



# Thirteenth Follow-Up Report

## Barbados

### May 28, 2015

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## BARBADOS – THIRTEENTH FOLLOW-UP REPORT

### I. Introduction

1. This report is the thirteenth follow-up report by Barbados to the Caribbean Financial Action Task Force (CFATF) Plenary on the measures taken to implement the recommended action listed in the third mutual evaluation report (MER) of Barbados which was adopted in May 2008. Barbados has submitted twelve previous follow-up reports in May and October 2009 and May and November of each year from 2010 to 2014 respectively. In accordance with present procedures the following is a report on measures taken by Barbados since November 2014 to deal with the recommended actions in those Financial Action Task Force (FATF) Recommendations rated partially compliant (PC) or non-compliant (NC). Information on measures taken since the Mutual Evaluation are outlined in Annex 1 of this report.

2. Barbados received ratings of PC or NC on nine (9) of the sixteen (16) Core and Key Recommendations and largely compliant (LC) or compliant (C) on the remaining seven (7) Core and Key Recommendations as follows:

**Table 1: Ratings of Core and Key Recommendations**

Rec.	1	3	4	5	10	13	23	26	35	36	40	I	II	III	IV	V
Rating	LC	PC	PC	PC	NC	LC	PC	LC	LC	PC	LC	PC	C	PC	LC	PC

3. With regard to the other non-core or key Recommendations, Barbados was rated partially compliant or non-compliant on eighteen (18), as indicated below.

**Table 2: Non Core and Key Recommendations rated Partially Compliant and Non-Compliant**

Partially Compliant (PC)	Non-Compliant (NC)
R. 6 (Politically exposed persons)	R. 12 (DNFBP – R.5,6,8-11)
R. 8 (New technologies & non face-to-face business)	R. 16 (DNFBP – R.13-15 & 21)
R. 9 (Third parties and introducers)	R. 21 (Special attention for higher risk countries)
R. 11 (Unusual transactions)	R. 24 (DNFBP – regulation, supervision and monitoring)
R. 14 ( Protection & no tipping off)	SR. VI (AML requirements for money value transfer services)
R. 15 (Internal controls, compliance & audit)	
R. 22 (Foreign branches & subsidiaries)	
R. 25 (Guidelines & Feedback)	
R. 30 (Resources, integrity and training)	
R. 33 (Legal persons – beneficial owners)	

R. 34 (Legal arrangements – beneficial owners)	
R. 38 (MLA on confiscation and freezing)	
SR. VII (Wire transfer rules)	

4. The following table is intended to provide insight into the size and risk of the main financial sectors in Barbados.

**Table 3: Size and integration of Barbados' financial sector  
As at December 31, 2014**

		<b>Banks (Commercial)</b>  US\$000's	<b>Other Credit Institutions (Deposit Taking)</b>  US\$000's	<b>Securities (Mutual Funds including sub- funds)</b>  US\$000's	<b>Insurance</b>  US\$000's	<b>TOTAL</b>  US\$'000's
<b>Number of institutions</b>	Total	6	42	25	*26	99
<b>Assets</b>	US\$000's	6,167,373	876,543,727	3,162,865,513	**1,482,566,087	5,528,924,218
<b>Deposits</b>	Total: US\$000's	4,265,345	735,565,597.	N/A	N/A	739,830,942
	% Non-resident	4.7% of deposits	0.6%	N/A	N/A	
<b>International Links</b>	% Foreign-owned:#	100% of assets	62.1 % of assets	^70.77 % of assets	37 % of assets (approx)	% of assets
	Subsidiaries abroad	3	0			5

# Foreign owned refers to the complete or majority (>50%) ownership by companies whose headquarters are not in Barbados

\*The number of institutions registered as at December 31, 2014. 23 companies wrote business during this period.

\*\* The information presented in this report is provisional and is subject to change as audited financial statements have not been submitted for the 2014 year end for most companies. These figures were retrieved from the 4<sup>th</sup> quarter management accounts of 2014

^ Assets held by the foreign funds only. The domestic funds also have foreign assets which are not captured in the 70%

### **Summary of progress made by Barbados**

5. As noted in previous follow-up reports, the enactment of various pieces of legislation in particular the Money Laundering and Financing of Terrorism (Prevention and Control) Act (MLFTA 2011) resulted in substantial improvement in the level of compliance with the examiners' recommendations i.e. Recs. 3, 4, 5, 10, 12, 14, 15, 16, 23, 33, 36, 38, SR I, SR V which includes eight (8) key and core Recommendations. Additional measures improved the level of compliance of Recs.6, 8, 9, 11, 21, 22 and 40. Some of the measures included the establishment of the Financial Services Commission (FSC) which issued the Anti-Money Laundering/Combating Terrorist Financing (AML/CFT) Guidelines in October 2012. In the report of May 2013, as a result of minimal improvement in the level of compliance of outstanding Recommendations, Barbados was placed in the first stage of enhanced follow-up.

6. In the follow-up report of November 2014 it was noted that Barbados fully complied with six Key and Core Recommendations (Recs. 3, 4, 10, 36, 40 and SR. IV), and there were nine (9) Key and Core Recommendations (Recs. 1, 5, 13, 23, 26, 35, SR. I, SR. III, and SR. V) which still had outstanding recommended actions. The majority of the outstanding recommended actions are minor. The authorities were advised that the timeframe for proposed measures should be reconsidered particularly those involving enactment of legislation to ensure that measures are in place for Barbados to exit the follow-up process.

7. Since the previous follow-up report the authorities have implemented the following:

- The International Business Unit (IBU) Guidelines have been revised and approved by the Anti-Money Laundering Authority.
- The International Corporate and Trust Service Providers Act 2011 was repealed and replaced by the Corporate and Trust Service Providers Act which was proclaimed on May 1, 2015. The Act extends the AML/CFT regime to include all service providers engaging in certain activities.
- The Corporate (Miscellaneous Provisions) Act became enforceable in February 2015 and includes amendments to the Companies Act and the Societies with Restricted Liabilities Act
- Cabinet approved in April 2015 proposals relating to asset sharing and the establishment of a forfeiture fund. The Chief Parliamentary Counsel is due to commence drafting relevant legislation shortly.

### **Conclusion**

8. As a result of the late submission of the matrix by Barbados, the Secretariat was not able to prepare the relevant follow-up report for the consideration of the Plenary. As such, it is recommended to Plenary that the Secretariat should complete the present report by July 15, 2015 and submit it for approval of delegates via round robin process.