



4 March 2025

In attendance:

Members:

- Banking and Payments Federation Ireland
- Federation of International Banks in Ireland
- Electronic Money Association
- Financial Services Ireland
- Insurance Ireland
- Irish Funds
- Irish MiFid Industry Association
- Irish Association of Investment Managers

Central Bank Attendees:

- Mary-Elizabeth McMunn (Deputy Governor, Financial Regulation) – Chair
- Gerry Cross (Director of Capital Markets and Funds)
- Adrian Varley (Director of Supervisory Risk, Analytics and Data)
- Colm Kincaid (Director of Enforcement)
- Patricia Dunne (Director of Horizontal Supervision)
- Tim O’ Hanrahan (Head of Insurance Supervision Decision)
- Ciara Furlong (Head of Division, Fitness and Probity)
- Peter Towers (Head of Regulation & Supervision Risk Assessment, Strategy and Industry Funding)
- Cormac Staunton (Acting Head of Function, EU and International Division)
- Michael Kelly (Head of Function - Investment Banking & Broker Dealer Division)
- Simon Sloan (Chief of Staff to the Governor)
- Cian O’Laoide (Advisor to the Deputy Governor)
- Sonya Felton (Senior Engagement and Communications Manager)

1. Introduction by Chair

Mary-Elizabeth McMunn (Chair) opened the meeting of the Financial Industry Forum International Subgroup (the International Subgroup) and welcomed all attendees. She highlighted this was her first meeting as Chair and outlined that the agenda was covering areas of importance for both the Central Bank and industry.

The Chair thanked Grainne McEvoy (Irish Funds and Pimco) for her work as industry co-ordinator. She noted future agenda items that have been suggested by industry members, namely: supervisory convergence and market access; as well as data and industry’s experience of the Central Bank’s approach to data.



The Chair also noted developments in the area of Fitness and Probity (F&P) and the implementation of the recommendations of the Enria Review. She highlighted:

- The establishment of a dedicated Fitness and Probity Unit
- The consolidation of the guidance on the Fitness and Probity Regime which will be published in March for public consultation
- Implementing measures to improve the fairness, efficiency and transparency of the PCF assessment process

She updated that the Central Bank will be engaging further on this topic later in the year and that it will be discussed at the Domestic Subgroup in April.

2. Recent EU and International Developments

Following on from the discussion at the Autumn 2024 International Subgroup, the Central Bank provided an overview of recent EU and International developments. The discussion covered the key themes from Central Bank and EU and international activity; the new EU Commission's priorities and workplan; the EU Competitiveness Compass; and simplification and burden reduction. The backdrop of rising geo-political tensions was also noted.

Key emerging themes from recent EU and International engagements were presented under the following areas: monetary policy and financial stability; cyber and operational resilience; effective supervision; retail investor participation; and managing a system in transition.

It was highlighted that in the wake of the Draghi and Letta Reports, the simplification and competitiveness agenda are top, cross-cutting priorities for the new EU Commission. This is reflected in the Commissioners' recently published mandates. In relation to financial services, it was noted that the implementation of regulation, and specifically DORA, AMLA and MiCAR, will be a key focus. Other emerging priorities include: Savings and Investments Union; the regulatory framework and ways to improve the supervisory system at EU-level; the EU as a global sustainable finance leader; and non-bank financial institutions. The EU's Competitiveness Compass was highlighted, and while not all of it is relevant to financial services, the focus on simplification, lowering the barriers to the single-market and financing competitiveness, were noted.

In the discussion that followed, industry members welcomed the presentation. They highlighted their interest in the simplification agenda given its cross-sectoral implications. They noted the key role of the European Supervisory Authorities (ESAs) and stated that they would welcome a future discussion on the ESAs' approach to simplification.



Members discussed the benefits of a principle-based regime and the role guidance from the regulator has played in reducing ambiguity. Some noted that further guidance on existing regulation could support the simplification agenda.

Some potential risks related to simplification were also discussed including that there may be an administrative burden to adapting to a new framework even in the context of simplification. The importance of regulatory convergence as an outcome of the simplification agenda was also emphasised. Members noted that simplification at EU level could lead to minimum harmonisation which in turn could lead to divergence at a country level. The discussion highlighted that this cuts across the objectives of the single market and the ability of Financial Services firms to passport easily between countries.

Industry members reflected that they welcomed the improved engagement and dialogue with the Central Bank on regulatory developments and implementation.

The Central Bank responded and acknowledged that there was a balance to be struck to achieve the twin objectives of simplification and supervisory convergence but that they were supportive of both. They also responded that the ESAs are very proactive in this area. The Chair closed the discussion highlighting the potential for the Central Bank, as a national supervisor, to provide clarity where possible and to ensure processes were efficient, while at the same time being aligned with Central Bank's wider mandate. She highlighted that the simplification agenda was an evolving topic and would feature in future Subgroup discussions.

3. Our Approach to Supervision and Central Bank of Ireland's Regulatory and Supervisory Outlook

The Chair introduced the discussion by highlighting the Central Bank's new supervisory approach. She noted the recent publication of the document [Our Approach to Supervision](#) which outlines the Central Bank's updated supervisory principles, and explains at a macro level, how the Central Bank approaches supervision. This includes being risk-based, outcomes-focussed, judgment-led and forward-looking. It also covers the responsibility of firms for risk identification, management and mitigation.

The Chair highlighted that while the new supervisory approach remains risk-based, it is becoming more integrated, drawing on all elements of the Central Bank's mandate – consumer and investor protection, safety and soundness of firms, financial stability and integrity of the financial system.



She noted that the Central Bank had piloted this new approach with a small number of firms last year and had received positive feedback.

The Central Bank then provided an overview of the recently published [Regulatory and Supervisory Outlook report](#) (the report). It is the second publication of this annual report which outlines the key risks facing regulated entities and consumers, driven by the macroeconomic and geopolitical environment, as well as other major trends. The report also outlines the Central Bank's supervisory priorities in the context of these risks, namely:

- proactive and consumer-centric leadership of firms
- firms are resilient
- firms address operating framework deficiencies
- firms manage change effectively
- climate change and Net-Zero are addressed
- the Central Bank enhances how it regulates and supervises

It was noted that the report is intended to assist financial firms in their own engagement with the Central Bank and its expectations of them.

Industry members welcomed the report and, in particular, the cross-sectoral focus as well as the sector-by-sector view. A general discussion followed in which members drew attention to European Central Bank's supervisory outlook publication which explicitly sets out the thematic focus of supervision activities. Members highlighted that potential to align the Central Bank's publication with his document.

Industry members also queried to what extent AI is used by the Central Bank as a supervisory tool. The Central Bank advised that it is not yet being used in frontline supervision and it will not replace supervisory judgement.

Members discussed that market access is an important factor in contributing to increased profits which in turn helps industry invest in mitigating operational risks. Members also raised some specific points in relation to the interaction with DORA and local guidance. The Central Bank outlined its efforts to streamline guidance on outsourcing, technology and resilience and will follow up with members on the timeline for this.

In relation to the new supervisory approach, members highlighted that firms experienced the benefits of the new integrated supervisory approach in the aftermath of the recent Storm Éowyn. In particular, they highlighted the reduction in the duplication of requests for data and the single point of contact.



Members queried whether the new model will be guided by a firm's prudential impact and if firms will get an update on their PRISM rating. The Central Bank advised that individual firms will continue to have their prudential impact calculated and firms should continue to comply with relevant requirements based on their impact categorisation. Members were referred to the FAQs on www.centralbank.ie which addresses this question. Members were asked to provide feedback if any additional FAQs or further clarity on existing FAQs was required.

The Central Bank set out for members that the aim of the RSO report is to provide senior leadership teams, boards and other stakeholders with details of the Central Bank's view of the risk landscape, regulatory expectations as well as what can be expected in terms of the Central Bank's focused supervisory work for the coming period.

The Central Bank thanked members for the interventions on this topic and advised that it will reflect on the general and specific points raised.

4. Closing Remarks

The Chair thanked the members for attending. She also thanked them for their contributions and the open and engaged discussions. She advised that the next meeting of the International Subgroup is due to take place in the Autumn.

The meeting ended.