

Financial Cooperatives: between local communities and global forces

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This paper explores the role of co-operative finance in the evolution of financialization of the global economy building upon the Italian context. Whereas financialization of daily life has globally affected many individuals around the world in the last decades (Martin, 2002), this has also reshaped the role of financial institutions in society. Earlier research has suggested that private banks have shifted from providing intermediary services between savers and lenders, towards investing in short term investments and preferring liquidity (Mehrling, 2010). Economists suggest that as a consequence of this, the main social relation of the economy –between debtor and creditor– has been torn apart (Amato and Fantacci, 2014). In turn, anthropological studies have added more nuance, bringing to the forefront the fact that credit/debt relationship generates social bonds even in a context dominated by the market ideology that pretends to be apolitical or neutral (Graeber, 2011). Thus, social bonds take a more disaggregated shape and now include new middle men that trade other's debt under the form of derivatives (Zaloom, 2010).

Drawing on this, we turn to the Italian co-operative financial sector and its capacity to (re)establish social relations through practices that counteract this global trend. Employing ethnographic methodology, we highlight three practices that are instrumental –although imperfect– in bringing creditor-debtor social relation back to the centre of the economy, namely: prioritizing classical banking activity (savings and lending), humanising credit risk, and promoting financial education.

References

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