



Strategic Roadmap 2020-2023



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› Introduction

In the face of dynamic risks to businesses in Jersey, the Jersey Financial Services Commission (JFSC) must strive to make the most efficient and effective use of its resources. To achieve this, we need a robust operating model that enables us to allocate our finite resources responsively, as risks change, and we must continually assess how effective we are.

This four-year strategic roadmap explains how we intend to build our capacity to do this.

It is a break from our past one-year business plans delivered on a rolling basis. We will continue to publish a business plan each year, which will give more detail about how we are implementing our strategic priorities and our other targets for the year ahead.

We will also keep our roadmap under review to ensure we are still going down the best path as the international financial sector evolves. We will continue to engage with Government, Industry and the wider community to inform our reflection on the best way forward.

› At a glance



Our strategic roadmap is ambitious so it is important that the individuals and businesses we engage with have clarity on our focus – including the hard choices we have made in designing our approach. To communicate this clarity we have developed three key strategic priorities:

Build even more effective supervision	Embed risk-focused choices throughout our work	Strengthen our organisational resilience
Championing the need for Jersey to stay ahead of the financial crime threat	Increasingly data rich assessments of regulatory risk	Enhanced yet protected digital connectivity with Industry and better data management
Moving from a fixed supervisory engagement model to more dynamic approaches	Considered allocation of supervisory resources to the areas of greatest risk	Sustainable fee structures
Focusing our enforcement work to have the most positive impact	Constantly evolving risk system	People strategy which supports a strong team of skilled and expert staff



What can businesses and the public expect

- › More effective interactions with us as we strengthen our digital channels
- › An evolving, risk-focused approach for our supervisory examination programme
- › A clearer authorisation process for all businesses, which offers greatest challenge to the applicants who pose the greatest risk to Jersey
- › Commitment to robust, yet transparent, conditions for higher risk business models
- › Challenging engagement on all aspects of financial crime compliance
- › An increasing focus on operational risk in our engagement with businesses
- › More feedback on lessons learned, sharing good and poor practice
- › An enforcement engagement model which accommodates prompt settlement with businesses which acknowledge their failings
- › Hugely ambitious changes to our registry services, which will strongly benefit all businesses, especially the most digitally adept
- › Increased access to our registers for enforcement authorities and a move towards public access to the central register of beneficial ownership information, in line with developing international standards on accessibility and transparency
- › More functionality through our portals, including improved personal questionnaires (PQs) so that businesses have more opportunities to automate their own information processing
- › Consultation on appropriate fee structures
- › A continually improving website which features better statistics, access to guidance, and information on current and emerging issues.



› In depth



Jersey's strong international reputation in financial services is critically linked to the reputation of the JFSC. To preserve and grow that reputation in a fragmented and fast-changing international market place, we must be dynamic, robust and increasingly effective.

We start from a position of strength as we embark on our journey - having invested significantly in developing our talent and technology, while engendering trust with islanders and the wider international community.

However, our environment is increasingly uncertain. It is characterised by limited global growth, rising expectations of regulatory effectiveness and the growing potential for misconduct in the sale of complex financial products.

We operate within a relentless cycle of technical innovation and rising related risks, such as the financial sector being manipulated into facilitating financial crime. To mitigate, we have laid strong foundations, including investing in an excellent workforce, enhancing our I.T. infrastructure and implementing a well-structured, risk-focused supervisory engagement model.

Our strategic roadmap builds on these strong foundations and focuses on allowing us to differentiate our approach to how we engage and oversee the many well-managed firms and individuals we regulate (the vast majority of our Industry) and the smaller number who fail, or threaten to fail, to live up to Jersey's high standards.

As an organisation, we know that we cannot stand still. As your business evolves, so does ours. As the risks facing your businesses change, so do ours. As you respond to new developments, so must we. Because your businesses are becoming increasingly complex and technology-driven, we need to develop new, dynamic, risk-focused supervisory approaches.

In order to robustly respond to the risks we face, we have identified three key strategic priorities for the next four years:

- › Build even more effective supervision
- › Embed risk-focused choices throughout our work
- › Strengthen our organisational resilience

Achieving these strategic priorities will enable us to meet our number one priority - championing the need to remain ahead of the financial crime threat, while also delivering on our commitment to be increasingly effective in all of our activities.

Like other regulators across the globe, we need to build our capacity to allocate our finite resources increasingly to the greatest areas of risk— supported by enhancements to our data and risk systems.

We have firm relationships with trusted partners who share our ambition to protect and enhance Jersey's strong international reputation in financial services and recognise that we will only achieve our strategic priorities by continuing to work together.

We will focus, in particular, on ensuring that criminals are denied access to Jersey's financial system, despite the constantly changing, forceful threat of financial crime.



› Strategic roadmap 2020-2023

Our strategic roadmap does not include everything we intend to do over the next four years. It is a broad overview of our key projects. In 2020, our focus is very much on building our capacity to counter financial crime and this will continue into 2021.

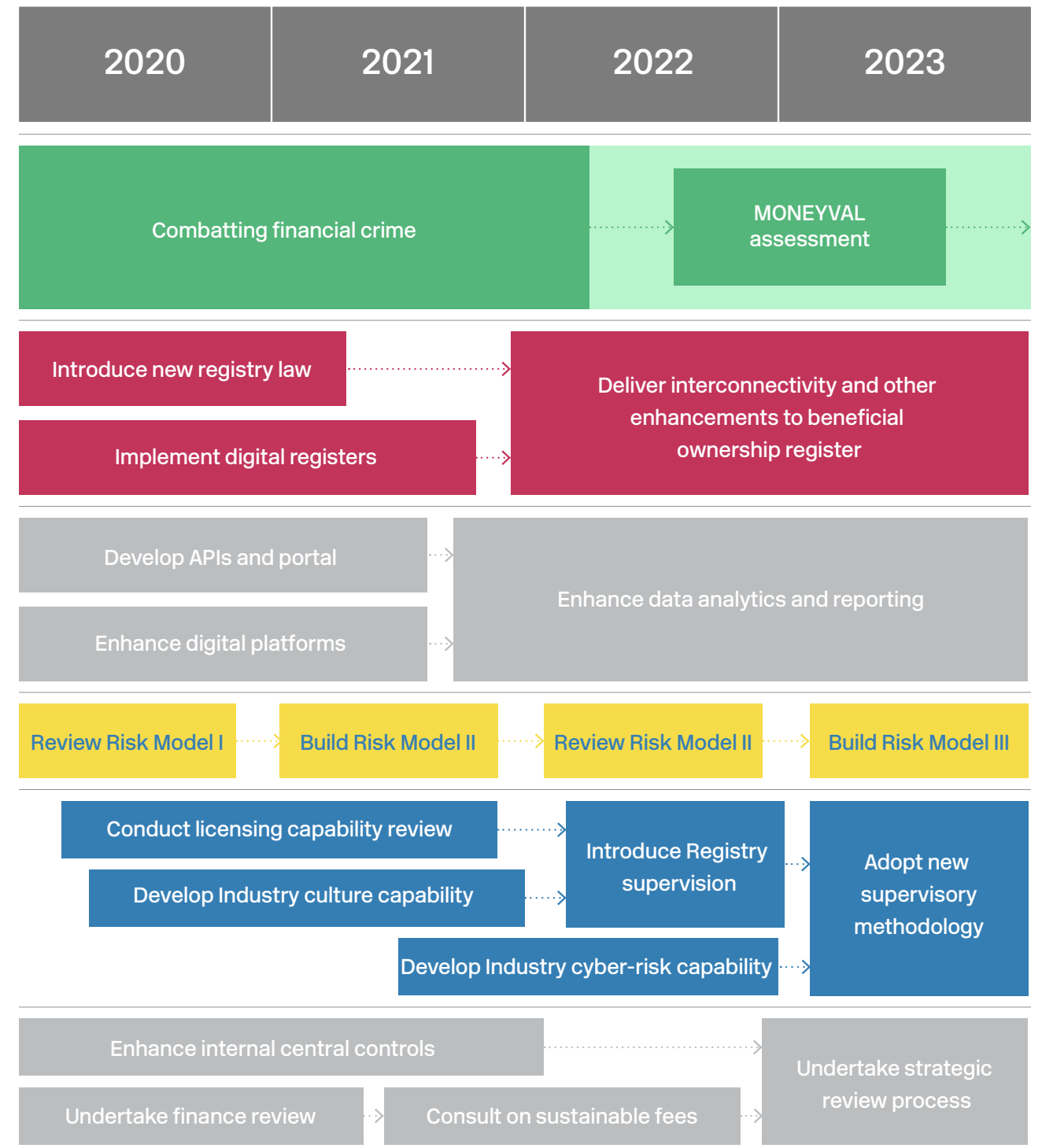
Our vision is that, by 2023, we will be an integrated, dynamic, risk-focused, data-driven regulator with a powerful capacity to isolate and tackle that small minority of regulated businesses that threaten either Jersey's reputation or its financial services consumers.

Digitally adept businesses will find that we have the systems to match theirs. We will have taken strong steps forward in how we use technology and we will have developed new functionality, such as improved data analytics and registry supervision.

Our ambition will enable us to focus on the challenges faced by 21st century regulators: engaging effectively with rising operational risk (often closely linked to technology), evolving to address new challenges and the imperative to realise even greater value from the data we collect and the skilled staff we employ.

With this strategic roadmap, we will build towards implementing our new supervisory methodologies in 2023.

Strategic roadmap 2020-2023



› Strategic priority 1: Build even more effective supervision

While focusing significant attention on the legal framework for regulation over recent years and the organisational structure to support this, we have also worked hard to develop an effective supervisory methodology that continues to instil trust around the world. This work has been hugely beneficial. We now have a much deeper understanding of the businesses we regulate and a much improved examination methodology. There is, however, more that we can and must do.

Over the next four years, we will focus our attention on becoming even more dynamic and responsive in the way we conduct our analysis, examinations, remediation oversight and enforcement. We will develop the capacity to look at key emerging culture and I.T. risk indicators and we will leverage our supervisory expertise to develop a registry supervision function.

We will focus our attention on becoming even more dynamic...

We will focus on identifying poor conduct through our supervision. The better we are at supervising, the more time we can expect to spend on businesses which are failing to meet compliance standards. Consequently we will spend less time engaging with compliant businesses.

Digitisation, cyber risk, outsourcing and artificial intelligence are evolving phenomena that require continual improvement of our supervisory capabilities. As developments continue rapidly so will our supervisory responses.

Our strategic roadmap clarifies our focus, particularly through our priority to embed risk-focused choices throughout our work. This clarity will highlight activities we have always done that need to be refreshed or possibly set aside. It will also support the evolution of our supervisory methodology.

To enable the evolution of our supervisory approach, we will make continual improvements to the Registry, computer systems that support our processes and our portals so that, by 2023, we will be better placed to test and demonstrate how well our supervision is working.

Focusing on fighting financial crime

- › We will strengthen our capabilities as financial crime supervisors with clear outcomes
- › We will identify and respond to breaches, as well as share lessons and analysis with our stakeholders
- › We will work with Government and Industry to prepare for the MONEYVAL assessment.

Developing our supervisory approach

- › We will conduct focused projects on how we engage on cyber risk and culture
- › We will carry out a structured review of our licensing process, looking at what is working best and what we can learn from practices elsewhere
- › We will develop internal resource management so that we increasingly allocate supervision resources in line with our risk model
- › We will develop our approach to how we use our enforcement powers so they have the most positive impact
- › We will develop a supervisory function to assess ongoing compliance with Registry legal obligations.

› Strategic priority 2: Embed risk-focused choices throughout our work

Traditionally, regulators tend to allocate resources in line with the size of the businesses they regulate. Making risk-focused choices is about focusing our resources on those businesses that pose the greatest risk. Sometimes this is about how large a business is, but sometimes it is not.

Making more risk-focused choices requires strong data management and coordinated judgement of risk issues. We have made significant progress in this area, but we have more work to do to calibrate our approach.

As we evolve, we will continue to embed risk-focused choices in everything we do. The benefits will be that the choices we make will be more robust, more consistent and more transparent.

We have carefully developed our supervisory risk model over the past three years and, during the course of our strategic journey, we will fully deploy its capabilities to enhance the interactions we have with all businesses. We will also test how well our risk model works and develop it further. This will focus our engagements and enhance our ability to act effectively when intervention is required.

We will extend our well-developed risk approach to the Companies Registry, our policy development activities and our internal risk management so that we focus on what matters most.

Over the next four years, we will make major enhancements to our data management. This will enable us to build our capabilities as an effective supervisor and tailor our responses to the risks that businesses are facing. By 2023, our efforts to embed risk-focused choices throughout our work will ensure that Industry's engagement with us addresses those emerging operational risks, such as cyber, culture and artificial intelligence.

We will focus on what matters most

Rolling out risk systems across all our activities

- › We will deploy our risk model fully across all businesses
- › We will tailor interactions with businesses based on the risk data we collect
- › We will build at least two more advanced iterations of our risk system over the next four years.

Using data more effectively to inform our decisions

- › We will plan our activities around increasingly quantitative measures and we will continuously test and refine their effectiveness
- › We will automate more processes so that we focus our people on complex matters and increase efficiencies
- › We will restructure how we hold data so that we have the advantages of a fully integrated data management approach across both regulation and our Registry
- › We will develop our data analytics and management function.

Managing the regulatory risk of innovation

- › We will proactively support existing businesses and innovative start-ups so they understand our regulatory framework and how it applies to emerging technologies
- › We will continue to integrate our approach to innovative businesses across our Registry and authorisation functions
- › We will explore new ways to work with Industry on products new to the market.

› Strategic priority 3: Strengthen our organisational resilience

To strengthen organisational resilience means making sure that we are well-placed to face unknown challenges, without compromising our day-to-day effectiveness. It also means making sure that everyone who engages with us can do so in the most straightforward and productive way. This requires us to have adequate human and financial resources, as well as effective operational risk controls and contingency plans to deal with the unexpected.

Our aim is to strengthen our organisational resilience so that we react, in a risk-focused way, without a missed step in our core activities of authorising, registering, supervising and intervening as and when required.

The keys to organisational resilience are:

- › being able to grow our own skilled staff
- › making sure we have up-to-date I.T. systems
- › ensuring our own strong financial position
- › implementing a robust supervisory strategy that recognises emerging risks to prevent Jersey from being caught off-guard by financial market developments.

As we begin our strategic journey, key deliverables will focus on:

- › continually improving our I.T. systems and cyber risk controls
- › developing a new operational risk assessment framework
- › strengthening significantly our centralised internal control functions
- › reviewing our financial position
- › working with Industry to review and, where appropriate, redesign our fees
- › reviewing our legal risk.

Having adaptable, strongly motivated and highly skilled staff will help us to manage the unexpected. Encouraging diversity in our staff, high individual performance and personal commitment to career development are critical to this outcome. We will develop our internal staff training programme in areas such as financial crime, risk management and technology developments. We will encourage staff to work across our various organisational functions. We will put in place improved employment options to support flexible working and attract additional highly skilled employees.

We will develop our people strategy over the four years to value and reward collaborative, ambitious team-focused behaviours and those committed to developing world-class technical expertise. When we face unexpected challenges, it is these highly skilled staff, with a strong understanding of our public service role, who will make the difference. We will continue our work to promote and achieve diversity and inclusion across our workforce over the next four years and beyond.

We will continue to engage closely with Government, Industry, Digital Jersey and Jersey Finance...

One of the major benefits of improved organisational resilience is that we will have a level of assurance that we have the skills, resources and culture to deal with the evolution of the financial sector, understanding the risks and facilitating opportunities. We will engage closely with Government, Industry, Digital Jersey and Jersey Finance to keep our approaches to financial sector innovation under constant review as a key test of how well we are doing in managing new risks.

In response to the Government of Jersey's commitment to tackling the Island's climate emergency, we will also measure our environmental impact.

By 2023, our work to strengthen our organisational resilience will ensure that engagement with us is risk-focused, demonstrably effective and dynamic, in the face of presently unknown challenges.

Enhancing our digital interactions

- › We will continuously improve our recently relaunched website as our key communication tool, in line with user feedback
- › We will build new portals for both regulation and registry functions, leading to better interaction with us, particularly for those businesses that are developing their parallel capacities
- › We will build new workflow management systems and processes for both our regulatory and registry work which will improve our efficiency, our data management and our agility
- › We will facilitate better regulatory reporting for businesses that invest in data management and reporting in line with international standards.

Modernising our Registry

- › We will implement digital registers which comply with international requirements
- › We will improve customer access and experience to the Registry and our services.

Being even more accessible

- › We will improve access to Industry statistics and further develop how we account holistically for what we do
- › We will be easier to engage with from authorisation to market exit
- › We will continue to develop our approach to facilitating innovative businesses.

Ensuring our finances are stable and sustainable

- › We will review our cost controls and our medium-term financial outlook
- › We will work with all our stakeholders to review our fee structures and, where appropriate, develop revised structures to support Jersey's continued development as an international finance centre.

Managing operational risk

- › We will build a consolidated approach to operational risk assessment
- › We will strengthen our centralised management of internal controls.

Developing and supporting our staff

- › We will rebalance our resourcing approach away from external service providers towards full-time staff and direct contractors in order to expand internal opportunities and reduce costs
- › We will launch recruitment campaigns focused on part-time, temporary and back-to-work staff
- › We will adapt our internal educational services to align with our strategic roadmap, focusing on financial crime and risk
- › We will build new internal career development options with appropriate rewards for our staff.

› JFSC 2023



The culmination of our four-year strategic roadmap will be the successful development and delivery of:

- › Supervisory and enforcement activities based on risk-focused choices that are driven by the best risk indicators
- › New registry and regulatory portals and hugely improved IT infrastructure
- › Committed and talented people, supported in their development and recognised for their contributions to our Island community.



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