



Press Release

CENTRAL BANK INVITES PUBLIC COMMENTS ON E-MONEY OVERSIGHT FRAMEWORK

The Central Bank of The Bahamas is inviting public comments on the proposed ***Payment Instruments (Oversight) Regulations, 2017***. It is a precursor to the Central Bank's process to license and supervise non-bank providers of electronic payment instruments and services.

The Central Bank is taking an abbreviated approach of one month for this consultation process in order to ensure that private interests, which already exist in providing innovative payments solutions, can be vetted for licensing and supervision within a transparent framework. Following the consultation process and any revisions to the proposed framework, the Regulations will be promulgated. A further review of the Regulations will occur within one year's time, to take constructive account of any initial experiences.

In addition to the proposed ***Payment Instruments (Oversight) Regulations, 2017***, the Consultation Paper also contains the Central Bank's "***General Information and Application Guidelines for Providers of Electronic Retail Payment Instruments and Electronic Money Products (Payment Service Providers)***", and the document on the "***Payments Oversight Policy Framework***".

The role of the Central Bank in relation to payment systems and payment instruments is defined by the provisions of the Payment Systems Act, 2012 (PSA) and the Central Bank of the Bahamas Act, 2000 (CBA). The Central Bank is responsible for formulating, adopting and monitoring the implementation of a national payment system policy for The Bahamas and for overseeing payment systems and the issuance and functioning of payment instruments.

The PSA empowers the Central Bank to "determine general or individual standards and directives for all approved domestic payment systems and payment instruments; establish and perform control and audit procedures; and impose administrative sanctions." Furthermore, the Bank is empowered to suspend the operation of any system or terminate the participation of any member in an approved system. In pursuance of its policy objectives, the Central Bank is required to facilitate the development of new methods and technologies for payments and the transfer of securities and the cooperation among all participants in the evolution of payment systems and the provision of money services. In this regard, the Central Bank intends to issue regulations and guidance regarding electronic retail payments.

It is proposed that all non-bank Payment Service Providers (PSPs) be licensed and supervised by the Central Bank, pursuant to the Central Bank of The Bahamas Act, 2000 and the Payment Systems Act, 2012 and that the Central Bank regulate and supervise the use of electronic retail payments, including those involving electronic money products.

The Central Bank invites comments on the proposals in the draft Regulations and the Policy Framework by June 9, 2017.

16 May 2017