

BERMUDA FINTECH STRATEGY 2026-2028



GOVERNMENT OF BERMUDA
Ministry of Economy and Labour

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MINISTER'S WELCOME



I am pleased to present Bermuda's first comprehensive Fintech Strategy, a roadmap to Bermuda firmly establishing itself as a leader in financial technology innovation that balances an Island-wide adoption of digital finance tools with a jurisdictional focus on Insurtech.

At the heart of this strategy is a robust Digital Identity framework, essential for securely enabling our vision and ensuring seamless integration across all facets of Bermuda's fintech ecosystem.

This Fintech Strategy aligns with the broader Economic Development Strategy for 2023-2027. Bermuda's commitment to promoting innovation, inclusivity, and international cooperation reflects its leadership within the global financial landscape.

This Strategy for 2026-2028 is founded on three strategic pillars, each crafted to drive growth, encourage innovation, and secure a prosperous future for our citizens:

Strategic Pillar No. 1. Agile regulatory environment,

Strategic Pillar No. 2. Innovation growth and capacity building, and

Strategic Pillar No. 3. International collaboration and market access.

I invite you to join us in this exciting venture, contributing to and benefiting from the growing local ecosystem. Together, we can ensure that Bermuda not only keeps pace with the rapid advancements in financial technology and digital finance but also fosters a sustainable and inclusive economic future for all.

Thank you for your support and engagement.

A handwritten signature in black ink, appearing to read 'JPH', written in a cursive style.

Jason P. Hayward JP, MP

Minister of Economy & Labour

1.0 EXECUTIVE SUMMARY



Bermuda Fintech Strategy 2026-2028 aims to catapult Bermuda to the forefront of global Fintech, fostering innovation, driving economic growth, and creating high-value jobs for Bermudians. Aligned with the broader Economic Development Strategy (EDS) 2023-2027, it emphasises innovation, inclusivity, and international cooperation.

A critical foundational element of this Fintech Strategy is the implementation of a comprehensive Digital Identity framework, underpinning security, trust, and efficient service delivery across Bermuda's digital financial landscape.

Strategic Pillars:

- 1. Agile Regulatory Environment**
- 2. Innovation Growth and Capacity Building**
- 3. International Collaboration and Market Access**

This strategy leverages Bermuda's strengths in financial services, replicates the success of its (re)insurance sector, and establishes Bermuda as a natural hub for Insurtech. Bermuda's unique position as the World Risk Capital and its ideal conditions for testing innovative technologies—small size, high internet penetration, educated population, and blue-chip regulator—make it perfect for Insurtech.

Implementing these pillars will create a dynamic, sustainable, and inclusive Fintech ecosystem, driving long-term economic prosperity with a focus on Digital ID and Insurtech.

2.0 INTRODUCTION

2.1. A Healthy Fintech Ecosystem

A healthy Fintech ecosystem provides the foundational elements needed to foster growth and is essential for any jurisdiction seeking to nurture sustainable innovation in the local Fintech sector—and Bermuda’s ecosystem is no exception.

The key elements of a healthy Fintech ecosystem include:

- 1. Regulatory Framework:** Regulations that ensure consumer protection, financial stability, and integrity while fostering innovation. The Bermuda Monetary Authority (BMA) provides a transparent and risk-based regulatory framework that supports innovation through initiatives like regulatory sandboxes, while maintaining robust consumer protection and financial crime prevention measures.
- 2. Market Demand:** Consumer and business demand for more accessible, efficient, and cost-effective financial services. Bermuda’s strategic location and strong financial services sector create a favourable market demand for innovative Fintech solutions.
- 3. Collaboration:** Partnerships between traditional financial institutions and Fintech companies to leverage each other’s strengths. The BMA encourages collaboration through open communication channels and regular consultations, helping Fintech companies navigate regulatory requirements and fostering a cooperative environment.
- 4. Talent and Capital:** A vibrant community of entrepreneurs, developers, investors, and other stakeholders who fuel the Fintech innovation pipeline. Bermuda invests in digital infrastructure and talent development, ensuring that the local workforce is equipped to support the growing Fintech sector.

A foundational component underpinning each pillar of the strategy will be a robust Digital Identity framework, which ensures security, regulatory compliance, and seamless user experiences across financial services.



2.2. The Fintech Strategy

Building Bermuda’s reputation as a leading Fintech hub uses the blueprint of the (re)insurance sectors under the guidance of the Bermuda Monetary Authority (BMA). Bermuda’s current approach in Fintech balances regulatory innovation with a robust licensing regime. Looking ahead, Fintech will continue to build on the jurisdiction’s established insurance and reinsurance markets to provide a robust foundation for Insurtech innovation.

Bermuda will:

- 1. Attract Investment:** Bermuda’s strategic location and strong regulatory framework make it an attractive destination for investors looking to support Fintech ventures.
- 2. Enhance Global Competitiveness:** By maintaining robust consumer protection and financial crime prevention measures, Bermuda ensures the integrity of its financial system, enhancing its global competitiveness.
- 3. Foster Collaboration:** The Government promotes open communication and regular consultations with the regulator and the private sector. This fosters a unique and productive collaborative environment that can only strengthen Bermuda’s Fintech ecosystem.

- 4. Ensure Proper Data Protection:** Bermuda invests in digital infrastructure and talent development, ensuring that the local workforce is equipped to support the growing Fintech sector and maintain proper data protection.
- 5. Drive Innovation and Growth:** The BMA supports innovation through initiatives like regulatory sandboxes, allowing Fintech companies to test new products and services in a controlled environment.
- 6. Provide Regulatory Clarity and Compliance:** The BMA offers transparent and well-defined regulations that align with international best practices, ensuring Fintech companies understand compliance requirements and reducing uncertainty.
- 7. Address Market Gaps and Financial Inclusion:** The BMA's risk-based supervisory framework prioritises resources based on the risk profile of entities, helping to address market gaps and promote financial inclusion.

2.3. The Economic Development Strategy 2023-2027

Bermuda's Economic Development Strategy for 2023-2027 aims to guide the island towards sustainable economic growth and development. The strategy focuses on five key priorities

Local and International Business Retention and Expansion: Ensuring the right conditions for businesses to set up, grow, and operate successfully.

Business Attraction and Investment Promotion: Attracting businesses and promoting investments into Bermuda.

Entrepreneurship and Small Business Development: Supporting local entrepreneurs and small businesses.

Continued Execution of the Economic Recovery Plan: Building on existing recovery efforts.

Investing in People: Enhancing the skills and competitiveness of Bermuda's workforce.

The strategy also emphasises the importance of collaboration between the government, business community, and the people of Bermuda to maximise results.

3.0 WHY BERMUDA?



Bermuda: The Ideal Fintech Hub

Bermuda's stellar reputation in financial services and regulatory expertise in digital assets make it a prime location for leading global Fintech companies. With business-friendly frameworks like DABA and the Virtual Currency Business Act, Bermuda offers clarity and security for digital asset firms. Its strategic location, political stability, and access to global markets further enhance its appeal.

Digital Identification (Digital ID): A Game Changer

Digital ID ensures secure and efficient identity verification, automates verification and claims processes, and centralises and secures personal data, aiding compliance and operational efficiency. This reduces fraud and streamlines processes for insurers and digital asset companies, which supports the digital asset ecosystem and enhances cross-border functionality.

The BMA is finalising the relevant regulatory framework for Digital Identity Service Providers (DISPs). Its proposal includes a tiered licensing regime (Class T for pilot/testing, Class M for transitional operation, and Class F for full operational status), robust cybersecurity requirements, clear definitions of DISP roles, and alignment with international standards.

4.0 STAKEHOLDER INSIGHTS



In shaping this strategy, the Government held stakeholder consultations with local and international Fintech companies, service providers, and senior public service members.

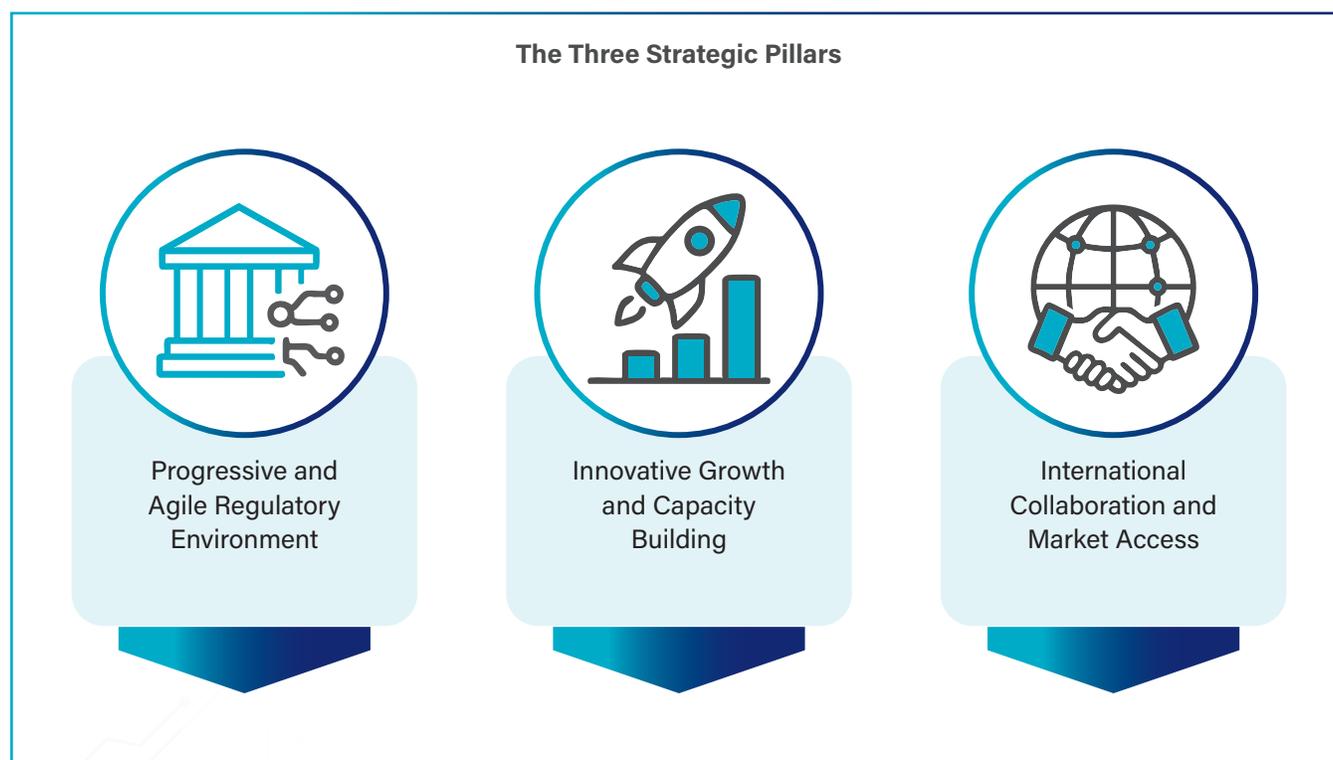
- 1. Technical Infrastructure and Education:** Stakeholders highlighted the exciting potential for enhancing Bermuda's technical infrastructure, implementing robust digital identity systems, and launching educational initiatives to build a skilled workforce. Accessible capital for startups was also seen as a key driver for innovation.

2. **Immediate Use Cases:** Recommendations included simplifying payments, engaging everyday merchants, introducing a unified digital identity framework, increasing government adoption of Fintech, and enabling cross-border payments.
3. **Pragmatic Steps and Legal Frameworks:** Discussions focused on supporting startups through incubator and accelerator programmes, refining the Digital Assets Business Act, differentiating between cryptocurrency and digital securities, and preparing for trends in decentralised finance and decentralised autonomous organisations. Aligning Bermuda's regulations with global frameworks and addressing emerging fields like artificial intelligence integration were seen as vital for future growth.
4. **Local Ecosystem Input:** Stakeholders praised the government's support for Fintech adoption, and the regulatory strength of Bermuda's regulatory framework, highlighting Bermuda's readiness to become a leading Fintech hub.
5. **Digital Identity in Government:** The consultations examined the benefits and considerations of implementing digital identity within Bermuda's government framework. Digital ID promises to further solidify Bermuda's position in the digital asset and Fintech ecosystem.

5.0 FINTECH DEVELOPMENT: STRATEGIC PILLARS

The vision for Fintech in Bermuda mirrors the successes of Bermuda's (re)insurance sector. By attracting international businesses and technical talent to the Island, (re)insurance has significantly boosted Bermuda's economy.

The Fintech Strategy is founded on three Strategic Pillars designed to fully support the Economic Development Strategy (EDS).



5.1. Pillar 1: Progressive and Agile Regulatory Environment

A progressive regulatory environment is crucial for Fintech innovation. Agile regulations allow Bermuda to swiftly adapt to technological advancements and emerging business models, reducing regulatory friction and increasing certainty, thereby attracting new businesses.

Key Initiatives:

5.1.1. Updating Existing Laws and Regulations

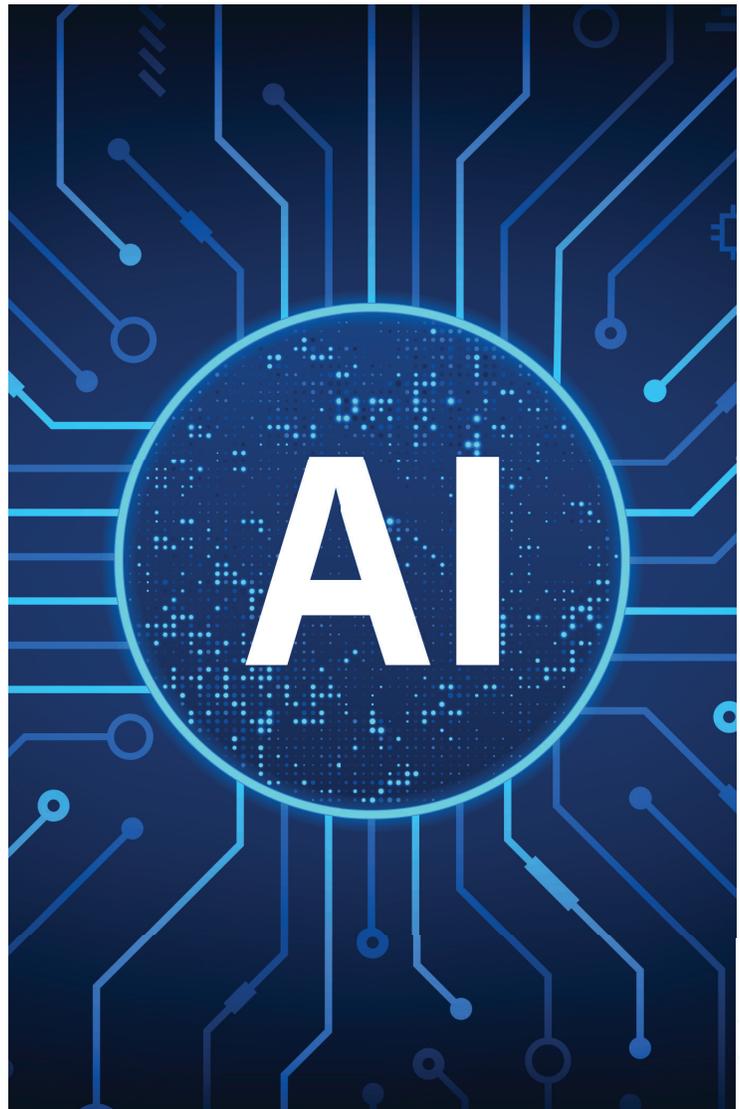
1. Establish a legal review body to monitor global Fintech trends and refine laws to align with global standards, with particular attention to avoiding overregulation.
2. Develop a regulatory framework for Digital ID that has a clear licensing regime for identity issuers and verifiers, positioning Digital Identity as foundational to this Strategy.

5.1.2. Legislative Leadership and Regulatory Innovation

Develop laws for niche Fintech areas, ensuring security, compliance, innovation, consumer protection, and financial stability.

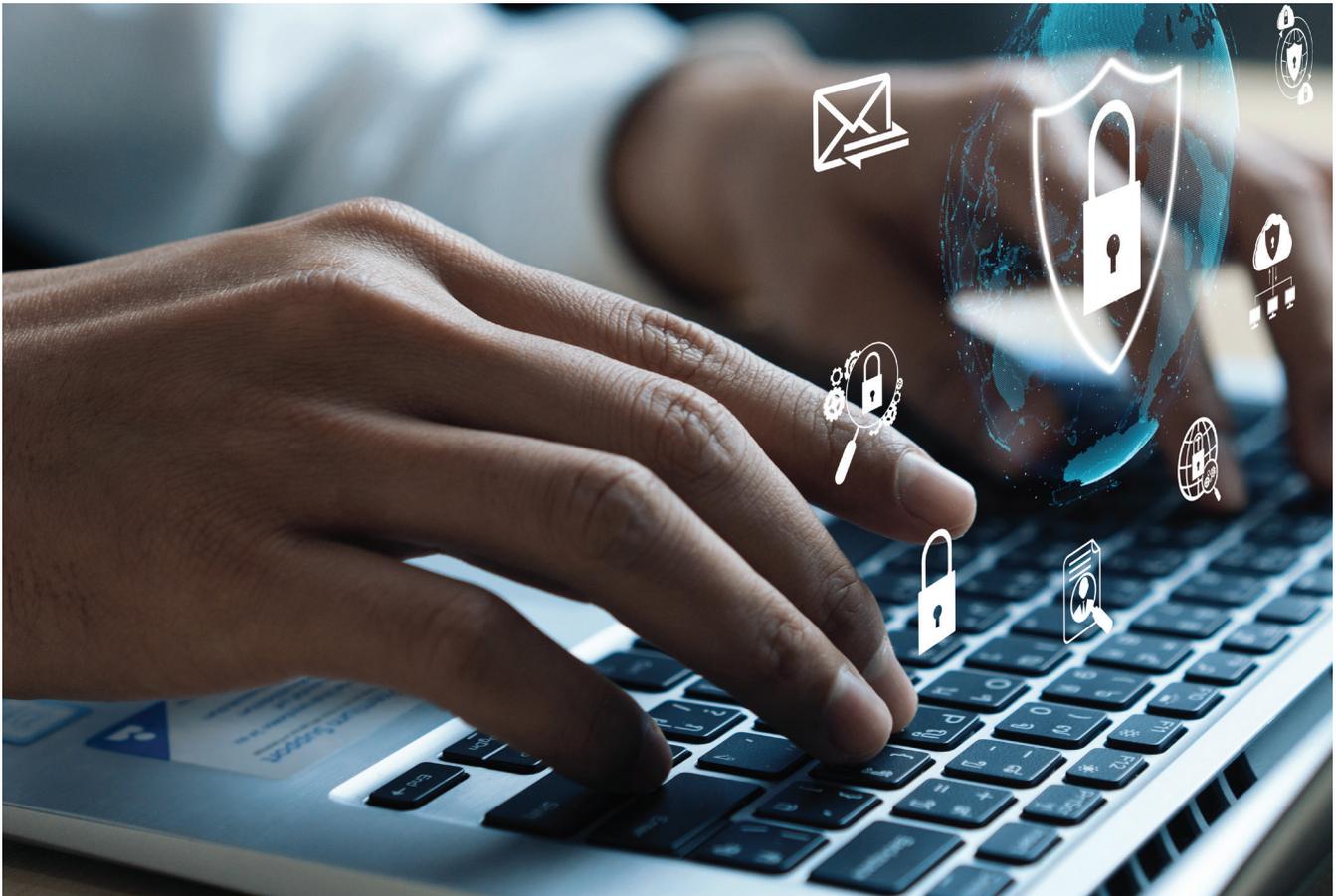
Key areas include:

1. **Decentralised Finance (DeFi):** Integrate DeFi into the Digital Asset framework, addressing KYC and AML complexities.
2. **Blockchain Foundations and Decentralised Autonomous Organisations (DAOs):** Establish Bermuda as a hub for blockchain and DAO entities.
3. **Artificial Intelligence (AI):** Introduce ethical AI regulations focusing on transparency, accountability, and bias prevention.
4. **Internet of Things (IoT):** Regulate IoT applications in Fintech, Regtech and other fields of emerging tech, focusing on data security and consent for data collection.
5. **Regulatory Passporting with Strategic Fintech Jurisdictions:** Collaborate with leading Fintech hubs for mutual recognition and cooperation.
6. **Market Access:** Ensure Bermuda's Fintech solutions reach broader markets.
7. **Collaborative Initiatives:** Partner on joint initiatives, research, and development projects.



5.1.3. Cybersecurity Advancement

Establish a Cybersecurity Governance Board to oversee implementation and adherence to cybersecurity standards. Continuously update the framework to address data protection, resilience building, cybercrime reporting, certification, and compliance monitoring.



5.2 Pillar 2: Innovative Growth and Capacity Building

This pillar aims to cultivate a thriving Fintech environment by enhancing Bermuda's capacity for innovation, supporting startups and established companies, and equipping the local workforce with essential tools, skills, network, and knowledge.

Strategic steps include:

- i. Fostering Innovation:**
 - a.** Emphasise continuous innovation and growth in Insurtech to stay competitive globally.
 - b.** Prioritise initiatives to drive SME engagement and sector diversification, particularly expanding into Digital ID, Insurtech and RegTech, providing clear sector-specific roadmaps
- ii. Ensuring Funding:** Foster accessible funding options for Fintech ventures to grow and scale.
- iii. Developing Talent:** Build a skilled workforce to drive technological advancement and operational excellence.
- iv. Collaborations:** Partner with international universities and local educators to offer relevant curricula, including Insurtech, Regtech, and AI-focused certifications.

Key Initiatives:

5.2.1. Innovation and Funding:

1. Establish an Insurtech Innovation Hub with regulatory sandboxes for testing new products and services.
2. Drive SME engagement through targeted support programmes and clear roadmaps for sector diversification, including Digital ID, Insurtech, and RegTech.
3. Ensure accessible and diverse funding options, including venture capital funds, government incentives, co-investment opportunities, and the establishment of a dedicated Fintech Development Fund.

5.2.2. Nurture Talent:

4. Collaborate with local and international educational institutions to develop relevant curricula and certifications and make them available to Bermuda-based learners.
5. Implement internship and externship programmes, and actively recognise employers committed to engaging local talent.
6. Create immigration policies that are friendly to desired global talent.

5.2.3. Strengthen the Digital Infrastructure:

7. Enhance the readiness of Bermuda's digital infrastructure for AI, blockchain, and IoT.
8. Develop robust safeguards for privacy, data protection, and equitable access to Digital ID solutions.

5.3 Pillar 3: International Collaboration and Market Access

Access to international markets is vital for Bermuda's economy. Collaborating with global Fintech hubs and regional accelerators can fast-track the development of a thriving local Fintech ecosystem. Global partnerships open new markets, technologies, and investment opportunities, while aligning regulations with international standards enhances Bermuda's reputation as a competitive Fintech hub.



Key Initiatives:

5.3.1. Collaboration with Global Industry Groups

1. Build strategic relationships with global Fintech and Insurtech organisations by securing memberships in key international bodies and collaborating on research with partner regulators and relevant organisations.
2. Promote cross-border innovation through partnerships with international centres and by facilitating collaboration between traditional insurers and technology startups.

5.3.2. Market Bermuda as a Premier Fintech/Insurtech Destination



1. **Branding and Visibility:** Reinforce Bermuda's unique brand identity as a global Fintech leader through conferences and media partnerships.
2. **Website Enhancement:** Improve Bermuda's Fintech website with resources for international businesses, including event information, legislation, and use cases.
3. **Digital Marketing:**
 - a. Promote Bermuda's Fintech ecosystem globally, showcasing success stories and regulatory advantages.
 - b. Differentiate the jurisdiction through its leading, top-of-class and robust regulatory reputation, speed-to-market capabilities, and strategic positioning as an agile and responsive jurisdiction in comparison to global competitors.
4. **Media Partnerships:** Feature Bermuda's Fintech landscape in international media channels.

5.3.3. Participate in and Host International Conferences

5. Actively participate in international events to ensure Bermuda's engagement remains visible and appreciated.
6. **Bermuda Tech and Fintech Conference:** Organise an annual event to bring together global Fintech leaders, innovators, and investors for networking, deal-making, and showcasing Bermuda's advancements.

6.0 MONITORING & EVALUATION

Among the key elements in any successful strategy implementation are monitoring and evaluation.

6.1 Data Collection & Reporting

To ensure the effective implementation and continuous improvement of the strategy, data will be collected and analysed to evaluate its influence on key areas such as employment, economic expansion, and Bermuda's stature in the global digital economy.

First, the Government will identify a suite of quantitative benchmarks to assess progress, focusing on trends that reflect increased activity, investment, innovation, and competitiveness in the Fintech sector. These benchmarks will enable the Government to monitor the success of strategic initiatives and adjust course where necessary.

Then, periodic progress reports will be issued to communicate developments, highlight achievements, and inform ongoing policy refinement.

6.2 General Evaluation

Evaluation will focus on both the progress of individual initiatives and the overarching goals of the strategy. Continuous monitoring and feedback will help assess the strategy's effectiveness in fostering Bermuda's position as a global Fintech leader.

6.3 Safeguards

Robust frameworks will ensure privacy, security, data protection, and equitable access to Digital ID systems, adhering to international best practices and standards.

Collaboration with the Cybersecurity Governance Board, the BMA, the E-Commerce Advisory Board, and other advisory and regulatory structures will be intentional and regular.

Key Initiatives:

1. **Evaluation Metrics:** Track the progress of the metrics identified at the onset. Use these metrics to craft the general picture and establish the current state of Fintech in Bermuda. Ensure the metrics remain consistent in order to detect and report on patterns and outliers.
2. **Periodic Reviews:** Conduct periodic reviews of all Fintech initiatives and continuously enhance the effectiveness of regulatory frameworks, talent development programmes, and international engagements.
3. **Feedback Mechanisms:** Actively engage with key stakeholders to gather constructive feedback on the execution of the strategy.
4. **Report on Outcomes:** Publish yearly evaluations and reports to celebrate successes and provide transparency regarding the performance of the local Fintech ecosystem.



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