EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS

Co-operative Banks in Europe : values and practices to promote development

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The European Association of Co-operative Banks

The Association of co-operative banks was created in 1970. It represents, promotes, and defends the interests of its members and co-operative banks in general. As such, the Association is the official spokesman to the European institutions. To this end, the missions of the Association include:

- To provide information to members on all initiatives and measures taken by the European Union that affect the banking sector;
- To organize an exchange of views and experiences and to coordinate member organisations' positions on issues of common interest;
- To carry out efficient and active lobbying to European institutions;
- To develop positions on issues of common interest.

The European Association of Co-operative banks fosters co-operation between co-operative banking groups. Furthermore, with the other representative co-operative organisations, the Association promotes the spirit of co-operation throughout the banking sector and beyond. In order to fulfil such goals, the Association is one of the founding members of the European Banking Industry Committee (EBIC), the European Payments Council (EPC), the European Committee for Banking Standards (ECBS) and the European Financial Reporting Advisory Group (EFRAG). The Association also maintains close contacts with UNICO and the International Confederation of Popular Banks (Confédération Internationale des Banques Populaires: CIBP). It is a founding member of the Co-ordinating Committee of European Union Co-operative Associations (CCACE). Moreover the Association chairs the European Regional Committee of the International Co-operative Banking Association (ICBA). The Association maintains close links with the International Raiffeisen Union (IRU), the Confédération Internationale du Crédit Agricole (CICA) and the World Council of Credit Unions (WOCCU).

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SUMMARY

4,500 co-operative banks, with a combined customer base of 130 million and 700,000 staff members, rank among the major players in Europe's banking and financial system. To the extent that they prioritise services rendered to economic operators, they make a potent contribution to Europe's development, competitiveness and employment policies. They have energised an original, innovative and highly successful corporate model into being and, in so doing, are giving unconditional support to national and European policies economically, socially and politically.

The attached explanatory statement profiles their role and operational model, the quintessential features of which can be synopsised as follows:

- In a co-operative bank, shareholders or shareholder-members and customers are the same group of people who elect their management teams in accordance with the principle of "one person, one vote". This is economic democracy in action, the dominant end-purpose of which is to give customers value by offering them tailored-made products and services cost-effectively and 'close to home';

- Co-operative banks' decentralised structure reinforces that closeness: their firm foothold in local communities through their 60,000 agency points gives them a sound knowledge of people's needs, enables them make accurate decisions at the grassroots and control risks and this, in turn, rebounds to foster regional development and social cohesion;

- Co-operative banks have consistently pioneered sustainable development and corporate social responsibility. Not a day passes that they do not join in the battle to combat unemployment and eradicate social exclusion;

- Their innovative capacity in shareholder-members' interest knows no bounds: it was they that ushered in the concept of "bancassurance" and that are leading the way in what can be classed as 'state-of-the art' technologies, particularly in the payment systems industry;

- Rating agencies recognise that co-operative banks are financially sound and resourcefully administered. Not only is this the passport that helps them stabilise Europe's financial system and make it more competitive, it is also a prescription that allows them make a meaningful input into its modernisation dynamic and into work to restructure its multiple facets.

Finally it is stressed out that they are they bound by the same rules – legal, fiscal and prudential – as their competitors.

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THE REALITY AND VALUES OF CO-OPERATIVE BANKS

Co-operative banks are among the major players in Europe's financial and economic system: 130 million customers, approximately 700,000 staff members, 60,000 branches or outlets and a 17% share of the deposits market[1].

Co-operative banks contribute actively to economic growth and to the creation of employment, in particular through the durability of their *business model* and the support they give to various economic agents, notably the SMEs. They also contribute to the stability and competitiveness of the financial system and the economy by their level of capitalization, by the consistency of their performance, and by their sound risk management.

True to their original mission, co-operative banks are committed to promoting the economic interests of their members, who are simultaneously their owners and their customers. They enjoy a preferential and sustainable relationship with their members/customers by offering them state-of the art products that correspond to their needs, at best prices, and more generally by prioritising the economic and social promotion of European citizens.

Members/clients: a key role in co-operatives
In a co-operative society, members (or shareholder-members) are both proprietors and customers[2]. In the context of their corporate governance principles, founded on democracy, they elect the managers of the co-operative who serve on the Boards of Management and /or Supervisory Boards.

[1] This figure conceals a reality at the European level: Co-operative banking groups are among the major players in the banking market in Germany, Austria, Cyprus, Finland, France, Hungary, Italy, the Netherlands and Poland, with deposit market shares frequently in excess of 17%.

[2] This avoids the conflicts of interest that might arise between shareholders and clients in a company with a share capital structure

INTRODUCTION

Co-operative banks have always been a vital motivating force behind the financing and development of the economies of European countries.

They form part of the *co-operative societies* whose role in Europe is recognized and encouraged by EU institutions, as evidenced in the recent statute of the "European Co-operative Society"[3] and the European Commission communication on the "promotion of co-operative societies in Europe".[4]

Even if the co-operative traditions and legislation differ from one European country to another (as do some of the characteristics of co-operative banks themselves) there are nonetheless several substantial common factors at the heart of the European co-operative banking sector. The principal one is that they function democratically. European co-operative banks belong to their members, who participate in their democratic management, according to the principle: *one person, one vote*. It is similarly important to emphasize that co-operative banks are decentralized networks established at a local level.

As a result, the primary mission of co-operative banks is to promote the economic interests of their members, who are also their customers. In other words, their principal aim is to create value for their "*members/customers*", by furnishing them with quality products, at best prices, and by supporting the economic and social integration of individuals.

By their origin and nature co-operative banks have historically been leaders in supplying financial services adapted to certain categories of customers, such as farmers and small and medium-sized enterprise (SME) to which access to credit at other banks used to be limited. About 32% of small and medium-sized European businesses, representing a total of 4.2 million[5], are co-operative bank customers. Co-operative banks provide a fully comprehensive banking service to the personal segment whose customer base in Europe totals more than 130 million.

Co-operative banks are integrated into their local environment and their role goes beyond that of provider of financial services. By co-ordinating grants and other resources at local level and applying them to their designated purpose, they play a key role in the

[3] Council Regulation (EC) N. 1435/2003 of 22/07/2003 on the Statute of Co-operative Societies and Council Directive 2003/72/EC of 22/07/03 supplementing the Statute with the regard to the involvement of employees; O.J. N. L207 of 18/08/03.

[4] European Commission Communication COM (2004) 18 "On the promotion of co-operative societies in Europe", February 2004.

[5] Statistics collected by the European Association of Co-operative Banks (EACB). It should be borne in mind that SMEs employ in Europe 94 million people, which is 55% of the workforce, and they play a major role in the sphere of innovation (source: Observatory for SMEs in Europe, 2003, N.8)

development of regional and local economies and of social cohesion.

Co-operative banks operate today in a competitive market, *on a level playing field* with commercial banks. They have more than demonstrated their ability to actively contribute to recent changes in the sector. As major players in the financial sector, the co-operative banks contribute to its stability and competitiveness, thanks to their sound capitalization, their low-risk profile, and the consistency of their performance. The excellent ratings obtained in recent years, based on *the quality of their assets and their healthy financial profile*[6], confirm and validate their contribution to the stability of financial markets and banking systems.

THE *CONTRIBUTION*S OF THE CO-OPERATIVE BANKS

The co-operative banks bring significant contributions to the European economy.

They contribute to the efficiency of the banking system and therefore of the economy

Today, co-operative banks operate in highly competitive markets. They do so, successfully applying the co-operative principles underlying their business model. Owned by members/customers, their primary mission is to offer them the best services, as opposed to maximizing profit for shareholders. Profits are nevertheless necessary to ensure the durability and development of the enterprise. Taking account of this unique approach to the market and of their structural characteristics, the co-operative banks are in a position to offer services that correspond to customers' needs, while maintaining their concern for fair prices.

On account of their proximity to their members and their firm establishment locally, co-operative banks are well placed to gather more comprehensive information on their customers, and at a lower cost. This permits them to *evaluate the needs and the solvency of their customers more thoroughly than other banks.* The information asymmetry is reduced and thus moral hazard and adverse selection may be lowered[7]. Consequently, co-operative

[6] S. Dalmaz and A. De Toytot (2002), "European Co-operatives Banks continue to restructure", Standards and Poor's - Ratings Direct. A. Le Bras, E. Dupont, B. Gandy, M. Taylor (2003), "Update on European Co-operative Banking", Fitch Rating – Special Report.

[7] Arnott, R., Stiglitz, J.E. (1991), " Moral Hazard and nonmarket institutions: dysfunctional crowding out or peer monitoring", *American Economic Review*, Vol. LXXXI, pages 179-190. Berger, A.N., Miller N.H., Petersen M.A., Rajan R.G., Stein J.C. (2002)., "Does function follow organizational form? Evidence from the lending practices of large and small banks", *Harvard Institute of Economic Research*, Discussion Paper 1976. Boot, Arnoud W.A.(1999), "Relationship banking: what do we know?", *Journal of Financial Intermediation 9*, pages 7-25. Petersen, M.A., Rajan, R.G. (1994), "The benefits of firm-creditor relationships: Evidence from small business data", *Journal of Finance, 49* pages 3-38. Stein, J.C. (2000), "Information production and capital allocation: decentralized vs. hierarchical firms", *National Bureau of Economic Research*, NBER Working Paper N. 7705. Stiglitz, J.E (1990). "Peer monitoring in

banks are able, on the one hand, to achieve a generally *superior credit allocation* to that of the overall banking system and on the other hand to supply products and services tailored to customers' real needs, at the best prices. Competition with other players is thereby intensified, which, in turn, improves efficiency and competitiveness for the entire banking sector, and ultimately for the economy.

Co-operative banks also contribute to the performance of the European economy, by the financial support that they bring to all economic units, notably the SMEs, farmers, families, professionals, and residents of rural or outlying zones who, thanks to the presence of co-operative banks, can have full access to credit. Because of their close links with the SMEs, for whom they represent the major source of financing, the co-operative banks also work towards the creation of enterprise and innovation, thus contributing to a competitive and growing economy.

In a nutshell, the co-operative banks, by their specific legal status and organizational system, represent a unique form of enterprise which coexists with other forms such as commercial banks or savings banks, and which ensures an appropriate response to the *diversity of market needs.* This pluralistic approach to the economy and its players, one of the components in a competitive spirit, is the cornerstone of an efficient and competitive market, as opposed to one based on standardization, concentrations and monopolies.

credit markets". *World Bank Economic Review,* N. 4, pages 351-366.

They offer an accessible, high-quality service

The co-operative banks have been the yardstick for *efficient business management* based on democratic principles. They encourage the active participation of their members/customers in the strategic evolution of the company, thus taking their place in a long-term perspective of banking activity. Unlike other companies quoted on the stock exchange, the management of co-operative banks is not subject to the volatility of financial markets. This approach reflects equally positively on the relationship between customer and bank. The long-term interests of customers are crucial to the activity of co-operative banks, regardless of their current circumstances.

The co-operative banks are in a position to collect and bring together pertinent information concerning *the expectations and needs of the customer.* Thus, they are particularly well placed to adapt their products and services, resulting in a *high level of customer satisfaction.*

For the same reason, the co-operative banks have had exceptional success in anticipating market needs, thus playing a leading innovative role in the area of both products and technology. The concept of bank insurance (*bancassurance*) created by the French co-operative banks following the Crédit Mutuel in the 1970s and 1980s, or the recent successes in the field of electronic banking recorded by the Finnish Okobank, the Dutch Rabobank, and the Austrian RZB (which played a pioneering role amongst new member countries in this sector), are examples among numerous others of the innovative force of the co-operatives. In short, the *business model* of co-operative banks also ensures a *high degree of consumer protection,* since not only are customers well informed, they also, as members, play an active part in decision-making.

They actively intervene at a local level

The co-operative banks, as decentralized networks, are deeply involved in their local environment. *Historically*, they were created by groups, by local communities, to compensate for the absence of easily accessible banking services, and as a consequence they have evolved in the context of these communities. For this reason *notions of social cohesion* and solidarity are at the very heart of co-operative banking. Nowadays, co-operative banks offer a strong impetus to local economic dynamism, particularly through their financing of agriculture, local community and SMEs, and by the promotion of social integration or educational programmes. What's more, they are substantial employers and often the prominent taxpayers in their region. The long-term view of co-operative banks allows them to foster values which go well beyond a simple financial *return*. Underlining this approach, co-operative banks are pioneers in the field of sustainable development and corporate social responsibility, a priority to which their competitors have only recently directed their attention.

They reinforce the stability of financial systems

The co-operative banks are characterized by strong capitalization (high solvency ratio) [8], by moderate risk levels, and stable profit levels, as emphasized in the reports by Standards & Poor's, Fitch and by FMI. The FMI report in particular points out that co-operative banks act as a buffer against any crisis in the banking system.[8] The S&P report equally highlights their regulatory function: "co-operative banks have demonstrated their capacity to consistently produce operational results, (...) such a capacity being linked to their minimum involve-ent in more volatile transactions."[9]

With regard to the New Agreement on Capital Stock or Basle II, the European co-operative banks lower the pro-cyclical effects of internal ratings, thanks to their high solvency ratios. What is more, their model of decentralized decision-making permits *efficient and healthy risk-management*. Finally, because of their financial robustness, co-operative banks reinforce the stability

[8] Cfr New Capital Accord.

[8] Belaisch, A.; Kodres, L.; Levy, J.; Ubide A. (2001), , « Euro-Area Banking at the crossroads », *IMF Working paper*, « (mutual banks) act as a buffer in the event of a shock in the banking system as a whole » p. 54.

[9] Dalmaz, S. et De Toytot A. (2002), « European Cooperative Banks continue to restructure », *Standards and Poor's – Ratings Direct*, p.3.

and competitiveness of (and therefore confidence in) the European financial system.

A FEW THINGS WORTH REMEMBERING

The nature and importance of co-operative banks, the potential that their presence represents for society, are not always understood and their position is sometimes misrepresented[10].

There is sometimes even confusion between co-operative banks and savings banks or public banks. Furthermore, there is a tendency to paint the entire group of co-operatives with the same brush. The confusion persists despite the fact that several studies[11] have identified the key explanatory factors of the role and the competitive advantages of co-operative banking organizations.

Special status[12]?

Firstly, co-operative banks are private ventures *subject to the same legal framework as all other banks*, in conformity with banking directives. Likewise, they are subject to the same rules of risk-management and the same supervisory authorities.

Secondly, co-operative banks are fully subject to market regulations, either directly because they float stocks invested with shareholders, or indirectly because they have a vehicle quoted on the stock exchange.

Lastly, shares subscribed by members/customers *are remunerated*. This remuneration can take the form of preferential interest rates, of rebates, of favourable tariffs for services rendered, or more generally, of dividends. *In no*

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[10] Rusthon, J. et A. Dowdalls. (2003), « Mutually assured destruction ? », PA Consulting.

[11] Among others we bring to attention: Arnott, R. et Stiglitz, J.E. (1991), "Moral Hazard and nonmarket institutions : dysfunctional crowding out or peer monitoring", *American Economic Review*, vol. LXXX, pages 179-190. Angelini, P.; Di Salvo, R.; Ferri, G. (1998), "Availability and Cost of Credit for Small Business : Customer Relationships and Credit Cooperatives", *Journal of Banking and Finance*, vol. 22(6), pages 925-954, 8. Berger, A.N., Miller, N.H.; Petersen, M.A.; Rajan, R.G.; Stein, J.C. (2002),"Does function follow organizational form ? Evidence from the lending practices of large and small banks", *Harvard Institute of Economic Research*, SSRN working Paper. Arnoud, W.A. (1999), "Relationship banking: what do we know?", *Journal of Financial Intermediation 9*, pages 7-25. Petersen, M.A.; Rajan, R.G. (1994), "The benefits of firm-creditor relationships: Evidence from small business data", *Journal of Finance, 49. Rasmusen*, E. (1988), "Mutual banks and stock banks", *Journal of Law and Economics*, vol. XXXI. Sharpe, S., (1990). "Asymmetric information, bank lending and implicit contract: a stylized model of customer relationship", Journal of Finance 45, pages 1069-1085. Stein, J.C. (2000), Information production and capital allocation: decentralized vs. hierarchical firms, National Bureau of Economic Research, NBER Working Paper n° 7705. Stiglitz, J.E (1990), "Peer monitoring in credit markets", *World Bank Economic Review*, n° 4, pages 351-366.

[12] Belaisch, A.; Kodres, L.; Levy, J.; Ubide A. (2001), « Euro-Area Banking at the crossroads », *IMF Working paper*. Cf. page 47 : « Non incorporated institutions (savings, mutuals and cooperative banks) are a distinctive feature of the euro area banking landscape ».

way, therefore, does the unique status of co-operative banks contravene free market regulations.

"Privileges"?

As a general rule co-operative banks in Europe do not benefit from any preferential treatment regarding taxation[13]. Furthermore, co-operative banks do not enjoy any kind of monopoly on savings and credit products, subsidised capital or government guarantees, save for a few exceptions that are offset by constraints.[14]

Competition

Co-operative banks do not enjoy unfair price advantages over commercial banks. The possibility of offering products at preferential prices is closely linked to their capital structure, held by the member-customers – which allows for reductions in costs and an efficient *business model* – and to the primary mission of co-operatives, which is to maximize customer value. For this reason, co-operative banks stimulate efficiency and competition in the banking sector. It is thereby rendered more competitive, which is a positive contribution.

Contribution to the consolidation of the banking sector

Co-operative status does not permit hostile takeovers that, more often than not, are doomed to failure, as genuine consent of the members is needed. This highlights a fundamental of co-operative banking andthe application of one of the principles of corporate diversity and, of economic democracy (it is the members/clients who decide the bank's fate). The co-operative is a form of organization generally recognized among the member States, and has at its disposal all appropriate legal rights and powers to permit the development of its activities internally and across all frontiers.

Does it, nonetheless, represent an obstacle to the process of consolidation of the European banking sector[15]?

[13] It should be noticed that even when tax benefits, marginal in their amount, apply to co-operative banks in some European countries, those benefits are mainly counterbalanced by their consequential obligations.

[14] The erroneous assertion seems to originate from the hotchpotch concept of *"not incorporated banks"* where the IMF groups together the co-operative banks, the savings banks and the public banks as if they are one and the same thing. The IMF definition of *non-incorporated* institutions is not in line with the common use of the term; thus resulting in incorrect and misleading conclusions. According to existing literature an *incorporated company* is a company regularly registered, i.e. a legal entity. As such co-operative banks definitely belong to the category of *incorporated companies*. Euro-Area Banking at the crossroads, Working paper, A. Belaisch, L. Kodres, J. Levy and A. Ubide, March 2001.

[15] Belaisch, A.; Kodres, L.; Levy, J.; Ubide A. (2001), « Euro-Area Banking at the crossroads », *IMF Working paper*, cf. p. 47, paragraph 61.

It must be realized that a process of consolidation does not exclusively, or even principally, emerge on the strength of takeover bids, Partnership agreements, sub-contracting and outsourcing, resource-pooling, the formation of joint subsidiaries, etc. are among the numerous options on offer. Co-operative banks have often been a driving force behind consolidation nationally.

The acquisition of co-operative banks by non-co-operative institutions is not impossible, and some concrete examples of it have taken place, as in Italy and in Belgium. Moreover, a number of major commercial banks are today part of financial groups controlled by co-operative banks, thus contributing to the consolidation of the European banking industry[16]. Furthermore, a listed stock company has at its disposal a wide range of means to protect itself from hostile takeovers (i.e. syndicate agreements, different types of holding interests in stock companies, political interference in acquisition of domestic banking institutions). Some of Europe's leading commercial banks resort to this practice as a matter of course.

As a general rule, it is useful to bear in mind that the ultimate reason for financial consolidation and integration is *to promote a more efficient allocation of available resources* within the European economy, for the benefit of customers. It is thus a question of effecting economies of scale and range in the banking industry in order to achieve improved efficiency and competitiveness. So, considering the perspectives and structures of the market in Europe (which are fundamentally different from those prevailing in the United States)[17], are cross-border mergers really the only practical means of arriving at an efficient allocation of resources? The available economic literature on the subject of economies of scale, as well as on the effects of banking mergers, particularly in the retail banking segment, does not lead to any clear conclusions in its presentation of different and contradictory empirical results for a good number of countries and for different time periods.[18]

In this respect, the co-operative banks have improved their efficiency in different ways: by greater integration of local and regional banks; by centralizing information systems and a number of

[16] Indeed, the number of credit institutions in the EU has significantly decreased over the past five years as a consequence of industry consolidation: from 9.260 banks in 1998, to 7441 in 2003 (source: ww.ecb.int). A great part of this reduction is due to co-operative banks mergers

[17] "It has to be accepted that in the Single Market, differences regarding mentality, culture, tradition, political systems and the language of European citizens will remain." See EACB document "Vision of Europe's Co-operative Banks: Committed to an Integrated Market" contribution to the discussion launched by the Banking Expert Group further integration of the European Banking Markets.

[18] Among others, two comprehensive surveys are: Amel, D.; Barnes, C. ; Panetta, F; Salleo, C. (2002). « Consolidation in the Financial Sector: A Review of the International Evidence". Federal Reserve Board, FEDS Working Paper, no. 47. Dermine, J. (1999), "The Economics of Bank Mergers in the European Union, a Review of the Public Policy Issue", Rapport commandé par le Ministère des Finances des Pays-Bas, INSEAD, Fointainebleau.

support functions; at an international level, by promoting cross-border alliances and cooperation[19] (UNICO, CIBP, or the subsidiaries created by Natexis and DZ Bank aimed at developing and exploiting joint assets); and by their decentralized network *organisation*, which allows for the allocation of tasks, for example, outsourcing, to reduce operating costs.

More importantly, should we perhaps remind ourselves once again that there is no status that protects against bad management?

Allocation of resources and strategy

Co-operative banks contribute significantly to the general efficiency of the economic system, thereby refuting the assertion that they are inefficient and lacking in innovation. The fact that the working coefficients of the co-operative banks are today comparable to those of commercial banks,[20] operating in the same market, bears out the point. Another factor to be considered is whether cost and efficiency are the only criteria with which to evaluate the performance of banking enterprises[21]

With regard to innovation, the European co-operative banks have shown themselves to be leaders in numerous fields. The examples of one-stop-shopping (bancassurance) in France and the electronic bank (efficient distribution) in Finland and Holland have already been mentioned. The "customer value" orientation and the ownership structure are key innovative factors at the heart of the co-operative banking system.

The profitability of the banking system[22]

The presence of co-operative banks in a market generally ensures relatively favourable loan rates for customers.

However, co-operative banks must be careful to respect the criteria for profit, since their capitalization depends mainly on earnings put in reserve. In any case, the presence of co-operative banks results in *growing competition* and a banking system that is consequently more efficient and more competitive, and not the reverse. What's more, this is consistent with the very nature of co-operative banking: promoting the economic progress of the members/clients, by supplying them

[19] Groupe Banque Populaire and DZ Bank

[20] Moody's Special Comment "European Co-operative banks: moving beyond issues of costs and efficiency- A. Cunningham- October 2003. "Cost-to Income ratios of European co-operative banks are no longer noticeably different from those of commercial banks operating in the same market."

[21] Moody's Special Comment "European Co-operative banks: moving beyond issues of costs and efficiency- A. Cunningham- October 2003

[22] Co-operative banks have sometimes been accused to be an obstacle to the profitability of the banking sector due to their "not-for-profit" orientation that would lead them to apply low margins, forcing competitors to follow and ultimately exit the market. This is in synthesis the main criticism brought forward by PA consulting group in their study "Mutually assured destruction?, J. Rusthon and A. Dowdalls- 2003

with the entire range of financial services and at the same time ensuring the long-term viability and development of the bank.

The assertion that the margins and therefore the results or the Return On Equity are too weak in the countries where co-operative banks dominate the market, seem equally without foundation. The benefits for members cannot be measured uniquely in terms of dividends paid or *profits*. The "*returns*" for members also takes the form of growth of SMEs, of housing conditions, of local development, of what is known as "surplus" ("leftover stock") for customers, and the general level of confidence in the market. The fact that these "*returns*" are difficult to quantify in monetary terms should not lead us to ignore them.

With regard to the assertion that co-operative banks cause other banks to leave the market, it should be noted that not only is there no proof of such a tendency, but what is more the leading banks in the European market are introducing development strategies into new markets throughout Europe.

Finally, their level of capitalization and their low-risk profile constitute stabilizing forces in the banking industry[23].

[23] The stabilising role of the European co-operative banks is recognised not only by the major rating agencies Fitch, Moody's and S&P cfr but also by the IMF in the report "The Financial Sector Assessment Programme", 2003.

CONCLUSION

Today, in Europe, the banking sector is characterized by equality in the conditions of competition, in a market where different business models coexist. The co-operative model gives proof of its efficiency, - recognized moreover by the stakeholders - and makes a substantial contribution in terms of competitiveness and stability to the European economies and financial markets. The co-operative model is dominant in all that concerns corporate democratic governance and social responsibility in business, and in terms of the capacity to respond to customer needs.

An in-depth analysis of European co-operative banks shows that their success is due to their philosophy, democratic organizational structure and their capacity to respond to the needs of the market. For this reason it is important to publicize the reality and values of co-operative banks as well as their contribution, through the quality of their services, to the objectives of economic and social development, of competitiveness, and of employment.

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