

**Media release**

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**IPSO calls on Government to remove Stamp Duty on payment cards**

~ Annual Review released today ~

The continued existence of Stamp Duty on payment cards distorts the Irish payments market and puts payment service providers in the Irish market at a significant disadvantage to the 8,000 European competitors who will be able to compete for the business of Irish cardholders under the Single Euro Payments Area (SEPA), reveals the Annual Review of the Irish Payment Services Organisation (IPSO), released today.

In addition, Irish banks are uniquely challenged by the existence of pricing controls under Section 149 of the Consumer Credit Act, which results in lack of flexibility in responding to the needs of the market and has a negative impact on competition.

According to Stewart MacKinnon, Chief Executive of IPSO: *“Under SEPA there is nothing to stop institutions based overseas offering services to Irish consumers. Both Stamp Duty on payment cards and the existence of price regulation on banks are obstacles not faced by other European payment service providers who can compete directly and more effectively for the business of Irish cardholders and Irish account holders under SEPA. These restrictive practices discourage card usage and sustain cash inefficiencies. They are therefore a negative for both the consumer the payments industry and the time has come to address these issues.”*

The Annual Review also reveals that the estimated cost to the European payments industry of adopting and implementing the SEPA programme will come to more than €8 billion across the next five years. In addition, revenues earned by banks from payments will drop an estimated €24 billion as the cost to the customer of making international payments will reduce significantly under SEPA and banking efficiencies increase.

In addition on calling on Government to address these unique challenges to the Irish payments industry, the Annual Review highlights that:

- Finland, the best country in Europe for the usage of non-cash payment mechanisms, was correspondingly no 1 in the 2004 Growth Competitiveness Index – Ireland was ranked 26
- In excess of €1,500 million pre annum is tied up in the servicing of cash, ranging from the obvious costs of security in banks and businesses for the storage and transportation of cash, to the cost to society of the crimes attaching to cash
- Ireland is only one of three European countries in the Euro Zone using cheques to any significant extent – and we are the second highest per capita user of cheques
- 70% of all payments that are less than one hundred euro are made in cash, which is the most expensive of all payment mechanisms

For further details of the Annual Review please visit: [www.ipso.ie](http://www.ipso.ie)

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