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EACB Statement on generational renewal in the agricultural sector

October 2025

The **European Association of Co-operative Banks** (EACB) is the voice of the cooperative banks in Europe. It represents, promotes and defends the common interests of its 27 member institutions and of cooperative banks in general. Cooperative banks form decentralised networks which are subject to banking as well as cooperative legislation. Democracy, transparency and proximity are the three key characteristics of the cooperative banks' business model. With 2,500 locally operating banks and 40,000 outlets cooperative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They have a long tradition in serving 228 million customers, mainly consumers, retailers and communities. The cooperative banks in Europe represent 91 million members and 737,000 employees and have a total average market share of about 20%.

For further details, please visit www.eacb.coop

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Introduction

The EACB welcomes the opportunity to contribute to the discussion on a financial framework that supports generational renewal in the EU agricultural sector. This contribution is made in the context of the forthcoming post-2027 Common Agricultural Policy (CAP), the upcoming EU Strategy for Generational Renewal, and the European Commission's broader simplification agenda.

Cooperative banks are structurally well placed to finance young and new farmers in Europe. Their **local presence, member-owned structure, and relationship-based banking model** give them a unique advantage in understanding and serving rural communities. Across EU Member States, cooperative banks are consistently among the main lenders to farms and rural small and medium-sized enterprises. Their deep local roots, relationship-based lending, and close ties with producer cooperatives, advisory services, and local value chains enable them to provide tailored financial solutions that reflect the realities of rural economies. This proximity and embeddedness make cooperative banks indispensable partners in sustaining agricultural activity and supporting the generational renewal of Europe's farming sector.

However, their capacity to scale up agricultural and generational-renewal lending remains can be constrained by capital requirements, prudential treatment, and limited access to guarantee mechanisms.

Below, we formulate policy-related suggestions that would support cooperative banks in their central role, enabling new entrants to flourish, sustaining rural economies, accelerating agri-tech adoption, and ultimately ensuring that European agriculture remains vibrant, productive, and resilient for future generations.

Policy considerations to boost coop financing

Adapting prudential rules to agricultural and generational-renewal lending

The current prudential framework often treats agricultural lending as high-risk, which discourages banks from extending credit to new entrants. The EACB proposes that loans to young and new farmers, when covered by public guarantees, should benefit from **lower risk weights** under the EU capital requirements framework.

The EACB emphasizes the importance of **simplified rules and reporting obligations**, particularly for smaller cooperative banks which may lack the capacity to absorb heavy regulatory and administrative burden.

Policymakers should enable a **more proportionate and flexible approach in prudential supervision** that better protects the cooperative model in the banking sector, known for its resilience, long-termism, rural implantation and proximity). Furthermore, cooperative banks engaged in portfolios that promote generational renewal should be recognized by supervisory authorities for the broader social and economic value of their activities. A calibrated prudential approach would allow cooperative banks to lend more flexibly and sustainably while maintaining financial stability.

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Strengthening public-private guarantee mechanisms

We recommend a broader use of financial instruments, such as loans, guarantees, and blended finance, alongside traditional grant schemes. Cooperative banks should be explicitly eligible to act as intermediaries for CAP-backed financial instruments, given their deep local networks and experience in agricultural finance.

Guarantee schemes are crucial in reducing risk for agricultural lending. The EACB believes that dedicated EU and national guarantee windows should be created specifically for young farmers and new entrants. These should be complemented by counter-guarantees from EU instruments such as InvestEU or CAP financial instruments, enabling cooperative banks to lend with lower capital requirements.

Simplified administrative procedures are equally important to ensure that cooperative banks can channel guarantees efficiently at the local level. Strengthened public-private guarantee structures would help bridge financing gaps, reduce collateral demands, and ensure that viable young-farmer projects can obtain credit even without extensive personal assets.

Data and monitoring

Financial actors need to rely on quality data that is easily accessible to them, in order to assess the risk level of their counterparts, and to fulfil regulatory requirements and supervisory expectations. Policymakers should ensure that such requirements are aligned (that sets of data may be reported only once for use across the value chain) in a holistic approach. In this respect, existing sustainability data and reporting practices should be leveraged (eg. VSME).

Dedicated benchmarks or indicators may be mandated and reflected in CAP plans also in relation to young farmers and new entrants to the agri-sector.

Simple and stable framework

Simplification and administrative efficiency are essential to make the young farmers' starter pack and other generational renewal measures effective in practice.

The many measures currently being proposed and reviewed will require alignment efforts between EU, national, regional, and local authorities, to ensure the practicality and uptake of the tools made available. Coordinated monitoring and a strong EU generational renewal strategy can help to align agricultural, financial, and land policies.

Consistent and transparent guidance from EU and national authorities would also ensure predictability and avoid fragmentation in implementation.

Dynamic rural areas

In addition to financial and technical support measures, policies must support the provision of essential public services in rural areas. It is crucial that rural populations and youth in particular is able to easily access services such as healthcare, education, transportation, and leisure activities. These strengthen social fabric and act as anchors for young farmers in rural areas, and in this way can encourage young people to enter the agricultural sector.

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The EACB trusts that its comments will be taken into account.

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