



# Our Strategy

September 2021



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

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**Note:** This Strategy fulfils our obligations under section 32B of the Central Bank Act 1942 for the period 2022-2024.

# 1. Governor's Foreword

**“Our constant and predominant aim shall be the welfare of the people as a whole”**

Change in the structure of economies, in the drivers of economic activity and in financial systems is not a new phenomenon. But a striking feature of the first decades of the twenty-first century is the increased pace of change. We are living in a time where people, capital, trade and ideas are increasingly and rapidly interconnected. The pace of change has accelerated and the evidence points to that continuing.

The speed and scale of technological change in particular has brought significant opportunities but they are matched by significant risks. The Central Bank of Ireland needs to continue to evolve if it is to be front-footed in its response to these challenges. Our new Strategy is designed with this in mind.

In many ways, we are at a watershed moment in the Central Bank's development.

Over the last decade, our mandate has expanded significantly and our focus has been to continually enhance our delivery. It has meant new policies, changes to our frameworks, a deepening in our expertise and a corresponding and necessary growth in our resources.

The European system – of which we are an important part – has also been strengthened through new mandates and increased resources.

The last decade has seen the Central Bank respond to significant and unexpected change, not least the global financial crisis, the UK's withdrawal from the EU and, since March 2020, the COVID-19 pandemic. This new Strategy builds on what has been achieved to strengthen the resilience of the financial system, enhance protections for consumers and investors, and support economic policy development.

Our task now is to focus our efforts on the emerging challenges. As we face the future, we know that the status quo is not an option if we are to deliver our Vision of being “One Bank: trusted by the public, respected by our peers, and a fulfilling workplace for our people”.

The response of our people to challenges of the last decade – and to the pandemic in particular – gives the Commission confidence in the Central Bank's ability to take on the opportunities set out in our new Strategy.



The next decade will continue to be characterised by rapid change in our economies and in the financial system, driven by technology, by an ageing society, by the need to respond to climate change, and, perhaps most immediately, by the move to different ways of working. At the Central Bank, we will need to accelerate our own pace of change to meet the challenges and the public's expectations of us.

It is a future of complexity and uncertainty but also of opportunity. Our Strategy recognises the emerging context, and the need to change the way we work and what we work on. It also recognises that we are building from strong foundations.

In the development of our Strategy, a guiding principle for me has been a phrase from the original Act establishing the Central Bank in 1942. Echoing Article 45 of the State's constitution, it stated that the Central Bank's "constant and predominant aim shall be the welfare of the people as a whole".

The Strategy's four connected themes (future-focused, open & engaged, transforming and safeguarding) represent a renewal and repositioning to ensure that our direction and ambitions over the next five years are responsive and forward looking.

**Future-Focused.** The world in which we operate is changing rapidly. The economy, the financial system and financial services and products are changing and will continue to change over the coming years. We want to be ready to deliver our Mission through these changes and that will require a shift in our focus, our analysis and our frameworks.

**Open & Engaged.** It will also require a step-change in our engagement. The rapid pace of change and the expectations of our stakeholders means that we need to be well-connected with them. It will require us to explain what we are doing and what we are not doing. It will also require us to listen to individuals and businesses (and not only regulated firms) across the country so that we can understand the issues they are facing and help them to understand the actions we are taking in response.

**Transforming.** In a rapidly changing world, we have to transform the way that we operate if we are to succeed. We will need to invest in new skills and capabilities, becoming more agile, and looking for continuous improvement in the way we work to meet the challenges of an evolving financial system. Our ability to turn data into information and to provide our people with the tools to use it effectively will be an important platform for our transformation.

**Safeguarding.** We will remain steadfast (working with our European colleagues in particular) to maintain price stability and the stability of the financial system overall, as well as the effective regulation of financial services and markets, while ensuring that the best interests of consumers of financial services are protected.

The Central Bank is ultimately about its people, and their skills, capabilities and commitment to work in the public interest. The Commission looks forward to working with them as we meet the challenges ahead and deliver on our new Strategy.



**Gabriel Makhoul**

Governor and Chair of the Central Bank Commission

30 September 2021

# Who we are, what we do, & how we do it.

We are Ireland's central bank, responsible for maintaining monetary and financial stability and ensuring the financial system works in the interests of the community.

We are part of Europe's monetary and banking unions, and of the world's network of financial regulators.

**Protecting people** is at the heart of everything we do. We provide economic analysis, statistics and commentary to inform decisions about what the country needs. We set standards to protect consumers, and regulate and supervise financial service providers and markets, taking enforcement action when we need to.

We are responsible for Ireland's payment systems and for the provision of its currency.

**Our vision** is to be a central bank that is trusted by the public, respected by its peers and a fulfilling place to work for its people. We work with people across Ireland and with colleagues across Europe, and elsewhere in the world, on the delivery of our mission.

**We are passionate and ambitious** for the Bank's performance and for the Bank's people. We act sustainably. We embrace diversity and inclusion as they strengthen us, as individuals and as an organisation. We apply rigorous analysis to the best available data. We believe in engagement and in communicating openly, clearly and regularly.

**Our values** underpin how we interact with each other and reflect our aspirations, for ourselves and for our community:



**Integrity and care**, so that we do what is right, our actions match our words and we care about people;



**Courage and humility**, so that we act with conviction, are prepared to innovate and adapt and are always looking to listen and learn;



**Teamwork and excellence**, so that we achieve quality outcomes by harnessing our collective strengths, seeking diverse perspectives and driving for disciplined execution.

We believe in the importance of an independent central bank that is transparent, accountable and connected across all public policy domains, in Ireland, in Europe and across the world.

Our constant and predominant aim is **the welfare of the Irish people as a whole.**

We are the **Central Bank of Ireland.**



Banc Ceannais na hÉireann  
Central Bank of Ireland

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# Our Mission



We serve the public interest by maintaining monetary and financial stability while ensuring that the financial system operates in the best interests of consumers and the wider economy.

# Our Vision



One Bank: Trusted by the Public, Respected by our Peers, and a Fulfilling Workplace for our People.

# Our Statutory Functions



## Financial Stability

The stability of the financial system overall.



## Price Stability

As part of the European System of Central Banks, the primary objective of the Central Bank is to maintain price stability.



## Resolution

The resolution of financial difficulties in credit institutions, certain investment firms and credit unions.



## Financial Regulation

The proper and effective regulation of financial service providers and markets, while ensuring that the best interests of consumers of financial services are protected.



## Payments, Settlements & Currency

The efficient and effective operation of payment and settlement systems.



## Economic Analysis & Statistics

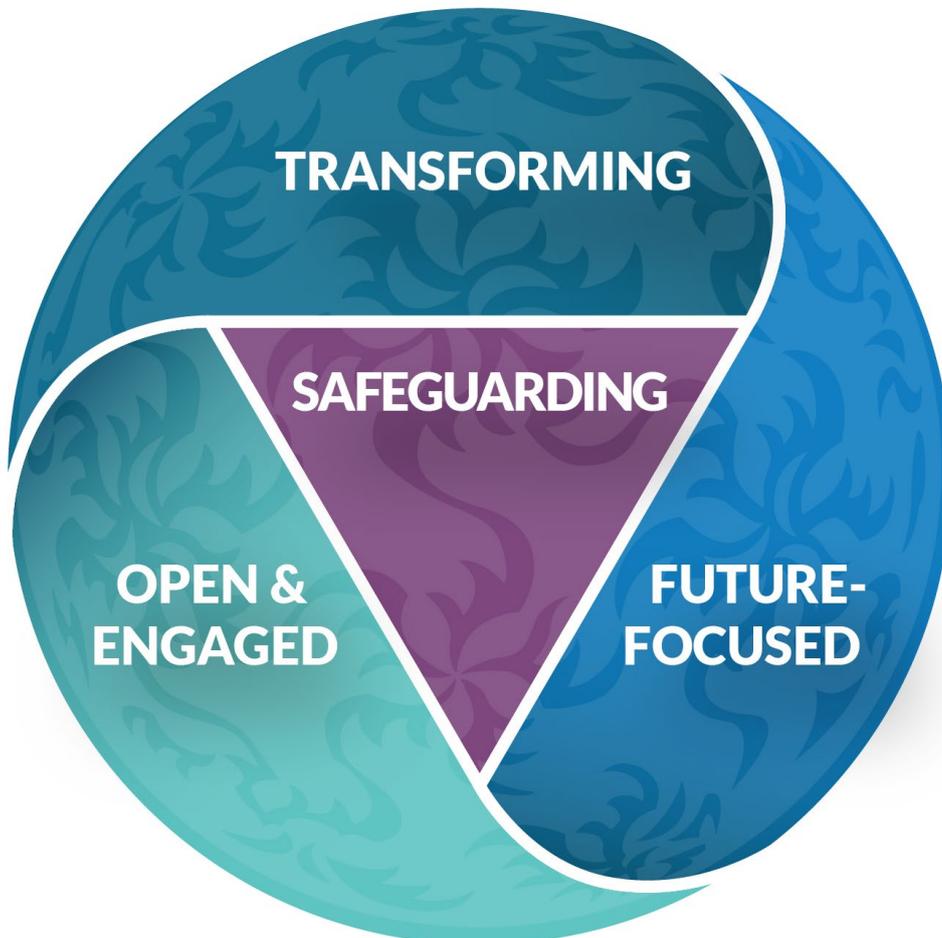
The provision of analysis and comment to support national economic policy development.

The discharge of such other functions and powers conferred on the Central Bank by law including: The operation of the Central Credit Register, the Deposit Guarantee Scheme, the Insurance Compensation Fund and the National Claims Information Database.



## 2. Our Strategic Direction

We have set our direction around four connected themes.





# Future-Focused

**Adopt a forward-looking approach – anticipating and responding proactively to changes in the economy and the financial system.**

Being **Future-Focused** is critical to enabling the Central Bank to better understand, anticipate and adapt in the context of the far-reaching changes taking place within the financial services industry, with a particular emphasis on technological innovation, climate transition, geo-political change, and developments arising in the context of the COVID-19 pandemic.

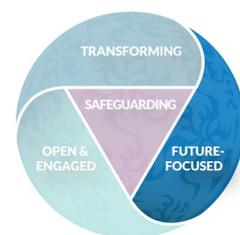
## What we are aiming to achieve

1. Anticipate and support innovation in central banking and financial services.
2. Strengthen the resilience of the financial system to climate-related risks and its ability to support the transition to a low-carbon economy.
3. Promote the provision of choice and access to payment instruments in Ireland, including cash and electronic payments.
4. Advance our analysis and research on economic and financial issues and develop new, accessible and trusted statistics.

## What success looks like

**We have played our part in fostering an innovative and resilient financial sector in Ireland, which serves the evolving needs of households and businesses into the future.**

- We have developed the necessary capabilities, analysis, risk-assessment and oversight approaches - contributing to the on-going technological and business model innovation in financial services and central banking.
- We have contributed to identifying and managing the risks arising from the consequences of climate change for the financial system, and have played our role in the transition to a carbon neutral economy.
- We have supported the evolution of cash and electronic payments to optimise choice and access, through both policy measures and the deployment of a new Central Bank cash centre.
- We have deepened our understanding of the economy and financial system across priority themes, and have expanded our range of statistics to meet evolving user needs.





## Open & Engaged

**Build trust and understanding in the role of the Central Bank through stronger engagement with the public, stakeholders and peers.**

By being **Open & Engaged**, we are emphasising the critical priority for the Central Bank of listening to our stakeholders, building dialogue and learning, so that we can contribute to building trust in the financial system and foster a wider understanding of the Central Bank's role.

### What we are aiming to achieve

1. Strengthen our engagement with key stakeholders across Ireland through open dialogue and by deepening relationships and partnerships.
2. Build a wider understanding of what the Central Bank does, and why.
3. Strengthen collaboration and deepen relationships with euro area and other central banks and regulators.
4. Deliver on our commitment to acting as a socially responsible and sustainable organisation.

### What success looks like

**We have increased the public's trust in the Central Bank by being transparent, accountable and engaged in listening to and learning from our stakeholders.**

- We have engaged with stakeholders in relation to our work and policy objectives, and have enhanced their understanding of our role and mandate.
- We have enhanced our policy-making through a deeper understanding of the diverse perspectives of our stakeholders.
- We have collaborated with international peers to influence and progress financial and monetary policy developments.
- We have progressed our organisational sustainability objectives and continued to build on our work with our local communities and voluntary activities.





# Transforming

## Transform our Bank to be a more agile, resilient, diverse and intelligence-led organisation.

Under **Transforming**, our focus is on an ambitious reimagining of how our organisation operates, with an emphasis on effectiveness and increased agility, in a new hybrid-working model. The role of data and technology in driving effective and efficient processes and supporting our people to deliver on their roles is central to this. The Transforming theme functions as an enabler of the overall Strategy.

### What we are aiming to achieve

1. Deliver a future working model that creates a flexible, collaborative and integrated working environment for our people.
2. Change how we use data and analytics to drive our effectiveness as an intelligence-led organisation.
3. Harness the power of innovation in our ways of working, including through investment in technological and operational change.
4. Continue to strengthen our financial and operational risk and resilience management.
5. Develop our people, evolve our structures and enhance our competencies to ensure they are fit for the future.

### What success looks like

**Our strategic investments in our organisation have enhanced our effectiveness and efficiency.**

- We have future-proofed our working model to optimise collaboration and flexibility.
- We have the right skills, competencies and structures to enable delivery of our objectives in an environment characterised by engaged and motivated teamwork.
- We have leveraged the potential of automation and digitalisation to improve how we work.
- We have strengthened our organisational resilience, in line with our changing risk profile.
- We have matured our data capabilities, having embedded data science and analytics as a core capability that informs both how we deliver our statutory functions and run the organisation.
- Our strategic investments in our organisation have contributed to containing our core operating costs.





# Safeguarding

**Continue to evolve our key policy frameworks and approaches, strengthening our ability to maintain price stability and the resilience of the financial system, while ensuring the best interests of consumers are protected.**

**Safeguarding** reflects our steadfast commitment to strengthen the design, implementation and operation of our core policy and supervisory frameworks. It is through these frameworks that we deliver on our statutory functions.

## What we are aiming to achieve

1. Maintain price stability.
2. Review and develop the macro-prudential framework for banks, borrowers and non-banks.
3. Accelerate the evolution of our risk-based supervisory approach, such that it becomes more data-driven, agile and scalable.
4. Enhance the regulatory framework and our supervisory execution, prioritising: (a) the interests of consumers, (b) governance, accountability, behaviours and conduct in firms, (c) financial and operational resilience in firms, and (d) anti-money laundering / countering the financing of terrorism compliance.
5. Continue to strengthen our crisis management capabilities and ensure that relevant regulated firms progress towards resolvability.

## What success looks like

**We have enhanced the delivery of our statutory functions in support of fulfilling our Mission.**

- We have contributed to both the formulation and implementation of Eurosystem monetary policy measures to support price stability.
- We have matured the macro-prudential and regulatory frameworks in response to economic, regulatory and financial system developments, in conjunction with European and global peers.
- Enhancement of the regulatory framework, including our policy measures and supervisory interventions, has supported the stability of the financial system, increased the resilience of firms and enhanced the financial system's effectiveness in supporting the economy and serving consumers' interests.
- Our crisis management and resolution capabilities enable us to respond effectively to adverse events as they arise, and the orderly resolution of firms.





## 3. Public Sector Human Rights & Equality Duty

The Irish Human Rights and Equality Commission Act 2014 establishes a **Public Sector Human Rights and Equality Duty**, which requires public bodies, in the performance of their functions, to have regard to the need to:

- Eliminate discrimination
- Promote equality of opportunity and treatment of its staff and those they provide services to
- Protect the human rights of its members, staff and those they provide services to.

In developing our Strategy, we considered our role under the Public Sector Human Rights and Equality Duty (Public Sector Duty), and conducted an assessment of the equality and human rights issues relevant to our purpose and functions. We were also informed by feedback on our public sector duty obligations received from our internal and external stakeholders.

As part of delivering our Strategy, we will continue to promote equality of opportunity and protect the human rights of our staff and those to whom we provide services.

**In particular, the Central Bank will prioritise the following actions:**

- 1** We will continue to consider our obligations under the Irish Human Rights and Equality Commission Act 2014, where relevant, in the development of our policies and will ensure that the public is consulted.
- 2** We will promote and support the equality and human rights of our people, ensuring we foster an inclusive environment in which all of our people can succeed and thrive, building policies and practices that consider the needs of people and promote equality of opportunity and treatment for our people.
- 3** We will carry out a review of the training needs of all staff who engage directly with the public, on equality and other Public Sector Duty related issues.
- 4** In developing our facilities, we will continue to ensure that, at a minimum, we meet the required standards of physical access for members of the public and for our people.

Developments and achievements on these actions will be reported each year in our Annual Report.



## 4. How we will Deliver & Monitor our Progress

**Achieving the target outcomes of our Strategy will require us to continue to manage our resources, risks and priorities, as we navigate the complex and evolving context in which we work.**

In being 'Future-Focused', our Strategy considers developments beyond a three-year time horizon, which implies that the delivery of certain outcomes will require multi-year commitments to facilitate 'Transforming' aspects of how we deliver our work. While committing ourselves to these longer-term ambitions, our Strategy is also designed to allow us to respond to the changing operating context, by reflecting both current and future-oriented priorities as part of being 'Open & Engaged'.

By necessity, aspects of the Strategy will require investment and large-scale change to achieve the target outcomes. To manage the pace, sequencing and inter-dependencies within our Strategy, we will maintain rigorous processes for the governance, planning, resourcing, delivery and reporting of our strategic and operational goals. Where investments are required to help to achieve our strategic goals, we will ensure that we continue to apply value-for-money considerations, emphasising long-run efficiency, effectiveness, and capability gains.

To support transparency and accountability in respect of the delivery of our Strategy, we will continue to use and enhance our existing internal Strategy Implementation and Monitoring framework, through which the Central Bank's leaders and the Central Bank Commission will assess and regularly review the status of, and resources deployed to deliver, our strategic objectives. A key focus of our Strategy is the development of specific measures to more directly monitor the achievement of our target outcomes.

The Central Bank reports on its annual performance in relation to all aspects of its work in our published Annual Report and Annual Performance Statement, through which stakeholders will have the means to assess our progress in achieving our strategic goals and target outcomes.



## 5. How we Developed our Strategy

### Engaging with our Stakeholders

As part of developing our Strategy, we engaged with a wide-range of stakeholders to hear their views on our strategic priorities. We also carefully examined the current and emerging environmental trends that are likely to be relevant to delivering our Strategy over the coming five years.

#### Our External Stakeholders

We engaged with our external stakeholders through a public engagement process, which was available on the Central Bank's website. Members of the public, as well as industry members and civil society advocacy groups, were invited to share their views on the Central Bank's future Strategy.

We met with the Consumer Advisory Group<sup>1</sup> to seek their advice on what should be considered in the development of this Strategy, particularly in regard to its effects on consumers of financial services. We also met with the members of the Central Bank's Civil Society Roundtable<sup>2</sup> to gather their perspectives.

#### Our Internal Stakeholders

We sought the views of our people and leaders through a staff survey, engagement sessions and focus groups. Engagement also took place with staff representative and interest groups, such as our internal Diversity and Inclusion Working Group and Corporate Social Responsibility Working Group.

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<sup>1</sup> The Central Bank's Consumer Advisory Group is a formal advisory group, established under Section 18E of the Central Bank Act 1942. Its role is to advise the Central Bank on the performance of its functions and the exercise of its powers in relation to consumers of financial services, including:

1. The effects of the Central Bank's Strategic Plans on consumers of financial services;
2. Initiatives aimed at further enhancing the protection of consumers of financial services; and
3. If the Central Bank so requests, documents, consultation papers or other materials prepared by the Central Bank

<sup>2</sup> The Central Bank's Civil Society Roundtable is a forum for dialogue between Central Bank senior leaders and representatives from a broad range of civil society and community and voluntary groups. It comprises a range of national organisations who work across a range of areas, including social justice, housing and homelessness, human and legal rights, rural issues, workers' rights (trade unions) and the rights of older people. It is a listening forum and an opportunity to hear about the challenges and opportunities experienced by people living in Ireland as they relate to the Central Bank's mandate.

## What we heard

Extensive and insightful feedback was received from stakeholders, including the importance of continuing to enhance the effectiveness of our regulatory and supervisory frameworks, as part of protecting the interests of consumers of financial services. In addition, stakeholders highlighted the importance of continued efforts to strengthen the resilience of the evolving Irish financial system and the smooth functioning of financial services markets. A further area of focus noted in the feedback was for us to continue to engage and influence domestically and abroad in policy areas of particular importance in Ireland. The importance of communicating and demonstrating the purpose and value of our role for the people of Ireland was also highlighted.

Internal areas of focus included enabling operational responsiveness, effectiveness, efficiency and sustainability in the delivery of our mandate and promoting an empowered culture of excellence, innovation and inclusion within the Central Bank.

The feedback received from our internal and external stakeholders was collated, analysed and incorporated within our strategy development process and informed the identification of the strategic themes and goals articulated in this Strategy. We are grateful to everyone who provided their views on our Strategy.

## Setting our strategic direction

The Central Bank Commission has set the strategic direction and is responsible for monitoring the implementation of this Strategy.

To ensure our Strategy remains agile and adapts to our external environment and operating context, we will continue to review and adjust our Strategy as appropriate, and will continue to take the views of our stakeholders into account over the lifecycle of this Strategy.

# Scanning the Environmental Context

To ensure our strategic direction and ambitions are responsive and forward-looking, we considered the many factors that are likely to shape both the current and emerging environment in which we work. Through this work, we identified the following factors as being of particular importance in the formulation of our Strategy.



Traditional financial services' business models and markets are undergoing unprecedented change and disruption, driven by the pace and scale of technological innovation.



Shifting global trade relations, economic growth patterns and demographics, present a challenging international landscape.



Efforts to mitigate the long-term implications of climate change will affect the economy and financial system.



The globalisation of financial services and markets has meant that increasingly, regulatory policy and institutions operate on a regional and international basis.



The COVID-19 Pandemic will have long-term and far-reaching social, economic and political consequences.



Sophistication in the threats to the financial system posed by criminal actors are continuously evolving, particularly in the areas of cyber security, money laundering, and financial crime.



Trust in public institutions such as central banks is low, necessitating a concerted focus on transparency and accountability.

For further information on

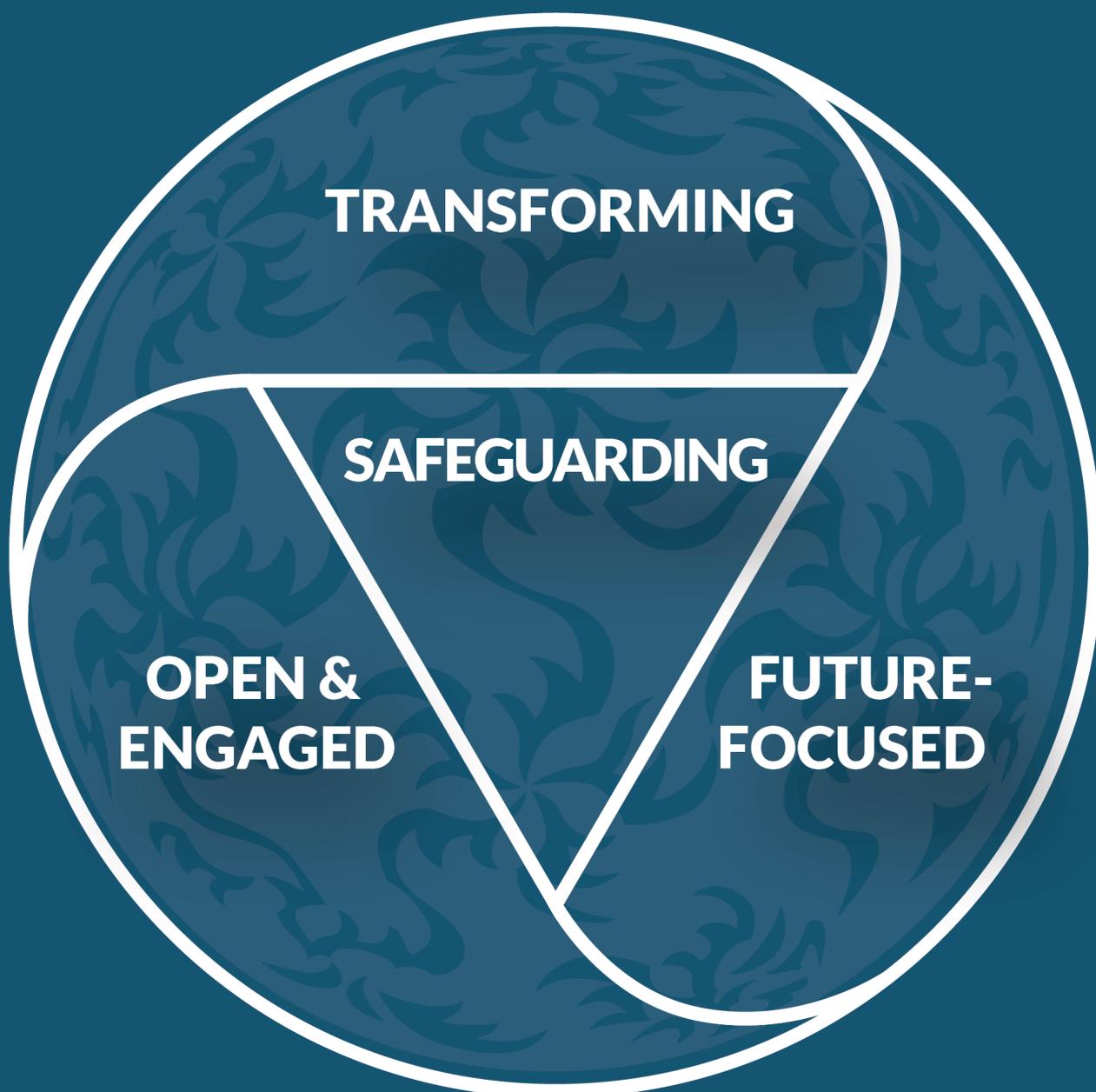
## **Our Strategy**

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