

Minister says Financial Services Ministry has ‘Awesome Responsibility’

By ERIC ROSE
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BIMINI, The Bahamas – Minister of Financial Services the Hon. Ryan Pinder said that his newly-recreated Ministry has an “awesome responsibility”, during the launch of the Ministry’s Strategic Plan and unveiling its 10-year strategy, at the recent International Business and Finance Summit, at Bimini Bay, Bimini.

“As the second industry of The Bahamas, behind tourism – and one day we hope will rival and surpass tourism – the Prime Minister (the Rt. Hon. Perry Christie) recognised the important need to have a specific, separate entity with cabinet level leadership overseeing the development of this sector,” Minister Pinder said.

“Charged with this awesome responsibility, my Ministry endeavours to strengthen The Bahamas as a modern, well-functioning, robust business and trade centre while also protecting and promoting the financial services industry for the overall development of The Bahamas and to the benefit of our citizens,” he added.

Minister Pinder said that his Ministry includes many aspects of trade in services. This multifaceted approach dovetails nicely with its trade portfolio, he said.

“Indeed, there are natural synergies between the two as an international

business centre, by nature, is centred on the trade in or export of services,” Minister Pinder said. “Not only do we build domestically and internally, we should also leverage our knowledge base to export services, and particularly in financial services.”

He added that, in fact, the demand exists and he had the opportunity to discuss at length economic opportunities between The Bahamas and countries like the Dominican Republic and Haiti.

“In fact, the Minister of Commerce for the Dominican Republic has recently discussed their need to supplement their financial services sector with our talent, inviting us to export our financial services to their country,” he pointed out.

“I held a similar discussion with the Minister for commerce with Haiti. He was very specific, encouraging the integration and export of our financial service sector in providing the necessary services support to their small and medium business development. These are great opportunities for us to link our mature financial services industry with a trade in services agenda to regional countries.”

Minister Pinder said that another important aspect of his Ministry’s work is that it serves as a focal point from which the Government of The Bahamas can survey international initiatives that impact and threaten our centre. His Ministry is charged with ensuring that The Bahamas is not faced with surprises from the international arena, he added.

“My Ministry will also be coordinating The Bahamas’ response to these initiatives, in conjunction with the Ministry of Foreign Affairs, to our Embassies, High Commissions and Consulates throughout the world and

the Office of the Attorney General and the Ministry of Finance, as necessary,” he said.

Minister Pinder said that his Ministry would be working on several key issues in the industry, including the United States Foreign Account Tax Compliance Act (FATCA).

“I have instructed my Director of Financial Services, to make this issue a top priority over the next few weeks with a view to ensuring that The Bahamas has a detailed strategy for ensuring that our centre remains competitive in an environment with FATCA,” he said.

He added that FATCA’s regulations contain various options that are being carefully studied by his Ministry.

“I am mindful, that my Ministry ought not to consider the implications of FATCA in a ‘public sector vacuum’,” he noted. “Therefore, to ensure that private sector participants are included, I have installed a Minister’s Advisory Group to ensure that your views are considered. I am pleased to report that this group has met and has commenced its work to chart the way forward with respect to FATCA.”

Minister Pinder said that foremost on his Ministry’s agenda is the development of a strategy to elucidate a clear way forward for Bahamian financial institutions, so as to remove any uncertainty as to its approach as quickly as possible.

“My Ministry wants your businesses’ FATCA preparations to proceed as soon as possible,” he said. “We fully understand that time does translate to costs for our industry; however, we endeavour to undergo an

expedient, but thorough review of our options and announce the way forward for The Bahamas within the first quarter of this year.”

Minister Pinder said that his Ministry continues to work alongside the Ministry of Finance and the Attorney General’s Office with respect to the work of the Global Forum on tax transparency and the exchange of tax information matters.

He added that the Organisation for Economic Co-operation and Development (OECD) and now the European Union have a consistent, fast moving approach in its actions against jurisdictions like The Bahamas.

“It is evident that our only crime is having a competitive tax structure and one that differs considerably from Europe,” Minister Pinder said. “The Bahamas’ tax structure has evolved, not from the desire to create a “tax haven” environment, but one that is historically based on our policy makers’ consideration of the best mechanism to raise revenue for public expenditures given our open, import oriented economy.

“The Bahamas has always been a trading nation with a large informal, self-employed sector. Therefore, import taxes rather than direct income taxes provided the best approach, at the time, for raising government revenue.”

Nevertheless, Minister Pinder said, the world has changed.

“Rules have changed,” he stated. “My Ministry is closely following developments out of the OECD and the European Union to ensure that the views of the business sector are considered as we adjust our

legislation.

“As the OECD strives to make its groupings more inclusive based on the demands of small countries like The Bahamas, my Ministry will also be an active participant to ensure that The Bahamas’ views are always presented and included in the OECD process, and in fact on the Global stage.”

Minister Pinder pointed out that a modern regulatory environment is an important selling point for any jurisdiction. His Ministry, he said, is working closely with the Regulators to ensure that regulatory initiatives, including those which cut across the entire financial sector, are properly and promptly addressed in a manner consistent with the risks present in the Bahamas’ jurisdiction.

“We are, of course, mindful of the necessary independence of the regulator – a tenet that we fully respect; however, I am adamant that the regulators have a clear understanding of the Ministry’s policy perspective as soon as possible when any initiative arises,” Minister Pinder said. “It is also important the Ministry has a good understanding of the regulators’ perspectives as we discuss with the industry in this quickly evolving marketplace.”

Minister Pinder said that with respect to these international initiatives, it is his Ministry’s view that The Bahamas must take a leadership role amongst its CARICOM and CARIFORUM peers on those issues.

“A regional approach is important to support our national approach,” he said. “We as The Bahamas must be leaders in this regard.”

He added that The Bahamas has a strong reputation of proper regulation and a strong legislative and policy framework and his strategy incorporates this aspect of leadership.

“My strategy also involves The Bahamas systematically identifying those jurisdictions outside of the region with positions that are compatible with The Bahamas so that discussions may be advanced with a view to developing common strategies for addressing these initiatives,” Minister Pinder said. “The Bahamas has many friends in the world and are prepared to call upon like-minded nations to have a truly global discussion on the future of international business and finance.”

Minister Pinder noted that, together with the Bahamas Financial Services Board (BFSB), his Ministry creates a platform for industry participation in the development of the financial services sector.

“Our Government has a renewed commitment to consultation on matters that affect your business,” he said. “In particular, we seek to balance the need and approach of the regulators with that of the business reality in which we lie.

“We must emphasise that there is a strong and distinct difference in the roles of the BFSB and our Ministry. We emphasise that for the Ministry to function effectively, we need to have a strong, vibrant, full time industry lobby in the form of BFSB to continually do your bidding to the Government.

The Ministry, therefore, encourages those who are not yet members to

join both their particular industry groups and BFSB so that their views are included in the industry representations to the Ministry of Financial Services, Minister Pinder said.

“While our Ministry does have a valued, close relationship with the industry on a one-on-one basis, there are benefits to representation to our Ministry through BSFB – who I must add is a strong and persistent advocate for its members,” he said.

The story was written by Eric Rose of the Bahamas Information Services