

Rural areas need ATMs

By: Julia Stuurman

The latest Finscope survey has revealed that there is a demand for more Automatic Teller Machines (ATM) in rural areas, to boost the economic growth in these areas.

According to 2011 survey, 71.5 percent of South Africa's urban population use financial products and services, provided by a commercial bank as compared to the 46.8 percent of the rural population.

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Bizcommunity.com further reported that it is becoming increasingly critical for the 33 percent of South Africans living in rural locations to have access to ATM.

Dikeledi Mosoeu, from a farm in the southern Free State region, said she must travel a long distance to get to the nearest ATM. She has to travel to the small town of Wepener to withdraw money.

“I work on a farm and the only thing I need money for is to buy clothes, food and sometimes pay a few accounts. However, by the time I get home the money will be finished, because I had to use the money for transport. I think it would make a difference if we get an ATM near us because we can at the same time buy vegetables and food from our local markets.”

The managing director of Spark ATM Systems, Marc Sternberg told *Bizcommunity.com*

that in order for economic development to occur there is need to increase access to basic financial services such as ATM in rural areas.

“Currently, there are approximately 24 00 ATMs throughout South Africa and according to our calculations, well under 10 percent of these are located in rural areas. The demand for access to cash in rural locations is on the rise and must be addressed preferable by those operating in these areas so that the local economy can gain the most benefit,” Sternberg explained.

However, the Spark Cash Index (SCI) revealed that there is an increase of cash withdrawals in the rural areas where ATM's exists. This is attributed to the fact that rural areas are less developed and have fewer debit card facilities. This increases the requirement for cash at most retail outlets. Another contributor was said to be the rural economy that depends on informal retail.

Sternberg says banks typically avoid placing ATMs in rural locations as they often prove unprofitable.

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“Furthermore, these locations provide a safe and secure environment where the chances of the ATMs being tampered with for the purpose of fraud are kept to a minimum due to the watchful eyes of farm or shop owners,” said Sternberg.

According to Sternberg, access to cash is a daily necessity and everyone should have the right to withdraw cash in a safe environment that is located close to their homes.

“Those organisations or people operating in rural areas should take the initiative to look for areas to install an ATM, as a viable way to boost economic development and community morale,” suggested Sternberg.