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Central Bank of Ireland

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# Brexit

Media Seminar – 15 October 2019

## Central Bank's approach

- We have been serving the public interest by working on the risks arising from Brexit since before the UK referendum – the first report from our Brexit Task Force was produced in 2015.
  
- Our work has focused on:
  - assessing the risks to the Irish economy, financial stability, consumers and investors (see Annex for details of some of the research published);
  
  - mitigating those risks by driving regulated financial services firms to be prepared for the UK leaving the EU without a deal (a 'hard' Brexit);
  
  - working with the Department of Finance, Oireachtas and with European authorities to implement policy and legal changes to mitigate systemic risks; and
  
  - delivering our gatekeeper role effectively, efficiently, transparently and pragmatically.



## Risks to the Economy

- Quarterly Bulletin 4 of 2019 – two forecasts: Deal and No-deal.
- In the event of a disorderly, hard Brexit, the key channels through which the economy will be affected will be through shocks to the exchange rate, trade, consumption and investment.
- Most of the impact on growth and demand would be felt in 2020, with the impact on employment lagging slightly in term of timing.
- In the event of a deal, GDP growth is expected to be 5 per cent in 2019, 4.3 per cent in 2020 and 3.9 per cent in 2021.
- In a no deal, GDP growth is expected to be 4.7 per cent in 2019, 0.8 per cent in 2020 and 1.9 per cent in 2021.
- The introduction of tariffs in the event of a hard Brexit would acutely affect the agri-food sector.





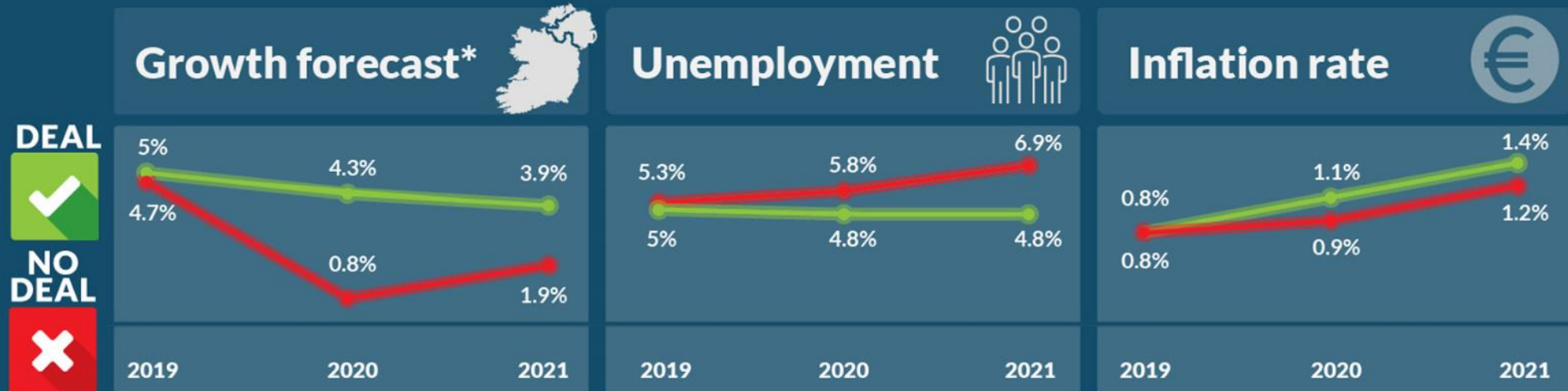
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# Quarterly Bulletin

## QB4 – October 2019

The outlook for the economy differs under a Brexit deal and no-deal scenario.



\*Gross Domestic Product.

[centralbank.ie/QB](http://centralbank.ie/QB)



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## Financial System readiness

- It is imperative that financial services firms should continue to be able to serve the Irish economy, Irish consumers and investors in the event of the UK leaving the EU without a deal.
- We are satisfied that the Irish financial system is, overall, resilient enough to withstand a hard Brexit.
- We have been engaging with regulated financial services firms since before the referendum to drive preparations. The majority of Irish authorised firms (banks, insurers, investment firms, etc.) have taken action to prepare.
- Firms will not be able to ‘passport’ services from the UK and Gibraltar to customers in Ireland or elsewhere in the EU in the event of a hard Brexit.
- 100+ firms have been authorised or approved to significantly expand their operations in Ireland to allow them to continue to serve EU customers.



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## Financial System readiness

- The close connections between the UK and Irish systems mean that some ‘cliff edge’ risks of a hard Brexit remain. Frictions, costs and some reduction in supply of financial services from UK and Gibraltar based firms are inevitable.
- We continue to engage with European, UK and Gibraltar supervisory authorities to ensure firms providing financial services into Ireland after Brexit are taking action to mitigate these risks and are communicating with consumers.
- Affected consumers should have heard from their service provider by now about what will happen after 31 October. If in doubt, concerned consumers should contact their providers. More information is available on the Central Bank website ([www.centralbank.ie](http://www.centralbank.ie)).
- We have worked with the Department of Finance to develop the temporary run-off regime for insurers and insurance intermediaries that have not been authorised in another EU country. This will allow for the orderly run-off of insurance policies but firms will not be able to write new business.



# Further information ... [www.centralbank.ie/brexit](http://www.centralbank.ie/brexit)

Brexit FAQ – Financial Services Firms

[www.centralbank.ie/regulation/how-we-regulate/brexit-faq](http://www.centralbank.ie/regulation/how-we-regulate/brexit-faq)

Brexit FAQ – Consumers

[www.centralbank.ie/consumer-hub/brexit-faq---consumers](http://www.centralbank.ie/consumer-hub/brexit-faq---consumers)

Brexit - Ceisteanna Coitianta do Thomhaltóirí

[www.centralbank.ie/ga/tomhaltoiri/brexit---ceisteanna-coitianta-do-thomhaltoiri](http://www.centralbank.ie/ga/tomhaltoiri/brexit---ceisteanna-coitianta-do-thomhaltoiri)

Brexit Task Force Reports

<https://www.centralbank.ie/publication/brexit-task-force-reports>

Letter to UK credit institutions on the withdrawal of the UK from the EU (August 2019)

[https://www.centralbank.ie/docs/default-source/regulation/consumer-protection/dear-ceo-letter---withdrawal-of-the-united-kingdom-from-the-european-union-\(003\).pdf?sfvrsn=9](https://www.centralbank.ie/docs/default-source/regulation/consumer-protection/dear-ceo-letter---withdrawal-of-the-united-kingdom-from-the-european-union-(003).pdf?sfvrsn=9)



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## External Sources

**Financial Stability Group:** Minutes of Meetings

<https://www.gov.ie/en/collection/35a5a2-minutes-of-fsg-meetings/>

**EIOPA:** Opinion on disclosure of information to customers about the impact of the withdrawal of the United Kingdom from the European Union

<https://eiopa.europa.eu/Publications/Opinions/EIOPA-BoS-18-119-Opinion%20on%20Disclosure.pdf>

**EBA:** Communication of the European Banking Authority on the UK withdrawal from the EU

<https://eba.europa.eu/documents/10180/2988067/EBA+Communication+on+Brexit.pdf>

## Further information ... [www.centralbank.ie/brexit](http://www.centralbank.ie/brexit)

- Much of our research has analysed the effects of Brexit on the Irish economy, publications have included:
  - Box B: Possible Implications of a Disorderly Brexit for the Short-Term Forecasts (QB3 2019)
  - Box B: The Macroeconomic Implications of a Disorderly Brexit (QB1 2019)
  - Box A: Macroeconomic Implications of the UK Government Brexit White Paper: A Preliminary Analysis (QB4 2019)
  - Box C: Short-term disruption to trade infrastructure in a no deal Brexit (QB4 2019)
  - Box D: Grocery Prices in Ireland after Brexit (QB4 2019)
  - Non-Tariff Barriers and Goods Trade: a Brexit Impact Analysis (Research Technical Paper, Vol. 2018, No.7)

