



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Review of Interest Rate Cap on High Cost Credit

Report to the Minister for Finance under Section 9 of the
Consumer Credit (Amendment) Act 2022

November 2025

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1. Executive Summary

1.1 Overview

The Central Bank of Ireland (the Central Bank) is responsible for the authorisation and supervision of high cost credit providers (HCCPs).

HCCPs were previously known as “moneylenders” who held a “moneylender’s licence” under the Consumer Credit Act, 1995 (as amended) (the ‘CCA’). The Central Bank became the responsible authority for the regulation of moneylenders in 2003. Since then, the Central Bank has worked to strengthen the consumer protection for those consumers that avail of high cost credit. This includes introducing a Consumer Protection Code for Licensed Moneylenders in 2009. This Code sets out a number of requirements that must be complied with such as acting fairly, with due skill and care, the provision of specified information to the consumer, rules relating to contact with consumers, complaints handling and advertising. We have also periodically undertaken thematic assessments. And from 2026, HCCPs will be subject to certain provisions of the revised Consumer Protection Code.

The more traditional form of high cost credit is a cash loan, but the sector also includes the provision of goods on credit from a cash loan firm, the provision of electrical goods from a retailer, the purchase of goods on credit from a website/catalogue or credit to pay for an insurance premium.

The Consumer Credit (Amendment) Act 2022 (the 2022 Act) was enacted on 14 November 2022 to amend the CCA. The purpose of the 2022 Act was to increase protections for consumers using HCCPs and introduced the following key changes to the sector:

- The introduction of an interest rate cap on high cost credit agreements as follows:
 - 1% per week simple interest on fixed rate loans, up to a maximum of 48%,
 - 2.83% nominal interest¹ on the outstanding balance per month on running accounts².
- The prohibition of home collection charges;
- The introduction of a maximum loan term of 52 weeks (other than running accounts);
- Allowing repayment books to be maintained online;

The Central Bank is responsible for the authorisation and supervision of high cost credit providers.

The 2022 Act required the Central Bank to produce a Report on the impact of the interest rate cap.

¹ “Nominal rate” means the advertised or stated interest rate, without taking into account any fees, but including any compounding of interest applicable.

² A running account is similar in operation to a credit card account in that borrowers have a credit limit and can charge goods up to that limit.

- Replacing the one year licence term with five year licence terms;
- Replacing the term “moneylender” with “high cost credit provider”.

In discharging our role in supervising the high cost credit sector and as part of our overall monitoring of the sector, Section 9 of the 2022 Act³ requires the Central Bank to prepare and produce a report for the Minister for Finance assessing the impact of the interest rate cap on the following:

- a. The impact of the regulations on competition in the high cost credit sector;
- b. The impact of the regulations on the supply of credit in the high cost credit sector;
- c. The average rates of interest offered to customers in the high cost credit sector and any trends in such interest rates; and
- d. Where setting the proposed rate would reduce the supply of credit in the HCCP sector, the impact of such a reduction on financial inclusion.

The review was carried out by collecting information from a variety of sources, including:

- Engagement with regulated entities that form part of the HCCP sector, including the industry representative body;
- Analysis of data submitted by HCCPs via Annual Returns to identify trends related to the introduction of the interest rate cap;
- Analysis of available Central Credit Register (CCR) data⁴;
- Engagement with HCCP consumers via consumer research; and
- Engagement with a range of civil society bodies, including the Money Advice and Budgeting Service (MABS), St. Vincent de Paul, Alone, Free Legal Advice Centres and the Insolvency Service of Ireland.

All firms are complying with the cap, with the majority of cash loans operating at 1% per week.

The Central Bank would like to thank all stakeholders for their input.

Following our review, we present four findings, in summary:

1. Overall, the interest rate cap has not had a significant impact on competition in the sector.
2. The supply of credit in the sector has remained steady since the introduction of the cap.
3. The interest rate cap has reduced interest rates on HCCP loans as intended.
4. The cap has had no direct impact on financial inclusion, as the *overall* supply of credit remains steady since the introduction of the cap. However, the value of continued access to loans supplied by the sector was highlighted by consumer research and civil society.

³ Section 9 of the Consumer Credit (Amendment) Act 2022 inserted Section 98A into the Consumer Credit Act, 1995

⁴ Loan agreements of €500 and over are included in the CCR. HCCP loans have been included in the CCR since March 2018.

1.2 Findings

Overall, the interest rate cap has not had a significant impact on competition in the sector. There are low levels of competition in the sector in general, and on cash loan interest rates in particular, with the majority of cash loans in the sector operating at the 1% per week cap in 2024⁵. According to the sector, cash loan competition is mainly focussed on loan duration and weekly repayment amounts – a key source of consideration for HCCP consumers (see Section 3.1).

The overall supply of credit has remained steady since the introduction of the cap, with c.288,000 customer accounts having an active high cost credit agreement at 31 December 2024. As such, the introduction of an interest rate cap has not had a significant direct impact on the supply of high cost credit. The number of HCCPs has declined – from 39 firms in 2015 to 28 firms in 2025. This trend in the number of HCCPs pre-dates the cap and has not increased since the cap. Some existing HCCPs are concerned about their long-term viability, particularly if the cap were to be reduced further. In trends observed before the introduction of the cap, the type of credit being supplied has changed, with cash loans continuing to decline while other types of loans have increased. The profile of cash loans has changed as a result of the cap, with shorter-term loans less available (See Section 3.2).

The interest rate cap has reduced interest rates as intended. Prior to the introduction of the cap, the highest interest rate offered in the sector was 75.64%.⁶ After the cap, this stood at 48% in July 2025.⁷ As of July 2025, with the interest rate cap in place, the highest APR offered was 152.35%⁸ (see Section 3.3).

The cap has had no direct impact on financial inclusion, as the overall supply of credit remains steady since the introduction of the cap. However, it is notable that the duration of high cost loans has increased as a result of the cap. At the same time, the overall cost of credit for consumers has not increased, due to lower interest rates. Our consumer research and engagement with civil society bodies has shown that HCCPs play an important role in financial inclusion through the provision of credit to those who may otherwise not be able to access credit from other mainstream providers (see Section 3.4 and Appendix 2).

⁵ HCCP Annual Return data.

⁶ Central Bank Register of High Cost Credit Providers, November 2022.

⁷ Central Bank Register of High Cost Credit Providers, July 2025.

⁸ Central Bank Register of High Cost Credit Providers, July 2025.

2. Background

The interest rate cap aimed to restrict the total cost of credit on high cost credit agreements.

2.1 High Cost Credit Sector - Overview

HCCPs were previously known as “moneylenders” who held a “moneylender’s licence” under the CCA. HCCPs are individuals or companies whose main business is to lend money to consumers on foot of a high cost credit agreement.

The credit can take the form of a cash loan⁹ but may also involve the provision of goods on credit from a cash loan firm, the provision of electrical goods from a retailer, the purchase of goods on credit from a website/catalogue (‘online retailers’) or credit to pay for an insurance premium (‘premium finance’). A typical feature of a high cost credit agreement is an APR in excess of 23%.

The sector has evolved in recent years, with the online retail and insurance premium finance business models making up the majority of the consumers in the sector (see Figure 2). The cash loan model is historically linked to the ‘home collected’ business model whereby agents issue loans and collect repayments at the consumer’s home. However, many of these firms now also offer remote payment options and some are fully remote.

HCCPs are subject to Central Bank authorisation and supervision and must comply with a range of legislative and regulatory consumer protection requirements, including the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Licensed Moneylenders) Regulations 2020 (the 2020 Regulations).

Among other protections, such as complaints handling requirements and advertising requirements, the 2020 Regulations require HCCPs to

- Prominently highlight the high cost nature of the loans and to prompt consumers to consider alternatives;
- Prompt consumers to consider potential State supports for immediate basic needs; and
- Provide consumers with total repayment information if they have taken out more than one loan with the HCCP.

In addition to the protections in the 2020 Regulations, HCCPs are prohibited from charging fees for missed or late payments, as it is common

High cost credit typically takes the form of a cash loan but may also involve the provision of goods on credit or paying for an insurance premium.

⁹ Cash loan figures referred to throughout the Report include the provision of goods on credit from a cash loan firm on foot of a high cost credit agreement.

for a consumer to miss repayments on a HCCP cash loan, although the loan is ultimately paid off.

The Consumer Protection Code 2025 will apply to HCCPs from 24 March 2026, with specific requirements of the 2020 Regulations carrying over to this Code.

Given there are different products within the HCCP sector, the profile of borrowers that avail of these products can be diverse. Some will use premium finance to pay insurance premiums in instalments, other customers will avail of online retailers. For further insight into borrowers that avail of cash loan products, see Section 3.4 and Appendix 2.

2.2 Interest Rates in the High Cost Credit Sector

While a statutory interest rate cap was not in place prior to the commencement of the 2022 Act, under the CCA the Central Bank can refuse to grant a high cost credit provider's licence if, in its opinion, the cost of credit to be charged is excessive or the terms and conditions of the loan are unfair.

The Central Bank decided not to permit interest rates in excess of the rates permitted by its predecessor regulator when the Central Bank took over responsibility for licensing the sector.¹⁰ This ensured that interest rates did not increase beyond what had been permitted by the responsible regulator before this mandate passed to the Central Bank. It also meant that the practice of 'payday'¹¹ lending was not permitted in Ireland.

Example of a typical HCCP loan	
Loan amount	€1,000
Total amount to be repaid on the loan - principal and interest	€1,250
Duration of the loan	25 weeks
Weekly repayment	€50
Rate of simple interest chargeable per week	1% p/week
APR - Annual rate representing actual yearly cost of money borrowed	152.30%
Cost of Credit - Total interest amount charged as a percentage of the amount of the loan.	25%

¹⁰ The Office of the Director of Consumer Affairs previously had responsibility for licensing the sector.

¹¹ While there is no set definition of a payday loan, it is usually a short-term, high-cost loan, that is usually due on a borrower's next payday. Typically, these carry higher rates than permitted for HCCP in Ireland.

2.3 The Interest Rate Cap

The 2022 Act introduced a cap of 1% simple interest per week up to a maximum of 48% per annum on fixed rate loans, as well as a nominal monthly interest rate of 2.83% on the outstanding balance for running accounts. The intention of an interest rate cap is to give protection to consumers by reducing the total cost of credit they will pay.

In 2022, in advance of the commencement of the cap, the Central Bank carried out an exercise to re-assess all interest rates contained on HCCP licences. HCCPs were required to submit new products for review and updated licences were issued. The majority of firms needed to amend their product offering to comply with the cap. One firm ceased lending as a result of the cap and one that had previously paused its lending has not re-commenced.

In addition to the cap, the maximum duration of a high cost credit agreement was set at 52 weeks (other than running accounts) and HCCPs were prohibited from charging for home collection¹². The 2022 Act also removed the requirement for licences to be renewed annually. Licences are now issued for a period of five years, after which firms have to re-apply.

The table below shows that the introduction of an interest rate cap has reduced the maximum APR and maximum 'cost of credit' charged in the sector¹³:

	Maximum APR % Excluding Collection Charges	Maximum APR % Including Collection Charges	Cost of Credit %
Nov 2022	188.45%	253.05%	75.64%
July 2025	153.25%	N/A ¹⁴	48%

¹² Although HCCPs are no longer permitted to charge separately for home collection, the cost of home collection is likely to have been factored into the total cost of credit in loans offered post-interest rate cap. As such, this Report does not consider the prohibition of home collection charges to have had a significant impact on the sector.

¹³ Central Bank Register of High Cost Credit Providers, November 2022 & July 2025.

¹⁴ Collection charges are no longer permitted.

3. Analysis

3.1 Competition in the Sector

Finding

Overall, the interest rate cap has not had a significant impact on competition in the sector, given that there are low levels of competition in the sector in general, and in particular in the cash loan sector. The majority of cash loans in the sector operated at the 1% per week cap, subject to the maximum of 48%, in 2024. However, when comparing like for like loans prior to the introduction of the cap, there was already low levels of competition on interest rates on cash loans. Our consumer research has shown that the overall cost of credit is not the main consideration for HCCP consumers – the weekly repayment amount is their main consideration. HCCPs have commented that loan duration and weekly repayment amounts are the key area of competition in the cash loan market.

Competition on pricing for cash loans is limited, with the majority of firms offering loans at the cap of 1% per week according to Annual Return data. HCCPs have commented that competition in the sector is now focused on loan duration, which affects the consumer's weekly repayment amount. Consumer research has shown that the overall cost of credit is not the main consideration for HCCP consumers – the weekly repayment amount is their main consideration. In general, there is less competition in terms of the number of providers in the market. However, this was the case prior to the cap as the number of firms has continued to decline over time and there is no significant increase in the decline since the implementation of the cap. At the time of publishing the results of a Report on the sector in 2013 (the 2013 Report)¹⁵, there was 43 firms. As of July 2025, there was 28.

When directly comparing competition in like for like products¹⁶ from before and after the cap, there is no significant change. For example, prior to the cap, 71% of 25-week loans operated at the proposed maximum cap of 1% per week. Post-cap, 86% of 25-week loans offered operated at the maximum cap of 1% per week.

The cap has not impacted competition in other business models in the sector, such as premium financing and online retail. While interest rates are

Competition on pricing is limited, with most cash loans operating at or around the cap.

¹⁵ The Central Bank previously published the [results](#) of consumer research carried out in 2013 (the '2013 Report'). However, since the 2013 Report was published, the landscape of the sector has changed significantly with the biggest cash loan firm exiting the market and new entrants increasing the prominence of other business models, such as premium finance.

¹⁶ Central Bank Register of High Cost Credit Providers, November 2022 & July 2025.

more competitive across these business models (as they were pre-cap), it should be noted that the rate of interest is unlikely to be the main consideration for consumers using these services as other factors may dictate which service is used. For example, in relation to premium financing agreements, this can depend on the insurer/broker used by the consumer, as certain insurers/brokers may utilise only one premium finance provider. In relation to online retailers, the consumer may prefer the product offering (such as clothes) of one retailer to the other.

3.2 Supply of Credit in the Sector

Finding

The introduction of an interest rate cap has not had a significant direct impact on the supply of high cost credit as the supply of credit remains in a similar position as prior to the introduction of the cap, with c.288,000 customer accounts having an active high cost credit agreement at 31 December 2024. The number of HCCPs has declined – from 39 firms in 2015 to 28 firms in 2025, with a particular decline in the cash loan sector. This trend in the number of HCCPs pre-dates the cap and has not increased since the cap. The interest rate cap does not appear to be a direct reason for HCCPs exiting the market. Rather, it is a combination of a number of factors (including the interest rate cap) that may result in firms leaving the market as profit margins diminish, as evidenced from our findings below.

In trends observed before the introduction of the cap, the type of credit being supplied has changed, with cash loans continuing to decline while other types of loans have increased. The profile of cash loans has changed as a result of the cap, with shorter-term loans less available.

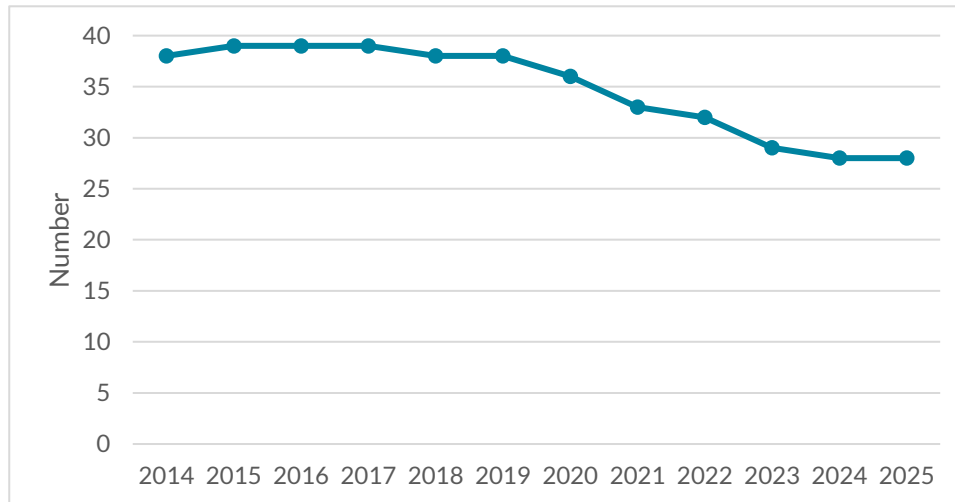
The number of firms in the HCCP sector has continued to decline year-on-year.

The number of firms in the HCCP sector has gradually declined over the last ten to fifteen years. At the time of publishing the 2013 Report, there were 43 firms operating in the sector, with 39 operating in 2015¹⁷. Prior to the introduction of the interest rate cap commencing on 14 November 2022, there were 32 firms in the sector.¹⁸ As of July 2025, this had reduced to 28 (Figure 1)¹⁹.

¹⁷ Central Bank Register of High Cost Credit Providers, December 2015.

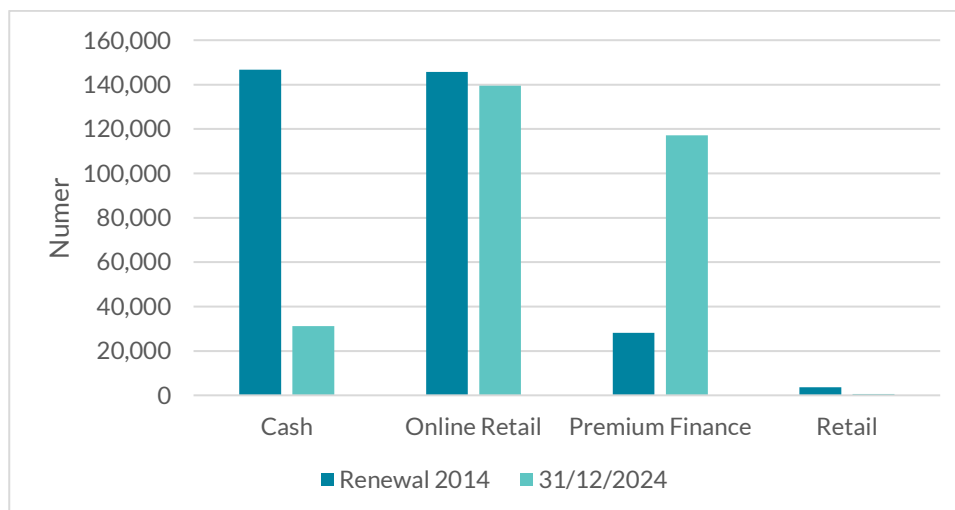
¹⁸ Central Bank Register of High Cost Credit Providers, November 2022.

¹⁹ Central Bank Register of High Cost Credit Providers, July 2025.

Figure 1 Number of Licensed HCCPs. Source: Register of HCCPs.

Source: Register of HCCPs.

The cash loan sector has experienced a significant decline in customer account numbers in the last five years. One main contributing factor to this decline was the exit of the biggest cash loan HCCP from the market in 2021. While the HCCP sector had around 288,000 customer accounts with outstanding loans as of 31 December 2024 (based on Annual Return data), the majority are online retail or premium finance customer accounts. Approximately 31,000 of these were cash loan customer accounts as shown below in Figure 2.

Figure 2 Accounts by Business Model Renewal 2014- 31/12/24 HCCP Annual Return

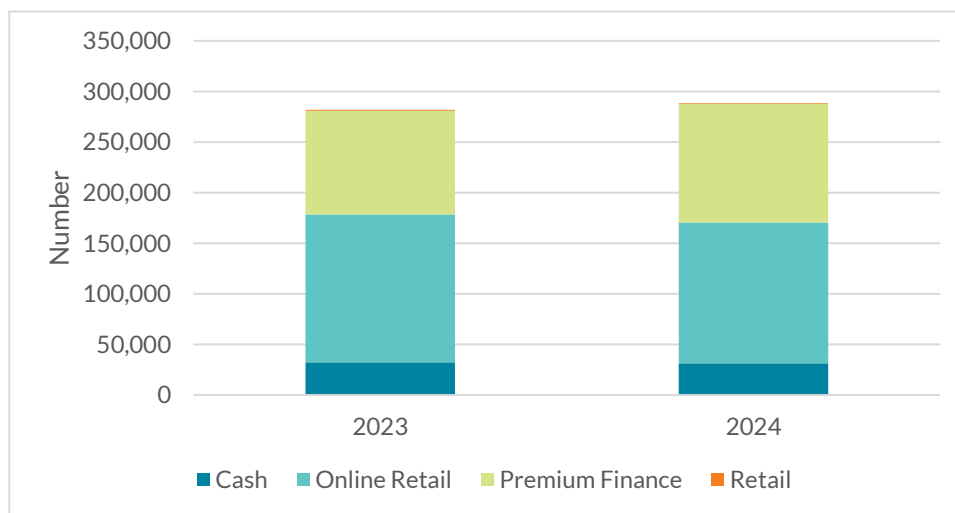
Source: Licence Renewals 2014 & HCCP Annual Return y/e December 2024.

While the Annual Return was only introduced for the first time in 2024 (for data related to December 2023), the Central Bank has noted some changes in the data between December 2023 and December 2024. Most notably, there has been a further decrease in the number of customer accounts with

cash loans – down from around 32,000 to approximately 31,000. For comparison, there were approximately 146,000 customer accounts with a cash loan in data reported to the Central Bank as part of the 2014 HCCP annual licence renewal process. Further, there was an increase in premium finance agreements, with around 117,000 consumer accounts reported as having these agreements in December 2024 compared with approximately 102,000 in December 2023.

Figures 2 and 3 shows the breakdown per business model and demonstrates how the sector has evolved over the last decade, with the premium finance and online retail business models becoming the most prevalent business models in the sector.

Figure 3 Consumer accounts by Business Model December 2023 and December 2024.



Source HCCP Annual Return y/e December 2023 & December 2024.

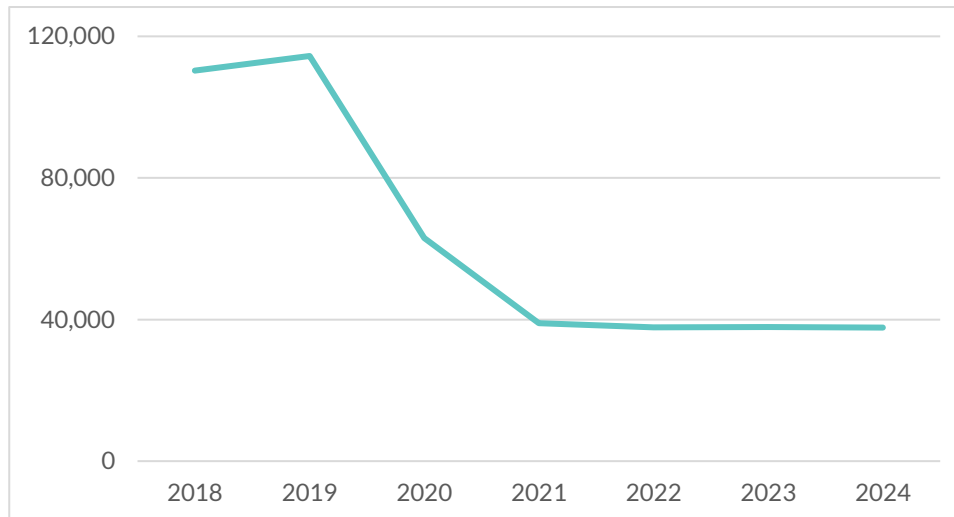
We also undertook a review of data in the CCR, which showed that HCCP cash lending activity reduced significantly during the COVID-19 pandemic and stabilised at a lower level after 2021. Overall, as shown below in Figure 4, the interest rate cap did not affect lending volumes as reported to the CCR.

Traditionally, cash loans were the most common type of high cost credit but this has changed in recent years. Since 2021, after the exit of the largest cash loan provider and the entry of an additional premium finance provider, premium finance and online retailers have overtaken this. However, based on origination figures for 2021- 2024, the cap does not appear to have had a material impact in changing credit supply from the HCCP cash loan sector (see Figure 4).

In December 2024, there were just under 30,000 outstanding HCCP cash loans on the CCR relating to under 24,000 consumers. Only 30% of the

loans were fully on-time with their repayments, 25% had missed one or two payments and 25% had missed more than two repayments. 30% were overdue past maturity.

Figure 4 Number of new HCCP cash loans as reported on the CCR.



Source: Central Credit Register Note: Data in this figure cover March 2018 to December 2024.

Of these approximately 24,000 individuals who had an outstanding HCCP cash loan, approximately, 10,000 also had a credit union loan and approximately 4,000 had an outstanding personal bank loan. The Central Bank also considered consumers who had debts recorded on the CCR at the time of the exit of a large HCCP in 2021 (whose loans were subsequently written off). The Central Bank examined consumers who borrowed from this firm in December 2020. Just under two thirds of these individuals owed debt to another lender, including 50% who had a personal loan with a bank or credit union. Only 9% had a loan with another HCCP. 19% had another form of consumer credit such as a hire purchase agreement. Following the exit of this firm, it appears that new lending to this group of borrowers overwhelmingly came from retail banks and credit unions and not from other HCCPs. Credit unions in particular grew their personal loan business very strongly among these individuals over one year.

According to the Central Bank's supervisory information gathered during the revocation process and ongoing engagement with the sector, the interest rate cap was not cited by firms as a reason for exiting the market.

However, it is part of a combination of a number of factors that may result in firms leaving the market. HCCPs have commented that operating costs have continued to increase, and these costs cannot be absorbed by a price increase as a direct result of the interest rate cap. As a result, according to the sector, profit margins are down. Examples of reductions in margins can be seen in the changes made to firms' product offerings as a result of the

introduction of the cap. For example, prior to the cap, firms could offer a 26-week loan at a 30% interest rate. Post-cap, the same loan is offered at (i) a lower margin of 26% interest rate for 26 weeks or (ii) a longer term 30-week loan at a 30% interest rate which incurs higher operational costs for firms operating home collection models due to the higher amount of weekly collections involved.

Reductions in margins has been noted in responses to our survey by firms (and in other supervisory engagements) across different business models in the sector. In particular, while the volume of loans advanced in premium financing continued to rise between 2023 and 2024, margins and profitability have been negatively impacted by the cap. For example, firms have cited ECB base rate increases, impacting firms' funding costs, and other increases in operational costs since the introduction of the cap. This would ordinarily require firms to increase their rates charged to consumers, but this is restricted by the cap. HCCPs commented that this effect on profit margins impacts their viability and they say that more firms are likely to exit the market in the next two years as a result.

Submissions from the HCCP sector noted that firms are no longer providing loans with durations of 15-20 weeks or loans under €500 as it is no longer feasible to do so. While firms are still able to provide loans to these consumers, the sector claims that the cap has had a direct impact on their ability to supply credit that meets their consumers' initial request. Further, firms who typically give lower value loans to new consumers have commented that, due to the administration work involved, often the first loan to a new consumer is loss-making and firms have become more risk averse to taking on new consumers which impacts the supply of such credit.

A small number of HCCPs offered loans with a duration in excess of 52 weeks prior to the introduction of the 2022 Act. Firms offering these products typically provided credit to higher risk consumers who may not be able to avail of credit from other providers, including other HCCPs. The introduction of the 2022 Act to prohibit loans in excess of 52 weeks and the introduction of the interest rate cap has directly affected the supply of these loans. One HCCP commented that this change has had a negative impact on some consumers who do not fit the profile that other lenders are willing to accept.

Further, new entrants to the market have been limited with only two firms entering the market since 2020, none of whom operate in the cash loan sector. This compares with 8 firms authorised between 2015 and 2020, of which 7 were cash loan firms.

3.3 Average Rates of Interest and Trends

Finding

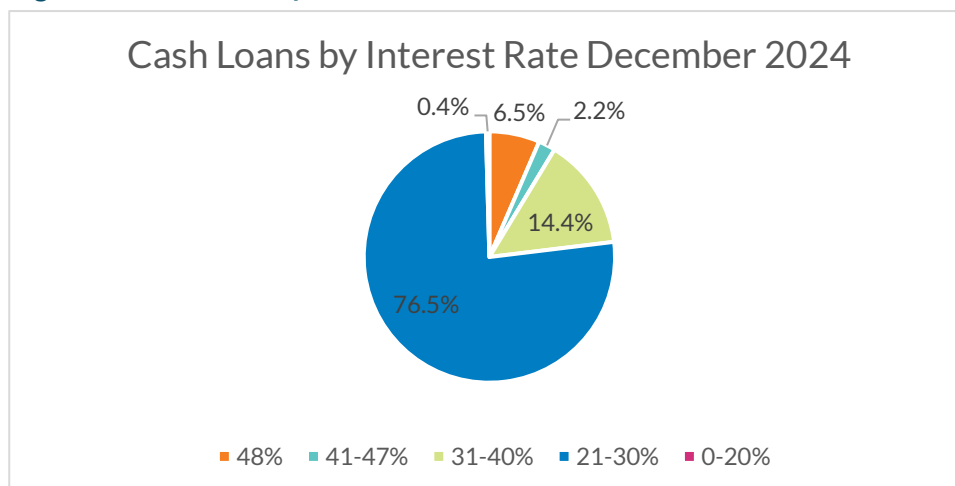
The cap has reduced interest rates as intended. **The majority of cash loans in the sector operate at or around the interest rate cap.** Further, the majority of cash loans offered have a loan duration of 20 – 30 weeks. As HCCPs changed their product offerings as a result of the interest rate cap (including the addition of loans with longer durations), direct like for like comparisons cannot be made in many cases. However, when looking at comparable products before and after the cap, although there is evidence to suggest that consumers may be borrowing for longer periods, the interest rate cap has achieved the objective of reducing the overall cost of credit HCCP consumers will pay on a HCCP loan.

The introduction of an interest rate cap has provided an additional protection for consumers who avail of high cost credit in Ireland. Prior to the introduction of the cap, the highest interest rate offered in the sector was 75.64%. After the cap, this is now 48%.

According to Annual Return data, approximately 80% of cash loans advanced in 2023 and 76% of cash loans advanced in 2024 had an interest rate between 20 – 30%.²⁰ In both years, only 6% of cash loans had an interest rate at the maximum rate of 48% in both years. Figure 5 below shows the breakdown for 2024.

The majority of cash loans offered in the HCCP sector in 2024 operated at the maximum rate of 1% per week.

Figure 5 Cash Loans by Interest Rate.



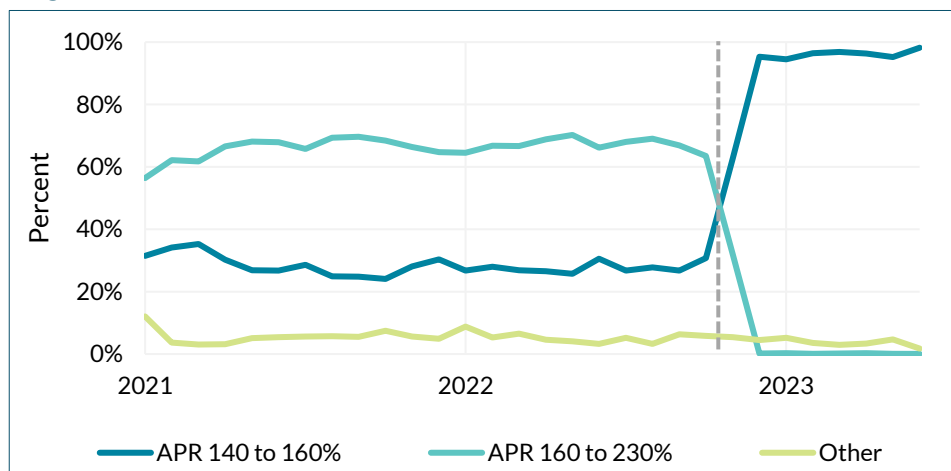
Source: HCCP Annual Return y/e December 2024.

²⁰ In monetary terms, on a typical 24-week loan of €500, the consumer repays €620 in total.

According to Annual Return data, approximately 93% of cash loans advanced in 2023 and 92% of cash loans advanced in 2024 operated at the maximum rate of 1% per week.

The interest rate cap appears to have been successful in reducing the cost of credit a consumer will pay on a loan. The maximum APR permitted in the sector since the introduction of the cap is 152.35%, compared with 253.05% (including collection charges) in November 2022 prior to the cap. Data from the CCR shows that most lending occurred above 160% APR prior to the cap. Since November 2022, almost all lending has been between 140% and 152.35% (see Figure 6 below).

Figure 6 Share of HCCP cash loans by APR category and month of origination.



Source: Central Credit Register Note: Data in this figure cover 2021 – H1 2023.

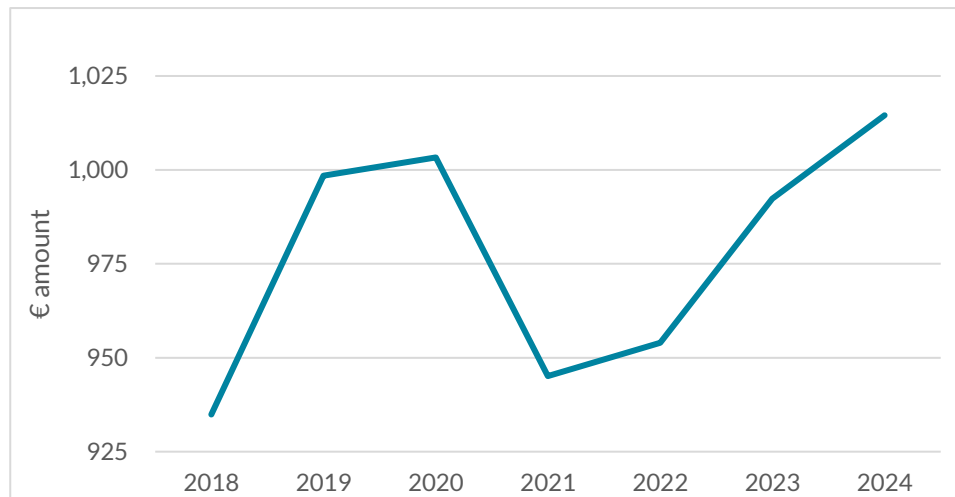
However, in turn, the sector has advised that shorter term loans of 15 – 20 weeks which are sought by consumers are not being offered because they are no longer viable. The sector has commented, via cash loan data collected by the industry representative body, that the average loan duration and average loan amount has risen by 11% and 16.5% respectively in 2024. Annual Return data also suggested that loan durations are increasing. Data for 2024 showed a 25% increase in the origination of loans with a duration of between 31-40 weeks compared with the same data in 2023. In contrast, the issuing of loans with a duration of 21-30 weeks decreased by 5.5% over the same period. The HCCP sector has pointed out that while the cap has reduced the amount it can charge, this adverse impact on firms means that firms have extended their loan durations.

An analysis of CCR data shows that many HCCP cash loans are for amounts close to the €500 CCR threshold. For example, around 119,000 cash loans have been agreed for amounts of €500-€599 since June 2019, compared to 60,000 for €600-€699 and 28,000 for €700-€799. The average cash loan size reported to the CCR has increased since 2021 with an average cash loan size of just over €1,000 in 2024 (see Figure 7) and the most common

The average cash loan size reported to the CCR has increased to just over €1,000.

cash loan issued was for €1,000. At the same time, the second most common cash loan amount was €500 and 93% of cash loans were less than €1,500, demonstrating a need for smaller cash loans by consumers in the sector. The need for smaller loans was also noted in the 2013 Report, with the most common loan amount being €200-€500.

Figure 7 Average size of new HCCP cash loans as reported on the CCR.



Source: Central Credit Register Note: Data in this figure cover March 2018 to December 2024.

It is difficult to compare like for like products given that HCCPs changed their product offerings as a result of the cap. However, as a result of the cap, in some cases the cost of the longer loan duration remains the same as the shorter loan duration offered previously. For example, prior to the cap, some firms offered 26-week loans at a cost of credit of 30%. While some firms have extended the duration of these products to 30 weeks, the cost of credit remains at 30% due to the cap, meaning the consumer is still repaying the same monetary amount in practice. In some other cases the newer longer duration loan is cheaper as a result of the cap. For example, prior to the cap, a 21-week loan with one provider had a cost of credit of 26%. The same provider now offers a 24-week loan instead, with a cost of credit of 24% which means the consumer is now repaying less.

3.4 Impact on Financial Inclusion from the Cap

Finding

It is clear from the Central Bank's analysis that HCCPs play an important role in the provision of credit to consumers who may otherwise experience financial exclusion. While the setting of the current interest rate cap has not had a detrimental impact on the supply of credit in the HCCP sector to date, as the overall supply of credit remains steady, it is also notable that the duration of high cost loans has increased, as a result of the interest rate cap. At the same time, the overall cost of credit for consumers has not increased, due to lower interest rates.

Our findings from our consumer research and civil society engagement showed the value that is placed on HCCPs by those that avail of these loans.

As part of the report, the Central Bank was asked to assess the impact on financial inclusion where setting the proposed rate would reduce the supply of credit in the HCCP sector. As discussed in Section 3.2, the overall supply of high cost credit has remained steady since the introduction of the cap, so the cap would not appear to have restricted overall supply.

The profile of HCCP lending is changing in that cash loans are reducing as a proportion of overall lending. However, this trend was evident prior to the implementation of the interest rate cap.

In terms of changes resulting from the cap, it is apparent that HCCPs have extended the duration of loans they offer, as a result of the cap (but without an increase in cost when compared with comparable loans offered previously). In addition, the size of HCCP loans has increased, which may in part be attributable to the cap as reducing margins incentivise lenders to offer larger loans (though this increase could also be down to other factors such as increased cost of living).

In order to provide further insights into how consumers view high cost credit and its role in financial inclusion more generally, the Central Bank undertook consumer research and engaged with a number of civil society bodies. Their input is summarised below, and further detail is included in Appendix 2.

Consumer research was undertaken for the report, in which 44 consumers participated. The consumer research showed that cash loan high cost credit is strongly valued for its accessibility and flexibility, allowing customers to manage loans on their terms, particularly for those consumers that may be under pressure financially.

The research also showed that HCCP customers think that the product works well, with many benefits. Its ease and convenience²¹ and quick access to funds were highly appreciated by research participants. While participants recognised the convenience of cash loans, they were aware of the cost and showed a desire to move towards financial independence and reduce reliance on such loans where possible.

Participants expressed concerns that in the absence of HCCPs, they would have to rely more on family and friends in times of crisis and many would find this upsetting and embarrassing.

At a civil society roundtable discussion hosted by the Central Bank as part of input into the Report, participants called for wider access to affordable credit in Irish society. Participants noted the role that HCCPs play in financial inclusion and noted that an interest rate cap, or any further changes to the interest rate cap, could have unintended consequences. Participants opined that the impact of a cap on HCCPs cannot be considered in isolation and that a broader consideration of access to affordable credit and financial inclusion is needed.

Participants commented that people they have dealt with, which include a broad demographic profile including vulnerable people, elderly people and travellers, have had difficulties or have faced challenges accessing credit from mainstream providers such as banks and credit unions for a variety of reasons. Participants also noted that access to high cost credit had been restricted by the declining availability of home collection services in rural areas, mainly driven by the exit of a large HCCP from the sector in 2021. Participants noted that not all existing HCCPs provide a home collection service or service all areas.

Civil society organisations highlighted the need for access to affordable credit in Irish society.

4. Conclusion

The interest rate cap strengthened consumer protections for those consumers that avail of high cost credit. In our assessment, we have noted that competition in the sector remains relatively unchanged. The overall supply of credit was also unchanged as a result of the cap, but the size of the cash loan sector continues to decline – a trend which pre-dates the cap. The profile of cash loans has changed as a result of the cap, with shorter-term loans less available. The cap has reduced interest rates as intended, with the majority of cash loans operating at or around the cap. The sector has called out that any further change to the cap may reduce the viability of some firms. Both consumers surveyed and civil society groups have noted the service regulated high cost credit provides for those consumers who avail

²¹ HCCPs are required to carry out affordability assessments prior to granting credit.

of it, as well as the need to continue to consider financial inclusion from a broad perspective that includes regulated high cost credit.

The Central Bank would like to thank all those that inputted into this report.

Appendix 1 - Report Methodology

HCCP Annual Return

From July 2024, the Central Bank launched a new Annual Return for HCCPs²². This collects data on loans issued by HCCPs, including number of loans issued per product type/interest rate for cash loans, data on running accounts, conduct related data such as complaints data and financial data.

Engagement with HCCPs and Stakeholders

A survey was issued to all HCCPs in February 2025 seeking comments on the impact of the cap on competition, the ability to supply credit since the introduction of the cap, impact on firms' current and future viability, and trends in interest rates and consumer behaviour.

A submission was received from the industry representative body, the Consumer Credit Association Republic of Ireland (CCARI), representing sixteen HCCPs in its submission. Three individual firms made submissions.

In May 2025, a roundtable discussed access to credit in Ireland, consumers' experiences with high cost credit and the impact of the interest rate cap.

The Central Bank met with CCARI, with the Competition and Consumer Protection Commission and with the Social Finance Foundation who played a role in the introduction of the [personal microcredit scheme](#). The Report benefits from valuable input from the Central Bank's [Consumer Advisory Group](#) (CAG)²³.

Consumer Credit Data

Data from the CCR was used to analyse lending behaviours in the sector since the introduction of the cap and to observe how HCCP consumers engage with other forms of credit.

Consumer Research

The Central Bank carried out consumer research (the 'consumer research') supported by an external research company. Qualitative research approach was undertaken, consisting of four focus groups (regular users of home collected credit in Dublin and Cork) and eighteen one on one interviews, totalling 44 participants. 80% of the 44 participants were female. 59% were

The Central Bank launched an Annual Return for HCCPs in 2024.

The Central Bank hosted a roundtable in May 2025 attended by ten organisations: Age Action Ireland, Alone, Citizens Information, Free Legal Advice Centres, Insolvency Service Ireland, Money Advice and Budgeting Service, National Traveller Money Advice and Budgeting Service, Safeguarding Ireland, Sage Advocacy, Society of St. Vincent de Paul.

²² Prior to 2024, data was gathered from the sector via the annual licence renewal process, which has moved to a five-year renewal process following the introduction of the 2022 Act.

²³ The role of the CAG is to advise the Central Bank on the performance of its functions and the exercise of its powers in relation to consumers of financial services.

working, with 41% not working. 45% were under the age of 45 and 55% over 45.

Research participants were asked about:

- Their finances and history with credit and debt;
- Awareness of different sources of high cost credit;
- Experiences with cash loan HCCPs and motivations for using them;
- Understanding of interest rates; and
- The interest rate cap (awareness, understanding, perceived impact).

Appendix 2 – Broader Feedback from Participants

Consumer Research

The Central Bank’s consumer research highlighted financial literacy issues. These related to money management and household budgeting issues, consumers’ use of credit in lieu of saving towards events/items, and their overall understanding of financial services such as their understanding of interest rates and the Central Credit Register. Consumers in the HCCP sector could be considered as part of the work currently underway as part of the National Financial Literacy Strategy. This conclusion must be caveated by the understanding that consumers may find themselves in a position whereby they require the use of credit because their income does not match their day-to-day expenditure, regardless of their level of financial literacy.

Research showed that consumers of HCCPs feel excluded from accessing credit from other mainstream providers, whether they have had bad experiences in the past or perceive that they will be rejected. Research participants were positive regarding the service provided by HCCPs, citing that the service was non-judgemental and reliable when they needed access to credit. Consumers cited embarrassment and shame as blockers to accessing small amounts of credit in other mainstream providers and felt that other mainstream providers did not offer smaller loan amounts or had slower approval processes. Some also attributed self-blame for having to use HCCPs due to their money management.

Research participants’ reasons for using HCCPs include falling short between pay checks, urgent financial emergencies, seasonal expenses (Christmas / back to school), and family/social expenses (weddings/communions). Other examples included one participant noting that using a HCCP allows them to afford activities such as going to the

“You can manage your money as much as you like, but I feel like at the end of the week you still have nothing.”
– Research Participant

cinema or bringing children swimming, while other participants added that it is the only way they would be able to afford a holiday. Most participants stated that they find it hard to make it to the end of the month and note how it is impossible for them to save. Participants said that their reality is that they have huge difficulty trying to save money and are typically living paycheck to paycheck.

While there was little knowledge of the cap, research participants were positive about the introduction of a cap and had not noticed any disruption to the provision of their HCCP service since its introduction. However, participants voiced concerns that an interest rate cap could result in them losing access to the service if it made the industry unsustainable. Participants advised that they would have to rely more on family and friends in times of crisis and noted that they could be seen as “open targets” to “loan sharks” (i.e. unregulated lenders). Participants shared anecdotal experiences of illegal moneylending, scam websites, and money mules which demonstrated the detrimental risk to these consumers if a regulated credit option is not available to them.

For many participants, there was a clear impression that if you have a poor record on the Central Credit Register it is very difficult to rectify, and many were also unsure whether HCCP loans impacted their Central Credit Register record. Participants referred to interest rates and APR as “double dutch” and instead focussed on *real* numbers such as the weekly repayment amount and the total amount repayable.

However, the lack of suitable alternatives for sourcing small cash loans quickly is perceived as very challenging which severely limits customers’ options.

Civil Society Roundtable

According to participants, illegal moneylending is prevalent – particularly since the exit of the largest cash loan HCCP in 2021. They commented that they have direct experience with people who have borrowed from ‘loan sharks’, paying back high amounts in return and experiencing intimidating behaviour.

It should be noted that the prevalence of illegal moneylending²⁴ has consistently been an issue noted in our stakeholder engagements and supervisory engagements and is not necessarily heightened as a result of the cap. For example, our 2013 Report found that over a third of consumers were aware of illegal moneylending activity and one in five claimed the activity has increased. It should also be noted that a paper commissioned by the Social Finance Foundation found that given the criminal nature of this

Research participants and civil society organisations highlighted the prevalence of illegal moneylenders.

²⁴ Members of the public can report unauthorised providers to the Central Bank [here](#).

activity, and the unwillingness of lenders and consumers to discuss matters, it is extremely difficult to quantify its extent.²⁵

²⁵ For more information on the paper, see [here](#).



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