



An Roinn Coimirce Sóisialaí
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Department of Social Protection
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Mr. Seán O'Callaghan,
Senior Executive Officer,
Cork County Council,
County Hall,
Cork.



6 May, 2015

Dear Mr. O'Callaghan,

I refer to your letter of 28 April, 2015 to the Secretary General of the Department of Social Protection in relation to welfare payments. The Secretary General has asked me to respond on her behalf.

The Tánaiste is very conscious of the important role of the post office around the country, not only in respect of social welfare payments but also in offering other financial services such as paying bills and carrying out a range of banking services. The Government has consistently stated its commitment to maintaining the post office network as set out in the Programme for Government. It is Government policy that An Post remains a strong and viable company in a position to provide a high quality postal service and maintain a nationwide customer focussed network of post offices in the community. In this regard, the Department of Social Protection will pay over €50m to An Post under a contract for cash payment services to welfare customers this year.

It is worth noting that last year, over €8.5 billion was paid out in cash to welfare clients at post offices. This accounted for 40.5 million transactions. On the other hand some 38 million payments were issued directly into accounts in financial institutions by electronic funds transfer (EFT). The Department must have regard to the fact that cash payments are an inherently more expensive means of paying clients as it costs approximately six times more to issue a payment in cash than it does to lodge it directly into a customer account.

We are all aware of the general societal trend to electronic payments. This trend undeniably presents a challenge for the current business model of An Post. In this context the Tánaiste and Minister for Social Protection is pleased to note that An Post has advertised for services relating to a new payments and transaction account and has recently formed a partnership with Ulster Bank that will allow personal and business customers to carry out certain transactions through the An Post network. The Tánaiste looks forward to that transaction account becoming available in the not too distant future as it will provide alternative payment opportunities for the Department's customers and enable An Post to set itself up to meet its future business needs in an electronic payments environment.

The letters issued to clients in receipt of State Pension Contributory and Non Contributory were a small trial to determine the best means of communicating with people about their payment options. In the letter, customers were asked to consider whether they would like to consider receiving their payment directly into an account in a bank, building society, certain credit union accounts or An Post.

Customer engagement was entirely voluntary with no negative consequences for customers who chose not to respond or engage. Customers can ignore the letter and continue to be paid in the manner they are currently receiving their payment if they so wish. All existing payment options remain in place as heretofore. The Department has no plans to issue further letters at this stage.

The Department is a key player in the payment services sector in Ireland with some 83 million payments annually. The decisions made by the Department about how payments are made to customers impacts on the State, taxpayers and customers most notably in relation to costs.

As part of the Department's role we try to identify how best to meet the needs of our customers and how to tailor our services to serve them. In this regard, and where possible, we try to give the customer freedom of choice on how they receive their payment. However, as with all our activities we are compelled to look at any scope for efficiencies in how we deliver our services to customers. This includes examining the costs associated with delivering payments to customers to ensure that it reflects customer needs and wants and provides value to all our stakeholders including the economy at large.

I trust this clarifies the matter for you.

Yours sincerely



John Conlon

Assistant Secretary General