

Irish Rural Link
Founded 1991



Presentation ALLG Conference
Friday April 7th 2017

SME Finance & Public Banking
The Case for Ireland
Building Communities

PRESENTED BY
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POLICY RESEARCHER IRL
www.irishrurallink.ie



Irish Rural Link
Nasc Tuaithe na hÉireann

What we do at home and in Europe



Erasmus+



TAKE PART IN OUR SURVEY

TRAINING GLOSSARY PARTNERS ASSESSMENT NEWS

Enhancing
Competitiveness
of Microenterprises
in Rural Areas



BUSINESS PLANNING & MANAGEMENT SKILLS
Discover our courses on business planning/budgeting, management skills for rural micro-enterprises.



EU PROCUREMENT/TENDERS
Discover our courses on EU procurement/tenders as opportunities for micro-enterprises.



EU SINGLE MARKET
Discover our courses on EU Single Market opportunities for rural micro-enterprises.



ICT LITERACY SKILLS
Discover our courses on ICT literacy skills for rural micro-enterprises.



Roinn Cumarsáide,
Fuinnimh & Acmhainní Náúúrtha
Department of Communications,
Energy & Natural Resources



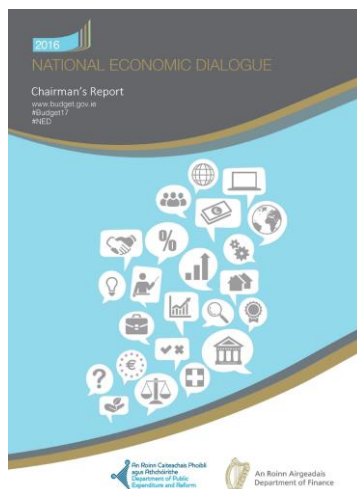
National Rural Network



European Economic and Social Committee



- ▶ IRL is the only group represented at the **National Social Partnership** talks, solely representing rural communities interests, writing **submissions** and **articles** on rural issues
- ▶ IRL makes **Budget Submissions** to individual **Government Departments** or advises on **specific issues: Rural Plan, Local Public Banks Submission Action Plan for Jobs**
- ▶ IRL works with all of the **political parties** and elected members at local and national level.
- ▶ Is represented at **EU level**.
- ▶ Sits on various **government committees**, such as Farm safety, water quality, unfinished housing estates, cross border programmes.





Irish Rural Link
Nasc Teallach na hÉireann

Advocating for Change to bring about an alternative (second Tier) Banking model to work in the peoples interest

Irish Rural Link (IRL)

- ❖ Cross party approach
- ❖ Concept Document
- ❖ Proposal to Government
- ❖ Preliminary business plan (Midlands)
- ❖ Submissions to Action Plan for Jobs & Action Plan for Rural Ireland
- ❖ Representation to Department of Finance, DJEI, DAHRRGA, Central bank
- ❖ Engagement with Possible stakeholders: LEOs, Enterprise Ireland, ILCU, An Post, ISME, CCMA
- ❖ Research with Trinity and DCU re Legislation and Economic model (Irish Model)
- ❖ Culminating in Seminar in RDS presenting the above

RDS Concert Hall

Wednesday 16th November 2016,

A Simply Different SME Banking System:

Closing the Credit Gap and creating a Virtuous Cycle

"We will thoroughly investigate the German Sparkassen model for the development of local public banks that operate within well-defined regions"
- Programme for Partnership Government, 2016

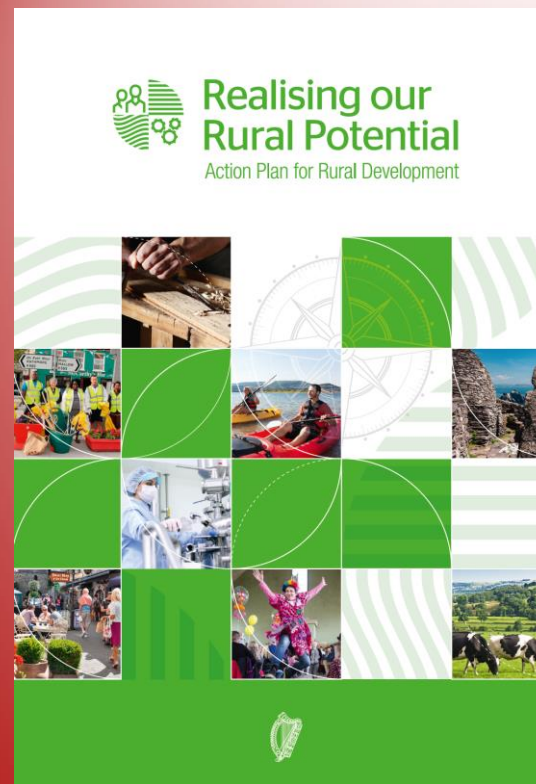
RDS Library Speaker Series



Commitment by Government



“We will thoroughly investigate the German Sparkassen model for the development of local public banks”
Programme for Partnership Government 2016

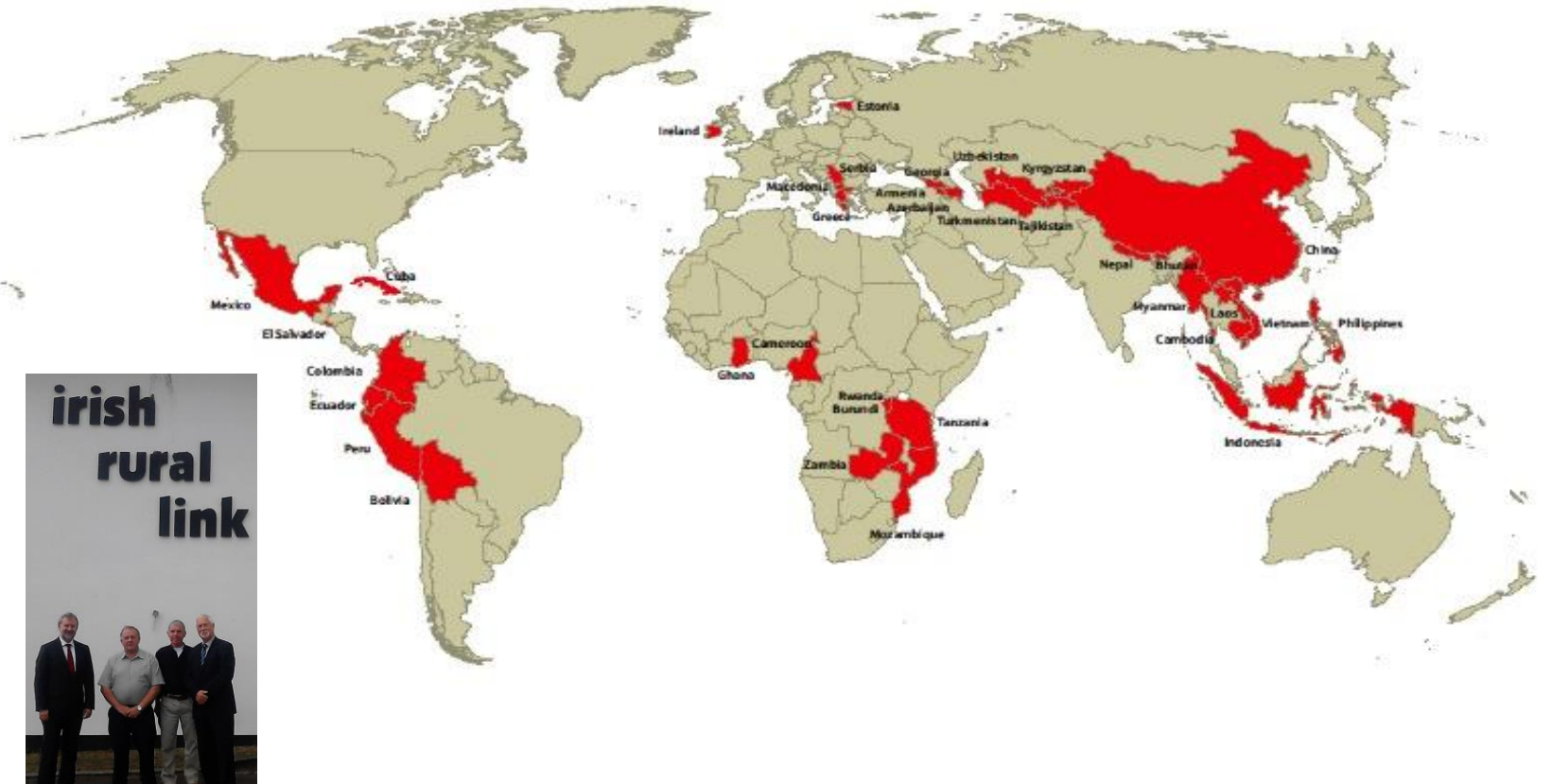


Action 23:
“Investigate the potential of the German Sparkassen model and the Kiwibank model for the development of local public banks that operate in defined regions.”
Realising our Rural Potential 2017

Working Together To find a Solution

Savings Bank Foundation for International Cooperation (SBFIC) Global footprint.

- ❖ Promote core Savings banks issues e.g. financial inclusion, equal opportunities & education
- ❖ Advocate for the Sparkassen concept globally
- ❖ Local banking serves the people and the real economy (SMEs) directly and 'fuels' entrepreneurs



“We will thoroughly investigate the German Sparkassen model for the development of local public banks”

Programme for Partnership Government 2016



Savings Banks Foundation
for International Cooperation

- ❖ IRL have been working with the SBFIC to advocate and advance the exploration of the concept of local banks using the Sparkassen Banking model as a template
- ❖ Using the synergies between the two foundations we are equipped to propose a pathway to assist the Government in its investigation.



Irish Rural Link
Nasc Tuaithe na hÉireann

Phase One

Fact Finding Mission
Develop Concept



Phase Two

Business model
Business plan
Legal Framework



Phase Three

Implementation &
Support

Professor Patrick Honohan



“There should be a second tier of banking which is geared more towards **local concerns**, with **local managers** and a greater level of **local awareness**.

This would be on a scale larger than the credit unions. They could be the nucleus of it, but the credit unions as they stand are too small **individually** to be really effective suppliers of services.”

Overview of Banking Sector: Central Bank, 26 November 2014

Joint Committee on Finance, Public Expenditure and Reform Debate

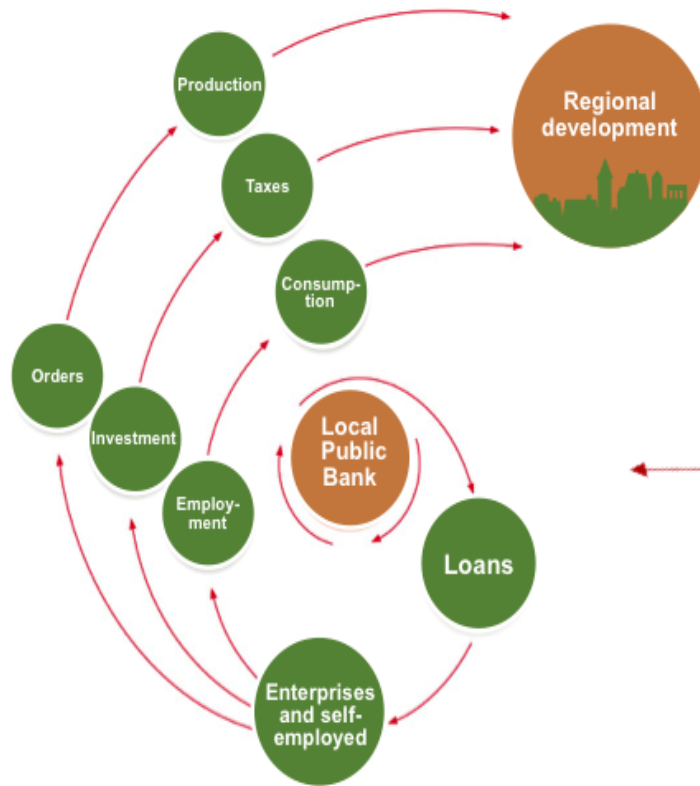
<http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/committeetakes/FIJ2014112600002?opendocument#A00100>

Local/Regionally based SME Banking Model being Proposed

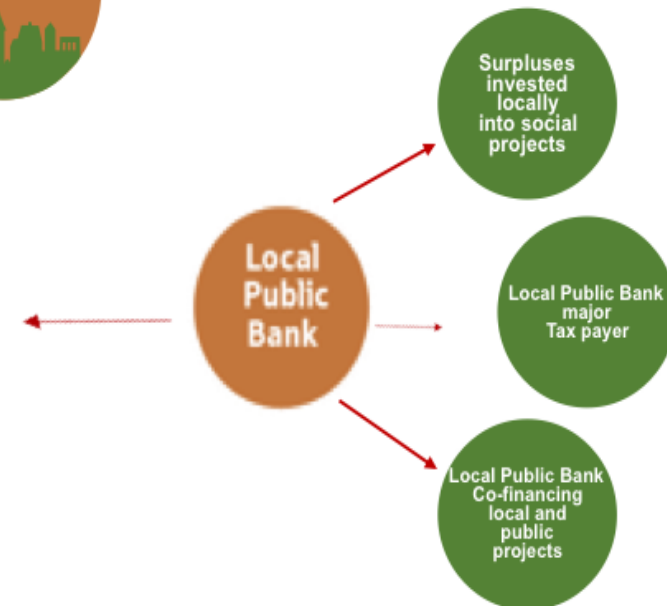
local concerns

local managers = Relationship Banking = Building local communities

local awareness.



Public Mandate



Each region creating a virtuous cycle

Characteristics of a Proposed Regional Model of Banking

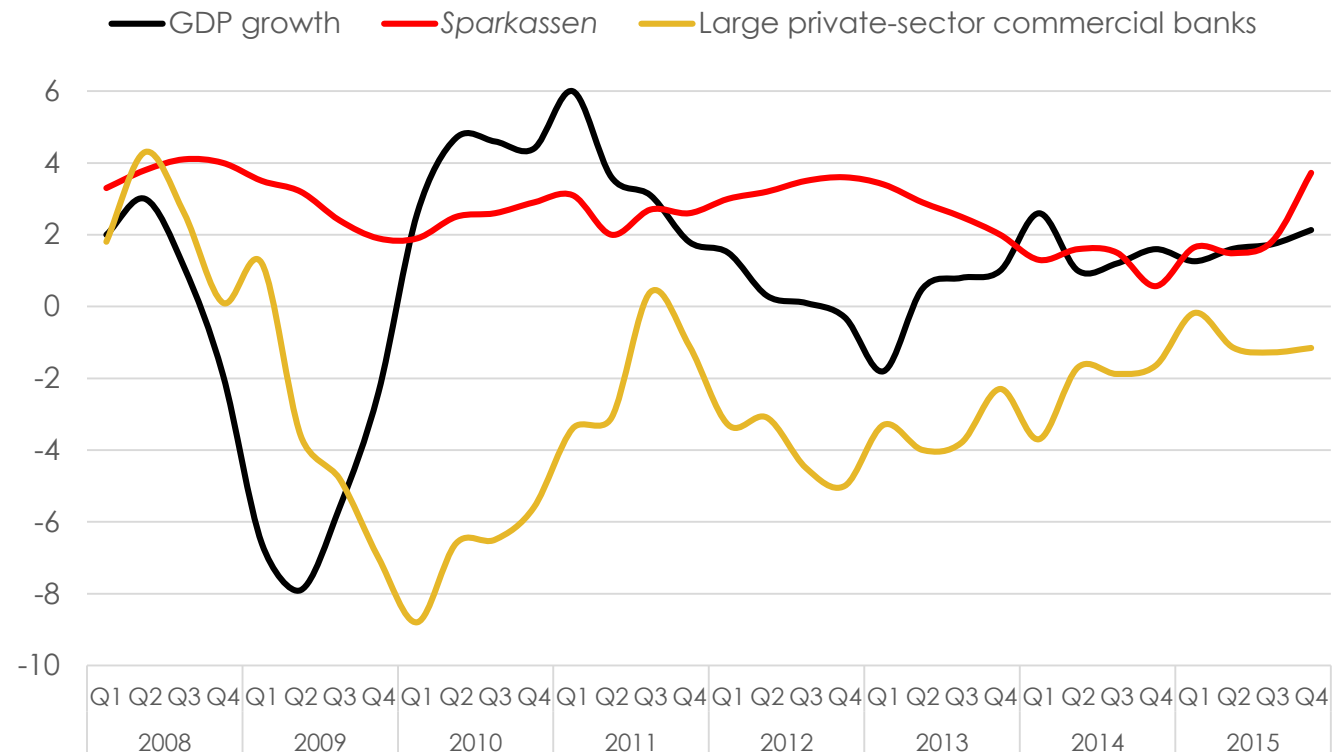
1. The focus is on **servicing the needs of small and medium-sized enterprises with relationship banking.**
2. **Stakeholder orientated not shareholder driven,** no dividends to be paid.
3. They operate on the principle of **regionality** so all profits stay in the region creating a **virtuous cycle**
4. The business model is not oriented towards **profit-maximization**
5. The Local Public bank model is designed to fulfill a **public mandate**



SME “Patient Committed Capital” Counter- Cyclical and Sustainable

- **Relationship banking** based on cash-flow analysis of business, “not primarily collateral based”.
- Results in sustainable economic regional development while building and sustaining local communities.

Sparkassen Model -----



Lending to Non-Financial Companies and the self-employed in Germany

Source: Deutsche Bundesbank

“We will thoroughly investigate the German Sparkassen model for the development of local public banks that operate within well-defined regions”



So how can we do this ?

Follow up Presentation

Harald Felzen SBFIC

The Case for Ireland



Finanzgruppe

Savings Banks Foundation
for International Cooperation