

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



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## Executive Summary

**Business disruption:** 91% of private wealth professionals who participated in the survey have been affected by COVID-19. It will come as no surprise that the impact of staff suddenly working remotely at home has had a significant impact on their business with an increased cost of distribution of technology and a decrease in chargeable time. In addition, participants reported a decline in client transactions; reduced assets under management (AUM); inability to travel; no client face-to-face meetings; and challenges with new business development. 45% of participants believe that COVID-19 will impact their business for between three to six months whilst 30% believe it more likely to be longer than 12 months. However, cashflows are resilient and business should not be too badly affected.

**Business continuity plan:** Almost 93% of respondents had business continuity plans (BCP) in place although the majority indicated they were not prepared for the speed and unforeseen disruptions of this pandemic. However, only 21% of them had considered the impact of such an unprecedented pandemic, locking down homes on a global scale. Approximately 67% of plans were written with the expectation that the business would be either affected, or out of action, for up to three months. In addition, 54% of respondents reported their plan to have been 'very effective' and a further 29% as 'extremely effective'.

**Business continuity in action:** Unsurprisingly, over 89% are reported as home working with 7% working from both office and home. 96% of wealth professionals who took part in the survey are using video conferencing, with 75% using them with clients. They are so effective as a communication tool that 89% are likely to increase the use of such methods in the future. Zoom is most popular with 64% followed by WhatsApp on 60%.

**The Stock Market and credit facilities:** 21% of respondents to this survey reported not having seen any impact on business by the market crash at present. Most reported an indirect impact, the direct ramifications have been felt by clients and accordingly the AUM. The feeling is generally one of optimism based on previous experience. We Are Guernsey have reported that the coronavirus has had a positive impact on climate change stocks which are, "outperforming the market" during these unprecedented times.

**Government assistance:** 86% of businesses have not accessed any assistance from government whilst 7% have applied for deferment of social security payments. Over 96% of companies have not needed to extend their credit facilities with their finance providers. 36% of respondents have received support from the GFSC with guidance, deadline extensions and regular updates regarding changes to standard regulatory practices.

**Impact of COVID-19 on private clients:** Guernsey wealth professionals indicated that 86% of their clients have been affected by the COVID-19 pandemic. The financial impact has been down to a reduction in value of their investment portfolio or some businesses have been closed, e.g. hotels, restaurants, retail, which has caused 'severe losses', apart from 'tech'.

**Post COVID-19 pandemic:** The survey found that a significant 71% of service providers believe that this coronavirus will, "undoubtedly" result in changes to how they work in future with remote working; increased use of video meetings with clients; embracing technology to allow greater flexibility and mobility of the workforce; appetite to embrace digital solutions; respect for one another should increase; continuing and improved focus on staff wellbeing and flexible working, were frequently mentioned as possible corporate change outcomes post pandemic; the level of care for each other's wellbeing has been demonstrated. 21% envisage an increase in costs; 80% believe business travel will decrease; 46% assume that COVID-19 will result in a reduction of fees and 17% an increase.

## Background to Coronavirus COVID-19

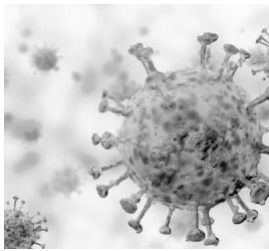
The virus known as severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) is responsible for the coronavirus disease (COVID-19), as reported by the World Health Organisation (WHO), which commonly refers to it as “the COVID-19 virus” or “coronavirus disease”<sup>1</sup>.

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.

The ability to close its borders is perceived as a “unique strength”<sup>2</sup> in Guernsey’s fight against coronavirus and has surely helped in keeping the number of related deaths so low - fairly stable at less than 0.006% of the world total in April 2020.

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.

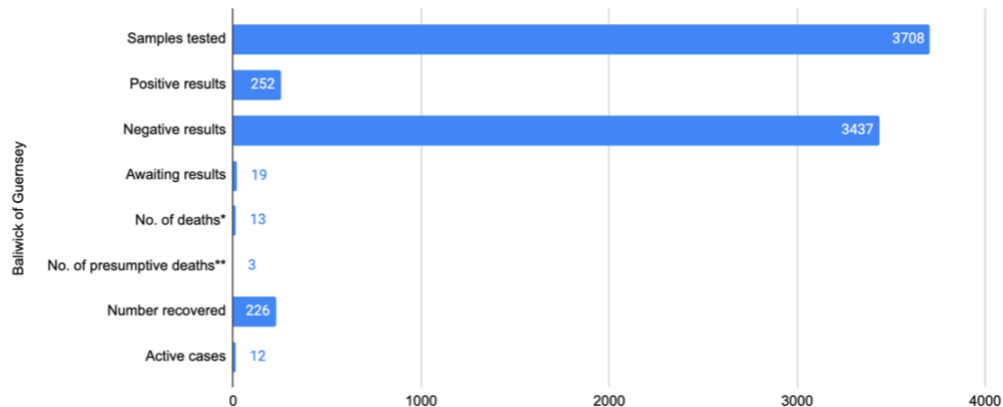


With this unprecedented situation continuing to develop, Gibson Strategy conducted a survey amongst private wealth service providers in Guernsey. This research was to establish how the pandemic was impacting private wealth on the Island. It is clearly recognised that in such fast-developing circumstances, 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.

<sup>1</sup> WHO, Naming the coronavirus disease (COVID-19) and the virus that causes it.

<sup>2</sup> BBC Guernsey, Border closure a ‘unique strength’ of Guernsey, 15th April 2020

## COVID-19 testing and cases - Bailiwick of Guernsey



\* 2 of the 13 deaths occurred in hospital

\*\* presumptive deaths have been reduced by one as retrospective review of one of the presumptive deaths concluded that the death was not COVID-19 related

Figure 1: COVID-19 testing and cases<sup>3</sup>

**NB.** During the production of this survey report, on 5 May 2020, the States of Guernsey announced its 'Exit from Lockdown' Framework<sup>4</sup> document which describes how the States plan to steadily relax the COVID-19 restrictions. The document also takes into account any 'triggers' which may result in moving to the next phase of relaxing restrictions or, if required, taking a step back within the lockdown measures.

On 7 May 2020, as Guernsey reached a sixth day without a new positive case of COVID-19, the States of Guernsey announced that the amount of time Islanders can spend outside of their home for exercise or recreational activities would be extended from 2 to 4 hours.<sup>5</sup>

<sup>3</sup> <https://covid19.gov.gg/> 10 May 2020

<sup>4</sup> <https://covid19.gov.gg/news> 5 May 2020

<sup>5</sup> <https://covid19.gov.gg/news> 7 May 2020

## Survey population

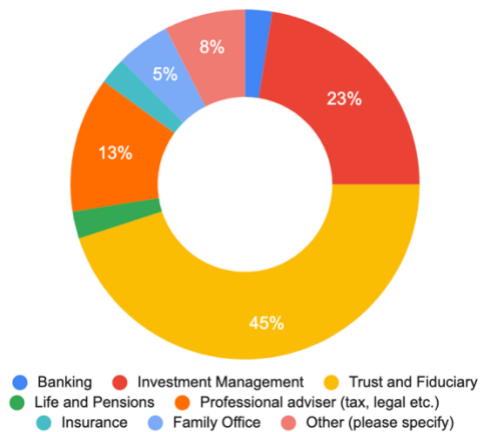


Figure 2: What is your type of business?  
(The unlabelled slices each represent 3%)

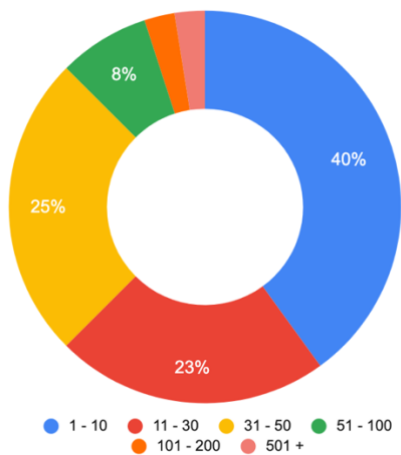


Figure 3: How many staff do you have?  
(The unlabelled slices each represent 3%)

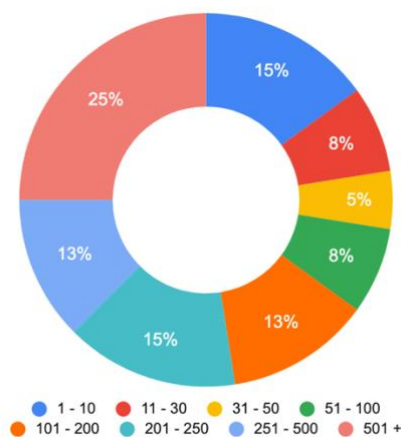


Figure 4: How many clients do you have?

A total of 40 Guernsey based private wealth professionals participated in this online survey. These three charts show the demographics of the survey research population.

45% of the 40 survey respondents represented Trust and Fiduciary businesses; 'other' businesses included those involved with Precious Metals, Estate Agent & Property Management and Fund Administration.

88% of the respondents were from companies who have up to 50 staff members with 25% of these representing in excess of 500 clients.

## Business disruption

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

Unsurprisingly, the vast majority (91%) of companies represented in this survey have been affected by the coronavirus. The extent to which the pandemic has impacted across the wealth management sector has varied; no respondents reported anything more significant than a “modest impact” with one individual acknowledging that they have, “been able to continue business with minimal impact, though there has been a notable reduction in client activity”.

Contributors to this report shared examples of how businesses have been affected. It will come as no surprise that the majority commented on the impact staff suddenly working remotely has had on normal working capacity. Companies have had no choice but “to adapt to complete remote working”; there is “no access to office premises”; offices have been “locked down and all staff [are] working from home”. The study discovered that whilst this outcome has generally been fairly successful, it has not been without adverse consequences, i.e., “increased inefficiencies”, “productivity from working remotely down”, a “decrease in chargeable time” and one highlighting that:

*“naturally, it’s not possible for all staff to be as productive from home versus [the] office environment.”*

It was revealed that managing these changes in operations has inherently resulted in increased costs, largely attributable to providing employees with IT systems and resources for home working. One respondent said they faced a “re-distribution of hardware and a change to operations” with another, seemingly proudly reporting that their “advanced IT systems have enabled all 600+ employees to work from home as if they were in the office”.

Real estate has almost come to a standstill in terms of sales and new instructions meaning those working in this market have subsequently reached an impasse; “almost complete shutting down of property transactions and the ability to go about our business.” Mortgage facilities have been withdrawn and tenants are already “falling short of rent commitments”.

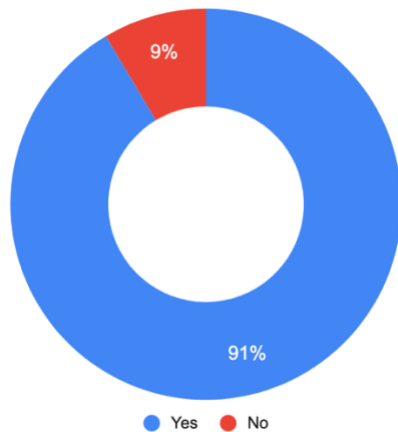


Figure 5: Has your business been affected by the COVID-19 pandemic?

The study found that many have been affected indirectly. Participants reported a “decrease in client transactions”; an “indefinite hold on business activities” of clients; a “slowdown in client interactions and marketing”; that “clients aren’t as active which in turn means revenue will be down”; and that they “have seen slight reductions in client contact due to clients taking stock and being more cautious”. Others reported that client instructions “continue to come in, albeit likely 10% down due to a number of underlying corporate transactions stalling” and a “reduced inflow of matters to advise on”.

The domino effect is in evidence; as clients’ businesses and portfolios face a direct hit, a number of those within the research study have felt the ‘knock-on’ effects; “AUM (and fee income) down”; a “potential loss of business because client’s business [are] affected and [their] services are discontinued” and a “negative portfolio performance resulting in reductions in income levels”.

A small number of those surveyed commented on the difficulties they face with new business growth, summarised by one who reported that “new business development activities are difficult to achieve”, fundamentally due to a reduction in client’s requirements, remote working, the inability to travel and meet “face-to-face”.

There are mixed responses to this global crisis. One grateful employee declared that “it feels like it’s very much an emergency existence”, also adding “thankfully we are not being adversely financially affected at this stage and our jobs feel like they are secure”. Others report “salary sacrifice” and “holiday deferral” as additional negative implications, with another celebrating ...

*“how quickly we have adapted and come with solutions to keep things running”.*



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

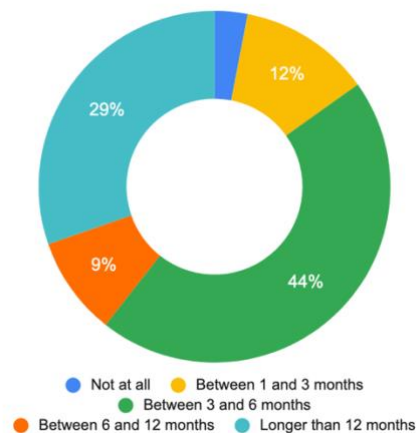


Figure 6: For how long might the COVID-19 pandemic affect your business?  
(Missing label represents 3%)

Respondents to the survey shared their opinions, which were generally along the lines of, “very hard to say - depends on how long the pandemic and resulting restrictions last and therefore the overall economic impact across multiple jurisdictions”. The predictions for how long businesses might be affected varied from as little as one month to over twelve months, clearly, “not an exact science” as one commented. It will be “dependent on the States restrictions” and the “length of the ‘lock down’”.

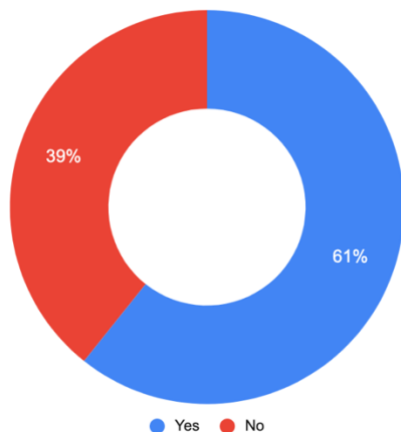
One contributor to our report commented that, for them “any loss of business [is] likely to be permanent”. Another said the “lack of business development activity has a significant impact on the business on a forward-looking basis. We forecast a natural reduction in existing client base of between 5-10% per annum and it is therefore important that we are able to travel to see new clients if we are to replace those clients that have left.” A potential concern then, as “off-island travel is expected to take longer to normalise” and as one respondent indicated, “global economic downturns usually make new business more difficult to find”.

Anecdotal findings concluded that “the impact of COVID-19 will be felt in the economy and markets long after the end of any lockdown” and some respondents spoke of concerns over a second wave/peak of the pandemic and the subsequent potential delay in travel restrictions being lifted.

Several remain optimistic with one respondent indicating, “cashflows are resilient at the moment and whilst we might take a smaller profit than usual in these difficult months, we should still be profitable” and another contributor adding “our business should not be too badly affected for any length of time”.

## Business continuity plan / Disaster recovery

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



The research revealed that some businesses were prepared for such an adjustment to ways of working; one example being, “we were perfectly prepared for this event and all working from home within 2 days.” Whereas another, several weeks into the ‘lockdown’ reported that their “operations are evolving to adjust to the current norm”; one respondent said that “it may affect [their] ability to undertake business development activities in future”.

Figure 7: Will the COVID-19 pandemic alter your business objectives and operations in the future?

Other findings highlighted additional thoughts; “probably not significantly”, perhaps with the development of “online solutions” and alternative ways of working, i.e. “remote working”, “people working from home”.

### *“It’s bound to have implications”*

One participant reported their objectives to be “unchanged”. Several consider that operations will function slightly differently, “will be more office and less visit based”, there will be “less business travel” and “altering our business continuity plan to include pandemics”. Interestingly, one individual commented that this flexibility for remote working “may assist recruitment” and another considered the need for “improved facilities at home”.

It will be interesting to see; one contributor added “I believe the Covid 19 pandemic will change all business going forward but suspect we will slowly crawl back to the old way of working”.

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

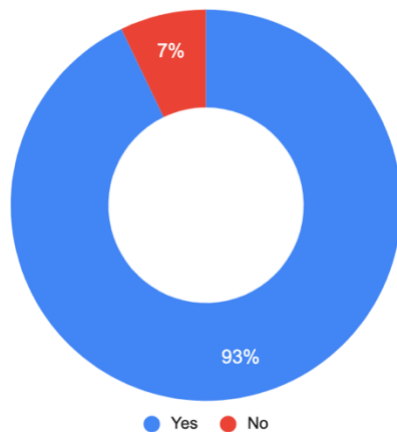


Figure 8: Did you have a business continuity plan in place prior to this pandemic?

The study discovered that most wealth management companies were in a position to react fairly swiftly to the global pandemic, almost 93% had business continuity plans (BCP) in place although the majority indicated they were not prepared for the speed and unforeseen disruptions of this pandemic. Measures were implemented to protect their workforce as well as business continuity. Employees were quickly asked to work remotely (e.g. from home) or on shift patterns to stagger and reduce the number of people in offices.

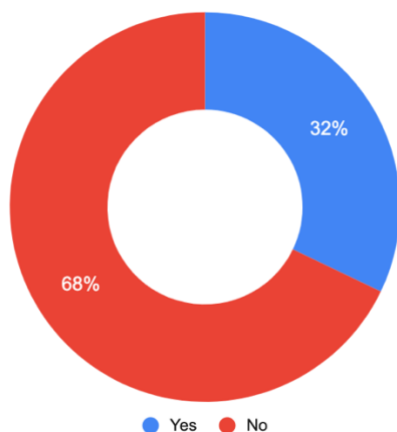
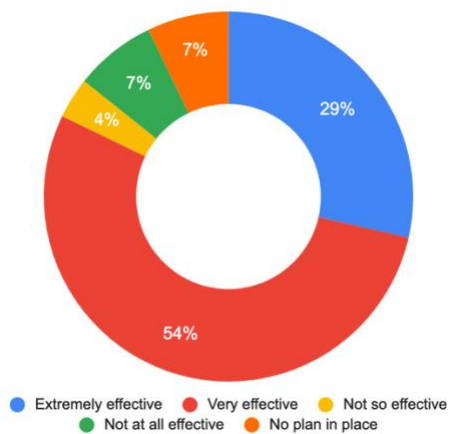


Figure 9: Did it include the possibility of a pandemic situation?

Only 7% of respondents to this survey said they did not have a BCP in place and whilst no plan can cover all eventualities, what the study has found to be important is that they can be easily “flexed in a common-sense manner”. Of those who had considered business continuity in times of adversity/disaster, only 32% of them had considered the impact of such a pandemic occurring.

How effective has your business continuity plan been?



*The majority (83%) of respondents reported their plan to have been at least “very effective”.*

Figure 10: How effective has your business continuity plan been?

One contributor reported that the previously unrelated installation of a reliable “operating system enabling a seamless switch to home working”; with another adding that “good broadband, mobile and landline connectivity” have clearly contributed to this.

Nevertheless, our survey revealed that despite effective continuity planning, one individual reported that “in practice certain functions were slower due to [the] entire Island being impacted, e.g. initially some connectivity issues with internet which resulted in changes to hardware”.

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

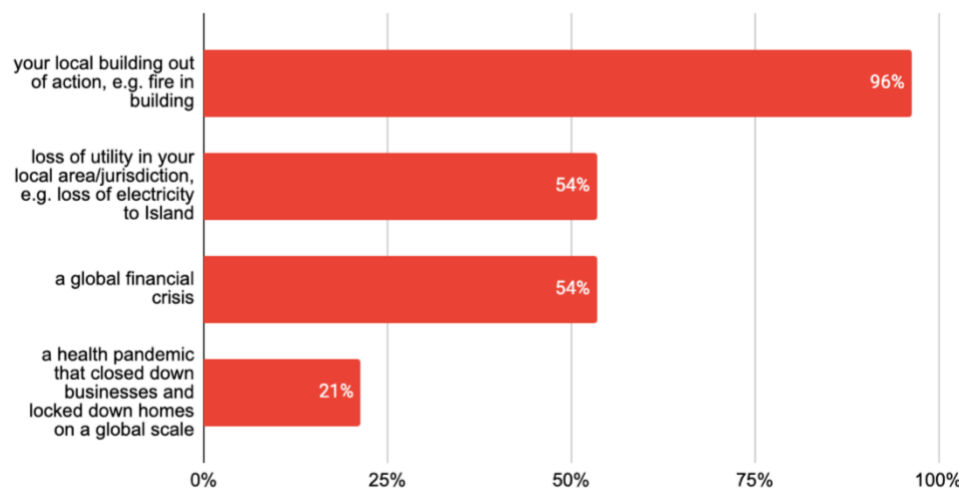


Figure 11: In your business continuity plan did you plan for the eventualities of the following?

The research revealed that only 21% of BCPs considered a health pandemic that closed down businesses and locked down homes on a global scale.

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

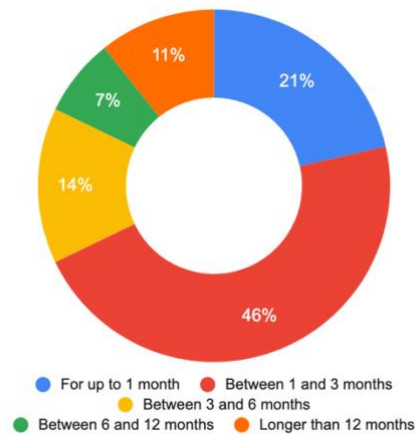


Figure 12: How long did your plan assume your firm would be affected/out of action for?

The survey's findings clearly identified that many BCPs do not predict a timescale, or as one respondent said, "plan over multi-periods"; most BCPs assume, "various time scales and is not specific on a scenario". However, approximately 67% of plans were written with the expectation that the business would be either affected or out of action for up to three months whilst an additional 14% said that it might be between three and six months.

Interestingly, one company with several other offices in the UK, pointed out that the business was "not out of action", admitting they, "are looking at how [their] operations may continue in future with or without the London office, which is slightly superfluous at this time" as it was currently closed due to coronavirus.

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

## Business continuity in action

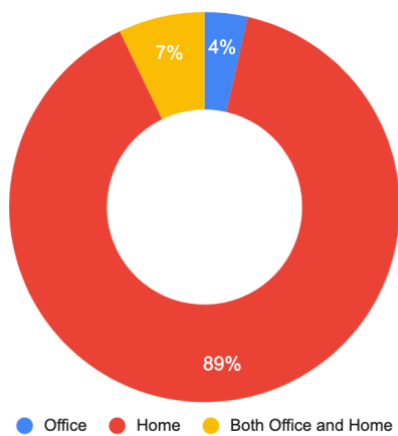


Figure 13: Is your company still working mainly from an office, or are most people working from home?

With the government providing strong guidance and reminders about social distancing and working from home where possible, it will come as no surprise that over 89% are reported as home working with a very small minority either still visiting the office or a combination of the two.

## Video conferencing

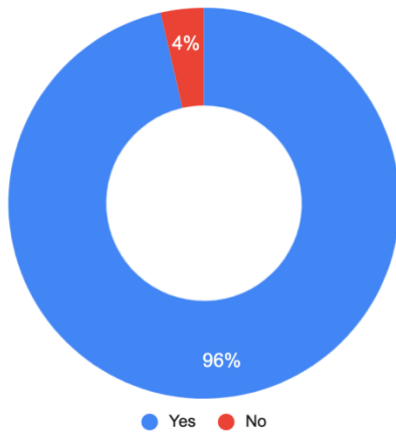


Figure 14: Have you used video conferencing for conducting meetings within the company, e.g. Skype, Zoom, MS Team, Google Hangouts?

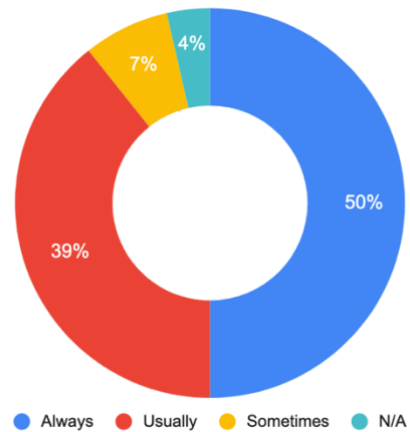


Figure 15: Have you found them effective?

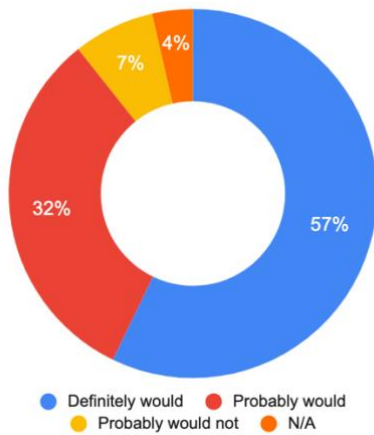


Figure 16: Will you increase the use of them in future?

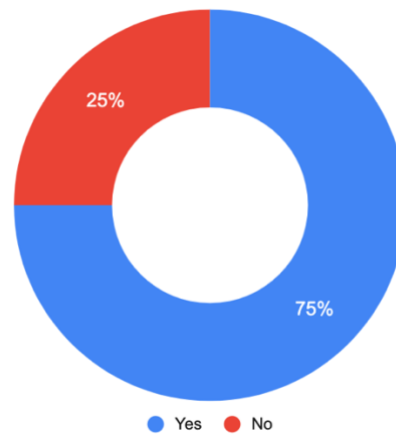


Figure 17: Have you been contacting clients using video conferencing?

All but one of survey participants have conducted a variety of meetings, including 75% with clients, using video conferencing to good effect, so successfully in fact that 89% are likely to increase the use of such methods in future.

What video conferencing system/s have you used?

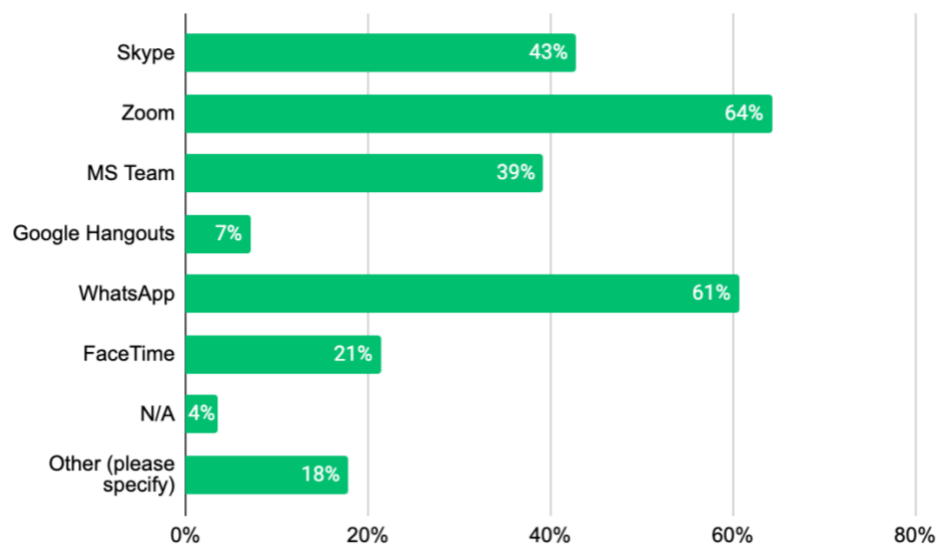


Figure 18: What video conferencing system have you used?

Other systems used were reported to be Houseparty and Webex with one respondent saying they had used “internal and external bespoke multi-communication VMR systems”.



## The Stock Market and credit facilities

As the coronavirus crisis ravages the world's investment markets, We Are Guernsey<sup>6</sup> reported that climate change stocks, those with "strong environmental credentials" are "outperforming the market". Governmental guidance, restricted air travel, limited deliveries and a reduction in industrial emissions have clearly been brought about by the pandemic, but "there were also signs that Economic, Social and Governance (ESG) factors provided useful guidance for investors looking to understand how companies and sectors are exposed to the crisis".

It concluded that "exposure to climate finance showed those with good governance practices and high levels of exposure to long-term green growth markets should find themselves better positioned to manage short-term economic shocks" and for "investors to see ESG as a defensive characteristic".

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

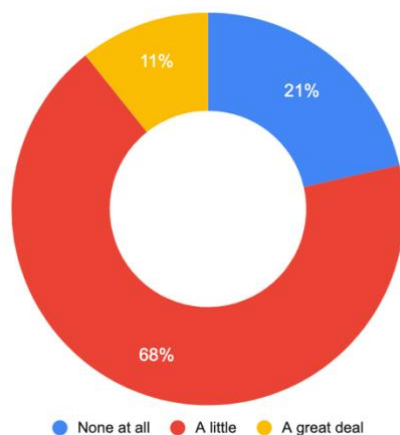


Figure 19: What effect has the stock market collapse had on your company?

21% of respondents to this survey reported not having seen any impact on business by the market crash at present.

One contributor commented that the crash brought in additional business for them in terms of alternative investments. A further positive response was it had provided additional scope as they "aren't exposed to the markets but see this as a potential opportunity to enter at low levels in a modest way". This is in contrast to one who reported the reduced value of investments had consequently lowered commission.

Nevertheless, the majority are waiting to see the real impact over the coming months. An estate agent said the actual impact will, for them, "become apparent over time when the property market can get up and running again". Most reported an indirect impact, the direct ramifications have been felt by clients and accordingly the AUM. The feeling is generally one of optimism based on previous experience. "This is a particularly large bump in the road, but we have cushioned falls and clients are appreciative and understanding."

*"AUM down and income down but expected to recover over the next 6 - 12 months."*

<sup>6</sup> We Are Guernsey, Climate Change Stocks Outperforming the Market during COVID-19 Pandemic, 8 April 2020

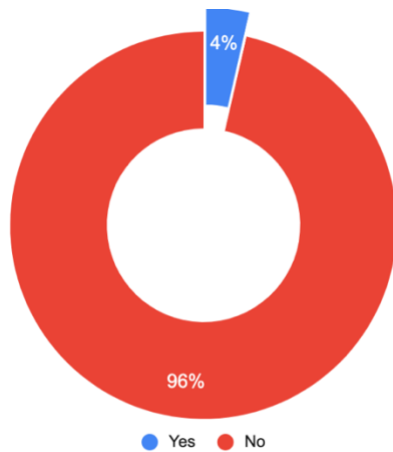


Figure 20: As a result of COVID-19, has your company needed to extend your credit facilities with your finance provider?

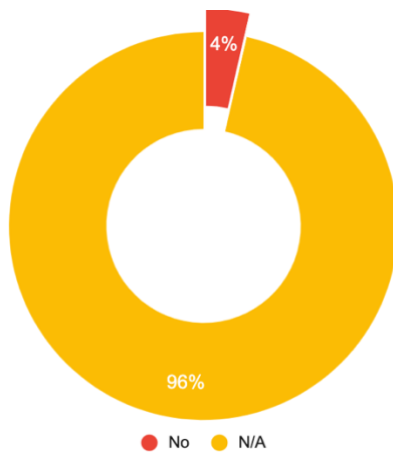


Figure 21: In the event of needing to extend credit facilities, has it been accessible?

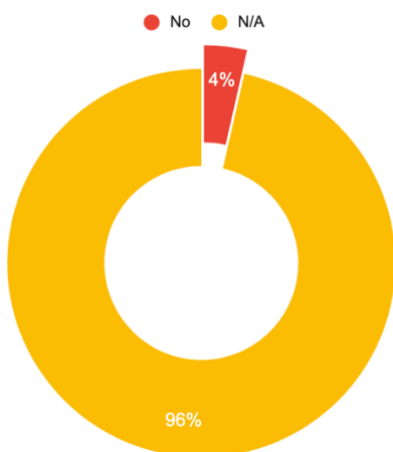


Figure 22: Has it been provided in a timely manner?

*Reassuringly, over 96% of companies have not needed to extend their credit facilities with their finance providers.*

*Unfortunately for the one business that has needed to, no facility has been available to them.*

## Government assistance

Have you required assistance from your local government?

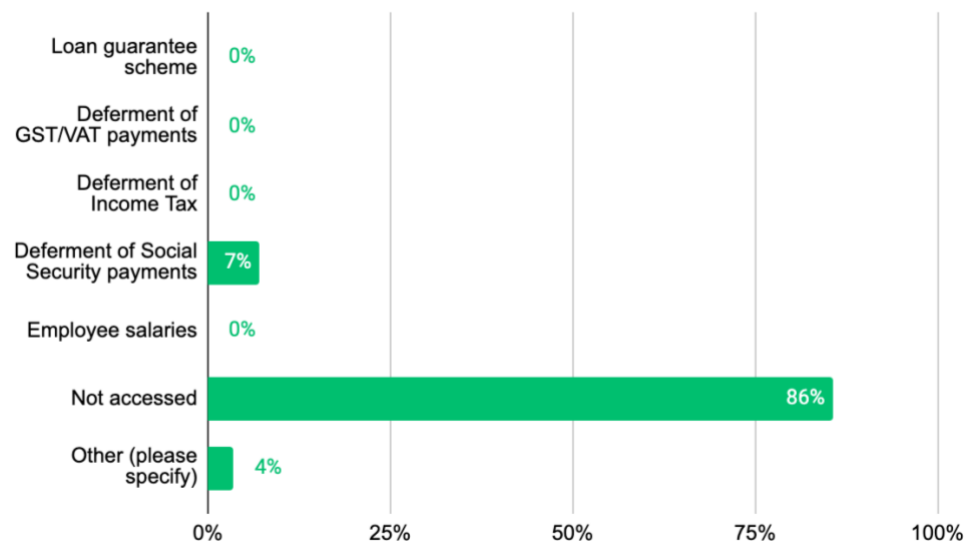
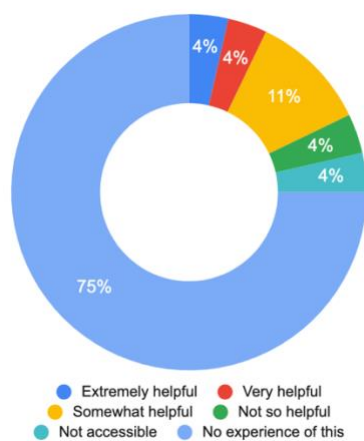


Figure 23: Which of the following have you required?

According to our research, none of the survey's respondents said they have required assistance from the local government, although 7% of companies have requested deferment of social security payments. The survey revealed that a small business grant had been applied for.

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



Feedback on local government assistance has been varied, it ranges from being a “useful potential backstop” to disappointment that “financial services have been excluded and left to fend for themselves”. An interesting personal perspective was that “the local response has been worrying. Minimum wage is nowhere near a realistic measure of the cost of living for most of the island’s population.”

Figure 24: With regards to local government assistance, how have you found this to be?

*“The level of transparency and communication from the government has been commendable and has enabled us to act on a more informed basis.”*

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

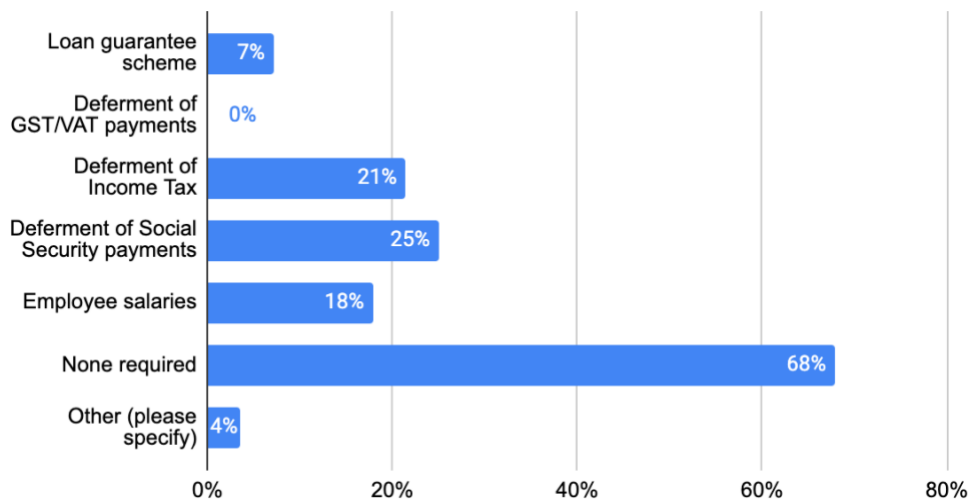
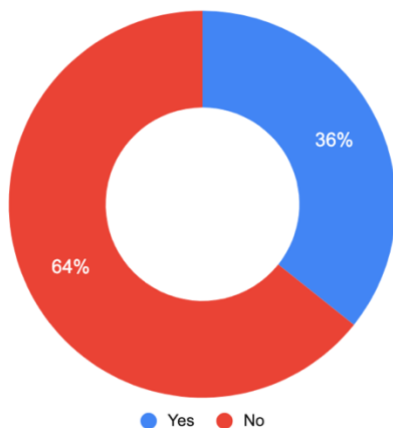


Figure 25: Which of the following elements of government assistance might the company require if the pandemic lockdown continues?

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 some governmental assistance may be required by some, i.e. assistance with employee salaries, deferment of income tax and social security being the most likely.

One who isn’t currently being financially affected but is keen to get back to communal office working shared an opinion voiced by many outside the survey, “I would encourage a phased and safe return to work so that the lockdown restrictions are eased, including for office work, subject to the facts the government team have available [to] support this.”



The findings of our survey identified that slightly more than a third of the respondents have received a range of support from the Guernsey Financial Services Commission (GFSC), these were discovered to be in the general form of deadline extensions, “guidance on electronic verification”, “deferral of report”, or “regular updates regarding changes to standard regulatory practices such as certification of documents, or verification of identity”.

Figure 26: Have you received support from Guernsey Financial Services Commission?

## Impact of COVID-19 on private clients

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

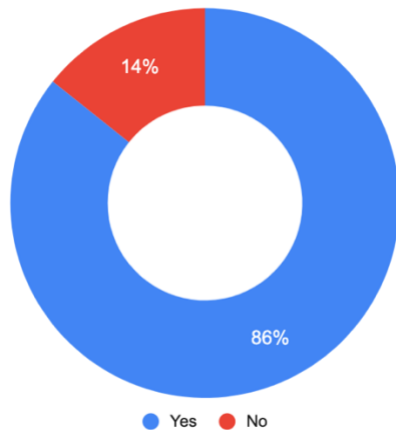


Figure 27: Has the COVID-19 pandemic affected your client/s?

Within this study, Guernsey wealth professionals indicated that 86% of their clients have been affected by the COVID-19 pandemic. The financial impact has been down to a reduction in value of their investments or some businesses have been closed, e.g. hotels, restaurants, retail, which has caused “severe losses” and may take longer to recover if they are able to survive the ‘lockdown’. The majority reported only economic impact and fortunately, just a few reported health implications for their clients, one anecdotal comment being that “finances can usually be repaired over time; health may not be!”

*“the worst is yet to come”*

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

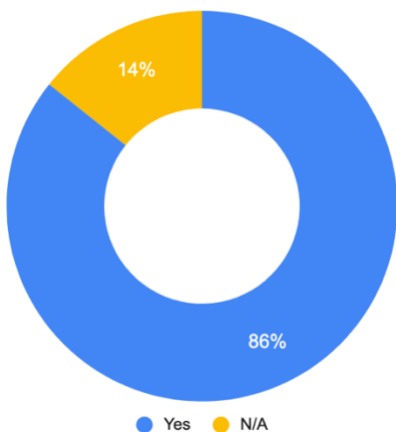


Figure 28: Has the COVID-19 pandemic affected your client/s investment portfolio?

The study also revealed the same percentage have seen their investment portfolio affected, with decreasing values, the extent of which understandably varies from “marginally” to a “sharp drop”; “property transactions have fallen through”, “credit facilities reduced”, “volatility is up” and “precious metals prices have risen ... offset by (often much) heavier losses in equities/funds”. “HNWIs have unrealised paper losses”.

On a more positive note, one respondent reported that “some tech stocks benefitting though”.

*“We are managers not magicians.”*

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

As well as natural concerns about their health and their families, our findings highlighted that clients are understandably concerned about their wealth, the unknown time period and impact on their businesses; "keeping their business solvent", "business recovery", being able to "maintain existing asset values", "liquidity", "recovery of markets" and the "economic and social stability". Private clients, like most of the global population it seems, would like to get "back to normal as quick as possible" but many are also asking, "What the new 'normal' will look like. Behaviours are likely to change but no one is certain how."

Findings obtained during the research revealed that private clients are worrying about the "future business environment", "adapting to the post Covid-19 challenges when we don't know yet what this will look like", but it is expected to have "economic implications" and a "prolonged slowdown in the global economy with no 'V' shaped recovery."

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

The report also shows that the stock market instability has had an impact not just with performance of investments and "loss of asset values / income", but just about everywhere, including real estate, its "shrinking market with both house buyers and investors exercising caution".

One contributor indicated that "clients were defensively positioned with their portfolios they have only suffered about 30% of the market sell off". Confidence has inevitably taken a knock, but service providers remain largely optimistic, encapsulated by one who noted that "it will bounce back".

Private clients are understandably nervous and facing uncertainty. However, one respondent said the collapse of the stock market had brought "opportunity"!

### How have you changed your client relationship management strategy?

The findings of the report revealed that very few companies have felt they needed to make changes to their client relationship management, keeping things "broadly the same"; they have "always been very close to our clients, communicated a great deal and will continue to do so". One participant said they have diverted office phones, are using mobile phones and primarily communicating with clients via email whilst they continue to be "pro-active in communicating and keeping in touch with [their] main relationships". Another echoed others' responses in that they are "trying to ramp up [our] client contact and the advice" on offer; an escalation in contact largely being via telephone conversations or increasingly video conferencing where client confidence allows.

The lack of overseas travel has inevitably had an impact, but service providers are taking a "proactive stance in regular communication" to minimise this, using either more, or alternative methods of communication. This appears to have reassuringly resulted in reports that this pandemic has "strengthened relationships".

## Post COVID-19 pandemic

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?

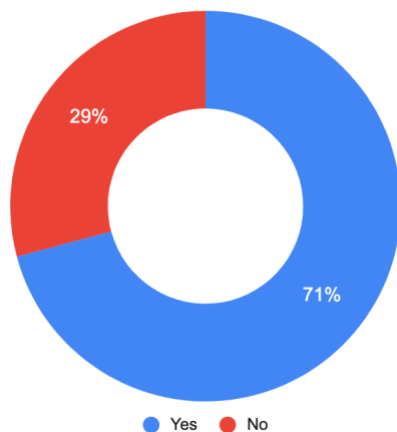


Figure 29: When the pandemic is over, will this change your previous ways of office working?

The study found that a significant 71% of service providers believe that this coronavirus will “undoubtedly” result in changes to how they work in future with “remote working” and “increased use of on-line meetings” seen as inevitable outcomes; “we may allow more staff to work from home as it has been quite a success”; “we have demonstrated the opportunities that flexible and [remote] working offers”; “more engagement with clients and use of video-conferencing for inter-office meetings”; embracing “technology to allow greater flexibility and mobility of workforce” all attest to this.

Significantly, there appears to be an expectation that flexible working policies will be extended or introduced where they were not previously in place. “The effective way that we have worked this past month gives confidence to allow the team even greater scope to structure their work/life balance. Our clients have seen no interruption in service or delays and the team have responded magnificently.” However, it doesn’t suit everybody and brings challenges; “working from home is something that we have adapted to, but it isn’t easy, it’s not enjoyable, and I can’t wait to get my team back into the office. A lot of value and efficiency comes from being together.”

*“Effective leadership is far more challenging with the team working from home.”*

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

Within this research, it was discovered that one Guernsey wealth professional would hope to see an increased appetite for “embracing digital solutions”; another would expect to see a “re-evaluation of things previously taken for granted” and interestingly, “it seems obvious to say that we might well review our commitment to occupying a prime office site”, with another adding “I think we will rotate staff working from home on occasion. We have proved that business can be maintained and managed effectively on a remote basis. Going forward, at least some of the team could work from home in any given week.”

Continuing and improved focus on staff wellbeing and flexible working were frequently mentioned as possible corporate change outcomes post pandemic; “the level of care for each other’s wellbeing has been demonstrated and will be appreciated more”; “respect for one another should increase”; “more collegiate”; “more flexible working hours and locations”; “a drive for more autonomy in our systems and the way we work”; “less travel, more flexibility for work from home if staff want to, more use of video conference technology”. This greater flexibility is seen as an opportunity to “improve moral and performance”. A win-win perhaps for employees and employers?

### *“respect for one another should increase”*

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

Whilst we must all fervently hope that such a pandemic never happens again, our research revealed that some of the Island’s wealth professionals have already given thought to what might be done differently. “Possibly react a little quicker next time.” Greater consideration to home IT systems and improved IT skills for some seems an almost certain outcome, “have the IT infrastructure in place ahead of time”; “ensure staff home IT is improved in terms of equipment”; or “the use of homes to mimic the office exactly”; “better internet” and to “ensure that all significant systems are easily accessed remotely”. Where effective systems have been in place it has been noted that “many clients think we are still working at the office”.

### *“Be more prepared”*



## *“Lessons would have been learnt”*

### *What have you learnt from the COVID-19 pandemic?*

According to the research, whilst business continuity plans are common, implementation of them is rarely conducted. Contributors to the report shared examples of other lessons the pandemic has provided, “an excellent exercise in the actual roll out” of the BCP and the majority of businesses have been able to continue seamlessly despite the disruption to ‘normal’ ways of working; “how adaptable business practice can be given a force of circumstance”. However, one respondent may not entirely agree, having learnt that “some significantly sized businesses around the world have surprisingly little liquidity and resilience!”

Our research indicated that all staff do not need to be “present in one physical location”; “staff have been resourceful”; business can be effective from remote locations and travel is not always necessary as virtual meetings have proved to be successful.

The importance of record keeping methods was raised by a small minority, indicating there is a “need to keep more data electronically - access to hard copy files from home was difficult and inconvenient”. Some regular government actions were also questioned by one respondent: the “suspension of certain government and legal ‘bureaucracy’ only proved some of these functions are not necessary”, suggesting that the “Government needs to update certain processes and can operate with far fewer elected representatives”.

As well as learning about “the resilience of our people and operating systems”, the Island’s wealth professionals revealed that much has also been learnt about the importance of communication, not just between work colleagues but also with clients. “Relationships are absolutely key so reaching out to clients first before they contact you is very important. We have endeavoured to do this as effectively as possible.”

*“We can work effectively remotely and [make] more use of virtual meetings rather than travel.”*

### What impact do you envisage having on your future business?

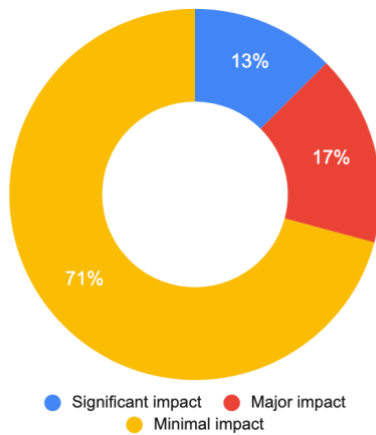


Figure 30: What impact do you envisage having on your future business?

All respondents in this study believe COVID-19 will inevitably have an impact on future business but the significance of this is likely to vary with most (71%) expecting it to be minor. A reduction in business related travel and face-to-face client contact with consequential costs seems certain, which will surely help those businesses who expect to see a decrease in their number of clients, income generation and profit, whilst they potentially need to reduce their fees.

Anecdotally, many have been surprised at the changing or increased abilities of all generations to adapt when no other option is available to them.

### COVID-19 will affect a number of aspects

The findings of the report identified that Guernsey wealth professionals expected the following areas to be impacted in the ways portrayed in Figure 31:

- No respondents expect to see a rise in staffing levels; almost 21% think they will see a decrease in the number of employees.
- The impact on marketing / advertising expenditure will vary across the sector; of those who anticipate a change, 21% of respondents envisage an increase in costs.
- Predictably, almost 80% believe that business travel will decrease.
- The reduction in business travel may be the reason that 63% expect to see a decrease in face-to-face client contact.
- 29% of our survey respondents are anticipating a drop in the number of clients compared with 17% who hope to see a rise in client numbers.
- Income generation is understandably expected to take a hit; well over half of our survey contributors predict a fall in income. However, it is worth noting that 13% are forecasting an increase.
- It is reasonable to see an anticipated 71% fall in profit.
- 63% of contributors to this report imagine they will see a change in fees charged with only 17% of these expecting to see an increase in fees; almost 46% assume that COVID-19 will result in a reduction in fees.

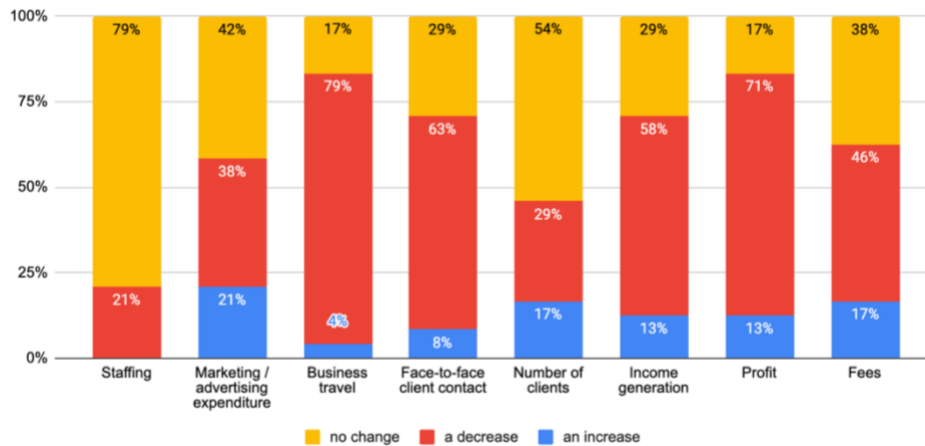


Figure 31: How will COVID-19 affect:

## Conclusion

The impact of coronavirus COVID-19, whilst sudden and unprecedented, has shown that Guernsey private wealth professionals are resilient, adaptable and were generally well prepared. As a consequence, the Island's private wealth sector and their private clients will 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 Guernsey private wealth sector.

The data and views expressed in this report are representative of the 40 respondents of this survey carried out in late April 2020.

Thank you to all those who contributed. Stay safe everyone.

## Methodology

A total of 40 private wealth professionals based in Guernsey participated in this online survey carried out at the end of April 2020

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