



Central Bank of Barbados and Financial Services Commission
Domestic Financial Institutions Virtual Seminar

“Customer Due Diligence, Reporting Obligations, and Monitoring”

Welcome Remarks

Good morning ladies & gentlemen.

I have the distinct pleasure of welcoming you to this forum, a continuation of the Virtual Domestic Financial Institutions Conference, which is a collaboration between the Central Bank of Barbados and the Financial Services Commission.

Today our focus is on “customer due diligence” and we have key experts from our financial regulators who will walk us through many of their considerations in dealing with this very important topic. We also have interventions from market participants who will share their perspectives on this matter, and of course we look forward with great anticipation, to hearing from you our stakeholders and to providing answers to various queries you may have.

This matter is of great importance not only because it impacts each of us personally, but because there are wider implications that threaten, in the first instance, the sustainability of the financial system, and secondly, that could potentially spill over and constrain our economic growth strategy/prospects.

In recent times, some of you may have received notification from your financial institutions seeking updated information on your address and employment details, among other things. Some of you may not have responded with alacrity. Indeed, there are reports that several people have not responded at all.

Reports are that some perspectives may include:

- Why is this important?
- Why is this institution harassing me?
- A quiet and simple dismissal of the request

Some entities suggest that the regulators are onerous and are always coming up with more and more compliance issues that make it difficult for conducting business. If a customer asks the frontline worker any questions pertaining to these demands, then the sharp response is, “this is what the regulator requires”. Or in my personal experience, as I was told by an entity that FSC regulates, “well Sir, this is what the FSC requires”. At least the officer was polite.

Some of you may be aware that Customer Due Diligence is one component of the wider Anti Money Laundering/Combating Financing of Terrorism (AML/CFT) framework. I would also like you to know that Barbados has developed a strategic plan for enhancing/strengthening its overall AML/CFT framework to be more aligned with the global standards and effectiveness. We are aggressive in our approach as it is critical for Barbados not to be seen by the international community as a jurisdiction with weak AML/CFT standards. Some damage has already been done, but we are determined to improve this perspective.

You are a key partner in our strategy and the regulators are also pursuing greater regulator-to-regulator reliance and coordination, which will support our combined approach. As a regulator, our desire is to ensure there is a greater level of awareness among our entities and among the wider public about customer due diligence. We want to be satisfied that our institutions have developed effective mechanisms to know the customers with whom they are conducting business. Further, we need the public to have an understanding of, and appreciation for what we are trying to achieve and the importance of their cooperation to ensure our objectives are met.

I trust that during today’s deliberation we will go beyond the requirements as set out in the standards, and have shared thoughts on:

- effective approaches to obtaining and maintaining customer due diligence information
- leveraging technology to facilitate digital submission and authentication of information provided by customers
- mechanisms for dealing with existing customers for whom red flags are subsequently raised
- consideration for dealing with Politically Exposed Persons

In closing, I wish to express gratitude to the Governor of the Central Bank and his team for their unrelenting commitment to ensuring that dialogue with all our stakeholders continue. I also wish

to thank all members of our panel, contributors and to you, our audience, for participating in today's discussions.

Colleagues, I wish you very much success in your deliberations.

Thank you.