



**Central Bank of the Bahamas' Supervisory Response and Guidance  
for the  
Novel Coronavirus (COVID-19)**

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The Central Bank of The Bahamas has been closely monitoring the global and domestic economic impact of the Novel Coronavirus (COVID-19) pandemic and has been taking appropriate measures to safeguard the Bahamian financial system. Following the World Health Organization's (WHO's) declaration of the virus a global pandemic on 11<sup>th</sup> March 2020, the Government of The Bahamas moved swiftly to introduce control measures to mitigate public health risk, with necessary tradeoffs constraining domestic economic activity. In particular, the Government issued the Emergency Powers (COVID-19) Order, 2020 in March, providing the framework under which a Competent Authority has been established with powers to manage the public health crisis. The Bahamas was also negatively impacted by the accelerate shutdown in international travel, and swift closure of the tourism plant. Under the Emergency Powers, domestic commercial activities have been streamlined to essential goods and services, including basic domestic financial services.

The operations of Supervised Financial Institutions (SFIs) have also been drastically modified since March, to comply with the Emergency Powers (COVID-19) Order, 2020 and regulations issued under the Order.

The Central Bank remains committed to safeguarding and strengthening the resilience of the financial sector and has committed to a series of measures designed to alleviate some of the difficulties presented by the pandemic. Over the past weeks, the Bank has provided guidance on certain temporary relaxed accommodations to SFIs through a series of communications, which are now being collated into these Coronavirus (COVID-19) Guidance Notes. These address strengthening the resilience of the financial system and the operational challenges resulting from the pandemic.

These Guidance Notes are subject to be amended and will remain in effect until rescinded by Central Bank.

The issues addressed are as follows:

**I. Invoking contingency arrangements for Business Continuity**

- (a) The Central Bank wishes to draw attention to the Emergency Powers (COVID- 19) (No.2) (Amendment) Order, 2020 imposed by the Government, in particular the limited mobility to access premises of **international banks and/or trust companies** by the Senior Official I, Senior Official II and an IT staff (if necessary).

While the Central Bank is cautioning SFIs to adhere to the provisions of the Orders, SFIs may also invoke appropriate aspects of their Business Continuity Plans to address the specific operational need.

- (b) Other temporary, contingent outsourcing arrangements may be adopted by the SFI once the appropriate controls/risk management safeguards and board-level approvals are in place. SFIs should notify the Central Bank, when such instances arise.

## **II. Operating Requirements**

- (a) Banks and credit unions that provide in-branch services to customers who have no other reasonable transaction channel, solely for the purposes of in-branch teller services. Other transactions, such as loans and foreign exchange applications should not be executed in-branch. Further, banks and credit unions must use these interactions, however, to encourage in-branch customers to switch to non-branch channels, where possible.

## **III. Filing of Statutory and Other Returns**

- (a) SFIs that may face challenges in submitting statutory and other returns to the Central Bank by specified deadlines for a period covering up to 30<sup>th</sup> April 2020, should notify Central Bank via email at least 24 hours before the due date. The Central Bank is particularly sensitive to the fact that this period normally experiences the greatest volume of filing submissions particularly for audited financial statements, publication of audited accounts and the related management letter. For such filings as well as others that may fall due based on the reporting timelines, the Central Bank will consider a first-time request for a reasonable extension ***without penalty***. In keeping with our Notice issued to SFIs on 16<sup>th</sup> March 2020, the Central Bank will endeavor to offer the greatest degree of flexibility given the uncertainty of the current circumstances and the challenge same poses to normal operations. However, unjustified sustained and protracted lateness and non-submission will become subject to penalty once operations return to normal.
- (b) This period of social distancing may result in SFIs' being unable to obtain authorized signatures for documents/returns to be filed with the Central Bank through the ORIMS portal. To avoid unnecessary submission delays, SFIs should submit the documents as usual through the portal and send an email to the Bank Supervision Department's (BSD) external mailbox or the respective department for which the return pertains verifying that the document has obtained the board or senior management approval for submission. In such instances, there will be no need for the SFI to refile.
- (c) All commercial banks are required to keep current and accurate on their daily FX reporting. Additionally, further to earlier email communication and commencing March 2020 until further notice, all commercial banks must submit monthly reporting on the credit facilities receiving the minimum three months debt service payments deferral, and corresponding credit quality measures, using the MS Excel reporting template provided. SFIs should upload the completed Excel file, along with the

attestation form accompanying the monthly Credit Quality Report, via the ORIMS portal.

#### **IV. Acceptance of Electronic KYC Documents**

- (a) The Central Bank reminds SFIs to adopt a risk-based approach to satisfying their KYC obligations. Essentially, where it is impractical or impossible to obtain sight of original documents from clients, SFIs may accept electronic versions of the original documents; once they have deployed the appropriate level of due diligence to mitigate any associated risk.
- (b) In the current circumstances, the Central Bank's view is that the risk of face-to-face contact and mutual handling of physical documents is considerably higher than normal. Accordingly, reliance upon electronic copies will most likely be the more sensible approach.

#### **V. Suspension of Extraordinary and Regular Dividend Approvals**

- (a) In light of the COVID-19 Pandemic and its expected negative impact on the Bahamian economy, the Central Bank has suspended, with immediate effect from March 2020, all Exchange Control approvals for domestic bank dividends. This position will be periodically reviewed, with a view to determining a medium-term position by September 2020.

#### **VI. Emergency Loan Reporting**

- (a) Given the economic uncertainties surrounding the COVID-19 pandemic, the following information is being requested on a monthly basis from commercial banks, commencing March 2020 and until further notice. This information will enable Central Bank to monitor the impact of the three months payment deferral on commercial banks' loan portfolio and credit quality:
  - i. Total Loans by Category;
  - ii. Of which, Non-Performing [i.e. loans which were non-performing before the crisis];
  - iii. Of which, Performing but on deferral;
  - iv. Of which, New Non-Performing; and
  - v. Of which, Performing and making normal payments.
- (b) Commercial Banks' are required to provide this information in both a dollar value and a number of loans basis. Further, this data should be submitted via email in spreadsheet format or other format on or about the 15<sup>th</sup> day of the succeeding month.

**VII. Suspension of Period of Transition in the Register of Beneficial Ownership Act, 2018**

- (a) SFIs are advised to take note of the Emergency Powers (COVID-19) (Special Provisions) Order, 2020 and specifically Section 5, which provides for the suspension of the period of transition referred to in Section 18 of the Register of Beneficial Ownership Act, 2018 for the duration of the state of public emergency and for sixty days thereafter.
- (b) Further, on behalf of the competent authority, Central Bank advises that the suspension of obligations pursuant to the Register of Beneficial Ownership Act, 2018 and the 60 days given post lifting of the Emergency Order allows for institutions to be on-boarded to fulfil their obligations post the 31<sup>st</sup> March 2020 deadline. Therefore, SFIs serving as Registered Agents are requested to continue with the on-boarding process as scheduled with the BDO Team (Consultants to the Office of the Attorney General), which includes uploading your beneficial ownership information. The suspension of the transition period was not intended to halt or delay the on-boarding process.

**VIII. Statement by the FATF President on COVID-19 and Measures to Combat Illicit Financing**

- (a) On 1<sup>st</sup> April 2020, the President of the Financial Action Task Force (FATF) issued a Statement on COVID-19 and Measures to Combat Illicit Financing. SFIs are advised to take note of the contents of the Statement. Additionally, SFIs are reminded to file STRs with the Financial Intelligence Unit should transactions be identified as suspicious, illicit funding connected to COVID-19, in addition to the usual practice of filing STRs on other suspicious transactions.

**IX. Money Transmission Businesses (MTBs)**

MTBs operating from premises, which are stand alone, meaning that clients can enter without the need to go through another premises and which are unconnected to, or to be found within, any other business premises are permitted to operate between the hours of 9:00 and 1:00 pm.

The abovementioned topics incorporates Central Bank's direct communication to SFIs from 4<sup>th</sup> March to 3<sup>rd</sup> April, 2020 and is not an exhaustive list but rather addresses some of the more common issues posed by SFIs as well as provide other pertinent clarifications. Questions concerning this Guidance Note should be emailed to [banksupervision@centralbankbahamas.com](mailto:banksupervision@centralbankbahamas.com).