



Consultation Paper on Proposals for Fees Rates for 2024 issued 26 July 2023

(the **Consultation Paper**)

1. Introduction and background to our comments

- 1.1 This response is submitted on behalf of both GAT and STEP. We are grateful for the opportunity to provide feedback to the Consultation Paper.
- 1.2 We have reviewed the Consultation Paper and discussed the same at a meeting of the GAT Committee on 12 September 2023 and via email to members of a joint GAT/STEP Technical Committee.
- 1.3 GAT (Guernsey Association of Trustees) is an industry association representing the regulated fiduciary sector in Guernsey, and represents the views of the above-mentioned joint GAT/STEP Technical Committee. As these are the views of that committee, they do not represent the views of any single individual.
- 1.4 STEP is the Society of Trust and Estate Practitioners (STEP Guernsey), an industry association representing the regulated fiduciary sector in Guernsey and represents the views of the above-mentioned joint GAT/STEP Technical Committee. As these are the views of that committee, and do not represent the views of any single individual.

2. Question 1: Do you have any comments on the overall proposed fee increase?

- 2.1 In principle, we accept the overall proposed fee increase on the basis that this is slightly below current Guernsey inflation rates and considerably lower than fee increase in some of our competitor jurisdictions (notably Jersey).
- 2.2 We acknowledge that the Commission intends to use its reserves in 2024 which we welcome, and we would support the continued use of surplus and profits to cover ongoing costs wherever possible to keep further fee increases as low as possible.
- 2.3 However, we note that the fiduciary sector is also under pressure financially from inflation, rising staff costs etc. and that the Commission's fees are another increasing expense which will continue to put pressure on the sector, which may result in increased fees for clients.
- 2.4 The Commission should be aware that industry is facing many of the same challenges as the Commission, including in respect of staff resources (see 2.5 below), increasing costs of regulatory compliance and meeting international standards and the uncertainty of the outcome of our MoneyVal visit. KPMG's 'Guernsey Fiduciary Industry Survey 2022' (the **KPMG Survey**) which relates to the period 1 July 2021 to 30 June 2022 (the **Relevant Period**) notes

that 'A combination of increased supervisory onsite visits, increased regulatory requirements and changes in legislation with attention on sanctions, driven by the upcoming MONEYVAL visit in 2024, are impacting the efficiency of participants [in the survey]'. However, anticipated revenue growth across the sector in the Relevant Period was 5.5% (according to the KPMG Survey), much less than the proposed fee increase for 2024 and the fee increase in 2023.

- 2.5 We note that the fiduciary sector also faces issues with staff retention and recruitment with increased activity in the employment market and competition between businesses - some businesses are able to offer much higher salaries and bonuses than others. According to the KPMG Survey, average staff turnover across the sector was at 19% during the Relevant Period, so on a par with the Commission's staff turnover in 2022, and more than its turnover rates in 2020 and 2022,
- 2.6 There is therefore considerable pressure on industry to minimise its costs and ensure efficiencies wherever possible. We would be grateful if in its feedback paper, the Commission could elaborate on how it mitigates its own costs, other than the steps outlined at paragraph 4.1.10 of the Consultation Paper in respect of staff resources.
- 2.7 In respect of the Commission's comments in respect of MoneyVal and the ability to react to the "potential" challenges, we believe the correct approach would be to await the outcome of the visit before determining if there is a need for further resources ((e.g. it could be a temporary requirement and therefore temporary resources may be more appropriate).

3. Question 2: Do you have any comments on the proposed restructuring of the insurance fees?

This proposal does not directly affect the fiduciary sector, so we do not have any comments.

4. Question 3: Do you have any comments on the proposed increase in the fee to operate an investment exchange in the Bailiwick?

This proposal does not directly affect the fiduciary sector, so we do not have any comments.

5. Do you have any comments on the proposed changes to fees for VASPs within an AMC structure?

This proposal does not directly affect the fiduciary sector, so we do not have any comments.

6. Conclusion

We hope the above feedback is helpful. Please do not hesitate to contact us if you have any questions or wish to discuss any aspect of our feedback further.

Submitted on behalf of the joint GAT/STEP Technical Committee via email to annualfees@gfsc.gg at 12.50 on 20/09/2023.