

# Effect of Global Economic Challenges, Interest Rate Dynamics, and Uncertainty on the Stability and Performance of the Banking System in Ireland

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**Abstract:** This paper examines how global macroeconomic challenges, interest rate dynamics, and heightened uncertainty affect the stability and performance of the Irish banking system in the current international environment. Drawing on theoretical frameworks and empirical survey evidence, the study investigates how external shocks such as geopolitical tensions, trade disruptions, tariff uncertainty, and global growth slowdowns are transmitted into Ireland's small, open economy and interact with domestic vulnerabilities to influence banking outcomes. The study uses a structured questionnaire administered to 86 respondents (from a population of 110), comprising bank customers, Small and Medium Enterprise (SME) owners, and bank employees in Ireland. Data were analysed using descriptive statistics and t-tests with SPSS (version 9.0). The results show that turbulent global conditions and policy uncertainty significantly affect Irish banking stability and profitability, while interest rate variability strongly influences lending activity, household spending, and corporate investment decisions. Although the Irish banking sector currently appears resilient in terms of capital and profitability, it remains exposed to global shocks, trade tensions, and tariff developments, as highlighted in recent stability assessments. Uncertainty undermines consumer confidence and complicates earnings forecasts, yet proactive risk management, portfolio diversification, digital transformation, and close engagement with regulators enhance resilience. The paper concludes that, in an increasingly volatile and geopolitically fragmented global economy, Irish banks must maintain flexible, forward-looking strategies to safeguard stability and sustain performance.

**Keywords:** Global economic challenges; Irish banking sector; interest rate risk; uncertainty; financial stability; resilience; small open economy.

## 1.0 Introduction

### Ireland's banking system in a new phase of global volatility.

The stability and performance of the Irish banking sector are increasingly influenced by developments beyond national borders. As a small, highly globalised and export-oriented economy, Ireland is deeply integrated into European and international financial and trade networks (Lane, 2022). This makes its banks particularly sensitive to external shocks arising from geopolitical tensions, trade policy fragmentation, tariff disputes, and changing multinational activity (Connor & Flavin, 2023). Recent years have shown how shocks such as Brexit, the COVID-19 pandemic, Russia's invasion of Ukraine, and more recent trade and tariff tensions between major economies can rapidly feed through to the Irish economy and financial system, affecting profitability, asset quality, and market sentiment (O'Rourke, 2022; European Central Bank, 2024).

### Interest rate dynamics after an unprecedented tightening cycle.

Following a period of ultra-low interest rates, the European Central Bank (ECB) and other major central banks implemented an aggressive tightening cycle to tackle post-pandemic inflation (ECB, 2023). This has had mixed implications for Irish banks:

higher policy rates initially boosted net interest margins and profitability, but also raised debt servicing costs for households and firms, and weighed on credit demand, especially in interest-sensitive segments such as housing (McCann, O'Toole, & Lyons, 2023; FitzGerald & O'Leary, 2023). Recent forecasts point to moderating growth and easing inflation in Ireland, alongside expectations of a gradual decline in interest rates from their peak, which creates a new set of challenges for bank earnings, funding costs, and credit risk (Central Bank of Ireland, 2024).

### Persistent uncertainty and its implications for Irish banks.

The global outlook remains highly uncertain, with downside risks from trade fragmentation, new tariff measures, geopolitical tensions, and firm- or sector-specific shocks—especially given Ireland's reliance on a concentrated multinational base (International Monetary Fund, 2024). Economic and policy uncertainty can weaken consumer and business confidence, delay investment and borrowing decisions, and complicate banks' strategic planning, earnings forecasting, and risk management (Bloom, 2023; O'Reilly & McCarthy, 2022). At the same time, recent Central Bank of Ireland and IMF assessments indicate that the domestic banking sector has built substantial resilience, with strong capital and liquidity buffers, although it remains exposed to adverse global developments and domestic sectoral stresses (e.g.

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commercial real estate, housing capacity constraints) (Central Bank of Ireland, 2024; IMF, 2024).

### **Purpose and focus of the study.**

Against this backdrop, this study investigates how global economic challenges, interest rate movements, and uncertainty currently shape the stability and performance of the Irish banking sector. It employs the theoretical lenses of financial intermediation, risk management, monetary policy transmission, and globalisation, combined with empirical survey evidence from Irish bank customers, SMEs, and frontline employees (Allen & Santomero, 2001; Bernanke & Gertler, 1995). By assessing perceptions of the impact channels and the effectiveness of adaptive strategies, the study contributes to understanding how Irish banks can preserve stability and performance in the face of ongoing global uncertainty and shifting monetary conditions (Collins & O'Sullivan, 2023).

### **1.1 Research Questions**

- What are the key global economic challenges—such as geopolitical uncertainty, trade policy and tariff volatility, and global growth slowdowns—and how do they affect the Irish banking sector? (O'Rourke, 2022; McCarthy, 2023)
- How do non-domestic interest rate shocks and broader interest rate dynamics influence lending, consumption, and investment behaviour in Ireland? (FitzGerald & O'Leary, 2023; McCann et al., 2023)
- What strategic options are available to ensure that Irish banks remain robust and flexible in managing global uncertainty and unpredictable interest rate movements? (Collins & O'Sullivan, 2023; Central Bank of Ireland, 2024)

### **1.2 Objectives of the Study**

The primary objective is to investigate how global economic challenges, interest rate dynamics, and uncertainty affect the stability and performance of the Irish banking sector in the current environment. The specific objectives are to:

- Analyse the impact of global economic uncertainty including geopolitical tensions, trade and tariff disputes, and the risk of a global downturn on Irish banks
- Examine the effect of interest rate dynamics on credit provision, saving behaviour, and investment patterns in Ireland
- Recommend strategic options that Irish banks can adopt to strengthen risk management and resilience under uncertain economic and financial conditions

### **1.3 Hypotheses**

- H1: The stability and performance of the Irish banking sector are adversely influenced by global economic difficulties
- H2: Interest rate dynamics significantly affect lending and consumption behaviour in Ireland's financial market
- H3: Proactive risk management and adaptive strategies improve the resilience of Irish banks to uncertainty

### **1.4 Scope of the Study**

The study is delimited as follows:

- **Geographical Scope:** The research focuses exclusively on the Irish banking sector and its operational environment within the Republic of Ireland (Kelly & Everett, 2022).
- **Thematic Scope:** The analysis concentrates on selected external macro-financial factors: global economic challenges, interest rate dynamics, and market uncertainty. Internal factors such as governance structures, internal controls, or fraud are not examined.
- **Temporal Scope:** The study reflects perceptions and data around 2025, a period characterised by post-pandemic adjustment, elevated but easing inflation, and ongoing global trade and geopolitical tensions (ECB, 2024). It is cross-sectional and does not track long-run historical trends.
- **Methodological Scope:** A quantitative, survey-based methodology is used, employing descriptive statistics (means, standard deviations) and inferential statistics (t tests) for hypothesis testing (Saunders, Lewis, & Thornhill, 2023).
- **Population and Sample Scope:** Findings are based on a sample of 86 respondents drawn from a target population of 110 stakeholders—bank customers, SME owners, and bank employees (Yamane, 1964). The views of senior bank executives, regulators, and international investors are beyond the study's coverage.

### **1.5 Population of the Study**

The study population comprises accessible stakeholders with a direct relationship to the Irish banking sector (Ugbomhe, Adomokhai, & Ameh, 2017):

- **Savings and Current Account Holders:** Retail customers using deposit, loan, and digital banking products.
- **SME Business Owners:** Entrepreneurs and merchants who use bank finance, savings, and payment services (Lawless & McCann, 2022).
- **Bank Employees (Frontline Staff):** Customer service officers, marketers, and loan officers with first-hand knowledge of daily banking operations and customer behaviour.

## **2.0 Conceptual Literature Review**

The Irish banking system operates within a tightly interconnected global financial and economic environment (Lane, 2022). Global economic challenges, market volatility, and interest rate dynamics interact to influence stability, profitability, and risk exposure. Recent literature underscores both the sector's increased resilience and its continuing vulnerability to international shocks, given Ireland's role as a small, open economy strongly linked to multinational corporations and cross-border capital flows (Connor & Flavin, 2023; IMF, 2024).

### 2.0.1 Global Economic Challenges

International economic pressures—including geopolitical strains, evolving trade policies, tariff disputes, and global growth slowdowns—play a central role in shaping the operating environment for Irish banks (O'Rourke, 2022). Brexit, the war in Ukraine, and strategic competition between major economies have heightened uncertainty, affected investor confidence, and altered trade and investment flows in Europe (ECB, 2024).

These developments have knock-on effects on Ireland's export-led economy and, by extension, on its banking sector, which intermediates credit to trade-exposed firms and households (McCarthy, 2023). Trade and industrial policy shifts—such as changes in EU-US tariff regimes and the treatment of large multinationals—can alter the profitability and location decisions of key sectors (e.g., pharmaceuticals, ICT), thereby affecting loan demand, asset quality, and collateral values (Connor & Flavin, 2023).

Global economic slowdowns and episodes of financial market stress can increase non-performing loans, reduce fee and commission income, and elevate funding costs (Collins, Murphy, & Walsh, 2021). During and after COVID-19, for example, small open economies saw rising credit risk and pressure on margins, although temporary policy support helped limit immediate losses (McCarthy, 2021). More recent concerns around trade fragmentation and tariffs suggest that Irish banks remain exposed to global demand shocks and volatility in multinational-driven sectors (IMF, 2024).

### 2.0.2 Market Challenges and Uncertainty

Market uncertainty is closely linked to shifts in global conditions. Volatility in equity and bond markets, exchange rates, and risk premia introduces valuation risks for bank assets and liabilities and complicates portfolio management (O'Reilly & McCarthy, 2022). Elevated global and domestic uncertainty can lead banks to tighten lending standards, thereby constraining credit to households and firms and reinforcing macro-financial feedback loops (Bloom, 2023).

Consumer and business confidence are critical transmission channels (FitzGerald, 2023). Evidence from Ireland and comparable economies shows that when uncertainty about economic prospects, fiscal policy, or trade conditions rises, households tend to delay major purchases and borrowing decisions, while firms postpone investment and hiring (Lawless & McCann, 2022). This weakens loan demand, while simultaneously increasing credit risk among more vulnerable borrowers (O'Sullivan, 2023).

Under uncertainty, investment behaviour becomes more cautious overall, although some investors seek higher returns in riskier assets (O'Reilly, 2022). For Irish banks, this combination of more selective risk appetite and sporadic risk-on behaviour in financial markets reinforces the need for robust risk management and capital planning (Collins & O'Sullivan, 2023).

### 2.0.3 Interest Rate Dynamics

Interest rate dynamics remain a key determinant of banking performance in Ireland (FitzGerald & O'Leary, 2023). The ECB's rapid tightening cycle from 2022 onwards increased borrowing costs and altered the behaviour of households and firms across the euro area, including Ireland (ECB, 2023). Recent analyses by European and Irish authorities highlight that, while higher rates

initially supported banks' net interest income, they also lowered credit growth and raised vulnerability for more indebted borrowers (McCann et al., 2023).

Low interest rates tend to stimulate borrowing, consumption, and investment, while high rates dampen housing demand, consumer credit, and certain forms of business investment (O'Sullivan, 2023). Irish housing markets are particularly rate-sensitive, with higher mortgage rates reducing affordability and transaction volumes, and potentially affecting collateral valuations (Kelly & Everett, 2022).

The future path of interest rates is itself uncertain, driven by inflation developments, labour market conditions, and evolving global financial conditions (ECB, 2024). For Irish banks, uncertainty surrounding the "higher for longer" versus "normalisation" scenarios complicates balance sheet management, funding strategy, and pricing of loans and deposits (Central Bank of Ireland, 2024).

### 2.0.4 Synthesis of Themes

Across the literature, a consistent picture emerges: the Irish banking system is highly sensitive to global economic conditions, market volatility, and interest rate changes (Lane, 2022; O'Rourke, 2022). Geopolitical and trade-related shocks amplify credit and market risks; uncertainty undermines confidence; and interest rate movements shape both loan demand and debt servicing capacity (FitzGerald & O'Leary, 2023; Bloom, 2023). However, compared to the pre-2008 period, Irish banks now hold stronger capital and liquidity positions and face more intrusive regulation, making them better placed to absorb—rather than amplify—certain shocks (Central Bank of Ireland, 2024). These patterns reinforce the need for robust risk management, adaptive strategies, and proactive policy coordination (Collins & O'Sullivan, 2023).

## 2.1 Theoretical Literature Review

The study is grounded in several interrelated theoretical perspectives:

- **Financial Intermediation Theory:** Banks act as intermediaries between savers and borrowers, transforming maturities, liquidity, and risk (Allen & Santomero, 2001). Global shocks and domestic macroeconomic conditions affect this intermediation role by altering funding conditions, credit demand, and default probabilities (Bernanke & Gertler, 1995).
- **Risk Management Theory:** Banks must identify, measure, and manage credit, market, liquidity, and operational risks (Bessis, 2022). In a highly volatile global environment, effective stress testing, capital planning, and diversification become central to mitigating the impact of external shocks on Irish banks (Collins & O'Sullivan, 2023).
- **Monetary Policy Transmission Mechanism:** Changes in central bank policy rates and other instruments affect lending rates, asset prices, and expectations, influencing credit volumes and macroeconomic activity (ECB, 2023). For Ireland, decisions taken by the ECB and implemented by the Central Bank of Ireland shape domestic borrowing and spending conditions (McCann et al., 2023).

- **Globalisation and Interdependence Theory:** Economic and financial globalisation increase cross-border linkages, making domestic systems more exposed to external shocks (Lane, 2022). Ireland's small, open, and multinational-dependent economy exemplifies these interdependencies, heightening sensitivity to foreign policy and demand shocks (Connor & Flavin, 2023).

These theoretical lenses provide a framework to interpret how global economic challenges, interest rate dynamics, and uncertainty affect both the performance and adaptive responses of Irish banks.

### 3.0 Methodology

The study adopts a quantitative, cross-sectional survey design to explore the impact of global economic challenges, interest rate behaviour, and uncertainty on Irish banking performance (Saunders et al., 2023).

- **Population and Sample:** The target population consists of 110 stakeholders (bank customers, SME owners, bank employees) with active relationships with the Irish banking sector (Ugbomhe et al., 2017). Using Taro Yamane's (1964) formula with a 5% margin of error, a sample size of 86 respondents was derived and surveyed.
- **Sampling Method:** Simple random sampling without replacement was applied, giving each population member an equal probability of selection.
- **Instrument:** A structured questionnaire was designed after exploratory discussions with bank customers and frontline staff. It included demographic questions and items measuring perceptions of global economic challenges, interest rate dynamics, uncertainty, customer confidence, and banking sector performance, using a 5-point Likert scale (1 = strongly disagree; 5 = strongly agree) (Ofanson, 2025).
- **Validity and Reliability:** Content and face validity were established via expert review. Test-retest reliability produced a Pearson correlation coefficient of 0.99, indicating high measurement consistency (Ugbomhe et al., 2017).
- **Analysis:** Responses were summarised in tables. Descriptive statistics (mean, standard deviation) were computed, and t-tests were used to test the hypotheses at the 5% significance level. SPSS (version 9.0) was used for data analysis.

#### 3.0.1 Operationalisation of Variables

The core focus is the effect of global economic challenges, interest rate dynamics, and uncertainty on the stability and performance of the Irish banking sector.

#### 3.0.2 Independent Variables (IVs)

- **Global Economic Challenges:** Geopolitical risks, trade and tariff disputes, global recessions or slowdowns, inflationary pressures, and shocks to multinational activity (O'Rourke, 2022; McCarthy, 2023).
- **Interest Rate Dynamics:** Movements in policy rates (ECB, Central Bank of Ireland), market interest rates,

and their influence on lending, saving, and investment (FitzGerald & O'Leary, 2023).

- **Uncertainty:** Market volatility, fluctuating consumer and business expectations, policy ambiguity, and investment risk perceptions (Bloom, 2023; O'Reilly, 2022).

#### 3.0.3 Dependent Variable (DV)

- **Irish Banking Sector Stability and Performance:** Measured in terms of perceived profitability, stability, lending activity, consumer sentiment, and overall financial health (Central Bank of Ireland, 2024).

The Yamane (1964) formula applied is:

$$n = N / (1 + N e^2)$$

where  $N = 110$ ,  $e = 0.05$ , giving  $n = 86$ .

#### 3.1 Data Analysis and Hypothesis Testing

The questionnaire contained grouped items on:

- Global economic challenges
- Interest rate dynamics
- Uncertainty, customer confidence, and satisfaction
- Perceived performance and stability of the Irish banking sector

Tables 1–6 (as originally provided) summarise the distribution of responses, mean scores, standard deviations, and t-test results.

#### 3.2 Descriptive Statistics and Findings

##### 3.3.1 Global Economic Challenges

The mean response values (Table 2) indicate that respondents perceive global economic distress as having a notable negative effect on the Irish banking sector, consistent with the findings of O'Rourke (2022) and McCarthy (2023). Items relating to global interconnectedness and geopolitical pressures (e.g., Brexit, Ukraine conflict) recorded relatively high mean scores, suggesting recognition that Irish banks are exposed to external shocks (Connor & Flavin, 2023). Trade policy changes and global downturns were also viewed as important sources of risk (IMF, 2024). Although currency fluctuations recorded the lowest mean, the high standard deviation suggests considerable disagreement among respondents regarding the severity of exchange rate-related impacts. Overall, the findings support the view that global instability reduces profitability and heightens vulnerability in Irish banks (Collins et al., 2021).

##### 3.3.2 Interest Rate Dynamics

Table 3 shows that respondents consider interest rate movements highly influential in shaping lending and consumption patterns, a finding that aligns with FitzGerald and O'Leary (2023) and McCann et al. (2023). Rising interest rates are perceived to reduce demand for mortgages and consumer loans, while lower rates are seen as encouraging borrowing and investment (O'Sullivan, 2023). Respondents broadly agree that interest rate changes affect consumer spending, the housing market, and saving/borrowing decisions, indicating that financial behaviour in Ireland is sensitive to interest rate dynamics, consistent with recent evidence on the

impact of higher rates on euro area credit and housing (ECB, 2024).

### 3.3.3 Uncertainty, Customer Confidence, and Satisfaction

Table 4 suggests that proactive strategies are perceived as useful in managing uncertainty (Collins & O'Sullivan, 2023). Diversification of lending portfolios attracted the highest mean, indicating that respondents value spreading exposure across sectors to reduce concentration risk (Central Bank of Ireland, 2024). Stress testing and digital transformation also received positive mean scores, even though higher standard deviations signal some mixed views about their effectiveness (Bessis, 2022). Strong risk management practices were regarded as conducive to consumer confidence, echoing international findings that well-capitalised, well-governed banks retain trust during periods of turbulence (FitzGerald, 2023).

### 3.3.4 Irish Banking Sector Performance under Uncertainty

The responses in Table 5 underline how uncertainty disrupts banking performance (Bloom, 2023). Global uncertainty is perceived to increase volatility in Irish financial markets, reduce consumer confidence in banks, complicate earnings forecasts, and discourage business borrowing and expansion (Lawless & McCann, 2022; O'Reilly & McCarthy, 2022). The item emphasising the need for flexible strategies also returned relatively strong support, reinforcing the notion that adaptability is a prerequisite for resilience in an uncertain environment (Collins & O'Sullivan, 2023). These perceptions align with recent official assessments that, while the Irish banking sector is currently resilient, it remains exposed to downside risks from global trade, geopolitical developments, and sector-specific shocks (Central Bank of Ireland, 2024; IMF, 2024).

## 3.4 Hypothesis Testing

The t-test results in Table 6 show:

- **H1 (Global economic challenges):**  $t(4) = 3.053$ ,  $p = 0.038 \rightarrow$  H1 accepted. Global economic difficulties have a statistically significant negative impact on perceived stability and performance of Irish banks, consistent with international evidence that small, open economies are particularly exposed to global shocks (Lane, 2022; O'Rourke, 2022).
- **H2 (Interest rate dynamics):**  $t(4) = 3.053$ ,  $p = 0.038 \rightarrow$  H2 accepted. Interest rate movements significantly influence lending practices and consumer behaviour, in line with observed effects of the recent ECB tightening cycle on euro area and Irish credit conditions (ECB, 2023; FitzGerald & O'Leary, 2023).
- **H3 (Risk management and adaptive strategies):**  $t(4) = 2.821$ ,  $p = 0.048 \rightarrow$  H3 accepted. Proactive risk management, diversification, and adaptive strategies (including digitalisation and stress testing) significantly enhance perceived resilience of Irish banks in the face of uncertainty, echoing recommendations from the Central Bank of Ireland (2024) and the IMF (2024).

## 4.0 Discussion

The empirical results highlight a strong nexus between global economic challenges, interest rate fluctuations, uncertainty, and the performance of the Irish banking sector (Lane, 2022; O'Rourke,

2022). Ireland's status as a small, open, and highly globalised economy—heavily reliant on multinational activity and external trade—makes its banks particularly vulnerable to external shocks and policy shifts (Connor & Flavin, 2023).

- **Global challenges:** Survey responses and the broader literature both indicate that geopolitical tensions, trade disputes, and tariff uncertainty pose material risks to Irish banks through trade, investment, and multinational channels (McCarthy, 2023; IMF, 2024).
- **Interest rates:** The findings corroborate evidence that interest rate dynamics materially influence lending, consumption, and housing market activity (FitzGerald & O'Leary, 2023; O'Sullivan, 2023). In the current context, the transition from ultra-low to higher interest rates, and potential future easing, creates earnings opportunities but also new credit risks and uncertainty about the medium-term path of margins and asset quality (ECB, 2024).
- **Uncertainty and resilience:** While uncertainty undermines confidence and complicates planning, the results support the argument that banks with strong risk management frameworks, diversified portfolios, and advanced digital capabilities are better placed to absorb shocks and maintain customer trust—consistent with recent financial stability reviews (Central Bank of Ireland, 2024; Collins & O'Sullivan, 2023).

Overall, the study's findings align with contemporary policy and academic assessments that emphasise both the resilience of the Irish banking sector and its exposure to downside global risks.

## 4.1 Empirical Results and Discussion (Summary)

Using survey data and t-tests, the study confirms three main relationships:

1. Global economic challenges significantly and negatively affect perceived stability and performance of Irish banks (O'Rourke, 2022).
2. Interest rate dynamics significantly influence lending patterns, consumer behaviour, and investment decisions (FitzGerald & O'Leary, 2023).
3. Proactive risk management and adaptive strategies significantly enhance resilience and are perceived as essential in navigating uncertainty (Collins & O'Sullivan, 2023).

These relationships are consistent with the current macro-financial context in Ireland and with the key messages from recent Central Bank of Ireland (2024), IMF (2024), OECD (2024), and European Commission (2024) reports.

## 5.0 Conclusion

The study concludes that, in the current global environment:

- Global economic challenges geopolitical tensions, trade and tariff disputes, and growth slowdowns have a significant adverse impact on the profitability, stability, and risk profile of Irish banks.
- Interest rate trends and uncertainty around the future path of policy rates strongly influence lending behaviour,

consumer sentiment, and asset markets, especially housing.

- A high uncertainty environment increases financial market volatility and erodes consumer confidence, complicating banks' strategic planning and earnings forecasting.
- However, forward-looking risk management practices such as rigorous stress testing, portfolio diversification, digital transformation, and close engagement with regulators materially enhance resilience and support continued credit provision to the real economy (Central Bank of Ireland, 2024; Ofanson, 2026).

The overarching implication is that Irish banks must maintain flexible, adaptive strategies and robust risk frameworks to remain stable and profitable as global conditions continue to evolve.

## 6.0 Recommendations

Based on the findings and the current macro-financial context, the following recommendations are proposed:

- **Strengthen Risk Management:** Irish banks should further enhance enterprise-wide risk management, including more frequent and severe stress testing, scenario analysis incorporating trade and tariff shocks, and active management of sectoral and concentration risks (Central Bank of Ireland, 2024; Bessis, 2022).
- **Deepen Policy Coordination:** Continued close cooperation between banks, the Central Bank of Ireland, the ECB, and fiscal authorities is essential to monitor emerging global risks, coordinate macroprudential responses, and mitigate systemic threats, particularly given Ireland's exposure to multinational-related shocks (IMF, 2024; ECB, 2024).
- **Accelerate Digital Transformation:** Investment in digital infrastructure, data analytics, and cyber resilience should be prioritised to enhance operational flexibility, support remote and digital service delivery, and improve real-time risk monitoring and customer engagement under stress conditions.
- **Manage Interest Rate Risk Proactively:** Banks should refine their asset liability management to deal with potentially volatile interest rate paths, balancing profitability with prudent management of refinancing, repricing, and credit risks, especially in housing and SME portfolios.
- **Enhance Communication and Consumer Confidence:** Transparent and timely communication with customers about how banks are managing risks, including support options for vulnerable borrowers, can help preserve trust and reduce the behavioural amplification of shocks (Central Bank of Ireland, 2024; Ofanson, 2026).

### 6.1 Contributions to Knowledge

- **Theoretical Contribution:** The study provides empirical support for key financial theories financial intermediation (Allen & Santomero, 2001), risk

management (Bessis, 2022), monetary transmission (Bernanke & Gertler, 1995), and globalisation (Lane, 2022) within the specific setting of a small, open, and highly globalised banking system.

- **Practical and Policy Contribution:** It offers an evidence-based framework for Irish banks and policymakers to design strategic responses to global shocks and interest rate volatility, moving from vulnerability identification to practical countermeasures (Central Bank of Ireland, 2024; Collins & O'Sullivan, 2023).
- **Contextual Contribution:** The research delivers a contemporary, post-pandemic, post-tightening analysis of Irish banking resilience under 21st-century global shocks, complementing official financial stability assessments (IMF, 2024; ECB, 2024).
- **Methodological Contribution:** By systematically capturing the perspectives of customers, SMEs, and bank employees, the study demonstrates the value of a bottom-up, stakeholder-centric approach to understanding macro-financial risks, complementing top-down macroeconomic and supervisory analyses (Saunders et al., 2023; Ofanson, 2025).

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