



## PRESS RELEASE

### MEASURES FOR THE SIMPLIFICATION AND ENHANCEMENT OF EXCHANGE CONTROL ADMINISTRATIVE ARRANGEMENTS FOR CURRENT ACCOUNT ITEMS

In keeping with its commitment to conduct periodic reviews of Exchange Controls, the Central Bank, after consultation with the Government, is pleased to announce several further measures aimed at simplifying the administrative framework for current account transactions undertaken by residents and temporary residents (i.e., work permit holders and contract workers), at the level of Commercial Bank and Money Transmission Businesses (MTB).

Effective Monday 18<sup>th</sup> January 2010, the following changes will take place:

#### A. Elimination of Forms

- The E.1 Form, now utilized by Commercial Banks when servicing applications under delegated authority, will be withdrawn. Banks will now have the option of utilizing their own forms, which are shorter, to capture foreign currency purchase requests, or alternatively, to enter the requisite information directly into their core banking systems. This should facilitate greater speed and efficiency in the processing of requests.
- The Import Form 1, now utilized when servicing applications related to payment of funds abroad by merchants, for the purchase of goods, will also be withdrawn.
- The Personal Allowance Card ("Dollar Card"), which has been used by residents for making gift and credit card payments abroad, has been eliminated. This will not inconvenience credit card holders and persons seeking to make transfers of gifts, as they will still be able to purchase the required foreign exchange upon presentation of the relevant document (e.g., credit card billing).

The Central Bank recognizes that the use of these forms has provided convenience and a tested mode for the capture of data on foreign currency flows. However, their elimination will not compromise the Central Bank's ability to compile quality data, given the enhanced reporting arrangements that have been introduced. All Commercial Banks have made important adjustments to their core banking systems to accommodate the electronic capture and reporting of foreign currency sales data. The Central Bank will receive daily, a dollar value of aggregate sales and specific details, in an agreed data file format. These electronic submissions should improve and facilitate the Central Bank's off-site surveillance and monitoring activities.

#### B. Streamlining of Documentation Requirements

- Changes to other documentation requirements involve the elimination of the practice of stamping the passport of travellers, when purchasing foreign exchange. However, customers will still be required to produce the requested ticket and passport to substantiate the request for foreign exchange, and passport information will be logged as part of the required data transmitted to the Central Bank.

#### C. Adjustment in Delegated Limits for Key Current Items

- Until now, gifts were only delegated in the Family Islands, although under the expiring regime, persons holding Dollar Cards could make gift transfers up to a total of \$10,000 per

year without having to approach the Central Bank. Concurrent with the elimination of the Dollar Card, the Central Bank has extended to Commercial Banks and MTBs, an approval authority limit of up to \$1,000 per transaction for gift remittances. Approval for gift amounts in excess of this amount will require prior approval of the Central Bank.

- The Business/Professional travel limit, now set at \$50,000 per year, has been adjusted to \$10,000 per trip.

#### D. Delegation of Approval Limits for Current Payments by Temporary Residents

- Temporary Residents (i.e., work permit holders and contract workers), who were previously required to approach the Central Bank for approval to make current payments, may now go directly to Commercial Banks which have been given delegated approval authority in respect of their foreign currency requirement—consistent with the limits that apply for residents. No longer will teachers, doctors and other temporary workers need to come to the Central Bank to obtain approvals for travel, imports and other small payments.

For the time being, however, temporary residents will continue to approach the Central Bank for approval of salary remittances/accumulated savings.

#### E. Exchange Control Counter Operations

- Many members of the public have been accustomed to coming to the Exchange Control Counter at the Central Bank to obtain approval for a range of current account transactions. As approval authority for most of these items has already been delegated to commercial banks, and in some cases, the limits have been increased, operations at both the Nassau and Freeport locations will be gradually phased out.

Mindful of the changing environment for current payments, and the absence of controls on these items, these measures are designed to significantly simplify and improve the operational efficiency of the administrative processes. The Central Bank will continue to review the regime and make other changes, as appropriate.

All queries regarding these changes should be directed to the Exchange Control Department to the following e-mail address: [ecd@centralbankbahamas.com](mailto:ecd@centralbankbahamas.com), or by contacting the Department's Help Desk at 302-2777.

13<sup>th</sup> January, 2010