

13 December 2002

Total deposits held with Guernsey banks at the end of September 2002 decreased in sterling terms by £2,414mn from the end of the June 2002 level of £74,235mn to £71,821mn. Total assets and total liabilities decreased in the third quarter in sterling terms by £2,470mn to £75,577mn.

The 3.3 % decrease in deposits in sterling terms reflects several factors at work. A significant part of the reduction in deposits when expressed in sterling was a result in exchange rate movements during the quarter following the strengthening of sterling against major currencies and this accounted for roughly £1.3bn of the decrease. When analysed in their underlying currencies there was a modest decrease in euro deposits, a noticeable decrease in sterling deposits, but, by contrast, there was a small increase in USD deposits. However, underlying volume decreases accounted for another £1.1bn reduction.

Barclays Private Bank & Trust Limited surrendered its licence on 19 August and Fiduciary Trust Company International surrendered its licence on 9 September. Bank Sarasin (Guernsey) Limited surrendered its licence on 30 September when it was amalgamated into Bank Sarasin (CI) Limited (itself formerly Rabobank Guernsey Limited). Only minor outflows resulted from these events. There was one new licensed bank when Banque Cantonale Vaudoise Guernsey Branch was licensed from 19 July.

The largest single currency type within total deposits remains the US dollar at 44.7% with the euro accounting for 18.7% of deposits at the end of September 2002. The proportion in sterling was up a little at 31.4%. When looking at the underlying business in euros over the last year, the value of euros on deposit has risen from €18.8bn at 30 September 2001 to €21.1bn as at 30 September 2002.

Local inter-bank activity was down by £52mn to £979mn. A table is attached showing the level of the deposits and the number of licensed institutions since 1980.

Philip Marr, Director of Banking commented "This was another quarter when exchange rate movements had an impact on the deposit figures with the stronger sterling exchange rate pushing our figures downwards despite the US dollar component being slightly higher in dollar terms. That said, there was a £1bn reduction in the volume of deposits and it seems we remain susceptible to largish volume swings from our bigger banks. With the direction of financial markets still indeterminate there is no uniformly clear explanation as to why there was a decrease in deposit volumes. We believe there has been some movement out of cash deposits into other financial products."

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Deposits with licensed deposit-takers

End Period		No. of licensed Institutions	Deposits £Mn	Quarterly Variation %	Yearly Variation %
1980		43	1,800		68.2
1981		42	2,691		49.5
1982		41	3,307		22.9
1983		41	4,243		28.3
1984		45	5,838		37.6
1985		47	7,209		16.7
1986		52	9,508		31.9
1987		54	8,838		-7.0
1988		56	10,168		15.0
1989		58	12,992		27.8
1990	Mar	66	13,387	3.0	
	June	68	13,469	0.6	
	Sept	70	14,522	7.8	
	Dec	72	15,476	6.6	19.1
1991	Mar	72	16,203	4.7	
	Jun	72	16,829	3.9	
	Sept	71	16,156	-4.0	
	Dec	72	16,250	0.6	5.0
1992	Mar	73	17,849	9.8	
	June	72	17,673	-1.0	
	Sept	73	21,226	20.1	
	Dec	76	27,442	29.3	68.9
1993	Mar	73	30,299	10.4	
	June	74	32,605	7.6	
	Sept	75	37,595	15.3	
	Dec	75	37,482	-0.3	36.6
1994	Mar	74	37,773	0.8	
	June	73	40,320	6.7	
	Sept	73	41,439	2.8	
	Dec	73	42,191	1.8	12.6
1995	Mar	72	43,018	2.0	
	June	73	45,207	5.1	
	Sept	73	44,437	-1.7	
	Dec	73	46,855	5.4	11.1
1996	Mar	75	45,897	-2.0	
	June	76	44,917	-2.1	
	Sept	75	43,832	-2.4	
	Dec	72	43,324	-1.2	-7.5
1997	Mar	73	45,652	5.4	
	June	75	45,973	0.7	
	Sept	79	47,786	3.9	
	Dec	78	49,357	3.3	13.9
1998	Mar	76	48,658	-1.4	
	June	76	49,792	2.3	
	Sept	78	50,434	1.3	
	Dec	78	52,922	4.9	7.2
1999	Mar	78	54,040	2.1	

	June	79	56,581	4.7	
	Sept	79	55,703	-1.6	
	Dec	79	57,059	2.4	7.8
2000	Mar	78	59,729	4.7	
	Jun	78	61,086	2.3	
	Sep	79	65,678	7.5	
	Dec	77	68,474	4.3	20
2001	Mar	76	72,323	5.6	
	Jun	75	73,911	2.2	
	Sept	76	76,162	3.0	
	Dec	72	77,211	1.4	12.8
2002	Mar	71	77,273	0.1	
2002	Jun	71	74,235	-3.9	
2002	Sep	69	71,821*	-3.3	
	* of which £979 million constitutes local interbank deposits				