



# TERRORIST FINANCING RISK ASSESSMENT

*SUMMARY OF FINDINGS*  
2024



**The Bahamas**

Office of the Attorney-General &  
Ministry of Legal Affairs

# The Bahamas

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This Summary of Findings presents a condensed assessment of terrorist financing (TF) risks in The Bahamas, based on the full national TF risk report. It highlights key threats, sector-specific vulnerabilities, and the effectiveness of the country's legal, institutional, and regulatory safeguards. While no domestic TF activity has been detected, the document identifies potential exposure points and outlines the proactive measures in place to protect the financial system. The findings support a risk-based approach and align with FATF standards, ensuring that The Bahamas remains resilient against emerging TF threats.

# The Bahamas

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## *Terrorist Financing Risk Assessment – Summary of Findings*

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### Table of Contents

1. Foreword.....	4
2. Executive Summary.....	6
3. Introduction and Context.....	7
4. National Terrorism and Terrorist Financing Threat Assessment.....	8
o Terrorism Threat Assessment	
▪ Key Findings	
▪ Threat Profile and Level of Activity	
o Terrorist Financing Threat Assessment	
▪ Key Findings	
▪ Assessment of Threat Level	
5. National Terrorist Financing Vulnerability Assessment.....	17
o Summary of Key Vulnerabilities	
o Sectoral Analysis (see main text for details)	
o TF Detection Systems	
o Supervisory and Regulatory Frameworks	
o Legal and Institutional Framework for TFS	
o Implementation of Targeted Financial Sanctions (TFS)	
o Designation and Delisting Procedures	
o Overall Assessment of Vulnerabilities	
6. Conclusions.....	27
7. Strategic Priorities for Sustaining Low Vulnerability.....	27
8. Capacity Building and Technical Support.....	28
9. Appendices.....	28
o A. Relevant Legal Instruments	
o B. Summary Tables (Threats, Vulnerabilities, STRs)	
o C. Case Examples	
o D. Acronyms and Abbreviations	

## FOREWORD

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In an increasingly complex global environment, The Bahamas remains steadfast in its commitment to upholding the highest standards in preventing terrorist financing (TF) and safeguarding the integrity of its financial system.

The Bahamas recognizes that a proactive, risk-based approach to countering TF is essential to protecting national security and maintaining the resilience and reputation of the jurisdiction as an international financial services centre. These efforts reflect a unified approach among government agencies, supervisory bodies, and financial sector stakeholders. This report, the country's first stand-alone Terrorist Financing Risk Assessment ("Assessment"), captures that collective resolve and lays the groundwork for continued enhancement of our counter-terrorist financing framework.

In recent years, The Bahamas has modernized its legislative and regulatory framework through key enactments such as the Proceeds of Crime Act 2018 (POCA), Anti-Terrorism Act 2018 (ATA), Financial Transactions Reporting Act 2018 (FTRA), and the Register of Beneficial Ownership Act 2018 (ROBOA). These reforms have significantly strengthened transparency, oversight, and enforcement, contributing to major milestones, including The Bahamas' removal from both the European Union's anti-money laundering (AML) blacklist and the Financial Action Task Force's ("FATF") grey list.

Our achievements were further demonstrated in 2022, when The Bahamas received "Compliant" or "Largely Compliant" ratings on all 40 FATF Recommendations, a distinction attained by only a select number of jurisdictions worldwide. While these outcomes are encouraging, we recognize that continued vigilance is essential, as TF threats continue to evolve in complexity and scope.

Global disruptions, including the COVID-19 pandemic, have reshaped financial behavior and introduced new vulnerabilities. These developments underscore the need for a resilient, forward-looking response guided by real-time risk indicators and emerging typologies.

Looking ahead to the Fifth Round Mutual Evaluation in 2026, the emphasis will shift toward demonstrating tangible effectiveness in our counter-terrorist financing framework. To this end, The Bahamas continues to refine its systems including further updates to the Anti-Terrorism Act and enhancements in beneficial ownership transparency to align with the latest standards.

This report is the product of inter-agency collaboration and consultation. It evaluates the effectiveness of current measures across financial and non-financial sectors, including targeted sanctions, suspicious transactions reporting, and customer screening. It also underscores the importance of inter-agency coordination, international cooperation, and risk-based supervision, which are pillars of an effective counter-terrorist financing regime. Like the National Risk Assessment, this Assessment will be periodically updated to reflect new and emerging threats, ensuring it remains relevant and responsive to the evolving global landscape.

The Bahamas remains firmly committed to strengthening and modernizing its regulatory and supervisory environment. Ongoing reforms are aimed at enhancing agility, transparency, and accountability across all sectors. These efforts support the effective implementation of this Assessment's findings and reinforce The Bahamas' readiness to meet international standards and expectations.

I extend my sincere appreciation to all agencies and individuals who contributed to this assessment, particularly the Compliance Unit, which spearheaded the process with the support of the Identified Risk Framework Coordinator and the International Legal Cooperation Unit within my Office. I also recognize the invaluable contributions of key regulators, the Financial Intelligence Unit (FIU), law enforcement agencies, and other relevant stakeholders. Your dedication strengthens our national resilience and reinforces international confidence in our financial system.

Ryan L. Pinder, K.C., Attorney General & Minister of Legal Affairs

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## Executive Summary

In line with FATF standards, The Bahamas is committed to identifying, assessing, and understanding its TF risks and applying a risk-based approach to mitigating them. FATF guidance defines a TF risk assessment as a process that examines threats, vulnerabilities, and potential impacts across all relevant sectors, using both qualitative and quantitative data. This assessment reflects The Bahamas' dedication to meeting international obligations and protecting the integrity of its financial system.

This Assessment presents a comprehensive evaluation of national threats, vulnerabilities, and mitigation measures in accordance with FATF standards, covering the period 2019–2024. Using both quantitative and qualitative data, including suspicious transaction reports and law enforcement intelligence, this assessment provides a strong foundation for ongoing risk management and prevention efforts.

There have been no incidents of terrorism or TF reported to, investigated by, or prosecuted by the relevant authorities, including LEAs and the Office of the Director of Public Prosecutions (ODPP).

Overall, the national TF risk for The Bahamas is assessed as **low**, reflecting both the limited level of identified threat and the strength of the country's legal, institutional, and supervisory frameworks designed to prevent misuse of the financial system for TF purposes. However, risk levels vary across sectors. Higher exposure has been identified in banking, money transfer services, and digital assets, primarily due to the nature of their products and services. These sectors are subject to targeted regulatory oversight and ongoing supervision through a risk-based approach, which helps mitigate their elevated risk profiles.

The non-profit organisation (NPO) sector, previously viewed as potentially vulnerable to TF abuse, now operates under a strengthened legal and supervisory framework. Findings from the 2022 sectoral risk assessment confirm that the residual risk in the NPO sector is low, thanks to enhanced registration, monitoring, and risk-based oversight mechanisms.

Moreover, The Bahamas' status as an international financial centre and regional transshipment hub presents inherent TF vulnerabilities. These risks are mitigated through robust correspondent banking safeguards, currency control policies, and active participation in international cooperation frameworks. Together, these measures significantly reduce exposure while ensuring alignment with international TF standards.

This Assessment identifies key vulnerabilities, including the potential misuse of legal persons, sustained cross-border exposure, and emerging risks associated with digital financial products. However, these challenges are being actively addressed through mechanisms such as the Beneficial Ownership Secure Search (BOSSs) system; a dedicated legal and regulatory framework for digital assets; and robust supervision of money transfer service providers.

To ensure continued effectiveness, the report recommends sustaining a risk-based approach across all sectors, with focused attention on those with elevated risk profiles. Continued investment in capacity-

building, inter-agency coordination, and industry engagement will be critical to maintaining national resilience. Enhancing information-sharing platforms, monitoring global trends, and aligning with evolving international standards will further support effective TF risk management in a dynamic threat environment.

## Introduction and Context

### Purpose and Scope of the TF Risk Assessment

1. This Assessment examines TF risks in The Bahamas for 2019–2024, with relevance through 2025. Its objective is to support policymakers, regulators, financial institutions (FIs), and other stakeholders in strengthening risk-based controls across sectors potentially vulnerable to TF. The Assessment reviews the legal and institutional framework, sector-specific exposure, and the effectiveness of supervisory, investigative, and enforcement mechanisms.

### Methodology and Data Sources

2. The Assessment applied the World Bank TF Risk Assessment Tool, which integrates qualitative and quantitative information to produce an objective risk profile. Data sources included suspicious transaction reports (STRs), law enforcement intelligence, supervisory findings, and prior national risk assessments. The methodology aligns with FATF Recommendations and Immediate Outcomes, reinforcing national resilience and international cooperation.

### Stakeholder Engagement

3. Broad stakeholder engagement ensured diverse perspectives and collective ownership of findings. Participants included government agencies, regulatory authorities, the FIU, LEAs, the Office of the Attorney General, supervisory agencies, and civil society representatives such as Civil Society Bahamas.

### Addressing Data Limitations

4. The low level of identified TF activity limited domestic case studies and prosecutions, requiring use of proxy measures like supervisory reviews, international typologies, and sector-specific risk indicators. Some sectors also showed gaps in historical reporting due to evolving regulatory coverage. Supplementary data collection and targeted engagement with competent authorities mitigated these limitations, supporting credible and proportionate conclusions.

5. The section below outlines the key legislative instruments and regulatory arrangements that support the country's CTF regime. A summary of these instruments and their TF-related functions is provided in [Appendix A](#).

## National Terrorism and Terrorist Financing Threat Assessment

### *Terrorism Threat Assessment*

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### Key Findings

- The overall terrorism threat to The Bahamas is **assessed as low**.
- No terrorist organisations operate within the jurisdiction and **no incidents of domestic terrorism have been recorded** during the assessment period.
- Intelligence indicates **no operational presence or activity by international terrorist groups**.
- No evidence exists that The Bahamas has been **used as a transit point or logistical hub** for terrorist activity.
- **No terrorism-related mutual legal assistance requests or international intelligence alerts** were received during the assessment period.
- The country maintains **strong border controls, inter-agency coordination, and international cooperation mechanisms** to monitor potential threats.

### Overview and Methodological Approach

6. In conducting the terrorism threat assessment for The Bahamas, competent authorities considered intelligence from domestic LEAs, supervisory agencies, and international partners, as well as indicators such as the presence of extremist networks, recruitment activity, foreign terrorist affiliations, and the potential exploitation of the jurisdiction for logistical or operational purposes. This approach supports the identification of potential vulnerabilities and informs the overall assessment of terrorism risk within the jurisdiction.

7. Given the absence of known terrorism cases in The Bahamas during the assessment period, the analysis relies primarily on international typologies, regional trends, and sector-specific indicators to evaluate the potential for terrorist activity<sup>1</sup>. This approach helps ensure that safeguards remain proportionate to identified risks, while supporting ongoing vigilance and international cooperation. **Table 1 (Appendix B(I))** outlines the key indicators used in assessing the terrorism threat in The Bahamas.

### Threat Profile and Level of Activity

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#### Domestic and Foreign Terrorism Threat

8. The domestic terrorism threat in The Bahamas is assessed as **low**. No terrorist organisations operate locally, and the Royal Bahamas Police Force (RBPF) reported no homegrown extremism during the

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<sup>1</sup> Financial Action Task Force, *Terrorist Financing Risk Assessment Guidance* (2019) <https://www.fatf-gafi.org/publications/methodandtrends/documents/risk-assessment-guidance.html>; United Nations Office of Counter-Terrorism, *United Nations Global Counter-Terrorism Strategy* (adopted 2006, reviewed 2023) A/RES/60/288 <https://www.un.org/counterterrorism/un-global-counter-terrorism-strategy>; Caribbean Financial Action Task Force (CFATF), *Typologies Report 2022–2023* <https://www.cfatf-gafic.org>.

assessment period. Potential concerns include lone actors who may become radicalized online or through foreign ideologies. These risks are actively monitored by the RBPF's Anti-Terrorism Unit (ATU) in coordination with regional and international networks.

9. The foreign-linked terrorism threat is also assessed as **low**. Intelligence indicates no interest or activity by international groups such as ISIS, Al-Qaeda, Boko Haram, or right-wing extremist organisations. While the jurisdiction's geographic location and international connectivity present a theoretical exposure, robust regulatory, immigration, and border control systems mitigate these risks. A 2023 case involving a dual national underscores the importance of monitoring high-risk profiles, even in the absence of domestic TF activity.

10. The case example in [Appendix C](#) underscores the importance of continued vigilance by FIs in monitoring clients with potential high-risk profiles, even in the absence of domestic TF activity. It highlights the relevance of adverse media screening, customer due diligence, and international intelligence cooperation in detecting external threats that may carry indirect exposure for the jurisdiction.

#### [Implementation of United Nations Security Council Resolutions \(UNSCRs\)](#)

9. As a member of the United Nations, The Bahamas implements relevant United Nations Security Council Resolutions on terrorism and TF, with mechanisms in place for identifying and reporting sanctioned individuals and entities. Financial institutions are required to file STRs where potential matches are identified.

10. To date, no legal or natural persons within the jurisdiction have been reported under these provisions. These procedures reinforce the jurisdiction's ability to detect and respond to sanctions-related activity in compliance with international obligations.

#### [Evolving Global Threat Landscape](#)

11. Global disruptions, such as the COVID-19 pandemic, created new potential avenues for illicit financial activity, including TF. While The Bahamas did not experience such incidents, continued vigilance remains essential, particularly regarding ideological recruitment, the potential use of territory for planning or logistics, and the development of facilitation infrastructure. None of these indicators were observed during the assessment period.

12. Typologies and case studies from comparable jurisdictions in the Caribbean and Latin America were also reviewed to assess emerging terrorism and TF risks; however, no relevant patterns or methods were identified within The Bahamas.

#### [Use of The Bahamas as a Transit or Financial Hub](#)

13. The jurisdiction's geographic and economic role presents a theoretical risk of exploitation by terrorist actors for logistical or financial purposes. However, no evidence indicates that the jurisdiction has

been used in this manner. Border controls, visa requirements, advance passenger information systems, and risk-based traveler screening protocols, alongside strong inter-agency cooperation, enhance the country's capacity to detect and disrupt potential threats. Critical infrastructure, including ports and airports, continues to require monitoring.<sup>2</sup>

### Intelligence Indicators and Ongoing Monitoring

14. During the assessment period, no terrorism-related mutual legal assistance requests, international requests for assistance, or intelligence alerts were received from international partners, including MLAT jurisdictions. Data from the FIU did not reveal any TF cases. However, several STRs were processed and disseminated to relevant authorities for intelligence purposes. (see [Appendix B](#) for STR summary).

### Border Controls and National Preparedness

15. The Bahamas maintains comprehensive border and customs controls that comply with international standards and certifications, reinforcing its role as a secure transshipment hub. The Ministry of National Security noted that there have been no terrorist threats or incidents since independence more than fifty years ago. As a result, a formal national alert system specific to terrorism has not been implemented, reflecting the jurisdiction's low vulnerability and strong resilience.

16. These border controls and national preparedness efforts complement existing inter-agency cooperation and intelligence-sharing frameworks, collectively strengthening The Bahamas' capacity to prevent and respond to terrorist threats.

### Institutional Response

17. Key agencies coordinate to address terrorism threats and associated TF risks. The RBPF's ATU investigates terrorism-related threats and extremist activity, while the Financial Crime Investigations Branch handles TF, money laundering, and related financial crimes. These units coordinate closely with the FIU, the Customs Department, and the Department of Immigration, supported by international partnerships for intelligence sharing and cross-border cooperation.

### Summary Assessment

18. The overall terrorism threat in The Bahamas is assessed as **low**, with no active networks, confirmed radicalization, or intelligence pointing to imminent or emerging threats. TF risks are similarly assessed as **low**, with the jurisdiction maintaining a risk-based posture emphasizing inter-agency coordination, intelligence sharing, proactive surveillance, and targeted enforcement.

### Summary of Key Terrorism Threat Indicators

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<sup>2</sup> See: *Vulnerabilities and Mitigation Measures* — Subsection: *Port and Border Security Controls*.

19. **Table 2** presents a concise overview of the key indicators considered in assessing the terrorism threat to The Bahamas. These factors reflect both domestic and international dimensions, providing a snapshot of the current risk environment and supporting a comprehensive understanding of potential vulnerabilities related to terrorist activity and financing.

Summary of Key Terrorism Threat Indicators

**Table 2**

Threat Factor	Current Assessment	Key Indicators / Observations	Mitigation Measures
Domestic Terrorism Threat	Low	No reported incidents during assessment period; possible lone actors or online radicalization	Active monitoring by ATU; inter-agency intelligence coordination; community awareness programs
Foreign-Linked Terrorism Threat	Low	No known group presence or activity; international finance hub	Implementation of TFS; cross-border intelligence sharing; AML/CFT supervision
Use of The Bahamas as a Transit or Financial Hub	Low	No evidence of TF-related transit, logistical support, or financial facilitation	Strong border controls, customs inspections, and cross-border monitoring; financial institution vigilance
Intelligence Indicators	Low	No detected recruitment, fundraising, or facilitation activity	FIU and law enforcement monitoring; ongoing intelligence analysis; STR reporting and investigation
Cross-Border Vulnerabilities	Medium-Low	Geographic proximity to higher-risk jurisdictions; some theoretical exposure	Enhanced customs and immigration controls; international cooperation and ML/TF risk mitigation measures
Overall Domestic & Regional Stability	Low	Stable political and social environment; no spillover from regional instability	Continuous monitoring and preparedness planning; coordination with regional partners

*Terrorist Financing Threat Assessment*

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## Key Findings

- The overall TF threat in The Bahamas is **low**.
- No domestic or foreign terrorist groups were identified as generating, receiving, or moving funds through the jurisdiction.
- Financial flows show no evidence of being used for recruitment, operational planning, procurement, or logistics.
- Formal and informal channels, including banks, NPOs, digital assets, cash, and other assets were not exploited for TF purposes.
- Intelligence from FIU, RBPF, CBB, and other authorities confirms the absence of TF activity.
- Several STRs were filed, but none indicated confirmed TF, demonstrating effective monitoring and escalation.

Authorities continue to apply a **risk-based approach**, maintain inter-agency coordination, and engage in international information sharing to detect and mitigate emerging risks.

## Overview of Global and Regional Terrorist Financing Trends

20. Global and regional TF trends reflect the evolving tactics used by terrorist groups to exploit financial systems in support of their operations. Globally, organisations such as ISIS, Al Qaeda, and their affiliates have diversified fundraising methods, including illicit trade, cryptocurrencies, and the misuse of charitable organisations.

21. The assessment also considered emerging global TF typologies and methods, including digital assets, illicit trade, and pandemic-related financial exploitation. No indicators of domestic or regional exposure were identified. These conclusions are drawn from supervisory reports, FIU analyses, and regional typology reviews.

22. In the Caribbean region, the overall threat level remains low, with few confirmed TF incidents reported across jurisdictions. International monitoring and regional assessments suggest a relatively stable environment. However, continued vigilance is necessary to respond to emerging risks. Additionally, de-risking trends and financial exclusion, particularly those resulting from the loss of correspondent banking relationships, create indirect vulnerabilities by reducing transparency and limiting access to regulated financial services.

23. In conducting the TF threat assessment for The Bahamas, several key factors were considered, including the sources of funds, the direction and intended use of these funds, and the financial and non-financial channels through which such funds might flow. This comprehensive approach helps to identify potential vulnerabilities and informs risk-based mitigation strategies. As the *FATF Guidance on Terrorist Financing Risk Assessment* states, jurisdictions should consider “**sources of funds, intended use, channels through which funds move, and the risk that arises from the convergence of these factors**” in shaping their

national TF threat profile.<sup>3</sup> This approach aligns with local policy frameworks articulated by the FIU and CBB in their risk assessments.<sup>4</sup>

### Sources of Funds

24. The Assessment examined whether terrorist groups or sympathizers generate or receive funds within The Bahamas, whether through legal means or illicit activities such as smuggling, fraud, or exploitation of legitimate businesses. No evidence was found of such activity during the assessment period.

25. The FATF Guidance highlights the importance of analysing sources including both licit and illicit activities, noting that terrorist groups often exploit criminal enterprises for financing. The assessment additionally considered whether funds could originate from abroad, including from diaspora communities, foreign sympathizers, or charitable donors; however, no such inflows or indicators were identified. These conclusions are supported by intelligence analyses and reports from the FIU and RBPF, as well as supervisory feedback.

### Direction of Funds

26. The flow of funds was analyzed to determine if money was entering, transiting through, or leaving The Bahamas to support terrorist activities either domestically or internationally. Intelligence did not show any suspicious transfers or asset movements linked to TF. According to FATF, assessing the direction of funds requires scrutiny of cross-border flows and informal channels that may facilitate covert transfers. The Bahamas' border controls and financial regulations contribute to effective monitoring and mitigation of such risks. No cases of outbound or inbound TF-related transfers, whether via formal or informal means, have been detected. This finding is based on FIU transaction monitoring, law enforcement intelligence, and regulatory oversight reports.

### Intended Use of Funds

27. Consideration was given to how funds might be used to support terrorism, including recruitment, operational planning, procurement of materials, or logistics. No indicators suggest that funds within or moving through The Bahamas are directed toward these purposes, based on intelligence reports and financial transaction analyses from the FIU, RBPF, and supervisory bodies.

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<sup>3</sup> *Financial Action Task Force, Terrorist Financing Risk Assessment Guidance (Methods & Trends, FATF 2024)* <https://www.fatf-gafi.org/en/publications/methodsandtrends/documents/terrorist-financing-risk-assessment-guidance.html>.

<sup>4</sup> United Nations Security Council, *Twenty-Second Report of the Analytical Support and Sanctions Monitoring Team S/2023/84* (13 February 2023) <https://www.un.org/securitycouncil>

28.. FATF guidance underscores the significance of identifying the intended use of funds to detect subtle forms of terrorist facilitation. This includes assessing whether financial flows support indirect or preparatory activities; however, no such indicators have emerged.

#### Financial Channels and Asset Movements

29. No transactions or asset movements linked to TF were detected through formal banking systems or alternative channels such as money transfer businesses, underground financial services, NPOs, or smuggling. Similarly, there was no evidence of TF through assets like cash, precious stones and metals, strategic goods, real estate, or virtual currencies.

30. FATF notes the necessity of monitoring both formal and informal financial sectors, including emerging methods such as virtual assets, to prevent exploitation. Supervisory authorities maintain comprehensive surveillance of these sectors in compliance with international standards. Additionally, typologies and case studies from comparable jurisdictions in the Caribbean and Latin America were reviewed to assess emerging TF risks; however, no relevant patterns or methods were identified within The Bahamas. These conclusions are drawn from supervisory reports, FIU analyses, and regional typology reviews.

#### Integrated Intelligence and Threat Landscape

31. Intelligence gathered from the International Legal Cooperation Unit (ILCU-OAG), FIU, RBPF, FCIB, and ATU confirms the absence of TF activities originating from or transiting through The Bahamas. During the assessment period, no Bahamian nationals have been recruited by or affiliated with terrorist organisations, nor have there been cases involving recruitment, travel for terrorist purposes, or related offences within the jurisdiction.

32. This coordinated intelligence sharing aligns with FATF recommendations for inter-agency cooperation to effectively identify and respond to TF threats. The Bahamas continues to participate in international information-sharing platforms to ensure early detection of any cross-border TF threats. These conclusions are based on coordinated intelligence reports and inter-agency data sharing mechanisms.

#### Suspicious Transaction Reports (STRs)

33. During the assessment period, the FIU received and analyzed STRs potentially related to terrorist financing. Reports included transactions involving digital assets, cross-border transfers, and other financial activities that could indicate risk factors. While no cases were confirmed as TF, the range of reporting demonstrates the effectiveness of monitoring across formal and informal financial sectors. These insights support ongoing risk-based surveillance and inter-agency coordination (see Appendix IV for further detail).

#### Case Study

34. To illustrate potential TF mechanisms and reporting practices, the following case study presents a hypothetical yet plausible scenario based on actual intelligence protocols and financial institution (FI) procedures. It demonstrates how FIs identify and manage suspicious TF-related transactions, including escalation to the FIU and coordination with other competent authorities. The scenario highlights the practical application of risk-based internal controls, adverse media screening, and inter-agency cooperation in detecting and mitigating TF risks.

#### Illustrative TF Case Study

An anonymized case demonstrates how a financial institution identified and escalated a transaction with potential terrorist financing indicators. Key steps included:

- Detection of potential risk through routine monitoring and screening, including adverse media.
- Application of enhanced due diligence where risk indicators were present.
- Escalation to the FIU and coordination with relevant domestic and international authorities.

#### Key Takeaways:

- Routine monitoring and risk-based procedures are critical in detecting potential TF activity.
- Escalation and STR submission ensure intelligence is shared promptly for action.
- Effective inter-agency cooperation supports the prevention and mitigation of TF risks, even in the absence of confirmed cases.

#### Assessment of TF Threat Level

35. Based on these findings, the misuse of financial channels to support terrorism in The Bahamas is assessed as **low**. No intelligence or activity currently suggests that the jurisdiction is being exploited to facilitate terrorism-related logistics or financing.

36. This low threat level reflects the robust regulatory framework and continuous vigilance maintained by domestic authorities and international partners. However, The Bahamas acknowledges that the TF threat landscape is dynamic, and emerging global or regional developments could alter its exposure. Ongoing monitoring and proactive information-sharing remain essential.

#### Conclusion on TF Threat

37. The TF threat to The Bahamas is assessed as **low**, based on the absence of identified suspicious transactions, lack of evidence of misuse of financial channels, and the robust regulatory and supervisory framework in place. This assessment is consistent with FATF guidance that a sound regulatory environment and effective supervision significantly reduce TF risks. It also reflects the jurisdiction's current strategic position, international cooperation efforts, and absence of key TF indicators across assessed channels. The conclusion is informed by comprehensive data from multiple agencies and consistent with international best practices.

## Summary of TF Threat Factors

38. The assessment found that The Bahamas faces a **low threat of TF** across all examined dimensions. There is no evidence of domestic or foreign fundraising, nor of funds being directed toward recruitment, logistics, or other terrorist activities. Formal and informal financial channels, including banks, NPOs, cash, and digital assets, show no signs of misuse for TF purposes. Intelligence indicators, including STRs and cross-border information, reveal no confirmed activity, though monitoring continues. The jurisdiction’s regulatory, intelligence, and enforcement frameworks are robust, with strong inter-agency coordination and international reporting mechanisms, supporting effective mitigation of TF risks.

39. **Table 3** outlines the key factors considered in assessing the TF threat in The Bahamas. These factors reflect both domestic and international dimensions, including the origin and direction of funds, financial channels, and the jurisdiction’s exposure to exploitation by terrorist actors. The inclusion of intelligence-based findings and comparative typologies supports a comprehensive understanding of the TF threat environment and informs proportionate mitigation strategies within the broader counter-terrorism framework.

**Table 3**

## Summary of TF Threats Factors

Factor	Description	Findings	Threat Level
Sources of Funds	Whether TF-related funds are generated domestically or received from abroad	No evidence of domestic or foreign fundraising for TF purposes	Low
Direction of Funds	Inflows/outflows of funds for TF purposes	No intelligence indicating inbound, outbound, or transiting TF funds	Low
Intended Use of Funds	Use of funds for recruitment, procurement, logistics, or other terrorist activities	No indicators of misuse of funds for terrorism	Low
Financial & Non-Financial Channels	Use of banks, NPOs, cash, crypto, or other channels for TF	No evidence of exploitation of formal or informal channels	Low
Intelligence Indicators	STRs, cross-border information, recruitment, or affiliations	No confirmed TF activity; analysis ongoing and monitored	Low
National Response Capacity	Effectiveness of regulatory, intelligence, and enforcement systems	Strong inter-agency cooperation and international reporting mechanisms	Adequate

### Summary of Key Vulnerabilities

The Bahamas' financial and non-financial sectors demonstrate strong resilience against TF risks, supported by robust legal, regulatory, and supervisory frameworks. Sectoral assessments indicate that most entities face low inherent TF vulnerability, with medium-low ratings applied primarily to sectors with cross-border exposure, higher-value transactions, or complex structures, such as international banks, real estate, digital assets, casinos, and certain DNFBPs. Comprehensive risk-based supervision, inter-agency coordination, and targeted financial sanctions (TFS) enhance national safeguards. Overall, vulnerabilities are well-managed, but continued vigilance, monitoring, and adaptive risk mitigation remain essential.

### Overview

40. Building on the low TF threat, this assessment examines sectors, systems, and channels that could potentially be exploited for TF under certain conditions. It evaluates the capacity of The Bahamas' **financial institutions (FIs), designated non-financial businesses and professions (DNFBPs)**, and other relevant sectors, including the practical application of supervisory frameworks, risk-based measures, and consistency of regulatory oversight. While the current threat remains low, this ensures that national safeguards remain **robust, forward-looking, and capable of addressing emerging TF typologies**.

41. Although the acute phase of the COVID-19 pandemic has passed, its long-term effects on financial systems continue to inform TF risk assessments. International reports, including **FATF** and U.S. analyses, indicate that pandemic-related disruptions temporarily created opportunities for exploitation through **emerging typologies** and shifting criminal behaviours. In The Bahamas, sectors such as **securities (particularly online), digital payment platforms, and non-profit organisations (NPOs)** have been identified as potentially vulnerable. Higher-risk sectors, including **securities, insurance, real estate, and digital assets**, have strengthened **monitoring and compliance frameworks** to maintain resilience in line with international guidance.

### Sectoral Analysis

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#### Banking Sector

42. The banking sector is a **fundamental pillar** of The Bahamas' financial system and a key channel for financial intermediation. It is **regulated and supervised by the CBB** under a **risk-based framework** aligned

with international AML/CFT standards, with supervision tailored to each institution's size, complexity, and risk profile.

### Domestic Banking Sub-Sector

43. The domestic banking sub-sector includes commercial and retail banks primarily serving resident individuals and businesses in Bahamian dollars. These institutions provide essential services such as savings, loans, and domestic transfers. Banks are subject to comprehensive AML/CFT obligations, including strong KYC/CDD protocols, ongoing transaction monitoring, and timely STR filing. While exposure exists to cash-based risks, local corruption, and potential misuse of personal accounts, current controls are generally effective in mitigating these risks.

44. Correspondent banking relationships are crucial for international payments (e.g., USD) and are subject to heightened transparency and compliance standards, including wire transfer monitoring, CDD, and beneficial ownership (BO) transparency.

45. Intelligence from the FIU, law enforcement, and supervisory reviews confirms no TF-related activity in the domestic banking sector during the assessment period. Given the sector's systemic importance and role in international financial flows, continued vigilance is required. Overall, the domestic banking sub-sector is assessed as **Low risk** for TF vulnerability.

### International Banking Sub-Sector

46. The international banking sub-sector serves non-resident clients and primarily conducts business in foreign currencies, catering to high-net-worth individuals, corporate clients, trusts, and investment vehicles. Domestic operations are generally limited unless specifically authorized. This sub-sector operates under stringent AML/CFT requirements. Risks stem from cross-border operations, complex ownership structures, and potential misuse of accounts for layering or TF, particularly involving opaque jurisdictions or politically exposed persons (PEPs).

47. The CBB maintains active supervision through on-site inspections, thematic reviews, and off-site monitoring. International banks generally demonstrate high compliance maturity, with advanced AML/CFT systems and strong awareness of obligations under the ATA, IEOAMA, and relevant UNSCRs.

48. No TF activity was identified during the assessment period. However, the sub-sector's inherent cross-border exposure and client profile require continued vigilance through regulatory engagement, independent audits, and international cooperation.

**Overall Vulnerability Rating:** Medium-low.

### Cross-Border Vulnerabilities and Correspondent Banking

49. The Bahamas, as an international financial center and strategic transshipment hub, implements rigorous controls over cross-border financial activities to mitigate TF risks. Correspondent banking relationships are subject to enhanced due diligence and continuous oversight to prevent misuse by illicit actors.

50. These measures are reinforced through active international cooperation and information sharing, enabling effective identification and management of cross-border vulnerabilities. Risk-based supervision ensures that FIs and other relevant sectors maintain stringent controls aligned with FATF Recommendations, addressing evolving typologies such as complex layering and jurisdictional arbitrage.

51. The Bahamas' participation in mutual legal assistance, intelligence sharing, and multilateral forums further strengthens its ability to detect, investigate, and disrupt TF activity using transnational financial channels. Overall, cross-border controls contribute to a low TF vulnerability rating, despite inherent risks associated with international financial flows.

### Credit Unions

52. Credit unions in The Bahamas are regulated and supervised by the Central Bank under the Bahamas Co-operative Credit Union Act, 2015, with full authority to oversee AML/CFT obligations. Serving primarily domestic members, the sector is localized, retail-focused, and involves simple transactions in Bahamian dollars.

53. From a TF perspective, the sector has very limited inherent risk. The restricted membership, absence of cross-border activity, and lack of complex financial products or foreign currency services reduce potential vulnerabilities. The Central Bank's risk-based supervision, including governance and CDD reviews, further mitigates residual risks.

**Overall TF vulnerability: Low.**

### Money Transfer Services (MTS)

54. MTS providers facilitate domestic and cross-border remittances and are subject to the same AML/CFT obligations as other FIs, including CDD, transaction monitoring, and STR reporting. Providers are regulated through on-site inspections and off-site reviews, with enhanced due diligence applied to higher-risk transactions or jurisdictions.

55. While the sector's fast, low-cost services present some potential vulnerability to misuse for TF, these risks are mitigated by regulatory oversight, limited service offerings, and active engagement between regulators and providers. Informal channels could be misused, but no TF incidents have been detected.

**Overall TF vulnerability: Medium-low.**

### Non-Profit Organisations (NPOs)

56. The Bahamas has established a dedicated legal and regulatory framework for NPOs, including the Non-Profit Organisations Act, 2019 (as amended), and the NPO Regulations, 2022. These instruments ensure registration, governance, record-keeping, and financial reporting. Oversight is conducted by the Compliance Unit in the Office of the Attorney-General through a risk-based supervision program involving monitoring, outreach, and training.

57. The 2022 NPO Risk Assessment determined that the sector’s TF vulnerability is **low**, reflecting its small size, primarily domestic focus, and lack of links to high-risk jurisdictions or conflict zones. Ongoing engagement and guidance help ensure that NPOs maintain transparency in funding and proper use of donations. The updated assessment identified some increase of potential TF risk from international sources. (see case below). As such, the NPO TF vulnerability has been determined as **Medium-Low**.

#### Case Study: Risk-Based Vetting of a High-Risk Religious NPO

A foreign religious NPO (“Entity X”) applying for incorporation was flagged under risk screening protocols due to **foreign control, anticipated cross-border operations, and governance concerns**. While no direct links to TF or terrorist groups were identified, the entity was assessed as **high-risk for potential abuse**. Authorities **denied incorporation for domestic operations**, applied **enhanced due diligence**, and maintained **ongoing supervision** of the registered entity.

#### Key Takeaways:

- Risk-based controls across the entity lifecycle are essential for preventing abuse.
- Inter-agency coordination strengthens regulatory effectiveness.
- Continuous monitoring ensures high-risk entities are mitigated in line with **international AML/CFT standards**.
- The NPO sector remains **resilient with low TF vulnerability**, supported by robust legal and supervisory safeguards.

#### Securities Sector

58. The securities sector is regulated under the Securities Industry Act, 2011, with oversight provided by the Securities Commission of The Bahamas (SCB). Licensed market participants, including broker-dealers, investment advisers, and securities exchanges are required to implement risk-based AML/CFT controls proportionate to their services.

59. The Bahamas’ securities markets consist of both domestic and international sub-sectors. The domestic sector focuses on Bahamian clientele with mostly Bahamian denominated securities. Some domestic firms also provide their Bahamian clients with access to internationally traded securities. Firms apply customer due diligence, ongoing monitoring, and record-keeping, including verification of beneficial

ownership. The SCB conducts on-site inspections, thematic reviews, and compliance assessments to ensure effective implementation of controls and address emerging risks.

60. The international securities sector often operates across borders, with transactions involving multiple jurisdictions. This can create opportunities for terrorist financiers to obscure the origin and destination of funds. Terrorist financiers can potentially use various techniques, such as layering transactions, using shell companies to mask their activities within the securities sector. Cross-border transactions, particularly where business is conducted with foreign clients, can present potential avenues for exploitation by designated individuals and entities to evade sanctions and facilitate terrorist financing. This risk is actively mitigated through the Commission's risk-based supervisory program (onsite and off-site surveillance examinations), which include testing for sanctions compliance, as well as registrants' mandatory reporting obligations under the UNSCR and IOEAMA framework.

Contributing risk factors include:

- (i) The size of riskier firms;
- (ii) The client base of firms that include PEPs and international clients;
- (iii) The use of legal entities and arrangements; and
- (iv) The nature of delivery channels, products and services offered by firms.

61. The SCB mandates that all licensees and registrants implement AML/CFT/CPF internal controls, policies and procedures to address their ML/TF/PF risks in alignment with the applicable legislative instruments namely: Financial Transactions Reporting Act, 2018 and Regulations, 2018, Securities Industry (AML/CFT) Rules, 2019 for capital markets and investment funds licensees and the Financial Intelligence (Transaction Reporting) Regulations, 2001 for all registrants and licensees. These controls must also be aligned with national legislative requirements and international standards, including FATF Recommendations.

62. Supervisory Focus:

- Strengthening internal controls
- Enhancing transaction monitoring technologies
- Providing ongoing guidance and sector-specific training
- Supporting compliance with emerging threats

Overall, the securities sector demonstrates robust AML/CFT safeguards, ensuring low TF vulnerability while maintaining readiness to address evolving risks.<sup>5</sup> However, due to the complexity of products, sizeable volume of business, use of legal entities and arrangements, non-resident clients, the TF vulnerability is determined to be **Medium-Low**.

### Digital Assets and Virtual Currencies

63. The Bahamas regulates digital assets and virtual currencies through the Digital Assets and Registered Exchanges (DARE) Act, 2024, which establishes licensing and supervisory requirements for Digital Asset Businesses (DABs), including Virtual Asset Service Providers (VASPs) such as exchanges,

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<sup>5</sup> SCB Public Notices and Industry Bulletins on AML/CFT Compliance

wallets, and custodians. These entities must comply with risk-based CDD, transaction monitoring, and STR reporting to the FIU.

64. The sector is supervised by the SCB, which conducts licensing assessments, regulatory reporting reviews, and targeted inspections. Given the inherent features of virtual assets cross-border reach, pseudonymity, and rapid transfers the sector carries potential TF exposure. These risks are mitigated through robust oversight, layered control mechanisms, and strong public-private cooperation. The SCB mandates that all licensees and registrants implement AML/CFT/CPF internal controls, policies and procedures to address their ML/TF/PF risks in alignment with the applicable legislative instruments namely: FTRA and FTRR, POCA, ATA, and DARE (AML/CFT/CPF) Rules, 2022 for DARE registrants.

65. Authorities engage with DABs via consultations, guidance, and technical briefings, and coordinate inter-agency through the IRFSC. International cooperation and information-sharing support the monitoring of emerging TF typologies and cross-border risks.

66. No confirmed TF cases involving digital assets have been identified in The Bahamas to date. The sector's TF vulnerability is assessed as **Medium**, reflecting its global operability and technical complexity, mitigated by robust regulatory oversight, public-private collaboration, and ongoing investment in regulatory technology. Emerging fintech products, mobile money, and peer-to-peer platforms are monitored to ensure alignment with risk-based supervision and AML/CFT standards.

#### Insurance Sector

67. The insurance sector is regulated by the Insurance Commission of The Bahamas (ICB) under the Insurance Act, 2005 (as amended), and is subject to AML/CFT obligations for life and general insurers, as well as agents and brokers. Obligations are implemented using a risk-based approach in line with FATF guidance.

68. Life insurance products with investment or cross-border components are recognized as higher-risk for TF, but these risks are mitigated through robust customer due diligence, sanctions screening, and timely STR reporting. The ICB monitors compliance through on-site inspections and off-site supervision, ensuring firms align controls with business models, client profiles, and product risk levels.

69. No TF-related activity has been detected in the sector. Overall, the insurance sector demonstrates strong regulatory compliance, proactive oversight, and effective mitigation measures, resulting in a **low vulnerability** rating for TF.

#### Real Estate Sector

70. The real estate sector is subject to AML/CFT regulations covering brokers, developers, and attorneys involved in property transactions. Obligations include customer due diligence (CDD), transaction record-keeping, and reporting of suspicious transactions to the FIU. These measures address the sector's exposure to high-value and occasionally cash-intensive transactions, which could be vulnerable to TF.

71. The sector is supervised by the Central Bank of The Bahamas (CBB) under the Financial Transactions Reporting Act (FTRA). Supervision includes registration, risk assessments, off-site reviews, and on-site inspections, with enhanced scrutiny for foreign buyers, complex ownership structures, and politically exposed persons (PEPs).

72. No TF-related activity has been detected to date. The sector demonstrates strong regulatory oversight, effective risk mitigation, and awareness of AML/CFT obligations, resulting in a **medium-low TF vulnerability** rating. Ongoing monitoring ensures responsiveness to emerging global typologies and international case studies.

### Dealers in Precious Metals and Stones (DPMS) and Pawn Shops

73. DPMS, including pawn shops, are subject to AML/CFT/CPF obligations under the Financial Transactions Reporting Act (FTRA) and supervised by the Compliance Commission (CC) via registration, outreach, and risk-based onsite examinations. The sector primarily conducts face-to-face transactions with domestic clients and tourists from the United States, Canada, and the United Kingdom. While high-value portable products exist, the Bahamas is not a hub for international high-value jewelry trade, and most transactions are settled via credit card or bank transfer, reducing TF exposure. CDD is applied to all transactions  $\geq$  \$15,000, exceeding the FATF cash-only threshold, and tax-free shopping systems enhance transparency.

74. Globally, precious metals and stones are recognized as vulnerable to TF due to liquidity and transportability. However, no TF cases or STRs have been reported in this sector locally. Training, outreach, and ongoing CC supervision support compliance readiness and sector integrity.

75. The TF vulnerability of DPMS and pawn shops is assessed as **medium-low**, reflecting the product characteristics, international clientele, and global typology relevance. This risk is mitigated by low cash usage, robust legislative frameworks, digital tracking, and active supervision, with ongoing monitoring to address emerging threats.

### Legal Professionals

76. Legal professionals in The Bahamas are subject to AML/CFT obligations under the FTRA, POCA, and ATA, reinforced by Codes of Practice and the Bahamas Bar Association's Code of Professional Conduct. Obligations apply when providing services with potential ML/TF exposure, such as real estate transactions, holding client funds, forming legal entities or arrangements, and acting as nominees. The sector is supervised by the Compliance Commission (CC) through onsite inspections, offsite reviews, and targeted outreach. While law firms handle a significant share of DNFBP deposits, this primarily reflects involvement in large, often cross-border transactions rather than elevated TF risk.

77. Certain services like company formation and nominee arrangements—can theoretically be misused to obscure ownership or the source of funds. Internationally, such typologies exist, but no TF cases have

been identified locally. The sector's client base is mostly from low-risk jurisdictions (USA, Canada, Europe), and the rise of non-face-to-face transactions during COVID-19 has not increased TF exposure.

78. The TF vulnerability of the legal sector is assessed as **medium-low**, reflecting potential risks inherent in certain services. These are mitigated through strong legal and regulatory frameworks, active supervision, and adherence to established AML/CFT standards.

#### Entities and Persons Acting in the Capacity of Trustees

79. Trustees providing services as a business in The Bahamas are subject to AML/CFT/CPF obligations under the FTRA. Registrants must comply with customer due diligence, recordkeeping, and suspicious transaction reporting, and are supervised by the Compliance Commission (CC).

80. Trustee services registered with the Compliance Commission are provided by a small number of entities, including a government-owned entity managing a defined contribution provident fund for public sector employees, and a corporate service provider with a modest cross-border client portfolio. Contributions and assets are primarily domestic or held with regulated financial institutions, limiting exposure to TF. The sector's small size, limited commercial scope, and robust oversight mitigate inherent vulnerabilities.

81. CBB Licensed Trust Company Service providers conduct significant business cross-border. Internationally, trust structures can be misused to obscure beneficial ownership or fund sources, but no TF cases have been identified locally. These licensees are supervised using a risk based approach and obligated to comply with the FTRA and FTRR, POCA, AML & CTF Guidelines.

82. The TF vulnerability of the trustee sector is assessed as **medium-low to medium**, reflecting the cross-border activity and inherent risk of trust arrangements, offset by effective supervision, strong regulatory frameworks, and adherence to AML/CFT standards.

#### Accountants

83. Accountants in The Bahamas are subject to AML/CFT/CPF obligations when performing certain activities, such as managing client funds, acting as nominee shareholders, or providing registered office services. However, most accounting firms do not provide these regulated services, and only a small number of registered firms operate under strict professional and regulatory standards.

84. Clients are primarily domestic or from **low-risk jurisdictions** (e.g., the United States and Canada), and corporate services generally involve straightforward structures with limited use of complex ownership or nominee arrangements. Most services are provided face-to-face, with minimal non-face-to-face interactions. The sector's TF vulnerability is mitigated by strong internal controls, including AML policies, staff training, customer due diligence, PEP identification, STR filing, and compliance with sanctions. Independent obligations under auditing further enhance detection and reporting capabilities.

85. Overall, the accounting sector's TF vulnerability is assessed as **medium-low**, reflecting the limited number of firms engaged in high-risk activities, low-risk client profiles, and robust control measures. Continued supervision and compliance monitoring support the sector's low exposure to terrorist financing risks.

### Gaming Houses

86. Gaming Houses are designated as FIs under section 3 of the FTRA and operate within a strictly regulated framework. These entities serve exclusively domestic customers and are prohibited from conducting business with non-residents. Transactions occur primarily in person, such as over-the-counter betting, or via online interactive platforms; however, all operations remain local, with no reported cross-border transactions or use of virtual assets during the assessment period.

87. Although the online element of some gaming services may pose a limited anonymity risk, this is effectively mitigated through mandatory full registration and customer due diligence, including identity verification for online accounts. Payment methods are mainly cash-based, with a small number of operators accepting debit cards. The sector does not accept cryptocurrency, which considerably reduces opportunities for TF through international layering or digital asset transfers.

88. The TF vulnerability associated with Gaming Houses is assessed as **low**, reflecting their domestic-only operations, absence of links to high-risk jurisdictions, and the comprehensive licensing and regulatory oversight provided by the Gaming Board. The sector complies with AML/CFT requirements consistent with other FIs, including filing suspicious transaction reports, maintaining transaction records, and implementing risk-based internal controls. No TF-related activity has been identified in this sub-sector to date, and the limited number of STRs filed have not indicated terrorism concerns. Continued supervisory efforts, enhanced transaction monitoring technologies, and targeted sector training are essential to sustaining this low-risk profile.

### Casinos

89. Casinos in The Bahamas are regulated under the Gaming Act, 2014 (as amended), and supervised by the Gaming Board. They are subject to AML/CFT obligations, including CDD, ongoing monitoring, STR reporting, recordkeeping, and internal controls proportionate to their operations. Casinos serve primarily international clients, offering table games and slot machines in licensed resort environments. This client profile introduces inherent TF exposure, particularly through cross-border payments such as bank transfers, cheques, and cards. Face-to-face gaming, the absence of cryptocurrency use, and verification processes reduce—but do not eliminate—these risks.

9.0 No TF incidents or typologies were identified during the assessment period. The sector benefits from strong regulatory oversight, operator compliance, and transparency measures such as taxation on adjusted gross revenues.

91. The TF vulnerability of the casino sector is assessed as **Medium-low**, reflecting the combination of cash-intensive operations, international clientele, and cross-border flows mitigated by robust supervision, face-to-face transactions, and institutional compliance. Continued emphasis on enhanced due diligence, sanctions screening, and source-of-funds verification remains essential.

### Legal Persons and Arrangements

92. The TF vulnerability of legal persons and arrangements in The Bahamas is assessed as **Medium-low**, reflecting strong legal and institutional frameworks that promote transparency but possible potential opportunities for misuse. Corporate vehicles including companies under the Companies Act, IBC Act, Foundations Act, Exempted Limited Partnership Act, and Segregated Accounts Companies Act are subject to beneficial ownership (BO) reporting under the ROBOA. Authorities, including the FIU and law enforcement, have timely access to accurate BO information through the Beneficial Ownership Secure Search system (BOSSs). Registered agents and competent authorities ensure compliance, supported by enforcement procedures and supervisory oversight.

93. Trusts and foundations, while legitimate planning tools, can present inherent vulnerabilities due to complex, layered structures that may obscure ownership. No TF cases have been identified domestically, though international typologies highlight potential misuse. Supervised trust service providers implement governance frameworks, robust compliance programs, and enhanced due diligence where third-party administrators are involved.

94. FIs and DNFBPs further reinforce safeguards by collecting and verifying BO information as part of CDD obligations, creating a dual layer of oversight. Residual risks from cross-border activities and complex arrangements are mitigated by coordinated supervision and regulatory frameworks. Overall, centralized BO systems, dual compliance obligations, and strong inter-agency oversight ensure that legal persons and arrangements in The Bahamas present a **Medium-low TF vulnerability**.

### Overall Assessment of Vulnerabilities

95. Across financial and non-financial sectors, The Bahamas primarily maintains **Low- Medium-Low** TF vulnerability. While some sectors face moderate exposure due to cross-border operations, higher-value transactions, or complex structures, robust supervision, comprehensive regulatory frameworks, and inter-agency coordination effectively mitigate risks. The national TF detection systems, complemented by targeted financial sanctions, further reinforce resilience. Continued monitoring, risk-based supervision, and adaptation to emerging typologies will sustain this strong protective posture. A summary table outlining the vulnerability ratings across all sectors is included in the **Appendix B(II)**.

## Conclusions

96. This assessment confirms that The Bahamas maintains a robust and well-coordinated framework to mitigate TF risks. Despite inherent vulnerabilities associated with its status as an international financial

centre and geographic location, TF threats remain **low**, and national safeguards including strong legal, regulatory, and supervisory measures effectively mitigate potential risks. Inter-agency collaboration, risk-based supervision, and adherence to international standards underpin the jurisdiction's resilience against TF activity. Overall, considering low to medium low TF vulnerability, low threats, the residual TF risk is determined to be **low**.

## Strategic Priorities For Sustaining Low Vulnerability

### Strengthen Risk-Based Supervision Across Sectors

- i. Continue applying risk-based approaches to supervision, including enhanced due diligence, targeted monitoring, and periodic inspections, focusing on sectors with higher exposure such as digital assets and securities.

### Maintain Beneficial Ownership Transparency and Robust CDD

- ii. Ensure ongoing compliance with customer due diligence obligations and accurate verification of beneficial ownership across financial and non-financial sectors.

### Enhance Cross-Border Cooperation and Intelligence Sharing

- iii. Build on existing international collaboration to improve timely information exchange and coordinated responses to potential TF threats, particularly those associated with correspondent banking and transnational flows.

### Sustain Effective Implementation of Targeted Financial Sanctions (TFS)

- iv. Maintain timely designation, asset freezing, and delisting of individuals and entities in accordance with UN Security Council Resolutions, with ongoing oversight and private sector engagement.

### Foster Industry Engagement and Capacity Building

- v. Support continuous dialogue, training, and outreach to ensure stakeholders remain aware of evolving TF risks and implement effective internal controls.

## Capacity Building and Technical Support

97. Ongoing investments in capacity building ensure that regulators, the FIU, law enforcement, and private sector stakeholders have the skills, tools, and resources necessary to respond effectively to emerging TF threats. This includes regular training, adoption of advanced technology for transaction monitoring and sanctions screening, and active collaboration with international partners to strengthen national TF resilience.

## Appendices

### Appendix A – Legal and Regulatory Framework

#### Key Legislative instruments

Legislation / Regulation	Objective	Key Provisions Relevant to TF
Anti-Terrorism Act, 2018 (ATA) & Anti-Terrorism Regulations, 2019 (ATR)	Criminalize terrorism and its financing	- Prohibits provision/collection of funds for terrorism regardless of source/use- Empowers authorities to freeze assets under UNSCRs- Grants investigative/enforcement powers to FIU and other authorities
International Economic Obligations Ancillary Measures Act, 1993 (IEOAMA)	Implements UN and international sanctions restrictions	- Enables rapid asset freezing and investigation - 2019 amendment mandates timely UNSCR implementation and authorizes Attorney General to direct FIs to investigate/share info- Supports FATF Recommendations 6 & 7
Proceeds of Crime Act, 2018 (POCA)	Disrupt illicit financial flows	- Civil forfeiture without criminal conviction- Unexplained wealth orders- Authority to obtain financial info and monitor transactions
Financial Transactions Reporting Act, 2018 (FTRA) & Regulations 2018, (FTRR)	Strengthen regulatory compliance by FIs & DNFBPs	- Mandates customer due diligence (CDD), especially for PEPs- Requires recordkeeping & suspicious transaction reporting (STR)- Administrative sanctions for non-compliance
Register of Beneficial Ownership Act, 2018 (ROBOA)	Enhance transparency of company ownership	- Maintains accurate, up-to-date beneficial ownership (BO) information- Secure BOSSs system accessible to competent authorities- Supports FATF Recommendation 24
Non-Profit Organisations Act, 2019 (as amended) & Regulations 2022 (NPOA)	Prevent TF abuse in NPOs	- Mandatory registration & reporting- Transparency of objectives, control, funding, and beneficiaries- Authorities may deny/revoke registration on TF suspicion- Recordkeeping and reporting obligations aligned with FATF Rec. 8
Travellers Currency Declaration Act, 2015 (TCDA)	Mitigate TF via cash couriers	- Mandatory declaration for currency ≥ \$10,000- Enforcement via inspections and declaration desks

Legislation / Regulation	Objective	Key Provisions Relevant to TF
Financial Intelligence Unit Act, 2023 (FIUA)	Strengthen financial intelligence capabilities	- Designates FIU as central agency for receiving/analyzing STRs- Coordinates with law enforcement and supervisory authorities to detect TF
Digital Assets and Registered Exchanges Act, 2020 (DARE) & DARE AML Rules 2022	Regulate virtual assets / VASPs	- CDD, monitoring, and STR reporting for virtual asset transactions- Supervisory oversight by SCB- Mitigates emerging TF risks in digital finance
Banks and Trust Companies Regulation Act, 2020 (BTCRA)	Supervise banks, trust companies, credit unions	- AML/CFT examinations, administrative sanctions, license revocation authority
Securities Industry Act, 2024 & Insurance Act, Chap 347	Extend AML/CFT obligations to non-bank FIs	- Risk-based approach, CDD, STRs, compliance obligations

- These instruments collectively criminalize TF, enforce asset freezes, strengthen compliance obligations, and enable cross-border cooperation.
- Detailed narrative descriptions of each law are retained in the main text for reference.

#### Cross-Border Cooperation Frameworks

The Bahamas enables international cooperation in criminal matters, including TF investigations, asset tracing, and evidence collection, through legislation including:

- Criminal Justice (International Cooperation) Act, 2000 (CJICA)
- Evidence (Proceedings in Other Jurisdictions) Act, 2000 (EPOJA)
- Mutual Legal Assistance (Criminal Matters) Act, 1988 (MLAA)

This framework collectively ensures:

1. **Comprehensive legal coverage** – criminalizing TF, enabling asset freezes, regulating financial and non-financial entities.
2. **Operational capacity** – empowered agencies with investigative, supervisory, and enforcement tools.
3. **International alignment** – supports UNSCR implementation, FATF recommendations, and cross-border cooperation.
4. **Transparency and monitoring** – BO register, FIU reporting, and NPO supervision reduce potential for misuse.

#### Appendix B (I)

##### Key Factors Considered in Assessing the Terrorist Threat in The Bahamas

Factor	Description	Outcome
Historical Incidence of Terrorist Activity	Consideration of past domestic or foreign-linked terrorist incidents or planning within the jurisdiction.	No known incidents during the assessment period were reported by law enforcement authorities (LEAs).
Presence of Radicalized Individuals or Groups	Assessment of whether any known radicalized actors or extremist groups are operating within national borders.	No identified groups or individuals.
Geopolitical Relevance	The Bahamas' role as a financial and transportation hub, which may attract illicit interest.	Medium-low exposure, but no evidence of misuse for terrorism.
Exposure to Extremist Propaganda	Evaluation of access to radicalizing content, including online platforms.	Theoretical risk only; no known cases.
Domestic and Regional Stability	Influence of internal or neighboring instability on terrorism risk.	Stable domestic environment; no spillover threats identified.
Law Enforcement and Intelligence Capabilities	National capacity to detect and respond to threats.	Strong inter-agency coordination and intelligence capability.
Support Infrastructure	Potential for logistical support bases aiding terrorist activity.	No support infrastructure identified.
Interests of Foreign Terrorist Organisations	Whether international groups show interest in The Bahamas.	No known operational or financial interest.
Cross-Border Vulnerabilities	Risks tied to geographic proximity to higher-risk jurisdictions.	Some vulnerability, but mitigated by strong border controls and international agreements with primary economic trading partners the United States of America, United Kingdom and Canada.

#### Appendix B(II) TF Vulnerability Ratings by Sector

Sector	TF Vulnerability Rating	Key Mitigating Measures
Domestic Banking	Low	Strong supervision, robust AML/CFT controls, limited international exposure.
International Banking	Medium-Low	Cross-border risk mitigated by mature compliance and supervision.

Sector	TF Vulnerability Rating	Key Mitigating Measures
Credit Unions	Low	Domestic, face-to-face, low-risk client base.
Money Transfer Services	Medium-Low	Cross-border remittances mitigated by CDD and closed-loop systems.
Non-Profit Organisations	Medium-Low	Small-scale, mostly domestic, with indication of increase in cross-border threats, robust legal and supervisory framework.
Securities Sector	Medium-Low	International and Domestic clients, cross-border exposure, strong oversight.
Insurance Sector	Low	Life products with comprehensive controls; supervised by ICB.
Real Estate	Medium-Low	High-value transactions mitigated by CDD and regulatory oversight.
DPMS / Pawn Shops	Medium-Low	Low cash use, strict CDD, majority small-scale transactions, potential threat exists due to an average of 10 million tourist sector.
Legal Professionals	Medium-Low	Potential services abuse and misuse; mitigated by Codes of Practice, Compliance Commission oversight.
Trustees	Medium-Low	Cross-border elements and potential abuse mitigated by regulated FIs by CBB and Compliance Commission.
Accountants	Medium-Low	Small subset engaged in high-risk activities; strong internal controls and oversight.
Gaming Houses	Low	Domestic-only operations, no cross-border/crypto activity, strong AML/CFT supervision.
Casinos	Medium-Low	International clientele; mitigated partially by in-person transactions, internal controls, and strong supervision.
Digital Assets / VASPs	Medium	Mitigated by DARE framework, SCB oversight, public-private cooperation.
Legal Persons & Arrangements	Medium-Low	Centralized BO register, dual BO checks by FIs/DNFBPs, strong supervision.



#### Appendix B(III) - Summary of STRs Related to Potential TF

Case Reference	Type of Suspicion	Submitted To	Status
STR-001	TF (Digital Assets)	Police, SCB	Closed by FIU
STR-002	TF	Police, Foreign FIU	Closed by FIU
STR-004	TF	Police, Foreign FIU	Closed by FIU
STR-006	TF	Police, Foreign FIU	Closed by FIU

Case Reference	Type of Suspicion	Submitted To	Status
STR-007	TF (Digital Assets)	Foreign FIUs, Police, CBB	Closed by FIU
STR-009	TF	Foreign FIUs, SCB, Police, AGO	Closed by FIU
STR-011	TF (under analysis)	-	Pending
STR-012	TF (under analysis)	-	Pending

#### Analysis:

- No confirmed TF activity to date.
- STRs contribute to the broader intelligence picture and support ongoing monitoring and risk assessment.

#### Appendix C– Case Example of External Threat

##### Dual Citizen Charged with Plot to Attack U.S. Power Infrastructure

- In 2023, Brandon Russell (dual US/Bahamas citizen) was charged with conspiracy to attack Baltimore’s power grid.
- Arrested and later sentenced to 20 years in U.S. federal prison.
- Highlights the importance of monitoring high-risk clients and adverse media screening, even in the absence of domestic TF activity.

#### Appendix D– Acronyms and Abbreviations

Acronym	Full Name / Description
AML	Anti-Money Laundering
ATA	Anti-Terrorism Act (2018)
ATR	Anti-Terrorism Regulations (2019)
BO	Beneficial Ownership
BOSSs	Beneficial Ownership Secure Search system
CBB	Central Bank of The Bahamas
CCB	Compliance Commission of The Bahamas
CDD	Customer Due Diligence
DNFBPs	Designated Non-Financial Businesses & Professions
EDD	Enhanced Due Diligence

Acronym	Full Name / Description
FIU	Financial Intelligence Unit
FATF	Financial Action Task Force
FTRA	Financial Transactions Reporting Act
FTRR	Financial Transactions Reporting Regulations
IBC	International Business Company
IRFSC	Identified Risk Framework Steering Committee
NIRFC	National Identified Risk Framework Coordinator
NPO	Non-Profit Organisation
POCA	Proceeds of Crime Act
RBDF	Royal Bahamas Defence Force
RBPF	Royal Bahamas Police Force
ROBOA	Register of Beneficial Ownership Act
SCB	Securities Commission of The Bahamas
STR	Suspicious Transaction Report
TFS	Targeted Financial Sanctions
VASP	Virtual Asset Service Provider