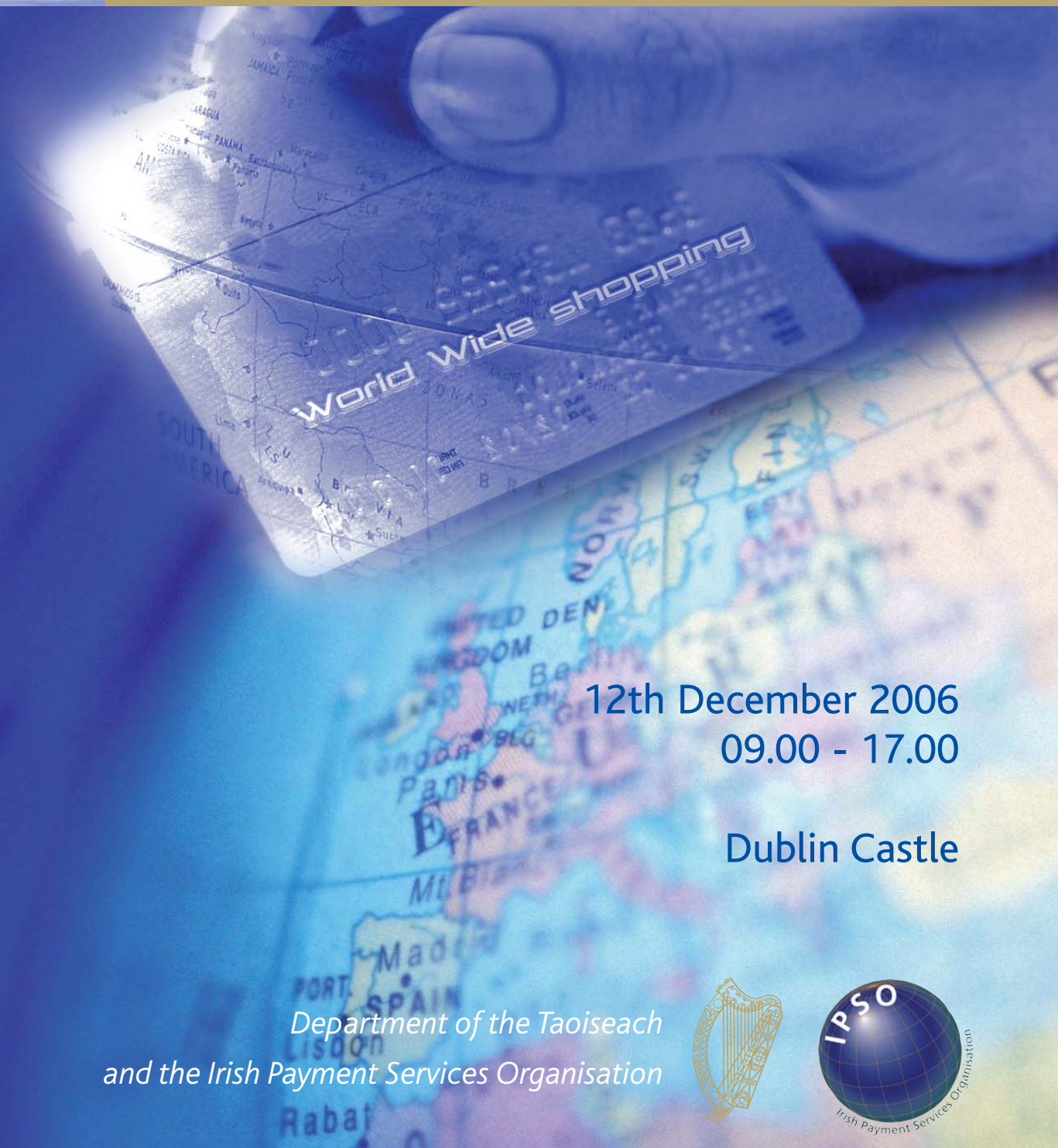


"...a best in breed payments environment which delivers efficiencies to all sectors of the economy, is inclusive of all sectors of society, and shares the benefits universally"

Mission Statement of the National Payments Advisory Group



National Payments Conference



12th December 2006
09.00 - 17.00

Dublin Castle

*Department of the Taoiseach
and the Irish Payment Services Organisation*





I am very pleased to welcome you to the National Payments Conference which the Department of the Taoiseach is hosting in conjunction with the Irish Payment Services Organisation (IPSO).

With the imminent introduction of the Single Euro Payments Area (SEPA) as a backdrop, the conference will look at the implications of the high levels of cash and cheques in the Irish payments environment and at how we can improve on this by moving further towards an electronic payments environment.

These changes are impacting on all areas of the economy and society and it is important that the many issues arising are surfaced, understood and addressed to everyone's satisfaction.

The conference is designed to set the context, to explain the change implications, and to encourage a wide group of stakeholder representatives to address the issues of concern to them and their constituencies. The conference should then set an agenda for further deliberation and action as the transformations in the payments environment evolve into the future.

Dermot McCarthy
Secretary General,
Department of the Taoiseach.



I join with Dermot McCarthy in extending a warm welcome to you all to this, the inaugural National Payments Conference. The broad objective of the Conference is to initiate dialogue amongst the widest possible stakeholder community about the critical need to remove the inefficiencies inherent in the manner in which payments are made in Ireland and to provide for access to payment systems by all sectors of the community.

My hope is that arising out of today we can begin to develop a shared vision of the future and ultimately develop a work programme of actions and initiatives which will drive a transformation of the payments landscape and payment behaviour in Ireland and thus improve our national competitiveness.

The financial and social costs of current payment behaviour impacts us all. But, presenting and developing a fully persuasive case for reducing cash usage by consumers and a parallel change in attitude by businesses in respect of cheques will not be without its own difficulties. We thus need a partnership approach which addresses the needs and concerns of all stakeholder groups as we take forward the National Payments Implementation Programme.

Stewart MacKinnon,
Chief Executive,
IPSO.



Programme

National Payments Conference

12th December • Dublin Castle

08.30	Registration
9.00	<p>Welcome and introduction <i>Colm Butler, Department of the Taoiseach</i></p> <p>Opening address <i>Mr. Brian Cowen, T.D., Minister for Finance</i></p>
09.15	<p>Competitiveness and Inclusiveness <i>Don Thornhill, Chairman, IPSO (Joint Conference Chairman)</i></p>
09.30	<p>Finland — A Case Study <i>Harry Leinonen, Advisor to the Board, Bank of Finland</i></p>
10.00	Coffee
10.30	<p>Welcome back and introductions <i>Don Thornhill, Chairman, IPSO (Joint Conference Chairman)</i></p> <p>IPSO Vision and Way Forward <i>Stewart MacKinnon, Chief Executive, IPSO</i></p>
11.00	<p>Developments in Payment Mechanisms <i>Adrian Cannon, Managing Director, Account</i></p>
11.30	<p>Economic Implications and Changing Payment Behaviour <i>Colm McCarthy, School of Economics, UCD</i></p>
12.15	<p>The Challenges Ahead — SEPA and NPIP <i>John Hurley, Governor, Central Bank and Financial Services Authority of Ireland</i></p>
12.30	Chairs of National Working Groups will introduce their topics
13.00	Lunch
14.00	<p>Breakout Sessions</p> <ul style="list-style-type: none"> ■ Cash to Electronic ■ Paper to Electronic ■ Universal Access
16.00	<p>Concluding Session <i>Dermot McCarthy, Secretary General, Dept. of the Taoiseach (Joint Conference Chairman)</i></p> <ul style="list-style-type: none"> ■ Reports from Breakouts ■ Discussion ■ Next Steps and Conclusions
17.00	Conference Close



Brian Cowen was appointed as Minister for Finance on 29 September 2004. He had been re-appointed Minister for Foreign Affairs in June 2002, having originally been appointed to the post in January 2000. He previously served as Minister for Health and Children from June 1997 to January 2000; Minister for Transport, Energy and Communications from January 1993 to December 1994; Minister for Labour from

February 1992 to January 1993. He was first elected to the Dail in a by-election in June 1984 caused by the death of his father, Bernard Cowen. That was the first time he had contested an election for public office.

Party front bench spokesperson on Agriculture, Food and Forestry from December 1994 to March 1997 and on Health from March 1997 to June 1997.



Colm McCarthy is a graduate in Economics of University College Dublin and of the University of Essex. He has worked at the Economic and Social Research Institute, the Central Bank of Ireland, and with the economic consulting firm DKM. Since 2005, he has been lecturing in Economics at UCD.

Colm has served on numerous Irish State boards and committees and commissions of inquiry, has undertaken assignments for the EU Commission and for the World Bank, and has published over 40 technical articles on issues in applied economics in Irish and international journals.



Dr. Don Thornhill is Chairman of IPSO and is a consultant and adviser on strategy and policy. He is also Chairman of the National Competitiveness Council, the US-Ireland Fulbright Commission and a board member of a number of organisations in the public and private sectors including the Irish Management Institute, Forfás, and Science Foundation Ireland (SFI).

Before joining the private sector he was Chairman of the Higher Education Authority (HEA) and Secretary General of the Department of Education and Science.



Harry Leinonen is adviser to the Board of Bank of Finland on payment system policy issues and is the Finnish representative in the Payment and Settlement System Committee (PSSC) within the Eurosystem.

Before that he was head of payment systems and operations within the Finnish savings banks group and in various management positions in Okobank.

He has actively participated for over 25 years in developing Finnish payment systems. He has also published articles and books on payment system issues.



Speakers

National Payments Conference
12th December • Dublin Castle





Speakers

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Stewart MacKinnon is Chief Executive of the Irish Payments Services Organisation (IPSO) Limited, the representative and decision-making body of the Irish payments industry. He is a Director of the Company and of the three Clearing Companies and Payment Scheme under the IPSO umbrella.

Stewart formally held senior level appointments at APACS in the UK where he was Head of European Affairs and Single Currency and subsequently Company Manager of the CHAPS Clearing Company Limited. He was also a member of the senior management team at BACS Limited — the UK's ACH—where he was Head of Planning and Business Development.

Stewart started his banking career as a graduate trainee with the Royal Bank of Scotland Limited in Edinburgh. He holds a BA (Economics) degree and an MBS degree in Strategic Planning, with first class honours. He is a Fellow of the Chartered Institute of Bankers in Scotland.

Stewart represents IPSO on the European Payments Council, the decision-making body of the European banking industry in relation to payments. He is also a founding member of the International Council of Payment Associations.



Adrian Cannon has 25 years industry experience and specialises in strategy and programme design in the retail banking and government sectors. He is currently advising the Saudi Arabian Monetary Agency and a number of leading European payments organisations. Adrian has provided support in the development and deployment of new payment products around the world. In recent years he has advised a number of

national governments on the potential for collaboration between them and payment networks as a way of extending and improving the service they offer to the public. Recent work on the use of low risk, high convenience payment mechanisms for the mass consumer offers banks and governments significant opportunities to address their respective business needs.

Prior to Account, Adrian led the OSI/Xansa Consumer Transaction Systems consulting team through its formative years, undertaking major assignments with card issuers, payment schemes and government departments within the UK, European and North American markets.



John Hurley has occupied three Secretary General positions, including the Departments of Finance and Health. He has also been Chairman of the Top Level Appointments Committee and a Board member of the European Institute of Public Administration, the Louvain Institute for Ireland in Europe, the National Centre for Partnership and the World Health Organisation.

He was appointed Governor of the Central Bank of Ireland on 11 March 2002. He is a member of the Governing Council of the European Central Bank and of the Council of the ESRI.

The Irish Payment Industry at a Glance

The vast majority (89%) of Irish consumers now operate a banking account but Ireland's payment patterns remain firmly fixed on the lower end of the efficiency scale. While there is an abundance of electronic payment options available to Irish customers, Irish domestic payment behaviour patterns continue to be heavily reliant on the options that are the most inefficient, i.e cash and cheques.

Cash is the most expensive of all payment mechanisms and Ireland is an extreme performer in this area.

- Cash usage in Ireland is more than double that of our European comparators — with 2.5 times more cash being withdrawn from Irish ATMs (per card).
- 27% of Irish consumers still use cash for all of their transactions and 70% of all payments under €100 are made in cash.
- The estimated cost of cash to the Irish economy is €375 per head of population.

Ireland is one of only three Eurozone countries still using cheques to any significant extent.

- 130 million cheques were written in Ireland last year — the same level as the previous year. The value of those cheques, however, has grown by almost 15% to €829 billion.

A degree of confidence for the future can be drawn from the increase in payment card usage.

- 66% of the population own either a credit and/or a Laser Card.
- Debit card market penetration has grown by 18% in the 12 months preceding November 2006.
- The volume of card payments made in Ireland has increased by 19% in the last 2 years to 174million and the value of those transactions grew by 42% to €15.9million in the same period.
- In the last 12 months, 8% of consumers have switched from using cheques and the vast majority of these have chosen to use cards as an alternative payment method.

Some encouragement can also be taken from the increase in automated payments – up 34% from two years ago.

- Over that same period, the number of customers using internet banking increased by 50%, and there has been a 20% increase in the number of people using telephone banking.
- The improved service offerings from banks following the shortening of the electronic clearing cycle should result in more significant movement to online payments.
- 42% of utility bills are now paid by Direct Debit — making electronic transfer Ireland's preferred payment method for utility bills.

Department of the Taoiseach

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