



# Gross Economic Contribution of the Financial Sector in The Bahamas (2019)

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*Published in the Quarterly Economic Review,  
March, 2020 (Vol. 29, No. 1) Pages 37-48*

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# GROSS ECONOMIC CONTRIBUTION OF THE FINANCIAL SECTOR IN THE BAHAMAS (2019)

## INTRODUCTION

The financial services sector accounts for an estimated 15%-20% of the country's Gross Domestic Product (GDP), second only to the dominant tourism sector. The industry has a direct impact on domestic employment and expenditure, while also indirectly affecting other substantial sectors, such as construction, and wholesale & retail trade. In the domestic space, value-added is foremost from the intermediation of the resources and facilitation of payments and settlements for commerce. The international sector exports services, provide benefits more exclusively from employment and local operating expenses.

The 2019 survey of The Bahamas' financial services sector revealed that, in expenditure terms and tax revenues, the sector's economic contribution was slightly expanded. Yet heightened challenges remained, with further trend-reduction in employment and in the number of supervised financial institutions (SFIs), particularly, in international operations. The range of domestic financial services across banking, insurance, credit unions and other regulated activities were slightly expanded, albeit the mild credit environment tempered growth prospects. The international activities were further retrenched in both employment and licensed operations, notably in banking and securities industry activity. Uncertainty persisted around adjustments to the jurisdiction's embrace of global tax transparency and cooperation obligations; the convergence of commitments to counter financial crimes abuses; and the adverse interplay of punitive multi-lateral and bilateral sanctioning regimes. These continue to influence the re-domiciling of operations and clients to Europe, outweighing emerging growth in markets such as Latin America. In both domestic and international operations, there also continued to be efficiency driven reduction in operations costs.

The estimated balance sheet size of financial sector operations was expanded in 2019. Domestic and international banks assets registered a marginal rebound to \$186.6 billion, although remaining below estimates at the middle part of the decade. In terms of fiduciary assets, in 2019, a growth of 8.7% was recorded for an end-balance of \$254.9 billion. Similarly, a partial rebound in international assets under management was noted for the securities industry; while the onshore insurance and credit union positions also improved, with the former exceptionally boosted from undisbursed re-insurance claims settlements.

Meanwhile, supervisory bodies and policy makers continued to advance robust strengthening of the regulatory regime. At the Central Bank, this included further concentration on risk-based supervision for both banks and non-bank entities, and sustained strengthening of the AML/CFT framework. Developments in the sector also featured the successful completion of The Bahamas' second Financial Sector Assessment Programme (FSAP) mission in January 2019, conducted by a team from the International Monetary Fund (IMF). The assessment comprised of a series of comprehensive reviews of the key segments of the financial sector, mainly systemic risk oversight, financial stability analysis and stress testing, banking supervision, and crisis management and to a lesser extent, the insurance and securities activities. The findings indicated that there were no threats to financial stability in The Bahamas. Pursuit of enhanced financial inclusion and financial access outcome was also noteworthy, with payments system modernization initiatives helping to promote the digital reach of domestic services.

## GOVERNMENT REVENUES

Aggregate tax revenues by the Government, continue to track the financial sector's trend-performance, narrowing by 13.6% to an estimated \$157.5 million in 2019. A reduced volume of domestic intermediation

trimmed the associated levies by 21.2% to an estimated \$86.0 million, due to lesser valuations on mortgage underwriting, and in the volume of cash and check withdrawals. However, license and registration fees also fell by 2.2% to \$71.5 million. In particular, the returns from banks and trust companies (70.8% of the total) declined by 0.8%; and from international businesses (18.6% of the total), by 9.4%. The associated collections on investment funds (9.2% of the total) rose by 1.2%. Licensing and registration fees have remained elevated since the middle of the decade, though predominately as result of significant appreciation in rates levied on both domestic and international banks trust companies. For commercial banks, this also incorporated new business license fees that were replaced with revenue neutral domestic supervisory levies, starting in 2020.

## THE BANKING SECTOR

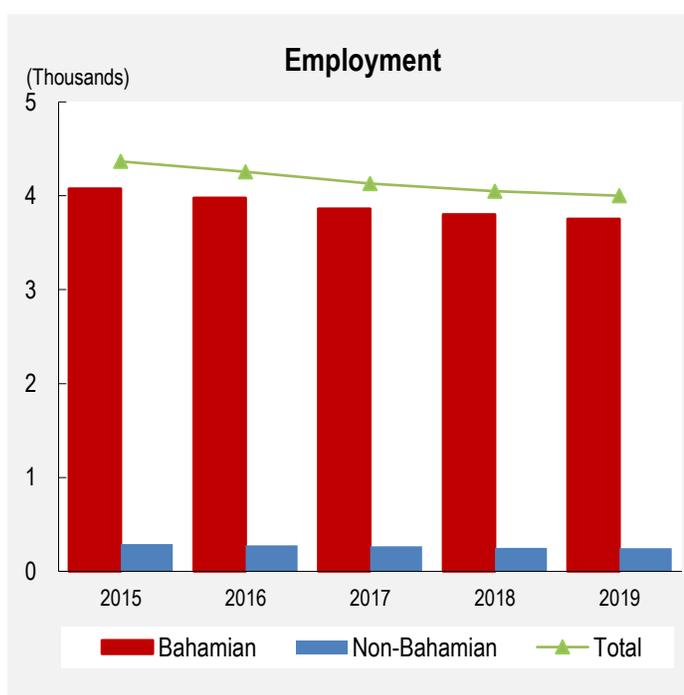
The banking sector remained as the dominant component in the financial system, with domestic intermediation as the largest concentration of activity. On the domestic side, commercial banks operated within an environment of elevated liquidity, attributed to persistently subdued private sector credit demand and banks’ conservative lending posture. These SFIs’ credit quality indicators improved, amid ongoing debt restructuring activities, and accommodative hurricane relief measures. Operations costs increases, more so than employment benefits, fueled higher expenditures in the economy.

Amid ongoing adjustments to external market pressures, the total number of banks and trust companies licensed in The Bahamas decreased further by 10 to 221 in 2019, after a decline of 11 in 2018. Restricted, non-active and nominee licenses reduced by 6 to 136, while public banks and trust companies fell by 4 to 85. The public institutions provide a mix of domestic and international services, with some 47 Bahamian incorporated entities and 14 euro currency branches of foreign banks operating exclusively in the international space. The remaining 16 authorized agents and 8 authorized dealers—inclusive of 7 clearing banks—serviced both sectors. That said, the retail product focus of domestic services generated most of the sector’s value added, even though the high net worth, private banking clientele of international operations supported a balance sheet more than 10-fold higher than the local sector.

Total domestic assets of the domestic banking sector grew by 7.4% to \$10.7 billion in 2019, a turnaround from a 2.4% falloff in 2018 and an average 0.4% over the past five years, amid a rise in holdings of Government Treasury bills and other classified assets. Assets of the international banking sector also increased, by 1.1% to \$167.9 billion, a reversal from a 1.5% decline in 2018. Nevertheless, over the last five years such assets contracted by an average annual rate of 6.0%, as international operations continued to adjust to new and expanding regulatory initiatives.

## EMPLOYMENT

Reflective of the ongoing automation of operations and consolidation of businesses, total employment within banks and trust companies declined by 48 (1.2%) to

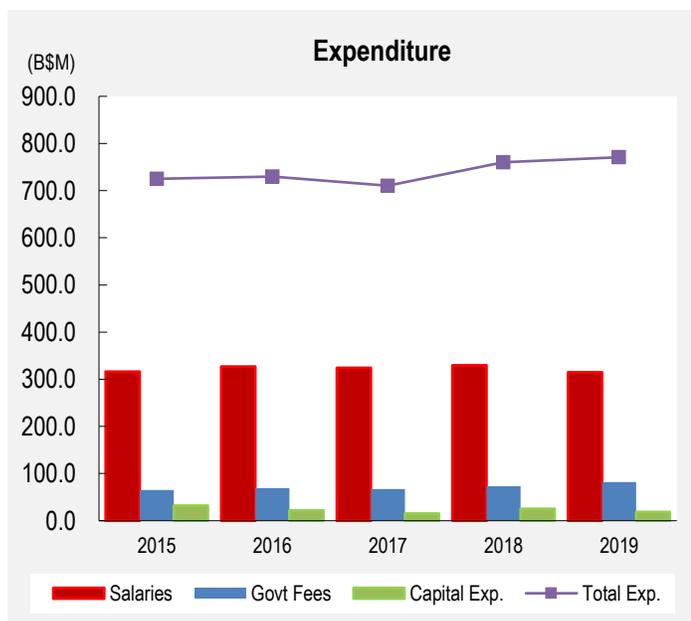


approximately 4,001 in 2019. This followed a 1.9% decrease a year earlier, and an average reduction of 3.1% over the past five years. A breakdown by nationality showed that both Bahamian and non-Bahamian employees reduced by 46 (1.2%) and 2 (0.8%), respectively, to 3,754 and 247 persons. As a result, the share of Bahamian employees in the banking sector softened by 10 basis points to 93.8% over 2018. An analysis by activity revealed that an estimated 65.5% of Bahamians were employed in the local banking sector; 15.7% in international banking, 11.9% in trust administration and 6.9% in other wealth management related activities.

## EXPENDITURES

Total expenditure in the banking sector rose by \$10.6 million (1.4%) to \$770.8 million in 2019, compared to a 7.0% increase in 2018 and an average 3.0% over the 2014-2018 period.

Underlying this outcome, total operational costs—which accounts for 97.6% of expenditure—grew by \$17.6 million (2.4%) to \$752.3 million, following a 5.7% gain last year. However, tracking employment, salaries the largest single expense, reduced by \$14.6 million (4.4%) to \$315.1 million, reversing the 1.6% gain last year. This captured declines of 2.5% and 14.2% in base salaries and bonuses, respectively. Also, staff training edged down by \$0.4 million (13.8%) to \$2.6 million, vis-à-vis a 14.6% expansion in 2018. Offsetting, other administrative costs—inclusive of utilities and charitable contributions—moved higher by \$23.8 million (7.2%) to \$352.9 million, compared to a 9.5% increase a year earlier. Further, payment of Government fees rose by \$8.8 million (12.0%) to \$81.7 million, extending the 8.5% growth in the previous year. Most of these corresponded to licensing renewal costs (\$50.6 million), stamp duty (\$11.2 million), real property tax (\$1.5 million) and other Government fees (\$15.4 million).



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Banks and trust companies' capital outlays fell by \$6.9 million (27.4%) to \$18.4 million, contrasting with a 63.1% growth last year, and an average increase of 1.2% over the past five years. The major categories of investments were in purchase of office equipment and furniture (\$15.0 million), and office space renovation (\$3.2 million).

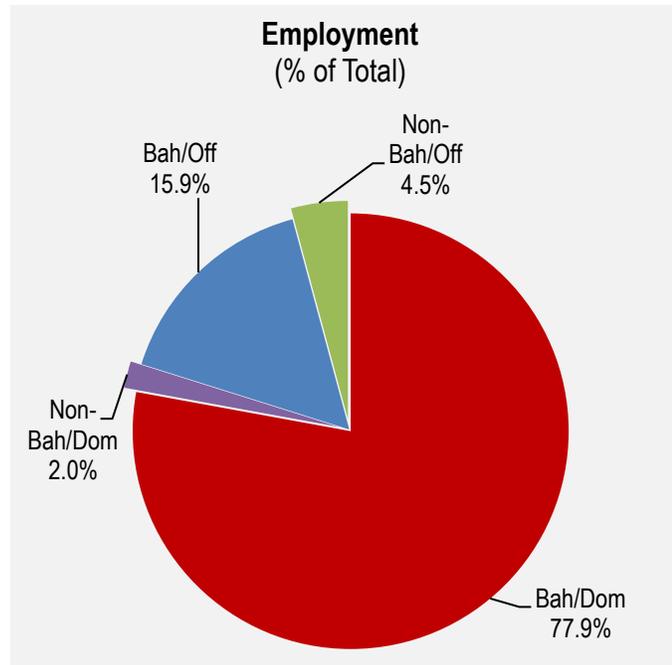
## DOMESTIC VERSUS INTERNATIONAL BANKING

A disaggregated analysis of domestic and international banking operations allows for a more detailed comparison between the domestic sector's retail oriented services and the international banking sector's wealth management related activities. This underscores the larger employment footprint of domestic operations, with a much smaller balance sheet; even though some of these entities also offer significant international services.

## EMPLOYMENT

Total employment in the domestic banking sector grew by 13 (0.4%) to 3,195 persons in 2019, following a 1.6% increase in 2018, and in opposition to an average yearly decline of 2.4% over the last five years. However, employment in the international sector decreased again, by 61 (7.0%) to 806 persons. This was still lower than the 13.0% falloff a year earlier, and an average reduction of 5.6% between 2014 and 2018, reflecting the closure of some international banks and the change in residency status to domestic banks.

An analysis of the employment composition in the domestic banking sector revealed that gains were largely attributed to an increase of 13 (19.7%) to 79 non-Bahamian posts, vis-à-vis a 22.2% advance in 2018. However, total Bahamian employment was stable at 3,116, after a 1.2% uptick last year. Consequently, the ratio of Bahamian to non-Bahamian employees narrowed to 39:1 from 47:1 in 2018.

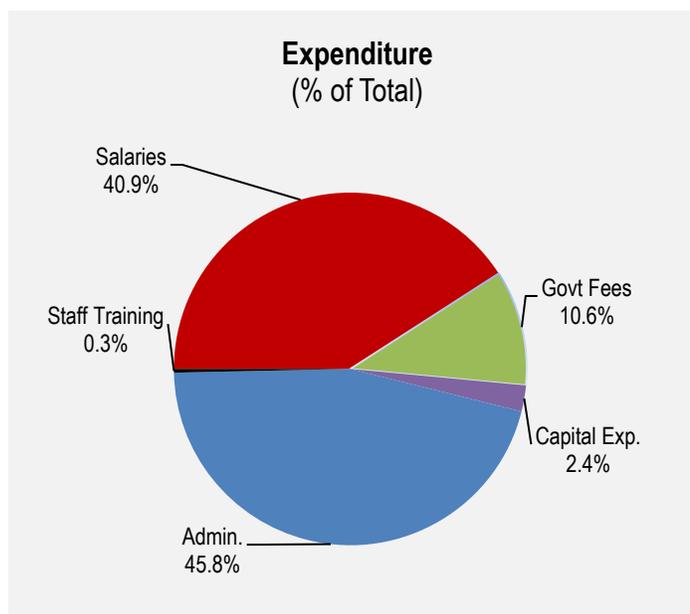


In the international sector, reductions were noted across both employee categories. Specifically, the total Bahamian staff contracted by 46 (6.7%) to 638, adding to the 12.6% falloff in the prior year. The non-Bahamian staff levels also reduced by 15 (8.2%) to 168, compared to a 14.1% decline in 2018. As a result, the ratio of Bahamian to non-Bahamian employees, in international operations firmed to 3.8:1, from 3.7:1 in 2018.

With regard to compensation, movements in average salaries varied across the banking sectors. In particular, the average salary in the international sector grew by 1.2% to \$112,419. Conversely, the average salary in the domestic sector fell by 1.0% to \$55,708. Over the last five years average salaries in the international sector rose by an estimated 4.7% per annum; while the corresponding domestic compensation strengthened by an average 4.9% per annum.

## EXPENDITURES

The domestic banking sector has continued to experience expenditure growth, in contrast to retrenchment in the international sector. Total



expenditure in domestic operations rose by 2.6% to \$524.5 million in 2019, trailing both the 10.0% expansion of year earlier and the average increase of 4.8% over the past five years. Specifically, total operational costs—which accounts for 97.0% of total outlays—grew by 2.7% to \$509.1 million, after a 9.7% gain in 2018. A review of operational costs revealed that this growth was attributed mainly to a 14.4% rise in Government fees to \$72.8 million, relative to a 10.8% increase last year. Similarly, non-staff administrative costs moved higher by 2.1% to \$238.9 million, after rising by 11.5% in 2018. However, salary expenses edged down by 0.1% to \$195.8 million, vis-à-vis a 7.2% gain in 2018, as the 0.6% decrease in base salaries outweighed the 5.3% increase in bonuses; and outlays for training contracted by 24.3% to \$1.6 million, after a 22.1% growth last year. On the capital expenditure side, spending edged up by 1.0% to \$15.4 million, after a healthier 20.9% advance in 2018.

In the international sector, as expenditure outlays fell by 1.1% to \$246.3 million in 2020, a turnaround from the 1.4% uptick a year earlier, and further to an annual average decline of 0.1% over the 2014 to 2018 period. Underlying this development, capital expenditure reduced by 69.6% to \$3.1 million, following a two-fold expansion in 2018. However, operational costs rose by 1.8% to \$243.2 million, extending the 1.6% gain last year. In particular, non-staff administrative costs expanded by 19.9% to \$114.0 million, exceeding the 4.9% growth in 2018. Likewise, outlays for staff training increased by 10.3% to \$1.0 million, after a 0.4% uptick in the previous year. However, salary expenses fell further by 10.7% to \$119.3 million, after a 5.5% decline in 2018, as base earnings and bonuses registered reductions of 6.0% and 23.0%, respectively. Further, Government fees decreased by 4.9% to \$8.9 million, surpassing the 4.2% decline last year, due to respective declines in payments for real property and stamp taxes.

## **OTHER FINANCIAL SECTOR ACTIVITIES**

### **SECURITIES INDUSTRY**

Comprehensive data on expenditure and employment was not available for the securities industry, however reductions in the volume of supervised entities and vehicles suggest abated activity. According to the Securities Commission of The Bahamas (SCB), the number of registered securities firms increased by 7 to 164, while the number of licensed investment fund administrators declined by 5 to 57. Further, the number of licensed investment funds under administration fell by 23 to 725. Nevertheless, total assets under management rose just above an estimated \$190.0 million in 2019, nearly recovered to the 2015 valuation.

The SCB also continued to supervise financial and corporate services providers (FCSPs), which are domestic professional firms that provide services to the financial sector, inclusive of incorporation and the management of international business companies (IBCs). In 2019, the number of FCSPs decreased by 4 to 349.

### **INSURANCE SECTOR**

Indications are that conditions within the local insurance sector remained relatively stable in 2019, despite the losses suffered by non-life firms following the passage of Hurricane Dorian, which devastated Abaco and Grand Bahama. The most recent data from the Insurance Commission of The Bahamas (ICB), revealed that the number of licensed insurers, brokers and agents increased by 9 to 160 in 2019. In particular, domestic intermediaries and insurers increased by 9 to 127, while the number of external insurers and intermediaries steadied at 33.

Amid the influx of reinsurance claims settlements related to Hurricane Dorian, that were still undisbursed at year's end, total assets of domestic companies rose by 51.2% to \$3,107.0 million in 2019. Notably, assets of

the general insurers more than doubled to \$1,661.0 million from \$610.5 million in 2018. The asset base of the long-term insurance segment increased by a muted 0.1% to \$1,446.0 million.

The insurance sector continued to provide relatively stable employment in the region of 1,200 persons in 2019, with average annual salaries close to \$50,000. Although a comprehensive estimate was not derived, indications are that overall expenditures in the economy increased. In particular, with outlays among domestic long-term insurers projected at \$208.6 million, of which 94.3% represented operating cost.

## CREDIT UNIONS

The credit union sector sustained modest growth in economic value-added in 2019, on a stable base of 10 regulated entities—inclusive of the Bahamas Co-operative League Limited. The sector's aggregate assets advanced by 5.6% to \$476.0 million, owing in large measure to a 46.3% rise in liquid assets (mainly cash and deposits). Further, loans to members grew by 1.1% to \$226.8 million, due primarily to expansion in education related facilities. Funding resources, from largely members' deposits, rose by 6.5% to \$411.3 million.

Excluding intermediation costs, credit unions' total expenditure firmed by \$0.5 million (1.8%) to \$31.6 million in 2019. Specifically, operational outlays rose by \$1.6 million (9.1%) to \$19.2 million, attributed to a 13.9% growth in general business expenses to \$0.4 million and a 6.1% increase in staff expenses to \$7.5 million, while the remaining non-capital costs rose by 10.8% to \$6.5 million. Meanwhile, capital expenditure (investment property expenses) grew by 6.8% to \$1.7 million during the review year. With regard to employment, the total number of staff firmed by 1 to 183 persons at end-2019.

## OTHER FINANCIAL SECTOR DEVELOPMENTS

Efforts continued, among key stakeholders, regulators and the public sector to strengthen the Bahamian financial services infrastructure, with sustained focus on satisfying international regulatory benchmarks, and addressing the jurisdiction's obligations on tax transparency and cooperation; reducing financial crimes risks; prudential regulation; and enhancing the product base of the sector.

The work of the Group of Financial Services Regulators (GFSR)<sup>1</sup>, remained pivotal in addressing AML/CFT and anti-proliferation, with ongoing emphasis on the development of joint industry guidance and convening joint engagements with key stakeholders to promote awareness of the national risk reduction strategy for financial crimes. In this regard, The Bahamas' first National Conference on AML/CFT Risk Management was held in June 2019. Regulators also published the *Bahamas 2018 AML/CFT Report* in February 2019, focusing on sub-sector developments and risk assessments to inform strategic improvements. GFSR representatives, along with law enforcement agencies also maintained engagement through the Attorney General's Office, with the Regional (CFATF) and Plenary bodies of the Financial Action Task Force. This work focused on executing and monitoring follow-up progress on the 2017 Mutual Evaluation Report on the jurisdiction's AML/CFT effectiveness.

## CENTRAL BANK INITIATIVES

At the Central Bank, initiatives targeted overarching strengthening of the supervisory regime, employing risk-based supervision, for both bank and non-bank entities on AML/CFT and other financial crimes risks, with heightened importance on identifying trends and emerging risks. The Bank launched an engagement

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<sup>1</sup> GFSR members are the Central Bank of The Bahamas, the Securities Commission of The Bahamas, the Insurance Commission of The Bahamas, the Gaming Board for The Bahamas and the Compliance Commission of The Bahamas. The Financial Intelligence Unit also participates in GFSR meetings and activities.

strategy, to sustain correspondent banking relationships, publishing an inaugural newsletter to keep correspondents informed of the jurisdiction's AML efforts. Further, the Bank introduced a new reporting and analytic template to continuously monitor regulatory compliance and the effectiveness of SFIs' risk management systems. The Bank signaled that the next progression would be a tailored report on the outcome of the onsite examinations of these systems that could be disclosed to the respective correspondent banks of SFIs.

Otherwise, the Central Bank concluded the final round of consultation on the proposed legal reforms to the crisis management framework for its SFIs; and to the Central Bank's governance arrangements. On prudential and financial stability, the proposals address strengthening and clarification of the proposed resolution approach for trouble financial institutions; extension of participation in the deposit insurance scheme to credit unions; and broadening of participation in the payments and settlements system to all Central Bank SFIs. The reforms, which touch on other areas too, will result in a new and revamped, Central Bank of The Bahamas Act, a new version of the Bank's and Trust Companies Regulations Act, and amendments to the Protection of Depositors Act.

The last round of public consultation on legal reforms, incorporated input from The Bahamas' second Financial Sector Assessment Programme (FSAP) mission, led by the IMF, in January 2019. The assessment comprised comprehensive reviews of the key segments of the sector, predominantly banking, and to a lesser extent, the insurance and securities activities. The findings summarize that there were no significant threats to the stability of the Bahamian financial sector; and acknowledged the strategic initiatives implemented since the 2012 Mission, which aided in strengthening the overall regulatory and supervisory framework for the banking and trust sectors. The FSAP's input to the draft legislation help to refine crisis management provisions.

In the domestic space, the Central Bank also sustained development of the centralized securities depository (CSD) for Bahamas government debt. This is part of the modernization process to list and trade these instruments on the Bahamas international Securities Exchange (BISX); and to eventually introduce market-based mechanism for the issuance pricing of Government debt. These advances also progress the Central Bank closer towards developing indirect instruments for monetary policy implementation.

As a critical plank in promoting financial inclusion and modernizing the domestic payments system, the Bank piloted the introduction of the Bahamian digital currency, Project Sand Dollar, in Exuma on December 27, 2019. The pilot was expanded to Abaco in February 2020. This initiative is to provide the country with a modernized, interoperable payments infrastructure, accessible to all residents. In addition to the targeted full integration of micro, small and medium-sized businesses into the digital payments ecosystem, expectations are that the digital currency infrastructure will enable universal access to banking services; help to reduce unrecorded economic activities; and help to curtail money laundering and other illicit activities more easily perpetrated with cash. The Bank anticipates moving beyond the pilot phase in the third quarter of 2020, taking advantage of the regulatory framework that would be enabled under the Central Bank of the Bahamas Bill, 2020.

In 2019, the Bank also advanced the ease of access to credit initiative by issuing the first credit bureau license to CRIF Information Services Bahamas Limited. This followed passage of the Credit Reporting Act in 2018, and issuance of the accompanying regulations in the first quarter of 2019. With the introduction of the credit bureau, the jurisdiction is now positioned to strengthen the information quality upon which lending decisions are made.

## CONCLUSION AND OUTLOOK

Although marginal growth was evident in segments of the financial sector's contribution to the Bahamian economy in 2019, it was still overshadowed by the average trend of consolidation stemming from uncertainties in the international space, and the persistent need for efficiency driven adjustments in operating costs. The international product offering has continued to experience negative fallout from the implementation of international tax cooperation and transparency initiatives, suppression of financial crimes risks, and the political sanctioning regimes that empower these reforms. In these respect, losses have concentrated in the European market, with the likelihood that this segment will fuel further re-domiciling of clients and financial institutions to their home countries. That said, business opportunities in new markets such as Latin America have attracted the establishment of new operations, and growth within such client bases for some longer standing licensees.

Beyond contribution that will continue to be anchored by growth in domestic services, from the essential intermediation activities, aggregate outcomes for the financial services sector are also expected to rest upon the adjustment processes within the international sector. Maintaining parity with global regulatory standards, prudential and otherwise, as well healthy outcomes from engagement in the international political process are essential to promoting favourable medium term outcomes for these activities. For its part, the Central Bank will sustain its focus on strengthening the regulatory framework of its SFIs, as this is a key component in the country's offering to international clients. The collaborative stance across all regulators will continue to be strengthened, so as to support the growth and resilience of the financial services sector. The ongoing regulatory reforms are also essential to maintaining confidence and stability in domestic financial services. These objectives will also be sustained through initiatives that promote financial inclusion and financial literacy.

The financial sector's medium-term prospects also hinge on sustained exploitation of new growth prospects in the international space and policy initiatives to strengthen the competitiveness of the operating environment for both domestic and international institutions. Even with business growth, the search for cost efficiencies, including through the increasing digital delivery of financial services, will constrain average employment growth in the medium-term—especially within domestic financial services. That said, the recent establishment of the credit bureau, will reduce medium and longer-term uncertainties, and is expected to generate bi-directional benefits between credit expansion and economic activity.

**Table A: Government Revenue from Financial Sector Activities (B\$ Millions)**

| Period                                    | 2015p        | 2016p        | 2017p        | 2018p        | 2019p        |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>A. Taxes on Transactions</b>           | <b>97.9</b>  | <b>88.4</b>  | <b>98.5</b>  | <b>109.2</b> | <b>86.0</b>  |
| Gross Insurance Premium Tax 1/            | 21.9         | 21.7         | 22.1         | 23.2         | 24.3         |
| Stamp Tax on Mortgages                    | 9.0          | 15.5         | 15.2         | 18.5         | 8.3          |
| Stamp Tax on Other Banking Transactions   | 66.7         | 51.0         | 61.0         | 67.3         | 53.2         |
| Stamp Tax on Instruments & Bonds          | 0.3          | 0.2          | 0.2          | 0.3          | 0.4          |
| <b>B. Licence &amp; Registration Fees</b> | <b>71.3</b>  | <b>67.5</b>  | <b>71.0</b>  | <b>73.1</b>  | <b>71.5</b>  |
| International Business Companies (IBCs)   | 16.7         | 14.4         | 15.1         | 14.7         | 13.3         |
| Banks and Trust Companies 3/              | 49.0         | 47.6         | 50.5         | 51.0         | 50.6         |
| Insurance Companies, Brokers & Agents     | 0.4          | 0.4          | 0.3          | 0.3          | 0.4          |
| Financial & Corp. Svcs. Providers         | 0.5          | 0.5          | 0.6          | 0.6          | 0.6          |
| Investment Funds 2/                       | 4.7          | 4.6          | 4.5          | 6.5          | 6.6          |
| <b>C. Total Revenues</b>                  | <b>169.2</b> | <b>155.9</b> | <b>169.5</b> | <b>182.3</b> | <b>157.5</b> |

Sources: Bahamas Government's Treasury Department, Securities Commission of The Bahamas.

Notes: 1/ Premium Tax collected from Insurance Companies.

2/ Amounts collected by the Securities Commission.

3/ Amounts revised to include other fees payable.



**TABLE C. GROSS ECONOMIC CONTRIBUTION OF BANKS AND TRUST COMPANIES**

| Period   | 2015p                 | 2016p  | 2017p  | 2018p  | 2019p  | 2015p                | 2016p   | 2017p   | 2018p   | 2019p   |
|--|-----------------------|--------|--------|--------|--------|----------------------|---------|---------|---------|---------|
|  | <b>DOMESTIC</b>       |        |        |        |        | <b>INTERNATIONAL</b> |         |         |         |         |
| <b>A. TOTAL EMPLOYMENT</b>                     | 3,253                 | 3,163  | 3,133  | 3,182  | 3,195  | 1,113                | 1,093   | 996     | 867     | 806     |
| 1. Non-Bahamians                               | 29                    | 34     | 54     | 66     | 79     | 261                  | 243     | 213     | 183     | 168     |
| 2. Bahamians (of which)                        | 3,224                 | 3,129  | 3,079  | 3,116  | 3,116  | 852                  | 850     | 783     | 684     | 638     |
| i) Local Banking                               | 2,700                 | 2,610  | 2,500  | 2,430  | 2,457  | --                   | --      | --      | --      | --      |
| ii) Offshore Banking                           | 13                    | 15     | 97     | 182    | 200    | 544                  | 541     | 491     | 445     | 390     |
| iii) Trust Administration                      | 277                   | 263    | 310    | 317    | 292    | 197                  | 187     | 215     | 166     | 155     |
| iv) Other                                      | 234                   | 241    | 172    | 187    | 167    | 111                  | 122     | 77      | 73      | 93      |
|  | <b>(B\$ Millions)</b> |        |        |        |        |                      |         |         |         |         |
| <b>B. TOTAL OPERATIONAL COSTS (1+2+3+4)</b>    | 434.1                 | 444.3  | 452.0  | 495.8  | 509.1  | 257.8                | 263.7   | 242.8   | 239.0   | 243.2   |
| 1. Salaries <sup>1</sup>                       | 176.0                 | 178.8  | 182.9  | 196.0  | 195.8  | 140.5                | 148.2   | 141.5   | 133.7   | 119.3   |
| i) Base Salaries                               | 159.9                 | 162.2  | 166.1  | 179.1  | 178.0  | 110.8                | 116.3   | 105.5   | 96.3    | 90.6    |
| ii) Bonuses                                    | 16.2                  | 16.6   | 16.8   | 16.9   | 17.8   | 29.7                 | 31.9    | 36.0    | 37.3    | 28.7    |
| 2. Government Fees                             | 52.7                  | 57.7   | 57.5   | 63.7   | 72.8   | 12.7                 | 11.3    | 9.8     | 9.4     | 8.9     |
| i) Licence                                     | 41.7                  | 40.7   | 44.3   | 44.9   | 44.5   | 7.3                  | 6.9     | 6.2     | 6.2     | 6.1     |
| ii) Company Registration                       | 0.1                   | 0.0    | 0.0    | 0.4    | 0.1    | 1.0                  | 0.3     | 0.7     | 0.2     | 0.2     |
| iii) Work Permits                              | 0.5                   | 0.5    | 0.6    | 0.9    | 0.7    | 1.9                  | 2.2     | 2.0     | 1.8     | 1.9     |
| iv) Other Government Fees                      | 10.5                  | 16.4   | 12.5   | 17.5   | 27.5   | 2.6                  | 1.8     | 0.9     | 1.1     | 0.6     |
| 3. Staff Training                              | 1.2                   | 2.0    | 1.7    | 2.1    | 1.6    | 0.9                  | 1.0     | 0.9     | 0.9     | 1.0     |
| 4. Other Administrative Costs                  | 204.2                 | 205.9  | 210.0  | 234.1  | 238.9  | 103.7                | 103.2   | 90.6    | 95.0    | 114.0   |
| <b>C. CAPITAL EXPENDITURE<sup>2</sup></b>      | 19.2                  | 14.4   | 12.6   | 15.2   | 15.4   | 13.1                 | 7.3     | 3.0     | 10.2    | 3.1     |
| <b>D. TOTAL EXPENDITURE (B+C)</b>              | 453.2                 | 458.7  | 464.6  | 511.0  | 524.5  | 271.0                | 271.0   | 245.8   | 249.2   | 246.3   |
| <b>E. AVERAGE SALARY (B\$'000)<sup>3</sup></b> | 49,144                | 51,291 | 53,028 | 56,289 | 55,708 | 99,562               | 106,405 | 105,911 | 111,129 | 112,419 |

Source: Central Bank of The Bahamas

<sup>1</sup> Includes bonuses.

<sup>2</sup> Includes construction, renovation expenses and other fixed assets.

<sup>3</sup> Excludes bonuses.

**Table D: Other Selected Financial Sector Statistics**

|   | Unit                | 2015r      | 2016r      | 2017r      | 2018r      | 2019p      |
|---|---------------------|------------|------------|------------|------------|------------|
| <b>Investment Funds</b>                                 |                     |            |            |            |            |            |
| Licensed Investment Funds                               | Number              | 885        | 859        | 783        | 748        | 725        |
| <b>Licensed Administrators</b>                          | <b>Number</b>       | <b>66</b>  | <b>64</b>  | <b>62</b>  | <b>62</b>  | <b>57</b>  |
| Net Asset Value   | <i>B\$ Billions</i> | 200.2      | 136.8      | 86.3       | <i>n/a</i> | 192.6      |
| <b>Insurance Companies and Agents</b>                   |                     |            |            |            |            |            |
| <b>Domestic Companies and Agents</b>                    | <b>Number</b>       | <b>148</b> | <b>142</b> | <b>144</b> | <b>151</b> | <b>160</b> |
| Total Domestic Assets                                   | <i>B\$ Millions</i> | 1,768.1    | 2,305.0    | 2,185.3    | 2,055.5    | 3,107.0    |
| Average Annual Salaries*                                | <i>B\$</i>          | 44,250     | 44,390     | 44,746     | 43,934     | 47,939     |
| Operating Costs / Total Expenditure                     | <i>%</i>            | 94.2       | 97.1       | 97.0       | 97.0       | 94.3       |
| <b>External Insurers &amp; Intermediaries</b>           | <b>Number</b>       | <b>32</b>  | <b>30</b>  | <b>29</b>  | <b>33</b>  | <b>33</b>  |
| <b>Credit Unions (Active)</b>                           |                     |            |            |            |            |            |
| <b>Number of Unions</b>                                 | <b>Number</b>       | <b>9</b>   | <b>10</b>  | <b>10</b>  | <b>10</b>  | <b>10</b>  |
| Total Assets  | <i>B\$ Millions</i> | 370.6      | 395.5      | 420.8      | 450.9      | 476.0      |
| Employment  | <i>Number</i>       | 156        | 162        | 165        | 182        | 183        |
| Average Annual Salaries                                 | <i>B\$</i>          | 29,091     | 37,383     | 33,352     | 30,473     | 31,525     |
| Total Expenditure                                       | <i>B\$ Millions</i> | 28.63      | 28.26      | 29.25      | 31.04      | 31.58      |
| Operating Costs / Total Expenditures                    |                     | 50.1       | 54.2       | 53.1       | 56.7       | 60.8       |
| <b>Bahamas International Securities Exchange (BISX)</b> |                     |            |            |            |            |            |
| <b>Securities Listed</b>                                | <b>Number</b>       | <b>45</b>  | <b>53</b>  | <b>53</b>  | <b>49</b>  | <b>44</b>  |
| Shares Traded   | <i>Thousands</i>    | 3,223      | 5,553      | 5,129      | 8,520      | 8,853      |
| Market Capitalization                                   | <i>B\$ Billions</i> | 3.68       | 4.44       | 3.27       | 5.40       | 5.01       |

**Sources:**

Bahamas International Securities Exchange (BISX), Credit Unions,  
The Securities Commission of The Bahamas and The Insurance Commission of The Bahamas.

**Notes:**

\*2015-2018 data is based on Central Bank estimates and surveys. 2019 based on survey and includes bonus & commissions.