GLOBAL LEGAL INSIGHTS

Banking Regulation 2025

12th Edition

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Introduction

The banking sector in Ireland benefits from an open economy with direct access to the EU labour market, EU regulatory passporting and a skilled, English-speaking talent pool. The Irish banking ecosystem incorporates retail banks that primarily offer services to the domestic economy, and international banks that operate on a wider multi-jurisdictional basis. Financial services are also provided by the credit union sector, An Post, digital-only offerings, and non-banks.[1]

The banking sector has evolved significantly in recent years. The Central Bank of Ireland (the "**CBI**") maintains a register of credit institutions. As of 28 January 2025, there are 442 credit institutions on the CBI's register, 18 of which are Irish banks, and 30 of which are EEA authorised banks with a branch in Ireland. The remainder are EEA banks passporting into the State on a cross-border services basis.

Recent market trends

As a result of Brexit, certain international banks have expanded their operations in Ireland with a view to establishing European hubs. The CBI has noted that cross-border assets held by third-country subsidiaries is a factor in the growth of banks' aggregate balance sheets in Ireland.

Ireland's domestic retail banking sector has reduced in size in recent years. The number of domestic banks serving the sector now stands at three. This follows the exits of KBC and Ulster Bank (NatWest) from the Irish market, both of which ceased domestic operations in 2023.

The shrinking of the domestic retail banking sector prompted the Irish Government to carry out a retail banking review in 2022, a process that culminated in the publication of 34 separate recommendations across the themes of access to cash, consumer protection, lending to SMEs, and relaxing remuneration restrictions on the remaining retail banks – Bank of Ireland, Allied Irish Banks ("**AIB**") and PTSB.

Over the course of 2023 and 2024, work commenced on the implementation of the review's recommendations, which were adopted as Government policies. Notably, the Credit Union (Amendment) Act 2023 was enacted, and is currently being commenced on a phased basis. The legislation expands the services that credit unions can provide, enabling the credit union sector to play a greater role in the provision of banking services. Separately, the CBI is in the process of reviewing the credit union lending framework, and has proposed targeted changes to the Credit Union Act 1997 (Regulatory Requirements) Regulations

2016, to take account of the "considerable capacity"[2] for house and business lending within existing combined concentration limits.

2024 also saw the publication of the Finance (Provision of Access to Cash Infrastructure) Bill, stemming from a recommendation of the retail banking review. Despite technological advancements, there is an enduring societal demand for cash. The Access to Cash Bill seeks to maintain cash infrastructure at approximately December 2022 levels (adjusted for the exits of KBC and Ulster Bank from the Irish market), and places obligations on "designated entities" (in the first instance, the three major Irish retail banks) to ensure reasonable access to an ATM or a cash service point.

In October 2024, the Government launched the National Payments Strategy, which establishes a roadmap for the future evolution of Ireland's payments system, particularly in the context of digitalisation. The Strategy strikes a balance between the objectives of progressing a "vibrant and diverse payments sector" (augmented by the rise of Ireland's fintech sector) and safeguarding the role of cash in the economy.

As noted above, a key trend that accelerated during COVID and continues apace is the wider adoption of digital and mobile banking. Challenger banks, such as Bunq and Revolut, that provide digital-only offerings and operate with low-cost bases have increased in popularity. EU banks also offer deposit products in Ireland on a passported basis, sometimes using intermediaries such as Raisin Bank. Incumbent Irish banks are, more than ever, required to substantially invest in technology to keep pace with new market entrants.

At the time of writing this chapter, a new Government has been formed in Ireland, following the November 2024 general election. The new coalition Government is made up of the incumbent Fianna Fáil and Fine Gael parties (with support from the Regional Independent Group) and is largely a continuation of the previous Government. Thus, broadly speaking, policy continuity can be expected.

A key factor in anticipating future banking-related developments in Ireland will be the trajectory of the economic environment in Europe, coupled with global geopolitical developments. In July 2024, the EU delayed implementation of market risk reforms, known as the "Fundamental Review of the Trading Book" (the "**FRTB**"), noting developments in non-EU jurisdictions and highlighting the need to ensure a level playing field for European banks. The FRTB comprises a series of capital rules developed by the Basel Committee on Banking Supervision ("**BCBS**") as part of the Basel III reforms. In June 2024, the EU published a banking package, consisting of a revised Capital Requirements (i) Regulation[3] ("**CRR III**"), and (ii) Directive[4] ("**CRD VI**"). Significantly, the EU has postponed, until 1 January 2026, the application of the components of the package that implement the FRTB.

In the wake of the 2024 US presidential election, there is some uncertainty regarding the implementation of Basel III in the US. The UK's Prudential Regulation Authority has announced that it will delay the implementation of Basel III in the UK until 1 January 2027. It remains to be seen whether President Trump's promised deregulatory agenda will influence EU decision-making. However, European leaders appear to be alert to the global context within which regulation occurs. In September 2024, former European Central Bank ("**ECB**") President Mario Draghi published an influential report,[5] which called for "*simplifying and removing overlap and inconsistencies across the whole legislative chain, with priority given to those economic sectors where Europe is particularly exposed to international competition*". To this end, the European Commission is currently pursuing a policy of reducing regulatory reporting burdens by 25% (without undermining related policy objectives).

In July 2023, the European Banking Authority (the "**EBA**") issued the results of the most recent EU-wide stress test, used to assess the resilience of European banks to macroeconomic and financial shocks. The 2023 exercise showed European banks remaining resilient in a hypothetical adverse scenario. According to the exercise, Ireland's two largest retail banks, AIB and Bank of Ireland, hold enough capital to withstand a severe adverse economic shock event. The EBA recently announced that it will conduct a similar exercise over the course of 2025, with results expected to be published in August 2025.

The ECB has recently published supervisory priorities for 2025–27. Supervised institutions, including those based in Ireland, are asked to: (i) strengthen resilience to immediate macro-financial and geopolitical shocks; (ii) remedy persistent material shortcomings, including in relation to governance arrangements and the management of ESG-related risks; and (iii) strengthen their digitalisation strategies and tackle challenges stemming from the use of new technologies.

In an Irish regulatory context, for 2025 and beyond, the CBI can be expected to continue safeguarding financial stability, ensuring that financial services firms operate in the interests of consumers. To this end, the CBI is conducting a comprehensive review of the Consumer Protection Code 2012 (the "**CPC 2012**"), as amended, with implementation of a final revised Code expected to take place over the course of 2025 and 2026. The review is centred on various themes, including two broad discussion themes of "Availability and Choice" and "Acting in Consumers' Best Interests", and eight more focused themes, including "Innovation & Disruption", "Digitalisation" and "Climate Matters".

Regulatory architecture: Overview of banking regulators and key regulations

As an EU Member State, banking regulation in Ireland is fundamentally interlinked with the EU regulatory architecture.

The European Single Supervisory Mechanism (the "**SSM**"), established in 2014, designates the ECB as the competent authority for banking supervision in the EU. Banks are divided into two categories: (i) significant institutions ("**SIs**"); and (ii) less significant institutions ("**LSIs**").

The ECB supervises SIs based in Ireland whilst the CBI supervises LSIs (in close cooperation with, and oversight from, the ECB). The CBI uses a risk-based supervisory approach entitled "PRISM". The CBI states that this approach delivers value by focusing the regulator's energies on the firms that are most significant and on the risks that pose the greatest threat to financial stability and consumers.

The CBI is the competent authority in Ireland with respect to anti-money laundering and countering the financing of terrorism ("**AML/CFT**") obligations for all banks. The CBI is also solely responsible for conduct of business supervision for banks. At an EU level, the Regulation[6] establishing the new Anti-Money Laundering Authority ("**AMLA**") was published in the Official Journal of the EU in June 2024. AMLA will begin operations in Frankfurt in mid-2025. AMLA is primarily responsible for coordinating national authorities to ensure consistent application of EU AML rules. However, starting from 2027, AMLA will directly supervise certain high-risk obliged entities in the financial sector.

In Ireland, the Financial Services and Pensions Ombudsman (the "**FSPO**") is responsible for the resolution of individual complaints against banks. The Competition and Consumer Protection Commission (the "**CCPC**") enforces competition and consumer protection laws, enhances consumer welfare, and promotes competition and financial education.

The key regulations applying to banks in Ireland are as follows:

The Single Supervisory Mechanism

The SSM Framework Regulation[7] and the SSM Regulation[8] establish the framework for banking supervision in the EU. Those Regulations confer the task of banking supervision on the ECB, and allocate responsibilities between the ECB and national supervisory authorities (in Ireland's case, the CBI).

The Capital Requirements Framework

The Capital Requirements Regulation[9] (the "**CRR**") and the Capital Requirements Directive[10] ("**CRD IV**") apply to banks in Ireland. The CRR is directly applicable in Ireland. CRD IV was transposed into Irish law by the European Union (Capital Requirements) Regulations 2014. The CRR and CRD IV govern authorisation requirements, the supervisory framework, prudential rules, governance, and reporting requirements, amongst other matters.

Pursuant to Part 5 of the European Union (Capital Requirements) Regulations 2014, a bank may passport into Ireland by establishing a branch or providing services in Ireland (subject to notifying the CBI or the ECB, as applicable).

As noted above, a new EU banking package, comprising CRR III and CRD VI, was published in the Official Journal of the EU in June 2024. CRR III implements the outstanding aspects of Basel III, and has applied in the main since 1 January 2025 (though FRTB implementation has been deferred until 1 January 2026). In a significant change to the EU regulatory landscape, CRD VI introduces a new branch requirement, applicable from 11 January 2027, which will require non-EU banks to establish a regulated third-country branch when carrying on certain core banking activities in an EU Member State.

The Central Bank Acts

The Central Bank Acts 1942 to 2023 apply to banks. Key provisions include: (i) Section 9 of the Central Bank Act 1971, which applies to the granting of bank licences; (ii) Part IIIC of the Central Bank Act 1942, which provides the CBI with enforcement powers in respect of regulated firms; and (iii) the Central Bank Reform Act 2010, which sets out the fitness and probity regime.

In 2023, the Central Bank (Individual Accountability Framework) Act 2023 was enacted. The new Individual Accountability Framework (the "**IAF**") confers powers on the CBI to strengthen and enhance individual accountability in the management and operation of regulated financial service providers ("**RFSPs**"). All core pillars of the IAF have since come into operation (including a modified fitness and probity regime, new conduct standards applicable to individuals in RFSPs, and enhancements to CBI enforcement capabilities).

In July 2024, the Senior Executive Accountability Regime ("**SEAR**"), an accountability regime broadly comparable to the UK's Senior Managers and Certification Regime, came into operation in respect of credit institutions (though not credit unions), certain insurance undertakings, and certain investment firms, as well as in respect of incoming third-country branches of such firms. SEAR requires in-scope firms to set out clearly where responsibility and decision-making lie within the firm's senior management. It imposes a legal duty of responsibility on persons carrying out pre-approval controlled function ("**PCF**") roles. SEAR will take effect in relation to non-executive directors ("**NEDs**") and independent non-executive directors ("**INEDs**") within in-scope firms from July 2025.

AML/CFT

The CBI is the competent authority in Ireland for the monitoring and supervision of compliance with AML/CFT obligations under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (the "**CJA 2010**"), as amended. The CBI is empowered to take measures "reasonably necessary" to ensure that institutions comply with the provisions of the CJA 2010.

In June 2024, the core components of the EU AML package were published in the Official Journal of the EU. The EU package includes a Sixth Anti-Money Laundering Directive,[11] a new Anti-Money Laundering Regulation,[12] and the AMLA Regulation. The Regulation on information accompanying transfers of funds and certain crypto-assets[13] (the recast Wire Transfer Regulation) formed part of the EU's initial AML package, and was published in the Official Journal of the EU in June 2023. It entered into application on 30 December 2024, coinciding with the application of the Markets in Crypto-Assets Regulation[14] ("**MiCA**").

Conduct of business

The CBI is the competent authority in Ireland for the supervision of financial conduct of business regulation for RFSPs. The CBI supervises conduct through primary legislation and codes of conduct, including the CPC 2012, the Code of Conduct on Mortgage Arrears 2013 (the "**CCMA 2013**"), and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015.

As part of the review of the CPC 2012, the CBI will consolidate the CCMA 2013, and other existing standalone consumer protection codes and regulations, into a revised and modernised Code.

Credit reporting

The CBI administers a statutory credit register known as the Central Credit Register (the "**CCR**"), pursuant to the Credit Reporting Act 2013 (the "**CRA 2013**"). The purpose of the CCR is to enable better quality lending by providing a "single borrower view" of all loans, deferred payments, and other forms of financial accommodation provided by creditors to the borrower. Regulated entities that provide credit are within scope, including banks (domestic and EEA passporting), retail credit firms, credit unions, payment institutions, investment firms, and certain investment funds. In addition, unregulated providers of credit, such as corporate lenders, special purpose vehicles ("**SPVs**"), and purchasers of loan portfolios are within scope of the CRA 2013.

In-scope firms must: (i) register with the CBI as a "credit information provider"; (ii) categorise customers (consumers *vs* non-consumers) and guarantors; (iii) submit detailed data about existing and new credit agreements of €500 or more in a prescribed format to the CCR; (iv) check the CCR before advancing new credit of €2,000 or more; and (v) ensure that processes and procedures are compliant with the CRA 2013.

From 1 February 2025, the scope of reportable data will be expanded, on a prospective basis, to include data on guarantors and guarantees relating to in-scope credit agreements entered into on or after that date.

Recovery planning

The Bank Recovery and Resolution Directive[15] (the "**BRRD**") was transposed into Irish law by the European Union (Bank Recovery and Resolution) Regulations 2015. The BRRD was introduced to provide resolution authorities with effective powers to manage failing banks. The BRRD is intended to enhance the resilience of banks to ensure they are better prepared for, and able to recover in the event of, a significant financial deterioration. The Regulations transposing the BRRD include, amongst other requirements, the requirement for banks to prepare recovery plans identifying appropriate actions in the event of a significant financial deterioration to reduce the likelihood of bank failure. In addition, the CBI is given early intervention powers to execute recovery options, remove management, and modify the structure of an institution.

EMIR

The European Market Infrastructure Regulation[16] ("**EMIR**"), as amended, contains: (i) increased transparency requirements for the reporting of derivative contracts; (ii) a mandatory clearing obligation; (iii) risk mitigation techniques for non-centrally cleared derivatives; and (iv) regulatory requirements for central counterparties and trade repositories.

The CBI is the designated competent authority in Ireland for the purposes of EMIR. In November 2023, the CBI announced that it had fined a UCITS investment fund, for the first time, for breaching the reporting obligation under Article 9(1) of EMIR. The fine was imposed pursuant to Ireland's European Union (European Markets Infrastructure) Regulations 2014, as amended, which were made to give full effect to EMIR.

Operational resilience

Due to the increased use of technology and outsourcing in financial services, regulators are increasingly focused on outsourcing-related risks and promoting operational resilience. Banks are subject to the CBI's cross-industry guidance on outsourcing and on operational resilience. The CBI's guidance on operational resilience was issued in December 2021, communicating to industry how to prepare for, and respond to, operational disruptions affecting the delivery of critical or important business services.

Cross-industry guidance on outsourcing was issued by the CBI in December 2021, highlighting the potential for outsourcing to threaten operational resilience. The CBI expects all regulated firms to

demonstrate that they have appropriate measures in place to effectively manage outsourcing risk, and to ensure compliance with the sectoral legislation, regulations, and guidance applicable to their businesses.

In December 2022, the Digital Operational Resilience Act[17] ("**DORA**") was published in the Official Journal of the EU. DORA applies to financial entities, including banks, and it took effect on 17 January 2025. It imposes requirements relating to ICT risk management frameworks, relationships with third-party providers, digital operational resilience testing, and incident reporting.

FDI screening regime

At the beginning of 2025, the Screening of Third Country Transactions Act 2023 came into operation, introducing an inward investment screening mechanism in Ireland for the first time. The legislation sets out a new mandatory notification regime, whereby parties are required to notify qualifying foreign acquisitions of Irish targets active in particular sectors, including banking, to the relevant Minister (following the 2025 formation of Ireland's new Government, the Minister for Enterprise, Tourism and Employment).

Additional guidance

Banks in Ireland are subject to additional guidelines, codes, and other regulatory measures issued by the EBA, the ECB and the CBI.

Recent regulatory themes and key regulatory developments in Ireland

Governance

The promotion of sound governance practices in regulated firms continues to be a significant regulatory topic, evidenced most clearly by the recent introduction of the IAF. The IAF confers powers on the CBI to strengthen and enhance individual accountability in the management and operation of RFSPs. The core pillars of the IAF are as follows:

- conduct standards for individuals performing controlled function ("**CF**") and PCF roles at RFSPs;
- an enhanced fitness and probity regime, with updated certification, due diligence, and reporting requirements;
- enhanced CBI enforcement powers, including an amended Administrative Sanctions Procedure ("**ASP**"), removing the so-called "participation link" whereby the CBI could only bring enforcement action against individuals at a firm if it had first found that the firm had committed a breach; and
- SEAR, requiring in-scope firms to set out clearly and fully where responsibility and decision-making lie within the firm's senior management.

Key themes permeating the IAF are obligations:

- to act honestly, ethically and with integrity;
- to act with due skill, care and diligence;
- to act in the best interest of the customer;
- to avoid conflicts of interest;
- to maintain and follow adequate controls and procedures;
- to engage with the regulator openly and in good faith; and
- to disclose to the CBI any information of which it would reasonably expect notice.

Digitalisation/innovation

Recent CBI authorisation activity reveals the extent to which financial services have been transformed by digitalisation and innovation. The payments and electronic money sectors continue to grow. Over

the last number of years, Ireland has registered a number of virtual asset service providers ("**VASPs**"), in accordance with Section 26 of the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2021. Following the entry into application of MiCA, noted above, from 30 December 2024, such entities are required to be registered as crypto-asset service providers ("**CASPs**") (subject to a 12-month transition period for entities that were providing services in accordance with the applicable law prior to MiCA's application). Authorisation activity has also occurred in relation to providers of hire purchase, "Buy Now, Pay Later" ("**BNPL**") and consumer hire financial products, as well as high-cost credit providers ("**HCCPs**"), further highlighting the changing nature of the financial services sector in Ireland.

In the context of increased innovation and digitalisation, incumbent financial service providers are required to substantially invest in technology to keep pace with challenger "disruptors", and to meet consumer demands. In September 2023, Financial Services Ireland published a report entitled "Ireland's Fintech Future". The report surveyed a range of firms, including fintech start-ups and longer-established firms digitalising their businesses. The survey highlights the scale of investment made by firms, both in their own operations and in the wider Irish economy.

As financial services are transformed by digitalisation, a key theme has been the development of regulatory frameworks that facilitate innovation, whilst ensuring the maintenance of basic safeguards and rights standards.

Digital Operational Resilience Act

As noted above, DORA applies to financial entities, including credit institutions. The regime introduces targeted rules in respect of ICT risk management capabilities, incident reporting, operational resilience testing and ICT third-party risk monitoring. In Ireland, compliance is monitored by the CBI. In-scope entities are required to report to the CBI on major ICT-related incidents, and may report to the CBI on significant cyber threats.

AI Act

In July 2024, the AI Act[18] was published in the Official Journal of the EU, laying down harmonised rules on artificial intelligence ("**AI**"). The majority of provisions will apply from 2 August 2026, subject to certain exceptions. The AI Act regulates AI systems based on their intended use and the risks posed, and it follows a graduated approach. Where banks deploy AI systems, certain practices, such as the use of AI systems that provide creditworthiness or risk assessments, may fall into the "high-risk" category and thus be subject to mandatory requirements under the AI Act. Accordingly, whilst the AI Act has general applicability, it may have significant implications for the banking sector, particularly in the context of the increased digitalisation of services.

Instant payments

The EU Instant Payments Regulation[19] aims to accelerate the rollout of instant payments across the EU. It requires EU payment service providers, including banks, that offer the service of sending and receiving credit transfers in EUR to offer the service of sending and receiving *instant* credit transfers, at no additional charge to payment service users. From 9 January 2025, the requirement took effect in relation to incoming instant credit transfers, and it will take effect in relation to outgoing transfers from 9 October 2025. Additionally, from 9 October 2025, the Instant Payments Regulation will require in-scope banks to offer a verification of payee ("**VOP**") service, and to comply with detailed matching, verification, notification, confirmation, and identification requirements before executing a payment. The VOP compliance requirement will apply to both standard and instant credit transfers.

Distance Marketing of Financial Services Directive

In November 2023, the new Distance Marketing of Financial Services Directive[20] was published in the

Official Journal of the EU. The Directive revises the framework for distance financial services contracts, in the context of rapid technological development. According to the EU, the Directive will bolster online consumer protection and provide traders with clarity. The Directive acts as a "safety net", meaning that all financial services not covered by specific sectoral legislation will be covered by the new rules, once they come into application from 19 June 2026.

Consumer Protection

A further trend is evident in relation to Government measures seeking to combat financial exclusion and promote consumer protection, particularly in the context of digitalisation. The Irish Government is committed to ensuring that certain sectors of society are not left behind by the digital transition.

2024 saw the publication of the Access to Cash Bill. The legislation aims to safeguard the role of cash in the economy, to ensure that the rise of digital banking does not lead to financial exclusion, particularly in the context of generational and urban-rural divides. The Bill empowers the Minister for Finance to set "regional criteria" stipulating the minimum number of ATMs required per 100,000 people, and the proportion required to be within 10km of an ATM and a cash service point. The Programme for Government of Ireland's new Government reiterates the commitment to safeguarding the role of cash in the economy. Thus, it might be expected that the Access to Cash Bill will be revived over the lifetime of the newly elected Dáil.

A core element of Ireland's newly launched National Payments Strategy is to progress measures combatting payment fraud, including through the development of an anti-fraud forum and a shared fraud database. Much of the area of fraud prevention is governed by EU legislation. The proposed revision of the EU Payment Services Directive,[21] to be known as "PSD3", contains measures designed to combat and mitigate fraud, and includes a limited right of refund for certain victims of payment fraud.

To further combat financial exclusion, the Department of Finance is progressing a National Financial Literacy Strategy, which stems from a recommendation of the retail banking review. As noted above, a revised and modernised Consumer Protection Code will also be progressed over the course of 2025 and 2026, with final Regulations expected to be published in early 2025.

On an EU level, in October 2023, a revised Consumer Credit Directive[22] ("**CCD II**") was published in the Official Journal of the EU. CCD II, which will apply from 20 November 2026, is considerably broader in scope to its precursor. Significantly, the revised Directive extends protections to financial products such as BNPL, which have become more common in recent years due to changes that have occurred across EU markets.

ESG

Efforts to embed sustainability considerations into the prudential framework continue apace, as regulatory authorities seek to support the transition to a sustainable economy, whilst ensuring the continued resilience of the EU banking sector.

CRR III contains extensive new rules for all EU banks on the management, reporting and disclosure of ESG-related risks. The rules apply to small and non-complex institutions in modified format, to respect the principle of proportionality. Under the new rules:

- EU banks are required to draw up transition plans consistent with sustainability requirements under other provisions of EU law;
- bank supervisors will oversee how banks handle ESG-related risks and include ESG considerations in the context of the annual supervisory examination review process ("**SREP**"); and
- banks may enjoy a favourable risk weight treatment only where they finance an infrastructure project with a positive or neutral environmental impact assessment attached to it.

As noted above, the majority of CRR III provisions took effect on 1 January 2025.

In September 2023, the ECB published the results of its second climate stress test. The results of the exercise revealed that an accelerated green transition would provide significant benefits for firms, compared with late-push or delayed transition scenarios. Furthermore, a proactive approach to the green transition would, according to the ECB, enable banks to benefit from both lower credit risk and larger investment needs, thereby improving their long-term income positions. In November 2024, the ECB, together with the European Supervisory Authorities (the "**ESAs**"), published the results of the once-off "Fit-for-55" climate scenario analysis. Under the scenarios examined, the analysis concluded that transitions alone are unlikely to threaten financial stability (though they may pose risks when combined with macroeconomic shocks). The report concluded that financial institutions should continue to integrate climate risks into their risk management frameworks in a comprehensive and timely manner.

In addition to the incorporation of ESG-related risk in the prudential framework, the various EU reporting regimes continue to apply, including obligations under Article 8 of the Taxonomy Regulation,[23] and prudential disclosures under the CRR. In 2024, the Corporate Sustainability Reporting Directive[24] (the "**CSRD**") was transposed into Irish law. In accordance with the Irish transposing Regulations, the CSRD will apply domestically, on a phased basis, to in-scope Irish-incorporated companies and issuers of securities on an EU-regulated market. Reporting in respect of the 2024 financial year will begin in 2025. In the first instance, reporting will be required of "large companies" and "large undertakings", as defined under the transposing Regulations.

In addition, 2024 saw the publication of the Corporate Sustainability Due Diligence Directive[25] (the "**CS3D**") in the Official Journal of the EU. The CS3D introduces, starting from 2027, new obligations for in-scope companies to identify and, where necessary, prevent, end, or mitigate the adverse impacts of their activities on human rights and the environment. The rules concern not only the companies' operations but also the activities of their subsidiaries and those of their business partners along the companies' chain of activities. Notably, the final text of the CS3D excludes from its scope the downstream activities of banks and regulated financial undertakings.

Additionally, with effect from 1 January 2025, the CBI has recognised certain sustainability knowledge and competencies as part of its Minimum Competency Code 2017.

Diversity and inclusion

In the context of financial services regulation, DE&I continues to be a key focus for policymakers. The CBI continually emphasises that diversity and inclusion, in all their forms, are "*important components of well-managed, financially resilient, strategically-minded firms, and therefore pertinent to [its] mandate*".[26]

Domestically, the Gender Pay Gap Information Act 2021 has been introduced, requiring certain employers to publish information relating to the remuneration of employees by reference to gender. The reporting requirements under the Act have similarities to the reporting requirements that will be introduced by the EU Pay Transparency Directive,[27] required to be transposed by EU Member States by 7 June 2026.

At an EU level, the Gender Balance on Boards Directive[28] applies to any company with a registered office in the EU and the shares of which are admitted to trading on an EU-regulated market. By 30 June 2026, EU Member States must subject listed companies to the objective of having boards on which members of the "underrepresented sex" (i.e. women) hold (i) at least 40% of NED positions, or (ii) at least 33% of all director positions (including both executive and non-executive).

CRD IV contains requirements for banks to take into account the diversity of the management body when recruiting new members, to implement a diversity policy, and to implement measures to improve the representation of the underrepresented gender in the management body. CRD IV also requires remuneration policies of credit institutions to be gender neutral, and to respect the principle of equal pay for male and female workers for equal work or work of equal value.

In December 2023, the EBA introduced Guidelines[29] to ensure harmonised benchmarking of diversity practices, which will enable competent authorities to monitor diversity trends over time. The benchmarking of diversity practices is to be based on a representative sample of credit institutions and investment firms. The EBA will collect information on diversity policies, and on the composition of management bodies in terms of the gender, age, educational and professional background, as well as the geographical provenance of their members. The first data collection exercise will be conducted in 2025.

More broadly, the European Accessibility Act[30] has been implemented into Irish law by the European Union (Accessibility Requirements of Products and Services) Regulations 2023. Once it becomes applicable from 28 June 2025, the legislation will require a wide range of products and services – including websites, e-commerce and consumer banking services, and ATMs – to be accessible for persons with disabilities. The law imposes detailed requirements on a number of industries, including on the retail banking sector.

New mortgage rules

The CBI continues to engage with regulated entities to ensure that they meet expectations, outlined in November 2022,[31] on protecting mortgage consumers in a changing economic landscape, with a particular focus on supporting borrowers, and enhancements to the provision of information and options to borrowers eligible to switch mortgage product or provider. As stated above, in 2025, the CBI intends to introduce a revised and modernised Consumer Protection Code, which includes consolidating existing rules with the CCMA 2013 and other codes of practice and regulations.

Credit union services

In December 2023, the President signed into law the Credit Union (Amendment) Act 2023. The Act provides for an expansion of credit union services in Ireland, implementing the outcomes of the review of the domestic policy framework for credit unions. The expansion of services offered by credit unions is particularly significant in the context of Ireland's shrinking retail banking sector, which presents opportunities for non-traditional credit institutions. The Act is being implemented on a phased basis. The first three phases have been commenced as of the time of writing this chapter.

Client asset requirements

In January 2023, the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2023 were published, which contain the CBI's client asset requirements ("**CAR**"). CAR has applied, since January 2024, to banks carrying out MiFID investment business and includes provisions in respect of reconciliation and calculation, transfer of business, reporting requirements to the CBI, client disclosures and development of a client asset management plan.

Bank governance and internal controls

Fitness and probity

The CBI's fitness and probity regime was introduced by the Central Bank Reform Act 2010. A key regulatory focus is the fitness and probity of individuals carrying out key and customer-facing positions in banks. Those key and customer-facing positions are categorised as CFs and PCFs. The CBI expects individuals carrying out those functions to be competent and capable, honest, ethical, of integrity, and financially sound.

The fitness and probity regime consists of three pillars:

1. regulated firms are subject to ongoing obligations in relation to the application of the fitness and probity standards;
2. the CBI has a "gatekeeper" role whereby it pre-approves individuals nominated for PCF functions; and

3. the CBI has investigative and enforcement powers in the event that queries arise as to an individual's fitness and probity.

In addition to the Central Bank Reform Act 2010, the CBI's fitness and probity regime is set out in the Central Bank (Supervision and Enforcement) Act 2013 (Section 48 (1)) Minimum Competency Regulations 2017 and statutory codes, specifically the Fitness and Probity Standards and the Minimum Competency Code 2017, as amended.

In line with the allocation of responsibilities between the CBI and the ECB in respect of SIs and LSIs, the ECB is responsible for the fitness and probity assessments of the management board of SIs and "Key Function Holders" in SIs.

Significant changes were introduced to the fitness and probity regime by the IAF, including in relation to certification, due diligence, and reporting obligations. Those changes came into operation in December 2023.

Corporate Governance Requirements for Credit Institutions 2015

The Corporate Governance Requirements for Credit Institutions 2015 impose minimum core standards on all banks, and additional requirements on banks designated as "high impact" by the CBI, to ensure that appropriate and robust corporate governance frameworks are in place. Requirements include those relating to: (i) responsibility, composition, and role of the Board; (ii) the role of the Chair; (iii) the role of the CEO; (iv) the role of the CRO; (v) INEDs/NEDs and executive directors; and (vi) requirements and roles of committees.

Banks are required to submit a compliance statement, on an annual basis, or with such frequency as the CBI may notify to a bank, specifying whether they have complied with the corporate governance requirements during the relevant period.

Remuneration

Banks in Ireland are subject to governance and internal control requirements contained in the CRR and CRD IV, as transposed into Irish law, and the EBA's Guidelines on Sound Remuneration Policies.[32] CRD IV sets out requirements in respect of identifying those persons whose professional activities have a material impact on a bank's risk profile (known as "material risk takers") who will then be subject to specific remuneration requirements. The EBA states that, for material risk takers, the alignment of remuneration incentives with a bank's risk profile is crucial.

Bank capital requirements

The capital requirements framework prescribes minimum requirements for all banks ("**Pillar I**"), and a bank-specific additional capital requirement that is decided by the relevant regulator ("**Pillar II**"). Banks must also meet a "combined buffer requirement", which operates as additional capital to prevent banks from breaching Pillar I and II requirements.

The CRR and CRD IV provide the CBI and the ECB with a range of macroprudential policy instruments to apply, including the countercyclical capital buffer (the "**CCyB**"), macroprudential measures in relation to risk weights on real estate exposures, and the systemic risk buffer (the "**SyRB**").

Both the CBI and the ECB have powers to impose stricter macroprudential requirements in specific scenarios. Pursuant to Article 458 of the CRR, the CBI has the power to implement stricter national implementing measures where it identifies changes in the intensity of macroprudential or systemic risk in the financial system with the potential to have serious negative consequences to the financial system and the real economy in Ireland. Article 5 of the SSM Regulation provides that the ECB may apply stricter requirements to macroprudential measures that are already in place at the national level.

The CBI has stated that, in setting macroprudential requirements, it takes account of the fact that Ireland is a small, open economy and, on that basis, is more susceptible to shocks, relative to larger, more diversified economies. The CBI has stated that the operation of the macroprudential capital framework over the past decade, including during COVID, demonstrated the value of releasable capital buffers to better enable the banking system to support the economy.

The CBI considers the CCyB to be its primary macroprudential capital tool for safeguarding resilience to macro-financial risks. A CCyB rate of 1.5% has applied since 7 June 2024. For systemically important banks, capital buffers for systemically important institutions ("**O-SII**") will continue to be used by the CBI. The CBI has indicated that it does not intend to introduce the SyRB at this point, though it does not rule out using the SyRB in the future.

Rules governing banks' relationships with their customers and other third parties

Relationships with customers

Banks in Ireland are subject to EU legislative frameworks regarding consumer protection (e.g. consumer credit, payment services, mortgage credit and distance marketing).

Domestically, the CBI is the competent authority for conduct of business rules of banks. The CBI has stated that, where individual consumers have issues with financial products or services, their first line of protection is the bank itself. In this respect, the CBI expects banks to respond to customer complaints speedily, efficiently, and fairly. Where individual complaints are not resolved by a bank to a customer's satisfaction, those individuals may refer them to the FSPO, which is responsible for the resolution of individual complaints about banks.

Consumer protection is a key focus of the CBI. The CBI has issued codes of conduct that apply to banks in respect of consumer protection, including the CPC 2012, the CCMA 2013, and the Code of Conduct on the Switching of Payment Accounts with Payment Service Providers.

The CPC is a set of principles and rules that apply to banks when dealing with consumers, covering topics such as the sale of financial products and services, the provision of financial information or advice, the advertising of financial products and services, and how complaints are handled. As detailed above, the CBI's review of the Code will progress over the course of 2025 and 2026, with final Regulations expected to be published in the first half of 2025.

The CBI has also issued its "Guide to Consumer Protection Risk Assessment", which sets out how regulated firms should implement consumer protection risk management frameworks, proportionate to their nature, scale and complexity.

The CBI issues "Dear CEO" letters, publishes speeches, holds industry roundtables, and issues discussion papers on consumer issues. The CBI has also issued the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015, which set out the processes that regulated entities are required to adopt in facilitating access to lending for SMEs.

The CBI has issued a "Dear CEO" letter on protecting consumers in a changing economic landscape. This letter specifies the actions that the CBI expects regulated firms to take to ensure that consumers are protected. Areas highlighted for firms' attention include: (i) affordability and sustainability; (ii) provision of relevant, clear, and timely information; (iii) effective operational capacity; and (iv) sales and product governance.

Lending to related parties

In July 2022, the CBI issued a new edition of its Code of Practice on Lending to Related Parties. The

Code covers requirements for banks when granting or otherwise dealing with loans to related parties, reporting to the CBI, and specific exemptions (for cases where a bank becomes a significant shareholder in a borrower, in respect of first home schemes and lending to natural connected persons).

Deposit Guarantee Scheme

The Deposit Guarantee Scheme (the "**DGS**"), established pursuant to the European Union (Deposit Guarantee Schemes) Regulations 2015, protects depositors in the event of a bank being unable to repay deposits. The DGS is administered by the CBI and is funded by the banks covered by the scheme. The Irish DGS protects deposits held at EU branches of authorised Irish banks. Deposits held with banks that are authorised in another EEA Member State are covered by that country's DGS.

Dormant accounts

Ireland has enacted legislation, the Dormant Accounts Act 2001, in respect of dormant accounts. Accounts are considered "dormant" where there has been no activity for 15 years. The Dormant Accounts Act 2001 provides that unclaimed money will be transferred to a fund managed by the National Treasury Management Agency (the "**NTMA**") and paid out by the Dormant Accounts Fund Disbursements Board. The Dormant Accounts Fund Disbursements Board will distribute the funds to programmes designed to assist with the personal development of those who are economically, educationally, or socially disadvantaged. The rights of original account holders are not affected by the transfer to the fund and the original account holders retain the right to reclaim the funds (including interest).

Endnotes

1 "Non-banks" include retail credit firms, credit servicing firms, payment institutions, e-money institutions, non-bank lenders to SMEs, and high-cost credit providers.

2 Central Bank of Ireland, "Credit Union Lending" (Report, December 2024).

3 Regulation (EU) 2024/1623.

4 Directive (EU) 2024/1619.

5 Mario Draghi, "The future of European competitiveness – A competitiveness strategy for Europe" (Report, September 2024).

6 Regulation (EU) 2024/1620.

7 Regulation (EU) 468/2014.

8 Regulation (EU) 1024/2013.

9 Regulation (EU) 575/2013.

10 Directive 2013/36/EU.

11 Directive (EU) 2024/1640.

12 Regulation (EU) 2024/1624.

13 Regulation (EU) 2023/1113.

14 Regulation (EU) 2023/1114.

15 Directive 2014/59/EU.

16 Regulation (EU) 648/2012.

17 Comprising Regulation (EU) 2022/2554 and Directive (EU) 2022/2556.

18 Regulation (EU) 2024/1689.

19 Regulation (EU) 2024/886.

20 Directive (EU) 2023/2673.

21 Directive (EU) 2015/2366.

22 Directive (EU) 2023/2225.

23 Regulation (EU) 2020/852.

24 Directive (EU) 2022/2464.

25 Directive (EU) 2024/1760.

26 Sharon Donnery, "Gender Diversity for Policy Making, a Central Banking Perspective" (Speech, 5 March 2020).

27 Directive (EU) 2023/970.

28 Directive (EU) 2022/2381.

29 EBA/GL/2023/08.

30 Directive (EU) 2019/882.

31 CBI, "Protecting Consumers in a Changing Economic Landscape" ("Dear CEO" Letter, November 2022).

32 EBA/GL/2021/04.

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