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Central Bank of Ireland

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Chairman

Joint Committee on Social Protection, Community and Rural Development and the Islands

Leinster House

Dublin 2

D02 XR20

30 May 2023

Your Ref: JSPCRDI-i-259

Dear Chairman,

Thank you for your letter of 5 May regarding the Safe Deposit Boxes and Related Deposits Bill 2022. The Central Bank of Ireland (the 'Central Bank') welcomes the opportunity to provide a written submission to the Joint Committee on Social Protection, Community and Rural Development and the Islands (JCSPCRDI) on this Private Members Bill, particularly in relation to the role proposed for the Central Bank therein.

The Central Bank understands the overarching purpose of the Bill is to establish whether Safe Deposit Boxes held by the Irish banks since the end of the eighteenth century, many of which are unclaimed, could hold items of historical, archaeological or artistic interest for the State. To this end the Bill proposes:

- for banks to establish and maintain a detailed register of property deposits;
- where the records are sufficient, to identify a living or beneficial owner (starting with the oldest deposits first);
- to examine all Safe Deposit Boxes held for more than 80 years where the owners cannot be identified;
- to notify the Director of the National Museum of any unclaimed property who will then examine the property and decide whether it should be retained on behalf of the National Museum or certain other bodies on behalf of the State and put on display; or



- if deemed to have no such historic, archaeological or artistic value, the banks should sell the unclaimed property and transfer the proceeds to the Dormant Accounts Fund or dispose of the property if deemed unsuitable for sale.

The Bill sets out the legal framework under which this could be done, including the introduction of a number of powers for the Central Bank in the operationalisation and enforcement of the Bill.

The Central Bank does not regulate the maintenance of safe deposit boxes. Under current law<sup>1</sup>, the Central Bank's role in relation to safe deposit boxes is limited to maintaining a central database of bank and payment accounts, and safe deposit boxes. The database is based on information submitted by banks, and is available for the sole use by competent authorities prescribed in legislation in the course of investigations relating to money laundering, terrorist financing and other serious criminal offences.

The Private Members Bill proposes a number of functions and powers for the Central Bank including:

- monitoring and enforcement responsibility for all aspects of institutions' compliance with their obligations under the Bill (e.g. in respect of institutions' examination of unclaimed property, engagement with the Director of the National Museum and disposal of assets for best price reasonably obtainable);
- a direct role of the Central Bank in respect of consenting to the disposal of assets which are unsuitable for sale because there is no intrinsic value, and determining an appropriate means of disposal of such assets (section 23(3)).

We consider that such powers are not well consistent with the existing functions and responsibilities<sup>2</sup> of the Central Bank and go beyond the Central Bank's current expertise (particularly regarding the role proposed for the Bank under Section 23(3) outlined above).

As noted by the Department of Finance, as this Bill envisages the imposition of new functions and powers on the Central Bank, the State will be required to consult with the European Central Bank

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<sup>1</sup> European Union (Anti-Money Laundering: Central Mechanism for Information on Safe-Deposit Boxes and Bank and Payment Accounts) Regulations 2022 effective 3 February 2022.

<sup>2</sup> <https://www.centralbank.ie/about/role-of-the-central-bank>



on the legislative proposal. The conferral of new tasks on the Central Bank may need to be assessed for compatibility with the monetary financing prohibition and central bank independence.

We note that Deloitte's 2019 'Dormant Asset review' concluded that Safe Deposit Boxes should not be included within the scope of the dormant accounts framework because "*...of the lack of clarity regarding the materiality of the asset and the complexity of the legal and practical implications of opening dormant safe deposits*". The Deloitte report also notes that '*...one bank conducted an exercise of opening 100 safety deposits belonging to deceased customers with no identifiable next of kin. The contents of the boxes contained a broad range of items including old currencies, title deeds, savings certificates, death certificates, marriage certificates, wills, personal correspondences, keys, photographs and one item of jewellery. None of the items were valuable*'. To this end, a comprehensive cost benefit analysis would be important given the potential significant operational costs associated with the Bill as currently drafted.

We note the constructive discussion between the JCSPCRDI and officials from the Department of Rural and Community Development, the Department of Finance, and the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media on the various aspects of the Bill on 24<sup>th</sup> May. On the basis of this discussion, we understand that work will continue on the Bill to seek to address the operational and legal constraints raised, with a possible view to developing a simplified version of Bill, whilst retaining its overall ambition (i.e. to ascertain if there are items of historical, archaeological or artistic interest to the State contained in deposit boxes dating back to the eighteenth century). The Central Bank supports this proposed way forward and we are happy to provide further input on any potential role for the Central Bank in the Bill as it evolves.

We note a query was raised at the JCSPCRDI on 24<sup>th</sup> May in relation to the approach that the Central Bank would take to the conversion of any historic currency that was found in Safe Deposit Boxes. We can confirm that all Irish banknotes and coins regardless of series or year of issue, including notes issued before decimalisation, are eligible for exchange at the punt/euro conversion rate. The exchange value is based on each note or coin's face value and is not linked to inflation. The exchange rate is fixed and it doesn't matter what year the banknote or coin was issued. The European Council Regulation (EC) No 2866/98 has irrevocably fixed the conversion rate at €1 = IR£0.787564. Payment is made by way of electronic fund transfer to the nominated bank account.

We remain available to discuss the Bill further with the JCSPCRDI as required.



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Yours sincerely

A handwritten signature in black ink, appearing to read 'Gerry Cross', written over a horizontal line.

Gerry Cross

**Director, Financial Regulation- Policy and Risk**