

The Treasury

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PRESS RELEASE

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Savings Protection to be £50,000

The Island's many strengths as a jurisdiction make it well placed to weather the current world financial storm, Treasury Minister Allan Bell MHK said today (Tuesday October 7, 2008).

The Minister gave the reassurance while announcing that the Isle of Man's deposit protection would be increased to £50,000 for both local and international individual depositors.

He commented: 'Financial systems around the world have entered uncharted waters, and the Isle of Man cannot expect to be immune from the implications of what is happening elsewhere.

'However, we can take comfort from the diverse nature of our economy - and the underlying strength of our finance sector and banking system - which provides us with a broad and robust platform of business activity.

'We also have a strong and prudent regulatory system, regularly and independently reviewed. The steps that the Island has taken over the years to achieve an internationally endorsed regulatory system also stand us in good stead.

'Another strength is the good working partnership between Government and the business sectors, which means that together we can keep a close eye on developments and deal with any issues that arise.

'Last but not least, the Isle of Man has a track record of meeting international challenges and change with resilience and resourcefulness. That track record should give us confidence in these uncertain times.'

The Minister went on: 'However, I am also aware that people both on and off the Island are looking to me for leadership and clarity on the specific actions we intend to take. Therefore I am announcing today that I intend to raise the limit of protection for deposits of individuals to a maximum of 100% of £50,000.

'In keeping with our position as a well-respected small international finance centre, this new level will apply to all individuals wherever resident, not simply to Island residents.'

Mr Bell will seek Tynwald approval to the revised protection limit at the October Tynwald. Mr Bell indicated that he recognised the importance of the views of Banks in this matter and confirmed that he would continue the consultation with the Bankers' Association on the detailed aspects of the Scheme in the period up to the October Tynwald.

The Minister concluded by emphasising that he believed his new measures would give further confidence to depositors, with the limit expected to cover approximately 95% of all individuals' deposits. Protection will apply per depositor, per bank. Deposits not placed by individuals will not be covered.

'We have had a Depositors' Compensation Scheme in place since 1991, which for most of that period was equivalent to or better than the situations in many other countries. With these changes we will continue to have a scheme offering excellent real protection to individual depositors, wherever they live.' concluded Mr Bell.

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