



Anguilla Financial
Services Commission

ANNUAL REPORT

2015



CHAIRMAN'S REPORT



The nature of Annual Reports is, of course, that they are written after the events on which they report. It is important, when writing, to avoid the temptation to apply 20/20 hindsight to circumstances which everyone tried to deal with as best they could

at the time.

2015 was a difficult year internationally, with many events causing a great many ordinary people to have to deal with unimaginable things as best they could... the Charlie Hebdo attacks in Paris killing a dozen people; the terrifying Germanwings flight 9525 from Barcelona to Dusseldorf, where the pilot locked his co-pilot out of the cockpit and flew the plane into the mountainside, killing 150 people; the deaths of young black men Walter Scott and Freddie Gray, both killed at the hands of police officers, rightly resurged the campaign #BlackLivesMatter; the Amtrak train taking a corner at double the speed limit, derailing near Philadelphia and killing 8 people with over 200 people injured; the dreadful Charleston Church shooting, which killed nine people, was followed shortly thereafter by on-air shootings in Virginia, killing a further two people, both incidents believed to be racist motivated.

So what do we take from these events? First of course that bad things happen to good people and also that people whom one would consider "good" in many aspects of their lives are capable of doing very bad things under certain circumstances. Each of these news items is interesting in terms of human behaviour – the desire to gag journalists' freedom of speech, people in trusted positions forgetting their duty of care to the public, abuse of power, violence, racism.

My work is all about financial services regulation and although to some readers the jump from these international news incidents to financial institution issues might be a jump too far, in my mind the analogy works quite well.

Financial services businesses can have management teams that "take the corner too fast and derail their train." Thankfully customers of derailed financial institutions don't have broken bones, but they do have to deal with the financial wreckage of their lives and this is no small thing.

Those same financial services businesses can have shareholders and management teams that could create an organisational culture to encourage transparency and open communication, which recognises their duty to customers, employees and the community from which the businesses derive their success, or they can abuse their power and perpetuate it by indecision, obfuscation, currying political intervention and treating influential parties preferentially.

These traits of financial institutions are global regulatory issues – think of the causes and behaviours of the global financial crisis, or the frequent and ever increasing, global, regulatory fines for institutional failure to prevent money laundering.

Anguilla institutions are neither more prone to, nor especially exempt from, these traits.

It is a fundamental regulatory obligation to protect the interests of customers and, in that respect, much of our work during 2015 was focused upon attempting to ensure that the depositors of the offshore banking subsidiaries of the two failing indigenous banks would be treated fairly under any resolution plan established for the failing parent banks. The Governor's Report explains this more comprehensively.