

GUERNSEY – A SOLUTION FOR GLOBAL UNCERTAINTY

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Geopolitical risk appears prevalent wherever we look today.

A protectionist administration in the United States is impacting on global risk, with the potential for trade wars, particularly with China, leading to a fall in confidence from investors in emerging economies. Closer to home a “no deal” Brexit remains a concerning possibility.

In this environment, Guernsey sees itself as providing an environment of safety and stability for high net worth individuals and their families. And, along with providing increasingly sophisticated solutions, the island sees this as crucial to the success and development of its leading private wealth sector.

This is all underpinned by a constitutional position which dates back more than 800 years. Since 1204 Guernsey has been a dependency of the British Crown, and although proud of that British connection, is not part of the UK or the EU. The island is autonomous, with its own independent administrative, legal and fiscal systems, and the island’s parliament legislates for itself. These points came to the fore in a recent UK Parliament debate on public registers of beneficial ownership, where Guernsey strongly reinforced its constitutional position and autonomy.

These topics will be referenced at Guernsey’s first Private Wealth Forum in London next month, when former diplomat Sir John Sawers, head of MI6 between 2009 and 2014, will deliver the keynote speech, followed by a panel discussion focusing on wealth management and family office issues.

Paul Hodgson, the head of the private wealth sector representative body in Guernsey, will chair that panel discussion. Born in Australia, he has spent the past 20 years in the private wealth industry in Guernsey.

Although the industry has changed significantly over those two decades, he says, the island’s key strengths remained the same – stable government, a sophisticated and independent judiciary, and a number of high-quality international firms having a presence in the island.

His career in Guernsey had also seen the development of regulation. Guernsey has some 150 fiduciary licensees and is one of the few places to regulate trust and corporate service providers, having been the first to do so, in 2000. He describes regulation as being an “asset” to the sector.

“It is an assurance that as a jurisdiction we aspire to high standards of behaviour. Regulation has changed things significantly, it has set new benchmarks of expectation and as an industry we recognise that it is in everybody’s interest to weed out bad behaviour. And that is a good thing when, as a jurisdiction, you are regarded as only as good as your weakest link,” says Mr Hodgson, who is Chairman of the Guernsey Association of Trustees, and Managing Director of Butterfield Trust in the island.

The industry he joined in the late 1990s looked after predominantly UK clients. That has changed over the past 20 years, as have the reasons for structuring, moving towards larger, more sophisticated structures, with a focus nowadays on handling the asset holding and succession planning issues of international families.

“That has completely changed, and one of Guernsey’s greatest strengths is our ability to offer sophisticated and bespoke solutions for clients with complex, and often multi-jurisdictional, needs. The market is increasingly demanding different types of services.”

London is the most productive source of business relationships for Guernsey, and there is confidence that will continue post-Brexit. The island has positioned itself as “team mates” of the UK, promoting its flexible and responsive regulatory regime, application of international standards, and its status as a non-EU third country.

“Over the years we have set a steady path and continue to evolve along that path. At times we have been comfortable, at other times it has been uncomfortable, but as a small jurisdiction, to continue to evolve and adapt has been impressive. And there is no reason to think we cannot evolve to keep ourselves at the forefront of the world’s and our own clients’ expectations,” Mr Hodgson says.

Guernsey takes that message to London for its Private Wealth Forum on Thursday 8 November at Graysons Christ Church Spitalfields. For more information visit: <https://www.weareguernsey.com/events/2018/guernsey-private-wealth-forum-2018/>

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