



How does the Central Bank of Ireland supervise firms and investigate potential wrongdoing?



This is a transcript of our animated explainer video: “How does the Central Bank of Ireland supervise firms and investigate potential wrongdoing?”

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Alex: Hi there, I’m Alex.

Can I help you with anything?

Ned: Oh, hello Alex!

Ned is my name.

I must say, you have a great exhibition here.

I’m after learning a lot about what you do.

Alex: Thanks Ned. I’m glad you found it useful.

Ned: Tell me this now. One thing I don’t understand is: how do you supervise firms and investigate any potential misbehaviour?

Alex: Ah, no problem Ned. I can clear things up for you.

We regulate Ireland’s financial industry, including banks, credit unions, insurance companies, investment firms, financial brokers and payment companies.



As regulator we need to supervise these firms to check that they follow the rules and standards set by us, our parliament and the European Union.

To do this, we use a strategy known as “risk-based supervision”.

This means, we spend more time supervising firms or industries that would pose the greatest potential harm to consumers and the wider potential financial system if they were to fail.

Ned: Ah right. Interesting.

But how does this work in practice?

Alex: Well Ned, firstly we review detailed applications from financial services firms before deciding whether or not to grant them a licence to operate.

We review the level of capital, or financial resources, the firm plans to inject into the business.

What its proposed business model is as well as its policies and procedures.

We also check that individuals in senior roles within the firm are properly qualified and that the firm ensures that its staff have the right skills and experience to do their job properly.

Think of us as a gatekeeper where we control which firms enter and also stay in the market.

Secondly, we conduct ongoing supervisory work where we monitor and engage with the firms that are operating in the market.

As part of this we require firms to submit lots of information to us.

We then check this to ensure they are abiding by the rules, are run well and are financially sound.

We also have a wide range of monitoring tools at our disposal which we use to monitor firms’ behaviour.

For example, we conduct mystery shopping exercises to check that firms are treating you fairly when you buy a financial product or service.

We carry out general reviews of particular topics and sectors within the financial industry.

We monitor financial advertisements to check that they’re fair and don’t mislead you.

We carry out onsite inspections to investigate particular topics or specific matters.

Ned: Well, I have to say, it all sounds very thorough.

But what happens if you suspect wrongdoing?

Alex: Well Ned, if we have reason to believe a firm, or an individual managing a firm, is failing to comply with their legal obligations, we will address the issue.

Sometimes, this will be a matter of instructing the firm to change its behaviour.

Other times, it will mean reporting our suspicions to the Gardaí, the Revenue Commissioners or other relevant authorities.

Often however, it will require a more in-depth investigation by us.



For this, we have teams of lawyers, accountants and investigative specialists trained to gather evidence of potential wrongdoing.

Among their investigative powers, they can require a firm to hand over documents, compel individuals to attend interviews if we think they may have knowledge of wrongdoing, conduct inspections in a firm's premises or hold inquiry hearings in public.

Ned: Ah right.

But what action can you take against a company or person that is guilty of wrongdoing?

Alex: Ah, that's where our enforcement powers come in.

These powers allow us to issue a reprimand or fine against a firm or individual that has failed to comply with their requirements.

In the most serious cases we can withdraw a firm's licence to operate or ban an individual from working in the financial industry.

Ned: Oh, sounds like that'll do the job.

It's all about upholding high standards in Ireland's financial industry Ned so you are protected when you buy a financial product or service.

Ned: Ah, thanks for the detailed explanation Alex.

It's good to know someone is keeping a watchful eye over the financial industry.

Alex: You're very welcome Ned.

Ned [as a cow suddenly pokes its head into the exhibition tent]: Oh! Begod you have another customer, look!

Alex: Oh, hello there! Is there anything I can do for you?

Ned: Alex you're some craic!