



Cash withdrawals down 11.5% as use of debit cards up 8% in 2009

- Ireland still biggest lover of cash in Europe

- Government committed to establishing a high level group to prepare a National Payments Plan

2009 saw a dramatic fall off of 11.5% in the volume of cash withdrawn from ATMs in Ireland. This is the first time ever that cash levels have declined in Ireland where usage is more than double the EU average. By contrast the use of debit cards has gone up by 8%. Credit card usage however has reduced by 13.8% confirming society's more cautious approach to credit and debt.

An ongoing concern however is that even with a drop in 2009 to an average of €5,644 in cash withdrawals per annum per person. This is still the highest cash figure in the EU and is more than double the EU average.

Pat McLoughlin, Chief Executive, Irish Payment Services Organisation (IPSO) said *'Debit cards are increasingly becoming the payment instrument of choice for many consumers. They continue to grow in popularity with the number of transactions in 2009 increasing by 8% over the previous year, which further highlights their status as a preferred payment instrument'*.

IPSO's 2009 annual review reveals the beginning of the end for cheques in Ireland with the volume down by in excess of 13%, bringing the reduction to 23% over four years of successive decline.

- 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.
- 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%.

McLoughlin pointed out that Ireland remains one of very few EU countries still using cheques extensively, something that puts the country at a competitive disadvantage to its European competitors. The National Payments Implementation Programme (NPIP) responds to that competitive challenge.

IPSO: Operating, Developing & Promoting Payments in Ireland

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 as production, storage, processing, reconciliation, transportation and security. 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'*.

A special NPIP Advisory Group made its final report to the Minister for Finance last year 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 a 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 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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Notes to the Editor:

- 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 Consumer Corner on the IPSO website (www.IPSO.ie) houses a guide to the safe use of direct debits, cards, cheques, cash and electronic payments together with payer rights information, FAQs as well as a section on keeping financial information secure.