



PRESS RELEASE

CENTRAL BANK SIMPLIFIES ITS BASEL II & III REGIME

The Central Bank of The Bahamas (“the Central Bank”) is pleased to release for a sixty (60) day consultation period three (3) Discussion Papers on its proposed approach to capital requirements, minimum disclosure and its framework for dealing with Domestic Systemically Important Banks (D-SIBs). The consultation period will run from September 1 to October 31, 2018.

The Central Bank’s objective in developing its approach was not only to complete but more importantly to simplify the Bahamian Basel II and III frameworks, consistent with the proportionality principles set out by the Basel Committee. Somewhat contrary to local and international experience, the Central Bank intends that its Basel III regime will reduce regulatory compliance costs, relative to the current capital regime, and greatly reduce costs relative to the typical international implementation of Basel III. This is in keeping with the Central Bank’s intent to develop prudential policies and regulations that balance safety, efficiency and competitiveness in the Bahamian banking system, while promoting financial system stability.

The Discussion Paper on Capital Requirements describes the Central Bank’s proposals for regulation of capital adequacy, and is intended to create an optimal capital regime for the Bahamian banking system, that is consistent with the proportionality principles set out by the Basel Committee.

Similarly, the Discussion Paper on Minimum Disclosures outlines the Central Bank’s proposed approach to Pillar 3 disclosures. Pillar 3 provides market participants with information relating to a bank’s regulatory capital and risk exposures. The Central Bank’s proposals intend to optimize the accessibility, consistency and comparability of banks’ financial information, without imposing any additional regulatory burden or costs on SFIs.

Finally, the Discussion Paper on D-SIBs outlines the approach the Central Bank intends to take toward implementing a framework that ensures banks identified as systemically important in The Bahamas, are subject to more intense supervisory oversight and have greater capacity to absorb losses.

Overall, the Central Bank’s revised approach seeks to achieve the following objectives:

- a) a fully Basel III compliant regime, one of the first in the western hemisphere outside the Basel Committee members;
- b) a conservative regime that will empower effective supervision, but will also rank among the simplest and least expensive to implement Basel III rule sets in the world; and
- c) a disclosure regime which sets a new standard in value, both because it is essentially free to banks, and also because it creates a single central repository of data for interested stakeholders.

**INSPECTOR OF BANKS & TRUST COMPANIES
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