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Credit co-operatives in the social market economy as illustrated by the co-operative banking sector in Poland

***Abstract.** This paper aims to provide a comparative analysis of the principles of the social market economy and co-operative principles, and also to identify the role served by co-operative banks in Poland in the process of promoting and implementing social market economy principles at the local level. The paper describes the reasons for the establishment of credit co-operatives and their defining features; it analyses the relationship between credit co-operatives as institutions and the social market economy model, and indicates the possibility of an active role of co-operative banks in the implementation of the social market economy concept. The social market economy concept creates the conditions for promoting and developing a stable credit co-operatives sector, while the co-operative movement supports the execution of the ultimate goals of the social market economy.*

Keywords: social market economy, bank, credit co-operative, co-operative principles

Introduction

For a while now both academic literature and business practice have been considering a new model of an economic system.¹ The debate has focused not only on counteracting economic crises or on the degree to which the state should interfere with the market, but rather, first and foremost, on the establishment of solid founda-

¹ Models of socio-economic systems, their theoretical foundations, the role of the state in the economy, the measures aimed at limiting developmental dysfunctions are discussed in a monograph of the 9th Congress of Polish Economists [Modele ustroju społeczno-gospodarczego 2015].

tions for long-term sustainable socio-economic growth [Mączyńska 2011: 35-47]. The growing civilizational problems in the world which is undergoing rapid globalisation have spurred interest in concepts and solutions that extend beyond the sole economic dimension and include social and environmental aspects. One of the major lines of discourse in this area concerns the principles of the social market economy (SOMEK) which is considered to form the basis for the European Union and its Member States' socio-economic development.² Within that area particular attention is paid to the ordoliberal concept of the social market economy, which has been promoted for many years in Poland by, among others, the Polish Economic Society (PTE).³ The ordoliberal concept of the SOMEK is believed by many economists to constitute the foundations for a new model of the economy and society (i.e. for shaping the new socio-economic order) [Kołodko 2010; Kania 2011; Wünsche 2014; Miszewski 2014; Hampe 2014; Prusek 2015: 158].

The SOMEK concept had been developed on the basis of ordoliberalism and is considered to be the driving force behind the policymaking and the *Wirtschaftswunder* (economic miracle) in the post-war Federal Republic of Germany. It was founded upon the idea of economic order based on the notion of *ordo* (order, the opposite of chaos, something infinitely coherent and arranged), combining ethical components (principles of morality as set forth in the social doctrine of the Catholic church), social components (the idea of freedom, equality, responsibility and justice) and economic components (the principle of private ownership, subsidiarity, co-decision and freedom of competition) [Bokajło 2014: 120-122]. One of the fundamental premises of the social market economy is to combine the rational and objective laws of the economy with such social values as freedom of the individual and social justice. The ideas behind it and the resultant policy shaping the economic order (i.e. creating the conditions for members of the society to achieve prosperity) are expected to foster the integration of the economy and the society, providing an incentive for market entities to resolve social problems [Giza 2010].

In a secular view and a broader cognitive perspective, the ideas behind SOMEK were preceded by co-operative ideas which also evoked ethical values and social solidarity related to Christian philosophy, the subsidiarity principle and the territoriality principle, which was conducive to the economic development of local communities, fostering, in particular, the economic integration of economically weak individuals.

This paper aims to provide a comparative analysis of the principles of the social market economy and the co-operative principles and to identify/determine

² The notion of the social market economy has not been defined in the documents establishing the EU, and, consequently, it is interpreted in various ways and frequently identified with social economy.

³ PTE has introduced a number of initiatives, including seminars, conferences, discussion clubs and numerous publications, all aimed at promoting the concept of ordoliberalism and social market economy among academics, students and politicians.

the role served by co-operative banks in Poland in the process of promoting and implementing the SOMEK principles at the local level. The decision to restrict the analysis of the relationships and comparisons between co-operatives and SOMEK to co-operative credit institutions (co-operative banks) stems from the current situation on the co-operative market in Poland, as well as the scope of the competencies of the authors hereof. At the same time the authors have deliberately chosen to omit the operations of co-operative savings and credit unions or other business sectors in Poland (e.g. housing co-operatives, dairy co-operatives etc.)

1. Reasons for the establishment of credit co-operatives and their defining features

The economic processes related to the development of commodity and money markets in the latter half of the Middle Ages and the growth of the capitalist system greatly accelerated the diversification of societies.⁴ Economic development and market relationships had given rise to a growing demand for money. Consequently, the demand for capital exceeded supply which, coupled with the significant risk of not being repaid the sums loaned, led to widespread usury. Usury affected the poor most adversely [Kuliszer 1961: 345 et al.]. Only upon the usury being declared illegal by the Church in the 15th century did the idea of “cheap loans” (no interest loans) for the poor originate in Europe, in the form of pawnbrokers, the so-called “mounts of piety” [Orzeszko 1998: 27]. The process of those institutions being converted into economic credit institutions dates back to the early 18th century. Those granted loans to the poor against personal guarantee, as opposed to material security in the form of a pledge. Another concept of providing access to credit for the poor was later promoted by William King. He emphasised the need for people to co-operate in order to fulfil their interests, which allowed them to generate additional benefits. He also proposed a clear departure from the charitable nature of aid given to the economically weak in favour of targeted and independently arranged activities by the individuals concerned.

In Polish literature the establishment of credit co-operatives is most often attributed to credit unavailability or high credit costs for small manufacturers and merchants, usury, fiscal burdens that hindered or prevented the rational use of surplus resources for economic purposes, as well as the onset of capitalist competition on the goods and services market [Ochociński 1984].⁵

⁴ Some sources claim that those processes also contributed to the polarisation of societies [cf. Flora 1975; Braverman 1977].

⁵ Analyses of the circumstances prevailing in individual countries demonstrate that the establishment of co-operatives, albeit closely related to the cost of credit, was the result of abrupt pricing changes caused by the development of international trade and overproduction crises.

The co-operative movement created credit institutions that differed substantially from one another, as exemplified by the differences between Raiffeisen-type credit societies (Kasa Stefczyka in Poland) and Schulze's people's banks (vide Table 1).

Table 1. Comparison of Raiffeisen credit societies and Schulze's people's banks

Criterion	Raiffeisen-type credit societies (Kasy Stefczyka in Poland)	Schulze's people's banks
Mission of the institution		
Purpose of operations	Combining the strengths and resources of credit society members for their economic benefit based on the principles of Christian charity	Providing financial services with the aim of social advancement to middle class
Territory of operations	Limited (e.g. parish), mainly in rural areas	Unlimited, mainly in urban areas
Members	Relatively uniform in terms of profession and social standing – mainly peasants (approx. 3000 individuals, 500 farms)	Relatively diverse in terms of profession and social standing, mainly the petit bourgeois
Organisational structure		
Number of members	Relatively small	Relatively large
Membership shares	No shares initially, later introduced under the laws in force	Mandatory
Value of shares	Low or no value	High
Dividend policy	Not more than the interest on deposits	No limitations
Profit distribution	Entire net profit allocated towards the resource fund	Part of the profit allocated towards the reserve fund, the remainder distributed among members
Members' liability	Joint and several, unlimited	Initially joint and several, unlimited, gradually limited to the value of shares plus the maximum of DM 3000.00
Management	Paid cashier and unpaid management board	Professional and paid management board
Costs of operations	Limited to the maximum, operations based on unpaid work by members	Covered by interest on deposits held in other banks
Nature of changes	Conservative, formal and inflexible	Flexible response, highly adaptable
Distribution of assets in case of liquidation	Reserve fund allocated for social purposes	Reserve fund distributed among the members

cont. Table 1

Operational activities		
Customers	Rural population, farm workers, peasants	Urban population, small-scale industrialists, merchants, craftSoMEcn, blue-collar workers
Relationship with customers	Extensive and strong personal ties	No close relationships, largely formalised
Deposits	Obligation to deposit funds in one's own credit society and savings mobilisation	Obligation to deposit funds in one's own people's bank
Loan financing	Debenture. Seasonal shortages of funds and establishment of financial central institutions	Fast moving own funds
Type of loan	Short- and long-term loans (as necessary), repaid in instalments determined in accordance with the debtor's income	Mainly short-term bill discount facility with the "rollover" option
Credit control	Strict supervision of the use of funds	Practically no supervision of the use of funds
Refinancing	Establishing financial central institutions	Part of the funds deposited in other banks

Source: own work based on Szambelańczyk 2006.

2. Analysis of the relationship between credit co-operatives as institutions and the social market economy model

Despite the relatively large popularity enjoyed by the co-operative movement at various times in history, for instance in Poland in the inter-war period, it is difficult to find a country where the prevalent economic model would correspond solely to the characteristics typical for co-operatives. In turn, the social market economy is a macroeconomic concept for which it would be impossible to find an example of co-existence with another competitive model in a given country or countries at a given time. This is partly why the co-operative movement and the social market economy constitute categories with non-identical ideological and organisational regime and exclusivity in a given territorial and historical dimension, in spite of the fact that significant relations and similarities may be identified therein. Those similarities concern both the theoretical foundations, as well as social practice. Having said that, from the comparative viewpoint it needs to be pointed out that co-operative ownership is a form of private ownership, rather than a relic of socialist practice, where such form of ownership was considered a separate category between private and state ownership. From a diagnostic per-

spective one may risk the opinion that the almost universal decision to close down the co-operatives in Poland at the outset of the transformation had been caused by the distortion of their mission, the erosion of self-governance and the submission of co-operatives to the central planning regime in the period when the command economy was in full swing.

When comparing the theoretical aspects of SOMEK and co-operatives, it needs to be noted that both categories embrace axiological components related to the system of values upheld by their advocates. This simply means that the substantive scope of both categories is affected not only by purely economic considerations (material and financial), but also, to a large extent, by ethics and social aspects, including the distribution of goods and services and the redistributive function of the state. Literature states that the SOMEK concept is founded upon such values as freedom, solidarity, responsibility, prosperity, dignity, respect and justice. However, the main value shaping the economic order as part of the SOMEK was the freedom of the individual, including economic freedom. Moral norms, culture and customs on the one hand limit such freedom, while on the other serve as guardians of social justice [Mączyńska, Pysz 2010a: 130]. The co-author of the SOMEK concept, Alfred Müller-Armack, underlined the importance of the system of values in economic operations, pointing out that in the past it was largely influenced by the Christian heritage. With such underlying values, the ideological nature of SOMEK cannot be underestimated, especially considering that different systems of values define justice in different or sometimes even relative ways.

Apart from economic necessity, credit co-operatives were founded upon ethical aspects (objectivism and subjectivism theories) and Christian ethics. Literature lists the qualities that co-operative ownership gives rise to in a man, such as helping the weak, sensitivity to the misfortunes of others, kindness, co-operation and altruism. Thus such ownership enhances individual traits while taking into consideration one's obligations towards others, i.e. social individualism [Szyszkowska 2015: 367-370].

Joint actions, co-operation and interdependence of community members and business entities and institutions are essential for the economy to operate successfully. This is supported by the idea behind the co-operative movement, namely that you can achieve more when working together.⁶ It is in the long-term interest of all individuals concerned that people or groups of people avoid risk or pursuing their own benefits at the expense of others (the so-called moral hazard). From the SOMEK viewpoint full liability of businesses and individuals is of immense importance, i.e. that everyone shall bear the consequences of their decisions and actions. Responsibility is one of the constituents of SOMEK formulated by Walter Eucken, strictly related to the freedom of the individual and social solidarity in the pursuit of the common good [Bokajło 2010: 75-76].

⁶ As formulated by co-operative founders: "By joint work and mutual help."

The idea of co-operation and opposing egoism typical of private interest was the founding principle for the self-help co-operative movement [Boczar 1986: 17]. The idea behind co-operative actions was the involvement in deliberate and voluntary activities also referred to as the self-help of the interested parties. The self-help principle determines the basic aims of the co-operative which reflect the interests of the founding members. Therefore, this form of organisation focused primarily on the economic benefits for the members rather than on maximising the gains on the shares contributed to the co-operative. Capital and profit were considered the means to achieve the primary objectives, i.e. fulfilling the interests of the members [More on that issue: Szambelańczyk 2006: Chapter 1]. This concept is stated even more firmly in the SOMEK concept, where people and their dignity shall always prevail over capital. At the same time full participation in ownership and the benefits brought about by economic growth are typical of SOMEK.

As opposed to companies, a co-operative was and still is, in model terms, characterised by dual nature: it is an entity operating on a competitive market, while at the same time remaining an organisation of people striving to fulfil their needs by running a joint undertaking and becoming personally and financially involved [Brodziński 2014: 363]. The need to establish credit co-operatives arose mainly in areas where the granting of loans was dominated by bankers and loan sharks, while public savings unions invested the deposited funds in treasury bonds or loans issued to large enterprises and corporations, rather than allocating them to satisfy local needs. It should be noted here that ordoliberalists paid particular attention to the need to safeguard the freedom of the individual, including economically weak individuals, against the greed for profit demonstrated by oligopolistic corporations and monopolistic practices.⁷ Ordoliberalists believe that such organisations disrupt the operation of the market by destroying free competition. According to Wilhelm Röpke the greatest cost of the development of large enterprises (monopolies, oligopolies) and industry in general is borne by the society.⁸ Such costs include irreversible damage in the form of soil and water pollution, disfigured landscape or increased noise levels. Furthermore, he warned of the pillaging of Europe's resources and indicated the need to take environmental issues into consideration when pursuing further economic growth [Oswalt 1993: 17-18]. That is why it is of paramount importance in the SOMEK concept to form such

⁷ Walter Eucken believed that economic authorities should not permit the creation of concerns, cartels, trusts or other economic groupings holding concentrated power. In turn, Ludwig Erhard perceived collusion between competitors to pose a greater risk and believed antitrust regulations to form the fundamental law of the social market economy [Pysz 2010: 77].

⁸ Seventy years ago Wilhelm Röpke said that we should "Defend capitalism against the capitalists as often as they try to travel a more comfortable road to profit than the one indicated by the sign 'principle of service' and to shift their losses onto the shoulders of the community" [Röpke 1994: 305].

a competitive order that would require highly effective management by business entities and individuals alike, while at the same time preventing the concentration of economic power in the hands of a few [Mączyńska E., Pysz P. (eds.), 2010b].

The intention raised in the SOMEK model to restrict monopolies and large corporations gives a central stage to small and medium-sized enterprises which boost competitiveness. Moreover, SOMEK is primarily focused on individual needs of customers. Small and medium-sized organisations include virtually all credit co-operatives in Poland. In turn, the fact that their operations are founded upon the principle of subsidiarity and solidarity is also characteristic of the social market economy. The only principle of co-operative banking operations that is not reflected in the SOMEK principles is the territoriality principle, due to its macro-economic character.

From the functional and genetic perspective, the establishment of credit co-operatives is associated mainly, albeit not exclusively, with the financial needs and interests of the economically weak and the poor. Thus a model credit co-operative is organically integrated with the premises underlying the SOMEK model. This is true both of the investment and consumption needs. As regards the professionalization of the services rendered by co-operatives, the objective is also to minimise the risk of loss of social security by the customers who are, simultaneously, the co-owners of the co-operative. This concerns, on the one hand, the costs of the credit, while on the other the credit risk itself. At the same time the classic co-operative principle of subsidiarity involved independence of a co-operative enterprise, with assistance to members given in the form of self-help. State or communal intervention would only occur if self-help measures proved insufficient, which again perfectly complies with the rules governing the SOMEK [Behrends 2014: 136].

3. The role of co-operative banks in the implementation of the social market economy concept – opportunities and limitations

The introduction of social market economy principles into business practice requires, first and foremost, the commitment of citizens, as well as the support both on the part of business entities, as well as public institutions and non-governmental organisations (NGOs) [Sasinowski 2014: 87-88]. Credit co-operative stakeholders, similarly to ordoliberalists, who recognised the role of the community and communal nature of human activities and incorporated into their doctrine tradition and customs, declare their support for pro-social schemes and offer financial assistance to local communities in their cultural, educational, sports, health-care or even academic research projects. Co-operative banks are among relatively few entities that are able to actively participate in the introduction of social market

economy concepts at a local level. This is partly due to co-operative principles, including traditional close social ties, a democratic decision-making process by the co-operative's governing bodies or the financial support of local communities and their activities [Cf. Weber 2012: 6; Giagnocavo et al. 2012: 281-315]. Co-operative banks, through their close contact with customers, are better suited to understand the needs, expectations and aspirations of local inhabitants, members of the co-operative in particular. Furthermore, taking into consideration the unique characteristics of a given local community when introducing the social market economy increases the chances of this concept succeeding, while at the same time limiting the risk of discrimination against the economically weaker stakeholders [Kulińska-Sadłocha, Szambelańczyk 2014: 159-176].

The history of co-operative banking in Poland goes back over 150 years, rich in various experiences. This includes operating during the time when Poland was partitioned, as well as under various state and systemic regimes. Co-operatives often served roles that extended beyond financial intermediation (i.e. education and preserving the Polish identity, language and culture). They were able to adjust to evolutionary and revolutionary changes in social relations. They were integrated with the state system of economic planning [v. Szambelańczyk 2006]. All this, coupled with very low accumulation of banking capital, frequent continuity in terms of management personnel and a network of head offices and outlets shaped by the central planning regime and located in the socio-economic space that largely reflected the administrative division of the country into communes and municipalities, formed the legacy that needed to be dealt with at the outset of post-1989 systemic transformation. Another hindrance to growth and to the improvement of such banks position in the Polish banking system was the relatively poor image of a co-operative bank in the minds of the public, particularly in urban areas and among those individuals who easily benefited from the introduction of market economy in Poland.

The transformation of the banking system by Władysław Baka between 1986 and 1990, Leszek Balcerowicz's economic reforms in the early 1990s along with the challenges posed by market economy and, finally, strict regulatory policies and serious conflict of interests and preferences by co-operative banks (e.g. as regards organisational structure and mission) have all led to a rapid decline in the number of co-operative banks [Baka 1997]. The co-operative banking sector where banks are related in organisational terms (affiliated in two affiliating banks) is one of the three entities with the best developed network of outlets (along with Bank Pocztowy SA and PKO BP SA).⁹ The number of co-operative bank mem-

⁹ As of 1990 the number of co-operative banks has declined from approx. 1650 to 560 mainly as a result of mergers and acquisitions. As regards the structure of higher order banks, the statutory dissolution of central co-operative unions first led to the establishment of three new affiliating banks apart from Bank Gospodarki Żywnościowej serving as organisational and financial headquarters for

bers stands at approx. 1 million, with a slight downward trend. The overwhelming majority of those credit institutions operate as an open co-operative, thus the number of customers is a multiple of the number of members and is estimated at as much as 5 million.

Co-operative banks operate approx. one-third of all banking outlets in Poland, employ nearly 20% of banking sector staff, have a 10% share of all deposits held, grant approx. 6% of all loans and account for 7% of the total net profit of the Polish banking sector. From the perspective of effective resource management the above figures suggest untapped distribution potential and, indirectly, relatively low interest of individual and corporate customers in the services offered by co-operative banks. It is also significant that over the past several years there has been a growing disproportion of the cost/income ratio between commercial and co-operative banks, to the disadvantage of the latter. This suggests, among other problems, low capacity to absorb banking or credit risk and constitutes an economic barrier to the development of co-operative banks. Over the same time horizon, the relative efficiency ratio of co-operative banks measured by the net income on banking activities per one employee has also declined. The current figures in co-operative banks correspond to those noted by commercial banks 15 years ago. The processes indicated above are taking place with a steadily declining profit margin between co-operative banks and commercial banks (measured by the ratio of the net income on banking activities to the average balance sheet total). It should also be noted that in 1999 the average profit margin of co-operative banks as compared to commercial banks was approx. 5 percentage points higher, dropping below 1 percentage point in 2015. Besides the general cuts in interest rates this was also due to the growing competitive pressure by commercial institutions and, importantly, the rising economic awareness of co-operative banks' customers. It is worth adding that Polish co-operative banks transfer, via the affiliating banks, approx. one-third of all deposits held outside the market in which they operate. These funds are invested chiefly in treasury bonds.¹⁰

One may not disregard the fact that over the past 25 years co-operative banks have undergone dramatic regulatory changes and have had to adapt to rigid prudential requirements. These changes have been introduced without taking into account the proportionality principle which, coupled with the co-operative banks'

the affiliated co-operative banks, followed by the creation of 9 regional banks, only to restructure BGŻ into a commercial bank, currently with a foreign capital majority stake. As a consequence of changes to affiliation and bank consolidation at present co-operative banks operate as part of Bank Polskiej Spółdzielczości SA w Warszawie (approx. 64% of co-operative banks) and Spółdzielcza Grupa Bankowa SA w Poznaniu (approx. 36% of co-operative banks) [KNF 2015].

¹⁰ This transfer takes place with the relatively high capital ratios (e.g. Total Capital Ratio – 16%, while TIER-1 – 14.5%). [Cf. Cyclical BFG Reports on Cooperative Banking Sector: www.bfg.pl].

unique organisational structure and employment levels, seriously limited the time resources that should have been allocated towards due management of the banking business and relationships with the stakeholders.

The above brief overview, limited by the scope of this paper, clearly indicates that in practice Polish co-operative banks have quite substantially strayed away from the traditional co-operative model, as well as the principles of social market economy. In view of the claims by theoreticians, the content of political platforms or decisions taken by governing bodies and international institutions, taking into consideration the consequences of the so-called turbo-capitalism that has led to a global financial crisis and, finally, faced with the growing discontent of communities in many countries that now may be referred to as “economically weak” not only as a matter of historical stylistics, answers should be sought to the following questions:

1. Would it not be advisable for co-operative banks and other co-operative credit institutions (e.g. credit unions, SKOK in Poland) to review and overhaul their operating practices?

2. Would it not be advisable for co-operative banks, taking into account the challenges of the contemporary world, to adapt their traditional mission and historical operating principles to the needs of their stakeholders?

3. Would it not be advisable for domestic and international communities to co-ordinate their efforts aimed at combining the principles and operations of co-operative credit institutions with the introduction of the social market economy?

Empirical support in this respect could be provided by the positive experience enjoyed by co-operative banking organisations in such countries as France, the Netherlands or Germany, where they play an important role both on the financial markets and in the local communities.

As regards the co-operative banking sector in Poland, the following circumstances could serve as an incentive for the introduction of relevant changes or modifications:

First, co-operative banks accumulate funds to implement a local development policy. By performing the traditional banking functions (settlements, savings mobilisation, offering loans), complemented by the modern consulting function, they help to shape the savings and investment behaviour of entrepreneurs, influence the manner in which the surplus resources are invested, as well as determining the buying behaviour of households. They reinvigorate local communities by strengthening social solidarity and trust.

Second, co-operative banks may serve as animators or moderators on the local market. They have many opportunities to shape and promote the correct behaviour patterns and standards. Acting in accordance with SOMEK principles, they may significantly impact the promotion of appropriate behaviour in other business sectors.

Third, by developing the right range of financial and finance-related services, as well as the relevant procedures regulating how such services should be rendered, taking into account their impact on the environment, co-operative banks may, on the one hand, satisfy the needs of the local community, while on the other serve an educational role or even, in case of loans, a disciplinary role.

Fourth, co-operative banks may facilitate the establishment of an environment conducive to entrepreneurship. This requires joint efforts by a number of entities and co-operation based on trust and, to a large extent, on personal relationships, frequently informal [Płonka, Świadek 2013: 315]. By appropriate loan-giving and other activities undertaken hand in hand with local government units as part of a public-private partnership, co-operative banks may help to resolve many local problems, for instance:

- help to create new jobs,
- limit various manifestations of social exclusion (not only related to the labour market, but also financial, political and cultural exclusion),
- improve the standards of living by helping to satisfy the needs of local inhabitants.

Fifth, co-operative banks may effectively promote behaviours that protect the natural environment and raise awareness of social and environmental implications of investments (e.g. by limiting the financing of investments that negatively impact social or environmental goals).

Sixth, taking into consideration the local nature of operations by medium-, small- and micro-sized enterprises and the differences in the levels of regional development, co-operative banks may serve an important role in spurring innovation. Such a support may be offered with respect to removing the fundamental barriers to innovation, for instance by [Kulińska-Sadłocha 2014: 135-145]:

- providing financing or co-financing of innovative operations, which requires an active participation of banks in the absorption of EU funds,
- information and educational activities regarding both financial services, as well as new technologies and the planning and execution of investments,
- offering fair and honest advisory services, thus eliminating information asymmetry.

Seventh, the SOMEK concept assumes that citizens should have a say in the economic decision-making and actively participate in the creation of prosperity, which is related to the development of a civic society. In this respect the role of co-operative banks involves raising awareness among co-operative bank stakeholders and the local communities regarding the relationship between using the financial services offered by a local bank and the impact this may have on their welfare. Local community leaders and people of authority should sit on the bank's governing bodies, as this grants legitimacy to the local credit institution in the eyes of the community members.

Conclusions

The social market economy concept and the principles of credit co-operatives assume the need for responsible behaviour on the part of market entities towards the local communities and abandoning the absolute primacy of profit over social values and environmental protection. However, their practical implementation is executed in different areas (levels of state administration, society or economy). Having said that, the values characteristic of credit co-operatives and the rules governing their establishment are highly compliant with the approach of ordoliberalism to economic management processes. This is particularly true of the role of community in management and the communal nature of human activities. Furthermore, the market and its institutions are there to serve the people, not the other way around. The social market economy concept creates the conditions for promoting and developing a stable credit co-operatives sector, while, in turn, the co-operative movement supports the execution of the ultimate goals of social market economy.

The active and vital role served by co-operative banks in the introduction and execution of social market economy principles at the local level not only stems from the banks' subservient role towards the real economy, but also from the organisational and operational structure of a co-operative. The opportunities offered by co-operative banks in this respect result primarily from [Kulińska-Sadłocha, Szambelańczyk 2014: 170-172]:

- lack of pressure typical for commercial banks to generate profit for shareholders,
- the presence of local community representatives in the bank's governing bodies,
- various ties between the co-operative bank and its local community stakeholders,
- financing the day-to-day business operations and investments of local importance,
- ability to better adapt the deposit and investment offer to the wealth of inhabitants,
- offering financial consulting services suited to the local needs,
- focusing strictly on banking activities,
- familiarity with local needs, opportunities and threats,
- co-operation with local government units and local organisations,
- possibility to better assess business and customer risk.

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Spółdzielnie kredytowe w społecznej gospodarce rynkowej na przykładzie banków spółdzielczych w Polsce

Streszczenie. *Celem artykułu jest analiza porównawcza zasad społecznej gospodarki rynkowej i zasad spółdzielczości oraz określenie roli banków spółdzielczych w Polsce w propagowaniu i wdrażaniu zasad społecznej gospodarki rynkowej na poziomie lokalnym. W artykule scharakteryzowano przesłanki powstania i cechy spółdzielczości kredytowej; analizie poddano związki spółdzielni kredytowych jako instytucji i modelu społecznej gospodarki rynkowej oraz wskazano na możliwości aktywnego udziału banków spółdzielczych we wdrażaniu koncepcji społecznej gospodarki rynkowej. Z jednej strony koncepcja SGR stwarza warunki dla upowszechnienia i stabilnego rozwoju spółdzielczości kredytowej, z drugiej zaś strony spółdzielczość wspiera realizację nadrzędnych celów społecznej gospodarki rynkowej.*

Słowa kluczowe: *społeczna gospodarka rynkowa, bank, spółdzielnia kredytowa, zasady spółdzielczości*