**Alternative money and the financing of the social economy enterprises in Spain: a case study**

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**Introduction**

Historically, the most significant institutions of Social Finance in Spain have been the Savings Banks, established from the mid-nineteenth century, and, more recently, the credit cooperatives – and especially the rural credit cooperatives – spread in Spain from the beginning of the twentieth century. According to Belmonte (2007), the endorsement of the credit cooperatives made by the Spanish state during the first third of the twentieth century was a decisive step towards the creation of a financial system based on social solidarity, having a great impact on several rural areas of the country. In turn, cooperatives, and particularly credit cooperatives, have been the drivers of modern social finance in Spain (Gutiérrez-Nieto, 2004).

Alongside Savings Banks and credit cooperatives, both included in the formal Spanish banking system, multiple and diverse initiatives can be related to social finance. Among them, we must consider the microfinance programs started by several organizations from the early years of the 1980s. The first one of them was established in 1981 by the private foundation ASCA, offering financial support to social groups marginalized by unemployment and unable to provide collateral. The diverse programs of ASCA support both self-employment initiatives and the consolidation of social economy enterprises by providing micro-credits at nil interest rate. CoopP57, a second degree cooperative established in Barcelona in 1987 with a specific program to provide financial services to its associates, cooperatives and other actors of the Spanish social economy, is another instance of a microfinance program arisen from the social economy itself.

One of the big problems of most projects of social finance, including of course microfinance projects, is the source of funding to disburse its loans (Karrer-Rüedi, 2011). In this paper we focus on the ethical and solidarity finance project initiated by the cooperative Coop57 in 1995, a project characterized by two different and complementary aspects. The first one is the methodology used in seeking for alternative financial sources. In addition to the savings program settled for regular members, Coop57 has established a savings program for support members, mainly individuals sharing the ethical principles of the cooperative and willing to support it through his/her participation in the so called savings program. Contributions to this savings program appear to be crucial to the whole strategy of Coop57, given their relative growth in the last years: in 2000, these funds constituted only 16% of the total equity and corporative deposits; whereas in 2006 it attained 74% and in 2012, 91% of a total amount that has been quintuplicate from 2006 to 2012. The second one is the non-conventional growth of the cooperative that has become a multi-territorial institution serving, up to now, 7 different regions in Spain.

**Purpose of the paper**

The paper analyzes the growth of the cooperative, both regarding its funding sources and the loan behavior during the years 2001-2012, a period that can be characterized by the increasing amount of its available financial resources and, correspondingly, the increasing number of loan transactions having been granted to the social economy enterprises. Our aim is to study the extent to which Coop57 has in fact build a real funding alternative for the social economy at a time when the traditional banking system has substantially reduced its total investments.

**Research Design/Methodology/Approach**

The proposed research will apply a quantitative approach, using statistical tools to study the main characteristics of the Coop57 growth. On the loan side, we consider loan amounts, types, industrial sectors in which loan are allocated, etc. On the savings program, we use a sample of the support members of the cooperative to study their profile, and main interests within the social finance.

**Originality/Value**

We expect to contribute to the study of alternative investment movements characterized by patient capital that can provide microfinance with alternative or additional funds to pursue its social mission.

**Keywords**: Cooperatives, Social Economy Enterprises, Microfinance Institutions, Financial Services

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