



Deputy Brian Stanley T.D.  
Chairman  
Committee of Public Accounts  
Leinster House  
Kildare St  
Dublin 2

12 May 2023

Dear Deputy Stanley,

I refer to your letter of 28 April, and set out below responses to your four questions.

**1. When did the Central Bank of Ireland (the “Bank”) realise the financial instability and precarious nature of the finances of Quinn Insurance dac (under administration) (“QIDAC”)**

The Bank became aware of significant concerns from 2008 onwards.

Ultimately the Bank's decision to apply to the High Court on 30 March 2010 for the appointment of the joint administrators on a provisional basis was based on the emergence of guarantees against properties of QIDAC against Quinn Group debt, a significant concern that QIDAC's technical reserves were insufficient and that the manner in which the business of QIDAC was being, and had been, conducted had failed to make adequate provision for its debts. The appointment of the administrators on a permanent basis was confirmed by the High Court on 15 April 2010.

**2. A note on the assets and liabilities of QIDAC, and the level thereof, as reported in 2008, and as confirmed by the administrator in 2012 (pgs. 31, 42).**

Total assets of QIDAC as at 31 December 2008 were equal to €1.952bn. Total assets comprised of financial assets of €1.4bn, reinsurers' share of technical provisions of €125m, debtors of €314m, other assets of €42m and prepayments and accrued income of €71m. Insurance

liabilities totalled €1.5bn, comprised of claims outstanding of €1.08bn and provision for unearned premium of €434m. There were also equity shareholders' funds of €360m as well as other liabilities of €81m. The figures provided at the hearing on 20 April were in respect of financial assets and claims outstanding, each of which are a portion of total assets and total liabilities respectively. (This data has been extracted from the 2008 financial statements, which are publicly accessible from the Companies Registration Office (CRO) website.)

Michael McAteer, joint administrator of QIDAC, appeared at a 2012 Joint Committee on Finance, Public Expenditure and Reform to discuss QIDAC and the Insurance Compensation Fund. During this appearance, he advised that the joint administrators conducted a review of prior-year reserve movements. As outlined by Mr McAteer, the review indicated that a total of €936m in claims had been under-reserved prior to the appointment of the joint administrators.

In addition, in March 2010, the Bank became aware that guarantees against properties of QIDAC were in place against Quinn Group debt. Had these guarantees been called upon, the effect would have been to reduce the assets of QIDAC by approximately €450m.

- 3. The latest ECB report on trends in cash usage across Europe (pg. 47). &**
- 4. A note on trends in cash usage in Ireland (pg. 47).**

As cash payments are, by their nature, typically not recorded, the usage of cash is difficult to measure. The main means of ascertaining the extent of cash payments is through surveys of the public. These tend to be point-in-time exercises and, consequently, do not provide, say, a monthly or quarterly series of data. These direct means of assessing consumer payment patterns can be complemented by proxy measures of cash usage, such as the value of ATM cash withdrawals, which are collected and published by the Bank at a regular interval (for more information, please see our [website](#)).

Two recent surveys of payment patterns have been undertaken in Ireland. The first is the ECB SPACE<sup>1</sup> study, which was published in December 2022. Its assessment of payment instruments used at physical points of sale found that in terms of the number and value of transactions, cash

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<sup>1</sup>[ECB Study on the payment attitudes of consumers in the euro area \(SPACE\) 2022](#)

represented 54% of transactions in terms of numbers and 44% in terms of value. 64% of people surveyed in Ireland, felt it important to have the option to pay with cash.

The second survey was commissioned by the Department of Finance in 2022 where cash usage was examined as part of the Consumer Banking Survey<sup>2</sup>. It was conducted between February and April 2022, soon after most Covid-19 public health restrictions were lifted in January 2022. It found that one in five Irish adults prefer to pay in cash in stores and the average claimed proportion of in-store spending conducted through cash is 31%. Heavier usage of cash in payments is made by older age groups, the C2DE social class (this category is associated with professionals, non-manual and manual skilled), and those living in rural areas. Most citizens use cash with only 11 % of respondents indicating that they never use cash.

Another (indirect) means of assessing cash usage is to examine withdrawals of banknotes from ATMs. Those facilities are the most popular means of withdrawing cash in Ireland, with the Department of Finance survey indicating that 73 % of Irish adults use ATMs regularly. Cronin and McInerney (2022)<sup>3</sup> assessed monthly ATM withdrawals in Ireland from January 2015 to June 2022 and found there to be a one-off downward step shift in withdrawals at the outset of the pandemic (March 2020). Figures 1 and 2 below provide an update of charts from that paper to March 2023. Figure 1 shows the value of withdrawals from ATMs in Ireland with adjustments made for changes to the consumer price index over time and for seasonal variation.<sup>4</sup> The vertical line is at March 2020, the start of the pandemic. The chart shows that whereas monthly withdrawals were, on average, €1.5bn prior to the pandemic, there was a sharp fall in withdrawals in spring 2020. There was a subsequent recovery in the amount of withdrawals from summer 2020 onwards. Since then, the monthly withdrawal value has averaged €1bn. Figure 2 shows the volume of ATM withdrawals, also on a monthly, seasonally adjusted basis and from January 2015 to March 2023. The number of withdrawals has been, on average, 7m per month since July 2020.

There are other means of accessing cash in Ireland, including through over-the-counter (OTC) transactions and cashback facilities in retail outlets. Data on the latter are not available, while OTC data are published on an annual basis by the Bank. The most recent data indicate that

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<sup>2</sup> [Consumer Banking Survey Experience and Perceptions of the Banking Sector in Ireland 2022](#)

<sup>3</sup> [Cronin, D., and McInerney, N., "ATM cash withdrawals before, during and after the Covid-19 pandemic." Central Bank of Ireland Economic Letter, Vol. 2022, No. 6.](#)

<sup>4</sup> The ATM series are from the Central Bank of Ireland and the consumer price index data from the CSO.

OTC withdrawals in 2021 were €4.7bn, which compares with €4.5bn in 2020 and €5.4bn in 2019. The value of OTC deposits was €3.2bn in 2021, €3.1bn in 2020 and €3.9bn in 2019.

Fig 1 – ATM withdrawals, value bn



Fig 2 – ATM withdrawals, volume m



I hope that the above information is helpful.

Yours sincerely,

Gabriel Makhoul