JRA Funding in 2026

Issued: 16 December 2025

Glossary of terms

Defined terms are indicated throughout this document as follows:

Banking Law	The Banking Business (Jersey) Law 1991
Branch	The Jersey Branch of an Overseas Incorporated Bank
Jersey Bank	A person registered to carry on deposit-taking business in or from within Jersey under the Banking Law
JDCS	Jersey Bank Depositors Compensation Scheme
JDCS Board	Jersey Bank Depositors Compensation Board
JFSC	Jersey Financial Services Commission
JIB	Jersey Incorporated Bank, a Jersey incorporated company registered to carry on deposit-taking business under the Banking Law
JRA	Jersey Resolution Authority
Overseas Incorporated Bank	A company not incorporated in Jersey that is registered to carry on deposit-taking business under the Banking Law
Resolution Law	The Bank (Recovery and Resolution) (Jersey) Law 2017

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1 Executive Summary

1.1 Overview

1.1.1 The JRA is established under the Resolution Law to minimise the impact of a bank failure and to ensure public funds are protected. The JRA is independent from Government and the Jersey Financial Services Commission (JFSC). The JRA is funded by industry.

1.1.2 This paper has been sent to all Jersey Banks to provide details of the annual levy that the JRA will require to fund its operations in 2026.

1.1.3 During 2026 the JRA will take on additional functions relating to the Jersey Bank Depositors Compensation Scheme (JDCS) from the Jersey Bank Depositors Compensation Board (JDCS Board).

1.1.4 This significantly increases our expected annual recurring costs. However, when compared to the combined costs of the JRA and the JDCS Board in 2025, our 2026 budgeted expenditure is lower.

1.1.5 **Our proposed levy for 2026 is £770,000 (6.5% lower than the combined levy of the JRA and the JDCS Board in 2025: £823,300).**

1.1.6 Our 2026 levy relates only to recurring costs as we plan to fund non-recurring costs from reserves (see 3.3 below). We expect to receive c.£125,000 of residual reserves from the winding up of the JDCS Board. Therefore, we do not intend to levy to build our reserves (see 3.3 below).

1.1.7 Our 2026 budget factors in a planned increase to Board fees and time commitment to reflect the increased functions of the JRA (see 3.2 below).

1.1.8 We do not plan to make any changes to our levy allocation methodology, which is explained in section 3.4 of this paper.

1.2 Feedback

1.2.1 Comments are invited from interested parties on the proposals by 31 January 2026.

1.2.2 Comments should be sent to Martin Edwards, Head of the JRA at: m.edwards@jra.org.je

1.2.3 Comments may be made anonymously via Tim Hart at Jersey Finance Limited: timothy.hart@jerseyfinance.com

1.2.4 Comments received may be shared with the JFSC to the extent necessary to facilitate completion of the JRA's budgeting and annual administration levy process.

1.3 Next Steps

1.3.1 We will consider any feedback received and, if necessary, publish a Feedback Paper in the first quarter of 2026.

1.3.2 It is intended that the annual administration levy for 2026 will be declared in the first quarter of 2026.

1.3.3 A Notice will be sent to each Jersey Bank, providing details of the invoice amount and the date payable.

JERSEY RESOLUTION AUTHORITY

2 The JRA

2.1 Overview

2.1.1 The JRA is established under the Resolution Law to minimise the impact of a bank failure and to ensure public funds are protected. The JRA is independent from Government and the Jersey Financial Services Commission.

2.1.2 The JRA plays a key role in upholding Jersey's status as a leading international finance centre by:

2.1.2.1 reducing the risk of financial loss due to bank failure;

2.1.2.2 protecting and enhancing the reputation and integrity of Jersey; and

2.1.2.3 considering the best economic interests of Jersey.

2.2 Annual Administration Levies

2.2.1 The Resolution Law requires that the JRA shall adopt a budget for each financial year (being the 12 months ending 31 December each year) and that, based on that budget, the JRA shall determine whether to raise an annual administration levy and, if so, the total amount to levy.

2.2.2 The Resolution Law provides that an annual administration levy may be raised to:

2.2.2.1 Cover annual recurring administrative costs;

2.2.2.2 Maintain a reserve for potential future administrative costs (by way of contingency or otherwise); and

2.2.2.3 Maintain a reserve against the possibility, in the event of a bank resolution, of the JRA wishing to pay administrative costs without needing to wait for receipt of other funding for these costs.

2.2.3 The Resolution Law provides that the JRA shall determine the method of calculation of the annual administration levy to be paid by each Jersey Bank and as soon as practicable, to send written notice to each Jersey Bank requiring it to pay the annual administration levy.

2.3 Future JDCS responsibilities

2.3.1 Legislative changes are underway that will transfer responsibility for administration of the JDCS from the JDCS Board to the JRA. This is expected to take effect from 1 April 2026. At this date, the JRA's name will change to the Jersey Resolution and Depositors Compensation Authority (JRDCA).

3 Proposals

3.1 2025 forecast performance vs budget

3.1.1 Our budgeted expenditure for 2025 was £506,700 (£481,700 recurring and £25,000 non-recurring in relation to the JDCS Transfer Project).

3.1.2 Our total costs in 2025 are forecast to be under budget by c.£9,500. This is attributable to several factors most notably:

3.1.2.1 c.£5,000 lower staff costs due to the timing of recruiting our third FTE.

3.1.2.2 c.£10,000 of JDCS Transfer Project costs being deferred to 2026 due to timing of the transfer shifting back three months.

3.1.2.3 These having been partly offset by c.£7,500 higher legal and professional fees associated with the JDCS Transfer Project.

3.2 2026 Budget and Proposed Levy

3.2.1 Taking account of our expanded functions, our proposed levy for 2026 is £770,000. This is a 60% increase versus our 2025 levy but 6.5% lower than the combined levy raised by the JRA and the JDCS Board in 2025.

3.2.2 The table below sets out the JRA's budget and proposed levy for 2026 in comparison to the combined 2025 budget of the JRA and JDCS Board:

	2026 Budget	Combined 2025 Budget	Variance %	JRA 2025 Budget	JDCS 2025 Budget
Proposed Levy	**£770,000**	**£823,300**	**(6.5%)**	**£481,700**	**£341,600**
Board Fees	£100,200	£134,700	(25.6%)	£58,700	£76,000
Staff Costs	£318,000	£283,000	12.4%	£283,000	-
JFSC Service Charge	£84,500	£84,500	0%	£84,500	-
JDCS Outsourced Support Services	£166,000	£152,000	9.2%	-	£152,000
Other Recurring Costs	£101,300	£172,300	(41.2%)	£55,000	£116,800
Total Recurring Costs	**£770,000**	**£826,500**	**(6.8%)**	**£481,700**	**£344,800**
Non-recurring Costs	£15,500	£25,000	(38%)	£25,000	-
Total Costs	**£785,500**	**£851,500**	**(7.8%)**	**£506,700**	**£344,800**

JERSEY RESOLUTION AUTHORITY

Board Fees

3.2.3 We have commenced recruitment of an additional Board Member to increase our Board to five individuals, effective 1 April 2026.

3.2.4 Additionally, we have reflected on the level of fees paid to Board Members considering the expanded functions of the JRA and the level of time commitment expended by Board Members.

3.2.5 Accordingly, as well as applying an inflationary increase to Board fees, we plan to make above inflationary increases to Board fees with effect from 1 April 2026. The expected number of days committed to the role will also be increased.

3.2.6 These increases are set out in the table below:

	Effective 1 April 2026		Existing	
	Fee	Days	Fee	Days
Chair	**£45,000**	**35**	£28,350	25
Independent Members	**£23,500**	**20**	£17,000	15
JFSC Commissioner	**£15,750**	**15**	£11,350	10

Staff Costs

3.2.7 The increase in budgeted staff costs reflects the fact that we will incur a full year of costs in respect of our third FTE (c.£19,000) as well as inflationary increases (c.£16,000).

JDCS Outsourced Service Costs

3.2.8 JDCS Outsourced Service Costs represent a combination of system costs, retainer, and costs to test banks' single customer view (SCV) file capabilities.

3.2.9 The increase year on year reflects a combination of:

3.2.9.1 additional system costs (spread over two years) to ensure the claims management system is updated to reflect changes to the JDCS; and

3.2.9.2 an increase in the planned number of banks subject to SCV file testing during the year.

Other Recurring Costs

3.2.10 The reduction in Other Recurring Costs reflects expected synergies in relation to audit and insurance costs as well as the fact that contract administrative support will no longer be incurred in lieu of recruiting our third FTE.

Non-recurring costs

3.2.11 Non-recurring expenditure in 2026 represents external support required to conclude the JDCS Transfer project, primarily in relation to IT and system costs. As set out in section 3.3 below and consistent with 2025, we do not intend to levy in respect of non-recurring expenditure.

Other Assumptions

3.2.12 The JRA has based its 2026 budget on the assumption that no Jersey Bank becomes financially distressed or enters resolution. Were such events to take place, the JRA would incur additional administrative costs, which may result in an increased annual administration levy or additional 'top-up' administration levy during the year.

3.3 Administrative Reserves

3.3.1 Our administrative reserve policy remains unchanged and provides for:

3.3.1.1 Levies to achieve a minimum level of reserves equal to two months of annual recurring costs; and

3.3.1.2 Levies to reach a target level of reserves equal to four months of annual recurring costs on a 'smoothed' basis[1].

3.3.2 Ordinarily the significant increase in our budgeted recurring expenditure (as set out in section 3.2 above) would require us to levy to maintain our minimum level of reserves or to progress towards our target level of reserves.

3.3.3 However, once the JDCS Board is wound down (by the middle of 2026) its residual reserves will be transferred to the JRA. In consultation with the JDCS Board we estimate that c.£125,000 will be transferred to the JRA. This will be accounted for as income, increasing our reserves.

3.3.4 Accordingly, we do not intend to levy for reserves or to cover non-recurring expenditure in 2026.

3.3.5 If we receive a greater amount from the winding up of the JDCS Board, this may result in a reduction to our levy in 2027.

3.4 Levy Allocation Methodology

3.4.1 In response to feedback from Jersey Banks we reviewed our levy allocation methodology during 2023 and amended it for 2024. We applied the same levy allocation methodology in 2025.

3.4.2 We do not intend to make material amendments to our levy allocation methodology for 2026. However, we have introduced additional flexibility to the way that we expect to deal with new Jersey Banks and modified wording to improve clarity. Our levy allocation methodology is set out on the following page.

3.4.3 Due to differences in the levy allocation methodology used by the JDCS Board compared to our methodology, and consolidation in the market, some Jersey Banks will see an increase in levy when compared to the sum of levies charged by the JRA and the JDCS Board in 2025 (despite the reduction in total levy being charged) others will see a reduction in their levy.

[1] Levying one third of the deficit to the target level of reserves.

3.4.4 The following table sets out our levy allocation methodology:

	Description	Formula	Illustration based on 2026 proposed levy
Base Levy	75% of the Total Annual Administration Levy will be allocated evenly across banking groups operating in Jersey except that those with JIBs will receive a base levy that is double that of Branches.	Base Levy for Branches = 75% of Total Annual Administration Levy / (Number of banking groups + number of JIBs). Base Levy for JIBs = 2 x Base Levy for Branches.	Base Levy for Branches = (75% x £770,000) / (17 + 3) = £28,875 (2025: £17,204). Base Levy for JIBs = 2 x £28,875 = £57,750 (2025: £34,407).
Premium	25% of the Total Annual Administration Levy will be allocated across banking groups that perform Critical Functions in Jersey[2] in proportion to those banks' Total Customer Deposits[3] as at 31 December of the preceding year.	A Jersey Bank's Premium Levy = 25% of Total Annual Administration Levy * (The Jersey Bank's Total Customer Deposits / Sum of Total Customer Deposits of all Jersey Bank's performing Critical Functions).	Varies by bank and providing a full illustration is not possible without disclosing confidential information. However, £192,500 would be allocated across Jersey Banks that perform Critical Functions based on their proportion of the Sum of Total Customer Deposits of these banks (at 31 December 2024 this total was £98.9bn).
New Banks	A new banking group will be charged a Base Levy (calculated based on the above) in the year that it first conducts deposit-taking activity. The Base Levy will be pro-rated based on the number of complete months that the new banking group conducts deposit-taking activity.		
Ceasing Banks	All banking groups that hold a registration under the Banking Law on 1 January will receive a levy for that calendar year. No refunds will be provided for banks that subsequently cease during the year. However, the JRA will retain the discretion to remove a bank that is in the process of revoking its registration from the annual levy cycle.		

[2] Based on the JRA's determination of Critical Functions as at 1 January of the relevant year.

[3] As reported on tab 2.3 BS Liabilities of each bank's Q4 prudential return to the JFSC. Total Customer Deposits taken as the sum of rows A.4, A.5, A.6, and A.7.

3.5 Future Annual Administration Levies

3.5.1 We do not anticipate any significant variation in our cost base in 2027. Therefore, we would expect our 2027 levy to be broadly aligned to our proposed 2026 levy with inflationary increases. However, this will depend primarily on:

3.5.1.1 Whether we realise expected synergies in other recurring costs in 2026; and

3.5.1.2 The level of residual reserves received from the JDCS Board.

Appendix A: List of representative bodies who have been sent this funding paper

1.1 Jersey Bankers Association

1.2 Jersey Finance Limited