



QUARTERLY LETTER ON REGULATORY AND SUPERVISORY DEVELOPMENTS

BANK SUPERVISION DEPARTMENT
September 30, 2021



QUARTERLY LETTER

Central Bank Bahamian Dollar Digital Currency (Sand Dollars)

We are pleased to advise that the **Bahamian Dollar Digital Currency Regulations, 2021** have been finalized and gazetted and we are awaiting an appointed day notice to bring them into force. We once again extend thanks to those who participated during the consultation period.

Hurricane Preparedness Codes of Practice by Industry

The Central Bank of The Bahamas (the Central Bank”) has released to its website, two industry-developed codes of practice: one for [Maintenance of Effective Communication with Clients](#); and the second for [Managing Staff Issues](#) before, after and during a catastrophic hurricane. The Codes of Practice came as a result of the Central Bank’s 2020 hurricane preparedness industry survey. The banking and trust industries demonstrated robust plans for the protection of their data, systems, and (usually) buildings, but hurricane-relevant customer communications and staff management required improvement.

At the Central Bank’s invitation, the Clearing Banks Association (CBA) and the Association of International Banks and Trusts (AIBT) established two industry Working Groups. The Working Groups created the two Codes of Practice. The Central Bank thanks the CBA and AIBT, and the working group members, for their efforts in making the Bahamian banking sector more hurricane-resilient. Although the codes do not represent formal regulation from the Central Bank and are not statutorily enforceable, the Central Bank will be guided by the Codes in its examinations and supervision. We will ask industry to consider any updates to these Codes as we learn from supervisory experience. We are confident that the Bahamian industry is sufficiently sensible to adopt the good practices outlined in the Codes, in an appropriate manner for the size and complexity of each supervised financial institution.

Basel II & III Implementation

We are in the process of sharing the draft **Bahamas Capital Regulations, 2021** with the government for final endorsement and release. In the interim, we have advanced our work on amending the capital reporting forms, which will soon enter the testing stage. At that point, invitations will be extended to a focus group to participate in the test stage. Thereafter, training sessions will be scheduled to familiarize all with the new and amended forms. Given the passage

of time, it is likely that the Central Bank will extend the implementation date for this reform, however, we will continue to advise you of the progress made in this space.

In the Pipeline

In addition to the work done on our capital framework, we have also amended several guidelines, namely: credit risk and impaired assets which we have now consolidated into one document; large exposures, and liquidity. We are also fine-tuning two new Guidelines: - Internal Audit and Compliance Officer. As is our practice, all of the aforementioned documents will be released for industry consultation, we expect before year-end. Stay tuned.

Deep Fakes

It is now the case that malefactors can replicate audio and video recordings of many persons. SFIs are reminded that “phone verification”, which is a requirement for many client instructions, does not mean a phone call from the client to the SFI, particularly a recorded phone call. Rather, telephone verification requires an outbound call from the SFI to the client.

Charles Littrell

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Inspector of Banks & Trust Companies

Any questions regarding this letter should be directed to:

Inspector of Banks & Trust Companies

Bank Supervision Department

Central Bank of The Bahamas

Nassau, Bahamas

Email: banksupervision@centralbankbahamas.com