



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Regulatory Impact Assessment

Statement of Approach

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1. RIA at a Glance

This Statement of Approach explains how the Central Bank considers expected impacts when exercising domestic regulatory or policy discretion. It sets out the principles that guide our assessment of costs, benefits and trade-offs proportionately and transparently.

1.1 When it applies

The Regulatory Impact Assessment (RIA) framework applies where the Bank has meaningful national discretion and exercises those powers in the design, calibration or implementation of new, or material amendments to existing regulatory policy measures that apply on a sectoral or cross-sectoral basis. It focuses on the domestic decision space where the Bank has a substantive policy choice, which creates a binding obligation or is expected to have an effect akin to rulemaking.

Where legislation requires the Bank to conduct a regulatory impact assessment or to follow a statutory process, the Bank will comply with those legal requirements. The approach set out in this Statement may inform the Bank's approach in those circumstances, if appropriate. The relevant statutory requirements applicable to the Bank will, however, take precedence over this framework.

1.2 When it does not apply

The framework does not apply:

- to authorisation, supervision, resolution or enforcement actions with respect to individual firms;
- to non-binding regulatory tools used by the Central Bank, where those tools explain, clarify or support understanding of existing obligations and do not introduce new obligations or materially alter the regulatory framework;
- where the Bank is implementing binding EU legislation with no material national discretion;
- to measures that merely restate or clarify existing obligations;
- to routine supervisory communications that do not introduce new policy requirements; or
- to purely technical, administrative, or consequential amendments, or to revocations/consolidations whose primary purpose is to maintain coherence of the domestic framework (for example, where a domestic measure is being repealed or disapplied because it has been superseded by binding European requirements), where the Bank has no meaningful choice affecting outcomes.

In exceptional or time-critical circumstances, the Bank may act swiftly and complete proportionate analysis as soon as practicable.

1.3 What we consider

When exercising discretion, the Bank considers in a structured way:

- the objective of the proposed policy;
- the baseline (what might happen in its absence);
- alternative approaches where relevant;
- the expected impacts on consumers or customers, market functioning and financial stability, and regulated firms; and
- trade-offs, uncertainty and implementation considerations.

These considerations support the Bank’s exercise of domestic discretion in a manner aligned with its statutory objectives and safeguarding outcomes.

1.4 Our analytical approach

The Bank adopts a qualitative-first, evidence-informed approach. Where reliable data is available, and quantification would inform decision-making, appropriate quantitative analysis may be undertaken. Full quantification will often not be feasible nor be required where it would not be robust or proportionate.

1.5 Transparency and learning

Where the Bank undertakes public consultation on a material domestic measure within scope, it will generally publish a proportionate impact assessment alongside consultation materials, subject to legal and supervisory constraints. The Bank will reflect on the operation of significant measures over time through proportionate monitoring integrated into existing policy and supervisory processes.

2. Purpose and Context

The Central Bank exercises significant domestic regulatory and policy discretion in pursuit of its statutory objectives, including safeguarding financial stability, protecting consumers and customers, and ensuring the orderly and proper functioning of financial markets. Through its system of regulation and supervision, the Bank seeks to support four interconnected safeguarding outcomes: the protection of consumer and investor interests; the safety and soundness of firms and the wider system; the integrity of the financial system; and financial stability. These outcomes provide an institutional anchor for the Bank’s consideration of

impacts, while the applicable statutory objectives and legal requirements remain the primary basis for decision-making.

Regulatory intervention is a core part of how the Bank delivers on its mandate. Interventions, however, are not without impact. They may impose costs, influence market behaviour and shape outcomes for consumers, customers, regulated firms and the wider financial system. At the same time, many of the benefits of financial regulation, particularly those relating to resilience, stability and tail-risk reduction, are inherently forward-looking and not always capable of precise measurement.

Building on impact assessment work from across the Bank, this Statement of Approach further sets out publicly how the Bank will consider expected impacts when exercising domestic regulatory policy discretion. It is intended to strengthen disciplined, proportionate and transparent policymaking, and to ensure that regulatory choices are supported by structured consideration and clear reasoning.

The framework establishes a consistent qualitative baseline for impact assessment, while retaining flexibility to undertake deeper consideration where this is proportionate and supports effective decision-making.

3. Scope and Application

The framework applies where the Bank exercises meaningful national discretion in developing domestic regulatory policy interventions on a sectoral or cross-sectoral basis. In particular, it applies where the Bank has a genuine policy choice in the design, calibration or implementation of measures that may have material impacts on consumers, customers, market functioning, financial stability, resilience or regulated firms. The framework does not apply to the authorisation, supervision, or resolution of individual firms, or in respect of enforcement action in respect of individual firms.

In a number of areas of the Bank's work, the introduction or calibration of regulatory measures is already governed by specific statutory provisions or legal tests, which may prescribe analytical requirements or procedural steps. Where such statutory requirements apply, the Bank will continue to conduct the analysis required under those legal frameworks. The approach set out in this Statement is not intended to duplicate or replace those statutory processes, but may inform how the Bank frames and presents its analysis where appropriate. The relevant statutory requirements applicable to the Bank will, however, take precedence over this framework.

More broadly, the framework focuses on circumstances where the Bank exercises substantive domestic discretion, including where discretion arises under domestic legislation or where European legislation confers national implementing choices that may materially affect outcomes.

The framework is not intended to capture minor or technical options and discretions that involve limited judgement and are unlikely to have material effects.

The framework does not seek to duplicate impact assessments conducted at European level. Where the Bank is implementing binding EU requirements with no material national discretion, a separate domestic impact assessment will not be required.

Similarly, the framework is not intended to apply to measures that merely explain or restate existing legal obligations, or to routine supervisory communications that do not create new requirements or materially change expectations. The Bank will consider substance and practical effect when determining whether the framework applies.

The focus is on interventions that introduce new obligations, materially amend existing requirements, or otherwise alter the regulatory framework in a way that may have significant effects.

3.1 Crisis and time-sensitive interventions

This document does not give rise to legally or operationally binding obligations on the Bank. While this Statement is intended to guide the Bank’s general approach to internal analysis and, where relevant, public consultation, the Bank reserves the right in justifiable circumstances to depart from the approach set out below. In certain circumstances, including periods of financial stress or crisis, the Bank may be required to act swiftly to safeguard stability or protect consumers. In such cases, it may not be feasible to complete a full impact assessment before the intervention.

Where urgent action is required, the Bank will proceed as necessary and complete a proportionate consideration as soon as practicable, focusing on expected impacts and implementation considerations. This framework is not intended to delay or impede time-critical regulatory action in the public interest. Any ex-post analysis will be proportionate to the circumstances and focus on the key trade-offs and implementation choices.

4. Core Principles of the Framework

A set of core principles guides the Bank’s approach to impact assessment. These principles are intended to support sound regulatory judgement while ensuring flexibility across different policy domains.

4.1 Proportionality

Impact assessment will be proportionate to the significance and potential effects of the intervention under consideration.

Not all measures require the same depth of analysis. The scale, complexity and likely impact of the proposal will determine the level of detail appropriate in each case. The framework is

designed to ensure that analytical effort is directed towards sectoral or cross-sectoral interventions that materially affect firms, consumers and customers, or market functioning, while avoiding unnecessary processes for minor or technical changes.

Proportionality applies both to the substance of the assessment and to the resources devoted to it.

4.2 Early Integration in Policy Development

Impact assessment is most effective when it informs policy design rather than being undertaken at the end of the process.

Accordingly, consideration of expected impacts should begin early in the development of regulatory proposals. This supports clearer articulation of objectives, more disciplined consideration of alternative approaches, and better identification of potential unintended consequences.

Embedding analysis at an early stage strengthens decision-making and improves the quality of consultation and stakeholder engagement.

4.3 Structured Consideration of Impacts

When exercising discretion, the Bank will consider the expected impacts of different policy options in a structured manner, and aligned with the policy aims.

This includes, where relevant:

- implications for financial stability and resilience;
- impacts on consumers and customers;
- effects on market functioning and conditions for entry, innovation and choice, market dynamics and consumer outcomes;
- impacts on regulated firms, including differences by size or business model; and
- operational and supervisory considerations.

The purpose is not to identify every conceivable effect, but to focus on the impacts where material and decision-relevant, and using evidence that is reasonably available to the Bank.

Where relevant and possible, the Bank will consider how interventions may affect the orderly and proper functioning of financial markets. This may include, where relevant to the issue and based on evidence reasonably available to the Bank, consideration of how regulatory design could affect market incentives and consumer/customer outcomes over time. Such considerations are applied in a manner consistent with the Bank's statutory objectives.

4.4 Evidence-Informed Analysis

The Bank’s approach to impact assessment is evidence-informed and grounded in supervisory insight and policy judgement.

In many areas of financial regulation, impacts are forward-looking, system-wide or contingent on behavioural responses. Data may be incomplete or not readily amenable to precise quantification. In particular, the benefits associated with reducing the likelihood of tail but very costly adverse outcomes, and of increasing the resilience of the financial system to such outcomes, are inherently difficult to measure robustly.

Accordingly, the framework adopts a qualitative-first approach. Impacts will be described clearly and transparently, including the direction of expected effects, the likely magnitude where reasonably assessable, and key assumptions or uncertainties.

Where reliable data are available, and quantification is feasible and would support effective decision-making, the Bank will make appropriate use of quantitative analysis. However, the absence of quantification does not preclude disciplined and credible assessment.

4.5 Transparency and Accountability

Impact assessment strengthens accountability by making explicit the rationale for intervention, the options considered, and the reasoning underpinning regulatory choices.

Where the Bank undertakes public consultation on material domestic measures, it will generally publish a proportionate impact assessment alongside consultation materials, subject to legal, confidentiality and supervisory constraints.

Transparency is intended to enhance clarity and public understanding, not to disclose commercially sensitive or supervisory information. Where publication is not feasible, the Bank may instead publish a summary of the main considerations, subject to constraints.

5. Consultation and stakeholder engagement

Consultation and stakeholder engagement are important inputs to the Bank’s assessment of expected impacts when exercising domestic discretion. Engagement helps to test assumptions, identify operational and behavioural responses, and improve the design and calibration of measures, including by identifying potential unintended consequences.

The Bank will apply consultation in a manner that is proportionate to the significance and expected impact of the proposal. The form of engagement may vary depending on context, and can include public consultation, structured bilateral engagement, roundtables, targeted requests for evidence, and engagement with representative bodies. Where consultation is undertaken, the Bank will seek to make it effective and decision-relevant by focusing on the key design choices and the evidence needed to assess likely impacts.

Where the Bank undertakes a public consultation on a material domestic measure within scope, the Bank will generally publish a proportionate impact assessment alongside the consultation materials, subject to legal, confidentiality and supervisory constraints. The impact assessment will set out the key expected impacts, trade-offs and areas of uncertainty in a way that supports informed engagement and scrutiny.

Consistent with established practice, the Bank will normally publish a feedback statement following consultation, explaining how significant issues raised were considered and how the final approach was determined, where feasible and appropriate.

In some circumstances, full public consultation may not be appropriate or feasible (for example, where urgent action is required to address emerging risks, where market sensitivity or supervisory considerations apply, or where legal constraints limit what can be disclosed). In such cases, the Bank may proceed as necessary and will apply the principles of this Statement of Approach to the extent practicable, including by documenting key trade-offs and conducting a proportionate analysis as soon as feasible.

This Statement of Approach is intended to complement, not replace, existing Bank consultation practices, including sectoral consultation arrangements where they apply. This includes sectoral consultation arrangements and protocols where they apply.

6. How the Bank Assesses Impact in Practice

This section provides a high-level overview of how the Bank conducts impact assessment when exercising domestic discretion. It is not intended to prescribe rigid steps or methodologies, but to set out the core elements that ordinarily inform the Bank’s analysis.

The depth and form of analysis will vary depending on the nature and significance of the proposal.

6.1 Defining the Issue and Policy Objective

Impact assessment begins with a clear articulation of the issue the Bank seeks to address and the outcome it aims to achieve.

This may arise from supervisory experience, market developments, emerging risks, legislative change, or evidence of consumer harm or system vulnerabilities.

The objective should be expressed in terms of intended outcomes (for example, improved resilience, reduced risk of harm, enhanced clarity of obligations, or strengthened market integrity), rather than simply introducing a regulatory instrument. Where appropriate, this should include identifying the safeguarding outcome or outcomes to which the proposed intervention is expected to contribute.

A clear objective provides the benchmark against which policy choices and impacts are assessed.

6.2 Considering the Baseline

Assessment of impact requires consideration of what would occur in the absence of the proposed measure.

This involves identifying the current regulatory and market context and considering how risks or behaviours may evolve without additional intervention.

In many cases, the baseline will be informed by supervisory insight and observable trends. Where uncertainty is material, this will be acknowledged in the analysis.

The purpose of considering the baseline is to ensure that regulatory action is necessary and proportionate, and that intervention is not undertaken where existing arrangements are sufficient. In some cases, this analysis may support a decision not to intervene, or to defer, narrow or recalibrate a proposed intervention. Considering the baseline is therefore an important discipline in testing whether action is necessary, rather than assuming that further regulatory intervention is always required.

6.3 Considering Alternative Approaches

Where the Bank has discretion in the design of a regulatory measure, impact assessment involves consideration of relevant policy alternatives.

In some cases, this may involve comparing different policy approaches to achieving the stated objective. In such circumstances, the Bank will consider the main realistic alternatives and assess their likely implications before selecting a preferred approach.

In other cases, the policy direction may already be established, and the analysis relates primarily to the calibration of a particular measure, informed by research, supervisory insight and available data. In those circumstances, the impact assessment may focus on explaining the analytical basis for the proposed calibration rather than presenting multiple numerical alternatives.

The objective is not to exhaust every conceivable alternative, but to ensure that the Bank's preferred approach is supported by a clear explanation of the relevant considerations, the evidence relied upon, and the implications of the chosen policy design.

6.4 Identifying and Assessing Material Impacts

For each realistic option, the Bank will consider the material impacts in a structured way.

Depending on the proposal, this may include:

- implications for financial stability or resilience;

- impacts on consumers and customers;
- effects on market functioning, including entry and innovation where relevant;
- compliance and implementation implications for firms; and
- supervisory and operational considerations.

Section 7 explains how the Bank typically characterises and evaluates these impacts as costs, benefits and trade-offs in financial regulation, including where quantification is not feasible or proportionate. The emphasis is on materiality rather than completeness. The analysis focuses on impacts that are significant to the decision at hand, including those that are uncertain or potentially contentious.

The Bank recognises that many benefits of financial regulation, particularly those relating to resilience and reduced risk of harm, are not readily quantifiable. Accordingly, the assessment will clearly describe the impacts, including the direction of effect, the likely scale where reasonably assessable, and key assumptions.

Where reliable data are available, and quantification would meaningfully inform the decision, appropriate quantitative analysis may be undertaken. However, the framework does not require quantification in circumstances where it would not be feasible, robust or proportionate.

6.5 Weighing Trade-offs and Reaching a Judgement

Impact assessment supports, but does not replace, regulatory judgement.

In selecting a preferred approach, the Bank will consider:

- how well each option meets the stated objective;
- the balance of expected benefits and costs;
- potential unintended consequences; and
- areas of uncertainty.

The outcome of this assessment is a reasoned judgement as to which approach most effectively and proportionately delivers the Bank’s statutory objectives in the circumstances.

7. The Nature of Costs and Benefits in Financial Regulation

7.1 Purpose of this Section

This section outlines, at a high level, how the Bank understands and assesses the costs and benefits of regulatory action when exercising domestic discretion.

It does not prescribe a single methodology. Rather, it explains the considerations that typically inform the Bank’s judgement when assessing whether a proposed measure is proportionate and in the public interest.

7.2 Understanding Costs in Context

Regulatory measures are not cost-free. They may give rise to:

- implementation and compliance costs for firms;
- operational adjustments or governance changes;
- internal implementation, supervisory or operational implications for the Central Bank;
- changes in pricing, product design or availability;
- macroeconomic effects on spending, consumption or investment;
- or indirect effects on business models and market dynamics.

In some cases, costs may be borne directly by regulated firms. In others, costs may be passed through to customers or consumers. Some interventions may also have implications for the Central Bank’s own supervisory, operational or implementation resources. The Bank will consider the likely incidence of costs where this is relevant to the decision.

The purpose of identifying costs is not to avoid regulation, but to ensure that regulatory action is targeted, necessary and proportionate to the risk being addressed.

7.3 Understanding Benefits in Financial Regulation

Benefits in financial regulation often arise through:

- reduced likelihood or severity of adverse outcomes;
- improved resilience of firms or markets;
- the stability of long-term growth and the sustainable provision of financial intermediation;
- enhanced consumer protection, transparency or choice;
- improved market integrity and trust.

In many areas of prudential or conduct regulation, benefits relate to reducing the probability or impact of adverse events. These benefits can be significant but are often inherently difficult to quantify with precision.

Accordingly, impact assessment may rely on structured qualitative reasoning, informed by supervisory evidence, experience and judgement.

7.4 Proportionality and the Role of Quantification

Where reliable data are available, and quantification would materially assist decision-making, the Bank may undertake quantitative analysis.

However, full quantification will not always be feasible or proportionate, particularly where:

- data are limited;
- impacts depend on behavioural responses;
- or benefits relate to resilience or risk reduction.

In such cases, the Bank will set out its reasoning clearly, including key assumptions and areas of uncertainty.

The framework is therefore qualitative-first, but evidence-based.

7.5 Impact on Market Functioning

Where relevant to the issue being addressed and within the Bank’s statutory remit, the assessment may consider whether a proposal could materially affect market functioning. Market functioning is considered broadly, including how regulatory design may affect the availability, quality, resilience, and sustainable provision of financial services to the economy and society as well as the consideration of impacts on fair competition in line with legislative requirements.

This may include whether the proposal:

- imposes disproportionate burdens relative to the risk addressed;
- creates unintended barriers to entry or expansion;
- or materially alters incentives in a way that could affect consumer or customer outcomes.

Such considerations are applied proportionately and in the context of the Bank’s statutory objectives. They do not displace prudential, consumer protection or financial stability considerations.

The focus remains on ensuring that regulatory intervention addresses identified risks without unnecessary or unintended distortion.

7.6 Balanced Judgement

Impact assessment ultimately supports a reasoned regulatory judgement.

The Bank will seek to:

- consider both intended and unintended effects;

- reflect uncertainty transparently;
- and select the approach that most effectively and proportionately delivers its statutory objectives in the circumstances.

This balanced approach supports responsible regulation in the public interest.

8. Monitoring and Ongoing Review

8.1 Purpose

Regulatory impact assessment supports disciplined decision-making at the point of intervention. It also informs how the Bank reflects on the operation of measures over time.

Consistent with international best practice, the Bank recognises that regulatory policy exists within an evolving market and legislative environment. Periodic review helps ensure that domestic measures remain proportionate and aligned with statutory objectives.

Monitoring under this framework is intended to be proportionate and integrated into existing governance arrangements. It does not create a standalone review regime or automatic re-evaluation of all measures.

8.2 Interaction with Existing Review Processes

In a number of policy areas, the Bank's actions are already subject to specific statutory requirements or established review processes, including periodic reassessment obligations under domestic or European frameworks. Where such requirements apply, those processes will remain the mechanism through which the operation and calibration of measures are considered.

The framework set out in this Statement does not replace or duplicate those statutory processes.

8.3 Monitoring in Practice

More generally, the Bank will reflect on the operation of regulatory measures as part of its normal supervisory and policy processes.

This may include consideration of:

- supervisory findings and market intelligence;
- changes in market structure or business models;
- interaction with new European or domestic legislative developments; and
- evidence of material unintended consequences.

In many cases, this reflection will rely on existing supervisory data, engagement with stakeholders and policy discussions rather than the creation of new reporting requirements.

8.4 Integration with Policy Planning

To avoid unnecessary bureaucracy, unless otherwise detailed by statutory requirements, monitoring under this framework will be aligned with the Bank’s existing policy planning and prioritisation processes.

As part of periodic policy pipeline discussions, the Bank may undertake a targeted review of recently introduced or materially amended domestic measures, considering whether the measure continues to operate broadly as intended and whether there is evidence of material unintended consequences or changes in the regulatory context.

Where evidence suggests that the impact of a measure differs materially from expectations, or where the regulatory environment has changed significantly, the Bank may consider whether further analysis or policy adjustment is warranted.

8.5 Targeted Follow-Up Where Appropriate

In limited cases, where there is clear evidence that a measure is producing materially unintended effects or where the regulatory context has significantly changed, the Bank may consider targeted follow-up analysis.

Any such follow-up would be proportionate to the issue identified and conducted within existing governance structures.

9. Conclusion

Regulatory intervention is fundamental to the Central Bank’s mandate to safeguard financial stability, protect consumers and customers, and ensure the orderly and proper functioning of financial markets.

This Statement of Approach sets out how the Bank will consider expected impacts when exercising domestic discretion on a sectoral or cross-sectoral basis. It is designed to strengthen disciplined, proportionate and transparent policymaking, while preserving the flexibility required to respond to changing market conditions and emerging risks, including in time-critical circumstances.

Impact assessment supports sound regulatory judgement; it does not replace it. The Bank will apply this approach in a manner that is proportionate to the issue at hand and grounded in evidence reasonably available and will continue to refine its practices over time in light of experience, evolving best practice and stakeholder engagement.

The Central Bank will review and, if necessary, revise its approach to RIA no more than five years after this framework comes into force.



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