

**The Caribbean's Workation Destination: A Vision to Expand the Bahamian Tourism Sector through the Investment, Development, and Infrastructure of Co-Working Spaces.**

Submission for the T. Baswell Donaldson Research Competition 2023

## **Abstract**

This research study interrogates the prospect of improving economic growth in the Bahamian tourism sector through the investment and development in co-working space. The study critically examines the market conditions pertaining to the potential collapse of the commercial real estate market in the US economy. This examination then underscores the trends towards declines in office spaces and the incline of remote working. From this, the study details several policy considerations of attracting Digital Nomads, digital skills, and foreign direct investment through co-working spaces. The analysis shows that a reimagination of the previously suspended Digital Nomad Visa should be redesigned and re-implemented to be as competitive as Thailand's Long Term Resident Visa. The study also evidences important implications for policy makers in affordability and connectivity of infrastructure, monetary policy, legislative reform of the Bahamian data protection regime, and ancillary considerations pertaining to the digital FDI and the digital economy. These implications advance that The Bahamas is poised to enhance its tourism sector to become the premiere workation destination in the Caribbean.

*Keywords: co-working spaces, workation, digital economy, FDI, data protection, Digital Nomads, CBDC, commercial real estate, infrastructure, monetary policy*

## Table of Contents

Abstract .....	2
Acronyms .....	4
Introduction .....	5
Part 1: Commercial Real Estate: The pivot from office space to co-working space.....	6
<i>The looming threat of a commercial real estate collapse .....</i>	6
<i>Viability of Co-working to expand The Bahamian tourism sector. ....</i>	7
Part 2: Key policy considerations for the expansion of co-working spaces in The Bahamas.....	9
A. Digital Nomad Visa.....	9
<i>The Initial intention of the Bahamas Extended Access to Travel Stay Visa scheme .....</i>	9
<i>Thailand's comparison.....</i>	12
B. Infrastructure .....	14
<i>Affordability: - .....</i>	14
<i>Hospitality (Accommodation).....</i>	15
<i>Connectivity (Electricity, Internet, and building materials for the Family Islands) .....</i>	16
C. Monetary Policy .....	18
D. Data Protection legislative policy updates.....	19
<i>Current regime of Data Protection.....</i>	20
Conclusion: .....	24
References.....	25

## Acronyms

Authorised Financial Institutions	AFI
Bahamas Extended Access Travel Stay	BEATS
Central Bank Digital currency	CBDC
Court of Justice of the EU	CJEU
Data Protection Legislation in the Bahamas is the Data Protection Privacy of Personal Information) Act 2003	DPA
Data Protection Impact Assessments	DPIA
Data Protection Officers	DPO
Economic Recovery Committee	ERC
European Data Protection Board	EDPB
European Union	EU
Foreign Direct Investment	FDI
General Data Protection Regulations	GDPR
International Monetary Fund	IMF
Thailand's Long Term Resident Visa	LTR
University of The Bahamas	UB
Utility Utilities Regulation & Competition Authority	URCA

## **Introduction**

The current state of the commercial real estate market has experienced constraints brought on by both the COVID19 pandemic and a sentiment shift towards remote work. This shift has resulted in the reduction of office space usage worldwide. The global economy has observed an increase in inflation and a cost-of-living crisis. Additionally, a string of bank collapses and fiscal measures have led to credit tightening and the imposition of stricter limits on credit conditions. The Bahamas has historically capitalized its geostrategic position to pivot towards opportunities. Even now, it is imperative to consider how to augment government spending to improve the economy amidst these crises. With the advent of the pandemic, co-working spaces have emerged by other nations to transform their own economies. The Bahamian economy relies on tourism as its main source of income. Thus, while global office space diminishes, The Bahamas can expand its economy in the tourism sector through the investment, development, and infrastructure of co-working spaces throughout the Bahamian archipelago.

In this essay, it will be argued that The Bahamas is poised to become a premiere workation destination by expanding its tourism sector through continued investment and development of co-working spaces. The essay will do this by structuring the dilemma of a potential commercial real estate collapse. Then the essay will provide four main policy recommendations.

First, the essay will critically examine the deficiencies of the recently suspended Digital Nomad Visa in The Bahamas. From this examination, the essay will recommend further research and development and re-implementation of an adequate Digital Nomad Visa. Second, the essay will identify three key areas of infrastructure that must be prioritized through investment and government spending. In doing so, it will highlight policy recommendations that can be made through public commitments made in The Bahamas Government's annual budget. Further, it will identify key pieces of legislation already in place to support infrastructure for co-working spaces. Third, the essay will draw the reader's

attention to the role that the Central Bank of the Bahamas (“Central Bank”) can play through their monetary policy and their strategic focuses. Finally, the essay will briefly expand on how the essay’s policy recommendations also aid in to holistically increase growth in The Bahamian digital economy.

## **Part 1: Commercial Real Estate: The pivot from office space to co-working space**

### *The looming threat of a commercial real estate collapse*

Now more than ever, people are working remotely. Following from the COVID-19 pandemic, global lockdowns halted supply chains, disrupted travel, and reimagined the applicability of remote working in every sector. Nation-wide lockdowns throughout the pandemic prompted countries to force “businesses to switch to a digital platform.” to reduce the risk of transmission of COVID-19 (Chaisse, 2023, p. 8). Indeed, “the vacancy rate for office buildings rose to a record high 18.2% by late 2022” (Mullaney, 2023). This in turn drove digitalization through the reimagining of office space and working environments in the ways businesses operations would resume. Through innovations such as Microsoft Teams and other software applications to facilitate the intervention of remote and hybrid working.

However, this increase in remote and hybrid working has diminished the need for commercial real estate in the form of office space at the scale prior to the pandemic. Even now, employers globally continue to adapt to flexible work by rethinking “how much space they need” (Wong, Gittlesohn, & Buhayar, 2022). Since the ease of lockdown restrictions, the world has continued to experience significant crises that have impacted market conditions even in the commercial real estate market. These include the war between Ukraine and Russia and its impact in the energy sector, inflation, and the cost-of-living crisis generally. The impact of these crises on the commercial real estate market has also warranted concern around the potential threat of a commercial real estate collapse for office spaces.

Analysts have identified that developers are estimated to potentially default on a large portion of \$3.1 trillion of US commercial real estate loans that are outstanding (Mullaney, 2023). With nearly “a

quarter of mortgages on office buildings” requiring refinancing in 2023 (Mullaney, 2023). Furthermore, interest rates have been raised by the Federal Reserve upwards of 4.75% from almost zero” in just 12 months, resulting in one of “the steepest jumps in US borrowing costs since the 1980s (Tayeb, 2023). Thus, real estate investors seeking to refinance those commercial real estate loans will face obstacles such as “high borrowing costs and tighter credit conditions” caused by recent turmoil in the banking sector (Tayeb, 2023). Namely, the recent bank collapses of Silicon Valley Bank and Credit Suisse. Finally, as of April 27<sup>th</sup>, 2023, banks have “increased emergency borrowings from the Federal Reserve for the second week in a row, underscoring ongoing stress in the financial system following a string of bank collapses” (Marte, 2023).

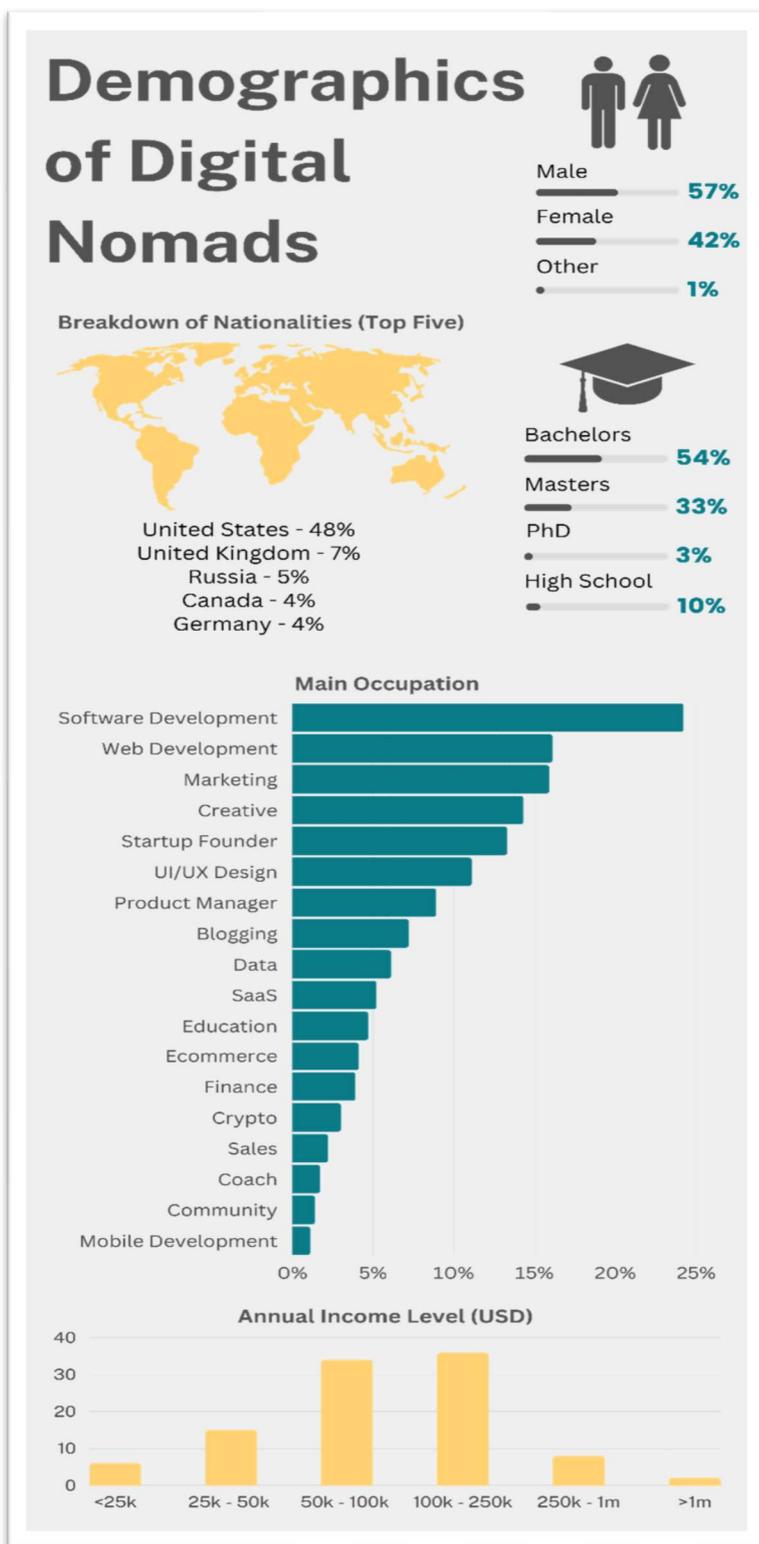
Thus, as CRE loans scale back, and precarity eclipses on office spaces in the commercial real estate market, the Bahamas is positioned to pivot this precarity to boost its own economy as a workation destination through increased co-working spaces.

#### Viability of Co-working to expand The Bahamian tourism sector.

According to the February 2023 Monthly Economic and Financial Developments report by Central Bank, tourism remains prosperous in the Bahamas with over 800,000 people having visited The Bahamas in February, nearly twice the amount of the previous period of 2022, a bigger increase than before the pandemic (Central Bank of The Bahamas, 2023, p. 2). However, the Real GDP growth rate of the Bahamas declined from 13.7% in 2021 to 11% in 2022, and current projections by the International Monetary Fund (‘IMF’) estimate a further decline to 1.5% by 2028 (International Monetary Fund, 2023, p. 146). Thus, while the Bahamian tourism sector is strong, the projected deceleration of the annual percent change of its Real GDP indicates that the growth rate of the Bahamian economy will grow at a fraction of the growth experienced in 2021.

Co-working spaces offer an attractive means to further grow the tourism sector through the offer of flexibility, cost savings and opportunities for networking and collaboration to attract

Figure 1: Data on the Demographics of Digital Nomads:



entrepreneurs. Many Caribbean nations suffered in their own tourism sector due to the travel constraints from the pandemic. However, they too envisioned the expansion of their own economy by facilitating and accommodating a specific class of tourists, those being Digital Nomads. Caribbean countries both before and after the pandemic have implemented visa schemes catering to Digital Nomads. However, despite their efforts, not a single Caribbean nation is in the top 100 best cities in the world for a workation to consumers (Holidu, n.d.). This includes The Bahamas. However, the Bahamas is unique from other Caribbean nations. Data shown in Figure 1 shows that majority of Digital nomads are from the US, and tourism in the Bahamas consists predominantly of US citizens.<sup>1</sup> The

Bahamas is situated to become the leading Caribbean country as a workation destination with our

<sup>1</sup> Nomad List. (March 27, 2023). Leading countries visited by digital nomads worldwide as of March 2023 [Graph]. In Statista. Retrieved April 30, 2023, from <https://www.statista.com/statistics/1298983/top-visited-countries-digital-nomads-worldwide/>

unique selling points being our geostrategic proximity to the US and our archipelago providing an opportunity to island hop and discover new destinations. These unique selling points present an increasing opportunity for tourism in the Bahamas to expand to capture Digital Nomads from the US.

Thus, with less office space, and the pressures facing office spaces in the commercial real estate market, the Bahamas is positioned to take advantage to boost its own economy as a workation destination through increased co-working spaces. Having expanded on the circumstances surrounding this initiative, this essay will now move on to several policy considerations that can be made to act on this market opportunity in the long term.

## **Part 2: Key policy considerations for the expansion of co-working spaces in The Bahamas**

### **A. Digital Nomad Visa**

The first policy consideration this paper will expand on is the adoption of a new visa system that narrows that target audience and remit of a Digital Nomad. The essay will begin with a critical examination of the Bahamas' previous Digital Nomad Visa in comparison to Thailand. Before this comparison is undertaken, the essay will define briefly who is considered a Digital Nomad. Without being reductive, Digital Nomads are a class of business tourists that are equipped with both an occupation and the financial means for frequent travel. Figure 1 displays that the main occupations of Digital Nomads range from fields in tech such as software development and start-ups all the way to creative fields such as marketing and blogging. Having illustrated who Digital Nomads are their differing professions the essay will now address the Bahamas' attempt at a Digital Nomad Visa.

#### **The Initial intention of the Bahamas Extended Access to Travel Stay Visa scheme**

In April 2020, Prime Minister Hubert Minnis appointed the establishment of The Bahamas Economic Recovery Committee ('ERC') (Bahamas Economic Recovery Committee, n.d.). In August of 2020, the Cabinet under the Minnis administration "approved the Economic Recovery Committee's

recommendation to introduce the Bahamas Extended Access Travel Stay ('BEATS') Visa (McKenzie, 2021). The visa itself was designed to allow foreign nationals to work or study remotely within The Bahamas for a year. The Co-Chair of the ERC, Kenwood Kerr, stated that the intention was for this visa to garner 1000 applicants, hoping they would spend "\$30,000 within the economy on rent, food and entertainment" providing an estimated US\$30 million capital injection into the Bahamian economy (Turnquest A. , 2020).

The cost of the BEATS application was US\$25, the visa would expire in 1 year. The application process had a quick turnaround of 5 days. Workers and students were eligible so long as they proved they were employed or a student. Workers paid US \$1,000 for their permit while students paid US\$500 subject to permit approval. Aside from having a quick process and competitive visa fees, the applicant could also rely on their own private health insurance as opposed to buying Bahamian medical coverage. Within 3 months of the scheme's launch, the Bahamas Department of Immigration had received 103 applications, with 34 of these applications having been approved (McKenzie, 2021). Applications were received by various countries such as "Australia, Canada, China, Germany, Guyana, Haiti, Ireland, the Netherlands, South Africa, (the)United Kingdom and the United States" (McKenzie, 2021).

Despite this reception, the scheme itself was suspended on January 23<sup>rd</sup>, 2022, by the Immigration Department less than two years since its implementation (Bahamas Department of Immigration, 2022). This announcement was accompanied by a flyer stating the visa's suspension, however, nothing else was written or published on the suspension itself. Aside from being published on Facebook, the suspension was not widely publicised to adequately notify the international arena of its discontinuance, not even on the BEATS website. Those who still held the Digital Nomad Visa were not provided with warning prior to its suspension (Relocate.world, 2022). Indeed, one could question whether the scheme is still functioning since, at the time of writing, the BEATS website and application

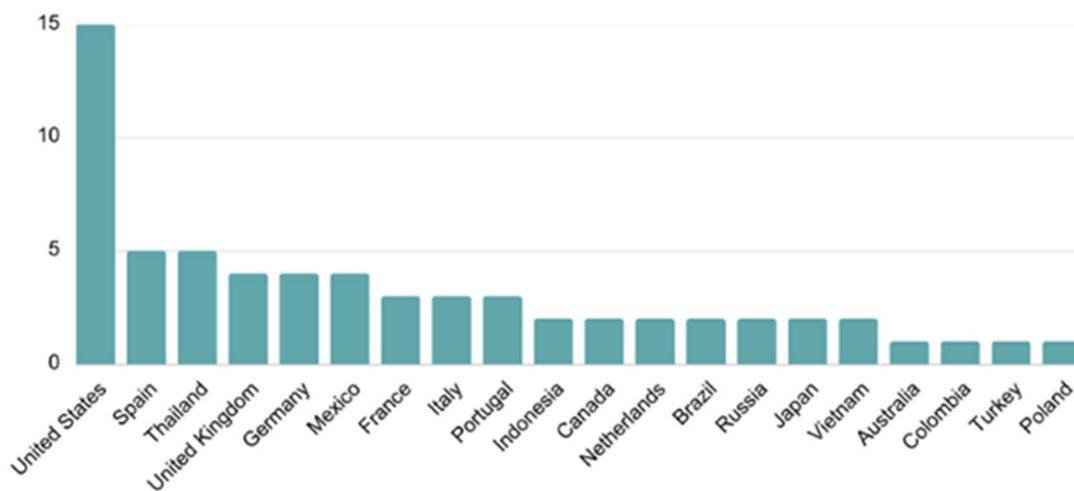
portal is still operational (The Ministry of Tourism and Aviation of the Commonwealth of The Bahamas, n.d.).

This essay argues that considerable discrepancies existed between the initial ideation of the Digital Nomad Visa and its actual execution. First, one could argue that the visa may not have been ideal for students. Student applicants were offered exclusive access to various resources at the University of Bahamas ('UB') for one academic year (The Ministry of Tourism and Aviation of the Commonwealth of The Bahamas, n.d.). However, this incentive was only conferred onto applicants if they paid an additional \$1,785 USD on top of their visa fees (University of Bahamas, n.d.). Those who could not afford the university package may have avoided it all together, and students are unlikely to provide the capital injection the initial recommendation envisioned.

Data shown in Figure 1 evidence key demographical information of Digital Nomads. 35% of Digital Nomads have an annual income of 100k-250k USD. 34% of Digital Nomads have an annual income of 50k-100k USD, and 10% of Digital Nomads have an annual income of 250K- over 1 million USD. Thus, a 79% share of Digital Nomads have a high earning capacity for capital injection. This provides a justification for specifying visa requirements to target high earning Digital Nomads. Further, Figure 1 conveys that 87% of Digital Nomads are already educated with a bachelors or master's degree. Thus, this challenges the notion of targeting students for the purpose of the Digital Nomad visa scheme. Another critique is that the BEATS website signalled applicants to take advantage of various packages for different elements of stay, from proposals to island hopping. However, it did not recommend hotels that were in proximity to office spaces or any other space with infrastructure for work. Moreover, the website encouraged participants to explore all 16 family islands. However, it is well known that various settlements throughout the Family Island lack the digital infrastructure to sufficiently address a Digital Nomad's working needs. Not to mention the unlikelihood that student visa holders would have the time or capital to frequent the different islands while balancing their studies.

Thus, the visa scheme’s suspension draws forth many lessons and critiques. Sadly, no other information has been published for academics to provide feedback on the strengths and weaknesses of the scheme. Certainly, missed opportunities arose with the execution of the visa scheme, and the way the scheme’s suspension was conducted undoubtedly may have caused uncertainty for visa holders. Thus, a key consideration would be to access the data retained on the previous scheme for further research and development.

*Figure 2: Top 20 countries visited by Digital Nomads*



### Thailand’s comparison

Having critically examined The Bahamian Government’s suspended Digital Nomad Visa, the essay will now juxtapose the scheme through a comparison with that of Thailand’s Long Term Resident Visa (‘LTR’). As shown in Figure 2, Thailand is the third highest visited destination for Digital Nomads as of March 2023.<sup>2</sup> Thailand is favoured by Digital Nomads not only by the breadth of co-working spaces available, but also due to its low cost of living and fast internet speeds (Johnson, 2023). In Table 1 below, Thailand’s LTR visa scheme holds a target audience of four distinct applicants, those being wealthy global citizens (investors), wealthy pensioners (retirees), Digital Nomads, and High Skilled

<sup>2</sup> Nomad List. (March 27, 2023). Leading countries visited by digital nomads worldwide as of March 2023 [Data]. In Statista. Retrieved April 30, 2023, from <https://www.statista.com/statistics/1298983/top-visited-countries-digital-nomads-worldwide/>

labourers. Thailand’s target audience is much more specific to that of the Bahamian Digital Nomad Visa. Thailand’s LTR visa scheme indicates clear objectives; to attract wealthy foreign nationals to inject capital; encourage the migration of skilled labourers to improve digital skills and Thailand’s digital economy; and facilitate job creation while balancing competition concerns to ensure a majority of Thai citizens are hired for any incorporated businesses. Despite Thailand’s visa scheme appearing more onerous in their criteria, within 14 days of the visa’s launch, the scheme saw 400 applications. Thus, this paper recommends a reimagining of the policy framework around our suspended Digital Nomad Visa so that it can be re-implemented reflecting our intended target audience to attract high earning and highly skilled Digital Nomads.

<b>Category</b>	<b>Qualification Criteria</b>
Wealthy Global Citizens	<ul style="list-style-type: none"> <li>• Invest a minimum of USD 500,000 in Thai government bonds or real estate in Thailand</li> <li>• Have a net worth of at least USD 1 million</li> <li>• Have had an annual income of at least USD 80,000 in the two years preceding the visa application</li> </ul>
Wealthy Pensioners	<ul style="list-style-type: none"> <li>• At least 50 years old</li> <li>• Invest a minimum of USD 250,000 in Thai government bonds or real estate in Thailand</li> <li>• Have an annual income of at least USD 40,000 or a pension of at least USD 80,000</li> </ul>
Digital Nomads	<ul style="list-style-type: none"> <li>• Foreigners who wish to work from Thailand</li> <li>• Annual income of at least USD 80,000 over the last two years</li> <li>• Or annual income above USD 40,000 per year if they hold some intellectual property rights</li> <li>• Or received "Series A" funding with five years of work experience</li> </ul>
Highly Skilled Professionals	<ul style="list-style-type: none"> <li>• Have skills required by Thailand</li> <li>• Have earned an annual income of at least USD 80,000 in the last two years or have a minimum annual income of USD 40,000</li> <li>• Or have completed their higher education and worked for at least 5 years after graduation in industries targeted by the Thai government</li> </ul>

Table 1: Overview of the different applicant categories and eligibility criteria for Thailand’s Long Term Resident Visa Scheme.<sup>3</sup>

<sup>3</sup>Silk Legal. (2022, September 2nd). Staying in Thailand just got (a bit) easier with LTR Visas. Retrieved from <https://www.lexology.com/library/detail.aspx?g=1ac72f9c-bcce-44c8-a61a-ab0c6ec3b9bd>

## B. Infrastructure

### Affordability: -

Despite the high earning capacity of Digital Nomads, pricing for co-working spaces must reflect the needs of Digital Nomads while being globally competitive. Nassau, New Providence already has an established presence of co-working companies. These include Incudesk and the Crypto Isle. Incudesk benefits from having four office locations throughout New Providence. The daily rate to access these offices range from US\$15-US\$45 depending on the location itself. Crypto Isle on the other hand offers a daily rate of US\$22 at their only location.

In contrast, two of the largest global market corporates that operate co-working spaces are WeWork and Regus (formerly the International Working Group). At the time of writing, We Work has no Caribbean locations (WeWork, 2023a). Regus, on the other hand, has 12 office locations among 7 different Caribbean countries, none of which are in The Bahamas (Regus, 2023). Both, however, benefit from having a global structure and scalable business model that have allowed them to franchise office locations in various jurisdictions. Their capital also permits them to provide attractive incentives that are better suited to attracting Digital Nomads. This includes WeWork's All Access pass where

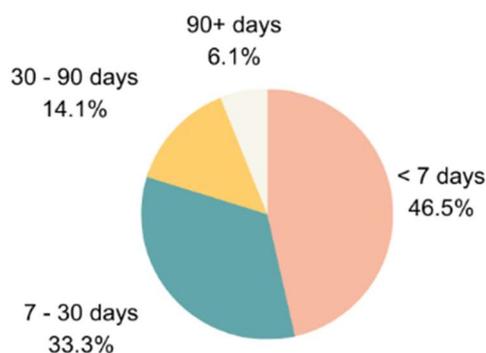


Figure 3: Duration Digital Nomads stay in one city

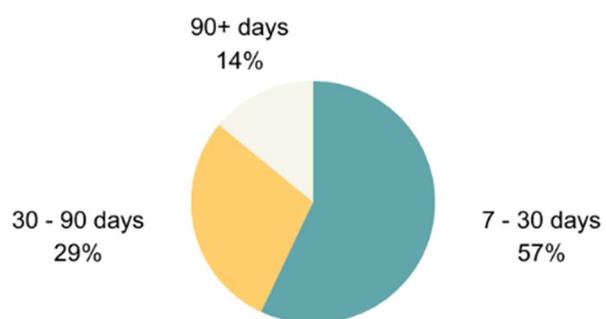


Figure 4: Duration Digital Nomads stay in a country

members can book a space for a day for just below US\$9 per day, or US\$170 per month with the incentive of access to 180+ locations (WeWork, 2023b).

Figure 3 evidence that most Digital Nomads only require co-working spaces for 7 days or less in any given city.<sup>4</sup> However, Figure 4 shows that Digital Nomads can spend more than 1-3 months while staying in a given country.<sup>5</sup> Thus, for some, paying the daily rate to utilize the current co-working spaces may not be worth it. Especially if they lack the incentives offered by other corporates in multiple jurisdictions. Regardless, it is important to note that there exists a demand for private office space to be leased for co-working in New Providence. This is evidenced by Crypto Isle fully leasing the remainder of their office space vacancies to local digital businesses as well as international digital asset firms (Robards, 2022). However, to capture the core demographic of Digital Nomads it will be up to businesses to examine whether their rates reflect the needs of Digital Nomads and make any suitable adjustments to their pricing.

#### Hospitality (Accommodation)

In selecting their destination, Digital Nomads take stock of whether the city/country they travel has adequate accommodation. The GDP of the Bahamas is contributed predominantly by the tourism sector which employs just over half of the Bahamian workforce (The International Trade Administration, U.S. Department of Commerce, 2022). Tourism attracts considerable FDI, and that investment is used to boost the economy. The Bahamas National Investment policy encourages FDI in key areas such as tourist resorts; upscale condominiums, timeshares and second-homes; and marinas (Turnquest K. R., 2019). Investment in these areas provide considerable returns for investors, and developments from these investments are a continuous feature throughout the Bahamian archipelago. This is evident by the most recent agreement signed between The Bahamian Government and Cave Cay Ltd to develop a \$550 million mixed use luxury resort in the Exuma Cays (Robards, HOA for \$500 mil.Cave Cay

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<sup>4</sup> Nomad List. (March 25, 2022). Share of digital nomads worldwide as of March 2022, by length of stay [Data]. In Statista. Retrieved April 30, 2023, from <https://www.statista.com/statistics/1298880/digital-nomads-length-of-stay-worldwide/>

<sup>5</sup> Nomad List. (March 25, 2022). Share of digital nomads worldwide as of March 2022, by length of stay [Data]. In Statista. Retrieved April 30, 2023, from <https://www.statista.com/statistics/1298880/digital-nomads-length-of-stay-worldwide/>

development signed, 2023). Cave Cay's project is the fifth FDI project in Exuma in the past 17 months, bringing the total value of investment in Exuma to \$1.2 billion (Robards, 2023).

Thus, The Bahamas is already established as a premiere destination for luxury, with accommodation to match our target audience of Digital Nomads. However, ensuring that this accommodation is placed to support co-working stations is a key consideration for developers and investors. This essay argues that hotels and luxury properties might be better suited to incorporate co-working spaces into their development plans and lease their property to co-working enterprises. This partnership can also include unique packages to facilitate an expansion in the tourism sector to capture high earning and highly skilled Digital Nomads. Next, the essay will touch on how the legislative landscape of the Bahamas is uniquely positioned to provide key support to the infrastructure throughout the family islands.

#### *Connectivity (Electricity, Internet, and building materials for the Family Islands)*

As stated earlier, an initial intention of the previous Digital Nomad Visa was for visa holders to island hop throughout the archipelago. While some of the more developed Family Islands are better suited for the infrastructure of co-working spaces to facilitate this aim, others face challenges. A major challenge of the ease of doing business has been not only access to electricity, but “the very high costs of electricity, the unreliable supply of electricity, and the limited inclusion of solar technologies in our energy mix” (Ministry of Finance, 2022, p. 15). Furthermore, there is also the obvious challenge of any co-working facility having access to high-speed internet. Despite these challenges, the Bahamas is prepared to tackle these issues through various policy considerations.

In the Budget communication of 2022/2023, Prime Minister Phillip Davis announced several policies that his administration viewed as priorities in terms of public spending and resource allocation. First, it was announced that Bahamian investment would benefit from reduced real property rates in

commercial property (Ministry of Finance, 2022, p. 14). Second, duty on telecommunications equipment was eliminated, and a regime was implemented where licensees under the Utilities Regulation & Competition Authority ('URCA') would benefit from a "reduction in their communication fee for investments in emerging technologies, such as 5G technology, or fibre in Family Islands" (Ministry of Finance, 2022, p. 14). Third, the purchase of building material, furniture and appliances were to be duty free for Bahamians in the Family Islands who intend to invest in short-term rental property (Ministry of Finance, 2022, p. 14). Finally, the Davis administration aimed to support development by working with the Bahamas Development Bank "to develop a loan programme for short term rental property Development" (Ministry of Finance, 2022, p. 14).

In addition to these public commitments, Bahamian developers and foreign investors are also supported by key legislation for building infrastructure in the Family Islands and in New Providence. First, there is the Hotels Encouragement Act 1954, where materials necessary for hotel construction can experience custom duties exemptions (Turnquest K. R., 2019). Further, new hotels experience a grace period of 20 years before taxes are levied against their earnings. Second, the Family Islands Development Encouragement Act 2008 provides exemptions on customs duty and excise tax for building materials and machinery used to clear land on specific Family Islands (Turnquest K. R., 2019). Finally, there is the City of Nassau Revitalisation Act 2008, where exemptions on customs duties are available for building materials associated with renovation and repair of commercial buildings (Turnquest K. R., 2019).

Thus, the Bahamas is supported for the investment and development of infrastructure for the benefit of expand co-working spaces throughout the archipelago. The public commitments made by the current Bahamian Government offer a framework upon which policies can be executed alongside current legislation. Key stakeholders in the Bahamian Economy such as Central Bank will be well suited to assist the Bahamian Government in forming these commitments into policy frameworks that are

fiscally responsible. This essay will now touch on monetary policy recommendations that align with strategic focuses of Central Bank, its Sand Dollar, and co-working spaces generally.

### **C. Monetary Policy**

This essay argues that monetary policy through Central Bank can also support infrastructure for co-working spaces. Since Central Bank's launch of its own Central Bank Digital currency ('CBDC'), Sand Dollar, The Bahamas has been considered a global leader in CBDC development (Central Bank of The Bahamas, 2022, p. 1). Over the years, the Bahamians archipelago has experienced disruptions and challenges over financial inclusion and access to the financial services. Most notably, Family Islands such as Long Island have historically experienced the issue of traditional banks downsizing, limiting access to financial services overall. Thus, a goal of Sand Dollar was to promote financial inclusion across Bahamian communities' reflection different socio-economic backgrounds.

John Rolle, The Governor of The Central Bank, identified several factors to increasing Sand Dollar's adoption. Two of these factors included inspiring user confidence through user education as well as building a network of merchants that accept and encourage the use of Sand Dollar (Hall, 2022). In May 2022, Central Bank published its 2021 annual report recording that at the end of 2021, Sand Dollars circulation amounted to \$0.304 million (about \$263,000), an increase from \$0.08 million in the previous year (Central Bank of The Bahamas, 2022a) Despite these figures, e-money penetration remains low, according to Governor Rolle as of November 9<sup>th</sup> 2022 (Central Bank of The Bahamas, 2022b).

This essay argues that monetary policy utilising Central Bank's Sand dollar can assist in creating strategic partnerships and incentives for both merchants and Digital Nomads. Naturally, as Sand Dollar enabled Authorised Financial Institutions ('AFI') such as Kanoo and Island Pay further expand into the archipelago, so too can co-working stations benefit on that expansion. Co-working spaces can then sign up for business wallets to accept Sand Dollar as payment for Digital Nomads.

The Sand Dollar app can also provide incentives such as discounts via QR Codes unique to the Digital Nomad's wallet while traveling throughout the archipelago. These discounts can also assist co-working enterprises so that daily and weekly rates match global competitor pricing.

Finally, many expat Bahamians herald from various family islands. These expat Bahamians in other jurisdictions may be eager to support the development of co-working spaces in their island of origin by utilizing any available company policy that currently permits their remote working in jurisdictions like the Bahamas. These Bahamians who choose to hold Sand Dollar wallets for when they frequent The Bahamas may be incentivised to continue their use if the Sand Dollar held a yearly interest rate.

Thus, such monetary policies may support co-working spaces through discounts may be beneficial in order for the pricing of co-working rates to be competitive. Further, the use of Sand Dollar for payment of co-working spaces across the archipelago can assist in the penetration and user adoption of Sand Dollar itself. This includes the overall goal for increased financial inclusion and financial access for different family islands. Finally, the assistance provided by Central Bank will align with two of bank's Strategic focuses for 2022-2025 identified in their 2021 Annual report (Central Bank of The Bahamas, 2022a, p. 10). Namely, strengthening its policy advice capacity through the improvement of fiscal policy advice and frameworks to the government, and through the development of domestic policy proposals for financial inclusion (Central Bank of The Bahamas, 2022a, p. 10).

#### **D. Data Protection legislative policy updates**

Next, this essay will touch on the increase in company policies globally to permit remote working and how this compliance burden prompts countries such as The Bahamas to update their legislation to ease this burden. Namely, the burden present in data protection and the transfer of

personal data and sensitive data processed from different jurisdictions. In the report, *“Regulating the future workplace what businesses want from policymakers in the changing world of work”*, Global Counsel conducted a survey of nearly 200 business leaders on the impact of technology in the workplace (Global Counsel, 2022, p. 2). The report cites examples of countries that have updated remote working legislation to facilitate hybrid working. This includes policy considerations by 178 business leaders and 33 countries who are invested in this shift (Global Counsel, 2022, p. 7).

Some participants in the report were also in favor of new international agreements on cross-border working *“(for example on tax and residency rules) to facilitate cross-border working”* (Global Counsel, 2022, p. 18). However, I raise this point with a few others. I acknowledge that The Bahamas won’t be legislating for the benefit of other countries to work for companies in the Bahamas. The Visa is not a work permit, and surely The Bahamas will want to retain aspects of protectionism to ensure that certain barriers against competition abroad exist. However, if the Bahamas wants to attract remote workers from different jurisdictions and different sectors, we must recognize that companies will face a compliance burden of ensuring their company policies are aligned with the employment law and taxation regime from which the company is based. Acknowledging this, the essay will now touch on a piece of legislation that will be integral to the co-working viability and the Digital Economy, that being The Bahamian data protection regime.

### *Current regime of Data Protection*

Within the ERC’s executive report, the ERC signaled that to “support the development of data-centric business models”, The Bahamas should update its data protection legislation “to be consistent with international best practices” (Economic Recovery Committee, 2020, p. 34). Indeed, “personal data is the new currency of the digital economy”, and data protection will form the backbone of both digital

skills and the digital economy (Cooper et. al, 2015). The main Data Protection Legislation in the Bahamas is the Data Protection (Privacy of Personal Information) Act 2003 ('DPA').

The Bahamas was the first country to implement data protection legislation in the Caribbean (Morgan & Morgan, 2021). The DPA was impressive for its time as it contained many of the data protection principles that are seen in the European Union's General Data Protection Regulations ('GDPR'). Thus, the Bahamas has a history of trailblazing innovation and compliance, even before most developed nation states. As the world becomes more digital with the advancement of blockchain technology, digital assets, the metaverse, and even artificial intelligence, more and more data protection will likely be at the center. Because data protection already centers issues of risk management for businesses in cybersecurity and privacy.

For co-working spaces to flourish, data legislation will need to be updated to assist Digital Nomads as business owners, freelancers, and employees. Now, the current DPA does not contain an information on the role of a Data Protection Officers ('DPO'), the importance of a Data Protection Impact Assessments ('DPIA') for businesses, and how the obligations entailed in the DPA can be complied with through Privacy notices. Bahamian companies are not expected to publish these data rights that citizens and corporates have. Indeed, some Bahamian companies even lack a privacy notice. More importantly, the DPA lacks any provision that deals with a process by which data controllers and data processors go about notification of data breaches. This means that currently, companies do not have to put policies in place on how to respond not only to data breaches they themselves commit, and indeed they likely lack any policy of how to deal with a cybersecurity breach.

Since data is becoming a key component of doing business in the digital economy, modern businesses are placing even greater emphasis on the data regulatory landscape of any state when making investment decisions (Chaisse, 2023, p. 10). In response, states are attempting to retain their ability to attract investment by accommodating investment in establishing regulations fit for "data

security and open economy” (Chaisse, 2023, p. 10). Some international agreements have pre-existing provisions on data flows, but the majority of these agreements are either vague, have differing interpretations among different states, or do not reflect the current advancements in technology. This presents an issue in the harmonization of legislation and regulation in both cross-border data flows.

This is exemplified by the ongoing contention between the European Union (‘EU’) and the US. For member states in the EU, the GDPR mandated that personal data flowing to another country must be protected to a level that is essentially equivalent to the level of protection within the EU. Since the GDPR, there were two attempts at establishing a data protection regime that is compliant with the GDPR by the US. “The Safe Harbour Agreement” and “Privacy shield”. Both were adopted but subsequently annulled by the Court of Justice of the EU (‘CJEU’) following challenges brought by privacy activist Max Schrems (in the case of both Schrems I and Schrems II). In both instances, the court found the level of protection granted in the previous instruments were insufficient in protecting the personal data of EU citizens. Mainly due to the mass data collection by US security services.

First, there was the issue on the onward transfer of data, and what happens to those principles and safeguards once data is initially received from the US and transferred onwards (e.g., Canada). Second, there is an even bigger anxiety on potential mass surveillance by US intelligence Agencies. The European Data Protection Board (‘EDPB’) stated that the data privacy framework should be adopted only under the condition the executive order in the US is implemented effectively. Third, mass data collection is an issue. In the current US framework, there is no requirement for “prior authorization” checks by an independent authority on mass data gathering.

There is also the issue that advancements in digitalization, and the ever-growing zeal for creating a digital economy, is becoming ever more connected with the concept of Digital Foreign Direct Investment (‘Digital FDI’). Digital FDI can best be defined as “cross-border investment that is often asset-light as the foreign enterprise does not need to invest in building production or delivery assets in

the host economy” (Chaisse, 2023, p. 3). This is due to the invested business delivering both goods, services, and products “digitally to consumers” (Chaisse, 2023, p. 3). Thus, when deciding on where to place their investment, investors examine jurisdictions that already have or are in the process of developing digital skills and have digital infrastructure in place to support Digital FDI (Chaisse, 2023, p. 2).

As stated earlier, infrastructure for developing co-working spaces and businesses will require optimal internet connectivity and high-speed broadband. So too will any future Digital infrastructure for the digital economy. Thus, investment in workations is an investment in building the substructure for the main infrastructure of the Digital economy.

In sum, data protection proves to be contentious in the international arena. These contentions however are only intended to ensure international harmony and compliance for data protection rights among the citizens of different jurisdictions. This essay argues that achieving this harmony will be crucial in alleviating the compliance burdens of Digital Nomads and the companies they either operate or work for. The essay also recommends as a matter of policy, not only an update to the legislation for international harmony, but to achieve adequate enforcement mechanism. A challenge for the Office of the Data Protection Commissioner shall be their ability to enact adequate enforcement mechanisms contained in the updated legislation. This essay also understands that enforcement may create an additional cost and compliance to Bahamian businesses. However, this essay argues that such a concern is a compliance burden the nation would have to contend with regardless, especially if the country takes the view of shifting towards a proper participation in the digital economy.

## **Conclusion:**

The Bahamas has historically leveraged its geostrategic position to produce opportunity. With the recommendations contained in this essay, The Bahamas can utilize both policy and law to swage the economy into a desired form to support co-working infrastructure and enterprise. Digital Nomads embody characteristics and needs that The Bahamas can accommodate through investment, development, and infrastructure. The Bahamas and its key stakeholders must bolster its viability of co-working spaces. Supporting the fiscal policy frameworks of government spending will assist in developing infrastructure across the archipelago. Research and development in a new and competitive Digital Nomad visa scheme will provide certainty and requirements for high earning applicants. Advocating for legislative reform and international harmony in the Bahamian data protection regime will support leasing to companies with data centric business models. Finally, The Bahamas must look holistically at the tangible outcomes of broadening the tourism sector using co-working enterprises; outcomes which include attracting both FDI and digital FDI; supporting user adoption and penetration of Central Bank's Sand Dollar through co-working enterprises; the exchange of ideas and construction of different communal networks in co-working spaces; and the progression of The Bahamian digital economy.

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