Lending sector
Money laundering and terrorist financing risk data analysis

March 2025

Contents

This report forms part of a series which is being published to improve the understanding of money laundering and terrorist financing risk within a number of sectors, and to enable a comparison across different sectors and activities. Key risk indicators are included for each sector to provide useful benchmarking for supervised persons looking to assess their own money laundering and terrorist financing risks.

These reports are not risk assessments. Each report contains some explanation to support the aggregated data which is presented through a combination of graphs and tables. Whilst some data quality and integrity checks are performed on receipt of the data, we rely on the accuracy and completeness of data provided by industry.

Sector overview

25K
Customer Relationships

120
Employees

30
Customer Jurisdictions

£1.1bn
Total value of loans outstanding

● Total Customers ● Outstanding loans

Year	Outstanding loans	Total Customers
2019	£0.7bn	23.6K
2020	£0.7bn	29.2K
2021	£1.2bn	30.2K
2022	£1.1bn	27.8K
2023	£1.1bn	25.3K
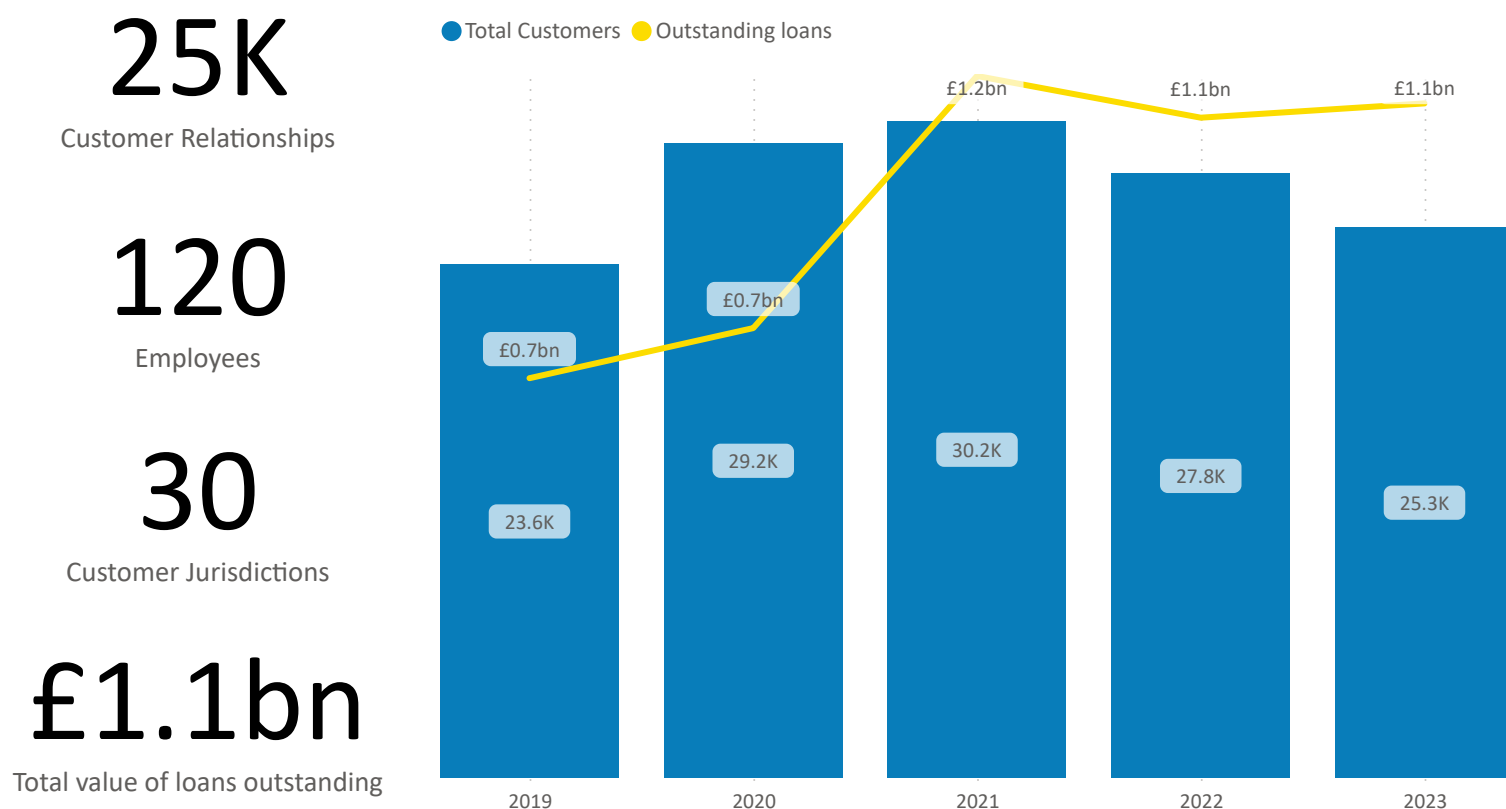
The Jersey Financial Services Commission (**JFSC**) is the AML/CFT/CPF regulator for any person that undertakes an activity, as a business, in or from within Jersey that falls within paragraph 3 of Schedule 2 to the Proceeds of Crime (Jersey) Law 1999 (**lending**). The activities include: consumer credit, mortgage credit, factoring (with or without recourse) and the financing of commercial transactions.

The JFSC supervises lenders for money laundering and the financing of terrorism only and does not carry out conduct or prudential supervision on this sector.

The population of lenders is varied including large and small businesses as well as those that are actively lending and others that have a loan book in run off. Approximately 93% of the customers are reported by just over 21% of the reporting entities. This report includes data from those registered for lending for the period 2019 to 2023 i.e. it excludes lending by any person also registered with the JFSC under another regulatory law such as deposit takers (banks).

The total amounts lent by this sector are significantly lower than the value of loans made by the deposit-takers (presented in the data report for banks published December 2024).

The nature of the lending activities includes personal/consumer loans (including vehicle finance), asset backed finance, as well as business loans and property lending, including mortgages and bridging finance. Consumer lending is mostly short term (1-5 years) and unsecured (except for vehicle loans and mortgages). Financial Leasing forms a very small part of the lending sector.

Customer residency

4.1 Top jurisdictions - residence of customers or beneficial owners (2023)

Jurisdiction	Total Customers or Beneficial Owners ▼	%
Jersey	17,994	72.9%
Isle of Man	4,155	16.8%
Guernsey	1,818	7.4%
United Kingdom	641	2.6%

4.2 Jersey and non-Jersey Customers

● Jersey ● non-Jersey
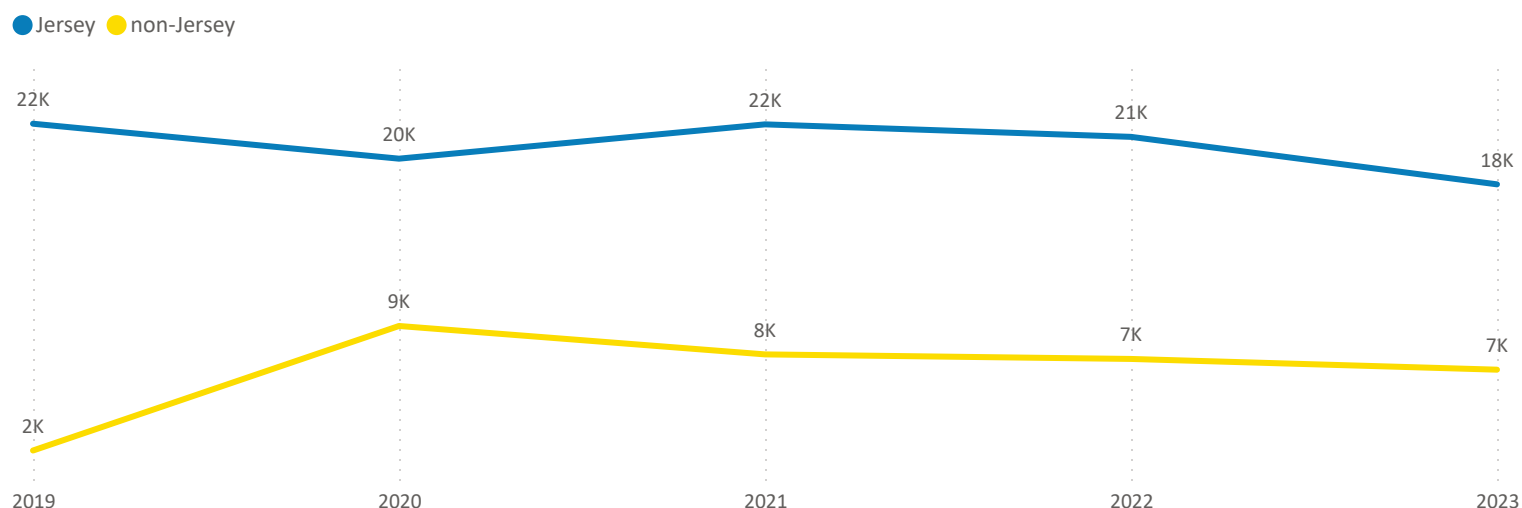
The reported data highlights that the nearly 73% of the customers and beneficial owners of customers that are not individuals are resident in Jersey with another 24% being resident in either the Isle of Man or Guernsey.

Overall the sector has reported connections to 30 different jurisdictions however in 2023 the data shows that for 23 jurisdictions there were five or less reported customer relationships.

Across the period minimal connections to jurisdictions considered a higher risk for money laundering were reported, less than 0.1%.

For the purpose of this analysis the July 2024 version of Appendix D2* was considered with higher risk jurisdictions defined as those listed on the Financial Action Task Force (**FATF**) black or grey list (Source 1 and Source 2 of Appendix D2) or Jurisdictions listed in 3 or more sources in Appendix D2.

*Appendix D2 of the AML/CFT/CPF Handbook provides details of countries, territories and areas that have been identified by reliable and independent sources as presenting a higher risk of money laundering, financing of terrorism and proliferation of weapons of mass destruction.

Politically exposed persons

5.1. PEP connections by customer type

- Companies
- Individuals - Jersey resident
- Individuals - non-Jersey resident
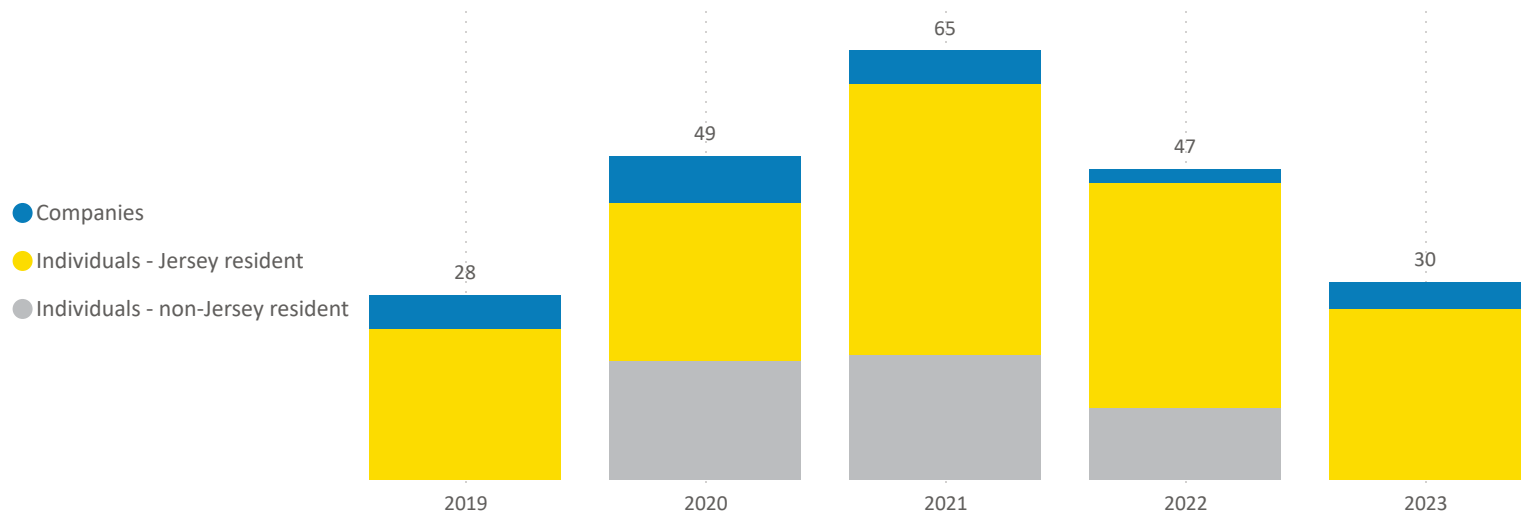
5.2. Percentage of customers who are, or are connected to, a PEP (2023)

|	
Non-Jersey Companies	0.3%
Jersey Companies	0.2%
Individuals - Jersey resident	0.2%

The reported data highlights a consistently low level of PEPs. In 2023 30 customer relationships were reported as being with a PEP or connected to a PEP which is 0.1% of reported customer relationships. In addition, these PEP relationships were all with either Jersey, the UK or another Crown Dependency.

The highest level of PEP connections was reported with non-Jersey companies however this was very low at 0.3% in 2023.
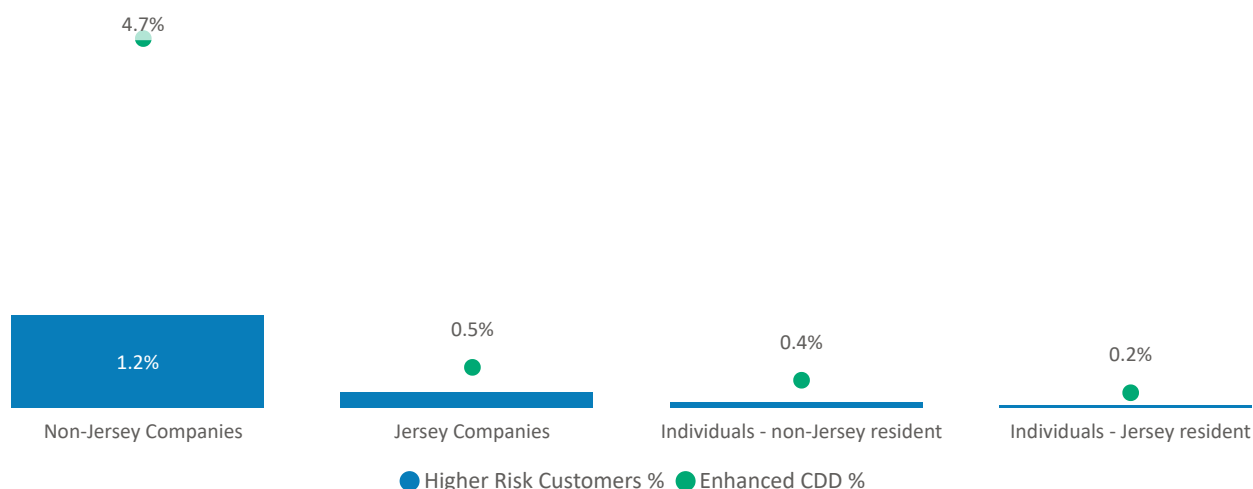
Customer risk

6.1. Customer type trends
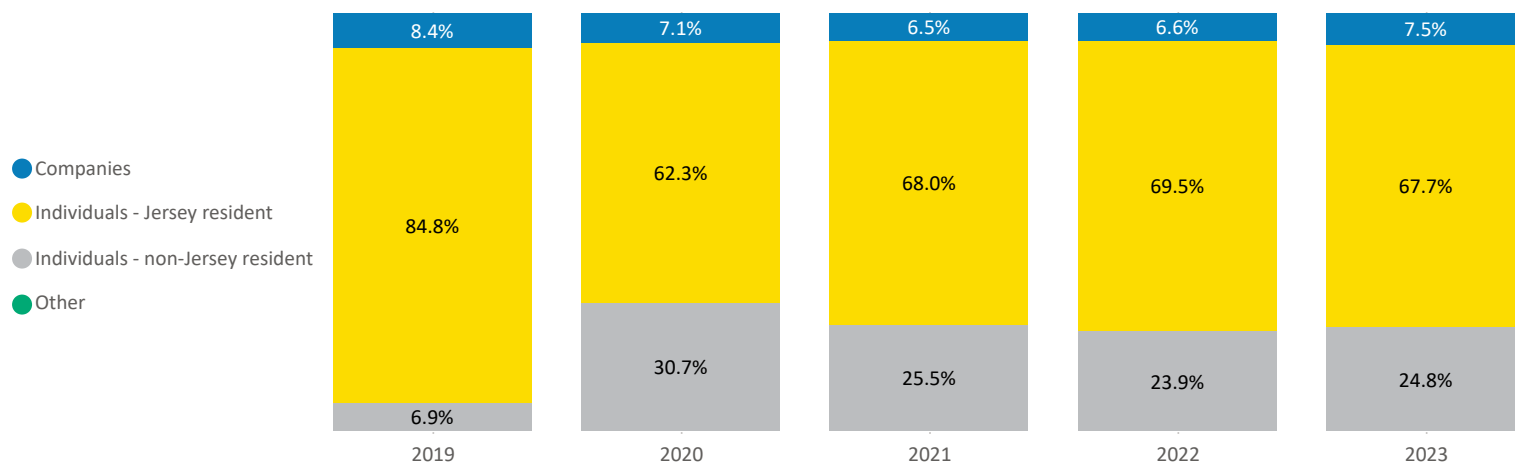
When considering the make-up of the customer base, the data demonstrates that individuals consistently dominate the customer type comprising over 91% of the reported customer relationships each year across the period 2019-2023. The 2019 mix of Jersey and non-Jersey resident individuals is considered a reporting issue rather than a significant change in customer profile.

6.2. Percentage of customers rated as higher risk and percentage of customers to which enhanced CDD was applied (2023)

Data collected from the Lenders includes the risk ratings they apply to each customer relationship and the number for which enhanced CDD was applied. Overall, in 2023, 0.1% of the total customer relationships were reported as being higher risk. When considered at customer type level 6.2 shows that non-Jersey companies were reported as higher risk more often than any other customer type (although this was only 1.2% of the customers reported as a non-Jersey company).

In contrast, 2023 data demonstrates that enhanced CDD was applied to 0.3% of the total reported customers and 4.2% of the non-Jersey customers. Highlighting that enhanced CDD is not only applied to higher risk customers.

Loans advanced

7.1 Value of loans advanced, by loan type

|	2019	2020	2021	2022	2023
Consumer Credit	96,856,692	135,236,487	116,111,216	143,896,267	115,771,005
Financing of Commercial Transactions	50,027,185	54,531,952	99,934,309	101,032,314	138,573,867
Mortgage Credit	142,360,037	164,325,374	104,891,567	84,492,352	47,661,250
Other	142,720,747	107,851,825	65,131,207	98,204,625	39,506,418

7.2 Value of amounts advanced to customers

● Companies ● Individuals - Jersey resident ● Individuals - non-Jersey resident ● Other
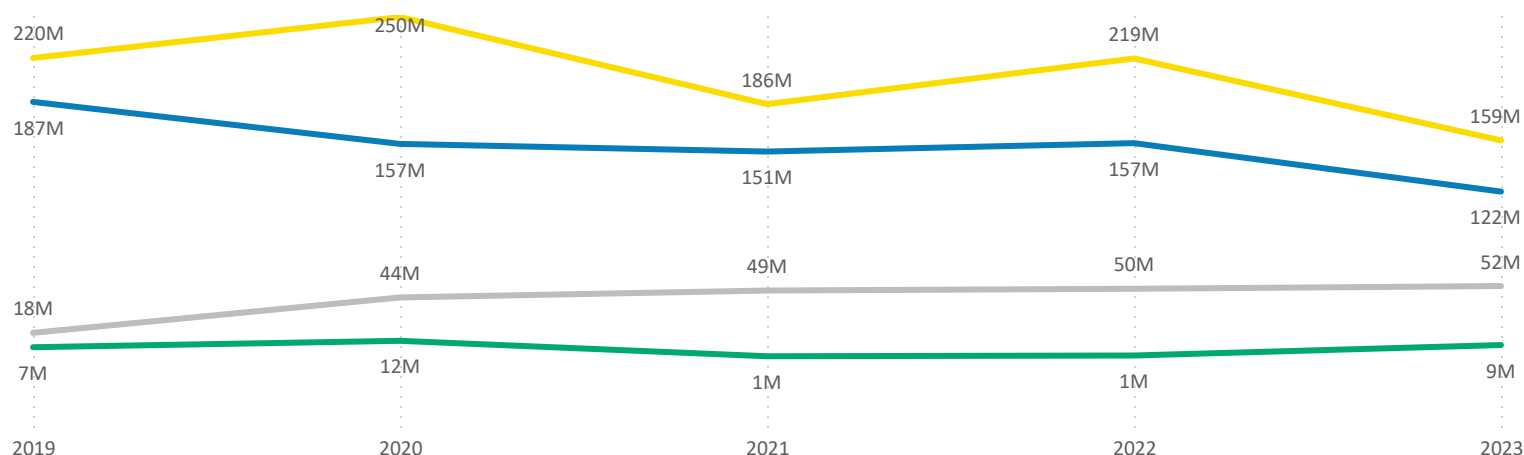
7.3 Total value outstanding

● Companies ● Individuals - Jersey resident ● Individuals - non-Jersey resident ● Other
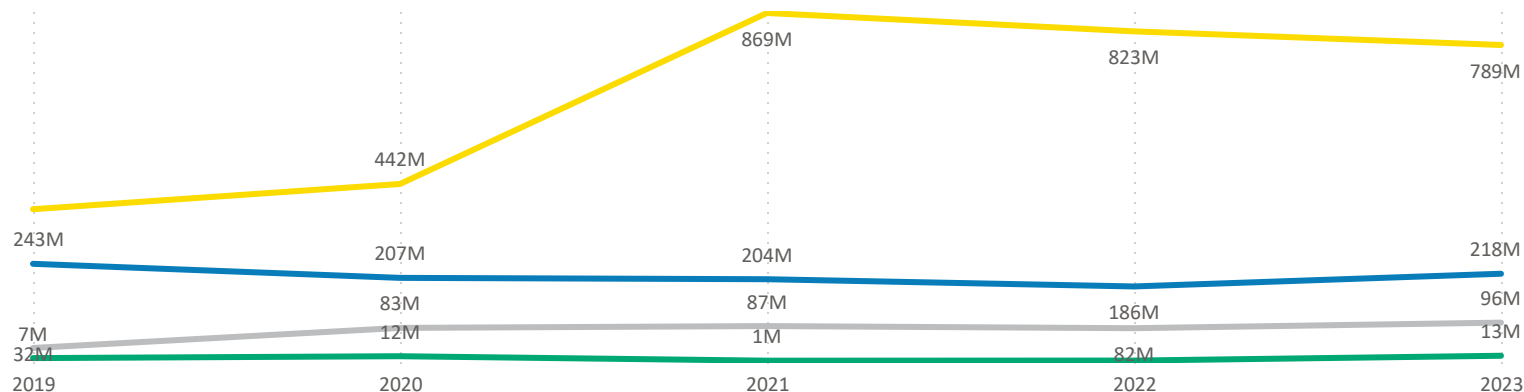
The mix of new lending has changed over the period with mortgage credit steadily decreasing from 2020 whilst lending to finance commercial transactions has steadily increased. The latter is understood to often relate to loans for property development where the intention is to sell or rent the property once developed. The year-on-year reduction in mortgage loans is in line with data reported by other sectors.

New lending decreased in 2023 for individual Jersey residents and companies but remained stable for non-Jersey resident customers.
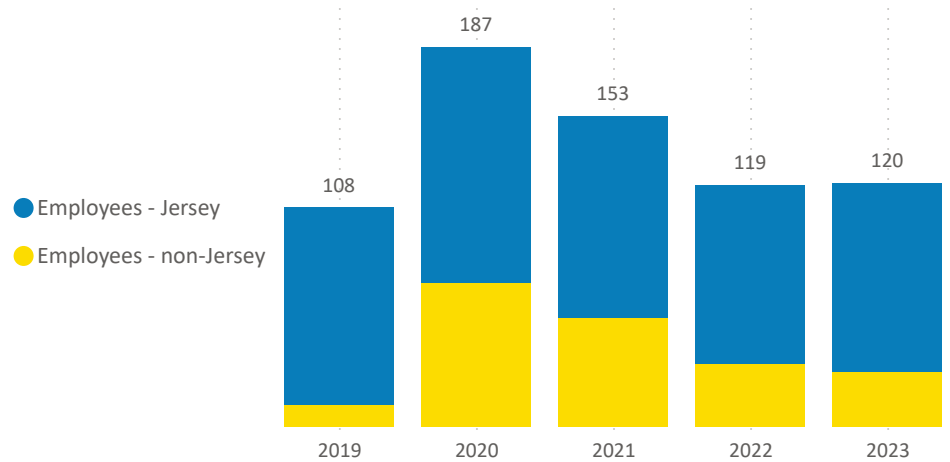
Employees

8.1. Employee trend

| Year	Employees - Jersey	Employees - non-Jersey
2019	97	11
2020	116	71
2021	99	54
2022	88	31
2023	93	27

8.2. Jersey and non-Jersey employees

8.3. Compliance and risk employee trends

Year	Compliance and Risk Employees, Jersey	Compliance and Risk Employees, Non-Jersey	Compliance and Risk Vacancies
2019	39	17	3
2020	14	17	1
2021	11	19	1
2022	11	16	0
2023	20	9	1

8.4. Compliance and risk employees as a % of all employees
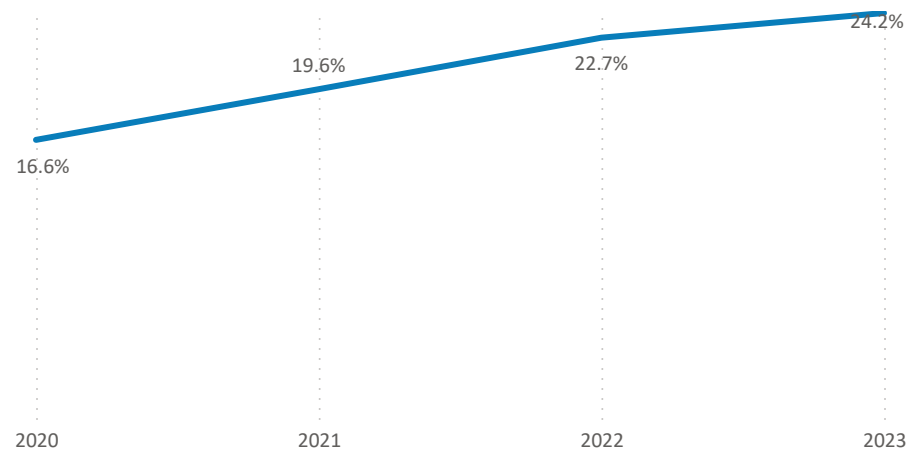
Data collected from the lenders demonstrates that at the end of 2023 there were over 120 employees working in the sector. The proportion of employees working predominately outside of Jersey is relatively high compared to other sectors with 22.5% of employees based outside of Jersey.

In 2023, 24% of employees are reported as working in a compliance or risk role – an increase from 17% on 2020.

Key risk indicators

The data summarised below provides key risk indicators which can inform our view of risk across the lending sector. This includes inherent risk factors such as customers from higher risk jurisdictions and PEP connections as well as the application of enhanced CDD, and reliance on obliged persons.

The key risk indicators highlight a very low exposure to higher risk customers and PEPs with the majority of indicators at 0.2% or less. Consequently, unlike in other sector reports the data has not been represented graphically.

9.1 Key risk indicators

Year	Customers from Higher Risk Jurisdictions (D2)	Customers from Higher Risk Jurisdictions (GoJ TF)	Higher Risk Customers %	PEP %	Higher Risk PEPs %	Enhanced CDD %	Reliance %
2019	0.1%	0.0%	0.1%	0.1%	0.0%	0%	0.1%
2020	0.0%	0.0%	0.1%	0.2%	0.0%	3%	0.1%
2021	0.0%	0.0%	0.1%	0.2%	0.0%	11%	0.0%
2022	0.0%	0.0%	0.1%	0.2%	0.0%	12%	0.0%
2023	0.0%	0.0%	0.1%	0.1%	0.0%	0%	0.0%

Appendix 1 - References

Section I (Footprint) Data

Guidance to Section I of risk based supervision data 2023 — Jersey Financial Services Commission (jerseyfsc.org)

Section II (Lending Sector) Data

Guide to Section II of risk based supervision data: Lenders 2023 — Jersey Financial Services Commission

Appendix D2

Appendix D2 – Countries and territories identified as presenting higher risks — Jersey Financial Services Commission (jerseyfsc.org)

GoJ Higher Risk Jurisdictions for Terrorist Financing

Guidance on countries with higher risk of facilitating terrorist financing (gov.je)

PEP Data

The PEP data in this report is based on a combination of responses from the footprint data collection (section I) and the sector data (section II). Section I data captures the number of unique PEP connections reported by the jurisdiction that resulted in the persons PEP status i.e. not their country of residence. Section II data provides the number, and type, of customer relationships that involve one or more PEP. Whilst these values may differ, both data points are significant for assessing the level of PEP connections across the sector and the risks associated with these relationships.

Appendix 2 - Glossary

Reference	Source	Calculation
4.1	Lending Sector Data	Sum of question EC1, by jurisdiction. Top jurisdictions by total volume.
4.2	Lending Sector Data	Sum of question EC1, Jersey and non-Jersey customers
5.1	Lending Sector Data	Sum of questions EB4(i) - EB4(viii)
5.2	Lending Sector Data	EB4(i) - EB4(viii) as a % of EB1(i) - EB1(viii)
6.1	Lending Sector Data	Number of customers - sum of EB1(i) - EB1(viii)
6.2	Lending Sector Data	Enhanced CDD % - EB2(i) - EB2(viii) as a % of EB1(i) - EB1(viii)
6.2	Lending Sector Data	Higher risk % - EB3(i) - EB3(viii) as a % of EB1(i) - EB1(viii)
7.1, 7.2	Lending Sector Data	Loans advanced - EB14
7.3	Lending Sector Data	Outstanding loans - EB1(b)
8.1, 8.2	Section I (Footprint) Data	Employees - Jersey - Footprint Data, A18(i).
8.1, 8.2	Section I (Footprint) Data	Employees - non-Jersey - Footprint Data, A18(ii).
8.3	Section I (Footprint) Data	Compliance Employees - Jersey - A19(i).
8.3	Section I (Footprint) Data	Compliance Employees - non-Jersey - A19(ii).
8.3	Section I (Footprint) Data	Compliance Vacancies - A20.
8.4	Section I (Footprint) Data	Compliance Employees as a % of all employees - (A19(i) + A19(ii)) as a % of (A18(i) + A18(ii))

Reference	Source	Calculation
Customers from higher risk Jurisdictions (D2)	Lending Sector Data	Sum of EC1, for jurisdictions listed on the FATF grey-list or on three or more sources in Appendix D2, as a % of all jurisdictions.
Customers from higher risk Jurisdictions (GoJ TF)	Lending Sector Data	Sum of EC1, for jurisdictions listed as higher risk for terrorist financing on the GoJ list, as a % all jurisdictions.
Enhanced CDD %	Lending Sector Data	BB2(i) - BB2(viii) as a % of EB1(i) - EB1(viii)
Higher Risk Customer %	Lending Sector Data	BB3(i) - BB3(viii) as a % of EB1(i) - EB1(viii)
PEP %	Lending Sector Data	EB4(i) - EB4(viii) as a % of EB1(i) - EB1(viii)
Reliance %	Lending Sector Data	AD3 as a % of EB1(i) - EB1(viii)
Higher Risk PEP %	Section I (Footprint) Data and Lending Sector data	A23(a) + A23(b) for jurisdictions which are listed in source 7 of Appendix D2 divided by the sum of EB1