information to clients is so critical.

In terms of the decline in the economy and banks making record profits, I will ask my member here to talk a little bit more about the profitability in line with the sheer size of the banking industry and what happens to those profits.

**Mrs. Darbasie:** So let me start by saying, I am going to address this from three sides. The first thing is, and in a very topical manner, rating agencies and entities that look at banks and when entities outside, such as the rating agencies look at banks they look to banks from two very fundamental points for strength. One is profitability and one is capital. And those are two things that the banks are very closely monitored to ensure that we maintain a strong banking sector in Trinidad and Tobago. We have all seen the impacts in the global economy of difficulties within a banking sector and that impact on the economy as a whole.

When you look at the profits that banks are making I would like to start, before I go into Anya's specific question, and understand how profits are deployed, for a want of a better description, because I think there is a perception that the profits are for some purpose held by banks.

**9.45a.m.**

So when you look at profits—and I start by profit before tax, so base profit which is revenues less operating expenses—the first thing that comes out as a payment from profits are taxes, and as Anya mentioned, banks as a significant contributor to GDP have made over \$4.6 billion in tax payments to the Government of Trinidad and Tobago over the last 10 years. Taxes go towards the better interest of the general public. They are paid across to the Government for deployment of the better interest of the communities at large.

The second point that comes out of profits are dividend payments, and again, dividend payments go to our shareholders and the majority of the shareholders of the institution, certainly around this table, sit in Trinidad and Tobago. They are individuals and they are institutions and I think if you look very specifically at the dividend payment track record of the banks, most of the banks make dividend payments in the 45 to 55 per cent range. So after taxes, the next point of profits go into dividend payments, again out into the general public benefiting shareholders, institutional investors, members of the public.

**Madam Chairman:** Mrs. Darbasie, I do not want to interrupt you, but since you referred to shareholders I would be grateful if you could confirm this, because we got this information from the annual report for FCB for 2016. The majority shareholders for First Citizens Bank are First Citizens Holdings Limited, National Insurance Board of Trinidad and Tobago, Trinidad and Tobago Unit Trust Corporation/FUS—whatever that means—Guardian Life of the Caribbean Limited,

Republic Bank Limited, National Enterprises Limited, RBTT Trust Limited, TATIL Life Assurance Limited, Colonial Life Insurance Company (Trinidad) Limited and RBC Trust (Trinidad and Tobago) Limited. So your majority shareholders are other banks and insurance companies. Is that correct?

**Mrs. Darbasie:** We have in excess of 12,000 shareholders. Those would be the majority shareholders, but we do have—

**Madam Chairman:** Yes. I am asking about the majority shareholders.

**Mrs. Darbasie:** The majority shareholders, First Citizens Holdings Limited is owned by the Government of Trinidad and Tobago.

**Madam Chairman:** Yes.

**Mrs. Darbasie:** Yes.

**Madam Chairman:** And the other majority shareholders or the other shareholders which may be included in the description of majority shareholders are other banks and insurance companies?

**Mrs. Darbasie:** Yes. But I think you need to dimension what that means. So it is banks in the form of trust companies which are the pension fund investments, and it is the Unit Trust which is the mutual fund holder on behalf of investors which are the general public. So they are not banks. Republic Bank Limited does not own shares in First Citizens for its own right. It is Republic Trust or RBC Trust who is holding it on behalf of pension funds that they are managing. But, yes.

**Madam Chairman:** And this is why I asked the question, because someone reading the annual report may not necessarily know that—

**Mrs. Darbasie:** Draw that connection.

**Madam Chairman:**—so I thank you for your explanation.

**Mrs. Darbasie:** So it not for their own individual capacity; it is on behalf of further funds that they are managing.

**Madam Chairman:** Yes.

**Mrs. Darbasie:** And the third point on the profitability—so I have dealt with profits and the first thing that comes out are taxes across to the Government. The second point is dividend payments across to shareholders. And the third point is going back into the retained earnings or the capital of the bank, and I said at the beginning that banks' strengths are measured in large part by its capital. And what is capital? Capital is the fund that the bank builds up for future investments, but also for buffers for adverse economic conditions. So the profits of the banks are deployed, as you can see, for better interest of several stakeholders. That is the first point.

As part of the analysis that we retain the international accounting firm to do, you do not look at profits in isolation, you look at profitability as a measure against several factors. One of the measures that the accounting firm looks at is profitability as a return on assets, which really link your profit to size.

**Madam Chairman:** Mrs. Darbasie, we have to make sure that the information that we put out is understood and accepted. So if we have too much information or one speaker giving too much information at a time, using terms which are normally confined to the financial industry, we are going to lose the impact that we want to have as a result of this enquiry. All right?

**Mrs. Darbasie:** Understood.

**Mr. Sturge:** Can I just interject? You said that the banking sector has paid \$4.6 billion in taxes over 10 years, but that is spread across eight commercial banks over 10 years.

**Mrs. Darbasie:** Yes.

**Mr. Sturge:** That is not much.

**Mrs. Darbasie:** \$4.6 billion is—

**Mr. Sturge:** Over eight commercial banks over 10 years. That is not much per year.

**Mrs. Darbasie:** I am not sure I would consider \$4.6 billion over 10 years—that is \$460 million per year—as not material.

**Mr. Sturge:** Per bank. And per bank it would be what?

**Ms. Schnoor:** Whatever the corporate tax rate—

**Mrs. Darbasie:** Whatever the corporate tax rate is.

**Mr. Sturge:** But that is against the background that in the last 10 years, have you made losses? You all seem to be profitable and post billion-dollar profits every year.

**Ms. Schnoor:** So let us look at what does that mean. So you have an industry today that the asset size is \$130 billion. So when you look at the size of the commercial banking system, it is the second largest contributor to GDP in the country. So what you are looking at is an industry that is pretty big.

**Mr. Sturge:** Right.

**Ms. Schnoor:** So therefore, it goes to say that the profitability of that industry, based on its size, would be bigger than a smaller company in a smaller industry.

**Mr. Sturge:** Yes, but the short point is—

**Ms. Schnoor:** So you have to compare it to the size.

**Mr. Sturge:** Yes, I understand all that, but what I am saying, in the context of the economy sometimes doing well and sometimes not doing well, sometimes in entrenched recessionary periods, you seem to be making profits every year. So I am wondering, in light of the material you have given us, I am wondering if you all have any risk at all.

**Mrs. Darbasie:** If we have, sorry?

**Mr. Sturge:** What sort of risk you all have. I mean, taken into the context what

Mr. Ramadhar has put forward, and I know to be a fact, sometimes you seem not to take risk in terms of giving loans because you are asking people to have their loans fully secured by collateral. In fact, in many instances they are being asked, if they want to borrow \$3,000, to put \$3,000 in the bank. So what risk is there for you?

**Mr. Baptiste:** Good morning again, members. I would just like to build a bit on what Karen and Anya would have said and also to address specifically that question about the collateral requirements and the risks to the bank and the loans. But I actually will start from that second part of the question which is the risk to the banks and the loans.

Over the last five years, loans in the commercial banking system have grown on average cumulatively by over 6 per cent. If we look at a breakdown of those loans, mortgage loans have grown, on average per annum by over 8 per cent. So there is a substantial amount of individuals who have been able to access loans from the banking system over the last five years and even before that. And when we talk about the collateral requirements for those loans, Karen made reference to the fact that when countries are being assessed by international rating agencies, these agencies look at the profitability and the strength of the banking system, and I do not think this would be particular news, but it certainly occurred yesterday, where Standard & Poors, in following their downgrade of Trinidad and Tobago, advised me that Republic Bank was also being downgraded in their rating. And when they put out their release and they indicate the reasons for the downgrade, there are two things that stand out. Besides the downgrade of the country, they make reference to the implications of that downgrade on the profitability and capital of the banks. And in trying to explain why they felt there was an implication, they made further reference to the fact that the house prices and other security that the banks may hold are likely to decline as a result of the downgrade in the country and, let us say

the economic slowdown, which could have implications for the provisioning requirements, which are the requirements that the bank would have to set aside—the capital that the bank would have to set aside—for bad loans, for non-performing loans.

**Mr. Sturge:** Can you stick a pin there? I want—

**Madam Chairman:** Mr. Baptiste, we are trying to reach the layperson. I know lawyers talk in a certain kind of jargon, and I know that bankers and financial people probably do so as well. So when you answer questions, could you try to make it as simple as possible so we do not need to ask follow-up questions as, “What do you mean by that?”, and that kind of thing. That would help us, I think, quite a bit. But the Vice-Chairman has a question.

**Mr. Coppin:** Good morning. This question is for Ms. Schnoor. In your opening remarks you would have categorically stated that the competition in Trinidad and Tobago amongst banks is fierce, if I remember correctly. However, in my own research—and I know as lawyers there is a rule against hearsay, and the gentleman is not here, or the person purporting to be the gentleman is not here. But I came upon a website by the name of jwalarambarran.com. And on that particular website there is an article that deals specifically with the issue of competition. In fact, it goes in great detail in breaking down the structure of the market. And on that website the author claims that, in fact, the four largest banks currently control over 90 per cent of the market. He says that RBL and FCB control 70 per cent of total loans and RBL and FCB control 75 per cent of total deposits, and RBL controls over 25 per cent of the forex market. Is that an accurate representation of the structure of the banking sector in Trinidad and Tobago?

**Ms. Schnoor:** I have not had the opportunity to read the website that you are referring to. I think in the context of the entire financial system—and I know there

is a tendency to focus only on the commercial banks, but you also have to look at the wider financial market. There are 126 credit unions in Trinidad and Tobago. There are a number of insurance companies. There are a number—

**Madam Chairman:** Ms. Schnoor, I am sorry to interrupt you, but could we get a direct answer to what was a pretty succinct question?

**Ms. Schnoor:** In terms of the four banks controlling—

**Madam Chairman:** Yes.

**Ms. Schnoor:** Well, I think I am trying to answer it in the context of the wider market.

**Mr. Coppin:** No, I just want to know about the banking sector. That is all I want to know about.

**Ms. Schnoor:** The commercial banking sector—

**Mr. Coppin:** Yes.

**Ms. Schnoor:**—the four banks that you would refer to are the largest banks in the country. They have operated in the country for a number of years and would, by their presence and their market reach, the number of branches that they have, would have a larger market share than some of the newer entrants who have entered the market within the last decade.

**Mr. Coppin:** Well, in fact, it goes on to say that in 2000 there was a study by the Centre for Latin America Monetary Studies which was published and it dealt with Trinidad and Tobago, and it is a well-respected international journal, and the article was titled: “Money Affairs on Banking Competition”—Money Affairs. He goes on to say in detail—so he does not say that it is large or small but he says, RBL, FCB, RBC, Royal Bank and Scotiabank control 90 per cent of the total banking sector assets. RBL and FCB, 75 per cent of total deposits and 70 per cent of total loans.

You must have that information. I am asking you directly, is that an accurate representation of the banking sector in Trinidad and Tobago?

**Ms. Schnoor:** As I said, the larger commercial banks would have a larger representation of the banking sector and therefore by virtue of that, would have a larger section of loans and deposits.

**Mr. Coppin:** So it is not correct to say that it is fiercely competitive. In fact, that study, I think, recommended that two larger medium-sized banks be allowed to enter into the country which would allow there to be a more competitive market in Trinidad and Tobago. And he goes on to say that, in fact, JMMB and Bank of Baroda did, in fact, enter into the market but it has not led to any significant increase in competition. That is my understanding. Is that an accurate representation of the banking sector in Trinidad and Tobago?

**Ms. Schnoor:** As I said, the competitive nature of the banks between the eight of us, if you want to narrow it down to the four or five larger banks by size, is significant. When you add to that the other financial players who also offer similar products and services that we do—they offer mortgages, they offer short-term loans, other deposit, near deposit-type products—the entire financial system is highly competitive.

**Mr. Coppin:** So it would not be true to say that there is an oligopoly in the banking sector in Trinidad and Tobago.

**Ms. Schnoor:** I would definitely say not. There is no oligopoly. There is no control of the commercial banking sector or the financial sector by any group of institutions. We are all in the business of providing services to our customers. And the reason I know this and the reason you can look at the other data which shows that interest rates on mortgages are at their lowest level in 30 years, and you can see—

**Madam Chairman:** Excuse me. I think we are falling into the same error that we fell into at the start. Too much information, too much jargon. I think, Ms. Schnoor, that you have answered the question and the simple answer was, yes. So do we have any other questions from members?

**Mr. Sturge:** I have several. Would it be correct to say that—mortgages included—most of your loans would be secured, and those that are not, a greater percentage of your loans, whether secured or unsecured, would be insured?

**Mr. Baptiste:** Most of the loans would be secured, but the loans that are not secured would not be insured.

**Mr. Sturge:** But what percentage of your loans would be unsecured?

**Mr. Baptiste:** That is difficult to estimate. But if I look at the breakdown of the loans I would say roughly maybe 20 per cent—20/25 per cent.

**Mr. Sturge:** Twenty per cent would be unsecured.

**Mr. Baptiste:** Unsecured.

**Mr. Sturge:** But unsecured loans, generally you would give to businesses and so on, as opposed to the smaller man?

**Mr. Baptiste:** No.

**Mr. Sturge:** So the larger percentage of unsecured loans would be going to who?

**Mr. Baptiste:** In all likelihood, it would be going to the smaller man.

**Mr. Sturge:** Right. And in terms of insurance—

**Mrs. Darbasie:** Can I just interrupt? Credit cards are unsecured loans. So that is a significant portion of the unsecured loan portfolio.

**Mr. Sturge:** But then the interest rate on credit cards would be 24 per cent as opposed to other loans. Not so?

**Mrs. Darbasie:** Reflective of the risk.

**Mr. Sturge:** So that takes care of the risk, generally.

**Mrs. Darbasie:** Reflective of the risk.

**Mr. Sturge:** Right. So generally most of your loans are secured and then most of your loans are insured. Correct?

**Mr. Baptiste:** No.

**Mr. Sturge:** Hold on. Are you telling me that most of your loans are not insured?

**Mr. Baptiste:** So mortgage loans—are you talking about the mortgage loans being insured?

**Mr. Sturge:** Mortgage loans, the security would be the house, for instance. Okay?

**Mr. Baptiste:** Correct.

**Mr. Sturge:** So that if there is a default, you sell the house and your risk is minimized. Correct?

**Mr. Baptiste:** Correct.

**Mr. Sturge:** Okay. Outside of that, car loans, for instance, you have a mortgage bill of sale on the car.

**Mr. Baptiste:** Correct.

**Mr. Sturge:** If the person defaults, you get the car.

**Mr. Baptiste:** So those are counter secured.

**Mr. Sturge:** So your risk is small.

**Mr. Baptiste:** Correct.

**Mr. Sturge:** And then there are other loans. Do you not insure a great percentage of your loans?

**Mr. Baptiste:** Okay. So once the loan falls into the unsecured category, the answer is no, it is not insured.

**Mr. Sturge:** It is not insured.

**Madam Chairman:** Could I interrupt and ask a question? Is it then that the unsecured loans are sort of like the on-demand loans, loans below \$30,000, that

kind of thing?

**Mr. Baptiste:** Not necessarily. Most of the retail loans—and that is why Karen would have included the credit card loans. Most of the retail loans that we would call them, which we give, when you see a loan campaign around Christmas time or any other time, those tend to be unsecured loans.

**Madam Chairman:** And I also wanted to enquire, for the loans that you insure, does the customer have to take the cost of that?

**Ms. Schnoor:** I guess we are trying to understand when you say insure, what you mean. And perhaps you can clarify that for us.

**Madam Chairman:** Yes, sure. The Vice-President had indicated that loans are secured and those loans that are not secured, you are left with two other categories: the unsecured; and you would have loans which are insured. You do not have insured—

**Ms. Schnoor:** We do not have loans that are insured. I do not know if you are referring to people that may take out life insurance, or other insurance separately?

**Madam Chairman:** Well, perhaps if you could explain how insurance works in the context of loans.

**Ms. Schnoor:** For individuals, for their own personal circumstances—and that is something that each client would determine on their own—would decide whether they want to take out a life insurance policy in the event—

**Madam Chairman:** Against borrowing?

**Ms. Schnoor:** Against in the event of death, and then they would, on their own, decide if they want to assign that policy to pay off their individual loan.

**Mr. Sturge:** Quite apart from that, I take loans from time to time and sometimes I am told if you want to insure the loan, you can pay X amount and have the loan insured so if you default, then it is covered and your rate of interest, if you insure

the loan, would be less. But if you do not insure the loan, the rate of interest would be more. Does that not exist?

**Mr. Baptiste:** So, there are various structures—

**Mr. Sturge:** Is that yes or no? Does that not exist?

**Mr. Baptiste:** That option exists.

**Mr. Sturge:** Yes. So then there are facilities for the banks to insure and therefore further reduce risk.

**Mr. Baptiste:** There are facilities for the client to insure and therefore reduce the risk that should something occur, that you might actually have to fall back on either the property or some other asset that the client may have. That is the main reason for the insurance, really.

**Mr. Sturge:** But the person paying to give you some sort of breathing space so that you are not all worried about risk is the client himself.

**Mr. Baptiste:** Yes, but I do think we need to understand that they are really paying to give themselves and their families the breathing space, because it is an option. So you would find that—and it primarily occurs with the mortgage loans—that individuals will be advised that insurance would be good, because if you take the insurance and should something occur, then there will actually be no need for the bank to rely on the property.

**Madam Chairman:** Yes, I—my mike will not work if there are four mikes on. So for the listening public, basically, if you are taking a mortgage, the mortgage is taken on the property. The house that is being bought. Let us say you have a young couple now married buying their first home, kind of thing, and they are asked by the bank to take out life insurance policies and the purpose of that is if anything happens to one, the other one, especially if the other one is not working outside of the home—the other one will not lose the security of the home. Is that correct? I

also want you to answer, as well, whether this is an option or whether the loan will be refused if such insurance is not taken out.

**Mrs. Darbasie:** I think it depends on the particular individual, on the longevity of their work history, on their cash flows, on their—I am trying to simplify it. So you look at their expenses and their income and the potential—the possibility that the income, if you lose one job from the household, its ability to service the obligation, it is not a yes or no answer. It is an evaluation of each applicant's situation.

**Mr. Ramadhar:** While we are on the issue of home mortgages, we do know this issue of the property tax looms very large. How will the bank prepare itself, where under that law there is a pre-eminence of the State over mortgages that you have already? Whatever insured or whatever, there is a pre-eminence of the State to override your rights.

**Ms. Schnoor:** Could you repeat the first part?

**Mr. Ramadhar:** Under the property Act.

**Ms. Schnoor:** Property tax.

**Mr. Ramadhar:** Yes, property tax. That there is a pre-eminence if the “property tax” is not paid for a period of time, whatever mortgages or whatever you may have and your insurances and so, how would you prepare yourself, where the State now has pre-eminence over your right of redemption?

**Ms. Schnoor:** When a customer comes into a bank to apply for a loan, we look at their income and their expenses, and that would include property tax. So we look at what they earned and what their obligations are to see, can they qualify for the loan, and that is where we take it into consideration. So it would be up front at the application.

**Mr. Ramadhar:** Ms. Schnoor, I appreciate what you are saying in terms of moving into the future. I am speaking about the pre-existing mortgages. How do

you deal with this?

**Mrs. Darbasie:** Maybe I can answer, because I think the condition that exists in the property tax legislation—and I am not a lawyer by any means—was one that always existed where the State had pre-eminence if taxes were not paid. So that is not a new condition as far as bank's assessment of the collateral risk is concerned. If that is the question.

**Mr. Ramadhar:** But certainly, there would be a dramatic rise in the cost to the homeowner. From what would have been historic numbers: \$70, \$100, now, it is going to thousands. So that your numbers would be affected? So would you then be taking into consideration those issues to revisit pre-existing mortgages? And I am also hearing you say that going into the future that will be an important component in the determination of the viability of the mortgage.

**Ms. Schnoor:** It would be a component of our credit decision-making and that is something that has always been there. It is nothing new. It was always there.

**Mr. Ramadhar:** I am happy to hear you say it is nothing new, but we are dealing with banks and its viability and those who would then be able to access mortgages as we go into the future. We do agree that the numbers of the past are completely different from the prospective new numbers; thousands of per cent increase in property tax, if I may use that term loosely. Do you agree with that?

**Ms. Schnoor:** As we said, each application is going to be evaluated based on the viability of what the customer earns, what the customer's expenses are and we will take it into account. I am not aware of the particular percentage increases. When it comes, when it is finally evaluated per customer and what it turns out to be for new applications—but going back in time we will not be revisiting any mortgage applications that we gave in the past.

**Madam Chairman:** Well the short point is, I think, in response to Mr.

Ramadharr's question that it may affect the ability of some people to access mortgages. I believe we have a question from Minister Rambharat.

**Mr. Rambharat:** Thank you very much. I just want to focus on the five objectives of the enquiry and on enquiry one, I do not know if you followed but in February when we had the Governor of the Central Bank before us, I asked some questions and I am going to flow along those lines. The first is: the enquiry requires us to consider, to ask you about the rationale for your commercial banking fees, and my assessment, based on your presentation, is that there are three areas in which I could say that there might be a rationale: first, cost recovery; second—and that is for another discussion—disincentivizing—because I recognize that you feel the need to disincentivize the walk-in customers, so that people could migrate to other forms of banking, particularly mobile banking. But the third area is the area of income generation, and you say on page 16 that over the last 10 years bank fees have contributed somewhere between 7 and 11 per cent of income.

The question I asked the Governor of the Central Bank was the extent to which banking fees represent cost recovery, and the extent to which they represent an income stream. That is the first question. And then the second question deals with—following along what some of the previous persons have asked—this issue of household debt service ratio. In a previous life as a columnist, I think it was 2005, in the *Guardian*, I did an analysis of the average household income of young professionals and looked at what I considered then to be the rising cost of property, and I felt in 2005 that professionals were on the edge of—

**10.15 a.m.**

Twelve years on, what is the view of the banking sector on the level of debt carried by households in Trinidad and Tobago, and the extent to which these households can service that debt? I ask that question because the closer to the edge a household

gets in terms of the debt that is being carried, the higher the cost of banking. So those are my two questions.

**Ms. Schnoor:** Thank you, member. So the first question, the extent to which bank fees are cost recovery versus income. When we looked, and it came out very clearly in the independent review that was done, is that it really focuses quite a bit on cost recovery, and also the investment in new channels to be able to allow customers to access services with the ease that they want.

So what we are seeing is a seismic shift, not unique to the banking industry, we are seeing it in retail, we are seeing it in transportation, you name it. People want to be able to do transactions at their time, and therefore, we have had to invest over the past four years, collectively, over \$900 million just in technology to improve our services on fraud and all the other things. So that is important and that came out very clearly in the study. The second area dealing with household debt, I will ask Nigel to speak on that.

**Mr. Baptiste:** I think if you look at it from the banking sector, the level of household debt right now is quite reasonable and still reasonable. In fact, the household debt servicing ratio is not what have prevented some of the younger professionals from being able to access mortgages. The main impediment has been the down payment requirement, finding that initial lump sum whether it was a 5 per cent or a 10 per cent. That has been more an impediment than the actual debt servicing availability. But, as I said, right now we think it is still reasonable.

**Mr. Sturge:** I have a question to ask if we can back-pedal a bit on the unsecured, and we want to get into the fees aspect which this is really about. You spoke about credit cards forming the bulk of unsecured loans and they fetch 24 per cent, and that compensates for the risk involved, is that correct? The higher interest rates of 24 per cent would compensate for the risk.

**Mr. Baptiste:** So the credit card debt would not actually account for the bulk of the unsecured debt that the banks have, but it is a sizeable component.

**Mr. Sturge:** It is sizeable. But most of these persons who get these unsecured loans are persons who should not be given loans in any event.

**Mr. Baptiste:** As I said in responding to the earlier question, the debt servicing is still quite reasonable in the households in Trinidad, but just to explain the credit card rate a little bit. The interest rate on the credit card, that is 24 per cent, that is correct—

**Mr. Sturge:** That is high.

**Mr. Baptiste:** But it needs to be put in the context really of the actual use of credit for credit cards because I think most of our clients, including yourself I am sure, would know that with credit cards you actually have an interest-free period that if you use your credit card—and in many banks it could be as high as maybe 40 days of free credit. So what we have found really and truly in the clientele is that the bulk of people actually use the free credit, but the free credit for 40 days, when you aggregate that, is really quite substantial across the system. So the interest rate really on what is left back is really meant to cover the risk because it is entirely unsecured, and also to recognize the fact that there is a substantial free element of that credit card utilization.

**Mr. Sturge:** Okay, but what that tells me is if most of the customers make use of the 40-day period as the example you gave, which would be interest free, then again the risk again is smaller for you. Right? That is first thing. Is that not right? If you are saying the majority take advantage of the 40-day period to not pay the 24 per cent, then again your risk keeps getting smaller.

**Ms. Schnoor:** The purpose of our credit card is to provide convenience.

**Mr. Sturge:** We understand all that, but we are dealing with fees and risk and we

are trying to ascertain—listen, you are paying less than 1 per cent to persons who put their money in the bank, but you are charging 24 per cent for credit cards. Now, you have given an explanation as to why and it is to absorb risk and so on, but you are saying most of the people who use credit cards take advantage of the 40-day period so that to avoid the 24 per cent, which means there is very little risk for you because they are paying back on time. Correct? That is common sense. Is that yes, or no?

**Mrs. Darbasie:** Yes. But by inference, there is no return to the bank for the cash that has been lent on the credit card for that 40-day period because it is paid off before interest is required to be paid.

**Mr. Sturge:** No return, but no risk for you. Very little risk for you.

**Mrs. Darbasie:** But we have disbursed funds. So when the credit card is used we have lost the use of that fund from an investment perspective with no return because it is used. It is out of the bank.

**Mr. Sturge:** But it continues to help you remain, as you say, strong and profitable, and therefore, you can only be strong and profitable if your risk portfolio is very small.

**Mrs. Darbasie:** No, but I do not understand the profit. Once it is paid off within the 40 days, there is no accretion to the profit of the institution because there is no return but the funds have been used.

**Mr. Sturge:** Yes, we understand all of that. That is not the issue. The issue is, again, it goes to show that there is very little risk from this portion. You make nothing because there is no interest accrued, but there was no risk in any event. The risk is very small because people are paying back.

**Madam Chairman:** I think, Mr. Sturge, what the bankers are trying to say and perhaps this emphasizes the need for financial literacy throughout the country

because if we are having difficulty understanding your terminology, you can imagine your average customer, and I think that you must feel a sense of responsibility to have your customer understand what you are selling to them and what they are buying into. So we take your point that the fact of the matter is when the customer uses the credit card, they essentially use the bank's money. Yes?

**Ms. Schnoor:** Yes.

**Madam Chairman:** Now, could we move on a little bit? We had someone do a printout about different kinds of fees that bankers charge, and they did an analysis of the differences in different kinds of fees. Now, perhaps we can look at the issue—perhaps you can explain to us what would determine the setting of those fees and why are there such huge differences. For example, a teller deposit or withdrawal fee for Scotiabank is \$7 and for FCB it is \$1, and for RBC, FCB I beg your pardon—for RBC and FCB there is no cost, how is that determined?

**Ms. Schnoor:** So again, when you take a fee in isolation without the context of what the fee is related to, meaning is it a part of a wider suite of products, what else is the customer suite that the customer has used with the banks. So, for instance, there are some banks that have transactional accounts which allow clients a certain number of free transactions, teller charges for instance. If they go over that particular number for a month, then the fee may kick in.

**Madam Chairman:** Now is the customer, therefore, not still paying something then? Is that what you are saying? Because if a customer has three accounts, so we call that or we refer to that as the suite of services—you see that is a big term for me. I thought it was only people who traded on the New York Stock Exchange would be talking about suite of services and that kind of thing. But essentially what it means is the collection of accounts that you may have. Yes? So if you do not pay for one, the likelihood is that you are paying a general fee for this. Is that what you

are saying?

**Ms. Schnoor:** And it all depends on the bank's strategy and what their particular focus is, and that just reinforces the point that each bank does their own price analysis based on what they feel is the strategy for that bank, and each product and suite of products are different. And as I said in my opening statement, what has really come out of all of these questions is the need for us—and I agree with you—to ensure the information is available to customers so they understand how to best utilize this channel, the bank and its products more efficiently for them. So I cannot speak to what each individual bank strategy is, but I can assure you that each bank provides different services at different costs to customers depending on how they utilize that service.

**Madam Chairman:** Is it that the strategy is determined by home office?

**Ms. Schnoor:** When you say home office, you mean what?

**Madam Chairman:** If the bank is owned, or the majority shareholding is owned by another bank located in another territory, would the policy be determined by that other bank as opposed to the local executive?

**Ms. Schnoor:** Again, speaking on behalf of BATT, we are not aware of the individual pricing decisions that individual banks make. We can only speak about the industry as an aggregate.

**Mr. Coppin:** Perhaps we could turn our attention back to the document that was submitted to us. Ms. Schnoor, earlier in your submission you would have been pretty careful to say the fees have not increased annually. However, if we look at actual document you sent, fees have increased almost double from 2007 to 2017. In fact, on page 15, we have the maintenance fee, at least the revenue collected I should say, increased from—I am assuming this is billion dollars. There is no clarification of what this unit is, but it says eight in 2007, and in 2017—this is

maintenance fees, personal savings account—the revenues increased to \$15 billion. As it relates to in-branch withdrawal transaction teller fees, in 2007 we have five—I do not know if that is billion TT dollars, million TT dollars—and then in 2017 we have eight—I assume again billion dollars. So it is doubling. In the last 10 years fees collected in maintenance fees have doubled, and in the said document you would have said that banking fees contributed between 7 per cent and 11 per cent of total income earned in the last 10 years. Maybe you could explain to me because I do not have all the information. My terminology may be different between the documents that are available to the public, but in the said [jwalarambarran.com](http://jwalarambarran.com), again which you have read, it says:

Service charges now comprise the single largest source of fee income for commercial banks in Trinidad and Tobago. In 2015 banks earned \$835 million in service fees, or about 70% of their total fee income.

It goes on to say:

A decade ago, banks collected \$330 million in service charges which represented just over half of their total fee income.

So it appears to me there is some variance as to what this individual who appears to be the former Central Bank Governor and what is stated in your document. Could you perhaps explain to us the variance that appears to be in these two documents?

**Ms. Schnoor:** Sure. So let us start with page 15, and the amounts that you are referring to are not income. It is actual charge itself. As the chart indicates, it is the high and the low for the eight commercial banks. And so what is showed for that particular service fee is what the high has moved to and what the low has moved to over the last decade, and the point was it has not moved every year. I think that was the point of the chart because I think that was one of the questions that was

posed to the banking association.

In terms of your second question on the information that was provided, as I said I have not seen it but I can categorically tell you it is incorrect. As we have said, the fees that the banks earn are between 7 to 11 per cent. That information is available on the Central Bank's website for all to see, and it can be provided to you and the Committee by the Central Bank. This is all available to them by the information that we all provided the Central Bank in our monthly submissions to them in our regulatory reports.

**Madam Chairman:** Since we are talking about the Central Bank, I wanted to enquire, what is the bankers association's view, as a body, with respect to Central Bank's exercise, or non-exercise depending on how you see it, of its powers?

**Mrs. Darbasie:** Sorry, its powers in respect to what? Because the Central Bank has many powers available under the Act.

**Madam Chairman:** Regulatory obviously.

**Mrs. Darbasie:** The powers currently with respect to fees and charges, there is nothing in the regulation with respect to fees and charges, but in respect of interest rates the Central Bank does send through its monetary policy changes that are reflected in the interest rate in prime. The mortgage market reference rate is a policy rate that is under guidance or guideline from the Central Bank that they calculate and they release, and the mortgage market reference rate is used by the commercial banking system in pricing mortgages. So the Central Bank does exercise its authority in respect of those areas under the Act.

**Madam Chairman:** That is interesting because when the Governor was here on a previous occasion he suggested that in effect all that he had been able to effect with respect to your members was moral suasion. He said he used moral suasion. Is it that when he sends out these directives your members are of the view that they

may comply or not comply? What is the value as an association of these directives from the Governors?

**Mr. Baptiste:** I think the moral suasion comment would be specifically in connection with fees and charges on the deposits. So that is where the Central Bank would in fact have regular conversations with the commercial banking system and really ask us to make sure that we continue to look and see the frequency, the levels, et cetera, that we really do not increase the fees inordinately. That certainly would have contributed over the years that the banks are very, very slow to actually move any of these fees, and even the slides, referred to on page 15, show how it moved really, as you say, two or three times over the last 10 years. When it comes to the other areas, as Karen is referring to insofar as the policy rates are concerned, MMRR, or repo, or prime, that is not moral suasion. Those are ones where the banks do follow and, of course, all of the other regulatory requirements, whether it be the capital requirements, et cetera, that is not moral suasion, the banks do follow.

**Madam Chairman:** Thank you. I believe member Rambharat has a question.

**Mr. Rambharat:** Just following on that. I had asked the Central Bank Governor about the regulatory environmental and whether he was satisfied, and we all know that when it comes to services provided to the customer there is no regulation, nobody looking after customers. I read your submission and I noted in it that it, of course, presented your side of the story. There was very little of the customers' side and I worry about the protection afforded to customers. The first question is: Do you believe that the sector is operating in an environment where the client is not sufficiently being protected? That is the first question.

The second thing I want to draw your attention to is the results of your customer surveys, and I note that you have reported on various categories in which you have

asked customers for feedback, but nothing in there tells me that you have asked your customers for their feedback on your fees, but I will point to something in the results. I see that the lowest score you have gotten is 55 per cent and that deals with the waiting time in the bank, and the second lowest score you have gotten is in the category of taking time to understand your customer needs, and it brings me right back to the rationale for banking fees, and my point earlier on, that you yourself say that banking fees include an element of discouraging people from coming into the bank. And my question to you is: As part of discouraging people to not come in the bank which would minimize your transaction costs and boost your profits; a part of discouraging people from coming into the bank includes not putting sufficient CSRs at the counter so that the lines are long, not having sufficient people to interface with customers and to answer questions, and not providing quality of service that encourages people to walk into the bank because I am very concerned.

I come from a rural community. I myself having adopted almost every part of my life to the technology, I still refuse—and I worked with an international bank as you know—I steadfastly still refuse to do online banking because I particularly enjoy going into the bank. When I am in Rio Claro and Mayaro—because nobody has brought a bank to Biche or Guayaguayare—I see most of the population going into the bank and I feel that part of your disincentivizing or discouraging includes not making banks particularly customer friendly at branches and I wonder, in the absence of regulation, in the absence of a robust system of complaints, in the absence of—and I use the model of the Canadian system of the FCAC where banks are required a strong oversight to deal with customer complaints, and where the balance is struck by the regulation and the regulatory environment between the banks and the customer that the balance is too heavily weighted in favour of banks

and banks operate in a manner which for over time has been against customer welfare. And that is the second and third objective of this enquiry.

**Ms. Schnoor:** And that really goes to the heart of why we are all here. Without a customer there is no bank, and I think protecting the customer and ensuring that their deposits and they get the advice that they need is the most important thing that we all think about every single day. So I support your comments and support what you have said. The question around whether we are trying to disincentivize people from coming into the bank, that is not the case. What we have seen and this is not something that is only going on here in Trinidad, it is going on around the world.

As you have said, you have worked in banks outside of Trinidad and it is affecting the industry in tremendous ways. Banking is no different than what is happening in retail, et cetera, and what we are seeing is that our customers are coming to us and saying, "Look, we do not want to spend time in traffic. We do not want to have to drive to a branch. We need you to provide us services in the ways that we want it", and we are having to invest, to cater to that customer segment; a millennial has no interest in going into a branch and we have to also think of that population. But then there are also the existing population of customers, who as you said, enjoy coming into the branch and wanting to interact with their tellers, and we have ensured that there are services available for them.

Do we get it always right? Do we not make mistakes? We are dealing with human beings. The 7,400 people that work in our organization are committed every single day to trying to make sure that we get it right. Can we improve, can we provide better services? That is what we are doing and working on every single day, but I do not want any customer and the public to leave this JSC by thinking we are trying to push anybody out of our banking halls. We are trying to cater to a

seismic change that technology is bringing to the banking industry. Your phone will be your credit card, will be your advice option very soon, and that is something that we cannot fall behind in Trinidad and Tobago or we risk the entire future viability of the banking sector here.

**Madam Chairman:** Thank you, Ms. Schnoor.

**Mr. Ramadhar:** Thank you very much. Having heard that, the dehumanizing, if I may call it that, it is important really to prepare for the future, and as you say, but we need to deal with the present—have there been layoffs in the banking industry of its employees in the recent past?

**Ms. Schnoor:** Again, when we did our study over the last 10 years, the staffing complement across the industry has increased and a number of our members are actually expanding their operations, not only here in Trinidad, but as you know branching out to other islands within the region. So I think the great thing about the commercial banking sector in Trinidad is that it is strong, it is growing, and it has continued to employ a significant percentage of people, and what we have seen over the last decade is that that has increased.

**Mr. Ramadhar:** Sorry, so I did not quite get that clear, Chair. So there have been no layoffs?

**Ms Schnoor:** Again, we can only speak to the aggregate data that we have which shows over the last decade, the number of employees in the industry has increased from I think a little over 6,500 to now 7,400.

**Madam Chairman:** So it means to say that some of your members may have laid off and some may not? That is what it boils down to? The Vice-Chairman has a question to clarify a matter that he had raised earlier.

**Mr. Coppin:** You said on page 15 the maintenance fees, that particular graph, to me it looks as if between 2007 and 2017 the maintenance fees have generally

doubled. Is that a fair assessment of this graphic?

**Ms. Schnoor:** No. What it shows is that the bank, maybe one bank, that is the high. So they are between that bar, between 15 and one dollar represents all eight banks and each bank may fall at different points.

**Mr. Coppin:** Maybe I should ask a more direct question. What has been the rate of increase in banking fees in the last 10 years of your members?

**Ms. Schnoor:** Again, as we showed on the page, the increases are largely related to volume, new services that we have provided, new ATMs, new access credit cards. So when you look at it in aggregate, yes, fees have increased but so have—and when I say fees, meaning the revenue or the receipt of fees.

**Mr. Coppin:** No, I am just asking a simple question. If I were to put these fees into a basket, what is the weighted average of increase in the last 10 years? Do you have that?

**10.45 a.m.**

**Ms. Schnoor:** I do not have that, and that is why I said in my opening statement, some fees have not increased over the last 10 years.

**Mr. Coppin:** That is why I am asking, a weighted average. I am sure you could disaggregate it.

**Ms. Schnoor:** We do not have that information.

**Mr. Coppin:** Well, let me ask you a question. You say that fees are determined by increase in operating costs, market conditions and competition, improved efficiencies, customer feedback. Now, that is very important because the customers, at least the public, seem to represent at least, in the last 10 years, 50 per cent of all; that is the common man. Yes? But it appears to me, as a member of the public, that when I go into the bank, in the last 10 years, despite my feedback—you know, and I do give a lot of feedback—there has really been no improvement

or decrease in prices. In fact, they seem always to go up.

And you speak here about the reasons why that may be and you speak to increased ATM machines and capital outlay and increase in employment but you speak nothing about improved efficiencies from this capital outlay. Is it that you spend all this money and then you get no efficiency and therefore, you cannot pass it back on to the customers? Perhaps you could explain that to us because—

**Ms. Schnoor:** But we have passed it on back to the customer. Ten years ago, you could not get on your phone and do a transaction and that is now free. You can transfer money, you can pay your bills, you can transfer money to another bank free. All of those things did not exist before. That is what our capital investment has gone into because that is what our customers are telling us they want. So we have provided new options, new services to our customers that did not exist a decade ago. So I am surprised you have not seen and benefited.

**Mr. Coppin:** No, but absent of a weighted average, we cannot tell for sure.

**Ms. Schnoor:** I would happily welcome you into any one of our branches and I will personally show you how to access those benefits.

**Madam Chairman:** Okay. Actually, we were supposed to have ended at 10.45 because some of our members have a very important meeting at 11 o'clock today. And I am so disappointed because I think we are now getting to the point where you are providing us with tremendous assistance by articulating explanations in a way that the average person can understand about what you do and what they can find when they enter into a bank.

But, before we go, I suspect that people listening will want to hear forex used in one question at least in this session. So will you indulge me and just give me a quick answer to this? What is the formula and criteria used to distribute forex to customers and who dictates how much a customer gets?

**Mr. Baptiste:** It always had to be the trick question to come at the very end. *[Laughter]* There is strictly speaking no formula that is used to determine how the forex that is made available to the banking system is distributed. But in terms of who determines it, to a large extent, it is decentralized with the various account managers and the branch managers. I mean, at the global level, we would receive the foreign exchange that is allocated either from the Central Bank or that is purchased from our clients and then we would try to see to what extent we could, in fact, keep everybody somewhat satisfied. You know, the reality that we end up with no one being satisfied because no one gets really the amount that they actually needed but we try to spread it out as much as possible.

There is some consideration that is given on occasion to the size of the long outstanding payables, which is the amounts that are owed, let us say, to foreign suppliers. There is some consideration that is given to the purpose behind the transaction but there is no formula that is actually employed.

**Madam Chairman:** So there is no prioritization, let us say, for health and education? No?

**Mr. Baptiste:** Not beyond the consideration that I made reference to.

**Madam Chairman:** Okay. I think you have given us a lot of information which we will have to digest, analyze and so on and I suspect we may have to prevail upon the association to return on another date when it is mutually convenient. I hope you will not object to that because I think what you have given us today has been a tremendous amount of quality information that the citizens of Trinidad and Tobago can use and benefit from.

So, normally, at this point, we have closing remarks, but again, because of the time constraint and another parliamentary meeting, I have to thank the President of the association and all the very high-powered members and the executive members

who came out to assist us with providing information to the citizens of Trinidad and Tobago. I want to thank the media and the persons in the public gallery for attending and the viewing and listening audience. Thank you all very much.

*[BATT Officials exit meeting]*

**10.53 a.m.:** *Meeting adjourned.*