



PRESS RELEASE

CENTRAL BANK RELEASES SUMMARY RESULTS FROM AML/CFT SURVEY OF THE BANKING AND TRUST SECTOR

The Central Bank of The Bahamas (the Central Bank) recently surveyed banks and trust companies on their risk management practices regarding anti-money laundering and countering the financing of terrorism (AML/CFT). This survey has materially assisted the Central Bank in its supervision of AML/CFT risk of each supervised financial institution (SFI) in the banking and trust sector. Given broad stakeholder interest, the Central Bank is today releasing the aggregate results from this survey.

The Central Bank wishes to thank the participating SFIs, and commend the industry for its generally high quality and detailed survey responses.

Main Survey Findings

- All surveyed SFIs possess documented and substantial policies on AML/CFT risks. At a high level, these policies are largely compliant with Bahamian legislation, regulation, and supervisory expectations. The survey results have suggested a number of areas where the Central Bank will encourage the industry and individual SFIs to make improvements, but we are starting with a strong documentary foundation.
- The domestic banking industry is (unsurprisingly) focused overwhelmingly on Bahamian clients. For international SFIs, we are seeing a shift from a concentration on European clients to a concentration on Western Hemisphere clients. This is consistent with the aspiration for The Bahamas to become the Hemisphere's jurisdiction of choice for private banking and wealth management services.
- Only about 1 per cent of the domestic banking industry's accounts are high risk for AML/CFT purposes. Consistent with their much higher average balances and more complex business arrangements, about 15 per cent of the international banking and trust sector's accounts are rated high risk.
- International bank and trust accounts average 1 to 2 transactions per month. This indicates that these clients are using their Bahamian accounts for long term wealth management purposes, rather than for operational purposes.
- In the past several months the domestic banking sector has largely eliminated unverified operating accounts. The international sector reports zero unverified operating accounts.
- International banks and trusts have ceased taking cash deposits, which means that it is impossible to launder currency (cash) through an international facility in The Bahamas.

- A substantial majority of international SFIs require their clients to evidence tax compliance. Survey respondents typically have policies in place regarding clients being tax-compliant in their countries of nationality, residence and/or domicile.

In summary, the results of the survey demonstrated that Bahamian banking and trust industry practice for AML/CFT risk is reasonably sound, and helpfully indicated areas for further improvement.

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