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Commitment and Longevity: Marking 40 Years of Banking Excellence in Guernsey By Andreas Tautscher, Chief Country Officer, Deutsche Bank

When discussing the development of Guernsey as a finance centre, it is worth reflecting on just how quickly it has evolved to become one of the leading jurisdictions for high quality international financial services.

The transformation of Guernsey's modern economy began in the 1950's and 60's when low taxes kick-started a rapid growth in financial services. The government then created attractive regulatory conditions for a progressively sophisticated financial services industry, initially in expatriate banking, moving towards private and corporate banking, investment fund management and other specialist services.

Guernsey today has 35 licensed banks with bank deposits standing at almost £110bn and a fund administration and management sector valued at over £270bn, all backed up by an impressive infrastructure of banks, fund administrators, law and accountancy firms, insurance houses and trust companies. Many of these firms have now expanded and set up their own branches in other jurisdictions.

Reflecting on this development is particularly pertinent for Deutsche Bank this year, as we mark our 40th anniversary of having a presence in the jurisdiction, having witnessed first hand the growth of the finance industry in Guernsey.

Commitment

Deutsche Bank's presence in Guernsey can be traced back to 1972 and the establishment of trust companies by London-based investment bank Morgan Grenfell, which was taken over in 1999 by Deutsche Bank. Since then, the Bank's offices have

grown and today form part of the international Group, which also has operations in Jersey, the Cayman Islands and Mauritius. Today, the Bank in Guernsey focuses on its core strengths of providing specialist banking, corporate and trust services.

The success of the Bank's Private Wealth Management business in particular has made a significant contribution to its impressive growth in Guernsey, servicing the needs of financial intermediaries including independent trust companies, fund managers and captive insurance companies. The launch of a custody business in Guernsey in 2008 has played a significant part in this growth, accompanying the solid performance of alternative funds business in the jurisdiction.

It is also an excellent reflection of the island's trust infrastructure and legislation that the global headquarters of Deutsche Bank's Trust Solutions business is located in Guernsey. Acting as an intellectual hub for the Group's fiduciary administration business, the team in Guernsey establishes and manages trust and company structures that allow clients to address a broad range of issues from succession planning to asset protection.

Evolving

Whilst the first 40 years in Guernsey have been hugely successful for Deutsche Bank, there are still plenty of opportunities to both expand and develop new and existing business.

For instance, 50% of all new fund listings in Jersey last year were facilitated through Deutsche Bank, and there is a very real opportunity for Guernsey to be part of Deutsche Bank's success. With this in mind, we are looking to grow this area of business by establishing a dedicated Alternative Fund Services business in Guernsey this year, to establish and administer a range of special purpose vehicles and investment vehicles.

At the same time as being open to new areas for business development, it is nevertheless vital to remain alert to the challenges that lie ahead.

The raft of regulation emerging as a result of the financial crisis, for instance, will do little to promote growth. In addition, the new regulation will pose challenges to certain areas of business in terms of costs and resources to manage the ever mounting requirements.

Competition between jurisdictions is also increasing. There are far more jurisdictions competing for similar business than there were 40 years ago, many of which are willing

and able to invest much more in promotion than Guernsey. At the same time, target markets are geographically much further away from home. Whilst Guernsey used to look to the UK and Europe for the majority of its business, now we are exploring opportunities in the Far East, Middle East, India and, an area in which we see particular opportunities, Latin America. The logistical issues, skills and costs needed to effectively promote Guernsey in those places are significant.

To remain ahead of our competition we need to have appropriate resources in place. For us, the main challenge continues to be attracting the right talent to ensure and maintain our edge, not only at a local level but also, now, at a global level given the international nature of the finance centres in which we operate.

In a world that certainly poses challenges, it is important that Guernsey keeps one eye on the future, and that is certainly something Deutsche Bank is looking to do. As we celebrate 40 years of success in Guernsey, we are keen to affirm our commitment to the island and look ahead at the opportunities to evolve even further in the years ahead.

Ends.