

Communities without Credit: The Political Implications of Deprivation in Access to Banking Services

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Abstract

Public services are crucial to preventing growing regional inequalities. Agglomeration economies and globalization privilege the allocation of public services to core urban areas, while less well-connected regions remain more vulnerable to economic or financial crises. Deregulation and the increasing privatization of public services arguably reinforce these dynamics, as private companies often do not consider long-term regional cohesion objectives. This study focuses on the closure of local bank branches in Spain, which has had a negative impact on local economies and reduced financial accessibility for individuals and small and medium-sized enterprises (SMEs) in many rural and peri-urban areas. These closures have also sparked protests against mainstream political parties, which are perceived as responsible for the privatization of the banking industry and the use of public funds to bail out banks. The results indicate that the closure of bank branches has led to increased economic pessimism, prompting people to defect from mainstream parties in favor of regional parties. These changes may enhance political accountability and responsiveness, while contributing to the instability and fragmentation of the party system.

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