

Central Bank of Ireland Consultation Paper on Innovation Engagement (156)

February 2024

About Stripe

Stripe is a financial infrastructure platform for businesses, which has held an e-money licence with the Central Bank of Ireland since 2019. Millions of companies—from SMEs to the world’s largest enterprises to the most ambitious startups—use Stripe to accept payments, grow their revenue, and accelerate new business opportunities.

Headquartered in Dublin and San Francisco, our aim is to increase the GDP of the internet. Across Ireland—and globally—we see that online economic activity is being propelled by businesses of all sizes and technical capabilities. Technology companies such as [Glofox](#) and [Wayflyer](#) were built on Stripe from day one, while heritage enterprises using Stripe such as the GAA, [Irish Life](#), and [Smyths Toys Superstores](#) are reinventing themselves for the digital age.

Stripe has always been deeply embedded in the startup ecosystem with a dedicated start-up team. Tens of thousands of startups in Ireland rely on Stripe to accept payments, so they can focus on delivering for their customers, and five of the seven Irish unicorns were built on Stripe.

More generally, we are passionate about supporting activity in Ireland that promotes entrepreneurship. We actively support the start-up community, including the activity of the [NDRC](#) and regional innovation hubs including Dogpatch, the Portershed, Rdl hub and Republic of Work amongst others. We are members of [Scale Ireland](#), sponsor the [BT Young Scientist and Technology Exhibition](#) and partner with [Patch](#), a teen accelerator program supporting budding entrepreneurs. We are a founding partner of the University of Limerick’s [Immersive Software Engineering](#) course and a member of the ISE Residency program. Finally, we are proud to sit on the [Enterprise Digital Advisory Board](#) within the Department of Enterprise, set up to advise and work with the Irish Government to drive industry adoption of digital technologies whilst at a European level, we sit on the Advisory Board of the [European Startup Nations Alliance](#).

Introduction

Over the last decade in Ireland, conditions for Ireland's internet businesses have improved dramatically. The evolution of digital finance, coupled with Ireland's strengths as a place to do business, presents significant opportunities for the country to cement its place as a global leader in financial technology, and to ensure that the changing needs of Irish businesses and consumers can be met by the financial services industry.

Supporting innovation by firms across the sector is vital to securing Ireland's place in this regard and the enhanced approach to engagement on innovation proposed by the Central Bank of Ireland is therefore another step in the right direction.

We see that homegrown startups in Ireland now have access to an increasingly established venture capital ecosystem, a talent pool trained at the world's largest technology companies, and a network of experienced founders. However, the role of regulation and therefore the Regulator, cannot be underestimated - Ireland needs a public and regulatory policy framework that continuously fosters responsible innovation.

Indeed, technological change is moulding the operating landscape for all stakeholders, from consumers to regulators and regulation and policy will play a central role in the success of Ireland as a fintech leader. This is why we are excited by this initiative by the Central Bank of Ireland and believe it will greatly support the ambition evident in the Irish ecosystem for decades to come. The proposal to enhance the engagement model of the Innovation Hub and establish a Regulatory Sandbox in Ireland, coupled with other ongoing public and private sector workstreams, will ensure that many more generations of technology companies are built in Ireland.

Stripe is excited to support the CBI and the wider ecosystem in this endeavour.

Question 1: What is your feedback on the enhancements underway with the Innovation Hub? Are there other areas that should be developed?

Engagement with the ecosystem, and exchange of information and dialogue, is a key ingredient of success. In 2022, Stripe proposed the establishment of an Innovation Division within the Central Bank of Ireland in the context of the Retail Banking Review and we therefore strongly welcome the enhancements underway within the Innovation Hub. It will serve to support companies on the ground seeking to innovate and offer clarity for new firms on the approach of the Central Bank of Ireland.

We are particularly excited by the prospect of a Digital Centre for Knowledge as we believe it to be the first step in the direction of an accessible, digital-first, one-stop shop.

We would make the following comments;

- Today, attracting and access to talent is a key consideration for both the public and private sector. Securing and investing in talent on an ongoing basis will ensure regulators and policy-makers can keep pace with the levels of innovation and ambition in the financial sector.

- In our 2022 report entitled [European Tech Voices](#), a key finding was that an accessible, digital-first, one-stop shop, with easy-to-use guides for startups, showing what's needed in terms of compliance based on sector, company size, and location would greatly help startups reduce the time (and cost) they spend on regulatory requirements. While we understand the focus for the Central Bank of Ireland will be on its remit around regulation and supervision, we believe it would be beneficial to link to other easy-to-use guides/pointers for startups in relation to the establishment of their business more generally.
- The Innovation hub should link closely with the Government and other Government-agency led initiatives to support start-ups in an effort to make it easier for a founder to understand the range of support available in Ireland to best inform all aspects of business establishment. Again, our 2022 [report](#) revealed that smart public policy, which reduces friction and delivers on digital first commitments, can boost the ecosystem as seen in the Baltics and Eastern European countries.
- We would encourage the Central Bank of Ireland to engage with the academic community in its outreach. Access to developer skills is a vital ingredient for the future development of the Irish financial services sector. In order to meet the growing needs of banks and other regulated financial services providers, government, universities, schools and industry should work together to support a significant increase in the number of graduates studying computer science, by focusing on currently underrepresented groups.
- Regulation and compliance should be a key focus area of the engagement and dialogue with start-ups. Pro-innovation and technology-neutral regulation can be an opportunity (rather than a hurdle) in building long-term sustainable products for a company. However, it is important to be aware that for smaller companies just getting started, without the benefit of a large legal or finance department, and with increasingly limited resources, it can be difficult to understand new regulations and time consuming to comply with them.
- The application of regulation to new technologies should be benchmarked against other EU jurisdictions to ensure consistent implementation and a level playing field in the Single Market.
- We would encourage the Innovation Strategy unit in its dealings with the Innovation Hub and Sandbox to share the learnings across other units in the Central Bank of Ireland and facilitate greater understanding, awareness and knowledge of technological developments and innovation within the Bank.

Question 2: What is your feedback on the proposal to establish an Innovation Sandbox Programme? Will the proposal support the Central Bank in meeting our overall objectives, including the needs of consumers and the wider economy?

Stripe welcomes the establishment of an Innovation Sandbox Programme and believes it provides a strong signal to the start-up ecosystem in Ireland and beyond that Ireland is a leader in financial technology and a country seeking to support entrepreneurship. Supporting experimentation and innovation will enable the industry and the regulator to better respond to the changing needs of Irish businesses and consumers into the future.

Stripe would be happy to support future participants of the Sandbox by sharing our regulatory and supervisory experience to date which may offer learning opportunities and a practical perspective for start-ups to navigate the journey ahead.

We note the Central Bank of Ireland's intention that the Sandbox will inform its policy-making work at EU and international level. It would be important to ensure in this work, the consistent treatment of firms and consistent outcomes for users/consumers of financial services across Europe is front of mind. While many start-ups appreciate the idea of harmonized regulations across Europe, according to our 2022 [report](#), start-ups do not feel that legislation is consistently applied and fragmentation across different jurisdictions presents a particular challenge for companies of all sizes. Therefore, where applicable, Ireland should work to ensure a harmonised application of EU initiatives and regulations across member states.

Question 3: What is your feedback on the operating model of the Innovation Sandbox Programme?

We acknowledge the detailed approach laid out in the consultation paper and would make the following points;

- Clarity on timelines and ways of working would be beneficial to allow start-ups to align product development cycles in advance and inform time to market and resourcing.
- We believe some form of live consumer testing would be valuable to assist companies understand the potential of their innovation before going to market.
- In the absence of a regulatory derogation or waivers as highlighted by the Central Bank of Ireland paper, we would highlight the need for a deep dialogue within the Sandbox on the application of the regulation and compliance and best practices.

Question 4: Are there specific themes or areas of innovation that the Central Bank Innovation Sandbox Programme should address?

Two key themes Stripe would encourage the Central Bank of Ireland to explore in the Sandbox are innovations in the response to climate change, and deployment of AI.

- We welcome the focus by the Central Bank of Ireland on climate as part of its overall strategy. We would encourage the Sandbox to build on this, and explore specifically innovation in response to climate change. Stripe itself is focused on carbon removal through [Stripe Climate](#) which is a payment mechanism that allows any online business to contribute funds to technologies that remove CO2 directly from the atmosphere. Along with other companies, we established [Frontier](#) which uses an advance market commitment of more than \$1bn to support the development of carbon removal technologies. We would be happy to share with the Central Bank of Ireland's Sandbox and innovation strategy unit our learnings in the area of carbon removal if helpful.
- Regarding AI, we welcome the recent co-legislator [agreement](#) on the EU AI Act and overarching framework in addition to the establishment of the Government's AI Advisory Council in the Department of Enterprise. Policy clarity and certainty is essential for this emerging sector.

Exploring the deployment of AI within the financial sector in a Sandbox should further inform the Central Bank of Ireland's perspective and shape a regulatory environment and approach that enables responsible innovation in these essential technologies. Moreover, sharing the learnings amongst domestic and European policy makers and regulators will be of utmost importance, as AI practitioners may cover multiple sectors and multiple jurisdictions.