



THE CENTRAL BANK OF THE BAHAMAS

QUARTERLY LETTER ON REGULATORY AND SUPERVISORY DEVELOPMENTS

BANK SUPERVISION DEPARTMENT

July 22, 2019



QUARTERLY LETTER

Financial Sector Assessment Program (FSAP)

The Financial Stability Assessment Program exercise (“FSAP”) required much of the Central Bank’s focus over the past six months. We are now pleased to advise of the successful conclusion of the assessment of the Bahamian Financial System as well as the posting of the final reports by the International Monetary Fund (“IMF”) to its website at [The Bahamas and the IMF](#). With respect to the banking sector, the IMF acknowledged the effective supervisory program that the Central Bank has in place, as well as its many strategic initiatives undertaken over the past few years. The IMF has rated The Bahamas as either compliant or largely compliant with all twenty-nine (29) of the Basel Core Principles of Supervisory Effectiveness. We invite you to review the reports at the link provided above and we look forward to collaborating with you further as we adopt the recommendations made to further enhance our supervisory framework.

Bahamas 2019 AML/CFT Seminar

The Group of Financial Services Regulators national AML Seminar was a success, with over 400 participants and a strong domestic and international speaker group. Governor Rolle brought remarks on [The Evolving Landscape of AML/CFT in The Bahamas](#) and made reference to the recently completed [AML Domestic Segment Review](#). We invite you to review both documents via the hyperlinks provided. We also look forward to your continued participation in further events and to this end invite you to save the dates June 2-3, 2020, which we have booked for an international AML conference co-produced with CARICOM. Stay tuned for more information.

Domestic Liquidity Monitoring

Domestic Supervised Financial Institutions (SFIs) would be aware that the Central Bank issued its final notification of each SFI’s previous month’s required reserve holdings via our letter dated June 14, 2019. The discontinuation of such advisement is due to this notification comprising merely a historical report of liquidity levels, which both the Central Bank and SFIs would have monitored closely for any breaches. Going forward, the Central Bank will only advise institutions of violations in regards to said liquidity positions and any resulting penalty applicable thereto.

The Central Bank will run a 3 months’ trial beginning August 2019 and ending October 2019 for the gradual discontinuation of the issuance of computer printouts outlining the computation of

SFI's monthly Statutory (Primary) Reserve balances maintained on account with the Central Bank. After the trial period, we will assess the feasibility of having SFI's generate their reserve requirements internally.

These changes will remove the need for the Central Bank to send, and Bahamian banks to respond to, several hundred letters per year.

Advisement of Resignation from Regulated Functions

SFIs are requested to inform the Central Bank immediately upon a decision being made relative to removing a person from a regulated function or the SFI being notified of the resignation of a person serving in a regulated function.

Timely Submission of Reports via ORIMS

We commend the seventy-five (75%) of SFIs for their continued timely submission of reports via the ORIMS portal. The remaining twenty-five (25%) are strongly encouraged to make the necessary amendments to avoid the continuous imposition of penalties for late submissions. Be reminded that the purpose of the administrative penalty regime is to change behavior towards accurate and timely submissions of reports. We intend to increase our supervisory focus from the latter half of 2019 on timely and accurate SFI reporting compliance, for both numbers and documents.

Charles Littrell

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Inspector of Banks & Trust Companies

Any questions regarding this letter should be directed to:

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