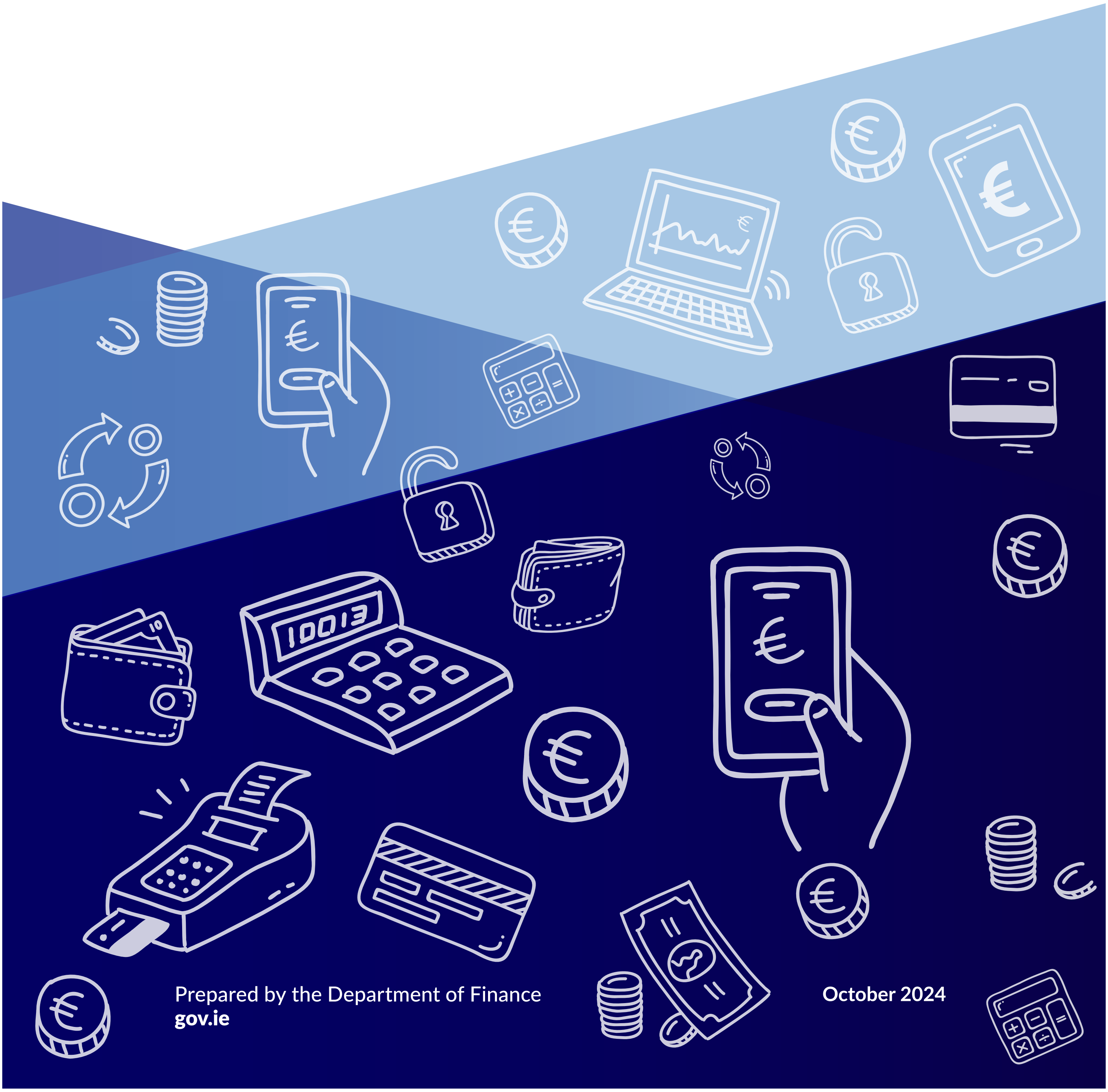
Rialtas na hÉireann
Government of Ireland

National Payments Strategy



Prepared by the Department of Finance
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October 2024

Future outcomes

Future role for cash

Future outcome 3.1: All government departments and bodies under their aegis to accept electronic payments and cash payments (or facilitate cash payments).

Future outcome 3.2: To ensure all sectors of the economy are aware of the forthcoming EU legal tender regulation and their obligations regarding mandatory cash acceptance (if applicable), along with potential changes they may need to make to accommodate this and any other relevant issues arising from the regulation.

Future outcome 3.3: There will be a comprehensive overview of the national cash cycle environment that will inform policy thinking and formation in relation to cash and payments.

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Future outcome 4.2: The Central Bank will have appropriate powers to ensure relevant firms leave the market in an orderly manner.

Future outcome 4.3: A safe and easy to use EU-certified digital identify wallet will be available.

Payment fraud

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Future outcome 5.5: Greater awareness of fraud and fraud prevention among Irish consumers.

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Account-to-account payments

Future outcome 6.1: Availability of at least one 'pay by account' solution as a convenient and trusted alternative to cards and cash.

Future outcome 6.2: Greater awareness of open banking and account-to-account services among Irish payment service providers.

The future of payments

Future outcome 7.1: Stakeholders will have greater awareness of best practices and areas of opportunity across the payment ecosystem in the area of sustainability.

Data collection, analysis and sharing

Future outcome 8.1: There will be greater transparency and understanding of the Irish payments landscape with insights on trends and usage of payment types.

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Foreword

Over the last decade, the Irish payments landscape has undergone significant change. Consumers are increasingly turning to digital means of payment, be they card payments, or tapping to pay at retail outlets with smartphones or watches. There has been much discussion around the decline in the use of cash for day-to-day payments. To ensure the Irish economy benefits from the advantages of emerging technologies and payment methods, my Department has prepared this National Payments Strategy. The Strategy takes account of the need to ensure continued availability of more traditional forms of payments. In addition, I presented the Finance (Provision of Access to Cash Infrastructure) Bill 2024 to ensure that access to cash remains sufficient and effective in the coming years and decades.

Ireland hosts a vibrant and diverse payments sector, ranging from traditional banks to fintech providers, many of which provide services not only to the Irish market but also across the European Union. These firms all play a part in ensuring that a variety of payment options are available to consumers. However, payments are vital for the functioning of our society and economy. Different types of payment are designed to meet different needs. Participants in the payments sector should provide for the needs of everyone who makes and receives payments.

The overarching goal for the National Payments Strategy is to enhance the effectiveness of the payments system and to continue to build public trust in it. The Strategy is underpinned by four interlocking principles:

- Access and Choice – promoting reasonable options for consumers and small business
- Security and Resilience – of the payments system and system operators
- Innovation and Inclusion – future focus that enhances interoperability and inclusion
- Sustainability and Efficiency – solutions that have regard to cost and benefit and to the environment

The National Payments Strategy project team conducted a consultation process which sought to garner the views of a wide range of stakeholders to contribute to the development of the Strategy. This Strategy takes into account views from various actors in the banking and payments ecosystem, civil society, and regulatory bodies. The comprehensive consultation process received almost 90 submissions from a variety of different voices in our society. A summary of these submissions was published in April 2024 and that summary set the scene for a workshop with stakeholders in May 2024, where discussions between different types of stakeholder allowed for a deeper understanding of the significance of the different points raised. Finally, a key part of the consultation was a large number of bilateral meetings between the project team and key stakeholders that took place throughout the development of the strategy.

It was clear from this stakeholder engagement that 'access and choice' is very important to the Irish people, and that the consumer should continue to have access to a broad selection of payment methods in Ireland in the future. Fraud emerged as a significant concern of stakeholders, and this Strategy proposes a number of actions to mitigate the threat of payment fraud and to protect trust in the Irish payments system.

It is important to note that this Strategy is being launched while Ireland continues to contribute to a number of legislative initiatives that are in train at the European level, such as the European Commission's proposals on the legal tender of euro banknotes and coins, on the digital euro, and for a payment services regulation and directive.

Another significant piece of work underway in my Department is the development of Ireland's first National Financial Literacy Strategy. Financial literacy is defined by the OECD as 'a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being'. The Financial Literacy Strategy will reflect best international practice and increase consistency, coordination and cohesion of all available financial literacy tools across the country.

I would like to take the opportunity to thank all of those that have contributed to the development of the strategy. Each of the inputs received has ensured that a strong, forward-looking and innovative Strategy has been agreed by the government. In many ways, the publication of this Strategy is just the beginning of the work. It is now up to action holders to implement the proposals set out in the text, so that each plays their part in ensuring that the Irish payments landscape is fit for purpose and works for the benefit of all of the people of Ireland.

Jack Chambers TD
Minister for Finance

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Executive Summary

The way we in Ireland, and across Europe, send and receive money is constantly evolving. The ability of consumers to send and receive money, using convenient, fast, and safe payment methods, is vital for the functioning of our society and economy. As consumers, each of us relies on the payments system on a day-to-day basis to shop in-person or online, travel and go about our work and daily life.

Ireland strongly welcomes digitalisation and innovation in payments. This can make payments more user-friendly for large parts of society, but at the same time it raises new concerns and questions. The last review of the Irish payments landscape took place in 2013[1], and since then, many aspects of our lives have fundamentally changed and so too have our payment choices and habits (Chapter Two). Today, Ireland's digital payments landscape reflects the average performance across the European Union. Given the pace of change and behaviours, as well as new challenges and potential opportunities, a revised consideration of Ireland's payments landscape in its entirety is timely. Given the pace of change in payments over the last few years, an examination of payments, in their totality, is now therefore more important than ever. This is to ensure the payments ecosystem is fit for purpose and is operating in the interest of consumers and small businesses. We must also ensure that all members of society are included and that digital first is never digital only. The Government of Ireland is clear that it is committed to supporting the continued use of cash. With a National Payments Strategy, we can be confident that we will have a payments system that works for all.

Key findings

In preparing this National Payments Strategy, there was extensive and prolonged engagement with stakeholders. The Department of Finance wanted to hear not only from firms in the payments sector, but, crucially, from the users of the payments system. This focus on users resulted in the Department engaging with many community and civil society groups during the consultation process.

With a National Payments Strategy, we can be confident that we will have a payments system that works for all.

The lived experience that these groups brought to the Strategy was enlightening and useful.

Our engagement with the public and with other stakeholders (Chapter One) highlighted that there was broad agreement with the overarching objective of the Strategy: 'to enhance and build public trust in, and the effectiveness of the payments system'. Of the four principles informing the Strategy, 'access and choice' appeared to resonate most with the public. The other principles were: 'security and resilience', 'innovation and inclusion', and 'sustainability and efficiency'. The salient message from stakeholders on access and choice was that the consumer should retain, at least, the current choice of payment methods available in the Irish payments ecosystem.

The submissions made to the Department identified the need for a holistic treatment of specific subject areas. For example, any development in the payments space must be matched with a focus on fraud prevention. Similarly, any initiatives relating to access to cash should also consider the acceptance of cash. In this vein, the need for collaboration was a strong and consistent theme across submissions. Many of the areas addressed under the Strategy are cross-sectoral in nature and a horizontal response is therefore needed to address them. For example, a number of stakeholders believe that payment fraud is an issue requiring action from many actors across the economy including 'big tech' firms, postal services, financial services, telecommunications and social media companies, etc.

1. Source: National Payments Plan (centralbank.ie)

Views received from stakeholders also touched on areas that are suitable for action domestically, as well as those that are under consideration at a European level. In particular, there was agreement that payment statistics collected by the Central Bank of Ireland under the Payment Statistics Regulation could be further enhanced to a higher standard. It was also clear that a wide range of stakeholders are cognisant of developments in the EU, be it in the regulatory sphere or market initiatives. Actions proposed as part of the Strategy are aligned to and supportive of initiatives underway at the European level.

A less cash, not a cashless, future

There is a continued demand to use cash as a means of payment, as the Minister of Finance and the Central Bank have made clear. This Strategy supports the continued use of cash in Ireland. Cash is used by many people for many different reasons, as set out in Chapter Two. While the use of cash is declining for a number of reasons, this is as a result of consumer choice, rather than supply-side factors. As digitalisation continues, it is essential that those who depend on cash are not left behind, and it is

government policy to support this objective. The Minister, through this Strategy, has identified ways that the wider public sector can support a choice to use cash. In addition, the Finance (Provision of Access to Cash Infrastructure) Bill 2024 was published in July 2024. The key objective of this Bill is to ensure that the future evolution of cash infrastructure in Ireland is managed in a fair, transparent, and equitable manner that meets the needs of society and ensures continued sufficient and effective access to cash in the State. Finally, engagement continues on initiatives at European level that also support this objective.

A vision for the payments landscape

Four vision statements drive the Strategy and achieving them will move us to a more multi-option and resilient payments ecosystem by 2030. The actions set out in this Strategy will need to be implemented to ensure that Ireland successfully achieves these outcomes by then.

- Consumers in Ireland will be able to make use of the most modern features and functionality available for payments, while retaining options for those who prefer more traditional means of payment.
- The Irish payments ecosystem will evolve, as a result of proactive participation by market players, so that the Irish payments system will keep pace with the European payments market and offer a similar experience to Irish consumers.
- Irish consumers will have the utmost trust in the reliability of their payment methods, and will freely adopt new payment methods without fear of being defrauded.
- By 2030, there will be greater transparency and understanding of the Irish payments landscape with insights into the trends and use of payments types.

Conclusion

The actions identified in this Strategy – set out in detail in the following chapters – are the required measures to deliver on the vision statements. Key stakeholders have been identified for the delivery of these measures, and they have been assigned action points and appropriate timelines, as set out in the recommendations, to meet the ambitious objectives of this Strategy. The recommendations are based on the desired outcomes for the Irish payments system by 2030, which stem from the vision statements that reflect the views provided by stakeholders on the issues raised in the terms of reference for the development of the Strategy. The Strategy has a strong future-focused element that highlights technologies and concepts that may, by the end of the life of this Strategy, be ready to benefit consumers and small businesses (Chapter Seven).

A vision for payments

Engagement with the public, market participants, regulators and legislators in Ireland has influenced the development of this Strategy. In particular, it has informed the vision for the future development of the Irish retail payments system over the period to 2030.

As set out in the terms of reference, the goal of this Strategy is to 'enhance and build public trust in and the effectiveness of the payments system', based on the following four interlocking principles:

- **Access and Choice** – promoting reasonable options for consumers and small businesses;
- **Security and Resilience** – of the payments system and system operators;
- **Innovation and Inclusion** – future focus that enhances interoperability and inclusion;
- **Sustainability and Efficiency** – solutions that have regard to cost/benefit and the environment.

Building on these four principles, four vision statements were developed to guide the evolution of payments in Ireland under this Strategy in the period to 2030.

The first vision statement is: 1: Consumers in Ireland will be able to make use of the most modern features and functionality available for payments, while retaining options for those who prefer more traditional means of payment.

'Access and choice' is a first-order principle of this Strategy. The consumer should in the future continue to have access to a broad selection of payment methods in Ireland. Any reduction in payment options should be a function of consumer preference and choice. While the demand for cash may be on a downward trajectory, it continues to be vitally important to various groups across Irish society. The preservation of cash as a payment method will be safeguarded by domestic legislation on the infrastructure on access to cash, and is also likely to be protected by EU legislation on the legal tender of euro notes and coins. Given the rise in the use of digital payment methods, it is important that new features and functionalities play a central role in expanding payment choice for all consumers while also protecting groups made vulnerable by the evolution of payments. They should promote and facilitate financial inclusion. Ireland's Digital

#1

Consumers in Ireland will be able to make use of the most modern features and functionality available for payments, while retaining options for those who prefer more traditional means of payment.

#2

The Irish payments ecosystem will evolve as a result of proactive participation by market players so that the Irish payments system will keep pace with the European payments market and offer a similar experience to Irish consumers

Inclusion Roadmap[2] notes that 'digital by default does not mean digital only and that we will use digital to improve the off-line experience for those who are unable to consume services digitally'.

In addition, consumers interacting with all government departments and bodies under their aegis will be able to choose to pay for goods and services with a range of payment options, including cash[3]. Cash infrastructure facilities in society should be managed appropriately, being cognisant of the need to meet the public policy objective that cash is widely available and easily accessible throughout Ireland for those who choose to use it.[4]

The second vision statement is: 2: The Irish payments ecosystem will evolve as a result of proactive participation by market players so that the Irish payments system will keep pace with the European payments market and offer a similar experience to Irish consumers

Irish payment solutions will take into account the benefits of integrating with other solutions in the broader European payments ecosystem. Ireland will be at the forefront of innovative payments by the end of the life of this Strategy. Irish consumers will be fully aware of the full range of payment options available to them when paying for goods and services or when paying each other. Paying directly from one account to another without the use of intermediaries such as card schemes will be a well-embedded payment method. By 2030, information will flow more freely between banks and third-party providers enabling consumers to make payments while also being able to access their account information more easily and with added functionality. The experience in Ireland of paying from one account to another will be frictionless. Irish payment firms will also ensure that a payment between an Irish account and any other European account is delivered to the same high standard as a payment between two Irish accounts. Market forces are one of the drivers of innovation, but there is an important role for public policy interventions to support and facilitate such developments. Stakeholders have played a key role in developing this Strategy. Ongoing collaboration across the digital payments ecosystem will be key to providing the momentum and drive to embrace the latest initiatives in payments.

2. Source: Digital for Good: Ireland's Digital Inclusion Roadmap (link)
3. Note: It important to note that the "*access and choice*" principle is based "*promoting reasonable options for consumers and businesses*" which also applies to cash acceptance and or facilitation.
4. Note: In July 2024, the Government approved and published (Finance Provision of Access to Cash Infrastructure) Bill. The Bill intends to ensure the sufficient and effective access to cash infrastructure in the State. The Bill aims to establish a framework to provide that any future evolution of the cash infrastructure will be managed in a fair, orderly, transparent, and equitable manner. The Bill can be accessed online (here)

#3

Irish consumers will have the utmost trust in the reliability of their payment methods, and will freely adopt new payment methods without fear of being defrauded.

#4

By 2030, there will be greater transparency and understanding of the Irish payments landscape with insights into trends and usage of payments types.

The third vision statement is: 3: Irish consumers will have the utmost trust in the reliability of their payment methods, and will freely adopt new payment methods without fear of being defrauded.

The current level of trust in the payments system will be preserved, and will continue to improve over the lifespan of this Strategy. This will be achieved by mitigating emerging risks where possible. Measures in the Strategy will support the trustworthiness of the Irish payments system – for example, by advancing cross-sectoral collaboration to combat fraud and by bridging the gaps and increasing cooperation between financial services, online platforms, and telecommunications firms to ensure a holistic and comprehensive response to fraud. Consumer trust will benefit from measures developed to bolster the resilience of the payments system, including by ensuring that any payment firms leaving the market do so in an orderly manner, by ensuring that personal digital security is enhanced, and by ensuring that there are appropriate system-wide contingency arrangements to prepare for and manage payment disruptions.

The fourth vision statement is: 4: By 2030, there will be greater transparency and understanding of the Irish payments landscape with insights into trends and usage of payments types.

There will be a greater degree of consistent and high quality information centrally available on the Irish payments system, and areas where data is lacking, such as in relation to fraud, open banking, and payment preferences, will be addressed. Actors within the payments system will be more aware of why certain payment instruments are used and the costs associated with those payments, including their environmental impact. There will be a greater understanding about which payment types are most important for groups that are more vulnerable in the payments ecosystem, and this will inform policy to future-proof and safeguard the availability of these payment types to those groups so they can continue to access the payments system in Ireland.

Recommendations

The four vision statements are broken down into more detailed future outcomes and followed by the actions necessary to achieve these future outcomes. These are numbered by chapter below.

Chapter 3

Future outcome 3.1: All government departments and bodies under their aegis to accept electronic payments and cash payments (or facilitate cash payments).

Action	Owner	Start Date
All government ministers to ensure that their Departments and bodies under their aegis accept both at least one form of electronic payment and cash payments (or facilitate cash payments by a third party) where a public body levies fines or fees or where it provides goods or services for a charge.	All government departments	Before end of Q2 2025
All government ministers to ensure that any future contracts agreed between government departments and bodies under their aegis with third parties which seek payment from the public must also include an element on cash acceptance or facilitation. Annual confirmations from government departments and bodies under their aegis that they are in compliance with the above requests will be required in their reporting cycle.	All government departments	2026 annual reports onwards
Additionally, the Public Financial Procedures handbook will be updated to reflect the above actions.	Department of Public Expenditure, NDP, Delivery and Reform	At the next review of Public Financial Procedures

Future outcome 3.2: To ensure all sectors of the economy are aware of the forthcoming EU Legal Tender Regulation and their obligations regarding mandatory cash acceptance (if applicable), along with potential changes they may need to make to accommodate this and any other relevant issues arising from the regulation.

Action	Owner	Start Date
All government departments and agencies will engage with those under their remit, including organisations that receive funding, about their future obligations arising from the proposed regulation on the legal tender of euro notes and coins (when agreed) and encourage such organisations to commence their work in this area as soon as practicable, and in advance of the legal requirements of the regulation.	All government departments	6 to 12 months before coming into force of the EU Legal Tender Regulation
To develop a stakeholder information initiative (using the most appropriate mediums) to inform stakeholders of how (if any) changes in the law may effect businesses and highlight any changes they may need to make to their business operating models to accommodate these changes, with input and assistance from the Department of Finance.	Department of Enterprise, Trade and Employment Department of Tourism & Fáilte Ireland	6 to 12 months before coming into force of the EU Legal Tender Regulation

Future outcome 3.3: There will be a comprehensive overview of the national cash cycle environment that will inform policy thinking and formation in relation to cash and payments.

Action	Owner	Start Date
The Central Bank to complete and publish a report on the national cash cycle. The scope should cover all relevant stakeholders that are involved in the cash cycle, taking account of the fact that independent ATM deployers and cash-in-transit providers will be regulated entities after the enactment and commencement of the Finance (Provision of Access to Cash Infrastructure) Bill 2024.	Central Bank	No later than four years from the implementation date of the Bill

Chapter 4

Future outcome 4.1: There are appropriate system-wide contingency arrangements to prepare for and manage disruptions to payment services.

Action	Owner	Start Date
The Financial Stability Group, through its crisis preparedness subgroup, shall take forward work on system-wide resilience in the Irish payments system, including the cash cycle, in conjunction with relevant industry and government stakeholders. This work will examine system-wide resilience and the supporting contingency arrangements currently in place for certain disruption scenarios. This work will consider actions to enhance system-wide resilience and report to the Financial Stability Group by Q1 2026. Where appropriate, this will include any recommendations that are required to ensure continued system-wide resilience of payment services.	Department of Finance	H1 2025

Future outcome 4.2: The Central Bank will have appropriate powers to ensure relevant firms leave the market in an orderly manner.

Action	Owner	Start Date
The Department, following input from the Central Bank, will examine the need to provide the Central Bank with liquidation powers in relation to payment firms and report to the Minister for Finance with recommendations, by the end of June 2025.	Department of Finance	H1 2025

Future outcome 4.3: A safe and easy to use EU-certified digital identify wallet will be available.

Action	Owner	Start Date
By the end of 2024, the Irish State will provide a digital wallet allowing consumers and small businesses to securely authenticate their identity when accessing public services. Over time, further credentials will be added to the wallet to enhance its utility while ensuring the highest standards of privacy.	Department of Public Expenditure, NDP Delivery and Reform Office of the Government Chief Information Officer	Q4 2024
The Office of the Government Chief Information Officer will regularly update the relevant Central Bank's industry engagement forums on its progress in developing the Government Wallet, and will contribute to industry deliberations on private sector use-cases for the financial sector in accordance with Ireland's obligation under the eIDAS 2.0 Regulation. Updates should be made at least twice per annum.	Office of the Government Chief Information Officer Central Bank	H1 2025
Irish firms will seek to participate in Wave 2 of the large-scale pilots of the EU Digital Identity Wallet (EUDIW).	Banking & Payments Federation Ireland	2027

Chapter 5

Future outcome 5.1: Greater anti-fraud information sharing in the Irish Banking Sector.

Action	Owner	Start Date
Department of Justice to legislate for a shared fraud database.	Department of Justice	2025
Banking & Payments Federation Ireland to develop such a database to share information across participating organisations for the purposes of helping to identify and prevent fraud.	Banking & Payments Federation Ireland	2025

Future outcome 5.2: Illegal online content flagged by the financial services industry will be prioritised for review by online platforms

Action	Owner	Start Date
The Banking & Payments Federation Ireland will apply for 'Trusted Flagger' status with Coimisiún na Meán and, with the support of its members, aim to use this status to help identify and flag illegal online content to the relevant online forums.	Banking & Payments Federation Ireland	Q1 2025

Future outcome 5.3: Consumers will be less vulnerable to fraud via telecommunications channels such as telephone texts and SMS messages

Action	Owner	Start Date
All government gepartments and the bodies under their aegis to apply to be included on ComReg's DNO list for any phone numbers which are not used for outbound communications and the SMS SenderID Registry for any for any alphanumeric SMS headers that are used in government and public sector communications.	All government departments	Q1 2025
The Department of the Environment, Climate and Communications and the Commission for Communications Regulation will explore and evaluate interventions to tackle SMS scams.	Department of the Environment, Climate and Communication / ComReg	2025

Future outcome 5.4: Technology, financial services and telecommunications sectors and their respective regulators will cooperate more closely on combatting payment fraud.

Action	Owner	Start Date
The Banking & Payments Federation Ireland will build on its existing cross-sectoral forum, the BPFI Financial Crime Roundtable, and extend its membership to include online platforms, financial services providers, telecommunications services providers and their respective regulators (the Central Bank, ComReg and Coimisiún na Meán) The Anti-Fraud Forum should develop a work-plan which delivers on the following actions before 2030:	Banking & Payments Federation Ireland	Q1 2025
→ Develop and publish a charter signed by online platforms, financial services providers and telecommunication services providers, acknowledging that payment fraud is a cross-sectoral issue and that closer cooperation between these sectors is needed to enhance consumer protection. → Collaborate on article 59 of the European Commission's proposal for a Payment Services Regulation (PSR). → Discuss the trusted flagger regime established under the Digital Services Act, where illegal online content that is flagged by bodies certified by Coimisiún na Meán is prioritised for review by online platforms.[5] → Engage on the shared fraud database. → Establish a consistent and fair approach towards 'gross negligence' under the forthcoming payment services regulation.[6] → Other areas of cooperation including information exchanges on evolving trends, other cross-sector initiatives and controls that prevent fraud and industry experience of payment fraud as well as other areas deemed appropriate by the Chair.		Q2 2026
→ Report annually to the relevant government ministers including the Ministers for Finance, for Justice, for Environment, Climate and Communications, for Tourism, Culture, Arts, Gaeltacht, Sport and Media, and for Enterprise, Trade and Employment.		Annually

5. Source: https://www.cnam.ie/coimisiun-na-mean-outlines-how-interested-entities-can-apply-for-trusted-flagger-status/
6. Source: Article 60 of the PSR (link)

Future outcome 5.5: Greater awareness of fraud and fraud prevention among Irish consumers.

Action	Owner	Start Date
Banking & Payments Federation Ireland will continue to develop its fraud awareness campaigns in line with the changing landscape of fraud scams, through the FraudSMART programme. Campaigns will take into consideration findings and research from the National Payments Strategy, the Central Bank, the ECB and the Anti-Fraud Forum established under this Strategy and other government initiatives related to fraud, aligning where possible and as appropriate, ensuring that current fraud trends are a key feature of all awareness activities.	Banking & Payments Federation Ireland	Q1 2025
Banking & Payments Federation Ireland to regularly review and refine fraud awareness campaigns to ensure alignment with the evolving fraud landscape. These reviews will ensure that education and awareness through FraudSMART addresses current fraud trends and evolving threats	Banking & Payments Federation Ireland	

Future outcome 5.6: Consumers will be more aware of the risk of payment fraud including that committed via telecommunications, financial services and/or online platforms.

Action	Owner	Start Date
The Competition and Consumer Protection Commission's anti-fraud awareness activity will be informed by the work of the Anti-Fraud Forum.	Competition and Consumer Protection Commission	Q1 2025

Chapter 6

Future outcome 6.1: Availability of at least one 'pay by account' solution as a convenient and trusted alternative to cards and cash.

Action	Owner	Start Date
The Irish Retail Payment Forum to establish an Account-to-Account Working Group (the A2A WG), with representation from banks, payment providers, open banking providers, merchants and others deemed appropriate by the IRPF. The A2A WG will develop terms of reference that seek to: (1) monitor and collaborate on the full adoption of instant payments by relevant parties; (2) identify and address barriers to the full adoption of open banking, including consideration of Irish market participation in European Payments Council (EPC) SEPA Payments Account Access (SPAA); (3) identify a roadmap towards integration with a European payments solution; and (4) consider any other topics related to account-to-account payments deemed relevant by the working group.	Central Bank	Q1 2025
The Central Bank, in consultation with the A2A WG, will develop a proposal for the regular collection and publication of open banking indicators by Q2 2025.	Central Bank The Account-to-Account Working Group	Q2 2025
The Central Bank to ensure that the work of the WG is provided to the Minister for Finance annually, via a letter from the IRPF chair.	Central Bank	Q2 2025

Future outcome 6.2: Greater awareness of open banking and account-to-account services among Irish payment service providers.

Action	Owner	Start Date
The Fintech & Payments Association of Ireland to: → Work with the Association of Chartered Certified Accountants to co-host open banking themed events to raise awareness of open banking amongst accounting system providers and SMEs; and → Host open banking themed events which will bring key industry stakeholders (banks, fintechs, the Central Bank, the Department of Finance, etc.) together to discuss progress.	Fintech & Payments Association of Ireland	Q1 2025

Chapter 7

Future outcome 7.1: Stakeholders will have greater awareness of best practices and areas of opportunity across the payment ecosystem in the area of sustainability.

Action	Owner	Start Date
The Irish Retail Payment Forum to host a focused session or recurring meeting agenda dedicated to exchanging best practices on work being conducted regarding sustainability.	Central Bank	Q1 2025

Chapter 8

Future outcome 8.1: There will be greater transparency and understanding of the Irish payments landscape with insights on trends and usage of payment types.

Action	Owner	Start Date
The Central Bank will lead on a research and insights programme in respect of payments, in partnership where relevant: **1.** Establish a recurring 'consumer payment preferences and behavioural' survey covering all payment types, including the identification of possible future areas for research; **2.** Conduct research on the comparative usage, efficiency, and costs of retail payment methods (with a special focus on various types of retailers); **3.** Consider the environmental impact of payments based on work done, and underway, by the European Central Bank and other national central banks. **4.** Continue to advance the roll-out of the open data portal to identify available statistics on payments, making regular enhancements as necessary; **5.** Analyse the evolution of the use of payment instruments, including instant payments in Ireland, through its Behind the Data series; **6.** Collect and publish open banking indicators in consultation with the A2A WG; and **7.** Following the joint EBA/ECB publication[7] on payments fraud, analyse emerging fraud trends in Ireland through its Behind the Data series.	Central Bank	Q1 2025

7. Note: The European Banking Authority (EBA) and European Central Bank (ECB), in their respective roles as supervisory authority of payment service providers and overseer of payments systems, instruments, schemes and arrangements, closely monitor developments in payment fraud. Both EBA and ECB thereby rely on statistical information on the volumes and values of payment transactions and corresponding fraud reported by payment service providers (PSPs) located in the EU/EEA.

1

Introduction and methodology

The Irish and European payments landscape is undergoing a period of significant change and rapid innovation with new market players and business models providing a range of innovative services, such as digital wallets, to consumers over recent years. Since the development of the National Payments Plan over ten years ago, the payments landscape in Ireland and globally has changed fundamentally and further major changes are likely in the next decade. This will have a profound impact on consumers and businesses.

The 2013 National Payments Plan covered a period when Ireland was undergoing a digitisation transformation, moving from analogue technology and paper-based processes to digital technology and processes in order to become more efficient. Building on this progress, we are now in a period where the Irish economy and society are increasingly embracing new technology. Digitalisation is transforming entire processes and applying new technologies, bringing new and dramatic levels of innovation to all sectors.

In Ireland, the banking sector has undergone a fundamental transformation in recent years. The level of change led to the government's decision to undertake the Retail Banking Review[8] to examine the changes and their impact on business and consumers, and to understand the implications for the future of the sector. Notable changes include a reduction in the number of traditional retail banks in the sector, from twelve to three, as banks were amalgamated or closed, and foreign owned banks left the Irish retail market. In parallel, Ireland's fintech sector has grown in importance[9]. There has also been a considerable acceleration in technological developments – for example the advent of smartphones[10] and contactless payments. The pace of uptake of these innovations was boosted by the COVID-19 pandemic. Spurred on by the pandemic, Ireland's payments landscape has become increasingly digital. As in most countries, the pandemic changed people's habits, but also helped accelerate existing trends such as the shift to digital payments (in particular, contactless payments), the reduction in the use of cheques, and the digital transformation of businesses by pushing them to conduct more of their transactions online.

Notable changes include a reduction in the number of traditional retail banks in the sector, from twelve to three, as banks were amalgamated or closed, and foreign owned banks left the Irish retail market.

Reflecting these developments, the Retail Banking Review, published in November 2022, stated that:

> The Review Team recommends a National Payment Strategy be developed. Work should start in early 2023, and the work should be completed in 2024. This Strategy should set out a roadmap for the future evolution of the entire payments system. The Strategy should take into account developments in digital payments, and guide how future changes should be made to access to cash criteria and other issues.

Furthermore, the Retail Banking Review recommended that the Department of Finance develop legislation on access to cash and prepare heads of a bill in 2023 for this. This work subsequently led to the publication of the Finance (Provision of Access to Cash Infrastructure) Bill in July 2024.

On 27 June 2023, the terms of reference for this Strategy were published (see Annex 1). These set out that the Strategy should be informed by, and aligned with, the Retail Payments Strategy of the European Commission and the Eurosystem Cash Strategy. The Commission's Retail Payments Strategy aims to further develop the European payments market so Europe can benefit fully from

8. Source: gov.ie - Retail Banking Review - November 2022
9. Source: Ireland: Financial Sector Assessment Program-Technical Note on Oversight of Fintech
10. Source: ComReg's Mobile Consumer Experience Survey

innovation and the opportunities that come with digitalisation. The Eurosystem Cash Strategy, aims to ensure that cash remains widely available and accepted as a means of payment and a store of value.

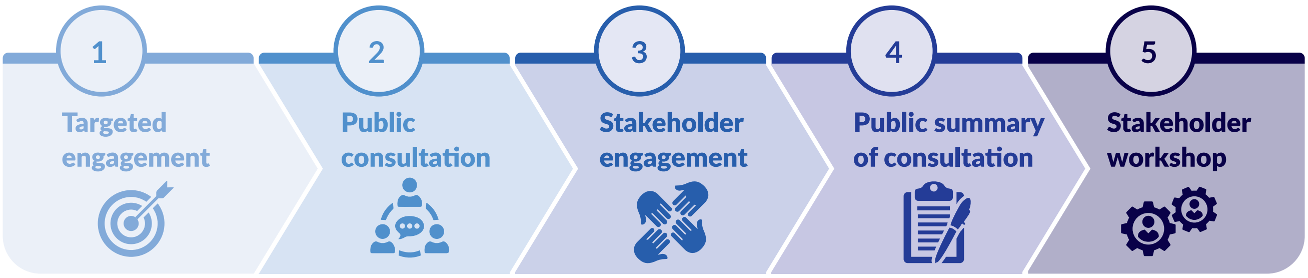
After the publication of the terms of reference for this Strategy, on 28 June 2023 the European Commission published four proposals for legislation on payments:

- a Payment Services Regulation[11]
- a directive on payment services and electronic money services (PSD3)[12]
- a regulation the legal tender of euro banknotes and coins[13], and
- a regulation on the establishment of the digital euro[14].

Stakeholder Engagement

The Department established a dedicated team to develop this Strategy. This team engaged with the key stakeholders in the public and private sectors to ensure the Strategy incorporates input from across society on the areas covered by the terms of reference, especially the four principles driving this work. In addition, the team sought the views and perspectives from the wider public, both business and consumers, from across all parts of society and the economy. The work conducted by the team included:

1. Targeted engagement – In preparing a public consultation document, the team sought input and data from key stakeholders.
2. Public consultation – The team drafted a public consultation paper seeking the views of interested parties. This was hosted online and was open for over nine weeks.
3. Stakeholder engagement – The team preparing the Strategy engaged with many stakeholders involved in payments in order to raise awareness of the public consultation and encourage submissions. These engagements also provided greater granularity and understanding of the lived experiences with the payments system of different groups, which critically assisted the work of the team.
4. Public summary of consultation – The team published a summary document which aggregated the comments received via the public consultation. The document was published on the Department's website.
5. Stakeholder workshop – The team held a workshop to which those organisations and firms that either participated in the public consultation or met with the NPS team were invited. The workshop presented the findings of the public consultation and sought input on potential recommendations.



11. Source: Proposal for a Regulation of the European Parliament and of the Council on payment services in the internal market and amending Regulation (EU) No 1093/2010
12. Source: Proposal for a Directive of the European Parliament and of the Council on payment services and electronic money services in the Internal Market amending Directive 98/26/EC and repealing Directives 2015/2366/EU and 2009/110/EC
13. Source: Proposal for a Regulation of the European Parliament and of the Council on the legal tender of euro banknotes and coins
14. Source: Proposal for a Regulation of the European Parliament and of the Council on the establishment of a digital euro.

Public Consultation

The NPS team prepared a public consultation document that was hosted online at Department of Finance's consultation portal. The portal was open for submissions for nine weeks.

To stimulate discussion, the paper was divided into a number of sections with each section setting out the Irish context on the topic and asking a series of questions to stakeholders to guide their responses. Figure 1 summarises the key issues that were the focus of the consultation process.

During the period when the consultation was open, in order to promote public awareness of the work on the Strategy, the team engaged in significant stakeholder outreach. The team held in-person and online meetings and workshops with over 40 public bodies, firms, industry associations, and representatives of civil society. Members of the team also participated in and gave presentations at conferences and other events, a number of which were attended by more than 100 people. These interactions brought out a rich set of views and insights on how consumers and business interact with the payments system throughout Ireland. This outreach was of critical importance given that the issues being dealt with as part of the Strategy have significant impact and consequences for consumers, small and medium enterprises, the economy, and the payment services sector in Ireland.

A total of 85 formal responses to the consultation were received and almost 30 per cent of the submissions were from individuals, which reflects the level of public interest in the Strategy. The list of those who made submissions is set out in Appendix 4. A summary of the responses to the consultation paper was published on the Department's website in April 2024.

Figure 1: *The key issues addressed in the public consultation*

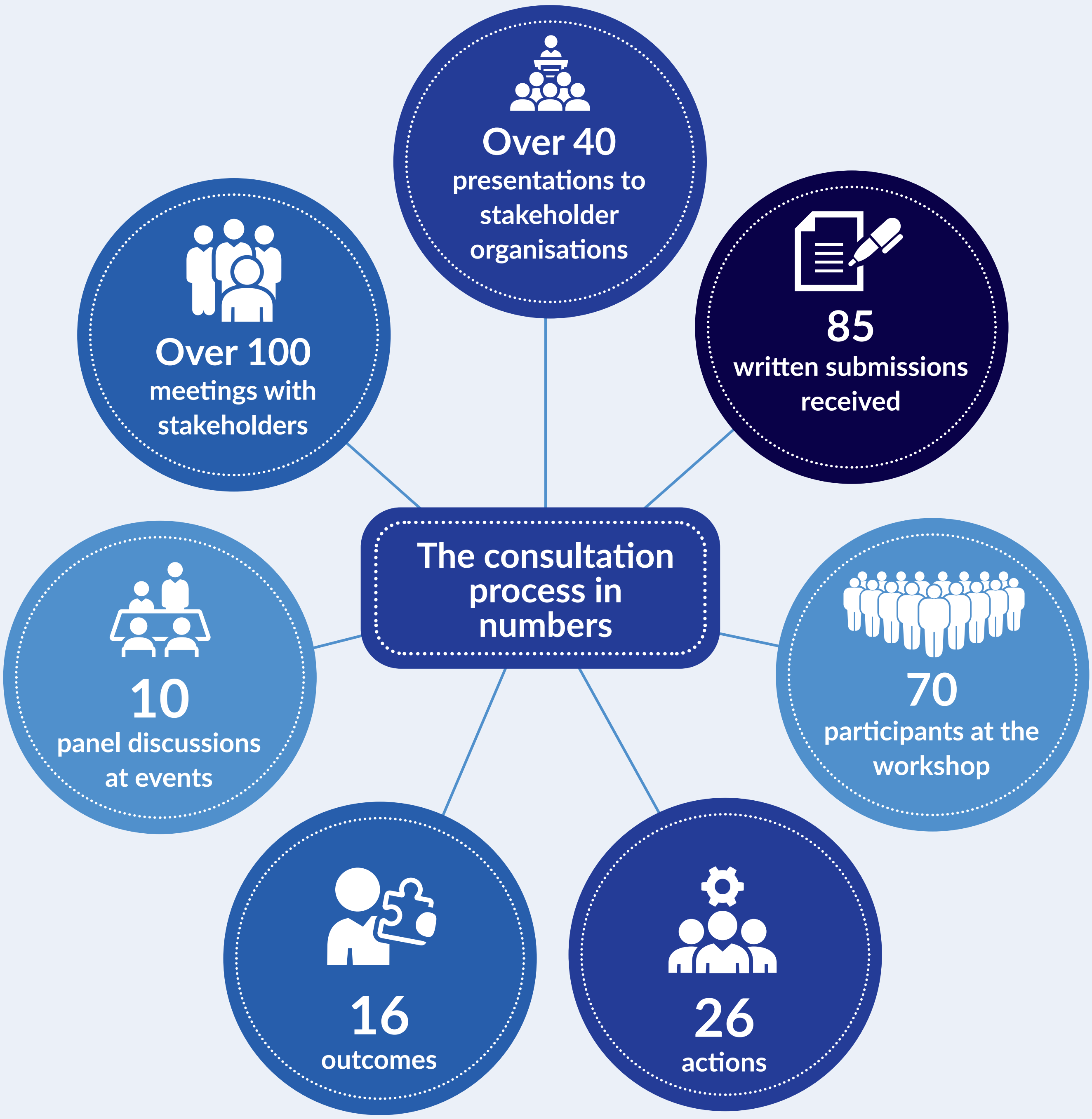
Stakeholder workshop

The Strategy team engaged with the Central Bank in designing a series of interventions in payments in order to map a path to a final Strategy. This included the Central Bank leading an account-to-account workshop with payment participants (weighted towards the financial industry). This event was held in April 2024 and a number of Department of Finance officials attended, including the Strategy team.

The second intervention was a stakeholder workshop led by the Department. The stakeholder workshop focused on bringing public sector bodies, civil society groups and retailers (large and small) into the discussion. By intention, there was some overlap between the two events, and approximately 40 per cent of those at the stakeholder workshop had attended the Central Bank's event. Over 50 firms, civil society groups, retailer representatives, financial industry groups and public bodies attended the event (see Appendix 5 for a full list), with approximately 70 people across ten tables. The discussions at this event were guided by the responses to the consultation process, and were a valuable and key input into the development of the strategy.

The Strategy was developed by a team of officials of the Department of Finance and of officials of the Central bank of Ireland seconded to the Department for the project. The team working on the Strategy drew on the knowledge and expertise of a range of officials across both the Department and the Central Bank, and those in the various sectors that were consulted.

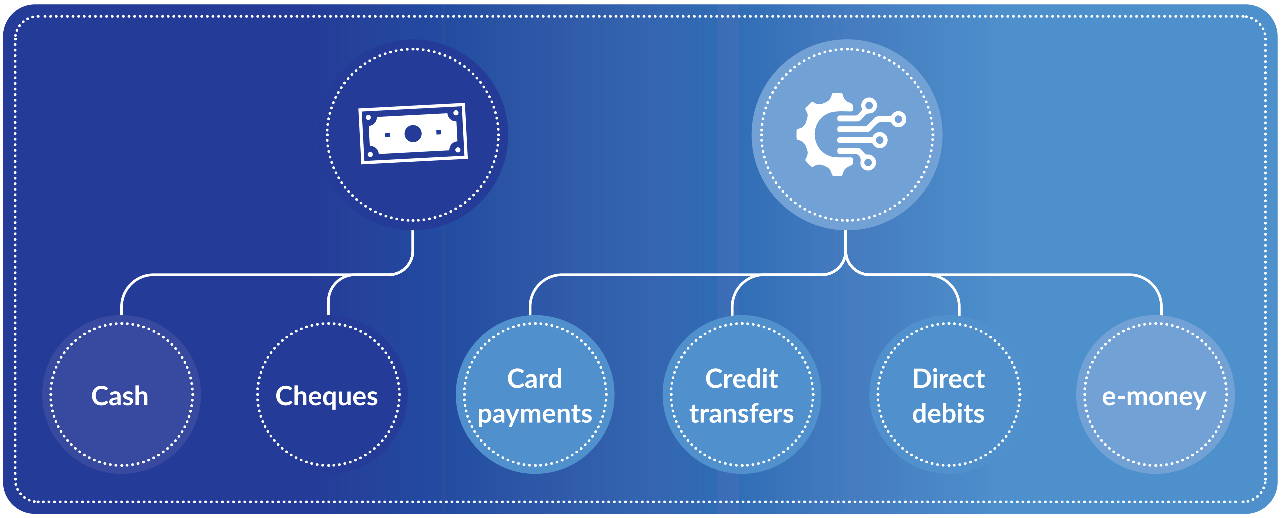
Susan O'Reilly	
Cian Congdon	Diarmuid Angland
Robert Devereux	Conor Chossis


The consultation process in numbers
Over 40
presentations to stakeholder organisations
85
written submissions received
Over 100
meetings with stakeholders
10
panel discussions at events
70
participants at the workshop
16
outcomes
26
actions

Payments sector landscape

2

The available data from the Central Bank and the European Central Bank (ECB) show some clear patterns in how payments are made and patterns in payment choice over time, but also show some recent abrupt changes which serve as a warning that inferences cannot always be drawn correctly from recent trends.



Data from the Central Bank shows that the two most significant forms of non-cash payment, by virtue of the scale at which they are used, are card payments and credit transfers. Card payments – by debit card or credit card – are the most often used form of payment, accounting for 59 per cent of the 4.4 billion retail domestic payment transactions in 2023. In contrast, more money is paid using credit transfers, accounting for 95 per cent of €10.5 trillion paid via the five non-cash payment methods listed above. Figures 2 and 3, respectively, show the number of domestic non-cash payments and the monetary value of non-cash payments in 2023, and Figure 4 shows the pattern in three non-cash payment methods, also domestically, over the last decade.

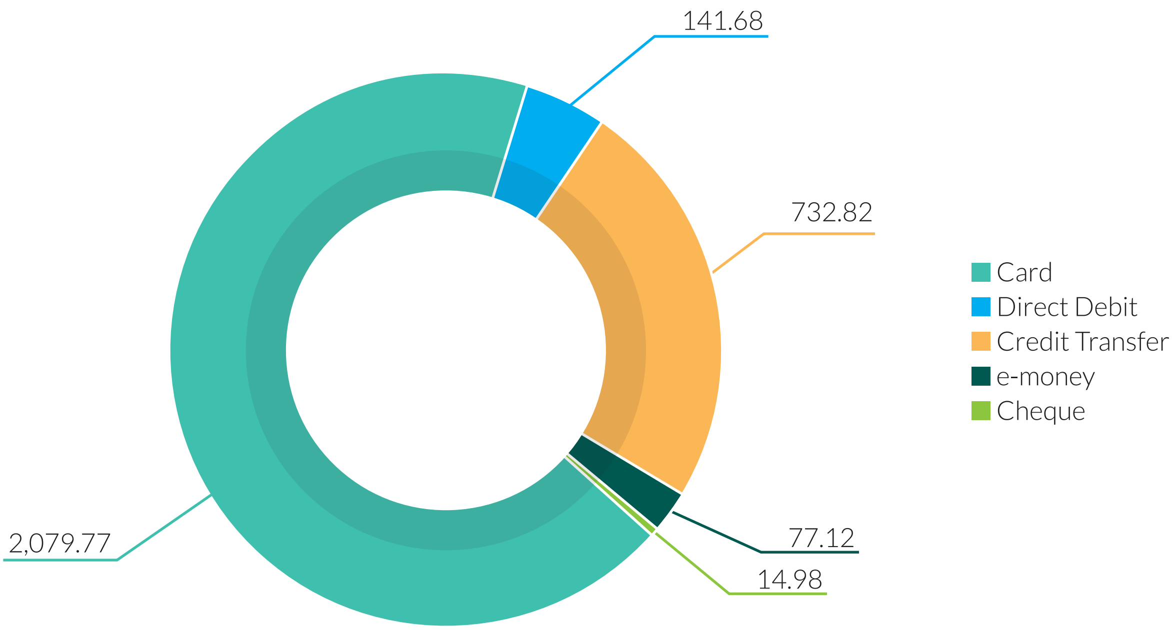


Figure 2: *Number of domestic non-cash payments (in millions), by type in 2023*
Source: Central Bank of Ireland: *Payment Statistics Quarterly*, 16 April 2024

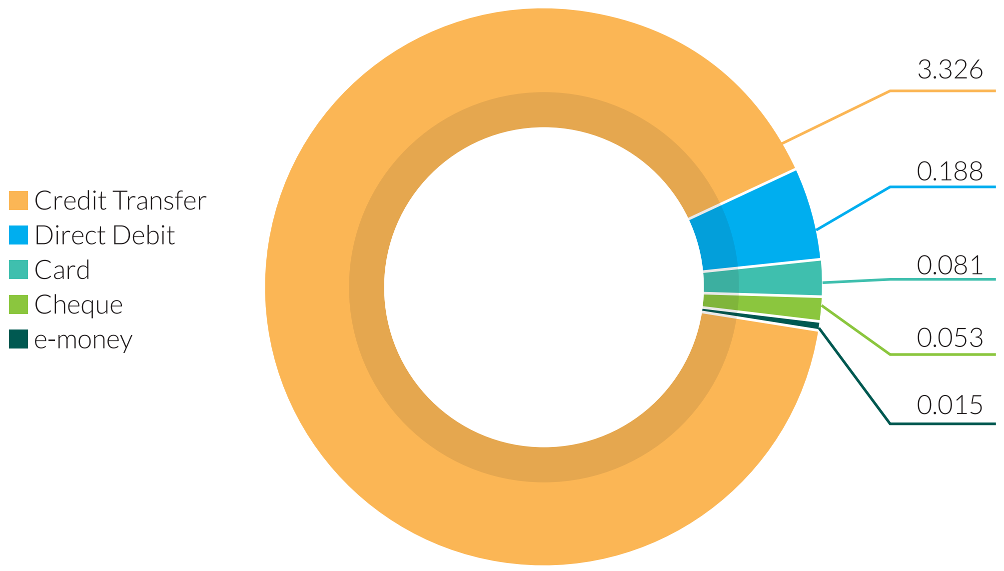


Figure 3: *Value of domestic non-cash payments (€ trillion), by type in 2023*
Source: Central Bank of Ireland: *Payment Statistics Quarterly*, 16 April 2024

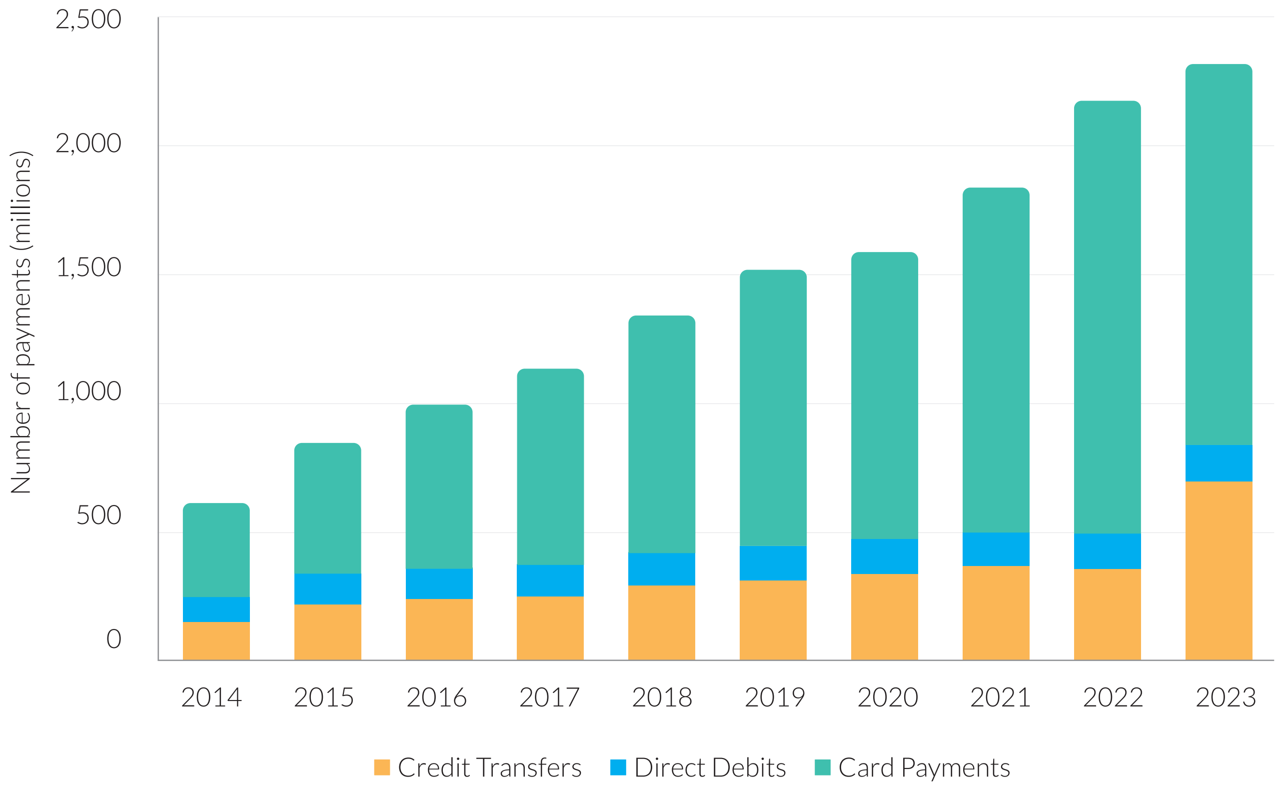


Figure 4: *Annual number of electronic payment transactions, 2014 to 2023*
Source: Central Bank of Ireland

Box 1: Availability of data

Data on payments is available for various forms of electronic payments and cheque payments but there are important gaps that need to be filled. For example, data is not available on payment preferences, or on the extent to which certain electronic payments are initiated and completed or initiated and abandoned.

The type of data that is available for cash is different from the other methods in the list because the data can show withdrawals of cash, but cannot provide information on the circularity of payments – that is, the number of times a cash note or coin can be used in transactions. As a result, direct comparison with the other methods is difficult, though some sense of the scale, and payment options, can be inferred from the data that is available.

In addition to the statistical data published by the Central Bank and regulators, surveys and other administrative sources can provide useful insights on the demand and need for cash.

The lack of data was an issue that was highlighted in the consultation process and is a key outcome of this work.

2.1 Cash

Use of cash

Cash continues to play a significant role in the economy and society. Data from the Central Bank shows that in May 2024, €1.1 billion was withdrawn in over eight million transactions at ATMs and at retail outlets in Ireland.[15] Over the last decade, the number of cash withdrawals from ATMs rose to a peak in 2018 and, except for seasonal variation, declined up to March 2023 (figure 5). At that point, the method for measuring cash withdrawals changed and the data after March 2023 is not comparable with the data before that date.[16] The new series of data is available from October 2022, and that is too short a period to gauge trends where the combination of annual seasonal variation and a period of abnormally high inflation affect the data. However, the average amount per withdrawal appears as if it could be continuing to decline (figure 5). The nominal value of cash withdrawals from ATMs has broadly remained steady since the COVID-19 pandemic, though when inflation is included, there has been a notable decrease in the real value of cash withdrawals from ATMs. The ECB data shows a consistent increase in the value of notes and coins in circulation in Ireland since 2008, though the rate of increase has slowed since February 2020. The value of cash in circulation[17] is a limited indicator of payments, however, because it does not reflect how many payments are made with those notes and coins in circulation.

Access to cash is predominantly via ATMs, with 74 per cent of consumers reporting that they generally access cash from them for day-to-day transactions. Withdrawals at bank branches, at retailers, and at post offices are also used by significant numbers of people to obtain cash, and many people use more than one source.

15. Note: These values cover cash withdrawals at an ATM and cash advances at point of sale terminals.
16. Note: The changes are that after March 2023, the Central Bank's payment statistics monthly data (1) includes 'cashback' withdrawals at points of sale and (2) all types of card. Before March 2023, only ATM withdrawals with a debit card were included in the comparative series. ('Cashback' payments were included under 'card payments'.)
17. Note: €520 million in December 2022 versus €453 million in January 2020. https://data.ecb.europa.eu/data/datasets/BKN/BKN.M.IE.NC10.B.50P2.AS.S.E

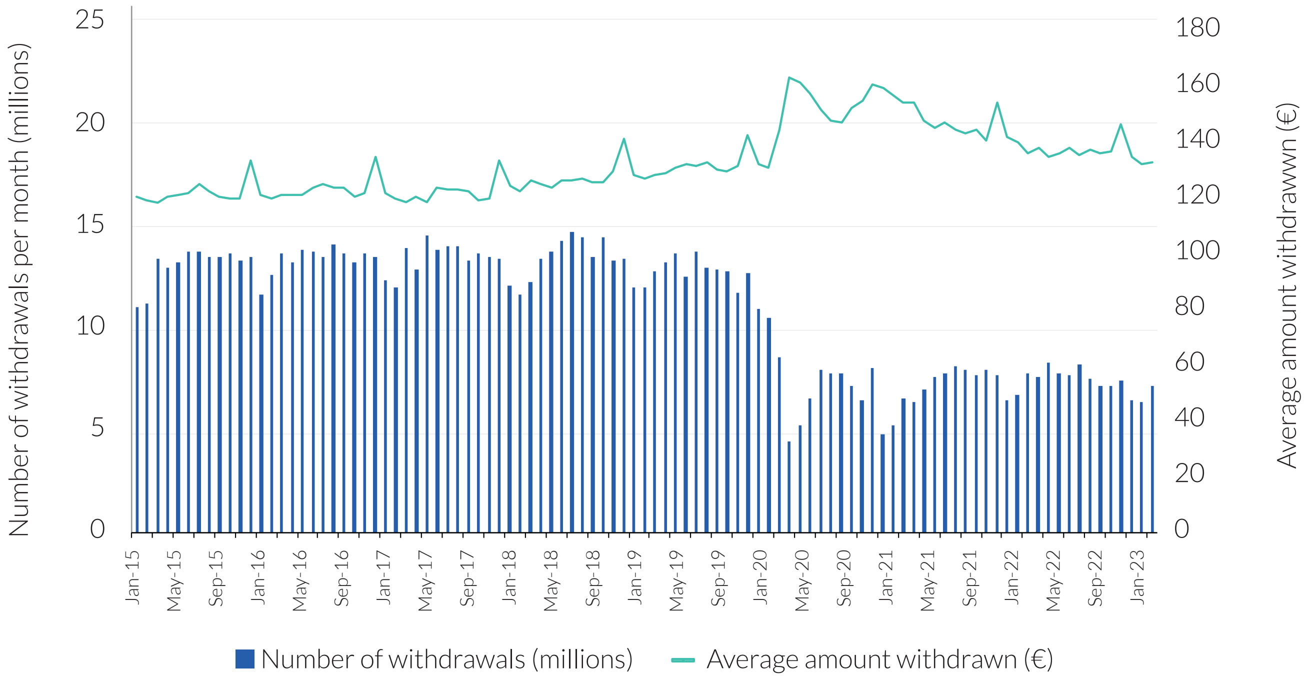


Figure 5: *Number and average value of ATM withdrawals, each month,January 2015 to March 2023 (€ is adjusted for inflation, using December 2016 as a reference base)*
Sources: Central Bank of Ireland, Central Statistics Office

The desire to maintain the use of cash as a form of payment is clear and is reflected both in surveys and in legal and policy developments. The Consumer Sentiment Banking Survey August 2024, conducted on behalf of the Department of Finance, found that 23 per cent of all adults in Ireland prefer paying by cash in-store. In the 2023 and 2022 surveys, that preference was, respectively, 23 per cent and 22 per cent. That preference was stronger in those over the age of 65, at 50 per cent, an increase from 39 per cent in 2022 and 43 per cent in 2023. The ECB's Study on the *Payment Attitudes of Consumers in the euro Area (SPACE) – 2022* found that for 64 per cent of respondents in Ireland, having the option to pay by cash is either very important or fairly important. This was the joint highest in the euro area countries. The average across all euro area countries was 60 per cent.

The issue of cash as a means of payment was also prevalent in the responses to the consultation paper. Approximately 56 per cent of the people and organisations that contributed to the consultation referred to access to cash in their submission. Most notably, this topic was raised by 66 per cent of the members of the public who responded to the consultation paper. Some of the benefits outlined were that cash is a useful tool for people who are budgeting and that the colour and shape of notes and coins is important for some people who face challenges with digital systems and who struggle with reading and with understanding information. Members of the public and organisations acknowledged that cash is an important backup if digital systems fail. Approximately 39 per cent of submissions mentioned the topic of cash acceptance in the private sector. It is clear that cash continues to play an important role in our economy and society.

Recent legislative developments

In order to exercise the right to pay by cash, consumers need to be able to access cash, and maintaining access to cash is a priority for the Minister for Finance.

The Finance (Provision of Access to Cash Infrastructure) Bill 2024 will provide for sufficient and effective infrastructure for access to cash, and for managing future changes to the access to cash infrastructure in a fair, orderly, transparent, and equitable manner. The access to cash criteria ensures that cash infrastructure is maintained, initially, at December 2022 levels.[18] For the purposes of the legislation, the cash infrastructure is ATMs and 'cash service points', which are typically banks and post offices. The Bill sets three criteria against which access will be measured: the number of people in a region[19] who are within a certain radius of an ATM; the number of ATMs per 100,000 people in the region; and the number of people within a certain radius of a cash service point. In addition, the Central Bank may determine that a local deficiency exists in a part of a region. If the criteria are not met in a region or if there is a local deficiency, the Central Bank may direct certain designated entities to take steps to address the breach. Initially, the three retail banks are likely to be identified as designated entities.

The Bill will also require ATM deployers and cash-in-transit providers to be registered with the Central Bank. This reflects their increased role in the provision of cash in recent years. ATM deployers will be required to meet service standards set in regulations made by the Central Bank, including on the hours of operation, the stocking of ATMs, maximum amounts that can be withdrawn, and maximum 'downtime' for repairs and maintenance. For cash-in-transit firms, the Central Bank will have a mandate to ensure the firms have policies on operational resilience and business continuity.

The Bill will provide for the Minister for Finance to make regulations that prohibit ATM operators from charging an access fee for withdrawing cash from an account held in an EU member state, or to set a maximum fee that an ATM operator may charge.

18. Note: The calculation of the level of the infrastructure excludes the infrastructure provided by KBC and Ulster Bank, which left the Irish market.
19. Note: The regions for this purpose are the eight NUTS 3 regions. NUTS is the EU's system for referring to administrative regions. The radius in each region will be not less than 5km and not more than 10 km, and will be set for each region.

2.2 Cheques

The second oldest form of payment that has been widely used is cheques, though they constitute a relatively minor portion of payment transactions overall, both in number of transactions and the value of transactions. In the fourth quarter of 2023, cheques constituted 0.5 per cent of the total value and 0.3 per cent of the total number of transactions reported by the Central Bank in its Payment Statistics Quarterly report. (The other forms of payment included are cards, credit transfers, direct debits, and e-money transactions.) While cheques are still used, the trend is downward, with the value of cheques sent in 2023 falling by 9 per cent from the previous year, and the number of cheques sent fell by 11.6 per cent. Overall, cheque usage has been on a downward trajectory since 2016, with a significant decline observed in recent years (figure 6).

Cheques were not widely addressed in the responses to the consultation. However, a very small number of responses had a view that there remained a niche role for cheques within the payment landscape. In one of the submissions received, a trade association noted that firms in some sectors, such as solicitors, have a specific business requirement to issue cheques, and that a particular benefit is that they leave a paper record. That association also noted that for giving large sums of money, cheques can be easier than online payment systems, which have limits on the amounts that can be paid and which require account information that a payer may not have. The association also noted that for some firms, the cost of cheques can be considered low compared with corporate credit cards. The Department of Social Protection issues cheques in a small number of cases. In 2022, the value of payments made by cheques across 58 schemes the Department provides accounted for 0.29 per cent of the total payments. A notable but niche need for cheque payments by the Department is for emergency payments through the community welfare services. Approximately 19 per cent of clients who present to Community Welfare Offices in person each week receive a manual cheque payment on the day that they attend.

None of the submissions in the consultation on the National Payments Strategy asked for the use of cheques to be stopped. Given that a small number of respondees highlighted that there is an ongoing demand for cheques, albeit for niche areas, that there was no strong call for cheques to be removed from the payments system, and that the use of them is declining, this Strategy does not contain any recommendation for phasing out cheques.

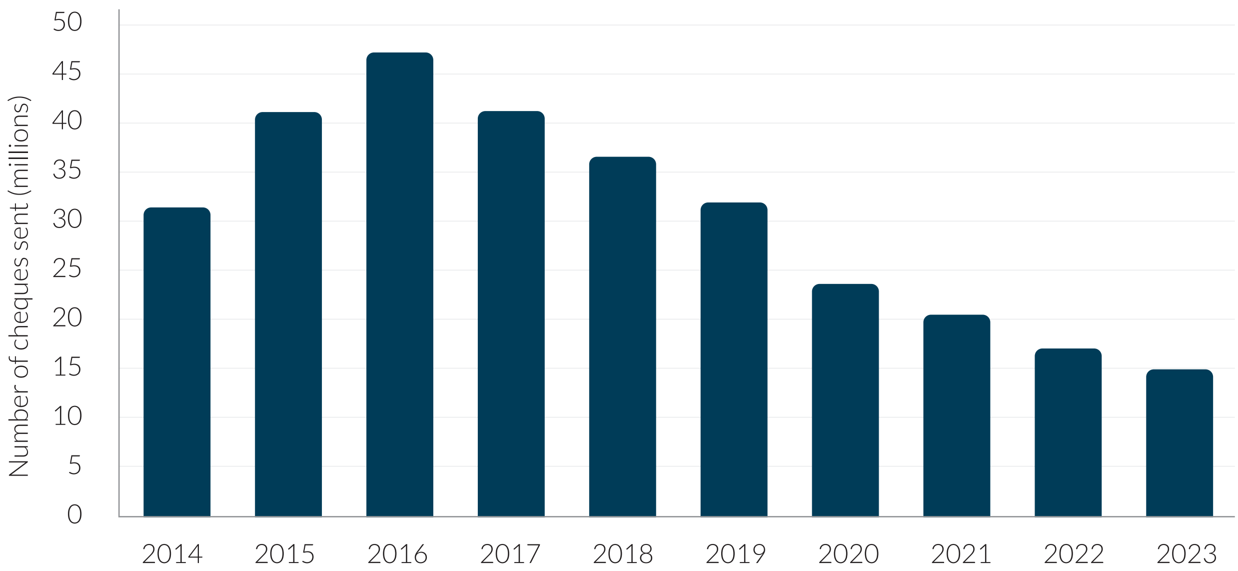


Figure 6: *Annual number of cheques sent, 2014 to 2023*
Source: Central Bank of Ireland

2.3 Credit cards and debit cards

Card payments occur whenever a debit or credit card is used to make a payment. This includes when the card is used physically at a payment terminal, when the card number is entered on web page, or when a card is loaded into a digital wallet on a smartphone or other mobile device that is used for a payment.

Data on card use

By far the most common method of payment in Ireland is by card, accounting for 59 per cent of the total number of payment transactions in 2023, as reported by the Central Bank in its Payment Statistics Quarterly report. However, the value of payments made using cards is relatively small, amounting to 1.1 per cent that year. (For clarity, the value of card payments is 1.1 per cent of the value of all payments for which there is data, namely, card, credit transfer, direct debit, e-money, and cheque, but not cash.) Over the last decade, the number and value of card transactions increased until 2022, and a drop in both number and value of card transactions occurred in 2023 (figure 7).

The data for the eight quarters leading up to Q4 2023 show an abrupt change in the pattern of card use. Through each of the quarters in 2022 and the first quarter in 2023, the growth in the number of card transactions was reasonably steady. However, in Q2 of 2023, there was a significant increase by 31 per cent on the previous quarter, with a corresponding increase in the value of payments by card of 19 per cent, and that elevated level appears to be a new 'base' for future growth. Over the full year for 2023, the number of card payments increased by 29 per cent compared with 2022. Although the value of the card payments is a small proportion of the value of total payments, the value of card payment increased notably from 2022 to 2023: by 20 per cent.

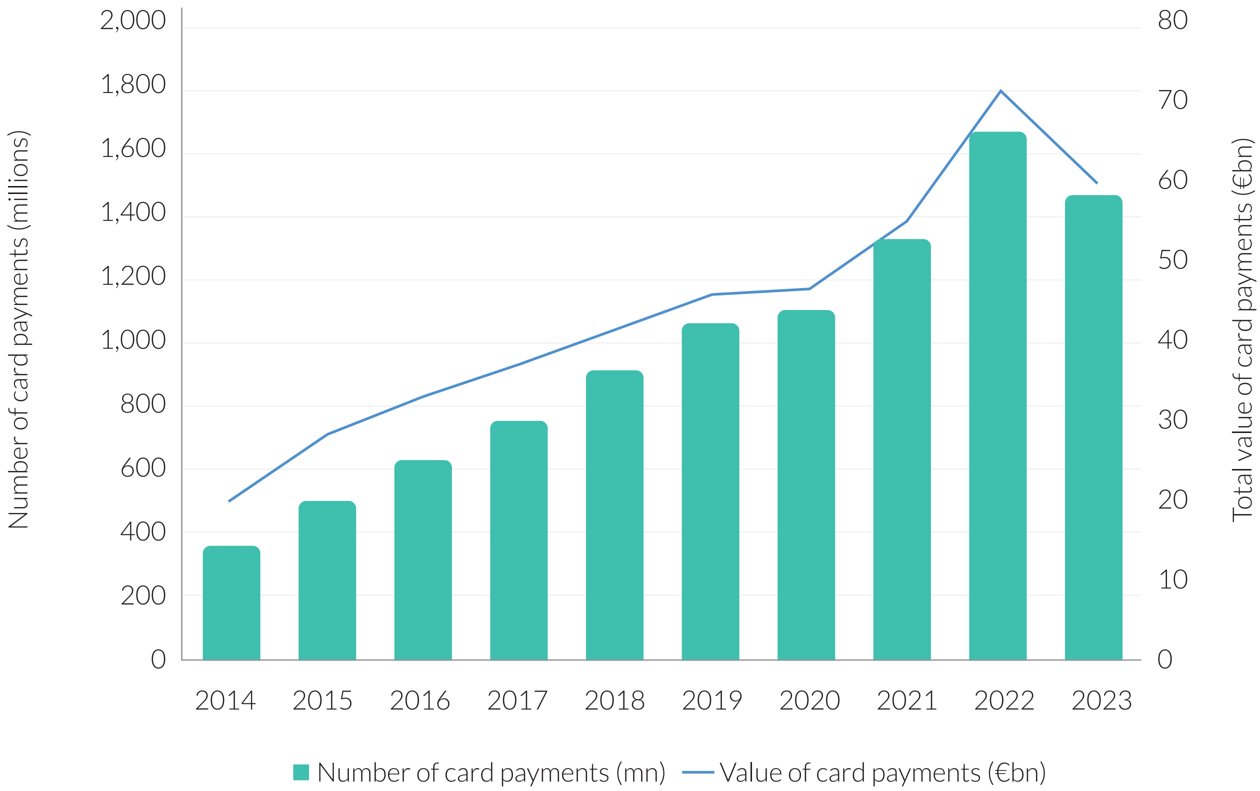


Figure 7: *Number and value of domestic card payments, 2014 to 2023*
Source: Central Bank of Ireland

Market structure

Six firms issue credit cards in Ireland: the three long-standing retail banks, An Post, and two more recent entrants to the market, namely, Avant and Revolut. Behind the six card issuers, the market is dominated by two major global firms, Mastercard and Visa, which provide the card infrastructure used by the card issuers. There are challenges to having only two firms provide card services, including concentration risk, which affects resilience, competition and choice. Figures 1 and 2 show that card payments represent a significant majority of payments in Ireland, and the volume of card transactions means that the greatest number of fraudulent transactions are with cards. Visa and Mastercard have invested in developing extensive systems to detect and prevent fraudulent activity. The two firms also provide substantial protection to customers via their chargeback schemes if fraud does occur.

The number of national card schemes across the EU has been declining, and now only seven of the twenty euro area countries have national card schemes[20]. In 2019, the ECB reported that the number of national card schemes across the EU had declined between 2013 and 2018, through a combination of a reduction in the number of national card schemes in three member states and the complete closure in one member state (Ireland).[21] Between 1996 and 2014, a number of Irish banks and building societies issued Laser debit cards.[22]

The EU has been examining the market structure for payment services, including card payments, and introducing legislation to regulate it.

Alongside visible measures to combat fraud, the EU institutions have also been concerned at the structure of the market for card payments and have referred to these concerns in a number of public engagements and publications. One of the key concerns has been the fragmentation of the market – in other words, that the EU has a set of national markets for card payment services rather than a single market for services. A second concern has been inefficiencies and the costs associated with cross-border payments. A third concern is the dominance in cross-border payment services of non-EU firms, both for economic and governance reasons. A fourth concern is the difficulty faced by European payment service providers in keeping pace with technological advances. These concerns are relevant in Ireland because measures taken at an EU level are designed, in part, to encourage the development and use of EU-based payment services. Recent legislative initiatives from the European Commission include a proposal for a third directive on payment services and electronic money services (known as PSD3), and its proposal for a regulation of payment services (knows as the PSR). In addition to the initiatives outlined above, other EU instruments provide a framework for the regulation of credit cards. Directive 2008/48 / EC, the Consumer Credit Directive, sets out the legal framework for the consumer credit market in the EU and applies to relevant credit cards. A new Directive (EU 2023/2225) which is to be transposed by November 2025, updates the current regime to address digitalisation and other technological developments that have significantly changed the consumer credit market.

20. Source: Piero Cipollone (2024) Speech at the ECB conference "An innovative and integrated European retail payments market", Frankfurt 24 April https://www.ecb.europa.eu/press/key/date/2024/html/ecb.sp240424~12ecb60e1b.en.html
21. Source: ECB (2019) Card payments in Europe – Current landscape and future prospects: a Eurosystem perspective https://www.ecb.europa.eu/press/pubbydate/2019/html/ecb.cardpaymentsineu_currentlandscapeandfutureprospects201904~30d4de2fc4.en.html
22. Note: In November 2007, the Laser card scheme was owned by seven institutions: AIB, Bank of Ireland, EBS, First Active, National Irish Bank, Permanent TSB, and Ulster Bank.

One of the key concerns has been the fragmentation of the market – in other words, that the EU has a set of national markets for card payment services rather than a single market for services.

2.4 Credit transfers

A credit transfer is initiated from a payment account by the payer, or in other words, pushing a payment from one account to another, as opposed to a direct debit which pulls the payment from one account to another. The European Central Bank's research reports that credit transfers are the second most common form of payment (after direct debits) for regular bills. They also tend to be used for larger payments.

Data on credit transfers

Credit transfers account for more than 95 per cent of the value of all recorded digital payments in Ireland in Q4 2023 (€2.6 trillion of the €2.7 trillion), although they account for only 26 per cent of the number of payment transactions. This is because the large majority of recurring payments are made using either direct debit or credit transfer, and credit transfers were used more often for large-value payments compared with other payment instruments. Almost all – 99.17 per cent – of credit transfers are initiated electronically.

There was an abrupt increase in the number of credit transfers in the second quarter of 2023, when the number more than doubled in a single quarter, from 95.7 million transfers in January to March to 192.2 million transfers in April to June. That increase in three months exceeds any change that can be explained by seasonal variation. In contrast, the value of the credit transfers made decreased by 1.3 per cent, and the average transfer value fell by half. The number and value of credit transfers over the last decade is shown in figure 8.

The narrative component of the Central Bank's Payment Statistics Quarterly attributes the change in the number of transactions to the entry of a new payment service provider to the Irish market.

Recent legislative developments

In March 2024, the EU adopted a new Regulation on instant credit transfers (referred to as the Instant Payments Regulation) in euro in the EU and the European Economic Area countries.[23] Payments service providers (including banks) will have until January 2025 to ensure accounts can receive instant payments and until October 2025 to ensure accounts can send instant payments. The Regulation defines instant as a payment that is settled in 10 seconds. The Regulation also requires banks and other payment service providers to enable instant payments to be sent and received 365 days a year, and at any time of the day, not solely during normal business hours, and it does not allow for charging customers a higher fee for using instant payments.

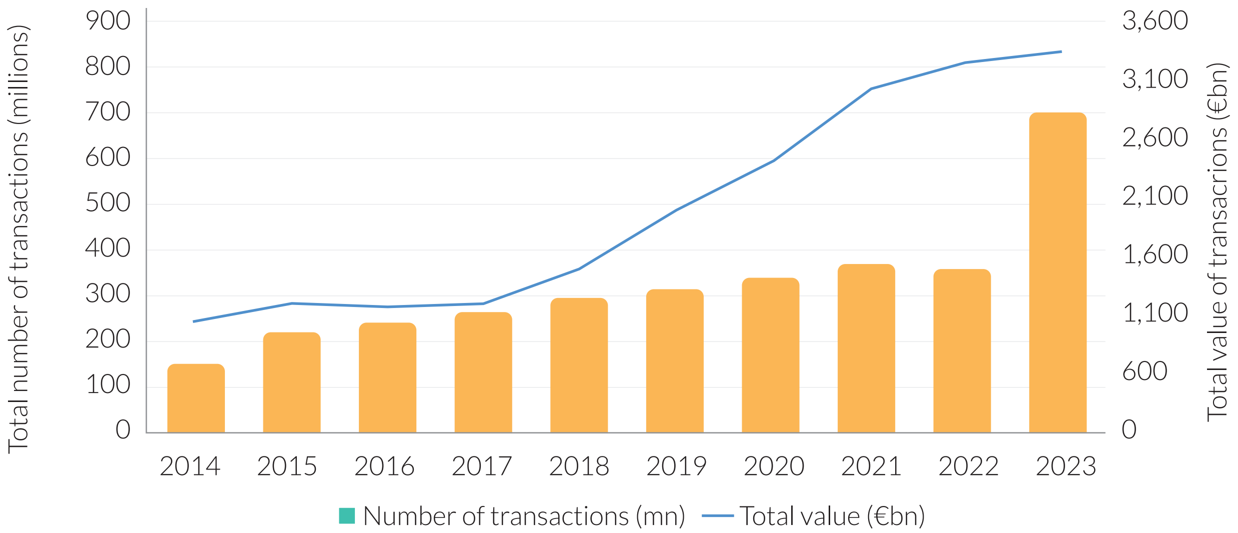


Figure 8: *Number and value of domestic credit transfers, 2014 to 2023*
Source: Central Bank of Ireland

23. Source: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202400886

2.5 Direct debits

The number of direct debit transactions grew slightly from 2022 to 2023, at 2.2 per cent, and stood at 182 million transactions while the value grew at a somewhat higher rate of 9 per cent (probably reflecting the effect of inflation) to €198 billion. In 2023, direct debit transactions accounted for just under 2 per cent of the value of payments and just over 4 per cent of the number of payments. Although the value and number of payments by direct debit are lower than other payment methods and direct debits are not a focus of significant legislative or market changes, they continue to be a key method of payment for certain types of economic activity. By definition, a direct debit transaction is initiated by the payee, and they are frequently used for regular payments, both where the amount to be paid is fixed, such as subscriptions, or where the amount varies, such as for utility bills.

2.6 E-money

E-money is money that is electronically stored – possibly on a chip on a card, or on a computer. It is an electronic surrogate for coins and banknotes, and not a means of saving.[24] The e-money regulation prohibits payment of interest or any other benefit related to the length of time during which an electronic money holder holds the e-money. A key difference is that e-money acts as a prepaid instrument which does not necessarily involve bank accounts in transactions. Gift cards are a familiar form of e-money.

Electronic money has a mixed role in the payments landscape in Ireland. The value of e-money transactions is a little lower than the value of cheque payments (respectively €103 billion and €106 billion in 2023) but the number of e-money transactions is more than 24 times the number of cheques written and represents 8.5 per cent of overall transactions. (A significant limitation of the data from the Central Bank is that it covers only electronic money institutions that are domiciled in Ireland. The largest provider for Ireland (and Europe) is not domiciled here, so the data does not reflect its activity in Ireland.)

24. Source: Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009L0110

Future role for cash

> *A 'less cash', not cashless, society*

Euro banknotes and coins are legal tender in the euro area, with cash currently being the only form of central bank money to which everyone can have direct access. Given the important role of cash in the economy and wider society, it is important that this means of payment be protected to ensure continued trust in the cash cycle and to protect the more vulnerable in society while also facilitating those who choose to use cash. Cash is here to stay, and the future is a 'less cash', not cashless, future. It is also of strategic importance to maintain cash acceptance (and the associated infrastructure) at an adequate level in order for cash to continue to function as an alternative, if it is needed.

3.1. Public sector acceptance of cash

The ability to transact in cash remains important to many people across Ireland, particularly those in vulnerable groups, and those who use cash to manage their finances more easily. It is also the case that certain bodies currently facilitate payment using cash for a number of public services – for example An Post. Approximately 39 per cent of submissions in the consultation process mentioned the topic of acceptance of cash by the public sector. Almost 50 per cent of these stated that cash acceptance should either be required in the public sector (along with electronic payments) or cash payments should be facilitated by public sector bodies. (Facilitating cash means a public body arranges with rather a third party to accept cash on its behalf in order for the public to pay that public body.)

This Strategy recommends cash acceptance (or cash facilitation) in the public sector where a public body levies fines or fees or where it provides goods or services for a charge. The Strategy proposes that all government departments and bodies under their aegis accept a range of electronic and non-electronic payments, including cash, and if a body cannot accept cash directly that it arrange immediately for the facilitation of cash payments. Any future contracts to be agreed between government departments and bodies under their aegis with third parties that involve seeking payment from the public must also include a cash acceptance or facilitation element. Therefore, future contracts will not be able to include a 'no cash' clause. Additionally, the Public Finance Procedures handbook, which is the guide that sets out the principles of government accounting and the way they are applied in the day-to-day operations of government departments, will also be updated to reflect the policy outlined above.

Government departments and bodies under their aegis will be required to confirm, via their annual reports, that they are in compliance with the recommendation – that is, that they have measures in place which allows for cash acceptance or facilitation of cash as an option for payment for members of the public. It is also expected that government departments will be in regular contact with bodies under their aegis to ensure compliance with this recommendation. Should a digital euro be introduced in the future (expected beyond 2030 if agreed), government departments and bodies under their aegis would also be required to accept a digital euro.

Additionally, in June 2024, the Minister for Public Expenditure, NDP Delivery and Reform announced the development of the government's Life Events Programme[25]. This comprehensive initiative aims to transform public services to be more accessible, proactive, convenient, and seamless in line with the Better Public Services strategy. This initiative may result in the development of a unified access point for specific cross-government services. Incorporated into the design of those access points will be the ability to accept relevant forms of payment.

25. Source: gov - Government advances Life Events Programme for enhanced public services (www.gov.ie).

Future outcome 3.1: All government departments and bodies under their aegis to accept electronic payments and cash payments (or facilitate cash payments).

Action	Owner	Start Date
All government ministers to ensure that their Departments and bodies under their aegis accept both at least one form of electronic payment and cash payments (or facilitate cash payments by a third party) where a public body levies fines or fees or where it provides goods or services for a charge.	All government departments	Before end of Q2 2025
All government ministers to ensure that any future contracts agreed between government departments and bodies under their aegis with third parties which seek payment from the public must also include an element on cash acceptance or facilitation. Annual confirmations from government departments and bodies under their aegis that they are in compliance with the above requests will be required in their reporting cycle.	All government departments	2026 annual reports onwards
Additionally, the Public Financial Procedures handbook will be updated to reflect the above actions.	Department of Public Expenditure, NDP, Delivery and Reform	At the next review of Public Financial Procedures

3.2. Private sector acceptance of cash

The Strategy team was tasked with considering if legislation should be put in place to give powers to the Minister for Finance to designate certain classes of firms, sectors, or sub-sectors that must accept cash for in-person transactions. As a result, those firms would, following designation by the Minister, then be precluded from engaging in *ex ante* unilateral measures – for example, placing a 'no-cash' or a 'no-card' sign in the window of a shop, or at a shop till or payment terminal.

Approximately 39 per cent of submissions mentioned the topic of acceptance of cash in the private sector. There was overwhelming support for universal cash acceptance across society. Over 75 per cent of people and organisations that made those submissions noted that it would be preferable for private sector businesses to accept cash as well as electronic payments, maximising access and choice for consumers. In general, cash acceptance in Ireland is quite high, with business representatives who engaged in the preparation of the Strategy highlighting that 99 per cent of their members currently accept cash and plan to continue doing so. Additionally, according to the results of the ECB's report Use of Cash by Companies in the euro Area in 2024, Ireland's SMEs come first in relation to cash acceptance (96 per cent of SMEs)[26].

While it is clear that the Minister for Finance supports the objective on ensuring cash is accepted, and there are public policy benefits to broad acceptance of cash, there are limitations to any domestic action the government of Ireland may take. The ability to propose legislation for euro cash acceptance is exclusively a European Commission competency, so it would not be possible for Ireland to introduce legislation to provide for mandatory cash acceptance in a sector or subsector. Legislation could, however ban 'no cash' and 'no card' signs. Bearing in mind the additional costs this may bring for retailers and SMEs and cognisant of developments in the negotiation of the European Commission's proposal on the legal tender status of euro notes and coins, it was decided that, on

26. Source: ECB Companies' Survey on Cash

balance, the most appropriate approach is to maintain the acceptance that currently prevails for the private sector while encouraging preparedness for EU rules on cash acceptance.

When the European legislation is agreed and enters into force, it may require changes in cash acceptance across euro area countries and all businesses (including State bodies) in the eurozone. Therefore, the focus in the Strategy on general cash acceptance is at the relevant time to inform all sectors of the economy, and specifically retailers and SMEs of these new EU rules on cash acceptance, should the EU legislation on legal tender be agreed.

This Strategy recommends that all government departments and agencies will engage with those under their remit, including those organisations that receive funding, about their future obligations arising from the EU legislation, and encourage such organisations to commence their work in this area as soon as practicable, and in advance of the legal requirements of the Regulation.

In addition, this Strategy recommends that appropriate bodies inform their stakeholders (specifically retailers and the hospitality sector) of their obligations regarding mandatory cash acceptance arising from the EU legislation on legal tender. The dissemination of this information can be in any form, but may include awareness campaigns, posters, sign posting about rights, or notifications on websites. This work should start approximately six to twelve months before changes in the rules on cash acceptance, as per the proposed Regulation (once agreed at EU level), come into operation. The purpose of these campaigns will be to make businesses aware that they will need to prepare for any changes in cash acceptance, in case they need to change their business or operational models. Should a digital euro be introduced in the future (which is expected to be after 2030, if agreed), businesses would also be required to accept a digital euro and undertake any necessary preparation for that.

Future outcome 3.2: To ensure all sectors of the economy are aware of the forthcoming EU Legal Tender Regulation and their obligations regarding mandatory cash acceptance (if applicable), along with potential changes they may need to make to accommodate this and any other relevant issues arising from the regulation.

Action	Owner	Start Date
All government departments and agencies will engage with those under their remit, including organisations that receive funding, about their future obligations arising from the proposed regulation on the legal tender of euro notes and coins (when agreed) and encourage such organisations to commence their work in this area as soon as practicable, and in advance of the legal requirements of the regulation.	All government departments	6 to 12 months before coming into force of the EU Legal Tender Regulation
To develop a stakeholder information initiative (using the most appropriate mediums) to inform stakeholders of how (if any) changes in the law may effect businesses and highlight any changes they may need to make to their business operating models to accommodate these changes, with input and assistance from the Department of Finance.	Department of Enterprise, Trade and Employment Department of Tourism & Fáilte Ireland	6 to 12 months before coming into force of the EU Legal Tender Regulation

3.3. Changes to the legislation on access to cash

Approximately 56 per cent of submissions to the consultation paper referred to access to cash as part of their contribution. Most notably, this topic was raised by 66 per cent of the members of the public who responded to the consultation. In relation to ATMs, a number of submissions expressed concerns about the fees being charged and, in particular, access fees for using an ATM. Some said that ATM fees should be covered by legislation, stating that affordable charges to access cash should be the same whether a customer is receiving it from an in-branch ATM, an ATM in a retail premises, or an ATM located on a town's main street.

One of the terms of reference for the Strategy was to examine how future changes should be made to the criteria for access to cash in legislation. The Strategy was to look at cash levels following publication of the legislation and evaluate what, if any, changes should be made to the criteria for 'reasonable access'.

Since publication of the terms of reference for this Strategy, the Finance (Provision of Access to Cash Infrastructure) Bill 2024 was published, and section 6 of the Bill, on 'Access to Cash Criteria', provides, among other things, that the Central Bank will review criteria for access to cash within twelve months of the publication of Census data or if cash demand drops by more than 15 per cent in a calendar year compared with the preceding calendar year. A review may also be done on the Central Bank's own initiative at any time, or on foot of a request of the Minister for Finance. Finally, the section sets out that the Minister for Finance should have the power, with the approval of government, to vary the access to cash criteria in the Bill, on the basis of a report prepared by the Central Bank that takes into account issues such as cash demand, population changes, and impacts on financial exclusion of potential criteria changes. This report will be prepared periodically by the Central Bank, or upon a request from the Minister. In relation to the issue of ATM fees, the Finance (Provision of Access to Cash Infrastructure) Bill 2024, allows the Minister, following consultation with the Central Bank, to prohibit or prescribe a maximum fee to be charged for using an ATM.

In the submissions to the consultation, the public, civil society organisations, and businesses tended to focus on the criteria for access to cash, suggesting changes that could be made in the future to the current criteria in the Finance (Provision of Access to Cash Infrastructure) Bill 2024. The submissions mentioned more regular reviews of the criteria, taking into account transport difficulties and deficiencies (specifically in rural areas), socio-economic factors, population density issues, and that cash usage should be analysed before changing access levels.

Additionally, after the terms of reference for this Strategy were published, the European Commission published a proposal for a regulation on the legal tender of euro notes and coins as part of the Single Currency Package[27]. At the same time, the Commission published a separate legislative proposal to establish the legal framework for a possible digital euro. The proposed regulation on legal tender seeks to safeguard the role of cash, ensure it is widely accepted as a means of payment and remains easily accessible for people and businesses across the euro area (potentially banning the use of 'cash only' or 'card only' signs). Article 8 of the proposed regulation requires that EU Member States 'ensure sufficient and effective access to cash'. This is to be done by a competent authority which will undertake monitoring of access to cash on the basis of indicators which will be developed by the European Commission. Recital 7 of the proposed regulation sets out some of these potential indicators:

- density of cash access points in relation to population,
- withdrawal and deposit conditions, including fees,
- the existence of different networks with different access modalities for customers,
- urban-rural and socio-economic variations,
- access difficulties for certain population groups.

Based on the Finance (Provision of Access to Cash Infrastructure) Bill 2024 and the proposed EU regulation on legal tender, the Strategy team has determined that no changes are needed to the 'access to cash criteria' in the Bill. The Bill sets out a comprehensive set of criteria, which will provide sufficient and effective access to cash, along with the developments at EU level.

27. Note: Towards a digital euro - Consilium (europa.eu)

3.4. The cash cycle

The retail banking sector plays a central role in the Irish cash cycle and cash supply chain. According to the Consumer Sentiment Banking Survey 2024[28], cash is accessed mainly via ATMs (used by 74 per cent of consumers), retailers (cash-back used by 17 per cent), bank branches (used by 13 per cent), and An Post (used by 8 per cent) . Data from the Central Bank also reflects the dominance of ATMs as a source of cash (figure 9). In the last few years, the provision and operation of ATMs is increasingly performed by independent ATM deployers. (By the end of 2021, about 75 per cent of the ATM network was owned by independent ATM deployers.) Previously, these services were mainly provided by the retail banks.

The Central Bank supplies cash on demand and accepts lodgement of surplus and unfit cash. Institutions[29] that use this free-of-charge service are then considered responsible for the onward distribution of cash to other institutions and their own customers, including retailers, other businesses and members of the public.

In 2023, the Central Bank revised its data collection on payments to include more granular detail. The Finance (Provision of Access to Cash Infrastructure) Bill 2024 will require the Central Bank to set out the data requirements for firms that come within its remit for the first time. The combination of the 2023 revision by the Central Bank and the new data once the Bill comes into operation will provide a key source of insights on the payments landscape. A number of submissions on the Strategy suggested that the Central Bank could look to data collection in other jurisdictions that also have the aim of widespread access to cash. This comparison of statistics could inform public debate on cash infrastructure in Ireland. Those making these submissions suggested that this data could be used in partnership with industry players to optimise consumer access over time as cash usage changes and the relevant infrastructure adjusts to meet this need.

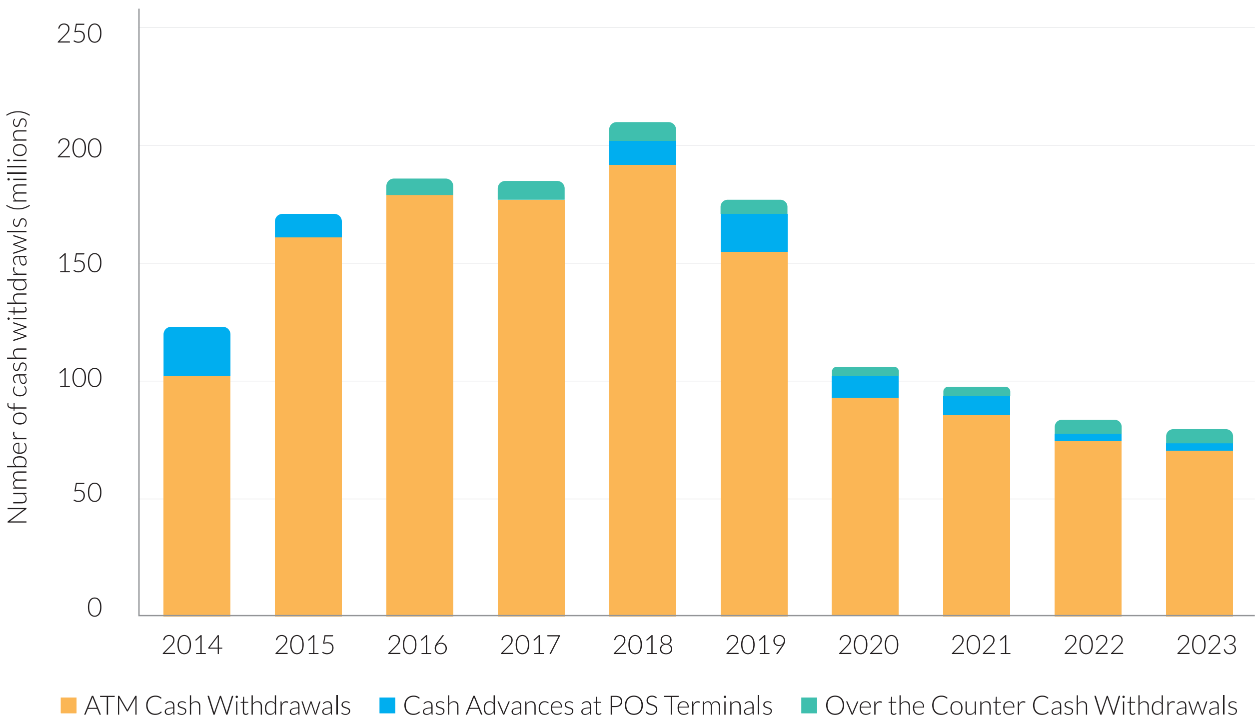


Figure 9: *Annual number of cash withdrawals, 2014 to 2023*
Source: Central Bank of Ireland

28. Source: Department Consumer Sentiment Banking Survey 2024
29. Source: These are the main retail banks and An Post, as noted in the Central Bank 'Access to Cash' Report.

It was reported in submissions that access to cash (especially the provision of cashback facilities by retailers) is particularly important for people who find themselves in vulnerable circumstances.

Future outcome 3.3: There will be a comprehensive overview of the national cash cycle environment that will inform policy thinking and formation in relation to cash and payments.

Action	Owner	Start Date
The Central Bank to complete and publish a report on the national cash cycle. The scope should cover all relevant stakeholders that are involved in the cash cycle, taking account of the fact that independent ATM deployers and cash-in-transit providers will be regulated entities after the enactment and commencement of the Finance (Provision of Access to Cash Infrastructure) Bill 2024.	Central Bank	No later than four years from the implementation date of the Bill

Cashback (at retail premises)

It was reported in submissions that access to cash (especially the provision of cashback facilities[30] by retailers) is particularly important for people who find themselves in vulnerable circumstances. Additionally, it was also stated that cash is a useful budgeting tool for many people, and that the colour and shape of notes and coins are helpful to some people with literacy needs. Across the board, the submissions stated that cash is an important backup in the event of a failure of digital systems or in cases where digital payment options are not available. During the consultation process, the Irish Banking Culture Board advocated that mainstream food retailers and supermarkets should continue to provide cashback services at the till, which, for some consumers, remains an essential method to access cash.

Box 2: Cashback

The provision of cashback facilities provided to consumers is a commercial decision. Retailers, are encouraged, where possible, to continue this service, as it not only provides an access point for consumers to obtain cash, but it also provides invaluable assistance to people who find themselves in vulnerable circumstances.

Cashback can also benefit retailers, as part of their cash management activities, because it may reduce banking fees and security costs associated with cash handling. Additionally, during the Strategy team's engagement with retailers during the consultation process, retailers indicated that when cash is available onsite (via ATM or cashback) sales tend to be higher.

30. Note: Cashback facilities allow a consumer to purchase goods or services and withdraw cash from the consumer's bank account in the same transaction.

Resilience of payments

Payment services (including cash) are essential for both consumers and businesses and to ensure the Irish economy continues to function smoothly. Consumers and businesses are increasingly choosing digital payments, and the reliance by individuals, organisations, and the State on digital payments also continues to increase. This means there is a greater dependence on the digital payments infrastructure. The resilience and security of the infrastructure and the systems that underpin digital payments becomes increasingly important with the shift to greater use of digital forms of payments. Despite the increase in digital payments, cash still plays an important part in the Irish economy and the resilience of the national cash infrastructure must also be ensured.

The Central Bank defines operational resilience as 'the ability of a firm, and the financial services sector as a whole, to identify and prepare for, respond and adapt to, recover and learn from an operational disruption'[31].

In parallel to developments in payments, cyber risks are increasing and criminals continue to look for new ways to commit fraud. This development entails increased risks for the reliable operation of payment services. Service providers in the payments ecosystem need to increase investment in information and communications technology to protect against this. The public sector also has a role in contributing to a robust payments ecosystem in preparing for potential operational, including cyber, disruption.

However, incidents will happen, whether as a result of natural disasters, cyber attacks, failures in information and communications technology, firm failure, or human error. As a consequence, how firms and the payment ecosystem responds to these challenges is important. Those responses are a function of the operational resilience of both individual firms and the system as a whole.

Operational resilience has become an increasing area of focus both for public bodies and for firms. At a European level, the Digital Operations Resilience Act (DORA) addresses digital operational resilience in the financial sector in a consistent manner. DORA consists of a regulation and a directive, and it applies to a wide range of financial entities[32]. DORA will come into operation from early 2025.

Enhancements to system resilience

In the submissions to the public consultation for this Strategy, three were received from public bodies specifically addressing resilience, although many submissions recognised that resilience in the overall payments system needs to be enhanced, including through the use of cash for contingencies.

The specific suggestions were:

- that there should be a national group on system-wide contingency arrangements for payment services;
- that the power to petition the High Court to liquidate non-bank providers be provided to the Central Bank; and
- that fraud security for the payments system be enhanced across the ecosystem through the adoption of the eIDAS Regulation[33] and the roll-out in Ireland of EU digital identity wallets (EUDIWs).

4.1. System-wide contingent arrangements

The Central Bank in its submission to the NPS, along with a number of other stakeholders in bilateral engagements, noted that the implementation of DORA from January 2025 will establish new requirements for relevant firms on the resilience of their systems. These will include requiring firms to have business continuity, response and recovery plans in the event of technology disruptions. While these requirements should strengthen individual firm resilience, it was also highlighted that there is a need to ensure that system-wide preparedness is considered. Individual firms' plans, when examined collectively and from a system-wide perspective, need to support the resilience of the overall payments system. To support this, key players in the payments ecosystem (providing services for both digital and paper-based instruments, including cash) should work together, on a collective basis, to examine the system-wide contingency arrangements and ensure

31. Source: Cross Industry Guidance on Operational Resilience (centralbank.ie).
32. Source: Digital Operational Resilience Act (DORA) (centralbank.ie).
33. Note: eIDAS stands for electronic identification and trust services for electronic transactions.

that key payment services that support essential payments can continue to be provided in the event of prolonged disruptions. It is proposed that the Financial Stability Group[34], in conjunction with industry, will examine the system-wide operational resilience of payment services, taking account of emerging payments trends and technologies in the context of the introduction of DORA requirements to strengthen resilience at a firm level.

Future outcome 4.1: There are appropriate system-wide contingency arrangements to prepare for and manage disruptions to payment services.

Action	Owner	Start Date
The Financial Stability Group, through its crisis preparedness subgroup, shall take forward work on system-wide resilience in the Irish payments system, including the cash cycle, in conjunction with relevant industry and government stakeholders. This work will examine system-wide resilience and the supporting contingency arrangements currently in place for certain disruption scenarios. This work will consider actions to enhance system-wide resilience and report to the Financial Stability Group by Q1 2026. Where appropriate, this will include any recommendations that are required to ensure continued system-wide resilience of payment services.	Department of Finance	H1 2025

4.2. Liquidation framework

A key element of a robust regulatory framework that safeguards financial stability, that ensures resilience of the sector, and that protects consumers is the availability to relevant authorities of powers to deal with firms in distress and to ensure that failing firms can exit the market in an orderly way. For this reason, various powers have been provided to the Central Bank across different sectors to manage failure events by enabling the Central Bank to petition the High Court to liquidate or to resolve a regulated payment firm. While previously banks were the sole providers of payments solutions, this is changing rapidly, with many payment service providerss and non-banks now providing financial services. New firms and business models have emerged, which has boosted innovation and helped banking services adapt to new technologies. Through innovation, some of these firms have changed the domestic payments landscape and will continue to do so in the future.

While these new entrants bring benefits, they can also present both traditional and new risks that need to be managed. Risks may be more elevated where governance and risk-control frameworks are immature in such new or emerging regulated firms or sectors. The absence of a sufficient EU or domestic legal regime to effectively manage firms in difficulty also provides a heightened area of risk for these sectors. In the absence of clear guidance at EU level on the management of failure events, ensuring the Central Bank has the tools necessary to better regulate and address failing payment or electronic money institutions is even more important, in order to protect consumers and manage the risk to financial stability. The Department of Finance will consider if additional powers need to be granted to the Central Bank to manage failing payment or electronic money institutions.

Future outcome 4.2: The Central Bank will have appropriate powers to ensure relevant firms leave the market in an orderly manner.

Action	Owner	Start Date
The Department, following input from the Central Bank, will examine the need to provide the Central Bank with liquidation powers in relation to payment firms and report to the Minister for Finance with recommendations, by the end of June 2025.	Department of Finance	H1 2025

34. Source: gov - Financial Stability Group (www.gov.ie)

4.3. EU digital identity wallets

As more payments become digital, there is a growing need to enhance the security of these transactions. One important way to do this is to verify that the payment is authorised by the payer, and that the payee is a legitimate person or business. Strong customer authentication is a European regulatory requirement that has assisted in reducing fraud and making online and contactless offline payments more secure. Strong customer authentication requires payers to confirm that they have authorised the payment, for example with a one-time passcode sent via SMS, or via a confirmation button within the payer's mobile banking app.

The next enhancement to security in payments is using a digital ID within a digital wallet. By the end of 2024, the government of Ireland will provide a digital wallet aligned with European work in this area[35]. This will be a secure mobile app that will house digital and digitised versions of personal government documents. These documents could include a driving licence, age verification documents, birth and marriage certificates, and so on. This opt-in service is not designed to replace the physical documents, but offers a digital option for those who wish to avail of it, and aims to boost choice and security. The public will be able to access interactive digital copies on their smartphones through the digital wallet if they choose to do so[36]. The digital wallet will rely on the trusted and

Box 3: EU Digital Identity Wallet

The EUDIW will be available to EU citizens, residents, and businesses that want to identify themselves or provide confirmation of certain personal information. It can be used for both online and offline public and private services across the EU.

Every EU citizen and resident in the Union will be able to use a personal digital wallet if they so choose. The digital wallet will provide a simple and safe way to control how much information a person wants to share with services that require sharing of information.

Across the EU, this will operate via digital wallets available on smartphone apps and other devices to:

- confirm identity, online and offline;
- store and exchange information provided by governments, for example name, surname, date of birth, nationality;
- store and exchange information provided by trusted private sources; and
- use the information as confirmation of the right to reside, to work, or to study in certain EU Member States.

From 2026, payments and banking providers will be required to accept EUDIWs as part of their processes for customer on-boarding and due diligence that are under legislation on anti-money laundering and counter-terrorist financing. An Irish EUDIW that is interoperable with private services could greatly improve the efficiency of 'Know Your Customer' processes by providing access to dynamic credentials that can be digitally updated with customer consent. This would reduce the likelihood that false or stolen identities could be used for the purposes of laundering illicit funds, while simplifying ongoing due diligence obligations for payments and banking service providers, thereby increasing the security of the payments system.

As part of this work the European Commission is conducting a series of large-scale pilots. While Irish payment firms were not in Wave 1, it is hoped that some will participate in Wave 2 through industry bodies.

35. Source: EU Digital Identity Wallet Home - EU Digital Identity Wallet - (europa.eu)
36. Source: gov - Government advances Life Events Programme for enhanced public services (www.gov.ie)

successful MyGovID to provide a secure electronic identification (eID) within it.

This initiative is part of the Life Events Programme for enhanced public services. This programme includes an online platform where members of the public will access public services in a more intuitive and convenient way because all relevant services will be grouped around life events. The platform will simplify administrative processes, such as applying for benefits, registering for services, and accessing information. It will enable people to interact with government services more efficiently, with users interacting with a single services website instead of multiple websites and other platforms.

Undertaking both a modernisation of people's interaction with all public services and the development of a government digital wallet allows these services to complement each other and provide greater security and convenience to the public.

Future outcome 4.3: A safe and easy to use EU-certified digital identify wallet will be available.

Action	Owner	Start Date
By the end of 2024, the Irish State will provide a digital wallet allowing consumers and small businesses to securely authenticate their identity when accessing public services. Over time, further credentials will be added to the wallet to enhance its utility while ensuring the highest standards of privacy.	Department of Public Expenditure, NDP Delivery and Reform Office of the Government Chief Information Officer	Q4 2024
The Office of the Government Chief Information Officer will regularly update the relevant Central Bank's industry engagement forums on its progress in developing the Government Wallet, and will contribute to industry deliberations on private sector use-cases for the financial sector in accordance with Ireland's obligation under the eIDAS 2.0 Regulation. Updates should be made at least twice per annum.	Office of the Government Chief Information Officer Central Bank	H1 2025
Irish firms will seek to participate in Wave 2 of the large-scale pilots of the EU Digital Identity Wallet (EUDIW).	Banking & Payments Federation Ireland	2027

Payment fraud

Trust is one of the fundamental cornerstones of a well-functioning and widely-used payments system. Fraudulent activity and the fear of being defrauded can instil mistrust among consumers that may lead to their reluctance to use certain payments methods. Close to half of all respondents to the consultation for this Strategy raised the issue of fraud or scams. This level of engagement demonstrates that this is a priority issue for stakeholders. This is also reflected in the Strategy team's interaction with stakeholders where fraud was raised extensively across bilateral engagements, as well as in outreach events. As a result, a critical area of focus for the Strategy is to assess the issue of payments fraud in Ireland and to consider potential responses to ensure that the Irish payments system is secure and trustworthy.

The issue of payment fraud is broad and complex, but can be roughly divided into two categories: unauthorised payment fraud, and authorised push payment (APP) fraud.

Box 4: Types of payment fraud

Unauthorised payment fraud, which is also known as 'card not present' fraud, is a type of payment fraud that occurs when a fraudulent actor uses stolen credit card information to make purchases without physically presenting the card, usually online or over the phone.

Authorised push payment fraud: There are two types of authroised push payment fraud.

- APP disputed payments occur where the customer makes a payment to the account intended but later disputes the payment, as the payee has manipulated and scammed the payer. Types of APP disputed payment include advance fee scams, investment scams, purchase and online shopping scams, and romance scams.
- Misdirection or impersonation is where the customer makes a payment intended for a legitimate recipient but where the scammer manipulates the customer to make the payment to the scammer's account. Types of APP misdirection or impersonation include impersonation scams and invoice re-direction scams.

Ireland, like other EU Member States, is currently undergoing a period of change in relation to fraud activity relating to payments. While unauthorised fraud remains the dominant form of fraud, it has been mitigated via EU legislation, technological advances and related initiatives, and is declining. APP fraud, on the other hand, has not been subject to the same degree of legislative scrutiny at EU level, as rates of this type of fraud have historically been lower than fraud via card payments, which reflects the relatively small proportion of retail payments using credit transfers. As credit transfers have increased in volume, they have increasingly become the target of criminal organisations for fraudulent purposes. However, this will be addressed in forthcoming legislation, such as the proposed Payment Services Regulation.

It is important that fraud is considered holistically so that the links between new trends, new methods (such as social engineering), new technologies, and the potential impact of fraudulent activity are fully analysed. Technological developments in payments bring many benefits. However, they also increase the threat of exploitation by criminals. Effectively, the profitability of targeting specific payment instruments is correlated with the transaction volume of the payment instrument – the wider the use, the greater the potential benefit for criminals. For example, in relation to instant payments and payment fraud, the European Banking Authority (EBA) in April 2024 stated:

> 'The EBA has observed high levels of fraud for some specific payment instruments, geographic dimensions, jurisdictions, or combinations thereof. The first is instant credit transfers, also referred to as instant payments, for which the data reported by 18 NCAs [National Competent Authorities] as for H1 2022, show that the fraud rates in value, besides presenting significant divergences between Member States (MS), are about *10 times higher on average than conventional Credit Transfers (CT).*' [emphasis added][37]

To counter this, the European Commission proposed legislation which mitigates this risk by proposing additional safeguards. Nevertheless, proactive, forward-looking security-by-design is crucial when any new payment method is introduced. Recognising the cross-border nature of fraud, Ireland is also a signatory to the G20/OECD High Level Principles on Financial Consumer Protection. Principle 10 of the High Level Principles, specifically relates to the protection of consumers from 'fraud, scams and misuse'.

5.1. Emerging developments

It is essential that the Strategy identifies additional national safeguards against fraud, for a number of reasons. The shift away from card schemes towards emerging payment options may increase the prevalence of payment fraud given the comparatively mature fraud prevention mechanisms of the card schemes compared with the fraud prevention mechanisms many payment service providers, combined with the lack of consumer familiarity with these services and corresponding safeguards. In the short and medium term, the safeguards of the card schemes, when combined with the various fraud prevention mechanisms employed by the payment service providers, are likely to provide a greater degree of consumer protection than the fraud prevention mechanisms of payment service providers alone. It is prudent, therefore, that additional safeguards are deployed to ensure that any increase in fraud levels is countered to the greatest extent possible in order to ensure that emerging payments methods are successful.

Recent figures from the Banking & Payments Federation Ireland indicate that authorised fraud is on the increase in Ireland. In its fraud report covering H2 2023, the Banking & Payments Federation Ireland indicates that: 'Gross losses from APP electronic credit transfer fraud jumped by 82.2% year on year to €18.1 million, while fraud volumes rose by 42.5% to 4,576. These were the

37. Source: EBA Opinion on new types of payment fraud and possible mitigants (link)

highest annual levels since the data series began in 2019'.[38] In addition, attention has been drawn to the risk of authorised fraud in the form of false advertisements for financial services, which remains an issue to be addressed in the State, possibly by public policy, such as legislation or a non-binding measure like a voluntary agreement or code.[39]

Enhancing protections against fraud has been the focus of developments at EU level, which saw the introduction of strong customer authentication in 2019 to protect against misuse of cards. The Payment Services Regulation, which is still under negotiation, proposes additional protections for the consumer against being defrauded by means of bank impersonation.

Box 5: ComReg Initiatives

While not responsible for payment fraud, the Commission for Communications Regulation (ComReg) is actively seeking to reduce the impact of nuisance communications. ComReg has mandated a pack of interventions that focus on restoring trust in Ireland's telecommunications services by identifying and deploying interventions to decrease the prevalence and damaging effects of nuisance communications. These include:

- **A Protected Number list** to stop fraudsters using telephone numbers that are not yet in service or have yet to be allocated to a telecoms operator prior to entering service.
- **A Do-Not-Originate (DNO) list**, which allows businesses and organisations to secure their telephone numbers by blocking those numbers they do not use to contact consumers[40].
- **Fixed-Calling Line Identification Call Blocking**, which identifies and blocks scam calls originating from international networks, but which present as an Irish landline caller.
- **Mobile Calling Line Identification Call Blocking**, which identifies and blocks scam calls originating from international networks but presenting as an Irish mobile caller.
- **Voice-firewall**, which is software that helps identify and blocks scam calls from Ireland or abroad and will help protect against future more sophisticated scams.
- **SMS Sender ID Registry**, which allows businesses to register their Sender ID. Operators would then block any SMS message bearing a Sender ID from an unregistered source.

5.2. Identifying fraud

The first line of defence in mitigating against fraud risks is understanding where the potential fraud can occur. There is a huge public awareness of fraud and there has been a number of initiatives at a national level to tackle fraud. For example, industry has already invested heavily in fraud awareness campaigns, such as the FraudSMART campaign, which was developed by the Banking & Payments Federation Ireland in collaboration with member banks.

It is well recognised that greater information sharing is a critical component for combatting emerging fraud patterns. Industry has identified that a shared fraud database would be very beneficial to share information in the system on fraud incidents resulting in more swift and targeted responses.

38. Source: Payment Fraud Report H2 2023 (link)
39. Source: https://www.bankofireland.com/about-bank-of-ireland/press-releases/2024/ireland-needs-stronger-anti-fraud-policies-to-protect-consumers/.
40. Note: ComReg's DNO list is designed to prevent fraudsters using numbers which appear to be the phone numbers of trusted organisations, but are in fact inbound-only numbers e.g. banking helplines, the DNO list allows organisations to block these numbers from being used to contact consumers.

Shared Fraud Database

Greater anti-fraud information sharing in the Irish banking and payments sector is critical to pre-empt and counter emerging fraud patterns. To facilitate this information sharing, the Department of Justice will develop legislation in 2025 to provide the necessary legal basis for a shared banking fraud database. Banking & Payments Federation Ireland will then develop a database to share information across participating organisations for the purposes of helping to identify and prevent fraud. The proposed database will operate on a suite of data-matching rules to identify patterns of suspicious activity. Better and earlier information sharing can pre-empt suspicious transactions and better prevent fraud, illicit financial flows and related corruption. It will enable individual institutions to dynamically adjust the risk scoring in their fraud monitoring systems in response to emerging fraud patterns across different institutions (and ideally across different jurisdictions).

Future outcome 5.1: Greater anti-fraud information sharing in the Irish Banking Sector.

Action	Owner	Start Date
Department of Justice to legislate for a shared fraud database.	Department of Justice	2025
Banking & Payments Federation Ireland to develop such a database to share information across participating organisations for the purposes of helping to identify and prevent fraud.	Banking & Payments Federation Ireland	2025

Trusted Flagger

In many circumstances, financial service providers do not have privileged access to online platforms when reporting fraud, and despite their position in the payments market, online platforms do not prioritise their fraud reports for review. A fraud report submitted by a payment service provider or bank has the same status as that of an individual customer or citizen. However, the trusted flagger regime established under the Digital Services Act provides that where illegal online content is flagged by a body certified by Coimisiún na Meán as a 'trusted flagger', this content must be prioritised for review by online platforms. Coimisiún na Meán requires that to become a trusted flagger, an applicant body must have expertise and competence for the purposes of detecting, identifying, and notifying illegal content; be independent from any provider of online platforms; and carry out its activities for the purposes of submitting notices diligently, accurately, and objectively. Banking & Payments Federation Ireland has agreed, as an action under this Strategy, to apply to become certified as a trusted flagger. This means that those in the payments sector that have access to data on fraud events or incidents will be able to flag it to the Banking & Payments Federation Ireland as a trusted flagger (should they be certified), which can then submit the report to the online platform. This should result in better identification and reporting of fraudulent advertising, which can lead to fraud, and can then be assessed as a priority by the online platform.

Future outcome 5.2: Illegal online content flagged by the financial services industry will be prioritised for review by online platforms

Action	Owner	Start Date
The Banking & Payments Federation Ireland will apply for 'Trusted Flagger' status with Coimisiún na Meán and, with the support of its members, aim to use this status to help identify and flag illegal online content to the relevant online forums.	Banking & Payments Federation Ireland	Q1 2025

The DNO list

Scam calls are one of the ways in which fraud can be initiated. To tackle this, ComReg and the telecoms operators have proposed the development of a Do Not Originate list (DNO List).

Many organisations use phone numbers that are used only for their clients or customers to contact them – for example, for banking or public service helplines. These numbers are not used for making calls and are called inbound-only phone numbers. These numbers can be widely publicised or found easily via online search, in advertisements or on bank cards. Consumers may therefore recognise these numbers and place a level of trust in them. Fraudulent actors know this and can exploit that by using technology to make calls appear to be from a number associated with a particular organisation. Consumers can answer such calls in the belief that they are genuine, and be scammed or inconvenienced as a result.

In recent years, some inbound-only numbers have been 'spoofed', meaning that scammers have directed calls to consumers pretending to come from these numbers. Consumers can be deceived or scammed as a result. One measure identified to prevent this issue is the compilation and implementation of a DNO List.

All public sector bodies will be asked to submit suitable telephone numbers to the Do Not Originate list that ComReg is compiling and will maintain. They will also be asked to join the SMS ID Registry, which allows businesses and organisations to register an SMS Sender ID, while allowing ComReg to block those that are not on the Register.

Private sector organisations are also encouraged to join the DNO list. Using the DNO list and the SMS ID Registry, telecoms operators will block calls and messages that present as numbers from the DNO List. Scam calls and texts using those numbers will cease.

Future outcome 5.3: Consumers will be less vulnerable to fraud via telecommunications channels such as telephone texts and SMS messages

Action	Owner	Start Date
All government gepartments and the bodies under their aegis to apply to be included on ComReg's DNO list for any phone numbers which are not used for outbound communications and the SMS SenderID Registry for any for any alphanumeric SMS headers that are used in government and public sector communications.	All government departments	Q1 2025
The Department of the Environment, Climate and Communications and the Commission for Communications Regulation will explore and evaluate interventions to tackle SMS scams.	Department of the Environment, Climate and Communication / ComReg	2025

5.3. Horizontal approach against fraud

One of themes arising from the consultation process was the need for a cross-sectoral response to tackle fraud. Stakeholders largely agreed that given the multi-faceted nature of fraud, a response from just the banking and payments sector itself is insufficient. Instead a horizontal, cross-sectoral response including, among others, technology companies (search engines, social media platforms) and the traditional banking and payments sector is required to adequately address the issue. Specifically, there were a number of calls for a coordinated response via an Anti-Fraud Forum. Another area on which there was broad agreement was the need for enhanced targeted anti-fraud awareness work.

Comprehensive anti-fraud taskforce

There is a significant level of activity in the State, both in the private and public sector, to consider, assess, or respond to fraud. A number of groups, councils, forums, taskforces, or similar bodies that have, or could have, a role in combating payments fraud have been established by different organisations. These include:

- **An Garda Síochána** has participated in the **Joint Intelligence Group** with a number of financial firms in Ireland. In 2020, it met every two to three weeks to discuss emerging trends with a view to preventing and detecting money laundering and terrorist related financing.[41] The BPFI reported to the Oireachtas that it coordinates the group.[42]
- The **Department of Justice** provides the secretariat to the **Economic Crime and Corruption Forum**. The Forum consists of senior representatives of a number of regulatory and enforcement agencies involved in the investigation of economic crime and corruption. Members are drawn from An Garda Síochána, the Central Bank, the Competition and Consumer Protection Commission, the Corporate Enforcement Authority, the Office of the Director of Public Prosecutions, the Revenue Commissioners, and the Standards in Public Office Commission.
- The Department of Justice also provides the secretariat to the **Advisory Council Against Economic Crime and Corruption**. The Advisory Council consists of senior officials from 13 government departments and State bodies, two members drawn from the business and financial sector, two from civil society, two from academia, and an independent chairperson. The mandate of the Advisory Council is to provide strategic and policy advice, proposals and recommendations relating to economic crime and corruption.[43]
- In May 2024, **ComReg, the Commission for Communications Regulation**, started the formal process of appointing members to the Nuisance Communications Industry Forum, which it established 'to address the growing menace of scam calls and texts'.[44] ComReg also undertook significant research and a public consultation process, and outlined recommendations in April 2024 aimed at tackling nuisance communications.
- **Technology Ireland**, a trade association in Ibec, has established an **Online Safety Taskforce**. Membership of the taskforce is open to companies that are members of Technology Ireland and that are affected by issues arising from policy proposals related to online safety. A number of Technology Ireland's submissions on policy issues are in the public domain, although none appears to deal explicitly with payments fraud (or fraud more generally). It did make a submission to a consultation by Coimisiún na Meán on the Coimisiún's e-Commerce Compliance Strategy.[45]

41. Source: An Garda Síochána (2020) Annual Report (link); An Garda Síochána (2020) Commissioner's Monthly Report to the Policing Authority [June 2020]. (link)
42. Source: 'Authorised Push Payments Fraud: Banking and Payments Federation Ireland', Debate, Joint Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach, 24 May 2023. (link)
43. Source: Department of Justice (2023) Call for Expressions of Interest - Member of the Advisory Council against Economic Crime and Corruption with experience representative of civil society (link)
44. Source: ComReg (2024) *Formation of the Nuisance Communications Industry Forum*, Information Notice ComReg 24/35, https://www.comreg.ie/publication/formation-of-the-nuisance-communications-industry-forum
45. Source: Technology Ireland (2023) Technology Ireland's response to *Coimisiún na Meán's e-Commerce Compliance Strategy Consultation* (link)

Mastercard convenes a forum of the card issuers and acquirers in Ireland with which it has contracts. Topics dealt with at the forum include fraud performance key performance indicators for Ireland, customer trends and hot topics, and MasterCard cyber and intelligence insights.

- The **BPFI Financial Crime Roundtable** is a collaborative forum bringing together banks, payment service providers, and technology companies (such as Google, Amazon, and Meta). This group aims to combat fraud, particularly APP fraud, by fostering cross-sectoral cooperation and leveraging the strengths of diverse stakeholders to enhance fraud prevention and response strategies.

As demonstrated above, there are a number of domestic initiatives across the public and private sector to combat payment fraud. However, in light of views received from stakeholders, the pattern in European policy, and the existing fora in Ireland, the Strategy team identified a gap in collaboration between the telecoms sector, online platform sector, financial service sector, and their respective regulators. The Strategy team identified the potential for such cooperation to enhance consumer protection.

An Anti-Fraud Forum, consisting of telecommunications firms, financial services providers, online platforms, and the regulators of each of these sectors, will be established. The purpose of the forum is to bring together the various sectors and regulators, to share information about fraud, about how it is evolving, and about how best to coordinate sectoral responses to fraud, and to optimise interventions and avoid duplicated action, particularly where cooperation is required under legislation. This is the first time that there will be a forum examining the crime of fraud from all angles of the industry, with the relevant regulators. It should enhance information sharing and allow for early identification of trends and evolving fraud types, and ensure a more rounded, targeted, and timely consideration of fraud.

The forum will appoint an independent chair, who will be replaced every 2.5 years. The financial services industry, represented by the Banking & Payments Federation Ireland, will provide the first chair; the chair selection will then rotate in turn to other industries on the forum. The forum will agree its terms of reference and a work plan on issues identified as relevant to its remit, to which emerging items may be added. The forum will be required to report on the actions taken each year and on its work plan for the following year to the relevant government ministers and departments including: Finance; Justice; Environment, Climate and Communications; Tourism, Culture, Arts, Gaeltacht, Sport and Media; and Enterprise, Trade and Employment.

Examples of an area of cross-sectoral mutual interest which will be discussed at this forum is article 59 of the European Commission proposal for a payment services regulation, which will require close cooperation between payment service providers and electronic communications services providers to safeguard communications where a fraud has occurred. It is also of note that the European Parliament's position on the proposed payment services regulation recognises the role of these three sectors in the payment fraud chain and would require payment service providers, electronic communications service providers, and digital platform service providers to have in place measures to fight fraud. A collaborative platform will complement these efforts, should this requirement become law.

Other areas of mutual cooperation include Coimisiún na Meán's trusted flagger regime, to ensure that illegal online content flagged by the financial services industry is prioritised for review by online platforms.

The forum should also establish a consistent and fair approach to gross negligence[46] under the forthcoming payment services regulation. Other areas of cooperation include the shared fraud

46. Note: Recital 82 of the Commission's proposal for a PSR states: … 'gross negligence' should mean more than mere negligence, involving conduct exhibiting a significant degree of carelessness (…) The fact that a consumer has already received a refund from a payment service provider after having fallen victim of bank employee impersonation fraud and is introducing another refund claim to the same payment service provider after having been again victim of the same type of fraud could be considered as 'gross negligence' (link)

database to be establish by the Department of Justice, information exchanges on evolving trends, industry experience of payment fraud, and other areas deemed appropriate by the Chair.

Within 12 months of establishment, this forum is to develop a charter which acknowledges that payment fraud is a cross sectoral issue and that closer cooperation between financial services, technology and the telecommunications sector is needed to protect consumers. The charter will identify areas where anti-fraud cooperation could be enhanced – for example, in relation to information sharing and coordinated action, where appropriate.

Future outcome 5.4: Technology, financial services and telecommunications sectors and their respective regulators will cooperate more closely on combatting payment fraud.

Action	Owner	Start Date
The Banking & Payments Federation Ireland will build on its existing cross-sectoral forum, the BPFI Financial Crime Roundtable, and extend its membership to include online platforms, financial services providers, telecommunications services providers and their respective regulators (the Central Bank, ComReg and Coimisiún na Meán) The Anti-Fraud Forum should develop a work-plan which delivers on the following actions before 2030:	Banking & Payments Federation Ireland	Q1 2025
→ Develop and publish a charter signed by online platforms, financial services providers and telecommunication services providers, acknowledging that payment fraud is a cross-sectoral issue and that closer cooperation between these sectors is needed to enhance consumer protection. → Collaborate on article 59 of the European Commission's proposal for a Payment Services Regulation (PSR). → Discuss the trusted flagger regime established under the Digital Services Act, where illegal online content that is flagged by bodies certified by Coimisiún na Meán is prioritised for review by online platforms.[5] → Engage on the shared fraud database. → Establish a consistent and fair approach towards 'gross negligence' under the forthcoming payment services regulation.[6] → Other areas of cooperation including information exchanges on evolving trends, other cross-sector initiatives and controls that prevent fraud and industry experience of payment fraud as well as other areas deemed appropriate by the Chair.		Q2 2026
→ Report annually to the relevant government ministers including the Ministers for Finance, for Justice, for Environment, Climate and Communications, for Tourism, Culture, Arts, Gaeltacht, Sport and Media, and for Enterprise, Trade and Employment.		Annually

47. Source: https://www.cnam.ie/coimisiun-na-mean-outlines-how-interested-entities-can-apply-for-trusted-flagger-status/
48. Source: Article 60 of the PSR (link)

Future outcome 5.5: Greater awareness of fraud and fraud prevention among Irish consumers.

Action	Owner	Start Date
Banking & Payments Federation Ireland will continue to develop its fraud awareness campaigns in line with the changing landscape of fraud scams, through the FraudSMART programme. Campaigns will take into consideration findings and research from the National Payments Strategy, the Central Bank, the ECB and the Anti-Fraud Forum established under this Strategy and other government initiatives related to fraud, aligning where possible and as appropriate, ensuring that current fraud trends are a key feature of all awareness activities.	Banking & Payments Federation Ireland	Q1 2025
Banking & Payments Federation Ireland to regularly review and refine fraud awareness campaigns to ensure alignment with the evolving fraud landscape. These reviews will ensure that education and awareness through FraudSMART addresses current fraud trends and evolving threats	Banking & Payments Federation Ireland	

Future outcome 5.6: Consumers will be more aware of the risk of payment fraud including that committed via telecommunications, financial services and/or online platforms.

Action	Owner	Start Date
The Competition and Consumer Protection Commission's anti-fraud awareness activity will be informed by the work of the Anti-Fraud Forum.	Competition and Consumer Protection Commission	Q1 2025

6

Account-to-account payments

One of the aims of this Strategy is to support the development of new payment methods, particularly those that leverage new and emerging technologies in the Irish and European payments ecosystem such as digital wallets, instant payments, QR codes, and request-to-pay (RTP) facilities.

A gap has been identified in the Irish payments market, in comparison with other European countries, in the ability to make payments online or in person, from a bank or credit union account directly to another account, without an intermediary instrument, such as a card.[49] To put this simply, it is 'pay by account' or 'pay by my account'. An account-to-account is a payment used to directly transfer money from one account to another account without the need for any additional payment intermediaries – pay by account.

Paying by account is already standard in Ireland for recurring or regular bills, which are paid by standing orders, direct debits, or credit transfers. However, this method of payment is not available for common daily purchases, such as buying a coffee with a smartphone (which relies on payment cards), splitting a restaurant bill using a request to pay function (between payment accounts at different banks), or having the option to make an online purchase without having to input card details. The ability to pay directly from the payer's account directly to the payee's account has a number of benefits in fostering innovation, providing additional choice to consumers and potentially making payments cheaper by reducing fees associated with using debit and credit cards.

Paying by account also has challenges that need to be addressed. These include poor user experiences and inconsistent data sharing between accounts due to the lack of harmonisation of standards for application programming interfaces. In addition to these issues, the fraud prevention mechanisms are relatively immature compared with card schemes and systems. Evidence for this is the fact that chargebacks[50] are not widely available when paying by account. It is therefore important that as paying by account develops in Ireland, its growth is matched by commensurate enhancements to user experiences, data sharing, and fraud prevention measures. This will contribute to greater take-up of this form of payment, while protecting the interests of the consumer.

An account-to-account is a payment used to directly transfer money from one account to another account without the need for any additional payment intermediaries – pay by account.

6.1 Enabler: Open banking

The development of the secure free flow of information between banks and other payment service providers though application programming interfaces is a key enabler for the development of account-to-account or pay by account alternatives. Specifically, payment initiation or allowing the consumer to pay directly from their bank account by initiating a payment via a third-party provider remains an under-utilised option in Ireland and needs to develop further to match the position in other EU countries. One area of development is the user experience of open banking. In principle, the use of an open banking app to make a payment should be at least as seamless an experience for the consumer as paying via more traditional methods of payment such as credit transfers or card payments. The user experience should not be impeded by error messaging and other such frictions. Moreover,

49. Note: Also known as account-to-account or A2A.
50. Note: The CCPC defines a chargeback as: 'A reversal of a disputed sales transaction on a credit or debit card. For example, you can contact your card provider to ask them to refund the cost of a purchase if you paid for goods you did not receive or never ordered or if a business fails to cancel recurring payments. The card provider will decide if you are entitled to a refund based on the circumstances. Every provider has specific timeframes and conditions attached to their chargeback facility' (link).

consumers in Ireland should be aware of the benefits of engaging with open banking providers and should be aware of the full suite of payment options available to them. To ensure this, more needs to be done to raise consumer awareness.

Furthermore, it is important that Irish retail payment service providers do not focus solely on providing services and improving the payment experience between Irish accounts. Ireland is part of the European payments ecosystem, and thus payment service providers have a responsibility to ensure that a payment between an Irish account and any other European account provides the same high standard user experience as a payment between two Irish accounts.

6.2 Enabler: Instant payments

The slow speed of credit transfers in Europe has held back the concept of account-to-account or pay by account, limiting its use to non-urgent and often regular payments. However, the adoption of the EU regulation on instant payments (or instant credit transfers) provides the foundation for new opportunities for 'pay-by-account' solutions. When it becomes operational, this regulation will require that banks and other payment service providers offer instant payments to consumers at the same cost as traditional credit transfers. The mandatory requirement to offer instant payments was deemed necessary as firms in some EU countries had not voluntarily opted into a framework that had previously been put in place. This was measured by the 'reachability'[51] of current accounts for instant payments. In 2023, Ireland had one of the lowest reachability levels in the EU of current account for instant payments.

For peer-to-peer payments – that is, the transfer of funds between two people – instant payments facilitate the immediate settlement of transactions; in contrast, regular credit transfers can take up to two working days to settle. For businesses, instant payments eliminate the risk of online merchants not getting paid, as the release of goods and services can be easily synchronised with the payment. For business-to-business payments, instant payments improve cash flow, make it easier to manage funds, reduce late payments, and speed up the payment of invoices.

Additionally, instant payments can be a vehicle for financial inclusion. Under the Payment Accounts Directive, all EU citizens have a right to open a basic payment account regardless of their financial situation or place of residence. The ability to send and receive instant payments from a mobile phone can be an incentive for people either to access financial services for the first time or to use them more often.

51. Source: Progress SEPA Instant Payments: how is the payment method developing? (cpg.de).

Future outcome 6.1: Availability of at least one 'pay by account' solution as a convenient and trusted alternative to cards and cash.

Action	Owner	Start Date
The Irish Retail Payment Forum to establish an Account-to-Account Working Group (the A2A WG), with representation from banks, payment providers, open banking providers, merchants and others deemed appropriate by the IRPF. The A2A WG will develop terms of reference that seek to: (1) monitor and collaborate on the full adoption of instant payments by relevant parties; (2) identify and address barriers to the full adoption of open banking, including consideration of Irish market participation in European Payments Council (EPC) SEPA Payments Account Access (SPAA); (3) identify a roadmap towards integration with a European payments solution; and (4) consider any other topics related to account-to-account payments deemed relevant by the working group.	Central Bank	Q1 2025
The Central Bank, in consultation with the A2A WG, will develop a proposal for the regular collection and publication of open banking indicators by Q2 2025.	Central Bank The Account-to-Account Working Group	Q2 2025
The Central Bank to ensure that the work of the WG is provided to the Minister for Finance annually, via a letter from the IRPF chair.	Central Bank	Q2 2025

Future outcome 6.2: Greater awareness of open banking and account-to-account services among Irish payment service providers.

Action	Owner	Start Date
The Fintech & Payments Association of Ireland to: ➔ Work with the Association of Chartered Certified Accountants to co-host open banking themed events to raise awareness of open banking amongst accounting system providers and SMEs; and ➔ Host open banking themed events which will bring key industry stakeholders (banks, fintechs, the Central Bank, the Department of Finance, etc.) together to discuss progress.	Fintech & Payments Association of Ireland	Q1 2025

The future of payments

The Irish and European payments landscape is undergoing a period of significant change and rapid innovation with new market players and business models providing a range of innovative services over recent years, such as digital wallets to consumers. Since the development of the National Payments Plan over ten years ago, the payments landscape in Ireland has changed rapidly due to a multitude of legislative and technological developments. The 2013 National Payments Plan covered a period when Ireland was undergoing a digitisation transformation, moving from analogue technology and paper to digital technology and processes in order to become more efficient. Building on this progress, we are now in a period where the Irish economy and society are digitalising, a step beyond further digitisation. Digitalisation is about transforming entire processes, and applying new technologies, bringing new and dramatic levels of innovation to all sectors. Technology continues to play a major role in payments and it can be expected that digital payments will further develop at a significant pace. It is likely that there will be a significantly different payments landscape by the end of the Strategy compared with today.

The potential rollout of the digital euro, increased deployment of distribution ledger technology (DLT), and the EU Digital Identity Wallet (EUDIW) all provide opportunities to create further options for consumers. Apart from the work on the digital euro, the ECB and the Central Bank of Ireland are playing key roles as catalysts for change. The Central Bank has enhanced its Innovation Hub[52] which helps innovators developing financial services using new technologies to navigate the regulatory landscape. The Central Bank has also developed its Innovation Sandbox Programme to inform the early-stage development of selected innovative initiatives that promote better outcomes for consumers and the financial system.

7.1 Digital euro

Central banks provide the economy and financial system with the safest and most liquid asset: public (or central bank) money. For many global economies and financial systems, the only available form of public money for retail payments is cash (banknotes and coins). Alongside cash, many central banks around the world are examining the possibility of central bank digital currencies as the digital version of cash.

In Europe, the ECB, along with national central banks (including the Central Bank of Ireland), is exploring the possibility of issuing a central bank digital currency – a digital euro. In parallel with the

52. Source: Central Bank https://www.centralbank.ie/regulation/innovation-hub.
53. Source: European Commission 28 June 2023 https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3501

Digital Euro Project, the EU co-legislators (Council of the EU and European Parliament) are considering a Single Currency Package[53]. This Package sets out the legislative framework for the establishment of the digital euro and the legal tender status for cash. All of the finance ministries in the eurozone, including Ireland's Department of Finance, are involved in the discussion on the Package. A formal timeline for the finalisation and adoption of the legislation will be defined with the co-legislators.

A digital euro, were it to be introduced, would complement and not replace, existing euro banknotes and coins, ensuring that a public money option would always be available – physically and digitally. By being widely available and accepted across the entire euro area, a digital euro would provide people with greater choice in how they pay for everyday goods and services, extending to places that cash cannot physically reach today, such as online commerce. In the plans envisaged by the Eurosystem (the European Central Bank and the national central banks of those EU countries that have adopted the euro), a digital euro app would be provided with basic services free of charge – on which payments providers can build additional functionality – while also guaranteeing the highest level of privacy in digital payments. The digital euro app and infrastructure provided by the Eurosystem would immediately enable private retail payment solutions to launch new products and functionalities on a broader scale. Payment providers would be able to leverage the infrastructure to reach a pan-European scale with their own payment solutions, achieving cost efficiencies. This would give users access to a wider array of services and result in greater competition and innovation on a continental scale. Uniquely, a digital euro would offer the possibility to pay with cash-like privacy – that is, offline – where neither the payment service provider nor the central bank processing the payment would see all the details of the transaction.

The Eurosystem's project to explore issuing a digital euro is a multi-year project spread over a number of phases. The project commenced in October 2021 with a two-year investigation phase to determine the feasibility of a digital euro as a complement to cash. During this phase, a high-level product design and the associated user requirements were determined. From the findings of the investigation phase, the ECB's decision-making body, the Governing Council, recognised that it could develop a digital euro that would meet users' payment needs and complement cash.

In October 2023, the Governing Council began the preparation phase that will lay the foundations for the potential issuance of a digital euro. This phase is due to conclude in October 2025, when the Governing Council will decide on whether or not to continue the work on the digital euro.

A possible decision by the Governing Council to issue a digital euro would be taken only after the legislative act is adopted. Should a decision to issue a digital euro be taken, stakeholders from the Central Bank, the Department of Finance, other public bodies, industry, merchants, etc., will need to work together to ensure its successful implementation, in a process similar to the preparation for the launch of the euro in 2002.

7.2 Distributed ledger technology and tokenisation

Distributed ledger technology (DLT) uses ledger technology that is similar to that used in crypto-assets to reduce reliance on centralised financial institutions and market infrastructures, such as payment schemes or central securities depositories. This allows for more rapid and direct transactions. Distributed ledger can reduce the need for intermediaries such as banks, which can significantly reduce the costs of transactions, particularly were cross-border transactions are concerned. Simplifying the number of actors involved in a payment journey is in line with this Strategy's aim of building trust and promoting resilience in the payments system.

According to the 2022 Retail Banking Review, DLT can be defined as 'a database technology that allows the creation, secure transfer (finality), and storage

54. Source: ECB Environment, health and safety (europa.eu)

of information where the ledgers are not centrally controlled and administered.' DLT systems are currently being used as an enabler for emerging asset classes, such as atomic settlement in securities settlement and for new forms of asset such as crypto-assets. These technologies provide multiple benefits. Data saved using DLT is spread across a network of computers which enhances the security of the data making it less vulnerable to interference. DLTs can be used to create smart contracts which are able to carry out terms and process transactions based on agreements. Additionally, ownership of assets can be automatically transferred upon completion of the contract.

Crypto-assets are defined as a representation of a value or of a right that is able to be transferred and stored electronically using DLT or similar technology. Most crypto-assets in circulation today are unbacked, and primarily used for speculative investment. Recent growth in a type of crypto-asset colloquially referred to as 'stablecoins' has demonstrated that there is potential for crypto-assets to be more widely used for payment use cases. 'Stablecoins' seek to maintain a stable value against a fiat currency by means of a peg. However, not all 'stablecoins' are regulated, and not all 'stablecoins' are backed by reserves in order to maintain their value. The Markets in crypto-assets regulation (MICAR), which entered into force on 9 June 2023, sets out a new regulatory framework for crypto-assets. Specifically, MICAR sets out the regulatory requirements for various forms of crypto-assets, including EMTs (e-money tokens, ARTs (asset-referenced tokens), and utility tokens. Likewise, the ECB's oversight framework for electronic payment instruments, schemes and arrangements (PISA), includes within its scope crypto-assets that are primarily used for the purpose of payments. These are defined as 'digital payment tokens', and are considered to be a type of electronic payment instrument. PISA allows for an exemption where the transfer of value has only an investment focus – for example, crypto-assets used to settle trades in other crypto-assets. However, the term 'digital payment token' is technology-neutral and accounts for any future growth in usage of regulated, backed 'stablecoins' for payment purposes following the implementation of MICAR.

Most crypto-assets in circulation today are unbacked, and primarily used for speculative investment. Recent growth in a type of crypto-asset colloquially referred to as 'stablecoins' has demonstrated that there is potential for crypto-assets to be more widely used for payment use cases.

In the research for this Strategy, it was identified that crypto-assets currently may not be a common payments instrument. However, it is important that the Strategy support the role of crypto-assets in the Irish payments landscape. Approximately 15 per cent of respondents to the consultation, representing a wide variety of interlocutors, including individuals, public bodies, civil society, industry associations, and firms, referred to crypto-assets in their submission. These submissions stated the benefits (speed, cost), the disadvantages (lack of consumer protections, environmental footprint, the use of crypto-assets in fraud and money laundering, and the lack of regulation). The submissions also noted that this area is complex and technical and not well understood by the general population.

While the future roles of alternative payment mechanisms are still being explored, respondents to the consultation for this Strategy outlined a number of uses for crypto-assets. One of these involves the use of cards loaded with crypto that could be used in a way similar to a debit card. While payment by a 'crypto card' would make it more accessible, it does not negate one of the primary concerns relating to crypto: its fluctuating value. Respondents mention that another use for crypto is 'stablecoins'. Those 'stablecoins' for which the value is intended to stay constant or pegged to a reference asset, for example, a fiat currency or a commodity, are the most likely form of crypto to be used for payments, and they do not present the same issue with fluctuating value as other forms of crypto.

Most payments today are made with traditional forms (cash, card, and credit transfers), but the possible use of alternative payment forms is fast evolving. There is scope to conduct research on the possible future use of alternative payment forms, and the costs and benefits these may bring to consumers, retailers, and others. There is also scope to consider how they may be used for domestic and cross-border transactions, for Irish consumers and for Irish business exporting, with the associated speed, cost and safety implications. It is proposed that research be conducted regarding attitudes towards alternative payment choices. Part of that research will examine crypto in order to accurately determine current use and ownership of crypto in Ireland (outcome 8.1 below).

7.3 Sustainability

Due to the continuous innovation of payment technologies, it is critical to ensure that minimising environmental impacts remains a key focus. As highlighted in the terms of reference, sustainability and efficiency are key principles guiding the development of this Strategy. This is to ensure that future developments of the payments system take account of, and limit, the effect on the environment. From research conducted by the Strategy team, there is no domestic data available to understand the impact of payments (card or cash) on the environment. Additionally, there is no commonly agreed way of measuring the impact of the retail payments system on the environment, and data is not collected centrally that would allow for the comprehensive assessment of the environmental impact of the Irish or the European payments systems. The Central Bank and the ECB are examining the environmental impact of the production of euro banknotes . Furthermore, the Eurosystem's Retail Payments Strategy[55] notes that 'In its investigation into how environmental sustainability can be promoted in the area of payments, the Eurosystem's first step will be to develop a methodology to measure the level of environmental sustainability of payment transactions and infrastructures.' The development of this methodology is at an early stage. However, studies on the environmental impact of payments, have already been conducted in some EU member states. For example, the Dutch central bank, De Nederlandsche Bank, undertook national level assessments of the environmental impact of both card payments[56] and of the cash-cycle[57]. While both digital payments and physical cash payments have an environmental impact, the Dutch central bank found that the cash-cycle has a significantly greater impact despite digital payments being considerably more numerous. This was confirmed in a study conducted by the French Banking Federation, which indicates that cash is the payment method associated with the highest level of emissions[65]. Within digital payments, the Dutch central bank found 75 per cent of the environmental footprint of such payments to be attributable to point-of-sale terminals.

Due to the continuous innovation of payment technologies, it is critical to ensure that minimising environmental impacts remains a key focus. As highlighted in the terms of reference, sustainability and efficiency are key principles guiding the development of this Strategy.

55. Source: The Eurosystem's retail payments strategy.
56. Source: DNB Evaluating the environmental impact of debit card payments (dnb.nl)
57. Source: DNB Life cycle assessment of cash payments (dnb.nl)

The European Payments Council[58] noted that the physical parts of the payment chain, namely payment terminals, card manufacturers and issuers, device manufacturers, cloud services, and the physical movement of cash represent a significant environmental impact. Sustainability has to be central to the future of payments to ensure that national and international climate and energy commitments underpin their development and implementation in a rapidly decarbonising world. Throughout the consultation process for this Strategy, stakeholders frequently highlighted green initiatives that were being undertaken by their respective organisations. It is important that stakeholders are aware of best practices in the area of sustainability, which highlights the need for collaboration and information exchange for example via the IRPF.

Future outcome 7.1: Stakeholders will have greater awareness of best practices and areas of opportunity across the payment ecosystem in the area of sustainability.

Action	Owner	Start Date
The Irish Retail Payment Forum to host a focused session or recurring meeting agenda dedicated to exchanging best practices on work being conducted regarding sustainability.	Central Bank	Q1 2025

58. Source: Green payments: sustainability by design for a more viable future | European Payments Council

8

Data collection, analysis and sharing

The availability of comprehensive data is critical for informed policymaking, and to understand the direction and possible impacts of the future evolution of the Irish payments ecosystem. The terms of reference tasked the Strategy team with considering the new data[59] published by the Central Bank, and assessing the extent to which that information addresses the existing data gaps as well as considering further research and analysis on payments.

Following recent innovations and developments in the provision of payments services, the ECB expanded the collection of payment statistics under the Payment Statistics Regulation. As a member of the Eurosystem, the Central Bank of Ireland collects those expanded statistics on payments, which provide additional insights on developments in retail payments and can inform retail payments policy.

8.1. A deeper understanding of payments

In parallel with enhanced reporting requirements at the ECB, the Central Bank has undertaken a comprehensive review of the statistics it gathers on its own initiative. New insights include a regional breakdown of card spending and contactless and mobile wallet card payments. The new monthly card payment statistics were first published in September 2023. Data on fraudulent payment transactions is not currently published but this will be considered by the Central Bank in 2024 if a review and analysis of related data finds that it would be appropriate to do so.

While recent developments are welcome, a number of gaps exist in the data on the Irish payments market. While digital payments are increasingly comprehensively reported, cash payments are not reported at all. There is a need for a regular, comprehensive survey of Irish consumers and small businesses that covers commonly used payment types[60]. Cash withdrawals from ATMs are used as a proxy for the use of cash in payments in Ireland, but it is limited. A regular survey that includes all payment types used by consumers and small businesses would address the limitations of using a proxy for the use of cash in payments. The Central Bank should consider the value of aligning with similar surveys undertaken by peer bodies.

In addition to what payment types are used, there is also a need to understand the relative costs of different payment types, and this will be achieved by conducting research on the comparative efficiencies and costs (both financial and non-financial) of retail payment methods, including their environmental impact (with a special focus on the costs to merchants).

In relation to open banking in Ireland, there are no clear metrics that would enable measurement of progress in this sector. The IMF's Financial Stability Assessment Programme of Ireland in 2022 on fintech[61] recommended that the Central Bank should identify obstacles to the take-up of open banking in Ireland within a 3- to 5-year period (that is, by 2027). A centralised collector of open banking data is needed in Ireland, including but not limited to abandonment rates. Where possible, this data should align with, or leverage, comparable metrics in neighbouring countries. The Central Bank appears to be the most appropriate body for this central role. Data should be reported regularly to the Central Bank by payment account operators (asset holders) and open banking service providers (asset brokers) in the domestic market. These open banking metrics should be developed by Central Bank (in consultation with the A2A Working Group) and subsequently collected and published by the Central Bank.

In responses to the consultation paper for this Strategy, many stakeholders raised issues of social justice and access to cheaper methods of payment by vulnerable groups. In theory, all consumers have access to a wide range of payment types. However, many consumers appear to choose to use payment methods which have higher costs and

59. Source: Regulation (EU) 2020/59 on Payment Statistics.
60. Note: This would include to what extent crypto-asset are used for payments.
61. Source: Ireland: Financial Sector Assessment Programme-Technical Note on Oversight of Fintech

greater inefficiencies. Understanding why this is the case is critical to informing consumer advice and consumer preferences. Users of traditional or even inefficient payment methods could, for example, professional bodies, state bodies, or social groups that use cheques or cash for specific or niche reasons. It could also be the case that certain groups are excluded from the financial system because of literacy difficulties or other structural reasons.

Financial literacy is defined by the OECD as 'a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being'. The National Financial Literacy Strategy, which is currently being drafted by the Department of Finance, will reflect best international practice and increase consistency, coordination, and cohesion of all available financial literacy tools across the country. It will also foster greater economic and social inclusion and provide a framework for cooperation among all stakeholders on financial education. The National Financial Literacy Strategy will complement the work of this Strategy. Following analysis of the consumer payments survey. the Central Bank should identify areas for further analysis of trends and for thematic studies, where possible in partnership with others, including academics, firms, or other bodies, to leverage these insights for the public good. It may also be possible for other bodies to use these insights to better understand issues around inclusion.

62. Note: The European Banking Authority (EBA) and European Central Bank (ECB), in their respective roles as supervisory authority of payment service providers and overseer of payments systems, instruments, schemes and arrangements, closely monitor developments in payment fraud. Both EBA and ECB thereby rely on statistical information on the volumes and values of payment transactions and corresponding fraud reported by payment service providers (PSPs) located in the EU/EEA.

Future outcome 8.1: There will be greater transparency and understanding of the Irish payments landscape with insights on trends and usage of payment types.

Action	Owner	Start Date
The Central Bank will lead on a research and insights programme in respect of payments, in partnership where relevant: **1.** Establish a recurring 'consumer payment preferences and behavioural' survey covering all payment types, including the identification of possible future areas for research; **2.** Conduct research on the comparative usage, efficiency, and costs of retail payment methods (with a special focus on various types of retailers); **3.** Consider the environmental impact of payments based on work done, and underway, by the European Central Bank and other national central banks. **4.** Continue to advance the roll-out of the open data portal to identify available statistics on payments, making regular enhancements as necessary; **5.** Analyse the evolution of the use of payment instruments, including instant payments in Ireland, through its Behind the Data series; **6.** Collect and publish open banking indicators in consultation with the A2A WG; and **7.** Following the joint EBA/ECB publication[7] on payments fraud, analyse emerging fraud trends in Ireland through its Behind the Data series.	Central Bank	Q1 2025

Glossary

Acceptance of cash: Defined as ensuring cash is accepted as a means of payment everywhere (facilitated by financial institutions, retailers and others).

Access to cash: Defined as public access to services to withdraw and deposit cash (facilitated by banks and other stakeholders).

Application Program Interfaces: Application programming interface is a software which allows communication between different applications or systems.

Authorised push payment fraud: Authorised push payment fraud, a type of fraud in which the payer (an individual or a business) is tricked into authorising a payment to a fraudster posing as a genuine payee.

Cash facilitation: means a public body not accepting cash directly, but rather a third party accepting it on their behalf, in order for the public to pay for goods or services from that public body.

Central bank money: This consists of banknotes and coins in circulation (cash) and the electronic accounts that credit institutions hold at the central banks (reserves). Cash has the status of legal tender unlike commercial bank money. Central bank money is credit and liquidity risk-free as the default risk of a central bank is in principle non-existent.

Digital payment: Used interchangeably with "electronic payment", defined below.

Digital wallets: A service that enables end users to initiate transfers of value by storing secure information related to the electronic payment instruments required to initiate the transfers. It can also be used to register and hold personalised security credentials. Depending on its design, a wallet can be used, before or during a payment process, to fund a payer account linked to the wallet and offered by the wallet provider with funds or digital payment tokens. It can also provide the payee with information related to the payment instrument without being linked to such an account.

Electronic payments: An e-Payment (or 'electronic-payment') is one in which monetary value is transferred electronically between two parties. Any payment that is not transacted by paper based instruments is considered an e-Payment transaction.

Euro area: The area encompassing the 20 EU Member States in which the euro has been adopted as the single currency and in which a single monetary policy is conducted under the responsibility of the relevant decision-making bodies of the ECB.

FinTech: Defined as the use of technology to deliver retail banking products and services to consumers and SMEs.

Heads of a Bill: Outline of a bill that is published in advance of the Bill's drafting, setting out the Government's policy intention to be achieved by the bill.

NPS team: The team in the Department that is working on the National Payments Strategy.

Point of sale: The address of the physical premises of the merchant at which a payment transaction is initiated.

SEPA Inst: This is a Pan-European instant payment scheme that allows domestic and cross-border payments in euro to be made to and received from participating payment service providers anywhere in the Single Euro Payments Area.

SEPA: The Single Euro Payments Area initiative, covers all EU Member States, together with a small number of non-EU European Member States. This came into force in 2014, created a single market for euro-denominated retail payments, allowing payment services users to make cashless, euro-denominated payments to payees located anywhere in the area that it covers under the same basic terms and conditions, using just one payment account and a single set of payment instruments.

Strong customer authentication: A method of authentication based on the use of two or more elements categorised as knowledge (something only the user knows), possession (something only the user possesses) and inherence (something the user is) that are independent, in that the breach of one does not compromise the reliability of the others, and is designed in such a way as to protect the confidentiality of the authentication data.

Request-to-pay: The RTP is not a payment means or a payment instrument, but a way to request a payment initiation. At a technical level an RTP can be defined as the set of operating rules and technical elements (including messages) that allow a payee (or creditor) to claim an amount of money from a payer (debtor) for a specific transaction.

Appendices

Appendix 1: List of abbreviations

A2A	Account-to-Account
ART	Asset Reference Token
ATM	Automated Teller Machine
BPFI	Banking & Payments Federation Ireland
CBDC	Central Bank Digital Currency
ComReg	Commission for Communications Regulations
DLT	Distributed ledger technology
DORA	Digital Operational Resilience Act
ECB	European Central Bank
EPC	European Payments Council
EMT	e-money token
EU	European Union
fintech	financial technology firm
IBAN	International Bank Account Number
IMF	International Monetary Fund
MICAR	Markets in crypto-assets regulation
NPP	National Payment Plan
NPS	National Payments Strategy
PoS	Point of Sale
PSD2	Second Payment Services Directive
PSD3	Proposal for a Third Payment Services Directive
PSP	Payment Service Provider
PSR	Proposal for a Payment Services Regulation
RTP	Request-to-Pay
SCA	Strong Customer Authentication
SEPA	Single Euro Payments Area
SME	Small or Medium Enterprise
SPAA	SEPA Payment Account Access
SPACE	Study on the Payment Attitudes of Consumers in the euro area
WG	Working Group

Appendix 2: Terms of Reference

Background

In November 2022, then the Minister for Finance, Paschal Donohoe T.D., published the Retail Banking Review, which set out a number of recommendations for Government, the Central Bank and industry.

One recommendation was that the Department of Finance should lead on the preparation of a new National Payments Strategy to be ready in 2024.

The recommendation stated that 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;
- Examine how future changes should be made to the legislative Access to Cash criteria[63];
- 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;
- Consider and consult on whether 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.

The Strategy should be informed by, and aligned with, the Retail Payment Strategy of the EU Commission and the Eurosystem's Cash Strategy.

Since the development of the NPP [National Payments Plan] over ten years ago, the payments landscape in Ireland, as well as globally, has changed significantly.

In Ireland, the number of banks serving the sector reduced from 12 to 3 as banks were amalgamated or closed down and foreign owned entrants exited the Irish retail market. We have also seen a considerable acceleration in technological developments and the pace of uptake has been accelerated by the Covid-19 pandemic. With that has come a decline in cash usage. Since 2015 the number of ATM transactions declined by 46 per cent[64]. Card payments accounted for 62.4 per cent of the total number of payment transactions in 2021[65].

At EU level, we have seen a number of pieces of financial services legislation developed during that time. There was a move from the first Payment Services Directive to the revised Payment Services Directive (PSD2) which was transposed in 2018. It aimed to make electronic payments easier, faster and safer for both consumers and payment service providers. This Directive is currently under review by the EU Commission and it is expected that a legislative proposal for a PSD3 is imminent.

The Digital Finance Package was published in September 2020 and included a suite of measures related to the banking and payments environment. While the EU Commission's Communication on a Retail Payments Strategy aimed to facilitate the push towards digital payments by users, the other proposals contained within the Package (and have since been adopted) aimed to ensure that service providers were able to withstand the risks that are posed by new, complex technologies within a rapidly changing environment.

The EU Commission's legislative proposal to mandate SEPA Instant Payments is currently being negotiated at EU level and will set out a legal requirement for all entities within scope to provide SEPA Instant Credit Transfers or "*instant payments*".

Both the ECB and the EU Commission are also examining the possibility of developing a euro

63. Note: The Review also recommended that legislation should be introduced to safeguard access to cash. Work on the Heads of a Bill to do this is well underway. These should be ready in 2023.
64. Source: https://www.centralbank.ie/statistics/data-and-analysis/creditand-debit-card-statistics
65. Source: https://www.centralbank.ie/statistics/data-and-analysis/payments-services-statistics

area based Central Bank Digital Currency as a complement to cash, to be known as the digital euro.

The review of PSD2, a legislative proposal on legal tender and a proposal on a digital euro are expected to be published by the EU Commission in June 2023.

These developments highlight the work already being done at EU level in the payments sphere and it will be important to consider these areas in the context of the National Payments Strategy in order to determine the gaps between what is being done at EU level and what needs to be done at domestic level.

In addition to the work of the EU Commission, the Strategy will also be informed by the work underway at ECB level in relation to payments policy.

Objectives

The overarching goal of the NPS is to enhance and build public trust in and the effectiveness of the payments system, including the following interlocking principles.

Access and Choice – promoting reasonable options for consumers and small business

Security and Resilience - of the payments system and system operators

Innovation and Inclusion – future focus that enhances interoperability and inclusion

Sustainability and Efficiency – solutions that have regard to cost / benefit and the environment

Key components of the strategy

The National Payments Strategy has three components to consider.

i. Payments roadmap

- The first component of the Strategy will be to look to the future of payments to determine what measures should be implemented or areas considered by the Department, the Central Bank, industry and relevant authorities in the coming years. The Retail Banking Review's recommendations set out that 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.
- When examining the targets set out in the NPP, some areas will need to be considered further in order to determine whether they were successfully implemented and if they are still relevant to the payments sphere today. Cheque usage was a key focus of the NPP but since then, usage of this payment method has declined significantly and is no longer standard practice for payment service users. This should therefore not be the focus of the new National Payments Strategy. One issue that was not considered in the NPP was **payments fraud**. Within the payments market, fraud is constantly evolving. New forms of payment options and emerging forms of fraud have become more problematic for consumers in recent years and should be an area for further consideration in the Strategy. Strong Customer Authentication (SCA) was the focus of the revised Payment Services Directive in 2018 and was implemented as a means of combatting online fraud. Work is underway at EU level on payment fraud prevention, such as the evaluation of SCA under the European Commission's review of PSD2 and the inclusion of IBAN name checking with the proposals on Instant Payments. However, as digital payments open up the possibility of fraud carried out using other means such as apps, emails and messages, analysis should be done at national level to examine what the key problems are domestically to see if they can be mitigated.
- Another possible area for consideration under the Strategy is insights derived from research and **data collection and sharing**. In recent years, it has become clear that there is a gap in the level of data and statistics available on the Irish payments market. The Strategy should consider the forthcoming new data to be published by the Central Bank, and assess the extent to which it addresses the existing data gaps as well as considering further research and analysis on payments.

- The Strategy should look at existing legislation and legislation coming down the line at EU level and consider whether there is a need to build upon these at domestic level. For example, the Commission's proposal on Instant Payments is currently being negotiated and all entities offering SEPA Credit Transfers will soon be required to offer SEPA Instant Credit Transfers, known as "*Instant Payments*". While this is mandated at EU level, there may be merit to **building upon the basic framework** brought in by this legislation and examining how it could best serve consumer needs. This could include the possibility of using QR codes or similar technologies to make payments – not just Instant Payments but also leveraging other account based transfers such as SEPA direct debits and Request-to-Pay facilities.
- Finally, the Strategy should look to the possibilities for greater access to and use of Open Banking in Ireland. **Open Banking** stems from PSD2 which allowed greater access to individuals' data on the basis of consent. In Ireland, we have seen little use of Open Banking and few providers offering services based on access to accounts. This is an area that should be analysed under the Strategy to determine if Government or Central Bank intervention is needed to encourage greater use of Open Banking. In particular, there has been some discussion more broadly of the potential for Open Banking to assist with online purchases and Strong Customer Authentication through the use of consent dashboards. This would not be possible if the domestic retail banks do not allow smooth access to accounts.
- Overall, there will be a need to ensure a balance is met between ensuring that access to cash is preserved and acceptance of cash is facilitated; and encouraging the use and promoting availability of digital payment methods.

ii. Acceptance

- The second area of focus for the National Payments Strategy is *acceptance* of cash. The Strategy should examine whether there should be a legislative requirement put in place domestically in relation to the acceptance of payment methods by certain classes of firms, sectors or sub-sectors. The Strategy should also consider whether 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.

iii. Access

- The last area to consider relates to the reasonable access to cash criteria set out in the Access to Cash legislation that is currently being developed by the Department. The Strategy will look at cash levels following the publication of the Bill and evaluate what if any changes should be made to the criteria for "*reasonable access*". This aspect will focus on the impact of the introduction of the criteria following publication of the Bill and is a requirement of the Retail Banking Review.

Appendix 3: Fees and costs

The fees that banks, credit unions, An Post and others charge for maintaining an account and for setting up or making different types of payment are important for a number of reasons. Charging different fees for different types of transaction can serve as an incentive to consumers to use one method of payment over another, and differences in fees between institutions or for different types of account can reflect competition between them for consumers. On the other hand, the complexity of fee structures or differences between them can make it difficult for consumers to identify which financial institution offers the best value. In addition, fees designed to encourage customers to use methods of payment that are, for a payment institution, more efficient may create barriers for people in certain groups in society – for example, those who may not be as adept with digital technology or those who may not be able to open or continue operating an account with another institution.

A selective mapping of fees and charges was conducted for this Strategy to outline the costs associated with payments for consumers. The focuses were the fees for a current account, for transactions using that account, and the fees for a credit card account. Six institutions were examined for this exercise: the three traditional retail banks in Ireland (AIB, Bank of Ireland, and PTSB), two non-bank alternatives (credit unions and An Post), and the biggest challenger entrant to the market in Ireland (Revolut).

The fees and charges considered are those for making payments or for activities and services closely tied to the ability to make a payment, namely:

- operating a current account with a debit and ATM card,
- making a payment with a debit card or credit card,
- making a payment by electronic funds transfer (e.g. via online banking or in-app transactions),
- operating a credit card account, and
- lodging or withdrawing cash.

Although fees charged for operating a credit card account and for operating a current account are not fees or charges for payments or accessing cash in the strict sense, they are essential perquisites for being able to make payments or withdraw cash, and for that reason they have been included. In contrast, charges for overdrafts, which are voluntary, are not included. Stamp duties are collected by the banks and card issuers; they are a cost paid to the State.

Fees for current accounts that are summarised below are for the standard current account that is currently available to customers. The fees for accounts for particular groups such as for students, customers aged over 66, or high-net-worth individuals are not included. The payment account with basic features is not included because a requirement for a payment account with basic features is that no fee is applicable for at least 12 months for the services that a bank must provide or for account maintenance.

Account maintenance

All except one of the six institutions charged a maintenance fee for operating a standard payment or current account.[66] After that, the fees range from €4.50 per quarter to €8.00 per month for standard accounts, and increasing to €55 per month for the most expensive account in the sample.

A significant change from the equivalent table in the 2013 National Payments Plan is that the bulk of the fees are as stated, and do not need footnotes to clarify conditions such as holding a minimum amount in the account or making a minimum number of transactions in order to avail of the fee stated, or to note the fee includes additional benefits (such as reduced fee for travel insurance or access to airport lounges). The notable exceptions in the sample are PTSB and Revolut. With PTSB's 'Explore' account, customers receive €0.05 back when they pay by card online, in-store, or with the digital wallets operated by Apple or Google, up to

66. Note: The exception is the online-only bank, and for its basic account.

a maximum of €5.00 per month, and 5 per cent of bills with three firms. Revolut provides five types of account with different account maintenance fees, with 18 different additional benefits at different levels for each account.[67]

Withdrawing and lodging cash

Different institutions have different fee structures and apply different levels fees to personal customers for obtaining and lodging cash. The amount charged also depend on how the cash is obtained or lodged (for example, whether it is over the counter or at an ATM), and the particular brand or type of account that the customer has with the institution.

Withdrawing and lodging at ATMs

Two institutions charge no fee for a withdrawal of cash from an ATM (where the withdrawal is from a payment or current account). One institution permits five withdrawals per month at no fee and charges €0.50 per withdrawal for the sixth and subsequent withdrawal in a month. One institution offers five types of account, and the value or number of cash withdrawals without a fee varies (from €200 or five withdrawals per month; up to €200 per month without a restriction on the number, and then €400, €800 and €2,000 per month); in each case withdrawals above those limits results in a charge of the larger of 2 per cent or €1.00. (Cash lodgements via an ATM do not appear to be possible with two of the institutions.) One institution charges €0.35 per transaction for withdrawing and lodging cash via an ATM. One institution charges €0.60 for each withdrawal.

Cash can also be obtained from an ATM with a credit card. Three out of four of the types of financial institutions listed above offer credit cards.[68] Across those institutions, a cash advance on a credit card incurs a fee that ranges from the larger of 1.5 per cent or €1.90 to the larger of 2 per cent or €5.00.

Withdrawing and lodging at over the counter

Three institutions do not charge a fee for withdrawing cash. One permits one cash withdrawal at the counter per week free of charge but charges €0.50 for any additional withdrawals in a single week. One institution charges €0.39 for each withdrawal. One institution does not provide for in-person cash withdrawals.

Three institutions do not charge a fee for lodging cash to a payment account over the counter. The other three impose fees as follows: €0.39 for each lodgement in one; €0.50 for each lodgement in a second; and 2.5 per cent of the lodgement in the case of the third institution for which lodgements must be made through a retail outlet using a barcode generated by a third-party app on a mobile phone.

Withdrawing cash in a retail outlet

One institution applies a fee of €0.20 for using a debit card to obtain cash in a retail outlet.[69]

The State applies a stamp duty of €0.12 per ATM withdrawal on a debit card, up to a maximum of €2.50 in a calendar year for withdrawals[70]. Stamp duty of €30 per year is charged on credit card accounts.

Cheques

As with cash, different institutions apply different fees to personal customers for using cheques. Two institutions charge no fee for lodging a cheque. One bank charges both a transaction fee plus an 'item in lodgement' fee for lodging cheques. The fee is €0.35 for lodging a cheque at an ATM, €0.39 for lodging a cheque with staff assistance, with an additional €0.20 for each cheque in a lodgement for both methods. An Post charges €0.50 for a cheque lodgement. The two other Irish retail banks charge no fee to most customers for

67. Note: Potential benefits include discounts on purchases, subscriptions to third party services (e.g. the Financial Times), airport lounge access, currency exchange, cover for a number of insurance products, and differing rates for investment transactions. (Not included in the 18 referred to in the main text are a benefit for a business account designed for freelancers the options for linked accounts for the account holder's children.)
68. Note: Credit unions do not provide credit cards.
69. Note: That institution refers to this type of transaction as 'Cashback', but that term has also been used by another institution to refer to a different service that it stopped providing in September 2024.
70. Note: This is separate from a stamp duty of €0.12 or €2.50 that is levied for use of a debit card for direct debits.

lodging a cheque.[71] The online-only institution makes no reference to the possibility of lodging a cheque in the information on its fees.

In addition, the State applies a stamp duty of €0.50 per cheque.

Credit card and debit cards

Only one institution in the six lists a fee for contactless payments with a card (of €0.20), but that fee has been waived since at least April 2022.

Credit transfers and direct debits

Fees can be charged for different aspects of credit transfers direct debits: for setting one up, cancelling one, and for processing a payment for a regular credit transfer (i.e. a standing order) or direct debit.

One institution charges a fee for processing a repeated credit transfer (i.e., a standing order) or a direct debit payment, and that fee is €0.20 per transaction. A second institution charges €0.50 for a credit transfer.

Fees for setting up or cancelling a standing order or direct debit are charged by two institutions. One charges €4.50 for manually setting one up and €2.50 for manually amending one. Various credit unions charge some ranging from nil to €2.50.

Regulation of fees

Different regimes govern the regulation of fees that financial institutions may apply to personal customers for the operation of current or payment accounts.

- Credit institutions, which includes all banks in Ireland, are governed by Section 149 of the Consumer Credit Act 1995.[72] Under that provision, a credit institution must notify the Central Bank if it proposes to increase any fee it previously notified to the Central Bank or proposes to introduce a new fee. The Central Bank may direct the credit institution to refrain from charging or imposing that fee. The Act also sets out criteria that the Central Bank must have regard to when making its decision, including the promotion of fair competition, the commercial justification that the credit institution makes for the proposed fee, the effect on customers, and passing on costs to customers.
- Currently, credit unions may provide a service or suite of such services typically associated with the provision of current or payment accounts, subject to the approval of the Central Bank. Under Section 49 of the Credit Union Act 1997 the Central Bank may impose conditions, including on the charges for this service.[73]
- An Post is authorised to provide payment accounts (among other services) under the Postal and Telecommunications Services Act 1983 (Section 67) Order 2016 (S.I. No. 170/2016).[74] However, the fees it charges for operating a payment account are not regulated and is not subject to the fee requirements of the Payment Account Regulations (S.I. No. 482/2016).

71. Note: One of these two retail banks charges a fee of €0.25 (ATM) or €0.38 (staff assisted) for lodging a cheque to a type of current account that is not available to new customers.
72. Note: That section was subsequently amended by a provision in schedule 1 of the Central Bank and Financial Services Authority of Ireland Act 2003.
73. Note: The Central Bank has consulted on a proposal to change the legal basis under which credit unions may provide current accounts.
74. Note: The 2016 Order was updated in 2021, but the new Order did not affect payment accounts: The Postal and Telecommunications Services Act 1983 (Section 67) (Amendment) Order 2021 (S.I. No. 460/2021).

Appendix 4: List of submissions received to the NPS consultation paper

1	Active Retirement Ireland
2	Age Action
3	Age Friendly Ireland
4	An Post
5	Banking & Payments Federation of Ireland (BPFI)
6	Blockchain Ireland
7	Chambers Ireland
8	Central Bank of Ireland
9	Coinbase
10	Competition and Consumer Protection Commission (CCPC)
11	Consumers' Association of Ireland (CAI)
12	Convenience Stores and Newsagents Association (CSNA)
13	Credit Union Development Association (CUDA)
14	Credit Union Managers Association (CUMA)
15	Danske Bank
16	Data Protection Commission (DPC)
17	Department of Social Protection (DSP)
18	Worldpay
19	Dublin City University (DCU)
20	Elavon Financial Services
21	Electronic Money Association (EMA)
22	Fexco
23	Financial Services And Pensions Ombudsman (FSPO)
24	Financial Services Ireland
25	Financial Services Union
26	Fintech and Payments Association of Ireland (FPAI)
27	Fire Financial Services ltd.
28	Inclusion Ireland

29	Irish Petrol Retailers Association (IPRA)
30	Irish Banking Culture Board (IBCB)
31	Irish League of Credit Unions (ILCU)
32	Irish Prison Service
33	Law Society of Ireland
34	Leitrim County Council
35	Mastercard
36	Money Advice and Budgeting Service (MABS)
37	National Adult Literacy Agency (NALA)
38	National Cyber Security Centre (NCSC)
39	National Transport Authority (NTA)
40	North Midlands Credit Union
41	PayEd - Education in Payments
42	PayPal
43	Paysafe
44	Pearse Doherty TD and Chris MacManus MEP
45	Retired Teachers Association of Ireland
46	Revolut
47	RGDATA
48	Ripple
49	Safeguarding Ireland
50	Sage Advocacy
51	Small Firms Association (SFA)
52	Society of Saint Vincent de Paul (SVP)
53	Stripe
54	SWIFT
55	Telecommunications Industry Ireland
56	The Wheel
57	TrueLayer
58	Visa
59	WISE
60–85	21 Individual submissions

Appendix 5: Organisations that participated in the stakeholder workshop, 1 May 2024

- Active Retirement Ireland
- Age Action
- AIB
- An Post
- Bank of Ireland
- Banking & Payments Federation Ireland
- Blockchain Ireland
- Competition and Consumer Protection Commission
- Central Bank of Ireland
- Chambers Ireland
- Coimisiún na Meán
- Convenience Stores and Newsagents Association
- Credit Union Development Association
- Danske Bank
- Data Protection Commission
- Department of Finance
- Department of Justice
- Department of Social Protection
- Department of Transport
- Department of Enterprise, Trade and Employment
- Department of Environment, Climate and Communications
- Dublin City University
- Elavon Financial Services
- Electronic Money Association
- Fexco
- Fire
- Fintech and Payments Association of Ireland
- GSLS
- Ibec
- IDA
- Inclusion Ireland
- Independent ATM Company
- Irish Banking Culture Board
- Irish League of Credit Unions
- Irish Petrol Retailers Association
- Irish Prison Service
- Law Society of Ireland
- Mastercard

Money Advice and Budgeting Service	Ripple
National Transport Authority	Safeguarding Ireland
North Midlands Credit Union	Sage Advocacy
Paysafe Prepaid Solutions Ltd	Small Firms Association
Pivotal	Society of Saint Vincent de Paul
Retail Excellence	The Wheel
Revolut	TrueLayer
RGDATA	Visa

Notes

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