DIGITAL TRANSACTIONS & MONEY

APPLICANT: Caribbean Settlement Network (CSN)

COUNTRY OF INCORPORATION: The main entity / personnel representing key stakeholders are based in Barbados

BENEFICIARIES / SUPPORTING AGENCIES / PROJECT PARTNERS (Regional Public and Private Sector Entities, MSMEs, residents and visitors.

DESCRIPTION OF APPLICANT The CSN is a not-for-profit regional public entity. When activated, the CSN will serve to support Caribbean residents and businesses in conducting intraregional cross-border digital financial transactions instantly on their smartphones or tablets, using digital versions of their local fiat currencies, with significantly less transaction fees and wait times. The members of the Working Group of The CSN include The Bank of Canada, Massy Group, Central Bank of Barbados, ECCB, Crown Agents Bank, UWI, CARICOM, Government of Bermuda, HSBC Bank, CAPRI, CDB, CDF, IDB, JMMB, Government of Barbados, Government of St. Vincent and the Grenadines, and Bitt

BLOCKCHAIN APPLICATION

Digital transactions and money
• Cross-border swap agreements to process currency exchange
• Central Bank Digital Currency (CBDC)
• Mobile wallet
• Online payment especially in the context of community-based tourism in the Caribbean

CHALLENGE PRESENTED

Access to Finance and Financial inclusion also affects regional growth and development opportunities from socioeconomic implications to ease of doing business to administrative efficiency. Individuals remain unbanked, owing to unaffordable fees or administrative delays in the need for physical cash. Intra-regional Financial Transactions and Cross border settlements remain prohibitively expensive and grossly inefficient at worst and cumbersome at best.

Limitations and challenges to growth include:
(1) The use of US currency or other hard currency
(2) The dependency on the international banking system for intra-regional transfers
(3) The high cost of money transfer and remittance fees - regardless the transaction amounts
(4) The clearance time / duration of a single transaction may take weeks

With successive International banks de-risking and exiting the region, the costs of economic activity and trade increase exponentially and affect foreign reserves, growth and the ease of doing business. In a region where businesses are affected by international competition and natural disasters, local and regional MSMEs are losing a competitive stronghold through these financial pressures.

SUMMARY OF READINESS TO PARTICIPATE

Over the last 3 months the team has researched blockchain technology and its application to Trade Single Windows in collaboration with the IADB and Nextrade Group. The team has completed a comprehensive report on the potential application of blockchain technology to the resolution of a number of long-term challenges facing the SEW, which includes payment infrastructure, traceability and limited interoperability. The Ministry is currently executing The Strengthening of the Single Electronic Window (SEW) for Trade and Business Facilitation Programme (Strengthening Project) funded by the IADB. Funds are available from this programme to allocate to a pilot project. The SEW Unit has identified four technical resources who can work on a pilot project.