



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Back to Basics

Sylvia Cronin – 6 September 2019

The 2010's - A decade of change



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Insurance and Innovation

Disruptive customer requirements

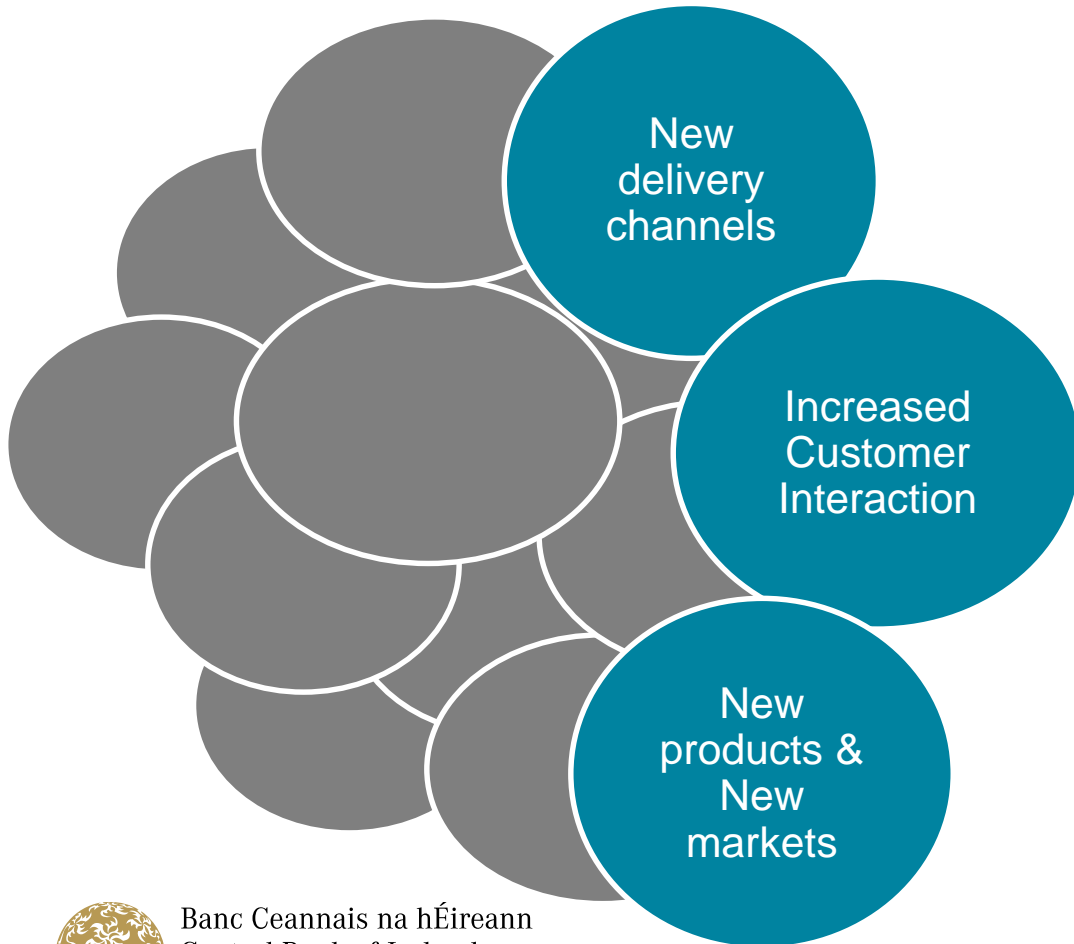


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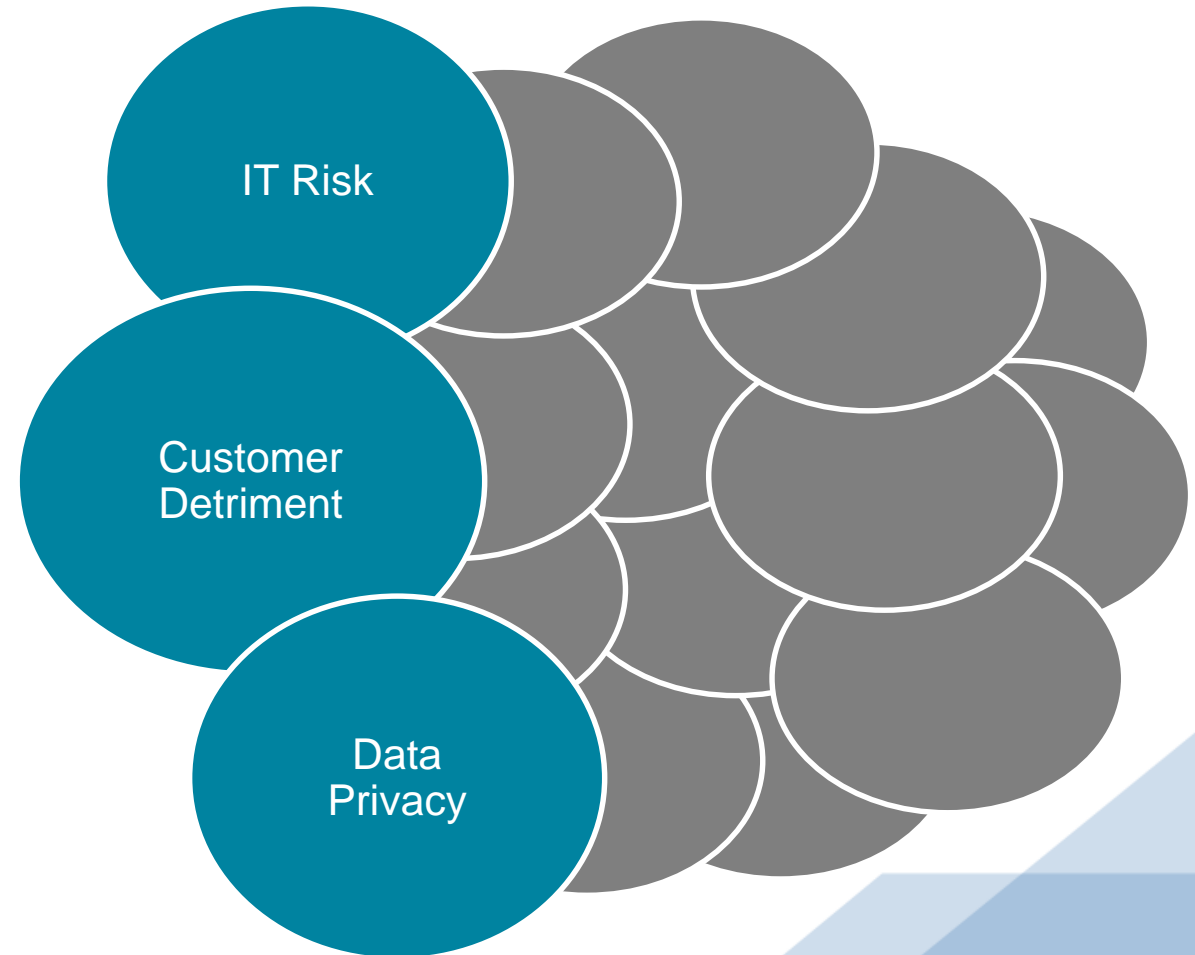
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Digitalisation: Benefits & Risks

Many Potential Benefits



Many Potential Risks



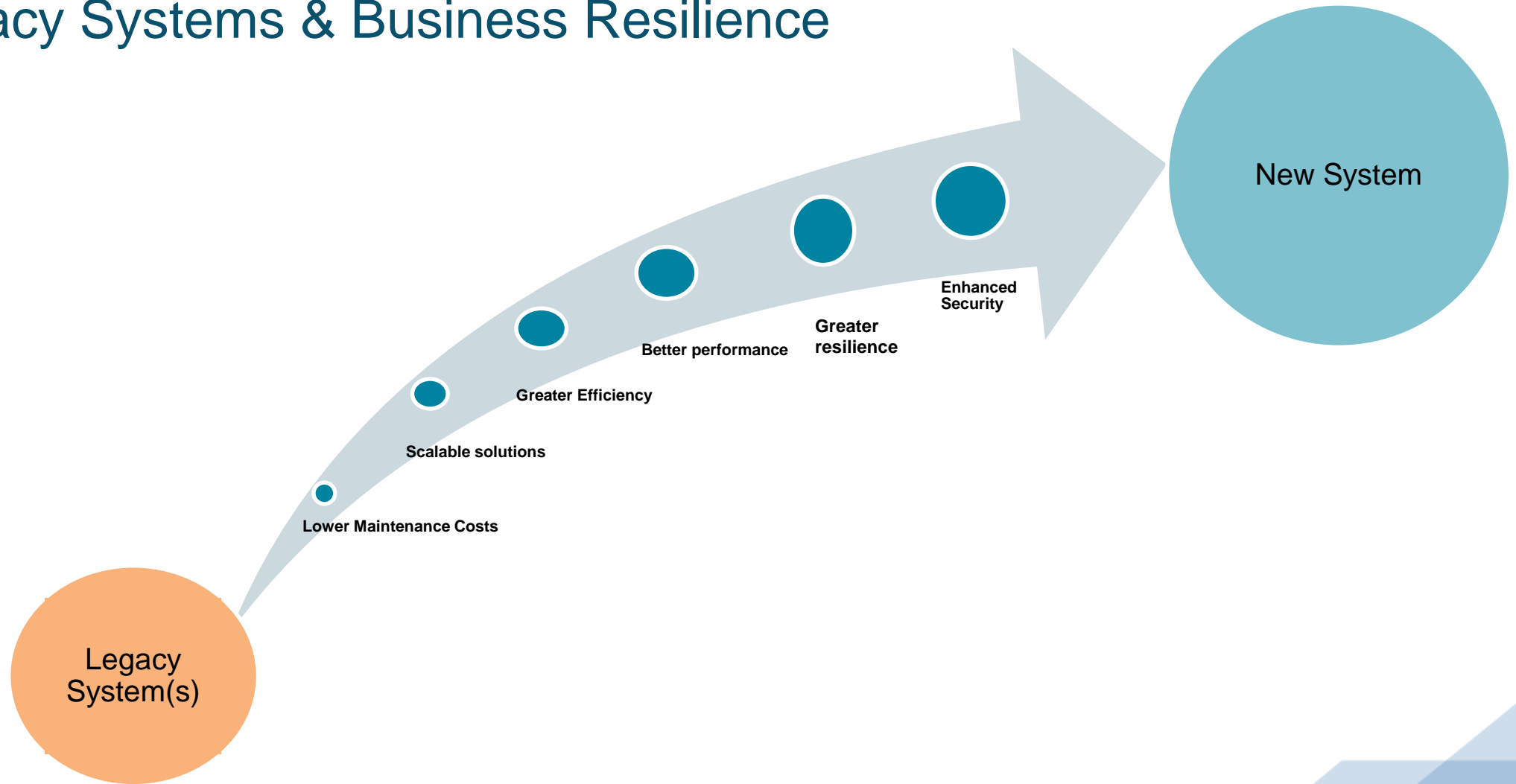


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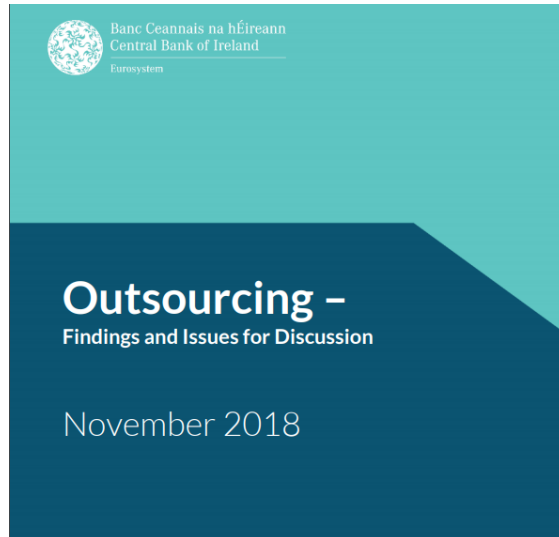
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Regulatory Expectations

Legacy Systems & Business Resilience

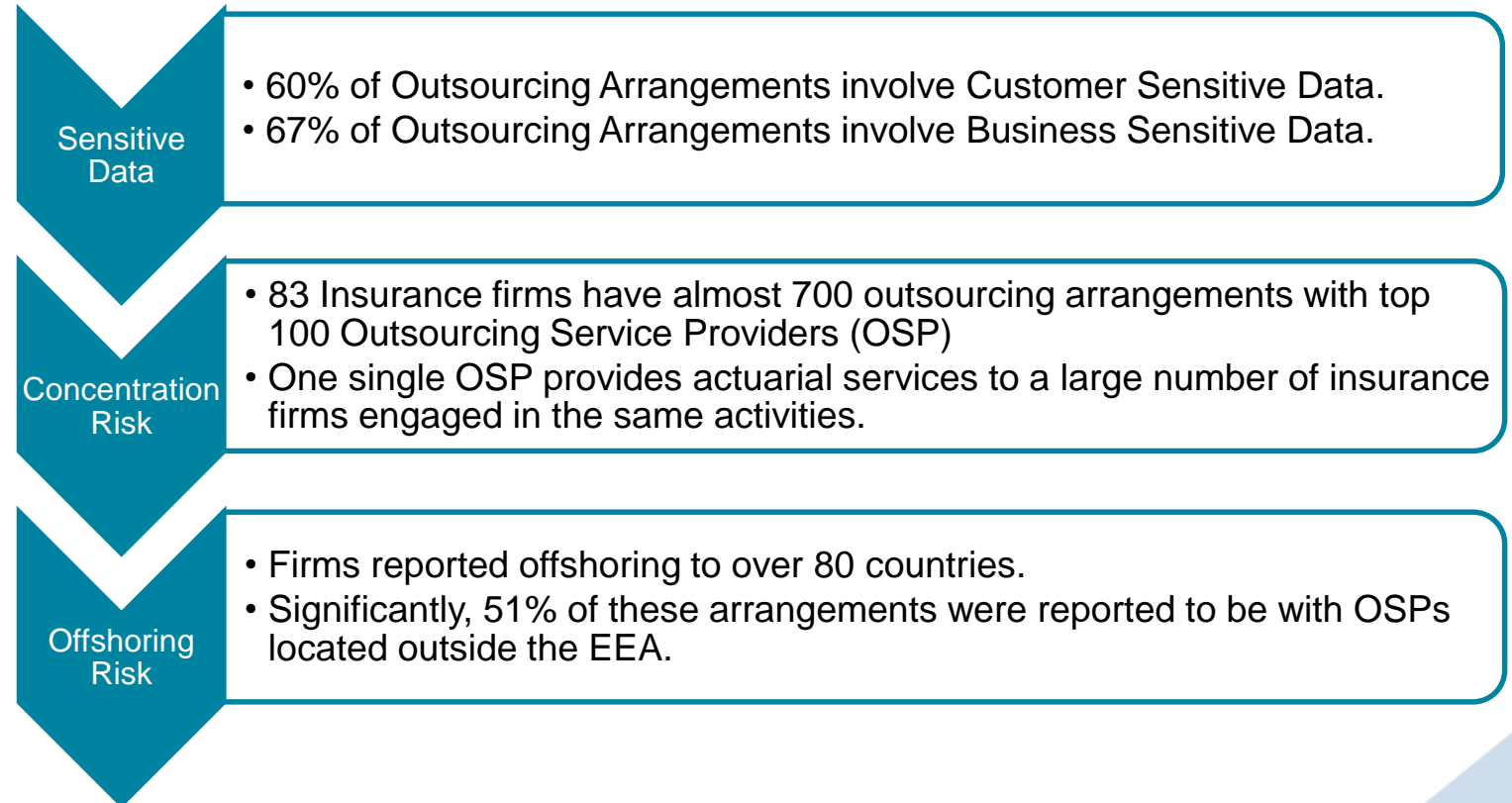


Outsourcing Risk: Central Bank of Ireland (2018)



185 Firms

c.3,600 Outsourcing
Arrangements



Human Risks



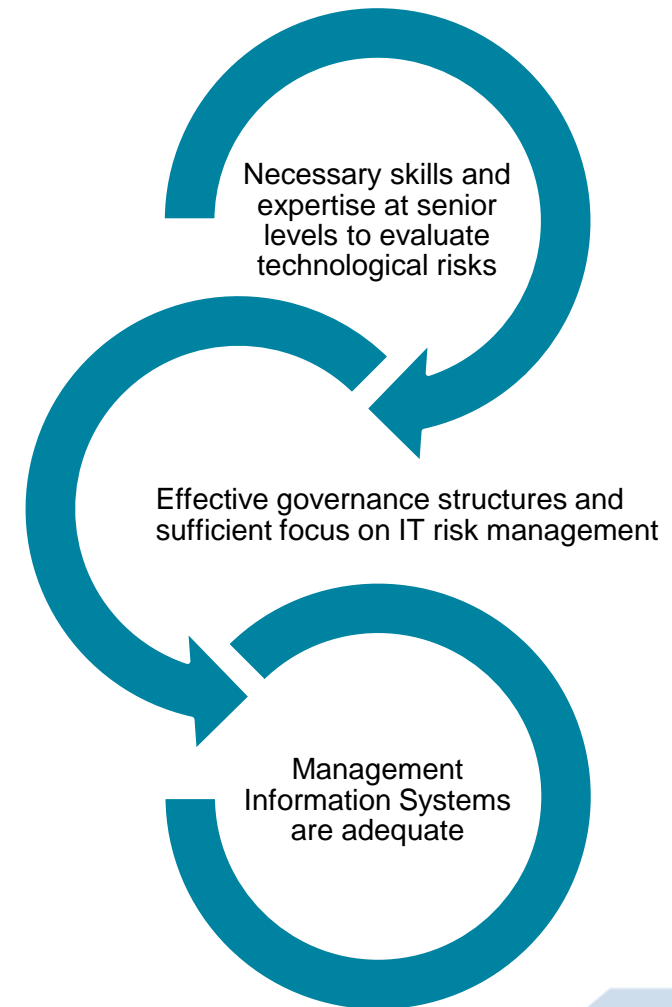
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Ultimate Board Responsibility

Quality starts in the boardroom

W. Edwards Deming



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The Regulatory Response

Recent regulatory activity by the Central Bank of Ireland

2019

Fund Administrator

- Fined €1.6m for inadequate control systems to meet Central Bank of Ireland outsourcing
- **Key Factor:** The firm *“did not always have a clear understanding of, and controls around, its outsourcing arrangements”*

2019

Financial Services Firm

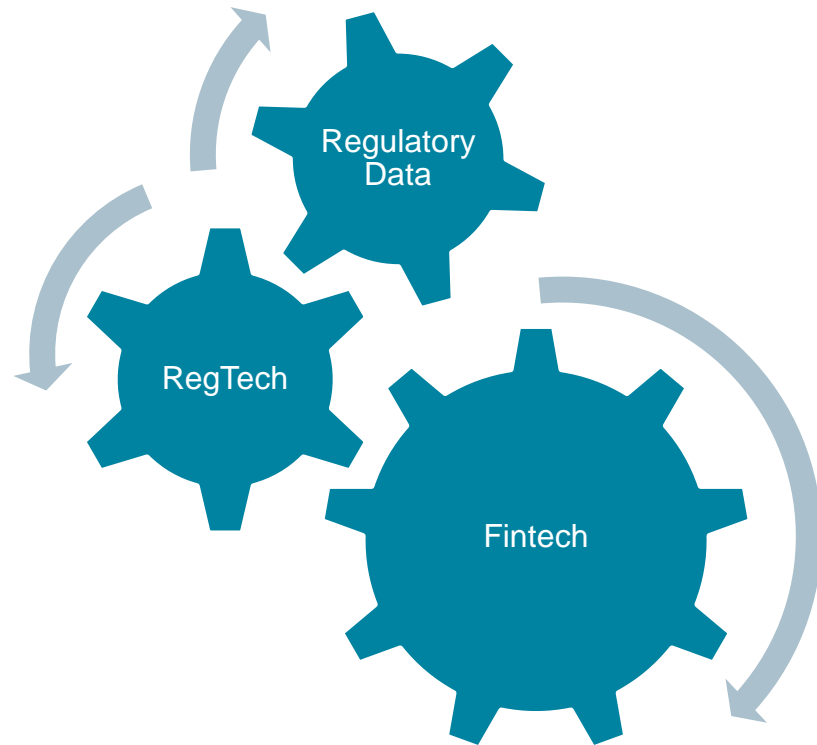
- Second largest fine ever imposed by the CBU at over €5.8m
- Overall weaknesses in IT systems and a number of manual adjustments used to prepare regulatory returns
- **Key Factor:** “serious and systemic failings” in the firm’s regulatory reporting capabilities.



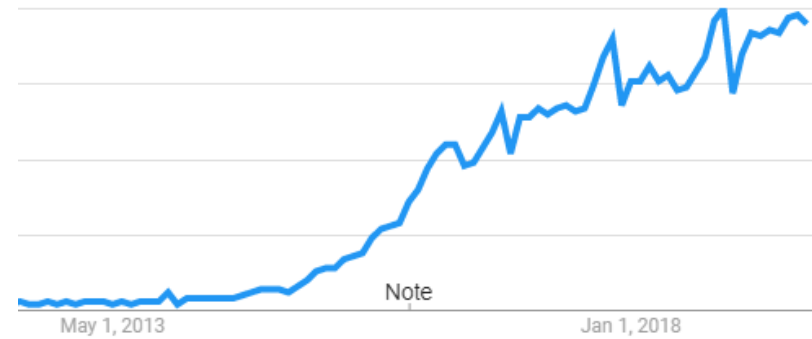
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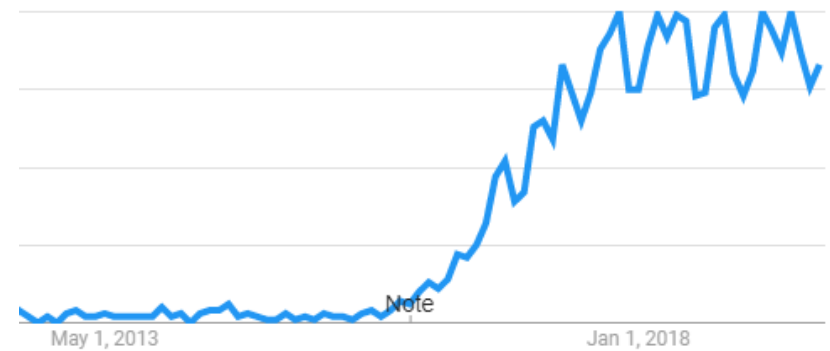
Alongside rise of FinTech: The rise of RegTech



“FinTech”



“RegTech”



Source: Google Trends Data



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Regulatory Engagement across Europe

Innovation Hubs



Dedicated point of contact for firms to raise enquiries with authorities on FinTech-related issues and to seek informal guidance on regulatory and supervisory expectations



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Source: FINTECH: REGULATORY SANDBOXES AND INNOVATION HUBS (EBA,EIOPA,ESMA 2019)

Regulatory Sandboxes



Enable firms to test, in line with a specific testing plan agreed and monitored by authorities, innovative financial products, services or business models.

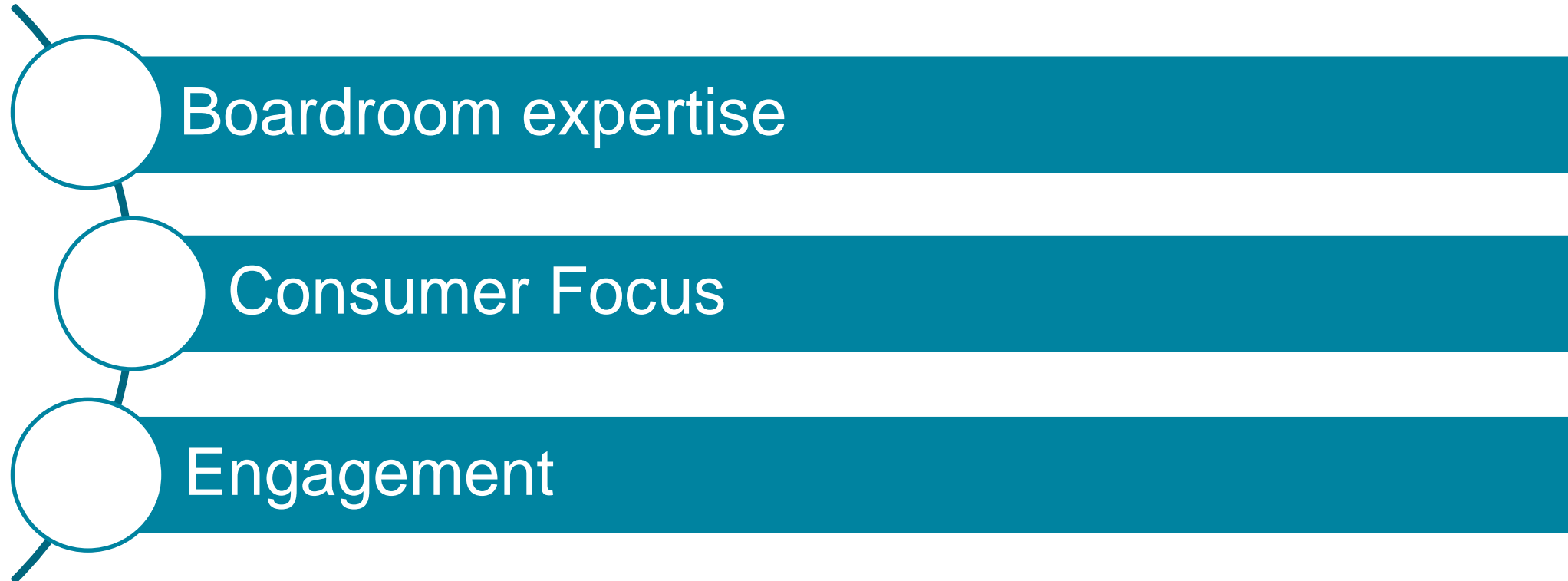


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Conclusion

Key Messages



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