

# BVI FSC Announces Expanded Compliance Inspection Programme for 2026-2027

On 27 April 2026, the British Virgin Islands ("BVI") Financial Services Commission (the "FSC") published its compliance inspection priorities and expectations for the 2026 inspection cycle. The timetable runs from March 2026 to February 2027. These inspections will comprise the full gamut of thematic, focused, follow-up and full-scope inspections. The announcement signals a notable intensification of the implementation of the FSC's supervisory tools to assess, monitor and better understand the risks presented by regulated entities, and warrants close attention from all BVI licensed entities.

## Increased Scope and Sector Focus

Building on the 40 inspections conducted in 2025, the FSC's 2026-2027 programme will initially target 50 licensees (a 25% increase over last year's cycle) with a particular focus on Trust and Corporate Service Providers ("TCSPs"), Investment Business ("IB") entities, and Virtual Asset Service Providers ("VASPs"). While all 50 inspections will include an Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing ("AML / CFT / CPF") component, 17 licensees are expected to undergo a full-scope AML / CFT / CPF review, and 18 of them will be subject to prudential assessments in sectors presenting elevated operational risk, including banking business, money services business and financing business. Importantly, the FSC has indicated that based on its analysis of the recently implemented

Revised TCSP Annual Return, a further 10 or more licensees may be added to the programme in response to emerging elevated risks and risk areas.

## Key Assessment Areas

During inspections, the FSC will evaluate both the design and operational effectiveness of licensees' internal control frameworks. Particular scrutiny continues to be directed at CDD verification, AML / CFT / CPF policies and procedures, sanctions screening, suspicious activity reporting, internal controls, internal audit functions, sanctions handling, SARs and staff training arrangements across all sectors. The FSC has emphasised that it expects policies and procedures not to be merely documented but effectively embedded within day-to-day operations.

## Supervisory Approach and Selection

The FSC will continue to apply a risk-based approach to inspections in order to achieve the correct balance between supervisory efforts and licensees risk profiles and reflective sectoral vulnerabilities. In addition to concentrating on inherent risks relating to each licensee, other factors that play a critical role in how licensees and sectors are selected for inspection include:

- (a) the compliance history of the licensee (e.g. previous desk-based reviews and compliance inspections resulting in non-compliance findings);
- (b) supervisory concerns of licensees;

- (c) history of enforcement action against licensees and reports from other competent authorities; and
- (d) law enforcement agencies in the BVI related to AML / CTF / CPF risk and mitigation.

### Sector-Specific Vulnerabilities

In addition to the usual key assessment areas across all sectors, the FSC has flagged specific areas of concern in individual sectors.

For **TCSPs**, beneficial ownership verification, third-party obligations and enhanced due diligence remain priority areas.

For the **IB sector**, the focus will be on transaction monitoring and screening sophistication, beneficial ownership verification, internal controls and prudential soundness.

**VASPs** will face scrutiny on Travel Rule compliance, institutional and customer risk assessments, product / service / deliver channel risk, and transaction monitoring effectiveness.

**Banks** will go through full-scope AML / CFT reviews and should ensure all elements of the BVI AML / CFT / CPF and compliance regime are fit for regulatory purposes.

**Money services businesses and financing businesses** will be assessed using focused reviews to include CDD / ECDD, risk assessment, SARs, staff training and internal controls, institutional risk assessment and risk classification, as applicable to the particular business sector.

### Enforcement Action

Where deficiencies or repeated non-compliance are identified, the FSC has stated that it will take proportionate and dissuasive enforcement action.

### Looking Ahead

Licensees should take proactive steps now to review and, where necessary, strengthen their compliance frameworks ahead of the inspection cycle.

We have an experienced regulatory team with the relevant depth available to assist BVI licensees across the various sectors in assessing their readiness and addressing any gaps in their AML / CFT / CPF and prudential compliance arrangements. Let us help you to get ready for the FSC's 2026-2027 inspection cycle and to avoid unnecessary penalties and other forms of enforcement action.

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