

7th EACB Award for Young Researchers on Co-operative Banks

The selective incentives in the governance of Co- operative Banks: the specific relationship between efficiency and Participatory Loan.

By: Reynier Limonta Montero, MSc., PhD

Researcher on Enterprise & Financial Law.

Oriente University. School of Laws. Cuba.

Exordium

The governance of co-operative banks since its creation has meant another side of the typical behavior of banks. The main aims of co-operative banks are substantially different in order to methods and practices. This premise could be understanding from ethical point of view but is not always understood in the field of finances & business and that can be established such as a kind of weakness from these entrepreneurships but in our opinion this is the most outstanding characteristic of this figure. In fact, it make possible, their adaptation to several contexts including market niches impossible to access for large banks and financial institutions. In order to that conviction, this paper have as principal aim develop our theoretical propose on modulation of selective incentive in the governance of co-operative banks and its influence in the efficiency in the case of Participatory loan as an important tool in co-operative governance. Often, there is a gap in the

theoretical studies of this figure, Co-operative banks, what brings as a subsequently its tools of governance are hidden under several instruments of governance of SME related with solidary economy. Moreover, recently, the study of CME as specific figure inside SME category directed to stand out the mutual component is an important element in order to clarify our aim in this paper. As Mazzaroll and others has said “the CME is a hybrid that can fill the gaps between state-owned enterprise, not for profit social enterprise and for profit”¹. The mutual component is an important basis of participatory loan and consequently of co-operative governance. That is the reason because of our analysis put its vertex between the epistemic tetrahedron that represent the relation co-operative banks-governance-mutual component-participatory loan.

I.I Drawing back the drape on the concept of selective incentives. Their relation with specific governance of Co-operative banks & participatory loads.

Selective incentives are an important category from Olsonian conceptual system. Inside of the collective action logic theory pursues resolve the theoretical problem of free-rider giving additional motivations to help the existence and development of collective action. Under the postulates of this theorization the collective logic tries to understand the sense of rational elections of individuals and how these elections make possible the cooperation between them. Considering as premise that “all phenomena of government are phenomena of groups pressing one another,

¹ **Mazzarol, Tim, et al.** *Developing a conceptual framework for the co-operative and mutual enterprise business model.* Cambridge : Cambridge Press, 2018, Journal of Management & Organization, págs. 1-31.

forming one another and pushing out new groups and groups representative to mediate adjustments”, so the inevitable tendency of cooperation is possible when the individuals are located in a kind of epistemic unity and this special localization are the groups. The category of the groups in our understanding is not a simple association of individuals is a set of interactions, presupposing the diversity individuals’ activities and their pertinence, under this idea, to several groups. Is for that, desires, idealizations and social codifications are perceived from several philosophy of references.².

Olson, explains the impossibility of understand the collective action as a gnoseologic bifurcation because are the same individuals with own interests inside the individuality and the perennial gregariousness that the groups theory shows almost lacking of particular interests. For that reason, it explains “ It suppose that idea what the groups tend to acting to support its groups interests it derives logically from that widely accepted premise about its rational and selfish behavior. In other words, if the members of any group has an interest or a common object, and if everyone were better of that goal were achieved, it has thought what, logically , the individuals of this group, if were rationals and with own interests, they would acting to achieve this goal”³.

This is the central thesis of group’s theory ,however is refuted in the Olson opus, when affirms if any factor as the social heterogeneity decrease the consensus, the collective action it becomes less and less likely. The diacritic accent on this

² **Molins, Joaquim.** *La teoría de los grupos.* Departamento de Economía, Universitat Autònoma de Barcelona. Barcelona : Working Paper 143, 1998. p. 39, Trabajo de Grado.

³ **Olson, Mancur.** *La Lógica de la Acción colectiva.* [aut. libro] Colectivo de Autores. [ed.] Ariel Editores. *Diez Textos Básicos de Ciencia Política.* Príncipe. Madrid : Editorial Ariel, 1985, Vol. Único, págs. 203-220.

perspective is established in the negative conditionality for the exercise of the collective action starting free-rider dilemma. In his exposition it is concluded that if it is impossible to exclude certain individuals from the benefits obtained from the effort of one or several the inescapable result will be the disincentive to act collectively and leave to another the performance of the action, whose result will unfailingly benefit you with less individual cost.

Only the confluence of three factors, namely the size of the group, is presented as an exception to the behavioral rule: if it is a relatively small group, collective action, the existence of coercion or any other special device may be more likely. If the above conditions are not verified, the Olson conclusion is very clear "for this reason individuals will not act in favor of their group interests"⁴. However, the author himself clarifies that the operational mechanisms of the proposed logic are not simple element; therefore he declares that "the logic of collective action is not something that is evident to those who have never studied it. If it were obvious at first glance, the argument with which this work was initiated would not be in any way paradoxical, and the scholars to whom this argument is explained would not react at first with skepticism"⁵. As Elinor Ostrom has rightly pointed out, "Olson considers that the question of whether medium-sized groups would voluntarily seek collective benefits is an open question. Its definition of a group of intermediate size does not depend on the number of actors involved but on how conspicuous the actions of each person are. This type of conceptualization is closely related in the models that define the way in which the general use perspective approaches many

⁴ **Olson, Mancur.** *The Logic of Collective Action. Public Good and the Theory of groups.* Príncipe. Cambridge : Harvard University Press, 1965. pág. 1. Vol. Único.

⁵ Ídem.

of the problems that individuals face when trying to achieve collective benefits, what makes these models so interesting and powerful is that they capture important aspects of various problems that occur in different scenarios around the world"⁶.

The latter must be understood with a teleological approach and the operational mechanism is very similar to that of the sanction in the field of the theory of law. The first assumption in relation to incentives states that when the costs of individual contributions of collective action are reduced there is a clear tendency for the individual to discourage even to investigate whether it is worth or not to make a contribution, even in the intuitive level works that way. However, the question of incentives does not remain as a *clausus* number in the Olson conceptual apparatus, as it clarifies that "if the group that will take advantage of the collective action is sufficiently small and the cost-benefit ratio of this action is sufficiently favorable, it can be an action calculated in collective interest although there are no selective incentives "⁷.

These theoretical approaches serve as a kind of foundation of interaction between co-operative banks and its potential customers inside participatory loan relationship. It allow understand the possible-rational elections in the field of decisions on SME & Participatory loan Later, We'll explain based on the advantages that the use of participatory loans incorporates in the governance of co-operative banks.

⁶ **Ostrom, Elinor.** *El Gobierno de los Bienes Comunes.* Mexico : Universidad Nacional Autónoma de México, 1994.

⁷ **Olson, Mancur.** *The Logic of.....*

Another very interesting element of the theoretical proposal that we analyze is the introduction of the category incentives proposed by the Olsonian notion, these appear divided into positive and negative⁸.

What is the function of selective incentives in a general sense? Although it is not stated in his work they explicitly seek to grasp the problem of the free-rider by providing additional motivations that favor the occurrence of collective action. In the case of co-operative banks selective incentives could be the vault key in the analysis of mechanisms of governance such as participatory loan. The operational reason for the successful of participatory loans is located in the market failures. Several ventures, necessary in its essence, are not possible under the rules of the market because its profitability, market segment or characteristics for its realization make impossible the credits offers⁹.

Although the conception of selective incentives were created to explain the logic of collective action, its modulation on co-operative banks, specifically on Participatory Loan, allows to locate the collective actions in two different scenarios. First the collective action inside the SMEs and Micro SME directed to obtain results and profits from the loan of the Co-operative banks. This collective action is produced in order to guarantee the success of SME business. It has the principal aim to mobilize all of members of SME until these goals, from the most relevant members to the least committed and identified with the enterprise. Second the collective action propitiated by the governance tools as the participatory loan, lead to a collective logic of action to guarantee the success of the financed enterprise, since

⁸ Idem.

⁹ **Limonta Montero, Reynier.** *La producción jurídica de los recursos de uso común.* Bogotá : UniAcademia&Leyer, 2018.

it is not an externality but an own venture, since the Co-operative banks have welcomed it as their own. From the operation of the selective incentives that are simply embodied in advantages that favor the negotiation path towards the financing of entrepreneurship, modulating it according to the circumstances that the scenario provides.

This failure become in a selective incentive to co-operative banks. It allows obtain profits under surface of the market changing the way to realize business, specifically the financial business.

Besides that, this mechanism offering greater resilience and stability in comparison to many alternative business model. The participatory loads decreases the financial restrictions from SMEs, the latter constitute one of the main limitations to their development. However, the implementation of PL¹⁰ is very low, perhaps by the high degree of uncertainty related with aprioristic determination of its effective cost¹¹.

The spatial location of the selective incentives is the fundamental criterion for their classification as internal or external, a criterion that complements the already exposed positive and negative ones. Its application to specific governance mechanisms of the co-operative banks is a pioneer and in our opinion represents an important point of view to project the challenges of this figure in a changing and competitive scenario.

¹⁰ Participatory Load

¹¹ **Cazorla, Leonardo, López Godoy, Manuel y Lorenzana, Tomás.** *Análisis del coste financiero de los préstamos participativos desde la óptica de la lógica borrosa.* 5, 2003, Cuadernos del CIMBAGE, Vol. I.

The positive internal selective incentives can be exemplified in two classic elements, first the existence of a market segment that is of little interest and utility for the major players / operators of the financial market. How to interpret this first situation in terms of the theory of selective incentives? Actually what we postulate as a positive selective incentive that mobilizes the collective action of the co-operative banks is not the existence of the market itself, which would be a self-evident phenomenon, but the liberation of competition in a market segment that will mobilize proactivity of the partners towards an eventual / probable niche market.

The stimulation for the negotiation incursion of the co-operative banks in these market segments, conditions the emergence and development of efficient forms of governance that allow extracting the maximum possible benefit for the partners and this constitutes the articulation with the instrument that we analyze: the participative loan. The latter creates a theoretical situation highly beneficial for both parties, entrepreneurs and co-operative banks as the collective action of both is coordinated based on the success of the company and such coordination and its variables in turn mean for both the best guarantee for success. In this area, the emergence of solidarity is promoted as a viable, non-induced economic strategy.

For the other hand, the profitability of the moneylender and the financial cost from the borrower, they depend almost exclusively on the activity of the latter. Some legislations considers the loan amount as own funds not only from accountability

point of view if not a commercial advantage. Besides, from tax matters could be considered as deductible expensive¹².

This governance tool open a widely way for co-operative banks. It allows open an important portfolio of investments almost without competition because of the condition of market niches unexplored of several of opportunities developed thanks to PL. The tendency to inflation and their associated phenomena can be reverted since a business model tending to efficiency as main source of profits.

Around democracy is important to point out with Chaddad & Cook¹³ that ideally the way the Co-operative banks structures its system of governance will bring together the membership and management in a process of strong participative democracy.

This approach could be, wrongly develop, a source of difficulties for growing of Co-operative banks. However, democracy is real democracy or not it is. The key of this is the creation of a successful community inside Co-operative banks and its natural extension created under the effects of participatory loan. It is essential consider how design the relationship in these scenarios.

This point is supported in the fact that is a common practice download the cost of financing to the ending product or service. the process of amortization according this process is complex because of inflation make possible less paid, the value of the money is sensibly minor however, the transfer of financing costs to final prices decreases competitiveness or lengthens the recovery period of investment. Effectively its describes an stylized fact: the behavior from enterprises related with

¹² Spain Law is a good example of this conception. *¿Que ventajas tiene financiarse con préstamos participativos?* **Catalina, Javier.** 204, Madrid : s.n., Marzo de 2004, Estrategia Financiera, Vol. I, págs. 48-53.

¹³ **Chaddad, Fabio R.; Cook, Michael L.** Understanding new cooperative models: an ownership-control rights typology. *Applied Economic Perspectives and Policy*, 2004, vol. 26, no 3, p. 348-360

the way to establish the prices apparently determine the means in which decisions of monetary policy - interest rates, money and inflation- affects to economy from holistic point of view.

The presented approach opposes one of the fundamental pillars of neoclassical macroeconomic theory according to which the behavior of monetary variables has no relation with real variables. This is based on the rule that price changes do not generate costs; however the works of Swartz and Taylor¹⁴ focus their analysis on the effects that changes in money and prices can generate in unemployment and production itself.

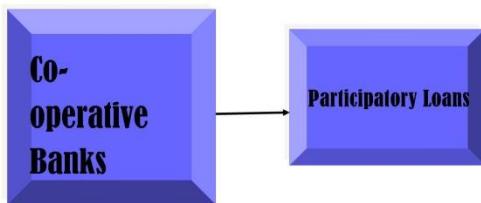
Cooperative banks then have a unique bifurcating quality in their organization and governance. They can avoid the dilemma related to the interest rate of the ventures and their relationship with the inflation rate. Well, although the achievement of efficiency is not sufficient motivation to avoid incorporating the price increase as a way to obtain profits to pay the loan and its interest, this problem cannot be solved by the financialized model of pre-existing banks at present. This, sliding a thin Occamian razor in the discussion outlined, concerning the relation inflation-price-interest rates.

Another of the positive internal selective incentives would lie in the possibility of developing a broad inventive and innovative activity in the bargaining proposal. In its way of operating, it has a certain complexity because inventiveness and innovation processes are a guarantee for the growth of any SME, however, freedom in decision making would facilitate its rapid incorporation into the

¹⁴ **Maurer, Bill; Swartz, Lana; Sterling, Bruce.** *Paid: Tales of dongles, checks, and other money stuff.* The MIT Press, 2017

realization of merchandise or services. what if it operates with a positive conditionality in the negotiation management. While decisions on these matters in other rational structures such as large companies suppose a complex protocol of authorizations, as a general rule, in the structure of SMEs favored with the participative loan of co-operative banks are easier and more relevant, among others. factors for the guarantee they represent in relation to the benefits and the favoring of collective action which creates the credible commitments between the co-operative banks, which at this point is an entrepreneurial partner, and the negotiating structure benefited with this governance instrument.

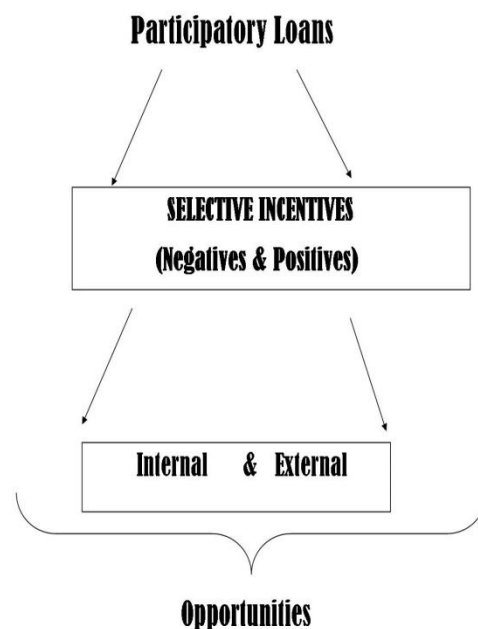
This situation represents a great opportunity for cooperative banks, since their governance mechanisms are supported by principles such as maximizing value for members as well as guaranteeing better prices for them, so participatory loans become a flexible instrument capable of adapting to a multiplicity of scenarios and in a resilient way to support the pressure of the big banks on this mutual business model.



- ⇒ More customers
- ⇒ More subscribers
- ⇒ Growing number of potential partners
- ⇒ Decreasing investments risks
- ⇒ Establishing a own-model of Business (CME)
- ⇒ Different ethic inside Co-operative banks business

This governance mechanism is based on the theoretical notion of selective incentives. That in the spatial plane they must be located inside the negotiating structure as part of the internal legal order of both the cooperative banks and the

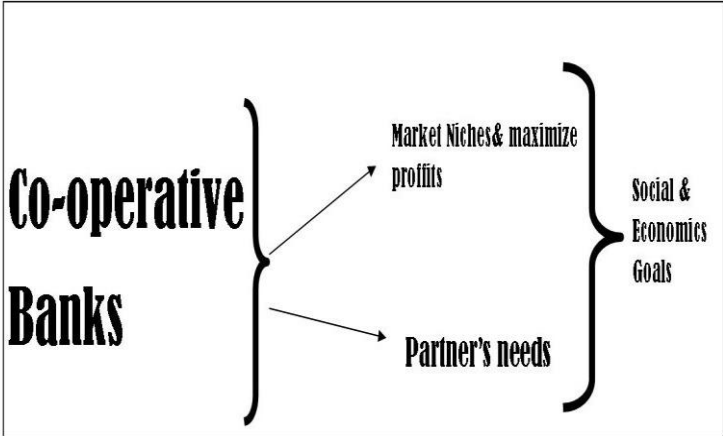
businesses to be financed. They can be filed as part of the dispute resolution mechanisms or in the distribution of the utilities among the partners. They can also be located in the components of the fiscal policy oriented to high efficiency and the incorporation of high aggregate values.



A fundamental element in the proposal is that related to the risks of the financed undertaking and its feasibility. While in a classically financialized financing scheme, the risk is only paid on the bargaining activity and its holders, consequently on the final product. In the case of PL bank cooperative enterprise participates as holder

and makes one of its axes negotiable ethical, interest end business success and not only profit maximization.

Legally, although pledging collateral can be agreed upon, these are not the center



of the bargaining issue in practice or in the legal framework, but rather the key mechanisms leading to the success of the business, which in itself constitutes a triumph for

the cooperative bank, a secure guarantee of its benefits and expansion. Subsequently means the attraction of new consumers of cooperative services that will expand the comfort zone and the reach of the bank.

How do selective incentives operate in the choice of the participatory loan? It is not a simple answer, but in our proposal they manifest themselves in at least two clearly detectable senses. The first from an external environment and regulation has to do with the tax benefits that would be a figure like that. In this direction the legal system makes a sacrifice for the sake of a weighting of objectives, prefers pecuniary sacrifice to contribute to the generation of jobs, the development of inventive and innovative activity or the provision of a service that supposes a niche of efficiency for the borrower but that would eventually represent an excess for the public business structure or a greater sacrifice in the concession regime.

This area is not minor, since if the correlation of efficiency is more attractive than traditional models and the possibility of violating the system, in clearer terms, cheating, evasions or elusions are more expensive and probable than obtaining the marginal utility resulting from the benefit provided by the legal system this positive additional incentive will mark the greatest possibility of using the legal framework containing the participative loan.

Basically this mechanism explains the success of the figure among a multiplicity of subjects in the orderings in which it has been developed. It is useful to understand these mechanisms, which combine two of the modalities that we explained earlier in the purely Olsonian vision of selective incentives. While the sanction becomes more probable, in a relationship of proportionality with the benefits, there is a combination of negative and positive selective incentives that compel the decision to use from the bargaining model a figure that favors collective action as the PL. The pressure of the big banks, in this scenario, operates as a negative selection variable because it inhibits traditional business models and inclines them to potentially successful formulas in *a priori* valuation such as PL.

From a philosophical point of view, it supposes the phenomenal comprehension of enormous reserves of niche markets close to SMEs and mutual and cooperative companies that could be developed with a cooperative action between economic objectives and social objectives, as the PL facilitates.

According Mazzarol, one of the most successful examples is the Bank Australia¹⁵, "originally a credit union founded in 1957, that became Australia's first customer-owned mutual bank in 2011. By 2016 Bank Australia has established a strong

¹⁵ **Mazzarol, Tim**, *et al.op.cit.*

presence in the market with 125.327 members and total assets of more than AUD \$ 4 billion"¹⁶. In their declared social purpose, according the Co-operatives National Law Act, their purpose is to create mutual prosperity for their customers in the form of positive, economic, personal, social, environmental and cultural outcomes.

In general, the regular and most frequent sources of financing in SMEs¹⁷ are, basically, own resources, bank loans, suppliers and others that include from family loans or private lenders. CEPAL statistics indicate that at least in Latin America, this reality is glaring. According to data from the SME Observatory Foundation in Argentina, 63% of industrial SMEs start their activities from their own funds, the same trend is followed by Chile with 50% and only Brazil¹⁸, since they do not have reliable data, public policies are they become the main source of financing for small and medium enterprises, 30%.

Only these data in the Latin American region would support a change of perspective in terms of financing of ventures. With which the participative loan would have a scenario, at least, experimental. On the other hand, the European situation reveals a situation similar to that described above and corroborates the trend presented in the analysis.

Therefore, as Casado pointed out, "it are faced with a situation in which bank financial intermediaries have tightened access to credit of all kinds and reject, more than ever, requests for financing. However, the explanation of the bank in the face

¹⁶ Business Council of Co-operatives and Mutuals (BCCM) (2016). 2016 National Mutual Economy Report. Retrieved from www.bccm.coop,.

¹⁷ CEPAL. http://estadisticas.cepal.org/cepalstat/web_cepalstat/estadisticasIndicadores.asp?idioma=e

¹⁸ **Mendes de Paula, Germano.** La inclusión financiera de las PyMES en Brasil: hechos estilizados, medición y problemática. CEPAL. [En línea] 2017. [Citado el: 28 de 1 de 2019.] https://www.cepal.org/sites/default/files/events/files/sesion_4_-_inclusion_financiera_pymes_-_brazil.pdf.

of criticism generalized is that there is no demand for credits, to which should add that it is true if they are taken into account very high interests. The reason for this situation is no other than, given the situation of banking crisis due to the economic crisis itself and the mismanagement of financial institutions in the period of fat cows-read real estate speculation, among others-, the banking system deals with to safeguard their interests, forgetting their obligation to finance the economy and SMEs, in particular.

Indeed, there is unfailing documentation that, before the urgent request of the governments, the European Central Bank-lender in the last resort-provides money to the national banks at very low interest rates -at presently less than one percent-, cash with which they buy bonds. The publics that provide them with very high interest, reaching up to just over six percent in the case of some national bonds¹⁹.

On the other hand, to the extent that entrepreneurs do not see improvement in the macroeconomic environment and believe that credit institutions have deteriorated their willingness to grant financing, the situation of credit to companies is going through a difficult juncture. Moreover, the issue is aggravated by the very circumstances that financial intermediaries that make use of external financing from, for example, the European Central Bank to fix their imbalances. The immediate consequence is the reduction in the volume of financing granted and an increase in the guarantees requested. As a culmination, from the point of view of the demand for financing, this has decreased significantly, especially the low

¹⁹*La Financiación de las PyMES en la Unión Europea y España ante una situación de crisis económica y financiera.* **Casado Raigón, José María y Pich Rossel, Valentín.** Bogotá : CILEA, 2013. Vol. I.

number of requests for credit by small and medium-sized companies, although this last assessment is best explained by that image in which the fish that eat its own tail²⁰.

Prior to Basel II, capital consumption was not related to the client's risk. However, based on the aforementioned International Agreement, the capital consumption is calculated based on the risk assumed with each client and owner of the operation. Transferred this new system of calculation of capital consumption -Basel II- to the financing of SMEs we observe that these will have greater difficulties than in the past since the capital consumption of the lender depends on who the borrower is. The smaller the company, the more easily deteriorated its probability of default (PD), in English-or rating, since it has fewer resources to diversify its income, depends more on local markets and tends to have less solvency, in addition to his more reduced managerial capacities. In short, in the low moments of the economic cycle like the current one, the new regulation will act more restrictively on credit to SMEs than in the large company. In effect, the spreads or extensions that will be applied to the investment operations will be greater than they were before and there will be notable differences in the different types of interest depending on the level of risk that is assumed with each client, which will depend on the referred one. Probability of Default -PD- or rating assigned to each borrower. However, in the generalized situation of crisis in the European Union, with particular incidence

²⁰ *Ídem*

in the countries of the South, the need for financing at appropriate rates becomes more urgent²¹.

On the other hand, the ethical dimension is one of the forgotten points in analyzes of this type. In this case it has particular connotations. Good is known the versatility of the negotiation ethics as a category, coming to consider it a true oxymoron, nevertheless following Harvey²² of the clear distinction between responsibility and sensitivity, although it is not always so clear to recognize one of another in relation to practical value and its own practical expression.

If we apply the model of Olson on this matter, the analyzes could be more completes. The perception of the group inside relationship "funded business"& Co-operative banks is permeated of a kind of great duct where keep the ethical, moral and axiological, unlike the traditional bank / financial institution-client relationship.

Participatory loans make possible stand out the mutual component in the situation of development of new business fields and allows the ethical conceptions of cooperation and solidarity to be gravitated on the success of the business undertaken, not being a hindrance, as in a large part of the traditional undertakings where the pattern of individual behavior is the most efficient option, making compatible solidarity and cooperation , say logic of the collective action, with the obtaining of profitable benefits to the partners of the co-operative banks and those of the enterprise, independently of the associative or individual form that they will adopt in their entrepreneurship.

²¹ **Raigón, José María Casado.** *Cuentas ambientales y actividad económica.* Consejo General de Colegios de Economistas de España, 2004.

²² **Harvey, Brian.** Ethical banking: The case of the Co-operative bank. *Journal of Business Ethics*, 1995, vol. 14, no 12, p. 1005-1013.

As we have explained before, the solidarity becomes a selective incentive facilitator of collective action. This conclusion allows us to complete the perspective of the PLs as key governance instruments in the consolidation of cooperative banks.

It is not a panacea, it has many different challenges, including negative selective incentives, the most unfavorable, its lack of protection from tax or tax legislation in general, the impossibility of deduction in the tax declaration process or the existence of a strong regressive tax system which ends up rewarding mathematically the high marginal profit or the financial speculation to the detriment of the entrepreneurships in the real economy.

Other negative incentives could lie in the ignorance of the potentialities of the figure, the rigidity in the implementation that ends up mutilating its enormous deployment possibilities and the international financial context, as we have described before, tending to a contraction in credit lines. Besides that, it can become a two-headed element, while representing an opportunity vision that has been exposed earlier in this work as it facilitates access to market failures; it can also discourage entrepreneurs and thereby configure a domino effect in relation to financing by of the co-operative banks.

The economic treatment toward SME experiences could be improved from the protection of cooperative banks from the legal order and the state and administrative power not directly but through indirect mechanisms such as the selective incentives acting in close coordination with governance mechanisms such as the PL. Several ordinations as European, US, Latin America, Asia, Oceania and

others allow the development of this tools, therefore it is possible their improvement and implementation as important part of Co-operative Banks arsenal and could be one of interesting presentation letter in the competition for segments of the market - SME,CME- very attractive for the growth of the cooperative bank and that is in the zone of apathy or disinterest on the part of financial institutions that see it as products that are not profitable for their business portfolio or that simply prefer not to be part of entrepreneurship because they have a business model different. Another one of the edges little explored is the possibility of managing sums of public credit or funds of development/promotion by cooperative banks that use the PL as a vehicle for the distribution of these, since, in fact, they would be not a mere distributor, really, they would be part of the venture.

The distribution of public credit thanks of this formula allows more efficiency in the achievement of a better access to the public funds. The Economic administration would be useful in a sort of dumbbell between the finance assignments and subscriptions. From investment point of view our point of view it favors the investment in the real sector of the economy and the generation of jobs, as well as the consolidation of stable income from ventures. This would allow the promotion and development funds to be better distributed, since they will allow reaching a capillary network of small and medium-sized businesses that constitute the support of a broad community of suppliers and demanders.

These additional advantages constitute, according to the theoretical approach that we support, positive selective incentives in terms of adoption and implementation of macroeconomic policies at the level of countries or regions. The introduction of

technologies and their effective transfer could very well be one of the tangible results of using PL as a tool in the governance of Co-operative banks from the State's economic administration and own co-operative banks.

I.2 A preliminary epilogue.

A preliminary epilogue always is hard task. It is recognized inside this same sentence the existence of other elements, impossible to explain in all of their complexity by the researcher. Because of that is a hard task, have in the mind the existence of several factors in a relationship without ability to predict its behavior. That is the case of PL. Although is perfectly possible to delineate many of its features, advantages, such as this paper do, is not possible write all probable factors in the process of implementation or management inside co-operative banks governance.

However, the world context allows develop this kind of figure, giving more plasticity and operability to co-operative banks. It is not the last discovering a new market segment, is a way toward better competitiveness and an important step until a new business model on co-operative banks emerge in the circumstances of this financial crisis. Said in simple words, an middle way between a traditional model of co-operative banks and a new model.

The proposal and its predictive behavior will make possible the growth of employers, workers and SMEs. The model of CMEs also have its expression inside this figure, as we have explained before, giving a sort of key category in the achieve of mutual component.

The theory of selective incentive was the vehicle to explain the probable behavior of many subjects, in very specific contexts and conditions, as groups. This concept, selective incentive, is a freeway of double way. In one sense allow understand the motivations of Co-operative banks for develop PL tool and for the other hand, it make easy understand the position of business subjects in the process to financing access. Several approaches, all under selective incentives theory umbrella, help to design a right tax or economic policy since public administration or Co-operative banks governance for develop of this figure.

A priori, the profitability and resilience added to co-operative banks are a clear phenomenon, however its feasibility the experiment of this theoretical stance in other contexts under many and different rules. For now, the sustainable expansion of co-operative banks constitutes a new approach to an old problem and this paper open the possible solution.

Bibliographic References

1. **Mazzarol, Tim, et al.** *Developing a conceptual framework for the co-operative and mutual enterprise business model*. Cambridge : Cambridge Press, 2018, *Journal of Management & Organization*, págs. 1-31.
2. **Molins, Joaquim.** *La teoría de los grupos*. Departamento de Economía, Universitat Autònoma de Barcelona. Barcelona : Working Paper 143, 1998. p. 39, Trabajo de Grado.
3. **Olson, Mancur.** *La Lógica de la Acción colectiva*. [aut. libro] Colectivo de Autores. [ed.] Ariel Editores. *Diez Textos Básicos de Ciencia Política*. Príncipe. Madrid : Editorial Ariel, 1985, Vol. Único, págs. 203-220.
4. **Olson, Mancur.** *The Logic of Collective Action. Public Good and the Theory of groups*. Príncipe. Cambridge : Harvard University Press, 1965. pág. 1. Vol. Único.
5. **Ostrom, Elinor.** *El Gobierno de los Bienes Comunes*. Mexico : Universidad Nacional Autónoma de México, 1994.
6. **Limonta Montero, Reynier.** *La producción jurídica de los recursos de uso común*. Bogotá : UniAcademia&Leyer, 2018.
7. **Cazorla, Leonardo, López Godoy, Manuel y Lorenzana, Tomás.** *Análisis del coste financiero de los préstamos participativos desde la óptica de la lógica borrosa*. 5, 2003, Cuadernos del CIMBAGE, Vol. I.

8. **Catalina, Javier.** Spain Law is a good example of this conception. *¿Que ventajas tiene financiarse con préstamos participativos?* 204, Madrid : s.n., Marzo de 2004, Estrategia Financiera, Vol. I, págs. 48-53.
9. **Chaddad, Fabio R.; Cook, Michael L.** Understanding new cooperative models: an ownership–control rights typology. *Applied Economic Perspectives and Policy*, 2004, vol. 26, no 3, p. 348-360
10. **Maurer, Bill; Swartz, Lana; Sterling, Bruce.** *Paid: Tales of dongles, checks, and other money stuff.* The MIT Press, 2017
11. **Business Council of Co-operatives and Mutuals (BCCM)** (2016). 2016 National Mutual Economy Report. Retrieved from www.bccm.coop,.
12. **CEPAL.** http://estadisticas.cepal.org/cepalstat/web_cepalstat/estadisticasIndicadores.asp?idioma=e
13. **Mendes de Paula, Germano.** La inclusión financiera de las PyMES en Brasil: hechos estilizados, medición y problemática. *CEPAL*. [En línea] 2017. [Citado el: 28 de 1 de 2019.] https://www.cepal.org/sites/default/files/events/files/sesion_4_-_inclusion_financiera_pymes_-_brazil.pdf.
14. **Casado Raigón, José María y Pich Rossel, Valentín.** *La Financiación de las PyMES en la Unión Europea y España ante una situación de crisis económica y financiera.* Bogotá : CILEA, 2013. Vol. I.
15. **Raigón, José María Casado.** *Cuentas ambientales y actividad económica.* Consejo General de Colegios de Economistas de España, 2004.
16. **Harvey, Brian.** Ethical banking: The case of the Co-operative bank. *Journal of Business Ethics*, 1995, vol. 14, no 12, p. 1005-1013.

