



REGIONAL ECONOMY REPORT
JUNE 2026

Resilient Ireland

Bridging Ireland's digital divide to unlock
regional SME growth



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Foreword



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It's no secret that small, medium and micro businesses—especially across the tourism and hospitality sectors are central to Ireland's economic growth, acting as key drivers of employment, innovation and regional strength. As the global economy evolves, these sectors face increasing pressure from shifting consumer expectations, rising costs, uncertain geopolitical trends and intensifying international competition, making their ability to adapt and modernise more important than ever.

Against this backdrop, digitisation has emerged as an enabler of competition and resilience for SMEs. What began as a transition to digital payments has evolved into a more complex challenge of seamless integration and optimisation, as contactless and digital payment solutions now play a central role in enhancing customer experience, enabling business planning and market diversification, and driving operational efficiency and business sustainability.

According to the Banking and Payments Federation Ireland (BPMFI) Payments Monitor, contactless payments now account for 88.7% of all point-of-sale card transactions, with Ireland's adoption rate of 87% exceeding the European average of 81% (European Central Bank data, 2024).

Against a backdrop of strong consumer demand, businesses have embraced the digital revolution, but significant gaps remain compared to larger firms. According to CSO data, 37.5% of enterprises in Ireland engaged in e-commerce sales in 2025, with adoption varying notably by firm size – 53.5% of large enterprises reported online sales, compared to 50.2% of medium-sized firms and just 34.9% of small enterprises. This aligns closely with wider industry findings by Digital Business Ireland, which estimates that approximately 38% of small enterprises are engaged in digital commerce, underscoring a persistent adoption gap between SMEs and larger organisations.

However, beneath these headline figures lies a more nuanced picture, particularly across Ireland's regional economy. While national e-commerce adoption continues to grow, evidence from industry consultations suggests that digital uptake is uneven, with potential disparities between urban centres and more rural regions. Although detailed regional data is not currently published by the CSO, this variation is widely recognised and highlights the importance of ensuring that digital supports, infrastructure and skills development are accessible to SMEs across all regions—particularly in sectors such as tourism and hospitality, where regional businesses play a critical economic role.

Given digital technologies are an important enabler of SME growth, they can also enable national economic growth if businesses across sectors receive tailored support. In other words, if we get this right, the potential economic rewards are significant. Based on research modelling of digital integration scenarios, this study estimates an annual potential of €290 - €300 million in newly realised tourism revenue to be derived from improved digitisation. Alongside this revenue estimate is a potential additional €3.4 - €4.1 billion in continued annual growth in card-based spend across the retail, accommodation, entertainment and dining sectors. These are research estimates based on transaction flow analysis and sector growth projections, not verified official statistics.



Based on research modelling of digital integration scenarios, this study estimates an annual potential of €290 - €300 million in newly realised tourism revenue to be derived from improved digitisation.



To realise this potential, focus must shift from digital adoption to digital integration as the key driver of SME competitiveness. Policymakers, SMEs, organisations and industry must prioritise programmes that enable practical integration strategies, like supporting system interoperability, providing targeted advisory resources for integration challenges, and supporting with adoption of services that connect payment systems with booking, accounting and customer data platforms.

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The research examines the potential economic growth that can be unlocked from improved digitalisation among SMEs across Ireland.

This study by Steven Rice and Dr. Pat McCloughan, commissioned by Mastercard, seeks to identify where more targeted and place-based policy interventions can help close this gap and unlock regional economic growth. The research examines the potential economic growth that can be unlocked from improved digitalisation among SMEs across Ireland, including online payments, e-commerce and data use. It also specifically investigates the practical challenges faced by small tourism operators in rural areas and existing digital capability gaps and infrastructure limitations. Lastly, it seeks to identify the policy levers and targeted interventions needed to address these barriers and to support sustainable economic development.



Executive summary

Approximately

€5.5b

contribution from the tourism and hospitality sector to Ireland's regional economy in 2025, according to CSO data.

Approximately

€8.9b

contribution from the tourism and hospitality sector to Ireland's regional economy in 2025, according to ITIC data (when wider economic activity is considered).

This study explores how better digitisation among Ireland's SMEs could boost economic growth, focusing on areas like online payments, e-commerce and data usage. The research also looks at specific obstacles faced by small tourism businesses in rural areas, including gaps in digital skills and infrastructure issues; its goal is to highlight policy options and targeted actions to overcome these challenges and encourage sustainable progress. The study by Steven Rice and Dr. Pat McCloughan, commissioned by Mastercard, seeks to identify where more targeted and place-based policy interventions can help close these gaps and unlock regional economic growth. This report explores some of the key factors that could be impacting regional economic growth and outlines a pathway toward a more integrated future—one that promises greater efficiency, improved customer experiences and sustainable economic growth across Ireland.

One of the key drivers for Ireland's regional economy is the tourism and hospitality sector. Estimates of the sector's contribution vary depending on methodology, with CSO data indicating a value of approximately €5.5 billion in 2025, while industry estimates from ITIC suggest a broader contribution of up to €8.9 billion when wider economic activity is considered. The sector is expected to continue its growth trajectory, with ITIC projecting tourism revenue increases of 5% - 7% in 2026.

Despite their position as the backbone of the regional economy, these hospitality and tourism businesses' operations are often fragmented, which constrains their growth and impacts their ability to compete in the market. Many operate multiple disconnected systems—one for online reservations and others for on-site transactions and ancillary services.

Evolving payment behaviours have brought greater focus to the digital payments infrastructure and its role in supporting economic inclusion, resilience and development. While Irish businesses have enthusiastically adopted digital technologies, many now find themselves operating in fragmented digital environments. At the same time, transaction data generated through digital payment systems represents a valuable economic asset for both these businesses and policymakers, capable of informing both business decision-making and evidence-based policy development.

As such, the economic opportunity before us is substantial. Based on research modelling and sector analysis, **this study estimates an annual potential of €290 - €300 million in newly realised tourism revenue through improved adoption of digital payment systems and broader digital capture. This is alongside an estimated €3.4 - €4.1 billion in continued annual growth in card-based spend across retail, accommodation, entertainment and dining sectors based on research modelling of transaction trends.** These are research-based projections, not verified official statistics.

The research analysis also suggests that improved digital integration of existing systems could deliver gains in conversion, yield capture and operational efficiency in the range of 5% - 15% on already-digitized transaction flows.



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For policymakers, SME organisations and industry, the study illustrates a clear need for a shift from encouraging digital adoption to enabling meaningful integration through practical support mechanisms.

For policymakers, SME organisations and industry, the study illustrates a clear need for a shift from encouraging digital adoption to enabling meaningful integration through practical support mechanisms. Priority actions could include encouraging digital payment and other business system integration and interoperability programmes, creating reference architectures for common SME operating models (particularly in tourism and hospitality), establishing single advisory entry points focused on integration challenges, and supporting SMEs to connect payment systems with booking, accounting and customer data platforms.

For SME owners and managers, the message is equally clear; competitive advantage no longer comes from merely accepting digital payments, but from seamlessly integrating digital payments across the broader business ecosystem – from booking to point-of-sale, accounting, reporting and customer data. Practical steps to help SMEs on their integration journey could include auditing current system fragmentation, prioritising integration of reservation and payment systems, leveraging transaction data for business planning, and seeking advisory support for integration challenges through Local Enterprise Offices and sectoral bodies.

Ireland has built an advanced digital payments environment, with BPF1 data showing 88.7% contactless adoption at point-of-sale. The next challenge lies in ensuring the various digital systems within this environment work together effectively, maximising economic value for businesses of all sizes and across all regions.



Unlocking the next phase of digital payments growth in Ireland

Key findings

- Ireland has crossed the digital payments threshold. Contactless and card-based payments are leading consumer preference for transactions across retail, tourism and hospitality.
- The challenge is no longer adoption of digital payments and other technologies, but integration. Fragmented systems limit productivity, efficiency and revenue capture for SMEs.
- SMEs in the tourism and hospitality sector show this challenge most clearly due to reservation-led commerce and multi-transaction visitor spend.
- Research estimates indicate €290 - €300 million per annum in unrealised tourism revenue through improved digital systems integration, alongside €3.4 - €4.1 billion in continued annual growth in card-based spend if integration barriers are addressed and digital systems, including digital payments systems, become more interoperable across the SME base. These are research estimates based on transaction analysis and sector modelling.
- Targeted, integration-focused public and private sector support could significantly amplify this upside and strengthen SME competitiveness.

Ireland has crossed the digital payments threshold

Ireland has decisively transitioned to a digital, particularly contactless payments economy. As highlighted earlier, card-based payments are now the default way consumers prefer to pay across retail, hospitality, tourism and everyday services. Importantly, these behaviours have persisted well beyond the COVID period, confirming that the shift is structural rather than temporary.



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Approximately

87%

of non-remote card transactions are contactless in Ireland, according to European Central Bank data.

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For SMEs, policymakers, industry and innovators, priority actions could include supporting interoperability between payment and business management systems, and enabling SMEs to leverage transaction data for business planning and market diversification.

Payments Europe research reinforces this picture, showing this trend is driven by strong consumer trust in card payments and clear merchant preference for digital over cash.

Ireland is also ahead of the wider European curve. European Central Bank data show that contactless accounted for around 81% of non-remote card transactions across the euro area in late 2024, compared with approximately 87% in Ireland. This places Ireland among the most digitally advanced economies in Europe, with digital payments firmly embedded in day-to-day commerce.

This shift is also visible in consumer spending patterns. Central Bank of Ireland card spend statistics show continued year-on-year growth across consumer-facing sectors, including retail and social spending categories, with total card payments increasing by 7.8% annually, including an increase of 13.1% in online transactions. Even in a mature digital payments environment transaction volumes and values continue to rise.

Public policy has played an important role in creating these conditions. National strategies such as Harnessing Digital and the SME and Entrepreneurship Growth Plan prioritise digital adoption as a driver of productivity and resilience. Delivery through Local Enterprise Offices, Enterprise Ireland and Fáilte Ireland has supported businesses to adopt online channels and digital tools that, in practice, rely on digital payments.

The implication is clear. Digital payment acceptance is now a baseline requirement rather than a competitive advantage.

The frontier and growth potential has shifted to integration—how payments connect to booking systems, point of sale, accounting, reporting and decision-making. This is where efficiency, insight and competitiveness are now determined. As such, for SMEs, policymakers, industry and innovators, priority actions could include supporting interoperability between payment and business management systems, developing sector-specific reference architectures (particularly for tourism and hospitality operators), providing targeted advisory support for integration challenges, and enabling SMEs to leverage transaction data for business planning and market diversification.

SME digital readiness: Strong progress, uneven depth

Ireland's consumer payments ecosystem is highly mature, but its economic impact depends on SME capability. CSO data indicates that small- and medium-sized enterprises account for almost all active businesses and employ more than two thirds of the private-sector workforce.

CSO data also indicate that approximately 37.5% of Irish enterprises engaged in e-commerce sales in 2025, broadly in line with recent years, suggesting that progress in digital adoption has begun to plateau. Adoption continues to vary significantly by firm size, with larger enterprises considerably more likely to sell online than smaller firms. While most businesses now maintain a basic online presence, a smaller proportion – just over four in 10 – offer more advanced functionality such as online booking or purchasing, highlighting ongoing gaps in the depth of digital adoption across the enterprise base.

Ireland also performs above the EU average on SME digital intensity. Under the Digital Economy and Society Index, 65% of Irish SMEs meet at least a basic digital threshold, compared with an EU average of 55%. This provides a strong foundation, but it does not remove the constraint that emerges when digital systems do not connect.

Many SMEs operate with websites, booking tools and payment terminals that sit alongside manual reconciliation, fragmented reporting and limited customer insight. As a result, many businesses are digitally enabled but not digitally integrated. This gap increasingly defines where productivity, scalability and competitiveness are won or lost.

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While detailed regional breakdowns of e-commerce adoption are limited, evidence suggests that digital engagement is stronger in urban centres than in more rural areas.

Digital readiness also varies significantly by region. While detailed regional breakdowns of e-commerce adoption are limited, evidence suggests that digital engagement is stronger in urban centres than in more rural areas. Regional disparities in payment usage, such as significantly higher contactless activity in Dublin compared to more rural counties, suggest that the pace of digital engagement varies across the country. Excluding Dublin, most counties record between 200 and 250 contactless payments per capita annually, significantly below the capital's 403 transactions per capita.

Payments Europe research further highlights rapidly evolving consumer expectations, particularly around mobile and tap-and-go payments. For SMEs, this creates a moving target that is difficult to manage without guidance and support. To illustrate this, a LeanBPI survey in late 2024 showed that over one quarter of small businesses rate their level of digitisation as low and struggle with the complexity of integrating digital systems. Many SMEs also lack in-house technical or IT resources, and digital integration work often competes with day-to-day operational pressures. The result is a persistent gap between basic digital capability and fully integrated operating models.

Another constraint for SMEs is no longer awareness of digital payments, but execution capacity. Many small businesses lack the technical or financial resources to integrate digital payment systems effectively. This highlights the urgent need for practical digital system integration support – including hands-on technical advisory resources, standardised reference models for common business setups, and funding that covers not just software purchase but system interoperability and workflow optimisation.



Tourism and hospitality - Where integration challenges show up first

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Tourism and hospitality provide the clearest real-world illustration of the digital integration challenge.

Tourism and hospitality provide the clearest real-world illustration of the digital integration challenge. Businesses are transaction-intensive, often seasonal, and closely tied to digital booking and payment systems. Many operators combine multiple revenue streams such as tickets, food and beverage, retail and accommodation across different channels.

This section draws on anonymised insight from engagement with approximately 120 tourism and hospitality businesses supported through Fáilte Ireland capability programmes. The cohort spans all regions and includes attractions, tours, heritage sites, activity operators and multi-revenue businesses.

A defining feature of the sector is multi-transaction visitor spend. Visitors often book online and then make additional purchases on site. Even small operators may manage several points of sale, with demand peaking at weekends and during the tourist season. In this environment, reliable digital payments are core to operational infrastructure.

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The most significant digital shift in tourism has been the move to reservation-led commerce.

The most significant digital shift in tourism has been the move to reservation-led commerce. Businesses increasingly sell through specialist booking platforms rather than general e-commerce tools. In most cases, this did not introduce digital payments for the first time but reshaped how transactions entered the business.

Through Fáilte Ireland programmes, businesses adopted or upgraded platforms such as FareHarbor, Checkfront, Rezgo and TicketSolve. These systems improve conversion, support clearer capacity management and enable prepayment and deposits. However, they typically operate separately from on-site digital payment systems used for retail or hospitality sales.

For multi-revenue businesses, this results in parallel digital and non-digital payment systems. While functional, this fragmentation limits visibility of total visitor spend, increases reconciliation effort and restricts the use of digital payments data for planning and pricing. The constraint is no longer acceptance, but integration.

The revenue opportunity from better digital systems integration

The next phase of value in digital payments lies in better integration of digital payment systems with other operational systems. When digital payments connect cleanly to booking, point of sale, refunds and reporting, businesses capture more of the demand that already exists and operate more efficiently.

In tourism, structured booking systems reduce demand leakage by converting visitor interest into confirmed, prepaid transactions. Using Fáilte Ireland's estimate of annual tourism revenue of €11.5 - €12 billion (industry estimate, not verified CSO data), even modest improvements in conversion projects to unlock several hundred million euro per annum in additional revenue based on assumed conversion improvements.



At the same time, digital payment flows across retail, accommodation, entertainment and dining continue to grow. Based on conservative assumptions drawn from recent Central Bank card spend trends, this equates to approximately €3.4 - €4.1 billion euro in additional annual card spend across these sectors.

These figures should not be combined, but together they define a clear opportunity corridor. Better digital integration improves capture of existing demand and amplifies the value of payment flows already in motion.

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Ireland has made strong progress on digital adoption across most regions – however, digital integration is now the bottleneck for SME competitiveness.

Policy as an accelerator: Moving from adoption to integration

Ireland has made strong progress on digital adoption across most regions – however, digital integration is now the bottleneck for SME competitiveness. Public policy has successfully driven widespread digital payments acceptance. However, the same success has produced a diverse and fragmented ecosystem of platforms and providers. Individual SMEs are not well placed to resolve digital integration challenges on their own.

Digital systems integration delivers shared economic benefits, including higher conversion, improved efficiency and better data. However, the costs fall largely on individual firms. This is a coordination challenge that is well suited to public-sector facilitation and public - private partnership.

Importantly, this does not require a new policy agenda. It is a natural extension of existing digitisation, SME capability and tourism strategies as set out in the Programme for Government.

What integration-focused policy support could look like

The following practical integration strategies should be prioritised by policymakers, SME support agencies, and industry as the most actionable path to improving SME competitiveness:

- **Programmes that support digital integration** - not just the purchase, set-up and basic training on the use of new software, but incorporating hands-on technology support in areas such as interoperability, workflow optimisation and connecting existing digital systems.
- **A dedicated advisory body or resource** - focused specifically on integration challenges, helping businesses navigate digital payments, bookings, refunds, reconciliation, reporting and data use in a joined-up way – this represents a critical gap in current support infrastructure.
- **Reaching the full potential of digital payments** - the revenue estimates in this report assume current fragmentation persists. If digital integration barriers were reduced, conversion rates, operational efficiency and economic transparency would likely improve, unlocking further growth and productivity.
- **Clear reference models** - for common SME operating setups in transaction-heavy sectors, such as attractions with cafes and retail, hotels with restaurants or experience-led businesses with events, essentially standardised recommended technical architecture models that work for SMEs and are understandable without in-house technical expertise.

Ireland has won digital adoption, the next dividend is digital integration

Ireland has already done the hard part. Digital payments are widely adopted, trusted and expected by consumers and businesses alike. The remaining opportunity, which is critical, lies in making these digital systems work better together. Digital integration, not adoption, now sets the ceiling for productivity, revenue capture and competitiveness.

The key barriers faced by businesses currently are the practical challenges involved in integrating digital payment systems into day-to-day operations. While most SMEs now accept digital payments, many still rely on separate systems for bookings, point-of-sale transactions, accounting and reporting. Limited in-house technical expertise, the perceived cost and complexity of integration, and the time required to reconfigure existing workflows can slow down or act as barriers to progress. This is particularly acute for small businesses with limited staff and resources.

Regional variation in digital payment integration likely reflects multiple factors including infrastructure, skills availability and access to technical support, though comprehensive data on these specific drivers is limited.

While primarily consumer-focused, payments data also provide important insights into the digital operating environment facing SMEs. The rapid growth in digital payments—with over €30 billion in contactless transactions and nearly 300 payments per person annually according to BPF1 – highlights the extent to which consumer behaviour has shifted toward digital channels.

To unlock further growth, policymakers, SMEs, organisations and industry should prioritise practical digital integration support—including advisory resources, standardised reference models and hands-on technical assistance—that can benefit SMEs across all regions regardless of their starting point.

With targeted, digital integration-focused support, Ireland can help SMEs unlock significantly more value from a digital payments ecosystem that is already firmly in place. Integration support should be the priority for policymakers, SMEs and industry.

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Digital payments and broader digital technologies can enable SMEs to build their capabilities and resilience.



Appendix

Revenue upside methodology

For the “unrealised revenue” potential uplift from the tourism and hospitality sector, Fáilte Ireland’s annual tourism revenue estimate from both overseas and domestic tourism (combined estimated at €11.5 – €12 billion) has been used to apply conservative estimates to potential uplifts based on a more efficient and evolved digital payment landscape as follows:

- Low case (1.0%): marginal efficiency gains, which would result in an uplift of €115 – €120 million
- Central case (2.5%): moderate improvements in conversion and yield capture, which would result in an uplift of €290 – €300 million
- High case (4.0%): stronger integration across booking, payments and ancillary spend, which would result in an uplift of €460 – €480 million

The middle case of these has been selected, which projects an **estimated uplift of €290 - €300 million annually**. These projections are research estimates based on assumed efficiency improvements and are not derived from official data.

For the continued growth of card payment revenue, the official Central Bank of Ireland Monthly Card Payment Statistics has been used - the retail, restaurants / dining, accommodation, entertainment and services segments have been selected. Based on our analysis of this official data, the combined annual card spend across these segments is approximately in the region of approx. €55 – €60 billion annually.

The most recent annual growth rate for each of these segments is

- Retail: approx. 6% growth
- Restaurants / dining: approx. 7% growth
- Accommodation: approx. 6% growth
- Entertainment: approx. 13% growth

Based on this official historical data, a research estimate of a conservative future blended growth rate of between 6.0% – 7.5% has been applied as a projection, which translates into an estimated **potential payment card revenue uplift of €3.4 - €4.1 billion annually**. This projection is a research estimate and not an official forecast.

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The figures and industry sentiment these estimates were based on were accurate as of the time of writing.



About the authors



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Steven Rice is an internationally renowned subject matter expert in tourism and digital strategy with over 20 years' experience spanning senior executive roles, national tourism authorities, and international consultancy. He is Founder and CEO of Big Wheel, an advisor on multiple international tourism mega-projects and government programmes, the former CEO of the Ras Al Khaimah Tourism Development Authority and held senior commercial leadership roles with ebookers.com (Orbitz Worldwide), combining deep digital commerce expertise with large-scale tourism and economic development experience.



Dr Pat McCloughan

Dr. Pat McCloughan is a respected economist with over 30 years' experience advising governments, public bodies and private organisations in Ireland, the UK and internationally. He is Founder and Managing Director of PMCA Economic Consulting and a recognised expert across public policy, competition and regulation, economic strategy and macroeconomic analysis, with extensive experience in major infrastructure appraisal, State submissions, and expert economic testimony. Dr. McCloughan has advised Irish government departments, local authorities, parliamentary committees, and international clients on large-scale economic transformation projects, including post-crisis national economic strategy and billion-euro capital investment programmes.



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