



CBB Working Paper No. WP/26/3

“Why Barbados Built an Instant Payment System, and Why the Central Bank Had to Do It”

Working Paper by Dr. Kevin Greenidge¹
July 18, 2026



On June 12, 2026 the Central Bank switched off the payment system this country had run on for a generation, and switched on another. That was a deliberate choice, and it is worth explaining why we made it.

What We Turned Off

What BiMPay replaced was the previous ACH and RTP rails. The ACH was a batch system: payments were gathered up, sent in files at fixed times, and settled over the following days. If you missed the cut-off on a Friday, your money moved on Monday, or Tuesday. A supplier waited. A worker waited. A small contractor who had done the work and issued the invoice financed the gap out of their own pocket, or borrowed to cover it.

We had grown used to this. We should not have been. Waiting three days for money that has already left one account and not yet reached another is not a law of nature. It is a design choice, and it was made when the technology to do better did not exist.

It costs real money too. Delay is why so much of this economy still runs on cash and cheques, and cash is expensive to move, count, guard and insure. Those costs do not disappear. They are recovered from customers.

What We Turned On

BiMPay moves money between accounts at any of the nine participating institutions in seconds, at any hour, on any day. The Scheme Rulebook fixes a time limit, measured in seconds, on every stage of a transfer: the interval within which the system must receive the instruction, the interval within which the receiving institution must verify and respond, and the interval within which each institution must credit or debit its customer's account. Those are not aspirations. They are obligations on every participant, and the Bank measures performance against them.

Six banks and three credit unions are on the same rail, on the same terms. That last point matters more than it may appear. A credit union member in this country now sends and receives money on precisely the same infrastructure, at the same speed, as the customer of the largest bank. We did not build a system for the banks and invite the credit unions to observe.

Why This Could Not Be Left to the Market

Why should a central bank build this? Why not leave it to competition among institutions?

Because a payment system is not a product. It is a network, and networks have an economics of their own. A payment rail is worth almost nothing unless everyone is on it, which means no single institution can build one and no group of them will build one alone. Each would be investing to make it easier for its own customers to be paid by, and to move to, its competitors. Every institution has a rational reason to wait for someone else to go first, and so nobody goes.

¹ Dr., the Most Hon. Kevin Greenidge, F.B., is the Governor of the Central Bank of Barbados.

The market here compounds the problem. Fewer than 300,000 people cannot support nine competing payment infrastructures, and several of our largest institutions answer to parent companies whose investment priorities are set in other countries and weighed against other markets. Waiting for that alignment to occur spontaneously was not a strategy. It was a hope.

There is also a matter that only a central bank can settle. Final settlement between institutions happens in central bank money, on the Central Bank's books. That is what makes a payment irrevocable rather than a promise between two commercial parties. A shared national rail requires an operator that every participant must trust and that no participant can capture. In every economy that has built one, that operator has been the central bank or an entity it stands behind.

So the choice was not between the Bank acting and the market acting. It was between the Bank acting and nothing happening.

A Duty Placed on the Bank by Parliament

None of this was left to the Bank's discretion. Parliament decided it.

Section 3 of the National Payment System Act, 2021-1 sets out the purpose of the Act: to provide a payment system that is safe, efficient, resilient and competitive, through the management of risks, the maintenance of financial stability and the protection of the interests of consumers. Section 4(1) charges the Bank with the oversight, regulation, monitoring, and safe and effective operation of the National Payment System, and with the reduction of inefficiencies and potential risks within it. Section 52(1) of the Central Bank of Barbados Act, 2020-30 provides that the Bank shall have sole authority for the supervision, operation and administration of the National Payment System.

Read together, those provisions do more than permit the Bank to act. They require the Bank to modernise the national payment system, to protect consumers, to ensure that the system runs efficiently, and, where it is necessary, to operate a system itself. It is a solemn responsibility that we do not take lightly nor resile from.

The Lesson of 2015

There is a more specific reason, and it comes from our own recent history.

In April 2015 the Central Bank stopped setting the minimum rate that commercial banks had to pay on savings deposits. The reasoning was orthodox: let competition, rather than an administered floor, determine what a deposit is worth. Interest paid on savings deposits fell from \$99.2 million in 2014 to \$2.9 million last year. The aggregate outcome was a sharp movement towards very low deposit rates, with little evidence that competition produced materially better returns for depositors. Deposits grew anyway, because Barbadians had nowhere else to put their money.

The same failure appeared on the lending side. The institutions had argued that the deposit floor was a fixed cost built into what they charged borrowers, yet in the four years after it was removed the cost of deposits fell by 82 basis points while the implied yield on lending rose by 26. Rates on loans did eventually come down, but four to five years later, and the spread between the two remains wider today than before deregulation.

That is the lesson we as regulators carry into this work. Removing a restriction does not create a market. Competition requires that a customer can see what they are being charged, compare it against the alternative, and act on the comparison without losing their salary deposit, their direct debits and their payment history in the process. Where moving is difficult, price competition does not emerge, whatever the rulebook permits.

An instant payment system is the infrastructure that makes moving possible. That is the sense in which BiMPay is not primarily a technology project. It is competition policy delivered through plumbing.

What It Took, and What It Cost

We certified every institution before go-live, issued directives requiring the necessary standards of readiness, and held institutions to remediation where functionality was incomplete. Some of that work continues under close supervision, and the Bank publishes what it can as it goes. A cutover of this kind, with no legacy system to fall back on, concentrates the mind of everyone involved, which was precisely the intention.

The alternative, a phased migration running two systems in parallel, sounds prudent and is not. It doubles cost, halves urgency and gives every participant a reason to keep one foot in the past. We had seen enough programmes in this region drift for years in that posture.

What Has to Happen Next

Building the rail was the easier half.

Every participant must file its BiMPay fee schedule with the Central Bank by July 31, 2026. No institution may charge a cent on the new system until the Bank has given its non-objection and customers have been given notice of what they will pay. The Bank will assess those schedules against the cost of providing the service. Cheaper infrastructure that arrives at the customer as the same charge under a new name would be a failure, and I have said so to the institutions directly.

Beyond price, the work is to make switching real: comparable published fee schedules, straightforward account portability, and no penalty for a customer who decides another institution serves them better. A rail that moves money in ten seconds is of limited use to someone who needs three weeks and a stack of forms to move their banking relationship.

Why It Matters

A payment system is public infrastructure in the same sense as a road or a port. It determines whether a small business survives the gap between doing the work and being paid for it. It determines whether a worker paid on Friday can meet an obligation on Friday. It determines how much of the national income is consumed simply by moving money from one place to another.

For a generation we accepted that this cost was fixed, and that the pace of payment was whatever the system happened to allow. It was not fixed. It required someone to decide that the country would build something better and to accept responsibility for the disruption of doing so.

That is why the Central Bank took action.

BiMPay is Barbados' national instant payment system, launched on 12 June 2026 with nine participating institutions. Deposit and interest figures are drawn from the aggregate returns of the commercial banking sector to the Central Bank of Barbados.