



POLICY PAPER
OCTOBER 2025

Resilient Ireland

How digital payment technologies can support small businesses to thrive



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Ireland's SME landscape: unlocking a vital economic engine



Danielle Maloney
Country Manager
Mastercard Ireland

Irish SMEs account for:

99.8%

of all businesses in Ireland.

68%

of the employed workforce.

↑ 40%

contribution of national
Gross Value Added (GVA).

The global economy is undergoing a period of profound transformation, driven by rapid technological advancements, shifting geopolitical dynamics, evolving trade relationships, and growing pressure to transition to a more sustainable future. These forces are reshaping industries, disrupting traditional business models, and redefining how businesses and governments operate.

For Ireland's small and medium enterprise (SME) sector, these shifts present both challenges and opportunities — impacting everything from exports and supply chain resilience to the need for greater digital adoption and innovation. SMEs are the backbone of Ireland's economy, playing a central role in employment, innovation, and regional development. Irish SMEs account for 99.8% of all businesses in Ireland, employ 68% of the workforce, and contribute over 40% of national Gross Value Added (GVA)¹.

SMEs will continue to play an increasingly vital role in driving Ireland's economic resilience and growth, and digital transformation is a well-established engine of that economic growth, enhancing productivity, resilience, and competitiveness. In Europe, Ireland has been successful in positioning itself as a leading digital economy through continued investment in innovation, infrastructure, and digital skills across sectors. A recent Payments Europe report highlights that Ireland leads many of its EU counterparts when it comes to card and digital payments adoption, with both consumers and businesses embracing a digital-first future². The report also found 71% of merchants in Ireland prefer accepting digital payments over cash³. This adoption illustrates that Ireland is a digitally capable economy and provides a foundation for further innovation, digital transformation and economic growth.

Digital payments are vital

The Irish Government's Programme for Government shows a clear commitment towards fostering a more competitive SME sector. However, if we want homegrown SMEs to not only grow but to thrive, technology and innovation — including in the digital payments space — will be vital to achieving both the scale and resilience that can help the SME sector navigate these domestic and international headwinds.

The challenge is to maintain this momentum while upskilling businesses and consumers, to ensure that Ireland stays at the forefront of digital technology adoption. Many SMEs still face barriers to full digital participation, despite strong digital infrastructure and widespread consumer adoption. These include limited digital skills, cost concerns, lack of tools to protect against ever changing cyber threats, and a lack of tailored support including where digital technology can support SME's sustainability journeys.

1. [Business in Ireland 2022 - Summary Results - Central Statistics Office](#)

2. [Ireland-EN.pdf](#)

3. Ibid



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Ireland leads many of its EU counterparts when it comes to card and digital payments adoption, with both consumers and businesses embracing a digital-first future.

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If we want homegrown SMEs to not only grow but to thrive, technology and innovation – including in the digital payments space – will be vital to achieving both scale and resilience.

Bridging these gaps is critical. The three pillars of business resilience that must be prioritised are:

- 1. Access to capital:** The biggest barrier to growth for a small business is securing the capital it needs to grow. Mastercard is working with its partners across the industry to power new products and services that expand access to capital through open finance.
- 2. Smoothing out the digital journey:** For resource-strapped business owners and solopreneurs where time is precious, a streamlined one-stop shop experience is critical to managing their non-stop workday.
- 3. Cybersecurity:** The digital acceleration has meant greater exposure to its native threat and so equipping businesses with ongoing education, resources and tools is essential to defending their critical assets and reputation.

Digital and financial inclusion must also remain a priority, ensuring that both businesses and consumers are not left behind in Ireland's digital and green transition. At Mastercard, we sit at a unique intersection between industry and digital innovation, giving us a front-row seat to the trends shaping both our sector and the global economy. We are proud to support companies of all sizes on their growth journeys, and we recognise the critical role that innovation and digital transformation play in driving sustainable economic progress.

Meaningful and sustainable growth will however require more than just technological readiness – it demands strong collaboration between SMEs, policymakers, and the broader business ecosystem. Our Resilient Ireland policy paper brings together these perspectives, with small business representatives and industry experts setting out the policy asks that they believe will support the growth of Irish SMEs. We are grateful to the **Small Firms Association (SFA), Irish Tourist Industry Confederation (ITIC), LEARNOVATE, and Business in the Community Ireland (BITCI)** for contributing their insights to this report and offering recommendations for policymakers to support the growth of small businesses in Ireland.

With the right partnerships, targeted policy initiatives, continued investment in digital and financial inclusion, and by creating the right environment for continued digital payments innovation, Ireland can sustain its leadership in digital innovation. SMEs can become global exemplars of sustainable, future-ready enterprise.



Executive summary and recommendations

In a rapidly shifting geopolitical environment, building a resilient and inclusive economy where homegrown sectors and businesses not only grow but thrive, is essential. Digital technology, including digital payments technology, is a key driver of this growth and a platform for innovation.

This policy paper brings together a range of perspectives from across industry, small business, and third sector organisations to explore how we can harness digital payments technology to foster sustainable growth across Ireland, align with the digital transformation of society, and help deliver the Programme for Government.

Access to digital payments and innovative digital technology plays a crucial role in helping Irish SMEs remain competitive and resilient in an increasingly digital, yet unpredictable, global marketplace.

With consumers expecting faster, more seamless transactions, businesses that adopt digital technology, including modern payment services such as contactless, mobile wallets and open banking-based services, can improve customer experience and expand their reach. In Ireland, where SMEs form the backbone of the economy, equipping businesses with digital payment tools enables them to tap into new markets, unlock efficiency, supports their green transition, helps protect them against cyber threats, and reduces operational costs, all of which can help improve productivity and unlocks further growth. It also helps SMEs based in more rural areas overcome traditional barriers, helping to level the playing field and fostering inclusive economic growth across Ireland.

No one left behind

At the same time, improving digital and financial literacy among both business owners and consumers is vital to ensure they utilise the full potential of these technologies. For SMEs, understanding digital trends, cybersecurity practices, and data analytics can lead to smarter decision-making, better access to credit, and better resource management including supporting their sustainability journey. Likewise, consumers who are confident navigating digital financial tools are more likely to engage with online services, support local businesses digitally, and participate fully in the evolving digital economy.

Targeted education and training initiatives, particularly for SMEs and vulnerable groups, can strengthen Ireland's digital readiness and ensure no one is left behind in the shift toward an increasingly tech-driven economy. These initiatives also support Ireland's green transition and net zero ambitions helping build a low-carbon, sustainable economy while ensuring social and economic resilience.



● EXECUTIVE SUMMARY AND RECOMMENDATIONS

In the following articles, Mastercard, industry, small business and third-sector representatives set out how digital payments technology and innovation can help SMEs overcome key challenges to starting and scaling their businesses, promoting sustainable and inclusive growth across Ireland.

The views and policy recommendations set out by the third-party organisations are their own, and do not necessarily represent the views of Mastercard.

As part of our Resilient Ireland policy paper, we're asking policymakers to support SMEs by:

1. **Enhancing the adoption of digital technology** amongst SMEs, including digital payments technology.
2. **Helping to accelerate the digital transformation** of SMEs by building digital and data capabilities through education, training, and upskilling including on digital payments services available to SMEs.
3. **Ensuring that equal access to the digital future** is at the core of all policy decisions.

A summary of recommendations for policymakers, specific to supporting small businesses:

Recommendation	Organisation
Enhancing SME resilience	
Encourage the use of digital payments data and insights amongst businesses and business representative organisations to help them better understand business performance and areas in need of support.	Mastercard
Government should take the lead on demonstrating solutions to cash flow challenges that small businesses are facing. For example, the Government and its agencies can help accelerate time to payment for small businesses in their supply chains through the use of digital payment solutions such as e-invoicing or procurement cards.	Mastercard
Introduce a Pay Related Social Insurance (PRSI) rebate for employers to alleviate rising business costs.	SFA
Introduce targeted supports for SMEs to address high costs in energy, utilities, insurance, and labour.	SFA, ITIC
Support the implementing of digital payment solutions for micro and small enterprises.	SFA
Invest in promotional and trade support efforts to support tourism market diversification.	ITIC
Develop an ambitious national tourism policy to support the SME tourism industry, while balancing environmental challenges.	ITIC
Introduce a dedicated all of Government or cross-Government supply chain-led SME decarbonisation strategy that includes targeted support for supply chain alignment, accessible training pathways, and clear access to green finance instruments.	BITCI



Provide opportunities for SMEs to receive one-on-one assistance to facilitate access to the numerous tools and supports that exist.	BITCI
Foster collaboration amongst the SME community to share best practice on supplier engagement and climate action.	BITCI

Accelerating digital transformation and capability in SMEs

There must be a national focus on improving cyber and fraud protection for SMEs, particularly for those that are just beginning their digital journeys.	Mastercard
Develop education and training programmes to enable SMEs to build their capabilities and resilience using digital payments and broader digital technologies.	ITIC, BITCI, Mastercard
Support existing learning projects for the development of digital and data skills for SMEs and consumers.	LEARNOVATE, Mastercard
Bridge Ireland's digital skills gap — especially in SMEs — by supporting evidence-based solutions that have already demonstrated success.	LEARNOVATE
Establish a collaborative programme between SMEs and large companies to accelerate supply chain decarbonisation and support SMEs green transition.	BITCI

Ensuring equal access to the digital future

Make digital and data upskilling a formal, central component of Ireland's national skills and employment strategies.	LEARNOVATE, Mastercard
Create a shared national lexicon and standard of digital competence development, in line with best-in-class EU practice.	LEARNOVATE
Facilitate opportunities for greater alignment between Republic of Ireland and Northern Ireland, with due consideration to local supports and regulations.	BITCI

● PERSPECTIVE - MASTERCARD

Strengthening SME resilience is the key to helping SMEs thrive



Strengthening SME resilience is the key to helping SMEs thrive



Simon Gilson-Fox
Senior Vice President, Commercial Products, Small and Medium Enterprises, Europe



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At Mastercard, we use data insights to see where improved digital payment adoption and usage can have the greatest impact for SMEs.

The global economy is undergoing profound change, shaped by rapid technological advances, evolving trade relationships, shifting geopolitical priorities, and the urgent transition towards a more sustainable future. These forces are transforming industries, challenging established business models, and reshaping how organisations operate — including here in Ireland.

For Ireland's SMEs, these developments present both opportunities and challenges, from building supply chain resilience and maintaining export competitiveness to accelerating digital adoption.

Understanding Ireland's diverse small businesses

While SMEs are often spoken of as a single category, the reality is more nuanced. Over 92% are micro-enterprises with fewer than 10 employees, concentrated in industries such as tourism, local retail, construction, professional services, and agriculture. These micro businesses often face challenges such as fragmented payment acceptance, limited access to capital, digital skills gaps, and regulatory or compliance hurdles — including those linked to Strong Customer Authentication requirements set out by the second European Payment Services Directive (PDS2).

Small and micro businesses (11–50 employees) are increasingly adopting digital technology but seek affordable automation and finance tailored to their sectors. Medium-sized businesses (51–250 employees), often found in more export-orientated sectors such as healthcare, manufacturing, and specialist services, are early adopters of more integrated digital payment and business solutions.

We welcome the focus on helping SMEs to improve their adoption of digital technology set out in the Programme for Government, however, supporting these businesses to adopt digital technology with ease, whilst helping them build the digital skills to make the most of the technology, is essential to supporting Ireland's digital transformation and building a more resilient and sustainable economy. Given these differences in skills and requirements, solutions to help SMEs need to be tailored and flexible enough to meet the SMEs where they are at in their digitisation journey.

Targeted solutions through sector and data insights

At Mastercard, we use data insights to see where improved digital payment adoption and usage can have the greatest impact for SMEs — whether that's enabling seasonal tourism businesses to take payments across multiple channels including online and in person, streamlining invoicing for construction, or offering virtual card solutions to manage supplier payments in healthcare. By working closely with Irish banks and other payment service providers, we:

- Examine SME payment patterns to identify which sectors are in need of support to grow
- Design joint campaigns, and training tailored to specific issues such as cyber security



- Support cash flow through faster payments settlement, real-time payout options, and working capital solutions
- Simplify onboarding and compliance, reducing friction for smaller enterprises

These actions are about much more than processing digital payments – they strengthen day-to-day operations, improve liquidity, expand customer reach, and help businesses unlock productivity and stay resilient during periods of change.

Closing gaps in capability and access for SMEs

Despite Ireland's strong consumer preference for digital payments – 71% of merchants favour them over cash⁴ – many SMEs still encounter barriers such as digital skills shortages, and concerns about cyber security. For micro and small firms in particular, these can hold back progress. Through resources such as the Mastercard Trust Centre, My Cyber Risk Scanner, and partnerships with organisations including VikingCloud, Global Cyber Alliance, and Technology Ireland ICT Skillnet, we provide accessible tools and training to help SMEs protect themselves, build confidence in digital payments, and integrate them effectively into everyday operations.

However, industry solutions alone aren't enough. There must be a national focus on improving cyber and fraud protection for SMEs, particularly for those that are just beginning their digital journeys.

Partnership for long-term growth

Creating a resilient SME sector requires collaboration and intent from policymakers. Government could take the lead in demonstrating solutions to cash flow challenges that small businesses are facing. For example, the Government and its agencies can help accelerate time to payment for small businesses in their supply chains through the use of digital payment solutions such as e-invoicing or procurement cards.

By combining sector-specific data, close partnerships with payment service providers, an agile and proportionate regulatory environment, and targeted training, we can help equip Ireland's micro, small, and medium-sized enterprises with the digital payment, cash flow, and security tools they need to not only grow but thrive. SMEs are not simply part of Ireland's economy – they drive it. With a segmented, sector-focused approach, we can help ensure they remain its most resilient and dynamic source of growth.

4. [Ireland-EN.pdf](#)

71%
of Irish merchants favour digital payments over cash.



● PERSPECTIVE - SMALL FIRMS ASSOCIATION

Embracing the future to cope with the stormy present



Embracing the future to cope with the stormy present



David Broderick
Director



The only certainty today is uncertainty. International markets, along with Ireland's small business sector, are facing significant economic challenges. The impact of Trump's tariffs in an age of accelerated digitalisation and the emergence of AI presents many challenges for small businesses. However, there are opportunities for businesses that are willing to embrace this technological revolution amid today's economic uncertainty.

Even before the current economic upheaval, small businesses have been struggling despite the relatively healthy condition of Ireland's economy. Full employment in Ireland has presented challenges for staff retention. The housing shortage has thwarted talent acquisition. High energy costs continue to plague small businesses in certain sectors. An avalanche of regulations and administrative requirements have pushed business owners to breaking point. Furthermore, the ongoing increases to the National Minimum Wage have threatened the viability of many small businesses. Even last year, there was evidence of this with the increasing spectre of closed shopfronts in Ireland's towns and villages.

All these are symptoms of the post-Covid hangover that lay waste to economic activity in various sectors in the small business community. It is also easy to forget that the Covid pandemic was followed by the economic impact of Brexit.

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The Government should develop a roadmap for small businesses with the aim of securing the future viability of the sector.

A roadmap for success

Arising from these multiple 'once in a generation' economic calamities, the SFA proposed a variety of measures to increase competitiveness within the small business community, whilst ensuring economic viability with a range of policy proposals in 2024. The key short-term solution to alleviate rising business costs that the SFA proposed was a PRSI rebate for employers. The SFA also strongly recommended that the Government should develop a roadmap for small businesses with the aim of securing the future viability of the sector.

In response, the Programme for Government, published earlier this year, commits to publishing 'Enterprise 2035', a long-term ambition for enterprise growth and job creation over the coming decade, and the establishment of a Cost of Business Advisory Group. These are encouraging developments which will hopefully tackle rising business costs in the short term and future-proof the sector for the long-term.

While the government embarks on its programme to assist the small business community, there is a movement to embrace digitisation as a means of increasing efficiency and productivity. There are certainly more tools available for small firms designed to save money and time. This is a welcome development as small businesses seek to cope with more regulations and administrative requirements from the State and the EU. Large companies are already embracing digital programmes and AI to reduce costs. Consulting firm, McKinsey & Company produced a report on AI and stated that it has the potential to be as transformative as the steam engine was to the 19th-century Industrial Revolution⁵.

73%

of consumers trust cards over all other payment methods, both at home and abroad.

5. [AI in the workplace: A report for 2025 | McKinsey](#)



66%

of consumers would support mandatory acceptance of digital payments at points of sale.

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Digitisation, when it comes to payments, is the way of the future. There is a lot of potential for small businesses to increase efficiencies, reduce costs and become more time rich.

The shift to digital

An additional step in embracing technology is dealing with the expansion of digital payments. Recently, Payments Europe, the European trade association for payment providers, commissioned a survey, about the landscape of digital payments in the Irish economy. The survey showed that both consumers and merchants are enthusiastically adopting digital means of payment. Indeed, merchants expect their cash turnover to drop from 35% to 24% in the next five years and 71% of merchants prefer accepting digital payments over cash⁶.

The research also showed that Irish consumers believe card payments meet their payments needs best compared to other payment methods available in the market. Being more digitally inclined, 66% of consumers would support mandatory acceptance of digital payments at points of sale while 73% trust cards over all other payment methods, both at home and abroad. Crucially, according to 65% of Irish consumers, cards are the safest to use when making large payments.

This research is further evidence that digitisation, when it comes to payments, is the way of the future. There is a lot of potential for small businesses to increase efficiencies, reduce costs and become more time rich.

6. [Ireland-EN.pdf](#)



● PERSPECTIVE - IRISH TOURISM INDUSTRY CONFEDERATION

Opportunity to strengthen the Irish tourism economy



Opportunity to strengthen the Irish tourism economy



Eoghan O'Mara Walsh
CEO



The changing geopolitical landscape has appropriately renewed Ireland's focus on the importance of our indigenous economy. First among equals in this regard is Irish tourism, the country's largest indigenous industry and biggest regional employer. Tourism, according to the Central Statistics Office (CSO), employs 225,000 people and is worth €10 billion to the Irish economy annually, most of which is generated by international visitation, thereby making it a key export sector. Furthermore, research carried out by state agency Fáilte Ireland shows that for every €1 a visitor spends, 29c is returned to the exchequer in direct tourism related taxes, making tourism an enormous net contributor to the State's finances.

In this context, it is vital that policymakers enable tourism's sustainable growth. It's good for business, good for employment, and good for the economy. Industry representatives, including ITIC, have welcomed pro-tourism measures within the new Programme for Government, particularly the commitment to lift the passenger cap at Dublin Airport and the promise to reduce the hospitality VAT rate in the upcoming Budget.



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

Diversification is the goal

However, more needs to be done, particularly as visitor numbers and revenue remained flat in the early months of the year, with key source markets — Great Britain, France, and Germany — facing their own economic challenges. Market diversification must be the goal — keep North American business as strong for as long as possible, but work to realise the significant untapped potential from our nearer neighbours.

The vast majority of tourism and hospitality businesses are SMEs for whom the costs of business continue to be a challenge across utilities, energy, insurance and labour. Ireland risks losing its competitiveness and in this regard productivity and digitisation become more important than ever.

Being labour intensive, margins can be tight and thus initiatives to improve productivity should focus on enhancing both worker capabilities and business investment. It is also critical that education and training programmes as well as infrastructure investments are rolled out. In terms of digitisation, tourism businesses have moved in a positive direction, but the pace needs to be quickened, such is the speed of change in AI, tech and automation. Digital payments and broader digital technologies can enable SMEs to build their capabilities and resilience.

Irish tourism would be better served by improved national data and statistics, and digital technologies play a key role here. Instead of determining spend habits by surveying tourists as they leave the country, policymakers should be making more use of banking data and debit and credit card usage to get real time, accurate insights.



Telling our story

Government has committed to a new national tourism policy, and this presents an opportunity to strengthen the Irish tourism economy. The policy must be ambitious while at the same time responsible, always keeping in mind the environmental challenge that is an existential issue for us all. In this regard, Irish tourism has a pretty strong story to tell as shown by boats on the River Shannon which now use hydro-treated vegetable oil rather than diesel thereby reducing their environmental footprint by 92%. Revenue growth can live alongside carbon reduction and by embracing digital technologies, Irish tourism businesses can further their sustainability efforts and unlock future growth.

Tourism leaders fought long and hard for the sector to be placed in an economic portfolio by Government and the newly configured Department of Enterprise, Tourism and Employment is a welcome move. It should mean that the opportunities for the tourism industry, as well as the challenges, are approached with economic rigour. Irish tourism showcases the best of the country to an international audience as well as the domestic market and a thriving, growing sector must be in all our interests.



● PERSPECTIVE - LEARNOVATE

Digital inclusion as a path to economic growth



Digital inclusion as a path to economic growth



Peter Gillis
Innovation Services Lead



In 2023, the Organisation for Economic Co-operation and Development (OCED) published the 'OECD Skills Strategy Ireland' report which provided a comprehensive analysis of Ireland's skills system. The report highlighted the importance of digital skills for economic growth, detailing that *"digital skills are fast becoming a prerequisite to actively participate in more complex, interconnected societies and are needed in most professions"*. In line with this, the EU has set the target of at least 80% of adults with basic digital skills by 2030 to ensure people can thrive in a more digitally based economy.

In the United States, one third of the population lack basic digital skills that are needed to engage successfully in the modern economy. This is a story that is repeated across the globe including Ireland. The OECD report outlined three 'Priority 1 Recommendations' for Ireland, one of which detailed the need to provide education and training systems that better adapt to evolving skill requirements. Below we set out an innovative initiative developed and trialled in Ireland, related to core digital and data skills development. We call for Government to aide further development of initiatives like this to support skills across Ireland at the national level.

The Irish Government's 'Harnessing Digital – The Digital Ireland Framework', Ireland's national strategy aimed at accelerating digital transformation across the country, positions digital skills as one of its main pillars citing the need for a national approach. The emphasis placed on digital skills by the Irish Government for Ireland's long-term economic growth is further underpinned in the 'Digital for Good: Ireland's Digital Inclusion Roadmap'. One of the high-level commitments in the roadmap is maintaining a *"focus on ensuring everyone can benefit from digital opportunities in a meaningful way, through access to the necessary infrastructure, as well as having the confidence, skills and literacy to engage fully in a digital society."*

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While Ireland is performing ahead of most of our European neighbours there is still much to be done.

While Ireland is performing ahead of most of our European neighbours there is still much to be done. A European policy brief highlights individuals in manual labour or with low levels of formal education as falling well behind the European average. Secondary students' digital skills have decreased significantly in the last five years.

EU framework for digital skills

The EU developed DigComp 2.2, the Digital Competence Framework for Citizens, a framework for common understanding across the EU and beyond. There is over a decade of research invested in the framework to date. The framework has five top level competence areas: Information and Data Literacy, Communication and Collaboration, Digital Content Creation, Safety, and Problem Solving. DigComp 2.2 provides a solid evidence-based framework for research and development of resources to address the digital competencies gap. An updated version of the framework, DigComp 3, which reflects recent developments in AI, is scheduled for release in Q4 2025. All future Irish initiatives would do well to align to this framework, to ensure a common standard and lexicon, built on this robust research.

7. [OECD Skills Strategy Ireland | OECD](#)



Core digital and data skills in Ireland

Learnovate is an edtech research and innovation centre committed to addressing authentic needs and creating impact. We conducted a two-year project to investigate *"A national platform dedicated to the development of core digital and data skills"*. The project was co-created with Associate Partners, organisations challenged with identified issues, and who may benefit from future solutions. Associate partners included SMEs as well as organisations from a range of sectors including pharmaceuticals, finance, and manufacturing. Through our workshops we identified the core digital and data skills issue as a painful one that resonated with all participants. Two important segments identified were early career staff and their managers. The top four problem areas it was believed a solution could support were:

- Improve business outcomes
- Staff development
- Ready for a digital world
- Attracting and onboarding

The barriers organisations reported to adopting a solution were:

- Too busy, no time
- Lack of team buy-in
- Lack of management support
- The investment required to keep it relevant.

To build on the insights gained from our workshops, we developed a survey to seek responses from a wider audience. We received responses from 150 participants: 50 from Ireland, 50 from the UK, and 50 from the US. Participants were asked *"How would you rate your current initiatives towards future-proofing your team's digital and data skills/competencies?"*. Across the three geographies the responses were similar, with 65% referring to future-proofing digital and data skills as something they have not started to address yet. In Ireland that response was 70%. This initial research shows an urgent need at an Irish and European level, a problem that resonates with industry, and yet a need that is very underserved by current levels of activity.

Towards a solution

Learnovate developed and trialed an innovative, practice based, prototype learning platform called Tri-Skill for the development and meaningful assessment of core digital and data skills. We focused on a subset of the DigComp 2.2 competence areas and trialed the platform over a six-week period with 60 participants. The results showed statistically significant positive skills developments and positive qualitative feedback from participants.

It is clear that digital skills are essential for Ireland's success. Therefore, we are calling on the Irish Government to support projects like Tri-Skill, which have the potential to equip Ireland's SMEs, and wider population, to navigate and thrive in the ever-developing digital landscape of work and society.

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● PERSPECTIVE - BUSINESS IN THE COMMUNITY IRELAND

Decarbonising Ireland's SMEs through a value-chain approach to deliver future growth

CELEBRATING
25
YEARS
OF IMPACT

BUSINESS
IN THE
COMMUNITY
IRELAND



Decarbonising Ireland's SMEs through a value-chain approach to deliver future growth



Tomás Sercovich
CEO



A pilot experience for scaling-up transformation

SMEs are the cornerstone of the Irish economy, with their sustainable growth shaped by the green transition and digital transformation. Supporting the SME sector on its sustainable journey is imperative if Ireland is to achieve its net-zero ambitions and support continued economic growth. To achieve this, SMEs require a policy environment that will allow them to grow and equip them with tools to drive sustainable change across their businesses. This requires ambition, transformation, investment and support, to ensure the Irish SME sector is not left behind on the State's sustainability journey.

As a leader in sustainability and social inclusion, BITCI's mission is to inspire, challenge and facilitate businesses to bring about a sustainable, low carbon economy and a more inclusive society where everyone thrives. Our ask is for policies that help to encourage SME take-up of responsible, sustainable and inclusive business practices, aligned with incentives to change business models, measure and communicate their impact, and support their sustainable growth. We are seeking the introduction of a dedicated all of Government or cross-Government supply chain-led SME decarbonisation strategy that includes targeted supports for supply chain alignment, accessible training pathways, and clear access to green finance instruments.

The challenge

We launched our Low Carbon Pledge in 2018, which comprised 62 signatories from multiple sectors, with a goal of encouraging and supporting companies to set science-based near and long-term targets for reducing their greenhouse gas emissions across all scopes. Research into the responses from this collective campaign highlight that for half of signatories' carbon emissions are at least 80% related to Scope 3. Businesses are struggling to accurately collate and report on their Scope 3 carbon emissions across complex value chains including SMEs. According to research from The Carbon Disclosure Project, delaying supplier engagement on carbon results in slower action and reduction of Scope 3 emissions. In fact, it takes one to three years to fully measure and disclose supply chain emissions. Today, only 25% of corporates use supplier-specific methods to measure Scope 3 emissions. Achieving supply chain emission reductions can take three to five years.

SMEs account for 99.8% of enterprises in Ireland and 68.4% of the workforce, underscoring the critical role SMEs must play in delivering on the decarbonisation transition. For SMEs, while awareness is growing of supports and grants available to enable decarbonisation, there is still work to be done. Uisce Éireann's SME Sustainability Sentiment Survey revealed that 43% of SMEs cite "a lack of information or Government supports" as a barrier to investing in sustainable practices. Additionally, 38% of SMEs say they would welcome further information on how to go green.

43%

of SMEs cite "a lack of information or Government supports" as a barrier to investing in sustainable practices

38%

of SMEs say they would welcome further information on how to go green.

However, while the Programme for Government (PFG) contains several positive commitments to support SMEs in their transition to low-carbon operations, there are notable gaps. Specifically, the PFG lacks a dedicated/coordinated SME decarbonisation strategy, and smaller firms – particularly those under pressure to align with supply chain decarbonisation – have limited targeted support. Access to relevant training for SME workers is scattered, with no direct mechanisms to bridge the skills gap. Furthermore, there is no clearly defined pathway for SMEs to access green finance instruments to support investment in emissions reduction. Addressing these gaps will be essential to enable an inclusive and effective transition for Ireland's SME sector.

The opportunity

In 2024, BITCI partnered with Bank of Ireland, Musgrave Group, and SSE Airtricity to pilot a collaborative programme to support both SMEs and internal teams in their climate action efforts. Business in the Community Northern Ireland came on board as a training partner. The All-Ireland Climate Action Pilot aimed to equip SMEs with the skills and knowledge to manage and reduce their carbon footprint. The pilot programme ran from May to September 2024 and featured a combination of training workshops, one-to-one mentoring, and certification by the Carbon Literacy Project. 24 SMEs took part in the pilot, of which 32% were micro-SMEs. 40% of SMEs came from the food and drink sector. Prior to beginning the pilot, 72% felt that they had either average to good knowledge of carbon emissions/climate responsibility in relation to their business. On completion of the pilot, 93% stated that their knowledge was good or very good. The feedback collected strongly indicates that the SMEs benefited from the in-person and small group size events, peer-to-peer workshops and from the dedicated one-to-ones. Feedback from the pilot programme was overwhelmingly positive with:

- 54% of participants were motivated to plan or act in their business
- Peer to peer engagement was a highly rated aspect of the pilot programme design
- While there was high motivation to engage with the sustainability agenda, there was low engagement with some of the provided supports

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Supporting SMEs in integrating sustainability initiatives into their business operations will help them achieve long-term growth and competitiveness.

Recommendations for action – How to scale-up

Supporting SMEs in integrating sustainability initiatives into their business operations will help them achieve long-term growth and competitiveness. However, while numerous tools and support programmes exist, SMEs often find it challenging to navigate them effectively. As evidenced from BITCI's pilot programme, there is clear value in having top-down support of the SME sector – particularly in relation to one-to-one engagement and training and support. The programme also clearly illustrated that there are opportunities for greater alignment between Northern Ireland and the Republic of Ireland, with due consideration to local supports and regulations.

There is no one size fits all model for supplier engagement; solutions must be tailored to the specific needs of SMEs depending on size and sector. There is a strong willingness among stakeholders to collaborate and share best practices on supplier engagement and climate action. There is a clear need for further upskilling, not only for SMEs but also for internal teams within large companies to better support value chain decarbonisation and engagement. We believe the BITCI model can be further expanded to ensure more SMEs increase their resiliency for a sustainable future.

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This report was updated in May 2026 to reflect our existing slate of partners for small business tools and training.



