



CENTRAL BANK OF THE BAHAMAS

CHEQUE USE REDUCTION PROJECT

DOCUMENT FOR PUBLIC CONSULTATION

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I. Introduction

A. *Background to the Cheque Elimination Project*

1. The Central Bank of The Bahamas (the “**Central Bank**” or “**CBOB**”) was established to foster an environment of monetary stability conducive to economic development, and to ensure a stable and sound financial system. As part of its functions, among other things, the Central Bank (i) determines and implements monetary policy, (ii) promotes and ensures the establishment and oversight of a safe, sound, and efficient national payment system, and (iii) regulates and supervises financial institutions.
2. The purpose of this Consultation is to further engage the public on the Central Bank’s strategic efforts around the future of cheque usage in The Bahamas (hereinafter referred to as “the Project”). The Project forms a part of the Central Bank’s wider initiative to modernize payments systems.
3. In 2022 the Central Bank engaged an external legal consultant (“the consultants”) for advice on the implementation of its cheque elimination project. The objective was to effect the elimination of the use of cheques in The Bahamas. Subsequently, the Central Bank formed a Steering Committee of key stakeholders¹ to guide consultation on the process. This led to a revised objective, focused on encouraging a reduction in cheque usage, and deferred timeline of December 2025 when the Bank intended to revisit its policy concerning check usage.
4. The consultants conducted an analysis of the legal, policy and socio-economic framework impacting the use of cheques in The Bahamas. They reviewed Bahamian legislation and practices governing cheques and negotiable instruments, and also considered the approach taken in several comparable jurisdictions that have implemented legislative frameworks to facilitate the elimination of cheques. These jurisdictions included South Africa, Namibia, Canada, New Zealand, the United Kingdom and Barbados. Based on the

¹ Commercial banks (Clearing Banks Association), credit unions (The Bahamas Cooperative Credit Union League), the Ministry of Finance, Bahamas Chamber of Commerce and Employers Confederation, and the Bahamas Insurance Association.

findings, several recommendations were made for legislative and policy changes required to effect a phased approach to the discontinuance of cheques and to implement substituted forms of payment. Those recommendations are discussed in greater detail below.

B. Proposed Recommendations

5. The following steps, among others, were recommended by the consultants to support a phased reduction of cheque usage:
 - a. Implementing a cheque item limit (that is to say a maximum amount for which a cheque could be written and negotiated) by way of policy change by the Central Bank of The Bahamas. This should positively contribute towards incentivising reduce use of cheques.
 - b. Requiring supervised financial institutions (SFIs) regulated by the Central Bank, to begin educating their customers on the substituted forms of payment and incentivizing the use of those alternatives.
 - c. Amending legislation providing for cheques as singular form of payment by reflecting payment neutrality.
 - d. Amending the Bills of Exchange and Payment Systems Act to eliminate the references to cheques entirely.
 - e. Amending the Payment Systems Act to provide substituted forms of payment replacing cheques.
 - f. Introducing regulations and policies which govern the use of non-cheque instruments by Central Bank SFIs.

C. Bahamian Legislative Review – Proposed Amendments

6. The Central Bank was advised that in order to fully support the validity of its' SFIs approach to discontinuing cheque services i.e., not only the provision of, but the processing and payment of cheques, it would be necessary to amend and/or repeal

certain legislative provisions which give legal recognition to the cheque as a negotiable instrument, and which mandate it as a singular mandatory form of payment.

7. Below are proposed amendments to provisions in legislation which provide for a method of payment including by cheques. The legislative reforms seek to focus on payment method neutrality by removing the specific references to forms of payment and instead regulating the method or instrument of payment through a more flexible approach such as being “*prescribed by the Minister*” or some similar language. This would ensure the legislation remains fit for purpose and is capable of enduring continued innovation for the benefit of both businesses and consumers.

- **Partnership Limited Liability Act**, Chapter 311– section 31

“31. All moneys received under the direction of the court on account of the sale, or conversion of any of the assets of the partnership, or of any other matters, shall be deposited to the credit of such account and at such financial institution or facility, whether physical or electronic, as the court may direct. No funds standing to such account shall be disbursed except in such manner and subject to paid into a bank at Nassau, to the credit of such account authorization as the court may direct.; ~~and no money standing to such account shall be paid out of the bank, except upon cheques signed in such manner as the court directs.~~”

- **Employment Act**, Chapter 321A – section 63

“63. (1) Payment of wages shall be made on working days only and shall be made by any lawful method agreed between the employer and employee, including deposit into a financial account or other secure and verifiable method. ~~by cash, cheque or by deposit in the~~ to the employee’s bank account.

(2) Except in the case of an employee who is ordinarily employed therein, wages shall not be paid to any employee on any premises licensed for the sale of intoxicating liquor under the provisions of the Liquor Licences Act or in any shop or store.”

- **Hotel Regulations**, Chapter 228 – section 21(3)

“(3) The operator of every hotel shall make each month to the Chief Licensing Inspector a return in accordance with Form X and shall ~~attach to such return~~ remit ~~a cheque in favour of the Public Treasury~~ for the amount of the hotel guest tax payable in accordance with the requirements of that Form, so that the return shall reach the office of the Chief Licensing Inspector not later than the fifteenth day of the month next following the month to which the return relates.”

- **Supreme Court Act**, Chapter 53 – section 59 -61

“59. By virtue of any writ of fieri facias to be sued out of the Supreme Court, the Provost Marshal, or other officer having the execution thereof, shall seize and take any money and ~~any cheques~~ or financial instruments or claims, including, bills of exchange, digital currency, digital assets, promissory notes, bonds, specialties, or other ~~securities for money~~ any, belonging to the person against whose effects such writ of fieri facias is sued out.

60. The Provost Marshal or other officer shall hold any such ~~cheques, financial instruments or claims as security~~ bills of exchange, promissory notes, bonds, specialties or other securities for money as a security or securities for the amount by which such writ of fieri facias directed to be levied and raised, and may sue in the name of such Provost Marshal or other officer, for the recovery of the sum or sums secured thereby, if and when the time of payment thereof shall have arrived:

Provided that no Provost Marshal or other officer shall be bound to sue any party ~~liable upon any such cheque, bill of exchange, promissory note, bond, specialty or other security~~, unless the party suing out such execution enters into a bond, with two sufficient sureties, for indemnifying him from all costs and expenses to be incurred in the prosecution of such action, or to which he may become liable in consequence thereof, the expense of such bond to be deducted out of any money to be recovered in such action.

61. The payment to the Provost Marshal or other officer, by the party liable under ~~on any such cheque, bill of exchange, promissory note, bond, specialty, or other~~ such instrument or security, with or without suit, or the recovery and levying execution against the party so liable, shall discharge such party to the extent of ~~such~~ payment the amount paid or recovered by execution., ~~or of such recovery and levy in execution, as the case may be, from his liability on any such cheque, bill of exchange, promissory note, bond, specialty or other security."~~

- **Public Trustee Rules**, Chapter 177– section 16

"16. All sums payable out of the income or capital of the trust property shall be ~~made by a cheque on a bank~~ effected through a financial institution or platform and shall be authorised by no fewer than ~~signed by not less than~~ two persons —

(a) by the Public Trustee and a co-trustee; or

(b) by the Public Trustee and an officer of the Public Trustee authorised in writing by him to act in that behalf either generally or in any particular case; or

(c) by a co-trustee and one such duly authorised officer; or

(d) by two such duly authorised officers:

Provided that in any particular case the Public Trustee may authorise the payment of income by the person liable to pay the same direct to the person entitled to receive the same, or to his ~~bank~~ financial institution."

- **Buildings Regulation (General) Rules**, Chapter 200 – section 13

"13. (1) There shall be charged and payable upon the issue or renewal of every permit under the Act a fee according to the scale set out in the First Schedule to these Rules; and such fee shall be payable in advance, in such form and manner as the Minister may ~~prescribe in cash or by certified cheque made out in favour of the Treasurer~~ and shall be paid into the Consolidated Fund."

- **Friendly Societies Act**, Chapter 313 – section 36

“36. All monies received by the treasurer or other principal officer entrusted with the funds of any such friendly society, shall be paid into the post office savings bank, as the same are received; and such monies shall only be drawn out of the said bank by such means of payment as may be prescribed ~~cheques signed by the president and treasurer, or other officer as aforesaid, of such society, and countersigned by the official auditor;~~ and any treasurer or other officer as aforesaid, who refuses or wilfully neglects to pay the monies received or remaining in his possession into the said bank, in conformity with the provisions of this clause, shall forfeit and pay double the amount of the sum or sums of money which such treasurer or other officer should by right have paid into the said bank, to be recovered, with costs, before any two justices of the peace having jurisdiction where such society shall have its place of meeting; and on non-payment thereof, the same, with the reasonable costs of conviction, shall be levied by distress and sale of goods and chattels of the offender or offenders, by warrant under the hand and seal of such justices, the amount of which forfeiture shall be paid into the said bank aforesaid for the benefit of the society of which such person is an officer.”

- **Parliamentary Elections Act**, Chapter 7 – section 37(3)

“(3) The deposit required under subsection (1) shall be made ~~in cash or by a manager’s or certified cheque~~ using any lawful method approved by the Parliamentary Registration Department, including electronic transfer or other certified forms of payment issued by a licensed financial institution in The Bahamas. ~~drawn on a Bank licensed in The Bahamas and~~ Upon receipt of the deposit, the returning officer shall ~~forthwith issue~~ give a receipt and cause the funds to be deposited into ~~the said sum and pay it into the Consolidated Fund.~~”

II. Feedback On the Paper

8. The Central Bank invites comments from industry stakeholders and the public on the proposed amendments to legislation that currently supports the use of cheques. The

Central Bank also invites feedback on potential rules to govern continued use of cheques as outlined below, on payment values that can be settled by cheques, including for cheque cashing, and a transitional period if any on the implementation of such rules.

- a. Other than the identified legislation above, are there other defined provisions or commercial practices that should be amended to reflect payments instrument neutrality?
 - b. What is the maximum allowable value of payment that should be settled by cheque? The Clearing Banks Association has proposed a maximum of B\$10,000 (ten thousand dollars) to take effect no later than 31 December 2026.
 - c. What is the maximum value of cheque that payees should be permitted to cash over the counter? The Central Bank proposes a maximum of B\$1,000 (one thousand dollars) to take effect no later than 31 December 2026. All cheques of higher face values would have to be deposited.
9. The Central Bank requests that all feedback on this consultation paper be submitted no later than the 31 January 2026 and should be directed via email to:

The Cheque Reduction Steering Committee Secretariat

Email: Payments_Unit@centralbankbahamas.com