



What is the Central Bank of Ireland's role in Europe?



This is a transcript of our animated explainer video: “What is the Central Bank of Ireland’s role in Europe?”

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Alex: Good morning, you’re through to Alex.

How can I help you today?

Nessa: Morning Alex.

My name is Nessa and I’m a student down here in Cork.

I was wondering if you can explain something for me?

Alex: Sure Nessa. Go ahead.

I’m writing a paper on European integration and I’m keen to learn more about the specific role the Central Bank of Ireland plays in Europe.

Alex: Sounds interesting!

Well Nessa, the Central Bank of Ireland works closely with our partners in Europe to help look after the European financial system.

Let me explain.



Firstly, the Central Bank of Ireland is part of something called the Eurosystem.

The Eurosystem is made up of the European Central Bank, or ECB for short, and all the other central banks that use the euro as their currency.

Because we're all part of the same team, so to speak, we all use the same money.

So, we need to have the same monetary policy.

This means that key interest rates, which influence the cost and availability of money in the economy, are the same across the euro area.

Every six weeks our governor meets with all the other governors of the central banks in the euro area and members of the ECB.

At the meeting, they decide whether to increase key interest rates, decrease them or leave them unchanged.

Their goal is to keep prices stable across the euro area.

Nessa: Ah, OK!

But like, why are stable prices so important?

Alex: Stable prices are important because it means that the cost of the things you need to buy shouldn't change much from one month to the next.

This protects the value of the euro in your pocket and helps to maintain your purchasing power.

Nessa: Well I'm glad someone is doing something to keep the prices in check!

Alex: Another big part of the Central Bank's role in Europe is to help monitor the safety and soundness of Europe's largest banks.

We do this through our membership of something called the Single Supervisory Mechanism.

Just like the Eurosystem, the Single Supervisory Mechanism is made up of national supervisors of the other countries in the euro area and the European Central Bank.

Together, we supervise Europe's banks to check that they are financially healthy so that your savings are safe.

Nessa: So kind of like a referee?

Alex: Exactly!

Nessa: And what else do you do in Europe?

Alex: We also contribute to what's known as the European System of Financial Supervision.



This is a group of European organisations that span the worlds of banking, finance and insurance.

They share the common goal of ensuring that the same, high-quality financial rules and standards are applied across Europe.

Nessa: Well that's really good to know because I suppose we should all be playing by the same rules after all.

Alex: I know!

It's all about teamwork, working together to help keep the European financial system strong and stable, which in turn helps to keep Ireland's financial system stable.

Nessa: Thanks so much for that Alex.

[Banging on door] Come on Nessa!

Nessa: And speaking of teamwork, I have to run.

I've to go play a match.

Alex: OK, good luck Nessa!

Thanks for your call.