
National Traveller Money Advice and Budgeting Service

Submission regarding The National Payments Plan

January 2012



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National Traveller MABS

National Traveller MABS welcomes the opportunity to make a submission regarding the National Payments Plan and congratulates the work of all involved.

A leading advocate for the financial inclusion of Travellers in Irish Society, National Traveller MABS has worked to address the issue of financial exclusion since the establishment of the organisation in 2005¹. The commitment of National Traveller MABS to financial inclusion is evident from its mission statement;

National Traveller MABS seeks to empower by supporting capacity building within the Traveller community and ensuring equality of access to legal and affordable financial services for all. (Strategic Plan, 2010-2012)

Having worked on the issue of financial exclusion for over 10 years, National Traveller MABS are cognisant of difficulty many marginalised groups have in accessing financial services. National Traveller MABS promotes and delivers financial education initiatives within the Traveller community and works beyond the community representing the need of Travellers.

Response from National Traveller MABS

National Traveller MABS has identified the key questions posed which relate to our mission and has addressed the questions below.

1. Are there sections of society who would find transiting from paper based (e.g. cash and cheques) to electronic forms of payment (e.g. direct debit and debit/credit card) either difficult or impossible?

While there are some members of the Traveller community who will have no difficulty in transferring to electronic forms of payment, many Travellers on low income who have never operated a bank account will have extreme difficulty in managing a low income electronically.

Managing in a non cash environment is very difficult for people with limited resources and could cause further hardship for those already struggling on a low income. This may be compounded when literacy and language difficulties exist. According to Caroline Corr², people are choosing to operate in cash as it allows greater control of money. They are choosing not to use current accounts due to the “lack of control” and because it is “unnecessary to manage on a low income”. Similarly, research carried out by the National Consumer Council in the UK, reported the attitude of one low income householder towards a bank account; “What is the point of putting it in (bank) and then having to walk there the next day to take it out again”³.

¹ Its predecessor, Exchange House MABS was established in 1998 following research which identified the lack of access for many Travellers to legal and affordable savings and credit facilities.

² Preliminary findings from research study: Managing on a Low Income Within the Electronic Economy: March 2011

³ Basic Banking factsheet; Delivering Financial Inclusion: National consumer Council: 2006

The final tracker index from the Irish League of Credit Unions⁴ indicates that overall disposable income remains under pressure for the majority of Irish people. 70% feel that the amount that they have left over after paying the essential bills each month has fallen during the last 12 months. 55% of consumers now struggle to pay their bills on time. This is a marked increase from the 42% in the September tracker. TV license, bin charges and TV / Telecoms are the most likely bills to be put off by consumers.

Use of a bank account for money management can undermine previously successful cash based money management strategies. Monthly and bi monthly electronic payments, such as direct debits or standing orders, may be unmanageable for customers who are paid weekly in cash and are used to paying bills weekly in cash. They can also lead a customer into an unauthorised overdraft causing further financial hardship. Research carried out by Toynbee Hall found that low income consumers with bank accounts have higher level of borrowing and arrears than their unbanked counterparts⁵.

2. For which types of transactions are there no practical alternatives to cash and cheques currently?

Many individuals managing on a low income pay or part pay bills weekly. It is common for a person to collect their social welfare from the post office and immediately pay rent or utility bills before they leave the building. Such budgeting would be difficult to manage electronically.

Additionally many people surviving on low income cannot choose their credit provider and may be forced to use high cost credit providers, such as moneylenders, both legal and illegal. In such instances the opportunity to make electronically does not exist.

Additional considerations:

Saving provision: The development of the National Payments Strategy will result in significant cash savings for the state. Consideration should therefore be given at the onset to allocate such savings back into a saving incentive scheme for those on low income.

Education programme: A comprehensive financial awareness/ capability programme should be undertaken by financial institutions in accordance with Section 45 of the Credit Institutions (Financial Support) Scheme 2008⁶ and the Departments of Finance and Social Protection prior to the implementation of the National Payments Strategy. The programme could be developed and delivered with the support of organisations such as National Traveller MABS, MABSndI and NGO's and groups representing the financially excluded.

National Traveller MABS is grateful for the opportunity to comment on the National Payments Plan. As an organisation we will continue to work to build financial capability within the Traveller community while simultaneously pressing for an accessible and equality based financial services sector. National Traveller MABS look forward to the future development of the National Payments Strategy.

⁴ "What's Left" Disposable Income Final Tracker Index ; January 2012; www.creditunion.ie

⁵ Toynbee Hall Think Tank: November 2005

⁶ Section 45 of the Credit Institutions (Financial Support) Scheme 2008, specifies that "..... The Irish Banking Federation, on behalf of all covered institutions, submits a bi-annual report to the Minister on goals and targets laid down by the Minister in relation to Corporate Social responsibility, including the goals and targets with respect tothe development of financial education..."