

19-21 Broad Street | St Helier  
Jersey | JE2 4WE

Deputy Moz Scott  
Chair  
Economic and International Affairs Scrutiny Panel

***Sent by email***

6 July 2023

Dear Deputy Scott

**Re: Jersey Bank Depositors Compensation Board**

Thank you for your letter dated 28<sup>th</sup> June 2023 regarding the Jersey Bank Depositors Compensation Board (“JBDCB”) and the Jersey Resolution Authority (“JRA”). Responses to the questions raised are as follows:

**1. You could please further outline the plan to merge these two bodies and the reasons behind this?**

Since the drafting of the Resolution Law there has been an underlying strategy to combine the functions of the JRA and JBDCB. The value of this is not solely presented from a direct cost perspective, but the synergies to be gained between the role of the resolution authority and the administration of the DCS. Housing the work on depositor compensation and resolution together is likely to significantly reduce the frictions involved in the public sector response to a banking failure, and in turn increase the speed and effectiveness of the response. Particularly in a small jurisdiction such as Jersey, there are significant benefits in limiting the number of public bodies tasked with responding to bank failure, both from the perspective of managing the administration within the body as well as the impact this has on the banks they are servicing, through providing a single point of contact and rationalisation of overlapping information requests.

It is the intention of Government to consolidate these bodies through a transfer of the JBDCB functions to the JRA. Work is underway to deliver the legislative amendments necessary for the JRA to administer the Depositor Compensation Scheme with a view to this being effective by the end of 2024. Parallel to the legislative amendments, Government will work with the JRA, from January 2024, to develop and deliver operational adjustments necessary for the JRA to effectively fulfil these new functions.

**2. Noting the JBDCB and JRA annual reports identify a surplus of £225,841 and £108,139 respectively, could you identify how any surplus would be used noting the planned merger?**

Both the JBDCB and the JRA are independent of the Minister and the States, as prescribed within their constitutional laws. As such the raising and application of the levy is at the discretion of the respective boards and in accordance with the Law.

Chief Minister



It is highlighted that a significant portion of the JBDCB surplus is the prepayment of software fees where the billing period is not aligned with the JBDCB accounting period – see Note 5 to the JBDCB 2022 Financial Statements.

As noted above, the plan is to transfer the functions of the JBDCB to the JRA and along with this the assets and liabilities will be assigned to the JRA. At this point the JRA will have full responsibility for determining the level of necessary reserves to be maintained when raising the administrative levy.

I trust that this response is useful, but please do not hesitate to contact me should I be of further assistance in this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read "E. Millar".

**Deputy Elaine Millar**  
**Assistant Chief Minister with responsibility for Financial Services**