



Stronger Charities.
Stronger Communities.

NATIONAL PAYMENTS STRATEGY

Submission to the Department of Finance, February 2024

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The Wheel

The Wheel is Ireland's national association of community and voluntary organisations, charities and social enterprises. As a representative voice, The Wheel provides leadership to the sector and advocates on behalf of our growing community of members. Together with our members, we help to shape and promote conditions in which people and their communities can thrive.

We passionately believe that community and voluntary action improves and enriches communities and society. Our simple but ambitious vision is a thriving charity and community sector at the heart of a fair, just, and inclusive Ireland. We champion the role of Irish charities, community and voluntary organisations, and social enterprises, in building a flourishing society and support them to do work that has a positive impact.

We do this by:

- representing these organisations and promoting the interests of our members and the sector;
- supporting these organisations to do their work through tailored trainings and programmes; and,
- promoting the importance of the voluntarism and community values that power these organisations.

The Wheel has over 2,300 members and provides support services and representation on behalf of its members relating to matters that reflect their collective interests.

Following the publication of the National Payments Strategy consultation document, The Wheel hosted an online meeting of our members to engage with representatives of the Department of Finance on 30 January 2024. This document reflects the views expressed by members at that meeting and in follow up discussions. It also draws upon the experiences of The Wheel in working with our members over the past two and a half decades.

The Wheel welcomes the opportunity to further engage with the Department of Finance on this important policy. As our members operate in the context of a wider society, with people at the centre, we have structured this submission to consider, and make recommendations on, the impact of the National Payment Strategy on society, its impact on organisations, and ensuring policy coherence across existing strategies.

Summary of Recommendations

Recommendation 1: The new strategy must ensure that the most marginalised in society are not excluded from participating in social and economic life due to lack of digital skills. This will require the retention of access to cash, and the acceptability of cash in key services and supports for people in this demographic.

Recommendation 2: Ensure that the outcomes of the National Payment Strategy align with the recommendations of the Safeguarding Ireland report.

Recommendation 3: Ensure that access to cash remains available to support people in vulnerable situations.

Recommendation 4: Monitor the accessibility of cash and promote cash availability and services, particularly in rural areas.

Recommendation 5: The National Payment Strategy should contain measures to address the cost of retail transactions, particularly for the community, voluntary, charity and social enterprise sector.

Recommendation 6: If phasing out of cheque payments remains an objective of the National Payments Strategy, include reference to alternative payment methods which meet the specific needs and concerns of organisations currently using cheques.

Recommendation 7: The National Payments Strategy should recognise the unique nature of the community, voluntary, charity and social enterprise sector and actively seek to establish a role for community financial service providers to work with the sector.

Recommendation 8: Ensure the efficiency of the cash industry by limiting the rise in the unit cost of cash management.

Recommendation 9: Ensure policy coherence between the National Payments Strategy and other Government strategies which deal with social and financial inclusion, and digital and financial literacy.

Recommendation 10: Establish an Oversight Group, possibly as a subgroup to the Central Bank's Consumer Advisory Group, to ensure that needs of the most marginalised, and the organisations which support them, are being supported in the implementation of the National Payments Strategy.

The Impact on Society

The Digital Divide

A transition away from cash will necessitate a move towards a more digitised service provision. According to the European Commission's 2022 Digital Economy and Society Index (DESI) Report – Ireland Profile¹, notwithstanding that Ireland now ranks 5th out of the 27 EU Member States, just 40% of Irish people have above-basic digital skills, while 30% have below basic skills.

The Full DESI European Analysis² further indicates that, at a European level, socio-economic factors impact digital skills levels, with age, access to the labour force, rural location, and educational attainment all correlating with lower digital skills attainment. This is supported in an Irish context by the Central Statistics Office (CSO) Internet Coverage and Usage in Ireland 2023 Report³ which indicates that people on 'home duties' and those 'retired from employment' were least likely to use the internet, internet use declines with age (with a significant decrease from age 60), and with deprivation status, with people recorded as 'very disadvantaged' least likely to regularly use the internet.

These socio-economic factors would be prevalent among users of many of our members' services.

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Adult Safeguarding

According to the Banking and Payments Federation of Ireland (BPF⁴), fraud losses amounted to almost €85 million in 2022 (an increase from €45 million in 2019) across almost 324,000 payment transactions. Card fraud accounted for almost 95% of fraudulent payment transactions by volume, and most of the fraud resulted from online card fraud. The report further indicates that 50% of adults experienced an attempted fraud in the previous 12 months.

The 2022 HSE National Safeguarding Office Annual Report⁵ indicates that risk of financial abuse increases with age, accounting for 6% of abuse reported in respect of people aged 18-64, 15% in respect of people aged 65-79, and 20% in respect of people aged 80+. In 2022, a total of 1,469 reports of financial abuse were made to the National Safeguarding Office. The report also highlights the results of a service user engagement study and noted that financial abuse was not readily understood by participants, requiring more explanation. This raises the concern that levels of financial abuse could be higher than those reported, but that greater awareness raising is needed.

In 2022, Safeguarding Ireland published its report 'Identifying Risks, Sharing Responsibilities – A Case for a Comprehensive Approach to Safeguarding Vulnerable Adults'⁶. Chapter 4 of this report concerns Financial Abuse and sets out a series of recommendations which, if adopted, would support the financial safeguarding of vulnerable adults.

¹ [Ireland in the Digital Economy and Society Index | Shaping Europe's digital future \(europa.eu\)](#)

² [Digital Economy and Society Index \(DESI\) 2022 | Shaping Europe's digital future \(europa.eu\)](#)

³ [Key Findings - CSO - Central Statistics Office](#)

⁴ <https://bpfi.ie/wp-content/uploads/2023/07/BPFI-Fraud-Report-H2-2022.pdf>

⁵ <https://www.hse.ie/eng/about/who/socialcare/safeguardingvulnerableadults/national-safeguarding-office-annual-report-20221.pdf>

⁶ https://safeguardingireland.org/wp-content/uploads/2022/05/6439-Safeguarding-Risks-Resp-Report-FA4_lowres.pdf

Recommendation 2: Ensure that the outcomes of the National Payment Strategy align with the recommendations of the Safeguarding Ireland report.

Access to cash is also key for people experiencing economic abuse and other forms of gender-based violence. Economic abuse creates a dependency on the abuser for basic necessities and makes it difficult for the person experiencing abuse to leave. According to the Annex to a 2023 report on economic abuse globally⁷, Women's Aid reported that 7% of calls to their support line were related to financial abuse, and it was one of the three most commonly reported forms of abuse. The report further explores emerging strategic frameworks for dealing with economic abuse, including the development of infrastructure to support policies around this type of abuse. The National Payment Strategy is part of that policy infrastructure.

Recommendation 3: Ensure that access to cash remains available to support people in vulnerable situations.

Urban / Rural Divide

There was a contraction of financial services in the wake of the 2008 financial crash, with the withdrawal of several banks from the market and the rationalisation of branch networks by those who continued to operate here. This reduction in the availability and accessibility of bank services has naturally led to a decline in cash usage, which disproportionately impacted more remote areas across the country.

A 2019 report by the CSO⁸ indicated that while 43% of the population in the State lived less than 2km from a bank with cashier services, this percentage increased to 86% for the population of Dublin City. Some 20% of the population live 10km or more from this service, with the largest number of people living in Cork County, Galway County, and Donegal, and more than half of all people living in Leitrim living more than 10km from a bank with cashier services. A further report from the CSO, based on the Survey on Income and Living Conditions (SILC)⁹, found that 44.2% of rural households indicated having some or great difficulty accessing a bank compared to 16.8% of urban households.

Less access to in-person services has not, however, translated to greater online activity. The 2023 Internet Coverage and Usage in Ireland report¹⁰ found that internet connectivity was highest in Dublin, and lowest in the Border and Midland regions, where reports of a lack of availability of broadband connection were highest.

The roll-out of the National Broadband Plan was expedited during Covid-19 with the increase in working and studying from home, however, there remains work to be done to meet the national targets and provide high-quality coverage across the State. Until such time as this has been achieved, the National Payments Strategy should promote the increase of cash availability and services in rural areas.

Recommendation 4: Monitor the accessibility of cash and promote of cash availability and services, particularly in rural areas.

⁷ https://survivingeconomicabuse.org/wp-content/uploads/2022/11/SEA_Economic-Abuse-A-Global-Perspective.pdf

⁸ <https://www.cso.ie/en/releasesandpublications/ep/p-mdsi/measuringdistancetoeverydayservicesinireland/otherservices/>

⁹ <https://www.cso.ie/en/releasesandpublications/ep/p-silcras/surveyonincomeandlivingconditionssilcreportonhouseholdamenitiesandaccesstoservices2004-2019/>

¹⁰ <https://www.cso.ie/en/releasesandpublications/ep/p-isshtc/internetcoverageandusageinireland2023/>

The Impact on Organisations

The Cost of Non-Cash Payments

While the rate of inflation decreased compared to previous years, prices for goods and services continued to rise. This was particularly the case for the Consumer Price Index Division 4: 'Housing, Water, Electricity, Gas and Other Fuels' which saw an increase of 15.6% in the year to December 2023 and 45.8% between 2019 and 2023¹¹.

These increases were keenly felt by member organisations. Our Members' Policy Survey Report 2023¹² showed that rising costs were a key concern for members, with the majority of respondents seeing increases of between 20-30% in energy costs, while receiving no increase in funding to cover core costs. The Community and Voluntary Energy Support Scheme was very welcome to those members who were eligible to apply (that is, community and voluntary organisation or charities that do not generate income from trading or commercial activities). However, these supports were not universally available, and the many organisations that do engage in some trading activity, no matter how small, were left out.

The impact of inflation, coupled with underfunding of the sector generally since 2008, means that organisations will struggle to absorb any additional cost increases. This is particularly the case for fundraising organisations; with research by the Charities Regulator and Amárach Research¹³ indicating that fundraising by charities decreased by 9 percentage points since 2020 as a result of the move towards a cashless society.

Recommendation 5: The National Payment Strategy should contain measures to address the cost of retail transactions, particularly for the community, voluntary, charity and social enterprise sector.

Alternative Payment Methods

While the use of cheques has declined significantly, they remain an important part of the payment landscape for local branches of national charities who view them as a secure method of transferring money. It appears from the consultation document that the National Payment Strategy will phase out the use of cheques entirely, putting some charities at a disadvantage.

Recommendation 6: If phasing out of cheque payments remains an objective of the National Payments Strategy, include reference to alternative payment methods which meet the specific needs and concerns of organisations currently using cheques.

Community Service Providers

The exit from the market of financial providers, and the contraction of branch networks, referenced above provides opportunities for community financial service providers such as An Post and the credit unions.

According to the Central Bank's Response to the Retail Banking Review Consultation¹⁴:

¹¹ <https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexdecember2023/>

¹² <https://www.wheel.ie/sites/default/files/media/file-uploads/2023-04/The%20Wheel%27s%20Policy%20Survey%20Report%202023.pdf>

¹³ <https://www.charitiesregulator.ie/media/4710/charity-survey-report.pdf>

¹⁴ https://www.centralbank.ie/docs/default-source/publications/correspondence/general-correspondence/central-bank-response-to-the-retail-banking-review-consultation.pdf?sfvrsn=d566941d_2

An Post's branch network is extensive with 944 active post offices, of which 45 are run directly by An Post and 899 run as franchises by postmasters. An Post makes an important economic and social contribution at community level, serving consumers and small businesses with a range of vital services including financial and banking services. Every week, An Post interacts with c.1.3 million customers and distributes social welfare including through cash payments. It also operates lodgement and withdrawal of cash services on behalf of banks.

There are over 200 credit unions in Ireland providing financial services to 3.5 million consumers and small businesses, through a range of savings, lending and payment products and services. At 31 March 2022, the sector had total assets of €20.0 billion and total loans outstanding of €5.3 billion.

The combined reach of these two community providers is extensive. Exploring opportunities for An Post and credit unions to provide tailored financial products to the community, voluntary, charity and social enterprise sector would ensure that our sector remains viable and agile in response to current and emergent needs of the people and communities we support, while providing a new customer base for community providers.

Recommendation 7: The National Payments Strategy should recognise the unique nature of the community, voluntary, charity and social enterprise sector and actively seek to establish a role for community financial service providers to work with the sector.

Recommendation 8: Ensure the efficiency of the cash industry by limiting the rise in the unit cost of cash management.

Policy Cohesion

The first National Anti-Poverty Strategy, published in 1997, defined poverty as:

People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources, people may be excluded and marginalised from participating in activities which are considered the norm for other people in society.

This definition has survived each iteration of this Strategy and forms the bedrock of the current Roadmap for Social Inclusion¹⁵. In the almost three decades since this definition was first published, an “acceptable standard of living” has changed to include the means of accessing goods and services provided online, while also retaining the core objective of ensuring that no one is left behind, including those who are unbanked and those who depend on cash as a way to budget and make payments.

The Consumer Protection Code¹⁶ provides that a “regulated entity must ensure that the vulnerable consumer must be provided with such reasonable arrangements and/or assistance that may be necessary to facilitate him or her in his or her dealings with the regulated entity.”

In this context, “vulnerable consumer” means a natural person who:

- a) has the capacity to make his or her own decisions but who, because of individual circumstances, may require assistance to do so (for example, hearing impaired or visually impaired persons); and/or

¹⁵ [bf7011904ede4562b925f98b15c4f1b5.pdf \(www.gov.ie\)](#)

¹⁶ [Consumer Protection Code 2012 - published 2015 \(centralbank.ie\)](#)

- b) has limited capacity to make his or her own decisions and who requires assistance to do so (for example, persons with intellectual disabilities or mental health difficulties).

In the context of the National Payment Strategy, such reasonable assistance may include access to cash, financial literacy supports, and low-cost alternative financial arrangements.

The Adult Literacy, Numeracy and Digital Literacy 10-Year Strategy for Ireland¹⁷ notes “despite these positive benefits from digital transformation, there is no question that the most marginalised in society have suffered the most from the move to an almost wholly online, digital world” and aims to address the barriers experienced by those who are most marginalised in navigating this digital transition.

There is a clear overlap in these strategies and the people they aim to support. The National Payment Strategy must be harmonised to ensure that its objectives are not at odds with the objectives of these strategies.

Recommendation 9: Ensure policy coherence between the National Payments Strategy and other Government strategies which deal with social and financial inclusion, and digital and financial literacy.

Recommendation 10: Establish an Oversight Group, possibly as a subgroup to the Central Bank’s Consumer Advisory Group, to ensure that needs of the most marginalised, and the organisations which support them, are being supported in the implementation of the National Payments Strategy.

Conclusion

The Wheel welcomes the opportunity to respond to this consultation, and the willingness of the Department of Finance to accept it in a format that is accessible to our members. The National Payments Strategy will impact not just organisations, but the people they serve across society who are often not considered in the formulation of financial policy and products.

To summarise our recommendations:

Recommendation 1: The new strategy must ensure that the most marginalised in society are not excluded from participating in social and economic life due to lack of digital skills. This will require the retention of access to cash, and the acceptability of cash in key services and supports for people in this demographic.

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¹⁷ [15607 all strategy web.pdf \(adultliteracyforlife.ie\)](#)

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Contact

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The Wheel is Ireland's national association of charities, community groups and social enterprises. Our membership includes thousands of nonprofit organisations of all types and sizes, including most of Ireland's leading charities.

As a representative voice, we provide leadership to the charity and community sector and we advocate on behalf of our growing community of members.

As a supportive resource, we offer advice, training and other opportunities to people working or volunteering in the charity and community sector.

www.wheel.ie



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