



PRESS RELEASE

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The Central Bank Begins Consultation on a Strategy to Eliminate the Use of Cheques in The Bahamas

The Central Bank of The Bahamas has begun consultations with banks, credit unions and other payment services providers on a strategy to eliminate all use of domestic cheques by the end of 2024. Wider public consultation is also being initiated to ensure that the strategy delivers on outcomes that are efficient, financially inclusive and supportive of further development of the domestic financial system and economy.

Renewed focus on cheques follows discussions with the Ministry of Finance and Clearing Banks during 2020, to set five-year targets to achieve a significant reduction in the use of both cheques and cash in The Bahamas.

In The Bahamas, electronic fund transfers and other non-cash transactions are increasingly substituting for cheque payments. It reflects both payer preferences and deliberate decisions by recipients (individuals, business and the government) to discontinue acceptance of cheques. In addition, the fee structure for electronic settlements has favoured non-cheques, with the Bahamas Automated Clearing House (BACH) charging more for cheque settlements than for other fund transfers. The COVID-19 pandemic also fuelled increased demand for non-cash and contactless payments, setting the stage for faster change. In the meantime, mobile wallet payments are poised for greater adoption, providing more financially inclusive and interoperable substitutes, enabled by the Central Bank's digital currency, the Sand Dollar.

Digital payment alternatives have completely replaced cheques in many countries, and concurrently supported reduced cash transactions. Many other countries are in the process of completing this transition. The alternatives to cheques underscore more secure, efficient and faster (even instant) means of making payments. However, such transformations emphasise the importance of deliberate policy interventions and stakeholder engagement to embrace change.

A Bahamian reduction and elimination strategy will proactively address financial inclusion and promote legitimate access to alternatives, for both individuals and businesses. The elimination strategy also proposes to provide adequate public education around the use of digital alternatives, and consider positive and consistent pricing incentive structures across the financial sector. Also to be tackled are residual issues around the legal clarity of settlements that are projected increasingly to be instant or faster in nature; around the finality of the process; and the recourse of payers and payees in the event of errors or fraud.

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