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### **Guernsey bank deposits show increased stability**

Guernsey's banking sector is in a more positive position than a continuing decline in deposit levels might suggest, according to the head of the promotional agency for the Island's finance industry.

Figures from the [Guernsey Financial Services Commission \(GFSC\)](#) show that the value of Guernsey bank deposits fell by 2.3% during the final quarter of last year. This took the total value of deposits to £117.4bn at the end of December 2009 – a 25.2% decrease from twelve months previously.

However, Peter Niven, Chief Executive of Guernsey Finance, believes that the sector is better placed than the top-level analysis initially seems to indicate.

Mr Niven said: "What we can see is that a year ago the global financial downturn and an associated flight to quality were pushing deposit figures to a peak. Since then, there has been a decline in the deposit base as a result of returning confidence within the investor markets coupled with a very low interest rate environment.

"Indeed, it is within this context that we have seen a consistent fall of Swiss fiduciary deposits in particular. The performance of this one product, especially more recently, has been driving the decline in overall deposits and in fact, has to some extent been masking wider improvements in the sector. For example, within this last quarter of 2009, other deposits – excluding Swiss fiduciary deposits – actually increased in value albeit only slightly.

“Therefore, the picture is more positive than it might first appear and in fact what we have seen during the last two quarters is increased stability of deposit levels which now sit at more sustainable levels.”

Analysis of the figures from the final quarter of last year shows that the main reason for the fall in deposits was the continued contraction of Swiss fiduciary deposits, down from £44.8bn at the end of September 2009 to £41.8bn at the end of December 2009.

Overall, other deposits – excluding Swiss fiduciary deposits – increased slightly from £75.3bn at the end of September 2009 to £75.6bn at the end of December 2009.

The reported total deposit figures were impacted to some extent by the strengthening of sterling against the major currencies. This exchange rate effect also led to some differences in the overall currency mix with Sterling deposits increasing to 23.9%, Swiss Franc deposits up to 3.8%, US Dollars stable at 46.3% and Euros decreasing to 23.3%.

**Release Ends**