

Will Covid-19 drive Ireland to be a cashless society?

The seismic changes to our lives in just a few short weeks raise lots of questions about the future, but could the rise of contactless payments have a lasting impact on Ireland? John Kennedy talks to Lorna Larkin from Bank of Ireland's Merchant Services and ATM Division.

One of the many laments of Irish business for years was the refrain “the cheque is in the post” as firms waited for payments. Indeed, many progressively-minded folk would have wished Ireland had been up there with the Scandinavians when it came to being a more cashless society and embracing trends like e-commerce and m-commerce.

Despite contactless payments being in Ireland for more than a decade, it had been a pretty slow burn; even despite the onset of mobile wallets.

However, because of the Covid-19 outbreak handling cash is no longer viewed as hygienic and, as a result, card/contactless payments have accelerated.

Banks like Bank of Ireland have increased the limit on contactless transactions from €30 to €50. According to research from the bank tracking spending using debit cards since 11 March 2020, retail spending was buoyed by online activity and a 37pc increase in grocery shopping. While overall debit card spend was down 25pc, retail spend has shifted online with significant increases in gaming, clothing, electronics, household appliances, home fitness products and streaming services.

So is Ireland on the way to becoming an increasingly cashless society?

According Lorna Larkin, senior manager for Merchant Services and ATMs at Bank of Ireland and relationship manager for [BOI Payment Acceptance](#) (BOIPA), Ireland has seen a significant drop in cash usage since the outbreak began.

BOIPA is a marketing alliance between Bank of Ireland and EVO Payments International GmbH. Its primary focus is enabling business customers to accept card payments through electronic point-of-sale terminals (POS), over the phone payments or on-line sales across Ireland in a wide variety of stores like Jysk and Coffee2Go, to name a few.

Thanks to the use of virtual terminal services enabling the adaption of accepting card payment over the phone, restaurants have been able to transition into takeaways using virtual terminal and

doctors' clinics have been able to accommodate patients remotely, while maintaining revenue receipts and social distance.

Is contactless the new norm?

According to Larkin, prior to Covid-19 around 79pc of transactions at point-of-sale would have been in cash (European Central Bank Use of Cash report, November 2017). Also prior to Covid-19, the frequency of people using ATMs remained steady in Ireland. But now increased use of e-commerce and contactless and mobile wallet payments are in the ascendancy.

“The outbreak has seen a change in habits, but it remains to be seen if we will ever lose our love affair with cash. For certain, people will start to realise the benefits of contactless for convenience, especially people who work behind the counter who don't have to be handling cash and ensuring social distancing can be observed. Another obvious benefit for the business owner is that they don't have to be worrying about reconciliations at the end of the day or to carry a cash float because it is all electronic. Also, there are obvious security benefits.”

Larkin said that the acceleration of contactless coincides with potential technological developments in the financial services sector because of EU directives like PSD2. For example, rather than carrying lots of different loyalty cards they could eventually be linked with personal debit and credit cards so payments and benefits can be gained simultaneously and seamlessly as purchases occur.

“PSD2 will require strong authentication which will actually give the consumer extra strengths when it comes to services.”

Crucially, what will be a game-changer is the potential emergence of a generation that won't carry cash.

“All BOIPA terminals are contactless-enabled and our collaboration with EVO exposes us to many forthcoming innovations and exciting developments.

One such example is the Way2Pay collaboration that allows parents or club members to pay fees to schools or clubs by text instantly on their smartphones with just a few simple clicks.

Larkin explained that BOIPA can install a variety of systems from POS to VTs to mobile terminals across organisations ranging from small retailers up to multiple stores with multiple locations.

“We are also working with many businesses that want to process ‘card-not-present’ payments for their customers, who traditional would not have been seeking this type of payment solution for their business model.”

She concluded by pointing out that an estimated 135m contactless payments were made in Ireland in 2019.

“In the current situation, yes contactless payments are up but a lot of businesses are also temporarily closed. Only time will tell if Irish people will prefer to remain contactless/switch to card payment in the long run.”

Written by [John Kennedy](mailto:john.kennedy3@boi.com) (john.kennedy3@boi.com)

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