

JRA Strategic Framework 2024 – 2026

Incorporating the JRA's 2024 Business Plan

Introduction

We have reviewed and refreshed our strategy for the next three years. 2024-2026 will see us finalise key policy and guidance in respect of Jersey's Resolution Regime and complete our first full assessment of Jersey Banks' Resolvability. We will also work to integrate the functions of the Jersey Bank Depositors Compensation Scheme within the JRA.

Our mission is unchanged and remains appropriate. We have refreshed our strategic objectives – these changes reflect the natural evolution of our focus areas as we continue to develop and implement Jersey's Resolution Regime.

Banking failures in the US and Europe in the first half of 2023 have reconfirmed the importance of implementing an effective resolution regime to help protect Jersey's economy and public funds.

Our Policy Statement on Resolution Planning and Resolvability, published in August 2023, sets out details of our planned phased rollout of Jersey's Resolution Regime. Our strategic framework for 2024 – 2026 incorporates that phased rollout and sets out other key areas of focus for the JRA over the coming years.

We also set out below a more detailed Business Plan covering our expected activities during 2024.

We remain committed to implementing a robust and credible regime in an open and transparent manner.

Our Mission

To operate a robust and credible recovery and resolution regime to manage bank failure effectively, reduce the risk to the public of financial loss, and protect the Jersey economy.

Strategic Objectives



1. Develop effective strategic relationships with our key stakeholders (especially international regulators, Jersey's banks, the JFSC and the Government of Jersey).



2. Develop and maintain Jersey's Resolution Framework, where appropriate in line with international standards and developments.



3. Ensure each bank in Jersey has recovery (where required) and resolution plans for its Jersey-domiciled activities, which we regard as effective and credible (with a definite plan to address any barriers to resolution).



4. Develop and maintain fit for purpose governance and operating frameworks including processes, systems and people.

Key Areas of Focus

Our three-year strategic plan is aligned to the phased rollout of Jersey’s Resolution Regime as detailed in our Policy Statement 2023/02 ‘Resolution Planning and Resolvability’. We have also incorporated plans to transfer responsibility for the Jersey Bank Depositors Compensation Scheme (DCS) to the JRA by the end of 2024.

2024



Continuing to develop our MREL policy



Consult on our approach to determining Critical Functions and data template



Develop and consult on Valuations, Restructuring, and Governance



Work to transfer DCS responsibilities to the JRA



Engage with Key Stakeholders to enhance the reputation of Jersey and further strengthen our Resolution Regime

2025



Update our determination of banks’ Critical Functions



Interim resolvability assessment of Jersey Banks



Develop and consult on Funding in Resolution, Financial Contracts (Stays), Access to Financial Market Infrastructure (FMI), and Bail-in Execution

2026



Finalise policy and guidance on Funding in Resolution, Financial Contracts (Stays), Access to FMI and Bail-in Execution



Complete our first full resolvability assessment of Jersey Banks (covering all Risks to Resolution)

Key Areas of Focus, explained

The key areas of focus set out above are designed to enable the JRA to complete the phased rollout of Jersey's Resolution Regime as well as our first full resolvability assessment of Jersey Banks. Following the transfer of DCS functions to the JRA we expect to incorporate some additional DCS areas of focus into our Business Plans for 2025 and beyond.

Our Policy Statement on Resolution Planning and Resolvability, published August 2023, sets out the timetable for implementing Jersey's Resolution Regime. 2023 has seen us develop guidance to support Communications planning and Operational Continuity in Resolution as well as developing our position in respect of Minimum Requirements for own funds and Eligible Liabilities (MREL). The coming years see us develop policy and guidance supporting the remaining Risks to Resolution.

Jersey Banks will submit their first resolvability assessments at the end of 2024, and we will review these as part of interim resolvability assessments during 2025. This programme of work extends through to 2026 when Jersey Banks will submit full self-assessments against the requirements for all Risks to Resolution. This will enable us to fully assess the resolvability of Jersey Banks.

In H2 2024 we will review our approach to determining which activities of Jersey Banks are critical to Jersey's economy (Critical Functions), including developing a data reporting template. In 2025 we will review and, where necessary, update our determination of each Jersey Bank's Critical Functions.

Achieving our key areas of focus will require significant engagement with Key Stakeholders, in particular Jersey Banks, the JFSC, and Home Resolution Authorities. Our engagement with Home Resolution Authorities reflects the nature of Jersey's banking industry, enables us to leverage work performed at a group level to ensure resolvability, and supports resolvability of Jersey Banks.

As we work with Government and the DCS to transfer DCS functions to the JRA we will incorporate further DCS activities into our strategy and business plans.

2024 Business Plan

Our 2024 Business plan focuses on the next steps in developing and implementing Jersey's Resolution Regime. It also sets out other required activities aimed at ensuring we can operate a robust and credible recovery and resolution regime and to enable smooth functioning of the Jersey Resolution Authority.

We will continue to develop our MREL Policy and work with Jersey Banks and Government on any required changes to the Resolution Law. We will also work with Jersey Incorporated Banks to understand their plans to meet our MREL requirements.

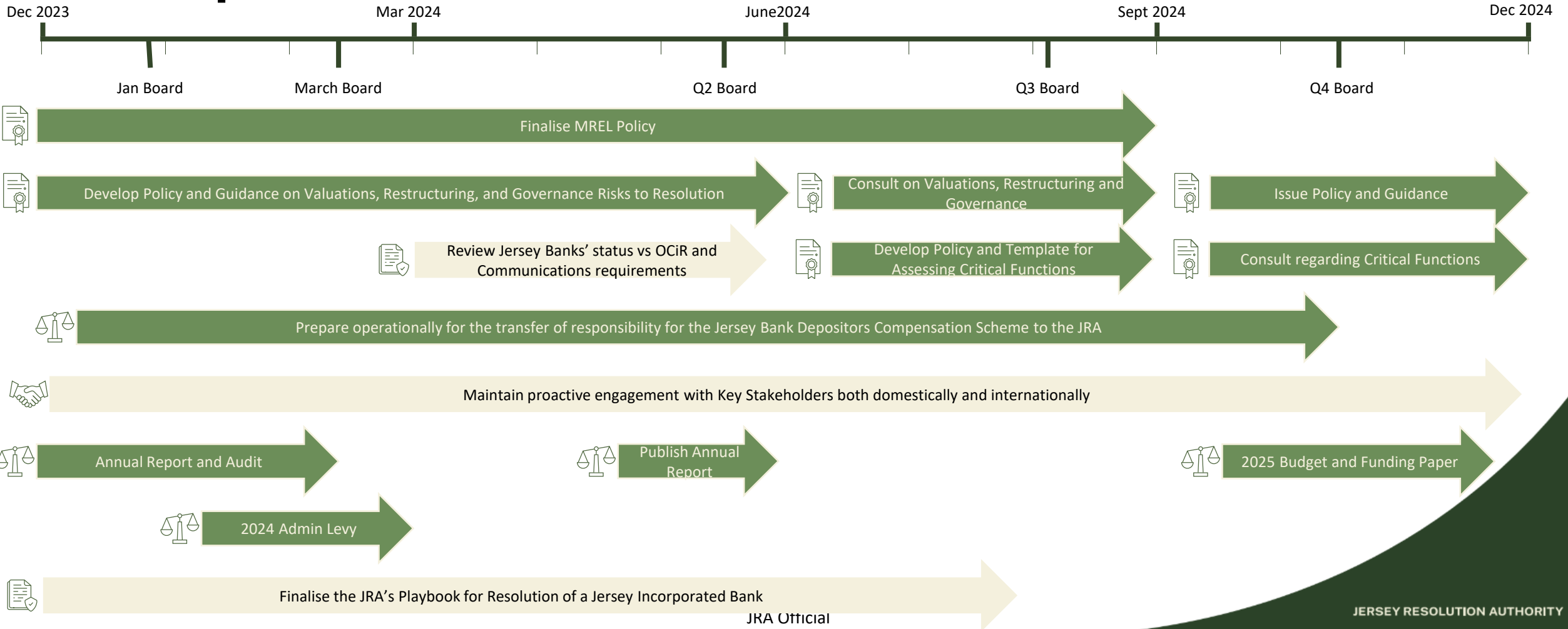
We will develop and consult on applicable policy and guidance in relation to the next tranche of Risks to Resolution. This will provide industry with further clarification of our expectations in relation to Valuations, Restructuring and Governance capabilities. We aim to issue final versions of these policy and guidance documents in Q4 2024.

We will continue our 2022 work on Critical Functions, preparing associated policy, guidance and a data reporting template for consultation in Q4 2024.

During 2024 we will work closely with Government, the Jersey Bank Depositors Compensation Board and the Jersey Financial Services Commission to affect the transfer of the functions of Jersey's Deposit Compensation Scheme to the JRA.

We will maintain proactive engagement with key stakeholders; engaging with Home Resolution Authorities to understand how Jersey fits into existing Group Resolution Plans, helping to ensure that Jersey's Critical Functions are protected.

2024 Business Plan activities



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