



Banc Ceannais na hÉireann  
Central Bank of Ireland  
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Gabriel Makhlouf  
Gobharnóir / Governor

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5<sup>th</sup> November 2019

A handwritten signature in blue ink, reading "Pearse Doherty".

I refer to your letter received on 25<sup>th</sup> October 2019.

The risks associated with IT are a key concern for the Central Bank given their potential to have serious implications for prudential soundness, consumer protection, financial stability and the reputation of the Irish financial system.

In Europe, several million retail payments are settled daily. Given these volumes, issues will occur from time to time, the vast majority of which are resolved within the business day. (In the case of the incident mentioned in your letter, service had resumed by early afternoon.) It is our expectation that banks take all necessary steps to minimise their occurrence and respond with appropriate urgency. These expectations are communicated to all banks as part of our ongoing supervisory engagement. Supervisors also carry out detailed analysis of payment incident reports received from banks. Assessing IT risk including undertaking on-site inspections is part of our regular supervision, where weaknesses are identified, banks are issued with time-bound and focused risk mitigation programmes.

As you know strengthening the resilience of the financial system is a key priority of the Central Bank. This includes enhancing the resilience of the firms within that system to operational disruptions due to IT issues, particularly as these can negatively impact on consumers. The Central Bank has previously given guidance to firms regarding underinvestment in IT systems



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during the period of recovery from the financial crisis. While some progress has been observed, further investment and substantial improvements are required across the system to address the ever-present technology risks.

Consumers rightly have an expectation of service continuity and where there are outages we expect firms to minimise the impact on consumers and to ensure that they suffer no detriment as a result of the failings of the firm. The Central Bank will continue to engage with all the domestic retail banks in relation to the robustness of their IT systems and risk management practices.

A handwritten signature in blue ink, appearing to read "John Murney".  
A handwritten signature in blue ink, appearing to read "Gabriel Makhlouf".

Gabriel Makhlouf