Box 3.2

CREDIT COOPERATIVES AS KEY PLAYERS IN REGIONAL FINANCING AND FOR CERTAIN SECTORS, AND SUPERVISORY CHALLENGES

Although *credit cooperatives* represent a relatively small share of the Spanish banking system (9.6% of drawn credit), they are *very important for certain segments of the country's economy*. This can be viewed from *three perspectives*.

From the *geographic standpoint,* credit cooperatives have a market share of over 10% in a large number of autonomous communities. Their importance is particularly evident in regions such as Navarre, where they lead with a credit market share of 36%, as well as in Castile-La Mancha, Castile and León, Asturias, Rioja, Murcia and the Basque Country, with market shares of over 20%.

Broadly speaking, cooperatives play a particularly significant role in more sparsely populated areas, especially their regions of origin, where they play a key role in financial inclusion. For instance, at the province level this is most evident in Soria and Zamora, where their market shares exceed 50%, and in Teruel, Cuenca and Almería, with shares of around 35%. Almost all of these provinces have low population densities.

From the perspective of *economic agents,* credit cooperatives play a significant role in the financing of SMEs and the self-employed, with a market share of 13.8%, more than 4 percentage points (pp) higher than their average market share. They focus on the smallest productive units, with particular emphasis on the self-employed, a cornerstone of Spain's productive system and where credit cooperatives have an average market share of 28%.

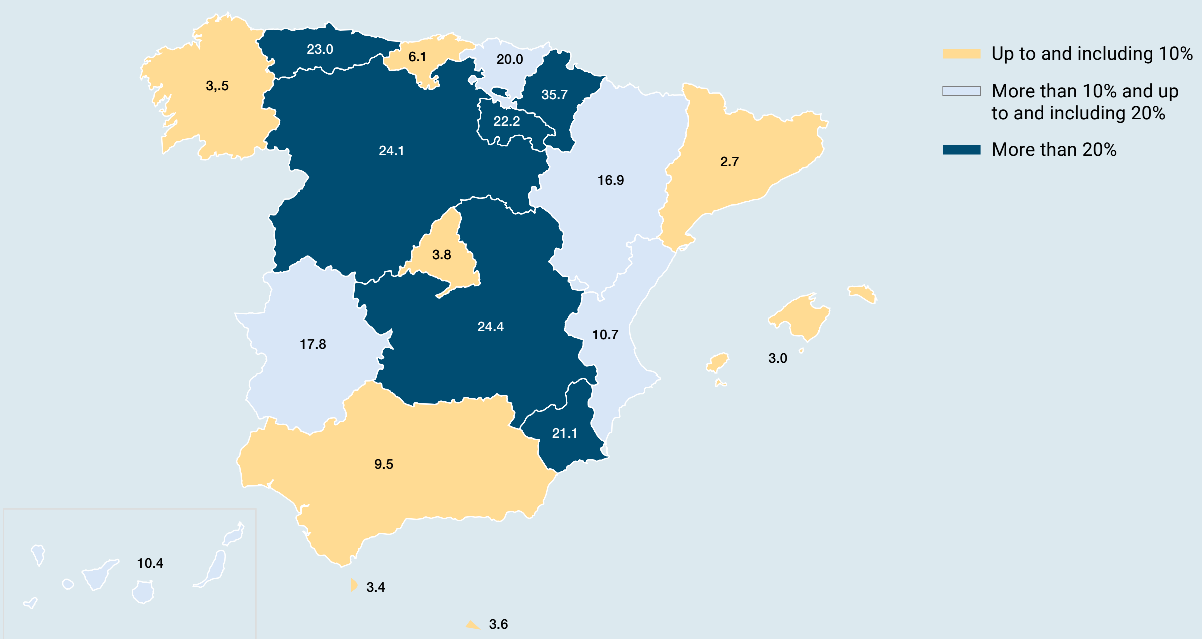
From a *sectoral perspective*, credit cooperatives are crucial for certain sectors of activity, most notably agriculture, where they are market leaders with a 35% share of the credit market, followed by wholesale and retail trade (11.5%) and manufacturing (10.8%).

Cooperatives account for a higher share of the agriculture sector in terms of lending to the self-employed, leading in agriculture, forestry and fishing, with a 47.2% share of total credit.

Overall, cooperatives *weathered both the global financial crisis and the deleveraging* that the Spanish economy has undergone since then relatively well.

The *stock* of credit by cooperatives has grown moderately in recent years (by a cumulative 32% since 2017, an average of 4% each year) for both households and non-financial corporations, while the volume of the rest of the banking sector has remained relatively flat (+1.4%).

Chart 1
Cooperatives' market share of drawn credit in each region

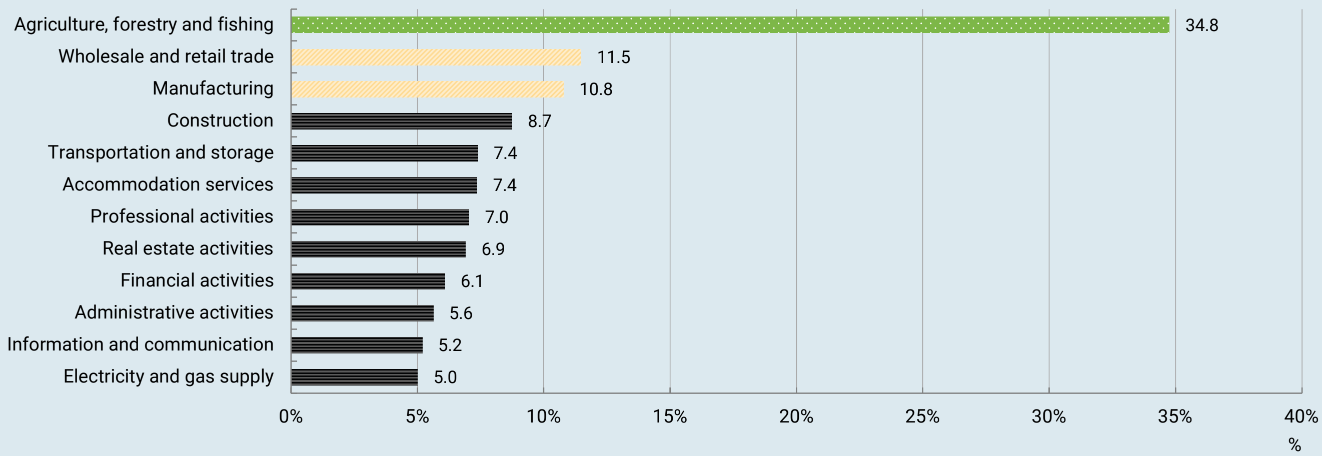


SOURCE:: Banco de España.

Box 3.2

CREDIT COOPERATIVES AS KEY PLAYERS IN REGIONAL FINANCING AND FOR CERTAIN SECTORS, AND SUPERVISORY CHALLENGES (cont'd)

Chart 2
Market share by sector



SOURCE: Banco de España.

Lending to SMEs and self-employed workers remained broadly stable (+1.3%) between December 2017 and June 2025, compared with a contraction of 20.3% in other institutions. This stronger performance has translated into a 2 pp gain in market share since 2017, with particularly marked advances in less populated regions.

In addition, credit cooperatives as a whole have performed *comparatively well in terms of credit quality, profitability, solvency and liquidity*. On an aggregate basis, they post lower non-performing loan ratios than other institutions, while displaying similar levels of provisioning, profitability and efficiency. They clearly outperform the rest of the sector in terms of solvency (6.8 pp higher in terms of common equity tier 1 capital) and liquidity: as at June 2025, cooperatives report a liquidity coverage ratio of 324%, compared with 167% for other institutions.

Significant challenges nevertheless remain, stemming from their geographical concentration and size. First, the demographic challenge and depopulation in certain areas, together with a lack of investment opportunities, constrain the growth of cooperatives with narrowly defined operating territories.

In some cases, these constraints also sometimes generate dependence on the economic activities specific to the regions in which they are concentrated. As a result, they are more vulnerable to economic or climatic shocks affecting specific sectors to which they are heavily exposed, such as the impact of torrential rainfall on the agricultural sector.

Second, the small size of many of them makes it harder to professionalise their governance and to adapt to new regulatory requirements and risk management functions, particularly among those smallest in size. A case in point is the need to strengthen governing boards.

These challenges are compounded by technological progress, which demands substantial investments in digitalisation.

In recent years, organisational arrangements have been put in place that have helped address these challenges, such as institutional protection schemes, which involve the mutualisation of losses, should they materialise, and provide support for overall risk management. In addition, in the regulatory and supervisory domain, progress continues to be made towards greater simplification and proportionality for smaller, less complex institutions, many of which come under the category of credit cooperatives.

Further information on the strategic role of credit cooperatives is available at the following link.

Box 3.2

CREDIT COOPERATIVES AS KEY PLAYERS IN REGIONAL FINANCING AND FOR CERTAIN SECTORS, AND SUPERVISORY CHALLENGES (cont'd)

Table 1
Credit cooperatives' share of the credit market by province

%

Province	Share		
A Coruña	2.3%	Jaén	23.3%
Albacete	32.9%	La Rioja	22.2%
Alicante	6.8%	Las Palmas	7.5%
Almería	35.8%	León	16.7%
Álava	29.5%	Lleida	6.4%
Asturias	23%	Lugo	14.9%
Ávila	17.6%	Madrid	3.8%
Badajoz	19.7%	Málaga	10.1%
Balearic Islands	2.6%	Melilla	3.6%
Barcelona	14.9%	Murcia	21.1%
Bizkaia	22.2%	Navarre	35.7%
Burgos	13.2%	Ourense	5.9%
Cáceres	9.4%	Palencia	18.7%
Cádiz	6.1%	Pontevedra	1.7%
Cantabria	17.9%	Salamanca	16.9%
Castellón	3.4%	Segovia	17.9%
Ceuta	28.6%	Seville	9.6%
Ciudad Real	12.4%	Soria	54.4%
Córdoba	34.3%	Tarragona	2.7%
Cuenca	26.2%	Tenerife	14.3%
Gipuzkoa	1.3%	Teruel	36.2%
Girona	22.5%	Toledo	20%
Granada	9.9%	Valencia	12.7%
Guadalajara	17.3%	Valladolid	26.5%
Huelva	20.1%	Zamora	51.7%
Huesca	3%	Zaragoza	15%

SOURCE: Banco de España.