

Abstract

“BCC: the crisis of small realities in global finance”

This “logic of us” (Lorenzo Guetti, L’edificio del bene comune in almanacco agrario 1895), as the leading thread of the cooperative activity ,which prepared the ground as a “ reaction to the crisis ..element of bond and multiplication of individual forces in the cooperative jump of a community” is. once again ,a living matter.

The financial crisis is now looking for a strategy to be approved to respond to the negative perception of economy caused by the effects it had through time.

The growing lack of trust as an evolving phenomenon, whose direction can’t be determined, led to the lack of positive inputs, and to a close-to-zero growth.

On the Italian territory, the BCCs have distinguished themselves, being them enriched by their ability that is embedded in their tradition and history, and have better confronted, and especially, reacted to the events that hit the global economy.

The common person, the average Italian citizen, without any incentive to progress and productivity ,confronts every-day life with living standards which resemble the 80’s ones ,and that guarantee their basic needs’ satisfaction, their survival ,rather than the actual choice of a life style

The management of Governmental public policies has created a

discrepancy between the economy and its effects; credit block, and therefore, its absence, has halted the economic circle to move on after the 2008 crisis.

The Italian territory, home to local economies, of small and medium businesses, passively reacted to the absence of credit; even worse, it didn't have the power to act.

The privation of investments funds, constructions, consume, has restrained the chances of growth of a State which counts not only on international trade, but also on internal production.

Cooperative credit banks have developed an added value on other banks that, thanks to the proximity, to localism, may lead to a new start of Italy's development

The added value of cooperative institutes originates from the nature of the credit activity they carry out, which follows a concrete strategy, and is directed towards tangible economies.

The direct relationship established with the client, be it a private or a company, is a way to make the system accessible to anybody; a system that has proved to have a high potential, and capacity.

The observations that follow have the aim to show how the birth of institutes of cooperative credit is related to necessity conditions, and is driven by ethical considerations that, even after more than one century, haven't abandoned their financing activity.

Driven by cooperation, democracy, mutuality towards associates and toward the territory, Cooperative Banks act according to principles that are abnormal, if compared to modern banks activities.

Each economic agent has reacted to the 2008 financial crisis, and reactions have brought up how the structural and management characteristics of cooperative credit have worked as a positive answer to the crisis, in respect to other institutes which were affected, more or less, by the systemic crisis.

Given this general overview , I've decided to focus on the differences ,both of management and regulation, and, moreover, on the approach to the client and toward those who benefit from a specific type of credit.

A recurring element will be the comparison between banks, with the aim of showing the different ways of managing a common problem.

Moreover ,the analysis of BCC in the global finance circle allows to understand how “something” which is local and territory embedded could have potential at the global level, and not only at the closer look.

According to this comparison logic i mentioned above, I have confronted cooperative credit banks with a concrete case, the Credito cooperative Nisseno; the “Banca di credito cooperative S.Michele di Caltanissetta e Pietraperzia” has been a model in interpreting the spirit and openness that globalization requires, and has been the driving force a of its small local enterprises.

Before the crisis, economists declared that financial cooperative were doomed to be less efficient than private banks ,since they wouldn't grant their managers with proprietary quotes.

Today ,instead, this is considered as a positive element, and has allowed- especially, me- to analyze the main elements of these institutes.

Whereas big Banks have abandoned local territories ,destroying the proximity bond ,BCC have grown stronger and have become a reference point on which many rely.

“Stability and risk aversion are part of financial cooperatives' DNA. They produce surplus ,otherwise they wouldn't have a profit ,that are transmitted to their reserves .

This system has strengthened them” said Johnston Birchall in 2008.It was a far sighted consideration of what it would have been the evolution of Cooperative Credit Banks, economic and social collectors, and-maybe- hope.