2024 business plan





## Contents

Introduction	1
Chair's statement	2
Our strategy	6
The year ahead at a glance	8
Core workstreams	10
Industry survey	24
Key performance indicators	26
Operational updates	28
Summary of our key financials	30

Business plan 2024 www.jerseyfsc.org

# Introduction

Welcome to our 2024 business plan, where we share with you the JFSC's priorities and goals for the year ahead.

Our vision is to be "a high performing regulator, building for the long-term success of Jersey." Achieving this depends on us having a strong, engaged and productive relationship with the finance industry and Jersey's wider community. Our business plan plays an important part in this engagement process.

A key focus for 2024 will be the outcome of Jersey's Moneyval assessment. The results will be published in July of this year, following the onsite assessment in October 2023.

2024 is also the final year of our current strategy. Therefore in addition to addressing the outcome of Jersey's Moneyval assessment, we will also continue to focus on supporting business integrity, digital transformation and our people strategy, in particular our organisational capability and capacity for the future.

A further core priority for 2024 will be balancing our focus on financial crime prevention with our focus on conduct and prudential risks. We will support the Government of Jersey with the introduction of a consumer lending conduct regime and develop our regulatory framework and bank supervision as appropriate in line with Basel III.

Business plan 2024 www.jerseyfsc.org



Monique O'Keefe
Deputy Chair

# Chair's statement

2023 was a year of change and development for the JFSC.

Our organisation has been through a period of growth, change and modernisation to make sure we are positioned effectively to meet Jersey's needs. This includes managing an expanded regulatory perimeter to meet international standards in combatting financial crime.

From our sustained focus on digital innovation to our evolving approach to people and culture, we have listened to industry's feedback and are taking substantial action. The next stage is to work with industry and stakeholders to embed the significant regulatory changes and new regimes introduced over the past two years to ensure ongoing effectiveness.



We continue to be in a time of volatility, uncertainty, complexity and ambiguity, with ongoing energy and food supply chain issues, inflation, tight monetary policy, more restrictive credit conditions and climate change all having a significant impact at a personal, professional, national and global level. Conflicts on several fronts and increased tensions in geopolitical relationships continue to impact the global picture.

We are seeing green shoots however, with the stabilisation of inflation in several economies. The importance of, and need for, international cooperation and coordination have only increased, as financial services become increasingly borderless.

At a local level, higher interest rates and the cost-of-living crisis also continue to have an impact. The complexity of doing business has increased, as has the demand for talent to manage an expanded regulatory perimeter. These are both challenges which we share with our industry stakeholders.

The flipside of the current economic environment is that investors are looking for stability in an uncertain world, and Jersey offers that regulatory stability. We are experiencing headwinds, but the picture isn't uniform. 2023 saw bank deposits and overall fund values increase, but a dip in some of our transaction activity in Supervision and Registry. The environment is challenging, but we're well positioned as a jurisdiction, as a regulator, and as an industry to come through this.

We are committed to innovation to ensure our success and longevity as a well-regarded international finance centre, providing industry with the new products and services that it needs to be competitive. We do this by working in close collaboration with the Government of Jersey, Digital Jersey, Jersey Finance, other agencies and industry. We're seeing this approach bear fruit, particularly in the areas of RegTech and Digital ID.

Business plan 2024 4 www.jerseyfsc.org Business plan 2024 5 www.jerseyfsc.org

Looking ahead, environmental, social and governance (ESG) remains an important consideration for the JFSC, both as an organisation and as a regulator. Internally we have aligned our ESG approach to the United Nations Sustainable Development Goals. In 2024 we will continue to collect baseline data so we can set specific, measurable and time-bound ESG targets and report on our work to the required auditable standard.

We will support the Government of Jersey's focus on consumer lending conduct to protect islanders from poor practices, a particularly important area given the current socioeconomic environment. We will also be concluding a fee review in consultation with industry, delivered by an external and independent provider following a tender process. More broadly, we will continue our horizon scanning to stay abreast of global regulatory developments and continue to build on our external stakeholder engagement programme.

2024 is the last year of our current strategic framework. It's therefore important for us to continue to drive through delivery on our core workstreams, which include combatting financial crime together, digital transformation, evolving our people strategy to focus on organisational capability and capacity, and achieving balance with an increased focus on conduct and prudential risks. Work will also begin this year to develop the next stage of our strategy, which will be delivered from 2025 under the leadership of our new Chair.

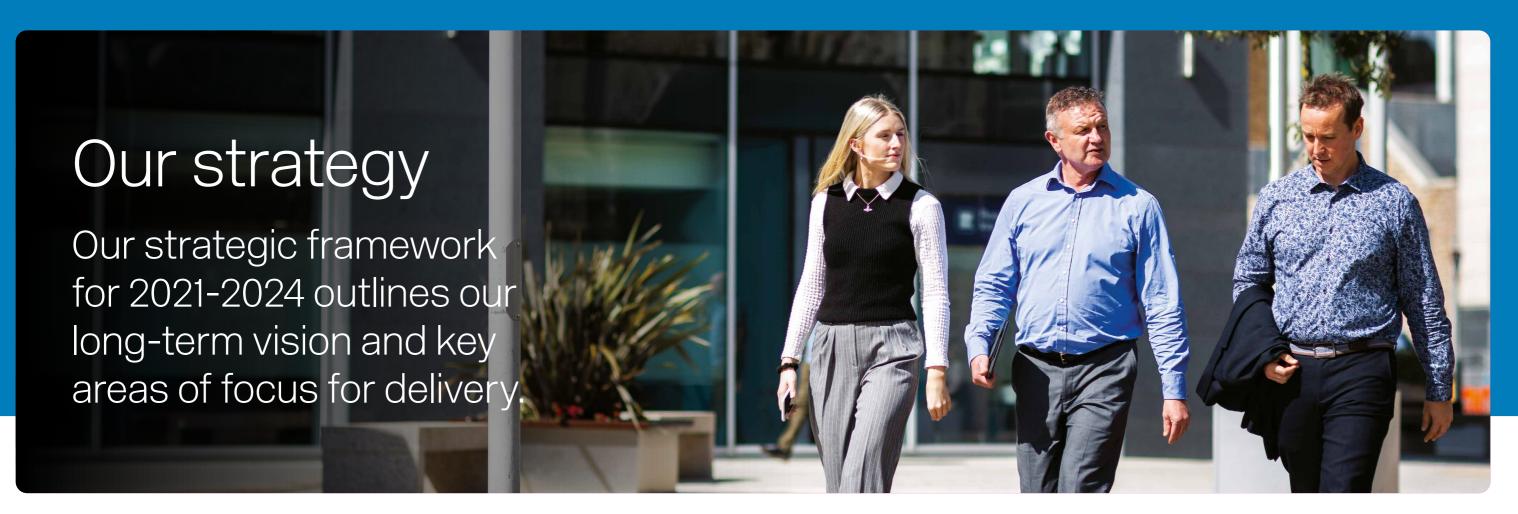
2023 was a significant year for the whole community of Jersey, as we welcomed the Moneyval assessment team to the island to complete their review of our technical compliance and the effectiveness of Jersey's measures to counter money laundering, the financing of terrorism and proliferation financing.

Led by the Government of Jersey and supported by the JFSC, so many islanders have contributed to this process and while we cannot comment on the outcome until the Moneyval report is public in July this year, I would like to thank everyone involved for their continued hard work. The goal now is to maintain the pace and collaboration we have seen between the JFSC, Government and other agencies throughout the Moneyval assessment process to deliver on our top strategic priority of regulatory effectiveness and combatting financial crime. Our commitment to this top strategic priority preceded, and will continue beyond, the Moneyval assessment.

In October Mark Hoban retired as Chair and Commissioner of the JFSC. We thank Mark for his exemplary leadership, his central role in setting our strategy to future-proof the JFSC, his stewardship throughout the build-up to the Moneyval assessment, and commitment to the highest standards of corporate governance. The process to appoint the new Chair is well advanced and we look forward to welcoming them in the near future.



Business plan 2024 6 www.jerseyfsc.org Business plan 2024 7 www.jerseyfsc.org



#### Vision

To be a high-performing regulator, building for the long-term success of Jersey.

#### Top strategic priority

Achieving sustainable, long-term excellence in regulatory effectiveness, and increased capability for the island in combatting financial crime.

#### Strategic anchors

Three strategic anchors provide the lens through which we make our decisions:



Facilitate business integrity



Harness technology and influence the digitalisation of financial services



Develop our people, systems, and capability to be a high performing organisation

#### Progress in 2023

In 2023 we undertook significant activity to drive our strategy forwards. Preparation for Jersey's Moneyval assessment remained a core focus area, with substantial work throughout 2023 both in the build-up to the onsite review in October and beyond it, as we moved into the receipt and review stage of the process.

Our Moneyval assessment preparation involved all divisions of the JFSC and saw developments at a strategic and operational level. We continued to deliver a substantial industry engagement programme, including outreach to individuals and organisations impacted by new or evolving regulatory regimes, alongside ongoing development of our policies and guidance to ensure alignment with international standards.

2023 also saw the delivery of the National Risk Assessment for Legal Persons and Arrangements, and updates to the Terrorist Financing and Money Laundering National Risk Assessments. The JFSC provided significant support in the completion of these assessments. While we applied significant focus and resource to the Moneyval assessment and to building Jersey's financial crime prevention capability across 2023, this work was accompanied by progress in other key strategic areas. Through our digital transformation core workstream we delivered a range of improvements to the myJFSC portal, including improvements to the limited liability company online form, moving investment business data collections to the portal, enabling entities to administer their own users and roles, and introducing new chat functionality. We also introduced the new supervisory bodies and material change online application forms.

Our people strategy also continued to develop at pace, with modernised approaches to recruitment, performance management, career pathways, reward and recognition, and culture. We have successfully grown our headcount, reduced time to hire and reduced our turnover rate.

2024 will be a significant year for the JFSC and for Jersey more widely. The substantial progress we have made in 2023 has put us in a strong position as we move forward.

Business plan 2024 8 www.jerseyfsc.org Business plan 2024 9 www.jerseyfsc.org

# The year ahead at a glance

We will deliver on four core workstreams this year, each one linked to a strategic anchor and guided by our vision and top strategic priority.

In 2024 we will enhance our conduct and prudential focus within the strategic anchor "facilitate business integrity", added to our three existing core workstreams.

#### Strategic anchors:



#### Facilitate business integrity

#### **Core workstream**

#### Combatting financial crime together

#### Key 2024 actions

 Responding to the Moneyval report to shore up regulatory effectiveness and Jersey's long-term reputation

#### **Core workstream**

#### Conduct and prudential

#### **Key 2024 actions**

- Establishing a route towards a Basel III regime for banks, bringing Jersey in line with international standards
- Introducing a new consumer lending conduct regime to protect islanders from poor practices



### Harness technology and influence the digitalisation of financial services

#### **Core workstream**

#### Digital transformation

#### **Key 2024 actions**

- · Simplifying our technical architecture to make us more efficient and resilient
- Delivering a digital obliged persons register to meet international standards
- Delivering a new digital system for Enforcement, enhancing management information, intelligence sharing, and providing greater insights into trends
- · Rolling out a core upgrade to our Registry system to improve stakeholder experience
- Delivering other digitised regulatory processes, including information submission to Supervision, to simplify industry's experience of working with us



Develop our people, systems, and capability to be a high performing organisation

#### **Core workstream**

#### People and culture

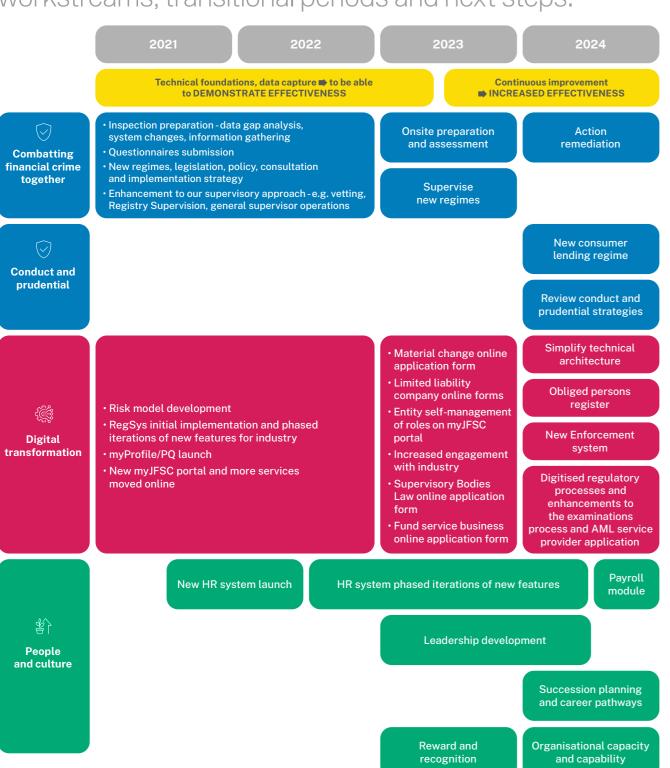
#### Key 2024 actions

- · Building succession planning and career pathways to provide stability for industry
- Developing organisational capability and capacity, enhancing industry's experience of working with us

Business plan 2024 Susiness plan 2024 Www.jerseyfsc.org Business plan 2024 11 www.jerseyfsc.org

#### Core workstreams 2021 - 2024

What we have delivered to date through core workstreams, transitional periods and next steps.



Our top strategic priority is to achieve sustainable, long-term excellence in regulatory effectiveness, and increased capability in combatting financial crime.











#### November 2022

Country training delivered by Moneyval Secretariat

#### **March 2023**

Moneyval confirmed onsite dates and assessors

#### July 2023

First draft of technical compliance annex delivered to Jersey

#### August 2023

Final version of scoping note

#### October 2023

Jersey received written key findings in terms of effectiveness

#### January 2024

Second draft of mutual evaluation report sent to Jersey

#### May 2024

Mutual evaluation report discussion at plenary

#### March 2023

Technical questionnaire submission

#### April 2023

Effectiveness questionnaire submission

#### July 2023

Draft scoping note provided highlighting the areas of focus

#### September -October 2023 Onsite visit

**023** First dra sit evaluatio

#### December 2023

First draft of mutual evaluation report sent to Jersey

#### March 2024

Face to face meetings to discuss second draft July 2024

Mutual evaluation report published



#### Combatting financial crime together

Our top strategic priority is to achieve sustainable, long-term excellence in regulatory effectiveness, and increased capability in combatting financial crime.

Financial crime has a real human cost, funding terrorism, human trafficking and other serious crimes. Working alongside the Government of Jersey, industry and other relevant agencies, it's our responsibility both as Jersey's financial services regulator and as members of the international community to make sure we're effective in preventing it.

We also need to be able to demonstrate that effectiveness to international bodies like the Financial Action Task Force on Money Laundering (FATF). In October 2023 we welcomed the Council of Europe's monitoring body, Moneyval, to Jersey to assess the island's technical compliance and effectiveness in countering money laundering, the financing of terrorism and proliferation financing. We spent 2023 in the preparation stage for this assessment. In 2024 we will move into the receipt and response stages of the process.

In Q1 and Q2 of 2024, different agencies including the Government of Jersey and the JFSC will have an opportunity to input comments on Moneyval's draft mutual evaluation report, which contains their key findings from the review. Throughout this period, we're unable to provide any public comment on the findings.

The final report will be approved at a plenary in May 2024, with the publication anticipated in July 2024. At that point we will be able to publicly share our response to the findings and any associated remediation actions.

Alongside being a health check for the whole island, the Moneyval preparation, review and response process results in enhanced financial crime knowledge across the JFSC and industry, directly furthering our vision.

Together with providing technical, strategic and operational support in relation to the Moneyval assessment, our Financial Crime Coordination team will also complete a review of the JFSC's financial crime capability, ensuring that regulatory and supervisory effectiveness are fully embedded and regularly assessed going forwards.

Throughout and beyond the Moneyval assessment process, we want to protect and enhance the island's reputation as a well-regulated jurisdiction, attracting high-quality business and sustaining good market access.

Business plan 2024 Business plan 2024



#### Conduct and prudential

Our main strategic priority is achieving sustainable, long-term excellence in regulatory effectiveness, and increased capability for Jersey in combatting financial crime. We will build on the progress made in 2023 by developing our data collection and analysis to better measure the effectiveness of supervisory interventions. During 2024, we will also review the current policy and supervisory approach to conduct and prudential risks to ensure we have a good balance of supervisory oversight of business models and treatment of local customers.

Our approach to prudential risk will include a review of our banking regulations to align our policy framework to prevailing Basel standards to support cross-border banking businesses. We will take a pragmatic and phased approach to the implementation of these standards. In our supervisory approach, we will examine how banks and non-banks manage their prudential risks. This includes how boards or management bodies exercise appropriate oversight of their business models to ensure medium-term viability and mitigation of risks.

During 2024, we will also enhance our supervision of conduct risks. This includes the availability of local services provided by financial services firms, and the standards of client treatment, including the quality of information used to support services provided to consumers. This enhanced focus on conduct and prudential risks will bolster Jersey's reputation as a well-regulated jurisdiction, making our island a leader among international finance centres and further aligning our regulatory framework with international standards.

We expect firms to have appropriate governance in place to ensure that they understand and mitigate their risks, take appropriate measures to support the viability of their businesses into the medium term and engage appropriately with and support their customers. Our supervisory approach across financial crime, conduct and prudential risks will support a dialogue with firms on the way they are achieving appropriate outcomes in those areas.

Meanwhile, the Government of Jersey is also considering new provisions on consumer lending to provide greater consumer protection, including through the provision of information to consumers. We will support the development of these regulations through research and taking preparatory measures for implementation so that financial firms impacted by the new regime have time to lay the groundwork. The timeframe for implementation will be set in due course and our policy framework will evolve in line with it.

#### Digital transformation

Our goal is to be a digitally enabled regulator, providing secure, reliable access to our systems for both the JFSC team and industry stakeholders. We want to identify and develop digital solutions that make it easier for everyone to be effective and efficient.

#### We have three high level projects to achieve this:

# Protect & sustain

Consolidating and simplifying our systems and data to create capacity, increase agility and reduce our vulnerability to cyber-attacks.

# Evolve & innovate

Working with industry to prioritise and simplify moving services online for registry and regulated users.

# External influence

Engaging effectively with the Government of Jersey, Jersey Finance and Digital Jersey to support the adoption of technology solutions across industry.



Business plan 2024 8 16 www.jerseyfsc.org Business plan 2024 17 www.jerseyfsc.org



We will continue to build skills, capacity and understanding of technology and data.

#### In 2024 we will deliver:

regulatory submissions by the end of 2024.

- Improved data collection processes by enhancing our data integration capabilities
- A digital obliged persons register to comply with international regulation
- A core upgrade to our Registry system to improve both internal and external user experience
- A new system for our Enforcement team to enhance our case management, document repository, workflows, approvals processes and status tracking of investigations
- Improvements to our Supervision team's system to address internal and external stakeholder feedback received in our latest industry survey

- A PDF chatbot, starting with our AML/CFT Handbook, to generate a quicker and more direct response in conversational language with reference to the relevant section
- New RegTech policy guidance for industry
- Enhancements to our Registry APIs and addition of new services
- Enhancements to our website to include improved search functionality, signposting and guidance

#### People and culture

Our people strategy is essential to achieving our vision of being a high performing organisation. Our goal is to create a leading employment experience where our people are high performing, role model our values and enjoy professional and personal development, building confidence and competence for now and the future.

Thanks to the progress made during 2023, our senior leadership team is now largely in place, employee turnover has reduced, and we have implemented progressive approaches to recognition and performance management. These changes have effectively responded to industry's feedback from our 2023 survey, where turnover was identified as a key area of concern.

With the foundations fully established and being embedded, we are now able to go to the next stage of our plan. We will continue to bring our employee value proposition to life, which we define as "Purpose, Passion, Pride", but with a distinct focus on building organisational capability and capacity.

#### Key areas of focus will be:

#### Leadership and people management

Including a focus on developing our people managers and strengthening succession planning to provide industry with more stability.

## Values and

We will continue to meet the needs of a diverse workforce through progressive working practices, including hybrid working and flexible hours, driving our employeeled inclusion and mental health initiatives and rewarding employee behaviours that further our values.

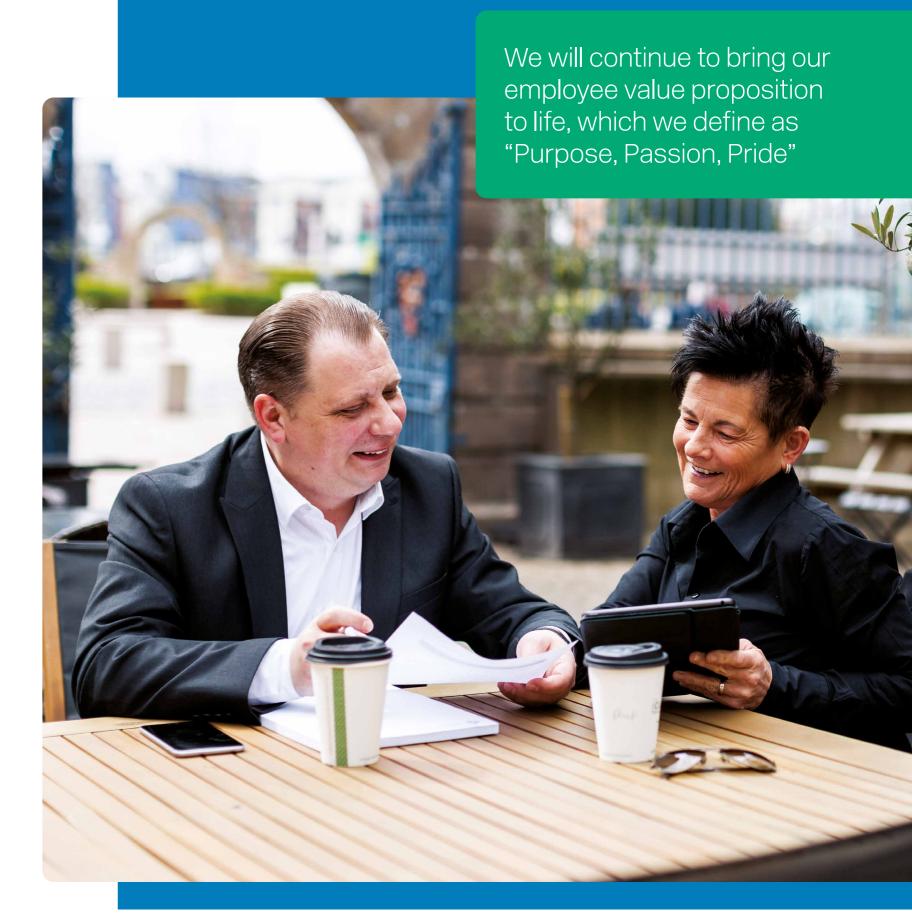
behaviours

#### Development

We will continue to build our people's technical expertise, industry understanding and knowledge, including through more opportunities for internal job movement, alongside their broader essential skills.

#### Strategic workforce planning

We will review our operating model to make sure our structure and resourcing levels are positioning us well for the future to deliver for Jersey.



Business plan 2024 www.jerseyfsc.org Business plan 2024 www.jerseyfsc.org



#### Continuous improvement

In 2024 we will sustain our focus on developing a culture of continuous improvement at the JFSC through the introduction of an Operational Excellence function within our Change team.

By providing relevant training and support, our goal is for all our people at every level and in every division to be empowered to bring about change and continuous improvement in the course of their day-to-day work.

This work will include encouraging everyone in our team to suggest ideas for improvement, alongside evaluating our current processes to find opportunities to cut unproductive work or introduce automation and simplification.

#### In 2024 we will:

- Implement an enhanced assurance framework to support our organisational growth
- Continue to deliver improvements based on industry survey feedback

Our goal is for our continuous improvement focus to have a significant positive impact on external stakeholders' experiences, speeding up service delivery and improving outcomes for everybody.

#### Fee review

We will be concluding an independent fee review in 2024. The review will be conducted by an external party in consultation with industry stakeholders. One of the focus areas will be Jersey's competitive position and analysis of our peers. We will use the findings of the review to reassess the timing and methodology of future fees.

We will be concluding an independent fee review in 2024.

#### International and local engagement

Our in-person international and local engagement programme was enhanced in 2023 following the removal of COVID-19 travel restrictions. We will build on these increased activity levels in 2024 to develop key relationships with local and international stakeholders.

International engagement is an important vehicle for us to engage with stakeholders. Our interactions with international bodies including FATF, International Organization of Securities Commissions (IOSCO) and Group of International Finance Centre Supervisors (GIFCS) directly contribute to our vision, supporting regulatory effectiveness and protecting Jersey's long-term reputation as a well-regulated international

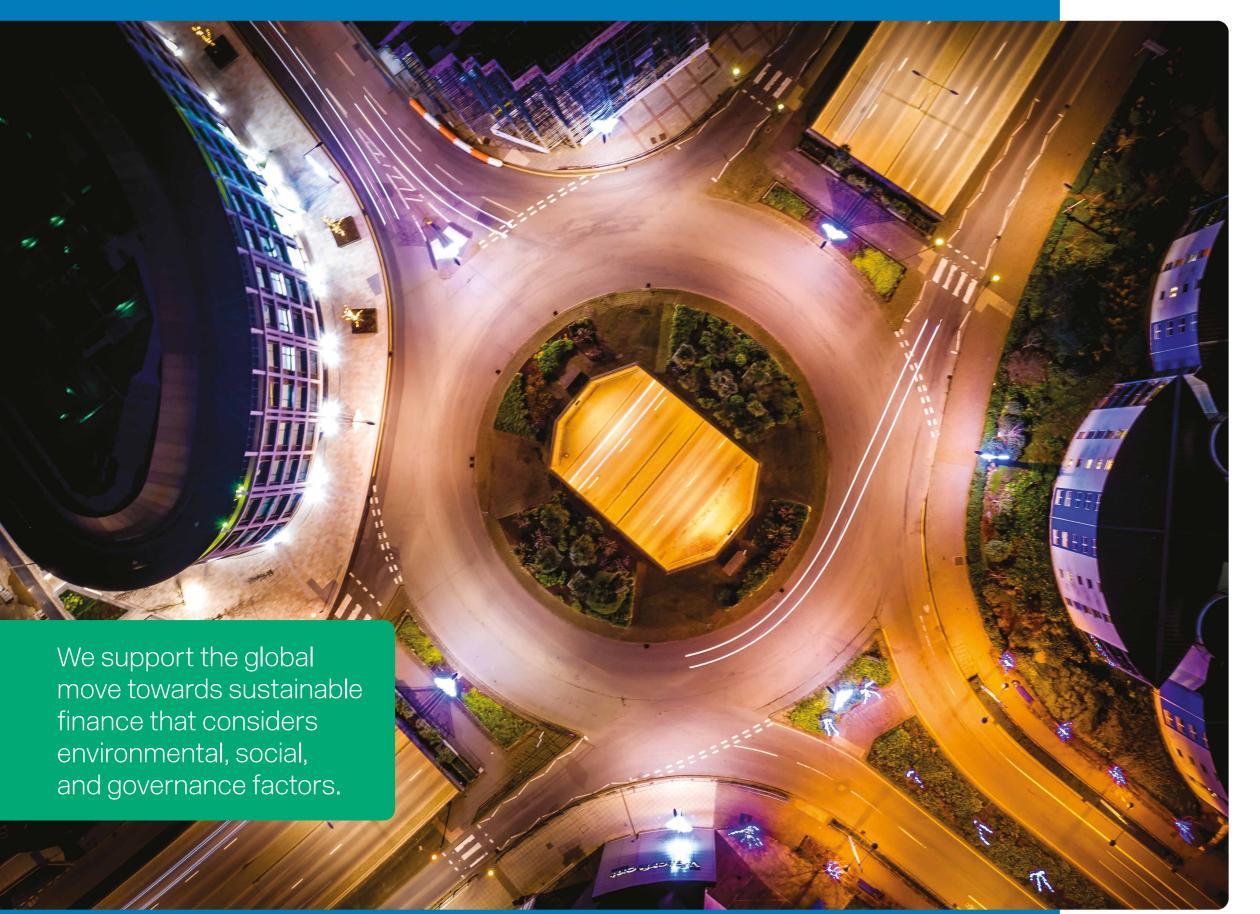
We will develop and reinforce our relationships with other international regulators in 2024, including to support our work to strike an effective balance between our focus on combatting financial crime and conduct and prudential.

We will continue to increase engagement locally with the arrival of our new Chair, working alongside our Director General, Executives and subject matter experts.

Business plan **2024**www.jerseyfsc.org

Business plan **2024**23

www.jerseyfsc.org



# Our commitment to innovation

In line with our guiding principle of supporting the economic development of Jersey, we're committed to innovation which enhances the island's competitiveness. We will take a proactive, commercially aware approach when considering new products and services which industry has expressed a material interest in.

#### Sustainable finance

We support the global move towards sustainable finance that considers ESG factors. In 2024 we will continue to support the Government of Jersey's work in this area. The future government strategic roadmap on sustainable finance will inform how we respond and define a multi-year plan.

#### Jersey private funds

In Q1 2024 we will complete the consultation on our Jersey private fund (JPF) guide and will release a revised guide to industry later in the year. Our revised guide will enhance the JPF product in response to industry feedback, implement changes to JPFs in line with the amended Schedule 2 to the Proceeds of Crime (Jersey) Law 1999 and the revised JFSC Outsourcing Policy, and improve accountability around meeting the requirements of the JPF guide.

#### Virtual assets

We will continue to work closely with virtual asset service providers (VASPs) to support their compliance with FATF requirements in relation to the Travel Rule, which requires transfers of virtual assets to be accompanied by accurate originator and beneficiary information.

We will continue to monitor the emergence of different conduct and prudential regimes for virtual assets around the world, including markets in crypto assets regulation in Europe and the developments of the UK's crypto asset regulations.

We will continue to explore where asset tokenisation fits within existing regimes and develop our understanding of the opportunities and challenges of this new form of asset.

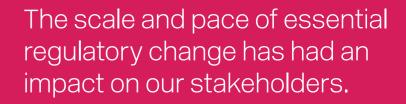
Business plan **2024** www.jerseyfsc.org Business plan **2024** www.jerseyfsc.org

# Industry survey

We are committed to listening to our stakeholders, using feedback to improve our effectiveness as a regulator.

We launched our first annual industry survey in 2023 to measure our performance and gain insights from our stakeholder community. We use the results of our annual survey as a key performance indicator.

Last year, respondents cited our team's professionalism, contribution to Jersey's international reputation and investment in technology as positives. The key areas for improvement included user experience of our portals, the quality and consistency of in-person and online interactions with us and employee turnover levels.





2023 was an extraordinary year for both the JFSC and industry. The scale and pace of essential regulatory change has had an impact on our stakeholders. While our team showed real commitment under challenging circumstances and important progress was made in relation to our myJFSC portal, employee retention and stakeholder engagement, an initial review of our 2024 results shows there is clearly still work to be done. Our website, portals, in-person support and phone experiences remain key areas for improvement. We are committed to improving, while recognising that organisational transformation takes time to deliver effectively.

Positively, our responsiveness on international matters continues to be seen as a strength, with most respondents agreeing that we act in the best interests of Jersey. We have a reputation for operating fairly. Respondents also praised the professionalism of our team, found value in our in-person engagement activity and believed our improvements to portals are going in the right direction. These are strengths which we will build on in 2024.

The 2024 survey was completed in January, so we will now take time to reflect on the results and provide a further detailed update later in the year.

Business plan 2024 26 www.jerseyfsc.org



Business plan 2024 2/ www.jerseyfsc.org

In 2023 we published six strategic key performance indicators, enabling us to effectively monitor progress against our strategic anchors.

We will continue to monitor our performance using the same KPIs in 2024 and externally publish our results.

#### Strategic key performance indicators:

Engagement International and industry engagement	Level of local and international engagement by the Board of Commissioners and the Executive Directors Committee.	# of international (off-island) meetings versus target. # of meetings with local firms versus target.
Industry perception  External perception of the JFSC through annual industry survey	Engagement and perceptions.	% year-on-year improvement.
Service level agreements  Adherence and improvement of UX SLA with industry	Monitor, measure and reduce current industry SLAs.	% adherence to published SLAs with year-on-year improvement and reduction in processing times.
Digital processes Online streamlined interactions	Increase in end-to-end digital interaction processes with end users.	One new end-to-end process per quarter.
Staff engagement	Annual staff happiness index survey.	Year-on-year improvement in annual happiness index.
Staff retention	Increase in staff retention.	% year on year increase in average tenure of JFSC staff.

#### Table key



Facilitate business integrity



Harness technology and influence the digitalisation of financial services



**Develop** our people, systems and capability to be a high performing organisation

Business plan 2024 www.jerseyfsc.org Business plan 2024 29 www.jerseyfsc.org



#### Policy

We will continue to monitor emerging industry trends, evolving and managing risks as they arise. This will include the continued simplification and, where relevant, rationalisation of published guidance notes to ensure they provide as much clarity as possible while remaining principles-based in nature. We continue to welcome the opportunity to meet with industry participants and the public to receive constructive feedback on this.

International engagement and relations remain a key foundation of what we do. In support of this, we will be undertaking a review of our current memoranda of understanding, enhancing and refreshing them where necessary.

#### Registry

Alongside delivering on our digital transformation workstream, another key focus for 2024 will be collaborating with Supervision to hold, where possible, joint examinations.

#### Supervision

We will continue to enhance our use of data to measure risk and direct mitigation actions. This will include enhancing the data we collect from firms for use in national risk assessments, sectoral risk analysis and our risk model, which informs our examination plans.

Our examination programme will continue to cover all regulated firms, and will include financial crime examinations, firm-based assessments, sector-based thematic exercises, the use of questionnaires and follow-up visits in response to identified risk events.

To enhance the quality of feedback from our examinations, we will review the way we communicate findings from our assessments so that firms receive timely feedback. We will also communicate the relative seriousness of findings so that firms can prioritise their remediation actions. We will make use of social media, visits and speeches to communicate on risks and developments in Jersey's financial services sector.

#### Enforcement and Intelligence

Together with our ongoing work relating to the Moneyval assessment, in 2024 we will focus on continuing to strengthen the skillset of team members and increase industry outreach. In Intelligence we will focus on driving efficiencies in the way intelligence is shared and evaluate the effectiveness of its use. We will look to enhance relationships with key stakeholders internally, locally, and internationally.

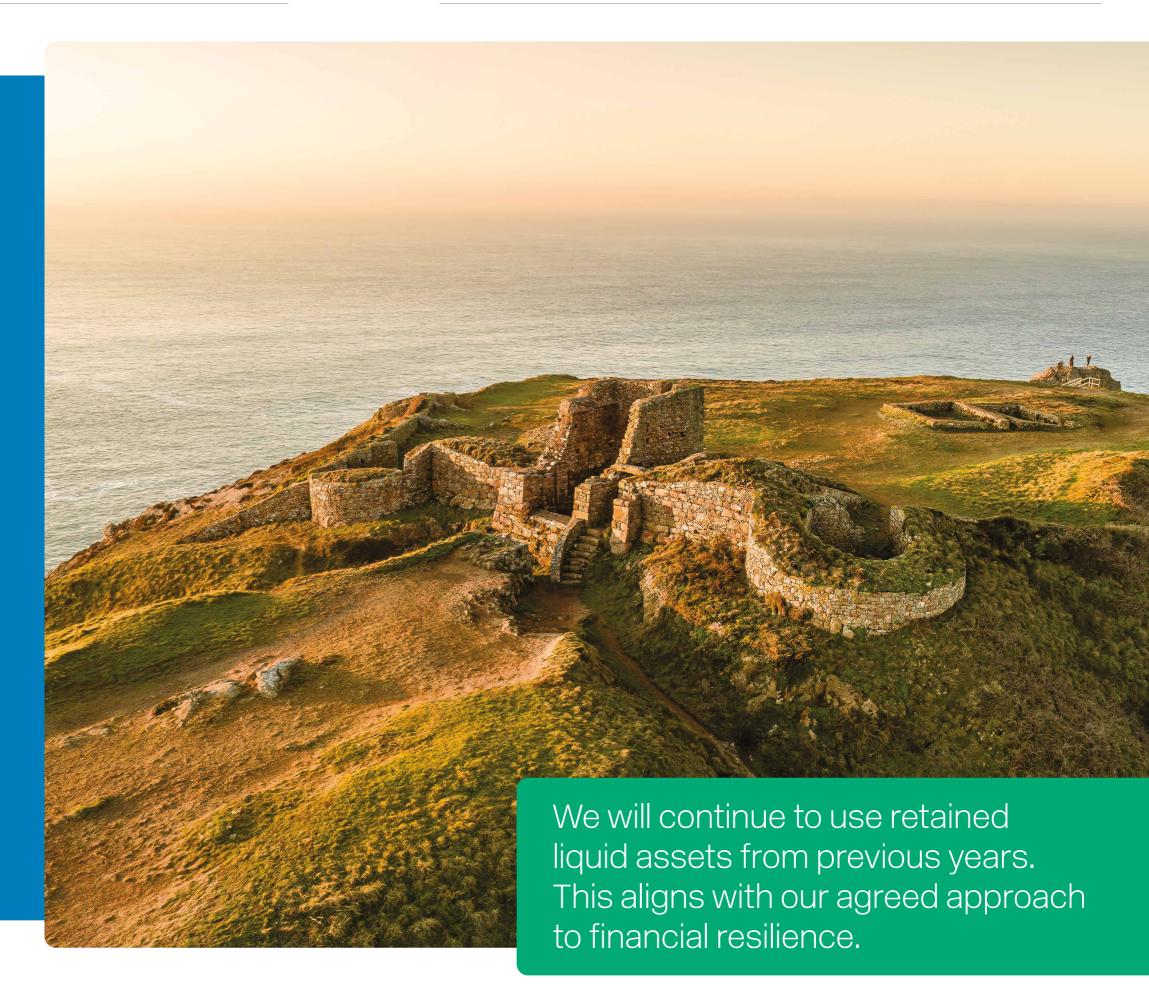
Business plan 2024 Susiness plan

# Summary of our key financials

Our 2024 budget requires us to successfully manage several factors including:

- The increased regulatory perimeter to ensure Jersey meets international standards in combatting financial crime
- Continuing to improve employee retention and increase headcount to target levels, ensuring we have the capacity and capability to deliver regulatory effectiveness and improved service levels
- Continued inflation risks, underlining the need to benchmark salaries and carefully manage our cost base
- The need for continued investment to enable effective delivery of our strategy alongside our core business-as-usual functions
- Provision should an additional level of remediation be required in response to the Moneyval assessment

Provision has not been made within our budget to enable access to the beneficial owner and controller information to obliged entities in line with the commitment made by the Government of Jersey. Analysis is underway to ensure the right solution is available within the committed timeframes, following which we will be able to determine the costs. This will be funded from reserves.





Our priority is to strike a careful balance between strategic investment in priority areas and careful management of our liquid asset levels to minimise future fee increases.

To achieve this, we will continue to use retained liquid assets from previous years. This aligns with our agreed approach to financial resilience. We have budgeted a £2.3m deficit in 2024 and aim to return to break-even by 2026 based on using our reserves in the short term to pre-fund new regimes and then recouping those costs smoothly over a number of years, alongside reaping the benefits of investment we have already made in processes and technology.

We've made a range of targeted investments to ensure regulatory effectiveness and improve service delivery. Our investments have been detailed throughout this business plan and span digital improvements, enhancements to our regulatory framework, people and culture development and operational improvements.

While we're already seeing good outcomes from these investments, costs have been increasing over the past few years due to:

- Inflationary pressures
- The continued increase in the complexity and scope of regulation to meet international standards
- Supporting current and future international evaluations
- The need to ensure adequate team capacity and capability for the Moneyval assessment, and to remain competitive in a candidate-led job market, which has increased our employee cost base by over 15% over the past two years
- Increased building and technology costs

Business plan 2024 33 www.jerseyfsc.org

Wherever possible, we have implemented enhancements to our existing buildings and technology through investment in our core infrastructure. While we have made progress on the technology front, our building is now not fit for purpose and incremental improvements are no longer a viable option. We therefore need to move to new office premises which are modest, appropriate and effective.

To manage the potential impact on fee levels of the required building move, we will be transferring a proportion of our financial resilience reserve to a dedicated building reserve. This will provide the funding required while minimising the potential for one-off fee increases.

Our budget is consistent with our retained liquid assets policy. We will remain well above our minimum threshold and anticipate we will remain in line with our target level through to 2027.

#### Financials overview

	2023 forecast £'000	2024 projected £'000	Variance between 2023 and 2024 £'000
Regulatory fees	20,535	22,722	2,187
Registry fees	7,243	6,801	(442)
Other income	817	771	(46)
Total income	28,595	30,294	1,699
Staff costs	19,265	21,802	2,537
Computer systems	2,401	3,283	882
Other operating costs	6,565	6,037	(528)
Total operating costs	28,231	31,122	2,891
Depreciation	1,551	1,506	(45)
Retained (Loss)	(1,187)	(2,334)	(1,147)
B/fwd retained liquid assets		12,564	
Allocation to building fund		(3,000)	
Operating cashflow		(1,156)	
Capital investment costs		(276)	
C/fwd retained liquid assets		8,132	

Business plan 2024 34 www.jerseyfsc.org

#### Regulatory income

The amount of additional funding we need in 2024 to support our enhanced regulatory remit, employee retention and to reach our target headcount, is not anticipated to exceed a relevant estimated RPI level, as we will make use of our retained liquid asset position. We will continue to pre-fund new regimes and provide for capital investments by deploying retained funds, including initiatives to improve operational efficiencies in the medium-term. In 2023 we commenced a fee review, and the external report is due to be completed in H1 2024. We have committed to completing the review in 2024, and we will use its findings to reassess the timing and methodology of future fees.

The below figures show forecast fee income, including movements in transactional volumes from industry sectors, compared to 2024 projected fee income:

	<b>2023 forecast</b> £'000	2024 projected £'000	Movement £'000	Projected fee increase effect date
Banking	2,479	3,030	551	December 2024
Investment business	1,813	1,948	135	May 2024
Insurance business	1,184	1,248	64	October 2024
Funds and funds business	8,984	9,704	720	July 2024
Trust company business	4,520	4,161	(359)	January 2025
Other businesses	1,555	2,631	1,076	Various from June 2024
	20,535	22,722	2,187	

#### Registry income

Registry income from annual confirmation fees is anticipated to rise by net £713,000 in 2024 as a direct result of the increase applied on 1 January. This is anticipated to be offset by a reduction in transactional fees driven by lower volumes of late fees being incurred, however the total projected income remains in line with expectations to fund ongoing Registry operations.

The table below provides further details on the composition of Registry fee income:

	2023 forecast £'000	2024 projected £'000	Variance between 2023 and 2024 £'000
Annual confirmation fees	4,280	4,993	713
Transactional fees	2,963	1,808	(1,155)
	7,243	6,801	(442)

Business plan 2024 35 www.jerseyfsc.org

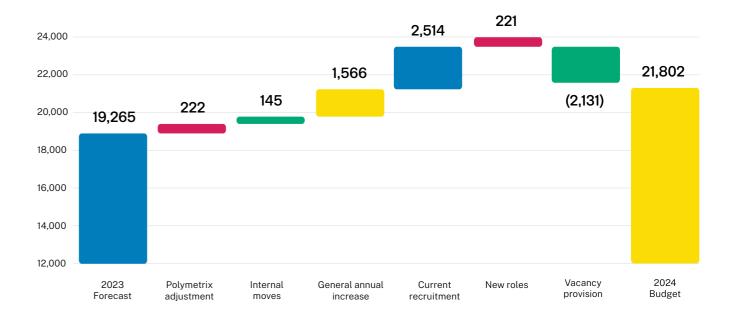
#### Operating costs

Operating costs are planned to increase in 2024 to ensure our continued investment in people, processes, and technology to support regulatory effectiveness.

Computer system cost increases are being driven by additional licence fees as employee levels rise, and by new Registry and Supervisory systems moving out of capital investment phases. An element of the 2024 increase has been generated by the reallocation of certain support costs that were previously classified as other operational costs. The effect on the other operational costs is a year-on-year reduction.

Employee levels are increasing from an average of 223 in 2023 to an anticipated average of 256 in 2024. The average cost per head will rise by 8.9% owing to pay increases associated with rising living costs, but overall, the rise in employee costs is below the rate of inflation due to a changing mix of personnel and associated pay grades.

The employee costs below illustrate the key drivers for the overall cost increase. The current recruitment column includes open recruitment roles and those under offer or accepted that have start dates due in 2024:



#### Capital investment

Our capital investment programme in 2024 supports the delivery of our strategic core workstreams. Most costs are linked to investment in technology, with continued migration of our core infrastructure to a secure cloud environment. We will also be investing in continuous improvements to our core supervisory systems to further enhance operational efficiency and resilience.

