

FINANCIAL COOPERATIVES: PROBLEMS AND CHALLENGES IN THE POST-CRISIS ERA

by

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Journal of Rural Cooperation, 39(1), 2011:35-48

Abstract

The last years have witnessed a wide reshaping of the banking scene, the aftermath of which includes an increased risk of operative downsizing of the banking system towards certain customer segmentations, marginal areas and activities. Recently the banking scene has deteriorated, especially at the local level, as the financial crisis increased the scarcity of readily available, sufficient and reliable services. The present paper argues that this new reality creates new opportunities for financial cooperatives to increase their importance among the market and areas that they historically serve. Further, it argues that these changes can be exploited only if the financial cooperatives would be able to transform without losing their basic values and it outlines the critical path that the financial cooperatives should follow in order to provide efficient, and crucial for local development, services and products. This route goes through the development of new strategies and in certain cases of the modernization of their services. The authors also stress and define the risk of failing that might hinder the cooperative movement, as the huge potential of cooperative endeavors is rarely “translated” automatically to gains.

Keywords: financial cooperatives, local development, economic crisis, banking and development, credit unions