An Roinn Airgeadais
Department of Finance

Retail Banking Review

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Prepared by the Retail Banking
Review Team, Banking Division,
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Banking Retail Review

November 2022

Access to Cash in Ireland

7.2. Access to cash in Ireland

DEVELOPMENTS SINCE 2013

There have been significant changes to the cash system since 2013 and efficiencies and savings have been achieved, mainly through a reallocation of roles within the system. The role of the cash-in-transit (CITs) firms has increased[94] as banks have reduced their cash infrastructures by closing their cash centres and outsourcing the activities they historically

[92] https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf
[93] For example, Sweden, The Netherlands and New Zealand have all seen material reductions in the provision of cash services.
[94] Providing cash centre processing and distribution (delivery and collection) to banks, post offices and retailers.

undertook to CIT firms.[95] Other changes to the cash infrastructure include closing branches, reducing cash services or removing cash counters in certain branches and the sale of off-site ATM networks to Independent ATM Deployers (IADs).[96] In a welcome development, the role of the post office increased when AIB, BOI and Ulster Bank entered into agency agreements with An Post which allowed their customers lodge and withdraw cash (subject to certain limits) across the 900+ post office outlets.

The provision of cashback facilities by retailers also represents a significant change - close to two thirds of adults have availed of cashback through a retailer, with one in eight using it once a week, suggesting that retailers are important in providing access to cash to consumers.[97] Cashback is considered to provide a more flexible way to withdraw cash compared to ATMs, as it allows for small denominations to be withdrawn, including coin. However, under existing EU Regulations,[98] cashback is not available to consumers unless the consumer purchases a good or service.

Each of these developments underpin significant changes in the retail banking cash network:

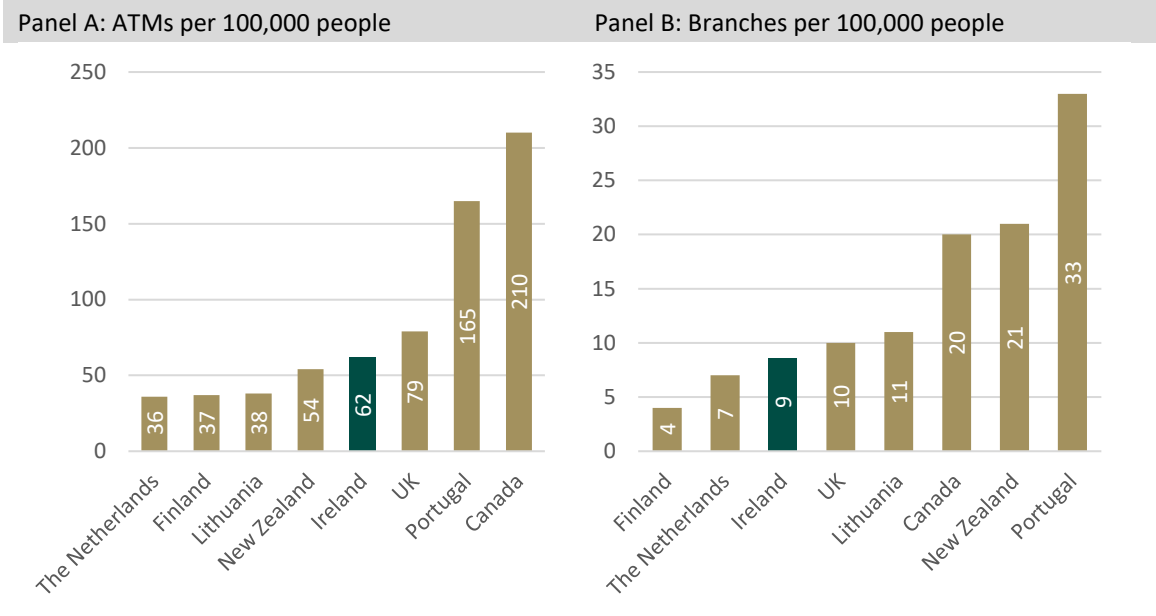
- Following the departure of Ulster Bank, the bank branch network will have reduced from 617 branches in June 2020 to 438 branches in September 2022. [99]
- Of the remaining bank branches, 21% (92) will have no staffed cash counter[100] though nearly all have an ATM inside or outside the branch, or both.
- The number of bank branches per 100,000 of population is 8.63,[101] whereas in June 2020 it was 12.93.[102] This compares to UK 10.4; New Zealand 21.4; Netherlands 7.0; Portugal 32.8; Lithuania 10.5; Finland 4.0; Canada 20.2,[103] though many of the branches quoted for some of these countries will also include firms that are akin to credit unions, and some/many may be cashless (see Figure 8).
- The number of ATMs per 100,000 is 62, which compares to the Netherlands 36; Finland 37; Lithuania; New Zealand 54; the UK 79; Portugal 165; Canada 210.
- As branches close or go cashless, the ATMs in those branches are removed and this is reflected in the reduction of the ATM network by 30% in the period 2017-20, which is the third highest decrease in the EU after The Netherlands (-62%) and Belgium (-34%).[104] The Dutch and Belgian reductions reflect the impact of the implementation of utility type models of ATM provision, and therefore the reductions occurred under a

[95] AIB, BOI and Ulster Bank closed their cash centres, and cash processing is now outsourced to the CIT sector. The CIT sector has consolidated due to acquisitions, and two CIT companies now account for 95% of the market. Source: The Central Bank
[96] IADs are commercial entities that own, manage and place cash machines in retail premises and other locations.
[97] https://www.gov.ie/en/organisation-information/3c122-retail-banking-review/#consumer-survey-results
[98] Payment Services Directive https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32015L2366
[99] 438 branches based on data supplied by AIB, BOI, PTSB and excludes college and hospital locations with no cash counters
[100] This is based on data supplied by AIB, BOI and PTSB to the Review Team (September 2022)
[101] Calculated based on 438 branches for population of 5,028,000
[102] Source: The Central Bank
[103] International Comparison (Deloitte) 2022
[104] Source: Deloitte

structured framework – this is not the case in Ireland where changes to the network reflect independent decisions of individual providers.

- In 2015, the entire ATM network in Ireland was operated by the traditional banks, whereas at the end-2021 IADs control c.75% of ATM locations throughout the country.[105] Nine IAD firms operate in Ireland, with the largest two being Euronet and Brinks.[106]
- Since the closure of their own cash centres, the banks are now entirely reliant on the CIT sector, where the two biggest CIT companies account for c.95% of the market.
- The number of credit unions has reduced due to mergers and closures. The sector now comprises 204 credit unions in over c. 400 locations (some credit unions operate sub-offices), that provide cash services to their respective members, but not on a universal basis as each credit union is a standalone entity. Some credit unions provide ATMs. The number of credit union physical locations is down 18% since 2013.[107]

Figure 8 - ATMs and branches per 100,000 people



Source: Department of Finance, International Comparison and Central Bank

In terms of access to branches, ATMs and the post office, the Review Team notes the following:

[105] Where each bank branch is considered as a single ATM point. Within ECB methodology of the measurement of access to cash, due to the significant clustering of ATMs within retail bank branches, each bank branch is considered as a single ATM point. By contrast, IAD ATMs tend not to cluster. If all retail bank ATMs were counted alongside all IAD-owned ATMs, recent data suggests overall IAD ownership of the ATM network may be in the region of 60%.
[106] Source: The Central Bank
[107] Source: The Central Bank

- Branches: While the Review Team is aware from the (Central Statistics office) CSO[108] that the average distance to a bank branch was 5.5km in 2019, this metric has not yet been updated to reflect changes since then, which are ongoing due to the further closure of Ulster Bank and KBC branches. However, the Consumer Survey identified that almost 50% of respondents lived within 5km of a branch of their main bank, with a further 28% living within 5-10km, and 24% living in excess of 10km away.
- ATMs: Research[109] undertaken by the Central Bank found that 87.3% of the population lived within 5km of an ATM, with 98.8% and 99.9% living within 10km and 15km respectively (June 2020). Regional disparities exist, with 5km proximity being highest in Dublin and lowest in the west and border regions. When compared to peers, the same research found that Ireland ranks in the bottom five out of the 19 Eurosystem countries when it comes to percentage of population within 5km of an ATM.
- An Post: When closing branches and ATMs, AIB, BOI and Ulster Bank sought to mitigate the impact on their customers by entering into arrangements with An Post whereby the local post office provide deposit and withdrawal cash (notes and coin) services to their customers. There are 912 post offices across the State - 93% of the population are within 5km of their local post office, and 99% within 10km.[110] However, the cash services provided by An Post are restricted (with limits on the value of notes and coin that can be lodged and withdrawn), unless specific alternative arrangements are agreed. This means that the cash services provided in the post office may not be equivalent to the service previously provided by the customer's bank branch, resulting in customers needing to travel to the next nearest branch where such services continue to be provided.

THE NEED FOR ACCESS TO CASH

In common with other EU countries, the majority of people in Ireland want to have the option to pay in cash, even if some of them have a preference for digital as a means of payment.[111] Information obtained by the Department as part of this Review suggests that only 11% of consumers do not use cash,[112] and that notwithstanding the increased use of debit cards, cash spending in-store relative to total spending still stands at 31%.[113]

When we talk about access to cash, the Review Team means access to both cash withdrawal and deposit facilities, including coin. As people tend to get their wages, salaries and other payments paid directly to their bank accounts they tend to have a greater need for withdrawal

[108] https://www.cso.ie/en/releasesandpublications/ep/p-mdsi/measuringdistancetoeverydayservicesinireland/generalresults/
[109] Source: The Central Bank
[110] Information provide by An Post – coverage levels are based on the 2016 Census results
[111] https://www.ecb.europa.eu/pub/economic-bulletin/articles/2022/html/ecb.ebart202205_02~74b1fc0841.en.html#:~:text=Published%20as%20part%20of%20the,geographical%20location%20or%20technological%20savviness.
[112] https://www.gov.ie/en/organisation-information/3c122-retail-banking-review/#consumer-survey-results
[113] Ibid

rather than deposit facilities. People use ATMs more than branches to withdraw cash,[114] though people in the age group 65+ have a higher dependency on their local bank branch.[115]

SMEs tend to have a higher dependency than consumers on bank branches for their cash services. In Ireland, of the one third of SMEs that visit their bank branch weekly, 88% do so for the purposes of depositing or withdrawing cash.[116] Research suggests that small retailers in particular need deposit facilities more than withdrawal facilities,[117] though the Review Team understands that small retailers need to withdraw coin more than deposit it as cash customers tend to pay with notes most of the time.

While cash use has been declining, it is apparent that cash is still preferred by certain users or in certain situations. The current challenge to be addressed is the extent to which further reductions will reflect actions by certain providers of cash services, rather than a desire by consumers and SMEs to operate in a society that still uses and needs cash, albeit at reduced levels. It is generally accepted that over time cash usage will decline further, however it is important that future reductions in the cash infrastructure do not outpace the expectations or needs of society.

Meanwhile, as ATM's are, and are likely to remain, the most common method for consumers to withdraw cash, it is important that they remain accessible not just in terms of their physical location and the cost of accessing them, but also in terms of the service they offer. Having an ATM close by, but which is not adequately accessible, is often out-of-order or regularly only dispenses high value note denominations (e.g. €50) can act as a barrier to access. These issues can particularly impact the socially vulnerable who may not have the means to travel to the nearest alternative ATM, or may have less than the lowest available note denomination in their bank account. Similarly, long queues at the cash counters in branches can act as a barrier to consumers and SMEs accessing cash services.

It is important that future reductions in the cash infrastructure do not outpace the expectations or needs of society

THE COST OF ACCESSING CASH

It is important to ensure that changes to the costs of accessing cash services, both deposits and withdrawals, are not covertly used to incentivise consumers and SMEs to move away from cash.

[114] https://www.ecb.europa.eu/stats/ecb_surveys/space/html/index.en.html
[115] According to the B&A Consumer Survey, ATMs were used by 73% of Irish adult respondents to obtain cash withdrawals
[116] https://www.gov.ie/en/publication/51315-sme-credit-demand-survey-october-2021-to-march-2022/
[117] https://www.communityaccesstocashpilots.org/

Under section 149 of the Consumer Credit Act 1995, as amended, banks and RCFs are required to notify the Central Bank if they wish to introduce any new customer charges or increase the level of any previously notified charges. While IADs, as unregulated firms, are not subject to section 149, they are subject to the current provisions of the Visa and Mastercard scheme rules, which prohibit access charges[118] for domestic cash withdrawals. However, these rules can be changed at the discretion of Visa or Mastercard.

Going forward, and as a matter of policy, the Review Team considers that Irish consumers should not be charged access fees for withdrawing their own cash via a domestic ATM. This approach is consistent with the Eurosystem cash strategy, where it is stated that cash withdrawals should be free, or incur only a reasonable fee.

It is recognised that prohibiting domestic access charges may impact the future viability of certain ATMs, particularly those in areas of low or modest usage. However there are mechanisms available to address these challenges, such as setting up a scheme like LINK in the UK[119] or the creation of ATM utilities as implemented in The Netherlands and Belgium. These initiatives could support the ongoing sustainability of the cash system, as well as access to it.

ACCEPTANCE OF CASH

Without retailers and other merchants, the cash system would grind to a standstill. For consumers and SMEs to be able to use their cash, it needs to be accepted as a means of payment for the goods and services they want to purchase. Put simply, if consumers and SMEs can access cash, but cannot use it as retailers or others refuse to accept it, cash may become redundant as a means of payment. A study in the UK considered that 'the issue of cash acceptance by merchants and retailers was more likely to drive the death of cash than issues around access.'[120] Although sufficient data is not available, anecdotal evidence suggests the costs to retailers of accepting cash are high,[121] which may incentivise retailers to prefer card payments over cash payments.

Euro notes and coins have the status of legal tender in Ireland. Retail transactions are governed by contract law and in the context of this, where a business places no restrictions on the means of payment it is prepared to accept, it must accept legal tender when offered by a customer to settle a debt that has arisen. However, if a business specifies in advance of a transaction that payment must be in a form other than cash, the customer cannot subsequently claim a legal right to pay in cash, even if that cash is legal tender. This can be achieved, for

[118] Access fees are charges to use a specific ATM and are separate to any bank charges incurred by a customer under the fee arrangements applying to their bank account. Visa and Mastercard scheme rules prohibit domestic access fees unless there is legislation or regulatory provisions permitting them in the relevant jurisdiction. Both Visa and Mastercard permit access fees for foreign transactions.
[119] LINK / Home
[120] https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf
[121] https://www.gov.ie/en/organisation-information/3c122-retail-banking-review/#dialogue

example, by displaying signs at the cash till and at the store entrance. Therefore, under certain circumstances, retail businesses or service providers can refuse to accept payment in cash.

In Ireland, consumers are already being impacted by some enterprises refusing to accept cash. Challenges range from minor issues such as the inability to purchase a coffee in a café, to being unable to seek insurance from some companies that do not accept cash. People who only use cash therefore have less choice and may not be able to access more competitive products or services where the provider only accepts electronic payments.

The case for policy or pre-emptive legislative actions to protect acceptance of cash in specified circumstances include the potential public policy issues and risks that could arise should retailers (e.g. large supermarket chains) and other public and private service providers (e.g. doctors, hospitals) choose not to accept cash. The case against any such action includes it being regarded as 'a blunt and potential harmful policy as it imposes costs on those merchants who would otherwise reject cash.'[122] These higher costs could be passed through to customers via higher prices. It is also suggested that mandating cash acceptance could also give a commercial advantage to merchants that operate solely online, and thus lead to a further shift away from bricks and mortar to e-commerce.[123] Further consideration of this matter is recommended. The Review Team notes that other jurisdictions, for example the United States, are currently debating whether to legislate for acceptance of cash.[124]

If consumers and SMEs can access cash, but cannot use it as retailers or others refuse to accept it, cash may become redundant as a means of payment

REGULATION OF THE CASH SYSTEM

The Central Bank does not regulate IADs or CITs, with the result that the Central Bank is limited in its powers to assess the resilience of the cash system or ensure it operates effectively in the interests of society and the economy. This situation also limits the Central Bank's ability to proactively engage with all stakeholders in the system to ensure a common strategic objective for the cash system and to address areas of risk and concern such as resilience and ensuring that appropriate contingency measures are in place, if required. The absence of regulation also means a framework has not been developed for the effective management of change in the Irish cash system. In a submission made directly to the Minister for Finance, the Private Security Authority (PSA) highlighted risks that could arise in the CIT sector, and called for it to be regulated.

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[122] The future of cash use: https://www.rbnz.govt.nz/have-your-say/closed-consultations/future-of-money---cash-system-redesign-te-moni-anamata---punaha
[123] 16th ERPB meeting: https://www.ecb.europa.eu/paym/groups/erpb/html/index.en.html
[124] https://cashessentials.org/us-considers-legislation-on-mandatory-acceptance-of-cash/

The Reserve Bank of New Zealand noted that the lack of a framework to manage the evolution of cash can mean that:[125]

- It is not clear where responsibility for outcomes and tasks sit amongst cash system participants.
- There is no vehicle for cash system participants to identify, assess and co-ordinate responses to change.
- There is no way to collectively identify change in the cash system.
- There is no system wide approach to business continuity planning.
- There may be no effective legislative or regulatory powers available to address issues that arise.

As outlined earlier, cash is an important element of the payments system in Ireland. This is also the case within Europe.

In September 2020 the ECB and the European Commission each highlighted the importance of cash. The 19 governors of the ECB approved the Eurosystem Cash Strategy,[126] which addresses safeguarding the future of cash. The strategy identifies responsibilities regarding:

- Availability of cash, whereby the Eurosystem ensures euro notes and coins are available to the public, through the provision of cash services to the retail banking sector.
- Access to cash, whereby the Eurosystem supports public access to services to withdraw and deposit cash, as facilitated by the retail banking sector and other stakeholders.
- Acceptance of cash whereby the Eurosystem promotes acceptance of cash as a means of payment by retailers, traders and other private businesses. When launching its vision for EU retail payments, the European Commission noted its own responsibility in maintaining cash as a legal tender, while promoting the 'emergence of digital payments to offer more options to consumers'.

The Commission also highlighted that it expects EU Member States to "*ensure the acceptance and accessibility of cash as a public good … while acknowledging the possible legitimacy of duly justified and proportionate limitations to the use of disproportionate amounts of cash for individual payments that may be necessary, inter alia, in order to prevent the risk of money laundering, terrorist financing and related predicate offences, including tax evasion*".[127]

Notwithstanding its key role in the payments system, the cash system in Ireland is not subject to full, direct regulatory oversight. In its engagement with the Review Team, the Central Bank outlined that its statutory objectives include the efficient and effective operation of payment

[125] https://www.rbnz.govt.nz/have-your-say/closed-consultations/the-future-of-cash-use---te-whakamahinga-moni-anamata
[126] The Eurosystem comprises the ECB and the national central banks of the Eurozone Member States
[127] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0592&from=EN

and settlement systems but noted that it does not have an explicit legal mandate with regard to ensuring access to cash.

Regarding the traditional banks,[128] despite their pivotal role in the cash system and their regulatory status as credit institutions, they are not subject to an express legal responsibility with regard to ensuring access to cash. In this regard, the Eurosystem Cash Strategy makes clear that:

> *'On the basis Banks have privilege to create private deposit money [….] the Eurosystem has to prevent the banking sector withdrawing excessively from cash supply.'*

Due to the reduced role of the regulated banks in the direct provision of cash services, and the increased roles of largely unregulated CIT firms, and unregulated IADs,[129] CITs and IADs have become systemically significant players within the cash cycle. The c. 95% market share of the two main CIT providers is also noteworthy, although the Central Bank advise this level of concentration is not out of line with other countries in the Eurosystem.

Under current regulatory provisions, the traditional banks who outsourced services to CITs remain responsible for those services. The specific requirements are set out in the updated guidelines[130] on outsourcing from the EBA that were published in February 2019 and came into force in September 2019. Under these guidelines regulated firms are expected to have effective governance, risk management and business continuity processes in place in relation to outsourcing, to mitigate potential risks of financial instability and consumer detriment. Outsourcers are also required to bring activities back in-house, if necessary. Effective oversight and monitoring of these critical outsourcing contracts is pivotal to ensuring a seamless response should issues arise with an outsourcing partner.

While, in the context of access to cash, the role of the post office has also increased in importance, it has no specific statutory obligations regarding cash services. An Post is committed under a proximity protocol[131] agreed with Government to guarantee to provide all rural communities with a population of 500 or more to be within 15km of a post office, or for urban communities of 500 or more, to be within 3km. Under the arrangements agreed with the traditional banks, there are limitations on the cash services provided by An Post, meaning

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[128] Defined as Credit Institutions in the context of regulation

[129] CIT firms are subject to regulation by the Private Security Services Act (PSA) 2004 and must meet standards set by the PSA. The Central Bank also monitors CITs in their capacity as Professional Cash Handlers, regarding authenticity and fitness checking and recirculation of euro bank notes. IADs are not subject to any regulatory oversight and are not designated persons for the purposes of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010, as amended and as such do not fall within the supervisory remit of the Central Bank.

[130] https://www.eba.europa.eu/sites/default/documents/files/documents/10180/2551996/38c80601-f5d7-4855-8ba3-702423665479/EBA%20revised%20Guidelines%20on%20outsourcing%20arrangements.pdf?retry=1

[131] https://www.anpost.com/AnPost/media/PDFs/An_Post_A_new_vision_for_the_Post_Office_Services_in_Ireland.pdf

those services are not equivalent to the service provided by bank branches to their customers. Accordingly, bank customers may still require access to a bank branch for certain cash services.

7.3. Policy considerations for Ireland

The major shift in the traditional banks' role in wholesale and retail cash services has had significant knock on effects to the cash cycle infrastructure and how Irish society withdraws, uses and lodges cash. The substantive changes that have already occurred are based on individual commercial decisions by private enterprises, and while each decision on a standalone basis may have a strong commercial rationale, what has been absent is any overarching assessment of the strategic impact, including the risks and issues, of such decisions on a cumulative basis for the totality of Irish society, the economy, the resilience of the cash system and its potential impact on the stability of the overall payments system.

In terms of key changes, CITs and IADs now play a central role in processing, lodging and withdrawal facilities. The challenges associated with running a business where usage is declining, are factors impacting both CITs and IADs. The sustainability of the IAD business model depends on having their ATMs located in areas of high footfall, where they can boost the revenues generated from interchange fees[132] and currency conversion fees. ATMs in low footfall areas, most likely rural areas, mean revenues can be low and not cover the costs of the ATM. This may cause IADs to close the loss-making ATM, or, in the future if VISA/Mastercard rules change or legislation permits it, seek to introduce charges so that a specific ATM remains viable.[133]

Reduced cash services in branches, along with branch closures and where the post office or credit union alternative is not appropriate, can give rise to additional costs for SMEs, as they either incur the cost of engaging a CIT to manage their cash requirements, or travel longer distances to access cash services in their bank's next nearest branch that offers such a service – taking up valuable time, travel costs, incurring addition risk by storing/transporting cash, whilst also having negative consequences for the environment. Such developments can contribute to retailers and other merchants deciding to operate on a cashless basis, with consequences for consumers, particularly those who for budgeting or other reasons have a continuing preference to use cash.

LEARNINGS FROM OTHER JURISDICTIONS

Throughout Europe, and globally, many developed countries are grappling with the challenges that are emerging from a declining use of cash. In these countries, the development of policy,

[132] When a customer of a particular bank uses an ATM that is owned by another bank or an IAD, the former bank pays a fee to the bank or IAD that owns the ATM. This fee is known as the Interchange Fee.
[133] Under card-scheme rules as governed by Visa and MasterCard, an ATM operator cannot currently charge a transaction fee to domestic debit cardholders who use their debit card to withdraw cash from any ATM in the Republic of Ireland.

strategy and approaches to legislation and regulation of the cash system have been informed by significant consultation with stakeholders, over many years, including industry participants and consumer/business groups. These same countries continue to update and evolve their approaches, guided by their own experience, the experience of others and continuing trends.

Many developed countries are grappling with the challenges that are emerging from a declining use of cash

The Review Team engaged directly with UK, Dutch and New Zealand treasury / central bank colleagues to gain direct insights from developments and experiences in those countries. The UK Government is currently legislating for reasonable access to cash withdrawal and deposit facilities across the UK, as well as the regulation of the wholesale cash infrastructure.[134]

The Review Team also benefitted from its engagement with the Central Bank, which provided additional insights to the Review Team based on the Central Bank's direct engagement with colleagues in Sweden, Latvia and Lithuania.

A key finding is that all jurisdictions have their own unique features and are at different stages in the evolution of their cash infrastructures. In a recent assessment of approaches being taken in other jurisdictions, the New Zealand Reserve Bank (NZRB) concluded that 'there is no emerging global consensus on what constitutes the best suite of cash-system policies.'[135]

On an overall basis, it is therefore clear to the Review Team that legislators and regulators are still learning, and are considering the experiences of others as they develop and trial different approaches within their own countries.

Notwithstanding, there were key themes, principles and lessons that the Review Team identified from its review of the approaches and experiences of others, these being:

- There is broad cross-country consensus that there is a continued societal and economic need for consumers and SMEs to be able to use cash as a means of payment for so long as they need to. There is an acceptance that we are moving to a society where there is less cash, but that does not mean that society is yet ready for a cashless society. Indeed a cashless society may never emerge.
- Consumers and SMEs need to have good access to cash services, with most countries defining this as meaning the ability to withdraw and deposit notes and coin at locations within a reasonable distance and at a reasonable cost.

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[134] Financial Services and Markets Bill 2022
[135] https://www.rbnz.govt.nz/have-your-say/closed-consultations/future-of-money---cash-system-redesign-te-moni-anamata---punaha

- Commercial pressures are beginning to have a significant effect on access to cash, which will become more pronounced as cash demand and usage fall. Commercial organisations may act in their own interest, even when it is to the detriment of society as a whole. Without intervention, market forces will lead to a removal of services and a lack of coordinated action which may be difficult to stop once it has started.[136]
- Where the cash infrastructure has evolved purely from market forces, as a starting point, and before further uncontrolled changes occur, there is a need to preserve consumers' and SMEs' access to cash at current levels. This means that the current points where consumers and SMEs can access cash should, in principle, not become less accessible or more distant. This does not, per se, mean that it is an appropriate objective to preserve the status quo – instead, stakeholders need to focus on ensuring that consumers and SMEs needs are satisfied. Innovative ways to provide acceptable alternative cash services have already been developed, and are encouraged.[137]
- It is important to prepare people for increased digitalisation of services.
- There is a need for the cash infrastructure to be sustainable, thereby contributing to the resilience of the financial system. Where the current cash system was designed for a time of higher cash usage, it must be redesigned so that it is efficient and flexible and can adjust to changes in cash use over time. However, it is not desirable for cash infrastructure downsizing to outpace the decline in cash use, thereby encouraging it.[138]
- There is a need to ensure that there is clear ownership of responsibility for maintaining appropriate levels of cash access, as well as cash system resilience. In most countries, this is a shared responsibility of the Ministry of Finance and the Central Bank, who work in partnership to achieve the policy objectives set by government. However, banks also have a clear responsibility to provide appropriate access to cash services, notwithstanding the cost to them in doing so.
- Up to now, most governments and central banks have sought to achieve their desired societal and system objectives in collaboration with industry stakeholders, using non-binding tools[139] to underpin the agreements reached. However, there appears to be a growing acceptance that legislation may be needed to protect the cash system, and the users of the system, with some countries[140] having already taken the step to legislate and regulate. New legislation and regulation needs to be flexible to allow for changing cash usage levels.
- For the cash system to work effectively, businesses, including retailers, need to continue to accept cash as a means of payment. Businesses will continue to accept

[136] https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf
[137] In the UK and NZ, Banking Hubs are being trialled and are proving successful. In The Netherlands, deposit devices such as seal bag machines and cash recycling machines were deployed
[138] nfps-towards-a-new-vision-on-cash-in-the-netherlands-may-2020-pdf.pdf (dnb.nl)
[139] In many countries, tools such as Memoranda of Understanding, or non-binding covenants have been used to date in order to underpin Access to Cash agreements that have been reached between stakeholders, including central banks, government departments, wholesale and retail cash system participants, as well as consumer associations
[140] Sweden implemented its legislation in 2021 and the UK is introducing requirements for banks to provide reasonable access to cash in the Financial Services and Markets Bill 2022.

cash so long as it is in their economic interest to do so, and so long as it is not difficult or expensive to deposit the cash they receive from their customers. A key policy question is whether public bodies should be required to accept or facilitate the acceptance of cash. This is the case in Sweden but there are some examples in Ireland of cash not being accepted for statutorily required documents.[141]

- As policy is developed, it is important that stakeholders are consulted and are listened to, in particular to ensure the cash system that is developed is fair and meets societal needs. National payment councils, often lead by central banks, can be useful to facilitate a dialogue on cash. Enhanced data, providing critical and up-to-date insights, is also important to inform and guide decision makers as they continue to develop policy as cash usage evolves.

7.4. The way forward

Taking into account the specific circumstances in Ireland, the Review Team believes there is a need to develop a new approach to managing Ireland's cash system, in particular to ensure resilience and access to cash. However, Ireland does not need to start from scratch, as we can build on elements of the 2013 NPP and the ECB cash strategy. It is clear that there are common themes and principles that other countries have reflected on, with lessons already learned, and which we can use to propel the development of policy in Ireland so that we do not lose valuable time by considering issues that have already been settled by others. Based on the learnings from other jurisdictions, the Review Team considers that pre-emptive action is needed in Ireland to avoid the situation that emerged in Sweden, where a review found that 'the rapid decline in cash caused issues that regulators were simply not ready to handle, and to which they responded too late.'[142]

Government policy should support the development and maintenance of a sustainable and resilient cash system for as long as cash is needed

Transformation in the way consumers pay for goods and services will likely lead to a further reduction in cash use, but we cannot allow the future development of the payment system to ignore the preferences, or in many cases, the needs of consumers and SMEs who continue to prefer to use cash as a means of payment. Government policy should support the development and maintenance of a sustainable and resilient cash system for as long as cash is needed. Government should also continue to support digital transformation which will likely continue at pace, as new technologies are likely to enable the further and better development of electronic payments. Digitalisation can improve efficiency within the banking sector, and enable some consumers and SMEs to conduct their banking and payments in a convenient

[141] https://www.ndls.ie/learner-driver/fees.html
[142] https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf

and cost effective way. As identified in the 2013 NPP, digitalisation can also serve as a basis for financial inclusion, as it can provide people with more frictionless and often cheaper access to banking and payments. The basic bank account and digitally enabled payments initiatives should continue to benefit from Government support.

While certain actions must be taken now to avoid further uncontrolled erosion of the cash system, a key Government objective regarding future developments in the payments system (cash and electronic) should be that it must evolve in a fair, orderly and transparent a manner, and the evolution must reflect input from all the main stakeholders. It is critically important that strategic decisions by key players in the system are considered in the wider context, particularly where the consequences of such decisions could lead to a growth in financial exclusion, a disregard for societal and business preferences, or a less resilient payment system, with financial stability consequences.

The Review Team recommends, as outlined below, that the Government legislates to provide for reasonable access to cash services for consumers and SMEs. In the immediate and short term, it is expected that the principle responsibility to ensure reasonable access to cash will fall on banks that meet objective criteria, which could include a bank's share of the current account market, and the amount of deposits in those current or other accounts.

Given the significant developments in the payment system since the NPP was published in 2013, it is appropriate that a new National Payments Strategy is now developed that sets out a roadmap for the future evolution of the entire payments system taking account of developments in digital payments. This new strategy can also guide future changes to the legislative Access to Cash criteria and to address additional issues such as the use of cheques as well as acceptance of cash by both the private and public sectors. The development of the strategy should be led by the Department with the support of the Central Bank, and in consultation with key stakeholders.

The Review Team recommends that:

Recommendation 7-1

The Department of Finance should develop Access to Cash legislation, and prepare heads of a bill in 2023 to:

- Require banks that meet objective criteria to provide reasonable access to cash. "Reasonable access to cash" criteria will be defined in consultation with the Central Bank and other stakeholders and the initial objective of the legislation will be to preserve access at December 2022 levels; and
- Provide that the criteria can be changed by the Minister for Finance by regulation, based on research and advice from the Central Bank. This will allow for the further evolution of the cash infrastructure to be managed in a fair, orderly, transparent and equitable manner for all stakeholders.

Recommendation 7-2

Pending development of this Access to Cash legislation, the banks should seek to preserve consumers' and business' access to cash services at December 2022 levels.

Recommendation 7-3

The Department of Finance should prepare heads of a bill in 2023 to require ATM operators to be authorised and supervised by the Central Bank.

Recommendation 7-4

The Department of Finance should prepare heads of a bill in 2023 to provide the Central Bank with responsibility and powers to protect the resilience of the cash system including the authorisation and supervision of cash-in-transit firms in respect of their cash handling activities and related financial services.

Recommendation 7-5

The Department of Finance should lead on the preparation of a new National Payments Strategy to be ready in 2024. The strategy should set out a roadmap for the future evolution of the entire payments system, taking account of developments in digital payments, the use of cheques and other issues, and guide how future changes should be made to the legislative Access to Cash criteria. The Strategy should be informed by, and aligned with, the retail payment strategies of both the EU Commission and the Eurosystem. The Strategy should also consider and consult on whether:

- To legislate pre-emptively to give the Minister for Finance the power to require certain classes of firms, sectors or sub-sectors to accept or facilitate (to an appropriate level) the acceptance of cash; and
- If it should be Government policy that public bodies should accept or facilitate the acceptance of cash for the payment of goods, services, taxes, levies, fees or charges.