

# DÁIL ÉIREANN

## AN COMHCHOISTE UM AIRGEADAS, CAITEACHAS POIBLÍ AGUS ATHCHÓIRIÚ, AGUS AN TAOISEACH

### JOINT COMMITTEE ON FINANCE, PUBLIC EXPENDITURE AND REFORM, AND TAOISEACH

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*Dé Céadaoin, 25 Bealtaine 2022*

*Wednesday, 25 May 2022*

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Tháinig an Comhchoiste le chéile ag 1.30 p.m.

The Joint Committee met at 1.30 p.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Mick Barry,	Maria Byrne,
Pearse Doherty,	Pat Casey,
Bernard J. Durkan,	Aidan Davitt,
Mairéad Farrell,	Alice-Mary Higgins.
Steven Matthews,	
Jim O'Callaghan,	
Peadar Tóibín.	

I láthair / In attendance: Deputy Ged Nash.

Teachta / Deputy John McGuinness sa Chathaoir / in the Chair.

## **Business of Joint Committee**

**Chairman:** We are in public session.

**Deputy Bernard J. Durkan:** Before we proceed, I raised a number of questions at our meeting last week and time did not permit the witnesses to answer them but I listed the particular ones to which I wanted written replies. I have not yet received replies to them. I know the post service is slow and I am sure a great deal of urgency would not attach to requests from a Member of the House but I will insist on getting those replies. I intend to raise later today the issue of restoring the ATM facility in the Houses of the Oireachtas, which was one of the questions I listed for reply.

**Chairman:** The witnesses committed last week to respond in writing. We will remind them of that.

### **Withdrawal from Irish Banking Market (Resumed): Engagement with Financial Services Union and Electric Ireland**

**Chairman:** We are engaging today with the Financial Services Union, FSU. The witnesses are very welcome to the committee.

I remind the witnesses of the position regarding privilege. Members and witnesses are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against any person or entity outside the House or an official either by name or in such a way as to make him her or it identifiable.

We are joined from the Financial Services Union by Mr. John O'Connell, general secretary, and by Mr. Brian McDowell, head of communications and public affairs. The committee will hear an opening statement on behalf of the union. Our guests will be familiar with the process. We will then hear from members. Deputies Nash, Durkan and O'Callaghan have indicated. I invite one of our guests to make an opening statement on behalf of the union.

**Mr. John O'Connell:** I thank the Chairman for the invitation to attend and contribute to the committee's deliberations on the imminent exits of Ulster Bank and KBC from the Irish retail banking market. We represent staff who supported customers throughout Covid and went to work each day providing a professional customer service in very challenging circumstances. Staff who show loyalty and dedication to their job on a daily basis are now been asked to shoulder the burden of decisions made by others to reduce customer services, cut staff numbers and, in the words of each of the banks, condense their call centre opening times, which is all being done to force customers to move to digital platforms. We see ourselves and, more importantly, our members as key stakeholders in the finance sector.

The exit of Ulster Bank and KBC is the biggest logistical event to occur in the sector since the introduction of the euro. It was clear from the outset that a change this seismic would require the setting of realistic timelines for completion, extra resources and staff to cope with the additional workload and the collaboration of all relevant stakeholders to ensure there is a transparent and co-ordinated approach to problem-solving. It is a pity the banks did not adopt this approach from the start. Banks take a very blunt approach to change and we stressed in all our meetings with them and other stakeholders that appropriate time, resources and transpar-

ency must be dedicated to this issue for a successful outcome and to gain the trust of the public. The important issue of staff well-being and welfare had to be central in any decision-making process.

All the main retail banks have reduced their headcount during the past 12 to 18 months. They have reduced customer services through branch closures, the removal of ATMs from local communities and reduced opening hours in their call centres. This was all done with the knowledge that Ulster Bank and KBC would be exiting the sector.

The Financial Services Union expressed serious concern about staffing numbers as all reports and indications for some time have pointed to long waiting times for customers and staff shortages in branches and call centres. Our concerns were ignored as issues such as the removal of the pay cap for senior management was prioritised by the banks and their lobby group, the Banking and Payments Federation Ireland, BPFI. It does not take much understanding of the sector to know the exit of two main retail banks would overload an already creaking system unless proper, detailed planning was undertaken and implemented prior to the exiting banks taking the decision to set timelines for customers to move.

Ulster Bank was aware when announcing the six-month deadline that the leaving banks were not ready to deal with the exits and the leaving banks knew despite their public utterances that they were not ready to cope with the additional workload. This was confirmed last week by the receiving banks and also by the Central Bank on a number of occasions, one as recently as in its roundtable discussions with the CEOs of the main retail banks.

We have growing concerns for the health and safety of staff faced every day now with customers frustrated because they cannot open accounts on demand and dealing on the phone with customers still experiencing long waits who are equally frustrated. This is against a background of the Irish Banking Culture Board's independent staff surveys showing staff suffering stress in two successive surveys. In such circumstances, staff resilience is waning and hence our serious concern for staff, particularly from a mental health perspective.

On foot of our concerns, we employed an independent polling company, Ireland Thinks, to survey our members on staffing levels in their branch or department and how it is affecting customers services and their own well-being. The results are stark and expose the reality. We are launching the survey results today, Wednesday, and ask that urgent action be taken to respond to the growing concerns of staff and customers. The survey results indicate that 88% of respondents feel stressed at work, either on a regular or very regular basis; 73% feel their workload has increased due to the exits of Ulster Bank and KBC; and 87% of respondents feel their department or branch is not adequately staffed. This figure rises to more than 90% in both AIB and Bank of Ireland. When asked what arrangements are in place when a branch is short-staffed, the predominant answer in an open-ended question was none. Some 87% of respondents feel staffing difficulties have led at some point to bad customer service. When asked are staff shortages impacting their personal life, 80% of respondents replied that staff shortages are either greatly or somewhat impacting their personal lives. These results should not be tolerated in any sector but when the State is a shareholder and the sector is regulated by the Central Bank, these results should act as an urgent call to action for both.

We welcome the recent intervention of the Central Bank as the regulator in calling in the banks' CEOs and impressing on them the need to provide additional resources and to work in an inclusive manner with all relevant stakeholders.

A number of actions would give a basis for some hope that, working together, we can manage the exit of Ulster Bank and KBC in a manner that will not adversely affect staff and customers. The actions would include but would be not limited to: a task force to be convened by the regulator to co-ordinate the agreed implementation plan; a transparent process where stakeholders can see how many accounts have been closed and switched on a weekly basis; a detailed plan in respect of staff recruitment; the setting up of a dedicated desk in each branch to deal with customers looking to switch accounts or open new accounts due to the exit of both banks; banks to publish training plans and statistics for new staff and for upskilling existing staff; a reversal of the opening hours curtailment for all bank call centres; a stop to any plans for banks to move to cashless branches over the next two years; a comprehensive communication plan for customers; and a commitment by Ulster Bank and KBC to keep the existing branches open until at least the end of 2023. Despite the good work being done by the culture board, the recent survey undertaken by Behaviour & Attitudes on behalf of the Department of Finance shows that 58% of respondents feel that culture in the banks has either not changed, disimproved a little or disimproved a lot since the financial crisis. This clearly shows that an urgent change in thinking, followed by actions, is required across the sector.

The FSU launched a policy document at the recent banking review round table held in Tullamore. The document is our input to the ongoing discussion on the future of banking. The imminent departure of Ulster Bank and KBC and the arrival of new digital platforms, taken together with hundreds of branch closures, removal of ATMs from local communities and ongoing reduction of staff across the main retail banks, show a real need for the sector to actively plan for the future. A better and more innovative approach is required that involves all relevant stakeholders. We need to build a stakeholder banking model like what works successfully across a number of European countries. This requires new thinking from the banks and a willingness to change. Better and more inclusive governance, with the inclusion of worker directors and a consumer advocate on the board of each of the retail banks, would put the interests of consumers and staff at the centre of decision-making. If this was in place now a consumer and staff voice would have been articulated, which may have helped us to avoid the issues we are all experiencing. We can achieve an orderly exit of Ulster Bank and KBC. FSU is committed to that but banks must adopt an inclusive and progressive approach, work with stakeholders and show a genuine appreciation of the concerns of staff and customers.

**Chairman:** I thank Mr. O'Connell. While members would share his concerns, a number of Deputies and Senators who are not members of the committee have asked that their concerns would be made known too, in particular Deputy Brendan Smith, who sends his apologies because he is due elsewhere at another meeting.

**Deputy Ged Nash:** I thank Mr. O'Connell and Mr. McDowell for attending. In the context of the challenges that the retail banks have faced and that have been evident in recent months and since Ulster Bank and KBC announced that they are exiting the Irish market, it has been evident that the FSU has called it right from the get-go. It anticipated that because of a scheme of staffing cuts across the retail banking sector the banks would not be capable of taking the kind of customer-focused and customer-centred approach that the Central Bank said they must take when managing the exit of two main banks. The FSU called it correctly on the challenges that would be there for the receiving banks. It said time and again that reducing hours and staff numbers in call centres would create problems. That has come to pass and was clear from the evidence provided by the banks that appeared before us last week. The timelines they set out from the get-go simply could not be achieved because of all the issues the FSU has highlighted in recent months and the FSU was correct.

I will ask a few questions in the limited time available to me. I have to leave the meeting early, which I apologise for. Could the witnesses elaborate on why they think a task force should be established to oversee the exit of Ulster Bank and KBC? The idea and concept of a task force is a good idea and it needs to be inclusive. Was that concept put to the Banking & Payments Federation Ireland and to the Central Bank in the FSU's engagement with both?

**Mr. John O'Connell:** Yes. We put that to them and we believe it is necessary. We have already had a change in exit dates. KBC announced a three-month window which has now gone up to six months and Ulster Bank announced that its branch network would close earlier and now it has extended that again. If you look at it, it is extraordinary that KBC's extension brings it further into 2023 than the larger Ulster Bank. KBC has 12 branches and Ulster Bank has 88. As I understand from KBC's presentation last week, it is talking about an August exit and Ulster Bank is talking about a March exit. If that is not a recipe for chaos, I do not know what is.

This can work, and we want it to work. We have been saying publicly since January how it can work, but we are looking for engagement with the other key stakeholders, including the banks, the regulator and the Department, to pull together a comprehensive plan that customers, in the first instance, and, just as importantly, staff can get behind and agree on. There is no certainty and nobody knows what the next date will be. We think a realistic date is the end of 2023 and we can work towards that.

**Deputy Ged Nash:** Staff are under incredible pressure and they had been anyway because of the reduced headcount in retail banks. They are under tremendous pressure, which I know about from speaking to banking staff in my constituency, and that is objectively presented through the survey material and responses to the Ireland Thinks research, which is important to put on the record. Is Mr. O'Connell in any way reassured by what he heard from the retail banks last week? There seem to be some mixed messages. I put a question to them about the reduced hours of opening and the reduced headcounts in call centres and they responded in a convoluted way and I am not sure they answered the question as comprehensively as I would like. The FSU seems to be at odds with the banks, which are claiming they have not reduced their headcounts. They say they have changed hours to some degree and that those who are leaving the call centres are moving up in the banks. Mr. O'Connell would still agree that call centres need to be properly staffed and that they need additional numbers to manage this process. Has the FSU put a number to all of the receiving banks for the staff they ought to hire over the coming period?

**Mr. John O'Connell:** We have not put a number to them because we cannot get a solid number.

**Deputy Ged Nash:** The information from the banks.

**Mr. John O'Connell:** There is a degree of fog around the numbers. The banks are converting a lot of people who are still working and who were working at the start of the year within the banks, and people are being made redundant. There was a high number of redundancies over the past month in the banks so if they are still making people redundant it is not a fixed piece. One of the most cynical moves during Covid was the reduction in call centre hours. You can look at some of the websites today and they still refer to the hours being temporarily reduced due to Covid, staffing issues and so forth. That became permanent in some of the banks and staff numbers were reduced accordingly. That went to the point where the Central Bank identified that there was an average of a two-hour wait for calls. I ask the Deputy to put himself in the shoes of someone working in that call centre who receives a call from any of us after we have



waited for two hours. It will not be a pleasant exchange but that is the exchange they have every day. That is why we have concerns about the mental well-being of employees in the banks.

**Deputy Ged Nash:** That is completely understandable in light of the pressure they are under and with the additional expectations the banks have around staff. On that point, I am attracted to the FSU's proposal that every branch should have a desk that would be occupied by staff to help people to open new accounts. That would be a positive development. Ulster Bank said last week that it is working with the other banks to ensure there are staff available from the exiting and receiving banks to enable staff who are closing accounts in Ulster Bank to switch or open new accounts with the banks that are remaining in the market.

I have two further questions. The FSU has almost admitted that the timelines the banks have announced are just not achievable and that this cannot be realistically done in the customer-centred and customer-focused way the Central Bank wants it to be done until late 2023. I would venture that Mr. O'Connell knows more about this than some people at senior levels of the banks. He deals with it every day, represents the staff and knows what the challenges are. Does he believe that if it is the case that those timelines, which were introduced by the banks themselves, are unrealistic and unachievable, the Central Bank should use the power it has to instruct them to extend that timeline? If they are committed to the customer-centred approach they say they are, will that not be required?

**Mr. John O'Connell:** We will do so if that is what is required of the regulator, but we would much rather take a collaborative approach whereby the stakeholders, including representative customers, sit down and agree on what a realistic timeframe is. We have very little data at the moment on customers switching and so on, but the data we have tell us that it will require a timeline such as that we have outlined. It is not as straightforward as just closing an account. New credit lines will have to be negotiated with the new bank if there is a credit card or an overdraft and that will take time and resources because it has to be a person-to-person exchange. We should not try to funnel people into a situation but rather create an horizon whereby people will feel comfortable that they are going to be supported through the process.

**Deputy Ged Nash:** That is realistic and it is why I am attracted to the idea of a task force. There is one missing body in the Central Bank's engagement on this. It has had round-table discussions with the CEOs, but it ought to have included representatives of the workers in the bank, who know best what is required. It should do that now.

My final question relates to the references Mr. O'Connell made to the future of retail banking. It is welcome that there is now a process in place that will look at the future of retail banking. It might not be as extensive as the kind of banking forum that people, including me, originally proposed. Nevertheless, it is a very useful and important exercise and something the FSU has, rightly, for a number of years been calling for. There will now be a banking duopoly in Ireland, with a challenger bank in Permanent TSB that has some capacity to get some more market share and be more important to the overall economy. My remaining time is limited and our guests may elaborate on this later when my colleagues make observations and put their questions to them. At a high level, how should the future of retail banking in this country look?

**Mr. John O'Connell:** We have made progress on the digitisation of banking but the foreseeable future will involve a blended model, whereby people can have access to cash if that is what they wish, with access to ATMs, the branch network and so forth. Equally, other people will be digitally literate and comfortable in that space. Nevertheless, people have challenges and there are warnings all over the place at the moment regarding cybersecurity, so people have

to have access to other human beings to be able to work with that blend. If digital works for me or the Deputy, that is perfect, but it does not work for everybody. The numbers that were outlined in the survey conducted by the Department of Finance show that a sizeable number of our population still want access to, and still want to do their banking through, a branch model.

**Deputy Bernard J. Durkan:** I apologise for my absence for a large part of last week's meeting. I was in the Chamber, otherwise engaged, and could not leave.

I welcome our guests and thank Mr. O'Connell for his opening statement. I agree entirely that personal attention to the customer is vital. That will not change. Banking systems, insurance systems and every other system we want to call on can do what they will to make it impersonal in the hope that will stick, but it will not. The closing of branches and ATMs throughout the country is an indication of what the intentions are. Eventually, there will be no branches and they will all disappear. At present, customers have to make phone calls to a call centre, waiting for up to three quarters of an hour to get through. That is utterly crazy nonsense, as though it would be tolerated in any other country, yet we all compete. As an economy, we are in competition with other countries that have better services and facilities.

We all dealt with the banks in the aftermath of the financial crash regarding individual cases. In some cases, customers were treated sympathetically, and in others they were not. It depended on the individual and that still applies. While I accept I was treated with courtesy and respect in my dealings, with very few exceptions, with the banks at management level, it did not always transpire that, in the smaller detail, banking staff were treated all that well. One would have expected that banking staff would be treated with consideration and due respect, not least given most of those people had worked for the banks for several years. They had worked unsocial hours and done all the extra duties they were called on to do, and there was no recognition of that at all. The banks need to remember that now because it is not all over yet. This game is not over, by a long shot.

I return to the closing of ATMs. ATMs have been closed throughout the country but worst of all is the insult that the ATM in the Houses of the Oireachtas was closed. There was not any consultation with the Members and no major upheaval took place, but it went in an instant and banks and financial institutions are since making excuses as to why it should remain closed. Of course, the people we represent throughout the country have no chance if the Houses of the Oireachtas are going to be treated in that fashion. I have had a discussion to say it is of the utmost importance that the banks realise that treating the Houses of the Oireachtas with some degree of respect is also essential. In the course and aftermath of the financial crash, we all made extreme efforts to ensure whatever could be done to assist on either side would be done. We tried to assure customers on a one-to-one basis that all was not lost and that we could recover given time, good advice and good practices. That was not necessarily followed in all cases either, and there were many cases where the banks came forward and said the proposal was unsustainable. They meant it was unsustainable for the bank but there was nothing about the customer, who did not count. In my dealings with senior management in the banks, they were always very courteous and anxious to comply in every way possible. Unfortunately, however, in the small detail and the course of events, that did not always follow. We need some further illumination of what the proposals are. While it was stated in the case of the Houses of the Oireachtas that it would cost too much to maintain an ATM, there is a cost in retaining customer satisfaction as well and that applies at all times to all people in all businesses.

I mentioned the issue of the transfer, which the banks may or may not respond to, as they see fit. The transfer could have been smooth and seamless. That was the way the banks leav-

ing the jurisdiction was supposed to happen. There was supposed to be no impact on the customer, but it is the other way around. The impact is on the customer, the banks do not care and the response involves documents or letters saying the customer are required to do X, Y and Z. Electronically, it is possible to transfer accounts in a way that was never available previously. It involves getting permission from the customer, doing the job that was intended and making it smooth, seamless and effective, but that was not done and we do not know whether it will ever be done or whether it was ever intended to be done. The longer we allow that to continue and the longer we allow ourselves to be treated to be contempt when we raise these questions, the worse that will get and it will develop into something else.

I have mentioned previously the situation whereby bad debts were written off by banks, traditionally, and banks paid income tax. There are still, I have no doubt at all, a large number of bad debts that were written off in a way for some people but not for others. There is a lack of consistency and, certainly, a lack of sustainability in any application of such a regime because, ultimately, customers find out. The theory is that customers do not talk. Customers do talk. When they do, they compare notes. If a customer finds he or she was treated in an offhand way by any institution, a bank or otherwise, they will talk and compare notes and differences will be found. There is a need to ensure, insofar as possible, application of a regime throughout the country that is even-handed, courteous and personal.

If the idea is to close down all communication and to have just one central location in the country from which banking will soon operate, although we know that can be done, it cannot be done to customers' satisfaction. In view of the fact that the State is pledged to extending economic activity throughout the country, spreading it all the time and creating jobs and business activity, it is essential that in towns and villages, some with fairly substantial populations, there would be a banking system whereby people can call to branches and get cash if they need it - and do so electronically if they so wish. This nonsense of waiting for three quarters of an hour for somebody to answer a phone is absolutely ridiculous. Do people think we have all gone mad or gone asleep or something? It is just crazy. I strongly advise that the lending institutions recognise that and recognise clearly that the customer counts. If they do not look after their customers, they will fail and there will be further financial difficulties, a lack of investment and of attention, and political and economic implications for both the banks and the general community.

Those are just a couple of matters to which I have referred previously. I have not covered all the issues because I do not wish to take up the time of the meeting, but I say this to banks: take note. When I walk in one morning and see an ATM being wheeled into the Houses of the Oireachtas again, I will see that as a recognition that customers count, that customers throughout the country who, in the first instance, did not count are being recognised once again and that we, the customers here, are being recognised. For God's sake, we should not let banks try to tell us that footfall during the lockdown was not the same as it was before. We know that. That is not an excuse for curtailing activity anywhere other than for the time being.

**Chairman:** I presume that was more of a statement than a question.

**Deputy Bernard J. Durkan:** It was.

**Chairman:** You are welcome to that, Deputy. That is okay.

**Deputy Bernard J. Durkan:** It was an admonition.



**Chairman:** I just wanted to see if Mr. O'Connell wanted to respond to that in short or-----

**Mr. John O'Connell:** As for an ATM in the Houses of the Oireachtas, I refer back to my statement. The banks change very bluntly, and that is just a living example of that on a scale that has been replicated throughout the country.

**Deputy Jim O'Callaghan:** I thank Mr. O'Connell and Mr. McDowell for coming before us. Mr. O'Connell is correct to say that the exit of these two banks is the biggest logistical event to happen in the sector since the introduction of the euro. Last week, we had representatives of the three remaining banks before the committee. They also accepted that it is an extremely significant event. The reason the committee has invited today's witnesses before us and why we invited the banks before us is that we have a concern that when the banks exit, there may be some chaos left behind. There are hundreds of thousands of people who need to transfer their accounts from the departing banks to the remaining banks. The witnesses will agree that we are not being irrational or overexcited in having a concern about this. Last week, representatives of the banks were before the committee and I asked each of them individually what extra resources the banks had put in place to ensure they could facilitate face-to-face meetings between bankers in the remaining banks and new customers. They gave answers. I do not know if the witnesses before us had an opportunity to hear what they said. They answered that they fully recognised the issue and had allocated more resources to deal with the impending new customers. Are they misleading us or are they just painting a rosy picture?

**Mr. John O'Connell:** A mixture of messages is being put out there in respect of resources. The reality is that there are fewer staff in the banks now than there were at the start of the year. Some 3,300 staff in the banks have been made redundant in an 18-month to 24-month period to today, and they are still leaving. It beggars belief, therefore, that, on the one hand, the banks say they are resourcing up and trying to hire staff and, on the other, there are people going out the door every week. We cannot reconcile the two statements, and it is very hard to get a fix, therefore, on the actual number. There are a lot of conversions of temporary and agency positions into permanent positions, which we welcome, but those are not new posts. They were there in January and probably the previous January. That is why we want a task force to get that clarity of-----

**Deputy Jim O'Callaghan:** Are the banks recruiting more people at present?

**Mr. John O'Connell:** They are definitely recruiting people, but what is unclear is the level of attrition they are suffering. I gave a description of a call centre. Our information is that there is a high turnover of new entrants working there because of the customer frustration they are experiencing. We are trying to get a fix on the actual numbers the banks are recruiting because all these numbers are thrown at us and it is very hard to decipher them. They talk about 90 contractors, they talk about converting 60 contractors and so forth. We should just get a straight number as to what is-----

**Deputy Jim O'Callaghan:** I ask Mr. O'Connell to assume that our concerns, unfortunately, come true and that there is chaos or uncertainty for existing bank account holders who cannot move across. What could be the manifestation of that chaos? If this goes wrong, what does Mr. O'Connell think could happen in the financial sector?

**Mr. John O'Connell:** To give the Deputy an actual example, in Tullamore, on the day of the future of banking seminar, the number of staff in one branch was down by 30%. The first thing the banks need to do is to staff up to business as usual in order that when the Deputy or

I go into a branch, we have a reasonable expectation as to how quickly we will be served and our business dealt with. There is a business-as-usual element and then it is a matter of dealing with this surge. Mr. Brian Hayes talked about flattening the curve and so forth, and that aligns with what we are saying. If the time of the exit is lengthened, that will flatten the curve and will mean that customers will be able to plan or will be booked into the calendar for some time to discuss the matter, and the banks should be well resourced at that stage. I met with a couple of them this week and they are still resourcing staffing to get back to business as usual. I do not know if the Deputies understand or realise this, but staff numbers were really depleted in both call centres and branches. There is no leave reserve system in the banks. In normal employments there is a one-in-seven leave reserve system such that an additional person is hired so all staff can go on leave. That does not apply in the banks. I guarantee the committee that there were phone calls today between branches that resulted in people having to travel in order that branches could open because they do not even have minimum staffing. We are not there yet. The banks have committed to resourcing, but they need to be transparent, and that is where the transparency piece of our suggestion comes in. They should be transparent with the numbers. They should tell people that they will staff up to their complement in each branch across the country and in the call centres.

**Deputy Jim O’Callaghan:** The impact on the customer will be that if this is not adequately resourced, if it ends up being a chaotic transfer, the individuals who cannot do online banking will be the ones particularly affected. They are the people who require face-to-face banking engagement. Am I correct in stating that they are the people who will be disadvantaged most?

**Mr. John O’Connell:** Yes, but the number of people who require face-to-face banking is quite extensive. Some people with very simple banking needs will be able to do their banking online - there is no question about that - but if customers have overdrafts or issues with credit cards, that requires engagement and getting a time slot in order to go in to make a case or a presentation as to what their requirements are and to get that dealt with. It takes resources and time to do this properly. We are confident that those two ingredients are available such that we can have a successful exit for the two banks. However, if they are not available — this is Deputy Jim O’Callaghan’s point — people who are least capable of being in that position will find themselves in distress. Who wants to be a part of that?

**Deputy Jim O’Callaghan:** Mr. O’Connell states more time, resources and transparency are needed. Transparency will give us an indication as to how much time and resources are required.

**Mr. John O’Connell:** Correct.

**Deputy Jim O’Callaghan:** We do not have that transparency.

With regard to time, some colleagues and I asked last week whether the timeline was definite. The representatives seemed quite committed to it. I presume Mr. O’Connell would like to see the regulator exerting itself more, saying one cannot leave if the appropriate number of transfers have not occurred. Would that be fair to say?

**Mr. John O’Connell:** It would be fair to say that. Bringing in the CEOs and stressing to them the importance of success in this regard is a very good starting point. The customer- and staff-centric approach of a task force, including the banks, would give us the transparency required. However, we have already moved the dates once. Our prediction, on which we have been fairly accurate so far, is that there will be a move again. We would much prefer a collab-

orative approach with an agreed timeline to which we would all work.

**Deputy Jim O’Callaghan:** The only source of information for the public seems to be the hearings of this committee. It is very difficult for the public to get an overview of the number transferred. We asked questions and got answers last week, but I am wondering whether there is ongoing awareness-raising.

**Mr. John O’Connell:** There is not. We are calling for the data to be published so people can track them and then make decisions and timelines that suit them. Our starting point needs to involve absolute clarity on the goal we are all working towards, and it must be a realistic goal. If we have these, we can then start to work out the other aspects, as long as there is a resource element.

**Deputy Jim O’Callaghan:** Why has the regulator not sought to agree on the implementation plan and have a collaborative approach among people such as the witnesses and the banks?

**Mr. John O’Connell:** It is best placed to answer that. We have been out since these announcements were made. Initially, we petitioned for Ulster Bank not to go. With regard to KBC, the development came out of the blue for everybody. We committed that we would work with Ulster Bank and the other banks as long as there was an orderly transfer. What transpired? One bank broke ranks and issued letters when the Central Bank, the regulator itself, was saying the banks were not ready. We are still in that position because the staffing is not up to speed. We are now in a situation in which one bank has declared and another is starting from 1 June, yet the regulator and we are saying the system is still not at a point where there is no need for us to talk about this anymore and where there is a seamless change for people so they can be served in branches or by call centres in a way that facilitates an orderly transfer. We are not at that point yet.

**Deputy Jim O’Callaghan:** Sometimes politicians who are members of this committee and other Members of the Houses are criticised when they emphasise that customers want to have face-to-face contact with bankers, and we are presented as being a bit old-fashioned because this is not the format according to which banking will operate in the future. Does Mr. O’Connell share our concern that there will be a requirement for face-to-face contact repeatedly? Does he fear, like some members of this committee, that it is the ongoing objective of banks to transfer everyone to online banking, thereby reducing the number of staff and increasing profits?

**Mr. John O’Connell:** I think that is it in a nutshell. During Covid, we all changed our behaviours because we had to. Banking & Payments Federation Ireland was publishing footfall figures — every other day, it seemed — because it wanted to emphasise that everybody was gone digital. The Department of Finance survey busted that myth and showed that people still want to have face-to-face access. Let me refer to the biggest problem at the moment, which has still not been dealt with and which we relayed to the Central Bank. The behavioural change during Covid was all for the sake of public health and well-being and everybody understood the rationale, but the current change is different. It is a change that involves two banks departing and three banks receiving. We feel the change process is being used as a Trojan horse to force people onto digital platforms. Consumers should be given a choice as to what platform they want to do their banking on. By having no staff available in branches and call centres, waiting times and drop-off rates of 50%, one is being forced into a certain arrangement. One has to do one’s transaction in one way or the other. We believe that what is happening is a Trojan horse to force people onto digital channels when they do not want that. If people are comfortable with digital channels, that is fine — we have members working in all these areas — but it is an issue

if they have no choice but to do something other than what they want because the service is so poor, locking them into that.

**Deputy Jim O’Callaghan:** I agree with Mr. O’Connell. The only entity that can change that is the regulator. If banks are not prohibited from trying to corral people into online banking, they will keep doing it and use whatever mechanism they have to achieve it. Does the regulator not have a role to ensure a requirement that a certain percentage of staff be available to provide face-to-face contact with customers?

**Mr. John O’Connell:** It has an absolute role in ensuring that whatever platform people want is respected by the financial institutions. When we are talking about a customer-centric approach, we are talking about putting the customer at the centre and having all the other stakeholders work to that. We believe the Central Bank has a genuine opportunity to influence the future shape of banking. That is why we published our paper. It adds a consumer- and staff-centric element to the governance of the organisations, in respect of which the real change occurs, but we also believe that the regulator has an absolute role in ensuring the banking model for the future is one in which people will have digital and face-to-face banking when they need them and can make a call to a call centre when they need to.

**Deputy Jim O’Callaghan:** Is the regulator performing that role at present?

**Mr. John O’Connell:** We were extremely disappointed that the Central Bank had not met a bank that closed 88 branches, knowing that the kind of change in question was in the air. Given this and the fact that the change occurred during Covid, we believe the regulator had a role to play. This is the opportunity to ensure the model does not reflect what occurred before. Poor customer service should be a thing of the past, the ability to bank however you wish should exist, and the system should operate much more transparently than it does today.

**Deputy Jim O’Callaghan:** I thank Mr. O’Connell.

**Deputy Pearse Doherty:** Fáilte go dtí an coiste. Welcome to the committee. Some ground has been covered by my colleagues. I thank the Financial Services Union representatives for appearing before the committee. I wish to put on record again my appreciation and that of my party for the work the union does in the financial sector. It is an example of the benefits that come with greater trade union density and collective bargaining. It is a good example of how that could bring other benefits to our economy.

We are in the middle of a major shift in banking in the State. One of my colleagues suggested they were the first to call for a banking forum to be established. In fairness, it was the Financial Services Union that called for it first. We supported that call at an early point and then other parties did so. It is a pity we do not have the structure that is desired but the engagement in Tullamore was quite interesting.

Some 1 million customers will be transferred to receiving institutions. Some of them may not be banks but post offices and credit unions. Since people may be watching, it is important for this committee to state there are also opportunities for people to open accounts in post offices and credit unions. We have seen the Central Bank report about telephone delays. I have been on the end of a call waiting for over an hour with AIB, missing loads of calls to me in that time and it is getting worse. I can understand if anger is being vented on the staff even though it is no fault of theirs but they are on the receiving end. In my case I never got through because I gave up after an hour. We put it to the banks’ representatives last week and they said that was

old that it is all sorted. They told us it was taking about 45 seconds and the outlier might be four minutes. From the experiences of the Financial Services Union, is that an accurate reflection of waiting times with call centres today?

**Mr. John O'Connell:** I do not think it is an accurate reflection. We await the second publication from the Central Bank which will either make that assertion stand up or we will expose it. We do not have access to the data. We only have access to our colleagues who work in the call centres and the level of pressure they are under. Even today one of them identified to us that their unit is understaffed while top management is pursuing them on the issue of relief breaks for toilet and so forth oh. That is the level of pressure they are feeling every day. When they are on a call, they are receiving it from the customer who is frustrated about something, needs a query answered or whatever. They are getting it from both sides. I am outlining the real-time experience from a colleague today.

**Deputy Pearse Doherty:** I appreciate that. When representatives from Bank of Ireland, AIB, KBC and Ulster Bank appeared before the committee they told us about the number of staff they were hiring. As Mr. O'Connell said, it is quite opaque because the number being hired included people who had been there for a couple of years and were being transferred from contracts that really should be counted as full time anyway so it was not additional staff. Ulster Bank representatives claimed they had hired an additional 50 telephone staff to manage personal customers, 60 full-time employees to support business customers, 100 staff rising to 300 at peak levels across all channels. KBC increased staff numbers in the contact centre by 30% in the past 12 months with a 25% increase in staffing in its operations centre. AIB claimed it would deploy 70 additional staff to help deal with the influx of new customers and Bank of Ireland advised it was in the process of recruiting 100 additional contact centre staff and had mobilised dedicated programmes. It claimed it had put an additional 500 people in place with 420 of those contract positions. When I asked if they had been letting staff go, they suggested they had not. Mr. O'Connell has given this committee the number of, I believe, 3,200 over the past two years.

**Mr. John O'Connell:** Correct.

**Deputy Pearse Doherty:** Are they historical figures or have we seen in recent weeks and months large numbers of people leaving, particularly the receiving banks? I would be more concerned about Bank of Ireland and AIB. Are we seeing people being let go from those banks?

**Mr. John O'Connell:** We are still seeing people leaving those banks on a weekly basis because we monitor it. It is very hard because the banks are very opaque with the numbers. There is no doubt, based on information from their websites, that they are recruiting. However, they are also letting people go. It could be a zero-sum game for all we know. This comes back to the transparency issue. What are their staffing levels on 1 January 2022 and what are their staffing levels today?

**Deputy Pearse Doherty:** We have heard that banks are finding it difficult to recruit as they are so far behind the curve. Some of this was sudden, particularly with KBC, but it is not sudden anymore. We have known of the trajectory for almost a year. Even before Ulster Bank's announcement, there were serious concerns that this was a likelihood. So why are banks not redeploying staff if they are letting people go? We have this trend in banking. When a crisis happens, for example, the tracker mortgage issue which still is not over, they take on a certain number of contract or short-term staff and then let them go. Now there will be 1 million new customers more than likely between two or three banks and those banks will take on some



people and let them go. By the time they recruit people they are halfway through the process and people are getting frustrated because staff are not there and there are delays. If they are letting people go, why are they not just redeploying them to this service?

**Mr. John O'Connell:** That is a very good question. They could simply pause the redundancies for a period of time. In the main the people taking redundancy are very experienced officials who have a lot to contribute. It puzzles us why somebody does not identify this as a leaking bucket, putting people in on one side while leaving people go on the other side. When will we get to a situation where they have adequate staffing levels? There was a call to the regulator to get the bank staffing complement to where it should be. That will get us to business as usual. We can then judge that to establish how many additional staff are required.

I gave Tullamore as the example of the future banking and its 30% deficit on the day the seminar was held. That can be replicated across every branch in the country. We did a survey on International Women's Day and the overwhelming response was a cry for help to get additional people to support those already in jobs. That was before there was any publicity about anybody leaving any place. This has been an ongoing issue. It did not happen overnight. However, when resources are drained to that level, it takes some effort to get it back up to a sustainable level of staff. If the deputy were to go to work in one of these banks, what would he do? He would contact a colleague who works there to ask what it is like there. If it is not a positive description, he may decide not to take that up. It is important to get the staffing right from the point of view of both the staff and the consumers.

**Mr. Brian McDowell:** There are not many businesses taking on more customers with fewer staff to serve them. Both AIB and Bank of Ireland are expecting a couple of hundred thousand extra customers and they will have fewer staff serving them than they had at the start of the year and considerably fewer staff than they had 12 months ago. As Mr. O'Connell has pointed out there are staffing issues in all 500 bank branches throughout the country. It would require 500 additional people just to put one extra staff member in each of those branches. That is an example of the resources required.

**Deputy Pearse Doherty:** I know it is difficult to pinpoint what is happening with staffing. These questions were asked last week and we may not have been given an accurate picture of redundancies. The committee should write detailed letters to all five institutions asking about their staffing levels and the type of staff they have in place at various points over the past 18 months to provide a greater understanding.

How many staff were employed in KBC and Ulster Bank before they made the decision to withdraw? If it was X amount, the staff complement at the three banks, which will take on probably about 90% of the customers and the loan books, should increase roughly by X amount. There may be some savings related to scale but there should be some alignment there. Do we know how many staff those two banks had?

**Mr. John O'Connell:** There were about 2,100 or 2,200 in Ulster Bank and over 1,000 in KBC. We know that 490 or 500 staff will transfer to AIB as part of the transfer of the loan books and about 280 or 290 will transfer to Permanent TSB. About 780 out of 2,100 or 2,100 will transfer and the remaining jobs will be lost with the exit.

**Deputy Pearse Doherty:** There are about 3,300 staff in both institutions with about 800 of them to transfer.

**Mr. John O'Connell:** Correct.

**Deputy Pearse Doherty:** That is a massive drop in the staff based on the numbers which they have given us, which I presume are the nice numbers, of temporary and contract positions. They do not come anywhere near those. Some banks are talking about 70 additional staff, which is a drop in the ocean. Will the witnesses explain what is happening for customers of Ulster Bank who go into a branch of a receiving bank to open an account? We had testimony at this committee that people must wait five days for an appointment on average. Is that the same across the State? Is it universal? I come from Donegal and made the point that Ulster Bank had a heavy concentration in the Border region. Maybe it is easier to get an appointment in Wexford where the bank might not have had as big a footprint as it did in Donegal, Cavan or Monaghan. Have the witnesses information from their members about what is happening with appointments to open accounts?

**Mr. John O'Connell:** People are being told that the best advice for them is to close their account and move. That is not actually the best advice. The best advice is to get an appointment to open an account first. The switcher process exists and has law behind it. The banks are required to make it available if customers want it to be available, then they start the transition. I can use the Deputy's county as an example. People find that when they go to one branch, they are told they cannot open an account and have to do it all online, then in another branch, they are told something different, are given a date or their name is taken and is put in a book. We know that people are recording and so on in other counties. The banks, including Bank of Ireland specifically, made a presentation to us. They said they have set up a system to book in business customers, which they will set up for personal customers too. Many resources are involved. Looking at the workload involved, with people going flat-out, it does not equate with the numbers that have been presented to us. That circle needs to be squared.

We appreciate that efforts are being made and that staffing initiatives are under way, but as the Central Bank stated last week, we are not there yet. It again begs the question of why Ulster Bank pulled the trigger and whether KBC should pull the trigger on 1 June or if that should be deferred until the Central Bank, which is the regulator, states that the receiving banks are now ready. It could say what the wait times are and what standard of service people can expect as customers of the receiving banks. It is fair to ask if KBC should go ahead and if we can restart the clock with Ulster Bank. We are saying that there needs to be a reasonable timeframe, until the end of 2023, to allow all of these things to go through.

**Deputy Pearse Doherty:** I strongly believe the Central Bank has a role here. This committee engages with the Central Bank and we have seen an approach from it, which is playing out in public, that is to be welcomed. It is one thing to issue statements and do round tables with CEOs to say they are not ready, but it should not allow KBC to issue letters until it is ready. It should not have happened with Ulster Bank either. People are concerned and it is a major issue.

KBC staff will be made redundant. In April, they received a pay increase of 2.5%, which is below what the sector secured more widely. Do the witnesses have comments on this and the position it puts staff in who are now facing redundancy in that bank?

**Mr. John O'Connell:** We fought over and raised a number of things with KBC, which refused to talk directly with us. One was its right to transfer of undertakings to Bank of Ireland. We fought that and registered a complaint with the Competition and Consumer Protection Commission against the sale, on the basis that KBC would not commit to a transfer of undertakings. In fairness, Bank of Ireland committed straight away to honouring the transfer of undertakings

regulations, TUPE, but we required KBC to do it. It eventually committed to that.

We put in a claim for redundancy. While people have a right to transfer with their work, the redundancy package for those who do not transfer is decent. The strength of being a member of a trade union came through again. We highlighted and resolved major pension issues by referring the matter to the Labour Court. KBC does not have a good track record with its employees or with engaging with stakeholders such as us in a collective bargaining format. When its parent company recognises and engages with trade unions and lauds itself as being a supporter of collective bargaining in its environmental, social and corporate governance report, KBC is a two-faced coin from our point of view. We will represent members and ensure that they are looked after, but we want engagement with KBC even at this late stage. It should postpone matters until the regulator proclaims that the receiving banks are ready.

**Deputy Pearse Doherty:** My time is short so I will ask one last question and make a short comment on staff morale. I know the Financial Services Union published its survey. It is shocking that 80% of people are affected in different ways. I echo the comment that while these are private banks, the State has a shareholding in many of them, which comes with responsibility. If staff feel this type of burnout or pressure, there need to be interventions at a senior level to make sure that, where we have shareholdings, people are respected and there is dignity at work.

I have lost my train of thought. I was concerned about the staff issue and morale. We talked about KBC and Ulster Bank staff being made redundant. Permanent TSB fought tooth and nail against an individual constituent of mine who took a case to the Financial Services and Pensions Ombudsman, FSPO. It fought that case for many years, including for three years after the tracker mortgage examination was concluded by the Central Bank a decade since it began. Permanent TSB has acknowledged that up to 200 other customers will be contacted and where matters have to be made good. Some of these people lost their homes. It is a terrible situation.

It is my view that there are hundreds, if not thousands, of other people who will find themselves affected by the tracker mortgage examination as more cases go through the Financial Services and Pensions Ombudsman and the courts. We heard from the FSPO in Tullamore that hardly a week goes by where cases related to this do not come before her. What happens when these apply to Ulster Bank and KBC? What level of staff will remain in these banks a year or two after they have officially packed their bags and got out of town? We know there has to be a regulatory presence here for many years. What discussions have the witnesses had with those institutions about the core number of staff who will be able to make sure that these issues can be dealt with?

**Mr. John O'Connell:** We have engaged with Bank of Ireland more than KBC. It is probably a different type of transaction in KBC. We had a lot of engagement with Ulster Bank and reached an agreement about how staff would be dealt with when Ulster Bank was exiting. I do not think we got to the detail of how many would remain. There is still no decision about the tracker mortgage book in Ulster Bank. We are at various phases for other aspects. The banks spoke about bad debts while here last week and what they intend to do about them. We have made our views known. Further dialogue on those is to take place. We think the branch network should remain until the end of 2023.

**Deputy Peadar Tóibín:** Gabhaim buíochas leis na finnétithe as teacht isteach inniu agus cur i láthair a chur os ár gcomhair. I thank our guests for attending. We greatly appreciate the presentation.

I thank them also for the survey results they delivered to us. Some of the figures are incredible. Only 9% of staff feel their branch or department is adequately staffed and this falls to 6% in AIB or Bank of Ireland. A total of 88% of staff feel their staffing difficulties are leading to bad customer service, an incredible situation. Sometimes I believe there is a banking crisis happening in this country that is not being taken seriously by the Government. There is a reduction in the number of banking companies, staff, branches and ATMs, and this is significantly hurting customers and staff. That market is being radically concentrated in the hands of fewer and fewer banks, which means those banks have more and more power over their customers. It is leading to the physical retreat of banking in the sector and these decisions to retreat are motivated more by a reduction in overheads and increase in profits than by the patterns of behaviour of customers. We often hear the banks say they are leaving the physical realm because people want to do their trade in the digital realm and are voting with their feet in that regard. In our guests' view, is this being driven by customer wants and needs or by the desires of the banks to decrease overheads and increase profits?

**Mr. John O'Connell:** I think it comes down squarely to the shareholder-versus-stakeholder issue. If a bank is driven solely to satisfy its shareholders, the kinds of issues the Deputy described will continue to happen, and that is why we are at a crossroads in the banking sector in Ireland.

We have a choice. We owned two of the banks and we have a stake in another bank, and we have a regulator and a Government. We can determine the future of the banking system, just as simply as the banking system can have an input. The central tenet of our debate and of the paper we have published on the future of banking relates to whether it should be driven solely for the benefit of shareholders. In both banks, share buy-backs and share dividends were renewed recently, up against the kinds of services the regulator called out. Those two issues do not equate. Profits of that scale, at €2 billion between the banks, cannot be taken while giving people that level of service and putting staff in that position daily. There has to be equilibrium, with other stakeholders such as customers and staff getting a fair return and a fair service, given that is mainly what they look for-----

**Deputy Peadar Tóibín:** Is the Government influencing the direction of the banks at all?

**Mr. John O'Connell:** I think the starting point was holding the forum in Tullamore and starting the debate and the public consultation. We sometimes ask why we are leaving the future of such a vital part of the economy to a handful of people when we all have a vested interest in it being successful, being set up to succeed and being set up for our benefit-----

**Deputy Peadar Tóibín:** Where is this review, analysis or forum at the moment? It has been talked about for years and we as a committee put forward a motion calling for a full stakeholder forum. What is the status of it and what is the FSU's input into it at the moment?

**Mr. John O'Connell:** We were equal participants in the forum in Tullamore. There was quite an extensive range of stakeholders, such as SMEs, consumers and other colleagues that have a vested interest in the banking system being a success, including the banks themselves and their representative body. In taking at face value what was discussed there, it was a really good starting point. We are now out to public consultation, where the public have an opportunity to input into the future of banking. This is the kind of debate we wanted to generate, so we welcome it, but-----

**Deputy Peadar Tóibín:** Was there any input regarding a public banking element into that

review and analysis?

**Mr. John O'Connell:** That was all part of the debate and everything is on the table, as we see it, in the future of banking. We are staking our claim and saying we believe the best way is to start with the governance and to include staff and consumer representation in the banks where the key decisions are made. That should be a key focus. There are some challenging issues in the sector, such as gender pay. The Central Statistics Office, CSO, report of 2018 showed a 32% differential in gender pay, while some banks have published figures of 24%. There are significant live issues to be tackled. Others include cybersecurity, digitisation and artificial intelligence, AI. There are many issues to consider.

**Deputy Peadar Tóibín:** In regard to the current crisis, has any analysis of waiting times for customers, whether to call centres or in the branches, been carried out by the FSU or the banks?

**Mr. John O'Connell:** I am sure the banks have carried out analyses because I have had discussions where they have outlined their beliefs. Some claims are more difficult to take seriously than others. One bank suggested its response times were in the seconds, yet as part of that very call, I made another call and it took two and a half minutes to get past the stage of pressing buttons for various options. It took two and a half minutes before the call began ringing, so I do not how the bank could claim to answer calls within 58 seconds.

**Deputy Peadar Tóibín:** Is any audit being conducted with regard to banking skills being lost? If there is a removal of staff, we will lose a large chunk of banking skills that are necessary for the functioning of the banks as well as for society, community and business.

**Mr. John O'Connell:** There has not been an audit *per se* of what has been lost but there is plenty of evidence to show that when a branch closes, lending drops, particularly for the SME sector. According to a UK study, it is as much as 64%.

As for skills lost, the Deputy makes a very good point. These are regulated, highly professional individuals with a skill in lending that cannot be immediately replaced. Therefore, a headcount perspective is not the correct way to look at it. There should also be a skills aspect to what is in the industry and what is required in the industry.

**Deputy Peadar Tóibín:** We hear multiple experiences of people trying to transition from one bank to another, and Mr. O'Connell mentioned people being given different advice from the banks on what to do. Is there any tracking of the transition time? How long is it taking for someone to move from having an account with KBC or Ulster Bank to having one with one of the other banks?

**Mr. John O'Connell:** I do not know and I probably have a similar list of anecdotes to that which the Deputy has, given we hear stories from people about their experience or wait time or about getting to the top of the queue and being told the bank cannot deal with them. A letter published in *The Irish Times* detailed how a lady had waited on the phone at home before going into the branch, being handed a phone, waiting on the phone and then having to abandon her exercise. There is plenty of anecdotal stuff. The Central Bank certainly analyses call times, but we have called on it to measure wait times in branches as well. There is that element of frustration and there is also the expectation question of what is a reasonable period in which to get service in a bank. The Central Bank should set out those standards.

**Deputy Peadar Tóibín:** Is there any official role in this process for the FSU? It is the representative of workers within the sector. Is it feeding in to the process in an official capacity at



the level of senior banking management?

**Mr. John O’Connell:** Yes, we have engaged with all the banks, more in terms of information-sharing than good engagement. I point to the exit dates that the banks have identified. We have not engaged with them on those. We have written to the exiting banks and so forth but there has been no proper official engagement. We have ongoing daily engagement with the banks on various matters but, as to whether there has been engagement at a strategic level, the answer is “No”. We have written and requested engagement. We have also identified this to the banks’ representatives.

**Deputy Peadar Tóibín:** In other words, FSU has represented and engaged as best it could but there is no official structure which puts its knowledge at the centre of the process.

**Mr. Brian McDowell:** I will take that question. The Deputy’s questions make the case for what we have been calling for. We have been aiming to bring together a task force to manage an orderly exit of both banks. It could also be an oversight committee. We do not really care what it is called. There is such a lack of clarity on many of the questions. It is very difficult to answer when you are given different numbers on staffing levels, recruitment levels and how many people are using the switching process. Last week, the banks said that 10% were using that process. Why is it 10%? There need to be in the room people who are responsible for each of these matters. Obviously, we are responsible for representing staff. We are very happy to be in that room and to be held to account for staffing levels and so forth but we feel everybody should be in the room so there can be absolute transparency and clarity on all of the issues that have been raised today.

**Deputy Peadar Tóibín:** Given the chaos there seems to be in this whole process, it is shocking that the representatives of staff, who are carrying the can and who, according to the FSU’s research, are suffering significantly due to the pressure being put on them, do not have an official role in leading this process. In the view of the FSU, how long should the proposed exits be postponed to make sure they are structured, efficient and fair?

**Mr. John O’Connell:** We believe this can be achieved in a safe and efficient manner if we are talking about the end of 2023. We think that is achievable and that we could all work to it. That would allow for an orderly transition, which is what we committed to at the very start and which is what we want. We do not want people panicked or frustrated. We just want an orderly transition.

**Deputy Peadar Tóibín:** The issue of debts and overdrafts is obviously a big one. Many people - I would say nearly the majority at this stage - are living from overdraft to overdraft because of the cost-of-living crisis. Very few people are covering all of their costs every month without having to dip into some level of overdraft. Those overdrafts are typically secured from people’s existing banks due to the relationship they have with them. If those overdrafts are closed before another bank provides people with overdraft facilities, it will cause major financial difficulties. What does the FSU know about how those overdrafts and debts are to be dealt with before the closures?

**Mr. John O’Connell:** We are at the start of the process so we do not have a great level of experience with people in that situation coming forward. We have not seen the numbers that would allow for analysis. That is where the time element and the question of adequate resources come in. Anybody who is in an unfortunate situation of that kind will require both of those things. They will need time to resolve whatever issues there are and resources so that they

can talk to somebody, perhaps on a number of occasions, to get those issues resolved. Pushing everybody through the same gap just to get them through to the other side is not the answer. It is about an orderly transition. Let us transpose this back to the introduction of the euro. If we had said that every bank could do what it liked about the transition to the euro, where would we have ended up? It was a centralised approach through task forces and so on that achieved that success. This can be a success as well, but it will not be if everybody is doing their own thing.

**Deputy Peadar Tóibín:** Sure. I have one last question. It relates to cash. With regard to the practice of banks retreating from physical banking, which I believe is the result of their profit-oriented nature and comes at a cost to communities and customers, are the banks taking a similar attitude towards cash? Have they decided, based on a cost-benefit analysis, that it is better for there to be less cash in society and that they should make cash less available? What is the FSU's view on that?

**Mr. John O'Connell:** It fits into that overall picture we have painted. We monitor the media for all mentions of banking and we see more and more reports of ATMs being out of service and no cash being available for periods of time. These include reports about Tralee on Easter weekend and Cork on St. Patrick's weekend. That could be remedied straight away by means of a service contract that provided for systems being restored within an hour should they go down. Everybody has service contracts of this kind in respect of their IT systems and so forth. The availability of cash reducing and so forth has to be part of the debate. The Reserve Bank of New Zealand is carrying out a public consultation on this matter. We attended a future of banking forum in Northern Ireland and much of the discussion was on the issue of access to cash and how important it is to the functioning of society to have access to cash. We are in a situation where the banks have sold off all of their ATMs aside from those located in branches. We see a model elsewhere in which charging for ATMs comes in as the next step. Access to cash is a central part of the debate on the future of banking.

**Deputy Peadar Tóibín:** Mr. O'Connell mentioned the New Zealand system. Kiwibank, which is a public bank accessed through post offices, resulted in a great increase in competition within New Zealand's banking system. Its introduction had a very health effect on the functioning of New Zealand's banking system while also making its post offices profitable and functional, allowing more to stay open. The banking system and market in this State is in the realm of the dysfunctional, which is having a very significant effect on rural and regional Ireland, on small and medium-sized businesses and on people who are outside of the digital marketplace. The decisions the banks are making and getting away with are being made because of a lack of competition. I do not see any Government policy pointing towards increased competition, which means there will be no solution or end to this, which is unfortunate. I thank all of the witnesses for the work they are doing. It is appreciated tremendously.

**Deputy Mick Barry:** I thank the representatives of the FSU. The information provided has been very interesting. The information from the Ireland Thinks poll of the union's membership is particularly interesting. I will start with that mental crisis within the workforce of the banks. The poll indicates that 88% of the FSU's members who responded regularly or very regularly feel stressed at work. It also reports that 73% feel that stress levels and pressures have increased since the exits of Ulster Bank and KBC were announced. We are at an early stage in this process. The pressure will not remain the same or lessen. It is only going to increase in the coming months, possibly rapidly at a certain point. Everybody in society has experienced extra mental health pressures in the past two years as a result of the Covid pandemic. These extra pressures being heaped on the FSU's members are a matter of great concern. Do the witnesses

share the view that those mental health pressures are set to increase on foot of these exits in the months ahead? Can they give us a little bit of a sense of the workforce? I imagine that many experienced people were lost with the job cuts in recent years. Is the workforce mainly young? Is it mainly female? I would be interested in hearing about these issues.

**Mr. John O'Connell:** It is a 70% female workforce and is split roughly 50:50 between those with more than ten years of service and those with less than ten years of service. Some have extensive service.

I agree with the Deputy that, if nothing changes, the situation will be serious in terms of staff well-being. We are operating on the basis that the Government, the regulator and, in particular, the banks will sit up, take notice that there is an issue and decide to deal with it differently than they did previously because the old ways will not work and customers, staff and stakeholders will not tolerate that. The situation does not have to be like this. If staff saw the regulator or stakeholders taking a hold of this situation and dealing with change, they would start to feel that they were being listened to and heard. Equally so with consumers. Social media is on fire with people's experiences of financial institutions. One need only look at social media to understand. People are posting photos and stories of their waiting times and other experiences.

There is a way that this change can be managed, but what is happening is not it. It should be done on the basis of a stakeholder approach.

**Deputy Mick Barry:** I thank Mr. O'Connell. The banks appeared before us last week and laid heavy emphasis on how they were recruiting extra staff to deal with the increased pressures resulting from the exit of the two banks. Mr. O'Connell has provided interesting information about people coming in one door and others going out the other. He even raised the possibility of staffing levels continuing to decline despite the promise of extra staff. Should the regulator intervene and put a moratorium on further job losses until such time as this situation is under control?

**Mr. John O'Connell:** That would help to keep skills in the sector and start stabilising the issues. We would go further and say that the regulator should set a standard of service that it expects people to receive at branch and call centre levels, and that banks should be measured and held to account by the regulator in this respect.

**Deputy Mick Barry:** That is an important point to come from this meeting, in that, despite the banks pointing to the recruitment of people that is taking place, people are also leaving, numbers may be continuing to decline overall and the Financial Services Union has voiced its support for the idea of a moratorium on those job losses, at least until such time as the exit by KBC and Ulster Bank has been processed.

I wish to pick up on a point that Mr. O'Connell mentioned in passing while responding to Deputy Tóibín. On the question of cash shortages at ATMs, Mr. O'Connell mentioned the prospect of banks charging for ATM services. Will he give us an insight into his concerns about this issue?

**Mr. John O'Connell:** The question of whether people should have to pay to access cash is one of the components of why we want a debate on the future of banking. In other jurisdictions, there is an open debate on these matters. Just as Members discovered that the ATM was removed from the Oireachtas, we do not want to wake up some morning and discover that customers have to pay to access cash. These are the issues that we should be able to anticipate.

They have arisen in other jurisdictions. We should be having an open debate about the model of banking that we want and whether it should be customer centric or shareholder centric. We know what we want and we believe we know what the public wants as well.

**Deputy Mick Barry:** Is the danger of banks charging for ATM services increased, lessened or unchanged one way or the other by the exit process of Ulster Bank and KBC?

**Mr. Brian McDowell:** In the past 12 months, more than 700 to 800 ATMs have been sold to private operators. The UK is considering legislation on access to cash, so it is much further ahead of us. We have written to our Minister about considering legislation on accessing cash. My local ATM, which was sold off a number of months ago, is now charging me €2 to take out my own money. A private operator has bought 700 to 800 ATMs and one would imagine that it is looking to make money from them. It is only a matter of time. It happens in the UK, although the UK has much better regulation as regards ATMs. As Mr. O'Connell mentioned, when we attended its banking forum a number of months ago, there was a great deal of discussion about access to cash and possible legislation. The UK Government is running a public consultation process on the matter. The UK tracks ATMs to see how far away people are from them, so the UK knows exactly where in the country each ATM is located, and its regulation on providing people with access to same is much stricter.

**Deputy Mick Barry:** Is there a relationship between the exit by KBC and Ulster Bank and the increased possibility or threat of charging at ATMs?

**Mr. Brian McDowell:** Ulster Bank has 88 branches. Permanent TSB is taking over approximately 25 of those. Most of the 88 branches have an ATM as part of the branch network. Once the 63 or so branches go, the ATMs will probably go with them and access to cash will be more limited in those communities. Once something is limited, the chance of supply and demand leading to people being charged for that increases.

**Deputy Mick Barry:** The debate so far has centred around the question of whether the exit by Ulster Bank and KBC should be entirely managed and cleared by the banks themselves or whether society should impose terms and conditions on how the exit is done. There is a third way of looking at this matter, though, which is that Ulster Bank and KBC should not be allowed to leave in the first place or, if they want to leave, that is fine but their assets stay behind and are taken into public ownership and managed in the interests of the people. Do the witnesses care to comment on this idea?

**Mr. John O'Connell:** I was going to say that they were private companies, but NatWest Ulster Bank is partially owned by the UK Government.

We are considering the question of what will be left behind, but we are not focusing on the physical buildings that will be left behind. Rather, we are interested in focusing on the banking system that will be left behind and on developing this debate to a point where we start hearing about the type of model that we all want. Some communities have just one last bank in town. Others have none. In such circumstances, a use could be made of them. Other countries have banking models that ensure all communities have access to banking, where there are shared facilities and things like that. They could be put to use in terms of a future banking model but debate should centre on what that model looks like.

**Deputy Mick Barry:** To track back to where I began, I refer to the poll findings concerning the mental health pressures on members of the union, that is, the people who work in banks.

The general secretary indicated that if the correct measures were taken now, this situation could be managed and that staff would see light at the end of the tunnel as they would feel their concerns, having been voiced, were being listened to. The flip side of that coin is that action is not taken. I do not want that to be the case and neither does anyone here but there is no guarantee that this will not be the case. If no action is taken and the mental health pressures, which have been vividly shown in the poll findings, were to increase as the pace and pressure of this situation increases, how bad would the scenario be in terms there being a potential mental health crisis in banks and among the union's members?

**Mr. John O'Connell:** We are not going to allow a crisis to happen and neither should the State allow that to happen because it owns a number of the banks nor the regulator. The findings of our poll are public in terms of how abandoned staff feel and what would start to rectify this situation. We will not allow a crisis to happen and part of that is the publication of our figures. The reason we got an independent survey is because the integrity of its findings could not be questioned. Whatever the findings, we would have lived with them but it is clear that the findings send a stark message about staff and how staff feel customers have been impacted by the current free-for-all. We need joined-up thinking to cope with this changed process. We used a very co-ordinated process to manage the introduction of the euro and we can do the same in this situation. Customers need not be distressed or stressed and staff do not need to be stressed. We can resolve the situation but that requires adult conversations in order to get everybody on the one page and address the matter.

**Chairman:** We are now 15 minutes over time and I must suspend the meeting for a few minutes to allow our witnesses from Electric Ireland to come in and deal with the second part of this meeting. I thank all of the witnesses for attending.

*Sitting suspended at 3.13 p.m. and resumed at 3.16 p.m.*

**Chairman:** I welcome the delegation from Electric Ireland to the meeting. The committee will hear an opening statement and then members will ask whatever questions arise.

**Ms Marguerite Sayers:** I thank the Cathaoirleach and members of the committee for the opportunity to share our thoughts and views on the exit of KBC and Ulster Bank from the Irish market and the impact that it might have on our customers.

By way of context, I will briefly mention the structure of the company. ESB has five main operational parts which are ESB generation; ESB Networks; engineering and major projects; the innovation strategy, which includes Northern Ireland Electricity Networks, NIE Networks; and customer solutions, and that includes our competitive retail businesses, which Mr. Colm Ó Raghallaigh and I represent here today.

Customer solutions is primarily comprised of Electric Ireland, which sells energy to customers as well as e-cards, smart energy services, telecommunications and Electric Ireland Superhomes, which is a joint venture with the Tipperary Energy Agency. As we are in a competitive part of the business there are regulatory rules and ring fences in place that govern our interactions with other parts of the business.

On the implications for customers as a result of the exit by KBC and Ulster Bank, as the committee is aware Ulster Bank announced its intention to exit the Irish market in February 2021 and KBC Ireland announced its intention to exit in April 2021. In quarters 1 and 2 of this year, KBC and Ulster Bank, respectively, advised creditors and direct debit originators, which



includes Electric Ireland, that they were preparing to write to their customers on a phased basis to inform them that they would have six months from the date of that correspondence to close their accounts with their bank. We understand that while this process has begun there is still a significant number of letters that have yet to issue from the exiting banks. On receipt of the letter from the bank, customers of both KBC Ireland and Ulster Bank will be prompted to open new bank accounts with another credit institution and to arrange to have any existing direct debits, standing orders or recurring card payment re-established. Of course customers are entitled, and have been entitled, to change banks at any time for any reason.

As we understand it, there are two mechanisms through which customers, or their current bank, can provide new bank details to a creditor or new direct debit originator, DDO, such as Electric Ireland, or both after opening their new bank account. Customers can update the new bank account details themselves by directly contacting Electric Ireland online or by telephone or post. Alternatively, customers can utilise the code of conduct of the Central Bank of Ireland, CBI, on the switching of current accounts with credit institutions, which is generally known as the switching code. The CBI's switching code requires that customers' current bank, which in this case is either KBC or Ulster Bank, would write to the existing direct debit originators such as ourselves and notify them of the customers' new bank account details. The system in place for this notification is currently exclusively paper-based. The CBI's switching was designed for individual bank account switchers under normal business-as-usual switching volumes. In our view and experience, the code was not designed for bulk account switching acting resulting from the exit of banks from the Irish market.

In a normal year, Electric Ireland receives and processes about 2,000 direct debit amendment forms. We consider this to be our typical or business-as-usual switching activity. It encompasses activity from every bank in the Irish market. We currently have a significant number of both residential and commercial customers paying their energy bills through either their KBC Bank or Ulster Bank accounts. Some of these customers have both electricity and gas accounts or they could have multiple accounts with Electric Ireland if they have more than one premises or more than one business. The number of Electric Ireland residential or commercial SME customers paying by direct debit through Ulster Bank and KBC Bank at present is almost 65,000. That is broken down effectively as 16,000 for KBC Bank and 56,000 for Ulster Bank. Some customers may have more than one account so overall we are talking about nearly 86,000 accounts with a similar split between Ulster Bank and KBC Bank. In addition, there are approximately 400 large industrial customers paying by direct debit through either KBC Bank or Ulster Bank. That is the scale of the activity that is impacted in our case.

The priority for Electric Ireland is to minimise the potential impacts and inconvenience to our customers by providing a smooth transition and an easy mechanism for customers to update their bank details once they have opened their new bank account. We are mindful that our customers may have several distinct creditors or direct debit originators and payment organisations which they will need to notify of their new bank account details. This is a shared issue for all creditors, in addition to payment organisations. Electric Ireland is committed to update all bank details received regardless of how the updates are submitted to us.

We have been proactively preparing for the impact of the banks' exit as information has become available to us and we have been engaging with all the relevant fora. For example, in January 2022 we established a team to explore what issues might arise and in February we commenced a monthly internal reporting process to monitor customer migration and to track issues that were arising. We have also simplified and resolved any issues we have identified to

date. We have successfully migrated more than 4,000 customers from the exiting banks to the new bank chosen by the customer when the customer has initiated contact with us and given us the relevant details. We have also modified our processes in line with experience gained to date to further streamline the experience for customers who will be in the same situation in coming months. Our team stands ready, as the departing banks ramp up their customer communications regarding the closing of their accounts, to proactively communicate with our own impacted customers to explain how they can update their bank details as quickly and easily as possible. Electric Ireland will also make arrangements to support and assist our registered vulnerable customers or those who may not have updated their bank details with Electric Ireland as the transitionary period draws to a close.

While we work to ensure that the switching experience runs as smoothly as possible, we are concerned about the paper-based Central Bank switching code and that customers may not open new bank accounts and inform us in a timely manner. That is a risk. However, and this is key, Electric Ireland assures committee members that we will be firmly focused on ensuring that there are no energy-supply related interruptions for our customers as a result of the departure of KBC Bank and Ulster Bank. Our request of the committee is that if and when the members encounter any customers impacted by this issue, they will encourage them to open a new bank account as soon as possible and ask them to notify us of their new bank account details. There are a number of ways they can do that. We have different links on our website for personal or residential customers and for business customers. There is the opportunity for customers to contact us through our contact centre and we will also take the information through the post.

We will now have large numbers of customers seeking to make changes to their payment arrangements at the same time - many multiples of our normal annual activity in processing direct debit and standing order arrangements and in a more concentrated period of time. In this context, our focus will be to issue clear communications to advise our customers of the electronic means by which they can update their data with us on our website. It is to be hoped that this, in turn, will minimise the number of manual direct debit mandates being submitted through the existing cumbersome and paper-based bank switching process. In summary, Electric Ireland will aim to promptly update all new bank account details received for our customers, irrespective of the route through which they come to us. As stated, we are clear on which of our customers transact with us via KBC Bank and Ulster Bank and we are entirely focussed on ensuring that our customers do not experience any service interruptions as a result of this process.

Over the coming months, we will continue to work with the respective banks and will issue our own customer communications so that customers changing bank details can do so with minimum disruption from an Electric Ireland point of view. We will also provide assurance to our customers impacted by these circumstances that they will not be at any risk of loss of supply should they experience difficulties or delays during the banking transition. We will stay close to our customers throughout this process to ensure that any concerns arising can be addressed. Electric Ireland continues to engage with KBC Bank, Ulster Bank and the BPF to assist in raising customer awareness about the steps they may have to take and to support a smooth transition for customers as they change their bank.

**Deputy Pearse Doherty:** I thank Ms Sayers for the presentation. I have a few questions about the switching process and a more general question if the witnesses are in a position to answer it. The switching process that has been outlined by the banks is that one can go through all the direct debits and standing orders in one's current account and do it oneself or one can use the switching code. In reality, however, that is not the true state of affairs because if one

uses the switching code, there are many direct debits and standing orders that one will have to switch oneself as well, with a more semi-do-it-yourself, part automatic type of code for gym membership, Spotify and so forth. There was discussion with the banks about the fact that some direct debit originators would not accept authorisation from the financial institutions and that they needed the authorisation from the individuals themselves. Is Electric Ireland one of those or what way does it operate that?

**Ms Marguerite Sayers:** No, we will accept it, and we have accepted it. To date, that is not an issue for us at all. Approximately 25% of the 4,000 customers I mentioned have used that process successfully with us. That is not an issue. We will take the information.

**Deputy Pearse Doherty:** Some 25% have used the switching code. How does Ms Sayers find the switching code? She says it is paper based. Is she suggesting that there is an envelope arriving into Electric Ireland with a form and a stamp on it? Is that what is happening in this day and age?

**Ms Marguerite Sayers:** That is it. I will ask my colleague, Mr. Ó Raghallaigh, to explain the exact process because he works in the payments area, but, effectively, we are getting much more paperwork than we would traditionally get in a year. Mr. Ó Raghallaigh will explain the process of what happens when it arrives.

**Deputy Pearse Doherty:** I appreciate that.

**Mr. Colm Ó Raghallaigh:** It is essentially as the Deputy described. We receive an envelope with a paper form in it. Typically, in a normal year we would receive approximately 2,000 of such forms. With the number of customer accounts we have, there is potential that we will see a more than fortyfold increase in paper forms. However, what we have seen to date is that the 4,000 customers who have transitioned so far are primarily using the online facility. Approximately 25% of the customers who have switched already have used the paper-based CBI system.

**Deputy Pearse Doherty:** Has there been no discussion with Electric Ireland and either the banks that are leaving or the representative body BPFi about a more automated system between them? Electric Ireland is among the top 20, if not the top ten, direct debit originators. In this day and age the idea that somebody is putting a form into an envelope, sealing the envelope, putting a stamp on it and sending it off and Electric Ireland then has to replicate that journey does not make any sense. They are not even being sent by email with attachments. Is there a rationale for this? Is it stipulated that it must be paper based or where is the block in this?

**Mr. Colm Ó Raghallaigh:** As I understand it from our engagement with the banks and the representative body, the system is paper based. It goes back to the Central Bank switching code. Our preference would be to have in place an electronic means that would be much more streamlined.

**Deputy Pearse Doherty:** Is the BPFi saying that it cannot be electronic and the Central Bank switching code has to be paper based?

**Ms Marguerite Sayers:** Yes, our understanding is that there is a legal basis to that. We certainly asked the question. Given that we were told it is not possible, we are working with the arrangements that are available to us and encouraging customers to contact us directly through the website.

With regard to our customer book, approximately 35% of our 65,000 customers are electronic customers so they are well used to transacting through our website. That makes it a 65% problem. We will engage with all customers but it would be more useful to us if there was an automatic system.

**Deputy Pearse Doherty:** Is there anything else that can be done? We are at the start of this process and customer behaviour is what it is. Some customers will move early, will see the letter and deal with it in the next hour or the next day, while others will put the letter on top of the fridge, meaning to get to it but they will forget. The banks will be taking out far more advertisements and there will be more talk about it as we go. They will tell customers that it is only a week until their accounts are cancelled and so on and then there will be spikes in activity. Is there anything else that could be done to streamline this process in the context of the pressure that it will put on Electric Ireland if thousands of these accounts need to be dealt with in a short timeframe? Has Electric Ireland put anything on the table?

**Ms Marguerite Sayers:** First, we are going to write to customers. That way they will get hard-copy communication from us in case they missed the electronic communication. We will make sure everybody gets that letter and hopefully that will reinforce the communication, on top of what the banks are doing and what other direct debit originators are doing. It is not ideal that customers are getting a lot of communications but, on the other hand, if they are getting them from different locations and different places, they are more likely to open an account sooner rather than later. We have some experience of being what is known as the supplier of last resort in the energy business. That involves an electronic transfer to us of customer details on the electricity front. We thought something similar might be available in the banking system but, as Mr. Ó Raghallaigh said, that does not appear to be the case.

**Deputy Pearse Doherty:** I was going to come to that later but maybe I will deal with it now. I attended workshops in Tullamore on retail banking last week where I mentioned that switching has to become simple. It is a lot simpler in the energy market. Switching bank must be something people can do easily. Otherwise, the banks will be able to take advantage of the fact that people do not switch and therefore do not get the best available product. The process we are discussing tells us that switching is far from straightforward. For people who are digitally active it is relatively straightforward but for others it is more challenging. It is completely different in the energy sector. Ms Sayers referred to the supplier of last resort. Electric Ireland benefited from this in February when it took on an extra 1,500 customers from Bright Energy which withdrew from the market. We have a company withdrawing from the market in the energy sector and banks withdrawing from the market in the banking sector but the difference between the two could not be starker. In the former case, the customers did not have to do anything. They were automatically transferred to Electric Ireland with notification that if they wanted to move to another company, they could do so but that they had a home in Electric Ireland, they would be fine and did not have to worry unless they wanted to shop around for a better option.

Was any of that discussed in the forums with BPFI? We have had a year-long lead-in. When the banks needed to be rescued, they had no problem marching up to Government Buildings at all hours of the morning looking for emergency legislation. In this day and age, I do not understand why we are looking at thousands of forms going to Electric Ireland. These forms that are going to Electric Ireland are also going to multiple other direct debit originators. We are possibly talking about millions of forms to be filled in by hand, processed and posted back. It is just crazy stuff. It seems deliberately designed to make the process more complex than it needs

to be so that people do not readily switch. A proper switching code that is seamless would actually benefit customers over the banks because it would make it easy for people to shop around.

I ask Ms Sayers to explain the difference in the situation for a Bright Energy customer as compared with an Ulster Bank customer.

**Ms Marguerite Sayers:** It is very much as the Deputy outlined. When Bright Energy exited the market customers were given a level of information. We cannot really speak with any great expertise on the banking system but we can speak to what happened in the energy system. Customers of Bright Energy were informed both by the Commission for the Regulation of Utilities, CRU, and by Bright Energy itself that they could select a new supplier in advance of the exit but those customers who still remained on the date that Bright Energy surrendered its licence were automatically transferred to Electric Ireland. As part of the communications, they were told that they could stay with Electric Ireland, they had a home with us and would be looked after and that they did not have to do anything. Approximately one month after they had transferred to Electric Ireland, if they so wished, they could then proactively look for a different supplier if they wanted to do so. That was the arrangement under the supplier of last resort mechanism.

Mr. Ó Raghallaigh has attended the discussions with the banks until now. There have been discussions around an automated system. We made a suggestion and a company we are aware of also made a suggestion. It was explored but found not to be workable, from the banks' point of view.

We do not have any more to contribute on that issue, unfortunately, except in terms of drawing the parallel with our own experience in the energy sector. An energy account is reasonably simple. The customer transacts with one company but as we can see, with a bank account, money is coming in and going out all of the time. Maybe it is more complex but it is not our area of expertise.

**Deputy Pearse Doherty:** I thank Ms Sayers for drawing attention in her opening statement to the lessons that can be learned from the supplier of last resort mechanism. It originates from an EU directive which was transposed into Irish law a decade and a half ago. It recognises that energy is a commodity upon which consumers depend. It could be argued that access to banking, cash or money to pay for that energy is also important. The parallel here is that there are customers out there who have not given authorisation to move their direct debit to Electric Ireland but they are moved anyway. They have been told that they will be moved if they do not do anything but they have not proactively done anything. They have not given Electric Ireland authorisation. Surely to God that is what we should be doing in the banking sector but that is a wider issue.

To go into the specifics, normally Electric Ireland would make 2,000 direct debit amendments per year for people who are changing their payment details. The company is now expecting to have 86,000 such amendments to make. What has the company done to ramp up capacity, particularly bearing in mind that there may be surge points as customers get closer to the cut-off point? What has Electric Ireland done and is the company confident that it will be able to deal with the scale of what is involved here?

**Ms Marguerite Sayers:** This impacts on a significant number of customers. We have concerns around the peaks the Deputy mentions and that is what we are seeking to mitigate as much as we can. In our communication with customers we will reassure them about not losing sup-



ply and about setting up a new direct debit for them, if that is what they wish to do, as quickly as possible. We have approximately 300 internal staff and while they are not all working in this area and would not all be available to us, a proportion of them, at around 100, could be repurposed to help with a backlog if one arises. We also have around 400 agents in our contact centre and while they are fully occupied day in and day out, their focus can be reprioritised so rather than having a sales team or a loyalty team for a period of time, we will repurpose those agents and ask them to work on trying to deal with the peak. We are making plans to do that. Our communication with customers will also emphasise various routes through which customers can make the change themselves, if they contact us through our website. As I said, 35% of the 65,000 customers are regular users of our website and hopefully they will effectively self-serve and that will reduce the scale of the issue. That said, it is something of which we are very conscious and we will be keeping an eye on it.

Letters are going out in batches from the banks but unfortunately we cannot overlay with that because we do not know which customers are being contacted at what point. We will also be communicating with customers in batches but, unfortunately, they may not align. We know that as soon as we issue letters we are likely to see an uptick in activity and we have a plan for that.

**Deputy Pearse Doherty:** Are the banks not allowed to inform Electric Ireland of who they are contacting?

**Ms Marguerite Sayers:** No. From a GDPR perspective, I do not believe that they are. I suppose they would have to inform every one of the 7,000 direct debit originators. As the Deputy said, we are one of the larger ones but we are by no means the only one. It may be a complex process.

**Deputy Pearse Doherty:** Electric Ireland could be writing to customers and they might not get a letter until next year.

**Ms Marguerite Sayers:** Our understanding is it will be within the next six months but we could get there ahead of the bank.

**Deputy Pearse Doherty:** Some of the KBC customers may be later. Electric Ireland could be writing to customers that do not have a letter.

**Ms Marguerite Sayers:** Yes, that could happen.

**Deputy Pearse Doherty:** That is very problematic. The process is in phases and customers are getting letters. There have been 120,000 issued so far. They will need to have their accounts closed by the autumn or winter. At that point, if they have not closed and transferred their accounts, they will be frozen out of their electricity accounts because the direct debits will fail. Unfortunately, the reality is that certain people will be in that cohort. What is Electric Ireland going to do when direct debits fail because people did not get around to switching their accounts? People might be in hospital or have other reasons for not doing it. What approach is taken to that debt?

**Ms Marguerite Sayers:** We will be very focused on that group of customers and measuring the size of the issue as customers make those transfers. We will be contacting customers by exception. Some customers may want to set up their direct debits again. It is important to realise, and it will be part of our communication, that direct debit is by no means the only option that customers have for payment. Many of our customers choose to pay just by going

into a bank and not having a direct debit. They can pay through Payzone, etc., and go into a post office. There are a number of options. They can ring our contact centre. Again, we will reinforce to customers the various options available to them. We will reduce the extent of our communications and ensure we are communicating just with what we hope will be a diminishing group of customers over time that would not have re-established the direct debits to remind them it is a very convenient way to pay and to help them if they have any issues. We will offer that assistance to them. It is certainly part of the communication plan. It is not the only means of payment and we will also reassure them they will not lose supply because of that.

**Deputy Pearse Doherty:** Okay. I have a final tangential question. Customers of Electric Ireland receive their bills and the energy credit that was passed through the Houses of the Oireachtas. We have had a number of queries about how Electric Ireland is applying the credit so could I get clarification on that? Is the VAT being applied to the bill charge before or after the deduction? If it is applied before the deduction, customers would pay €24 more on a €300 charge than if it occurred after the deduction.

**Ms Marguerite Sayers:** Our application is that the overall credit that the customer receives is €200, having taken the change in VAT into account. That would mean it is the lower figure or the €200 gross; customers do not get the double benefit of a VAT change as well. The figure is €192.

**Deputy Pearse Doherty:** Okay. The credit line is €176.22. If a charge is €300, the company applies VAT to the amount and then deducts €176 from it.

**Ms Marguerite Sayers:** We are making sure the overall gross credit that customers get is €200 per customer.

**Deputy Pearse Doherty:** Okay. All energy providers are doing the same.

**Ms Marguerite Sayers:** Yes, to our knowledge.

**Senator Maria Byrne:** I thank the delegation for the presentation. When we had representatives from the banks before us I was talking about how some older people find direct debits very hard to set up or in switching accounts. There is a unique mandate reference with a direct debit so would that make communication easier for some people when they go to the other bank?

**Ms Marguerite Sayers:** In the communication we include all the relevant information that will help people with the bank. I am not sure of the exact code the Senator is referring to.

**Senator Maria Byrne:** It is a unique reference number when payment is made to a company like Electric Ireland from my bank account. It links the debit to the bank.

**Mr. Colm Ó Raghallaigh:** My understanding is that the Senator is correct. There is a unique mandate reference for every direct debit authorisation that a customer sets up with a direct debit originator, which is Electric Ireland in our case. My understanding of the switching code is the customer's current bank can supply him or her with a list of direct debits. In the case of Electric Ireland, we could certainly look into it but the unique reference in our case is the customer account number. It is the most useful unique identifier in a customer case in respect of setting up a mandate or updating bank details with Electric Ireland.

**Senator Maria Byrne:** Deputy Doherty referred to the €200 credit that customers are get-

ting. If people have not received their €200 by now and are changing accounts, will it be difficult for Electric Ireland to supply that credit or should it be okay?

**Ms Marguerite Sayers:** If anybody has not received it and transferred to us, we would certainly investigate with the previous supplier if that was the case. Our understanding is that all suppliers have applied the €200 credit by now. We have certainly applied it to all our customers. We expect the number of people in that position to be quite small. We can investigate each one of those as they arise if there is an issue. Certainly, all our customers have had the €200 credit applied. They do not all know that yet because bills typically issue over a two-month period. Even if it is applied to the account, people may not be aware of it until they get their bill, and that could be a number of weeks away.

**Senator Maria Byrne:** A number of companies such as Ward Solutions approached some of the larger companies like Electric Ireland to see if people's direct debits could be transferred between banks and organisations like Electric Ireland. Would the company be interested in participating in a joint transfer with other companies if the banks were in a position to do that? Has the company had any discussions around that with banks?

**Ms Marguerite Sayers:** We are certainly interested in anything that makes it easier for our customers in this space. As I mentioned, we were aware of one suggestion made about a potential automation or partial automation solution, and if there is another one we are very open to anything that makes this easier for customers.

**Senator Maria Byrne:** That is great. I thank Ms Sayers. All the other questions I had have been responded to already so there is no point in asking them again.

**Chairman:** I extend the thanks of the committee to both witnesses for coming in today and dealing with the questions in person. Other utility firms did not take the offer to come in and talk to us about this. They made a written submission but this exchange has been very helpful. We will conclude unless the witnesses wish to add something further.

**Ms Marguerite Sayers:** No. We thank the committee and the Chairman for the opportunity to be here. We hope the process will not be too onerous for customers and we will certainly work to that being the case.

**Chairman:** I thank the witnesses.

The joint committee went into private session at 3.50 p.m. and adjourned at 4.02 p.m. until 1.30 p.m. on Wednesday, 1 June 2022.