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Why a cashless society may never emerge in Ireland

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'Concerns have been expressed that independent ATMs are not currently regulated by the Central Bank and there are fears that fees for cash withdrawals at these ATMs could soon be introduced.' Photo: Eamonn Farrell/RollingNews.ie

Analysis: despite the 'cashless creep' in many sectors, there have been policy moves to ensure businesses must still accept cash payments

The recent removal, or attempted removal, of the choice to pay in cash by some service providers, has led to increased awareness of the importance of retaining access to and acceptance of cash for an inclusive society. The National Driver Licence Service, the GAA, the National Ploughing Championships, Irish Rail and the NCT have all come under fire for restricting or removing the acceptance of cash payments, with some subsequent rowing back.

We don't have to look too far to find what might be termed a 'cashless creep' in other services, such as some short-term car parks, festivals, laundrettes in garage forecourts and some public toilets. Some services carry a 'cash premium', meaning it is sometimes more expensive to pay with cash. A particular case in point is the TFI Leap Card, which offers transport fares of up to 30% cheaper than if paying with cash.



Cashless Cemetery Car Park

From RTÉ Radio 1's Liveline, Máire's father was unable to use the Palmerstown Cemetery Car Park because it has gone cashless

However, the potential for a cashless society has been cast in great doubt, not least by the 2022 Retail Banking Review, which has recognised "an enduring societal demand for cash" and stated that "a cashless society may never emerge". Implementation of a recommendation for access to cash legislation is reported to be well underway.

Another strong signal was sent by Minister for Finance, Michael McGrath. In September 2023, he asked public bodies to continue accepting cash payments pending completion of the National Payments Strategy in 2024. The terms of reference of this strategy also state that the possibility of a legislative requirement for acceptance of cash for certain classes of firms or sectors is to be examined, including whether public bodies should accept or facilitate the acceptance of cash. The European Commission has also proposed new regulations to ensure that cash "remains present, available and accepted by all euro-area residents and enterprises".

While it is still permissible for businesses and other service providers here not to accept cash (as long as the customer is notified in advance), many European countries have moved to protect acceptance of cash. In France and Spain, refusal to accept payment in cash is a legal offence. Even Sweden and Norway, which have the lowest use of cash in the Eurozone, are recognising that some people still prefer or need to use cash.



Why banks need to maintain cash services for customers

From RTÉ Brainstorm, why banks need to maintain cash services for customers

The Department of Finance Consumer Banking Survey 2023 shows that 94% of adults use cash and one in four (24%) prefer to use cash. A stated preference for cash has grown compared to the results of the corresponding 2022 survey. Only 2% of respondents said they were paid in cash by their employer or by government transfer, which means most of us can only make payments using cash having first used a financial services provider to access it. In the survey, 78% of adults said they used ATMs to withdraw cash, 17% withdraw in person at a bank branch, 18% use cash back from a retailer and 9% use their post office.

But what does it cost us to access our cash? The Competition and Consumer Protection Authority's [comparison site for current accounts](#) shows consumers what their financial services provider charges to access their cash. Providers differ in approach which makes direct comparison more difficult.

For many of us, the cheapest way is through cashback at a point of sale, where that is offered, because it is usually free. That said, there is often a limit on how much can be withdrawn and it requires a purchase to be made. Some, but not all, providers charge an in-branch transaction fee. Charges for ATM withdrawals, where there is a charge, also vary across providers and really start to bite when withdrawing non-euro cash abroad.



People moving back to Cash and ATM Regulation by Central Bank

From RTÉ Radio 1's Today with Claire Byrne, Personal Finance Editor of the Irish Independent Charlie Weston on people moving back to cash and ATM regulation by the Central Bank

ATMs here are provided either by the pillar banks or by independent ATM deployers such as Brinks. There have been noticeable and ongoing moves by the pillar banks to reduce the number of ATMs they offer by selling their offsite ATMs as a cost-cutting measure. Concerns have been expressed that independent ATM deployers are not currently regulated by the Central Bank of Ireland and there are fears that fees for cash withdrawals at these ATMs could soon be introduced.

There are also cash related costs for businesses and other service providers. The Retail Banking Review highlights reduced cash services in some bank branches and branch closures as potentially leading to higher costs for small businesses. This is because the businesses may need to hire cash-in-transit firms to transport their cash or may need to travel longer distances and incur higher risks and insurance costs, travel and climate costs, and loss of time. The risk of theft and time spent counting and managing cash intakes are also cited by some business owners as reasons why cash may be more inconvenient than card payments.

While there are no bank charges for retailers to accept cash payments, as usually exist for card payments, many retail banks charge businesses wide-ranging fees for cash handling, including lodgements and exchange of notes and coins. It is little wonder, then, that despite potential missed sales, some may opt to operate as cashless businesses in the absence of a requirement to accept cash. The Review points to the resulting "consequences for consumers, particularly those who, for budgeting or other reasons, have a continuing preference to use cash".



The Retail Banking Review has stated this should ensure Irish consumers are not charged to withdraw cash from a domestic ATM

Measures to support access to cash go hand-in-glove with measures to support acceptance of cash. The Eurosystem Cash Strategy states that everyone should "have access to their money, whatever their preferences and payment needs. For this to happen, banks need to provide adequate cash services, including cash withdrawals that are free or incur only a reasonable fee".

Importantly, it also states that ensuring that cash is accepted everywhere is a "vital part of the payment system". The Retail Banking Review has stated this policy should ensure Irish consumers are not charged to withdraw cash from a domestic ATM. More research on the issues of cash acceptance from the perspective of both consumers and businesses and other service providers would be insightful.

The views expressed here are those of the author and do not represent or reflect the views of RTE
