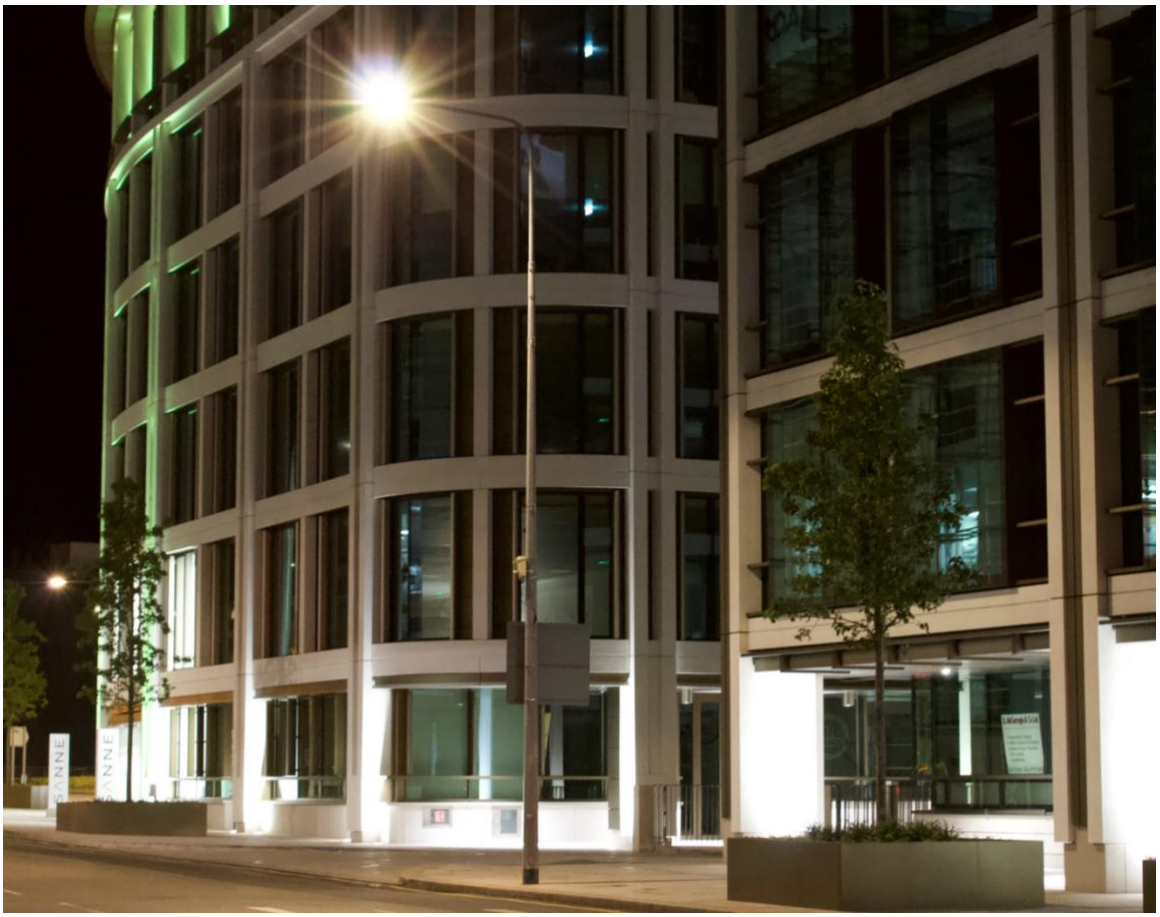
Survey: The Impact of Coronavirus COVID-19 on the Jersey Private Wealth Sector



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Executive Summary

Business disruption: 89% of contributors to the survey indicated that their business had been affected by the COVID-19 pandemic. Due to the lockdown in Jersey, the majority of employees are working remotely from home, whilst some have experienced efficiencies in productivity, staff morale has had a negative impact. Face-to-face client meetings are no longer taking place, events are on hold, office moves have been delayed, 30% reduction in sales, 60% of respondents expect to see effects of the pandemic affect their business for more than 6 months, however some businesses will come out winners such as technology.

Business continuity plan: Our survey found that Jersey private wealth practitioners were generally well prepared for a disruption to business with 67% planning for a global financial crisis and 37% having considered the possibility of a pandemic situation in their Business Continuity Planning (BCP). All survey participants indicated that their BCPs had been successfully implemented, 73% 'very effective' and 27% of them 'extremely effective'.

Business continuity in action: 83% of respondents reported remotely working from home with 17% working from both home and the office. 90% of respondents are using video conferencing as a new communication technique with 80% of them using video with their clients. The most popular system is Zoom (80%) followed by Microsoft Team (73%).

The Stock Market and credit facilities: Only 3% of respondents to this survey reported a significant impact on business by the market crash at present, but 33% of participants indicated they had been affected 'a great deal'. Only 10% had seen 'no impact' at all with the remaining 53% reporting 'minor impact'. None of the companies represented in the survey have needed to extend their credit facilities with their finance providers.

Government assistance: 7% of the survey's respondents said they have required assistance from the local government; 7% of companies have requested deferment of social security payments and almost 11% have required assistance with employee salaries. 39% of the respondents have received support from the Jersey Financial Services Commission (JFSC); in the general form of guidance and communications, deadline extensions, information updates, changes to some processes and flexibility.

Impact of COVID-19 on private clients: With 96% of their clients taking the direct hit, private wealth professionals in Jersey are bracing themselves for a reduction in income, clearly as the value of assets under management (AUM) have declined. The retail, travel and tourism industries have been severely impacted. The real estate market has also felt ramifications. 82% of clients' investment portfolios have been affected by COVID-19 and their net-worth has been reduced, however many are long term investors and there has been little or no impact. Jersey wealth professionals have proactively increased the frequency of client contact to offer reassurance, identifying risks and providing updates.

Post COVID-19 pandemic: A significant 79% of respondents believe that COVID-19 will result in permanent changes to how they work in the future - a paradigm shift - work around different groups staggering office/home working; flexible working hours; increased use of technology to enable remote working from home ; increased video calls with clients and colleagues; 82% believe business travel will decrease; 63% expect to see a reduction in face-to-face client contact; increased digital communication and processes. Employees have shown adaptability, flexibility and resilience. Thanks to technology and the relative ease at which businesses have adapted to remote working, there is a seamless transition to employees working from home. However, some respondents like going into the office for the social interaction with colleagues which helps professional productivity and well-being.

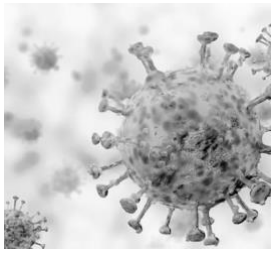
Background to Coronavirus COVID-19

The virus known as severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) is responsible for the coronavirus disease (COVID-19), as reported by the World Health Organisation (WHO), which commonly refers to it as "the COVID-19 virus" or "coronavirus disease"[1].

COVID-19 has spread rapidly across the globe; it is now a global pandemic. Confirmed cases of coronavirus are expected to peak internationally during April/May 2020. The global economy is expected to go into severe decline and a deep recession.

Across the world, governments and banks are doing whatever they can to ensure businesses and individuals make it through the pandemic and so are then available to contribute to the recovery process.

Globally, people are thinking hard about how to protect the health and wealth of themselves and their families. This pandemic is a profound concern to all. Companies are reacting to new ways of working, not just to provide business continuity but also to protect their most valuable assets, i.e. their employees and their families.



With this unprecedented situation continuing to develop, Gibson Strategy conducted a survey amongst private wealth service providers in Jersey. This research was to establish how the pandemic was impacting private wealth on the Island. It is clearly recognised that in such fast-developing circumstances, that even by the time this report is produced, the situation, outcomes and outlook may be extremely different than at the time of publishing this report.

[1] WHO, Naming the coronavirus disease (COVID-19) and the virus that causes it.

Coronavirus (COVID-19) tests and cases in Jersey

Our research found that the Government of Jersey were sharing very comprehensive statistics relating to coronavirus testing and outcomes on its website[2].

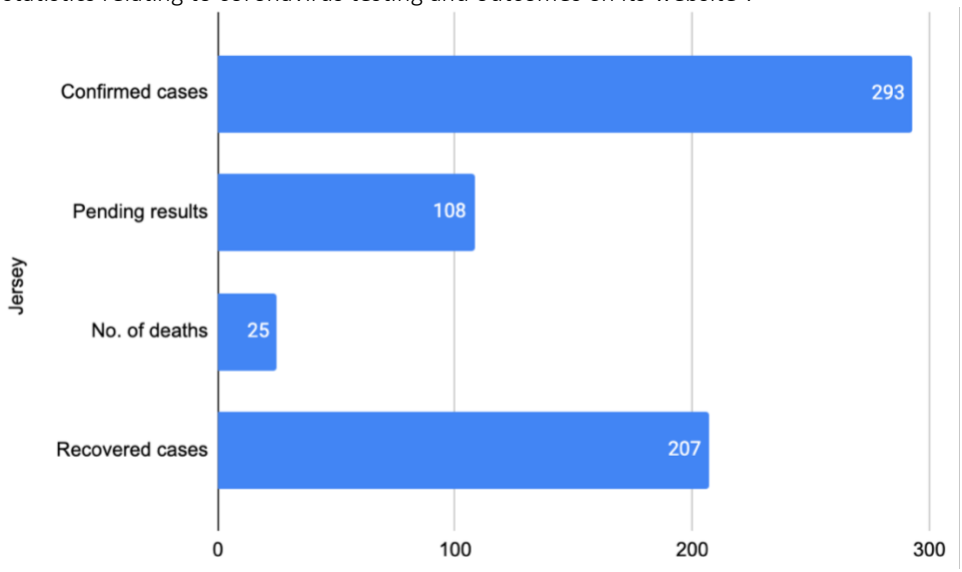
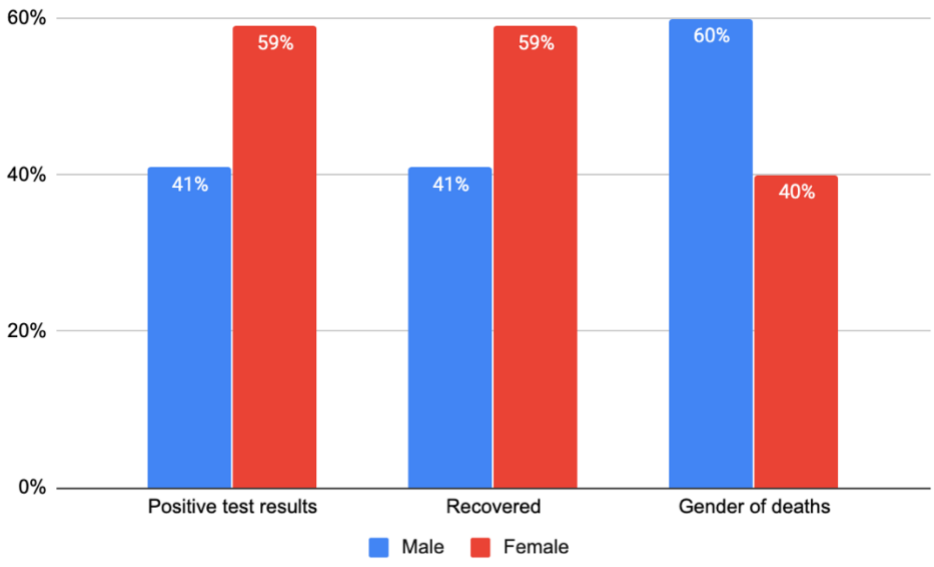
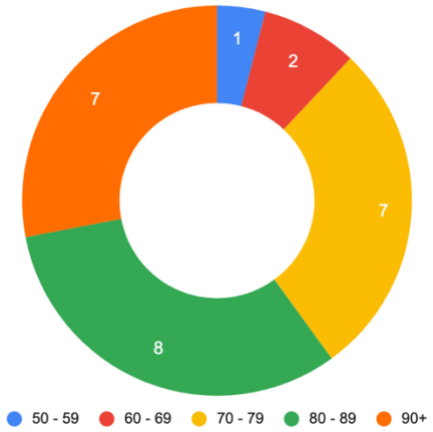


Figure 1: Coronavirus (COVID-19) tests and cases in Jersey



[2] https://www.gov.je/Health/Coronavirus/Pages/CoronavirusCases.aspx 6 May 2020

Figure 2: Government of Jersey statistics by gender



Average age tested positive: 55

Average age recovered: 51

Figure 3: Age band of deaths by coronavirus in Jersey

NB. During the production of this survey report, on 1 May 2020, the Government of Jersey announced its 'Safe Exit Framework'[3] based on the latest evidence available to them;

"The Government is pursuing a strategy to delay and suppress the spread of coronavirus, contain it where cases occur, and to shield the vulnerable from it. The primary goal is to flatten the epidemic curve. The second is to exit this pandemic as quickly as we can safely do."

The Exit Framework consists of four levels as follows:

- Level 4: Lockdown (current level)
- Level 3: Soft lockdown
- Level 2: Soft opening
- Level 1: Physical distancing

[3] https://www.gov.je/health/coronavirus/safeexitframework/pages/exitframework.aspx

Survey population

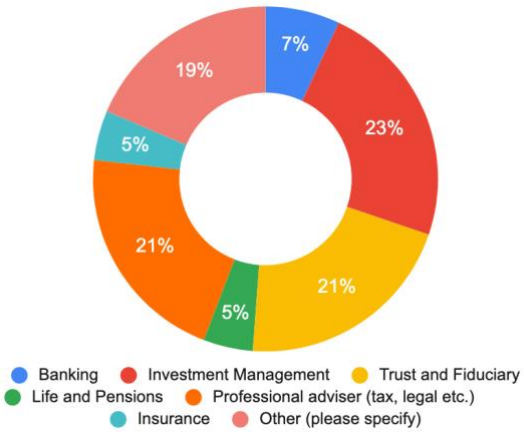


Figure 4: What is your type of business?

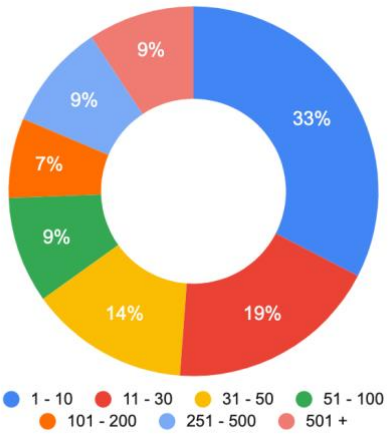


Figure 5: How many staff do you have?

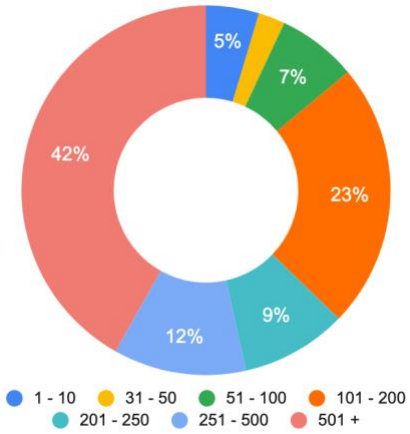


Figure 6: How many clients do you have?

A total of 43 Jersey based private wealth professionals participated in this online survey.

These three charts show the broad demographics of the research population.

'Other' businesses included those involved in Investment Consultancy, FX and Payments, Banking, Investment Management and Trust & Fiduciary, Commercial Property, Wealth Management & Investment Advisory, Financial Planning, Alternative Lending and a Representative & Promotional Body.

Almost two thirds of the research population work for businesses with less than 50 staff; a third of the research participants are from companies with less than 10 employees.

42% of the respondents were from companies who have in excess of 500 clients; of the remaining 58%, the greatest number of contributors are from companies representing between 101 – 200 private clients.

Business disruption

Has your business been affected by the COVID-19 pandemic?

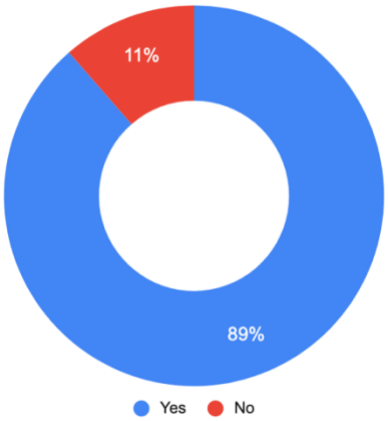


Figure 7: Has your business been affected by the COVID-19 pandemic?

It will come as no surprise to learn that 89% of the contributors to our report indicated that their business had been affected by the COVID-19 pandemic.

Just how the impact has been felt has varied but the vast majority of responses indicated that remote working for them and/or staff has been the most significant; the reason for working from home was understandable, generally due to the 'lockdown' introduced on the Island. However at least one respondent indicated that it was also as a result of self-isolation. "Salespeople cannot have meetings with intermediaries". A few respondents commented on the negative impact on staff morale, not just now, but in the future and one suggested that "working from home is less productive". One comment was made about the difficulties of recruiting new staff.

Clients have also been drastically affected in a variety of ways, depending on their underlying business and revenue streams, "some clients [are] going out of business", with the hospitality and leisure sectors being particularly directly ravaged by coronavirus. Our research found that client investments have obviously been affected, some have halted "realignment of their plans and portfolios", client activity is reduced and some are reported as delaying payments which are due; "clients slow in paying using covid19 as one of the reasons"; "clients [are] delaying property office moves or lease transactions [are] stalling". One wealth professional noted that, "clients [are] adopting a more risk averse type approach whilst uncertainty remains".

The 'lockdown' and social distancing rules mean that face-to-face meetings are obviously no longer taking place with private clients, which can be particularly difficult where those clients prefer this approach; one individual that they had seen, "occasional dislocation of client relationship".

There are no events to hold or to attend. The study found there has been a reduction in business with several examples provided; "30% reduction in sales"; "inability to generate new business"; "investment transactions being cancelled"; "the quality of loan requests has decreased"; "revenue down 25% or more"; and "financial impacts due to market volatility and business growth".

The research revealed nevertheless, that it is not all negative; one participant commented they were seeing, "increased requests for investment consultancy and oversight services and [they] expect this trend to continue.

Severe market dislocations such as this typically increase business".

For how long might the COVID-19 pandemic affect your business?

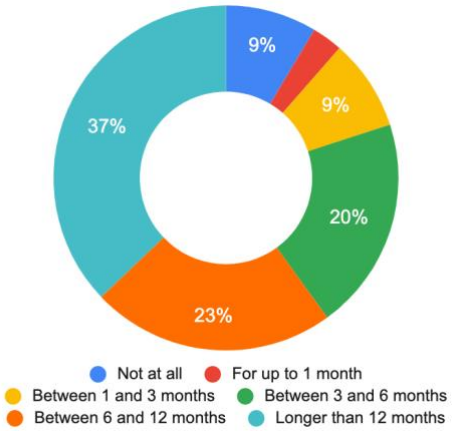


Figure 8: For how long might the COVID-19 pandemic affect your business?

Findings obtained during the survey revealed there to be a wide range of opinions on this, generally as the length of current restrictions in Jersey is not yet known, nor is that of other countries around the world. Several individuals noted that further lockdowns may also be seen. 60% of respondents expect to see effects of the pandemic affect their businesses for more than 6 months, with over a third of contributors predicting that consequences will be felt for over a year.

One wealth professional commented that the pandemic, "will trigger global recession and take 2-3 years to recover", with the, "economic impact [taking] 12 months to ripple around the world". Another noted, "it will affect businesses for at least the next 2 years as someone will have to pay for the bailouts". A similar school of thought was presented, "there will be a negative backlash from tax authorities on financial centres to recover costs of [the] virus and will reinforce the attacks on finance centres".

Where income for businesses is based on the value of funds under management, income will evidently rise or fall with the market. Off-island travel is commonly believed to be something that will take a lot longer to recover, "so targeting markets far away will be a challenge" for many, the research found. Whilst it is assumed certain markets such as travel and tourism, "will go through major consolidation", the research discovered that other sectors are likely to benefit, for example, "some businesses/sectors that will come out as winners such as technology".

Within the study, one professional perceives that certainly for their business, the pandemic, "will accelerate the change of some processes" …

"it will increase efficiencies"

and the "impact of demonstrating service and value in a time like this will remain for a long time".

Business continuity plan / Disaster recovery

Will the COVID-19 pandemic alter your business objectives and operations in the future?

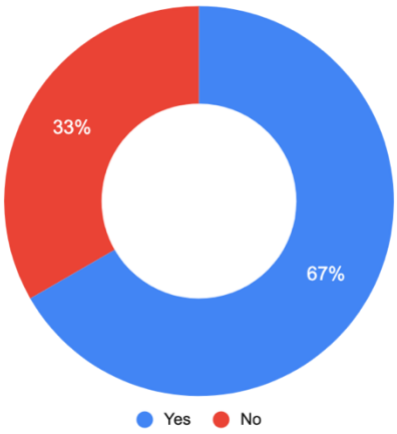


Figure 9: Will the COVID-19 pandemic alter your business objectives and operations in the future?

The study discovered that a number of the Jersey private wealth professionals who contributed, expect to see operations certainly changing in the future. Several examples highlighted in the study focused on the deployment of staff; “who we employ”; “we will embrace remote working more actively”; “staff will take the opportunity to work flexibly more in the future”; “working remotely does work and it will be more accepted in the future”. Operations are likely to change, “by demonstrating to staff how flexible working can be efficient”.

Marketing events have been postponed and a reduction in travel seems an almost inevitable response. A few contributors noted that they are likely to change their, “target clients”, with the, “mix of clients may change in line with market conditions”. Another participant pointed out that their, “clients largely utilise on-line portal access but COVID-19 has had the effect of fast-forwarding greater take-up leading to less hard copy despatch and lower costs”.

The survey found that at least one company expects to, “continue investment in technology”, substantiating earlier findings that technology businesses may stand to flourish as we all find new ways of working, particularly with the possibility of more staff working remotely.

Did you have a business continuity plan in place prior to this pandemic? If so, did it include the possibility of a pandemic situation?

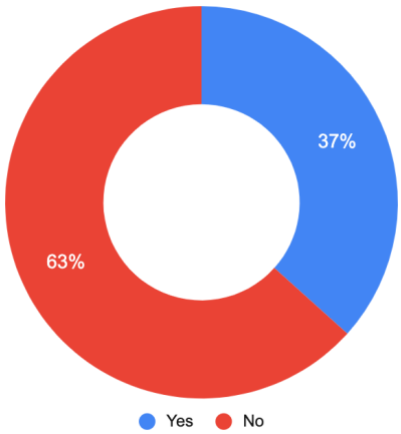
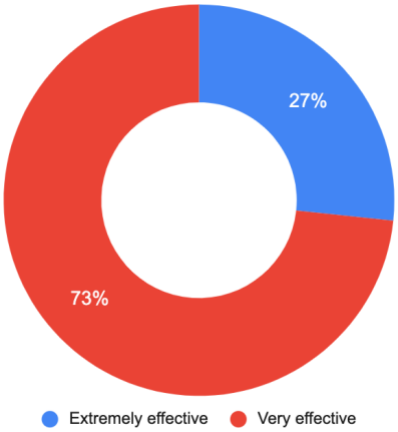


Figure 10: Did it include the possibility of a pandemic situation?

Findings obtained during the survey research reveal all survey respondents said they had a business continuity plan (BCP) in place prior to this global crisis; 37% of these had taken into account the possibility of such a pandemic situation arising.

How effective has your business continuity plan been?



All the research respondents reported their plan to have been at least, "very effective".

Figure 11: How effective has your business continuity plan been?

The findings of the study suggested that business continuity planning, for those who participated at least, has proved successful within the private wealth management sector. Feedback from participants included the following: "although not specifically drawn up to deal with a pandemic the plan is working well", (Figure 12 below shows that 37% of BCPs had taken this possibility into account); "we took pre-emptive action to start working from home more than a month before the official Jersey lockdown came into place"; we were "able to move to 100% remote working within a matter of days and 100% with laptops and full equipment within 6 weeks", and, "our remote working methodology [is] very robust and we are working on other ways of recruiting and training staff".

In your business continuity plan did you plan for the effects of the following:

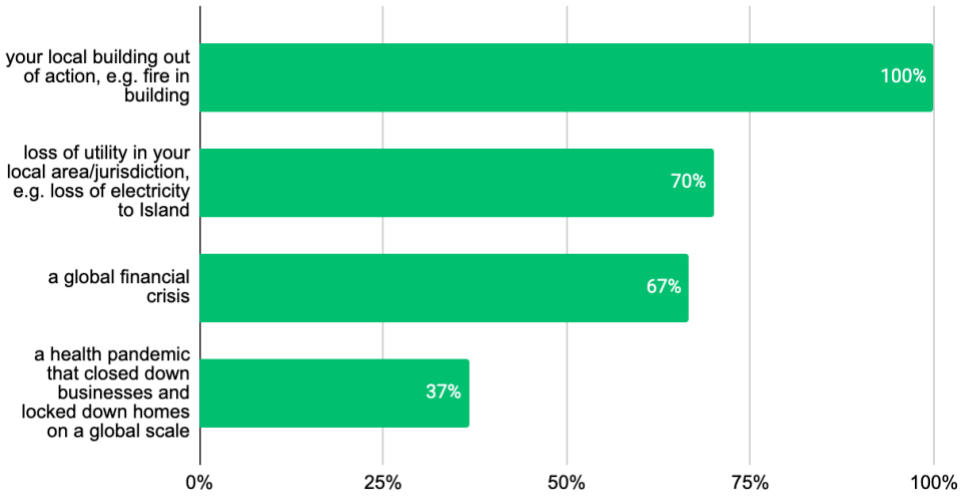


Figure 12: In your business continuity plan did you plan for the eventualities of the following?

How long did your plan assume your firm would be affected/out of action for?

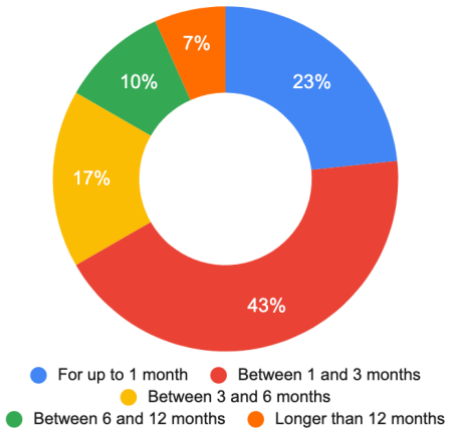


Figure 13: How long did your plan assume your firm would be affected/out of action for?

The report's findings identified that many BCPs do not predict an exact timescale, or as one respondent said, "there is no specific time frame in the plan"; most BCPs have, "some wide assumptions and therefore caters for a diverse set of scenarios". However, 66% of plans were written with the expectation that the business would be either affected or out of action for up to three months.

Companies have also needed to consider actions required in the event of key personnel not being available due to illness, quarantine, or worse. Relationship managers can be essential here as a lack of continuity or contingency for meeting client needs may result in client dissatisfaction and a perception of bad service.

According to one participant, "if it is longer, it will make little difference. Like most firms, our DR was mostly predicted on our office becoming unusable but working from home [and] can be continued indefinitely albeit that work proceeds at a slower pace." Another verified their plan by noting, "we forecast risk of a major health event locally and globally with 3-6 months impact on access to [the] office but not lock out of buildings/DR site for more than 3-6 months."

Business continuity in action

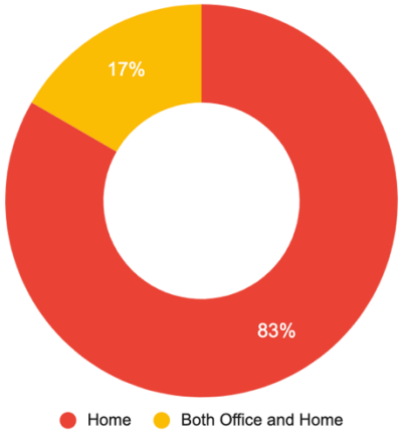


Figure 14: Is your company still working mainly from an office, or are most people working from home?

With the government providing strong guidance and reminders about staying at home, social distancing and working from home where possible, it will come as no surprise that 83% are reported as home working with 17% working from both home and the office.

Video conferencing

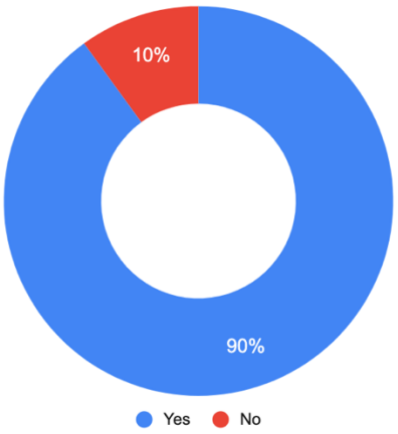


Figure 15: Have you used video conferencing for conducting meetings within the company, e.g. Skype, Zoom, MS Team, Google Hangouts?

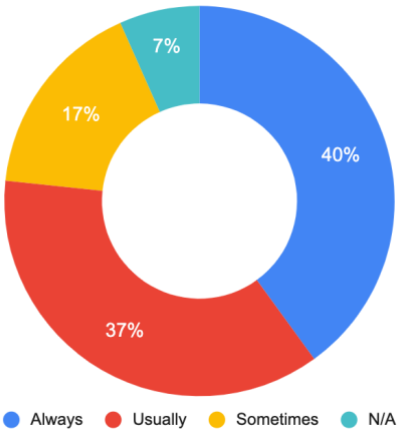


Figure 16: Have you found them effective?

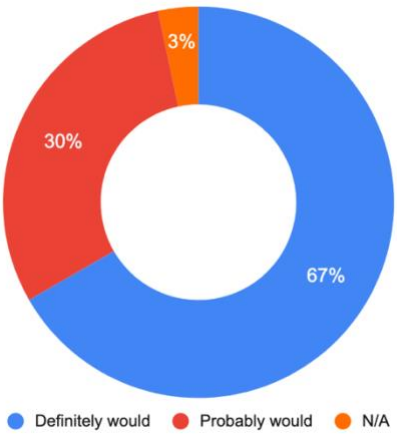


Figure 17: Will you increase the use of them in future?

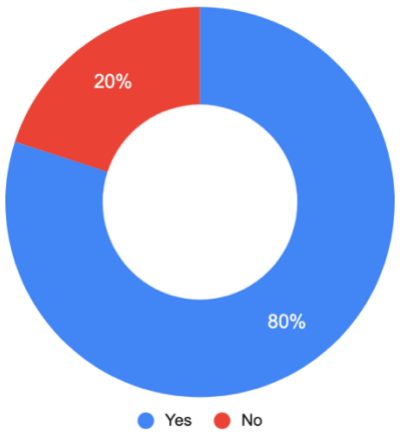


Figure 18: Have you been contacting clients using video conferencing?

The findings of the survey showed that most participants (90%) have conducted a variety of meetings using video conferencing; 80% of them with clients. 77% of contributors found this technique to be 'usually' effective (37%), if not 'always' (40%). Interestingly 97% of private wealth practitioners indicated they would no doubt use such methods in future.

What video conferencing system/s have you used?

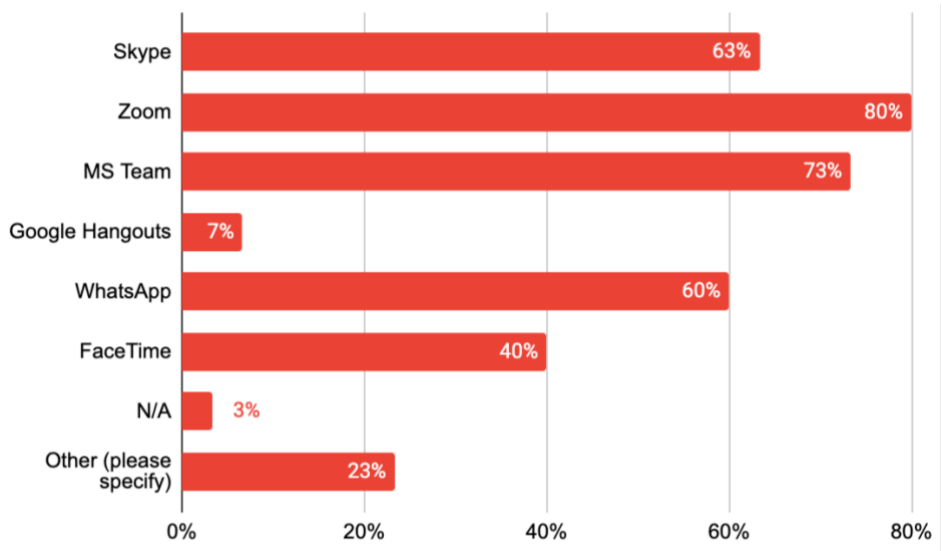


Figure 19: What video conferencing system have you used?

'Other' systems used were reported to be, "GoToMeeting", "8 x 8", "Bluejeans", "Lifesize" and "Webex", with one respondent commenting that this last one was "terrible".

The Stock Market and credit facilities

What effect has the stock market collapse had on your company?

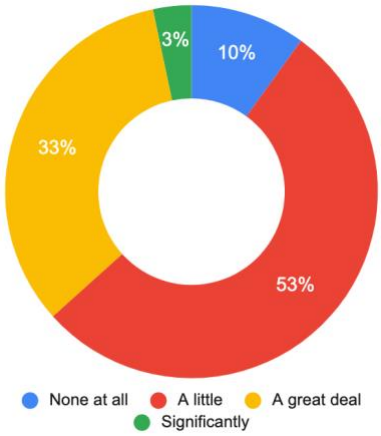


Figure 20: What effect has the stock market collapse had on your company?

Only 3% of respondents to this survey reported a significant impact on business by the market crash at present, but a third (33%) of participants indicated they had been affected "a great deal". Only 10% had seen no impact at all with the remaining 53% reporting minor impact.

Examples provided within the study highlighted that it was not always the business per se which had been affected; the direct impact has been on their client/s, "not on the company itself, but obviously client portfolios are affected"; "indirectly through client impact".

Other examples provided related to fees being reduced as they are linked to client investments; "assets under management have declined so fees will be affected"; "our management fees are based on AUM"; "our revenues are linked to the value of the assets we have under management". The research also identified a, "decrease in ad valorem income", for a small number of respondents.

One private wealth professional commented that, "the effect has been more communication with clients, more innovative communication and more opportunity for discussions with clients to demonstrate our value". Another commented positively to express that it, "will be a positive for our business in the near and long term". "Debt funds are not so affected directly", was also offered as a consequence.

"Lower markets, lower fee income"

As a result of COVID-19, has your company needed to extend your credit facilities with your finance provider?



Reassuringly, none of the companies represented in the research have needed to extend their credit facilities with their finance providers.

Figure 21: As a result of COVID-19, has your company needed to extend your credit facilities with your finance provider?

In the event of needing to extend credit facilities, has it been accessible?

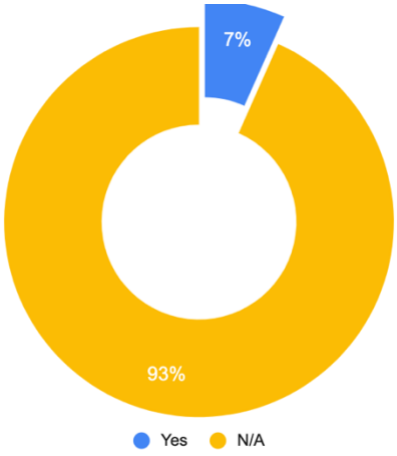


Figure 22: In the event of needing to extend credit facilities, has it been accessible?

Government assistance

Have you required assistance from your local government?

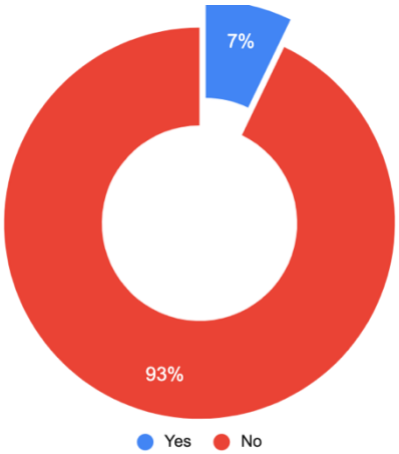


Figure 23: Have you required assistance from your local government?

Which of the following have you required?

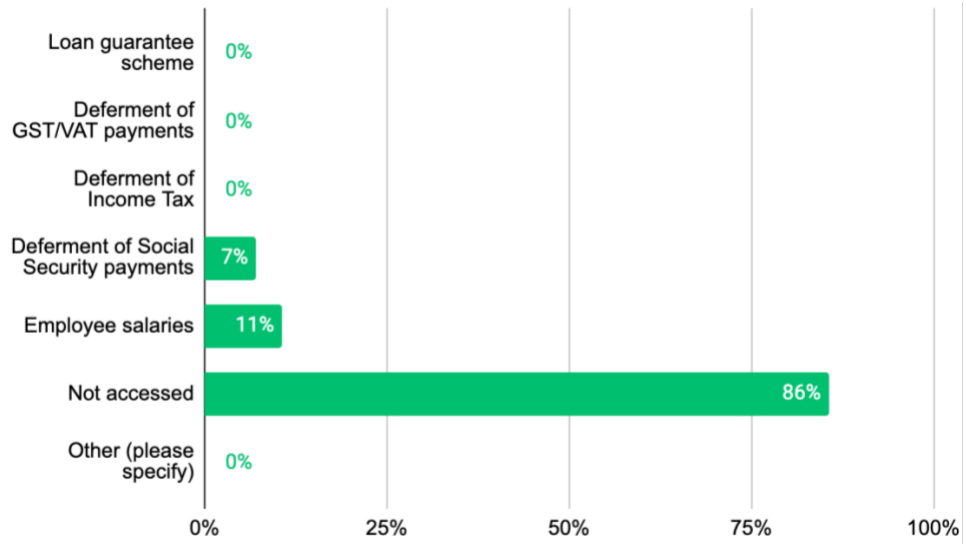


Figure 24: Which of the following have you required?

According to our research, just 7% of the survey's respondents said they have required assistance from the local government; 7% of companies have requested deferment of social security payments and almost 11% have required assistance with employee salaries.

With regards to local government assistance, have you found this to be…

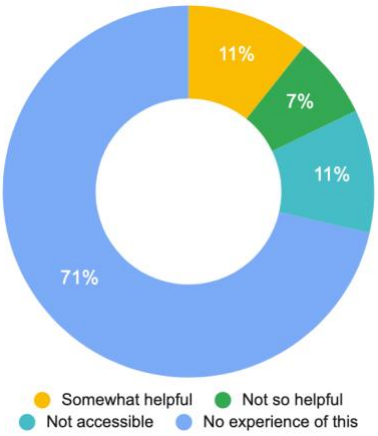


Figure 25: With regards to local government assistance, have you found this to be…

The report's findings show that where this was applicable, the feedback on local government assistance wasn't overly positive, "somewhat helpful" was as good as it got. One participant added that they, "work with government on an ongoing basis and have been consulted by government on a number of the initiatives listed". Other opinions shared indicated that they would not qualify for assistance; "no salary cover for staff in my industry", and, "it does not seem like we are eligible for any assistance currently".

Which of the following elements of government assistance might the company require if the pandemic lockdown continues?

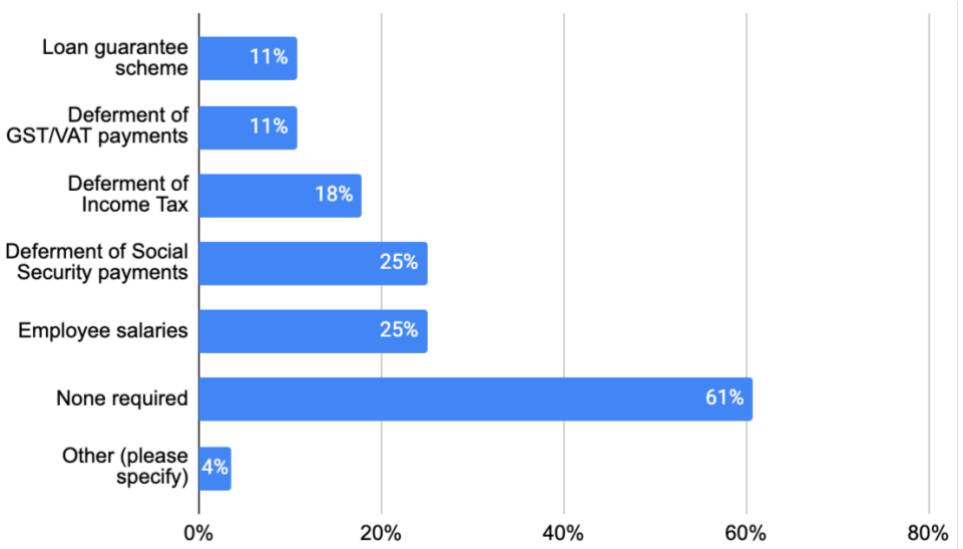


Figure 26: Which of the following elements of government assistance might the company require if the pandemic lockdown continues?

We have no idea how long this global crisis and the Island's lockdown will continue for. The research revealed it was generally perceived that the longer it prevails, the more likely governmental assistance may be required by several companies, i.e. assistance with employee salaries, deferment of social security and income tax being the most likely.

"Financial services unlikely to be supported"

Have you received support from Jersey Financial Services Commission?

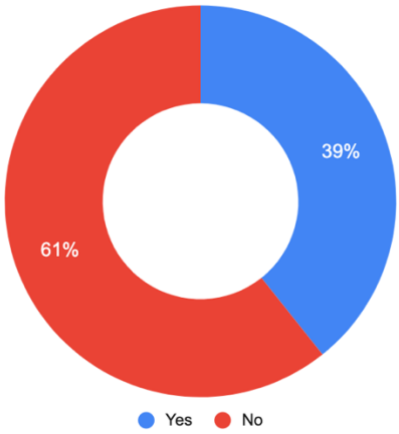


Figure 27: Have you received support from Jersey Financial Services Commission?

The findings of our survey identified that 39% of the respondents have received support from the Jersey Financial Services Commission (JFSC); these were discovered to be in the general form of guidance and communications, deadline extensions, "information updates", "changes to some processes" and flexibility. One participant reported receiving, "helpful direction around what [their] business should be focusing on".

Several private wealth professionals who contributed to this research noted that the JFSC had contacted them/their companies regarding their BCPs; "no support whatsoever – they have asked about our BCP"; "JFSC is proactively monitoring our BCP planning arrangements to be aware of any potential risk/impact to clients and the island".

Another respondent said they had received no assistance but added, "relaxation on ANLA[4] requirements would be helpful for working capital purposes in a crisis situation". Other contributions to this aspect were: "we have been in contact with our regulator informing that our office is up and running and operating almost 100% with minimal disruption"; "we work closely with JFSC on an ongoing basis to ensure the quality of the islands offering, Raising issues on behalf of member firms and agreeing priorities. Very helpful in addressing real concerns as a result of pandemic."

"Regular updates from Jersey Finance and JFSC useful"

[4] Adjusted Net Liquid Assets

Impact of COVID-19 on private clients

Has the COVID-19 pandemic affected your client/s?

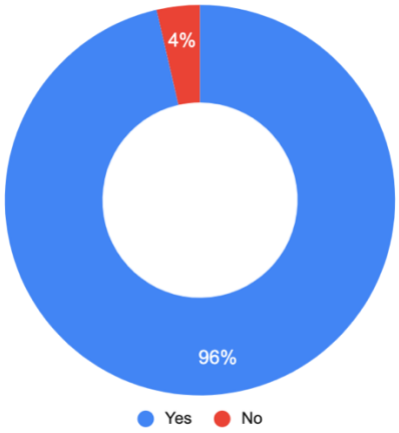


Figure 28: Has the COVID-19 pandemic affected your client/s?

Within this study, Jersey wealth professionals indicated that 96% of their clients have been affected by the COVID-19 pandemic and, “many firms anticipate major impact on income levels”. The findings of the survey would suggest that the consequences of coronavirus, or rather, measures imposed to control the spread of it, i.e. lockdown, have had more far reaching implications on their wealth than on their health. This is not to say that they are not concerned for their health or wellbeing, they are; there were a few minor references to such concerns, for example, “some are very worried about their health and wealth is second to that”.

A large number of clients have been affected by the stock market volatility; “their personal net worth has gone down” and, “investment portfolios have reduced”. A respondent said that, “it has made them nervous about exposure and security/value of underlying assets”. However, one interesting comment was that, “investment portfolio values have been affected but the effect has not been as great as the rise in the value of their assets in 2019”. Another noteworthy comment was, “others [are] looking to use this opportunity to buy the market at a discount”.

One contributor noted that, “private wealth type clients have largely been unaffected although we have seen planned purchases of 'toys' - for example yachts - be put on hold for now”.

Where businesses rely on sales to the general public, retail, travel, tourism etc. they have faced a sudden halt in income, i.e. their “revenue stream impacted directly”. Clients are “nervous about earnings”; “business clients have all had to adapt and face reduced income”, or for some, ‘no’ income. They are also concerned for their workforce.

The real estate market has also felt ramifications; “primarily affected property transactions”; “property transactions with the lockdown frustrating the usual mechanisms for completion”; “commercial real estate where tenants [are] unable to pay rents and therefore clients [are] having to call on reserves to maintain debt repayments”.

Has the COVID-19 pandemic affected your client/s investment portfolio?

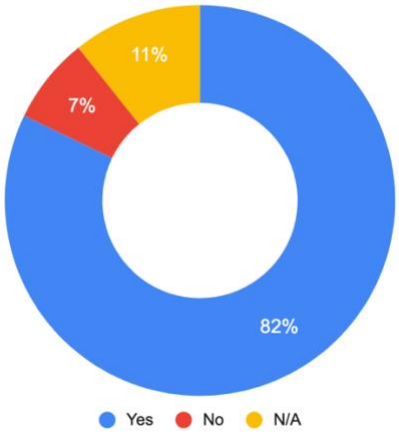


Figure 29: Has the COVID-19 pandemic affected your client/s investment portfolio?

The study also revealed a slightly smaller percentage have seen their investment portfolio affected, with decreasing values, the extent of which understandably varies, depending on their investments and, according to one respondent, the, "client's attitude to risk". In addition to responses provided for the previous question, typical comments here were, "stock market declines"; "values have fallen"; "eroded their asset value"; "reductions of 15-20%"; "investment portfolios down 20-30% on average"; "some are down as much as 30%". The latter comments provided some consistent thinking on the actual degree of impact.

Additionally, the research concluded that, "some clients are reducing their exposure to certain areas", "some have looked for greater security" and, "others with liquidity are taking advantage of depressed prices".

What are your client's primary concerns post COVID-19?

The study found that one of the main concerns for clients going forward is how they 'bounce back', i.e. "recover any losses"; "how to recover the value of any portfolios"; "how long it will take the economy to recover"; "long term stock market recovery"; the "pace of economic recovery" and, "the realisable value on the security of their underlying assets in the event of a recession". Some are already displaying a, "hesitancy to invest". "Their concerns are surviving the current pandemic and its potential for long term value destruction of their assets and businesses."

Other primary concerns were about, "the impact the shutdown has had on corporate earnings", and one participant noted that client fears or anxieties' are mixed, "some are winners, some seeking investment opportunities, some struggling to stay solvent". Respondents also shared that their clients were naturally concerned about their health and that of their families; complementing this, a few also mentioned "succession planning".

"Will the world actually come back to 'normal'?"

Nevertheless, the most significant concern highlighted by a large number of respondents was in relation to their client's fear of the unknown, how long the pandemic and the lockdown situation was going to continue for; how soon things would get back to 'normal'. "When will it be over?" "It never ends", and other very similar comments were offered in response.

What effect has the stock market collapse had on your client/s?

The instability of the stock market during this world crisis is perceived by many to have far reaching consequences. Respondents to this survey disclosed the impact on their clients, for example, it has, "affected their net worth and income generation where they rely on investment income"; "asset values impacted through market volatility"; "concern over the investment performance"; and, "more clients have looked to increase their investments with very few clients looking to liquidate".

Conversely, others commented more reassuringly, "most are long term investors in appropriate risk adjusted solutions and therefore they are well placed but it may affect the retirement dates of some" and, "all invested clients are invested for the long term as otherwise they should not be invested, we educate this with our clients and they are fully understanding this". On a positive note, some respondents also said there has been, little or no impact for their particular clients.

Again, several comments were shared about client's concerns regarding the stock market collapse; some are, "reluctant to invest", and the situation has, "created uncertainty", "some projects [are] on hold". One private wealth professional noted,

"they will spend less, and the feel-good factor has evaporated overnight".

Most interesting was the following comment which we think certainly provides food for thought: "At the moment, the FTSE All World Index in sterling total return terms is down just over 10% this year whereas last year it was up about 22%. It has been down more in March, but it is not correct to characterise this as a collapse even though the media often characterises it this way. We have had no negative reaction from clients who would put the performance since 1st January 2019 to date in context."

How have you changed your client relationship management strategy?

Although this research revealed that the majority of those asked already maintain high levels of communication with their clients, the respondents indicated that they have proactively increased the frequency of client contact and this, by far, is the most significant change made. While there are no face-to-face meetings taking place, the use of video conferencing has been used for existing and prospective clients. Greater levels of contact have been to offer reassurance, identify risks and to provide updates, as well as checking in on their client's health and wellbeing and asking if any further assistance is required.

"Probably looking for larger clients who are active."

Post COVID-19 pandemic

With some countries beginning to think of reducing lockdown restrictions and considering new ways of working, Jersey Finance[5] noted, “Africa is facing a massive challenge as it tackles the impact of Covid-19, with the continent set to be the epicentre of the next wave of the pandemic”, but, ”the efforts Jersey has put into building strong relationships with Africa over the past decades have earned Jersey a strong reputation”, therefore, “putting Jersey in a good position to be at the forefront for supporting new, and absolutely critical, waves of international impact investment into Africa as the continent battles Covid-19.”

The survey’s findings suggest the pandemic may prompt companies to rethink their office space requirements and whether they can be used more efficiently, although other responses suggest that offices continue to be the best place for communicating and meeting with colleagues and clients, as well as promoting company culture.

When the pandemic is over, will this change your previous ways of office working?

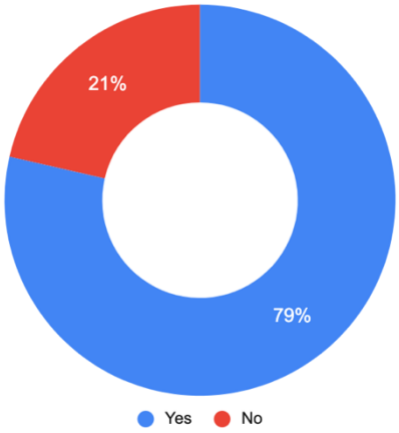


Figure 30: When the pandemic is over, will this change your previous ways of office working?

The study found that a significant 79% of service providers believe that this coronavirus will certainly result in changes to how they work in future. They envisage an escalation and, “encouragement” for more, “remote working”, less meetings or, “external meetings will be conducted more often using technology now proven during the pandemic”.

A number of suggestions were made regarding office space, i.e. that, “smaller more flexible offices” and, “less office space” may be required with one respondent suggesting that, “it may impact on how our UK office works, but in the smaller jurisdictions, probably not”.

Several wealth professionals also anticipate, “less travel”, and being less, “reliant on face-to-face” meetings. To accommodate this, they foresee a continuation of improvements to, or greater focus on, their technological capabilities. They predict, “more use of technology to facilitate short meetings”, “more video conferencing”, or to, “increase digital processes”, such as document sharing and the acceptance of digital signatures resulting in, “less paper and toner used”.

“Less commute, more [working] from home – full stop.”

[5] Jersey Finance, Africa’s Challenge in a Post Covid-19 Era, 29 April 2020

What aspect of your corporate culture do you think may change post COVID-19?

In response to how corporate culture may change post COVID-19, the topic of increased use of technology and video exchanges were raised again. However, despite the lack of social practises such as, “handshaking”, the research also highlighted the implications on employees and teams; “staff welfare”; “health and wellbeing will be a strong influence”; “we expect this to galvanise our team spirit”; “strengthened team bonding”; “improved resilience and teamwork”. One private banker pointed out that they already have a, “deep culture that supports its staff and clients”, so expects very little change; their existing culture has already ensured they were, “in a strong position to deal with this crisis”.

A further piece of feedback, indicating their company was unlikely to make any changes, again as they, “have a strong corporate culture to put [their] clients first at the forefront” of business and reported that they had already benefitted from some positive feedback on this regard.

The survey also revealed that one contributor expects productivity to decline and recruitment, “will continue to be a nightmare”, whereas a different participant thinks there may be, “more engagement of our younger succession chain members”. Another interesting perspective was, “I fear it will be a hard-nosed approach to make up the slack”.

What would you do differently in a pandemic should it happen again?

We must all fervently hope that there is no repetition of the global crisis COVID-19 has, and continues to cause, or that an easing of current restrictions does not result in a second wave or additional peak in cases.

The general consensus of responses to how things might be done differently focused on amending BCPs to include the possibility of a similar global pandemic situation if it was not already included; although several respondents felt their BCP had been, “robust” and, “flexible”.

“Take risk off the table earlier.”

A review, or, “stress test”, of IT is anticipated to help expediate digital solutions and to ensure laptops are more available for staff to enable a quicker, more seamless switch to remote working. The findings also revealed that companies would be more likely to react sooner to a comparable event, although a small number said they moved to lockdown ahead of government advice, as one indicated, “to protect staff welfare”. An interesting comment was the suggestion that consideration would be given to the provision of, “more physical support (chairs etc.) into people’s homes”.

Just one contributor to the report suggested a possible change to, “minimum fee levels with clients to insulate against severe market falls, by putting a defined minimum level”.

One suggestion of what might be done differently was to perhaps take social distancing one step further and, “go and live on a tropical island for a few months”!

What have you learnt from the COVID-19 pandemic?

The survey's findings clearly show there have been key areas of learning in recent weeks, or certainly reminders that, "life can change in a second", "life is unpredictable more than ever"; "what happens in China (or anywhere else in the world) can affect us! We are interconnected more than ever before in history".

A key theme related to individuals, "people are resilient and adaptable"; "versatility and adaptability being chief"; "what people are capable of doing in periods of rapid change"; "people are key. Businesses that look after their staff will be best placed when we return to the new-normal". Respondents also spoke about teams, "how teams operate across the business is key to sustaining business". Whilst many have celebrated the speed and adaptability of businesses, their staff and systems to swiftly move to remote ways of working, one respondent noted, "I would never have believed that it was possible to conduct our type of business without anyone being in the office. Now I can see that it is possible albeit being an inferior way of working compared to being in the office." This was perhaps substantiated with another judgement about, "the importance of being in an office with colleagues, how much you pick up what is happening in the business without formal meetings."

"Jersey is resilient and telecommunications infrastructure fantastic."

"Technology is key. Need to be 100% digital."

Technology was another significant area of learning, not just on how well systems can work from home or that, "telecommunications & associated software work much better than expected", but also on how much reliance there has been on IT for, "digital communications and social media". "Technology does work, don't know what we would have done pre-internet!" "The investments we have made in technology have been worth it." Whilst one contributor acknowledged the need for, "more use of technology and [a] faster move away from manual processes".

Another significant topic for some was BCPs; "always have a Plan B and expect the unexpected", and, "key learning is to apply increased rigour to scenario analysis and response plans - both what these mean strategically as well as tactical responses". Contrastingly, others felt that, "all the time spent on our disaster recovery plan was worthwhile", and a, "good disaster recovery plan that is tested regularly protects the business in times of stress and black swan events". A reminder for all to, "be ready for anything and in good shape to shift to low cost lean operating with maximum effectiveness at very short notice".

Other opinions or schools of thought were also shared, an example being, "that our strong governance, risk and compliance culture, combined with a diverse client base and business lines has been key to minimising impact of such a global event".

Finally, a thought for clients, "Clients value contact but not necessarily face to face."

What impact do you envisage having on your future business?

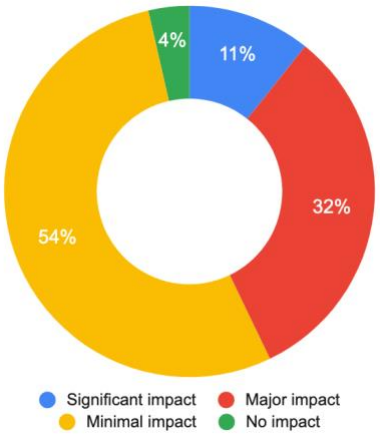


Figure 31: What impact do you envisage having on your future business?

96% of the survey's contributors expect COVID-19 to inevitably have an impact on future business but the significance of this is likely to be far reaching and will vary, with over half (54%) expecting it to be minor.

However, 43% of respondents have seen a major impact, 11% significantly so. A reduction in business related travel and face-to-face client contact with consequential costs seems certain outcomes for the future.

COVID-19 will affect a number of aspects

The findings of the survey, identified that Jersey wealth professionals expected the following areas to be impacted in the ways, portrayed further in Figure 32:

- Only a very small number of respondents expect to see a rise in staffing levels; 32% think they will see a decrease in the number of employees, whilst the majority of 61% do not expect to see any change in numbers of staff
- The impact on marketing / advertising expenditure will vary across the sector; 39% of respondents expect no change with this aspect of their business; of those who anticipate a change, 39% envisage a decrease in costs
- Predictably, 82% believe that business travel will decrease
- The reduction in business travel may be the reason that 64% expect to see a decrease in face-to-face client contact
- A significant 64% of our survey respondents are anticipating a drop in the number of clients compared with 21% who hope to see a rise in client numbers
- Income generation is understandably expected to take a hit; almost two thirds (64%) of our survey contributors predict a fall in income; however, it is worth noting that 21% are forecasting an increase
- 50% anticipate a fall in profit, in contrast to 21% who expect to see an increase
- Half of the Jersey wealth professional respondents do not see there being a change in their fee structure, although a significant 35% expect to see a decrease in fees being charged.

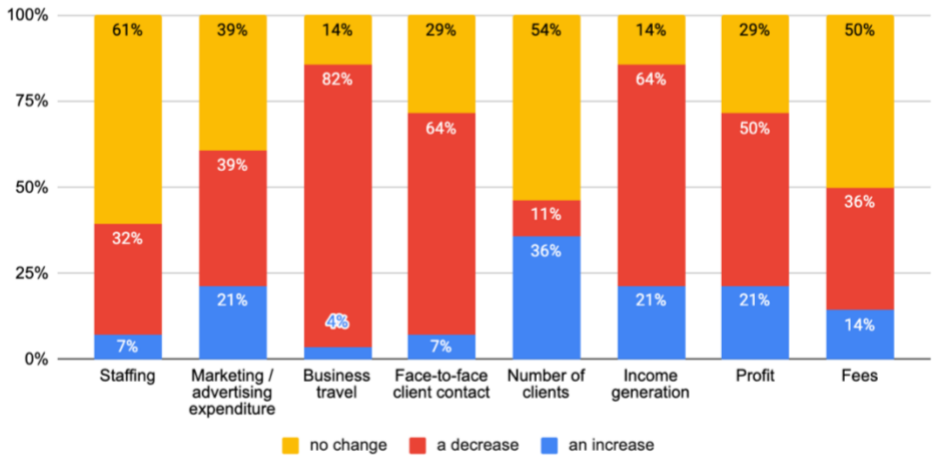


Figure 32: How will COVID-19 affect:

Conclusion

The impact of coronavirus COVID-19, whilst sudden and unprecedented, has shown that Jersey's private wealth professionals and businesses are resilient, adaptable and were generally well prepared. As a consequence, the Island's private wealth sector and their private clients will hopefully successfully emerge from this pandemic on a positive path.

The purpose of this independent research and publishing this study is to provide insight and thought leadership on the impact of coronavirus COVID-19 on the Jersey private wealth sector.

The data and views expressed in this report are representative of the 43 respondents of this survey carried out in late April 2020.

Thank you to all those who contributed. Stay safe.

Methodology

A total of 43 private wealth professionals based in Jersey participated in this online survey carried out at the end of April 2020

Authors



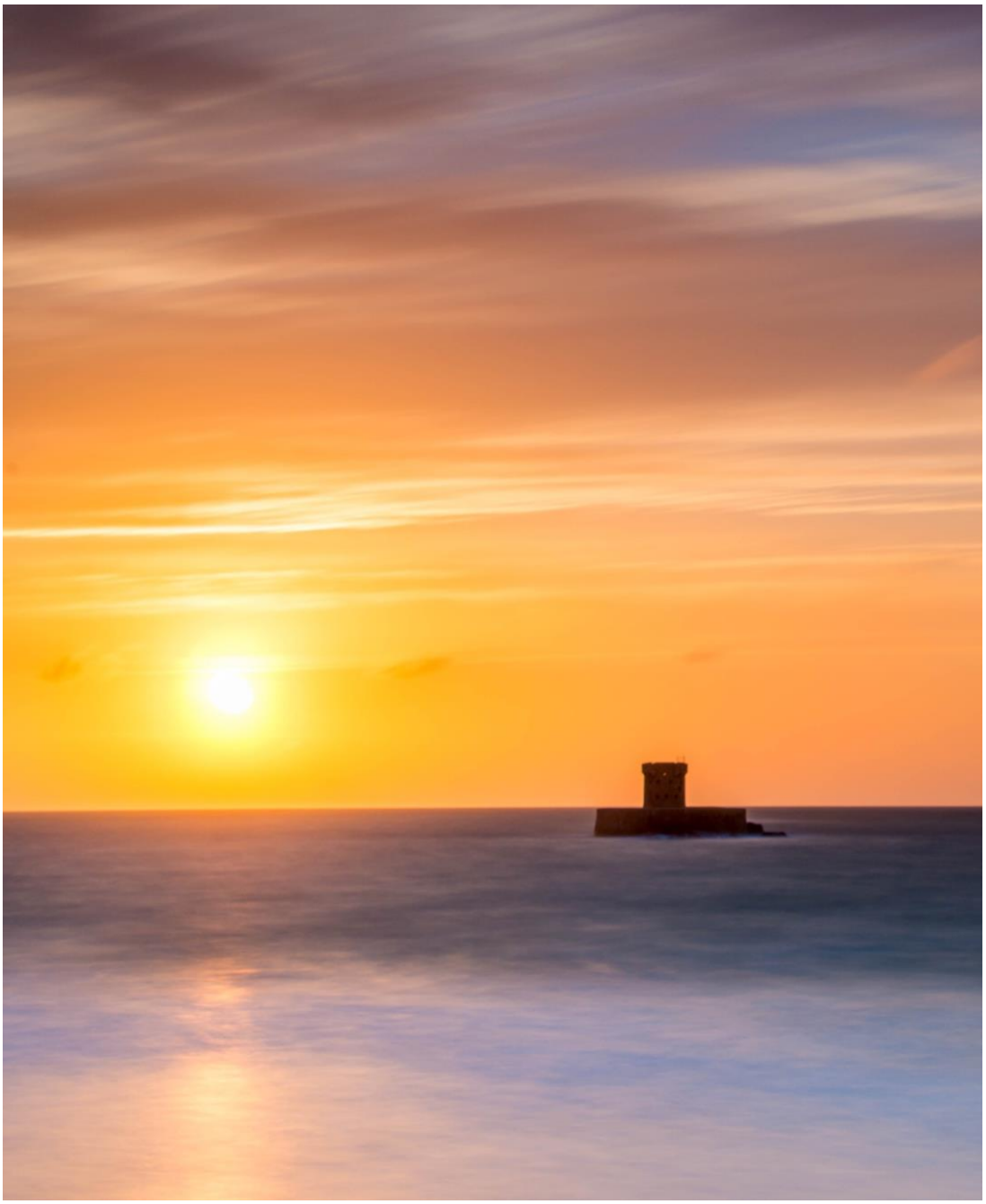
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