



ISLE OF MAN  
FINANCIAL SERVICES AUTHORITY

*Lucht-Reill Shirveishyn Argidoll Ellan Vannin*

**SEPTEMBER 2024**

# INDUSTRY SURVEY

# ISLE OF MAN FINANCIAL SERVICES AUTHORITY ACTION PLAN UPDATE

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# Foreword by the CEO

The work of the Isle of Man Financial Services Authority is driven by our three regulatory objectives:

- >>> Protecting consumers
- >>> Reducing financial crime
- >>> Maintaining confidence in the financial services sector through effective regulation

As part of meeting these objectives, we strive to achieve a high level of transparency and engagement, working closely with businesses, government agencies and international organisations within a dynamic industry.

We always welcome honest and constructive feedback from our many stakeholders.

Your thoughts, ideas and insights help us to gain a deeper understanding of the Island's financial services sector.

We are using the findings from the **independent survey** conducted in 2023 to inform our current plans and future priorities.

You told us what you think about the Authority's performance – the things that are working well, and the areas where you feel there is scope for improvement.

We published an **Action Plan** in October 2023 in response to your

feedback, setting out a series of commitments to address the five main themes to emerge from the survey:

- >>> Inspections
- >>> Transparency
- >>> Communications & Outreach
- >>> People Strategy
- >>> Innovation

Some matters have been addressed through targeted projects, while others have been absorbed into our business-as-usual activities.

This update captures the progress achieved over the past 12 months, using a **'You Said – We Did'** approach to explain the actions we have taken.

Of course, the work does not end with the publication of this report. The survey findings are also helping to shape the Authority's long-term direction of travel by feeding into the production of our next Strategic Plan.

Thank you once again for responding to the survey. Positive collaboration between the regulator and industry will ultimately benefit firms, consumers, and the Island's finance sector as a whole.

**Bettina Roth, CEO**



**The survey findings are helping to shape the Authority's long-term direction of travel by feeding into the production of our next Strategic Plan**

# Inspections

## You said:

*Some respondents believe the timeliness and quality of inspections could be improved, with a focus on more communication and engagement with the inspection team.*

### Commitments we made:

- Review the feedback from actual inspections (including the PEP thematic) and consider any changes to internal processes and/or inspection report format. Consider working with industry and professional bodies to seek feedback before finalising any updates.
- This review will inform the outreach that we will deliver to industry and any changes to the published inspection approach document.
- It will also inform the updated internal training that will be rolled out to inspection staff.

## What we have achieved:

- Governance/referrals process established to take matters forward following inspections and other supervisory engagement to ensure appropriate scrutiny and consistency.
- A software solution has been introduced to assist in informing risk-based AML/CFT/CPF supervision.
- The Authority has published inspection methodology guidance on its website.
- Sessions communicating the Authority's expectations have been carried out with Chief Executive Officers and Directors, and with compliance professionals.
- The Authority conducted a review of its inspection process and considers it to be fit for purpose, however the process will continue to be monitored, with a view to implementing any further enhancements where appropriate.



## What we will continue to do:

- Consider further improvements to inspection reports to ensure findings include sufficient detail to explain the materiality of any observations where appropriate.
- Internal workbooks continue to be an integral part of the inspection process for staff to record observations leading up to, during and following any onsite or desk-based inspection.
- Maintain a programme of stakeholder outreach to raise awareness of the Supervisory Methodology Framework and publicise inspection findings and emerging themes.
- Strengthen working partnerships with industry to support training, guidance and capacity-building among compliance professionals
- Review and refine inspection guidance published on the Authority's website.



**New software informing  
risk-based supervision**

# Transparency

## You said:

*Greater transparency is requested around inspections and enforcement processes, in addition to the publication of key performance indicators and further guidance.*

### Commitments we made:

- Publish Key Performance Indicators (KPIs) on the Authority's website for greater transparency of where we spend our time and how we measure against service level expectations.
- Publish our annual report and lay a copy before Tynwald.
- Continue outreach with stakeholders, including industry associations, on our strategic priorities and supervisory approach.

## What we have achieved:

- Key Performance Indicators (KPIs) have been uploaded on the Authority's website in respect of:
  - the number of Fitness and Propriety (F&P) assessments dealt with over a period of 12 months and the average number of days to process.
  - the number of engagement activities undertaken over a period of 12 months, with an overview of the nature of the communications with both our domestic and international stakeholders.
- An 'at-a-glance' timetable for 2024/25 has been published to keep Island firms and other stakeholders informed of forthcoming data requests, thematic reviews, inspections, events, consultations and reports.



## What we will continue to do:

- Publish additional KPIs during the remainder of the year, to provide further transparency on where we spend our time.
- Publish the results of progress made during the last 12 months within the Authority's Annual Report, in addition to our regular outreach and engagement with stakeholders through in-person meetings and presentations, newsletters, bulletins, webinars, and news releases
- Update KPIs already published to keep refreshed and relevant.



**We are publishing more  
KPIs on our website**

# Comms & Outreach

## You said:

*Some firms view the Authority's relationship with industry as less collaborative and more arm's-length.*

### Commitments we made:

- Continue programme of outreach with industry and professional bodies through a number of different methods, including in-person meetings, presentations, webinars and bilateral meetings.
- New supervisory framework sets out an engagement model, which includes approaches to be taken with regulated and supervised entities.
- Review feedback received through the various channels and incorporate into our future communications approach.

## What we have achieved:

- Communicated with Island firms in line with the approach set out in the Authority's supervisory engagement models.
- Hosted an event for CEOs and Directors, and presented to key industry forums and groups, including the Manx State of the Nation conference.
- Issued quarterly stakeholder e-bulletins to provide a snapshot of developments at the Authority. Broadcast webinars on relevant topics and issued the first edition of an AML Focus newsletter.
- Published reports in relation to the Own Risk and Solvency Assessments (ORSA) thematic review, Group of International Finance Centre Supervisors (GIFCS) evaluation, Proliferation Financing survey, TCSP Business Risk Assessment, Accounting Profession Customer Risk Assessment, and Estate Agents thematic review.
- Invited feedback on a range of important topics via public consultations, discussion papers and calls for input.
- Launched 'Beneficial Ownership Tuesday' and 'AML Wednesday' campaigns on LinkedIn to raise awareness of relevant issues.



## What we will continue to do:

- Progress the organisation of a major Countering Financial Crime Conference in October 2024.
- Support industry bodies by speaking at events and working collaboratively to strengthen relationships, training, guidance and capacity building.
- Update our online calendar to provide a snapshot of our activities for the months ahead.
- Provide proactive updates on developments at the Authority through newsletters and bulletins, and publish the outcome of thematic reviews, surveys and questionnaires.

# People Strategy

## You said:

*Respondents feel that resourcing constraints and the loss of some experienced staff mean the Authority sometimes does not have an in-depth understanding of the businesses it regulates.*

### Commitments we made:

- Increase coaching offering to accelerate development in key roles.
- Provide support for professional qualifications strategically in order to upskill ahead of demand.
- Improve workforce planning to include engagement, development and succession plans.
- Continue to participate in government-wide initiatives to create capacity.
- Roll out additional staff training in line with feedback to ensure consistency and quality of interaction with firms.

## What we have achieved:

- Our restructuring provided opportunities for our people to grow into new roles and responsibilities and also to onboard new talent. People development, including technical and soft skills training, coaching and mentoring, has become a key focus.
- We invest in professional qualifications across a range of specialisms and have created a skills matrix to ensure that we are alerted to any gaps. We have also taken steps to ensure that skills are not lost when an individual retires or leaves by formalising our approach to succession planning.
- We have implemented ways for staff to have their voices heard and contribute to overcoming workplace challenges. We monitor employee engagement through a quarterly survey, ensuring that any issues are resolved in a timely manner.
- Our engagement with the wider Isle of Man Government ahead of the next MONEYVAL evaluation has provided our people with exposure across various agencies to reduce the duplication of effort, and has provided opportunities for both training and knowledge-sharing.



## What we will continue to do:

- We are committed to building skills, not just within our own workforce but also through collaboration with other agencies and with the next generation. We are partnering with UCM to support the delivery of in-demand training and education in business administration, compliance and AML.
- Our officers seek to enhance their knowledge through in-person and online training, engagement with other regulators and attendance at international conferences and meetings.
- We continue to engage with Government and other stakeholders to develop our staff and contribute to cross-government initiatives.

# Innovation

## You said:

*Firms would welcome greater use of technology and further automation of processes to enhance interaction and help reduce the cost of compliance.*

### Commitments we made:

- Launch Innovation Hub in collaboration with Digital IOM and Finance IOM.
- Develop new AML/CFT analytical tool in conjunction with the Gambling Supervision Commission.
- Continue to update data management and financial returns process to achieve straight-through processing into warehouse.
- Roll out further thresholds in Business Intelligence (BI) tool to allow for exception reporting.
- Continue the dialogue with stakeholders about how innovation can reduce the compliance burden.

## What we have achieved:

- The Innovation Hub, a collaboration between the Digital and Finance Agencies and the Authority, was launched in November 2023. The Hub strengthens understanding of innovative propositions and how best to support them. It is a key part of efforts to embrace new products, services and solutions while ensuring appropriate compliance and consumer protection.
- In conjunction with the Gambling Supervision Commission, we have developed and implemented a new AML/CFT analytical tool.
- Data models and reports have been developed to facilitate analytics and KPIs to enhance the gathering of automated statistical data in addition to supervision data from our back-office systems.
- We have worked with industry to extend the use of our data warehouse by introducing new sector specific returns. We have launched returns for Financial Advisers, Trust and Corporate Service Providers, Investment Business and Fund Service Providers and Insurance Intermediaries.



## What we will continue to do:

- Transition existing returns to data warehouse and maintain dialogue with stakeholders about how innovation can reduce the compliance burden.
- Progress the collaboration with start-up AI firm Regsearch to explore ways to enhance website accessibility and user satisfaction.
- As part of the Innovation Hub, we also provide an Observatory for unregulated activity, as a way of offering appropriate pathways for firms to develop their propositions.
- Roll out threshold checks within our Business Intelligence tool to support analysis through exception reporting.



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