



How does the Central Bank of Ireland protect consumers?



This is a transcript of our animated explainer video: “How does the Central Bank of Ireland protect consumers?”

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Alex: Thanks Mrs. McGuinness for inviting me down here to Kilkenny today to talk your class.

It’s a pleasure to meet you all.

Now, I know Mrs. McGuinness has given you an overview of the role of the Central Bank of Ireland, so let’s start with any questions you may have.

Pupil: Hello Miss.

If money doesn’t grow on trees, why do banks have branches?

Alex: I haven’t heard that one before!

Mrs. McGuinness: Okay. So who’s got a real question? Michelle?

Michelle: Hello Alex. I know that the Central Bank has many different roles, but could you please tell us how it protects people in general?

Alex: Of course. I’m glad you brought that up because protecting consumers, or the public, is a core part of our mandate.

In fact, it’s at the heart of everything we do.

So, let’s start with the financial system.



Whether it's for saving, borrowing or day-to-day banking, all of us depend on the financial system in one way or another.

One of the ways the Central Bank protects consumers is by helping to keep the financial system stable and resilient.

You see, a resilient financial system is one that is able to absorb economic shocks that can sometimes come our way.

Our work aims to stop these shocks from causing major disruption or turning into an economic downturn which could hurt people.

Michelle: So what kind of things do you do to keep the financial system stable?

Alex: Well, one of the tools we use to keep the financial system stable is something called “macro-prudential policy”.

Now, an example would be our mortgage measures which set limits on how much people can borrow to buy property.

On the one hand, these measures protect people from borrowing more they can afford.

And on the other hand, they help to ensure banks lend money sensibly.

So people are protected from taking on too much debt, while the banking and financial system is more stable and resilient.

Another way we protect consumers is by regulating and supervising the financial firms that operate inside the financial system.

So, we have important rules and standards to make sure firms are financially sound and that the people running them are properly qualified to do so.

Our aim is to only allow firms to operate in the financial system that have met these standards.

And of course, we then supervise them on an ongoing basis to make sure they abide by the rules of regulation.

We also enforce consumer protection rules that protect you directly when you buy a financial product or service.

The rules are there to make sure you are treated fairly whenever you interact with a financial firm.

The rules govern how financial products are sold, what information you are given when you buy them, and how your complaints are dealt with – all with the aim of making sure you are treated fairly.

Pupil: And what about people who have savings? How do you protect them?

Alex: Good question!

We oversee a number of important compensation schemes which act as a safety net to protect consumers.



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These are schemes that pay you some, or all, of the money that you might otherwise lose if a financial institution fails.

Like the Deposit Guarantee Scheme which protects your savings if a bank or credit union is unable to pay you back your money.

So you can see our work is actually all about serving the public and protecting you.

Mrs McGuinness: Thanks for your time Alex. We learned a lot from your visit today.

Alex: You're welcome.