Capital investment trends in Jersey: A small island with big potential

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In the ever-evolving landscape of business investment, staying ahead of the curve is crucial for small to medium-sized enterprises (SMEs) in Jersey. As we look towards 2025, several key trends and opportunities are emerging that can help local businesses thrive.

Capital investment is shaped by transformative forces like technology, sustainability and demographic changes. The Government of Jersey £20million Better Business Grant managed by Jersey Business is a significant catalyst for opportunities.

The Better Business Grant

The Better Business Grant is a game-changer for Jersey businesses, offering up to £5.3 million in grant funding to support productivity, skills development, and visitor economy initiatives. This 50/50 match funding is a fantastic opportunity for businesses to invest in their future, enhance operational efficiency, and drive economic growth. While individual major grants are capped at £75,000, eligible businesses can significantly increase their funding by applying for multiple grants across diverse programs. This allows for a cumulative funding effect, enabling substantial investments in productivity, skills, and visitor economy development, thus obtaining funding far in excess of the single £75,000 amount.

Why does productivity growth remain stagnant or decline despite advancements in technology and improvements in education and skills? .This phenomenon known as the productivity puzzle refers to stagnant productivity growth despite advancements in technology and other areas. This issue is not

unique to Jersey but is observed globally. In Jersey, the productivity puzzle is particularly concerning given the island's reliance on the finance sector and the challenges posed by demographic changes and rising costs. Addressing this puzzle involves investing in technology, upskilling workers, and optimising processes to enhance productivity and economic growth.

Business leaders and senior managers in Jersey should explore the Better Business Grant opportunities now to boost productivity and competitiveness.

Let’s examine the prevailing capital investment trends—AI, green technology and sustainability, and healthcare—that are currently generating significant momentum. How do these 'hot' sectors translate to opportunities within Jersey's unique economic landscape?

Artificial intelligence

AI is rapidly transforming all industries. Jersey's financial services sector is poised for significant change. AI tools are already reshaping banks and trust companies through enhanced compliance, streamlined client onboarding, and advanced data analytics. The legal sector is also impacted by the use of large language models (LLM) improving lawyers’ productivity through faster document analysis and legal research.

Beyond finance and legal, AI empowers local entrepreneurs to improve customer communication, automate responses, take bookings from clients and analyse visitor preferences, significantly boosting efficiency in tourism, retail, and other SMEs. For solo entrepreneurs or small businesses with limited resources, managing client calls and bookings can be challenging. AI-powered technology provides a solution by answering calls, responding to WhatsApp messages, and directly scheduling appointments in your calendar. Retail stores could use AI-powered chatbots on their websites to provide personalised product recommendations and answer customer inquiries 24/7 creating a local advantage compared to buying on Amazon. Local hotels could utilise AI to create personalised messages for clients before arrival, or after departure, to increase the likelihood of return visits.

The current geopolitical climate with uncertainty emanating from the US, is driving an increased demand for sovereign tech infrastructure, including data centres, in Jersey, due to the island's political stability.

To further accelerate AI adoption, digital transformation and automation,

Digital Jersey provides targeted training programmes that equip individuals with the essential digital skills giving exposure to AI with a view to increase productivity and create a new generation of entrepreneurs launching digital start-up businesses.

Jersey Business itself has seen significant gains from investing in a data capture project and adopting AI in 2024. Investing in technology not only boosts efficiency but is also a requirement for businesses to remain competitive.

Green Technology and Sustainability: opportunities for local businesses

Jersey has made an ambitious pledge to achieve a net zero carbon emission by 2050. This creates massive opportunities for the local businesses.

Energy-efficient retrofits, such as improved house insulation, are becoming a focal point, with the government exploring stricter regulations to ensure new and existing homes meet higher energy performance standards. While specific legislation akin to the UK's updated Building Regulations mandating better insulation and low-carbon heating has not been fully detailed for Jersey yet, the Carbon Neutral Roadmap signals intent to align with such standards.

The rising adoption of heat pumps, which are three-to-five times more energy-efficient than traditional gas boilers creates opportunities for local businesses to meet these new needs. In Jersey, this shift is critical, given that 80% of its energy is imported from France.

Across both residential and commercial buildings, heat pumps are becoming the preferred heating solution, this is particularly true for farming and heating greenhouses or farm buildings. The demand for solar installations is gaining traction, with small-scale photovoltaic systems increasingly dotting rooftops.

Hospitality businesses, for instance, can see a dual benefit. By adopting heat pumps and insulation, they reduce their environmental footprint while simultaneously cutting operational costs and safeguarding against the volatility of global energy markets.

It is important to note that these examples, such as improved house insulation and heat pump installations, are provided to illustrate how capital investment can support business resilience and growth rather than prerequisites for an application to the Better Business Grant funding.

The primary focus of the Better Business Grant is to support projects that demonstrate clear and measurable productivity gains. While investments in energy efficiency can contribute to resilience and long-term cost savings, funding decisions will ultimately be based on the applicant's ability to demonstrate how their proposed project will enhance productivity. Businesses considering energy-efficient retrofits should clearly articulate how these improvements will lead to tangible productivity enhancements within their operations to strengthen their Better Business Grant application.

Healthcare: Supporting an Aging Population and Preparing the Future

Jersey's demographic landscape, with 18% of residents aged 65 and over in 2021 and projections of continued growth, presents a critical need for targeted healthcare investments.

This aging population, coupled with Jersey's high GDP per capita of £54,000, fuels demand for premium, tech-driven healthcare solutions.

Consider the potential: AI-powered retinal scanning, a technology that could be deployed within private clinics, offering early detection of diabetic retinopathy —a prevalent condition among older adults. Or imagine a network of telehealth hubs, strategically located in rural parishes, providing access to specialist consultations and reducing the strain on the island's single hospital system.

These innovations not only enhance the quality of care for Jersey's residents but also open doors for private investment in specialised services like geriatric care and remote patient monitoring.

The Government of Jersey's Better Business Grant, with its £2.3 million Productivity Grant, is designed to support local SMEs in adopting these technologies. For instance, a local care home could leverage this grant to implement AI-driven monitoring systems, improving resident safety and staff efficiency. Additionally, funding available from the Skills Grant element of Better Business Grant can fund training programs for healthcare professionals to utilise these new technologies, ensuring a skilled workforce.

While Jersey's size may limit large-scale infrastructure projects, its agile environment and high-income status make it an ideal location for piloting and deploying innovative healthcare solutions.

To learn how the Better Business Grant can assist with enhancing productivity

and innovation in your business, please click here.

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