



## Press Release

### **BAHAMIAN BANKS AND TRUST COMPANIES RECORD HIGHLY FAVOURABLE COMPLIANCE RESULT IN CENTRAL BANK ASSURANCE STUDY**

The Central Bank is today releasing an anti-money laundering (AML) compliance report prepared by Evaluasi, a specialist firm comprising some of the world's leading AML researchers. The Central Bank commissioned Evaluasi to conduct an assurance study or "shadow shopping" exercise on a large majority (more than 75%) of Bahamian internationally active public banks and trust companies.

The exercise involved email approaches to each of a pool of 50 institutions, seeking interest in opening either a bank or trust account. Such exercises, which are common in many industries such as retail trade, are less common in financial supervision. To our knowledge this is the first time any financial regulator has conducted a shadow shopping exercise on an entire class of supervised institutions to check AML compliance.

The results of the exercise included:

- 1) Consistent with their business models, only 16 of the 50 financial institutions responded to the approximately 250 email solicitations. This demonstrates that The Bahamas is not a particularly welcoming jurisdiction for unsolicited potential client approaches.
- 2) Most happily, 100 per cent of the engagements between the 16 responding firms and the shadow shopping team evidenced that the responding institutions provided upfront disclosure of the relevant AML requirements, notably the know your customer (KYC) rules coupled with FATCA and CRS reporting requirements.
- 3) This result is similar to a 2020 multi-country exercise conducted by the Evaluasi researchers, in which a smaller set of Bahamian institutions also recorded a perfect compliance result. The Bahamas was one of only four jurisdictions to do so.
- 4) The 2023 shadow shopping result, in addition to the 2020 result, gives good assurance that Bahamian banks and trust companies demonstrate a strong compliance culture. Furthermore, banks and trust companies are only willing to on-board clients that can satisfy the relevant KYC as well as FATCA and CRS reporting requirements consistent with international standards codified in the legal and policy frameworks of this jurisdiction.

- 5) These results are also consistent with the Central Bank’s examination and supervision results. Broadly, The Bahamian international banking and trust sectors do not welcome dubious new clients.

According to Governor John Rolle: “This shadow shopping exercise demonstrates that the Central Bank will take a more proactive and more holistic approach to assessing the state of AML compliance within this jurisdiction supplemental to its traditional supervisory tools. We want our industry to demonstrate exemplary AML compliance, which in this instance they have done. This is not to say that our supervised institutions are perfect in an AML compliance sense, but this and many other findings suggest that Bahamian banks and trust companies are among the stronger groups globally when it comes to avoiding new clients who cannot demonstrate clean sources of funds.”

The report is accessible on the Central Bank’s website at [www.centralbankbahamas.com](http://www.centralbankbahamas.com), on the main page under Press Releases.

**17 May 2023**