



EDITO RIAL



J-L BANCEL
ICBA Chairman

ICBA NEWSLETTER

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Dear Members,

The financial and economic crisis affects cooperative banks as it does the rest of the world economy, despite the relative robustness of the cooperative model.

Our banks are built upon a democratic governance model that includes member participation, proximity and customer and member satisfaction. This model is currently demonstrating its full relevance, having sought not shareholder profit but the best service for the community.

The cooperative model has often allowed our banks to be spared by the crisis.

It is now our shared challenge to find common responses, to reassure our members, customers and all stakeholders on our continuously kept promises, and, more than ever, to express our difference in the name of our values.

It is also our shared challenge to develop the cooperative banking model, which is constantly renewing itself through confrontation with new financial models, innovation that we support, and through the growth of cooperative banks across the globe, especially in emerging markets.

While we develop the model, we must remain loyal to our cooperative principles and values in our operations, transactions, even in our ambition. Thus, we will continue to build a more sustainable, patient kind of finance.

At ICBA, we stand clearly in favour of internationally promoting and defending the cooperative model.

Our cooperative values are an answer to the crisis and a proposal for the future.

Yours cooperatively,

Jean-Louis Bancel.
ICBA Chairman

Focus on Cooperative Banks



International definition of cooperative banks

The IBCA unanimously voted the following definition of international banks at the last ICBA General assembly (Oct. 20, 2008).

According to the International Cooperative Alliance Statement of cooperative identity, a cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

The 7 cooperative principles are: Voluntary and open membership / Democratic member control / Member economic participation/ Autonomy and independence / Education, training and information / Cooperation among Cooperatives / Concern for Community

A cooperative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Cooperative banks are often created by persons belonging to the same local or professional community or sharing a common interest. Cooperative banks generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts...). Cooperative banks differ from stockholder banks by their organization, their goals, their values and their governance. In most countries, they are supervised and controlled by banking authorities and have to respect prudential banking regulations, which put them at a level playing field with stockholder banks. Depending on countries, this control and supervision can be implemented directly by state entities or delegated to a cooperative federation or central body.

Even if their organizational rules can vary according to their respective national legislations, cooperative banks share common features:

Customer-owned entities: in a cooperative bank, the needs of the customers meet the needs of the owners, as cooperative bank members are both. As a consequence, the first aim of a cooperative bank is not to maximise profit but to provide the best possible products and services to its members. Some cooperative banks only operate with their members but most of them also admit non-member clients to benefit from their banking and financial services.

Democratic member control: cooperative banks are owned and controlled by their members, who democratically elect the board of directors. Members usually have equal voting rights, according to the cooperative principle of "one person, one vote".

Profit allocation: in a cooperative bank, a significant part of the yearly profit, benefits or surplus is usually allocated to constitute reserves. A part of this profit can also be distributed to the cooperative members, with legal or statutory limitations in most cases. Profit is usually allocated to members either through a patronage dividend, which is related to the use of the cooperative's products and services by each member, or through an interest or a dividend, which is related to the number of shares subscribed by each member.

Cooperative banks are deeply rooted inside local areas and communities. They are involved in local development and contribute to the sustainable development of their communities, as their members and management board usually belong to the communities in which they exercise their activities. By increasing banking access in areas or markets where other banks are less present – SMEs, farmers in rural areas, middle or low income households in urban areas - cooperative banks reduce banking exclusion and foster the economic ability of millions of people. They play an influential role on the economic growth in the countries in which they work in and increase the efficiency of the international financial system. Their specific form of enterprise, relying on the above-mentioned principles of organization, has proven successful both in developed and developing countries.



Latest meetings : Paris, 20-21/10/08

ICBA Europe Executive Committee

ICBA Europe Executive Committee meeting took place in Paris at the headquarters of the Crédit Mutuel, under the direction of Etienne Pflimlin (CEO), on October 20th.

The meeting provided the occasion to introduce Mr. Eugeniusz LASZKIEWICZ, M.Mickaël ROZYNSKI qui préside dorénavent l'Union Nationale des Banques Coopératives de Pologne depuis le 1er Novembre 2008. ICBA Europe is particularly involved in CSR and works closely with Brussels-based European Association of Cooperative Banks (EACB).

ICBA Statutory Meetings.

The ICBA's statutory meetings were held on October 20th.

New participants included Mr. Mokhtar SETTAR, Director of Members and Institutional Relations at Banque Centrale Populaire du Maroc, representing CEO Mr. Mohamed BENCHAABOUN, also now President of ICBA Africa-Middle East and Vice-President of ICBA. The ICBA's most recent achievements were reviewed by members : the international cooperative bank directory, the international ranking of cooperative banks project (Global 50), the updating of the website. In addition, the international definition of cooperative banks was unanimously voted and a common declaration on the financial crisis was published.

Jean-Louis Bancel also mentioned the ICBA's activities in the specific framework of the *Sectorial Organization Liaison Group* : SOLG. A reflection is underway regarding the allocation of resources within the new ICA framework. Sectorial organizations have been asked to undergo specific strategic analysis which will support the amount allocated by ICA to each SO. Discussions also covered the improvement of financial cooperation between cooperative banks, as ICBA members strongly requested projects in that direction from the organization.

ICBA Annual Seminar

The seminar featured a panel of cooperative leaders and international scholars on October 21st.

The morning's discussions included talks by M. Roux (Université de Paris Nord) et L. Gros (Université de Lille), Chantal Chomel (Coop de France, France), Juan Lopez (FEDERCASSE, Italy) as well as Etienne Pflimlin (Groupe Crédit Mutuel, France), and Apostolos Ioakimidis, from the EU Commission (DG Industry and Businesses, Brussels). The afternoon's discussions dealt with CSR criteria for cooperative banks. Among speakers, Nadine Richez Battesti (Université de la Méditerranée), Andrée de Serres (Université du Québec, Montreal), Nazik Beishenaly (Université Grenoble II, France), de J. Polanco (RSE Coop, Spain), R. Woodall (The Co-operative Bank, UK) et B. Drege (Crédit Agricole, France). Speeches can be found at <http://aibc.coop/>

More from ICBA



Facing the crisis : ICBA Declaration of October 2008

The IBCA General Assembly on October 20th decided to issue the following Declaration in order to respond to the current financial crisis.

The ICBA General Assembly discussed during its meeting today in Paris the effects on cooperative banks of the major financial crisis we are currently witnessing.

In this financial crisis, the cooperative banking business model, relying on democratic governance, members' participation, proximity and the satisfaction of its members and clients interests, showed its benefits as a factor of stability and financial security for millions of people.

ICBA asks the institutions in charge of building a new international regulation system for the financial sector to take into account the interest and the contribution of the cooperative banking model. ICBA is ready to bring its expertise to make sure that the diversity of banking models is recognised at an international level.

The future system must ensure a level playing field between countries or banking models.

It is therefore necessary that the future rules take into account the diversity of the banking systems and be adapted to the different existing banking statutes.

Cooperative Banks : The Global 50.

In the works...

Inspired by the ICA Global 300, the ICBA is working on a Top 50 cooperative bank ranking, based on financial data available on cooperative bank websites. ICBA members are asked to send in their information to the ICBA secretariat.

icba.coop

Latest improvements...

On our website, ICBA regional chapters now benefit from direct access through the ICBA website. You'll also find articles, publications, as well as information on international accounting standards, the notion of cooperative group, or CSR in the cooperative world. All of the above and more available here : <http://icba.coop/>

Next ICBA global meetings : Geneva, Nov. 17-18th, 2009.

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