

STUDY ON ATM CASH WITHDRAWAL SERVICES

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SUMMARY: ATM cash withdrawal services have traditionally been part of banking sector activities. Since the 2008 crisis, the financial sector in Spain has been undergoing a process of digitalization, reducing the number of bank branches and, consequently, the number of ATMs. The people most affected by this process are inhabitants of areas with a low population density and the elderly. Given these circumstances, the study, prepared at the request of the Secretary of State for the Economy and Business Support, incorporates a detailed analysis of cash withdrawal through ATMs and its effective cost of provision, framed within the banking sector, which is the main provider of these services. From the perspective of competition and the principles of efficient economic regulation, a series of recommendations are made in order to design public intervention measures to promote financial inclusion.

KEYWORDS: ATMs, card payments, banks, financial inclusion, competition, depopulated areas.

JEL CODES: G28, L40, H25, R59.

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ACCO	Catalan Competition Authority (Autoritat Catalana de la Competència)
ECB	European Central Bank
BdE	Bank of Spain (Banco de España)
CNMC	Spanish National Markets and Competition Commission (Comisión Nacional de los Mercados y la Competencia)
ECN	European Competition Network
IGN	Spanish National Geographic Institute (Instituto Geográfico Nacional)
INE	Spanish Statistics National Institute (Instituto Nacional de Estadística)
ICAV	Index of cash-access vulnerability
OECD	Organisation for Economic Co-operation and Development
POS	Point of Sale Terminal
EU	European Union

GLOSSARY

ATMs : electronic devices that primarily allow the withdrawal of cash by the holder of a payment card. This includes both those located in bank branches and those situated elsewhere.

Third-party customers: any holder of a payment tool who makes a cash withdrawal at an ATM that is not part of the issuer's ATM network.

Own customers: any holder of a payment tool who withdraws cash at an ATM that is part of the issuer's ATM network.

Direct Fee: any commission or fee charged directly by an ATM operator to a third-party customer for the cash withdrawal service.

Acquirer: a payment service provider as defined in accordance with Article 3.32 of Royal Decree-Law 19/2018 of 23 November that operates an ATM network.

POS acquirer: a payment service provider as defined in accordance with Article 3.32 of Royal Decree-Law 19/2018 of 23 November that provides a merchant with the mechanical or electronic device (POS) through which the relevant customer card data is captured for the purpose of authorising the payment transaction.

Issuing entity: a payment service provider, as defined in accordance with Article 3.32 of Royal Decree-Law 19/2018 of 23 November, which provides a payment card, be that a credit card, debit card or a stored-value card. Transactions effected with this payment tool will normally be settled on the account that the cardholder has designated for this purpose from among those held with the issuing institution.

ATM operator: payment service provider as defined in accordance with Article 3.32 of Royal Decree-Law 19/2018 of 23 November, whether or not it is also an issuing institution, which operates an ATM network.

Independent ATM operator: payment service provider as defined in accordance with Article 3.32 of Royal Decree-Law 19/2018 of 23 November, which, not being an issuing entity, operates an ATM network.

Credit card: a payment tool whose use involves the deferred debiting of the amount of the transaction from the existing balance on the bank account associated with the payment card. The contract between the issuer of the payment instrument and the holder of the payment card sets the debit period, the financial conditions and the credit limit.

Debit card: a payment tool whose use involves the immediate debiting of the amount of the transaction from the balance of the bank account associated with the payment card.

Company card: any card-based payment tool issued to businesses, public sector entities or self-employed individuals, whose use is restricted to business expenses and whose payments are directly debited from accounts held by said entities.

Discount fee: any fee or remuneration paid by the payee to its payment service provider for each POS and card transaction, consisting of the interchange fee, the processing and payment system fee and the POS acquirer's margin.

Interchange fee for card payments: any fee or commission paid, directly or indirectly, for each transaction between the payer's and payee's payment service providers involved in a card payment transaction.

Interchange fee for cash withdrawal at ATMs: any fee paid by the issuer of the payment tool used for the withdrawal of cash at an ATM by a third-party customer. Throughout this study, this definition will include the fee referred to in the second additional provision of Royal Decree-Law 19/2018, of 23 November.

Point of Sale Terminal (POS): electronic devices located at points of sale of products or services where the corresponding checks and authorisations are carried out prior to the acceptance of the card as payment for the commercial transaction. In Spain, all terminals allow credit and debit cards to be used interchangeably.

Sparsely populated areas: for the purposes of this study and in line with the definition included in paragraph 166(2) of the European Commission's Communication on Guidelines on national regional aid (2021/C 153/01), sparsely populated areas are defined as municipalities with less than 12.5 inhabitants per square kilometre.¹

¹ The Communication cited states that sparsely populated areas are defined as "NUTS 2 regions with less than 8 inhabitants per km² or NUTS 3 regions with less than 12.5 inhabitants per km²". The Nomenclature of Territorial Units for Statistics (NUTS) level 3 threshold has been used as it is the closest to the definition of a municipality.

EXECUTIVE SUMMARY

ATM cash withdrawal services have traditionally been part of banking sector activities. Since the 2008 crisis, the financial sector in Spain has been experiencing a reduction in the number of bank branches, mainly as a result of two phenomena: (i) on the one hand, mergers in the banking sector, which have led to the closure of bank branches and the ATMs linked to them; and (ii) on the other, greater digitalisation in the provision of financial services. Moreover, the distribution of ATMs throughout Spain is far from even. As a result, the least populated towns generally do not have bank branches or ATMs. This situation may limit the options for accessing cash withdrawal services in less densely populated areas.

In this context, the Committee on Economic Affairs and Digital Transformation of the Spanish Congress of Deputies approved in its session of 29 April, 2021, a non-legislative motion urging the Government to request that the CNMC prepare a report on this issue, in order to assess the cost of ATM cash withdrawal services in the form of a fee. On the basis of this request, and in view of the significant impact this issue has on consumer welfare, a study on ATM cash withdrawal services was proposed. The purpose of the study was to analyse the functioning of cash withdrawal services in order to help identify the public intervention measures that may be most effective in facilitating access to cash for the benefit of the end consumer.

The study reached a number of relevant conclusions on the use and availability of cash, as well as on forms of intervention.

Firstly, the use of cash as a means of payment has declined in recent years, but is still important for the population, especially younger and older people. Likewise, the number of ATMs, which are the main point of access to cash in Spain, has significantly decreased over the last 15 years. This reduction, together with the existing distribution of ATMs in Spain, means that **55% of municipalities, where around 3% of the population lives, have no ATM**. In these areas, which are less densely populated and have a relatively older population, there is a risk of financial exclusion in terms of lack of access to cash.

Secondly, **competition in the financial sector may contribute to greater financial inclusion**, as it can, among other things, encourage an increase in the supply of cash services. Therefore, antitrust tools, such as merger control and the prosecution of anti-competitive practices, can be useful for promoting greater access to cash and, thus, fight financial exclusion.

Thirdly, **public intervention measures should be governed by the principles of efficient economic regulation.** Thus, public measures, regulatory or otherwise, should be taken only when they are able to contribute to an overriding reason of general interest (principle of necessity) and when there are no other less restrictive intervention alternatives (principle of proportionality).

Fourthly, the study analysed **the regulation of (levels of) ATM cash withdrawal interchange fees and concluded that there may be costs that need to be properly assessed.** On the one hand, these costs may discourage the installation of ATMs, and on the other, they could serve as a focal point and encourage operators to increase their interchange fees to the maximum level allowed. Finally, determining these costs is somewhat complex: ATM operating costs vary widely depending on factors such as the type of ATM, its functionalities, and its location.

Fifthly, **alternative systems to ATMs for facilitating access to cash were identified.** *Cashback* and *cash-in-shop* systems, which allow access to cash in retail establishments and are poorly developed in Spain, could significantly increase the number of cash access points. The absence of specific regulation for these services may be a disincentive for operators to promote them.

Sixthly, another way of promoting access to cash is through public measures to encourage the installation of ATMs. In Spain, **public procurement and public aid procedures** have been carried out in this regard. For these measures to function properly, they must stimulate competition. Firstly, they must avoid a crowding-out effect on the supply of ATMs and financial services generated by the market. Secondly, they must be properly designed, following the principles of efficient economic regulation, so as not to distort competition and to take advantage of its benefits.

Competition authorities, for their part, can advise institutions on changes to the legislative framework and the design of regulatory and public intervention measures. **The CNMC has an advisory role on issues related to the proper functioning of the markets and competition.** This role can be particularly useful so that legislative chambers, the Government, ministerial departments, autonomous communities, local corporations and other public authorities that develop or promote regulations of any rank and other public intervention measures can better assess and anticipate the possible impact of their initiatives on competition in the markets and identify the most efficient alternatives for achieving the general interest.

In order to respond to the above-mentioned challenges, promoting greater financial inclusion and better access to cash withdrawal services, the CNMC

makes two recommendations in this Study. These recommendations are complementary to one another and their joint implementation is the most appropriate solution for mitigating the lack of access to cash withdrawal services and promoting financial inclusion.

Below are the recommendations made by the CNMC:

FIRST. To develop a regulatory framework to support the market uptake of *cashback* and *cash-in-shop* services.

Cashback and *cash-in-shop* services are solutions with enormous potential to expand cash access and they address, at least partially, the current challenge posed by access to cash for certain areas or groups. Both services represent an alternative source of access to cash and a complementary channel to existing ones.

To facilitate the development of *cashback* and *cash-in-shop* it would be advisable to expressly regulate these services. A specific regulatory framework could provide greater legal certainty and enable a wider implementation of these services. Together with this reform, any public measures that could encourage the introduction of POS terminals in retail establishments would not only facilitate the development of *cashback* and *cash-in-shop* services, but would also contribute to expanding payment options for individuals.

SECOND. To adopt public procurement and subsidy designs that encourage competition

The CNMC welcomes the use of public aid and public procurement mechanisms to promote financial inclusion in relation to ATM cash withdrawal services, provided that their social benefit outweighs their costs, that they do not drive out or discourage the supply of cash access services provided by the market, and that their design does not create unjustified barriers to competition.

In order for the design of intervention tools to be respectful of competition and the principles of efficient economic regulation, public administrations should follow the CNMC's recommendations for public procurement and public aid, in particular, the [Guide to Public Procurement and Competition](#) (2011) and its updates (for the moment, [Public Procurement Planning](#), 2021) and the [Ten Point Plans on Regulation, Public Procurement and Public Aid \(2021\)](#).

1. INTRODUCTION

This report, which responds to a request made by the Spanish Congress of Deputies and submitted to this Committee by the State Secretariat for Economic Affairs and Enterprise Support (Secretaría de Estado de Economía y Apoyo a la Empresa; SEEA), contains a detailed study of ATM cash withdrawal services from the perspective of competition and the principles of efficient economic regulation.

The essential nature of the financial sector for the economy as a whole, together with the fact that it is subject to market failures (such as imperfect information or externalities), justifies the need to regulate it. Its significance and level of regulation also explain the interest of competition authorities and the importance of continuously assessing whether public intervention is in line with the principles of efficient economic regulation.

Competition in the financial sector helps to improve consumer access to payment, savings, insurance and lending services, as well as the best investment projects. In the recent past, this Commission has studied the phenomena of innovation in the financial sector as a consequence of digitalisation, and has recommended a review of certain core aspects of its regulation in order to increase competition in a way that is compatible with the regulation and supervision aimed at preserving the good health of the financial channel.²

The use of cash as a means of payment has declined significantly in recent years. The pandemic has accelerated the historical trend of replacing cash with other systems, such as card payments, which are now the preferred means of payment for citizens in Spain. Nevertheless, the use of cash is still important, especially for certain more vulnerable segments of the population, such as the elderly or those with weaker digital skills.

The use of ATMs is the most common means of obtaining cash in Spain. In fact, Spain has one of the largest ATM networks in the European Union; most are owned by credit institutions and located in bank branches. Since the financial crisis began in 2008, there has been a gradual reduction in the number of bank branches in Spain, mainly as a result of mergers in the banking sector and increasing digitalisation in the provision of financial services. This phenomenon threatens the availability of access to banking services, including cash

² CNMC (2018). [Study on the impact on competition of new technologies in the financial sector \(Fintech\) \(E/CNMC/001/18\)](#).

withdrawals, especially in less densely populated zones, with just over 3% of the Spanish population living in a municipality without an ATM in their area.

Alternative cash access systems, such as *cashback* and *cash-in-shop*, are growing in many countries as an alternative to ATMs (and cash withdrawals at bank branches). In Spain, however, the scope of *cashback* is still limited in terms of outlets, and the *cash-in-shop* service has not yet been introduced.

In this framework, the Committee on Economic Affairs and Digital Transformation of the Spanish Congress of Deputies approved, in its session of 29 April, 2021, a non-legislative motion urging the Government to request that the CNMC prepare a report on this issue, in order to assess the cost of the service in the form of a fee. Subsequently, the Secretary of State for the Economy and Business Support forwarded the request to the CNMC.

The preparation of this study is also consistent with the CNMC's mission and objectives. Specifically, Action 138 of the CNMC's [2021-2022 Action Plan](#) refers to "*Carrying out studies in sectors that directly affect the welfare of citizens, with emphasis on the most vulnerable groups[...]*". Likewise, Actions 168 and 170 of the aforementioned Plan include the importance of collaborating with other public bodies, establishing, respectively, the objectives of "*Strengthening the relationship and coordination with the Ministries*", and "*Developing guidelines [...] so that the actions of public administrations in the area of economic regulation [...] are consistent with the principles of competition and favour a sustainable economic recovery*".

To conduct this study, the CNMC has used a number of information sources:

- Two rounds of requests for information to more than 50 operators (who together own more than 90% of the ATMs in Spain).
- Various meetings with operators of ATMs and alternative cash-access methods, as well as with the sector's employers and consumer associations specialising in financial services.
- Consultation with the competition authorities of the other EU Member States through the European Competition Network (ECN).
- Analysis of academic literature and national and international reports.
- Open data sources from public bodies in Spain (National Statistics Institute (INE), National Geographic Institute (IGN), Bank of Spain (BdE), and so on. Other sources of open data have also been used, such as the information published by the ATM acquirers on their official websites.

- Finally, the institutional collaboration of the BdE should be highlighted, both in terms of the meetings and conversations held and the information provided in response to the request for information sent to them. Their contribution has been essential in the preparation of this study.

The study consists of seven sections, including this introduction. Section 2 reviews the main competition precedents related to the subject of the study, both nationally and internationally. Sections 3 and 4 provide a legal and economic characterisation of ATM cash withdrawal services and other alternative means of cash withdrawal. Section 5 makes an assessment from the perspective of competition and efficient economic regulation of certain public intervention measures to incentivise the installation of ATMs. Finally, Sections 6 and 7 set out the main conclusions drawn from the analysis and recommendations for the adoption of regulatory measures consistent with the principles of efficient economic regulation.

2. BACKGROUND

This section presents the main reports and actions of the competition authorities related to the subject matter of this study and conducted to date. Firstly, there is a review of the national panorama and, secondly, the international background is presented.

2.1. National background

From a **national perspective** and from the **antitrust standpoint**, recent actions carried out by the CNMC include the merger file relating to the takeover of BANKIA by CAIXABANK, which was authorised in the first phase but subject to compliance with the commitments submitted by CAIXABANK.³ The operation consisted of the merger of Spain's third and fourth largest banks, making it the market leader in banking services in all retail segments.

Among the various markets studied in this case, the ATM market was also analysed. In this area, a potential negative impact was observed for customers of third party institutions that had signed agreements with BANKIA, such as ING, BANCO SABADELL and the institutions belonging to the EURO 6000 network. The detriment stemmed from a possible breach of these agreements as a result of the merger, particularly noticeable in those locations where BANKIA's position was particularly prominent. To remedy this possible distortion of competition, CAIXABANK undertook, firstly, to offer customers of the institutions with agreements with BANKIA access to BANKIA's ATMs prior to the merger for 18 months under the same conditions provided for in the agreements entered into. Secondly, in the event that BANKIA's ATMs were closed, CAIXABANK undertook to give these customers access to the ATM it owned closest to the one that had been shut. The CNMC considered these conditions, together with CAIXABANK's other commitments, to be adequate to resolve the competition concerns raised by the merger.

Also notable is the file relating to the merger between SERVIRED, SISTEMA 4B and EURO 6000.⁴ In 2018, these three companies merged their payment scheme functions to create the company SISTEMAS DE TARJETAS Y MEDIOS DE

³ [File C/1144/20 - CAIXABANK / BANKIA.](#)

⁴ [File C/0911/17: SERVIRED/ SISTEMA 4B/ EURO 6000.](#)

PAGO, S.A. After the merger, both SERVIRED and 4B disappeared. The only one still in existence today is EURO 6000, although it does not perform any functions as a payment scheme; instead, its activity is focused on consultancy services for its member institutions.

With regard to **anti-competitive conduct**, a case against EURO 6000 was opened following a complaint by ING BANK NV, Spanish Subsidiary (ING) about the existence of a common strategy of systematically refusing ING (expressly and tacitly) access to the EURO 6000 ATM network under the same conditions as those agreed by its members and applied to other entities with which EURO 6000 had reached agreements.⁵ The case was concluded by means of a conventional termination. The result was the CNMC's acceptance of EURO 6000's commitments to resolve the competition concerns under investigation by the CNMC, which involved:

- The implementation of a new fee system consisting of a base fee, according to the characteristics of the entity requesting access, establishing volume discounts.
- The publication on the EURO 6000 website of the new commission system, as well as reciprocal agreements with third parties.
- EURO 6000 defined a detailed procedure for handling each request for reciprocal access to its network by third parties.
- EURO 6000 undertook to send ING a binding offer with the new fee system and undertook to enter into a reciprocal agreement with ING within 15 working days of ING's formal acceptance of the offer.

With regard to other CNMC actions, it is worth highlighting the reports prepared in accordance with the provisions of the single additional provision of Royal Decree-Law 11/2015, which mandates the CNMC to prepare an annual report *"on the agreements or decisions of credit institutions for the determination and application of the fee for the withdrawal of cash by card or other payment tools"*.⁶ Under this mandate, the CNMC prepared reports on ATMs in 2016 and 2018.⁷

⁵ [File S/DC/0034/19 EURO 6000.](#)

⁶ [Royal Decree-Law 11/2015, of 2 October, to regulate fees for cash withdrawals at ATMs.](#)

⁷ [CNMC. \(2016\). CNMC report on ATM cash withdrawal fees; CNMC. \(2018\). CNMC report on fees for cash withdrawals at ATMs.](#)

In the **field of competition advocacy**, the CNMC issued a report on the impact on competition of new technologies in the financial sector E/CNMC/001/18 (*Fintech*, 2018) and the changes that these new technologies applied to the financial sector are producing, both in the financial sector and the economy as a whole. This phenomenon is embodied in numerous specific applications, including: (i) distributed ledger technologies (DLTs); (ii) payment systems and services; (iii) advice and asset management; (iv) *crowdfunding*; and (v) *Insurtech*, or the application of *Fintech* to the insurance sector.

The study concludes that, although none of these *Fintech* innovations are risk-free, they have enormous positive potential, notably in two respects: firstly, *Fintech* boosts competition in the financial sector; secondly, it can mitigate certain market failures, such as information asymmetries, which have been argued as justification for financial regulation.

The study establishes a series of recommendations. Firstly, regulation should embrace the *Fintech* phenomenon and give it room to develop, refraining from slowing down the phenomenon unless there are reasons of necessity and proportionality. Secondly, regulation should focus on activities -not entities- and should avoid, as far as possible, reserving activity. It is also recommended that a regulatory test bed (*sandbox*) be adopted, so that the most innovative models can be developed and their impact on the market assessed. Finally, it is proposed to facilitate *Open-banking & insurance* initiatives and to take advantage of the *Regtech* phenomenon, which allows the use of new technologies for regulatory compliance.

On the other hand, mention should also be made of the recent study carried out by the Catalan Competition Authority (ACCO) on the consolidation of the banking sector in Catalonia.⁸ This study highlights the continued reduction in the number of financial institutions and the increase in mergers and acquisitions in the banking sector since the 2008 financial crisis. It also analyses the impact on the number and geographical distribution of ATMs in Catalonia, highlighting the fact that, of the 947 municipalities, 443 have no bank branches or ATMs, meaning that approximately 210,000 people are at risk of being financially excluded in terms of access to cash.⁹ For these reasons, the ACCO notes that the traditional banking sector has begun to establish alliances with operators in other markets

⁸ [Study on mergers in the banking sector in Catalonia. ACCO. \(2022\).](#)

⁹ Page 28 of the Study on banking sector mergers in Catalonia.

that have physical outlets throughout the country, such as Correos, tobacconists, supermarkets and petrol stations, in order to facilitate cash withdrawals and deposits. From a competition point of view, the ACCO points out that it would be advisable for alliances or collaborations of this type to be non-exclusive or, at least, to be carried out in the most pro-competitive way possible.

2.2. International background

At the **international** level, the following cases are worth recalling from an **antitrust perspective**:

In 2017, the German competition authority (*Bundeskartellamt*) concluded two investigations into cartels in the banking sector.¹⁰

In particular, it investigated the interaction between existing arrangements in the German ATM system and the extent to which these led to competition restrictions and whether this resulted in excessive ATM withdrawal fees for customers of other banks. The investigation was concluded without sanctions, but a number of recommendations were issued on transparency, non-discrimination and case-by-case review of fees charged to customers of other banks. Notably, it was not considered that there was a need for specific regulation of cash withdrawal fees for customers of other banks, since it was deemed that "*if the maximum limit for withdrawal fees is set too low, there is a risk that financial institutions will no longer be willing to maintain ATMs in certain locations*".

In 2020, the Italian competition authority (*Autorità Garante Della Concorrenza e del Mercato; AGCM*) opened an investigation into the interbank network Bancomat S.p.A for the agreements it had concluded in the field of cash withdrawal services from the network's ATMs. In particular, the agreements aimed at eliminating the interchange fee between member operators of the network and replacing this with a system of direct fee to the customer by the bank owning the ATM. As an agreement between competitors, the AGCM is assessing whether these agreements could restrict or distort competition under Article 101 TFEU.¹¹

¹⁰ View information on research by the German competition authority [here](#).

¹¹ <https://en.agcm.it/en/media/press-releases/2020/12/I849>.

The Dutch competition authority (*Autoriteit Consument & Markt*), in the field of consumer protection, opened a 2020 investigation into a local ATM operator for charging fees to other operators for the use of its new network.¹² The investigation concluded that the fees charged were reasonably proportionate to the costs.

In 2021, the Irish Competition Authority (*Competition and Consumer Protection Commission*) authorised the acquisition of part of the ATM network of an Irish banking operator (*Bank of Ireland*) by an ATM operator (*Easycash*).¹³ The move was found not to raise any vertical competition concerns, nor did it lead to a substantial lessening of competition in any market for goods or services in the country, in particular in the market for cash services.

The Greek Competition Authority (*Hellenic Competition Commission*) has an ongoing investigation into anti-competitive conduct related to a change in the model for charging fees for cash withdrawals.¹⁴ The change involves a shift from bilateral agreements between banks on ATM withdrawals through ATMs that are not owned and operated by the bank that issued the card used for the withdrawal, to the imposition of a direct access fee, essentially a consumer acquisition fee.

The Australian Competition and Consumer Commission has given provisional authorisation for the affiliation of an ATM operator and banking operators with an ATM network to enter into agreements for cardholders to carry out various surcharge-free transactions, including cash withdrawals.¹⁵

On the other hand, from a **competition advocacy** perspective, a number of initiatives have been made public in recent years.

In 2017, the Austrian competition authority (*Bundeswettbewerbsbehörd, BWB*) published a report on ATM fees following a legislative project to regulate this service.¹⁶ The study considers that a possible ban on surcharges may be negative for consumers and calls for increased transparency and the reduction of barriers to consumer mobility between operators, combined with a possible

¹² <https://www.acm.nl/en/publications/acm-rates-charged-atm-operator-geldmaat-other-banks-not-unreasonable-information-about-its-services-be-more-transparent>.

¹³ [Easycash/Bank of Ireland ATMs](#).

¹⁴ Information provided by the Greek competition authority in response to the query channelled through the ECN.

¹⁵ <https://www.accc.gov.au/update/accc-grants-interim-authorisation-for-allpoint-atm-network>.

¹⁶ [Report on a Possible Regulation of ATM Fees](#) BWB (2017). BWB/AW-412, Final Report, Vienna.

regulation of service fees between banks and ATM operators. Following the publication of the report, an amendment to the relevant regulation was adopted, according to which the agreement whereby the consumer has to pay a fee for individual cash withdrawals from their payment account at ATMs using a payment card issued by the account-holding payment service provider is considered invalid.

In 2018, the Swedish Competition Authority (*Konkurrensverket*) issued an opinion, following a legislative initiative on the role of the Swedish Central Bank in effective cash management, the background to which was the declining use of cash services in the country, making such services less profitable.¹⁷ The proposal stated that the responsibility for cash services should lie with the largest banks to ensure the availability of cash services throughout the country, with a minimum level of accessibility based on population density. The authority opposed the proposed legislation as it would allocate responsibility to a few operators and stressed the legal responsibility of the central bank in ensuring the availability of these services. They further noted the existence of financial subsidies available for operators wishing to establish cash services in rural and remote areas to promote access to basic payment services.

In 2019, the Mexican competition authority (Comisión Federal de Competencia Económica; COFECE) issued an opinion on competition and bank fees prompted by a legislative initiative targeting excessive fees charged by operators in the banking sector.¹⁸ Specifically, it analysed the effects of prohibiting the charging of bank fees of all types -including ATM cash withdrawal fees- and determined that a more thorough and case-by-case analysis would be needed to establish under what conditions it would be possible to set maximum fees. This analysis follows on from a previous report by the same authority which looked in detail at ATM cash withdrawal fees and their regulation and recommended the introduction of regulation that encouraged "interbank use of ATMs" and ensured "access to ATM infrastructure in a non-discriminatory manner".¹⁹

¹⁷ <https://www.konkurrensverket.se/contentassets/4688b56e47494f10917faaea76ddd62f/18-0372.pdf>.

¹⁸ [Opinion on the Draft Decree Initiative adding various provisions of the Law for the Transparency and Regulation of Financial Services and the Law on Credit Institutions on banking fees](#), COFECE (2019).

¹⁹ [Research work and recommendations on the conditions of competition in the financial sector and its markets](#). COFECE. (2014).

In 2021, the Latvian competition authority, at the request of several operators in the banking sector, issued an opinion on the basis of a memorandum signed by the main commercial banking operators and the Latvian central bank.²⁰ The document, in line with the European Commission's Communication on the EU Retail Payments Strategy 2020, introduced obligations aimed at (i) not reducing the number of ATMs in certain cities (the commitment in terms of the national total and the capital, Riga, was that the number of ATMs in each entity would not decrease by more than 5%); (ii) prohibiting the removal of an ATM if it was the only ATM within a 20 km radius of any person in the national territory; and (iii) ensuring access to these ATMs for at least 12 hours each day, unless this was not possible due to the location.²¹ The competition authority did not consider this to harm competition insofar as it does not involve the sharing of sensitive information between the signatories of the memorandum. It was further argued that it only affects the availability and accessibility of cash for citizens, and does not limit the installation of new ATMs.

Meanwhile, the Lithuanian competition authority recently reported on a draft banking law that would impose populational ATM accessibility obligations.²² In particular, it foresees that at least 95% of the country's population should have access to ATMs for cash withdrawal operations within a maximum distance of 5 km and at least 97% of the country's population should be able to access an ATM within 10 km of their declared place of residence. The Lithuanian Competition Council has stated that competition law should not be circumvented and recommended that an impact assessment be carried out in this regard.

In the UK, significant research work has been carried out in the form of guidelines, public consultations and pilot projects that seek a solution to the problem of access to cash with a broad approach, involving a number of institutions in addition to the CMA. Following an independent consultation, the *Joint Authorities Cash Strategy* (JACS), comprising the Treasury, the Bank of England, the Payment Systems Regulator and the Financial Conduct Authority, was established and has so far resulted in the 2021 *cash-in-shop*²³ *legislative reform*.

²⁰ [Memorandum of Cooperation on Ensuring Access to Cash for Residents of Latvia.](#)

²¹ [Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a Retail Payments Strategy for the EU.](#)

²² Information provided by the Lithuanian competition authority in response to the query channelled through the ECN.

²³ [Access to Cash Review.](#)

In addition, the Treasury published a consultation paper which includes giving this new institution powers to require certain companies, including banks, to guarantee deposit and withdrawal services for customers within specified distances.²⁴

²⁴ <https://www.gov.uk/government/consultations/access-to-cash-consultation>.

3. LEGAL CHARACTERISATION

This section reviews the main aspects of ATM cash withdrawal service regulations. It also analyses the regulations applicable to alternative cash-access systems, particularly through payment cards thanks to systems such as *cashback* and *cash-in-shop*.²⁵

The banking sector is highly regulated. This is because, on the one hand, it is an essential activity for the economy, job creation and growth, as it channels people's savings into financing for households, private companies and the public sector. On the other hand, it is a sector with market failures, including imperfect information and external effects.

Given the high degree of interconnectedness of the financial systems between countries, much of the regulation applicable to the banking sector is derived from standards issued by supranational bodies, such as the Basel Committee on Banking Supervision and the Financial Stability Board. At EU level, these international standards are set out in what is known as the "Single Rulebook".²⁶

The EU's Single Rulebook includes more than a dozen regulations and directives. These rules regulate key aspects of the banking sector, such as capital requirements, the functioning of payment systems, and the prevention of money laundering. In general, they aim to strengthen the robustness of financial institutions in such a way that they are able to withstand setbacks without jeopardising their stability.

Of these EU regulations, we can highlight, firstly, Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, the main purpose of which is to establish a joint framework for access to the activity of credit institutions and investment firms, as

²⁵ The regulation applicable to other forms of payment has not been addressed, such as bank transfers, Bizum or the use of cheques because, in Spain, they are less widely substitutable with the use of cash for the payment of transactions. In the case of Bizum, it should be noted that this payment solution has been growing significantly, particularly since 2020 and especially in the younger segments of the population (see Domenech and Llorens, "[From the ticket to Bizum](#)", Caixabank Research), although its weight is still far from that of cash and cards as a means of payment and, likewise, it lacks specific regulation, therefore sharing a general legal framework with the means of payment.

²⁶ <https://www.eba.europa.eu/regulation-and-policy/single-rulebook>.

well as their governance and supervisory mechanisms.²⁷ Secondly, Regulation 575/2013 on prudential requirements for credit institutions and investment firms, deals with capital requirements, with the aim of ensuring financial stability and protecting investors and depositors.

In Spain, the cornerstones of banking regulation include Law 10/2014 of 26 June, on the regulation, supervision and solvency of credit institutions, and Royal Decree 84/2015 of 13 February, implementing Law 10/2014²⁸. These rules regulate essential aspects of banking activity, such as banking authorisation and the requirements for carrying out the activity, solvency, capital requirements and supervision. Another key regulation for the general legal regime of the Spanish banking system is Royal Decree-Law 22/2018, which establishes macroprudential tools aimed at reducing the risk of stability problems in the financial system.²⁹

In addition to the basic banking regulations, there are a large number of regulations for each of the activities in which banks are involved,³⁰ as well as EU and national regulations for cash withdrawals through ATMs. As this is the main focus of this study, what follows is a detailed review of the regulations applicable to this activity.

²⁷ [Directive 2013/36/EU of the European Parliament and of the Council of 26 June, on access to the activity of credit entities and the prudential supervision of credit entities and investment firms amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC Text with EEA relevance.](#)

²⁸ A compilation of the general legal framework of the Spanish financial system can be found at the following link:

https://www.bde.es/bde/es/secciones/normativas/Regulacion_de_En/Estatal/Estatal.html,

and for the specific case of credit entities, a compilation of the basic Spanish regulations can be found at the following link:

https://www.bde.es/bde/es/secciones/normativas/Regulacion_de_En/Estatal/Regimen_juridico_general.html.

²⁹ The regulation and supervision of banking activity takes place at two levels: (i) microprudential, focused on the proper functioning and adequate risk management of entities at the individual level; and (ii) macroprudential, which focuses on the joint stability of the system.

³⁰ A compilation of the regulations can be accessed on the [BdE website](#).

3.1. Regulation of ATM cash withdrawal services

3.1.1. European regulatory framework

European regulations on ATM cash withdrawal services are relatively scarce and relate to specific aspects of the provision of these services. The following rules stand out.

Regulation (EU) 2021/1230 on cross-border payments in the Union regulates ATM cash withdrawal charges only in a cross-border context.³¹ In addition, it stipulates that the fees shall be equal to those charged by the same provider in relation to equivalent domestic payments in terms of amount and currency.³² ATM cash withdrawal services can be provided by the card issuer within its own network, through the networks of other card issuers, or through the ATM networks of independent providers that are not card issuers.

On the other hand, the Payment Services Directive 2015/2366 (PSD2) requires the card-issuing payment service provider to inform its customer of all charges *"due by the payment service user to the payment service provider [...] and, where applicable, of the breakdown of the amounts of such charges"*.³³ In the case of cash withdrawals, this information should include, where applicable, charges levied in-network or out-of-network, as these charges may differ.

EU legislation therefore does not limit card issuers by determining the level of charges, but they must clearly disclose them so that consumers are informed about the possible additional costs they may incur if they withdraw cash from an ATM. This allows consumers to make an informed decision.

Finally, in September 2010, the ECB's Governing Council adopted a Decision on authenticity and fitness checking for euro banknotes, as well as on their recirculation.³⁴ In order to ensure the integrity and preservation of euro banknotes in circulation, this Decision lays down a number of obligations (e.g., regarding

³¹ [Regulation \(EU\) 2021/1230 of the European Parliament and of the Council, regarding cross-border payments in the Union.](#)

³² Article 3.1 of Regulation (EU) 2021/1230.

³³ Article 52.3 of [Directive \(EU\) 2015/2366 of the European Parliament and of the Council of November 25, 2015, on payment services in the internal market and amending Directives 2002/65/EC, 2009/110/EC, and 2013/36 /EU and Regulation \(EU\) No. 1093/2010; and repealing Directive 2007/64/EC.](#)

³⁴ [Decision of the European Central Bank, of September 16, 2010, on the verification of the authenticity and suitability of euro banknotes and on their recirculation.](#)

minimum standards for the detection of counterfeits and unfit banknotes) applicable to credit institutions and, within the limits of their payment activities, to other payment service providers, as well as to any other economic agents involved in the processing and delivery of banknotes and coins to the public.

As detailed in Annex 1, no regulation of interchange fees has generally been found in other European countries.

3.1.2. National regulatory framework

In Spain, ATM cash withdrawal services are regulated by a set of rules ranging from the obligations of transparency and conduct applicable to payment service providers to the regulation of the occupation of administrative spaces.

As regards the definition of this activity, the BdE regularly publishes the list of the most representative services associated with a payment account, incorporating the standardised terminology approved at European level.³⁵ Within the list of the most representative services, the BdE includes the following definitions related to cash withdrawal services:³⁶

- *Withdrawing cash with a debit card at an ATM:* the customer withdraws cash from their account at an ATM of their bank or another bank, using a card, against the available balance.
- *Withdrawing cash with a credit card at an ATM:* the customer withdraws cash at an ATM of their own or another institution, using a card, when the funds are covered by a credit line opened for the CLIENT and irrespective of the balance available in the account.

In this area, of particular note is, on the one hand, the regulation of fees, which affects the price paid by consumers. On the other, is the regulation of basic payment accounts, accessibility and the occupation of administrative spaces,

³⁵ Article 15 of the [Royal Decree-Law 19/2017, of November 24, on basic payment accounts, transfer of payment accounts and comparability of fees](#); and [Delegated Regulation \(EU\) 2018/32 of the Commission, of September 28, 2017, which complements Directive 2014/92/EU with regard to the technical standards regulating standardized terminology within the Union applicable to the most representative services associated with a payment account](#).

³⁶ Annex 1 of [BdE Circular 2/2019 of 29 March on the requirements of the Information Document on Fees and Fees Statement, and payment account comparison websites, and amending Circular 5/2012 of 27 June to credit institutions and payment service providers on transparency of banking services and responsibility in the granting of loans](#).

which affect the effective costs of providing cash withdrawal services. These regulations are relevant from a competition perspective, as they directly affect two key competitive variables: the location of ATMs, by influencing the decision regarding their installation and maintenance; and the price charged by operators for the cash access service.

The following sub-sections therefore review the most important aspects of regulation in this area.

3.1.2.1. Fee regulation

The regulation on fees for ATM cash withdrawal services was amended in 2015.

Until 2015, a system of multilateral interchange fees was applied. This system of agreements between competitors, authorised by the former Competition Protection Tribunal (Tribunal de Defensa de la Competencia; TDC), established a relationship between the acquiring entity and the issuing entity whereby the former charged the latter a fixed interchange fee for each cash withdrawal operation carried out by the issuing entity's customers.³⁷ In turn, the issuing entity could charge customers a fee for cash withdrawals. This fee did not have to be linked to the costs for the issuing entity.

In 2015, CAIXABANK changed its policy on cash withdrawal fees. In March 2015, CAIXABANK announced that it would charge a fixed fee of 2 euros for non-CAIXABANK customers using its ATMs, and it discontinued the interchange fee it charged to the issuing banks. The change prompted complaints from users because they had to pay two fees for their transactions at ATMs of other entities: one, charged by the acquirer, and the other, charged by their own bank for the use of the card in another entity's ATM. In this context, a regulatory change was introduced, which was embodied in Royal Decree-Law 11/2015.

³⁷ The TDC considered that, although the EURO 6000 and 4B agreements involved a restrictive agreement of competition, they could still improve the production and marketing of services and benefit consumers. The authorisation was granted on a precautionary basis for a period of one year in order to allow the notifying companies to provide a cost study justifying that the amount of the interchange fee was calculated according to a cost-based approach. ([File A/308/01 EURO 6000/4B](#)). Subsequently, the two national payment schemes, EURO 6000 and 4B, requested a separate authorisation for the establishment of a multilateral interchange fee (MIF) applicable between the participating entities in each scheme (intrasystem), which the TDC approved in 2007 ([File A/363/07](#) and [File A/364/07](#)).

Royal Decree-Law 11/2015 reformed the Payment Services Law of 2009.³⁸ With regard to debit withdrawals at ATMs, **it was prohibited to charge cash withdrawal fees to customers of other card issuers**. However, inter-bank fees were allowed, subject to the following rules:

- Interchange fees between institutions could be freely agreed between the parties, respecting competition regulations. In the absence of an agreement, the interchange fee had to be the same throughout the entire country, it had to be non-discriminatory, it could not be differentiated according to the customers of the issuing institution and it could only be revised annually (now, every six months).
- The issuing entity could not charge its customer more than the interchange fee.
- Before withdrawing cash at a third party ATM, the customer had to be informed of the amount of the interchange fee that would be charged to their issuing entity, as well as of the possibility that the interchange fee would be passed on to them. The consent of the cardholder obliged the issuing entity to pay the interchange fee to the acquiring operator. Therefore, an issuing institution could not prevent its customers from accessing the cash withdrawal service in the ATM network of any other acquiring operator.

The 2009 Payment Services Law was subsequently repealed and replaced by Royal Decree-Law 19/2018.³⁹ This regulation maintains the material content of the ATM cash withdrawal fee regulation provided for in the previous Payment Services Act 2009, with the difference that, in the current text, in the absence of an agreement, the interchange fee may be reviewed every six months instead of annually.

3.1.2.2. Regulation on basic payment accounts

Basic payment accounts are a type of account that responds to the need to promote financial inclusion in the EU by facilitating consumer access to basic

³⁸ [Law 16/2009, of November 13, on payment services.](#)

³⁹ [Royal Decree-Law 19/2018, of November 23, on payment services and other urgent financial measures.](#)

banking services.⁴⁰ One of the aspects affected by this type of account is the withdrawal of euros in cash at ATMs located within the EU. Thus, the holders of these accounts are subject to specific regulations in this area, the purpose of which is to facilitate the financial inclusion of the entire population. Basic payment accounts were created by Directive 2014/92/EU.⁴¹

Basic payment accounts are payment accounts that allow their holders access to a series of services considered basic. Specifically, these accounts must offer at least the following services:

- Opening, using and closing of the account.
- Depositing of funds.
- Cash withdrawals in euros at the institution's branches or ATMs located in Spain or other EU Member States.
- The following payment transactions in the EU: (i) direct debits, (ii) payment operations using a debit or prepaid card, and (iii) transfers.

As an instrument designed to help combat financial exclusion, they can be opened by any person resident in the EU, even if they have no fixed abode, by asylum seekers and by persons who do not have a residence permit but whose expulsion is impossible for legal or factual reasons.⁴² The latter shall be provided that they do not have another payment account that allows them to perform these basic services or, if they do, the potential customer has notified the entity of their unilateral decision to terminate the payment account framework contract.⁴³

With regard to fees, in accordance with Order ECE/228/2019, the institution may charge the holder of a basic payment account a maximum, single and aggregate monthly fee of no more than 3 euros.⁴⁴ The entity may not charge such a fee in

⁴⁰ <https://clientebancario.bde.es/pcb/es/que-es--540fb01c89ced61.html>.

⁴¹ [Directive 2014/92/EU of the European Parliament and of the Council, of July 23, on the comparability of fees related to payment accounts, the transfer of payment accounts and access to basic payment accounts.](#)

⁴² Article 3 of Royal Decree-Law 19/2017.

⁴³ Article 4.1.c) of Royal Decree-Law 19/2017: *"In this case, before opening a basic payment account, the credit entity may verify whether or not the client has an account in Spain that allows them access to the aforementioned services. Credit institutions may rely for this purpose on a statement of responsibility signed by the client themselves."*

⁴⁴ Article 4 [Order ECE/228/2019, of February 28, on basic payment accounts, payment account transfer procedure and comparison website requirements.](#)

the event that the holder of the basic payment account meets the conditions to be considered a customer in a situation of special vulnerability or at risk of financial exclusion in accordance with the definition provided for in Royal Decree 164/2019.⁴⁵

Consequently, as far as the cash withdrawal service is concerned, the institution may not charge any fee other than this when the withdrawal is made at its network of ATMs or over-the-counter at its network of branches. However, cash withdrawals at third-party acquirer ATMs are not included in the services of a basic payment account and, therefore, the issuer of the payment instrument associated with that account may pass on the interchange fee charged by the ATM operator.

3.1.2.3. Regulation on accessibility and the protection of consumers and users in situations of social and economic vulnerability

On the one hand, in accordance with the provisions of Article 18 of Royal Decree 505/2007, ATMs installed on the public highway must be arranged in such a way that they do not encroach on pedestrian routes and passage must be guaranteed without the existence of protruding elements, low awnings or displays or elements that are difficult to detect.⁴⁶ In addition, access for people with disabilities must be guaranteed when they are installed in public spaces or are accessible from them.

Thus, in accordance with the provisions of Order TMA/851/2021, ATMs installed in pedestrian areas must comply with the following accessibility requirements:⁴⁷

⁴⁵ Article 3 of [Royal Decree 164/2019, of March 22, which establishes a free system of basic payment accounts for the benefit of people in a situation of vulnerability or at risk of financial exclusion.](#)

⁴⁶ [Royal Decree 505/2007, of April 20, which approves the basic conditions of accessibility and non-discrimination of people with disabilities in terms of access to and use of urbanised public spaces and buildings.](#)

⁴⁷ Article 32 of [Order TMA/851/2021, of July 23, which develops the technical document on basic conditions of accessibility and non-discrimination for access to and use of urbanised public spaces.](#) In addition, Articles 4.a) and 4.b) define, respectively, pedestrian use areas as *"any urbanised public space permanently intended for pedestrian traffic or occupation"* (urbanised public spaces being defined according to Article 2. 1 of the aforementioned regulation as *"the set of pedestrian and vehicular spaces, for passage or occupation, not*

- Their location must allow access from the accessible pedestrian route.⁴⁸
- Their design must allow for the approach of a wheelchair user.
- The height of the manipulable elements must be between 0.80 and 1.20 metres.
- Displays, button panels and interactive communication systems available on the manipulable elements:⁴⁹
 - These must be installed in easily locatable and accessible spaces.
 - The screen must be installed at a slight inclination of between 15° and 30° to the vertical, at a height of between 0.80 and 1.20 metres, ensuring that it is visible to a seated person.
 - When these are equipped with computerised means of interacting with the public, they must have Braille, macro-characters, text-to-speech, subtitling, audio-description, character enlargement, video-communication, sign language, video-interpretation, easy reading or other adaptations that allow access to information, communication and use by all persons.
 - When it has a numeric keypad, the number 5 key must be indicated in a tactile manner.

On the other hand, Law 4/2022 establishes that the government will promote, in coordination with the BdE and representatives of the credit institution sector, a Plan of Measures to favour the inclusion of the most vulnerable people, especially the elderly.⁵⁰

attached to a building, and which form part of the public domain or are intended for public use, on land in the basic situation of urbanised land in accordance with the provisions of state land legislation"); and the pedestrian route as "the part of the pedestrian use area intended specifically for the transit of people, including areas shared between people and vehicles".

⁴⁸ In accordance with Article 5.1 of Order TMA/851/2021 "Accessible pedestrian routes are considered to be those that guarantee the safe, comfortable, autonomous and continuous use and circulation of all people".

⁴⁹ Article 47 of Order TMA/851/2021.

⁵⁰ Third additional provision of [Law 4/2022, of 25 February, on the protection of consumers and users in situations of social and economic vulnerability](#). In this regard, the government is in the process of drafting a bill to create the Independent Administrative Authority for Financial Customer Protection (this bill was [submitted for public hearing](#) between April and May 2022).

Likewise, the government should continue to promote initiatives to prevent the financial exclusion of vulnerable consumers as part of the strategic lines of action of Sociedad Estatal Correos y Telégrafos, S.A., S.M.E. (hereinafter, Correos), such as the installation of ATMs in its branches in small population centres lacking this type of service, or the signing of collaboration agreements with credit institutions for cash deposit and withdrawal operations.⁵¹

3.1.2.4. Regulation regarding the occupation of administrative spaces

Law 33/2003 establishes that ATMs may be installed in State-owned administrative buildings to support the provision of services to staff or visitors, provided that the occupation of the space does not hinder or impair the use of the building by the bodies or units housed there⁵². The installation of the ATM is subject to the corresponding authorisation, if it is installed with movable goods or removable installations, or concession, if it is by means of fixed installations, or by a contract permitting the occupation.

3.1.3. *Regional and municipal regulations*

In some cases, the consumer regulations of the Autonomous Communities add certain requirements, mainly with regard to the languages to be used, information reporting, and transparency for consumers. In terms of the design and location of ATMs, some regional consumer regulations include the removal of architectural barriers so that ATMs can be used by people with physical or sensory disabilities. In terms of accessibility regulations, it is worth highlighting certain regional provisions that propose more restrictive measures than those envisaged in the national regulations regarding the height of devices. Specifically, the regulations of some Autonomous Communities include a more restrictive range of heights than the 80 to 120 cm established in Order TMA/851/2021 (Art. 32):

- La Rioja: Decree 19/2000, of 28 April, requires the elements to be used to be at a height of between 100 and 120 cm.

⁵¹ Third additional provision of Law 4/2022.

⁵² Article 89 of [Law 33/2003, of November 3, on the Public Administration Assets](#).

- Madrid: Decree 13/2007, of March 15, requires a height of between 90 and 120 cm measured from the ground.

With regard to local regulations, municipalities are competent to regulate urban planning, installation and construction authorisations, in particular those which are accessed from the public highway or which involve the occupation of non-proprietary terraces. Sometimes, an authorisation may depend on parallel authorisations from other local authorities, such as Historical Heritage or Coastal Demarcations. In addition, local authorities are empowered to levy charges for the installation of ATMs on the public highway.⁵³ This power is due to the fact that there is a special use of the public domain.⁵⁴

3.2. Regulation of alternative cash withdrawal systems to ATMs

There are various alternative systems for accessing cash withdrawal services to what we might refer to as the traditional systems, such as ATMs and over-the-counter withdrawals at bank branches. These alternative systems include mobile money agents, mobile branches, *cashback* and *cash-in-shop*. Given their ability to expand the supply of cash access services and boost competition in this area, their regulatory frameworks are reviewed below.

The regulation of the cash services offered by mobile money agents does not differ significantly from the regulations identified in the previous sections, where applicable.

On the other hand, mobile branches are vehicles that travel to certain locations to offer a range of banking-related services, including cash withdrawal services. The services offered through this system are subject to certain additional security requirements.

Cashback and *cash-in-shop* are alternative systems for cash withdrawals.

⁵³ Example of tax in Madrid: [Fiscal Ordinance regulating the Tax on the Special Use of the Local Public Domain for the Use of Automatic Teller Machines Owned by Financial Institutions in Madrid](#). This is a fixed annual amount per ATM determined based on the tax category of the street in which it is located: 1st Category: 742.22 euros/year. 2nd Category: 541.98 euros/year. 3rd Category: 360.34 euros/year.

⁵⁴ [Royal Legislative Decree 2/2004, of March 5, approving the revised text of the Local Treasury Regulatory Law.](#)

Through the *cashback* service, a cash withdrawal transaction is carried out in conjunction with a purchase in a retailer, with the corresponding collection of both amounts by the retailer. The cash payment transaction by the merchant to the user is expressly excluded from the Payment Services Act in accordance with Article 4. e), which excludes from its application *"services where the payee provides cash to the payer as part of a payment transaction, at the express request of the Payment Service User immediately prior to the execution of a payment transaction, by way of payment for the purchase of goods or services"*. However, the main transaction, i.e., the payment to the merchant for the purchased goods, is subject to the aforementioned regulation.

This exclusion derives, in turn, from Article 3(e) of **Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November, on payment services in the internal market**. According to this article:

"This Directive will not apply to: services where the payee provides cash to the payer as part of a payment transaction, at the explicit request of the payment service user, immediately prior to the execution of a payment transaction by means of payment for the purchase of goods or services."

In most eurozone countries, there is no specific national legal framework regulating *cashback* services.⁵⁵ France, however, has implemented specific measures related to *cashback* in its Monetary and Financial Code (Code Monétaire et Financier; CMF). In particular, [Article L112-114](#) of the CMF, which was subsequently developed in ministerial resolutions and decrees, specifies the maximum cash withdrawal amount per *cashback* transaction and the associated minimum purchase, among other measures:⁵⁶

- each retail outlet is free to decide whether it wishes to offer this service or not as it is a voluntary process;
- consumer-clients wishing to benefit from this service must be acting on a non-professional basis;
- this service can be offered when paying for goods or services;
- this service is only applicable to credit card payments.

⁵⁵ [Euro Retail Payments Board \(ERPB\) - Report of the ERPB Working Group on Access to and Acceptance of Cash ERPB WG CASH 068-2021.](#)

⁵⁶ [Centre Européen des Consommateurs, France.](#)

[Decree 2018-1224](#) of December 24, 2018 sets out the terms for providing cashback in France:

- the minimum purchase amount with a credit card is 1 euro;
- the maximum amount that can be withdrawn is 60 euros;
- the sanctions applicable in case of non-compliance with this regulation are:
a fine of 1,500 euros for natural persons and 7,500 euros for legal persons.

The cash-in-shop service, on the other hand, involves a cash payment transaction that the merchant makes to the user in exchange for the payment that the user makes to the merchant electronically for the same amount, without the need for a purchase of goods or services. Therefore, unlike in the previous case, the delivery of cash from the merchant to the service user is not linked to a payment transaction for the purchase of goods and services.

Therefore, this service, unlike *cashback*, would not be excluded from the application of the payment services regulation by way of the exclusion applicable to the *cashback* service. However, **[CONFIDENTIAL]** *cash-in-shop* is a service analogous to the cash withdrawal service offered by independent ATM operators and is therefore excluded from the application of the payment regulation under Article 3(o) of **Directive (EU) 2015/2366** which reads as follows:⁵⁷

“This Directive shall not apply to: ATM cash withdrawal services offered by providers acting on behalf of one or more card issuers which are not part of the framework contract with the consumer withdrawing money from a payment account, provided that such providers do not provide other payment services referred to in Annex I [...].”

However, despite this exclusion, the aforementioned Directive establishes that operators offering these services must, in any case, comply with the Directive's obligations regarding information on fees.

In the case of *cash-in-shop* regulations in other EU countries, national legislation may restrict, beyond the provisions of Directive (EU) 2015/2366, the way in which this service is offered in the eurozone.

- In Belgium, for example, the national law on private security (*Wet Private Veiligheid*) appears to prevent the deployment of the *cash-in-shop* service.

⁵⁷ Information whose exact content is confidential is enclosed in square brackets.

- Similarly, in France, only the payment service provider's own customers can use the *cash-in-shop* services provided by the retailer.⁵⁸
- Finally, in 2021, the UK passed legislation to allow the widespread adoption of *cashback* without an associated purchase, i.e., a *cash-in-shop* service, as part of the [Financial Services Act](#) 2021. In particular, Section 44 of the Financial Services Act 2021 states that *cashback* without purchase will cease to be a regulated payment service, provided that certain requirements are met.

3.3. Regulation of card payment systems.

Access to cash is an important economic and social issue as long as it is a widespread and generally accepted means of payment. In this sense, the evolution of its use is linked to the existence of alternative means of payment that compete with cash to attract users-consumers. And, in recent years, there has been a growing trend towards the use of alternative means of payment to cash, which has accelerated in the wake of the pandemic due to the spread of e-commerce, as well as being a precaution against the risk of contagion.

One of the most widespread alternatives is the use of cards. Given their close relationship with the use of cash, in this section we review the role of cards as a means of payment. Specifically, we focus on card payments at Point-of-Sale Terminals (POS), as this is the other most widespread means of payment, along with cash. It is also the one that has experienced the strongest growth in recent years. In addition, POS also has potential in terms of access to cash through systems such as *cashback* and *cash-in-shop*.

3.3.1. Structure and operators involved

Card payments are made through so-called payment card schemes or payment card systems. These are defined as a single set of implementing arrangements, practices, rules and/or guidelines for the execution of card payment transactions, independent of any underlying payment infrastructure or system, and including

⁵⁸ Euro Retail Payments Board (ERPB) - Report of the ERPB Working Group on Access to and Acceptance of Cash ERPB WG CASH 068-2021.

any specific decision-making bodies, organisations or entities responsible for their operation.⁵⁹

Within these, operations are conducted at two levels:

- The process domain: where the payment transaction authorisation, clearing, and settlement of obligations take place.
- The governance domain: where aspects such as membership requirements, the principles for the distribution of responsibilities, and rights between the parties and the resolution of disputes are settled.

In Spain, both of these aspects have been resolved through the creation of card networks or, in other words, formal systems of interrelationships between agents run by specialised companies such as SERVIRED, SISTEMA 4B and EURO 6000. The three systems, now merged into the company Sistemas de Tarjetas y Medios de Pago, S.A., have the local operating rights to the main internationally recognised card brands due to their links with major global operators such as VISA and MASTERCARD. This circumstance enables the entities attached to the networks to issue payment cards.

Within these schemes, we can also distinguish two payment regimes:⁶⁰

- Four-party scheme: this is the most common scheme and the one under which most card payment transactions take place. 4 parties are involved:
 - The cardholder.
 - The card issuer.
 - The business receiving the payment.
 - The acquirer, i.e., the owner of the POS and/or similar system that facilitates the transaction.
- Three-party scheme: this is a less common scheme (e.g., *American Express*):
 - The cardholder
 - The business receiving the payment.

⁵⁹ Article 2.16 of [Regulation 2015/751 of the European Parliament and of the Council of April 29, on interchange fees applied to card payment operations.](#)

⁶⁰ [Las tarjetas de pago ante el proyecto SEPA: algunas reflexiones.](#) Gorjón Rivas, S. (2007).

- The card issuer and the POS owner, who are the same.

Focusing on four-party schemes, we can distinguish between two types of fees:

- Interchange fee: this is paid by the acquirer to the card issuer.
- Discount fee: this is paid by the business receiving the payment to the acquirer. It results from bilateral negotiation between the bank and the business and usually takes the form of a percentage of the total value of the turnover.

Finally, one last operator should be highlighted: payment processors. These entities are defined as any natural or legal person that provides payment transaction processing services, defined as the actions required for handling a payment order between the acquirer and the issuer.⁶¹ In Spain, the main processing entity is REDSYS Servicios de Procesamiento.

3.3.2. Regulation of interchange fees for card payments

Regulation 2015/751 sets limits on interchange fees charged between card acquirers and card issuers. In contrast, the discount fee is not regulated. With regard to the regulation of interchange fees, the recitals of the cited regulation state that competition between payment card schemes to convince payment service providers to issue their cards leads to higher rather than lower interchange fees, in contrast to the price disciplining effect that competition usually has on prices. Thus, for example, an entity will have more incentives to issue a VISA debit card rather than a MASTERCARD debit card as long as the fee it receives for the use of the former by its customers is higher than for the latter. Moreover, competition on the acquirers' side seems to lead to a high correlation between interchange fees and the discount rates that acquirers charge to the business receiving the payment.⁶²

The maximum limits are as follows:

⁶¹ Article 2.28 of Regulation 2015/751.

⁶² According to a [Study on the application of the Interchange Fee Regulation](#), capping interchange fees has generated significant cost savings for acquirers. In addition, acquirers are seen to pass on some of the cost savings to merchants through reduced discount fees. According to this study, discount fees decreased in a statistically significant way from 2015 to 2017 and it is estimated that the annual decrease is around 1,200 million euros.

- 0.2% of the value of the transaction in the case of debit transactions by private individuals.
- 0.3% of the value of the transaction in the case of credit transactions for private individuals.

The European legislator leaves some flexibility for reducing the limits depending on the amount and establishes maximum limits on the application of the percentage. In Spain, the situation in terms of caps on interchange fees is as follows:⁶³

Table 1. Caps on interchange fees for card payments in Spain

Source: developed in-house based on Article 11 of Royal Decree-Law 8/2014.

	Inferior a 20 €	Superior a 20€
Tarjeta de débito	0,1%	min (0,2%; 0,07 €)
Tarjeta de crédito	0,2%	0,3%

The caps on interchange fees established in the regulation do not apply to:

- Company cards.
- ATM or over-the-counter cash withdrawals.
- Transactions with payment cards issued by three-party schemes (e.g., American Express).

⁶³ Article 11 of [Royal Decree-Law 8/2014, of July 4, approving urgent measures for growth, competitiveness and efficiency.](#)

4. ECONOMIC CHARACTERISATION

This section presents, from a competition and regulatory efficiency perspective, the main aspects of the nature and functioning of the banking sector's economic activity, especially with regard to its operations in the field of ATM cash services.

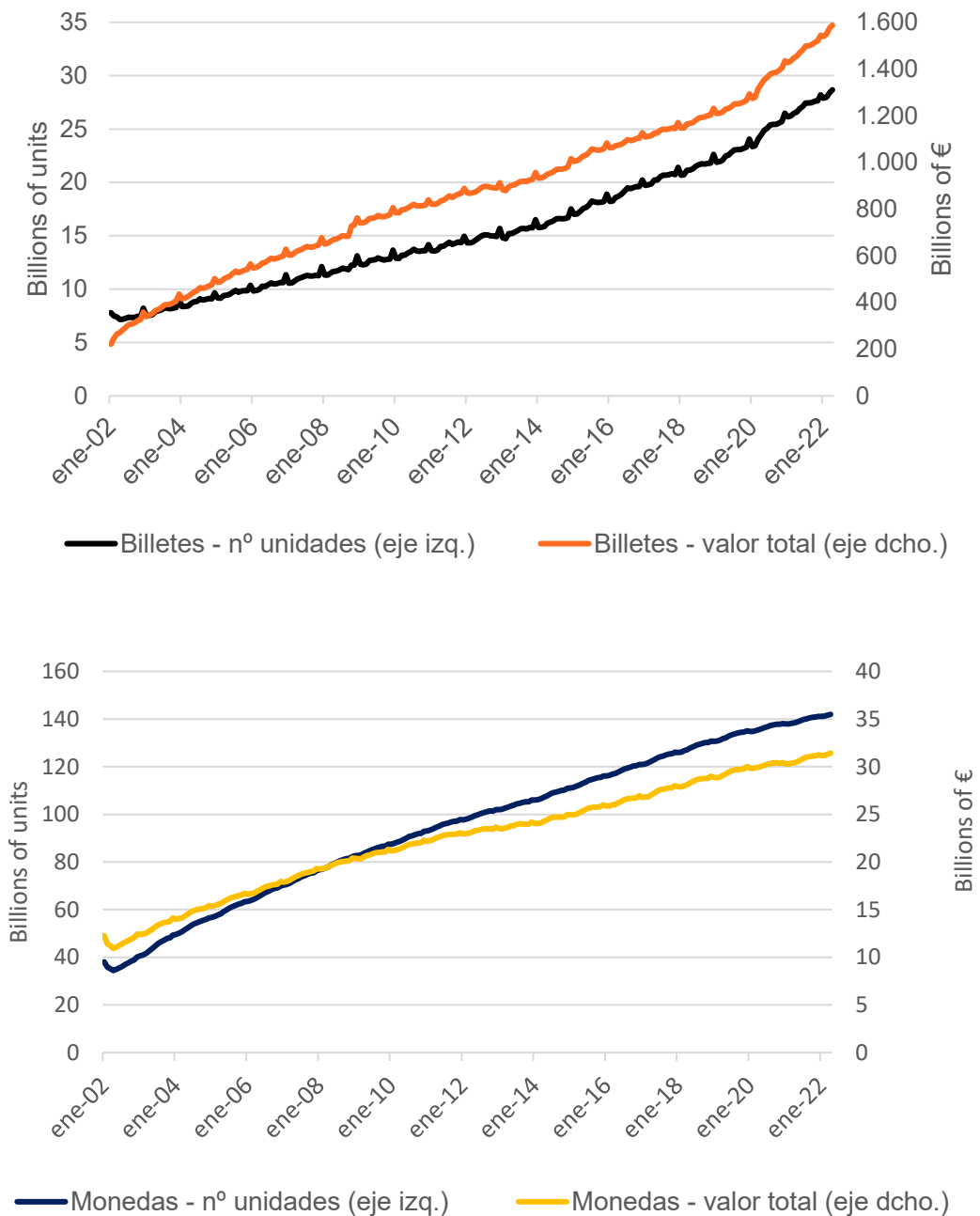
4.1. The use of cash and cash access services

Cash essentially comprises paper money and coins. It is one of the main means of payment, alongside credit and debit cards. It is distinguished, *inter alia*, by its nature as a bearer means of payment, so that it does not require a record of the participants in a given transaction. In addition, its widespread acceptance, long tradition and ease of use make it the most liquid means of payment.

Cash is widely used across the whole of society. At the end of April 2022, the number of euro banknotes in circulation was 28.676 billion, or 64 banknotes per inhabitant of the EU, with a value of almost 1.6 trillion euros. With regard to euro coins, in April 2022 there were 141,972 million euro coins in circulation, or 318 coins for every inhabitant of the EU, totalling a value of 31,426 million euros.⁶⁴ Moreover, as can be seen in Chart 1, there has been a steady increase in the number of both banknotes and coins in circulation, as well as in their total value, since 2002.

⁶⁴ See ECB data [here](#).

Chart 1. Euro banknotes (top) and euro coins (bottom) in circulation



Source: Developed in-house using ECB data.

A defining characteristic of cash is the public monopoly on its production. Specifically, the issuance of coins and banknotes in Spain has been a monopoly of the Banco de España since 1874. With the advent of the euro, these functions passed into the hands of the European System of Central Banks.⁶⁵ From a competition perspective, this implies that paper money and coins are standardised by law, so that they are homogeneous products for which there is no room for differentiation. Consequently, consumers are completely indifferent as to the cash they obtain from any cash access service provider. The key factors for consumers when selecting a cash provider are distance, price (the fee for the provision of cash) and access to additional services at the service provider's location. Another key aspect in determining the demand for cash is the desirability of using alternative payment methods. In this respect, there has been a marked trend in recent years towards a reduction in the weight of cash in favour of these alternative means of payment.

4.1.1. The use of cash as a means of payment

The preference for the use of cash as a payment system has been declining steadily since 2014, when almost 80% of the population responding to the BdE's [*National Survey on the use of cash in Spain*](#) chose it as their first payment option.⁶⁶ The pandemic has accelerated this trend by increasing the use of alternative payment methods to cash and, consequently, reducing the weight of cash as a means of payment. This change in payment habits has been driven both by the rise of other payment methods, including cards, and by the hygiene measures put in place during the pandemic. Very significantly, the survey indicates that 69.1% of citizens and 61.3% of retailers have changed their habits as a result of COVID-19 and suggest that they will continue to do so in the near future.

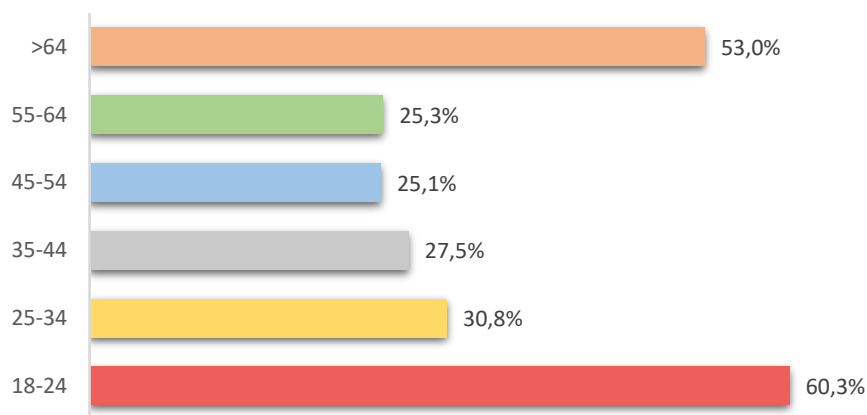
According to the latest [*national survey on the use of cash*](#) conducted by the BdE in 2021, only 35.9% of the public say that they use cash as their most common means of payment; this is slightly higher in municipalities with less than 100,000

⁶⁵ [Protocol \(No. 4\) on the Statute of the European system of central banks and of the European Central Bank.](#)

⁶⁶ The method is based on surveys of the general public, hotels and small businesses. Since 2017, managers of large supermarkets and nationally established distribution chains have also been interviewed.

inhabitants (37.5%), while 54.1% opt for debit cards as their preferred means of payment. By age bracket, however, cash is still the preferred means of payment for those aged 64 and over (53% of those aged 64 and over report cash as being their preferred means of payment). It is also the preferred means of payment for 60% of the population aged 18-25. For the other age groups, the preference for cash as a payment option is between 25% and 31% of the respondents.

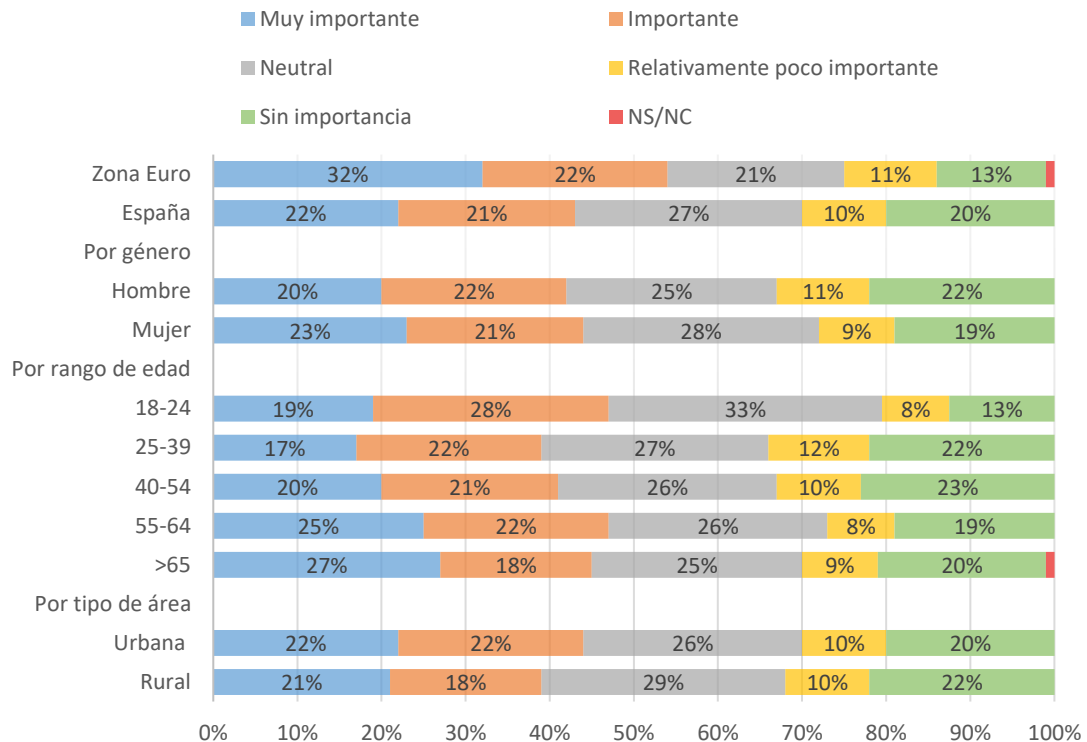
Chart 2. Preference for cash as a means of payment (by age groups)



Source: National survey on the use of cash in Spain, BdE, 2020.

Likewise, as shown in Chart 3, 45% of the over-65s consider it important, or very important, to have the option of paying in cash. In terms of the comparative assessment, in Spain this option is considered important or very important by a significantly lower percentage than in the eurozone, although 43% of the Spanish citizens surveyed did consider it to be important.

Chart 3. Importance of having the option to pay in cash in Spain



Source: Study on the payment attitudes of consumers in the eurozone (SPACE), ECB (2020).

4.1.2. Cash access services

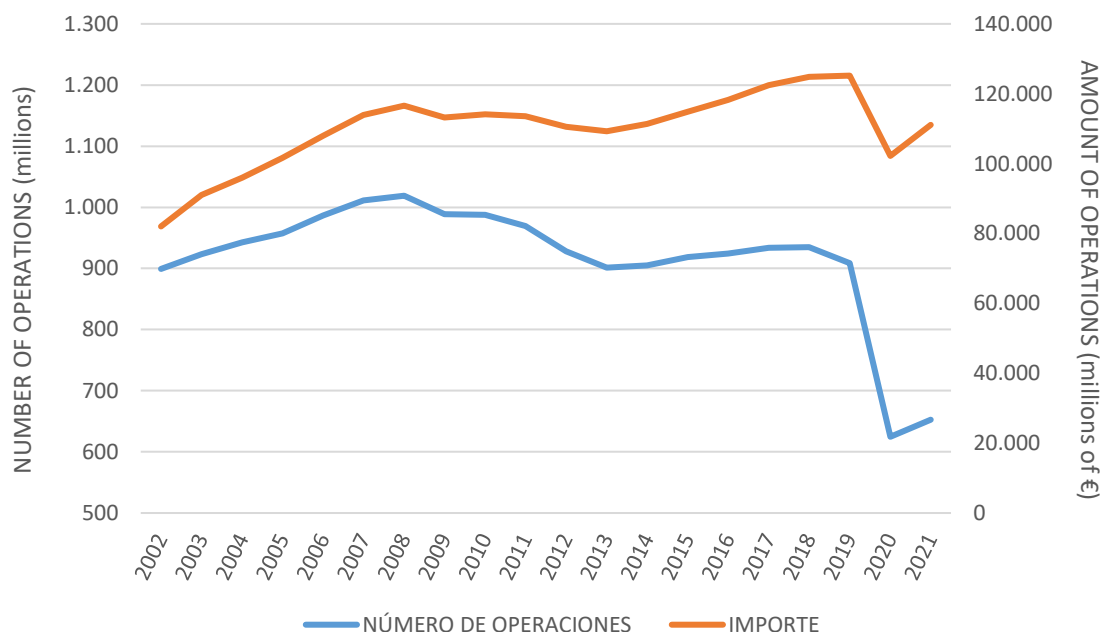
Traditionally, cash was provided over the counter at banks. This began to change at the end of the 1960s, when ATMs began to be installed in the UK and US, thereby spreading rapidly to the rest of the world. In Spain, the first ATMs were installed in the mid-1970s, and since then they have expanded very rapidly to become the primary means of accessing cash, reaching a peak of 61,714 ATMs in 2008.⁶⁷

⁶⁷ Payment Systems Department – Payment Oversight and Supervision Division of the BdE, at the end of 2021.

In 2020, ATMs were still the most common way for the public to obtain cash (84%).⁶⁸ In contrast, over-the-counter withdrawals at banks are increasingly less frequent among the public. In 2020, 80.5% of the population surveyed by the BdE said that they never went to a bank counter to withdraw cash. This percentage drops considerably among the over-64s. In this age group, only 58.3% said that they never withdrew cash over the counter, while the remainder (41.7%) did.

Although ATMs appear to be the preferred and most common means of cash withdrawal, ATM cash withdrawal transactions, both in terms of actual number of transactions and value, fell dramatically during the pandemic, especially in terms of the number of transactions, as illustrated in Chart 4.

Chart 4. Cash withdrawal operations at ATMs, from 2002 to 2021



Source: Payment Systems Department – Payment Oversight and Supervision Division - BdE, data as of December 2021.

The number of cash withdrawal transactions and their value rebounded in 2021, although the value of the cash withdrawn rose the most. Nevertheless, the number of ATM cash withdrawals in 2021 remained well below its historical low

⁶⁸ National survey on the use of cash, BdE, 2020.

in the last 20 years (652 million transactions in 2021, compared with 899 million transactions in 2002, a fall of 27% over the last two decades).

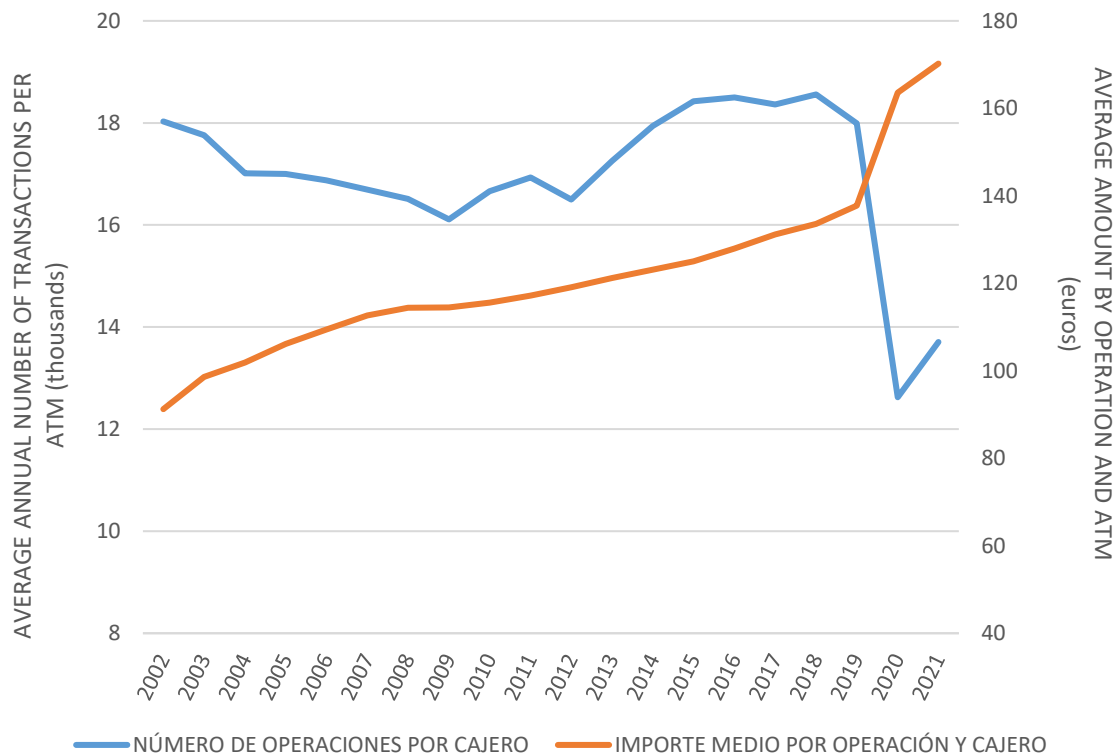
This reduction in cash withdrawal transactions is mainly due to the effect of the COVID-19 pandemic on the use of cash and on people's payment habits and preferences. Thus, despite the fact the restrictions imposed during the pandemic have been lifted, both cash usage and cash withdrawal transactions may not return to their pre-COVID-19 values.

In terms of transactions per ATM, the average annual number of cash withdrawals per ATM was 13,704 in 2021, which corresponds to around 38 transactions per ATM per day.⁶⁹ The trend here repeats the previous pattern: as can be seen in Chart 5, in recent years there has been a drastic fall in the average annual number of cash withdrawals per ATM. The drop in ATM visits has been partly offset by the higher amount withdrawn per transaction: over the same period, there has been a 23.5% increase in the average amount withdrawn per transaction per ATM, from 138 euros in 2019 to 170 euros in 2021⁷⁰. The decline in transactions from around 16,000-18,000 per ATM per year (or around 44-50 per day) between 2002 and 2019 to 13,704 in 2021 (around a 15-25% drop) has major implications: as ATM cash withdrawal interchange fees are generally set as a fixed amount independent of the amount withdrawn, these consumer behaviour patterns could be reducing the profitability of ATMs.

⁶⁹ Payment Systems Department – Payment Oversight and Supervision Division - BdE, data as of December 2021.

⁷⁰ The trend in the average amount of cash withdrawals per transaction and per ATM would have been smoothed in real terms due to the evolution of the general price level. Taking as a basis the value of the Consumer Price Index published by the INE for March 2002, there has been an increase of 53.3% in the general price level since then.

Chart 5. Average cash withdrawal operations per ATM in Spain, from 2002 to 2021



Source: Developed in-house using BdE data as of December 2021.

4.1.3. Recent trends in the Spanish banking sector

The number of commercial banks operating in Spain has been decreasing since 2008, having gone from a total of 281 licensed banks in that year (70.8% of them Spanish) to a total of 191 at the end of 2020 (58.6% of them Spanish). The particular case of savings banks is noteworthy, as these have plummeted from 45 in 2010 to only 2 today (8 former savings banks were transformed into banks). Moreover, restructuring has increased the weight of the main banking groups. This is reflected in the value of the Herfindahl-Hirschman Index calculated for the

entire sector according to statistical information published by the ECB. In 2008 the value of the index was 497, while in 2020 the figure was 1,081.⁷¹

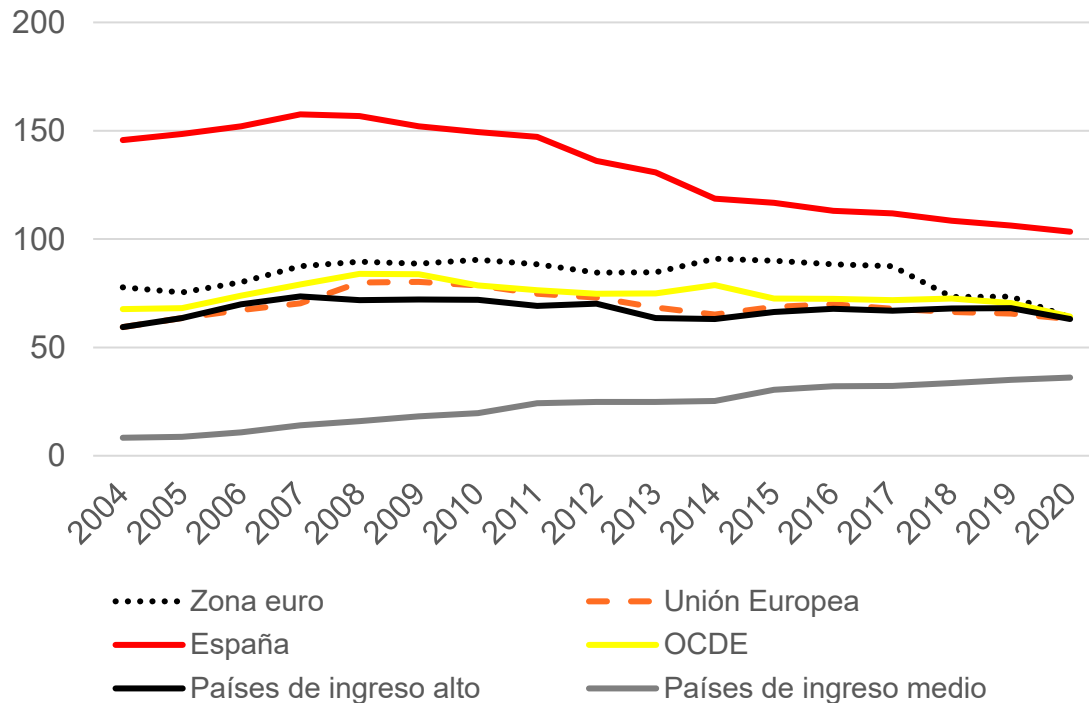
This readjustment can be seen not only in the number of entities, but also in the distribution networks, which have been significantly reduced. The number of bank branches, which peaked at 45,662 in 2008, has fallen by 57.7% since then, to 19,312 at the end of 2021.⁷² However, despite the sharp fall, in relative terms the number of commercial bank branches per inhabitant in Spain continues to be notably higher than the average for its neighbouring countries, as can be seen in Chart 6. This decline is strongly correlated with the evolution of the ATM fleet, as almost 90% of the ATMs owned by financial institutions are located in bank branches. Furthermore, the sector employed more than 276,000 people in 2008, while in 2020 this figure was around 171,000, a decrease of about 39%.⁷³ This trend has also been observed in other European banking sectors.

⁷¹ Source: [Structural Indicators for the EU Banking Sector \(ECB\)](#). The Herfindahl-Hirschman Index refers to the concentration of banking business based on total assets. It is obtained by adding the squares of the market shares of all the credit entities in the sector. The possible values of the index range from 0 (maximum level of competition) to 10,000 (no competition).

⁷² [Cierre de oficinas bancarias y acceso al efectivo en España](#). Jiménez Gonzalo, C. et al. (2020); [Boletín Estadístico 4/2022 del BdE](#), page 126, (2020).

⁷³ *Structural Indicators for the EU Banking Sector (BCE)*.

Chart 6. Commercial banking offices per 100,000 adults



Source: *World Bank*.

The restructuring is a response to the impact of the so-called Great Recession that began in 2008. Following this crisis, new financial regulatory measures were introduced and the sector was restructured in search of efficiency and profitability gains in a context of low interest rates. The reforms introduced in the regulatory framework were aimed at making the banking sector more robust and with a greater capacity to absorb *shocks*. In this respect, the reformulation of the capital framework known as Basel III, and the creation of the Banking Union in the eurozone, are noteworthy.⁷⁴

In the years following the crisis, intermediation margins in the financial sector were adversely affected by low interest rates. This has triggered a reaction in the banking sector to increase and diversify its sources of income and, in particular, those derived from fees for services provided. In contrast to the period 2000-2007, when fee and commission income tended to fall as a result of increased

⁷⁴ [El sector bancario después de la crisis: ¿más robusto y estable?](#) Arqué, G. & Montoriol, J. (2016).

competition among entities to attract new customers, between 2014 and 2019 Spanish banks increased the fees charged to their customers by 21.6%.⁷⁵

The rationalisation of resources, especially in terms of employment and number of branches, has also been partly associated with the digitalisation process that the sector has been undergoing. Financial institutions have significantly increased their investment in technology and have attracted new digital customers. On the supply side, the adoption of new technologies such as the use of *big data*, artificial intelligence, *blockchain*, cloud computing and biometric recognition has enabled banks to improve their efficiency. On the demand side, the healthcare crisis has accelerated the digital transformation of customers and driven the consequent boom in digital service use.

4.1.4. The use of alternative means of payment to cash

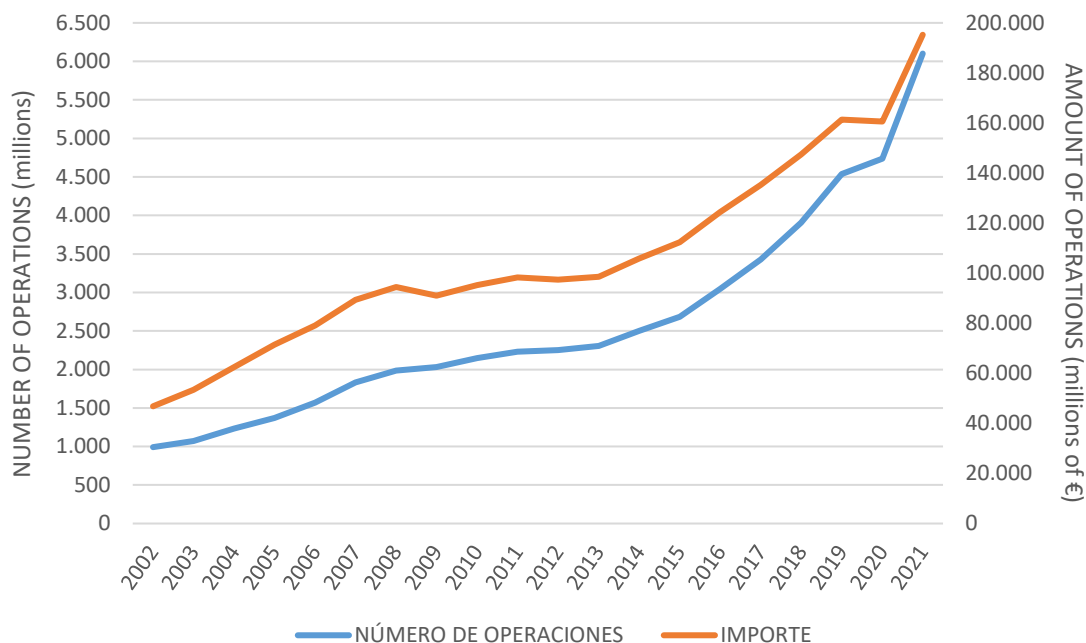
In addition to cash, there are other alternative means of payment, such as payment cards (credit or debit), bank transfers, online payment systems, mobile payments, cheques, etc., with cards being one of the payment tools that have become increasingly important in recent years. At the point-of-sale or retail level, payment cards are, along with cash, one of the most important payment instruments in the EU.⁷⁶ In the eurozone, at the end of 2020, there were 609.3 million cards in circulation, or 1.8 cards per inhabitant of the eurozone, with an annual transaction value of 2 trillion euros, corresponding to an average value of around 41 euros per card transaction.⁷⁷ In Spain, the number of debit and credit cards in circulation has almost doubled in the last two decades, from 45.80 million cards in circulation in 2000 to 87.99 million by the end of 2021, which represents 1.9 cards per inhabitant in Spain. This increase in the number of cards in circulation has been accompanied by an increase in their use for purchase transactions. Chart 7 illustrates the significantly increasing trend in the use of debit and credit cards as a means of payment for purchase transactions in recent years.

⁷⁵ [Informe sobre el sector bancario español en un entorno de cambios de productividad](#). Funcas. (2021)

⁷⁶ Information on payment cards available on the [BdE website](#).

⁷⁷ [Payment Statistics, European Central Bank, 2020](#).

Chart 7. Purchase operations at point of sale terminals (POS) in Spain, from 2002 to 2021



Source: Sistema de Tarjetas y Medios de Pago S.A. (STMP), BdE, data as of December 2021.

*Transactions carried out with cards issued by institutions belonging to the Spanish networks on devices which, being located in Spain, are provided by these entities.

According to a study conducted by the consultancy firm Kantar, the most popular payment methods for the general public in Spain are debit cards and cash.⁷⁸ On the other hand, among the digital payment methods used, the *Bizum* option has been gaining popularity for everyday use. This system is widespread for person-to-person payments, as it allows contactless payment via a smartphone and a QR code, although it has not yet been widely accepted by retailers. PayPal and mobile payment apps were the least used means of payment among the general public.

In terms of retailers, 93% accepted debit cards and 82% credit cards in 2020, while businesses allowing mobile payment (linked to a card) rose to 50%. In addition, 84% of retailers did not impose any restrictions on card payments and

⁷⁸ [Kantar - Study on New Digital Payment Methods, Report March 2022.](#)

only 16% maintained a minimum payment limit that was set, on average, at 11 euros.⁷⁹

One of the factors that has facilitated the expansion of the use of bank cards as a means of payment has been the spread of POS terminals. According to quarterly information from the BdE, the number of POS terminals in Spain has been increasing substantially in recent years.⁸⁰ According to a European Commission report (2020), in 2018, Spain and Greece had the highest density of POS terminals in the EU.⁸¹ Furthermore, the report notes that, in Spain, it is common for retail outlets to have multiple contracts with acquirers and they tend, therefore, to have several POS devices.

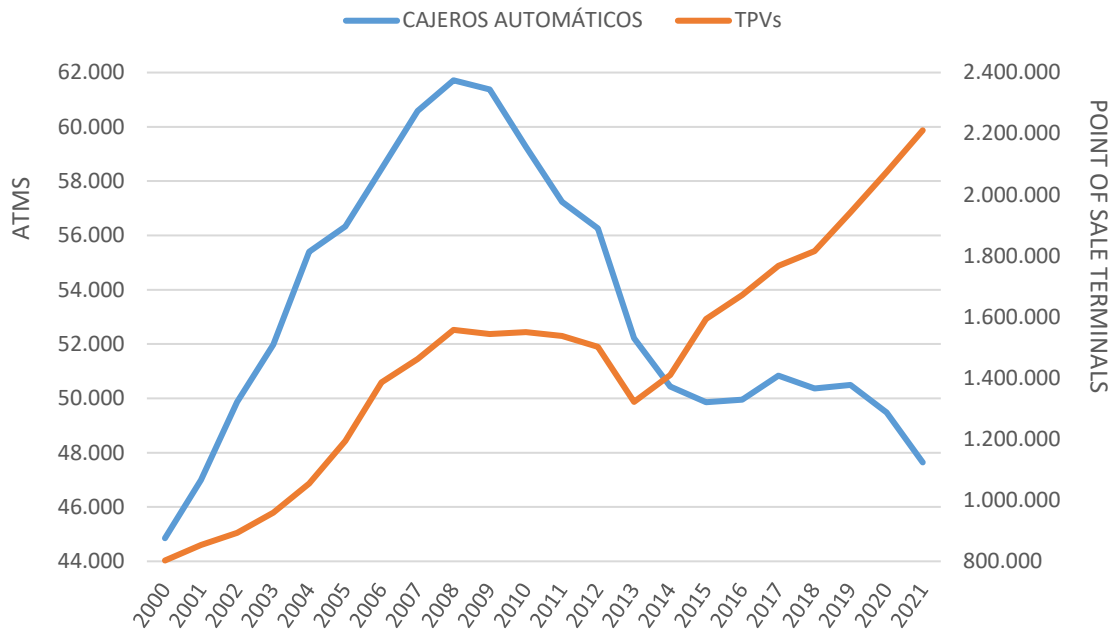
This trend contrasts with the evolution of ATMs. While POS terminals rose from 1,557,355 terminals in 2008 to 2,210,994 terminals in 2021 (a 42% increase), ATMs dropped from 61,714 in 2008 to 47,639 by the end of 2021 (a 23% decrease). Chart 8 illustrates these inverse trends.

⁷⁹ National survey on the use of cash in Spain, BdE, 2020.

⁸⁰ [Payment Systems Department – Payment Oversight and Supervision Division of the BdE, at the end of 2021.](#)

⁸¹ [Study on the application of the interchange fee regulation.](#)

Chart 8. ATM fleet and point of sale terminals in Spain, from 2000 to 2021



Source: Payment Systems Department – Payment Oversight and Supervision Division of the BdE, at the end of 2021.

This positive trend in the number of POS terminals is at least partly due to the reduction in interchange fees for card payments and the discount fees applied to this service. The BdE publishes quarterly information on interchange fees for card payments and discount fees, broken down by institution, payee, type of card (debit or credit), and amount of the payment order (over and under 20 euros).⁸² As shown in Table 2, in the case of Spain, the weighted average discount fees for the use of retail cards, at the aggregate level and by activity, scarcely exceed 0.5%.

⁸² Rule 4 of Circular 3/2016.

Table 2. Discount fees collected in the third quarter of 2021. Individual cards (credit and debit)

Sector de actividad	Tarjetas de débito (media ponderada)	Tarjetas de crédito (media ponderada)
Grandes empresas de distribución	0,1725%	0,3310%
Supermercados	0,3446%	0,3468%
Gasolineras	0,3144%	0,3608%
Autopistas	0,4986%	0,5115%
Comercio minorista	0,3698%	0,3942%
Hoteles	0,4052%	0,4208%
Restaurantes	0,4351%	0,4317%
Viajes y entretenimiento	0,3889%	0,4636%
Resto de las categorías	0,3721%	0,3751%
Total	0,3238%	0,3779%

Source: BDE data.⁸³

**The average rates are weighted according to the amount of the payment orders placed in the quarter.*

Furthermore, the average discount fees paid by the beneficiaries to the acquirers for the purchase transactions have been substantially reduced. In 2002, the average discount fee was 1.59%, while in 2021 the average discount fee was 0.36%.⁸⁴

⁸³ The data is offered at an aggregate level for all POS acquirers.

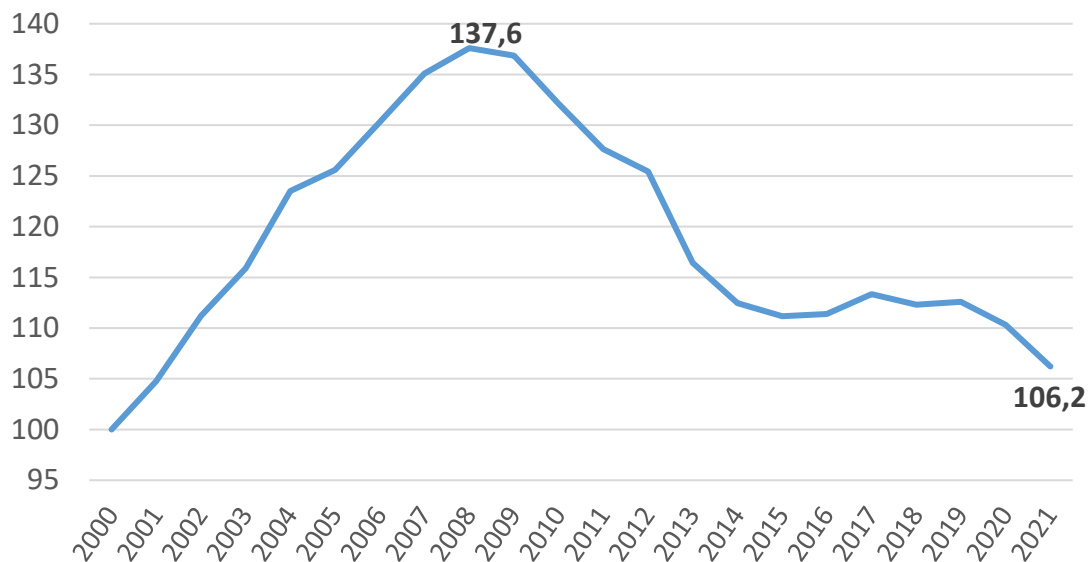
⁸⁴ Since 2005, discount fees have fallen continuously: in 2007 they were around 1%, and in 2008 around 0.9%.

4.2. The ATM network

4.2.1. The fleet of ATMs in Spain

At the end of 2021, there were 47,639 ATMs in Spain, in contrast to the peak of 61,714 ATMs in 2008 (since that point, the number of ATMs has dropped by 22.8%).

Chart 9. Trends in the number of ATMs in Spain, from 2000 to 2021 (Base 2000 = 100)



Source: Payment Systems Department – Payment Oversight and Supervision Division of the BdE, at the end of 2021.

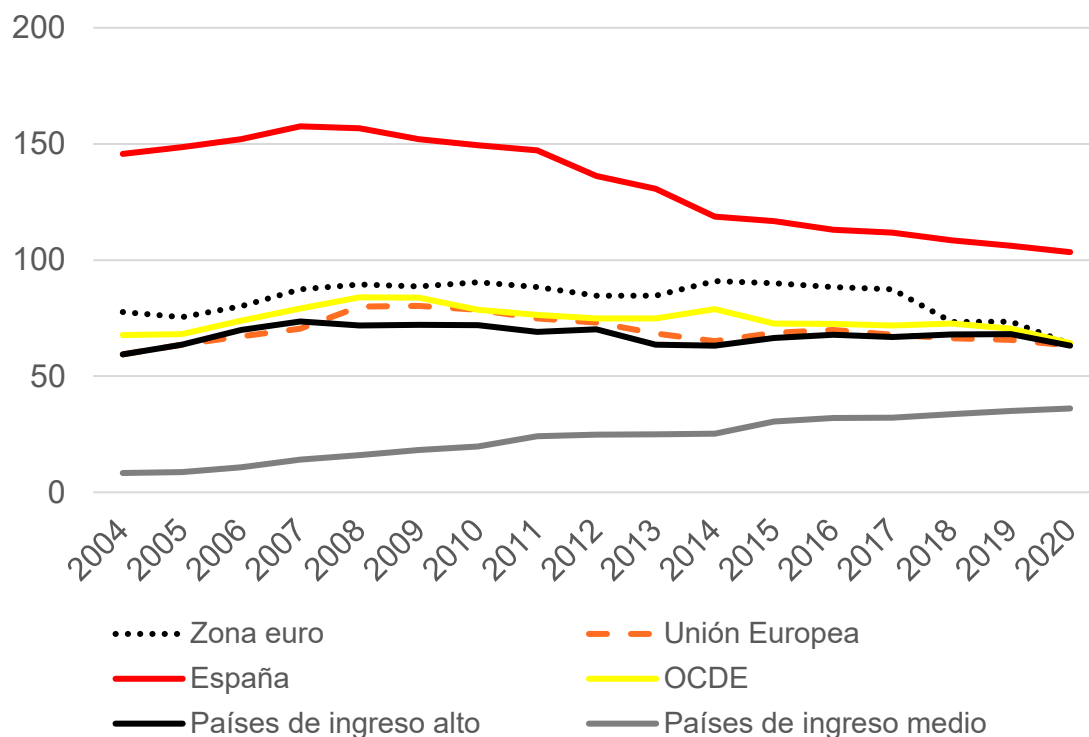
Nonetheless, in absolute terms, Spain has the third largest ATM network in the EU, behind only Germany and France with 60,752 and 50,548 ATMs, respectively.

In relative terms, the number of ATMs in Spain is third in the EU after Croatia and Portugal, with a figure of 101 ATMs per 100,000 inhabitants.⁸⁵ Compared with the averages in neighbouring countries, Chart 10 shows that the Spanish ATM

⁸⁵ <https://www.association-secure-transactions.eu/industry-information/atm-numbers-europe/>.

ratio, despite having fallen significantly since 2008, is still well above the average of EU and eurozone countries, as well as the average in advanced economies and the OECD, which in all cases have around 40% fewer ATMs per inhabitant than Spain.

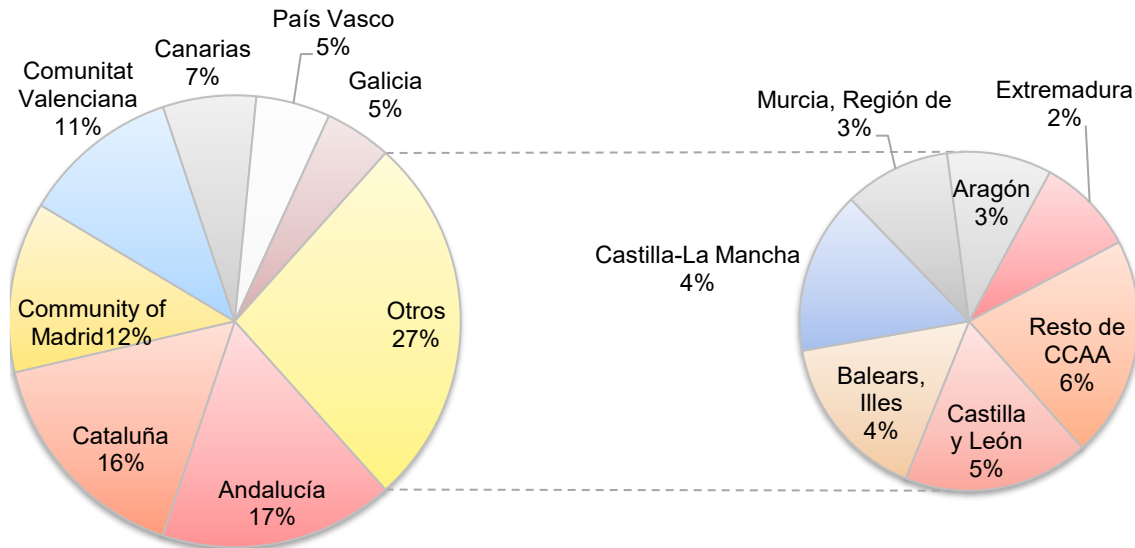
Chart 10. Number of ATMs per 100,000 adults



Source: World Bank.

Almost 57.5% of ATMs are located in Andalusia, Catalonia, the Community of Madrid and the Valencian Community, which have the largest populations, in that order. At the other extreme, six autonomous communities each have less than 2% of the ATM fleet. These are the autonomous communities with the smallest populations: Asturias (1.9%), Navarre (1.6%), Cantabria (1.1%), La Rioja (0.7%), Ceuta (0.1%), and Melilla (0.1%).

Chart 11. Weight of each autonomous community in terms of the number of ATMs



Source: Developed in-house using data provided by the BdE. ⁸⁶

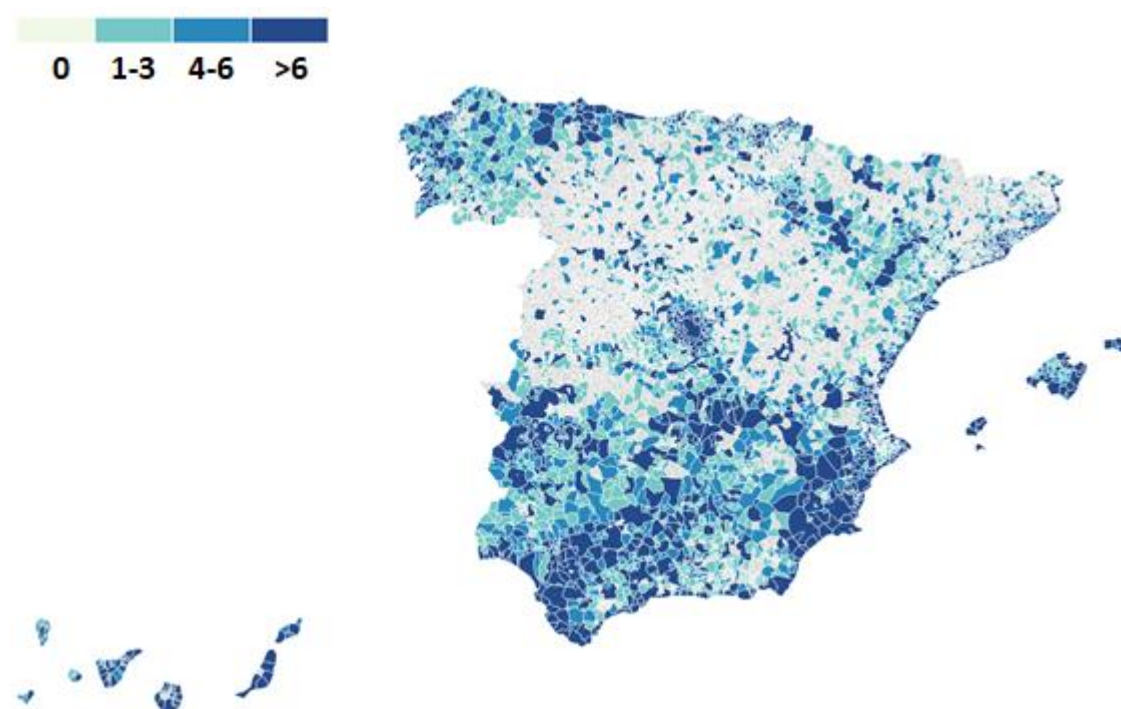
4.2.2. The distribution of ATMs by municipalities

ATMs are unevenly distributed across Spain. According to the information provided by the BdE at the end of 2020, 55% of the 8,131 municipalities in Spain have no ATM.⁸⁷

⁸⁶ The weights have been calculated using the data from the end of 2020 provided by the BdE in response to the information request that was sent to them.

⁸⁷ In response to a request for information, the BdE sent information on the number of ATMs per municipality at the end of 2020.

Chart 12. Number of ATMs by municipality



Source: Developed in-house using data provided by the BdE.

Municipalities where there is no ATM have, as a whole, a much lower population than those where there is one. Consequently, only 3.1% of the Spanish population lives in a municipality where there is no ATM.⁸⁸ This figure contrasts with those municipalities where there are more than 6 ATMs, where 82.8% of the Spanish population lives. Similarly, 11.9% of municipalities, home to 2.5% of the population, have only one ATM, while 8.4% of municipalities, home to 2.8% of the population, have 2 ATMs, as shown in the following table.

Table 3. Distribution of population and municipalities by number of ATMs in Spain

⁸⁸ The population data by municipality relates to January 1, 2021 and has been obtained from the INE databases.

Nº Cajeros	% Municipios	Población (millones)	% Población
0	55,4%	1,47	3,1%
1	11,9%	1,18	2,5%
2	8,4%	1,34	2,8%
3	4,9%	1,19	2,5%
4 - 6	7,2%	2,96	6,3%
> 6	12,3%	39,24	82,8%

Source: developed in-house using data provided by the BdE and INE.

In Spain as a whole, municipalities that do not have an ATM in their locality have, on average, a lower population density and a higher percentage of the population aged over 65 than the rest.

Table 4. Average population density (number of inhabitants per square kilometre) and percentage of population aged over 65 by municipality in Spain

	Densidad media de población	% de población mayor de 65 años
Municipios sin cajeros	25	34,2%
Municipios con cajeros	370	23,2%
Total nacional	179	29,3%

Source: developed in-house using the data from various sources: data provided by the BdE, surface areas of municipalities from the IGN databases, and population by age in municipalities from the INE databases.

Approximately 73.5% of the total number of municipalities without ATMs in Spain are *sparsely populated* (the EU defines "sparsely populated" as areas with a population density of less than 12.5 inhabitants per square kilometre). Thus, of

the 3,948 sparsely populated Spanish municipalities, 83.7% do not have an ATM. An important feature of these *sparsely populated* municipalities is that they have a higher relative proportion of inhabitants over 65 years of age.

Table 5. Percentage of population aged 65 and over by municipality according to the threshold of sparsely populated areas

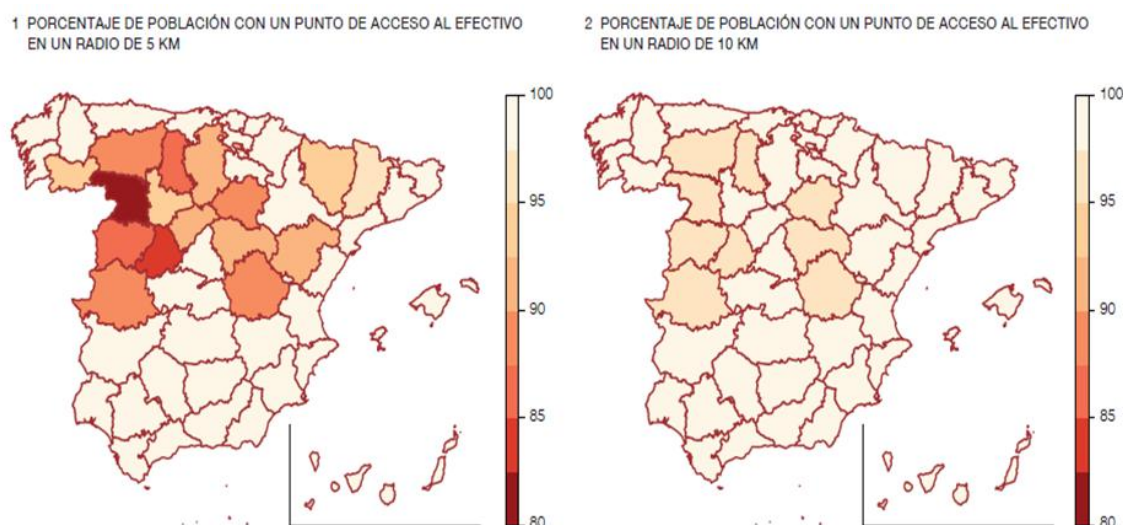
	% de población mayor de 65 años	
	Por debajo del umbral de zonas con poca población	Por encima del umbral de zonas con poca población
Municipios sin cajeros	37,2%	25,9%
Municipios con cajeros	30,6%	21,6%

Source: developed in-house using data provided by the BdE.

In this regard, the BdE published an article in its Economic Bulletin 3/2021 entitled Cash infrastructure and vulnerability in access to cash in Spain (Posada Restrepo, 2021), which includes the construction of a Cash Access Vulnerability Index (CAVI) to detect those municipalities with a higher risk of being financially excluded in terms of access to cash.⁸⁹ This study concludes that, although vulnerability in terms of traditional access to cash in Spain is relatively low across a large part of the country, approximately 1.3 million people are actually in a situation that can be considered vulnerable in terms of cash access. The study also concludes that more than 98% of the population has a traditional cash access point within a 5 km radius, even if it is not located within their municipality. However, there is considerable heterogeneity between regions, as can be seen in Chart 13.

⁸⁹ This is an index constructed using a principal components procedure that takes into account 4 factors: 2 supply factors (the number of traditional cash access points per 1,000 inhabitants for each municipality and the distance between them); and 2 demand factors (the average disposable income per person and the proportion of people over 60 years of age in each locality).

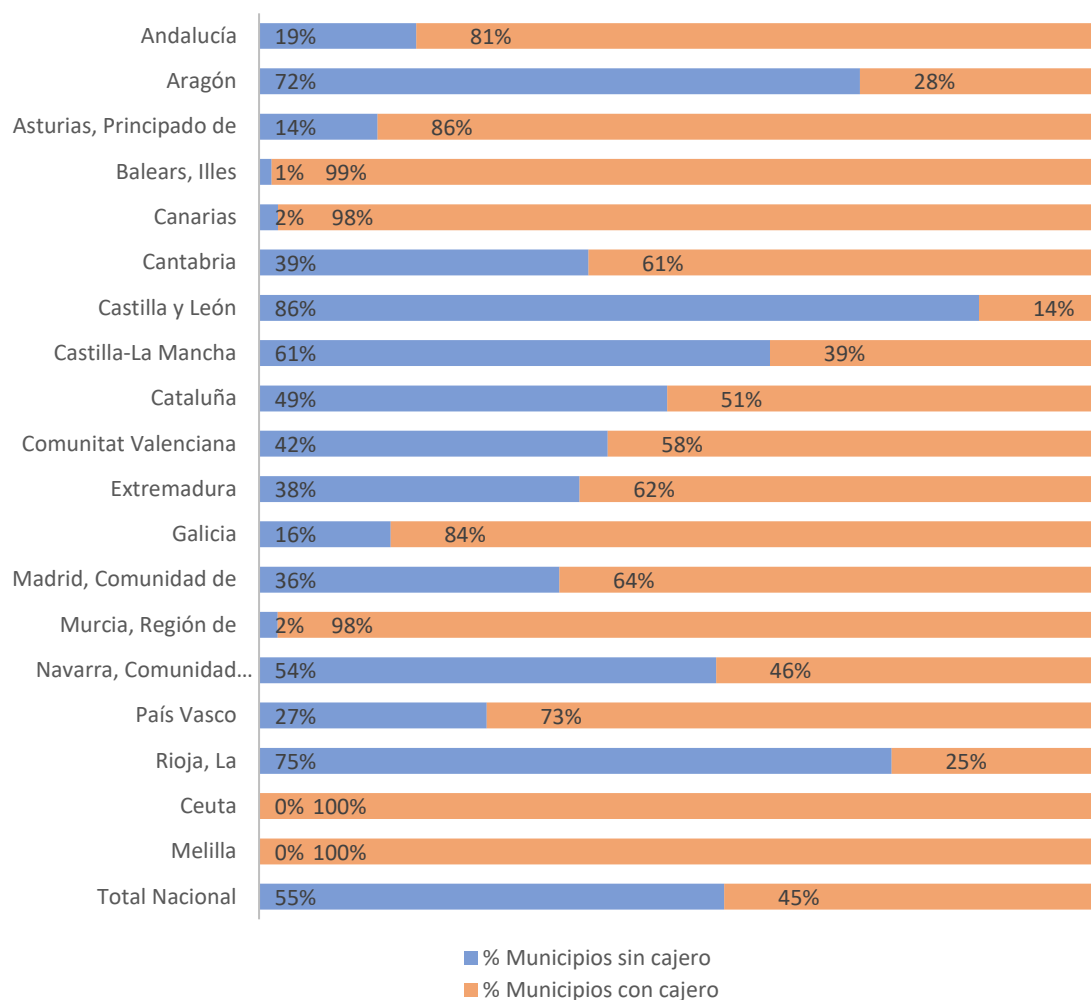
Chart 13. Percentage of population with a cash access point



Source: *Cash infrastructure and vulnerability in access to cash in Spain* (Posada Restrepo, 2021).

The Autonomous Communities with the highest proportion of municipalities lacking ATMs are Castile and León (86% of municipalities have no ATM), La Rioja (75%) and Aragon (72%). At the other extreme, in Ceuta and Melilla, the Balearic Islands, the Canary Islands and Murcia, 2% or less of their municipalities have no ATM, and, in addition to these, only in Asturias, Galicia and Andalusia do less than 20% of municipalities have no ATM. In the remaining Autonomous Communities, more than a quarter of the municipalities have no ATM within their municipal boundaries.

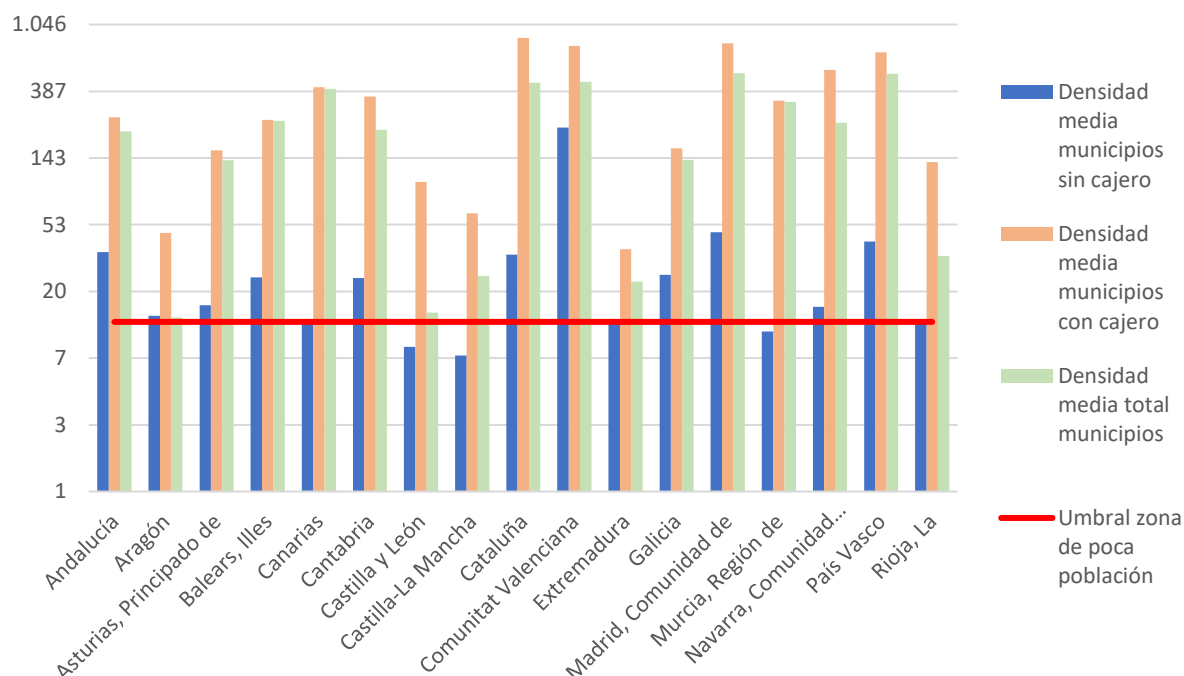
Chart 14. Percentage of municipalities with and without an ATM, by Autonomous Community



Source: Developed in-house using data provided by the BdE.

In all regions, municipalities without ATMs have a lower average population density than municipalities with ATMs. In Castile-La Mancha and Castile and León, the average population density of the municipalities with no ATM is below the low population threshold (7.6 and 8.6 inhabitants per square kilometre, respectively).

Chart 15. Average population densities of municipalities by autonomous community

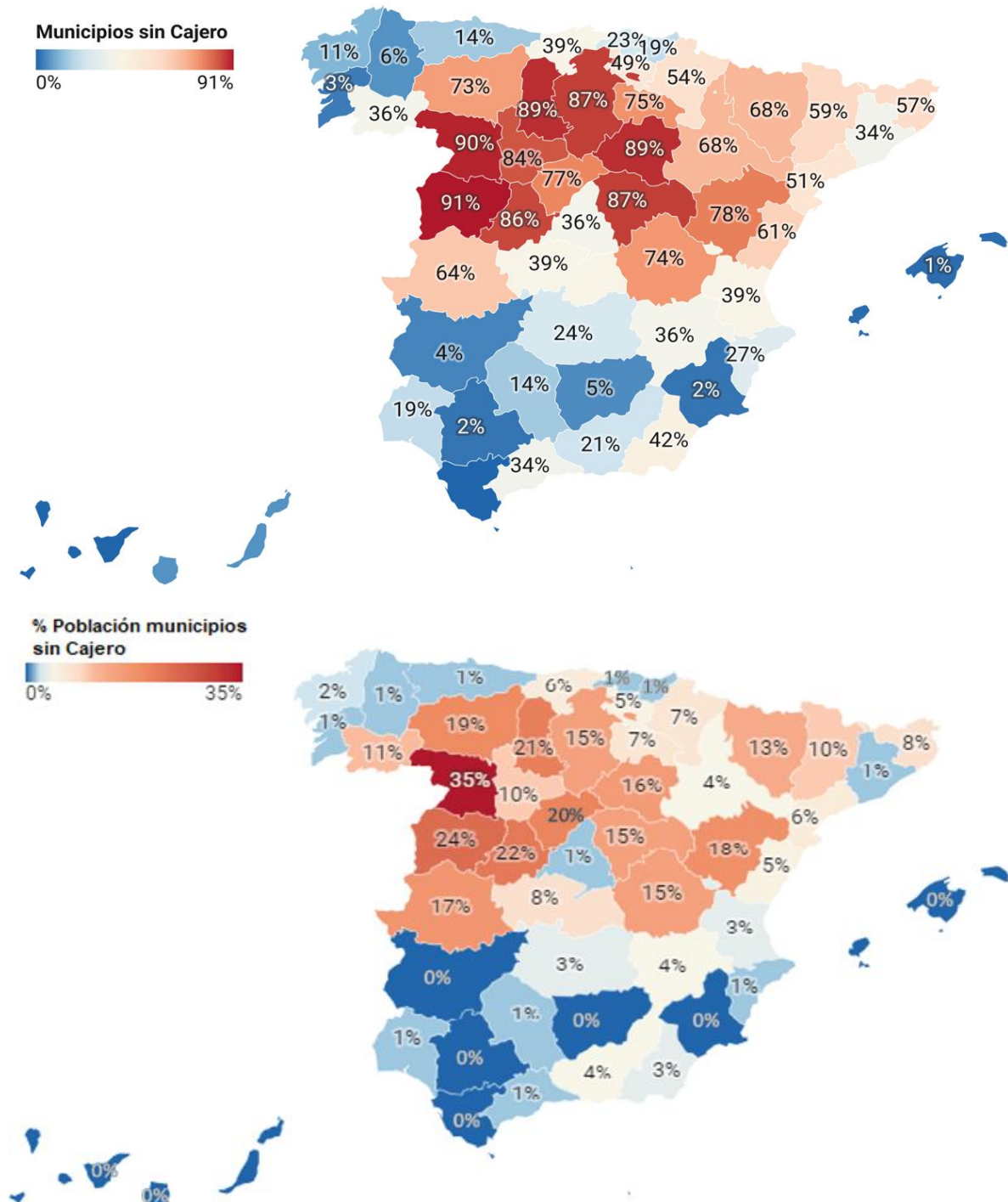


Source: Developed in-house using data provided by the BdE⁹⁰.

Seven provinces have a percentage of municipalities without ATMs above 80%, six of which are in Castile and León and one in Castile-La Mancha.

⁹⁰ A logarithmic scale has been used using Euler's number as the base. The two autonomous cities of Ceuta and Melilla have not been included as a distinction cannot be made between the municipalities with and without ATMs.

Chart 16. Percentage of municipalities without an ATM (top) and percentage of the population living in municipalities without an ATM, (bottom), by province



Source: Developed in-house using data provided by the BdE.

Table 6. Provinces with the highest percentage of municipalities with no ATM

	Porcentaje de municipios sin cajero	% de población que vive en municipios sin cajero	Densidad media de población - Municipios sin cajero	Densidad media de población - Municipios con cajero	% de población mayor de 65 años - Municipios sin cajero	% de población mayor de 65 años - Municipios con cajero
Salamanca	91,4%	24,2%	11	262	38,5%	25,7%
Zamora	90,3%	34,5%	9	58	43,2%	31,5%
Soria	89,1%	16,1%	3	21	41,9%	27,5%
Palencia	89,0%	21,5%	6	86	37,0%	28,1%
Burgos	87,1%	15,5%	9	66	35,8%	29,1%
Guadalajara	86,8%	14,7%	7	151	36,1%	21,8%
Ávila	86,3%	22,0%	8	42	39,8%	29,1%
Valladolid	84,0%	9,7%	9	186	35,6%	21,1%
Total nacional	55,4%	3,1%	25	370	34,2%	23,2%

Source: Developed in-house using data provided by the BdE. Average population density is measured in number of inhabitants per square kilometre.

4.2.3. Business structure of the ATM offer

The ATM fleet in Spain is concentrated among a relatively small number of entities.⁹¹ CAIXABANK has the most extensive network, followed by BBVA and Banco Santander. The six entities with the largest number of ATMs account for 70% of the total, and the top 10 have 83%.

⁹¹ To analyse the business structure of the ATM fleet, the following networks or groups of ATMs have been considered as a single entity, insofar as the entities that form part of each of them have entered into agreements to charge each other the same interchange fee:

- **Grupo Caja Rural (hereinafter, GC RURAL):** this comprises a total of 30 rural savings banks and Banco Cooperativo Español, SA. Two other investees are also part of Grupo Caja Rural: (i) Rural Servicios Informáticos, S.L. and (ii) Rural Grupo Asegurador AIE.
- **Grupo Cooperativo Cajamar (hereinafter, GC CAJAMAR):** this is an Institutional Protection System (IPS) that is made up of 19 entities, with Banco de Crédito Social Cooperativo, SA being the parent entity. Following the definition of [Ariztegui, J. \(2020\)](#) IPSs are “From the point of view of banking regulation [...] consolidable groups of credit entities dominated by the central entity. However, in reality, they are more than a group, they are de facto mergers (they have been referred to as “cold mergers”) since, for economic, not legal, purposes, each participant has lost the individuality of an independent person.”

Table 7. Weight in the national ATM fleet by operator

1º	Caixabank	20 - 30%
2º	BBVA	10 - 20%
3º	Banco Santander	10 - 20%
4º	Euronet	5 - 10%
5º	GC Rural	5 - 10%
6º	Unicaja	5 - 10%
7º	Banco Sabadell	5 - 10%
8º	Euro Automatic Cash	0 - 5%
9º	GC Cajamar	0 - 5%
10º	Kutxabank	0 - 5%
	Resto de operadores	17%

Source: developed in-house using data provided by the BdE.⁹²

Most ATMs are owned by credit institutions, although the presence of independent operators is significant in some areas of Spain. Of the top 10 operators by number of ATMs, only two (Euronet and Euro Automatic Cash) are independent operators, i.e., they are not credit entities. Euronet is the leading institution by number of ATMs in three provinces and is among the top 3 operators in a further four. The provinces in which it is the leader (Malaga, the Balearic Islands and Santa Cruz de Tenerife) are distinguished by the fact that they are important tourist destinations. The three leading independent operators

⁹² The weights in the ATM fleet have been calculated according to the information from the end of 2020 on the number of ATMs submitted by the BdE for operators considered financial entities and the information submitted by independent operators (Euronet, Euroautomatic Cash and Cardtronics) in response to the information requests sent. According to these sources of information, the total number of ATMs at the end of 2020 was 44,956, while according to the quarterly statistics published by the BdE at the end of 2020, the total number was 47,639. This represents a difference of 5.63% between the distinct sources of information.

(EURONET, EURO AUTOMATIC CASH, and CARDTRONICS) together account for a share of ATMs in the range 10-20% of the total.

In addition, ATMs are closely linked to bank branches. Approximately 90% of the ATMs owned by issuing entities are located in bank branches (the rest are so-called displaced ATMs).⁹³

At the provincial level, there is a greater concentration of ATMs than at the national level. On average, the top 3 operators by number of ATMs in each province account for 70% - 80% of the provincial ATMs. The top three operators account for more than 50% in all provinces.

Table 8. Average weight of the main operators in the ATM fleet at the provincial level

	Operador nº 1	Operador nº 2	Operador nº 3	Resto de operadores
Peso medio en el parque de cajeros	30 - 40%	20 - 30%	10 - 20%	20 - 30%

Source: developed in-house using information submitted by operators in response to information requests from the CNMC.

CAIXABANK is the leading operator by number of ATMs in 22 of the 50 provinces plus the 2 autonomous cities, and is among the top 3 in 40 provinces. BBVA is only the top operator in one province and SANTANDER in no province or autonomous city, although both entities appear very frequently among the top three provincial operators by number of ATMs (on 19 and 26 occasions, respectively).

⁹³ Using the information sent by the BdE on the number of ATMs owned by financial institutions in response to the request for information sent, further requests for information have been sent to a total of institutions representing 93% of the ATM network. Among other things, the institutions petitioned at the end of 2021 were asked to provide the total number of ATMs (broken down into ATMs linked to branches and off-site ATMs) that each institution has in each province, including the autonomous cities.

At the aggregate level, the total number of ATMs in Spain reported by the requested institutions amounted to 37,784 at the end of 2021; while according to the information reported by the BdE, the total number of ATMs associated with these institutions amounted to 37,971. This represents a difference of 0.49%.

Apart from these three entities, the provincial analysis reveals the significant presence in certain regions of other smaller national banks. An outstanding example is KUTXABANK, which is the leading operator by number of ATMs in the three Basque Country provinces, and whose average weight in the ATM fleet in this region is between 50% and 60%. Other similar cases are ABANCA, the leading operator by number of ATMs in the four Galician provinces with an average weight in the ATM fleet in this region of between 40% and 50%; and IBERCAJA, the leading operator in the three provinces of Aragon, with more than 40% of the ATMs in each.

Table 9. Position at the provincial level by number of ATMs of the main operators

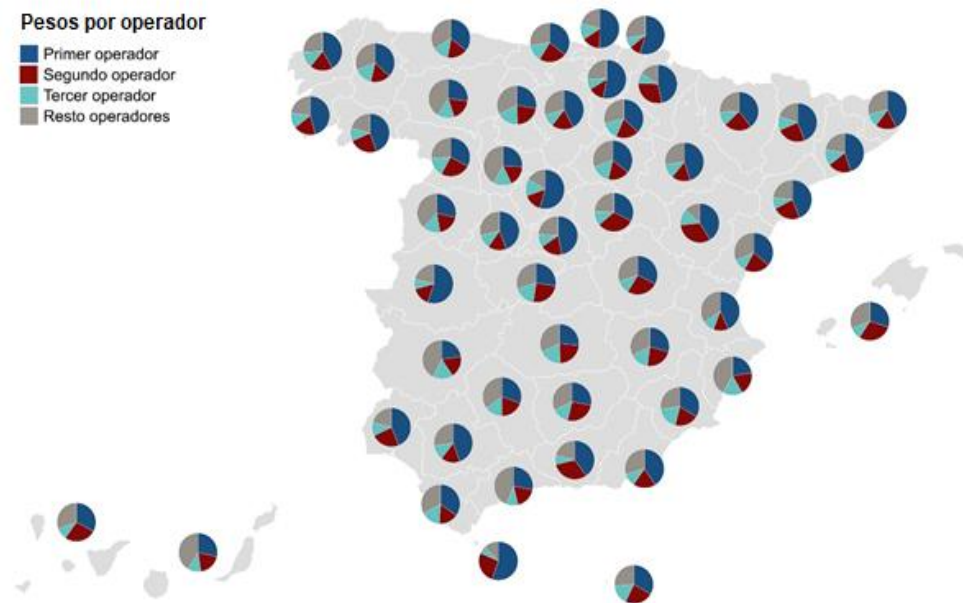
Nº de veces entre los 3 primeros		Nº de veces el 1º		Nº de veces el 2º		Nº de veces el 3º	
Caixabank	40	Caixabank	22	Santander	13	Santander	14
Santander	26	Unicaja	8	GCR	9	BBVA	13
BBVA	19	GC Rural	5	BBVA	7	Caixabank	11
GC Rural	19	Abanca	4	Unicaja	7	GC Rural	5
Unicaja	18	Euronet	3	Caixabank	4	Unicaja	3
Euronet Ibercaja	7	Kutxabank Ibercaja	3	Ibercaja	4	Sabadell	2
Otros	27	Otros	4	Otros	8	Otros	4

Source: developed in-house using information submitted by operators in response to information requests from the CNMC.⁹⁴

⁹⁴ Information has been obtained on the number of ATMs by province from the operators that represent approximately 97.3% of the ATM fleet. The information on the number of GC CAJAMAR ATMs has not been obtained through a formal request for information, as in the rest of the cases, but has instead been obtained from the information published on its website, finding a difference of 1.12%, at national level, with respect to the information for the end of 2021 sent by the BdE in response to the request for information sent by the CNMC. The information on the rest of the operators taken into account was obtained through the information request sent by the CNMC.

Table 10. Weight in the ATM fleet by province **[CONFIDENTIAL]**⁹⁵

Chart 17. Distribution of the ATM fleet weights by province



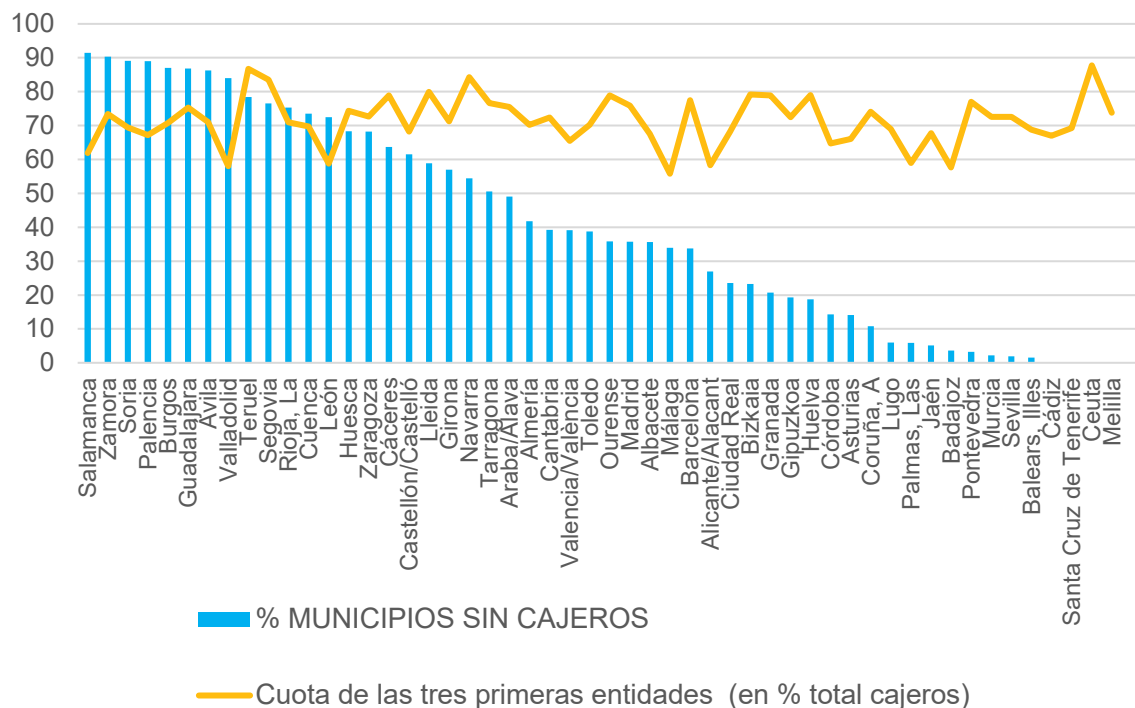
Source: developed in-house using information submitted by operators in response to information requests from the CNMC.

Moreover, in practically all the provinces and autonomous cities, the issuing institutions that occupy the top spot in terms of number of ATMs are also those with the largest number of customers of their own.

⁹⁵ Information whose exact content is confidential is enclosed in square brackets.

In the four provinces with the highest percentage of municipalities without ATMs, the operators with the highest number of ATMs are UNICAJA (Salamanca and Palencia) and those belonging to GC RURAL (Zamora and Soria). In these provinces, there is no greater concentration than in the other provinces. The same conclusion can be reached when comparing the concentration levels of the province with the percentage of municipalities with no ATM. As can be seen in Chart 18, there is no clear correlation between the percentage of municipalities with no ATM (columns) and the weights in the ATM stock (measured by the weight of the leading institution and the weight of the first three entities).⁹⁶

Chart 18. ATM weight and percentage of municipalities without ATMs, by province



Source: developed in-house using information submitted by operators in response to information requests from the CNMC. Confidential The share of the leading entity (in % of total ATMs).

⁹⁶ The analysis carried out is only a comparison for indicative purposes.

4.3. Fees for access and cash withdrawal

4.3.1. Fees for access to cash withdrawal services

ATM operators, mostly credit institutions, offer access to ATM cash withdrawal systems as part of their portfolio of services associated with bank accounts and cards.

Thus, from the end user's point of view, the cost of access to cash is made up not only of direct cash withdrawal fees, but also of the chargeable part of the overall cost of access to bank accounts and cards, which would be a fixed cost for access to the ATM cash withdrawal service.

However, the income that credit institutions obtain from customers' use of their bank accounts and cards comes from a wide variety of sources. This makes it very difficult to assign specific fees for the availability of bank accounts and cards for each of the services to which these tools give access.

The concepts and amounts that credit institutions charge their customers in consideration for the services they provide vary depending on which services each customer contracts and the commercial policy of the credit institution. It is possible that the costs of providing a specific service are borne by the income obtained from other activities, a practice which, in any event, is common in many economic activities. Thus, although own customers do not incur a direct payment or cost for withdrawing cash from their bank's ATM network, they do so indirectly through the various fees and commissions and other activities that generate revenue for the entities.

With these considerations in mind, it is of interest for the purpose of this study to analyse the amount and trends in fees and commissions in the banking sector.

According to the Bank of Spain's [April 2022 Financial Stability Report](#), net fee income amounted to 27.38 billion euros in 2021, 10.4% higher than in 2020, when fee income fell sharply due to the effect of the pandemic.⁹⁷ The ratio of net fees to assets has also increased in recent years, rising from 0.41% to 0.45% since 2015, an increase of approximately 10%. Part of the rise in fee income is associated with the reduced weight of interest income, given the very low interest rate environment of recent years. In comparative terms, the net fee income

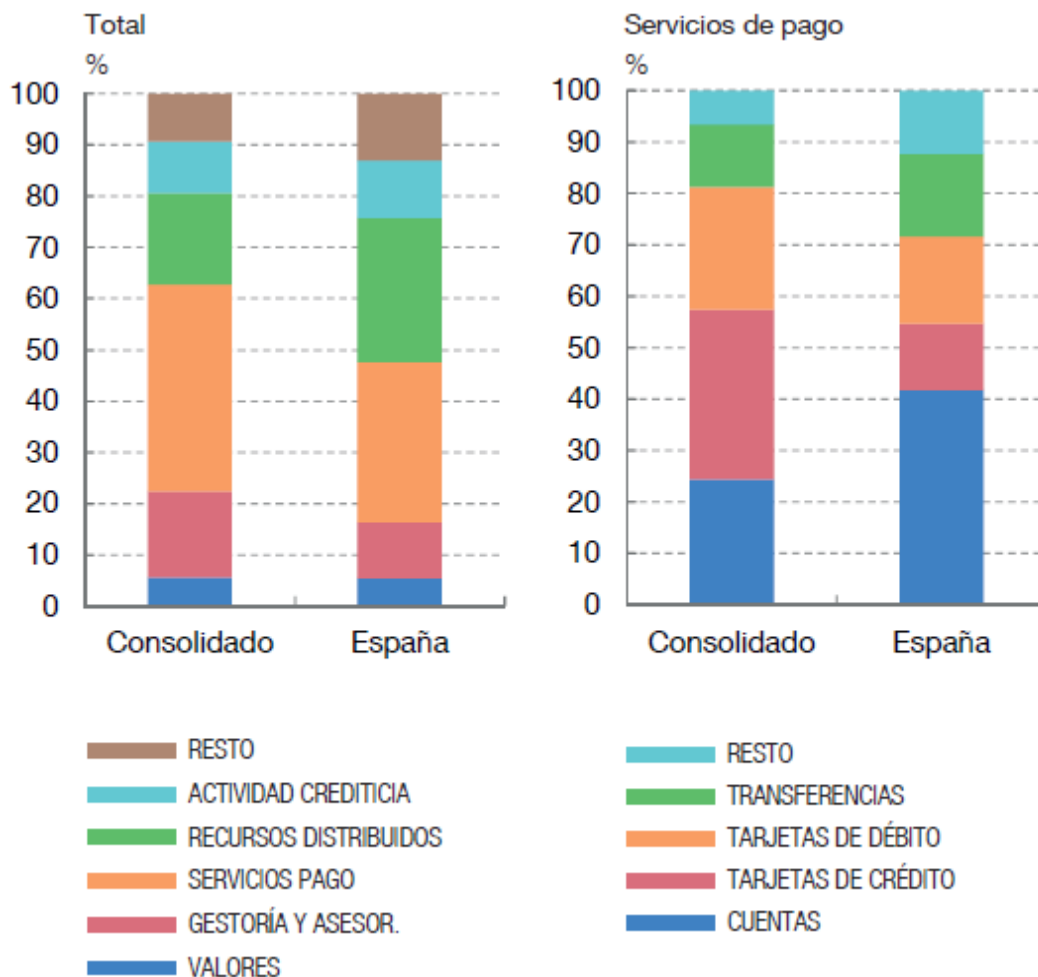
⁹⁷ They include fees for cash withdrawal, account maintenance and card maintenance, among others.

amounted to 40% of deposit institutions' net interest income (the difference between interest received and interest paid by deposit institutions) in 2021.⁹⁸

In this area, both in Spain and in the eurozone, income from payment services (which include services such as the execution of payment transactions by card or similar device, cash deposits and withdrawals, transfers, payment of bills, card payments, etc.) is the main source of fees, although the percentage of income derived from these is higher in the eurozone than in Spain. Similarly, within the fees for payment services, the main income in Spain comes from bank accounts, followed by fees for debit cards and transfers. In the eurozone, however, fees come, to a greater extent, from credit and debit cards.

⁹⁸ Consolidated balance sheet of deposit entities. Banco de España, 2021 data. The amount of deposit entities' net interest income in 2021 amounted to 68.02 billion euros, while net fees and commissions were 27.38 billion euros.

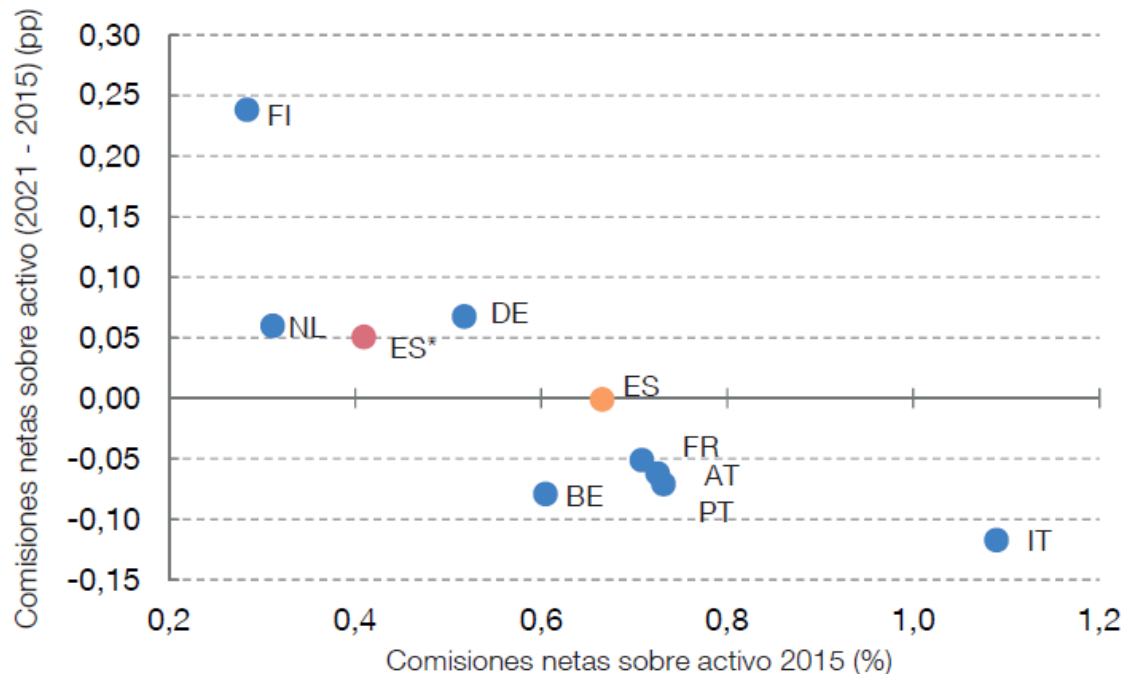
Chart 19. Distribution of gross fees by typology. Consolidated data for the eurozone and individual data for Spain. December 2021



Source: Financial Stability Report, BdE, April 2022.

Compared with eurozone banks, Spanish banks' fee income is lower, although it has shown an upward trend in recent years as part of a process of convergence with the rest of the eurozone.

Chart 20. Convergence of net fee income to assets ratio in the eurozone. December 2021



Source: Financial Stability Report, BdE, April 2022.

In terms of cost to the user, the wide variety of offers and commercial policies depending on the degree of loyalty means that customers incur different levels of fees.⁹⁹

The only direct charges borne by the user for the use of ATMs are their bank's fee for withdrawing cash at an ATM of their own bank (which, in practice, is not applied) and, in the case of using ATMs not belonging to their bank, the pass-on of the interchange fee charged by their entity.

However, there are other fees that can be indirectly linked to the use of ATMs, such as account maintenance fees or credit or debit card maintenance fees. The level of fees depends on the entity and the level of customer loyalty (there are many types of accounts, such as salary, pension, digital, youth, basic and others).

⁹⁹ You can find a fee comparison on the BdE website: https://app.bde.es/csfwciu/GestorDePeticones?IdOperacion=becsfwciu_LanzadorCompararEntidadesCCP&token=4f1da856-36ba-45e3-bc38-3d2232358ed3.

For example, an unlinked account can have a maintenance fee of between 45 and 240 euros per year. On the other hand, the annual maintenance fee for a salary or pension account can be between 0 and 240 euros, and the annual maintenance fee for a debit card can be between 0 and 65 euros (and 0 to 80 euros for credit cards).¹⁰⁰

With regard to fees for items indirectly related to cash withdrawals, it should be noted that both bank accounts and cards provide many services other than cash withdrawals, so that it would not be possible to allocate the entire fee paid by customers for these services to this particular service. In this regard, for example, the number of POS card purchases in Spain in 2021 was 6,101,341,000, about ten times more than the number of ATM cash withdrawal transactions, which reached 652,850,000 in Spain in 2021.¹⁰¹

The following section looks at the fees directly linked to ATM cash withdrawal transactions.

4.3.2. Fees for cash withdrawals at ATMs: current situation

The regulations do not prevent fees being charged to the entity's own customers, but, in practice, no issuer charges any fees when its own customers withdraw cash at ATMs in its network.

For cash withdrawals by third-party customers, acquirers set interchange fees to issuers as a fixed amount per withdrawal transaction, independent of the amount of cash withdrawn. This is despite the fact that the regulations do not prohibit the interchange fee being expressed as a percentage of the amount of cash withdrawn in the transaction.¹⁰²

At present, the institutions with the most extensive ATM networks in Spain (CAIXABANK, SANTANDER and BBVA) have no agreements with other issuing institutions concerning the charging of interchange fees, and apply the same amounts to all cash withdrawals by customers of other entities. Other operators

¹⁰⁰ [Estudio de comisiones Asociación de Usuarios Financieros](#), ASUFIN (2020).

¹⁰¹ Estadísticas sobre uso de tarjetas emitidas por cualquier entidad, BdE (2022).

¹⁰² The annexes included in BdE Circular 3/2016 of 21 March include the possibility of setting the interchange fee as a percentage of the cash withdrawal amount.

do have agreements with each other, both bilateral and multilateral (e.g., the EURO 6000 Agreement), as well as both reciprocal and non-reciprocal.¹⁰³

Where there is no agreement, the interchange fees charged by ATM acquirers vary substantially: the minimum interchange fee is 0.5 euros per transaction, whereas the maximum interchange fee is 3.95 euros per transaction; excluding the extremes, most interchange fees are between 1 and 2.95 euros. Another important aspect is that the "default" interchange fees do not vary according to the card issuer.

The entities with the largest network of ATMs have not reached agreements with the rest, and their interchange fees are **[CONFIDENTIAL]**.¹⁰⁴ This lack of agreements could be due to the fact that they have less incentive to provide access to their ATMs and to enter into agreements with third parties due to the size of their networks.

The range of interchange fees when banks have reached an agreement on interchange fees is narrower: They are usually between 0.5 and 0.95 euros per transaction, although there are certain cases that exceed this range. An example is the fee envisaged by the EURO 6000 network for entities with less infrastructure and geographical complementarity than comparable EURO 6000 member entities and/or Bankia/Sabadell, such as ING, which is set at 1.20 euros per transaction as a base amount.¹⁰⁵

Table 11 shows the interchange fees applied between ATM operators (rows) and issuing entities (columns).

¹⁰³ This is an agreement signed by the member entities of the Euro 6000 Network; this includes 17 operators, of which 15 are ATM acquiring operators.

¹⁰⁴ Information whose exact content is confidential is enclosed in square brackets.

¹⁰⁵ On top of this base fee, a system of volume discounts is applied, applicable from one million transactions on an annual basis, according to the following scale:

- Discount of €0.05/transaction for between 1,000,001 and 2,000,000 transactions.
- Discount of €0.10/transaction for between 2,000,001 and 3,000,000 transactions.
- Discount of €0.15/transaction for between 3,000,001 and 4,000,000 transactions.
- Discount of €0.20/transaction for more than 4,000,000 transactions.

Table 11. Interchange fees [CONFIDENTIAL]¹⁰⁶

4.3.3. Evolution of ATM cash withdrawal fees

Until 2015, interchange fees were set taking into account whether, (i) on the one hand, both the acquiring operator and the issuing entity belonged to the same ATM network (intra-system interchange fee) or whether, on the other hand, they belonged to different networks (inter-system interchange fee); and, (ii) on the other hand, under which payment scheme the card used for cash withdrawals had been issued. Thus, as can be seen in Table 12, in some cases the interchange fee consisted of a fixed amount per transaction and a percentage of the amount withdrawn¹⁰⁷.

Table 12. Interchange fees established prior to Royal Decree-Law 11/2015

	EURO 6000		4B		Servired	
	Visa	Mastercard	Visa	Mastercard	Visa	Mastercard
EURO 6000		0,45 €	0,75	0,50 + 0,12%	0,75	0,50 + 0,12%
4B	0,75 €	0,50 + 0,12%		0,60 €	0,75	0,50 + 0,12%
Servired	0,75	0,50 + 0,12%	0,75	0,50 + 0,12%		0,65 €

Source: CNMC report on ATM cash withdrawal fees (2016).

Chart 21 shows the trends in the interchange fees set by the main entities since the entry into force of Royal Decree-Law 11/2015. From this graph it can be deduced that, in general, they have been relatively stable. However, an upturn in the interchange fees of different acquirers can be seen since 2019, coinciding with a fall in the number of ATM cash withdrawals at the aggregate level.¹⁰⁸ In

¹⁰⁶ Information whose exact content is confidential is indicated in square brackets.

¹⁰⁷ Informe de la CNMC sobre las comisiones por la retirada de efectivo en los cajeros automáticos. CNMC. (2016).

¹⁰⁸ The number of ATM cash withdrawal transactions has decreased by approximately 25% since 2020 compared to previous years. Assuming that the percentage of transactions carried out by third-party customers -which we can estimate at around 12% in view of Table 8 of INF/DC/176/18 (CNMC)- remains constant, acquiring operators' revenue from interchange fees would also have fallen by around 25%.

real terms, this rise has been partially buffered by recent increases in the general price level.¹⁰⁹

Chart 21. Evolution of interchange fees since the entry into force of Royal Decree-Law 11/2015 [CONFIDENTIAL]¹¹⁰

Comparisons with the period prior to the 2015 regulatory change are challenging, particularly with regard to interchange fees, due to the major change in the organisation and functioning of ATM fees and commissions: prior to the 2015 regulatory change, the system had a different scheme, organised through networks and intra-system and inter-system interchange fees, with more prominent customer fees, as reflected in Tables 12 and 13.

In relation to the cost ultimately borne by consumers prior to the entry into force of Royal Decree-Law 11/2015, issuing entities were free to set their own fees, regardless of the cost they were assuming in terms of the interchange fee. This fee was normally set as a percentage of the amount withdrawn, with a minimum fixed amount. Therefore, as shown in Table 13:

- A customer withdrawing money from a third-party ATM in a different network paid a minimum amount of between 1.25 and 4 euros.
- A customer withdrawing money from a third-party ATM, but in the same network, paid a minimum amount of between 0.5 and 3 euros.

¹⁰⁹Based on the value of the [Consumer Price Index](#) published by the INE for December 2015, there has been an increase of 14.8% in the general price level as of March 2022.

¹¹⁰ Information whose exact content is confidential is enclosed in square brackets.

Table 13. Fees charged to clients prior to RD-I 11/2015.

EMISORA	MISMA RED	DISTINTA RED
CAIXA	1,5% mín. 1€	4,5% mín. 4€.
BBVA	1,2% mín. 1€	4% mín. 3,5€
SANTANDER	0/0,75% mín. 1,30 €	4,5% mín. 3,5 €
BANKIA	1,2% mín. 1,2€	4% mín. 4€
SABADELL	1,40 % mín. 1,20 €*	4,50 % mín. 4 €
POPULAR	1,2% mín. 0,90€	4,5% mín. 3,5€
BANKINTER	0/0,65€*	4 % mín. 3 €
ING	0	0€-05€-2€*
EVO	0/3% mín. 3€*	0/3% mín. 3€*
KUTXABANK	0,5*	3% mín. 2,10 €*
LIBERBANK/BCLM	1,2% mín. 1€	4% mín. 3,5€
IBERCAJA	0/0,65*	3% mín. 3€
UNICAJA-CAJA ESPAÑA DUERO	1,20% mín. 1,50€	4,00% mín. 3,50€
ABANCA	0/0,50€*	4% mín. 4€
BMN	1,20 % mín. 0,80 €	4,5% mín. 4 €
CECABANK	0	0/1,25€*
CAJASUR	0,5*	4% mín. 2,40 €
POLLENÇA	0	2% mín. 1,80€
ONTINYENT	0	3% mín. 3,00 €

* Con condiciones

Source: CNMC report on ATM cash withdrawal fees (2016).

Following the regulatory change introduced by Royal Decree-Law 11/2015, there was a change from a system of free fees to a passing-on of interchange fees. In other words, the issuing entity, at most, may charge its customer 100% of the interchange fee charged for withdrawing cash at the ATM of a third party operator.

Currently, entities have very extreme policies in terms of passing on the interchange fee to their customers. Some issuing entities pass on the entirety of the fees they incur for their customers' cash withdrawals at other entities' ATMs, while other issuing entities do not pass them on at all, at least not directly.

However, the partial passing on of fees is not common. Specifically, the typical customer pass-on policies implemented by banks are the following:

- Passing on 100% of the interchange fee without making any distinction between customers on the basis of their characteristics or level of relationship with the entity.
- Passing on of the interchange fee, or not, depending on the amount of the transaction or the type of account.
- No passing on of interchange fees up to a certain number of monthly transactions at third-party ATMs.
- No passing on of interchange fees where there are bilateral agreements with other entities. In some cases, this policy applies:
 - Depending on the amount of the transaction and the type of account to which the payment instrument is linked.
 - Depending on geographical criteria, for example, when the cash withdrawal is made at an ATM located in the Canary Islands.
 - Depending on whether or not there is a cash dispenser owned by the issuer of the payment instrument in the postcode area the cash withdrawal was made in.

4.4.Aspects that influence the installation of ATMs

This sub-section analyses the criteria that the operators consulted consider most relevant for the installation of ATMs, and which explain the configuration of the ATM offer. Firstly, the existing types of ATMs and the services provided are analysed. Secondly, we examine the reasons indicated by operators as being relevant to the installation of ATMs. Thirdly, the costs associated with the service of providing cash through ATMs are discussed.

4.4.1. Types of ATMs and Services Provided

ATMs allow certain transactions to be carried out automatically using a card (or savings book). To use an ATM, all you need is a credit or debit card (or, for certain transactions, a savings book), as well as a secret identification number, or PIN.

ATMs may be located inside or outside a bank branch, and in the latter case they may or may not be linked to a credit entity.

In addition to cash withdrawal transactions, ATMs can provide additional services to the entity's own customers, as well as offer a range of services to third-party customers.¹¹¹

These services include:

- Balance inquiries.
- Checking investment funds or pension plans.
- Consulting recent movements.
- Issuing of statements.
- Card PIN change.
- Card activation.
- Deposit operations (checks, documents, etc.).
- Transfers between accounts held by the same account holder.
- Chequebook requests.
- Savings book operations.
- Telephone recharging.
- Payment of bills, duties and regional taxes.
- Cash deposits.
- Ticket sales.

In addition to cash withdrawals, which all ATMs offer, the most frequently used operations include balance enquiries, deposits, checking the latest movements, changing the card's PIN number and the payment of bills. All these operations, except cash withdrawals and deposits, can also be carried out through other alternative channels, such as the websites of credit entities, mobile apps and/or the telephone service offered by credit entities to their customers.¹¹²

¹¹¹ Some ATMs allow cash withdrawal without a card or savings book (*instant money*) or send cash to a mobile phone (*halcash*).

¹¹² Responses to the information request sent by the CNMC to ATM operators.

4.4.2. *Reasons given for ATM installation*

According to the information supplied as part of the requests for information, operators take into account a number of different criteria when deciding on ATM installation.

Firstly, credit entities consider it important to ensure the availability of ATMs in all the offices or branches that make up their commercial network, irrespective of the socioeconomic variables or magnitudes of the municipalities in which they are located. In fact, historically, this seems to have been the main criterion for installation: to place an ATM where there was a branch, explaining why approximately 90% of credit entity ATMs are located in bank branches.

In the case of ATMs not associated with branches, operators take into account aspects linked to costs and the suitability of the area where the ATM is to be located, such as the cost of renting the location or the technical feasibility of installing an ATM, among other issues. Of the network of ATMs owned by issuing entities, only 10% are situated off-site. In addition, the installation decision is usually conditioned by a number of criteria or provisos, which are essentially indicators of the level of demand and competition anticipated for the new ATM. Among these criteria, the following stand out:

- i. Expected flow of people: this is the most widespread and important criterion for the installation of an ATM, since it is a predictor of its profitability.
- ii. Number of customers at the location: the type of customer and the operations to be carried out at the ATM are also taken into account.
- iii. ATMs belonging to the entity itself or other entities in the area: to avoid overlaps and cover places where there is no competition.
- iv. Visibility and ease of access to the ATM.

It follows that, in certain municipalities with smaller populations or areas with a reduced flow of people, operators do not foresee a sufficient level of demand, and revenues, to cover their costs. In these cases, therefore, there will be insufficient incentive for entities to install an ATM. In such locations, in the absence of explicit non-market incentives, ATMs would not be installed.

In short, the main reason for installing ATMs in Spain is that they are part of a bank branch. In the case of mobile ATMs, the operators primarily look at demand forecasts based on the flow of people and customers in the area, the visibility of the ATM and the level of competition. These variables allow them to estimate the revenue and cost levels and, on that basis, make a decision as to whether or not to install an ATM. Therefore, given their importance, in the following section we will analyse ATM-related costs.

4.4.3. *ATM costs*

The total annual cost of **installing and operating** an ATM depends on many factors.¹¹³ This makes it difficult to specify cost levels per ATM that apply to Spain as a whole, since many of these factors vary substantially depending on whether the ATM is located in a branch or off-site, the place where it is installed, the density of ATMs from the same network in the surrounding area and the services offered by the ATM, among other elements. Thus, in general terms, the main costs associated with an ATM, according to the information provided by the operators, are the following:

- The equipment (the ATM itself).

The cost of ATM equipment can vary considerably, usually ranging between 3,000 and 15,000 euros, depending on the type of ATM or the functionalities it includes.

- Rental and the fitting out of the space.

The rental cost of the space is another factor that varies considerably depending on the location, ranging from 3,000 to 10,000 euros per year. If it is within a bank branch, rental costs for the whole office may be much higher than above, although only part of this cost would be attributed to the activity of the ATM.

- Municipal fees and taxes for both installation and use of municipal spaces.

¹¹³ Source: responses from market operators to the CNMC's request for information on the costs associated with the installation and operation of ATMs, and reports such as CEPS (2018).

In Spain, municipal taxes for the occupation of public roads in the case of ATMs are very heterogeneous, varying from approximately 25 euros to almost 12,000 euros per year.

- Electricity supply.
- Telecommunications.
- Transport and cash loading.

The cost of transporting and loading cash into an ATM varies greatly from machine to machine, depending on the location and number of ATMs in the area that can be serviced together. In some cases, especially in ATMs not located in a branch, the annual cost of this service can be high, and may exceed 10,000 euros per year. The provision of cash at ATMs located in rural areas can be even more costly, due to the relatively higher cost of transport to these areas compared to urban locations.

- Maintenance and updating of the application or software.
- Security.

The cost associated with security is significantly higher for off-site ATMs than for ATMs located in bank branches. These costs can range from approximately 800 to 8,000 euros per year.

- Cleaning.
- Technical service (repairs and others arising from vandalism).

The cost varies according to the availability of service technicians in the area and the number of ATMs they can cover, this becoming more expensive for areas far from urban centres or which are difficult to access. There are also differences according to the levels of vandalism, which may vary according to the area and the specific location of the ATM.

In addition to these items, there is the part of the fixed costs attributable to personnel, structure (legal, operational, office) and applicable taxes.

Some of these costs are not dependent on the area in which the ATM is installed; in particular, the cost of the equipment (excluding transport and installation of the machinery), or the cost of utilities and telecommunications. Others may vary considerably depending on the area in which they are installed, for instance, the cost of space, and those requiring transport or personnel. In terms of **space**

rental costs, there is a large price difference between Autonomous Regions and the size of the municipality in terms of price per square metre of urban land (see Table 14). The prices per square metre are significantly lower in municipalities with less than 1,000 inhabitants than in larger municipalities.

Table 14. Average purchase price per square metre of urban land by municipality and population level, 2021

Euros por m ²	Menos de 1000 hab.	1000 - 5000 hab.	5000 -10.000 hab.	10.000 - 50.000 hab.	Más de 50.000 hab.
Andalucía	48,16	113,92	122,62	164,1	254,12
Aragón	72,94	83,03	111,21	99,23	191,05
Asturias, Principado de	105,56	65,29	86,88	118,73	120,19
Balears, Illes	.	195,53	224,54	299,56	466,84
Canarias	.	.	216,82	175,69	285,81
Cantabria	.	101,68	67,7	160,78	67,58
Castilla y León	42,13	64,2	67,94	86,63	168,12
Castilla-La Mancha	70,55	72,87	81,26	89,98	151,86
Cataluña	112,12	118,84	126,26	205,11	352,53
Comunitat Valenciana	76,63	120,63	157,47	181,57	222,48
Extremadura	42,06	85,55	69,2	132,28	236,96
Galicia	.	46,68	84,1	105,27	145
Madrid, Comunidad de	105,05	157,01	141,75	260,26	544,87
Murcia, Región de	.	.	66,94	157,41	113,94
Navarra, Comunidad Foral de	87,78	116,88	165,22	233,48	.
País Vasco	182,26	83,44	329,13	204,99	483,01
Rioja, La	50,73	131,37	135,55	.	150,66

Source: Ministry of Transport, Mobility and the Urban Agenda.

Another key aspect in determining the cost is the **type of ATM** that is installed: whether it is **located off-site or within a bank branch**. In general terms, ATMs located off-site (or outside a branch) have higher operating costs. This is due to the fact that ATMs located in bank branches share a significant part of their costs with the branch as a whole, e.g., security costs.

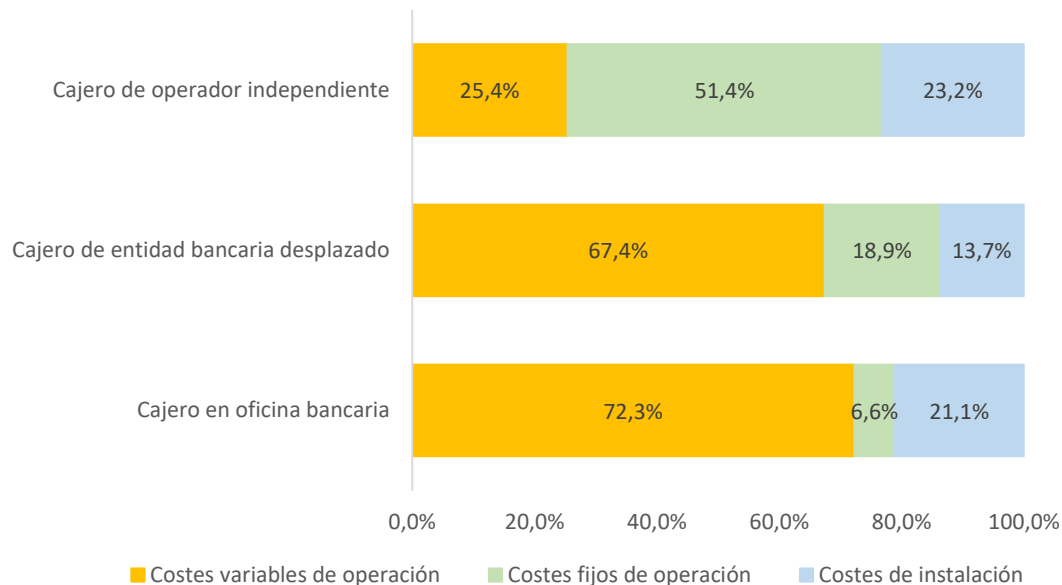
The total cost also varies according to the number of **services the ATM offers**. A greater number of services means a higher cost for the machine. Thus, an ATM that only offers a cash withdrawal service will have lower associated costs than an ATM that offers a range of services, for example: coin deposit and return, bank card or mobile phone top-up, savings book transactions, "contactless" operations, ticket collection for events, and so on.

From all of the above, it is clear that there are large differences in terms of costs between ATMs, whether due to the type of ATM, the services offered or the location of the ATMs. No single variable determines the cost of installing an ATM, but all of them must be taken into account to estimate the overall cost. Thus, although in locations with a lower price per square metre one might expect that it is cheaper to install an ATM, it should be borne in mind that such locations may have higher costs in terms of transport or security that significantly increase their total cost. Furthermore, the final cost will also depend on the type of ATM to be installed and whether it is an off-site or in-branch ATM.

In general, and on the basis of the above, the operators consulted by the CNMC consider that the average total annual cost of running an ATM, excluding the cost of the machine and installation, can vary between 9,000 and 19,000 euros/year per ATM, depending on numerous factors, such as the functionalities it incorporates, the type of ATM installed (in branch or off-site), and the location itself. During its first year of life, the cost of the ATM is higher if installation is included, ranging between 26,000 and 47,000 euros per ATM. In this case, the installation costs are variable, depending mainly on the location and the conditioning needed. In the event that the installation of the ATM requires special features or additional elements, such as the installation of a booth, access steps, adaptation works, and so forth, the costs will be higher.

According to a [study by CEPS \(2018\)](#), ATMs owned by issuing institutions have higher variable operating costs than those of independent operators. In this study, the cost of cash withdrawals by their own customers, who are not charged any fee for the use of the service, is imputed as variable operating costs for the issuing entities. In contrast, as they do not have their own customers, independent operators charge fees for all ATM transactions and do not take this into account. This difference explains the large divergence in Chart 22 between the weight of variable costs for ATM cash withdrawals for credit entities compared to independent operators. In the case of independent operators, approximately 75% of the estimated costs are fixed or installation costs.

Chart 22. Variable, fixed and installation costs by type of ATM



Source: *The Future of EU ATM Markets – Impacts of Digitalisation and pricing policies on business models*, CEPS (2018).

In addition to the actual costs of installation and operation, there are costs associated with the **removal of ATMs**. This issue is of interest because it affects an agent's decision as to whether to install an ATM. Thus, high exit costs act as a disincentive because of the risk of having to bear these should the activity prove unprofitable.

Some of the operators consulted put the average cost of closure in the range of 1,500 to 6,000 euros per ATM, although this may be higher depending on the location and complexity of the work of dismantling, transport, removal and adaptation of the area where the ATM was located. The costs of closing an ATM may also vary depending on where it was located (e.g., historical facades, physical barriers requiring cranes, etc.).

According to the operators consulted, the factors that would justify the closure of an ATM are the following:¹¹⁴

- The closure of the bank branch or establishment in which the ATM is installed. This is the most common reason for closing ATMs. This is due

¹¹⁴ Responses to the information request sent by the CNMC to ATM operators.

to the fact that most of them are located in branches, and the entities consider it an added service of the bank branch, rather than their core business. Therefore, in general, branch closures lead to the withdrawal of the ATM.

- The expiry of the agreement or lease agreement for the private/public space used.
- Few annual operations: ATMs need to do a certain number of transactions to be profitable. In this regard, the trend towards reduced numbers of transactions and an increase in the amount taken out in each cash withdrawal is relevant, because fewer transactions reduce the revenue and profitability of an ATM. Based on the average number of annual transactions per ATM (13,704 in 2021, or around 38 per ATM per day) and the information provided by operators at the request of the CNMC, it can be estimated that the general threshold for an ATM to be sustainable is around 10,000 transactions per year, or around 27 per day per ATM, although this figure may depend considerably on the ATM and type of customer (customers of the entity do not pay fees, at least not directly). If we take this figure as an order of magnitude above which maintaining an ATM could be sustainable -or not generate losses, and given the average of 13,704 transactions per ATM in 2021 and the high variability of demand, there are very possibly ATMs that are close to their minimum profitable operating level and, therefore, at risk of closing.
- The fact that there are potentially a large number of ATMs that have little or no profitability but which are nevertheless maintained by the issuing entities may be consistent with the fact that ATM cash withdrawals are an additional service provided by the issuing entities to their customers.
- Lack of security in the area where the ATM is installed (for example, due to a rise in the number of vandalism attacks).

In the case of off-site ATMs, the service they provide to their own and other customers in the area, the proximity of other ATMs or bank branches, and the need to technologically upgrade the equipment are factors that are also taken into account.

Finally, the **average costs per cash withdrawal transaction** depend both on the demand received by the ATM (the number of transactions) and the total costs incurred by the ATM. On the demand side, the existence of considerable diversity

in the demand for a cash dispenser depending on where it is located facilitates significant differences in average costs. On average, each ATM received 13,705 visits in 2021, reflecting a large drop in demand of 20-25% compared to the period 2002-2019, where it was relatively stable at around 16,000-18,000 transactions per ATM per year.

In terms of cost structure, costs are strongly influenced by economies of scale and scope. Economies of scale, which refer to the fall in average costs per transaction as the number of transactions increases, are linked to the significant weight of fixed costs in ATM activity. These fixed costs relating to the installation and operation of ATMs are not easily adaptable, so that operators need to achieve a certain volume of transactions, or minimum efficient scale, to bring their average cost per transaction at each ATM below the revenue generated per transaction and thus ensure that the ATM is not loss-making. In addition to economies of scale with respect to the individual use of each ATM, there are also economies of scale related to the extent and use of the network as a whole, as ATMs may share technical and general business staff, software or other aspects. Thus, an important consideration is the relationship between marginal costs per operation or transaction and the size of the ATM network. Based on this, one would expect the entity with the highest number of ATMs to have economies of scale and lower marginal costs per transaction compared to a credit institution with fewer ATMs.

Economies of scope come into play when an operator reduces unit or transaction costs by combining the production of certain goods and services. In this case, banks can achieve economies of scope by placing ATMs in bank branches, and by leveraging issues such as space, supplies or staff for the two activities. ATMs also allow banks to achieve significant economies of scope by automating teller transactions; these benefits are multiplied when banks enter into agreements for the use of their ATM networks, allowing users to perform transactions at ATMs other than those of their card issuer. The potential cost savings resulting from the 'shared' use of ATMs in the provision of banking services, rather than each bank having to deploy its own ATM network, are considerable.

Finally, the business model of ATM operators also determines the total costs for a particular operator associated with ATMs. There are issuing institutions whose business model is focused on online banking rather than on proximity services (either through bank branches or ATMs), while other issuing institutions have a more face-to-face business model with widespread deployment of ATMs. These latter, having a more extensive ATM network, bear higher total costs for the

provision of the ATM cash withdrawal service to their own (and third-party) customers. Bearing this in mind, it is difficult to compare costs between issuing institutions, given that the different business models they adopt give rise to different cost structures.

During the preparation of this study, ATM operators were asked to provide information on the average costs associated with the ATM cash withdrawal service. The analysis of the data provided has yielded a series of conclusions:

- The average total costs per cash withdrawal transaction of operators in this market, both issuers and independent operators, vary considerably. The range of average total cost per operation is approximately between 0.50 and 3.5 euros. These figures, reported by the operators, are consistent with the approximations made by the CNMC.¹¹⁵ The wide range is due, firstly, to the significant differences in ATM costs, depending on numerous factors such as, among other things, the type of machine, whether or not it is an off-site ATM, its location, security, transport and maintenance. Second, there are also big differences in the demand for cash withdrawal operations received by ATMs. Although the average annual number of cash withdrawal operations per ATM is 13,704, those ATMs located in locations with low customer turnover or with a small number of inhabitants will have significantly fewer operations per year.¹¹⁶ The average cost of these ATMs with fewer transactions will be higher than the average cost of an ATM with a high number of transactions per year. All this gives rise to a wide range of average costs per transaction and ATM.

In addition, in recent years the amount of cash withdrawn per transaction has increased from 115-130 euros to 170 euros. This change in habits, together with the promotion of alternative means of payment to cash, has had a significant effect on the number of annual cash withdrawal

¹¹⁵ A relatively low ATM operating cost, of 9,000 euros per year without including installation, and a relatively high demand, of 50 transactions per day or 18,000 transactions per year (see Chart 5) would result in an average cost per transaction of 0.50 euros. At the other extreme, a relatively high operating ATM cost of 19,000 euros per year without counting installation, and a relatively low demand of 5,000 transactions per year (about 14 per day) would result in a somewhat higher average cost per transaction, of 3.50 euros. These figures are approximations made by the CNMC based on data made available from the BdE and the operators.

¹¹⁶ Payment Systems Department – Payment Oversight and Supervision Division - BdE, data as of December 2021.

operations through ATMs. Thus, although in 2018, 934 million cash withdrawal operations were carried out, in 2021, there were only 652 million.¹¹⁷ This trend has led to an increase in the average cost per ATM cash withdrawal transaction and, should this trend be consolidated, it would further increase these costs.

- In general terms, and in view of the data analysed, operators with a larger ATM network tend to have lower average total costs per cash withdrawal transaction, but this is not always the case. In fact, it has not actually been possible to document a relationship between average costs per cash withdrawal transaction and the size of the ATM network. In other words, not all institutions with a larger number of ATMs have lower average costs per transaction compared with an operator with a smaller number of ATMs, and vice versa. Furthermore, operators with a more extensive ATM network incur higher total costs for the provision of ATM cash withdrawal services to their own customers and, by extension, to third-party customers.
- Average costs per operation also vary considerably depending on the type of transaction, being lower for transactions for the entity's own customers and higher for cash withdrawals by third-party customers.
- At the provincial level, there is a great deal of variability in average cost per transaction and operator, in other words, a single operator may face very different average costs per cash withdrawal transaction depending on the province in which the ATM is located.
- In general, the average cost per off-site ATM cash withdrawal transaction is higher than the average cost for ATMs installed in bank branches.

There are also differences in average costs per transaction between geographical areas. These differences could be due to the different municipal taxes, or the costs associated with the locations where the ATMs are installed (either because of more expensive rental or the higher cost of transporting and reloading cash, or security).

In light of the above analysis, it can be concluded that there is a major difference in total and average costs per transaction between one ATM and another,

¹¹⁷ Payment Systems Department – Payment Oversight and Supervision Division - BdE, data as of December 2021.

whether due to the level of demand, the type of ATM, the services offered, the location, or the operating and maintenance costs, among other factors. No single one of these variables determines the total or average ATM transaction cost, and all of them must be taken into account. Moreover, the fall in demand, which is reflected in an average number of transactions per ATM (some 20-25% lower in 2021 than the 2002-2019 average), and the fact that a large part of the costs are fixed, means that the average costs per transaction have risen in recent years.

In this respect, there are a large number of ATMs that are potentially unprofitable (or only marginally so) due to the volume of demand they receive and the costs they incur. Despite this, these ATMs have been maintained by operators in the sector, in part because many of them are within a bank branch. It is also worth noting the reduction in cash withdrawals over the last few years. If this trend becomes consolidated, there could be an even larger number of ATMs with high average costs and negative profitability.

4.5. Alternative systems to ATMs for cash withdrawal

4.5.1. Mobile offices (“ofibuses”)

In rural areas, there are alternatives to traditional ATMs or over-the-counter cash withdrawals, such as mobile offices (known as “*ofibuses*”) that regularly travel to certain localities. This type of mobile branch can also provide banking and financial services similar to those offered in traditional banks or outlets.

Of all the financial institutions surveyed by the CNMC during the study, only one of them provided financial services through mobile offices. According to the operator, in order to reach as many people as possible and combat financial exclusion, mobile branches currently provide basic banking services to both customers and non-customers. However, the regulation does not prevent other services from being offered, such as the sale of products, among others, through these offices.

The services that this entity offers through its “*ofibuses*” are the following:

- Cash deposits.
- Cash withdrawals.
- Payment of taxes, (taxes, duties, fees, etc.).
- Cheque deposits/clearing.

- Cheque payment.
- Payment of bills issued by private companies (electricity, telephone, gas, water, etc.).
- Updating of savings books.
- Issuing of bank statements.
- Money exchange for businesses.
- Lottery prize payments.
- Referral of customers' financial needs to their head office.

The remainder of the surveyed entities do not provide this service and, for the most part, have indicated that they are not interested in providing it.

4.5.2. *Cashback and cash-in-shop*

These initiatives have emerged in many European countries as a reaction to the declining number of ATMs and the general reduction in the use of cash. Some experts believe that both *cashback* and *cash-in-shop* can improve the functioning of the cash cycle and be a good alternative to the decreasing number of ATMs and bank branches available.¹¹⁸

Cashback is a POS terminal transaction in which the cardholder asks the retailer to add an amount to the total amount of the purchase paid by card or other means of payment in order to receive that amount in cash along with the purchase.¹¹⁹ In this way, in a single transaction, the card is charged for the purchase made and the amount of cash requested. According to Posada Restrepo (2021), *cashback* is established as an alternative source of access to cash and as a complementary channel to existing channels.

Cash-in-shop is a cash withdrawal or cash depositing service offered by a retailer, on behalf of a payment service provider, without being linked to the purchase of goods or services, and settled through the customer's account.¹²⁰ Thus, the main

¹¹⁸ Euro Retail Payments Board (ERPB) - Report of the ERPB Working Group on Access and Acceptance of Cash ERPB WG CASH 068-2021.

¹¹⁹ [Payments and markets glossary. European Central Bank.](#)

¹²⁰ Euro Retail Payments Board (ERPB) - Report of the ERPB Working Group on Access and Acceptance of Cash. WG CASH 068-2021.

difference between *cashback* and *cash-in-shop*, from the user's point of view, is that, in the case of *cashback*, the cash withdrawal service is linked to an in-store purchase, whereas *cash-in-shop* is offered without any link to a purchase at the retailer offering this service.

The main advantage of these solutions is that they increase access to cash. Hence, they potentially add an extensive network of cash access points in locations where there is already commercial activity.

From the point of view of the retailer offering these services, the key difference lies in the linkage to the purchase. While *cashback* is connected to an in-store sale, *cash-in-shop* can lead to increased footfall or traffic. In both cases, retailers can also obtain direct benefits from cash withdrawal transactions through fees to customers or remuneration from the POS issuers or acquirers, as explained in more detail below.

In addition to the retailers, the offer of these services also involves the issuers of payment tools: credit institutions, *fintech* operators or payment service providers. The main reasons why these operators declare an interest in *cashback* and *cash-in-shop* services are presented in the following table:

Table 15. Reasons why operators offer cashback and cash-in-shop services

	Competencia entre minoristas	Atraer nuevos clientes	Puntos de retirada de efectivo adicionales	Acortar el ciclo de efectivo*	Reducción de riesgos relacionados con el almacenamiento de efectivo	Remuneración por provisión de efectivo a minorista
Entidades de Crédito		X	X	X	X	X
Operadores Fintech	X	X	X	X	X	X
Proveedor de servicios de pago		X	X	X	X	X

* To reduce the cash cycle with fewer cash transports needed at the end of the day.

Source: Euro Retail Payments Board (ERPB) - Report of the ERPB Working Group on Access to and Acceptance of Cash.

Fees for cashback and cash-in-shop services

In most European countries, the *cashback* service fee is comparable to the fees a retailer must pay for a card transaction. This fee may be a percentage of the transaction volume, an absolute flat fee per transaction, or a combination of the two.

In many cases, issuers do not differentiate between the purchase amount and the amount of cash withdrawn via *cashback*, with the retailer having to pay the card transaction fee on the total transaction (purchase amount plus the amount of cash withdrawn via *cashback*). If calculated as a percentage of the transaction, this could increase the total cost to the retailer of the transaction.¹²¹

In the case of the *cash-in-shop* service, the fee for the service would be the equivalent of a cash withdrawal at an ATM or a bank branch.

In terms of the remuneration received by the retailer for the provision of the *cash-in-shop* service, there is no standard practice at European level.¹²² In some countries, the service is free of charge for end-users, while in others the consumer pays a fee directly to the retailer. There are also countries where the consumer pays the issuing bank directly and/or the retailer is remunerated by the acquiring bank.

There are also *cash-in-shop* systems that operate without cards (e.g., via direct debit, cheques, *money wallet*, mobile apps, etc.). Currently, these only have a small market share. In such schemes, retailers and payment service providers receive a transaction fee from the customer's bank.

Use of cashback and cash-in-shop services in Europe and Spain

¹²¹ Euro Retail Payments Board (ERPB) - Report of the ERPB Working Group on Access and Acceptance of Cash, 25 November, 2021.

¹²² Euro Retail Payments Board (ERPB) - Report of the ERPB Working Group on Access and Acceptance of Cash. WG CASH 068-2021.

There is limited data on the use of *cashback* and *cash-in-shop* services in the eurozone.¹²³ It is estimated that *cashback* services account for between 1% and 3% of POS transactions, while the use of *cash-in-shop* services is lower.¹²⁴

The countries where *cashback* or *cash-in-shop* services are most widespread are the following:¹²⁵

- i. Italy, where its use is limited.
- ii. The United Kingdom, where *cash-in-shop* legislation came into force on June 29, 2021.
- iii. Ireland, where *cashback* is more widespread (7% of cash withdrawals are made through this service). For the user, the cost of withdrawing cash through *cashback* is lower than that linked to withdrawals at ATMs or over-the-counter at some banks.¹²⁶ In other banks, this service is free of charge.¹²⁷
- iv. Belgium, where the use of *cashback* is more prevalent in supermarkets and service stations and accounts for 6% of total cash withdrawals. In Belgium, not all issuers differentiate between the purchase amount and the amount of cash withdrawn via *cashback*. This situation has not

¹²³ According to credit entities, quantifying the cash offered through these services is virtually impossible, although some countries have data confirming that their volume is generally less than 2% compared to total ATM cash withdrawals. The *cashback service* figures are, in particular, rough estimates because the data is not collected systematically and, according to the credit entities, it is not always possible for retailers to automatically distinguish between a purchase and the amount of cash withdrawn. Acquirers generally cannot distinguish between the two amounts. According to most payment system providers, it might be technically possible to automatically distinguish between a purchase and the amount withdrawn through the *cashback* service, but there would have to be additional investment by all stakeholders to make this possible. Euro Retail Payments Board (ERPB) - Report of the ERPB Working Group on Access and Acceptance of Cash, 25 November, 2021.

¹²⁴ Euro Retail Payments Board (ERPB) - Report of the ERPB Working Group on Access and Acceptance of Cash, 25 November, 2021.

¹²⁵ [Study on the payment attitudes of consumers in the eurozone \(SPACE\)](#), ECB, 2020; [The Future of EU ATM markets - Impact of Digitalisation and Pricing Policies on Business Models](#), CEPS, 2018 ; Euro Retail Payments Board (ERPB) - Report of the ERPB Working Group on Access and Acceptance of Cash. WG CASH 068-2021.

¹²⁶ [A Guide to fees and charges for personal accounts](#). AIB, 2022.

¹²⁷ [Bank of Ireland](#).

prevented the development of the *cashback* service, since the fee paid by the retailer per card transaction is fixed.¹²⁸

- v. Finland, where *cashback* also accounts for 6% of total cash withdrawals.
- vi. Germany, where the *cashback* service has been introduced, as well as cash withdrawal and deposit services through *viacash* and *sonect Home*. As in Belgium, it is more widely used in service stations and supermarkets.
- vii. France, through an app project that allows customers to withdraw cash in a store without any linked purchase of goods or services.
- viii. Norway has collectively established a new *cashback* solution at food retailers for cash withdrawals and deposits. The service is available at merchants linked to *NorgesGruppen* and requires the use of cards and PIN codes.¹²⁹

Cashback services have also been introduced in other countries, including Lithuania, Slovenia, Latvia, Estonia, Malta, the Netherlands, Austria, Luxembourg, Portugal and Greece.

In Spain, [ING](#) offers a *cashback* service through an application called Twyp.¹³⁰ This app allows any user, whether an ING customer or a customer of another credit entity, to withdraw cash free of charge at more than 4,000 partner retailers.¹³¹ The Twyp app allows cash withdrawals of between 20 and 150 euros. The service is free of charge for the app user, but the partner retailer receives a fixed fee for each cash withdrawal transaction made through the *cashback* service. Currently, the Twyp app's network of partner businesses is made up of DIA Group stores (DIA stores, La Plaza de DIA supermarkets and Clarel) and

¹²⁸ Euro Retail Payments Board (ERPB) - Report of the ERPB Working Group on Access and Acceptance of Cash, 25 November, 2021

¹²⁹ Retail payment services 2020, Norges Bank (2021).

¹³⁰ Another novel alternative for accessing cash, which has only recently been implemented in Spain, is *Viacash*. This is a Fintech service that allows cash withdrawals and deposits at retail outlets through the mobile applications of the credit entities themselves. It also offers its services by telephone, which may be of interest to customers with poorer digital skills. This service was recently introduced in Spain through the N26 bank.

Galp and Shell gas stations, including DISA in the Canary Islands. A number of tobacconists have also joined this network.¹³²

The Caja de Ingenieros has also recently introduced a *cashback* service. This is an agreement signed with the Bon Preu supermarket, whereby members of Caja de Ingenieros are able to obtain between 50 and 150 euros in cash at the 190 establishments in the Bon Preu chain, when they make a purchase of more than 15 euros.¹³³

4.6. Measures to facilitate cash access

4.6.1. Public support measures

Directive 2014/92/EU establishes, in addition to the general right of access to a basic payment account for everyone, the power of Member States to require credit entities to apply more advantageous conditions for vulnerable consumers.¹³⁴ Among these basic services are those that allow withdrawals, either over-the-counter or at ATMs during non-bank opening hours, of cash from accounts within the EU. It should be noted that access to basic banking services is a necessary condition for participating in economic and social life, and their absence constitutes a major obstacle that limits people's economic autonomy and conditions their material well-being.

In this context, Spain has adopted a series of public support measures to combat banking exclusion in relation to cash withdrawal services, aimed at tackling banking exclusion in rural areas and providing access to this service to particularly vulnerable populations. In particular, through public procurement

¹³² Source: ING corporate website (<https://www.ing.es/sobre-ing/sala-prensa/prensa-17-twyp4000comercios>).

¹³³ Source: corporate website of the Caja de Ingenieros (<https://www.caixaenginyers.com/es/-/acord-amb-grup-bon-preu>).

¹³⁴ The Directive establishes which services are included in the basic payment account and leaves it to the Member States to determine the fees associated with the provision of these services. The incorporation of this Directive into Spanish law began with Royal Decree-Law 19/2017, which includes, among the services associated with basic payment accounts, the withdrawal of cash at the entity's branches or ATMs. Although the aforementioned Royal Decree-Law provides for the provision of these services by credit entities, the regulations recognise the desirability of extending the obligation to provide this service to payment service providers other than credit entities, provided that they can supply the payment services required by the Directive.

mechanisms or public aid, it has been ensured that ATMs will be installed in municipalities in rural areas that do not have them¹³⁵.

With the aim of encouraging the installation of ATMs in these municipalities, these public measures include subsidies and aid for the installation and maintenance of ATMs, so that the operator or banking entity incurs lower operating costs.

This subsection sets out the main aspects of the public support measures identified and analysed as a result of this study, which include the granting of aid in Cantabria, Galicia and the Valencian Community, as well as public procurement in Badajoz and Valladolid. These measures have been identified on the basis of public information and data reported by operators at the request of the CNMC.

State aid

In Spain, several autonomous communities and municipalities have awarded state aid for the installation, maintenance and operation of ATMs in municipalities that lack cash access services, as this is considered to be of general economic interest. According to these schemes, access to basic banking services is a necessary condition for participation in economic and social life.

In general, the regulatory conditions for this type of aid have been established on a competitive basis, usually involving a single awardee and a duration of 5 years. Some of the terms and conditions included the following requirements and evaluation criteria:

- i. Technical solvency through prior experience (minimum of four years of experience in this type of activity) or size of the network (at least 500 ATMs installed in Spain).
- ii. Be a credit entity authorised by the BdE or have authorisation from the BdE for the installation, management and operation of ATMs.

¹³⁵ In preparing this study, the procurement and public aid procedures for the installation of ATMs launched by the autonomous communities of Valencia, Cantabria and Galicia, as well as by the provincial councils of Badajoz and Valladolid, were analysed. These procedures were aimed at combating banking exclusion in those municipalities that did not have access to ATM cash withdrawal services.

- iii. Minimum requirements for ATMs, in terms of the services available: payment of bills and taxes, balance enquiries, PIN changes, mobile phone charges and transfers.
- iv. Offer a training and financial assistance service (online or, in some cases, face-to-face) that provides personalised attention to the general public with regard to financial advice.
- v. Enable interoperability between all credit entities operating in Spain and with all types of debit or credit cards (including VISA, Mastercard, American Express, etc.).
- vi. Favour those institutions that offer the elimination of fees.

Public procurement

Several autonomous communities and municipalities have carried out procedures, through public tenders or agreements and Framework Agreements with ATM operators, for the implementation of ATMs in the most depopulated municipalities in their regions.

According to most of the tender specifications analysed, the purpose of the public procurement is to establish the minimum characteristics for the provision of banking services through ATMs and, specifically, the installation and maintenance of ATMs in municipal buildings in order to prevent financial exclusion, as well as to promote the social and economic development of the localities concerned and reduce the depopulation suffered in certain municipalities.

In general, although the tender specifications provide for an open procedure, they usually include a single successful bidder, which in some cases must be a credit entity. Furthermore, the tender documents tend to include a number of technical criteria, including that the ATM should be equipped with:

- i. The option to pay bills, taxes and duties in cash or by bank card for the entity's own customers and not those of third parties.
- ii. Coin dispenser.
- iii. Card activation.
- iv. Depositing of money.

- v. Balance inquiries.
- vi. Carrying out transfers.
- vii. Acceptance of own or third-party bank cards, both credit and debit cards for the entity's own and third-party customers.
- viii. Possibility of mobile top ups.
- ix. Savings book reader.
- x. Wheelchair access, voice-guided system, Braille or sign language assistance.

In addition, some specifications require a series of ATM functionalities: (1) the ATMs must operate 24 hours a day all year round; (2) they must be replaced in the event of a permanent fault; and (3) the service may not be interrupted for more than two working days, except in the event of vandalism, which must be rectified within 15 working days. In addition, sometimes the provision of a service other than the installation of ATMs has also been included: the provision of a financial advice or training service for residents of the municipalities where the ATMs are to be installed.

In the case of the specifications and terms and conditions analysed, the amount of subsidy or aid offered to ATM operators by either the Autonomous Communities or the municipalities is similar. Specifically, the amount of the subsidy ranges from 12,000 to 16,000 euros per ATM installed per year.¹³⁶ Some municipalities, in addition to this annual amount, cover the costs of connection to the electricity, data and telephone networks, as well as the cleaning and rental of the ATM site. One of the specifications documents also proposes covering the full cost of the ATM installation, as well as 100% of the monthly maintenance costs for the duration of the agreement. Finally, the specifications stipulate a varying contract duration, ranging from one year, with the possibility of extensions of up to a maximum of 4 years, up to a duration of 4 or 5 years.

¹³⁶ The level of subsidies and grants (from 12,000 to 16,000 euros per ATM per year) is roughly in line with the average annual costs of ATMs that operators submitted to the CNMC as part of this study in response to the information request. In other words, it would seem that, in order to encourage operators to install ATMs in unpopulated or rural municipalities, it would be necessary to cover almost all of the annual costs.

Financial education

Measures to promote financial education can help facilitate the financial inclusion of people with less financial or digital skills. In this vein, in January 2022, the Ministry of Economic Affairs and Digital Transformation renewed its participation in the Financial Education Plan by signing a collaboration agreement with the Bank of Spain and the CNMV to promote financial education in the period 2022-2025.

The plan indicates that specific actions will be promoted for vulnerable groups with the aim of fostering financial inclusion and preventing financial fraud. Specifically, aspects such as gender gaps, support for low-income groups, the disabled, immigrants and the elderly, as well as all groups who, for various social reasons, may find themselves in a vulnerable situation with regard to the ability to manage their personal finances, will be targeted.

4.6.2. Private support measures

Strategic Protocol between AEB and CECA

In 2021, the Spanish Banking Association (AEB) and the Spanish Confederation of Savings Banks (CECA) adopted a [Strategic Protocol](#) to strengthen the social and sustainable commitment of Spanish banks, which includes a series of measures specifically aimed at fostering financial inclusion. Subsequently, the National Union of Credit Unions (UNACC) also joined this initiative.

The measures highlight a proposal to contribute proactively to accelerating progress towards an inclusive economy, especially in rural areas or for groups at risk of exclusion:

- Promoting service modalities that serve rural communities, especially with regard to the provision of basic financial services. The various alternatives include *cash-in-shop* systems, *ofibuses*, multi-channel services (telephone or digital), which are necessary to ensure the digitalisation of older people in rural areas, etc.
- Promoting financial services for everyone, making them more accessible, especially taking into consideration the needs of people with disabilities and the elderly, together with other groups at risk of exclusion.

- Developing training plans for customers at risk of financial exclusion, which facilitate and encourage the use of electronic banking solutions.
- Supporting public administrations regarding the adoption of measures to simplify operations that the public must perform through them, for example, the payment of taxes.
- Supporting the roll-out of high-capacity data networks in rural areas, which will increase the efficiency of remote banking channels.

Likewise, in February 2022, with the aim of helping to accelerate progress towards an inclusive economy and not neglecting any groups, the banking associations AEB, CECA and UNACC agreed on a [Ten-step Plan](#) of measures to make progress in terms of personalised attention for the provision of financial services to the elderly and people with disabilities, who require special assistance, which includes the following measures:

1. Extending the timetable for face-to-face customer service to cover at least from 9.00 am to 2.00 pm for cashier services. This service is to be provided either over-the-counter or at an ATM.
2. Preferential treatment for older people in branch offices, with priority in cases of heavy traffic in branches.
3. Mandatory training for commercial network staff on the specific needs of this group.
4. Preferential telephone attention at no additional or direct cost, through a personal contact.
5. Telephone service hours at least between 9.00 am and 6.00 pm for customers to whom services are provided without an office.
6. Guarantee of adaptability, accessibility and simplicity of the channels according to their use, with simplified language and view versions available for these customers.
7. Repair of out-of-service ATMs to ensure the provision of cash within a maximum of 2 working days and information on the nearest alternative ATM.
8. Customers to be offered financial and digital education and fraud prevention measures through the most appropriate channel.

9. Institutions will notify elderly customers of the measures they adopt and inform them of the improvements made available to them.
10. The purpose of the Financial Inclusion Observatory to be expanded to adequately monitor the measures adopted by institutions for the personalised provision of financial services.

Initiatives by Correos

In relation to initiatives taken by the public business sector to contribute to the fight against financial exclusion, the Sociedad Anónima Estatal Correos y Telégrafos, S.A., S.M.E. (Correos) has launched a number of noteworthy schemes.

On the one hand, Correos has signed a contract with BANCO SANTANDER to provide the *Correos Cash* service, which allows customers of this financial entity to:¹³⁷

- Make cash debit withdrawals from an account held with this entity at Correos branches for amounts between 10 and 2,500 euros.
- Deposit between 10 and 2,500 euros in cash into an account at this entity from a Correos branch.
- Receive cash at any address in Spain from a postal worker, for a customer or for a third party who is a customer of the bank, for an amount of between 10 and 500 euros.

Given the capillarity of the Correos branch network, this initiative will facilitate access to cash for Santander customers in areas with a lower density of ATMs.

¹³⁷ See information on *Correos Cash* on the [Santander Bank website](#). The entity offers two fee-free transactions per customer per month, between withdrawals and cash deposits at branches, as long as these operations are carried out at a Correos office located in a municipality where the bank does not have its own branch or there is a collaborating agent. The provision of *Correos Cash* services when carried out at Correos offices where the bank has a branch or a collaborating agent, or once the monthly minimum of two transactions in towns where Banco Santander is not present has been exceeded, are subject to the following fee:

- Withdrawal of cash at Correos offices: €1.30.
- Cash deposits at Correos offices: €1.80.

The possible extension of this initiative to customers of other issuing entities should be considered.

On the other hand, in September 2021, Correos announced that it would install a total of 1,500 ATMs throughout its branch network, of which 300 would be installed in towns with between 500 and 3,000 inhabitants in rural areas that do not have a bank branch or that will shortly be without one.¹³⁸ This initiative, especially with regard to the installation of the 300 ATMs in rural and sparsely populated areas, softens the impact resulting from the closure of branches and ATMs in recent years. Although the reach of Correos is limited in municipalities with smaller populations (only 13 of the 4,504 municipalities without ATMs at the end of 2020 had a post office in their municipalities), the positive effect of installing ATMs in the coming years could increase if the resource rationalisation trend continues in the banking sector.¹³⁹

Moreover, installing an ATM in the existing Correos branches in those municipalities where the number of ATMs is relatively low may generate a pro-competitive effect, especially when the acquiring operator of the new ATM installed in the post office is different from the ATMs previously installed.¹⁴⁰

¹³⁸ See press release [here](#).

¹³⁹ Internal data from the CNMC on the Correos network by localities in Spain and Andorra.

¹⁴⁰ Of the 964 municipalities that at the end of 2020 had only 1 ATM in their municipal area and of the 683 municipalities that had 2 ATMs, 5% and 14.9% had one -and only one- Correos office, respectively.

5. ANALYSIS OF POSSIBLE MEASURES TO ADDRESS FINANCIAL EXCLUSION

This section examines measures to promote greater access to cash and financial inclusion for the most vulnerable customers. It analyses the benefits and risks of these measures. Firstly, regulation of interbank fee levels and their pass-on to customers is examined. Secondly, it reviews the revision of the regulation applicable to the alternative systems for cash availability presented in the previous section. Thirdly, public support measures are explored. Finally, the development of financial education programmes is considered.

5.1. Regulation of ATM cash withdrawal fees

Cash access and withdrawal fees may, at least hypothetically, pose a problem for the public's access to cash. On the other hand, if a bank faces little competition, it may have incentives to raise its cash withdrawal fees, and fee regulation could be seen as an appropriate regulatory response.

Currently, ATM acquirers do not charge their own customers when they withdraw cash at their ATMs.

In contrast, when a customer withdraws cash at an ATM that does not belong to their card issuer, the regulation prohibits the ATM acquirer from charging a direct fee to the end customer. Instead, two types of fees are allowed: the *interchange fee* (amount charged by the ATM acquirer to the customer's card issuer when withdrawing money); and the *pass-on of the interchange fee* by the issuer to the customer (which, in accordance with current Spanish regulations, cannot be higher than the interchange fee borne by the ATM acquirer).

In these operations, it is compulsory to inform the customer and obtain their prior consent regarding the cost that they will have to assume as a pass-on of the interchange fee for the withdrawal of cash.

Whether or not the interchange fee is passed on to the entity's own customers - which by regulation may not exceed the amount of the interchange fee- depends on the commercial policy of the issuing entities and varies greatly from one to another.

Generally speaking, issuing institutions that have a small network of their own ATMs and that are not concentrated in the area where their customers reside

tend, to a greater extent, not to pass on the interchange fee charged by the acquiring institution.

It is therefore possible to analyse the effects of setting a maximum level on these two fees.

a) Regulation of pass-on to end customers

The cost borne by the consumer when withdrawing cash at a third-party ATM is limited to the interchange fee incurred by the issuing entity. If issuing entities were prevented from recovering 100% of the interchange fee, this would reduce the cost to a customer who withdraws cash at another bank's ATM (if their bank had previously passed on this fee), but at the cost of forcing their issuing entity to bear a cost each time their customer withdraws cash at another bank's ATM. This could have a perverse effect on market dynamics and competition.

Firstly, there would be incentives for all operators to raise interchange fees, since customers would not make the decision to withdraw cash at one ATM or another on the basis of the cost of the withdrawal. This could also lead to an increase in cash withdrawal operations at third-party ATMs.

Secondly, smaller institutions, with a less extensive or less well distributed branch network in relation to their customers, would probably be more adversely affected in their profit and loss accounts (as their customers would be more likely to use third-party ATMs). This could encourage strategies by these banks to reduce the use of third-party ATMs by their customers (installing more ATMs, entering into agreements with other banks to reduce interchange fees, or reducing customer acquisition in areas not covered by their ATM network, among other things), but it is not clear that these strategies would have a positive effect on the availability of ATMs in the most excluded areas. Moreover, it could have a negative impact on competition.

b) Regulation of interchange fees between banks

It is clear that, at least in the short term, setting a maximum interchange fee amount may benefit both customers when withdrawing cash at third party ATMs and their card issuers, as long as the maximum amount is below the current level of interchange fees. If the amount were not a maximum, but a fixed rate, there

would be a greater risk that it could have a detrimental effect on some issuers and customers by potentially raising the interchange fees some entities charge.

However, against the potential immediate benefits of regulating a maximum level of interchange fee, the potential costs and difficulties of such a measure should be highlighted:

- In the first place, it could act as a disincentive to install ATMs, since the main benefits of installing an ATM include a fee for their use (which would be limited) and the availability of proprietary ATMs as a means of attracting customers. Making it less attractive to have an ATM of one's own (because a customer can withdraw cash at a third-party ATM at a regulated cost) may discourage the installation of ATMs, so regulation could have the opposite effect and not stimulate the availability of cash withdrawal services in rural areas.
- Secondly, regulation in this sense could result in the regulated maximum level acting as a benchmark or focal point, encouraging an implicit coordination of interchange fees around that maximum level (with a rise in interchange fees for those institutions that, prior to regulation, were applying lower rates).
- Thirdly, determining the optimal price level is not without difficulties. The interchange fees currently charged by banks differ considerably, with a minimum of 0.5 euros and a maximum of 3.95 euros per transaction, a wide range that makes it difficult to establish a concrete benchmark. Additionally, a large variability in the cost structure has been found depending on various factors such as demand, location or type of ATM. As the majority of ATM costs are fixed, it is difficult to ensure that price regulation will ensure that the average costs per transaction are covered, as these also depend on the volume of demand received by each ATM, which is also variable.¹⁴¹ Finally, the evolution of both demand and costs would require regular monitoring and adjustment of regulated prices to ensure that they remain at an appropriate level.

¹⁴¹ It should be noted that the level of demand is also influenced by prices and regulation. Thus, setting interchange fees as a fixed amount, independent of the amount of cash withdrawal, could be an explanatory factor, together with the reduction in the number of ATMs, for the increase in the average amount of cash withdrawn per transaction shown in Chart 5. This is because, in relative terms, a fixed withdrawal cost is diluted as the amount withdrawn increases. This translates into lower profitability for the ATM acquirer insofar as this pattern of behaviour causes a reduction in the number of operations and, therefore, in income.

If such a measure were to be applied, it would be essential, in accordance with the principles of good economic regulation, to correctly identify the benefits that the specific measure would produce from the point of view of the general interest and the costs it would generate, as well as to compare the measure with other possible forms of intervention in order to determine which would be the most efficient course of action.

In this sense, measures aimed at minimising entry barriers and unnecessary regulatory restrictions could directly impact the promotion of competition among system operators by (i) favouring the entry of new operators; (ii) promoting an objective, transparent and non-discriminatory system for negotiating access to ATM networks; and (iii) facilitating the development of alternative modalities such as *cashback* or *cash-in-shop*.

5.2. Alternative cash access systems: *cashback* and *cash-in-shop*

Cashback and *cash-in-shop* are alternative cash access systems that have a number of clear advantages or opportunities.

Firstly, they represent an increase in the number of cash access points, both for the general public and for those geographical areas and groups at greater risk of financial exclusion (*cashback* and *cash-in-shop* services can be offered at any retail establishment).

Secondly, the operation of these two services requires the involvement of the retail establishment's staff where the service is provided, and the fact that there is always a person who can help the user is particularly relevant in the case of those groups who have more difficulties in terms of understanding how the service works.

In addition to the advantages mentioned above, the main limitations of these services as a way of guaranteeing access to cash are that they require a merchant with a POS terminal, that their availability depends on the opening hours of the merchants and, in the case of *cashback*, that the cash withdrawal service is linked to the making of a purchase.

These ATM alternatives are poorly developed in Spain, in contrast to other European countries. In countries where *cashback* is more widely used, the service is provided via the use of a debit card from any entity, facilitating its use and implementation. However, according to the information gathered by the

CNMC from the requests for information, the interest of financial operators in this type of service is currently limited.

To facilitate the development of these services, their express regulation would be necessary, since from a regulatory point of view there is no specific regulation, with operators having to rely on the exceptions to the Payment Services Law.¹⁴² Although the legislation does not prohibit *cashback* and *cash-in-shop* services in Spain, the lack of a specific legal framework to protect them may be perceived by operators as a lack of legal certainty.

An explicit regulatory framework for *cashback* and *cash-in-shop* services could provide greater legal certainty for both, thus facilitating and enhancing the implementation of these alternative cash access services.

In addition to the regulatory framework, there are other factors that limit the implementation of these services, such as high fees (either for the user or the retailer), or the impossibility of using bank cards to access these services.¹⁴³ In this respect, in order to establish *cashback* and *cash-in-shop* services using credit or debit cards, it is necessary not only to have an agreement between each of the retail outlets wishing to offer them and the card issuer (in this case, the credit entities), but also the involvement of a payment system provider to clear and settle each of the *cashback* or *cash-in-shop* transactions carried out.

In the absence of such a market solution, it is currently not possible to offer these services via cards. As a result, ING has only been able to offer the *cashback* service through the use of its own mobile app and not through a bank card.

5.3. Public support measures for the availability of cash access systems and financial inclusion

Access to cash is an important component of financial inclusion. Indeed, the analysis conducted throughout this study shows that, in certain zones with low population density, there may be significant difficulties in terms of access to cash

¹⁴² The regulations governing payment and banking services listed in Section 1.1 and, especially, Article 4.e) of Royal Decree-Law 19/2018, which excludes the application of the payment regulations to cash withdrawal operations if they are linked to the purchase of goods and services.

¹⁴³ Euro Retail Payments Board (ERPB) - Report of the ERPB Working Group on Access and Acceptance of Cash ERPB WG CASH 068-2021.

that are detrimental to the inhabitants of the area. Furthermore, the information examined and the conduct of operators confirms that in many of these areas it is not profitable for operators to maintain an ATM.

The public authorities have intervened because they consider that access to cash and financial inclusion can bring significant economic and social benefits, equivalent to a positive externality.

In order to assess whether such intervention is adequately justified, there must be a detailed analysis of the benefits and costs of promoting access to cash. This assessment should be carried out by the competent public authorities in each case, generally at the provincial or municipal level, as they will have the necessary details to establish whether and how to intervene.

In this respect, the analysis of the possibility of establishing a public support measure, as well as its design, should follow the principles of necessity, proportionality and non-discrimination. This will ensure that the policy is introduced only in those cases where it is necessary and, furthermore, it will encourage it to be designed in the best possible way, to the benefit of both the public purse and the general public.

Thus, to improve the efficiency of public tenders, it is necessary to have pro-competitive procedures in place. On the one hand, competition encourages bidders to adjust the price of their bids, to increase the quality of the goods and services offered, and to present a greater variety of bids. It optimises the use of public funds and benefits both the administration and the public. On the other hand, poor competitive conditions may lead to an unnecessary waste of public resources or to an increased risk of collusion between companies.

In this respect, it is necessary, in the framework of tendering procedures launched by public administrations, to rigorously analyse the competitive situation of the markets before drawing up the tender specifications, and to carry out *ex-post* evaluations of the efficiency of the measures taken in order to modify and adapt subsequent measures, if any.

Without this prior analysis of the costs of the cash withdrawal service incurred by the operators, as well as the general analysis of market supply and demand, in particular the characteristics of the target population (average age, ability to cope with the technological environment, etc.) and the possibilities offered by the market for providing the banking services covered by the contract or the subsidy (traditional banking operators, new alternatives), the decisions taken or measures

implemented could be ineffective. This analysis is necessary to design the exact catalogue of services to be provided through ATMs and the amount of the corresponding subsidies.

The analysis conducted has identified a number of issues in subsidy and procurement measures that could be improved in the future.

1. Centralised procurement: framework agreements vs. dynamic acquisition systems

Centralised procurement can be a useful mechanism for increasing the efficiency of public procurement, depending on the case. In the field of centralised procurement, in addition to framework agreements, Law 9/2017 of 8 November on Public Sector Contracts (LCSP) provides for the figure of dynamic acquisition systems.¹⁴⁴

Compared to framework agreements (FAs), dynamic acquisition systems can have a number of advantages: (i) after being awarded, they do not close the market, as is the case with FAs, but allow new players to enter, so the risk of impact on competition is lower; (ii) the risks of collusion are less because of the larger possible number of potential bidders; (iii) in technologically highly dynamic markets (e.g., telecommunications) they allow the participation of new players that may offer innovative solutions.

It is therefore advisable to assess, on a case-by-case basis, which option is the most efficient.

¹⁴⁴ The dynamic acquisition system is a procurement streamlining technique for current use that is fully electronic and open for its entire duration to any interested company that meets the selection criteria. For this reason, there is no limit to the number of participating companies. This technique makes it possible to have a high number of offers and, therefore, increase competition.

2. *Single-source procurement*

The public procurements analysed establish an open procedure for awarding contracts.¹⁴⁵ However, in almost all of the cases reviewed, it was found that only one tender was received.

Although the LCSP does not prohibit the execution of a framework agreement with a single contractor, recourse to this option does not maximise the competition between bidders and eliminates the search for potential improvements in the tenders that could be entered into *a posteriori* in contracts based on this framework agreement.

3. *Ability to contract*

Some of the revised tender specifications and regulatory bases for aid require, in relation to the ability to contract or be awarded aid, that legal entities must be credit entities authorised to operate in Spain as providers of banking services, either because they must be registered as a credit entity or because they must have been authorised by the BdE. Furthermore, it is generally established that the ATM must provide the same banking service as that provided by the ATMs of the bank awarded the contract.

Moreover, some tender specifications and regulatory bases demand that ATMs offer a series of additional functionalities in addition to the cash withdrawal service, including: cash withdrawals and deposits, payment of bills and taxes for their own and third-party customers, savings book readers, transfers, adaptation for people with disabilities and mobile phone top-ups.

This configuration only allows certain types of operators (credit entities) to participate and introduces an apparently unjustified restriction with respect to other types of operators. In particular, it would exclude independent operators, either because they cannot offer these additional services at ATMs, or because they are not authorised as credit entities. This limitation is aggravated by the fact that there is little competition from credit entities in the tenders analysed, which leads to inefficiencies in terms of maximising the public funds committed.

In some cases, a training or financial advice service for the population of the municipalities where the ATMs are to be installed is also included by the contract

¹⁴⁵ Opting for non-open procedures should be reserved for cases where the loss of economic efficiency is justified by other advantages, which should be sufficiently detailed and documented.

or aid awardee. Offering training in the use of the ATM, or in basic financial services, whether *off-line* or *online*, could improve the issue of financial exclusion among key social sectors in the affected localities. However, on occasions, the tender specifications and terms and conditions require these services to be provided by the staff of the operator awarded the contract, which would introduce an unjustified restriction with respect to operators that, not being credit entities, do not necessarily have staff with the appropriate profile to provide this training. The option of being able to subcontract this type of consultancy or training services would be more advisable.

4. Economic and financial solvency criteria

Public procurement procedures include a series of economic and financial solvency requirements. These are determined by the LCSP as essential requirements for participating in the contract, since it is considered that, without them, the bidder is not in a position to properly perform the services demanded. For this reason, it is vital that the conditions of ability and solvency are correctly foreseen and designed. Disproportionate solvency criteria or solvency criteria which are not appropriate to the subject matter of the contract may lead to an unjustified restriction of competition.

Without prejudice to the limits set out in the procurement rules, the contracting authorities have a margin of discretion when setting the solvency conditions. In the case of tender specifications that establish proof of annual turnover in recent years as a criterion of economic and financial solvency, it should be noted that this requirement in terms of the threshold amount may overestimate the economic solvency required.

The CNMC points out that there are other indicators, also provided for in the LCSP, such as net worth or the solvency ratio, which could be used instead. Focusing the requirement solely on turnover offers an advantage to larger entities, which will foreseeably be those that will most easily be able to comply with these requirements, compared to smaller entities and new entrants.

5.4. Development of financial education programmes

Measures to promote financial education, whether public or private, can help improve cash access for groups with limited financial or digital skills. Better educated consumers will also find it easier to distinguish between the different

options available and choose the one that best suits their preferences. In turn, this will encourage higher levels of effort and competition among providers and, therefore, improved performance of this service.

When designing this kind of financial education measures, and given the high risk of financial exclusion of the over 65s in rural areas and, in particular, the risk of exclusion from the ATM cash withdrawal service, taking into account the specific needs of these groups at greater risk of financial exclusion can increase the effectiveness of the results. For this reason, it would be particularly effective to implement financial education programmes aimed specifically at rural or less densely populated areas with limited or no access to cash withdrawal services.

In this respect, there are two key areas to consider. Firstly, the implementation of financial education programmes aimed at training vulnerable groups in rural areas in the operation and functioning of ATMs, including education and advice in terms of the operations that can be carried out at these ATMs, beyond cash withdrawals. Secondly, training programmes on *cashback* and *cash-in-shop* services. In this respect, it would be a good idea for training programmes to include instruction on the use, functionality, limits and risks of these services, if they exist.

Therefore, to make these programmes more effective in promoting financial inclusion and empowering informed consumers, the initiatives should focus on the training and acquisition of digital skills by the most vulnerable groups located in rural areas, in order to ensure access to cash and better personal financial management.

6. CONCLUSIONS

A number of conclusions can be drawn from the analysis carried out in this study, which are set out in detail below.

6.1. The use of cash as a means of payment has declined in recent years, but is still important for many people, especially the youngest and oldest segments of the population.

The use of cash as a means of payment has fallen very sharply in recent years, with the pandemic accelerating a longer-term trend. In 2021, just under 36% of people in Spain reported using cash as their most usual means of payment (compared with 80% in 2014), and cards are now the most popular payment method (54% of people report that debit cards are their most common means of payment).

Nevertheless, the use of cash remains important as a way of paying. The use of cash as a primary means of payment is particularly prevalent among the youngest and oldest age groups, and among those with weaker digital skills, who may be more vulnerable to a lack of cash. Additionally, for the population that primarily uses other payment systems, the use of cash continues to be very important (43% of the population in Spain considers cash to be a "very important" or "important" means of payment, according to data from the European Central Bank, ECB). As the ECB indicates:

*"[...] it should be borne in mind that the possibility of paying in cash remains very important for certain social sectors which, for various legitimate reasons, prefer to use cash rather than other means of payment."*¹⁴⁶

6.2. The number of ATMs, which are the main point of access to cash in Spain, has significantly decreased over the last 15 years.

ATMs are the most common way for the general public in Spain to obtain cash (84% of citizens reported this in 2020). For older individuals, over-the-counter cash withdrawals at bank branches are also an important channel for accessing

¹⁴⁶ ECB. (2020). Study on the payment attitudes of consumers in the eurozone (SPACE).

cash (42% of the population over 64 years of age use this channel, a percentage that drops to below 20% for the population as a whole).

The availability of ATMs in Spain is mainly linked to bank branches (90% of bank-owned ATMs are installed in a branch). This is for historical reasons as well as due to the fact that credit entities consider ATMs to be part of the minimum range of services that their branches should provide to the public.

Since the economic crisis that began in 2008, the number of ATMs and bank branches in Spain has been drastically reduced (from 45,662 branches in 2008, to 19,312 at the end of 2021, and from 61,714 ATMs in 2008, to 47,639 in 2021). Nonetheless, Spain continues to have one of the most extensive networks of bank branches and ATMs in Spain, in both absolute terms and *per capita*.

Among the main reasons for the closure of branches are the pursuit of greater profitability and efficiency in the banking system since 2008, and the gradual digitalisation of financial service provision.

6.3. There is a risk of financial exclusion due to lack of cash access in less densely populated areas, where the population is relatively older.

A study by the Bank of Spain (Posada Restrepo, 2021) estimates that approximately 1.3 million people in Spain are vulnerable in terms of cash access because they do not have a cash withdrawal point within 5 kilometres of their town.

55% of Spanish municipalities, where 3.1% of the Spanish population lives, do not have an ATM. The municipalities where there is no ATM are characterised by having, on the whole, an average population density well below the national average and a higher proportion of people aged over 65.

Almost 84% of the municipalities whose population density is below the low population threshold (less than 12.5 inhabitants per square kilometre) do not have an ATM.

By region, the Autonomous Communities with the highest proportion of municipalities with no ATMs are Castile and Leon (86%), La Rioja (75%), Aragon (72%), and Castile-La Mancha (61%). In 21 provinces, there are more municipalities without ATMs than municipalities with ATMs, and there are 13 provinces where over 70% of municipalities do not have ATMs.

In municipalities where there is no ATM, the proportion of the population over 65 years of age is, on average, higher than the national average.

6.4. Competition in the financial sector can contribute to greater financial inclusion.

Competition in the financial sector encourages operators to offer a more comprehensive range of services. Specifically, competition to attract customers may encourage financial institutions to offer more cash access services in general, as well as in less densely populated areas.

The CNMC's experience shows that certain economic consolidation processes can disincentivise the provision of cash access services by banking sector entities, especially in areas where a low population density naturally limits the number of competitors that can operate profitably. In its recent analysis of the merger between La CAIXA and BANKIA to create CAIXABANK, the CNMC noted a potentially negative impact on customers of third party entities that had entered into agreements with BANKIA, and the merger was made subject to commitments by BANKIA to address this risk.

Antitrust tools can foster greater financial inclusion, through the prosecution of anti-competitive practices and the control of corporate concentration processes; however other policies play a pre-eminent role in reducing financial exclusion.

6.5. Public intervention measures to promote financial inclusion should be guided by the principles of efficient economic regulation.

Public policies to promote greater financial inclusion must take into account all foreseeable impacts and effects. Establishing measures to guarantee or stimulate cash access at the expense of reducing competition can have counterproductive effects.

The principles of efficient economic regulation require that public measures, regulatory or otherwise, which limit or distort competition in the financial sector be adopted only where they contribute to an overriding reason in the general interest (principle of necessity) and where there are no less-restrictive intervention alternatives (principle of proportionality).

6.6. The regulation of interchange fees for cash withdrawals at ATMs may have costs that need to be properly assessed.

Issuing institutions do not receive any direct compensation for the provision of the cash withdrawal service to their customers at an ATM they own. In the case of third-party customers, the ATM operator may charge an interchange fee to the card issuer to cover the cost of the ATM cash withdrawal service. The issuer may pass this interchange fee on to the end customer.

The regulation requires interchange fees to be set uniformly throughout the entire country. As a result, there is no scope for acquirers to price discriminate on the basis of their weight in the ATM fleet at a geographical level below the national level.

Regulating maximum levels for interchange fees may have costs that need to be properly assessed alongside any benefits that this form of intervention may have. Firstly, these costs may discourage the installation of ATMs, Secondly, they could serve as a focal point and encourage operators to increase their interchange fees to the maximum level allowed. Thirdly, determining these costs is somewhat complex: ATM operating costs vary widely depending on factors such as the type of ATM, its functionalities, and its location.

6.7. There are alternative systems to ATMs for facilitating access to cash.

One of the alternatives to cash withdrawals through ATMs is the development of *cashback* and *cash-in-shop*, services through which users can obtain cash at retail stores.

However, these services are underdeveloped in Spain compared to other European countries. The current network of establishments offering the *cashback* service is limited in scope, while the *cash-in-shop* service has not yet been implemented in Spain.

In addition to the lack of specific regulation for the implementation and operation of *cashback* and *cash-in-shop* services, financial operators have limited interest in this type of service. The above indicates the desirability of establishing a regulatory framework that facilitates the development of this activity.

6.8. Public measures to encourage the installation of ATMs should stimulate competition.

In Spain, a series of public support measures have been introduced relating to cash withdrawal services with the aim of combating banking exclusion in rural areas and providing access to this service to particularly vulnerable populations. In particular, a series of initiatives have been implemented, either through public procurement procedures or by means of public aid, to encourage the installation of ATMs in rural municipalities that do not have them.

These measures should be properly designed to stimulate competition between operators. Firstly, public support measures for the installation of ATMs should avoid a crowding-out effect on the supply of ATMs and financial services generated by the market. Secondly, such public support measures must be properly designed, following the principles of efficient economic regulation, so as not to distort competition and to take advantage of its benefits.

6.9. The competition authorities' advice to institutions on competition and efficient regulation can be useful when amending the legislative framework and designing regulatory and public intervention measures.

The CNMC exercises an advisory role on issues related to the proper functioning and competition in the markets, in accordance with Article 5.2 of its Act of Incorporation (Law 3/2013, of 4 June).

The *Ten-step guides to regulation, public procurement and state aid* (2021) recommend relying on the support and advice of the competition authorities when drafting rules and designing state aid and public procurement, in order to take advantage of "*the technical capacity of the regulatory and competition authorities, such as the CNMC, which is authorised as a consultative body to ensure that the rules are appropriate for achieving their objectives*".

The consultative role of the CNMC can be particularly useful so that legislative chambers, the Government, ministerial departments, autonomous communities, local corporations and other public authorities that develop or promote regulations of any rank and other public intervention measures can better assess and anticipate the possible impact of their initiatives on competition in the markets and identify the most efficient alternatives for achieving the general interest.

7. RECOMMENDATIONS

FIRST. To develop a regulatory framework to support the market uptake of *cashback* and *cash-in-shop* services.

Cashback *and* cash-in-shop services are solutions with enormous potential to expand cash access and they address, at least partially, the current challenge posed by access to cash for certain areas or groups. Both services represent an alternative source of access to cash and a complementary channel to existing ones.

To facilitate the development of *cashback* and *cash-in-shop*, their express regulation would be necessary, since from a regulatory point of view there is no specific regulation, with operators having to rely on the exceptions to the Payment Services Law. A specific regulatory framework could provide greater legal certainty and enable a wider implementation of these services.

Together with this reform, any public measures that could encourage the introduction of POS terminals in retail establishments would not only facilitate the development of *cashback* and *cash-in-shop* services, but would also contribute to expanding payment options for individuals.

SECOND. To adopt public procurement and subsidy designs that encourage competition

The CNMC welcomes the use of public aid and public procurement mechanisms to promote financial inclusion in relation to ATM cash withdrawal services, provided that their social benefit outweighs their costs, that they do not drive out or discourage the supply of cash access services provided by the market, and that their design does not create unjustified barriers to competition.

In order for the design of intervention tools to be respectful of competition and the principles of efficient economic regulation, public administrations should follow the CNMC's recommendations for public procurement and public aid, in particular, the [Guide to Public Procurement and Competition](#) (2011) and its updates (for the moment, *Public Procurement Planning*, 2021) and the [Ten-Step Guides on Regulation, Public Procurement and Public Aid](#) (2021).

Taking into account the above, as well as the public procurement specifications and regulatory bases of the aid that have been examined, a series of specific recommendations are made to encourage efficient public intervention:

- Determine the **objectives pursued** and evaluate in advance the **social benefits and costs** of interventions, acting only when the benefits outweigh the costs.
- Carry out a **rigorous analysis of the competitive landscape of the markets** before drawing up the tender specifications and regulatory bases for public aid or public procurement.
- Carry out **ex post** evaluations of the efficiency of the measures taken.
- Assess the use of **dynamic acquisition systems** as an alternative to framework agreements, since the former allow for the continuous participation of new bidders.
- **Avoid limiting ATM provision** to entities that have the capacity to provide these services.
- Avoid requiring **functionalities in addition to the cash withdrawal service** as a way of artificially limiting the participation of a certain type of operator.
- Avoid the requirement that services can only be provided by the successful bidder's **own staff**.
- Extend the possibilities for **proving financial solvency** beyond recent annual turnover, through measures such as net worth or the solvency ratio.

ANNEX 1. International comparison of fees for cash withdrawal

There is no standardised regulation of cash withdrawal fees in the EU. Only a few countries, such as Spain, have chosen to regulate this aspect.

In the EU, ATM cash withdrawal fees vary considerably from one Member State to another. For example, in Belgium banks do not charge any fees, in Italy and Bulgaria there are fixed fees per transaction, while in Croatia and Malta banks charge fees as a percentage of the transaction amount.

The fees charged in other EU countries are described below:

- Denmark: most ATMs in Denmark are owned by banks, but are operated by third parties. In practice, there are no own-bank fees when withdrawing cash from the ATMs of the issuing entity, but there are fees from third-party machines.
- Finland: There is a recommendation from the national financial supervisor that, while not binding, is widely followed, on non-discriminatory pricing, to the effect that cash withdrawals are charged the same fee irrespective of which ATM is used.¹⁴⁷ In practice, it has led to a policy whereby no user fees are charged at any ATM for the first 4 to 6 cash withdrawals per month, while thereafter an amount of between 0.4 and 1 euro is charged per transaction. The Bank of Finland also recommends to deposit entities that cash be withdrawn free of charge a reasonable number of times, which is already being complied with in line with the previous recommendation.
- Norway: most ATMs are owned by banks, but are operated by third parties, primarily *Nokas* and *Loomis*. In recent years, the banks' own customers have started to be charged approximately 0.7 euros for cash withdrawals. Fees charged to third-party customers range from approximately 0.75 to 0.82 euros.¹⁴⁸
- Netherlands: since 2020, the 3 big banks (ING, ABN AMOR and Rabobank) have set up a *joint venture*, Geldmaat, to which they have assigned their ATMs. Meanwhile, independent ATMs account for less than one-sixth of the total. In practice, consumers do not pay ATM usage fees, and banks outside

¹⁴⁷ Since 2005 and after a merger process, there was only one ATM network *Automatia*, owned by the main banks (and non-owner banks were customers). In 2008, it entered as an independent *Eurocash* (*Nokas*).

¹⁴⁸ [Retail payment services 2020 \(Norges Bank Papers, 2020\)](#).

the *Geldmaat* network must pay an interchange fee when their users use an ATM in the Geldmaat network. The industry has also adopted a standard for the maximum distance to an ATM for any customer, so that 99.5% of the population now has an ATM within 5 km.

- Portugal: Credit institutions are prohibited by law from charging ATM users direct fees for any ATM transaction.¹⁴⁹ All banks in Portugal are in the same ATM network, *Multibanco*, which facilitates the application of this legislative measure. There are also independent entities that may charge fees to users.
- Sweden: there is a ban on charging ATM users. In practice, no usage fees are charged, but almost exclusively interchange fees (de Groen et al.).¹⁵⁰

¹⁴⁹ [Decree-Law No. 3/2010, of January 5.](#)

¹⁵⁰ Sweden's largest banks (*Danske Bank*, *Handels-bank*, *Nordea*, *Skandinaviska Enskilda Banken* and *Swedbank Group*) have formed a *joint venture*, Bankomat, which owns and operates its ATMs (56% of the total), while the independent (*Kontanten*) has 22%, *ICA Banken* (from the ICA retail group) 18%, and the remainder (4%) is in the hands of smaller independents.

ANNEX 2. Fee Information Document, Statement of Fees and Comparison Website

In accordance with Royal Decree-Law 19/2017 of 24 November on basic payment accounts, transfer of payment accounts and comparability of fees, and with Bank of Spain Circular 2/2019, payment service providers must disclose, prior to the conclusion of payment account contracts, the fees applicable to each of the services offered, including fees for cash withdrawals at ATMs of other institutions within Spain.¹⁵¹

Moreover, payment service providers are obliged to provide their customers with details of any fees incurred ("Statement of Fees").¹⁵²

In addition, the BdE has set up a free-access website to compare the fees charged by payment service providers.¹⁵³

¹⁵¹ Article 16 of Royal Decree-Law 19/2017 and Annex 2 of Circular 2/2019.

¹⁵² Article 17 of Royal Decree-Law 19/2017.

¹⁵³ View Comparison Website [here](#).

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