

How the governance of French cooperative banks faces the crisis : back to values ?

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Content of the presentation

- Introduction : Putting values forward (1)
- **Importance of cooperative banks in France (2)**
- **Review and categorization of objectives, values and principles set out in the main reference texts of the social economy, cooperation and cooperative banks (3)**
- Transposition of these elements in the communication policies of cooperative banking networks (4)
- **Evaluation of the reality regarding the service users (5), responsibility (6), solidarity (7) democracy (8).**
- Importance of a better knowledge of « base membership » (9).
- **Conclusion : summary of the differences between cooperative and non-cooperative banks (10)**

Weight of the cooperative banking sector in France (2012)

2012	Cooperative banking groups			Part sect. coop	Non-cooperative banking groups		State owned bank
	Crédit agricole	Crédit mutuel	BPCE		Société générale	BNP-Paribas	Banque postale
Consolidated data in billion euros							
Total Assets	2008	645	1147	53%	1250	1907	196
European ranking	3rd	20th	10th		8th	4th	43rd
Sales	31	15	22	50%	23	39	5
Data France							
Assets in France/Total assets	83%	91%	92%	88%	77%	52%	>99%
Sales in France /Total sales	82%	85%	84%	83%	43%	32%	>99%
Part of France in sales	30%	15%	22%	67%	12%	15%	6%
Employees in France	113 153	67 000	127 000	72%	60 063	58 450	31000
Agencies in France	9090 (7013 hors LCL)	5362 (3300 hors CIC)	8000	61% 83% except Post offices	2357	2250	10 000 (post offices)
Clients France	21 millions	30 millions	36 millions	76%	9 millions	7 millions	11 millions

Main texts

Social economy field	General cooperative field	Mutual and cooperative bank field	Ethical bank field
International			
Social Economy Charter, CEP-CMAF, 2001	First Law - <i>Rochdale Society of Equitable Pioneers</i> , 1844	More than a Bank, a co-operative Bank, EACB, 2012	FEBEA Charter (<i>European Federation of Ethical and Alternative Banks</i>), 2002 + texte 2012
	ICA Declaration on Co-operative Identity, 2009 + ICBA		GABV (<i>Global Alliance for Banking on Values</i>), 2009
National			
Charter of CNLAMCA 1980 (<i>Comité National de Liaison des Mutualistes Coopératives et Associatives</i>)	Act of 1947, modifié in 1992 Declaration about the cooperative identity, <i>Coop FR</i> , 2010	Monetary and financial Code (Book V- 1st title - Chapter II)	-
Social economy bill (24/07/2013)			

Foundation of the cooperative banking model

Goal	Values	Principles	Differences
Service to members Price, products, advice	Responsibility	Economic participation of members, personal and mutual responsibility, self-help, collective ownership, collective implication, at least partly indivisible reserve, partnership	Ownership
		Financing of the real economy, positive contribution to economic growth, better efficiency of the international financial system	Business model
		Proximity, anchoring, locally-taken decisions, banking diversity	
		Limited profit status, refuse to seek financial return only, specific scheme for profit distribution, fair distribution of earnings, limited interest in capital, most of profits used according to members interests, patient investissement	
		Sustainability, resilience, robustness, stability, long run model, adaptation, measure and temperance, transmission of collective heritage serving future generations	
		Conjunction of members' and general interest, societal and ecological utility, participation to harmonious development of the society, to sustainable development, favour the common good of society, show the way in social responsibility	Social utility
	Solidarity	Fairness, equal opportunities, altruism, mutual responsibility	Internal solidarity
		Reduction of financial exclusion, commitment to community, support to local projects	External solidarity
		Inter-cooperation	Promotion of Social Economy
	Democracy	Participation of members, free and responsible commitment, voluntary and open membership, control, education, training, equality, consideration, 1 person = 1 vote	Decision
		Independence, free action, political and religious neutrality, autonomy of management regarding public institutions, tolerance	Sovereignty
		Transparency, information, honesty, confidence	Information

Synthesis of the assessment

	Assessment criteria	Difference cooperative/non-cooperative banks
Service		
Price	Banking tariffs for individuals ; Bank/SME relationships	none
Product	Savings or credit products reserved for members	minor (recent appearance of products reserved for members)
Advice	Way of rewarding the sellers	minor (no seller's commission on products)
Responsibility		
Ownership	Number of members/shareholders ; equity structure	major (despite the hybridation of the capital structure)
Business model	Activity ratios ; capital strength ; return; cost of governance	significant (more toward real economy oriented, less profitability)
Social utility	Societal responsibility ; presence in tax heaven ; Greenhouse gas emissions	none
Solidarity		
Internal	Tariffs for small versus large customers ; helping people in difficulty	minor (help in case of difficulty)
External	Micro-credits ; SRI, solidarity savings, sponsorship	significant (micro-credit, SRI, solidarity savings, sponsorship)
Promotion of Social Economy	SE Market shares	? (heterogeneous data)
Democracy		
Decision	Parity of governance ; socio-professional composition of Board of directors ; <i>participation to annual assemblies (Caire, Nivoix, 2012)</i>	major (electing system) but few voting participation
Sovereignty	?	Non evaluated
Information	Analysis of members' websites and structure of the ESR reports	none (same reporting practices of the structure)

Thank you for your attention