



News Release

8 September 2010

Guernsey's finance industry 'is in good health'

New data: funds reach record high; insurance sector shows growth; mixed news for banking

Newly released figures show that Guernsey's finance industry is in good health, according to Peter Niven, Chief Executive of Guernsey Finance – the promotional agency for the Island's finance industry.

The latest statistics from [the Guernsey Financial Services Commission \(GFSC\)](#) show that:

- The value of funds business in the Island reached a record high of £224.2bn at the end of June this year – a rise of £26.8bn (13.6%) during the second quarter and an increase of £54.6bn (32.2%) year on year;
- The gross assets, net worth and premiums written by the Island's international insurance industry during 2009 were all up on the previous year and the first part of 2010 has seen a rise in the net number international insurance entities licensed;
- The value of bank deposits in Guernsey reached £116.8bn at the end of June 2010 – a fall of £1.9bn (1.6%) during the quarter and down £7.7bn (6.2%) on the same time last year but the Swiss fiduciary deposit levels stabilised and Sterling deposits increased for the third quarter in succession.

Mr Niven said: "In the round, these figures show that Guernsey's finance industry is in good health. We have not been immune from the impact of the global financial crisis but the Island has benefitted from the diversity of its finance industry, which has also proved to be extremely resilient. The general worldwide economic picture still remains fragile but these latest figures show that our finance industry is in robust shape."

Overall growth of 13.6% during quarter two resulted in the total net asset value of funds under management and administration in Guernsey reaching a new record high of £224.2bn at the end of June 2010.

Within these figures, Guernsey domiciled open-ended funds decreased in value by £2.8bn (5.1%) during the three months to reach £53.3bn, although this still represented an increase of £2.7bn (5.3%) year on year. The value of Guernsey closed-ended funds grew by £1.7bn (1.9%) to reach £94bn, a rise of £20.1bn (27.2%) over a full year and non-Guernsey schemes – for which some aspect of management, administration or custody is carried out in the Island – reached £76.9bn, up £27.9bn (57.1%) during the quarter and £31.9bn (70.9%) year on year.

Mr Niven said: "It is extremely encouraging to see this growth within Guernsey's funds industry. There is still a degree of uncertainty in the markets but confidence is returning and it is very positive indeed that we have bounced back so strikingly from the turmoil of recent times to pass our previous record high from two years ago. The Island's service providers are clearly capitalising on our strong reputation as a leading centre for the management, administration and custody of both Guernsey and non-Guernsey schemes"

During 2008 Guernsey's international insurance industry had gross assets of £21bn, net worth of £7.1bn and premiums written of £3.3bn but in 2009 these increased to £23.4bn, £8.1bn and £3.4bn respectively.

In addition, the net number of international insurance entities licensed in Guernsey has risen from 678 at the end of December 2009 to 686 at the end of July 2010. Within these figures, the decreased demand for more traditional captive vehicles has been more than offset by the net number of PCC cells licensed increasing from 323 at the end of December 2009 to 339 at the end of July 2010.

"I'm extremely pleased to see that our risk management sector has continued to grow during what have been very tough times in the international insurance market. The increase in business volumes during last year and the rise in net number of structures licensed in the sector during this year maintain our status as the number one captive domicile in Europe and keep us firmly within the top four in the world. This is a position built over many years, including the innovation of the PCC and we can see that our experience and expertise with these types of structures continues to be internationally recognised," said Mr Niven.

Deposits held with Guernsey banks fell by 1.6% during the second quarter to reach £116.8bn at the end of June 2010, partly due to deposits held in Euros being impacted by the recovery of Sterling. Deposits in Sterling actually increased for the third quarter in succession and following several quarters of contraction, the levels of Swiss fiduciary deposits stabilised to the extent that the total only fell marginally from £39.4bn at the end of March to £39.3bn at the end of June.

Mr Niven added: "These figures represent mixed news for the Island's banking sector. On the one hand, it is disappointing to see the overall figure decline again, although this can be partly attributed to exchange rate movements and yet on the other we can see Sterling deposits increasing for the third quarter in succession and the levels of Swiss fiduciary deposits have stabilised. Overall, there are some banks reporting lower deposit levels and others reporting increased levels so it is quite a varied picture with no particularly obvious trends."

Release Ends

Notes to Editors:

These statistics and further information are available on the website of the Guernsey Financial Services Commission (GFSC) www.gfsc.gg