

Draft Cook Islands Electronic Transactions Policy

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Executive Summary

The Cook Islands stands at a pivotal point in its journey toward digital transformation. As a small island nation with a dispersed population across the Pa Enua, the country faces unique challenges in connectivity, service delivery, and economic diversification. Yet these same challenges present opportunities: by embracing digital technologies and establishing a trusted legal framework, the Cook Islands can overcome geographic barriers, empower its people, and strengthen its global integration.

This policy provides the foundation for the **Electronic Transactions Act (ETA)**, which will ensure that electronic communications, records, and signatures carry the same legal weight as traditional paper processes. The ETA is not only a technical reform; it is a catalyst for social and economic change, enabling government, businesses, and citizens to confidently engage in the digital economy.

Through the ETA, the Cook Islands will:

- Establish legal certainty for electronic records, signatures, automated contracts, and electronic transferable records (ETRs).
- Promote inclusion, helping bridge the digital divide.
- Enable efficient, transparent, and accessible government services.
- Support responsible adoption of emerging technologies such as AI and smart contracts.
- Align with international standards, ensuring credibility in cross-border trade and digital finance.
- Operate in harmony with parallel reforms to money and payment services, data protection, and cybersecurity frameworks.

In doing so, the Cook Islands will position itself as a regional leader in trusted digital innovation, unlocking opportunities for economic diversification, resilient governance, and inclusive growth.

1. Introduction & Rationale

Why This Policy Matters

The Cook Islands' current gaps in legislation create uncertainty around electronic contracts, hindering innovation, cross-border trade, and public sector modernization. A comprehensive ETA is essential to:

- Remove outdated formalities like handwritten signatures.
- Lower transaction costs and expand domestic and international market access.
- Build public trust, security, and predictability in digital systems.
- Empower government, businesses, and communities to embrace innovation.
- Strengthen connections with the Cook Islands diaspora, enabling faster, more affordable, and trusted digital interactions such as remittances, e-commerce, and service access.

- Address the **digital divide**, particularly between Rarotonga and the Pa Enua, by ensuring equitable access to digital tools, services, and opportunities so that no community is left behind in the digital transition.

Link to National Strategies

This policy supports the **E-Commerce Acceleration Work Plan**, the **Digital Transformation Strategy 2024–2030** and the **ICT Policy 2023–2027**, complementing reforms in **Cybersecurity**, **Data Protection**, and **Money and Payment Services Policy**. Together, these initiatives form a coherent digital legal reform package enabling growth, resilience, and inclusion.

2. Vision, Principles & Objectives

Vision

“Ipukarea Tumanava” – A Digitally Enabled, Trust-Driven, and Inclusive Cook Islands.

Guiding Principles

- **Technology neutrality** – adaptable to future innovations.
- **Legal certainty and trust** – clear, enforceable rules.
- **Inclusivity and accessibility** – bridging the digital divide.
- **Alignment with global best practice** – UNCITRAL model laws.
- **Interoperability** – ensuring cohesion across finance, e-commerce, and government systems.

Objectives

1. **Facilitate electronic transactions** by granting full legal recognition to e-records, e-signatures, automated contracts, and ETRs.
2. **Ensure security and reliability** through minimum standards, fraud prevention, and trust-service accreditation.
3. **Modernize the legal framework** with a tiered trust model for e-signatures and a certification service provider (CSP) scheme.
4. **Protect consumers** with transparency, informed consent, and dispute resolution mechanisms.
5. **Enable innovation** in AI-driven contracting, e-payments, and digital identity systems.
6. **Strengthen financial sector integration** by aligning ETA with payment services reforms, AML/CFT compliance, and regional remittance initiatives.
7. **Promote digital culture and literacy** through nationwide education campaigns.

3. Legislative Harmonization Framework

To ensure the ETA is coherent and avoids inconsistencies with parallel reforms, this framework identifies priority areas for alignment. By integrating electronic transactions law with payment services, consumer protection, cybersecurity, and data protection, the

Cook Islands can build a seamless digital legal environment that supports innovation while safeguarding compliance and credibility.

Area	Current Gap	Action	Supporting Initiative	Timeline
Electronic Transactions & E-Signatures	No ETA; uncertainty in contracts and workflows.	Enact ETA; introduce CSPs and tiered e-signature model.	National Digital Strategy; Fintech Policy	Short term
Consumer Protection	No specific e-commerce protections.	Enact Consumer Protection Act; dispute mechanisms.	ICT Policy; Fintech Policy	Short term
Data Protection & Privacy	No standalone law.	Enact Data Protection Act; governance standards.	Digital Strategy; Cybersecurity Policy	Short to medium term
Cybercrime & Cybersecurity	Limited provisions.	Pass Cybersecurity Bill; public cyber awareness.	Cybersecurity Policy; Digital Strategy	Immediate to short term
Money & Payment Services	Outdated, cash-based framework.	Broaden scope; tiered licensing for fintech; align with ETA.	Fintech Policy reforms	Short to medium term
Digital ID & E-Payments	No legal framework.	Develop ID and e-payment systems.	Digital Strategy	Medium to long term

4. Policy Framework

To implement this Policy effectively, a **multi-faceted approach** is required, combining legal reform, technical standards, capacity development, outreach, financial support, and market incentives. Each instrument is designed to reinforce the others and ensure a coherent, sustainable transition to digital transactions.

Legal & Institutional Instruments

- Enact the ETA and harmonize with Consumer Protection, Cybersecurity, Data Protection, and Money & Payment Services laws.
- Establish interagency coordination to avoid legal fragmentation and ensure consistent obligations across sectors.
- Strengthen institutions responsible for enforcement, monitoring, and dispute resolution.

Guidelines, Standards, and Technical Frameworks

- Adopt a **tiered trust model** for e-signatures (Basic, Advanced, Qualified).
- Require accreditation of Certification Service Providers (CSPs).
- Develop technical standards for encryption, PKI, digital identity, and electronic time stamps.
- Issue guidelines for certification authorities and document management.
- Promote interoperability for cross-border e-commerce and payments.

Capacity Development, Communication & Outreach

- Training for judiciary, regulators, government officials, businesses, and civil society.
- Integrate digital skills into education and workforce programs.
- Public awareness campaigns on e-signatures, consumer rights, cyber hygiene, and digital payments.
- Share success stories to foster confidence and adoption.
- Engage stakeholders through forums and consultations.

Market & Financial Instruments

- Incentives for fintech innovation, digital ID adoption, and secure payment platforms.
- Mobilize resources with government, private sector, and donors to support innovation.
- Establish sustainable funding mechanisms for ongoing implementation and enforcement.
- Promote interoperable standards for regional and international trade.
- Use incentives and penalties to promote compliance.

Research & Innovation

- Invest in research on emerging technologies such as blockchain and AI.
- Encourage pilot projects to test innovative approaches and build evidence for scaling.

5. Implementation Roadmap (Operational Table)

The success of the ETA depends on a phased, well-coordinated approach that ensures readiness across government, private sector, and civil society. This roadmap provides a practical guide for moving from legal adoption to institutional capacity, infrastructure rollout, compliance, and ongoing adaptation. It sets out timelines, priority activities, and responsibilities to make implementation measurable and achievable.

Phase	Timeline	Focus Area	Key Activities	Responsible Stakeholders	Expected Outcomes
Phase 1: Legal & Institutional Foundations	0–12 months	Legal & Institutional Instruments	- Enact ETA and harmonize with Consumer	Office of PM, Ministry of Justice,	ETA enacted and in force; harmonized

			Protection, Cybersecurity, Data Protection, and Money & Payment Services laws. - Establish interagency coordination. - Strengthen institutions for enforcement, monitoring, and dispute resolution.	Ministry of Finance, FSC	legal framework; interagency working group operational.
Phase 2: Technical Standards & Guidelines	Year 1–2	Guidelines, Standards, and Technical Frameworks	- Adopt tiered trust model for e-signatures. - License and accredit Certification Service Providers (CSPs). - Develop standards for encryption, PKI, digital identity, and electronic time stamps. - Issue guidelines for certification authorities and document management. - Promote interoperability for cross-border e-commerce and payments.	Ministry of Justice, Telecom Authority, Standards Agencies	National standards issued; CSPs licensed; interoperable e-signature and digital identity framework established.
Phase 3: Capacity, Communication & Outreach	Year 2–3	Capacity Development, Communication & Outreach	- Training for judiciary, regulators, officials, businesses, civil society. - Integrate digital skills into education and workforce programs. - Public awareness campaigns on e-signatures, consumer rights, cyber hygiene,	Ministry of Education, Civil Society, Judiciary, Private Sector	Trained judiciary and regulators; public digital literacy increased; digital skills integrated in education; broad stakeholder engagement achieved.

			and digital payments. - Share success stories and engage stakeholders through forums.		
Phase 4: Market Development & Financial Support	Year 3–4	Market & Financial Instruments	<ul style="list-style-type: none"> - Incentives for fintech innovation, digital ID, and payment platforms. - Pilot centralized RegTech/KYC utilities. - Mobilize resources with government, donors, and private sector. - Establish sustainable funding for implementation and enforcement. - Promote interoperable trade standards. - Use incentives and penalties for compliance. 	Ministry of Finance, FSC, Private Sector, Donors	Fintech ecosystem supported; RegTech utilities piloted; sustainable financing mechanisms established; compliance mechanisms in place.
Phase 5: Research, Innovation & Future-Proofing	Year 4+	Research & Innovation	<ul style="list-style-type: none"> - Invest in research on blockchain, AI, and emerging tech. - Encourage pilot projects and evaluate scalability. - Regularly review ETA to cover new technologies. - Maintain continuous digital literacy and public education campaigns. 	Office of PM, Ministry of Justice, Regional & International Partners	ETA reviewed and updated; pilot projects scaled; ongoing innovation adoption; population maintains digital literacy.

6. Key Challenges & Mitigation

- **Challenge: Digital Divide**
Mitigation: Targeted inclusion strategies for Pa Eヌua, youth, and underserved groups, with digital literacy and affordability programs.
- **Challenge: Cybersecurity Threats**
Mitigation: Strong national cybersecurity law, incident response capabilities, and continuous public cyber hygiene campaigns.
- **Challenge: Regulatory Fragmentation**
Mitigation: Establish an interagency working group to harmonize ETA with fintech, data protection, and cybersecurity laws.
- **Challenge: FATF/AML Risks**
Mitigation: Alignment with AML/CFT standards, phased compliance, and regional RegTech collaboration to safeguard banking credibility.
- **Challenge: Public Trust**
Mitigation: Build confidence through awareness campaigns, consumer protections, and accessible dispute resolution systems.

7. Stakeholders & Governance

Government Agencies:

- Prime Minister’s Office – overall leadership and interagency coordination.
- Ministry of Justice – legislative drafting and enforcement.
- Ministry of Finance – funding, financial oversight, AML/CFT compliance.
- Telecom Authority – secure and reliable connectivity.
- Financial Supervisory Commission (FSC) – oversight of payment systems and money services.

Private Sector:

- Banks, e-money issuers, and fintechs – secure payments and compliance.
- Businesses and e-commerce operators – consumer trust-building.

Civil Society:

- NGOs – ensure inclusion of marginalized groups.
- Educational institutions – digital literacy and research.

Regional & International Partners:

- Pacific Islands Forum, UNCITRAL, FATF/APG, donors – technical guidance, funding, and standards alignment.

8. Conclusion

The Electronic Transactions Policy is a cornerstone of the Cook Islands’ digital transformation. By explicitly linking to parallel reforms in payment services, data

protection, and cybersecurity, the ETA will ensure **coherent, future-proof regulation**. It provides the legal certainty, security, and trust necessary for widespread adoption of electronic communications, commerce, and digital finance.

By adopting this policy, the Cook Islands will establish itself as a **regional pioneer in digital innovation**, unlocking opportunities for economic diversification, improved governance, and inclusive growth while safeguarding compliance and international credibility.

Glossary of Key Terms

Artificial Intelligence (AI): Technology enabling machines to perform tasks that typically require human intelligence, such as learning, reasoning, and decision-making.

Certification Service Provider (CSP): An entity that issues and manages digital certificates and provides trust services for secure electronic transactions.

Cybersecurity: The practice of protecting electronic systems, networks, and data from cyber threats, unauthorized access, or damage.

Data Protection: Legal and technical measures to ensure the privacy, confidentiality, and proper handling of personal and sensitive data.

Digital Identity (Digital ID): An electronic representation of an individual or entity used to verify identity and enable secure access to digital services.

Electronic Records: Data or information created, stored, or received in electronic form that has legal significance, equivalent to paper records.

Electronic Signatures (E-Signatures): Digital methods used to authenticate and verify the identity of the signer, providing legal validity to electronic documents.

Electronic Transferable Records (ETRs): Electronic equivalents of paper-based transferable documents (such as bills of lading or promissory notes) recognized under UNCITRAL's Model Law.

Electronic Transactions Act (ETA): Legislation that provides the legal framework recognizing electronic communications, records, and signatures as legally valid and enforceable.

Functional Equivalence: The principle that electronic records and signatures are legally equivalent to their paper counterparts based on their function and effect, not their form.

Interoperability: The ability of different digital systems, technologies, and legal frameworks to work together seamlessly across sectors and borders.

Money or Value Transfer Services (MVTs): Financial services enabling the transfer of money domestically or internationally, including remittances, e-money, and mobile payments.

RegTech (Regulatory Technology): Technology that helps organizations comply efficiently with regulations, often used for AML/CFT monitoring and KYC processes.

UNCITRAL Model Laws: Model legal texts developed by the United Nations Commission on International Trade Law to harmonize international trade laws, including electronic commerce and automated contracting.