

CIBP SPRINT

CO-CREATING VALUABLE
CONTENT AND INSIGHTS
FOR OUR MEMBERS

COOPERATIVISM AS AN ANSWER

How Cooperatives are Healing the World



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SPRINT: Providing meaningful and collaborative food for thought on innovation within CIBP community

Taking on this challenge CIBP team designed a solution, the SPRINT

The SPRINT is an opportunity to connect and engage specialists and seniors in an international approach to innovation and technology. This is a collaboration from inside and outside CIBP members to generate knowledge, tools, and experiences to be used by all members. Based on a methodology of innovation sprints, our focus is to

produce relevant material from within the community to serve real challenges.

How does this work?

After selecting a theme of innovation and technology that has multiple implications in banking and financial services, in coop models or product trends, the SPRINT team will deep dive into the matter with data and

cases, share some report drafts to encourage CIBP members to share their own experience and finally producing an insightful and practical report.

The success of a SPRINT lies in the engagement of our community. Reach out to the CIBP team for co-creating the next one.

Executive Summary

Sustainable economic development experts have long understood the importance of local participation in the decision-making process that shapes their community. Cooperative banks can be the perfect answer to current societal challenges since they can be an effective strategy to bootstrap underprivileged people into the socio-economic mainstream, as well as aligning closely the goals and values of their local community.

When it comes to economic development, cooperatives are collective problem solvers, and community assets. Based on that, we start by giving light to the roots of the cooperative model and by realizing how relevant they are.

To stimulate a reflection about the role and purpose of the cooperative banks, we invited several CIBP members to share their perspectives on how we can translate the relevance and pertinence of the cooperative model in its origin to today's society.

Finally, we highlight the most relevant contributions on how cooperative banks enable community development and share the key outcomes from a recent study conducted by a Brazilian Institute of Economic Studies - Foundation FIPE¹. The main contributions are tackling poverty, local economic stability, building local expertise, reliable proximity, and sustainability as commodity.

The report serves the purpose to reflect on how cooperative banks can provide answers to many of the immediate challenges that our society currently faces. We hope this reading make you feel energized and motivated to develop follow-up actions. Reach out to CIBP for more insights and connections, and to understand how we can support your initiatives.

¹ Fundação Instituto de Pesquisas Econômicas (Economic Research Foundation Institute) - <https://www.fipe.org.br/en-us/institutional/about-fipe/>



Introduction

Social Transformation

Current societal challenges such as the rapid evolution of technology, the pandemic, rampant total biodiversity loss or the deepening of social inequality, urges us to debate what our role as cooperatives banks are. We have in our hands a once in a lifetime opportunity to support transformation into a global society characterized by cooperation and democracy, with an equitable distribution of resources and a sustainable relationship with nature.

We are standing on the shoulders of giants that have largely contributed to the development of the cooperative movement such as Hermann Schulz (Germany), Friedrich Wilhelm Raiffeisen (Germany), Luigi Luzzatti (Italy) or Alphonse Desjardins (Canada). They have all started alleviating misery and distress of “normal” people almost 200 years ago, giving credit conditions to workers, farmers, and small entrepreneurs, all

segregated from credit by the elitist minority of the financial system.

“Cooperativism must be a movement for social transformation”

Ricardo Sapei
Vice-President of Banco Credicoop (Argentina)



As people-centered enterprises, cooperatives are owned, controlled, and run by and for their members. To the extent cooperatives are more dominant in society, the very nature of economic relations changes, from the primacy of profits to realize the economic, social, and cultural needs of cooperative members.

We now have the means, organizational skills, and technology to meet everyone's basic needs. It's up to us to make that happen.

“What can't be done alone, can be done together.”

Friedrich Wilhelm Raiffeisen





The Role and Purpose of the Cooperative Banks in Today's Society

We can find information that show evidence that our society is exponentially better, and simultaneously find information that show evidence in opposite direction.

We have increased computational power giving us the ability to solve problems that were previously unsolvable. We can see advances in biotechnology, democracy seems to be increasing, efforts are increasing to remediate unsustainable practices. We also have rampant total biodiversity

loss and environmental destruction, political and economic power remains highly concentrated, and resources are distributed very inequitably.

Above all, we are facing a human problem - we create what we are. Since cooperatives purpose is to unite people as driving forces of development, inviting them to transform the place where they live into an increasingly better environment, cooperatives can play a major role in supporting transformation shifting up as a global

society – meaning, a higher level of order and sustainable practices and activities.

For Marco Almada, President of SICOOB (Brazil) and our CIBP President, *“the role is to be a bonding entity of people with the primary purpose of promoting financial justice and prosperity of its members. This way, cooperation is an extraordinary phenomenon of unity, solidarity, integration, work and the enhancement of community entrepreneurship.”*





In fact, our society inferred, by observing the evident negative spillovers – social and environmental – that our current systems and models produce, that we needed to change. And that’s the main reason why different people and organizations took a stand and challenged the status quo.

We have seen The Business Roundtable – a group of CEOs of major US companies - radically redefining its statement of the purpose of a corporation to include “a fundamental commitment to all of our stakeholders”, and not just shareholders.

There are many other initiatives such as [Conscious Capitalism](#) or [B Corps](#). All of them defend the need of a more inclusive, sustainable, and resilient global economy.

The best way to ensure that, is to be particularly attentive to local needs. And, in all modesty, cooperatives were the first to act on the principle of thinking globally and acting locally. Cristelle Julien, Senior Executive Assistant of the President of Banque CPH (Belgium), when questioned about the importance of cooperative

banks, highlighted how essential it is to Banque CPH “*being close to their clients’ concerns, listening, and being well anchored in the local economic network.*”

Nearly 1 billion people are members of cooperatives worldwide, which makes this movement a vital part of our society. Strengthening cooperatives is, therefore, an established way to empower people and local communities, providing the principles, values and processes that nurture a more inclusive and sustainable global economy.





Cooperative Banks: a Catalyst for Community Development

Convinced that the future of every community lies in capturing the energy, intelligence and passion of its people, Ernesto Sirolli – one of the world’s leading experts in local economic development - dedicated his life in developing social technologies that would enable sustainable economic development. According to him, development can only be indigenous and is based on what is already present in every community.

Likewise, cooperative banks go far

beyond the offer of banking products and services, aiming to promote financial justice and prosperity of their members. They aim to improve the opportunities offered in the community where they live, aiming for well-being and prosperity of all.

Carlos Orella, Planning and Experience Manager at Coopeuch (Chile), when interviewed, stated how proud he feels to be part of a model

that is inclusive and democratic. From his experience, the model has proven to be good for society since it seeks to deliver the best financial offer to people with fewer options in society, with financial inclusion being a pillar that Coopeuch have always sought in their development.

“We should learn from coops. If we do, we can reshape our economy, reshape globalization and who we and our children are.”

Joseph Stiglitz, a Nobel laureate in economics and former chief economist of the World Bank, at International Summit of Cooperatives (2016)





By being a member of Coopeuch, you benefit from the distribution of 100% of the surplus of the cooperative, in proportion to the capital contributed and the use of the products and services contracted.

Cooperative banks are a tried-and-tested model, enabling people to take control over their livelihoods and avoiding money leaking out. With a track record stretching back over 150 years, and guided by the seven international cooperative principles,

cooperative banks are widely recognized when it comes to community development.

We highlight 5 of the most valuable contributions of cooperative banks for community development:

1. Tackling poverty

Due to the fact that they are run by and for people at a community level, and they lend cautiously, cooperative banks offer sustainable finance for

local people excluded from the traditional banking system.

Coopeuch (Chile), for example, has the trust of more than one million members - who are mostly natural persons and more than 76% of them live in regions - and are present in the 346 communes of Chile with 81 branches, 10 in agreements, executives on the ground and they reach the entire territory through remote channels and digital solutions. Thanks to their





excellence in service experience, for 6 consecutive years they have received the national “Pro-Quality” award in the category “Savings and Credit Financial Institutions”.

Every time Coopeuch provides a loan, a sight account, a savings account or insurance, the financial cooperative institution sees a person behind the credit or financial service who may not have had a response from other types of institutions. This is another reason

highlighting the proudness Carlos Orella was referring to for being part of an inclusive and democratic model.

Coopeuch totally represents the inspiring members that are part of CIBP, that seeks, works, and fights for financial inclusion.

2. Local Economic Stability

Localizing financial flows anchor jobs locally. Besides that, profits

generated stay local, and are invested in the cooperative, the local area or distributed to the local owners. This means the local economy is enhanced by the fact that loans are spent into the real and productive economy, creating a local impact multiplier.

On one hand, popular and cooperative banks, by default, are a democratic institution controlled by its members and distributes 100% of the surplus among them based on





meritocracy. They ensure that the generated profits bring prosperity for the community involved.

On the other hand, they are community and impact-driven. For example, our Austrian member, Volksbank Wien, according to their statutes can only offer 4% of grants outside of Austria. That means the money they receive from people and companies in Austria, will be reinvested in Austria for at least 96%. If you become a client of their bank,

you are indirectly supporting the development of your community/region/country.

3. Building Local Expertise

On one hand, since cooperatives are run by local people, they develop business expertise. On the other hand, there is cooperation amongst cooperatives, enabling local experts in different parts of the world to share learnings and best practices to one another.

Ricardo Sapei, Vice-President of Banco Credicoop (Argentina), is a living example by his belief that *“people should stay and engage with cooperative banks out of conviction for cooperative values”*.

Cooperative values of self-help, self-responsibility, equity, and solidarity, are deeply rooted in Banco Credicoop since its creation in 1979, evidenced by how they behave and act, being the largest cooperatively-owned bank in Argentina.





As we all know, technology removed the usefulness of several people in their roles. In Banco Credicoop they don't look at their people as excess. Forced them to think about other ways their people can serve in the Credicoop ecosystem. The humanity present in their leadership, inspires all of us for a brighter present and future.

Another good example is Sicoob from Brazil. They have developed an app called MOOB, which is a corporate engagement tool aimed

exclusively for the cooperative members of the institution, easing the access to information about the cooperative events, assemblies, and elections, as well as allows the cooperative members to access the Sicoob University where there are training courses for them.

4. Reliable Proximity

In the face of digital transformation, cooperative banks maintain the human

touch that characterizes them. They don't want to be digital banks, they rather want to be a cooperative bank in the digital age, without compromising their essence of proximity and human-centered entities.

Céline Castaing, Head of Partnership and Membership of the Fédération Nationale des Banques Populaires (France), shared with us that one of the parts of the next strategic plan is based on “caregivers” – caregivers are people





helping a loved one on a daily basis - which is a perfect embodiment of the cooperative values. Another good example is the Livret Fidélis Sociétaire complements the Livret de Développement Durable et Solidaire (LDDS) by making it possible to exceed its ceiling as well as offering programs that reward member loyalty and entitle them to discounts and price offers.

Cristelle Julien from Banque CPH (Belgium) entrusted to us that they are in a process of reinventing and reinforcing the member status to enhance the feeling of being part of a “club”, meaning, they can count on each other and on the local

actors and dynamics, being part of a human and economic network.

5. Sustainability as Commodity

Having the wellbeing of the cooperative and its members as a priority, leads to a more conscious and human organization. Quoting sustainability expert Victoria Pagowski from ÖGV (Österreichische Genossenschaftsverband) - Austria: *“sustainability is part of cooperative banks DNA”*.





To begin with, popular and cooperative banks must fulfil their role as a banker with satisfaction. Then, they must provide services beyond that such as access to education, culture, ecological products, or health, in accordance with their needs. Finally, the balance between the two must be found while respecting their values (territory, cooperative model, entrepreneurship).

And evidence shows that if we deeply care about people and our

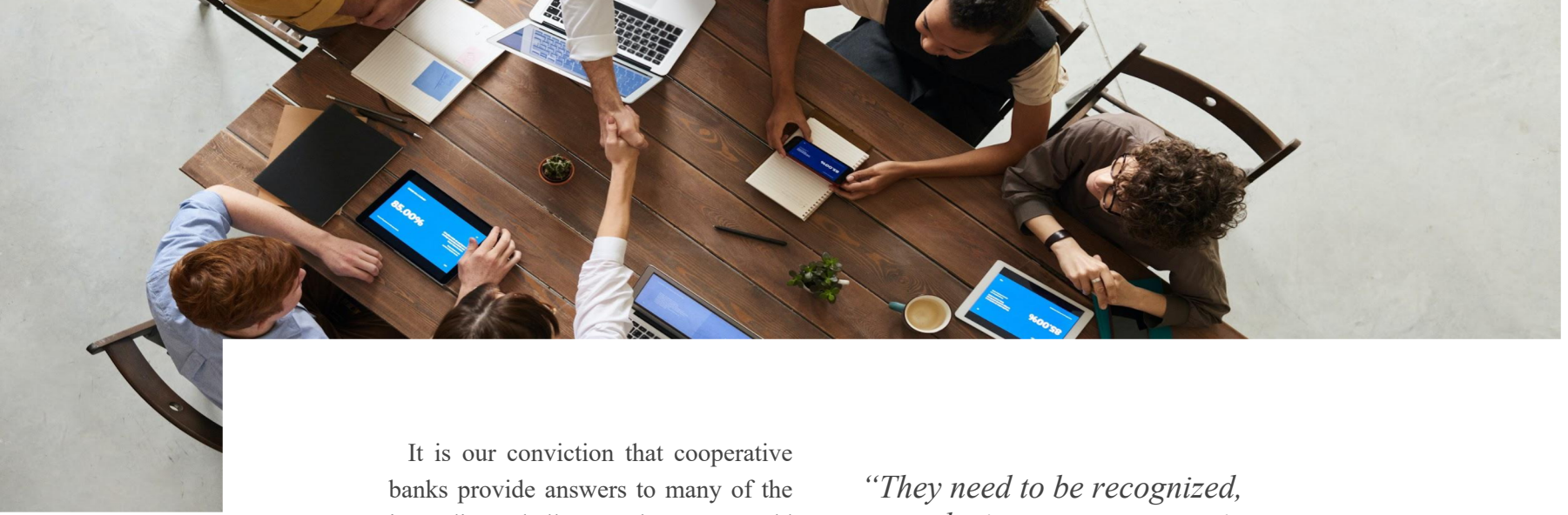
environment, we end up ensuring a virtuous cycle of positive triple impact: economic, social, and environmental. As an example, Brazilian cooperativism's history of prosperity strongly inspired by democratic management, community interest, economic participation, and mainly intercooperation, led them since its foundation to have grown at a faster pace than conventional banks Today, the Brazilian credit cooperative is one of the largest financial entities in the country with more than 14 million

cooperative members, managing assets in the order of 80 billion euros. Just like Brazil, in Belgium by the times other banks focused on electronic banking and closed local agencies, CPH opened new ones and maintained the essential contact with its clients. Their model is based on the SME model, with only 3 level of hierarchy to allow a flexible organization and quick reactions. This model, associated with the development of technologies and IT tools, are the guaranty for an efficient service while keeping a reasonable size.





A recent survey conducted by a Brazilian Institute of Economic Studies - Foundation [FIPE](#) -, revealed that the presence of credit unions causes direct effects on the development of the communities where they are inserted, with an increase of 5.6% of gross domestic product (GDP); 6.2% increase in the proportion of formal employment in the economically active population; 1.0% increase in the average formal salary (remuneration); 15.7% increase in the number of enterprises per 1,000 inhabitants (entrepreneurship); 19.6% increase in the value of exports per inhabitant; 9.5% reduction in the value of imports per inhabitant in communities with credit unions; and an increase of 45.1% in the trade balance per inhabitant.



It is our conviction that cooperative banks provide answers to many of the immediate challenges that our world currently faces, and they are stepping up, once again, to support their members and communities.

“They need to be recognized, as the important economic actors that they are and to benefit from the stimulus and recovery packages being put in place.”

Guy Rider
Director General
[International Labour Organization](#)





Conclusion and outlook

Conclusion and outlook

The different references showed us that effective and sustainable development needs to be a process led by local people which is firmly anchored in our society. In a cooperative bank, people are not only clients, but they also own the institution and based on that they participate in most decisions.

The contributions of cooperative banks for community development gave an overview of how crucial they are as catalysts. Foundation FIPE survey results are an exceptional example of how cooperative banks contribute in tangible ways for the greater good of their communities.

It is crystal clear for CIBP members what the added value of cooperative banks is when compared to commercial banks, and how they positively contribute to society. However, if that is not clear for most of the general public, we can assume there is a need for better communication strategies.

As a follow-up to this SPRINT, a specific international marketing campaign could be done with the support of the different CIBP members, maximizing our reach and impact. As part of this campaign, we should explore opportunities to mainstreaming CIBP members' impact such as a documentary series.

For cooperative banks, the pandemic was an opportunity to show their resilience as human-centered organizations, focused on adding value to people, which will lead to collective prosperity.





"Humans survive by relying on each other and find joy and feel rewarded from being a part of a community. This has translated into the hope that we can create an economy putting people first and an inclusive society for all."

Moon Jae-in
President of the Republic of Korea at ICA Annual Congress (2021)



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CIBP Members

Banco Cooperativo Coopcentral

Coopeuch

Volksbank Wien AG

SICOOB

ÖGV - Österreichischer Genossenschaftsverband

BPCE - Banque Populaire and Caisse d'Épargne

FNBP - Fédération Nationale des Banques Populaires

Banco Credicoop Cooperativo Limitado

BCP - Banque Centrale Populaire du Maroc

BVR - Bundesverband der Deutschen Volksbanken und Raiffeisenbanken

DZ BANK AG

Banque CPH



