



24 January 2023

In attendance:

**Members:**

- Banking and Payments Federation Ireland
- Fintech and Payments Association Ireland
- Credit Union Development Association
- Electronic Money Association
- Financial Services Ireland
- Instech.ie
- Insurance Ireland
- Irish Funds
- Irish MiFid Industry Association
- Irish League of Credit Unions

**Central Bank:**

- Gerry Cross (Director of Financial Regulation – Policy & Risk) – Chair
- Denise Delaney (Head of Function – Policy Risk Horizontal Team)
- Mary-Elizabeth McMunn (Director of Credit Institutions Supervision)
- Patricia Dunne (Director of Securities & Markets Supervision)
- Seana Cunningham (Director of Enforcement & Anti-Money Laundering)
- Domhnall Cullinan (Director of Insurance Supervision)
- Adrian Varley (Director of Prudential Analysis and Inspections)
- Simon Sloan (Head of Division, International Banks & Broker Dealers)
- Sonya Felton (Stakeholder Engagement Policy Manager – Policy Risk Horizontal Team)

**Apologies:**

- Colm Kincaid (Director of Consumer Protection)
- Irish Association of Investment Managers



## 1. Introduction by Chair

Gerry Cross (Chair) opened the meeting of the Financial Industry Forum Innovation Sub-Group (the Innovation Sub-Group) and welcomed all attendees. He introduced the Financial Industry Forum (the Forum) and highlighted that its remit extends to discussion of cross-sectoral issues with an emphasis on issues of strategic importance to the financial system and to financial services. At the last meeting of the Forum (23 October 2022) it was agreed to establish three Sub-Groups to create space for the discussion of cross-sectoral issues which are more granular in nature than those we would discuss at the main Forum. These Sub-Groups would cover the following areas:

- Domestic
- International
- Innovation

The Chair noted that the Innovation Sub-Group will focus on how the regulatory framework can play a positive role in the functioning of an innovative financial system through the consideration of gaps, possible enhancements, any unintended barriers, as well as level playing field issues. The Chair also highlighted that the establishment of an Innovation Subgroup is timely. Technology is a major driver for change in financial services with far-reaching consequences for the structure of the financial system.

The Chair invited members to introduce themselves and speak about what they would like to get out of the meeting. Members welcomed the opportunity for a strategic discussion with the Central Bank about the importance of innovation in Financial Services as well the cross-sectoral approach, and the chance to learn from other sectors

The Chair concluded by reiterating that a key theme of the Central Bank's strategy is to be open and engaged. The Innovation sub-group is an important platform for dialogue and the Bank very much values a broad range of perspectives from members.

## 2. Terms of Reference

The Terms of Reference for the Innovation Subgroup were circulated in advance of the meeting. The Chair invited comments and questions from members and a general discussion followed. Forum members mentioned the need to work towards tangible actions and outcomes and to ensure that learnings from the Innovation Sub-Group will translate across sectors.

There was a discussion on the need to develop a shared understanding of innovation. Forum members also put forward suggestions for future topics for discussion such as the measurement of innovation, the Central Bank's view of risk and process of authorisation.



The Chair noted that the purpose of the Innovation Sub-Group was to facilitate an exchange of views on how the financial system can become ever more innovative and to allow for a strategic discussion between industry and the regulator. The Innovation Sub-Group was not set up as working group or a decision-making forum. At the moment such a whole-of-system discussion was not taking place and there is a lot of value in such engagement to support positive momentum.

### 3. Regulation and innovation in the financial sector

The Central Bank delivered a presentation on the Bank's approach to financial regulation and innovation. The presentation set out that rapidly evolving technological innovation is a key feature of the environment in which the Central Bank seeks to deliver its mandate and is therefore a key focus. The presentation also set out the role of the Central Bank's Innovation Hub, established in 2018: how the hub engages with innovators; and emerging trends.

Following the presentation Forum members were asked to give their views on possible evolution of the Central Bank's approach to engagement with innovators and innovation. Members discussed the wide-ranging nature and scope of innovation including Fintech, technological transformation in business models and operations and the need for guidance to reflect these different facets of innovation. There was also discussion about the need to understand the difference between large established firms and new start-ups in terms of their approach to innovation and tailor engagement accordingly.

Forum members gave feedback on industry's positive interaction with the Central Bank's Innovation Hub and noted the potential to further promote the Hub across the financial sector.

Forum members also spoke about the need to build the case for innovation and the potential to develop a platform that allows for experimentation is the next step after engagement.

There was reference to other related Government initiatives namely the Ireland for Finance Strategy and the work of the IDA and the need to ensure alignment and join up.

### 6. Closing remarks

The Chair thanked the members for attending and for their contributions. He noted the following actions:

- Central Bank of Ireland to circulate revised Terms of Reference
- The members of Innovation Sub-Group will convene before the next meeting to identify priorities to inform the forward agenda
- Central Bank to reflect on feedback in relation to the Innovation Hub and its activities as part of its forthcoming review of the Hub.