

PRESS RELEASE

Belize Bank Explains its Position on Central Bank's Practice Direction

On November 16th, 2023, the Belize Bankers' Association ("BBA") wrote to the Central Bank of Belize ("CBB") expressing *"...its disappointment with the Central Bank of Belize's decision to maintain its position on employing price control measures"* because these *"would prove to be counterproductive and disincentivize innovation."* The Belize Bank aligns itself with the BBA's position.

Belize Bank, like the BBA, opposes the CBB's Practice Direction because price controls stifle competition, limit product innovation, and ultimately harm consumers by eroding financial inclusion and access to financial services, especially in remote areas of Belize.

Belize Bank's Executive Chairman, Filippo Alario, explained that *"The Belizean public deserves price transparency. Without ATM withdrawal fees and some of the other charges the CBB is prohibiting, we would need to reassess our ATM network strategy which will include reducing certain ATM services from the market in areas where the cost of their operation would be economically unfeasible"*.

Mr. Alario added that *"Other fees and charges in question are essential for banks to support critical functions, including mounting costs of cyber-security, financial crimes and anti-money laundering compliance, as well as the upkeep of both digital and physical infrastructure. These financial components also play a vital role in driving innovation, exemplified by initiatives such as our digital wallet, "E-kyash", which enables customers to make electronic payments easily and cheaply from their mobile phones"*.

All the banks in Belize have made individual proposals to reduce fees significantly in line with their own strategic objectives but the CBB has rejected these and proceeded to legislate its own price controls. In its letter of November 7th, 2023 to the CBB, the Belize Bank proposed reducing ATM withdrawal fees immediately and to progressively work to create financial products for the geographically remote and financially disadvantaged sections of society.

On January 2nd, 2024, the Belize Bank secured an interim injunction against the CBB's Practice Direction, which would impose counterproductive, arbitrary and unprecedented price controls on services offered by Belizean banks to customers.

The Supreme Court also ordered that Belize Bank's application for judicial review of the CBB's Practice Direction is heard at full hearing scheduled for early February. The CBB is not permitted to enforce its Practice Direction before the outcome of Belize Bank's application is determined.

Moreover, despite the suggestion to the contrary in the CBB's Press Release of January 3rd, 2024, Belize Bank has already passed onto its customers the benefit of the CBB's elimination of its fees to the domestic banks for instant funds transfers. The elimination of these charges by the CBB to the domestic banks is an independent matter and not part of the price controls which the CBB wishes to introduce pursuant to its Practice Direction.

Belize Bank believes that the best way to progressively lower charges is through competition between financial institutions in the open market, rather than through the imposition of unnecessary price controls.

Belize Bank looks forward to making its case in court that the CBB's attempted imposition of these measures is unlawful and should be quashed altogether. In the meantime, the Belize Bank remains committed to engaging with the CBB and others on the basis of proper and adequate consultation, to achieve our shared objectives in the interests of all Belizean citizens.

Belize Bank also continues to promote financial inclusivity and to provide innovative, diverse, transparent and competitive financial products and services that cater to the varied demographic and evolving needs of Belizeans.

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