Overview of Current Initiatives in The Bahamas Financial Services Industry

STEP NASSAU | September 2006

A presentation by
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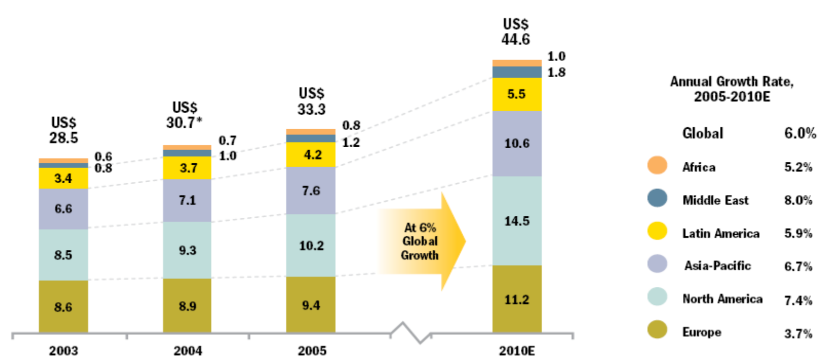
OPPORTUNITIES REMAIN IN OUR REACH

Figure 7 | **HNWI Financial Wealth Forecast by Region, 2003-2010E**
(US$Trillions)



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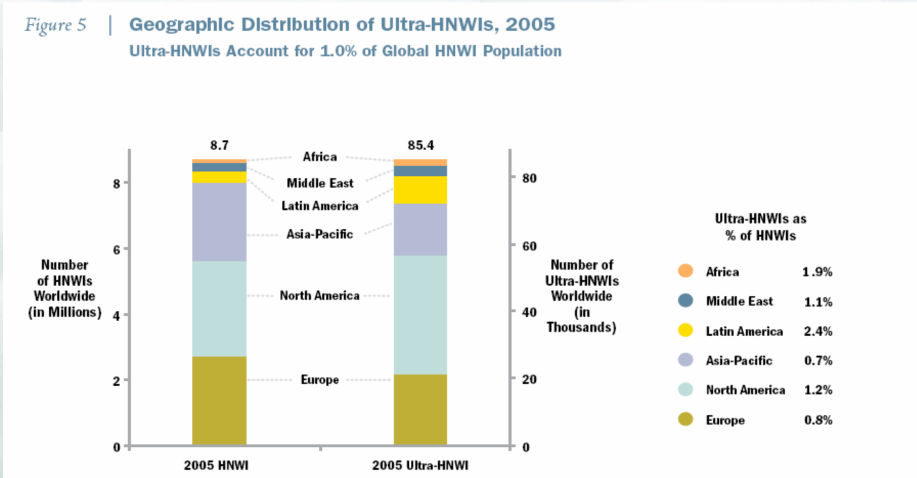
ULTRA HNWI - THE CREAM OF THE CROP



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THE PLAYING FIELD IS LEVELING

	Licensed or Regulated Trustees	Central Registry for Constituting Documents	Requirement to File Financial Statements	Requirement to Audit Financial Statements	Settlor and Beneficiary Information Available or Filed[1]	Exchange of Information - Member of the Egmont Group
OECD Countries						
Canada (Ontario)	Yes[2]	No	No	No	Yes[3]	Yes
England & Wales	No[4]	No[5]	No[6]	No[7]	Yes[8]	Yes
Ireland	No[9]	No	No	No	No[10]	Yes
New Zealand	No[11]	No	No	No	Yes[12]	Yes
Switzerland	No	No	No	No	Yes[13]	Yes
U.S. (Delaware)	No[14]	No[15]	No	No	No[16]	Yes
Non-OECD Countries						
The Bahamas	Yes[17]	No[18]	No	No	Yes[19]	Yes
Bermuda	Yes[20]	No	No	No	Yes[21]	Yes
British Virgin Islands	Yes[22]	No[23]	No	No	Yes[24]	Yes
Cayman Islands	Yes[25]	No	No[26]	No	Yes[27]	Yes
Hong Kong	No[28]	No	No	No	Yes[29]	Yes
Isle of Man	No[30]	No[31]	No[32]	No[33]	Yes[34]	Yes
Jersey	Yes[35]	No	No	No	Yes[36]	Yes
Singapore	Yes[37]	No[38]	No	No	Yes[39]	Yes

Beyond the Level Playing Field (STEP)

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CONVERGENCE OF INFORMATION SHARING – AT LEAST IN USA

COUNTRY	FIU	TIEA	MLAT
Anguilla	Yes	No**	In effect 11/9/90
Antigua and Barbuda	Yes	Yes	In effect 7/1/99
Aruba	Yes	Yes	In effect
Bahamas	Yes	Yes	In effect 7/18/90
Barbados	Yes	Yes	In effect 3/3/00
Belize	Yes	No**	Signed 9/19/00
British Virgin Islands	Yes	Yes	In effect 11/9/90
Dominica	Yes	Yes	In effect 5/25/00
Jamaica	Yes	Yes	In effect 7/25/95
Mexico	Yes	Yes	In effect 05/3/91
Panama	Yes	No**	In effect 9/6/95
Saint Kitts and Nevis	Yes	No**	In effect 2/23/00
St. Vincent & Grenadines	Yes	No**	In effect 9/8/99
Trinidad & Tobago	Yes	Yes	In effect 11/29/99
Turks & Caicos	Yes	No**	In effect

No** All share tax information via MLAT

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OECD ACHEIVES SOME LEVELS OF SUCCESS

		In Force	Pending
1.	Bahamas	1	-
2.	Bermuda	2	2
3.	Cayman	1	10
4.	Guernsey	3	9
5.	Jersey	2	12
6.	Panama	0	0

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OFFSHORE CENTRES – GONE???

Definition (per OECD 1998)

- Low or no taxes on business or investment income
- No withholding taxes
- Light and flexible incorporation and licensing regimes
- Light and flexible supervisory regimes
- No need for financial institutions and/or corporate structures to have a physical presence
- An inappropriately high level of client confidentiality based on impenetrable secrecy laws; and
- Unavailability of similar incentives to residents

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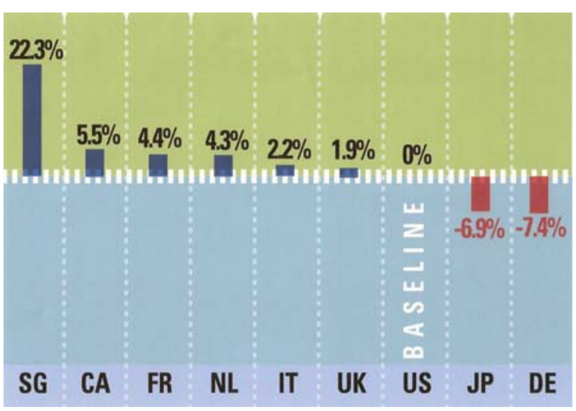
BUSINESS ADVANTAGES IN THE EAST



SG – Singapore
CA – Canada
FR – France
NL – Netherlands
IT – Italy
UK – United Kingdom
US – United States
JP – Japan
DE - Germany

2006 KPMG Competitive Analysis

% cost advantage (disadvantage) relative to the US

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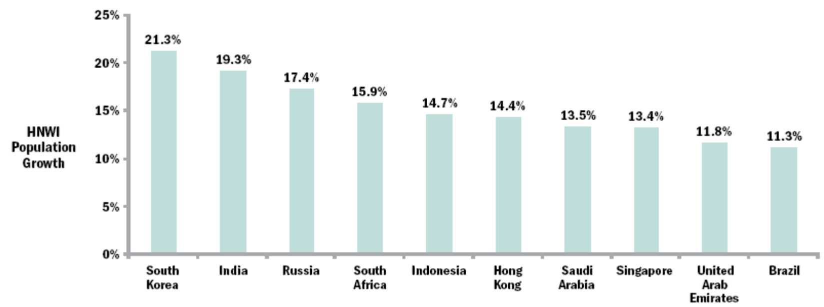
GROWTH GENERATED FAR AWAY

Figure 6. | **HNWI Population Growth by Selected Market, 2004 – 2005**



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| Business Consulting Services

Pathways: Much depends on an objective view of the centres capabilities and their desired level of future transformation

Poor Centres

- Reputation Issues
- Failure to recognise the traditional roles have changed
- Loss of key names
- Under investment

Average Centres

- Compliance
- Possible/weak branding
- Reliant on traditional product/services
- Average infrastructure
- Holding key names
- Diverse, unfocused investment

Leadership Centres

- Compliance and beyond
- Brand perception
- Product/service diversification
- Information technology leverage
- Attracting key names
- Focused investments

Time

11 | Pcs-sb-ibm0175.ppt | 28-May-04 |

GLOBAL REACH IS CRITICAL

Global presence matters to a country's success:

1. Sound economic policies are no longer enough to attract investments and exports
2. Parity of policies means countries must compete for "mind share" and capital
3. Marketing is today an important component of a government's portfolio
4. Globalization is creating a more flattened, interconnected world

Country image enhancement is no longer a choice
It is a necessity to compete

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COUNTRY IMAGE – CORE ELEMENTS

Country Identity
How The Bahamas perceives itself, what it believes in

Country Image
The sum of how others perceive The Bahamas

Country Equity
The value of the image, in terms of awareness, loyalty, quality, association

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BRANDING BRINGS BUSINESS

		Bahamas	Singapore
1.	Top 10 Destination Brands	# 10	-
2.	Top 10 Conventions Brands	#5	#10
3.	Top 10 Business Brands	-	#7
4.	Top 10 Most Improved Brands	-	-
5.	Top 10 Rising Star Brands	-	-
6.	The Banker IFC Ranking	W. Hemisphere	Overall

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COUNTRY IMAGE - DEVELOPMENT

Building a country image

1. A sense of place
2. Culture
3. Character
4. Accessibility

Requirements

1. Create uniqueness and differentiation in a very cluttered communications environment
2. Deliver on a promise of quality, value or other attribute

BAHAMAS STRATEGY & BRANDING SURVEY

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COUNTRY IMAGE – DRIVERS

1. Economic management
2. Governance
3. Infrastructure
4. Safety
5. Quality of life
6. **Market size**
7. Legal and tax regimes
8. Quality of labor force
9. People (skills)
10. Productivity
11. Quality / value (in financial services)
12. Profitability

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BAHAMAS IMAGE - STRATEGY

Conduct research : *Bahamas Strategy & Branding Survey, Economic Contribution*

1. **Develop a core idea** : *private wealth, value added services*
2. **Identify competitive advantages and opportunities** : *lifestyles, sovereignty, Freeport*
3. Identify and get input from all domestic stakeholders
4. **Secure financial resources**
5. **Identify Messengers**, Empower "third party" voices
6. Develop visual images, logos, slogans, etc
7. **Policy or regulatory changes** : *Trade Agreements*, *Regulatory reform, product legislation*
8. **Marketing** : *Road shows and inward missions, Advertising, Earned media relations, Host important events, "Gateway" internet presence, Trade show presence*
9. Public diplomacy
10. **Information tools** : *Measuring progress, Benchmarking competitiveness*

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THE BAHAMAS HOST SPECIAL PROGRAMS

The Bahamas Briefing Sessions

November 1-3, 2006

- Briefings on the Bahamas private wealth management industry
- Briefings on the Bahamas funds industry
- Presentations from Global leaders in Wealth Management
- Golf, boating and deep sea fishing in the warmth of The Bahamas

Three days you will not want to miss. And you are invited, as our guest.

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THE BAHAMAS ON THE WORLD WIDE WEB

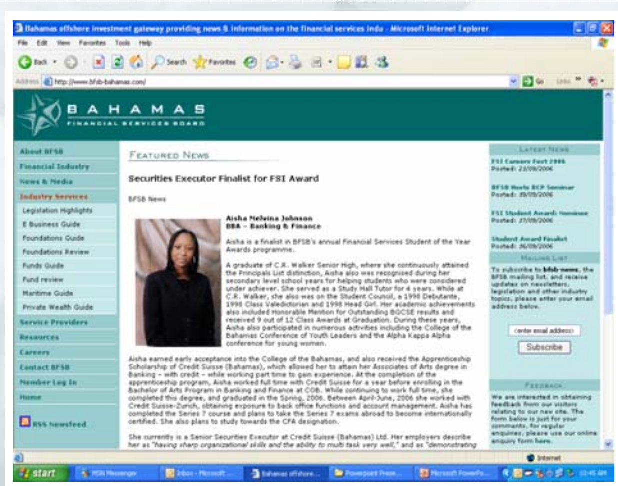

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IMAGE BY DESIGN, NOT BY DEFAULT

A country's image requires…

- **TIME** — Strategic countries think long term; Implement multi-year campaigns.
- **COMMITMENT** — More than an advertising campaign; Countries must develop multi-tactical, integrated marketing efforts.
- **FOCUS** — Don't be everything to everyone. Develop an image platform broad enough to reach many audiences, but impact those who matter most.