



File Ref: F9/56/13

6 Aug 2013

To: All Accounting Officers

**Circular 1/2013:**                      **Issue and Acceptance of Cheque Payments**  
**By central Government, local authorities and State agencies**  
**From businesses**

**'e-Day' – 19 September 2014**

**Background**

1. Since 2004 Government Departments and Offices have acted as a catalyst for the modernisation of payment systems, reflecting their key role in modernising payment systems across the broader economy. Steps taken include the migration of remaining paper and cash-based payment processes to electronic alternatives.
2. Good progress was achieved under Government Decision (Ref: S290/08/02/0003A) of 7 December 2004 to increase the use of electronic payments in key areas of the public service responsible for substantial volumes of payments. This was noted in the subsequent Circular 3/2009 (Ref: F9/130/08) as a result of which Government Departments and Offices built on previous successful work to increase the use of electronic payments by government departments and in the public sector generally.
3. Reform of payment systems has laid the foundation for opportunities for longer-term rationalisation of payment systems and for shared payment services, leading to streamlined back-office functions and greater transaction efficiencies. In line with the Government's reform agenda the Office of the Paymaster General has set the end date for the issue of payable orders at 30 August 2013.
4. The National Payments Plan ('NPP'), launched in April 2013, seeks to reduce the cost of Ireland's payment system (estimated at 1.4% of GNP) through the increased use of more efficient payment methods which will lead to increased competitiveness and efficiency. The NPP estimates that if Ireland were to match best practice in Europe, savings of up to €1 billion per annum could be made across the economy.

**e-Day – Business Cheques**

5. The NPP envisages an 'e-Day' in 2014 (19 September 2014) at which point the public sector will no longer write cheques to business users, nor will the public sector accept cheques from business users (Annex 1). The particular focus of 'e-Day' will be to encourage SMEs to migrate from cheque usage. The focus is on SMEs as they are either issuers or receivers of more than 60% of all cheques in Ireland.
6. 'e-Day' will be **19 September 2014**.

7. This circular is addressed to all Government Departments and Offices, local authorities and State agencies. It implements the recommendation of the NPP on e-Day.
8. The 'e-Day' initiative will be launched on **19 September 2013**, a full twelve months in advance of the 'e-Day' date to allow for communication of the changes and for the actions all Government Departments and Offices, local authorities and State agencies have to take in response.
9. **All Government Departments and Offices, local authorities and State agencies are therefore requested to review their use of cheques and acceptance of cheques from businesses, and the corresponding actions of all bodies under their aegis.** They are required to advise this Department by **20 September 2013** (by e-mail to [epayments@finance.gov.ie](mailto:epayments@finance.gov.ie)) of the current position in relation to the implementation of this circular by completing the template at Annex 2.
10. In certain circumstances it may prove difficult to provide an EFT option within the proposed timeframe. We consider this would involve a **limited number of exceptional cases**. Where such exceptional circumstances have arisen, we invite you to contact the Department of Finance to discuss potential solutions as per Annex 3.
11. To initiate this process, you should contact the Department of Finance providing the rationale for the **exceptional** use of paper based systems by **20 September 2013** (by e-mail to [epayments@finance.gov.ie](mailto:epayments@finance.gov.ie)) using the template provided at Annex 3. Where contact is made with the Department of Finance, a consultation will be provided with the NPP Secretariat and the Irish Payment Services Organisation to find possible solutions.

#### Consumer Payments

12. Government Departments and Offices, local authorities and State agencies are encouraged to provide an EFT acceptance option for all payments received from consumers. This would further promote the use of non-paper based systems across the economy.

#### Enquiries

13. Any enquiries about this Circular from Departments and Offices should be made by e-mail to [epayments@finance.gov.ie](mailto:epayments@finance.gov.ie).

Yours sincerely,

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John Hogan  
Assistant Secretary  
Financial Services Division

**To: All Heads of Departments and Offices**

**Annex 1 - Excerpt from National Payments Plan**

**The full plan can be accessed online at:**

<http://www.centralbank.ie/paycurr/paysys/documents/national%20payments%20plan%20-%20final%20version.pdf>

#### **Recommendation 5.1: End date for cheque usage between Government<sup>1</sup> and business**

A step-change reduction in cheque usage in Ireland will require public and private sector leadership. It is also more efficient to change payments behaviour at a pre-announced time, with ample time given to communicate the change. This is consistent with the Report of the Advisory Group for Small Business (AGSB) –*The Voice of Small Business – A Plan for Action*– which recommended the mandated introduction of e-Payments by all Government and State Agencies.

The NPP recommends the initiation of an ‘e-Day’ in 2014 at which time the public sector will no longer write or accept cheques to/from business users. The particular focus of the ‘e-Day’ will be to encourage SMEs to migrate from cheque usage, as they are either issuers or receivers of 60%+ of all cheques in Ireland<sup>2</sup>. An ‘e-Day’ will provide a catalyst for a broader migration in the private sector. This ‘e-Day’ will not directly affect consumer use of cheques, as the public sector will only discontinue writing/accepting cheques to/from businesses, not consumers.

The announcement of an ‘e-Day’ should take place at least twelve months in advance to allow for communication of the changes and for the actions Government, utilities and business have to take in response. Communication of the ‘e-Day’ will be critical to its success and should encompass:

- The creation of an oversight board containing SME representative groups, banks, utilities, public sector bodies and consumer representative groups. This board should help inform the implementation strategy for the e-Day, input to the communications programme and identify measures to protect vulnerable individuals and groups;
- National cheque information campaign across a variety of channels – web, factsheets, representative organisations and partners;
- Promote the benefits of e-Payments, and highlight the alternatives to cheques<sup>3</sup>.

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<sup>1</sup> To cover central Government, local authorities and State agencies.

<sup>2</sup> NPP (2012)

<sup>3</sup> For example, in 2012 the National Procurement Service will also put in place a low value purchase card system for use by the public sector

**Annex 2 - Template on Cheque Use and EFT Payments**

<b>Name of Department/Local Authority/State Agency</b>		
<b>Cheques</b>		
	<b>Received from business users</b>	<b>Issued to business users</b>
Total <b>Number</b> of Cheques in May 2013		
Total <b>Value</b> of Cheques in May 2013		
<b>EFT Payments</b>		
Total <b>Number</b> of EFT Payments in May 2013		
Total <b>Value</b> of EFT Payments in May 2013		

**Annex 3      Rationale for the exceptional use of non-EFT systems**

<b>Name of Payment/Scheme</b>	
<b>Description of Payment Method Currently Used</b>	
<b>Reason that the option to use EFT as payment method by 19 September 2014 would prove difficult</b>	
<b>Why should this be treated as a limited exception?</b>	
<b>At what point in time after e-Day can this be achieved?</b>	