



Thursday 11<sup>th</sup> June 2009

## **IPSO ANNUAL REVIEW REVEALS THE USE OF CASH IN IRELAND CONTINUES TO BE EXCESSIVE**

### ***Growth is 13 Times the EU average***

Ireland's use of cash has been growing excessively at 13 times the total EU rate of growth according to IPSO, the Irish Payment Services Organisation, at the release of its 2008 annual review. The continued attachment to cash and other antiquated payment methods limits Ireland's ability to compare favourably with most other European countries. At the release of the review IPSO reminded people that significantly reducing the volume of cash in our country will ultimately save on costs and benefit the overall economy.

Recent figures show that people withdrew almost €6,500 per capita from ATMs in Ireland which is more than twice the EU average, nearly 1.5 times the next highest member state (UK) and more than 12 times the lowest user (Denmark). IPSO today highlighted that apart from the traditional costs associated with cash such as security, handling, storing and transportation there are other ways in which high cash levels can harm the economy such as tax evasion and crime.

Commenting on the review Dr. Don Thornhill, Chairman, IPSO said:

*"As a nation we clearly need to examine our continued dependency on cash and cheques. While citizens in most EU countries are using fast and efficient payments systems, in Ireland we choose to sustain outdated, legacy systems instead of reaping the benefits from our modern payments infrastructure. These benefits range from improved safety and security, increased efficiency and speed of payment, to potentially an overall increase in our level of national competitiveness."*

The review did however highlight that there has been substantial progress in the last year. Irish consumers and businesses are beginning to recognise some of the benefits of payment cards and electronic banking:

- The number of cheques issued reduced by over 6% which is in line with the goal to ultimately eliminate cheques as a means of making payments
- The number of Laser/debit cards rose by over 50% to 2.5 million in 2007, and in 2008 rose further to almost 3 million
- Electronic credit transfers and Direct Debits rose by 16% and 7% respectively
- The number of electronic credit transfers exceeded cheques for the first time
- The number of debit card transactions in 2008 was 181 million, a rise of almost 80% since 2006
- Online banking became very popular in 2008 with now more than 2.2 million customers registered to conduct their banking online – a 27.8% increase between 2007 and 2008
- ATM fraud dropped by 92.5% in 2008, compared to 2007 figures

Speaking today at the release of the annual review, Pat McLoughlin, Chief Executive of IPSO stated that, "While the review demonstrates that as a country we have progressed somewhat in recent



*years, the reality is we still have a long way to go. Latest figures show that Ireland was put to the bottom third of the EU when it comes to the number of payment cards (debit and credit) in issue. We believe that there is a cultural shift required to get Ireland moving in the right direction. The focus at IPSO is to effectively communicate the benefits of moving away from cash towards electronic payments for Irish consumers and businesses.”*

IPSO is owned by the Irish retail banks and is governed by a board which includes four independent (non-bank) directors ensuring wider stakeholder representation. Board meetings are overseen by a representative from the Central Bank and Financial Services Authority of Ireland.

**-ENDS-**

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