

THE IMPORTANCE OF CASH AND THE IMPACT OF THE REDUCTION OF BANK OFFICES ON ITS ACCESS

Concha Jiménez
Director General

THE CURRENCY CONFERENCE

Dubai, UAE
7-11 April 2019

DIRECTORATE GENERAL CASH AND BRANCHES

- 1. SPAIN: FACTS AND FIGURES**
- 2. USE OF CASH IN SPAIN**
- 3. NETWORK OF CASH DISTRIBUTION**
- 4. CLOSURE OF BANK BRANCHES IN SPAIN**
- 5. ALTERNATIVE CASH ACCESS CHANNELS**
- 6. FINAL REMARKS AND CHALLENGES**



This presentation is an update of the original article “Bank Branch Closure and Cash Access in Spain”

https://www.bde.es/f/webbde/GAP/Secciones/Publicaciones/InformesBoletinesRevistas/RevistaEstabilidadFinanciera/18/MAYO/Articulo_Jimenez_Tejero_en.pdf

1. SPAIN: FACTS & FIGURES



Data as of 31/12/2018

Total area	505,944 km ²
Population	46.7 million
Tourists	83 million
Banco de España branches	15 + 1 Headquarter
NHTO centres	46
Deposit taken institutions	198
CI bank offices	26,011
ATMs	51,391
Recirculation of banknotes:	7,961 million



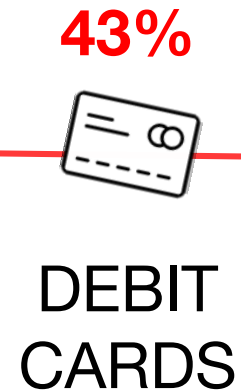
NOTE: population data amended on 9 October 2019

2. USE OF CASH IN SPAIN

2.1 Cash is the most commonly used form of payment

BdE Survey

What is your most commonly used payment method?

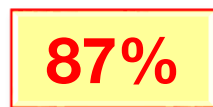
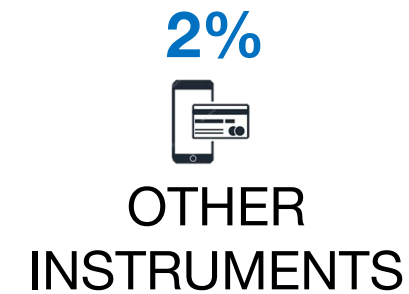
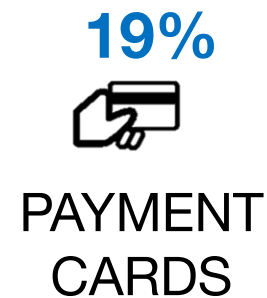
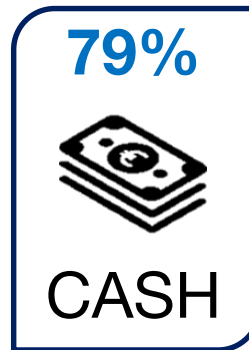



2018 data downward trend vs. 2014 & stable trend vs. 2017

€ ECB Study

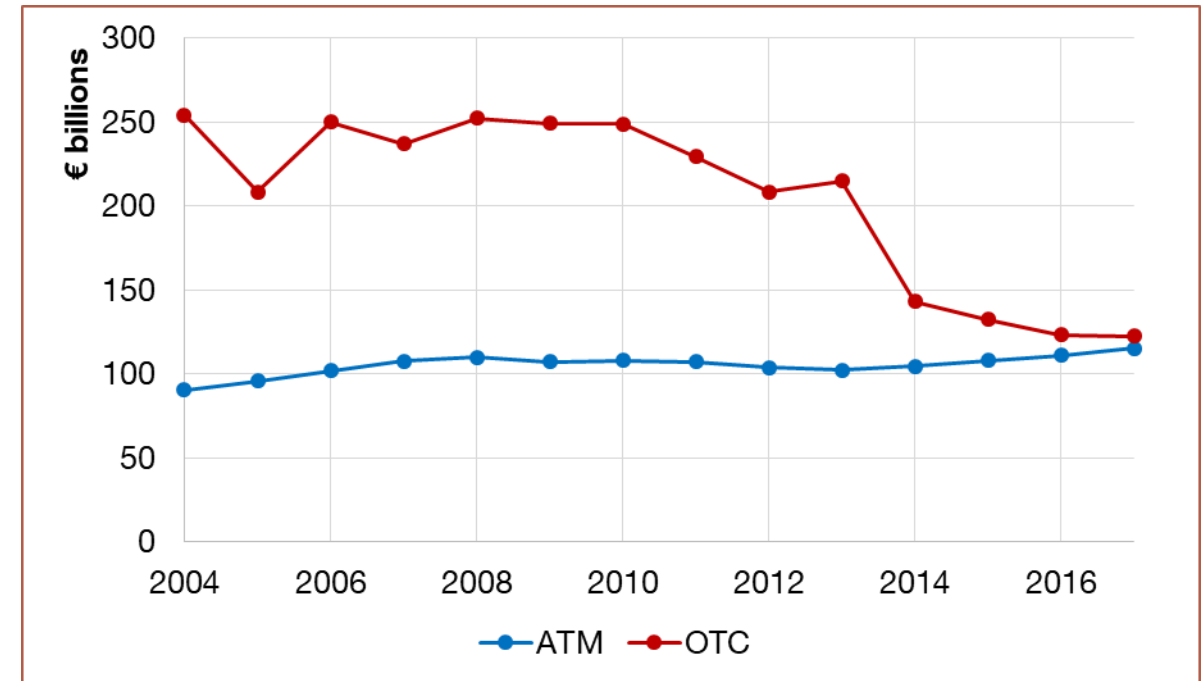
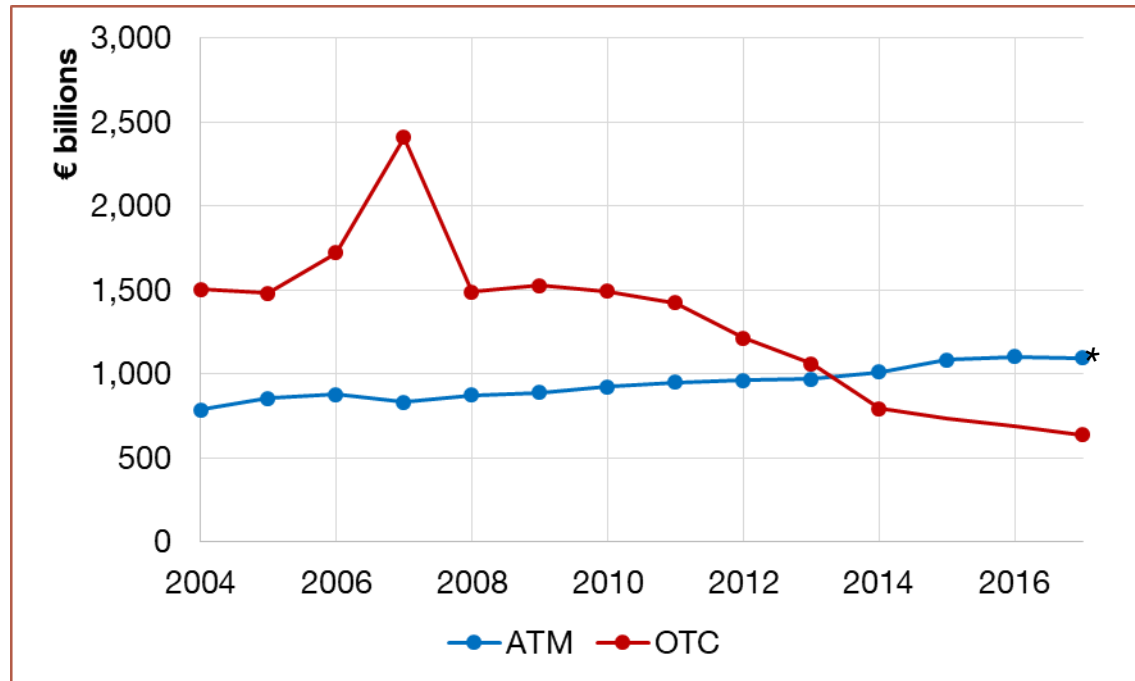
2016 data

Number of transactions at POS



2. USE OF CASH IN SPAIN

2.3 ATM / OTC cash withdrawals



(* Data of 2017 without the information of 1 country)

Cash withdrawals:

- Evolution steady from ATMs
- OTC falling in line with reduction of branches

[Source: Statistical Data Warehouse (BdE)]

3. NETWORK OF CASH DISTRIBUTION

3.1 Impact of the 2008 crisis in Spain

➤ BANKING CONSOLIDATION

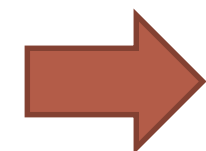
- Adjust capacity
- Reduce small banks
- Reduce costs

Number of banks
- 30%



➤ RATIONALIZATION OF THE NETWORK & Compensatory measures:

- Reduction of the branch network
- Reduction of number of ATMs
- Expansion of off-site customer service centers



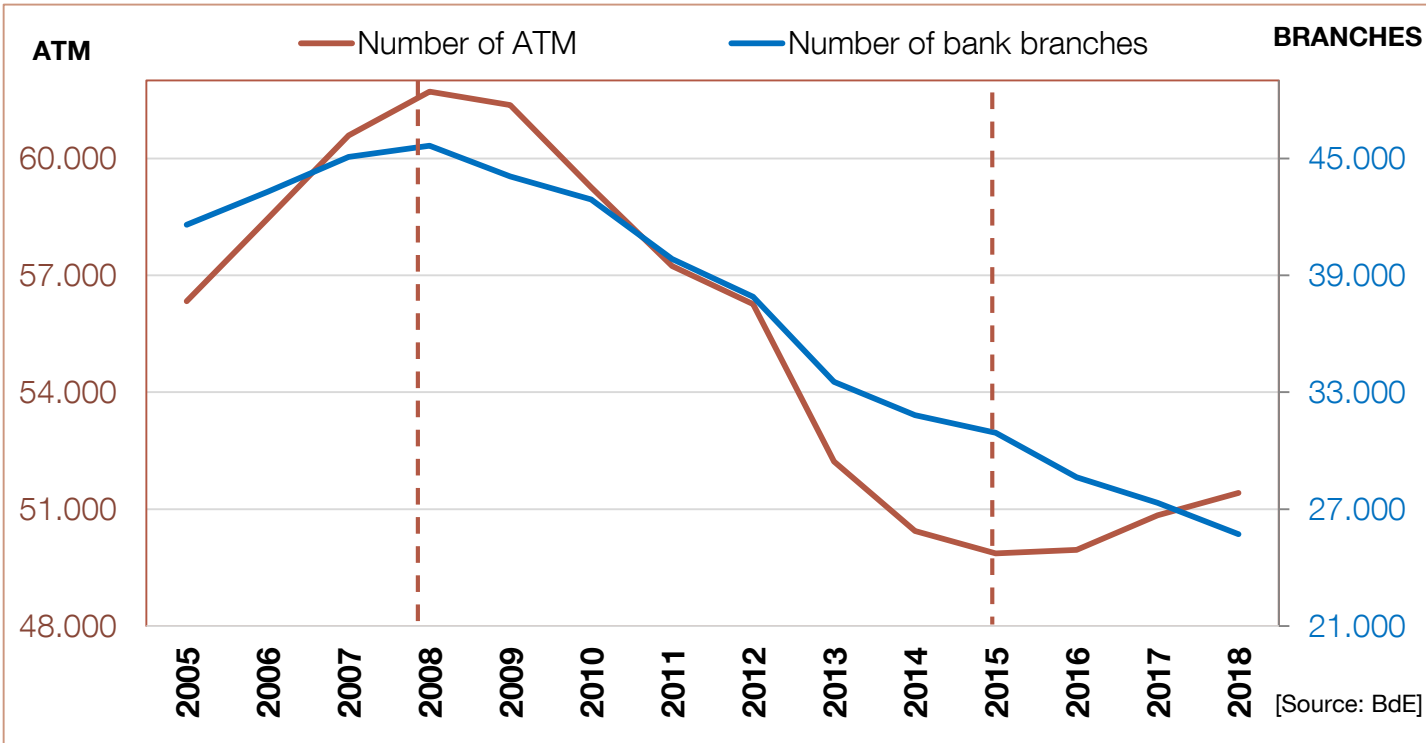
IMPROVE EFFICIENCY

3. NETWORK OF CASH DISTRIBUTION



3.2 Changes in cash distribution network in Spain

Number of ATMs and bank branches in SPAIN



Spain has experienced notable declines in its cash dispensing network since the 2008 crisis.

However, the trend in the number of ATMs has turned positive since the economic recovery in 2015, but the number of bank branches has continued to decline.

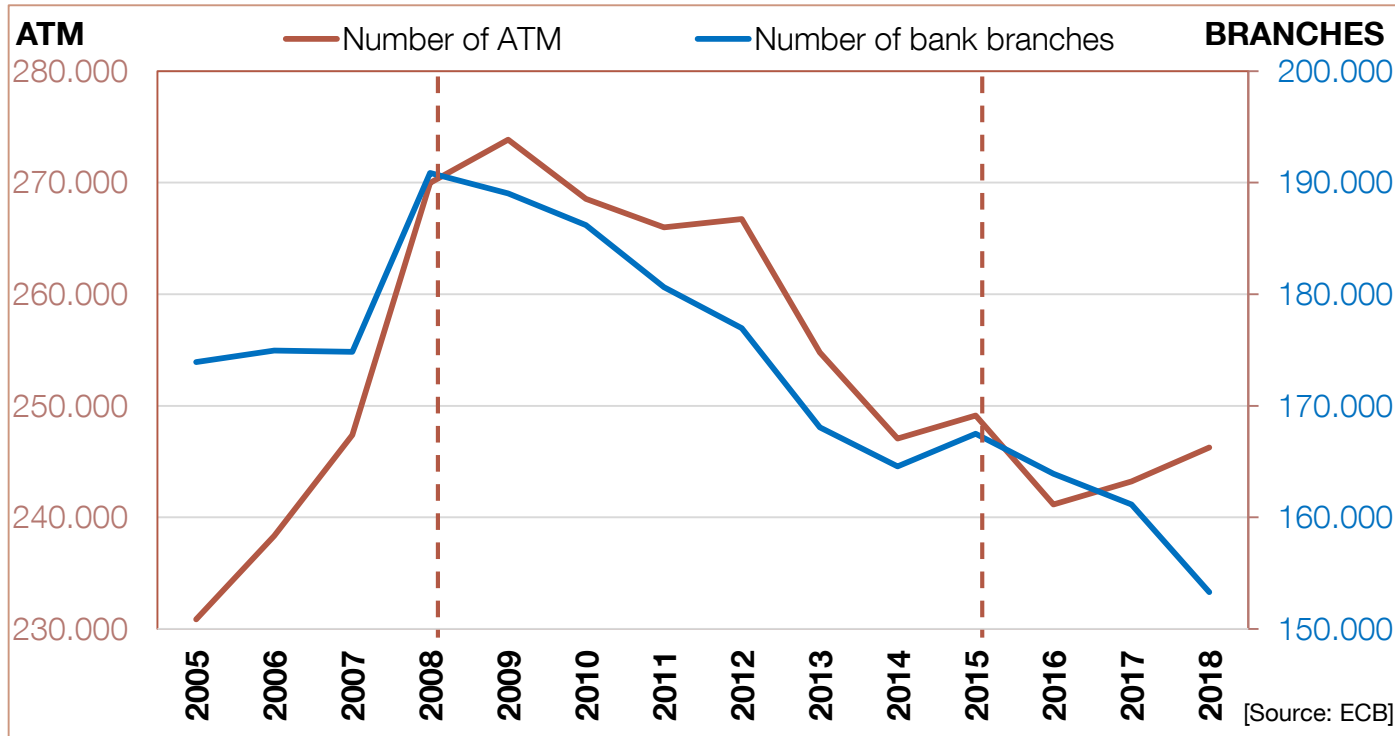
2008-2018:

- 19,944 branches (-44%)
- 10,300 ATMs (-17%)

(*) Estimated with 3Q18 data

3. NETWORK OF CASH DISTRIBUTION

Number of ATMs and bank branches in the euro area



2008-2018:
 - 37,571 branches (-20%)
 - 23,711 ATMs (-9%)

(*) Estimated with 2Q18 data

3.3 Comparison with the Eurozone



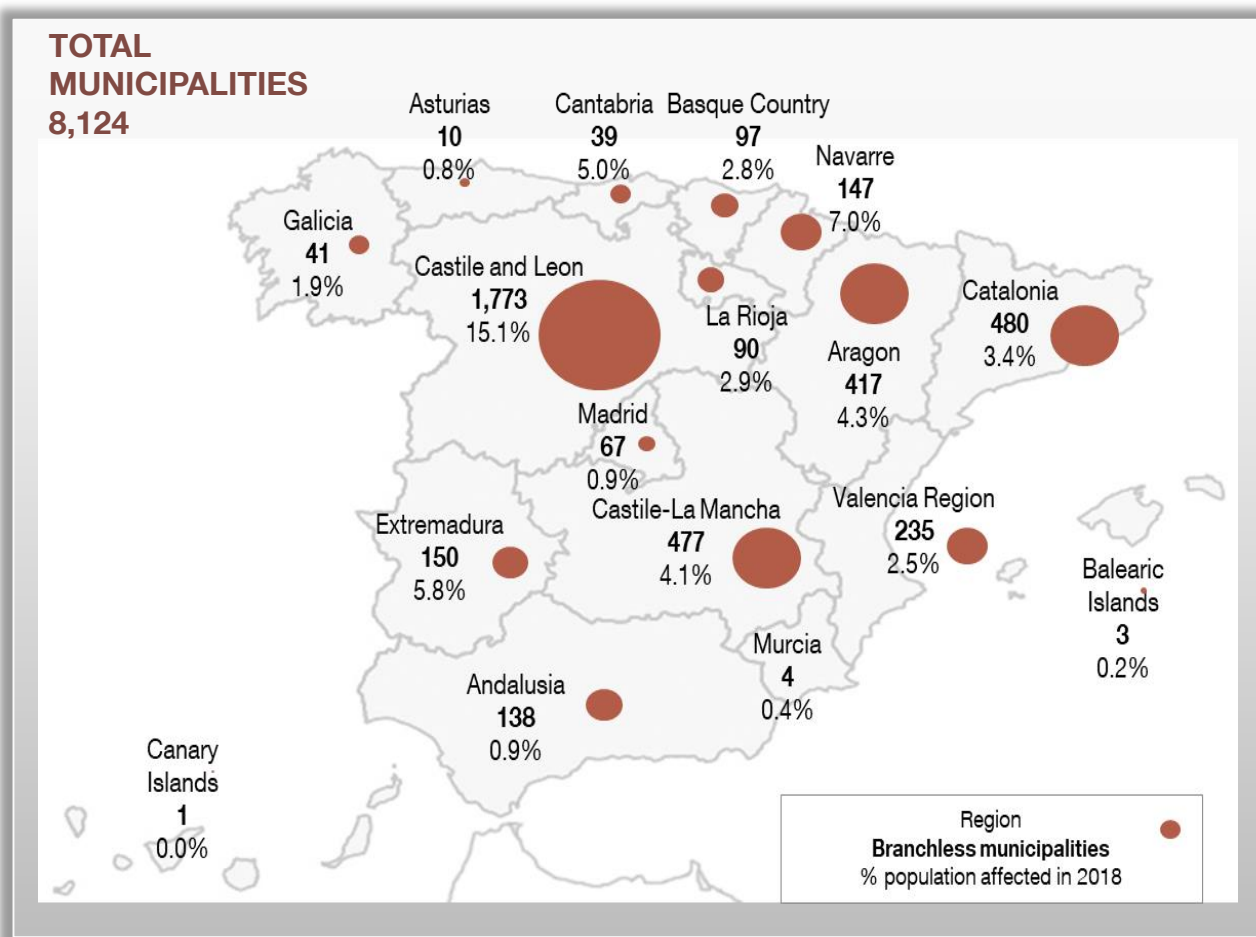
Euro area



Whilst Spain has seen considerable change to its cash dispensing network since 2008, it still remains one of the euro currency countries with the highest number of branches and ATMs per million inhabitants, and its density of branch and ATM networks per 1,000 km² is on a par with the Eurosystem average.

[Source: Cash & Payment News, 1/July 2018]

4. CLOSURE OF BANK BRANCHES IN SPAIN



[Source: BdE, INE]

Spanish population not affected uniformly

- **4,196** municipalities **branchless** (51%)
- 575 more than in 2008
- 1.3 million inhabitants affected
- **2.8%** of the **Spanish population**



No financial exclusion: use of on-line banking

Population at risk:
Elderly people living in rural areas

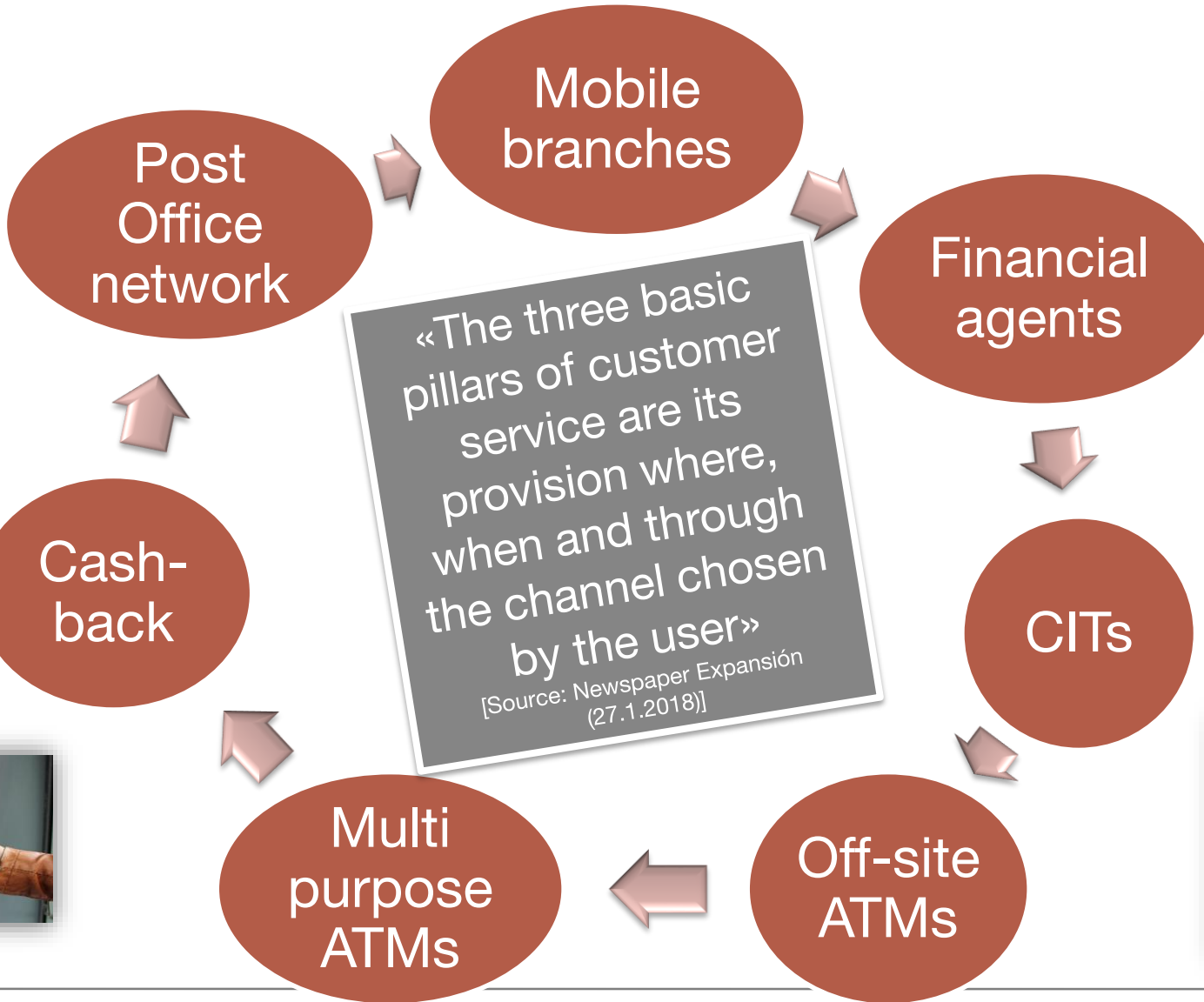
NOTE: population and municipalities data amended on 9 October 2019

5. ALTERNATIVE CASH ACCESS CHANNELS

5.1 Compensatory measures (I)

EL PAÍS

Correos will use its offices for Traffic and Treasury procedures and as a bank in villages without branches
It will use its network of 2,396 offices throughout Spain so the users could withdraw money or renew their driving licence



5. ALTERNATIVE CASH ACCESS CHANNELS

5.1 Compensatory measures (II)

Number of municipalities covered by type of alternative channel
(BdE survey on services offered by CIs, Dec 2018 *)

Mobile branches: 645

Ad hoc cash services: 701

Off-site ATMs: 848

Financial agents, off-site bank
employees or CIT companies: 1,027

Post-offices with cash services: 1,444

Can we estimate the
impact?



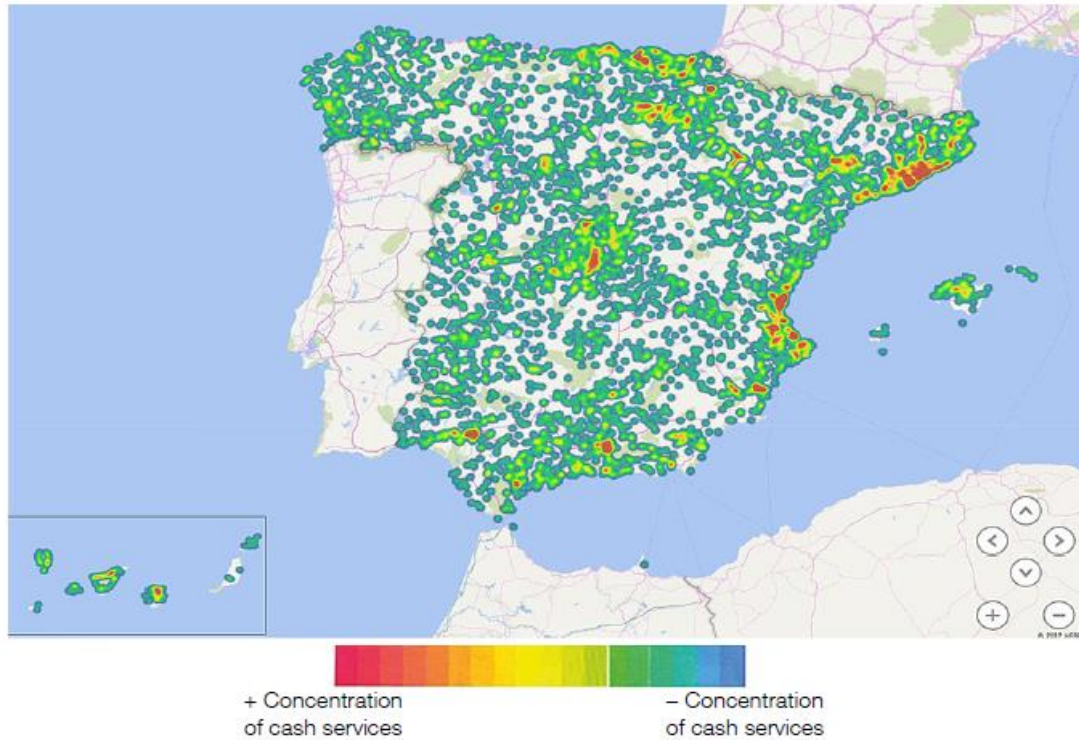
* Survey to 12 credit institutions that represent 82% of banknotes
withdrawals by customers

5. ALTERNATIVE CASH ACCESS CHANNELS

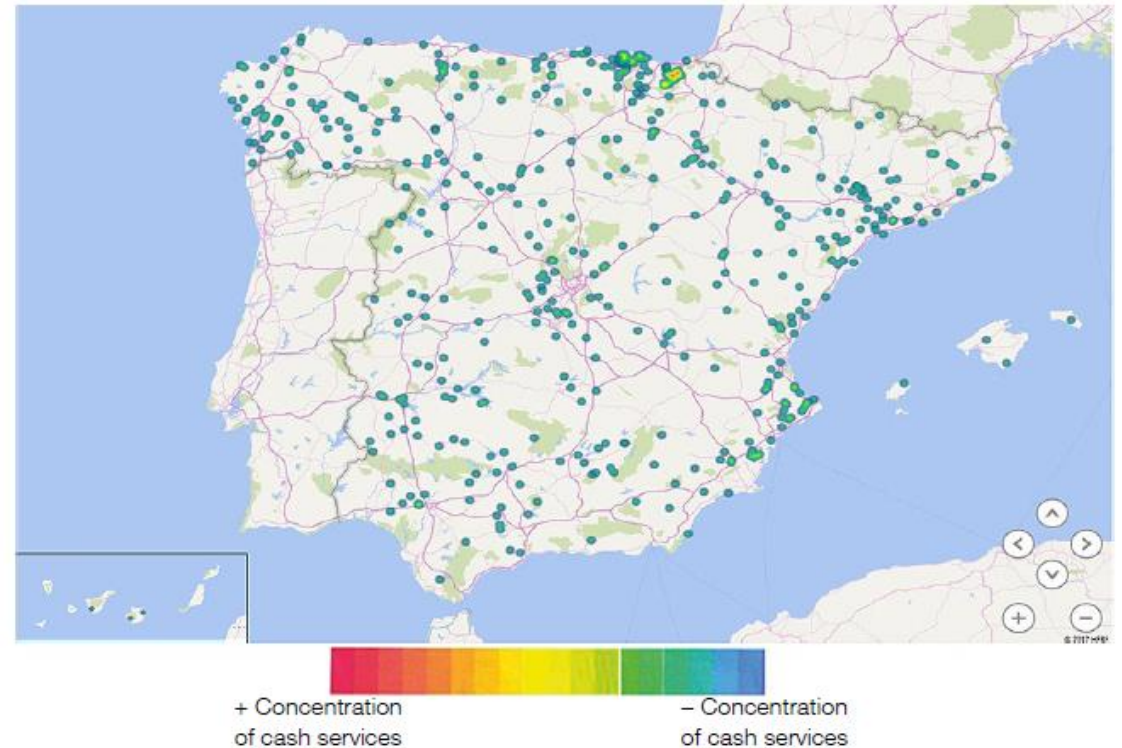


5.2 Map of alternative cash channels in Spain (I)

Coverage of cash services by bank branches



Coverage of cash services by off-site ATMs



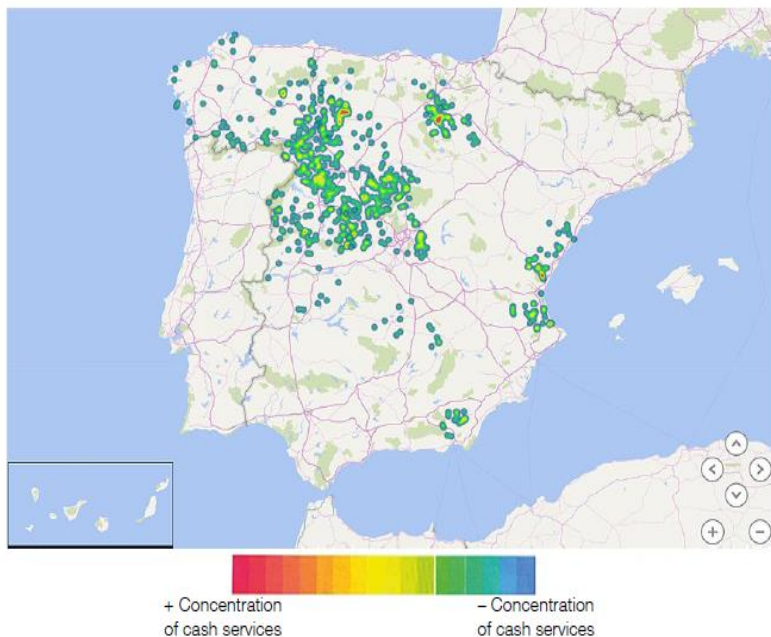
Source: [BdE]

5. ALTERNATIVE CASH ACCESS CHANNELS

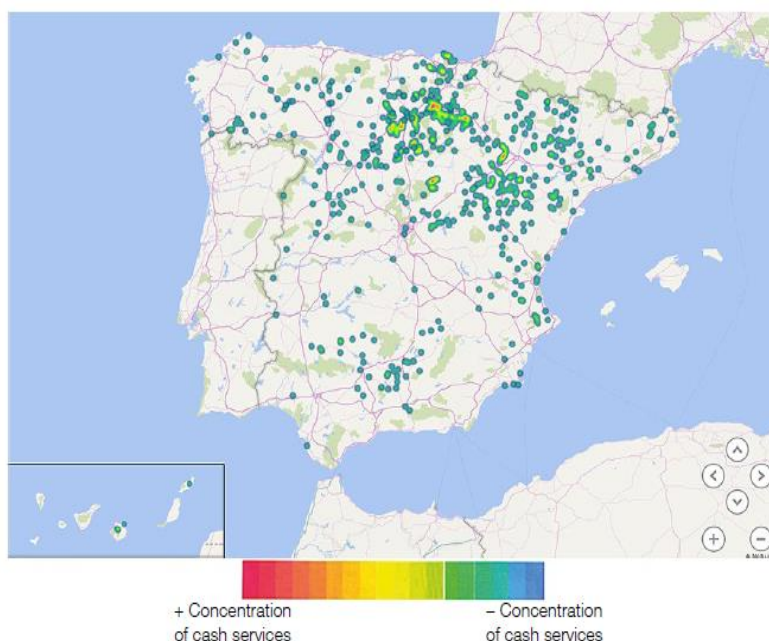


5.2 Map of alternative cash channels in Spain (II)

Coverage of cash services by mobile branches



Coverage of cash services by branches on an ad hoc basis



Coverage of cash services by agents and off-site employees



Implementation in different geographical areas

Source: [BdE]

5. ALTERNATIVE CASH ACCESS CHANNELS

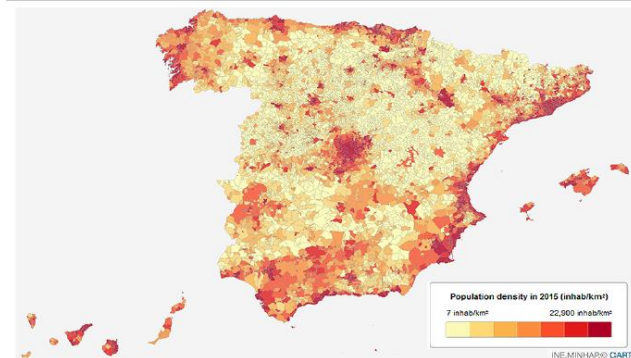
Overall map of national coverage of cash services



NOTE: population and municipalities data amended on 9 October 2019

5.3 Overall map of national coverage of cash services in 2018

Population density



- **3,393** municipalities do not have any cash access
- One million inhabitants affected
- **1.8% of the Spanish population**

6. FINAL REMARKS AND CHALLENGES



- **Cash remains to be the most common means of payment in Spain**
- **Spain still has a significant number of branches and ATMs**
- **2.8% of the Spanish Population has no access to a bank branch**
- **Several alternatives have been developed to provide cash (mobile branches, ad hoc services, etc.)**
- **These facilities reduce the population with no access to cash in its town or residence 2.8% to 1.8%**
- **The map continues evolving (ex.: cash-back)**

NOTE: population data amended on 9 October 2019



BANCO DE **ESPAÑA**
Eurosistema

CASH AND ISSUE DEPARTMENT