

Question by David DeLisle to the Chief Minister Lyndon Trott on the Guernsey Depositor Compensation scheme.

In the States of Guernsey Assembly on Wednesday 30th November 2011.

Third Question to Chief Minister:

Deputy DeLisle: the third question, with the current Global banking crisis and the insecurity felt by many with savings accounts, what security do depositors now have through the Guernsey depositors scheme and what measures have been taken to match the depositors protection to that currently enjoyed by the rest of Europe.

Deputy Trott: Thank you Sir, Sir, **the most important protection that a depositor can have is to ensure that the bank with whom they deposit does not fail.** In a banking crisis the depositor compensation scheme can only ever be the last line of defence. Since the events of 2008 the Guernsey Financial services commission have continued to work diligently to understand, manage and reduce the risk in Guernsey's banking sector. As a result I am confident that all Guernsey Banks are well capitalised, well managed and sound. But crucially I am also informed that here is no direct exposure to the Euro zone debt crisis and Guernsey does not have any bank from Italy, Spain or Greece . The work of the GFSC over the past few years means that Guernsey's financial sector is well placed to weather the difficulties that are currently emanating from the Euro zone. Members will also recall that twelve months ago at the request of the Commerce and Employment this assembly debated a number of changes to the DCS, At paragraph 6.4 of that report, Commerce and Employment, the responsible department discussed the possibility of moving the level of protection in Guernsey's depositor Compensation scheme to match that in the Euro zone, the recommendation at that time, was that as Guernsey is not an EU member, we should ensure consistency with our nearest competitors , Jersey and the Isle of Man and it was decided to keep the level of protection to fifty thousand pounds. Now Sir I am reliably informed by the Commerce and Employment department that they are continuing to monitor developments in this field and will report back to this assembly should it be necessary to increase the level of protection to depositors. Of course it is relatively easy for depositors to achieve protection above fifty thousand pounds or one hundred thousand pounds for a joint account. They can simply place their deposits with two separate banks, thus double the amount of protection they receive, by placing their deposits with a number of different banks, depositors can double, triple or quadruple their protection if they so chose.

Deputy DeLisle: Supplementary on that sir , Can I ask the Chief Minister how far Guernsey's one hundred million depositor protection scheme over a five year period will go, given the loss of one hundred and seventeen million in one bank, Landsbanki.

Deputy Trott: Sir like many of Deputy DeLisle's questions to deputy Hunter Adam earlier, that is a ludicrous question to ask and expect a factual answer. If deputy Delisle genuinely wants an answer to that question in this assembly this morning sir, he should have had the courtesy at least to give advanced notice.

Deputy DeLisle: Sir I apologise for not giving advanced notice of that question, but I think the questions have not been ludicrous and in fact, in fact we have serious issues here, particularly with C-Foss and I think they should be dealt with in haste Sir, Thank you.

Deputy Parkinson: Yes sir ,may I ask the Chief minister to confirm that one hundred and seventeen million was not lost in the landsbanki Guernsey Collapse that the recovery of depositors funds look to be in the order of 87 to 91 p in the pound and therefore the loss of depositors money was a small fraction of the one hundred and seventeen million on deposit.

Deputy Trott: yes I am very happy to confirm that, because that is the case.