

Development of the cooperative bank sector in selected Central and Eastern European countries

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ABSTRACT

Cooperative banks in Europe have, over the years, been undergoing changes, with many of them starting to move away from cooperative principles. They are now displaying considerable diversity in their activities both in the banking services market and in the internal organisational structures they have established. There have been differences in the organisation and the operating principles of cooperative banking structures taking shape in various European countries following both the laws and regulations in force in those countries as well as the market strategy chosen by their owners and their management.

The development of the cooperative banking sector, which constitutes a part of the banking system, is important in the context of the development of the financial system as a whole and its relationship to economic growth. The activities of banks hence contribute to socio-economic development, which takes on particular significance in the context of the role of cooperative banks in the banking system as local financial institutions. Their location, mainly in rural areas, contributes to local economic development.

The main objective of the study is to assess the level of development of the cooperative banking sector in selected Central and Eastern European countries against the average statistics of the sector in those countries and in relation to the largest cooperative banking group in Germany. There have been the following countries included in the analysis: Poland, Hungary, Bulgaria and Romania. The selection criterion was due to the fact that cooperative banks from those countries are the members of the European Association of Cooperative Banks (EACB).

Keywords: cooperative banks, efficiency, stability, size and accessibility of the sector