IRELAND

Study on financial services provision and prevention of financial exclusion

COUNTRY REPORT STAGE I: QUESTIONNAIRE

Please, answer directly in the questionnaire

PRELIMINARY QUESTIONS

Q.1. Existence of financial exclusion problem, public debate and data

Q.1.1.1.: Is there a problem of financial exclusion in your country (in broad terms, for details see Q.2.)?

To answer to this question, please refer to point 1 of the overview paper (OP) concepts and definitions

No ☐
Yes **X**

Q.1.1.2.: If yes, please describe below whether this arises because financial services providers do not meet the needs of certain groups of people or whether there are some groups of people who choose not to use financial services (e.g.: because they think they would be inappropriate to their needs or they would be refused access) :

Ireland's relatively high level of financial exclusion has been attributed to the popularity of cheque payments and cash usage, the lack of banking products designed specifically for vulnerable groups, as well as the market not being equipped to solve the problem of financial exclusion (Carbo *et al.*, 2005). Furthermore, Kempson *et al.* (2004) found that countries with low levels of income inequality tend to have lower levels of financial exclusion. Ireland has one of the most unequal income distributions of all OECD countries (Nolan and Smeeding, 2004) and this is likely to contribute directly to higher levels of financial exclusion.

A recent study on financial exclusion in Ireland found that there were a number of demand side barriers (Corr, 2006). Low income consumers' disengagement was attributed to a long tradition of operating a cash budget, and a feeling that banks were not interested in people on low incomes. Some low-income consumers lacked the confidence or self-esteem to engage with banks and there were high levels of antipathy and mistrust.

Q.1.2.: Is there currently a public debate on financial exclusion in your country?

Yes **X**
No ☐
Debate limited to specific issues or involving only few parts ☐

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Q.1.2.1.: If yes, please give brief details of what this covers:
The issue of financial exclusion was largely ignored in Ireland until recently by both social policy makers and the financial services sector. Research that had been carried out, explored issues for specific vulnerable groups such as the Travelling community and older people or focused on issues related to credit and debt. In 2006, Combat Poverty published the fist major study on financial exclusion in Ireland with the support of the Financial Regulator. This report has acted as a catalyst to bring financial exclusion and related issues into the public arena.

Financial exclusion: The recent *National Action Plan for Social Inclusion 2007 – 2016* highlighted financial inclusion as a cross-cutting issue for the first time.
Also, in its *Strategic Plan 2007 – 2009* the Financial Regulator has committed 'to continue to seek to foster access to financial services by working with relevant agencies and Government Departments' and will monitor how this progresses on the regulatory and legal agenda.
Banking: The Irish banking sector proposed the development of a universal bank account in 2002 as part of the government's wider *National e-Payment Strategy*. The Irish Banking Federation reactivated this idea in 2005.
The Minister of Social and Family Affairs announced on national television in January 2007 that he had set up a group examining the feasibility of introducing basic bank accounts in Ireland.
Payments: The main goals of the National Payments Implementation Programme are to address the heavy reliance on cash and cheques in Ireland and to encourage consumers to move towards electronic payments. As part of the discussions associated with this, concern has been raised about the proportion of the population who is 'unbanked', and the Programme is committed to examining how this part of the population could be brought into the payments system.
Credit: A major debate has opened on the issues of access to credit and the cost of that credit in Ireland. In October 2006, the Minister of Social and Family Affairs announced that he wished to "confront the totally unacceptable high levels of interest being charged by financial institutions and companies on loans to those who are often most vulnerable in society, particularly those on welfare and low incomes". However, since then the focus has shifted to licensed moneylenders only and the government has openly committed itself to possibly capping interest rates, a move not supported by many NGOs. Issues related to the new sub-prime market are being ignored by the government, although they are frequently highlighted in the media. The Consumer Association of Ireland have also called for an interest rate control for sub-prime lenders, while many NGOs and organisations working with low income groups would prefer the debate on credit to concentrate on offering a range of affordable credit options to people on low incomes.

Q.1.2.2.: If yes, who are the players involved in that debate in your country?

National government X
Regional government ☐
Municipalities ☐

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Commercial financial service providers and their associations X
Not-for profit financial service providers X
Consumers' associations X
Academics X
Non governmental agencies X

Others (describe):

State Agencies: Combat Poverty Agency and the Money Advice and Budgeting Service (MABS)

Q.1.3.: What are the sources of data available related to the levels of financial exclusion (or to financial inclusion) in your country?

Please, send an electronic or paper version of all relevant the data/report(s) to RFA if not yet listed in the bibliography available on fincl.eu

Q.1.3.1.: Sources of data available related to overall levels of financial exclusion:

Official European data X details on periodicity: every 2 years
Official national data ☐ details on periodicity :
Official regional data ☐ details on periodicity :
Academic reports☐ details on periodicity :
Financial sector reports ☐ details on periodicity :
Non governmental organization reports ☐ details on periodicity :
Others (describe) :

Specify how the exclusion is measured/estimated :
The only source of data available related to overall levels of financial exclusion is provided by Kempson and Anderloni's (2007) analysis of 2003 Eurobarometer data. They defined financial exclusion as the number people who lacked a bank account, savings account or unsecured credit. This shows that 8% of people in Ireland are financially excluded which is the 4^{th} highest level out of the EU 15.

Q.1.3.2.: Sources of data available related to levels of banking (i.e. transactions) exclusion:

Official European data X details on periodicity: every 2 years
Official national data X details on periodicity : every 5 years; ad hoc
Official regional data ☐ details on periodicity :
Academic reports☐ details on periodicity :
Financial sector reports X details on periodicity : ad hoc
Non governmental organization reports ☐ details on periodicity :
Others (describe) :

Specify how the exclusion is measured/estimated :
European data: the Eurobarometer Survey – *Public Opinion in Europe on Financial Services*. Based on a sample of approximately 1,000 adults in Ireland. It quantifies the

number of people without a current account (which comes with a payment card and/or chequebook).
National data:
The Household Budget Survey which is a survey of households' income and expenditure and is a representative sample of 8,000 households. It measures the number of people without a current account.
Mintel market research is a representative survey of 3,000 individuals in Ireland. It measures the number of people without a current account.

Financial sector reports: Surveys have been carried out on an ad-hoc basis by the Financial Regulator, the Irish Banking Federation (IBF) and the Irish Services Payments Organisation (IPSO). The surveys are based on samples of approximately 1,000 adults and usually measure the number of adults with no bank account (although the IBF survey in 2003 measured the percentage of people with no current account).

Q.1.3.3.: Sources of data available related to levels of credit exclusion:

Official European data ☐ details on periodicity:
Official national data X details on periodicity :
Official regional data ☐ details on periodicity :
Academic reports X details on periodicity :
Financial sector reports X details on periodicity :
Non governmental organization reports ☐ details on periodicity :
Others (describe) :

Specify how the exclusion is measured/estimated :
National data: Mintel market research surveys carry out representative surveys of 3,000 adults in the Republic of Ireland. They measure the number of adults with no type of loan (i.e. a personal bank loan, a personal building society loan, a finance house loan or any other type of loan – which includes a credit union loan).
Academic reports/financial sector reports: The Financial Regulator (2007) survey of 333 customers of moneylender and a survey carried out by University Cork among 253 low income consumers in the south of Ireland (Byrne *et al.,* 2005) use the indicator of the number of people borrowing from moneylenders (or home credit providers) and no other source of credit as an indicator of credit exclusion.

Q.1.3.4.: Sources of data available related to levels of savings exclusion:

Official European data ☐ details on periodicity:
Official national data X details on periodicity : annually; ad hoc
Official regional data ☐ details on periodicity :
Academic reports X details on periodicity : ad hoc
Financial sector reports ☐ details on periodicity :
Non governmental organization reports ☐ details on periodicity :
Others (describe) :

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Specify how the exclusion is measured/estimated :

1. Mintel market research carry out surveys of a representative sample of 3,000 adults in the Republic of Ireland. They measure the percentage of people with no deposit savings account; no instant access account; and no notice/term account.

2. The EU-SILC survey is carried out annually among 5,000 households (approximately 14,000 individuals). It reports on the number of people who have difficulty saving income regularly.

3. The Quarterly National Household Survey (QNHS) interviews approximately 39,000 households every quarter and is the official measure of employment and unemployment in the state. There is also a provision for the collection of data on social topics through the inclusion of special survey modules. In Quarter 4, 2005, a module was added on the number of people with a special saving incentive account.

4. An academic study exploring the experience and nature of deprivation in a disadvantaged urban community asked if people were able to save regularly (at least €15 per month) for rainy days or retirement) (Collins, 2006).

Q.1.3.5.: Sources of data/statistics available related to use of financial services other than mentioned above:

Official European data ☐ details on periodicity:
Official national data X details on periodicity : ad hoc
Official regional data ☐ details on periodicity :
Academic reports☐ details on periodicity :
Financial sector reports ☐ details on periodicity :
Non governmental organization reports ☐ details on periodicity :
Others (describe) :
Mintel. (2005). *Credit Unions, Irish Series, June 2005.* London: Mintel International Group Limited.
This report based on a representative sample of 3,000 adults from the Republic of Ireland reports on the number of people with credit union accounts and the levels of usage of such accounts.

NATIONAL CONTEXT OF FINANCIAL SERVICES

Q.2. Banking transactions

Q.2.1.: Is there a problem of financial exclusion regarding transaction banking services in your country?

Refer to point 1.1.1. of OP

Yes X
no ☐

Q.2.1.1.: Is the distinction between unbanked/marginally banked people relevant to your country?

*(**Unbanked** people are the people with no banking relationships at all*
***Marginally banked** people are people with a deposit account that has no electronic payment facilities, no payment card or cheque book and no means of remitting money, **OR** people who do have these facilities but make little or no use of them.)*

Yes X
no ☐

If that distinction is not relevant in your country, explain:

Q.2.1.2.: Are they people in your country that are

- Unbanked yes X no ☐
- Marginally banked yes X no ☐
- Informally served (*that for some services rely on alternative financial providers which charge high costs, offer little information and poor terms with reference to the consumer rights*)?

yes X no ☐

Q 2.1.3.: Which types of banking service are there particular difficulties accessing (tick relevant boxes)?

- Receive regular electronic payment of funds such as wages, pensions or social assistance X
- Convert cheques or vouchers into cash ☐
- Store money safely until it needs to be withdrawn X
- Pay for goods and services other than in cash X
- Pay bills electronically (via self-banking or desk officer) X
- Make remittances ☐
- Receive regular bank account statements X

Q 2.1.4.: Which types of banking service are there particular difficulties to use (tick relevant boxes) ?

- Receive regular electronic payment of funds such as wages, pensions or social assistance X
- Convert cheques or vouchers into cash ☐
- Store money safely until it needs to be withdrawn ☐
- Pay for goods and services other than in cash X
- Pay bills electronically (via self-banking or desk officer) X
- Make remittances ☐
- Receive regular bank account statements X

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Q.2.2.: Where do people go to access to those services if they are refused by/ have difficulties accessing/choose not to use mainstream providers?

Mainstream providers *are all institutions legally recognized as banks: savings banks and postal banks and public owned banks may , in that respect, be considered as mainstream providers*

Describe briefly:

- The kind of alternative providers existing in your country (not for profit and/or commercial providers) and (if possible) some indications of the number of customers and/or number of service outlets they have
- The kind of services they provide (cheque cashing, bill-payment, remittances services…)
- How their costs and terms and conditions differ from those in mainstream market commercial banks

People in Ireland are more likely to use credit unions if they are refused/have difficulties accessing/choose not to use mainstream providers. There are 435 credit unions in the Republic of Ireland and approximately 63% (2.67 million people) are members. Credit unions offer some basic transactional services through their 3 most common accounts (i.e. share accounts; deposit accounts; budget accounts). A small number of credit unions can accept wages electronically, while 50% offer direct debit/standing order facilities. Credit unions also offer cheque cashing and bill-payment services. Some credit unions offer an ATM service and 4 credit unions offer 'IQ' cash cards, which can be used at any credit union, Bank of Ireland or AIB ATM. Credit union accounts have no account-keeping fees and no minimum opening or monthly requirements (unlike some bank accounts).

Please give full details of data source(s) for our bibliography and briefly describe the findings:

Marketing Partners Ltd. 2006. *The Move to Card and Electronic Payments Tipping Points for Consumers.* Dublin: IPSO.
The most recent market research survey carried out in Ireland shows that those without bank accounts are more likely to have a credit union or post office account. The survey found that 11% of the Irish population were 'unbanked'. This 11% can be further divided into 3% who were 'unaccounted' (i.e. did not hold a bank, credit union or post office account) and 8% who held a post office or credit union account but had not opened a bank account.

Corr, C. 2006. *Financial Exclusion in Ireland: An exploratory study and policy review.* Dublin: Combat Poverty.
This report gives and overview of the financial services available to low income consumers in Ireland, including credit unions. It lists the factors which would attract or

deter low income consumers to use credit union services, in particular in relation to credit and savings (see comments above). The report concludes that the Irish credit union movement has the potential of offering a viable alternative to mainstream banks in broadening access to banking services. However, the report highlights that the credit unions need to be given access to the clearing system in order that they can offer a range of transactional services to its members.
Q.2.3. How important is the role of savings banks and/or postal banks in meeting the needs of people to access to those services? Describe briefly: - The savings banks/postal banks/public owned banks existing in your country - The kind of services they provide (cheque cashing, bill-payment, remittances services…) and (if possible) some indications of the number of customers and/or number of service outlets they have - How their costs and terms and conditions differ from the rest of the mainstream market commercial banks There are no savings banks in Ireland. Hitherto there were several small savings banks in different towns in Ireland which amalgamated in 1988 and 1992 to form the Trustee Savings Bank. In 2002 the Trustee Savings Bank merged with the Irish Permanent Bank to form the Permanent TSB. In April, 2007, An Post, the state postal service, launched a banking operation – Postbank (in a joint venture with Belgian bank Fortis). Postbank has already launched its savings, insurance and lending products but its banking product will not be launched until later in 2007. Postbank is expected to offer an easy to use current account which will accept wages/social welfare electronically and provide a combined ATM/debit card. It is expected that the banking venture will operate out of 250 post offices nationally, rising to 1,000 by April, 2008. The costs and terms of conditions of the new banking products is unknown yet, but Postbank is claiming that its products will be simple, transparent and good value and should appeal to those who are 'unbanked'. Please give full details of data source(s) for our bibliography and briefly describe the findings: Corr, C. 2006. *Financial Exclusion in Ireland: An exploratory study and policy review.* Dublin: Combat Poverty. This study analyses the role An Post could potentially play in addressing financial exclusion. The study concluded that An Post is uniquely positioned to play a crucial role in tackling financial exclusion given its large network (more than 1,300 offices), its unified structure and its experience in working with social welfare recipients. Furthermore, the study states that An Post's commitment to attract the 'unbanked' population in its new banking venture is particularly welcome.

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Q.3. Credit
Q.3.1.1.: Is there a problem of some people not having access to credit/choosing not to use credit in the prime credit market in your country? ***Prime credit market:*** *low cost credit with good terms and conditions available to people with medium and high incomes* *Refer to point 1.1.3. of OP* yes X no ☐ If yes, what are the main barriers : Banks: credit scoring; higher interest rates for smaller loans; minimum amounts; monthly repayments; little flexibility for occasional missed payments; large deposits; withdrawal requirements; fixed terms; online savings Q.3.1.2.: Is there a problem of some people choosing deliberately to subscribe a credit in the sub-prime credit market in your country? ***Sub- prime credit market:*** *credit with high risk, high interests and poor conditions* *Refer to point 1.1.3. of OP* yes X no ☐ If yes, what are the reasons for them to do so? Moneylending: The main push factor is denial of credit from mainstream institutions. The main pull factor is that repayments are usually in cash, on a weekly basis, which suits the budgeting cycle of those on low incomes. Other attractive features are accessibility, no credit history is needed, reduced bureaucracy convenience, transparency and simplicity. Mail-order catalogues: transactions are conducted face-to-face in the customer's home. The advantages are that they are relatively simple and quick to access, customers do not need a current account and borrowing is usually on a small scale. Pawnshops: Very few pawnshops exist in Ireland, but the few that are left are trusted and are perceived as understanding, sympathetic and non-judgemental. The process is also relatively quick and simple with no formal application process or credit check. Sub-prime market: There is a vast expanding sub-prime credit market in Ireland which is attracting people with poor credit ratings, over-stretched mortgages and defaulted loans. Please give full details of data source(s) for our bibliography and briefly describe the

findings :

Daly, M. and Walsh, J. 1988. *Moneylending and Low Income Families.* Dublin: Combat Poverty Agency.
Although completed in the late 1980s, this remains a seminal study in Ireland. The study findings are based on interviews with 99 moneylender customers from low income households. The objectives of the study were to explore how and why people fall into debt to moneylenders, how they manage these debts and to identify the consequences. The main findings of the study were that borrowing from a moneylender was habitual and often the only source of credit readily available; that loans were expensive; that loans were generally taken on to purchase essential things or to pay for major family events; that the moneylending industry needed to be more regulated; finally, that low income families in particular needed access to money advice. This last recommendation led to the establishment of what is now a national network of Money Advice and Budgeting Services (MABS).

Corr, C. 2006. *Financial Exclusion in Ireland: An exploratory study and policy review.* Dublin: Combat Poverty.
This study examined the different factors which would attract or deter low-income consumers from accessing sub-prime financial services. The study found that the moneylending product would attract low-income consumers as loan repayments are collected in cash on a weekly basis. Focus group discussions with low income consumers revealed that the main push factor towards moneylenders was the denial of credit from mainstream financial institutions, while the main pull factors included accessibility, the fact that no credit history is needed, reduced bureaucracy, convenience, transparency and simplicity.
The study also found that mail-order catalogues are the most trusted sub-prime product and suit low income consumers as transactions are conducted face-to-face in the customer's home. The advantages for low-income consumers are that they are relatively simple and quick to access, customers do not need a current account and borrowing is usually on a small scale.
Finally, the study highlighted that there are very few pawnshops in Ireland but those that do have a long-term local presence which still attract some customers.

Financial Regulator. 2007. *A Report on the Licensed Moneylending Industry.* Dublin: Financial Regulator.
This study carried out 333 structured telephone interviews with 333 customers of moneylenders in order to gain a greater understanding of the licensed moneylending industry. The research found that customers mainly borrow from a moneylender because it is convenient, available, out of tradition or because of an established relationship with the moneylender. The majority of customers are of the opinion that they have access to other sources of credit and are not reliant on a moneylender as the only source of credit. Overall, consumers that use licensed moneylenders as a source of finance are happy with the service provided despite the fact that it is relatively expensive form of credit. Consumers appear to choose moneylenders as a source of credit despite the interest rates being charged.

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Byrne, N., McCarthy, O. and Ward, M., 2005. *Meeting the Credit Needs of Low-Income Groups: Credit Unions versus Moneylenders.* Dublin: Combat Poverty Agency.
This study showed that the difficulties low income consumers face in accessing affordable credit, coupled with decreased financial autonomy, are related to the persistent use of moneylenders in Ireland. The main reasons cited by low-income consumers for accessing moneylenders were tradition, fast response, convenience, close relationship with the moneylender and consistency. The study also found that moneylending is not usually perceived as a problem among low-income groups and the cost of credit does appear to influence the decision to borrow. The main advantages of moneylending reported by low-income consumers are that it is not necessary to hive a previous credit history and there is no savings requirement. Furthermore if customers have difficulty repaying, they can renegotiate the loan at no extra charge to the customer.

Conroy, P. and O'Leary, H., 2005a. *Do the Poor Pay More? A Study of Lone Parents and Debt.* Dublin: OPEN – One Parent Exchange and Network.
For the lone parents in this study, the main advantages of moneylenders were that they do not require bank statement, personal documentation or proof of earnings. Moneylending also appeals to lone parents as they are informal, convenient, easy to access, loans are granted immediately, repayments are weekly and no collateral is needed. In relation to other sub-prime products, the author highlights that mail-order catalogues could be particularly interesting for lone parents coming up to Christmas as the companies offered 52 weeks' credit as a way of easing pressure at Christmas.

Q.3.2.: Where do people go to access to credit if they are refused by or choose not to use the prime credit market?

Describe briefly :

- The kind of alternative credit providers existing in your country (not for profit and/or commercial organizations , sub-prime lenders, …) and (if possible) some indications of the number of customers and/or number of service outlets they have
- The services they provide
- How their costs and terms and conditions differ from those in the prime credit market

Credit unions: People in Ireland are more likely to use credit unions if they are refused/have difficulties accessing/choose not to use mainstream providers. There are 435 credit unions in the Republic of Ireland and approximately 63% (2.67 million people) of the population are members. Loans are granted in credit unions based on a member's track record and his/her ability to repay. This is usually determined by a savings history although they can also be based on character (i.e. local knowledge of the individual). There is also a move towards assessing a credit union loan on capacity (i.e. credit scoring). There are no conditions in terms of loans size, insurance or even a minimum savings amount, and in most cases there is no waiting period. Loan protection is provided free of charge and there are no hidden charges or

penalties for default. Interest rebates are paid to members who paid loan interest on their loans during the preceding financial year. Loans can be paid weekly and renegotiated with reduced payments. The interest rate is capped at 12.68% APR (average interest rate in banks is 8.9% APR). *Moneylenders:* Low-income consumers often turn to moneylenders when credit is unavailable from other mainstream institutions or when credit is needed for small amounts of money. There are between 150,000 and 300,000 customers of moneylenders in Ireland. Although some organisations may offer loans up to €3,000 over longer time periods, most loans range in size between €100 and €1,300, with the average loan ranging between €300 and €450. Generally loan terms vary from 20 weeks to 50 weeks. Anyone charging an interest rate higher than 23% APR in Ireland is classed as a moneylender. Therefore interest rates can range from 23% to 200%. *Sub-prime market:* Since 2000, the sub-prime market in Ireland has been increasing rapidly. It offers personal loans, credit cards and mortgages. Interest on personal loans can ranged form 16% to 42%.
Q.3.3.: As far as you are aware of, is there a problem of illegal lending in your country? Yes ☐ No ☐ Limited to specific cases/areas X If yes, please describe what you known about illegal lending and give full details of data source(s) for our bibliography (if existing) There have been no studies carried out in Ireland that specifically examine illegal moneylending. However, in the late 1980s Daly and Walsh (1988) found that many of the moneylenders operating in low-income communities in Dublin were illegal. In a more recent study, Byrne *et al.* (2005) found that 1% of low-income consumers in Munster were using illegal moneylenders. Other studies have found that often low-income consumers are unable to distinguish between legal and illegal moneylenders (Conroy and O'Leary, 2005; Corr, 2006). In a survey of 333 customers of moneylenders, 11% said that they were aware of illegal moneylenders. Lone parents in Conroy and O'Leary's (2005) study did report that illegal moneylending was not as common in their locality as hitherto but they asserted that in other areas it was still widespread and usually collected by local women. (data sources in annex 4)
Q.3.4.: Is there a usury rate ceiling in your country? Yes ☐ No X Q.3.4.1.: If yes, please give details of the product(s) concerned, and the ceiling that applies to it/them?

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Q.3.4.2.: Is there a concern of rate ceiling as a cause of credit exclusion in your country or other criticism?

Yes X
No ☐

Specify:
A recent debate has emerged in Ireland related to interest rate caps for moneylending since the Minister for Social and Family Affairs announced that he would look at the feasibility of introducing a cap. While an interest rate cap may increase financial inclusion, NGOs and other organisations working with low income groups are concerned that it could also restrict the amount of credit available to low-income consumers. Combat Poverty (2007) has recommended that the most appropriate response to moneylending is greater provision of social lending for low-income consumers, preferably through the credit unions.

Q.3.5.: Credit referencing and files registering (regarding the dishonoured cheques or other payment instruments) in your country

Q.3.5.1. Is there a positive credit database (listing all outstanding credits) implemented

- At national level? Yes X no ☐
  If yes, is it Publicly run ☐ or privately run X
  Voluntary X or mandatory ☐
- At banking sector level? Yes ☐ no X
  If yes, is it Publicly run ☐ or privately run ☐
  Voluntary ☐ or mandatory ☐
- Individually within each credit provider? Yes ☐ no X
  If yes, is it Publicly run ☐ or privately run ☐
  Voluntary ☐ or mandatory ☐
- At another level (explain) : N/A

Q.3.5.2.: Is there a negative credit database (listing details of bankruptcies/court judgments which are normally publicly available information as well as details of all credit commitments that are in default) implemented

- At national level? Yes X no ☐
  If yes, is it Publicly run ☐ or privately run X
  Voluntary X or mandatory ☐
- At banking sector level? Yes ☐ no X
  If yes, is it Publicly run ☐ or privately run ☐

Voluntary ☐ or mandatory ☐

- Individually within each credit provider? Yes ☐ no X
  If yes, is it Publicly run ☐ or privately run ☐
  Voluntary ☐ or mandatory ☐
- At another level (explain) :N/A

Q.3.5.3.: Are there rules limiting the time span of the negative database memory in order to avoid the risk of lifelong exclusion?

Yes X
No ☐
Specify: The Irish Credit Bureau (ICB) keeps information on the full term of any loans of its member organisations (whether a 3-year loan or a 30-year mortgage) and the customer's performance on a loan stays on the ICB database for 5 years after the loan is completed.

Q. 3.5.4.: Are positive and negative information contained in the same database(s)?

Yes X
No ☐

Q. 3.5.5.: Do the mentioned registers/files cover all the financial institutions and all the credit transactions or are they limited to some categories? - Specify:

The registers/files cover 56 financial institutions registered as members of the ICB. These include 26 banks, 3 building societies, 6 credit unions and 21 other financial institutions. All of the main banks are registered with the ICB but only 6 out of 435 credit unions.

Credit transactions on the database include mortgages, car loans, personal loans, leasing agreements or hire purchase agreements. Credit card details are included in the ICB database. Overdraft agreements, with the exception of overdraft agreements that are the subject of legal proceedings, are not reported by the ICB.

Q.3.6.1.: How is responsible lending ensured in your country?

It is ensured by a law yes X no ☐
It is ensured by a code of conduct within the banking sector yes X no ☐
It is implemented individually within some prime credit lenders yes ☐ no X
It is implemented individually within some alternative credit providers yes ☐ no X
It is not at all organized in my country yes ☐ no X

Specify:
Law: Consumer Credit Act, 1995
This applies to all credit agreements, hire-purchase agreements and consumer-hire

agreements. It covers all banks, building societies and licensed moneylenders. It does not include credit unions (covered by Credit Union Act, 1997), pawnbrokers (covered by Pawnbrokers Act, 1964), or local authority loans for home improvements (covered by Housing (Miscellaneous Provisions) Act, 1979).
Code of Conduct: Consumer Protection Code, 2006
This applies to all entities regulated by the Financial Regulator, excluding moneylenders and the sub-prime market.

Q.3.6.2.: Describe briefly the principles of the existing measures regarding responsible lending
Consumer Credit Act, 1995
The Consumer Credit Act, 1995 does not define responsible lending. However, it sets out legal requirements relating to credit agreements, hire purchase agreements, consumer-hire agreements, provisions relating to moneylending and housing loans made by mortgage lenders.

Consumer Protection Code, 2006
The Consumer Protection Code (2006) does not define responsible lending nor does the Code apply to moneylenders or sub-prime credit providers. The Code outlines 12 general principles. In relation to lending the Code states that:

- A regulated entity must not offer unsolicited pre-approved credit facilities.
- A regulated entity must have in place procedures for the handling of arrears cases
- Prior to a loan being approved, a regulated entity must explain to a consumer the effect, if any, of missing any of the scheduled repayments.

The Code also outlines rules in relation to guarantors, payment protection insurance, non-mortgage personal lending, mortgages and lifetime mortgages.

Q.3.6.3.: Are the above mentioned registers/file part of a responsible lending strategy or do they meet mostly other needs? - Specify:
The Irish Credit Bureau's database is not part of a responsible lending strategy. However, it does assist member institutions when making decision around responsible lending.

Q.4. Savings

Q.4.1.: Is there a problem of some people not being able to open/choosing not to open a savings account with a bank or similar provider in your country?

Refer to point 1.1.2. of OP

yes X
no ☐

If yes, what are the main barriers:
The main barrier in Ireland to opening a savings account is the identification requirement on Money Laundering Legislation.

Q.4.2.: Is there a problem of some people choosing not to make their savings deposits in a bank or similar provider in your country?

Refer to point 1.1.2. of OP

yes X
no ☐

If yes, what are the main reasons:

Retail banks and building societies offer a number of different types of savings accounts. Some savings accounts require large sums of money as an initial instalment and money needs to be left on deposit for a fixed time before it can be withdrawn. It may also be necessary to give a number of days' notice before savings can be accessed. Higher interest rates are generally offered to customers who leave large sums of money in accounts for long periods of time (e.g. 2 to 5 years) without making withdrawals. Higher rates are also offered to customers who use online savings schemes, which are less likely to appeal to low-income consumers.

Q.4.3.: Where do people go to make savings deposits when they unable to or choose not to open a savings account with a bank or similar provider?

- Describe briefly the kind of alternative savings providers (non profit or commercial organization, informal savings groups) existing in your country and the services they provide.

Credit unions and post offices are the most popular institutions for saving for people on low incomes as it is possible to lodge small amounts of money and there are no charges for withdrawing money (Corr, 2006).

Credit unions: Credit union savings are normally held by way of share and deposit accounts. Share accounts are more likely to appeal to low-income consumers as the minimum requirement to open the account is only €3 and withdrawals can be made on demand.

Post offices: An Post offers savings schemes on behalf of the state. There are guaranteed interest rates in return for a minimum investment term and gains are tax-free. An Post savings schemes may also attract low-income consumers as the minimum deposit required is only €1.

- Describe briefly the other ways people use to make savings when they don't save through a formal or informal provider

There is very little information on this topic in Ireland although Kelly and Parker (2005) found in a study among the elderly poor that some preferred to save in cash at home as this gave them peace of mind, knowing that in an emergency such as an unplanned doctor's visit or even their own funeral, money to cover expenses would be available.

Please give full details of data source(s) for our bibliography
(references in Annex 4)

SOCIAL EXCLUSION AND POVERTY

Q.5. people exposed to social exclusion

IRELAND

*For this section, please refer to **EU-SILC** (European Union – Statistics on Income and Living Conditions) results regarding your country for **year 2005***

Q.5.1.: What percentage of the population is at risk of poverty (below 60% of the national median income) in your country?

[18.5] % of the population is at risk of poverty

Q.5.2.1.: What is the risk of poverty rate by age in your country? (% below at risk of poverty threshold-ARPT)

16-24 [?] % below ARPT*
24-49 [?] % below ARPT*
50-64 [?] % below ARPT*
65+ [20.1] % below ARPT
* Information has been requested from the Central Statistics Office

Q.5.2.2.: What is the risk of poverty rate by gender in your country?

Females [18.5] % below ARPT
Males [18.4] % below ARPT

Q.5.2.3.: What is the risk of poverty rate by most frequent economic activity?

At work [7] % below ARPT
Unemployed [40.6] % below ARPT
Total inactive [ ] % below ARPT*
(need to clarify what is meant by total inactive)

Q.6. Links between financial exclusion and over indebtedness
Do read and refer to point 4.3. of O.P.

Q.6.1.: Have any research/studies carried out in your country explored the relationships between over-indebtedness and financial exclusion?

No ☐
Yes X

Q.6.2.: If yes, please give full details of the data source for our bibliography, briefly describe the findings and compare it to statements made in point 4.3. of the O.P.

There has been no research carried out in Ireland specifically looking at the relationship between over-indebtedness and financial exclusion and no study has examined how over-

indebtedness could lead to financial exclusion. However, some studies have highlighted how financial exclusion can lead people into over-indebtedness. These studies have shown that the difficulties low-income consumers face in opening bank accounts and accessing affordable credit are related to the persistent use of moneylenders in Ireland (Byrne *et al.,* 2005; Corr, 2006; Daly and Walsh, 1988; Quinn and McCann, 1997; Quinn and NiGhabhann, 2004).
Q.7. Links between financial exclusion and social exclusion *Do read and refer to point 4.2.of O.P.*
Q.7.1.: Have any research/studies carried out in your country explored the causal link between financial exclusion and the broader phenomenon of social exclusion? No ☐ Yes X
Q.7.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in point 4.2. of the O.P. (are the conclusion similar, different,…) No research study in Ireland has specifically examined the causal link between financial exclusion and the broader phenomenon of social exclusion. However, some studies have highlighted different aspects of the issue: Some studies in Ireland have shown that financial exclusion can cause social exclusion in that not having a bank account into which wages can be paid can be a barrier to taking a job (Corr, 2006). Social exclusion can also cause financial exclusion as low income groups are less likely to have the appropriate identification to open a bank account. Research has highlighted that this is a particular problem for those living on a low income, members of the Travelling community, immigrants (including refugees and asylum seekers), lone parents, non-home owners such as those in private rented accommodation, 'non-utility bill holders', people who are unemployed, those in receipt of social welfare payments, homeless people and younger/older people (Conroy and O'Leary, 2005; Corr, 2006; NTMABS, 2006; Quinn and NiGhabhann, 2004; Reidy, 2004). Other research in Ireland has shown that people have been refused bank accounts or credit as they were unemployed and did not live in the vicinity (Corr, 2006; Quinn and McCann, 1997; Quinn and NiGhabhann, 2004). Immigrants, particular refugees and asylum seekers face language barriers, while members of the Travelling community may present with literacy issues (Corr, 2006). (data sources in annex 4)
FINANCIAL EXCLUSION (F.E.)
Q.8.Levels of financial exclusion *Do read and refer to point 2 of O.P.*
Q.8.1.1.: Are there any national survey(s) data regarding the extent and causes of

transaction banking exclusion in your country?

No ☐
Yes X

Q.8.1.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings (extent, who is affected, causes and consequences) and compare them to statements made in the Euro barometer data analysis for your country (*Table 2 levels of financial exclusion in individual EU 15 Countries in O.P.* ***new tables about EU 27 coming soon*** *)*

For Ireland, Spain and UK please comment points 2.2.1.,2.2.2.,2.2.3. or 2.2.4. of O.P. regarding national surveys and name and describe other existing surveys.

Central Statistics Office (CSO), 2001. *Household Budget Survey, 1999/2000.* Cork: CSO.
The most recent Household Budget Survey (HBS) shows that almost 33% of households in 1999/2000 were without a current account. This research clearly showed that lack of ownership of a current account was clearly associated with a low income. Over 68% of households in the lowest income decile were without a current account in 1999/2000 compared to less than 6% of those in the highest income decile **(Figures for 2004/2005 will be available mid-June)** .

The Financial Regulator Customer Survey showed that 10% of individuals (based on a sample of 1,000 respondents aged 15 plus) were without a bank account in 2003.

The Irish Banking Federation's market research survey in 2003 focused primarily on current accounts and showed that 28% of individuals (based on a sample of 1,200 adults) were without a current account. Among the 28% of the population who did not have a current account, nearly two-thirds (62%) stated specifically that it was because they did not need or want a current account, while a further 12% stated that it was because they preferred to use cash.

Marketing Partners Ireland Ltd. 2006. *The Move to Card and Electronic Payments Tipping Points for Consumers.* Dublin: IPSO.
This survey was based on a quota sample of 1,074 individuals (aged 18 years and over). It found that 11% were 'unbanked' (i.e. did not hold a bank account at all). Those who were over 65 years, retired or unemployed were most likely to be 'unbanked'.

Mintel. (2005). *Current Accounts, Irish Series, June 2005.* London: Mintel International Group Limited.
This survey was based on a representative sample of 3,000 adults in the Republic of Ireland and found that 27% of the adult population aged 15 and over were without a current account.

The results of the Eurobarometer show that a much higher number of people in Ireland have no transaction bank account (41%) or no account of any kind (17%) compared to

the national surveys. It would seem that the Eurobarometer Survey substantially overestimates the number of people without bank accounts and this is probably due to difficulties understanding the definitions (e.g. payment card; deposit account etc.). While there is a dearth of reliable data on financial exclusion in Ireland, it is generally accepted that between 10-11% of individuals do not have a bank account and approximately 28% have no current account.
Q.8.2.1.: Are there any national survey(s) data regarding the extent and causes of credit exclusion in your country? Yes X Q.8.2.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings (extent, who is affected, causes and consequences) and compare them to statements made in the Euro barometer data analysis for your country (*Table 2 levels of financial exclusion in individual EU 15 Countries in O.P.* **new tables about EU 27 coming soon**) Mintel (2005). *Personal Loans, Irish Series, 2005.* London: Mintel International Group Limited. Based on a representative sample of 3,000 adults aged 15+ in the Republic of Ireland, this survey measures the number of people without a personal loan (i.e. a personal bank loan, a personal building society loan, a finance house loan or any other type of loan (which includes credit union loans). In 2004, 87.3% of the adult population did not have a personal loan. Younger and older respondents, as well as those from lower socio-economic groups were less likely to have a loan. The same survey reports on number of adults with no credit card which was 45.7% in 2004. This is broadly similar to the numbers with no revolving credit in the Eurobarometer survey (41%).
Q.8.3.1.: Are there any national survey(s) regarding the extent and causes of people who lack savings and/or cannot open a savings account with a bank or a similar organization in your country? No ☐ Yes X Q.8.3.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings (extent, who is affected, causes and consequences) and compare them to statements made in the Euro barometer data analysis for your country (*Table 2 levels of financial exclusion in individual EU 15 Countries in O.P.* **new tables about EU 27 coming soon**) Central Statistics Office (CSO), 2006. *Quarterly National Household Survey, Special Savings Incentive Accounts (SSIAs), Quarter 4 2005.* Cork: CSO.

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A recent release from the Quarterly National Household Survey (QNHS), provides information on the ownership of special savings incentive accounts (SSIAs). Almost 38% of the population aged 21 and over had an SSIA. Central Statistics Office (CSO), 2006. *EU Survey on Income and Living Conditions (EU-SILC)*. Cork: CSO. In 2005, the EU-SILC survey found that over half (53%) of the population had difficulties saving money regularly and this was a particular problem for those living in income poverty (84%) and consistent poverty (94%). Mintel, 2004. *Savings Accounts, Irish Series, August 2004.* London: Mintel International Group Limited. This survey, based on a representative sample of 3,000 adults aged 15+ in the Republic of Ireland estimates the number of adults with no deposit savings account (71,2%); with no instant access (76.2%), or notice/term account (94.5%).
Q.8.4.1.: Do you have any other specific comments regarding the Eurobarometer data analysis for your country (*Table 2 levels of financial exclusion in individual EU 15 Countries in O.P.* **new tables about EU 27 coming soon** *)* No ☐ Yes X Q.8.4.2.: If yes, what are your comments? I do not agree with the comment in the overview paper that high levels of financial exclusion in Ireland 'is almost certainly because credit union usage is high in Ireland and may not have been consistently identified by the Eurobarometer survey'. Credit union account ownership should be measured separately (and it is in any national surveys) as those with credit union accounts would still be considered on the margins of financial exclusion given that most credit union accounts do not offer electronic funds transfer and other transactional services. For instance in the Marketing Partners Ireland Ltd. (2006) survey above, 11% of individuals were deemed to be 'unbanked' (i.e. did not hold a bank, credit union or post office account). This 11% was broken down further to 3% who were 'unaccounted' (i.e. did not hold a bank, credit union or post office account) and 8% who held a post office or credit union account but had not opened a bank account).
Q.9. People most likely to be financially excluded *Do read and refer to point 3 of O.P.*
Q.9.1.1.: Is there any research describing the types of people most likely to be financially excluded (overall financial exclusion) in your country? No X Yes ☐

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Q.9.1.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis ? (*Table 3 in O.P " Types of people likely to be financially excluded in the EU 15* **new tables about EU 27 coming soon** *)*
Q.9.2.1.: Is there any research describing the types of people most likely to be excluded from banking transactions in your country? No ☐ Yes X Q.9.2.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis ? (*Table 3 in O.P " Types of people likely to be financially excluded in the EU 15* **new tables about EU 27 coming soon** *)* Similar to the findings of the Eurobarometer, national surveys have found that those on a low income (CSO, 2001), those who are over 65 years, retired or unemployed (Marketing Partners Ireland Ltd, 2006) and those from lower socio-economic groups (Mintel, 2005) are most likely to be experience banking exclusion. Smaller studies and qualitative research have also found that those living on a low income (Corr, 2006; Daly and Leonard, 2002) are at risk of banking exclusion as well as lone parents (Conroy and O'Leary, 2005a), members of the Travelling community (Quinn and McCann, 1997; Quinn and NiGhabhann, 2004), adult literacy and numeracy learners (Conroy and O'Leary, 2005b) and elderly people (Kelly and Parker, 2005). (* references in annex 4)
Q.9.3.1.: Is there any research describing the types of people most likely to be excluded from credit in your country? No ☐ Yes X Q.9.3.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis ? (*Table 3 in O.P " Types of people likely to be financially excluded in the EU 15* **new tables about EU 27 coming soon** *)* Similar to the findings of the Eurobarometer analysis, Mintel's (2005) survey of 3,000 adults found that those aged between 15-24 years and over 65 were less likely to have a personal loan as were those from lower socio-economic groups. Smaller studies and qualitative research have found that people on low incomes (Byrne, 2005; Corr, 2006) and single parents (Conroy and O'Leary, 2005a) are more likely to

face difficulties accessing affordable credit. Other groups identified in Ireland who may face difficulties include members of the Travelling community (Corr, 2006; Quinn and NiGhabhann, 2004) and asylum seekers and refugees (Corr, 2006).

(data sources in Annex 4)

Q.9.4.1.: Is there any research describing the types of people most likely to be excluded from savings in your country?

No ☐
Yes X

Q.9.4.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis ? (*Table 3 in O.P " Types of people likely to be financially excluded in the EU 15* **new tables about EU 27 coming soon**)

Central Statistics Office (CSO), 2006. *Quarterly National Household Survey, Special Savings Incentive Accounts (SSIAs), Quarter 4 2005.* Cork: CSO.
The Quarterly National Household Survey (QNHS) provides information on the ownership of special savings incentive accounts (SSIAs). Almost 38% of the population aged 21 and over had an SSIA. The youngest and oldest age groups were less likely to have an SSIA: over one-fifth (22%) of those aged 21 to 24 had an SSIA and almost one-quarter (24.5%) of those aged over 65 compared to the national average of 38%. The unemployed (16%) were much less likely to have an SSIA than those in employment (47%). A high percentage of those employed in professional and associate professional/technical employment had an SSIA (73% and 63% respectively).

Central Statistics Office (CSO), 2006. *EU Survey on Income and Living Conditions (EU-SILC.* Cork: CSO.
In 2005, the EU-SILC survey found that over half (53%) of the population had difficulties saving money regularly and this was a particular problem for those living in income poverty (84%) and consistent poverty (94%).

Mintel, 2005. *Savings Accounts, Irish Series, August 2004.* London: Mintel International Group Limited.
Mintel's (2005) survey of a representative sample of 3,000 adults found that younger people and those dependent on state benefits were less likely to have savings.

These findings are similar to those of the Eurobarometer survey which show that younger people, the unemployed and those on a low income are less likely to have savings. However, in relation to special savings incentive accounts, older people in Ireland are also less likely to have this type of account.

CAUSES AND CONSEQUENCES OF FINANCIAL EXCLUSION

IRELAND

Please, read and refer to point 4 of O.P.
Q.10. Factors affecting difficulty of access or use of financial services in your country
Q.10.1.:Comment on all factors affecting difficulty of access or use in your country *Use table 6 of O.P.: Factors affecting difficulty of access or use*. ***(ANNEX 1)*** Add in that document other causes of exclusion that exist in your country and comment ALL causes relevant to your country. Q.10.2.: Give full details of the data source for our bibliography, briefly describe the findings and compare it to statements made in point 4 of the O.P. (see Table 6)
Q.11. Causes and consequences of financial exclusion
Q.11.1.1.: Do you have any comments regarding the specific causes and consequences of financial exclusion related to your country? *To answer refer and compare with the contend of point 4 of O.P* No X See Table 6 Yes ☐ Q.11.1.2.: If yes, describe briefly what are those comments? Q.11.2.1.: Do you have any data sources regarding the specific causes and consequences of financial exclusion related to your country? Yes X See Annex 4 Q.11.2.2.: If yes, please give full details of the data source for our bibliography, briefly describe the findings and compare it to statements made in point 4 of the O.P. See Table 6 and Annex 4
MARKET RESPONSE FOR FINANCIAL INCLUSION *Please look at the annex II of the overview paper table called "a synthesis of the main experiences of responses".* 1. *Check in the document if your country is already mentioned in the table* ➢ *If it is, copy-paste all the paragraphs related to your country in* ***ANNEX***

2 (enclosed to this questionnaire) *, check whether the information about your country is adequate, comment, and add ALL missing information* ➢ *If not, fill in* ***ANNEX 2 (enclosed to this questionnaire)*** *with all relevant information and comments* 2. *Add full details of data source(s) for our bibliography under Q 12, Q13, Q14.*
Q.12.Provision of services by alternative providers
Q.13.Development of new products and services by mainstream providers
Q.14.Voluntary Charters and codes of practices
GOVERNMENT RESPONSE FOR FINANCIAL INCLUSION *Please look at the annex II of the overview paper table called "a synthesis of the main experiences of responses".* 1. *Check in the document if your country is already mentioned in the table* ➢ *If it is, copy-paste all the paragraphs related to your country in* ***ANNEX 2 (enclosed to this questionnaire)*** *, check whether the information about your country is adequate, comment and add ALL missing information* ➢ *If not, fill in* ***ANNEX 2 (enclosed to this questionnaire)*** *with all relevant information and comments* 2. *Add full details of data source(s) for our bibliography below under* ***Q. 15., Q.16., Q.17****.*
Q.15.Policy measures
Q.16.Government as a facilitator
Q.17. Government as a legislator
Q.18. Please use a separate sheet of paper to **tell us anything else you think should be included in our report** about the topic of financial exclusion in your country

Thank you very much for your help. It is much appreciated.

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ANNEX 1 - Q.10.1: FACTORS AFFECTING DIFFICULTY OF ACCESS OR USE IN YOUR COUNTRY

Add in this document other causes of exclusion that exist in your country and comment ALL causes relevant to your country

	Access or use	The possible relationship*	Type of service affected**
Societal factors Liberalisation of markets	Access	(-) has led to an increase in the number and complexity of financial products and providers in Ireland. While this has led to an increase in access for a number of people, the confusion that arises makes it difficult for some people to engage with financial services.	Banking**, Credit; Savings
Labour market changes	Access	(-) Ireland's flexible labour market means that there are more people working in temporary and part-time work and research has shown that these people are at much greater risk of poverty (Gash, 2005). This means they are also at greater risk of being excluded from banking services.	Banking; Credit
Money laundering rules/Identity checks	Access; Use	(-) Money laundering rules are the greatest barrier for low income consumer opening bank accounts and credit union accounts in Ireland (Corr, 2006)	Banking; Savings; credit
Fiscal policy	Access; Use	(-) Government stamp duty in Ireland of approximately €10 per annum is normally charged to a bank account for the use of an ATM card or debit. A further €40 government stamp duty is changed annually for the use of a credit card. This charge is serious deterrent for those on low incomes in accessing bank accounts. services.	Banking;
Social assistance	Access; Use	Paying social welfare in cash can deter people from opening a bank account. Even though all social welfare customers in Ireland have the choice of receiving their payment electronically, just over one-third (36%) receive their payments through this means.	Banking;
Demographic changes	Access; Use	(-) older people generally suffer more from the technological divide (Kelly and Parker, 2005) (-) the increase in immigration means that immigrants often face language barriers when accessing financial services	Banking;
Income inequalities	Access	(-) Ireland has one of the most unequal income distributions of all OECD countries (Nolan and Smeeding, 2004) and this is likely to contribute directly to higher levels of financial exclusion.	Banking, Credit
Supply factors Geographical access	Access	(-) The total number of bank branches in Ireland has not changed to any significant extent over the last 10 years, although the number of branches per 1,000 capita is much lower than	Banking; credit; Savings

		a number of other European cities. The growth of new suburbs in larger cities has led to the creation of new branches, while some of the more remote areas have lost their branches (Mintel 2003; 2005)	
Risk assessment	Access	(-) Denial of credit as a result of credit scoring carried out by financial institutions People with a poor credit history or low income may be refused a bank account, or offered limited banking services (Conroy and O'Leary, 2005a; Corr, 2006)	Banking; Credit
Price	Access; Use	(-) Higher interest rates for smaller loans; fees for over-the counter transactions; bounced cheques; failed standing orders/direct debits; government stamp duty prevent people on low incomes from accessing and using banks and credit	Banking; credit
Product design (terms and conditions)	Access; Use	(+) Move towards 'free' transactional banking as a result of increased competition (-) In order to qualify for 'free' banking some banks require a minimum balance or a number of transactions to be carried out via the Internet In relation to credit, some banks stipulate a minimum amount they are willing to provide as well as requiring monthly repayments and offering little flexibility for occasional missed payments In relation to savings some banks require large deposits, withdrawal requirements, fixed terms and online savings	Banking; credit; savings
Service delivery (eg internet)	Access; Use	(-) Low income consumers in particular can face difficulties not being able to withdraw small amounts of money from ATMs, and accessing and using internet and telephone banking	Banking; Credit; Savings
Complexity of choice	Access	(-) Increased competition, particularly in relation to banking and savings products has led to confusion among some customers in relation to the range of products available	Banking; Savings
Demand factors Belief that not for poor	Access	(-) Research in Ireland has found that low income consumers feel that banks are often not interested in people on low incomes, particularly lone parents, social welfare recipients, homeless people, members of the Travelling community and asylum seekers. There is also a perception among low income consumers that a bank account is unnecessary to manage a low income (Corr, 2006)	Banking; Credit; Savings
Fear of loss of financial control	Access	(-) People on low incomes often prefer to operate a cash budget (Corr, 2006)	Banking; Credit
Mistrust of providers	Access	(-) Feelings of antipathy and mistrust of financial services is a common feeling among low income consumers in Ireland (Corr, 2006)	Banking; Credit; Savings

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Concern about costs	Access; Use	(-) Concern about costs in Ireland (unauthorised overdrafts; failed standing orders/direct debits) can deter low income consumers form accessing and using financial services)	Banking; Credit
Preference for alternative providers	Access	(-) Low income consumers in Ireland often show preference for credit unions and post offices	Banking; Credit; Savings
Low self-esteem	Access	(-) Research in Ireland has found that low income consumers sometimes feel intimidated and frightened by banks and lack the confidence of self-esteem to engage with them	Banking

ANNEX 2 - Q.12.,13.,14.: MARKET RESPONSE FOR FINANCIAL INCLUSION

Provision of services by alternative providers

Country	Year of first introduction	Name	Main provisions	Other notes and criticism
Ireland	**1958**	**Credit union**	**Savings and loan products**	**While the credit union products are appropriate for the needs of those who are financially excluded, both national (Byrne *et al.*,** 2005; Corr, 2006) and international (Conaty and Bendle, 2002) research has concluded that Irish credit unions have been weak innovators in terms of developing products for low-income groups and that this issue should be addressed.

Development of new products and services by mainstream providers

Country	Year of first introduction	Name	Main provisions	Other notes and criticism

Voluntary charters and codes of practice

Country	Year of first introduction	Name	Main provisions	Other notes and criticism

ANNEX 3 - Q.15.,16.,17.: GOVERNMENT RESPONSE FOR FINANCIAL INCLUSION

Government intervention (as facilitator)

Country	Name of the Initiative	Main provisions	
Ireland	Money Advice and Budgeting Service (MABS)	As part of the Irish government's response to over-indebtedness, MABS was established by the DSFA to address the problem of moneylending and overindebtedness. MABS was established in 1992 as 5 pilot projects and by 2005 it had developed 65 centres in Ireland. The overall aim of MABS is to work towards the elimination of over-indebtedness through the provision of a free, confidential, independent, community and rights-based money advice and budgeting service. Its target group comprises people vulnerable to poverty and over-indebtedness, particularly those on low incomes and those experiencing inequality in terms of access to financial services and capacity for self-help.	

Government intervention (as legislator)

Country	References	Main provisions	Further details	Further provisions Elements to be analysed in order to identifying the Costs and Benefits

Annex 4: References for Ireland

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