



Managing Our Money in a Digital World

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Contents

3 Executive Summary

Digital Banking and Cash

- 4 A generational divide in how we engage with banking
- 5 The role of cash in how we manage our money
- 6 Being able to visit a branch still holds great value for Irish consumers
- 7 The human factor and complex financial products
- 8 Technology has helped us better understand our finances and spending
- 9 We are uncomfortable about the role of AI when it comes to our finances

Fraud

- 10 Fraud attempts appear less frequent but more effective
- 11 Young people continue to be most likely victims of fraud
- 12 The fraud conversion rate – how frequently are attempts successful?
- 13 The trade-off between convenience and security

The National Picture

- 14 Taking a look at the national economy
- 15 How we describe our personal finances
- 16 What do we feel about living in Ireland today?
- 17 Reflecting the Nation
- 18 Methodology

Executive summary

Today we have more choice than ever in how we manage our money. In this issue of Reflecting Ireland, we look at how we use digital banking services, card payments and cash. We get an understanding as to how we balance the need for convenience, security, and protection against fraud. We also look at the methods fraudsters use when attempting to get our money, and how effective they are. Lastly, we examine our preferences for the use of technology versus the tried and trusted world of professional advisors when navigating the world of money.

Digital Payments and Banking

- On average, 95% of us use digital banking services. This increases to 100% for 18-24 year olds.
- Under 35s are significantly more likely to be heavy users of mobile payments and other digital wallets.
- Banking apps come out on top for most helpful in budgeting money and tracking spend.
- Women are significantly more likely to manually budget their money than men.
- More than 8 in 10 believe there is still a need or preference for cash when making certain payments – tipping, children’s pocket money and nights out being the top three.

Human vs. Tech-led

- Preference for most banking behaviours is led by in-person – particularly when it comes to key financial decisions such as taking out a mortgage or pensions and investments.
- Advancements in banking tech have provided the greatest aid to a better understanding of spending and knowledge of fees and charges.
- Almost 3 in 4 are worried that AI developments will lead to more sophisticated fraud.
- Women are more concerned about the future impacts of AI than men, while younger age groups are more comfortable than older groups.

Fraud

- Since 2022, there has been a significant drop in numbers reporting having experienced an attempted financial fraud while more than 1 in 4 claim to have been a victim.
- Smishing, phishing and vishing continue to be the most common type of attempted fraud experienced.
- The conversion rate of those who have experienced card skimming becoming victims is on the rise and this method continues to have the highest success rate in defrauding people.
- A quarter of us always shop in physical stores to avoid making online payments.

Mood of the Nation

- The cost of living maintains the top position (34%) as our most important issue to be addressed. Immigration, is second at 14%. The price of housing is third at 13%.
- Looking at the economy, there has been little change over the last three months with 20% believing we will be in a better position this time next year. The one-year trend shows a significant decline in those who expect it will get worse (-9%pts).
- When considering our personal finances, 18% believe they are better off versus one year ago. This is a marginal decline from last quarter (21%). Those who feel worse off is unchanged at 46%.

A generational divide in how we engage with banking

How we engage with banking services is changing with technological advancements giving us more options than ever before. However, there is a generational divide in how we choose to engage, with more young adults embracing technology while older adults prefer cash or card.

Young people are enthusiasts of technology including online banking, apps, mobile payments and digital wallets.

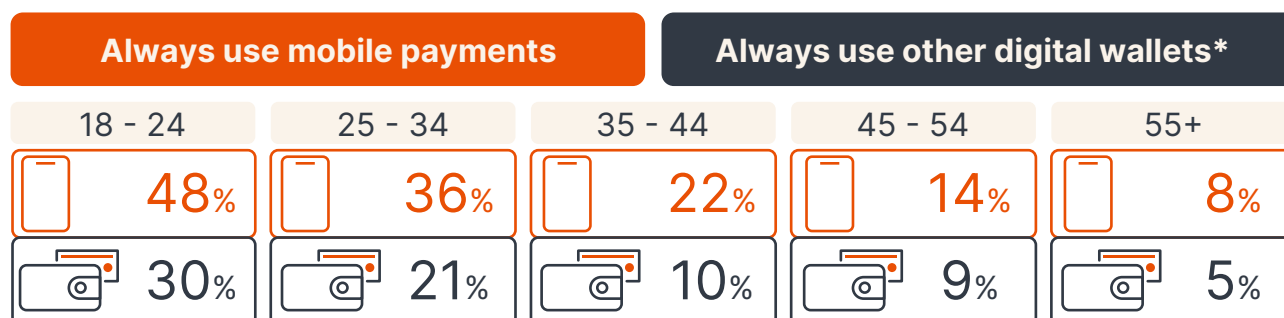
On average, 57% of us use digital banking services. However, women (60%) and young adults (71%) are much more likely to use them. This increases to 95% when those who 'sometimes' use these services are included.



71% of 18 - 24 year olds use digital banking services compared to 55+ **48%**

Young adults are driving the popularity of mobile payments such as Google Pay or Apple Pay, and other digital wallets.

While on average 1 in 2 of the population use mobile payments, those aged under 35 are significantly more likely to claim they 'always' use mobile payments or digital wallets.



* Other digital wallets include PayPal, Venmo, Cash App

Younger adults favour the convenience of mobile payments, despite seeing them as less secure than cash or card. Mobile payments are the method of choice for 18-24 year-olds in most scenarios.

Likelihood to choose mobile payments based on occasion

Age Group	To pay family and friends	On a night out	For clothes shopping	For holidays in Ireland	For grocery shopping
18 - 24	42%	40%	43%	45%	45%
25 - 34	48%	34%	36%	33%	32%
35 - 44	33%	15%	24%	19%	20%
45 - 54	30%	11%	16%	14%	15%
55+	23%	11%	13%	12%	14%




The role of cash in how we manage our money

Cash gives us a sense of control and helps us manage ourselves. For older adults, cash was their first interaction with money and is still preferred for budgeting our lifestyles, controlling spend and introducing children to the world of money. However, cash is not just favoured by older generations; it is everyone's favourite for informal occasions.

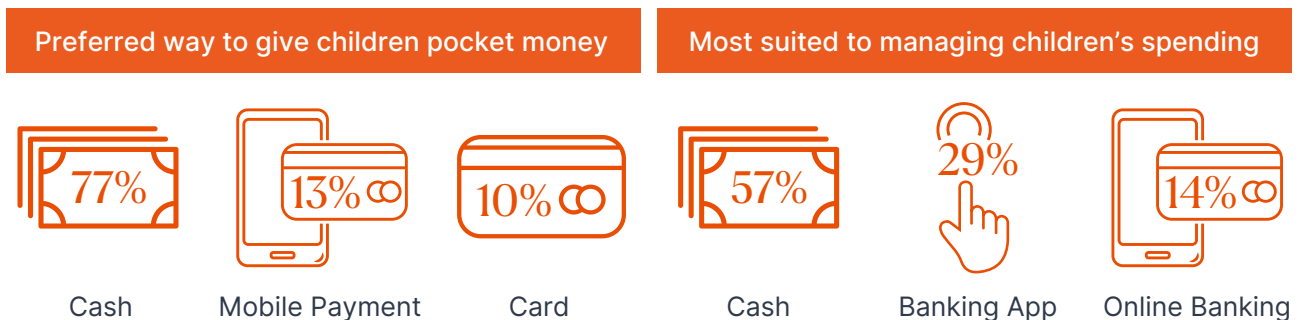
On average, 6 in 10 of us feel that when we use cash, we value it more and as a result, spend less.

When I have cash in my hand, I feel like I value it more and end up spending less (% agree)				
18 - 24	25 - 34	35 - 44	45 - 54	55+
56%	57%	60%	62%	66%

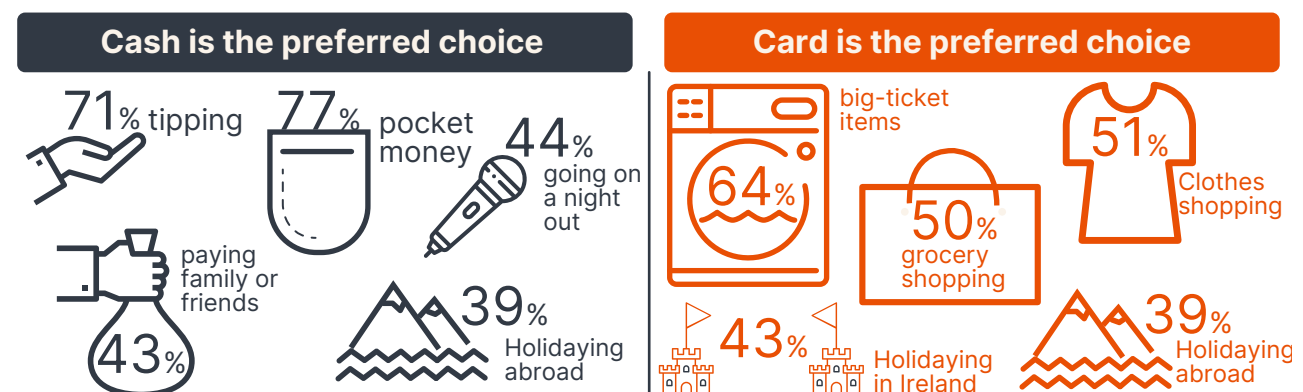
While card, contactless and mobile payments are convenient, they remove 'frictions', making it easier to spend ⁽¹⁾. Cash has the opposite effect. We 'feel' cash, and we feel the pain when we part with it. Women in particular find it harder to keep track of spending with tap to pay, and fear overspending. Cash gives a sense of control.

It is harder to keep track of spending with tap to pay →		Women 72%	Men 59%
People spend more when they use tap to pay rather than inserting card or using cash →		Women 65%	Men 59%
When I have cash in my hand, I feel like I value it more and end up spending less →		Women 64%	Men 59%

Cash is seen as best way to manage children's spending:



We favour cash when payments are informal and amounts are small. Card payments are preferred for shopping.



Being able to visit a branch still holds great value for Irish consumers

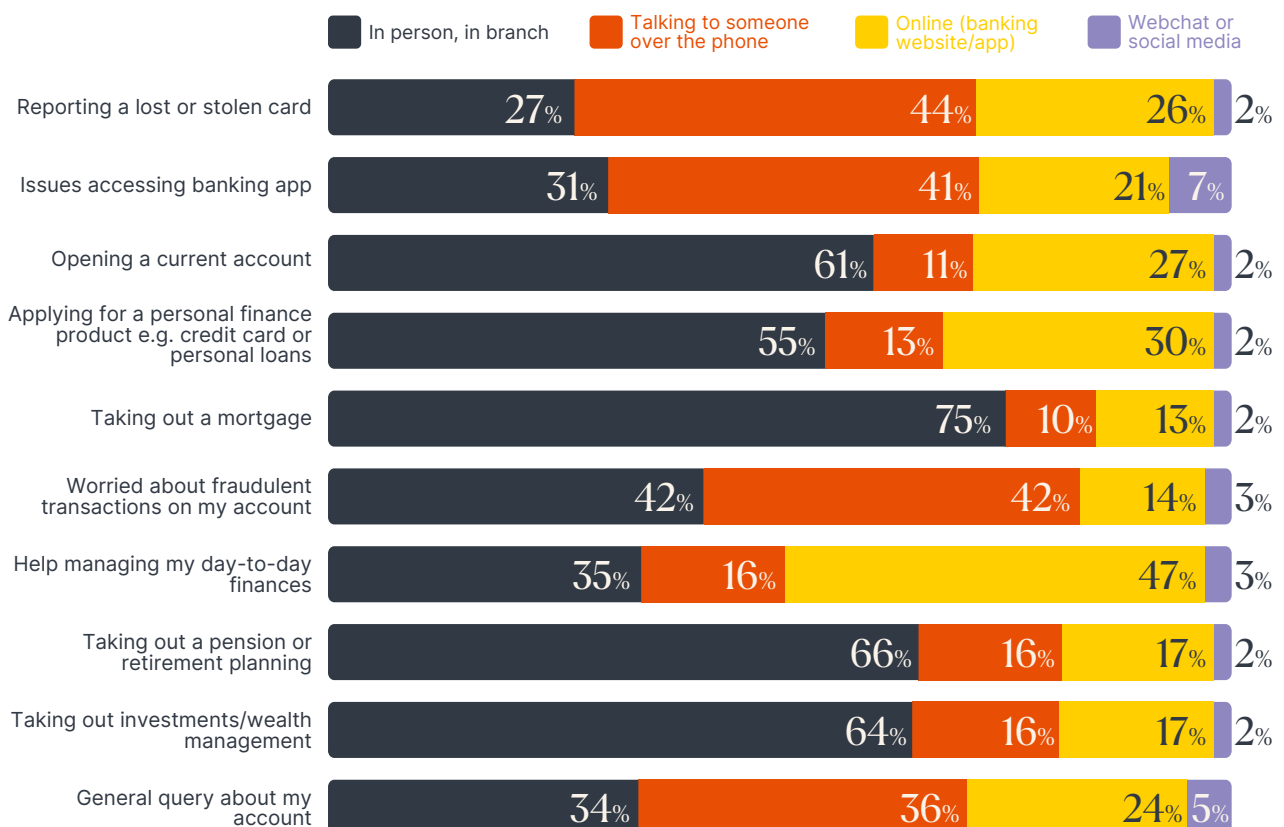


In a straight choice between human and tech-led support for banking services, human support wins every time with one exception; help with managing day-to-day finances. When making decisions about complex financial products, protecting ourselves against risk or dealing with urgent problems, we find a human connection more reassuring.

At PTSB, we have invested in and embraced technology to enhance the customer experience but not at the expense of the human interactions that our customers expect, which is reflected in these findings.

Our customer promise – Altogether More Human – represents our commitment to putting customer needs at the centre of how we plan, design and deliver for them, whether that's digitally, over the phone, in one of our 98 branches across Ireland or a combination of all of these. This emphasises our intentions as a full-service personal and business bank, to bring great technology and great people together to meet customers' changing needs and deliver a better banking experience.

Human versus Technology Led support





The human factor and complex financial products

When seeking guidance about complex financial products, dealing with a human being is up to 6 times more preferable than engaging with technology. The gap narrows for more straightforward products.

When taking out a mortgage, human support is 6 times more preferable than tech-led support. When taking out pension or investment products, human support is 4 times more preferred. The gap narrows to just over twice as preferred when it comes to opening a current or savings account or applying for a loan or credit card.

% preference for human or tech-led support when buying financial products:

Taking out a mortgage →	Human Support 43%	Tech-led Support 7%
Taking out a pension or retirement planning →	Human Support 41%	Tech-led Support 9%
Taking out investments / wealth management →	Human Support 41%	Tech-led Support 9%
Opening a current account →	Human Support 36%	Tech-led Support 14%
Opening a savings account →	Human Support 35%	Tech-led Support 16%
Applying for a credit card or personal loan →	Human Support 35%	Tech-led Support 15%

We prefer to talk to a human being when reporting issues, especially when the stakes are high:

% preference for human or tech-led support when reporting issues:

Worried about financial transactions on my account →	Human Support 42%	Tech-led Support 8%
Reporting a lost or stolen card →	Human Support 36%	Tech-led Support 14%
Issues accessing banking app →	Human Support 36%	Tech-led Support 14%
General query about my account →	Human Support 35%	Tech-led Support 15%

Technology has helped us better understand our finances and spending

Across generations and occasions, we see some products and services as better at meeting specific needs than others. Banking apps help us feel more confident about managing our money, providing us with information and knowledge, improving our financial literacy.

Most believe banking technology has improved their understanding of financial products and their own spending behaviour

Banking tech has improved knowledge of fees and charges (76%), deposit interest rates (62%), foreign-based financial products (59%) and investment returns (55%). This has led to an increase in understanding of personal spending (80%) and available financial products and services (74%). All of these benefits are more keenly felt by those under 35. As a result of this improved knowledge and understanding, three quarters (76%) feel an increased confidence in their ability to manage their money, rising to 83% among under 35s.

Online banking or banking apps are the preferred option for help with managing day-to-day finances.



Banking apps are seen as the easiest and most user-friendly way to keep track of day-to-day spending.

A third (35%) choose banking apps over other methods to track day-to-day spending, particularly those aged 25-34 (43%). A similar proportion use them to budget for future spending (29%), again this is highest amongst 25-34 year olds (36%). Banking apps are twice as popular for tracking spend compared to online banking, manual tracking, or cash, and three times as popular as relying on bank statements.

Banking apps are preferred ahead of banking websites for transferring money and saving.

We are uncomfortable about the role of AI when it comes to our finances

Artificial Intelligence (AI) sits at the cutting edge of technological innovation and will impact our lives in many ways. However, most of us are uncomfortable with the idea of AI-generated financial advice and associate an increased role for AI with an increased risk of fraud.

Only a quarter (24%) are comfortable with the idea of AI-generated financial advice, but almost twice as many (46%) are not.



Younger adults are more comfortable with the idea of AI-generated advice than older adults; 1 in 3 of under 45s compared to 1 in 5 among over 45s.

Most people (72%) are concerned that the increased use of AI could lead to more sophisticated financial fraud. So even if AI is capable of analysing our personal spending patterns, 70% of us would prefer to talk to somebody about it rather than rely on what AI might tell us. These sentiments increase with age:

% Agree:	I am worried the increased use of AI will lead to more sophisticated financial fraud	AI might be capable of analysing my spending patterns, but I am more comfortable talking to a human being
18-24	61%	56%
25-34	62%	61%
35-44	73%	67%
45-54	76%	71%
55+	79%	79%

This concern is not unfounded, with experts warning AI could become a game-changer for fraudsters ⁽²⁾. However younger adults are more comfortable with an increased role for AI. If current trends continue, they are more likely to fall victim to fraud enabled by technology including AI than older adults.

Fraud attempts appear less frequent but more effective



Over 7 in 10 (71%) report having ever experienced an attempted financial fraud, down from 75% two and a half years ago. However, the likelihood of attempts being successful in defrauding us has increased, particularly skimmed card data, vishing and smishing. Evidence shows a significant increase in fraudulent scams in recent times ⁽³⁾.

Victims as a % of attempts:	October 2022	April 2024	Increase
Skimmed card data →	40%	47%	↑ +7%
Vishing →	11%	15%	↑ +4%
Smishing →	12%	15%	↑ +3%

The most commonly experienced attempts at financial fraud, smishing, phishing and vishing, are the least effective.

Six in ten have experienced attempts of smishing, a similar proportion have experienced phishing (58%) and over half (55%) have experienced vishing, down from 62% who experienced vishing two and a half years ago. However, while these attempts reach many of us, only 15% of those contacted, approximately 1 in 7, fall victim.

Skimmed card data, though not the most commonly experienced fraud, is the most effective.

Skimmed card data, although experienced by fewer of us at 1 in 4, is the fraud type we are most likely to fall victim to. Almost half (47%) of those that experience it fall victim, up from 40% in October 2022.

Young people continue to be most likely victims of fraud

Younger adults are more likely to become victims of financial fraud. They are more likely to be targeted by less common but more effective types of fraud such as investment, romance, lottery, ticket or rental scams.

This group is also more likely to favour payment methods that are convenient even if they consider them less secure than alternatives, e.g. mobile payments like Apple Pay or Google Pay. They are also more likely than older age groups to prioritise convenience and familiarity when making payments online and to place lower emphasis on security.

Younger adults are much more likely to have been targeted by investment, lottery, romance, ticket or rental scams.

These types of fraud attempt are less common than phishing, vishing and smishing, but are (with the exception of lottery scams) more effective. Approximately 1 in 3 of those who are targeted will fall victim. Lottery scams are less effective with 1 in 7 falling victim.



Younger adults and those living in Dublin are more likely to fall victim to financial fraud:

Over 1 in 4 (27%) of us have fallen victim. However, this rises to a third among younger adults (36%) and those living in Dublin (32%).



Residents of Dublin are more likely than others to have been targeted by skimmed card data attempts, or romance, ticket or rental scams:

% Scam attempts experienced:	Total	Dublin residents
Skimmed card data	24%	30%
Romance	15%	17%
Ticket	13%	15%
Rental	12%	14%

The fraud conversion rate – how frequently are attempts successful?

In general, there is a higher financial fraud conversion amongst 18-24 year olds with this age group more likely to be victims amongst those who have experienced each type of financial scam.

However, there are two exceptions; older age groups are more susceptible to card skimming – this is most likely due to the significantly higher usage of cash, physical cards and/or ATMs within this age group – and romance scams which has a higher conversion amongst 25-54 year olds.

% Financial fraud conversion rate – victims vs experienced each type of scam:	Total	Male	Female	18-24	25-34	35-44	45-54	55+
Skimmed card data	46%	46%	50%	21%	45%	46%	46%	58%
Phishing	16%	17%	13%	26%	19%	14%	15%	9%
Vishing	15%	13%	18%	22%	20%	16%	16%	11%
Smishing	15%	14%	16%	27%	17%	14%	16%	12%
Rental scam	33%	33%	33%	53%	32%	27%	33%	33%
Romance scam	27%	26%	27%	29%	35%	33%	31%	17%
Inheritance scam	20%	22%	18%	45%	25%	15%	18%	13%
Lottery scam	14%	17%	14%	24%	22%	14%	17%	5%
Ticket scam	31%	25%	27%	43%	32%	29%	15%	29%
Investment scam	30%	23%	36%	34%	29%	32%	30%	20%

There is a sense that fraud is becoming increasingly sophisticated. Less than half of us feel confident we would know what to do if targeted:

There is a strong sense that financial fraud is becoming more sophisticated and that more should be done to make people aware of it, with over 8 out of 10 agreeing in both cases. This level of concern has not changed since October 2022.

There has been a decline in those that feel confident they would know exactly what to do if targeted by financial fraud. Fewer than 1 in 2 feel confident (46%), down from 56% two and a half years ago.

I'm confident I would know exactly what to do if I was the target of a financial fraud.



Men:
54% agree



Women:
40% agree

How PTSB addresses fraud and promotes awareness

Dedicated fraud team available for customers 24/7



Regular engagement with FraudSMART on key fraud trends

FraudSMART

All new account opening letters warn customers of fraud



Frequent customer updates via web, email, social and in-app



At PTSB, we see that volume of fraudulent sites targeting our customers increase every year. However, since the launch of PTSB Protect; the additional layer of anti-fraud protection we added to our banking app, 2023 showed a decrease on previous years, and the volume of clicks on links has decreased significantly by 76% on comparable periods, the number of PTSB branded fraudulent sites have also started to decrease. It is clear that the enablement of PTSB Protect on customer devices has a real impact on combatting fraudulent activity. PTSB customers can enable PTSB Protect through our banking app on iOS and Android.

PTSB Protect, a feature within the PTSB Banking app which once enabled, supports in preventing customers fall victim to fraud.

The trade-off between convenience and security

Despite concern about the risk of scams when shopping online or paying by card, few of us are prepared to sacrifice convenience to protect ourselves:

A majority (60%) worry about fraud when shopping online. A quarter (24%) choose to shop in-store rather than online to reduce risk. A third (35%) choose to pay by cash rather than card to reduce the chance of fraud.

Older age groups are more likely to avoid making card or online payments to stay safe.

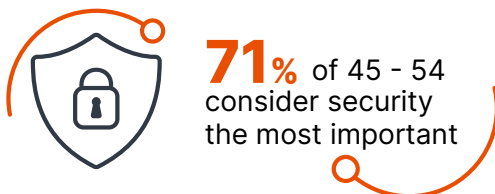
	% agree:	% always:
	I pay by cash rather than card to reduce the risk of fraud or scams.	I shop in physical stores to avoid making online payments.
18-24	25%	17%
25-34	30%	18%
35-44	33%	13%
45-54	36%	24%
55+	41%	35%

Older age groups are more likely to use cash on a night out or when on holiday as a precaution:

% always:	I bring cash on a night out to avoid having to use phone or card payments	I bring cash for going on holiday in Ireland to avoid having to use phone or card payments	I order cash for going on holiday abroad to avoid having to use phone or card payments
18-24	20%	17%	20%
25-34	18%	19%	16%
35-44	25%	17%	13%
45-54	34%	24%	24%
55+	35%	27%	23%

Security is the most important factor when making payments or transferring money online, but relatively less so for younger adults:

At an overall level, security is more than three times as important as any other factor including speed, familiarity, or convenience when making online payments. However, security is relatively less important for younger adults. It is twice as important for those aged 55+ than for those aged 18-24. Younger adults rate convenience and familiarity with the recipient more highly than older age groups.



22% of 35 - 44 place speed as an important factor when making payments / transfers



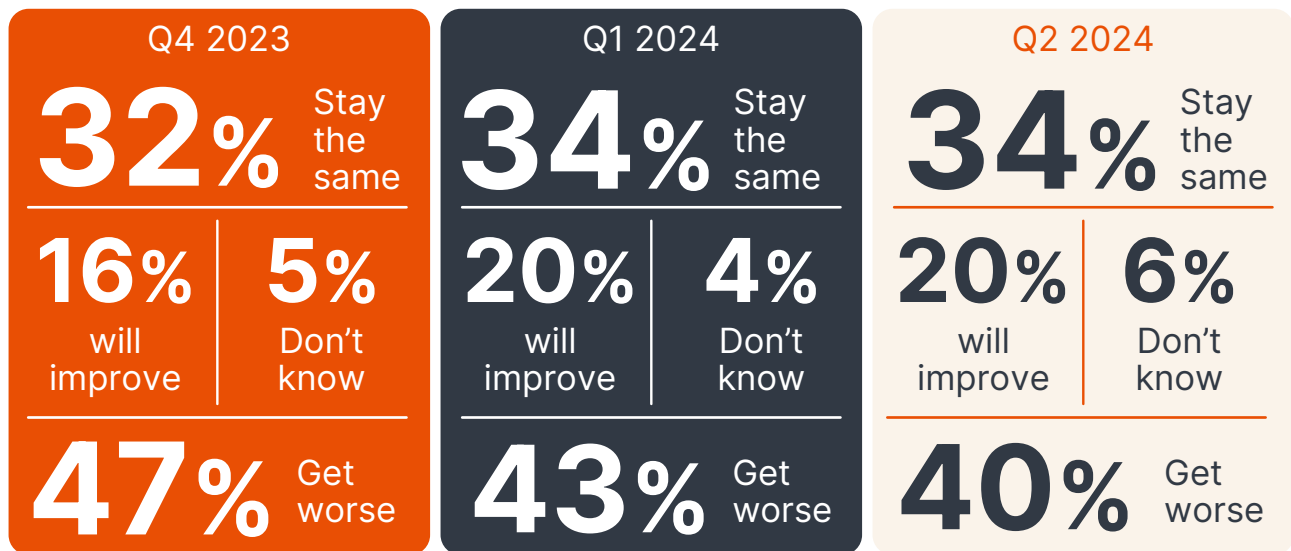
Mobile payments are the method of choice for 18-24 year olds for most occasions, even though they see them as less secure than cash or card.

Our view on the Irish economy

Year-long trend continues to show rise in positivity

There has been very little movement since our report last quarter when looking at how people feel about the economy. Those who believe the situation will stay the same or improve is unchanged, while there has been a minor shift in those who expected it to get worse but are now perhaps less pessimistic.

Do you think the economic situation of the country is likely to improve, remain the same, or get worse over the next 12 months?



Are we on the right track?

Similar to our feeling towards the economy, the country is largely unchanged when considering the overall direction of the country. In total, 30% of people say we are moving in the right direction – which is unchanged from last quarter – while 56% say we are on the wrong track. That represents a small decline from 58%.



How we describe our personal finances

A dip in those who say they are better off compared to a year ago

The increase that we saw in the last quarter of people who said they were better off compared to this time last year has dipped from 21% to 18% in our latest research. A part of this appears to be due to more people now describing their situation as the same as twelve months ago, which has increased from 33% last quarter to 35% now. Those who feel they are worse off compared to a year ago has remained unchanged since our last report at 46%.

Better off compared to twelve months ago

Q1 2024

21%

vs

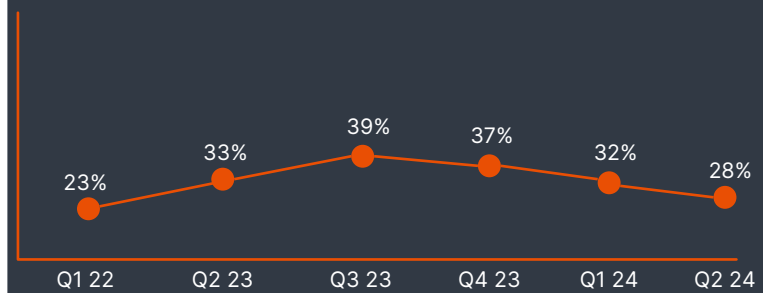
18%

Q2 2024

Where do we see ourselves in 12 months?

When looking ahead to this time next year, the overall trend remains positive. While there has been a small decline in those who expect to be better off, now at 26% versus 28% three months ago, this is outweighed by a reduction over the same period in those who expect to be worse off, down to 28% from 32%, and an increase in those who expect their personal finances to remain the same, up to 40% from 35%.

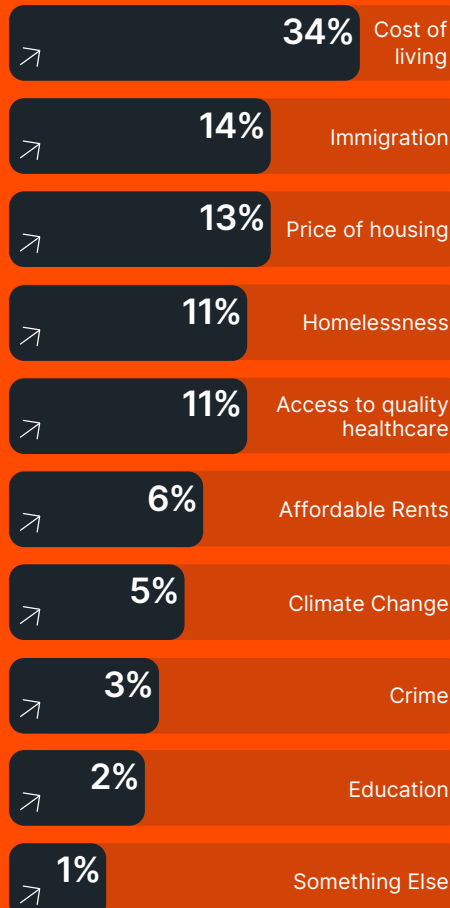
Expect to be worse off in 12 months



How do we feel about living in Ireland today?

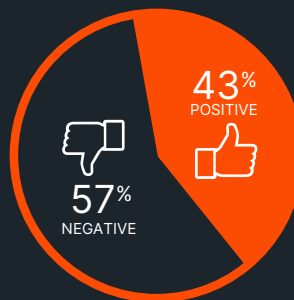
The trend over the last twelve months continues to show that more people report feeling positive about living in Ireland, with 43% feeling this way versus 39% in the first quarter of 2023. At that time last year, a quarter of people (26%) also reported feeling anxious, a figure which stands at 19% in our latest findings.

Top 10 most important issues to be addressed

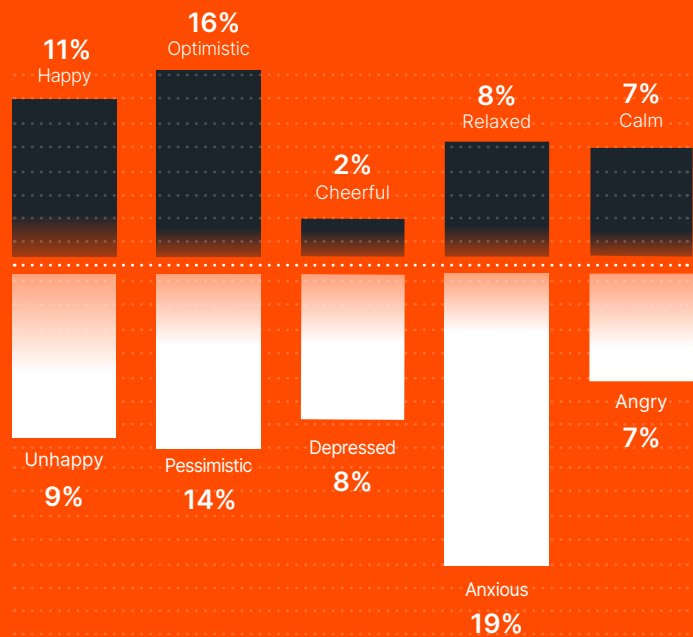


Note: 'Covid-19' and 'Biodiversity loss' were not included in our questionnaire for this report. They were replaced with 'Immigration' and 'Crime'.

How do we feel?



Nation's Emotions

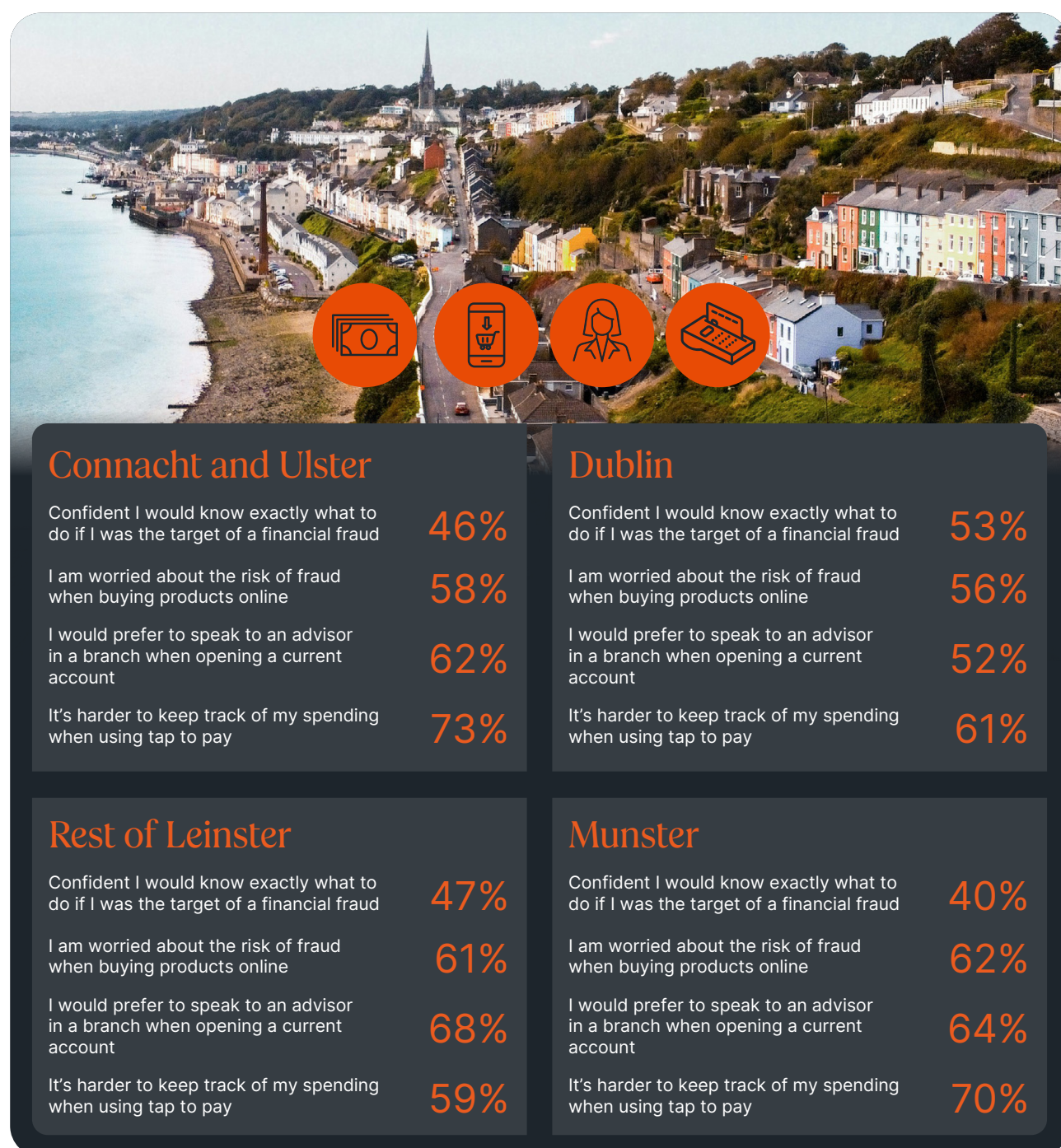


Note: Due to rounding, the total percentage may not add up to 100%.

Reflecting the Nation

A regional view of how people in Ireland feel about their money and banking

Taking a look at regional differences, people in Dublin are the most confident (53%) they would know what to do if they were targeted by financial fraud. Those in Munster express the most concern (62%) with the risk of fraud when buying products online, while residents of Connacht and Ulster believe it's more difficult to keep track of their spending when using tap to pay (73%). People living in the rest of Leinster are the most likely to favour visiting a branch when opening a current account (68%).



Methodology

In the thirteenth edition of Reflecting Ireland, we take a look at how people in Ireland are managing their money in a digital world.

Survey information

- An online survey was conducted of 1,000 people in the Republic of Ireland
- Sample was nationally representative of the population based on gender, age, social class and region
- Fieldwork was carried out between the 10th and 26th of April 2024
- The margin of error for this research is +/- 3.02%

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- (2) Emer Walsh: Fraud is already on the rise, and AI is set to turn it into a perfect storm (irishe Examiner.com)
- (3) New figures show an almost 26% jump in fraudulent scams in first half of 2023 as consumers warned to be on high alert for investment fraud - FraudSMART - Banking & Payments Federation Ireland (bpfi.ie)

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