

EUROPEAN ASSOCIATION
OF CO-OPERATIVE BANKS



ANNUAL REPORT 2018

The voice of **3.000** local and retail Banks | **81** million Members | **209** million Customers

European Association of Co-operative Banks A.I.S.B.L.

Rue de l'Industrie 26-38 - 1040 Brussels

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Tel: +32 (0)2 230 11 24

www.eacb.coop

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CONTENTS TABLE

04	PRESIDENT'S ADDRESS
05	WELCOME TO THE EACB
06	ABOUT THE EACB
08	THE CO-OPERATIVE DIFFERENCE
10	CO-OPERATIVE BANKS IN THE SINGLE MARKET
14	DEVELOPMENTS AFFECTING RETAIL BANKING OFFER OF CO-OPERATIVE BANKS
18	CO-OPERATIVE BANKS IN THE SUSTAINABLE FINANCE INITIATIVES
19	COMMUNICATION AND RESEARCH
23	ANNEXES



Gerhard Hofmann
President

The year 2018 was once again reassuring for co-operative banks, which continued to excel in client-related activities and steadily increased their capital levels and thus their robustness. The overall performance of co-operative banks compares quite favourably in European banking markets.

Several trends have had an impact on EACB's activities in 2018, among them sustainable finance. Indeed, no less than eight out of 10 elements of the Sustainable Finance Action Plan that the European Commission published in March warranted fast follow-up by the EACB and its members, with responses ranging from discussing approaches and creating a European 'green' taxonomy, to disclosing information on sustainability risk and investment, and to accommodating the prudential framework regarding sustainability. Co-operative banks have a keen interest in the sustainable finance debate, not least because of their long-term-orientated corporate governance, and they are generally supportive of the intentions behind the various activities. Co-operative banks indeed live sustainability, both in terms of their business behaviour and their own strength. However, coordination on the part of the EU institutions across the various activities could be improved. The EACB is particularly worried about the order in which legislative processes are progressing and the inconsistencies that risk being created as a result. The implementation of the sustainable finance package is likely to bring about major changes in terms of organisations, systems, strategies, product offerings and client relationships within our organisations.

The impact of Brexit was added to the agenda of several EACB working groups, with a view to exchanging views on how it would impact clients and internal processes and how to prepare for different scenarios.

Coming back to the subject of customer data, co-operative banks had their own issues in 2018. Unlike Facebook and others, co-operative banks have traditionally been very conservative regarding the use of their customer data, as their core

PRESIDENT'S ADDRESS

business is offering financial services, not managing data. But between the implementation issues around the General Data Protection Regulation, the Payment Services Directive and the policy debates about open banking, the European data economy and Artificial Intelligence, the data that banks hold on their customers seemed almost more important to policy-makers – at least in 2018 – than the services themselves. While this may be a temporary phenomenon owing to the regulatory calendar, it appears obvious that co-operative banks need to reflect on how to make more efficient use of the data they have available in order to better compete with technology companies that are cherry picking elements of the retail banking business.

On the prudential side, the 'Banking Package' with its numerous modifications of CRR, CRD, BRD and SRBR, led to intensive discussions among legislators and in the community. The suggested new standards and modifications will further enhance the stability of the European banking sector, but also lead to higher requirements and specially to increased administrative burden. The latter is increasingly perceived as onerous, especially by smaller, non-complex institutions, which demand more proportionate regulation.

A fair amount of uneasiness was created among co-operative banks by the International Accounting Standards Board's (IASB's) Discussion Document on Equity/Liability distinction. In fact, the new preferred approach of the Board does not seem to focus sufficiently on the specificities of the equity instruments of co-operative banks, while at the same time there is no explicit intention to revise the underlying principles for shares in co-operative banks.

Looking forward to 2019, there are important changes and challenges ahead. We will have a newly elected European Parliament, most probably with a quite different composition than today and a new team of Commissioners in charge of European policy. Convincing these new policy-makers of the co-operative difference and the need for diversity in the banking landscape will need to be high on the agenda in order to avoid legislation being modelled simply on the joint stock company model. The EACB is up to this challenge, as it was up to the challenges that 2018 brought. I would like to thank the EACB team and all the experts in the 28 member organisations for their continued dedication and commitment to the cause of co-operative banking and look forward to working with all of them again in 2019.

I wish you enjoyable reading.



Hervé Guider
General Manager

WELCOME TO THE EACB

The 2018 annual report reflects the Association's steady activities and illustrates the commitment of the 200 experts who regularly provide support to the staff of the General Secretariat in Brussels. Decisions taken with a view to enhancing the regulatory and prudential framework in order to make banks stronger and more resilient, and measures taken to provide tools for the resolution authorities are all new constraints and costs for co-operative banks. The objectives are shared, but the means used call into question the real willingness to recognise the diversity of co-operative banks in the European banking landscape. Our efforts to convince the legislator to introduce proportionality, simplicity and certainty are gradually bearing fruit, even if we would like to see more significant and tangible progress. Secondly, we are asking for stability and simplicity in the evolution of the regulatory framework so that we can already comply with and digest post-crisis legislation, adapt IT systems and give ourselves the means to invest in better services for our members and customers. Finally, we expect Europe to protect and defend the European model of banking intermediation, which means that many enterprises, especially the smaller ones, are supported and accompanied with their local or regional banks. Market-based financing of the economy is complementary to bank financing but not an alternative or substitute.

We are glad to have a constructive dialogue with the European Authorities including the European Supervisory Authorities and the European Resolution Authority. This dialogue is necessary to make known a reality, a specificity, concerns and expectations. This dialogue is more effective if the decision-making process is democratic, open and transparent. Thus, we consider that the weight given to Level 2 in the legislative process is becoming excessive, particularly with the adoption of Guidelines by European supervisory authorities as we have seen in the discussion on the governance of financial institutions, or in the design of technical standards by the EBA or ESMA.

The EACB has taken a leading role with an ambitious communication policy by developing new tools to establish ourselves in the world of digital communication both internally and externally. But this goes hand in hand with the organisation of more traditional events, such as the annual workshop with policy-makers and regulators, which is a unique event for and by co-operative banks to meet the European decision-makers. It is also our desire to open ourselves up to academics with a Think Tank on cooperative banks and to encourage young researchers to explore and to investigate the co-operative field. Moreover, because the EACB is a platform for sharing ideas, views and experience, we have been inviting representatives of co-operative banks to participate in seminars on the single market and the banking union. It is another way to illustrate the commitment of co-operative banks for Europe.

I hope that reading this annual activity report will raise your awareness about the EACB, its teams in Brussels and more generally about co-operative banks.

ABOUT THE EACB

CO-OPERATIVE BANKS AT A GLANCE

209 Million
CUSTOMERS



81
Million
MEMBERS

3 000
REGIONAL &
LOCAL BANKS



719 Thousand
EMPLOYEES

7.2 Trillion
BANKING ASSETS



THE ASSOCIATION

The **EACB** is the leading trade association for the co-operative banking sector with **28-member institutions** and co-operative banks located in **23 countries worldwide**. As the representative of the world's largest co-operative banking cluster, the EACB advocates for almost **3,000 small, regional and large member banks** at European and international levels. An international non-profit based in Brussels, the EACB is recognised by regulators and supervisors as a key interlocutor for co-operative banks.

WHAT IS THE EACB?

As the official representative of co-operative banking to the international and European institutions, the EACB is committed to providing a high-quality, credible voice for co-operative banks. In this regard, the EACB supports the code of conduct on lobbying of the European Commission and is registered in the EU transparency register book (Transparency Book Register 4172526951-19).

The EACB has the largest and most comprehensive policy resources for co-operative banks worldwide. to customers.

The association represents, promotes and defends the values of the co-operative banking model in Europe and on the global stage.

Democracy is central to these values with the principle of '**one person one vote**' at its core. Other values include a strong commitment to social engagement and close proximity to customers.

The co-operative banks have proved to be **resilient** to the effects of the economic crisis. The EACB emphasises the unique characteristics of its members in order to enhance the **diversity** and plurality of the European banking industry for the benefit of Europe's citizens, SMEs and actors of the local economy.

The EACB is fully dedicated to its members. In line with the co-operative values, each full member is given the same weight in the decision-making process, regardless of its size, country of origin or financial contribution. .

WHO SUPPORTS THE EACB?

The **high-level expertise** and professionalism of its secretariat, working hand in hand with more than **200 national experts** actively involved in the EACB's specific technical working groups, allows the EACB to achieve its key missions such as making relevant contributions to the consultations of the international and European Institutions, European Parliament committees, expert panels and other relevant hearings.

WHAT IS THE EACB ADDED VALUE?

Through a broad range of information, trainings, staff expertise and an EU think tank on co-operative banks, the EACB provides its members and stakeholders with the tools for increasing their awareness and knowledge of European issues. It helps keep them up to speed with legislative and regulatory developments. It is also a valuable platform on which members can defend and promote their banking model.

For details of the EACB's team, please visit our website: www.eacb.coop or see annex.

WHAT IS THE EACB'S AGENDA FOR ACTION?

An increased number of regulatory products/topics now range from Basel standards, to the EU level 1 legislation, to regulatory and implementing technical standards, EBA/ESMA guidelines and supervisors' guidelines/guidance or expectations.

This leads to an ever more intricate regulatory framework for which it becomes increasingly difficult to evaluate consequences and interactions and especially where guideline products are finalised within very short timeframes and without a clear evaluation of the impacts.

Diversity is an element of financial stability.

Laws and regulations should be tailored to take into due consideration a bank's charter, business model, location and risk profile. It is of the utmost importance for decision-makers to avoid the negative economic consequences of burdensome legislation and a full harmonisation of banking models. Diversity is an element of financial stability.



1

Better understanding of our business model - research is one of the ways to achieve it

2

"Fit to purpose" legislation - to balance efficiency and financial stability while reflecting market realities and diversity to be effective

3

Simplicity to drastically reduce compliance costs - compliance with complexity is an impediment for many banks and co-operative banks

4

Implementation - to be carefully timed and phased in

5

Proportionality - to calibrate regulation on the size, activities and complexity of bank risk

6

Impact assessment - all kinds of ownership banks should be part of the representative sample



THE CO-OPERATIVE DIFFERENCE

Co-operative banks are the main pillar of diversity in the European banking sector. They account for about **20% of the market of EU bank deposits and loans**, and they are thus a major feature of the sector. For this reason, they play a pivotal role in the European economy. With **3,000 locally operating banks** and **58,000 outlets**, co-operative banks are widely represented in the European Union. They serve **209 million customers** – around half of the population of the EU – mainly consumers, retailers, SMEs and communities.

WHAT MAKES THE CO-OPERATIVE BANKING MODEL DIFFERENT ?

• Member ownership:

Co-operative banks are private institutions. They are owned by their members, who are also their customers (e.g. local entrepreneurs, craftsmen, farmers and households). Diversity of member ownership allows for a consensus-driven approach and prevents a strong focus on only one stakeholder. This customer-centric aspect is a distinguishing feature of co-operative banks and is hard to replicate outside the co-operative model.

• Maximisation of members' benefit/surplus in a long-term relationship:

Compared to shareholder banks, which are primarily focused on maximising their shareholders' profit, co-operative banks are focused on maximising their members' value (i.e. customer satisfaction, earnings stability, etc.) in a non-speculative, long-term strategy.

• 'One person – one vote' democratic governance, with a bottom-up approach:

By becoming a member, customers can elect the leaders and have a say in the decisions and policies of their banks. The bottom-up approach or inverse pyramid structure is very specific to co-operative banks. It ensures that the interests of members are the top priority of their banks. In contrast to commercial banks, customers and members of co-operative banks are represented in the banks' governance structures and involved in the daily life of their banks (i.e. board meetings, membership councils, general assemblies, etc.).

• Resilience:

Co-operative banks have a lower risk appetite than shareholder-based banks. With their long-term orientation, they also maintain, on average, higher capital reserves. Thanks to their deep roots in local economies, co-operative banks anticipate and adapt to local circumstances. For these reasons co-operative institutions can adapt to changing circumstances and reinvent themselves more freely than other banks.

• Strong commitment to social values:

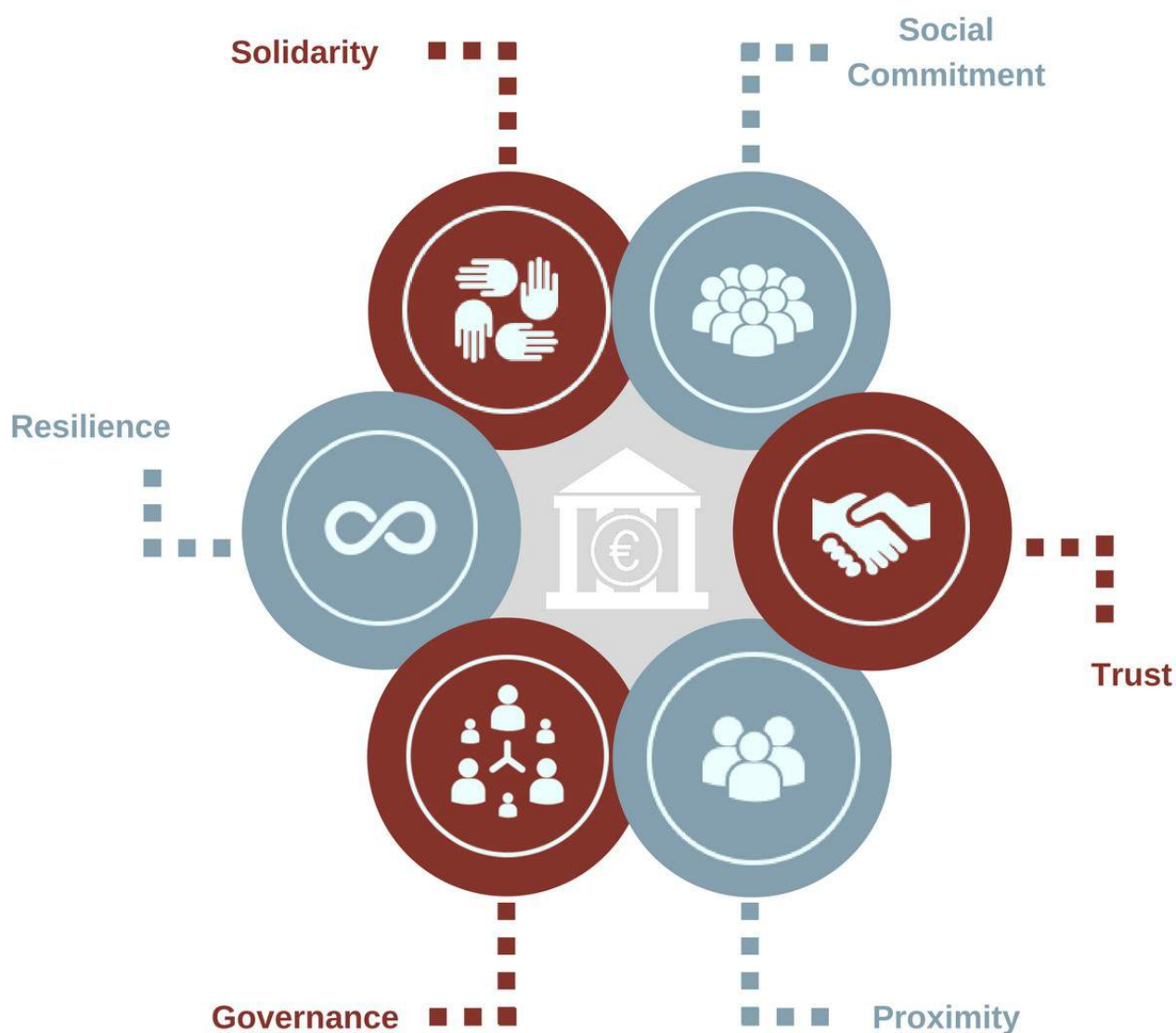
Co-operative banks have a long tradition of commitment to social values and solidarity. They were originally created in the 19th Century in Europe to fight against financial exclusion of social groups and alleviate the plight of rural populations. Furthermore, as local contributors, co-operative banks are part of the economic and social environment of their customers. They naturally take initiatives that aim to improve their clients' environment. A proportion of the banks' earnings are invested in local economic initiatives that also benefit the local community.

• Connected to customers:

Co-operative banks are committed to creating value for their customers, members and society at large. In today's world with changing client behaviour, technological developments and a complex economic environment, value is created through enduring relationships with all stakeholders and responding to client needs efficiently. With this in mind, co-operative banks are dedicated to sustaining the real economy by creating and fostering local jobs, accompanying key territory actors and giving local communities the means for their own social and economic development. As a result, co-operative banks are often the main employer and serve as financial partners of local households and businesses. Overall, they finance one-third of SMEs in Europe.

WHAT MAKES THE CO-OPERATIVE BANKING MODEL

Different ?



CO-OPERATIVE BANKS IN THE SINGLE MARKET

BANKING REGULATION WORKING GROUP

Holger Mielk,

Chairman of the EACB working group
& Head of the Legal department, BVR

2018 has been an exciting and eventful year from a regulatory and supervisory perspective. The EACB Banking Regulation Working Group has tackled a great deal of initiatives and regulatory challenges which included: first exchanges for the implementation of the 2017 Basel reforms, on which the working group will continue to work in the next year; the finalisation of the risk reduction measures package; developments in the field of climate related risk management which will continue in 2019; the initiatives on non-performing loans both at supervisory and legislative level (EBA and SSM initiatives and the Commission legislative proposal for a Pillar 1 provisioning backstop); regular consultations on many level 2 texts.

“The EACB intensively exchanged with policy-makers to promote reforms that are fit for purpose and mindful of real economy and institutional specificities ”

In particular, in the following areas:

At the end of 2017 the Basel Committee for Banking Supervision agreed on another massive overhaul of the prudential framework for banks, possibly closing the post-crisis reform wave on the prudential side. As these reforms shall be implemented in the EU, the EACB addressed the Commission exploratory talks in the first part of 2018, including addressing a first comprehensive Commission consultation, which led later in the summer to a

Call for Advice to EBA, which will deliver quantitative and qualitative reports by mid-2019. The EACB has consistently underlined the critical aspects that will have implications for the flow of credit especially at the local level where cooperative banks are strongly engaged, in terms of capital requirements for banks and particularly in the area of credit risk (including the use of floors to internal models), and for sound risk management. Also the recognition of the specific structure of co-operative banking groups (i.e. the notion of affiliated banks) in the qualitative impact assessment of the EBA was an element of crucial exchange and a positive development.

“Focus and dedication have been maintained at the highest degree on the legislative process on the risk reduction measures package of the Commission for a review of CRR, CRD, BRRD to defend co-operative specificities and an overall balanced approach.”

The exchange with the European co-legislators (Commission, Parliament, Council) has been intense and thorough, given the wide range of new aspects that will be introduced by the review. The EACB has produced input to support a positive feedback loop with the co-legislators and promoted elements that are key to reflect the specificities of the co-operative business model – for instance, in

terms of liquidity management, risk management, capital structure etc. The EACB efforts led to the recognition of important elements in the new framework, ranging from the concrete proportionality in the level one legislation with a sensible relief of administrative burden, to the reflection of co-operative specificities in the NSFR, trade finance, adjustments in the trading book, extended capital support for SMEs, and provisions for capital instruments (including grandfathering clauses).

In addition, over the year the new proposal for a Pillar 1 provisioning backstop for loans that turn non-performing (NPLs) became part of the discussions. Following a very tight legislative process, despite overall doubts on the concept and the design of the backstop, the calendar for provisioning has been much improved in the agreement struck by the Parliament and Council compared to the Commission proposal. It is now more granular and realistic, and the EACB fully welcomes this development along with measures to take in consideration the activities of secondary market acquisition of NPLs. However, we regret that the level of application of the backstop has been kept at exposure level.

Finally, the EACB maintained its continued dialogue with the Single Supervisory Mechanism, for both significant and less significant institutions, in order to ensure that the tension between consistency/harmonisation on the one hand and flexibility/proportionality on the other is maintained on a healthy and mutually informing dimension. In particular, meetings have been dedicated to the yearly SREP process to foster improved feedback between supervisors and institutions, encourage exchanges on supervisory priorities and the institutions view of what they see as key risks, and to work towards a more streamlined SREP data collection process and how to consistently but realistically improve data quality.

“The EACB members fully support the open and conducive supervisory dialogue, which is key for an appropriate development and implementation of supervisory tools.”

The efforts of the EACB working group on Banking Regulation for a regulatory and supervisory landscape that takes into account business models’ specificities and sound risk management, shall continue tirelessly in 2019.

FOR MORE INFO

- [EACB comments on EBA draft GL on the management of interest rate risk arising from non-trading book activities \(EBA/CP/2017/19\)](#)
- [EACB Comments on EBA draft GL on Revised common procedures and methodologies for the supervisory review and evaluation process \(SREP\) and supervisory stress testing](#)
- [EACB Comments on Commission draft Delegated Regulation amending Delegated Regulation \(LCR delegated act\)](#)
- [EACB Comments on EU Commission exploratory consultation on the finalisation of Basel III](#)
- [EACB answer to ECB consultation on the ECB Guide to the internal capital adequacy assessment process \(ICAAP\)](#)
- [ECB consultation on the ECB Guide to the internal liquidity adequacy assessment process \(ILAAP\)](#)
- [EACB Comments on EBA draft GL on management of non-performing and forborne exposures \(EBA/CP/2018/01\)](#)
- [EACB Comments on EBA draft Guidelines on disclosure of non-performing and forborne exposures \(EBA/CP/2018/06\)](#)

EACB Contacts:

Volker HEEGEMANN, Head of department,
v.heegemann@eacb.coop

Marco MANCINO, Deputy Head of department,
m.mancino@eacb.coop

Frank Brogl,

Chairman of the EACB working group
& Head of the Supervisory and general law
of the legal department, DZ Bank AG

The year 2018 has been a challenging but nevertheless productive year for the Corporate Governance and Company Law Working Group (CGWG). The EACB accompanied the CRD legislative process and the EBA Guidelines related to governance and outsourcing. On these matters, it carried out an intense and constructive dialogue with relevant bodies and authorities, such as the EBA and ECB, at both a technical and high level.

The main activities focused on the following aspects:

CRD review – governance and remuneration aspects

The discussion and the identification of governance and remuneration issues within the CRR-CRD review were one of the priorities of the Working Group. **Concerning governance issues, the EACB addressed this issue that the EP proposal on loans to related parties was not appropriate to prevent conflict of interests, highlighting the very mature internal procedures already put in place by the EACB members.** The EACB also insisted that a binding ex-ante suitability assessment could lead to the board functioning unsoundly.

With regards to the legislative proposal, the Working Group advocated a more flexible approach on remuneration by supporting proposals, which aim to take into account the particularities of the remuneration practices at national level and introduce a waiver from the CRD remuneration rules for subsidiaries, such as asset management companies, subject to specific sectoral rules for remuneration.

EBA Guidelines on outsourcing arrangements

There are important concerns of EACB members on the EBA guidelines on outsourcing. The main one is that outsourcing is exclusively seen as a source of risks, while any benefits (such as the delivery of services with higher technical standards) are ignored. Members also see an increased administrative burden created by the guidelines and a widening of the scope of outsourcing definition. Following the issuance of the EBA guidelines for consultation in June, a position paper was established to highlight the

above-mentioned EACB concerns and to underline the EACB proposals to overcome those issues. In this context, **a meeting with EBA experts was held to better explain the relevant role played by outsourcing arrangements within cooperative groups and networks.**

EBA Guidelines on members' suitability assessment and Internal governance

In 2018, the EACB developed an intensive dialogue with the ECB regarding the implementation of the EBA guidelines on suitability assessment and on internal governance by the ECB. The dialogue was established at both a technical and high level. **The EACB has repeatedly criticised the notion of formal independence and the potential related negative impact on many cooperative groups.** In particular, lobby activities focused on the need to avoid mechanic or too formalistic approaches that would not reflect the nature of the independence of board members in co-operative groups, which has proved to be efficient.

FOR MORE INFO

- [EACB comments on EBA consultation paper on Guidelines on Outsourcing arrangements](#)

EACB Contacts:

Volker HEEGEMANN, Head of department,
v.heegemann@eacb.coop

Eleonora SESTI, Adviser, e.sesti@eacb.coop

Mike Velthaak ,

Chairman of the EACB working group
& Senior Policy Advisor, Rabobank

In 2018 the Recovery, Resolution and Deposit Protection Working Group (RRDPWG) – mainly driven by the BRRD review – embarked on a constructive dialogue with the SRB, inviting experts on specific topics and organising ad hoc meetings. In 2018, RRDPWG activities mainly focused on:

BRRD/SRMR review

The EACB reiterated that the features of co-operative banks need appropriate recognition in the new BRRD. These comprise, among others, the following priorities: the introduction of a waiver from internal MREL for banks permanently affiliated to a central body; the implementation of the principle of proportionality regarding the MREL determination and disclosure; the opposition to the concept of ‘top-tier banks’; and the introduction of an appropriate transitional period.

To communicate those priorities, **the EACB developed a strong engagement with co-legislators.** Several meetings have been held with MEPs, their assistants, officials from permanent representations and the European Commission in order to properly reflect the co-operatives specificities in the new BRRD.

Developing a constructive dialogue with the SRB

In order to be able to have a constructive dialogue with the SRB, the Working Group held internal workshops in April and June to exchange and better understand the organisational features of co-operative groups/networks in Europe and the functioning of the different solidarity mechanisms.

In addition, SRB experts attended several working group meetings to exchange views on SRB internal policies, such as the one for MREL and for the asset separation tool.

Moreover, following a specific request of our members, a technical meeting with the SRB has been organised on the topic of contributions to the Single Resolution Fund (SRF) mainly focused on the explanation of the methodology to calculate the contributions for the 2019 cycle.

Finally, a high-level meeting with Ms König took also place in 2018 at which the EACB had the opportunity to raise specific questions on resolution of co-operative banks.

Deposit Guarantee Scheme (DGS) Task Force

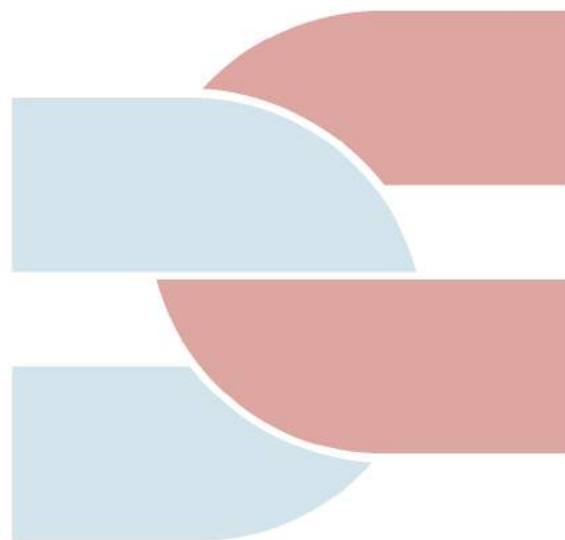
In consideration of the limited progresses regarding DGS and EDIS, in 2018 the Task Force held only two conference calls following the Euro summit meetings in June and December. The aim was to inform members about the state of play of EDIS for which work has started on a road-map for beginning political negotiations.

FOR MORE INFO

EACB Contacts:

Volker HEEGEMANN, Head of department,
v.heegemann@eacb.coop

Eleonora SESTI, Adviser, e.sesti@eacb.coop



DEVELOPMENTS AFFECTING RETAIL BANKING OFFER OF CO-OPERATIVE BANKS

CONSUMER POLICY WORKING GROUP

Elisabeth Delahousse,

Chairwoman of the EACB working group
& Head of EU Affairs, Fédération Nationale du Crédit Agricole

Co-operative banks fully support a competitive and effective Single Market for retail financial services, which will benefit consumers but also facilitate the conduct of business for European co-operative banks. Retail banking remains the core business for co-operative banks. An effective Single Market should strengthen consumer trust, reduce regulatory hurdles for cross-border offerings and support the development of an innovative digital world for consumer financial services. However, we cannot ignore the level of integration that can be achieved, taking into consideration the major obstacles to cross-border offers, such as Rome 1, tax law, language and low demand. Also, the consumer protection is now at a very satisfactory level in Europe. It is not necessary to add new obligations.

In this context, this year the EACB has continued to closely work on the **Consumer Financial Services Action Plan (CFSAP)**.

“The Association looked at the implication for co-operative banks of the different actions of the plan and provided input to the European Commission on how co-operative banks operate and what our customers expect.”

The Working Group has proactively engaged with the Commission on Action 9, which aims to ‘introduce common creditworthiness assessment standards and principles for lending to consumers and work to develop a minimum set of data to be exchanged between credit registers in cross-border creditworthiness assessment’. A dedi-

cated workshop was organised with DG FISMA and DG JUST in January 2018. Members delivered solid content on how banks currently organise the creditworthiness process and highlighted the negative impacts that a standardisation of the process would imply, especially for consumers.

The EACB also focussed its attention on Actions 7 ‘Deeper Single Market for Consumer Credit’ and 3 ‘Easier Product Switching’. With regards to Action 7, the EACB is following the discussion around debt advice, where the Commission does not intend *a priori* to develop a single solution for Europe but rather to favour the sharing of best practices.

CPWG members are committed to continuing to contribute to the CFSAP and will participate in the evaluation process of the **Consumer Credit Directive**.

In any case, the EACB calls for all players to be obliged to follow the same rules!

FOR MORE INFO

EACB Contacts:

Marieke VAN BERKEL, Head of department,
m.vanberkel@each.coop

Chiara DELL'ORO, Senior adviser,
c.delloro@each.coop

Udo Milkau

Chairman of the EACB working group
& Chief Digital Officer, Transaction Banking, DZ BANK

Digitalisation has again been one of the buzzwords of the year 2018. In 2018 the activities of the Digitalisation and the Use of Data Working Group (DUD WG) were focussed on making the voice of co-operative banks heard in this very complex environment of hype, hopes and political agendas. The EACB has been mainly focused on four work streams.

Firstly, the EACB has followed the different actions coming from both the European Commission's (EC) **FinTech Action Plan** and the European Banking Authority's (EBA) **FinTech Roadmap**, with a particular focus on three topics: the work of the Expert Group on Regulatory Obstacles to Financial Innovation (ROFIEG); the European Supervisory Authorities' (ESAs) work on mapping the current authorisation and licensing approaches for innovative FinTech business models; and the EBA's work on FinTech impact on incumbent credit institutions' business models and on prudential risks and opportunities arising for institutions from FinTech. On the latter point, four out of the 20 interviewed banks were co-operatives, which shows the importance for co-operative banks of considering the impact of digitalisation on their business model. The EACB's high-quality monitoring of the Commission's work with the Blockchain Observatory resulted in the direct involvement of an EACB member in the launch of the International Association for Trusted Blockchain Applications (INATBA).

Secondly, the EACB has focused its energy by attentively monitoring two **Digital Single Market (DSM)** topics: the Commission's **Artificial Intelligence (AI) initiative** – where the Commission set up the High Level Expert Group (HLEG) on AI, with a consultation on 'Ethics Guidelines on AI' in late December – and the European AI Alliance Platform, which the EACB also joined; and the work of the electronic Identity (eID) and Know-Your-Customer (KYC) processes aimed at exploring how to facilitate the cross-border use of eID and KYC portability to enable financial institutions to identify customers digitally.

Thirdly, the EACB has continued to follow the discussions on three legislative files: the EACB participated in two consultations on the implementation of the **General Data Protection Regulation (GDPR)** from the side of the Commis

« The clear voice of co-operative banks is an essential requirement for a balanced, fair and open discussion about future regulation of the financial services industry. »

sion and the European Data Protection Board (EDPB); the **ePrivacy Regulation**, where members have been involved in co-signing two joint high-level industry letters with the aim of urging the European Council to carry out a careful examination of the Commission proposal without rushing into trilogue; and the Free Flow of non-Personal Data Regulation, agreed by the Council and the European Parliament in November.

And finally, EACB also supported members and provided a platform for members to present and exchange on their respective digital and data strategies.

To conclude, whether it is the Blockchain Observatory, the discussion about the ethics of AI, issues relating to eID, or the Commission's and EBA's FinTech Plans, it is important to bring these high-level discussions down to earth. The clear voice of co-operative banks is an essential requirement for a balanced, fair and open discussion about future regulation of the financial services industry.

FOR MORE INFO

- [EACB's views on the Article 29 Working Party Guidelines on Transparency and Consent under the GDPR](#)

EACB Contacts:

Marieke VAN BERKEL, Head of department,
m.vanberkel@eacb.coop

Chiara DELL'ORO, Senior adviser,
c.delloro@eacb.coop

Jussi Snellman,
Chairman of the EACB working group
& Senior Adviser Cash Management, OP Financial Group

In 2018, co-operative banks were strongly committed to the development of Application Programming Interfaces (APIs) to meet their obligation under the new payment services legislative framework (the revised payment services directive (**PSD2**) and the Regulatory Technical Standards on Strong Customer Authentication & Common Secure Communication). Indeed, the need to create appropriate communication channels between banks and third parties for the purposes of access to accounts has been high on the agenda of regulators and supervisors and has notably driven the work of the PSWG in 2018.

« The EACB priority has been to ensure that the translation of legal requirement into functionalities was done in a clear and fair way in order to meet the needs of all market participants. »

In this context, it participated in the API evaluation group set up under the auspices of the European Commission.

Apart from PSD2, the PSWG engaged in a dialogue with the relevant EU institutions on **the revision of the cross-border payments regulation** as regards certain charges and dynamic currency conversion. In addition, the PSWG has also been active in monitoring market innovation and closely followed the development of instant payments. At their own pace, co-operative banks are preparing to implement the **EPC' SEPA Instant payment scheme** which will allow making the funds of a transaction available to the payee within 10 seconds 24/7/365 instead of several days as currently happens in worst case scenarios.

Finally, the EACB has actively supported the activities of both the **European Payments Council** and the **Euro Retail Payments Board** in various fields. 2018 ended up with the start of a multi-stakeholder discussion at Commission level about the future of payments beyond PSD2 that will certainly mark the work of the PSWG in 2019.

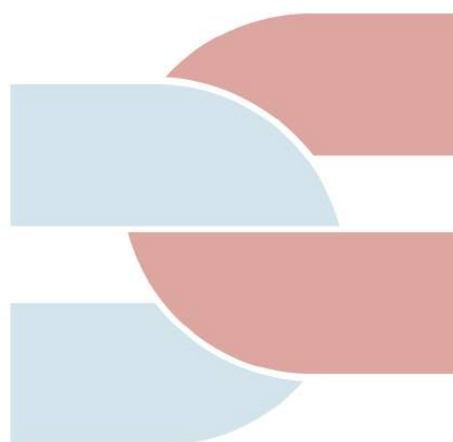
FOR MORE INFO

- [EACB Position Paper on charges on cross-border payments and currency conversion](#)
- [EACB answer to EBA consultation on the exemption from contingency measures under art 33.6 of RTS on SCA&CSC](#)

EACB Contacts:

Marieke VAN BERKEL, Head of department,
m.vanberkel@eacb.coop

Pablo LAHOZ MARCO, Adviser,
p.lahoz@eacb.coop



Mathias Bauer,

Chairman of the EACB working group
& Raiffeisen Bank International (RBI)

The start of 2018 marked the application date of two important financial markets-related pieces of regulation, notably **MiFID II/MiFIR** and **PRiIPs**. These texts significantly impacted EACB members, not least because of the increased disclosures and transparency requirements for retail clients. The application date having passed did not prevent the working group from continuing to deal intensively with these legislations, either to align the implementation measures between members or to deal with regulatory inconsistencies. Indeed, MiFID II has created a need for inter-industry standardisation across Europe, which needs to be organised. Additionally, the PRiIPs rules are rendering incomprehensible results for clients, which need correcting if the objectives of PRiIPs are to be met.

The EACB also increased its lobby efforts on the proposed **EU Sustainable Finance** legislative framework, a key area for co-operatives due to their good governance business model and long history of environmental and social business objectives.

« The challenge here is to fit the role of banks into the framework without creating inconsistencies or overlaps with other pieces of bank-related legislation such as MiFID II and PRiIPs but also prudential law. »

Turning to **EMIR**, the EACB was pleased to see that the review of EMIR will confirm the need to exempt smaller financial counterparties under a certain threshold from clearing and reporting obligations. The EACB also welcomed the advances to the Commission proposal for a covered bond framework promising better access to refinancing for small banks such as co-operatives, thereby allowing more room for financing SMEs.

In the coming months, our banks aim to tackle further challenges in terms of data requirements mandated by EU law (via harmonisation in European data exchange

standards), inconsistencies in the various pieces of financial services regulation and supervisory approaches (through feedback on the Commission's Better Regulation agenda and the ESAs review) and the ongoing uncertainty of Brexit, which might put the UK – in the case of a 'hard Brexit' – in the role of a non-recognised third party country with impacts in several regulatory frameworks. In any case, substantial lobbying efforts will be needed to manage these challenges.

FOR MORE INFO

- [EACB response to the EBA consultation on the homogeneity of underlying exposures in securitisation \(EBA/CP/2017/21\)](#)
- [EACB response to the EC Consultation document fitness check on supervisory reporting](#)
- [EACB comments on the Review of the European Supervisory Authorities](#)
- [EACB comments on the EC Public consultation on institutional investors and asset managers' duties regarding sustainability](#)

EACB Contacts:

Marieke VAN BERKEL, Head of department,
m.vanberkel@eacb.coop

Tamara CHETCUTI, Adviser,
t.chetcuti@eacb.coop

CO-OPERATIVE BANKS

In the Sustainable Finance initiatives

GREEN AND SUSTAINABLE FINANCE WORKING GROUP

The year 2018 has been an intensive year of fast developments at EU level with the launch of the '**Sustainable Finance Initiative**'. The Working Group Green and Sustainable Finance has been proactive in ensuring co-operative banks' voice is heard in the debate.

"The core of the message has been that the ecological transition cannot happen in Europe without the players in the regions: i.e. the businesses, households or local communities typically financed by co-operative banks."

The focus should not only be on financial markets. Owned by their clients/members, co-operative banks are socially committed; they reinvest in the societies to which they belong and they act in a long-term oriented manner while encouraging their clients/members to do so. In line with those principles, the EACB has put forward its [proposals and views](#) on [the Commission's Action Plan](#) (that was released in March), on the European Parliament Report on Sustainable Finance and on the [first legislative measures](#) that the Commission launched in May. Moreover, the EACB has released a [position paper](#) on the Commission's taxonomy proposal and on the proposal on the sustainability in suitability test in MiFID. EACB also contributed to the EESC's work, bringing its views, as speakers in the hearing on Sustainable Finance, to which the EESC Report followed.

The positive role of co-operative banks has been recognised both in the [Commission's High Level Group Report on Sustainable Finance](#) (January) and in the [European Parliament's own initiative report](#) (May): *"we should also acknowledge the leading role played by cooperative and community finance in pioneering green investments"*.

Against this background, it is particularly relevant that the EACB was invited to join the new [EC Technical Expert](#)

Etienne Pflimlin,

Chairman of the EABC working group, EACB
& Honorary President, Crédit Mutuel

Group on Sustainable Finance: our representative is in charge of the work stream on Green Bonds Standards. Other work streams for recommendations by the end of 2019 focus on i) taxonomy ii) low-carbon benchmarks and ii) non-financial metrics.

The EACB has also been engaged since 2017 with [UNEP FI](#) as institutional members. In this context, at the end of 2018 the EACB formally marked its support for the UNEP FI newly launched [Principle for Responsible Banking](#). Furthermore, we are fostering work among EACB Members on the [Task Force on Climate-related Financial Disclosures](#) (TCFD) recommendations, in cooperation with UNEP FI.

FOR MORE INFO

- [EACB Position Paper on the European Commission Action Plan on Sustainable Finance](#)
- [EACB Answer to EC Consultation on the proposal for a "Regulation on the establishment of a framework to facilitate sustainable investment"](#)
- [Letter to Mr. Gualtieri on EP Reports on sustainable taxonomy & on disclosures related to sustainable investment](#)

EACB Contacts:

Elisa Bevilacqua, Head of department,
e.bevilacqua@eacb.coop

COMMUNICATION & RESEARCH

During the course of 2018, several initiatives and activities were undertaken by the EACB to communicate the distinctive features of co-operative banks and to highlight the work of the EACB secretariat.

The EACB has organised public events, improved the availability of data on the sector and published new studies. A selection of relevant activities for 2018 is provided below.

PUBLIC EVENTS

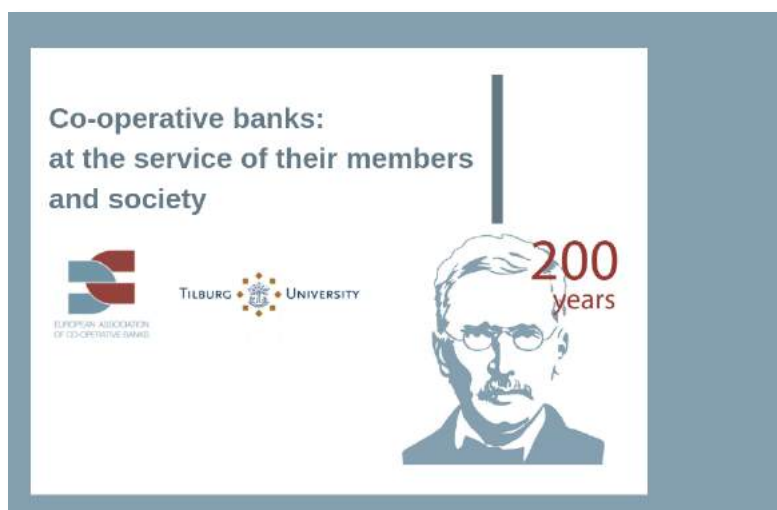
EACB Regulatory debate 2018

On 20 March 2018, the EACB organised its [Regulatory Debate 2018](#) in Brussels. Organised in collaboration with the **European Economic and Social Committee (EESC)**, it aimed to continue the dialogue among high-level co-operative banks representatives, EU policy-makers, authorities and stakeholders at a crucial period of the EU legislative process. Discussions focused on the developments in prudential regulation, the capital markets union and the review of the resolution framework, among others. This event is highly important event in the Association's life and a key moment in the EACB's communication approach.

At the Regulatory Debate, the EACB published and distributed the document [‘Co-operative banks policy messages on regulation and supervision’](#).

The Raiffeisen Year 2018

Over the year, **“The Raiffeisen Year 2018”** celebrated the 200th anniversary of the birth of **Friedrich Wilhelm Raiffeisen**, one of the founders of the co-operative idea and banking concept. His enduring idea was of great importance worldwide. The aim of the Raiffeisen Year 2018 was therefore not only to celebrate and enhance the co-operative idea, but to set the stage for Raiffeisen's descendants to carry on his legacy for the future. Raiffeisen's founding idea: "We can achieve more together than alone". The EACB created [a dedicated webpage](#) gathering its members initiatives and organised a celebratory cocktail event, **‘Celebrating the Raiffeisen idea: the distinctive features of co-operative banks today and tomorrow’** on the occasion of the [Regulatory debate on 20 March in Brussels](#). Finally, a new booklet, dedicated to the 200th Raiffeisen anniversary and entitled [‘Co-operative banks at the service of their Members and Society’](#) was also released.



Available on www.eacb.coop

Stimulating new research: the EACB Award for young researchers on co-operative banking

In 2018 the EACB, in collaboration with its academic think tank, selected the winners of its Sixth award for young researchers on co-operative banks. The initiative aims to raise interest and knowledge of the co-operative banking model among researchers, specifically younger ones, and the academic community as a whole. Despite the role played by the co-operative banking system in Europe, it is estimated that only 1% of research is devoted to co-operative banks. Following careful examination, the scientific committee chose to award the research of Susanne Günther for Peer Monitoring on internal capital markets? Empirical evidence from German cooperative banks, and Andreas Schenkel for Proportionality of Banking Regulation: Evidence from Germany. In December, the award ceremony took place in Brussels.

Tilburg University and the EACB Research Letter on 'European co-operative banks in 2017, a concise assessment'

In 2018 the EACB continued its collaboration with Tilburg University with the release of the publication, '*European co-operative banks in 2017, a concise assessment*'. This edition, which follows previous ones, aimed to contribute to a greater understanding and increased awareness of the co-operative banks model, in light of present market perspectives and crucial regulatory and supervisory developments. The publication analyses the overall performance of 18 European co-operative banking groups in 13 European countries compared to the rest of the banking sector. The report contains the following highlights:

- The long-term trend of **an expanding member base** continued in 2017: co-operative banks welcomed 0.9 million new members. Nowadays, almost one out of five European residents is a member of a co-operative bank. Hence, they play an important role in the financial sector and modern society.
- 2017 figures point to **a strengthened market position**, a healthy financial performance and solid capitalisation of co-operative banks.
- **The return on equity of co-operative banks** rose by 1.2% to 6.6% in 2017, whereas this ratio increased



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by 2% to 6.3% for all other banks. The tier 1 ratio surged by 0.6% to a solid 16%. The analysis also looks at other indicators including market shares, cost/income ratio and Tier 1 Capital.

- The dispersion between loan and deposit growth of co-operative banks and the entire banking system widened in 2017. **Co-operative banks expanded their loan portfolio** by 3.4%, while the outstanding loan volume of other banks contracted a little bit (-0.2%). **Credit expansion by co-operative banks has continuously outpaced loan growth of all other banks** in the last six years.

The report concludes that unique features of co-operative banks that set them apart from other banks and provide promising opportunities.

« Their business model is objectively more geared towards the real economy and the volatility of their returns is less pronounced ».

Hence, co-operative banks will continue to contribute to indispensable **diversity** and **stability** in banking.

EACB TRAINING COURSE

In 2016, the EACB launched a new training programme, 'The EACB Course on EU Regulation and Supervision of Co-operative Banks', which is offered to EACB Members and co-operative bankers from national, regional, local federations or from central institutions. This course is a unique opportunity to gain an introduction to how the EU works, the new regulatory and supervisory framework in Europe for co-operative banks, and the role of the EACB as a lobbying association. One session was organised in 2018, attracting 16 participants from a range of countries. The course was moreover an excellent opportunity for networking, sharing experiences and exchanging practices among co-operative banks. The feedback was very positive and has encouraged the EACB secretariat to continue to hold the training session in 2019. For more information, visit [the dedicated page of our website](#).

DIGITAL COMMUNICATION

Our website

The website (www.eacb.coop) provides a key platform on which to communicate the strengths of co-operative banks, the specificities of their business model and the role of the EACB in advocating their concerns in a constructive dialogue. In 2017, we launched a new public section of the website with the aim of providing high-quality information in an easily accessible way. The 'News' section provides fast access to what's happening at the EACB, as well as the wider co-operative banking field, and the 'Virtual library' offers access to the latest research publications on co-operative banks.

Newsletter: EACB's Monthly Interview

The 'EACB Monthly Interview' has been launched every month since 2017. In the newsletter, we interview an expert, the chairs of our working groups, and policy-makers/opinion formers, such as MEP **Pervenche Bérès** or vice-president of the European Commission, **Valdis Dombrovskis**, on a specific topic touching co-operative banks, such as digitalisation, the ESAs review, the BRRD review, sustainable finance and PSD2. Please follow the [link](#) if you would like to register to the EACB Newsletter.

Social media channels

Social media is clearly a really important communication tool for making announcements and advertising events. It allows for extremely quick and easy access to information, as well as the opportunity to interact with the public. The EACB is now active on Twitter, LinkedIn, Facebook and YouTube.

Follow us !



European Association
of Co-operative Banks

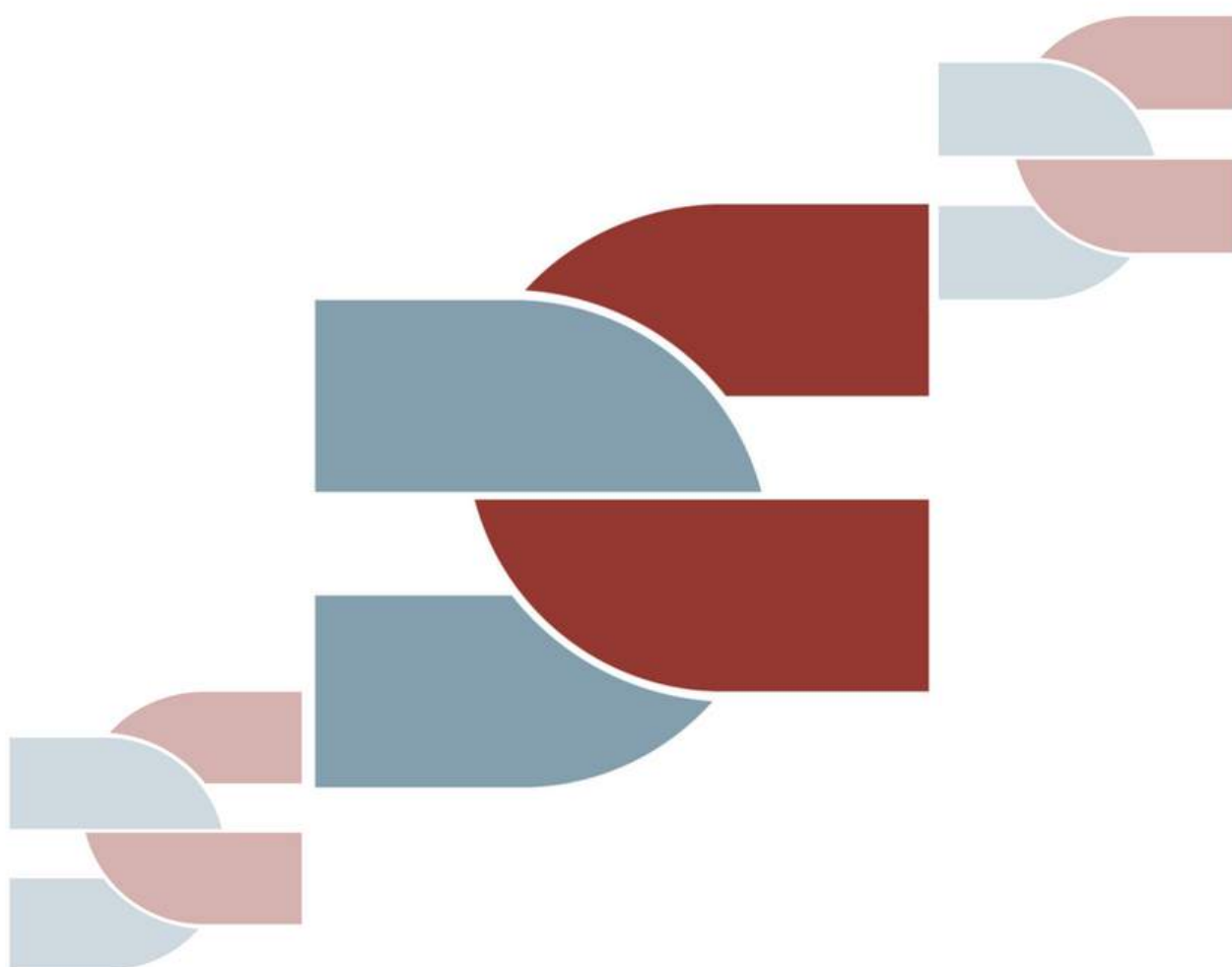


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ANNEXES



KEY STATISTICS (FINANCIAL INDICATORS) ON 31.12.17

European Union Countries and data providing institution	Economic indicators					
	Total assets (EUROmio)	Total deposits from customers (EUROmio)	Total loans to customers (EUROmio)	Net profit after taxes (EUROmio)	Total equity (EUROmio)	Leverage Ratio (%)
Austria						
Österreichische Raiffeisenbanken	286.063	198.290	192.226	2.095	19.909	n.a.
Österreichischer Volksbanken	25.323	20.850	19.768	61	2.199	6,2
Bulgaria						
Central Co-operative Bank	2.767	2.485	1.132	18	236	8,5
Denmark						
Nykredit	191.510	10.190	163.708	1.074	10.573	4,6
Finland						
OP Financial Group	137.242	65.549	82.240	854	11.121	7,9
France						
Crédit Agricole	1.763.169	732.420	814.758	6.536	107.700	5,6
Crédit Mutuel	813.198	374.176	435.026	3.054	53.044	6,4
BPCE	1.259.850	569.879	682.939	3.024	70.518	5,1
Germany						
Co-operative Financial Network	1.243.316	801.031	761.880	6.073	104.438	7,7
Greece						
Association of Cooperative Banks of Greece	2.629	2.051	2.788	16	222	8,4
Hungary						
SZHISZ	7.421	5.794	3.395	-39,7	744	8,5
Italy						
Federkasse (BCC)	212.000	158.440	131.200	250	19.400	11,4
Lithuania						
LCCU Group	369	326	218	1	27	n.a.
Luxembourg						
Banque Raiffeissen	7.905	6.687	5.741	18	391	4,5
Netherlands						
Rabobank	602.991	340.682	410.964	2.674	39.610	6,0
Poland						
National Union of Co-operative Banks (KZBS)	41.585	26.050	17.318	171	3.241	12.0 ⁶
Portugal						
Credito Agricola	17.988	12.586	9.373	152	1.449	8,1
Romania						
Creditcoop	261	188	183	0,8	30	n.a.
Slovenia						
Dezeln Banka Slovenije d.d.	931	803	710	4	58	5,4
Spain						
Unión Nacional de Cooperativas de Crédito	98.397	77.030	55.197	442	7.429	8,1
Banco de Crédito Cooperativo (BCC)	40.507	27.645	30.011	80	3.054	6,3
United Kingdom						
Building Societies Association	440.328	308.618	363.404	1.627	23.941	4,6
Total ⁹	7.195.749	3.741.769	4.184.179		479.335	
Non-European Union Countries						
Canada						
Desjardins Group	182.110	112.326	117.496	1.424	16.399	8,5
Japan						
The Norinchukin Bank / JA Bank Group ¹⁰	791.078	503.510	70.905	994	50.899	6,4
Switzerland						
Raiffeisen Schweiz	194.812	140.368	154.443	784	13.431	7,1
Total (Non-EU)	1.168.000	756.204	342.844		80.729	

	Profitability indicators			Capital solidity indicators
European Union Countries and data providing institution	ROA (%)	ROE after taxes (%)	Cost/Income Ratio (%)	Total capital ratio (%)
Austria				
Österreichische Raiffeisenbanken	0.73 **	10,9	68,3	10.9 ¹¹
Österreichischer Volksbanken	0,24	3,5	84,1	16,6
Bulgaria				
Central Co-operative Bank	0,70	8,1	59,5	16,8
Denmark				
Nykredit	0,56	10,9	36,2	23,9
Finland				
OP Financial Group	0,60	8,0	57,0	22,5
France				
Crédit Agricole	n.a.	n.a.	65,1	18,2
Crédit Mutuel	0,38	5,8	62,4	21,1
BPCE	0,24	4,8	72,1	19,2
Germany				
Co-operative Financial Network	0,49	6,0	65,3	16,0
Greece				
Association of Cooperative Banks of Greece	0,60	5,9	62,9	12,6
Hungary				
SZHISZ	n.a.	n.a.	84,1	18,4
Italy				
Federkasse (BCC)	0,12	1,3	68,7	17,1
Lithuania				
LCCU Group	0,40	5,0	85,4	19,8
Luxembourg				
Banque Raiffeisen	0,23	4,7	73,1	14,1
Netherlands				
Rabobank	0,44	7,2	67,1	26,2
Poland				
National Union of Co-operative Banks (KZBS)	0.60 ⁶	5.8 ⁶	65.8 ⁶	17.2 ⁶
Portugal				
Credito Agricola	0,85	11,3	60,4	16
Romania				
Creditcoop	0,34	1,3	96,9	30,6
Slovenia				
Dezelna Banka Slovenije d.d.	0,42	6,6	66,1	12,8
Spain				
Unión Nacional de Cooperativas de Crédito	0,45	6,0	57,3	n.a.
Banco de Crédito Cooperativo (BCC)	0.20 **	2.6 **	62,9	13,4
United Kingdom				
Building Societies Association	0,38	8,3	61,0	24,4
Total ⁹				
Non-European Union Countries				
Canada				
Desjardins Group	0,80	9,1	70,8	18,4
Japan				
The Norinchukin Bank / JA Bank Group ¹⁰	0,13	2,0	88,9	19,2
Switzerland				
Raiffeisen Schweiz	0,40	6,1	60,8	17,4
Total (Non-EU)				

European Union Countries and data providing institution	Other indicators					
	Nb Employees Full-time equivalent	Nb Clients	Nb of legally independent local OR regional co-operative banks	Nb of branches (in home country)	Nb members	Nb of domestic ATMs
Austria						
Österreichische Raiffeisenbanken	29.000	3.600.000	406	1.448	1.700.000	1.239
Österreichischer Volksbanken	4.121	1.134.339	10	343	660.807	n.a.
Bulgaria						
Central Co-operative Bank	1.958	1.732.916	n.a.	310	6.394	569
Denmark						
Nykredit	3.505	1.101.000	56	42	468.445	42
Finland						
OP Financial Group	12.212	4.400.000	167	407	1.833.000	n.a.
France						
Crédit Agricole	139.000	52.000.000	39	8.700	9.700.000	n.a.
Crédit Mutuel	82.000	31.600.000	18	5.160	7.800.000	8.253
BPCE	106.500	31.200.000	30	7.800	9.000.000	n.a.
Germany						
Co-operative Financial Network	177.248	> 30.000.000	915	11.108	18.514.854	18.362
Greece						
Association of Cooperative Banks of Greece	907	385.261	9	110	172.393	139
Hungary						
SZHSZ	6.701	1.506.733	19	1.144	32.938	1.000
Italy						
Federcasse (BCC)	30.103	6,000,000 **	289	4.255	1.275.000	5.545
Lithuania						
LCCU Group	407	112.945	50	64	105.074	1.126
Luxembourg						
Banque Raiffeisen	626	118.801	13	38	31.073	53
Netherlands						
Rabobank	37.170	8.500.000	102	444	1.916.000	1.967
Poland						
National Union of Co-operative Banks (KZBS)	31.125	n.a.	553	4.505	969.171	3.855
Portugal						
Credito Agricola	4.068	1.500.000	81	669	400.000	1.538
Romania						
Creditcoop	1.948	609.540	41	744	654.538	n.a.
Slovenia						
Deželna Banka Slovenije d.d.	348	88.926	1	82	304	37
Spain						
Unión Nacional de Cooperativas de Crédito	12.230	7.193.796	43	3.244	1.508.536	3.691
Banco de Crédito Cooperativo (BCC)	5.682	3.537.963	19	1135	1.433.980	1.271
United Kingdom						
Building Societies Association	32,440 ⁴	23,000,000 ⁷	44	1510	23.000.000	1.540
Total ⁹	719.299	209.322.220	2.914	53.262	81.182.507	
Non-European Union Countries						
Canada						
Desjardins Group	45.547	n.a.	281	739	n.a.	2.049
Japan						
The Norinchukin Bank / JA Bank Group ¹⁰	3.608	n.a.	681	7.679	3.585	70.000
Switzerland						
Raiffeisen Schweiz	9.411	3.700.000	255	912	1.890.128	1.699
Total (Non-EU)	58.566		1.217	9.330	1.893.713	

European Union Countries and data providing institution	Market share			
	Domestic market share deposits (%)	Domestic market share loans (%)	Mortgage market share (%)	Market share SMEs (%) ¹
Austria				
Österreichische Raiffeisenbanken	30.6 **	28,9	26.7 **	n.a.
Österreichischer Volksbanken	5,3	4,5	7.8 **	n.a.
Bulgaria				
Central Co-operative Bank	5,8	4,2	2,8	n.a.
Denmark				
Nykredit	5,1	31,0	41,1	n.a.
Finland				
OP Financial Group	37,0	35,5	39,3	38.7 ³
France				
Crédit Agricole	24,4	21,7	30,8	33,0
Crédit Mutuel	15,5	17,0	19,2	15,9
BPCE	22,7	21,1	26,4	n.a.
Germany				
Co-operative Financial Network	21,5	21,7	29,2	33,9
Greece				
Association of Cooperative Banks of Greece	1,0	0,8	n.a.	18
Hungary				
SZHSZ	10,7	8,7	8,4	12,2
Italy				
Federkasse (BCC)	7,8	7,2	10,3	n.a.
Lithuania				
LCCU Group	1,6	1,2	0,7	n.a.
Luxembourg				
Banque Raiffeissen	19.0 ⁵	14.0 ⁵	13.0 ⁵	n.a.
Netherlands				
Rabobank	34,0	n.a.	22.0 ²	39,0
Poland				
National Union of Co-operative Banks (KZBS)	10,2	7,3	4.8 ⁶	12,2
Portugal				
Credito Agricola	7,1	5,0	3,0	8,2
Romania				
Creditcoop	n.a.	n.a.	n.a.	n.a.
Slovenia				
Dezelna Banka Slovenije d.d.	3,0	2,2	n.a.	n.a.
Spain				
Unión Nacional de Cooperativas de Crédito	6,4	4,7	n.a.	n.a.
Banco de Crédito Cooperativo (BCC)	2,3	2,7	n.a.	n.a.
United Kingdom				
Building Societies Association	18,3	n.a.	21,8	n.a.
Total ⁹				
Canada				
Desjardins Group	42.1 ⁸	22.5 ⁸	36.1 ⁸	20.4 ⁸
Japan				
The Norinchukin Bank / JA Bank Group ¹⁰	10,3	n.a.	n.a.	n.a.
Switzerland				
Raiffeisen Schweiz	13,1	n.a.	17.7 **	11.6 **
Total (Non-EU)				

NOTES

- * Table elaborated in collaboration with Tilburg University and based on Members input
- ** These indicators are calculated by Tilburg University which bears the full and sole responsibility. These figures are neither reported nor formally approved by the respective co-operative banks.
- 1 Cooperative banks do not apply a similar definition of the SME sector.
- 2 Market share new mortgages
- 3 Market share corporate loans

4 Just FTEs, no parttime employees are included

5 Market shares in terms of deposits and loans of residents only

6 Data refers to co-operative banks without the two Polish affiliating banks

7 Total number of clients equals total number of members, because every customer has to be a member.

8 Market shares in the province of Québec

9 Totals are based on reported data, i.e. data for some co-operative banks were not available. Due to a change in the legal status of the Central Cooperative Bank in Cyprus at the beginning of 2018, this bank is not included in the

table. Hence, the totals are not comparable to those reported for 2016.

10 Economic indicators and Profitability indicators are The Norinchukin Bank figures. Other indicators and market share indicators are cooperative group (JA Bank) figures.

11 This figure represents the Tier 1 ratio

FULL MEMBERS

AUSTRIA

Fachverband der Raiffeisenbanken

Am Stadtpark 9 | A - 1030 WIEN

Tel.: +43 1 717 07 12 70 | Fax: +43 1 717 07 24 96

Österreichischer Genossenschaftsverband

(Schulze-Delitzsch)

Löwelstrasse 14-16 | A - 1013 WIEN

Tel.: +43 1 313 28 0 | Fax: +43 1 313 28 450

www.oegv.volksbank.at

BULGARIA

Central Co-operative Bank

103, G.S. Rakovski Street | BG - 1000 SOFIA

Tel.: +359 2 92 66 100 | Fax: +359 2 98 88 107

www.ccbank.bg

CYPRUS

Cyprus Co-operative Bank Ltd.

8, Gregory Afxentiou Street | CY-1096 NICOSIA

Tel.: +357 22 74 30 00 | Fax: +357 22 67 02 61

www.ccb.coop.com.cy

FINLAND

OP Financial Group

Gebhardinaukio 1 – P.O. BOX 380 FIN 00013 OP

Tel. +358 10 252 010

www.op.fi

FRANCE

Confédération Nationale du Crédit Mutuel

88-90, rue Cardinet | F - 75017 PARIS

Tel.: +33 1 44 01 10 10 | Fax: +33 1 44 01 12 30

www.creditmutuel.fr

Fédération Nationale du Crédit Agricole

48, rue La Boétie | F - 75008 PARIS

Tel.: +33 1 49 53 43 23 | Fax: +33 1 49 53 44 81

www.creditagricole.info

BPCE

50, avenue Pierre Mendès | F - 75201 PARIS Cedex 13

Tel.: +33 1 58 40 41 42 | Fax: +33 1 40 39 60 01

www.bpce.fr

GERMANY

Bundesverband der Deutschen Volksbanken und Raiffeisenbanken – BVR

Schellingstrasse 4 | D - 10785 BERLIN

Tel.: +49 30 20 21 0 | Fax: +49 30 20 21 19 00

www.bvr.de

DZ BANK AG

Platz der Republik | D - 60325 FRANKFURT AM MAIN

Tel.: +49 69 74 47 01 | Fax: +49 69 74 47 16 85

www.dzbank.de

GREECE

Association of Co-operative Banks of Greece

50, Skoufa Str Kolonaki | GR - 106 82 ATHENS

Tel.: +30 1 36 36 311 | Fax: +30 1 36 10 210

www.este.gr

HUNGARY

Szövetkezeti Hitelintézetek Integrációs Szervezetének

Fogaskerekű u. 4-6 | H - 1125 BUDAPEST

Tel.: +36 1 361 312 0602 | Fax: +36 1 488 08 61

www.szhisz.hu

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Federazione Italiana delle Banche di Credito**Co-operativo- Casse Rurali ed Artigiane**

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Tel.: +39 06 7207 1 | Fax: +39 06 7207 2790

www.creditocooperativo.it

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Banque Raiffeisen Luxembourg

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Tel.: +352 24 50 1 | Fax: +352 22 75 41

www.raiffeisen.lu

NETHERLANDS

Rabobank Nederland

Croeselaan 18 | NL - 3500 HG UTRECHT
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www.rabobank.nl

POLAND

Krajow Związek Bankow Spoldzielczych - KZBS

ul. T. Boya-Zelenskeigo 6 Apt. 22/23
PL- 00 – 621 WARSAW
Tel.: +48 22 875 30 30 | Fax: +48 22 875 30 40
www.kzbs.org

PORTUGAL

FENACAM – Federação Nacional das Caixas de Crédito Agrícola Mútuo, F.C.R.L.

R. Professor Henrique Barros, Nº 4, 7º, 2685-338
PRIOR VELHO
Tel.: +351 (21) 313 69 00 | Fax: +351 (21) 313 69 91
www.fenacam.pt | www.creditoagricola.pt

SPAIN

Unión Nacional de Cooperativas de Crédito

Alcalá 55, 3º derecha | E - 28014 MADRID
Tel.: +34 91 781 94 18 | Fax: +34 91 578 38 24
www.unacc.com

Banco de Crédito Cooperativo (BCC)

Paseo de la Castellana, 87 | E - 28046 MADRID
Tel.: +34 914 364 703
www.bcc.es

ROMANIA

Central Co-operatist Bank Creditco-op

Plevnei Way 200 | Sector 6 | RO - BUCHAREST
Tel.: +40 21 317.74.05 | Fax: +40 21 317 74 86
www.creditcoop.ro

SLOVENIA

Deželna banka Slovenije d.d.

Kolodvorska ulica 9 | SI-1000 LJUBLJANA
Tel.: +386 1 4727 100 | Fax: +386 1 4727 405
www.dbs.si

ASSOCIATE MEMBERS

BELGIUM

CERA - KBC Ancora

Muntstraat 1 | B-3000 LEUVEN
Tel.: (+32) (0)16 27 96 41 | Fax: (+32) (0)16 27 96 95
www.cera.be

CANADA

Mouvement des Caisses Desjardins

100, avenue des Commandeurs | Lévis (Québec) G6V 7N5
Tel.: +1 866 835-8444 or +1 418 835-8444
www.desjardins.com

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Nykredit

Kalvebod Brygge 1-3 | DK – 1780 COPENHAGEN V
Tel.: (+45) 70 10 90 00
www.nykredit.com

JAPAN

The Norinchukin Bank

13-2, Yurakucho 1-chome, Chiyoda-ku | TOKYO 100-8420
Tel.: +81 (0)3 32790111
www.nochubank.or.jp

LITHUANIA

Lithuanian Central Credit Union

Savanoriu 363-211 | LT - 49425 KAUNAS
Tel.: +370 8 3720 0584 | Fax: +370 8 3720 0454
www.lku.lt

SWITZERLAND

Raiffeisen Schweiz

Raiffeisenplatz | CH - 9001 St. Gallen
Tel.: + 41 71 225 88 88 | Fax: +41 71 225 88 87
www.raiffeisen.ch

UNITED KINGDOM

The Building Societies Association

6th Floor, York House, 23 Kingsway | London WC2B 6UJ
Tel: +44 (0)20 7520 5900 | Fax: +44 (0)20 7240 5290
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Union Nacional de Cooperativas de Crédito

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H. GERNET,
Raiffeisen Schweiz

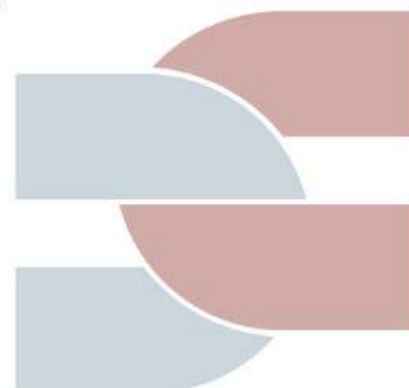
UNITED KINGDOM

R. FIETH,
Building Societies Association



Hervé GUIDER
General Manager
h.guider@eachb.coop

LEGAL DEPARTMENT	RETAIL BANKING, PAYMENTS, FINANCIAL MARKETS, DEPARTMENT	COMMUNICATION & RESEARCH	SECRETARIAT
 <p>Volker HEEGEMANN Head of Department v.heegemann@eachb.coop</p>	 <p>Marieke van BERKEL Head of Department m.vanberkel@eachb.coop</p>	 <p>Elisa BEVILACQUA Head of Department e.bevilacqua@eachb.coop</p>	 <p>Nathalie CORBISIER Executive Assistant n.corbisier@eachb.coop</p>
 <p>Marco MANCINO Deputy Head of Department m.mancino@eachb.coop</p>	 <p>Chiara DELL'ORO Senior adviser Consumer Policy c.delloro@eachb.coop</p>	 <p>Luce JACQMIN Communication adviser l.jacqmin@eachb.coop</p>	 <p>Cindy BELLEMANS Junior administrative assistant</p>
 <p>Eleonora SESTI Adviser e.sesti@eachb.coop</p>	 <p>Pablo LAHOZ MARCO Adviser Payments Systems a.makkonen@eachb.coop</p>	 <p>Stephanie SALAZAR Intern</p>	
	 <p>Tamara CHETCUTI Adviser Financial Markets t.chetcuti@eachb.coop</p>		



European Association of Co-operative Banks A.I.S.B.L.

Rue de l'Industrie 26-38 - 1040 Brussels

Enterprise 0896.081.149 - Transparency Book Register 4172526951-19

Tel: +32 (0)2 230 11 24

www.eacb.coop

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EACB AISBL – Secretariat · Rue de l'Industrie 26-38 · B-1040 Brussels

Tel: (+32 2) 230 11 24 · Fax (+32 2) 230 06 49 ·

Enterprise 0896.081.149 · lobbying register 4172526951-19

www.eacb.coop · e-mail : secretariat@eacb.coop