Safeguarding Ireland response to the Department of Finance Consultation on the National Payments Strategy (NPS)
14/02/2024

Introduction

About Safeguarding Ireland

Safeguarding Ireland promotes the safeguarding of adults at risk from all forms of abuse by persons, organisations and institutions. It seeks to enhance inter-sectoral collaboration, develop public and professional awareness and education, and undertake research to inform policy, practice, and legislation around safeguarding in the Republic of Ireland. Safeguarding Ireland has a National Safeguarding Advisory Committee comprised of almost 40 civil society and representative groups across the health, social and financial sectors.

The State Payments Group

In addition, and in response to the challenges facing adults at risk in their use of payment/banking services and the related heightened risk of abuse and harm they can face, Safeguarding Ireland has a dedicated sub-group, 'The State-Payments Group', with the objective of:

'Collectively identifying the safeguarding issues, particularly in relation to financial abuse, that arise in the current arrangements for payments to clients from state agencies, including arrangements of financial institutions in dealing with and dispensing said payments (statutory, administrative or informal arrangements) in order to identify and address, in so far as possible, any opportunities of financial abuse[1]'.

This Group includes representatives of the following organisations: BPFI, IBCB, AIB, MABS, Electric Ireland, Irish Rural Link, the HSE, the ILCU, An Post, the Department of Social Protection, the National Shared Services Office and Sage Advocacy. Several of these organisations/agencies (or those they represent) share responsibility for safely transacting payments of several billion Euro annually, for and on behalf of, adults, many of whom may be at risk of financial abuse. Advocacy groups, such as Sage Advocacy, MABS and Irish Rural Link, also play an important role in assisting adults who may be at risk to identify safe ways of making payments on a sustainable basis.

The State Payments Group is the only cross-sectoral group of its kind in the State with a dedicated focus on the overall payments infrastructure as it relates to adults who may be at risk of harm and financial abuse[2] when they make or receive payments[3].

[1] Financial abuse can include theft, fraud, exploitation, pressure in connection with wills, property, inheritance or financial transactions, and the misuse or misappropriation of property, possessions or benefits.
[2] https://safeguardingireland.org/wp-content/uploads/2022/05/6439-Safeguarding-Risks-Resp-Report-FA4_lowres.pdf (See Chapter 4 Financial Abuse)

[3] Safeguarding Ireland has also commissioned Grant Thornton to consider safeguarding issues relating to State Payments. The related report is in the process of being finalised.

Safeguarding Ireland welcomes the opportunity to make a submission to the Department of Finance's consultation on the National Payment Strategy (NPS) and notes that it appreciated the Department's engagement with its stakeholders (via a presentation by the NPS team) at its National Safeguarding Advisory Committee meeting (January 12th). Building on this momentum, Safeguarding Ireland suggest that a primary objective of the NPS should be to build a 'strategic consensus' amongst the key stakeholders involved around important elements of the payments strategy and particularly those that relate to the evolution from cash to digital and the introduction of a digital Euro and the measures that are necessary to ensure that the needs and interests of adults who may face a heightened risk of harm or abuse (currently and in the future) are addressed.

(In the remaining sections of this document Safeguarding Ireland endeavours to respond to all relevant questions. Where Safeguarding Ireland has no response to a question/set of questions this is noted. Where it is not possible to provide a response to a question or set of questions, but Safeguarding Ireland has an observation, this is noted beneath the relevant set of questions).

Objectives of the NPS

3.1 What are your views on the timeline?

Engagement

While 'payments' are an essential part of life for all citizens, both understanding and keeping up to date with the current very dynamic payments landscape (European and Irish legislative and regulatory developments, policies and strategies; practices and emerging innovations emerging in other jurisdictions e.g., UK and globally) requires a degree of technical expertise and familiarity with developments within industry. For Safeguarding Ireland, (and many of the organisations it works with), the capacity to meaningfully consider how these changes may affect stakeholders requires time and resources. Safeguarding Ireland therefore respectfully submits that the Department's engagement with civil society stakeholders extends beyond the consultation period to allow organisations to provide meaningful and evidence-based responses to the questions posed by the Department and other issues that may emerge[4].

Understanding needs and risks

The Department has described the factors that have changed payment patterns (for some). However, COVID-19 and related restrictions, were a catalyst in Ireland, Europe and globally, as such, to a considerable degree recent change was 'forced' rather than planned. While facilitating access to goods/services online, rapid change caused some significant disruption and risk for some individuals and groups[5]. In addition, the related innovations in payments technologies have largely been driven

---

[4] This applies to questions on Access to Cash – (5/6)

5 Research carried out jointly by the BPFI and Safeguarding Ireland showed that 11% of adults needed the help of others to manage or access their money during the COVID lockdown period. However, just one-third (33%) of these have taken back this control since the lockdown restrictions were lifted. 12% experienced less control of their finances since the pandemic began.

https://bpfi.ie/insights/safeguarding-your-money/

by the needs of organisations/firms rather than the demands or needs of consumers. Safeguarding Ireland suggest that some investment is needed by the Department in leading out on this strategy in considering in-depth the diverse needs and practices of people who still prefer to manage in cash, who are excluded or self-exclude from digital options and identifying the features of appropriate digital alternatives. Safeguarding Ireland cautions that without this investment the evolution of payments /the NPS may result in the polarisation of views and constituencies into 'pro' /or 'anti' cash/digital based on a lack of understanding of the relative merits of cash/digital particularly for 'vulnerable groups[6]'.

Addressing unmet needs

Safeguarding Ireland suggests that it is vital to consider, in particular, the needs of adults who have historically been denied agency over their financial affairs (for example, through wardship) or are, for a variety of reasons, at a heightened risk of financial abuse in their current management of money (cash), savings and payments (digital/cash). From Safeguarding Ireland's perspective, the primary goal is that the needs of all such consumers are firstly understood and then addressed within the NPS.

Safeguarding Ireland has previously highlighted the absence in Ireland of a uniformly recognised and accessible form of photographic identification which satisfies Anti Money Laundering/ Countering the Financing of Terrorism (AML/CFT) compliance requirements. While Safeguarding Ireland understands that retail banks work to accommodate customers that lack/no longer have a passport or driving licence, this issue remains problematic and is an immediate initial barrier for some cohorts when they wish to open or switch accounts.

Sage Advocacy in its 2023 report 'Managing Finances Supporting Adults Who May Be Vulnerable[7]' has identified the following needs which it describes as, 'to a greater or lesser extent, common to all adults who may be vulnerable to financial abuse, depending on the individual's own circumstances and decision-making capacity'.

- To be enabled to control their own money to the greatest extent possible (empowerment need)
- To have ease of access to their own money (accessibility need)
- To be able to use their own finances for their personal benefit in order to enrich their lives and reach their full potential (social and comfort need)
- To have their money readily and openly identifiable as their own (accountability need)
- To have their money kept safe (safeguarding need)

An on-line survey in the US (n=897) identified that older people during COVID-19 have experienced greater levels of physical (+237.5%), verbal (+0.02%) and financial abuse (+114.3%) While such figures are concerning, the authors suggest that these are underestimations as the sample was comprised of healthy adults with digital literacy and access to the internet. In addition, the study did not include frauds and scams, which have been reported as targeting older people during the pandemic (Han & Mosqueda, 2020) see Phelan, A., Daly L. and Keogh B. (2021) Exploring Older People's Experiences of Shielding During the COVID-19 Pandemic. School of Nursing and Midwifery Trinity College Dublin, Dublinhttps://safeguardingireland.org/wp-content/uploads/2021/11/Final-Covid-19-report-Oct-6.pdf

[6] In later sections of this response, Safeguarding Ireland provides further observations on the use of the term 'vulnerable groups' within the NPS.

[7] https://sageadvocacy.ie/wp-content/uploads/2023/12/managing-finances-march-2023.pdf

In the above context, the timeline for the NPS seems appropriate but Safeguarding Ireland suggests that in setting a timeline for the strategy the Department should also consider the overall **governance** regime i.e., the timeline for mid-term or periodic review as well as an appropriate and inclusive monitoring structure. The Department is proposing a 6-year strategy and Safeguarding Ireland suggest that the strategy should be subject to evaluation at year 3 with a particular focus on ensuring that barriers and unmet needs are pro-actively addressed.

What would effective key indicators to measure the progress of the NPS be?

Safeguarding Ireland suggests that key indicators should derive from the 'Vision' (see response to Q 3.4 below).

Safeguarding Ireland suggests that adult safeguarding must be a central element of the NPS and that new /emergent payment solutions incorporate safeguarding in their design. Safeguarding means *"Putting measures in place to reduce the risk of harm/abuse, promote and protect people's human rights and their health and wellbeing, and empowering people to protect themselves".*

Accordingly, Safeguarding Ireland would suggest that appropriate performance indicators could include:

- the extent to which all actors in the 'ecosystem' (public and private) have adopted robust adult safeguarding policies, trained staff, and resourced call-centres/specialist units to assist customers in need of additional support or at risk of harm or abuse.
- The extent to which product design aims to minimise risk of harm or abuse.
- The extent of collaboration between all actors in the ecosystem on measures to counter financial abuse.
- Safeguarding Ireland suggest that an indicator related to fraud and financial abuse is included[8].. This would require gathering baseline data from stakeholders and measuring change in the incidence and severity of financial abuse.

Safeguarding Ireland is not fully persuaded by the emphasis currently being placed both within the Financial Literacy Strategy and replicated in the consultation paper on increasing levels of literacy and 'support' *for those who may struggle with technology, and/or may not be in a position to independently engage online.*

In line with the Assisted Decision-Making (Capacity) Act 2015 (as amended) Safeguarding Ireland suggests that the Department should proceed from the presumption of capacity. This would mean

[8] Currently there is no comprehensive data on the prevalence of financial abuse in Ireland.
The BPFI publish data on payment fraud: https://bpfi.ie/publications/fraudsmart-payment-fraud-report-h2-2022/ (This data set is based on data provided to the BPFI by the participating member institutions' and may include incidence of financial abuse).
Data published by the HSE's National Safeguarding Office indicate that in the period 2016 to date annually approximately 10%-12% of abuse allegations received by the National Safeguarding Office related to financial abuse. In each year, financial abuse allegations were more prevalent in reports regarding those aged 65 and is highest amongst the cohort aged 80+.
A 2019 RED C survey commissioned by the BPFI and Safeguarding Ireland found one in five adults aged 18 and over had experienced or were experiencing financial abuse.

that a key indicator for the NPS would be a measurable improvement in the extent to which people can and do manage their payments independently and ***without*** support and related increased levels of satisfaction and trust in the payments systems they use. To the extent that support is required that its provision is aligned with the 'Guiding Principles' of the Act. This, in turn, would require regulatory and policy measures to facilitate and encourage payments' providers to make significant changes to product design[9] – i.e. the technology is responsive to the needs of the user, rather than users 'struggling' to adapt to technologies.

A related indicator could be the extent to which novel features of new payment systems contribute to peoples' ability to save, invest, or access other important financial products with a particular focus on those groups who are currently underserved by existing provision.

In relation to the above indicators, baseline data is currently lacking.

3.2 What reflections have you on the NPS principles?

Safeguarding Ireland broadly agrees with the principles outlined but believes they could be enhanced.

We suggest that the first principle should be 'Access, ***Affordability*** and Choice'.
The Department has noted that there are increasing unit costs for 'cash cycle participants. Safeguarding Ireland suggest that consumers are part of the 'cash cycle', and it is likely the increased unit costs are already being transmitted to consumers. Moreover, Safeguarding Ireland suggest that, in addition to paying for the increased unit costs for cash, consumers are also paying for the costs of the very sharp digitalisation (and related investment) that occurred during COVID 19.

Most consumers also pay for their 'payment' /bank accounts in the form of bank fees, or premium subscriptions, or, in the case of 'freemium' systems- the exchange of their data. In addition, there are obvious costs to consumers where, for example a local bank branch closes and an additional journey may be required to access an alternative branch. (For many, the branch is not just a location that provides access to cash but is also a very important point of contact with their bank for a variety of other supports).

There is an extensive UK literature, (dating back to the 1960's but increasing in prominence over recent years) on the so-called 'poverty premium',[10] components include using 'non-standard' billing

[9] ***'Payment aspects of financial inclusion in the fintech era'*** https://www.bis.org/cpmi/publ/d191.pdf describes 7 Guiding Principles
In relation to product design, it notes '*The transaction account and payment product offerings effectively meet a broad range of transaction needs of the target population, at little or no cost. As transaction account and payment product design evolve as a result of technological innovation, affordability and functionality remain paramount. Innovations in product design could lead to the financial exclusion of disadvantaged segments of the population'....'The payment services industry, operators of large-volume payment programmes and other stakeholders recognise that the payment habits and needs of currently unserved and underserved customers are likely to differ, and therefore engage in market research and/or other similar efforts to identify and address those payment habits and needs'*.

[10] https://www.centreforsocialjustice.org.uk/library/over-the-odds;
https://barrowcadbury.org.uk/wp-content/uploads/2018/09/FbD-Roadmap.pdf
https://www.smf.co.uk/wp-content/uploads/2018/03/Measuring-the-Poverty-Premium.pdf

methods and paying to access cash. Fair by Design has focused specifically on payment systems in a recent report[11] In respect of the previous question on 'indicators' Safeguarding Ireland would wish to see an indicator that reflects an average annualised unit cost of 'payments' for a consumer (cash, digital, hybrid) and a related indicator reflecting a decline in that number. Safeguarding Ireland suggest that digitalisation offers significant opportunities for efficiencies for the main stakeholders in the 'cash cycle' (as listed) and would like to see an emphasis within the payment strategy on ensuring that consumers also benefit and that consumers can access the payment services they need at an affordable cost.

In respect of the second principle, Safeguarding Ireland suggest that it should be **'*Safety,* Security and Resilience'.** The emphasis in the text relating to this principle seems to be on systemic risk. Given that the overarching principle is '*Trust and Effectiveness'* Safeguarding Ireland believe this principle should also emphasise 'safety' for the consumer. This relates, as above, to their capacity to use any payment system independently or with minimal assistance of a third party and also to each users' trust in the safety of, not just their money/assets, but also their personal data when they make payments online. Many of the payments systems developed by businesses during COVID were designed to remove 'friction', in payments but there are 'positive frictions' used on an opt-in basis that can be advantageous for some consumers[12][13] and can increase their safe use of digital payments.

Innovation & Inclusion,- Safeguarding Ireland is in broad agreement with the principle but believes its effective implementation requires much greater insight into the actual needs of groups who may be currently under-served by existing payment options. Both the issues of innovation and inclusion need to be considered from the perspective of the diverse needs of consumers who may (historically) have had very limited control, access, or use of their own money and whose needs have received little attention in the design and deployment of recent payment innovations.

The text related to this principle refers to 'vulnerable groups' ('*groups such as older people, lower income groups, migrants, people with intellectual disabilities, those with limited financial literacy or the unbanked must be able to participate fully in the economic life of Irish society'*). Safeguarding Ireland suggests that the term 'vulnerable' in this context may be unhelpful, as it may not be the characteristics of a group /grouping that creates the 'vulnerability' but rather weaknesses in product

[11] https://fairbydesign.com/wp-content/uploads/2023/05/Fair-BY-Design-Payment-Systems-the-Poverty-Premium-May-2023.pdf

[12] '*Additional frictions can range from relatively soft checks, double confirmation on transactions, to binding self-exclusion from particular services or products for a set period of time, Providing options for a carer or trusted friend to view statements or have limited shared access to an account could enable people to use the support of their friends and family in a safer and more regulated way'*. https://www.moneyandmentalhealth.org/wp-content/uploads/2017/02/Seeing-through-the-fog-Final-report-1.pdf

[13] https://bpb-eu-w2.wpmucdn.com/blogs.bristol.ac.uk/dist/6/598/files/2020/07/A-Blueprint-for-Bank-Card-Gambling-Blockers-Report.pdf - the following positive frictions are identified: A cooling-off period, Speaking to someone, Signposting or referrals, Feedback messages.

design, inaccessibility, affordability constraints, a lack of innovation, or other factors (social/residential setting,) etc., that create the perceived 'vulnerability'.

Safeguarding Ireland suggest that as the NPS proposes to be forward-looking and will run to 2030 this language is not used, and that the Department considers this issue in the context of any relevant terminology which may emerge in the context of the CBI's current review of the CPC ('vulnerability theme') and incorporates any terminology or definition that may emerge in other policy areas – e.g. the Law Reform Commission's anticipated report on a Regulatory Framework for Adult Safeguarding.

While acknowledging that some people may, for a variety of reasons, face obstacles in engaging with digital payment options, Safeguarding Ireland suggests that innovation is required to ensure that new payment options meet their needs. The provision of 'support' while necessary in some instances should be considered as a secondary measure.

Safeguarding Ireland suggests that this principle could be enhanced by including a reference to 'interoperability'. While much of the focus on the literature highlights 'interoperability' as a means of preventing fragmentation in payments systems. From the consumers' perspective and particularly the perspective of those who may be challenged in their autonomous use of existing payments systems, there are many aspects of the customer journey that are not user friendly and accordingly 'interoperability' between systems is desirable. This is particularly the case regarding 'Person to Government' (P2G) and 'Government to Person' (G2P) systems. [14]

With respect to the fourth principle, ***Sustainability and Efficiency,*** Safeguarding Ireland has made observations in relation to Principle 1 on the 'cash cycle'. The paper states that there is …*'therefore, a need to rationalise the cash cycle and its associated infrastructure',* Safeguarding Ireland notes the omission from the cash-cycle as described of both the network of Credit Unions and large retailers such as supermarkets (who may give 'cash back') and suggests that while the market is forcing a rationalisation of ***some*** aspects of the cash-cycle and related infrastructures (branch closures, 'card-payment only' options), there is a need to 'rethink' (rather than simply rationalise) the cash cycle and associated infrastructures so that supply is geared to **follow** (rather than force) declining demand and, at the same time, emergent payment options provide an alternative that matches/exceeds the utility of cash for all cohorts.

3.3 What are the main issues that undermine consumer trust in the Irish payment system?

Safeguarding Ireland cannot give an empirical response to this question and this response is based on the work of its State Payments Group and its experience of responding to queries from the public, organisations and professionals that contact Safeguarding Ireland with concerns about adult safeguarding and financial abuse. It is evident that many people are/become/are made believe that they are unable to manage digital payments autonomously. This is either as a direct experience of

[14] *In a fully integrated digital ecosystem, mobile money disbursed to beneficiaries (G2P) could flow to peers (P2P), other businesses (P2B and G2B) and find its way back to the government in form of taxes (P2G and B2G).* Beyond the COVID-19 Crisis: A Framework for Sustainable Government-To-Person Mobile Money Transfers.

trying to access and navigate a complex and novel digital interface which may present some initial obstacles or complexity, or because they are warned/convinced by someone else that they should not because of the risk of '*online fraud and scams'*.

The majority of such advice is benign, but it is increasingly used as a rationale to hand control of one's finances to someone '*who will look after the online banking'*.

While recognising that main retail banks have established vital units to address the needs of customers in need of 'additional support', where such dedicated support and expertise is lacking, people can have very poor experiences of contacting or achieving a positive outcome via their engagement with a call-centre or a 'bot[15]'. In this context, people either chose to manage in cash, and avail of the very valuable face to face supports they receive in a bank[16], a post office or a credit union, or transfer the management of payments digitally to a third party[17].

The prevalence of fraud – particularly when a scammer uses the name of a main payments provider or State or essential service provider- has created very significant distrust of the Irish payment system.

Safeguarding Ireland believes this trust will only be restored when consumers have faith in the safety of main payment systems and feel confident in their own agency to use those systems autonomously. In Safeguarding Ireland's view this requires greater innovation in product design[18]. It will also require that payments providers (public and private) operating at scale in Ireland invest in the training, competence, and processes in their customer support/call centres[19] and importantly, for those who may need it, that there is access to 'face to face' support.

---

[15] These experiences are evidenced also in the Department's 'Consumer Sentiment Banking Survey August 2023' '*poor customer service/can't get an answer is the primary reason for dissatisfaction, whilst technical issues and phone waiting times are also prominent'.*
16 Main Form of Contact' *Digital channels continue to dominate in terms of being the main form of contact with customers' main bank although over 1 in 5 (21%) still opt for in-person branch visits. This is significantly higher among those aged over 65 (55%)'.*
....'The way that customers use digital channels has changed over the past year – contact through mobile apps have increased significantly, with a corresponding decrease in other online touchpoints. Over half (55%) now use mobile apps as their main conduit, driven by younger cohorts (especially those under the age of 35). Telephone banking remains relatively steady but is used by a small minority of customers'.

[17] Setting up a joint account is also a prevalent response– but can have significant risks.

[18] See for example https://www.bankability.app/home described as ' *An 'accessibility first' Open Banking solution that automatically optimises the user-experience for everyone regardless of disability, age, device or operating system. It enables people to manage their finances and everyday lives via a single dashboard. This will be a game changer for people with sensory, neurological and physical disabilities such as mobility, dexterity, vision, hearing, autism, dyslexia, dyspraxia, dementia and other mental health needs'.*

[19] Designed by consumers https://supporthub.experian.co.uk/client is an example of a collaborative initiative in the UK where a consumer can determine to share the support needs they have ***once*** and the entities working with the person will be able to better able to tailor their response to the consumer's, needs

3.4 The NPS will set out a vision for the payments system, what is your vision for the Irish payments system?

'All citizens will have access to safe, accessible, affordable, and reliable payment options that meet their needs, and enhance their financial lives'.

Questions – Review of the NPP

'The previous NPP in 2013 sought to make electronic payments the preferred means of payment for most people and to accelerate the decline in cheque usage. In contrast, a key of objective of this Strategy is Access and Choice by promoting reasonable options for consumers and small businesses'.

The Consultation Paper states that the '*2013 NPP delivered on its headline target, as well as on many of the actions which underpinned this goal*'. A brief review of the NPP and related recommendations indicates that certain objectives (but not all) may have been achieved within the lifespan of that Plan. There is however no evidence presented that there has been a strategic and joined-up approach between main stakeholders to anticipating or providing for the payment needs of the population as related technologies have evolved. Rather, developments, in the years that followed the NPS appeared to have largely been organic with Revolut's entry to and subsequent expansion within the Irish market having significantly shaped the population's experiences and expectations of 'payments'[20]. Recommendations in the NPP relating to education, (8.1), low denomination notes (6.2) modernisation of client accounts (5.4) interoperability (4.1), require an additional and continued focus. The recommendation relating to stamp duty on debit cards was not addressed. The introduction of a Standard Bank Account (4.5) is important and has been promoted by the IBCB[21] and others but with the decline in the number of retail banks in the market 'choice' has declined for the cohort eligible to access the account.

4.1 Do you think that there is a reasonable level of choice in the payment methods currently available to consumers in Ireland?

Safeguarding Ireland cannot answer this question from the perspective of 'consumers' but responds based on experiences of interactions with adults who have had very limited access to or control over their own finances. For many within this cohort, payments systems have not been designed with their needs in mind and instead of having 'choice', third parties play a very dominant role in their management of their money, leaving them with little autonomy.

.

There are also significant gaps in the availability administration and regulation of safe payment systems that arise for consumers in certain contexts, for example, a recent HIQA inspection[22] found that:

---

[20] Consumer Banking Survey Experience and Perceptions of the Banking Sector in Ireland 2022, Department of Finance.

[21] https://www.irishbankingcultureboard.ie/irish-banking-culture-board-launches-guide-to-basic-bank-account-supporting-financial-inclusion-and-access-to-banking/

[22] https://www.hiqa.ie/system/files?file=inspectionreports/219-aperee-living-tralee-4-april-2023.pdf (p16)

'A review of available records suggested that at times residents would not have been able to access their monies should they wish to do so and that their money was used to support the day to day operations of the centre'.

Similar issues have emerged in HIQA reports in other residential settings. [23]

More positively, Safeguarding Ireland has also interacted with many consumers who may face challenges in their use of digital products but have been supported and encouraged to have agency and control and are both comfortable and competent in their use of mainstream products. Within this latter group concerns about 'safety' are prominent, including the risk of being scammed, or the risk of having cash stolen from them, for example, while using an ATM on the street. In this regard the branch infrastructure and the physical safety of a branch for cash withdrawals are viewed as important.

4.2 If not, are there any initiatives that could be undertaken in addition to the legislation currently in train at an EU and domestic level, to better promote access and choice?

As previously noted, Safeguarding Ireland believes that investment in engagement and research are required to better understand the diverse nuanced needs of adults who may face challenges in their financial independence and who may face barriers to access and lack of choice in the context of existing payment offerings. Safeguarding Ireland has recently made a submission to the CBI on CP156 highlighting various related issues which could be a focus of the proposed Sandbox.

4.3 How can the NPS continue to support vulnerable groups access to the payments system?

As aforementioned, the use of the term 'vulnerable groups' may no longer be appropriate and Safeguarding Ireland suggests that the focus should instead be on ensuring that all citizens have access to safe, and affordable payments systems in line with their needs and preferences. There is little evidence that there has been a consistent focus on 'access' in policy or regulatory measures to date and Safeguarding Ireland's experience is that some groups of consumers have been 'satisficing' as existing payment options are either inaccessible or otherwise do not meet their needs.

Questions – Crypto-assets

From a strategic planning perspective, it is difficult to ascertain the number and value of crypto-assets which are used as a means of payment as opposed to speculative purposes. It is important to distinguish between investment and payment to understand the important of crypto-asset payments in the context of the Irish payments ecosystem.

4.4 What are the advantages and disadvantages of paying with crypto-assets as compared to other means of payment?

[23] Use of residents' money among issues found at centres for people with disabilities', *Irish Times,* 17 January. Available at https://www.irishtimes.com/news/health/use-of-residents-money-among-issues-found-at-centres-for-people-with-disabilities-1.4778793

4.5 Can you provide specific use-cases of a crypto-asset a form of payment?
Safeguarding Ireland makes no response to this question.

Questions – Payment fraud

Security and Resilience are the cornerstone a well-functioning payment system that can be trusted by consumers and small businesses. To ensure continued trust in the Irish system consumers need to have the confidence be able to make payments without being subject to fraudulent transactions. Fraud can be divided roughly into two types, authorised push payment fraud and unauthorised payment fraud. Unauthorised payment fraud involves a payment being made without the authorisation of the payer. Whereas authorised push payment fraud, involves the use of social engineering techniques by the fraudster to deceive the payer into making a payment to someone other than the intended recipient or for a purpose other than what led the payer to make the payment.

4.6 Unauthorised payment fraud constitutes the largest share of fraud levels in Ireland, are there are additional initiatives beyond those set out in existing legislation and the forthcoming PSD3 and PSR, which can be undertaken domestically to address unauthorised payment fraud? Are there examples of best practices in other jurisdictions?

With regard to Payment Fraud, Safeguarding Ireland would wish to see a specific focus in the NPS on 'Financial Abuse'. In relation to unauthorised payment fraud, Safeguarding Ireland believes there is merit in better understanding how the perpetrator gains access to the payer's credentials, card, PIN, mobile, account details or such other information as may be necessary to make an '*unauthorised*' transaction from the payer's account. Some adults by virtue of their circumstances, reliance on third parties, isolation etc are at a greater risk of having their account/credentials stolen. Others, notwithstanding warnings to the contrary, will sometimes share this information with a third party to facilitate the making of a payment on their behalf. Such sharing greatly heightens the risk of financial abuse. Finally, others may be subject to deliberate coercive control which can involve either handing over control of accounts and credentials to the abuser or authorising payments under duress or undue influence. In Safeguarding Ireland's experience there are also high levels of coercive control and financial abuse perpetrated by family members and other third parties (non-intimate partner coercive control) which are not currently recognised in law[24] and a related culture of acceptance/entitlement which masks the financial and psychological harms caused to victims. All of these factors need to be better understood and need a fuller response as part of a comprehensive strategy to counter fraud and financial abuse.

With regard to '*Measures being implemented by the European Commission to tackle authorised push payment fraud*' Safeguarding Ireland notes the reference to '*A legal basis for PSPs to share fraud-related information between themselves in full respect of GDPR via dedicated IT platforms*' and suggests that this sharing of information also includes information on financial abuse and additionally suggests that this information is made available to relevant law enforcement agencies, regulators and others.

---

[24] Section 39(4) of the Domestic Violence Act 2018 remains too limited. It requires that the perpetrator and the victim are/were in the past, in an 'intimate partner' relationship.

Fraudsters impersonate an array of organisations to deceive a payer into making payment for a purpose not agreed to by the payer, or to an account controlled by the fraudster. Nevertheless, the European Commission's proposed PSR concentrates the liability on banks under specific circumstances to provide redress to the consumer.

4.7 To what extent do you agree that a cross-industry engagement including actors outside the banking and payments sector is needed to adequately address the issue of authorised payment fraud? If so, which sectors and actors are most relevant?

Safeguarding Ireland believes that the engagement of actors outside of the banking and payments sectors is fundamental in addressing the issue of authorised payment fraud. The 'impersonation' of a range of organisations by fraudsters has obvious implications for those organisations and the victims of the scams but has also served to undermine many people's confidence in digital engagement for payments or other purposes. The Department has recognised this wider impact '*Trust is one of the fundamental cornerstones of a well-functioning, resilient payment system. Fraudulent activity and the risk of being defrauded, can instil mistrust among consumers that may lead to their reluctance to use digital payments*'.

Significantly, the ongoing erosion of trust and confidence in the online services provided by banks, State entities or essential services providers gives rise to opportunities for financial abuse. In many cases, people fearful of getting 'scammed', hand over aspects of the control/management of their finances /related credentials/passwords/PINS/mobile etc. to a trusted third party and this can give gives rise to both coercive control and financial abuse.

In the main, such impersonation fraud leverages the reputation and reach of well-known and trusted entities (banks and financial institutions as well as Government Departments and Agencies and accordingly those actors must be involved[25]). Impersonation frauds have been identified in the media for well over a decade but seemed to proliferate during COVID and subsequently and are, at least in part, attributable to the accelerated digitalisation of many services. For citizens (who in practice engage with multiple entities as they make/receive payments) it can be difficult to know what to expect in terms of communication from a bank, utility, Government Department or State Agency as their business models evolve and to discern between genuine and fake /fraudulent communications.

It may be useful for main sectors and organisations (public and private) to agree and promote a standard 'safe communications protocol' indicating how they will/will not communicate with their customers and to point to a single dedicated website that can be accessed where there is a concern about a communication https://www.fraudsmart.ie/ is an excellent example - developed by the BPFI's member banks (https://stopscamsuk.org.uk/ is similar however its membership indicates that a number of main platform providers are also involved – Google, Meta, Amazon etc.). A dedicated phone number such as that used by 'stopscamsuk' would also assist 'STOP, HANG UP, CALL 159'. In addition, Stop Scams UK and its members supported 'BBC Be Scam Safe Week' in October 2023'. (Described as *'The largest consumer campaign of its kind run by the broadcaster in recent memory, it comprises a week of programming about scams across all its channels and platforms to boost awareness of scams and sharing advice on how the public can keep themselves safe'*).

[25] (Safeguarding Ireland highlighted the concerns of the NSAC to ComReg in August 2022 following the establishment of its Nuisance Communications Industry Taskforce).

It will remain important that there are locations (organisations/professionals) in each community that people with concerns can access to safely check the veracity of the communications they have received. This would involve roles for, for example, the remaining bank branch network, Post-Offices, and the State's own resources and infrastructure, for example, Citizens Information Centre's etc. Stakeholders such as the members of the NSAC, working with adults who may face a heightened risk of abuse are also important in creating awareness of the risks of authorised payment fraud.

With regard to the Department's Financial Literacy Strategy, it is vital that content covers financial abuse and fraud.

Questions – Instant payments

Instant Payments are not widely available in Ireland and there is a lack of consumer understanding of this position due to the availability of close alternatives, as a result the relative laggard position of Ireland compared to our European peers suggests that initiatives complementing the forthcoming regulation on instant payments may be beneficial.

4.8 What do you see as the challenges to the roll-out of instant payments in Ireland?

4.9 What actions could be taken to support the roll-out of instant payments?

4.10 What are potential negative impacts to the wider use of instant payments? How could these be mitigated?

Observations on Instant Payments

The text in this section provides limited detail on the benefits of instant payments, *'Instant payments offer a variety of benefits to consumers and businesses alike. These include unlocking liquidity that would otherwise be stuck in transfer. These funds can then in turn, be used to consume more goods and services or allow payees to receive funds in urgent situations'*, … *a lack of awareness of the benefits of instant payments among the general public and even misperception about the degree of availability of instant payments in Ireland.*

It is difficult for Safeguarding Ireland to respond to this section and the related questions in the absence of any objective information on the benefits or risks of instant payments or their relative merits when compared to other forms of payment. This is particularly relevant for adults who may face a heightened risk of harm or abuse. While 'unlocking liquidity' has obvious merits for business it may not always be of benefit to consumers to have funds available '*to consume more funds or services'*. Safeguarding Ireland notes that 'Confirmation of Payee' is an important feature but questions whether it will add to complexity for some users. Issues of compensation/reimbursement need further elaboration as well as an indication of what supports may exist for consumers to access compensation where relevant. Issues of undue influence and coercive control are also very relevant, Safeguarding Ireland questions, what safeguards are planned to mitigate the impact of 'coercive control'?[26]

[26] https://safeguardingireland.org/coercive-control-blog/ See also https://safeguardingireland.org/wp-content/uploads/2022/05/6439-Safeguarding-Risks-Resp-Report-FA4_lowres.pdf (chapter 6)

Questions – Open banking

Open banking can improve the consumer experience and assist them in managing their financial affairs if rolled out successful.

4.11 What challenges or obstacle are faced by firms and consumers in providing and using open banking?

4.12 What actions could be taken domestically, and by who, to encourage/facilitate the greater uptake of open banking in Ireland?

Observations on Open Banking

Because of its potential to assist consumers to better manage their financial affairs, Safeguarding Ireland via its State Payments group has followed developments in Open Banking in the UK over the last several years. It had been anticipated that Irish consumers would be using and benefiting from Open Banking at this point. Key features such as account aggregation and the related visibility and insights it facilitates have the potential to give users a greater sense of control and autonomy. There may also be opportunities to use open finance data to support people in 'vulnerable' circumstances[27]..

A recent UK report found that '*There was demand for account aggregation and insights from our participant group. They are looking for an app that is not just a simple budgeting tool, but also provides information and guidance on how to improve their financial situation while still being easy to use and understand'* [28] The same study noted however that *'Apps should be better tailored to user circumstances', 'Human support was helpful'* (in setting up the apps that were trialled) and. '*Awareness of Open Banking was low'*. The report makes several recommendations addressed to policy makers, banks, Open Banking apps and services, charities and local communities which are relevant to the Department's questions on Open Banking. A key recommendation is the need to *'Be honest about how your features can help. We found that our participants were sometimes frustrated by promises made but not fulfilled by marketing claims. Apps and services should be mindful that over-promising in their marketing can lead to a loss of trust in users, particularly those that are less trusting generally in financial services, such as vulnerable users'*.

Open Banking and Open finance rely on consumers giving consent to third-party services to access financial data held about them by another firm. [29] A 2021 report by the Finance Innovation Lab highlighted difficulties in determining informed consent in financial services. This issue and the harms of unintended data sharing are of particular concern for adults who may be at risk of harm or abuse.

---

[27] For example, the Money and Mental Health Policy Institute worked with fintech Touco on an open banking powered tool designed to help people living with mental health conditions. The service provides money alerts via text messages to account holders and someone they trust whenever there is unusual spending activity.

[28] https://urbanhealth.org.uk/wp-content/uploads/2023/11/Open-Banking-for-Financial-Health-0723.pdf other findings – included -. Some apps were useful, particularly account aggregators, 2. Some accounts couldn't be connected, 3. There were concerns about data access and use, 4. Apps should be better tailored to user circumstances, 5. Some business models felt manipulative; 6. Some important use cases aren't covered.

[29] https://barrowcadbury.org.uk/wp-content/uploads/2021/07/Open-Finance-doc_FINAL_2021-1.pdf

4.13 Do you see a role for an Irish open banking forum to enhance collaboration in open banking?

Safeguarding Ireland has highlighted the need to build a strategic consensus amongst stakeholders to underpin the NPS. In a recent submission to the CBI on CP156, it has also highlighted the need to engage civil society and consumers in its planned Sandbox, Safeguarding Ireland further notes that the CBI convenes the Irish Retail Payments Forum comprising main payment providers/their representative bodies and a consumer representative. The UK experience indicates that industry collaboration has been a critical component of the development of open banking. However, as Open Banking develops further, into areas such as 'Open Finance' and 'Smart Data', Safeguarding Ireland suggests that there is a need to provide fora for engagement, dialogue and collaboration involving all stakeholders, i.e. private and public entities involved in retail payments, providers of essential services, (utilities) as well as consumers / and/or those that work with them.

Questions – Data collection

In recent years, it has become clear that there is a gap in the level of data and statistics available on the Irish payments market. Consequently, the NPS will consider the forthcoming new data to be published by the Central Bank, and assess the extent to which it addresses the existing data gaps as well as considering further research and analysis on payment.

4.14 The NPS team has identified data gaps in the areas of open banking, instant payments, sustainability and crypto payments, do you agree that data in these areas are lacking? What metrics should be considered to maximise insight into these sectors and while recognising the key role of the Central Bank, which organisations are best placed to collect and analyse these?

4.15 What other data gaps in the Irish payment ecosystem, which have yet to be identified? What metrics should be considered to maximise insight into these sectors and which organisations are best placed to collect and analyse these?

Observations on Data Collection

Safeguarding Ireland has already highlighted the lack of data on financial abuse in Ireland and suggests that in leading the development of the NPS the Department may be well situated to design and implement a data collection regime that gathers comprehensive information on payment fraud across all retail payment entities incorporating data on financial abuse. (We note that the UK's Payment Systems Regulator[30] has recently started to publish data on Authorised Push Payment Fraud incorporating the names of the main 'sending' and 'receiving' banks/firms (directed firms and non-directed firms) and the related reimbursement of victims.)

[30] https://www.psr.org.uk/information-for-consumers/app-fraud-performance-data/

Questions – Access to cash

The NPS has been asked to assess the impact of the "reasonable access" criteria in the Access to Cash legislation that is currently being developed by the Department of Finance, and look at how they might evolve in the future. The criteria will be focused on (1) distance to cash access/lodgement point and (2) population density at a certain geographic level. The NPS will take a forward looking approach to consider what future cash usage levels could mean for reasonable access to cash and should the criteria change as a result.

5.1 To what degree should access to cash be guided by the usage of cash? For example, if the usage of cash falls by 50% from 2022 levels, should the level of access follow in step i.e. by 50% or by a smaller amount, i.e. by 25%?

5.2 If the usage of cash fell by 50% from 2022 levels should other factors be considered when assessing criteria on access, such as usage of cash access points? For example, could the population density criteria be relaxed while the cash access point criteria be held constant?

5.3 If cash usage fell by 50% from 2022 levels, how are factors like cost to be considered to ensure the system is resilient?

5.4 In the long term (5-10 years plus) what level of access to cash facilities are consumers and business expecting to exist?

5.5 Within the Access to Cash legislation, what factors should be considered when the distance and population density criteria are met in order to identify if a local deficiency exists? How should this be addressed?

5.6 Have you (as a consumer or small business) experienced barriers to access to cash? If so, what are they? What would be helpful to counter these?

5.7 Are there situations where you (as a consumer or small business) find cash as a better alternative to digital payments – if so, please elaborate?

5.8 In the event of a digital payments disruption, do you see cash playing a role and how might this work?

Questions – Acceptance of cash private sector

The European Commission will develop common euro area wide indicators via the legal tender proposal to monitor acceptance of cash, for example, the density of cash access points in relation to population, withdrawal and deposit conditions, including fees, the existence of different networks with different access modalities for customers, urban-rural and socio-economic variations, and access difficulties for certain population groups. From an Irish perspective, the NPS is interested in the public's view on the acceptance of cash.

6.1 Do you believe there is, or there may be, a trend emerging of non-acceptance of cash in Ireland? Where or in what circumstances have you experienced this?

6.2 Do you agree with the principle of universal cash acceptance? Or do you believe it can be limited to certain critical classes of payment?

6.3 Do you believe it remains appropriate or necessary to ensure acceptance of cash as a form of payment? Do you believe you have enough choice as to how you can pay for everyday goods and services?

6.4 If monitoring shows that the acceptance of cash is inadequate, what should be considered when developing remedial measures?

6.5 Have people encountered situations where there have been price differences between payment types at the POS? How prevalent/common are these situations? How can this be addressed? How do charges at ATMs impact on decisions to use cash?

Questions – Acceptance of cash public sector

Public bodies have an obligation to act efficiently in their duties to minimise their impact on the taxpayer and provide a high-quality services. While doing so they must also provide fair access to public services. Therefore, ensuring a balance between efficiency and access by the public is important.

6.6 What is your view on the levels of acceptance of cash in Ireland by public bodies for public services?

6.7 Have groups or individuals experienced challenges or have been excluded from accessing public services due to the lack of payment methods available?

6.8 What should public bodies consider when offering payment methods for services they provide?

6.9 Should all public services have an obligation to accept or facilitate the acceptance of cash? Or is there a sub-set of essential services that should?

Observations on Access to Cash, Acceptance of cash private sector and Acceptance of Cash public sector

Questions 5.1-5.8 and 6.1 -6.5 and 6.6-6.9 seek an array of important responses on issues of importance to many of Safeguarding Ireland's stakeholders and the people they work with.
As has been stressed throughout this submission it is important that the NPS is based on an understanding of the actual payment needs of consumers and particularly those who may be at heightened risk of abuse, due to rapid and far-reaching changes in the payments landscape.

The use of cash can be a deliberate response to the risks that arise in relying on third parties, as is illustrated by a response by Age UK to a recent consultation on access to cash,
'Cash is a great way to limit your risk. Older people often rely on others to help with shopping, and accept that there is a risk of being short-changed. But if they only give a carer or neighbour a £20 note,

then they limit their risk substantially, and it's easy to see the change so that if there is a problem, you can raise it on the spot. Age UK[31]

Safeguarding Ireland hopes that some of the stakeholder organisations on it National Safeguarding Advisory Committee (and other organisations working with consumers who may be highly dependent on cash) may have had an opportunity to consider these issues in depth with their members/those they work with, to provide feedback to the Department on critical issues relating to access to cash.

Safeguarding Ireland suggests that if responses to these important consultation questions are limited in depth or breath, that the Department should initiate an additional consultation on this issue by way of workshops or other engagement with consumers and organisations working with them.

In relation to the Acceptance of Cash by the public sector, Safeguarding Ireland suggest that the issues are considered in the context of the Public Sector Equality and Human Rights Duty[32] which places a statutory obligation on all public bodies in Ireland to promote equality, prevent discrimination and protect the human rights of their employees, customers, service users and those affected by their policies and plans.

Further, we suggest that the issue heavily depends on an improved understanding of the needs and preferences of consumers and the reasons why they may choose to make payments in cash for certain public sector services and in particular 'essential public services'.

[31] https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf

[32] See https://www.ihrec.ie/our-work/public-sector-duty/