



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem



Innovation Hub

2018 Update

The Central Bank's Innovation Hub is a direct and dedicated point of contact for firms developing or implementing innovations in financial services based on new technologies.

Information about the Innovation Hub,
including any upcoming events, is available at

<https://centralbank.ie/regulation/innovation-hub>

We encourage innovative firms to contact
the Innovation Hub at
fintech@centralbank.ie

Executive Summary

On 20 April 2018, the Central Bank announced a position of open and active engagement with FinTech and innovation and launched the Innovation Hub.

Since its launch, the Innovation Hub has provided a new opportunity for firms to interact with the Central Bank. The Innovation Hub has directly engaged with over 78 firms and other FinTech stakeholders including academics, incubators, accelerators and other regulators. Of the 78 engagements, 58 were enquiries from innovative firms.

Consistent with our previous intelligence, payments and regulatory technology (RegTech) businesses have contacted the Innovation Hub in the greatest numbers. However, the Innovation Hub has also engaged with firms from a broad range of sectors deploying technologies such as blockchain, machine learning and cloud computing. In the process, the Innovation Hub has met its key objectives—to openly and actively engage with FinTech and innovation and strengthen our sight of ongoing and upcoming developments, thereby building on our existing intelligence.

The Innovation Hub is a direct and dedicated point of contact for firms—both start-ups and incumbents—developing or implementing innovations in financial services based on new technologies. Firms contacting the Innovation Hub are generally earlier-stage start-ups or more-developed FinTech firms whose business models do not currently require authorisation by the Central Bank. However, authorisations-related questions, often from payments and e-money firms, have been the most frequent.

The Innovation Hub is supported by a network of representatives from over 20 divisions within the Central Bank. This means that when a firm contacts the Innovation Hub, it is able to access and engage with the relevant expertise from across the organisation.

We launched our Innovation Events Programme in Quarter 4 2018 to engage with FinTech stakeholders more broadly. The Innovation Hub hosted an information event on authorisations and supervision for smaller FinTech firms on 22 October as part of our Innovation Events Programme. The Innovation Hub also hosted a RegTech discussion event on 8 November.

The Central Bank will provide an update on the Innovation Hub and Innovation Events Programme in early 2020.

...open and active
engagement with
Fintech and
innovation

1. The Central Bank and FinTech

The Central Bank serves the public interest by safeguarding monetary and financial stability and by working to ensure that the financial system operates in the best interests of consumers and the wider economy.

As set out in our Strategic Plan 2019-2021 and in support of our public interest mission and our regulatory mandate, the Central Bank looks to identify and act upon the emerging opportunities, challenges and risks presented by the application of innovative technologies to financial services (FinTech), and to more fully understand the rapidly evolving technological landscape in which we—and the regulated firms and individuals that we supervise—operate.

The Innovation Hub and Innovation Events Programme support this objective by providing a new opportunity for innovative firms to engage with the Central Bank. Engagement with innovative firms enhances our sight of ongoing and upcoming developments in FinTech and thereby builds on our existing intelligence on changes in the financial services landscape.

...a direct and
dedicated point of
contact

2. The Innovation Hub

On 20 April 2018, the Central Bank [announced](#) a position of open and active engagement with FinTech and innovation and launched the Innovation Hub, a direct point of contact for innovative firms.

Prior to launching the Innovation Hub, our discussions with FinTech stakeholders in Ireland indicated that firms were looking for a direct and dedicated avenue to contact the Central Bank. The Innovation Hub has addressed this need and provides a new opportunity for firms deploying innovative technology to engage with the Central Bank.

Our previous intelligence indicated that a significant portion of innovation in financial services is happening outside of the regulatory perimeter, primarily because the specific activities, products or services involved do not require authorisation by the regulator.

Here, we realised the importance of both getting better sight of innovation occurring in these firms, as well as of engaging with innovators early in the development cycle before their innovations are already in wide use. We have established broad entry criteria for the Innovation Hub, consistent with our position of open and active engagement, to facilitate these types of engagement.

Innovation Hub Entry Criteria

The Innovation Hub is open to enquiries from providers or potential providers of financial products or services that are innovative and sufficiently mature. By innovative, we mean something based on new technology which:

- Does not already exist in the Irish market or has not been rolled out on a significant scale, or
- Materially changes the manner in which an existing product or service is constructed or delivered.

By mature, we mean that the firm can show an appropriate amount of thought in developing the idea. This does not mean that the product or service needs to be ready to go to market. If in doubt, contact us at fintech@centralbank.ie.

The Innovation Hub provides an open platform for us to listen to innovators and enhance our sight of ongoing and upcoming developments in FinTech. We use that information to build on our existing intelligence on changes in the financial services landscape. Direct engagement through the Innovation Hub also facilitates a deeper understanding among firms of our regulatory and supervisory expectations.

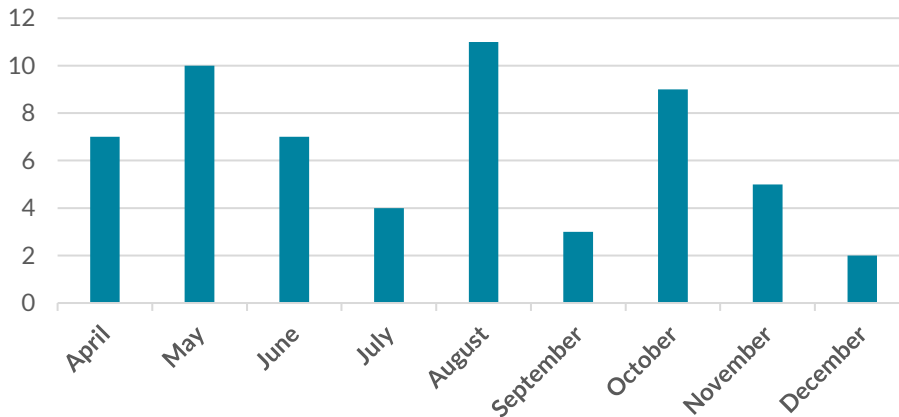
The Innovation Hub is supported by a network of representatives from over 20 divisions within the Central Bank. This means that when a firm contacts the Innovation Hub, it is able to access and engage with the relevant expertise from across the organisation.

...a new
opportunity for
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to engage with
the Central Bank

3. Innovation Hub –2018 Findings

In 2018, the Innovation Hub directly engaged with over 78 firms and innovation stakeholders, including academics, industry representative bodies, incubators, accelerators, and other regulators. Of these, 58 were enquiries from innovative firms. As such, the Innovation Hub has succeeded in providing a new and dedicated opportunity for innovative firms to engage with us on FinTech- and innovation-related issues.

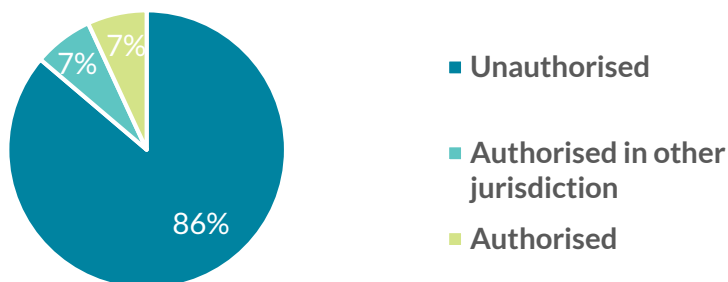
Innovation Hub – enquiries received per month



The Innovation Hub has directly engaged with over 78 firms and stakeholders

We have designed our Innovation Hub to be a direct and dedicated point of contact for firms—both start-ups and incumbents—developing or implementing innovations in financial or regulatory services based on new technologies. Firms that are not authorised by the Central Bank accounted for 86% of enquiries received by the Innovation Hub in 2018. This highlights the value of the Innovation Hub in facilitating direct engagement with firms that might not typically engage with us or know how to engage with us.

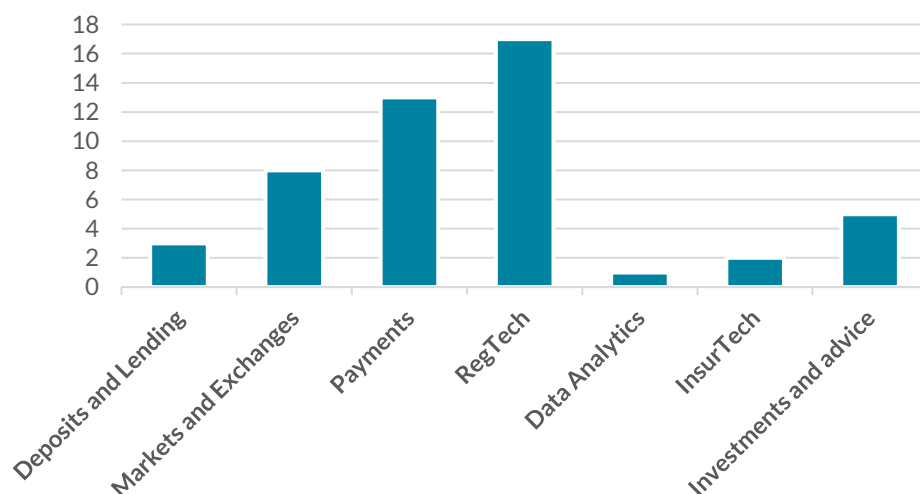
Innovation Hub Enquiries – authorisations status of enquirers



86% of enquiries were from firms not authorised by the Central Bank

Consistent with our previous intelligence on the Irish FinTech sector, payments and RegTech businesses have contacted the Innovation Hub in the greatest numbers. However, the Innovation Hub has also engaged with firms from a broad range of sectors deploying technologies such as blockchain, machine learning and cloud computing. This has given us greater insight into the variety and depth of innovations taking place in financial services.

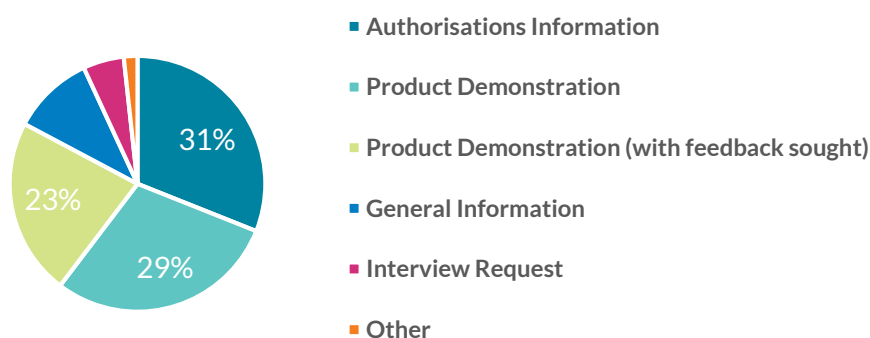
Innovation Hub Enquiries – sectors¹



Payments and RegTech firms contacted the Innovation Hub the most

Firms contacting the Innovation Hub have represented the full spectrum of development phases—from early stage start-ups to developed firms authorised in other jurisdictions considering applying for authorisation in Ireland.

Innovation Hub Enquiries – nature of enquiry



31% of enquiries related to authorisations

Authorisations-related questions, often from payments and e-money firms, have been the most frequent type of enquiry received by the Innovation Hub. We also appreciate the interest from firms in simply talking to us, as evidenced by the 52% of enquiries that sought to demonstrate their product to us, some of which sought regulatory feedback, others did not.

In 2018, we resolved 30% of enquiries with direct, one-to-one engagements, either with a meeting or phone call. The remaining enquiries were resolved via email. Feedback from enquirers, as well as our own experience, has indicated the value in engaging via meeting or phone call. We have taken this on board and will continue with this approach in our future engagement with firms where appropriate.

¹ Of enquiries relating to an identifiable sector.

4. Innovation Events Programme

The Innovation Events Programme, launched in October 2018, builds on the work of the Innovation Hub by facilitating engagement with a broader spectrum of FinTech stakeholders, including academics, industry representative bodies, other regulators, incubators and accelerators.

We identified a trend of frequent authorisation-related enquiries into the Innovation Hub, often concerning payments and e-money businesses. We responded to this trend by hosting an information event on authorisations and supervision for smaller FinTech firms on 22 October.

The event featured a presentation on authorisations and supervision issues with a focus on payment and e-money institutions, as well as an opportunity for questions from the audience. Gerry Cross, Director of Financial Regulation Policy & Risk, provided the [opening remarks](#).

The target audience for this event was FinTech firms that are considering, or may eventually consider, authorisation from the Central Bank. Attendees included representatives from over 17 FinTech firms and a variety of other stakeholders, including academics, law firms, consultants, and incumbent financial institutions.

In addition, in response to the large number of enquiries regarding RegTech, we hosted a half-day RegTech firm discussion event on 8 November. The event featured three Irish RegTech firms each separately presenting on their business model and product/service offerings to us. This event gave us a broader and deeper understanding of the Irish RegTech landscape, while giving the participating firms and opportunity to familiarise us with their offerings and business models.

5. Looking Forward

We are committed to open and active engagement with innovators through our Innovation Hub and Innovation Events Programme. We will build on our initial observations as we continue to actively engage throughout 2019. In early 2020, we will provide an update of our findings and observations from these initiatives over 2019.

We responded to the trend of authorisations-related enquiries by hosting an information event on authorisations and supervision

Information about the Central Bank's Innovation Hub, including any upcoming events, is available [here](#)

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