

# The Star



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## ATMs needed in rural SA

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Thousands of automatic teller machines (ATMs) are urgently needed in rural SA to meet the demand for financial services and to spur economic development in remote areas, according to Marc Sternberg, MD of Spark ATM Systems, an independent ATM operator.

He says many people in rural SA are denied access to basic financial services because there are no cash machines near their homes.

“Access to financial services is as important to economic development as potable water, telecommunications or electricity,” Sternberg says. “Yet most rural South Africans live many kilometres away from their nearest ATM.”



*Reuters file*

Sternberg adds that there are about 20,000 ATMs scattered across SA.

However, most of these are concentrated in urban areas.

“Urban South Africans take the ability to draw cash from an ATM for granted.

“For many people in rural areas, drawing cash involves a long journey that can cost them 50 rand or more. For some, the trip is so long that it means much time away from their village.

“Due to the fact that they need to travel so far to draw money, many people in rural areas draw big amounts of cash each time, which is bad from a budgeting perspective. Also, the danger of losing this cash to crime is ever present.”

The government and the financial services industry have recognised the important role of ATMs and other basic financial services in rural development.

However, recognition of the problem has not yet translated into adequate action.

Sternberg notes that in 2002, the Financial Services Charter required that basic financial services such as ATMs be provided to 80% of SA's poor by 2008.

The financial services industry has not yet met this goal.

“We still need thousands of ATMs to be deployed nationally to achieve the coverage targets set out in the charter,” says Sternberg. “Many farms and community stores in the country's rural areas could have an ATM installed.

“Making access to cash more affordable and convenient will help to spur development in rural SA.”

He notes that people will have more disposable income since they won't need to spend as much on travelling to towns where they can draw cash.

“In addition, research shows that cash withdrawn from rural ATMs tends to be spent in the local economy.”

Sternberg says independent ATM operators will play a major role in improving access to financial services in rural SA as they can profitably deploy ATMs in low-traffic areas that major banks are not interested in serving with a bank ATM.

“Banks only install ATMs that will process many thousands of transactions a month.

“Independent ATMs operate with as few as 300 transactions per month.”

Independent operators currently operate about 15% of the ATMs in SA, compared with 60%

and more in countries such as the US, Australia, the UK and Canada.

Spark currently has many ATMs installed at farms and other convenient rural locations in SA, but the scope for growth is massive.

Sternberg believes that the number of ATMs in the country could double within the next five years.


“Independent ATM providers have a key role to play in driving economic development and enhancing the quality of rural community life. ATMs are helping to develop a sustainable economic environment and creating a legacy that will have a positive impact on future generations.” - I-Net Bridge

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Aya, wrote

09:09am on 17 March 2011

Its about time that people are prioritised not money and besides having these ATM will be an advantage to the banks in tems of incresed profits, why are they dragging their feet maybe they know that their charges are too high, the poor might complain and then the gorvernment might rock the steadt boat.

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