

FAO – Simon Spottiswoode  
Scrutiny Office  
Morier House  
St Helier  
JE1 1DD  
Jersey

28 June 2019

Dear Deputy Perchard,

### **Population & Migration Review**

I am writing in response to your letter regarding the population and migration review. I would like to thank you for providing Jersey Finance (“JFL or we”) with the opportunity to contribute to discussion on a subject which is of unquestionable importance to the finance industry and to the Island as a whole.

Population, and the approach the Island should take to managing it, are regularly debated. In my response, I would like to present the finance industry’s perspective on what is a difficult and complex issue.

In addressing your questions, I would like to first provide an overview of the finance sector in Jersey and the importance placed on ensuring continued access to talent for its present and future workforce. I would then like share with you some of the feedback we have received from our Members in relation to existing and future employment needs.

I will also summarise the current activity undertaken by the finance industry to manage reliance on inward migration.

You may note that we have not answered your questions directly, however we trust that you can draw your conclusions based on the information provided.

Jersey’s finance sector

The finance industry is a vital part of Jersey’s economy, directly employing more than 13,700 people, accounting for almost a quarter (23%) of all jobs and contributing two fifths (40%) of total GVA.

The presence of a thriving financial services industry in Jersey both supports and creates economic activity and jobs across the Island, not limited to the finance sector alone. Including all impact channels (direct, indirect and induced), an independent economics consultancy firm has estimated that Jersey’s financial services industry supported over 25,000 jobs in Jersey in 2015. This means that almost half (43%) of all employment on the Island was in some way dependent on the industry’s presence.

Over the years, the financial services sector has developed an enviable reputation and Jersey is recognised as one of the world’s leading international finance centres

For Jersey to retain its position and to further grow the industry, the Island needs to ensure it has a workforce with the right skills to service the ever-changing needs of the sector’s clients.

In finance, the vast majority of employees are ‘entitled’ or ‘entitled to work’ with only 10% of employees ‘registered’ (4%) or ‘licenced to work’ (6%), a figure that has not changed significantly over recent years. Of the migrant workers in the financial and legal activities sector, 6% are licensed employees, i.e. they are deemed highly skilled and essential. To complement the home grown talent entering and working within the industry, if Jersey is to

remain at the forefront of global finance, then we need to ensure we can continue to import certain specialist skills that are otherwise unavailable.

### Employment and Growth Survey

JFL recognise the importance of working with our Members to champion and maintain the competitive position of Jersey's finance industry - both locally and internationally. This includes identifying the challenges and opportunities that present themselves, including important topics such as migration, licences and the employment market. We do this by gathering their feedback on a bi-annual basis via an online "Employment and Growth Survey".

Through this research, we obtain the finance industry's views on current employment trends and the expected future needs of the sector. Now in its sixth year of running, results have been consistently positive. The most recent survey closed in April 2019 with the majority of respondents indicating they expect to grow headcount within their businesses across both the next 12 months and 3 years. Most new hires are anticipated to be administration professionals, accountant and legal professionals at manager level, with officer and graduate opportunities also likely to be prominent. Encouragingly our employers see themselves sourcing 83% of these job requirements on Island, with a relatively modest number being imported. This is a positive message which provides an opportunity for those seeking to enter the finance sector.

### Industry requirements

With ever-increasingly complex legislation and regulation, combined with operating in an internationally competitive industry, our members are, more than ever, seeking the best qualified applicants to fill the vacant roles.

### Graduates and school leavers

Each year, the finance industry employs a significant number of graduates and school leavers. Over the past 10 years 3,000 young islanders found their first job in finance. As a minimum requirement firms would be looking for students with A levels or equivalent who will work towards a professional qualification while employed. Furthermore, employers require strong interpersonal skills such as cultural awareness, communication skills (both written and verbal) and language skills.

### Experienced employees

For various reasons including cost and existing affinity with the Island, the default intention is always to recruit from on-island, however this is not always possible. Due to the nature of many finance roles previous experience may be required, particularly when applying for more senior posts, with compliance positions being an example.

You may also be aware that entities regulated by the Jersey Financial Services Commission such as those holding trust company business license or investment business licences, must adhere to competency requirements to ensure that they have a sufficient percentage of "suitably qualified" employees. The assessment of whether an employee is "suitably qualified" includes consideration of both the professional qualifications held and the individual's relevant experience. This is often a reason for a requirement of a minimum practical experience in the same or similar role when looking for potential candidates.

### Current industry solutions

### Access to skills

To ensure the local talent pool is strong enough to secure employment and to minimise reliance on importing talent, we have to invest in skills required by the finance sector. Much

is already being done by local employers and educational establishments to train and up-skill staff in the local economy, including finance. Local employers commit significant proportions of their budgets to provide their staff with training opportunities and invest in their ongoing professional development.

There are also a wide range of qualifications that Jersey's school leavers can seek to obtain (employer sponsored, privately and publicly available) prior to and/or after entering employment in the finance sector.

It is worth noting that a person starting their career in finance may be expected to undertake numerous professional qualifications as they progress within their chosen field. Examples of qualifications commonly undertaken in Jersey's finance industry currently include the Institute Of Chartered Accountants In England and Wales's (ICAEW's) Chartered Accountant qualification, Association of Chartered Accountants (ACA) qualification, the Association of Chartered Certified Accountants (ACCA) qualification, the Institute of Chartered Secretaries and Administrators (ICSA) qualification and Investment Management Certificate (IMC) offered by CFA Institute. Continued access to such qualifications and diplomas on Island is therefore imperative to facilitate the training needs of the locals entering the industry, and will limit the need for external recruitment.

Generally, Island residents wanting to follow a career path in finance locally are able to benefit from numerous initiatives and opportunities already in place. If employers are to continue having access to a required pool of talent, the latter must be able to access education allowing them to gain relevant qualifications.

Please note that JFL also provided a response to the Post-16 Education Review undertaken by the Education and Home Affairs Scrutiny Panel earlier this year which I have appended for your reference. This includes further detail in relation to the subject of skills.

#### Creating an opportunity

Given our members told us they anticipate headcount growth, there will be a continuing demand for staff, and companies from across the sector will look to fill their vacancies. If companies are able to fill them with locally-qualified people who, knowing that they will have a rewarding career, commit to the finance industry, then there will be less demand for off-island recruitment.

It is therefore important to encourage the local population to consider staying in Jersey and getting involved in the finance industry. A career in Jersey's finance industry has become an increasingly attractive option, offering those who work in it a huge amount of opportunity to broaden their horizons, to work with some fantastic people and to make a positive difference to the Island. JFL is actively promoting the diverse employment opportunities in the finance industry highlighting that there are rewarding careers available to suit everyone.

JFL is also encouraging member firms to help with this through our "Life In Finance" work experience scheme. Now in its 7<sup>th</sup> year, the scheme has successfully placed more than 300 students, many of whom are now moving into the workplace to hopefully start a long and rewarding career. The young people on the scheme are given the opportunity to experience first-hand what the finance industry in Jersey has to offer.

In addition to this, JFL continue to work with local schools, UK universities and the various government agencies to encourage those entering the local workforce or indeed those in other sectors to consider a career in financial services in Jersey.

#### Productivity

Productivity is very much connected to population and improved productivity should translate to reduced reliance on immigration to grow the economy.

In 2019, JFL commissioned the Centre for Economics and Business Research (“CEBR”) to undertake an independent study into the frontiers of productivity in the financial services sector in Jersey. The main objective of this study is to identify financial services firms in Jersey, from across all sectors, who are productivity leaders and to determine what sets them apart from others. This will also include a consideration of existing and other factors which should be examined by firms or Jersey Plc to further boost productivity including new technology advancements, innovative operating models, enabling policies and frameworks etc.

This research will provide our members and key stakeholders with a toolkit to assess how they could achieve positive productivity improvement within their organisations.

### Digitalisation

Digitalisation is already changing working practices, customer propositions, services and operations. While banks are leading, asset managers are following and professional services such as law, tax and accounting as well as trust companies have started to utilise digital. The impact of digital over the next few years is expected to be felt across all financial services sectors on the Island.

But with this comes an opportunity for firms to diversify, to grow their market share and indeed embrace digitisation and automate some of their processes. This has the potential to result in a replacement of job requiring less skilled personnel with those more highly skilled and therefore better paid jobs.

The most impactful way that Jersey can enable its firms to succeed in a digital world is by developing a strong base of human capital that can adapt and serve in digital roles. This is being addressed through the various digital initiatives with a combined effort of the key stakeholders including ourselves, Digital Jersey, the Government and the industry.

### Jersey's economy

The finance sector is a very important part of Jersey's economy. Given it represents 23% of the workforce and the highly skilled nature of the industry, it accounts for a proportion of licences granted. As the largest employer, one of the recurring concerns raised locally is that the economy is too reliant on a small number of industries, especially finance. Some are of the view that finance is too dominant and that because of the scale of financial services business, Jersey is not a real economy at all.

Back in 2015, when JFL worked with Capital Economics, their researchers made some telling comparisons by reviewing the make-up of Jersey's economy with other similar communities. The firm conclusion was that any place with a population of around 100,000 people generally does not sustain more than a handful of industries. In fact, Jersey's concentration on finance, tourism and agriculture is not unusual and a review of similar sized communities/towns in the UK showed the same pattern.

Jersey cannot possibly replicate and deliver the diversity that a country of 60 million people such as Britain can provide. It is a natural desire to want to diversify because of the fear of “having too many eggs in one basket” but the reality is that such an economy is not achievable. That is not to suggest that other sectors should be overlooked or indeed ignored. It is prudent for the government to continue with its current approach, which is to support three primary industries, finance, tourism and agriculture and look to blend in a fourth, digital, which can support and diversify at the same time.

Looking ahead

As the latest figures released by the Statistics Jersey reveal, our population is estimated to have reached 106, 800 in 2018, an increase of 1,200 on the previous year. Net inward migration accounted for 1,100 and natural change (the number of births compared to deaths) accounted for 100.

The net inward migration was made up of 400 'licensed' employees and their dependents and 700 'registered' employees and their dependents. This indicates that the majority of population growth in 2018 was due to immigration, but the people who came here during 2018 were not taking up highly paid jobs.

These figures are important in the ongoing debate on population management. However, it is also important to look beyond the numbers. We cannot control death or birth, we appear to have limited control over the population arriving as 'registered' staff, so the only group whose influx can truly be controlled are the 'licensed' skilled staff. From these figures, however, it is not clear that stopping licences would control the population. It would, however, affect business and tax intake.

I hope you find the above overview informative and useful. Thank you again for providing the opportunity to contribute to this discussion and please do not hesitate to contact me should you have any questions.

Yours sincerely



Joe Moynihan

Chief Executive Officer  
Jersey Finance Limited

