



Our Strategy

2024



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 2025 - 2027.

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.

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.**



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1. Governor's Foreword

The Central Bank's 2021 Strategy was an important – in many ways a watershed – moment in our recent history. It marked a new direction for the organisation, recognising that, following the successful efforts over the previous decade to address weaknesses in the financial system, there was now a need to pivot more towards the emerging challenges posed by rapid and complex change, particularly in technology.

We recognised that the status quo was not an option if we were to deliver our Vision of being 'One Bank: trusted by the public, respected by our peers, and a fulfilling workplace for our people'. As a result, we decided on a strategy with four interconnected themes – future-focused, open and engaged, transforming, safeguarding – which represented a renewal and repositioning to ensure that our direction and ambitions over the following five years were responsive and forward looking.

Given that this year marks the half-way point in the implementation of the strategy, we have taken the opportunity to review our progress, take stock of our operating context, and validate our strategic direction and priorities for the coming three years.

The 2024 Strategy set out in this document is the culmination of that work.

We have concluded that, for the most part, the structural drivers of change underpinning our strategic direction are developing as we anticipated in 2021, albeit, in some cases, more quickly and with greater intensity than we originally expected. In particular, the last three years have been characterised by an abrupt change in the macro-financial environment with monetary policy having to address rising inflation to ensure it returns back to target in a sustainable manner, and greater volatility and uncertainty as a result of geopolitical tensions (with consequences for global economic interconnectedness). Alongside these developments, we are witnessing the complex challenges associated with addressing human-induced climate change, while the continued evolution of the information economy has brought rapid advances in the pace and extent of digitalisation, the broader use of artificial intelligence, and the ubiquity of social media.

In Ireland, the economy has rebounded from the pandemic. Households' real disposable income and levels of domestic demand have grown more than previous expectations, supported by a strong labour market. The financial sector has remained resilient, continuing

to provide critical services to households and business in Ireland and abroad. It has also continued to evolve, in terms of its size, complexity and international connectedness. Between 2016 and 2022, total assets and the numbers of firms we regulate grew by more than €2.5 trillion and 25 per cent respectively. Ireland is one of the top five largest funds jurisdictions in the world and continues to be an attractive and growing location for this internationally-oriented sector. Our fintech sector has also grown significantly: in the payments sector alone, the number of Payment and E-Money Institutions regulated by the Central Bank has tripled in the last 6 years.

But the economy's rebound and the continued growth of the financial sector has brought its own challenges. In many ways the economy is now dealing with the side-effects of success, such that the conditions for more sustainable growth in living standards need to be further promoted over the medium term. And an increasingly expanding and complex Irish financial sector means risks need to be managed, reiterating the importance of effective regulation and supervision to maintain financial stability and, of course to protect consumers and investors which continues to be a core focus of everything we do.

Against this backdrop, we have concluded that the strategic direction we set in September 2021 continues to remain appropriate. Our 2024 Strategy confirms our commitment to the four themes (future-focused, open and engaged, transforming, safeguarding) but we have updated and extended it to focus on some of the actions we will take to achieve our aims over the coming three years (2025-27).

I am proud of the progress the Bank has made to date. There has been a step change in our engagement with stakeholders in Ireland and we have built stronger relationships with our peers across the world. We are becoming more agile as we evolve our structures and ways-of-working. We have increased engagement and significantly improved our authorisations processes. We are more intelligence-led through our work on data and analytics. And we are modernising our physical and technological infrastructure.

Overall, we are becoming more resilient in the delivery of our mission reflecting the commitment, determination and professionalism of our people. I would like to acknowledge their significant contribution to the delivery of the Strategy.

We are committed to maintaining the momentum required to achieve our goals and to deliver our Vision. We know we have more to do, and we remain firmly focused on what needs to be done over the coming three years to deliver on our constant and predominant aim, the welfare of the people as a whole.



Gabriel Makhlouf

Governor and Chair of the Central Bank Commission

30 September 2024

Scanning our Operating Context

To ensure our strategic direction remains responsive and forward-looking, we have re-assessed the key factors that are likely to shape the current and emerging operating context in which we perform our role and will be implementing Our Strategy in the coming three years.



Rapid **technological advancements** are **disrupting economies and markets**, impacting growth, productivity, labour, and financial services. This demands adjustments in economic analysis, policy formulation, and financial regulation to maintain financial stability, market confidence and consumer protection.



Geopolitical changes are creating an international landscape of rising rivalry, **heightened risks of prolonged conflicts** and increased policy uncertainty, affecting how we inform and influence EU and government policies, provide economic advice, and regulatory expertise.



Efforts to mitigate the long-term implications of **climate and environmental risks** affect the economy and financial system. The financial sector has an important role to play in mitigating the long-term implications of climate change and biodiversity loss.



The **global interconnectedness of financial services and markets** has meant that regulatory policy often needs to apply a domestic, regional and international lens, with increasingly cross-sectoral features, to grasp the nature of risks, and how these can materialise.



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**.

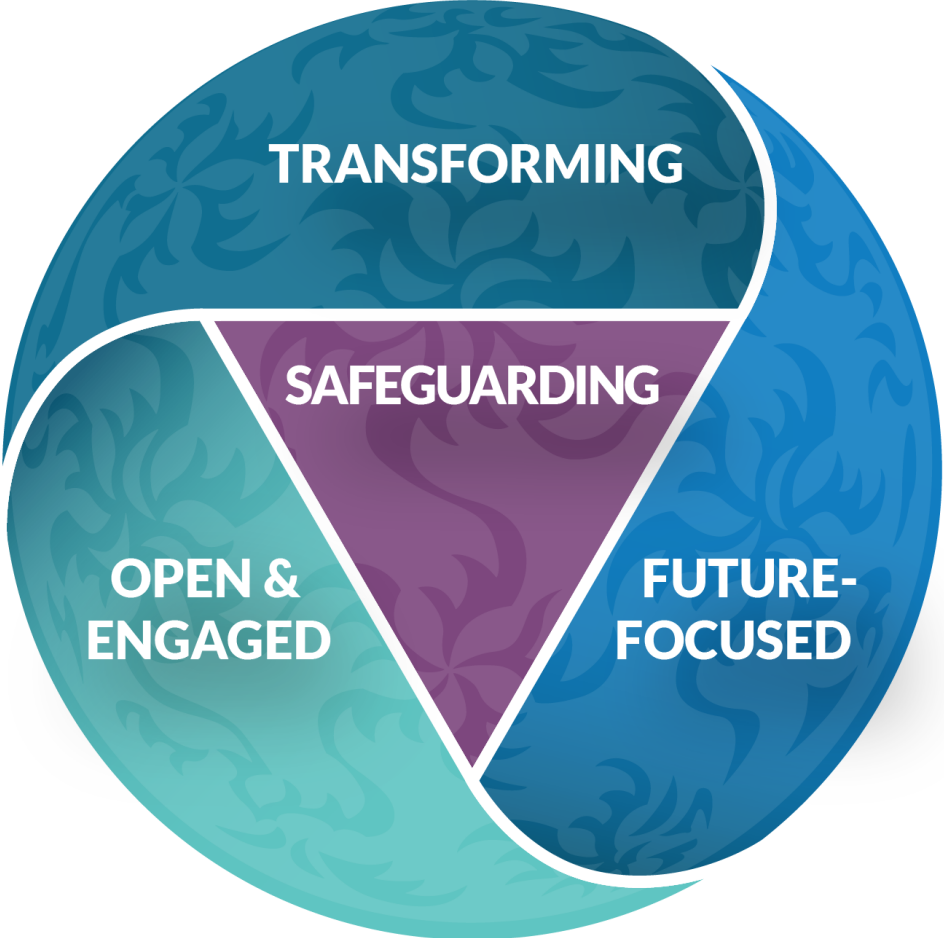


Trust in public institutions is being challenged, necessitating a concerted focus on **transparency, effective communications and engagement, and accountability**.



2. Our Strategic Direction

The goals underpinning our strategic direction are set out under four connected themes.





THEME 1: 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 economy and financial sector, with a particular emphasis on technological innovation, climate transition and geo-political change.

What we are aiming to achieve

- 1.** Anticipate, support and manage the risks of innovation in central banking and financial services, including, for example, the implications of artificial intelligence and tokenisation.
- 2.** Strengthen the resilience of the financial system to climate and environmental-related risks and its ability to support the transition to a net zero economy.
- 3.** Promote the provision of choice and access to payment instruments in Ireland, including cash and electronic payments.
- 4.** Advance our understanding of the changes in the economy and financial system through analysis and research 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 and responding 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 and environmental change for the financial system, and have played our role in the transition to a net zero economy.
- We have supported the evolution of cash and electronic payments to optimise choice and access, including through our contributions to implementing the National Payments Strategy, the development of a new cash centre, and our work on the Digital Euro.
- We have deepened our understanding of the economy and financial system across priority themes, and have continued to expand our range of statistics to meet evolving user needs.

Our progress since 2022 includes:

- Continuing to invest in improving the underlying payments infrastructure as part of the Eurosystem and supporting the Department of Finance on the development of the National Payments Strategy and the Access to Cash initiative.
- Enhancing the functioning of our Innovation Hub and commencing work on establishing an Innovation Sandbox programme.
- Advancing our work on a new Central Bank cash centre and continuing with our European colleagues to develop the Digital Euro work.
- Establishing a cross-industry Climate Forum to build a shared approach between the financial sector and the Central Bank in understanding and managing the financial risks and opportunities posed by climate change. We also focused on actions required to strengthen the resilience of financial services firms to climate-related and transition risks by enhancing our supervisory approach.
- Through our economic research and analysis, we have developed a framework for closer collaboration and engagement with external researchers. We also published, for the first time, a Central Bank-wide Research Agenda, which specifies our research priorities and how they relate to the key policy questions that we face to deliver our mandate.



THEME 2: Open & Engaged

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

By being **Open & Engaged**, we are emphasising the critical priority for the Central Bank to listen to our stakeholders, engaging in 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 our European and other international peers.
4. Deliver on our commitment to acting as a socially responsible and sustainable organisation, and fulfilling our public sector duty obligations¹.

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 promoted a culture of listening and learning as part of engaging 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.

¹ As set out in our Public Sector Duty Assessment and Action Plan available on our website.

- We have progressed our organisational sustainability objectives and continued to build on our work with our local communities and voluntary activities.

Our progress since 2022 includes:

- Enhancing opportunities to engage with our broad range of stakeholders on issues that are affecting the financial system through initiatives such as the Financial System Conference and Financial Industry Forums, and developing an EU and International Engagement approach that guides our efforts and policy work with peers.
- Publishing an Open and Engaged Charter for 2024-2026 which lays out our approach to effective engagement.
- Developing a stakeholder engagement framework to support staff in their continuous engagement activities.
- Through our sustainability and social responsibility work, implementing our Climate Action Roadmap and focusing on further deepening our community relationships through local partnerships, charitable and voluntary work.
- Consistent with our Public Sector Duty obligations, we have implemented a range of initiatives to foster a diverse and inclusive working environment, and promote equality and human rights, including, for instance, providing training and awareness supports for our people, progressing our Disability Action Plan and continuing to enhance the accessibility of our website.



THEME 3: Transforming

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

By **Transforming**, our aim is to enhance how our organisation operates, so that we enable more efficient, effective, adaptive and innovative ways of working, leveraging the resources of One Bank while managing our core operating costs as our workload continues to increase in terms of volume and complexity. Central to this is supporting our people to perform their roles individually and collectively, using data and technology to deliver efficient and effective processes, in an environment that is conducive to living our values.

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

Strategic investments in our organisation have enhanced our effectiveness and efficiency.

- Our working model optimises collaboration and flexibility.
- We have the right skills, competencies and structures to enable our people to deliver 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 own organisational resilience, in line with changes in the risk environment.

- We have matured our data capabilities, with data science and analytics functioning as core capabilities that inform both how we deliver our statutory functions and how we run the Central Bank.
- Our strategic investments in our organisation have contributed to containing our core operating costs.

Our progress since 2022 includes:

- Delivering new technology capabilities, such as a forensics evidence management system which has delivered significant efficiencies and effectiveness in our enforcement related work, and a market surveillance system which augments our capabilities to monitor trading activities for suspected market abuse.
- Deploying new tools to enhance our supervisory activities, leveraging technology to improve our industry reporting portals, and commencing work on a new, more integrated operating model for how we supervise firms.
- Establishing a new internal data operating model to support more adaptable and scalable way of utilising data and analytics in support of delivery across our entire mandate, and progressing new digitalisation initiatives and process improvements.
- Enhancing our internal risk management frameworks and organisation-wide prioritisation and planning tools.
- Trialling and transitioning to a hybrid working model, completing the implementation of our integrated Docklands campus and implementing a digitally enabled employee listening platform.



THEME 4: 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.

Supported by the other strategic themes, **Safeguarding** reflects our steadfast commitment to strengthening 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. Ensure our macroprudential framework is set appropriately for the risk environment, and continue to develop the macroprudential framework, with a particular focus on 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 approach to firm supervision, prioritising: (a) the interests of consumers, (b) governance, accountability, behaviours and conduct, (c) financial and operational resilience, and (d) anti-money laundering / countering the financing of terrorism.
5. Our gatekeeping functions support confidence in the financial system.
6. Continue to strengthen our crisis management capabilities and ensure that relevant regulated firms progress towards resolvability, including planning for the introduction of a resolution regime for the insurance sector.

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.
- We have enhanced our regulatory framework, including our policy measures and supervisory interventions, to support the stability of the financial system, increase the resilience of firms

and enhance the financial system's effectiveness in supporting the economy and serving consumers' interests.

- We have enhanced our gatekeeping processes to ensure that they operate efficiently, effectively and transparently.
- We have advanced crisis management and resolution capabilities to enable effective responses to adverse events as they arise, and the orderly resolution of firms.

Our progress since 2022 includes:

- Implementing monetary policy interventions to ensure Euro Area inflation returns to the 2% target in a sustainable manner over the medium-term, and shifting our analytical focus towards the impact of high inflation and higher interest rates on the resilience of households, businesses and the broader economy in Ireland.
- Progressing work to mature the macro-prudential framework in Ireland, concluding two in-depth reviews on existing macroprudential measures for bank capital and the mortgage measures, and introducing macroprudential measures for property funds and liability driven investment funds.
- Publishing our inaugural Regulatory & Supervisory Risk Outlook Report which sets out our perspective on key risks and trends that are shaping the financial sector operating landscape, and our consequent regulatory and supervisory priorities for the next two years.
- Developing the new Individual Accountability Framework and progressing the review of the Consumer Protection Code, while continuing to progress work on implementing new EU regulations (e.g. MiCAR and DORA²).
- Progressing our crisis management work with Irish banks towards meeting the resolvability expectations of firms, and continuing to build our crisis preparedness capabilities by playing an active role in the development of both domestic and EU crisis management frameworks, and conducting crisis simulation exercises.

² Markets in Crypto-Assets Regulation (MiCAR) and Digital Operational Resilience Act (DORA)



3. Implementing Our Strategy

Achieving the outcomes of Our Strategy requires us to continue to deliver our day-to-day functions and manage our resources, risks and priorities, as we navigate the complex and evolving context in which we work.

Delivery of Our Strategy will mean we have transformed how we regulate and supervise financial services and firms so that we continue to protect consumers and investors in a changing environment while supporting a stable and well-functioning financial system. We aim to use research, analysis and statistics in a manner that delivers deeper insights, enhances our policy making and improves the effectiveness of our work. We want to have enhanced how we run key aspects of the organisation, in particular in the areas of technology, risk management, planning and change delivery to enable greater efficiency and the streamlined provision of new and essential capabilities. We also want to have achieved a demonstrable shift in how we engage with our stakeholders so that our role is better understood and we have built trust in both the Central Bank and the wider financial system. This will see the organisation better positioned to manage the future complexities and challenges of our operating environment, so that we can continue to deliver our mission.

Implementing aspects of Our Strategy require investment and organisational change which is being delivered through multi-year programs of work. To manage the pace, sequencing and inter-dependencies within these programs of work, we have maintained and will continue to maintain, rigorous processes for governance, planning, resourcing, delivery and progress reporting. Where investments are required to help to achieve our strategic goals, we will continue to apply value-for-money considerations, emphasising long-run efficiency, effectiveness, and capability gains.

Given the significant changes underway within our operating context, we will continue to assess and define our strategic priorities to ensure these reflect the current and emerging demands of our mandate.

To support transparency and accountability in respect of the implementation of Our Strategy, we use our annual business planning and prioritisation processes through which the Central Bank's leaders and the Central Bank Commission 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. We continue to advance our work here by identifying appropriate outcome

indicators and performance measures to help us assess our progress in achieving our strategic goals and outcomes.

We will continue to report on our performance in relation to all aspects of our work in our published Annual Report and Annual Performance Statement, through which stakeholders can assess our progress in achieving our strategic goals and target outcomes.

For further information on

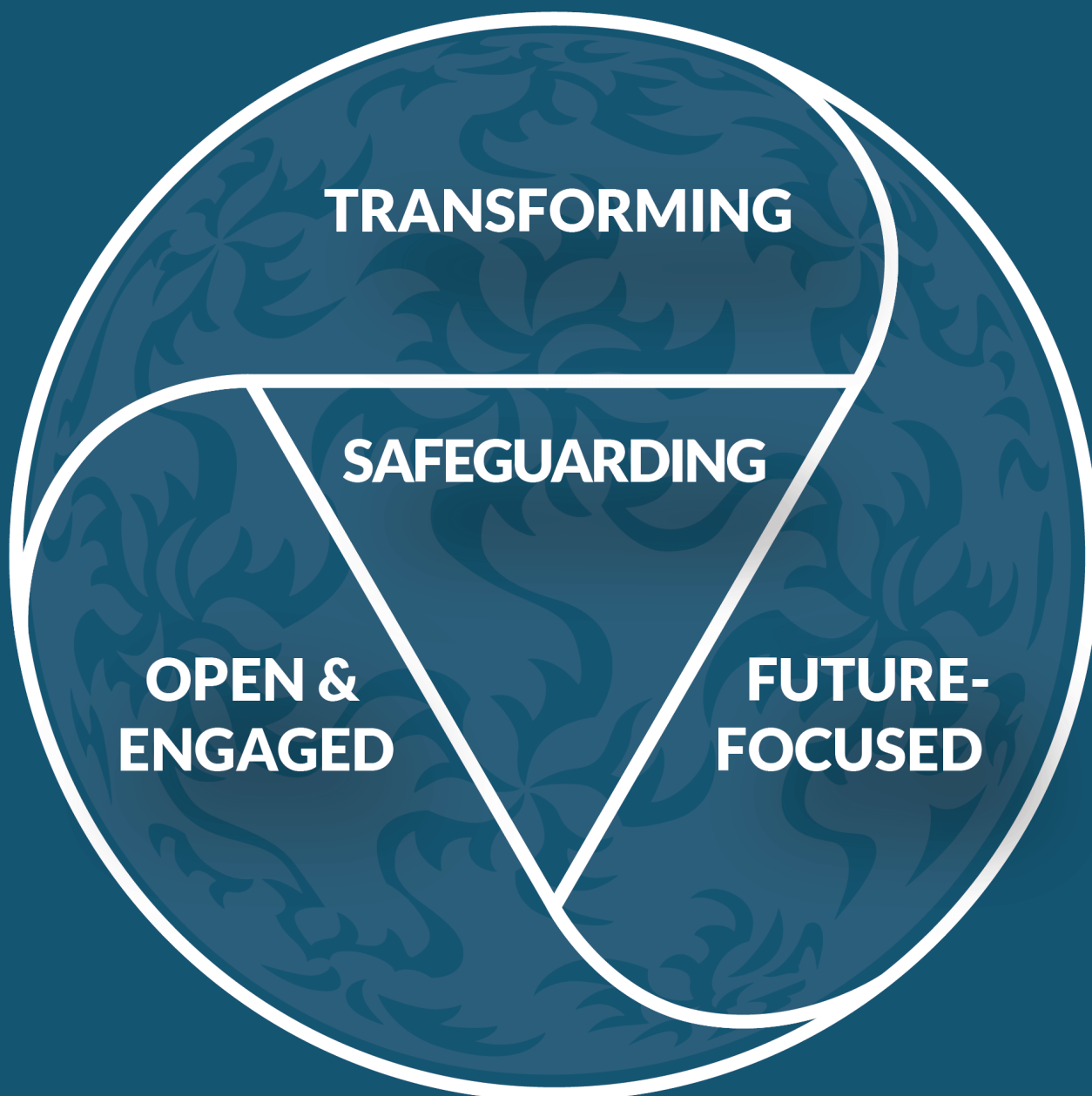
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