Guernsey Financial Services Commission

Industry Seminar – 5 December 2013

Summary of points made in the Chairman's speech

Cees Schrauwers, Chairman

The Commission is necessary but not sufficient in itself.

- There have been many changes and there will be more

- A year ago the Commission promised the following:

    1. To publish service level targets and achievements. This was delivered.

    2. Completion of the reorganisation of the Commission's organisation. Done

    3. Setting up of an Enforcement Division. Done.

    4. Hire new Director General. Done

    5. Limit fee increases to no more that 2% per annum over the next 3 years. In 2014 they will be 0.3%.

    6. And, of course, the day job.

    7. After consultation with the Government, we decided to drop the Consolidation of Regulatory Laws project. We however need to review what needs to be rescued from the project for implementation in 2014.

Ongoing tasks for the Commission.

To protect the reputation of the Bailiwick through a balanced approach of the 3 Rs – Risk, Reward and Reputation. Recent events with the Cooperative Bank show all too clearly how quickly a reputation can be destroyed.

The Commission aims to do this by being simultaneously firm and approachable.

Cost control

The Commission is committed to cost control whilst discharging its regulatory duties. It has frozen Commission salaries for 2014 and is reviewing its Defined Benefit pension scheme.

Moneyval Visit

Guernsey will be visited by officials of Moneyval the supranational body that oversees AML activities. Government, Industry and the Commission need to be ready and prepare for this visit.

Meetings with business

The Director General, Commissioners and I will continue to meet with business and Government.

EU, UK and USA Authorities remain highly active.

Government, business and the Commission will need to prepare for the continued stream of Directives and assess the applicability to the Bailiwick.

The USA, in particular, is extending its supranational reach. We need to stay on guard.

The last 10 years has seen a tenfold increase in regulation.

The Commission remains committed to a reduction of complexity, but it is not in our gift.

Regulation

We subscribe to good regulation, not platinum or gold-plated.

- We strive to be effective and not overbearing.

- We will continue to build a risk based capability, assessing risk originating from our licensees against impact and probability. We expect this to come on stream in the latter part of 2014.

We will not.

- Sit in on Board meetings as observers (we may attend to discuss issues with boards from time to time)

- Do due diligence for a firm on senior appointments - this is and should be the task of the Board

But: –

We need Boards to do their job well

And we are keen to work with the Institute of Directors and the NED representative organisations to develop that capability.

What the Commission needs

From the Government

- The Financial Services strategy to help and guide the Bailiwick

- Update of Regulatory Laws to ensure they all meet international standards and eliminate inefficient anomalies which we or industry have found to exist

From Government and Business

- Tri-partite effort to enact the necessary preparations for Moneyval visit in autumn 2014.

The Commission aims

- To hold discussions with the Crown Dependencies on areas where AML rules can be harmonised.

- To work with the States to ensure access to the UK banking system and ensure it is not inadvertently impeded through the introduction of new banking legislation in the UK

In the years ahead the Commission will:

1. Deliver good regulation
2. Be firm as a regulator, but also approachable
3. Work closely with business and government
4. Closely control its costs
5. Continue to develop consumer protection
6. Roll out Risk Based Supervision
7. Continue to do the day job as a regulator, proportionately and with skill

And, above all, it requires a joint effort of parties involved.

Business

Government

Commission