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**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

**Balancing Prudential Regulation and Competition Considerations in Banking – Note by
Ireland**

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This document reproduces a written contribution from Ireland submitted for Item 10 of the 147th OECD Competition Committee meeting on 4-5 December 2025.

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Ireland

1. Introduction

1. This submission has been prepared by Ireland’s Competition and Consumer Protection Commission (‘the CCPC’) for consideration at the OECD’s Competition Committee roundtable discussion on “Balancing Prudential Regulation and Competition Considerations in Banking”.

2. The CCPC is the statutory body responsible for promoting compliance with, and enforcing, competition and consumer protection law in Ireland. We have a statutory function to provide advice to policymakers and regulators on matters likely to impact on competition and on consumer protection and welfare. We also have specific functions to provide information to consumers on financial services, including the associated risks and benefits, and to promote the development of financial education and capability. Performing these functions requires the CCPC to have a significant level of engagement with the financial services sector.

3. We welcome the opportunity to outline the regulatory framework governing the Irish banking sector and to highlight our advocacy efforts aimed at encouraging competition and innovation, while upholding strong regulatory standards.

4. Strong regulatory standards are an important element of a competitive banking sector. We believe it is possible to maintain rigorous prudential and conduct oversight while also facilitating market entry and exit and promoting innovation and growth among established firms.

5. This submission is structured as follows:

- Section 2 provides an overview of the evolution of the Irish banking sector since the financial crisis, along with its current composition.
- Section 3 outlines the regulatory framework governing the banking sector in Ireland, including the role of the CCPC within this framework.
- Section 4 summarises the CCPC’s recent advocacy in the sector. It also includes an overview of relevant merger reviews undertaken by the CCPC.
- Section 5 focuses on cooperation between the CCPC and the Central Bank of Ireland (‘the Central Bank’).

2. The Evolution of the Irish Banking Sector

6. The Irish banking sector was radically changed following the 2008 financial crisis. In the years leading up to the crisis, particularly between 2003 and 2008, property prices in Ireland surged, driven by the widespread availability of easy credit. The subsequent collapse in property values triggered both a fiscal and a banking crisis, requiring significant fiscal adjustment and extensive support measures for the banking sector.

7. Before the crisis, six domestic banks operated in Ireland alongside several international banks¹. The financial crisis led to the exit of many international banks from the Irish market and a reduction in the number of domestic banks.

8. At the beginning of the decade, five retail banks operated in Ireland: AIB, Bank of Ireland, PTSB, Ulster Bank, and KBC. However, in 2021, Ulster Bank and KBC, both subsidiaries of foreign banking groups, announced their intention to exit the Irish market. As well as the full-service retail banks, other providers in the Irish market who play an important role are credit unions and An Post (Irish postal service), with both offering retail banking products and services through their extensive community-based networks. Developments in technology have seen the entry in recent years of a number of digital banks, such as Revolut and Bunq.

9. In 2025, Spain's Bankinter became the first overseas retail bank to enter the Irish market since the crisis, offering a full suite of services. They are doing so through an online-only model, rather than a traditional branch network.

10. Revolut has also announced plans to enter the Irish mortgage market. Meanwhile, recent legislative changes have enabled credit unions to compete more effectively, expanding consumer choice in both the mortgage and SME lending markets.

3. Regulation of the Irish Banking Sector

11. The main framework for regulating the banking system in Ireland is the European Union's Single Supervisory Mechanism Regulation ('the SSMR'). Under the SSMR, the European Central Bank ('the ECB') is the central prudential supervisor of financial institutions, with the Central Bank acting as the competent authority in Ireland. This means that the ECB and the Central Bank cooperate to supervise banks in Ireland with the ECB overseeing the most significant banks and the Central Bank supervising less significant credit institutions. Significant institutions are directly supervised by a Joint Supervisory Team (JST) consisting of both ECB and Central Bank staff.

12. Following the financial crisis, EU Member States implemented a framework for setting minimal capital requirements for banks—the Capital Requirements Directive and the Capital Requirements Regulations. The requirements mandate that EU credit institutions and investment firms hold adequate capital and liquidity to maintain financial soundness, implementing Basel Committee on Banking Supervision framework. The Central Bank has responsibility for making sure that Irish banks follow these rules and that the banks have sufficient capital buffers in place to cover risks.

13. In Ireland, the authorisation process for a banking merger or acquisition involves both the Central Bank and the CCPC, each with distinct roles. If a merger or acquisition involves a credit institution, the Central Bank must assess whether the new entity meets certain regulatory standards. The CCPC reviews banking mergers and acquisitions above certain thresholds and makes a determination on whether the transaction would substantially lessen competition in the market in Ireland. For example, in 2022 the CCPC cleared three sets of acquisitions that were triggered by the withdrawal of KBC Bank and Ulster Bank from the market (more details on these are set out in Section 4 below).

14. In addition to legislation, banks in Ireland are subject to a variety of codes and guidelines, both national and international, to ensure a uniform level of protection for

¹ The six domestic Irish banks at the time of the crisis were Allied Irish Bank, Anglo Irish bank, Bank of Ireland, Educational Building Society, Irish Life and Permanent and Irish Nationwide Building Society.

consumers and micro, small to medium sized enterprises ('MSMEs'). These include the Central Bank's Consumer Protection Code and the Code of Conduct on Mortgage Arrears.

4. Advocacy Interventions and Merger Reviews

15. In recent years the CCPC has advocated for policy measures aimed at enhancing competition in the Irish banking sector, while ensuring the preservation of strong consumer protection standards.

4.1. Retail Banking Review

16. In 2022, the Department of Finance ('the Department') launched a review of the retail banking sector. The decision to launch the review was prompted by large-scale branch closures and the announced exits of Ulster Bank and KBC. The CCPC engaged extensively with the Department during the review and submitted a comprehensive response to the consultation paper published as part of the review².

17. In our response, we expressed concern about the anticipated increase in market concentration within the Irish retail banking sector, driven by the recently announced market exits. We emphasised that it is essential for public policy and regulatory frameworks to actively facilitate new market entry and ensure that competition remains effective. We stated our view that this objective can be achieved in a manner that is fully compatible with maintaining strong prudential oversight and a high standard of consumer protection.

18. The recommendations of the CCPC submission included amending the mandate of the Central Bank to include competition objectives, and that a Regulatory Sandbox be established by the Central Bank to complement its existing Innovation Hub and to promote a well supervised approach to promoting innovation in financial services. We recommended that regulation governing the Credit Union sector be reviewed and full consideration be given, along with other relevant factors, to the competition benefits to the retail banking sector of credit unions broadening their product offerings. The CCPC also called for an evaluation of the operation of the Bank Switching Code to inform the review of the Consumer Protection Code by the Central Bank³.

19. The Department of Finance published the findings of its review in November 2022. They took forward many of the recommendations that the CCPC made in our consultation submission. In our response to the findings, we expressed our view that the decision not to amend the Central Bank's mandate to include competition was a missed opportunity to ensure that the entity closest to conditions in the retail banking services market in Ireland is empowered to factor the importance of competition into its decision making.

20. While the Department did not recommend amending the Central Bank's mandate, they did recommend that the Central Bank more closely consider competition, market entry and innovation in its regulatory approach. In 2025, legislation to implement this recommendation was enacted. The legislation requires the Central Bank to carry out and publish cost-benefit analyses of business standards it proposes to prescribe, as well as for

² The full CCPC response is available at: [TCA Report Template](#)

³ In addition, the CCPC recommended that the Central Bank develop a guidance note for fintechs seeking authorisation in Ireland, measures to boost financial literacy of businesses, the development of a National Strategy for Financial Education and Inclusion, an examination of loyalty costs for mortgage holders by the Central Bank, consideration of digital financial exclusion in conduct supervision, and consideration by the Department of competition issues in the development of banking hubs (i.e. access to cash measures).

regulations it proposes to make in relation to financial service providers. Any cost benefit analysis carried out will have to consider the impact of any standards or regulations on consumers and their impact on fair competition.

21. In its findings, the Department also recommended that the CCPC and the Central Bank build on existing arrangements and establish closer coordination to share perspectives, information and experience on the orderly functioning of markets, consumer protection and competition in the retail banking sector. This recommendation was developed in collaboration between the Department, the CCPC and the Central Bank. The CCPC considered that closer collaboration would assist in identifying competition issues in financial services markets and strengthen the exchange of information between the two organisations. More information on the working relationship between the CCPC and the Central Bank is included in Section 5 of this submission.

4.2. Consumer Protection Code

22. As has been noted above, banks in Ireland are expected to adhere to the Central Bank's Consumer Protection Code. The Code is a set of regulations designed to protect the interests of financial consumers. Over the past few years, the Central Bank has been revising the Code to ensure it remains fit for purpose in a rapidly evolving financial landscape. The revised Code is to be fully implemented in March 2026. The CCPC engaged extensively with the Central Bank during this revision⁴.

23. In our engagements with the Central Bank, we emphasised the importance of ensuring that the revised Code actively supports competition in financial services. We acknowledged the Central Bank's efforts to assess the Code's potential impact on innovation and market dynamics, and noted its conclusion that the revised framework would contribute to a more competitive environment by fostering trust and confidence in the financial system. However, we highlighted that the consultation paper on the Codes impact would have benefited from a more detailed analysis of how the revised Code might affect market entry—specifically, the extent to which it could facilitate or hinder the ability of new entrants to establish themselves in the sector.

4.3. Merger Reviews

24. The CCPC has also conducted a number of recent merger reviews in the banking sector as a result of the exit from the sector of Ulster Bank and KBC and the acquisition of their assets by the remaining traditional banks—AIB, Bank of Ireland, PTSB⁵. The CCPC has also conducted a merger review of a proposed joint venture between the three remaining banks to introduce a new instant payment service⁶.

25. While the CCPC did not express a view on the broader regulatory framework within which the parties to the joint venture operate, the review nonetheless offered valuable

⁴ The response to a consultation on the Code is available at: [TCA Report Template](#)

⁵ The determination of the merger notification Bank of Ireland and certain assets of KBC is available at: [M.21.021 - BOI-KBC Phase 2 PUBLIC](#). The determination of the merger notification of AIB and certain assets of Ulster Bank is available at: [M.21.040-AIB-Certain-Assets-of-Ulster-Bank-Phase-2-Determination-Public.pdf](#). The determination of the merger notification of PTSB and certain assets of Ulster Bank is available at: [2022.10.17-PTSB-UB-Determination-FINAL-PUBLIC.pdf](#). The determination of the merger notification of AIB and certain mortgage (tracker) assets of Ulster Bank is available at: [2023.04.11-M-22-044-AIB-Certain-Mortgage-Tracker-Assets-of-Ulster-Bank-Determination-Public.pdf](#)

⁶ This proposed service was later abandoned by the parties. The full merger review is available at: [M.21.004-Full-determination-PUBLIC.pdf](#)

insights into the evolving structure of the Irish banking sector, the prudential requirements governing licensed institutions, and stakeholder perspectives on barriers to effective competition.

26. In relation to the decisions by Ulster Bank and KBC to exit the Irish market, the CCPC's merger reviews included commentary from bank officials suggesting that regulatory requirements contributed to their withdrawal. For instance, in its exit announcement, NatWest, parent company of Ulster Bank, cited challenges in achieving long-term sustainable returns as the primary rationale for its exit from banking operations in the State. During subsequent Parliamentary Committee hearings, Ulster Bank representatives noted that Irish banks are subject to higher capital reserve requirements than their counterparts in the UK or elsewhere in Europe, which adversely affects shareholder returns and may influence strategic decisions regarding market participation.

5. Cooperation between CCPC and Central Bank

27. The CCPC cooperates with a number of other statutory bodies in the course of our work, and some of these relationships have been formalised through cooperation agreements. One of our cooperation agreements is with the Central Bank.

28. As has been noted above, the Retail Banking Review recommended that the Central Bank and CCPC build on existing arrangements and establish closer coordination to share perspectives, information and experience on the orderly functioning of markets, consumer protection and competition in the retail banking sector. Following this, on 24 March 2025, the CCPC entered into a revised cooperation agreement ('the agreement') with the Central Bank⁷. This agreement provides for co-operation between the CCPC and the Central Bank in relation to our respective functions.

29. The agreement states that both organisations will seek to maintain strong and constructive relationships with each other, in particular in order to promote and protect the best interests of consumers of financial services. It recognises the importance of close co-operation and communication insofar as the exercise of our respective functions is concerned, and to consult, at an early stage, on any issues that might have implications for either party.

30. The agreement sets out a commitment for the CCPC and Central Bank to meet regularly (at appropriate levels of seniority), and not less than once every six months, to discuss matters of mutual interest. Both organisations will also communicate as required between meetings on such matters of shared interest that may arise in the course of day-to-day business.

⁷ The full agreement is available at: [CO-OPERATION AGREEMENT BETWEEN THE COMPETITION AND CONSUMER PROTECTION COMMISSION AND THE CENTRAL BANK OF IRELAND - CCPC Business](#)