



Rialtas na hÉireann
Government of Ireland

Update to Ireland for Finance

The strategy for the development
of Ireland's financial services
sector, extended to 2026

Prepared by the Department of Finance
gov.ie

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Foreword



I am pleased to introduce the updated *Ireland for Finance* strategy which charts the ongoing development of the international financial services sector in Ireland.

First, I would like to thank all of the stakeholders who responded to our call for submissions and who engaged with us throughout this update of the strategy. Your contributions have greatly helped to shape this strategy.

One of the recurring themes from the submissions that we received is that digital finance and sustainable finance have increased in importance since they were initially identified as priorities of the *Ireland for Finance* strategy in 2019. This increased importance is reflected in the new themes of this strategy, which are set out below in greater detail.

Since the launch in 2019 of the *Ireland for Finance* strategy, there have been a number of notable successes. According to the IDA and Enterprise Ireland, employment is at the highest that it has ever been in the sector with a current estimate of around 52,800 employed in the sector. This employment is spread across Ireland with one-third of those jobs in the regions outside Dublin.

Ireland's first National Sustainable Finance Roadmap sets out targeted measures with a

view to Ireland being a leading sustainable finance centre and will guide our activities in this important area over the coming years.

Within the Department of Finance, a Fintech Steering Group has been established to coordinate policy proposals across the sectors that affect fintech and provide an active and significant contribution to the development of EU policies and laws on digital finance. In 2022, the membership of the group was expanded to include the wider public sector. An immediate priority is to deepen the engagement with industry and to establish working groups with stakeholders and third-level researchers and experts. That way, I hope that we will harness a wide range of views and expertise and thus better inform future policymaking in this area.

Ireland's Women in Finance Charter has been introduced and firms are now working towards the targets that they have committed to achieve. The signatories of this Charter are taking an important step towards the future development of the financial services ecosystem in order to make the sector more reflective of wider society.

We have seen firms such as Stripe, Mastercard, and Global Shares make significant announcements that expand their footprint in Ireland. Indigenous firms such as Fenergo and TransferMate have achieved unicorn status with a valuation of \$1 billion, demonstrating that Ireland is a location to grow and develop a business.

While we have seen many successes, we cannot be complacent and assume future success. The international financial services sector has experienced great change in the period since the launch of the strategy. The Russian invasion of Ukraine now affects the global economy in so many ways. In addition, the effects of the COVID-19 pandemic are still prevalent around the world. The repercussions from the United Kingdom – our closest neighbour – leaving the European Union are still playing out.

We must also reflect on how membership of the European Union has benefitted Ireland as we approach fifty years since Ireland officially joined the European Economic Community. These past fifty years have been a time of vast change for Ireland and the impact of EU membership has been overwhelmingly positive across all dimensions of our society. We have transitioned from a mainly agrarian society to a place at the heart of the Single Market, with Ireland recognised as a competitive and attractive location for cutting-edge global investment. Our membership of the EU and being a founding member of the euro area gives us a reach and an influence that we would not otherwise enjoy, and underpins Ireland's positive participation in 21st century networks of global economic and political cooperation.

As we look to the future, we will identify actions under the themes of this updated and extended



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strategy – Sustainable finance, Fintech and digital finance, Diversity and talent, Regionalisation and promotion, and Operating environment – to support our objective of expanding Ireland as a European financial centre and as a location of choice for specialist international financial services.

Seán Fleming TD

Minister of State for Financial Services, Credit Unions and Insurance

Executive Summary

The *Ireland for Finance* strategy has been updated to reflect developments since the initial launch of the strategy. The whole-of-government strategy is focused on a set of specific and targeted themes with a lifetime that spans out to the end of 2026.

The vision is to grow and expand Ireland, in a sustainable manner, as a premier European financial centre and a location of choice for specialist international financial services. We will achieve this by building on our successes and expanding into new products to deliver more opportunities for people.

Some of the factors that make Ireland an attractive and competitive location for international financial services are its highly educated and skilled workforce, its EU and euro area membership, a strong and well-regarded regulatory regime, consistency in policymaking, including our corporate tax regime, and having the advantage of being a common law jurisdiction.

This strategy sets out our ambitions and objectives under identified themes to ensure continued success of Ireland's international financial services sector into the future.

The publication of Ireland's National Sustainable Finance Roadmap sets out ambitious but achievable goals for Ireland to be a leader in ethical and climate finance. Developing the skills base necessary to achieve our goals will be a key priority under the theme of sustainable finance. Ireland is also actively engaged with partners at a European level, and with wider international bodies such as the United Nations in shaping the sustainable finance agenda.

Ireland offers a high-quality regulatory environment for financial services. The Central Bank of Ireland has high credibility internationally. In its recently published multi-year strategy it stresses the importance of innovation, efficiency, and engagement in delivering high quality regulation in a fast-changing world.

Ireland's regulated international financial services sector and large global technology sector mean the country is uniquely positioned to capture opportunities in fintech such as payments, regtech, artificial intelligence, and cybersecurity. Ireland is a great location for innovation and entrepreneurship with figures showing that Ireland's new-company start-up levels reached the highest number on record in 2021.

The *Ireland for Finance* strategy recognises that people are critical for success, and the international reputation of Ireland's flexible and adaptable workforce is more important than ever as remote working changes how businesses conduct their activities. The strategy also aims to increase diversity within the sector as studies show that more diverse teams can improve decision-making and risk management.

Ireland has well-established financial services operations all across the country, with the regions of Ireland offering access to talent in specialised financial services and technology. The regional

financial services clusters are supported by the availability of research centres, third-level educational institutions, and regional development supports in addition to international connectivity.

As an English-speaking country that is a fully engaged member of the EU system of financial regulation with deep links across the Atlantic and strong and growing ties to Asia, Ireland is committed to the growth and development of our international financial services sector.

The Government of Ireland, in collaboration with key stakeholders in the private sector such as the Industry Advisory Committee, will utilise their expertise to deliver the objectives of this updated *Ireland for Finance* strategy, led by the Minister of State at the Department of Finance, with responsibility for the development of the international financial services sector.



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Introduction

Mid-term update: the context

Ireland has a long-standing Government commitment to growing and developing the international financial services sector, with successive strategies across almost four decades. The vital contribution the international financial services sector makes to our economy is both recognised and valued in the Programme for Government, *Our Shared Future*.

That commitment, the appointment of a Minister of State, and the partnership approach provide crucial support to the industry's job creation. At the end of 2021 there were an estimated 52,800 people working across Ireland in international financial services. This is a record level of employment for the sector. In addition to these high-value jobs, there are many more thousands of people who are employed indirectly in professional services for which the international financial services sector generates a demand.

Some of the factors that make Ireland an attractive and competitive location for international financial services are its highly educated and skilled workforce, its membership of both the EU and the euro area, a strong and well-regarded regulatory regime, a competitive business tax regime, its common law jurisdiction, and that it is a stable policy location from which to do business internationally.

Ireland for Finance, the whole-of-government strategy for the development of the international financial services sector, was launched in 2019 and was due to run to 2025. As we are a little past the mid-point for the strategy, it is timely to conduct a thematic update building on the successes achieved to date, and to reposition the strategy, where necessary to take account of more recent developments, for the coming years out to the end of 2026.

The international financial services sector in Ireland has developed to a point where it is recognised as an important component of the Irish economy, and the nature, scale and complexity of activities carried out here are broader, more diverse, and more geographically spread across the country

than ever before. That means that not only is the international financial services sector an important sector in the Irish economy but that Ireland is now recognised as a very significant global financial centre and a leader in certain aspects within the EU financial system.

Regardless of these successes, the sector has changed significantly since the launch of the *Ireland for Finance* strategy in 2019, arising from a variety of factors, including the acceleration of the digital and sustainable finance agendas, the COVID-19 pandemic and the associated impact of remote working, the invasion of Ukraine, global tax developments, and the changing landscape of the sector in recent years as new businesses established in Ireland and others left the market. Furthermore, it must also be recognised that there have been considerable changes to the legislative and regulatory framework within which Ireland operates as a result of developments, mainly at EU level.

There are significant disruptive megatrends afoot which require a dynamic, nimble, and forward looking approach to Ireland's strategy. Technological, environmental, geopolitical, and economic forces are defining how the financial system operates. Moreover, there are only two investment cycles left before 2050 for certain heavy industries looking to make the transition to a net-zero economy. These industries require financing sources that are not just about developing scale. Given these geopolitical and economic trends, building innovation capacity at this point in the century is crucial not just to expanding Ireland's position as a leading centre for global financial services but also for safeguarding it.

It is against this backdrop that the update of the *Ireland for Finance* strategy aims to maximise any opportunities that arise while addressing any challenges that these shifting priorities present.

The depth and breadth that Ireland offers

The range of firms in the international financial services sector in Ireland is comprehensive. The sections below provide short pen-pictures of them, highlighting aspects that present opportunities for Ireland that this strategy seeks to exploit.

Investment management and funds

Ireland is a global centre of excellence for fund servicing and asset management, with over 30 years of experience.

The funds and asset management industry is one of the largest employers in the sector in Ireland, with 180 companies active nationwide. The industry directly employs more than 17,000 people across Ireland. These roles span investment management, management companies and fund oversight, depositary and administration, and

professional advisory services, including audit, tax, and legal.

Ireland is a leading domicile for internationally distributed investment funds and for hedge funds. It is the third largest funds domicile in the world and the second largest in Europe with €4.1 trillion in assets under management at the end of 2021.

Distribution and access to professional investors via the passporting of products and services within the EU, combined with wider international use of Irish fund structures, is resulting in an increase of specialist asset managers in Ireland including a cluster of alternative credit managers and a number of asset managers focussed on sustainable investment. Front and middle office activity for investment management is increasing in Ireland and active functions include multilateral trading facilities, portfolio management and oversight, investment advisory and oversight, investment analysis, and risk and compliance. The recently introduced Investment Limited Partnerships (Amendment) Act 2020 enables an EU-domiciled, common law, regulated partnership structure specifically designed for investment funds. It is an important development for the funds industry in Ireland and will help Irish based firms capitalise on the future global growth in private markets.



Diverse international financial services sector



INVESTMENT MANAGEMENT

BlackRock



Vanguard

STATE STREET

PIMCO



BANKING



J.P.Morgan



BANK OF AMERICA



Deutsche Bank



INSURANCE

Allianz Partners

AON

THE ARDONAGH GROUP



Marsh McLennan

Munich RE

SCOR
The Art & Science of Risk



FUND SERVICING

STATE STREET



BNY MELLON

CITCO



alterDomus*

HEDGESERV



TRADING



GENEVA TRADING

InteractiveBrokers



FINTECH & PAYMENTS

stripe



TRUELAYER



fiserv.



Elavon.

Banking

Ireland's international banking sector consists of more than 80 international banks. They include more than half of the world's G-SIBs – global systemically important banks – underlining the strategic nature of the sector here.

Ireland is now viewed as a key European centre for banking and capital markets activities, as well as other international financial services, on both a European and a global stage. At a European level we are strong policy advocates for the ongoing work to deepen the EU's capital markets and to deliver on the completion of the Banking Union.

Against this background, the IDA's focus is on positioning Ireland to win opportunities in the form of further regulated front and middle office functions, together with supporting technology and operational capabilities and investments, and to maximise opportunities in emerging areas such as sustainable finance (as banks increasingly place ESG at the heart of their business strategies), and digital banking to position Irish banking operations to take on a global leadership role in these evolving and exciting areas.

While Ireland's international banking sector has been successful due to a number of factors, the events and developments of recent years have served as a sharp reminder of how quickly the global environment can change. A key focus will be to further underpin the competitiveness and attractiveness of Ireland within the EU as a location of choice.

Fintech and payments

The banking and payments landscape has evolved significantly in recent years, both in Ireland and internationally. We have seen a shift in the way consumers are conducting their everyday banking and paying for goods and services. This shift has been brought on by a number of factors, including the increased digitalisation of financial services and COVID-19. New types of services are provided, including digital banking, virtual currency, and electronic money along with improvements in cross-border payments and faster and easier payment processing. The number of firms seeking authorisation in Ireland has increased, in particular

from payment institutions and electronic money institutions.

Fintech and payments companies have also invested in other, unregulated, activities, including finance, operations, sales, support, research and development, and software development. Fintech and payments companies are developing new products and services from Ireland for global markets, with an exceptional level of collaboration between industry, academia, and state agencies driving Ireland's dynamic R&D sector. Research centres actively engaging with fintech and payments companies based in Ireland include, for example, ADAPT at TCD and DCU, Insight at UCD, CeADAR at UCD and Technological University Dublin, and Lero at UL.



Against this background, the IDA's focus is on positioning Ireland to win opportunities in the form of further regulated front and middle office functions, together with supporting technology and operational capabilities and investments, and to maximise opportunities in emerging areas such as sustainable finance

The sector is experiencing unprecedented growth and investment globally which presents opportunities for Ireland and Europe. This is driving partnership opportunities for established players with high growth fintech companies. Consumer trends toward online, mobile, and contactless payments have been accelerated by COVID-19. Fintech and payments providers are well placed to capitalise on these trends and are delivering omnichannel payments solutions to meet consumer and business demands. In addition, emerging payments trends such as the Buy Now Pay Later business model could present opportunities for the sector. The continued

emergence of so-called digital, neo, or challenger institutions has presented a significant opportunity for Ireland as those firms look to establish EU or EMEA headquarters and to access a broad pool of talent in areas such as operations, customer support, technology, and regulated activities.

Ireland is home to many of these global players shaping the industry including Mastercard, PayPal, Elavon, Stripe, Fiserv, Coinbase and Square to name but a few. Importantly, much of the investment across the fintech and payments sector has been spread across the country and has stimulated significant regional employment. These operations include PayPal in Dundalk, Elavon in Arklow, and Fiserv in Nenagh. Ireland has witnessed some significant investment from fintech and payments companies growing a wider non-regulated operational footprint.

Insurance and reinsurance

Ireland is a global centre for servicing the insurance industry with local expertise across the full range of sub-sectors including life, non-life, specialty insurance, reinsurance, and captive insurance. Eleven of the top 15 global insurers are based in Ireland, as are the top 5 global reinsurers and the top 3 global insurance brokers.

Insurance in Ireland operates at a truly global scale. Most insurance firms based here today are primarily involved in cross-border activity, servicing over 25 million customers in more than 100 countries. Ireland is the fifth largest insurance market in the EU, the second largest for reinsurance services, and the EU-wide leader for exporting life and non-life insurance products within the EU. The investment capacity of the Irish insurance industry is about €490 billion of assets and that volume means the industry has the potential to be a key agent for the transition to a sustainable economy and society and a digital economy and society, in Ireland and beyond.

Ireland is supporting the growth of the insurtech sector through initiatives such as Instech.ie, which aims to make Ireland a leading European insurtech hub, and the Insurtech Network Centre, which provides research solutions and education initiatives.

The availability and quality of talent in Ireland have also encouraged multiple insurers to consolidate global support functions in Ireland, particularly in the areas of technology, finance, accountancy, and HR. Ireland also has the highest concentration of actuaries per capita in the world. In addition, Ireland attracted outstanding international talent which enables Irish-based insurers to service global markets.

Aircraft leasing

Ireland has established a strong global reputation as an industry leader in aviation leasing dating back to the establishment of Guinness Peat Aviation in the 1970s. Ireland has a deep, multi-disciplinary talent pool comprising technical, legal, and financial skills and experience. It is estimated that 5,000 direct and indirect jobs are supported by the industry in Ireland. Ireland is also a global centre of excellence for leasing and aviation maintenance, repair, and overhaul.

Despite recent global difficulties within the sector, Ireland has proven to be a stable and resilient location to respond to and manage complex global acquisitions and restructuring deals, with strong talent available in relevant financial and legal disciplines. International confidence in Ireland as a location for global leasing platforms is strong. Ireland is well placed for medium-term growth in the aviation leasing sector as leased global fleets increase.

Emerging sectors

In addition to these large sectors, a number of emerging and established clusters of firms form an important part of the international financial services sector. These include the rating agencies, like S&P Global Ratings, and trading platforms, such as EquiLend, Refinitiv, and DTCC, whose choice of Ireland as a location for regulated activity underscores our global reputation for delivering international financial services.

These new firms operate alongside the well-established multinational operations of corporate treasury and global business services firms that have played a key role in the development of international financial services in Ireland.



Connected government

Ireland for Finance is not a stand-alone strategy. It is developed in a context of a number of other Government policies and strategies that set out overarching parameters or sectoral plans that are of particular relevance.

The Trade and Investment Strategy 2022–2026: Value for Ireland, Values for the World sets the goal to see Ireland grow sustainably, diversify our export markets, and support continued prosperity and higher living standards for all the people of Ireland.

Harnessing Digital – The Digital Ireland Framework, which was published in February 2022, is the Government’s strategy to drive and enable the digital transition across the Irish economy and society and sets out a pathway to support Ireland’s ambition to be a digital leader at the heart of European and global digital developments.

AI – Here for Good: A National Artificial Intelligence Strategy for Ireland, published in July 2021, sets out the ways in which Ireland can be an international leader in the use of artificial intelligence to benefit our economy and society, through a people-centred, ethical approach.

Impact 2030: Ireland’s Research and Innovation Strategy, published in May 2022, will maximise

the impact of research and innovation on many national priorities. It will progress objectives shared across the Irish research and innovation system such as maximising its impact on public policymaking and implementation, and nurturing and attracting talent.

The Climate Action Plan 2021 provides a detailed plan for taking decisive action to achieve a 51 percent reduction in overall greenhouse gas emissions by 2030 and setting Ireland on a path to reach net-zero emissions by no later than 2050, as committed to in the Programme for Government and set out in the Climate Act 2021.

The National Development Plan 2021–2030 has a particular focus on priority solutions to strengthen housing, climate ambitions, transport, health care, and jobs growth in every region and economic renewal for the decade ahead.

Global Ireland: Ireland’s Global Footprint to 2025 is a multi-annual, whole-of-government strategic initiative to double the scope and impact of Ireland’s global footprint by 2025. It represents the most ambitious renewal and expansion of Ireland’s international presence ever undertaken in diplomacy, culture, business, overseas aid, tourism, and trade, including ensuring Ireland is well positioned to build the alliances necessary to

advance its interests and defend its positions in the EU.

Housing for All: A new Housing Plan for Ireland is the government's housing policy for the period 2021 to 2030. It is a multi-annual, multi-billion euro plan which will improve Ireland's housing system and deliver more homes of all types for people with different housing needs.

Funding the Future – Investing in knowledge and skills: Ireland's competitive advantage, published in May 2022, is the Government's landmark policy on funding higher education and reducing the cost of education for families. It will be particularly relevant for the delivery of the theme of Talent and diversity under this strategy.

The Action Plan for Apprenticeship 2021 to 2025 is designed to ensure Ireland has a modern apprenticeship system that is reflective of Irish society and supports both learners and employers along the way. The action plan aims to expand the types of programmes available, and increase the number of apprenticeship registrations to 10,000 per year by 2025.

The vision set out in the *National Cyber Security Strategy 2019–2024* is to allow Ireland to continue to safely enjoy the benefits of the digital revolution and to play a full part in shaping the future of the Internet. This vision will be achieved through the protection of the State, its people, and its critical national infrastructure from cyber-security threats; the development of the capacity of the State, of research institutions, of businesses, and of the people, to both better understand and manage the nature of the challenges we face; and the engagement by the State, nationally and internationally, in a strategic manner, supporting a free, open, peaceful, and secure cyber-space.

Other relevant commitments include the Shared Island initiative, which has the objective of promoting all-island approaches to the strategic challenges facing Ireland, North and South, and *Project Ireland 2040*, which is the Government's long-term overarching strategy for the development of physical infrastructure.

Ireland for Law is a complementary whole-of-government strategy to promote Irish law and

Irish legal services to the international business community. Taking account of our long and consistent common law legal system, this is particularly relevant in areas where Ireland is already a world leader, including aviation finance, funds, insurance, technology, pharmaceuticals, and life sciences.

Governance structures

The *Ireland for Finance* strategy is a whole-of-government strategy, supported and implemented through collaboration between public and private stakeholders. The strategy will continue to be led by a Minister of State at the Department of Finance with specific responsibilities for the development of the international financial services sector. The Minister chairs the public sector High Level Implementation Committee (HLIC) that oversees the implementation of the strategy. Annual progress reports are presented to Government before being published. The HLIC meets quarterly with the Industry Advisory Committee in the format of the *Ireland for Finance* Joint Committee, also chaired by the Minister of State, to provide transparent oversight of progress. A specific unit in the Financial Services Division of the Department of Finance acts as the secretariat and supports the Minister of State in the implementation of the strategy. The Department, with cross-government and industry input, also produces the annual action plans for Government approval and publication.

To reflect the changing landscape of the international financial services sector in Ireland, the structure of the Joint Committee will be refreshed to include new seats to reflect the changed priorities and developments in public sector organisational structures. The panel of international advisers will be retained to provide a range of external perspectives on the strategy and its implementation, on the international environment and how it develops, and on how Ireland is responding to the challenges and opportunities that arise over the life of the strategy. An important objective in changes to both the structure and ordinary rotation of members is to reflect the increasing diversity – gender and other – of the overall sector that the *Ireland for Finance* Joint Committee represents.



Vision and Key Metrics

Vision

The vision of this strategy is to grow and expand Ireland, in a sustainable manner, as a premier financial centre in Europe and a location of choice for specialist international financial services. We will achieve this by building on our successes and through our reputation for trust, capability, flexibility, and innovation. By expanding into new products and service areas, we will deliver more opportunities for the sector and our people.

Employment

The most recent estimates from the two enterprise agencies, IDA Ireland and Enterprise Ireland, of the numbers of people employed at the end of 2021 in the firms in the international financial services sector that the agencies support was put at over 52,800. This reflects strong growth in employment in the sector over the medium term, including growth of over 2,200 in 2021. The target for employment growth over the life of the updated strategy for 2023 to 2026 inclusive is 5,000 net new jobs in the sector.

Metrics

Although the primary and central measure of progress and success to date in implementing the *Ireland for Finance* strategy is the number of people employed in the sector, secondary metrics can be valuable for other functions. Those functions include providing indicators of progress in activities that underpin or are necessary if the primary objective of growth in employment is to be achieved, including, for example, the numbers of firms in the sector supported by the enterprise agencies, or numbers of places in the varied programmes to develop the talent that is needed. Other direct forms of contribution to the economy will also be considered, such as the contribution to exports, GDP, or GNI* that the firms in the sector generate.

Input and activity indicators can also be useful secondary indicators, and can, if carefully chosen, be used to identify potential areas for enhanced focus, although their use will need to take account of the full context in which they arise. Such indicators, might, for example, include site visits by

The vision of this strategy is to grow and expand Ireland, in a sustainable manner, as a global financial centre in Europe and a location of choice for specialist international financial services.

firms, agency support for client firms to participate in trade fairs, exhibitions and market events, or participants in incubators and programmes for high-potential start-ups. Such indicators can be valuable as they reflect the volume of work that is involved in securing the end outcomes, but are open to misunderstanding or misrepresentation as every activity will not lead to a successful outcome.

The Department of Finance will work with the Central Statistics Office and other organisations to identify relevant data sets in order to obtain more granular data on the economic contribution of the international financial services sector.

Any new indicators or metric developed over the life of the strategy will need to be assessed for robustness and consistency.

Updated themes and extension of duration

Both the Minister of State, Seán Fleming TD, and officials of the Department of Finance engaged in a number of consultations with all of the key stakeholders in the preparation of this update to the strategy. These consultations led to the conclusion that the four pillars and priorities of the 2019 strategy needed to be reconfigured in order to reflect the heightened importance of digital finance and sustainable finance.

A second decision Minister of State Fleming made on foot of the meetings he had with industry



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stakeholders is that in order to enhance the effectiveness of the strategy, the lifetime of this current strategy should be extended by two years, to the end of 2026.

The following five themes will represent the revised framework for the strategy:

- Sustainable finance,
- Fintech and digital finance,
- Diversity and talent,
- Regionalisation and promotion, and
- Operating environment.

Sustainable finance

Sustainable finance broadly aims to embed environmental, social, and governance (ESG) considerations into the financial system, and lead to more long-term investments in sustainable economic activities. More specifically, it can seek to provide the capital required to tackle climate change and transform the economy into a sustainable one.

Fintech and digital finance

The digital transformation of the financial services sector continues at pace and accelerated with the onset of the COVID-19 pandemic. Innovative technologies such as AI, blockchain, cloud, data analytics, and technology-enabled outsourcing in financial services are reshaping the way firms do business.

Diversity and talent

The skill sets that firms in the international financial services sector require constantly evolve. Meeting those requirements is supported through two channels: first, strong systems and programmes to enable people in Ireland to develop the skills, and, second, attracting people with the skills to come to Ireland. A diverse workforce can lead to increased innovation, improved decision making, and new perspectives.

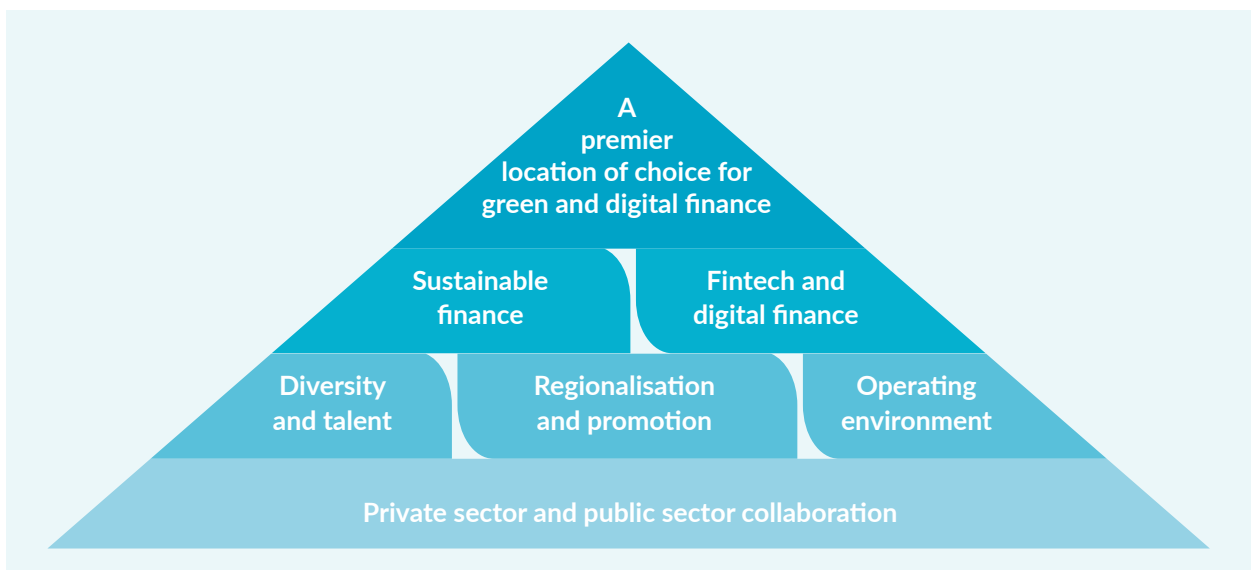
Regionalisation and promotion

One of the successes of recent years has been the considerable broadening of the sector's geographical footprint throughout Ireland. The sector is truly nationwide, and in realising its full potential, a key priority will be promoting the benefits of establishing in the regions outside Dublin.

International promotional activities by the IDA and Enterprise Ireland are crucial. Both agencies have a comprehensive network of overseas offices with experienced staff interacting daily with new and existing client firms. They identify relevant events, conferences, and networking opportunities to broaden Ireland's reach, target new investment opportunities, and help Irish firms enter new markets.

Operating environment

Policy, legislation, effective regulation, and a competent and solution-oriented administrative



system are key enablers to ensure that Ireland has an effective and efficient operating environment for providing international financial services from Ireland and to support growth in the sector.

Implementation

The *Ireland for Finance Action Plan 2023* and action plans for subsequent years will apply the updated thematic framework set out in this strategy.

The themes of Sustainable finance and of Fintech and digital finance will be of particular importance in seeking to identify specific actions and all stakeholders in the public and private sectors will be asked to give particular consideration to prioritising those two themes when considering proposals for action measures that they make to the Minister of State for inclusion in Action Plan 2023. Nevertheless, the other three themes – Diversity and talent, Regionalisation and promotion, and Operating environment – will continue to provide an important foundation for the future growth of the sector, including to support Ireland's ability to maximise the opportunities that sustainable finance and fintech and digital finance will generate in the coming three years.

Work on preparing the Action Plan for 2023 under the updated thematic focus set out in this strategy will commence in the autumn of 2022.



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THEME
1

**Sustainable
finance**





Key Message

Delivering the *Sustainable Finance Roadmap*, which has ambitious but achievable goals for Ireland to be a leader in sustainable finance, is a key priority that will be realised by developing the skills base for people at all stages of their career and across all sectors of international financial services. A clear commitment to sustainable transformation and investments will underpin the ambitions.

Introduction

Transforming the EU economy to make it more sustainable requires large investments, especially for enabling a green and low-carbon transition. This will require the assistance of the private sector as the public sector alone cannot cover this financial need. Green finance involves collecting funds for addressing climate and environmental issues (green financing), on the one hand, and improving the management of financial risk related to climate and the environment (greening finance), on the other. Sustainable finance takes into consideration environmental, social, and governance (ESG) issues and risks, with the aim of increasing long-term investments in sustainable economic activities and projects. Green and sustainable finance is a growing area of focus in Ireland, and has long been a key area for successive governments, and we have an existing cluster of renewable energy infrastructure fund managers with around €7 billion in assets under management. Our domestic and international banks support the issuance of green bonds, have launched a new €50 million cleantech investment fund, and are developing a social bond framework.

Ireland has taken several steps in the sustainable finance area over the last number of years.

In 2018, Ireland became one of the first countries to divest public money from fossil fuel assets through the Ireland Strategic Investment Fund (ISIF). This was achieved through the enactment of the Fossil Fuel Divestment Act 2018. In 2019, Euronext Dublin was designated as a hub for Euronext's green bonds offering. It now lists €120 billion in green and ESG bonds, and has become the number one listing for such activity globally.

Climate Finance Week Ireland has continued to grow and expand. Started four years ago as an action measure under *Ireland for Finance*, the event has been key to the momentum that has developed in recent years, and has grown in size and reach.

But we are also doing more than sharing information and building connections.

We have put considerable time and effort into achieving a leadership position in developing sustainable finance skills. By the end of 2021, Sustainable Finance Skillnet invested close to €1 million, developed new courseware, and facilitated over 2,000 professional individuals in 420 companies to upskill in sustainable finance.

Ireland's international commitment to the growth of this area is demonstrated by our involvement in platforms such as the Coalition of Finance Ministers for Climate Action, the Network of Central Banks and Supervisors for Greening the Financial System, and the Sustainable Insurance Forum. We also work with our partners in the EU and the multilateral development banks to facilitate private sector investments in climate action, and set out the legislative, regulatory, and guidance measures to ensure that the economic environment matches needs and opportunities with investors.

Ireland's goals are statute-based and are clear: to reduce carbon emissions by 51 percent by 2030, and reach carbon neutrality by 2050 at the latest. In addition to Government action, we need the financial services sector to be on board, and there are increasing signs that firms are ready to play their part in expanding their sustainable investments and in operating more sustainably.



The Government of Ireland will work with industry to accommodate this through developing our offering in skills and talent, through supporting digital provisions and innovation, through promoting a science-based transparent approach, and through shaping the regulatory framework by way of active engagement with EU partners. Ireland is creating an environment for attracting investments and channelling investments into the sustainable transformation. Creating investment opportunities can substantially increase Ireland's recognition as an investment hub.

Ethical investing as a sub-sector of ESG

Ethical investing has been described by industry professionals as a strategy where an investor chooses investments based on a personal ethical code. With the increase in ESG funds, there are

more ethical investments than ever. There are many different types of financial products or funds such as those that exclude investments in areas like weapons manufacturing, the fossil fuel industry, or the tobacco sector. Other funds and companies focus on projects that actively tackle climate change and social disadvantage which deliver benefits to society and the environment. In the future, these investments may also protect investors from potential sanctions designed to discourage such activities and thereby avoid their assets becoming stranded.

In 2019, when the *Ireland for Finance* strategy was adopted, Ireland recognised the growing significance of sustainable finance, and since then the market for sustainable financial products and services has expanded. It is appropriate, therefore, to make sustainable finance the first theme of this updated strategy.

€6.85 billion

State-backed green bonds

Ireland Strategic Investment Fund

investing €1 billion in **climate action projects** over the next 5 years

Climate Finance Week Ireland

flagship event with **5,000 plus** virtual attendees and **10 million plus** social media impressions



Sustainable Finance

504 **ESG bonds** listed at **€157 billion**



Host of **UNDP FC4S** European node



International Centre for Sustainable Finance launching Q4 2022

National Sustainable Finance Roadmap launched

€1 million investment made to **upskill 2,400 finance professionals** in **sustainable finance** in Ireland

Sustainable Finance Ireland

Becoming a leading sustainable finance centre by 2025 is a strategic goal of *Ireland's Sustainable Finance Roadmap*. Its development, led by Sustainable Finance Ireland and based on expert analysis of international best practice, brought together private and public sector representatives to identify ambitious but achievable actions to reach that overarching goal. That inclusive process showcases another of Ireland's key strengths: ensuring a collaborative approach between many stakeholders, in both the public and private sectors.

Key to Ireland's Sustainable Finance Roadmap is the creation of an International Sustainable Finance Centre of Excellence. This Centre aims to develop and share high quality research and best practice among private and public sector experts.

This focus on skills and development has been part of successive financial services strategies: it is a key way for Ireland to set itself apart, by supporting our well-educated, highly skilled, and adaptable workforce to maintain and build expertise and cutting-edge skills and talent. Skillnet Ireland's Sustainable Finance Skillnet, the creation of which was an action under the *Ireland for Finance* strategy, is a national learning network that aims to upskill the workforce of Ireland's financial services sector. It develops and provides access to innovative training opportunities to advance ESG best practice in Ireland. A second network, the International Financial Services Skillnet, has been awarded funding to develop a ground-breaking sustainable finance course for compliance professionals.

Another key element of the sustainable finance roadmap is Ireland's annual Climate Finance Week. It has gone from strength to strength since its inception, even during the pandemic, with over 5,500 virtual attendees in 2021. The Department of Finance and Sustainable Finance Ireland will continue to showcase Ireland as a sustainable finance hub.

Exciting opportunities exist to enhance sustainable finance through digital innovation and fintech. These have great potential to contribute towards sustainability goals, not least through the increased



Key to Ireland's Sustainable Finance Roadmap is the creation of an International Sustainable Finance Centre of Excellence. This Centre aims to develop and share high quality research and best practice among private and public sector experts.

and improved harnessing of ESG data, but these ends must be pursued through means that are themselves sustainable. Under the *Roadmap*, a Sustainable Finance Fintech Strategy is to be developed in 2022.

EU Climate Strategy

Ireland remains a strong voice for transparency in reporting and disclosing sustainability impacts and risks of financial products and company activities. This is essential to engage broader participation in sustainable finance, and to allow citizens to hold us to account.

The European Union's climate strategy is set out by the European Green Deal. This is the roadmap for making the EU's economy sustainable by turning climate and environmental challenges into opportunities across all policy areas and making the transition just and inclusive for all. The European Commission, in close cooperation with Ireland and other member states and stakeholders, develops sustainable finance policies under the pathway of successive sustainable finance strategies: the 2018 Action Plan and the 2021 *Strategy for Financing the Transition to a Sustainable Economy*.

The Taxonomy for sustainable activities – the EU's classification system for environmentally sustainable economic activities – is a cornerstone of the move to a sustainable economy. Climate mitigation and adaptation conditions are now

in place. Ireland will continue to support the completion of the Taxonomy in a way that is manageable for companies to implement smoothly, recognising the importance of periodic updates to ensure it reflects scientific advances. The Corporate Sustainability Reporting Directive, the Taxonomy Regulation, the Sustainable Finance Disclosures Regulation, and European regulatory initiatives for climate stress testing and climate risk management disclosures are all critical components of the European and Irish suite of measures to ensure the financial system supports the climate agenda. The establishment of labels and standards for sustainable products such as the EU Green Bond standard is also important. It will be critical to ensure that Ireland's legislative, regulatory, tax, and operational environment keeps pace with all of these developments in order to avail of the opportunities that they present in order to develop Ireland as a centre of excellence for sustainable finance.

These moves towards shared sustainability definitions and transparency of risks and impacts are important, but Ireland and our international partners must also put robust policy in place to address climate-related risk. Ireland will engage with EU efforts on this topic as well as taking targeted action nationally. The Central Bank of Ireland, in November 2021, announced the establishment of a Climate Risk and Sustainable Finance Forum, the aim of which is to bring stakeholders together to build a shared knowledge and understanding of the implications of climate change for the Irish financial system. The inaugural meeting of this forum was held in June 2022. In addition, the Department of Finance has set up a Climate Economy Group, so as to ensure that a holistic approach to the risks and impacts of climate change on the economy is taken in policy formulation.

Enterprise Ireland

Transforming the sustainability of Irish enterprise is key to competitiveness in the future. Changes in the regulatory environment, including the EU's Corporate Sustainability Reporting Directive, will also have a significant impact on the funding environment for companies. Helping enterprise to engage with, adapt to, and realise opportunities from the low carbon transition will be critical

to the long-term, sustainable growth of Irish enterprise.

As part of its strategy for 2022–2024, *Leading in a Changing World*, Enterprise Ireland will deliver a significant increase in funding and advisory assistance to transform companies' sustainability performance and drive competitiveness, focusing on key sectors, including the fintech and finance sectors.

IDA Ireland

Sustainability is a key pillar of IDA Ireland's strategy for 2021–2024, *Driving Recovery and Sustainable Growth*. The IDA is committed to supporting existing clients to decarbonise, to targeting green investment opportunities, and to ensuring that the organisation reduces energy usage with IDA's own portfolio as well as promoting biodiversity. Already, Ireland is becoming recognised as a financial centre with strong green credentials and as a hub for sustainable finance, with a stated goal of becoming a global leader in this field.

Ireland's sophisticated and supportive environment has encouraged and facilitated many major global organisations to lead the way in climate change mitigation by creating sustainable finance capabilities here that support not just their Irish operations but also their global operations from Ireland. IDA Ireland is actively engaged with its client base of more than 1,700 multinational groups across various sectors, including the financial services industry, to explore opportunities in sustainable finance.



Fintech and digital finance



Key Message

Ireland is uniquely positioned to be a leader in fintech, with the combination of its established hub for international financial services and its large global technology sector presenting the ideal conditions for innovation and growth.

Introduction

Technological innovation continues to change the world and the way people live and work, and is having a transformational impact on financial services. The impact of the technology transition on Ireland's international financial services ecosystem has been a positive one. Innovation is a foundation on which Ireland's international financial services sector was built, with new products and technology at the core of its development over four decades. Fintech and digital finance are no longer marginal activities and are increasingly a central driver of growth in employment in Ireland in international financial services, and high-profile examples include Stripe, Citi, Mastercard, State Street, Fenengo and JPMorgan's expansion of its Global Shares acquisition.

While fintech does not lend itself to easy definition, these investments in digital finance provide an overview of the breath of different activities where Ireland is winning investment and an insight into the scale of the sector here. Digital finance goes well beyond software development and covers all of the subsectors active in Ireland, including banking, investment management, and insurance, and it affects all business models.

At the same time, disruptive technologies such as blockchain are creating new opportunities for digital assets that will shape the future of the global financial system. Whether through private initiatives such as the various so called cryptocurrencies and crypto assets or through initiatives by central banks such as the ECB and its peers, the way financial services are intermediated and the processes and infrastructure that facilitate

the system are being reimagined. This brings significant challenges and opportunities for the sector, regulators, and policymakers.

Despite the success we have achieved to date and the consensus in both the public and the private sectors that digital finance is a significant opportunity, the growth trajectory is not something that can be taken for granted. To capitalise on these accelerating international trends and the record levels of digital finance capacity that Ireland's international financial services sector has developed, the Department of Finance established the Fintech Steering Group. This Group will work with industry to take full advantage of the opportunities while addressing the risks.

The Fintech Steering Group will prioritise policy and ensuring a suitable environment to support growth in the number of people working in digital finance across all of the sectors where Ireland has deep domain knowledge, such as investment funds, international banking, and insurance. In addition to these areas where the Irish ecosystem is establishing a strong digital presence, the group will collaborate on the exciting new opportunities that are developing in emerging areas such as payments and digital assets.

In addition to exploring opportunities for both indigenous and international fintech firms in Ireland, the Fintech Steering Group will also consider the potential risks that the digital transition may create. Growth in the ecosystem cannot come at the expense of the protections already in place for consumers and businesses. Digital finance is still finance, and while many of the technologies can play a role in facilitating



better regulation, a balance must be struck between encouraging innovation and risk mitigation.

The sections below expand on those existing elements of the Irish ecosystem that will be of particular importance during this next stage of development in digital finance, as well as the new areas for growth that will be prioritised by the Fintech Steering Group. The Fintech Steering Group will be responsible for delivering on the ambition that Ireland has for fintech and digital finance and the final section of this chapter outlines how it will progress this exciting agenda over the remainder of the term of this strategy.

Fintech growth factors for Ireland

As referenced above, innovation has been at the core of the successful development of international financial services in Ireland, to the point where employment is at its highest level and where it is an important and resilient pillar of the Irish economy. That success has created a vibrant ecosystem, one that includes active links to academia, dedicated research centres, and a range of targeted government funding options and enterprise supports. These are critical factors for

success in digital finance and are a platform for future growth in fintech.

Enterprise agencies

A key metric of success for the *Ireland for Finance* strategy is growing the number of people directly employed in the portfolio of companies supported by the enterprise agencies, IDA Ireland and Enterprise Ireland. Digital finance is an important part of those portfolios and of their growth plans. Ireland is both a location for world-class Irish owned fintech firms and a destination for digital investment from multinational firms. The Irish fintech ecosystem is viewed as a unique European centre that is home to both a credible financial regulator and an established hub for well-known technology firms with regional or global remits.

The thriving fintech ecosystem in Ireland has developed through a series of intentional policy actions and strategic initiatives under *Ireland for Finance* and earlier strategies, with the enterprise agencies playing a leading role. The work of both IDA Ireland and Enterprise Ireland has been critical in delivering digital finance opportunities across all regions, not just in the capital city. In addition, both agencies work closely with the Department of Foreign Affairs to maintain existing relationships and to develop new connections with investors in international markets and key global financial

centres. Those international connections, including the Irish diaspora, are an important feature of the digital finance network and extend to the EU institutions and public sector bodies that are critical to the next phase of the development of fintech in Ireland.

Support for fintech

Ireland provides a comprehensive and systematic range of financial and non-financial supports which are designed to create and maintain high-value jobs, and help to attract investment and develop business in Ireland. These supports are complemented by valuable research and development tax credits that are available for qualifying activities that are a central feature of many digital finance programmes.

Enterprise Ireland supports companies in the fintech and financial services sectors at all stages of development – from early-stage start-ups to large companies – based on their identified need for growth. These include prominent firms in payments, funds administration, insurtech, regtech, and software & services for financial services end-markets.

Enterprise Ireland, which was ranked first in the world of venture capital investors by deal count by Pitchbook in 2021, co-funds start-ups with other investors, and since 2016 has approved equity investments totalling €18 million to around 80 fintech start-ups. Other funding options for digital finance projects include the €500 million Disruptive Innovation Technologies Fund and the €90 million Irish Innovation Seed Fund, which includes financing from the European Investment Bank where fintech is a priority.

Ireland Strategic Investment Fund

The Ireland Strategic Investment Fund (ISIF) is an important element of the digital finance ecosystem. ISIF is the sovereign development fund with a unique mandate to invest on a commercial basis to support economic activity and employment here in Ireland. ISIF has made a number of transformational investments under its indigenous business priority theme, including firms such as Global Shares (recently acquired by JPMorgan), Fexco, Fenargo, and Stripe.



As part of its strategic approach, the Central Bank has its own internal Innovation Steering Group to coordinate and prioritise activities in fintech and related to technological innovation across the organisation.

Technological innovation and the Central Bank of Ireland

As the independent regulator of the Irish financial system, the Central Bank of Ireland has a unique function in the digital finance environment. The Central Bank has prioritised technological innovation as an important focus of attention. A core theme of the Central Bank's strategy for the period 2022 to 2026 is being 'future-focused' in order to better understand, anticipate, and adapt to the changing financial services environment, with a particular emphasis on technological innovation. The Central Bank is working to foster an innovative and resilient financial sector in Ireland that serves the evolving needs of households and businesses into the future while ensuring that associated risks are identified and mitigated.

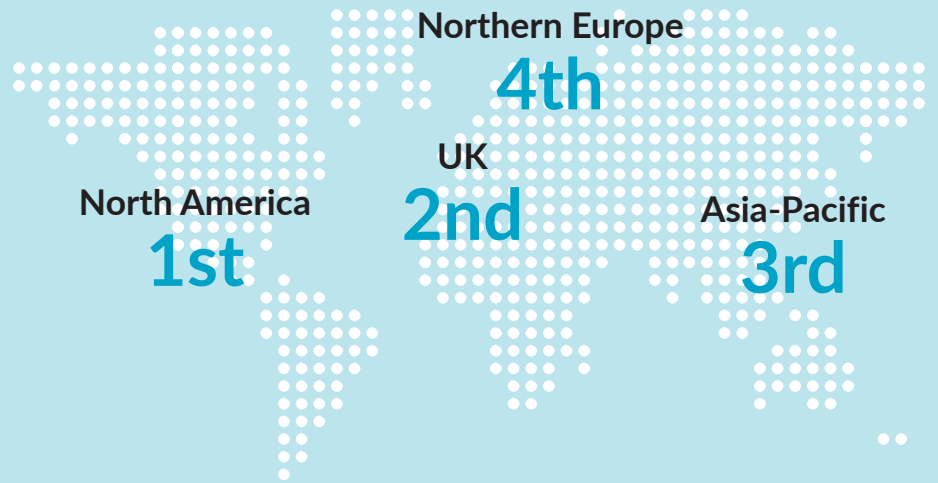
As part of its strategic approach, the Central Bank has its own internal Innovation Steering Group to coordinate and prioritise activities in fintech and related to technological innovation across the organisation. At an EU level, the Central Bank is actively involved in the European regulatory and supervisory policy developments, and internationally the Central Bank actively participates in bodies such as the International Organisation of Securities Commissions (IOSCO) and the Bank of International Settlements on the topic of fintech and innovation.

The Central Bank established its Innovation Hub in 2018 as an open and informal facility for fintech firms to engage outside of the existing formal requirements. As part of its continuing review cycle, the Central Bank plans to consult on

Ireland: Leading the fintech revolution

TOP FOUR GLOBAL EXPORT MARKETS FOR IRISH INDIGENOUS FINTECH

As a global hub for finance, technology and investor activity, Ireland is a hotbed of fintech innovation, helping the industry respond to challenges and opportunities. From the digitalisation of banking to new payments models and ever-changing compliance requirements, Irish fintech innovation is in high demand internationally. North America, UK, Asia-Pacific and Northern Europe are the top four global export markets for Irish fintech.



A SELECTION OF CLIENTS FROM THE ENTERPRISE IRELAND FINTECH ECO-SYSTEM:

REGTECH	PAYMENTS	FUNDS & FUNDS ADMINISTRATION	INSURTECH	FINANCIAL SOFTWARE & SERVICES	

proposed enhancements to the Innovation Hub in 2023 with any changes to be implemented over the course of the current Central Bank strategic cycle (2022–2026).

Innovation labs, research centres and accelerators

Financial services firms have always invested heavily in technology, but the move to fintech is a new departure for traditional business models and features higher levels of collaboration and interaction with academic institutions. As firms look to deliver new solutions for clients, they are moving more towards being developers, not just consumers, of technology, and many are adopting the model of dedicated innovation labs. Irish international financial services firms have played a leading role from the earliest stages of this strategy to integrate cutting edge technologies into their businesses. Well known examples include the Citi Innovation Lab that was established in Dublin over a decade ago and the more recent Mastercard European Technology Hub.

Alongside commercial innovation labs, government-funded research centres perform an important role in digital finance, providing critical access points for firms to explore new technologies and use cases in data analytics and artificial intelligence. Science Foundation Ireland awarded the ADAPT Research Centre €1.9 million in funding for FinTech Fusion, a research programme that will strengthen the international competitiveness of the Irish financial services industry through the production of new results from cutting-edge fintech research. The research is led by the ADAPT Centre and includes researchers from two other existing Science Foundation Ireland research centres, Insight and Lero, along with industry collaborators.

The FinTech Fusion programme is creating impact in a number of ways across three pillars of regulation, insurance, and payments by conducting scientific investigation, publishing in top-ranked journals, and presenting studies at leading conferences worldwide. For example, ADAPT is collaborating on a multi-year project with Fidelity Investments that is looking to develop conversational AI technology to aid portfolio managers and quantitative analysts by providing

real-time updates on portfolio adjustments, while also helping them to perform operations more efficiently and effectively.

Science Foundation Ireland also partners with industry and FINTECHNEXT in a multi-million euro, four-year collaborative research programme between University College Cork and Fexco, the innovative Irish-owned firm. The objective of FINTECHNEXT is to undertake collaborative research focussed on technological innovation in financial services. The Fexco–UCC partnership has resulted in the development of a new Fexco product called PACE (Platform for Analysing Carbon Emissions). PACE incorporates the FINTECHNEXT Forecasting Engine, which uses machine learning and AI to predict future CO₂ utilisation and performance of 30,000 commercial aircraft flying globally. The forecasting engine predicts future performance and financial exposures to ensure that CO₂ performance aligns with international, regional, and national reduction targets.

Enterprise Ireland and IDA Ireland fund CeADAR, a market-focused technology centre that drives the accelerated research, development, and deployment of AI and data analytics technology and innovation into businesses. In the area of financial services, CeADAR is using software that is based on natural language processing to help search for specific information from internal systems, which could reduce the cost and time associated such processes for many of the largest employers in the international financial services sector in Ireland.

Another important factor in the ecosystem are accelerators that work with new start-ups in digital finance. The NDRC is a national accelerator programme for technology start-ups in Ireland, including those focused on fintech. Dogpatch Labs, a vibrant hub for fintech activities in Dublin, operates the NDRC, including Dogpatch Labs itself, and across the regions with the RDI Hub in Kerry, the Republic of Work in Cork, and the Portershed in Galway. Its mission is, through coaching and mentoring, to help start-ups succeed at every point of their journey, with a founder-first approach delivered by international experts.

Future growth areas

Sector-specific opportunities

Insurtech

The insurance sector is an important pillar in the international financial services ecosystem and a strong example of how an industry can be positively affected by technology and digital changes. A number of firms and organisations are collaborating in key areas to maximise the benefits and opportunities that the specific application of new technological tools can bring to the insurance sector. This includes Instech.ie, which, with the support of the enterprise agencies, is working to bring together established firms, start-ups, and third-level institutions to promote innovation in the insurance sector. Its aim is to make Ireland a leading European insurtech hub with a strong cohort of Irish firms that compete in a global digital insurance market.

Insurance firms are also collaborating with higher education providers on insurtech. The Insurtech Network Centre based at the Technological University for the South East's Carlow campus was established in 2019. The Centre works with industry on growth areas relevant to the insurance sector, including data science, design thinking, software and games development, the internet of things, and distributed ledger technology.

The Office to Promote Competition in the Insurance Market, based within the Department of Finance and chaired by the Minister of State for Financial Services, has been assessing the potential effect of insurtech on the Irish insurance market as a whole, as well as on individual consumers. Learnings from the work of the Office to date may well have wider applications for the sector and international financial services firms that have an export focus.



Regtech

Regtech is the management of regulatory processes within the financial sector through technology, and the sector has grown in importance in Ireland. This reflects the evolving global regulatory environment and the leading role that firms based in Ireland play in financial services, particularly in the investment funds sector. Ireland is a recognised leader in the development of in-house technology solutions for regulatory compliance, and already has a strong base of innovative regtech firms such as Fenargo, Corlytics, and AQMetrics. The evolving nature of the global regulatory landscape in financial services is creating an environment with the potential to offer further growth opportunities in regtech within the overall developments in fintech and digital finance.

Artificial Intelligence

Artificial intelligence – widely referred to by its abbreviation ‘AI’ – refers to machine-based systems with varying levels of autonomy that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions using data. AI is recognised as an area of strategic importance for international financial services firms as they seek to generate efficiencies in existing processes and develop new products and services for customers.

Ireland aims to be an international leader in using AI, and the Government’s strategy, *AI – Here for Good: A National Artificial Intelligence Strategy for Ireland*, envisages a partnership with industry to drive widespread adoption of AI across enterprises, including in international financial services. An AI Innovation Hub will be established, as part of Ireland’s planned programme of European Digital Innovation Hubs, to act as a national first stop for AI, providing expertise and guidance to enterprises on their AI adoption journey.

Cyber security

Cyber security is essential for the global financial services industry to both ensure the security of assets as well as the efficient and reliable execution of its business. With over 6,500 people employed in the cyber-security sector in Ireland in 2022, the industry is already a key part

of the technology sector here, both in its own right and as an enabler for investment in related sectors such as international financial services.

Ireland’s *National Cyber Security Strategy* sets out how Ireland will embrace these challenges, and also how we plan to take advantage of the enterprise and job creation opportunities flowing from this global technological development. Enterprise Ireland works with an active and growing cohort of over 60 indigenous client companies in the cyber-security sector as well as funding Cyber Ireland, the national Cyber Security Cluster. It is designed to strengthen productivity and build competitiveness in Irish cyber-security companies through cooperation in innovation and the transfer of knowledge between companies, knowledge institutions, and other support actors in the cluster.

Crypto assets

Digital assets and the emerging ecosystem surrounding them – including crypto assets, tokens, decentralised finance, and the enabling blockchain or distributed ledger technology (DLT) have attracted investor attention in recent years. Proponents argue that these technologies underpinning private digital assets have benefits for the global financial system, including transparency and more visible audit trails. Reduced costs for transactions in the financial system and even eliminating the need for intermediaries in some instances have also been advanced as potential benefits.

The speed of change in crypto is rapid and the developments taking place around digital assets could have profound strategic implications for the Irish international financial services industry. Action in this area will be both necessary and imperative to maximise the opportunities and manage the risks that these shifts in technology will bring to the sector, particularly in relation to the leadership position Ireland has in areas like payments and asset administration. Because of the success achieved in developing a strong international financial services sector, Ireland now has the capacity to benefit from the value creation opportunities and new business models that these innovative and disruptive technologies

are generating. Key to capitalising on crypto as a growth area will be Ireland's membership of the EU and the important role that we play in the future of the EU financial system.

EU Digital Finance Package

In September 2020, the European Commission published its Digital Finance Package which sets out key priorities for the development of digital finance including enabling open finance innovation, creating new data-driven services through the sharing of data between all financial actors in the ecosystem. The overall goal of the Package is to develop a competitive EU financial sector that gives consumers access to innovative financial products, while ensuring consumer protection and financial stability. Ireland worked with the Commission and other Member States on the development of the Package. A central part of the Package is legislation establishing a regulatory framework for crypto assets, known as MiCA, which is due to come into effect in 2024 and which will bring much needed clarity through an EU framework that can facilitate innovation.

As part of the Package, the EU has also agreed a pilot project to allow for the implementation of blockchain and DLT in financial market infrastructure. The project will allow for cooperation between market participants and regulators, facilitate experimentation, and open up opportunities for efficiencies. The European Central Bank is also examining a digital euro (a central bank digital currency – CBDC). A digital euro would be an electronic form of central bank money accessible to all citizens and firms – like banknotes, but in a digital form. Firms based in Ireland are participating in the industry steering group that is advising the ECB on the investigation phase of the project.

The development of the EU digital agenda is key growth factor for the international financial services sector in Ireland, which, as a small, open economy, benefits greatly from the access to the single market and the scale opportunities that this presents. Previous EU frameworks in investment funds, insurance, and banking have acted as catalysts for investment and have been critical for the growth in employment. The Digital Finance Package and the initiative on a digital euro provide



A digital euro would be an electronic form of central bank money accessible to all citizens and firms – like banknotes, but in a digital form. Firms based in Ireland are participating in the industry steering group that is advising the ECB on the investigation phase of the project.

a platform for Ireland to compete for global fintech opportunities through a prudent and inclusive regulatory environment.

Department of Finance Fintech Steering Group

Fintech and digital finance has been a priority of the *Ireland for Finance* strategy for many years. With the acceleration of the trends described above and with a focus on capitalising on the opportunities they represent for the international financial services sector, the Department of Finance established its Fintech Steering Group. The group consists of senior officials in the Department where units have sectoral policy responsibilities for areas where fintech is important or growing. Key priorities of the Steering Group include making an active and significant contribution to the development of EU policies and proposed legislation as set out in the EU Digital Finance Package, researching fintech policy developments in other countries, and conducting an outreach programme with key stakeholders. In addition to these work streams that relate to the international financial services sector, the Group also has responsibilities for co-ordinating measures on consumer education and digital inclusion.

Membership of the Steering Group was expanded in 2022 to include senior officials from other Government departments and from the enterprise agencies; the Central Bank of Ireland attends

meetings as an observer. A priority in the second half of 2022 for the Steering Group is to deepen the engagement with industry representatives and researchers and to bring representatives chosen from active and established networks to work with the Fintech Steering Group to address specific issues. Widening the expertise available to Steering Group will give all stakeholders the opportunity to constructively shape the digital finance agenda.

Collaboration has been at the heart of the delivery of the vision of *Ireland for Finance* and the Fintech Steering Group will apply the same partnership approach to deliver meaningful outcomes for all stakeholders in international financial services. As outlined above, the success of the past has made it more possible for Ireland to be a leader in digital finance, and the goal of the Steering Group is for the ecosystem here to thrive by creating the best possible policy environment. That success has been a function of the engagement with the international financial services industry and is the basis for Ireland's capacity to deliver strategic change in digital finance, in a way that aligns with the wider goals of the *Ireland for Finance* strategy.

The Steering Group, working with the *Ireland for Finance* Joint Committee, will provide the strategic leadership to build on the strengths and the deep domain knowledge that we have in specific sectors and capitalise on the opportunities being created in AI, crypto, and cyber. As a small, open economy, Ireland will prioritise the opportunities to advance, with a particular focus on the vision set out in this strategy. In that context, the connections to international markets are all the more important and the Steering Group will aim to link the policy goals of *Ireland for Finance* to the needs and objectives of end users of digital finance.



THEME

3

Diversity and talent



Key Message

People are at the heart of the Ireland for Finance strategy, and are the critical success factor driving the quality of the services delivered, with an international reputation for flexibility and adaptation that has taken on a new importance in a world where remote working has opened up more opportunities.

Introduction

Recent events like the global pandemic, the growing digitalisation of work practices, and the need for organisations to become more environmentally conscious have brought into sharper focus the need for ensuring that organisations are resourced with the right talent, in both the short and long terms.

Ireland is highly regarded internationally for its well-educated, highly-skilled, and adaptable workforce. This competitive advantage has been vital in making Ireland an attractive location for foreign direct investment and this stream of talent must be maintained in order to enable the next phase of growth. Ireland has an advanced system of skills provision across further and higher education, lifelong learning, and human capital development, which is agile and responsive to changes in the world of work.

Ireland's membership of the European Union enables access to a working-age population of over 285 million people to serve its talent requirements. In addition, under the Common Travel Area, Irish and UK citizens can move freely between and reside in either jurisdiction and enjoy associated rights and entitlements including the right to work, study, and vote in certain elections, and access to health services and social welfare benefits.

The twin transitions of digital and sustainable finance necessitate new skill sets, and the COVID-19 pandemic has changed the way we work and how we do business. Upskilling, reskilling, and increased access to skills courses will assist in preparing the financial services workforce for the future.

Diversity

Ireland's Women in Finance Charter

Increasing diversity of the workforce in the international financial services sector can bring a number of benefits to firms, including increased access to talent.

Developed under the *Ireland for Finance* strategy, Ireland's first Women in Finance Charter was launched in 2022. The Women in Finance Charter is open to all financial services firms operating in Ireland. Signatories of the Charter commit their organisations to improving the number of women in management and board level positions to achieve better gender balance and a more inclusive working environment. Commitments will be audited, and progress in terms of signatories meeting their targets will be published. This is a very important development as regulators and supervisors are now focusing more on the degree of diversity within the sector. Regulators consider that diversity and inclusion, in all of their forms, are important components of well-managed, financially resilient, strategically-minded firms, and thus within their mandates. The Ministers and the Departments of Finance and of Enterprise, Trade and Employment are actively supporting this important industry-led initiative, and officials support key elements of Ireland's Women in Finance Charter Steering Group.

Balance for Better Business

Balance for Better Business is an independent, business-led review group that was established by Government and under the remit of the Department of Enterprise, Trade and Employment. Its aim is to improve gender balance on the boards and senior leadership teams of businesses in Ireland.

Balance for Better Business consists of senior figures in Irish business and the public service, and has called for a reform of the current system to ensure more women play a role at board level and in senior leadership teams. It has set progressive targets to 2023 for improved gender balance on the boards and in senior management of Irish companies. These targets are voluntary and non-binding, but the progress that is made is published in the Balance for Better Business Annual Reports. According to the fourth Balance for Better Business Annual Report, published in December 2021, Ireland has achieved 26.2 percent female representation on average for the boards of all listed companies, up from 13.9 percent in 2018. Balance for Better Business supports Ireland's Women in Finance Charter. It hosts information about the Charter on its website, and the co-chairs of Balance for Better Business participate in Ireland's Women in Finance Charter Steering Group.

Central Bank of Ireland

Over recent years, the Central Bank of Ireland has repeatedly stated that a lack of diversity and inclusion at senior management and board level is a leading indicator of heightened behaviour and culture risks.

Since 2016, the Central Bank has published an annual report on demographics in certain senior roles in financial firms that require pre-approval by the Central Bank – essentially senior management and board roles in firms. (The first report covered the period back to 2012.) The series of reports shows that female representation in applications for roles in pre-approval controlled functions across the financial services sector has continued to increase since 2012. In 2012, 16 percent of applications were received for female representation, compared to 31 percent in 2021,



Balance for Better Business consists of senior figures in Irish business and the public service, and has called for a reform of the current system to ensure more women play a role at board level and in senior leadership teams. It has set progressive targets to 2023 for improved gender balance on the boards and in senior management of Irish companies.

constituting a 15 percentage point increase over the 10 year period.

The Central Bank of Ireland wants regulated firms to be sufficiently diverse, particularly at senior level, to prevent groupthink, guard against overconfidence, promote internal challenge, and act in the best interests of consumers. Therefore, given the interconnectivity between diversity and risk, resilience, and financial performance, it will continue to be a priority for the Central Bank.

Diversity beyond gender

Diversity goes beyond the number of women in the workplace or in leadership and includes diversity of age, ethnicity, sexual orientation, education, nationality, disability, beliefs, and more.

Initiatives focused on both increasing women's participation and achieving broader diversity and participation amongst minority groups will be considered for annual action plans under this strategy.

Skills

Expert Group on Future Skills Needs

Education and training schemes must be targeted in order to ensure that workers are provided with the right skills for current and future needs. The Expert Group on Future Skills Needs advises Government on future skills requirements and associated labour market issues that impact on the national potential for enterprise and employment growth.

The Expert Group on Future Skills Needs will complete a study on the skills needs to fully exploit opportunities in the international financial services sector. As part of this work, the Expert Group will identify the financial services sub-sectors that have highest growth potential in the next 5–10 years in order to investigate at an in-depth level the skills required for the successful development of these sub-sectors, and to develop and assign a series of detailed recommendations to meet skills needs in these sub-sectors.

Funding the Future

Under *Funding the Future*, the Government is committed to a multi-funded model of additional Exchequer investment and employer contributions through the National Training Fund. Student contributions will be gradually reduced.

Annual investment of €307 million is planned as part of *Funding the Future*, and that amount is in addition to the current €2 billion spent annually on higher education in Ireland, and will focus on improving the quality of programmes, their outcomes, and providing a third-level education system which is accessible to everyone in society.

A new department of State for further and higher education

Ireland now has two full Government departments dedicated to education, a clear sign of the strategic importance of talent and skills at a national level. In addition to the traditional Department of Education, which now focuses on primary and secondary education the Government established the Department of Further and Higher Education, Research, Innovation and Science with a full cabinet minister in 2020 in recognition of the

particular need to ensure that systems and services for the provision of education and training after secondary school are contributing effectively to Ireland's development.

The new department's statement of strategy sets a vision and direction for Ireland to become a knowledge economy leader, globally recognised in the areas of higher education, research, and innovation with strategic economic investment in areas such as green talent and digital skills. The strategy recognises the importance of the higher and further education sectors for economic growth and in promoting diversity and enhanced social cohesion.

IDA support for talent development and training

Core to IDA Ireland's strategy for 2021–2024, *Driving Recovery and Sustainable Growth*, is supporting companies in the transformations from increased digitalisation of work practices and from the need for organisations to respond to climate change and future-proof their operations in Ireland. The IDA has established a dedicated team to drive this agenda, working with sectoral teams and in partnership with other publicly-funded agencies like Skillnet Ireland, to support the future skill needs of its client base. The IDA provides both financial and non-financial support to assist companies on this journey and has recently developed a host of new diagnostic tools to help companies in this area.

Smart Specialisation Strategy

Ireland's forthcoming smart specialisation strategy has established an evidence base for new programmes under the European Regional Development Fund to enhance research, development, and innovation activity through new collaboration supports, improved R&D capacity in the higher education institutions, and novel innovation grant initiatives better enabling Irish higher education institutions to engage collaboratively internationally. It is also intended to bolster regional entrepreneurship through investment in the technological universities, leveraging the role of further and higher education institutions as anchors for enterprise and for regional growth.

Remote online learning and working

Remote online learning can be viewed as an easier route to learning than classroom-based learning by making learning opportunities less intimidating and more widely available throughout Ireland. Remote learning can enhance the participation rate in lifelong learning. *Making Remote Work: National Remote Work Strategy* aims to ensure that remote working is a permanent feature in the Irish workplace in a way that maximises economic, social, and environmental benefits, including the potential of remote working for regional development and its positive impacts.

Regional Skills Fora

The development of the regions is a national priority and the Regional Skills Fora bring people together at local and regional level to identify, interrogate, and validate skills needs for the regions. This helps to ensure that employers and enterprise are linked to the right places, and that they get the responses they need. The Fora provide hugely valuable bottom-up information and insights, which feed into the work of the National Skills Council, to ensure that we have a skills agenda, at national level, which is informed by evidence and serves its purpose for people across the country.

A key challenge on skills is how to unlock upskilling and embed lifelong learning in the huge number of small, medium, and micro enterprises in Ireland. The Regional Skills Fora have been at the front line of meeting this challenge since the structures were established in 2016.

Technological universities

Technological universities are a part of the changing face of higher education in Ireland following the enactment of the Technological Universities Act 2018. The technological universities agenda is a welcome addition to the higher education landscape. The new technological universities will drive access, excellence, and regional development, strengthening the links with enterprise in the country and employers in the community.

The benefits of a technological university are significant: the ability to attract foreign direct

investment, to retain and create skills and employment in the region and to give students the highest quality education across all qualification levels, from apprenticeship to doctoral degrees, whilst residing in their own locality.

Skillnet Ireland

Skillnet Ireland is a business support agency that provides companies with new opportunities to develop relevant, effective answers to their talent development needs. It applies an enterprise-led approach to workforce development in which groups of businesses primarily own the process of determining and addressing training needs. Encouraging enterprises to lead the process helps to ensure that the programmes are relevant to industry needs. This decentralised approach also enables cohesive enterprise networking and the flexibility to respond to changing skills needs through both formal and informal learning. Several Skillnet Ireland business networks will contribute to implementing initiatives to talent development in the international financial services sector that align with this strategy.

Skillnet Ireland supports the international financial services sector's educational and upskilling skills needs through learning networks exclusively focused on international financial services, namely: IFS Skillnet, Sustainable Finance Skillnet, Aviation Skillnet, and Law Society Skillnet.

There are several other Skillnet business networks that increasingly support Ireland's international financial services sector in the fintech and technology areas. These include Technology Ireland ICT Skillnet, Technology Ireland Digital Skillnet, ITAG Skillnet, IT@Cork Skillnet and regional networks primarily located in the West, Mid-West and South-West.

In support of the sustainable finance agenda, Sustainable Finance Skillnet works to develop leadership capacity and specialist skills in sustainable finance to support Ireland's emergence as a sustainable finance hub.

Skillnet Ireland will continue to support companies in the banking, fintech, insurance, securitisation, aircraft leasing, funds, and asset management sectors to address issues of

workforce planning, development, and innovation. The development of specific programmes to encourage enterprise learning and skills development will be regularly assessed and translated into strategic actions.

Apprenticeships

Apprenticeships offer an alternative route for individuals to develop their skill set and provide an additional talent source for firms.

The *Action Plan for Apprenticeship, 2021 to 2025*, led by the Department of Further and Higher Education, Research, and Innovation, aims to reach 10,000 new apprentice registrations per year by 2025. The plan provides a roadmap to a single apprenticeship system and new supports for employers and apprentices.

It will create a new National Apprenticeship Office to drive reforms, to offer grants to under-represented groups such as female apprentices, lone parents, people with disabilities, and members of the Traveller community, and to provide non-financial supports targeted to SMEs in areas such as recruitment and supervision of apprentices.

For the international financial services sector, apprenticeships that combine academic study with on-the-job training are available in insurance, accounting, and international financial services. These roles are available to existing employees, school leavers, and new hires who fulfil the relevant entry criteria.

There are two IFS Apprenticeship Programmes currently available, IFS Associate Apprenticeship (Level 6 on the NFQ) and the IFS Specialist Apprenticeship (Level 8 on the NFQ).

The Insurance Practitioner Apprenticeship is an NFQ Level 8 Bachelor of Arts (Hons) in Insurance Practice launched in September 2016 and was designed by the Insurance Institute of Ireland.

The Accounting Technician Praktikum programme provides graduates with an industry-recognised Level 6 QQI Advanced Certificate in Accounting and enables apprentices to join Accounting

Technician Ireland's professional Member network and use of the designatory letters MIATI (Full Member of Accounting Technicians Ireland).

Conclusion

Under the *Ireland for Finance* strategy, the various educational institutions, industry bodies, and Government Departments will continue to work to develop the necessary talent for the future of the financial services sector. We will also work to further develop models such as the provision of apprenticeships and Skillnet Ireland courses, and utilise the potential of remote learning that offer new avenues for people to access educational courses, upskill, or reskill.



Regionalisation and promotion

57%

72.66

99.96



1. Regions



Key Message

With established financial services operations across the country, Ireland presents an unparalleled range of choices in the regions for investors looking to grow their business and access specialised financial services and technology talent.

Introduction

Ireland's offering to the international financial services industry has evolved over the years beyond the docklands of Dublin City Centre to cover the entire country, with over 30 percent of employment in the sector now located in the regions. This evolution has come about as part of a combination of focused efforts on behalf of industry and the public sector, to both maximise the opportunities that international financial services can bring to the regions and at the same time provide international financial services firms access to different talent pools with stronger links to higher educational institutions.

The *Ireland for Finance* strategy is at the core of this partnership approach to developing the international financial services sector in the regions and seeks to retain and grow the number of firms investing outside Dublin. This work has taken on a new dimension in the wake of the move to remote and hybrid working patterns during the pandemic. The unique attributes of the nine regions across Ireland and the different quality of life options they present to both graduates and experienced executives have come into sharper focus as firms look to attract and retain the best talent.

Since 2019 there has also been a notable increase in the number of regional investments from both foreign and indigenous firms. These investments form part of a growing number of clusters that are developing across the regions and which demonstrate an established record of creating value for firms.

With the successful establishment in the regions of firms in the international financial services sector, there has also been an acceleration in the development of dedicated professional services providers establishing and expanding their offices outside Dublin. This indirect employment is an important part of the choice and opportunity that the international financial services sector delivers to the regions. It also represents a welcome development of the overall environment outside Dublin and is a key element for securing new investment in the future.

Government supports

Project Ireland 2040

The overall population of Ireland is forecast to increase by approximately 900,000 by the year 2040, and the Government's *National Planning Framework*, part of the Project Ireland 2040 project, aims at achieving higher levels of growth outside Dublin. The objective is to change the regional distribution of the population by prioritising growth in Cork, Limerick, Waterford, and Galway. In doing so, the *Framework* seeks to develop these cities and other regional towns as viable urban centres of scale and to enable them to compete as alternatives and a counterbalance to the continued growth of Dublin. In the process, these cities and regional towns will act as drivers of growth for their wider region and rural areas and the international financial services sector will benefit from this investment.

To deliver on these aims, the Government has support available through the €2 billion Urban Regeneration and Development Fund and the €1 billion Rural Regeneration and Development Fund. This is in addition to the overall €165 billion being invested in the National Development Plan, the largest National Development Plan in the history of the State. The two funds will help deliver the public infrastructure needed for valuable sectors of the economy, including international financial services, to grow and develop. Alongside the infrastructure investment, a significant element of the plan will support enterprise development, research, innovation, and science, areas that are important drivers for future growth in international financial services.

Regional Enterprise Plans

To complement the top-down work of the National Development Plan, the Department of Enterprise, Trade and Employment has individual plans for each of nine regions. These are locally led initiatives that are chaired by senior industry figures and look to achieve collaboration between central and local government (including the IDA and Enterprise Ireland), academia, industry, and wider society – that is, the ‘quadruple helix’ model.

The Regional Enterprise Plans to 2024 are informed by the existing strengths of each region and the opportunities available to them. The Plans focus on how best to address the respective gaps in the ecosystems to deliver interventions that support increased levels of employment. The Regional Enterprise Plans complement the core strategies of the enterprise agencies, whose portfolio of client companies in international financial services is the key target of *Ireland for Finance*.

The Regional Enterprise Plans are an important part of how employment policy is translated into meaningful outcomes at a local level and has important implications for the international financial services sector, particularly in the area of education. To support the implementation of the Plans, the Department of Enterprise, Trade and Employment has made up to €180 million available to support projects that sustain and increase employment in the nine regions.

Regional financial services cluster leaders

A number of organisations in the regional international financial services clusters are working to promote and develop the sector in their regions. These include the Fintech Corridor in the north east, the Ireland South East Financial Services Cluster, the RDI Hub in Kerry, and the Cork Chamber Financial Services Forum. These organisations are an important part of the development of the regional international financial services environment and are responsible for much vital networking and information sharing among local executives and the wider industry. Increasingly, these groups are working together to share knowledge and resources at a national level on how to maximise the potential of regional locations. This is a welcome development and is a strong example of how the regional offering of the *Ireland for Finance* strategy is evolving.

The growth of international financial services activity in the regions has been a critical factor in the record levels of employment that the sector has achieved in recent years. This success has made the regions attractive for further investment in international financial services. In order to deliver on the enhanced ambitions of the updated strategy, increased collaboration will be required. Ireland is uniquely positioned as an international financial centre with a whole-of-Government strategy that recognises the value of regional locations to match the traditional city-hub model in Dublin.

IDA Ireland

Regional development is a vital aim of the IDA's strategy, *Driving Recovery and Sustainable Growth*, and aligns with the objectives of the Programme for Government in relation to regional development. The IDA is committed to the pursuit of more balanced, compact regional development which can deliver complementary efficiency and equity gains, with the overall impact of helping to advance national development. IDA Ireland plans to target half of all investments from 2021 to 2024 to regional locations.

Geographical spread of multinational companies in the international financial services sector

Ireland is home to more than 300 leading multinational companies in the international financial services sector, many with second sites in regional locations.



Promotion

Over the course of the last four decades, the international financial services industry in Ireland has achieved a strong reputation internationally as an established centre with world-leading expertise in investment fund administration, aircraft leasing, and payments technology. The record levels of direct employment in international financial services firms and the high numbers of people working in the associated service providers point to the important role that the sector plays in the Irish economy. The industry provides greater choice and more opportunity than ever before for more people at all stages in their careers. Despite this success, more work can be done to raise the profile of the sector both at home and abroad to grow the number of opportunities that the sector can create for people.

The promotion and targeting to firms of Ireland as a place to do business is led by the enterprise agencies – the IDA and Enterprise Ireland. The team at the Department of Finance that supports the *Ireland for Finance* strategy complements that work by amplifying messaging from the agencies and supporting other initiatives from organisations – both firms and associations – in the sector. The Department of Foreign Affairs works closely with the enterprise agencies in target markets overseas on specific events and on trade missions under

the banner of 'Team Ireland'. The Minister of State plays an important role in promoting Ireland as a centre of excellence for international financial services, through activities both at home and abroad.

The sector-led industry associations Sustainable Finance Ireland, Financial Services Ireland, Insurance Ireland, Irish Funds, and the Banking and Payments Federation Ireland also promote Ireland as an international financial services centre. Irish Funds hosts regular events in key markets internationally. In recent years, the regional clusters have become more active in promotional work, bringing a different aspect of networking in their area and through targeted international outreach programmes.

Over the life of the *Ireland for Finance* strategy there is an opportunity to build on what has worked well and resonated with stakeholders and decision makers in the wider industry in the past. Both the European Financial Forum and Climate Finance Week, which have featured as key priorities in the annual action plans of *Ireland for Finance*, have become fixtures in the international calendar of events. They offer a template for future collaboration between all of the stakeholders, domestically and internationally, on how to showcase Ireland as a location for international financial services activity.

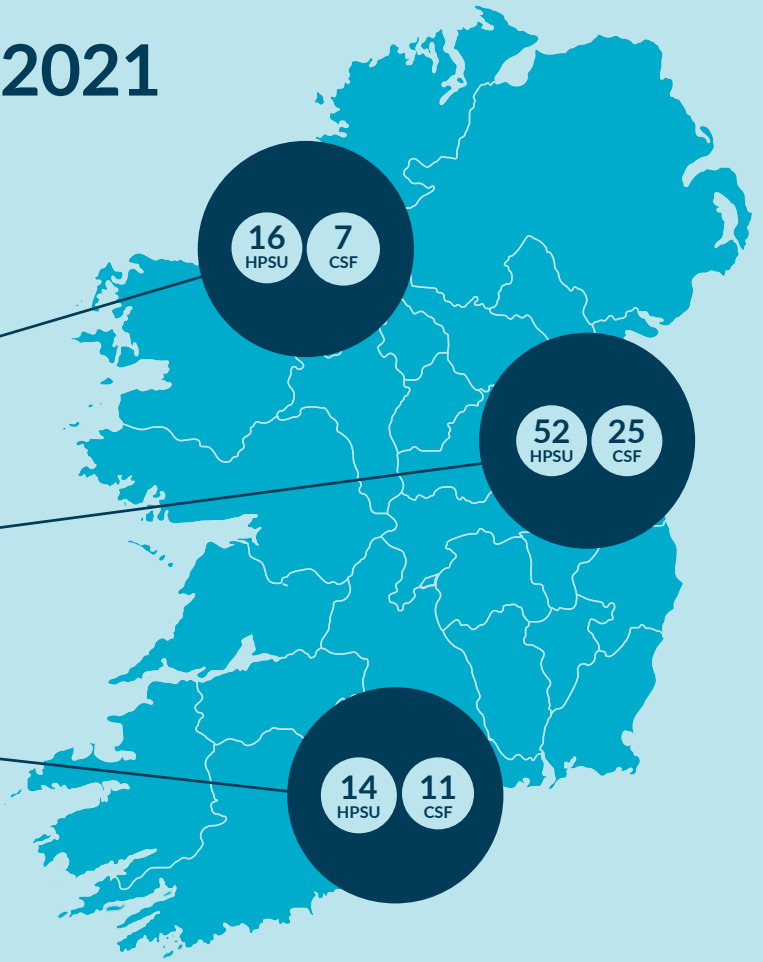


Regional Spread of 2021 Start-Up Activity

1 Northern and Western Regional Assembly

2 Eastern and Midland Regional Assembly

3 Southern Regional Assembly



Start-Up Activity 2021



82

HPSUs approved for over €18m in funding.



24

Were female led.



11

HPSUs emerging from academic research.



€2m

More than €2m approved for 43 companies under the Competitive Start Fund, of which 16 were female led.



34

HPSUs were approved for more than €4m to address Covid-19 related challenges.



€3.3m

More than €3.3m approved for HPSUs for management and market development.

European Financial Forum

The European Financial Forum plays a high-profile role in positioning Ireland as a leading centre for international financial services. The event was held for the seventh time in 2022. Over the years, the European Financial Forum, either in-person or in virtual formation, has mapped the stand-out strategic forces that shape the sector, with senior speakers from both the public and the private sector addressing issues such as the EU Digital Finance Package and the EU Sustainable Finance Package and the macroeconomic issues that affect the industry.

Climate Finance Week Ireland

The sustainable and climate finance agenda is one of the defining transitions of recent years, and the role that the international financial services sector in Ireland can play in the financing the decarbonisation of the global economy has been highlighted at the annual Climate Finance Week Ireland. A priority measure under *Ireland for Finance*, Climate Finance Week has brought the leading thinkers and decision makers in this area together to provide insights into how people from all sectors of international financial services can integrate climate into their businesses.

Sustainable Finance Ireland, which organises the event, has used the programme for the week to share knowledge on important developments such as the environmental, social, and governance agendas. The event has helped bring this topic from a niche focus to a mainstream agenda item. Climate Finance Week has also been an important platform for highlighting developments such as the Task Force on Climate-related Financial Disclosures (commonly referred to in the industry as the TCFD) and the work it does. Climate Finance Week Ireland has also been an important focal point for how the international financial services sector engages with the United Nations' work on climate and the Conference of the Parties, such as the COP26 in Glasgow in 2021.

European Insurance Forum

After a COVID-related break from 2020 to 2022, the European Insurance Forum (EIF) will resume in 2023 bringing together excellence from industry, policymakers, and academics. The aim of the EIF continues to be the promotion of the Irish international insurance sector and to lead on important international developments about sustainability, digitalisation, and the global regulatory environment. The EIF attracted high-level speakers and participants from all over the world.



The sustainable and climate finance agenda is one of the defining transitions of recent years, and the role that the international financial services sector in Ireland can play in the financing the decarbonisation of the global economy has been highlighted at the annual Climate Finance Week Ireland.

THEME

5

Operating environment





Key Message

Ireland is an active and fully engaged member of the EU system of financial regulation, and as an English speaking country with deep links across the Atlantic and strong ties to Asia we are committed to robust growth and resilient development of our international financial services sector.

Introduction

The operating environment is a theme in this strategy because policy, regulation, and legislation are key enablers for the development and continued growth of the international financial services sector in Ireland.

The development of policy and passing of legislation is often complex, requiring engagement with organisations in Ireland and in the European Union, and requiring assessment from a range of perspectives, including constitutional law, EU law, national policy objectives, budgetary implications, risk assessment, and consideration of who will benefit and who may be disadvantaged, including investors and consumers.

Central Bank of Ireland

A key element of Ireland's operating environment is its high-quality, widely respected, and independent regulator. The Central Bank of Ireland's mission is 'serving the public interest by maintaining monetary and financial stability while ensuring that the financial system operates in the best interests of consumers and the wider economy'.

In September 2021, the Central Bank of Ireland published its multi-year strategy for the period 2022–2026. The strategy sets out four key themes: Safeguarding; Future-focused; Open and engaged; and Transforming. The strategy reflects the Central Bank of Ireland's aim to deliver proper and effective regulation of financial services and markets, ensuring that the best interests of consumers of financial services are secured.

The Central Bank of Ireland's Strategic Plan provides the opportunity for the Central Bank to build on the stakeholder engagement under

the Open and engaged strategic theme that has been an area of increased focus for it in recent years. The Central Bank of Ireland has established a Financial Industry Forum, chaired by the Governor, which will meet twice per year, focusing on cross-sectoral, strategic issues relating to the financial system. The first meeting of this new Forum was held in May 2022. The Central Bank will also establish a number of sub-fora of the Industry Forum to discuss specific issues in more detail. In addition, the Central Bank has established other fora, as appropriate, for specific themes or topics (an example is the Climate Risk and Sustainable Finance Forum). In 2022, the Central Bank of Ireland will also host its first Financial Services Conference. These enhancements are in addition to the Central Bank of Ireland's existing engagement, specifically with regard to the financial services industry, which includes regular engagement with individual regulated entities and with industry representative bodies.

Changing landscape of the sector

Ireland's international financial services sector has grown steadily over the decades. The exit of the United Kingdom from the European Union has accelerated this trend, with Ireland now one of the key EU hubs for international banking and capital markets activity. This has seen an influx of new assets, risk management capabilities, and investment services activities to Ireland, with accompanying increases in staffing levels. A new feature of the international financial services sector has been the significant growth of systemically important institutions based here, servicing the global and EU markets.

In line with the acceleration of digital finance during the pandemic, the number of authorised firms in payments and e-money has grown from

low single digits to over 40 in four years, with a significant further number currently in the approvals process.

EU capital market access

In March 2021 the settlement of some €100 billion of securities traded on Euronext Dublin was moved from the UK to Belgium, with strong support from the Irish authorities, including bespoke legislation being enacted. The migration to the Euroclear Central Securities Depository in Belgium was necessary due to Brexit, and it represented an unprecedented and complex move for the Irish stock market. The success of the migration ensures that Irish companies can continue to access international funding with the same ease as before Brexit. The migration also solidifies Ireland's connection into the heart of the EU's capital markets – with the stable investment and legislative environment that comes with that access and activity.

Legal system

Ireland is now the main English-speaking, common-law jurisdiction in the European Union. Ireland boasts an experienced and highly specialised legal profession, consisting of approximately 12,000 solicitors and 2,200 barristers. Irish lawyers have been at the heart of the common law world for centuries and now support Ireland's world-leading enterprise economy.

Ireland is a global leader in aviation leasing, technology, funds, and insurance, and is now becoming a primary centre for the provision of legal advice, and transactional services in these sectors are supported by the Government of Ireland's international legal services strategy, *Ireland for Law*. A number of Government departments are represented on the implementation group for *Ireland for Law*, along with representatives of the Law Library, the Law Society, and the IDA.

Domestic and EU legislation

The Department of Finance continues to undertake a significant amount of domestic legislative work, including preparing legislation in conjunction with other departments, and

through engagement with the Central Bank of Ireland, industry and the Attorney General's office (particularly the Office of the Parliamentary Counsel). The majority of legislation that affects the financial services sector is based on EU directives or regulations. In the first instance, the texts of draft regulations or directives need to be agreed by both the Council (that is, the representatives of the governments of the EU member states) and the European Parliament. Typically, those two bodies will adopt their own positions on draft legislation. Within the Council, this process involves analysis and formulation of compromise texts and negotiations with the other EU member states; Ireland's officials undertake that work and, where appropriate, engage with the Central Bank of Ireland and with industry.

At a domestic level, the *Ireland for Finance* Industry Advisory Committee has been tasked with identifying and making submissions on national legislative proposals that it considers important to further develop the operating environment.

Investment Limited Partnerships Act

The Investment Limited Partnerships (Amendment) Act 2020 introduced changes to the Irish investment limited partnership (ILP) regime, ensuring that the ILP is a modern and efficient partnership vehicle. This important piece of legislation allows Ireland to better compete for global private equity investment, with the aim of creating employment and securing Ireland's reputation as an attractive location for the funds industry that is subject to a robust and transparent regulatory regime.

The legislation supports the *Ireland for Finance* strategy and is well-timed to take advantage of the EU Capital Markets Union agenda and to promote the establishment of private equity and venture capital vehicle funds in Ireland.

Capital Markets Union

Capital Markets Union (CMU) is the flagship policy for the EU's financial services sector. The CMU Action Plan aims to create deeper and more integrated capital markets across the European

Union by reducing market fragmentation, diversifying sources of finance, improving cross border capital flows, and facilitating easier access to finance for businesses.

Taking into account the current economic climate, the CMU Action Plan also intends to support the economic recovery after the COVID-19 pandemic, focus on creating a more inclusive and resilient economy, and help deliver the EU New Green Deal and the EU Digital Agenda.

In late 2021, the European Commission began negotiations on four legislative files under the CMU banner: European Long-Term Investment Fund Regulation; Alternative Investment Fund Managers Directive; Markets in Financial Instruments Regulation; and European Single Access Point Regulation. Ireland is actively engaged in this work and is seeking to ensure that these pieces of legislation meet the needs of EU citizens as well as meeting the overall strategic goals of Capital Markets Union.

Europe and Ireland's place in the world

Against the backdrop of a shifting geopolitical context, major technological and societal changes, and increased unilateralism, in May 2020 the European Commission highlighted the need for the European Union to build and maintain its 'open strategic autonomy', via its Communication to the Union's main political institutions entitled *Europe's moment: Repair and Prepare for the Next Generation*.

The European Union has a vital role in shaping the system of global governance and developing mutually beneficial bilateral relations, while protecting itself from unfair and abusive practices. This goes hand-in-hand with the Union's commitment to a more resilient and open global economy, well-functioning international financial markets, and the rules-based multilateral system.

The European Union can reinforce its open strategic autonomy in the macro-economic and financial fields by promoting the international role of the euro, strengthening the Union's financial market infrastructures, improving the

implementation and enforcement of the Union's sanctions regimes, and increasing the Union's resilience to the effects of the unlawful extra-territorial application of unilateral sanctions and other measures by third countries.

Ireland's influence on international financial services policy and regulation continues to increase, with the Department of Finance and Ireland's Permanent Representation to the European Union playing a key role in influencing and shaping the EU financial services policy. Ireland currently holds the vice-chair of the Financial Services Committee, which was established by the Council of the EU to provide advice and oversight for the Council and the European Commission on a range of financial market issues.

To reflect the ongoing expansion of the Irish international financial services sector, the sectoral representative associations have committed to continue to work together to help deliver an environment that facilitates the growth of traditional and emerging financial services providers. This includes a coordinated EU approach on issues where they have shared advocacy objectives and consideration of how to expand and optimise their influence within Europe. A memorandum of understanding has been agreed between the representative associations on how their staff co-operate in Brussels, and they are committed to collaborating and sharing resources in areas of mutual interest.

Ireland also engages with international bodies such as the Organisation for Economic Co-operation and Development, the United Nations, and multilateral development banks such as the European Investment Bank, International Monetary Fund, the African Development Bank, and the Asian Infrastructure Investment Bank, and with the regulatory bodies such as IOSCO, the Financial Stability Board, and Basel Committee.

In 2021, Ireland signed the political agreement of the OECD Inclusive Framework on a new tax framework to address the challenges of digitalisation.



Glossary

Glossary

AI	artificial intelligence
CBDC	central bank digital currency
CMU	Capital Markets Union
COP26	the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (Glasgow, 31 October to 12 November 2021)
CSO	Central Statistics Office
DCU	Dublin City University
DLT	distributed ledger technology
ECB	European Central Bank
EIF	European Insurance Forum
EMEA	Europe, Middle East and Africa
ESG	environmental, social, and governance
GDP	gross domestic product
GNI*	modified gross national income (an indicator designed specifically to measure the size of the Irish economy by excluding globalisation effects)
G-SIBs	global systemically important banks
HLIC	the <i>Ireland for Finance</i> High-Level Implementation Committee
IAC	the <i>Ireland for Finance</i> Industry Advisory Committee
IDA	Industrial Development Agency
IFS	international financial services
ILP	investment limited partnership
IOSCO	International Organisation of Securities Commissions
ISIF	Ireland Strategic Investment Fund
MIATI	Member of Accounting Technicians Ireland
MiCA	the EU Regulation on Markets in Crypto-assets
NFQ	National Framework of Qualifications
OECD	Organisation for Economic Co-operation and Development
PACE	Platform for Analysing Carbon Emissions
QQI	Quality and Qualifications Ireland
R&D	research and development
RDI	research, development and innovation
SME	small and medium-sized enterprise
TCD	Trinity College Dublin
TCFD	Task Force on Climate-related Financial Disclosures
UCD	University College Dublin
UL	University of Limerick

Notes



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