EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS



European co-operative banks in 2025: a concise assessment

TILBURG UNIVERSITY

Research Letter

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Executive Summary

This snapshot presents the performance of 18 European co-operative banking groups on the one hand, and all their banking competitors on the other[1]. In the first place, these co-operative banks welcomed 0.5 million new members in 2025. Their total membership now stands at more than 92 million members. In 2025, the member-to-population ratio reached an all-time high of 21.6. Full-time employment at co operative banks rose by 1% in 2025, whereas all other banks decreased staff by 1%. Average market shares rose considerably mainly due to takeovers of other banks by co-operative banks in Denmark and the United Kingdom. When adjusted for this, co-operative banks managed to achieve an organic improvement in their market position of 0.1 percentage point. In 2025, loan growth at co-operative banks (2.6%) equalled that of the whole banking sector. Over a longer time horizon, credit growth at co operative banks has significantly outpaced that of other banks. In 2025, deposits grew at a faster pace at co-operative banks (3.5% versus 2.4%) which is a common phenomenon since 2011. The structure of the balance sheet clearly reflects the focus of co-operative banks on the real economy. Their loan portfolio amounts to as much as 54% of total assets, whereas this ratio is 38% for all other banks. Regarding key banking ratios, co-operative banks' average Tier 1 ratio showed an upward jump of about 0.6 percentage point to 19.6%, breaking the 2024 record. Their average return on equity came slightly down to 8.2%, partly driven by an increase in equity (i.e., the denominator). Finally, the downward trend in average cost-income ratio since 2018 came to an end in 2025; this ratio rose from 52.8% to 55.5%.

[1] Financial Group of the German Volks- und Raiffeisenbanken (Germany), Austrian Volksbanken Group (Austria), Raiffeisenbanken Group (Austria), Federazione Italiana delle Banche di Credito Co-operativo-Casse Rurali ed Artigiane (Italy), Unión Nacional de Co-operativas de Crédito (Spain), Banco de Crédito Co-operativo (Spain), Federação Nacional das Caixas de Crédito Agricola Mútuo (Portugal), Rabobank (The Netherlands), Banque Raiffeisen Luxembourg (Luxembourg), Raiffeisen Switzerland (Switzerland), Nykredit (Denmark), Crédit Agricole Group (France), Crédit Mutuel Group (France), BPCE (France), OP Financial Group (Finland), Building Societies (United Kingdom), BPS Group (Poland), and SGB Group (Poland).

Continued membership growth and employment increase

In 2025, the collective member base increased by 0.5% to more than 92 million members for the co operative banking groups mentioned in footnote 2. Their membership base also grew in relative terms. The number of members as a percentage of the total population in the home countries of the co operative banks concerned reached an all-time high of 21.6. The long-term upward trend indicates the continuing appeal of co-operative banks to customers. It should be noted that membership has not been a requirement for purchasing products and services from most co-operative banks for a long time. So, the fact that many new members join co-operative banks each year signal satisfaction with their financial services as well as other aspects that apparently generate member value.

The long-term decline in the number of local or regional co-operative banks continued in the year under review with a drop of 2.7% to 2,270. The branch network of co-operative banks shrank by about 1.5% in 2025. In line with the long-term trend, all other banks closed a significantly higher proportion of their branches in 2025 (3.1%). As in the four preceding years, the network consolidation and branch closures at co-operative banks were not accompanied by a decline in total bank employment. Full-time employment at co-operative banks increased by around 1%. This does not apply to the entire banking sector, where employment declined by 1%.

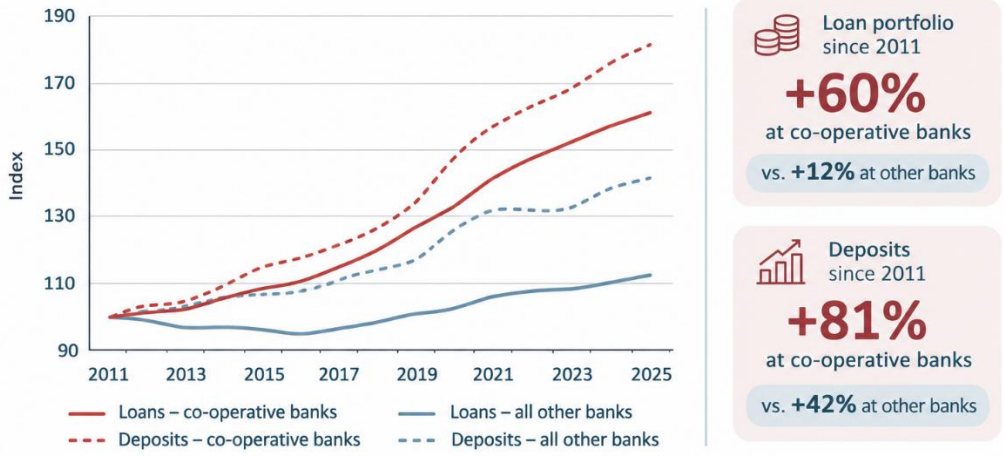


Robust loan and deposit growth

A favourable economic climate and rather accommodative monetary policy supported stable credit demand of households and businesses. Co-operative banks have met this lending need, resulting in a loan portfolio growth of 2.6% in 2025 (3% in 2024). For the first time in a long while, credit growth at all other banks matched that of co-operative banks. Viewed over a longer period, loan expansion has differed remarkably between co-operative banks and all other banks (Figure 1). Since 2011, the loan portfolio of all co-operative banks increased by more than 60%. For other banks, this growth was limited to just over 12%. For several years, the index of the total loan portfolio of all other banks was even below 100. This suggests that, overall, their private and business customers have on balance been repaying their loans with these banks for a longer period without receiving new ones. This trend reversed in 2019.

In 2025, the deposit base of co-operative banks grew faster than at other banks, which has been a common phenomenon since 2011 (Figure 1). The respective average percentage growth rates for deposits are 3.5% and 2.4%. As with loans, the average deposit growth rate at co-operative banks has been considerably higher since 2011. Their average annual deposit expansion equals 4.4%, while the average annual deposit growth at other banks amounts to 2.4%. Cumulatively, the deposit volume of co-operative banks has grown by 81% since 2011. For other banks, cumulative deposit growth during this period amounted to 42%.

Figure 1 – Loan and deposit growth (index, 2011 = 100)



Source: Own calculations based on data from co-operative banking groups, national supervisory authorities and/or central banks. It concerns loans and advances and deposits to the non-financial private sector, excluding government.

Balance sheet data clearly demonstrates that the business model and focus of co-operative banks are much more geared towards the real economy. The proportion of loans in total assets at co-operative banks amounts to as much as 54%. The comparable figure for all other banks is 38%. Co-operative banks also operate with a significantly larger share of deposit financing in terms of balance sheet total. Co-operative banks' average deposit-to-total asset ratio stands at 54% in 2025. For all other banks, this ratio is about 40%. This observation is important as retail deposits represent stable funding.

Jump in market shares to record levels

The market shares have not been adjusted for the acquisition of banks by co-operative banks in Denmark and the United Kingdom as these takeovers simply result in a greater market presence of co operative banks. Consequently, market shares rose sharply in 2025 (Table 1). However, even after accounting for this exogenous increase, other co-operative banking groups have, on average, strengthened their market position by approximately 0.1 percentage point through their own efforts. This is a notable achievement, underscoring the attractiveness of the products and services offered by co operative banks. In the loan market, co-operative banks now possess an average market share of 24.2, which is more than 3 percentage points higher than in 2011. Their market position in the deposit market is somewhat smaller at 23.7, but almost 3 percentage points higher than in 2011. Their branch market share traditionally towers far above the loan and deposit market shares (35.6). Co-operative banks have a relatively greater physical presence in society, which has also increased considerably in relative terms since 2011. The latter is because co-operative banks have been shrinking their branch networks much less than all other banks over the years.

Table 1 – Average domestic market shares of co-operative banking groups (in %)

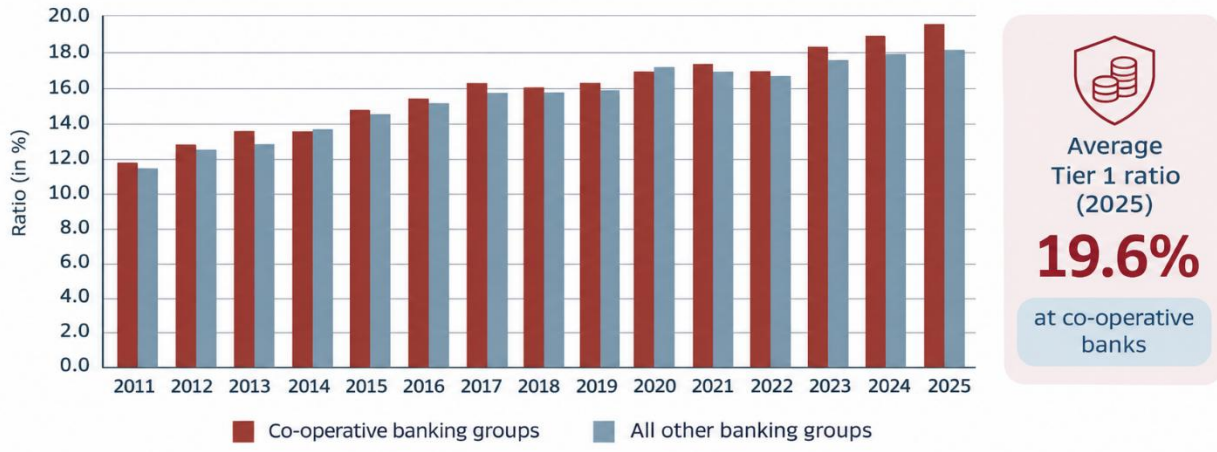
	2011	2015	2019	2024	2025	Change in percentage points (2011 – 2025)
Loans	21.1	22.0	22.9	23.6	24.2	**+3.1**
Deposits	20.9	21.4	21.9	22.9	23.7	**+2.8**
Branches	28.9	31.2	33.2	35.2	35.6	**+6.7**

Source: Own calculations based on data from co-operative banks, the ECB, and national supervisory authorities.

A new record Tier 1 ratio

The Tier 1 ratio compares the Tier 1 capital with the total of the risk-weighted assets (RWA) of banks. In 2025, the average Tier 1 ratio of co-operative banks showed an upward jump of around 0.6 percentage point to 19.6%, breaking the 2024 record (see Figure 2). This achievement naturally reflects strong performance but also signifies a high degree of solidity. Underlying data indicate that Tier 1 capital growth surpassed RWA-expansion. Other banks' Tier 1 ratio increased slightly by 0.2 percentage point to 18.2%, i.e., also the highest level ever. These strong ratios clearly indicate that the entire banking sector is well equipped to withstand potential negative economic and/or financial shocks in the current uncertain international geopolitical and trade climate.

Figure 2 – Average Tier 1 ratios



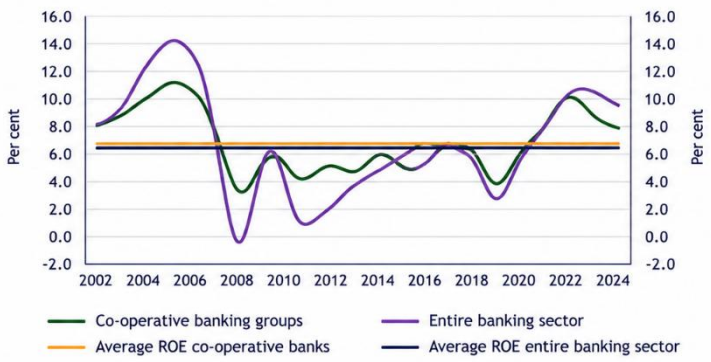
Source: Own calculations based on data from co-operative banking groups, national supervisory authorities and/or central banks.

Decline in return on equity

The average return on equity of co operative banks dropped by around 1 percentage point to 8.2% but remained well above the long-time average of 6.9% (Figure 3). The return on equity of other banks stabilized around 10.4% in 2025. Further investigation reveals that this divergent trend can be attributed to various factors. First, there is what is known as a denominator effect. On average, the total equity base of co-operative banks increased by 4.4%, almost four times the equity expansion rate at other banks. The substantial increase in the equity base has, in turn, exerted a significant downward pressure on the return on equity.

Secondly, net interest income of co-operative banks was slightly under pressure due to relatively low official policy rates. Other banks were apparently able to compensate for this impact by an increase in non-interest-related income. Thirdly, it seems that expenses at co-operative banks have grown at a somewhat faster pace than at all other banks. Overall, the sharp rise in the equity base accounts for the bulk of the decline in the return on equity of co-operative banks. The observed sharp rise in the Tier 1 ratio underscores this explanation.

Figure 3 – Average return on equity

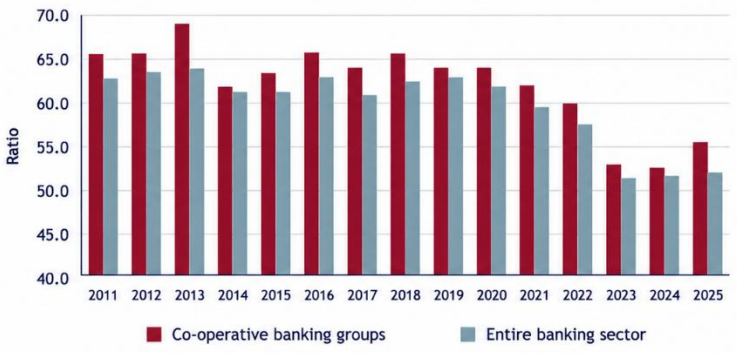


Source: *Own calculations based on data from co-operative banking groups, national supervisory authorities, the ECB, IMF and World Bank.*
Note: *The orange and black lines represent the average return on equity of respectively co-operative banks and the entire banking sector for 2002–2024.*

Slight rise in cost-to-income ratios

The cost-to-income-ratio (CI-ratio) is calculated by dividing net operating expenses by net operating income. The downward trend in average cost income ratios since 2018 came to an end in 2025. In the case of co operative banks, the ratio rose from 52.8 to 55.5 (Figure 4). This is consistent with the picture of a slightly declining return on equity. The CI-ratio of all other banks increased by 0.5 percentage point to 52.4. Underlying figures suggest that this increase is due to operating costs rising slightly faster than operating revenue. Staff costs have increased, potentially reflecting higher wages resulting from inflation-related adjustments.

Figure 4 – Average cost-to-income ratio



Source: *Own calculations based on data from co-operative banking groups, national supervisory authorities and/or central banks.*