

# ‘US\$ imbalance leads to cut in Republic’s forex credit card limit’



Central Bank Tower and Ministry of Finance, the financial complex commonly referred to as the Twin Towers in Port-of-Spain yesterday. PHOTO BY ANISTO ALVES

Republic Bank reduced the US-dollar spending limit on some of its credit cards by 50 per cent last week as a result of increased demand for foreign exchange and the prospect of reduced shortterm inflows of foreign exchange, a Central Bank official said yesterday.

In what it described as an important notice issued last Friday afternoon, Republic Bank said, “Effective August 21, 2025, the maximum US dollar spending limit per billing cycle on Republic Bank credit cards will be US\$2,500 or the US\$ credit limit of the account, if less than US\$2,500.

“This change includes all transactions conducted outside of Trinidad and Tobago as well as all international online transactions, including transactions where the chosen billing currency is TTD.

These online transactions will be included in the US\$2,500 billing cycle limit.

“All local TTD transactions remain unaffected.”

The Central Bank official was reminded of a statement issued by former minister of finance, Colm Imbert, on September 23, 2023, two days after Republic Bank reduced the US-dollar limit on its credit cards from US\$10,000 to US\$5,000.

In a news release in which he stated that he was not involved in the Republic Bank decision in any way, Imbert said, “Upon investigation, the Bank advised that its credit card sales had reached an unsustainable level in September 2023, and it had no choice but to reduce the limits on credit cards to stay within its own approved guidelines for what is referred to in the industry as a “short position.”

“Upon being informed of this decision of Republic Bank, after the fact, it was determined by the Ministry of Finance that the sales by all banks of foreign exchange using credit cards in Trinidad and Tobago (overseas transactions) had in fact reached close to US\$6 million a day in September 2023, with Republic Bank being responsible for a significant percentage of these sales.”

Close to US\$6 million spent by local commercial banks to pay off US-dollar charges on credit cards in September 2023 would have amounted to US\$180 million a month and US\$2.16 billion a year.

In its 2023 Annual Economic Survey, the Central Bank said the sales of foreign exchange by authorised dealers to the public reached US\$6.228 billion in 2023.

At 35 per cent, the report outlined that credit card payments were the largest call on foreign exchange sales by authorised dealers to the public based on all reported transactions in 2023.

Thirty-five per cent of US\$6.228 billion is US\$2.179 million, just over the estimate in the September 2023 news release.

In an interview with Guardian Media yesterday, the Central Bank official explained that each of the authorised dealers, mostly commercial banks, fund credit card payments based on foreign exchange they purchase from sellers of foreign exchange, mostly energy companies and large domestic exporters, and from the Central Bank. On average, 80 per cent of what the authorised dealers sell to the market comes from the energy companies and the large domestic exporters and 20 per cent from the Central Bank.

“The commercial banks estimate the foreign exchange required to settle their credit card obligations based on established patterns of spending of their customers and they compare that with the US-dollar revenues they expect to purchase from sellers of foreign exchange.

“Sometimes this results in the commercial banks taking short positions, which means selling foreign exchange to the market ahead of them receiving foreign exchange from the traditional sellers.

“These short positions are approved by the boards of the commercial banks and this information is conveyed to the Central Bank. These short positions are reviewed by the Central Bank on a regular basis,” said the official.

The Central Bank staffer said that last Thursday, Republic Bank informed the Central Bank that “it was short as a result of higher payment obligations and less foreign exchange inflows than they had predicted.”

Republic Bank also informed the Central Bank on Thursday that it was proposing to reduce the US-dollar credit limit on all of its credit cards as a means of addressing the issue.