

## Irish Banking Culture Board Submission to Central Bank of Ireland in response to Consultation Paper 136: Enhancing our Engagement with Stakeholders

### **Introduction**

The Irish Banking Culture Board (“IBCB”) was established in April 2019, and is an independent industry initiative, fully funded by the five retail banks operating in Ireland (Allied Irish Banks, Bank of Ireland, KBC Bank Ireland, Permanent TSB & Ulster Bank) with the aim of rebuilding trust in the sector through demonstrating a change in behaviour and overall culture. The Board is independent with a non-banking majority, whose members are drawn from across Irish society. The IBCB’s goal is to act as an independent, transformative influence on culture within the banking sector, with our work programme built on our strategic plan which includes three pillars: Customers, Staff and Citizenship and Society.

Engagement with stakeholders is a key element of the IBCB’s strategy, so we welcome the opportunity to respond to the Central Bank’s [CP 136 Consultation on Enhancing Engagement with Stakeholders](#). From the outset, proactive stakeholder engagement has been a mainstay of IBCB activity. It was a founding principle as demonstrated by both the extensive Public and Stakeholder Consultation conducted in Q4 2018 and in the bank staff survey in Q3 2018. Since the IBCB was established, one of the biggest pieces of feedback we have received from bank customers and bank staff is that they want institutions to listen to them, highlighting the importance of this consultation process.

The IBCB has a unique position in the context of stakeholder engagement in the banking industry, acting as an independent voice in the retail banking sector, working with a range of stakeholders from consumer organisations, industry representatives, academia, regulatory bodies, and member banks. As such, the IBCB may straddle a range of those stakeholder groups identified in this consultation but believe we can contribute positively to meaningful engagement across the sector and would like to participate in these proposed forums.

### **Proposal 1: Enhancing engagement with civil society and with consumer representatives**

*Question 1: Do you agree with the proposals outlined above to enhance the role of the Consumer Advisory Group? What further enhancements could be made, given its statutory mandate?*

The IBCB supports the Central Bank’s proposal to enhance engagement with consumer groups. The Consumer Advisory Group (‘the Group’) offers an opportunity for consumer interests to be represented and heard.

The frequency of the meetings may be driven by the diverse interests of consumers, to enable adequate discussion and engagement. This may be achievable within the proposed four meetings, but we would suggest some flexibility is permitted should additional meetings be required in response to issues as they emerge. The IBCB is supportive of the proposal to have at least one meeting dedicated to strategic and cross-cutting issues.

It may be beneficial to extend the membership to encompass other consumer representatives as in our experience based on our engagement with a range of stakeholders, the financial services needs of consumers can be diverse, in particular where consumers experience vulnerability. In our experience customers in vulnerable positions can include customers in financial difficulty, customers experiencing cognitive difficulties, those living with disabilities who may need additional support, marginalised groups and they may experience different issues and require different types or levels of support. The Group may also support the Central Bank to enhance consumer protection, as the

Consumer Protection Code is updated and other legislation, such as the Assisted Decision-Making Act (2015) comes into force, which will result in additional codes of practice for finance professionals.

*Question 2: Do you agree with the proposals outlined above to enhance the role of the Civil Society Roundtable?*

The IBCB supports the proposal to enhance the role of the Civil Society Roundtable. The IBCB participated in the CBI's "Distressed Debt Roundtable" for personal customers and for businesses and found the information sharing among participants to be insightful and relevant. It was particularly helpful for those financial services providers who attended to listen to the participants discussing their experiences and needs. As consumers' experiences of the financial system are quite diverse, it may be helpful to provide additional opportunities for this group to meet to focus on specific needs – in particular, those who may experience vulnerability, and to discuss specific issues as they arise (e.g., Covid-19, Brexit).

*Question 3: What other formal or informal mechanisms could the Central Bank consider to engage with civil society and consumer groups to ensure their perspectives and insights into the financial system are considered in decision-making?*

There may be opportunities to conduct additional research on the needs of civil society and consumer groups. Seeking input from consumers directly may also be helpful (in addition to advocacy groups or representative bodies) through surveys or focus groups to hear directly from consumers on issues, needs and insights to inform decision-making.

## **Proposal 2: Industry engagement**

*Question 4: Do you agree that the Central Bank should look to formalise the current industry forum roundtables to discuss cross-sectoral, strategic issues relating to the financial system as set out above?*

The IBCB supports the proposal to formalise the current industry forum roundtables. This is particularly pertinent with current circumstances (i.e., the impact of Covid-19, changes to the financial services providers in Ireland, changes to the banking model with regard to digital banking). We would suggest that some flexibility is afforded in the size of the forum, as driven by issues of the industry.

*Question 5: If yes, are there any suggestions you would like to make the regarding the establishment of such a forum?*

It may be helpful to ensure some degree of connection between the industry forum and the Civil Society Roundtable, to ensure that insights emerging from this group are also considered by the industry forums, (i.e., the voice of the customer is heard at the industry forum) and to enable to groups to meet as specific issues arise (e.g., Covid-19, Brexit), which may require additional meetings.

*Question 6: If no, how do you think the Central Bank should seek to discuss cross-sectoral, strategic issues relating to financial sector oversight with the relevant industry stakeholders?*

N/A

## **Proposal 3: Financial System Conference**

*Question 7: Do you have any observations in respect of the proposed Conference?*

The IBCB is supportive of this proposal. The banking industry has experienced significant turbulence and issues, which has resulted in poor trust levels among the public and consumers. In our view, direct and transparent discussions on the relevant strategic issues, which are open to the public will benefit all stakeholders in restoring trust in the sector and proving a constructive platform to discuss and consider emerging issues.

Recent announcements related to changes in the competitive landscape and the footprint of retail banks in Ireland has brought the question of the future of banking in Ireland to the forefront. The IBCB believes a discussion on the future of banking is an important priority for the CBI, institutions, and stakeholders to discuss the current issues openly and constructively. This should include raising public awareness on differences in banking in Ireland versus other European countries (e.g., capital rules, recourse to underlying assets), the societal role of banks and the financial system. We believe this would be a useful topic for the proposed conference.

**Proposal 4: Engagement with business representatives**

*Question 8: Are there formal or informal mechanisms that you think the Central Bank should consider to ensure the perspectives of the business community are heard and contribute to the Central Bank's decision-making?*

As noted in the proposal, regular engagement with business representatives across a range of industries and sectors is helpful to ensure the voice of the business community is heard. The IBCB participated in the CBI's "Distressed Debt Roundtable" for businesses customers and found the information sharing among participants to be insightful and relevant. It was particularly helpful for those financial services providers who attended to listen to the participants on their experiences and needs. This may be particularly pertinent over the next years, as society and the economy recovers from Covid-19 and current business supports are phased out. At this point, it will be critically important for financial services providers to engage frequently with and listen to the perspectives of the business community.

A similar approach to the Consumer Advisory Group/ Civil Society Roundtable which focusses specifically on the business community may be an option to ensure the perspectives of the business community are heard and included in decision-making. There may be opportunities to conduct additional research on the needs of business community. Seeking input from businesses directly may also be helpful (in addition to representative bodies) through surveys or focus groups to hear directly from businesses on issues, needs and insights to inform decision-making.

**The Central Bank's approach to stakeholder engagement**

*Question 9: Are there any other matters that the Central Bank should take into account or practical steps it should take, to engage more effectively with domestic stakeholders, as it works to develop its overall strategy for stakeholder engagement?*

Recent work undertaken by the Central Bank of Ireland to review the Standard Financial Statement, resulting in [CP139 - Consultation on Review of the Standard Financial Statement](#) has been a beneficial process to involve both consumer and bank participants, with expert staff from the Central Bank, to improve a process aimed at enhancing support for customers. Further activities of this nature,

(collaboration between Central Bank, consumer representatives and financial institutions to address a specific issue) may also help promote effective stakeholder engagement, to the benefit of consumers.