



Guernsey Financial
Services Commission

Chairman's address

Drs Cees Schrauwers

Music



Best laid plans of mice and men

- Delivering Brexit related speech in April 2019
- Largest ever orchestra – 3889 musicians

What about Guernsey?

Living with uncertainty

A Year and a Half ago I was given a challenge which I accepted

Look 25/30 years ahead

but

Making predictions is quite hazardous, particularly when it involves the future

To give myself a chance I looked back first 30 years (1989)

- Could I/you/we have predicted the WWW?
 - First used in August 1991, presented in September 1990 at a Conference, no takers
 - First application, an internal telephone list at CERN
- First Nokia 1987
 - My then boss forbid, in 1992, the acquisition by the company of mobile phones, it was only a gadget. If you wanted one you buy it yourself
- First iPhone June 2007
- What is a selfie?
- Remember the Blackberry launch in 1999?

To give myself a chance I looked back a bit more

- 9 November 1989 Berlin Wall Came down
- Collapse of the Soviet Union
- The spectacular growth of China
- Take off of Islamists
- A TV personality running the USA

That's why I do not do predictions

However:

- I do prepare and so should you, by addressing, what I think, I and you can know for certain thereby creating sufficient resilience to deal with the rest, including Brexit

Guernsey's Financial Services Starting position

- 21 Banking Groups with £120bln of assets
- 180 investment businesses and fund operators with £280bln under management
- 800 Insurance entities and 30 insurance managers with £24bln assets
- 150 Trust Companies; and
- 50 Accounting and 20 Law firms
- Over 50% of GDP
- 1/3rd of employment

Important factors worked directly in our favour

- The Yield Curve
 - 2033 2.5%
 - 2048 1.0%
- Pensions as part of GDP expected to double, was 4.5% in 1988
- Taxes a continued top priority for the EU Commission and Governments
- Falling Corporate tax rates resulting in massive write offs for corporates
- Countries continuing to compete on Corporate taxes and clamp down even harder on personal taxes assisted by nigh limitless computer power
- Governments short of money carrying on borrowing vast sums

This is what I think I know for certain

- The future will come more quickly, the speeding up of everything, if not run by governments
- Risks will continue to get bigger in physical and monetary terms
- The world will be too complex for most people, increasing the number of vulnerable people
- Governments will not be able to afford the demand for pension income
- There will be continued demand for more laws and more regulation, resulting in negligible or negative productivity growth
- The Pound will continue to slide against a basket of currencies

Likely

- Alternative energy sources insufficient to meet demand
- Life expectancy plateau-ing
- They (EU) don't like us, but they need us

Opportunities

- Ever increasing physical risks -> major insurance opportunities
- Governments failing to fund State pensions -> fiduciary opportunities
- Ultra low interest rates -> Need for bigger funds

The Guernsey Brand

- One cannot fight the perception the world has of us, however much we dislike it
- We need something bold to come up first when people type Guernsey into their search engine such as:
 - Make Guernsey the first fossil fuel free car jurisdiction

Guernsey – not just surviving, but winning

- Guernsey GDP per Capita is 22nd in the world
- Keeping this means competing relentlessly
- Tax no longer available as a competitive weapon
- Nobody will help us, we stand alone, we need to identify friends

Guernsey is well placed

- In the right time zone
- Speaking the dominant world language
- Flexible common law system
- Incorruptible Courts
- Human scale
- Skilled workforce
- Technical infrastructure

Go out and do it

