

# Trinidad & Tobago Breaks Through Into Top Tier of Global Services Destinations

The global landscape for service delivery, whether Business Process Outsourcing (BPO) or in-house shared services is never static. Global executives in the process of shortlisting locations are unwise to simply return to the default choices of a decade ago. Things change. There is no better proof of this than the twin-island nation of Trinidad & Tobago making a striking first appearance on A.T. Kearney's recent ranking of the world's most desirable global service delivery locations in their 2016 **A.T. Kearney Global Services Location Index**.

A relatively small but economically advanced Caribbean country of 1.3 million people, Trinidad & Tobago built a solid economic foundation on its petroleum industry since gaining independence from the United Kingdom in 1962. The country wisely invested the proceeds to build a modern road network with four-lane and six-lane highways, along with health care, communications and education infrastructures. **According to the World Bank**, the country has one of the highest Gross National Incomes per capita in the world and has been ranked by them as a "High Income Country."

Trinidad & Tobago's education and quality of workforce have begun to attract a lot of attention. The English-speaking country is now home to significant shared services operations from global names like Scotiabank and RBC. Not even on the list previously, **management consulting firm A.T. Kearney** took notice and the country went from unranked to 42 on their 2016 Global Services Location Index, jumping ahead of 13 other countries in the ranking. This comes only one year after **The World Bank** cited Trinidad & Tobago as one of the most broadly improved economies over past years in "**Doing Business 2015**," their annual ease of doing business report.



Johan Gott is a principal in A.T. Kearney's private equity practice, and a senior manager in the firm's Global Business Policy Council

Trinidad & Tobago has successfully built upon its professional services expertise developed over decades in the petroleum sector, to turn that highly skilled workforce and mature education infrastructure towards the broader services field, creating a formidable talent pool in financial services, accounting, law and administration. *"Add to those advantages a strong telecommunications infrastructure, a nearshore location to the United States and a host of tax incentives, and it becomes easy to understand why Canada's Scotiabank runs its Caribbean finance and administration service operations from Trinidad & Tobago."* says A.T. Kearney in its report.

*"The combination of a favourable skills base and strong government support for the industry led us to consider the location,"* said Johan Gott, a principal in A.T. Kearney's private equity practice and co-author

of the report, along with firm partner and global leader of the firm's strategic I.T. Practice, Arjun Sethi. *"Key success factors for Trinidad & Tobago include a skilled labour force, a relatively strong financial services industry and native English capabilities—rare in nearshore locations. It is also a natural place for shared services centres serving the local Caribbean market."*

### **WORLD CLASS EDUCATION MEANS A WORKFORCE UNSURPASSED IN QUALITY**

Trinidad & Tobago provides subsidised tertiary education to all citizens graduating from high school and wishing to obtain an associate's or bachelor's degree or other recognised professional certification. In many cases, masters and PhD programmes are covered as well. With two Nobel Prize winning authors (V.S. Naipaul and Derek Walcott) from a population of less than 1.5 million, it should come as no surprise that the country boasts a 99% literacy rate. Located seven miles off the coast of South America, Trinidad & Tobago has a small but growing bilingual workforce. As A.T. Kearney's Johan Gott observed, *"...the education system is good and language skills are excellent."*

The country's **official national educational policy** has evolved to include *"building national capacity to effectively utilise ICTs (Information and Communications Technologies), thereby improving Trinidad & Tobago's competitiveness in an international community that is increasingly driven by ICT; and improving citizen access to ICTs, thereby addressing the emerging digital divide."*

Out of a total of **48 accredited higher education providers** between the two islands, Trinidad & Tobago is home to four major universities:

- **The University of the West Indies (UWI)** is the largest university system in the Caribbean, with a major campus in St. Augustine, Trinidad & Tobago, along with a presence and student pool in 17 other Caribbean countries and territories. This makes Trinidad & Tobago an academic magnet, attracting the best and brightest from across the Caribbean, and from overseas. The university claims among its alumni, three Nobel laureates, 18 Caribbean government heads and 61 Rhodes Scholars.

*Approximately 7,000 Trinidadians graduate from UWI annually.*

- At The University of the West Indies St. Augustine campus, undergraduate and graduate degrees are offered in a range of academic programmes, such as engineering, food and agriculture, social sciences, science and technology, medicine and medical science, law, humanities and education.
- The **University of Trinidad and Tobago** is a government-owned university with a distributed campus system offering undergraduate and graduate degrees and postgraduate research in various engineering disciplines, such as computer engineering, telecommunications engineering, petroleum engineering and others. It also features a curriculum designed with the

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input and collaboration of employers such as Microsoft, IBM, Digicel and Fujitsu, ensuring that students are graduating with the skills in demand from multinational employers. The University of Trinidad and Tobago is home to 6,000 students across its 12 campuses.

- The **University of the Southern Caribbean** is a private university established in 1927. With satellite campuses in Barbados, Saint Lucia, Antigua and Barbuda, as well as on the South American continent in Guyana, the University of the Southern Caribbean also serves as an academic magnet, reinforcing Trinidad & Tobago as an international hub of knowledge and higher education. The university boasts of faculty, staff and students from 38 different countries and offers graduate and undergraduate programmes in business, science & technology, social sciences, humanities, education & human sciences and theology & religion. The university offers a recognised MBA programme and graduate degrees in human resources, economics, finance, accounting, marketing, communications and others.
- The **College of Science, Technology and Applied Arts of Trinidad & Tobago** is the largest national public provider of higher education in Trinidad & Tobago. The multi-campus university was founded in 2000 and offers associate's and bachelor's degrees, plus continuing education and certificates. Bachelor's degrees are offered in accounting, marketing, international commerce, CIS, information technology, nursing, math, languages and behavioral sciences among other areas.

### **Trinidad & Tobago's key education takeaways:**

- **70,000 students currently enrolled in tertiary education**
- **6,000 students are pursuing certification from The Association of Certified Chartered Accountants (ACCA which is equivalent to a CPA)**
- **Literacy rate: 99%**
- **Nobel Laureates: Two V.S. Naipaul & Derek Walcott**
- **Official language: English**

### **Specialised talent can tackle the high-value activities too complex for other locations**

In 2012, Trinidad & Tobago counted almost 60,000 individuals employed in finance, insurance, real estate and business services. The country has over 2,000 licensed accountants, the highest per-capita rate in the world. The high education level, native English language, cultural alignment with North America and an experienced workforce means that Trinidad & Tobago is the ideal location for high value service delivery of the type that requires expertise beyond the commodity level. Finance and Accounting back office work, credit adjudication, travel services, legal services outsourcing, litigation support and compliance activities are all well suited to the professional labour pool the country offers.

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In addition to 1.3 million citizens living in Trinidad & Tobago, **400,000** live in the United States and another **200,000** in Canada. Trinidad & Tobago shares a close cultural alignment with North America, as well as with its Caribbean neighbours and the United Kingdom. A member of the Caribbean Community and Common Market (CARICOM) and located seven miles off the coast of South America, Trinidad & Tobago is also perfectly positioned as a nearshore regional financial centre for Latin America and the Caribbean.



*TTIFC's headquarters in this modern office complex in downtown Port of Spain, Trinidad & Tobago*

The government of Trinidad & Tobago has identified several key financial services sectors as growth and specialisation targets and has already established formal measures to advance on these initiatives. The significant regulatory changes brought about by **FATCA legislation in the US** and **Basel III** in the global banking industry have created an urgent need for qualified financial practitioners and experts who not only understand the regulatory environments but are prepared to navigate them professionally.

The United Kingdom-based financial services accreditation body **Chartered Institute for Securities and Investment (CISI)** recently signed a memorandum of understanding with the Trinidad and Tobago International Financial Centre and the University of Trinidad and Tobago to support the growth of securities industry back office processing in the country. They will now develop and offer a formal curriculum for the **Investment Operations Certificate**, a professional designation for securities industry administration and operations.

Along with the university, **The Trinidad and Tobago International Financial Centre** also has a **partnership** with the **New York Institute of Finance (NYIF)**, an organisation founded in 1922 by the **New York Stock Exchange (NYSE)**,

to bring high level securities markets training to Trinidad & Tobago's financial services professionals. Courses have already been taught by the former Chief Executive Officer (CEO) of NYSE Regulation and the chief regulatory officer of the NYSE Euronext securities exchanges.

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*"We are striving to make Trinidad & Tobago the gateway to capital markets in the Caribbean and Latin America. Our geography and well-educated, English-speaking population makes this a very achievable goal but we're aiming to foster and empower local students with world-class educational opportunities so that they can play a role in our plan. We are delighted to be working with NYIF and believe this partnership will enable us to provide education and training on the most pressing and important topics related to capital markets from the best educators in the industry." –Varun Maharaj, CEO of the Trinidad and Tobago International Financial Centre.*

The advanced skill set has broad applications that are useful beyond the financial sector. After all, every business has an accounting and financial component. Trinidad & Tobago is a nearshore contender for shared services operations across industry sectors. *"In terms of verticals, Financial Services is the area that thus far has received the most investment and attention, but the Finance and Accounting skill set can be beneficial to all industries,"* opines A.T. Kearney's Gott.

Most Latin American countries have a legal system based on the Napoleonic Code: a legal system very different than the British common law which underpins the legal systems of the United States, Canada, Great Britain, Australia, New Zealand and financial domiciles such as Bermuda and The Cayman Islands. Trinidad & Tobago also shares the British common law system, perfectly equipping its lawyers and paralegals to provide legal support services to law firms, including process intensive functions such as land title processing and legal compliance, across all industry sectors and for other common law based countries.

Labour costs in Trinidad & Tobago are quite low, despite the high quality workforce. The national minimum wage is equivalent to 2.35 USD per hour and even experienced, top level professionals with advanced degrees tend to earn **a modest 60,000 USD per year.**

### **Average BPO employment salaries:**

<b>Country:</b>	Trinidad & Tobago	Costa Rica	The Bahamas	Barbados	Dominican Republic
<b>Salary (USD):</b>	14-18,000	16-24,000	30-34,000	23-27,000	19-23,000
<b>Native English?</b>	<b>YES</b>	<b>NO</b>	<b>YES</b>	<b>YES</b>	<b>NO</b>

### Advanced infrastructure and connectivity leverage the nearshore advantage

A location may have brilliant talent but if the cost of doing business is high or difficult, then that talent will remain inaccessible. Trinidad & Tobago combines top tier talent with an attractive and inexpensive location, just a four-hour flight from the United States.

The cost of operating in Trinidad & Tobago is also very low. Prime real estate (such as in an industrial park or free zone) can be as low as an astonishing \$0.61 per square foot (\$6.60/m<sup>2</sup>). As mentioned, the national minimum wage is 2.35 USD per hour and natural gas costs a dime per cubic metre. The electricity rate is **0.06 USD per kilowatt/hour**—a half of the 0.12 USD per kwh rate in Medellín (**EPM**), or a sixth of the **whopping** 0.35 USD per kwh in Jamaica (**JPS**).

*“Electricity prices are favourable in Trinidad & Tobago—this is a positive,”—A.T. Kearney’s Gott*

Electricity is usually the single largest utility spend for most companies, with climate control and electricity-hungry computing infrastructure driving costs. With regards to data infrastructure, beyond low power costs and a location outside of the hurricane belt, the country’s extensive, redundant data connectivity makes it an ideal location for data centres or other IT-centric operations.

Trinidad & Tobago counts five international fibre-optic landings ensuring bandwidth and capacity (current physical capacity if fully utilised would reach 2,000 gbps) and boasts a deregulated, competitive telecommunications environment. The country is a member of **North American Numbering Plan Administration (NANPA)** with the area code of 868, meaning it shares the same hassle-free country dialling code with the United States and Canada.

Mobile phone service is 4G and the country has 139% market penetration, meaning there are more active mobile phone accounts than there are residents on the two islands.

*“With its investment in infrastructure, highly-educated, English-speaking workforce and ease of travel from the US, Trinidad has terrific potential as a source of customer service talent.” — Gary Praznik, IQOR executive vice president. IQOR opened a **32 million USD call centre** in Trinidad & Tobago that is projected to grow to employ 750 workers when fully staffed.*

Trinidad & Tobago has a well-developed transportation infrastructure, with the English-speaking Caribbean’s third busiest airport, Piarco International, that was also ranked #1 for passenger satisfaction by the **World Travel Awards**. The airport offers nonstop flights to the United States, Europe, Canada, Central America and South America. It is the primary gateway connecting the South American country of Guyana to the rest of the world. Piarco International Airport is the hub for Caribbean Airlines and Amerijet International.



*Trinidad's Piarco International Airport is a major hub connecting Trinidad & Tobago with nonstop flights to and from North & South America, Central America, The Caribbean, and Europe. (Photo credit: Loren Moss)*

A country may have splendid, modern airports, but that means little if it takes overnight flights with multiple stops to get there. A flight from Miami to Trinidad & Tobago takes less time than from Miami to the U.S. west coast. The time zone is just one hour ahead of Eastern Standard Time, so there is no jet lag. Connectivity is excellent, with nonstop service offerings from JetBlue, American Airlines, Caribbean Airlines, British Airways, Copa, United Airlines, Conviaza, Insel Air, LIAT, Surinam Airways, Venezolana and WestJet. Fedex and DHL along with Ameriflight have direct cargo flights serving the country.

For cargo, Trinidad & Tobago has seven sea ports and five harbours; number three in port capacity for the English speaking Caribbean, and again, outside of the hurricane zone. The road network is ranked the second most developed in the entire Caribbean, with four-lane and six-lane highways.

### **Investors find a willing and able partner in the stable, democratic government**

- Standard & Poor's/Moody's Sovereign Credit Rating: **A/Baa1** (respectively)
- Total external debt less than half of foreign exchange reserves
- Freedom House **2015 Freedom In The World rating: Free**
- Country **polity score: 10 out of 10**
- Country **democracy score: 10 out of 10**
- **Economic Freedom Index: 7.07 (compared to USA's 7.73)**
- Designated an **Innovation Driven Economy** by the World Economic Forum
- Member of the IMF, World Bank, Inter-American Development Bank, CARICOM
- No restrictions on foreign ownership of local private companies or subsidiaries, once incorporated under the Free Zones Act
- No restrictions on repatriation of funds other than withholding tax, which is exempt for Free Zone companies
- Lower English-speaking financial services labour costs than Costa Rica, Dominican Republic, Barbados or The Bahamas

The twin-island nation of Trinidad & Tobago is a constitutional parliamentary republic, with a vibrant, diverse, tolerant population. As a member of the British Commonwealth, London's Privy Council is still the final appellate court after the local Court of Appeal. Private property rights are completely safe.

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The country has strong protection of intellectual property rights, with the Patents Acts of 1990 & 1996, a Trademark Act of 1955 and a Copyright Act of 1997. Trinidad & Tobago is also a party to the Paris Convention for the Protection of Industrial Property of 1883, The Patent Corporation Treaty of 1970, The Strasbourg Agreement Concerning Patents of 1971 and the Budapest Treaty for the Patent of Microorganisms of 1977.

Across political parties, successive governments have affirmed a commitment to global services delivery as a strategic sector that is key to Trinidad & Tobago's growth and diversification from petroleum. As the Ministry of Trade, Industry, Investment and Communications said in its **policy statement**, *"...through incentives provided, the government encourages projects that generate employment and foreign exchange, provide training and/or technology transfer, increase exports and have local content. There are no restrictions on repatriation of capital, profits and dividends, interest, distributions or gains on investment."*

The Trinidad and Tobago International Financial Centre, together with the international consulting firm Oliver Wyman, developed a five-year business plan and set firm targets for attracting foreign direct investment in the global services delivery sector. Based on this, they have goals of bringing in 3,000 new BPO and shared services jobs and as much as 169 million USD per year contributed to Trinidad & Tobago's economy. Additional benefits from this foreign direct investment include human capital development through knowledge transfer from foreign professionals, expats and managers to Trinidad & Tobago residents. The government also foresees an upgrade to Trinidad & Tobago's technological infrastructure due to the intellectual exchange between foreign investing firms and the local talent base, and a multiplying effect through trade, tourism and the stimulation of additional foreign trade. To meet these goals, Trinidad & Tobago's investment promotion agencies have been empowered to offer generous incentives and assistance to foreign enterprises, be they worldwide or relatively modest in size, to attract and land global services operations on either of the two islands.

The entire government has taken administrative reform seriously, making business easier for the local storefront entrepreneur and the multinational enterprise alike. The time it takes to establish and register a company has gone from 40 days down to just three days. The application process for import/export permits has gone from four weeks to only one day. The time it takes to apply for and receive approval for investment incentives has gone from a month and a half to 11 days, and just a day longer for import duty concessions.

### **Trinidad & Tobago has double-taxation agreements with the following countries:**

- United States
- India
- France
- Italy
- Norway
- United Kingdom
- CARICOM countries
- Denmark
- Luxembourg
- Sweden
- Canada
- China
- Germany
- Switzerland
- Venezuela

Many countries impose cumbersome policies when it comes to bringing in specialised professionals, managers and executives to run global services operations. Some jurisdictions can be nightmarish. Trinidad & Tobago, on the other hand, makes obtaining work permits **a streamlined, online process**. In addition to an easy application and renewal process for the proper documentation, the government promises that documents will be processed within 14 working days.

A.T. Kearney's Gott says it succinctly: *"We believe that strong government support is very important in strengthening key aspects of the value proposition and removing obstacles for industry. Examples include industry relevant education and training programmes, removal of regulatory barriers that impact the industry in negative ways...and also favourable incentives for investors."*

### **Trinidad & Tobago free zone benefits:**

- **Corporate tax exemption**
- **Capital gains tax exemption**
- **Withholding and value added tax exemption**
- **Relief from fees for work permits**
- **Relief from property taxes**

Even though foreign companies taking advantage of Trinidad & Tobago's ample free trade zone capacity are exempt from corporate taxation, the maximum corporate and personal tax rate exigible in the rest of the country is 25%, well below competing locales. The Value Added Tax (VAT) for local purchases is 12.5%.

*"The Financial Services sector, as the second largest contributor to the national GDP, plays a pivotal role in Trinidad & Tobago's (T&T) economic growth. It is this wealth of experience along with world-class infrastructure, high availability of trained Banking and F&A personnel, sector-specific incentives and proactive government support that is turning T&T into a future-ready financial services hub. TTIFC is committed to developing T&T as a nearshore financial services destination through its end-to-end investment facilitation and support services."* —Varun Maharaj, CEO of the Trinidad and Tobago International Financial Centre.

### **Trinidad & Tobago — the best of all worlds**

Of the many quantitative benefits to doing business in Trinidad & Tobago, it would be remiss to omit the qualitative. Global services delivery executives travel to far-flung locations, some more attractive than others. Expats have to relocate across oceans to foreign lands with sometimes uninviting cultures and tremendous language barriers. Maybe family and significant others can come along, or maybe it's unsafe or impractical. This is expensive for the company, and unpleasant for the executive and his or her family, leading to undesirable turnover and loss of talent. None of these are issues when setting up operations in Trinidad & Tobago.

A short flight from North America, South America and the Caribbean with many daily connections, travellers can visit the country for meetings and return on the same day. Unlike most locations though, visitors on business won't be in such a hurry to leave. Trinidad & Tobago's vibrant culture, lively nightlife and amazing cuisine make the twin-island nation a preferred destination. *After all, it is the Caribbean!* While larger, populous Trinidad is the home to industry and commerce, idyllic Tobago remains a laid-back, leisure destination with resorts, beaches, golf, and most importantly, tranquillity. Water taxis, ferries, and frequent daily flights connect the two islands. A major leisure destination with a tropical climate and stunning natural beauty, BPO and shared services operators will not encounter resistance from directors and managers being dispatched to centres in Trinidad & Tobago. The resistance may come when it's time to return and leave the islands behind.

### National travel statistics:

- Stock of hotel rooms: **7,500**
- Cruise passenger arrivals, 2014: **33,174**
- Visitor sources: U.S. 39%, Other Caribbean 19%, Canada 13%, all others 29%



Local-caught Curried Lobster at Apsara Restaurant in Port of Spain. Trinidad & Tobago has an amazingly rich culinary heritage. (Photo credit: Loren Moss)

Trinidad & Tobago is home to a unique cuisine with delicacies like doubles, Trini chow, aloo pie, "bake & shark" and Caribbean roti. So many of the tropical fruits that are local on the islands are exotic or even unknown outside of the country: cocorite, "fat pork" (yes, a fruit), governor plum, lay lay, gri gri, gru gru beff, grumichama, jaboticaba, pitomba, peewah, "stinking toe," tonka beans and pommecythere (pomsetay) are just a few of the local edible fruits either exotic or unknown elsewhere. As would be expected from an archipelago bathed by major ocean currents, the seafood is world class.

Trinidad & Tobago is home to the Caribbean's most renowned musical instrument, the steelpan drum, which is the only acoustic musical instrument to have been invented in the last century. There are no hurricanes and the diverse culture—with major contributions from India, Africa, Europe and China—is the home of soca, chutney, calypso and parang music. Beyond the Nobel prizes already mentioned, sons and daughters of Trinidad & Tobago have gone on to win Tony Awards, Grammy Awards, Emmy Awards, Olympic gold medals and two Miss Universe titles.

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*Trinidad punches above its weight in one of the national sporting passions, Cricket. (Photo credit: Loren Moss)*

Late every winter, Trinidad & Tobago is home to the world famous Carnival celebration, the largest celebration of its kind in the English-speaking world. Trinidad & Tobago's Carnival is a two-day street party like no other, with enthusiastic participation from every sector of society, along with visitors, tourists and revellers from around the world.

The natural beauty of the rural areas, spotless beaches and miles of shoreline serve as a counterbalance. The vibrant night life is balanced by the quiet Sundays—even more so in Tobago—encouraging a high quality, family-friendly lifestyle.

Trinidad & Tobago has several golf courses and a nautical club for yachtsmen and recreational sailors. There are ample options for water sports: from scuba diving and snorkelling to windsurfing, parasailing, kayaking and of course, fishing.

There is a vibrant, internationally connected performing arts scene anchored by the **National Academy of the Performing Arts (NAPA)**, with its modern, architecturally stunning facility. Several fine art galleries in the capital city, Port of Spain, house works of interest to collectors by well known artists such as Boscoe Holder and Jackie Hinkson. The **Tobago Jazz Experience** is an annual event that attracts an international audience and showcases local talent alongside global acts from the genres of jazz, R&B, reggae and pop.

The nation of Trinidad & Tobago offers a unique blend of quantitative and qualitative advantages that make it an ideal location for shared services or BPO. Highly ranked for global competitiveness along with ease of doing business, the welcoming, stable republic shares a legal and cultural alignment with North America that cannot be beaten in any other nearshore or offshore location. Native English, short travel times and low operating costs are key advantages, and a safe, family-friendly lifestyle means that expat team members and visiting executives will look forward to time spent "on site."

Working through the Trinidad and Tobago International Financial Centre ensures smooth coordination and guidance through the easy, inexpensive, streamlined steps necessary to be up and operating in minimal time. Trinidad & Tobago is not a red-tape heavy country, and the export-oriented economy is already geared toward international commerce and trade. For high-value global services delivery, there is simply no better option than Trinidad & Tobago.

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Just as A.T. Kearney's Johan Gott said, the combination of a favourable skills base and strong government support make Trinidad & Tobago the ideal location for financial sector shared services. This is why Trinidad & Tobago's highest score in the global locations survey was in the area of financial attractiveness. The perfect trinity: a low cost location close to North American destinations, a stable, pro-business, welcoming government and unmatched human talent. No location survey is complete without a close examination of what Trinidad & Tobago has to offer.



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