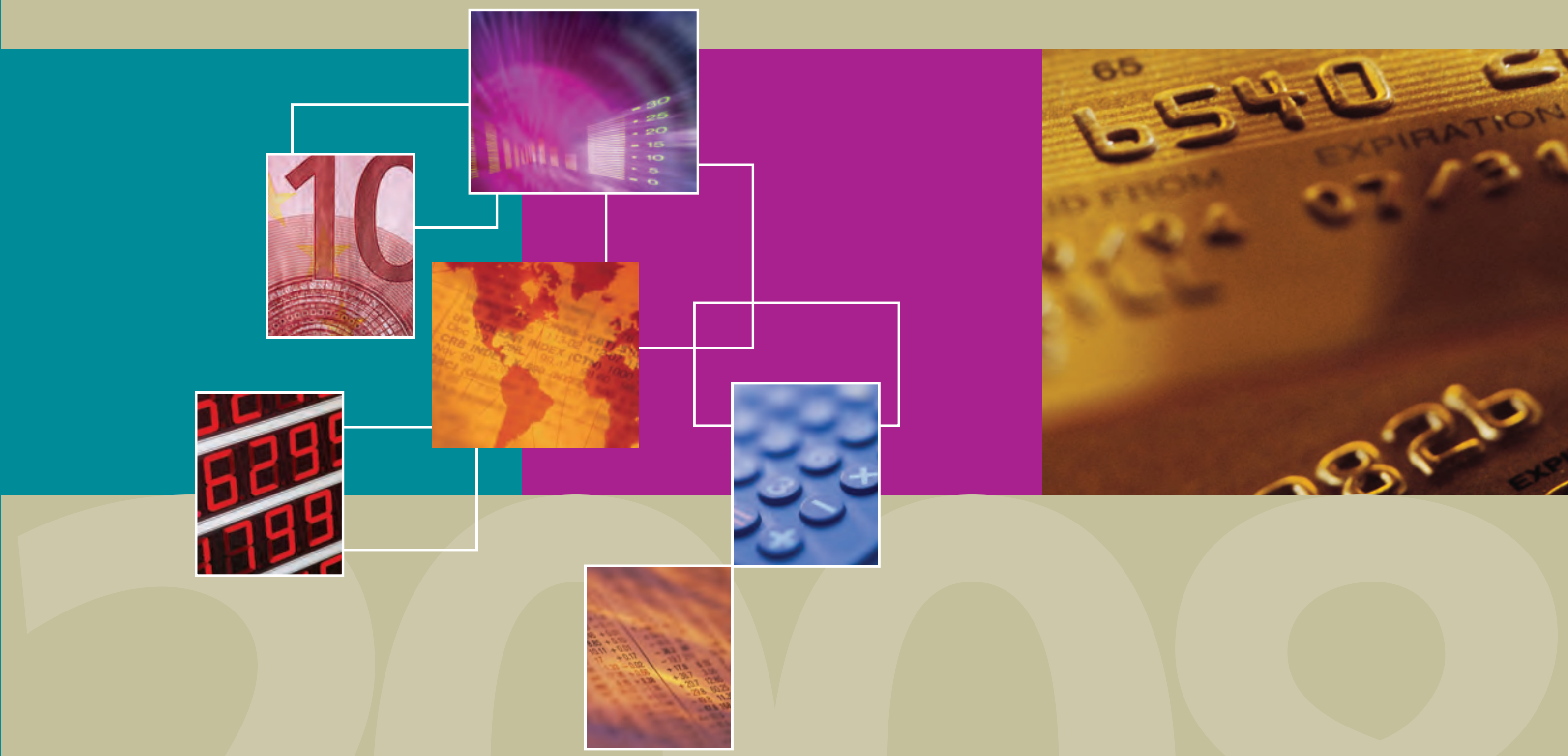
Annual Review 2008

IPSO
Irish Payment Services Organisation Limited



2008

IPSO Vision

IPSO will lead the development of the Irish payments industry, providing strategic and operational direction in a businesslike and professional manner.

IPSO Mission

To deliver viable payment and related services needs of stakeholders by providing a robust framework for the successful provision of money transmission services.

IPSO Core Values

At IPSO, we value:

- Customer service, meeting the needs of all stakeholders;
- Quality and a businesslike focus in everything we do;
- Integrity and impartiality in all our actions;
- Growth and development of our staff;
- Productivity and a will to improve;
- Professionalism at all times.

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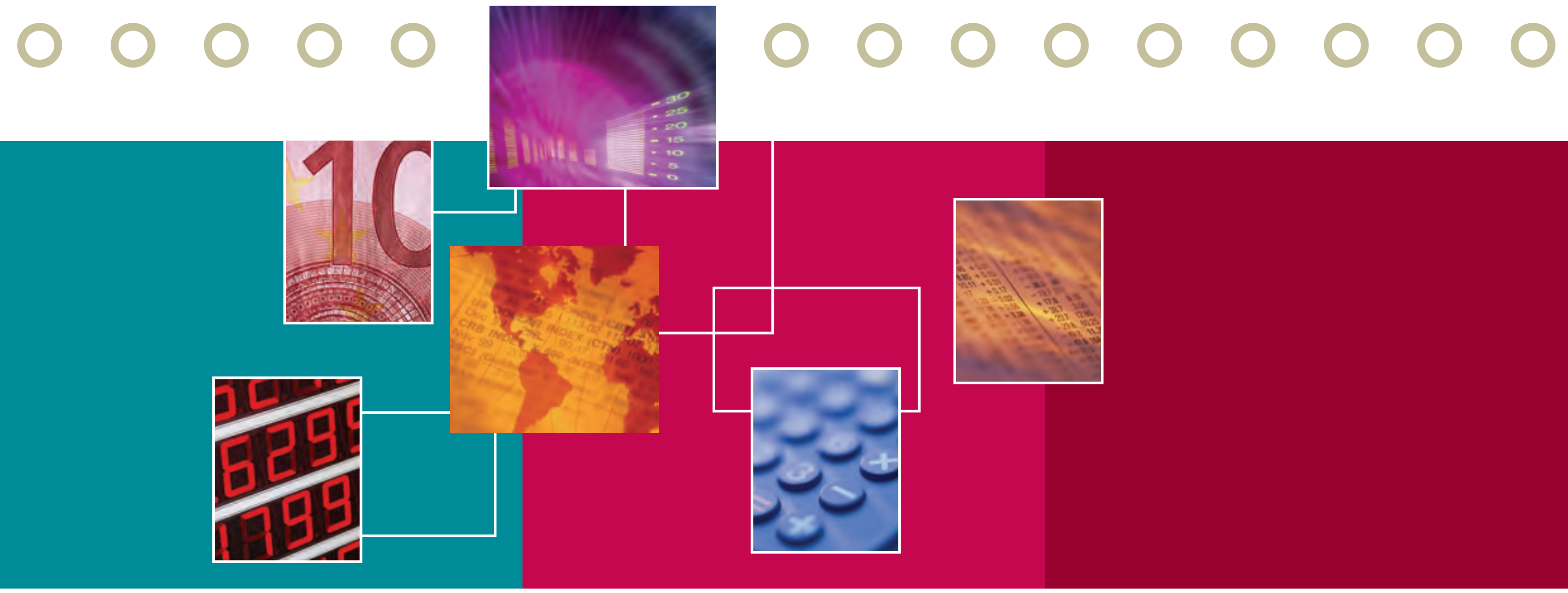


Chairman's Statement

Don Thornhill, Chairman

2008 was another successful year for IPSO in progressing the modernisation of the payments industry in Ireland. The first Single Euro Payment Area (SEPA) product, the SEPA Credit Transfer, was launched in January 2008. The full implementation of SEPA will allow customers to make and receive non-cash euro payments anywhere in the EU using a single bank account and a single set of payment instruments.

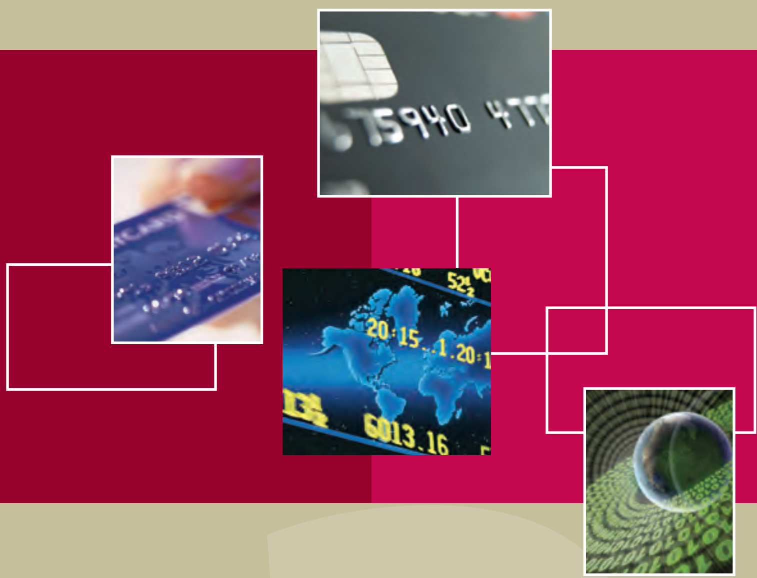
In February, Ireland moved its wholesale payments to TARGET2, which is the Eurosystem's interbank payment system for real-time processing of transfers in euro throughout the EU.

The Department of the Taoiseach and IPSO co-hosted a very successful second national payments conference which focused on innovation in payments in Ireland and other countries and examined how financial inclusion could best be delivered.

IPSO has been advocating the need for a national plan to guide the modernisation of payments from paper based and cash methods of payments to card and electronic means.

The contribution that such a development could make was recognised by Government and we are particularly pleased by the announcement by the Minister for Finance in his budget speech that the government has committed to the establishment of a high level group to direct the preparation and implementation of a national payments implementation plan.

There is an increasing awareness that a modern payments infrastructure which maximises the use of card and electronic payments would contribute to improving Ireland's competitiveness.



During 2008 we had changes in the membership of the Board. Neil Copland from EBS Building Society was replaced by Owen Purcell, Jim Rourke, Bank of Scotland (Ireland) Ltd., was replaced by Padraig Brosnan and Maurice Devitt, permanent TSB, was replaced by Brendan Lynott.

I would also like to thank the staff of IPSO for continuing to provide strategic leadership to the industry.

Chief Executive's report & summary

Pat McLoughlin, IPSO Chief Executive

IPSO's primary objective is to preserve the integrity and security of payments systems. Despite the instability in financial services during 2008, our payments systems worked well and confidence in all our payment methods was maintained in the economy.

2008 saw some important improvements in payment behaviour. The number of cheques issued reduced by over 6% which is in line with our plan 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. The volume of debit card transactions exceeded that of credit cards for the first time in 2007. It wasn't all good news however as our dependence on cash soared; we are the largest user of cash on a per capita basis in the EU, double the EU average.

IPSO and its member banks will focus on the cash issue in 2009, but the real changes in behaviour are only likely to take effect when a national plan is implemented which brings us into line with our European partners.

Our present inefficient systems cost us valued competitiveness as the economy trades its way out of the current recession.

IPSO has a small team of dedicated staff who have worked closely with our colleagues in our member banks and the Central Bank & Financial Services Authority of Ireland (as regulator of payment systems) to maintain stability in payments and to plan and deliver the modernisation of payments in Ireland. I would like to thank the chairman and the IPSO board for their support and guidance during 2008.

IPSO board of directors

Back row from left to right: Owen Purcell, John Flanagan, Padraig Brosnan, Barbara Macrory, Sean O'Keeffe, Pat Delaney.

Front row from left to right: John Hogan, Billy Andrews, Don Thornhill, Pat McLoughlin, Paula Gray.

Insets: Brendan Lynott, Zita Vance, Dermot Nolan.

Don Thornhill (Chairman)	Independent, Non-Executive Director	
Billy Andrews	General Manager, Product Management & eChannel Development	AIB Bank
Dermot Nolan	Head of Payments Strategy, Planning & Change	Bank of Ireland
Owen Purcell	Head of Products and New Channels	EBS Building Society
Pat Delaney	Independent, Non-Executive Director	
Brendan Lynott	General Manager - Operations	permanent tsb
John Flanagan	Head of Payment Industry & Legislative Strategy	Ulster Bank Ireland Ltd. First Active PLC
John Hogan	Independent, Non-Executive Director	Chairman, IPSO Audit and Finance Committee
Pat McLoughlin	Director & Chief Executive	Irish Payment Services Organisation Ltd.
Barbara Macrory	Manager Financial Infrastructure Unit	Danske Bank A/S trading as National Irish Bank
Zita Vance	Head of Operations, Strategy & Planning	Anglo Irish Bank Corporation Ltd.
Sean O'Keeffe	Head of Cash Management	BNP Paribas
Padraig Brosnan	Head of Finance	Bank of Scotland (Ireland) Ltd.
NON DIRECTOR REPRESENTATIVES		
Pat Farrell	Chief Executive Officer	Irish Banking Federation
Paul O'Brien	Deputy Head, Payments & Securities Settlement Department	Central Bank and Financial Services Authority of Ireland
Paula Gray	Company Secretary	Irish Payment Services Organisation Ltd.

The Role of IPSO

Jacqui Lockhart, PA to CEO and Payments Projects Coordinator

The Irish Payment Services Organisation Limited (IPSO) was established in June 1997. IPSO is the representative body for payments in Ireland with the objective of the:

- **Preservation of the integrity and security of the payment systems**
- **Modernisation of the payments industry in Ireland**
- **Promotion of its payment systems and schemes**

IPSO's fundamental principles are:

- the orderly and planned development of the payments industry
- maintenance of a high level of integrity and timely improvement in the efficiency of payments systems
- the development of cost efficient and competitive payment systems
- facilitation of a competitive market, meeting the needs and requirements of stakeholders
- the provision of a balanced response to key public policy issues

There are currently two clearing companies and two payment schemes operating under the IPSO umbrella. Each company has its own board of directors.

Clearing Companies/Payment Schemes

Irish Paper Clearing Company Ltd.*
Irish Retail Electronic Payments Clearing Company Ltd.*
Laser Card Services Ltd.
Direct Debit Scheme

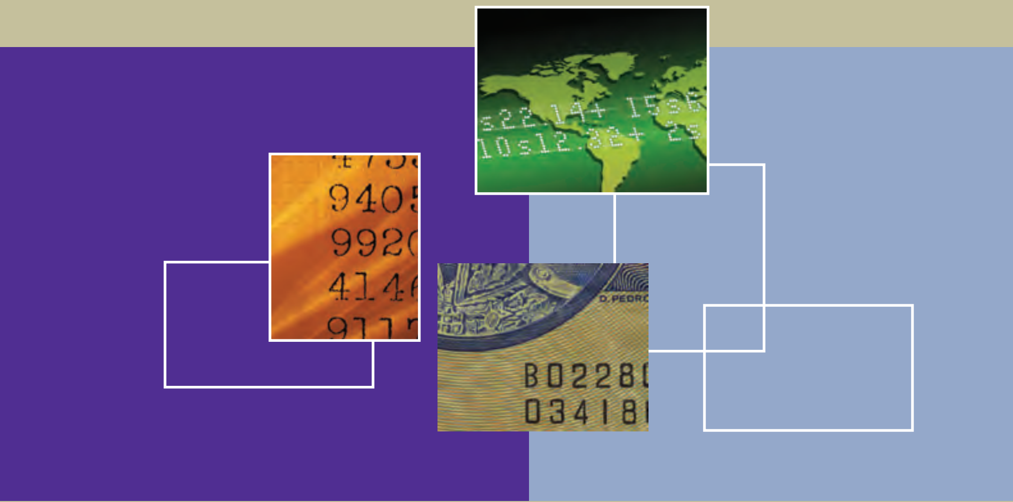
The Clearing Companies* are regulated by the Central Bank & Financial Services Authority of Ireland.

Each member of a clearing company or payment scheme, as designated by IPSO, is eligible for membership of IPSO and to representation on the IPSO board.

The IPSO role includes:

- Providing strategic leadership and direction to the payments industry as a whole on matters including the impact of technology, regulation and European and international developments

In delivering on its strategic objectives IPSO is mindful of the wider stakeholder community and the environment in which we operate.



- Communicating strategic guidance to the individual arms of the industry
- Developing best practice guidelines for the clearing companies and payment schemes on issues such as constitution, rules, entry criteria, accountability and risk management
- Facilitating the establishment by the clearing companies and payment schemes of appropriate legal, security and audit frameworks – including security guidelines, fraud control initiatives, data protection, systemic risk controls and regulation
- Articulating the common voice of the payments industry on issues with industry-wide impact to regulators, Government, media, European bodies etc. This includes ensuring that opinion formers, regulators and other relevant parties are assisted in understanding the payments industry and that public debate on payment issues is well informed
- Providing central program management of key industry initiatives, such as the Chip and PIN migration, Single Euro Payments Area, National Payments Implementation Programme (jointly with Government) and fraud prevention
- Facilitating the sharing of non-competitive information about the payments industry, including the compilation and provision, on a non-specific basis, of research, statistics, publications etc.
- Managing pan-industry issues such as systemic risk, security exposure and crisis management
- Providing consultancy services to members, clearing companies, payment schemes and special interest groups
- Monitoring and promoting payments industry standards development and interoperability
- Facilitating innovation and assisting in the design of future payment systems development
- Coordinating and facilitating a common understanding of relevant legislative and regulatory change

In 2001, with the approval of all member institutions and the Central Bank & Financial Services Authority of Ireland, the IPSO chief executive was appointed a director of IPSO and of each of the clearing companies and payment schemes under the IPSO umbrella. This is to ensure consistency and unity of purpose across the industry, that cross-clearing and pan-industry issues are appropriately co-ordinated and implemented and to enable the IPSO chief executive advise and offer guidance to boards on IPSO policy, industry strategy and related matters. The IPSO chief executive's role at clearing company/payment scheme board meetings is to assist, guide and advise the various boards.

The primary role of IPSO in the payments industry is discharged at a strategic level. IPSO does not own or operate the physical infrastructure, but IPSO does have a critical role to play in the development of that common infrastructure which requires the participation and cooperation of competitor payments institutions. This cooperation is essential in order to deliver, to Irish consumers and businesses, a robust payments system which itself is vital to the smooth running of the economy.

In delivering on its strategic objectives, IPSO is mindful of the wider stakeholder community and the environment in which it operates.

Irish Payments Industry 2008

Russell Burke, Head of Strategic Development

Ireland continues to remain inefficient, from a payments perspective, when compared to the rest of Europe. Its high dependency on cheques and cash in payments puts the country at an ongoing competitive disadvantage to its EU peers. There is now an urgent need to ensure the National Payments Plan is put in place to reduce this dependency and to modernise payments in Ireland.

- Ireland is one of only a handful of EU member states that continues to use cheques
- Of those that do, Ireland has the highest dependency in value terms and is the only one where cheque volumes have not been significantly declining
- Ireland continues to be the highest user of ATM cash (on a per capita basis) with an annual figure of more than double the EU average
- Figures for 2008 are encouraging with cheque volumes recording a decline of 6% and electronic credit transfer volumes increasing by 16%

Cheques

- Most EU countries do not use cheques for day–to-day payments
- 117 million cheques and other paper debit items were issued in Ireland in 2008
- Cheque volumes in Ireland dropped by 6% in 2008. This is the first time a significant annual reduction has been recorded
- Since 2002, the three other large cheque issuing countries in the EU, France, the UK and Portugal, have seen volumes decline by up to 33% while volumes in Ireland showed a minimal decline
- Almost 80% of the value of non-cash payments in Ireland is exchanged using cheques and other paper instruments - the EU average is 3%

Cheques are a considerably more expensive method of payment than electronic alternatives. The latest increase in government stamp duty on cheques to 50c means that putting a 'cheque in the post' now costs the issuer more that €1 before any bank charges or other costs are considered. Cheques are also costly to process for banks and they attract a high level of fraud. These costs are frequently reflected in higher bank charges for cheques compared to electronic payments. Furthermore, receivers of cheques, having endured the

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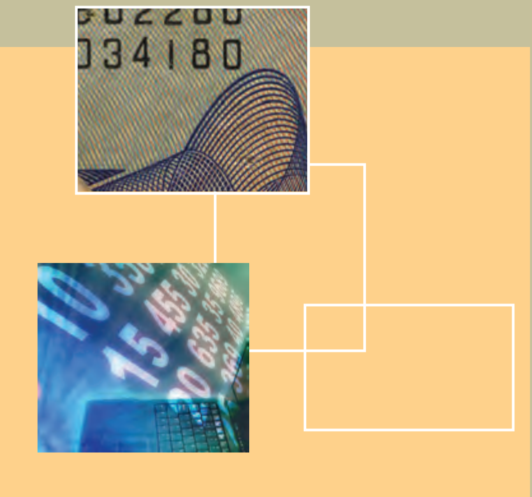
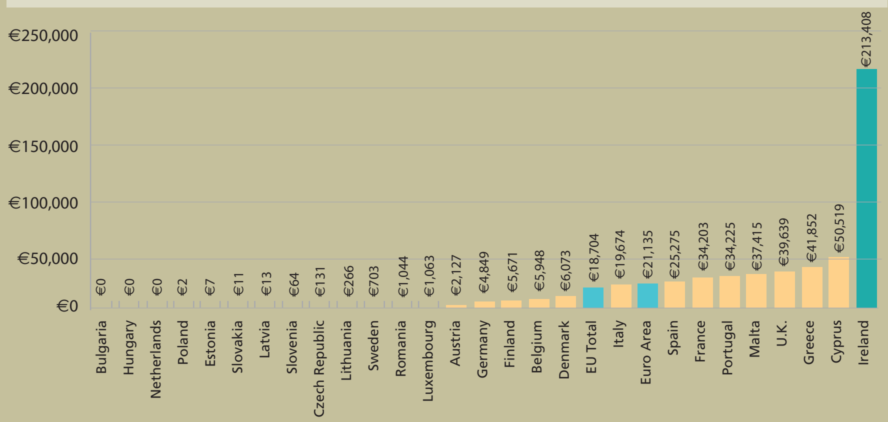
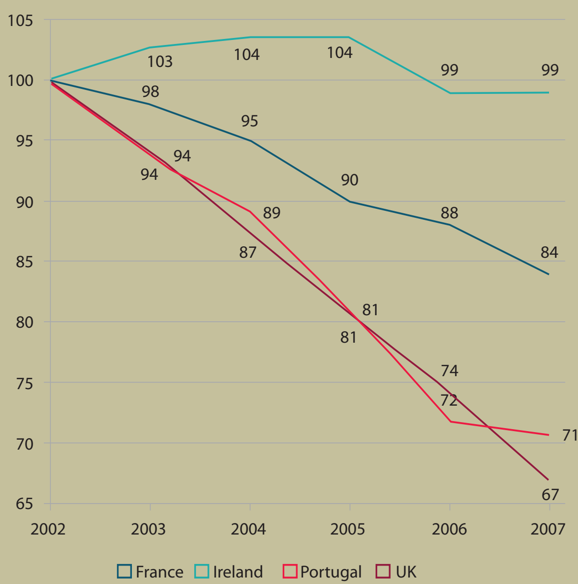


Cheque Value per Capita 2007



Cheque Usage Trends: Base Year 2002

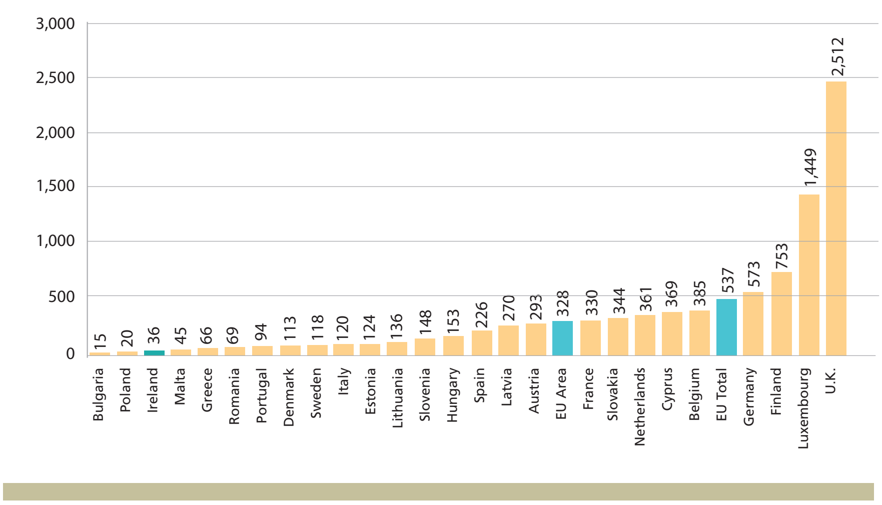


inconvenience and cost of lodging them, are subject to delays in getting both value for and access to the funds and it can take several working days to ensure that a cheque is not going to be returned. Delays in terms of both cash-flow and certainty of payment put Irish businesses at a competitive disadvantage to their European counterparts.

Only 6 EU member states are still dependent on cheques (i.e. at least 10 per capita per annum). Two of those are Malta and Cyprus and of the others only France issues more per capita per annum than Ireland. Over the five years to 2007, while cheque levels in Ireland have remained broadly static, they have dropped steadily in the other countries (France 16%, Portugal 29% and the UK 33%). Other large users of cheques, such as the USA and Canada, are also seeing a steady decline in volumes. In most EU member states cheque usage has been either virtually or entirely eliminated, so much so that cheques were not even considered in the development of SEPA (Single Euro Payments Area) and were specifically excluded from the PSD (Payments Services Directive). This further illustrates the urgency of the need for Ireland to ensure reform in this area.

In 2008, 117 million cheques (including other paper debit instruments), almost 27 per capita, were used in Ireland. In value terms, this was just short of €800 billion, more than four times the value of Ireland's GDP. This is an enormous number, but what does it mean? In value terms, it means that Ireland transacted 80% of all its non-cash payments using cheques and other paper debit instruments. The EU average was 3% for 2007. Apart from the inefficiencies associated with cheque payments, it leaves Irish economic activity significantly dependent on a paper-based payment system and exposed to any potential disturbance to it.

Credit Transfers per Capita (Value €1000's) 2007



2008 may turn out to be a positive turning point for cheque usage in Ireland. An IPSO-led initiative saw its member banks sign up to a plan that will deliver significant cheque usage reductions over a three year period. Figures for 2008 show a 6% reduction on 2007. This is the first time a significant annual reduction has been recorded. To ensure that the momentum of this trend is maintained, it is imperative that payments services providers continue to make electronic alternatives to cheques more accessible and more convenient for users, for both receivers and payers alike.

Electronic Credit Transfers and Direct Debits

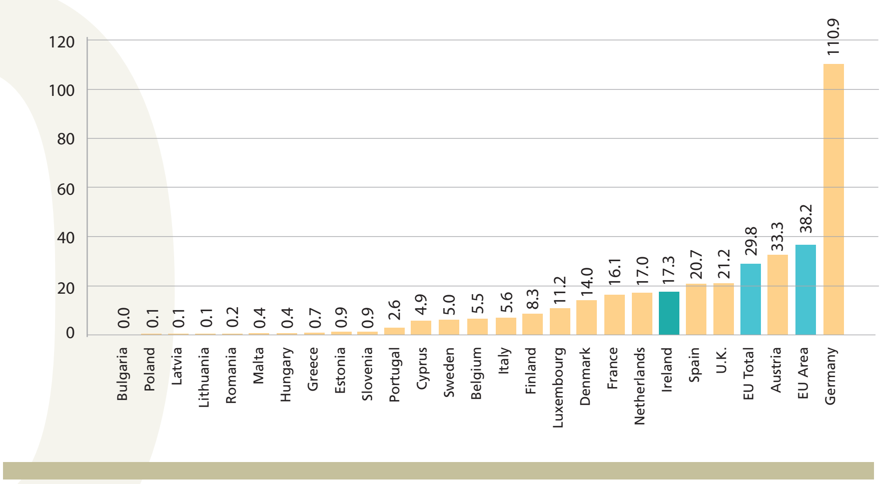
- Electronic Credit Transfers account for 13% of the value of Ireland's non-cash payments. The EU average is 91% (2007 figures)
- The value of automated electronic payments in Ireland is only 1/6th of that of paper payment instruments
- Ireland's 2007 average of 23 direct debits per capita per annum is less than half the 2007 average for the Euro Area

Electronic credit transfers and direct debits are both highly efficient forms of payment and, particularly for business users, provide an attractive alternative to cheques. Unfortunately Ireland's use of these is less than the European average on a per capita basis, considerably so for payments by electronic credit transfer.

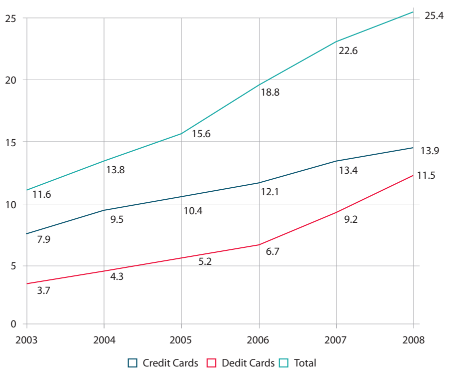
In 2007, 106 million payments were made by electronic credit transfer. These were valued at €150 billion (compared to 125 million cheques valued at €949 billion). On a per capita basis Ireland compares very poorly with the rest of the EU where the average for electronic credit transfers in 2007 was €537k per capita, fifteen times higher than Ireland's €36k. Only two of the 27 member states had a lower figure in 2007.

When it comes to direct debit use, Ireland fares considerably better in comparison to its EU counterparts. In 2007, although only averaging 23 per

Direct Debits per Capita (Volume €1,000s) 2007



Value of Card Payments in Ireland



capita, versus an EU average of 47, Ireland is in the 'Top 10' of the EU 27. Very high usage of direct debits in a few countries, Germany in particular, means that only 5 countries exceed the EU average. This is also true in terms of the value of payments made by direct debit. The average value of direct debits per capita in Ireland for 2007 was €17k, against an EU average of €29k. However, when measured this way, Ireland is actually the 5th best EU performer. The average figure for the EU is again skewed by the figure for Germany which had an impressive €111k average.

Substantial progress has been made in 2008 in Ireland with electronic credit transfers and direct debits rising by 16% and 7% respectively. Combined with the first noticeable decline in cheque volumes, this may be an indication of some momentum building in the migration from paper to electronic payment instruments.

Payment Cards

- The number of Laser/debit cards in Ireland rose by over 50% to 2.9 million since the end of 2006
- The volume of Laser/debit card transactions in Ireland exceeded that of credit cards for the first time in 2007
- Stamp duty on payment cards is unique to Ireland
- In terms of cards per capita, Ireland remains in the bottom third of the EU

Although somewhat improved in recent years, Ireland is in the bottom third of the EU when it comes to the number of payment (debit and credit) cards in issue. There may be several factors influencing this. Government stamp duty on payment cards, although decreased, is thought to be unique to Ireland and would certainly be an influencing factor. Ireland's high use of cash would appear to be another.

There has been very positive progress on the issue of stamp duty in the last two budgets. In December 2007 duty on credit cards was reduced by €10 to €30 per annum. Debit card duty was also reduced from €10 to €5 (€20 to €10 for combination debit/ATM card) per annum and in October 2008 this was further reduced to €2.50 (€5 for a combination card).

Cash usage levels continue to rise in Ireland (see Cash/ATMs section) despite the increased levels of payment cards in issue and the rise in the transaction volumes and values.

While IPSO does not envisage a cashless society, it would be beneficial to the overall economy if the volume of cash used in Ireland could be significantly reduced. Convenience, cost and security all impact on card usage levels for both merchants and cardholders, but technology may now offer opportunities for growth. One potential opportunity for displacing further cash transactions is the development of 'contactless cards'.

Developments in Cards

Contactless cards allow users to pay for low value items (e.g. up to £10 in the UK) simply by placing or waving their card close to a terminal. The card contains a built-in antenna which allows the terminal to read the card details. This is reported to be quicker than a cash transaction and potentially more convenient as the card may not even have to be taken out of the user's wallet or purse. The same card can be used with Chip and PIN for higher value transactions in the normal way. Both contactless and PIN-authorised transactions are applied to the users account in the same way. The idea is that the contactless technology will give users the opportunity to use their cards for more day to day transactions that are typically settled with cash.

2008 has seen a significant expansion in the use of 'contactless' cards in some markets, including a decision by one of the major UK clearing banks to make the contactless capability standard on all its debit cards. Many mobile phone manufacturers, in anticipation of the potential for contactless payments, are incorporating an antenna into their newer handsets to enable this type of payment to be made with mobile phones.

Prepaid cards may also offer a further opportunity for card levels in Ireland to be increased. Relatively undeveloped in the Irish market, this concept is widely used in many countries around the world. Prepaid cards allow holders to 'load' an amount of their choice onto a card which can then be used in the same way as traditional debit or credit cards, the only difference being that the 'spend' limit is determined in advance by the user. This type of card has proved popular in many markets, particularly for specific segments such as students or migrant workers. Prepaid cards have also proved to be useful in helping to address financial exclusion, giving alternative access to payment systems to those that may not have a conventional bank account. In general terms, prepaid cards complement traditional cards giving users a full choice of payment up front (prepaid), pay now (debit card) and pay later (credit card).

In 2007 and 2008 there was a significant increase in the number of debit cards in Ireland, rising to 2.9 million from 1.6 million in 2006. For the first time since the launch of the Laser scheme in 1996, debit cards now exceed credit cards. Along with 2.4 million credit cards in issue, the total number of payment cards in Ireland is now 5.3 million, an increase of almost 43% in two years.

Cards Growth

The number of debit card transactions in 2008 was 181 million, a rise of almost 80% since 2006. These transactions had a value of €11.5 billion, putting the average value of a debit card transaction in Ireland at €63.47. Credit card transaction volumes saw a more modest growth of 9% in 2007 and a further 4% in 2008. The value of credit card transactions was €13.9 billion. The total value of payment card transactions in Ireland was €25.4 billion in 2008, still substantially less than the €28.7 billion in cash paid out through ATMs.

In comparison with the EU figure for 2007, the number of payment cards in Ireland was relatively low at just under 80% of the EU average per capita (1.1 cards per person in Ireland versus an EU average of 1.38). This does represent significant progress though, as in 2006 the Ireland figure was only 64% of the EU average and the 2008 figure for Ireland is higher again at 1.2 cards per person. The reduction of stamp duty on payment cards should help bring card levels in Ireland into line with its EU counterparts.

Cash/ATMS

- Ireland is the EU's largest user of ATM cash on a per capita basis
- Ireland's ATM cash figure is more than twice the EU average, 1.5 times the next highest Member State (UK) and more than 12 times the lowest user (Denmark)
- In the six years to 2008 the number of ATMs in Ireland increased from 1,412 in 2002 to 3,404 in 2008

The use of cash in Ireland continues to grow at an excessive rate with nearly €29 billion being paid out through ATMs in 2008. While the total EU ATM cash figure grew by a modest 0.5% from 2006 to 2007, Ireland's use of ATM cash increased by almost 13% in the same period. On a per capita basis, the figure for Ireland rose to €6,454 per person in 2007 against an EU average of €2,579. The figure for Ireland for 2008 was slightly higher again at €6,493.

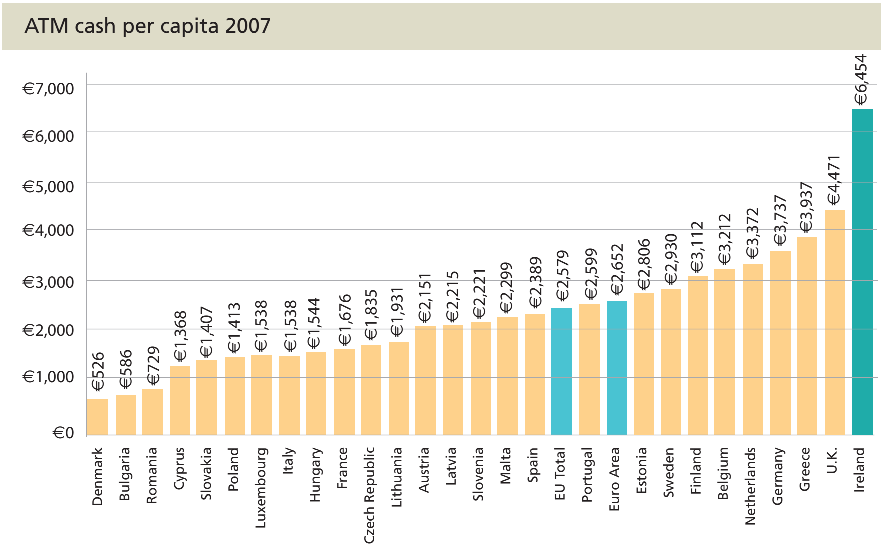
This trend is not good news for the Irish economy. Apart from the traditional costs associated with cash, such as security, handling, storing and transportation, there are other ways in which high cash levels can harm the economy. In 2007, while Irish retail sales experienced a slight decline, the value of debit and credit card payments increased by over €3 billion. Such a trend might be expected to result in a drop in cash usage. However, the volume of cash withdrawn through ATMs also increased by more than €3 billion to €28.1 billion in the year.

The reasons behind such an increase in cash volumes must be identified and addressed as the costs associated with cash usage can be considerable. Such concerns highlight how the efficiency of a nation's payments systems can affect everybody and why a national plan for payments is of vital importance.

National Payments Implementation Programme

- Government has committed to the establishment of a high-level group to direct the preparation and implementation of a national payments plan
- More than 200 delegates attended the 2nd National Payments Conference at the Royal Hospital Kilmainham at which EU Commissioner Charlie McCreevy was the keynote speaker
- Further reform of stamp duty on payment instruments in Budget 2009
- Commitments to financial inclusion and a national payments strategy are incorporated into the deposit guarantee and recapitalisation schemes

The "National Payments Implementation Programme" was jointly established and sponsored by IPSO and the Department of the Taoiseach at the end of 2005 following a study by Accenture on the formulation of a "National ePayment Strategy". Commissioned by the Department on behalf of the Information Society Commission, the resulting report highlighted that a significant move to electronic payments could deliver a 0.3% lift to Ireland's GDP (over €500 million per annum at current levels).



The work of three cross-industry working groups, dealing with "cash", "cheques" and "financial inclusion" culminated in a National Payment Conference in December 2006 at which the then Minister for Finance, Brian Cowan, was the keynote speaker. An 'Advisory Group' was subsequently established to replace the three working groups. The Advisory Group's wide range of (non-commercial) members ensured a broad range of stakeholder representation.

In April 2008 a 2nd National Payments Conference, held at the Royal Hospital Kilmainham, had three core themes:

- Improving Payments Efficiency
- Financial Inclusion
- Innovation in Payments

The conference was extremely well attended with over 200 delegates representing almost 100 different organisations. EU Commissioner Charlie McCreevy opened the conference which featured payments industry experts from several other EU countries, including the Netherlands and Finland, and also featured representatives from a number of Government departments who gave details of various payments 'success stories'. Professor Elaine Kempson gave a fascinating insight into the whole area of financial inclusion and Paul Smee, chief executive of the UK Payments Council, detailed the progress of its own "National Payments Plan". A number of interactive panel discussions ensured that all the major issues relating to payments were explored.

EU Commissioner Charlie McCreevy with Don Thornhill and Pat McLoughlin of IPSO at the 2nd National Payments Conference

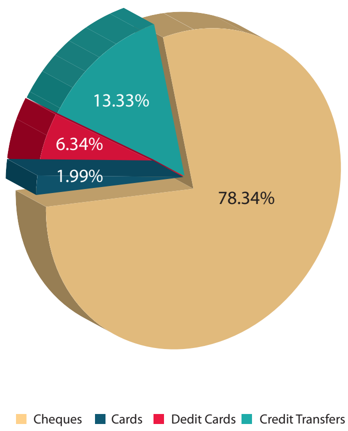
As the global crisis in the financial services industry developed, the Government established the bank deposit guarantee scheme and subsequently the recapitalisation programme for the major banks. Each of these schemes includes measures to facilitate the development of Ireland's national payments strategy. The guarantee scheme requires that all participating banks report progress bi-annually on a number of issues under 'Corporate Social Responsibility' including the national payments strategy, the promotion of financial inclusion and the development of financial education. The recapitalisation scheme commits participants to the provision of basic or introductory bank accounts and to promote these accounts to socio-economic groups where the holding of bank accounts is less prevalent.

All of the measures are welcomed by IPSO, particularly as the current economic environment makes the need for efficiency in payments all the more pressing.

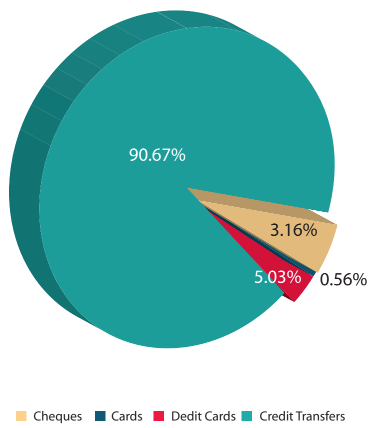
Summary

Ireland continues to be overly reliant on relatively expensive and inefficient payment methods when compared to most of its EU counterparts. A significant move away from high cheque and cash levels, in favour of electronic payments, has the potential to increase national competitiveness. While figures for 2008 are encouraging, there is still much progress to be made. The development of the National Payments Plan, which will address this situation and help develop the country into one that embraces modern, efficient payment systems is now imperative. Steps have been taken to ensure that this can happen. It now remains for each and all of the stakeholders to engage in the process that will deliver a modern and efficient payments environment for Ireland. The rewards can, and will, accrue to all sectors of society and increase competitiveness in the economy.

Relative importance by value (Ireland) 2007



Relative importance by value (EU) 2007



Statistical data is sourced from Irish Payment Services Organisation and European Central Bank Statistics

Single Euro Payments Area (SEPA)

Mick O'Neill, Direct Debit Scheme and SEPA Programme Manager

The Single Euro Payments Area (SEPA) was successfully launched in January 2008. Over 4,300 financial institutions, representing roughly 95% of payment volume in Europe, signed up for the SEPA Credit Transfer Scheme and all banks started to issue cards that are compliant with the SEPA Cards Framework.

Credit transfer transaction volumes have been increasing month on month to almost 300,000 per day by the end of 2008. However this presents a modest 2% of potential transaction volumes. These transactions are primarily cross-border and there is little evidence of domestic volumes migrating to SEPA standards.

From an operational point of view, feedback has been very positive and there have been very few processing issues. The vast majority of issues to date have been resolved bilaterally between the banks involved.

SEPA is the largest payments initiative ever undertaken in Europe and will require significant effort over the next few years by all stakeholders, including banks, Government, businesses and consumers to ensure that the benefits of SEPA materialise.

The next major step for SEPA is the launch of the new Direct Debit schemes targeted for November 2009. For the first time we will have a scheme that can be used to process both domestic and cross border direct debits. Two schemes will be launched, one being the core scheme and the other a "Business to Business" scheme.

There are a number of challenges that need to be overcome to ensure a successful launch of SEPA Direct Debit.

- Existing direct debit mandates must continue to be valid in the SEPA schemes. It would create a massive administrative burden and considerable costs if all existing mandates had to be re-signed. In February 2008 the Department of Finance issued a consultation paper on the Payment Services Directive. IPSO and its member banks responded to the paper with a proposal that the Department introduce legislation to ensure that existing direct debit mandates would continue to be legally valid post migration to the SEPA Direct Debit schemes. The Department has indicated its support for the introduction of primary legislation during 2009 which will ensure continued legal validity for existing mandates in the SEPA schemes.

- A solution to convert existing account numbers to International Bank Account Numbers (IBAN), which are required for SEPA, must be found. The proposed solution should be accessible by consumers and corporates, and provide a guaranteed accurate conversion to IBAN.
- The new Payment Services Directive must be transposed by Government by 1st November 2009.

Ensuring SEPA is a success

It is likely that new payments products and services will evolve in the next few years. It requires all European and national stakeholders to show strong support and have a clear commitment to drive the SEPA agenda forward. Only then will a more competitive and integrated payments market that will benefit one and all be seen.

IPSO, through its various task forces and working groups, will continue to assist and monitor the implementation of SEPA in Ireland.

SEPA also needs participation from the most important players, the users of the new payment systems, namely, public administrations, corporates, SMEs and consumers.

For SEPA to really succeed, customers must be encouraged to migrate to the new schemes. The European Parliament is actively encouraging public administrations to kick-start migration and to further explore opportunities to automate existing manual payment processes.

Agreement must also be reached on an end date by which all legacy payment systems will have migrated to SEPA. An end date will help concentrate the focus of all the key players on migration to SEPA.

It is up to all stakeholders in the months and years ahead to ensure that SEPA is a success, and that the process of paying for goods and services throughout member states will become as simple as it is in Ireland today.

Payment Services Directive

The Payment Services Directive (PSD) is a regulatory initiative from the European Commission and is designed to provide a common legal framework for the payments market throughout the EU and EEA.

The PSD is due to be transposed by 1 November 2009, and it will have an impact on all current and future providers and users of payment services.

The PSD is a full harmonisation directive intended to provide clear and harmonised rules across Europe; however, member states have a number of options to implement certain provisions differently or to waive them altogether.

IPSO, together with its member banks and the IBF, has created a PSD Working Group which is focusing on key industry interpretation and legislative issues arising in connection with the PSD.

There are still a number of outstanding interpretation issues that are being addressed with the EU Commission, and IPSO will continue to work with the Department of Finance to ensure a successful transposition of the directive in November.

Cash

The EPC Cash Working Group aims to implement and further develop the vision of a Single Euro Cash Area (SECA), which is also a goal of SEPA. The objective of SECA is to develop a common set of rules and best practices for the distribution and recycling of wholesale and retail euro cash in the Eurozone. During 2008 the cash working group continued its dialogue with the Eurosystem and discussed topics such as:

- Standard packaging standards
- Implementation of cash recycling framework
- Second generation of national cash plans
- Proposed amendments to EC Regulation 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting
- The effect of the PSD on cash operations
- Eurosystem roadmap for more convergence of national central bank cash services and wish-list for improvements
- Cross-border cash transport

The debate continues on two fronts, a) how best to reduce the societal cost of cash and b) how to improve efficiency in cash operations/cash cycle by re-engineering cash processes to include best practices from euro countries.

Card Developments

Una Dillon, Head of Card Services and Communications and Laser Scheme Manager

IPSO Card Services was established in April 2002 to examine security and fraud related issues affecting the card payments industry as well as monitoring legal and regulatory changes in the industry both at domestic and European levels. Card Services is governed by the IPSO Card Payments Group (CPG) which reports to the IPSO board on a quarterly basis.

The CPG is the leading industry group of banks and processors that participate in Irish card payments. This senior, decision making body is responsible for formulating policy on non-competitive matters relating to payment cards. The CPG comprises a senior card executive from each of the card issuers and acquirers in Ireland.

Under the auspices of the CPG, there are a number of industry groups with specific goals, including the:

- IPSO Card Fraud Forum (CFF), and;
- ATM Operations Group

The CFF consists of a senior fraud manager from each of the retail banks in Ireland and includes a representative from each of the police forces in Ireland (Gardaí & PSNI) as well as a representative from the international and national card schemes (MasterCard, Visa, AMEX, Laser Card). The purpose of the group is to share fraud data, best practice guidelines and to develop solutions for specific fraud issues.

The CFF collates industry figures so that new fraud trends can be measured and the highest risk areas can be targeted. In 2008 the total value of fraud lost to the retail banks is estimated to have cost approximately €15.5 million. Chip & PIN continues to keep frauds such as skimming, counterfeiting and lost/stolen fraud to a minimum but unfortunately the criminals continue to find new areas to target. In 2008 there was an increase of 10% on 2007 figures in 'Card Not Present' fraud in this market. This crime targets internet and mail order activity.

ATM fraud dropped considerably in 2008 with a 32% fall in the number of incidents reported to IPSO. Only 3 incidents in total were reported for the months October to December 2008 inclusive.

In late 2008 a new scam appeared in Ireland whereby criminals managed to infiltrate a small number of stores to install false PIN entry devices (PEDs) with the aim of gathering cardholder information and PINs. When the scam first came to light in August 2008 the retailers in question together with the Garda Bureau of Fraud Investigation (GBFI), IPSO and the retail banks worked together immediately to quash these activities.

The criminals were unsuccessful in their attempts and the quick work of the industry bodies under the auspices of IPSO meant that few losses were experienced by customers whose cards were compromised. Following the incident, IPSO agreed a fixed 'Fast Action Plan' with its members to ensure that future comparable scams could be handled in a similar manner thereby keeping fraud losses to a minimum and the impact on consumers negligible.

SafeCard Taskforce

Throughout 2008 IPSO continued to use SafeCard Fraud Packs and training materials to help specific fraud-prone retailers effectively reduce the high levels of counterfeit and lost/stolen card fraud in their stores.

IPSO works with card acquirers and with major stores and shopping centres, targeting outlets where fraudsters are known to operate. It provides training to staff on payment card security features as well as providing top tips on how to recognise a fraudster in action. Since the introduction of this training process, along side other initiatives driven by IPSO such as fraud awareness campaigns, the estimated savings to the banking industry exceeded €21.5 million (this estimated value saved is based on projected fraud figures going on previous trends, versus the actual fraud losses recorded). SafeCard training packs and artwork designed by IPSO are used in many retailer training guides for new and existing retail staff members.

IPSO works closely with the GBFI to provide training sessions in specific locations as well as sharing best practice and relevant data between the police force and bank staff.

Cross-border activity

IPSO participates in the work of the European Payments Council Card Fraud Prevention Task Force, which comprises representatives from key banking and payment organisations in Europe.

IPSO represents the Irish card issuers and acquirers on the European Payments Council Cards Working Group (EPC CWG) and has been involved in the formulation of a long term vision on the positioning of cards and electronic means of payment in the context of SEPA. IPSO inputs into all research relating to the work of the group and is responsible for articulating recommendations to the Irish payment card industry on all processes for the implementation of the SEPA vision.

IPSO is also involved in various working groups under the auspices of the EPC CWG, including the Card Standardization Task Force. This was established as part of the development process of a SEPA for cards. Work done by the group, to create standards for the end to end card transaction process, has been approved by the EPC Plenary. IPSO's involvement in this group is ongoing.

SAFECARD

Speaking Engagements – during the year IPSO presented at the following events:

- IPSO Retail Fraud Seminars – various dates
- Irish Internet Association (IIA) Fraud Seminar
- IBF/IOB/KPMG Fraud Conference
- The Card Awards – London (IPSO represented on the Awards Judging Panel)

Key Achievements

- Representation of Ireland's interests at the European Payments Council Cards Working Group
- Playing a key role in payment fraud prevention – helping to achieve a major reduction in ATM fraud
- Lobbying the Government on payment card levies which resulted in a 50% reduction in the tax on debit cards, in the 2008 Budget.
- Development of media relations – IPSO continued to be on call to the press to answer hundreds of queries relating to payments.
- Management of fraud incidents – ensuring that IPSO's members and their customers experienced few to no fraud losses as a result of a specific emerging fraud trend. Inconvenience to cardholders and fraud losses to IPSO members were kept to a minimum due to a rapid action plan put in to place by IPSO Card Services.

IPSO ATM Operations Group

IPSO manages this group which facilitates inter-bank discussions regarding ATM disputes and operational procedures. Topics covered by the group include:

- Impact of new regulations such as the Payment Services Directive on ATM deployers
- Streamlining of the interbank ATM query handling process to enhance efficiency of query handling
- Review and update of inter bank dispute resolution procedures
- Impact of technical infrastructure changes on ATM operations
- Streamlining interbank file exchange and settlement process.

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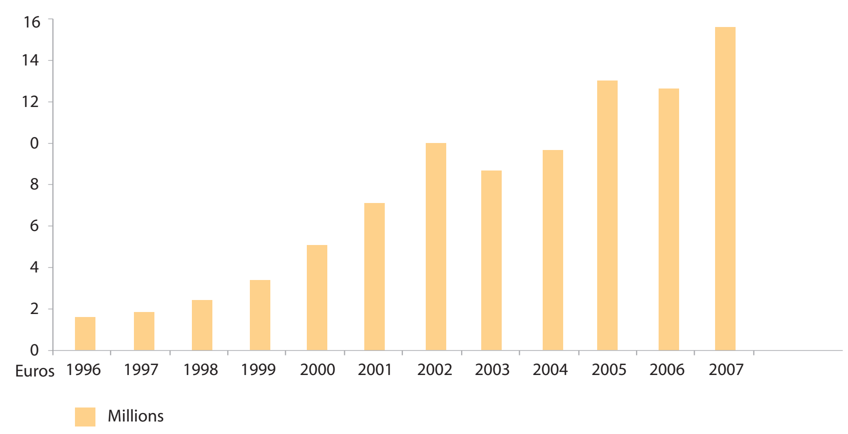
Annual Payment Card Fraud Figures (Net) ROI 1996 - 2007



Laser Card Services Ltd.

Erica McKinney, Member Services Executive

Laser is an Irish debit card scheme which was established in 1996 and has grown from strength to strength since then. Close to 3 million Laser cards are now being used in Ireland, 15% more than in 2007. 181 million transactions worth €11.5 billion were carried out on those cards in 2008. The average value of a Laser card transaction is currently €64.

Laser Card Services Ltd. is run by a small management team and a board of directors, comprising one director from each member of the Laser scheme plus one non-executive director. In 2008, the company appointed an independent chairman for the first time. John Hogan joined the Laser board in January 2009 and replaced Pat McNulty who presided over the Laser board for the past year. The Central Bank and Financial Services Authority of Ireland is represented on the Laser board in an oversight capacity.

The management team controls the marketing, administration, legal, financial, product development and strategic elements of the Laser scheme. The team also assists individual Laser scheme members to manage the day-to-day operation of their Laser card processing and responds to consumer, retailer, member and press queries on a daily basis.

Strategic issues for Laser include:

- Examining the future for Laser Card in a Single Euro Payments Area
- Development of Laser Card as an electronic payment solution as part of the National Payments Implementation Programme

PR & Marketing

Laser Card continues to grow as a favourite payment mechanism for consumers and in particular around busy shopping periods. In December 2008 alone, 21 million transactions worth €1.3 billion were processed on Laser Cards. This was a phenomenal increase of 42% & 45% respectively on November 2008 figures and an increase of 24% & 13% on December 2007 figures (See Table).

Use of Cards is increasing – use of debit cards has doubled between 2006 and 2008.

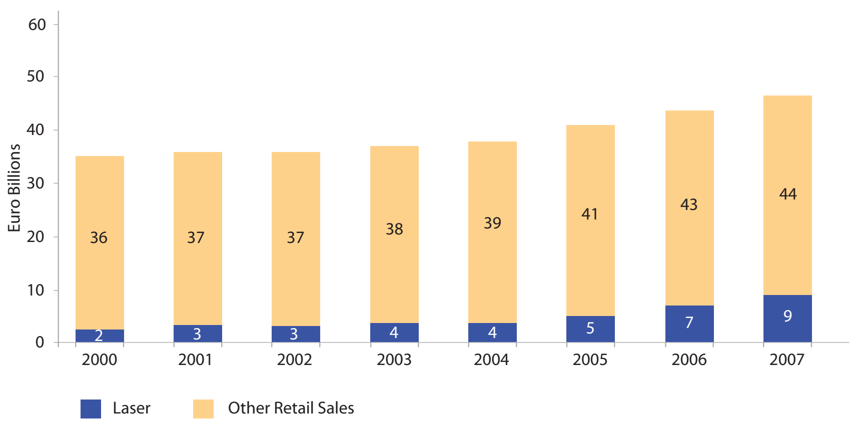
The top two reasons for using cards (cited by 76% and 65% of the population respectively) were 'Don't have to carry cash' and 'Saves from using the ATM'. This shows that cards (both credit and debit) are recognised by the majority as a viable alternative to cash.

Growth of the Laser Scheme to date

Year	Cardholder Growth	Value of Retail Sales	Average Number of Transactions per card per year	Transaction Volume
2008	2,888,877	€11.5B	65	181M
2007	2,519,000	€9.1B	54	137M
2006	1,623,198	€6.7B	70	99M
2005	1,273,000	€5.2B	63	80M
2004	1,125,000	€4.3B	61	68M
2003	1,079,000	€3.7B	56	60M
2002	1,044,000	€3.3B	53	55M
2001	902.000	€2.5B	51	43M
2000	798,000	€1.8B	45	34M
1999	701,000	€1.3B	36	25M
1998	588,000	€862M	28	17M
1997	431,000	€443M	20	9M
1996	185,000	€38M	4	1M

Average Transaction Amount	€64
Average Number of Transactions per Month	13.4M

Irish Retail Sales versus Laser Card Sales



Use of cards is increasing – use of debit cards has doubled between 2006 and 2008.

The following chart clearly demonstrates that the key payment mechanism being switched away from (for at least one payment occasion) is cash and that the key payment method being switched to is debit/Laser Cards.

The top two reasons for using cards (cited by 76% and 65% of the population respectively) were 'Don't have to carry cash' and 'Saves from using the ATM'. This shows that cards (both credit and debit) are recognised by the majority as a viable alternative to cash.

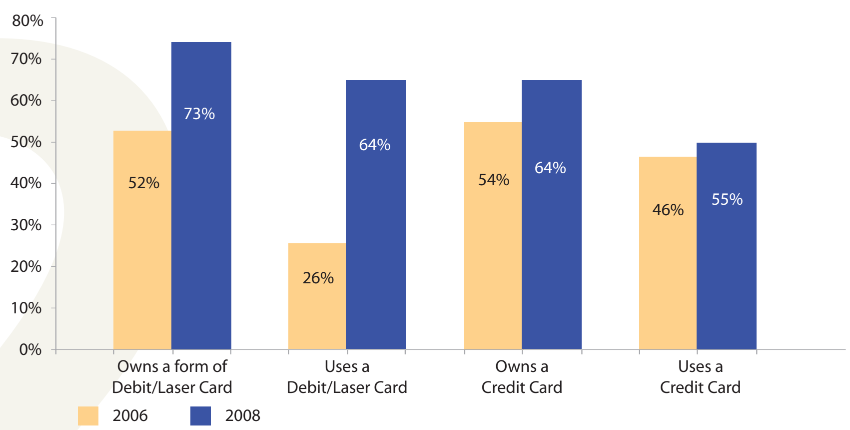
The Importance of debit cards as a utility in the cash reduction strategy

Based on the Central Statistics Office publications (Retail Sales Indices 2000 – 2007 and Annual Services Inquiry 2005), the monetary value of retail sales in 2007 is estimated at €53 billion. The value of Laser transactions for that year was €9.1 billion. This suggests that Laser transactions accounted for 17.6% of retail sales in 2007.

Evidence of cash displacement in recent market research

IPSO conducted a nationally representative survey to determine the triggers and inhibitors involved in the move to cards and electronic payments for varying consumer segments. The research was conducted in 2006 and again in 2008 to identify behavioural trends. The following excerpts from this research demonstrate that debit cards are an essential cash displacement tool.

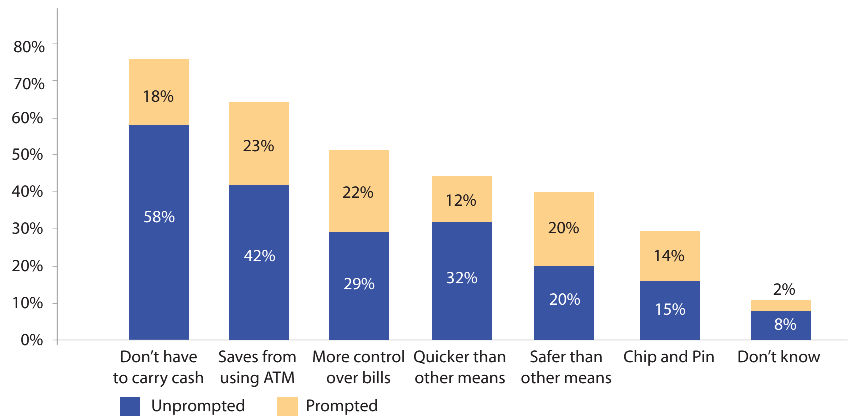
Card ownership versus usage



Industry Issues

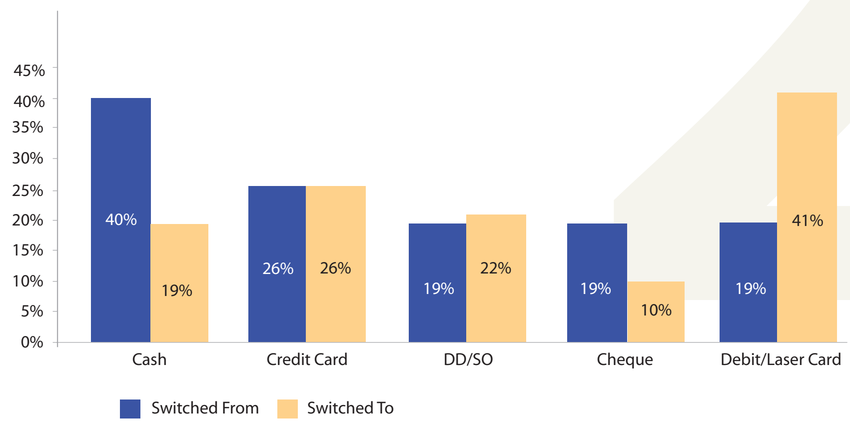
Laser Card Services issued a notice to its acquiring members during the year regarding the practice of small retailers who insist on setting minimum transaction floor limits for their customers i.e. a small number of shops insist on a €10 limit on spend before they will accept Laser Cards (or credit cards) for payment from their customers. This practice is against the Laser Scheme rules. It is important to Laser and the National Payments Implementation Programme that consumers know they can use their debit card without such issues at all shops and retail outlets, avoiding the need to carry cash.

Reasons for using cards



The Laser Card website www.lasercard.ie continues to draw interest. Consumers and new retailers in the Irish market regularly contact the office via the website, at info@lasercard.ie.

Payment types switched from and to overall



Note: While consumers state that they have switched from cash, the trends indicate that they still retain their cash spend while using Laser Card/debit card, so a full switch from cash has still to occur

Irish Retail Electronic Payments Clearing Company Ltd.

Paula Gray, Corporate Services and Retail Payments Manager

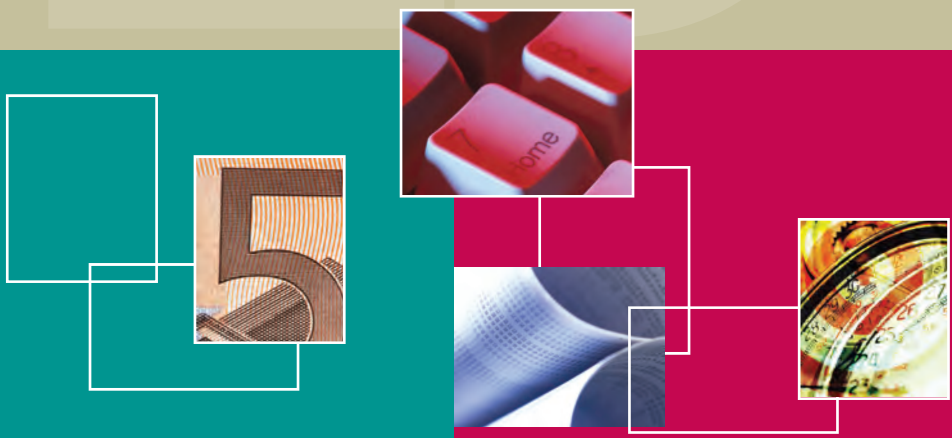
The Irish Retail Electronic Payments Clearing Company Ltd. (IRECC) was established in June 1997 to maintain and operate an electronic funds transfer payment, clearing and settlement system for domestic low-value electronic payments. The company is responsible for the inter-bank clearing of electronic items between banks and other financial institutions. Each member bank is responsible for running and maintaining its own electronic funds transfer (EFT) system, which enables electronic credits and debits to be originated and paid through any bank/branch within the State.

EFT Volumes and Trends

- In the year ended 31st December 2008, a total of 163.9 million inter-bank transactions were processed through the domestic EFT clearing system.
- These consisted of 71.3 million debit transactions with a value of €76.5 billion and 92.7 million credit transactions with a value of €122.4 billion.
- This is a 14% increase on the interbank volumes for 2007 which comprised 63.9 million debit items and 79.8 million credit items.
- The trend upwards continues to show the market preference for using more efficient payment processes.
- Electronic payments have a clear advantage over paper based payments in that the Next Day Value service offered by member banks offers a shorter clearing cycle than that offered through the Irish Paper Clearing Company Ltd.

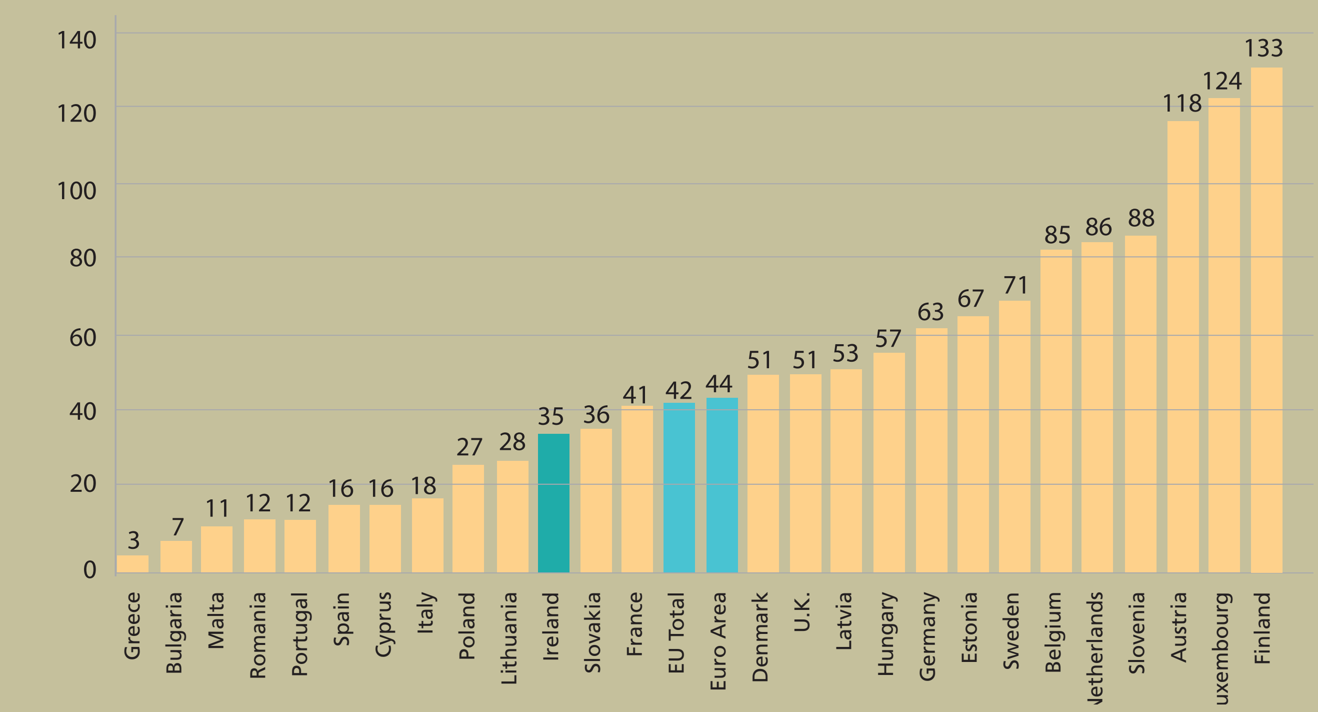
Efficiency and Change in Electronic Clearing Systems

As outlined earlier in this review, the payments landscape is continually evolving with more efficient product offerings coming on stream through the introduction of the Single Euro Payments Area. Over the coming years it is important that Ireland's use of more efficient forms of payment such as electronic credits and direct debits increases to bring it in line with other European countries.



The following chart shows a comparison with other European counterparts

Credit Transfers per Capita (Volume) 2007



EFT Clearing Rules & Standards

The IRECC board is responsible for maintaining and updating the Inter-bank EFT Clearing Rules and related EFT Standards. During 2008 the board conducted a full review of the Clearing Rules which were subsequently approved by the CBFSAI and adopted by the board on 28th August 2008. IPSO Standard 18, which is a system/ technical description of EFT file formats, was also reviewed and changes were adopted by the board on 29th May 2008.

Both the Rules and Standards continue to be monitored to ensure that they are kept up to date with changes that may be introduced in the clearing process.

Settlement for the EFT clearing was moved from local central banks to the European Central Bank with the introduction of TARGET2, which commenced on 18th February 2008.

Sort Code/Account Validation Data

IPSO continues to make available the sort code data and modulus algorithms for account validation. At present the sort code data can be obtained in an excel format and also through a registered web-search facility on the IPSO website at www.ipso.ie

The modulus algorithms are available on subscription for "Own Use" or under a "Distribution Licence". Information and order forms are also accessed through the website.

Following a review conducted in 2008, IPSO is proposing to launch a new sort code data storage and delivery product which will enhance the management of adding new data and amending existing data. Following extensive testing the service is expected to be up and running by the end of Q2, 2009. The data will be downloadable through IPSO's website, free of charge to "own use" users. Distributors will still have to operate under the standard licence provisions which can be obtained directly from IPSO.

High Level Risk Assessment 2008

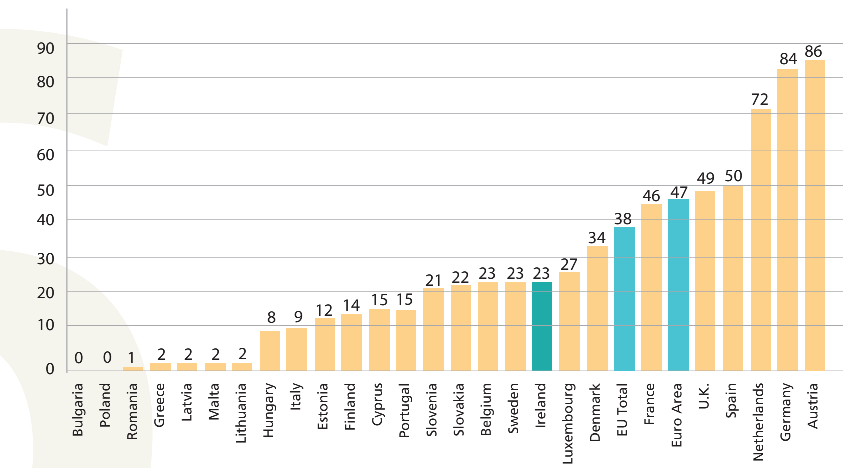
In line with the agreed programme for conducting risk assessments for IRECC, a high-level risk review of the end-to-end EFT clearing process was carried out in 2008. A detailed risk assessment was carried out in 2007.

It is important to note that IRECC does not own or control the physical infrastructure, but as custodian of the rules governing inter-bank arrangements, it has a role in ensuring that members are compliant with the rules, and not likely to fail to meet their obligations under those rules. To date, the EFT payments infrastructure has never failed. The areas assessed during the process are as follows:

- Operational
- Site access and contingency
- Security (physical and logical)
- Financial
- Environmental/Industrial
- Reputational

The results of the high-level assessment indicate that overall contingency arrangements are robust, well co-ordinated and tested

Direct Debits per Capita (Volume) 2007



and allow members to deliver on their clearing commitments thereby reducing and eliminating in some cases, certain risks. Detailed business continuity plans and regularly tested disaster recovery plans are in place within member banks. While members were happy with the level of security provided by the current transmission mechanism, a detailed review is being conducted with a view to increasing the level of security over inter-bank file transmission. Following the review member banks are looking at introducing a new, more secure, transmission. IRECC is also assessing the risk in relation to the inter-bank settlement process and pandemic situations.

New Members of IRECC

In line with IPSO's ongoing policy of openness, transparency and inclusion in relation to membership of Irish payment systems, the access criteria and membership rules for the paper clearing system can be found on the IPSO website (www.ipso.ie).

During 2008 a number of new "Associate Members" commenced participation in IRECC availing of agency arrangements through an "Ordinary Member". The new members are listed here and are all Credit Unions:

- Ballinasloe Credit Union Ltd.
- Ballyphehane Credit Union Ltd.
- Bishopstown Credit Union Ltd.
- Douglas Credit Union Ltd.
- Dundrum Credit Union Ltd.
- E-services & Communications Ltd.
- Gurranabraher Credit Union Ltd.
- Kilrush Credit Union Ltd.
- Munitir Skibbereen Credit Union Ltd.
- Roscrea Credit Union Ltd.
- St. Canice's Kilkenny Credit Union Ltd.
- Tralee Credit Union Ltd.
- Tullamore Credit Union Ltd.

IRECC looks forward to expanding its associate membership base in 2009.

Direct Debit Scheme

The Direct Debit scheme, governed by IRECC, has been in existence since the late 1960s. There are currently 4,274 active originators registered to participate in the scheme. This reflects an increase of 473 new originators during 2008. In excess of 100 million direct debits were processed during the same period.

During 2008 a review was carried out of the "Originator Database" to identify and remove dormant originators. As a result of this exercise over 500 originators were removed from the active database and from individual banks' databases.

The Direct Debit scheme continues to work very closely with sponsoring banks to ensure that all complaints and compliance issues are addressed in a timely and satisfactory manner.

The Direct Debit Scheme Rules and Guides are available to download from the IPSO website (www.ipso.ie).

Statistical data is sourced from Irish Payment Services Organisation and European Central Bank Statistics

Irish Paper Clearing Company Ltd. (IPCC)

Catherine Bennett, Payments Projects Coordinator

The Irish Paper Clearing Company Ltd. (IPCC) was established in 2002 following a merger of the Irish Paper Credit Clearing Company Ltd. and the Irish Paper Debit Clearing Company Ltd., which were constituted in June 1997.

IPCC is responsible for overseeing the operation and maintenance of a payment clearing and settlement system for domestic paper debits and credits. In addition, the company is responsible for overseeing the inter-bank clearing mechanisms and the imposition and upkeep of the rules and standards that govern the clearing of paper payments.

Paper Volumes and Trends 2008

- In the year ended 31st December 2008, a total of 63.4 million inter-bank paper transactions were processed through the domestic paper clearing system (i.e. items presented through a bank other than the one which they are drawn on).
- These consisted of 62 million debit transactions with a value of €200.3 billion and 1.4 million credit transactions with a value of €4.6 billion.
- This is a 6% decrease on the inter-bank volumes for 2007 which comprised 66.4 million debit items and 1.5 million credit items.

Efficiency and Change in Paper Clearing Systems

As outlined in the SEPA and Payments Industry sections of this review, the payments landscape is going through some significant changes both in Europe and Ireland. As can be seen by volumes and trends, the numbers of cheques processed in 2008 shows a small decline on 2007 figures.

The commencement of a decline in cheque usage in turn creates a corresponding increase in "per item" processing costs for the banking industry. Because of this IPSO is conducting an assessment of the processes involved in the end-to-end inter-bank clearing with a view to gaining efficiencies. Legislative changes will be required in order to implement some of the revisions identified, such as returning an image of a cheque in place of the original to various professional bodies like solicitors and accountants who are entitled to the

A decline in cheque usage creates a corresponding increase in 'per item' processing costs for the banking industry. Because of this IPSO is conducting an assessment of the processes involved in the end-to-end inter-bank clearing with a view to reducing costs.

original return of a cheque under various pieces of legislation. Section 132 of the Central Bank Act, 1989 allows for the electronic presentment of cheques through exchange of the MICR details, but this does not extend to cover images. In 2009 IPSO will liaise with those professional bodies identified and assess their requirements to ensure that their needs can be met through an imaging process.

Budget Announcements regarding Stamp Duty

Ireland is one of the few remaining countries in Europe that is still issuing significant numbers of cheques. Ireland's cheque usage is about double that of the EU average, on a per capita basis, with cheques accounting for more than 75% of all (non-cash) payments. Research shows that Ireland's reliance on cheques is costly to the economy whereas use of more efficient electronic alternatives can help reduce the cost to the nation. It is for this reason that IPCC welcomed the Government announcement in last October's budget of the increase in stamp duty, from 30 cent to 50 cent, on cheques.

Paper Clearing Rules & Standards

The IPCC Board, supported by the IPCC Working Group, is responsible for maintaining and updating the Inter-bank Paper Debit and Credit Clearing Rules and related paper standards. During 2008 the Paper Working Group and the board invested a considerable amount of time reviewing the rules which required substantial amendments to be made from an operational perspective. In particular, changes were made to the rules around Account Switching/Transferred Accounts, which support the Code of Practice for Personal and Business Account Switching.

Other changes were made to clearing processes where functions, normally carried out at branch level, were centralised thus affording greater efficiencies in the process.

Settlement for the paper clearing was moved from local central banks to the European Central Bank with the introduction of TARGET2, which commenced on 18th February 2008.

Cheque Guarantee Card Scheme

The Cheque Guarantee Card Scheme, which has been in operation since the mid 1960's, was reviewed during 2008. New inter-bank provisions were added to the rules to cater for account switching and to safe guard the scheme against fraud. As at 30th June 2008 there were 1.25m cheque guarantee cards in issue. However, in line with the reduction in use of personal cheques and non acceptance of cheques at some retailer outlets, use of the Cheque Guarantee Scheme is also reducing.

An Post Agreement/Clearing Rules

Following lengthy negotiations with An Post, the text of an agreement and a set of clearing rules and standards, governing An Post payment instruments was agreed in 2008. The rules cover Postal Money Orders, Warrants and Eurogiros and the acceptance of those instruments by members of IPCC for processing.

An Post, in signing up to the agreement and clearing rules, has also agreed to adhere to IPSO Standard 3 which provides the required level of technical and security features for printing of cheques and other paper instruments in Ireland.

An Post is not eligible for membership of IPCC as whilst it constitutes an undertaking, other than a credit institution, providing one or more of the financial services set out in the Schedule to the European Communities (Licensing and Supervision of Credit Institutions) Regulations 1996, An Post is not currently supervised by a 'competent authority' (as defined in the regulations) nor authorised by such competent authority to provide money transmission services. As a result of the adoption of the Agreement and Clearing Rules, members of IPCC together with An Post will have obtained an enhanced service and certainty around the clearing and processing of the above mentioned instruments.

High Level Risk Assessment 2008

In line with the agreed programme for conducting risk assessments for the Irish Paper Clearing Company, a high-level risk review of the end-to-end paper clearing process was carried out in 2008. A detailed risk assessment was carried out in 2007. It is important to note that IPCC does not own or control the physical infrastructure, but as custodian of the rules governing inter-bank arrangements, it has a role in ensuring that members are compliant with the rules and not likely to fail to meet their obligations under those rules. To date, the paper payments infrastructure has never failed. The areas assessed during the process are as follows:

- Operational
- Site access and contingency
- Security (physical and logical)
- Financial
- Environmental/Industrial
- Reputational

The results of the high-level assessment indicate that overall contingency arrangements are robust, well co-ordinated and tested and allow members to deliver on their clearing commitments thereby reducing, and in some cases eliminating, site access and contingency risks. Also, detailed business continuity plans and regularly tested disaster recovery plans are in place within member banks. Currently, IPCC is focusing on assessing the risk in relation to the inter-bank settlement process and pandemic situations.

Membership Access to the Paper Clearing System

In line with IPSO's ongoing policy of openness, transparency and inclusion in relation to membership of Irish payment systems, the access criteria and membership rules for the paper clearing system can be found on the IPSO website (www.ipso.ie).

There were no applications received for membership in 2008. This is not unexpected given the decline of the cheques market.

The Irish Realtime Interbank Settlement Company Ltd.

Martin James, Wholesale Payments & Standards Manager

The Irish Realtime Interbank Settlement Company Limited was incorporated in May 1995 to facilitate the development of a real-time gross settlement (RTGS) system in Ireland. This RTGS system, known as IRIS, commenced operations in March 1997 and was responsible for the settlement of domestic RTGS interbank transactions until migration to the Eurosystem's TARGET2 single shared platform in February 2008.

The IRIS system was operated by the Central Bank & Financial Services Authority of Ireland and interlinked with the Eurosystem's TARGET system, an interbank payment system for real-time processing of cross-border transfers in euro throughout the EU, made up of the national RTGS systems of 17 EU member states and the payment mechanism of the European Central Bank.

On 19th November 2007, the European Central Bank officially launched TARGET2, the new generation of TARGET. Migration to TARGET2 took place on a phased basis using a "country window" approach where a group of central banks and their respective TARGET user communities migrated on three pre-defined dates, namely, November 2007, February 2008 and 19th May 2008 when final migration was completed. This single shared technical platform replaced the decentralised national RTGS platforms which have been in operation since the launch of the euro in January 1999. The developers of TARGET2, Banca d'Italia, Banque de France, and Deutsche Bundesbank operate it on behalf of the Eurosystem.

Following Ireland's migration to TARGET2 on 18th February 2008, the IRIS system was no longer required following eleven years of successful operation in the pre-dominantly large-value payments area. 15 direct participants joined TARGET2 via the Irish component of the single shared platform along with in excess of 50 home account module participants. The remaining IRIS members joined TARGET2 as indirect participants via other countries.

IRIS would like to express its thanks to the Central Bank and Financial Services Authority of Ireland who operated the IRIS system since 1987, the IRIS Board, Operations Committee and IRIS members who contributed to the smooth and successful running of the system.

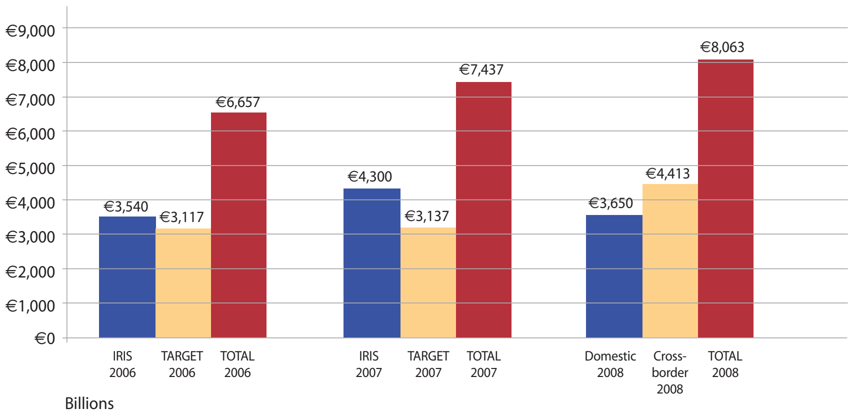
Congratulations are due to the Central Bank and Financial Services Authority of Ireland and the TARGET2 participants in Ireland who successfully completed TARGET2 testing which ensured that the TARGET2 went live as planned. IRIS went into members' voluntary liquidation in September 2008.

TARGET2 operations have shown a high degree of stability since its launch. It offers new opportunities to the banking community operating in the SEPA environment, particularly in euro payment, liquidity management and business processes. According to the European Central Bank, TARGET2 processes a daily average of nearly 400,000 transactions, for a daily average value of €2.6 trillion. This positions TARGET2 as one of the largest payment systems in the world – together with Fedwire in the United States, and CLS, the international system for settling foreign exchange transactions.

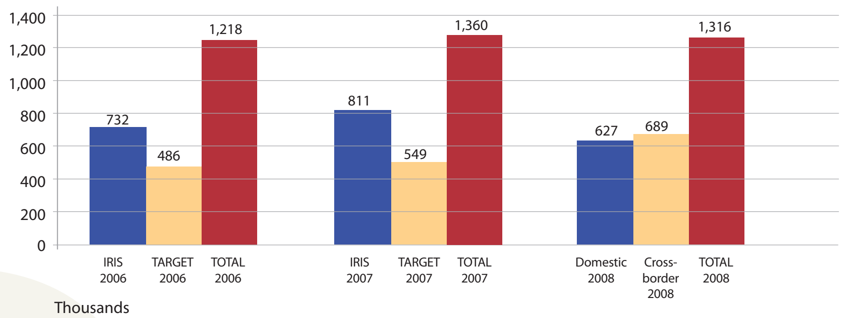
Volumes & Values

- IRIS members processed 1,360,000 payments (811,000 domestic, 549,000 cross-border) for value €7,437 billion (€4,300 billion domestic and €3,137 billion cross-border) in 2007.
- Transaction volumes and values increased by over 11% during 2007.
- Average daily number of transactions amounted to 5,334 with an average daily value of €29.2 billion in 2007.

IRIS and TARGET Transactions Values for Years 2006/2008

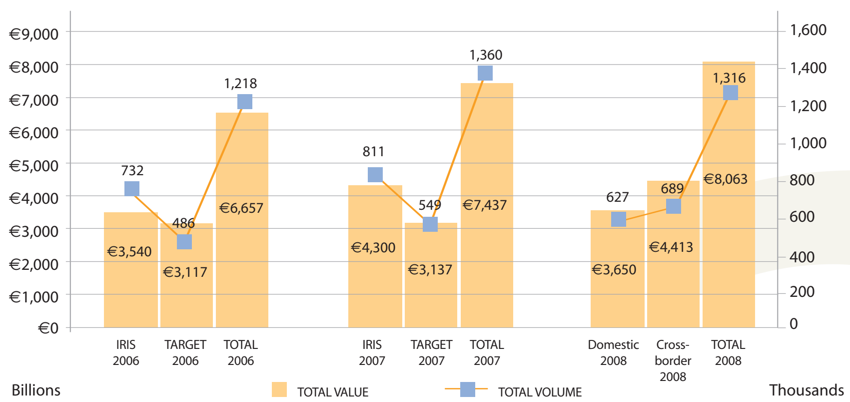


IRIS and TARGET Transactions Volumes for Years 2006/2008



- Transactions processed by IRIS members represented 1.2% by value and 1.5% by volume of overall TARGET transactions in Europe in 2007.
- IRIS and TARGET2 systems in Ireland processed 1,316,000 payments (627,000 domestic, 689,000 cross-border) for value €8,063 billion (€3,650 billion domestic and €4,413 billion cross-border) in 2008.
- This represents a 3% decrease in total volume and an 8% increase in total value for 2008.
- Transactions processed by TARGET2 participants in Ireland represented 1.2% by value and 1.4% by volume of overall TARGET transactions in Europe in 2008.

IRIS and TARGET Transactions Volumes and Values for Years 2006/2008



TARGET throughout Europe

Figures from the European Central Bank indicate that:

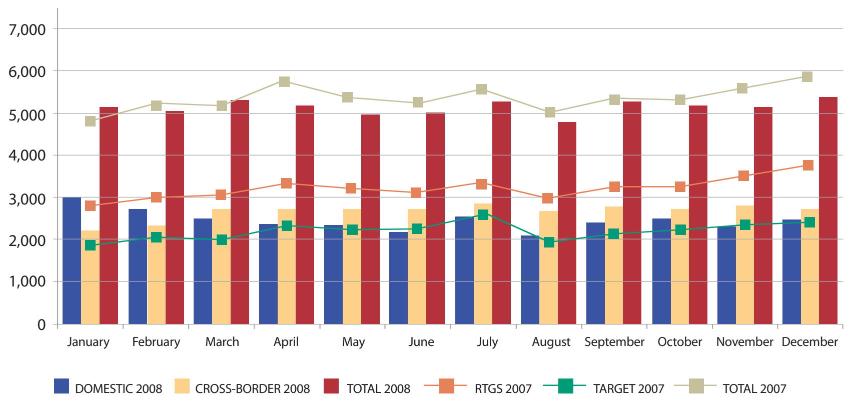
- TARGET as a whole processed 93.4 million payments with a total value of almost €617 trillion in 2007.
- Represents a daily average of 366,179 payments for a daily average value of €2.4 trillion.
- Average daily TARGET volumes and values rose by 12% and 16% respectively in 2007.
- TARGET as a whole processed 94.7 million payments with a total value of almost €683 trillion in 2008.
- This represents a daily average of over 370,000 payments for a daily average value of €2.6 trillion.

TARGET Working Group (TWG)

IPSO attended regular meetings of the TARGET Working Group of the European Banking Industry during the year. This inter-European Credit Sector Associations (ECSAs) group represents the banking industry at European level in discussions with the European Central Bank/Eurosystem on TARGET and other related matters.

In 2008, the TWG continued its dialogue with the Eurosystem in relation to operational, testing and migration issues relating to TARGET2, including consultation in relation to contents of software upgrades scheduled for implementation in November 2008, May 2009 and November 2009. The TWG also met with the Working Group TARGET2 of the Eurosystem on a number of occasions during the year where fruitful exchanges in dialogue contributed to the successful migration of TARGET2 and its subsequent stable operation. IPSO's representation on the TWG, gives it and the national TARGET User Group the opportunity for two-way communication at European industry level on TARGET2 and other related issues such as CCBM2 and TARGET2 Securities. The TWG will continue its cooperation and dialogue with the Eurosystem in order to ensure that future enhancements to TARGET2 are best aligned with user expectations. At national level, the Central Bank and Financial Services Authority of Ireland continued its consultation with TARGET2 users and the TARGET2 User Group in 2008.

IRIS and TARGET Daily Average Transaction Volumes 2007/2008



Standards & Swift

IPSO continues to take a monitoring role in payment standards through its participation in the European Payments Council. It also liaises with the National Standards Authority of Ireland on the standardisation work of ISO Committees on banking and payment related topics covered under TC68.

SWIFT (The Society for Worldwide Interbank Financial Telecommunication)

SWIFT is a member-owned co-operative supplying secure, standardised messaging services and interface software to over 8,700 users in more than 209 countries. The SWIFT community includes banks, broker-dealers, corporate and investment managers and their market infrastructures in payments and cash management, treasury and OTC derivatives, securities and trade services. In Ireland, for example, SWIFT is used as the message carrier in TARGET2, international banking and SEPA.

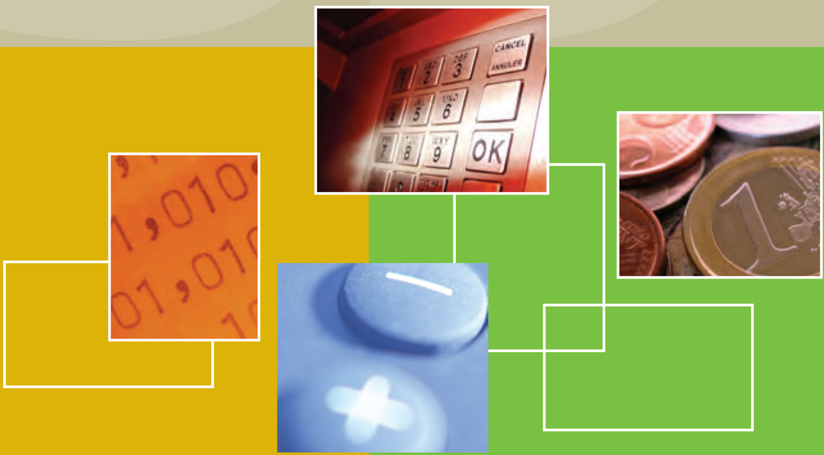
At local level, involvement and engagement of the Irish user community is achieved through quarterly meetings of the National Member and User Group, facilitated by IPSO, with input from the SWIFT relationship manager in London.

The member group acts in an advisory/non-competitive capacity on issues such as:

- Development and maintenance of local admission criteria for SWIFT based on local legislation
- Admission of new users in line with SWIFT admission criteria
- Monitoring of continued compliance with admission criteria
- Co-ordination of country responses to SWIFT matters as required

The strategic objectives include:

- Managing and controlling the SWIFT membership governance process in Ireland
- Providing information, advice and support to the Irish SWIFT community on operational and technical matters
- Adding value in practical terms to SWIFT and to the Irish SWIFT users



SWIFT shareholders approved a major change to its admission criteria in June 2008. They agreed to simplify SWIFT user categories into 3 main categories from the current 27. SWIFT has requested input from the National Member Group in the next phase of the simplification process which relates to allocating existing users into new categories, requiring assessment of regulatory /supervisory regimes for all current users and the update of admission criteria. The new process is due for implementation in mid 2009.

As part of the global migration to SWIFTNet FIN Phase 2, the national SWIFT user community has been upgrading to the Relationship Management Application (RMA) mechanism for managing business relationships between financial institutions as a replacement for bilateral key exchange mechanism.

The National Member & User Group agreed to focus more on operational issues in the coming year where sharing of information regarding technical changes should benefit all.

European SWIFT Alliance Group (ESA)

The ESA Group comprises over 25 countries and has 5 seats on the SWIFT Board. The Irish group is represented at the ESA by the Chairpersons of the SWIFT National Member and User Groups. Attendance at quarterly meetings of this group ensures that the views of the Irish financial community are voiced when strategy, policy, performance and standards issues are discussed and decisions taken at SWIFT Board level. This group facilitates the contribution of smaller/developing countries to SWIFT and provides insight, advice and general direction on SWIFT related issues.

IPSO - The Payments Industry Voice

Rosaleen Gibson, Office Administrator

IPSO is recognised as the repository of data and policy guidance on payment matters.

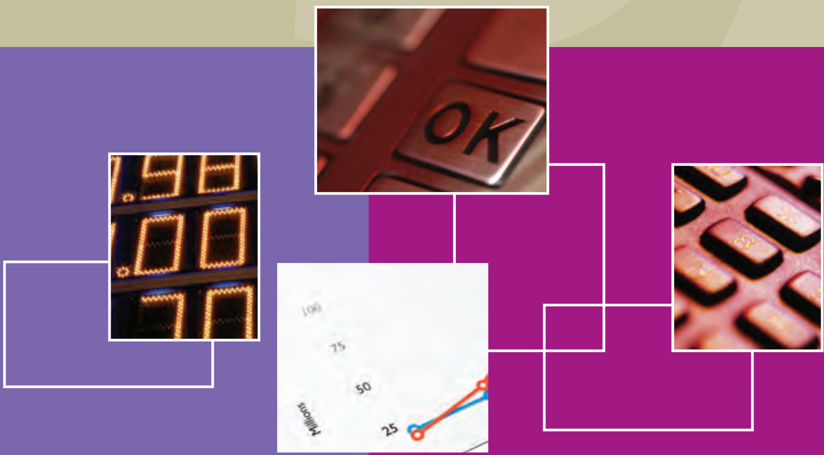
Acknowledged as the industry 'voice' in the public domain, IPSO is currently focusing on:

- Raising public awareness of payment related matters (e.g. migration away from inefficient payment methods such as cheques)
- Providing an effective medium for the exchange of information, domestically and internationally, e.g. representing our members' needs and those of the payments industry on national and international payments groups such as the European Payments Council (EPC).
- Lobbying policy makers to improve Ireland's payments infrastructure, e.g. encouraging the reduction or elimination of levies on payment cards, which disincentivise their use.
- Ensuring public awareness on crime trends relating to payments and providing guidelines to consumers and retailers on fraud prevention practices.

Industry Associations

At a national level, IPSO continues to engage with all relevant financial and regulatory bodies such as the Department of Finance, the Irish Financial Services Regulatory Authority and the Central Bank & Financial Services Authority of Ireland to ensure that all up to date regulatory changes affecting the payments industry are communicated to our members.

On a European scale, IPSO keeps abreast of payment developments by liaising closely with or providing representation at meetings of the EPC and EPC Working Groups, the European Banking Federation, the international card schemes, national payments associations and various special interest groups e.g. the European Switches Forum, to International Council of Payment Association Chief Executives (ICPACE), etc. IPSO staff members represent Irish retail banks and financial institutions on most, if not all, of the relevant payments bodies operating within Europe.



Public Relations

IPSO issued 13 press releases in 2008, actively promoting awareness on important topics such as:

- Use of efficient payment methods
- Launch of the Single Euro Payments Area (credit transfer scheme)
- National Payments Implementation Programme (NPIP)
- Growth in debit card usage
- IPSO National Payments Conference
- New payment fraud trends

IPSO contributed to the Irish print media this year on at least 100 occasions and provided over 200 interviews for radio and television. Included in these were all of the national radio channels such as RTÉ, Newstalk, Today FM and TV appearances such as RTE News, TV3 News and TG4's Luach ar Linne programme. IPSO also spoke on a significant number of regional stations such as East Coast FM, WLR and Kerry Radio, to name but a few.

IPSO is regularly invited to appear on the Garda programme Crimecall, to provide up to date payment crime prevention information to the public. IPSO appeared in at least two of the programmes in 2008.

Query Management

Although IPSO is run by a small staff of 10, it continues to respond to an increasing number of queries on a daily basis from the general public, from Government bodies and from members.

Conference/Seminars

IPSO organised the 2nd National Payments Conference in 2008 in conjunction with the Department of the Taoiseach. The conference was held on 18th April and had an excellent turnout with representation from national banks, Government Departments, retail, the SFA, consumer associations, retailer associations, consultancy firms and payments processors, among others. The 2nd of IPSO's National Payments Conferences, the speakers and presentations helped delegates to explore the future of the Irish payments industry. Specifically it:

- Raised awareness of how Ireland compares with other countries
- Explored the barriers to financial inclusion
- Looked at some of the potential and innovative solutions that are available
- Addressed the future of payments in Ireland

In addition, there were two Q&A sessions that afforded all participants the opportunity to take an active role in the conference. Two expert panels dealt with 'Innovation in the Payments Business' and 'Financial Inclusion', looking at what new products are in the pipeline, how they can affect 'bottom line' and how to ensure that all Irish citizens can avail of them.

IPSO also presented at a number of meetings and seminars during the year including the IBEC Fraud Seminar, the IHBMA Board and the Law Society's 'Virtual Reality' conference, among others.

IPSO organised and gave a number of training seminars during the year to membership staff and to interest groups on such topics as payment dispute resolution, payment security and SEPA.

IPSO Websites

www.IPSO.ie
267,000 hits p.a.
The IPSO website was redeveloped in 2007 and is currently undergoing a new review. IPSO continues to respond to payment queries that are raised through the site which are sent directly to IPSO staff at info@ipso.ie

www.SafeCard.ie
15,000 hits p.a.
IPSO Card Services continues to provide payment fraud information and fraud prevention guidelines to retailers and cardholders on the SafeCard website. The site is updated as new fraud trends arise and IPSO ensures that all available information is provided on the methods by which consumers and retailers can help prevent those frauds. Visitors to the site are invited to send their queries or comments to IPSO staff at info@safecard.ie

www.LaserCard.ie
17,000 hits p.a.
The Laser website remains a popular source of information for cardholders, retailers and members of the media. The website promotes the benefits of Laser Cards and includes direct links to the websites of the issuing and acquiring banks that participate in the Laser Scheme.

The Laser Card TV adverts can be viewed via the website. Queries and comments can also be sent to Laser Card Services staff at info@lasercard.ie

www.chipandpin.ie
With the Chip & PIN project over and Chip & PIN now almost completely rolled out in Ireland (100% of Irish-issued credit cards, 99.9% of Irish debit cards and 99% of shops are now EMV compliant) the need for a dedicated Chip & PIN website has reduced. As such IPSO is in the process of replacing the site with a section on the www.ipso.ie website specifically devoted to the topic. Information and queries relating to Chip & PIN will continue to be channelled via the IPSO website.

IPSO Marketing

Jennifer Chamberlaine, IPSO Marketing Manager & Assistant Manager Card Services

IPSO developed a marketing plan in 2008 in order to raise awareness of IPSO and its activities.

The key marketing challenge will be to assist stakeholders of the payments industry in utilising the more efficient and continuously improving payment methods that are available in Ireland today. This challenge will entail a research phase to understand the triggers and inhibitors in relation to payment behaviors and a promotional/ communications phase to educate stakeholders about the favorable options available.

The results of the research will benefit IPSO member banks in their development of new and innovative payments products and services with a view to supporting the varying needs and requirements of individual stake-holders. The marketing plan will also deliver a new IPSO website which will be more focused on imparting payments information for consumers, businesses and payments stakeholders in general. A schedule of public relations activities is also a key part of the plan. The plan will be delivered in 2009.

IRISH PAYMENT INDUSTRY TRENDS

IRELAND

	2005	2006	2007	2008
Basic Statistical Data				
Gross Domestic Product	€161.49b	€174.70b	€190.60b	n/a
Population	4.15m	4.25m	4.36m	4.42m

CUSTOMER ACCOUNTS

	2005	2006	2007	2008
No of Customer Accounts				
Payment Accounts (1)	5.7m	5.9m	7.7m	7.9m
No of Accounts with Phone or Internet Access				
Accounts with Online Access			3.6m	3.6m
Accounts Registered for Phone Access	2.6m	3.0m		
Accounts Activated for Phone Access	1.2m	1.5m		
Accounts Registered for Online Access	1.7m	2.0m		
Accounts Activated for Online Access	0.9m	1.2m		

CARDS

	2005	2006	2007	2008
No of Cards Issued				
Cards with an ATM Function	4.4m	4.5m	5.2m	5.3m
Cards with a Laser (Debit) Function	1.3m	1.6m	2.5m	2.9m
Cards with a Cheque Guarantee	1.1m	1.3m	1.2m	1.3m
Credit Cards	2.0m	2.1m	2.3m	2.4m
Volume of Payments made with Cards				
Number of Laser (Debit card) payments	79.2m	99.0m	136.7m	181.2m
Number of Credit Card Payment	96.0m	105.0m	114.0m	118.0m*
Total Number of Card Payments	*175.2m*	*204.0m*	*250.7m*	*299.2m*
Value of Payments made with Cards				
Value of Laser (Debit Card) Payments	€5.2b	€6.7b	€9.2b	€11.5b
Value of Credit Card Payments	€10.4b	€12.1b	€13.4b	€13.9b
Total Value of Card Payments	*€15.6b*	*€18.8b*	*€22.6b*	*€25.4b*

ATMs

	2005	2006	2007	2008
No of ATMs	2944	3054	3240	3404
ATM Cash Withdrawals Volumes				
No of ATM Withdrawals	173.5m	190.5m	200.9m	202.5m
No of ATM Withdrawals per capita	41.8	44.82	46.08	45.81
ATM Cash Withdrawals Values				
Value of ATM withdrawals	€21.9b	€24.9b	€28.1b	€28.7b
Value of ATM Withdrawals per capita	€5,294	€5,858	€6,454	€6,493

CHEQUES, LODGEMENTS AND OTHER PAPER TRANSACTIONS

	2005	2006	2007	2008
Paper Transaction Volumes				
Number of cheques and other paper debits	131.5m	127.0m	124.6m	117.2m
# of which exchanged interbank	69.0m	68.5m	66.4m	62.0m
Number of Lodgements, Giros and other paper credits	49.5m	45.3m	47.3m	45.7m
# of which exchanged interbank	2.0m	1.8m	1.5m	1.4m
Total Number of Paper Transactions	*181.0m*	*172.3m*	*171.9m*	*162.9m*
Paper Transaction Values				
Value of cheques and other paper debits	€829b	€872b	€949b	€797b
Value of Lodgements, Giros and other paper credits	€845b	€885b	€976b	€825b
Total Value of Paper Transactions	*€1674b*	*€1757b*	*€1925b*	*€1622b*

DIRECT DEBITS, STANDING ORDERS, ONLINE AND OTHER AUTOMATED PAYMENTS

	2005	2006	2007	2008
Volumes of Automated Payments				
Number of Automated Debit Payments	82.3m	84.8m	96.8m	104.0m
Number of automated Credit Payments	94.9m	103.6m	105.7m	122.4m
Total Number of Automated Payments	*177.2m*	*188.4m*	*202.5m*	*226.4m*
Values of Automated Payments				
Value of Automated Debit Payments	n/a	€59.4b	€84.6b	€106.2b
Value of Automated Credit Payments	n/a	€132.0b	€149.5b	€170.7b
Total Value of Automated Payments	*n/a*	*€191.4b*	*€234.1b*	*€276.9b*

1 - Number of Accounts at year end including full & restricted accounts and active and inactive accounts (excluding credit cards)
* Figure is estimated

EUROPEAN PAYMENT TRENDS FOR 2007

Number of Transaction per capita by payment instrument

Cheques		Card Payments		Direct Debits		Credit Transfers	
Hungary	0.00	Bulgaria	1.35	Bulgaria	0.10	Greece	3.08
Poland	0.00	Romania	2.25	Poland	0.48	Bulgaria	6.59
Estonia	0.01	Greece	6.93	Romania	1.07	Malta	10.66
Latvia	0.01	Poland	12.11	Greece	1.60	Romania	12.00
Slovakia	0.02	Czech Republic	12.54	Latvia	1.78	Portugal	12.43
Czech Republic	0.04	Hungary	13.40	Malta	1.91	Spain	16.33
Lithuania	0.08	Malta	19.92	Lithuania	2.13	Cyprus	16.47
Finland	0.11	Slovakia	21.31	Hungary	7.79	Italy	18.45
Sweden	0.11	Italy	22.41	Italy	8.58	Poland	27.23
Slovenia	0.14	Germany	25.24	Estonia	12.02	Lithuania	27.84
Austria	0.36	Lithuania	28.40	Finland	14.37	Ireland	35.16
Luxembourg	0.51	Cyprus	32.94	Cyprus	14.98	Slovakia	36.09
Romania	0.53	Latvia	33.68	Portugal	15.34	France	41.14
Germany	0.99	Austria	37.96	Slovenia	20.67	EU total	41.64
Belgium	1.00	Spain	43.36	Slovakia	21.66	Euro area total	44.41
Denmark	2.18	Slovenia	51.72	Belgium	22.59	Denmark	50.85
Greece	2.63	Euro area total	51.97	Sweden	22.74	United Kingdom	51.34
Spain	3.42	EU total	54.94	Ireland	22.92	Latvia	52.75
Italy	7.19	Ireland	60.28	Luxembourg	26.85	Hungary	56.52
EU total	12.76	Portugal	78.42	Denmark	33.98	Germany	62.94
Euro area total	14.61	Belgium	81.10	EU total	37.76	Estonia	66.67
Portugal	17.26	Luxembourg	94.59	France	45.77	Sweden	70.51
United Kingdom	26.32	France	96.66	Euro area total	47.27	Belgium	84.50
Ireland	28.53	Estonia	97.46	United Kingdom	48.75	Netherlands	86.47
Malta	31.98	Netherlands	102.64	Spain	49.52	Slovenia	87.84
Cyprus	33.35	United Kingdom	118.45	Netherlands	71.87	Austria	118.46
France	57.42	Sweden	146.37	Germany	83.92	Luxembourg	124.42
Bulgaria	n/a	Denmark	160.31	Austria	86.47	Finland	132.56
Netherlands	n/a	Finland	173.40	Czech Republic	n/a	Czech Republic	n/a

Value of Transactions per capita by Payment Instrument (€'000)

Cheques		Card Payments		Direct Debits		Credit Transfers	
Hungary	0.00	Bulgaria	0.09	Bulgaria	0.04	Bulgaria	14.55
Poland	0.00	Romania	0.12	Poland	0.09	Poland	19.54
Estonia	0.01	Poland	0.38	Latvia	0.10	Ireland	36.35
Latvia	0.01	Hungary	0.46	Lithuania	0.12	Malta	45.25
Slovakia	0.01	Greece	0.76	Romania	0.15	Greece	66.48
Slovenia	0.06	Czech Republic	0.79	Malta	0.37	Romania	68.87
Czech Republic	0.13	Latvia	0.88	Hungary	0.44	Portugal	94.48
Lithuania	0.27	Lithuania	1.00	Greece	0.72	Denmark	112.58
Sweden	0.70	Malta	1.24	Estonia	0.90	Sweden	118.41
Romania	1.04	Slovakia	1.40	Slovenia	0.92	Italy	120.27
Austria	2.13	Germany	1.66	Portugal	2.57	Estonia	123.58
Germany	4.85	Slovenia	1.86	Cyprus	4.93	Lithuania	136.34
Finland	5.67	Estonia	1.90	Sweden	5.01	Slovenia	147.92
Belgium	5.95	Spain	2.15	Belgium	5.49	Hungary	153.21
Denmark	6.07	Italy	2.17	Italy	5.61	Spain	226.01
EU total	18.70	Austria	2.33	Finland	8.32	Latvia	270.16
Italy	19.67	Portugal	2.76	Luxembourg	11.17	Austria	293.61
Euro area total	21.13	Euro area total	2.88	Denmark	13.95	Euro area total	327.86
Spain	25.27	Cyprus	3.13	France	16.06	France	329.77
France	34.20	EU total	3.30	Netherlands	17.01	Slovakia	344.22
Portugal	34.23	Belgium	4.59	Ireland	17.27	Netherlands	361.25
Malta	37.49	Netherlands	4.74	Spain	20.73	Cyprus	371.33
United Kingdom	39.64	France	4.89	United Kingdom	21.24	Belgium	384.77
Greece	41.84	Ireland	5.43	EU total	29.79	EU total	537.00
Cyprus	50.83	Finland	6.09	Austria	33.31	Germany	572.61
Ireland	213.55	Sweden	7.37	Euro area total	38.17	Finland	753.02
Bulgaria	n/a	Luxembourg	7.49	Germany	110.94	Luxembourg	1,448.53
Luxembourg	n/a	Denmark	8.43	Slovakia	214.20	United Kingdom	2,511.55
Netherlands	n/a	United Kingdom	9.11	Czech Republic	n/a	Czech Republic	n/a

ATMs

No of ATMs per million inhabitants		% increase in ATMs		No of Cash Withdrawals per ATM		No of ATM Cards per Capita		No of Cash Withdrawals per Capita		Value of Cash Withdrawals per Capita	
Poland	302.81	Finland	-1.86	Denmark	6.17	Romania	0.53	Denmark	3.53	Denmark	€529.30
Sweden	307.06	Sweden	0.07	Italy	10.17	Italy	0.68	Romania	7.93	Bulgaria	€585.71
Czech Republic	325.21	Denmark	1.20	Luxembourg	10.82	Poland	0.68	Italy	8.25	Romania	€731.88
Romania	346.29	Austria	1.48	Cyprus	14.87	Hungary	0.82	Luxembourg	10.03	Cyprus	€1,354.43
Lithuania	395.19	Luxembourg	2.30	Spain	16.01	Greece	0.86	Cyprus	10.47	Poland	€1,404.51
Malta	395.82	Czech Republic	2.32	Austria	17.15	Czech Republic	0.87	Bulgaria	11.05	Slovakia	€1,405.56
Slovakia	401.37	Spain	3.65	Bulgaria	18.76	Slovakia	0.88	Hungary	11.54	Italy	€1,535.40
Hungary	426.22	Malta	3.85	Romania	22.91	Bulgaria	0.94	Czech Republic	13.80	Luxembourg	€1,541.67
Latvia	504.08	United Kingdom	4.88	Greece	23.65	Denmark	0.99	Slovakia	14.57	Hungary	€1,546.72
Netherlands	521.83	Belgium	5.00	Hungary	27.08	Latvia	1.04	Greece	15.46	France	€1,679.72
Denmark	573.08	Netherlands	5.32	Portugal	28.69	Sweden	1.07	Poland	15.68	Czech Republic	€1,832.36
Bulgaria	589.04	Ireland	6.09	Euro area total	32.52	Lithuania	1.14	Austria	16.71	Lithuania	€1,931.95
Finland	608.52	Cyprus	6.11	EU total	35.83	Austria	1.16	Lithuania	18.21	Austria	€2,144.23
Greece	653.54	Slovenia	7.95	Slovenia	36.23	Ireland	1.19	Euro area total	21.59	Latvia	€2,210.53
Estonia	690.55	Portugal	7.98	Slovakia	36.33	Finland	1.22	Spain	21.62	Slovenia	€2,212.87
Cyprus	708.01	Greece	8.55	Germany	38.48	Estonia	1.31	EU total	23.03	Malta	€2,292.68
Ireland	743.63	Slovakia	8.57	Belgium	41.37	Euro area total	1.33	Latvia	23.20	Spain	€2,393.58
EU total	806.21	Estonia	8.68	Czech Republic	42.51	Cyprus	1.34	Germany	23.53	EU total	€2,579.91
Italy	811.09	France	9.10	United Kingdom	44.69	Malta	1.36	Malta	23.71	Portugal	€2,605.09
Slovenia	813.90	Italy	9.79	Lithuania	46.83	EU total	1.37	France	24.09	Euro area total	€2,645.17
France	820.60	EU total	10.08	Latvia	47.87	Germany	1.42	Netherlands	28.72	Estonia	€2,813.43
Germany	830.52	Euro area total	10.77	Poland	51.78	France	1.44	Belgium	29.10	Sweden	€2,937.70
Euro area total	917.80	Hungary	12.49	Netherlands	55.06	Portugal	1.48	Slovenia	29.47	Finland	€3,100.19
Luxembourg	927.08	Poland	16.14	Estonia	57.00	Slovenia	1.53	Sweden	32.57	Belgium	€3,206.21
Austria	974.70	Lithuania	16.40	Malta	59.99	Belgium	1.65	Finland	35.92	Netherlands	€3,379.73
United Kingdom	1,043.38	Latvia	20.48	Ireland	62.89	Spain	1.67	Estonia	38.24	Germany	€3,744.10
Spain	1,350.19	Romania	23.48	Sweden	106.09	Luxembourg	1.84	Portugal	39.39	Greece	€3,933.87
Belgium	1,454.15	Bulgaria	23.87	Finland	114.60	Netherlands	1.91	United Kingdom	46.63	United Kingdom	€4,475.65
Portugal	1,495.05	Germany	26.79	France	n/a	United Kingdom	2.71	Ireland	46.08	Ireland	€6,454.00

Debit and Credit Card Payments

Payment Cards per Capita		No of Payments per Card at POS		Value of Payments per card at POS		No of Payments made by Debit Cards per Capita		No of Payment made by Credit Cards per Capita	
Romania	0.54	Bulgaria	0.96	Bulgaria	96.88	France	0.00	Belgium	0.00
Poland	0.70	Romania	3.06	Romania	135.40	Greece	0.57	Spain	0.00
Hungary	0.86	Greece	4.42	Lithuania	346.48	Bulgaria	1.00	France	0.00
Czech Republic	0.88	Slovakia	8.75	Greece	360.36	Romania	1.54	Italy	0.00
Slovakia	0.88	Italy	12.21	Slovakia	409.56	Poland	8.80	Netherlands	0.00
Bulgaria	0.94	Malta	12.48	Poland	511.50	Hungary	11.38	Finland	0.00
Denmark	0.99	Czech Republic	14.30	Czech Republic	554.14	Czech Republic	11.53	Germany	0.11
Latvia	1.04	Hungary	16.03	Latvia	611.91	Malta	12.71	Bulgaria	0.35
Ireland	1.10	Poland	16.98	Malta	689.03	Italy	13.91	Romania	0.69
Lithuania	1.13	Germany	17.46	Slovenia	1,022.20	Cyprus	14.44	Czech Republic	0.99
Italy	1.14	Lithuania	18.66	Germany	1,111.77	Slovakia	17.84	Slovenia	1.36
Austria	1.16	Cyprus	19.51	Hungary	1,118.62	Spain	19.23	Lithuania	1.89
Greece	1.29	Spain	24.11	Italy	1,132.66	Germany	21.10	Euro area total	1.94
France	1.30	Austria	26.26	Spain	1,170.22	Euro area total	24.82	Hungary	1.98
Estonia	1.31	Latvia	30.43	Estonia	1,304.99	Lithuania	26.48	Poland	2.92
Germany	1.32	Slovenia	30.71	Austria	1,305.25	Latvia	28.65	Sweden	3.39
Cyprus	1.34	Euro area total	35.03	Cyprus	1,454.95	Slovenia	29.91	Slovakia	3.42
Malta	1.35	EU total	37.09	Portugal	1,479.02	Austria	30.33	Austria	3.83
EU total	1.38	Luxembourg	40.75	Euro area total	1,815.17	EU total	32.14	Latvia	4.08
Euro area total	1.39	Portugal	44.10	EU total	2,106.40	Ireland	31.35	EU total	5.57
Slovenia	1.61	Belgium	45.93	Netherlands	2,338.26	Luxembourg	57.65	Greece	6.19
Belgium	1.65	United Kingdom	47.65	Belgium	2,485.32	Belgium	71.95	Malta	7.17
Sweden	1.65	Ireland	51.56	Luxembourg	2,756.67	Portugal	75.56	Estonia	9.87
Spain	1.67	Netherlands	57.14	Sweden	2,863.44	United Kingdom	83.66	Denmark	14.72
Portugal	1.71	Estonia	71.74	Finland	3,425.59	Estonia	87.78	Cyprus	17.84
Finland	1.77	France	72.53	United Kingdom	3,575.93	Netherlands	98.08	Ireland	26.15
Luxembourg	1.84	Sweden	74.34	France	3,599.37	Sweden	124.92	United Kingdom	29.71
Netherlands	1.91	Finland	97.86	Ireland	4,822.04	Denmark	145.59	Portugal	35.77
United Kingdom	2.38	Denmark	146.73	Denmark	7,364.36	Finland	156.33	Luxembourg	36.94

Statistical data is sourced from Irish Payment Services Organisation and European Central Bank Statistics

IPSO & Clearing Company Membership

IRISH PAYMENT SERVICES ORGANISATION LTD.
Allied Irish Bank
Anglo Irish Bank Corporation Ltd.
Bank of Ireland
Bank of Scotland (Ireland) Ltd.
BNP Paribas
Central Bank & Financial Services Authority of Ireland
EBS Building Society
First Active PLC
Danske Bank AS t/a National Irish Bank
permanent tsb
Ulster Bank Ireland Ltd.

IRISH RETAIL ELECTRONIC PAYMENTS CLEARING COMPANY LTD.
Allied Irish Bank
Bank of Ireland
Bank of Scotland (Ireland) Ltd.
BNP Paribas*
Danske Bank AS t/a National Irish Bank
permanent tsb
Ulster Bank Ireland Ltd.

IRISH PAPER CLEARING COMPANY LTD.
Allied Irish Bank
Bank of Ireland
Bank of Scotland (Ireland) Ltd.
BNP Paribas*
Central Bank & Financial Services Authority of Ireland
Danske Bank AS t/a National Irish Bank
permanent tsb
Ulster Bank Ireland Ltd.

IRISH REALTIME INTERBANK SETTLEMENT COMPANY LTD.
ABN AMRO Bank N.V.
ACC Bank PLC
Allied Irish Bank
Anglo Irish Bank Corporation Ltd.
Bank of America NA
Bank of Ireland
Bank of Scotland (Ireland) Ltd.
BNP Paribas
Central Bank & Financial Services Authority of Ireland
Citibank Europe PLC
Danske Bank AS t/a National Irish Bank
DePfa Bank PLC
EBS Building Society
First Active PLC
HSBC Bank PLC
IIB Bank PLC
Investec Bank UK Ltd.
Irish Nationwide Building Society
National Treasury Management Agency
permanent tsb
Rabobank Ireland PLC
Ulster Bank Ireland Ltd.

LASER CARD SERVICES LTD.
Allied Irish Bank
AIB Merchant Services
Bank of Ireland
EBS Building Society
First Active
Danske Bank AS t/a National Irish Bank
permanent tsb
Ulster Bank Ireland Ltd.

*BNP Paribas – Dublin Branch act as Clearing Agent for the following IPCC and/or IRECC Banks and Credit Unions
ABN AMRO Bank N.V. (IPCC & IRECC)
Anglo Irish Bank Corporation Ltd. (IPCC & IRECC)
Ballinasloe Credit Union Ltd. (IRECC)
Ballyphenane Credit Union Ltd. (IRECC)
Bank of America N.A. (IPCC & IRECC)
Barclays Bank plc., Dublin Branch (IPCC & IRECC)
Bishopstown Credit Union Ltd. (IRECC)
Citibank Ireland Financial Services plc. (IPCC & IRECC)
Dundrum Credit Union Ltd. (IRECC
Gurranabraher Credit Union Ltd. (IRECC)
HSBC Bank plc. (IPCC & IRECC)
ING Bank Belgium SA, Dublin Branch (IPCC & IRECC)
Mullingar Credit Union (IRECC)
Rabobank International Dublin Branch t/a RaboDirect (IPCC & IRECC)
St. Dominic (Waterford) Credit Union (IRECC)
St. Gabriels Credit Union Ltd. (IRECC)
St. Raphael's Garda Credit Union Ltd. (IRECC)
Tralee Credit Union Ltd. (IRECC)
Tullamore Credit Union Ltd. (IRECC)
Waterford Credit Union (IRECC)
Zurich Bank plc. (IPCC & IRECC)

IPSO Staff

Chief Executive	Pat McLoughlin

Management Staff

Head of Strategic Development	Russell Burke
Head of Card Services and Communications and Laser Scheme Manager	Úna Dillon
Corporate Services/Retail Payments Manager	Paula Gray
Wholesale Payments & Standards Manager	Martin James
Direct Debit Scheme & SEPA Manager	Michael O'Neill
IPSO Marketing Manager & Assistant Manager Card Services	Jennifer Chamberlaine

Support Staff

Office Administrator	Rosaleen Gibson
PA to CEO and Payments Projects Coordinator	Jacqui Lockhart
Payments Projects Coordinator	Catherine Bennett
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