



Reduced number of cheques confirms payments landscape changing

- Ireland yet to enjoy full benefits of more cost efficient payment solutions
- Government committed to establishing a high level group to prepare a National Payments Plan

2009 may be seen as the beginning of the end for cheques in Ireland with the volume of cheques down by in excess of 13%, more than double the reduction in 2008 and bringing the decrease to 23% (from 130m to 100m) over four years of successive decline.

Pat McLoughlin, Chief Executive, Irish Payment Services Organisation (IPSO) said *'The ultimate end of the cheque for everyday payments is inevitable. This is now recognised in Ireland where the Government approved last year the concept of a National Payments Implementation Plan (NPIP). Businesses now have to plan and prepare to update legacy, cheque-based accounting processes with electronic ones. Apart from being faster, more secure and more cost-effective, modern, electronic payment systems give the beneficiary certainty of payment, particularly important in these difficult, economic times.'*

[IPSO's 2009 annual review](#) highlights that:

- While cheque volumes have declined, cheques still account for 66% of the value of all non-cash payments in Ireland versus an EU average of only 3%.
- As a proportion of all payments, electronic alternatives to the cheque (i.e. electronic credits and direct debits), now account for about 41% of all non-cash payments. However, in value terms these electronic payments account for only 30%. This compares poorly against EU averages which, in 2008, were 54% of volume and 96% of value.
- The value of cash paid out through ATMs in Ireland last year declined for the first time ever, by a significant factor of over 11%.
- In the other direction debit card usage increased by 8%. An ongoing concern however is that even with a drop in 2009 to an average of €5,644 in ATM cash withdrawals per annum per person, this remains the highest cash figure in the EU and is more than double the EU average.

Mr. McLoughlin continued *'the progression of a national strategy to move away from cash as the primary form of payment is essential. It is well documented that cash has many associated costs such*

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as production, storage, processing, reconciliation, transportation and security, including security violations such as tiger kidnappings. There are also societal costs such as robbery, tax evasion, money laundering and other criminal activity. These are areas where huge benefits can be achieved for everyone'.

He pointed out that Ireland remains one of very few EU countries still using cheques extensively, something that puts Ireland at a competitive disadvantage to its European competitors. The NPIP responds to that competitive challenge.

A special NPIP Advisory Group made its final report to the Minister for Finance in 2009 in which the establishment of a high level group to prepare and implement a National Payments Plan was recommended. The Minister accepted the recommendation and it is expected that the group will be established and the National Payments Plan will be prepared and agreed in 2010. Dr. Don Thornhill, Chairman, IPSO noted *'The delivery of the National Payments Plan is a strategic priority for IPSO which will, in time, deliver the decisive shift to the use of electronic payments systems for all, while at the same time, delivering significant improvements in financial inclusion. The work of the group will be the start of a process that will lead to the payments industry in Ireland becoming fully modernised and more in line with other EU member states, ensuring Ireland's position as a true competitor within the EU'.*

-ENDS-

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- IPSO is owned by the Irish retail banks and is governed by a board of directors including four independent (non-bank) directors which ensures wide stakeholder representation. Board meetings are overseen by a representative from the Central Bank and Financial Services Authority of Ireland.
- The new Business Centre on the IPSO website (www.IPSO.ie) provides information on everything from how to become a direct debit originator to safely accepting cards. Answers to the most important payment questions on each of the payment types are included in the FAQ and 'Did you know?' sections. The centre also provides an introduction to key developments in the Irish Payments industry such as SEPA, NPIP and the Payment Services Directive.