



# Industry Briefing

## Regulatory & Supervisory Update



4 February 2026

# INDUSTRY BRIEFING AGENDA

## REGULATORY & SUPERVISORY UPDATE

### VIRTUAL – VIA ZOOM

4 February, 2026 – 10:00am to 12:00pm



- Overview of the Financial Sector
- Economic Outlook & Other Developments
- AML/CFT/CPF Supervision
- AEOI/CRS Supervision
- Thematic Trends from On-Site Examinations
- Policy Initiatives
- Q & A





# OVERVIEW OF THE FINANCIAL SECTOR



# Overview of the Financial Sector

Supervised Financial Institutions	
2025	
Banks and Trust Companies	184
Banks & Trusts	41
Banks	18
Trusts	125
Non-licensee Registered Representatives	7
Private Trust Companies (Registered)	186
Money Transmission Businesses	5
Cooperative Credit Unions	8
Payment Service Providers	3

# Overview of the Financial Sector

SFI TYPE	# of SFIs as at Dec-25	Dec-25		
		Balance Sheet Assets (\$Millions)	Fiduciary Assets (\$Millions)	Total Assets (\$Million)
<b>Banks &amp; Trust Companies (Public)</b>				
Authorized Dealers (including 7 Clearing Banks)	10	16,626	3,633	20,259
Authorized Agents (OLFIs)	11	4,403	126,430	130,833
International Home	19	1,297	54,565	55,862
International Host	30	101,666	91,854	193,520
<b>Total Banks &amp; Trust Companies</b>	<b>70</b>	<b>123,992</b>	<b>276,483</b>	<b>400,475</b>
<b>Credit Unions</b>	<b>6</b>	<b>547</b>	<b>-</b>	<b>547</b>
<b>Money Transmission Businesses</b>	<b>5</b>	<b>36</b>	<b>-</b>	<b>36</b>
<b>Electronic Money Service Providers</b>	<b>3</b>	<b>6</b>	<b>-</b>	<b>6</b>
<b>Registered Representatives</b>	<b>7</b>	<b>3</b>	<b>-</b>	<b>3</b>

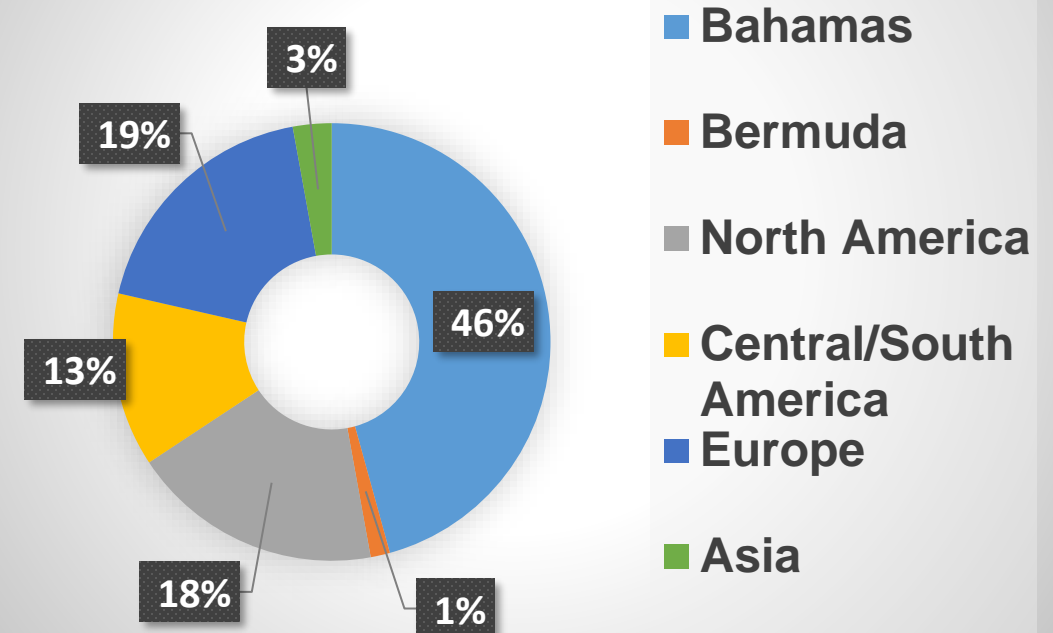
MTB Service Provided	2025	
	# of Trnx	Value (\$000)
Money Transmission Inward	178,848	69,900
Money Transmission Outward	386,330	149,691

# Overview of the Financial Sector

## *Public Banks and/or Trusts*

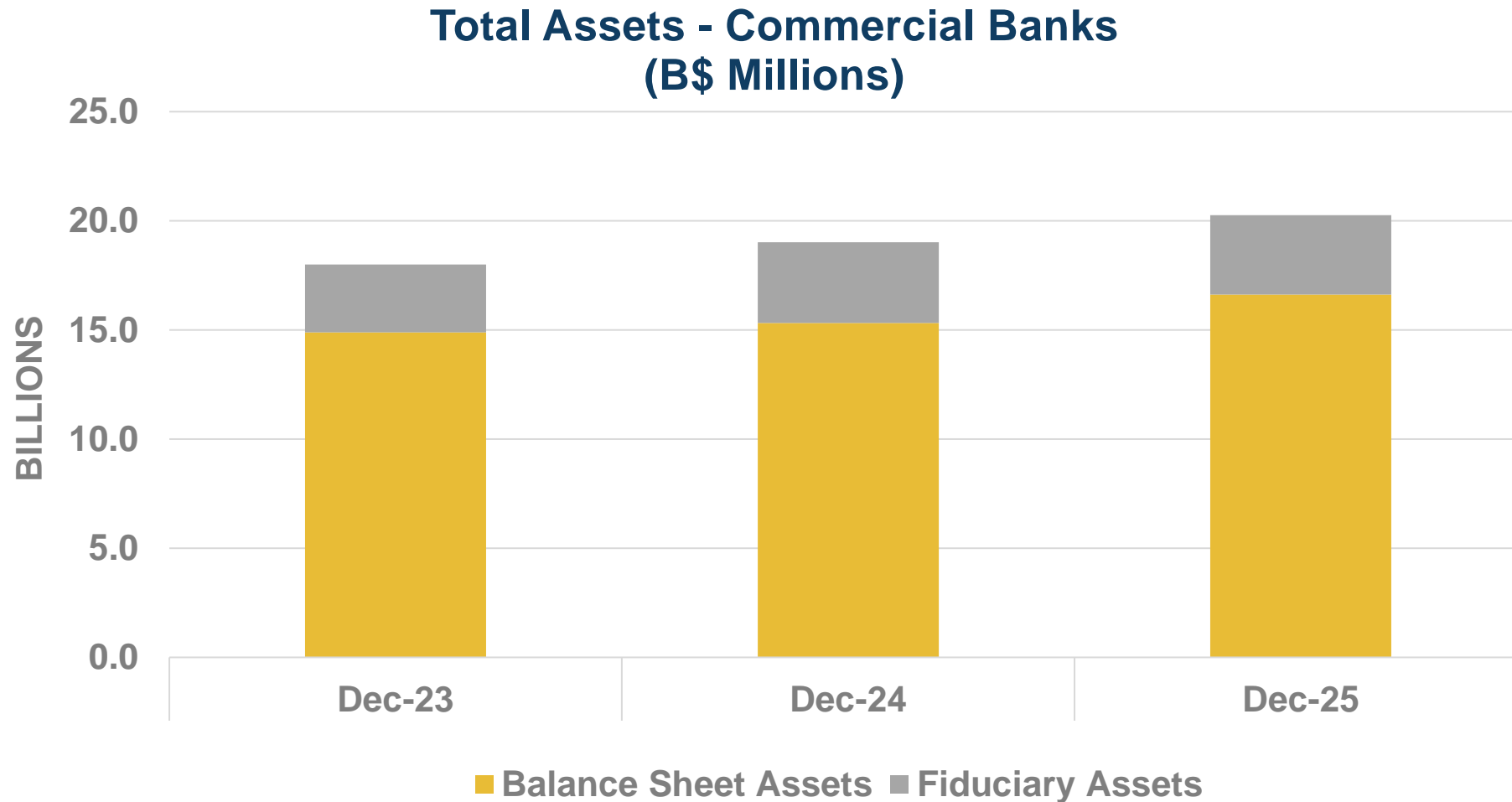
Public Banks and Trusts -Subsidiary, Branch or Standalone	
Subsidiaries	37
Branches	10
Stand Alone	23

Licensed Public Banks and/or Trust  
Entities by Parent Jurisdiction  
As at 31 December 2025



# Overview of the Financial Sector

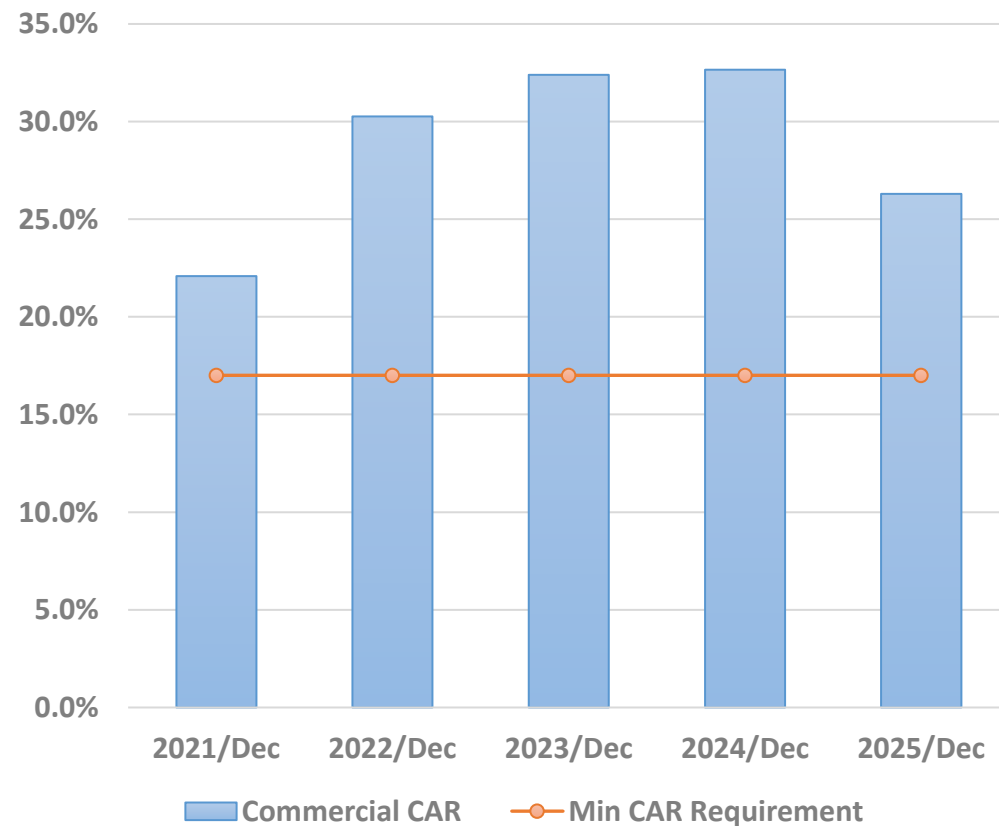
## *Commercial Banking Segment*



# Overview of the Financial Sector

## *Commercial Banking Segment*

### Capital Adequacy Ratio (CAR)



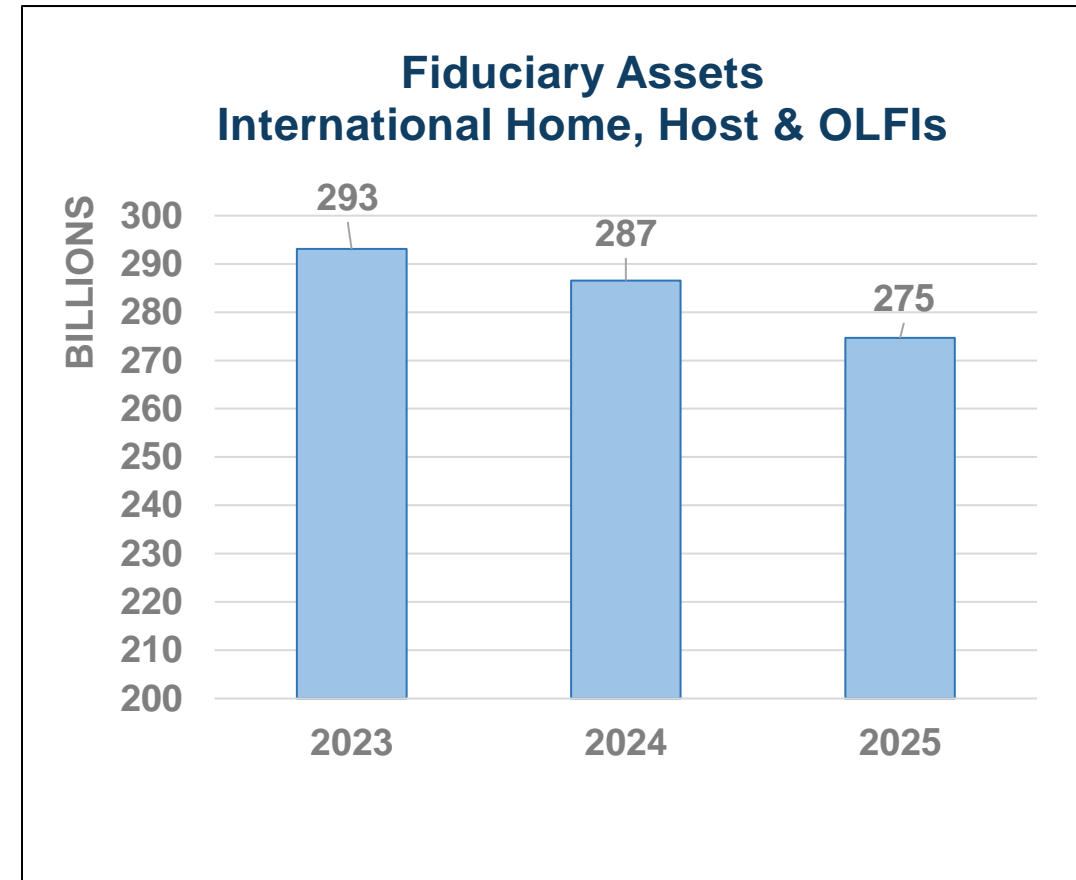
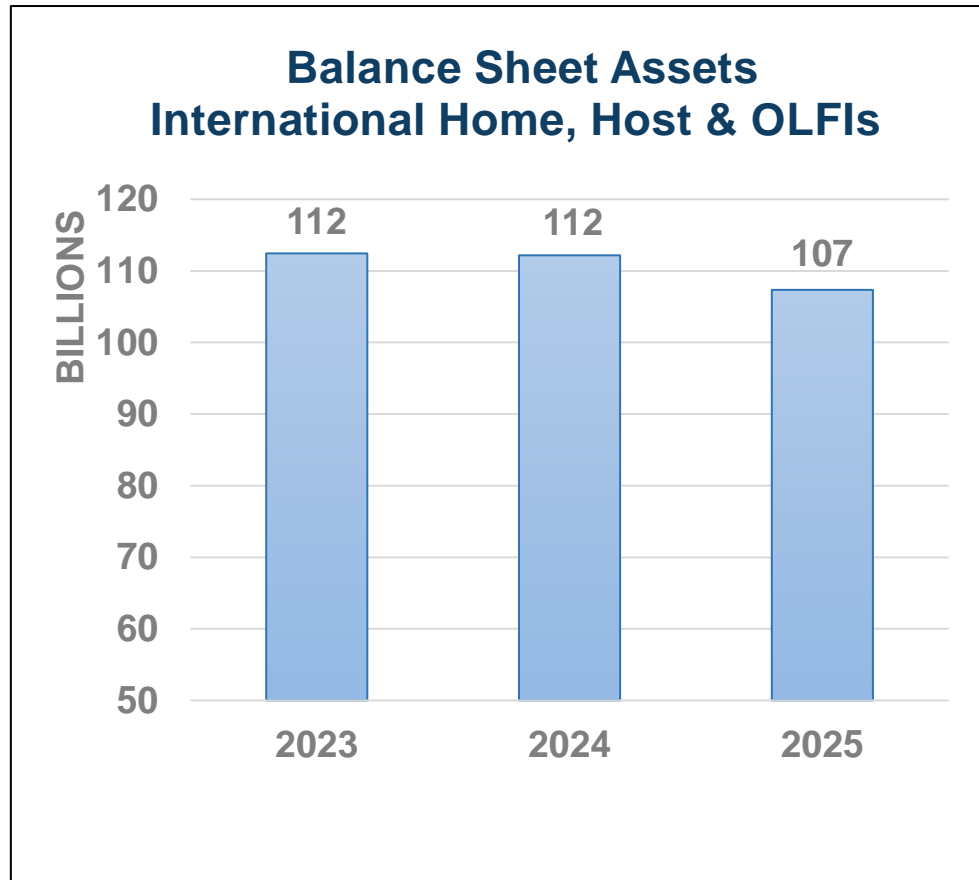
### Liquid Asset Ratio (LAR)





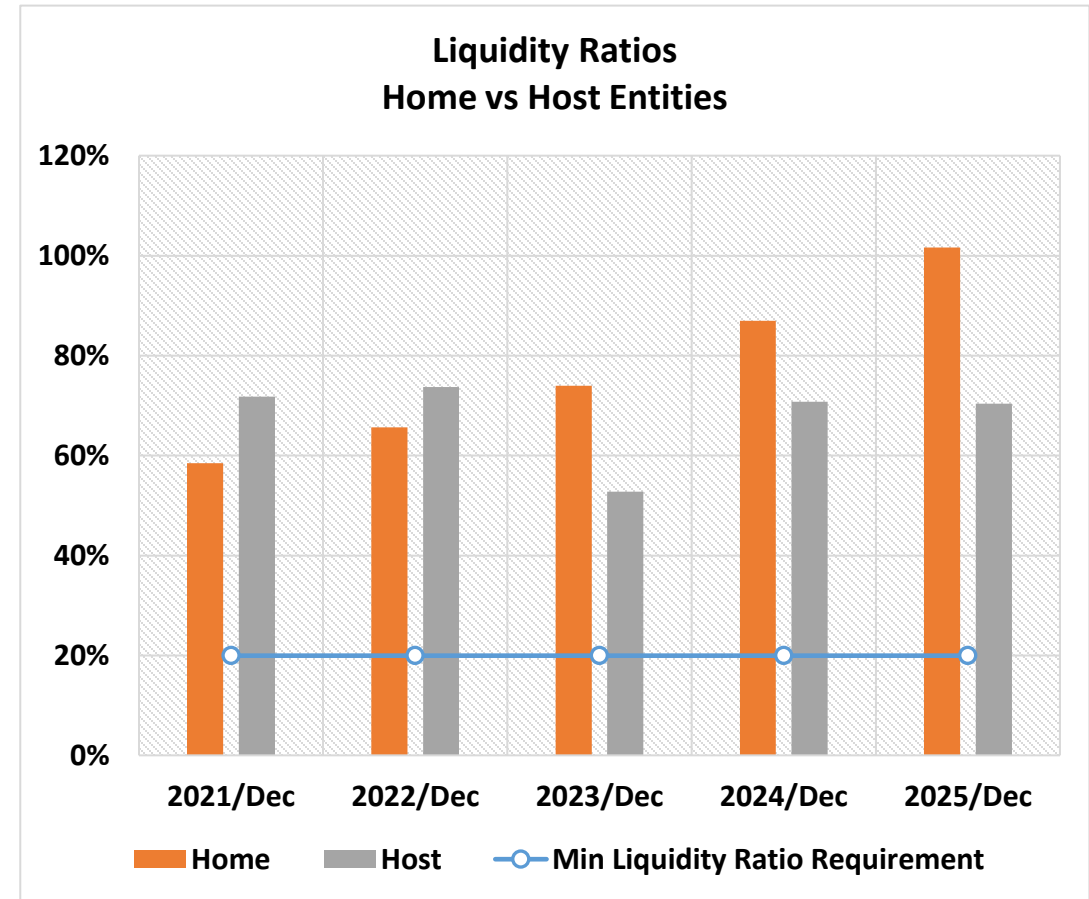
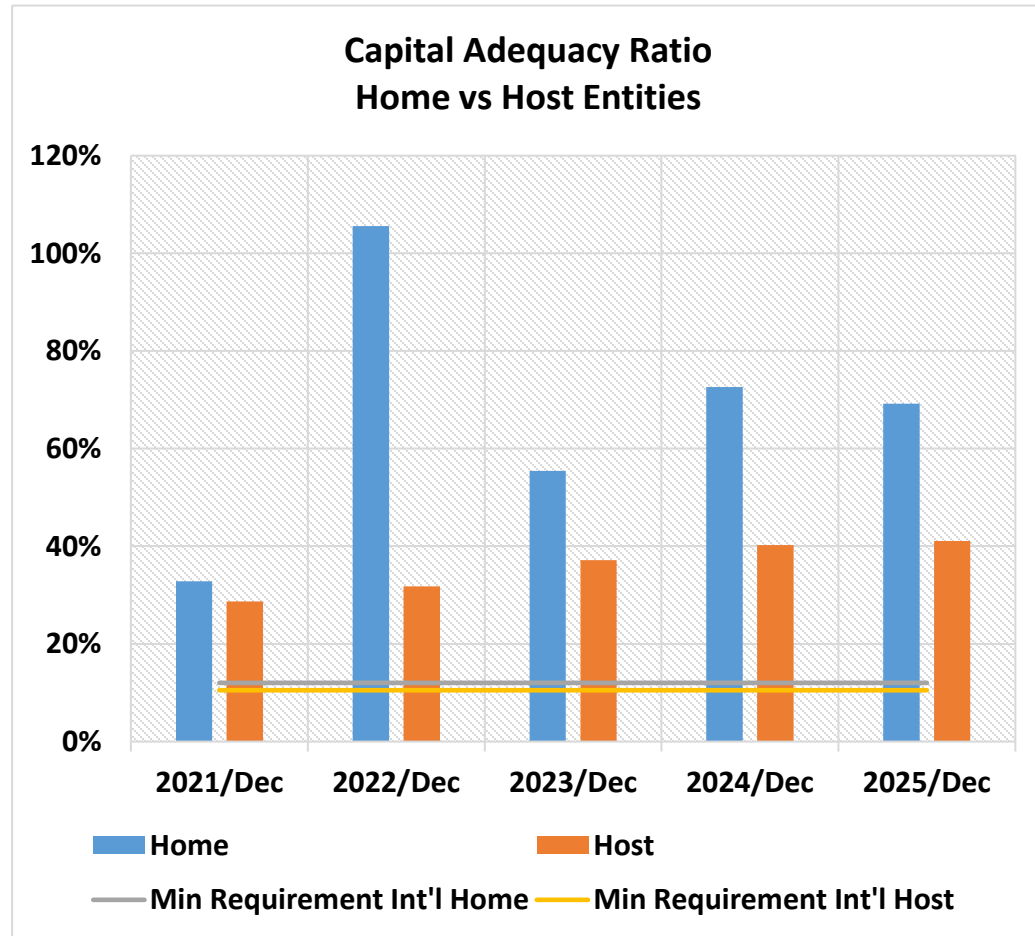
# Overview of the Financial Sector

## *International Banking Segment*

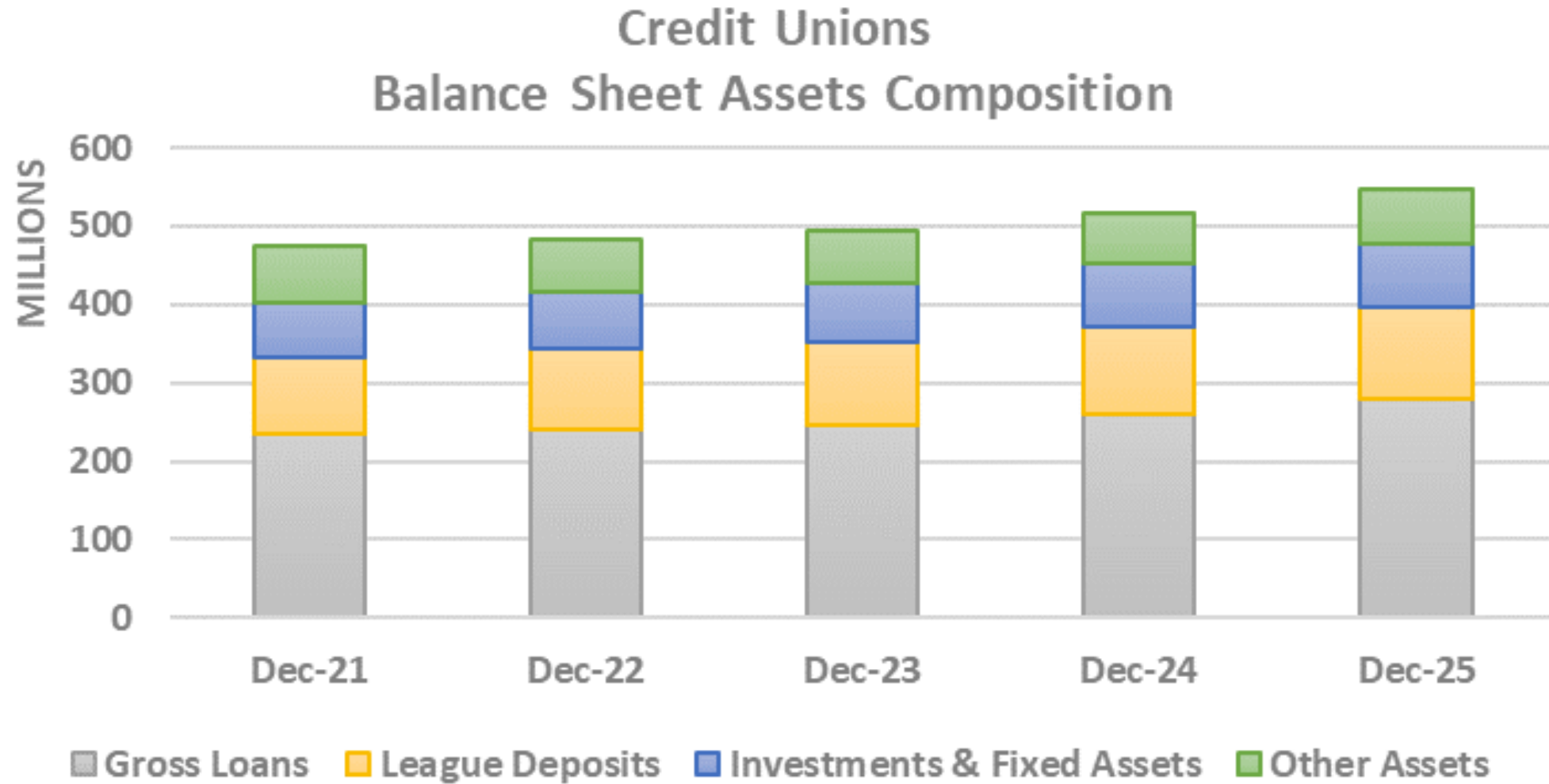


# Overview of the Financial Sector

## *International Banking Segment*



# Overview of the Financial Sector



# ECONOMIC OUTLOOK AND OTHER DEVELOPMENTS





# Economic Outlook and Other Developments

- Domestic Economic Developments Overview
- Tourism
- Domestic Inflation
- Unemployment
- Monetary Sector Developments
- Lending Conditions
- Financial Sector Developments
- Outlook for the Domestic Economy
- Risks to the Outlook
- Payment Systems Initiatives

# Domestic Economic Developments

## Overview

Indications are that during 2025:

- The domestic economy maintained its positive growth trajectory, relative to 2024, as key economic indicators continued to normalize closer to their expected medium-term potential.
- Tourism earnings registered healthy growth, underpinned by robust gains in the sea component. However, the high-value air segment remained constrained by stopover capacity.
- In 2025, departures through the Nassau Airport declined by 2.1% to 1.6 million, a reversal from a 2.6% increase in 2024.
- In the 12 months to July 2025, the inflation was incrementally negative, compared to a positive rate of 1.5% in the same period last year.

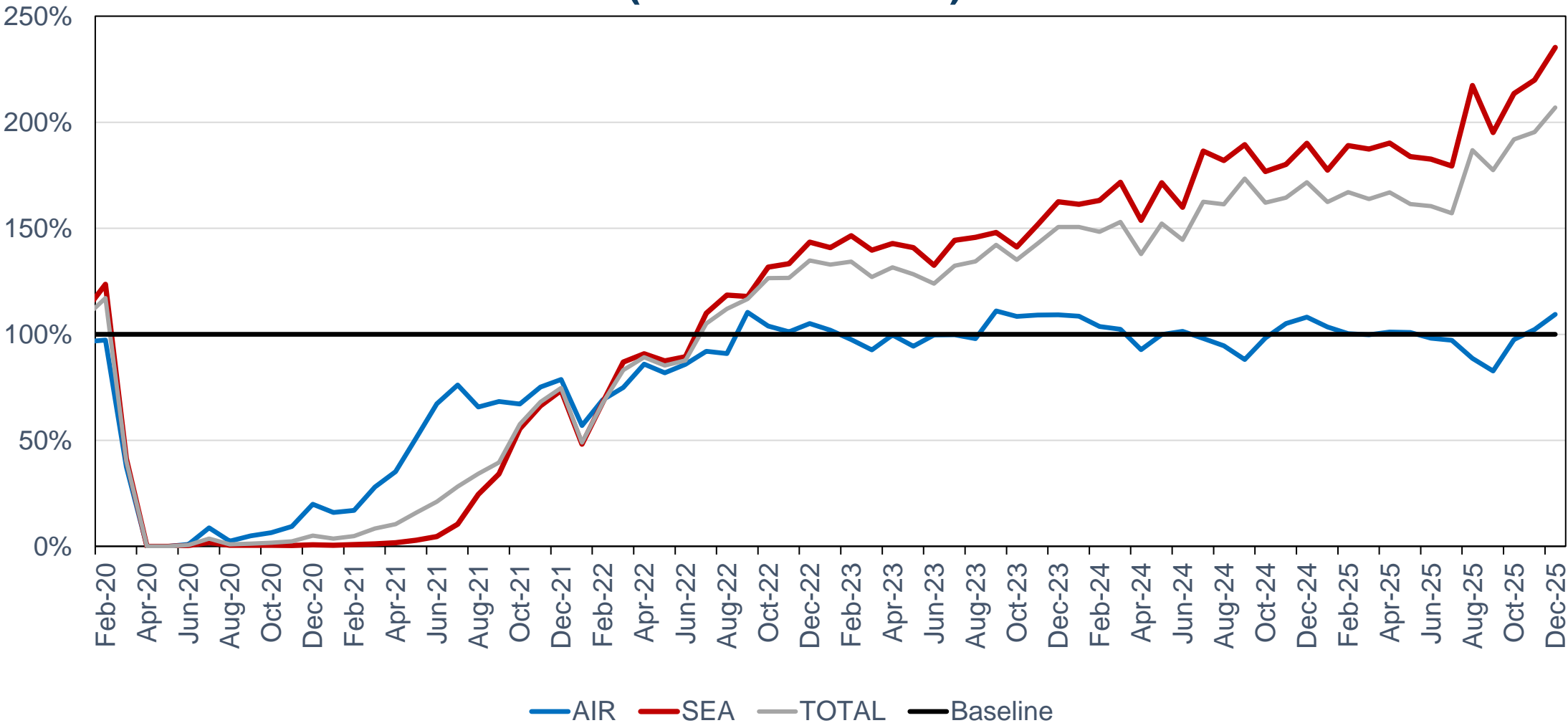
# Tourism Developments

Official Data from the Ministry of Tourism revealed that total visitor arrivals rose by 11.4% to 12.5 million visitors in 2025, compared to 2024.

- Sea arrivals expanded by 13.8% to 10.8 million.
- However, air arrivals fell by 1.6% to 1.7 million, vis-à-vis 2024.

	New Providence (% Change)		Grand Bahama (% Change)		Family Islands (% Change)	
Arrivals	2024	2025	2024	2025	2024	2025
Air	-0.6	-2.2	8.7	19.7	0.0	-2.8
Sea	25.3	6.5	1.2	99.1	17.9	10.8
Total	17.6	4.3	1.9	91.2	16.6	10.0

# Tourism Arrivals vs Pre-Pandemic Baseline (2018/19=100%)

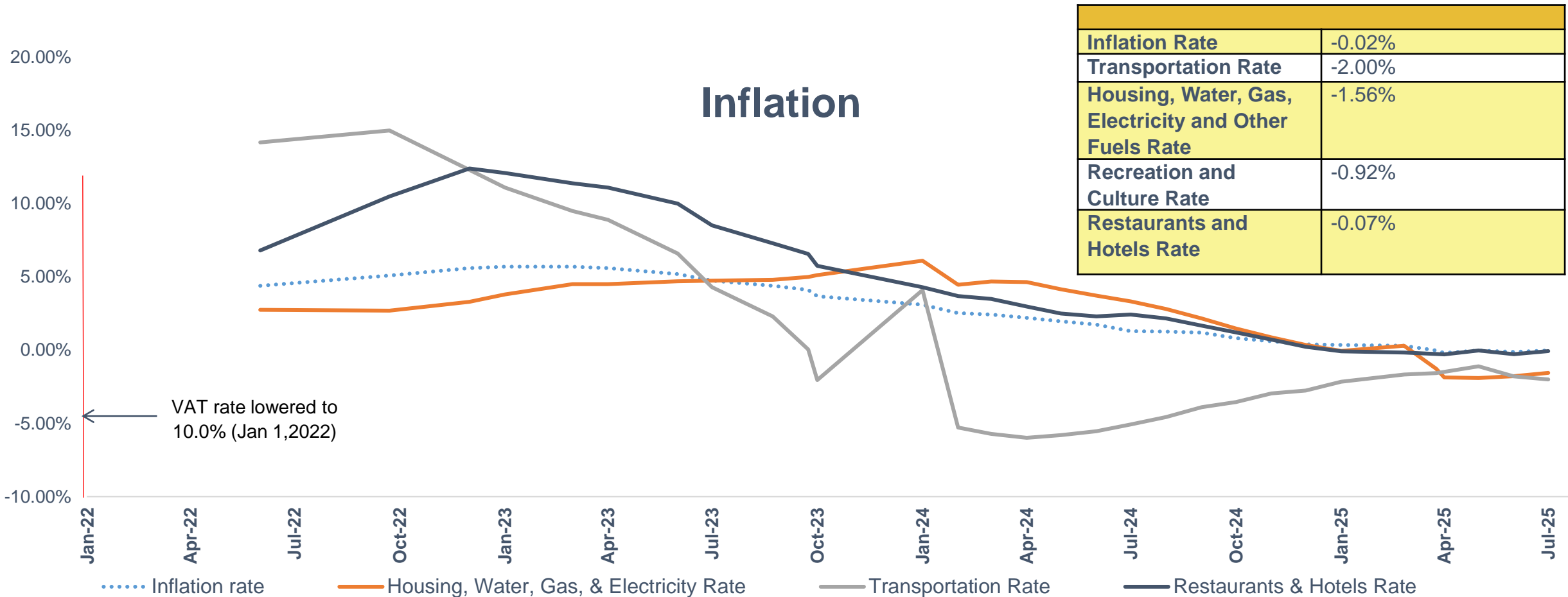


Source: Central Bank of The Bahamas



# Retail Price Index

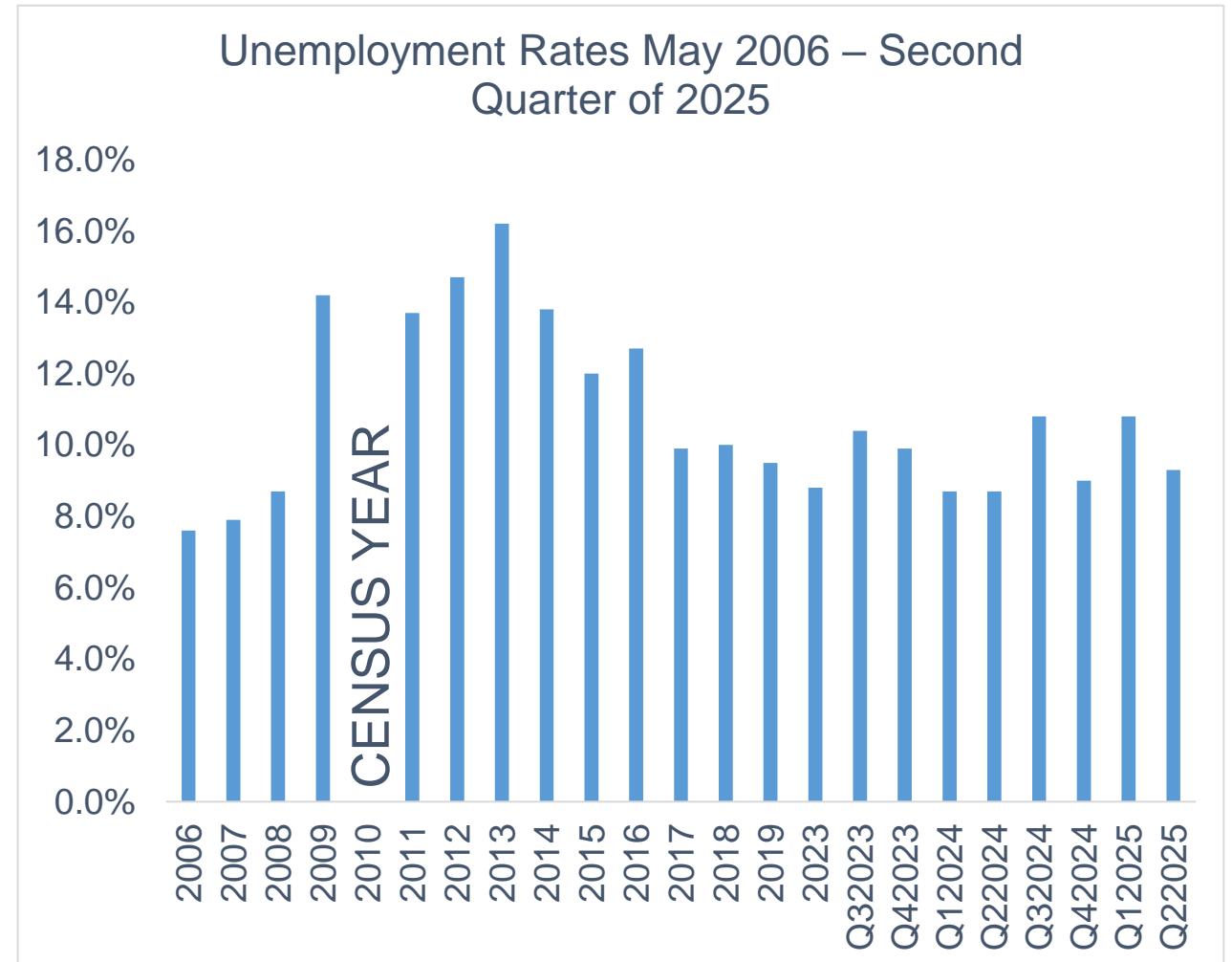
In the 12 months to July 2025, inflation posted an incremental decline, after rising by 1.5% in the same period last year, driven by reductions in the average costs for transportation; housing, water, gas, electricity & other fuels; recreation & culture; and restaurants & hotels.



Source: Bahamas National Statistical Institute and Central Bank of The Bahamas

# Unemployment Rates

- In the second quarter of 2025, the unemployment rate fell to 9.3%, from 10.8% in the previous quarter, but still above the 8.7% same period last year.
- The number of employed persons rose to 218,620, from 213,210 in the comparable 2024 period.
  - In New Providence, the jobless rate which measured 9.3% in the second quarter, firmed by 0.7 percentage points year-on-year.
  - In Grand Bahama, the unemployment declined to 9.4% compared to 9.8% in same period last year.
  - In Abaco, the jobless rate reduced to 10.6% in the second quarter, vis-à-vis 14.0% in the comparable 2024 period.



Source: Bahamas National Statistical Institute and Central Bank of The Bahamas

# Monetary Developments: Liquidity Conditions & External Reserves (2024 vs. 2025)

Monetary trends during the year featured an expansion in excess liquid assets, the broad measure of liquidity. In contrast, excess reserves, the narrow measure, declined vis-à-vis the previous year.

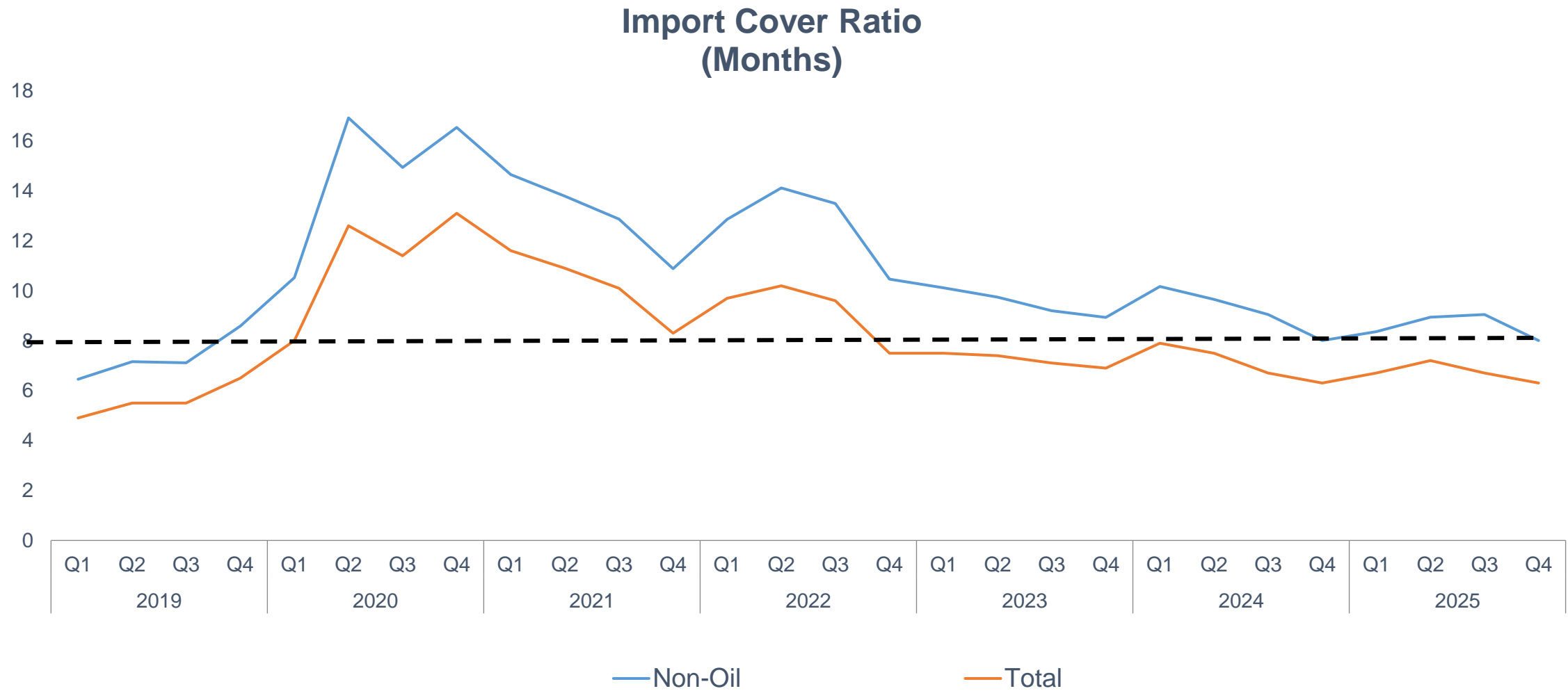
- Excess liquid assets grew by \$151.2 million, extending the \$75.9 million buildup in 2024.
- Conversely, excess reserves decreased by \$40.2 million, a reversal from an \$18.2 million increase in the prior year.

In 2025, external reserves grew by \$170.6 million, albeit a moderation from the \$268.7 million accumulation in the preceding year, for an ending balance of \$2,890.4 million.

At end-December external balances were:

- Equivalent to 94.3% of the Central Bank's demand liabilities.
- Equivalent to 6.3 months of the current year's total merchandise imports.

# Import Cover Ratio 2019 - 2025

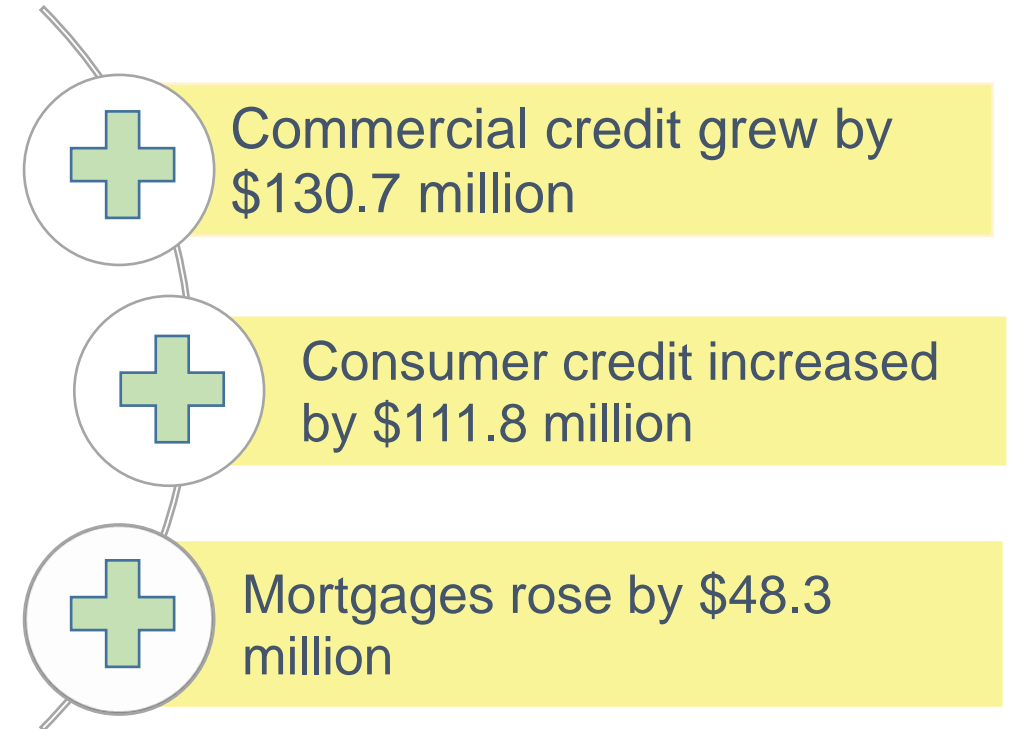


Source: Central Bank of The Bahamas



# Lending Conditions (2025 vs. 2024)

- During the year, the growth in total Bahamian dollar credit slowed to \$398.1 million, from \$427.9 million in 2024.
- Net claims on the Government expanded by \$120.4 million, surpassing last year's \$116.4 million gain.
- Credit to public corporations decreased by \$13.2 million, a shift from a \$14.8 million gain in the preceding year
- Private sector credit increased by \$290.8 million in 2025, but was lower than the \$296.7 million expansion in 2024.



## Banks' credit quality indicators improved during 2025

Total private sector arrears declined by \$7.7 million (1.7%) to \$461.8 million, resulting in a 51-basis-point reduction in the associated ratio to 7.6%

Non-performing loans fell by \$14.7 million (4.6%) to \$303.0 million, corresponding to a 50 basis points decrease to 5.0%.

Short-term arrears increased by \$6.9 million (4.6%) to \$158.8 million, although the attendant ratio edged down by 1 basis point to 2.6%.

Mortgages still accounted for the bulk of arrears, at 60.8%, followed by consumer arrears (28.3%) and commercial arrears (10.9%).

# Outlook for 2026

- The domestic economy's pace of **growth** is expected to persist in 2026, bolstered by the tourism sector's performance and several new and ongoing foreign investment projects. The growth rate, nevertheless, is anticipated to continue to converge closer to the economy's medium-term rate.
- Downside risks to **tourism** persist, associated with external factors, such as higher tariffs on international trade, uncertainty surrounding the future direction of global trade policy (US and other major economies), geopolitical tensions and elevated global oil prices.
- **Employment** conditions are expected to improve in 2026, with job gains concentrated predominantly in the tourism and construction sectors.
- With regard to prices, domestic **inflation** could rise in response to higher imported costs primarily from the US, and potential supply chain disruptions, linked to increased trade barriers. Other upside risks included ongoing geopolitical tensions in Eastern Europe and the Middle East.

# Outlook for 2026

- **Banking sector liquidity** is expected to moderate, but remain high in the near-term.
- Banks' **capital levels** are anticipated to remain well above the Bank's minimum requirement of 17.0%, thereby mitigating any financial stability concerns.
- Growth in **private sector credit** is projected to firm in 2026, consistent with domestic economic recovery.
- **External reserve balances** are expected to remain at healthy levels in 2026, staying above international benchmarks, supported by receipts from the government's external borrowings, tourism, and other private sector activities.
- Balances are expected to remain at satisfactory levels to support the **Bahamian dollar currency peg**.



# Risks to the Outlook

- **Tourism:** Any resumption in major central banks' counter-inflation policies could negatively impact the travel spending capacity of key source market consumers.
- **Employment:** Insufficient or slowed pace of private investments could impede job creation.
- **Inflation:** Ongoing geopolitical tensions in Eastern Europe and the Middle East, a decrease in oil production, food supply disruptions and tariff threats could result in higher prices.
- **Fiscal:** Diminished access to credit markets could limit the fiscal capacity to stimulate the economy.
- **External Reserves:** Higher foreign currency demand for rebuilding works and constrained output in the tourism sector could accelerate reserve depletion.

# Payment Systems Initiatives

## Bahamas Cheque Reduction Strategy

- To reduce the heavy reliance on cheques as a mode of payment and promote faster, more affordable payment alternatives.
- The goal is not totally eliminate cheque usage but to reduce usage and strengthen public awareness and understanding digital payments.

## Agency Banking

- A strategic initiative led by the Central Bank to expand access to financial services, especially in underserved Family Islands, by allowing non-bank entities to act as agents of licensed financial institutions.
- Services Offered: Deposits, withdrawals, bill payments, account onboarding, and balance inquiries, all under a formal contract with a licensed financial institution.

# Access to Basic Banking

- To improve the efficiency and affordability of access to financial services, the Central Bank proposes to introduce a basic bank or payments account for **unbanked** and **underbanked** individuals, tackling cost barriers associated with maintaining transactional accounts.
- **Key proposed features:**
  - Offered by all commercial banks and possibly credit unions
  - No minimum balance
  - The sum of all credits and debits capped at **2.5 times** the annual minimum wage level currently: equivalent to 2.5 times **B\$13,520** or **B\$33,800** per annum.
  - Same services offered as standard savings/current account excluding cheques, overdrafts, or any credit product.
  - No monthly maintenance fee
  - Simple due diligence required; account opened within 5 business days

# Fast Payments System (FPS) Initiative

**Motivation:** To improve payment efficiency, speed, and cost. In particular, a domestic FPS can:

- Enhance payments efficiency by allowing for faster and cheaper payments.
- Increase financial inclusion by achieving SandDollar integration.
- Improve business operations by allowing customers multiple payment options, thereby supporting increased economic activity.
- Meet the evolving demand of consumers to digitize their day-to-day transactions.
- Assist with the transition away from cheque usage.
- The proposed FPS would use a **real-time settlement model**, which is fully compliant with ISO20022 messaging standard.
  - 24x7 operating hours
  - Allow for payments between individuals, merchants and the Government
  - Payment methods: aliases, mobile numbers, QR codes and banking information
  - Payment medium: mobile applications and web interfaces
  - Fees: P2P (free), other payments priced based on volume (lower than current RTGS fee)
- The FPS should allow for direct and indirect participation from banks, PSPs, and credit unions, and be fully integrated with the SandDollar ecosystem.
- The Central Bank will be responsible for the ownership, governance and operations of the FPS.

# AML/CFT/CPF SUPERVISION



# AML/CFT/CPF Supervision

## AML/CFT/CPF Survey March 2025

- Central Bank launched its first sector-wide survey using the STRIX Risk Assessment Tool covering all regulated SFIs including non-licensees registered representatives.
- 100% of SFIs submitted responses by the 1 May 2025.
- Survey data supports supervisory sector-wide risk assessments.
- SFIs must continue to conduct annual ML/TF/PF self-assessments; submission is only required if requested.
- Second iteration of the survey is scheduled for release during the first quarter 2026.

### **Notable findings from the 2024 survey include:**

- The domestic sector has a low concentration of high-risk customers; the international sector, had approximately 22% high-risk customers in 2024, consistent with 2023.
- In the domestic sector, overall attempted and actual fraud cases have risen year-on-year, although some SFIs have observed a reduction.
- SFIs maintain mandatory AML/CFT/CPF training, with a slight increase in staff and director participation over last year.

# AML/CFT/CPF Supervision

## AML Supervisory Initiatives

### Sanctions Thematic Review – Second Iteration

- Conducted by AML Analytics Ltd (September 2025) as a follow-up to the initial review.
  - 35 SFIs participated representing those that “needed improvement” from the last thematic review.
  - Live screening test conducted in October 2025, to validate areas requiring improvement.
  - Feedback meetings were held in late October to early November 2025.
- Feedback letters, including test report results, were issued in November and December 2025.

### Milestones and Achievements

- Overall improvements were observed in client and transaction screening across all sectors.
- SFIs achieved:
  - 95 percent effectiveness rate for client screening (global benchmark of 96.5 percent).
  - 95 percent effectiveness rate for transaction screening (global benchmark of 94.7 percent), reflecting an improvement over the previous year.
- Sanctions Screening Guidance Notes issued in November 2025.



# AML/CFT/CPF Supervision

## AML Outreach and External Engagements

### Annual Bahamas Research Conference on Financial Crime

- Seventh Annual Bahamas Research Conference on Financial Crime was held in January 2026.
- Featured local and international experts on emerging AML and financial crime issues included:
  - President of the Financial Action Task Force (FATF) – *virtual participation*,
  - Executive Secretary of the Financial Action Task Force of Latin America (GAFILAT),
  - Executive Director, Caribbean Financial Action Task Force (CFATF) – *virtual participation*,
  - Attorney General of The Bahamas,
  - Governor of the Central Bank of The Bahamas,
  - Principal Advisor, Inter-American Development Bank (IDB), Institutions for Development Department, and
  - Representatives from private and public sector participants and regulatory agencies.

### Group of Financial Services Regulators (GFSR) Initiatives:

- **June 2025:** Issued Joint Guidance Notes on Targeted Financial Sanctions Reporting Forms.
- **August 2025:** Issued Joint Guidelines on Countering Proliferation Financing.
- Publication of the 2021–2023 AML/CFT/CPF Report is scheduled end of first quarter 2026.

# AML/CFT/CPF Supervision

## AML Outreach and External Engagements

### Looking ahead: Guidance Documents 2026

- **AML/CFT/CPF Supervisory Ladder of Intervention**  
Establishes a structured, risk-based framework for escalating supervisory actions and corrective measures.
- **Compliance Officer Guidelines**  
Defines roles, responsibilities, independence, governance, reporting expectations.
- **Guidance Notes for PEPs**
  - Provides additional guidance on domestic PEPs.
- **A Guide to the Central Bank's On-site Examination Process (update)**  
Clarifies the scope, methodology, and expectations for onsite examinations, including documentation, evidence standards, and engagement with regulated entities.
- **MLRO Guidelines (update)**  
Sets out expectations for the MLRO function: suspicious transaction reporting, internal escalation, record-keeping, and engagement with senior management.
- **AML/CFT/CPF Guidelines (update)**  
Provides enhanced guidance on AML/CFT/CPF obligations, reinforcing a risk-based approach, customer due diligence, transaction monitoring, and ongoing compliance controls.

# AML/CFT/CPF Supervision

## AML Outreach and External Engagements

### Identified Risk Framework Steering Committee (IRFSC) Initiatives

- **National Risk Assessment (NRA) Update 2023–2024:** Ongoing work to update the NRA.
- **October 2025:** CFATF Country Training for regulators, agencies, and targeted SFIs.
- **November 2025:** Targeted CFATF training on FATF Recommendations and Immediate Outcomes updates, to strengthen regulator and industry understanding of international standards.

### The Bahamas' CFATF Fifth Round Mutual Evaluation Readiness

- Focus on assessing the effectiveness of our AML/CFT/CPF regime, including compliance with the FATF 40 Recommendations and 11 Immediate Outcomes.
- **IRFSC Coordination:**
  - Maintained monthly and bi-monthly meetings to drive preparatory work for the MER.
  - Led by the National Identified Risk Framework Coordinator, Office of the Attorney General.

# AML/CFT/CPF Supervision

## AML Outreach and External Engagements

### CFATF Mutual Evaluation Timeline

- **February 2026: Risk & Context Documentation**  
Evidence-based outlining The Bahamas' national ML/TF/PF risk environment.
- **March 2026: Technical Compliance Questionnaire (TCQ)**  
CFATF Technical Compliance Questionnaire with supporting documentation.
- **June 2026: Effectiveness Documentation**  
Demonstrates how effective our AML/CFT/CPF framework delivers intended outcomes.
- **October 2026: Onsite Mutual Evaluation**  
CFATF assessors conduct on-site review; verify evidence and engage with authorities and industry stakeholders.
- **May 2027: Plenary Discussion Mutual Evaluation Report**  
CFATF plenary discussion of The Bahamas' MER following the on-site evaluation.
- **June 2027: MER Publication**  
Mutual Evaluation Report (typically within 6 weeks of plenary adoption).

# AEOI/CRS SUPERVISION





# Common Reporting Standard

## *AUTOMATIC EXCHANGE OF INFORMATION (AEOI)*

- Pursuant to the Automatic Exchange of Financial Account Information (Competent Authority) (Delegation of Functions) Order, 2024, the Central Bank, along with the Securities Commission of The Bahamas and the Insurance Commission of The Bahamas are **Designated Supervisory Authorities (DSAs)\***.
- DSAs have implemented CRS Supervisory Frameworks – coordinating with the competent authority, Ministry of Finance and the Compliance Commission of The Bahamas.
- During 2025, a CRS Effectiveness Peer Review was conducted with onsite visit held 15-17 July 2025:
  - Where are we and what does this mean for Supervised Financial Institutions?

\*Notification sent – Central Bank's Quarterly Letter dated 9 July 2025

# AEOI/CRS Supervisory Framework



## Key Aspects of the Role of DSA

- Administer the implementation of the CRS and AEOI,
- Administer and enforce compliance with Act, regulations or CRS Guidelines, and
- Perform Audits.



## Peer Review

- The Bahamas has been preliminarily assessed as non-compliant.
- Weaknesses and gaps identified.



## Outcome

- Remedial measures identified.
- Satisfactory redress improves assessment rating.



# CRS Supervisory Framework and Expectations

## Expectations of FIs

- Correct Identification of Reportable Accounts
- Importance of TIN# and D.O.B. for all Account Holders
- Timely Reporting
- Error-free Reporting

## Expectations of FIs

- Collection of Self Certification
- Understanding & Reporting of Undocumented Account
- Correct Reporting of Trusts – i.e.,  
Are all trusts Reported as Trustee  
Documented Trust in line with AEOI Standard?

## Key Initiatives and Undertakings

- Jurisdictional Risk Assessment
- Institutional Risk Assessment (All FIs)
- On-Site Examinations and Desk-Based Reviews
- Enforcement

# THEMATIC TRENDS

## ON-SITE EXAMINATIONS



# Thematic Trends from On-Site Examinations

## Summary of Examinations Conducted - 2025

	AML	CRS	AML and CRS	AML/Credit	Foreign Regulator
Trust Companies	1	6	2	0	0
Banks and Trusts	6	3	3	0	1
Commercial Bank	1	0	1	1	0
<b>Total</b>	<b>8</b>	<b>9</b>	<b>6</b>	<b>1</b>	<b>1</b>

Legend
<b>AML</b> – Anti Money Laundering
<b>CRS</b> - Common Reporting Standard
<b>Credit</b> – Credit Risk

# Thematic Trends from On-Site Examinations

## AML - Banks and Trust Companies

- To strengthen Board oversight and involvement in Compliance Officer (CO)/Money Laundering Reporting Officer's (MLRO) performance evaluation,
- To strengthen risk-based Enhanced Due Diligence (EDD) for high-risk and Politically Exposed Persons (PEP) relationships,
- To enhance AML/CFT/CPF training, awareness, and competency across all staff levels,
- To strengthen the customer risk-rating framework to ensure objective, consistent, and replicable outcomes, and
- To ensure timely quarterly filing of Terrorist Property Reports (TPRs) in accordance with Section 70(3) of the Anti-Terrorism Act, 2018.

# Thematic Trends from On-Site Examinations

## CRS - Banks and Trust Companies

- The need to establish or enhance procedures governing the end to end CRS reporting process,
- Absence of second-line quality assurance over CRS framework and reporting, and
- No internal audit review of CRS governance, controls, and reporting since implementation.

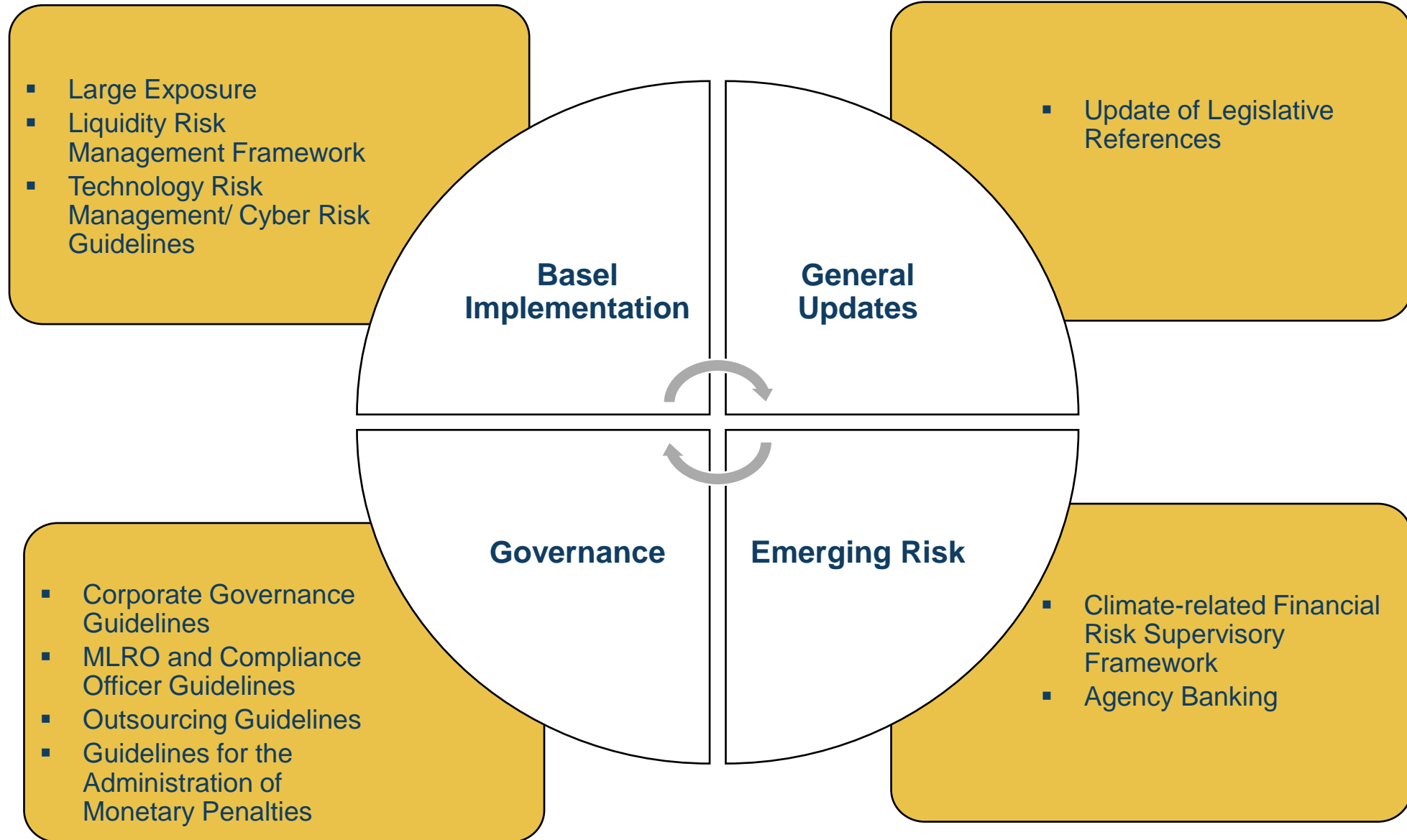
# POLICY INITIATIVES



1974



# Policy Initiatives





# Guidelines and Guidance Notes

- **Large Exposure Framework (Regulations and Guidelines)**
  - Enhanced prudential standards that seek to limit maximum loss SFI could incur.
  - Ensure exposure does not compromise SFI solvency.
- **Uniformed Bye-Laws for Cooperative Credit Unions Operating in The Bahamas**
  - Subject to enactment of the Bahamas Co-operative Credit Unions (Amendment) Bill and Regulations 2025 revisions to the bye-law to be made to ensure consistency with legislation *“Uniformed Bye-Laws for Cooperative Credit Unions operating in The Bahamas”*.
- **Guidelines for Technology Risk Management and Cyber Risk Management**
  - Includes observations and recommendations arising from 2023 industry survey issued by CBOB.
  - Considers Basel supervisory initiatives related to the digitalization of finance and dependency on third party service providers (see:- **Outsourcing Guidelines**).
- **Guidelines for Administration of Monetary Penalties**
  - Subject to enactment of compendium of legislation issued for public consultation (Oct. 2025), guidelines to be revised to ensure consistency with amended legislative mandate.

# Industry Consultation

## Liquidity Risk Management Framework Post-QIS Survey



- More than two thirds of SFIs reported a LCR and NSFR  $\geq 100\%$ .
- SFIs falling below ratio submitted explanations for consideration for review.

### Preliminary Feedback

- Descriptive guidance notes helpful for knowing exactly what to report.
- Existing ERS Reporting Requirements assisted with sourcing data.
- Map the LCR and NSFR to populate form from the ERS.
- Consideration for larger inclusion of assets as HQLA.
- Timing difference for submissions between ERS and LCR Reporting.

## Agency Banking Framework



- Feedback provided insight on the following:
  - Reporting and oversight procedures,
  - Minimum standards for non-bank participation,
  - Supervisory and Reporting Framework,
  - Consumer Protection and Public Awareness, and
  - Contingency and Risk Mitigation measures.
- Guideline for Agency Banking Framework drafted and under internal review.
- Consideration for Pilot Program Development.



For more detailed information about this presentation or our services, please contact us at:



#### **Web Address**

[www.centralbankbahamas.com](http://www.centralbankbahamas.com)



#### **Email**

[BSD@centralbankbahamas.com](mailto:BSD@centralbankbahamas.com)



#### **Telephone**

+1 (242) 302-2600

Bank Supervision Department

# Contact Us