



AML/CFT Supervisory Framework

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Along with the Bahamas Government, public sector colleagues and the Group of Financial Services Regulators (GFSR), the Central Bank is doing quite a lot to improve both the reality and the reputation of The Bahamas in the area of AML and financial crime risk; ensuring technical compliance and demonstrating effectiveness in its supervision of institutions.



Agenda Items

- AML Supervisory Work to Date
- AML Supervisory Framework 2.0
 1. Collection of Information from SFIs
 2. Risk Analysis by Peer Group
 3. Executing the Supervisory Action Plan
- Supervisory Intervention
- Other Considerations



AML Supervisory Work to Date

- 2018 AML Survey
- Risk Rating of All Supervised Financial Institutions (SFIs)
- Risk Based Supervision of All SFIs
- Collection of self ML/TF Risk Assessments
- Issuance of AML Supervisory Letters (in process)
- AML Focused Examinations
- GFSR Consolidated Actions:
 - Issuance of AML related Guidance Notes
 - Participated in the National Identified Risk Committee (formerly National Task Force)
 - AML 2018 Conference & 2019 Seminar
 - AML Annual Publication/Report (February 2019)



Supervisory Work

Supervisory AML Requirements by Sector

	Domestic Banks	Domestic Other	International Home	International Host	Total
Dec-17	15	13	20	28	76
Mar-18	14	10	48	20	92
Sep-18	43	8	35	23	109
Mar-19	29	22	59	26	136



On-Site Examination Findings

The need for SFIs to: -

- Update their policies and procedures to align with the 2018 AML legislation regime and the Central Bank's AML/CFT/PF Guidelines ("AML Guidelines");
- Enhance the risk rating methodology used to risk rate customers to ensure alignment with Central Bank's AML Guidelines and that the scoring methodology allows for consistent ratings that can be replicated;
- Enhance the transactions monitoring procedure and processes to ensure it is appropriate given the nature and dollar value of client transactions and ensure that alerts generated are reviewed in a timely manner;



On-Site Examination Findings (continued)

- Ensure source of wealth and source of funds for high risk clients are clearly documented in the clients' files;
- Ensure the Board of Directors receive appropriate AML/CFT training as per Section IX – Education and Training Requirement of the Central Bank's AML Guidelines.



AML Supervisory Framework 2.0

1. Collection of Information from SFIs

- Semi-annual AML/CFT Return (information on customer database, onboarding statistics, volume of assets, payments, exception/incident reports, number of STRs, results of sanctions screening)
- Annual attestations
- Annual ML/TF Self Risk Assessments
- Wolfsberg Questionnaires, if completed
- Revised AML/CFT Policy & Procedures, if any



AML Supervisory Framework 2.0

2. Risk Analysis by Peer Group

- Updated ML/FT risk assessment model
- SFI Ranking; macro analysis of risk
- Cross-border Payment Review and Risk Analysis



AML Supervisory Framework 2.0

3. Executing the Supervisory Action Plan

- Targeted and thematic onsite reviews for all sectors
- Meetings with Money Laundering Reporting Officers (MLROs)
- Exit Interviews with MLROs
- Engagement with Board of Directors
- Engagement with Internal and External Auditors
- Annual AML/CFT Supervisory Letter to SFIs



Supervisory Intervention

Supervisory Intervention/Enforcement

- Three watchwords: honest, competent, cooperative
- CBOB preferred power: the power of speech
- Ladder of Supervisory Intervention (Staging, Restriction of Business, De-Licensing)
- “Fit and Proper” Reviews
- AML Administrative Penalties Regime (effective December 14, 2018)



Other Considerations

- External Engagement:
 - Letters to share with Correspondent Banks
 - AML Annual Publication/Conferences
 - CFATF/FATF
- International Sanctions Compliance
- On-going Guidance



THANK YOU!