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## **The Society of St Vincent de Paul National Payments**

### **Strategy Submission**

The Society of St Vincent de Paul (SVP) is the largest charity of social concern and action in Ireland, with a variety of services being provided by our 11,000 Members (Volunteers) and 775 staff on an all-Ireland basis. We provide friendship, financial and emotional support to enable self-empowerment and campaign for policy change for the purpose of eradicating poverty in Ireland.

SVP provide support to households in need include debt advice and the provision of direct financial assistance to individuals and families in need. Our volunteers and services work with many people without bank accounts and who pay more than they need to for goods and services through poverty premium. We, like all other charities, have the function of managing our finances and meeting the needs and demands of those who provide financial donations to us to enable our work to happen, in over 1,100 local conferences in Ireland.

It is from this perspective that we make a submission on the new National Payment Strategy.

## **Background – SVP experience of supporting people who are financially excluded.**

From SVP's perspective there are several key groups that need to be considered when developing the landscape for the National Payment Strategy both now and in the future.

1. The 'Unbanked'. While data is now out of data, in SVP experience are still a substantial number of people SVP supports who are unbanked. These households are unable to use functions such as a standing order, budgeting features of an account or the ability to build a positive credit rating over time. Those reliant on social welfare are most likely to collect their income from social welfare offices or post offices and pay any bills that they owe mainly through the post office, which may preclude them from getting the best tariffs for services such as electricity and gas.
2. People in Debt. A concern amongst SVP members is that if people in this cohort used electronic transaction methods rather than cash that all income they would receive or generate would be offset in the first instance against any overdue debts they may have.
3. People with low levels of financial awareness. Such people may not understand how to budget and deal with their finances in a manner that will keep their debt to a minimum. The increased use of electronic means of payments poses a challenge as some people will not respect or fully understand the handling of electronic payments when it is far removed from having hard cash in their hand. SVP

members have expressed concerns about inappropriate electronic banking services for certain people who risk depending on or becoming reliant on overdraft or credit card facilities.

4. Rural Dwellers and people in outlying, peripheral urban estates.  
People living in rural Ireland whose only financial transactions take place in shops, post offices and other services which do not have the facilities to cater for electronic transactions.
5. Older people can be reluctant to deal with banks and are not used to using new technologies. They can be equally distrustful of both and fearful of change. But most importantly new payment arrangements can pose risks of elder abuse and there is currently great concern about the implications of changing payment methods for the security, financial independence, and wellbeing of some older people.
6. People with literacy and numeracy problems. According to NALA, the National Adult Literacy Agency, 1 in 4 of Irish adults has literacy difficulties. Such people may have difficulty or need assistance with reading terms & conditions and statements related to transactions and banking. Issues with numeracy may be more difficult with the absence of 'cash in hand', which is more tangible than electronic money.
7. People with limited computer literacy and computer access.  
Anybody who is not computer literate or without the appropriate equipment will find it very difficult to make a change. This would

include older people, but also households without access to a home computer or those without reliable broadband services.

8. Victims of domestic violence: those fleeing situations of domestic violence or who are living through violence, finance abuse and coercive control. Access to cash, ATMs and means to use physical money payments is vital to someone is experiencing coercive control, enabling them to buy the phone credit to call their support network and services, book a room, buy food, or pay for transport to safer life, all without their ex-partner knowing where they are, accessing clothes, a coffee and paying for new furniture. They and others need the discretion and privacy that the use and acceptance of physical money gives, over e-payments etc.

The National Payment Strategy needs to ensure that the above groups are not further disadvantaged. Therefore, it needs to be designed, implemented, and monitored in a way that facilitates financial inclusion without undermining personal autonomy, right to privacy or security. It must give particular consideration for older people in terms of elder abuse and people with disabilities who have expressed concerns regarding possible implications of “no cash policy” who need to be able to purchase equipment that enables them to live their lives through the means of their choosing. While the move toward electronic payments is generally positive and will create savings for people, the worries outlined also need to be addressed and reflected in the final National Payments Strategy.

## **SVP Recommendations to the National Payments**

### **Strategy:**

**Priority 1: Access to cash and acceptance of cash remains a priority for SVP and those who seek our support.**

In 2021 our total spend in providing financial assistance directly to households experiencing poverty, social exclusion and marginalisation was €29.6 million and in 2022 this direct assistance increased to €38.6 million.

There are a variety of mediums the money is exchanged in, vouchers (food and energy typically paid for by cheque), cheques to third parties for the purchase of white goods for example, and when required cash assistance (€4.5 million in 2021). One of our main purposes is provide financial assistance, and sometimes there is the need and an importance of physical money for people we are supporting. Direct cash support can be given for reasons including but not limited to payment was required in cash, no access to bank accounts, bank accounts in debt and/or overdraft etc. While our members may be able to undertake their portion of the payments electronically, the fear is that it would require members to take a much greater hand in peoples' financial affairs, which could be counterproductive in this instance and needs to be considered in the National Payment Strategy development.

Our Members (Volunteers) and services work with many people without bank accounts and who pay a poverty premium due to payment functionalities exclusion and who experience financial exclusion, all due to their socio-economic background. In our experience, households who receive most of their income from social welfare primarily use cash to pay

for goods and services. Use of cash when there is no or limited alternatives to cash include public transport (in rural areas), sporting and cultural activities, payments to schools or other local services.

The switch to online and digital services without considering the needs of low-income groups creates additional barriers and costs. For example, most utility companies will not accept cash or cheque as a form of payment anymore and will only accept a person signing up for direct debit. In order to avail of these services, some people may feel forced to use banking products which, given their level of income and usage, may be inappropriate for them and more expensive in the long run. During COVID-19 when shops were closed, we found those without access to online banking or shopping significantly disadvantaged. This included parents unable to purchase school uniforms or shoes online and people moving out of homeless accommodation into a new home and unable to purchase items such as bedding.

As an organisation that receives physical money donations, the acceptance of physical money is important to us because it enables us to achieve our goals, we know that,

1. Charitable donations, in particular church gate collections are almost totally dependent on cash income (€7.8 million was received in Church Donations in 2022); although donation channels by fundraisers have increasingly diversified from cash alone including the introduction of “tap to donate” in recent years.
2. Some people are not yet comfortable with electronic donation technologies, and that is something, as a charity, we must always facilitate and accept with gratitude.



3. People who donate to us, often lack trust and confidence matter within the broader Society, and Cyber use.
4. Some businesses still use cheques to respond to our Christmas appeal, although this is changing as enterprises increase their electronic funds transfer relative to other channels.

*Recommendation 1:* Retain access to cash, and the acceptability of cash in key services and supports for people at risk of and experiencing financial and social exclusion. Allowing the public sector and private businesses to decide how they will receive a payment rather than using legislation that includes and protects our society's most vulnerable diminishes the targeted and considered protection that they need.

*Recommendation 2:* Monitor the accessibility of cash and promote cash availability and services, particularly in rural areas.

*Recommendation 3:* Set out and specification action plan and alternative payment methods which meet the specific needs and concerns of organisations such as SVP currently using cheques. Part of this work should focus on addressing the cost of retail transactions for NGOs and charities making the shift to electronic banking and payments.

## **Priority 2: Inclusion and safeguarding must be the foundation of the NPS**

This NPS and subsequent policy/legislation should aim to protect vulnerable people throughout our society, it has the potential to be the most protective financial legalisation in Ireland to date. The most vulnerable are those who are marginalised are so because of the rules,

policies, systems, and cultural norms in our society. They experience these placed parameters on their lives every day, in all ways.

Those who aren't forced to live in the sidelines of the norm, because they have access and the foundation of skills and resources, do not and cannot see or fully understand those parameters and experiences of the marginalized. Forcing an individual and groups of vulnerable individuals into using or not acting in the way that they want or need to, is another confirmation to them that they in their lives are marginalized.

As outlined above, those experiencing coercive control, domestic abuse or older people who are more vulnerable to financial exploitation are the people who are the forefront of our minds in writing this submission.

It is essential to a person who wishing to escape from, recover from and be safe without her partner finding out where they are, they should be able to access goods and services with anonymity, they need to be able to gain access to physical money and for physical money to be accepted in all businesses entities to do this. We know that at a time of separation from a partner it is not only financially straining but also a dangerous time for women.

“Separation is not only a very dangerous time for women, but also a period when they can incur significant additional expenses, such as legal fees, new accommodation, or counselling. Many women in abusive situations endure financial abuse or coercive control and frequently don't have access to emergency funds.” Ivanna Youtchak, NWC's Violence against

Women Coordinator.<sup>1</sup> This is where the National NPS needs to protect women and others when they are most vulnerable.

SVP asks that the NPS is a strategy that protects all peoples, particularly those who are marginalised due to their financial vulnerability, by delivering policy that ensures cash payments are accepted everywhere, knowing that they are integral to many marginalised people's lives.

People should be able to choose how they pay for a goods or services that they buy. The NPS should make it clear and require all businesses to accept cash, this gives people protection, the ability to pay with cash is, for many living in poverty, the only option. Putting the onus on the public sector and private businesses to decide a “no cash” policy does not protect people, it deepens their marginalisation, it increases their mental load, it isolates them further off from society.

We note that the NPS refers to “reasonable access” to cash and the draft legislation refers to those providing “essential services” and are concerned that ambiguity in both of these terms may result in people who are already excluded being put at a further disadvantage. How both policy and legislation define what is reasonable and what is essential is important and should not be left to the discretion of business and services to decide.

When considering what is an essential service, SVP raise at this time, who is to decide what is an essential service and what isn't. For example, during the COVID-19 pandemic SVP shops were not deemed an essential

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<sup>1</sup>National Women's Council, 2023.

[https://www.nwci.ie/learn/article/national\\_womens\\_council\\_call\\_for\\_domestic\\_violence\\_leave\\_to\\_be\\_paid\\_in\\_full](https://www.nwci.ie/learn/article/national_womens_council_call_for_domestic_violence_leave_to_be_paid_in_full)

service but families who could not access basic clothing or home items due to the inability to shop online went without essentials as a result. <sup>2</sup>

A vague or overly narrow definition of “essential services” could potentially have very negative consequences for people with disabilities or long-term illness in particular. For example, a lady living with a physical condition which requires her to use a wheelchair, who can often gain a high temperature which would lead to hospital stays, buying and installing an air conditioning unit in her home which enabled her to prevent a rise in her temperature and avoid a hospital stay not only had a greatly positive impact on her health and life but prevented her from acquiring a hospital bed, utilising hospital resources and worsening her condition. Enabling this one lady access to purchase such an item for her health has ongoing but very unseen positive consequences for her and her health provider. But these two examples demonstrate that for many, disabled or able bodied, the government cannot decide what is essential without creating exclusion. Choosing what essential services are, is limiting, our lives are different, what is essential to one, may not be essential to another.

This is why the government should use the NPS to protect and safeguard all people, including those with physical and mental conditions which means they require equipment that one may not associated or see as essential but to those who are disabled, they are essential.

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<sup>2</sup> <https://www.irishtimes.com/news/social-affairs/st-vincent-de-paul-calls-for-charity-shops-to-be-classed-as-essential-service-1.4531384>

In 2022 two important Safeguarding reports were launched, HSE National Safeguarding Office Annual Report <sup>3</sup>and Safeguarding Ireland published its report 'Identifying Risks, Sharing Responsibilities – A Case for a Comprehensive Approach to Safeguarding Vulnerable Adults'<sup>4</sup>, both of which set out the risk and importance of safeguarding vulnerable people from financial abuse and the latter includes recommendations, if adopted, that would support and protect vulnerable adults from financial abuse.

Considering that “One in five (19.7%) people unable to work due to disability live in consistent poverty. This is almost four times higher than the national average (5.3%).”<sup>5</sup> We know they are more likely to live in poverty and be unbanked/have a greater use of cash, this highlights the importance of allowing all goods and services to be seen as essential and must be accepting of physical money/cash is for the greater protection of the individuals with disabilities and all of society considering the impact of the examples given above.

The difficulty of physical money being less accessible and acceptable is felt by people for who cash rules their life's because in every payment/transaction they carry the mental load of whether their payment method will be accepted. Some people don't use the ATM, their account is in overdraft and therefore a “no cash policy” is another way of telling them their living differently to the main and their money means less.

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<sup>3</sup> HSE, 2022. <https://www.hse.ie/eng/about/who/socialcare/safeguardingvulnerableadults/national-safeguarding-office-annual-report-20221.pdf>

<sup>4</sup> [https://safeguardingireland.org/wp-content/uploads/2022/05/6439-Safeguarding-Risks-Resp-Report-FA4\\_lowres.pdf](https://safeguardingireland.org/wp-content/uploads/2022/05/6439-Safeguarding-Risks-Resp-Report-FA4_lowres.pdf)

<sup>5</sup> Disability Federation of Ireland, 2023. <https://www.disability-federation.ie/news/press-releases/2023/10/10/devastating-sidelining-of-disabled-people-in-budget/>

*Recommendation 4:* Ensure that the outcomes of the National Payment Strategy align with the recommendations of the Safeguarding Ireland report.

*Recommendation 5:* Ensure that access to cash remains available to support people in vulnerable situations including victims of domestic violence. Ambiguous and ill-defined terms such as “reasonable access” to “essential services” should be avoided and clarity should be provided from Government and not at the discretion of businesses and service provider to interpret.

*Recommendations 6:* Establish an Oversight Group, possibly as a subgroup to the Central Bank’s Consumer Advisory Group, to ensure that needs of the most marginalised, and the organisations which support them, are being supported in the implementation of the National Payments Strategy.

*Recommendation 7:* Develop a new financial inclusion strategy focused on developing inclusive financial services and empowering those of low incomes and at risk of exclusion to ensure no one is left behind.

## **Conclusion**

The people who are most likely to experience financial exclusion are older people, the unemployed, lone parents, people living with disabilities including long term illnesses, social housing tenants and those on low incomes, who are made up of single adults, couples, families and children. Financial exclusion makes it more difficult for these at-risk groups to manage their money and means greater exposure to high-cost financial services and the risk of over-indebtedness – a situation which SVP members know all about in their work and it disbenefits the whole of

society as we absorb the knock-on effects this exclusion has on marginalised people.

Research shows there is a strong relationship between financial exclusion and:

- Low levels of education / no qualifications
- Being in the poorest 40% of the population
- Those at risk of poverty, and in consistent poverty (experiencing deprivation) in particular
- Experiencing poverty as a child and the link to financial difficulties in adulthood. <sup>6</sup>– ESRI paper.

We welcome the commitments from the Minister for Finance to ensure no one is left behind and the need to avoid further financial exclusion for those at risk. Importantly, we are pleased to hear the Minister recognise the important role that cash continues to play in our society and economy, and this is a role he is determined to protect. Achieving this and developing a coherent and inclusive infrastructure to support those most vulnerable and at risk will require ongoing consultation and dialogue. SVP are happy to continue this discussion as further iterations of a payment infrastructure are developed and innovated.

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<sup>6</sup> ESRI, 2022. [https://www.esri.ie/system/files/publications/RS150\\_0.pdf](https://www.esri.ie/system/files/publications/RS150_0.pdf)