FINANCIAL INCLUSION REPORT 2025*

*** ENGLISH TRANSLATION FROM THE ORIGINAL IN SPANISH**

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BANCO DE ESPAÑA
Eurosistema

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TAKEAWAYS

ACCESS TO BANKING SERVICES (2021-24)

- Improved territorial coverage, despite the fall in the number of branches and access points
- Little use made of alternative access channels rolled out

FINANCIAL INCLUSION OF IMMIGRANTS

- Immigrants’ financial behaviour and practices are broadly similar to those of the Spanish-born population
- However, immigrants in an irregular situation face barriers to opening bank accounts, leading to their financial exclusion

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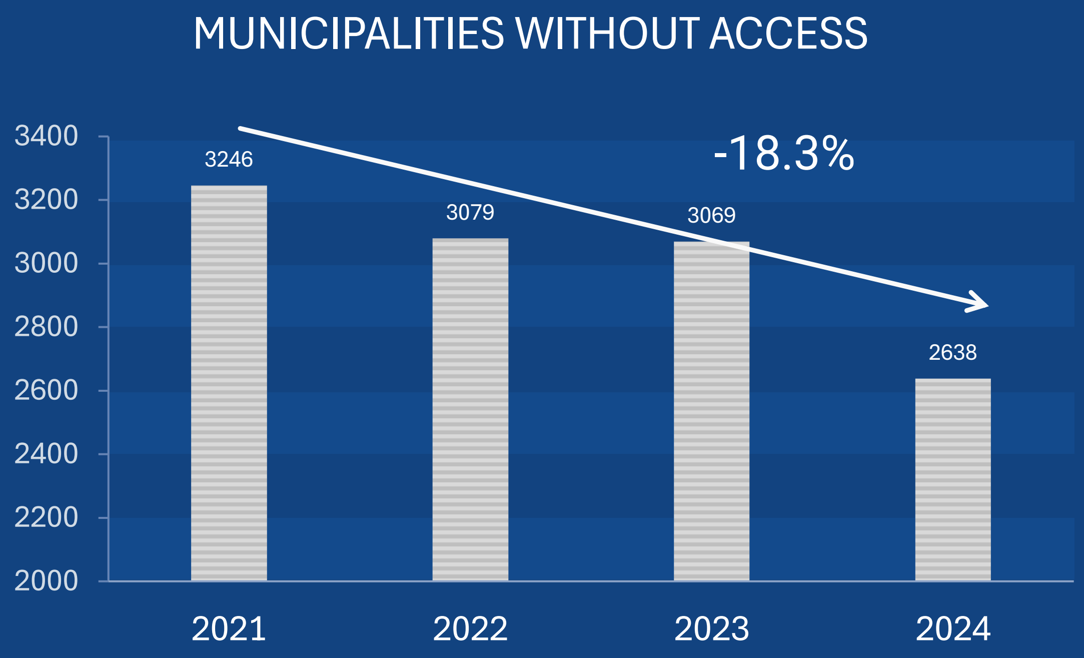
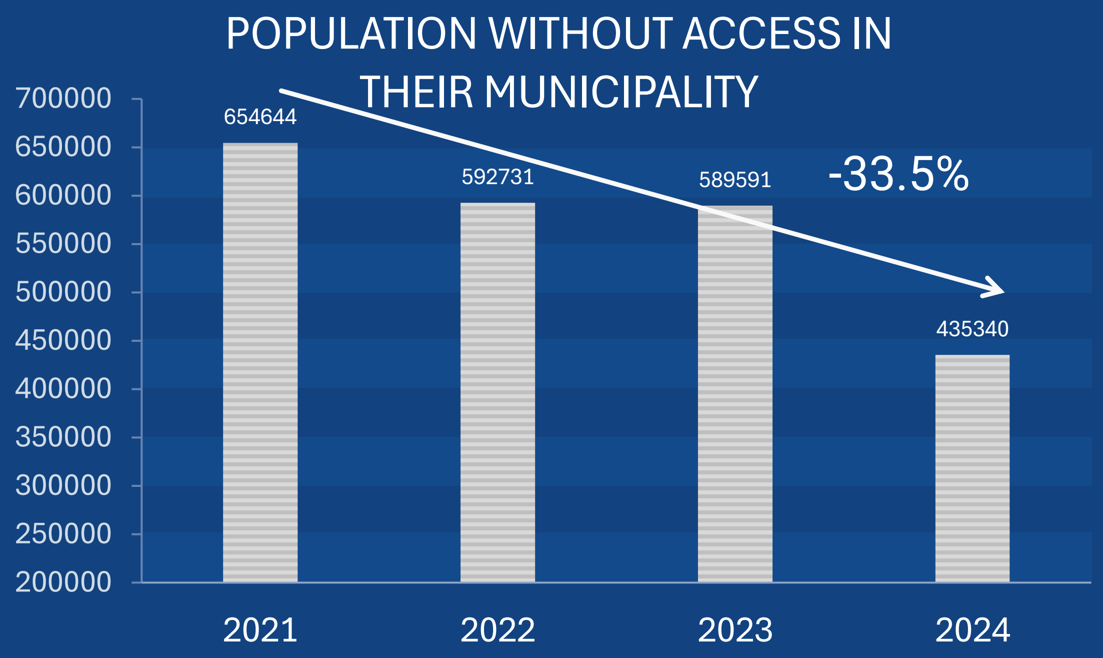
ACCESS, IN TERMS OF MUNICIPALITY AND POPULATION COVERAGE, IMPROVED IN 2021-24, DESPITE FEWER IN-PERSON ACCESS POINTS



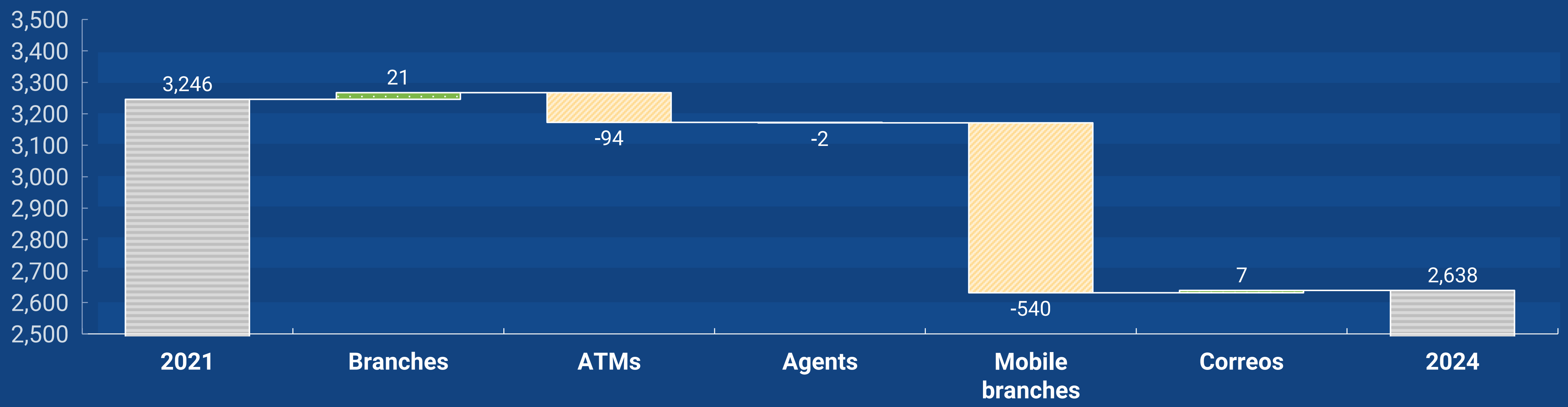


Although the number of access points fell by 2.52%, driven mainly by branch closures (-8.61%), the number of people without access in their municipality declined by 219,000, to below 1% of the total population

The number of municipalities without access fell by more than 600 in three years

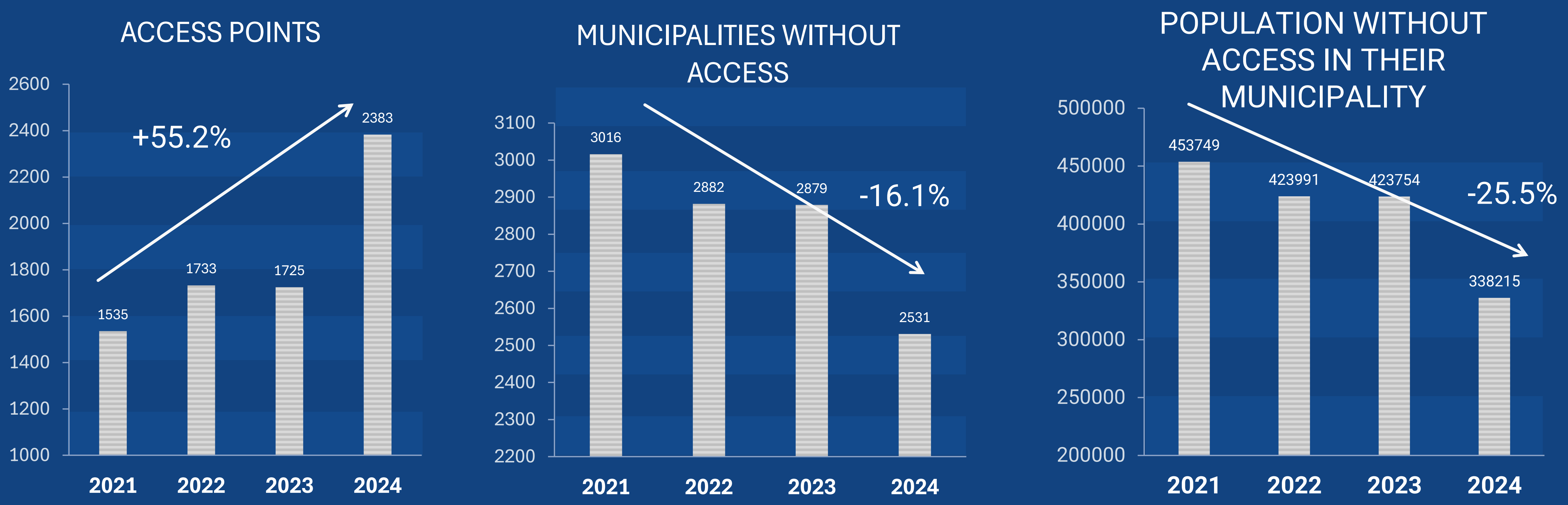
MOBILE BRANCHES ARE KEY TO IMPROVING ACCESS, YET USAGE OF THESE AND OTHER ALTERNATIVE CHANNELS REMAINS LOW

CHANGE IN NUMBER OF MUNICIPALITIES WITHOUT ACCESS (2021-24)



- One alternative that has been key to improving access is mobile branches
- The deployment of over 1,100 mobile branches has raised the number of municipalities covered by 540 and reduced the number of people without access by 185,000
- However, these alternative channels (mobile branches, *Correos cash*, cashback) are largely unknown and little used

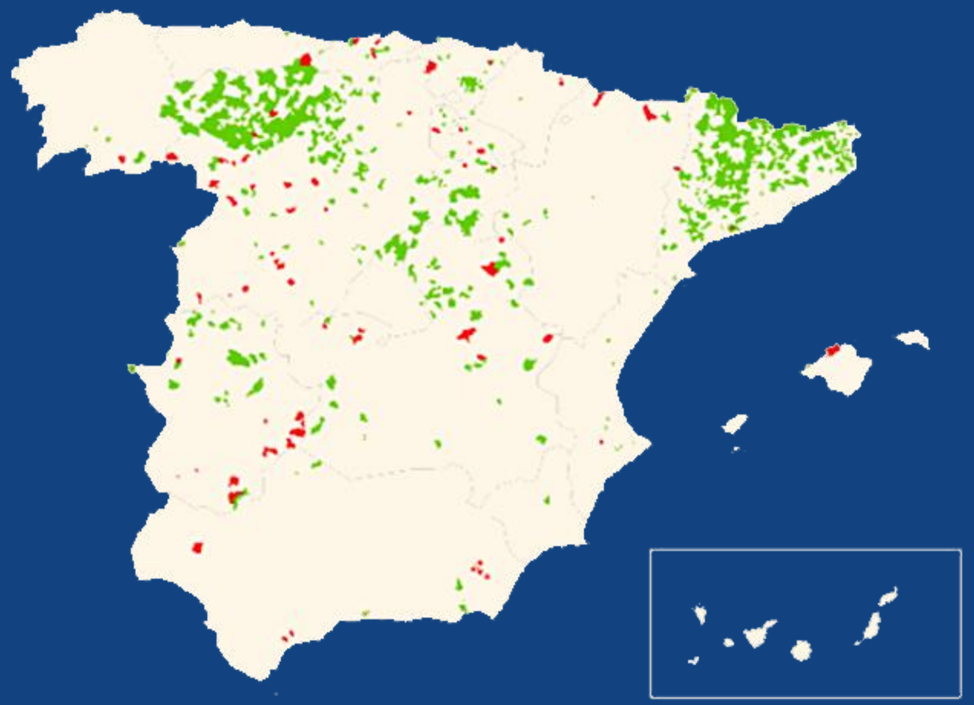
ALL INDICATORS SHOW IMPROVED ACCESS IN MUNICIPALITIES WITH FEWER THAN 500 INHABITANTS



The number of people with access in municipalities with fewer than 500 inhabitants increased by almost 120,000 between 2021 and 2024

ACCESS HAS IMPROVED FASTER IN CASTILE AND LEON THAN NATIONWIDE, BUT A HIGHER PROPORTION OF PEOPLE STILL LACK ACCESS

Municipalities gaining and losing access to banking services (2021-24)



Access to banking services gained
Access to banking services lost
Unchanged from 2021

- Higher number of in-person access points (+1.9%), in contrast to the decline in Spain
- Mobile branches have driven down the number of municipalities without access (-13.8%), especially in the north-western part of the region
- The number of people without access has fallen by almost 100,000, to below 200,000
- Nevertheless, over 8% of the population and nearly 60% of municipalities have no access point

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ANALYSIS OF IMMIGRANTS' FINANCIAL INCLUSION DOES NOT REVEAL A LARGE GAP VIS-À-VIS THE SPANISH-BORN POPULATION …

Given their proportion of the population and distinct socio-economic characteristics (younger, lower incomes), we conducted a specific study on the financial inclusion of immigrants

MAIN FINDINGS OF THE SURVEY OF FINANCIAL COMPETENCES

Very similar financial competences and practices

High bank access and usage levels (93%), but somewhat lower than among the Spanish-born population

Differences by product:

- Use of remittances (20%)
- Somewhat fewer cards and financial products
- More informal credit

Risk of exclusion determined by socio-economic situation, not by country of origin

… BUT IRREGULAR IMMIGRANTS FACE MAJOR BARRIERS TO BANK ACCESS

- One obstacle to understanding this issue is quantifying the number of irregular immigrants

Irregular immigrants:

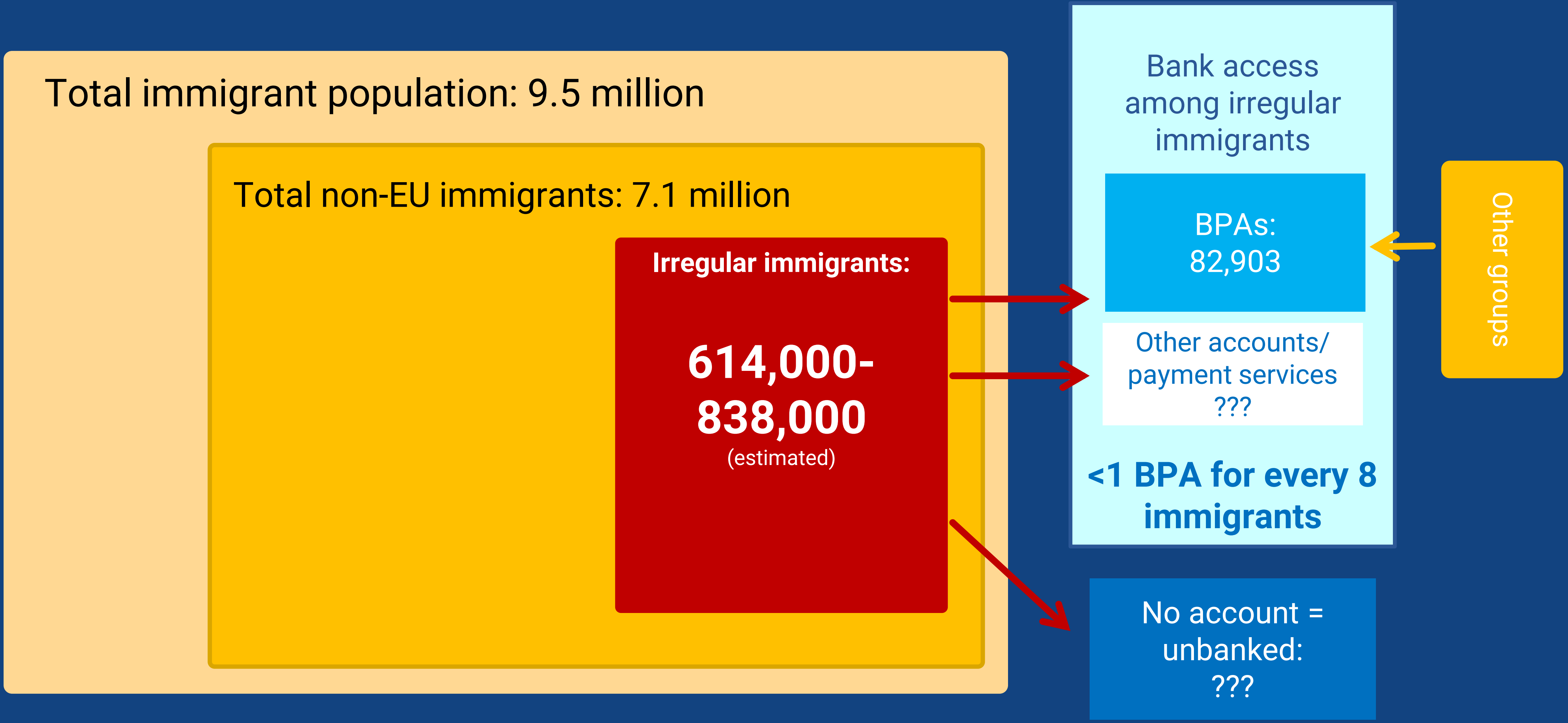
614,000-838,000

(estimated*)

- Although basic financial products designed for vulnerable groups, such as irregular immigrants, do exist, their use remains low
- The high flows of irregular migration in recent years suggest that the scale of financial exclusion faced by this cohort has grown

*SOURCE: Funcas (2025).

BASIC PAYMENT ACCOUNTS (BPAs) ARE NOT PROVING EFFECTIVE IN ENSURING ACCESS TO BANKING SERVICES



WHAT CAN THE BANCO DE ESPAÑA DO TO IMPROVE THE FINANCIAL INCLUSION OF IRREGULAR IMMIGRANTS?

Issues with BPAs

- Banks cite anti-money laundering regulations, which require identification => reputational risk
- Unattractive customer group requiring close follow-up
- Customers not well informed about their rights
- Other specific account types with similar issues
- Conduct inspections find shortcomings in information provided to customers and a lack of transparency

Actual and potential demand for BPAs that is not being met

POSSIBLE IMPROVEMENTS:

1. Specific register of BPAs and account refusals to understand the scale of the issue
2. Reinforced conduct inspections in this area

PROPORTIONALITY IN APPLICATION OF ANTI-MONEY LAUNDERING REGULATIONS

OTHER POSSIBLE MEASURES BEYOND THE SCOPE OF THE BANCO DE ESPAÑA TO BOOST THEIR FINANCIAL INCLUSION

NEW SPANISH LAW ON THE FINANCIAL OMBUDSMAN SERVICE:

- Clarifies access requirements, including a list of documentation
- Banco de España called upon to prepare a BPA application form

Before Parliament since 2022

ACTION GUIDELINES FROM INTERNATIONAL AUTHORITIES:

- EBA opinions and guidelines and new EU anti-money laundering regulations call for a non-discriminatory approach to specific customer groups and for applying the principle of proportionality

GREATER PRIVATE SECTOR COMMITMENT:

- Account with limited functions:
  - Resurgence following the compendium of best banking practices
  - Limits to prevent anti-money laundering risk
  - Third sector considers it too limited, as it does not allow for international transfers

CONCLUSIONS

ACCESS TO BANKING SERVICES:

- The number of access points and branches has declined, but access has improved thanks to mobile branches
- Other alternative channels are barely used: why?
- The new Financial Education Plan could boost awareness of alternative channels

FINANCIAL INCLUSION OF IMMIGRANTS:

- Financial inclusion is key to their economic integration and contribution
- There is no significant gap between immigrants and Spanish-born individuals with similar ages and income profiles
- There is a problem of financial exclusion among irregular immigrants
- Basic payment accounts are not proving very effective in this respect

Thank you

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ANNEX. FINANCIAL PRODUCTS HELD BY IMMIGRANTS VS SPANISH-BORN INDIVIDUALS

	Survey of Financial Competences 2021					
	Total population			Comparable age and income		
	Spanish-born	Foreign-born	*Difference*	Spanish-born	Foreign-born	*Difference*
HOLDING OF FINANCIAL PRODUCTS						
Current account	98.7	93.3	*5.4*	97.7	93.3	*4.4*
Any savings vehicle (excluding current account)	40.7	22.1	*18.6*	18.9	14.8	*4.1*
Credit card	64.7	50.2	*14.4*	53.6	43.1	*10.5*
Mortgage	30.9	18.9	*12.0*	22.5	10.6	*11.8*
MEANS OF SAVING						
Any formal savings vehicle	80.5	60.6	*19.9*	67.6	52.6	*14.9*
Cash	39.0	49.3	*-10.3*	64.0	60.1	*3.9*
Remittances	0.9	18.3	*-17.4*	0.6	20.7	*-20.0*
FUNDING FOR EXPENSES						
Formal credit	18.6	22.3	*-3.7*	19.1	27.2	*-8.0*
Informal credit (friends, employer, etc.)	30.8	48.5	*-17.7*	38.9	54.6	*-15.7*
Savings	57.2	47.5	*9.8*	53.6	47.9	*5.7*
Unauthorised use of overdraft or payment deferrals	13.2	12.4	*0.8*	17.8	15.7	*2.1*
ACCESS TO THE CREDIT MARKET IN LAST TWO YEARS						
Loan application rejected in full or in part	4.2	12.1	*-7.9*	6.8	12.1	*-5.3*
Did not apply for fear of rejection	2.4	6.2	*-3.8*	4.4	7.7	*-3.3*