



Amendments to Bermuda's banking laws

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Key takeaways

- Bermuda is enhancing its banking legislation to make it attractive to new banks – particularly those wishing to provide services to Fintech companies.
- The new 'restricted banking' license makes it easier to set up in Bermuda, as there is no stringent 'high street' requirement.
- Initial net assets for restricted banks is set at US\$5m compared to US\$10m for fully licensed banks.

Bermuda has further enhanced its banking legislation to extend the remit of its 'restricted banking license'.

Pursuant to the Banks and Deposit Companies (Restricted Banks) Amendment Order 2024 (the "**Banks Act Amendment Order**"), the Bermuda government acting on the advice of the Bermuda Monetary Authority, the sole financial services regulator responsible for the supervision and oversight of Bermuda's banking sector has made the following key amendments to Bermuda's bank licensing framework under the Banks and Deposit Companies Act, 1999 (the "**Banks Act**").

Under section 14(5) of the Banks Act, institutions which conduct banking activities in Bermuda are required to offer certain minimum services to the public in Bermuda, including Bermuda dollar current accounts; payment of cheques, drafts and orders; Bermuda dollar savings and deposit accounts; overdrafts and loan facilities in Bermuda dollars; Bermuda dollar mortgage loans on real property in Bermuda, foreign exchange services; and credit and debit card facilities (collectively, 'high street' services).

In 2018, the Banks Act was amended to create a new class of 'restricted banking license' which enabled certain institutions to apply for a license to offer such of the high street services as the BMA may approve, thus lowering the barrier to entry for new banks in Bermuda. However, such banking services could only be offered to digital assets businesses and digital issuers that are licensed or authorised by the BMA in Bermuda or affiliates thereof. Given the limited number of such businesses, the remit of the restricted banking license was of little value in practice.

However, with the passing of the Banks Act Amendment Order, the Bermuda government has extended the persons to whom services may be offered by an institution with a restricted banking license to casinos that are licensed under the Casino Gaming Act, 2014 as well as persons that are '**not ordinarily resident, incorporated, registered or formed in Bermuda**'.

Further, the initial net assets of a restricted bank are US\$5million, compared to US\$10 million in the case of a bank with a full license under the Banks Act.

We anticipate that these amendments will encourage banks looking to service digital assets businesses and issuers in Bermuda and abroad to consider seeking a restricted banking license in Bermuda.

Walkers has significant experience in advising on license applications under the Banks Act and are able to provide advice on the new amendments.