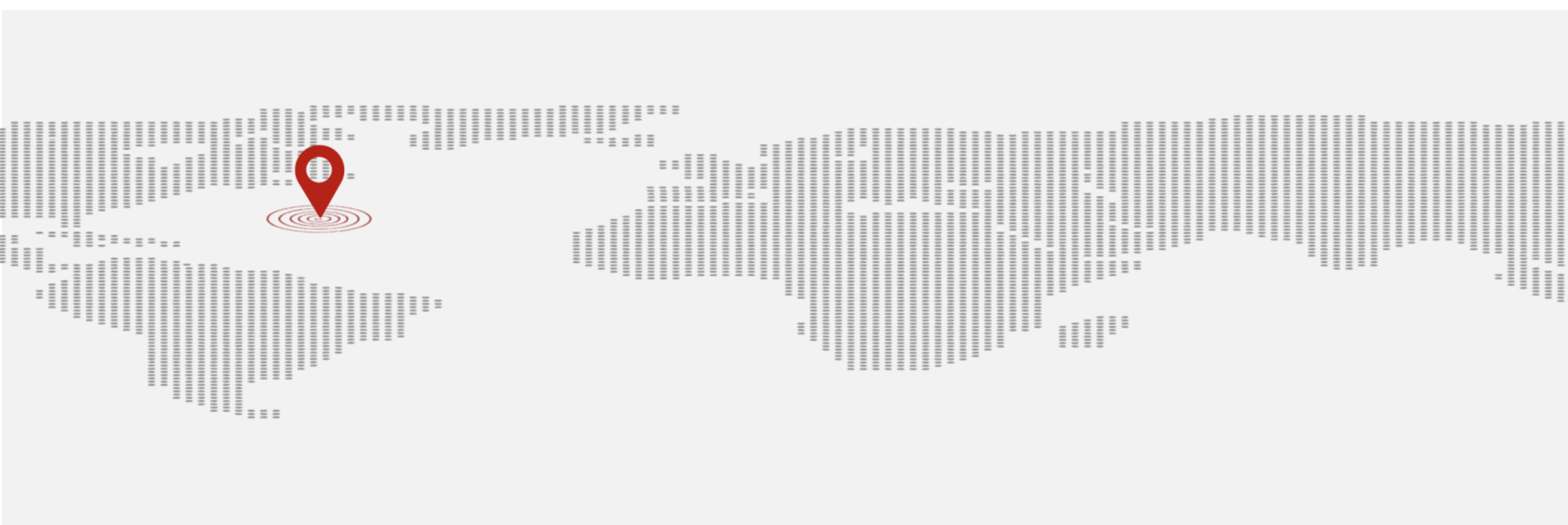
Friday, 7 August, 2026

CONSULTATION PAPER

Basic Bank Accounts

Comments to be received by 22 September 2026



CONTENTS

I. INTRODUCTION

1. This Consultation Paper (CP) invites feedback on the proposed amendments to the Banks and Deposit Companies Act 1999 (BDCA or the Act). The amendments seek to introduce an obligation for institutions to provide basic bank accounts to eligible individuals.

2. To accomplish this objective, it is proposed that the BDCA be updated to include a requirement for the provision of basic bank accounts. Under Section 14(5)(a) of the Act, institutions will be required to offer these types of accounts. The features and eligibility criteria for these accounts will be outlined in the accompanying Regulations.

3. Industry and other stakeholders are invited to provide feedback on the proposals outlined in this paper and its attachments by emailing their comments to policy@bma.bm by the close of business on 22 September 2026.

II. BACKGROUND

4. Access to basic bank accounts plays a crucial role in ensuring that all eligible individuals, regardless of their financial status, social conditions or geographic location, can participate in the formal financial system. These accounts serve as a vital foundation for managing everyday financial activities, such as making deposits, withdrawing cash, paying bills and transferring payments. By granting access to these essential banking services, basic bank accounts equip individuals with the tools needed for financial independence and effective money management.

5. The need for basic bank accounts has become even more pressing in recent years due to the declining reliance on cash in many economies worldwide. Most employers now pay salaries directly into bank accounts, leaving those without one at a significant disadvantage. The inability to receive wages electronically creates serious challenges, including securing employment, as a bank account has become a critical requirement for many jobs. By providing access to basic bank accounts, these barriers can be removed, allowing individuals to participate more actively in the labour market.

6. Furthermore, introducing basic bank accounts aligns with global efforts to advance financial inclusion, led by organisations such as the United Nations, the World Bank, the International Monetary Fund, the Organisation for Economic Co-operation and Development and the Basel Committee on Banking Supervision. These entities have long emphasised the role of financial services in reducing inequality, fostering economic participation and promoting sustainable development. Universal access to affordable financial products, beginning with basic bank accounts, is considered a cornerstone of global efforts to expand economic opportunities and ensure equitable growth.

7. In conclusion, the availability of basic bank accounts is critical for promoting financial inclusion and empowering individuals to integrate into the financial system. These accounts not only support the management of everyday finances but also act as a gateway to broader economic opportunities, such as securing employment and accessing other financial products.

III. KEY PROPOSALS

Banks and Deposit Companies Act 1999 Amendments

8. It is proposed to amend the Act to incorporate the provision of basic bank accounts and related products and services as a mandatory service for institutions licensed under section 14(5)(a).

9. It is proposed to amend the Act to allow the Minister of Finance, acting upon the Authority's advice, to issue Regulations outlining the product and service features of a basic bank account and the eligibility criteria for basic bank account holders.

Consumer Eligibility

10. To qualify for a basic bank account, it is proposed that certain eligibility criteria apply as below:

    a. legal Bermuda residents only;
    b. limited to retail customers, business accounts are not permitted;
    c. be of legal age to enter into a bank account contract;
    d. customers will be limited to one basic bank account (either in their own name or joint names);
    e. customers must meet relevant Anti-Money Laundering, Anti-Terrorist Financing (AML/ATF) and Know Your Customer (KYC) requirements, and must not use the account for fraudulent purposes; and
    f. customers cannot apply for a basic bank account if they already have standard current and/or savings account(s).

11. The proposed verification framework would rely mainly on customer declarations and existing Customer Due Diligence (CDD) processes conducted by licensed institutions. Feedback is invited on the feasibility of an industry-coordinated mechanism to support verification that is proportionate, operationally practical and consistent with privacy and confidentiality obligations. There are currently no plans to establish a centrally operated verification database.

12. Customers would be obliged to notify the institution in the event of a change in their circumstances impacting product eligibility.

Key Product Features

13. It is proposed that basic bank accounts have the following features:

    a. Bermuda dollar (BMD) account only;
    b. non-interest bearing; and
    c. use of a debit card for domestic point-of-sale and domestic online transactions in BMD.

14. It is further proposed that basic bank accounts will not be subject to any minimum balance requirement, transaction cap or account-balance cap.

Permitted Services

15. It is proposed that basic bank accounts permit the following services:

    a. deposits (cash, cheque and electronic);
    b. cheque-processing;
    c. cash withdrawals;
    d. online banking and remote balance access; and
    e. domestic payments (electronic or in-person).

16. It is proposed that the following services **will not** be permitted as part of a basic bank account:

    a. overdrafts, credit cards or other credit facilities;
    b. foreign exchange services; and
    c. international wire transfers.

Fees

17. It is proposed that a basic bank account will be exempt from all fees associated with its permitted services, as well as from maintenance and compliance-related fees.

Account closures

18. Where legally permissible and in compliance with applicable tipping-off restrictions, the applicant or account holder, as applicable, shall be provided with the reason for any refusal, restriction, or closure of a basic bank account, along with information regarding any available internal review and complaint procedures.

19. It is proposed that an institution may close a basic bank account in the following circumstances:

a. provision of the basic bank account would be unlawful (including under the Criminal Code);
b. the basic bank account is used or reasonably suspected to be used for fraudulent or other criminal purposes;
c. false or misleading information has been provided;
d. the customer is unable to meet applicable CDD requirements or otherwise presents an unmitigable risk of money laundering, terrorist financing or proliferation financing; and
e. the basic bank account holder engages in serious or repeated threatening, abusive, harassing or violent conduct towards bank staff.

20. It is proposed that institutions retain the ability to close or restrict a basic bank account immediately, or on an expedited basis, in relation to the circumstances outlined in paragraph 19.

21. It is proposed that institutions must provide customers with a minimum of two (2) months' notice before closing an account for non-AML/ATF or administrative reasons limited to the following:

    a. the customer no longer satisfies the eligibility criteria for a basic bank account;
    b. the account has remained dormant or inactive for a prolonged period, subject to applicable notice and unclaimed property requirements;
    c. the institution determines that the account was opened due to an administrative or processing error, which resulted in the account being opened for a customer who is ineligible, and the issue cannot be reasonably rectified; or
    d. the customer fails to provide updated administrative information that is not related to fulfilling CDD requirements or addressing heightened AML/ATF risks.

22. Following the death of a basic bank account holder, the institution may restrict or close the account as part of the administration of the estate. Where appropriate and legally permissible, notice should be provided to the personal representative, or other person legally authorised to receive it. The applicable timeframe should reflect the relevant legal requirements and practical requirements of estate administration.

23. Where a basic bank account holder requests closure of the account, or elects to transition to another product, service, or provider, the closure or transfer may proceed within a timeframe mutually agreed between the institution and the account holder.

Transition to a Standard Account

24. Where an institution considers it appropriate to transition a basic bank account holder to a standard account, this should be discussed with the customer before any transition is initiated.

25. A transition to a standard current or savings account would only occur where the customer requests additional functionality, provides the necessary consent, and satisfies the applicable due-diligence requirements.

26. Any proposed transition is not intended to be compulsory or automatic and would be dependent on the satisfaction of applicable CDD requirements.

27. If the customer does not wish to transition, the institution may continue to maintain the basic account subject to appropriate controls, unless the required CDD cannot be completed or the residual risk cannot be adequately mitigated, in which case the institution may refuse, restrict or close the account in accordance with the specified grounds.

Transitional Period

28. A proposed six-month transitional period will apply following the effective date of the legislative amendments and supporting regulations, providing institutions with sufficient time to establish and operationalise the basic bank account product.

Regulatory Oversight

29. It is proposed that institutions be required to submit reports to the Authority on a quarterly basis to allow the Authority and the Ministry to monitor trends, assess potential exclusion concerns and evaluate the effectiveness of the framework

30. This reporting is proposed to include the following information:

    a. Basic bank account applications

        i. total number of applications submitted during the period;
        ii. number of applications approved within the period; and
        iii. number of applications refused within the period, along with specific reasons for refusal.

    b. Basic bank account closures

        i. Institution-initiated closures

            - number of closures initiated by the institution;
            - specific reasons for these closures; and
            - notice period provided for these closures.

        ii. Customer-initiated closures

            - number of closures initiated by customers.

iii. The number of basic bank accounts open at the end of the period.

31. These reports are proposed to be provided using a standardised template the BMA will publish, in which the data will:

a. be aggregated and anonymised;
b. utilise standardised refusal categories; and
c. avoid disclosure of information that could create tipping-off concerns related to AML/ATF and counter-proliferation financing requirements.

Enforcement

32. The 2025 Financial Action Task Force revisions emphasise that AML/ATF measures should be applied in a proportionate and risk-based manner and should not create unnecessary barriers to accessing financial services. Consistent with these principles, the proposed basic bank account framework is intended to promote greater financial inclusion by ensuring access to essential banking services while maintaining appropriate safeguards against financial crime. The introduction of these requirements, together with proportionate enforcement measures for non-compliance, has been developed with these objectives in mind.

33. As institutions licensed under section 14(5)(a) will be required to provide basic bank account products, any failure to comply with this obligation may be subject to civil penalties under section 49A of the BDCA.

34. In addition, as the minimum services required to be provided under a basic bank account will be prescribed in Regulations made pursuant to section 60 of the Act, any contravention of those requirements may attract a penalty of up to $10,000 under section 60(2)(c) of the BDCA.

35. A late fee will also apply where quarterly basic bank account returns are submitted after the prescribed deadline.

IV. CONSEQUENTIAL AMENDMENTS

36. It is proposed that the Proceeds of Crime Act Regulations 2008 (POCA Regs) be amended to detail the appropriate and relevant CDD application for basic bank accounts.

V. CONCLUSION

37. Please provide the Authority with your feedback on the presented proposals or any challenges you may envision with implementation by emailing your comments to policy@bma.bm by the close of business on 22 September 2026.