



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

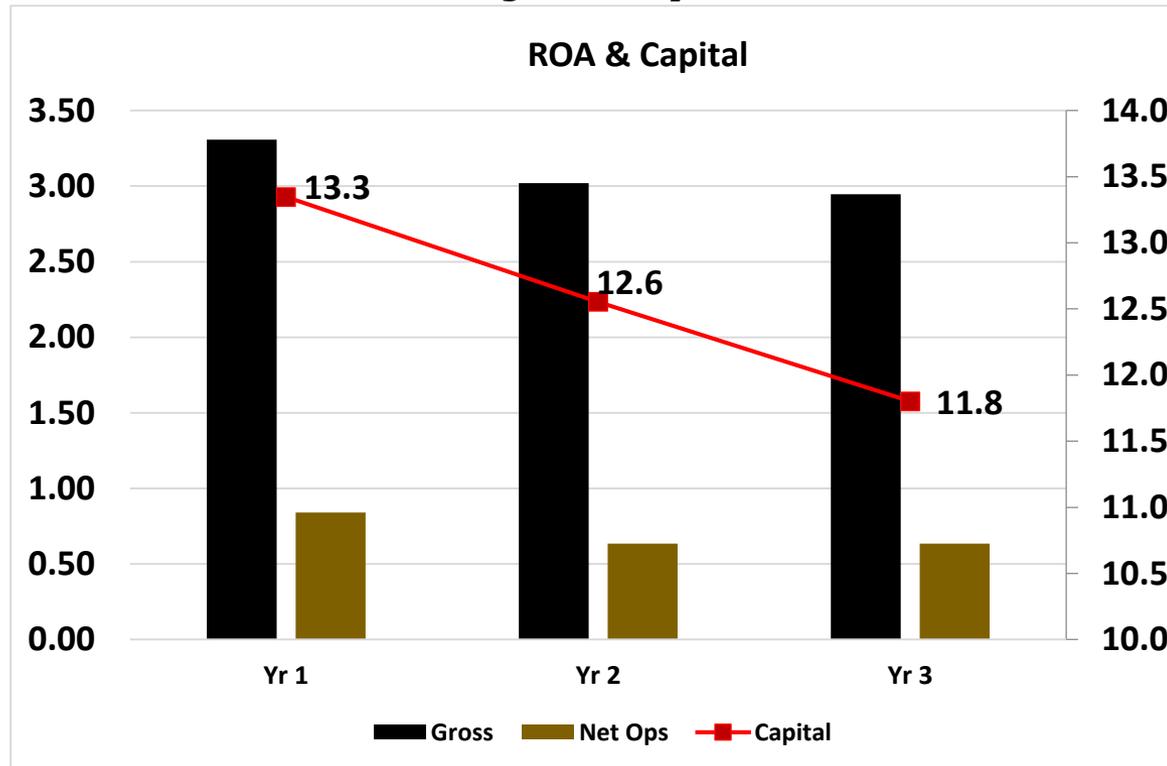
# **Business Model – Responsive Risk Based Transformation**

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## Business Model – Risk Based Transformation

### Unsustainable trajectory



Savings driving  
balance sheet growth



Pressure on margins  
• Loan Book  
• Investments



Operational costs



Surplus cannot  
maintain capital buffer





## Business Model – Risk Based Transformation

### INSTABILITY DRIVERS

Level of lending

Cost of doing business

Savings growth



### VIABILITY DRIVERS

Competence

Capability

Member expectations

Level of lending

Cost of doing business

New Business activities

**Business Model Transformation**



## Business Model – Risk Based Transformation

### CBI experience to date

- Well grounded proposals
- Under-developed proposals



### Well grounded proposals

1. Realistic
2. Achievable
3. Risk Based



## **Business Model – Risk Based Transformation**

### **Business model changes – Central Bank capability**

#### 1. Change or issue regulations & conditions

- Prudential (balance sheet) limits
- Classes of loans / investments
- Exempt services

#### 2. Approve additional services

- New business lines i.e. MPCAS



## **Business Model – Risk Based Transformation**

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### **Our process**

1. Informal engagement (draft business case)
  2. Formal engagement (full business case proposal)
  3. Minded to consider
  4. Formal consideration
  5. Response or Outcome
    - I. Additional service approvals – legal process
    - II. Changes to regulations – adjustment to regulations
    - III. Replacement or new regulations – full consultation
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