

## Director's Update

Over the past five months, I have spent a large proportion of my time meeting with members and stakeholders. The resounding message is that the financial services sector finds itself at a strategic inflection point. While there are a number of possible outcomes at such an inflection point, it is only ambitious growth that is squarely on the agenda.

From the 1980s to today, Ireland has already witnessed exceptional growth in the financial services sector. Looking at jobs in the IFSC alone, we have grown from 60 jobs in 1987 to 38,000 high quality jobs in 2018. There are now approximately 50,000 people working in the financial services sector nationally.

We are the 4th largest exporter of financial services in the EU and have over €4.9 trillion of assets under administration. 17 of the top 20 global banks have a base here and 14 of the top 15 global aircraft lessors are housed in Ireland.

These are highly impressive statistics, built on serious substance. However, it is not these figures that impress me most or that give me hope for an ambitious future. It is the people behind the statistics. These figures represent hard work, a pursuit of excellence, high-calibre global leadership, deep generational talent and a competitive drive to succeed for customers and clients.

Despite this strong foundation, growth is not guaranteed. We must couple our expert capabilities with solutions to some immediate competitiveness issues.

Priorities include tackling quality of life challenges, boosting our talent pipeline, enhancing the sector's regional footprint and improving gender diversity. We must also ensure a competitive fiscal and regulatory environment both in Ireland and internationally. In addition, embracing rapid technological advances will be crucial for the sector.

From my engagements over the past number of months it is clear that everything is in place to take us in only one direction. We are a substantial sector, possess deep talent and capabilities, understand the challenges ahead and – in the IFS 2020 structure – have a plan to address those challenges. We must now keep the shoulder to the wheel.



Paul Sweetman,  
Director, Financial  
Services Ireland



## FSI City of London Dialogue

Over 25 FSI members and their UK counterparts attended the FSI/City of London Plenary Session in Ibec HQ on 3 July 2018. They discussed and drafted a Joint Brexit Paper, setting out a range of cliff edge scenarios with possible solutions.

FSI raised the contents of the paper and further Brexit issues with civil servants from the Departments of Business and Finance in October 2018.

FSI also raised these issues when it met UK officials from HM Treasury, the Financial Conduct Authority, the Bank of England and the Department for Exiting the European Union in London on 1 November.

On 28 and 29 November, the Plenary met again in London and discussed:

- The possibility of a Brexit deal.
- The use of a memorandum of understanding if no deal is reached.
- The Temporary Permissions Regime.
- Cliff edge scenarios if no deal including data flows and adequacy.
- The Proposal for a Pan European Capital Markets Area.
- Other bilateral dialogues across the EU.
- The Future relationship of EU27/UK.

H.E. Adrian O'Neill, the Irish Ambassador to the UK, addressed the Dialogue in London and heard key issues for the financial services sector from Dialogue members. The Plenary will next meet in the first half of 2019 in Dublin.

Contact Aisling Mc Niffe ([aisling.mcniffe@ibec.ie](mailto:aisling.mcniffe@ibec.ie)) for further details of the FSI City of London Dialogue.

## Furio Pietribiasi appointed FSI Vice-Chair



At the September 2018 FSI Board meeting, Robert Richardson, formerly of Amundi Asset Management, stepped down as Vice-Chair of FSI.

On behalf of the Board and membership, FSI would like to sincerely thank Robert for his sterling work in enhancing the competitiveness of the financial services sector. Robert gave generously of his time and expertise while on the FSI Board.

Following Robert's departure, the FSI Board embarked on the process to appoint a new Vice-Chair. FSI is delighted to announce that at the December Board meeting, Furio Pietribiasi, CEO of Mediolanum, (pictured above) was appointed as the Vice-Chair of FSI. During his tenure, Furio is keen to focus on:

- Driving a strong collaborative approach with our sister trade associations to seek increased effectiveness in dealing with common issues, while respecting different priorities.
- Leveraging the lobbying clout of Ibec for FSI (including at Brussels and EU level).
- Strengthening the existing Fintech digital footprint by having a clear digital and data strategy and, collaboration platform.

On behalf of the FSI Board and membership, FSI congratulates Furio and wishes him well as he takes on this important role.

# Regulatory Policy Update

## Central Bank's Outsourcing Paper

On 19 November the Bank published a Discussion Paper on outsourcing (OS), open for comments to 18 January 2019. The paper does not constitute definitive guidance, however it sets out 'minimum supervisory expectations' in governance and risk management, with a particular focus on board responsibilities. The level of awareness and quality of OS governance and risk management practices is described as "far from satisfactory".

On pages 9, 53 and 54 of the paper, the Bank lists:

- (i) Minimum supervisory expectations/key findings, in part based on "disappointing" results of an industry survey.
- (ii) Specific considerations for the risk management function.
- (iii) Questions which the Bank wishes to discuss further with industry.

Some points of note include:

- Risks associated with intragroup and third-party OS are "predominantly the same".
- Increase in OS of core IT activities and limited number of third party OSPs a key concern.
- With 22% of reported OS arrangements being from Ireland to the UK, firms must plan for the different potential outcomes under Brexit negotiations.

Members are invited to contact us with their views on the content of this paper.

## Romania's upcoming Presidency of the EU Council

The incoming Romanian Presidency will inherit seventeen open files. With the European Parliament elections taking place in May, the last Parliament plenary will be in mid-April and the last Ecofin at end-March. FSI understands that the team of 6 financial services attachés will seek to prioritise certain files up to early March, including: the Banking Union Package; Cross-Border Payments; Pan-European Personal Pension Product; Non-Performing Loans; Investment Firm Review; Sustainable Finance (transparency & low carbon benchmarks); and the Review of the European Supervisory Authorities.

The representatives are interested to hear from industry on these and other topics.

## Other highlights

### *Packaged Retail & Insurance-based Investment Products (PRIIPs)*

- (i) The European Supervisory Authorities recently consulted on technical (performance) aspects of the Key Investor Document (KID), with a consultation closing on 6 December.
- (ii) As of end-November, the Council and Parliament are strongly expected to agree to the Commission's proposed two-year delay to both the formal review of PRIIPs and the UCITS KID exemption.

### *Sustainable Finance EU Action Plan*

A draft report on the Taxonomy has been assigned to the Parliament's ECON/ENVI Committee, with a deadline for amendments of 12 December. The report proposes notable changes to the Commission's proposal, including scope, introduction of a "brown-listing" and a call for new reporting obligations.

### *Anti-Money Laundering (AML)*

6MLD. A Sixth EU AML Directive was published in the EU Official Journal in November, with a transposition deadline of December 2020.

At national level:

- (i) 4MLD. The Criminal Justice (Money Laundering & Terrorist Financing) (Amendment) Act 2018 transposing 4MLD was signed into law at end-November. The Central Bank is expected to publish a core guidance public consultation at end-2018. The Register of Beneficial Ownership (RBO) is expected to go live in Q1 2019.
- (ii) 5MLD. A draft general scheme to transpose the Fifth AML Directive has been prepared by the Department of Justice, with discussions taking place on the changes necessary for the RBO under 5MLD.

Contact Audrey Crummy ([audrey.crummy@ibec.ie](mailto:audrey.crummy@ibec.ie)) to discuss any of these issues in more detail or to inquire about other regulatory topics.

## FSI Events

### Aircraft Leasing Ireland

Ibec, through Financial Services Ireland, established a new representative body, Aircraft Leasing Ireland (ALI), to ensure that Ireland retains its number one position globally in aircraft leasing.

Aircraft Leasing Ireland (ALI), is the first representative body specific to aircraft leasing and includes all of the major Irish-based aircraft leasing companies. It was formally launched by the Minister for Finance and Public Expenditure and Reform, Paschal Donohoe TD, on 3 July 2018. “I wish Aircraft Leasing Ireland every success in growing this dynamic and evolving industry and further supporting its members in the years ahead,” said Minister Donohoe.

The inaugural Council meeting of ALI took place on 20 September in the head offices of the IAA on D’Olier Street. Current issues on the work programme include Ireland’s Double Tax Treaty network, engagement with European Aviation Safety Agency (EASA) on ALI technical issues, input by ALI on upcoming structural changes within the IAA and joint ALI/Federation of Aerospace Enterprises in Ireland (FAEI) forum. For more information, see [aircraftleasingireland.ie](http://aircraftleasingireland.ie).



Keynote speaker Dr Tony O'Donnell, Vice President of Engineering & Site Head Ireland at Shutterstock addressing the FSI Annual Dinner

### FSI Annual Dinner

The 2018 FSI Annual Dinner took place on Thursday, 15 November in the InterContinental, Ballsbridge, Dublin 4, and was kindly sponsored by Accenture.

Dr Tony O'Donnell, VP and Country Head of Shutterstock was the keynote speaker for the evening. Previously, Tony was Head of R&D at EdgeVerve, one of the world’s largest fintech companies, whose software runs approximately 20% of the world’s bank accounts.

Tony gave unique insights into the future of the financial services sector and technology. Focusing on customer needs first, harnessing data analytics and using artificial intelligence as a means-to-an-end will be key to success.

Danny Mc Coy, CEO, Ibec, Audrey Crummy, FSI Senior Executive, David Swan, Chair of ALI and COO of SMBC Aviation Capital, Paschal Donohoe, TD, Minister for Finance, Public Expenditure & Reform and Declan Kelly, CCO of GECAS and Vice Chair of ALI.



## FSI Regional Series – Dublin Central

On 19 October FSI, in association with Citi, hosted its Dublin Central Regional event entitled Contribution of International Financial Services to urban regeneration.

Speakers discussed their organisations' activities in contributing to the regeneration of the area and promoting the location as a hub for the International Financial Services Sector post-Brexit. Discussion also centred on the skills, innovation and infrastructure required to make this happen and the positive impact of growth for the local area.

Both the Lord Mayor of Dublin, Nial Ring, and Minister for Finance and Public Expenditure and Reform, Paschal Donohoe TD, recognised the significant role and contribution the financial services sector has made in transforming the once derelict part of the city, providing tens of thousands of high-end jobs and engaging with the local community to provide valuable career guidance and experience along the way.

The event was moderated by Pdraig Rushe, Director of Initiative Ireland and Chairman IFSC Dublin Inner City Trust. Other speakers presenting were Brian Hayes, MEP, Cecilia Ronan, City Country Officer for Ireland, and National College of Ireland President, Gina Quinn. The event was kindly hosted by Citi.

*Pictured above:* Paschal Donohoe, TD, Minister for Finance, Public Expenditure & Reform and Cecilia Ronan, Cecilia Ronan, Citi Country Officer for Ireland.

## FSI/Insurance Ireland Cross Border Life Insurance Technical Forum

Chris Bollard, Partner – Technology and Innovation, and Darren Maher, Partner, Head of Financial Institutions Group (both from Matheson), briefed members of the joint FSI/Insurance Ireland cross border life insurance technical forum on data protection from a legal perspective on 14 September.

Chris outlined market trends since the enforcement of GDPR on 25 May such as data breach notifications and enforcement activities as well as predictions around the fines regime and the challenges this may bring.

Darren gave a sectoral update providing industry statistics and trends; he also spoke about Brexit and issues around passporting. On the regulatory side, topics discussed were fitness and probity (F&P), Insurance Distribution Directive (IDD) competence requirements as well as future revisions to the F&P regime.

(L to R) Chris Bollard, Partner – Technology and Innovation, Matheson; Audrey Crummy, FSI Senior Executive; Darren Maher, Partner, Head of Financial Institutions Group, Matheson, and John Finnegan, Technical Forum Chair and CEO of Darta.



## Ibec communications

### Ibec Brexit Tracker

The latest Ibec Brexit Tracker, published 26 November, provides a summary of the key issues for business and an update on the state of play.

A traffic light system highlights where progress has and hasn't been made. Most issues are now marked green for 'good progress' but all lights could suddenly turn red if ratification challenges in the UK start to look insurmountable.

The possibility of a 'no deal' outcome or indeed of 'no Brexit' remain in play. It is vital that business, along with government and the EU, continues to work to avoid a cliff edge outcome, even in a 'no deal' scenario. Contingency planning for all eventualities must also continue. Ibec continues to work with government and the relevant agencies on this, and we will keep you updated.

See Ibec Brexit Tracker November 2018 – [http://www.ibec.ie/Ibec/Brexit.nsf/vPages/Cards~ibec-brexit-tracker-november-018/\\$File/Brexit+Tracker+NOVEMBER18+final.pdf](http://www.ibec.ie/Ibec/Brexit.nsf/vPages/Cards~ibec-brexit-tracker-november-018/$File/Brexit+Tracker+NOVEMBER18+final.pdf)



### Gender Pay Gap

“Gender pay gap reporting is one part of a much-needed wider strategy to address female participation rates and employment gaps between genders. It will not on its own identify or solve the... differences, but it is a critical and welcome element.”

Danny McCoy, Ibec CEO.

Mandatory gender pay gap reporting is on the way, with legislation being finalised, probably before the end of 2018. In September 2018, Ibec launched a new guide which introduces the issue, explains the gender pay gap, what causes it and how it can be addressed. It also provides an update on the current state of play in Ireland and looks at what we can learn from the UK experience.

Guide available at: <http://ibecagenda.newsweaver.ie/stakeholder/1kdhr0zuf5>



### Snapshot of 2019 Events

16 January	FSI International Life Insurance CEO Group
06 February	FSI Executive Board
20 February	FSI/Insurance Ireland International Life Insurance Tech Forum
21 February	FSI HR Forum
26 February	Ibec Business Leaders Conference
03 April	ALI Council
03 April	Ibec Employment Law Conference
13 June	The KeepWell Summit
Summer 2019	FSI Annual Lunch
27 September	Ibec President's Dinner
Winter 2019	FSI Annual Dinner

For more information of FSI events, please contact Aisling Mc Niffe ([aisling.mcniffe@ibec.ie](mailto:aisling.mcniffe@ibec.ie)) or Carolyn Doumeni ([Carolyn.doumeni@ibec.ie](mailto:Carolyn.doumeni@ibec.ie))

## Education and Skills



### IFS Apprenticeships

The second intake of IFS Apprentices commenced in September 2018.

Feedback from employers: Apprentices are engaged and productivity levels are way beyond their expectations. With 90% retention rate and excellent academic results, all apprentices plan to continue working in the sector.

We look forward to commencing the recruiting of the 2019 IFS Apprentices in the New Year. For further details or to get involved contact Carol Kenna ([carol.kenna@ibec.ie](mailto:carol.kenna@ibec.ie))

What the participating companies are saying:

*“At Fidelity International we deliver innovative client solutions for a better future. The investment in early learning is key to our long term talent strategy and the FSI apprenticeship program provides us with an additional pipeline of high calibre diverse talent”.*

**Carmel Mitchell, Head of HR,  
Global Business Solutions, Fidelity International**

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*Pictured above: IFS Apprentices from the 2017/19 group are pictured with the Lord Mayor of Dublin, Nial Ring, attending the Dublin Regional Event hosted in Citi in October 2018.*

### IFS Skillnet

From 1 January 2019 Summit Finuas Skillnet will become IFS Skillnet ([IFSSkillnet.ie](http://IFSSkillnet.ie)). Helping companies to maintain competitiveness through upskilling is just one of the ways that IFS Skillnet supports the IFS sector. We also recognise that preparing the workforce with the skills required for the future is equally important. To achieve this, funding of up to 100% is available for Future Skills development, which covers new course development/customisation, innovation and research.

While Ireland has a thriving and growing IFS sector it still faces significant challenges, including Brexit, international competition for IFS investments and the rapid transformation of financial services business models and products, driven by factors including technological innovation, data, demographic and the impact of emerging markets.

IFS Skillnet has the supports available to ensure member companies can continue to equip their workforce with the skills required to overcome these challenges.

IFS Skillnet is a nationwide network of companies. Membership is open to all companies operating in the area of internationally traded financial services and companies providing IT, Legal, Accounting and Business Consulting to the sector.

Contact Brian McMahon  
([brian.mcmahon@ibec.ie](mailto:brian.mcmahon@ibec.ie))



## FSI Executive Board

**JOE DUFFY**, Bank of New York Mellon (FSI Chair)  
**FURIO PIETRIBIASI**, Mediolanum Asset Management Ltd (FSI Vicechair)  
**ALASTAIR MURRAY**, Hawthorn Life Ltd  
**BARRY O'DWYER**, Blackrock Asset Management  
**BRIAN DALY**, KPMG  
**CECILIA RONAN**, CitiBank Europe Plc  
**DAVID SWAN**, SMBC Aviation Capital  
**EDDIE CULLEN**, Ulster Bank  
**FIONA GALLAGHER**, Deutsche Bank  
**PAT GAYNOR**, Bank of Ireland  
**SEAN GRACE**, Securitas  
**TADHG YOUNG**, State Street Ireland

## FSI Working Group Chairs

Aircraft Leasing Ireland: **DAVID SWAN**, SMBC Aviation Capital  
 Corporate Treasury: **SEAN GRACE**, Securitas  
 FSI & Insurance Ireland Joint Life Insurance Forum:  
**JOHN FINNEGAN**, DARTA  
 HR Forum: **CIARAN O'HARE**, Northern Trust  
 International Finance: **PADRAIG RUSHE**, Initiative Ireland  
 International Life Insurance: **ALASTAIR MURRAY**, Hawthorn Life  
 Regulatory and EU Affairs: *to be appointed*  
 Summit Finuas Network: **ALEX FISHER**, State Street  
 IFS Apprenticeships: **BERNADETTE SEXTON**, State Street Ireland

## FSI Executive Team



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Director - FSI



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Regulation & EU Affairs



**AISSLING Mc NIFFE**  
Senior Executive -  
Communications &  
Political Affairs



**CAROLYN DOUMENI**  
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**LOUISE KELLY**  
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**CAROL KENNA**  
Programme Manager  
- IFS Apprenticeships



**BRIAN MCMAHON**,  
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