



## **Press Release**

### **Steering Committee on Cheque Reduction Steadies Progress**

Since its establishment in February 2023, the Steering Committee on Cheque Reduction ('the Committee') has made steady progress toward its overall objective, which is to both frame and guide the strategy toward a reduction in cheque usage for The Bahamas.

Over the last year, the Committee conducted various research initiatives to ascertain the consumer experience as it relates to banking and payment services. In particular, the Central Bank, in partnership with the Bahamas Chamber of Commerce and Employers Confederation, surveyed the business community on their experience with opening business accounts at commercial banks, to gain an appreciation for the turnaround time associated with this process and the sentiment around the ease of doing business. In addition, it is vital that the Committee understands the time and cost associated with cheque payments as compared to alternative payment methods from both the demand and supply sides, in order to position a balanced strategy. To this end, the Committee also surveyed commercial banks and the business community on the fees associated with cheques versus other payment solutions, the time it took for final availability of funds across each payment method, and the processes involved to settle varying payment types.

To augment the qualitative findings of these surveys, the Business Matters Working Group hosted a half-day Domestic Payments System Retreat on 19 March, 2024 to hear directly from businesses on their perception of the overall readiness of the community to move toward a reduction in cheque usage, and how this would impact their daily operations. Based on the results of the various surveys and discussion points raised at the retreat, the community communicated a general readiness, but noted that there was still a strong need for enhanced education on alternative payments and increased regulation related to cost.

On the regulatory front, the Committee, through its Legal and Regulatory Working Group, is working closely with an external legal consultant to enable a reduction in cheque usage in The Bahamas. To-date, a legal opinion, which frames the best approach for effecting the regulatory changes required to support a reduction in cheque usage, has been drafted and more selective engagement on this matter is planned with stakeholders, such as the business community.

The Committee continued its consultation with the business community, including the cheque printers, retail and wholesale businesses, financial institutions and the Government. Further, through its engagement with Diane Phillips & Associates (DPA), the Public Education Working Group conducted a number of focus groups and a national survey to ascertain the overall sentiment from the public on the elimination of, or reduction in cheque usage, so as to inform the Committee's public education campaign. A formal communication strategy has been agreed and will launch in April 2024.

Moving forward, the Steering Committee has endorsed a three pronged strategy to strengthen the domestic payments environment, with concrete deliverables through 2026. This encompasses (i) public education and awareness, (ii) improved access to the payments system, and (iii) improved efficiency and



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performance of payments. Appropriate key performance indicators will target and monitor progress in each of these areas.

The public education campaign will launch formally in May 2024 with a heavy emphasis on promoting greater use of digital payments and digital financial services. It will feature separately tailored outreach for both individuals and businesses.

On access to payments, alongside a general stress on financial inclusion, the Central Bank will identify further scope to ease on boarding rules for the opening of deposit accounts for individuals and businesses. The Bank will also consider tighter rules to govern minimum affordability of, and basic access to accounts for individuals; and ensure that all banks and credit unions provide universal access to the digital currency.

On payments system performance and cost, the Central Bank is committed to work with banks, credit unions and other payments services providers to develop a real-time, fast payments network, to allow instant settlements across both digital wallets and deposit accounts, including for inter-bank transfers. Strengthening this infrastructure is also geared towards ensuring that The Bahamas is sufficiently prepared to benefit from the G20 countries' roadmap, by 2027, to lower cost and improve speed, transparency and access to international payments. The payments system work will also identify targeted improvements in the environment around banking sector practices affecting the ease and transparency of cheque usage. Moreover, through the Steering Committee, the Central Bank will focus on regulatory codes and standards for consumer financial protection.

**23 April 2024** ■