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The Minister for Finance, Mr. Brian Lenihan T.D., announced today that the Government will request President McAleese to appoint Professor Patrick Honohan, currently Professor of International Financial Economics and Development at Trinity College Dublin, as the next Governor of the Central Bank. The current Governor, Mr. John Hurley will retire on the 25th September 2009. Announcing the Government's selection of Professor Honohan for the position of Governor, the Minister for Finance stated:

"Professor Patrick Honohan is highly regarded internationally as an expert on banking and financial systems. His experience in the various positions he has held during his career, including the Central Bank, the World Bank and the academic world will be of enormous value to him in working through the difficulties which the Irish Financial System faces. Throughout this financial crisis I have sought the views of Professor Honohan and he has consistently

provided valuable advice. I look forward to working with him in his new role."

<http://www.finance.gov.ie/viewdoc.asp?DocID=5922> [1]

Honohan, who will also join the European Central Bank's Governing Council, takes over as Ireland revamps its banking system in the aftermath of a crisis that brought it close to collapse. An expert on banking, Honohan brings both economic and political skills to the job, having worked at the World Bank and as an advisor to former Irish Prime Minister [Garret Fitzgerald](#) [2].

"It's an extremely positive move," said [Brian Lucey](#) [3], an associate professor of finance at Trinity. "He's an expert in financial economics, banking. I can't think of a better background to have in this environment."

<http://www.bloomberg.com/apps/news?pid=20601087&sid=a8GadqaZpmQg> [4]

Patrick Honohan <http://www.tcd.ie/Economics/staff/phonohan/> [5] is a currently a Professor at TCD and asymptotix has been a big fan of his work since our startup days as Union Legend, indeed we have spoken with the Professor many times. One of his more important recent pieces of work is;-

Risk Management and the Costs of the Banking Crisis, Institute for International Integration Studies, Trinity College Dublin; [IIIS Discussion Paper No. 262](#) [6]

(Abstract)

The 2007-8 banking crisis in the advanced economies has exposed deficiencies in risk management and prudential regulation approaches that rely too heavily on mechanical, albeit sophisticated, risk management models. These have aggravated private and economic losses, while perhaps protecting the taxpayer from bearing quite as high a share of the direct costs as in typical crises of the past. Policymakers and bankers need to recognize the limitations of rules-based regulation and restore a more discretionary and holistic approach to risk management.

<http://www.tcd.ie/iiis/documents/discussion/pdfs/iiisd262.pdf> [6]

On reading this paper I am sure you will recognize the great similarity in thinking between the Professors ideas and those expressed in the SAP White Paper on Basel II Pillar 2 developed by John A Morrison, available here:

<http://www.asymptotix.eu/content/sap-white-paper-solution-architecture-economic-capital-quantitative-analytics-pre-credit-cru> [7]

or the recent work of Professor Alex McNeil, which asymptotix has cited here;-

<http://www.asymptotix.eu/node/61> [8]

We wish Professor Honohan all the best in his new role, commend him for taking it on and wish to remind him, we are at his disposal, should he require any of our tail-oriented ideas!!

 Tags: [Ireland](#) ^[10]

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Links:

[1] <http://www.finance.gov.ie/viewdoc.asp?DocID=5922>

[2]

<http://search.bloomberg.com/search?q=Garret+Fitzgerald&site=wnews&client=wnews&proxystylesheet=wnews&oe=UTF-8&filter=p&getfields=wnnis&sort=date:D:S:d1>

[3]

<http://search.bloomberg.com/search?q=Brian+Lucey&site=wnews&client=wnews&proxystylesheet=wnews&oe=UTF-8&filter=p&getfields=wnnis&sort=date:D:S:d1>

[4] <http://www.bloomberg.com/apps/news?pid=20601087&sid=a8GadqaZpmQg>

[5] <http://www.tcd.ie/Economics/staff/phonohan/>

[6] <http://www.tcd.ie/iiis/documents/discussion/pdfs/iiisdp262.pdf>

[7] <http://www.asymptotix.eu/content/sap-white-paper-solution-architecture-economic-capital-quantitative-analytics-pre-credit-cru>

[8] <http://www.asymptotix.eu/node/61>

[9] <http://asymptotix.disqus.com/?url=http%3A%2F%2Fwww.asymptotix.eu%2Fcontent%2Fprofessor-patrick-honohan-has-been-appointed-new-governor-central-bank-ireland>

[10] <http://www.asymptotix.eu/category/tags/ireland>