SUPERVISORY AND REGULATORY GUIDELINES: 2026
AGENCY BANKING
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GUIDELINES FOR PARTICIPATING IN AGENCY BANKING

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INTRODUCTION

1. The Central Bank of The Bahamas ("the Central Bank") is responsible for the licensing, registration, regulation and supervision of Supervised Financial Institutions ("SFIs") operating in and from within The Bahamas pursuant to the Central Bank of The Bahamas Act, 2020 ("the CBA"), the Banks and Trust Companies Regulation Act, 2020 ("the BTCRA"), The Bahamas Co-operative Credit Unions Act, 2015 ("the BCCUA"), the Payment Systems Act, 2012 ("the PSA").

2. These Guidelines are issued with the Central Bank's authority to approve and supervise agency banking arrangements. Under this framework, the Central Bank may issue directions, set licensing conditions, and establish supervisory standards that apply to agency banking operations.

3. The Central Bank has granted banks and credit unions to enter into agreements with other licensed SFIs and non-bank regulated entities to provide agency banking services on their behalf within The Bahamas. Accordingly, approved public entities that satisfy the eligibility criteria for agents may apply to the Central Bank for authorisation to act in such capacity. Agency arrangements would be subject to regulations, developed by the Central Bank, prescribing the manner in which SFIs may engage approved third parties to perform services on their behalf. Such arrangements would also be subject to an approval process, governed by formal applications submitted to the Central Bank. Both providers of agency services and SFIs utilising such services would be expected to adhere to the Central Bank's application and approval processes; ongoing supervision and prudential requirements, including periodic on-site examinations, and required regulatory reporting. Approved entities, through the agency banking arrangements would also be expected to conduct their affairs in conformity with all other applicable Bahamian laws and regulations.

OBJECTIVE

4. Agency banking represents a strategic approach to support access to financial services across The Bahamas. Through the use of third-parties, SFIs would be allowed to offer banking services in locations where traditional "brick-and-mortar" branches may not be feasible due to cost restrictions, population density, and geography.

5. This guideline establishes a regulated framework for agency banking arrangements, expanding upon outsourcing structures which are already in use by some SFIs. This is expected to promote the following objectives:

    - Increasing financial inclusion;
    - Expanded reach and ease of access to domestic banking and payment services;
    - More efficient, cost-effective delivery of services;
    - Support for expansion of the digital economy;
    - Strengthened economic growth prospects, and resilience; and
    - Preserved and enhanced regulatory compliance in the provision of services.

APPLICABILITY

6. This regulatory framework applies to all SFIs licensed by the Central Bank to provide domestic banking or equivalent financial services under the BTCRA, 2020 and the BCCUA, 2015. It also applies to entities licensed to provide money transmission and payment services under the applicable legislation, including the PSA, 2012, where such entities may participate in agent banking arrangements.

DEFINITIONS

7. For the purpose of this guideline:

"Agent" or "Authorised Agent" means any non-bank third party acting on behalf of a bank or credit union under a contractual agreement and dealing directly with customers, including, but not limited to, money transmission businesses, payment service providers[1], and approved public entities that satisfy the eligibility criteria.

"Agent Banking" means when a bank or credit union undertakes to supply approved financial services through non-bank entities acting as their authorised agents.[2]

"Agent Relationship" means a contractual relationship in which one party, *the agent*, acts on behalf of another party, *the Principal*. The agent may execute transactions for the Principal but is not responsible for performance by the Principal.[3]

"Connected Person[4]" means any one of the following:

- A director, officer, partner, employee, or agent of the financial institution's group;
- A controller of the financial institution; or
- A person required to be consolidated with another person in statement of the accounts of the other person by the International Financial Reporting Standards.

"Outsourcing[5]" means an arrangement whereby a financial institution engages another party (including an affiliated or related entity) to perform a business activity which is currently, or could reasonably be, undertaken by the financial institution itself.

"Principal", means any bank or credit union that engages an agent to perform Agent Banking Services on its behalf.

"Sub-Agent", means any approved individual or entity appointed by an Agent, to provide services on behalf of the Agent. Sub-agents would be accountable to and supervised by the agents that they represent, but must be approved by the Central Bank.

[1] Payment Service Providers are defined as the subset of Payment Institutions, other than banks, money transmission businesses and credit unions, licensed instead under Payment Instruments (Oversight) Regulations, 2017
[2] See dictionary provided by the Alliance for Financial Inclusion - AFI Dictionary
[3] BIS Glossary of terms used in payments and settlement systems
[4] Central Bank Act, 2020 Section 38 (10)(d)
[5] Pursuant to Section 2 of the Minimum Standards for the Outsourcing of Material Functions

"Third Party Service Providers[6]" or "TPSP" means a service provider that provides services to one or more financial institutions under a third-party service agreement.

"Unbanked[7]" means an individual or group of people who do not have access to financial products and services offered by banks or credit unions (i.e., deposit accounts).

AGENCY BANKING – APPLICATION PROCESS

8. The application process below relates to the proposed agency arrangement between non-bank agents and domestic banks or credit unions (the "Principals" to the arrangements).

9. Any SFI Principal intending to engage a non-bank entity to provide agency banking services must apply to the Central Bank for approval prior to entering into any contractual arrangement or outsourcing activities that constitute, or are similar to, agent banking. The application must clearly outline the scope of the proposed agent banking activities and the responsibilities of all relevant parties to the arrangement. The application process includes submission of the prescribed application, together with confirmation that the approval criteria set out in **Appendix A** have been satisfied.

10. The application to employ and contract an agent must be submitted along with the following supporting documents: a draft of the agent agreement between the SFI and the agent, outlining the terms, responsibilities, and obligations of both parties. Additionally, a proposed risk management framework should be outlined, disclosing the proposed measures and strategies to identify, assess, and mitigate potential risks associated with the agency banking arrangement.

11. SFIs may engage non-bank entities as agents, provided such entities satisfy the eligibility criteria established by the Central Bank and receive prior approval. Eligible agents and sub agents may include, but are not limited to:

    - Money transmission businesses, licensed under the Banks and Trust Companies (Money Transmission Business) Regulations, 2008;
    - Payment services institutions, licensed under the Payment Instruments (Oversight) Regulations, 2017, issued under the PSA, 2012;
    - Approved public entities;
    - Other regulated entities licensed and registered to conduct business in or from within The Bahamas; and
    - Approved commercial entities, including retail establishments, that demonstrate the capacity to meet the Central Bank's prudential, operational, and AML/CFT requirements.

[6] Same as above link.
[7] Same as footnote 4

12. To fulfill their agency banking obligations, agents may appoint sub-agents, each subject to approval by the Central Bank in accordance with the Fit and Proper guidelines issued by the Central Bank[8].

13. PSPs must ensure that agents acting on its behalf inform customers of their authorisation to act as agents of the SFI Principal. They should also ensure compliance with all relevant agreements and remain fully liable for any act of their agents.

14. The Central Bank will review the applications to appoint agents in accordance with timelines and requirements outlined within the General Information and Guidelines for Licence Applications. The Central Bank will only approve applications if it is satisfied that both the SFI and the proposed Agent have complied with all applicable requirements and submitted all necessary documents.

15. The processing of a complete application should take no more than **60 days** from the date in which all requisite information and supporting documentation have been submitted. Where the application is not approved, the Central Bank would provide the SFI with a written explanation outlining the grounds for the decision and, where applicable, directions on any deficiencies identified in the application or its supporting documents.

16. Any non-resident owned entity proposing to provide agency services would also require the approval of Government (through the National Economic Council) separate from any prudential requirements of the Central Bank.

17. The Central Bank reserves the right to request additional information to facilitate the approval as it is deemed necessary.

AGENCY BANKING - ELIGIBILITY CRITERIA OF AGENT

18. Except where otherwise approved by the Central Bank, an agency banking arrangement must involve an SFI Principal and an approved non-bank entity acting as an agent. All parties to such arrangements must be duly authorised or approved by the Central Bank, as applicable, and operate in accordance with the regulatory framework established by the Central Bank.

19. Approved public entities may be approved to operate as an Agent, subject to the Central Bank's assessment of its operational soundness, governance, information security controls, and compliance with the prudential standards applicable to licensed SFIs. Such approvals will be contingent upon the establishment of effective internal controls, appropriate customer data protection measures and robust risk management practices.

[8] Pursuant to Section 7A (i) of the General Information and Application Guidelines for Non-Bank Money Transmission Service Providers and Non-Bank Money Transmission Agents, SFIs licensed as MTBs who intend to appoint agents are reminded that such agents are not permitted to appoint sub-agents.

20. Non-bank entities that facilitate agency banking services must have been incorporated or otherwise licensed and regulated as a recognised financial or commercial entity for a minimum of two years either inside The Bahamas or in other regulated financial services markets prior to being contracted as agents or sub agents. Additionally, the business or activity must be a going concern at the time of application. This may include a period during which retail, financial, or related services were provided under the supervision of the Insurance Commission of The Bahamas, the Securities Commission of The Bahamas, or the Utilities Regulation and Competition Authority. Additionally, such entities must also satisfy all prudential, operational, and AML/CFT requirements, maintain secure technology platforms capable of real-time integration with the SFI Principal's systems.

21. The ownership structure for an Agent may take any of the following forms:
    - Limited Liability Companies;
    - Sole Proprietorships;
    - Partnerships; and
    - Approved Public Entities.

22. The Central Bank will not approve or endorse agency agreements that are exclusive in design to an individual bank or credit union. Proposed agents must be prepared to provide their services to multiple banks or credit unions. As such, banks and credit unions would be prohibited from contracting any agent banking services with any connected or related person or entity.

APPOINTMENT OF SUB-AGENTS

23. Subject to the Central Bank's fit and proper assessment, agents may appoint sub-agents to carry out their agency functions within the scope specified in their sub-agency agreements. For the purposes of agent banking arrangements, sub-agents will be considered as part of the agent banking network of the SFI Principal, under the same conditions (regulatory and otherwise) as would determine the obligation of the SFI Principal and agent in the agent banking agreement. The SFI Principal must ensure that sub-agents operate within the approved scope of activity and in accordance with the same regulatory standards applicable to the Agent.

24. The agent banking arrangement may impose limits on the scope of services provided by sub-agents, provided there is published disclosures of those limits to the public. In any event, these would not reduce the regulatory and compliance obligations of the SFI Principal or the Agent.

25. The Central Bank may approve sub-agents where they are fit and proper entities, neither connected nor related parties to either the SFI Principals or the Agent. Examples of sub-agents may include branches of any licensed business, except for any business prohibited from providing goods or services to minors.

26. The Agent will be responsible for supervising all operations of sub-agents, as well as the compliance of the sub-agents with all regulatory requirements to which the agent is

responsible, including risks for AML/CFT/CPF compliance. Notwithstanding the supervisory responsibilities of agents, the SFI Principal retains ultimate accountability for all activities conducted by its agents and sub-agents under the agency banking framework.

27. Within the terms of their contractual agreements, agents and sub-agents may exercise discretion to terminate their sub-agents' agreements, subject to final revocation by the Central Bank. The Central Bank may also disqualify sub-agents on the grounds that sub-agents cease to be fit and proper or for other regulatory reasons.

AGENCY BANKING - AGENT AGREEMENT

28. An agency agreement between an SFI Principal and an Agent must comply with applicable guidelines issued by the Central Bank and all relevant laws of The Bahamas. Any bank or credit union proposing to contract such arrangements, must enter into a written agreement with each proposed Agent, clearly outlining the contracted activities to be performed by the Agent.

29. An agent agreement must, at minimum:

- Specify the services to be rendered by the Agent;
- Set out activities the Agent is prohibited from engaging in;
- The rights, expectations, responsibilities and liabilities of both parties;
- Set the fee or revenue sharing structure for both parties;
- Set out the AML/CFT/CPF requirements and obligations;
- Provide measures to mitigate risk associated with Agency Banking[9];
- Indicate any transaction limits, including the holding of cash by the agent; and
- Specify the terms and conditions for the termination of the agent agreement.

30. Additionally, the agent agreement should, at a minimum:

- Acknowledge that the agent banking services will be subject to regulatory review, and the full scope of examination by the Central Bank to which the operations of the SFI Principal are subject;
- State that the Agent must not perform management functions, make management decisions, or act or appear to act in a capacity equivalent to that of a member of management or an employee of the SFI Principal.
- Include that the SFI Principal is responsible to the customer for acts of omission and commission of the agent;
- Advise that the Agent must ensure safe-keeping of all relevant records, data and documents or files for at least five years; or alternately, such records, data and

[9] As per the Enterprise Risk Management Guidelines , SFIs must implement proportionate risk mitigation measures for agency banking, consistent with their overall risk management framework.

documents or files are shifted to the SFI Principal at regular pre-specified intervals which would then ensure safekeeping for at least five years;

- Specify that the Agent and its employees are bound to confidentiality of all customer transactions they engage in or facilitate;
- Instruct that the Central Bank can terminate the agreement as it deems appropriate;
- Specify that the employees of the Agent should not be treated as employees of the SFI Principal and the rights and duties of such must be agreed upon between the SFI Principal and the Agent; and
- Require that all information or data the Agent collects in relation to agent banking is property of the SFI Principal and subject to data protection requirements.

AGENCY BANKING - AGENT OPERATIONS

31. An SFI Principal that contracts agents must have in place clear, well-documented due diligence policies and procedures to mitigate associated risks of the arrangements. At a minimum, these policies will include procedures for the onboarding of new agents, classification of agent types (where the scope of obligations vary by agent) with corresponding minimum selection criteria for each type, along with initial and ongoing due diligence to assess the agent's fitness and propriety. Policies should also incorporate a checklist for identifying early warning signs related to agent performance and compliance, as well as corrective actions to ensure proactive management of agents.

NON-EXCLUSIVITY

32. An agreement between an SFI Principal and an Agent must not include any provision that prohibits the Agent from providing agent banking services on behalf of other SFIs. The Agent may offer agent banking services for multiple SFIs, provided that: (i) a separate agent agreement is signed with each SFI Principal, and (ii) the Agent has the capacity to effectively manage transactions on behalf of each SFI Principal.

33. SFI Principals must also assess the capacity of an Agent to manage transactions for different SFIs, in terms of physical capacity, technology and the adequacy to maintain funds or "cash float" to satisfy the demands of the SFIs client base.

PERMISSIBLE ACTIVITIES – AGENT

34. SFI Principals may engage in any of the following services through the use of an Agent:

- Deposits and withdrawals of funds;
- Payment of utility bills;
- Provision of payment services and wire transfers;
- Provision of account statements;
- Payment of retirement and social benefits;
- Account balance inquiries;

- Collection of credit and debit cards;
- Collection of bank mail and correspondence for customers;
- Collection of documentation related to account opening, loan applications, and debit card applications; and
- Any other activity as approved by the Central Bank.

35. The SFI must determine, based on a risk assessment and due diligence regarding the Agent, which of the permissible activities the agent may provide.

36. SFIs making use of agent banking services must ensure that all transactions undertaken through agents, involving deposits, withdrawals, payments, or transfers of cash to or from accounts are able to be facilitated in real-time.

PROHIBITED ACTIVITIES – AGENT

37. An Agent should not:

- Provide banking services independently;
- Charge any supplemental or direct fees to customers for services performed on behalf of the Principals;
- Carry out transactions when the system is down, during communication failures, or in the absence of the customer;
- Provide agent banking services at any location other than the agent's registered physical address;
- Be managed or operated by a connected person of the SFI Principal.

38. An SFI Principal must terminate its agent banking relationships if, in the opinion of the SFI, the agent's non-bank licensed business has ceased or significantly diminished.

PUBLICATION OF AGENTS AND LOCATIONS

39. SFIs must publish and maintain an updated list of all agency locations on their websites and in any other publication deemed appropriate.

RELOCATION AND CLOSURE OF AGENT'S BUSINESS

40. SFIs are required to give notification to the public on the relocation or closure of the agent banking locations at least **thirty (30) days** in advance, and to the Central Bank at least **forty-five (45) days** in advance. In unforeseen circumstances, where either the competency, integrity or the business continuity of the Agent is compromised and cause for closure or relocation is warranted, such notifications should be given, as soon as practicably possible.

TRAINING

41. SFI Principals and their agents must develop and maintain comprehensive training and compliance systems covering at least the following areas:

- Know Your Customer ("KYC") and Account Opening;
- Customer Service;
- SFI Operational Procedures;
- AML/CFT/CPF requirements;
- Consumer Protection Standards;
- Confidentiality of Information and Record-Keeping;
- Any other area deemed necessary by the SFI Principal and the Central Bank.

42. Evidence of completion of these trainings must be maintained by the SFI Principal and made available to the Central Bank upon request.

INTEROPERABILITY STANDARDS

43. SFI Principals and Agents are required to ensure that the technology platforms, on which agency services are provided are fully interoperable with the Central Bank Digital Currency, **SandDollar**, and the internal banking platforms of the SFI Principal. This includes, platforms and devices such as point of sales terminals, ATMs, internal portals and mobile and digital wallets.

44. The minimum standard for interoperability against internal banking platforms is that transactions processed through Agents, must be updated in real-time in the customer accounts maintained by the SFI Principals.

45. All agency banking transactions must be processed through the SFI Principal's authorised core-banking or payment processing system to ensure full traceability, data integrity, and auditability.

46. Minimum standards for interoperability for SandDollar are defined in the Central Bank's Bahamian Dollar Digital Currency Regulations, 2021.

REPORTING REQUIREMENTS

47. A SFI Principal must report its agent banking activities to the Central Bank in the format and frequency prescribed by the Central Bank, including:

- Specified categories of financial transactions;
- Incidents of fraud, theft, or robbery; and
- Specified data on customer complaints and complaint resolution.

48. Reporting templates and data submission protocols will be issued by the Central Bank for submission through the prescribed reporting tools mandated by the Central Bank. Reports must be submitted in accordance with current financial and regulatory reporting requirements according to their category of licence, or as otherwise determined by the Central Bank.

49. SFI Principals must immediately notify the Central Bank of any actual or suspected unauthorised access, breach of confidentiality, or compromise of technology systems or data,

whether arising directly within the institution or indirectly through service providers, agents, or other third-parties.

50. Incident reports should include an executive summary of the incident, an analysis of the root cause which triggered the event, its subsequent impact, as well as measures taken to address the root cause and consequences of the event[10]. Detailed documentation of the root cause analysis, corrective actions, and preventative measures must be retained for supervisory review.

DISCLOSURES

51. Agents are required to clearly disclose to the customers of SFIs the following information, in writing and in a comprehensive manner, at their premises:

    - The name, contact details, and logo of the SFI Principal;
    - A list of services offered on behalf of each SFI Principal;
    - A notice on transaction limits, if any;
    - A listing of fees, if any, levied-on behalf of each SFI Principal; and
    - A copy of the certificate of approval for the agency banking arrangement, issued by the Central Bank.

RECORD-KEEPING

52. SFI Principals must ensure that their agents maintain accurate records of all transactions related to their agent banking activities. These records should be retained in a manner that complies with the requirements set forth by the SFI Principal or as specified by the Central Bank. Records must be readily available for review and inspection by the SFI or the Central Bank, upon request or within a timeframe specified by the Central Bank.

53. SFI Principals are required to ensure that their agents implement record-keeping policies that apply specifically to agent banking operations. These policies ensure that records related to banking services are kept distinct and separate from any records associated with the agent's primary business or other commercial activities. This separation is essential to maintain clarity and compliance with regulatory requirements.

54. The SFI Principals must guarantee that agents are capable of producing all transaction records associated with agent banking services in a manner that is compliant with both the SFIs internal policies and the relevant laws. These records must be easily accessible for review and audit, ensuring that the necessary documentation is available on demand or within the prescribed timelines established by the Central Bank.

[10] Section 11.5.12 of the Technology Risk Management Guidelines

AGENCY BANKING - THIRD PARTY SERVICE PROVIDERS

55. The SFI Principal may enter into a written contract with a third-party service provider ("TPSP") for the following:

    - Technology platform;
    - Agent selection;
    - Agent network management;
    - Agent training;
    - Equipment provision; and
    - Equipment maintenance.

56. Where a SFI Principal relies on a TPSP for the performance of operational or managerial functions, they must take reasonable steps to ensure that they comply with the requirements established by the Central Bank. This includes the Guidelines on Minimum Standards for the Outsourcing of Material Functions and any further guidance or directives issued.

57. A formal service level agreement must be established for all TPSP arrangements.

58. Third-party service providers must not perform any activities that are attributed to agency banking.

59. Where a TPSP is engaged to support an agent banking arrangement, the SFI Principal must ensure that the TPSP complies with any authorisation, approval, registration, or licensing requirements applicable under Bahamian law or as required by the Central Bank. Where a TPSP conducts activities that fall within the scope of an existing regulatory framework, including money transmission or payment services, the TPSP must obtain the relevant licence or approval under the applicable legislation.

60. The appointment of a TPSP to support an agent banking business does not eliminate the liability of the SFI Principal for the banking services provided by the agent.

61. The SFI Principal must ensure that both the appointed agent and any TPSPs comply with the relevant standards and requirements outlined by the Central Bank. This includes overseeing their adherence to all applicable regulations and ensuring that their operations consistently meet the required compliance levels.

AGENCY BANKING - TERMINATION OF AGENCY AGREEMENT

62. In the event that an SFI Principal, or its Agent, or TPSP fails to comply with the prudential and regulatory requirements to facilitate agency banking, the Central Bank reserves the right to take the following actions:

    - Rescind the approval of agent banking or TPSP arrangement;
    - Prohibit the SFI from conducting agent banking;
    - Prohibit the SFI from contracting new agents;

- Impose penalties on the SFI or agent as may be prescribed by law or regulations.

63. Where violations of these Guidelines are identified, the Central Bank may impose administrative monetary penalties, directives, or restrictions as deemed necessary.

64. If approval for an agency arrangement is rescinded, the SFI is required to publish a notice of termination of the arrangement to inform the general public of the cessation of the contract.

65. Agents are subject to the supervision of the Central Bank, even though they may be registered as non-bank entities. An agent contract may also be terminated under the following circumstances:

- The agent's shareholder or management is guilty of a criminal offense involving fraud, dishonesty, or other financial impropriety[11];
- The agent, its shareholders, or management sustains a financial loss or damage to such an extent that in the assessment of the SFI Principal, it becomes impossible for the agent to continue as a going concern;
- The agent or its shareholders have been subject to dissolution or winding up by the courts;
- If the agent relocates, discontinues, or otherwise modifies its agent banking operations without obtaining prior written consent from the appointing SFI Principal;
- If the agent carries on agent banking activities when its licensed business has ceased;
- In the case of a sole proprietor, if the owner dies or becomes mentally incapacitated; and
- Any other reason deemed inappropriate by the Central Bank.

AGENCY BANKING - RISK ASSESSMENTS AND SAFEGUARDS

RISK MANAGEMENT

66. SFI Principals are responsible for continuously monitoring and supervising the activities of their appointed agents to ensure compliance with all relevant laws of The Bahamas and operational standards. The SFI Principal remains fully responsible and accountable for ensuring that all activities conducted by agents and sub-agents comply with applicable laws, regulations, and the Central Bank's prudential standards. Furthermore, SFI Principals must implement effective measures to manage operating risk. This includes incorporating specific clauses in agent contracts that define the liabilities and responsibilities of the agent.

67. SFI Principals must prudently manage the risks associated with the agent banking business and special attention must be paid to the following risks:

- Credit Risk;
- Operational Risk;

[11] Termination due to misconduct should be reported to the Central Bank and may trigger regulatory action.

- Legal Risk;
- Liquidity Risk;
- Technology Risk;
- Reputational Risk; and
- Money Laundering, Terrorist Financing and Proliferation Financing Risks.

68. Staff or Authorised Representatives of the SFI Principal must conduct on-site inspections at the Agent location to ensure that agents are operating in full compliance with applicable laws of The Bahamas and the contractual agreement for agent banking services.

69. SFI Principals must conduct thorough assessments of each agent's creditworthiness and establish appropriate transaction limits based on these assessments. These limits must align with the agent's financial capacity and the risk involved in their activities.

70. SFIs must establish systems to monitor and control the activities of their agents on an ongoing basis. This includes conducting regular reviews to ensure agents comply with applicable operational, regulatory, and financial requirements under the agency banking arrangement.

CONSUMER PROTECTION MEASURES

71. Agency banking is expected to engage a significant number of users of financial products and services who have varying capacities concerning financial literacy. Therefore, to foster trust and confidence, SFI Principals must implement robust measures for consumer protection, awareness, and dispute resolution.

72. SFI Principals maintain full responsibility and accountability for the actions and conduct of their appointed agents, including any **complaints or grievances** raised by customers against the agents. SFI Principals must ensure that agents act in accordance with their standards and regulatory requirements.

73. SFI Principals must ensure that the agency banking arrangements maintain secure systems that protect and preserve the confidentiality of customers' personal and financial information. These safeguards must be effective in preventing unauthorised access to, misuse or abuse of customer, either by the Agent or as a result of data breaches.

74. Agents are prohibited from unsolicited marketing of financial products or services, to the customers of the SFIs, where such marketing relies on data obtained from the customer records of the SFI Principals.

75. Appointed agents are prohibited from charging customers any additional fees beyond those set by the SFI Principal.

76. Agents must display a clear and up-to-date list of charges or fees applicable to each service provided. This list should indicate any fees that are payable by customers to the SFI. The

SFI's name, logo, and the contact details (including telephone number and address) of the responsible branch must be prominently displayed at the agent's premises, ensuring transparency and ease of contact.

77. Agents must not misrepresent themselves as SFI Principals. They are not authorised to imply, suggest, infer, or propose that they are acting as an SFI Principal or offering banking services outside the scope of their authorised agency banking business.

78. SFI Principals must maintain dedicated channels to receive and record customer complaints arising from the agency banking services. These channels should be easily accessible to customers.

79. SFI Principals must have a comprehensive business continuity plan in place to ensure, as much as possible, uninterrupted service delivery to customers in the event of system failures or the termination of agency agreements.

80. Unresolved consumer complaints relating to agent banking services must be escalated to the Office of the Financial Services Ombudsman[12] for review and resolution in accordance with established protocols. SFI Principals must maintain internal escalation protocols to facilitate such referrals.

81. SFI Principals must provide customer education programs on agency banking arrangements. This education should cover customer's rights, safe transaction practices, and precautionary measures, including how to protect sensitive authentication information.

82. When an Agent acts on behalf of multiple SFI Principals, each SFI must ensure that customer data is segregated and securely maintained, with no overlap or amalgamation of customer databases. The confidentiality, integrity, and security of each SFIs customer data must be preserved. Any complaints related to agent conduct should be handled in accordance with existing complaints procedures established and reported to the Central Bank.

AML/CFT/CPF COMPLIANCE

83. Through their agency arrangements, SFI Principals must remain compliant with all applicable AML/CFT/CPF laws, regulations and guidelines issued by the Central Bank. Among others, the SFI must take into account the following specific factors:

    - Simplified Know Your Customer ("KYC") requirements; and
    - Transactional limits per day, month and year commensurate with the customer's profile;

84. SFI Principals should ensure that the AML/CFT/CPF risk management systems used by their contracted agents, comply fully with the internal systems in use within the respective SFIs. In

[12] Office of the Financial Services Ombudsman, email: *info@FSOBahamas.com*

support of this, SFI Principals may impose transaction limits on services performed through agents, to further manage AML/CFT/CPF risks.

85. SFI Principals shall notify the Central Bank of the limits set under paragraph 83 or any revisions made on the limits.

86. The Central Bank reserves the right to direct a revision of any limits set under paragraph 83.

INTERNAL AUDIT

87. SFI Principals must ensure that the scope and coverage of internal audit reviews are appropriately aligned with the complexity and risk inherent in agent banking services. The internal audit function should be sufficiently resourced and staffed with personnel who possess the necessary technical expertise to effectively carry out these expanded responsibilities.

88. Each SFI Principal must maintain comprehensive internal audit trails of agent activities, consistent with applicable record-keeping and internal control requirements. Such records must be made available to the Central Bank upon request and during on-site examinations. SFIs may also be required to submit operational and compliance reports, in such form and frequency as may be prescribed by the Central Bank from time to time, to support its supervisory and regulatory functions.

89. The internal audit function should conduct independent reviews of the agency banking processes and arrangements to ensure compliance with established agency banking policies and procedures. This review should also assess the integrity of the management information systems and the accuracy of reports related to agency banking activities.

90. The internal audit function is responsible for conducting risk-based audits to verify that agents are adhering to the terms and conditions of their agreements and are complying with applicable rules, regulations, and prudential standards issued by the Central Bank.

91. In addition to auditing internal processes of agents, the internal audit function is also tasked with evaluating third-party providers of service to agents. This includes conducting appropriate audits of these third parties, as required by relevant outsourcing agreements, to ensure that their operations are in compliance with the standards and regulatory requirements to apply to the SFI Principals.

EXTERNAL AUDIT

92. The external auditor of the SFI Principal should assess and verify the adequacy of the systems and processes related to agency banking. This review must include an evaluation of whether these systems are operating effectively and in compliance with applicable regulations and standards.

93. External auditors are required to promptly report to the SFI any material weaknesses, irregularities, or issues identified that could impact the financial condition of the SFI or

introduce additional risks. Furthermore, the external auditor must notify the Central Bank in writing of any matters of material significance[13], including any findings that may affect the ability of the SFI Principal to effectively manage or monitor the agency banking activities.

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94. The Central Bank reserves the right to exercise its regulatory powers concerning any connected person whenever deemed necessary. The Central Bank shall have the authority to:
    - Request any information from any agent at any time as deemed necessary[14];
    - Conduct scheduled or unscheduled inspections of an agent's books and premises;
    - Direct an agent to take specific actions or to cease certain conduct as determined necessary by the Central Bank;
    - Terminate or revoke approval of the agency agreement and cease activity of the agency business if deemed necessary;
    - Direct the SFI Principal to take appropriate actions or measures against or on behalf of the agent as determined by the Central Bank; and
    - Direct the SFI Principal to undertake remedial actions arising from the conduct of an agent in accordance with its agent agreement or as deemed appropriate.

95. The Central Bank reserves the right to grant conditional approval to an SFI and its agent in a manner that considers a phased or staged process to facilitate agency banking as a means to assess operational readiness, risk management effectiveness, and technological interoperability prior to full deployment.

96. Participation in any phased or staged process will be limited and contingent upon the SFI and its Agent satisfactorily demonstrating sound governance, adequate financial capacity, and proven digital infrastructure readiness.

[13] Banks and Trust Companies Regulation Act, 2020 Section 22(4)
[14] Central Bank Act, 2020 Section 38

APPENDIX A

PROCEDURES AND DOCUMENTATION REQUIREMENTS FOR REGISTRATION AS AN AGENT FOR AGENCY BANKING

In determining whether to register an agent, the Central Bank will have regard for the following:

- The fitness and propriety of the agent;
- The entity structure and internal control procedures
- The suitability of the written agreement between the agent and the SFI Principal;
- The professional reputation and experience of the agent;
- Where the agent is an individual, whether he/she is a resident in The Bahamas;
- Where the agent is a corporate body, whether it is incorporated in accordance with the laws in The Bahamas;
- Whether the agent fulfills the Money Laundering Reporting Officer (MLRO) and Compliance Officer Requirement; and
- Whether it is in the best interests of the financial system in The Bahamas.