

Supporting the financial services sector



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The impact of the crisis on the financial services sector

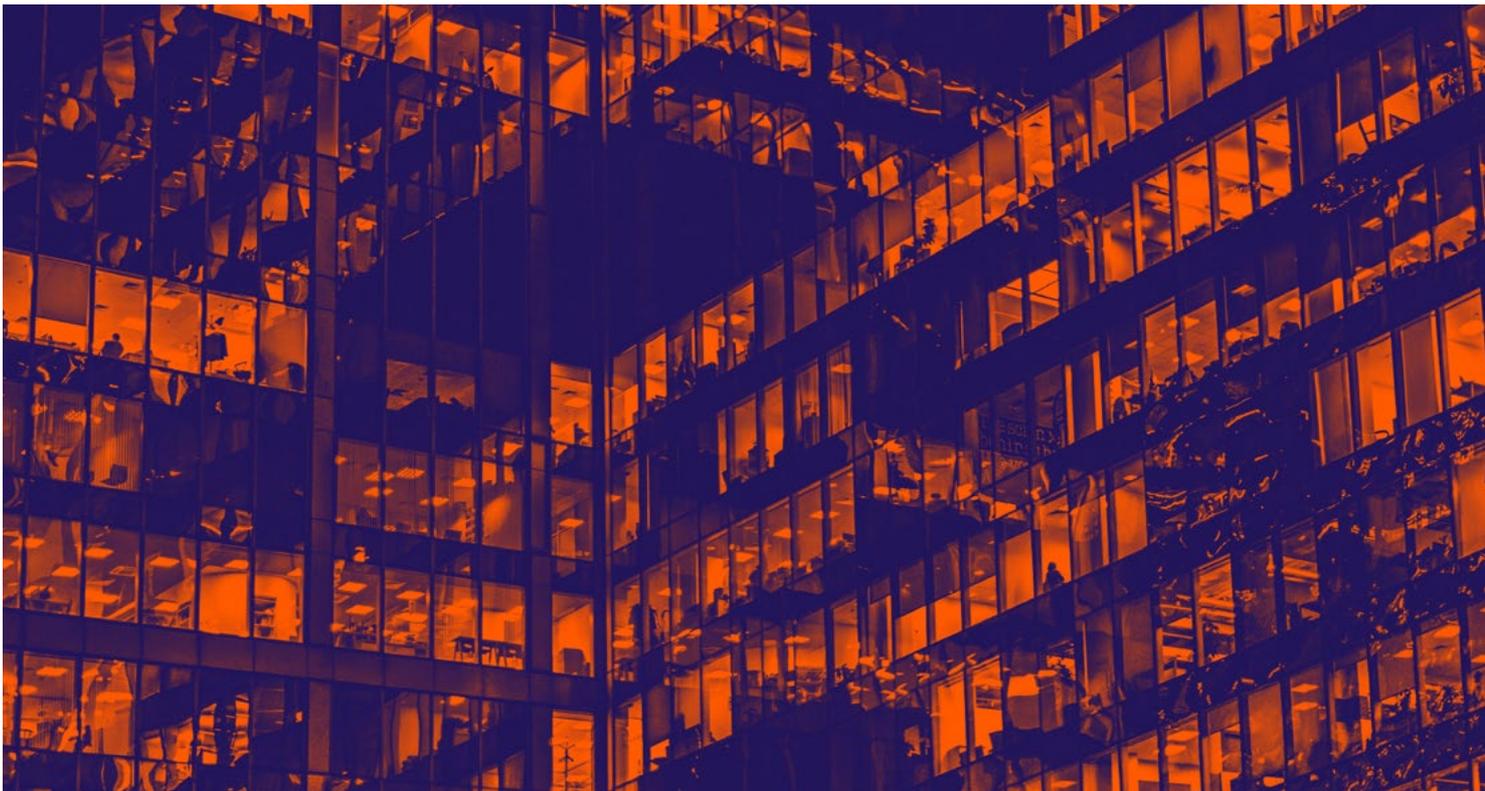
COVID-19 has markedly impacted the operations of financial services companies. Domestic institutions have introduced significant measures to support customers through the crisis, requiring major employee-redeployment and the use of capital reserves. For all financial services companies, the vast majority of employees – with the exception of frontline staff - are working from home and continue to support clients nationally and globally. The flexibility of the financial services workforce and the availability of good internet access has been critical to companies' ability to operate during these times. Client and customer connectivity is key. The crisis pressures felt by the sector's clients and customers will impact negatively on the sector, with Q3 and Q4 of 2020 expected to be very challenging.

Phase 1 Actions to support the financial services sector in the next 100 days

- 1. Roadmap on the easing of restrictions:** With the release of the roadmap for reopening the economy, Government must ensure businesses can effectively implement any specific Government requirements - flexibility will be needed. Where social distancing can be adhered to, employees should be allowed return to offices as soon as possible.
- 2. Insurance supports:** Introduce a State guarantee scheme for trade credit insurance, similar to that of other European jurisdictions such as Germany. Support the family structure by providing a State supported COVID-19 indemnity insurance scheme for childcare workers.
- 3. Operational and fiscal supports:** Maintain the CBI's recently introduced regulatory reporting flexibility, stimulate spending in the economy and continue the national policy to support the introduction of Eurobonds.

Phase 2 Actions to support the financial services sector by end of 2020

- 1. Support flexible working:** Execute the national broadband strategy to deliver best in class infrastructure. Avoid the introduction of policies that undermine flexible employment models. Remove BIK taxation on professional memberships.
- 2. Begin a focused discussion on the treatment of capital:** It should address, in particular, the approach to replenishing the counter cyclical capital buffer.
- 3. Accelerate the delivery of actions in the ‘Ireland for Finance’ strategy:** Provide increased resources in the Department of Finance for its expedited implementation. As a priority, establish the industry/CBI high-level stakeholder forum and support talent development for the sector, through programmes such as the IFS Apprenticeship and Skillnet.



Phase 3 Actions to support the financial services sector by 2023

1. Maintain the 12.5% corporate tax rate and R&D supports:

Along with high-quality talent and robust regulatory structures, these remain the bedrock of winning FDI.

2. Develop Ireland's national cybersecurity capabilities:

Consider the establishment of a national cybersecurity agency that manages research & education through to cybersecurity enforcement.

3. Redouble efforts to advance Ireland as a global financial services powerhouse:

Focus on the themes of technology and finance, sustainable finance, diversity, regulatory pragmatism and talent.

Impact of phased action on the financial services sector

Ireland's financial services sector – from aircraft leasing, banking and asset management, through to insurance, funds, corporate treasury and fintech - has shown a superior ability to compete on a global stage and act as a crucial economic player in the domestic economy. The sector's capabilities remain strong but require policy support and ambition that match the sector's post-crisis growth potential. If we move quickly and decisively, the financial services sector will be well positioned to secure global market share and bolster the national economy. Financial Services Ireland and Aircraft Leasing Ireland will continue to advocate on behalf of members to deliver for the sector and Ireland.

‘The Irish financial services ecosystem has proven its resilience and competitiveness, reaffirming Ireland as a remarkable place to do business. This is also a natural environment to accelerate innovation and change, which will support Ireland’s post-crisis recovery and future growth.’

Furio Pietribiasi

CEO Mediolanum International Funds and Chair of FSI

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