

CENTRAL BANK OF IRELAND

STRATEGIC PLAN

2019–2021



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem



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STRATEGIC PLAN
2019–2021

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Foreword



“We will be flexible in the delivery of our strategy, effectively prioritising across competing demands, while safeguarding delivery of our fundamental work, and responding to changes in the external environment.”

Governor Philip R. Lane



**Banc Ceannais na hÉireann
Central Bank of Ireland**

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Foreword

A decade after the onset of the financial crisis in autumn 2008, it is timely to review the strategic direction of the Central Bank of Ireland (Central Bank). Internationally, the crisis triggered widespread policy reforms, with central banking and financial regulatory mandates expanded to redress the systemic flaws revealed by the crisis. Domestically, the post-crisis legacy of excessive indebtedness has warranted careful management and oversight, together with an extensive restructuring of the financial system. Especially over the last five years (since the completion of the EU-IMF programme in 2013), a primary objective has been to establish the Central Bank as the effective steward of the Irish financial system, working in the public interest and in partnership with the other branches of the Irish State and our colleagues in the Eurosystem and the European System of Financial Supervision.

The remarkable recovery in the Irish economy has been accompanied by a parallel improvement in the health of the domestically-orientated part of the Irish financial system. At the same time, Ireland's role as a location for international financial intermediation across a broad range of financial services has continued to expand.

There has been a shift to a more intrusive supervisory philosophy, a commitment to resolving troubled financial institutions (rather than turning to the taxpayer), as well as the activation of macro-prudential policy measures that seek to contain systemic risk. There has also been an elevation in concern about financial misconduct.

We have witnessed the adoption of unconventional monetary policy measures and the increase in the collection of financial data, which has required a transformation in central banks and financial regulators to meet these challenges. This is being achieved through a combination of increased staffing levels, changing work practices and strengthening the organisational capability. In banking, the initiation of the Single Supervisory Mechanism in 2014 has led to a fundamental shift, with the supervision of major banks led by the European Central Bank (ECB), in partnership with the national competent authorities.

In Ireland, the ongoing legacy problems from the crisis and our prominence as an international financial centre has meant that the required transformation of the Central Bank has been especially striking. As a result, over the course



Governor Philip R. Lane

of the 2016–2018 Strategic Plan, the workforce of the Central Bank has expanded by 27 per cent (from approximately 1500 to 1900). In 2017, our city centre staff moved to our new Dockland Campus, comprising the new headquarters on North Wall Quay and our Spencer Dock location. In addition, there has been considerable investment in IT capabilities and in improving skill levels among our staff.

“A decade after the onset of the financial crisis in autumn 2008, it is timely to review the strategic direction of the Central Bank of Ireland.”

Looking to the next three-year planning cycle, we are entering a period of consolidation. With the implementation of the international and European regulatory reforms that were introduced over the last decade, there is a new and more robust framework guiding financial supervision. The recovery of the Irish and European economies is facilitating a gradual normalisation in financial conditions and an improvement in the health of the balance sheets of financial institutions and households, firms and governments. However, some challenges and risks from the crisis remain and Ireland continues to be exposed to risks both in the domestic economy and the external environment. While the structure of the financial industry may face considerable disruption due to the emergence of new technologies, the general nature of the underlying regulatory framework means that it can be applied in similar manner to new entrants and established firms alike.

The primary challenge for this next phase is to ensure that the new policy framework delivers by safeguarding monetary and financial stability, while working to ensure that the financial system operates in the best interests of consumers and the wider economy. While the consolidation of

the policy framework is a primary strategic priority for 2019-2021, there are two significant challenges that call for particular strategic focus:

- One is Brexit. While, at the time of preparation of this Strategic Plan, the final nature of the new EU-UK arrangements remain unclear, Brexit has short-term and long-term implications for the structure of the Irish economy and the trading system. In addition, Brexit is inducing a significant expansion in the set of firms looking to use Ireland as a base to serve the EU27 financial system and it is forcing a rethink of the appropriate framework for regulating trade in financial services between the EU27 and other locations (including the UK). The successful handling of the impact of Brexit across our central banking and regulatory mandates is a high strategic priority for the Central Bank.
- The other is the implementation of a new approach to financial conduct regulation. The last decade has seen a wide range of financial misconduct scandals around the world, while the Tracker Mortgage Examination has revealed the damage that can be caused to Irish consumers from misconduct by domestic banks.



Governor Philip R. Lane

“The primary challenge for this next phase is to ensure that the new policy framework delivers on its potential by safeguarding monetary and financial stability”

It is our strategic commitment to elevate the regulation of the behaviour of regulated firms¹ and the operation of financial markets in order to protect consumers and investors. We are also gearing up to expand the scope of financial conduct regulation, with the Brexit-related expansion of wholesale financial trade requiring a parallel investment in wholesale conduct regulation.

1. Regulated firms include all entities and individuals regulated by the Central Bank of Ireland.

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Importantly, we recognise that prudential and conduct regulation are intertwined. Financially unsound firms pose grave threats to consumers and investors. In a similar vein, we recognise that macro-financial stability and conduct regulation are intertwined: the Irish public is well aware that systemic instability is deeply damaging for consumers and investors. It is important therefore that we operate as One Bank by working closely together across the organisation to deal with the risks and challenges we face in delivering on our mandate.

The corollary to the consolidation of the Central Bank's development will be greater stability in the overall operational budget and staffing. While Brexit and the expansion of financial conduct regulation will necessitate a limited net expansion in staff numbers, new tasks and emerging priorities will primarily require redeployment of current staff and de-prioritisation of some existing tasks. In parallel, non-pay operational expenditure will be tightly controlled. The stabilisation of the operational budget is essential for the long-term financial independence of the Central Bank, while also limiting the long-term rate of increase in the levies imposed on regulated firms.

As a consequence, we will be flexible in the delivery of our strategy, effectively prioritising across competing demands, while safeguarding delivery of our fundamental work, and responding to changes in the external environment. This will necessitate taking risk-based decisions, as we will never have enough people for all the work we would wish to do; and we will need to build capabilities and skills. I would like to take this opportunity to recognise the dedication and commitment of our staff whose continuing work to deliver on our mandate is crucial to the successful implementation of the Strategic Plan.

In this Strategic Plan, you will learn more about our Vision and thematic priorities for the next three years. The Strategic Plan is arranged in two parts. The first part sets out the high-level strategy for the Central Bank and includes the Mission, Vision and strategic themes. These themes are closely linked to our Mission and Vision and will collectively contribute to the delivery of our wider objectives. The second part outlines the strategic priorities under each of our statutory objectives as well as our key organisational objectives.



Governor Philip R. Lane

“It is important that we operate as One Bank by working closely together across the organisation to deal with the risks and challenges we face in delivering on our mandate.”

PART ONE



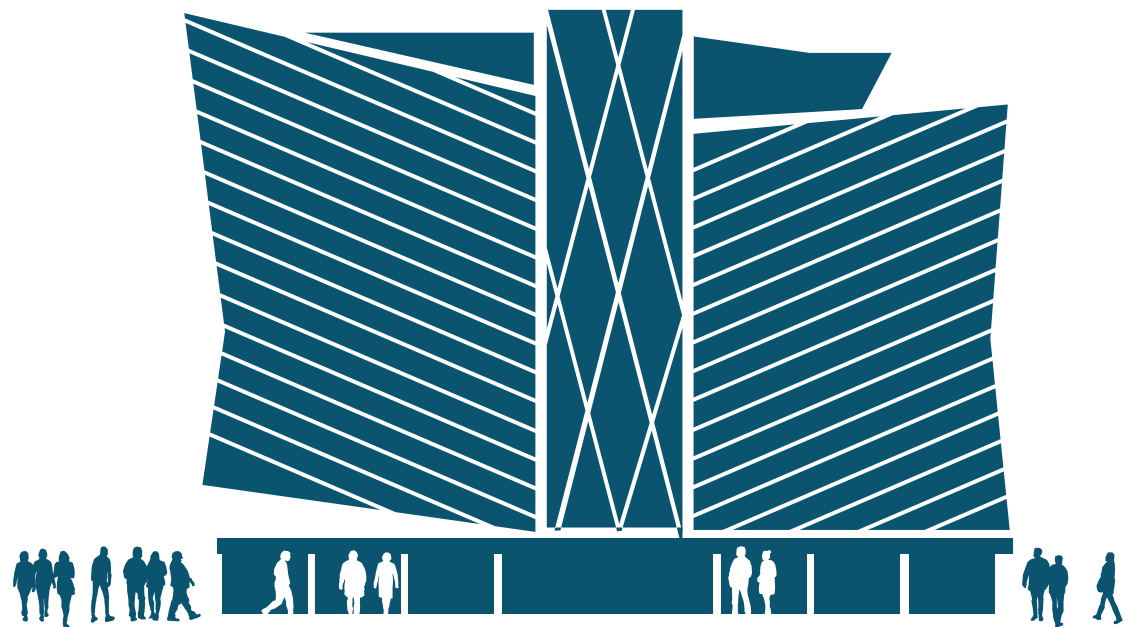
Banc Ceannais na hÉireann
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Mission

The Central Bank of Ireland serves the public interest by safeguarding monetary and financial stability and by working to ensure that the financial system operates in the best interests of consumers and the wider economy.

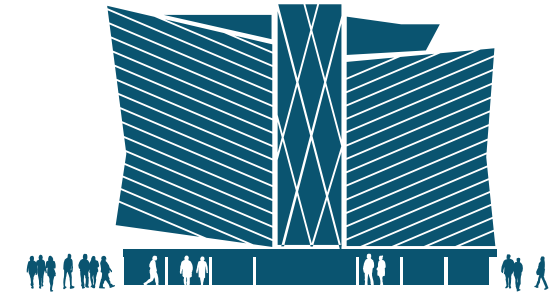
The Central Bank plays an important role in Irish society and we recognise the need for us to deliver on our mandate in the most effective way possible. The role and responsibilities of the Central Bank have increased over the years since our establishment in 1943. Serving the public interest has always been at the core of our work and is reflected in our Mission Statement. In addition, our Mission Statement recognises the important role that the Central Bank plays in safeguarding stability and in ensuring that the financial system is working in the interests of consumers and the wider economy.



Mandate

In discharging its functions and exercising its powers as part of the European System of Central Banks, the primary objective of the Central Bank is to maintain price stability.

The Central Bank also has the following statutory objectives:



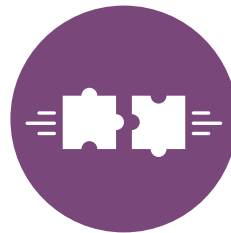
Price Stability

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



Financial Stability

The stability of the financial system overall.



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 and Currency

The efficient and effective operation of payment and settlement systems.



Economic Analysis and Statistics

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

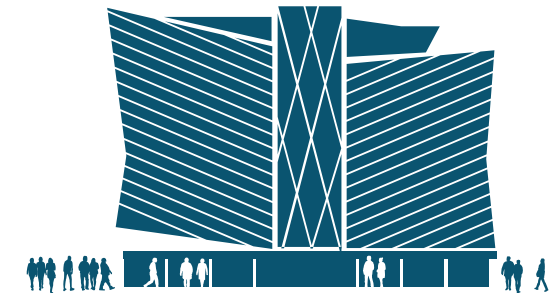
The discharge of such other functions and powers conferred on the Central Bank by law including:

The operation of the Central Credit Register, the Deposit Guarantee Scheme and the Insurance Compensation Fund.

Further information on who we are and what we do is available on our website www.centralbank.ie.

Vision

We are committed to being an independent, forthright and influential organisation with a compelling, clear and challenging vision of being:
One Bank: Trusted by the Public, Respected by our Peers, and a Fulfilling Workplace for our People.



Trusted by the Public

A trusted organisation that is working towards the public good in a transparent, effective and accountable way.



Respected by our Peers

Regarded by our peers at home and abroad as credible and working constructively to help influence and shape the best outcomes for the public good.



Fulfilling Workplace for our People

Where our people are committed to excellence in the delivery of our mandate, have the opportunity to build fulfilling careers and reach their potential, and feel valued in an environment that supports diversity and inclusion.

Three-Year Strategic Plan

Under Section 32B of the Central Bank Act 1942, the Central Bank is required to produce a strategic plan every three years. Based on our Mission, Mandate, and Vision, the Central Bank prepares the Strategic Plan, which sets out our future priorities, activities and desired outcomes under each of our objectives. The development of our Strategic Plan helps identify the key longer-term priorities critical to the successful delivery of our objectives and guides our work over each three-year period. These priorities are underpinned by the effective delivery of our activities across the organisation.

This Strategic Plan covers the period 2019-2021 and builds on the current strategy with many of the current priorities and initiatives continuing to feature over the next three years. The Strategic Plan is reviewed annually and an update on progress is published in our Annual Report.

The broad context in which this Strategic Plan has been developed includes:

- a growing economy, with a labour market approaching full employment that is subject to significant downside risks;
- a more sound financial system, where new types of risks are emerging, associated with financial innovation, technology, cyber and Brexit;
- a regulatory environment that has undergone significant reform and which is entering a period of consolidation, where there will be a greater focus on the culture and behaviour of firms and those who run them, as well as dealing with the impact of the move to digital and other technologies in the provision of financial services;
- the importance of independent public sector bodies being open, transparent and accountable.

In developing this Strategic Plan, we carried out a comprehensive review of our current strategy as well as assessing the emerging risks and challenges to successful delivery of our mandate. We also engaged with the public, the Consumer Advisory Group² and internally across the Central Bank to inform the direction of the strategy.

In this Strategic Plan, we have identified

5 STRATEGIC THEMES

that will be critical to the successful delivery of our mandate.

In delivering the key actions under these themes, we are committed to working closely together and supporting each other across the whole organisation as One Bank to ensure effective delivery of our desired outcomes.

2. The Consumer Advisory Group was established under the Central Bank Reform Act 2010 and advises the Central Bank on the performance of its functions and the exercise of its powers in relation to consumers of financial services.

Strategic Themes

Strengthening Resilience

Brexit

Strengthening Consumer Protection

Engaging and Influencing

Enhancing Organisational Capability

Strengthening Resilience

The financial system is better able to withstand external shocks and future crises.

Brexit

The risks posed to the economy, financial system, regulatory environment and consumer protection by the impact of Brexit are mitigated.

STRATEGIC THEMES

Strengthening Consumer Protection

The best interests of consumers are protected and confidence and trust in the financial system is enhanced through effective regulation of firms and markets.

Enhancing Organisational Capability

Our culture, resources and capabilities support the effective and efficient delivery of our mandate whilst maintaining the highest standards of governance and risk management.

Engaging and Influencing

We engage with and listen to the public and stakeholders to inform our work and help build trust in, and understanding of, the Central Bank.

We strategically influence and shape key decisions and policies in Europe and internationally.

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Strategic Theme: Strengthening Resilience

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Desired Outcome: The financial system is better able to withstand external shocks and future crises.

The economy, financial system and domestic banking sector are all now in a stronger position of recovery and growth. Notwithstanding these positive developments in recent years, challenges remain. In addition, Ireland is exposed to risks emerging both in the domestic economy and in the external environment. It is important to further strengthen resilience and mitigate risks in the financial system so that it can better withstand future shocks and crises and that the impact of these events is mitigated.

We will do this by:

- Monitoring closely the threats to financial stability and calibrating macro-prudential policy tools, including countercyclical capital buffers and mortgage measures, as necessary, to maintain stability.
- Delivering effective supervision of firms and markets that can pose a threat to financial stability to ensure they are well managed and financially sound.
- Continuing to address existing vulnerabilities and weaknesses remaining from the financial crisis, particularly relating to mortgage arrears and non-performing loans.
- Enhancing our financial crisis preparedness and management capability.
- Preparing for and managing the failure of relevant regulated firms in an orderly fashion to ensure minimum disruption to financial stability, the economy and consumers, while working closely with the Single Resolution Board for firms within their remit.

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Desired Outcome: The risks posed to the economy, financial system, regulatory environment and consumer protection by the impact of Brexit are mitigated.

Brexit presents one of the most significant challenges for Ireland with risks posed to the economy, financial system, regulatory environment and the protection of consumers. Dealing with the immediate and longer-term impacts of Brexit will continue to be one of our key priorities. We will also need to continue to engage in the ongoing development of the single market in financial services post Brexit. We will work closely together across our Central Banking, Prudential Regulation and Financial Conduct Pillars to monitor and manage the broad spectrum of risks posed by Brexit.

We will do this by:

- Continuing to conduct research and evidence-based analysis of the potential risks arising from Brexit and effectively communicating the findings to key stakeholders and policy makers.
- Enhancing our regulatory tools and supervisory approaches to ensure that the wider financial stability, market and conduct risks associated with the increased nature, scale and complexity of the Irish financial system are understood and effectively mitigated.
- Ensuring that regulated firms are appropriately prepared for the full range of Brexit scenarios and are safeguarding the interests of their customers.
- Ensuring a robust and effective authorisation process of all firms seeking authorisation, including those as a result of Brexit.

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Desired Outcome: The best interests of consumers are protected and confidence and trust in the financial system is enhanced through effective regulation of firms and markets.

Ensuring the best interests of consumers and investors are protected is a fundamental part of the Central Bank's Mission. Embedding a consumer-focused culture within firms is essential to ensuring they serve the interests and needs of consumers. It is important that consumers have trust and confidence that regulated firms are acting in their best interests. We recognise the detriment to consumers that can occur if such firms do not behave appropriately. We also recognise the importance of firms being well governed and financially sound in order to mitigate the risks posed to consumers. We intend to focus further on strengthening consumer and investor protection.

We will do this by:

- Strengthening our approach to conduct risk regulation, setting our expectations, and challenging the firms and markets that we supervise by requiring them to have in place a high quality and fully embedded Conduct Risk Framework. Robust enforcement action will continue to underpin our powers to protect consumers of financial services.
- Continuing to develop our approach to consumer protection supervision, conducting more intrusive and targeted assessments of those firms and products that pose the greatest potential harm to consumers.
- Focusing on the culture of firms and individual accountability of the people who run the firms we regulate, to embed high standards of conduct

that deliver fair outcomes for consumers, advocating for further strengthening of standards and individual accountability, and taking action where these standards are not being met. We will complete supervisory reviews of governance and risk management cultures in regulated firms through day-to-day supervision and inspection work.

- Enhancing confidence and trust in the financial system through high quality regulation, purposeful engagement, effective gatekeeping, assertive supervision and robust enforcement.
- Supporting the fight against money laundering, terrorist financing, market abuse and the unauthorised provision of financial services.

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Desired Outcome: We engage with and listen to the public and stakeholders to inform our work and help build trust in, and understanding of, the Central Bank. We strategically influence and shape key decisions and policies in Europe and internationally.

In order to effectively deliver on our mandate, we work closely with other bodies, as well as engaging with and listening to the wider public and other stakeholders in Ireland. We aim to be an open and transparent organisation and to be accountable for our actions. This helps the public and other stakeholders to understand what we do and to have confidence that we are delivering on our mandate. As a national central bank and Ireland's competent authority, we work as part of the wider European framework including the European System of Central Banks and the European System of Financial Supervision. This wider European framework is playing an ever-increasingly significant role and it is important that we are effectively influencing and shaping the agenda to support the delivery of our mandate.

Over the next three years, a key focus will be to enhance our strategic engagement with the public and relevant stakeholders at home and abroad.

We will do this by:

- Engaging with the public directly and online, in an open and transparent manner through our communications strategy, outreach campaigns and when providing services directly to the public.
- Engaging with our key domestic stakeholders in an open and transparent way.
- Actively contributing to European System of Central Banks/Eurosystem policy-making through strategic engagement at key European System of Central Banks/Eurosystem Committees.
- Engaging strategically with the Single Supervisory Mechanism and the European Supervisory Authorities, European Systemic Risk Board and the Single Resolution Mechanism in the development of regulatory and resolution guidelines, standards, methods and risk analysis as well as with EU and international legislative frameworks in relation to sectors regulated by the Central Bank.

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Desired Outcome: Our culture, resources and capabilities support the effective and efficient delivery of our mandate whilst maintaining the highest standards of governance and risk management.

The Central Bank's mandate is broad and complex and we operate in a dynamic and challenging environment where effective delivery of the strategy requires the necessary internal capabilities, systems and processes. Our people are our most important resource and it is important that we support and enable them so that they have the necessary skills and expertise to deliver to the highest standards. We need to empower staff to reach their full potential in an inclusive culture, which values diversity. As a knowledge-based organisation the management and analysis of data has become a critical activity, which requires ongoing investment. We need to ensure that the appropriate structures, facilities, processes, competencies and technologies are in place to support the effective delivery of our mandate. We also need to ensure that we prudently manage our operations by practising the highest standards of governance, accountability and risk management.

We will do this by:

- Implementing our People Strategy, which includes our approach to resourcing, learning and development, leadership development and talent management, enabling our people to deliver in an environment that supports and promotes diversity and inclusion and strengthens our capability and agility.
- Significantly investing in the delivery of our Data Strategy, which will support enhanced data analytics and data management across the organisation, and by rolling out an electronic document and record management system across the Central Bank.
- Ensuring that appropriate structures, facilities, processes, competencies and technologies are in place to support the successful delivery of our organisational priorities.
- Continuing to strengthen internal governance and risk management, information and cyber security along with our security systems and ability to recover from a business continuity perspective.
- Ensuring the delivery of our accountability obligations by applying the highest standards of transparency and clarity in our statutory reporting.
- Reviewing our principles and priority behaviours (which articulate our desired culture) and embedding these to ensure a positive culture reflecting our One Bank ethos, commitment to public service, diversity and inclusion.

PART TWO



Banc Ceannais na hÉireann
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Review of Strategy 2016-2018

Introduction

The Central Bank's 2016-2018 Strategic Plan was framed in the context of the legacy of the crisis and a dynamic policy environment. Despite the emergence of some significant new challenges over this period, the scope of the 2016-2018 Strategic Plan remained largely appropriate, helping to guide the Central Bank in meeting its broad mandate.

Strategic Responsibilities

During this period, the ECB non-standard monetary policy measures were aimed at ensuring inflation continued to move towards the Governing Council's stated aim of maintaining inflation rates below, but close to, 2%. While the net purchases under the Asset Purchase Programme are due to end by December 2018, they have led to changes in the size and composition of the balance sheets of National Central Banks and the Central Bank has taken prudent steps to manage its own balance sheet risks.

The Central Bank enhanced its macro-prudential policy framework aimed at safeguarding financial stability and protecting consumers. This included the setting of additional capital buffers for banks and the further refinement of the mortgage measures that are designed to enhance the resilience of borrowers and encourage prudent lending practices. A further development in this respect was the successful establishment of the Central Credit Register. There was also a continued focus on addressing the outstanding stock of non-performing loans. Another important

element was the work undertaken, in cooperation with Europe's Single Resolution Board, to ensure that any future resolution of troubled financial institutions minimises the need for taxpayer funding. Resolution plans for all Irish banks were developed. The IMF Financial Sector Assessment Programme delivered a positive assessment of Ireland's financial sector resilience, regulatory and supervisory framework and capacity to manage and resolve financial crises.

In terms of supervisory activity, this was a very busy period of policy formation and transposition as Ireland's supervisory approach became ever more closely aligned to that of Europe. Significant new regulatory measures, such as Solvency II, the Markets in Financial Instruments Directive (MiFID II), the Bank Recovery and Resolution Directive and the Payments Services Directive (PSD2) were successfully introduced. There were many enhancements made to proactive supervisory engagement across all sectors, including banking as part of the ECB's Single Supervisory Mechanism.

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In order to better meet the growing regulatory demands, there was a significant re-structuring within the Central Bank during this period, with the reorganisation of supervisory directorates and the creation of new Prudential Regulation and Financial Conduct Pillars. The Central Bank developed a new financial conduct strategy to further enhance protections for consumers and investors. One of the key areas of work was the Tracker Mortgage Examination. This spanned the full strategic planning period, and was a complex, resource intensive undertaking. It has resulted in very significant redress and compensation for impacted customers of the lenders. It also shone a light on the negative cultural behaviours within the banking sector. The Central Bank concluded and published a comprehensive review of culture in the five main Irish retail banks. Each lender was issued with specific findings to remedy. The Central Bank also continued to pursue a credible and effective approach to enforcement during this period.

Challenges and Risks

The Central Bank had to deal with new challenges during this period. The management of the economic and financial risks arising from Brexit

emerged as a key priority. This covered multiple functions across the Central Bank, coordinated by a Brexit Taskforce, and included extensive expert analysis and supervisory engagement, ensuring supervised firms made appropriate preparations and contingency plans. The Central Bank also provided its own ongoing analysis and views to wider domestic policy makers. A very significant element of the Brexit workload was dealing with authorisation applications across all sectors, including large, complex and in some cases, new financial services for Ireland, such as broker dealers and market infrastructure firms.

Strategic Enablers

The 2016-2018 period has been one of significant growth for the Central Bank arising from a wider mandate, more intensive approach to supervision and in meeting the challenges from Brexit. The workforce has grown by approximately 27 per cent in this period. The Central Bank consolidated its city centre accommodation through the development of a new Docklands Campus. In addition, there was significant investment made in technology and an enhanced focus on staff development and diversity and inclusion, to ensure the right skills and capabilities are in

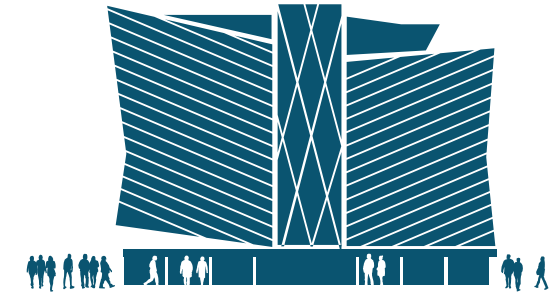
place. Data management was enhanced through the development of a Data Strategy. The Central Bank also enhanced its approach to transparency and accountability during this period. This incorporated a review of governance including the adoption of the new Code of Practice for the Governance of State Bodies. There was a greater emphasis on communications, including the design and launch of a new Central Bank website and public outreach campaigns.

Conclusion

The Central Bank has met its key objectives under the 2016-2018 Strategic Plan, while also dealing with new developments, challenges and risks, such as Brexit and an evolving approach to financial conduct supervision. Many of the key areas of focus from the 2016-2018 Strategic Plan will continue to feature over the coming period as the Central Bank continues to work to deliver on its core functions.

Our Statutory Objectives

In discharging its functions and exercising its powers as part of the European System of Central Banks, the primary objective of the Central Bank is to maintain price stability. The Central Bank also has the following statutory objectives:



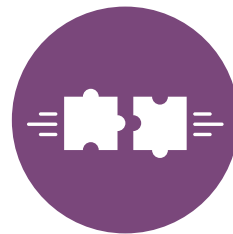
Price Stability

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



Financial Stability

The stability of the financial system overall.



Resolution

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 and Currency

The efficient and effective operation of payment and settlement systems.



Economic Analysis and 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 and the Insurance Compensation Fund.

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Statutory Objective: Price Stability

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Our Statutory Mandate: “As part of the European System of Central Banks, the primary objective of the Central Bank is to maintain price stability.”

The Treaty on the Functioning of the European Union confers this primary objective on all National Central Banks of the Eurosystem. The Governing Council of the ECB is responsible for the setting of monetary policy in the euro area. The Central Bank provides support and analysis to the Governor in his capacity as a member of the Governing Council, and implements the monetary policy decisions of the Governing Council. The National Central Banks together with the ECB are responsible for conducting and implementing the single monetary policy for the currency union with the primary objective of maintaining price stability.

Key Actions:

Monetary Policy Assessment

We will closely assess the impact of the changing monetary policy environment on macroeconomic and financial conditions.

Review of Monetary Policy Framework

We will play our part across the key ECB committees in the ECB’s review of the monetary policy framework.

Effectively Contribute to Monetary Policy Formation

We will effectively contribute to monetary policy formation through strategic engagement at key European System of Central Banks/Eurosystem committees.

Efficient Implementation of Monetary Policy

We will efficiently support the implementation of monetary policy through our financial operations functions.

Desired Outcomes:

- We contribute effectively to monetary policy formation.
- We are operationally ready to implement any new elements of the monetary policy framework.

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Our Statutory Mandate: “The stability of the financial system overall.”

The Central Bank has a mandate in domestic and European legislation to contribute to financial stability in Ireland and across the euro area, which it carries out in conjunction with other relevant authorities. To achieve its mandate, the Central Bank identifies, implements and monitors policies to limit the impact of systemic risks on both the financial system and the economy. As the macro-prudential authority for Ireland, the Central Bank focuses on the mitigation of system-wide risks with the aim of increasing the resilience of the Irish financial system.

Key Actions:

Macro-prudential Policy

We will monitor closely the threats to financial stability using macro-prudential tools including calibrating countercyclical capital buffers and mortgage measures, as necessary, to maintain stability.

Developing our Data Analytical Capabilities

In order to identify emerging risks and their potential build-up over time, and to inform both internal and external policy-making, we will:

- enhance our analysis of international financial flows and cross-border linkages;
- increase our capability and use of data analytics across financial regulation;

- deepen our monitoring and analysis of the market-based finance sector to identify financial stability risks; and
- use credit data insights from the Central Credit Register, AnaCredit and non-bank financial data.

Strengthening Resilience of Regulated Firms

We will deliver effective supervision of those regulated firms and markets that can pose a threat to financial stability to ensure they are well managed and financially sound.

We will continue to address existing vulnerabilities and weaknesses remaining from the financial crisis, particularly relating to mortgage arrears and non-performing loans.



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Financial Crisis Preparedness

We will enhance our financial crisis preparedness and management capability. We will engage with other agencies at national, European and international levels and with key stakeholders in the financial sector, to contribute to the broader financial sector's crisis response capabilities.

Desired Outcomes:

- Resilience of the financial system has been strengthened in order to better withstand future shocks.
- Enhanced use of data to inform decisions and policy-making.
- Effective crisis management arrangements are in place that support the Central Bank and other key stakeholders engaged in the Irish financial sector to manage the response to any potential financial crisis.

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Our Statutory Mandate: “Resolution of financial difficulties in credit institutions, certain investment firms and credit unions.”

The Central Bank is Ireland’s national resolution authority and it has responsibility for the orderly resolution of failing credit institutions, certain investment firms and credit unions. It works with the Single Resolution Board in accordance with the SRM for those credit institutions under the remit of the Single Resolution Board. Recognising that regulated firms may fail, we seek to ensure that this happens in an orderly manner.

Key Actions:

Resolution Readiness

We will prepare for and manage the failure of relevant regulated firms in an orderly fashion to ensure minimum disruption to financial stability, the economy and consumers.

We will continue to ensure relevant regulated firms improve their ability to recover from financial difficulty, and further enhance their resolution plans, such that we can resolve failing firms in a way that minimises externalities.

Engaging and Influencing within the Single Resolution Mechanism

We will engage strategically with the Single Resolution Board and European authorities in implementing and further developing the EU resolution framework.

Desired Outcomes:

- Relevant regulated firms are deemed resolvable and the Central Bank is prepared to manage firm failure to minimise the impact on financial stability, the economy and consumers.
- Relevant regulated firms are prepared to manage and recover from severe financial difficulties.
- We have strategically influenced the implementation and development of the EU resolution framework.

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Our Statutory Mandate: “The proper and effective regulation of financial service providers and markets, while ensuring that the best interests of consumers of financial services are protected.”

The Central Bank seeks to achieve a trustworthy and resilient financial services system that sustainably serves the needs of the wider economy and its customers, where regulated firms and individuals adhere to a culture of fairness and high standards.

We discharge our duties through a robust regulatory framework, delivering effective gatekeeping and intrusive supervision underpinned by a credible threat of enforcement.

Key Actions:

Addressing Risks Through Effective Supervision

We will work to ensure all firms regulated by the Central Bank are appropriately and effectively supervised.

We will drive further improvements in the governance and risk management of regulated firms including the building of their IT resilience and enhancing diversity and inclusion.

Financial Innovation

We will identify and act upon the emerging risks, opportunities and challenges presented by financial innovation (Fintech) and the rapidly evolving technological landscape within which we, and the regulated firms and individuals that we supervise, operate.

Enhancing the Regulatory and Supervisory Framework

We will develop the regulatory and policy framework to address gaps and improve its functioning and will harness the benefits of increased data and analytical capability, risk specialists and use of targeted inspection activity to enhance our supervisory approach.

Mitigating Brexit Risks and Ensuring the Readiness of New and Existing Firms

We will further enhance our regulatory tools and supervisory approaches to ensure that the wider financial stability, market and conduct risks associated with the increased nature, scale and complexity of the Irish financial system are understood and effectively mitigated.

We will ensure that regulated firms are appropriately prepared for the full range of Brexit scenarios and that they are safeguarding the interests of their customers.



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We will ensure a robust and effective authorisation process for all firms seeking authorisation, including those as a result of Brexit.

Building a Systematic and Challenging Approach to Financial Conduct Regulation

We will strengthen our approach to conduct risk regulation, set our expectations, and challenge the firms and markets that we supervise, requiring them to have in place a high quality and fully embedded Conduct Risk Framework. Robust enforcement action will continue to underpin our powers to protect consumers of financial services and we will utilise our powers of redress where firms have caused detriment.

Developing our Approach to Consumer Protection Supervision

We will continue to develop our approach to consumer protection supervision, conducting more intrusive and targeted assessments of those firms and products that pose the greatest potential harm to consumers.

Focus on Culture and Individual Accountability

We will focus on the culture of firms and individual accountability of the people who run the firms we regulate, to embed high standards that deliver fair outcomes for consumers. We will take action where these standards are not met and press for further strengthening of standards and individual accountability.

We will complete supervisory reviews of governance and risk management cultures in regulated firms through day-to-day supervision and inspection work.

Enhancing Confidence and Trust in the Financial System

We will enhance confidence and trust in the financial system through high quality regulation, purposeful engagement, effective gatekeeping, assertive supervision and robust enforcement.

We will support the fight against money laundering, terrorist financing, market abuse and the unauthorised provision of financial services.

Engaging and Influencing – Regulatory Standards Development

We will engage strategically with the Single Supervisory Mechanism and the European Supervisory Authorities in the development of regulatory guidelines, standards, methods and risk analysis, as well as with EU legislative bodies in relation to sectors regulated by the Central Bank.

Enhancing the Transparency of the Funding Levy

We will enhance the transparency and predictability of the levy applied to regulated firms and continue the move towards recovering 100% of our regulatory costs from regulated firms.

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Statistics**Desired Outcomes:**

- The best interests of consumers and investors are protected, and markets operate in a fair, orderly and transparent manner.
- Confidence and trust in the financial system is enhanced.
- Regulated firms have sufficient financial resources, including under scenarios of plausible but severe stress, and have sustainable business models over the long-term.
- The risks emerging from Brexit and financial innovation have been mitigated through our supervisory approach.
- Regulated firms demonstrate an appropriate risk and consumer-focused culture.
- Our regulatory tools and supervisory approaches are fit for purpose.
- We have strategically influenced and shaped key decisions and policies in Europe.
- The funding levy is transparent and predictable.

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Our Statutory Mandate: “The efficient and effective operation of payment and settlement systems.”

The Central Bank, in conjunction with the ECB and other national competent authorities, is responsible for ensuring that payment, settlement and clearing systems are safe, resilient and efficient and that access to such systems is not restricted. The Central Bank also ensures the provision of banknotes and coins and other related currency services to the public, a key component of payments systems.

Key Actions:

Payments and Settlements Developments

We will play our part with the ECB on initiatives to enhance payments and settlements systems and engage with Irish market participants to ensure their successful implementation.

Develop Strategy for National Cash Cycle

We will engage with cash cycle stakeholders to develop and implement an appropriate strategy for the Irish cash cycle that will meet the needs of the evolving hybrid cash/digital payments landscape.

Enhancements to Payment and Currency Systems

We will enhance the Central Bank’s payments and currency systems and processes to further mitigate risks.

Currency Capabilities

We will continue to improve the efficiency and effectiveness of our currency related responsibilities and capabilities.

Desired Outcomes:

- The Central Bank and Irish market participants have successfully migrated to the new Eurosystem services.
- Our strategic approach to the development of the national cash cycle has been enhanced.
- The operational standards in relation to payments and currency meet the highest benchmark standards.

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Our Statutory Mandate: “The provision of analysis and comment to support national economic policy development.”

The Central Bank undertakes economic analysis, research, data collection and statistical analysis, designed to inform economic policy-making domestically and internationally.

Key Actions:

Economic Analysis

We will provide clear and insightful analysis that deepens our understanding of the Irish economy.

Monitor and Assess External Risks

We will continue to conduct research and evidence-based analysis of the potential risks arising from Brexit and the broader international trade and taxation environment to financial stability and the broader economy and effectively communicate the findings to key stakeholders and policy makers.

Enhancing Data Quality and Availability Across the Central Bank to Support Policy-making

We will enhance the range and quality of data resources in order to strengthen internal and external capability of evidence-based policy-making.

Desired Outcomes:

- We have conducted high quality economic research and published detailed analysis and insight.
- This analysis and use of enhanced data will have supported the development of our broader economic and policy work including analysis of potential risks.

Organisational Objectives

The Central Bank is statutorily required to allocate resources effectively, efficiently and economically. The development of the Central Bank's organisational capabilities is crucial to address our broad and complex mandate and deliver on our Mission in the public interest. Our people are our most important resource and it is critical that the Central Bank attracts, retains and develops staff committed to public service and enables them deliver to their best in a positive work environment that fosters collaboration.

Our Vision is that the Central Bank is an employer of choice, where our valued and diverse staff are committed to excellence in the delivery of our mandate, have the opportunity to build fulfilling careers, and reach their potential.

As a knowledge-based organisation, the effective management and analysis of data and information is core to the successful delivery of our strategy. Our internal processes and systems must support the delivery of our strategy across the organisation.

In serving the public interest, we prudently manage our operations and aim to meet the highest standards of internal governance and risk management.

We seek to be an open and transparent organisation, engaging with and listening to our stakeholders, including our staff, to inform our work and to help build awareness of and trust in what we do.

The Central Bank places a strong emphasis on working responsibly. As a public institution, we understand that our work has an impact on the environment, the communities in which we operate and our stakeholders. We believe in carrying out our duties in a socially responsible way.

We strive for a One Bank culture where we work collaboratively across the Central Bank to maximise our effectiveness and efficiency in order to deliver on our mandate.

Key Actions:

Maintain and Develop the Capacity and Capabilities to Address the Changing Needs of the Organisation

We will implement our People Strategy, which includes our approach to resourcing, learning and development, leadership development and talent management, enabling our people to deliver in an environment that supports and promotes diversity and inclusion and strengthens our capability and agility.

New System Capability

We will ensure that appropriate structures, processes, competencies and technologies are in place to support the successful delivery of our organisational priorities.

We will invest in the delivery of our Data Strategy, which will support enhanced data analytics and data management across the organisation, as well as rolling out a new electronic document and record management system across the Central Bank.

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We will continue to strengthen internal governance, risk management, information and cyber security along with our security systems. Our ability to recover from a business continuity perspective will continue to be areas of focus. We will ensure the delivery of our accountability obligations by applying the highest standards of transparency and clarity in our statutory reporting.

Organisational Culture

We will review our principles and priority behaviours (which articulate our desired culture) and embed these to ensure a positive culture reflecting our One Bank ethos, commitment to public service, diversity and inclusion.

Engage with the Public and Domestic Stakeholders

We will engage with the public directly and online, in an open and transparent manner, through our communications strategy, outreach campaigns and when providing services directly to the public. We will proactively engage with our key domestic stakeholders in an open and transparent way.

Workplace Experience

We will continue to work towards achieving a fulfilling work environment where our people feel valued and recognised. We will continue to align the accommodation and facilities with the needs of the Central Bank and our people into the future.

Fulfilling our Corporate Social Responsibilities

We will carry out our statutory and administrative responsibilities in a socially responsible and sustainable way in our local and wider community.

Desired Outcomes:

- Our resources and capabilities support the effective and efficient delivery of our mandate while maintaining the highest standards of governance and risk management.
- Our internal operational processes have been strengthened.
- We are an agile organisation that can adapt quickly to changing organisational priorities.
- We utilise the available data to fulfil our mandate more effectively.

- We have proactively engaged with and listened to the public and stakeholders.
- Our internal governance and risk management mitigates the key risks facing the organisation.
- Our security systems will respond appropriately to the risks and threats in our environment.
- Our culture supports our principles and priority behaviours.
- We are meeting our Corporate Social Responsibility commitments.
- We are a fulfilling place to work as measured by accreditation as a great place to work.

Public Sector Duty

The Irish Human Rights and Equality Commission Act 2014 (the Act) creates certain obligations for public bodies in relation to human rights and equality issues. In the preparation of this Strategic Plan, the Central Bank was informed by the human rights and equality issues that the work of the Central Bank either directly or indirectly affects, or is affected by.

The Central Bank will ensure:

- the implementation of our People Strategy, which promotes and supports the equality and human rights of staff;
- engagement with the public through our communications and outreach strategies including as part of our commitment to corporate and social responsibility;
- all those members of the public who receive services from the Central Bank are provided a professional, efficient and courteous service as set out in our Customer Charter;
- that the public is consulted on Central Bank policy developments and the obligations under the Act will be considered by the Central Bank, where relevant, in the development of policies.

The Central Bank is conscious of its responsibility in ensuring that the principles of human rights and equality are embedded across the work of the Central Bank. In line with our obligations under the Act, we are committed to completing a detailed assessment of human rights and equality issues relevant to the Central Bank over the period of this Strategic Plan.



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem