FEEDBACK FROM THE INDUSTRY CONSULTATION

CONSULTATION PAPER - AGENCY BANKING

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POLICY UNIT

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Feedback from the Industry Consultation: Agency Banking, 2025

Section	Questions/Comments Received	Central Bank's Response
Question 1 **Should agency banking be permitted to be captured within the existing legislative framework and accommodated through additional regulations?**	We support the consultation paper's emphasis that agency banking is a core function of the SFIs regulated by the Central Bank of The Bahamas. As such we support agency banking being included in the existing legislation (Banks and Trust Companies Regulation Act) to keep the focus on the SFIs as the main sponsors of agency banking services. SFIs operational and governance framework already includes the responsibility for risk management regarding operations, security of customer information and transaction integrity, under a very comprehensive and robust program. Existing legislation in the Financial Services Sector includes: i) the Central Bank of The Bahamas Act, 2020 (CBA); The Banks and Trust Companies Regulation Act, 2020 (BTCRA); The Bahamas Co-operative Credit Union Act, 2015 (BCCUA) and the Payment System Act, 2012 (PSA). It is the Group's position that Agency Banking should be introduced under separate legislation and not merely captured under existing legislation for the reasons that are stated below including to employ the full weight of the law secured with legislation to allow for sufficient security and liability redress particularly as Agency agreements are third party outsourcing arrangements and do extend physically beyond the major banking centres such as New Providence, Freeport and the major business centres in Marsh Harbor, Abaco and Governor's Harbor, Eleuthera.	The Central Bank acknowledges your contribution to ensure that agency banking be captured within legislation mandated with regulatory and supervisory oversight of the Bank. Given our current assessment, and to ensure that our objective of financial inclusion be achieved both effectively and efficiently, the Central Bank acknowledges that the agency banking framework could be presently accommodated via amendments to the existing legislative framework and supported by additional regulations. Subject to our ongoing assessment of its implementation, the Central Bank would take the necessary supplementary legislative and policy actions to ensure its development continues to be robust and effective in satisfying the financial needs and demands of all stakeholders.
Question 2 **Should agency banking be introduced under a separate legislation?**	Same response as for Question 1.	
Question 3 **Should the Post Office Savings Bank be allowed to offer agency banking?**	We do not support Post Office Savings Banks being allowed to offer agency banking. In our opinion, the current consultation of these entities does not adequately prevent conflicts of interest and ensure proper risk management regarding operations, security of customer information and transaction integrity.	Legislation to regulate the Post Office Savings Bank is beyond the scope of this exercise. The Central Bank would require, however, that agency arrangements entered into with the Savings Banks provide for compliance against prudential standards for robust risk management, operational integrity,

	However, we recommend that consideration be given to specific legislation for the regulation of Post Office Savings Banks under the Central Bank of The Bahamas, as is done in some other countries, like the Philippines, with Rural Banking legislation. As Post Office Savings Banks are the only form of banking available in some Family Island settlements, this can facilitate the extension of full banking services to these unbanked and underserved communities.	and compliance with the Central Bank's minimum regulatory standards; and that the SFIs assume responsibility for assuring ongoing compliance with the agency arrangements.
	The Group is in agreement that the Post Office Savings Bank should be allowed to offer Agency Banking, provided it meets the same regulatory standards as other Agents. • **Increased Financial Inclusion** – Agency Banking can extend basic banking services like deposits, withdrawals, and bill payments to previously underserved or unbanked populations in the Family Islands, where physical bank branches may be limited. • **Leveraging Existing Infrastructure** – The Post Office Savings Bank already has a network of locations throughout the islands, which could be utilised to establish agency banking services with relatively low additional investment. • **Supporting Small and Medium-Sized Enterprises** – The framework could enable small businesses in the Family Islands to act as agents or sub-agents, providing them with an additional revenue stream and further expanding access to services.	Your comments are duly noted by the Central Bank.
Question 4 **Should existing e-wallet providers (MTBs and Payment Services Institutions) be permitted to offer agency banking services for banks and credit unions?**	We support MTBs and Payment Services Institutions being permitted to offer agency services for banks and credit unions. These institutions make ideal partners as they are also regulated by the Central Bank of The Bahamas and already have statutory obligations to adhere to risk management functions pertaining to operations, customer information and transaction integrity. These partners can help to broaden the reach and improve the cost of effectiveness of servicing the unbanked and underserved communities through sharing of cost and leveraging of technology.	The Central Bank acknowledges that PSPs can play an integral part in facilitating access to agency banking services. Given the existing regulatory landscape, combined with an established digital infrastructure and customer-facing capabilities, PSPs will be positioned as effective channels for extending financial services in a controlled and scalable manner. As regulated entities, PSPs will be subject to a regulatory assessment regarding their operational integrity, risk management and compliance with all applicable regulatory standards.

	The Group is in agreement with the existing MTBs and Payment Service Institutions being permitted to offer agency services, as they already operate within a regulated environment and can accelerate rollout. However, it is the Group's view that mobile operators are likely best positioned to provide Agency Banking services, as we have already established: • Physical stores in convenient locations in our communities; • A track record of providing consumer education; • Technology systems to support agency banking; and • Data management protocols to facilitate compliance and confidentiality. Therefore, any subsidy from the Central Bank of The Bahamas would allow mobile operators like Aliv to deliver mobile top up and Agency Banking in a more sustainable way.	The Central Bank acknowledges your recommendation and will consider this feedback as part of enhancing the Agency Banking framework, via rollout, implementation and policy guidelines.
Question 5 **Should third party service providers in retail store fronts be allowed to take part as subagency for agency agreements**	Generally, we do not support third-party service providers in retail store fronts being allowed to take part as subagencies for agency banking arrangements. We are of the view that there will be greater levels of risk due to a potentially weak control environment, covering processes, people and systems. However, based on the level of controls in place, there may be certain permissible activities that third party providers may be able to participate in, with restrictions in place for more sensitive activities. That is, the activities permitted should align with the demonstrated levels of control in place.	The Central Bank confirms that while agents will retain operational responsibility for the oversight and compliance of their sub-agents, the SFI principal will maintain ultimate accountability for all agency banking activities conducted in accordance with its licence. This structure ensures that sub-agency arrangements remain within the SFI's risk management and governance framework, preventing dilution of control.
	Third-party retail storefronts should be allowed to act as sub-agents, subject to rigorous due diligence and oversight by the Agent and the SFI Bank.	See immediate response above.
Question 6 **Other than a mandate to be interoperable with the Central Bank Digital Currency, what other universal mandate should**	Agency Banking platforms should satisfy and comply with universal mandates of the various Card Associations, such as Visa, MasterCard, Discover, American Express, etc. as applicable. Universal mandates of correspondent banking relationships, and mandates connected with specialised financial instruments such as crypto assets, marijuana proceeds, etc. should also be taken into consideration.	The Central Bank acknowledges the importance of interoperability with universal mandates, such as those required by card associations, to support security and consumer confidence. Agency banking platforms will also be subject to the same AML/CFT and cybersecurity standards that apply to licensed financial institutions.

agency banking platforms satisfy?		Consideration would be given to matters relating to correspondent banking relationships and specialised financial instruments (e.g., crypto assets, marijuana-related proceeds), but only consistent with the existing Bahamian laws and regulations or Exchange Control (as may be applicable for crypto assets or foreign exchange transactions).
	In addition to SandDollar interoperability, agency platforms should meet standards for data residency, data sovereignty, cybersecurity, real-time transaction processing, and customer data protection.	The Central Bank acknowledges your recommendation. These elements are integral to the proposed framework, which includes requirements for technology risk management, secure data handling, and real-time transaction recording to ensure operational integrity and the safeguarding of consumer trust.
Question 7 **Should PSPs be prohibited from providing agent banking services, if they are managed or operated by a connected person or SFI principal?**	In keeping with the principles surrounding conflict of interest, these relationships should be fully assessed based on materiality and control, that is the level of influence that may be wielded by the connected person. In instances where material or significant influence and control can be exercised, then the PSP should be prohibited from providing agent banking services.	The agency banking framework directly addresses this concern by prohibiting agent to be managed or operated by connected persons of an SFI principal (para.33). This prohibition is intended to mitigate conflicts of interest, prevent undue influence, and preserve the independence and integrity of agency banking operations.
	The Group is of the opinion that Payment Service Providers (PSPs) managed by connected persons or SFI Principals (as defined in the proposed Agency banking Guidelines page 9) should be restricted from acting as Agents to avoid conflicts of interest and uphold regulatory integrity within the financial system.	The Central Bank acknowledges the importance of strong governance and conflict of interest safeguards within the agency banking framework. The concerns raised regarding PSPs that are managed or operated by connected persons or SFI principals will be carefully considered in the finalisation of this framework, alongside other measures aimed at ensuring transparency, accountability, and maintaining market integrity.
Agency Banking – Agent Definition and Eligibility	The paper proposes allowing both individuals and businesses to serve as agents. We agree with this direction, and believe that flexibility is important, especially in smaller communities where formal businesses	The Central Bank acknowledges your comments.

	may be limited. Ultimately, the focus should be on whether the agent meets the necessary operational, reputational, and compliance standards set by the principal.	As outlined in the consultation paper, both individuals and entities may offer agent banking services, provided that they continue to satisfy fit and proper criteria, comply with AML/CFT standards, demonstrate operational resilience, and maintain consumer protection obligations. This risk-based approach allows for broader participation without diluting the prudential safeguards embedded in the proposed agency banking framework.
Agency Banking – Permitted Activities	The outlined activities – such as deposits, withdrawals, bill payments, and balance checks – are appropriate. In addition, it may be beneficial to allow agents to assist with account initiation or customer onboarding, particularly in areas with limited digital access. This could be implemented in a secure and compliant manner through the licensee's systems.	The proposed agency banking framework will permit agents to conduct activities such as collect documentation related to account opening, loan applications, and other related services on behalf of the SFI principal and be subject to the terms within the agency agreement. Both the SFI Principal and Agent must ensure that agreed activities are conducted within a clearly defined scope of authority and integrated into the SFI principal's secure systems. The Central Bank will further assess the regulatory and technological safeguards centered around KYC, data security, and real-time processing required to support the secure delegation of onboarding functions within the parameters of the agency banking model.
Agency Banking – Oversight and Risk Management	We agree that the licensed institutions should carry full responsibility for agent conduct. At the same time, it would be helpful for the Central Bank to clarify the expectations regarding reporting, oversight procedures, and audit documentation. This would help ensure consistency across institutions from the outset.	The proposed agency banking framework confirms that the SFI principals are fully responsible for the conduct of their agents and must ensure that the regulatory oversight is comprehensive. These include periodic on-site inspections, real-time transaction monitoring, audit-ready documentation aligned with internal audit standards, and timely regulatory reporting of incidents such as fraud, system breaches, or compliance failures.

Agency Banking – Geographic and Transaction Limits	Defining boundaries on where agents can operate and how much they can process is a reasonable way to manage risk. However, some flexibility might be warranted for agents in high-traffic or underserved locations. Adjusting limits based on activity volume, risk profile, or compliance history could create space for sustainable growth while still maintaining control.	Under this proposed framework, the SFI principal would be required to assess the financial capacity, risk profile, and compliance track record of agents when determining transaction thresholds (see para. 54). This risk-based approach allows for appropriate scaling of agent operations while maintaining prudential safeguards and supervisory control.
Agency Banking – Consumer Protection and Transparency	We fully support the emphasis on consumer rights. Customers should be able to clearly identify authorised agents, understand what services are being offered, and see any associated fees. Features like agent identification badges, visible signage, transaction receipts, and compliant procedures should be standard requirements.	The proposed agency banking framework sets out clear requirements for agents to display signage identifying the associated SFI principal, permitted services and applicable fees, issue transaction receipts, and adhere to standardised procedures that safeguard consumer rights and data integrity (para. 44 and 61). These requirements are intended to foster transparency, build trust, and standardise consumer experience.
Agency Banking – Technology and Security	Requiring all transactions to pass through the licensee's system is critical for traceability and fraud prevention. In addition, the Central Bank might consider outlining minimum device or security standards for agent tools, especially as more agents rely on mobile apps or web-based systems to deliver services.	The Central Bank acknowledges that routing all transactions through the SFI's system is a critical safeguard for ensuring traceability, fraud prevention, and effective supervisory oversight, which is currently embedded within the framework as a cornerstone principle. Additionally, the Central Bank recognises the increasing reliance on mobile and web-based platforms by agents and the associated cybersecurity risks. Agency agreements will be required to address and manage all aspect of technology risk associated with their platforms in accordance with evolving best practices for financial services.
Agency Banking – Additional Consideration	A phased or pilot-based rollout could be valuable in surfacing operational issues early and providing institutions with the chance to refine their processes before going fully live. Launching the framework in a limited environment would give the Central Bank time to evaluate implementation challenges in real-time.	While the consultation paper does not prescribe a formal pilot phase for implementation, the next steps for the Central Bank include finalising the framework by taking the appropriate legislative and policy actions to facilitate stakeholder participation.

	There's also a strong case for requiring agent training or certification prior to activation. This would help ensure a consistent level of professionalism, improve compliance readiness, and reinforce public trust in the system as it grows. Finally, it would be helpful for the final framework to touch on how agency banking is expected to interact with other existing systems and service models. Clear guidance on interoperability and how agents will operate across various platforms can help avoid confusion and ensure a more unified customer experience.	With regards to agent training, the proposed framework mandates that the SFI principal implement a comprehensive training and compliance program as part of its process for onboarding agents. Lastly, as noted in paragraphs 38-40, (see Consultation Paper on Agency Banking) the agency banking framework builds upon existing interoperability standards already in place through POS systems, online banking platforms, and mobile wallets operated by licensed/registered SFIs. The primary enhancement proposed under this framework is the mandatory integration of SandDollar, ensuring that agents include access to the CBDC as part of their suite of offerings to operate within a cohesive digital financial ecosystem that supports secure, real-time, and cross platform transactions.