



## MAG – Mutual Self Managing Cooperative

**Category of Good Practice:** Community Saving, Community Microcredit

### Good Practice's title:

MAG – Mutual Self Managing Cooperative

### Main objective:

The aim of this practice is for people to regain control over their savings, so as not to produce and exacerbate social injustice, but to promote and produce positive social change.

### Key words:

Mutual Self Managing Cooperative, Savings, Loans, Small and Medium Enterprises, Individuals, Consultancy, Business Activity.

**Type of organization:** Cooperative Group

**Country:** Italy

**Year of inception of the good practice:** 1978

**Services and products provided:** Lending

**Portfolio (€):** - n/a

**Avg loan size (€):** - n/a

**# of clients:** 800 to 1200

### Website:

MAG 2 (Lombardy Region): <http://www.mag2.it/>

MAG 4 (Piedmont Region): <http://www.mag4.it/>

MAG 6 (Emilia-Romagna Region): <http://www.mag6.it/>

MAG Verona (Veneto Region): <http://www.magverona.it/>

MAG Firenze (Tuscany Region) : <http://www.magfirenze.it/>

MAG Venice (Veneto Region): <http://www.magvenezia.it/>

MAG Roma: <http://www.microcredito-roma.org/>

### Address:

MAG 2: Finance Società Cooperativa – Via Angera 3, 20125 Milano.

MAG 4: Piemonte s.c. - via Brindisi 15 10152 Torino.

MAG 6: Società Cooperativa | Sede legale: Via Mozart, 10/1 – 42122 Reggio Emilia – Sede operativa: Via Vittorangeli, 7/ c-d – 42122 Reggio Emilia.

**MAG Verona :** Via Cristofoli 31/A – Zona Stadio – 37138 Verona.

**Associazione Verso Mag Firenze:** Via Lombardia 1/p, Firenze (Quartiere 5).

MAG Venezia Società Cooperativa arl - Sede in Venezia - Via Tasso 15/A, 30172.

MAG Roma: Via di S. Ambrogio 4 nel Centro Culturale Rialto SantAmbrogio, Roma.

**Institutional profile:**

In 1978, the first MAG was founded in Verona. Today, there are seven Mutual Self Managing Societies in Italy (MAG Verona, MAG6, MAG2, MAG4, MAG Venezia, MAG Roma, MAG Firenze). During 2013, the most recent MAG was created in Firenze. Mutual Self Managing Society is a cooperative where the members' savings are collected in the form of shares of social capital and thus, they become co-owners of the cooperative. With the savings, the cooperative makes loans to its members (primarily for business activity). The MAG may also carry out consultancy and accompaniment for business activities.

**Mission of the organization:**

The mission is to sustain the development of companies, mainly registered as Cooperatives or Associations, which operate in sectors of high ethical value, such as social fields, solidarity, ecology, culture and/or environment. Moreover, this kind of activity is often excluded from the traditional credit system.

**Governance structure:**

According to the cooperative principle, each member has one vote at the General Assembly, which is the absolute authority in the organization. The members elect a Board of Directors, which then manage the cooperative. Every year, the General Assembly must approve the yearly budget and decide on the use of financial revenues (surpluses). In terms of capital mobilised, every MAG must start with a social capital of €600.000 to be legally recognized by the Italian legislation.

## Good Practice

**Introduction:**

Mutual Self Managing Society is a cooperative where the members' savings are collected in the form of shares of social capital. With these savings, the cooperative make loans to its members (mainly for business activity). The MAG may also carry out consultancy and accompaniment, i.e. non-financial services, for business activities.

**Target group and accessibility:**

Individuals, micro, small and medium-sized enterprises, mainly registered as Cooperatives or Associations, may become members of a MAG. However, MAGs mainly finance the SME sector. The minimum loan amount starts from €1.000 - €2.000 and reaches up to tens of thousands of Euros depending on the needs of the applicant.

**Innovativeness:**

Given their longstanding presence within Italy, the MAGs provide strong experience in the practice of ethics and solidarity finance and business. The innovativeness of the process was to operate under a local/regional concept based on strong and consistent relationships and to provide financial coverage to local companies that would fail due to lack of access to credit. They are able to operate like other financial providers, but the MAGs follow another finance strategy based on ethical and solidarity values.

**Relevance given the context:**

MAGs are good examples of organisational forms in which people have more direct control over their money. Their relevance reflects the "monetary objection" as an increasing number of people are challenging the contradiction between their daily work in the social sector and the lack of control over the use of their money. In fact, the speculative banking institutions can use people's savings as they want without any control.

**Adaptability to other contexts:**

The method was replicated in seven cooperatives under a local/regional concept. They are used to provide financial coverage to locals from the territory. Each MAG has a unique way of operating within its territory. This happens because each Mutual Self Managing Society adapts its structure differently to the Italian legislation. Consequently, MAGs can differ in the way they operate. MAGs coordinate amongst themselves to seek common guidelines over the range of local action and stay updated with each other's status.

**Efficiency:**

MAGs are able to operate like other financial providers, but they follow another type of finance, which is based on ethical and solidarity values to provide financial and non-financial services for business activity.

**Outcomes:**

MAGs have a strong experience in the practice of ethics and solidarity finance and business through the presence of their seven Mutual Self Managing Societies spread over the Italian territory. The MAG movement also led to the creation of Banca Etica in 1999, a popular bank with branches scattered throughout Italy. Banca Etica works in the banking sector by following ethical principles through strong communication with its social base.

**Sustainability:**

The MAG institutions are completely self-sufficient and sustainable and have managed to adapt to the various legislative changes that have occurred in Italy. Currently, the Italian government recognizes MAGs as financial intermediaries, even though they have a financial volume that is considerably lower than other financial intermediaries. Within the revised Banking Act (expected to be passed later in 2014), MAGs could be recognized as independent financial operators.

**Further readings:**

MAG2 Finance. Giordano Dell'Amore Foundation. Good Practices Europe Award 2012: The Experiences of the Finalists 2012 and Winner 2011:

<http://www.fgda.org/dati/ContentManager/files/Award/2012-Europe-Award-Publication.pdf>

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