



Bahamas 2019 AML/CFT Seminar

“The Evolving Landscape of AML/CFT in The Bahamas”

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Outline

- **Material domestic money laundering risks**
- **Recent progress**
- **Improving the reality and the reputation**
- **Conclusions**



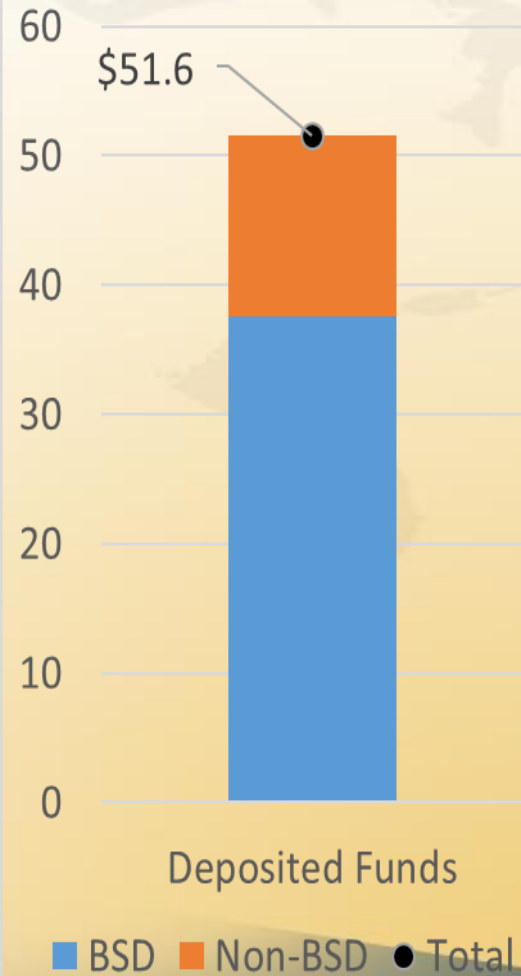
Gross Domestic Deposit Inflows to Banks in 2018 (\$Billions)

	BSD	Non-BSD	Total
Deposited Funds	\$37.6	\$13.9	\$51.6
<i>of which:</i>			
Retail	7.6	0.7	8.3
Commercial/Other	30.0	13.3	43.3
<i>of which:</i>			
Cash	5.7	0.5	6.2
Non-Cash	31.2	13.4	44.6

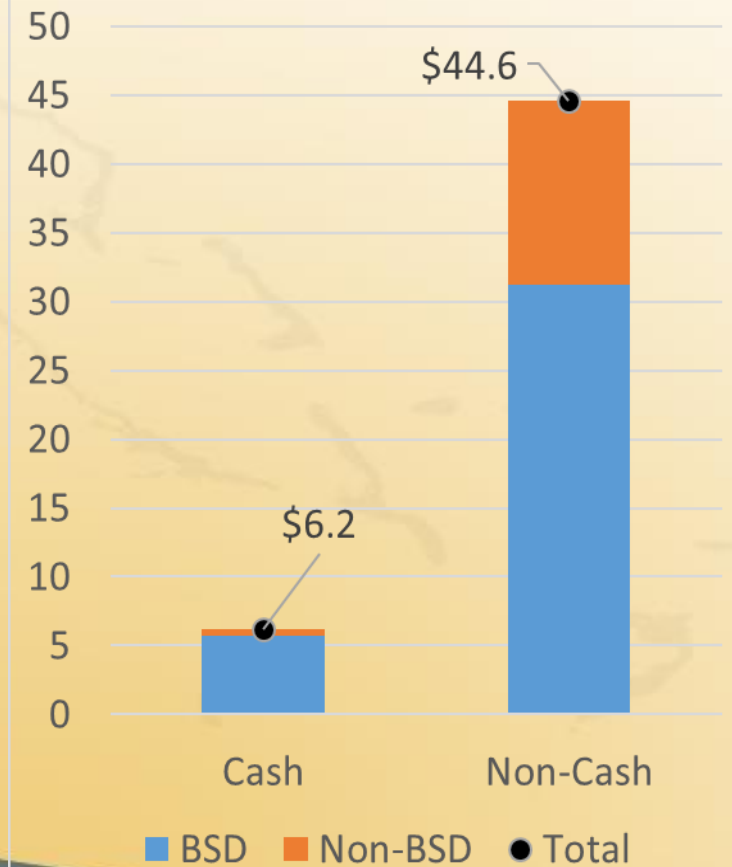


Bahamian Domestic Deposit Inflows: 2018 (\$Billions)

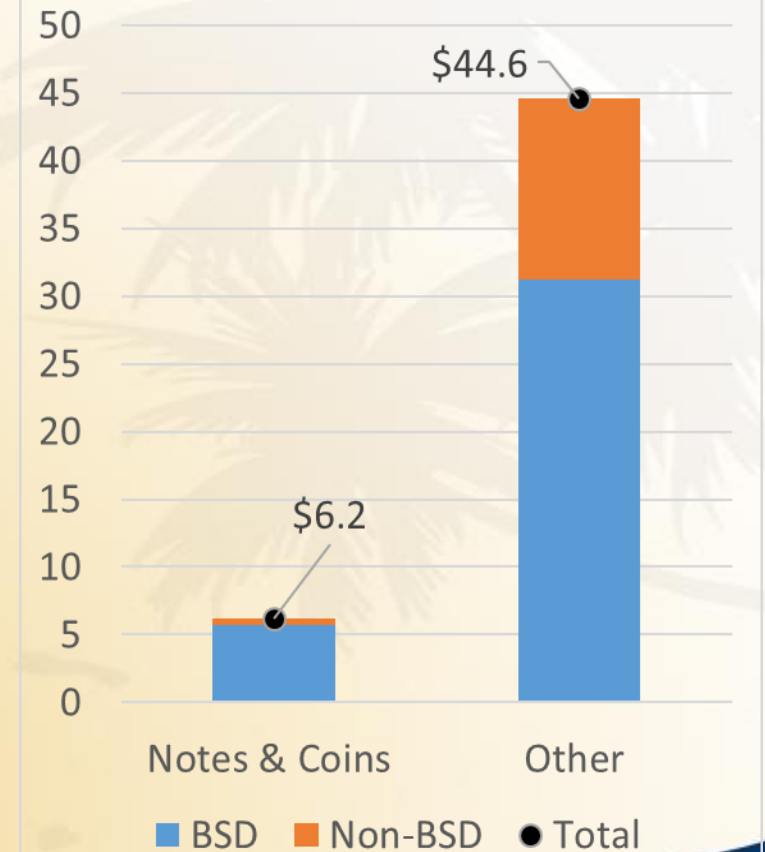
By Currency



By Type



By Transaction





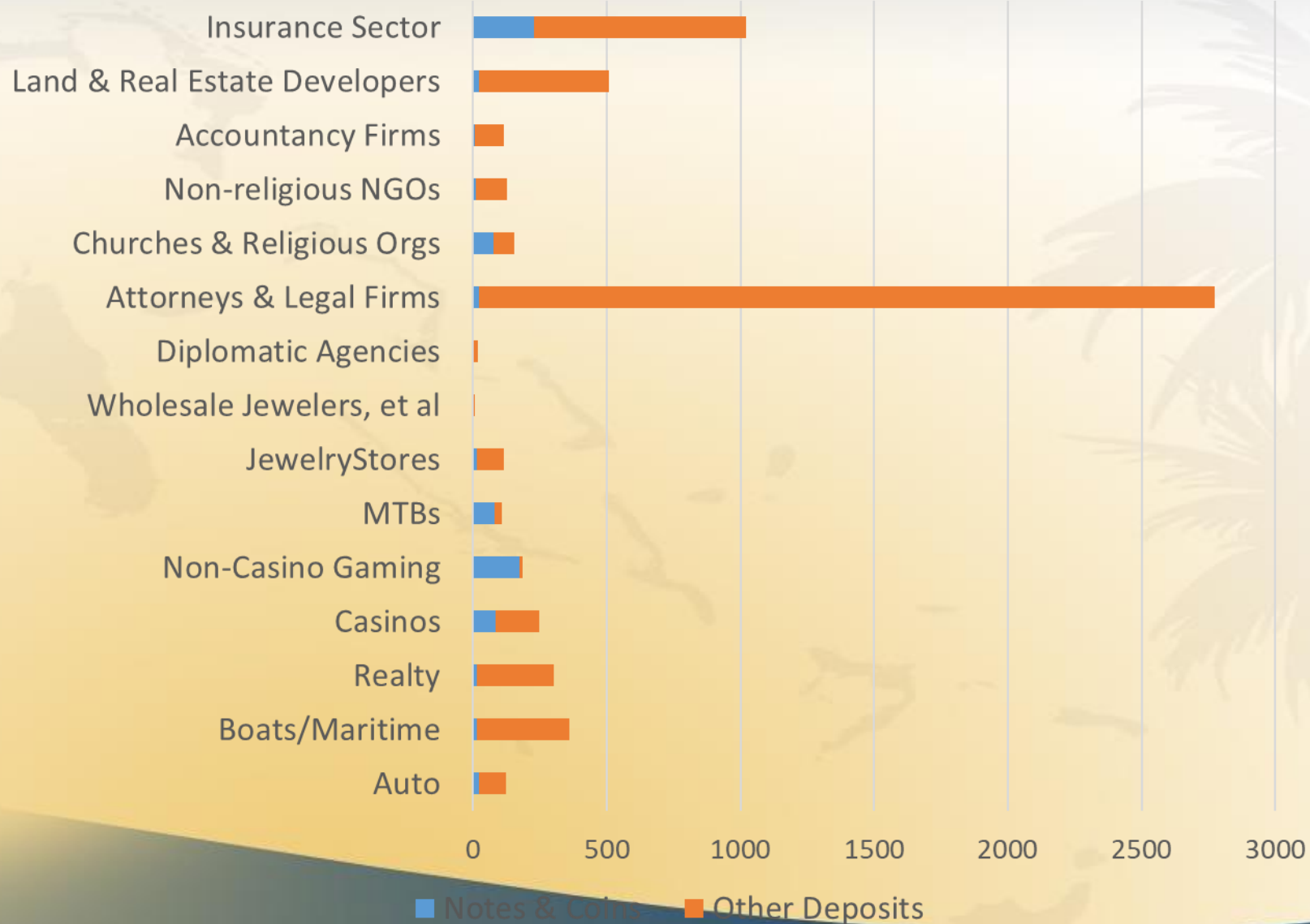
Canadian Banks: Share of Deposit Flows

	Canadian Banks %		
	BSD	Non-BSD	Total
Deposited Funds	82%	98%	87%
of which:			
Retail	68%	96%	70%
Commercial/Other	86%	98%	90%
of which:			
Cash	85%	96%	86%
Non-Cash	84%	98%	88%



Deposits Received (\$ Millions)

Potential High-Risk Segments





Material sources of domestic cash transactions

- Gaming
- Money transmission
- Religious organisations
- Insurance



Do we need to worry about currency laundering?

- Median denomination of USD and BSD note: \$10
- 40x more USD 1s than USD100s
- Near-zero cash in the international sector



International Money Laundering: Four Permanent Risks

- **International banking/trust/funds management**
- **Cross border real estate**
- **International business companies**
- **Money transmission businesses**



Summary MTB Statistics

October through December 2018 — MTB Cross-border Payments

Number of Transactions	Total Transactions Value	Largest Transaction Value	Average Transaction (\$Actual)	Main Countries
172,000	\$50 million	\$44,000	\$290	USA, Haiti, Jamaica



International ML/FT exposures in summary

- Reasonable shape but needs more improvement
- Building better data and oversight on real estate, IBCs
- Increasing MTB supervision



Central Bank's Supervisory AML Requirements by Sector

	<i>Domestic</i>		<i>Int'l (supervised by:)</i>	
	<i>Banks</i>	<i>Other</i>	<i>Home</i>	<i>Host</i>
<i>December 2017</i>	15	13	20	28
<i>March 2018</i>	14	10	48	20
<i>Sept 2018</i>	43	8	35	23
<i>March 2019</i>	29	22	59	26



AML/CFT Risks: The Bahamian Reality

- We have made tremendous progress—but we needed to make progress
- Limited ML/TF risks in the domestic banking sector
- International sector very large and requires close watching
- Upcoming data progress on real estate and IBCs
- International firms somewhat ahead of local firms

Managing our reputation

Two Fallacies:

- Small countries are the problem
- AML/CFT empirical analysis is too hard

Two obvious points:

- The current global approach is catching less than one percent of the dirty money
- Large countries are the major sources and destinations of dirty money



What's a small country to do for its reputation?

- 1) Become really good at financial crime suppression
- 2) Highly proactive reputation management
- 3) Play the long game

Central Bank / Regulator initiatives:

- Annual AML/CFT national report
- Direct communication with correspondent bankers
- Annual AML conference (such as today)
- Biannual international AML conference
- Annual SFI letters on financial and AML strength
- Global AML/CFT empirical research conference



End!