



What does the Central Bank of Ireland do?



This is a transcript of our animated explainer video: “What does the Central Bank of Ireland do?”

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Pupil: It’s working now, Mr O’Sullivan.

Mr O’Sullivan: Oh yeah ... ehem ... hello there. We’ve all heard of the Central Bank of Ireland, but the class here wants to know: what does it actually do?

Alex: Hello everyone. My name is Alex. That’s a very good question.

Well, the Central Bank of Ireland’s mission is to serve the public interest, by safeguarding monetary and financial stability and by working to ensure the financial system operates in the best interests of consumers and the wider economy.

To deliver on our mission, we cover many different areas.

1. Price Stability

Our first function is to maintain price stability. Stable prices are good for the economy and help people to plan better. Setting interest rates helps us achieve this. We set the rates in collaboration with the other central banks of the countries that use the euro as their currency.

2. Financial Stability

We work to keep Ireland’s financial system stable and resilient to prevent major ups and downs in the economy. This ensures that the financial system can serve households and businesses - in both good times and in bad. To do this, we look out for threats to financial stability and adopt policies to protect against them.



3. Economic Analysis & Statistics

We're big into research and compile lots of statistics that help us decide on policies to support the economy. This allows us to monitor the financial system for potential risks and make forecasts about the economy.

Alex: Can anyone tell me another crucial role of the Central Bank?

Pupil: What about rules and regulations?

Alex: Yes, you're right!

4. Financial Regulation

A really important part of our job is to be Ireland's financial regulator. We apply wide-ranging rules and standards that financial services providers must follow. These include something called prudential regulations to make sure firms are financially sound and safely managed, and consumer protection rules to make sure you are treated fairly when you buy a financial product or service. As regulator, we have to supervise financial services providers to make sure they comply with these rules. And if they don't, we can use our enforcement powers to pursue them.

But that's not all we do.

5. Payments & Currency

It's our job to make sure there is enough cash in circulation to keep the economy operating normally and we issue the notes and coins you have in your pocket. We also oversee the internal plumbing of the financial system, like the payment systems needed to transfer money.

6. Resolution

If a bank or credit union is failing, we ensure it happens in an orderly way that doesn't harm the financial system or require financial support from the taxpayer. This allows customers to continue to get the services they need, without major disruption.

Alex: We also do lots of other stuff.

For example, we work with the European Central Bank to supervise Europe's largest banks. We manage the Central Credit Register, which we use to produce credit reports for borrowers and lenders, and the Deposit Guarantee Scheme, so you don't need to worry about accessing your savings – even if a bank fails.

Plus we work with our partners in Europe to develop policies in all of the different areas that I mentioned earlier.

And why do we do all this?

It all comes back to serving the public by keeping the financial system stable, resilient and working in the best interest of all of us - not just for today and tomorrow, but for the long term.



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Video Transcript

Mr. O'Sullivan: Thank you. That's made everything so much clearer!

Alex: You're welcome!