



Minutes of the 399th NESC Council Meeting, 17th May 2013

Meeting took place in The Atrium, Department of Justice, 51 Stephens Green, 10 am.

Attendance: John Shaw (Chair), Damian Thomas, Ann Nolan, Matt McGann, John Murphy, Tony Donohoe, Ian Talbot, Edgar Morgenroth, Kieran McQuinn, John Conlan, Michelle Norris, Manus O'Riordan, Mary Walsh, Sean Ó Riáin, Michael Ewing, Oisín Coghlan, Siobhán Egan, Karin Dubsy, David Begg, Mike O'Sullivan, Caroline Fahey, Brid O'Brien, Seán Healy, James Doorley, Frank Allen.

Secretariat: Rory O'Donnell, Larry O'Connell, Anne Marie McGauran, Jeanne Moore, Noel Cahill.

Apologies: Tom Parlon, Danny McCoy, Anna Davies, Edmond Connolly, Pat Smith, Mary Daly, Sally Anne Kinahan, Geraldine Tallon and Niamh O'Donoghue (alternate sent).

- 1. Minutes of the Meeting of April 2013** were approved. The Chair welcomed Ann Nolan of the Department of Finance and Kieran McQuinn of the Central Bank.
- 2. Irish Economy: Banking;** At the request of the Chairman, Rory O'Donnell explained the place of this discussion within the Council's programme of work on Ireland's crisis. Ms Ann Nolan, of the Department of Finance, made a presentation on the evolving policy action on banking, finance and private debt. Larry O'Connell, of NESC, explained the logic of the Secretariat's paper: as on enterprise and employment, the note probes an important area of policy in order to prompt discussion and explore policy connections and extensions. In discussion, it was agreed that this is complex area in which there are a range of short term and long term challenges that need to be addressed. Council members raised a wide range of issues concerning banking and its economic and social role. Several dimensions of credit supply and demand were discussed, including their inter-dependence, the diversity of credit sources and the scope for more quantitative and focus-group research on these issues. A number of reasons for the banking crisis were suggested including changes in the structure of the economy and over exposure to a single sector. Many possible reforms and changes to banking were discussed including the following: further rationalisation; developing the reputation and role of the IFSC; the scope for a new entrant; the desirable level of competition; the need to ensure taxpayers do not have to pay again for bank losses; the merits of a financial transaction tax; the need to address banking exclusion; the scope for a larger role for credit unions; the possibility of decoupling the payments system from the credit system; the need to distinguish regulation of domestic and international banking; the need for effective political oversight of banking and regulation, and for value of wider discussion of these issues in bodies such as the Council. The benefits of new technology and internet banking were noted, but the loss of personal interaction in financial services was noted. Other issues raised included the risk of new bubbles emerging and pressures for increases in bank charges.
- 3. Project Proposal: Re-configuring Eldercare; a Cross-cutting Study:** Members agreed that this was a worthwhile area for NESC work and approved the project proposal.
- 4. The next meeting was set for: Friday June 21st,** Clock Tower, 10.00 am. It was agreed that the paper on consumer prices would be discussed at the June meeting.