



Banking & Payments  
Federation **Ireland**

# **Enhancing our Engagement with Stakeholders – *Central Bank of Ireland***

**Consultation Paper 136**

**11<sup>th</sup> May 2021**

# Introduction



BPFI is the voice of banking, payments and fintech in Ireland. BPFI is the umbrella body representing over 100 firms and encompassing three affiliate bodies, the Irish Payments Council (IPC), the Federation of International Banks in Ireland (FIBI) and the Fintech & Payments Association Ireland (FPAI). The sector's represented include retail banking, international banking, fintech, payments, non-bank lenders and credit servicing firms.

BPFI strongly welcome the proposals of the Central Bank of Ireland (CBI) in relation to enhancing engagement with stakeholders. In particular, we welcome the expressed intention to retain existing engagement platforms, something all Members very much value while also extending this engagement to facilitate greater discussion of cross-sectoral, strategic issues that affect the Central Bank's oversight of the financial system. We agree strongly therefore with the CBI in its statement that the proposed approach will seek to complement existing forms of formal, informal and bilateral stakeholder engagement, not replace them.

We believe that the enhanced engagement proposed will play an important part in the sharing of knowledge to develop a deeper understanding of on the one hand, different stakeholder perspectives and on the other, regulatory expectations. We agree that the proposals can make an important and positive contribution to better inform strategies in the ongoing progress towards the delivery of a financial services industry in Ireland that meets the needs of all stakeholders and society.

Finally, we strongly welcome the proposed industry roundtable and BPFI commit to work in a collaborative and constructive manner with the CBI and other stakeholders to ensure the success of this new forum, a new and important part of the Central Bank's engagement model.

Please find below answers to Questions 1-9. BPFI stand ready to discuss any aspect of our response with the CBI.



**1. Do you agree with the proposals outlined above to enhance the role of the Consumer Advisory Group?  
What further enhancements could be made, given its statutory mandate?**

BPFI agrees with the proposal and indeed, strongly supports CBI engagement with a diverse group of civil society representatives, including consumer advocacy groups, civil society groups, and academics, to name a few. For example, BPFI strongly welcomed recent stakeholder interaction in 2020 and 2021 on distressed debt which saw widespread participation and important debate and discussion among all stakeholders. While BPFI has no objection to 'enhancing the agenda' to include financial regulation and financial services more broadly across the Central Bank's mandate it would be useful to understand better the objectives of such an enhanced dialogue and whether there is a direct role for the practitioners in the financial services sector here in Ireland to be represented in such a discussion or not.

**2. Do you agree with the proposals outlined above to enhance the role of the Civil Society Roundtable?**

BPFI agrees with the proposal and indeed, strongly supports CBI engagement with a diverse group of civil society representatives, including consumer advocacy groups, civil society groups, and academics, to name a few. BPFI notes that Membership could also include representatives of vulnerable categories of consumers which if considered may help ensure this important perspective is more fully articulated through that forum. The proposals seeking to add to the representation at the Civil Society Roundtable (CSR) and to dedicate a meeting annually to consider consumers' interaction with the financial system should help better inform the CBI agenda and strategies, when aggregated with outputs from the Consumer Advisory Group and continued engagement with other stakeholders and industry representatives. Similar to the CAG, BPFI would ask whether there is a direct role for the practitioners in the financial services sector here in Ireland to be represented in such a discussion or not.

**3. What other formal or informal mechanisms could the Central Bank consider to engage with civil society and consumer groups to ensure their perspectives and insights into the financial system are considered in decision-making?**

While there is a facility on the CBI website for users to make complaints and protected disclosures, the CBI could also consider having a facility on the website where users / groups could make suggestions or provide feedback, so that these could be received and considered on an ongoing basis. Such submissions could also be part of the Consumer Advisory Group and Civil Society Roundtable considerations.

**4. Do you agree that the Central Bank should look to formalise the current industry forum roundtables to discuss cross-sectoral, strategic issues relating to the financial system as set out above?**

Yes, we strongly agree with the establishment of an industry forum roundtable to discuss cross-sectoral, strategic issues relating to the financial system. BPFi commit to work in a collaborative and constructive manner with the CBI and other stakeholders to ensure the success of this new industry forum, a new and important part of the Central Bank's engagement model.

We set out in our response to question five several suggestions we believe will enhance the functioning of such a forum. The forum will no doubt ensure a shared understanding of key issues facing industry participants and allow for exchange on the future strategic direction of the financial services sector, in addition to Ireland's role as a European finance hub. However, BPFi would caution however that this new industry cross-sectoral roundtable should not replace existing engagement structures whether at an industry level or a firm level. Indeed, such existing structures offer both parties unique opportunities for sharing of specific insights not suitable for a wider forum.

**5. If yes, are there any suggestions you would like to make the regarding the establishment of such a forum?**

BPFi would make the following suggestions regarding the establishment of such a forum;

- Similar to the Consumer Advisory Group, the Group should meet a minimum of four times per year. The proposed frequency of twice annually (one of which may be limited by timing to align with the proposed Conference) in our view fails to fully recognise the potential advantages to the CBI, the industry and other stakeholders of such an important dialogue and open exchange, something widely relied upon in other jurisdictions in Europe and further afield. This approach would align with the UK's Practitioner Panel where meetings take place quarterly and the group is available to be consulted on specific high-level issues.
- BPFi believes the forum meetings should be chaired by the Governor of the Central Bank and agendas should be prepared sufficiently in advance, in collaboration with forum members. It is particularly important that the CBI representation also consists of sufficiently senior management, as well as any subject matter experts for the topics at hand. Where appropriate, and depending on the topic, it may be appropriate to have representation from the Department of Finance and/or other guest presenters.
- The industry forum should not replace the existing engagement by the Central Bank with specific sectors, industry bodies and firms.
- The forum should be made up of industry representation via industry associations which are large in size and have a significant number of members. This would help ensure that group can have an effective and efficient dialogue and not extend beyond the twenty industry participants proposed. We believe this would appear to strike a good balance between the forum being sufficiently representative of the various sectors in the Irish financial services industry, and the forum being sufficiently small to enable contribution to the discussion by all present. Nonetheless, it is essential to ensure maximum representation across the sector and perhaps a final list of all relevant financial services industry representatives and affiliates should be drawn up before agreeing on a specific limited number of participants. In some cases, it may be appropriate for certain industry bodies, depending on the breath of representation, to have a higher number of representatives to reflect the relative importance of each sector it represents. BPFi would be happy to work with CBI on how best to ensure engagement of the wide range of sectors we represent (retail banking, international banking, payments, fintech, non-bank lenders and credit servicing firms) and would suggest in the first instance that the industry chairs of BPFi, FIBI and FPAI are present alongside the CEO of BPFi.

- In reviewing other jurisdictions approaches, we understand those that operate best don't allow formality to get in the way of having a fruitful exchange. Therefore, the key focus should be ensuring that there is an exchange of information in as transparent and open manner as required. It is essential that the forum dialogue is constructive, open and conducive to debate and discussion on strategic matters of interest to the industry and to the CBI. An open, transparent and two-way dialogue will facilitate more considered outcomes.
  - The forum agenda should be agreed sufficiently in advance to ensure adequate preparation and should focus on cross-sectoral, strategic, and forward-looking issues. We agree that the forum is not the best place to review effectiveness of existing legislation/rules, even if this is cross-cutting. The forum should be considering topics (both opportunities and risks) that will shape the Irish financial system over the next five, ten or fifteen years – rather than spending too much time looking back at the past. Possible topics for discussion could include;
    - Industry developments and trends
    - Competitiveness and strategic positioning of the Irish financial sector
    - The operating environment for firms
    - International agenda policy debates and discussions
  - With regard to the administration of the forum, Members ask if there will be a Terms of Reference ("TOR") available for the proposed meetings? It would be particularly useful to understand the decision making and action orientated approach to the forum. For example, the forum's terms of reference could state that the outputs and conclusion of the forum will form part of the Central Bank's setting of priorities and help shape the Central Bank's strategic plan. BPFi believe that metrics could be agreed to provide insights as to what successful outcomes are to be achieved through the forum on an annual basis, and to ensure execution focus on key priorities and tangible outputs. All agreed outputs of the forum should be tracked through to delivery to ensure effective implementation and accountability.
  - Clarity is required on whether the discussions at the forum will be a matter of public record, or whether discussions will occur on a Chatham House basis (with perhaps a summary of the key points of discussion issued by the CBI for public record). BPFi propose a balanced approach where there is appropriate transparency but also ample opportunity for all Members of the forum to speak freely and frankly together.
  - We believe that the industry forum should be completely separate to the new proposed Financial System Conference.
  - We would suggest that the CBI consider the benefits of an independent annual survey such as the one used in the UK's Practitioner Panel. This could be commissioned to offer input on strategic and operational objectives in an effective manner.
  - Finally, the position in relation to whether engagement by regulated firms with the CBI through these more structured arrangements and fora would constitute either i. lobbying activity or ii. excepted communications would need to be clarified, if senior CBI officials are categorised as Designated Public Officials in the future, as is under consideration.
- 6. If no, how do you think the Central Bank should seek to discuss cross sectoral, strategic issues relating to financial sector oversight with the relevant industry stakeholders?**

N/A

## **7. Do you have any observations in respect of the proposed Conference?**

BPFI strongly welcome the proposal for a Financial System Conference where stakeholders can engage with the Central Bank, and with each other, about the strategic issues affecting the oversight and operation of the financial system in Ireland. Indeed, such events and outreach are very much welcomed by BPFI, its Membership and stakeholders. Please find below a number of observations in response of the proposed conference:

- The industry forum should be completely separate to the new proposed Financial System Conference.
- Although the event would be “invitation only” following a call for interested attendees, we also understand from the consultation response that it would be “open to the public” and the media. Could the intention be clarified? In the view of BPFI the event should be webcast live so that anyone can follow it, ensuring panel discussions or presentations reach a wider audience.
- Given the diverse nature of the stakeholders attending such a forum, it would be essential to ensure appropriate representation from across the stakeholder base to allow for strong discussion and debate. Should the conference be by invitation only, perhaps a terms of reference should be considered to reconcile the interests of the different groups in terms of outcome. In addition to representatives from stakeholder groups, it may also be useful to have guest presenters/specialists/policymakers from EU agencies and other jurisdictions for some of the panel sessions.
- Given the increasingly and rapidly changing financial environment, would the CBI consider an annual conference rather than every two years? We would suggest that the location of each physical Conference is rotated, including in regional locations.
- Finally, how does the CBI intend to incorporate learnings from this conference into its setting of priorities and strategic plan?

## **8. Are there formal or informal mechanisms that you think the Central Bank should consider to ensure the perspectives of the business community are heard and contribute to the Central Bank’s decision-making?**

We note that the CBI engages, and has taken steps to enhance its engagement, with business owners and their representatives at national and regional level. BPFI would welcome clarity on the below topics;

- Does the CBI foresee involvement of financial services firms in these meetings?
- The frequency of such meetings and how will agendas be set for such meetings?
- Finally, as outlined earlier, the CBI could consider also have a facility on its website inviting suggestions or feedback from users or groups including the business community.

**9. Are there any other matters that the Central Bank should take into account or practical steps it should take, to engage more effectively with domestic stakeholders, as it works to develop its overall strategy for stakeholder engagement?**

BPFI strongly welcomes the initiative of the CBI to enhance its engagement. Engagement with firms, stakeholders and the wider public is essential to better an understanding of cross-sectoral issues, challenges and opportunities. Regulator engagement is a key part of the dynamic in the financial services ecosystem and strong two-way open engagement will further enhance the standing of the financial services sector in Ireland at a European and global level.

It is essential therefore that the ongoing firm and industry body engagement that occurs at present continues in parallel to the enhanced engagement fora outlined above. It would be important for such engagement to continue so that impacts of proposed changes can be considered from a wider perspective, to help inform the overall CBI strategy and in the context of the pace of regulatory change as may be prevailing at that time.

The Central Bank highlights in the consultation paper that there are many different parts of the Central Bank that one stakeholder may engage with. BPFI would concur strongly with the CBI on the importance of consistency and coordination to ensure that stakeholder needs are met in their interaction with the CBI. In this regard, one proposal BPFI wishes to make is whether the CBI would consider adopting the Single Supervisory Mechanism (SSM) model of regulatory engagement where a distinct relationship role is the centralised focal point of all regulatory interactions. This would enhance the interaction across different divisions and reduce instances of duplication to secure a more holistic overview of an individual institution's interaction for the CBI and equally a more holistic engagement process for the individual institutions in their interaction with the CBI. It may also provide for earlier and where appropriate less formal communication and interaction at times, so that pragmatic discussion could be undertaken to address any issues/process/challenges for either party before formal discussion required.



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