

COOPERATIVE BANK STRATEGIES FOR SOCIAL-ECONOMIC PROBLEM SOLVING: SUPPORTING SOCIAL ENTERPRISE AND LOCAL DEVELOPMENT

Cynthia GIAGNOCAVO* and Silvia GEREZ

University of Almería, Spain

Jacopo SFORZI

EURICSE (European Research Institute in Cooperative and Social Enterprises), Trento, Italy

The author acknowledges financial support from the Cajamar Chair in Agriculture and Economics and the Plan Propio of the University of Almería.

Email: cgiagnocavo@ual.es

*Corresponding author

ABSTRACT: *The strategies cooperative banks use to address local socio-economic challenges through the financing and promotion of cooperatives, socially oriented enterprises and local development initiatives are investigated. Two paradigmatic regions with strong cooperative bank sectors are compared, illustrating strategic differences in their approach to cooperative and social enterprise promotion and local development. The cooperative bank sector in the first region, Almería, Spain, has followed an aggressive growth strategy, both in terms of size and territory, resulting in a large and nationally present cooperative bank. In contrast, the cooperative bank sector in the province of Trentino, the most important region for cooperative banks in Italy, is comprised of many small scale cooperative banks, organized by consortium and tightly tied to territory. Related lines of inquiry include the trend of focusing on corporate social responsibility as opposed to local development and the relationship among different types of complementary actors in order to understand the process of promoting sustainable community development. As well, we comment on the relevance of other types of 'alternative finance' in supporting such goals. These issues are particularly relevant given limited government resources to deal with pressing social and economic issues.*

Keywords: *Cooperative banks, financing social enterprise, cooperative bank structure, local development, alternative banks.*

1 Introduction, research questions and structure of paper

1.1 Introduction and research questions

This paper investigates the strategies cooperative banks use to address local socio-economic challenges through the financing and promotion of cooperatives, socially oriented enterprises and local development initiatives.¹ We have chosen to compare two paradigmatic regions with strong, but structurally different, cooperative bank sectors, illustrating strategic differences in their approach to cooperative strategy, promotion of social enterprise and local development. The first region, Almería, in southeast Spain, is home to Cajamar, the largest cooperative bank and 15th largest bank in Spain. Cajamar has followed an aggressive growth strategy, both in terms of size and territory. The second region, the province of Trentino, the most important region for cooperative banks in Italy, represents 55% of national cooperative bank presence and comprises 95% of banking institutions in Trentino. In contrast to Almería, the cooperative banks of Trentino are small scale and tightly tied to a limited territory.

The main questions addressed by our research, keeping in mind each region, are:

- What strategies do cooperative banks employ to meet the social/economic challenges within the communities in which they operate?
- How do they identify such challenges and interact with interested stakeholders?
- Why are cooperative banks suited to meet such challenges, as opposed to traditional shareholder owned, for-profit banks?

Related lines of inquiry include the tendency to focus on corporate social responsibility ('CSR') rather than local development, the influence of the structure of the cooperative bank sector on strategy, and the relationship among different types of actors (e.g. cooperative banks as well as other cooperatives, associations, networks, second tier entities, etc.), in order to understand the process of promoting sustainable community development. This issue is particularly relevant given limited government resources to deal with pressing social and economic issues.

This paper re-emphasizes a focus by cooperative banks on socio-economic challenges, keeping in mind the new challenges and landscape in which cooperative banks operate, while at the same time moving beyond the common (and valid) arguments of territorial proximity and the building of 'trust' relationships.

The 'globalization' of the economy often exerts pressure on previously local, regional or national economies (a good example being the agricultural sector) affecting access to, and cost of, credit, employment conditions and business environments. Generally speaking, cooperative banks represent the most diffused financial institution at the territorial level and are directly involved in the creation of a synergy between the exigencies of globalization and the specific demands of local development.

By focusing on cooperative banks, which are distinguished from traditional shareholder banks by embodying values such as cooperation, reciprocity and territorial embeddedness while being sustained by the commitment to equitable social goals, we show how these 'value' characteristics translate into effective strategies. The support of

social enterprises and local development is an important part of building a cooperative community fabric.

1.2 Structure of paper

In relation to the structure of this paper, Section 1.1 has served to set out the rational and research questions. We outline the historical role of cooperative banks in local development (subsection 2.1) and then point out the current challenges that cooperative banks face in dealing with socio-economic challenges and local development issues (subsection 2.2). We note the shift towards CSR away from the concept of local development in cooperative bank academic literature (subsection 2.3) that has paralleled cooperative bank growth. The justification for the choice of the two regions (section 3) for our case studies and methodology (section 4) is then explained.

In order to set our case studies within their contexts, the role, structure and current state of cooperative banks in both Spain (section 5) and Italy (section 6) is briefly described. In our case studies we detail the two different cooperative bank regions of Almería (subsection 7.1) and Trentino (subsection 7.2). In relation to the cooperative banks of each region, we have chosen particular initiatives which illustrate the cooperative bank's role in addressing social-economic issues, the promotion of cooperatives and social economy entities and their role in promoting local development.

'Alternative' finance institutions (section 8) are also mentioned as a contrast to both cooperative and traditional banks as a method to meet socio-economic challenges and we point to the practices that may benefit cooperative banks. Finally we conclude (section 9) with observations about the strategies chosen by the cooperative banks and comment on where further research is warranted (section 10), including in the 'alternative finance' sector.

2 Past and future role of cooperative banks

2.1 Traditional role of cooperative banks in local development

Cooperative banks, from the time of their creation in the 19th century, have been seen as innovative and revolutionary enterprises capable of resolving economic and social problems, even in the face of market failure (Cafaro 2001). Embedded as they were within local areas and communities they were able to create strong relationships amongst their members based on trust and reciprocity and significantly increase banking access to small and medium enterprises (SMEs), farmers and low income households, fostering local economic and social development (Cesarini et al. 1997, Bongini et al. 2007, Borzaga and Tortia 2004). This quality of local embeddedness provided cooperative banks with a deep understanding of the local context and allowed them to benefit from a dense network of inter-institutional relations (local authorities, rural organizations, professional organizations, trade unions, NGOs, public institutions, etc).

It is important to note that cooperative banks, as well as 'alternative' banks mentioned in section 10, generally develop in contexts which are not particularly attractive to large financial groups, and are typically founded on community values and on strong social bonds, representing an essential link between markets, small enterprises and citizens.

Cooperative banks have often provided more than just credit – they were proactive in encouraging business and social development and often filled a civil society vacuum. They provided institutional support, financed necessary infrastructure and research and development, encouraged training and education and eased the transition into international markets and in some cases different political regimes (Giagnocavo et al. 2010). Using their relational capital to spread information, knowledge and innovations as well as values such as trust and cooperation, they are strategically placed to value the potential of local enterprises and foster relationships among them. The importance of the role of cooperative banks as ‘catalysts for economic and social cohesion’ was noted in a 2007 EACB study (a general survey) and within the ILO Sustainable Enterprise Programme (2009).

2.2 Current challenges in considering the role of cooperative banks

While the origins of cooperative banks were based on solving local social-economic issues, current cooperative banks’ strategies for dealing with contemporary challenges must take into account new circumstances, including, but not limited to:

- internally motivated consolidation and/or growth, thus requiring a rethinking of ‘local community’ not necessarily based on territory and a re-defined role for the cooperative bank
- externally motivated consolidation and/or growth due to political or external economic pressures, thereby resulting in the task of creating cohesion, mission coherence and the building of a community out of disparate areas
- the fact that certain ‘local’ challenges and/or social economy entities require capital intensive solutions (i.e. micro-credits are not always sufficient)
- community needs and relevant challenges change over time and may require a different strategy (e.g. demographic shifts in the community, innovations in traditional areas like agriculture, renewable energy, etc.)
- new areas of investment, services, and technologies require increased skills and capacity on the part of the finance entity and create risk scenarios which must be taken into account
- different social demands related to social cohesion may not be within the traditional activities of the community or bank, but as part of the ‘local community’ require solutions.

In ‘re-configuring’ cooperative bank relationships to their respective territories, strategies involving support for cooperative and social enterprises and local development can play an integral role.

2.3 From an emphasis on local development to corporate social responsibility

Given the demands of both social and economic changes, in some cases, Spanish cooperative banks appear to be imitating commercial banks (and at times the established cooperatives with whom they ‘grew up’ appear to be mimicking investor owned firms) (Soler Tormo 2002, Palomo Zurdo and Sanchís Palacio 2008, Palomo Zurdo et al. 2010, Campos Climent and Sanchís Palacio 2009). The consolidation of cooperative banks (whether by merger or through the formation of groups) coupled with the survival challenges facing any non-investment bank, has made the tendency to act like a traditional commercial bank more prevalent, perhaps illustrating an ‘isomorphic’

process, as described by DiMaggio and Powell (1983), whose article formed the basis of much scholarship on ‘institutional isomorphism’ in various forms. A note of caution though, should be sounded in applying such institutional isomorphic theory when considering the actions of cooperative banks pursuant to enforced consolidation by government policies and regulatory bodies. We must be careful to nuance our analysis of cooperative banks accordingly, and perhaps look at the unique manner in which they deal with enforced ‘mimetic structures’. As well, it is important to keep in mind that growth does not necessarily equal loss of cooperative character.

In Italy, in general, over the last ten years, there has been a trend of mergers and consolidations amongst cooperative banks (referred to as ‘CCBs’) with the justification of gaining competitiveness in the market and defending against takeovers² (Alexopoulos and Goglio 2009). In spite of the possible positive effects of these mergers such as reduced costs and diversified risks (Di Salvo et al. 1998, Di Salvo et al. 2002), there has been a concern that such mergers could alter some fundamental characteristics of the cooperative banks such as relationship lending (Cesarini et al. 1997, Bongini et al. 2007), cause governance and internal control of the membership issues (Di Salvo and Schena 1998, Panetta 2005, Pittaluga 1998, Santella 2001) or weaken the bonds between members and the financial institution (Di Salvo et al. 2004), thus putting at risk their mutual and cooperative identity (Spaggiari 2007). (It should be noted however, relatively speaking, the Trentino cooperative bank sector is still quite atomized as set out in section 6).

Perhaps as a result of such changes, many cooperative banks scholars have turned to more ‘formal’ and less substantive analysis of cooperative and alternative bank activity and impact – looking more to internal governance issues and ‘corporate social responsibility’ initiatives, rather than the interaction between the cooperative bank and both new and existing cooperatives and social enterprises as a method to solve local community problems. At the moment, in academic studies of cooperative and alternative banking much emphasis is put on governance issues and ‘corporate social responsibility’, (Melián Navarro et al. 2006) mimicking the shareholder-owned banks’ preoccupation with ‘transparency’, ‘good governance’ and CSR programs.

However, if we look to the end of the 1990s, it was common to find analyses of the role of cooperative banks in local development and their social efficiency (Calvo Bernardino and González Rodríguez 1999a, b, Carrasco Monteagudo 1999a, b). This topic seems to have lost interest in recent years, and now there are many studies that highlight the importance of socially responsible products for the image of the company (Carrasco 2005, Ibarrodo Dávila and Sánchez Fernández 2005) and the need of establishing ethical codes (Belhouari et al. 2005, Mendizábal Zubeldía et al. 2008), pointing to the relationship between the cooperative principles and corporate social responsibility as the main reason for introducing it into the strategy of such organizations. While these elements are relevant in order to maintain their reputation, they are not representative of the social-economic objective of credit cooperatives.

Certain Italian scholars (see e.g. Ferri et al. 2005, Fortis 2008, Tarantola 2009) have seemed to maintain a focus on local development, at times within the industrial district analysis (Alessandrini and Zazzaro 2009).

For the shareholder-owned bank, transparency has its roots predominantly in statutory reporting requirements and in addressing governance scandals. CSR is solidly rooted in the ‘charity’ model as opposed to the local development model which seeks a shift in economic equality and empowerment. While transparency and good governance are not unimportant for cooperative and alternative banks, they are not substitutes for the inherent social-economic agenda of such entities. By virtue of their very nature, cooperative banks should be ‘socially responsible’ throughout all their activities, yet more and more it is evident that CSR is a concept that is being divorced from (or used as a substitute for) the goal of local sustainable development and the challenges that face communities.

3 Justification of comparative case studies in Almería, Spain and Trentino, Italy

We have chosen two regions in which we can refocus our analysis of cooperative banks on socio-economic challenges, local development and the support of socially oriented enterprises. Although the landscapes of Almería and Trentino could not at first glance seem more opposite, these two regions have a similar socio-economic history. Almería has a dry, rocky and near desert landscape with the most days of sunshine in Europe but almost no rainfall. It is in the southeast tip of Spain, on the coast and isolated from the rest of Spain. The province of Trentino is in the north of Italy, with green valleys, imposing mountains and ample rainfall, although historically isolated as well. Both regions, now autonomous regions within their respective countries, experienced extreme poverty during the first half of the 20th century forcing their inhabitants to migrate to other parts of Europe and the Americas. Starvation was not uncommon and peasants eked out a miserable life. Spain's dictatorship lasted somewhat longer than Italy's and thus its recovery lagged accordingly. Cooperatives, both credit and otherwise, were fundamental in the social-economic development of each region and continue to be a core economic force. The wine, fruit and dairy cooperatives of Trentino have managed to successfully compete on international markets as have the fruit and vegetable cooperatives of Almería.

However, we have chosen these two regions not only for their strong cooperative bank tradition but because they possess an extensive cooperative and social enterprise fabric, represented by the number of cooperatives and social enterprises to be found in each region.

The 45 CCBs in Trentino manage 65% of savings of the province, 54.5% of loans and 45.5% of deposits. 90% of agriculture is cooperative and is comprised of 92 cooperatives with a turnover of 914 million Euros (2010). As well the consumer cooperatives are a strong presence (448 million Euros, 2010) as are worker (2.56 million Euros), service (4.74 million Euros) and social cooperatives (1.63 million Euros). Cooperatives in Trentino are organized into a Consortium, which includes nearly all the cooperatives working in each sector at the provincial level. This type of structure allows the cooperatives to overcome the limitations of their small dimensions and to present a united front in the market, increasing their group competitiveness.³ ‘Social Enterprises’ (Borzaga and Defourny, 2001) are also an important feature of the Trentino community and played a fundamental role in the establishment of adequate Italian legislation setting out different types of social cooperatives and enterprises.

In Almeria there is one large cooperative bank, Cajamar Caja Rural, which is part of Cajamar Group that has a turnover over of 53,000 million Euros and on a national level represents 47% of cooperative bank activity.⁴ Cajamar Caja Rural manages 50% of deposits and 35% of credits. 70% of the Almerian agricultural sector is cooperative, made up of approximately 100 cooperatives (mostly first tier cooperatives with the presence of a few second tier entities) with an approximate annual turnover of 1,800 million Euros. Packaging and handling of agricultural product is also predominantly cooperative and there is an extensive related auxiliary business sector (250 enterprises). Various social enterprises that provide services whilst employing disadvantaged people are extremely successful such as Verdiblanca which provides cleaning, gardening, rehabilitation and transport services. In Almería, as of September 2011, there were 793 enterprises which belonged to the 'social economy' (the term used in Spain) which included 420 cooperatives and 372 worker societies. In total they provide direct employment to 8,762 people (7,333 and 1,429, respectively). This figure does not include all the agricultural cooperative members (13,500) who are small landholders, usually family farms, and are members of the agricultural marketing cooperatives nor the farm workers (40,000) who are involved in and benefit directly from the cooperatives.

Within highly 'cooperative' regions however there is much heterogeneity in how cooperatives are structured. We use two distinct examples of cooperative bank structures in order to demonstrate the varying nature of social and economic challenges and the diversity of cooperative bank approaches.

In the case of Spain, there has been a significant consolidation of the cooperative bank sector. This consolidation, in part strategic and in part as a result of government policy (the requirement to be part of or form an 'Institutional Protection System' group), creates a situation that is quite distinct from the original notion of small, local cooperatives. While perhaps creating stability and allowing economies of scale and access to more funds, it also creates a new dynamic between credit cooperatives and their 'communities' (as well as raising the question of what exactly, constitutes a community). With regard to Almería, there is effectively only one cooperative bank, which forms the core of the Group under which it operates. The Group operates in almost all of the autonomous regions of Spain, including Ceuta and Melilla.

In contrast, Italy has a cooperative credit system which imposes territorial limits, thus relying on a consortium model⁵ in order to meet local challenges. According to the national regulation of CCBs (The Italian Banking Act, 1993)⁶, a CCB can operate only within its jurisdictional area, an area which embraces the municipalities where the bank has its own branches as well as the nearby municipalities, with contiguous territory. The majority (not less than 95%) of risk activities (loans) of a CCB must be carried out in the area of territorial jurisdiction and the banks are dependent on their members, providing credit primarily to members.

We have investigated the approach of the two different jurisdictions which share similar historical circumstances and set out the different avenues and strategies that their cooperative banks have used in acting as a catalyst for social/economic and environmental local development.

In Almería we have looked at the need to modernize the traditional agricultural cooperative sector, deal with serious environmental issues (which are in part related to agricultural activity) and provide support for those that suffer financial and socio-economic exclusion. The latter issue ties into rural development issues. In light of the fact that in this region we are analysing one cooperative bank, the selection of issues was a rather straightforward task, given the proximity of stakeholders to the credit cooperative.

However, given the structure of the Italian CCB system described above, each of the many CCBs differ in terms of assets, location, historical and cultural background, number of members and employees, making the identification of issues somewhat more complex. Moreover, they adopt different strategies according to the different needs of very local areas and the different mentality of people involved in the banks (president, director, administrative body, members, etc.). In the small province of Trento⁷ there are 45 CCBs that support different economic sectors (agricultural – apple, wine, milk; manufacturing; and tourism, etc.) with different strategies according to the specificities of their small jurisdictional areas.

Thus, in order to compare the main strategies adopted by the CCBs to address local socio-economic problems we focus on a strategy that is common to all CCBs: social policies and ‘territorial development’ (local communities, cooperative credit system, cooperation), namely social intervention adopted in local communities in order to promote the wellbeing of the local people with particular regard to specific groups at risk of financial and social exclusion (youth, women, people with disabilities, immigrants).⁸ We also comment on the role of cooperative credit in relation to the more traditional cooperative sectors.

4 Methodology of case studies

In order to investigate our research questions a case study approach was the preferred method (Glaser and Strauss 1967, Yin 1981, 1984, Eisenhardt 1989).

We have used a variety of methods to collect information. These include:

- academic literature reviews, review of cooperative trade publications, sector reports, cooperative and social enterprise data bases, consortium and federation websites, cooperative websites, company and annual reports, position papers from research institutions, etc.
- interviews and site visits. During the course of the project on ‘Cooperative/Alternative Bank Strategies for Social-Economic Problem Solving: Supporting Social Enterprise’ the partial results of which this paper reports, we have met with various members of the cooperative banking, agricultural cooperatives, cooperative enterprise and social enterprise community. This includes high level cooperative bank personnel (presidents, directors, heads of bank consortium and local federations) as well as local branch managers on the ‘front lines’. In the case of Trento, where CCBs are numerous, we met with 65% of the total number of cooperative banks. In the case of Almería, in addition to meeting with high level cooperative bank personnel and various branch managers, we also held interviews with the

founder, current president, director of economic studies and the director of social initiatives, the latter two being part of the cooperative bank's foundation. Specifically focus groups (Krueger 1988, Morgan 1996) have been used to discuss and comment on the subject of research in order to elicit perspectives, views and experiences about the strategies adopted to promote local development and social enterprise strategies and to form hypotheses (Powell and Single 1996). Site visits to both cooperatives and social enterprises have been carried out both in Trento and Almería, involving interviews with directors and managers.

- questionnaires were sent by email to both the cooperative banks and the entities receiving financing. In the case of the Trento case study prior questionnaire and interview research carried out for the province of Trentino was also used to aid in the selection of particular cooperative bank initiatives. In the case of Almería, although questionnaires were used, these were also followed up by face to face visits.

5 Cooperative banks in Spain

5.1 A brief history of cooperative banks in Spain

Credit cooperatives came to Spain somewhat later than the rest of Europe with the first Raiffeisen type cooperatives founded in 1891 in Murcia, which model spread widely and quickly throughout the region. Given the social conflict at the time and the fear that disadvantaged people would be swayed by socialist and anarchist sentiments, the movement found willing support in the Catholic Church in Spain. As well, from a different non-ideological perspective, providing finance for small farmers also ensured their survival. Against this background '[s]ocial Catholicism considered the Raiffeissen model of cooperatives to be a useful tool in the implementation of its social and economic policies' (Martínez Soto 2003). As credit cooperatives spread in Spain they took on different forms, depending on the social, religious and economic necessities of the region in which they were embedded.

Within the Fascist regime, the cooperative credit movement was suspect and its power and autonomy were reduced by becoming an appendage of Regime controlled associations. In 1951 it was revitalized to allow the regeneration of agricultural production, without altering the structure of the Fascist regime. In 1957 legislation allowed the creation of Cajas Rurales⁹ and in 1962 a major restructuring of the banking and financial system occurred in Spain wherein savings banks, rural banks and credit cooperatives as well were allowed to operate with their own legal personality and autonomy.

While overall, credit cooperatives did not have the same success or autonomy in Spain as elsewhere in Europe, what is important to note is that in those areas where there was abject poverty and both social and financial exclusion, credit cooperatives were a crucial tool in overcoming severe socio-economic challenges (Izquierdo 2005, Palomo Zurdo et al. 2007).¹⁰

5.2 Current state of cooperatives banks within the Spanish financial system

The Spanish banking system in March 2012 consisted of 277 financial entities of which:

- Spanish banks: 79
- Foreign bank branches: 87
- Cajas de ahorro¹¹ (savings banks): 35
- Credit Cooperatives: 76

This signifies that 27% of the Spanish credit entities are credit cooperatives and 16% are Cajas de Ahorro, representing 40.07% of finance institutions of a ‘social’ nature. However, many of the credit cooperatives are of small size and importance within the sector as a whole. In 2011 their relative weight within the sector as a whole, as a percentage of consolidated balance was 4% for credit cooperatives, 40% for Cajas de Ahorro and 56% for traditional banks. However, if we look to the number of offices, we see that credit cooperatives represent 12%.

5.3 Strategies of cooperative credit in Spain and structure of groups

While the perceived wisdom is that the strengths of cooperative banking lie in territorial and sector proximity, creating trust and loyalty (Palomo Zurdo and Sanchís Palacio 2010), in Spain such banks have had difficulty in making compatible these principles with that of highly competitive markets (Soler Tormo 2002, Melían Navarro 2004). As mentioned above, the decrease in the importance of the agricultural sector led credit cooperatives to widen activity, diversifying into family, SME, social economy, and invest heavily in construction (pre-crisis) (Soler Tormo 2001, 2002).¹² (It should be noted that the agricultural sector has once again gained prominence, being in many areas the only sector that has experienced growth and created employment and thus, there is a renewed interest in agriculture and rural areas again). As a consequence of past distractions from their rural roots, a change in image and loss of identity has occurred (Soler Tormo 2002, Palomo Zurdo and Sanchís Palacio 2008, Palomo Zurdo et al. 2010) which requires a strategic change in order to return to cooperative principles. However, such tendency was not absolute, as Campos Climent and Sanchís Palacio (2009) point out different strategies taken by the Spanish cooperative bank sector, that ranges from a clear expansionist full service entity, to a local and specialized focus and a small size (often serving a particular group of people.) Belmonte Ureña and Plaza Úbeda (2008) and Ibarrondo Dávila and Sánchez Fernández (2005) note the ‘disorientation’ of larger groups in relation to specialized relationships with a particular territory or client type, in clear contrast to the traditional objects of service to members and territorial connection.

The formation of larger groups is also due to the initiative of the System of Institution Protection (mentioned above) dictated by the Bank of Spain. This system involves the grouping together of banks which allows the sharing of risk and liquidity between distinct entities through a system of guaranteed loans and includes a certain level of mutualism. In sum, it is an instrument of reciprocal guarantee which is relatively simple and rapid to implement. The banks retain their independent business and legal form and in the case of credit cooperatives, they have independence to manage their own education and promotion funds. The required participation in such groups is for a period of 10 years, although, practically this means that there is little chance of unwinding such integration. Cajamar Group was the first such authorized group in October of 2009.

As a response to such changes, one can ascertain the importance of the participation of the stakeholders in the design of credit cooperative strategy is important, focusing on

the relationship which exists between the cooperative banks and the stakeholders. However, such ‘participation’ has often been found to be scarce (Ruis Lozano et al. 2009), based as it is on a transparency and CSR model where ‘participation’ involves access only to the information which the credit cooperative makes available. The input of stakeholders in defining their own interests and preferred strategies to meet their needs and challenges is left out.

6 Cooperative banks in Italy

6.1 A brief history of cooperative banks in Italy

In Italy, the first Agricultural Credit Bank (Cassa Rurale) was created in 1883 in the province of Padua following the Raiffeisen model. In 1890 the first Agricultural Catholic Credit Banks, inspired by the charitable values of the Catholic Church, were started. Fifteen years later, by 1897, there were 904 Agricultural Credit Banks, mainly in Northern Italy (Trentino-Alto Adige, Veneto, Piemonte, Lombardia and Emilia Romagna). In 1905 the Federation of Agricultural Credit Banks was founded, promoting the development of numerous Federations at the local level. The system of cooperative credit continued to grow despite the great economic crisis of 1929 and the subsequent Fascist period, which was strongly ideologically opposed to the cooperative model.¹³ Agricultural Credit Banks flourished during the Republican period with the advent of the Constitutional Paper, which recognized the role of cooperation with common goals. In 1993 the Agricultural Credit Banks were renamed as Cooperative Credit Banks (CCBs) and from that day they began offering all the services and products of ‘regular’ banks, extending their reach to all who operated businesses or resided in the banks’ territory.¹⁴

6.2 Structure of cooperative credit system in Italy

Cooperative Credit Banks (CCBs) are strongly rooted in the territory and they are especially prevalent in small communities. The reason why cooperative banks belong to the territory and are linked by a strong reciprocal relationship is that each bank can operate only within its jurisdictional area. Their members are the context in which the banks work, as they must be physical or juridical persons who operate in that area as well as having a legal residence therein.

The CCBs are sustained by two complementary structures: a cooperative structure and an entrepreneurial structure. The cooperative credit structure develops functions of coordination, technical support, consultation and disbursement of services for the partnership banks. It is organized on three levels: at the centre are individual cooperative banks, which merge on a territorial level into 15 Local Federations, which themselves merge on a national level into the Italian Federation (Federcasse). The entrepreneurial structure is set up as an ‘operational complement’ of the CCB as it refers to the many service societies established by the cooperative movement to support individual banks in all kinds of different activities related to their banking and financial deals and operations. Trentino Alto-Adige (containing the two provinces of Trento and Bolzano) is the only region enjoying two central cooperative banks, namely the Central Bank located in Trento and the Raiffaisen Central Bank located in Bolzano. They represent the two central sectoral institutions established with the specific aim to support the Trentino and Alto Adige cooperative banks with all types of services.¹⁵

6.3 Current state of cooperative banks in Italy

In 2011 in Italy, 412 out of 757 banks were CCBs, thus covering more than 54% of the total banks operating in Italy. Cooperative banks have 4,411 branches scattered primarily throughout small and average sized villages, where in many cases (555 municipalities) they are the only bank. They represent a share of 13.1% of the entire national banking network. They have 1,156,711 members, 36,500 employees and 6.7 million customers.

Cooperative banks are ranked 3rd according to the number of branches and are the 4th largest banking network overall in the Italian banking system.

6.4 Role of cooperative banks in Italy

In considering the ‘problem solving’ strategy of cooperative banks, the relationship between the financial system and the territory is particularly important in Italy for two main reasons. First, Italy exhibits high territorial imbalances that produce consistent regional gaps in levels of economic and social development. Second, the Italian productive structure is characterized by a high number of SMEs (cooperatives or otherwise) relative to most other advanced countries.¹⁶ These aspects heavily impact the structure of Italy’s financial system, as it must not only have a high degree of flexibility to deal with varying local systems, but it must also cope with the specific problems of competition and development of the large number of SMEs (Alessandrini et al. 2005).

Recent empirical research (see e.g. Ferri et al. 2005, Fortis 2008, Tarantola 2009) has shown the positive influence that cooperative banks have had on supporting the economic development of some specific local areas through financing local entrepreneurial initiatives, sustaining in particular the SMEs that take advantage of a reduction in interest rates if they are members of cooperative banks (Angelini et al. 1998) or embedded in an industrial district (Alessandrini and Zazzaro 2009)¹⁷ and specific economic sectors such as the tourist and agricultural sectors (Fortis 2009). A recent case study done in Tuscany by IRPET¹⁸ (2010) shows that cooperative banks seem to perform better than the large, non-cooperative banks, both in terms of profitability and portfolio growth. In particular, they continue to consistently provide credit and banking services to other cooperative enterprises during the recent economic crisis better than the non-cooperative banks. According to IRPET (2010) cooperative clients of local banks¹⁹ present higher levels of satisfaction than cooperative clients of large credit institutions; the small banks offer the most favourable conditions at local levels (32% of respondents) relative to large local banks (17.4%) and, above all, to the large national banks (9.7%). This result seems to be due to two principal elements: i) during this period of crisis the large banks have virtually stopped disbursing new loans while cooperative banks have continued with giving credit, sustaining the market and consolidating their bonds with the local territory; ii) while the large banks have sustained in particular the ‘healthy’ firms, the cooperative banks have offered great support to their partners and long-term clients regardless of their economic situation, basing their strategy on relationship lending²⁰ (Cesarini et al. 1997, Bongini et al. 2007, Perulli 2009).

Generally speaking, during the recent years of economic crisis, thanks to their geographical proximity that establishes an immediate bond between the needs of the

clients and the banks' strategies, the cooperative credit system seems to have been an important element of stability ensuring continuity in supplying loans to SMEs (Tarantola 2011).

7 Case studies: Almería, Spain and Trentino, Italy

7.1 Almería, Spain

In contrast to the province of Trentino with 45 CCBs, the province of Almería is dominated by one credit cooperative, Cajamar Caja Rural, although it has many small branches scattered throughout the province. It is the largest credit cooperative in Spain as a result of a recent and ongoing mergers and the Cajamar Group to which it belongs is among the top 15 Spanish banks. It began in the mid 1960s in Almería, one of the poorest provinces of Spain, during the brutal, poverty ridden years of Franco. Its roots are intricately linked with and in large part responsible for the intensive cooperative agricultural sector of the region. Today, Almería is ranked within the top third of Spain's provinces, with wealth creation widely spread throughout its population. The average land holding, still, of an agricultural enterprise is a mere 1.5 hectares (approx. 3.75 acres), most owned by families or SMEs who join agricultural cooperatives (Giagnocavo et al. 2012).

In our preliminary interviews, site visits and analysis of questionnaires, we found that social enterprises, cooperatives and local development actors had a good relationship with the cooperative bank and overall felt that the bank understood their financial requirements (as this article goes to press, Cajamar agreed to provide preferential financing to social enterprises integrated in the Spanish Confederation of Social Enterprises (CEPES)). The cooperative bank was seen to be a partner in many respects. This does not mean to suggest that all requested funds are given, but that the criteria used to give credit and the appreciation of the particular needs of the various socially oriented enterprises was well understood. In many cases social enterprises, in addition to a more commercial activity, also manage publicly funded socially oriented activities, such as special work centres, and thus the cooperative bank role is not as the main supplier of credit. Rather, it functions as an institutional partner, often entering into social and work integration agreements for disadvantaged groups or agreements to use the services of social enterprises, sponsoring events to raise awareness and promote access (re architectural and social barriers), or making donations such as technologically advanced fleets of specialized vehicles for disabled people, etc.

There was an acknowledgement that there are many more challenges in the local community and that the cooperative bank could and should continue to play an important role. There was a recognition that the cooperative bank had 'lost its way' in emphasizing the housing and construction sector over the agricultural sector. However, there was also the affirmation from agricultural cooperative sector representatives that the agricultural cooperative sector and Cajamar had an excellent relationship and that it was instrumental in its success.

The most pressing issues highlighted include a crisis in the agricultural cooperative sector, the most important social enterprise activity in the area, due to low prices and the lack of participation higher up the value chain, coupled with insufficient political weight and rapidly changing market competition and conditions. Agricultural cooperatives are highly atomized and have not internationalized as successfully as they should in order to

compete. Small farmers and cooperatives often lack cooperative management training and are resistant to organizational change, although it should be noted, not to technological change and advancement.

Environmental and energy issues, at times related to agricultural activity, are also a preoccupation with issues of desertification, climate change, lack of water and the degradation of water supplies, an abundance of organic residues, and rising energy costs.

Unemployment is very high (27%), particularly amongst youth (over 40%) and was exacerbated by the housing bust when construction work ceased abruptly. Rural areas have suffered an exodus over the years and have an ageing population with difficulties in mapping out a viable economic future.

The local socio-economic challenges which Cajamar addresses through the financing and promotion of cooperatives, socially oriented enterprises and local development initiatives chosen for this paper, after consultation with both the cooperative bank and the local social enterprises and community receiving funding, include:

- 1 Initiatives to address financial exclusion, including but not limited to rural areas;
- 2 Initiatives to modernize the traditional cooperative agriculture sector; and
- 3 Environmental issues.

Financial exclusion

Cajamar supports social economy businesses as well as specific groups at risk of financial and social exclusion through accessible financing and diverse activities carried out by its Foundation. Microcredits (without the need for guarantees) are available for youth, immigrants, women and people with disabilities. Various programs are carried out which relate to social cohesion including social and work integration of ‘Gitano’ people and programs for insertion into the labour market for recent graduates. Its Foundation (funded by the obligatory 10% to social reserves) supports various projects for financial education, volunteerism and a ‘Caja de Tiempo’ (a ‘Time Bank’) in which people exchange services. Capital risk funds meant for local economic development are also meant to encourage innovation and new initiatives.

Like many cooperative banks, Cajamar makes available micro finance (micro credit, micro insurance, etc.) in collaboration with non-profits and public institutions. Not only does the cooperative bank give credit, but they also provide advice and technical and capacity building resources. These micro credit programs are often targeted to people with incapacities, immigrants, young people, women and the unemployed. Surprisingly, however, the average profile in 2010 of the applicants of micro credits were men with Spanish nationality, between the ages of 40 and 50 who had lost their job and who were trying to start an enterprise to reinsert themselves back into the labour market.

Financial exclusion, however, is more complicated when dealing with rural areas and this is where cooperative banks play an important role in local development. Along with financial exclusion, social exclusion results, for there is often a lack of infrastructure,

including but not limited to communications and telecommunications. Financial exclusion is increasingly a problem in Spain, wherein the lack of access to financial services inhibits the development of a normal social life and leads in many cases to marginality (Campos Climent and Sanchís Palacio 2009). When banks focus on those groups which are more economically profitable, they contribute to such financial exclusion. As in Italy, credit cooperatives have been noticeable in their provision of financial services to areas and segments of the population which would otherwise be excluded (Belmonte Ureña and Plaza Úbeda 2008), particularly with respect to women, immigrants, young people and the unemployed. However, with certain growth strategies anchored in the quest for competitiveness, the temptation to provided banking services to those that are profitable leaves the disadvantaged by the wayside. For this reason, the challenge for credit cooperatives is to help create inclusive economic solutions.

In order to address this, a constant feature of Cajamar has been the small local office, staffed by local people, as the nexus of connection between the bank and the community, allowing direct contact with its interest groups. Clearly logical when it began amongst the farmers' fields, it has still continued to do so even when reaching the status of the largest cooperative bank in Spain. The small offices not only provide credit but also give financial, legal and tax advice in relation to financial products and services (investment in sophisticated information systems has made this easier). More than one out of four branches of the Cajamar Group, that is, 227 or 28%, were in municipalities with less than 10,000 inhabitants. Until recently this number was close to 50%, but recent mergers within the group diluted such percentage. Their offices in the smaller towns are often the only banking presence.

In addition, it has a direct relationship with Local Development Groups both in terms of financial products and social action. Local Development Groups, which are private, participative and democratic, collaborate with public administrations in the carrying out of rural policy, specifically subsidies for entrepreneurship projects. There are 52 such groups in the autonomous community of Andalucía, in which Almería is located. They manage LeaderPlus funds and also the PRODER funds of regional government of Andalucía. The main goals are to diversify the rural economies and to avoid the depopulation of small towns. Cajamar has agreements with all such groups in Almería and as well with various such groups throughout Andalucía and Spain. As well it has an agreement with the umbrella group Association of Rural Development of Andalucía and the five local development groups of Almería. Encouraging entrepreneurship is a key point and the agreement 'Entrepreneurship Potential' aims to 'intensify the relationship between Cajamar and the local development groups, in order to encourage rural development, improve the quality of life of its inhabitants in disfavored areas through initiatives aimed at rural tourism, small companies, artisan enterprises, local services, commercialization of local agricultural production and improving the environment.' More than 50 projects have been initiated by the development groups with such support.

Modernization of agricultural cooperatives

It is not possible to consider the agricultural cooperatives of Almería without taking into account the crucial role of Cajamar. While this subject has been treated elsewhere (Giagnocavo et al. 2012) it should be noted that the history of Almería's agricultural cooperatives is intertwined with the history of this credit cooperative. The founders of Cajamar, in the early 1960s and thus still during the years of the Franco dictatorship,

went from one small village to another explaining the cooperative model to the poverty stricken farmers and out of a drought ridden barren land, uneducated peasants built the largest group of cooperative producers of fruits and vegetables in Europe using greenhouses and irrigation systems. That said, it is not unusual for cooperative banks to have strong ties with the agricultural sector. The cooperative financing of agriculture is not in and of itself a rarity. What is more important perhaps is the manner in which cooperative credit is currently dealing with the demands of competition and globalization on agricultural cooperatives, all the while supporting the values of sustainable social enterprise and small landholders.

Several initiatives of Cajamar are important in highlighting the role of cooperative finance in modernizing a traditional cooperative sector. First of all, there is involvement in R&D+i. As an example, the cooperative bank finances a sophisticated experimental farm the results of which benefit the cooperative agricultural community, thus not only performing highly specialized tasks that a small farmer would be unable to carry out, but also shifting financial risk. Before the farmers decided to invest in new techniques or products, the cooperative experimental farm had already 'risk tested' such innovations. The Cajamar experimental farm has also developed techniques in irrigation and water conservation, soil substitutes using natural products like coco fibre, biological pest control, greenhouse beehives, recyclable plastic, ecological production, etc. Very significant is the research into sustainable greenhouse design. How a greenhouse is designed not only affects production but also dictates its impact on the environment (see the discussion of environmental issues below). Food safety and traceability are also important areas of research.

Cooperative institution building is also a method in which to support local development and other social enterprise and cooperatives. Cajamar was instrumental in supporting and financing the creation of the association of cooperative producers so that the many small farmers and their cooperatives would have the benefit of a cooperative lobby and political and economic voice. Services such as human resource management were offered through such association, which was particularly important when the sector began to grow, promoting and ensuring the legal and humane contracting of immigrants who at first primarily came from Africa. Currently they are involved, together with such association, in the necessary task of guiding the concentration and integration in the sector.

Cooperative management training is an important challenge for maintaining social enterprise values across the whole of the social enterprise and cooperative sector and in response, Cajamar has recently commenced a formal program (as opposed to a series of seminars) for such purpose. Technical seminars are also on constant offer.

In order to modernize the sector, it is clear that significant capital investments must be made. Cajamar has a dedicated technical agricultural finance unit in order to evaluate which farmers can sustain advances in technology and whether such technology is suitable for their goals and businesses. This unit measures both financial and technical agricultural risk and feasibility.

One point that should also be mentioned is the fact that Almería's credit and agricultural cooperatives have created a 'cluster' whereby a cooperative based local production system that has resulted in related 'spin off' businesses thus resulting in a community

which contains a diversity of business forms. Though this may be seen as an ‘indirect’ cooperative bank initiative, it is an important factor in the process of local development. Instead of being a marginalized business form, cooperatives are the central core of a diversified local economy.

Environmental initiatives

Almería in south east Spain is a near desert landscape and environmental considerations are not a ‘lifestyle choice’ but rather a question of survival and sustainability. In 2008 Cajamar began to develop its Sustainable Development, Energy and Environmental activities through the Centre for Environmental Research. Not only does this centre promote the culture of sustainability, it also sponsors research into renewable energy, contributes to reforestation and advises institutions and businesses in environmental matters. Soil research, management of organic greenhouse waste and increased productivity are all activities which support local cooperatives. As well, restoring the plant layer on unproductive and eroded land is also important for the community.

As mentioned above, sustainable greenhouse design is both a business (increased production with no pesticide expenditures) and an environmental issue.

In such a hot climate as Almería, greenhouse heating is not an issue as it might be in the Netherlands or other northern countries, but ventilation, avoidance of plant sicknesses (thus reducing the need for treatment) and water use are important issues. For example, greenhouses are being developed where condensation is captured and rerouted to plant roots, thus drastically reducing water use. Reduction of fossil fuel dependence is also of concern and the focus of Cajamar's participation in the European Project EUPHOROS which deals with greenhouse design.

Almería's cooperatives are gaining prominence for their integrated and ecological approach to agriculture which involves bio-control instead of pesticides and wise resource use, as well as increased production based on innovative technology and a focus on food safety and traceability systems. In fact, the largest tomato cooperative in Europe, based in Almería, has a target of 100% biologically controlled production, phasing up from its current 70%. These innovations are largely due to the direct investment and R&D+i of Cajamar. Given the competition from other countries where labour is cheap and quality control less than stringent, organic production is crucial for the future of the cooperative sector. While the massive cooperatives found in such countries as the Netherlands and Denmark where members are large land owners may be able to finance such research, the average farmer in Almería is a family farmer and survives on 1.5 hectares of land.

Benefits of growth

The range and dimension of activities carried out by Cajamar require significant resources, as do the technological advances required by the cooperative sector and it is doubtful whether smaller cooperative banks would have been able to play such a role. We can see that innovative strategic growth decisions on the part of the cooperative bank were taken in order to continue its local role, as well as maintaining its strength and pursuing growth to feed the capital requirements of the community (in keeping with the significance of local context for innovative action in increasingly globalized

economic integration). Although a case has often been made for cooperative finance based on information and transaction costs efficiencies (e.g. that monitoring is easier and knowledge more implicit or community/trust based, thus the risk of ‘incompleteness’ of both information and contract is reduced), in this case the cooperative bank's role went far beyond a relationship-based supply of credit; rather it was a constant source of and impetus for sustainable innovation, both social and technical and a co-creator in local development.

7.2 Case study Trentino

The case study presented in this paper has been conducted in the Trentino province in the northeast of Italy which represents the most important Italian region in terms of national representation of CCB branches (54.6%). Within the province, cooperative banks represent almost 92% of the overall banking institutions (Table 1) and thanks to their diffusion throughout the territories and different valleys, they are the only active banks available to the local community in 6 out of 10 towns in Trentino. Half of all families in the region are members of a CCB (Cassa Rurale)²¹ and they are able to guarantee access to credit not only for individuals and families, but also for SMEs, associations and non-profit organizations; in other words, to all of the people who collectively make up the economic fabric of Trentino. The savings of families largely remain invested within the province itself, and are put to work in sustaining the local economy and local society. The relationship between spending and revenues is more than 97%: for every 100 Euro collected, over 97 Euro are invested back where they come from in the same territory. This policy represents a very important and significant element for local development.

Table 1 –. Main aspects of CCBs in the Autonomous Province of Trento (2010–11)

CCBs		Total banks	
N. of CCB	45	N. of total banks	49
N. of branches	380	N. of total branches	553
Presence at Municipal level	186	N. of total Municipality	217
Members of CCBs	120.000		
Clients of CCBs	470.000		
Employees	2.308		
Loans	62.1	Loans (other banks)	45.5
Deposits	62.1	Deposits (other banks)	37.9

- *Source:* <http://www.casserurali.it> and Bank of Italy (2011) – On line statistics

It should be noted that in Trentino, CCBs have a high market share because the commercial banks are not interested in investing in the territory. Only a few small areas are economically attractive. The number of commercial banks was 8 in 1996 and 9 in 2011. In addition, the credit cooperative system in Trentino is characterized by small (and tiny) and medium banks compared to the rest of Italy.²²

Currently, the cooperative banks share a common brand (which is also the Trentino Cooperative Movement's brand) and they are part of the same local federation. As a result of such branding, cooperative banks are recognizable throughout the whole province as being united in the same group, even though they are well rooted in their own communities. Despite this situation there are many little banks scattered in a small territory and even though the number of CCBs during 2000–2011 decreased from 65 (in 2000) to 45 (in 2011) as a result of mergers and acquisitions within the local cooperative banks sector, each local CCB still must compete both with other CCBs and with a very small number of non cooperative banks, adopting different strategies in order to maintain their local role as well as improving their strength.

The aim of this case study is to analyze the strategies CCBs use to meet local socio-economic needs of their communities through the financing and development of social cooperatives as well as specific groups at risk of financial and social exclusion (youth, women, people with disabilities, immigrants).

The selection of the case study initiatives has been aided by the findings of a survey carried out on Trentino province. An electronic questionnaire (with both closed and open-ended questions) was sent by e-mail to the entire population of local social cooperatives. We decided to use this technique as a tool for gathering information from the large number of social cooperatives present in the Province of Trentino on the main financial problems faced by this type of cooperative; to find out which kind of banks they use; to understand their level of satisfaction with the tools provided by the banks and; to identify the kinds of relationships that exist among social cooperatives and CCBs. The percentage of respondents was 37.5%. Among these: i) all the social cooperatives have one or two CCBs as a bank (no other type of banks); ii) the main financial problems diverge according to the different type of social-cooperatives (type A and type B), but in general they are related to the difficulty of banking access and the ability to offer 'physical' guarantees; iii) in general, all the cooperatives studied were satisfied with the tools provided by the banks. Some of the cooperatives have stressed that one 'new' tool ('specific project', detailed below) is very useful for them and in involving the local community; iv) in general, the existing relationships among social cooperatives and CCBs are good as the CCBs are very helpful in sustaining the social cooperatives.

This preliminary analysis revealed that while some CCBs limit their activities to charity disbursement and social sponsorship (activities done by all CCBs), other CCBs, in order to re-establish the link between co-operative values, active member participation and commercial strategy, have started up new strategies as set out below.

The case studies developed in this paper were chosen in order to reflect the heterogeneity of existing 'new' strategies adopted by different CCBs to sustain social cooperative and local communities. The sample was not random, but reflected the selection of specific cases of CCBs that set up these new strategies and social cooperatives that have working or trade relationship with them.²³ We conducted in-depth face-to-face interviews with key stakeholders of the cooperatives (both banks and social cooperative).

In response to our main research questions the analysis revealed that the main important strategies used by CCBs to meet the social-economic needs within the communities in which they operate are as follows:

1 A 'special project with social aims' realized in partnership with different local institutions (social cooperative, schools, public institutions); and

2 the establishment of new institutions such as 'satellite bodies' (association, cooperative or foundation operating amongst different local actors that act and realize projects) in partnership with different local institutions (social cooperative, public institutions, private entities).

The common idea behind these tools is not just to give 'money' to the community, but it is to improve the quality and the efficient of CCBs' action in order to try to build a deep cooperation with other local actors and to set up new networks capable of best responding to the needs of the local community. However, even though they share the same aim, these two strategies differ in practice.

‘Special project with social aims’ are small projects that are promoted by different local actors able to identify local problems and to interact with specific stakeholders. The idea of the project could come directly from the CCB and its director (e.g. ‘I rely on you’), with the goal of moving away from the idea of ‘charity’ to the idea of ‘reciprocity’ to find a new instrument where the members and the customer of the cooperative bank are able to decide which local social cooperative or association to support through the bank.

‘I rely on you’ is a special bank account where the clients (current account holders) give up 0.5% of their interest and decide which cooperatives and associations operating in the territory that have joined this initiative promoted by the CCB to support, contributing to concrete initiatives according to such client's interest. The project aims to develop a system of social accountability between the bank, clients and associations in order to produce real support for social solidarity actions. In this project four social cooperatives are involved²⁴ and six associations are committed in various social activities.

Other cases concern a group of CCBs (‘Job of trainer’), with the aim of involving young graduates, workers and unemployed people to make them feel part of the community in which they live through a special intensive training course (6 months) addressed to develop their abilities and their working goals and to establish a strong sustainable relationship between these people (future workers/entrepreneurs), the local banks and the territory that are capable of continuing in the future. In other cases, the project is promoted and realized by CCBs and a local association (‘Microcredit for immigrants’) in order to help immigrant entrepreneurs or social cooperatives of immigrants that have difficulty accessing credit.

‘Microcredit for immigrants’²⁵ is addressed to: i) immigrant new entrepreneurs of all ages with a regular residence permit and resident in the Autonomous Province of Trento that want to develop their own activity and become self-employed (from 500 to 1,500 Euro for training courses for the development of their own economic activities; from 1,500 to 5,000 Euro for single immigrants that want to start up and develop their own economic activity); and ii) social cooperatives or immigrant associations that have difficulty accessing credit. The objective of this initiative is to give immigrants the possibility of having a bank loan to start their economic activity (from 1,500 to 10,000 Euro for the start up and the development of cooperatives created by immigrants. The maximum time for the restitution of the credit is 60 months). Such microcredit services through the CCBs of Aldeno and Cadine, are intended to favour the socio-economic integration of immigrants in Trento province. The CCB gives credit with special and favorable conditions on the basis of information that it receives from the reference body (A.T.A.S. Onlus).²⁶

As well there are partnerships with CCBs, local associations and local municipalities (‘Solidarity Microcredit’) with projects aimed to help, through a concession of special loans, resident or domiciled people and families in the province of Trento (with a low income), that are in economic difficulty and not able to enter the normal bank system. Sometimes the idea doesn't come from the CCBs (‘Just friend’) but they became the promoters and supporters of the project carried out with other local actors (both public and private) in order to: i) overcome the ‘old’ mentality of charity disbursement; ii) to introduce young people of the territory to the bank and to voluntary work, stimulating them with practical activities; and iii) to give more visibility to the local CCB.

‘Solidarity Microcredit’ means that economic and financial guarantees are not the only accepted guarantees and it bases its sustainability on a series of ‘social guarantees’ that help to evaluate the trustworthiness of the person and the particular situation. The person must give at least some guarantee for the restitution of the debt. The finance expenses mainly relate to the house-family sector (e.g. rent for accommodation, house costs, bills, etc.), employment and the health sector. This initiative has recorded recently an increase in the number of applications, numbers of new branches (+2 in January 2011) and new volunteers (+10, for a total of 25 volunteers devoted to this project). The interest rate has been decreased from 4 to 2.5%. The loans amounts are from a minimum of 500 Euro up to a maximum of 3,000 Euro. From February 2009 to October 2010, 324 people have applied for the loans. The percentage of applicants who have received these loans is around 20% for a total of 67 granted funds; on average 1,700 Euro to each family, for more than 100,000 Euro in total.

New ‘satellite bodies’,²⁷ funded by local CCBs are not only projects, but a a method of new institution building recently (2007–2008) formed and founded by local CCBs and other local actors with the aim of responding to both economic and social needs of the communities in which they operate and promoting a bottom-up development with the effective participation of members. These new institutions (foundations or associations) are independently operating organizations able to realize their own projects or projects in partnership with other local bodies. They represent a contemporary reinterpretation of the strong historical characteristics of CCBs and are new operative tools linking the CCBs with their territory and their community. Their establishment can be seen to be, on one hand, an additional manner by which to highlight the fundamental differences between cooperative banks and commercial banks and, on the other hand, as a new tool able to recover, from a current perspective, the original motivations and values of CCBs underlining not only the economic value, but also the important social value of cooperative banks. The aim of these institutions is to implicate the community in ‘social matters’, to take care of problems faced by families trying to find possible solutions acting together with local actors (social cooperatives, associations, public authorities, etc.) that represent the social base of the bank through joint projects. Activities are based on reciprocity in order to change the perception where cooperative banks are taken for granted and instead to strengthen the role of the cooperative bank within the community.

These new institutions are engaged on several fronts: education and training, cultural development, health and social care, environmental issues, conservation of artistic heritage and financial support of local communities. For example, some projects are related to people's awareness towards issues such as energy saving and the use of alternative energies such as photovoltaic or a new culture of consumption linked to the environmental sustainability of the territory in which the CCBs operate, such as organic farming. They also set up Solidarity Purchasing Groups (GAS) of photovoltaic systems in favour of family users and cooperative firms.

Theoretically, according to their structure, values and historical roots CCBs are more inclined to develop a stronger relationship with their territories and with their inhabitants and to meet their needs than commercial banks usually driven only by market interest. The major problem of CCBs in recent years, in general, has been to lose sight of their core models pursuing the ‘commercial model’ of traditional non cooperative banks and also to rely too much on their historical local embeddedness. In

Trentino, according to our case study, in terms of the the relationship between CCBs and social cooperatives, local CCBs mainly limit their activities to charity disbursement and social sponsorship of local social cooperatives.

Notwithstanding, there are at the same time a few local CCBs which, in order to rebuild their image and their social function, have begun to adopt new strategies (special projects and new institutions such as satellite bodies). In general, according to the people involved in these new activities, these strategies are considered a good tool to aid in the activities of social cooperatives; involve the local community; and enhance the work of CCBs giving them more visibility and recognizing tangibly the important social role played by the CCBs for the territory. In particular, these pilot projects seem to be able to set up new social relations and new networks within the territory, involving in concrete action different local actors that share the same aims, goals and purposes (cooperatives, associations, public or private institution, etc.). These strategies are not widespread in the territory but they are the result of well-thought action representing an effective contemporary and modern re-reading of the strong historical and social characteristics of local CCBs. They may also serve as a good example for other CCBs on action that may be taken to rediscover cooperative values and sustain local activity.

As a general observation, the traditional agricultural cooperative sector of Trentino is quite strong and internationalized (with a turnover of 914 million Euros in 2010), in spite of the fact that its CCBs are still atomized and local. However, the cooperative banks seem to be less proactively involved in their development and the major modernization efforts seems to have been on the initiative of the cooperatives themselves. The wine cooperatives have voiced some discontent recently on the lack of support and financing from the credit cooperatives, holding a special event at VinItaly, one of the sector's most important trade shows.²⁸ They noted that credit was quite busy going to Geneva for the auto shows and chasing Fiat, but had forgotten the wine cooperatives and agricultural cooperatives.²⁹

In Trentino, the cooperatives have gone through important integration processes, whereas in Almería, the agricultural cooperatives are still quite atomized, with the cooperative bank being an important organizing institutional force.

8 Alternative banks

Within the category of 'alternative banks', in addition to cooperative banks we also find savings banks in their various forms, some worker banks and 'ethical' banks. As noted in our case studies, cooperative banks can suffer mission drift regarding social goals and local development, falling victim to isomorphic tendencies, or as a result of enforced or mandated growth. Even if cooperative banks structurally meet the requirements of being a cooperative bank, this does not necessarily suggest that they are fulfilling a social purpose beyond satisfying the formal requirements of membership and serving members. In some cases savings or popular banks also serve this function of fulfilling community needs and carrying out social works, but they too can transform this activity leading a 'bi-polar' existence, that is, siphoning off a certain percentage for 'social' or local development activities and then carrying on with business as usual.

In the case of ethical banks, social mission is the purpose for the existence of the bank, regardless of the legal form it takes. As a general rule, we can say that ethical banks see money as an instrument of social development if used with a social perspective.

A familiar ethical bank is Triodos³⁰ which has established an ethical, transparent and sustainable banking model. It only finances initiatives that deliver social, environmental or cultural benefits. The first hurdle of any loan application is the ethical assessment. Once this is satisfied the criteria which would be used in a conventional credit appraisal is applied.

What is interesting to note, in light of our examples of Almería and Trentino is that ethical banks represent a different sense of community – it is a community of ideals and values rather than that of territory. Where cooperative banks are either mandated to grow, as is the case of Almería, or limited by territory or common economic activity, as is the case in Trentino, thus affecting their ability to either maintain existing ties or build new ones, ethical bank strategies can present an interesting lesson, particularly where cooperative bank structures have led to distractions from socially oriented enterprise.

A significant result that flows from conceiving of the cooperative bank as more than just a local source of capital avoids several problems inherent in both territorial and the economics of information approaches (i.e. asymmetrical information (Akerlof 1970), the latter theory having overridden many social considerations, turning the firm into a neutral informational hub where series of transactions took place.) That is, if the limited control-based territorial model, premised as it is on the economics of information and transaction costs efficiencies based on proximity, is adopted, any advantage that cooperative banks may be seen to have disappears as soon as the cooperative bank experiences significant growth or goes beyond its territory (even though growth may actually be key to capturing more funds to finance the original territory's financing needs). By approaching the role of the cooperative/alternative bank as a co-generator of development it leads us to re-examine our notion of 'territory' and 'local development'. We may consider that economic activity defines community, rather than the other way around. In this light, if we look to how 'territories' or 'communities' may be constructed in the case of 'ethical banks' we can see that they rely on a community that shares values but not necessarily physical proximity. Perhaps we can redefine the social role of finance using 'active' cooperative banks as an example. Their unique, inherent characteristics allow them to fulfill certain social/developmental goals, where the 'territory' is one of community (which they help to construct) of values rather than one necessarily based on a pre-existing relationship with a geographic area. Indeed, given the migration patterns of those disenfranchised in many areas, the sense of 'community' is something that arguably has to be created. The sense of community perhaps is more about economic activity, at least at the beginning, than it is about any particular 'embeddedness' in the pre-existing social fabric. Hence, cooperative/alternative finance may play a role in defining/building community, and not necessarily the other way around.

This issue is expected to be dealt with in future research related to the project in relation to which this paper was written.

9 Conclusion

Based on our investigations we note that with respect to the study of cooperative and banks in Almería and Trentino there are/is:

- different paths and forms of cooperative finance based on both political and economic history
- diverse expressions of social enterprise and local development based on both historical and legislative factors
- different cooperative bank structures which influence to some extent, different strategies
- the necessity for the evolution of the role and activities of a cooperative/alternative bank in the development of its community
- a need to adapt to new challenges – met most successfully with stakeholder participation
- evidence that cooperative banks were/are pro-active agents of technological, economic and/or social innovation and that they fulfilled a central institutional role. However, ‘mission drift’ or complacency has put at risk such role.

A summary of the answers to the research questions are as follows:

Research questions	Almería	Trento
<i>1. What strategies do cooperative banks employ to meet the social/economic challenges within the communities in which they operate?</i>	<i>*emphasis on technological and organizational innovation (minor, but present social innovation initiatives)</i>	<i>*emphasis on social innovation (minor, but present technological and organizational innovation)</i>
	<i>*economic solidarity as a path to social solidarity</i>	<i>*social solidarity as a path to economic solidarity</i>
	<i>*modernizing traditional cooperatives</i>	<i>*emphasis on social cooperatives and small social enterprise initiatives with less focus on traditional cooperative sectors beyond traditional banking services</i>

Research questions	Almería	Trento
	<i>*addressing environmental issues as necessity regarding sustainability</i>	<i>*community and personal relationship building and strengthening of territorial ties and social responsibility through project-based partnerships and small scale institution building 'satellite bodies'</i>
	<i>*fully funding R&D+i to transform what is normally individual risk to community risk, and to add value and advance innovation</i>	<i>*building on member focused cooperative values as a base to create extended concern to community values ('I rely on You')</i>
	<i>*education and training of cooperative managers and stakeholders</i>	<i>*virtuous' cycle of 90% of capital reinvested in community</i>
	<i>*building on but going far beyond relationship-based finance through pro-active production and dissemination of technical, economic and organization knowledge and playing an active role in the incorporation by other social enterprises of the same</i>	<i>*little competition from shareholder owned banks due to territorial restrictions, but competition within the Consortium, thus a social commitment to local members. However, in larger urban areas they must compete with other banks and are thus considering more mergers in order to grow and compete</i>
	<i>*competition from shareholder owned banks means that it must be able to compete in meeting increasing demands and capital requirements of social enterprises and cooperatives and add value</i>	

Research questions	Almería	Trento
	<p><i>*because a single cooperative bank is tied to a larger region, it is committed financially and socially to that community and as such it must make sure that the activity of its members are worthwhile funding, thus implicating itself in a profound way in the economic and social activities of the community</i></p>	
	<p><i>*necessity to find cohesion strategies to act as social glue to counter mandated growth</i></p>	
Common Strategies	<p>-addressing financial exclusion and local development</p>	
	<p>-microfinance initiatives oriented to immigrants to promote social and economic integration; people at risk of poverty and social and financial exclusion (difficulty accessing banking system)</p>	
	<p>-supporting cooperative and social enterprise economic 'fabric' through the enabling and set up of cooperatives and the coordination of family/SME based enterprise;</p>	
	<p>-deep cooperation with other local actors and setting up new networks capable of best responding</p>	

Research questions	Almería	Trento
	to the needs of the local community	
	-institution building	
2. How do they identify such challenges and interact with interested stakeholders?	<i>*relatively uncomplicated procedure in Almería since there is one cooperative bank with constant interaction with its members – this has become more complicated in terms of the Group</i>	<i>*diverse range of interests, economic activities and social economic challenges – identification of issues is more complicated and meaningful action on a large scale requires coordination between more actors</i>
Common Strategies	-presence of many small branches dispersed over territory with close contact to members	
	-interaction with a wide group of local actors and institutions	
3. Why are cooperative banks suited to meet such challenges, as opposed to traditional shareholder owned, for-profit banks?	<i>*trust built on long range social and economic commitment to the community in which it operates – economic goal alignment</i>	<i>*trust built on territorial proximity – cultural alignment and mutual knowledge</i>
	<i>*long term view allows investment in R&D+i and the management and assumption of risk</i>	
Common Strategies	-provide financing where traditional banks do not bother to set up-in rural areas, often only presence	

Research questions	Almería	Trento
	<p>-long term view (i.e. not hostage to shareholders demanding profits every Q) allows long range projects and investment in communities where immediate profit is not the first consideration</p>	
	<p>-cooperative bank structures, whether large or small, share many values with social enterprises and local development – that is the combination of social values with economic activity and thus share a common rational and ‘language’</p>	

Above all, the most successful strategies have been a result of maintaining a commitment to the ethical and social/environmental/economic function of capital.

10 Suggestions for further research

We have also found that further research is needed in:

- leveraging knowledge of stakeholders in identifying societal challenges;
- measuring success beyond economic considerations;
- implementation of policies and initiatives to define local challenges;
- investigating processes and strategies that ethical or other alternative banks use to meet social-economic challenges and considering which of these would be compatible with cooperative bank structures;
- understanding how cooperative growth can be managed, leveraging the strength and capacity building characteristics of socially oriented enterprise, in order to maintain ties to local communities but at the same time support a range of businesses (from family business, small entrepreneurs to growing social enterprises that wish to internationalize) in order to make cooperative and social enterprise communities sustainable and competitive;

- identifying strategies and processes that make compatible both enforced cooperative bank growth and cooperative principles and that maintain the link between cooperative finance and the corresponding community.

Footnotes

1 For the purpose of our study, ‘social enterprise’ is given a purposive, not legal, definition. We use the EMES European Research Network (<http://www.emes.net>) definition of social enterprises as ‘organizations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. They place a high value on their independence and on economic risk-taking related to ongoing socio-economic activity.’ For avoidance of doubt, we consider cooperatives to be social enterprises. We characterize local development, as the process of realizing social and economic wellbeing by a community through the active participation in economic activity (Bel and Ausín, 2007: 42).

2 In ten years (2000–2010) the number of CCBs decreased by -17.4%, while the number of branches increased by 49.3%.

3 <http://www.ftcoop.it>

4 Cajamar Caja Rural, Sociedad Cooperativa de Crédito, is a banking entity resulting from the merger between various cooperative banks in Andalusia during the years 1989 to 2011. It is Spain's leading rural bank as well as the leading Spanish credit cooperative. Grupo Cooperativo Cajamar, constituted by Cajamar Caja Rural, Caja Campo, Caja Rural de Casinos, Caixa Albalat, Caixapetrer and Caixa Turís, deals with and serves over 2.5 million customers through 1,008 branches and over 5,433 employees in 41 provinces and 15 autonomous regions. In 2011, the incorporation of Caja Rural de Canarias (Canary Islands) was also approved by the general assembly. Among the more than two hundred banks, savings banks and credit cooperatives operating in Spain, Grupo Cooperativo Cajamar is ranked 15th in the country, with assets in excess of 38,000 million euros and total turnover in excess of 53,000 million euros. Grupo Cooperativo Cajamar has over 800,000 stakeholders. <http://www.cajamar.es>

5 The cooperative structure embraces 15 local federations scattered throughout Italy: 2 at provincial level (which includes Trento); 4 at interregional level; 9 federations are organized at regional level. The peculiarity of the Autonomous Province of Trento is due to the fact that it enjoys political autonomy mainly for historical and linguistic reasons. Moreover the Trento federation has a unique feature in the sense that it represents all kind of cooperatives operating within its jurisdictional areas, that is not only the credit cooperatives, but the consumer, agricultural, working, social services cooperatives as well.

6 Legislative decree 1 September 1993, n. 385, (Testo Unico Bancario) and following amendment (1999 and 2004).

7 Autonomous Province of Trento – Surface: 6,212 km²; population: 531,510; density: 85,56/km²; municipality: 217. Almost 250,000 inhabitants are members of cooperatives. Approximately 2 out of 3 families are members of one cooperative or another (<http://www.ftcoop.it>).

8 Also in this case, as we will see below, different CCBs use different strategies.

9 The terminology of ‘caja’ can be confusing. ‘Caja rural’ means a rural cooperative bank while the term ‘Caja de Ahorros’ means a savings bank. Herein the use of ‘caja’ refers to cooperative credit, unless otherwise noted. This is an important distinction as Cajas de Ahorros do not have the same ownership or governance structure. They are non-profits with a social purpose but many rural ones have been effectively wiped out in Spain due to onerous legislative requirements and the financial crisis. Many have gone through a ‘fire sale’ and have been converted to banks or nationalized. See footnote 11 herein.

10 In general, see Martínez Soto (2003) for a thorough analysis of the beginnings of cooperatives in Spain. See also ‘Cooperativism and agrarian credit in Spain during Franco's Dictatorial period

(1935–1972/5)’ (Ángel Pascual Martínez Soto and Josep María Ramón Núñez) for an analysis of cooperatives during the Franco years.

11 It should be mentioned that in Spain, within the financial entities with a ‘social’ character, Cajas de Ahorros play, or at least have played, an important role. They are non profits whose government structure is made up of diverse stakeholders, including public administrations, unions, deposit holders and social economy entities. They define their mission as the fight against social exclusion and the creation of both economic and social wellbeing through their social works. The embeddedness in their territory has been a traditional feature as has the focus on family and small businesses. Recently (and particularly at the time of this writing) there has been a preoccupation with the solvency of the Cajas de Ahorros in Spain, leading them to extend their areas of activity, safeguard more in their capital reserves and thus reducing the amount available for social works. Government enforced mergers and the threat of conversion into banks (to allow a public offering of shares) or ultimately nationalization, signifies a time of instability and uncertainty for the future strategies of such entities, putting at risk their social function. Small cajas de ahorros have had a much more difficult time surviving and the majority of those still standing are large entities in urban areas. Many consider that the downfall of cajas de ahorros has been due to the politicized agendas of their governance structures, thus shifting their activity to non-sustainable activities for short-term profit and political gain.

12 Annual Report 2008 of Credit Cooperatives/Anuario 2008 de las Cooperativas de Crédito. Unión Nacional de Cooperativas de Crédito (UNACC) <http://www.unacc.com/documentos/Anuario/anuario2008.pdf>

13 During the Fascist regime the Agricultural Credit Banks suffered a general reduction: while in 1922 they had reached 3,540 institutions, they decreased to 986 in 1940 and to 804 in 1947.

14 <http://www.creditocooperativo.it>

15 In the past years, the Trento Central Bank has entered into partnership with the Veneto and Friuli Venezia Giulia cooperative banks as well as with DZ Bank, which, in turn, became Trento Central Bank equities shareholders and entitled to use its services. The current abbreviated name is ‘Cassa Centrale Banca’ and the head office is in Trento.

16 The Italian productive structure is characterized by 98% of small enterprises with fewer than 20 employees and with an average of 3.8 employees per enterprise.

17 In this case the authors underlining the role of mutual knowledge, and of long-term and close institutional relationships in the creation and improvement of relationships between local banks and local SMEs.

18 Regional Institute for the Economic Planning of Tuscany.

19 In this study conducted by IRPET, 41% of the cooperatives interviewed were clients of a local bank while the other 59% were clients of national banks. Interestingly, the larger cooperatives tended to be clients of the local banks while the smaller cooperatives were more frequently clients of national banks.

20 Thanks to their embeddedness in the territory and to the informal contacts that they are able to utilize, local cooperative banks have considerable access to information on their potential clients therefore reducing the level of risk inherent in providing credit to those with little or no collateral which excludes them from accessing the traditional credit markets.

21 In Trentino all the CCBs are still using the old name Cassa Rurale. The origins of cooperative credit in Trentino date back to the ‘Cassa Rurale of savings and loan’, in the small village of Quadra, in 1892. This was the first bank to provide access to credit for local farmers.

22 It has 8 banks with less than 15 employees – 6 banks from 16 to 25 employees; 11 banks from 26 to 35 employees; 5 banks from 36 to 50 employees; 6 banks from 51 to 75 employees and 3 banks from 76 to 100 employees. The main important banks are Trento (217 employees), the provincial

capital, Rovereto (145 employees), the second important city in terms of number of resident and industries, and Alto Garda (144 employees) the third important area of flow of economic activities.

23 From the population of CCBs, we selected five different CCBs (Cassa Rurale of Aldeno & Cadine, Cassa Rurale Alto Garda, Cassa Rurale Bassa Vallagarina, Cassa Rurale di Pergine and Cassa Rurale di Trento) while from the population of social cooperatives we selected three social cooperatives (Social cooperative ALPI, Social cooperative La Rete and Social cooperative Archè) with different fields of activities (eg. social services – type A; work integration – type B) and different economic area.

24 For instance, the social cooperative ALPI received: € 700 in 2006 (with 11 people which decided to open this special bank account in order to support ALPI); € 2.130 in 2007 (with 24 people); € 3.323 in 2008 (with 27 people); € 3.845 between 2009–2010 (no available data on the number of people). The social cooperative La Rete received: € 2.510 in 2007 (with 16 people which decided to open this special bank account in order to support La Rete); € 3.335 in 2008 (with 32 people); € 2.265 in 2009 (with 36 people); € 2.320 in 2010 (with 36 people).

25 40 applications have been sent from ATAS to the CCBs to ask for loans; 37 have received loans for a total amount of € 199.700,00. 23 application for development of already existing economic activities; 12 for the start-up of new activities; 2 for training courses (78% men, 22% women – 23% from EU countries; 22% from EU/countries extra EU; 16% Sub-Saharan Africa; 14% Asia; 14% Central and South America; 11% Maghreb) New proposals to improve the program: enlargement of the partnership of the project in order to increase the fund and extend the territorial coverage: revision of the selection system; redefinition of the amount of loans and interest rates; introduction new forms of guarantee

26 Associazione Trentina Accoglienza Stranieri – Association for Immigrants Accompaniment in Trento Region is a non-profit organization of social utility founded in 1989. Together with private social resources, volunteers and public bodies Associations assist immigrants in Trento Region offering many services to respond to fundamental needs of immigrants (especially housing facilities and microcredit) as well other needs as the diffusion of social and economic opportunities.

27 Here we refer to 3 associations: ASSeT Bassa Vallagarina founded in 2007 by CCB Bassa Vallagarina; Mutual cooperation Pergine, founded in 2008 by CCB Pergine; Foundation Cassa Rurale di Trento, a foundation founded in 2008 by CCB of Trento. For an in-depth examination of the activities of these 3 institutions, see Gabbi, F. and Fernandez, A. (2011), *Credito Cooperativo: dall'idealità originaria all'innovazione in tre realtà trentine*, Trento, October 2011.

28 http://mobile.larena.it/stories/Cronaca/347500_le_coop_chiedono_soldi_per_la_filiera_del_vino/

29 Later in 2012, after the submission of this paper, Fedagri in Italy is expected to release its report on agriculture cooperatives and credit.

30 <http://www.triodosbank.co.uk>

References

- AKERLOF G. A., 1970, 'The market for "lemons": quality uncertainty and the market mechanism'. *Quarterly Journal of Economics*, **84**, 3, 488–500.
- ALESSANDRINI P., CROCI M. and ZAZZARO A., 2005, 'Le banche italiane nel processo di integrazione territoriale', *Sviluppo Locale*, **XI**, 25, 75–106.
- ALESSANDRINI P. and ZAZZARO A., 2009, ' Banks' Localism and Industrial Districts', in G. Becattini, M. Bellandi and L. De Propris, *A Handbook of Industrial Districts*, Cheltenham , UK and Northampton , MA , USA , Edward Elgar.
- ALEXOPOULOS Y. and GOGLIO S., 2009, ' Financial deregulation and economic distress: is there a future for financial co-operatives?', Euricse Working Papers, 001/09.

- ANGELINI P., DI SALVO R. and FERRI G., 1998, 'Availability and cost of credit for small business: customer relationships and credit cooperatives', *Journal of Banking and Finance*, **22**, 925–954.
- BEL P. and AUSÍN J.M., 2007, 'Contribución de las sociedades cooperativas al desarrollo territorial', *REVESCO Revista de Estudios Cooperativos*, **92**, 41–71.
- BELHOUARI A. *et al.*, 2005, 'La responsabilidad social de las empresas: ¿un nuevo valor para las cooperativas?', *Revista CIRIEC-España*, **53**, 191–208.
- BELMONTE UREÑA L.J., and PLAZA ÚBEDA J.A., 2008, 'Análisis de la eficiencia en las cooperativas de crédito en España: una propuesta metodológica basada en el análisis envoltante de datos (DEA)', *Revista CIRIEC-España*, **63**, 113–133.
- BONGINI P., Di BATTISTA M.L. and ZAVARRONE E., 2007, 'David and Goliath: small banks in an era of consolidation. Evidence from Italy', MPRA (Munich Personal RePEc Archive), 4841 (<http://mpa.ub.uni-muenchen.de/4841/>).
- BORZAGA C. and DEFOURNY J., 2001, *The Emergence of Social Enterprise*, Routledge, London and New York .
- BORZAGA C. and TORTIA E., 2004, 'Dalla Cooperazione Mutualistica alla Cooperazione Sociale', Working Paper n. 6 December 2004, Faculty of Economics, Forlì.
- CAFARO P., 2001, 'La solidarietà efficiente. Storia e prospettive del credito cooperativo in Italia (1883–2000)', Laterza .
- CALVO BERNARDINO A. and GONZÁLEZ RODRÍGUEZ J.I., 1999a, 'Criterios de valoración de la eficiencia de las sociedades cooperativas de crédito españolas: una aproximación a la situación de Castilla-La Mancha', *Banca y finanzas*, **42**, 16–20.
- CALVO BERNARDINO A. and GONZÁLEZ RODRÍGUEZ J.I., 1999b, 'Eficiencia económica y social de las cooperativas de crédito españolas', *REVESCO Revista de Estudios Cooperativos*, **67**, 51–70.
- CAMPOS CLIMENT V. and SANCHÍS PALACIO J.R., 2009, 'El crédito cooperativo y su papel en la financiación de proyectos de inserción sociolaboral', *Noticias de la Economía Social y Cooperativa*, **52**, 54
- CARRASCO MONTEAGUADO I., 1999a, 'Cooperativa de crédito, desarrollo y creación de empleo', *Revista CIRIEC-España*, **32**, 189–208.
- CARRASCO MONTEAGUADO I., 1999b, 'Cooperativas de crédito socialmente eficientes o agentes de desarrollo regional en busca de una ventaja competitiva'. *REVESCO, Revista de Estudios Cooperativos*, **68**, 111–118.
- CARRASCO, I., 2005, 'La ética como eficiencia: la responsabilidad social en las cooperativas de crédito españolas', *Revista CIRIEC-España*, **53**, 351–367.
- CESARINI, F., FERRI, G. and GIARDINO, M., 1997, *Credito e sviluppo: banche locali cooperative e imprese minori*, Il Mulino, Bologna .
- DiMAGGIO P. and POWELL W., 1983, 'The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields', *American Sociological Review*, **48**, 147–160.
- DI SALVO R., LA TORRE M. and MAGGIOLINI P., 1998, 'Le operazioni di concentrazione tra Banche di Credito Co-operativo. Caratteristiche distintive e fattori determinanti', *Cooperazione di Credito*, **162**.
- DI SALVO R., GUIDI A. and MAZZILIS M.C., 2002, 'La riorganizzazione industriale del Credito Co-operativo: gli effetti delle concentrazioni sull'efficienza gestionale delle BCC e le implicazioni di policy', *Cooperazione di Credito*.

- DI SALVO R., LOPEZ J.S. and PEZZOTTA A., 2004, 'L'evoluzione del relationship banking nei mercati locali: il ruolo delle Banche di Credito Co-operativo. Un'analisi degli spostamenti di clientela', *Cooperazione di Credito*, **183/4**.
- DI SALVO R. and SCHENA C., 1998, 'Assetti societari e di governo delle Banche di Credito Co-operativo. Quali effetti sulla performance?', *Cooperazione di Credito*, **160/161**.
- EISENHARDT K.M., 1989, 'Building theories from case study research', *The Academy of Management Review*, **14**, 4, 532–550.
- EUROPEAN ASSOCIATION OF COOPERATIVE BANKS, 2007, 'Cooperative banks: catalysts for economic and social cohesion in Europe'.
- FERRI G., MICHETTI G., PACIONI C. and TONDELLI C., 2005, 'Banche popolari tra crescita e localismo' in R. De Bruyn and G. Ferri, eds, *Le banche popolari nel localismo dell'economia italiana*, Edicred.
- FORTIS M., ed., 2008, *Banche territoriali, distretti e piccole e medie imprese. Un sistema italiano dinamico*, Fondazione Edison, Il Mulino.
- FORTIS M., ed., 2009, 'La crisi mondiale, l'Italia e le banche del territorio' in A. Q. Curzio, ed., *Le banche popolari cooperative. Profili italiani ed europei*, Franco Angeli.
- GABBI, F. and FERNANDEZ, A., 2011, *Credito Cooperativo: dall'idealità originaria all'innovazione in tre realtà Trentine*, Trento.
- GIAGNOCAVO C., FERNÁNDEZ-REVUELTA L. and UCLÉS AGUILERA D., 2012, 'The case for proactive cooperative banks in local development: innovation, growth, and community building in Almería' in S. Goglio and G. Alexopoulos, eds., *Financial Cooperatives and Local Development*, Routledge, London .
- GIAGNOCAVO C. and FERNÁNDEZ-REVUELTA L., 2010, 'Cooperative banks and the financing of social enterprise innovation in the agricultural sector: a case study from Almería, Spain' in 'ANSER/ARES (Association for Non Profit and Social Economy Research) Social Innovations for a New Era: Contributions from Nonprofits and the Social Economy'. Concordia University, Montreal (Canada).
- GIAGNOCAVO C. *et al.*, 2010, 'Modern sustainable agriculture, financial innovation and local development' in *Financial Co-operative approaches to local development through sustainable innovation*, June 2010, Euricse – European Research Institute on Cooperative and Social Enterprises and the School on Local Development of the University of Trento, Italy
. <http://www.euricse.eu/node/111>
- GLASER B. and STRAUSS A., 1967, *The Discovery of Grounded Theory: Strategies of Qualitative Research*, London : Wiedenfeld and Nicholson.
- IBARRONDO DÁVILA P. and SÁNCHEZ FERNÁNDEZ J., 2005, 'Tendencias estratégicas de las cajas rurales españolas'. *Investigaciones Europeas de Dirección y Economía de la Empresa*, **11**, 118–142.
- INTERNATIONAL LABOUR ORGANISATION, 2009, 'Resilience of the cooperative business model in times of crisis'. Sustainable Enterprise Programme.
- IRPET – EUREMA, 2010, 'Cooperative, crisi finanziaria e rapporto con il credito. Un'indagine tra le imprese cooperative e le banche, Regione Toscana.
- IZQUIERDO M., 2005, 'Estrategias competitivas de las cooperativas de crédito'. *Mediterráneo económico*, **8**, 231.
- MARTÍNEZ SOTO A.P., 2003, 'El cooperativismo de crédito en España, 1890–1934'. *Historia Agraria*, **30**, 119–150.

- MARTÍNEZ SOTO A.P., RAMÓN NÚÑEZ J.M., and MARTÍNEZ RODRÍGUEZ S. 2008, 'Cooperativismo y crédito agrario en España durante la dictadura franquista', IX Congreso Internacional de la Asociación Española de Historia Económica, Murcia 9–12 September, 2008.
- MELIÁN NAVARRO A., 2004, 'El fenómeno concentratorio como estrategia de crecimiento en las cajas rurales españolas: el grupo Caja Rural'. *REVESCO Revista de Estudios Cooperativos*, **82**, 89–112.
- MELIÁN NAVARRO A., *et al.* 2006, 'La investigación en materia de cooperativas de crédito y de grupos cooperativos', *CIRIEC-España*, **56**, 25–54.
- MENDIZÁBAL ZUBELDIA *et al.*, 2008, 'Reflexiones sobre el origen y las implicaciones de la exclusión financiera'. *Asociación Española de Dirección y Economía de la Empresa (AEDEM)*, **1**, 209–218.
- MORGAN D.L., 1996, 'Focus group', *Annual Review of Sociology*, **22**, 129–152
- PALOMO ZURDO R.J. and SANCHÍS PALACIO J.R., 2008, 'Un análisis del crédito cooperativo en España: situación actual, expansión territorial y proyección estratégica'. *Estudios de Economía Aplicada*, **26**, 89–132.
- PALOMO ZURDO R.J. *et al.*, 2007, 'La financiación del desarrollo rural y local a través de los bancos cooperativos'. Decisiones basadas en el conocimiento y en el papel social de la empresa: XX Congreso anual de AEDEM, **1**, 51.
- PALOMO ZURDO R.J. *et al.*, 2010, 'Las entidades financieras de economía social ante la crisis financiera: un análisis de las cajas rurales españolas'. *REVESCO Revista de Estudios Cooperativos*, **100**, 101–133.
- PANETTA I., 2005, 'La Corporate Governance nelle Banche di Credito Cooperativo: aspetti teorici ed evidenze empiriche', Tesi di dottorato, Università degli Studi di Roma 'La Sapienza'.
- PERULLI, A., 2009, 'Finanza globale e banca locale: un caso di credito cooperativo', *Stato e Mercato*, **87**, 451–483.
- PITTALUGA G.B., 1998, 'La specificità della banca locale cooperativa e i connessi problemi di corporate governance', *Cooperazione di Credito*.
- POWELL R.A. and SINGLE H.M., 1996, 'Focus groups', *International Journal of Quality in Health Care*, **8**, 5, 499–504.
- RUIZ LOZANO M., RIOS BERJILLOS A. and TIRADO VALENCIA P., 2009, 'La responsabilidad social y la crisis económica. ¿Responden las entidades financieras españolas a los grupos de interés?' *CIRIEC.España: Revista De Economía Pública, Social y Cooperativa*, **65**, 33–58.
- SANTELLA P., 2001, 'Banche co-operative o fondazioni bancarie? Corporate governance nelle banche di credito co-operativo', *Bancaria*, November.
- SOLER TORMO F., 2001, 'La financiación de la adquisición de viviendas: Crecimiento y sus repercusiones para las cooperativas de crédito españolas'. *CIRIEC-España, Revista De Economía Pública, Social y Cooperativa*, **38**, 101–132.
- SOLER TORMO F., 2002, 'La identidad cooperativa como garantía de futuro: las cooperativas de crédito ante la trivialización de sus principios', *Revista CIRIEC-España*, **40**, 215–242.
- SPAGGIARI A., 2007, 'Esperienza di frontiera in declino o solida prospettiva?', 'BCC vs banche ordinarie: vizi e virtù', *Lavoro Bancario e Assicurativo*, **2**, 8–11.

- TARANTOLA A. M., 2009, ' Le banche popolari nel confronto competitivo: vocazione territoriale e profili di governance' in A. Q. Curzio, ed., *Le banche popolari cooperative*. Profili italiani ed europei, Franco Angeli .
- TARANTOLA A. M., 2011, ' Il Credito Cooperativo del domani: sviluppo, efficienza e solidarietà', speech by Vice-director general of Bank of Italy, 9 December 2011, Roma .
- ITALIAN BANKING ACT, Testo unico delle leggi in materia bancaria e creditizia, D.Lgs. 1-9-1993 n. 385, published in Gazzetta Ufficiale, 30 September 1993, n. 230, S.O.
- YIN R., 1981, 'The case study crisis: some answers', *Administrative Science Quarterly*, **26**, 58-65.
- YIN R., 1984, *Case Study Research*, Beverly Hills , CA : Sage Publications.

Websites

International Cooperative Banking Association (ICBA) - <http://www.icba.coop>

[European Association of Cooperative Banks \(EACB\)-
http://www.eurocoopbanks.coop](http://www.eurocoopbanks.coop)

Banche di Credito Cooperativo (Cooperative Credit Banks)-
<http://www.creditocooperativo.it>

Associazione Nazionale fra le Banche Popolari (National Association of Popular Banks) - <http://www.assopopolari.it>

Casse Rurali Trentine – Banche di Credito Cooperativo (Trentino Cooperative Credit Banks) - <http://www.casserurali.it>

Cooperazione Trentina - <http://www.ftcoop.it>