

Synthesis of the Irish situation

Financial inclusion/exclusion in Ireland

Ireland has relatively high levels of financial exclusion. Approximately 10-11% of the population has no bank account and 27-28% has no current account. In relation to credit exclusion, the debate focuses more on access to affordable credit, with people being considered credit excluded if they have to pay charges that are considerably in excess of those in the mainstream credit market. In 2005, it was estimated that there were 300,000 customers of moneylenders in Ireland, representing approximately 10% of the population over the age of 20 years.

Policy debate

Financial exclusion has only recently emerged as an issue in Ireland mainly as a result of work carried out by the Financial Regulator, state agency Combat Poverty and departmental programme, the Money Advice and Budgeting Service (MABS). The government has mainly been concerned with issues related to access to credit and the cost of that credit in Ireland.

Successful elements

There have been no policies or services introduced in Ireland specifically addressing financial exclusion. However, a number of recent developments may have an indirect effect on greater financial inclusion.

- Financial inclusion was highlighted as an issue in the *National Action Plan for Social Inclusion 2007 – 2016*.
- The National Payments Implementation Programme (NPIP) was established in November 2005 and is developing proposals made by the Irish banking industry on a ‘universal account’ and is considering how the work of NPIP could lead to greater financial inclusion.
- The Consumer Protection Code came into operation on the 1st July, 2007 and offers greater protection to consumers and sets out specific provisions in relation to financial access and general principles and rule for guarantors, payment protection insurance, non-mortgage personal lending, mortgages and lifetime mortgages.
- The Financial Regulator has taken a number of steps to promote access to financial services in Ireland.

Conclusions

Financial exclusion needs to move much higher up the policy agenda in Ireland. The main areas that need to be addressed are:

- A strategic approach to financial inclusion
- Improved access to bank accounts for low-income consumers
- Introduction of basic bank accounts, provided on a universal basis
- Increased provision of financial information, advice, education and advocacy
- Greater provision of social lending for low-income consumers
- Specific asset-based initiatives targeted at low-income consumers
- Promotion of the electronic payments of benefits