



EACB Press Release:

Small and medium sized firms perform better in countries with a large number of co-operative banks - says new study published today by Bank of Finland

Brussels 28th August 2014- Bank of Finland, the Finnish central bank, has published today a new research on the relationship between bank type and small-business lending in post-transition countries. The results show that business lending to SME firms increases and reaches higher levels in counties with large numbers of local cooperative banks than in counties with large domestic banks or foreign-owned banks¹.

"This result indicates that cooperative banks using soft information provide more loans to SME firms than do large domestic or foreign banks. Consequently, our results confirm that local cooperative banks are important for the development of SME firms in post-transition economies" The authors² argue. They also say *"Our results are important from a policy perspective as they show that foreign bank entry and industry consolidation may raise valid concerns for small firms in developing countries.*

Hervé Guider, EACB General Manager, commented: *"This research is a valuable additional academic contribution and - in the context of the implementation of Basel 3 - it highlights the necessity to pay more attention to the specificities of co-operative banks by the rule makers"*.

To read the full study click [here](#).

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About the EACB:

The European Association of Co-operative Banks (EACB) has been the voice of co-operative banks since 1970. It represents, promotes and defends the common interests of its 29 member institutions and of co-operative banks in general. Co-operative banks form decentralized networks which are subject to banking as well as co-operative legislation. With 3,700 locally operating banks and 71,000 outlets, co-operative banks play a major role in the financial and economic system. They serve more than 215 million customers, mainly consumers, SMEs and communities. Europe's cooperative banks represent 56 million members and 850,000 employees and have an average market share of about 20%. Their resilience during the crisis make co-operative banks a key driving force in the economic recovery. **Website:** www.eachb.coop

¹ P. 24, "Bank ownership structure, SME lending and local credit markets", Bank of Finland Research, Discussion Papers 22- 2014

² The authors are I. Hasan, Fordham University and Bank of Finland, K. Jackowicz, Komzminski University, O. Kowalewski, Polish Academy of Science, L.Kozlowski, BGZ SA.