



Bank Supervision Department

**Impact of COVID-19 Pandemic Survey
Summary Results**

Dated: July 2020

COVID-19 Survey Summary

General Overview

The survey was issued on 14 May 2020 to 84 active internationally active Supervised Financial Institutions (SFIs) to be completed electronically. The survey included nine questions related to the operational and financial impact of the COVID-19 pandemic.

This survey only covers internationally active licensees, and excludes domestic banks, credit unions, and money transmission businesses.

Results

72 respondents (by 12 June 2020), represented an 86 per cent response rate.

The survey questions addressed the nature of the financial and operational impact of the global pandemic and the challenges faced by SFIs. Survey responses were all in the form of free format text. The summary response groupings below are based on the Central Bank's observations after examining the SFIs' responses.

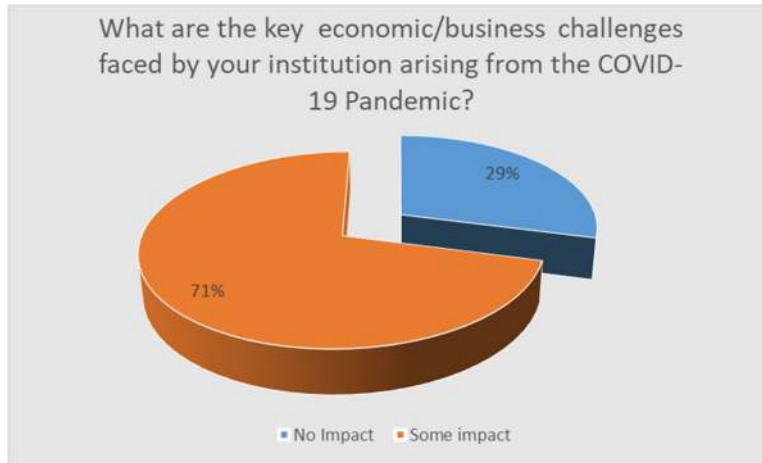
Business Operations and Environment

Questions included:

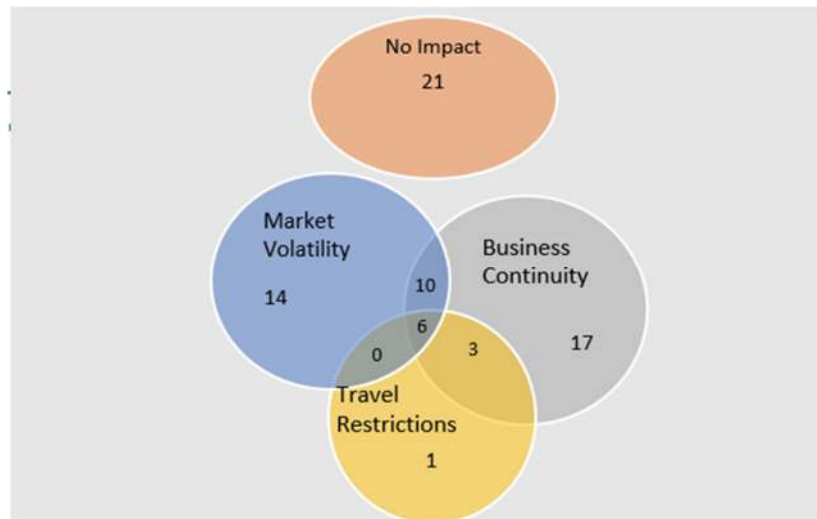
- *What are the key economic/business challenges faced by your institution arising from the COVID-19 Pandemic?*
- *What are the challenges to your Institution in being able to service your clients/customers?*
- *How is your institution addressing these challenges?*
- *What is your Institution's business continuity arrangements to service your clients and execute critical operational activities in the current environment?*

For SFIs which are part of a Group structure, additional questions included:

- *What are the challenges to the Group (if applicable) due to the Coronavirus outbreak?*
- *Will the Parent Entity be able to provide liquidity support to its Bahamian subsidiary/branch if the need arises?*
- *Has Covid-19 complicated your entity's ability to engage within your group? If so, how is the institution adjusting its operations to address this complication?*



When asked "What are the key economic/business challenges faced by your institution arising from the COVID-19 Pandemic?" 21 SFIs (29%) responded that there was little or no impact. Of those indicating a more than insignificant impact, 17 SFIs (24%) cited Business Continuity concerns or remote working challenges. 1 SFI (1%) reported challenges from travel restrictions or the inability to onboard clients. 14 SFIs (19%) expressed concerns over market volatility or economic downturn fears. 19 SFIs (26%) indicated a combination of two or more of the above-noted impacts.



In response to the business continuity challenges, respondents described their arrangements in place to execute critical operational activities. Responses included the use of laptops/tablets and use of employee home computers to access private networks. Respondents also noted challenges with local utility dependability, which decreased productivity of some work at home staff. In some cases, these steps were rolled out as a part of a pre-existing business continuity plan. Other SFIs had to adopt quickly, without an existing plan.

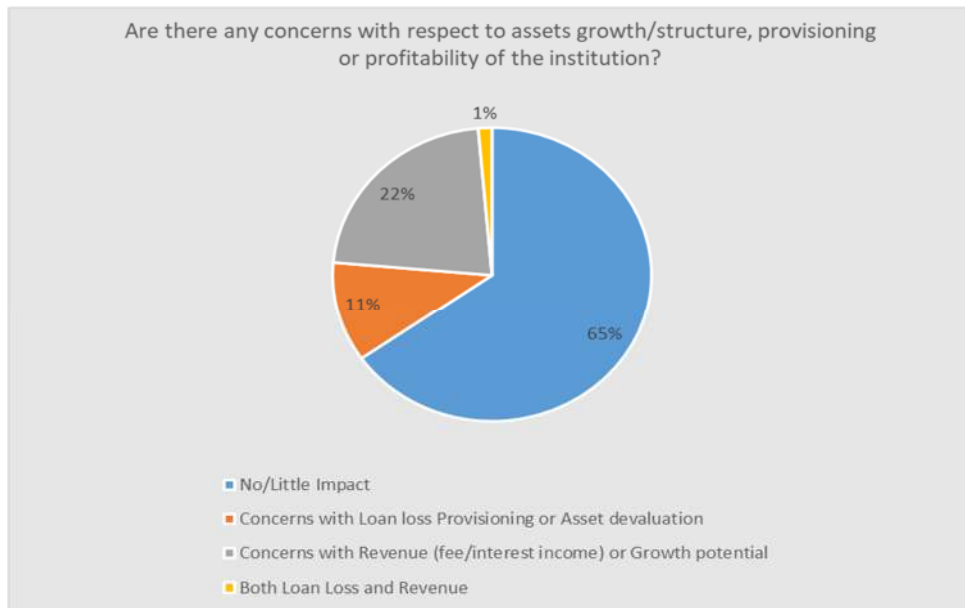
With regard to group structures, respondents described challenges experienced by parent entities similar to those of the subsidiary entities, mostly related to environmental, economic and market concerns. SFIs with Brazilian parents conveyed more turmoil than for any other geographic area.

When asked if the parent was willing and able to provide liquidity support, all of the respondents for which the question applied expressed that their parents were able to support. There were no negative responses.

Financial Soundness

Questions included:

- *Are there any concerns with respect to assets growth/structure, provisioning and profitability of the Institution? If so, please explain.*
- *What is your Institution's Balance Sheet and Income Statement projections based on the impact of the Coronavirus Pandemic? You may provide a pro forma financial statement.*



In response to the question on assets growth/structure, provisioning or profitability, 47 SFIs (65%) responded that the pandemic has had little or no financial impact. For the minority of respondents reporting an impact, 8 SFIs (11%) cited concerns with Loan loss Provisioning or asset devaluation, while 16 SFIs (24%) expressed concerns with Revenue (fee/interest income) or growth potential. One SFI (1%) reported concerns with both.

Very few respondents provided pro-forma financial statements. Statements on financial projections included details highlighting concerns around interest income, fee revenue, asset quality, and general economic uncertainty as noted above.

Conclusions

The Covid pandemic's impacts on internationally active SFIs have so far proven manageable.

Many respondents, however, noted the unknown nature of emerging risks, especially market risk (chiefly interest rate risk). In some cases, movements had an offsetting impact (one revenue stream increases while another revenue stream decreases - e.g. increased transaction fee revenue vs decreased interest income).

The distribution of the answers in the Financial Soundness category align for SFIs with the same business type. Trust companies, Banks and Bank branches shared responses similar to others in the same category.