



EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS  
The Co-operative Banking Difference

**7<sup>TH</sup> CONVENTION ON CO-OPERATIVE BANKS**

**CO-OPERATIVE BANKS: looking ahead to drive  
societal and economic growth**

**28 MARCH 2017**

**OPENING SPEECH**

**GERHARD HOFMANN**

PRESIDENT OF THE EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS

Check Against Delivery



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Opening speech: 9h45-10h00

DEAR LADIES AND GENTLEMEN,

HONORARY MEMBERS OF THE EUROPEAN PARLIAMENT,

REPRESENTATIVES OF THE EU COMMISSION, EU COUNCIL AND THE BANKING AND SUPERVISORY AUTHORITIES,

DEAR SPEAKERS, DEAR PARTICIPANTS,

DEAR COLLEAGUES,

IT IS AN HONOUR TO OPEN THIS 7TH CONVENTION ON CO-OPERATIVE BANKS, THAT REPRESENTS FOR US, THE EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS, A LANDMARK EVENT TO DISCUSS *THE KEY TOPICS FOR OUR SECTOR IN AN OPEN DIALOGUE WITH MEMBERS, AUTHORITIES, EUROPEAN INSTITUTIONS ACADEMICS AND STAKEHOLDERS.*

BUT LET ME FIRST OF ALL THANK WARMLY MR. MARK WEINMEISTER, SECRETARY OF STATE FOR EUROPEAN AFFAIRS OF *THE STATE OF HESSEN*, FOR HIS WELCOME SPEECH AND FOR HOSTING US TODAY IN THIS VERY NICE VENUE.

I AM VERY GRATEFUL FOR THIS CO-OPERATION WHICH ALSO SIGNALS THE REGIONAL DIMENSION OF CO-OPERATIVE BANKS. IN GERMANY LIKE IN ALL OTHER EUROPEAN COUNTRIES, OUR BANKS ARE DEEPLY ROOTED IN THE TERRITORIES. THIS MEANS KNOWING PROFOUNDLY OUR CLIENTS, THE SURROUNDING ECONOMY THAT WE ACTIVELY SUPPORT IN GOOD AND BAD TIMES. IN THIS RESPECT THE "DESTINY" OF THE REGIONS WHERE CO-OPERATIVE BANKS BELONG TO AND THE DESTINY OF CO-OPERATIVE BANKS ARE STRICTLY LINKED. WE SHOULD NOT FORGET THAT THE LOCAL ACTORS, SMES, FARMERS, HOUSEHOLDS, CRAFTSMEN, ENTREPRENEUR AND LOCAL BANKS ARE THE ENGINES OF GROWTH. EUROPE RELIES ON THEM TO RELAUNCH THE ECONOMY, JOB CREATION AND COMPETITIVENESS.

THIS IS WHY WE HAVE CHOSEN, IN THIS 7TH CONVENTION, TO LOOK AT THE WAY FORWARD, HOW CO-OPERATIVE BANKS CAN CONTINUE DRIVING SOCIETAL AND ECONOMIC GROWTH IN A CONTEXT OF RAPID TRANSFORMATIONS BE IT IN THE MARKETS, IN THE POLITICAL SETTINGS OR IN THE REGULATORY ENVIRONMENT. "THE WAY FORWARD" IS THE *FILE-ROUGE* OF TODAY'S DISCUSSION AND WE HOPE THAT THE 7<sup>TH</sup> CONVENTION WILL TRIGGER NEW THINKING: ILLUSTRATING THE STRATEGIES OF



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OUR BANKS IN ADAPTING TO REGULATORY AND TECHNOLOGICAL DEVELOPMENTS WITH A KEEN PROPOSITION TO REMAIN KEY ACTORS IN THEIR LOCAL COMMUNITIES. WE ALSO HOPE THAT THE CLOSING PANEL ON THE FUTURE OF EUROPE CAN BE A CONSTRUCTIVE CONTRIBUTION TO REAFFIRM THE SUPPORT OF CO-OPERATIVE BANKS TO THE EUROPEAN PROJECT.

THE EACB HAS PUT FORWARD IMPORTANT POLICY RECOMMENDATIONS ON THOSE THREE TOPICS IN THE "7<sup>TH</sup> CONVENTION'S DECLARATION" DISTRIBUTED IN YOUR FOLDER THAT I INVITE YOU TO READ AND PROMOTE.

### **CO-OPERATIVE BANKS: FIGURES AND SPECIFICITIES**

CO-OPERATIVE BANKS ARE MAJOR PLAYERS IN THE EUROPEAN UNION WITH 4.050 LOCAL RETAIL BANKS, 79 MILLION MEMBERS AND 210 MILLION CUSTOMERS, THAT IS ABOUT HALF OF THE EUROPEAN POPULATION. THEY HAVE A DENSE BRANCH NETWORK OF ABOUT 59.000 OUTLETS. THEY EMPLOY ALMOST 750.000 PEOPLE. THEY TOGETHER ACCOUNT FOR 7 TRILLION OF ASSETS.

OUR " CO-OPERATIVE" MODEL IS BASED ON DISTINCTIVE FEATURES:

1. OUR GOAL IS TO SERVE THE MEMBERS AND CLIENTS ECONOMIC AND SOCIAL NEEDS, WHICH ALSO MEANS CONTRIBUTING TO THE DEVELOPMENT OF THE COMMUNITIES WHERE THEY LIVE.
2. MEMBERS AND CLIENTS ARE OWNING THE BANKS AT LOCAL/REGIONAL LEVEL AND DRIVE THE DECISIONS IN A BOTTOM-UP APPROACH.
3. WE ARE LONG TERM ORIENTED, NO SUBJECT TO MARKET PRESSURE: STABLE AND RESILIENT.
4. WE GENERALLY OPERATE IN DECENTRALISED NETWORKS WITH INTERNAL SOLIDARITY AND CONTROL MECHANISMS.

THANKS TO THOSE CHARACTERISTIC OUR BANKS HAVE PROVIDED AN ANCHOR OF STABILITY DURING THE CRISIS. THEY HAVE CONTINUED SUPPORTING THE SUSTAINABLE DEVELOPMENTS OF THE REGIONS THEY BELONG TO, WHILE CONSTANTLY INNOVATING THE RELATIONSHIP WITH MEMBERS-OWNERS.

### **CO-OPERATIVE BANKS ADAPTING TO A CHANGING REGULATORY AND SUPERVISORY CONTEXT (TIAS ANALYSIS AND POLICY ISSUES) (PANEL 1)**

A RECENT ANALYSIS, ENTITLED "SNAPSHOT OF EUROPEAN CO-OPERATIVE BANKING" PUBLISHED LAST WEEK BY TIAS UNIVERSITY IN COLLABORATION WITH THE EACB -AND DISTRIBUTED TODAY- HAS SHOWN THAT IN EUROPE THE MEMBER BASE IN CO-



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OPERATIVE BANKS HAS CONTINUED TO INCREASE IN THE PAST DECADES. IN 2015 (LAST AVAILABLE DATA) CO-OPERATIVE BANKS IN EUROPE HAVE WELCOMED ABOUT **1.6 MILLION NEW MEMBERS**. THIS IS A SIGN OF *TRUST AND CONFIDENCE*. IN PARTICULAR WHEN COMBINED WITH THE STEADY GROWTH IN MARKET SHARE BOTH IN DEPOSITS AND LOANS AND A SHARP *INCREASE IN BRANCHES MARKET SHARE*, THAT, AS EXPLAINED IN THE STUDY, IS DUE TO THE FACT THAT CO-OPERATIVE BANKS HAVE MAINTAINED *THEIR PROXIMITY*, WHILE OTHER BANKS HAVE CLOSED MORE BRANCHES IN COMPARISON.

BESIDE OTHER POSITIVE ELEMENTS CONTAINED IN THE STUDY ON THE CAPITAL, ROE AND BALANCE SHEET DEVELOPMENTS, I WAS PARTICULARLY STRUCK, WHEN READING THE **ANALYSIS ON THE POLICY IMPLICATIONS**. THE STUDY SHOWS INDEED THAT WHILE ON A LONGER TIME SPAN CO-OPERATIVE BANKING GROUPS HAVE STOOD OUT FROM THE ENTIRE BANKING SECTOR, REGARDING MANY INDICATORS, SUCH AS EMPLOYMENT GROWTH, BRANCH NETWORK, TIER 1 RATIO AND RETURN ON EQUITY, IN RECENT YEARS THERE HAS BEEN A CONVERGENCE OF INDICATORS FOR BOTH GROUPS.

THE AUTHORS, THAT I WOULD LIKE TO THANK FOR BEING WITH US TODAY, DO NOT EXCLUDE - AND I QUOTE-"*THAT REGULATORY FORCES ARE PARTICULARLY PUSHING BANKS IN THE SAME DIRECTION AND/OR PROMPT THEM TO MAKE SIMILAR CHOICES (EVEN THOUGH THEY HAVE DIFFERENT OWNERSHIP STRUCTURES). THIS MAY HAVE IMPLICATIONS FOR FINANCIAL STABILITY, BECAUSE UNIFORMITY IN BANKING (MODELS) COULD EVENTUALLY LEAD TO FINANCIAL FRAGILITY INSTEAD.*"

IN OTHER WORDS: IS THE REGULATORY AND SUPERVISORY FRAMEWORK LEADING TO A MORE HOMOGENOUS BANKING MARKET? IS REGULATION AND SUPERVISION *CHANGING OUR CO-OPERATIVE BANKING MODEL AND GOVERNANCE?* AND IF THIS WAS THE CASE WHAT WOULD BE THE *ECONOMIC IMPACT* ON SMES, HOUSEHOLDS FINANCING AND GROWTH? A SURE FACT IS THAT THE AMOUNT, THE LEVEL OF DETAILS AND THE CONTINUOUS MOTION OF THE CURRENT REGULATORY LANDSCAPE, LEADS TO *DISPROPORTIONATE IMPLEMENTATION* AND COMPLIANCE COSTS FOR OUR CO-OPERATIVE BANKS. MOREOVER, THIS COMPLICATES THEIR INTERNAL CAPITAL GENERATION CAPACITY SINCE THEY HEAVILY RELY ON RETAINED SURPLUSES.

THIS IS WHY WE NEED TO DISCUSS: *WHAT ARE THE POLICY RECOMMENDATIONS FOR INTEGRATING THE CO-OPERATIVE BANKS SPECIFICITIES IN EUROPEAN AND INTERNATIONAL RULES?*

WE WILL TACKLE THOSE QUESTIONS IN **OUR MORNING SESSION**.



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I TAKE THE OCCASION TO STRESS HOW CRUCIAL THE DIALOGUE WITH OUR STAKEHOLDERS, WITH THE EU INSTITUTIONS AND THE BANKING AND SUPERVISORY AUTHORITIES IS - TO ADDRESS AND UNDERSTAND THE CO-OPERATIVE BANKING DIFFERENCE AND THE PECULIARITIES OF THE CO-OPERATIVE BANK FORM OF ENTERPRISE THAT, LET ME REMIND YOU, IS ENSHRINED IN THE EUROPEAN TREATIES.

THE EACB, AS THE VOICE OF CO-OPERATIVE BANKS AT EUROPEAN AND INTERNATIONAL LEVEL IS CONSTANTLY PROMOTING AND FACILITATING THIS DIALOGUE AND I WOULD LIKE TO THANK ALL AUTHORITIES PRESENT TODAY FOR THEIR CONSTRUCTIVE INVOLVEMENT.

### **CO-OPERATIVE BANKS AND DIGITALISATION (PANEL 2)**

COMING BACK TO TODAY'S TOPIC: THE WAY FORWARD IN A RAPIDLY CHANGING ENVIRONMENT, ANOTHER CHALLENGE, THAT OUR BANKS ARE FACING IS THE DIGITAL TRANSFORMATION.

OUR BANKS EMBRACE TECHNOLOGICAL INNOVATION AND SUPPORT THE *DIGITAL SINGLE MARKET*. THEY ARE REDESIGNING NEW PROXIMITY MODEL TO CONTINUE ENGAGING AND INVOLVING MEMBERS AND CLIENTS IN A TRUST RELATIONSHIP.

HOW ARE THEY DOING SO? WHAT ARE THE CHALLENGES AND WHAT THE OPPORTUNITIES? IS THE REGULATORY ENVIRONMENT AFFECTING THE DIGITAL TRANSFORMATION? IS THERE A LEVEL PLAYING FIELD WITH OTHER DIGITAL FINANCIAL SERVICES PROVIDERS? HOW ARE CO-OPERATIVE BANKS INNOVATING SUCCESSFULLY IN CURRENT MARKET CONDITIONS WITH FIERCE COMPETITION AND LOW INTEREST RATES?

THOSE ARE SOME OF THE QUESTIONS THAT WILL BE ON THE TABLE FOR DISCUSSION IN OUR SECOND PANEL. ON MY PART- AND JUST TO ANTICIPATE THE DEBATE- LET ME SAY IT VERY CLEARLY: CO-OPERATIVE BANKS SEE DIGITALISATION AS AN OPPORTUNITY!

WE WILL HEAR IN **THE AFTERNOON SESSION** VERY INTERESTING EXAMPLES OF HOW, BUILDING ON THEIR VALUES AND LEVERAGING ON THEIR CO-OPERATIVE DIFFERENCE, OUR BANKS ARE SUCCESSFULLY INNOVATING AND LEADING THE DIGITAL TRANSFORMATION - KEEPING THEIR MEMBERS INTEREST IN THE FOCUS.

### **CO-OPERATIVE BANKS AND THE FUTURE OF EUROPE (PANEL 3)**

INDEED THIS IS THE ESSENCE OF OUR MODEL: A MODEL THAT PUTS THE PERSONS AT THE HEART OF THE BUSINESS.



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PERSONS ARE ALSO AT THE HEART OF THE EU POLITICAL PROJECT AS FAMOUSLY STATED BY JEAN MONNET, FOUNDING FATHER OF THE EU, "WE ARE NOT UNITING STATES, WE ARE UNITING HUMAN BEINGS".

THIS IS OUR WHISH FOR THE FUTURE OF EUROPE! IN LINE WITH OUR VALUES AND OUR ROLE IN THE ECONOMY, IT IS OUR AIM TODAY TO REAFFIRM OUR COMMITMENT AND SUPPORT TO THE EUROPEAN PROJECT AND ITS VALUES, INCLUDING DEMOCRACY, SOLIDARITY AND DIVERSITY.

IMPORTANT QUESTIONS ARE ON THE TABLE AT THE TIME WHEN THE 60 ANNIVERSARY OF THE TREATY OF ROME IS CELEBRATED. JUST FEW DAYS AGO HEADS OF STATES HAVE MET ON THE OCCASION. THE EUROPEAN PARLIAMENT, THE EU COUNCIL AND THE EU COMMISSION WITH ITS WHITE PAPER, HAVE LAUNCHED A DEBATE ON THE FUTURE OF EUROPE. WE WELCOME THESE INTIATIVES. WE ALSO ENCOURAGE AND LOOK FORWARD TO THE FORTHCOMING THEMATIC PAPERS AND NEXT STEPS.

IS EUROPE AT A TURNING POINT? WHAT IS THE FUTURE POST-BREXIT? WHAT ARE THE VIEWS OF POLICY MAKERS, STAKEHOLDERS AND CO-OPERATIVE BANKS?

I EXPECT LIVELY EXCHANGES IN THE HIGH LEVEL PANEL ON THE "FUTURE OF EUROPE" THAT WILL CONCLUDE OUR EVENT , INCLUDING A VIDEO CONTRIBUTION OF ENRICO LETTA, FORMER ITALIAN PRIME MINISTER.

I AM ALSO SURE THAT INSPIRING REFLECTIONS WILL ALREADY BE ADRESSED BY MS SYLVIE GOULARD WITH WHOM I HAVE THE HONOUR AND THE PLEASURE TO SHARE THIS OPENING SESSION.

LET ME EMPHASIZE HOW GRATEFUL WE ARE MS. GOULARD FOR BEING WITH US TODAY AND FOR YOUR SUPPORT TO THE 7H EDITION OF OUR CONVENTION ON CO-OPERATIVE BANKS SINCE THE VERY BEGINNING.

BEFORE GIVING YOU THE FLOOR AND OFFICIALLY OPEN THE PROCEEDINGS, ALLOW ME TO REMIND YOU THAT IT IS WITH GREAT PLEASURE THAT LATER ON WE WILL BE HONOURING THE LAUREATES OF THE FIFTH EACB AWARD FOR YOUNG RESEARCHERS ON CO-OPERATIVE BANKS. WE KINDLY INVITE YOU TO JOIN US FOR THE CEREMONY.

WITH NO FURTHER INDULGEMENTS, LET ME NOW WHISH YOU AN ECELLENT DAY OF DISCUSSIONS AT THIS 7<sup>TH</sup> CONVENTION ON CO-OPERATIVE BANKS!