

Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach

General Scheme of the Access to Cash Bill 2024

Tuesday 27 February 2024

Good afternoon. My name is Oliver Gilvarry and I am the Head of Banking Division in the Department of Finance. I am joined by John Palmer who is responsible for EU Banking and Payments Policy in my Division, and by Susan O'Reilly who is leading the team developing the new National Payments Strategy, which will be the successor to the 2013 National Payments Plan.

That 2013 plan forecast that Ireland would not become a cash-less society, but that it would become a less-cash society. Domestically and internationally, the trend towards electronic payment options is clear and strong. Prior to the COVID-19 pandemic, just under twenty billion euro was withdrawn from ATMs in the State annually. That figure was approximately thirteen and a half billion in 2022; a decline of just under a third.

However, the Retail Banking Review in November 2022 highlighted that cash still has an important place in the economy and is important to consumers in all walks of life. Cash is a crucial budgeting tool for many of those on fixed and lower incomes, and it also allows individuals, including those who are older, to control their finances and maintain their financial independence. It is also important to small-to-medium enterprises (SMEs).

In light of the need to ensure that cash remains widely available and accessible, the Review recommended the preparation of Access to Cash legislation to ensure the continued reasonable access to cash in the State. The main objective of the legislation is to establish a framework to provide that any future evolution of the cash infrastructure is managed in a fair, orderly, transparent, and equitable manner.

The Bill will initially provide that infrastructure is preserved at approximately December 2022 levels, accounting for the exits of KBC and Ulster Bank. It will allow for the setting of minimum numbers of ATMs per 100,000 people, and minimum distance criteria for access to an ATM or cash service points, such as Bank branches and An Post offices on a regional basis.

The regions for this Bill will be the NUTS3 regions established under the nomenclature of territorial units for statistics (NUTS3) classification, relied on by statistical agency Eurostat. There are eight NUTS3 regions in Ireland.

The Bill requires designated entities, who will be the three main retail banks, initially, to be responsible for maintaining access to cash levels. The Bill also provides for the registration and supervision of ATM operators and Cash-in-Transit firms (CITs) by the Central Bank. The Central Bank will have the necessary powers to ensure compliance with the access to cash criteria.

It is important that consumers all across the country can access their cash, even where the criteria are technically being met. To ensure there are no gaps in coverage, the Bill provides

for the potential remedying of “local deficiencies.” These are locations within a NUTS3 region where particular difficulties arise in accessing cash. Consumers will be able to inform the Central Bank where their access to cash is inadequate, and the Bank will have a framework for responding to and remedying these deficiencies where appropriate. The Central Bank will prepare and publish guidance on local deficiencies before the framework is implemented.

While the Bill introduces new obligations, the legislation has been drafted to avoid imposing an excessive burden on the designated entities. Accordingly, it contains provisions for the criteria to be reviewed following updated census figures, or if cash demand drops significantly in a calendar year compared to the previous calendar year. The Minister for Finance can also request a review to be done and the Central Bank may also conduct a review on its own initiative at any time. These provisions ensure that the criteria can be adjusted in response to the demand for cash in the State, should it continue to decrease, or begin to increase.

Separate to the matter of access to cash, the National Payments Strategy being led by my colleague Susan O'Reilly is considering the issue of the acceptance of cash in line with its terms of reference. A public consultation closed in mid-February and the Strategy will be completed later this year. This work dovetails with an EU proposal on legal tender which is currently under consideration in the relevant Council Working Group.

The Legal Tender proposal will look at access to - and acceptance of - cash across Member States. It proposes to place an obligation on Member States to monitor access to cash, with a need to assess the level of cash access annually and report their assessment to the Commission and the ECB.

If a Member State's assessment is that there is not sufficient and effective access to cash, then it will be required to take remedial measures.

Thank you Chair.