

The Irish Banking Sector

An Introduction

Ireland is a small Island nation in the west of Europe. Its banking system developed as part of the British banking system and, consequently, had knowledge, sophistication and an international dimension firmly established prior to the country gaining independence in 1922. The industry's growth accelerated in the second half of the 20th century and was marked by the arrival of US banks.

On 1 January 1973, Denmark, Ireland, the United and Kingdom joined the EU in its first enlargement. The Euro as a common currency was introduced on 1 January 2002 and Ireland was one of the initial nations to adopt it.

The country has a population of 4.6 million people and was one of the EU nations worst hit by the global financial crisis. Between 1995 and 2007, GDP growth averaged 6%, but in 2008 it went into recession, property prices collapsed, and tax revenue evaporated forcing the Government to introduce a series of draconian national budgets when its budget deficit as a percentage of GDP became the largest in the OECD.

However, it is also the EU nation which has recovered the best. In 2011 its economy returned to growth and the rate of growth has increased since then. Forbes magazine has repeatedly named it as one of "best country in the world for business" (ranked first in 2013, fourth in 2014) and its bonds yields are now near a record low.

Almost 1,200 multinational companies have selected Ireland as their European base, including:

- 9 out of the top 10 global software companies
- 9 out of the top 10 global pharmaceutical companies
- 10 out of the top 10 "internet companies"
- 15 of the top 20 global medical technology companies

and over 50% of the world's leading financial services organizations also have operations in Ireland. According to the Irish Development Authority, it is currently the 9th largest international banking market in the world.

- Over 80 international banks – and 12 of the world's top 20 banks (by tier 1 capital) – have business in Ireland
- 41% of the worlds' Alternative Investment Funds are administered in Ireland
- The Irish Stock Exchange is the world-leading listing venue for fund and structured debt products
- Total assets of foreign controlled branches: €820 billion
- Investment funds under management: €2.96 trillion

The government, the Central Bank of Ireland and the banking sector have learned the lessons of the crisis and significant changes to bank supervision have been implemented. Ireland's regulatory system is in complete accord with the evolving European Banking regulations.