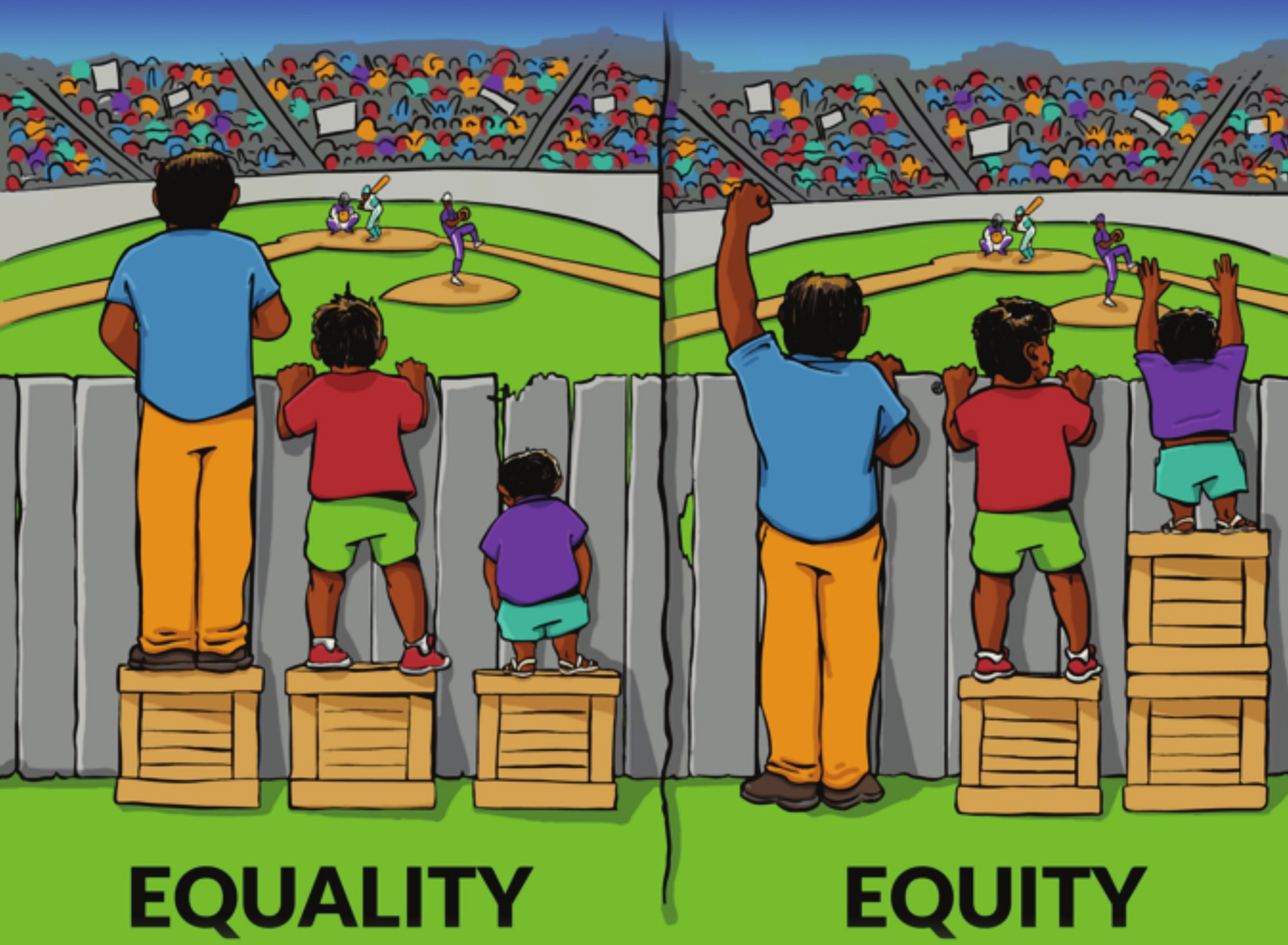
National Traveller mabs Money Advice & Budgeting Service

BUILDING THE BOX:

A review of policy, services, facilities and schemes with potential to improve financial inclusion from a Traveller perspective



Compiled for National Traveller MABS by:

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September 2020

Cover Illustration: Interaction Institute for Social Change | Artist: Angus Maguire.

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Executive summary

Financial exclusion relates to an inability to access or use mainstream or conventional financial services and products that are appropriate to a person’s needs, thus leading to often deepened marginalisation within financialised societies such as Ireland’s. In essence, it is a welfare issue and regrettably from this perspective, a persistent and widespread problem for many within Irish society including Travellers. Indeed, Travellers remain one of the most disadvantaged groups in Irish society (even though their ethnic status has now been officially acknowledged), albeit by no means a homogenous one.

This enquiry is motivated by National Traveller MABS’ current work-plan, which includes a commitment to improve pathways to financial *inclusion* for Travellers. In our work over time, what has become apparent is that with the exception of caravan loan schemes and a basic bank account pilot, most services, facilities and schemes with potential for improving financial inclusion among Travellers tend not to factor in the community’s particular needs.

Our review focuses on a selection of initiatives relating specifically to banking, payment and credit, and contextualises them with reference to financial inclusion policy in Ireland over time. To inform our analysis, we draw on publically available information, data gathered directly from the providers themselves by way of telephone calls and emails, and the experiences of MABS Money Advisers working with clients in the field, garnered by way of a structured questionnaire.

We conclude that each development reviewed has potential to improve banking, payment and credit inclusion among Travellers, and a number of suggestions are made as to how these might be made more accessible to - and usable by - more marginalised members of the Community; many people will, however, require intensive support in terms of access if such potential is to be fully realised. This mixed economy of welfare overall, however, is somewhat disjointed and only takes us so far in terms of financial inclusion for Travellers.

More broadly, what emerges is the need for the State to play a more co-ordinating and facilitative role in terms of promoting, supporting and stimulating interest in financial inclusion, including its broader dimensions not specifically examined in this review. COVID-19 has illustrated both drawbacks in cash-dependence and usefulness of electronic facilities, and it is now timely for the re-awakening of our national strategy for financial inclusion, which has lain dormant for several years. Further, there is a need to re-frame key initiatives such as basic bank accounts as essential services for citizens as opposed to marketised commodities for consumers in order to build a financial inclusion “box” founded not on selectivity but on equity.

Foreword

National Traveller MABS undertook this review of financial policy, services, facilities and schemes to inform our work in addressing financial exclusion experienced by Travellers. We wanted to take stock of the current policy context, in which financial exclusion exists and appears to be growing, and mark that against the available services facilities and schemes that exist to address or have the potential to address the financial exclusion of Travellers. The review looks at national policy as well as the operation of banking, payment and credit options with a primary focus on Travellers. It examines what is available in the market, what works for Travellers or has the potential to improve or create financial inclusion.

National Traveller MABS works with Travellers and Traveller organisations to understand financial exclusion as it is experienced by the community. This means understanding barriers to financial inclusion, and the measures needed to address these barriers. Our work involves community education and development work that aims to pilot and explore measures to address these barriers and policy work that focuses on bringing about necessary policy change that can support or improve financial inclusion. This review aims to inform our community education, development and policy work in terms of where best to focus our resources in being more effective, and in highlighting the kinds of policy changes needed to improve the financial inclusion of Travellers.

There is a real and definitive need to match the existing measures, and support their improvement and uptake within the community. In this research you will see from the pilot of the Standard Bank Account (Basic Bank Account) that the intended target group did not come forward in great numbers. We need to outline a clear gateway, a path out of financial exclusion and debt. We need to have clear steps that can be taken towards inclusion and affordable credit. This research is a start on that process. National Traveller MABS are keenly aware that it is only by working directly with the Traveller community that barriers can be addressed and overcome.

In assisting us with this review, we would particularly like to thank all MABS money advisors who contributed to this research, staff of the government departments, organisations and companies that gave us their time and shared with us their knowledge and insight. We wanted to note the willingness and high level of input from all contributors. I would like to thank the staff at National Traveller MABS and Michelle Kearns in particular for suggesting the need for this research. We want to especially thank Dr. Stuart Stamp who planned, oversaw and wrote up this research on our behalf. It provides all of us interested in combatting financial exclusion with a clear starting point.

While this research looks at financial exclusion from a Traveller perspective, the findings are applicable to the financial exclusion of all marginalised groups and can inform future actions to improve the situation of those who are financially excluded in general. Finally, this research has highlighted the need for the State to take a more active role in the coordination of measures to address financial exclusion and has pointed to the need for a new national financial inclusion strategy. At the heart of that strategy, must be those who find themselves locked out of financial services. We have witnessed in this current pandemic how people in the margins rapidly got left behind in the crisis; the only way we can stop this happening again is to clearly build a pathway that will bring people in from exclusion and debt to inclusion and credit.

Bridget Casey
Chairperson
National Traveller MABS
October 2020

Acknowledgments

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1. Introduction

1.1. The financialisation of Irish society

Today's Irish society is very much a financialised one, hence in order to participate fully within it, access to mainstream financial services and/or to suitable alternatives which reflect people's needs, are vital from a social inclusion perspective. Banking, payment and credit are three core services within this context, and the key ones of interest in this study. Each has become both widespread and conventional in recent years. Taking *banking* first, use of a current account has emerged as a societal norm for the receipt, storage, transferral and withdrawal of monies as Table 1 shows.[1]

Table 1: Current bank account use by Irish households: 1994 to 2016

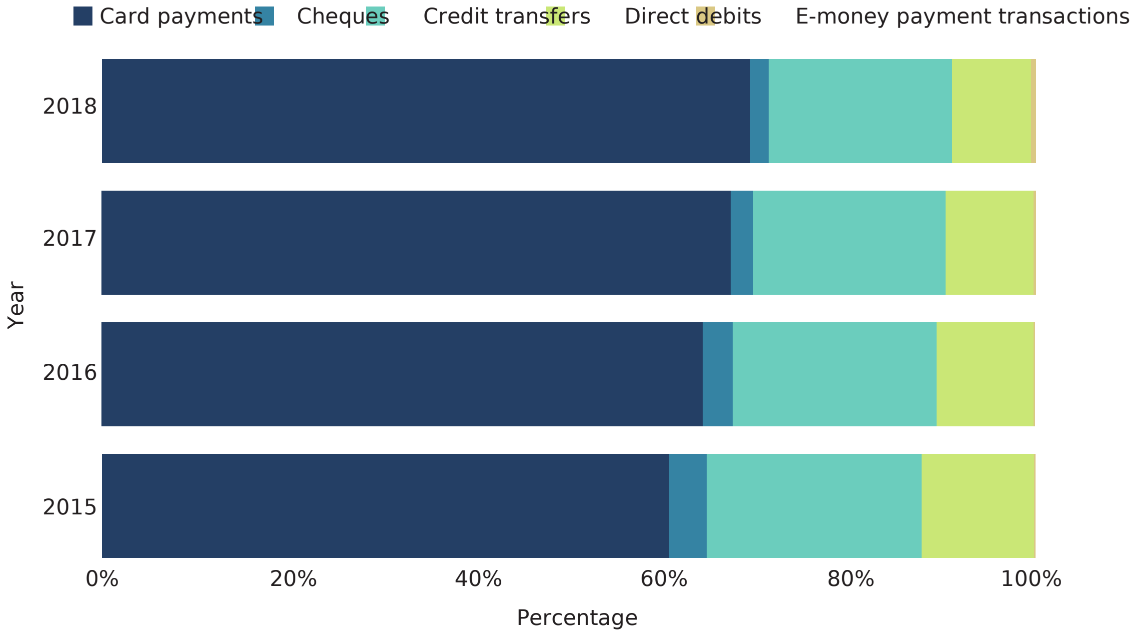
	1994/95 (%)	**1999/2000 (%)**	**2004/05 (%)**	**2010/11 (%)**	**2015/16 (%)**
Households with use of a current account	52.6	67.3	77.2	91.0	93.7
Households without use of a current account	47.4	32.7	22.8[2]	9.0	6.3

Source: Central Statistics Office (CSO), Household Budget Surveys, various years.

This trend is affirmed by way of data from the most recent Survey on Income and Living Conditions (SILC) for 2018, at which point 94.2% of households possessed a current bank account (just 5.8% did not), with the vast majority of these households (95.6%) using that account for day to day management of money.[3] Current accounts also provide access to *payment* facilities by way of Electronic Funds Transfer (EFT), online payments, Direct Debit/Standing Order and cheque; being "banked" also opens up access to credit card facilities, with each of the five pillar banks offering such a product at the time of writing. Taken together, according to the most currently available statistics from the Central Bank, Irish resident payment service providers recorded no less than *1.6 billion* payment transactions during 2018, a substantial increase from 2017 both in terms of volume and value.[4] As shown in the Chart below, the majority of these payments were card-related:

[1] A recent report on Ireland's payments industry has forecasted that "in the future, traditional current accounts as a means of addressing financial exclusion may reduce in importance" in light of the introduction of electronic banking in many credit unions and in An Post, and the availability of non-traditional 'virtual' or 'challenger' bank accounts through providers such as N26 and Revolut. See: Indecon (2018). *Indecon Report on Benchmarking of Ireland's Payments Industry.* Dublin: Department of Finance, p.53.
[2] According to the ESRI, in 2008, the figure was 20%.
[3] Data kindly supplied on request by the Central Statistics Office.
[4] Central Bank of Ireland (2019). *Payment Services Statistics, October 2019.* Dublin: Central Bank of Ireland.

Chart 1: Total non-cash payments volume per payment instrument



Source: Central Bank of Ireland

In terms of consumer credit[5], following the Global Financial Crisis (GFC) in 2007/8, the data point towards a society where credit access is becoming the norm for the majority. In its most recent (2018) Household Finance and Consumption Survey (HFCS) for example,[6] the Central Statistics Office identified just around 8% of households as being 'credit constrained',[7] a figure substantially down on a previous enquiry in 2013.

Table 2: Credit constraint among Irish households

	2013 (%)	2018 (%)
Applied for credit in the last three years	28.1	30.3
Refused or only received reduced credit (among those applying in the last three years)	21.3	9.9
Did not apply for credit due to perceived credit constraint	12.4	6.3
Credit constrained household	14.7	7.9

Source: Central Statistics Office

[5] We do not focus on accommodation/housing credit in this study.
[6] Central Statistics Office (2020). *Household Finance and Consumption Survey 2018*. Cork: Central Statistics Office.
[7] A household is defined as 'credit constrained' if it has: applied for a new loan and been refused; applied but did not get the full amount sought; or did not apply for a loan in the first place presuming rejection would follow.

1.2. Financial exclusion

Inability to participate in such a financialised society – as opposed to choosing not to do so when one could - means that a person, household or group becomes effectively marginalised in this context, hence the term *financial exclusion*. This phenomenon is best understood as a consequence of social exclusion more generally, which in turn is one of many adverse consequences of underlying inequality and poverty. Hence, financial exclusion can serve to deepen existing marginalisation. The concept is defined by the European Commission as follows:

> *A process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong*.[8]

The phenomenon of financial exclusion was initially studied by geographers interested in 'geographies of banking' in the 1980s and 1990s, a period of bank branch restructure and closure in the UK particularly, which resulted in people experiencing difficulties both in accessing and using mainstream banking services.[9] The field of study expanded over the following two decades to include other, often-related financial services, namely payment, credit, savings and insurance. Researchers also began to examine dimensions to exclusion other than location, including a range of societal, supply and demand factors and the processes involved such as those relating to the financialisation and marketisation of much of modern relations, with two researchers based in Ireland emerging as leaders in the field.[10]

As a result of this body of work, we now understand a considerable amount about *why* such exclusion matters in terms of people's *welfare*. In relation to the three dimensions of our enquiry - namely banking, payment and credit – a number of negative consequences arise. For example, exclusion from banking (and related payment) services can lead to among other things: lack of security in holding or storing money; more time-consuming and costly bill payment; inability to take advantage of lower prices of goods and services; and, difficulties in taking up employment, finding accommodation and participating fully in economic and social life.[11] Widespread dependence on cash as a payment tool can have even more severe consequences, as the COVID-19 crisis is illustrating. Furthermore, credit exclusion can lead to *inter alia*: higher charges and associated repayment difficulties; cutting back on essential living expenses or not paying essential bills in order to repay expensive credit; intrusive repayment pressure; credit rating issues, and associated credit constraint or exclusion.[12] Moreover, the adverse impacts on mental health and wellbeing can be considerable.[13]

Each of these facets is identifiable in related Traveller-specific research, the vast majority of which has been carried out through National Traveller MABS and consistently reveals particularly high

[8] European Commission, 2008a. *Financial Services Provision and Prevention of Financial Exclusion.* Brussels: European Commission, p9.

[9] Leyshon, A. and Thrift, N. (1995). Geographies of Financial Exclusion: Financial Abandonment in Britain and the United States, *Transactions of the Institute of British Geographers*, Vol. 20, No. 3 (1995), pp. 312-341; Kempson, E. and Whyley, C. (1999*). Kept out or opted out? Understanding and combating financial exclusion*. Bristol: The Policy Press.

[10] Caroline Corr, formerly of the Combat Poverty Agency, and Georges Gloukoviezoff who has also carried out a considerable amount of analysis in France. See: Corr, C. (2008) *Financial Exclusion in Ireland: An Exploratory Study and Policy Review*. Dublin: Combat Poverty Agency; European Commission, ibid; Gloukoviezoff, G. (2011). *Understanding and Combating Financial Exclusion and Overindebtedness in Ireland: A European Perspective.* Dublin: The Policy Institute, Trinity College Dublin.

[11] Corr, ibid; European Commission, ibid.

[12] Corr, ibid; Central Statistics Office (2020), ibid.

[13] Daly, M. and Walsh, J. (1988). *Moneylending and Low Income Families*. Dublin: Combat Poverty Agency; Deane, A. (2018). *Enabling Citizens, Money Matters: Addressing the Unmet Needs of People Living with Inadequate Income and Experiencing Financial Exclusion.* Dublin: The Wheel, p31.

levels of financial exclusion among Travellers,[14] a community which comprises around 0.7% of the Irish population.[15] Travellers are known to experience relatively and persistently high levels of poverty, deprivation and discrimination (including in relation to services), and the evidence further suggests that these inequalities are particularly acute for some, such as a minority living in mobile homes and caravans including on unofficial sites or at the roadside.[16] Disadvantage in relation to education, employment, accommodation and health continues to be an issue – particularly among certain cohorts within the Community - despite the relatively recent acknowledgement by the State of Traveller ethnicity.

1.3. Banking exclusion

Banking exclusion continues to affect a minority of the household population, albeit a reducing one as shown in Table 1 above; nonetheless, this amounts to a substantial number of households and thereby people. As stated above, in 2018 according to the Central Statistics Office, 5.8% of households were without the use of a current account, which amounts to around 100,000 households.[17] Drilling down a little more into the available Household Budget Survey (CSO) data, we can identify certain household groups more at risk of banking exclusion than others, principally those on lower incomes, local authority tenants and households headed by an unemployed person.[18]

Also at risk are single person households, a social group containing "farmers, agricultural workers and all other gainfully occupied and unknown", the "very disadvantaged",[19] households headed by an older person,[20] lone parent households, and a social group comprising semi-skilled and unskilled manual workers (Table 3).[21] Low income and educational attainment have, moreover, been highlighted as "strong contributing factors to banking exclusion generally",[22] and each of these features is prevalent within the Traveller community.[23] Poverty is also strongly associated with both financial exclusion and Travellers, and it is striking that over 40% of unbanked households were below the poverty line in 2018, suggesting that such households are almost three times more likely to be "poor" compared to the general population.[24]

[14] Quinn, P. and McCann, T. 1997. *Access to Credit Facilities for the Traveller Community in the Greater Dublin Area.* Dublin: Combat Poverty Agency; Quinn, P. and Ní Ghabhann, N. (2004). *Creditable Alternatives*. Dublin: Exchange House Travellers Service; Stamp, S. ed. (2011). *Issues of Personal Finance within the Traveller Community.* Dublin: National Traveller MABS; Stamp, S. Murray, C. and Boyle, M. (2012) *Debt and Dying: Understanding and addressing the impact of funeral costs for Travellers in Ireland*. Dublin: National Traveller MABS.
[15] Central Statistics Office (2017). *Census 2016 Profile 8 - Irish Travellers, Ethnicity and Religion.* Cork: Central Statistics Office. According to the 2016 Census, the total number of usually resident Irish Travellers enumerated in April 2016 was 30,987, with around 12% residing in mobile accommodation.
[16] Watson, D., Kenny O. and McGinnity, F. (2017). *A Social Portrait of Travellers in Ireland*. Dublin: Economic and Social Research Institute; Nolan, B. and B. Maître (2008). *A Social Portrait of Communities in Ireland.* Dublin: Department of Social and Family Affairs.
[17] The total number of private households was 1,702,289 in April 2016. See: Central Statistics Office (2017). *Census of Population 2016 - Profile 4 Households and Families.* Cork: Central Statistics Office.
[18] Further, according to SILC 2018, around 70% of unbanked households consisted of those headed by someone not at work whether through retirement (28%), illness or disability (22%), or home duties (21%).
[19] According to the Central Statistics Office, this is based on "the Pobal Haase-Pratschke Deprivation Index… that uses Census data to measure levels of disadvantage or affluence in a particular geographical area".
[20] According to SILC 2018, almost 30% of unbanked households were headed by a single person aged 65+.
[21] In a previous study based on 2008 data, the Economic and Social Research Institute (ESRI) had also identified unemployed, lone parent, local authority tenant, older person and lower income households as being at risk of banking exclusion, suggesting there to be a persistent problem for such groups; added risk was also associated with households headed by a person unable to work due to illness/disability and those without educational qualifications. See: Russell, H., Maitre, B. and Donnelly, N. (2011). *Financial Exclusion and Over-indebtedness in Irish Households*. Dublin: Economic and Social Research Institute, p12.
[22] Russell et al, 2011, ibid, p.12. The latter is corroborated by SILC 2018, in that over half (52%) of unbanked households were headed by someone whose highest education achievement level is categorised as "no formal education/ primary".
[23] Watson et al, ibid.
[24] The population 'at risk of poverty' rate is 14% (Central Statistics Office, SILC 2018, ibid).

Table 3: Risk of banking exclusion in Ireland, 2015/2016

Household category	Percentage of household category wi use of current account banking serv
Decile 1	27.5
Local authority tenant	23.6
Unemployed	17.5
One adult	16.2
Social group 5[25]	15.6
Decile 2	14.7
Very disadvantaged	14.3
Retired	11.9
One adult + children	11.5
Social group 4[26]	10.8
State	**6.3**

Source: Central Statistics Office (CSO), Household Budget Survey, 2015/16

A further indicator of current banking exclusion is the number and percentage of people opting to receive their social welfare payment in the post office by way of Electronic Information Transfer (EIT), as opposed to directly into a bank account by way of Electronic Funds Transfer (EFT).[27] The qualification here is that many or indeed all recipients may have a current account but choose not to use it for the receipt of benefits or allowances; nonetheless, not using a bank account for one of its four key purposes- namely income receipt[28] - suggests that such claimants are at least under-banked if not entirely unbanked.

As shown in Table 4 below[29], a substantial minority - 30% or well over 600,000 claimants - are paid in this fashion. More than 60% of those on Income Supports receive social welfare by way of EIT, with clear majorities emerging in respect of Jobseekers Benefit (55%), Jobseekers Allowance (74%), Supplementary Welfare Allowance (76%) and One Parent Family Payment (53%); a majority of State (non-contributory) pension recipients (55%) also opt for payment receipt by way of EIT. It is notable that those on “allowances” rather than “benefits” appear more likely to be paid in post offices.

Although we do not have information on where Travellers fit in to these categories, our sense is that the majority are likely to fall within the “income supports/allowances” categories, given that only 11.3% (n=2,125) of those aged 15 and over within the Community were employees or self-employed according to Census 2016, and that 80.1% of those in the labour force (8,550/10,675) were unemployed[30]; therefore, it is likely that the majority are receiving payment by way of EIT and not into a bank account.

[25] Farmers, agricultural workers and all other gainfully occupied and unknown.
[26] Semi-skilled and unskilled manual workers.
[27] Almost 70% of claimants receive their payment by way of EFT directly into a bank account. Among those on “employment supports”, this figure rises to almost all (over 98%). In contrast, cheque payment is rare (only 0.4% of claimants), an outlier being those on illness benefit 7.7% of whom (n=4,083) choose to receive their payment by this method.
[28] The others are cash withdrawal, the making and receipt of payments, and credit transfers. See: European Directive (2014/92/EU) discussed below.
[29] Data provided by the Department of Employment Affairs and Social Protection (DEASP).
[30] Central Statistics Office (2017). *Census 2016 Profile 8 - Irish Travellers, Ethnicity and Religion.* Cork: Central Statistics Office.

Table 4: Methods of social welfare payment, March 2020

	Cheque	EFT (bank)	EIT (post office)	TOTAL
All claimants	8,047	1,382,687	603,067	1,993,801
Employment supports (all)	34	42,855	657	43,546
Jobseekers Allowance	2,132	33,098	99,893	135,123
Jobseekers Benefit	665	16,356	20,496	37,517
One Parent Family Payment	4	18,475	21,117	39,596
Supplementary Welfare Allowance	665	2,979	11,410	15,054
Income supports (all)	3,553	95,038	155,113	253,704
State pension (non-contributory)	10	42,680	52,420	95,110

Source: Department of Employment Affairs and Social Protection

Banking exclusion has emerged as a specific issue among Travellers, and although its extent is not quantifiable, the reasons for it have been frequently highlighted and repeatedly referenced in research into the phenomenon more generally. In terms of *access*, these factors include inability to satisfy institutions' customer identification requirements,[31] difficulties accessing ATMs and withdrawing small amounts, and application of fees and charges including 'penalty charges' for returned direct debits. As regards use barriers, these relate to lower literacy levels,[32] a preference for cash to facilitate control and money management,[33] lack of confidence or mistrust in financial services, and a perception - rightly or wrongly - that banks are not interested in certain members of society including Travellers.[34] Finally, electronic or Internet banking, which has been widely promoted by state and institutions – primarily for business efficiency reasons - may not be accessible or usable where access to broadband and/or cost is an issue.[35]

Taken together, we can conclude from these deficiencies that what Travellers need – if they are to opt for banking and associated payment facilities - is a current account with certain features, namely: easy to open with a minimum of paperwork and documentation; ready access to small denominations as required both in terms of withdrawal and the making of payments; a sense of control and flexibility to replicate the culture of cash; free to use with no fear of penalties, and; the facility to receive social welfare payments if required. A provider trusted by Travellers is also key to inspire confidence and security, and there is a need to ensure both that people have access to the technology needed for Internet banking/payment and possess the capacity to use it, with access to appropriate support as required.

[31] Both in terms of proof of identity and address. These requirements relate to the anti-moneylaundering provisions of the Criminal Justice Act 1994, although potential alternatives such as ML10 Forms are ostensibly acceptable. See: https://www.portcu.ie/wp-content/uploads/2016/06/ML10-ID-Form.pdf
[32] There can be an associated fear both of form filling and the potential refusal of an application.
[33] Particularly if a household is on a low income or tight budget.
[34] These access and use issues resonate with the experiences of (lower income) MABS clients more generally. See: Harris, G. (2016), 'A study of the causes and effects of living without a current account in Ireland 2016 as experienced by a sample of clients of the Money Advice and Budgeting Service', *Thesis*, Masters in Social Research Skills, School of Criminology, Politics and Social Policy, Ulster University.
[35] Internet use is lower than average among Travellers in general (Census 2016) and even more so in relation to those living in mobile homes/trailers (Watson et al, ibid).

1.4. Credit exclusion

Credit exclusion also continues to affect a considerable number of Irish households, although it has proved a more elusive concept to identify than banking exclusion where a household can be asked directly whether it has access to a current bank account or not. In practical terms, credit exclusion has tended to be *inferred* from the responses to various survey questions, and is in effect a composite and somewhat imperfect measure, as acknowledged by the ESRI in its analysis of data from the 2008 Survey on Income and Living Conditions[36] (SILC).

> *A total of 10% of households do not have access to any of the credit facilities explored and give another reason for this non-access, for example, that they could not repay the debt or don't believe they would get credit (this includes households that give these explanations in combination with 'no need'). We define this group as 'credit excluded'…It should be noted that this measure is imperfect and it may exclude people who do not have access to credit but say they don't need to borrow. Moreover, some of those with access to credit may have an inappropriate service or experience use difficulties. This cannot be measured in EU-SILC.*[37]

More recent enquiries by the Central Statistics Office, using a concept of *credit constraint*, suggest that access to credit remains an issue for broadly similar proportions of Irish households, albeit a reducing cohort. These latter enquiries are carried out in the form of Household Finance and Consumption Surveys (HFCS)[38], and again use a composite measure- albeit a different one - based not on possession of credit products as in the SILC questions but on *application (or not)* for them**.** As illustrated in Table 2 above, the incidence of credit constraint has fallen from 14.7% in 2013 to 7.9% in 2018 "and *dropped* in all household types over this period"[39]. Notwithstanding, this still means that around 134,000 households remained 'credit constrained' at the time of the last national enquiry[40]. Those most at risk of credit constraint in six key categories as of 2018 are identifiable as follows (Table 5):

Table 5: Groups most at risk of credit constraint, 2018

Variable	**Category most at risk of credit const**
Household composition	Lone parents (1 adult plus children);
Household income percentile	3rd lowest quintile (40-59%)[41]
Age of HRP	Less than 35 years
Work status of HRP	Unemployed
Tenure status	Rented or rent free
Highest education level completed	Post-leaving certificate

Source: Central Statistics Office (CSO), Household Finance and Consumption Survey 2018.

[36] According to the measure used by the ESRI, a household is credit excluded if: (1) The relevant Household Reference Person (HRP) or 'head' answers "NO" to each of three successive questions as to whether anyone in their household has – at the time of interview – any commercial credit or loans (other than a mortgage), any credit or store card borrowing facilities, or any overdraft facilities AND: (2) The respondent or 'head' also answers in specific ways regarding the reason(s) for non-access, namely that this is because they could not repay this debt and/or do not believe that they would get the credit if they applied (even if they also reply that they do not currently have a credit need).
[37] Russell et al, ibid, p51.
[38] Central Statistics Office (2020), ibid.
[39] Ibid. See: https://www.cso.ie/en/releasesandpublications/ep/p-hfcs/householdfinanceandconsumptionsurvey2018-updated/
[40] Based on the total number of private households in April 2016, namely 1,702,289.
[41] While this finding may seem surprising, this is a group considerably more likely to have applied for credit in the previous three years than those in lower income categories. A more useful category for our purposes is "refused or only received reduced credit (among those applying in the last 3 years)"; the most at risk group in this regard is the lowest income quintile.

Several of these household groups had also been identified as at risk of credit exclusion by the ESRI in its 2008 enquiry (those headed by lone parents, a younger person or someone unemployed). Moreover, the ESRI also identified other sets of households as being credit excluded, namely those on lower incomes, in poverty, renting from a local authority, or unable to work through illness or disability.[42] Hence, taking SILC and the HCFS findings together, we can conclude that within the broader household population, those on relatively lower incomes headed by someone who is unemployed, younger, or a lone parent, are most of risk of lacking access to credit. The lower income + unemployed + younger combination is one familiar to those who have studied Traveller socio-economic and demographic profiles over time; each is highlighted for example in the seminal All Ireland Traveller Health Study[43] (AITHS).

Against this backdrop, it is no surprise to find that lack of access to credit has also been identified as a particular issue for Travellers. As with its banking counterpart, its extent is not quantifiable but credit exclusion is known to be widespread among the community.[44] Again, it is useful to divide the various factors associated with it into two categories. As regards *access to mainstream credit services*, barriers primarily relate to inadequacy of income resulting in actual or perceived credit refusal, lack of accessible information, customer identification requirements (as per bank accounts), and processes/products which do not work for Travellers.[45] In terms of identifiable *obstacles to use*, financial literacy, trust and relationship deficits, and lack of associated support all emerge from the literature.

In essence, mainstream credit services do not provide what a lot of Travellers need, namely loans that: people can assess in advance by way of clear, understandable information without a plethora of terms and conditions; are readily accessible as needs arise with a minimum of documentation and form filling; are provided at low or preferably no cost, without penalties for default and; are repayable by way of facilities which are both flexible and “chime” with the income receipt cycle and the possibility of deduction at source should this be helpful (e.g. from social welfare payments). As with banking, a provider would need to be trusted by Travellers and again, access to appropriate technology may be required for application and repayment purposes, together with the capacity to use it and ability to draw on support as needed.

The absence of such dimensions results not just in mainstream credit exclusion but widespread reliance both on extended family and on moneylenders, both licensed and unlicensed. Although moneylending provides ready access to loans with a minimum of fuss together with collected repayments and a degree of flexibility,[46] such sources are relatively expensive and especially so where lenders are operating unlawfully without a licence, a situation where borrowers are essentially “victims”[47].

1.5. Summary

Inability to access or use mainstream financial services, namely ‘financial exclusion’, is a problem long experienced by large numbers of Irish households and Travellers in particular, and best understood as a consequence of *social exclusion* more generally, which in turn is one of many adverse consequences of underlying *inequality* and *poverty.* In terms of banking and related payment exclusion, non-possession of a working current account can form a barrier to full participation in social and economic life while leading to increased costs, fewer options and deepening marginalisation.

[42] Russell at al, ibid, p52.
[43] School of Public Health, Physiotherapy and Population Science UCD, (2010). *All Ireland Traveller Health Study – Our Geels.* Dublin: University College Dublin and the Department of Health and Children.
[44] Quinn, and McCann (1997), Quinn, and Ní Ghabhann (2004), Stamp (2011), Stamp, Murray, and Boyle (2012), ibid.
[45] Difficulties accessing credit have also been highlighted in a survey of organisations working with vulnerable groups more generally. See: Deane, ibid, p33.
[46] Interest is front-loaded on licensed moneylending agreements, hence these also provide certainty in terms of what is owed at a given point in time.
[47] “Victim” is the preferred term used in this context by Illegal Moneyending Teams in both England and Scotland. See: https://www.stoploansharks.co.uk/ . Unlicensed moneylending has frequently been highlighted as a problem within the Traveller Community.

Travellers are not alone within the population in facing banking exclusion, and although lower incomes and education levels are its strongest predictors, the phenomenon disproportionately impacts particular groups such as those who are unemployed, parenting alone, local authority tenants, older persons, single person households and people unable to work due to illness or disability. Inability to satisfy institutions' customer identification requirements, together with rates of banking fees or costs, are major access barriers, whereas discomfort with application processes and indeed banking culture as a whole, form significant obstacles to use, noticeably among Travellers.

Lack of or reduced credit access also has consequences in that it results in higher loan costs, lower disposable incomes, and exposure to less scrupulous lending sources, thereby diminishing wellbeing. Again, although Travellers are particularly vulnerable, others are too and there are strikingly similarities between the banking and credit excluded groups with the exception of age, older persons being more at risk of the former and younger people the latter. Credit access barriers relate principally to inadequate income, lack of accessible information, customer identification requirements (as with bank accounts), and a product range largely unsuited to Traveller needs, while use is hindered by financial literacy issues and lack of associated support. We strongly suspect these conclusions are likely to apply to other marginalised groups and households within Irish society.

2. Public Policy, Financial Inclusion and Travellers

2.1. Introduction

This enquiry is motivated by National Traveller MABS' current work-plan, which includes a commitment to improve pathways to financial inclusion for Travellers. In our work over time, what has become apparent is that - with the exception of caravan loan schemes and a basic bank account pilot - those services, facilities and schemes with potential for improving financial inclusion among Travellers tend not to be designed with the Community's specific needs in mind.

Although *credit* inclusion is a core theme of this study, most of the policy focus on consumer credit has involved legislation and codes to prevent irresponsible lending/borrowing,[48] and on addressing problems among borrowers who have encountered repayment difficulties for various reasons.[49] While these aspects are important, in our experience credit inclusion is largely seen in policy terms as one which can be resolved primarily through banking inclusion, hence the focus on basic bank accounts as "gateways" to affordable borrowing as discussed below. Traditionally, credit unions have been viewed within society as the main vehicle for the provision of low-cost and affordable borrowing to those otherwise excluded, but legislative and regulatory requirements – albeit arguably well intentioned from a financial stability perspective - have many believe curtailed their ability to do just that in recent years.[50] Continuing dependence on licensed moneylenders provides support for such claims.[51]

Among notable attempts to address this issue are two reviewed later in this study, namely the Personal Microcredit/'It Makes Sense' Loans Initiative overseen by a high-level stakeholder group, and an independent civil society initiative operating on a more localised basis.[52] A further example is a loan fund operated through MABS Services (referred to as a MABS Loan Guarantee Fund), which has become little used in recent years.[53] Given that a dedicated review of the Fund is proposed for the end of the year, we exclude it from our deliberations here.

Access to basic banking is also seen in policy terms as the pathway to ensuring that people can avail of electronic *payment* facilities in line with the government's National Payments Plan designed primarily with regard to economic benefits in terms of increased competitiveness and efficiency while also embodying social dimensions in terms of enhanced financial inclusion.[54] Payment alternatives have further emerged over the years, with the Household Budget Scheme, BillPay, and Utility Prepayment Meters each offering options to those without access to mainstream banking facilities, and each is reviewed below.

In this section, we focus primarily on the learning from the one financial inclusion initiative to specifically address the issue in the round and to have incorporated marginalised group (including

[48] Examples here are the Credit Reporting Act 2013; Consumer Credit Act 1995 (and subsequent amendments); the European Communities (Consumer Credit Agreements) Regulations 2010 (as amended); Credit Union Act 1997 (and amendments); Consumer Protection Code (2012); and the Consumer Protection Code for Licensed Moneylenders (2009).
[49] See for example the Personal Insolvency Act 2012. The development of MABS itself also reflects this approach.
[50] The report of the government-established Commission on Credit Unions (2012) contains recommendations in terms of how credit unions can play a societal role as regards what it refers to as "social lending".
[51] 'Some 350,000 people resort to regulated moneylenders', *Irish Times*, 27 March 2018. See: https://www.irishtimes.com/business/financial-services/some-350-000-people-resort-to-regulated-moneylenders-1.3442487
[52] The No Interest Loan Scheme (NILS) operated through Good Shepherd Microfinance.
[53] Information provided by the Citizens Information Board.
[54] Central Bank of Ireland (2013). *National Payments Plan: A Strategic Direction for Payments, April 2013*. Dublin: Central Bank of Ireland, p3.

Traveller) consultation, namely the Standard *Bank* Account Pilot/SBA (2012-2013)[55] and the events that both preceded and superseded it, including a subsequent European Directive on basic payment accounts and its transposition in Ireland. Given the current COVID-19 crisis where the importance of financial inclusion in terms of contactless payment facilities has become all too apparent, it seems timely to review both the Pilot and indeed the Strategy as a whole, which appears to have remained dormant for some considerable time, in order to garner the learning from it relative to Travellers and the present day.

2.2. The Strategy for Financial Inclusion

The National Strategy for Financial Inclusion finalised in 2011,[56] was – and remains in many respects - a wide-ranging, integrated and progressive one, although it has proved impossible to locate it on the website of the relevant Department (Finance) or indeed elsewhere.[57] It embodies a joined-up, multi-agency/departmental approach to financial exclusion with the aim of creating a roadmap to full financial inclusion.[58]

At the centrepiece of the Strategy stood the idea of a basic bank account, referred to in the strategy document as a Basic Payment Account (BPA) reflecting the core functions of a current account, namely to act as a secure vehicle for the receipt, transfer and withdrawal of funds. Although there are references within the strategy to other forms of financial exclusion (savings, credit and insurance), it is clear that in the short-term the focus was to be on promoting banking and payment inclusion for excluded citizens, with BPAs acting over time as a gateway to these other financial services.[59]

A twin rationale for financial inclusion, namely the meeting of social and economic objectives, is explicitly referenced within the strategy[60] thereby mirroring that of the National Payments Plan. From a social perspective, there are frequent references to inclusion, participation and cohesion, while in economic terms, the advantages of increased use of electronic payment and a reduction in cash are highlighted in terms of promoting greater economic efficiency and savings. What is particularly striking is the repeated emphasis on making sure that the strategy meets the *needs* of those currently excluded, and its use of consumer-focused research in this area by the Combat Poverty Agency among others.

Set against these considerable positives, however, are a number of issues, which are perhaps illuminating in respect of subsequent problems that occurred with the Pilot. Firstly, as a ‘disclaimer’ on the first page makes clear, not all members of the Steering Group agree on all the detailed points made in the report, a statement that does not inspire confidence from the outset. Secondly, past experience within the Traveller community and indeed other marginalised cohorts suggests that such initiatives are most likely to succeed where impetus comes ‘from the ground up’ in accordance with community development principles.

However, the impetus for this particular strategy and its cornerstone (basic payment accounts) transpires to be much more ‘top down’, in that each has its genesis: (i) in bank commitments to government as part of the recapitalisation of our pillar banks, and (ii) government commitments to the European Commission as part of its decision on the then Bank of Ireland Restructuring Plan.[61] Thirdly, the report explicitly acknowledges a research deficit (for resource and timeframe

[55] Representatives from MABS and the Society of St Vincent de Paul sat on the relevant Steering Group; further, Traveller groups in the three Pilot areas were also consulted in relation to it (see below).
[56] Department of Finance (2011). *Strategy for Financial Inclusion: Final Report.* Dublin: Department of Finance.
[57] Attempt to access made on 21st May 2020. The authors have a hard copy.
[58] In addition to MABS and SVP, the Strategy Steering Group consisted of representatives from the Central Bank, Credit Union movement, Irish Banking Federation (IBF), Irish Payment and Services Organisation (IPSO), National Consumer Agency and the following Government Departments: Communications, Energy & Natural Resources; Community, Equality & Gaeltacht Affairs; Finance, and Social Protection. The Project was managed by the Social Finance Foundation (SFF) in conjunction with the Department of Finance.
[59] Savings were seen as being the first additional feature to be incorporated, with the BPA acting as an access point over time for insurance, while in terms of credit, building up a financial profile over time would ‘enhance creditworthiness in the eyes of the providers of mainstream credit’ (p.32).
[60] p.4.
[61] See p7 of the Strategy.

reasons) but does not address it, merely stating that UK findings are likely to be similar.[62] Finally, the report appears to accept the status quo - in terms of a historical absence of banks catering for those on low income for example – as opposed to challenging it and perhaps proposing alternatives.[63]

Before turning to the proposals around the Basic Payment Account more specifically, an important section of the report addresses a fundamental access issue, namely whether basic bank accounts should be universally or selectively available. Clearly, this was an issue of some debate within the Steering Group as an entire subsection of the strategy is devoted to its deliberations. The decision – albeit for arguably well- intentioned reasons – to err on the side of selectivity, at least initially, is one that may have contributed considerably to subsequent disappointment with the Pilot.[64] In effect, the account is confined to those who are unbanked at the time of application and thereafter to those continuing to operate within certain turnover limits.

> *A significant issue which was considered by the Steering Group is whether there should be universal access to the Basic Payment Account, or whether access should be restricted to explicitly defined users. There are arguments to be made on both sides. The introduction of a universal basic payment account- available to all - would ensure that there is no stigma associated with it; and universal access would avoid practical difficulties with confining the accounts to 'the unbanked' as people move in and out of financial inclusion/employment, and would reduce the administrative burden on banks to check who is and who isn't eligible (and when).*
>
> *However, an account which is cost free, has a number of attractive features, and is exempt from stamp duty could lead to migration to the BPA by existing bank customers, particularly in a climate of increasing bank charges. The broad conclusion of the group was that a disqualification criterion – for example a maximum annual turnover amount - would be most appropriate. It was also agreed that on opening a BPA a customer will sign a declaration that they do not have an existing payment account with a financial services provider…This should be reviewed at the end of the pilot schemes to assess how well it works in practice, and to ensure that there have been no unintended consequences arising from the approach taken to access or from an account design which encourages those that are not financially excluded from seeking to avail of the BPA.*[65]

2.3. Basic Payment Accounts

As discussed, the centrepiece of the Strategy for Financial Inclusion involved the development of a basic payment account (BPA) comprising a number of principles, features and facilities, which clearly draw on the research literature. Taken together, these appear to very much "chime" with the potential needs of those in marginalised communities such as Travellers.

[62] On p5 for example, the report states: "While the timeframe and resources available for the preparation of this report did not facilitate the undertaking of independent national research on the direct costs of financial exclusion, there is no reason to believe that the research conducted by the UK Treasury in 2007 (*some four years earlier [our italics]*) - which estimated the total cost borne by low-income families as a result of financial exclusion could amount to more than £1,000 in the course of a year - would not also be applicable in Ireland". This would be a striking finding were it to be an estimate grounded in an Irish context.
[63] The potential for community banking has since been investigated by the Department of Finance. An independent evaluation commissioned by the Department concluded there to be no business case for the State to establish a public banking system in Ireland. This conclusion was reached on the basis that while some areas of market failure are identifiable in the context of financial exclusion, extensive provision of banking services exists, including developments through An Post and credit unions. It should be noted that a considerable amount of attention is devoted to SMEs within the report (352 references), while there are just two references to "vulnerable individuals" and none at all to Travellers. The report recommends "a need for ongoing measures to reduce financial exclusion of vulnerable individuals, but this will require wider action outside of the remit of a community banking response" (p.71). See: Indecon (2019). E*valuation of Concept of Community Banking in Ireland.* Dublin: Department of Finance.
[64] The argument for universal basic services is one currently gaining traction in a broader social policy context, see: Coote, A. and Percy, A. (2020). *The Case for Universal Basic Services.* Cambridge: Polity Press.
[65] Ibid, p30.

TABLE 6: Basic Payment Account (BPA): Key Principles, Features and Facilities

Principles	Features	Facilities
Gateway to other facilities	No charges or stamp duty	Online banking
Choice/optional	No set offs	Telephone banking
Cost free[66]	Small buffer	Debit card (standard logo)
Avoidance of stigma	No minimum balance	ATM access
Ease of use	Monthly account statement	Direct debits/Standing orders
Budgeting tool	No overdraft	Lodge cheques or cash
Selective (not universal)	Alternative ID	Weekly utility payments[67]

Source: Strategy for Financial Inclusion 2011

Basic Payment Accounts (BPA) were further seen as a vehicle for opening up, albeit in time, access to other financial services and to savings facilities in the short term. The document sets out what is essentially a blueprint for a basic bank account. People would be able to choose whether to opt in or not, with the option of mandated social welfare payments ruled out by the relevant Department, which was clearly of the view that choice for claimants is key and that cheque receipt and post office cashing should remain as options. A cost-free element should apply, not just to fees, ongoing charges and stamp duty, but to failed direct debits and unauthorised overdrafts; further, the provider should not be allowed to set off money in a BPA against debt repayments, a practice that had been highlighted by MABS money advisers. Stigma would be avoided by incorporating a standard logo on the associated debit card.

Other potentially attractive features relate to the absence of any requirement for a minimum account balance to be maintained, together with a small buffer zone (or de facto overdraft) to provide for an element of slack. To address the crucial customer ID issue discussed earlier, alternative forms of identification would be acceptable as listed in the Guidance Notes on Money Laundering,[68] and there is specific reference to the need for bank staff training around these. Finally, in terms of facilities, BPAs would incorporate online and telephone banking, direct debit/standing order options, and there was recognition that a weekly payment 'budgeting' facility should both be contained within the BPA to accord with income receipt cycles, and that utility companies would need to be brought on board with this. Finally, evaluation was built in to the strategy, which once again is a most progressive element.

2.4. The Standard Bank Account Pilot

A decision was taken to launch the BPA initiative as a Pilot, to be branded as a Standard Bank Account (SBA), launched in three discrete areas of the country, namely New Ross, Tallaght and Tullamore. Three pillar banks (AIB, Bank of Ireland and Permanent TSB) agreed to make the SBA available in their respective branch locations, and a considerable amount of development work and expense (€1.6 million) went into start up, principally in terms of infrastructure, staff training and outreach through a range of partners, including Traveller Groups.[69] The SBA itself contained nearly all the BPA blueprinted requirements with the exception of Direct Debits (Standing Order

[66] Including loss/replacement of first debit card.
[67] This was presumably to concide with the welfare payment cycle. Social welfare payments were paid two-weekly for a period from the end of March as a consequence of COVID-19. See: https://www.gov.ie/en/publication/8102d2-new-social-welfare-payment-details/. Most payments are reverting to weekly at the time of writing.
[68] The Strategy references these as follows: "Appendix 2 of the Draft Guidance Notes for financial institutions under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 provide alternative forms of identification for those who do not possess the usual forms of identification such as a passport or a driving licence. Frontline staff will need comprehensive training in this area", p36.
[69] Tallaght Travellers, Tullamore Travellers Movement and Traveller Community Health programme (New Ross) are all listed in Annex 5 as NGOs having involvement in the Pilot at least to some degree.

facilities being preferred to facilitate customer control). All told, the Pilot ran for a nine-month period and was evaluated in 2013 by IPSOS-MORI with a report issued in June that year, subsequently updated in November[70]

Uptake was however most disappointing and it appears considerably below expectations (although no target was set). In total, just 205 accounts were opened, with a further 14 opened post-Pilot. The vast majority of SBAs were in Tallaght (82%), suggesting that the other two locations may not have been the most appropriately chosen for a learning-based Pilot (Table 7).

Table 7: Standard Bank Account take up by lender and location

Location	AIB	Bank of Ireland	Permanent TSB	Total
New Ross	11	5	7	23
Tallaght	63	88	17	168
Tullamore	9	2	3	14
Total	83	95	27	205

Source: IPSOS-MORI

Data subsequently provided by the (then) Irish Banking Federation (Table 8). revealed that the majority of those opening SBAs were under 30 years of age (58.3%), which suggests that the target group had been missed or were missing, given that banking exclusion is largely correlated with an older not younger cohort (see Table 3 above). Indeed, this "miss" was commented on by three key stakeholders. From the banking side, the conclusion was that the Pilot had involved a lot of effort and outlay for fairly little return, and that most of those who had opened SBAs were "walk –ins" who would have probably opened a bank account of some sort[71] anyway.

Table 8: Standard Bank Account take up by age

Age	Number of SBA opened	Percentage by age grou
Under 20	37	17.1
20-29 years	89	41.2
30-39 years	47	21.8
40-49 years	21	9.7
50-59 years	18	8.3
60-69 years	4	1.9
	216	100%

Source: Irish Banking Federation

The observation from a Social Protection perspective that most SBA account openers were not social welfare recipients further suggests a missed target group, while MABS advisers took the view that many clients would see no need or benefit in such accounts and that even were they to do so, mistrust of banks and (albeit misplaced on this occasion) reluctance to incur charges would be off-putting, while noting that such accounts might be more palatable were they to be offered by or through post offices and/or credit unions. Although the numbers turned out to

[70] Department of Finance (2013). *Report of the Financial Inclusion Working Group on the Standard.*
[71] A Central Bank mystery shopping exercise conducted for the purposes of the Pilot - using ideal SBA candidates - found that less than half of "shoppers" had an SBA recommended for them as the best option by their branch, with other products recommended on a number of occasions.

be relatively low, the lessons learned have potentially much wider import in terms of how the blueprint might be bolstered to ensure a more workable and appealing model in terms of banking inclusion for marginalised groups such as Travellers.

2.5. Learning from the Pilot

The product itself

Combining the evaluation findings with our own observations, the learning might be categorised into four "lessons". The first is that the SBA as a product is broadly sound, with the evaluators concluding: "the specification of the account need not be changed in any great way as no particular element proved a barrier to take-up".[72] This reflects well both on the Steering Group and the sources that informed and developed their deliberations. Customer identification transpired not to be an issue at all, with a more creative list of acceptable ID[73] coupled with relevant staff training having clearly borne fruit here.

Some 'tweaks' were however suggested. The evaluation found that some features appeared to have little impact on whether an SBA was opened or not, such as: lack of cost, electronic facilities, standing orders, buffer zones and a savings element; further that accounts once opened were not used as often as intended. Although there were suggestions that some or each of these dimensions could be usefully removed given that the main purpose of SBA is in essence "safe, money in, money out", our sense is that these features would have become relevant were the intended target group to have come forward in greater numbers. The absence of a direct debit facility transpired to be a particular issue, as access to a cheaper media product[74] transpired only to be available via this mechanism, resulting in some potential applicants opting for a regular current account instead. The weekly utility payment (standing order) option was not used, again we suspect, in part because the envisaged target group did not participate in sufficient numbers; lack of understanding, awareness and a compelling reason for use in light of alternatives were speculated upon by the evaluators as likely reasons for this.[75]

Choice v mandated payments

Lack of take-up during the Pilot clearly led a majority of the Steering Group to conclude that basic or standard bank accounts would only achieve critical mass – and thereby make an impact on financial inclusion - if these were to become 'mandated' for the receipt of social welfare payments, thereby acting as a trigger event external to the financially excluded person. Supportive Danish evidence is cited in the evaluation report, in that in order to receive money/ income support from that particular State, citizens there need to have such an account, referred to in Denmark as an 'Easy Account'. A further rationale for this view is that "the target cohorts… are more likely to be recipients of Social Protection monies".[76]

The alternative, albeit clearly minority view articulated by the (then) Department of Social Protection in Annex 7 of the report and touched on above, is that mandated payments would among other things remove customer choice, restrict preferences for alternative forms of income receipt and indeed money management (including cash), and possibly lead to welfare being refused in the absence of such a facility.[77] This view broadly reflects MABS' principles of empowerment, capacity building and informed choice.

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[72] Ibid, p25.
[73] Approved alternative documents included credit union statements, Garda ML10 forms, birth certificates, normal photo ID, and letters from government departments. Use of the electoral register was also used to verify identification of the customer. Further, no mystery shopper was denied access to an account on the basis of their identification requirements.
[74] Sky channels.
[75] Although discussions had clearly taken place between the Department of Finance and a range of utility providers both before and during the Pilot, only one (Electric Ireland) had actually agreed to facilitate payments from the SBA. The company also agreed to apply a discount for payment by standing order and "to roll-up arrears and average out the payments by agreement with the customer… (however) of the Standard Bank Accounts opened during the pilot project, there was no take-up of this offer by Electric Ireland" p28.
[76] Ibid, p24.
[77] Potential fraud issues and the dynamic nature of welfare use were also highlighted.

Trusted sources

As already highlighted (Table 4), a sizeable minority of social welfare recipients (around 30%) – a core financial inclusion target group – continue to opt for payment by way of Electronic Information Transfer (EIT) involving payment in the post office. An Post is a financial service provider frequently referenced as a trusted source by those financially excluded, including Travellers, for reasons of convenience, service to remote communities and customer orientation.[78]

Credit unions are also regularly cited as a source more trusted by marginalised groups, with Travellers and those who support them finding these generally more "approachable" than mainstream providers.[79] The evaluation also highlighted a further issue, namely the limited geographic reach of the bank branch network, particularly in rural areas, and recommended use of the Post Office network as a *distribution channel* for the Standard Bank Account in the short term, albeit noting that there would be significant commercial and cost issues around this. It was further suggested that: "consideration should be given to having An Post *offer* Standard Bank Accounts".[80]

The discussion here around 'branches', 'networks' and 'channels' perhaps hints at an underlying flaw with the Pilot, in that it was in essence centred on 'premises–based' banking, a model gradually being withdrawn by the banks even at the time, and one which was in the process of being overtaken by technological developments concerning electronic and mobile banking. Notwithstanding, the SBA did contain electronic facilities and perhaps if it had been possible to open accounts remotely as well as use them, more might have accessed them, albeit with appropriate support.

Awareness and Support

The final lesson from the Pilot in our view is that unless financial inclusion initiatives are community-led – or at the very least imbued with a sense of community ownership – widespread participation is less likely, particularly at the outset. What is striking from the SBA evaluation is the amount of heavy lifting that went in to try and encourage people to open accounts, both on the part of the banks themselves and NGOs in the areas concerned. Tellingly, the report concluded:

> *Despite very positive engagement and goodwill established with NGOs in the three pilot locations, this did not translate to many customers opening accounts, and the level of engagement required would not be feasible on a national scale. Some members of the Marketing and Communications Sub-group felt there was an over-reliance on NGOs and other organisations to generate account openings during the pilot phase. The Sub-group recognised that bank branch staff played an important role in supporting customers through account opening and operation.* ***In a small number of cases, NGOs also supported these activities (our emphasis).***

We highlight the last sentence in particular, as in the experience of National Travellers MABS, support around the actual *process* of engaging with financial service providers and products is key, as those most marginalised often need intensive support - at least initially – to build capacity to engage and use such facilities, particularly where literacy and/or trust is an issue. In terms of creating awareness more generally, it is striking that 'old school' promotional methods (leaflets, posters, brochures, flyers) predominated pre and during the Pilot. The evaluators further noted that more targeted use of social media would be preferable were the Pilot ever to be rolled-out across the country and that in this event, there would be a key awareness and information role for the then National Consumer Agency (now the Competition and Consumer Protection Commission).

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[78] Corr, ibid, p.142.
[79] Stamp (2011), ibid, p23. Mistrust of banks at the time of the Pilot was at an all time high in the aftermath of the Global Financial Crisis, which may have militated against greater SBA take-up.
[80] Ibid, p29.

2.6. European Directive on access to payment accounts with basic features

Within months of the publication of the Standard Bank Account evaluation, a European Directive issued in July 2014 requiring Member States to ensure that *consumers* (a term notably preferred to citizens)[81] have the right of access to a bank *payment* account with basic features if they so desire.[82] The Directive was subsequently transposed into Irish law in September 2016 by way of the European Union (Payment Accounts) Regulations 2016,[83] Part 4 of which deals with the Directive's provisions on access to payment accounts. Again, both economic and social concerns are key drivers of the Directive, with references in its pre-amble both to the smooth functioning of the market and to the facilitation of free movement and full societal participation, including of vulnerable consumers. A core aim of the Directive is to ensure that credit institutions (i.e. banks) provide basic payment accounts through which consumers are able to receive or place funds, withdraw cash, and execute and receive payment transactions to and from third parties, including the execution of credit transfers.[84] The pre-amble to the Directive (paragraph 44) elaborates on these features:

> *Consumers should be guaranteed access to a range of basic payment services including the facility to place funds and withdraw cash, undertake essential payment transactions such as receiving income or benefits, pay bills or taxes and purchase goods and services, including via direct debit, credit transfer and the use of a payment card.*
>
> *Such services should allow the purchase of goods and services online and should give consumers the opportunity to initiate payment orders via the credit institution's online facility, where available. However, a payment account with basic features should not be restricted to online usage as this would create an obstacle for consumers without Internet access… and that there are no limits to the number of operations which will be available to the consumer under the specific pricing rules laid down in this Directive.*

The key features[85] are essentially in line with those of the SBA, albeit with the addition of direct debit facilities and possibility for application of costs in that the Directive states that: "Member States shall ensure that the services… are offered by credit institutions *free of charge or for a reasonable fee"* (Article 18). Notably, the Irish legislature has taken the more socially inclusive option here, with s18(1) of the Regulations requiring that: "a relevant credit institution shall offer a payment account with basic features free of charge[86] for a period of not less than 12 months… regardless of the number of operations executed in respect of those Services". A reasonable fee can, however, be charged after this period, providing certain conditions, time-limits and - in our view - complex criteria are met.[87] Again, the right of access is qualified, and although those already holding a similar payment account are not specifically excluded by the Directive, the intention to focus on the "unbanked" is clear.[88]

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[81] There is an argument that a current account is an essential service in financialised societies and thus one that is to be used (universally) rather than consumed (as a market commodity).

[82] Directive 2014/92/EU. See : https://ec.europa.eu/info/law/payment-accounts-directive-2014-92-eu_en

[83] S.I. No. 482 of 2016.

[84] The Directive encompasses three related payment account dimensions, namely: comparability of bank/payment account fees; payment account switching; and access to payment accounts with basic features. We are only concerned with the last of these three here.

[85] These include cash withdrawal at ATM or counter, direct debits, payment card, including online payments, and credit transfers, including standing orders. (Article 17).

[86] A reasonable fee can however be charged where a customer does not comply with their obligations under any related framework contract.

[87] These include a somewhat complex calculation relating account lodgements to multiples of the national minimum wage, s18, (4) and (5). Conveying these rules to a target group of vulnerable, excluded people who may quite reasonably query how long free fees will last, illustrates the difficulties that can arise from the adoption of a selective –as opposed to universal – approach to service provision.

[88] Article 16(5) provides as follows: "Member States ***may*** permit credit institutions that offer payment accounts with basic features to refuse an application for such an account where a consumer already holds a payment account with a credit institution located in their territory which allows him to make use of the services listed… save where a consumer declares that he has received notice that a payment account will be closed… credit institutions may rely on a declaration of honour signed by consumers for that purpose". This provision is essentially mirrored in the Regulations [16 (2)

As regards the architecture around the basic payment account, there is much in the Directive of potential relevance to marginalised groups such as Travellers. Article 15 for example specifically references non-discrimination:

> *Member States shall ensure that credit institutions do not discriminate against consumers legally resident in the Union by reason of their nationality or place of residence or by reason of any other ground as referred to in Article 21 of the Charter, when those consumers apply for or access a payment account within the Union. The conditions applicable to holding a payment account with basic features shall be in no way discriminatory.*

The principle of inclusivity is also evident in the preamble, paragraph 46 making specific reference to the need to ensure that:

> *Payment accounts with basic features are available to the widest possible range of consumers... and to encourage* ***unbanked vulnerable consumers*** *to participate in the retail banking market,* ***Member States should be able to provide that payment accounts with basic features are to be offered to those consumers on particularly advantageous terms, such as free of charge.*** *Member States should be free to define the mechanism to identify those consumers that can benefit from payment accounts with basic features on more advantageous terms, provided that the mechanism ensures that vulnerable consumers can access a payment account with basic features* (our emphases in bold).

In terms of awareness-raising, Article 20 provides that "Member States shall ensure that communication measures are sufficient and well-targeted, in particular reaching out to unbanked, vulnerable and mobile consumers". Member States should further require credit institutions to ensure that relevant staff are adequately trained in relation to basic payment accounts to ensure users are served in an appropriate way (Pre-amble, paragraph 41). Enforcement authorities shall be specifically designated[89] (Article 21), and alternative dispute resolution -ADR- processes ensured[90] (Article 24).

Finally, the Directive embodies requirements in relation to the provision of statistics by Member States to the Commission. Article 27 states as follows:

Article 27: Evaluation

1. Member States shall provide the Commission with information on the following for the first time by 18 September 2018 and every two years thereafter:

    (a) compliance by payment service providers with Articles 4, 5[91] and 6;

    (b) compliance by Member States with the requirements to ensure the existence of comparison websites pursuant to Article 7[92];

    (c) the number of payment accounts that have been switched and the proportion of applications for switching that have been refused;

    (d) the number of credit institutions offering payment accounts with basic features, the number of such accounts that have been opened and the proportion of applications for payment accounts with basic features that have been refused[93].

and (3)].
[89] This is the Central Bank in an Irish context (Regulation 21).
[90] This is the Financial Services and Pensions Ombudsman in an Irish context (Regulation 24).
[91] These relate to fee information, statements of fees and standardised information for consumers, respectively. The Irish Regulations assign responsibility for relevant information provision to the Central Bank.
[92] This relates to providing free information on fees by way of a comparison website(s). The Irish Regulations assign responsibility for relevant information provision to the Competition and Consumer Protection Commission.
[93] This responsibility is assigned to the Central Bank.

This information is to feed in to subsequent evaluation by the Commission of the Directive itself, which is to include an assessment of the characteristics of those who have opened basic payment accounts[94] together with "the effectiveness of existing measures and the need for *additional measures to increase financial inclusion* (*our italics*), and to assist vulnerable members of society in relation to over-indebtedness".[95] There is additional reference to the importance of ancillary financial education and literacy initiatives. Although not mandatory, the desired direction of policy travel is clear:

> *Member States should promote measures that support the education of the most vulnerable consumers, providing them with guidance and assistance in the responsible management of their finances. Information also needs to be provided regarding the guidance that consumer organisations and national authorities may provide to consumers. Furthermore, Member States should encourage initiatives by credit institutions seeking to combine the provision of a payment account with basic features and independent financial education services*.[96]

However, there are also potential shortcomings identifiable within the Directive and associated Regulations. Firstly, both are considerably more one-dimensional than the Strategy for Financial Inclusion in that a basic payment account is perceived more as an end in itself and less as a gateway or means to a series of ends (namely savings, credit and insurance inclusion). Secondly, a credit institution can refuse to offer access where a person already has an active or equivalent account; hence as with the SBA, it exemplifies a more selective than universal approach. Thirdly, unlike the Strategy, the Directive allows for fees, although the Irish Regulations specifically preclude these for the first twelve months at least.

Fourthly, while barriers are not to be imposed and physical presence is not necessarily required to satisfy anti-money laundering requirements, the creativity around customer identification evident in the Strategy appears to be absent. Further and perhaps more fundamentally, there is no sense of the voice of the marginalised citizen or consumer being incorporated within the Directive; for example, there are no references within it to ongoing feedback mechanisms, stakeholder fora or steering group oversight. Thus, the joined-up, multi-stakeholder approach exhibited by the Strategy for Financial Inclusion is missing, which means that valuable input from vulnerable groups and NGOs working with them is unlikely to be garnered. Finally, the Directive is predicated on a retail banking model,[97] a sector which as outlined above may not be attractive to certain groups such as Travellers.

2.7. Implementation by financial service providers

Each of the relevant Irish credit institutions – primarily the pillar banks – now offers a basic payment account in line with the Directive and the Regulations. At the time of writing these are as follows:

Table 9: Basic payment accounts offered by Irish banks

Bank	Account name
AIB	Basic Bank Account
Ulster Bank	Foundation Account
KBC	Basic Current Account
Permanent TSB	Basic Payment Account
Bank of Ireland	Basic Bank Account
EBS	Money Manager

Source: Citizens Information, May 2020.

[94] "Where anonymised information is made available" (Article 28 1(h)). Paragraph 54 of the pre-amble further states that the review or evaluation: "should… analyse the number of providers offering payment accounts with basic features and the number of such accounts that have been opened, *including* by previously unbanked consumers". The use of "including" here suggests that accounts may also be opened by those who are already banked.
[95] Article 28 (1) (j).
[96] Pre-amble, paragraph 49.
[97] It applies only to credit institutions (pre-amble, paragraph 12).

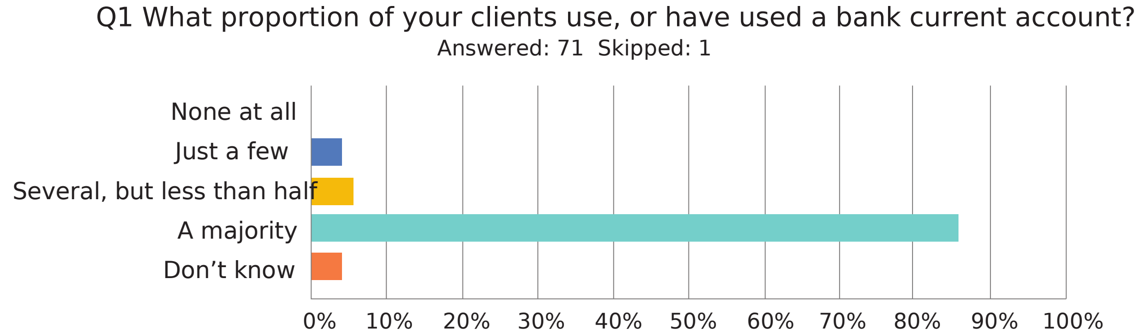
Five different product names are used to describe what is essentially the same thing, which is perhaps slightly confusing for an unbanked consumer trying to identify the relevant account to which the rules apply. Nonetheless, a review of the terms and conditions of the various accounts indicates that each satisfies the relevant criteria in terms of access to free services whereby monies can be received, withdrawn and paid to others, including by way of credit transfer. Indeed, one account appears to be more universal in that there is no specified requirement to be "unbanked" in order to access it, nor reference to any limiting time-periods or national wage multiples as per the Directive and Regulations.[98]

We have some information on initial take-up as a result of data provided by the Central Bank. It transpires that in the period from September 2016 to the end of June 2018, 69,182 accounts that met the criteria of a payment account with basic features were opened across all six Irish credit institutions.[99] No further breakdown of the number of payment accounts is available, however, with the next evaluation of the Directive due to take place later this year.[100] Given the MABS' traditional target group of 'social welfare recipients and low-income families', one might expect basic payment accounts to figure strongly among its client base. However, when Money Advisers were asked about this dimension as part of our financial inclusion survey, less than a quarter reported having experience of dealing with clients with a BPA and even among this cohort, the replies suggest the number of clients involved to be very small indeed.

Nonetheless, a majority of advisers who had come across basic payment accounts through their work saw considerable positives both in terms of the product itself – such as no charges or overdraft worries, online facilities and capacity to receive social welfare including child benefit – and its effect in terms of increased confidence, self-esteem and practicality. A small number of respondents identified problems that had arisen, namely difficulties in opening an account, seeming lack of awareness of BPA among bank staff, and the literacy factor; this would suggest a need for increased awareness raising both among the general public and frontline bank staff.

Moreover, what is perhaps most striking about the MABS client base is that the majority of clients appear to have access to a current account, presumably a standard one in most cases, as shown in the Chart below. As speculated earlier, this may well be correlated with a changing client base and an increase in mortgaged, employed and older (41-65) clients using MABS services in recent years.

Chart 2: Bank current account use among MABS clients



ANSWER CHOICES	RESPONSES	
None at all	0.00%	0
Just a few	4.23%	3
Several, but less than half	5.63%	4
A majority	85.92%	61
Don't know	4.23%	3
TOTAL		71

Source: Survey of MABS Money Advisers, May/June 2020.

98 A cash-back facility in partnership with certain retailers is also incorporated in at least one account.
99 It should be noted, however, that an estimated 100,000 households were still without use of a current account in 2018 as reported earlier.
100 No data were provided on the proportion of applications for payment accounts with basic features that have been refused.

As regards issues of potential relevance to Travellers in terms of basic payment accounts, customer identification requirements may still be a barrier for some, as many of the specified forms of identification and proof of address have proved to be problematic in the past and although different forms are acceptable,[101] only one institution makes specific reference to the ML10 form in its associated literature. Financial literacy may present another obstacle, and although we came across an example of a provider adopting a personalised, welcoming approach to its information brochure, we found the majority of information provided in the round to be formal, cold and business-like, with some leaflets very lengthy indeed and containing a considerable number of pages devoted to terms, conditions and definitions.

While we appreciate the reasons for this, many people would require a lot of assistance to understand these fully and in some cases, to complete the associated application processes and forms whether online or in person. Finally, although all the basic payment accounts are no cost - at least for the periods specified in the Directive in most cases - there are three important differences to the SBA Pilot. First, fees are widely charged for returned direct debits, standing orders and cheques;[102] second, government charges in the form of stamp duty on ATM/debit cards also apply;[103] and thirdly, there appears to be the possibility of 'set off' in at least two of the products.[104] Each of these dimensions was specifically addressed within – and excluded from - the Pilot.

2.8. Summary

There is much to admire and learn from the Strategy and Pilot in terms of how financial inclusion and its various dimensions can be appropriately tackled, even though the initiative did not succeed as hoped. On the positive side, the strategic approach employed, the facilitative role played by the State in bringing together key stakeholders including from the NGO side, reliance on solid research and incorporation of built-in evaluation, each combined to ensure that the problem at hand was clearly understood both in access and use terms and that an appropriate response could be developed and its progress monitored. The resulting product (the Standard Bank Account) was based on sound principles and contained features and facilities appropriate to those at whom it was targeted; further, a creative approach was adopted towards accessibility and the staff-training component proved exemplary.

On the negative side, failure to embody a community development/ownership ethos, decision to opt for a selective/residual type service, and (with the benefit of hindsight) unfortunate choice of locations particularly in light of a changing banking model, resulted in a considerable amount of effort and expense being spent for relatively little reward. We imagine that those involved maybe lost heart as a consequence and our sense is that the strategy in effect petered out. In our view, these efforts should not however be in vain, as we can now draw some valuable lessons for financial inclusion initiatives going forward, particularly from a Traveller perspective. In short, such initiatives should be:

- Informed by the evidence on financial exclusion/inclusion;
- Universal albeit incorporating a selective dimension and without stigma;
- Joined up within a strategic policy framework;
- Inclusive in that target groups should have a sense of ownership and be able to make ongoing input;
- Appropriate to identified need;
- Clearly understandable, including by those with literacy issues;
- Easy to open/access with a minimum of paperwork and fuss;

[101] See MABS Guide to Basic Bank Accounts: https://www.mabs.ie/downloads/publications/17_11_24_Basic_Bank_Account_DL_WEB.pdf

[102] The Competition and Consumer Protection Commission (CPCC) maintains a comparator website to enable consumers to compare current account charges. See: https://www.ccpc.ie/consumers/financial-comparisons/current-account-comparison/?utm_medium=link&utm_source=outbound&utm_campaign=ma+series&utm_content=current_account_charges

[103] See: https://www.citizensinformation.ie/en/money_and_tax/tax/duties_and_vat/stamp_duty_on_financial_cards.html

[104] The transfer of money from an account to cover debt repayments.

- Trusted, in that they should be available through sources perceived as trustworthy by the intended users; and,
- Supported, perhaps intensively so in certain instances, with such support available from sources trusted by intended users.

These criteria provide a useful lens for evaluating subsequent initiatives, such as the now legislative right to access a basic payment account. The European Directive and Regulations that followed and introduced such a right, appear to have replicated many of the positives and indeed shortcomings identifiable with the Pilot. On the plus side, there is much to commend in an approach predicated upon rights, social inclusion, non-discrimination and (initially at least) lack of cost. Provisions relating to promotion, enforcement, redress, review and evaluation also tend towards the progressive, and references (in the Directive) to encouraging an agenda of financial inclusion and education are also welcome from a Traveller/marginalised group perspective.

However, in our view, these positives are counter-balanced by familiar shortcomings, such as a focus on selectivity as opposed to universality, exemplified by the convoluted, complex and confusing rules on possible future payment charges. In comparison to our Financial Inclusion Strategy and associated Standard Bank Account, the now statutory “product” embodies a narrow focus on financial (payment) inclusion as opposed to a broader one encompassing savings, credit and insurance; furthermore, the former’s attempt to encourage creativity around customer identification appears to be missing. In addition, the lack of any community development type dimensions in terms of ownership, involvement or ongoing input is striking, given the specified target group.

Finally, the literature suggests that an initiative centred on a narrow category of silo-type providers - namely pillar banks – is unlikely to attract many within marginalised groups such as Travellers due to historic mistrust and longstanding inaccessibility. While each credit institution has put in place a product to satisfy the requirements of the Directive and Regulations - and many consumers have accessed it - customer identification, financial literacy and ancillary cost appear *prima facie* to remain as potential obstacles to inclusion. In short, an initiative conceived in market terms as a product for “consumers” is likely in our experience to prove less inclusive than one grounded in participatory principles as an essential service for “citizens”.

3. Alternative Banking and Payment Services

3.1. Introduction

Outside of mainstream public policy, two community-based service providers - namely the credit union movement and An Post - have also developed independent banking services with financial inclusion potential in recent times. Thanks to information provided by each body and the related experiences of MABS Money Advisers in terms of client experience, we are able to examine the potential each offers through a Traveller lens. It should be noted at the outset that each of these financial service sources is frequently cited in National Traveller MABS research enquiries as being trusted by people from the Community.

3.2. An Post Money Current Account

The An Post Money Current Account, launched in 2018, is marketed as a straightforward way of managing money and staying in control, encompassing savings wallets, customised alerts, emergency cash and a "money-back" facility when using its debit card facility for purchases from certain retail partners.[105] A monthly fee is charged to cover these features,[106] and there are also some ancillary charges.[107] An Post current accounts were developed as personal accounts for users of post office services, with pensioners a particular target group[108] given that this is a cohort more likely than not to collect their pensions in post offices on a face to face basis (see Table 4 above).[109]

Although such accounts have taken a while to gain traction, our understanding is that numbers are increasing; however, no detail is available on account user profile and no external review has as yet been undertaken. An Post also offer personal loans to customers, hence there is potential for the account to act as a "gateway" to mainstream credit. In terms of developments, there are plans to introduce so-called 'digital on-boarding'[110] - to enable people to set up an account online rather than having to go into the post office to do so – and to offer 'youth accounts' as a financial education tool targeted at young people aged between 10-16 years, which will in essence act as a sub-wallet of their parents' account.

In terms of use, the traction delay issue touched on above manifests itself in the MABS client data, with over three quarters of respondents replying either that there were just a few clients using these accounts (55%) or none at all (21%). Nonetheless, client experience of using post office current accounts appears to be overwhelmingly positive. At the root of such positivity is the issue of trust, with a number of respondents making the point that post offices are trusted, familiar, and staffed by people who know their customers and are invariably helpful. As one put it:

> *Clients already have a connection with the post office as they were previously collecting t payments there. They are familiar with the staff and have unconsciously built up a level of trust wi the organisation so clients are more open to enquire about setting up a basic bank account there.. some clients would not have trust in main stream banks and see them in a negative light. Many clients may previously have had negative experiences with banks and bank accounts being closed*

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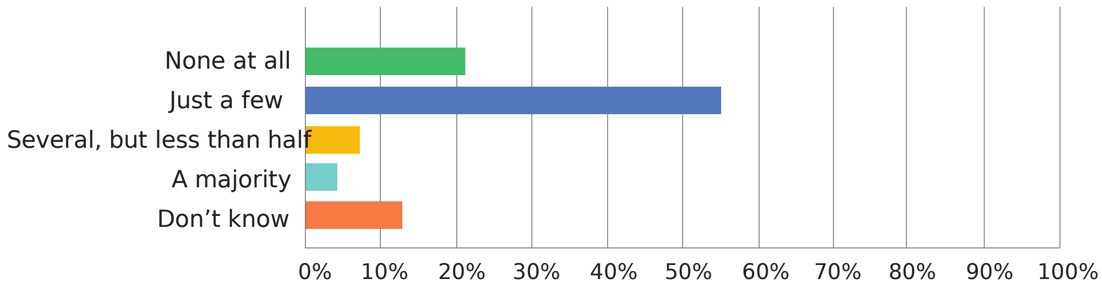
[105] See: https://www.anpost.com/Money/Current-Account?gclid=EAIaIQobChMI3vK1yeCa6gIVSYBQBh1lZw-6mEAAYASAAEgJH0_D_BwE
[106] According to An Post, the fee can be offset totally or partially by the money-back dimension.
[107] See: https://www.anpost.com/Money/Current-Account/Fees
[108] Older persons are significantly at risk of banking exclusion, see Russell et al, ibid.
[109] Information provided by DEASP shows that of 654,554 pension payments made in March 2020, around one third (217,814) were made by way of EIT i.e. payment through post offices.
[110] This is a feature of digital or challenger bank accounts offered by, for example, Revolut or N26.

This contrast in perception between post offices and banks emerged in a number of commentaries, with the former often cited as less scary, intimidating or threatening than the latter or, as one adviser observed 'more casual'. Greater accessibility in terms of locality, convenience and opening hours – again in comparison to banks[111] – was also highlighted, and there was reference to post offices being less likely than banks to fulfil a dual role as provider and creditor. The 'one stop shop' nature and social role of post offices is also identifiable, and advisers frequently referred positively to two promoted current account features, namely the savings wallet and 'money-back' option. Few disadvantages were cited, but among those who had dealt with clients with such accounts, associated cost/monthly fee was considered to be a potential barrier, despite the money-back facility. Access obstacles referenced relate to post office closure in rural areas, customer identification requirements and online use/literacy issues.

Chart 3: Post office current account use among MABS clients

Q5 What proportion of your clients use a post office current account (i.e. current accounts offered through An Post)?

Answered: 71 Skipped: 2



ANSWER CHOICES	RESPONSES	
None at all	21.13%	15
Just a few	54.93%	39
Several, but less than half	7.04%	5
A majority	4.23%	3
Don't know	12.68%	9
TOTAL		71

Source: Survey of MABS Money Advisers, May/June 2020.

3.3. Credit union current account

The credit union current account – again offering a range of banking facilities - is another relatively recent development, although very much in its infancy having only begun to be rolled out in recent months.[112] Online facilities and a mobile app are promoted as key features of the product, which is open to members of participating credit unions.[113] Sole name accounts can be opened remotely if a member is already registered online with their credit union, but joint accounts have to be opened in person. A list of itemised customer identification requirements suggests that traditional forms are required, and as with the post office current account, a monthly fee applies, together with some ancillary charges.[114] An authorised overdraft facility - subject to various terms, conditions and charges - is a linked facility.

[111] In its review of community banking, Indecon conclude that "in a number of rural counties, there are high percentages of post offices in areas where there is no bank within five kilometres… post offices are also important in providing services to older individuals living alone and represent a critical network to reduce the risk of financial exclusion" (ibid, p30-31).
[112] See: https://currentaccount.ie/
[113] These number n=115 at the time of writing.
[114] See: https://currentaccount.ie/support/fees-charges/

A discrete company (Payac CLG), owned by a grouping of credit unions within the Irish League of Credit Unions (ILCU), has been established to design the product, make it work, and to further support and develop current account services for credit unions that are members of this grouping. From the provider side, community ownership, base and local trust are clearly important factors, and we are advised that although in its development phase, take up amongst credit union members is “strong” and the profile is representative of general credit union membership as a whole, with product development motivated by members’ wish for an alternative to banks for managing day to day spending. No review or evaluation has as yet taken place, and no access or use issues appear to have emerged in the early days so far.

From a user standpoint, there is little evidence of the product being widely used among MABS clients to date (see chart below), which is understandable given its recent beginnings. In terms of advantages or positives, similar themes emerged to those associated with post office current accounts. Trust, familiarity and local ease of access[115] were again frequently cited, along with ‘personal touch’, community basis, and value of longstanding relationships. One major difference did, however, emerge, and that relates to the potential role of credit unions as a *gateway* to broader financial inclusion in terms of linked access to low-cost credit, savings and insurance services, and related payments. Indeed, for many advisers, this was the key added value of the credit union current account.

> *Building a track record with the Credit Union*
>
> *(Access to) savings and loans*
>
> *If frequent saving, the option of getting loans*
>
> *Savings are encouraged and dividend can be earned. Some Credit Unions offer free life assurance and loan protection and some offer ‘It Makes Sense’ Loans to those on social welfare payments.*
>
> *People can transfer funds over from the Credit Union Current Account to their loan/savings accounts with ease.*

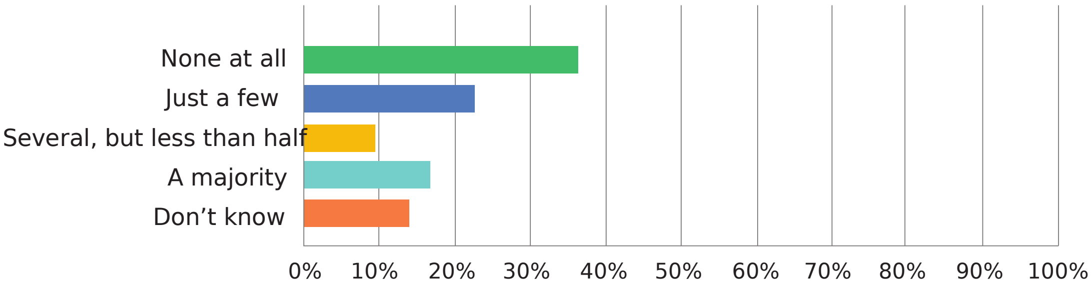
As regards disadvantages, again there are similarities with post office current accounts both in terms of concerns regarding the ability of some to use associated online facilities, and the local dimension, which some perhaps might find off-putting when dealing with sensitive financial matters. Unlike post offices, credit union current accounts are far from universally available at this early stage, which presents an obvious access barrier in many areas, and experience with the ‘It Makes Sense’ Loan Scheme (see below) suggests different views may emerge within the movement. Moreover, a number of respondents raised a potentially more fundamental issue, namely credit unions’ traditional and primary role as a provider of loans, with some expressing concerns that existing arrears or a related history could act as an access or use obstacle to banking (and indeed credit) services.

[115] Including reports of longer opening hours compared to banks.

Chart 4: Credit union current account use among MABS clients

Q8 What proportion of your clients use a credit union account (i.e. current accounts offered through Credit Unions)?

Answered: 71 Skipped: 2



ANSWER CHOICES	RESPONSES	
None at all	36.62%	26
Just a few	22.54%	16
Several, but less than half	9.86%	7
A majority	16.90%	12
Don’t know	14.08%	10
TOTAL		71

Source: Survey of MABS Money Advisers, May/June 2020.

3.4. The Household Budget Scheme

A number of stand-alone *payment* services with financial inclusion dimensions have emerged in Ireland over the past two decades. We now examine three of these that in our experience have particular relevance to Travellers and other marginalised groups, namely: the Household Budget Scheme, BillPay, and prepayment utility meters. As with current accounts, our critique is informed in each instance by information provided by (i) the service provider(s) in question[116] and (ii) by MABS Money Advisers[117] in terms of client experience, together with publicly available information.

With the exception of MABS itself (first piloted in 1992[118] and its precursor, the Loan Guarantee Scheme (piloted in 1990)[119], the Household Budget Scheme which dates back to 1994[120] can lay claim to being one of the oldest financial inclusion policy initiatives in the history of the State. The core features of the Scheme remain largely unaltered since these early days, namely that is free to users and operated on behalf of social welfare customers[121] by An Post, with claimants able to authorise regular deductions from payments to be paid over to specified organisations – principally local authorities and utility companies - up to a maximum of 25% of the payment concerned, providing payment is received through the post office. The then Minister for Social Welfare (Dr. Michael Woods TD) outlined the Scheme’s aims as follows:

[116] Each service provider was asked for details on: service user extent and nature; any access or use issues that have arisen and (if so) how these had been addressed; whether any review or evaluation has taken place (and if so, the results of this) or is planned; and finally, whether there are any developments in the pipeline. We are grateful to each respondent for the information supplied by return.
[117] Each MABS Money Adviser was asked for details on client experiences of each service, and to estimate the proportion of clients using each one. We would like to thank each staff member who responded to us.
[118] Dillon, B., and Redmond, D. (1993). *Evaluation of Pilot Projects to Combat Moneylending and Indebtedness.* Dublin: Nexus Research Cooperative.
[119] Ibid, p3.
[120] See Oireachtas Written Answer 23rd June 1994: https://www.oireachtas.ie/en/debates/debate/dail/1994-06-23/57/
[121] This is the term that continues to be used by the relevant Department. See: https://www.gov.ie/en/organisation-information/bcde90-customer-charter-and-customer-action-plan/

> *Household budgeting has been designed as an aid to managing household finances for those who wish to avail of it. Deductions made in this regular way help such customers to cope with ongoing expenses and in clearing arrears. This scheme will also assist in reducing recourse to moneylenders.*[122]

This quotation illustrates the Scheme's potential as an optional, budget management tool to assist people to prioritise essential service payments, deal with related arrears, and curtail expensive borrowing needs which might otherwise result; it is thus both a debt preventative and curative measure. The Scheme has been developed over the years in two principal ways. Initially confined to those receiving unemployment payments as other claimants were then paid by order book (such as lone parents and pensioners), it now has much broader reach covering an extensive – although not exhaustive - list of claimant categories.[123] The list of potential payees has also expanded due to subsequent privatisation of the energy market, agreements with a number of credit unions to facilitate repayment of 'It Makes Sense' Loans (see later), and latterly to facilitate Housing Assistance Payments (HAP); notwithstanding, the Scheme remains primarily focused on local authorities and utility companies.[124] As Table 10 illustrates, the Scheme is now used by tens of thousands of claimants, but perhaps not as extensively as might be expected given its potential as a financial inclusion tool.

Table 10: Household Budget Scheme use comparison: 1994 to 2020

	1994	**2020**
Customers (number)	5,000	60,031
Weekly deductions (number)	7,000	66,760
Annual value (€)	€4.4 million[125]	€107 million

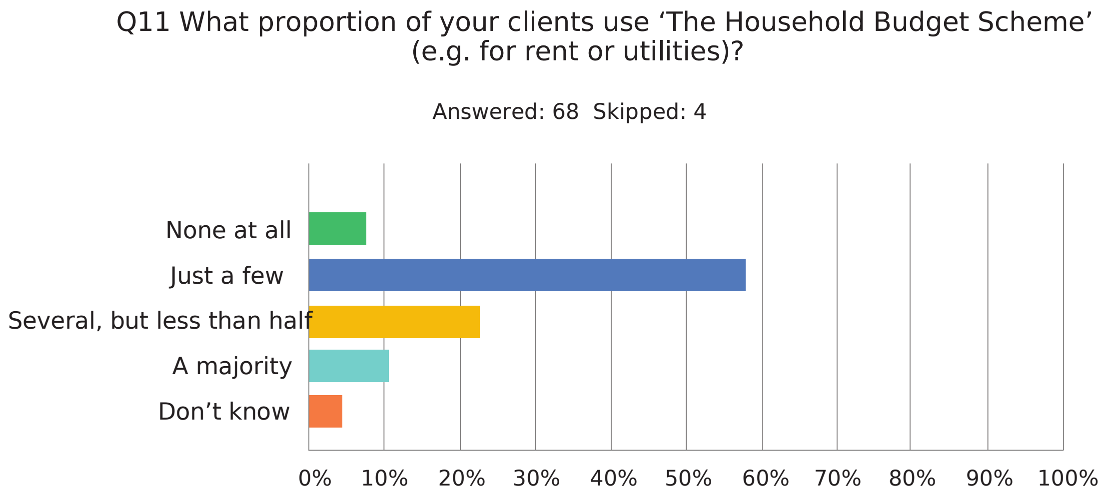
Source: Oireachtas Written Answer 23rd June 1994; An Post; Department of Employment Affairs and Social Protection.

The majority of weekly deductions being made are in respect of Local Authorities and Approved Housing Bodies (n=57,083 or 85.5%),[126] followed by credit unions participating in the Personal Micro Credit initiative (n=6,804 or 10.2%) and utility bill companies (n=2,873 or 4.3%).[127] In 2019, An Post advise that the number of transactions rose by 3% and the value of transactions by 6%, further that a growth in payments to the 'It Makes Sense' Loan Scheme was identifiable. Neither party involved on the provider side were aware of any access issues, nor of any plans to further develop the Scheme.

On the user side, Money Advisers reported a number of positive features associated with the Household Budget Scheme. Firstly, the vast majority of respondents (around 88%) are dealing with at least some clients using it, albeit 'just a few' in a majority of instances (see Chart 5).

[122] Ibid.
[123] See: https://www.citizensinformation.ie/en/social_welfare/irish_social_welfare_system/claiming_a_social_welfare_payment/household_budget_scheme.html
[124] See: https://www.anpost.com/Money/At-the-Post-Office/Household-Budget . According to An Post, there are 222 entities that can be paid through the Household Budget Scheme, including local authorities and a number of credit unions participating in the 'It Makes Sense' Loan Scheme.
[125] IR£3.5 million.
[126] The majority of these were payments to local authorities (2019 figures supplied by An Post).
[127] Data supplied by the Department of Employment Affairs and Social Protection.

Chart 5: Household Budget Scheme use among MABS clients



ANSWER CHOICES	RESPONSES	
None at all	7.35%	5
Just a few	55.88%	38
Several, but less than half	22.06%	15
A majority	10.29%	7
Don't know	4.41%	3
TOTAL		68

Source: Survey of MABS Money Advisers, May/June 2020.

Advantages/positives

Numerous positive features of the scheme emerged from a MABS client or user perspective. These can be categorised with respect to money management, preventative and wellbeing benefits (Table 11). Some respondents were notably enthusiastic about the positives from a client standpoint, referring to the Scheme as "fantastic", "great" and "excellent". As one respondent put it:

> *I have urged clients to use it numerous times and I have never heard one person say they regretted it.*

Table 11: Household Budget Scheme: positives from a client perspective

Access	Money management	Wellbeing	Prevention
-Free -Easy to use -Use with other options[128] - Convenient -No need to live near a post office	- Regular payment of essentials -Budgeting aid -Allows for funds for living -Deduction at source -In-built 'aide memoire' - Spread cost -Timely payments -Coincidence with income cycle -Opportunity to save -Prioritisation of debts[129]	-Re-assurance -Peace of mind -Relief -No worries re bills -One less worry (e.g. where addiction in household) -Sense of security -Sense of clarity	- No incurrence of arrears -No escalation of arrears -Removes temptation -No threats or further threats - No disconnection - No eviction or risk of homelessness - Creditors more likely to accept arrears proposals - Better able to plan for other expenses

Source: Source: Survey of MABS Money Advisers, May/June 2020.

As Table 11 shows, there is much positivity around the Scheme among Money Advisers, and from a Traveller perspective, there also appear to be a number of attractive features, given that so many within the Community are in receipt of social welfare. For example, it is easy to understand, accessible with a minimum of paperwork, and likely to be trusted with the post office playing a key provider role. Furthermore, we already have evidence – from a review of caravan loans repayable in just this manner - that payment at source is a method favoured by many Travellers.[130] The reasons cited in this previous study are strikingly similar to those above, namely:

- Removal of pressure or temptation to spend this money on other things, thereby acting as a f self-control;
- Use as a money management tool in enabling income to be budgeted more easily;
- Avoidance of difficulties with "over the counter" payments, including travel;
- Alleviation of stress associated with having to remember when a payment might be due, ther ensuring one less thing to worry about;
- Increased confidence in knowing that payments are being made;
- Avoidance of arrears and the stress associated with these; and,
- Convenience.[131]

[128] One respondent observed that some clients use the Scheme just for rent, while using prepayment meters for utilities; this may help to explain, at least in part, the relatively low percentage of utility deductions overall.
[129] For example, where moneylenders are involved.
[130] Stamp, S. and Daly, L. (2015). *A Review of National Traveller MABS Supported Caravan Loan Guarantee Schemes*. Dublin: National Traveller MABS.
[131] Ibid, p19-20.

Disadvantages/issues

The context here is an important one, namely that the Household Budget Scheme (HBS) is only available to social welfare recipients i.e. those on relatively low, fixed incomes and in many instances, persistently so. Notwithstanding, a minority of respondents could see no disadvantages with the Scheme as it stands. Several issues did, however, arise and these are highlighted below. In no particular order, they may be categorised in relation to: the Scheme's criteria and the 25% cut-off; scope; changes of circumstance; (lack of) flexibility; communication; understanding; processes; change of circumstance; and transparency. Some respondents suggested changes that could address these issues, and we include these suggestions below.

Criteria

The main issue to arise here concerns the 25% limit[132] on payment deductions, which can have a number of consequences in the experience of many advisers. There were references to it limiting options, as a combination of low income and tight margins often results in claimants being unable to pay more than one potential creditor (or even one possibly) in full given the cost of the associated payments; as a result, one payee (generally rent) tends to be prioritised over the others. Hence, alternative methods have to be found for other creditors, with the risk of arrears accrual if this proves difficult or time-consuming. Some suggested that with customer consent, such a limit could be exceeded thereby introducing more choice and *agency* in preference to an absolute cap.

Scope

A number of respondents referred to the Scheme's limitations regarding the limited number of creditors that can be paid through it as highlighted above. As it stands, it is not possible to pay bank, finance company or credit union loans (with the exception of those extended by way of the 'It Makes Sense' Loan Scheme), and there was insightful reference here to how such an expansion could help people to establish a credit history and thereby facilitate credit[133] inclusion. In this regard, the curtailment of the Lough Payment Scheme for MABS clients is regrettable from a National Traveller MABS perspective.[134] Furthermore, as touched on earlier, not all social welfare payments are covered and payment must be paid through the post office, which means that only around 30% of current claimants are eligible as a start point (Table 4, above). While the majority (almost 70%) elect to receive payment into a bank account and presumably thereby have access to electronic bill payment facilities associated with their account, the view was expressed that some such customers *might* be interested in availing of the HBS *prior to* transfer of benefit into their account were such a facility to be available; in the absence of any review or evaluation, we do not know if this is indeed the case and if so, the potential numbers[135] involved.

Process, inflexibility and changes in circumstance

Our sense from the responses is that there are a number of process issues with the HBS from a client point of view. First, our understanding is that it can take some time for the process to activate or indeed de-activate, and that this can also be the case where people wish to amend or cancel an amount payable, thereby resulting in ostensible or actual arrears accrual. Second, changes in circumstances such as securing unemployment, moving home, a reduction in payment, changed payment type, or increase in rent or utility charge,[136] can cause particular problems as the systems in place appear ill-equipped administratively to deal with such changes quickly, seamlessly and accurately. Furthermore, arrears can accrue as a consequence, particularly where such changes bring a claimant *above* the 25% limit. One suggestion here is the creation of an online platform to deal with such changes more expediently; another is that notification could take place by phone.

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[132] We have been unable to ascertain why this arbitrary percentage was chosen in the first instance.
[133] A potential problem here is that such a move may inadvertently result in the prioritisation of secondary debt, hence it would be important that independent advice (e.g. through MABS) is first sought if people wish to exceed a certain limit, for example the 25%.
[134] See: Position Paper (2014) - https://www.ntmabs.org/publications/policy/2014/NTMABS-position-paper-on-the-discontinuation-of-the-Lough-Payment-Scheme-for-clients.pdf The Social Welfare Act 2012 made changes as regards potential payees under the Household Budget Scheme.
[135] Nor whether there may be any logistical issues with this from the provider side.
[136] Failure to collect payment within a certain time also causes problems according to one respondent.

The issue of flexibility also arose in the context of choice and control, and we got the sense in some commentaries that set deductions *every single week (or fortnight in the initial stages of COVID),* can combine with limited means to leave clients unable to deal with crises or shortfalls as these arise. The 'administrative heavy' process – as one respondent put it – also militates against switching of utility provider, with people reluctant to do so against such a backdrop.

Communication, understanding and transparency

One issue highlighted more than once in the context of utilities specifically, is people using HBS for this purpose presuming everything is thereafter in order with their respective account. Examples were cited of clients taking their "eye off the ball" with regard both to (increased) energy consumption, and in respect of payment shortfalls and the need to make these up in other ways; hence, there appears to be both a communication and understanding issue here. Transparency around outstanding balances was another issue to arise more generally, and that empowerment in terms of money management is hindered where accurate and up to date information is not readily available; again, ready access to online information (or over the phone) would assist here. It is noteworthy that information deficits were cited in several accounts:

> *If payment changes – for example from JSA to CE Scheme – (HBS) automatically cancels and arrears can accrue as the client is not informed.*
>
> *If a payment amount changes, a client may go over the % amount allowed for deductions – clients are often unaware of this and rent etc not being paid as a result.*
>
> *Regular updates should be provided… as to how much clients have paid and to whom (transparency)… if a bill travels with you that is fine, however in a past case, a person (who moved address) thought that because they paid by Household Budget in one place, they did not need to amend anything such as their address.*

3.5. BillPay

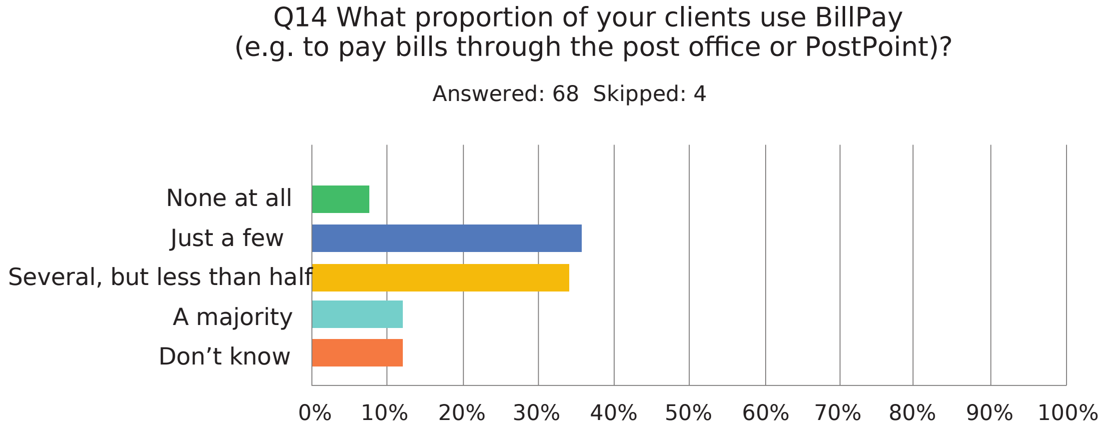
Again we believe dating back to the 1990s, BillPay[137] is a free bill payment service operated by An Post, with an extensive range of potential payees available. The facility is available through local post offices, PostPoint retail outlets and online.[138] It is marketed as a money management tool in that a number of bills can be paid at the same time – for example on the day a welfare payment is being collected – with associated receipts highlighted as an aid to "keeping track".

A key feature of BillPay promotion is its element of control, in that users can pay as much as they wish at a time they choose, a facility that could provide flexibility for those on tight budgets facing irregular demands. Data provided by An Post illustrates there were 17 million bill payments made by way of cash or debit card in 2019, totalling €1.2 billion. There are no data on service users nor do any particular access or use issues appear to be identifiable from a provider perspective.

Among MABS clients, it appears to be a slightly more used facility than Household Budget, with almost half of respondents (n=31 or 46%) reporting its use by either 'several' or 'the majority' of clients (see Chart below). This may be linked to an increase in employed/self-employed[139] and indeed 'banked' - clients in recent years.

[137] See: https://www.anpost.ie/AnPost/Mobile/Personal+Customers/Money+Matters/BillPay/BillPay.htm
[138] See: https://www.mybills.ie/Pages/Default.aspx
139 MABS statistics, various years. See: https://www.mabs.ie/en/about_us/mabs_statistics.html

Chart 6: BillPay use among MABS clients



ANSWER CHOICES	RESPONSES	
None at all	7.35%	5
Just a few	35.29%	24
Several, but less than half	33.82%	23
A majority	11.76%	8
Don't know	11.76%	8
TOTAL		68

Source: Source: Survey of MABS Money Advisers, May/June 2020.

Advantages/positives

As with the Household Budget Scheme, a strong sense of positivity emerged among Money Advisers in relation to BillPay. These positives may be summarised as relating to control, convenience and accessibility.

Control

Money advisers often cited the element of control BillPay facilitates in terms of clients' budgeting and money management. Flexibility to pay as often and as much as required is clearly a beneficial feature in enabling people on low incomes to deal with 'short' weeks and unexpected demands. Many respondents referred to the facility to pay small amounts as being particularly helpful for those on tight budgets, in that bill payment can be spread out over a considerable period, thereby avoiding the incurrence of large bills; further, as one respondent observed, "it creates a habit and routine". Trust is also strongly related to control, and references to BillPay being perceived as 'secure', 'speedy' and 'efficient' suggest a provider trusted by its users.

Convenience

The opportunity to coincide payment(s) with income receipt emerged as another beneficial feature. Frequent references were made to clients choosing to make payment towards bills at the same time as collecting social welfare payments from the post office, a practice particularly suiting those with a preference for managing money by way of cash and/or who are 'unbanked'. A local dimension was also cited, in that clients can value the option of using post offices or shops within their vicinity, with such venues providing an important if often overlooked social dimension. Our sense from the commentaries is that few clients are using the online facility, which would negate the need for any travel at all.

Accessibility

Unlike the Household Budget Scheme, which is confined to social welfare recipients, BillPay is a more *universal* network, open to everyone regardless of income source. Responses frequently mentioned the free element and (in one commentary) absence of 'inability to pay' fees in contrast to those associated with returned Direct Debits for example. Finally, there is salient reference to financial literacy in one observation, namely that BillPay is "good for clients who like and trust cash and an efficient way to pay bills if not financially or computer literate" (to this list might be added those unable to afford the 'hardware' necessary with regard to the latter).

Disadvantages/issues

Relatively few problems emerged from a client perspective, which suggests that those using BillPay are broadly satisfied with how it operates. The principal disadvantage highlighted by several Money Advisers relates not so much to the Scheme itself, but to its role as a payment vehicle within a debt repayment programme. In this context, where arrangements have been negotiated through MABS, some felt that its optional element within a low-income context could lead to broken arrangements and possibly increased arrears unless a client is particularly disciplined.

Other more sporadic issues are cited, but these tend to be more speculative such as reduced likelihood of use where a client is not paid via the post office, and possible loss of receipts making subsequent payment discrepancy challenges more difficult. One adviser observed that in small communities, there might be sensitivities around knowledge of someone's business:

The process could be daunting and very local in some small areas

More fundamentally, travel restrictions and cocooning associated with COVID-19 have left some – primarily those without the ability to access or use the related online facility[140] – effectively excluded from it. There are also suggestions of surcharges or administration fees possibly being applied to BillPay related payments by some outlets; whether or not this is the case, this is an issue previously identified by MABS in respect of prepayment meter top-ups,[141] a method of payment to which we now turn.

3.6. Prepayment Utility Meters

Meters for the prepayment of utilities again date back several years. Formerly referred to as "token meters" but now more commonly as Pay As You Go (PAYG), this facility enables utility customers to prepay for electricity or gas by "topping-up" their account in advance, with a credit facility built-in for emergencies. Originally developed as an arrears management tool by providers and although still fulfilling this function, PAYG is now becoming more of a lifestyle choice as illustrated by Table 12 below, with the advent of Smart electricity meters presumably a factor here:

Table 12: Number of PAYG meters, March 2020.

	Financial Hardship	Lifestyle Choice
Electricity	44,895	218,632
Gas	39,913	74,867

Source: Commission for Regulation of Utilities

Although generally more expensive than standard use options, primarily as a result of service charges, the benefits of PAYG are promoted as outweighing this cost difference through: offering more direct control of energy use; removing the worry of large bills; and alleviating disconnection worries for those in the financial hardship category repaying arrears over time

[140] In its report on community banking, Indecon recommended that: "assistance to individuals to apply online for banking services would help reduce financial exclusion" (ibid, p79). Lack of access to broadband is another important issue in regard to online banking, a barrier highlighted within the same report (p.9) in the context of the Government's National Broadband Plan, and one particularly affecting older people and/or those living in rural areas.
[141] Stamp, S., McMahon, A. and McLoughlin, C. (2017). *Left Behind in the Cold? Fuel Poverty, Money Management and Financial Difficulty Among Dublin 10 and 20 MABS Clients: 2013 and 2017.* Dublin: Dublin 10 and 20 MABS, p10.

through ‘recalibrated’ meters. As regards making the actual payments, while it is possible to top-up remotely for electricity PAYG, gas-related payments can only be made through outlets specified by the relevant providers,[142] a distinction that has become increasingly important with the spread of the COVID-19 pandemic:

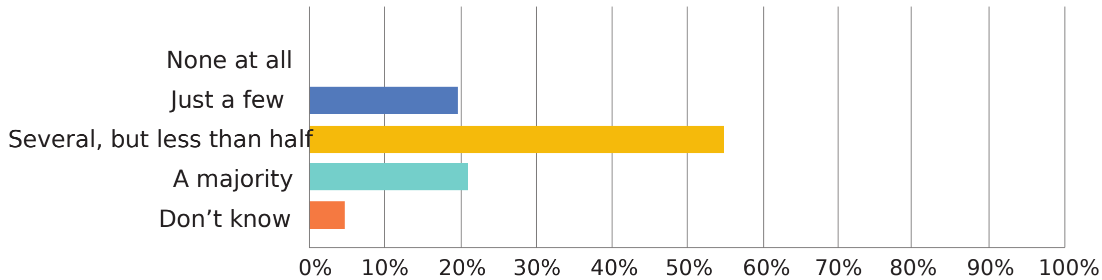
> *Customers with gas prepayment meters customers cannot top up remotely. These customers must visit a post office or shop and purchase credit, or vend, to keep their meter topped up. As some customers may not be able to reach a retail outlet as regularly over the coming days and weeks, the CRU has taken the decision to increase emergency credit levels for all gas prepayment customers from €10 to €100... suppliers with electricity prepayment customers offer online and over the phone top ups services... (hence) the CRU is not proposing to change the level of emergency credit at this time and will continue to monitor the situation and take action if required to protect customers. The CRU reminds customers to only use emergency credit in an emergency, as this credit will have to be paid back at a later date*.[143]

As regards user experience, we are advised that no industry-wide information or data is available on the characteristics of those using PAYG meters; further, that no review of consumer experience been undertaken, nor are there any plans to do so. As a result, no consistent issues with access or use of PAYG meters in general have emerged with the exception of the COVID-related one just mentioned. In terms of future developments, the Commission advises us that Smart PAYG Services will become available using an ESBN smart meter in 2022, and that work had commenced prior to the COVID 19 pandemic to explore options for remote top-ups in gas, but that this will not now be finalised until 2021 at the earliest.[144] As might be expected given that MABS is predominantly a service for those in financial difficulty, prepayment meter use is clearly widespread among the client base as shown in the Chart below.

Chart 7: Prepayment utility meter use among MABS clients

Q17 What proportion of your clients use prepayment meters
(for electricity or gas payments)?

Answered: 66 Skipped: 6



ANSWER CHOICES	RESPONSES	
None at all	0.00%	0
Just a few	19.70%	13
Several, but less than half	54.55%	36
A majority	21.21%	14
Don’t know	4.55%	3
TOTAL		66

Source: Source: Survey of MABS Money Advisers, May/June 2020.

[142] Electricity PAYG consumers also have similar options.
[143] ‘CRU Announces Covid-19 Customer Protection Measures to Assist Consumers’, *Press Release*, 16th March 2020. See: https://www.cru.ie/cru-announces-covid-19-customer-protection-measures-to-assist-consumers/
[144] All information provided by the Commission for the Regulation of Utilities.

Advantages/positives

As with the Household Budget Scheme and BillPay, prepayment meters offer a number of benefits from a MABS client perspective. A number of respondents mentioned the sense of control experienced by clients who can “pull back on” on or even “front-load” payments as their budget allows. Its use as a budgeting aid strongly emerged, with users able to both prioritise and keep on top of a key household expense on a daily basis if necessary. A palpable ‘alleviation’ narrative is also identifiable in that clients using prepayment meters generally find the experience re-assuring in that the prospect of large bills, threat of arrears accrual and possible disconnection are removed, and continuity of supply ensured. Furthermore, where arrears have already mounted, these can be spread and repaid over time.

Increased energy awareness, conservation and efficiency is also evident from the adviser commentaries, with PAYG customers more likely to monitor their usage, economise, and identify high-cost items leading to a reduction in overall energy-spend; as one respondent observed, “it provides better information on usage - makes it *real*” while another referred to “visible usage”. Cost transparency is cited as a further advantage as all household members (and not just the bill payer) can quite literally see the costs accruing in front of them.

As with BillPay, the flexible nature of PAYG in terms of payment is highlighted, with this extending to the range of payment options available, albeit with the proviso that online payment is not available for gas top-ups. The term “convenient” is used a number of times in this context and as with the other payment tools reviewed, ability to coincide payment with a client’s income cycle is clearly a beneficial aspect of PAYG from an adviser perspective. In terms of cost, two respondents made reference to this method being cheaper in their experience than sometimes thought, where incentives are offered at set-up for example (presumably in lifestyle choice cases).

Disadvantages/issues

Again, the context of low, fixed income is important here. Several references allude to ‘self-disconnection’ where users do not have enough money to feed the meter, a situation that can be a regular occurrence for some and perhaps persist for worryingly long periods of time. This dimension to energy poverty has been highlighted in previous MABS studies relating both to clients in general[145] and Travellers in particular[146]. In terms of cost, there are two schools of thought; one is that additional costs are outweighed by the benefits as discussed earlier, while the other views meters as relatively expensive *per se* with any additional cost for those most marginalised in essence acting as a poverty premium. Examples of extra costs were cited in relation to dimensions already highlighted – namely service charges and top-up surcharges – plus in terms of travel, meter removal and private landlord deposits. In relation to the latter, a number of Money Advisers cited specific issues within the private rented sector such as landlords not agreeing to installation, and accommodation sometimes being unsuitable.

Difficulties can also arise more generally in terms of money management, particularly when competing demands for payment emerge, with one respondent referring to this method as “cumbersome” for clients. Some clients reported issues over the summer months when after periods of no or limited top ups, people could find subsequent payments swallowed by accrued service charges, and many clearly feel they are not getting ‘full value’ for their[147] top-ups.

One respondent had observed fear of running out of credit at times, while another had come across problems arising from ‘cold-calling’ where clients have literacy or language issues. Some clients have also encountered difficulties topping up where they are isolated and/or become ill and cannot access remote payment services, an issue brought into stark focus by COVID-19. From a more systemic perspective, there appear to be certain obstacles in terms of switching meter provider, while a practice of allowing arrears to build seems to have developed in some cases, thereby both prolonging resolution and reduced ‘value’ when a ‘hardship’ meter is eventually fitted.

[145] Stamp, McMahon and McLoughlin, ibid.
[146] Harvey, B. and Walsh, K. (2017). *Comparative study of how utility provision is administered and rents collected in Traveller-specific accommodation in Fingal*. Dublin: National Traveller MABS. See also: Stamp, S. and Kearns, M. (2019). *Accommodating Ethnicity: Addressing Energy Poverty Among Travellers Living in Mobile Homes and Trailers, An Exploratory Study*. Dublin: National Traveller MABS.
[147] We sense that this might also be the case where people are repaying emergency credit and/or arrears.

3.7. Summary

Community-based alternatives to mainstream banking[148] although in their relative infancies, embody many attractive features from a user perspective. Both An Post and credit union current accounts embody the principal components of basic payment accounts with each having its own ancillary features, although neither is free to the user. From a Traveller perspective, the potential disadvantage of nominal cost may however be outweighed by the positivity associated with each provider, each being widely regarded as trustworthy, approachable and accessible on account of their local community basis, presence and familiarity.

Each source also acts as a potential gateway to broader financial inclusion in terms of credit, savings and insurance, with the credit union perhaps having the edge here in terms of the former (given its longstanding role as a provider of low cost loans) and the post office as regards the latter by dint of its traditional savings and insurance dimensions. In terms of shortcomings, aside from cost, issues around online access and use, customer identification, and non-universal access (in terms of credit unions particularly)[149] emerge from our enquiries, and it would be useful for evaluation involving user input to be incorporated within each initiative as it develops.

As with the banking alternatives, the stand-alone payment services discussed in this section were each developed independently of each other and indeed of the financial inclusion strategy, which they all predated. Notwithstanding, the respective facilities clearly have a role to play in combating financial exclusion among Travellers unable to or wary of engaging with other financial service providers such as banks and neo-banks, and there are many common advantages. Each is relatively straightforward to access, convenient, and allows for payment to coincide with (weekly/fortnightly) income cycles. For those operating on a tight budget, these methods allow for costs to be spread, the prioritisation of essential creditors, and ensure that funds are available for essential spending. Such facilities can further help to promote wellbeing by alleviating certain financial worries, providing peace of mind and ensuring access to essential services.

Although there are disadvantages to each, our sense is that for the majority these might be outweighed by the advantages. Nonetheless, there are identifiable areas for improvement. Re-framing the criteria and scope of the Household Budget Scheme could for example make it more widely available and useful for marginalised groups such as Travellers. There is also a need to make the Scheme more flexible in responding expediently and efficiently to changes of circumstances, and to improve communication in certain areas. As regards BillPay, COVID-19 has highlighted how those with a preference for money management 'in-person' and/or cash can become further marginalised, together with a need to support people to be able not just to *access* but have the option of *using* electronic facilities.[150] Finally, prepayment meters also have disadvantages, not least of which is the risk of self-disconnection –sometimes repeatedly so - for those in energy poverty. Issues also arose in relation to the private rented sector, top-up premiums and switching providers.

More broadly, what is striking is that no review incorporating a user perspective appears to have taken place in each case, a theme more broadly identifiable in terms of policy measures in general within the personal finance domain.[151] There is a strong argument in our view that evaluation should be *designed in* to any initiative with financial inclusion potential, with periodic feedback from the most marginalised sought to ensure that issues arising from the user's point of view can be swiftly and expediently addressed.

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[148] Virtual or challenger banking is not considered within this report.

[149] The closure of a number of (generally rural) post offices may also limit access. The latter has generated much political concern, see for example: https://www.irishtimes.com/news/ireland/irish-news/an-post-publishes-locations-of-159-post-offices-set-to-close-1.3610543

[150] In its 2018 benchmarking review of Ireland's payments' industry for the Department of Finance, the evaluators note that: "dependency on more sophisticated electronic (payment) means may exclude more vulnerable members of society". Indecon (2018). *Indecon Report on Benchmarking of Ireland's Payments Industry*. Dublin: Department of Finance, p59. It is perhaps surprising that no reference whatsoever is made within the report to the three payment mechanisms reviewed in this section that embody a potential financial inclusion dimension.

[151] Stamp. S. and Joyce, P. (2017). *'Delay and Pray? Data deficits, policy implementation disorder, the downplaying of non-mortgage debt, and the prolongation of the Irish household debt crisis'.* Birmingham: Centre on Household Assets and Savings Management, Birmingham University.

4. Credit Inclusion Schem

4.1. Introduction

As already highlighted, credit inclusion is largely seen in policy terms as being brought about through gateway services in the form of basic bank or payment accounts. Those using mainstream bank, post office or credit union current accounts are thus, at least in theory, seen as being as in a better position to access and use more affordable borrowing sources than would otherwise be the case if dealing primarily in cash, where moneylenders often present an accessible though relatively expensive option.

In this concluding substantive section, we focus from a Traveller perspective on two schemes developed outside of the banking system. The first is a more widely available one supported by way of a (prior) programme for government commitment (the '*It Makes Sense' Loan Scheme*), while the second is of smaller scale and grounded in community development principles (the '*No Interest Loan Scheme'*). Each embodies considerable potential to meet Traveller needs in terms of loans that are:

- Assessable in advance by way of clear, understandable information without a plethora and conditions;
- Readily accessible as needs arise with a minimum of documentation and form filling;
- Provided at low or preferably no cost, without penalties for default;
- Repayable by way of facilities which are both flexible and "chime" with the income receipt cy the optional possibility of deduction at source;
- Available through a source(s) trusted by Travellers
- Supported, both in terms of capacity to access and use.

4.2. The 'It Makes Sense' Loan Scheme

The 'It Makes Sense' Loan (IMS) Scheme - a personal micro credit initiative - began as a pilot scheme in November 2015 in response to a research report commissioned by the Social Finance Foundation in conjunction with the Geary Institute at University College Dublin (UCD).[152] Motivated by a desire on the part of credit unions to provide an alternative to higher cost moneylending credit, IMS provides microloans to members of credit unions[153] participating in the Scheme, with repayments made at source using the Household Budget Scheme or by way of electronic banking facilities if social welfare is paid via EFT. Loan decisions are made by the individual credit union concerned on the basis of capacity and willingness to repay, and although certain parameters are set, local variations can apply.[154]

IMS has a separate credit policy that has been agreed with the Central Bank, reflecting its key financial inclusion dimension, and is designed so that a person who does not meet credit union standard lending policy can borrow and build a credit repayment track record and thereafter graduate to standard lending. Only two (and in exceptional circumstances three) IMS loans are permitted, the rationale being that if a person has repaid two IMS loans then they have proved

[152] Gloukoviezoff, G. (2014). *Creating Credit, Not Debt: towards a personal microloan scheme in Ireland.* Dublin: Social Finance Foundation and the Geary Institute UCD.
[153] These can be existing members or those who join to avail of the Scheme.
[154] According to the relevant website: "The minimum loan amount is €100 and the maximum amount which can be borrowed under this scheme is €2,000. Some credit unions only offer a certain loan amount such as €500… each credit union implements the scheme in a manner which works best for their local situation. This may include certain controls such as offering the loan for a lower amount or asking a member to save for a certain amount of time before applying for a loan". See: https://itmakessenseloan.ie/eligibility/

their capacity to repay and should qualify for standard lending. Importantly in terms of policy development, IMS was referenced within the (last) Programme for Partnership Government 2016 which committed to:

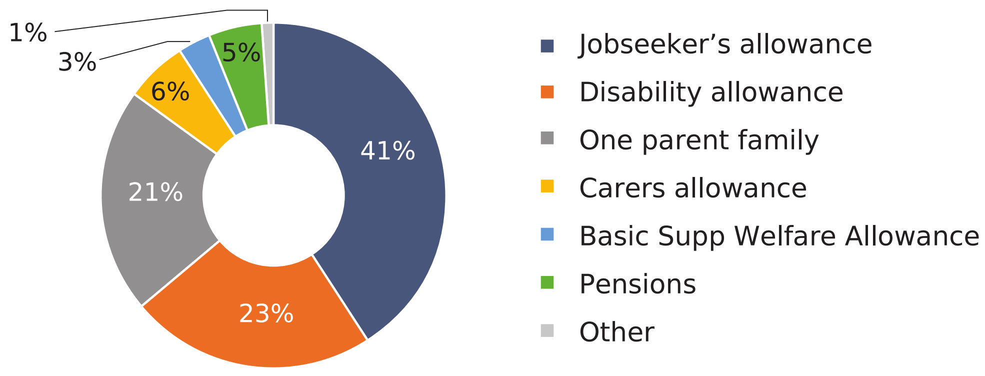
> *The rollout and extension of the Personal Microcredit Scheme, which is providing simple microloans to (credit union) members and helping to combat the use of moneylenders*[155].

The Scheme was rolled out from May 2016, the pilot having been independently and positively evaluated by Amarach Research. Based on findings and feedback from the developing initiative, two significant changes – requiring legislative amendments – have subsequently been made to IMS: first, savings are now permitted as part of loan repayment and second, once a person has used the Household Budget Scheme repayment method, they can now retain this repayment method once they graduate to standard lending subject to certain conditions.[156]

The Scheme is now formally offered in fifty percent of credit unions (n=110, via 272 sites)[157], and is overseen by a Task Force comprising representatives from the Department of Finance, Department of Employment Affairs and Social Protection, Central Bank of Ireland, Citizens Information Board, Irish League of Credit Unions (ILCU), Credit Union Development Association (CUDA), Credit Union Managers' Association (CUMA) and the Social Finance Foundation (SFF). This group also provides the mechanism for an ongoing constant feedback loop between the Task Force, credit unions (both participating and non-participating) and stakeholders.

As regards take-up, IMS loans by their nature only cover a small cohort of borrowers, with loans aimed at those new to credit unions, often with no savings and perhaps a default history. Given that a key element of IMS is repayment by way of Household Budget Scheme deductions, the profile of IMS borrowers is typically cash social welfare recipients, and it is estimated that this cohort comprises around 90% of IMS borrowing. Data are not collated centrally (participating credit unions do so as individual entities) however, it is estimated that approximately 7,000 IMS loans are repaid each week from the Household Budget Scheme, further that loans are typically for 7 to 9 months duration, for amounts averaging around €550, and that there is a loss rate of around 6%.[158] The majority of borrowers are under 40 years of age and in receipt of Jobseekers or Disability Allowance, as shown in the Chart below.

Chart 8: Profile of IMS loan users repaying through the Household Budget Scheme



Source: An Post (2019)

[155] See: https://assets.gov.ie/3221/231118100655-5c803e6351b84155a21ca9fe4e64ce5a.pdf p.49. It should be noted that the PMC initiative also involves identifying potential barriers to IMS together with potential solutions and to date, the Task Force has commissioned reports on interest rate caps, unlicensed moneylending and the licensed money-lending (home collection) industry.
[156] Including, we are advised, a loan maximum of €2,000.
[157] We are further advised that the majority of credit unions not offering IMS say that they already undertake similar lending and do not need this specific initiative; by way of example, one Money Adviser reported that "we have a credit union who doesn't have the scheme but runs their own scheme that is just as good and they are really proactive, we have another who does not". Moreover, people who look for IMS loans often qualify for standard loans in many cases, according to credit unions participating in IMS.
[158] Source: Afanite and the Social Finance Foundation.

Advantages/positives

Unlike the previous initiatives reviewed above, we have some prior information from a user perspective on foot of both the Amarach evaluation outlined above, and a consultative exercise carried out in October and November 2017 by National Traveller MABS among (n=6) Traveller Primary Healthcare Project Groups. Among the benefits identifiable within the former are: enhanced access to credit, affordability of repayments, ability to save and graduation to financial services, with Amarach describing IMS as "transformative" for some borrowers. As regards Traveller specific experiences, the latter enquiry elicited much positivity with widespread awareness and take-up in four of the six groups. Accessibility and clarity were specifically referenced in three of these areas:

> *"All present at the consultative group were aware of these loans. Many had either secured one of these loans personally during 2016 or had known someone who had"* (Group 1);

> *"The women were aware of 'It Makes Sense' Loans… one woman knew of someone who had got a loan and said it was quite accessible. Others said that they knew that initially people would get a small loan and would top up once they had a good portion of the loan paid back. In general the community were aware of the loans and had a good idea that people were accessing the credit union in general"* (Group 2);

> *"The women spoke positively about the 'It Makes Sense' Loans and reported that the (local) Credit Union had proactively promoted the loans during 2016 with all people applying getting access to the loans. As far as people knew, people could still access the loans"* (Group 3)

> *"Last year many people got these loans from the credit union and it was a straightforward process". (Group 6)*

Among the MABS client-base more generally, similar positivity emerged. Money advisers frequently referred to four distinct advantages from their standpoint. Firstly, "less strict" IMS criteria provided access to loans for those on low income or in financial difficulty who would otherwise be credit excluded, and further that the application process is "less onerous" (presumably compared to other sources) and "easy to use". Secondly, people are now able to borrow at cheaper interest rates than would otherwise be the case, with the associated repayments more likely to be lower, affordable and sustainable than higher cost moneylender loans, thereby presenting an attractive alternative.

Thirdly, borrowing enables clients to build up a repayment history and record, thereby acting as a stepping-stone to accessing standard or mainstream credit. Finally, the repayment at source dimension was consistently cited as an advantage in terms of enabling people to manage their finances more easily, to plan for upcoming events, and in creating a habit, including in terms of associated saving. The overall view is perhaps best summed up by the following respondent:

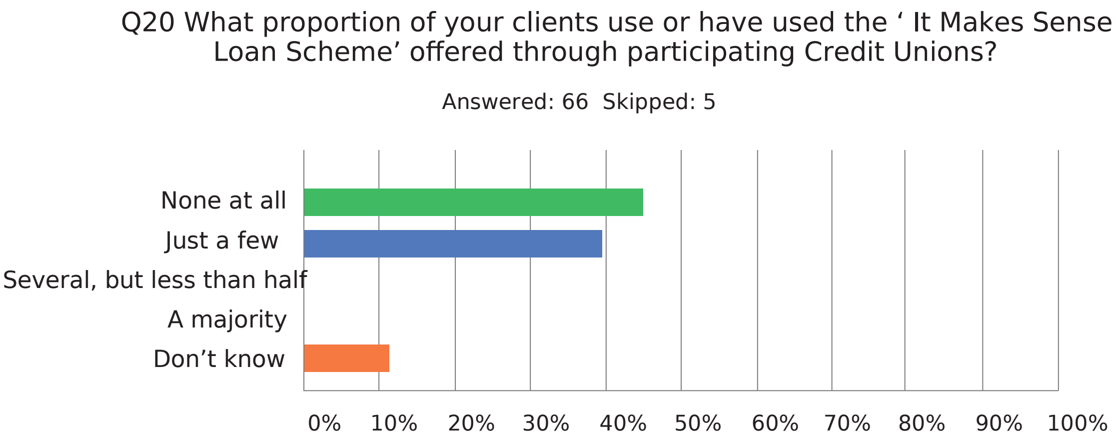
> *It is a safe, controllable form of credit and can build up savings and help form a habit and take some of the panic out of occasions, like Christmas etc… I have seen clients who were with (named licensed moneylender) or illegal moneylenders turn things around with an 'It Make Sense' Loan.*

Some observed peace of mind benefits in borrowing from a local, "safe" source, while others made reference to enhanced feeling of dignity among clients as a result of being part of the community and in essence, the mainstream.

Disadvantages/issues

The main disadvantage that can be inferred from both the Amarach and Indecon reviews, is the lack of universal or nationwide coverage leading to many being unable to access IMS specific loans. This also emerged as the major drawback from the perspective of MABS Money Advisers, and our sense is that among the 50% of credit unions on either side as it were, things are fairly static. When allied to the already limited target group pool, take-up can be limited, as seen for example within the MABS client base, with most Money Adviser respondents reporting few or no clients at all using these loans (see Chart below).

Chart 9: IMS loan use among MABS clients



ANSWER CHOICES	RESPONSES	
None at all	47.06%	32
Just a few	41.18%	28
Several, but less than half	0.00%	0
A majority	0.00%	0
Don't know	11.76%	8
TOTAL		68

Source: Source: Survey of MABS Money Advisers, May/June 2020.

As well as non-availability in certain areas, risk of not being granted the loan required, change of circumstances (and associated payment issues), and misperceptions are shortcomings identifiable in feedback generated through the IMS project itself.[159] Among the Traveller groups consulted in 2017, other issues emerged. In two areas, majorities were not aware of IMS but interested in promoting them locally once they knew about them. Access issues could be localised, with one group reporting that although two credit unions in their area were participating in the Scheme, the other was not. In another area, some participants observed that a bank statement was now needed to open a credit union account (by way of identification).[160] Difficulties in securing further loans were further highlighted within two groups:

> *"They reported that they had been told by the Credit Union that these loans were no longer available in 2017"* (Group 1);
>
> *"The women said that this year some got renewal loans and others didn't, they put this down to the fact that people may have only repaid the loans and not saved as well... the ones being approved for the loans probably saved as well as repaid the loans"* (Group 6).

Overall, these accounts indicate that credit unions operate IMS differently in each of the areas visited. There is further evidence of such variability in the responses from Money Advisers, both in terms of local availability in the first instance, and as regards differing operational criteria and practices, with one commentary suggesting that some people may continue to prefer "quicker" moneylending loans in a crisis. Other issues highlighted include the key underlying one of low income, lack of control in terms of inability to expediently vary or suspend Household Budget

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[159] IMS is apparently sometimes seen incorrectly as a right.

[160] According to its website, if not already a member, "the credit union will ask you to verify your name, address and PPS number... you will need to bring: (1) Proof of identity – For example a current passport or driving licence (2) Proof of address, for example, recent government-issued documentation or a recent household bill". In terms of loan documentation requirements, "for those who receive social welfare in cash, you will need to produce, at a minimum, two consecutive social welfare slips (dated within the previous four weeks). Some credit unions may ask for more. Please check with your local credit union... For those who receive social welfare payments into an account, you need to bring two recent consecutive bank or credit union statements (from the account into which the welfare is received). Some credit unions may ask for more. Please check with your local credit union."

Scheme payments where an urgent need arises,[161] and that borrowing needs can sometimes exceed IMS limits. Again, as with post offices, the local dimension emerged as a potential negative as well as a positive, while one respondent recommended cultural awareness training for those dealing with Travellers.

4.3. The 'No Interest Loan Scheme'

Although considerably smaller, more localised and at a much earlier development stage than the above, the 'No Interest Loan Scheme' (NILS) has come across our radar in recent times and given its potential as a credit inclusion option for Travellers, we include it as part of our review here. NILS is operated through Good Shepherd Ireland[162] (GSI) and based on based on the Good Shepherd Microfinance NILS scheme that began in Australia in 1988. The Scheme is still at Pilot stage, available solely in the Limerick City area[163] and based on community development and empowering principles. It is organised and run in conjunction with partners who refer people predominantly in particularly vulnerable situations, with key partner organisations being those who work with asylum seekers, homeless persons/families, families of Travellers in prison and those leaving domestic violence situations.[164] The target group for NILS is in essence those most marginalised in terms of credit exclusion, namely those living in precarious situations, on very low incomes, and not in a position to repay interest.

Unlike loan application processes in general, potential borrowers are much more involved and part of the decision making process in that they work with GSI to decide how much to repay, at what intervals (in accordance with income cycle) and for what periods of time. Amounts and loan periods can be varied expediently if circumstances change and/or needs arise, an important dimension in the context of people in precarious situations. The role of partner organisations is key in determining for referral only those who are in a position to take out and repay a loan, and who have the mindset to do so. Our sense is that there is thus a clear delineation between the role of assessor (the referral agency) and the appraiser (Good Shepherd Microfinance), a core feature of successful microcredit schemes in the UK according to a leading academic there.[165]

As regards the actual application process itself, once the client has been referred by the partner agency, we are advised that loan and repayment amounts and cycles are based on the outcomes of financial conversations between the NILS Financial Inclusion Officer and the client, with the latter taking the lead.[166] The final decision on loan applications then rests with an independent loan reviewing/assessment committee. Loans are granted for a range of purposes, principally for deposits for Housing Assistance Payments (HAP), to clear debts such as utility arrears (and in some cases thereby reconnect supply), and for education, employment and training purposes.

Importantly, clients do not receive the money they borrow, rather it is paid directly to the institution, creditor or company concerned. As regards repayment, prior to COVID-19, borrowers without bank accounts could visit and make repayments in cash at the GSI offices, with those with such access able to make payments via bank transfer. Although there can be advantages to this,[167] this mechanism has been affected by the pandemic and alternative arrangements involving payment through the post office are being put in place at the time of writing.[168] The default rate is estimated to be around 4%.

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[161] A problem highlighted earlier in terms of the Household Budget Scheme more generally.

[162] According to its website: "established in 2017, Good Shepherd Ireland co-ordinates the community development work of the Congregation of Our Lady of Charity of the Good Shepherd Irish Province. The province is part of an International Organisation present in 72 countries of the world". See: https://www.goodshepherdireland.ie/about/

[163] However, a number of partners whilst located in Limerick, have clients in other geographical areas, and in such circumstances can still access to NILS providing they are able to pay by direct debit or bank transfer.

[164] Partners also include Limerick MABS and Community Law and Mediation (CLM),

[165] See: Jones, P. (2003). *Credit Unions and Loan Guarantee Schemes: a study into the development of financial services for the over-indebted.* Liverpool: John Moores University. The delineation is also important in that in a subsequent default situation, a client is more likely to feel able to return to the initial support organisation/referrer than if these roles are combined.

[166] It is noteworthy that GSI refers to service users as clients as opposed to borrowers, thereby imbuing a more holistic dimension to its engagements.

[167] In terms of establishing a trusting relationship and pre-empting difficulties.

[168] GSI are in the process of opening an AIB NILS bank account as AIB allows for payments to be lodged at the Post Office; they envisage this facility being up and running by end-June, 2020.

As regards the borrowers or clients themselves, numbers are low overall reflecting the pilot nature of the Scheme, limited funding and number of referrers, although our information is that as the latter increases – and associated partnerships finalised - so does the former. At the time of writing, out of a total of 159 clients referred for a NILS loan since the beginning of 2018, there have been 122 draw downs,[169] with many in the region of €750. The majority of clients (over three quarters) are classed as "Migrant/ Refugee/Asylum Seekers", with the remainder in broadly equal measure consisting of women who have experienced violence, those that are or are at risk of being in contact with the penal system, and those homeless or at risk of homelessness.[170] In terms of Travellers, NILS informs us that it does have clients that are members of the Traveller Community, but that the number is harder to quantify as questions around ethnicity are not asked during the loan application process. From the limited data based on information disclosure either by client or referring agency, it is estimated that around 4% of NILS loans drawn down are by individuals identifying as members of the Traveller Community.

Advantages/positives

As with IMS, we have some data on the user experience as a result of a review undertaken by the Project itself, in this case by way of a short internal impact assessment, which sought to understand the impact, if any, of a NILS loan on the lives of a sample of loan recipients.[171] The vast majority reported that the loan had made a positive impact on their lives, had created opportunities, and helped to secure employment, housing, services and benefits; further, nearly all respondents reported reduced stress levels as a direct result of obtaining a NILS loan.

According to the Project itself, the NILS process gives people a sense of control in terms of decision-making about their finances, more confidence in this regard, and a sense of affirmation in "feeling believed", together with enhanced financial resilience and ability to cope with debt. The model itself appears to contain much that "chimes" with Traveller need, with the key role of partner organisations seemingly well-suited to a community which has several supportive groupings around the country, including National Traveller MABS itself. The empowering, community development ethos also appears to mirror that of Traveller organisations in general.

Disadvantages/issues

The obvious one here is that coverage is principally limited to one geographical location, namely Limerick City, and that it remains a pilot programme. As NILS operates through partner organisations, it is not available directly to the general public, with access further restricted by the number of partnerships that have been created. Our understanding is that the project has limited the number of partners based on funds it has been able to raise as potential lending capital.

Although the Project is progressing an alternative repayment facility in response to COVID-19 as outlined above, critical mass is required for a payment facility with the post office, and it does not have the numbers as it stands to qualify for such a facility. From a Traveller perspective, although this initiative has the potential in time to provide a borrowing option which we believe would be attractive to many within the Community, it is unlikely as currently constituted to be available to the majority within it, at least in the short term. In terms of scale-up of the NILS programme within Good Shepherd, there is at present no long-term commitment following the pilot phase, with continuation of the programme contingent on external funding as is customary for charitable organisations.

4.4. Summary

The two Schemes examined in this Section have clear potential to improve credit inclusion among Travellers and indeed among marginalised groups more generally. Credit unions have long provided access to credit to those outside of the mainstream and/or who prefer to support a community rather than a commercial source, but lending criteria, regulation and individual

[169] 13% of loans are repeat loans.
[170] For the first nine months of the Pilot, DORAS was the only referrer/partner, which largely explains this skew; the partnering process understandably takes some considerable time.
[171] This was specifically, in relation to assistance in terms of integration, employability and accessing housing.

circumstances - including loan arrears with the credit union itself - can act or combine to limit opportunities to borrowing for many.

Against this backdrop, combined with access and use barriers to mainstream credit sources described earlier, many including Travellers have little alternative but to turn to high cost moneylenders – both licensed and unlicensed – for credit. Although relatively expensive and in the latter instance illegal, many clearly find loans from such sources to be easy to understand, readily obtainable without too many questions, convenient (with repayments at the doorstep), and provided by sources known to the borrower, perhaps over generations in the case of certain moneylenders.

Providing an alternative which ticks these boxes has proved challenging in policy terms, and the main response to credit access has tended to focus more on trying to open up mainstream sources via gateways such as basic banking and payment accounts, rather than responding specifically to people's borrowing needs. Both initiatives reviewed in this Section endeavour to respond to the latter and embody a number of positive dimensions from a Traveller point of view. First, each is grounded in sound financial inclusion principles, and motivated by providing an alternative to high cost credit. Second, both operate through trusted sources, IMS by way of credit unions and NILS via client-centred support services. Third, interest charges are either low (IMS) or non-existent (NILS) and finally, repayment mechanisms are designed to be appropriate to those otherwise financially excluded, with opportunities for further borrowing if needed.

Further, each has advantages that the other does not. IMS loans for example are much more widely available and accessible (albeit not universal), part of a broader national credit inclusion agenda, and offer opportunities to become part of the community and indeed mainstream society in acting as a gateway to other financial services. NILS on the other hand involves the borrower much more as an agent of change, provides an option for those who may be excluded even from credit unions, and addresses exclusion more holistically through partnerships with bodies able to assist with other dimensions of marginalised people's lives.

NILS also offers the opportunity for clients to vary their payments expediently and operates a more consistent approach in general (on account of its structure and smaller scale), while IMS has advantages in terms of extent and public sector support. Each has potential to fulfil Traveller credit needs and provide real choice over time but in the shorter term, IMS clearly could do so for greater numbers, while NILS if appropriately supported through public policy, could emerge as an available alternative over the medium to longer term. Finally, there are aspects to each model that we believe could inform the other. IMS could for example develop closer relationships with support services or "assessors" in the community, while NILS might benefit from the more joined-up stakeholder approach adopted by IMS.

5. Conclusion

Inability to access or use mainstream financial services, namely 'financial exclusion', is a problem long experienced by large numbers of Irish households and Travellers in particular, and best understood as a consequence of *social exclusion* more generally, which in turn is one of many adverse consequences of underlying *inequality* and *poverty.* Travellers remain one of the most disadvantaged groups in Irish society - even though their ethnic status has now been officially acknowledged - albeit a far from homogenous one in terms of (for example) living conditions, educational attainment, employment status, and associated needs. Therefore, financial inclusion requirements may vary from household to household or indeed from person to person, hence the importance of "real choice" being available to people, depending on their particular circumstances.

In terms of banking and related payment exclusion, non-possession of a working current account can form a barrier to full participation in social and economic life while leading to increased costs, fewer options and deepening marginalisation. Travellers are not alone within the population in facing banking exclusion, and although lower incomes and education levels are its strongest predictors, the phenomenon disproportionately impacts particular groups such as those who are unemployed, parenting alone, local authority tenants, older persons, single person households and people unable to work due to illness or disability. Inability to satisfy institutions' customer identification requirements, together with rates of banking fees or costs, are major access barriers, whereas discomfort with application processes and indeed banking culture as a whole, form significant obstacles to use, noticeably among Travellers.

Lack of or reduced credit access also has consequences in that it results in higher loan costs, lower disposable incomes, and exposure to less scrupulous lending sources, thereby diminishing wellbeing. Again, although Travellers are particularly vulnerable, others are too and there are strikingly similarities between the banking and credit excluded groups with the exception of age, older persons being more at risk of the former and younger people the latter. Credit access' barriers relate principally to inadequate income, lack of accessible information, customer identification requirements (as per bank accounts), and a product range largely unsuited to Traveller needs, while use is hindered by financial literacy issues and lack of associated support. We strongly suspect these conclusions are likely to apply to other marginalised groups and households within Irish society.

Against this backdrop, there has been much policy activity in recent years, most notably the National Financial Inclusion Strategy 2011 and the associated Standard Bank Account Pilot 2012-2013. There is much to admire and learn from both the Strategy and Pilot in terms of how financial inclusion and its various dimensions can be appropriately tackled, even though the initiative did not succeed as hoped. On the positive side, the strategic approach employed, the facilitative role played by the State in bringing together key stakeholders including from the NGO side, reliance on solid research and incorporation of built-in evaluation, each combined to ensure that the problem at hand was clearly understood both in access and use terms and that an appropriate response could be developed and its progress monitored. The resulting product (the Standard Bank Account) was based on sound principles and contained features and facilities appropriate to those at whom it was targeted; further, a creative approach was adopted towards accessibility and the staff-training component proved exemplary.

On the negative side, failure to embody a community development/ownership ethos, decision to opt for a selective/residual type service, and (with the benefit of hindsight) unfortunate choice of locations particularly in light of a changing banking model, resulted in a considerable amount of effort and expense being spent for relatively little reward. We imagine that those involved maybe lost heart as a consequence and our sense is that the strategy in effect petered out. In our view, these efforts should not however be in vain, as we can now draw some valuable lessons for financial inclusion initiatives going forward, particularly from a Traveller perspective. In short, such initiatives should be:

- Informed by the evidence on financial exclusion/inclusion;
- Universal, albeit incorporating a selective dimension and without stigma;
- Joined up within a strategic policy framework;
- Inclusive in that target groups should have a sense of ownership and be able to make ongoing
- Appropriate to identified need;
- Clearly understandable, including by those with literacy issues;
- Easy to open/access with a minimum of paperwork and fuss;
- Trusted, in that they should be available through sources perceived as trustworthy by the inte users; and,
- Supported, perhaps intensively so in some instances, with such support available from source by intended users.

These criteria provide a useful lens for evaluating subsequent initiatives, such as the now legislative right to access a basic payment account. The European Directive and Regulations that followed and introduced such a right, appear to have replicated many of the positives and indeed shortcomings identifiable with the Pilot. On the plus side, there is much to commend in an approach predicated upon rights, social inclusion, non-discrimination and (initially at least) lack of cost. Provisions relating to promotion, enforcement, redress, review and evaluation also tend towards the progressive, and references (in the Directive) to encouraging an agenda of financial inclusion and education are also welcome from a Traveller/marginalised group perspective.

However, in our view, these positives are counter-balanced by familiar shortcomings, such as a focus on selectivity as opposed to universality, exemplified by the convoluted, complex and confusing rules on possible future payment charges. In comparison to our Financial Inclusion Strategy and associated Standard Bank Account, the now statutory “product” embodies a narrow focus on financial (payment) inclusion as opposed to a broader one encompassing savings, credit and insurance; furthermore, the former’s attempt to encourage creativity around customer identification appears to be missing. In addition, the lack of any community development type dimensions in terms of ownership, involvement or ongoing input is striking, given the specified target group.

Finally, the literature suggests that an initiative centred on a narrow category of silo-type providers - namely pillar banks – is unlikely to attract many within marginalised groups such as Travellers due to historic mistrust and longstanding inaccessibility. While each credit institution has put in place a product to satisfy the requirements of the Directive and Regulations - and many consumers have clearly accessed it - customer identification, financial literacy and ancillary cost appear *prima facie* to remain as potential obstacles to inclusion. In short, an initiative conceived in market terms as a product for “consumers” is likely in our experience to prove less inclusive than one grounded in participatory principles as an essential service for “citizens”.

Community-based alternatives to mainstream banking, although in their relative infancies, embody many attractive features from a user perspective. Both An Post and credit union current accounts embody the principal components of basic payment accounts with each having its own ancillary features, although neither is free to the user. The potential disadvantage of nominal cost may however be outweighed by the positivity associated with each provider, each being widely regarded as trustworthy, approachable and accessible on account of their local community basis, presence and familiarity.

Each source also acts as a potential gateway to broader financial inclusion in terms of credit, savings and insurance, with the credit union perhaps having the edge here in terms of the former (given its longstanding role as a provider of low cost loans) and the post office as regards the latter by dint of its traditional savings and insurance dimensions. In terms of shortcomings, aside from cost, issues around online access and use, customer identification, and non-universal access (in terms of credit unions particularly) emerge from our enquiries, and it would be useful for evaluation involving user input to be incorporated within each initiative as it develops.

As with the banking alternatives, the stand-alone payment services discussed in this section were each developed independently of each other and indeed of the financial inclusion strategy, which they all predated. Notwithstanding, the respective facilities clearly have a role to play in combating financial exclusion among Travellers unable to or wary of engaging with other financial service providers such as banks and neo-banks, and there are many common advantages. Each is relatively straightforward to access, convenient, and allows for payment to coincide with (weekly/fortnightly) income cycles. For those operating on a tight budget, these methods allow for costs to be spread, the prioritisation of essential creditors, and ensure that funds are available for essential spending. Such facilities can further help to promote wellbeing by alleviating certain financial worries, providing peace of mind and ensuring access to essential services.

Although there are disadvantages to each, our sense is that for the majority these may be outweighed by the advantages. Nonetheless, there are identifiable areas for improvement. Re-framing the criteria and scope of the Household Budget Scheme could for example make it more widely available and useful for marginalised groups such as Travellers. There is also a need to make the Scheme more flexible in responding expediently and efficiently to changes of circumstances, and to improve communication in certain areas. As regards BillPay, COVID-19 has highlighted how those with a preference for money management 'in-person' and/or cash can become further marginalised, together with a need to support people to be able not just to *access* but have the option of *using* electronic facilities. Finally, prepayment meters also have disadvantages, not least of which is the risk of self-disconnection –sometimes repeatedly so - for those in energy poverty. Issues also arose in relation to the private rented sector, top-up premiums and switching providers.

More broadly, what is striking is that no review incorporating a user perspective appears to have taken place in each case, a theme more broadly identifiable in terms of policy measures in general within the personal finance domain. There is a strong argument in our view that evaluation should be *designed in* to any such public policy initiatives, with periodic feedback from the most marginalised sought to ensure that issues arising from the user's point of view can be swiftly and expediently addressed.

In comparison, the two credit access schemes examined for this review *do* incorporate such feedback, and have clear potential to improve credit inclusion among Travellers and indeed among marginalised groups more generally. Credit unions have long provided access to credit to those outside of the mainstream and/or who prefer to support a community rather than a commercial source, but lending criteria, regulation and individual circumstances - including loan arrears with the credit union itself - can act or combine to limit opportunities to borrowing for many.

Against this backdrop, combined with access and use barriers to mainstream credit sources described earlier, many including Travellers have little alternative but to turn to high cost moneylenders – both licensed and unlicensed – for credit. Although relatively expensive and in the latter instance illegal, many clearly find loans from such sources to be easy to understand, readily obtainable without too many questions, convenient (with repayments at the doorstep), and provided by sources known to the borrower, perhaps over generations in the case of certain moneylenders.

Providing an alternative which ticks these boxes has proved challenging in policy terms, and the main response to credit access has tended to focus more on trying to open up mainstream sources via gateways such as basic banking and payment accounts, rather than responding specifically to people's borrowing needs. Both initiatives reviewed in this Section endeavour to respond to the latter and embody a number of positive dimensions from a Traveller point of view. First, each is grounded in sound financial inclusion principles, and motivated by providing an alternative to high cost credit. Second, both operate through trusted sources, IMS by way of credit unions and NILS via client-centred support services. Third, interest charges are either low (IMS) or non-existent (NILS) and finally, repayment mechanisms are designed to be appropriate to those otherwise financially excluded, with opportunities for further borrowing if needed.

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Overall, our research reveals considerable potential for Travellers to become more financially included through availing of the various banking, payment and credit initiatives reviewed. Some may not be appropriate to or suit the needs of certain members of the Community as they stand, but others might, and the findings could be used by National Traveller MABS in its various community education activities. As regards practice change, the findings present an opportunity for the organisation to engage with the various key informants and providers consulted to see if ways forward can be found to increase both access and use among Travellers, and what supports might assist in this.

Finally in terms of policy, the somewhat disjointed "mixed economy of welfare" that has emerged in this domain only takes us so far in terms of bringing about full financial inclusion for Travellers, which involves real choice not just in terms of banking, payment and credit, but savings and insurance cover as well. In our view, the findings of this review illustrate the need for the State to play a more co-ordinating and facilitative role in terms of promoting, supporting and stimulating interest in financial inclusion, including its broader dimensions not specifically examined in this review. COVID-19 has illustrated both drawbacks in cash-dependence and usefulness of electronic facilities, and it is now timely for the re-awakening of our national strategy for financial inclusion, which has lain dormant for several years. Further, there is a need to re-frame key initiatives such as basic bank accounts as essential services for citizens as opposed to marketised commodities for consumers in order to build a financial inclusion "box" founded not on selectivity but on equity. Or as Richard Titmuss, the founder of social policy studies, writing in the 1960s put it:[172]

> *The challenge that faces us is not the choice between universalist and selective social services. The real challenge resides in the question: what particular structure of universalist services is needed in order to provide a framework of values and opportunity bases within which and around which can be developed socially-acceptable selective services aiming to discriminate positively with the minimum risk of stigma, in favour of those whose needs are greatest.*

[172] Titmuss, R. (1967). "Universalism v Selection", in Christopher Pierson and Francis G. Castles, *The Welfare State Reader* (2nd edition), Cambridge: Polity Press, p.40-47.

National Traveller
mabs
Money Advice & Budgeting Service