



BIFS Week of Seminar 2008

**Strategies For the Future, New Opportunities
New Developments in Compliance**

May 23, 2008

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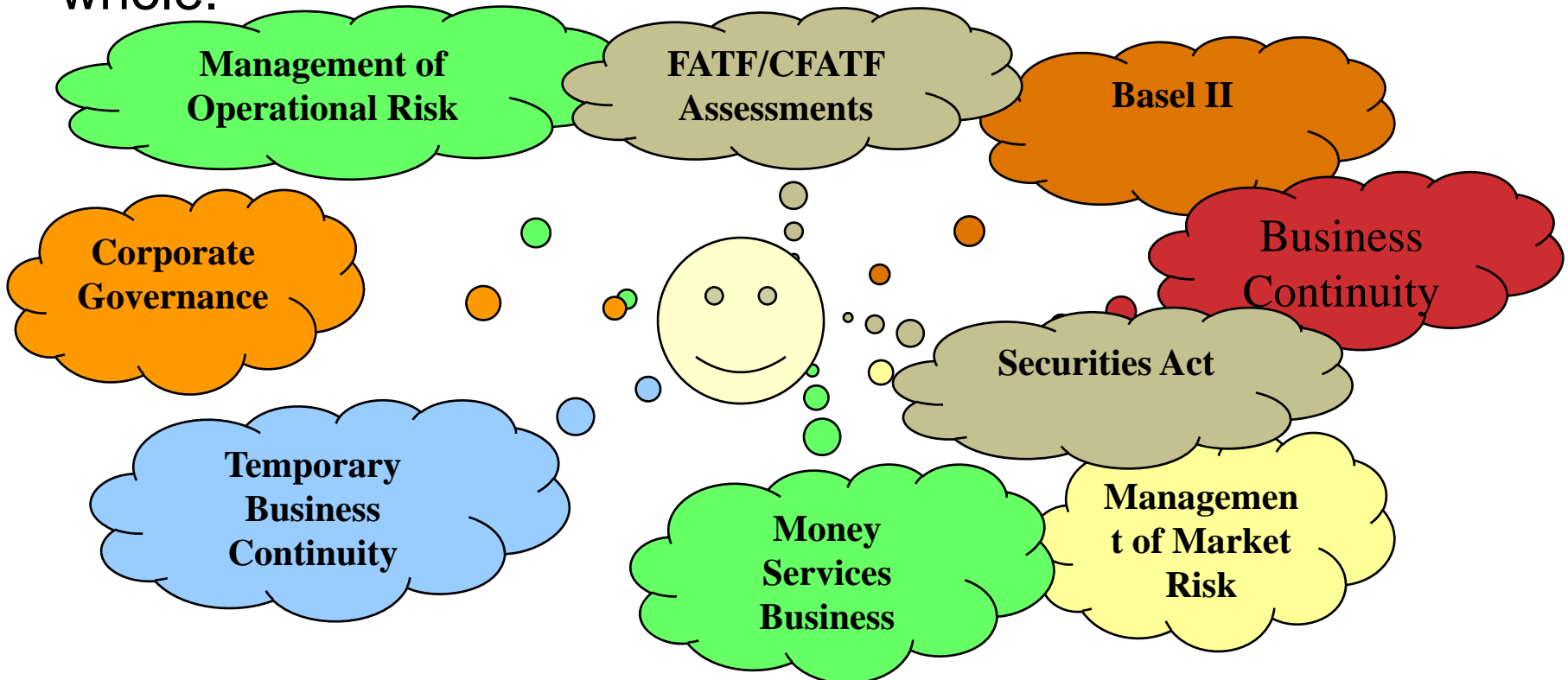
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The Landscape

There are multiple changes and developments which have the potential to impact all financial services providers, compliance and risk professionals and the jurisdiction as a whole.



The Issues

- **New legislation Money Services Business** (*see recent presentation by Rochelle Deleveaux of the Central Bank. Can be located on BACO's website*)
- **Commercial Bank's monitoring a Money Service Business**
- **Stateless clients (Refugees) – *how do you accommodate them? Will you accommodate them?***
- **Challenge of a Charitable account**
- **Legislation updates**
- **Proposed Amendments to FTOR (re: SRVI)**

The Issues (Cont'd)

Possible effect of CFATF assessment of AML and CFT standards of The Bahamas on Compliance Field

- Recognition of CFATF as Associate member of FATF what does it mean
- Is this now a position of influence that can be utilized by the Region for understanding of our business structures and regulations
- Given greater clout this should auger well for the region
- *Come hear more at BACO MLRO Day on June 18th*

MSBs

MSBs operations were traditionally limited to banks only

FATF SR VI

Each country should take measures to ensure that persons or legal entities, including agents, that provide a service for the transmission of money or value, including transmission through an informal money or value transfer system or network, should be licensed or registered and subject to all the FATF Recommendations that apply to banks and non-bank financial institutions. Each country should ensure that persons or legal entities that carry out this service illegally are subject to administrative, civil or criminal sanctions.

The Central Bank of The Bahamas Requires:

- **Comply with FTRA and FTR**
- **Verify client identity in accordance with FTRR**

How Does This Impact the Local Industry

- **MSBs in the USA are regulated by the IRS**
- **International Banks are sceptical of Money Remitters business especially the large ones. Consider implications for correspondent banking relationships**
- **The risk posed by MSB is enormous**
- **Dealing with MSBs and regulators from a financial institution point of view**
- ***Expected proliferation of MSBs locally will require focused and effective compliance and risk management efforts!!***

MSB - BUSINESS STRUCTURE

- **Name, title, Address and phone numbers of owners, and responsible persons of the company**
- **Name of person with responsibility over anti-money laundering compliance and anti-money laundering policies and procedures**
- **Name of employee (s) with responsibility over:**
 - **Sales - new agents or point of sale locations**
 - **Approval of new agents**
 - **Training**
 - **Agent recruitment**
 - **Developing and maintaining compliance manuals or handbooks, written policies and procedures**
 - **Scope of business: Islands/countries**

MSB - LICENSING AND REGULATORY COMPLIANCE

- **Original or copy of original of each license issued by country in which the company does business**
- **Correspondence file with each state/province/ country the company does business**
- **Reports of examination (s) by examination agencies**
- **Copies of reports required by each country in which the company does business**
- **Copy of company and agents registration with regulating authority**

MSB - ANTI-MONEY LAUNDERING COMPLIANCE

- **Copies of all Currency Transaction Reports (CTRs) [Threshold Reporting – 10k/15k] filed by the company**
- **Comment on review of CTRs**
- **Copies of all Suspicious Activity Reports (SAR) filed by the company**
- **Comment on SARs/STRs filed**

MSB - COMPLIANCE AND ANTI-MONEY LAUNDERING PROGRAM

- **Comment On:**
 - **Policies and Procedure Handbook;**
 - **Designated compliance officer;**
 - **Independent examination process; and**
 - **Training**
- **Maintenance of Agent List**
- **Documentation of Training on anti-money laundering:**
 - **Compliance Officers; and**
 - **Employees**

MSB - AGENTS

- **Copies of all contracts with agents and other point of sales location or business**
- **Review procedures for agent's:**
 - **compliance with company policies and procedures and anti-money laundering compliance**
 - **suspicious or money laundering activity detection and reporting.**
- **Review of approval process for new agents**
- **Training requirements of all agents with documentation methods**
- **Review of system of independent examination of agent compliance matters.**
- **Review of the files of all agents terminated or disciplined for non-compliance with internal policies and procedures, anti-money laundering compliance issues or money laundering matters.**

MSB - AGENTS (cont'd)

- **Copies of any contract the company has with another license remitter or money services business in another state/countries where this company is not licensed.**

MSB - OTHER MATTERS

- **Procedure for training new hires or internal policies, procedures and anti- money laundering compliance issues**
- **Paying Agents in Foreign (beneficiary) countries:**
 - **Examination of the active relationship**
 - **Documentation of appropriate licensing in beneficiary country**
 - **Review written contracts**
 - **Documentation of the principle officers of paying agent companies**

MSB - TRAINING

- **Frequency of anti-money laundering compliance training**
 - **Content**
 - **Providers (who does the training)**
 - **Documentation**
 - **Attendees**
 - **Suspicious activity and money laundering techniques (Same points as anti-money laundering compliance training)**
 - **Internal policies and procedures (Same points as anti-money laundering compliance training)**

MSB - BANKING RELATIONSHIPS

- **List of all appropriate bank accounts**
 - **Correspondence file with each bank**

MSB - INDEPENDENT FIELD TESTING

- **Nature of Field Testing**
 - **Who conducts field testing**
 - **How it is done**
 - **How it is documented**
 - **What is the company's response to the results**

End Note

Questions?

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