



QUARTERLY LETTER ON REGULATORY AND SUPERVISORY DEVELOPMENTS

BANK SUPERVISION DEPARTMENT
3 April, 2025



QUARTERLY LETTER

Introduction

As the Central Bank of The Bahamas winds down its 50th Anniversary year of celebration, we thank you for your participation and engagement with our learning lecture series and signature anniversary events during the year. The Central Bank will continue to periodically host various lectures as an ongoing part of our financial literacy campaign to inform and engage the public on topical issues.

Annual Industry Briefing 2025

The Central Bank wishes to thank all of the participants who attended the Bank Supervision Department's Annual Industry Briefing held on 12 February, 2025. We were pleased to share with you our planned supervisory focus for 2025. As indicated in our Notice to Industry on 20 February, 2025, the slide presentation from our industry briefing is available on the Central Bank's website and can be accessed via the following link: [Industry Briefing February 2025- Central Bank of the Bahamas \(centralbankbahamas.com\)](https://www.centralbankbahamas.com/industry-briefing-february-2025) or using the path: Core Functions -> Bank Supervision Department -> Notes and Notices -> Speeches and Presentations -> Industry Briefing February 2025.

AML Empirical Research Conference

The Central Bank hosted its Sixth Annual Bahamas Research Conference on Financial Crime on 16-17 January 2025, at the Margaritaville Beach Resort, Nassau, Bahamas. There were 15 papers and two panel discussions on a range of topical discussions on emerging issues related to AML and financial crimes.

The conference featured a dynamic line-up of both local and international presenters, including senior officials from international standard setting bodies. Notable attendees included the Vice President of the Financial Action Task Force ("FATF"), representatives from the Inter-American Development Bank ("IADB"), the Executive Director of the Caribbean Financial Action Task Force ("CFATF"), and the Executive Secretary of Financial Action Task Force of Latin America ("GAFILAT"). The conference attracted over 400 participants both in-person and virtually, comprised of leading researchers, practitioners, and policy makers.

Plans are underway for the Seventh Annual Bahamas Research Conference on Financial Crime scheduled to be held on 22-23 January 2026 in Nassau, Bahamas. The Conference Announcement and "Call for Papers" was issued to our mailing list and published on the conference website: [Bahamas AML Conference](https://www.centralbankbahamas.com/bahamas-aml-conference) on 27 February 2025. We also invite you to visit the website to access past conference papers and information on the upcoming conference.

Guidelines for Internal Audit

SFIs are reminded that the Guidelines for Internal Auditors and Audit Committees (“Internal Audit Guidelines”) outline the responsibilities and regulatory reporting obligations for internal auditors. Our Examiners have observed that in some cases, particularly where internal audit functions were outsourced, the head of the internal audit functions did not sufficiently exercise the responsibility for “maintaining adequate oversight and transfer of knowledge”. This is specifically regarding engagement with the boards of directors and the Central Bank. SFIs are encouraged to apprise themselves of their duties and responsibilities as articulated in the Internal Audit Guidelines to ensure ongoing compliance.

Liquidity Framework

The Central Bank has drafted revisions to its Liquidity Regulations and Guidelines (“Liquidity Framework”) to ensure that they remain aligned with the standards advanced by the Basel Committee on Banking Supervision (“Basel Committee”). The proposed revisions to the Liquidity Framework provide clarity, inter alia, on high quality liquid assets (“HQLA”), standardisation of asset and liability risk weights in accordance with the Capital Regulations, submission requirements for contingency funding plans, and updates to the reporting forms to capture key data points for calculating the liquidity coverage ratio (“LCR”) and the net stable funding ratio (“NSFR”).

The Central Bank intends to formally release these revisions to the industry for consultation during the second quarter.

Industry Consultation - Bahamas Co-operative Credit Unions (Amendment) Bill

Following preliminary discussions and consultation with the directors of the Bahamas Cooperative League Limited in Q3-2024, the Central Bank has collated several noteworthy inputs to be considered as part of the proposed amendments to the credit union legislation. Overall, the proposed reforms continue to reflect the Central Bank’s efforts to strengthen regulatory oversight of the credit unions sector in key supervisory areas such as corporate governance, capital adequacy, and modalities for regulatory intervention measures. These reforms remain critical to the continued success of the sector.

In the coming weeks, the Central Bank will begin wider public consultation on the proposed reforms.

Policy Updates

The Central Bank continues to explore reform measures, expand domestic access to financial products and services, for all stakeholders residing in The Bahamas. This includes developing a regulatory and supervisory structure for agency banking in The Bahamas. The Central Bank is finalizing a consultation paper on agency banking, to be released in the coming weeks. The paper discusses the concept of agency banking, proposes supervisory and prudential requirements for such arrangements, and outlines consumer protection measures to maintain ongoing safety and soundness in the financial services sector. Once the paper is released, SFIs are invited to review the document and provide feedback.

We look forward to your continued active participation and feedback during the year 2025.

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Any questions regarding this letter should be directed to:

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