



CENTRAL BANK
of BELIZE

PRESS RELEASE

FOR IMMEDIATE RELEASE

Central Bank of Belize Information on

Automated Payments and Securities Settlement System Transaction Fees

Belize City, 03 July 2019: On 7 June 2019, the Central Bank of Belize announced publicly, the introduction of fees to banks on transactions processed through Automated Payments and Securities Settlement System (APSSS). These fees were effective 1 July 2019.

The Central Bank launched APSSS in October 2016. This modern payment system infrastructure connects financial institutions in a local network, which enables these institutions to make electronic payments quickly, safely, and securely anywhere in Belize. This transformational project provides the backbone for financial institutions to offer more efficient payment services as well as new and innovative payment options and services. The Central Bank bore the capital and implementation costs associated with this system.

In July 2017, the Central Bank advised financial institutions, the media, and the other stakeholders that it opted for a subsidized pricing strategy that would seek to recover the ongoing operating and maintenance costs only. The main objective of the strategy was that the fees would not be prohibitive and would provide incentives for the use of the more efficient electronic payment instruments. The Central Bank then imposed a pricing moratorium with the specific condition that banks would not add additional charges to their customers for transactions while it conducted a pricing study. The study evaluated transaction values and volumes in APSSS to establish trends, along with strategies of other central banks. The study results informed the new pricing structure that the Central Bank is using to charge banks for processing transactions in APSSS. This pricing structure was implemented on 1 July 2019 and published on the Central Bank's website at <https://www.centralbank.org.bz/financial-system/payment-system/apsss-fees>.

The Central Bank notes that with the introduction of the new pricing structure, banks have largely lowered the cost of electronic payment services. To address concerns raised about the costs of cheque transactions, there are high operational and settlement risks associated with the processing,

clearing, and settlement of cheques. Additionally, there are high handling, transmission, and storage costs associated with cheques. Therefore, the cheque processing fees have been introduced to shift from paper to the more efficient electronic payments. Banks are already processing high value (over \$50,000) and time critical electronic payments through the real-time gross settlement system (RTGS). Cheque processing fees are tiered to encourage users to also send large value payments through the RTGS, rather than writing cheques. The RTGS is a special clearing facility used for large value and time critical payments. It is a powerful mechanism for limiting risks in the interbank settlement of high-value transactions because it guarantees credit with finality of payment in real-time.

The Central Bank encourages all customers to familiarize themselves with the different payment options available and to select services based on their personal and business needs. Further, the public is advised to be discerning in making decisions on financial transactions.

More information about APSSS and the Fee structure can be found at the Central Bank's website at <https://www.centralbank.org.bz>.

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