

**REPUBLIC OF VANUATU**

**BILL FOR THE**  
**FINANCIAL INSTITUTIONS (AMENDMENT)**  
**ACT NO. OF 2026**

**Explanatory Note**

This Bill amends the Financial Institutions Act [CAP 254] (“the Act”) to strengthen the regulatory and supervisory framework governing banking business in Vanuatu. The amendments address gaps in the legislation as identified through recent supervisory experience.

The amendments include the following:

- (a) inserts a comprehensive definition of the word “involved” in relation to an offence, ensuring that persons who aid, abet, induce, conspire, or are knowingly concerned in an offence may be held liable;
- (b) broadens the definition of “licensee” and “person” to ensure the Act applies to all persons carrying on, purporting to carry on, or representing that they carry on banking business in Vanuatu;
- (c) broadens the application of the Act to any person who carries on, purports to carry on, or represents that they carry on banking business, whether or not they hold a licence;
- (d) inserts a new section 7A to provide a clear legal framework for the treatment of licensed financial institutions that have been struck off by the Vanuatu Financial Service Commission from the company registry. These financial institutions have 12 months period either to be re-registered or proceed with voluntary liquidation with the supervision of the Reserve Bank of Vanuatu;
- (e) expands the Reserve Bank’s powers to require information from all persons carrying on banking business;
- (f) increases penalties under sections 53 and 59 to reflect the seriousness of offences relating to false statements, obstruction, and involvement in unlawful banking activities.

These amendments will enhance the Reserve Bank’s ability to maintain financial stability, protect depositors, and ensure that only fit and proper persons engage in banking business in Vanuatu. In particular, the amendments will:

- (a) provide legal certainty in situations where a licensed financial institution is struck off the company registry, ensuring continuity of supervision and orderly resolution;

- (b) strengthen enforcement by expanding liability to persons involved in offences and increasing penalties to levels that reflect the risks posed to the financial system;
- (c) enhance the Reserve Bank's capacity to intervene promptly in cases of unsafe or unlawful banking practices, including an Order issued by the Court through an application by the Reserve Bank to appoint a person to be a liquidator, receiver or a manager of a licensee and each of its subsidiaries or any other person carrying on banking business.

**Minister of Finance and Economic Management**



**REPUBLIC OF VANUATU**

**BILL FOR THE  
FINANCIAL INSTITUTIONS  
(AMENDMENT)  
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**Arrangement of Sections**

<b>1</b>	<b>Amendment .....</b>	<b>2</b>
<b>2</b>	<b>Commencement.....</b>	<b>2</b>

# REPUBLIC OF VANUATU

## **BILL FOR THE FINANCIAL INSTITUTIONS (AMENDMENT) ACT NO.            OF 2026**

An Act to amend the Financial Institutions Act [CAP 254].

Be it enacted by the President and Parliament as follows-

### **1            Amendment**

The Financial Institutions Act [CAP 254] is amended as set out in the Schedule.

### **2            Commencement**

This Act commences on the day on which it is published in the Gazette.

## SCHEDULE

### AMENDMENTS OF FINANCIAL INSTITUTIONS ACT [CAP 254]

#### **1 Whole of the Act**

Delete “Reserve Bank Act [CAP 125]”, substitute “Reserve Bank of Vanuatu Act No. 37 of 2025”

#### **2 Subsection 1(1)**

Insert in its correct alphabetical position:

““involved” in relation to an offence means:

- (a) aiding, abetting, counselling or procuring the offence; or
- (b) inducing, whether by threats or promises, the offence; or
- (c) being in any way directly or indirectly knowingly concerned in, or party to, the offence; or
- (d) conspiring with others to bring about the offence.”

#### **3 Subsection 1(1) (Definition of “licensee”)**

Delete “financial institution”, substitute “person”

#### **4 Subsection 1(1) (Definition of “person”)**

Delete “unincorporate”, substitute “unincorporate entity”

#### **5 Section 3 (Heading)**

Delete “to financial institutions”

#### **6 Subsection 3(1)**

Repeal the subsection, substitute

“(1) This Act applies to a person that:

- (a) carries on banking business in Vanuatu; or

- (b) purports to carry on banking business in Vanuatu; or
- (c) represents that it carries on or will carry on banking business in Vanuatu.”

**7 Section 7**

Delete “body corporate” (wherever occurring), substitute “person”

**8 Subsection 7(1)**

Delete “is a licensee”, substitute “has been issued with a licence”

**9 Subsection 7(2)**

Delete “is not a licensee”, substitute “has not been issued a licence”

**10 At the end of section 7**

Add

- “(4) A person who is involved in an offence under subsection (3) is guilty of an offence punishable on conviction by a fine not exceeding VT125 million.”

**11 After section 7**

Insert

**“7A Body corporates removed from the company registry**

- (1) If a licensee has been struck off from the company registry, its licence remains valid for a period not exceeding 12 months commencing from the date of being struck off.
- (2) If the financial institution challenges being struck off from the company registry in Court, the period referred to in subsection (1) is to commence from the date of the Court ruling, if the Court rules that the striking out of the company from the registry was valid.
- (3) During the period under subsection (1), that licensee must either:
  - (a) remedy the deficiencies and its corporate status, secure re-registration and obtain a new banking license with the Reserve Bank of Vanuatu; or

- (b) proceed with voluntary liquidation under the supervision of the Reserve Bank.
- (4) Despite subsections (1) and (3), if a licensed financial institution has been removed from the company registry due to an Anti-money Laundering or Counter Terrorism Financing violation that financial institution must liquidate within 12 months of being removed from the company registry
- (5) During the periods set out under subsection (1), the Reserve Bank retains full supervisory authority over the financial institution and may issue directions to the financial institution as if it was a licensee.
- (6) If the period set out under subsection (1), has lapsed and that licensee has failed to remedy the deficiencies and its corporate status re-registration, that licensee must proceed with voluntary liquidation under the supervision of the Reserve Bank.”

**12 Paragraph 11(1)(b)**

Delete “is”, substitute “may be”

**13 At the end of section 11**

Add

- “(7) A person who is involved in an offence under subsection (6) is guilty of an offence and is punishable on conviction by a fine not exceeding VT75 million.”

**14 Subsection 13(3)**

Repeal the subsection, substitute

- “(3) The Reserve Bank must not issue a licence:
- (a) to a body corporate that is licensed under the International Banking Act [CAP 280]; or
  - (b) except as provided by section 10 of the Financial Institutions Act [CAP 254], a company within the meaning of the International Companies Act [CAP 222].”

**15 Subsection 19(1)**

Delete “section 17”, substitute “subsections 17(1) or (1A) or section”

**16 Paragraph 21(2A)(a)**

Delete “all licensees”, substitute “all persons carrying on banking business, with or without a licence”

**17 Subsection 47(1)**

Repeal the subsection, substitute

“(1) The Reserve Bank may apply to the Court for an order that the Reserve Bank, or a person nominated by it, be appointed as a liquidator, receiver or manager of a:

- (a) licensee or former licensee and each of its subsidiaries (if any); or
- (b) any other person carrying on or having carried on banking business.”

**18 Paragraph 47(2)(b)**

After “is”, insert “reasonably”

**19 Subsection 47(3)**

- (a) After “made”, insert “under subsection (2)”
- (b) Delete “court-appointed manager”, substitute “person appointed under subsection (1)”

**20 Paragraph 47(3)(a)**

Repeal the paragraph, substitute

“(a) must take control of and manage the banking business, assets and liabilities of any person specified in the order; and”

**21 After subsection 47(3)**

Insert

“(3A) If an order is made under subsection (2):

- (a) the rights of shareholders and directors in any body corporate that are subject to the order, are suspended; and

- (b) the rights of creditors of any person, that are subject to the order, are suspended.”

**22 Subsection 47(4)**

- (a) After “powers”, insert “granted by the court or”  
(b) Delete “court appointed manager”, substitute “person appointed under subsection (1)”

**23 Paragraph 47(4)(a)**

Delete “need to avoid significant damage to”, substitute “protection of”

**24 Subsection 47(5)**

Delete “court-appointed manager”, substitute “person appointed under subsection (1)”

**25 Section 48 (Heading)**

Delete “Court-appointed manager”, substitute “Manager of foreign licensee”

**26 Section 48**

Delete “court-appointed manager”, substitute “person”

**27 Subsection 53(2)**

Delete “3,000,000”, substitute “10,000,000”

**28 Subsection 55(1)**

Delete “court appointed manager”, substitute “person appointed under subsection 47(1)”

**29 Section 59**

Delete “250,000”, substitute “10,000,000”

**30 Paragraph 59(b)**

Delete “aids or abets, or counsels or procures, any person to commit”, substitute “is involved in”

**31 Schedule**

Delete “European Bank Limited”