



Operationalising the Region's Premier FinTech Innovation Hub

The Trinidad and Tobago International Financial Centre and
The United Nations Capital Development Fund (UNCDF)

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The Project

The confluence of finance and technology, coined as FinTech, often refers to the advent of technologies and the entrance of new entities which have disrupted traditional financial services. FinTech encompasses many different categories of innovation, from mobile money to the application of Artificial Intelligence, Blockchain, Cloud Computing and Data (ABCDs of FinTech) within the financial sector.

FinTech also holds much promise for achieving policy goals around financial inclusion. Around the world, financial technology companies (FinTechs) have shown promise and success in reaching underserved individuals and communities through a range of products and services, including mobile money and e-wallets, person-to-person (P2P) lending, equity crowdfunding, alternative credit scoring, cross-border remittances, digital know your customer (KYC) processes and regulatory technology (RegTech).

Rationale

In Trinidad and Tobago (T&T), many consumers and businesses face challenges when trying to adopt and use digital financial products, in particular payment products, and, as a result, primarily operate in cash. Challenges vary and generally include issues pertaining to accessing or maintaining bank accounts, acquiring digital payment acceptance products, owning and operating credit cards or other digital payment modalities, having limited access to finance and limited access to broader domestic and international markets.

T&T is ripe and ready for FinTech Innovation. The twin-isle hosts strong foundations for mobile and internet infrastructures and a strong payment ecosystem. The scaling of FinTech in T&T can help solve the challenges stated and has proven successful in advancing inclusion worldwide. However, innovation within the financial sector has not yet adequately served most adults across T&T, as well as the Eastern Caribbean, more broadly. In T&T, FinTech companies (FinTechs) remain crowded out and face challenges when trying to operate in the market. Despite recent legal, regulatory and policy advances, many factors contribute to challenges faced by FinTechs, including institutional challenges (e.g., high collateral requirements and complex application procedures), slow licensing processes, limited venture capital, limited opportunities to partner or engage with government and larger private sector players, nascent digitally enabled financial platforms (i.e., open application interfaces, etc.), among other challenges.

A FinTech Innovation Hub aims to address these issues. It aims to serve as the centre of activity for FinTech within T&T, as well as the Caribbean region. It is envisioned that the Hub will promote the ecosystem by hosting relevant infrastructure, businesses, and individuals, as well as promoting opportunities for engagement and interaction. The Hub also plans to ensure the ecosystem is holistic by connecting and partnering with existing programmes hosted by other institutions to further nurture and mature FinTechs in the market, as well as attract new FinTechs from abroad. Lastly, it aims to establish a clear policy framework to help innovative entrepreneurs and established FinTechs confidently develop their operations, test and operate FinTech solutions in T&T and develop solutions for the global market.

As reiterated in the country's National Budget Statement for 2023, the TTIFC aims to contribute to the national financial sector transformation goals as stated:

"The region's first FinTech Innovation Hub will be implemented by the TTIFC in 2023 as a collaborative environment with an onsite ecosystem, whereby the Regulators, Financial Sector actors, Ministries, Departments and Agencies, Fintech start-ups and Innovators, both local and foreign can connect and collaborate to achieve the goal of a "cashless" society in T&T." – Budget Statement 2023, presented by the Hon. Colm Imbert MP, Minister of Finance.

The TTIFC's FinTech Hub will be a focal point for FinTech activity, offering a collaborative environment with an onsite ecosystem with the aim of connecting the nation's FinTech ecosystem and players with global FinTech leaders and innovators. By design, the Hub will comprise distinct environments, idea conceptualisation, tech demonstrations, incubations spaces, and workshops. These areas will facilitate specialist teams and technologies to explore ideas and products for a cashless future.

To achieve short-term gains while building out longer-term solutions to foster a flourishing FinTech ecosystem and pipeline, the TTIFC intends to establish its Hub first through a series of activities specifically designed to engage the sector while developing longer-term activities in parallel. It will maintain an agile approach to test, learn and build over time to respond to the evolving needs of FinTechs and other stakeholders.

Vision

The vision of the FinTech Hub is as follows:

"To deliver a FinTech-enablement Hub which will offer a collaborative environment for all stakeholders to work, connect and collaborate on innovation and FinTech-enabled transformation projects; as well as attract both local and foreign FinTechs through accelerator and incubation programmes, funding and training."

Objectives

The core business objectives are as follows:

- Facilitate education, innovation, and acceleration within one physical location, including virtual and digital workspaces to support a collaborative space for design, demonstrations, incubations, and workshops for a range of stakeholders;
- Increase stakeholder engagement with Joint Regulators, Corporates, Ministries, Departments and Agencies (MDAs), and FinTech start-ups and professionals;
- Provide clear opportunities for FinTechs to work together with government stakeholders and private sector players to drive the transition and contribute in partnership towards T&T's envisioned Digital Economy;
- Establish and cultivate a stronger and more supportive business environment and culture that promotes opportunities for FinTechs to operate and grow in T&T and Eastern Caribbean;
- Identify, crowd-in funding and scale solutions to solve regional financial sector and inclusion challenges through FinTech, as well as accelerate the growth of digital finance regionally;

- Establish evidence and insights to underpin programmes, policies, and the development of an enabling environment for innovation;
- Encourage commitments from the private and public sectors to partner with various FinTechs.

Principals

The FinTech Innovation Hub DOES:

- Build capacity and facilitate opportunities to scale FinTech across the Eastern Caribbean;
- Identify and try to solve industry-wide issues slowing digital finance and inclusion;
- Engage with established financial sector and technology players as well as new entrants;
- Crowd-in and facilitate opportunities for financing to scale FinTech innovation;
- Guide FinTechs to support the strengthening of applications ahead of submission for licensing;
- Support opportunities for collaboration and partnership between government, private sector, FinTechs and entrepreneurs.

The FinTech Innovation Hub does NOT:

- License or regulate innovation;
- Circumvent existing legal and regulatory requirements;
- Guarantee any financing, licensing or partnerships;
- Accelerate or provide capacity building to any solutions that are:
 - Illegal according to the Laws of T&T; and
 - Malicious in nature.

Stakeholders

In general, stakeholders of the FinTech Hub are envisioned to include:

- **Partners:** Well-established companies, such as financial institutions or technology companies, that aim to develop innovative services and desire to collaborate with the Hub. Partners may want to engage as mentors to facilitate dialogue with FinTechs, to participate as implementing partners for set problem statements, or to work with the Hub to seek policy and regulatory clarity for issues related to digital finance.

- **Established Entities (established FinTechs):** A well-established FinTech, regardless of whether they already have a license to provide financial services, wishing to operate within T&T or the Eastern Caribbean. This may include entities with tested and operational solutions operating locally and internationally.
- **Market Entities (early FinTechs):** Market entities that develop innovative solutions in the field of financial services. These often include early and growth-stage FinTechs with innovative solutions that can promote the digital financial sector in T&T and the Eastern Caribbean.
- **Other interested parties:** Students, educators, sponsors, other technology providers, or international investors wishing to collaborate with the TTIFC FinTech Hub.

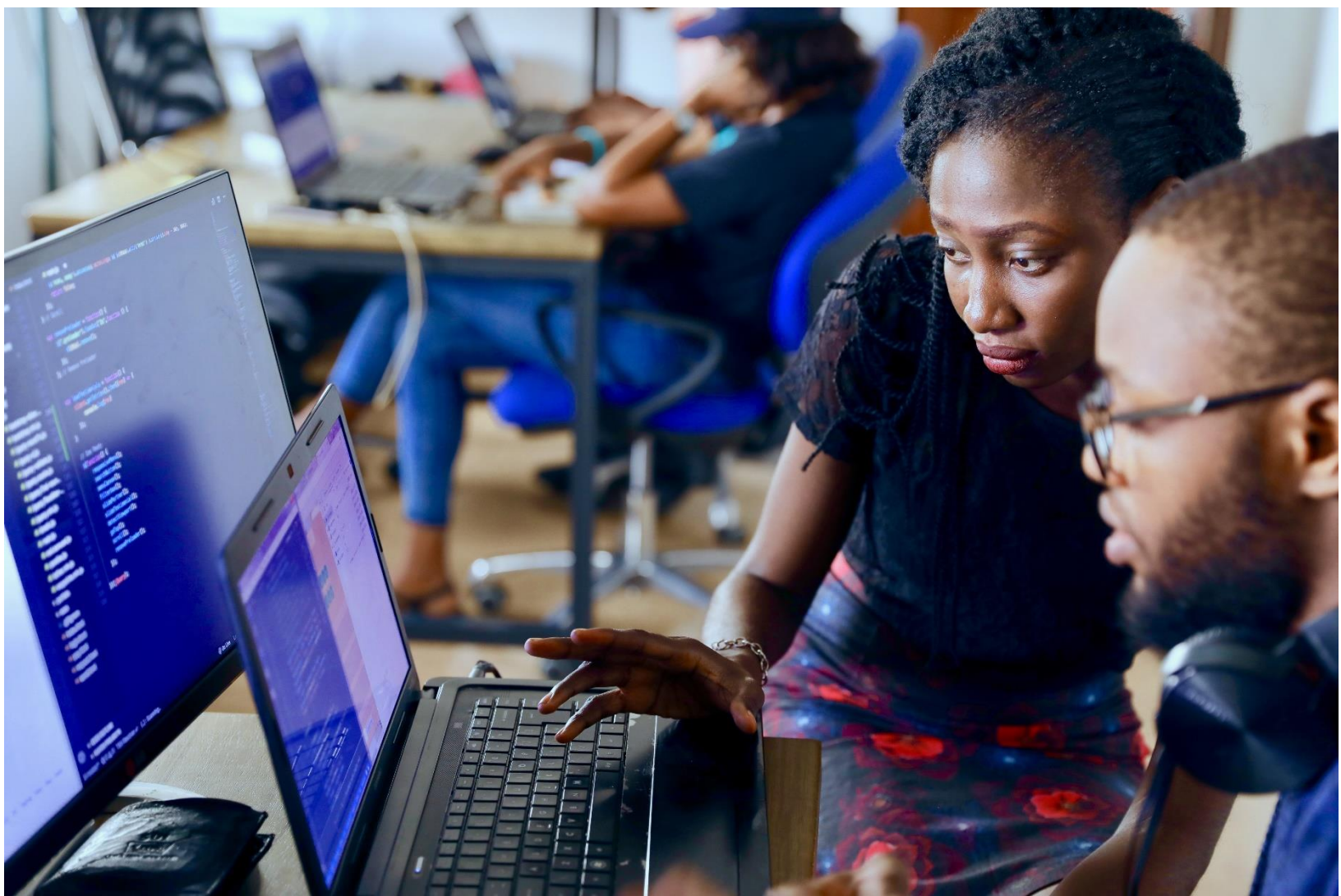
The Hub is open to many different types of collaborations and aims to facilitate partnerships between entrepreneurs and larger companies both in T&T, as well as internationally. Firms that fall into the above categories should contact the Hub

regardless of country of registration, Headquarters location, size, licensing status or business/operating model to explore opportunities for collaboration.

Areas of Interest

Areas of initial interest and focus considered by the TTIFC FinTech Hub include:

- Innovation for financial inclusion;
- Alternative methods of digital payment and payment acceptance;
- Applications from the field of blockchain and Distributed Ledger Technologies (DLT);
- Crowdfunding and alternative forms of finance;
- Regulatory and supervisory technologies;
- Innovations to support e-commerce and merchant payment acceptance;
- Innovations to facilitate remote onboarding and e-KYC;
- Innovations to support consumer protection and embedded financial education.



Programmes

The TTIFC FinTech Hub aims to facilitate a clear FinTech pipeline in T&T by operating under four programmes:

- 4.1. Acceleration programme** to curate a collaborative environment for FinTechs with an onsite ecosystem.
- 4.2. Solutions programme** to crowd-in investors, donors, and partners to facilitate financing opportunities that help FinTechs come to market. It aims to solve industry-wide constraints concerning financial inclusion, digital finance, and the broader financial sector transformation.
- 4.3. Policy programme** to provide guidance to strengthen business plans/applications ahead of submission for licensing or seek regulatory certainty for the use of particular technologies. This program works in close coordination with the Joint Regulatory Innovation Committee.
- 4.4. Research programme** conducts relevant surveys, questionnaires, and other related research activities to establish a source of evidence, insights, measurement, and evaluation to strengthen the activities of the Hub as well as generally advance digital finance and financial inclusion.

It will also undertake a comprehensive communication strategy to ensure resources, learnings, and opportunities are well-circulated and clear for industry stakeholders.

Implementation

Acceleration programme

The Acceleration programme is envisioned to offer the following services:

- a. **Knowledge Exchange:** Community-building engagements with industry experts and peer learning. These services will be available to any interested FinTech or other stakeholder wishing to attend.
- b. **Innovative Business Advisory:** A series of advisory services which may include startup diagnostics, assessments, tailored technical assistance, and business support as well as mentorship. These services will be available for FinTechs selected as part of cohort-based initiatives.
- c. **Access to partnerships and markets:** Facilitate access to partnerships and exposure to local and international markets. These services will be available for eligible

FinTechs which meet a pre-established set of criteria or via acceptance into a cohort-based initiative.

- d. **Physical space:** Access to office spaces, working environments, and key technologies (i.e., open APIs) to support FinTech experimentation. These services will be available for eligible FinTechs who meet a pre-established set of criteria or via acceptance into a cohort-based initiative.

Solutions programme

The solutions program is envisioned to crowd in financing opportunities to help FinTechs come to market and solve specific digital finance constraints. The Hub may leverage (but is not limited to) the following modalities to implement its programmes:

- e. **Accelerator Grants:** Seed funding for nascent or growth stage FinTechs, generally provided as part of cohorts involved within Acceleration programs (see bullet 1 above).
- f. **FinTech Sprints:** Calling for innovations to solve industry-wide problems through clear use cases and with committed partners.
- i. **Challenges:** Firms are invited to solve a specific challenge in the market and compete to receive grant financing and partnerships. (See example Pacific Islands FinTech Challenge)
- ii. **Ecosystem:** A broad range of stakeholders (entrepreneurs, firms, technologists, academics, policymakers, and regulators) work together for a specific timeframe to find a solution that would revolutionise the digital finance industry. These entities will face no competition and receive no prizes.
- g. **Experimentation:** Exploring experimentation or calls for solutions to apply and find use cases for a specific technology (i.e., Privacy Enhancing Technologies or Block Chain).
- h. **Other Calls for Solution:** A specific call or request for a solution to solve a pre-identified, industry-wide or policy issue slowing growth in the digital finance space.

Policy programme

The policy programme aims to be the **first stop** for FinTechs seeking regulatory licensing in T&T. It will provide guidance to FinTechs on the requirements set by the Joint Regulatory

Committee and the Central Bank of Trinidad and Tobago (CBTT). It aims to advise FinTechs on how best to strengthen their business plans/applications pre-submission to the Joint Regulatory Committee and Regulatory Innovation Hub. It may offer the following policy services designed in close partnership with regulators:

- i. **Advocacy.** Identify areas where the industry requests regulatory certainty or further clarification of criteria. For example, if a FinTech is unclear on options to utilise remote onboarding or a licensed EMI wants to experiment with different wallet sizes outside of the e-money issuer (EMI) order, the TTIFC FinTech Hub can raise inquiries on behalf of the industry to regulators for clarification or identify areas for further consideration or experimentation by the Joint Regulatory Innovation Hub.
- j. **Policy Guidance.** Guide FinTechs on key topics pre-identified through engagement with regulators (i.e., safeguarding customer funds, consumer protection, etc.) to help FinTechs submit more robust licensing applications. This is intended to be provided to FinTechs ahead of submitting applications to the Joint Regulatory Committee.

Research Programme

The research programme conducts relevant surveys, questionnaires, and other related research activities to establish a source of evidence, insight, measurement, and evaluation to strengthen the activities of the Hub as well as generally advance digital finance and financial inclusion. It may offer:

- k. **Surveys.** The programme will work to conduct periodic digital finance and financial inclusion surveys, as well as surveys of merchants and FinTechs, to help identify major constraints that are slowing inclusion, growth, and innovation within the digital finance sector of T&T.
- l. **Questionnaires.** The programme will circulate periodic questionnaires to FinTechs, Partners, and other stakeholders to further inform the Hub's operations and identify opportunities to better serve and meet the needs of T&T's financial sector.
- m. **Measurement.** The programme will also house the Hub's measurement and evaluation activities to measure its effectiveness, in particular key KPIs, as well as feedback from past collaborators and innovators. It will also measure and track the progress of FinTech, digital finance and financial inclusion over time in T&T and across the region.

- n. **Position Papers:** Leveraging the above research, the programme will establish research and position papers to help inform the Hub's future operations and maintain its agility to better serve the sector. It will also provide evidence, recommendations, or roadmaps on where to focus and how to scale new innovations and technologies for digital finance, as well as policy considerations to advance the cashless and digital financial inclusion agenda.

5.5. Communications

The Hub provides a unique opportunity to enable a clear line of communication and engagement between the TTIFC, FinTechs and other institutions, which should be fully realised through robust communications and knowledge-sharing strategies.

The communications strategy is envisioned to circulate relevant programmatic information clearly and widely to stakeholders. All potential insights, learnings, areas of regulatory certainty, financing opportunities, capacity-building events, etc., and hosting of live, virtual forums for dialogue, questions, and discussion among key regional stakeholders, including anonymous forums will be incorporated into the facility's communications and stakeholder engagement.

Figure 1 - Areas of consideration for the Communications Strategy

