



## JERSEY FINANCE

**17th June, 2009**

### **Grounds for optimism despite falls in first quarter of 2009**

The latest figures on Jersey's Finance Industry confirm an anticipated fall in the size of its banking and funds sectors, although Jersey Finance chief executive, Geoff Cook, believes there are grounds for cautious optimism about the business outlook generally.

The statistics for the first quarter of 2009 ending 31st March, collated and prepared by the Jersey Financial Services Commission, show that banking deposits have decreased by £10.1 billion and the net asset value of funds by £30.9 billion. However, the Industry believes that banking deposits have held up well considering current trends and, although the value of the funds business also declined overall, the total number of funds still showed an increase.

The headline figures from the statistics are as follows:

#### **EXECUTIVE SUMMARY**

- Banking deposits decreased by £10.1bn during the first quarter of 2009 from £206bn to £195.9bn.
- The Net Asset Value (NAV) of funds under administration decreased by £30.9bn during the last twelve months from £246bn to £215.1bn. The total number of funds increased by 43 from 1,370 to 1,413.
- The value of funds under investment management decreased by £0.7bn from £18.8bn to £18.1bn during the first quarter of 2009.
- Company formations for Q1 2009 were down 24.4% compared to Q1 2008. The total number of live companies on the register decreased by 205 during the last 12 months from 33,784 to 33,579 companies.

Geoff Cook commented:

'The reduction in bank deposits caused by the slowdown in global financial markets was predicted in our year end assessment, but was previously masked by the effect of currency movements in the last quarter of 2008.

'Bank deposits held up well, given the general trend around the world to pay down debt and unwind positions, strongly supported by a complete absence of any banking stability issues. The announcement regarding the introduction of a Depositor Compensation scheme has further bolstered Jersey's appeal as a leading international banking centre.

'With main markets falling between 30% and 40% over comparable periods, Jersey funds have shown considerable resilience to the shocks in the global financial system. Given that increasing numbers of expert commentators are indicating early signs of stabilisation in the global economy, there does, finally, appear to be some ground for cautious optimism about the outlook for business. In this respect it was encouraging to see that a further 43 new funds were opened in Jersey in the 12 months to 31st March 2009.

'The live companies on the register reflect the global pattern of reduced company formation and listings activity, although again some positive signs were seen on the AIM market and The Channel Islands Stock Exchange with the successful flotation of Max Property, utilising a closed ended Jersey Company as the listing vehicle; the first significant flotation for many months.

'The inclusion of Jersey on the G20 White List has resulted in an increased number of new business enquiries in the second quarter as clients have increasingly recognised the value of placing business in a cooperative, transparent and well regulated centre, approved by the world's leading nations.'

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