

'We have a beautiful blank canvas'

Ireland has the potential to create an international financial services industry that can offer opportunities for the 'buy side' to outsource a diverse range of international financial services. 'We have, or have had, a beautiful blank canvas to work with', says Eoin MacManus, head of the financial services practice of EY Ireland, in this interview with the editor of Finance Dublin, Ken O'Brien.

Eoin MacManus' perspective is shaped by EY's global structure that organises its client services business in multinational groupings. The financial services practice of Ireland falls into EY's EMEA region, in which Ireland, 'luckily', has a unique slot, along with 11 other jurisdictions.

This gives a wider international and national perspective, he says. 'Our clients don't think of the IFSC - many possibly would never have heard the term - they are thinking in terms of global solutions, and we work to provide a global delivery based on EY's 170,000 people around the world, bringing our best efforts to bear on delivering solutions, and bringing insight from what is happening in other countries.'

'So, wearing a green jersey, as it were, we can see at the point of sale the advantages and disadvantages of competing jurisdictions, such as Luxembourg and Singapore, which are both targeting aspects of Ireland's international financial services sector, in the first case funds and the second aircraft leasing.'

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This global perspective, however, is not all good news. Ireland's brand and reputation have suffered setbacks. The reaction of clients to this is completely understandable, he says. 'Clients don't want to go somewhere they might see unnecessary issues, and therefore such perceptions can be hugely damaging in terms of loss of potential business that should otherwise happen. The other side of the coin is that when these perceptions do not exist, the opportunities will be vast. The task is to get the balance right. The incentive for Ireland should be there because the potential rewards are huge. The problem is knowing how to get there.'



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Luckily for Ireland the task is not insurmountable, MacManus believes. 'It involves simply understanding what is needed and what is wanted - and this includes not just client companies in the financial services sector, it involves regulators, the Revenue and Government.'

'The task is not to be prescriptive about what should be set up, or overly prescriptive of sectors, or businesses that should be set up here,' he says. This is because business decisions are not made here in Ireland, by and large. 'They create the markets, we simply need the structures to facilitate them.'

'As it happens, we have a wide range of existing structures, such as our funds infrastructure. Above all we have the skills of a 50,000 strong financial services industry, with experience in the three arms of finance: banking and asset finance; asset management; and insurance. We should understand that financial services expertise is key, that it is embedded in Ireland and is the base that we should leverage the future of the industry on.'

'We also need to appreciate where the Irish international financial services industry has been strong over the past 30 plus years in terms of its existence and stability - no retrospective actions in tax or regulation - and that the Government has

stuck to its promises through successive administrations.'

If that message can be communicated then business will pick up, MacManus says.

Based on the structures that already exist, an area of immense opportunity for the IFSC is banking resolution and the management of distressed assets of credit institutions following the fallout of the financial crisis, he says.

Returning to the role of Government, and to the role of the Clearing House Group, he says that it is entirely appropriate for the industry to interact with Government to develop structures that better serve the conduct of business. 'For example, if we found Luxembourg was obtaining business because certain structures were not available or possible in Ireland, or because our structures don't work as well, we should be able to inform the Government of the gaps and suggest solutions.'

The key, MacManus believes, is to internalise and take on board the lessons learned from the credit crisis at a regulatory, governance and business model level, and to fully accept the need for improvement and reform to utilise 'the beautiful blank canvas' and the huge potential that exists in Ireland.