



CoP Public Infrastructure and Social Services

Example of Good Practice

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University of Valencia and FVMP

Irune Ruiz-Martinez, Sergio Mensua and Javier Esparcia

irune.ruiz@uv.es; smensua@fvmp.org; Javier.esparcia@uv.es

Avoiding financial exclusion of rural areas: the cashier machines (ATM) network

Living Lab Valencia Region, Spain

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1. Introduction

Many of the rural areas have seen essential services such as schools, post offices, financial banks, healthy or even social centres disappear due to the depopulation processes (Woods, 2006). Another type of commercial ways (e.g. multiservice or multifunctional centres) in order to maintain a minimal structure in rural areas becomes more prominent. A multiservice centre located in a rural municipality is able to provide all kinds of services such as basic consumer goods, catering, the media, tourism, banking, and even as appropriate, health and / or social assistance activities, cultural benefits, etc (Escribano et al., 2015).

Due to the 2008's financial crisis, many municipalities in rural areas lost their bank offices. In fact, over the past ten years, financial institutions have closed more than 2,500 bank offices in the Valencia Region. It has had a direct effect on rural municipalities due to the fact that their inhabitants have lost a primary service as the possibility to have cash, pay for goods or to commerce. This represents a decrease in the quality of life.

The Regional Government of Valencia (*Generalitat; NUTS 2*), within a broad action against depopulation, and as part of the Valencian Depopulation Agenda (AVANT), has launched a first initiative against financial exclusion in the region of Valencia through the promotion of the installation, maintenance and commissioning of basic banking services, mainly by cashier



machines (ATM). The Regional Government has received the approval of the EU authorities by January 2020¹.

This initiative is relevant since access to basic banking services in the form of a cashier machine (ATM) is also a complementary condition for achieving of quality of life at social and economic level especially for those groups of citizens with low mobility. The lack of basic financial services constitutes an important challenge that limits the economic autonomy of people, but also determines social welfare. For the most vulnerable groups (e.g., older people, people with disabilities) the lack involves limitations on their daily life but also affects different kinds of people at different circumstances (e.g. people working in local council or an entrepreneur).

This is a good practice example for several reasons:

- Multilevel governance agreements (regional government and local councils) that guarantee joint responsibility (guaranteeing public services to the population, regardless of where they live) and cooperation between institutions and coordination of actions for the benefit of rural-urban relations.
- It is not a too costly economically initiative, since it is planned to install these services in the town halls buildings².

2. Project Intention / Background information

During the last decade, financial institutions have closed more than 2,500 bank offices (49.44%) as a result of the financial crisis. In comparison, more than 5,060 were active in Valencia Region until the end of 2008. This decrease in the number of bank offices has been imposed by the intense process of banking concentration in recent years, as well as by the need to reduce the cost structures that affect this entire sector (mainly because of the financial crisis).

This initiative has just been implemented in order to overcome the challenge of reactivating the economic life of the villages (DECREE 1/2020 February 6). The Regional Government (*Generalitat*) is funding the project through three steps: (i) installing the cashier machines (ATM) after the territorial diagnostic analysis (knowing which towns have lost their bank offices); (ii) the maintenance of the cashier machines (ATM) under the conditions that ensure its working; and (iii) face-to-face financial assistance.

To try to mitigate the damage caused by this generalized process of closing offices, which has meant a significant negative impact on the quality of life of inhabitants, particularly on rural areas, it has been considered to initiate actions to encourage the installation and commissioning, by credit institutions, of cashier machines (ATM) in the municipalities where many offices have been closed.

¹ https://www.gva.es/es/inicio/area_de_prensa/not_detalle_area_prensa?id=838984

² The estimated cost of each ATM is around 10,000 euros per year, to be paid by the Regional Government.

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3. Main Description

Up to date, a total of 124 municipalities (see figure 1) have requested accession to the aforementioned initiative, which, with their corresponding districts, would include the installation of 135 cashier machines thus meaning an added-value for rural society³. The municipalities that might be interested in this initiative must meet certain requirements and assume some commitments such as:

- Enabling a space for the installation of the cashier machine in the town hall.
- Collaborating with both the regional government and the financial institution that installs the cashier machine.

According to the law (called public ordinance) of municipal taxes, municipalities may benefit from an exemption as follows:

- The public space (owned by a town hall) is replaced by an ATM and other material related to its use;
- The lack of financial services is justified, either because they lost the service, or because they have never had it;
- And when the ATM installation is a consequence of the official initiative from the regional government.

However, the first challenge was the fulfilment of the previous territorial diagnosis, since it entailed considerable effort on the part of the authorities. Secondly, the initiative lasts for four years and will depend on policy and budget decisions.

This project can be developed thanks to the initiative of the Regional Government and the agreement reached with local governments that are likely to be beneficiaries (municipalities where there are currently no cashier machines) as well as the private sector (private financial entities and beneficiaries of the subsidy of the service). This alliance does not exempt the municipalities from responsibilities since the public space in which the cashier machine is installed must be in the local council building. In addition, the municipalities must collaborate with the beneficiary financial entity which chooses to provide its service, as well as with the Regional Government.

The project recognises access to basic banking services as a right and not as a mere commercial activity. Although the project is considered as a financial / economic action, its intention goes further.

It aims to reactivate the endogenous economic flow of towns through trade, agriculture / livestock and the small industry / crafts. But also, the installation of an ATM allows tourism to bring economic development to rural areas. It should be borne in mind that inland areas are less likely to be wired for broadband services, an aspect that limits the availability of such services and it could thus be reversed.

³ <https://valenciaplaza.com/un-total-de-124-municipios-solicitan-un-cajero-automatico-subvencionado-a-la-generalitat>

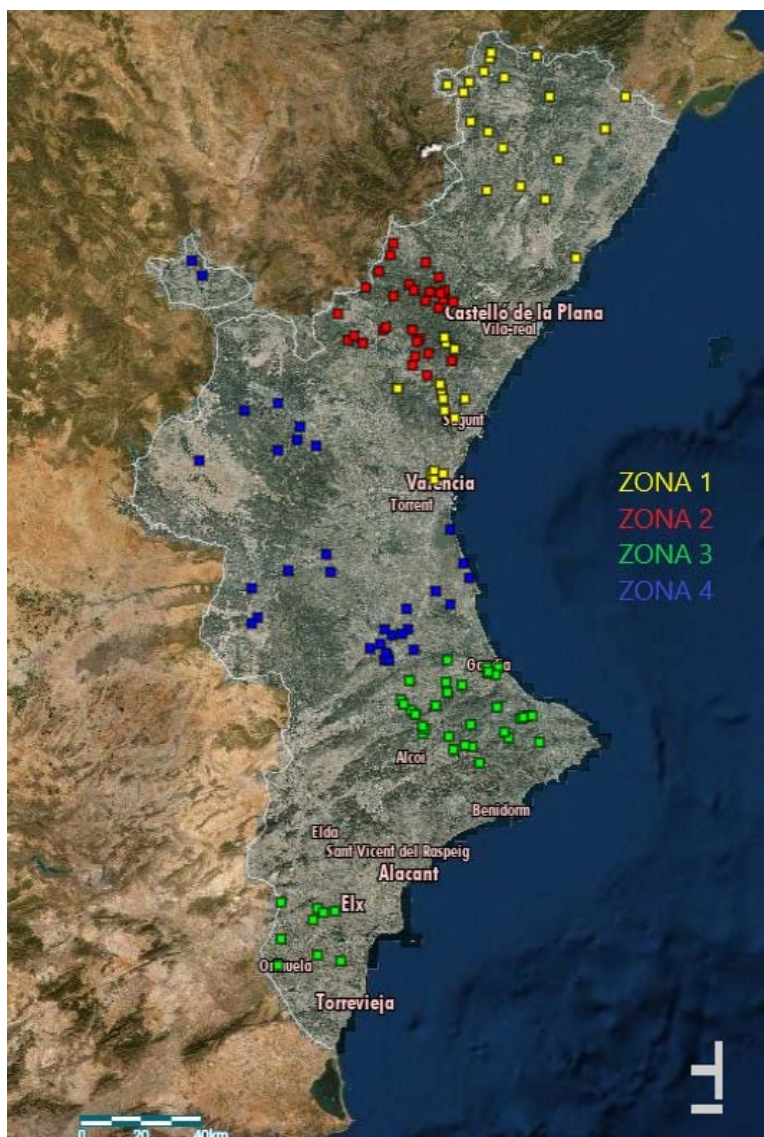


Figure 1. Distribution of rural municipalities that demanded financial services through this initiative (Valencian Community, NUTS 2).

4. References

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