
Feedback on Consultation Paper 15 **2019 Levy Schemes**

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A: Summary

The Channel Islands Financial Ombudsman (CIFO) published Consultation Paper 15: 2019 Levy Schemes on 2 January 2019, with a closing date of 1 February 2019. Notifications of the consultation paper were sent to stakeholder representatives.

The consultation paper sought views on the proposed Financial Services Ombudsman Levy Scheme (Jersey) 2019 [the 2019 Jersey Levy Scheme] and the proposed Financial Services Ombudsman Levy Scheme (Bailiwick of Guernsey) 2019 [the 2019 Guernsey Levy Scheme]. Two submissions were received from stakeholders in response to this consultation, one of which was provided on a confidential basis.

CIFO has carried out the further planned assessments of the number of financial services providers that will be due to pay a levy this year. There were some increases in the number of expected levy payers in Guernsey and in the non-bank sectors in Jersey. As a result, the levy amounts for 2019 are slightly less than those proposed in the consultation paper for all sectors except the Jersey banking sector. Due to some licence surrenders at the end of 2018, the banking levy for Jersey is more than that proposed in the consultation paper, see section D. The levy schemes have been amended accordingly and the Financial Services Ombudsman Levy Scheme (Jersey) 2019 [the 2019 Jersey Levy Scheme] and the Financial Services Ombudsman Levy Scheme (Bailiwick of Guernsey) 2019 were published on 27 February 2019 and come into effect on 28 February 2019.

B: Consultation overview

The consultation invited comments on the proposed 2019 Jersey Levy Scheme and the proposed 2019 Guernsey Levy Scheme. These include the levy amounts that will be payable by registered providers for 2019. Registered providers are providers that, in relation to their carrying out 'relevant financial services business'¹, are required to register with the Jersey and Guernsey Financial Services Commissions ("the Commissions") or are licensed or hold a certificate or permit under the regulatory laws as specified. The levy amounts are shown in table 1 below in section D. The proposed 2019 Jersey Levy Scheme also included a revision to the sectors of activity for which a levy is charged to improve the fairness and consistency of approach across the Bailiwicks.

C: Summary of responses

One submission was received from European Insurance Brokers Limited (EIB) in response to this consultation. One other submission was provided on a confidential basis.

The EIB response submitted that the current funding approach of charging a levy per sector of activity was not fair to smaller businesses and suggested consideration is given to a scaled method of charging. CIFO carried out a detailed review of its funding approach in April 2017 – June 2018, with four stages of consultation and this area was given consideration but was not practicable. As detailed in CP11: CIFO Future Funding Structure Options² Section E, there was broad consensus for:

- The new funding structure should be simple and easy to understand. It should be predictable, so that FSPs can budget ahead, and avoid undue volatility.
- It should be easy and low-cost for CIFO to administer, in order to minimise the administrative cost incurred.
- All FSPs benefit from the shared value of CIFO to the reputation (both locally and internationally) of the financial sectors in the Channel Islands and of FSPs.
- But there should also be some appropriate element in the funding structure, perhaps related to the variable cost of CIFO handling a complaint.
- Any levy should continue to be based on type of registered provider. Calculating it by sector size or individual market share would not be practicable.

No comments were received on the proposed single investment sector of activity which includes investment business and functionaries of recognized funds in the proposed 2019 Jersey Levy Scheme.

¹ As defined in article 9 of the Financial Services Ombudsman (Jersey) Law 2014 and section 9 of the Financial Services Ombudsman (Bailiwick of Guernsey) Law, 2014, see www.ci-fo.org/resource-room/primary-legislation/

² www.ci-fo.org/wp-content/uploads/2017/12/171205-CIFO-CP11-Final-1.pdf

D: Next steps

During the consultation period, CIFO received and reviewed data from the Financial Services Commissions on registered providers as at 2 January 2019 and reviewed certifications received from new registered providers on their liability for CIFO levies. CIFO has recalculated its assessments of the number of financial services providers that will be due to pay a levy this year. There were some increases in the number of expected levy payers in Guernsey and in the non-bank sectors in Jersey. As a result, the levy amounts for 2019 are slightly less than those proposed in the consultation paper for all sectors except the Jersey banking sector. Due to some licence surrenders at the end of 2018, the banking levy for Jersey is more than that proposed in the consultation paper, see Table 1, below.

The total to be raised in levies remains the same.

Table 1: levy amounts by sector for 2019, showing changes against that proposed in Consultation Paper 15

2019 Levy amounts	Guernsey: Bank Sector	Other Sectors	Jersey: Bank Sector	Other Sectors
Proposed levies in Consultation Paper 15	£10,905	£1,185	£8,389	£1,253
Adjusted final levies	£10,386	£1,118	£9,914	£1,148

The 2019 Jersey Levy Scheme and 2019 Guernsey Levy Scheme were published on 27 February 2019 and come into effect on 28 February 2019. The collection of 2019 levies will be in a staged process, commencing in March with levy notices sent to banks in both islands. Levy notices to other registered providers are planned to be sent in June – July.

Appendix: responses to the consultation

1. European Insurance Brokers Limited

