

Minutes of the *Ireland for Finance* Joint Committee Meeting

2nd meeting
9.00am, 30 September 2019
Room 308, Department of the Taoiseach

Attendance

Public Sector High Level Implementation Committee (HLIC): Minister of State Michael D'Arcy TD (Chair); Dr. Paul Ryan (D/Fin); Nigel Clarke (D/Taoiseach for Martin Fraser); Dr. Orlaigh Quinn (D/BEI); Joanne Tobin (D/ES for Seán Ó Foghlú); Eamonn McKee (D/FAT for Niall Burgess); Martin Shanahan (IDA Ireland); Dr. Carol Gibbons (Enterprise Ireland for Julie Sinnamon).

IFS Industry Advisory Committee (IAC): Ruth McCarthy (Fexco); Deirdre O'Connor (International Member); David Swan (SMBC Aviation Capital); Roy Parker (McCann Fitzgerald); Tadhg Young (State Street); Olwyn Alexander (PwC); Derek Kehoe (BNP Paribas); Aidan Holton (Monument); Joe Duffy (BNY Mellon); Zdenek Turek (Citigroup), Gary Conroy (TransferMate), Victoria Brown (Aberdeen Standard Investments), Maurice Crowley (BPFI)

HLIC Secretariat: Karen Cullen (D/Fin); **IAC Secretariat:** Kevin Thompson (Insurance Ireland)

In attendance: Gerry Cross, Eoin McManus (Central Bank); Mila Sullivan, Padraig Kelly, Cathal Kelly, Jackie Fisher (D/Fin); Michael Lonergan, Anthony Maloney, Peadar Ó hÚbáin (D/FAT); Andrew Noonan, Maeve McConnon (IDA); Enda McDonnell (Enterprise Ireland); Caroline Hofman (Advisor to Minister D'Arcy), Felix O'Kane (DBEI), Pamela Malone (D/Taoiseach), Michael Bruton (D/Taoiseach); Gavin Purtill (BPFI).

Apologies: Martin Fraser (D/Taoiseach); Niall Burgess (D/FAT); Seán Ó Foghlú (D/ES); Julie Sinnamon (Enterprise Ireland); Teresa O'Flynn (Blackrock), Barrie O'Connell (KPMG), Declan Lynch (Elavon).

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Opening remarks

Minister of State D'Arcy convened the second meeting of the Joint Committee under *Ireland for Finance*, and noted apologies. Minister D'Arcy welcomed Maurice Crowley (BPFI) who will be taking over the IAC Secretariat role from Kevin Thompson (Insurance Ireland). The Minister thanked Kevin Thompson for his contribution as IAC Secretariat and wished him well in his new position with an insurance firm. K. Thompson (Insurance Ireland) thanked the IAC for their support and the various contacts in each Department.

Update from Agencies

M. Shanahan (IDA Ireland) said that IDA activity had been strong this year, with 40 financial services investments secured in 2019, of which 24 were new names, with 2,700 associated jobs created. He noted a number of significant announcements in the regions: DMS Governance in Cashel expanded its workforce with the creation of 50 new jobs; Elavon unveiled its renovated Arklow office on 24 September; in August, Opus Fund Services announced it will create 100 jobs in Wexford. The impact of Brexit is tapering off but IDA Ireland had a number of site visits in this quarter and the pipeline is strong.

C. Gibbons (Enterprise Ireland) said that Enterprise Ireland's pipeline is solid out to the new year, and there is good collaboration in the fintech space between the Departments and EI. There was

good activity in July and August, when a number of round table events were held. The launches of *Ireland for Finance* had been very successful, with good EI client engagement in New York in July. International Markets Week in September had been very successful with more than 60 EI clients in Dublin who held a number of one-to-one engagements with EI advisors. EI has appointed an overseas market advisor in Dubai who will cover the Middle East.

Draft Q3 *Ireland for Finance* Action Plan 2019 Progress Report

Minister D'Arcy updated on a number of measures.

Measure 38, "*Undertake a deep sector analysis of future sustainable finance and responsible investment skills and talents requirements*", which had been delayed from Q2 to Q3. Work is expected to be completed in the next ten days. Findings from the report will be launched on 7 November as part of Climate Finance Week 2019. Sustainability Skillnet will be renamed Sustainable Finance Skillnet.

Measure 11, "*Deliver an IFS Legal Brexit Summit*", has been delayed from Q3. The Law Society Finuas Skillnet steering committee decided that the IFS Legal Brexit Summit will be postponed until February 2020, unless factors arise that require the Committee to bring the date forward.

Regarding Measure 2, "*Consider the establishment of a stakeholder engagement group*", the Minister noted that papers have been presented to him by the Department of Finance, the IAC and the Central Bank. He thanked those who contributed to date, but reminded the members that he would not be changing the timelines.

K. Thompson (IAC Secretariat) welcomed the Minister's decision on timelines for this action. More time will be needed to digest the papers and to consult the wider industry. T. Young (State Street) asked how the proposed public consultation process would be carried out. G. Cross (CBI) said that the proposals are consistent with the Banks' Strategic Plan 2019–2021, which identifies stakeholder engagement as an organisational objective. He said that the more the CBI have examined the issue, the more apparent it becomes that the Bank gets the public consultation right.

Women in Finance Charter Presentation

O. Alexander (PwC), V. Brown (Aberdeen Standard Investments) and D. O'Connor (International Member) gave a joint presentation on measure 5, "*Women in Finance Charter*", and measure 39, "*Support the development and implement diversity targets across the IFS sector*", based on research that they have conducted over the past few months.

O. Alexander (PwC) summarised the UK model which was introduced by the Treasury following a Government commissioned report that was published in 2016, led by Jayne-Anne Gadhia, former CEO of Virgin Money. This review looked at the representation of women in senior managerial roles in financial services, focussing on the talent pipeline at the executive population below board level. The review found that in 2015 women made up only 14 percent of executive committees in the financial services sector. In response to the recommendations in that review, HM Treasury launched the Women in Finance Charter. O. Alexander (PwC) said there was a combination of "carrot and stick" and public letters of "name and shame" to encourage financial services to sign up to the Charter. She said that that the Charter was launched in 2016 and it is not yet possible to measure its longer-term effectiveness. She said it would be useful to explore if the IAC can link with the Balance for Better Business Review Group and what actions under the strategy it could drive. She noted that the commitment needed from the IAC would be very big.

V. Brown presented (Aberdeen Standard Investments) on measure 39 “*Support the development and implement diversity targets across the IFS sector*”. She reported that she had met a number of organisations. A point of note is the lack of collaboration between the various UK organisations. Collaboration in Ireland may be easier as we are a smaller population with fewer players. She noted that due to the range of stakeholders in this space, it can be difficult to identify all relevant organisations. She said that in her view it would be too early to set targets in an Irish market and it would be better to start with securing consensus in the industry. The Diversity Project was launched in the UK in 2016 by a group of leaders in the investment and savings profession and its aim is to accelerate progress towards an inclusive culture within the financial industry. Its manifesto states that future success for their clients, members, employers and shareholders requires an inclusive culture. She said this type of umbrella group can apply across both the legal and general spheres, can lead on cross-company initiatives and can avoid duplication of effort. She said that The Diversity Project works in a number of areas, including networking, mentoring, role modelling, and being ambassadors for diversity and inclusion. In Scotland, financial services companies have agreed to be Chapter members of the U.K. Diversity Project. She reported that the IAC recommends that financial services firms seek to become the Irish Chapter of The Diversity Project. She said that in Ireland, discussion has centred on gender balance, but disability, early school leaving, junior apprenticeships, and women returning to work should also be areas of focus.

D. O'Connor (International Member) said that The Diversity Project USA was founded under the National Investment Company Service Association (NICSA). It had full time staff and had made a huge impact in the area of diversity and inclusion.

K. Cullen (D/Fin) presented on the issues of diversity and inclusion in the public sector. She noted that the situation has been changing, albeit slowly, over the past 20 years. The Top Level Appointments Committee (TLAC) was reflective of this where although competitions are still merit-based, there is now a policy of appointing female candidates over male ones, all things being equal.

In collaboration with Trinity College Dublin Innovation Academy, the Public Appointments Service has worked on projects to encourage diversity and inclusion in the Public Service. Under the Public Service Reform Plan, which was launched in 2017, the promotion of equality, diversity and inclusion is one of the actions under the “Developing Our People and Organisations” pillar. The next review is due to take place this year.

Research by the Department of Finance on its own Equality and Diversity found that at the end of 2018, the ratio of male to female staff at Principal Officer grade was 1.34:1, and for Assistant Principal it was 1:1. The Department of Finance is outperforming the Standard & Poor's Finance Top 500 USA base companies for the proportion of female staff at Executive/Senior levels. The last review of staff within the Department showed that 40 percent of staff at these levels were female. This compares to 26.5 percent for the Standard & Poor's 500 companies. K. Cullen (D/Fin) said that the department considering what its role, if any, might be in the Women in Finance Charter, and this will be reflected in the 2020 Action Plan.

The Minister of State said that that the Government was ready to support these measures and queried if the IAC had accepted the Women in Finance Charter.

M. Sullivan (D/Fin) asked a number of questions: Given that there were number of signatories to the UK Charter, was there enough data and evidence to establish the success of this Charter at this point?; Are companies reporting on gender balance in their annual reports, or separately? O. Alexander (PwC) reported that the U.K. Women in Finance Charter has over 355 organisations signatories representing over 855,000 staff. A more detailed analysis is available in the U.K.

Women in Finance Charter Annual Report and its website. It was noted that work under Women in Finance Charter in UK was a key factor in the UK report on the gender pay gap.

R. Parker (McCann Fitzgerald) said that proportion of foreign employees in the civil sector should reflect the percentage in the working population in industry, some 15 to 20 percent.

G. Cross (CBI) reiterated that the CBI has a concerted focus in the area. The CBI is fully supportive of the adoption of the Charter.

M. Shanahan (IDA Ireland) noted that it would be useful to look at “Better Balance for Business” on the question of establishing baseline figures and comparing actions.

D. Swan (SMBC) said there is evidence that it makes sense to have a more diverse workforce. He stated that evidence-based research should be used to encourage organisations to sign the Charter.

R. McCarthy (Fexco) said that the research undertaken by the 30% Club showed that the familiar pyramid structure was evident – that is, at senior levels, fewer females were employed.

K. Thompson (IAC Secretariat) said that Insurance Ireland has undertaken a survey on diversity and inclusion. More conversations needed to be had, and the issues must be regularly revisited. Some companies were recognising the competitive advantage of having a diverse workforce. Insurance Ireland survey had shown a ratio of 1:5 females at senior management level.

The Minister of State said that his wish to have a 50:50 gender split on the IAC in the future.

O. Quinn (D/BEI) said that she sits on the board of Better Balance for Business. Progress is slow and many organisations are not engaged with the gender equality agenda. In *Future Jobs Ireland*, D/BEI has a particular focus on women who want to return to the workforce.

G. Conroy (TransferMate) reported that a new policy group called Scale Ireland is looking at innovation driven enterprise in the fintech and med-tech areas. He said that the group were looking at innovation, talent, regionalisation, Capital Gains Tax, and the Key Employee Engagement Programme.

Measure Updates

P. Ryan (D/Fin) reported that on measure 20, “*Ireland as a global location for private equity funds*”, the Second Stage debate of the Investment Limited Partnership (ILP) was completed on 18 September 2019 and the Bill has now been referred to the Dáil Select Committee on Finance, Public Expenditure and Reform, and Taoiseach. A number of amendments will be proposed at Committee Stage to provide additional clarity and to align the Bill with best international practice in anti-money laundering standards.

P. Ryan (D/Fin) noted that Dublin has fallen in the Global Financial Centres Index to 38th place, despite a small increase in ratings on quality. Dublin is also down in the Global Green Financial Index. It is important that Ireland increases its position on this ranking and he encouraged industry to respond to these surveys.

P. Ryan (D/Fin) gave an update on communications, promotion and marketing. Final interviews are being held on 1 October for a communications manager who will assist with the promotion of *Ireland for Finance*. Furthermore, a professional communications firm has been assisting with the international launches and providing advice on how best to deliver aspects of the promotion of *Ireland for Finance*. The Department also has Finance attachés in London, Paris and Washington.

Minister D'Arcy said he was conscious of the difference in numbers working in international financial services compared with agriculture, yet international financial services makes a bigger financial contribution to the economy.

Update from the international member

D. O'Connor (International member) spoke about asset management with reference to the global market. Currently, fears of a recession are growing against a backdrop of macro-uncertainty, geo-political factors, and cyclical factors. Shifting dynamics requires building resilience into the workforce and embedding uncertainty into forecasting. She said that there are opportunities in China, as the last greenfield environment on asset management, as they continue to open up the sectors. In light of new rules announced by China on foreign investors, it is predicted that China will grow in double-digits each year over the next 15 years. She said that she expects ETFs to double over the next 5 years.

She noted that AI was providing new opportunities beyond cost reduction and efficiencies. Investors are taking note of this and testing the trend. There is more internal investment particularly in the technology space. Blockchain and 5G mobile technology is having an increased impact and this is increasing the footprint of AI. Traditionally, AI has been used in the back office, but it is moving towards the front office. Firms are looking to differentiate themselves and are embracing AI as it is putting in a leading position.

O. Quinn (D/BEI) said D/BEI is developing an AI strategy and public consultation on the strategy will be launched by the end of the year.

European Financial Forum 2020

Martin Shanahan (IDA Ireland) reported that good progress was being made for the European Financial Forum (EFF) in Dublin Castle on 12 February 2020. Possible themes for the forum include sustainability, technology, the uncertain environment, and resilience. He said the IDA is open to ideas for themes and potential speakers. He said it is important to get this date in the diaries of senior management.

A professional conference organiser will be appointed in the next few weeks. He said that more can be done to promote the EFF and the ancillary events around it, and he encouraged the private sector to assist with that.

Communications, promotion and marketing

E. McKee (D/FAT) noted that the International launches of *Ireland for Finance* supported by the communications sub-group had been very successful. D. Swan (SMBC Aviation Capital) congratulated IDA Ireland, particularly for its coverage around the Rugby World Cup in Japan. E. McKee (D/FAT) said that the prominence of Brexit means it is important to remind some people that Ireland will continue to be a committed EU member post-Brexit and that it is open for business. E. McKee (D/FAT) said Team Ireland had done great work with the promotional videos for the Rugby World Cup said it had been important to get the videos right in a cultural context.

Brexit

E. McKee (D/FAT) said that D/FAT continues to monitor the situation relating to the UK exit from the EU. He noted the possibility of a general election in the UK and the recent meeting between the Taoiseach and the Prime Minister. E. McKee (D/FAT) said that there is contingency planning in the event of a hard Brexit and noted the Government's Contingency Plan update was published recently.

AOB

Discussion on membership of Industry Advisory Committee

The Minister of State referred to the earlier discussion on reviewing the membership and structure of the IAC. The Minister of State requested that all contributions are given to the IAC Secretariat.

Action Plan 2020

The Minister of State noted that the industry bodies have been forwarded templates to put forward proposals for Action Plan 2020 and asked them to return these by the deadline of 15 October.

Next meetings

The date for the next meeting is 9 December 2019.

The meeting concluded and a presentation on international insurance was hosted by Insurance Ireland.