



**Minister To Meet Banks As Evidence Suggests Lone Parents  
Having Difficulties Opening Accounts**

**BRENNAN EXAMINING A RANGE OF REFORMS - INCLUDING INCOME  
SUPPORTS, OBSTACLES TO WORK & COHABITATION RULES**

The Minister for Social Affairs, Séamus Brennan T.D., today expressed concern that some one parents and other recipients of social welfare benefits appear to be encountering considerable difficulties in opening accounts in banks and other financial institutions, and as a result, have to get loans at higher interest rates from finance companies outside of mainstream banking, and from moneylenders.

Minister Brennan said that he has requested an urgent meeting with the banks representative body, the Irish Bankers' Federation, to discuss the issues involved and to identify the scope for arriving at more reasonable and flexible arrangements.

The Minister made his remarks when launching a new research publication - "Do the Poor Pay More? - a study of Lone Parents and Debt" - which was commissioned by OPEN (One Parent Exchange and Network), the national network of lone parents, with the support of the Money Advice and Budgeting Service (MABS) of the Department of Social Affairs, and the Society of St. Vincent de Paul.



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Minister Brennan said that he was involved in examining a range of comprehensive reforms in the area of lone parents, including income supports, removing obstacles to returning to education and work, increasing compliance with maintenance responsibilities, and devising new social policy to replace the cohabitation rule.

The study found evidence that lone parents are less likely to be indebted to mainstream financial institutions and are more likely to be in debt to moneylenders and hire purchase companies that charge excessively high levels of interest. It also found evidence of a high incidence of exclusion from mainstream financial institutions and recommends the opening up of basic banking facilities to those who are unbanked.

Minister Brennan said: "I am concerned that many lone parents and other welfare customers are experiencing difficulties getting access to even the basic banking facilities. I intend to address this situation as a matter of urgency. I acknowledge that the banks are striving to improve access for all and are assisting in a debt settlement pilot programme and I thank them for their commitment in this regard.

However, I am concerned that the pace of progress is not sufficient and as a result may be excluding people who are attempting to gain greater control over their personal finances. I am not asking the banks and other institutions to give away money free or for any special treatment for those on welfare and low incomes. All I am saying is that this report highlights what appears to be some element of discrimination against welfare customers. What I want to see is a level playing field for all customers which guarantees that people who are welfare recipients will be treated equally with the other customers of the banks and financial institutions.

I have asked for a meeting with The Irish Bankers Federation to discuss the issues raised in this report and also evidence in this regard from MABS which works closely on the ground with welfare clients. For those on welfare and low incomes achieving financial inclusion, or control over their own finances, is an import step on the ladder to better prospects and an improved quality if life."

The Minister said that all persons opening an account for the first time were required to provide a current valid passport or driving licence and a recent household bill, such as gas,



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electricity or telephone. A number of welfare customers were experiencing difficulties meeting the identification requirements for a variety of reasons.

“The evidence suggests that people sometimes get refused a bank or building society account because they cannot provide identity documents to show who they are or where they live. This is a particular problem for low income households. I want to work with the banks and the building societies, the Financial Services Authority and other agencies to give prospective customers a better deal in future. There has to be room for a more flexible approach to the range of identification documents the banks and building societies will accept. The objective must be to ensure that nobody is turned away without being given a fair chance to establish his or her identity”, the Minister said.

The latest statistics show that over 80,000 are in receipt of the One Parent Family Payment at an estimated annual cost of over €770 million. In addition, some 13,000 lone parents with children are in receipt of payments under social insurance. In total, 93,000 lone parents are receiving weekly welfare payments, and between them, they have in excess of 150,000 qualified children.

Minister Brennan said it was time to explode many of the myths about lone parents. “This is essentially pub talk and it has distorted the facts and maligned a whole segment of Irish society. In reality, less than 3% of lone parents are teenagers. So the notion that there is an army of teenagers having babies is not factually correct. In fact, 57% of lone parents are aged between 25 and 39 years. The other myth is that lone parents have a multiplicity of children because there is great money to be had from the system. This is also inaccurate as the facts show that 61% have one child and 25% have two children.”

He said that at present a steering group, chaired by the Department of the Taoiseach, was addressing the obstacles to employment face by lone parents with particular emphasis on income supports, employment, education, childcare and support programmes and information. This group is scheduled to report to the Cabinet Committee on Social Inclusion by the end of July. In addition, the Department of Social Affairs has established a working group to review the income support arrangements for lone parents. Issues being addressed included the contingency basis of the One Parent Family, payment, cohabitation, individualisation, maintenance and secondary benefits.



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“It is time that we stopped treating lone parents as some kind of problem and instead looked on them as a valuable asset to the country. Lone parents have genuine pressures and our job is to respond to those pressures. The best way forward is to encourage lone parents back to education, training and work, if that is what they want. We must also look closely at income supports and at how we can use those supports to help solve the social problems behind the payments being made. This latest study reinforces my view that many lone parents are caught in a welfare trap.

It is not sufficient to salve our collective conscience on the basis that if we pay the bill and sign the cheque the problem will go away. If the problem does not go away, we must get behind the payments and deal with the social issues. All of us in a 21<sup>st</sup> century Ireland have this responsibility”.

Minister Brennan said the MABS service, with its emphasis on practical, budget-based measures, targeted in a coordinated way at addressing debt management and money advice, was playing a valuable role and in recognition of this had been awarded an additional €700,000 in recent months.

“The MABS service is reaching out to people in debt, or in danger of sliding into debt, and removing many of them permanently from dependence on moneylenders. People are taken out of the grip of the moneylender and an alternative source of low cost credit is opened up for them through local credit unions. MABS countrywide, on a daily basis, is helping people to regain control of their finances and budget for the future. MABS will frequently intervene to prevent repossession of the family home and also to prevent disconnection of gas and electricity supplies. More than 16,000 new clients approach the MABS annually and the service deals with 30,000 clients on an ongoing basis”, the Minister said.

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**Press Release Ends 16/05/05**