

Mary-Elizabeth McMunn: Regulating with purpose – outcomes-focused regulation and supervision, a practitioner's perspective

Remarks by Ms Mary-Elizabeth McMunn, Deputy Governor of the Central Bank of Ireland, at the Outcomes-focused Regulation in Financial Services conference, University College Dublin (UCD), Dublin, 9 March 2026.

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Good morning everyone, I am delighted to be here for what looks set to be an interesting conference on a topic which is both very close to my heart and central to what we do at Central Bank of Ireland ("the Central Bank") – as we work to deliver on our mission, and in particular ensuring the financial system is operating in the best interests of consumers and the wider economy.¹

I am particularly delighted to be back in UCD – where I had the pleasure to study economics as an undergraduate, which both feels like yesterday as well as another world. My thanks to Professor Joe McGrath and Ciaran Walker for the invitation, Professor Imelda Maher for her opening remarks and Professor Scott for his introduction.

While this is an academic conference, I will use my remarks to give a practitioners' perspective – having been a frontline supervisor for many years, and now as Deputy Governor for Financial Regulation leading teams involved in both supervision and regulatory policy across the Banking & Payments, Capital Markets & Funds and Insurance sectors.

I will set out today what outcomes-focused regulation and supervision means for me; and what we are doing at the Central Bank to better focus and deliver on these outcomes.

But first, I want to spend a little time on the challenging external environment facing the global economy and financial system. For we do not seek to deliver on our outcomes in isolation; rather we do so in the context of the risk landscape and environment in which we and the financial sector operate.

And it is safe to say that that context is an increasingly complex and challenging one, as economies, societies and the financial system adapt to a rapidly changing world.

Regulatory and Supervisory Outlook

Two weeks ago, in our annual Regulatory and Supervisory Outlook (the "RSO"), we set out in detail our assessment of the risk landscape facing the financial sector and the supervisory work we will undertake in response.²

As the Governor said then, the world we are operating in continues to be characterised by geoeconomic shifts and fragmentation, alongside rapid and accelerating

technological change. This backdrop is reshaping both the financial system as well as the risk landscape of the sectors we supervise and of the consumers and investors we work to protect.³

To do so in the face of this challenging and changing environment, the sector must respond – through continued resilience and adaptability, while maintaining and demonstrating the trust that underpins the whole financial system.

For our part our supervisory focus and priorities for the year ahead are a direct response to this challenging macro-environment, the risks we see in the system but also, the outcomes we want to achieve.

As we set out in the RSO, we have five overarching priorities for the year ahead:

One: Maintaining and building resilience to geopolitical risks and macro-financial uncertainties – which particularly involves work on operational resilience and cyber security and as you would expect financial resilience in the face of a volatile macro-environment.

Two: Securing consumer and investor interests in a rapidly changing world – with a particular focus on a) how firms operate and the customer experience, b) digitalisation, including balancing the benefits of innovation with risks of harm to consumers, and c) financial crime, with rising risks to consumers from frauds and scams.

Three: Responding to technology-driven transformations with a focus on the expanding use of AI, digital money and tokenisation, including our regulation and supervision of the use of these technologies and innovations, and the implications of these changes for firms and the financial system. And last week we published a discussion paper on tokenisation, across our broad mandate.⁴

Four: Helping to address the environmental and societal transitions underway – given the impact of these longer-term structural transitions, we will continue to work in partnership with other stakeholders to help address them. This includes work on protection gaps, retail investment participation, the evolving payments landscape, climate change and sustainable finance.

Weaved throughout all of these four themes is a continued supervisory focus on the effectiveness of the governance and risk management practices of firms and sectors and the culture and "tone from the top" on display.

And finally, our fifth priority relates to continuing to enhance how we regulate and supervise, including the evolution of our supervisory approach and the work we are doing related to simplification, both of which I will touch on later.

Outcomes focused regulation and supervision

Turning to the topic at hand: outcomes-focused regulation and supervision. What does it mean for me and my teams at the Central Bank?

In many ways it is very simple: that the rule book and our supervisory work are designed and executed towards a purpose, and the outcomes we are trying to achieve.

But of course in reality, it is not so simple – financial regulation rarely is – so let me elaborate and add some perspectives on this in practice.

The first thing I would say is that outcomes-focused regulation and supervision is not new, and indeed it has existed, and we have been doing it, for a long time.

That is not to say it has not evolved – it has. Nor is it to say that the manner in which you do outcomes-focused regulation and supervision does not change – it does.

Unpacking this, it has evolved as financial regulation and supervision are always evolving – learning (often hard-learned!) lessons and adapting to the changing nature of financial services and risk.

In terms of lessons, while rules should focus on outcomes, they must also be clear, without ambiguity, and must be enforceable.

While the majority of our legislation is designed at an EU level, we work with colleagues in the Department of Finance to ensure the rules are focused on the outcome we are seeking to achieve. And where we have introduced domestic legislation and requirements such as the Individual Accountability framework and the revised Consumer Protection Code, we keep front of mind what we are seeking to achieve through the imposition of those requirements.

We also know, from experience, that regulation by itself is not enough, and that we cannot achieve our outcomes primarily through rules and principles. That is why crucially regulation must be complemented by robust, risk-based supervision – a core lesson of the financial crisis.

In terms of evolving with the times, the regulatory framework must evolve alongside the financial system if it is to remain fit for purpose, not introduce undue risks and to continue to deliver on its outcomes in a changing world. This is why as part of the simplification debate I have been clear that simplification cannot mean no new rules or a "regulatory pause".

The second thing I would say, is that outcomes-focused regulation and supervision should be both about the whole as well as how we deliver the component parts.

We are, as you know, an integrated Central Bank and Regulator. In that regard, in terms of our financial regulation mandate, at the Central Bank our work is focused on our four Safeguarding Outcomes, namely: the protection of consumer and investor interests, the integrity of the financial system, the safety and soundness of firms and financial stability.

This leads me to the manner in which supervisory outcomes are delivered, which is situational and context dependent. It depends on the maturity of a sector, as well as the governance, risk management and culture of firms, and the risk landscape they are

operating in. We take a holistic view of the risk landscape and focus our supervisory efforts and intensity accordingly. At different times different tools and approaches are necessary, and while the focus may appear on specific issues – it should always have the ultimate outcome in mind.

While we focus on our overarching four Outcomes, in practical terms achieving these is of course made up of the building blocks and stepping stones of many smaller outcomes that need to be delivered.

And so while we are working to a broader purpose, our focus may often be on specific aspects or mitigating specific risks underlying that purpose.

Key for me is ensuring that this work is done with purpose – that the rule, the supervisory process or the remediation of an issue is not a "box to be ticked" or an end in itself, but rather a means to a broader end and an enduring step towards a broader outcome.

Key also is that we are not focused solely on the part and missing the whole – why it is important to look at issues and risks holistically. This is what we have been increasingly doing at the Central Bank, and which I will touch on again shortly.

(Some) ingredients to success

So, if our financial regulation work is about focusing on Outcomes with a capital O as well as on the smaller outcomes needed to deliver those in a changing environment – what are the regulatory and supervisory ingredients that go into good outcomes-focused regulation and supervision?

I am sure you will discuss plenty of these ingredients throughout the day, but here are a few that come to mind and which underpin our work.

The first is clarity. It is crucial that an outcomes focused rule book is clear on what is required; but also that an outcomes-focused regulator is clear about both where it has concerns, what it wants, and what outcome it wants to see. As I will come to later this requires open, timely and two-way communication.

This brings me to my second ingredient, purpose and responsibilities – which means that regulators and regulations are purposeful in ensuring delivery of outcomes, "the what", while also clear that it is the responsibility of firms/ sectors to demonstrate delivery of many of those outcomes, "the how". And being clear on the ultimate outcome or destination "the where", does not mean the supervisor is prescribing all the necessary steps to get there.

In this regard firms demonstrating and better internalising that responsibility has been a regulatory focus in recent years. Proactive engagement on the part of firms' leadership and staff directly with supervisors on risk mitigation, remediation and these outcomes reflects on its culture, a culture which shapes behaviour. Where this engagement is positive it is a key driver of ensuring the outcomes we want to achieve actually endure.

Thirdly, it is about how we think about, and bring about good supervision. At the Central Bank, supervisory effectiveness and a strong supervisory culture is something we are always seeking to cultivate and uphold. To deliver on our Outcomes, we as supervisory authorities must practice good governance for ourselves and demonstrate our discipline in our supervisory execution, processes and judgement.

I often refer to a 2010 IMF paper on entitled "The Making of Good Supervision: Learning to Say "No"⁵ as it excellently describes what good supervision is as well as underlining the important two pillars that is supervisors' ability and willingness to act.

But for me it also underscores the importance of supervisory judgement, an essential component of our work, in setting out our concerns or the outcome we are seeking to achieve – but which itself is a process, which requires clarity around how it is arrived at and assessed.

Similar to firms, it is the responsibility of leaders within supervisory bodies to cultivate this culture, through their actions and their tone from the top. It also includes having supervisors' backs as they do the important jobs they do, and to act in a timely and proactive manner where we see risks to the achievement of our four Safeguarding Outcomes with a capital O. For no matter how well evidenced, well thought out, if the supervisory intervention comes too late then it is no intervention at all.

While there are other ingredients, these are some keys ones for me to make outcomes-focused regulation and supervision a success.

And with these in mind, and in line with our strategic plan, we have been evolving our own approach to regulation and supervision over the last number of years. Today I will touch on three areas where we have been doing this, namely:

1. Our approach to supervision
2. Our approach to simplification
3. Our Central Bank-wide strategic focus on being more Open and Engaged.

Our approach to supervision

Last year, as you will be aware, we moved to a new supervisory approach. This builds on strong foundations of the risk based supervisory approach, underpinned by the credible threat of enforcement, which we introduced following the financial crisis.

We of course remain risk based, but have moved towards a greater focus on outcomes, being less process driven and being more integrated across all of our four Safeguarding Outcomes.

This reflects the inter-related nature of these outcomes, and the risks facing them, the maturity of the regulatory framework and sector, and the need to continue to maximise our finite resources, in the face of a growing sector and growing regulatory responsibilities.

Being truly integrated allows our multi-disciplinary teams to deliver multiple outcomes at the same time through their work, not just holistically identifying issues and risks – but delivering holistic interventions focused on root causes rather than point issues.

Furthermore, our approach is based on five supervisory principles, all of which have outcomes at their heart

1. Outcomes-focused – which I have just spoken about, and is about clear communication and timelines, as well as the use of our full supervisory toolkit and powers, which of course continues to include the credible threat of enforcement.
2. Risk based – which is about focusing on what matters most and what poses the greatest risks to our safeguarding Outcomes.
3. Judgement led – which means using data, analysis and supervisory information to inform supervisory judgement and deliver on our objectives.
4. Forward-looking – delivering outcomes through time, by taking a longer-term view, anticipating the impact of current trends and emerging risks;
5. And Firm Responsibilities – ensuring, as I said, that firms own and internalise their responsibilities for risk identification, management and mitigation which rests first and foremost with the boards and management teams of the firms themselves.

Implementation of the revised approach is ongoing, but we are already feeling the benefits in terms of efficiency and effectiveness – better deploying our resources, better living our risk appetite, and taking a more holistic approach to risk identification and remediation.

Approach to simplification

In terms of our approach to simplification, we have proactively engaged with the simplification agenda both domestically and internationally and at the end of last year published a report and roadmap of this work.⁶

This is all about looking at existing frameworks, approaches and requirements, to see if we can achieve the same outcomes in better, simpler, ways.

As with many of my regulatory and supervisory colleagues across the EU and internationally, including our work as part of ECB Banking Supervision, the European Supervisory Authorities (ESAs) and the Organisation for Economic Co-operation and Development (OECD), simplification should be about enabling us to deliver our objectives in a more efficient, effective and risk-based way.

This is why, as I have said before, simplification done right – with the right clarity, purpose, and guardrails – can help us to better achieve our outcomes. Done badly, on the other hand, simplification could fundamentally jeopardise them – this is why we have been clear that simplification not de-regulation is what is necessary, and lower standards and compromising the resilience and protections built in the system is clearly not the outcome we want to achieve.

While I won't go into detail now of all the initiatives we have done, are in train, or we plan to do, I would just say they reflect our desire to continuously improve, were

identified through our own outcomes-focused analysis, as well as our engagement with industry and internationally, and they span the breadth of our financial regulation work – from regulation and supervision to gatekeeping and reporting.

As I said when we published our roadmap, success will be a regulatory system that is clearer, more coherent and more proportionate, while continuing to protect consumers, investors, and hard-won financial stability.

We will continue to engage in robust risk-based supervision; and to take enforcement action as necessary; and if changes to the risk landscape mean we have to introduce new rules or requirements, or engage more with firms or sectors, we will do so.⁷

This for me is simplification not for simplification sake, but with purpose – and with outcomes firmly in mind.

We must all play our part in this, however, domestically and internationally. This is why we are engaging both with international peers and industry. And of course the financial sector itself has its part to play – not just in seeking simpler rules, but in playing their role in simplifying financial services and financial products for their consumers.

Clarity and Engagement

Lastly, let me touch on our strategic objective to be more open and engaged, which is about being more connected with our stakeholders, crucial in times of rapid change – helping us to engage with and better understand the changing external environment.

This is something the Central Bank has made a step change on in recent years. And in terms of my own role I believe engagement is essential to delivering on our outcomes.

For us to be effective it is crucial that we are engaging, and that we are clear; but also it is important that we listen and we hear – so that we understand; and so that we are understood.

This takes its form in many ways, from clarity of the supervisory dialogue, to the clarity of supervisory expectations, to the clarity of our rulebooks – including what is best practice, and what is a requirement – to sharing our thinking, our data, and our plans.

We have been doing a lot to improve all of these actions. We have brought greater clarity and responsiveness at the Gate – both enhancing our communications and expectations in terms of authorisations, as well as our approach to Fitness & Probity. We have enhanced our engagement with all of our stakeholders – including industry foras, civil society, as well as the innovation ecosystem through our Hub and our Sandbox. In addition to our risk assessment our Regulatory and Supervisory Outlook report also outlined sector by sector the nature of the planned supervisory activities for 2026, accompanied by a Dear CEO letter.⁸

All of this is not just about being open, but as I said about being more effective.

Engagement helps us to better understand the environment. And clarity helps stakeholders to better understand us. Both of these help us in our work and to deliver our outcomes.

Sharing our data and our research is also about informing other stakeholders, as well as shining a light on issues.

On this final point, we are publishing today our annual demographics in the financial sector report – which shines a light on gender diversity in senior roles. This is something we are firmly committed to – as sufficient diversity at senior levels helps us achieve our Safeguarding Outcomes. But after a decade of improvements, progress is at risk of stalling – something we all need to reflect on.⁹

Conclusion

So, to conclude – outcomes focused regulation and supervision is core to our approach at the Central Bank. It is not new, but as we seek to continuously improve we have been putting an even greater focus on outcomes, and enhancing how we regulate and supervise to be more effective and efficient in achieving them.

This is key as our financial sector continues to grow, becoming more interconnected and complex; and it is imperative that we and financial regulation more broadly continues to evolve in the face of a rapidly evolving external environment, so we can continue to deliver on our outcomes and our mandate in the face of this change.

I don't think I have to tell this audience how important this is.

For a well-functioning financial system is an integral part of a well-functioning economy, and the financial lives of our citizens, our businesses and our country.

And through enabling activity, providing certainty and stability, and helping deliver trust, financial regulation plays a crucial role in ensuring the financial system properly functions.

Through regulation and supervision, we protect consumers, the system and the economy – delivering better outcomes for society, and ensuring the system works, both in good times and bad.

Thank you.

¹ My thanks to Cian O'Laoide for his help in preparing these remarks.

² Regulatory & Supervisory Outlook 2026

³ Central Bank sets out its regulatory and supervisory priorities against the backdrop of geoeconomic shifts and accelerating technological changes that are reshaping the financial system

⁴ Discussion Paper 12 DLT & Tokenisation in Financial Services (PDF 1.37MB).

⁵ The Making of Good Supervision: Learning to Say "No" Opens in new window

[6](#) [Regulating & Supervising Well – A More Effective and Efficient Framework \(PDF 440.55KB\)](#).

[7](#) [Central Bank of Ireland publishes roadmap to deliver a more effective and efficient regulatory framework.](#)

[8](#) [Dear CEO Letter Key Regulatory and Supervisory Priorities 2026 \(PDF 124.84KB\)](#)

[9](#) [2025 Demographics of the Financial Sector Report \(PDF 767.41KB\)](#)