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Money Advice & Budgeting Service

SOCIAL DISTANCING ON THE MARGINS:

COVID-19 & Associated Issues for Dublin Region MABS Clients

Compiled by:

Dr. Stuart Stamp,
Independent Social Researcher &
Research Associate,
Department of Applied Social Studies,
Maynooth University.

in collaboration with:

Dublin South MABS and North Dublin MABS

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This research was grant aided under the Citizens Information Board's social policy grant scheme.

Executive summary

Ongoing financial difficulty was already a feature for many households - and particularly for those already marginalised - as COVID-19 arrived on Irish shores in February this year. The economic and social consequences of the public health measures implemented in response placed thousands of additional individuals at risk of similar difficulties, with those towards or on the margins again especially affected. While the introduction of a raft of income support, household protection and payment-related policy measures have mitigated widespread money problems in the short term, MABS money advisers in the Dublin Region have noticed that some clients appear to be more affected than others by the consequences of social distancing, and fear that many may become further marginalised as measures taper or end.

In this study, which was grant aided under the Citizens Information Board's social policy grant scheme, we investigate these concerns by drawing on MABS administrative data and insights of professional money advice staff across the Region to identify how the pandemic has affected clients in Dublin. Four objectives are set, namely (i) to *identify* any changes within the Dublin Region MABS client base following the implementation of social distancing restrictions on 12th March, up to and including 30th June; (ii) to *describe* issues arising in relation to budgeting and money management among clients; (iii) to *identify* any ways in which the pandemic has impacted on resolution of debt and clients' interactions with third parties, including MABS and; (iv) to *make recommendations* in terms of public policy and service delivery, including with respect to MABS itself.

The findings are fourfold. Firstly, the Region's active caseload dropped by around a quarter in the three months following the implementation of restrictions, suggesting that although income and protective policy supports had cushioned the immediate financial blow for many, this was far from universal. New presentations across Dublin comprised higher proportions of social welfare recipients, over 65s, single persons, private tenants and those living with family/friends, indicating that such groups are more exposed financially by social distance requirements than others. Moreover, clients newly presenting were predominantly those without any prior engagement with MABS in contrast to their predecessors, suggesting there to be a large number of people experiencing worrying financial difficulty perhaps for the first time; a recent increase in calls to the MABS Helpline supports this hypothesis.

Secondly, policy measures have resulted in – albeit unintended - budgeting and money management consequences for those more marginalised and/or financially excluded, mainly resulting from changed income cycles, family arrangements and expenditure demands. As a result, many have encountered inability to make ends meet and experienced a decline in financial wellbeing, and this report contains initial glimpses of such impacts. Thirdly and more positively, creditors have been largely understanding and supportive towards clients during the period when debt enforcement and resolution was in essence placed on hold as a result of moratoria, payment breaks, court closure and the cessation of insolvency processes. As society begins to open up, however, there are signs of increased activity, particularly in relation to utility disconnections and mortgage liabilities; moreover, many people affected by COVID-related financial difficulty have yet to reach out to MABS.

Finally, social distancing concerns have led to significant change for service providers, including MABS itself. While remote engagement works for many clients and some have adapted well and benefited, it can inadvertently further marginalise those more accustomed to in person or 'drop in' access and people less able to avail of or use electronic forms of communication. In a MABS context, this can inhibit the development of trusting, empowering relationships with new clients, and compromise those previously established with existing ones. Proactive, progressive ways thus need to be found to ensure that all have access to the money advice support and advocacy they need as we enter yet more uncertain and troubling financial times. In this regard, we recommend "marginalisation proofing" any policy and practice developments going forward, together with an increased focus on rights.

Foreword

On behalf of Dublin MABS Region, we welcome publication of this report by Dr Stuart Stamp, Department of Applied Studies, Maynooth University, who undertook this study in collaboration with North Dublin MABS and Dublin South MABS, with funding provided by the Citizens Information Board (CIB).

The study had four main objectives:

(i) To identify any changes within the Dublin Region MABS client base following the implementation of social distancing restrictions on 12th March, up to and including 30th June;
(ii) To describe issues arising in relation to budgeting and money management among clients;
(iii) To identify any ways in which the pandemic has impacted on resolution of debt and clients' interactions with third parties, including MABS and;
(iv) To make recommendations in terms of public policy and service delivery, including with respect to MABS itself.

Covid-19 has impacted all our lives. Not surprisingly, early research indicates that the poor and less well-off have suffered and continue to suffer the most. As early as March, the Society of St Vincent de Paul (SVP) reported that it received approximately 15,000 calls for help during March, with Covid-19 measures cited frequently by callers in the last week of the month. The main reasons cited for seeking help were:

- People in precarious or part time work who have been temporarily laid off and are struggling to pay the bills even with State support.
- Lone parents socially isolated and who are struggling to pay for gas, electricity and food as a result of school closures.
- Single adults living alone, with health conditions and in receipt of disability payment, worried about isolation and being able to pay the bills.
- Pensioners living alone at home all day and who can't afford to keep their homes warm.
- People who had to give up work to care for vulnerable family members.

Dr Stamp's study is an important early contribution to documenting the impact Covid-19 and the associated mitigating measures introduced has had on the many clients who engaged with MABS. The study provides very useful information on the profile, and some changes to the profile, of clients who availed of MABS' many services. It also captures many of the new and innovative ways in which MABS has responded in meeting clients' needs.

It is perhaps too early to draw any definitive conclusions as we are still navigating our ways through the pandemic. The report is also reflective of some of the compensatory financial supports put in place by government. These were, for a period, reduced as restrictions were progressively lifted and then subsequently re-introduced as certain restrictions were re-imposed and new guidelines issued.

It would be instructive to undertake a further study when, hopefully, the pandemic has been eliminated to learn more about the longer term impact of Covid-19 on MABS' clients, by which time many (if not all) of the current financial supports are reduced or withdrawn. This research might also include people who currently do not use the services of MABS but who have similar profiles to MABS' clients.

This study and the recommendations are wholeheartedly recommended to policy makers, other relevant service providers and advocates, and all MABS companies, for their consideration.

Acknowledgements

We wish to sincerely thank the following:

The Staff of Dublin South MABS and North Dublin MABS who responded to our research questionnaire for the purposes of this study;

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Annette McMahon for her work on the graphs contained within this report;

And finally, the author, Dr. Stuart Stamp.

We hope that this study will help in some way towards addressing the financial difficulties experienced by clients of Dublin South MABS and North Dublin MABS as a consequence of COVID-19.

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1.1. Introduction

This study focuses on the impact of COVID-19 on the client base of Dublin Region[1] Money Advice and Budgeting Services (MABS) and on service users themselves, as witnessed by staff supporting them to address financial difficulty and associated debt problems. The arrival of the pandemic in Ireland has resulted in a range of public health measures, which in turn have had considerable economic and social impacts. In this introductory section, we briefly profile each of these, and outline a range of ensuing policy measures most relevant to those in actual or potential financial stress; these initiatives can be categorised as income supports, household protection measures in terms of tenancies and utilities, and payment breaks.

Most measures relevant to our study were adopted with a particular target group in mind, that is to say those *newly* facing potential financial problems as a result of COVID and associated public health measures. However, a significant cohort of households were *already* experiencing difficulties when the pandemic struck, including those already engaged with MABS and/or personal insolvency processes at this juncture. Although largely ignored in media and policy terms, this is a cohort of particular interest to our enquiry.

1.2. COVID-19 and public health measures

COVID-19 - a new respiratory illness caused by coronavirus that affects the lungs and airways - first arrived on Irish shores in February this year, with the first case in Northern Ireland reported on the 27th of that month, shortly followed by the first reported case in the Republic of Ireland on 29th February.[2] The spread of the disease was so rapid that by the 22nd March, cases had been reported in every county across the country.[3] In response, and acting on the advice of the National Public Health Emergency Team (NPHET), as series of public health measures have been implemented. Although too numerous to chart in the context of this research, the key milestones at the time of writing may be summarised as follows (Table 1):[4]

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[1] The MABS service nationally was regionalised in 2018. As a consequence, there are now eight regional management boards with two covering the Dublin Region. These are: Dublin South MABS (with offices in Ballyfermot, Clondalkin, Crumlin, Dun Laoghaire, Dundrum, Francis St (Dublin 8), Lombard St (Dublin 2) and Tallaght) and North Dublin MABS (which has offices in Ballymun, Blanchardstown, Coolock, Dorset St (Dublin 1), Finglas and Swords). This research is co-funded by each Region.
[2] 'First case of Covid-19 diagnosed in east of Ireland', *RTÉ News,* 1st March 2020.
[3] 'Coronavirus cases now confirmed in every county in Ireland', *Irish Times*, 22nd March 2020.
[4] See: https://www.citizensinformation.ie/en/health/Covid19/public_health_measures_for_Covid19.html

TABLE 1: COVID-19: Chronology of public health milestones, 12th March to 6th October 2020

- 12th March: Closure of schools, colleges, childcare facilities and cultural institutions from the following day and the cancellation of mass gatherings;
- 24th March: Closure of non-essential retail businesses and facilities such as hotels; cafes and restaurants restricted to take-away and deliveries only. People explicitly asked to stay home, unless they could not work from home.
- 28th March: Mandatory order for all citizens with certain exceptions to stay at home for a two-week period (subsequently extended). People only allowed to leave home for essential work,[5] to purchase food, for other "vital reasons" such as attending medical appointments, and to exercise within a 2km limit. Shielding or "cocooning" for those aged over 70 and/or with underlying health conditions was also introduced, with associated advice issued by the Department of Health and Health Service Executive;[6]
- 5th May: 2km exercise limit extended to 5km, with people over-70 now included and no longer advised to cocoon provided certain precautions were taken;
- 18th May: Government publishes roadmap for the incremental re-opening of Irish society in five three-week phases, beginning at Phase One;
- 8th June: Move to Phase Two;
- 29th June: Move to Phase Three, but Phase Four delayed;
- 18th August: Additional measures announced regarding home visits, cultural and social activities, sports, workplaces, travel/transport and people aged over 70;
- 15th September: Roadmap for Resilience and Recovery published; country benchmarked at Level 2;
- 6th October: Entire country moved to Level 3 on account of growing community transmission.

From the perspective of our research, many associated restrictions related to what has come to be referred to as *social distancing*, had important consequences. MABS offices were initially closed to the public, with a phased re-opening from 29th June comprising "a limited face-to-face service by appointment only… safe social distancing… (but) the service cannot accept drop-in callers to local offices."[7] Dublin Services are again closed at the time of writing as a result of the move to Level 3 across the country. As regards statutory debt resolution services, the statutory body overseeing these, the Insolvency Service of Ireland, also swiftly moved to a more remote method of engagement, encouraging those availing of various insolvency options to make contact with relevant supports by way of email and telephone should they be experiencing difficulty or wish to explore options.[8] The President of the High Court further directed that (unless urgent) all applications for protective certificates and to

[5] A list of essential workers was published by government ("Government details the full list of 'essential workers', *RTÉ News,* 29th March 2020). In essence anyone not on the list was deemed non-essential; as public health measures were extended and the economy contracted, many jobs became increasingly at risk or redundant.

[6] 'Guidance on cocooning to protect people over 70 years and those extremely medically vulnerable from COVID-19', *Department of Health*, 27th March 2020.

[7] 'MABS Offices: Phased Re-opening, 26th June 2020: https://www.mabs.ie/en/news/news20200626_mabs_phased_reopening.html

[8] 'Insolvency Service of Ireland (ISI) issues important notice re Covid 19 and those debtors experiencing payment difficulties', *Press Statement*, 20th March 2020.

approve Debt Settlement Arrangements/Personal Insolvency Arrangements that had passed at creditors meetings would be deferred.[9]

In terms of financial service providers, banks, credit unions and post offices remained open in line with their designation as 'essential services', albeit operating with restrictions in line with public health advice; however, there are suggestions of an associated increase in moneylending activity on foot of COVID-19's arrival.[10] Public services such as social welfare and local authority offices also introduced public office opening restrictions; the Department of Employment Affairs and Social Protection (DEASP) for example reduced Intreo Centres public opening hours with effect from Friday 3 April as an "emergency, temporary measure".[11]

The public health measures also had an impact on debt enforcement in the Courts. The Courts Service announced on 12th March that 'work in the District Court will be scaled scale back to deal with urgent matters only. Non-urgent matters will be adjourned to future dates.'[12] Further, County Registrar Court Sittings were suspended with lists adjourned to a future date;[13] as mortgage possession hearings were consequently suspended, related Abhaile/MABS supports such as Court Mentor and Duty Solicitor services were also halted too. Taken together, this range of closures resulted in much of our credit and debt architecture being effectively curtailed for the resulting weeks.

1.3. Economic impacts

COVID-19 and the public health measures outlined above have had a major impact on the Irish economy. Economic forecasts have varied due to the uncertainty associated with the future spread of the pandemic, the possibility of further "lockdowns", and the development of associated treatments and/or vaccines, but are uniformly bleak. According to the European Commission for example, Irish Gross Domestic Product (GDP) is predicted to shrink by around 8.5% in line with the EU average,[14] a lower figure than that of 10.5% posited by the Minister for Finance in initial estimates,[15] while the Economic and Social Research Institute (ESRI) suggests an even higher drop of 13% in "real GDP" in more recent analysis.[16] The Central Bank has further described the economic

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[9] 'Direction of the President of the High Court as to Arrangements in Personal Insolvency matters during Covid-19 crisis', 2nd April 2020, https://www.courts.ie/news/direction-president-high-court-arrangements-personal-insolvency-matters-during-Covid-19-crisis. Applications for extensions of protective certificates would be allowable, however, providing certain criteria were met.

[10] McCarthy, O. and Byrne, N. (2020). 'We've heard of moneylenders meeting customers at the post office as they collect their social welfare', *The Journal*, June 15th 2020.

[11] https://www.gov.ie/en/publication/3915af-revised-intreo-office-opening-hours/

[12] https://www.courts.ie/news/Covid-19-notice-court-hearings-march-12th-630-pm

[13] https://www.courts.ie/news/county-registrars-lists-adjourned

[14] 'Ireland's economy set to shrink 8.5% due to pandemic: European Commission predicts economic damage from coronavirus to be worse than expected', *Irish Times*, 7th July 2020.

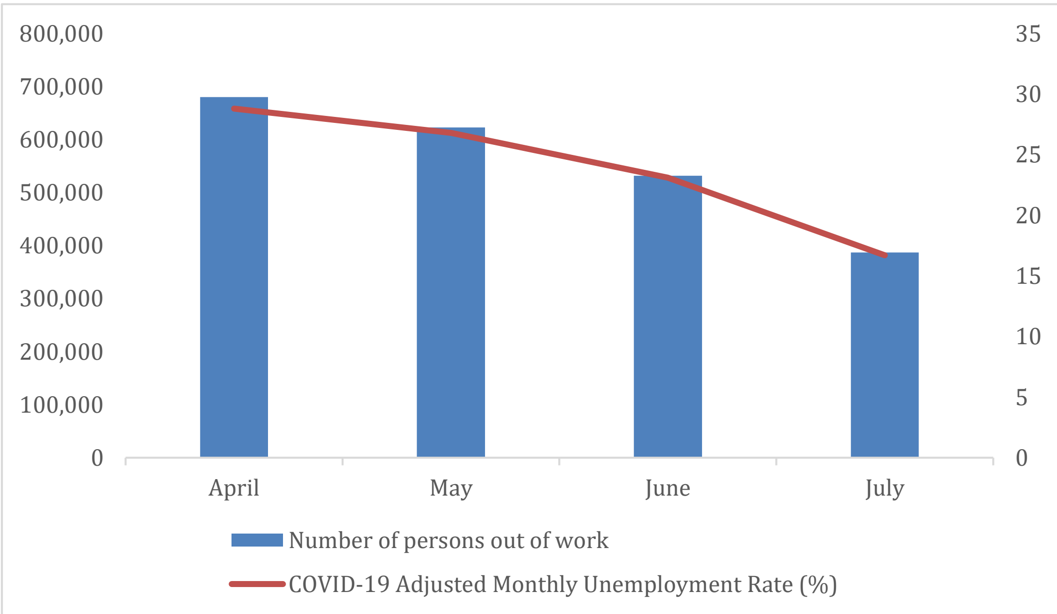
[15] 'Irish GDP to fall by 10.5% this year due to Covid-19', *RTÉ News*, 21st April 2020.

[16] De Bruin, K. Monaghan, E. and Yakut, A.M. (2020). *The Environmental and Economic Impacts of the Covid-19 Crisis on the Irish Economy.* Dublin: Economic and Social Research Institute, Research Series Number 106, July 2020.

shock as "severe" and fundamentally different from anything the economy has been through before, initially forecasting a deficit in the public finances of around €20 billion.[17] Areas of the economy most affected to date include service industries such as restaurants, pubs, hotels and tourism,[18] which employ many often described as being in "precarious employment".

The rapid economic downturn has led to a corresponding and dramatic rise in unemployment. Early indications suggested that between 450,000 and 500,000 jobs would be lost in the initial months of the pandemic[19] - albeit some temporarily so – with the Minister for Finance estimating that approximately 220,000 jobs will transpire to have been lost when things begin to stabilise.[20] In July, the Central Statistics Office reported the real unemployment rate (including those in receipt of a COVID-19 Pandemic Unemployment Payment to which we will turn shortly) to be at 16.7%, comprising an estimated 386,935 people between the ages of 15 and 74 years. As shown in Chart 1 below, these figures had reduced by around 43% since April when this particular methodology was introduced.

CHART 1: Covid-19 adjusted monthly unemployment estimates (persons aged 15 to 74 years)



Source: Central Statistics Office, Monthly Unemployment, July 2020. (https://www.cso.ie/en/releasesandpublications/er/mue/monthlyunemploymentjuly2020/)

As regards income reductions, these have been cushioned to a certain degree as a result of income supports introduced rapidly as the pandemic hit and

[17] 'Covid-19 triggered 'severe' economic shock - Central Bank', RTÉ Business, 3rd April 2020.
[18] Fáilte Ireland, Covid-19 Business Supports Hub. See: https://Covid19.failteireland.ie/
[19] See: https://www.rte.ie/news/business/2020/0403/1128199-central-bank/
[20] See: https://www.rte.ie/news/business/2020/0421/1132910-stability-programme-update-2020/

discussed in detail below. The ESRI concludes that although incomes will decrease overall, reductions will be mitigated by such supports for those more at risk; the Institute further predicts a similar trend (initial rise and subsequent fall) in terms of income inequality.[21]

> *The total disposable income of all households will decrease due to the declines in both wage and capital income. The government stimulus package will play a substantially corrective role to reduce the adverse economic impacts of the crisis on disposable income of the most vulnerable household groups in urban and rural areas. The initial impacts of the COVID crisis will increase inequality across household types, however with the government stimulus package, inequality decreases.*

1.4. Social impacts

Financial impacts are not just objective however; there is also a *subjective* dimension in terms of how people *feel* about their financial situation and what the future may hold for them. We have considerably less information from the household perspective – an ongoing theme in the personal finance domain[22] – but a Behaviour and Attitudes Survey conducted between 27th March and 1st April, around the time stricter restrictions on movement were announced, is illuminating.[23] This research produced for RTÉ reveals worryingly high levels of anxiety across Irish society.

Nearly all respondents (97%) were worried about the economic impact of the pandemic, with 42% reportedly "extremely concerned". The vast majority (91%) felt that the economy would be worse off this time next year, while around 3 in 10 (29%) were worried about job security, rising to 38% of those working part-time, and just over 40% expected their salary to reduce this year. These findings are cause for concern, given what we already know about the adverse personal health and wellbeing consequences of over-indebtedness itself;[24] one mental health charity notably reported a 420% increase in the numbers of people accessing information and support as the crisis unfolded.[25]

More recent and valuable insights are contained in an online survey of 1,007 adults, carried out in May/June this year by Opinions Market Research (OMR) on behalf of MABS and the Citizens Information Board. In a previous survey conducted in October 2019, OMR had estimated that around 1.2 million adults in

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[21] De Bruin et al, ibid, p4-5.

[22] See: Stamp, S. and Joyce, P. (2017). *Delay and Pray? Data deficits, policy implementation disorder, the downplaying of non-mortgage debt, and the prolongation of the Irish household debt crisis.* Birmingham: Centre on Household Assets and Savings Management, Briefing Paper BP7-2017, University of Birmingham.

[23] 'Majority expect economy to be in worse shape next year, survey shows', *RTÉ News-Analysis and Comment*, 7th April 2020.

[24] Alleweldt, F, Kara, S, Graham, R, Kempson, E, Collard, S, Stamp, S, Nahtigal, N. (2014). *The Over-Indebtedness Of European Households: Updated Mapping Of The Situation, Nature And Causes, Effects And Initiatives For Alleviating Its Impact. Final Report, Part 1: Synthesis of Findings*. Brussels: European Commission, p180-181.

[25] 'Covid-19 has exacerbated a mental health crisis', *Irish Times*, 28th April 2020.

Ireland were concerned about current and future debt.[26] The follow-up study[27] focused on particular impacts of COVID-19 among a particular cohort (n=1,007) of debt holders with current or expected future debt distress. Around three quarters reported that financial circumstances had been negatively impacted by COVID-19 and among these respondents, 'sacrifices', 'struggle', 'anxiety', 'strain', 'reluctance to talk about problems', 'fearfulness', 'sleeplessness' and 'shame' were commonly reported by considerable majorities.

Fewer than half had, moreover, taken any subsequent action, although it is suggested that around 27% propose to do so in the near future (an estimated 339,000 adults), with 43% of these (145,000 adults) likely to contact a debt resolution organisation, and over half of this cohort (78,000 adults) citing MABS as their first port of call. Drawing on previous research, the authors come to a profound conclusion, namely that "we tend to freeze in a time of crisis – indicating that the real financial impacts are yet to come"; this is a salient finding indeed, both for MABS itself and more broadly for society as a whole.

1.5. Income supports

In comparison to the policy emphasis on saving financial institutions which characterised government policy in the aftermath of the Global Financial Crisis (GFC) of 2008/9,[28] a much more household-supportive approach has emerged in the immediate response to COVID-19, although supports are beginning to taper at the time of writing and time-limits are being set. Indicative of this more person-centred emphasis is the rapid introduction of three new income support payments as part of a substantial aid package to cushion the financial impact of the fallout on those losing income, jobs and having to self-isolate.

COVID-19 Pandemic Unemployment Payment (PUP)

The first of these, *the COVID-19 Pandemic Unemployment Payment (PUP)* is a social welfare payment for employees and self-employed people who have lost all their employment due to the COVID-19 public health emergency.[29] Initially set at a weekly rate of €350, rule changes from 29th June mean that only those with prior earnings of €200 or more per week will continue to get a payment of €350 per week from that date; those who were earning less will receive a lower payment of €203 per week in line with maximum Jobseekers Benefit/Jobseekers Allowance (JB/JA) personal rates.[30] As a result of further changes announced by government in July as part of a Jobs Stimulus Package, no new PUP applications

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[26] Opinions Market Research (2019). *Irish Attitudes to Debt and MABS Profiling, Summary Report, October 2019.* Dublin: Citizens Information Board/MABS.
[27] Opinions Market Research (2020). *Attitudes to Debt & Impact of Covid-19, Summary Report, 19th June 2020.* Dublin: Citizens Information Board/MABS.
[28] The estimated cost of related 'bank stabilisation' amounts to €41.7 Billion according to the Comptroller and Auditor General. See: Comptroller and Auditor General (2019). *Report on the Accounts of the Public Services 2018.* Dublin: Comptroller and Auditor General, p.26.
[29] https://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/unemployed_people/Covid19_pandemic_unemployment_payment.html
[30] There are additional JB/JA allowances for adult and child dependants.

will be allowed from the end of 2020,[31] lower 'sliding scale' rates will then apply which are to be further reduced from 1st February 2021; the PUP will end completely on 1st April 2021 when those still receiving the payment will have to apply for a jobseeker's payment if they have not found work by that date.[32]

In terms of take-up, at its peak (May 5th), 598,000 people were claiming the Pandemic Unemployment Payment, indicative of the scale of the economic downturn stemming from the implementation of stringent public health measures. As the economy and society has begun to re-open in line with the government roadmap, this figure has since fallen incrementally, and as of September 7th stood at 219,900, a drop of 63% since peak.[33] The sectors with the highest number of people in receipt of the PUP were reported to be Accommodation and Food Service Activities (46,750 recipients), followed by Wholesale and Retail Trade (31,700 recipients) and Administrative and Support Service activities (23,300 recipients), illustrating the disproportionate impact on Small and Medium Enterprises (SME) and precarious workers; around a third of all PUP claimants (77,900) were in Co. Dublin.[34]

Wage Subsidy Schemes

The *Temporary COVID-19 Wage Subsidy Scheme (TWSS)*, first announced on 24th March 2020, (subsequently replaced by the *Employment Wage Subsidy Scheme-EWSS on 1st September*) was administered through Revenue and the Department of Employment and Social Affairs. Wage subsidy schemes have in essence allowed employers to continue to pay their employees during the crisis to date,[35] with the aim being to keep employees registered with their employers, thereby enabling a swift return to work when safe to do so. In common with many European countries,[36] the Schemes in essence act as a furlough.

With the initial TWSS for example, the State paid a large proportion of an employee's wages/salary - initially up to 70% of net take-home pay or a maximum refund of €410 per week during the transition stage.[37] Subsequently on the 15th April, the Minister announced an increase in the subsidy to 85% for

[31] The initial "cut off" date set was 17th September, but this has since been extended owing to enhanced public health measures.
[32] See: https://www.gov.ie/en/publication/0b0fc-Covid-19-pandemic-unemployment-payment-rates-from-17-september-2020/
[33] 'Update on payments awarded for COVID-19 Pandemic Unemployment Payment and Enhanced Illness Benefit', *Press release*, Department of Employment Affairs and Social Protection, 7th September 2020.
[34] https://www.gov.ie/en/press-release/f5c2a-update-on-payments-awarded-for-Covid-19-pandemic-unemployment-payment-and-enhanced-illness-benefit/
[35] To qualify, employers must self-declare to Revenue that they have experienced significant negative economic disruption due to COVID-19 with a minimum decline in turnover between certain dates (25% in the case of TWSS), be unable to pay normal wages and normal outgoings fully, and keep employees on the payroll.
[36] See: European Consumer Debt Network (2020). Debt Advice in Times of the COVID-19 Pandemic, *Money Matters,* Vol 17, 2020. Copenhagen: European Consumer Debt Network.
[37] See: https://www.citizensinformation.ie/en/employment/unemployment_and_redundancy/Covid19_temporary_wage_subsidy_scheme.html

lower paid workers, with the maximum state subsidy for workers earning below €24,400 rising to 85% of net take home pay, with a tapered or tiered calculation to apply above that level up to a maximum of €350 per week,[38] these changes applying from 4th May.

In a further change, initially flagged on 23rd July as part of the Jobs Stimulus Package, the TWSS was discontinued at the end of August and replaced by a new *Employment Wage Subsidy Scheme (EWSS)* to run until April 2021 in line with the cut off date for the Pandemic Unemployment Payment. Under the new EWSS, employers and new firms in sectors impacted by COVID-19 whose turnover has fallen by 30% are to receive a flat-rate subsidy of up to €203 per week per employee, including seasonal staff and new employees, hence it is somewhat less favourable than the TWSS which preceded it.

As with PUP, take-up of the Wage Support Scheme has been considerable, illustrating the effect of pandemic-related public health measures on employers and their employees. According to a recent Revenue review, as at 3rd September, over 663,100 employees had received a subsidy since the start of the Scheme, while an estimated 360,000 employees had been directly supported by the Scheme the previous week having received a subsidy in their most recent pay period.[39] In terms of cost to the Exchequer, the Scheme is panning out as a multi-billion one as predicted by the Minister for Finance in April: by 3rd September, Revenue estimated the cumulative cost to date to have amounted to over €2.8 Billion.[40] In the period heading towards "peak" (May 5th), when PUP payments were at their height, it is estimated that a considerable proportion of the total workforce – which stood at 2.3 million in the run up to the pandemic[41] - was fully or partially dependent on the State for income support, with one estimate putting the number in early April at 844,000 or around 36%.[42]

Enhanced Illness Benefit (EIB)

The third rapidly introduced income support measure in response to the pandemic is *COVID-19 Enhanced Illness Benefit (EIB),* payable at a rate of €350 per week, claimable by both employees and self-employed people suspected of having COVID-19 who are either told by a doctor or the Health Service Executive (HSE) to self-isolate[43] or actually diagnosed with COVID-19.[44] In essence, the

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[38] 'Minister announces amendments to wage subsidy scheme', RTÉ News, 15th April 2020.
[39] Revenue Commissioners (2020). *COVID-19 Wage Subsidy Schemes, Preliminary Statistics (as at 3rd September 2020).* Dublin: Revenue Commissioners. https://revenue.ie/en/corporate/documents/statistics/registrations/wage-subsidy-scheme-statistics-03-september-2020.pdf
[40] Ibid, p2.
[41] 'Record employment with 2.3m people at work in Irish economy', *Irish Times,* 27th August 2019.
[42] 'Legacy of Covid-19 will long linger over labour force', *RTÉ News*, 9th April. The figure of 844,000 comprised: 500,000 PUP; 207,000 Jobseekers payments; and 130,000 TWSS. See: https://www.rte.ie/news/analysis-and-comment/2020/0408/1129423-virus-legacy-unemployment/
[43] This category includes those advised by the HSE as having been identified as a contact of someone who has COVID-19.

'enhanced' payment has a primary public health focus whereas standard Illness Benefit (IB) - payable at a maximum lower rate of €203 per week – is more an income support measure for those unable to work on account of sickness or illness.

Payment is time-limited to a period of 10 weeks for those diagnosed with COVID-19 and for 2 weeks for those required to self-isolate, extendable by a further 2 weeks if told to continue to self isolate following contact tracing. As with PUP and the EWSS, EIB will end on the 31st March 2021. The numbers receiving EIB are relatively small compared to PUP and EWSS given the nature of the payment in question; as of 7th September, a total of 58,800 people had received the payment, (4,432 of whom had been medically certified as having coronavirus) with just short of 30% (16,800) from Dublin.[45]

Other social welfare payments

There are of course a range of social welfare benefits and allowances in addition to the above three examples which are COVID-specific. Again on public health grounds, all weekly social welfare payments were changed to a fortnightly schedule from 23rd March, the rationale being that this would enable post offices and banks to adhere to public health guidelines and better manage footfall and thereby promote social distancing. [46] At the time of writing, some payments are reverting to their former weekly basis including the One-Parent Family Payment (OPFP), Working Family Payment, Illness Benefit, Jobseeker's Allowance/Benefit (JA/JB) and Supplementary Welfare Allowance (SWA). A number of payments continue to be paid on a fortnightly basis such as Pensions, Carers', Disability and Invalidity Pension payments.

1.6. Tenancies and utilities

So far we have concentrated on measures to protect individual incomes, but there has also been significant policy intervention relating to household expenditures. As regards rents for example, legislation was swiftly enacted by the Oireachtas on 27th March to protect tenants from eviction[47] and rent increases for a three-month period, extendable as the Government considers necessary. The rent freeze and eviction moratorium[48] was subsequently

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[44] See: https://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/disability_and_illness/Covid19_enhanced_illness_benefit.html

[45] Department of Employment Affairs and Social Protection (2020). *Update on Payments Awarded for Covid-19 Pandemic Unemployment Payment And Enhanced Illness Benefit –Statistics*, 8th September 2020. https://www.gov.ie/pdf/?file=https://assets.gov.ie/86782/099557fe-e67f-4c07-8a9e-59cb8a4c641b.pdf#page=null

[46] See: https://www.gov.ie/en/press-release/d9800-some-social-welfare-payments-will-be-returning-to-a-weekly-schedule-in-august/

[47] Emergency Measures in the Public Interest (Covid-19) Act 2020. The legislation specifically states at section 5(7)(b) that "for the avoidance of doubt, this section applies to all Local Authority and Approved Housing body dwellings".

[48] Informal tenants were not specifically covered by the moratoria on evictions and rent increases, although landlords were requested to comply with the spirit of the legislation. See:

extended until August 1st, with a policy shift signalled by the Minister for Housing, Local Government and Heritage in July when announcing a final short extension "to afford me the time to bring forward robust legislation that will provide real protection to tenants *and property owners* (our italics) alike".[49]

The moratorium on notices of termination ended on the above date and since August 2nd, landlords may seek to terminate a tenancy on a number of grounds. However, new protections - by virtue of the Residential Tenancies and Valuation Act 2020 - now apply for tenants at significant risk of losing their tenancy as a result of rent arrears stemming from inability to pay rent as a result of COVID-related loss of income. Provided they follow a specific procedure, such tenants cannot be made to leave their rental accommodation before 11th January 2021, and it is further prohibited for them to pay any increases in rent until after 10th January 2021. The procedure in question involves completing a "Self-Declaration" form, which must be served on both the landlord and the Residential Tenancies Board (RTB).[50] Although many on the housing rights side have consistently argued for a blanket suspension of rent payments or right to defer following the onset of the pandemic, the Government has repeatedly affirmed that tenants are expected to continue to pay rent, 'with income supports and Rent Supplement available to those struggling to do so'.[51]

Although not underpinned by legislation as in the case of rents, measures to protect essential household *utilities* have followed a similar trajectory, with a moratorium initially implemented, extended and subsequently curtailed. In conjunction with the Commission for Regulation of Utilities (CRU), gas and electricity suppliers initially agreed (in March) and then extended a moratorium on domestic electricity and gas disconnections, first to April 19th,[52] and subsequently to June 16th;[53] the Commission announced a cessation of the moratorium from June 29th onwards, citing concerns about users accumulating debt as the Government's roadmap moved into Phase 3.[54] This concern related primarily to specific measures in relation to *Gas* Pay As You Go (PAYG) meters, the level of emergency credit available to Gas PAYG customers[55] having been

https://www.breakingnews.ie/ireland/landlords-urged-not-to-evict-rent-a-room-tenants-during-Covid-19-emergency-991457.html

[49] See: https://www.housing.gov.ie/housing/Covid-19-coronavirus/rent-freeze-and-eviction-moratorium-be-extended-until-august-1st

[50] https://www.rtb.ie/emergency-measures-ended-new-protections-introduced-for-the-rental-sector

[51] 'Covid-19: Temporary ban on evictions and rent increase pause', *RTÉ News*, 19th March 2020. https://www.rte.ie/news/coronavirus/2020/0319/1124168-evictions-ban-coronavirus/

[52] https://www.cru.ie/cru-extends-Covid-19-customer-protection-measures-to-assist-consumers/, accessed 24th September 2020.

[53] https://www.cru.ie/cru-extends-Covid-19-customer-protection-measures-to-16-june/ , accessed 24th September 2020.

[54] 'CRU Announces Normalisation of Gas Credit to Guard Against Customer Debt', *Press Release,* 26th June 2020. According to the Commission, "it is estimated that just over 19,000 customers have availed of the emergency credit with an average debt per customer of €25. Based on the average usage of these customers and who did not have other accumulated emergency credit debt, customers would be able to eliminate this debt in approximately four weeks".

[55] Electricity PAYG customers do have remote top-up facilities, hence there was no change to existing emergency credit limits in this respect.

increased from €10 to €100 during the crisis to assist customers who could not travel to shops to top-up and to facilitate social distancing; this limit returned to €10 from 29th June. The CRU cited its rationale as follows: [56]

> *With the accelerated lifting of restrictions, the CRU is now more concerned that these measures may expose customers to an unnecessary level of accumulated debt. We consider this is the most appropriate time to end these measures to ensure customers have the opportunity to pay down any debts that have built up, in advance of the winter months.*

As with rents, no blanket moratorium on - or right to defer - utility payments was ever implemented, with the Commission repeatedly advising customers to maintain payments. The advice here has remained consistent since March when in its first press release (16th March) it specifically stated:

> *The CRU reminds customers to only use emergency credit in an emergency, as this credit will have to be paid back at a later date*.[57]

The following message has also remained on its website throughout the pandemic to date:

> *The CRU would urge all customers to continue to top up and pay bills as normal to the best of their ability to avoid building up debt. For Customers who are having difficulties paying your bills, the CRU have structures in place to assist customers to get back on track*.[58]

1.7. Payment breaks

As with rents and utility payments, no blanket moratorium on mortgage or unsecured loan repayments has been instituted during the COVID-19 crisis, nor there is any <u>right</u> to defer payments as advocated by BEUC (the European Consumer Organisation),[59] or to have any accruing interest charges waived. Following initial meetings in March with the Minister for Finance and subsequently the Central Bank, retail banks - and subsequently non-bank mortgage lenders and credit servicing firms - agreed to an initial freeze on payments (referred to as a *"payment break"*) for up to three months,[60] with a

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[56] CRU, ibid.

[57] See: https://www.cru.ie/cru-announces-Covid-19-customer-protection-measures-to-assist-consumers/, accessed 24th September 2020.

[58] https://www.cru.ie/home/about-cru/energy/difficulty-paying-your-bill-Covid-19/, accessed 3rd May 2020.

[59] See: http://www.beuc.eu/publications/beuc-x-2020-019_letter_to_mr_dombrovskis_loan_repayment_difficulties_due_to_Covid-19.pdf

[60] 'Banks announce measures for customers and businesses impacted by Covid-19', RTÉ News, 18th March 2020. https://www.rte.ie/news/2020/0318/1123788-banks-Covid-19/. This initial measure was accompanied by agreement to postpone or defer court proceedings for three months, a period during which the Courts were almost entirely closed. The measure also encompassed those with 'buy-to-let' mortgages (i.e. private landlords).

similar measure agreed independently in respect of local authority housing loans.[61]

The payment break period was subsequently extended for a further three months by way of an announcement by Banking and Payments Federation Ireland (BPFI) on 30th April,[62] with a further extension following up to 30th September following an intervention from the European Banking Authority in mid-June,[63] a period about to expire at the time of writing when the breaks come to an end. As repeatedly stressed by the BPFI and member institutions, a payment break is not a universal freeze or right, rather applications are to be considered on a *case-by-case* basis following an application by the borrower. Interest continues to accrue during the payment break repayable over the lifetime/at the end of the loan, and there has been much debate and commentary as to whether banks have to charge interest or not.[64]

What is clear is that considerable numbers of household borrowers (tens of thousands) have availed of payment breaks since the onset of the pandemic. Central Bank research[65] identifies that as of late June 2020, over 122,000 payment breaks had been approved in respect of Irish mortgages and consumer loans (see Figure 1 below). The latter relates solely to loans with Irish retail banks and credit unions[66] which given their local structure, have dealt with issues on a localised case by case basis as opposed to having any sort of blanket moratorium.[67] As regards credit cards, our understanding is that while the Central Bank expects lenders to actively support borrowers in difficulty, and particularly vulnerable consumers, no blanket suspension of repayments or right applies, and the onus is on the borrower to contact their credit card provider. [68]

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[61] 'Statement by the Minister for Housing, Planning and Local Government, Mr. Eoghan Murphy, T.D., in relation to mortgage payment forbearance for local authority borrowers', 14th April 2020 https://www.housing.gov.ie/housing/rebuilding-ireland/local-authority-loans/statement-minister-housing-planning-and-local

[62] 'BPFI members confirm payment break extension from three months to six months for those directly impacted by Covid-19', Banking and Payments Federation Ireland, *Press Release*, 30th April 2020. https://www.bpfi.ie/news/bpfi-members-confirm-payment-break-extension-three-months-six-months-directly-impacted-Covid-19/

[63] 'Banking industry confirms new 30 September deadline date for new payment break applications', Banking and Payments Federation Ireland, *Press Release*, 18th June 2020. https://www.bpfi.ie/news/banking-industry-confirms-new-30-september-deadline-date-new-payment-break-applications/

[64] See for example: 'Banks warned seeking profit from mortgage breaks would be 'a serious scandal'', *RTÉ News,* 9th July 2020.

[65] Central Bank of Ireland (2020). COVID-19 Payment Breaks – who has needed them? A paper by Allan Kearns, Andrew Campbell, David Duignan, Darren Greaney and Grace McDonnell, July 2020. Dublin: Central Bank of Ireland. See: https://www.centralbank.ie/statistics/statistical-publications/behind-the-data/Covid-19-payment-breaks-who-has-needed-them

[66] We presume payment breaks relating to other sources of credit, such as licensed moneylenders, are not included in these statistics.

[67] https://www.creditunion.ie/Covid-19/

[68] https://www.centralbank.ie/consumer-hub/Covid-19/faq-for-consumers

Figure 1: Approved payment breaks for households

	Total Number of Payment Breaks	Total Value of Payment Breaks €bn	Total Loans and Advances €bn	Payment Break Ratio
Mortgages	94,708	14.5	137.6	10.5%
- Irish mortgages	70,274	11.0	114.7	9.6%
of which Irish				
- PDHs	62,481	9.6	98.7	9.7%
- BTLs	7,793	1.4	16.0	8.9%
Consumer loans	94,975	1.3		
- Irish consumer loans	52,031	0.7	10.0	6.6%

Source: Central Bank of Ireland

Credit rating

An important issue in relation to payment breaks is that of credit rating and how such breaks are to be referenced on borrowers' credit reference files. The Central Bank has confirmed that where a COVID-19 payment break is agreed between lender and borrower, this will not be identified specifically on the borrower's credit report on its Central Credit Register. Further, the Central Bank also confirms that: "if your lender agrees to a payment break with no payments at all, then no "missed payments" will be submitted to the Central Credit Register by your lender during this period".[69]

The Central Bank does, however, invite borrowers to place an explanatory statement on their credit report if they wish. It further notes that these confirmations and directions do *not* apply to other "members only" (commercial) credit bureaux. The main such commercial credit bureau in Ireland (the Irish Credit Bureau) has posted a notice on its website to the effect that its office is closed due to government restrictions, and that "ICB has advised its members that there should be no impact on the credit records of borrowers availing of the COVID-19 six month payment break".[70]

Other forbearance measures

Telecommunications and insurance providers also instituted forbearance measures in response to COVID-19. Major *telecommunications* providers for example committed to a Government-led initiative aimed at making sure consumers remained connected to essential online services. These commitments relate to usage limits, access and connectivity, with the then Minister for Communications, Climate Action and the Environment highlighting the importance of online services in the context of social distancing and working from home requirements. Although providers followed a trend of stopping short of offering blanket payment breaks to consumers in financial difficulties, they committed to "engage with any customer that contacts them who is in financial

[69] https://www.centralbank.ie/consumer-hub/Covid-19/faq-for-consumers
[70] See: http://www.icb.ie/ , accessed 21st August 2020.

difficulty as a result of COVID-19 and has difficulty paying their bills to agree the best way of keeping them connected to voice and data”.[71]

As regards *health insurance*, following consultations with a number of statutory bodies – namely the Health Insurance Authority (HIA), the Department of Health, the Health Service Executive (HSE) and the Central Bank - insurers put in place measures (primarily in the form of payment rebates or waivers) for the April to June period as a result of COVID-19. According to the HIA, although these measures vary from provider to provider, each is to be applied automatically, although one major provider appears not to have signed up. Further, health insurance customers experiencing financial difficulties as a direct result of COVID 19 were advised that these will be dealt with *on a case by case basis*.[72]

Finally, and with regard to *insurance in general,* similar engagement between statutory bodies (in this case the Department for Finance) and industry (in the form of Insurance Ireland) resulted in agreement to provide forbearance measures, payment flexibility and/or grace periods; further, cancellation or missed direct debit fees were not to be applied, with home insurance cover will extended to include home working. Again, a major provider appears to be notable by its absence.[73]

1.8. Summary

The arrival of the pandemic so unexpectedly and rapidly on Irish shores in late February this year has had profound societal impacts and resulted in a range of policy measures both to protect public health and mitigate associated financial difficulty. The key concept associated with health preservation, what has become known as social distancing, has led to varying degrees of restrictions in response to rises and falls in COVID rates over time. At the time of writing, the entire country is subject to Level 3 restrictions, although the situation continues to change rapidly.

The economic and social consequences of the pandemic have been profound, with widespread unemployment, loss of income, and considerable fear and concern among the population as to what their financial future might hold. In response, the income support, utility protection and payment break measures put in place have been targeted and swiftly implemented, and a kind of truce has ensued between creditors and debtors as a result. The numbers availing of the various initiatives are however considerable, and as these begin to taper or indeed end, there are fears of growing financial stress across society as a whole, but particularly among those more impacted by job losses and business reductions.

[71]https://www.dccae.gov.ie/en-ie/news-and-media/press-releases/Pages/Increased-Supports-from-Telecoms-Providers-during-Covid-19.aspx
[72]https://www.hia.ie/news/Covid-19-financial-support-measures-introduced-insurers
[73]https://www.rte.ie/news/business/2020/0410/1129874-insurers-agree-measures-to-ease-Covid-19-burden/

For those already in, or imminently facing, financial difficulty as the pandemic began to spread among society, a number of measures have particular relevance. The closure of public offices such as MABS, financial service restrictions, suspension of most Court activities and curtailment of statutory insolvency processes, have resulted in more remote (electronic) methods of engagement, thereby albeit unintentionally prioritising those most comfortable with such forms of communication. Overall, the policy response targeted at those immediately facing financial problems as COVID spread has been rapid, far-reaching and notable for its lack of morality or blame, in contrast to that which followed in the aftermath to the Global Financial Crisis.

While there is much to commend, there remain areas for concern. Policy has by necessity tended to flow from the "top down", with the speed necessitated by the pandemic often leaving citizens little time to cope with profound changes in terms of income, the cycle whereby that income is received, and expenditures. A lack of emphasis has been placed on rights, and while an emphasis on "case by case" approaches has its advocates who argue that future payments can be tailored to individual circumstances, a contrary view is that such an approach can lead to variations in practice (benefiting some but disadvantaging others), perpetuate power disadvantage between individuals and institutions, and place the burden disproportionately on the citizen/consumer to engage. In the section that follows, we develop these concerns by examining the context within which financial difficulty occurs, and who is more likely to affected by external shocks such as COVID-19.

2. Context

2.1. Introduction

Ongoing financially difficulty was *already* a feature for many households - and particularly for those already marginalised - as COVID-19 arrived on Irish shores in February this year. There are four particular dimensions to such difficulties, namely poverty, over-indebtedness, financial exclusion and financial wellbeing, and understanding the extent and nature of each is key to contextualising the findings presented later in this report. As we now discuss, considerable proportions and numbers of households were either experiencing or at risk of each phenomenon in the period *preceding* the pandemic, with certain groups thus potentially more exposed to its financial impacts than others.

2.2. Poverty and deprivation

Relative *poverty* - a situation where income and resources are so inadequate as to preclude people from having a standard of living regarded as acceptable by society[74] - continues to affect a considerable percentage (14%) of Irish households as shown in the Chart below.[75] Similarly, basic *deprivation*, or going without certain essential things as a result of lack of money, is also widespread (among 15% of the population).[76] Each, however, reduced as the economy continued to recover from the Great Recession in recent years, with Irish society becoming – albeit incrementally and marginally – slightly more equal.

Figure 2: Survey on Income and Living Conditions (SILC) 2013- 2018

	2013	2014	2015	2016	2017	2018
Income	€	€	€	€	€	€
Nominal Income - Equivalised disposable income per individual						
Median	17,983	18,385	19,461	20,331	20,869	22,872
Mean	21,656	22,041	22,984	23,682	24,983	26,766
At risk of poverty threshold						
(60% of median income)	10,790	11,031	11,677	12,199	12,521	13,723
Real Income[1] - Equivalised disposable income per individual						
Median	17,801	18,150	19,239	20,115	20,608	22,508
Mean	21,437	21,759	22,722	23,431	24,671	26,340
At risk of poverty threshold						
(60% of median income)	10,681	10,890	11,544	12,070	12,364	13,505
Poverty & deprivation rates	%	%	%	%	%	%
At risk of poverty rate	16.2	16.7	16.3	16.2	15.7	14.0
Deprivation rate[2]	30.5	28.9	25.4	21.0	18.8	15.1
Deprivation rate for those at risk of poverty	55.3	49.7	51.9	50.4	42.8	40.3
Consistent poverty rate	9.0	8.3	8.5	8.2	6.7	5.6
Income equality indicators						
Gini coefficient (%)	31.8	32.1	30.8	30.7	31.5	29.7
Income quintile share ratio	5.0	5.1	4.7	4.7	4.8	4.4

Source: Central Statistics Office.

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[74] See: https://www.gov.ie/en/collection/afb04e-poverty-measurement-and-monitoring/#what-is-poverty

[75] A household is at risk of poverty if their individualised income is below 60% of the national median.

[76] Basic deprivation is a situation where a household is unable to afford at least two of eleven listed conventional expenditures. See: https://www.gov.ie/en/publication/551c5d-poverty-indicators/

Poverty/deprivation has considerable wellbeing and health impacts,[77] and is considered to be both a *structural* phenomenon resulting from an unequal society[78] and a spatial or *geographical* one, in that it impacts predominantly on deprived areas and among marginalised communities. In the Dublin Region, for example, the pioneering work of Trutz Haase and Jonathan Pratschke[79] graphically illustrates where such concentrations exist. Using a colour coded spectrum ranging from deep blue depicting locations of greatest affluence, to deep red, which identifies locations with the highest level of deprivation, the authors take us on a virtual poverty tour of the Region during 2016:

> *Starting in the top right and moving anti-clock-wise, we can clearly identify the known disadvantaged area of Dublin, starting with Coolock-Darndale, then Ballymun, Finglas, and Cabra, parts of Blanchardstown, Clondalkin, Kilmainham, Cherry Orchard, West-Tallaght and even smaller areas in Dublin's South-side, like Nutgrove, and Ballybrack and Sallynoggin as we move towards Bray.*
>
> *Within the Greater Dublin Area, there has been a shift in the location of the most affluent areas. In 2006 the most affluent areas were in the Western part of the GDA. In 2011 and 2016, by contrast, affluence is again most pronounced in the local authority area of Dun Laoghaire/Rathdown (which includes the Local Electoral Areas of Rathgar-Rathmines, Blackrock, Glencullen, Sandyford, Stillorgan and Pembroke –South Dock.*

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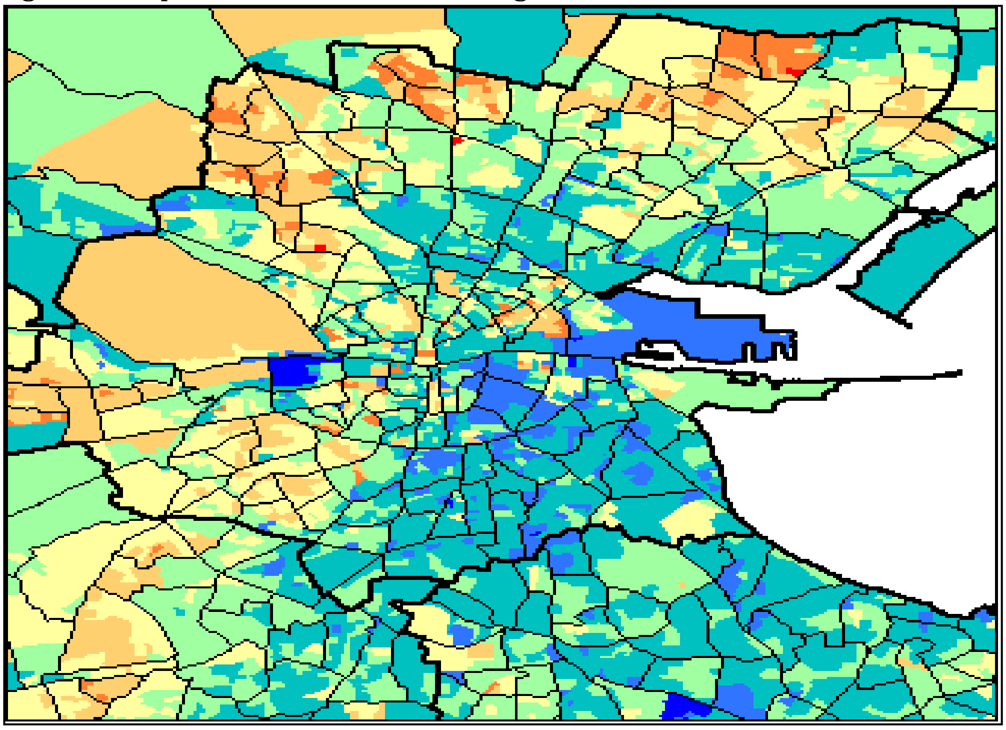
[77] Fitzgerald, J. (2019). 'There is a social gradient in ill health and earlier deaths: Poor people die younger; Inequality in life expectancy has received much less attention than income inequality', *Irish Times*, 5th July, 2019.
[78] Combat Poverty Agency and the Equality Authority (2003). *Poverty and Inequality: Applying an Equality Dimension to Poverty Proofing*. Dublin: Combat Poverty Agency and the Equality Authority.
[79] Haase, T. and Pratschke, J. (2017) *The 2016 Pobal HP Deprivation Index*, accessed at www.trutzhaase.eu.

Figure 3: Deprivation in the Dublin Region



Source: Haase/ Pratschke Deprivation Index

Poverty rates among various sections of the overall MABS client base have also been found to be considerably higher than population averages in for example South Mayo, Waterford and Dublin 10 and 20;[80] these findings corroborate a more general relationship in that poverty is consistently and highly correlated with the experience of household over-indebtedness.[81] Hence, tackling poverty through a range of measures as set out in a government action plan for promoting social inclusion,[82] is key to addressing over-indebtedness. According to the most recent update from September 2019, the Department of Employment Affairs and Social Protection (DEASP) is currently finalising a new whole-of-government social inclusion strategy.[83]

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[80] Stamp, S. and Joyce, P. (2016). *An Analysis of Mortgage Arrears among South Mayo MABS' Clients: A spatial dimension to a national problem?'* Castlebar: South Mayo MABS; Stamp, S. (2016) *'It's All About Access: An Independent Evaluation of the Waterford MABS Personal Insolvency Practitioner (PIP) Research Project'*. Dublin: Citizens Information Board and Waterford MABS; Stamp, S. McMahon, A. and McLoughlin, C. (2018) *Left Behind in the Cold? Fuel Poverty, Money Management & Financial Difficulty Among Dublin 10 & 20 MABS Clients: 2013 and 2017.* Dublin: Dublin 10 & 20 Money Advice and Budgeting Service;

[81] Stamp, S. (2006). 'Research highlights need for focus on higher persistent debt risk to poor households', *Action on Poverty Today*, Issue 14, Autumn (2006); Stamp, S. (2009). *An Exploratory Analysis of Financial Difficulties Among Those Living Below the Poverty Line in Ireland',* Research Working Paper. Dublin: Combat Poverty Agency; Russell, H, Maitre, B. and Donnelly, N. (2011). *Financial Exclusion and Over-indebtedness in Irish Households.* Dublin: Economic and Social Research Institute.

[82] Department of Social Protection (2016). *Updated National Action Plan for Social Inclusion 2015-2017.* Dublin: Department of Social Protection.

[83] https://www.gov.ie/en/collection/f96bb9-social-inclusion-policy/ , published 20th September 2019, accessed 22nd September 2020.

2.3. Over-indebtedness

As regards over-indebtedness – which we define as a persistent inability to meet household debts and essential living expenses as they fall due[84] – we have a number of indicators as to its extent and nature, albeit (unlike poverty) in the absence of an agreed way of measurement. As regards arrears for example, according to Social Justice Ireland, which has analysed the most recently available population data, in 2018, 11.2% of the population were living in households with arrears on mortgage or rent, utility bills or loan payments.[85]

More recent data comes from mortgage arrears statistics published quarterly by the Central Bank of Ireland, which illustrates over-indebtedness to be an ongoing issue for a significant number of owner-purchasers. Published information for the period January to March (Q1) this year relating to mortgages on family homes (Principal Dwelling Houses or PHD) reveals that at the end of the pre-COVID Quarter, 41,076 accounts (5.6%)[86] were in arrears for over 90 days, while 26,421 of these (3.6% of total mortgage PDH accounts) were in arrears for over two years, many having been so for at least five years.[87] Data in respect of other types of arrears including unsecured loans are not identifiable at the household level, a deficit that we have previously noted.[88]

MABS statistics[89] also strongly suggest over-indebtedness to be an ongoing phenomenon within Irish society, with a peak having occurred in 2011-13 following the fallout from the Global Financial Crisis (GFC) and prior credit boom largely resulting from imprudent lending and non-intrusive regulation.[90] Around 19,000 new clients present to MABS Services annually, albeit slightly fewer last year (almost 17,000) when over 25,000 calls were also made to the MABS Helpline. Among the 5,020 new clients that presented (or re-presented) to services in January to March this year, a total of 5,517 debts were recorded as outstanding to creditors, principally involving mortgages and personal loans (see Table 2). An important caveat to these data is the disclaimer attached, namely “debts may not be recorded for all clients”, hence the number of debts associated with these new clients - once ascertained - is likely to be much higher. Research conducted in the run up to the Global Financial Crisis for example found that almost 57% of MABS clients were multiply over-indebted in that they had two or more outstanding debts.[91]

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[84] Stamp, S. (2009). *A Policy Framework for Addressing Over-indebtedness*. Dublin: Combat Poverty Agency, p.7.

[85] See: https://www.socialjustice.ie/content/policy-issues/need-personal-debt-taskforce-thousands-lose-their-jobs-wake-Covid-19

[86] An estimated 30,000 households on the basis of mortgaged-population data contained in Census 2016.

[87] See: https://www.centralbank.ie/docs/default-source/statistics/data-and-analysis/credit-and-banking-statistics/mortgage-arrears/residential-mortgage-arrears-and-repossession-statistics-march-2020.pdf?sfvrsn=4

[88] Stamp and Joyce (2017), ibid.

[89] See MABS statistics, various years: https://www.mabs.ie/en/about_us/mabs_statistics.html

[90] Houses of the Oireachtas (2016). *Report of the Joint Committee of Inquiry into the Banking Crisis, Volume 1*. Dublin: Houses of the Oireachtas.

[91] Stamp, S. (2009). Personal Debt, Poverty and Public Policy in Ireland. PhD Thesis, NUI Maynooth, p.127.

TABLE 2: MABS new client debt count, Q1 2020.

New Client Debt Count (Budget Negotiable & Special Account Clients Only)

*Debts may not be recorded for all clients

Active Debt Types	Q1	Q2	Q3	Q4
Personal Loans with Financial Institutions	1684			
Utilities	567			
Credit Card	712			
Mortgage	1675			
Hire Purchase Loan	186			
Money Lender	185			
Overdraft	199			
Rent	172			
Catalogue	65			
Fine	59			
Sub Prime	11			
Waste Charges	2			

Source: MABS statistics.

Research tells us that over-indebtedness is similar to poverty in that socio-economic factors underlie it,[92] with institutional, individual and cultural factors also playing a part;[93] further, that debt triggers are largely beyond the control of the households concerned and predominantly caused by macro-economic and force majeure factors[94] such as unemployment, loss of income, or ill-health. Finally, its consequences are potentially wide-ranging and profound in terms of health, wellbeing and social isolation, hence it can be a problem with serious ramifications for those affected.[95] In response, Irish public policy has tended to focus on *cure* by way of a service-based response to the problem pitched at those willing to help themselves,[96] with a lesser focus on preventative measures albeit with some noteworthy exceptions in terms of education,[97] information,[98] and regulation[99] respectively.

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[92] Russell, H. Maître, B. and Whelan, C (2011). *Economic vulnerability and severity of debt problems: An analysis of the Irish EU-SILC 2008.* Dublin:
Economic and Social Research Institute.

[93] Stamp (2009), ibid.

[94] Alleweldt, F, Kara, S, Graham, R, Kempson, E, Collard, S, Stamp, S, Nahtigal, N. (2014). *The Over-Indebtedness Of European Households: Updated Mapping Of The Situation, Nature And Causes, Effects And Initiatives For Alleviating Its Impact*. Final Report, Part 1: Synthesis of Findings. Brussels: European Commission, p.3.

[95] Alleweldt et al (2014), ibid.

[96] For example: the Money Advice and Budgeting *Service;* the Abhaile *Service*; and the Insolvency *Service* of Ireland.

[97] MABS for example has produced a range of money management education resources. See: https://www.mabs.ie/en/how_we_help/education/mabs_money_management_education_resources.html

[98] See for example the Consumer Protection and Competition Commission's "money tools": https://www.ccpc.ie/consumers/money-tools/

[99] See for example the Central Bank's mortgage lending limits: https://www.centralbank.ie/consumer-hub/explainers/what-are-the-mortgage-measures

2.4. Financial exclusion

Financial exclusion, commonly defined as an inability to access or use mainstream financial services such as banking, credit, savings and insurance, [100] is a phenomenon highly correlated with the experience both of poverty and over-indebtedness.[101] As Ireland has become a more financialised society, a person or household unable to avail of related services appropriate to their needs becomes marginalised in this sense, hence the term.[102] Market failure in this regard has not been replaced by policy initiatives, albeit with some notable exceptions that have mitigated it.[103] There are also invariably consequences to such exclusion in terms of increased costs, reduced disposable incomes and inability to cope with unexpected demands or events.[104] We are unable to ascertain the extent of financial exclusion, again due to a lack of data sources, but there are a number of indicators that suggest this to be a persisting problem for a substantial minority of households.

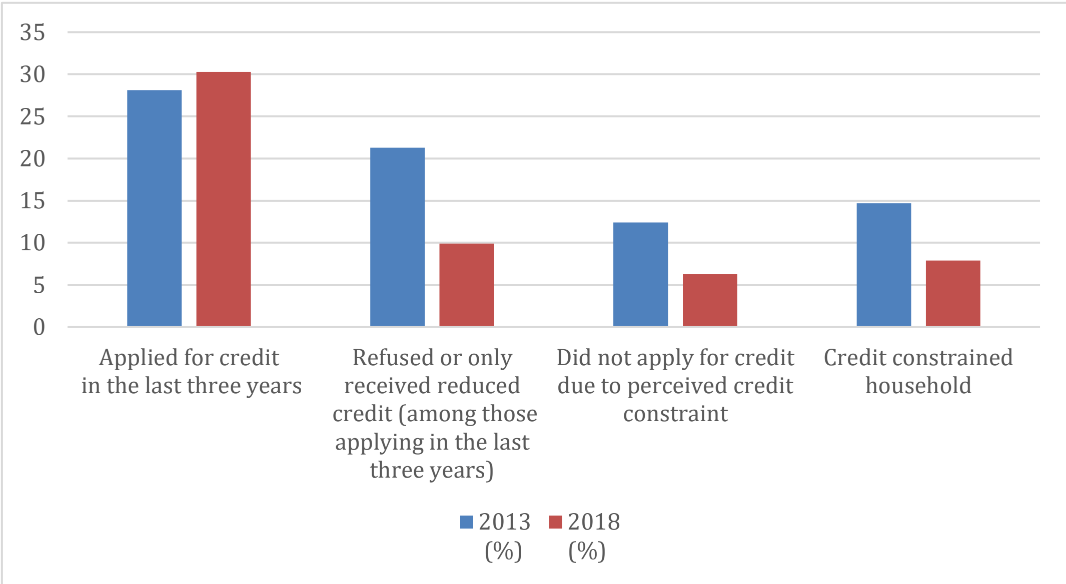
According to the most recently accessible national data,[105] banking exclusion affected 5.8% of households in 2018 who were without the use of a current account.[106] Information supplied by DEASP in the course of a recent research enquiry[107] reveals that around 30% of all claimants opt to receive their social welfare payments in the post office as opposed to by way of bank transfer. These payments are primarily concentrated among those on income supports such as jobseekers payments, Supplementary Welfare Allowance (SWA), and One Parent Family Payment (OPFP). It is also notable that a majority of non-contributory state pensions are paid in this way, and that those in receipt of "allowances" rather than "benefits" are more likely to be paid in post offices.

Information on credit exclusion - or inability to access affordable credit - is even harder to find, but again there are indications that this issue affects a considerable number of households. The most recent data here emanates from

[100] European Commission, 2008a. *Financial Services Provision and Prevention of Financial Exclusion.* Brussels: European Commission, p9.
[101] Russell et al (2011), ibid.
[102] Gloukoviezoff, G. (2011). *Understanding and Combating Financial Exclusion and Overindebtedness in Ireland: A European Perspective.* Dublin: The Policy Institute, Trinity College Dublin.
[103] See for example the European Directive on access to (bank) payment accounts with basic features (Directive 2014/92/EU), transposed into Irish law in September 2016 by way of the European Union (Payment Accounts) Regulations 2016. The "It Makes Sense Loans Scheme", operated by around half of Irish credit unions, is a good example of a national initiative to promote affordable credit.
[104] Corr, C. (2008) *Financial Exclusion in Ireland: An Exploratory Study and Policy Review*. Dublin: Combat Poverty Agency.
[105] Information sourced directly from the Central Statistics Office for a forthcoming piece of research for National Traveller MABS. The finding is based on the most recent Survey on Income and Living Conditions (SILC), 2018.
[106] Against this backdrop, progressive measures in response to the pandemic such as an increase in contactless payment transactions in stores from €30 to €50 and the deferral of stamp duty on credit cards from April to July to minimise the handling of cash, clearly do not apply to those excluded from such facilities.
[107] Again for National Traveller MABS.

2018, when the Central Statistics Office found that 7.9% of Irish households were credit constrained;[108] that is to say they had either applied for credit in the previous three years and were refused or only received reduced credit, or did not apply for credit due to perceived credit constraint. As with other phenomena such as poverty and deprivation, credit exclusion appears to be reducing over time, albeit with a significant minority of households still left behind (Chart 2).

CHART 2: Credit constraint among Irish households, 2013 and 2018



Source: Central Statistics Office

2.5. At risk groups

Key to understanding how these three phenomena – over-indebtedness, poverty and financial exclusion – play out is to examine which groups are most affected or at risk of being impacted by each. As Table 3 shows, a number of cohorts consistently appear under the various headings; this tells us that such groups are experiencing multiple disadvantage, although it is important to note that not everyone within a particular group may be similarly impacted as their members are far from homogenous. Nonetheless, as we can see, unemployment, income shock, ill-health or disability, parenting alone, social tenancy and membership of the Traveller community are highly correlated with *each* phenomena; indeed, several are also identified with increased exposure to mortgage arrears as shown in the final column. We can conclude from this that labour force status, household composition, tenure type and ethnicity *matter* when predicting the likelihood of a particular household being marginalised both before and after the arrival of COVID, and perhaps in multiple respects.

[108] Central Statistics Office (2020). *Household Finance and Consumption Survey (HFCS) 2018*. Cork: Central Statistics Office.

TABLE 3: Groups at risk of poverty, over-indebtedness, financial exclusion and mortgage arrears

	Poverty	**Over-indebtedness**	**Credit constraint**	**No banking current account**	**Mortgage arrears**
Population rate (most recent year)	14.0% (2018)	11.2% (2018)	7.9% (2018)	5.8% (2018)	3.4% (2020)
Groups/ households most at risk	- Not at work due to illness or disability; -Unemployed; - Lone parents; - Social tenants; - Travellers	- In poverty; -Lower than average incomes; - Social tenants; - Social welfare dependent; -Parenting alone; -Ill/with a disability; -Suffered an income shock; -Travellers	-Relatively lower incomes; -Unemployed; -Younger(<35); -Lone parent; -Social tenant; -Unable to work through illness or disability; -Travellers	-Lower incomes; -Local authority tenants; -Unemployed persons; -Older (65+); - Travellers	-Income/ employment precarity; -Income shock; -Change in employment conditions; -Unemployment; -Lower education levels; -Having dependent children; -Lower savings/wealth; –Larger households; - Low paid employment.

Source: Survey on Income and Living Conditions, 2018; Household Finance and Consumption Survey, 2018; McCarthy, 2014.[109]

As the pandemic struck, therefore, not everyone was on a level playing field to begin with. Another way of looking at multiple disadvantage is that it results in reduced *resilience* to external shocks, and COVID-19 has perhaps provided the most profound of these for our generation. There is emerging evidence of an *inequality dimension* to the pandemic in terms of public health both globally and in Ireland, with certain disadvantaged groups impacted more severely than others such as precarious workers,[110] the Traveller Community[111] and those in

[109] McCarthy, Y. (2014). *Dis-entangling the mortgage arrears crisis: The role of the labour market, income volatility and housing equity*. Dublin: Central Bank of Ireland. Although

[110] 'The low-paid workers keeping Ireland running during the pandemic: we rely on some of our most precarious and lowest-paid workers to keep the country operating during this coronavirus crisis.' Opinion piece, *Irish Times*, 8th April 2020, Maeve O'Sullivan, UCC; Christine Cross, University of Limerick and Jonathan Lavelle, University of Limerick.

Direct Provision.[112] Initial research based on the United States suggests there is also a 'poverty premium' to the pandemic, in that;

> *Many of the risk factors associated with the severity of COVID-19 are correlated with income. Poor people often have a harder time isolating as a means of protecting themselves from infection… income is strongly associated with self-protective behavioural responses, with poorer individuals less able to practice social distancing and less able to telework… low-income gig workers, such as food-delivery bikers, are more likely to keep working during the pandemic…*
>
> *However, the marginal cost of greater social distancing is likely to be higher for poorer families, whose work and living circumstances cannot be easily changed; this is what we dub the 'protection effect'… Our interpretation is that poorer people are less able to protect themselves, which leads them to different choices – they face a steeper trade-off between their health and their economic welfare in the context of the threats posed by COVID-19. This points to a role for anti-poverty policies, such as cash transfers, to complement health policies in combating this infectious disease.*[113]

These concerns are echoed by an Irish study conducted by the ESRI and published in July this year, focusing on how the pandemic disproportionately impacts upon children and young people from *disadvantaged* backgrounds:

> *Increased inequality is also related to the differential economic impact of pandemic-related restrictions. Job losses have been concentrated among younger and lower-income groups, and unemployment is predicted to remain at relatively high levels in the short to medium term. Previous research has pointed to the negative effects of recessions on children's socio-emotional and educational outcomes. Therefore, greater financial strain in many families, particularly after the phasing-out of the Pandemic Unemployment Payment and the Temporary Wage Subsidy Scheme, will negatively affect the wellbeing of children and young people. Young people making the transition to the labour market are likely to face particular difficulties in obtaining employment, especially as emigration is no longer an option for those who face difficulties in accessing jobs in Ireland.*[114]

Other disadvantaged groups have also been specifically identified as being disproportionately affected by the pandemic. These include; those affected by homelessness, women experiencing domestic violence, migrant communities, and those with addictions. Additionally, those with limited capacities and

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[111] 'Impact of Covid-19 on Travelling people: 'Worst that ever came': Families living through the coronavirus crisis on what are overcrowded and unsafe sites', *Irish Times*, 3rd April 2020.
[112] 'Concern over virus clusters at direct provision centres', *RTÉ News,* 2nd August 2020.
[113] Brown, C. and Ravallion, M. (2020). 'Poverty, inequality, and COVID-19 in the US', *Research Column,* 10th August 2020 https://voxeu.org/article/poverty-inequality-and-Covid-19-us
[114] Darmody, M. Smyth, E. and Russell, H. (2020). *The Implications of the Covid-19 Pandemic for Policy in Relation to Children and Young People: A Research Review,* ESRI Survey and Statistical Report Series, Number 94, July 2020. Dublin: Economic and Social Research Institute. https://www.esri.ie/system/files/publications/SUSTAT94_3.pdf

opportunities to cope and adapt - including those with limited access to (or unfamiliarity with) technologies such as laptops, tablets, mobile phones and internet/broadband - are also at risk. Taken together, a leading Irish and European poverty scholar concludes as follows: [115]

> *As the COVID-19 (CV-19) pandemic has spread across the world, it has become increasingly clear that while the virus and measures being implemented to combat it are affecting everyone, the impact is and will continue to be much greater for those who are disadvantaged and experiencing poverty and social exclusion. Indeed the CV-19 crisis is bringing into sharper focus already existing inequalities.*

2.6. Financial wellbeing and capability

Further useful concepts in helping us contextualise financial difficulty are those of financial wellbeing and capability, respectively. In developing such concepts, researchers are in essence attempting to combine demographic and socio-economic characteristics with behaviour and knowledge to shine a light on how each interacts with the other. Research by the Competition and Consumer Protection Commission (CCPC)[116] identifies a positive relationship between improved *financial capability* - in terms of behaviours and approaches to money[117] - and enhanced *financial wellbeing* outcomes as regards resilience and comfort. [118] Specifically it concludes that:

- Financial well-being varies considerably across various groups of people;
- Socio-economic factors have a crucial influence on financial well-being;
- Behaviours also have an important impact on financial well-being;
- Knowledge and experience helps, but it is not as important as behaviour.

Three key elements to achieving financial wellbeing are posited, namely:

- Meeting current commitments (e.g. by way of reduced debt repayments and restrained consumer borrowing);
- Being financially comfortable (e.g. through not borrowing for daily expenses);
- Building financial resilience for the future (e.g. through active saving).

As Table 4 below shows, financial wellbeing rises across four defined groups, and increases with age, education level, owner occupation, affluence and employment. Once again, we see that those scoring poorly in respect of each

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[115] Frazer, H. (2020) *Covid-19: Lessons from disadvantaged communities for EU social policy.* OSE Working Paper Series, Opinion Paper No. 24, Brussels: European Social Observatory.

[116] Competition and Consumer Protection Commission (CPCC) (2018). *Financial Capability and Well-being in Ireland in 2018.* Dublin: Competition and Consumer Protection Commission.

[117] *"Financial capability"* is defined as 'the behaviours and approaches to financial decision making that influence someone's financial well-being', p2.

[118] *"Financial well-being"* is defined as 'the extent to which someone is able to meet all their current commitments and needs comfortably and has the financial resilience to do so', p2.

dimension tend to be those who struggle the most, but crucially the authors conclude that we need to tackle both social disadvantage <u>and</u> financial behaviour if we want to maximise financial wellbeing across the population. By extension, our reading of the argument is that while improved financial capability cannot eliminate the former by itself, it can *mitigate* it by supporting people to improve their individual wellbeing however marginally.

Indeed, this in essence is the role often played over time by MABS services when clients have little or no margin in terms of affording basic living expenses and debt repayments, particularly when dependent on fixed (social welfare) incomes. Budgeting advice in this context has been referred to as supporting people to manage their poverty, and although it does not resolve it, nonetheless it is an important intervention in giving people a sense of security through knowing there is someone there to talk to as and when crises arise from time to time.[119]

TABLE 4: Financial wellbeing in Ireland, 2018

Category	Secure (25%)	Fine now but little put by (52%)	Just about coping (16%)	Struggling (7%)
Age	Older (53 yrs)	Middle (46 yrs)	Youngest (43 yrs)	2nd youngest (44 yrs)
Education	53% have degree	43% have degree	24% have degree	50% Junior Cert (max)
Tenure	11% tenants	32% tenants	53% tenants	54% tenants
Savings	3/4 > 6 mths income	54% > 3mths income	68% < 1 mths income	94% < 1 mths income
Affluence	Most affluent-53K pa	Next affluent -40K pa	Below avg - 31K pa	Least affluent-24K pa
Income shock	Least likely	Few experienced	1/5 income drop	Higher likelihood
Unemployment	Almost zero	Generally unlikely	1/10 unemployed	1/3 unemployed
Illness/disability (inability to work)	Almost zero	Generally unlikely	N/S	8% unable
Financial resilience	Avg. score=85	Avg. score=51	Avg. score =22	Avg. score =6
Borrow (bills/live)	Almost none	Almost none	1/3 struggle with bills	3/4 struggle with bills
Active saving	High (score= 83)	High (score =70)	Lower (score =41)	Lowest (score = 30)
Confidence	Quite confident	Fairly confident	Not that confident	Low confidence
Personal responsibility	Quite high degree	Reasonable degree	Moderate degree	Low degree
Leisure leeway	N/S	N/S	46%-finances inhibit	89% -finances inhibit
Parental guidance	3/4	2/3	Around half (52%)	Less than half (38%)
School/college money teaching	Majority (60%)	Just over half (52%)	Less than half (44%)	1/10

Source: Consumer Protection and Competition Commission.

[119] Stamp, S. (2011). 'The Impact of Debt Advice as a Response to Financial Difficulties in Ireland', *Social Policy and Society*, Volume 11 / Issue 01 / January 2012, pp 93-104.

2.7. Summary

Although the pandemic does not distinguish between class, status or demographic, what is becoming clear is that its consequences are more profound for certain disadvantaged individuals and groups; hence it has in a sense, shone a light on inequalities and fault-lines within Irish society. Many of these divergences relate to personal finance, with groups more exposed to coronavirus among those more prone to the experience of financial difficulties in general.

There is considerable overlap between those most at risk of poverty, over-indebtedness and financial exclusion, and this plays out in terms of multiple disadvantage and reduced financial wellbeing amongst a substantial minority within Irish society. There is also a spatial dimension here, and as we have seen, the Dublin Region contains identifiable areas both of relative deprivation and affluence. Against this backdrop, budgeting and money management support through MABS has a potentially important role to play.

While a service such as MABS cannot fundamentally alter underlying socio-economic disadvantage – although it can of course highlight it and sometimes make a difference at the individual level – it can alleviate difficulty by being there as a support wherever and whenever people need it. Further, it can encourage behaviours that can at least ameliorate, if not all together resolve, financial problems. These opportunities are however, often limited by the very nature of the client base itself, as we now examine in the following section.

3. The Dublin Region MABS "active" client base

3.1. Introduction

In this section, we take our baseline to be what might be termed the "active" MABS client base in the Dublin Region as at 12th March; that is to say, clients for whom a working case-file was open for some reason at the time severe social restrictions were first implemented.[120] We begin by describing overall trends in terms of numbers, before turning to a series of demographic, household and case characteristics to identify any changes in this base, and what such change suggests about the impact of the virus and associated policy responses. Our analysis cut off period is 30th June 2020, the end of the second annual Quarter (Q2) which provides both enough time for any shift(s) to become apparent and offers an opportunity for further quarterly analyses should this be desired going forward. This also coincides with the time that societal restrictions were eased as Ireland moved to Phase Three of the recovery roadmap.

Throughout this section, our analysis is based on administrative data contained in the national database, MABSIS, which records details on clients for whom a file is opened;[121] this dataset enables us to compare data for Dublin Region offices with their non-Dublin counterparts and indeed with respect to MABS clients as a whole. MABSIS enables us to identify key client variables in this regard, namely: gender; age profile; primary income source;[122] marital status; living arrangements; and household size and composition.[123] Further administrative detail is recorded as to the case creation date, when the client first approached MABS.

3.2. Overall numbers

As Table 5 below shows, and in line with what might be expected as a result of the various income cushioning, household protection and payment forbearance discussed earlier, there was a considerable drop off in *active* client numbers immediately following societal restrictions, reflecting a trend identifiable in *new* client presentations. However, although the latter fell by almost half between Q1-2020 (4,989) and Q2-2020 (2,578), with a similar fall between Q2-2020 and Q2-2019 (4,664),[124] the fall in *active* client numbers was much less steep,

[120] Cases can be at various stages of the money advice process. These may be summarised as: research; assessment; planning; implementation; monitoring; and review/closure. See: McCaul, M. and Stamp, S. (1999). *A Good Practice Manual for Money Advisers.* Dublin: National Social Service Board, Section 1, p.11.

[121] These are clients classed either as "special account" (clients availing of a bill paying and debt repayment facility operated through MABS in partnership with Credit Unions) or "budget negotiable" (MABS cases that require negotiation, but not the use of Special Account). A third category, "information only", refers to cases that do not require negotiation or the use of Special Account; a file is not generally opened in such cases.

[122] Secondary income sources are also recorded, but we do not address these here as our focus is on the household's primary source of income as an indicator of labour force status.

[123] We are sincerely grateful to Felipe Tosca from MABS Support CLG for all his help in this regard.

[124] See MABS statistics: Q2-2019, Q1-2020 and Q2-2020.

averaging out at between a fifth and a quarter and marginally higher in Dublin. This is explained by a 2:1 ratio in discharged clients versus newly active ones,[125] a ratio that holds across both Dublin and Non-Dublin Regions; in other words, whereas pre-COVID, new clients would replace those discharged at a similar or higher rate, from March to June, they only did so at around 50%. The indications are, however, that this trend is reversing as protective measures taper or end. A barometer here are MABS Helpline calls, which by the week-commencing September 30th were 39.1 per cent *higher* than for the same week in 2019, while September saw the highest volume of calls since 2014.[126]

TABLE 5: Active, discharged and new client case comparisons: March 12th to June 30th

2020 Cases	Dublin Region	Non-Dublin Region	All Regions
Active: 12th March	2,993	11,950	14,943
Active: 30th June	2,195	9,285	11,480
Percentage drop	-26.7%	-22.3%	-23.2%
Discharged 13th March to June 30th	1,019	3,676	4,695
New clients 13th March to June 30th	458	1,873	2,331

Source: MABSIS

3.3. Gender

Over time, more women than men have regularly presented as *new* clients, with the ratio proving markedly consistent over time; in 2009 for example, the respective percentages were 53.8% (female) /46.2% (male),[127] and as of Q1-2020, they stood at 53.7% (female) to 46.3% (male).[128] As regards *active* clients, a similar picture emerges in the run-up to COVID, with a marginal skew towards females over males, which is slightly more pronounced in Dublin compared with elsewhere. There was almost no discernible change in these percentages over the following Quarter, suggesting that COVID has had no significant impact on MABS services in terms of gender, a supposition corroborated by an analysis of new clients presenting from 13th March to 30th June. Discharge rates among female and male clients during this period also largely reflect the proportions within the pre-pandemic client base (Table 6).

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[125] These are clients who became newly active between March 13th and June 30th and were still active at the end of this period.

[126] 'Covid-19 and financial distress: 'What we're seeing now is only the beginning', MABS helpline receiving growing number of calls from workers in sectors hit by restrictions', *Irish Times*, 17th October 2020.

[127] https://www.mabs.ie/downloads/statistics/MABS_stats_Q4_2009_1_.pdf

[128] https://www.mabs.ie/downloads/statistics/Mabs_National_Stats_Report_2020_Q1.pdf

TABLE 6: MABS clients by gender: 12th March to 30th June 2020

Active: 12th March	Dublin Region (n=2,993)	Non-Dublin Region (n=11,950)	All Regions (N = 14,943)
Female	54.73	52.22	52.72
Male	45.27	47.78	47.28
Active: 30th June	**Dublin Region (n=2,195)**	**Non-Dublin Region (n=9,285)**	**All Regions (N = 11,480)**
Female	54.72	52.34	52.80
Male	45.28	47.66	47.20
New: 13th March to 30th June	**Dublin Region (n=458)**	**Non-Dublin Region (n=1,873)**	**All Regions (N = 2,331)**
Female	53.71	53.50	53.54
Male	46.29	46.50	46.46
Discharged: 13th March to 30th June	**Dublin Region (n=1,019)**	**Non-Dublin Region (n=3,676)**	**All Regions (N = 4,695)**
Female	55.05	52.29	52.89
Male	44.95	47.71	47.11

Source: MABSIS

3.4. Age

New client presentations to MABS have been growing progressively older over time. In 2009 for example, only around 1/3 of new clients (34%) nationally were in the 41-65 age bracket; by 2019, the figure had almost doubled to 62% or just shy of 2/3, and as of Q1-2020, amounted to over 63%. As regards the *active* client base as COVID approached, the percentage of clients aged 41-65 was even higher, standing at over 68% nationally albeit slightly lower (65%) across the Dublin Region. This age profile reflects both an older mortgage arrears cohort and the reality that related problems are often longstanding and difficult to solve both for money advisers and Dedicated Mortgage Arrears Advisers (DMA) alike,[129] hence cases can take longer to resolve.

This 'ageing' trend has become even more identifiable since COVID's arrival, particularly outside of Dublin where over 70% of active clients as of 30th June fall into the 41-65 age bracket, an increase largely explained by higher rates of case discharge among the 26-40 age group (Table 7). It is also likely that the lower rate of discharge among clients aged 41-65 is related to the protracted nature of mortgage arrears cases as alluded to above. Interestingly, there has actually been a proportional reduction in *new* presentations among the 41-65 age group in the March–June period and particularly so in Dublin, presumably related to the implementation of mortgage payment breaks for those newly encountering

[129] Stamp, S. and Joyce, P. (2018). *Evaluation of the Dedicated Money Adviser (DMA MABS) Service*, internal review conducted for the Citizens Information Board.

financial difficulty. Finally, it is noteworthy that the 65+ age category has increased as a percentage of the Dublin client base since restrictions, due to a combination of higher rates of new 'older' clients and lower rates of discharge within this category across the Region. This is a cohort disproportionately impacted by financial exclusion as we have already seen.[130]

TABLE 7: MABS clients by age: 12th March to 30th June 2020

Active: 12th March	**Dublin Region (n=2,993)**	**Non-Dublin Region (n=11,950)**	**All Regions (N = 14,943)**
Age			
15-18	0.07	0.01	0.02
19-25	2.41	1.44	1.63
26-40	24.52	22.21	22.67
41-65	65.09	68.75	68.02
65+	7.92	7.59	7.66
Active: 30th June	**Dublin Region (n=2,195)**	**Non-Dublin Region (n=9,285)**	**All Regions (N = 11,480)**
15-18	0.00	0.02	0.02
19-25	1.69	1.22	1.31
26-40	22.82	19.96	20.51
41-65	66.24	71.09	70.17
65+	9.25	7.71	8.01
New: 13th March to 30th June	**Dublin Region (n=458)**	**Non-Dublin Region (n=1,873)**	**All Regions (N = 2,331)**
15-18	0.22	0.05	0.09
19-25	4.15	2.56	2.87
26-40	27.29	24.08	24.71
41-65	59.39	64.87	63.79
65+	8.95	8.44	8.54
Discharged: 13th March to 30th June	**Dublin Region (n=1,019)**	**Non-Dublin Region (n=3,676)**	**All Regions (N = 4,695)**
15-18	0.20	0.00	0.04
19-25	4.61	2.29	2.79
26-40	28.36	27.99	28.07
41-65	61.14	62.38	62.11
65+	5.69	7.34	6.99

Source: MABSIS

3.5. Primary income source

As with age, there has been a noteworthy change in the primary income source of *newly* presenting clients over time, with social welfare dependent clients featuring proportionately less and waged clients relatively more, reflecting both increasing economic growth and a growing 'mortgaged' cohort during the

[130] Pro-active targeting around budgeting advice within the Region may be a factor here.

decade following the Global Financial Crisis.[131] National data is presented in aggregate terms by way of two categories, namely: Social Welfare; and, Wage / Self Employed / Other /Maintenance.[132] In 2009, the relevant percentage ratio of new client presentations was 69% (social welfare) / 31% (wage +); by 2019, it was 54% (social welfare) /46% (wage+), the same as for Q1 2020. When we examine *active* clients (Table 8), it is noticeable that the proportion of social welfare clients is slightly smaller, at around half and indeed slightly below in Dublin. Further, the wage/other/maintenance category transpires to be made up predominantly of those who are waged (over 8 in 10).

TABLE 8: MABS clients by primary income source: 12th March to 30th June 2020

Active: 12th March	**Dublin Region (n=2,993)**	**Non-Dublin Region (n=11,950)**	**All Regions (N = 14,943)**
Social welfare	47.14	49.69	49.18
Wage/self- employment	46.24	42.61	43.34
Other	6.62	7.70	7.48
Active: 30th June	**Dublin Region (n=2,195)**	**Non-Dublin Region (n=9,285)**	**All Regions (N = 11,480)**
Social welfare	49.16	50.15	49.96
Wage/self- employment	45.10	42.41	42.93
Other	5.74	7.44	7.11
New: 13th March to 30th June	**Dublin Region (n=458)**	**Non-Dublin Region (n=1,873)**	**All Regions (N = 2,331)**
Social welfare	56.11	52.11	52.90
Wage/self- employment	30.79	38.01	36.59
Other	13.10	9.88	10.51
Discharged: 13th March to 30th June	**Dublin Region (n=1,019)**	**Non-Dublin Region (n=3,676)**	**All Regions (N = 4,695)**
Social welfare	44.85	49.18	48.24
Wage/self- employment	46.52	42.17	43.11
Other	8.63	8.65	8.65

Source: MABSIS

In the Quarter following restrictions, what is most noticeable is a marked increase in the proportion of social welfare recipients among *new* presentations, particularly in Dublin. This has led to an increase, albeit more modest, in this category within the Region's client base as a whole, its impact having been somewhat mitigated by case discharges. This finding suggests that the trend of falling social welfare client rates over the previous decade may be starting to change, an indicator perhaps of reduced financial wellbeing among the population at large.

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[131] Stamp and Joyce (2016), ibid.

[132] It would be useful for the sake of analysis if these categories were divided into three, namely wage/self-employed; other (including maintenance); and social welfare.

Digging a little more deeply, we see that among new post 13th March clients, there is a substantial percentage for whom a Pandemic Unemployment Payment is their primary income source. Nationally, this figure amounts to almost 9%, rising to over 11% within the Dublin Region, a finding which suggests that COVID-specific income supports have not entirely mitigated financial difficulty for a substantial minority; what is notable about this sub-group of Dublin clients is that less than a third are mortgaged, thus their financial concerns lie elsewhere.[133] Relatively few March-June clients were in receipt of wage subsidies or enhanced illness benefit.

3.6. Marital status

MABS national statistics for 2019, and for Q1-2020, reveal that among new clients, the leading category was single persons (around 30%), followed by couples with children (around 26%), those single with children (around 25%), and couples without children (c.15-16%). This suggests not just that considerable numbers of all household types experience financial difficulty, but that its risk is greater for some than others. Although not exactly comparable, when compared to the most recently available Census data for example, 'single with children' households appear to be considerably over-represented in the MABS client base by a factor of over 2; single person households are also slightly over-represented, whereas the percentages of couples both with and without children are below societal norms (Figure 4).

Figure 4: Private household composition among the population, 2016

	2016
All private households	
All private households	1,702,289
One person	399,815
Married couple	254,744
Cohabiting couple	68,396
Married couple with children	529,687
Cohabiting couple with children	68,979
One parent mother with children	153,189
One parent father with children	24,731
Married couple with other persons	13,328
Cohabiting couple with other persons	6,966
Married couple with children and other persons	27,791
Cohabiting couple with children and other persons	4,657
One parent mother with children and other persons	17,206
One parent father with children and other persons	3,413
Two family units with/without other persons	21,857
Three or more family units with/without other persons	523
Non-family households containing related persons	37,648
Households comprised of unrelated persons only	69,359

Source: Central Statistics Office, Census 2016.

[133] Almost half (n=25) are tenants.

These trends also broadly hold among *active* MABS clients both nationally and outside of Dublin as can be seen in Table 9 below. What is striking, however, is: (i) the relatively higher proportions of both single and single with children[134] clients across the Dublin Region, and (ii) the high level of single clients among new presentations across Dublin, suggesting there to be particular issues affecting this cohort since the pandemic's arrival.

TABLE 9: MABS clients by marital status: 12th March to 30th June 2020

Active: 12th March	**Dublin Region (n=2,993)**	**Non-Dublin Region (n=11,950)**	**All Regions (N = 14,943)**
Couple	13.06	16.51	15.82
Couple with children	24.16	27.20	26.59
Single	31.64	29.39	29.84
Single with children	29.64	24.30	25.37
Unknown	1.50	2.60	2.38
Active: 30th June	**Dublin Region (n=2,195)**	**Non-Dublin Region (n=9,285)**	**All Regions (N = 11,480)**
Couple	13.03	17.01	16.25
Couple with children	23.64	28.17	27.31
Single	32.21	28.70	29.37
Single with children	29.79	23.89	25.02
Unknown	1.33	2.23	2.05
New: 13th March to 30th June	**Dublin Region (n=458)**	**Non-Dublin Region (n=1,873)**	**All Regions (N = 2,331)**
Couple	14.63	19.86	18.83
Couple with children	20.96	29.20	27.58
Single	35.15	27.82	29.26
Single with children	24.45	18.53	19.69
Unknown	4.81	4.59	4.64
Discharged: 13th March to 30th June	**Dublin Region (n=1,019)**	**Non-Dublin Region (n=3,676)**	**All Regions (N = 4,695)**
Couple	13.25	16.59	15.87
Couple with children	23.85	25.76	25.35
Single	32.09	30.11	30.54
Single with children	28.75	23.67	24.77
Unknown	2.06	3.87	3.47

Source: MABSIS

In terms of household size, the situation as at 30th June remains almost identical to that of 12th March when restrictions began. The average MABS client household contains 1.55 adults and 1.04 children, or 2.59 persons, and there is little significant variation between Dublin and the rest of the country. Average household size nationally is 2.7 persons; hence MABS client households are ever

[134] Lone parenthood is frequently associated with poverty, over-indebtedness and financial exclusion.

so slightly smaller, probably due to the higher proportion of single person clients.

3.7. Living arrangements

As with age and primary income source, this category (which might also be defined as 'tenure status') has undergone considerable change in terms of new client statistics over time. Whereas in 2009 only 35.7% of *new* presentations were 'mortgaged', by the end of 2019, the percentage had risen to 48.6% as MABS has increasingly become the policy "hub" in terms of service response to the protracted mortgage arrears crisis.[135] By the end of Q1-2020, new mortgaged presentations were running at just above 50%.

Turning now to *active* cases, we see from Table 10 below that the pool of mortgaged clients is somewhat higher outside of Dublin where this trend has increased further since restrictions, primarily as a result of slightly lower discharge percentages among this group. In Dublin, although a similar percentage growth has occurred - albeit from lower start-point - what is striking is the notable and continued skew towards *social tenants* across the Region; indeed by the end of June, the proportion of this cohort among the active client base was almost twice that of elsewhere, mainly due to high discharge rates outside of Dublin. Social tenancy is highly correlated with the experience of poverty, over-indebtedness and financial exclusion as we saw in Section 2.

Two further tenure-related developments are also worthy of note. Firstly, since COVID's arrival there has been a rise in new private tenant presentations both in the Dublin and Non-Dublin Regions, albeit obscured to some degree by similar discharge percentages. Secondly, there has been an increase in the proportion of new clients living with family or friends, and particularly so in Dublin, perhaps resulting from people affected economically by COVID returning to the family home; there may also be a homeless or 'sofa surfing' dimension here.

[135] Primarily due to its central role in Abhaile. https://www.mabs.ie/en/abhaile/

TABLE 10: MABS clients by living arrangements: 12th March to 30th June 2020

Active: 12th March	Dublin Region (n=2,993)	Non-Dublin Region (n=11,950)	All Regions (N = 14,943)
Mortgage/SO/TP	53.79	60.31	59.00
Owned	3.91	6.12	5.67
Rent LA/SHS	18.21	10.59	12.12
Rent PR/HAP	13.90	13.50	13.58
Family/friends	5.75	4.40	4.67
Other	4.44	5.08	4.96
Active: 30th June	**Dublin Region (n=2,195)**	**Non-Dublin Region (n=9,285)**	**All Regions (N = 11,480)**
Mortgage/SO/TP	56.04	64.44	62.83
Owned	3.69	5.70	5.31
Rent LA/SHS	18.00[136]	9.07	10.78
Rent PR/HAP	13.03	12.37	12.50
Family/friends	5.65	4.17	4.45
Other	3.59	4.25	4.13
New: 13th March to 30th June	**Dublin Region (n=458)**	**Non-Dublin Region (n=1,873)**	**All Regions (N = 2,331)**
Mortgage/SO/TP	41.27	51.90	49.81
Owned	5.02	7.26	6.82
Rent LA/SHS	18.12	10.84	12.27
Rent PR/HAP	17.69	17.30	17.37
Family/friends	8.95	5.45	6.13
Other	8.95	7.25	7.60
Discharged: 13th March to 30th June	**Dublin Region (n=1,019)**	**Non-Dublin Region (n=3,676)**	**All Regions (N = 4,695)**
Mortgage/SO/TP	46.22	48.18	47.75
Owned	4.42	7.45	6.79
Rent LA/SHS	19.33	14.25	15.36
Rent PR/HAP	16.68	17.41	17.25
Family/friends	6.87	5.58	5.86
Other	6.48	7.13	6.99

Source: MABSIS

3.8. Case creation dates

MABSIS records further contain what is termed the 'case creation date' for each client, which refers to the date when the particular client first makes contact with the MABS Service. This date remains on the system where a client disengages or is discharged for some other reason and subsequently re-engages or in MABSIS parlance is 're-activated'. It is our understanding that this process can happen fairly frequently in the case of some clients living on tight margins and squeezed budgets, but less so for others who tend to re-approach MABS only

[136] The proportion of social tenants among the Dublin Region client base is over twice that within the population as a whole (8.4%). See: https://www.cso.ie/en/releasesandpublications/ep/p-cp1hii/cp1hii/tr/

as and when circumstances change. Thus, although this variable does not give us anything approaching the full story, it does provide a glimpse of the persistence and intermittent nature of financial difficulty experienced by many over time, as illustrated by Table 11 below. If we look at pre-COVID active clients in the Dublin Region for example, we see that just over half (56.5%) had first presented within the previous 15 months; further, that around a third initially presented to MABS *prior to 2018*. In stark contrast, the vast majority of new presentations since restrictions were introduced appear to relate to brand new clients, that is to say people with no prior case engagement with MABS whatsoever. If this holds true, it suggests that future clients may be more likely to be those with little or no prior experience of financial difficulty, and that increased demands on MABS may thus soon be considerable indeed.

TABLE 11: MABS active and new clients by initial case creation date

Creation Date (year)	**Active: 12th March (n=2,993)**	**New: 13th March to 30th June (n=458)**
Not Recorded	0.03	0.00
1994	0.07	0.00
1995	0.07	0.00
1996	0.13	0.00
1997	0.07	0.00
1998	0.10	0.00
1999	0.23	0.00
2000	0.20	0.22
2001	0.23	0.00
2002	0.13	0.22
2003	0.17	0.00
2004	0.23	0.00
2005	0.63	0.00
2006	0.43	0.00
2007	0.87	0.22
2008	1.70	0.66
2009	2.87	0.66
2010	3.58	0.44
2011	3.11	0.87
2012	2.31	0.44
2013	1.94	0.66
2014	2.04	0.22
2015	2.27	0.22
2016	4.18	1.31
2017	5.28	1.31
2018	10.59	3.49
2019	31.44	6.33
2020	25.09	82.75

Source: MABSIS

3.9. Summary

The pandemic and ensuing social restrictions clearly had a major impact on the MABS client base in the Dublin Region and elsewhere. By the end of Quarter 2, the number of active clients had reduced by around a quarter, driven by a considerable drop off in new presentations during March-June. This in turn is likely to be linked to the range of income supports, household protection measures and payment breaks swiftly implemented in March, and to the closure of the Courts and suspension of associated processes. During this 'truce' period, the substance of the client base has, however, changed, implying that certain individuals and groups may have greater need of MABS going forward.

While there was little discernible change in terms of gender, the age profile of new presentations in the Dublin Region suggests growing financial difficulty among the over 65 age group, possibly linked to financial exclusion and social distance issues. As regards primary income source, increased proportions of social welfare clients are identifiable in the March-June period and particularly so in Dublin, where they outnumber waged/self-employed clients by almost 2:1. The preceding trend in the MABS client base towards waged clients appears, therefore, to have been halted.

There are also notable developments in terms of marital status or 'household composition'. Proportions of lone parents, and to a lesser extent single person clients, were already relatively high within the MABS client base compared to the general population pre-pandemic, and particularly so in Dublin. These divergences increased from March to June, driven primarily by a growth in new single client presentations. As to living arrangements or 'tenure status', the Dublin Region active client base continues to contain a considerably higher percentage of social tenants than Non-Dublin Regions, in all likelihood as a consequence of several offices being located in areas where such housing is in high density.

Moreover, new presentations in the period following the implementation of social distance restrictions comprised notably higher proportions of private tenants and those living with either family or friends, the latter increase perhaps indicative of incipient over-crowding. Of particular concern overall is that many appear to be experiencing worrying financial difficulty for the first time, with increased calls to the MABS Helpline in recent times supporting this hypothesis.

4. Money management impacts

4.1. Introduction

In this section, we focus on the experiences of money advice staff both in terms of clients already working with MABS pre-COVID, and those who presented subsequent to its penetration into Ireland from February/March this year. These insights were garnered by way of a questionnaire (n=50 responses) and meetings with advisers on a research sub-group. We begin by examining how the pandemic and associated social restrictions have played out in terms of household incomes and in particular, the effects of any reductions, increases and changed payment cycles. We then turn to the issue of credit and its accessibility for those needing to borrow either for "survival" or longer-term purposes such as house purchase. Changed circumstances have clearly impacted on overall household costs since the pandemic's arrival, and here we identify areas of expenditure which have both increased and decreased, and explore the consequences for clients in relation to making ends meet. We conclude by highlighting issues that have arisen in terms of payment methods, and contextualising these with reference both to financial inclusion and wellbeing.

4.2. Income

The COVID dimensions to income receipt may be categorised as: changed income cycles; income reductions; and temporary increases in income. The issue most frequently identified as a problem relates to the sudden policy shift by the Department of Employment Affairs and Social Protection (DEASP) to pay social welfare payments on a fortnightly basis from the end of March. Prior to this, the majority of benefits and allowances had been paid weekly. For many clients, this change appeared to cause few if any problems:

> *Re bi-weekly social welfare payments - none that I am aware of. It has not been something that any client has mentioned to me as being an issue.*
>
> *Bi-Weekly initially was an issue but once in place for a few weeks it became natural.*
>
> *Most clients seem to be comfortable with it in terms of budgeting etc*
>
> *I have seen no real issues caused by this.*

Difficulties did however arise for several, and as posited throughout this report, these tended to be those marginalised in other ways such as by virtue of prolonged welfare dependency,[137] vulnerability, addiction and precarious employment, a category now expanded by the pandemic.[138] Those with larger

[137] According to the Vincentian Partnership for Social Justice (VPSJ), social welfare payments are insufficient to maintain a Minimum Essential Standard of Living (MESL) for certain types of claimant (two parent, one parent and single working age) both in rural and urban settings. https://www.budgeting.ie/urban-budgets/income-scenarios.html

[138] It now includes aviation for example.

families, such as where household size had risen due to family members returning home, were another group specifically identified.

> *The switch to bi-weekly payments was quite difficult for many, especially those on <u>long term</u> social welfare payments.*

> *The <u>most vulnerable</u> clients found it very difficult to budget, some clients received the double payment and spent it, leaving no income for the second week.*

> *Some have found this hard to manage, especially people/families where there is an <u>addiction.</u>*

> *Difficulties budgeting and paying council rent and utilities… many <u>jobs</u> in the area revolve around the airport, hospitality and entertainment industries.*

> *The change to bi-weekly payments had a serious impact on some clients. For those already on a social welfare payment, it meant trying to buy food and pay bills every 2 weeks just didn't work. This was due to children, teenagers and often older adult children <u>returning to live in the family home</u>. Food costs increased and so did heating and light.*

> *Social welfare fortnightly payments have been a major problem with <u>families.</u>*

The change in income cycle played out in various ways for those struggling to cope with it. There was widespread consensus that in such instances, the main consequence was running out of money during the second week due to inability to absorb such a change so quickly while on a limited income. This shortfall frequently led to difficulties in terms of bill payment, associated arrears and affording basic essentials including food; increased demands from children spending more time at home as a result of school closure were a factor here.

> *Bi weekly payments have greatly affected how our clients are managing their social welfare payments. It's so easy to overspend in the first week, particularly when you are on a low income. It appears for one of those weeks that I have more money, and I might be tempted to make a big purchase, e.g. Shopping on line for bargains and aiming to reach that target of the €70 spend to get the free delivery. Clients are sucked in. Some clients bought food to cover two weeks, but found it was all eaten in the first week. So bill payments in the second week were missed.*

> *Clients have struggled to spread out their weekly expenses due to the bi-weekly welfare payments. Most have said that they spent extra on food and the children as they were out of school. They were then left with only a small balance to cover the following week's necessities. This then lead on to not having enough money for direct debit payments ie TV, electricity, broadband and phone bundles.*

There have been implications for clients moving from weekly to bi-weekly payments. Most of our existing clients would have been used to paying bills weekly and the change to bi-weekly has been a challenge. Some clients didn't double payments to creditors and ended up in arrears. Also clients found it more difficult to make their money last for the two weeks as they bought extra the first weekly forgetting that they were not paid again for 2 weeks.

Clients find it difficult to manage bi weekly, most clients that had arrangements with their rent, electricity and heating had weekly arrangements and have run up arrears as a result. Our clients in (named location) operate their finances on a week by week basis.

Many clients found it very hard to budget and were without any money, and as a result basics such as food every second week.

It was harder for some who normally make weekly payments to hold money to week two. Clients reported that it was difficult to refuse the children requested items, when they had money, even when if it was not this week's payment. Clients who were paid bi weekly needed to be reminded to pay two weeks bills (rent).

Several clients, including some who pre-date the pandemic's arrival, have experienced significant loss of income, and there were references to this in the context of unemployment, reduced wages, and self-employment. While the various income supports, household protection and payment break measures have proved crucial in mitigating changed circumstances, there is concern for what the future holds for such clients both financially and psychologically as these various initiatives taper or end.

Obviously clients out of work due to the pandemic that are now in receipt of the PUP have had an income reduction, however payment breaks have been put in place and up until now there hasn't been any issues… As we are now coming to the end of the payment breaks and some individuals are still not back working, issues will only come to fruition now and in the coming weeks/months.

I have a number of clients who are currently in receipt of just 30% of their usual salary and they are really struggling…These clients availed of the 6 month payment breaks but the breaks are expiring now and they have no capacity to repay their mortgages let alone unsecured debts.

There were a number of supports for business… the typical MABS self-employed client is a taxi driver or window cleaner, they were lost to see if there was an income support option that they fitted into.

A cohort of clients who struggled were those whose incomes were reduced as a result of being temporarily laid off and being put on the PUP or those *whose incomes reduced and in receipt of the TWSS.[139] Although many of these clients availed of temporary moratoriums on mortgages and personal loans they still appear to have struggled to manage to maintain payments to the basics. The most obvious implication from dealing with clients whose incomes were reduced was the impact it had on their mental health and ability to deal with stress. The uncertainty of what was coming next meant that people who would normally cope quite well have a diminished capacity to deal with their personal finances in my experience.*

Finally, in certain instances, clients were receiving additional income than before as a result of the PUP being initially pitched at €350 per week, which for some was higher than their previous wage or salary.[140] Tax, differential rent and 'income re-adjustment' consequences were each highlighted here.

Clients getting the full Covid (PUP) payment in some cases were getting more income than when working but do not seem to factor in revenue implications

It depends on individuals and how they manage their finances. One of my clients ended up accumulating rent arrears with (named local authority) as her bi weekly Covid payment was higher than her actual income from part-time work before Covid. She continued to pay rent based on a smaller income not realizing that once her income increased, her rent would also increase.

The Covid (PUP) payment was higher than normal social welfare and in some cases more than normal lower paid salaries (after tax, social insurance etc.) Therefore, after payment stopped, people struggled to maintain the standard of living they had throughout the COVID payment term.

4.3. Credit

Shortfalls in income relative to expenses are often made up by recourse to credit. However, this was not an issue that had come across the radar of the majority of money advice staff who responded to the questionnaire.[141] Indicative of this are responses such as: 'not mentioned', 'not aware', 'not applicable', 'no adverse feedback', 'not encountered', 'unsure', 'no information', 'not as far as I know', and 'not for current caseload'. Some were more forthright:

I have not come across anyone looking to access credit during this time

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[139] One respondent referred to clients on the wage subsidy scheme being confused by its provisions.

[140] We are unclear as to why a minimum essential living or budget standard approach was not used to "pitch" PUP and IB payments.

[141] According to the Central Bank, demand for loans fell during March 2020 and the first half of April. See: https://www.centralbank.ie/statistics/statistical-publications/behind-the-data/has-demand-for-new-loans-changed-during-the-covid-19-crisis

> *I personally have not had any clients trying to access credit or loans during the first three months of Covid.*

> *I don't really know if clients were trying to access credit during COVID. I personally have not had any clients contact me about this.*

> *I haven't come across anything relating to access to credit relating to Covid-19. There are other issues surrounding reasons why clients are unable to access credit, but nothing to do with Covid-19 from what I can see so far.*

> *The majority of our clients in our branch of MABS don't have access to mainline credit and live 'hand to mouth'.*

The latter two responses are insightful, suggesting that while the pandemic per se has not impacted so far on financial exclusion among clients, other factors continue to do so such as low income and those highlighted in Section 2.4 above. Time of year may be a factor here, with Christmas related borrowing yet to be sought; looking further forward, some are clearly concerned that access to credit may well become an issue in future as a consequence of the pandemic:

> *I have not heard from any of my clients that they have had an issue, but most would be on social welfare or lower income and their access to credit would usually be looking for a small credit union loan (€500 -€1,000) for occasions like Christmas…with small affordable repayments.*

> *Not that I am aware so far but inevitably there will be as the long term affects become apparent.*

> *From the clients I am dealing with presently there is only a concern about future access to credit if current facilities can't be maintained.*

> *Loss of income will make it harder to access credit.*

> *(One client couple) have been prioritising the credit union over their mortgage, as they said it is the only place that will lend them money.*

There are reports of offers of credit being declined, withdrawn or reduced by financial institutions and/or credit unions as a result of changes in circumstances brought about by COVID. Such withdrawals relate both to mortgage and personal loan applications, and while we do not know for what purpose the latter were sought, we presume that the former concern house purchase. Moreover, inability to afford associated repayments as a result of reduced income could result in 'self-withdrawal'.

> *Yes, instances where bank has withdrawn offers of loans.*

> *Two clients had been approved for a credit union loan prior to COVID and when they went back to their employment, the credit union refused their application as they said they hadn't worked in nearly 4 months.*

I haven't had any clients trying to access credit; only one client who had a mortgage application pending contacted me to say that the application was declined and he would have to potentially apply again, though this wasn't made clear by the bank.

There were issues of mortgage drawdown for some people being thwarted whilst the borrowers were in receipt of any form of Covid payments.

I am aware of access to credit being denied based on clients being on the Covid PU Payment. In particular, mortgage amounts approved prior to Covid being reduced.

One self-help client was saving toward a mortgage when both he and his partner's income changed to PUP, they are now unable to afford the repayments on a mortgage.

While mainstream credit appears to be inaccessible to most, a number of responses make reference to alternative sources. The first of these is family, a source of credit frequently used by those who are otherwise financially excluded, particularly in times of crisis.[142] The second, cited more frequently, is moneylending both licensed and unlicensed, an accessible albeit high cost credit source particularly in the case of the latter; there are worrying suggestions of increased take-up here[143] due to unintended policy consequences. The third and final source mentioned involves online catalogues, which in essence involves licensed moneylending.[144]

Nothing has raised its head yet as I think most are staying away from formal credit and borrowing from family instead. I would get the impression that many are reluctant to borrow until they know what their employment status will be/income will be going forward.

Yes there has been (increased credit use) due to the shortness to access of money i.e. bank loans etc…. moneylenders who still call to the door were utilised more during Covid-19 times as they were more accessible.

The changes in legal moneylenders practices (i.e. no door collections, debit card payments, requirement to record lending conversations) have driven some of the more vulnerable client cohort to illegal moneylenders during Covid-19. Many of these clients will not have bank accounts and operate in a cash only economy. Therefore the only access to credit they can access is where repayments are made in cash.

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[142] Eurofound (2013) *Household over-indebtedness in the EU: The role of informal debts.* Luxembourg: Publications Office of the European Union.
[143] This finding corroborates concerns articulated in our background section above; see McCarthy and Byrne (2020), ibid.
[144] Central Bank of Ireland (2018). *Review of the Consumer Protection Code for Licensed Moneylenders: Consultation Paper CP 118*. Dublin: Central Bank of Ireland.

Credit may be tighter with banks, however seems to be readily available with moneylenders when required.

Yes there have been consequences. Some clients I had were considered vulnerable and were unable to go out during Covid-19 to try and arrange credit with reputable organisations so felt the only route was to seek illegal money lenders or high interest lenders such as (names providers) They then fell further into debt and are now trying to address it.

Families have turned to on line shopping and catalogues shopping, this is the new trend and access to credit is still out there, but it's a much slower process to get credit.

4.4. Costs

Many clients have experienced significant changes in costs as a result of the pandemic itself, associated public health measures and policy initiatives designed to assist and protect households financially. In some instances, change has resulted in increased costs compared to pre-COVID, while in others the consequence has been a reduction in expenditure, at least in the short term. Some of these increases and deceases are direct consequences of the virus, while others are more indirect and perhaps unforeseen or unintended. In Table 12 below, we present the areas of spending change identified by money advice staff through working with clients on their respective household or family budgets, before providing a commentary on the key themes emerging.

In terms of cost *reductions*, what emerges strongly from the Table is that those experiencing the largest of these are those formerly in employment[145] or now working from home, with considerable savings identifiable in terms of travel to work, associated lunches and various social expenses. However, for clients dependent on welfare as the pandemic struck, the extent and amount of saving is considerably less, a distinction neatly encapsulated by the following responses:

Several clients that are now working from home have advised that they have made substantial savings in term of transport costs, spending on lunch etc, especially those that had to commute for work.[146]

Not so much for social welfare clients who were on very basic incomes but clients on a wage noticed that they were not spending money socialising, no eating out etc.

[145] Where work-related cost reduction is combined with an increase in income by way of PUP (for those previously in low paid work), the difference could be considerable indeed.
[146] In one example cited, the petrol cost saving from not having to commute was over €100 per week. The client in question was able to clear outstanding debt as a result.

TABLE 12: COVID-associated cost decreases and increases among MABS clients

Cost decreases	Cost increases
Transport/travel (work, recreational, school) • Public transport (bus and rail fares) • Petrol/diesel /maintenance (car) • Insurance (car) Eating/drinking out • Lunches (work) • Meals/drinks out Health • Insurance Social/ Socialising • Memberships/ • Holidays • Outings • Family events • Cinemas • Hairdressers • Sports and leisure/gym Children • Childcare • Childminding • School costs • Entertainment (children) • Subs (e.g. GAA/Irish dancing) Clothing • Clothes Loan repayments • Payment breaks (mortgages/loans)	Transport • Car (public health reasons) Food • Groceries • Take aways Health[147] • Cleaning products • Facemasks • Sanitizers • Medical expenses Social/socialising • Family days out • Online gambling • Alcohol (at home) Children • Entertainment • Toys/games • Education • Pocket money • Treats Clothing • Outlet closures Bank • Fees for missed payments Utilities • Electricity • Heating • Broadband/phone • Subscriptions Housing • Local authority rent

Source: Survey of Dublin Region MABS staff, September 2020.

By comparison, three key themes emerged in terms of cost *increase*, namely: food, utilities and children. Each was cited by a majority of respondents, and while other trends are identifiable, these others were referenced more sporadically. What is striking is that each of the three categories of expenditure is already strongly associated with *poverty*, with an emerging literature on food poverty,[148] energy poverty[149] and child poverty.[150] The corollary here is that for

[147] The return to school has had a cost impact here according to one respondent.
[148] See for example: Dowler, E. and O'Connor, D. (2012). 'Rights-based approaches to addressing food poverty and food insecurity in Ireland and UK', *Social Science & Medicine,* 74 (2012) 44-51.

those already marginalised in this way, added expense is likely to exacerbate it while for others, such as those working from home, extra expense in these areas may be more than offset by savings elsewhere as alluded to above.

Turning first to *food* expenditure, a number of factors are clearly at play according to Dublin Region MABS staff. These include: more people at home; family members, and particularly children, at home for longer periods; and comfort/boredom eating, including take-aways. Social distancing constraints could also prevent shopping around for cheaper produce.

> *Food shopping for more people at home each day.*
>
> *In some cases, food costs have tended to increase, especially for any clients working from home, or clients laid off due to COVID.*
>
> *Some clients have mentioned that their weekly food shop increased due to people being at home more. Example – children out of school, going to the fridge for food numerous times per day.*
>
> *Having children and adult children in the house all day is adding to food costs and demands on the household*
>
> *Yes it would seem that as all the family are at home and the children are bored, more money was going out on groceries throughout the pandemic.*
>
> *Spending on groceries… take away meals*
>
> *Methods of shopping changed to localised, sometimes more expensive.*

Recent research undertaken for the national network of Family Resource Centres (FSC) suggests that in economically disadvantaged areas where these Centres are based, there has been a COVID-related increase in food poverty, an indicator being a substantial rise in demand both for meals and food parcels. [151] One respondent to our survey made reference to clients requiring food vouchers from the Society of St Vincent de Paul (SVP) and to the provision of hampers to local schools; this adviser works in an area of economic disadvantage.

The second theme to emerge, increased *utility* expenditure, is driven by similar factors to those impacting on food expenditure, namely more people at home for longer periods including both school and "adult" children", and those now

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[149] See for example; McAvoy, H. (2007). *All-Ireland Policy Paper on Fuel Poverty and Health.* Dublin: Institute of Public Health in Ireland.

[150] See for example: Social Justice Ireland (2019). *Poverty Focus 2019*, Dublin: Social Justice Ireland.

[151] 'Survey finds increased food poverty and mental health difficulties due to Covid-19: One family resource centre has seen a 600 per cent increase in demand for meals', *Irish Times,* June 11th, 2020. The survey referred to was conducted by the national forum of family resource centres. See: https://www.familyresource.ie/uploadedfiles/Survery%20Results%20Briefing%20Paper%20FINAL.pdf

working from home. Most of the focus regarding utilities relates to energy in the form of electricity and heating, and in terms of the latter, there are concerns that extra costs incurred during the spring and summer months will increase even more as the pandemic stretches into winter. This will particularly affect those who are more homebound such as vulnerable or older people (who were advised to "cocoon" in the early stages of COVID).[152]

> *Some clients advised us that their electricity bills were increased during the first three months as the whole family was staying at home and using more energy.*
>
> *Utility costs have increased as clients are staying home and working from home.*
>
> *Electricity – families who normally have members out at school/work now home all day unable to leave the house due to restrictions particularly during in the early months of Covid when schools were closed.*
>
> *As we come into the winter months I can see utilities increasing as people are at home more – thus electricity and heating costs will increase.*
>
> *Heat – older/vulnerable, bills very high*

Other issues to emerge in terms of utility related matters include increased spending on broadband/phone (primarily for educational and working from home purposes) and on entertainment packages or subscriptions. The latter was specifically highlighted with respect to our third theme, namely *children*, with added expenditure cited in respect of pocket money, toys, games and treats, as well as for educational purposes. In some cases, such expense could mount up:

> *I recently had an assessment where client was spending an increased and significant amount on entertaining the children during Covid (e.g. cinema trips)*

Moreover, some increases in household cost can be more indirectly attributed to the pandemic. Examples of these are *rent* increases as a result of non-dependants such as "adult children" returning to the family home,[153] increased *travel* costs through following public health advice not to use public transport unless essential, and higher spend on *clothing* as a result of the initial closure of 'clothing supermarket shops' which led to more people shopping online with the added expense of delivery fees. Increases in alcohol consumption and online gambling were occasionally mentioned, and there was an insightful reference to a financial exclusion issue, namely added costs incurred by way of bank fees for missed payments.

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[152] 'Guidance on cocooning to protect people over 70 years and those extremely medically vulnerable from COVID-19', *Department of Health*, 27th March 2020.

[153] An example was cited of a client household with three generations now at home, primarily as a consequence of adult children no longer able to afford private rent costs. Although not mentioned, we suspect cases of over-crowding may be an indirect result of COVID, an outcome of particular concern given what we now know about household transmission.

4.5. Making ends meet

The interplay between income reduction, changing payment cycle, lack of access to affordable credit and overall increased cost, resulted in many clients finding it difficult to make ends meet during the initial months of the pandemic. It was striking that the vast majority of respondents reported that at least some of their clients had encountered such a difficulty.[154] This is far from universal however, with many finding little change or even an improvement here, albeit perhaps only temporary as a result of availing of a payment moratorium. In such cases, the consensus was that the real problems in making ends meet are only just beginning or yet to begin for such clients:

> *Due to payment breaks put in place a lot of clients haven't yet had difficulties. As the payment breaks come to an end issues for those still in receipt of the PUP will arise.*
>
> *Because of the temporary moratoriums on disconnections during the severest of the lockdown period and reductions in transport and social inclusion spending, making ends meet was not a major issue for the majority of clients. Some people just stopped paying the utilities in order to fund increased food costs etc. It is only now that the real issues are coming to the fore with disconnections recommencing, the opening up of wider society increasing costs in transport, social inclusion expenses, demands from creditors to recommence payments etc. Making ends meet is now becoming an issue.*
>
> *I think the underlying thing about Covid and the temporary government subsidies that have been provided is the false sense of security they have created. There is going to be quite the adjustment for some, and then there is going to be a considerable issue with people moving into medium and perhaps even long term unemployment as the economy resets – so it feels like the calm before the storm in many respects.*
>
> *The difficulties are coming to the forefront now as the measures that had been put in place to help customers are ceasing. The disconnection process re-commenced as soon as the moratorium came to an end. The real difficulties are yet to be seen. The 6-month payment breaks begin to expire this morning and this is where the real difficulties will kick in if circumstances haven't reverted to pre Covid times.*
>
> *Some other clients are now feeling the effects with the prepay meters as the additional emergency credit given during lockdown allowed people to use more electricity as they weren't monitoring them by topping up regularly.*

[154] Existing welfare recipients particularly- as one respondent commented: 'It must be noted that clients on social welfare prior to Covid continued to struggle regardless of Covid'.

We are seeing a lot of very high utility bills/disconnections at the moment. This may suggest that clients had trouble making ends meet.

As regards those who had already experienced difficulties, familiar themes emerged in terms of shortfalls stemming from reduced incomes, inability to manage the change to fortnightly welfare payments, and increased expenditures. Other contributory factors to emerge included loss of support from closure of after school clubs and breakfast clubs, a re-adjustment period for those having to cut back on lifestyle and shopping choices perhaps for the first time, and inability to return to work expediently due to issues such as childcare and social distancing considerations resulting from COVID-19:

One issue was parents being unable to return to work even if their job did open up again as they had no access to childcare, many parents had been depending on elderly parents to do a certain amount of the childminding and due to COVID they could no longer have their children minded by their parents. The creches were also closed until late June, this caused a lot of problems as parents had to take unpaid time off.

I had a client who was originally a taxi driver and his wife was a cleaner in a school. Both were let go during COVID and the taxi driver cannot return to work as he has serious help problems and can't risk collecting fares.

Other factors were identified as contributing to inability to make ends meet. One respondent noted how families for whom English is not their first language experienced difficulties in accessing emergency or urgent financial assistance during the time when social welfare offices were closed, underlining the need to identify and target certain 'at risk' cohorts and prepare them for any future lockdowns. Others highlighted how 'intra-family' matters could play a part, such as where "adult children" who have returned home are not contributing sufficiently to the household budget to cover their added costs; clients could also find tight budgets stretched beyond their limit as a result of making meals and delivering them to senior citizen parents now "cocooning".

The consequences of not being able to make ends meet can be both wide-ranging and serious. We came across instances of people having to choose between food and bill payment,[155] incurrence of debt and arrears, recourse to charity including in terms of food vouchers and indeed food-banks as alluded to earlier, existence on basic diets,[156] and deterioration in household wellbeing through strain, stress and fear, a combination succinctly captured in the following observation.

Families are struggling to make ends meet due to COVID-19. They are trying to cope with the lock down and come to terms with being out of work and

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[155] A small number of reports suggest that where choices had to be made in the period following the implementation of social distance restrictions, utility payment might be foregone in light of the moratorium on disconnections.
[156] According to one adviser, 'for many, rice, pasta, potatoes and eggs became the staple diet'.

having their children home all day, and the stress and strain on their lives have had a major impact on everyone's lives.

4.6. Making payments

We are interested here in whether there have been any direct or indirect impacts on clients' ability to access or use bill/debt payment facilities arising from the pandemic,[157] and in particular, whether financial inclusion has improved or worsened since it struck. For ease of analysis, we examine this issue in respect of three dimensions, namely: older persons; in person/cash payments; and other issues. As we saw in Section 2.4, there have been significant developments in terms of banking inclusion in recent years, which have resulted in larger than ever proportions of the population having access to associated payment options, including online, direct debit/standing order, debit card and credit card facilities. This is reflected within our research, with several responses reporting no identifiable impacts for clients in this regard:

None that have risen their head in terms of payment methods.

Not in my own experience.

Not that I am aware of.

I didn't come across any issues.

None to report with electronic transfers.

Notwithstanding, as discussed in Section 2.5, a significant number of Irish citizens although relatively small in percentage terms, lack such opportunities, whether for access or use reasons, with such persons tending to fall into a number of 'at risk' categories (those on lower income, social tenants, unemployed persons, those over 65, and Travellers). The picture that emerges from the insights of MABS staff across the Dublin Region very much corroborates this context, with issues concerning older clients and those accustomed to 'in person' payments frequently highlighted; however, there is evidence that with appropriate support, barriers can be overcome should clients be in a position to address them. Financial capability again surfaced as an issue.

Older persons

Elderly or older clients were particularly affected as a result of social distancing measures and fear of contracting the virus, particularly those accustomed to making cash payments towards bills/loans in post offices, financial institutions and retail outlets.[158] Some were fortunate to be able to rely on family or friends:

[157] We are not thus concerned here with mortgage or personal loan accounts where payment breaks have been granted by financial institutions.

[158] There can be an important but often overlooked social dimension here (particularly for those who might be isolated or lonely), which again has been impacted by COVID.

The elderly during lockdown had problem making utility payments, as some were afraid to go to the Post Office to make these payments and relied on family and friends to make payments on their behalf.

Clients who were too frightened to go to the Post Office relied on family members to pay their bills. It is my experience that older people have a system that on the day they collect their social welfare or pension, they pay their electric, gas, media, and rent on the same day whilst at the counter. They then go to the credit union to pay. Not everyone is on direct debit.

Elderly clients couldn't make the bank to make mortgage repayments, however arranged to set up a Standing Order with the help of family.

For others, asking family members to help with the making of payments presented a challenge, as they did not want relations to know about their financial affairs:

Quite early in the pandemic (March) clients had difficulties making payments. People who normally made weekly cash payments in the post office and or credit union were unable to make these payments, there was a fear of leaving the house especially for those who were told to cocoon for health or age reasons. We spent time on the telephone discussing with clients payment options. The only option for some was to ask family members for support. This for some was the first time their family knew they were repaying certain debts as they wanted to keep their information private but now had no choice.

In the early stages of the pandemic I had an elderly client who is in his 70's and cocooning. He pays his debts via the (MABS) Special Account Scheme. He physically lodged the money into the credit union each week after he collected his OAP from the Post Office. He only dealt with cash. As he was cocooning he wasn't able to collect his pension and lodge into the credit union. I worked with him to nominate a person to collect his pension but he didn't want that person to know he had debts so wouldn't ask the individual to go to the credit union. The client advised that he had a Bank Account that was active but he didn't use it anymore. We worked together and organised for his OAP to be paid into this Bank account. From there we set up a standing order to pay his credit union. He subsequently set up online Banking and told me that he has been empowered by the experience.

The latter example illustrates how a client who is ready to change, and has appropriate support in using options already there, can become financially included, perhaps for the first time. It is a powerful one, in demonstrating the role that MABS can play in improving both financial capability and wellbeing. However for some, such as clients who are unbanked to begin with, the challenge of making certain payments during a pandemic could be very difficult indeed:

Where individuals are 'cocooning' or self-isolating there were some issues in regard to making payments. Many of these people would be in the older age *category and would not be comfortable in the use of technology in making payments. Traditionally they would pay their bills/debts in cash, over a counter. Some significant work was done with these clients during lockdown in an effort to move them, even to telephone payments with debit cards. However, where they do not even have a bank account the making of payments proved challenging and even impossible in some cases.*

A proactive and progressive approach is evident among financial institutions, with the publication by the Banking and Payments Federation Ireland (BPFI) on of both a Guide[159] and series of Frequently Asked Questions (FAQ)[160] targeted at "vulnerable customers". This guidance, published on the 8th April, sets out how members would deal sensitively with such customers in line with guidelines on social distancing and prevention of financial abuse; there is evidence that this initiative has had a positive impact in the Region:

Older clients who were self-isolating couldn't get to financial institutions to make payments. There were numbers provided to assist over 70's and through them we assisted in making alternative arrangements

In person/cash payments

It is not just older people who traditionally rely on in person or cash payments, and a number of issues are identifiable among the Region's client base more generally following the implementation of social distancing restrictions. In respect of gas prepayment meter top-ups for example, the closure of certain local stores or outlets resulted in some clients being unable to top up their Gas Pay As You Go (PAYG) meter in person, thereby increasing arrears through the need to avail of increased emergency credit. Shops not accepting cash payments, combined with lack of access to electronic payment/banking facilities, led to problems for many continuing to attempt to pay bills in person. For such clients, and especially those on marginal budgets, payment obstacles could lead inexorably to arrears, as this insightful commentary illustrates.

There have been many issues around payment methods. Vulnerable clients did not want to go to the shops or post office during the pandemic and they were told to stay at home. Some were told to cocoon. They didn't go to the post office to pay their weekly rent or utilities as they had previously done. The Credit Union had limited hours and when clients went to pay their loan they found the credit union was closed. Many of the clients do not have bank accounts and so could not pay their bills on line. When a client is on a low income, and bills are not paid on the day they get their cash money, the money is likely to be dipped into and spent.

[159] Banking and Payments Federation Ireland (2020). *Cocooning during COVID-19*. Dublin: Banking and Payments Federation Ireland.
[160] https://www.bpfi.ie/key-topics/vulnerable-customers-Covid-19-support-faqs/

Inability to access or use online payment mechanisms was highlighted as causing problems for other clients attempting to make payments to credit unions[161] and indeed, debt collection companies. For some, the core issue was not having access to the hardware, while for others, it was lack of access to broadband or computer literacy.

Other issues

As already mentioned on a number of occasions, moneylending activity did not cease with the pandemic, and we have reports both of house visits during the pandemic and reference to payment challenges, with some clients having to find alternatives[162] to the doorstep payments to which they had become accustomed. More broadly in terms of bill payment, misunderstandings had apparently arisen in some cases where income payment method[163] or cycle had changed;[164] one respondent made reference to those with learning disabilities being particularly exposed in such instances. Finally, added costs could be incurred for those using electronic payment facilities such as direct debit or standing order.

> *Our office had to suspend our special account service[165] and that impacted on clients. They had to set up direct debits, thus incurring cost.*

> *Due to bi-weekly social welfare payments, clients missed weekly standing orders and weekly direct debits set up[166].*

4.7. Summary

The experiences of money advice staff supporting clients in the initial pandemic period (March to June) shine a light on their experiences as regards money management with respect to income, credit access, costs, ability to make ends meet, financial inclusion and wellbeing. The picture that emerges in terms of income is one of a heterogeneous (varied) cohort of MABS clients. Some have encountered reductions and others have experienced increases, while there is a considerable group struggling not so much with the amount but frequency of payment. Certain clients have more readily absorbed COVID-related change, but others have been adversely affected by it, and their financial wellbeing has clearly deteriorated.

Access to credit has not emerged a major issue for the majority of clients in the Region following restrictions, in all probability due to a combination of policy

[161] In one location, there was no access to counter payment, with boxes outside to put payments into.
[162] Phone payments were cited in one location.
[163] From post office to bank in some cases; as a result, Household Budget Scheme deductions ceased and arrears accrued.
[164] As described earlier, the move to fortnightly payments could sometimes cause problems here.
[165] A bill/debt repayment service operated through MABS services in partnership with local credit unions.
[166] Associated fees here can be considerable, see: https://www.mabs.ie/en/how_we_help/mabs_blog/20200624_yqa_opening_a_bank_account.html

mitigation measures, reduced incomes (and for some, costs as summarised below), repayment un-affordability and timing. However, the underlying issue of financial/credit exclusion remains for many, and suggestions of an increase in moneylending – particularly of an unlicensed nature – may be creating or deepening marginalisation among a sub-set of the client base. There is thus a need to ensure financial inclusion forms part of the policy response to the pandemic.

As regards cost, perhaps the best way to summarise the impact of COVID on clients is to use the analogy of a set of weighing scales. For some, such as clients still employed and working from home, our findings suggest that the balance will likely have tipped towards net cost saving, with increases in food, utility and child-related consumption offset by considerably reduced travel, childcare and socialising expense. This may, however, be a false dawn should a payment break be in place, given the imminent discontinuance of this facility at the time of writing. For others, such as those dependent on a social welfare payment over the longer term, costs will likely have increased with added consumption relating to food, utilities and children among other things outweighing any reductions in terms of social participation and other expense. In short, those less able to bear the burden are more likely to have to carry it, and there is a need to better target financial capability interventions at this cohort.

Unsurprisingly, a combination of income reduction, inability to cope with a changed payment cycle, lack of access to affordable credit and overall increased cost, has resulted in many clients finding it difficult to make ends meet. Even where this experience had not yet occurred, there is concern that it might in the future as household protection measures such as payment moratoria come to an end. In many cases, factors leading to shortfalls could be directly attributed to the pandemic whereas in others, these were more indirect through loss of external supports (such as schools clubs), language/communication barriers, and intra-household issues. Whatever their cause, the consequences of not being able to make ends meet are both wide-ranging and profound, including having to 'rob Peter to pay Paul', reliance on charity for basics such as food, and deteriorating wellbeing.

COVID-19 has also presented challenges in bill/debt payment terms for clients more vulnerable to the experience of financial exclusion, principally those who are older, more accustomed to making payments in person through cash, and those less able to access or use electronic methods. That said, many advisers report few or no issues in this regard, suggesting that developments in banking inclusion in recent years may have had a preventative impact here. Nonetheless, financial exclusion remains a problem for many on the margins of society, and with social distancing likely to persist for some considerable time, it is vital that those most at risk are able to avail of appropriate financial service options and supported to use them.

5. Debt resolution and service engagement

5.1. Introduction

The rapid introduction of payment breaks for mortgages and personal loans, moratoria on evictions and disconnections, closure of courts and suspension of most personal insolvency processes, has combined to form a sort of debt "truce" throughout the core period under study here, namely March to June this year. Hence, resolution of outstanding debt has to all intents and purposes been postponed pending a return to the re-opening of society, albeit in fluctuating stages as is becoming apparent at the time of writing.

Against this backdrop, some issues have either emerged or are beginning to emerge both in terms of priority and secondary creditors, and we commence our analysis below by looking at each set of creditor in turn. We then examine the extent to which problems have arisen in terms of personal insolvency processes, particularly for those already engaging with these. The role played by third party service providers – statutory, private and voluntary - is then explored, before we conclude with an in-depth examination of how the pandemic has impacted on the MABS-client relationship itself, and what lessons can be learned to maintain and enhance public trust during the uncertain period that lies ahead.

5.2. Priority creditors

Priority creditors, commonly defined as those possessing more potent sanctions such as home repossession, utility disconnection, fines and imprisonment, fall basically into three categories, namely: mortgage providers; utility companies (mainly energy providers); and the revenue authorities. Respondents focused overwhelmingly on mortgage and energy provider practices in the months following COVID's arrival, and we now consider each in turn, concluding with some ancillary matters that have risen vis-à-vis other creditors.

Mortgage providers

A distinction between two types of borrower emerges from the narratives. The first are those who newly experienced difficulty as public health and social distancing measures took effect, while the second comprises people already in alternative payment arrangements (ARA) at the time the pandemic landed on our shores. As regards the former, advisers have encountered relatively little difficulties, with the *majority* of lenders seemingly willing to show understanding and grant payment breaks to those who required them:

> *Mortgage payments were not affordable on the COVID-19 payment but <u>most</u> lenders agreed to interest only or full moratorium if this had not been used before this.*
>
> *<u>Pretty much all</u> national creditors reacted quickly to the pandemic, with breaks and plans offered without the need for Financial Statements etc.*

The majority of priority creditors were very understanding of the sudden reduction in income of the client cohort.

Most priority creditors were approachable and understanding and arranged payment breaks with no delays.

I have not experienced too many issues so far with priority creditors re mortgages or rent due to payment breaks.

In general, the priority creditors have facilitated MABS clients during the pandemic. Payment breaks were given to clients, no problem.

I have not experienced any issues – I found all creditors were willing to engage to come to a result.

Interestingly, responses were qualified in most instances, suggesting that there were exceptions to the general rule. Reports suggest that where issues arose, these tended to be sporadic[167] and administrative, relating primarily to communication delays caused by 'remote' working adjustments. Much more fundamentally, a large number of respondents expressed concern for the future as to what would happen as and when mortgage payment breaks come to an end. The core theme to emerge here was uncertainty both from the perspective of borrower and lender:

There's a lot of confusion on payment breaks.

Lack of clarity from mortgage providers on how the pandemic payment breaks would be dealt with in the long-term.

The main problem is that the mortgage lender cannot assess the client for a long term alternative repayment arrangement/solution while they are in receipt of a the PUP payment, as they do not know what their income is going to be when they come off the payment so everything is frozen until the client returns to work... even if their financial circumstances have not altered significantly or they are better off than they were pre-COVID.

A lot of clients accepted the mortgage moratoriums unaware of the cost of credit and how it would affect them.

Interest applied was not understood.

The additional cost of 6 months of interest on to a loan, particularly if it is in its early years, will add thousands on top of what they have borrowed.

[167] We have one report for example of a client changing their mind about an agreed payment break once they discovered their social welfare payment to be higher than expected, and it taking considerable time for a sub-prime lender to agree to this request.

Such uncertainty is now turning to a sense of trepidation as moratoria come to an end. Recent increases in MABS presentations and calls to the MABS Helpline, reports of increased lender activity, and observations about clients' states of mind are each indicative of growing concern about housing security, particularly where circumstances have not altered significantly since the granting of the break. As one respondent succinctly put it, "clients now have to play catch up", including in respect of accrued interest charges, and for some such as those in precarious employment, this presents serious difficulties indeed.

> *Many clients contacting our service took the mortgage break but are now worried as their financial situation has not changed.*
>
> *Mortgage companies have been less sympathetic with clients still on reduced income.*
>
> *Mortgages where the moratoriums are expiring and clients cannot manage contractual repayments again are starting to come through the doors now.*
>
> *A lot of people who were on payment breaks for mortgages are nearing the end this month and this is beginning to show on calls to the helpline. Longer term solutions for 6/9/12 months needs to be provided by banks.*
>
> *Mortgages have been fine so far, banks have been understanding, however starting to see more activity with banks now.*
>
> *The implementation of payment breaks definitely gave clients comfort and security during a stressful time but these breaks are only breaks and monies that were not paid will still need to be repaid, this will inevitably mean more cost for clients.*
>
> *Clients still on the Covid Payment (through no fault of their own, they are in the sectors not permitted to return to employment) will struggle to return to mortgage repayments and this will in turn affect their credit rating.*

For those already in mortgage repayment difficulties pre-COVID, other issues have arisen. As the quotes below illustrate, the emphasis on payment breaks appears to have resulted in case reviews being long-fingered, thus compounding problems; furthermore, some in arrears and without a performing loan restructure appear to have been unable to avail of payment breaks in the first instance, possibly as a consequence of a Bank for International Settlements' definition.[168]

[168] According to the Central Bank: 'The Bank for International Settlements highlights such payment break programmes need to achieve the provision of credit to *solvent, but cash-strapped borrowers (our emphasis)*, while keeping in mind the longer-term implications of these measures for the health of banks and national banking systems"- Central Bank of Ireland (2020). *COVID-19 Payment Breaks – who has needed them?* A paper by Allan Kearns, Andrew Campbell, David Duignan, Darren Greaney and Grace McDonnell, July 2020. Dublin: Central Bank of Ireland.

The only issue I have has is with one mortgage case. The clients have been trying to get a settlement offer reviewed since May. The company have advised that they are so busy reviewing Covid Payment Breaks they cannot review settlement cases. In this instance the arrears on the case are increasing.

Refusal of the payment break to those already in arrears.

Lenders will not give a break to those in current arrears.

Some mortgage providers refused the moratorium if the client was already in arrears before Covid, even though Covid further affected their income.

Energy companies

As detailed in Section 1, two main measures were put in place to assist energy customers, namely a moratorium on disconnections and increase in emergency PAYG meter credit, both of which ceased on 29th June; no payment breaks were available in this context. As with mortgages, few problems were identifiable during the March-July period, but numerous references to threatened or actual disconnection suggest this particular truce period to be now well and truly over.

Utility companies have commenced with threats of disconnections and this is putting strain on clients.

Utility disconnections recommenced as soon as the moratorium on disconnections was lifted.

No issues during lockdown with utilities but this is now becoming an issue. Larger than normal utility debts (due to payments not being made, increased usage due to being at home all the time).

Clients accruing large utility bills due to the freeze that existed previously on disconnections.

In the last few months[169] *we have seen a big increase in disconnection letters.*

I have just noticed in the past week that we have a lot more emergency clients presenting with threatened disconnection letters for both electricity and gas. It might be worth noting that a number of clients would have prepay gas and electricity meters that we view as debt prevention… clients do not run up big bills this way…during Covid-19 in March, the utilities made the decision to increase the emergency credit level from €10 to €100… unfortunately, some clients used up the €100 emergency credit, rather than topping up, as they prioritised other things at that time.

[169] Questionnaires were returned in September.

We are seeing a lot of very high utility bills/disconnections at the moment.

Again, as with mortgage deferments, the accrual of arrears during what some refer to as the "lockdown period" now has to be addressed, and issues are now beginning to emerge as to the practices of energy companies in this regard. On the positive side, there is evidence of provider referral to MABS suggesting a willingness to work together; more worryingly, there are indications of intransigence and delay, which are likely to exacerbate and prolong problem resolution:

> *We have also received a high number of calls in relation to very large utility bills and these referrals are coming from the utility provider and also the CWO.*[170]
>
> *Utility debt could be an issue if clients were not paying enough during the time of the moratorium and receive a high bill that needs to be paid back in the time frame the utility provider gives, usually a maximum of 12 months, with clients on lower income this will have a big impact on their ability to pay.*
>
> *Unrealistic payment plans being offered in order to fit into their established debt collection processes, these have not been adjusted to reflect the changed reality. Long delays in the installation of Pay As You Go meters with some providers.*
>
> *Inability to get Pay As You Go meters installed.*

Ancillary matters

There were only a small number of observations relating to ancillary priority debts, suggesting there to be few difficulties in other domains. As regards social rents, we have reports of excellent communications with a particular local authority, rent arrears arising as a result of non-reporting of increases in household size, delay in re-assessment where a reduction in income had occurred, and more worryingly, a notice of eviction being issued by a local authority within the Region in April <u>after</u> the ban on evictions had been announced.[171]

Within the private rental sector, one respondent observed that Housing Assistance Payment (HAP) payments had been approved fairly quickly, while another noted that landlords had been understanding of financial difficulty during the pandemic and not put tenant clients under payment pressure.[172]

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[170] Community Welfare Officer, an official of the Department of Employment Affairs and Social Affairs with responsibility for dealing with emergency/urgent need applications for financial assistance under the Supplementary Welfare Allowance (SWA) Scheme.

[171] There have been a considerable number of such notices in the <u>private</u> rental sector since the pandemic's arrival despite the emergency ban on evictions. See: 'Over 370 tenants served eviction notices during Covid-19 pandemic', *Irish Times,* 1st October 2020.

[172] To reiterate, no payment breaks were provided for in the rented sector.

Finally, there had clearly been an issue for one adviser – and their clients - attempting to deal with various telecommunication providers following service disconnections, but finding it difficult to get through to speak to someone despite numerous attempts, or even to get responses to initial letters. This may be a matter worth raising with the Telecommunications Regulator, given various commitments made by the sector (discussed in Section 1.7 above).

5.3. Secondary creditors

Secondary creditors may be generally defined as those issuing credit or loans without security. As with mortgage lenders, those providing unsecured credit also proved, by and large, to be understanding of clients' situations.

> *(Aside from named sub-prime mortgage lender), every other creditor I have dealt with has been very understanding of the situation.*
>
> *(Named bank) are happy to take COVID as an explanation and will work with the client.*
>
> *Secondary creditors have been understanding and appear to accept offers of reduced payments without much problem.*
>
> *Nothing has come to the fore as yet. Secondary creditors seem to recognise the reality of the situation i.e. clients have other priorities which need to be dealt with first.*
>
> *I have found pretty much all creditors very helpful.*
>
> *I feel secondary creditors have been flexible in their approach.*
>
> *I found that secondary creditors were very understanding and patient. The process was much slower during Covid as all client interaction was done via post/email, with no face-to-face interaction with clients.*
>
> *None of my clients here (names location) have made me aware of any problems experienced with secondary creditors.*
>
> *Creditors have been happy to put temporary arrangements in place during Covid.*
>
> *Banks have been understanding, however we're starting to see more activity with banks now in terms of collections etc.*

The latter comment suggests that as with mortgage providers and energy companies, financial institutions may be beginning to turn their attentions to debt accrued during the initial months of the pandemic; however, given that there were no corroborating reports, it may be that this is a more localised issue. More widespread concern is though identifiable in terms of *credit card* debt. As we saw in Section 1, there was little emphasis on this type of liability as the pandemic unfolded, with borrowers merely being encouraged to contact their credit card provider.[173] This more removed policy approach seems to have resulted in certain borrowers finding it more difficult to reach an accommodation with their card provider and in the case of one mainstream institution, the outcome could be most unfavourable for clients.

> *Credit card companies are not allowing breaks.*
>
> *Credit cards seemingly have to be cancelled and cannot be put on temporary hold. Financial Institutions are more difficult to contact, the post is very slow and finding someone who can answer my queries because they are working from home is an issue.*
>
> *In my experience (named financial institution) gave no assistance to their customers with credit card debt and if the minimum payment could not be met the only option was to cancel the card and report it on the ICB[174] / Central Credit Register as 'card revoked'. This is despite the customer demonstrating the direct impact of Covid 19 on their finances. It is desperately unfair.*
>
> *(Named financial institution)[175] was very difficult to negotiate with in relation to loans and credit cards. They did not allow for payment breaks in relation to credit cards.*

Turning now to moneylending, further evidence of continued or even increased activity among this sector emerged within the secondary creditor section of the questionnaire. Although the distinction between licensed and unlicensed sources is not always clear, the most telling theme to emerge is the importance placed by such sources on maintaining relationships,[176] whether through fear,[177] continued calling despite the pandemic, or changes in collection practice to align with bi-weekly welfare payment cycles.

> *Most of them (moneylender agents) still called to the door but were very willing to put a hold on the payments. Not sure about the illegal aspect of collection.*
>
> *Clients prioritising moneylenders through fear.*
>
> *Moneylenders will offer interest only to keep the debt alive and come knocking on your door to collect it, so it can be hard for a person who is struggling to hide away from this.*

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[173] Ibid, see: https://www.centralbank.ie/consumer-hub/Covid-19/faq-for-consumers
[174] Irish Credit Bureau, a members' only, credit reference database.
[175] This is the same institution as the one referenced in the previous example.
[176] This is a salient theme within the literature. See for example: Rowlingson, K. and Kempson, E. (1994). *Moneylenders and their Customers,* Social Policy Research 68, York: Joseph Rowntree Foundation.
[177] Presumably in the case of an unlicensed moneylender.

Moneylenders continued to call to their customers and facilitated them by calling fortnightly.

5.4. Personal insolvency

Statutory personal insolvency options are again becoming available to clients at the time of writing, after being largely paused during the months following the arrival of the pandemic with the exception of urgent applications. As with other public service bodies, the Insolvency Service of Ireland (ISI) moved to more remote methods of engagement[178] during the hiatus for public health reasons, as did the parties it authorises to process applications under the legislation,[179] namely Personal Insolvency Practitioners (PIP) and Authorised Intermediaries (AI).[180]

Most of the feedback here relates to Debt Relief Notices (DRN), the option for which MABS has direct responsibility. While preparatory work continued with clients on applications during the initial period of severe social restrictions, some issues did arise. The principal one relates to delay caused by a combination of the complexity of the process and difficulties for certain clients lacking the capacity to access or use the technology required to communicate with MABS remotely. While creativity enabled many to work around these barriers, for others they proved a militating factor and caused additional worry.

DRN process is slower due to the new restrictions in place, some clients are not computer literate in order to submit supporting documentation and need face to face appointments.

Yes, DRN applications have been tricky but our AI has adapted as best she can and continues to make applications. We have managed to do some solely over the phone and post. We have had one client come to the office but we used our meeting room (with Perspex) and the client was only in for 10 minutes. He would have needed additional support.

Zoom or online meetings were suggested by the ISI... (certain) clients did not have the knowledge or equipment to undertake this type of meeting. The AI worked very hard supporting these debtors to complete DRN during the pandemic.

Email to obtain required documents from clients was suggested. An AI informed me her client had email but did not know how to attach a document – the client dropped the information into the MABS office so we could scan it to the AI.

[178] Some respondents reported contact difficulties and delays due to an apparent system change.
[179] The Personal Insolvency Act 2012, as amended.
[180] PIPs – specifically licensed accountants or solicitors - process applications for Debt Settlement Arrangements (DSA) and Personal Insolvency Arrangements (PIA), while AIs – specifically authorised money advice staff - do likewise in respect of Debt Relief Notices (DRN).

It was difficult for clients who did not have the knowledge or equipment to forward us the required documents. We sent clients SAE to allow them return information/documentation required.

Restricted client access to AIs, DRNS are a very complex procedure and you need to make sure that your client is aware of its consequences in the future. With not being able to have the client in front of you, it is worrying that they fully understand the process.

A longer engagement process leading to anxiety and stress.

As the summer progressed and society, including the Courts, began to re-open and adapt, pent up insolvency applications began to be submitted, resulting in a reportedly record number during July.[181]

I process the DRNs (for the Region), what we have been doing is collecting all the paperwork that is required and as the ISI have released a new system we will be processing them all together.

Initially there were delays in the progressing of cases due to the lack of face-to-face meetings and court hearings, but the Courts, PIP's and AI's have adapted and they are now moving forward.

There are, however, mixed signals emerging from respondents as to the extent to which such a trend will continue. On the one hand, we have a report suggesting an increase in readiness among clients to consider insolvency, while another intimates that this is unlikely to occur in practice until household incomes stabilise. Moreover, a third respondent has noted a reduction in activity among PIPs in their area; whether this persists, remains to be seen.

I have found clients to be more willing to discuss insolvency due to the pandemic. I have one particular client that I have been discussing insolvency with for almost two years... her circumstances changed during the pandemic and she was forced to claim the PUP… she is now in the early stages of a PIA, whereby her mortgage will (hopefully) be reduced to an affordable amount… she told me recently that she is annoyed with herself for not applying for insolvency.

I have seen some Protective Certificates go through as the PIPs are still moving along what they can, but from talking to them, they have had to pause/freeze cases because it is impossible to complete a PIA application if you cannot give an accurate income for the applicant which in a lot of cases you cannot do right now. They are experiencing the same difficulties we are regarding long term alterative repayment arrangements, how do you put in place a long term solution when you cannot paint a clear picture of a person's long term financial circumstances…

[181] According to information published by a credit risk company, https://www.vision-net.ie/news/personal-insolvency-applications-reach-a-record-high-in-july/ . We would like to thank one of our respondents for the reference here.

I have also noted that some PIPs were not as active as they were prior to COVID measures.

5.5. Third party interactions

Along with the ISI, other statutory service providers were also forced to move to more socially distant ways of working. While this clearly worked for many service-users,[182] a familiar theme emerged with clients used to face-to-face interactions and/or ill at ease with technology encountering communication and accessibility issues during the transition phase. In these instances, MABS' traditional role as representative advocate could be very important, particularly in the context of social welfare recipients and supplementary welfare allowance applicants.

Some clients had difficulty gaining access to the building to query any social welfare issues.

Access to Intreo was an issue and still can be with restrictions, the moving of applications to online did help but it disadvantaged people who did not have access to online either by phone or computer.

There have been issues for clients in dealing with third parties as Intreo, CWO's were not seeing clients face to face in the early stages of the Pandemic. People had to apply online. This was near enough impossible for someone who had no computer or internet access. When they did reopen to the public, there were only certain times the building was open and there were long queues.

Harder to access for vulnerable clients if no face to face appointments.

Some clients had difficulty accessing their local Intreo office to make an application for an urgent/exceptional needs payment. Drop in was no longer allowed.

Client who do not have the use of a computer with no email address have faced difficulties in trying to telephone the local Intreo office. If the client contacts MABS we have some email contacts to inform the CWO with client authorisation.

Lack of face-to-face contact for clients with other service providers and agencies has increased MABS importance as an intermediary where support is being sought. Our intervention and the 'telling of the client story' in a clear and open manner can mean the difference between the client getting the necessary assistance and not.

[182] A considerable number of respondents reported experiencing no issues at all in terms of third party contacts.

As regards voluntary bodies, a number of responses referenced dealings with the Society of St Vincent de Paul (SVP) during the early months of the pandemic. SVP has proved to be a crucial support to MABS clients since inception, and is likely to remain so into the future. The general sense here is that demand for the Society's support has grown since the pandemic's arrival, with references to local chapters being "inundated", "busier" and "struggling with resources". Notwithstanding, in common with other organisations, SVP has proved to be creative in responding to need in a more socially distanced way, given that many volunteers are aged over 70 and therefore classed in the 'vulnerable' age group in COVID terms. Examples were cited of food vouchers being provided outside an apartment block by way of pre-arranged meetings, the posting out of food vouchers, and the setting-up of a mobile phone system for families who need help.

In a recent interview for the Irish Times,[183] the incoming president of the Society reiterated a number of themes that run through this report and principally the pandemic's impact in heightening marginalisation in a financial, spatial and social sense:

> *Poverty isn't always about money. Poverty is also about loneliness and lack of connection, once again, the most vulnerable people are the ones who are struggling most… it's about your underlying health. It's about where you live. It's about whether you have that spare cash when you were already on the margins… the isolation is a huge aspect of it. Not everybody is able to operate a screen, or has a screen… We would have a lot of very vulnerable men in this area, who might have had addiction problems, or might have been homeless, who relied on weekly outings to the resource centre to play pool or have a cup of tea. They're saying, when are we going back to our club? That's heartbreaking.*

These concerns are reiterated by a respondent from an office that has established strong connections with the local Traveller Community through partnership working and encouragement of "drop-ins", a form of engagement which has proved to better suit Travellers living in the area. A consequence of remote working has been a loss of connection with the local Traveller support group, which has in turn resulted in a reduction in client contact among this cohort; a similar trend is identifiable among other individuals used to a similar relationship with their local MABS service.

> *As we were not in the office, we lost contact with the Traveller Community who tend to use the service as needed by dropping into us. When we closed to the public and were available by phone/email only, we lost contact not only with the Traveller community but with the original MABS target group, those who connected with us when referred by friends/family, or by the fact they were in the CIS,[184] DCC[185] or Social Welfare.*

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[183] 'Rose McGowan, president SVP: 'The only criteria for help is need'. Charity boss says needs are growing but pandemic has made society more empathetic', *Irish Times,* 10th October 2020.
[184] The Citizens Information Service, which has an office in the same building.
[185] Dublin City Council.

5.6. MABS/client interactions

In this final substantive subsection, we focus on the nature of changed *processes* between MABS staff and clients as a consequence of COVID-19, and their impacts in terms of *relationships* and trust building. This was by some distance the element of the questionnaire that elicited the most detailed response, suggesting that herein lies the greatest practitioner concern for the future, although this is far from universally held. We begin by examining practical issues such as the gathering of initial information while ensuring compliance with data protection, and advocating on clients' behalf, before concluding with analysis of the implications of changed practices from a client's perspective.

At the cornerstone of MABS/client interactions is an established partnership-based, six-stage money advice process dating back to the early 1990s,[186] which involves: research; assessment; planning; implementation; monitoring; and review. The process is based on the idea of mutuality, with adviser and client working together to explore options from which clients make their own decisions, thereby facilitating empowerment. Crucial to its success is the establishment of trust,[187] given that the biggest step for any prospective client is making contact with MABS in the first instance.

Prior to COVID, relationship building was largely carried out in person, with advisers able to deploy interview skills in a face-to-face setting, both in terms of verbal and non-verbal communication. With the closure of offices, and latterly restricted 'in person' contacts,[188] the traditional way of creating and indeed maintaining relationships has had to change. For some advisers and their clients, remote/at home engagements have proved relatively seamless and indeed beneficial, with the following benefits reported:

- Reduced anxiety and embarrassment from not having to travel to a public office;
- Greater likelihood of having information to hand at home;
- Increased likelihood of attending 'virtual' appointments;
- Enhanced productivity from 'meetings';
- Increased responsibility arising from reduced 'handovers';
- Improved capability with technology (what's app, zoom, email);
- More streamlined money advice process.

The majority of respondents did, however raise concerns that while the changed modus operandi works for some, one size does not fit all:

> *We have observed that <u>some</u> clients are happy to communicate via email and phone. Those with capacity find working this way ok for them.*

[186] Stamp, S. (1993). *A Money Advice Handbook for Advisers in the Republic of Ireland*. Limerick: PAUL Partnership and the Department of Social Welfare.
[187] Hence the importance of guiding principles such as being non-judgmental and independent.
[188] These are limited to 15 minutes at the time of writing.

The non face to face has worked well for the most part with phone consultations and zoom meetings.

Many clients would walk in without appointments, some would not have phones. As the office as been closed and we are working remotely, some clients would not have been able to contact us. However, we have very successfully carried on the service for many clients. Almost all have emailed or posted documentation back to us so we can provide the support they required.

Several reports cited those who had found more remote engagement challenging, including:

- Those with language or literacy difficulties;
- Elderly persons;
- People with mental health issues;
- Individuals with difficulties accessing and/or using information technology.

Numerous challenges were posed by more impersonal ways of working. Fulfilling GDPR requirements, getting crucial authorisation documents signed[189] and providing proof of identity, have clearly posed difficulties for many, and we have reports of a much slower initial engagement process, which some feel could be compromising the development of trust and prolonging resolution through delaying creditor contact. Such formalities could also lead to frustration with MABS itself and even to some giving up on it;[190]

The more vulnerable client has had difficulties when they are required to sign the Standard MABS Authorisation Form, the Data Privacy Form and the Service Level Agreement. In order to address these issues we arranged with another MABS service to provide a Stamped Address Envelope (SAE) to send to clients to return. This has helped but we are still trying to obtain the signed forms in some cases. Some clients would say the forms did not arrive and we would resend.

Some clients were overwhelmed receiving paperwork in the post instead of face to face and also found it hard to sign forms and the practicality of photocopying id and bills and letters, we also found an increase of clients contacting the office to go through this process over the phone.

It is definitely harder to build a trusting relationship with a client when a face-to-face meeting has not taken place. We have experienced lengthy delays in clients providing us with the necessary documentation to progress their cases… The recent provision of webcams to facilitate video meetings may assist with this, but it is yet to be really tested.

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189 The standard MABS authorisation form, the data privacy form and the service level agreement.

190 One respondent observed that 'missed phone appointments seem to have increased'.

In the past, we built up a relationship with a client face to face; this is a lot harder to do over the phone. Trying to get the relevant information over the phone from the client regarding the debts and explaining why we have to have all of the paperwork back is time consuming. We know the client at all times has to understand the process and not feel that we are putting added pressure on them, but at the same time the client must understand that we cannot proceed with the process until we have all the relevant information.

Creative ways around such obstacles have been implemented including the use of free post envelopes, and assistance from more "tech-savvy" family members, although this is not always possible for debt sensitivity reasons and can cause embarrassment for both parties. Pre-appointments to facilitate form signing and proof of identity are being considered in one area. Remoter working also poses challenges for advisers[191] used to establishing relationships with clients in person, and expediting the money advice process by getting things signed, accessing relevant information, and working through a budget plan much more efficiently. As a consequence, engendering hope, positivity and confidence among clients – and dealing with those becoming distressed - was now more difficult:

I find it hard not dealing with clients face to face if they are sitting in front of you they tell you more, you build up more of a rapport or you can pick up on things they are reluctant to talk about. Pre COVID a client would show up with stacks of paperwork and you could just pull out what you need then you could get them to sign their data protection and authorisation forms and do most of their standard financial statement, a lot would be accomplished and they would feel like they had started making a positive effort to address their problems. Doing things over the phone is harder and slower, they cannot see the statement coming together and it is harder to explain and draw their attention to important aspects of the paperwork.

It is difficult to really have a close relationship with your client over the phone. The lack of face-to-face communication and just being in the presence of someone is sorely missed. I feel you can tell a lot by someone's body movement and facial expressions and clients can often get very emotional when telling their story. It can be difficult when you are on the phone and trying to placate someone.

On reflection, with phone appointments we have a clear process and I have noticed we might be missing or not being told in full the client's story. We are at risk, I think, of losing the connection we have always had with clients. The worry is also that we will not recognise our most vulnerable clients by just doing phone appointments.

When clients are not confident to begin with and they have poor literacy skills, this is a big obstacle for us. We are relying on telephone conversations

[191] We have reports that working from home has led to advisers being more contactable than heretofore.

to be able to create a sense of safety and trust and guide the clients through a big process of money management taking it one-step at a time. We have to be patient and understand that progress is a lot slower. We also have to be aware that most of the clients are already fearful about their financial situation and their debts and they are getting letters and phone calls from creditors and this is having an impact on their mental health and we have to be careful that we are not adding to that stress.

5.7. Summary

The swift implementation of payment breaks and moratoria, combined with court closure and suspension of most personal insolvency processes, resulted in a sort of debt "hiatus" during the period of wide scale societal "lockdown" from March to July. Furthermore, both priority and secondary creditors appear to have been largely accommodating and understanding to clients and customers in general. Nonetheless, it is important to note that many were unable to avail of payment breaks, such as certain mortgage holders in pre-existing arrears, local authority and private tenants, utility and telecommunications' consumers, and credit card customers; further that even where these were available, there was no right to them.

Thus, while forbearance, moratoria and postponement have bought time and breathing space, arrears incurred through for example postponed mortgage/loan payments and use of emergency utility credit still have to be addressed. This reality is becoming apparent in an increase in MABS presentations at the time of writing as various supports and measures taper or come to an end, and debt recovery activities increase. An uncertain future lies ahead for many, and there is evidence of growing concern and worry among those in more precarious employment in particular, while credit exclusion again emerges as an underlying problem.

Perhaps the most salient theme to emerge in terms of debt resolution is the impact of the pandemic on those more marginalised at its onset. While some are comfortable with remote, electronic forms of communication and therefore able to do what is required both in terms of exercising statutory options and pursuing voluntary arrangements, others are not. In addition to those less able to access or use Information Technology (IT), certain existing clients and groups prefer more in-person service engagement with statutory bodies, community groups and indeed MABS itself. This preference can embody an important social dimension as well as a practical one.

Experience of remoter engagement within the Dublin MABS Region is mixed. For some clients used to communicating electronically or ready and able so to learn, relationships could be enhanced, skills improved, and the money advice process as a whole expedited, while for others and again notably those more marginalised, the converse was true. Overall, the consensus tended more towards concern for the latter, with palpable worry that the bedrock of empowering money advice - namely the building of confidence through mutual working and development of trusting relationships - has been compromised by social distancing. In time, the face-to-face dimension to casework may return, albeit incrementally, but until then, a more proactive and progressive approach is needed to accommodate clients and potential clients on the margins.

6. Conclusion and recommendations

6.1. Conclusion

The arrival of the pandemic so unexpectedly and rapidly on Irish shores in late February this year has had profound societal impacts and resulted in a range of policy measures both to protect public health and mitigate associated financial difficulty. The key concept associated with health preservation, what has become known as social distancing, has led to varying degrees of restrictions in response to rises and falls in COVID rates over time. At the time of writing, the entire country is subject to Level 3 restrictions, although the situation continues to change rapidly.

The economic and social consequences of the pandemic have been profound, with widespread unemployment, loss of income, and considerable fear and concern among the population as to what their financial futures might hold. In response, the income support, utility protection and payment break measures put in place have been targeted and swiftly implemented, and a kind of truce has ensued between creditors and debtors as a result. The numbers availing of the various initiatives are however considerable, and as these begin to taper or indeed end, there are fears of growing financial stress across society as a whole, but particularly among those more impacted by job losses and business reductions.

For those already in, or imminently facing, financial difficulty as the pandemic began to spread among society, a number of measures have particular relevance. The closure of public offices such as MABS, financial service restrictions, suspension of most Court activities and curtailment of statutory insolvency processes, have resulted in more remote (electronic) methods of engagement, thereby albeit unintentionally prioritising those most comfortable with such forms of communication. Overall, the policy response targeted at those immediately facing financial problems as COVID spread has been rapid, far-reaching and notable for its lack of morality or blame, in contrast to that which followed in the aftermath to the Global Financial Crisis.

While there is much to commend, there remain areas for concern. Policy has by necessity tended to flow from the "top down", with the speed necessitated by the pandemic often leaving citizens little time to cope with profound changes in terms of income, the cycle whereby that income is received, and expenditures. A lack of emphasis has been placed on rights, and while an emphasis on "case by case" approaches has its advocates who argue that future payments can be tailored to individual circumstances, a contrary view is that such an approach can lead to variations in practice (benefiting some but disadvantaging others), perpetuate power disadvantage between individuals and institutions, and place the burden disproportionately on the citizen/consumer to engage.

Although the pandemic does not distinguish between class, status or demographic, what is becoming clear is that its consequences are more profound for certain disadvantaged individuals and groups; hence it has in a sense, shone a light on inequalities and fault-lines within Irish society. Many of these divergences relate to personal finance, with groups more exposed to coronavirus often being those more prone to the experience of financial difficulties in general. There is considerable overlap between those most at risk of poverty, over-indebtedness and financial exclusion, and this plays out in terms of multiple disadvantage and reduced financial wellbeing amongst a substantial minority within Irish society. There is also a spatial dimension here, and the Dublin Region contains identifiable areas both of relative deprivation and affluence. Against this backdrop, budgeting and money management support through MABS has a potentially important role to play.

While a service such as MABS cannot fundamentally alter underlying socio-economic disadvantage – although it can of course highlight it and sometimes make a difference at the individual level – it can alleviate difficulty by being there as a support wherever and whenever people need it. Further, it can encourage behaviours that can at least ameliorate, if not all together resolve, financial problems. These opportunities are however, often limited by the very nature of the client base itself, and the pandemic and ensuing social restrictions have clearly had a major impact on MABS clients in the Dublin Region and elsewhere.

By the end of Quarter 2, the number of active clients had reduced by around a quarter, driven by a considerable drop off in new presentations during March-June. This in turn is likely to be linked to the range of income supports, household protection measures and payment breaks swiftly implemented in March, and to the closure of the Courts and suspension of associated processes. During this 'truce' period, the substance of the client base had, moreover, changed, implying that certain individuals and groups may have greater need of MABS going forward.

While there was little discernible change in terms of gender, the age profile of new presentations in the Dublin Region suggests growing financial difficulty among the over 65 age group, possibly linked to financial exclusion and social distance issues. As regards primary income source, increased proportions of social welfare clients are identifiable in the March-June period and particularly so in Dublin, where they outnumber waged/self-employed clients by almost 2:1. The preceding trend in the MABS client base towards waged clients appears, therefore, to have been halted.

There are also notable developments in terms of marital status or 'household composition'. Proportions of lone parents, and to a lesser extent single person clients, were already relatively high within the MABS client base compared to the general population pre-pandemic, and particularly so in Dublin. These divergences increased from March to June, driven primarily by a growth in new single client presentations. As to living arrangements or 'tenure status', the Dublin Region active client base continues to contain a considerably higher percentage of social tenants than Non-Dublin Regions, in all likelihood as a consequence of several offices being located in areas where such housing is in high density. Moreover, new presentations in the period following the implementation of social distance restrictions comprised notably higher proportions of private tenants and those living with either family or friends, the latter increase perhaps indicative of incipient over-crowding. Of particular concern overall is that many appear to be experiencing worrying financial difficulty for the first time, with increased calls to the MABS Helpline in recent times supporting this hypothesis.

The experiences of money advice staff supporting clients in the early pandemic period (March to June) shine an insightful light on their experiences as regards money management with respect to income, credit access, costs, ability to make ends meet, financial inclusion and wellbeing. The picture that emerges in terms of income is one of a heterogeneous (varied) cohort of MABS clients. Some have encountered reductions and others have experienced increases, while there is a considerable group struggling not so much with the amount but frequency of payment. Certain clients have more readily absorbed COVID-related change, but others have been adversely affected by it, and their financial wellbeing has clearly deteriorated.

Access to credit has not emerged as a major issue for the majority of clients in the Region since the pandemic's arrival, in all probability due to a combination of policy mitigation measures, reduced incomes (and for some, costs as summarised below), repayment un-affordability and timing. However, the underlying issue of financial/credit exclusion remains for many, and suggestions of an increase in moneylending – particularly of an unlicensed nature – may be creating or deepening marginalisation among a sub-set of the client base. There is thus a need to ensure financial inclusion forms part of the policy response to the pandemic.

As regards cost, perhaps the best way to summarise the impact of COVID on clients is to use the analogy of a set of weighing scales. For some, such as clients still employed and working from home, our findings suggest that the balance will likely have tipped towards net cost saving, with increases in food, utility and child-related consumption offset by considerably reduced travel, childcare and socialising expense. This may, however, be a false dawn should a payment break be in place, given the imminent discontinuance of this facility at the time of writing. For others, such as those dependent on a social welfare payment over the longer term, costs will likely have increased with added consumption relating to food, utilities and children among other things outweighing any reductions in terms of social participation and other expense. In short, those less able to bear the burden are more likely to have to carry it, and there is a need to better target financial capability interventions at this cohort.

Unsurprisingly, a combination of income reduction, inability to cope with a changed payment cycle, lack of access to affordable credit and overall increased cost, has resulted in many clients finding it difficult to make ends meet. Even where this experience had not yet occurred, there is concern that it might in the future as household protection measures such as payment moratoria come to an end. In many cases, factors leading to shortfalls could be directly attributed to the pandemic whereas in others, these were more indirect through loss of external supports (such as schools clubs), language/communication barriers, and intra-household issues. Whatever their cause, the consequences of not being able to make ends meet are both wide-ranging and profound, including having to 'rob Peter to pay Paul', reliance on charity for basics such as food, and deteriorating wellbeing.

COVID-19 has also presented challenges in bill/debt payment terms for clients more vulnerable to the experience of financial exclusion, principally those who are older, more accustomed to making payments in person through cash, and those less able to access or use electronic methods. That said, many advisers report few or no issues in this regard, suggesting that developments in banking inclusion in recent years may have had a preventative impact here. Nonetheless, financial exclusion remains a problem for many on the margins of society, and with social distancing likely to persist for some considerable time, it is vital that those most at risk are able to avail of appropriate financial service options and supported to use them.

The swift implementation of payment breaks and moratoria, combined with court closure and suspension of most personal insolvency processes, resulted in a sort of debt "hiatus" during the period of wide scale societal "lockdown" from March to July. Furthermore, both priority and secondary creditors appear to have been largely accommodating and understanding to clients and customers in general. Nonetheless, it is important to note that many were unable to avail of payment breaks, such as certain mortgage holders in pre-existing arrears, local authority and private tenants, utility and telecommunications' consumers, and credit card customers; further that even where these were available, there was no right to them.

Thus, while forbearance, moratoria and postponement have bought time and breathing space, arrears incurred through for example postponed mortgage/loan payments and use of emergency utility credit still have to be addressed. This reality is becoming apparent in an increase in MABS presentations at the time of writing as various supports and measures taper or come to an end, and debt recovery activities increase. An uncertain future lies ahead for many, and there is evidence of growing concern and worry among those in more precarious employment in particular, while credit exclusion again emerges as an underlying problem.

Perhaps the most salient theme to emerge in terms of debt resolution is the impact of the pandemic on those more marginalised at its onset. While some are comfortable with remote, electronic forms of communication and therefore able to do what is required both in terms of exercising statutory options and pursuing voluntary arrangements, others are not. In addition to those less able to access or use Information Technology (IT), certain existing clients and groups prefer more in-person service engagement with statutory bodies, community groups and indeed MABS itself. This preference can embody an important social dimension as well as a practical one.

Experience of remote engagement within the Dublin MABS Region is mixed. For some clients used to communicating electronically or ready and able so to learn, relationships could be enhanced, skills improved, and the money advice process as a whole expedited, while for others and again notably those more marginalised, the converse was true. Overall, the consensus tended more towards concern for the latter, with palpable worry that the bedrock of empowering money advice - namely the building of confidence through mutual working and development of trusting relationships - has been compromised by social distancing. In time, the face-to-face dimension to casework may return, albeit incrementally, but until then, a more proactive and progressive approach is needed to accommodate clients and potential clients on the margins.

6.2. Recommendations

As part of the questionnaire, Dublin Region staff were invited to make recommendations or suggestions regarding how things could be made better or easier for clients going forward, should the pandemic persist into the foreseeable future. A considerable number of these were put forward by various respondents as shown below, and we group these under various headings for ease of reference. Each has merit, and is by and large supported by the findings within the body of the text; the list is as follows:

Financial inclusion and wellbeing

- Promotion of basic and online banking;
- Safeguards for cashless transactions;
- Explore opportunities for small loans, promotion of 'It Makes Sense' Loans;
- Financial education in secondary schools;
- Maintain social welfare payments on a weekly basis.

MABS working practices and support

- COVID-19 plan and contact person;
- Appropriate work from home tools;
- Quick check in conversations,[192] possible role for client support worker;
- Remote communication skills training;
- Pro-active engagements, including with local groups supporting marginalised communities, particularly around financial wellbeing;
- Use of digital signatures, virtual portals for uploading documents, "My MABS";
- Social media/digital information handbooks;
- Maximise potential for personal engagement in accordance with public health guidelines.

Creditors

- Rent arrears –better engagement with local authorities regarding assessments, DRN possibilities;

[192] As one respondent observed: "I have many cases where just even talking to the person for a quick 3-5 minute chat has made the person's day… we just talked about life in general and the strange world at the moment. There are a lot of very lonely and frightened people out there and if MABS can do our bit to alleviate some of this by the simple things it should be a priority".

- Mortgage arrears - tapering of mortgage payment breaks, no interest charges, clear information around long term implications;
- Utilities – direct line for MABS, greater flexibility in repayment and collection, reduced percentage caps on PAYG arrears.

Self-employed clients

- Panel of volunteer accountants;
- Development of relationships with Revenue as regards self-employed clients.

To these might be added four overall recommendations of our own, namely:

(i) Any policy or practice measure contemplated in the coming weeks or months should be subject to *marginalisation proofing* by first asking the question: "how might this affect marginalised individuals and communities?"

(ii) Ensure that those less able to cope with significant policy change are better prepared and supported in advance of it;

(iii) Wider use of minimum essential living/budget standards to ensure that <u>all</u> households have access to a sufficient level of resources to meet conventional needs;

(iv) The <u>right</u> to defer payments and to essential tenure and utility service protection where payment difficulties are COVID-related.

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