Jersey Financial
Services Commission

Feedback on the consultation on phase 1 updates to our bank licensing policy

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Contents

1 Executive summary

1.1 Overview

1.1.1 This feedback paper sets out our response to stakeholder feedback on Consultation Paper No. 2 2026, covering phase 1 updates to the Bank Licensing Policy (**BLP**).

1.1.2 The proposals focus on improving clarity, supporting competition and growth, and aligning the policy with current regulatory developments, while maintaining Jersey's reputation for robust, internationally-aligned prudential standards. We proposed to:

- remove the top 1,000 (by Tier 1 capital) restriction for applicants that are or will be part of banking groups
- add a section on Jersey start-ups
- remove managed banks and business continuity registration sections
- remove material on banking regulation and the application process
- update the language and remove duplication and repeated regulatory requirements

1.1.3 We also sought feedback on letters of comfort and the senior off-island officer requirement.

1.2 Feedback received

1.2.1 We received eight responses from stakeholders, including banks, legal firms and industry bodies. Feedback was broadly supportive, especially where proposals enhanced flexibility, improved transparency (including clearer application pathways such as the start-up mobilisation phase), and removed unnecessary constraints.

1.2.2 Respondents also highlighted areas where careful calibration is needed, particularly regarding financial stability, depositor protection, reputational risk and ensuring that prudential requirements reflect the risk of different business models.

1.2.3 This paper summarises the feedback and sets out our responses and next steps.

1.3 Next steps

1.3.1 We have published our revised Bank Licensing Policy, incorporating feedback, alongside this feedback paper.

1.3.2 We will revise our Banking Code to remove the requirement for a letter of comfort from an acceptable parent bank.

1.3.3 We will consider further enhancements to Jersey's banking framework, including in response to issues raised in this consultation.

1.3.4 We will undertake work to improve our website and application processes.

2 Consultation feedback

2.1 Removal of the top 1,000 restriction (Question 1)

2.1.1 Respondents were broadly supportive of removing the 'top 1,000' restriction, noting that it is overly prescriptive and not aligned with modern regulatory approaches.

2.1.2 It was suggested that applications should be assessed on substantive criteria such as financial strength and supervisory equivalence. Some respondents raised the need to maintain appropriate safeguards, including financial crime controls and depositor protection.

2.1.3 Feedback also highlighted that the original rationale for the restriction has been superseded by post-financial crisis regulatory developments.

Our response

2.1.4 We will remove the 'top 1,000' restriction.

2.1.5 Our supervisory assessment of applicants, including financial resilience, governance, financial crime risk management and track record, will continue to maintain financial stability, safeguard against misuse of Jersey's financial system, and protect Jersey's reputation.

2.2 Retention of the overall regime (Question 2)

2.2.1 Respondents generally supported retaining the existing framework, with targeted enhancements.

2.2.2 Some supported allowing applications that substantially meet requirements where depositor risks are clearly mitigated, favouring a risk-based and outcome-focused assessment.

2.2.3 There was also a query on whether requirements such as investment-grade credit ratings remain appropriate without the 'top 1,000' restriction.

Our response

2.2.4 We will retain the overall structure of the BLP.

2.2.5 As part of future work, we will review specific criteria, such as investment grade credit ratings, to ensure they remain relevant and proportionate for a broader range of applicants and business models.

2.3 Start-up banks (Question 3)

2.3.1 All respondents supported the proposed approach to start-up banks, subject to strong supervision and safeguards.

2.3.2 Concerns were raised about risks to Jersey's reputation, depositor protection and the potential impact of bank failure.

2.3.3 Three respondents suggested maintaining a high bar for entry, including stress testing, compliance with financial crime requirements and effective recovery and resolution planning.

Our response

2.3.4 We will proceed as proposed, making only a small number of changes to provide more detail. Specifically:

- stress testing and recovery planning are addressed as part of the internal capital adequacy assessment process, and we have added a footnote referencing our detailed guidance
- financial crime is addressed in Section 2.4
- resolution planning is the role of the Jersey Resolution and Deposit Compensation Authority, and a footnote has been added noting this

2.3.5 As part of future work, we will consider if further changes are needed.

2.4 Removal of managed bank and business continuity material (Question 4)

2.4.1 Most respondents supported removing this material, noting it is not in use. Some suggested retaining flexibility for managed bank arrangements as a potential tool for future use or for supporting new entrants.

Our response

2.4.2 We will remove this material.

2.4.3 This does not prevent us from considering managed bank arrangements as part of an application. As part of future work, we will consider whether further material should be provided on these areas.

2.5 Letter of comfort requirement (Question 5)

2.5.1 All respondents supported removing the letter of comfort requirement, noting that recovery and resolution planning frameworks now provide alternative safeguards. Some highlighted that its removal may reduce barriers to entry.

Our response

2.5.2 Changes relating to the removal of the letter of comfort will be incorporated alongside other Basel III-related amendments.

2.5.3 Details will be provided shortly on the revision and when it will take effect.

2.6 Senior off-island officer requirement (Question 6)

2.6.1 Responses were mixed. A minority said the requirement adds limited value given the experience and oversight already exercised by senior management on the island and may complicate governance. The majority either supported retaining the requirement or indicated it has no material impact on business development or governance.

2.6.2 Respondents noted that the role helps ensure Jersey branch operations remain visible at group board level and provides the Commission with an effective point of contact within the wider banking group. One respondent noted that the requirement reflects existing legislative provisions.

Our response

2.6.3 We note that the majority did not raise significant concerns about the senior off-island officer requirement, although views differed on its value.

2.6.4 We will consider what changes can be made to make the process for the appointment of an approved senior off-island officer less stringent.

2.7 Removal of regulatory and application material (Question 7)

2.7.1 All respondents supported removing duplicative material from the BLP and hosting it separately on our website.

2.7.2 Three respondents emphasised the importance of clear cross-referencing to ensure usability and accessibility.

Our response

2.7.3 We will streamline the BLP by removing duplicative content.

2.7.4 We will look to improve our website and the application process.

2.8 General comments (Question 8)

2.8.1 Respondents welcomed the overall direction of the proposals, particularly the move towards a more flexible and competitive framework. Feedback also emphasised the importance of:

- maintaining a sustainable banking sector
- recognising the limited size of Jersey's market and the importance of robust, internationally aligned regulatory standards
- ensuring new entry does not negatively impact existing institutions or the stability of the sector

Our response

2.8.2 We will continue with the planned amendments to the BLP and future work.

2.8.3 This work will take into account the need to maintain the safety and soundness of banks and the banking sector

3 Next steps

3.1.1 We have published our revised Bank Licensing Policy, incorporating feedback, alongside this feedback paper.

3.1.2 We will revise our Banking Code to remove the requirement for a letter of comfort. Further details will be published shortly.

3.1.3 We will consider additional enhancements to Jersey's banking framework, taking into account the issues raised in this consultation. We will continue our engagement and provide regular updates to industry.

Glossary

Defined terms used throughout this consultation and herein are as follows:

Banking Code	Code of Practice for Deposit-taking Business
BBJL	Banking Business (Jersey) Law 1991
BLP	Bank Licensing Policy
Commission Law	Financial Services Commission (Jersey) Law 1998
JFSC	Jersey Financial Services Commission
registered person	a person who is registered, or holds a permit or certificate, as applicable, under one or more of the regulatory laws