

# Funding the future

## Andrew Dipkin considers the future growth of The Bahamas' funds industry now that the jurisdiction has a new legislative environment and, more importantly, a renewed energy to move forward in terms of promotion and industry development

// think that one of the things that's happening here is that The Bahamas as a whole is starting to think about how it presents itself to the rest of the world," begins Andrew Dipkin, commenting on the new surge of positive energy currently running throughout the jurisdiction. "There is a huge concentrated

**"The legislation that has been enacted here is some of the most strict compliance legislation that I have seen in any jurisdiction and, although some may think that this is prohibitive to business, I think that it shows we are serious about it and that we want quality people to come here"**

(see box), Dipkin explains that this energy is in part being generated

effort on the part of the domicile to actively go out and promote its abilities - this is something that has never happened before," he says.

The current president of CITCO Fund Services Bahamas and a member of The Bahamas Association of Mutual Fund Administrators

by the belief that The Bahamas' financial services sector - and in particular the domicile's funds sector - is about to experience substantial growth. "There is going to be a turnaround - not that the funds industry was suffering - and this will occur for a number of reasons, the most important being the change in the legislative environment."

The government has been working hard to ensure that The Bahamas is viewed as a fully compliant jurisdiction the world over, and has taken many steps, including the introduction of the FATF recommended anti-money laundering legislation, in order to achieve this goal. "The legislation that has been enacted here is some of the most strict compliance legislation that I have seen in any jurisdiction and, although some may think that this is prohibitive to business, I think that it shows we are serious about it and that we want quality people to come here," says Dipkin.

The second reason for this energy is the Cayman Islands. Dipkin points

out that "people are soon going to see that Cayman is at capacity. It is our biggest competitor in the Caribbean and, from talking with people there, I think that they are going to start looking to other jurisdictions because Cayman cannot maintain its level of service." It is his belief that when these people come to The Bahamas and see that it has got the infrastructure to service their needs just as well, if not better, then the island is going to start experiencing new growth. "I think that because we are a larger jurisdiction in terms of population it gives us a big advantage because we have more resources to draw from." This appeal does not end with size, as Dipkin highlights that not only is it simpler to establish a fund in The Bahamas, it is a very competitive jurisdiction in terms of maintaining a company and in its proximity to the US. "The Bahamas is close to Florida and we have frequent direct flights here to and from places such as New York and Miami, which makes for a strong selling point."

So too is the fact that The Bahamas is a very enjoyable place to visit. "There are a lot of islands within The Bahamas and they are so beautiful and easy to get to," says Dipkin, explaining that a hard working investment manager could visit The Bahamas for a few days, conduct his or her business, then sail off to Harbour Island for a few days, "and they would come home and say 'what a great relaxing vacation' - it is all part of the package."

There is no denying The Bahamas' appeal as a holiday destination, but that alone is not sufficient to attract new business. This is why the jurisdiction has now changed its legislative environment and must continue to move forward, determined not to rest on its laurels. The domicile is geared up for promotion, widespread publicity of the funds industry is planned and the government is continuing to consult the private sector as they work together to decide the next move.

"In relation to the fund industry," begins Dipkin, "we are talking about going out and really selling it, going to conferences as 'The Bahamas', and it is that kind of desire to

**"There are a lot of people out there that can be trained, and I think that is where our advantage comes from. It is just a matter of continually fostering their education and growth"**

really present ourselves that will definitely have a positive effect on the growth of the business here," he says. Other promotions include attending Bermuda's largest hedge fund

convention and also working alongside The Bahamas Financial Services Board (BFSB). "With the BFSB, we are looking at promotional tours going into South America, into Europe and basically putting on road shows showcasing what The Bahamas has to offer and how you can go about it. I think that this is something that we have never really done for the fund business and that is where we are going to start. And, as I said, with the legislative issues now quietened down, we can present the changes in a very positive light. I think the sky is wide open in that regard," he explains.



**Andrew Dipkin**

Andrew Dipkin is part of the Bahamas Association of Mutual Fund Administrators, a forum for discussion of industry concerns, made up of a collective of the top independent service providers in the jurisdiction. It examines methods that will make it easier to operate within the guidelines of the domicile's legislation.

"It has the ear of the Bahamas Securities Commission and some of the audit firms and attorneys within the jurisdiction are also involved. It is an open forum to just make sure that everyone in The Bahamas is on the same page in terms of providing administration services," explains Dipkin.

He is also President of CITCO Fund Services Bahamas, part of the CITCO group of companies. Worldwide, CITCO Fund Services is the largest independent fund administrator in the world with over US\$100 billion in assets under management and 800 funds. The Bahamas office is a one-stop-shop, offering full fund administration and corporate services.

The government's input does not end with promotion and it is currently working alongside the private sector in order to develop some of the capital markets and help promote The Bahamas International Securities Exchange. "With the development of the capital markets, new structures will emerge that are conducive to business and will induce people to set up companies and have the administration done out of The Bahamas," says Dipkin, highlighting the fact that at the moment, these plans are still in their infancy. "We are still discussing them, but it is something that is on the agenda along with the overall promotion of the jurisdiction."

And as for The Bahamas' stock exchange, there are hopes that it

will eventually list mutual funds. "I am trying to have the first fund that is listed on the Securities Exchange administrated out of CITCO," says Dipkin who, although obviously excited about the prospect, is realistic in accepting that at this present time, the stock market too is still developing. "At this point, I see the Securities Exchange as an added value. I believe that you have to take small steps before you can run with the big dogs. We are working hard and trying to promote and get the fund business in there." Dipkin points out that once every domestic company is listed on the exchange, products such as mutual funds will further business and economic development and sophistication.

As The Bahamas develops its funds industry and interest and client base really do begin to take off there is one concern and that is the labour pool. Although Dipkin has referred to its size, he accepts that currently there are not enough people at management level. "There are a lot of people within the financial services industry here to draw on, but if there is any weakness in the labour pool it is that there may not be enough quality Bahamian management staff - not that the management here is not quality - but we need development to bring more talent up through the ranks," he says.

To combat this The Bahamas Association of Mutual Fund Administrators is working with the BFSB to develop training courses. "Everyone recognises the need to train people," says Dipkin, "there are a lot of people out there that can be trained, and I think that is where our advantage comes from. It is just a matter of continually fostering their education and growth."

With the public and private sectors working together to develop training and with The Bahamas experiencing a new legislative environment, it is understandable why there is so much positive energy throughout the jurisdiction. "People now say 'look at The Bahamas,' and are surprised by the quality of our legislation," says Dipkin, "It has definitely enhanced our image and I am pretty bullish on the whole situation."