SECURITIES COMMISSION OF THE BAHAMAS

RISK ASSESSMENT

FINANCIAL AND CORPORATE SERVICE PROVIDERS

FINANCIAL SERVICES SEGMENT

ASSESSMENT PERIOD: 1 JANUARY 2025 TO 31 DECEMBER 2025

Securities Commission of The Bahamas
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Financial and Corporate Service Providers: Financial Services Segment

Money Laundering, Terrorist Financing and Proliferation Financing

Sectoral Risk Assessment – Summary Report (Public Edition)

Assessment period: 1 January 2025 to 31 December 2025

OVERALL SECTOR RISK RATING

MEDIUM

Sector vulnerability 0.47 on the 0.0 to 1.0 scale (inherent vulnerability 0.49, moderated by the control framework)

1. Rationale for the Medium rating

The financial-services segment, comprising money lenders, payment and financing businesses licensed under the Financial and Corporate Service Providers Act, is rated Medium. Its client base is overwhelmingly domestic (about 2% of clients are resident abroad), its scale is the smallest of the Commission's populations, and its products are conventional credit and payment services with limited anonymity. Those features hold inherent vulnerability to the middle of the scale.

The rating is not lower than Medium because parts of the segment handle cash and activity is highly concentrated in a few firms.

2. The sector at a glance

- **Population:** 293 financial and corporate service providers licensed as at 31 December 2025, of which 42 in the financial services segment covered by this report.
- **Scale:** Approximately $6.6 billion of assets; approximately 102,141 client relationships, 98% domestic.
- **Profile:** Consumer and commercial lending, payments and financing; high concentration in the largest five firms.

3. Sector risk data

The indicators below are aggregates from the mandatory Risk Data Return across the full population, published so that licensees, registrants, and the public can see the evidence base behind the rating. No figure identifies any individual firm. Jurisdiction banding uses the Financial Action Task Force lists as at 19 June 2026 (call for action: Iran, North Korea, Myanmar; increased monitoring: 22 jurisdictions).

Industry profile

Financial and corporate service providers licensed (as at 31 December 2025)	293
of which financial services segment (covered by this report)	42
Total client relationships	102,141
Clients resident in The Bahamas	99,777
Clients resident abroad	2,364

Money laundering risk indicators

- Risk Exposure: the segment's money laundering channel is cash: money services and lending involve the least traceable form of value. A 98% domestic client base of 102,141 relationships; 750 politically exposed person relationships (0.7%, principally domestic); activity concentrated in the largest five firms. Controls: sanctions screening at 95% of firms; training averages 90%; 88 suspicious transaction reports, as reported by firms through the Risk Data Return for their last three reporting periods, with 25 firms filing none in all three (one without explanation, under follow-up). Conclusion: a domestic, identifiable client base and conventional traceable products hold money laundering risk at Medium, with source-of-funds scrutiny on cash-intensive relationships the supervisory priority.

Terrorist financing risk indicators

- Risk Exposure: the segment's terrorist financing channel is cross-border payments. 2.3% of clients are resident abroad; jurisdiction disclosures attribute 1,366 foreign relationships, of which none is resident in a jurisdiction subject to a call for action and 202 in jurisdictions under increased monitoring. Controls: sanctions screening at 95% of firms, tested through the Commission's supervision. Conclusion: measured terrorist financing exposure is low.

Proliferation financing risk indicators

- Risk Exposure: the segment's proliferation financing channel is payments. No clients resident in Iran or North Korea, and a 98% domestic client base. Controls: sanctions screening at 95% of firms; 63% of risk assessments expressly cover proliferation financing. Conclusion: proliferation financing exposure is assessed as low on measured exposure; the segment's outstanding action is lifting express proliferation financing coverage in risk assessments from 63% toward full coverage.

Entity risk ratings

- Every licensee is rated in the Commission's Entity Risk Register from its Risk Data Return, and the rating drives its supervisory intensity, from baseline monitoring to intensive engagement. Of the licensees rated under this segment (each firm is rated once, under its dominant licence), 72% are rated Low and 28% Medium-Low, with none rated Medium-High or High.

4. How the Commission assessed the sector

The Commission assessed the segment with the World Bank National Risk Assessment methodology for other financial institutions (Module 6), combining inherent factors (size, clients, cash intensity, agents, international activity) with control quality.

Ratings are expressed on the World Bank scale from 0.0 to 1.0, read in five bands: Low (below 0.2), Medium-Low (0.2 to below 0.4), Medium (0.4 to below 0.6), Medium-High (0.6 to below 0.8), and High (0.8 and above). The assessment draws on the Commission's Risk Data Return, a mandatory annual return completed by every licensee and registrant covering clients, products, geography, controls, and financial position, cross-checked against the Commission's registers and supervisory information.

5. What is driving the risk

- **Cash handling.** Money-services activity involves cash, the least traceable payment form.
- **Concentration.** A handful of firms account for most of the segment's activity.
- **International balances.** Foreign asset balances are material even though foreign clients are few.

6. What is mitigating the risk

- **Domestic, identifiable clients.** Nearly all relationships are with residents, onboarded against domestic identification infrastructure.
- **Conventional, traceable products.** Lending and payments generate records that are straightforward to trace.
- **Controls in place.** Compliance appointments, screening and risk assessments are reported at high rates.

7. The Commission's response

- **Risk-based supervision** with entity ratings driving intensity, and cash-handling businesses receiving particular attention.
- **Examination corroboration** of self-reported controls, focused on the segment's largest firms.

8. What the Commission expects of the sector

- Apply source-of-funds scrutiny to cash-intensive relationships.
- Keep risk assessments and compliance appointments current, and report suspicious activity including attempted transactions.

This public edition summarises the Commission's sectoral assessment. The underlying analysis, entity-level information, and supervisory follow-up are confidential. Questions may be directed to the Commission at info@scb.gov.bs.