



Guernsey Financial
Services Commission

Banking Trends

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Synopsis

- Corporate Governance
- Operational Risk
- Banking trends in Guernsey
- Bank Policy and Supervision
- Divisional Themes



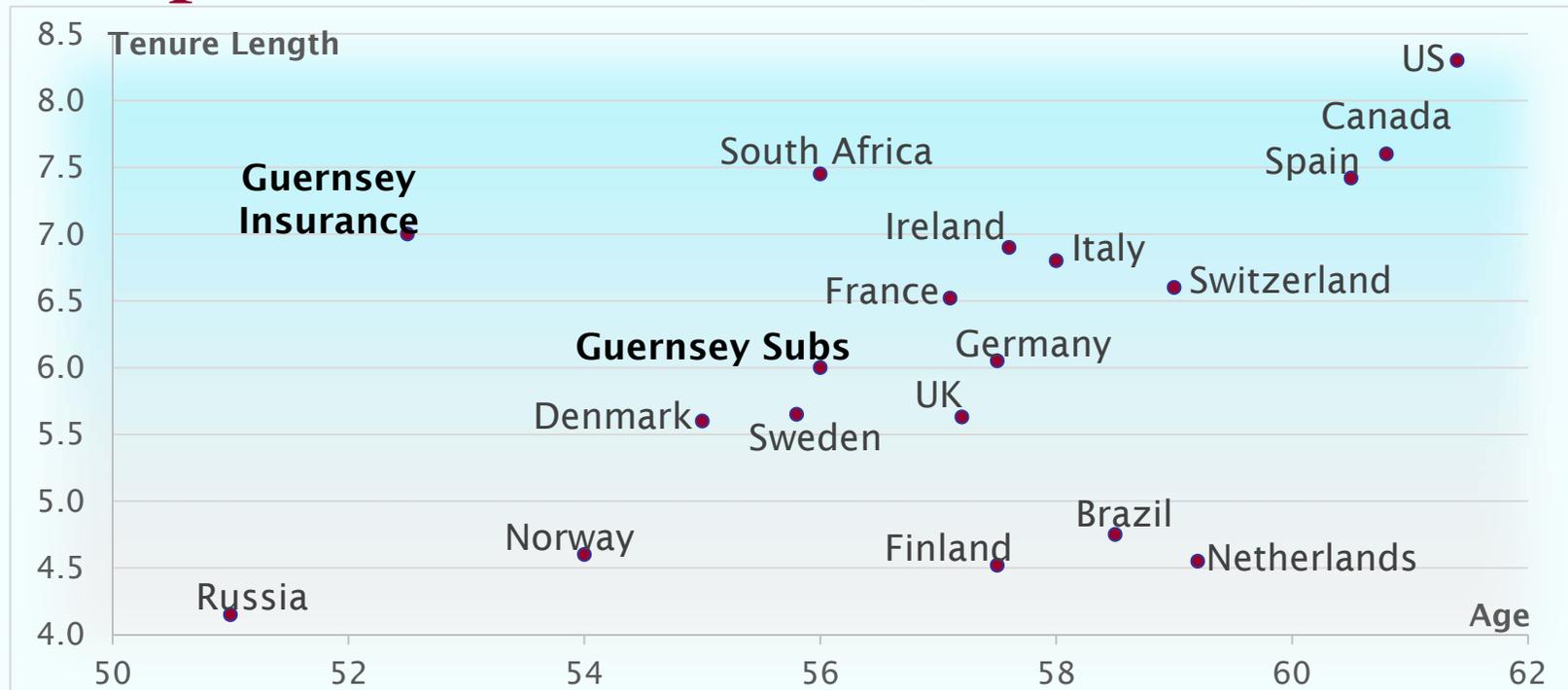
Corporate Governance Caveats

- It's all I could find on the internet
- 14 bank subsidiaries and 8 Guernsey insurance companies
- Statistically valid?
- No hidden regulatory messages here

Corporate Governance

	UK FTSE 150	Guernsey Subsidiary Banks	Guernsey Insurance Firms
Average Size of Board	10.5	6.5	5
Average Age of NEDs	59.3	57	52
Average Age of Executives	52.4	58	56.6
Directors that are NEDs	63%	56.6%	65%

Corporate Governance (continued)



Corporate Governance (continued)

	UK Finance Sector	Guernsey Subsidiary Banks	Guernsey Insurance Firms
Women serving on boards	12.3%	8.8%	9.75%
NEDs serving 9 or more years	11.4%	21.5%	22%
Average number of Independent NEDs per board	Unavailable	2	2

Corporate Governance (continued)

	UK Finance Sector	Guernsey Subsidiary Banks
Chief Risk Officers on the board	89%	28.5%
PS - Its much the same for branches except for women CCOs		

Operational Risk

- There is a lot of it about
- It used to be bank-specific and rarely terminal
- Now it is sectoral and material
- We need to think about operational risk issues in connection with wider changes in society

Banking Trends in Guernsey

- Trends are negative but are driven by global conditions (global trade; autarchy; low interest rates)
- The ship is still afloat and ready-to-go!
- Commission reinforcing the infra-structure
- Commission pro-active (BRICS, UK banks etc.)
- Home grown bank – size and profitability?

Banking Policy and Supervision

- Basel III – Quality and quantity of capital
- Basel III Liquidity – A case study for Guernsey (up-streaming and fiduciaries)
- Regulatory Returns thematic
- Recurrent supervisory issues – governance, outsourcing, and people
- 2017 – Banana Skins – Cyber crime, sales, and AML/CFT (Less so - central London lending, inter-bank exposure, sovereign lending, up-streaming)
- Resolution and ring fencing

Divisional Themes

- Generalists rather than specialists
- Multi-license supervision
- Third party support- Seychelles and Nevis (Commonwealth)

Summary

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THANK YOU FOR LISTENING

