The Irish banking crisis: lessons learned, future challenges

Jonathan McMahon
Central Bank of Ireland

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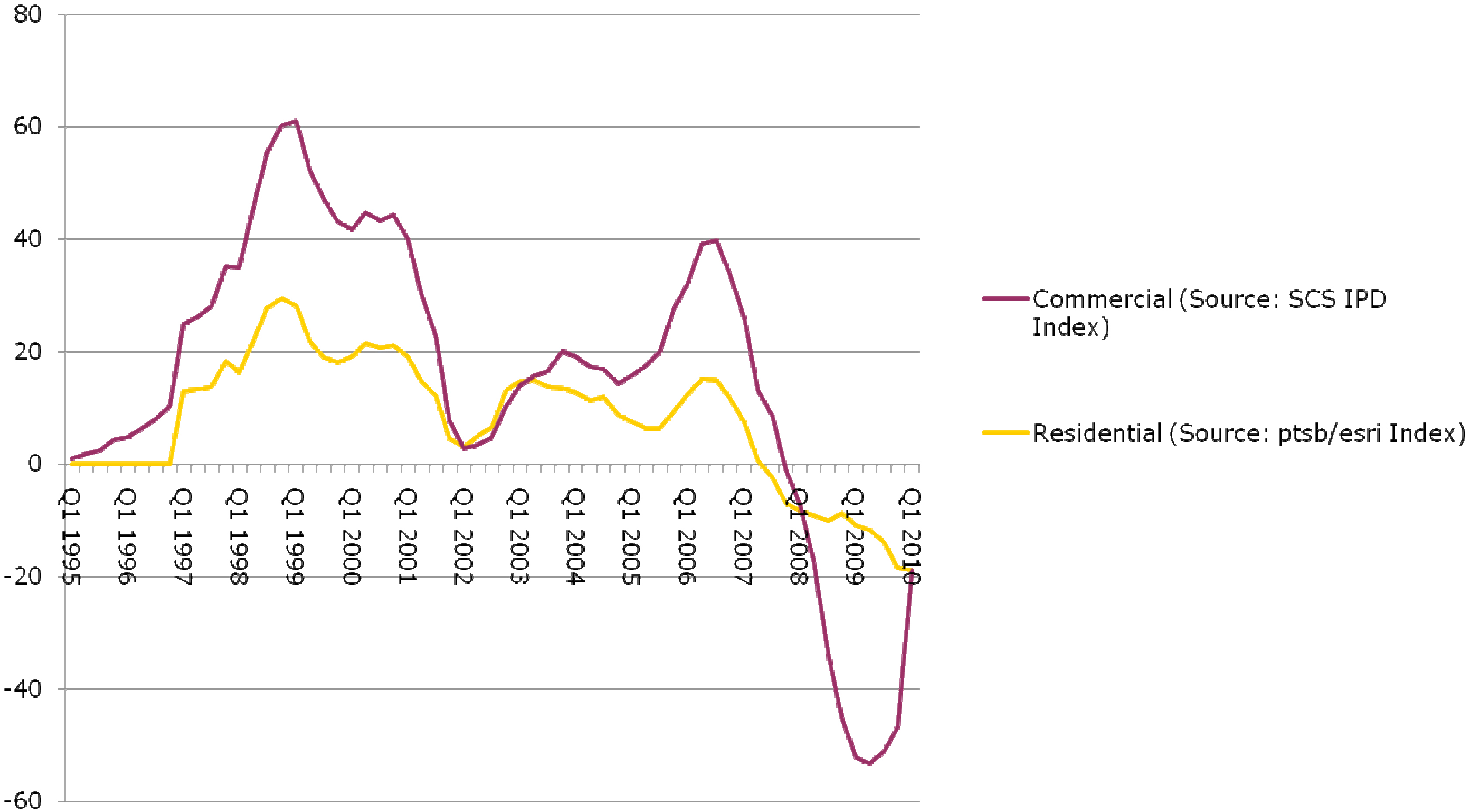
Central Bank & Financial Services Authority of Ireland

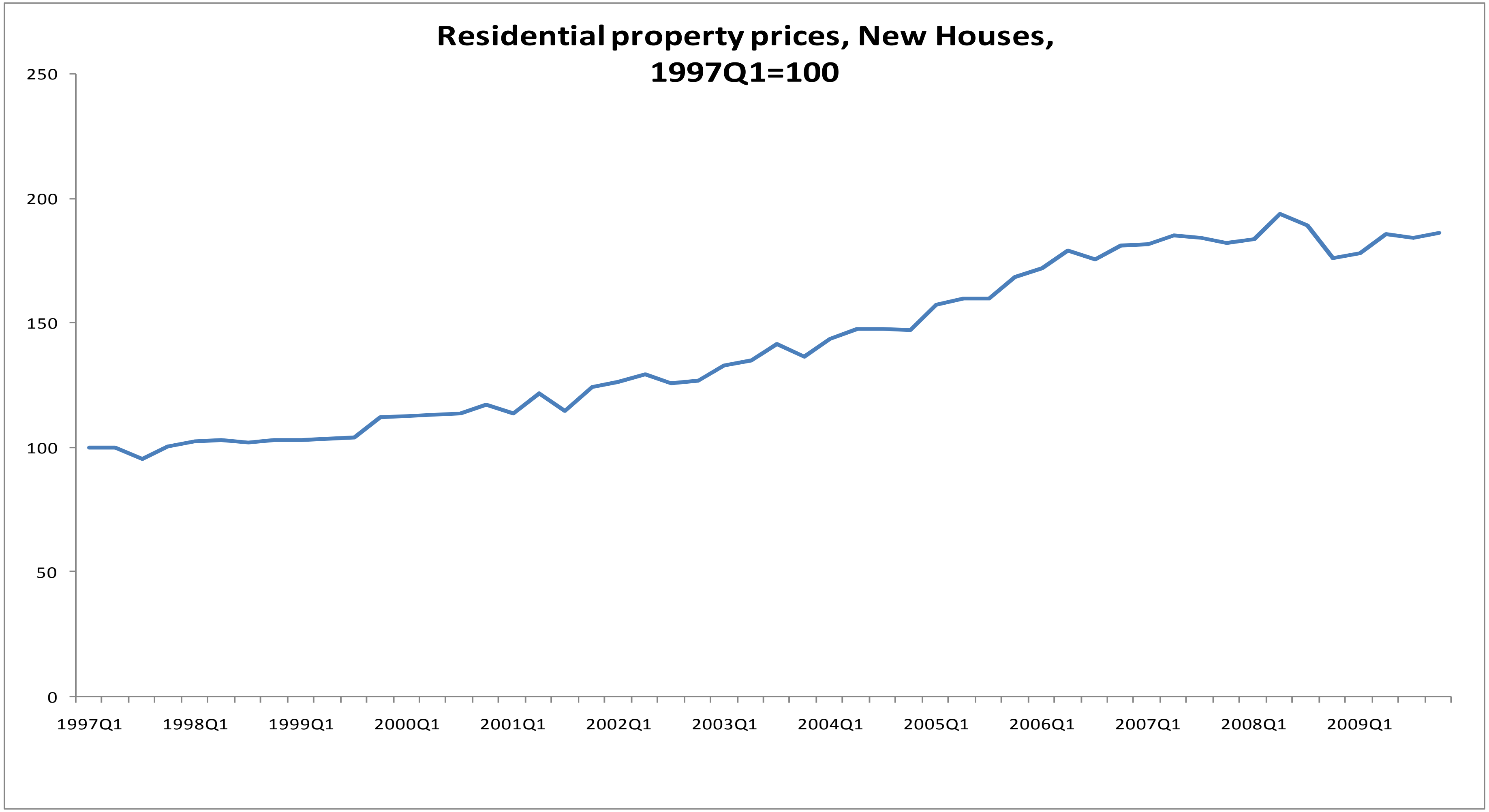
Agenda

- Causes
- The Irish economic model
- The new approach to supervision
- Future regulatory interventions

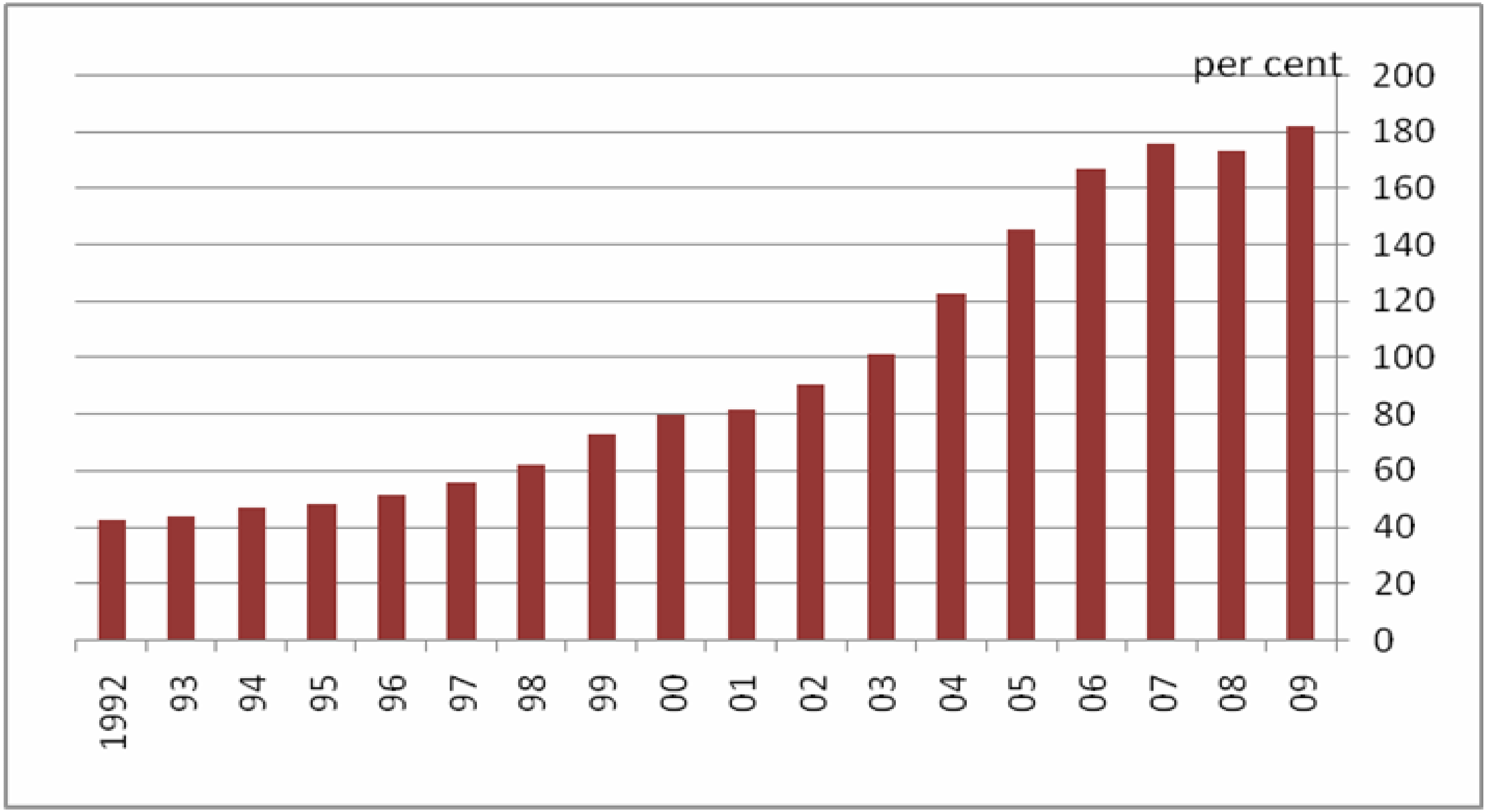
Ireland: % change in property prices



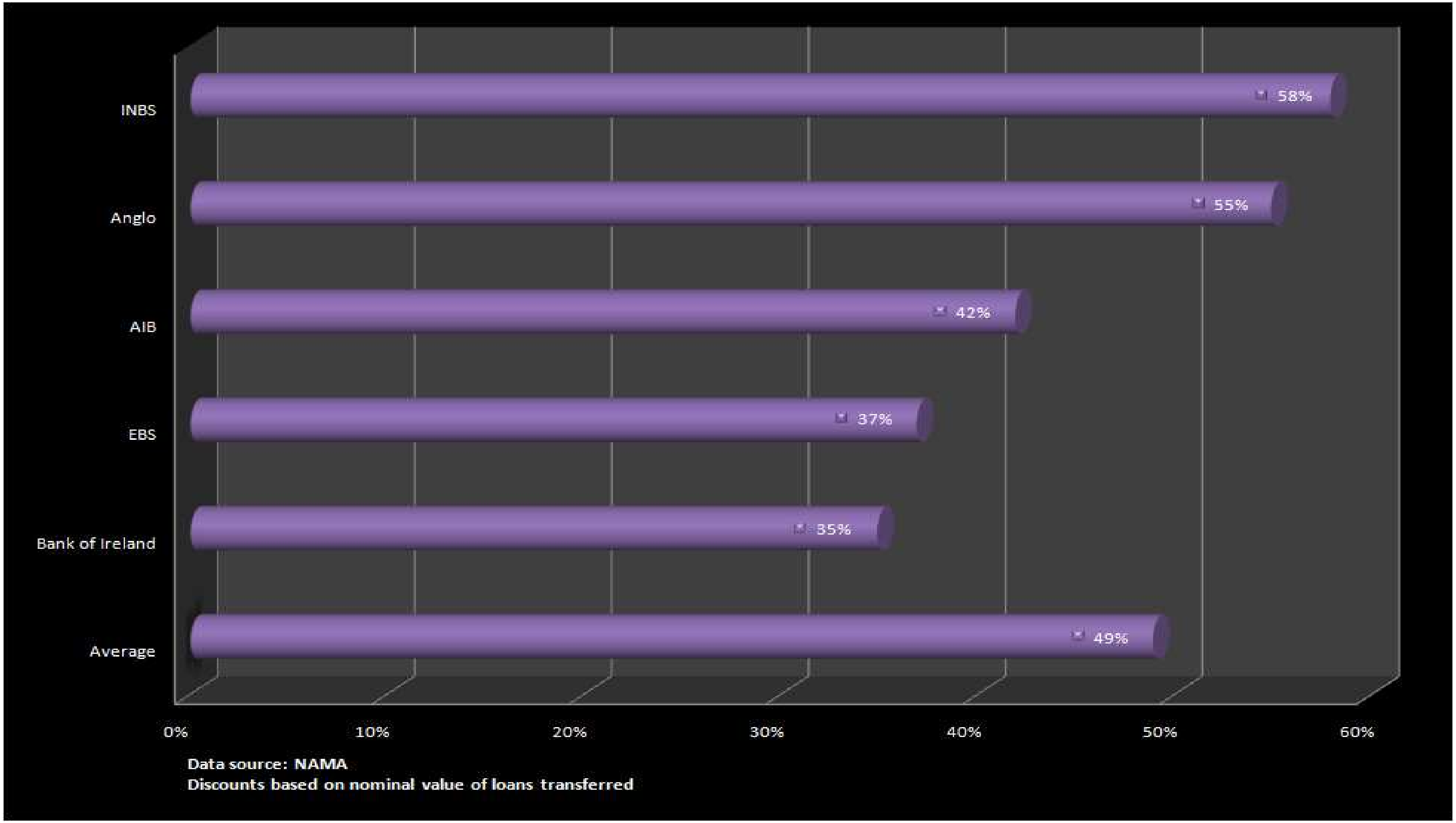
The (contrasting) French experience



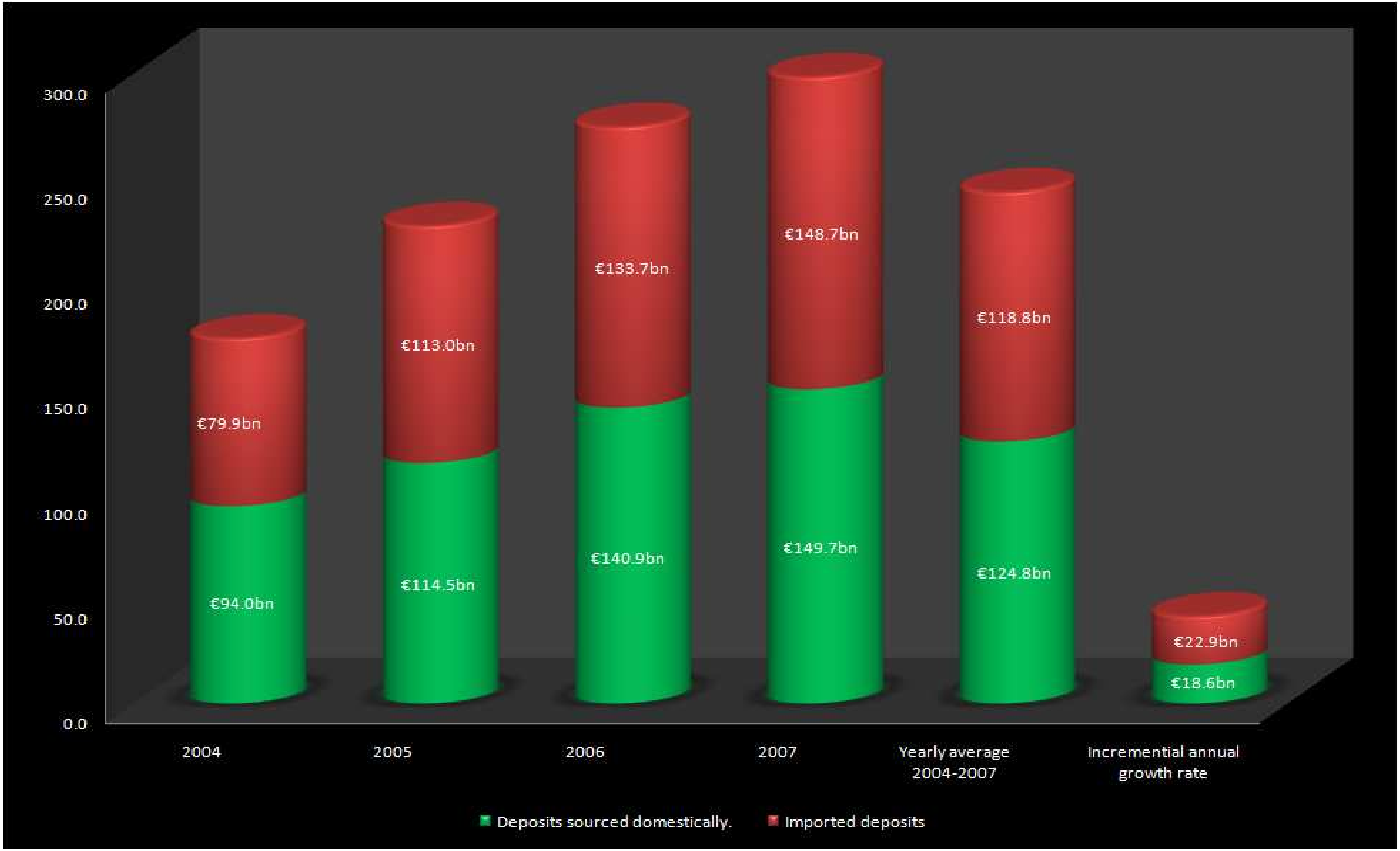
Ireland: personal sector credit as a % of disposable income



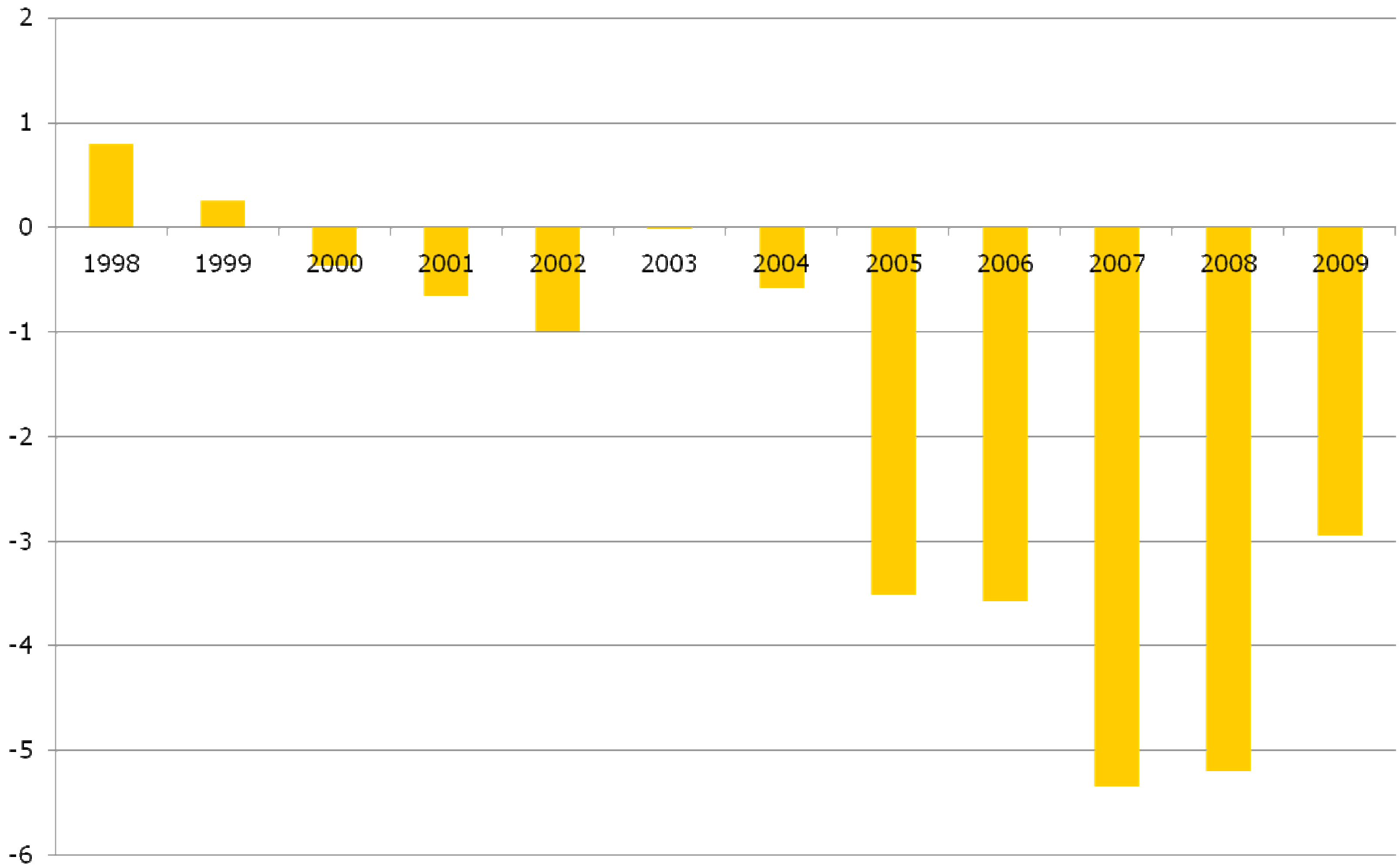
NAMA discounts per institution
(based on 1st tranche of loans transferred)



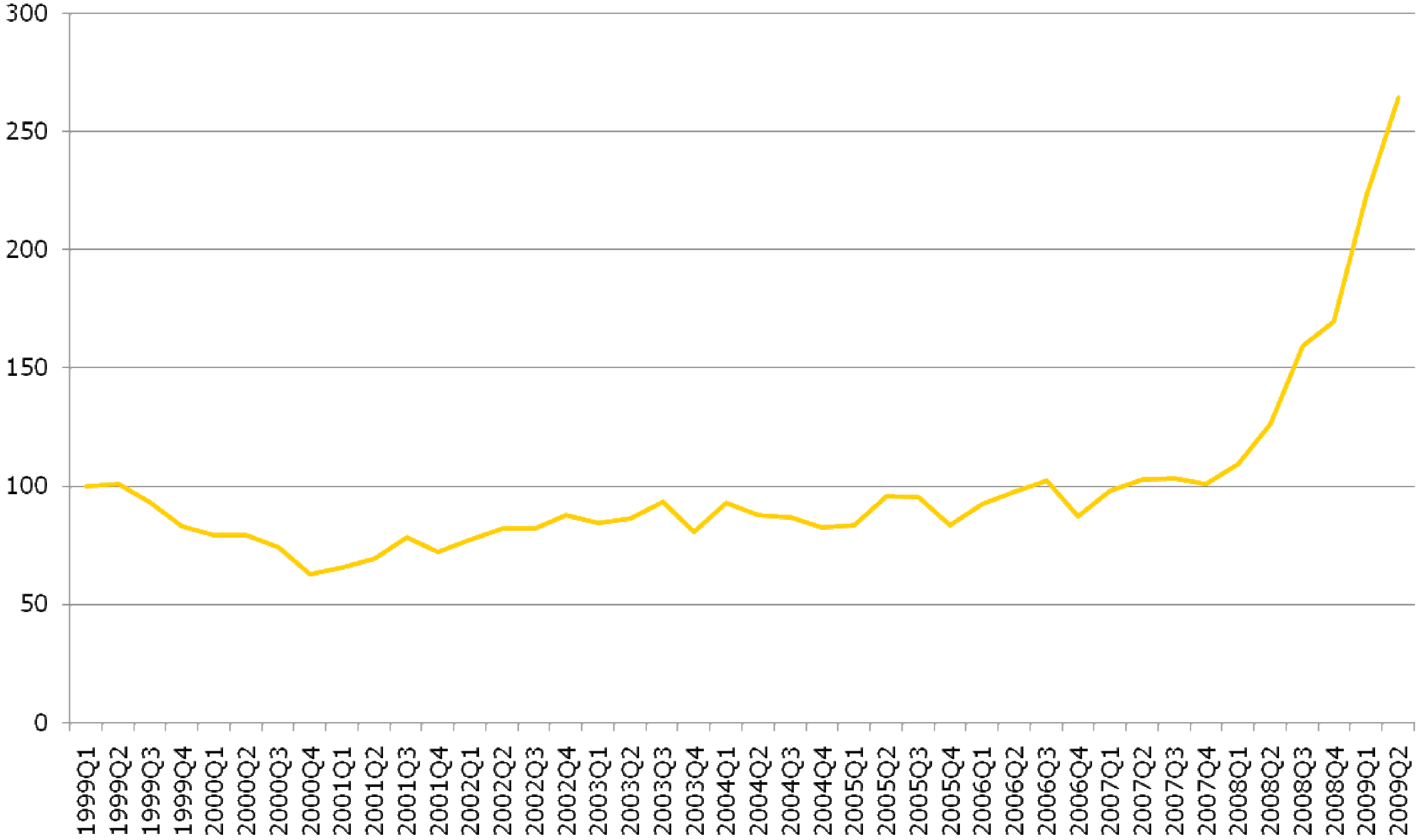
Covered Bank's Funding
(2004-2007)



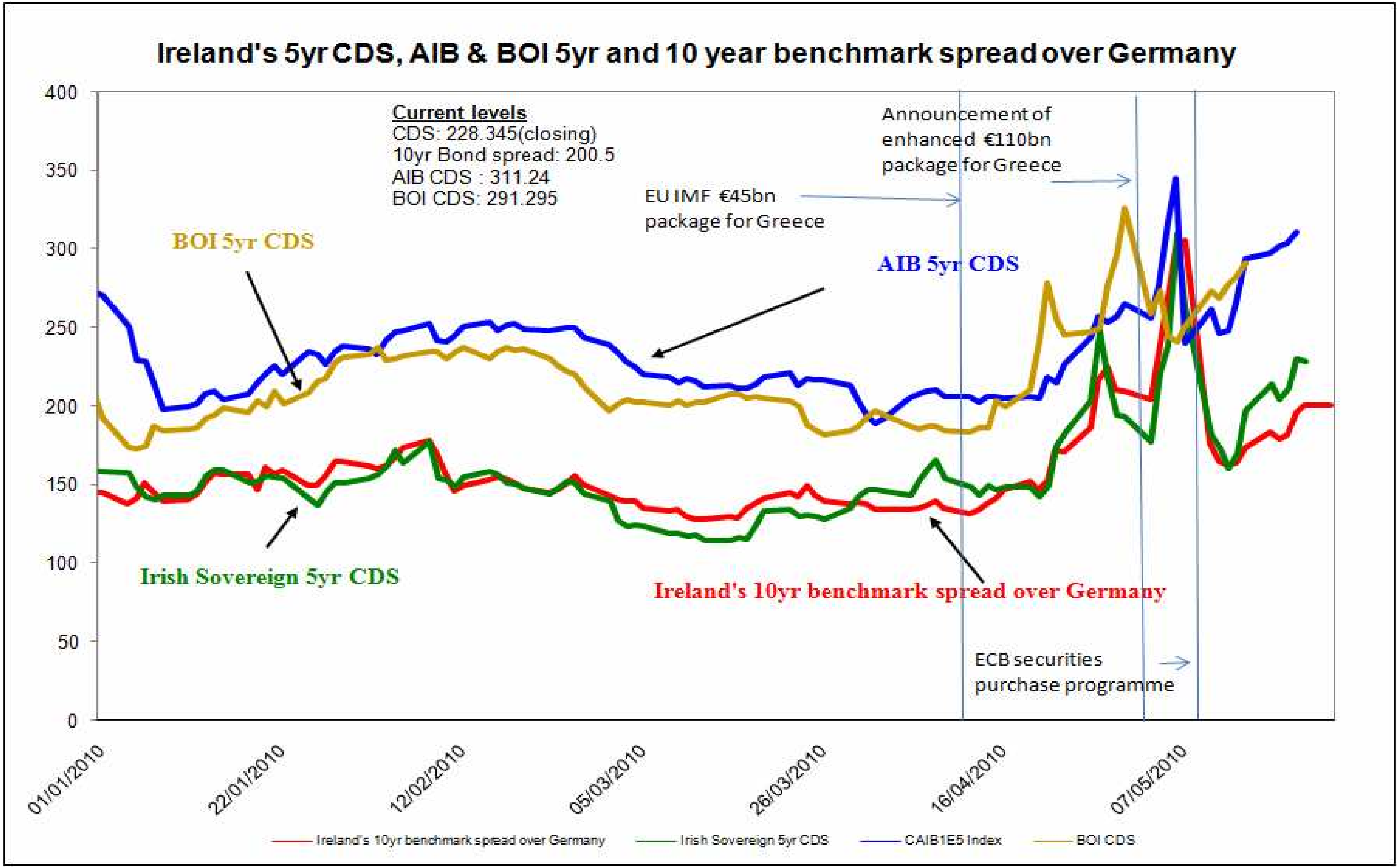
Ireland: current account deficit (% GDP)



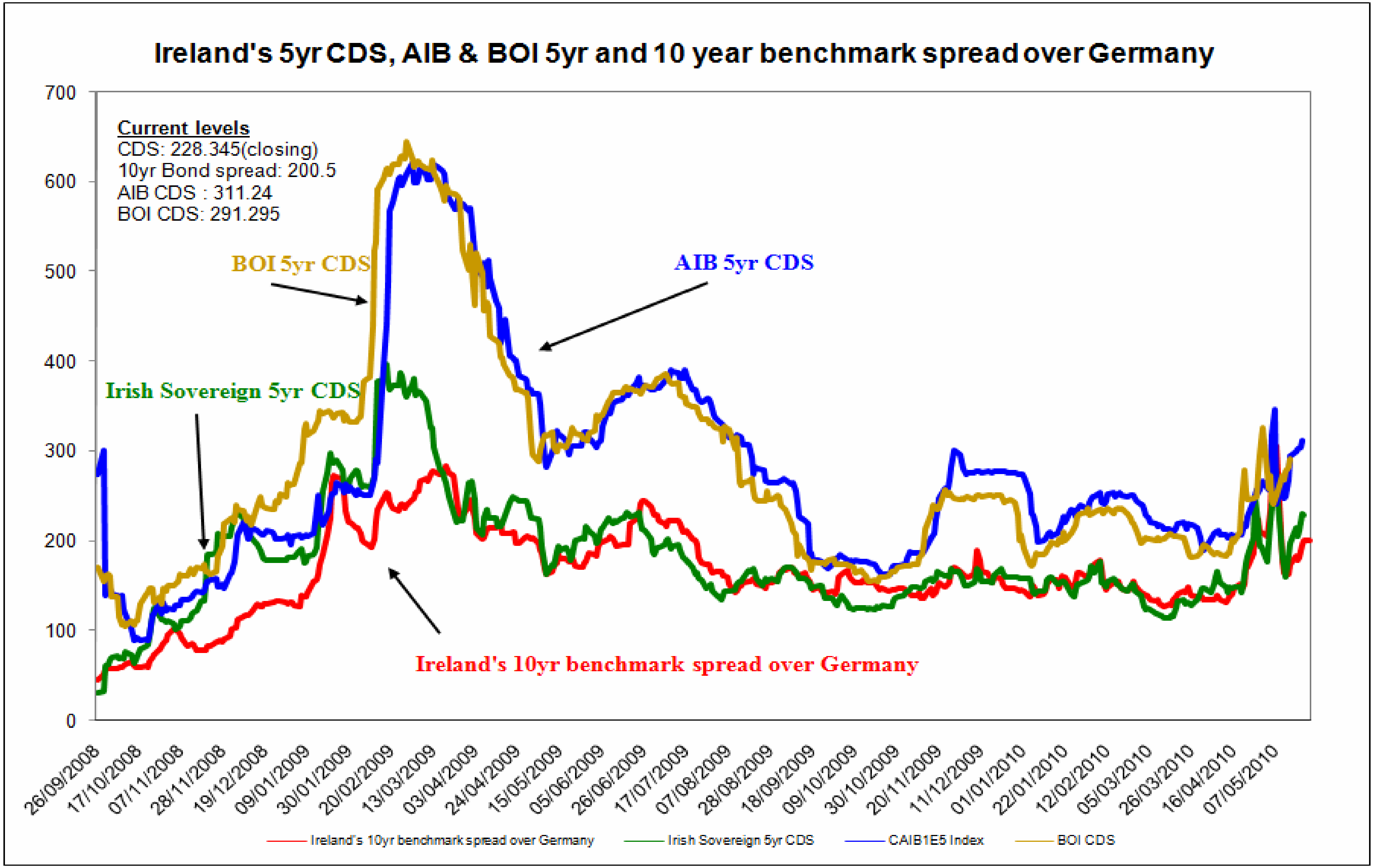
Ireland: Number Unemployed (ILO)



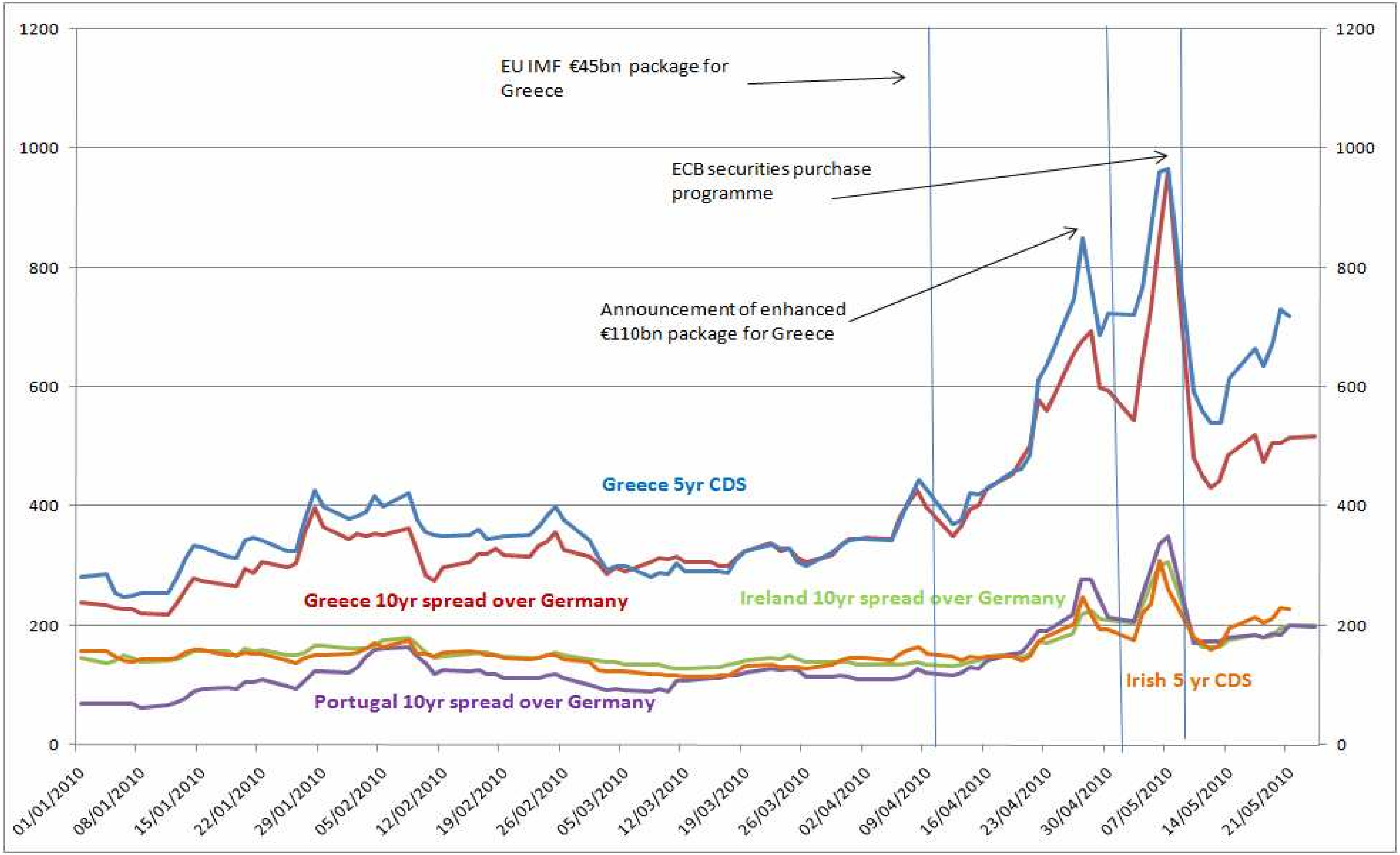
Bond spreads I



Bond spreads II



CDS spreads



1200
1000
800
600
400
200
0
EU IMF €45bn package for Greece
ECB securities purchase programme
Announcement of enhanced €110bn package for Greece
Greece 5yr CDS
Greece 10yr spread over Germany
Ireland 10yr spread over Germany
Irish 5 yr CDS
Portugal 10yr spread over Germany
01/01/2010
08/01/2010
15/01/2010
22/01/2010
29/01/2010
05/02/2010
12/02/2010
19/02/2010
26/02/2010
05/03/2010
12/03/2010
19/03/2010
26/03/2010
02/04/2010
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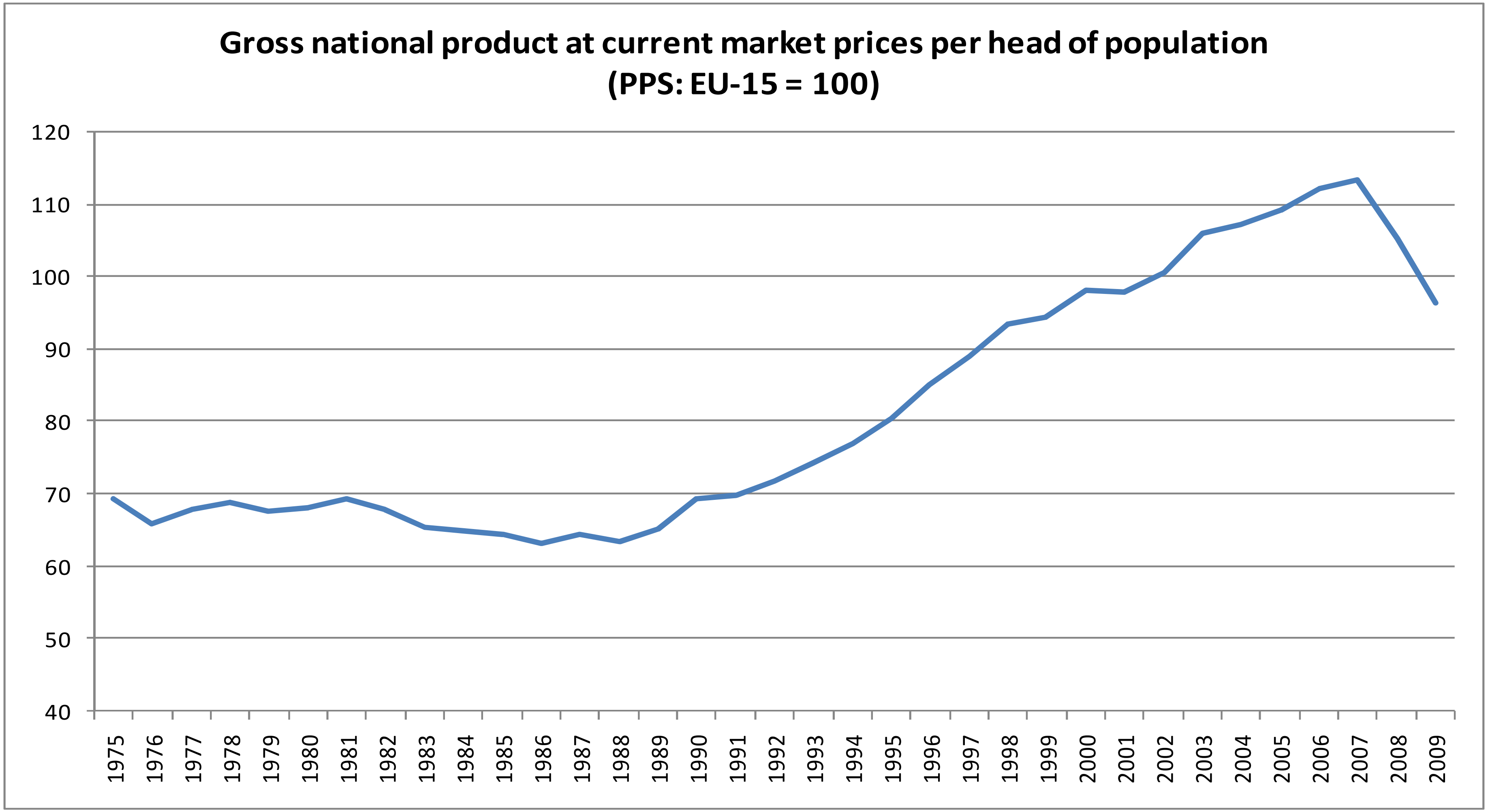
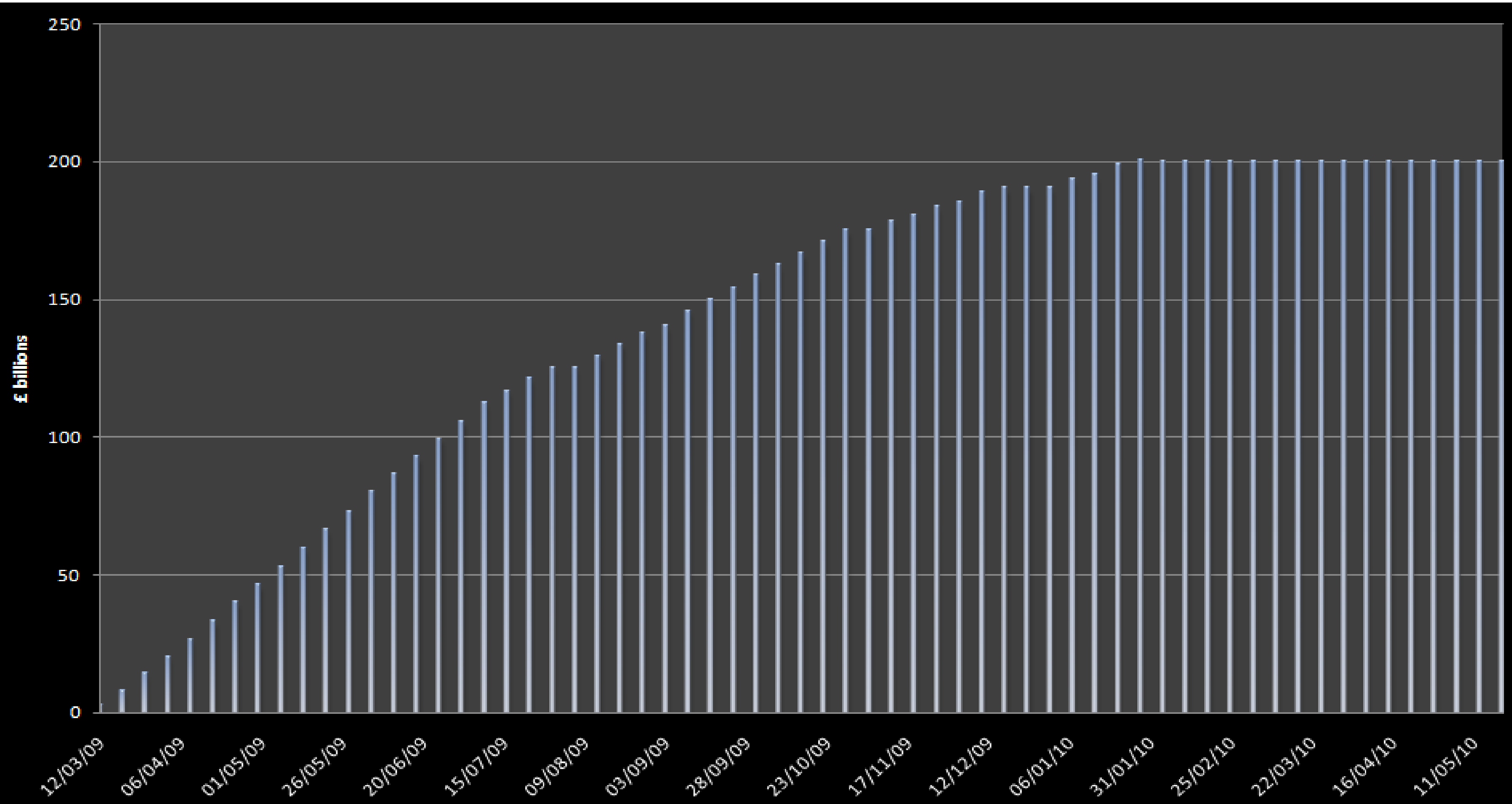
30/04/2010
07/05/2010
14/05/2010
21/05/2010

Benefits of EU membership

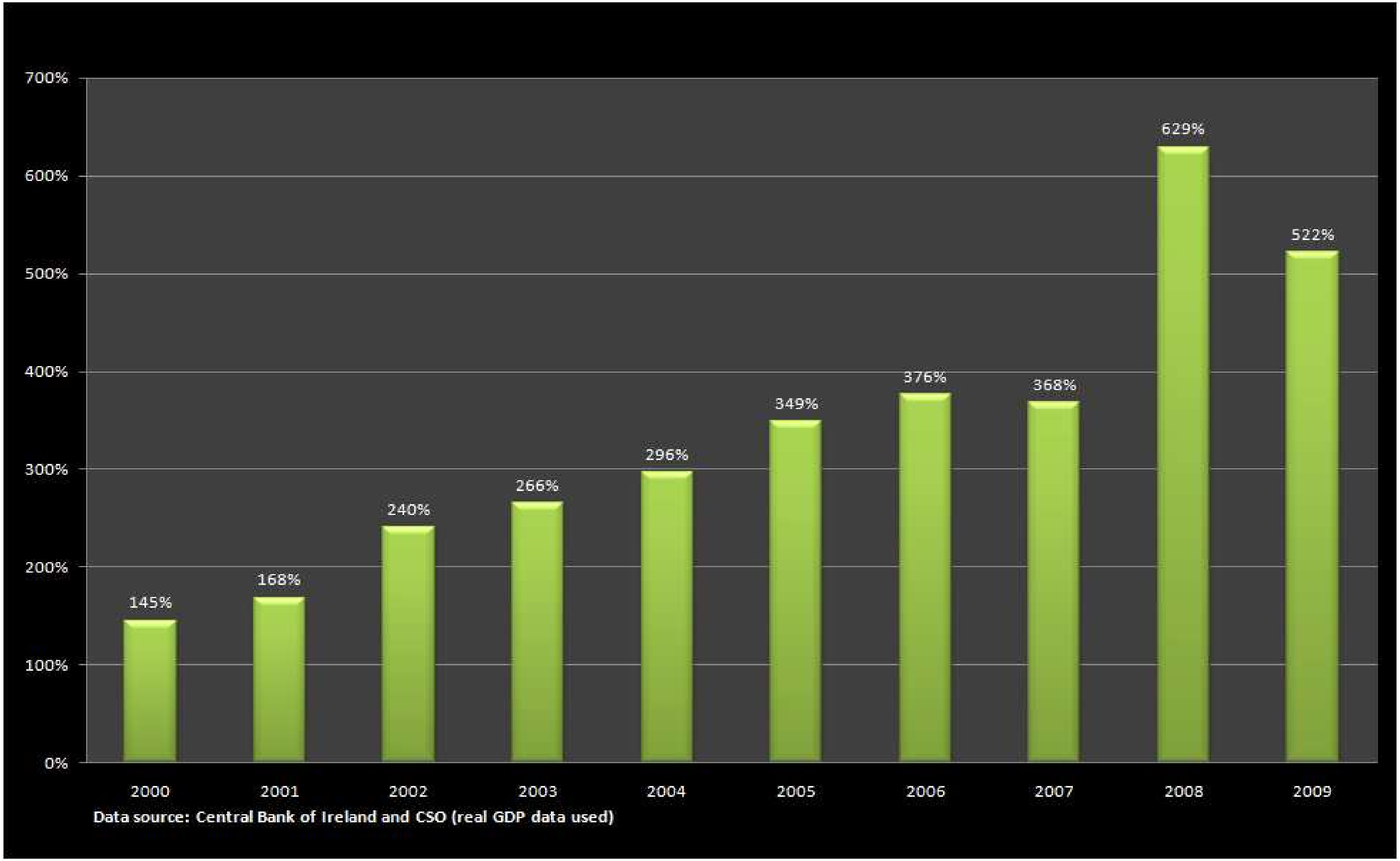


Quantitative Easing by Bank of England
Cumulative asset purchases

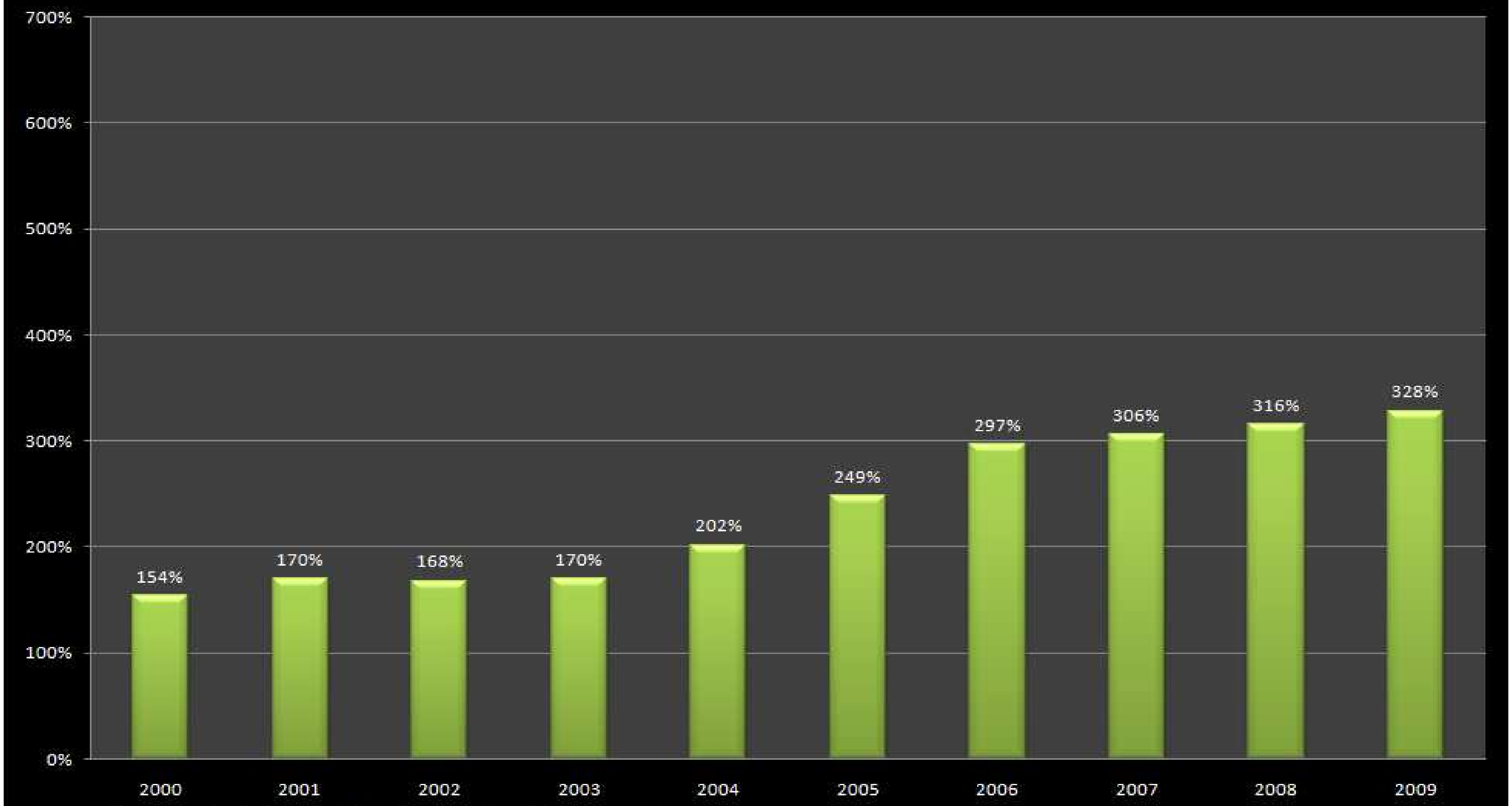


Data source: Bank of England - Asset purchase facility quarterly reports.
Majority of assets purchased were UK Gilts together very small amounts of corporate bonds and commercial paper.

IFSC Banks' assets as % of Irish GDP
(2000-2009)



Covered Banks' assets as % of GDP
(2000-2009)



Data source: Central Bank of Ireland and CSO (real GDP data used)

Covered Banks' net profits/losses
(2000-2009)