

The deception services industry

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There's a good article on ['Is this Jersey'](#) in which someone called Niccolo M (who as far as I know I am unacquainted with personally) discusses the way in which those with a social, and maybe left wing, conscience, should deal with their opposition to the tax haven in Jersey. There are several good things about this article:

- 1) It is honest;
- 2) It is asking difficult questions;
- 3) It is accepting that there are no easy answers;

If all were so candid life would be so much better. From my perspective (since I get a mention) there's also a welcome recognition and acceptance that some things I say are noticed and accepted when Niccolo says:

The second issue is Finance itself - having been attacked by Walker, Richard Murphy honestly responds that he doesn't want to see the end of the finance sector. An opinion certainly and one that has legitimacy. Richard is an ally but he has said in the past that he is no socialist. Again, fair enough.

Let me set out my stall on the two issues the article actually addresses. The first is the Jersey fulfilment industry, where no one was more surprised than me to find Deputy Geoff Southern (one of the most enlightened members of the States of Jersey) defend the industry in a [recent report](#) from a Scrutiny Committee of that parliament. I prefer not to guess people's politics, partly because I am aware that many get my own so badly wrong, but I had expected something different from Geoff, who I have met (although that's true of a great many of Jersey's politicians). I think he was motivated by concern for people's jobs, because he seems that sort of man, but i think he was misguided.

My position on fulfilment is unambiguous. It's a parasitic trade, with each of the 70 jobs it creates in the Jersey economy costing the UK economy at least £1.28 million a year based on data in the Pre-Budget Report. And it undermines many more jobs in the UK.

Furthermore, it survives only on the basis of technical abuse of a law which was never intended for the purpose for which it is now used. Jersey itself has a duty to close down this activity which brings it into such disrepute and which overall clearly causes economic harm. Any state which seeks good relations with its neighbours should be willing to take such action. It is likely that the goodwill gain would pay Jersey back many times over the marginal loss in local employment. This is a straightforward open and shut case. Jersey's duty aligns with that of the UK because this trade has no real economic substance.

Finance is much harder. Anyone who has been, and is in business, as I am, knows there is a role for finance. The first thing I do when I set up any activity is make sure it is insured. And any organisation needs to account for the resources it manages. Banks are necessary. I could go on to mention pensions, the need to manage savings and the need to manage capital resources effectively. I think these are all essential, in Jersey, as anywhere. So there is a role for the finance industry.

What is not required in Jersey is the [deception](#) industry. Let's be clear about this. Despite what Jersey claims it is not an offshore financial services centre. And despite what Jersey claims I can find almost no justification for such places anyway. My guess is that if Jersey could prove that a transaction had to take place offshore to prevent double taxation (and by that I do not mean the normal circumstance where a corporate vehicle pays tax on its profits and an individual might also pay tax on distributions from that company, but a situation where the same profit was taxed twice in the same hands without the second charge giving credit for the first) then I could accept that was a valid use for the location. However I suspect that these are exceptional and very hard to find. These apart, as far as I can tell (and I've made honest enquiry) what Jersey does not do is to sell unique or distinct financial services which originate in the territory. It does instead supply secrecy for transactions conceived and managed outside the territory. The proper name for this is the deception services industry.

Just for the record, the one thing Jersey might have to offer, which is the rare prevention of double taxation, does not require secrecy. In fact, it would work best when transparent. However, the provision of double non-taxation (i.e. avoiding tax altogether) does require secrecy, because it is frequently illegal if all facts relating to it are known by all governments who might have an interest in it (if only they were aware they had). This is the activity in which Jersey is predominantly engaged.

So let's be clear. We should not have a problem with finance per se. Any society needs it. But what we should have is an interest in an open, transparent, honestly managed finance industry. We have not got that. And we might also be interested in structures that ensure that the benefits of finance are equitably distributed, which is not the case now. Perhaps most of all, we are interested in finance that does not exist to exploit, as much of the current secret infrastructure of world finance is designed to do at cost to the poorest people in the world.

This is the debate, and you don't have to be a socialist to be engaged in it. You just need a social conscience. And what a social conscience will not let you do is defend employment in an industry that was established to be harmful. That's the case for the offshore financial services industry (anywhere, not just in Jersey) and it is as indefensible as the slave trade, pornography, and the trade in illicit drugs. All destroy lives, and in all cases those who organise and manage those trades must know that to be true.