

2025-12-08

OBJECTS AND REASONS

This Bill would amend the *National Payment System Act, 2021 (Act 2021-1)* to better provide for a legal and regulatory framework for the National Payment System that is resilient, comprehensive, adaptable and aligned with international standards and best practices.

Arrangement of Sections

1. Short title
2. Amendment of section 2 of Act 2021-1
3. Amendment of section 7 of Act 2021-1
4. Amendment of section 8 of Act 2021-1
5. Amendment of section 9 of Act 2021-1
6. Amendment of section 11 of Act 2021-1
7. Amendment of section 33 of Act 2021-1
8. Repeal and replacement of section 36 of Act 2021-1
9. Repeal and replacement of heading in Act 2021-1
10. Amendment of section 52 of Act 2021-1
11. Insertion of sections 59A and 59B into Act 2021-1
12. Repeal and replacement of section 61 of Act 2021-1
13. Amendment of section 62 of Act 2021-1
14. Insertion of new Schedule into Act 2021-1
15. Commencement

BARBADOS

A Bill entitled

An Act to amend the *National Payment System Act, 2021* (Act 2021-1).

ENACTED by the Parliament of Barbados as follows:

Short title

- 1.** This Act may be cited as the *National Payment System (Amendment) Act, 2025*.

Amendment of section 2 of Act 2021-1

2. Section 2 of the National Payment System Act, 2021 (Act 2021-1), in this Act referred to as the principal Act, is amended

- (a) by deleting the definitions of “debit card”, “electronic funds transfer”, “payment card”, “stored-value card” and “society”;*
- (b) by deleting the definitions of “National Payment System”, “operator”, “payment instrument”, “payment service” and “payment service provider” and substituting the following:*

“National Payment System” includes

- (a)* all services associated with the sending, receiving and processing of orders of payment or transfer of money in domestic or foreign currencies including
 - (i) payment services;
 - (ii) payment systems;
 - (iii) clearing systems;
 - (iv) settlement systems; and
 - (v) the processing of securities and other financial instruments; and
- (b)* payment service providers;

“operator” means

- (a)* the Barbados Stock Exchange;
- (b)* the Central Bank; and
- (c)* any entity licensed or authorized by the Central Bank to operate a system under this Act;

“payment instrument” means a personalized device or set of devices and procedures agreed to by a user and a payment service provider that enables both the initiation and execution of a payment transaction;

“payment service” means any of the following:

- (a) establishing and maintaining a payment account;
- (b) executing payment transaction;
- (c) acquiring a payment instrument;
- (d) issuing a payment instrument;
- (e) a money remittance service;
- (f) issuing electronic money;
- (g) storing an electronic money unit;
- (h) transferring an electronic money unit;
- (i) a payment initiation service;
- (j) an account information service related to a service specified in paragraph (a) to (i);

“payment service provider” means a licensee or an entity authorized pursuant to section 8 to provide payment services, and includes an operator, a participant and any third party acting on behalf of an operator or a participant as an agent or under an outsourcing agreement, whether entirely or partially operating in Barbados;”;

- (c) ***in the definition of “direct participant”, in paragraph (b), by deleting the word “society” and substituting the words “credit union”; and***
- (d) ***by inserting in alphabetical order the following:***

“ “Board” has the meaning assigned to it by section 2 of the *Central Bank of Barbados Act, 2020* (Act 2020-30);

“credit union” has the meaning assigned to it in section 193 of the *Co-operative Societies*, Cap. 378A;

“outsourcing” means an arrangement between a payment service provider and a third party, whether or not an affiliate, by which the third party performs, on a continuing basis, a process, a service or an activity that would otherwise be undertaken by the payment service provider;

“payment account” means an account held in the name of one or more users which is used for the execution of one or more payment transactions, and allows for sending and receiving funds to and from a third party;

“payment order” means an instruction by a payer or a payee to a payment service provider requesting the execution of a payment transaction;

“payment transaction” means an act of placing, transferring or withdrawing funds based on a payment order regardless of any underlying obligation, and includes a transfer of funds from or to a payment account, including where the funds are covered by a credit line with the user’s payment service provider or with another payment service provider;”.

Amendment of section 7 of Act 2021-1

3. *Section 7(2) of the principal Act is amended by inserting before the word “Schedule”, the word “First”.*

Amendment of section 8 of Act 2021-1

4. *Section 8 of the principal Act is amended by inserting after subsection (2), the following:*

“(3) Subsection (2) does not apply to the public authorities specified in the *Second Schedule*. ”.

Amendment of section 9 of Act 2021-1

5. *Section 9(3)(a) of the principal Act is amended by deleting subparagraphs (ii) and (iii) and substituting the following:*

- “(ii) a payment transaction;
- (iii) issuing electronic money, maintaining a payment account and storing or transferring an electronic money unit; and”.

Amendment of section 11 of Act 2021-1

6. *Section 11 of the principal Act is amended*

- (a) by deleting the word “society” wherever it appears and substituting the words “credit union”; and*
- (b) in subsection (2), by deleting the word “bank” and substituting the words “financial institution”.*

Amendment of section 33 of Act 2021-1

7. *Section 33(4) of the principal Act is amended by deleting the word “instruction” and substituting the word “order”.*

Repeal and replacement of section 36 of Act 2021-1

8. *Section 36 of the principal Act is deleted and the following substituted:*

“Outsourcing of activities

36.(1) Unless the Central Bank otherwise provides in a guideline or directive, a payment service provider shall not outsource a critical or important operational function.

(2) Unless the Central Bank otherwise provides in a guideline or directive, a payment service provider who intends to outsource an operational function, other than a critical or important operational function shall, at least 6 weeks before the proposed date of commencement of the outsourcing, inform the Central Bank in writing of its intention to outsource the function and demonstrate to the Central Bank that

- (a) the outsourcing will not lead to
 - (i) the delegation by its senior management of their responsibilities;
 - (ii) the reduction of its obligation to comply with regulatory requirements and its internal corporate values; or
 - (iii) the modification of its relationship with, and obligations to, its users; and
- (b) the conditions under which it was licensed or authorized will not be adversely affected in any way.

(3) Where the Central Bank indicates to a payment service provider that it does not object to the outsourcing of an operational function and the payment service provider intends to make a change in respect of the function, the payment service provider shall communicate the change to the Central Bank without delay.

(4) Notwithstanding subsections (2) and (3), a payment service provider may outsource an operational function without prior notification to the Central Bank where

- (a) the operational function is essential to maintaining the continuity of the payment service provider's operations; and
- (b) the outsourcing is urgently required.

(5) Where a payment service provider enters into an arrangement to outsource an operational function pursuant to subsection (4)

- (a) the payment service provider shall inform the Central Bank in writing as soon as practicable after the arrangement is concluded, stating the reason that notification was not given in accordance with subsection (2); and
- (b) the Central Bank shall indicate whether it objects to the outsourcing.

(6) A payment service provider shall, in relation to an operational function, remain fully liable for any act or omission of an entity to which it has outsourced the function.

(7) In this section, "critical or important operational function" means a function, the disruption, cessation or defective performance of which

- (a) materially impairs the financial performance or operational continuity of the payment service provider;
- (b) compromises the integrity or effectiveness of the internal control systems of the payment service provider;
- (c) hinders the payment service provider from complying with its legal, regulatory or licensing obligations; or
- (d) significantly affects the Central Bank's ability to supervise and monitor the activities of the payment service provider."

Repeal and replacement of heading in Act 2021-1

9. *The heading to Part XI of the principal Act is deleted and the following substituted:*

“PART XI

PAYMENT TRANSACTIONS AND ELECTRONIC MONEY”.

Amendment of section 52 of Act 2021-1

10. *Section 52 of the principal Act is amended*

- (a) in the shoulder note, by deleting the words “Electronic fund transfers” and substituting the words “Payment transactions”; and*
- (b) by deleting subsection (1) and substituting the following:*

“(1) A payment transaction and a record of a payment transaction is enforceable and has evidentiary value in accordance the *Electronic Transactions Act*, Cap. 308B. ”.

Insertion of sections 59A and 59B into Act 2021-1

11. *The principal Act is amended by inserting after section 59, the following:*

“Appointment of auditor

59A.(1) A licensee shall appoint an auditor annually.

(2) It shall be the duty of

- (a) the auditor appointed under subsection (1) to submit a report to the shareholders and directors of the licensee; and*

- (b) the licensee to submit to the Central Bank a copy of its audited financial statement.
- (3) A licensee shall give notice in writing to the Central Bank where it
 - (a) fails to appoint an auditor; or
 - (b) intends to terminate the appointment of its auditor,
 and shall in the notice state the reason for its failure to appoint an auditor or for its intention to terminate the appointment, as the case may be.
- (4) Where a licensee
 - (a) fails to appoint an auditor under this section; or
 - (b) terminates the appointment of its auditor without appointing a replacement,
 the Central Bank may appoint an auditor who shall have all the powers of an auditor appointed by the licensee to carry out an audit, and shall fix the remuneration to be paid by the licensee to the auditor.
- (5) A former director or senior officer of a licensee shall not be eligible for appointment as an auditor of the licensee pursuant to this section within a period of 2 years after the termination of that person's term of office.
- (6) No person may be appointed an auditor of a licensee who
 - (a) has any proprietary interest in the licensee;
 - (b) is a director or agent of the licensee or of an affiliate of the licensee; or
 - (c) is an officer or employee of the Central Bank.
- (7) For the purposes of this Act, an auditor is a person who is
 - (a) in good standing as a member of an association of chartered or public accountants or other similar body;

- (b) authorized to practise in Barbados; and
- (c) approved by the Central Bank.

Report of auditor

59B.(1) It shall be the duty of an auditor appointed under

- (a) section 59A;
- (b) the *Financial Institutions Act*, Cap. 324A, in the case of an entity authorized pursuant to section 8 that is a financial institution; or
- (c) the *Financial Services Commission Act, 2010* (Act 2010-21), in the case of an entity authorized pursuant to section 8 that is a credit union,

to note in his report and to report to the Central Bank any instances where the operations of the licensee or entity might not in his opinion be in compliance with the requirements of this Act, the regulations, or the conditions of the licence or authorization.

(2) The Central Bank may, when it considers it necessary to do so, request in writing from the auditor of a licensee or entity, information obtained in the course of an audit and an auditor shall, within 14 days of the request supply the information requested to the Central Bank.

(3) Where the Central Bank is not satisfied with the annual report of an auditor appointed by a licensee or entity, the Central Bank may appoint another auditor to make an independent report and shall fix the remuneration to be paid to the auditor by the licensee or entity.

(4) An auditor described in subsection (1) or appointed under subsection (3) shall report to the Central Bank and shall specify in that report any instance where he believes the licensee or entity has not complied with the requirements of this Act or the regulations or any condition of the licence or authorization.

- (5) An auditor of a licensee or entity shall forthwith give written notice to the Central Bank where he
- (a) resigns before the expiration of his term of office; or
 - (b) does not seek re-appointment.
- (6) An auditor who fails to submit the information requested in accordance with this section is guilty of an offence and is liable on summary conviction to a fine of \$10 000 or imprisonment for 12 months or to both.”.

Repeal and replacement of section 61 of Act 2021-1

12. *Section 61 of the principal Act is deleted and the following substituted:*

“Amendment of Schedules

61. The Board may by Order amend the *Schedules*.”.

Amendment of section 62 of Act 2021-1

13. *Section 62 of the principal Act is amended*

(a) *by deleting subsection (1) and substituting the following:*

“(1) The Board may make such regulations as it thinks fit for the purposes of this Act.”; and

(b) *in subsection (3), by deleting the words “Central Bank” and substituting the word “Board”.*

Insertion of new Schedule into Act 2021-1

14. *The principal Act is amended by*

- (a) renumbering the Schedule as the First Schedule; and*
- (b) inserting after the First Schedule as renumbered, the following:*

“SECOND SCHEDULE

(Section 8(3))

EXEMPT PUBLIC AUTHORITIES

- 1. Barbados Revenue Authority**
- 2. National Insurance and Social Security Service**
- 3. Treasury Department”.**

Commencement

- 15. *Section 14(b) in so far as it inserts into the principal Act, paragraphs (a) and (b) of the new Second Schedule shall come into operation on a date to be fixed by Proclamation.***