

CASSA RURALE DI PERGINE



EXECUTIVE SUMMARY

Cassa Rurale di Pergine (Pergine Cooperative Credit Bank) is part of a cooperative credit system which has operated in Trentino since 1892, the founding year of the first **Cassa Rurale, an exceptional instrument for disadvantaged segments of the society as well as of social cohesion**. Indeed, the primary goal was to create common treasuries collecting the savings of each farmer in order to in turn lend at favourable conditions, and at the same time avoiding usurers.

Cassa Rurale di Pergine was set up in 1920 and, after a progressive development, the number of its members has increased from 21 to more than 3250. Based on the Cooperative Credit values, Cassa Rurale reinvests savings in favour of the whole community. In this way, **families, enterprises and workers** can benefit not only from access to credit, but also from the **common good** that each of them has contributed to creating.

In addition to its banking activity, Cassa Rurale di Pergine promotes social and cultural initiatives by way of economic subsidies, and, more importantly, through the collaboration with institutions and associations of the territory. To this aim, 2008 witnessed the creation of the association **CooperAzione Reciproca** (Reciprocal CooperAction), a tool of excellence that enabled Cassa Rurale di Pergine to dynamically and directly intervene in the social sphere managing projects addressed to everyone, with a particular regard to its Members and Clients. The Association aimed to build a local network connecting the region's cooperatives and other local actors, such as Associations or Institutions, in order to start a number of projects designed to increase the social wellbeing of both community and territory through the promotion of activities and services not usually related to banking: from healthcare to education, activities for children and young people, work-life conciliation services, free support services to associations for fiscal and administrative regulations, and even a “sportello notaio” (notary help desk) for citizens.

Section 1: Description of the case

1.1 CONTEXT AND HISTORY

The history

Cassa Rurale di Pergine, active for more than 90 years, is located in Palazzo Tomelin in Pergine Valsugana, the third biggest municipality in the province of Trento. It operates in the municipalities of Pergine, Civezzano, Tenna, S. Orsola, Palu' del Fersina, Fierozzo and Frassilongo, with:

- > 12 branches
- > 16 ATMs
- > 316 POS for credit as well as debit card payments
- > 41 directly managed associations
- > 3.000 members

Cassa Rurale di Pergine was founded by 13 members in **1920** in order to improve their conditions both in moral and material terms:



it lent the money needed for their businesses and promoted savings. At that time, the social share, as well as the membership tax, was 5lire. On December 3rd 1920 there were 21 registered members.

The system

In the following years, Cassa Rurale di Pergine merged with other Cooperative Credit Banks (opened between 1896 and 1912 in neighbouring areas), who were undergoing economic difficulties due to the early crisis in the 1920s. In addition to the 1929 crisis, the Cassa Rurale di Pergine managed to overcome the difficulties of the post war period, thanks to the commitment of its members. Despite the long and progressive growth, it has managed to keep consistent with its mission of being a local bank, offering high quality banking services to its members and clients, and therefore at the service of the community.

Cassa Rurale di Pergine is part of the broader **System consisting of more than 40 Cooperative Credit Banks**, which are the core of the credit sector with 381 branches throughout Trentino (in the 221 municipalities), managing about 60% of the total credit market.

In Trentino, the origins of cooperative credit go back to when the first bank was founded in 1892, inspired by the Raffeisen model, which had the original objective of offering local farmers the possibility of accessing credit that they would not otherwise be able to access. Numerous cooperative banks were set up throughout the territory, following the principles of solidarity and reciprocity, not only for an economic benefit to the local communities, but also as an instrument for social, cultural and ethical improvement and wellbeing. In fact, an important peculiarity of this system is that local banks not only offer typical credit services, but also promote the economic and social development of their local communities (see the Social Report), having created a strong local network with both members and local institutions, thus creating and enforcing the fundamental underlying values of cooperation, i.e. mutuality, trust, loyalty, and reciprocity. This has continued over the years so that the banks have become an important part of the local communities, providing and promoting services that are beneficial to the community's socio-economic development and growth (in terms of culture, training/education, environment, health/safety, etc.).

1.2 LIFE CYCLE

i. Conditions which allowed the start-up and foundation, alongside its implementation

Cassa Rurale di Pergine was founded by 13 members with the purpose of improving its Members' conditions in both moral and material terms: it provided them with the money needed for their businesses, and promoted savings.

ii) Organisational design—why was the legal form chosen, why were certain governance models chosen, stakeholders, etc.:

The initial name was "Cassa Rurale di Prestiti e Risparmio" (Rural Bank of Credit and Savings). In 1938 it turned into Cassa Rurale e Artigiana di Pergine (Pergine Rural and Artisan Bank).

iii) Growth and expansion of the SE, focusing on the various resources (finance, voluntary, etc.) mobilized at each stage;

Eight years after its foundation, the Cassa Rurale di Pergine acquired another bank, Cassa Rurale di Zivignago.

In the years following its constitution, Cassa Rurale di Pergine merged with other Cooperative Credit Banks, (opened between 1896 and 1912 in neighbouring areas) undergoing economic difficulty due to the early 1920s crisis. Since then, the bank has continued to grow and expand within the local

territory, supporting the development and growth of the local economy.

iv) Any crisis (small or large) moments along the way? or moments that were not a crisis but required some changes? How were these resolved/addressed?

The first obstacle Cassa Rurale di Pergine found on its way was represented by the Economic Crisis of 1929, followed by World War II. One of the key figures of Cassa Rurale's development is Carlo Iellici, hired first as an employee in 1931 and then appointed executive director. He played a decisive role in improving Cassa Rurale's organisation and in the delicate closure of neighbouring banks.

In the post-war period, Cassa Rurale promoted a number of subsidies for enterprises in order to foster the economic upturn of local activities, the launch of private initiatives and the diffusion of scientific and technological innovations.

1.3 CORE BUSINESS MODEL

An activity of social and cultural promotion emerges alongside the normal banking activity

Based on Cooperative Credit values, Cassa Rurale reinvested savings in favour of the whole community. In this way, **families, enterprises and workers** could



benefit not only from access to credit, but also from the **common good** that each of them had contributed to creating.

The economic commitment has always been addressed to the support of all activities: from industry to craftsmanship, to housing, agriculture, commerce and social issues.

An activity of social and cultural promotion emerged alongside the normal banking activity, through the distribution of economic subsidies supporting interventions, and, more importantly, through the cooperation with regional institutions and associations.

1.4 INSTITUTIONAL / GOVERNANCE STRUCTURE

Members are owners of the enterprise, first clients, as well as true representatives of the bank

Members are both the basis and the engine of the Cassa Rurale: to be a member means to believe in Cooperative Credit values, and to become an integral part of the Bank decision making process for the local territory.

Members are the first patrimony of Cassa Rurale, as they are at the same time **owners of the enterprise, first clients, and, with their commitment, true representatives of the bank.**

Total number of members: 3.255

Cassa Rurale representative bodies in charge of the governance and the management are:

- › BOARD OF DIRECTORS (President, vice-President, and 6 councillors)
- › BOARD OF STATUTORY AUDITORS (President, 2 Statutory Auditors, 2 Deputy Statutory Auditors)
- › BOARD OF ABRITRATORS (President, Effective Members, Deputy Members)
- › MANAGEMENT COMMITTEE (Executive Director and Vice Director)

1.5 EXTERNAL RELATIONS

Within the cooperative credit system, the Cassa Rurale di Pergine is supported by the Cassa Centrale Banca, which boosts and integrates their activities, developing and improving financial services and providing technical assistance, and by Phoenix Informatica Bancaria Spa that provides banking information software.

Moreover, Cassa Rurale di Pergine is part of the Sistema di Credito Cooperativo Nazionale (National Cooperative Credit System) consisting of 371 Cooperative Credit Banks, Rural Banks, associated structures and enterprises all over Italy. In the national banking system, CCB (Cooperative Credit Banks) play a primary role both in terms of growth and of financial and asset solidity, as well as in terms of territorial coverage: more than 4.400 branches, more than 1mn

members, 6mn clients, 37.000 partners¹.

1.6 ECONOMIC DATA

Capital Stock:

	2010	2011	2012	2013	2014
Capital Stock	€ 106.32 mn	€ 104.71mn	€ 112.95 mn	€ 114.66 mn	€ 105.86 mn

Total number of members: 3255 (farmers, artisans, business owners, pensioners, housewives, self-employed, institutions, employees and students).

1.7 POLICY FRAMEWORK

*Regulation of
 Testo Unico
 Bancario,*

Civil Code laws

*Treaty of the
 European
 Union*

Basel

The Cassa Rurale di Pergine, as a cooperative bank, is under the regulation of Testo Unico Bancario, and also follows the instruction of Vigilanza della Banche (auditing and supervision emanated by the Bank of Italy). Being a cooperative is also foreseen within the Civil Code laws, which are applied for this kind of enterprise. In addition, Cassa Rurale also adopted the statute form provided by Federcasse (the national representative of all the cooperative banks at national level) in agreement with the Bank of Italy.

At European level, the Cassa Rurale di Pergine must be in line with the Treaty of the European Union and the Statute of the European Cooperative Society, in addition to the rules of Basel.

Currently in Italy, there is an undergoing process of reform for all cooperative banks in order to comply with the regulations and requisites imposed by European laws. These reforms also force cooperative banks to join forces to increase their capital in accordance with European regulations.

¹ 30.06.2015 Data

SECTION 2: Analysis of the case

2.1 IMPACT ANALYSIS

Cassa Rurale is characterised by transparency, making public its decisions, resolutions, and the main accounting figures of its activity, through its:

- Statute
- Annual Report
- Social Report
- Public Reporting
- Deliberative Procedures
- Other communications

Among the instruments used by Cassa Rurale di Pergine to reinforce its relationship with the Community and make the territory's social and economic fabric richer, more sympathetic and competitive, *CooperAzione Reciproca (Reciprocal CooperAction)* stands out.

Established in 2008, it is an excellent tool that enables Cassa Rurale di Pergine to dynamically and directly intervene in the social sphere by managing projects addressed to everyone, with a particular regard to its Members and Clients.

Cooperazione Reciproca partners are the Trentino Federation of Cooperation and Cassa Rurale di Pergine.



The Association aims to build a local network connecting the region's Cooperatives, but also other actors such as Associations or Institutions, in order to start a number of projects designed to increase the social wellbeing of the community and its local territory through the promotion of non-banking activities and services (for instance, language and computer classes, healthcare projects, fiscal services for associations, activities for children and young



people, work-life conciliation services for working parents, etc.).

2.2 LOOKING TOWARDS THE FUTURE

From the 2014 Social Report

- **Now**

"We carry on our commitment in terms of economic development, but also in terms of social improvement.

We have become bigger and stronger, and we have reached our goals consistent with our mission of being a local bank. We provide Members and Clients with as high as possible banking service quality at the service of the community. We do this, side by side with families and enterprises."

- **The future**

"We look at the future keeping our feet on the ground. We do this with innovative instruments and are always attentive to Members' and Clients' needs.

The aim does not change: the promotion of our local territory and the development of the community."

ADDITIONAL MATERIAL

Social Report 2014

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