



REQUESTS FOR EXPRESSIONS OF INTEREST (EOI)  
DESIGN AND IMPLEMENTATION OF A DIGITAL FIAT CURRENCY SYSTEM

***Response deadline: 15 September 2018.***

**1. Introduction**

- 1.1 The Central Bank of The Bahamas (the Bank) invites submission of expressions of interest (EOI) from qualified firms to supply blockchain or other robust technology solutions for a central bank issued digital currency system.
- 1.2 THIS IS AN INVITATION FOR EXPRESSIONS OF INTEREST (EOI) ONLY. This EOI is solely for information and planning purposes. It does not constitute a Request for Proposal (RFP), or promise to issue an RFP in the future; and it does not commit the Bank to contract for any supply or service whatsoever. The Bank will not pay for any information or administrative costs incurred in responding to this request.
- 1.3 Based on the responses to this EOI, the Bank will identify parties to work on the design and implementation of a secure, reliable platform for a digital version of the Bahamian dollar. Firms so selected may be invited to respond to a detailed Request for Proposals (RFP). If an RFP is released, a notice will be published on the Bank's website at [www.centralbankbahamas.com](http://www.centralbankbahamas.com). **However, only pre-qualified firms will receive copies of any detailed requirements.**
- 1.4 The Bank does not intend to award a contract based on this EOI or to otherwise pay for the information solicited. The Bank reserves the right to defer or cancel the EOI process without penalty.
- 1.5 The Bank expects to identify the best fit for purpose solution having regard to any possibility of existing digital payments solutions, including, but not limited to, distributed ledger technology and/or blockchain services; interoperability needs across all payments system participants; and the imperative for universal transition from cash dependence in the remote, lesser populated islands of The Bahamas (the Family Islands). Interested parties are expected to provide their own version of the conceptual framework and roadmap with respect to these technologies and services.
- 1.6 The Bank recognizes the transformative potential of technology and is interested in better understanding the current market, having regard to the transactions processing speed demand of electronic payments, versus other security assurances promised by state of the

art financial technology (fintech) solutions. The identified solution would be piloted in a smaller Family Island community before its application in the rest of the country.

## 2. Background

- 2.1 To advance more inclusive access to regulated payments and other financial services for under-served communities and socio-economic groups, the Bank is accelerating the Bahamas' Payments System Modernization Initiative (PSMI)<sup>1</sup>, and exploring the introduction of a digital currency as the next phase in this process.
- 2.2 As an archipelago, The Bahamas is made up of many dispersed, low-density communities, for which provision of market-based financial services through physical installed infrastructure has either not been feasible or is becoming increasingly less feasible. The Bank expects that the accelerated adoption of fintech solutions would reduce service delivery costs and improve the level of financial inclusion across all communities in The Bahamas. The Bank also sees scope to boost inclusion and access in the more populated, developed markets of The Bahamas. Moreover, through reducing economy-wide use of physical cash, the Bank expects to strengthen national safeguards against money laundering, terrorism financing and other criminal acts more easily facilitated by cash.
- 2.3 The population size and distribution underscore the financial development challenges for The Bahamas, using either traditional delivery modes or market-based return considerations. In particular, The Bahamas' total population of approximately 400,000<sup>2</sup> is distributed across at least 21 separately inhabited land masses, with a least a mile of water between each.<sup>3</sup> Moreover, about 70% of the population resides on New Providence, and another 14% and 5% respectively on Grand Bahama and the Abacos. By unofficial estimates, undocumented immigrants make up about 10%-15% of the population and are not well integrated into the regulated financial system.
- 2.4 The PSMI process draws on broad stakeholder participation, with strategic involvement required between both the public and private sectors. The public sector involvement is to ensure integrated, parallel development of a national identification system and broadly adapted operations infrastructure to originate and receive digital payments. Other than retail consumers, key private sector stakeholders include the current and potentially expanded list of payment services providers and commercial firms of all sizes, as originators and recipients of payments.
- 2.5 A digital version of the domestic currency will require appropriate legal and regulatory reforms, to ensure full inter-operability among existing and new channels for the provision of payment services; standards to safeguard consumer protection and personal data

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<sup>1</sup> See <http://www.centralbankbahamas.com/download/031486300.pdf> for the Payments System Modernization Initiative (PSMI) overview.

<sup>2</sup> United Nations estimate extrapolated to 2018, using the 2017 average population growth rate.

<sup>3</sup> These include the Abacos (at least three significant separations), Acklins, Andros (at least three separated communities), Rum Cay, Bimini, Berry Island, Cat Island, Long Island, the Exumas (at least three separation) the Eleuthera, Grand Bahama, Ragged Island, Crooked Island, Mayguana, New Providence.

sovereignty and standards for non-discriminatory access to electronic money on terms that are no less favourable than for cash.

2.6 It is anticipated that a piloted version of a digital fiat currency would be in circulation within 30 months, and offer security and versatility over a life cycle process for managing currency that is superior to cash. This evolved payment infrastructure should introduce negligible cost frictions for retail payment originators. The Bank also anticipates the introduction of a digital identification system as an essential precursor, piloted for use within the financial services sector.

### **3. Specific Information Requested**

3.1 Listed below are some of the concepts, technologies and functionalities that the Bank plans to consider as part of an inclusive, digital payments infrastructure. This list does not impose a specific requirement, nor is it exhaustive. Instead, it is intended to provide context for the discussion on improving the payments infrastructure, with blockchain and other fintech innovations. Where applicable, kindly ensure that the following conditions are met:

- i. The ability, within the domestic capital control regime<sup>4</sup>, to accept and remit payments/transfers in various currencies (both fiat and digital), including cross border payments, with the ability to instantly transact and settle with finality.
- ii. Any mechanisms to securely store and provide regulated custody of digital currencies and other digital assets.
- iii. The creation of an eWallet, or similar functionality, for centralized customer accounts management.
- iv. Mechanisms to improve the efficiency of monitoring, reporting and decision-making process throughout the transaction flow.
- v. Means of remaining operational for 24/7/365, with redundancies in place to maintain minimum functionality during disruptions to telecommunication/network services or other disaster recovery scenarios.
- vi. Means of meeting industry standards for system access, digital signature, data encryption and confidentiality of information.
- vii. Means to create a system which both fulfills the Bank's initial volume estimation, but is scalable as well (horizontally and vertically).

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<sup>4</sup> Conversion into and out of foreign currency requires the use of commercial banks (authorized dealers of foreign currency). A more detailed description of the Exchange Control system based on rules in effect since January 2018 is found on the central bank's website:

[http://www.centralbankbahamas.com/exc\\_press.php?cmd=view&id=16813](http://www.centralbankbahamas.com/exc_press.php?cmd=view&id=16813).

- viii. Ability to provide a digital identity to those who have satisfied AML/CFT/KYC standards and have enrolled into the system a means to manage their identities.
- ix. Means of storing, transferring and sharing data without compromising data integrity, security and privacy.
- x. Ability to distribute value to the intended end beneficiaries, i.e., payment of fiat currencies, digital currencies, tokens, mobile phone, EMV, POS machines etc. in a manner that is timely, trackable, transparent and incorruptible.
- xi. Interoperability

#### 4. Responses

- 4.1 Parties interested in responding to this EOI must submit a white paper outlining relevant experience and resources (including potential strategic partnerships) that might suit the Bahamas' digital currency initiative.
- 4.2 PDF white papers are due no later than 15, September 2018. Responses shall be submitted via e-mail only to **digital@centralbankbahamas.com**. Proprietary information, if any, should be minimized and **MUST BE CLEARLY IDENTIFIED**. Please be advised that all submissions become the Bank's property and will not be returned.
- 4.3 Section 1 of the white paper must provide administrative information, and must include the following at a minimum:
  - 4.3.1 Name, mailing address, phone number and e-mail of designated contact.
  - 4.3.2 Terms of contractual relationship.
  - 4.3.3 Business type, background and key personnel.
  - 4.3.4 Client portfolio of similar or related project implementations.
  - 4.3.5 Geographic location of resources and support.
  - 4.3.6 Capacity to provide 24/7 support on critical issues.
  - 4.3.7 Implementation model and approach.
  - 4.3.8 Proposed technology stack and main architectural concepts/patterns used in developing the solution.
- 4.4 Section 2 of the white paper must address the firm's capacity to deliver on the issues raised in Section 3 of this EOI request.

## 5. Questions

5.1 Questions regarding this announcement shall be submitted in writing by e-mail to **digital@centralbankbahamas.com**. Verbal questions will NOT be accepted. Interested parties are encouraged to visit the Bank's website to ensure they receive any information updates connected with this EOI.

## 6. Summary

6.1 THIS IS AN EXPRESSIONS OF INTEREST (EOI) ONLY to identify sources that can provide solutions for the modernization of legacy payments system. The information provided in this EOI request is subject to change and is not binding on Central Bank of The Bahamas. The Bank has not made a commitment to procure any services discussed. Release of this EOI should not be interpreted as a commitment to incur cost for reimbursement.

6.2 All submissions become property of the Central Bank of The Bahamas.

## 7. Confidentiality Agreement

7.1 Please find the Confidentiality Agreement attached. In order for your submission to be considered complete, the attached form should be completed by inserting, where indicated, your company's name, date and the signature of one of your company's authorized signatories.

7.2 Kindly return all submissions to: **digital@centralbankbahamas.com**.

# The Central Bank of the Bahamas



COMMONWEALTH OF THE BAHAMAS

New Providence

## CONFIDENTIALITY AGREEMENT

This **AGREEMENT** is made and entered into effective as of the \_\_\_\_ day of \_\_\_\_\_, 2018 (the "Effective Date") by and between the Central Bank of The Bahamas, a body corporate established under section 3 of the Central Bank of The Bahamas Act, 2000, with its principal place of business at Frederick and Market Streets, Nassau, Bahamas, and \_\_\_\_\_, with a principal place of business \_\_\_\_\_ (each of which may be referred to herein as the "Disclosing Party" and/or the "Recipient", as the case may be, of information).

### WHEREAS;

- A. The Central Bank of The Bahamas desires to work on the design and implementation of a secure, reliable platform for a digital version of the Bahamian dollar (hereafter referred to as "the Project") and \_\_\_\_\_ desires to participate in the Central Bank's Payments System Modernization Initiative, also known as, "Project Sand Dollar", (hereafter referred to as "the Project"), for the purpose of submitting a technology solution concept for the new Central Bank issued digital currency system, and to further this end, a Disclosing Party may disclose to a Recipient certain of the Disclosing Party's Confidential Information (as defined herein).
- B. The parties wish to define their rights with respect to the said information and to protect the confidentiality thereof.
- C. The parties mutually agree that the Disclosing Party's information is the confidential property of the Disclosing Party.

**NOW THEREFORE**, in consideration of the mutual covenants contained herein, each of the parties hereto, intending to be legally bound, does hereby agree as follows:

1. Confidential Information. In the course of the business relationship between the parties, the parties will have access to, among other things, the confidential information of the other party. "Confidential Information" shall mean all information

or data of a confidential or proprietary nature relating to a party's business or affairs, that is disclosed (whether in writing, orally or by any other means) to the Recipient by the Disclosing Party and shall include but not be limited to:

- a. Information relating to Disclosing Party's business (including information relating to prospective or actual employees, agents of the Disclosing Party), operations, processes, plans, intentions, product information, know-how, intellectual property rights, trade secrets, software, hardware, equipment, programme, compensation plans, marketing data, financial information, sources of supply, technologies, current and future research and development, and product characteristics, designs, charts, specifications and prototypes, all of which are identified by Disclosing Party to be confidential and proprietary and provided in written or other tangible form. Information that is disclosed visually and/or orally shall constitute Confidential Information if it is identified as being confidential at the time of disclosure.
- b. Information about the business or affairs of a licensee of, or other entity that is supervised by, a Disclosing Party; or information about the identity, assets, liabilities, transactions or accounts of a customer of a licensee of the Disclosing Party, or of a customer of an entity that is supervised by the Disclosing Party.
- c. Information about any application made to the Disclosing Party under the Banks and Trust Companies Regulation Act, 2000.
- d. Information about any application made to the Disclosing Party under the Exchange Control Regulations, (*Ch. 360 of the Statute Laws of The Bahamas, as revised in 2009*).
- e. Such above information shall be referred to hereinafter as "Confidential Information" provided, however, that the following information shall not be deemed Confidential Information: (i) information which has become publicly available without breach hereunder by the Recipient, (ii) information which was rightfully received by the Recipient from a source not under obligation of confidentiality to the Disclosing Party, (iii) information in the possession of the Recipient, in written or other recorded form, prior to disclosure by the Disclosing Party, (iv) information which is developed by the Recipient independent of any Confidential Information, (v) information which an authorized representative of Disclosing Party has approved in writing for release by the Recipient without restriction, and (vi) information disclosed pursuant to an administrative or judicial order provided that the Recipient prior to such compliance shall notify the Disclosing Party of the order as soon

as possible after receipt to provide the Disclosing Party a reasonable opportunity to protect its Confidential Information by protective order or other means.

- f. CONFIDENTIAL INFORMATION IS PROVIDED “AS IS.” Neither party makes any warranties regarding the accuracy of Confidential Information disclosed under this Agreement, nor represents that any products shall be developed, manufactured, purchased or marketed. Neither party has any obligation under or by virtue of this Agreement to purchase or furnish to the other party any products or services, or to enter into any other agreement.

2. Non - Use and Non - Disclosure

- a. Save to the limited extent set out in clause 3 below, the parties shall not use Confidential Information received under this Agreement for any purpose other than for participating in the Project and each shall hold the Confidential Information received under this Agreement in confidence with at least the same degree of care it uses to protect its own confidential information of similar sensitivity and importance, and in any event not less than a reasonable degree of care. Access to the Confidential Information shall be on a “need to know” basis and shall be limited to those persons who have been pre-selected to participate in the Project and who, in addition, require such Confidential Information in the performance of their duties if such persons are bound in writing to Recipient by confidentiality obligations at a minimum as restrictive as the terms of this Agreement, in order to permit those people to assist the Recipient to carry out their responsibilities set out in the Expression of Interest. A Recipient shall not copy or reproduce, in whole or in part, any Confidential Information except as is necessary to fulfil the purposes of this Agreement. The Recipient shall not disclose Confidential Information received under this Agreement without the prior written consent of the Disclosing Party.
- b. As between the parties, title to and ownership of all Confidential Information shall remain the exclusive property of the Disclosing Party and nothing in this Agreement, or any course of conduct between the parties shall be deemed to grant to the Recipient any rights in or to the Confidential Information of the Disclosing Party, or any part thereof, other than as expressly granted herein. Recipient shall not remove any proprietary, copyright, trade secret, or other proprietary rights or legends from any form of received Confidential Information.



- c. Each party understands that the other party may have performed independent developments relating to the confidential information to be disclosed. This Agreement and any discussions relating to the transaction between the parties shall not limit the independent development and marketing by either party of products involving technology or information of a similar nature to that disclosed under this Agreement, so long as such development and marketing is not performed through the use of confidential information disclosed by the other party.
3. Term and Termination. This Agreement shall continue in force from the Effective Date until terminated by mutual consent or by either party upon one month's written notice to the other party. The provisions of clauses 1 and 2 shall survive any such termination. Upon termination of this Agreement all copies of Confidential Information shall either be promptly returned by the Recipient to the Disclosing Party or, at the Disclosing Party's option, be destroyed and the Recipient shall certify to the Disclosing Party in writing that it has fully complied with the obligations contained in this paragraph 3. No return of confidential information will affect or eliminate the obligation of either party to this Agreement all of which shall continue in effect.
4. Remedies. It is specifically understood and agreed that any breach of this Agreement is likely to result in irreparable injury to the Disclosing Party and that the monetary damages will be an inadequate remedy for such breach, and that in addition to any other remedy it may have, the Disclosing Party shall be entitled to seek the specific performance of this Agreement by the Recipient and to seek both temporary and permanent injunctive relief (to the extent permitted by law).
5. Waiver Of Breach. The waiver by either party of a breach or a default of any provision of this Agreement by the other party shall not be construed as a waiver of any succeeding breach of the same or any other provision, nor shall any delay or omission on the part of either party to exercise or avail itself of any right, power or privilege that it has, or may have hereunder, operate as a waiver of any right, power or privilege by such party. No waiver of any provision of this Agreement shall be effective unless in writing and executed by the party waiving the right.
6. Severability. If any provision of this Agreement, or the application thereof to any person or circumstance shall, for any reason or to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the fullest extent permitted by law.
7. Non-assignment

This Agreement is personal to the parties and shall not be assigned or otherwise transferred in whole or in part by either party without the proper written consent of the other party.

8. Entire Agreement. This Agreement represents the entire and exclusive agreement between the parties with respect to the subject matter addressed herein, and supersedes all prior and contemporaneous oral and written proposals and communications to the extent that they affect such subject matter. This Agreement shall not be modified or changed in any manner except in another writing signed by both parties.
9. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of The Bahamas.

**IN WITNESS WHEREOF**, an authorized representative of each party has executed this Agreement as of the date first above written.

_____ <b>Signature</b>	_____ <b>Signature</b>
_____ <b>Name</b>	_____ <b>Name</b>
_____ <b>Title</b>	_____ <b>Title</b>
Central Bank of The Bahamas _____ <b>Organization</b>	_____ <b>Organization</b>