

The Central Bank of Ireland ('Central Bank') issued a Dear CEO letter to the Financial Services Industry on February 16th outlining their key regulatory and supervisory priorities for 2023. It aligns with [the letter](#) the Governor of the Central Bank wrote to the Minister of Finance in January confirming the Central Bank's regulatory priorities.

The Central Bank refers to the current economic context of "The macro-financial environment remains very challenging" and "... the Irish economy is facing increased downside risks, given the size of the energy and inflation shock and the slowdown in the global economy", noting that this context will be central to their regulatory focus.

Supervisory Priorities

Ongoing supervision of the authorisation process, financial and operational resilience of firms; consolidation of the Irish banking sector including monitoring for emerging risks in relation to distressed debt, investor protection and product governance; detection and sanctioning of market abuse; and ongoing compliance with AML/CFT obligations including Financial Sanctions obligations.

The Central Bank specifically noted that they will be focusing on the systemic risks generated by non-banks by making improvements to the legislative frameworks and investor protections in this area, as well as "advancing a macro-prudential framework for non-banks".

Regulatory Priorities

Domestic regulatory developments such as the Consumer Protection Framework and the Individual Accountability Framework are included as expected given the major changes underway in both of these areas.

The implementation of changes to credit union regulations/guidance (arising from the Policy Framework Review) is also specifically noted.

The major European regulatory changes underway are also noted: the review of the Payment Services Directive (PSD2); the functioning of open banking; digital operational resilience (DORA); markets in crypto assets (MiCA); and of course, climate change risks and the implementation the EU's Sustainable Finance Disclosures Regulation (SFDR).

Furthermore, the implementation of the EU's Anti Money Laundering Action Plan and the establishment of the Anti-Money Laundering Authority (AMLA) is noted as a priority.

Approach

The Central Bank concludes by stating that they will continue to apply a risk-based approach whilst being outcomes-focused, forward looking, connected proportionate, predictable and agile.

They further noted that they are intent on transforming the Central Bank into a more agile, resilient, diverse and intelligence-led organisation whilst listening to all stakeholders to build a genuine two-way dialogue.

The letter can be read in full here: [Dear CEO Letter - Central Bank's key regulation and supervision priorities for 2023](#)