

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT  
BY DEPUTY M.R. HIGGINS OF ST. HELIER  
ANSWER TO BE TABLED ON MONDAY 12th SEPTEMBER 2011**

**Question**

Following the enactment of the Banking Business (Depositors Compensation) (Jersey) Regulations 2009 will the Minister explain to the Assembly -

- (a) How many times the Jersey Bank Depositors Compensation Board has met;
- (b) What administrative arrangements have been made, in detail, to meet the claims of depositors in the event of a bank failure and in particular to make an interim payments to depositors of up to £5,000 within 7 working days and the balance of compensation within 3 months;
- (c) What steps have been made to improve the flow of information from Home Regulators to the Jersey Financial Services Commission (JFSC) regarding the health of bank branches and subsidiaries located in Jersey;
- (d) What research or actions have been taken by the Economic Development Department, JFSC or any other person or public body in Jersey to overcome the problems associated with cross-border insolvency?

**Answer**

- (a) The Jersey Bank Depositors Compensation Board has met on five occasions since the members were appointed by the States.
- (b) Detailed work has been undertaken with a major business (also engaged by the UK deposit compensation scheme) to implement a system to enable a swift payout in the event of a default. This work is ongoing but is expected to be completed by the end of this calendar year. Once concluded, EDD will host a seminar to inform States members of the detailed arrangements.
- (c) The JFSC has stated that there are already Memoranda of Understanding in place between home regulators and the JFSC with the aim of ensuring that information flows where necessary. The JFSC is in the regular habit of proactively liaising with relevant home regulators and inviting their ongoing input in light of changing circumstances.
- (d) The issue of cross-border insolvencies was considered by the Economic Development Department when the scheme was set up and is reviewed on a regular basis. The issue surrounds the interlinking of multinational bank operations and the potential risks caused by the lack of ring fencing national entities. As far as Jersey is concerned, the main factor is the stability of parent banks. Other interlinkage risks are minimal due to the lack of capital market activity. All indicators suggest that there is an increasing drive towards ring fencing where that is possible and in improving international cooperation where and when crises hit in order to ensure that defaults are managed in an orderly fashion - all of which is good news for the security of deposits.