Question for written answer E-002962/2014
to the Commission
Rule 117
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Subject: Credit Unions - Report on macroeconomic imbalances

On 5 March, DG ECOFIN published a report on macroeconomic imbalances. With regard to Italy, the report focuses on mutual and co-operative banks which, with their presumed ‘fragmented’ structure, are seen as a weak link. The credit union system in Italy is proof that this ‘fragmentation’ – i.e. a system of mutual and co-operative banks managed and run by communities, of which they are an expression – is not synonymous with weakness.

The associative network of credit unions in fact makes it possible to overcome the limitations imposed by the size of individual local banks and to prevent and resolve critical situations (self-help), without resorting to any form of public support.

The mutual co-operative model supports families and businesses and its market share speaks for itself: 22% of total lending to small businesses, 18% to farms, 12% to tourist enterprises, etc. The credit unions did not cause the financial crisis and do not hold toxic assets. Over the past five years, while incorporated banks have put a squeeze on credit, mutual banks have increased their lending, confirming their anti-cyclical role, channelling 18% of the liquidity made available to SMEs by Italy’s national financing body *Cassa Depositi e Prestiti*.

In total, credit unions hold assets worth over 20 billion euro, with a Tier 1 capital on average of over 14 per cent, well above the requirements of Basel III. They are among the most capitalised banks in the system and allocate at least 70% of annual net profits to indivisible reserves (this percentage is actually close to 90%).

Can the Commission clarify why credit unions are considered incapable of transferring funds to the economy?

What are the grounds for claims that their corporate structure prevents increases in capital, where necessary?

In light of the findings of the IM, DG ENTR and DG MARKT, who consider credit unions to encapsulate the biodiversity of the banking sector, offering stability and a lifeline to SMEs, can the Commission clarify how credit unions can be considered to constitute a strong point yet at the same time be deemed to be a ‘weak link’ in the system as a whole?