



Jersey
Financial
Services
Commission

› **A Changing Commission: How it affects you - Issue 1**

- › **Contents**

- › **Overview 3**

- › **Change Programme 4**
 - Introduction 4
 - Reviewing how we regulate and engage 4
 - What are the key changes 5
 - What does it mean for you? 6
 - What happens next? 7
 - Desired outcomes 8

› **A Changing Commission: How it affects you**

› **What is this paper about?**

This paper explains how the Jersey Financial Services Commission (JFSC) intends to change the way it will regulate firms in the future and how entities will interact with us going forward.

It will be the first of several communication pieces to industry over the coming months detailing how our Change Programme will affect you and your business.

› **Overview**

Current and Emerging Challenges

Jersey's financial services industry continues to face a challenging business environment and increased global regulation aimed at protecting the financial system and regaining investor confidence. At the same time, financial markets remain volatile and innovation is creating new opportunities and challenges.

The scale, scope and pace of these changes, and the risks and opportunities embodied in them, pose serious challenges for us all.

The Challenge for Us

The challenge for the JSFC is to create a regulatory regime that enables firms to innovate and exploit market opportunities, while at the same time ensuring that those organisations behave responsibly and have effective risk management procedures in place to protect consumers. These are necessary conditions for the protection of the best economic interests of Jersey and its reputation.

Our vision is *"to deliver balanced, progressive, risk-based financial regulation for Jersey, built on insight, integrity and expertise"*.

To realise this vision, we need:

- Improved risk awareness and management
- Enhanced authorisation and supervision
- Better information management
- E-enablement
- An enhanced people strategy

› **Change Programme:**

› 1 **Introduction**

In our 2015 Business Plan, we identified that one of our major priorities is to change the Commission into a leaner, more agile regulator, able to work more effectively with key stakeholders to secure thoughtful, measured solutions to regulatory challenges.

This initial communication is to provide you with a sense of the direction in which we are moving, so that you will be able to understand the changes and, at high level, know how you will be affected as change is implemented.

We will be making changes on an incremental basis rather than taking a ‘big bang’ approach.

› 2 **Reviewing how we regulate and engage**

Reviewing regulation

We have carried out an in-depth review of the way we currently supervise and how we have performed on some major cases and our interaction with external assessments (such as MONEYVAL).

We have identified the following areas that we need to adapt, to change the way in which we operate and interact:

- The need to simplify, speed up and consolidate interactions with the Commission, meaning efficiency gains for industry
- The need for better and more prompt communication with industry, relating to supervision findings, concerns, risk assessments and good practice points
- The ongoing requirement for alignment with international standards
- The ability to obtain, understand and respond to information on emerging risks
- Greater assurance that intelligence and heightened risk situations are raised promptly and consistently

The purpose of these changes is to make engagement with the Commission easier, reducing the indirect costs of your interaction with us.

Reviewing our data management

We are a data driven organisation with information collection and analysis central to all of our activities as a financial regulator. For this reason, we are developing a new Data Strategy which is an essential component of our Change Programme and sets out our vision for an improved approach to data and information management.

Crucially, we recognise that a strong external outlook and engagement with the finance industry at large is essential in how we regulate and communicate, and we need to ensure

that data policies, and processes for implementing such strategies, work for the organisation and our stakeholders. The objectives are as follows:

- To consult with industry regarding the information we collect and how it is used
- To refresh our policies and controls to govern the collection, storage and analysis of data
- To align people, process and technology to improve overall data quality and usage across the organisation, and support enhanced regulatory outcomes.

› 3 What are the key changes?

We are making changes to the structure, processes and systems used in the way in which we supervise and regulate Jersey's financial services industry:

- We are re-organising ourselves around supervision of firms rather than individual licences held by firms – so there will be a single consolidated supervisory view per firm, rather than per licence
- This model of working will improve our overall understanding of a firm's business and its risk culture. It will enable us to better assess and target our resources more effectively, by concentrating our activities on the risks and issues in industry that could cause the greatest harm to Jersey and its reputation
- A new supervisory Risk Unit is to be created to improve the way we analyse and manage risk. The team will have a pan-industry view, providing information and insight to inform strategy, whilst helping supervisors to manage their portfolios with agreed risk tolerance levels through an improved risk model
- To complement this, a dedicated central On-Site Visit Unit will be developed to deliver our examination programme. This new approach will improve consistency and effectiveness across the supervisory function, benefitting both the Commission and the firms being examined
- Administrative activities are being centralised within a single team in Supervision, so that we can become leaner and more efficient

There are a number of projects and initiatives already underway, which will change the way in which your firm interacts with the Commission, as follows:

- The implementation of a new web portal that will deliver a vastly improved user experience for organisations who deal with us. The portal will be used for both the submission of data and also more 'transactional' interactions

- The implementation of Customer Relationship Management (CRM) and data warehouse solutions to enhance our capacity to store, analyse and re-use information internally
- An information management initiative that will ensure our continued compliance with data privacy, security and Freedom of Information legislation
- A knowledge management project to make our organisational knowledge sustainable, ensuring it is consistently captured and centrally managed to ensure widespread access and re-use

› 4 What does it mean for you?

The Change Programme aims to deliver the following outcomes for regulated firms:

- The administrative overhead of dealing with the Commission will be reduced
- Multi-licenced firms in particular should find that they have fewer examinations, and by focusing on firms rather than licences, the aim is to understand businesses better so that our interactions are more focussed on the most important areas
- Firms will have a single point of contact for supervisory matters
- While firms must continue to comply with relevant laws and regulations, our focus will shift to you and your firm's business model, and ability to demonstrate adequate and effective risk management
- Increasingly, we will be better able to focus our time on firms who are operating outside of our risk tolerances and less time with those who operate within these tolerances
- Firms able to clearly demonstrate to us that they have identified their risks and have in place effective governance, risk and control systems to manage them will find that our interactions are appropriately tailored to take into account their risk management maturity
- A new risk model. As detailed above, by changing the way risk is assessed we will ensure that information is collected from industry only where needed to support regulatory objectives and protect Jersey's reputation as a financial centre

- The Data Strategy will include consideration of:
 - How our request for data submission can be made less onerous
 - How we can be more transparent in terms of why certain data is collected and how it is used
 - How technology can play a part in improving the experience of organisations and individuals that interact with us

It is important to stress that overall staff numbers in Supervision are not expected to increase as a result of the Change Programme. Its focus is to restructure the current supervision resource by deploying the same number of roles but to better effect. We will need to invest in our staff (for example, in training and skills development) to ensure that the improvements we want to make are supported by quality individuals, taking into account the current buoyant market for compliance and risk resource.

In this respect, there will also be some changes in the composition and reporting lines for the Commission's senior management team. These will be the subject of separate announcements in due course (over the coming weeks).

› 5 What happens next?

- Over the coming months, you may note that some new roles are advertised externally where necessary
- We are currently undertaking a consultation on our future funding model and further information can be found here - <http://www.jerseyfsc.org/pdf/Consultation-Paper-No-10-2015-Funding-Review.pdf>
- You will be advised when there are to be any changes in your contact points
- We will keep you informed of our progress in implementing these changes, including by way of tailored outreach events and wider communications, as well as asking a cross-section of practitioners to work with us to provide feedback and comment on specific areas
- We will engage with industry through meetings and presentations and, where appropriate, consultation to achieve the best outcomes

All change brings challenges and opportunities. The nature of the changes and the transitional approach we are adopting will mean that both the Commission and industry have time to adjust in a manageable way.

› 6 Desired outcomes

The key driver to all we do is to protect the public and enhance Jersey’s reputation as a leading financial jurisdiction with robust regulation.

Change Programme – Key outputs	
Improved risk awareness and management	Enhanced authorisation and supervision
Better information management	Better electronic interface with all stakeholders (but most importantly those firms that we regulate)
An enhanced people strategy	

What are we trying to achieve through our Change Programme?

- Be a better place to work
- Be more engaged with our stakeholders and an easier organisation to do business with
- Be a highly effective risk management and supervisory performer
- One Database, One Team, One Commission