

# Speech by Minister Michael McGrath for introduction of AMLA bid to EU Member State ambassadors

From [Department of Finance \(/en/organisation/department-of-finance/\)](/en/organisation/department-of-finance/)

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# Introduction

Good afternoon ladies and gentlemen,

Before I begin I would like to thank Frank O'Connor and the team here at the NTMA for hosting us here today in their offices which offer such wonderful views across the modern multicultural city that our capital city has become. The views across Dublin are in many ways the ideal backdrop to frame our conversation this afternoon.

Thank you all for taking the time meet with us here today to hear about a unique and remarkable project, the new Anti-Money Laundering Authority or AMLA. Remarkable because we believe it is an important opportunity for the EU to shape the future of the global financial system and unique because the European Parliament will for the first time have an equal role in determining the location for AMLA's headquarters.

We are grateful for the opportunity to share with you what the motivating force behind Ireland's decision to seek the seat of AMLA to be located here in Dublin, and more importantly how we understand our vision for AMLA is fully aligned with the shared goals of you the representatives of the Member States, the European Parliament and the Commission.

I would like to share with you this afternoon our theory of the case, as it were, and why our vision for AMLA is global – while at the same time one that is central to the continued success and integrity of the EU Single Market.

AMLA will be an important element in how we retain and repeat our successes with the Single Market, which itself has been a key driver of the shared peace and prosperity the people of our Member States enjoy.

As a major beneficiary of the success of the EU project, and in this our 51st year as member of this unique union, we want to bring our contribution and commitment to Europe to the next level by hosting such an important institution as AMLA.

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AS AN ESTABLISHED CENTRE FOR REGULATED INTERNATIONAL FINANCIAL SERVICES, WE ARE READY TO make AMLA operational and influential from day one in Dublin.

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## Our theory of the case

In March of this year, I sought approval from my colleagues in cabinet to put Ireland forward as a location for AMLA – which we believe will be a significant new EU institution and the vital centrepiece of Europe’s Anti-Money Laundering and Counter Terrorism Financing package. That decision is motivated by a number of factors:

- the priority we attach to AML and Counter the financing terrorism as a policy
- the role that EU institutions play in shaping the development of the Single Market and the increasing importance of those institutions on the direction of the global financial system
- the importance of locating AMLA in a financial centre that is not already hosting such an institution, and lastly
- the capacity of Ireland to make a positive contribution to the future direction of the EU by hosting an operational and influential AMLA in Dublin from day one

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## AML and Financial Stability

Officials from my department, along with colleagues from across Member States and the Commission have been active in the development of the EU AML package. This is an important set of reforms that are aimed at improving the co-ordination between national supervisors and the financial intelligence units. Collectively, these ambitious reforms will address the serious threat that money laundering and terrorist financing activities pose to the EU financial system and the economies of Member States.

Ireland supports the package as an evolution of the rules that will lead to better outcomes for people across Europe. This will accrue from a safer financial system across Member States and a more consistent and predictable regime for firms.

As the centrepiece of the package, AMLA will play an important role in maintaining the stability, transparency and trust that people and businesses have in the EU financial system. As an institution it will be central to securing the integrity of the financial system not just in Europe. And in a world of increasing geopolitical tensions- projecting the highest regulatory standards worldwide.

As a new institution, it will form a strategically important part of the financial services landscape, alongside the SSM, the EBA, ESMA and EIOPA as powerful agencies that project the positive values of the European project onto the global financial system.

While these acronyms can make that system - which is complex and opaque on a good day, even more abstract - these institutions play a vital role in the functioning of the EU Single Market.

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## EU Institutions and the Single Market

We are meeting here today at the heart of what is a very visible example of the success that the Internal Market has made possible in Ireland. Four decades ago this area was a post-industrial wasteland but thanks to the opportunities created by Europe and the Single market it is now a vital part of the Irish economy and the nucleus of our international financial services sector.

The modern office buildings that surround us are home to some of the leading names in global finance, who have been drawn to Dublin from around the world for the access we offer both to the skills of local executives and to the opportunities made possible by the European financial system and the Single Market.

The Central Bank of Ireland, which is located next door to us here, is the regulator for the second largest funds domicile in Europe and the third largest in the world. This has been made possible by the development of the EU fund platforms of UCITS and AIFMD which have become leading international benchmarks for regulated investment products.

Over €1 trillion of Irish domiciled funds are invested in assets across the EU, making Ireland an important source of international capital to finance the green and digital transitions that all Member States will need to undergo in the coming years.

This transformation of the Dublin docklands is down in large part to the certainty that the high standards of EU regulations offer to investors. Those standards, locally implemented by the national competent authorities and overseen in partnership with credible EU institutions have achieved reach and influence beyond the Member States.

In the same way that GDPR has become the acceptable rulebook for digital data worldwide, and how the ESG reporting standards and the Taxonomy that underpin the European Green Deal have become the global benchmark; Ireland believes that AMLA can perform a similar role in preventing money laundering and terrorist financing internationally.

This awareness of the importance of EU institutions and their capacity to shape the global landscape was at the forefront of the Irish Government decision to seek the opportunity from fellow Member States to host AMLA.

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## Importance of locating AMLA in a new centre

However, buried within the considerations of where to locate the headquarters of AMLA, there is a more fundamental question about what the future of the EU looks like, and what the role of smaller Member States within it will be in the future.

Historically Europe has always thrived on its diversity and on embracing the different

Historically Europe has always thrived on its diversity and on embracing the different relative strengths we each bring to the table. There is nothing to be gained from continuing an overconcentration of institutions across an established axis.

With the development of new agencies like AMLA, we believe it is important that all Member States can see a broad distribution of institutions. Expanding the network of cities that host Supervisory Authorities is an opportunity to bring new thinking and new ideas while reaffirming the diversity of a Europe of the regions.

Another unique feature of AMLA as an institution is that it is the first agency of its scale in financial services to be developed in a post Brexit Union. In the past, Europe could rely on the presence of one of the world's few truly global capital markets within the Union and was able to benefit from the expertise of their associated institutions in shaping financial services policy.

It is fair to say that the future shape of the EU financial services system is still evolving following Brexit and significant progress has been made with important strategic initiatives around digital assets and a digital Euro. In this context, the determination of the seat of AMLA represents a positive choice to shape the next phase of growth in Europe and how that can develop.

By locating AMLA outside of the existing locations, those that are already hosting multiple EU institutions, Member States and the Parliament have the opportunity to make a powerful statement about the future development of the financial architecture in the EU. The location of significant authorities sends an important message to investors in respective industries.

We can see that following the relocation of the European Banking Authority from London, many large banking platforms have chosen to follow the EBA to Paris. The process to determine the location of AMLA should look to preserve the ability of Member States to compete for new investment mandates and not create a further concentration of activities in existing centres.

This takes on an added dimension as the EU looks to expand the union by bringing in new members from the periphery who will need to see a path towards sharing fully in time the full benefits of the Union. Ireland is a case study in how a country on the edge of the continent has achieved a social and economic transformation through a combination of structural supports and ability to compete in a bigger market.

That journey for Ireland was far from linear, particularly in financial services and we have the scar tissue to show for our travails, but the benefits for our people and for the wider Union are clear. New and existing smaller Member States need to be able to see a credible path towards full participation in the Union.

The decision for the seat of AMLA is an excellent chance for the Council and Parliament to embed greater regional distribution of important institutions and demonstrate a more level playing field for Member States.

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## **Ireland hosting AMLA is a positive contribution to the EU**

In recent weeks, the European Commission has written to all Member States inviting applications to host the seat of AMLA with a deadline for submissions of Friday the 10th of November. Following government approval I can confirm that my department will be applying for Ireland to help to build an EU financial institution for the first time in Dublin.

We view the hosting of AMLA as an opportunity to take our contribution to the EU project to the next level. We are making a serious application and one that will look to quickly realise the potential of this important institution for all Member States while at the same time maximising its influence as part of the landscape of global finance.

We have a clear vision for what AMLA can achieve from Dublin and a strong understanding about how we can support its management team to achieve its goals as an institution while welcoming the staff and their families.

Ireland has a long record of being a constructive member of the EU when it comes to moving agendas forward, always with an eye to find a positive outcome and solutions that can work for Member States. We want to build on that reputation by inviting you to consider supporting our application for Dublin to be the home for AMLA.

Dublin only lost out to Paris in a tie breaker for the most recent competition for the European Banking Authority in 2018. Since that time, the capacity of our capital to make AMLA successful has only grown stronger.

Among the international financial services firms that are clustered here in the docklands, many have centralised their global AML and counter terrorism operations here as a global or regional centre of excellence. This presents AMLA, and the staff that will lead it, the opportunity to have local conversations with many of the global firms they will be supervising.

In addition, the very visible influence of technology firms in Dublin provides a vital digital fluency for AMLA to develop as a future focused institution with a rich tech enabled ecosystem to support its growth.

As Ambassadors you have first-hand experience of Dublin and how our capital is continuing to grow as a modern multicultural city. Including our fellow EU colleagues, Dublin has over 67 resident diplomatic missions with 1,000 accredited persons. Coupled with the diverse international workforce that come to Dublin to further their careers, they represent a welcoming international community for the staff of AMLA and their families.

It is impossible to overstate the positive impact that Ireland's membership of the European project has had on the economic and social life of our country. As our former Taoiseach and Prime Minister Sean Lemass noted at the time of our original application:

“Ireland belongs to Europe by history, tradition and sentiment no less than by geography.”

Our application to host AMLA is rooted in that sense of belonging and that is the context in which we will be seeking your support.

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## Conclusion



Over the coming weeks our officials in the department, along with our colleagues in Foreign Affairs will be in contact with our counterparts in your home Member States to set out in greater detail the broad array of benefits that will be available to AMLA here in Dublin.

As part of that outreach campaign we will be talking directly with the relevant departments in your home to share with them our vision for AMLA and more importantly to listen to hear how we can work with you all to make the choice of Ireland and AMLA deliver for everyone.

We will also be engaging directly with the Parliament to demonstrate our alignment on this important policy agenda.

We will looking to lift peoples eyes above the comprehensive criteria set out in the Commission's application form. Dublin more than meets all of the requirements and you only have to glance out of the window here to see how supporting new institutions to grow is part of our DNA and is the keystone of our successful economic model.

Europe's capacity to be a standard setter for complex issues in sophisticated industries is not something that should be taken for granted. The decision making process at the heart of the European project is what gives the EU institutions credibility on the global stage. This should not in the case of the location AMLA, undermine the ideals and the values we are looking to project and defend in an increasingly fractured world.

The idea of a Union of freedoms, rights and values for all must have strong regional balance as part of the architecture of the institutions. Thanks to our membership of the Single Market, we have been able to build a thriving economy with a vibrant international financial services and technology sector as a base on which to build AMLA.

Our desire to host the institution is a reflection of our desire to continue to develop and enlarge the Single Market and hopefully the Union. We are small Member State with a big Vision for AMLA.

Go raibh míle maith agat go léir.

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