



# BALANCE OF PAYMENTS & INTERNATIONAL INVESTMENT POSITION

QUARTER 1/2025

## BALANCE OF PAYMENTS

### Current Account Surplus = \$497 million

The Bermuda current account recorded a surplus of \$497 million in the first quarter of 2025 (Figure 1; Table 1). This represented a \$2 million increase year-over-year. The increase in the surplus reflected an increase in receipts from non-residents along with a decrease in payments to non-residents. The rise in receipts was largely driven by employee compensation (Figure 2).

Contributing factors include:

- The deficit on the goods account widened by \$8 million to \$288 million.
- Service transactions realised a surplus of \$82 million, down \$17 million from a year ago.
- Bermuda's primary income account surplus expanded by \$32 million year-over-year, climbing to \$752 million in the first quarter of 2025.

Figure 1

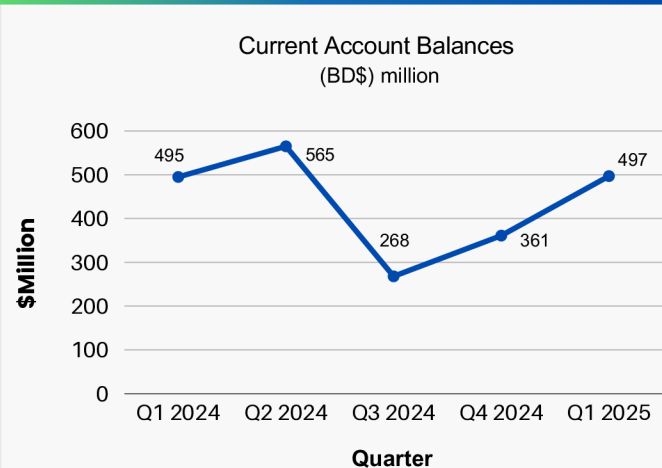
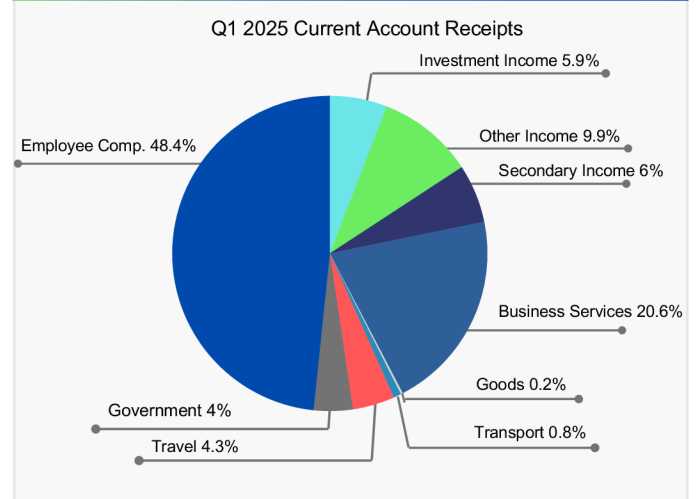


Figure 2



### Goods Account Deficit = \$288 million

The goods account deficit widened by \$8 million year-over-year during the first quarter of 2025 (Table 1). The value of imported goods increased to \$291 million, reflected in a rise in imported goods from the All Other Countries group and the United States, increasing by \$6 million, and \$3 million, respectively. By contrast, imports from the United Kingdom decreased by \$3 million.

Among the commodity groups, the increase in imports was reflected in the majority of the commodity groups. The increase in imports was driven primarily by fuels and machinery which increased by \$11 million, and \$6 million, respectively. Four commodity groups recorded decreases, led by finished equipment and transport equipment, decreasing by \$6 million and \$4 million, respectively.

Revenue earned from the exports of goods remained steady at \$3 million.

### Services Account Surplus = \$82 million

The surplus on the services account decreased by \$17 million from a year ago. The decrease in the surplus balance reflected an increase in the import of services that was much larger than the increase in exports.

The surplus balance on business services narrowed by \$5 million due primarily to the increase in receipts for other services received from non-residents.

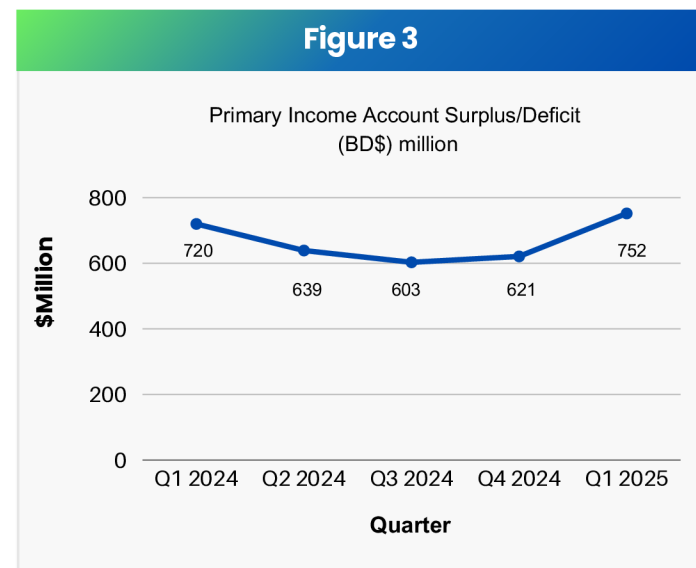
Travel services decreased by \$4 million due primarily to a decrease in receipts for business travel services, widening the deficit. The deficit for transportation services widened by \$9 million as payments for transportation services increased by \$6 million and receipts decreased by \$2 million.

### Primary Income Account Surplus = \$752 million

The primary income account reflects balances on compensation earned/paid to non-residents, and income from investments and payroll tax paid by non-resident companies to the Government.

Year-over-year, the surplus on the primary income account increased by \$32 million during the first quarter of 2025 (Figure 3; Table 1). This rise reflected

primarily an increase in employee compensation of \$32 million. Other income recorded a year-over-year increase of \$14 million, while investment income decreased by \$13 million.



### Secondary Income Account Deficit = \$49 million

The secondary income account reflects the balances on donations, insurance claims and other transfers between residents and non-residents. The deficit balance on the secondary income account widened by \$5 million from a year ago due primarily to increased nonlife insurance premiums and nonlife insurance claims paid to non-residents.

### Financial, Capital, and Reserve Assets Accounts

In the first quarter of 2025, transactions within Bermuda's assets accounts resulted in a net lending position of \$473 million (Table 1). They were influenced by:

- Bermuda's net acquisition of financial assets resulted in an increase of \$690 million compared to an increase of \$223 million in 2024.
- Bermuda increased its net incurrence of financial liabilities by \$217 million this quarter compared to a decrease of \$318 million in 2024.

Table 1 : BALANCE OF PAYMENTS (BD\$) MILLIONS

Components		2024 YTD	2025 YTD	2024 Q1	2024 Q2	2024 Q3	2024 <sup>R</sup> Q4	2025 <sup>P</sup> Q1
CURRENT ACCOUNT PAYMENTS	GOODS IMPORTS	283	291	283	341	384	301	291
	SERVICES	285	306	285	312	320	330	306
	Transportation	59	65	59	69	77	65	65
	Travel	71	74	71	71	83	84	74
	Business Services:	155	167	155	171	160	180	167
	Insurance Services	20	21	20	25	24	27	21
	Financial Services	30	33	30	38	28	27	33
	ICT Services	33	26	33	27	27	32	26
	Other Services	72	86	72	81	81	94	86
	Government Services	-	-	-	-	-	-	-
CURRENT ACCOUNT RECEIPTS	PRIMARY INCOME	91	86	91	146	162	96	86
	Employee Compensation	11	10	11	8	9	9	10
	Investment Income	80	76	80	138	153	87	76
	Other Income	-	-	-	-	-	-	-
	SECONDARY INCOME	121	128	121	125	138	153	128
	TOTAL PAYMENTS	781	812	781	923	1,004	879	812
	GOOD EXPORTS	3	3	3	3	3	3	3
	SERVICES	385	388	385	615	428	451	388
	Transportation	12	10	12	16	14	14	10
	Travel	58	56	58	184	192	79	56
CURRENT ACCOUNT BALANCES	Business Services:	263	270	263	413	221	357	270
	Insurance Services	28	30	28	30	31	28	30
	Financial Services	51	52	51	74	21	120	52
	ICT Services	9	8	9	10	9	9	8
	Other Services	175	180	175	299	160	200	180
	Government Services	51	52	51	2	1	1	52
	PRIMARY INCOME	811	839	811	785	765	717	839
	Employee Compensation	602	633	602	598	559	536	633
	Investment Income	94	77	94	111	144	117	77
	Other Income	115	129	115	76	62	64	129
FINANCIAL ACCOUNT	SECONDARY INCOME	77	79	77	85	76	70	79
	TOTAL RECEIPTS	1,276	1,308	1,276	1,488	1,272	1,240	1,308
	GOODS	-280	-288	-280	-338	-381	-298	-288
	SERVICES	99	82	99	303	108	121	82
	Transportation	-46	-55	-46	-53	-63	-51	-55
	Travel	-13	-17	-13	113	110	-6	-17
	Business Services:	108	103	108	241	61	177	103
	Insurance Services	8	8	8	5	7	1	8
	Financial Services	21	19	21	36	-7	93	19
	ICT Services	-23	-18	-23	-18	-18	-23	-18
FINANCIAL ACCOUNT	Other Services	102	94	102	218	79	106	94
	Government Services	51	52	51	2	1	1	52
	PRIMARY INCOME	720	752	720	639	603	621	752
	Employee Compensation	591	623	591	590	550	528	623
	Investment Income	14	1	14	-26	-9	30	1
	Other Income	115	129	115	76	62	64	129
	SECONDARY INCOME	-44	-49	-44	-40	-62	-83	-49
	CURRENT ACCOUNT BALANCE	495	497	495	565	268	361	497
	Direct Investment	7	41	7	15	16	-4	41
	Portfolio Investment	-167	254	-167	163	415	-19	254
FINANCIAL ACCOUNT	Financial Derivatives	7	29	7	46	53	67	29
	Other Investments	328	282	328	198	-162	220	282
	Reserve Assets	48	85	48	-5	-24	-11	85
	NET ACQUISITION OF FIN. ASSETS	223	690	223	416	299	253	690
	Direct Investment	-19	-155	-19	36	-36	137	-155
	Portfolio Investment	-21	10	-21	-15	-12	30	10
	Financial Derivatives	-39	-18	-39	-1	49	-28	-18
	Other Investments	-239	380	-239	-130	-60	-168	380
	NET INCURRENCE OF FIN. LIABILITIES	-318	217	-318	-109	-60	-28	217
	TOTAL NET CAPITAL ACCOUNT	-	-	-	-	-	-	-
FINANCIAL ACCOUNT	NET LENDING(+)/NET BORROWING(-)	541	473	541	526	358	281	473
	BALANCING ITEM	46	-24	46	-39	90	-80	-24

# INTERNATIONAL INVESTMENT POSITION (IIP)

## Bermuda's Net IIP Increased to \$4.9 billion

At the end of the first quarter 2025, the stock of foreign assets held by Bermuda residents registered above its stock of foreign liabilities by an estimated \$4.9 billion (Tables 2 and 3). The net IIP increased by \$514 million over the fourth quarter of 2024.

## Foreign Assets rise to \$16.5 billion

Between the fourth quarter 2024 and first quarter 2025, Bermuda residents' stock of foreign financial assets increased by \$466 million.

## Bermuda's Net Liability Position remains at \$11.6 billion

Bermuda residents' stock of foreign liabilities decreased by \$49 million from the fourth quarter of 2024.

## IIP by Resident Institutional Sector

The non-financial corporations held a net liability position of \$2.0 billion with the rest of the world at the end of the first quarter 2025 (Table 2). The general government sector's external liabilities exceeded its external assets by \$532 million, largely influenced by a decrease in portfolio investment assets. Government's liability position remained unchanged from the previous quarter. Financial corporations held a net asset position of \$7.4 billion due mostly to holdings of portfolio investments in the form of debt securities. Non-profit institutions serving households also recorded a net asset position of \$95 million at the end of the first quarter.

**Table 2 : IIP BY RESIDENT INSTITUTIONAL SECTOR — (BD\$) MILLIONS <sup>1</sup>**

2025 Q1	Households and NPISHs <sup>2,3</sup>	General government	Financial corporations	Nonfinancial corporations	Total economy
<b>ASSETS</b>	<b>95</b>	<b>2,762</b>	<b>13,350</b>	<b>276</b>	<b>16,483</b>
Direct investment	36	-	88	123	247
Portfolio investment	58	2,761	9,836	19	12,674
Financial derivatives (other than reserves) and ESOs	n.a	-	17	-	17
Other investment	1	1	3,117	135	3,253
Reserve assets	-	-	292	-	292
<b>LIABILITIES</b>	<b>-</b>	<b>3,294</b>	<b>5,957</b>	<b>2,330</b>	<b>11,581</b>
Direct investment	-	-	940	1,865	2,806
Portfolio investment	-	3,294	921	303	4,518
Financial derivatives (other than reserves) and ESOs	-	-	21	1	22
Other investment	-	-	4,075	160	4,235
<b>NET IIP</b>	<b>95</b>	<b>-532</b>	<b>7,392</b>	<b>-2,053</b>	<b>4,902</b>

<sup>1</sup> Data are estimates only and subject to revision

<sup>2</sup> Series does not include stock of household foreign assets and liabilities

<sup>3</sup> NPISH: Non-profit institutions serving households

**Table 3 : INTERNATIONAL INVESTMENT POSITION <sup>1,2</sup> (B\$) MILLIONS**

Components	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 <sup>P</sup> Q1
<b>ASSETS</b>					
<b>BY FUNCTIONAL CATEGORY</b>					
Direct investment	193	226	243	237	247
Portfolio investment	11,551	11,681	12,305	12,463	12,674
Financial derivatives (other than reserves) and ESOs	31	24	24	44	17
Other investment	4,464	3,883	3,209	3,053	3,253
Reserve assets	259	255	231	220	292
<b>BY INSTRUMENT</b>					
Equity and investment fund share/units	3,478	3,316	3,513	3,411	3,375
Debt instruments:	12,990	12,730	12,476	12,562	13,092
Special drawing rights	n.a.	n.a.	n.a.	n.a.	n.a.
Currency and deposits	1,225	1,190	1,120	928	1,098
Debt securities	8,525	8,846	9,266	9,509	9,839
Loans	2,994	2,433	1,822	1,762	1,848
Insurance, pension, standardized guarantee schemes	1	1	1	1	2
Other accounts receivable/payable	245	259	267	362	305
Other financial assets and liabilities	31	24	24	44	17
<b>TOTAL ASSETS</b>	<b>16,499</b>	<b>16,069</b>	<b>16,013</b>	<b>16,017</b>	<b>16,483</b>
<b>LIABILITIES</b>					
<b>BY FUNCTIONAL CATEGORY</b>					
Direct investment	2,811	2,873	2,855	2,998	2,806
Portfolio investment	4,487	4,474	4,481	4,513	4,518
Financial derivatives (other than reserves) and ESOs	12	12	50	40	22
Other investment	4,353	4,231	4,171	4,079	4,235
<b>BY INSTRUMENT</b>					
Equity and investment fund share/units	3,522	3,558	3,536	3,689	3,540
Debt instruments:	8,129	8,020	7,971	7,900	8,019
Special drawing rights	n.a.	n.a.	n.a.	n.a.	n.a.
Currency and deposits	3,751	3,581	3,708	3,505	3,805
Debt securities	3,776	3,789	3,799	3,821	3,784
Loans	345	359	192	273	233
Insurance, pension, standardized guarantee schemes	36	39	37	39	39
Other accounts receivable/payable	221	252	234	262	158
Other financial assets and liabilities	12	12	50	40	22
<b>TOTAL LIABILITIES</b>	<b>11,663</b>	<b>11,590</b>	<b>11,557</b>	<b>11,630</b>	<b>11,581</b>
<b>NET IIP</b>	<b>4,836</b>	<b>4,479</b>	<b>4,455</b>	<b>4,388</b>	<b>4,902</b>



**Table 4 : INTEGRATED INTERNATIONAL INVESTMENT POSITION, 2025 (BD\$) MILLIONS <sup>1</sup>**

Components	First quarter 2025			
	Opening Position <sup>R</sup>	Financial Transactions <sup>2</sup>	Other Changes in Position <sup>3</sup>	Closing Position <sup>P</sup>
<b>ASSETS</b>				
<b>BY FUNCTIONAL CATEGORY</b>				
Direct investment	237	9	1	247
Portfolio investment	12,463	229	-18	12,674
Financial Derivatives (other than reserves) and ESOs	44	-27	0	17
Other investment	3,053	204	-5	3,253
Reserve Assets	220	72	0	292
<b>BY INSTRUMENT</b>				
Equity and investment fund share/units	3,411	-11	-26	3,375
Debt instruments:	12,562	525	5	13,092
Special drawing rights	0	0	0	0
Currency and deposits	928	169	2	1,098
Debt securities	9,509	321	9	9,839
Loans	1,762	85	1	1,848
Insurance, pension, standardized guarantee schemes	1	0	0	2
Other accounts receivable/payable	362	-50	-7	305
Other financial assets and liabilities	44	-27	0	17
<b>TOTAL ASSETS</b>	<b>16,017</b>	<b>487</b>	<b>-21</b>	<b>16,483</b>
<b>LIABILITIES</b>				
<b>BY FUNCTIONAL CATEGORY</b>				
Direct investment	2,998	-199	7	2,806
Portfolio investment	4,513	6	-1	4,518
Financial Derivatives (other than reserves) and ESOs	40	-18	0	22
Other investment	4,079	386	-230	4,235
<b>BY INSTRUMENT</b>				
Equity and investment fund share/units	3,689	-157	8	3,540
Debt instruments:	7,900	350	-231	8,019
Special drawing rights	n.a.	n.a.	n.a.	n.a.
Currency and deposits	3,505	319	-18	3,805
Debt securities	3,821	-36	-2	3,784
Loans	273	163	-203	233
Insurance, pension, standardized guarantee schemes	39	1	-1	39
Other accounts receivable/payable	262	-97	-8	158
Other financial assets and liabilities	40	-18	0	22
<b>TOTAL LIABILITIES</b>	<b>11,630</b>	<b>175</b>	<b>-224</b>	<b>11,581</b>
<b>NET IIP</b>	<b>4,388</b>	<b>312</b>	<b>203</b>	<b>4,902</b>

<sup>1</sup> Data displayed represents the changes between the previous and current quarters.

<sup>2</sup> Transactions refer to any business dealings that occurred during the quarter that lead to an increase or decrease (shown as a negative) in the investment position.

<sup>3</sup> Other changes include price changes, exchange rate changes, and any other adjustments to the investment position, not otherwise reflected in transactions.

## WHAT IS THE BALANCE OF PAYMENTS?

The balance of payments (BOP) is a statistical statement that systematically summarizes, for a specific time period, the economic transactions of an economy (resident) with the rest of the world (non-resident). Quite simply, the balance of payments covers all economic transactions between Bermuda and the rest of the world. It includes the **current account, the capital account and financial account**.

In principle, the current account, capital account and financial account should balance each other. If Bermuda sells more goods and services than it buys (i.e., if it has a current account surplus), it has to lend money abroad to finance its exports (i.e., run a capital and financial account deficit). In theory, therefore, the balance of payments is always zero.

**Example:** Every dollar spent by a tourist in Bermuda earns the economy \$1 in foreign currency which can be used to purchase goods and services from overseas.



## BOP DEFINITIONS AND NOTES

### Balancing Item (Net Errors & Omissions)

A current account surplus or deficit should correspond to an equivalent outflow or inflow in the capital and financial account. In other words, the two accounts should add to zero. In fact, as data are compiled from multiple sources, the two balance of payments accounts rarely equate. As a result, the balancing item is the net unobserved inflow or outflow needed to balance the accounts.

### Capital Account

The capital account details transactions that involve the receipt or payment of capital transfers and acquisitions and disposal of non-produced, non-financial assets.

### Current Account

Transactions on goods, services, income, and current transfers are allocated to the current account. Transactions in exports and interest income are examples of receipts, while imports and interest expenses are payments. The difference between payments and receipts determines if Bermuda's current account is in surplus or deficit.

### Financial Account

All transactions associated with changes of ownership in foreign financial assets and liabilities of the economy are included in the financial account. Such changes include the creation and liquidation of claims on, or by, the rest of the world.

## Payments

All monies that are paid by residents to non-residents are considered payments.

## Receipts

All monies that are received by residents from nonresidents are considered receipts.

## Reserve Assets

Reserve Assets are those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing).

## Resident

The concept of residency is very important in the BOP because the BOP is in fact a statement of transactions between residents and non-residents. A unit must have a centre of predominant economic interest within an economic territory for at least one year or more to be considered resident of that territory.

## Seasonal Workers

Workers from overseas who come to Bermuda to work for a few months in the year or every year are considered seasonal workers. Their expenditure on living expenses in Bermuda is included as travel receipts. Similarly, their income received from employers in Bermuda is a BOP outflow under compensation of employees.

## WHAT IS THE INTERNATIONAL INVESTMENT POSITION?

The international investment position (IIP) is a record of Bermuda residents' investment abroad and nonresidents' investment in Bermuda. The IIP shows the balance sheet position of financial claims on nonresidents as assets and non-residents' claims on Bermuda as liabilities. The balance between these two positions represents the IIP; that is, an excess of assets over liabilities indicates a positive contribution to the nation's net wealth and the reverse signifies a negative contribution.

## WHY IS THE IIP IMPORTANT TO MEASURE?

The composition of the IIP allows financial analysts to assess the vulnerability of the economy to changes in external market conditions. Details from the IIP can highlight mismatches in maturity of instruments and currency that can affect an economy's ability to service debt in the face of shock; financial structure problems; solvency problems and dependency problems where overreliance on another economy can present contagion concerns. Therefore, the IIP allows for a more in depth analysis behind balance sheet weaknesses that can lead to a modern-day financial crisis.

## IIP DEFINITIONS

### Currency and Deposits

Currency consists of notes and coins that are of fixed nominal values and are issued or authorized by central banks, monetary authorities such as the Bermuda Monetary Authority or governments.

Deposits include all claims that are (a) on the central bank and other deposit-taking corporations; and (b) represented by evidence of deposit.

### Debt Securities

Debt securities are negotiable instruments serving as evidence of a debt.

### Notes

n.a. – Not Available

Numbers may not add due to rounding

P – Provisional

R – Revised

**Source:** IMF Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6)



## Direct Investment

Direct investment represents the value of long-term capital owned in subsidiaries, affiliates and branches by investors in a position to exercise control or a significant degree of influence on the management of the enterprise. A measure of total investment controlled in Bermuda by foreign direct investors, or abroad by Bermudian direct investors, indicates the leverage type impact of ownership.

## Financial Derivatives

A financial derivative contract is a financial instrument whose value is based on the value of an underlying security such as a stock or bond, commodity or other financial instrument.

## Insurance, Pension, Standardized Guarantee Schemes

Insurance, pension, and standardized guarantee schemes all function as a form of redistribution of income and wealth mediated by financial institutions.

## Loans

Loans represent the extension of money from Bermuda residents to non-residents and vice versa, with an agreement that the money will be repaid.

## Other Accounts Receivable/Payable

Other accounts receivable/payable consists of trade credit and advances between Bermuda and non-residents and, other miscellaneous receivables/payables.

## Other Investment

Other investment is a residual category that includes positions and transactions other than those included in direct investment, portfolio investment, financial derivatives and employee stock options (ESO), and reserve assets.

## Portfolio Investment

Portfolio investment abroad by Bermuda residents and in Bermuda by non-residents is defined as the holding of debt or equity securities other than those included in direct investment or reserve assets.

**July 2025**

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