

Identification of strategic factors of profitability in the Andalusian rural savings banks

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Abstract

The Rural Savings Banks (cajas rurales), although in their origin they played a primordial role in the financing of the agricultural sector and of the rural context in general, at the moment they are present in a wide variety of managerial sectors, thanks to an intense politics of diversification of their activity. These entities constitute the most excellent group inside the Spanish cooperative banking, so much for their territorial covering as for the volume of own and other people's resources. In this work we try to discover which strategy has been adopted by the sector of the Rural Savings Banks of Andalusia for the attainment of its objectives of profitability. In this paper we have elaborated it a methodology that allows us to carry out an analysis of the factors of profitability applying it to this sector. Finally conclusions are extracted.

1. - INTRODUCTION.

The Spanish banking sector is constituted by three types of entities, the private banking, the saving banks and the credit cooperatives (Crow et al., 1995).

Due to considerable changes these entities have suffered in the legislative environment as well as in the organizational and economic ones, in the last years an important restructuring process that affects the whole of their functions as well as the strategies to follow is taking place in the sector. Now then, the answer is being different according to the type of banking company that it is.

We in this work will analyze a small group in number, but important in this banking sector, as Andalusian Rural Savings Banks are.

The credit cooperatives possess a reduced weight inside the Spanish banking system, although the social function that they carry out, based on a specialized finance in specific economic sectors as it is the agrarian one and in the small companies, justifies the necessity to secure and to reinforce their competitive position in front of the rest of banking entities (banks and savings banks). On the other hand, the strategy of segmentation followed by these entities allows them to reach significant market positions in concrete economic and geographical sectors as it is the case of the Andalusian agrarian sector.

The most remote antecedent of credit cooperativism in Spain goes back to the 15th century, a period in which usury dominated in the rural environment. To defend agriculture against it, the “pósitos” are created and their true end was the regulation of the baking cereals, carrying out loans of grains for the sowing period that were reinstated with an increment denominated “increase”, which was good to assist the administration expenses and the loss of such loans (Sanchis, 1997).

The rural cooperative credit was born in Spain at the beginning of the 20th century, although the first rural savings banks are founded at the end of the 19th century. From then on their development advances slow but continually and it is able to overcome a wide stage marked by a complex economic, social and politic situation that slows its consolidation until the years 50 and 60, time in which most of the provincial rural savings banks are created. After this stage of peacefulness, in the eighties, the Spanish bank crisis together with other sociopolitical factors and the economic situation, make them end in a series of restructurings of the sector that cause the public intervention and the constitution, in 1984, of the Associated Bank Group of Agricultural Credit - Rural Savings Banks, for that the Royal Decree 243 / 1984, January 11 is approved. This Royal Decree is developed through the Order of 27 February 1984, being created in this way a

group of 64 rural savings banks that absorbs 80% of the deposits of the sector and it has 2.800 offices. The period of liberalization that had been interrupted soon after this period of crisis happened during the first half of the eighties, is restarted from the year 1985.

The origins of credit cooperativism are diverse, although we can say that they are centered fundamentally in the agrarian sector. What allows us to make the following distinction of the same one together with its diverse environment of current activity:

TYPOLOGY OF SPANISH COOPERATIVE CREDIT			
CREDIT COOPERATIVES			SECTIONS OF CREDIT AGRARIAN COOPERATIVES
RURAL SAVINGS BANKS	POPULAR SAVINGS BANKS	PROFESSIONAL SAVINGS BANKS	

We are going to comment each of them briefly.

Rural Savings Banks or Agrarian Credit Cooperatives, whose intervention was the rural area at the beginning, since they originally financed the agricultural sector and the rural means in general, at the moment are present, thanks to an intense politics of diversification of their activity, in practically all the managerial sectors. Keeping in mind the rural environment in which they act three types of rural savings banks can be distinguished: the provincial ones, the local ones and the regional rural savings banks.

By the middle of the year 1989 the Spanish Association of Rural Savings Banks was created, constituted at first by twenty-three Rural Savings Banks and later on, and up to present time, they have incorporated to the Association other fifty six Rural Savings Banks, giving origin to one of the main operative bank groups in the Spanish financial system. The Group Rural Savings Bank, is the most relevant subgroup in the Spanish cooperative banking system and one of the first bank groups in Spain, for its great financial and patrimonial solidity (it negotiates at the moment around three trillion pesetas of asset and it has more than 200.000 million pesetas own funds), as well as for the wide net in the whole national territory (more than 2.700 branches open to the public and 9.100 employees at the service of the clientele).

In the current moment the 79 Rural Savings Banks that integrate the Group are practically the whole of the rural savings banks operating in Spain, containing more than 90% of the total volume of asset.

The belonging of the Rural Savings Banks to this Group allows them to offer its members and

clients a wide range and a level of quality of its products and financial services, and in many cases even superior to those of the main banks and savings banks that operate in our country. Popular Savings Banks have their intervention outside the rural world, and they are formed by cooperatives of all the branches, although in the most excellent cases they act in the breast of managerial groups related to the industry or the commercial distribution, and the members of these.

Professional Savings Banks, the same as the previous ones possess their urban or not rural geographical intervention. We could say that they have a union character and they associate different groups or collectives of professionals generally with superior studies.

The credit sections. The article 117 of the General Law of Cooperative of 1987 establishes that "The Cooperatives of any kind, except those of Credit, will be able to have, if their Statutes envisage it, a Section of Credit, which, without judicial personality independent from the Cooperative that it is part of, can act as a financial intermediary, limiting their active and passive operations to the interior of the own Cooperative and their members and associates, without prejudice to being able to capitalize their treasury excesses through Cooperative of Credit". Therefore, just as it comes from the text of the Law, they are a section inside a cooperative dedicated to the financing of it and of its members.

The relationship between credit sections and rural boxes is in many occasions it narrows, not only for that settled down legally, but for the fact that they are devoted to the financing of oneself economic sector: that of the small and medium farmer.

In Andalusia there are 12 credit cooperatives, all them rural savings banks, of which seven are of provincial or superior intervention, being the province of Cádiz the only one of the 8 provinces that does not have its own rural savings bank, and other five are of local or regional intervention (in the province of Córdoba, Cajas Rural "Ntra. Madre del Sun", Caja Rural Ntra. de Guadalupe", Caja Rural Ntra. Sra. Del Campo and Caja Rural Ntra. Sra. Del Rosario and the Caja Rural de Utrera in the province of Seville).

2. - CURRENT SITUATION OF THE COOPERATIVES OF CREDIT IN SPAIN.

Credit cooperatives possess a reduced weight in the Spanish bank system, although the social function that they carry out is important.

Credit cooperatives, as cooperatives that they are, are part of the Social Economy, a narrow interrelation also exists between them and the rest of entities of the Social Economy. This relationship is sustained by the own evolution that has had the cooperative credit that was born and has even remained for many years financing exclusively the agrarian cooperatives (rural

savings banks) and other associative and cooperative forms (popular savings banks and professional savings banks).

The process of liberation of the Spanish bank system and of the sector of the cooperative credit in particular, has conditioned the number of existent credit cooperatives.

As it is appreciated in table 1, the number of entities of this type has decreased sensibly throughout the years, as there were 154 cooperatives in the year 1984 and 95 entities in the year 1997. The rural savings banks suffered a crisis during the first five year period of the eighties, after this, as we see in the enclosed chart (1984-1988), it is when the biggest descent takes place in the number of entities of this type, in Andalusia we have the case of what was the Provincial Rural Savings Banks de Jerez that was absorbed by the Savings Bank de San Fernando de Sevilla in the year 1986.

We can say that this number is stabilized around a hundred, starting from 1989 when most of the provincial rural savings banks detaches from the Associated Bank Group of Agricultural Credit - Rural Savings Bank and they promote the current Rural Savings Bank Group.

Table 1. EVOLUTION OF THE N° OF COOPERATIVES OF CREDIT

YEAR	N° OF COOPERATIVES	% DECREASE
1984	154	-
1985	137	11.04
1986	129	5.84
1987	117	9.30
1988	110	5.98
1989	105	4.54
1990	104	0.96
1991	103	0.97
1992	100	3.00
1993	99	1.01
1994	96	3.12
1995	95	1.05
1996	95	0
1997	95	0

Source: own elaboration with data of the UNACC.

Table 2. EVOLUTION CLASSES OF COOPERATIVES OF CREDIT 1992-1997

YEAR	LOCAL RURAL SAVINGS BANKS	PROVINCIAL SAVINGS BANKS	PROFESSIONAL SAVINGS BANKS	POPULAR SAVINGS BANKS	TOTAL
1990	55	33	14	2	104
1991	53	34	14	2	103
1992	51	33	14	2	100
1993	50	33	14	2	99
1994	49	33	11	2	95
1995	49	31	11	2	95
1996	55	31	7	2	95
1997	55	31	7	2	95

Source: own elaboration with data of the UNACC

In this chart we see how local Rural Savings Banks were diminishing until the year 1995 and in 1996 they increased again until the same number there was in 1990, the one that remains at the moment.

The provincial Savings Banks have remained constant as for number, although in the year 1996 two of them disappeared.

As for the professional boxes to say that they have also gone diminishing starting from 1994.

In total to say that the existent credit cooperatives in Spain in 1990 were 104 and at the moment they are 95, being most of the cooperatives that have disappeared Labor Savings Banks.

INSTALLATION OF CREDIT COOPERATIVES IN THE SPANISH TERRITORY.

As we can observe the biggest installation in the cooperative credit, according to the number of offices, number of members and employees, is in Andalusia with 27%, 29'69% and 28'44% respectively. Then, the Comunidad Valenciana with 17'2%, 27'47% and 20'64%.

Therefore the cooperative credit is implanted in the two communities with more cooperative tradition, and this shows big indications that the cooperative credit is an activity bound to the agrarian cooperative sector.

Table 3. CREDIT COOPERATIVES IN AUTONOMOUS COMMUNITIES. 1997.

AUTONOMOUS C.	Nº ENTITIES	Nº OFFICES	Nº MEMBERS	EMPLOYEES
Andalucía	12	944	328.552	3.626
Aragón	5	415	67.645	828
Asturias	2	81	53.503	293
Baleares	1	15	7.379	53
Canarias	2	74	19.868	274
Castilla La M.	8	439	108.988	1.389
Castilla-León	7	359	81.347	836
Cataluña	6	30	54.627	268
Extremadura	2	80	17.777	206
Galicia	1	33	8.609	80
Madrid	3	7	8.890	90
Murcia	1	4	1.677	9
Navarra	1	121	34.323	369
País Valenciano	41	601	304.006	2.631
País Vasco	3	290	9.313	1.795
TOTAL	95	3.493	1.106.504	12.747

Fuente: elaboración propia a partir de los datos del anuario de Cajas Rurales, Populares y Profesionales de 1997.

3. - FACTORS OF PROFITABILITY

In the comparative analysis of the profitability of banks two important methodological problems are usually found. The first one is related to the use of the suitable variable in the mensuration of the profitability with a certain reliability. The second one with respect to the homogenization of the used data when these refer to different territorial environments and they are good to compare the obtained results.

The ratio commonly accepted in the financial literature is that of the return on the investment (I GNAWED). We speak therefore, of a quotient, not of an absolute value, since the profitability is a problem of relative values and not of absolute mensurations. In the numerator the variable benefits are usually used after taxes, while in the denominator, some use the volume of own resources invested on the business or the volume of total assets or total investment (Ballarín, Gual and Ricart, 1988).

In fact, any prelación should not exist of one on other since the ratio benefits after taxes among

own resources can break down in the following way:

$$\text{Financial Profitability} = \frac{\text{Benefits after taxes}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Own Resources}} \quad (1)$$

The expression that we have represented, indicates that the financial profitability depends on the profitability of the asset (Benefits after taxes / total Assets) and on the proportion of own funds that finance the group of investments that is not more than the level of indebtedness of the company (Total Assets / Own Resources).

On arriving at this point, we believe it is interesting to differentiate the obtained profitability of the properly significant investments of the credit sector (Profitable Assets), from the rest of investments coming from the managerial asset (Non profitable Assets).

This way, the profitability of the asset is in the following way:

$$\begin{aligned} \text{Profitability of Assets} &= \frac{\text{Benefits after taxes}}{\text{Total Assets}} = \\ &= \frac{\text{Benefits after taxes}}{\text{Profitable Assets} + \text{Non Profitable Assets}} \end{aligned} \quad (2)$$

expression that can break down in the following way:

$$\left[\left(\frac{\text{Benefits after taxes}}{\text{Profitable Assets}} \right)^{-1} + \left(\frac{\text{Benefits after taxes}}{\text{Non profitable Assets}} \right)^{-1} \right]^{-1} \quad (3)$$

In it, we can see that the profitability of the asset depends on the technical profitability of investment and of the specific weight that the group of non profitable investments of the company imply. Elements that impact in the same direction on the financial profitability.

With the object of trying to determine the influence of different factors on the financial profitability, we can decompose the technical profitability in the following way:

$$\frac{\text{Benefits after taxes}}{\text{Mediation Margin}} \times \frac{\text{Mediation Margin}}{\text{Total Revenues}} \times \frac{\text{Total Revenues}}{\text{Profitable Assets}} \quad (4)$$

The first ratio shows the influence of the general expenses in the profitability, the second one informs us of the incidence of the gross margin of the company on the total revenues of the activity and the third the exploitation of the profitable assets.

According to that exposed previously and as a summary we have put in the first place the dependant financial profitability of the general expenses, of the obtained margin of the revenues

and of the realization of activities not characteristic to the companies studied on the profitable assets. In the second place on the specific weight of non profitable investments. And lastly of the level of indebtedness.

4. - APPLICATION TO RURAL SAVINGS BANKS OF ANDALUCÍA

As we have manifested at the beginning of the work the outlined objective is to determine the factors that can explain the profitability of the Rural Savings Banks of Andalusia.

The sample with which we have worked contains to the universe of the Rural Savings Banks of Andalusia for the years 1993 to 1997. We reflect from table 4 to 10 the different existent Cooperatives of Credit in Andalusia that are entirely Rural Savings Banks , as well as the values associated to the different variables to try in the analysis of the profitability.

Table 4.Total Asset (in million pesetas)

RURAL SAVINGS BANKS OF ANDALUCÍA	1993	1994	1995	1996	1997
C.R. DE ALMERIA	207783	246682	291879	342051	455787
C.R. DE CORDOBA	41290	47705	58644	64176	68813
C.R. NTRA MADRE DEL SOL DE ADEMUZ-CORDOBA	1809	1703	2500	2201	2983
C.R. NTRA SRA DE GUADALUPE DE BAENA - CORDOBA	2459	2651	3206	3240	3811
C.R. NTRA SRA DEL CAMPO DE CAÑETE DE LAS TORRES - CORDOBA	1663	1673	2226	2230	2862
C.R. NTRA SRA DEL ROSARIO DE NUEVA CARTEYA - CORDOBA	1485	1828	2148	2391	2709
C.R. DE GRANADA	94099	117812	134828	151445	173718
C.R. DE HUELVA	81256	89470	112019	121400	140288
C.R. DE JAEN	52609	59956	71932	79924	104122
C.R. DE MALAGA	47140	53241	61476	69176	79461
C.R. DE SEVILLA	90106	114884	123085	136279	147027
C.R. DE UTRERA - SEVILLA	3878	4590	5144	5546	5699
Total	625577	742195	869087	980059	1187280

Source: own elaboration based on the annuals of Rural, Popular and Professional Savings Banks in the years years 1994, 1995, 1996 and 1997.

Table 5. Own Funds (in million pesetas).

RURAL SAVINGS BANKS OF ANDALUCÍA	1993	1994	1995	1996	1997
C.R. DE ALMERIA	20444	23684	27525	32950	39478
C.R. DE CORDOBA	2284	2750	3193	3680	4200
C.R. NTRA MADRE DEL SOL DE ADEMUZ-CORDOBA	99	132	163	206	247
C.R. NTRA SRA DE GUADALUPE DE BAENA - CORDOBA	267	303	346	395	438
C.R. NTRA SRA DEL CAMPO DE CAÑETE DE LAS TORRES - CORDOBA	188	216	235	262	295
C.R. NTRA SRA. DEL ROSARIO DE NUEVA CARTEYA - CORDOBA	183	213	246	275	314
C.R. DE GRANADA	6187	7247	8203	10080	11198
C.R. DE HUELVA	4990	5409	6844	7587	8900
C.R. DE JAEN	2100	2271	2507	3993	4631
C.R. DE MALAGA	2875	3302	3661	4159	5353
C.R. DE SEVILLA	4465	5167	6116	6675	7986
C.R. DE UTRERA - SEVILLA	312	347	297	335	379
Total	44394	51041	59336	70597	83419

Source: own elaboration based on the annuals of Rural, Popular and Professional Savings Banks in the years 1994, 1995, 1996 and 1997.

Table 6. Benefits after taxes (in million pesetas).

RURAL SAVINGS BANKS OF ANDALUCÍA	1993	1994	1995	1996	1997
C.R. DE ALMERIA	3467	4157	5605	6911	7963
C.R. DE CORDOBA	588	596	604	616	623
C.R. NTRA MADRE DEL SOL DE ADEMUZ-CORDOBA	35	40	47	49	54
C.R. NTRA SRA DE GUADALUPE DE BAENA - CORDOBA	57	45	61	55	55
C.R. NTRA SRA DEL CAMPO DE CAÑETE DE LAS TORRES - CORDOBA	37	31	38	50	49
C.R. NTRA SRA DEL ROSARIO DE NUEVA CARTEYA - CORDOBA	45	48	45	49	49
C.R. DE GRANADA	1374	1218	1211	1399	1524

C.R. DE HUELVA	595	787	942	1095	1321
C.R. DE JAEN	326	350	385	459	606
C.R. DE MALAGA	480	489	607	827	1008
C.R. DE SEVILLA	670	695	843	931	985
C.R. DE UTRERA - SEVILLA	46	0	52	60	47
Total	7720	8456	10440	12501	14284

Source: own elaboration based on the annuals of Rural, Popular and Professional Savings Banks in the years 1994, 1995, 1996 and 1997.

Table 7. Profitable Assets (in million pesetas).

RURAL SAVINGS BANKS OF ANDALUCÍA	1993	1994	1995	1996	1997
C.R. DE ALMERIA	194380	230023	270993	317854	428403
C.R. DE CORDOBA	39829	45154	55527	60327	66213
C.R. NTRA MADRE DEL SOL DE ADEMUZ-CORDOBA	1700	1655	2392	2125	2893
C.R. NTRA SRA DE GUADALUPE DE BAENA - CORDOBA	2329	2555	3053	3102	3675
C.R. NTRA SRA DEL CAMPO DE CAÑETE DE LAS TORRES - CORDOBA	1600	1568	2077	2109	2741
C.R. NTRA SRA DEL ROSARIO DE NUEVA CARTEYA - CORDOBA	1385	1737	2028	2238	2525
C.R. DE GRANADA	85663	108521	121168	133648	155057
C.R. DE HUELVA	74539	82642	103607	112946	131180
C.R. DE JAEN	47778	53507	65342	72144	96934
C.R. DE MALAGA	43141	48393	56228	63858	72679
C.R. DE SEVILLA	82216	105538	113340	126647	135806
C.R. DE UTRERA - SEVILLA	3621	4286	4795	5170	5331
Total	578181	685579	800550	902168	1103437

Source: own elaboration based on the annuals of Rural, Popular and Professional Savings Banks in the years 1994, 1995, 1996 and 1997.

Table 8. Non Profitable Assets (in million pesetas).

RURAL SAVINGS BANKS OF ANDALUCÍA	1993	1994	1995	1996	1997
C.R. DE ALMERIA	13403	16659	20886	24197	27384

C.R. DE CORDOBA	1461	2551	3117	3849	2600
C.R. NTRA MADRE DEL SOL DE ADEMUZ-CORDOBA	109	48	108	76	90
C.R. NTRA SRA DE GUADALUPE DE BAENA - CORDOBA	130	96	153	138	136
C.R. NTRA SRA DEL CAMPO DE CAÑETE DE LAS TORRES - CORDOBA	63	105	149	121	121
C.R. NTRA SRA DEL ROSARIO DE NUEVA CARTEYA - CORDOBA	100	91	120	153	184
C.R. DE GRANADA	8436	9291	13660	17797	18661
C.R. DE HUELVA	6717	6828	8412	8454	9108
C.R. DE JAEN	4831	6449	6590	7780	7188
C.R. DE MALAGA	3999	4848	5248	5318	6782
C.R. DE SEVILLA	7890	9346	9745	9632	11221
C.R. DE UTRERA - SEVILLA	257	304	349	376	368
Total	47396	56616	68537	77891	83843

Source: own elaboration based on the annuals of Rural, Popular and Professional Savings Banks in the years 1994, 1995, 1996 and 1997.

Table 9. Margin of Intermediation (in million pesetas).

RURAL SAVINGS BANKS OF ANDALUCÍA	1993	1994	1995	1996	1997
C.R. DE ALMERIA	13058	15751	17524	20748	23451
C.R. DE CORDOBA	2035	2120	2277	2380	2385
C.R. NTRA MADRE DEL SOL DE ADEMUZ-CORDOBA	73	73	95	92	105
C.R. NTRA SRA DE GUADALUPE DE BAENA - CORDOBA	110	101	123	116	118
C.R. NTRA SRA DEL CAMPO DE CAÑETE DE LAS TORRES - CORDOBA	70	62	78	79	74
C.R. NTRA SRA DEL ROSARIO DE NUEVA CARTEYA - CORDOBA	92	99	100	106	112
C.R. DE GRANADA	5353	5945	6841	7716	7914
C.R. DE HUELVA	4364	4444	5148	5714	6366
C.R. DE JAEN	2875	3020	3419	3708	3833
C.R. DE MALAGA	2984	2869	3341	3854	4218
C.R. DE SEVILLA	5439	5983	5073	5117	5086

C.R. DE UTRERA - SEVILLA	216	165	248	256	269
Total	36669	40632	44267	49886	53931

Source: own elaboration based on the annuals of Rural, Popular and Professional Savings Banks in the years 1994, 1995, 1996 and 1997.

Table 10. Total revenues (in million pesetas).

RURAL SAVINGS BANKS OF ANDALUCÍA	1993	1994	1995	1996	1997
C.R. DE ALMERIA	25610	26779	34145	37931	37810
C.R. DE CORDOBA	4582	4413	5033	5708	4774
C.R. NTRA MADRE DEL SOL DE ADEMUZ-CORDOBA	154	149	162	182	176
C.R. NTRA SRA DE GUADALUPE DE BAENA - CORDOBA	263	235	271	279	252
C.R. NTRA SRA DEL CAMPO DE CAÑETE DE LAS TORRES - CORDOBA	146	119	137	149	141
C.R. NTRA SRA DEL ROSARIO DE NUEVA CARTEYA - CORDOBA	180	179	193	201	191
C.R. DE GRANADA	11496	12457	14307	15446	14154
C.R. DE HUELVA	9864	9095	10619	12167	11748
C.R. DE JAEN	5697	5791	6305	7199	7310
C.R. DE MALAGA	5887	5557	6071	7332	7215
C.R. DE SEVILLA	10576	10136	11534	11829	10654
C.R. DE UTRERA - SEVILLA	449	453	570	532	455
Total	74904	75363	89347	98955	94880

Source: own elaboration based on the annuals of Rural, Popular and Professional Savings Banks in the years 1994, 1995, 1996 and 1997.

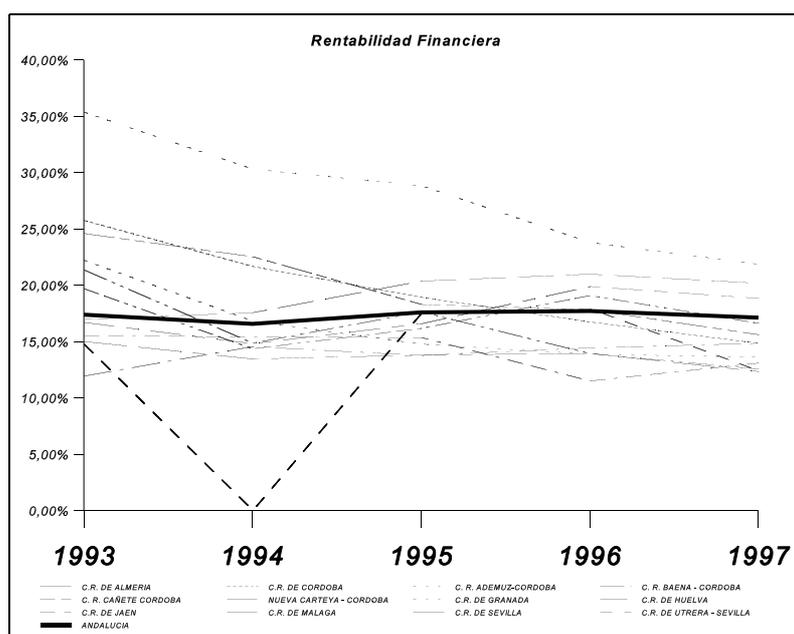
We show in table 11 the evolution that follows the financial profitability for the group of Rural Savings Banks in Andalusia as well as each of the different credit cooperatives located in this territorial environment.. Of the observation of the same one we can appreciate that on the whole a stagnation of the same one takes place being located in some of 17 per cent with a small tendency to go diminishing. Among the different profitabilities it highlights the one reached by that of Ademuz in Córdoba, although in it the loss of profitability becomes worse in excess. At a global level we can also appreciate how the big existent differences in the year 93 tend to disappear, taking place in them an approach. In the year 93 there was a differential of 23, 4 points,

while in the year 97 the differential between the maximum profitability and the minimum one is located in 9,5 points. In four years the difference has decreased in half.

Table 11. Financial profitability (in percentage).

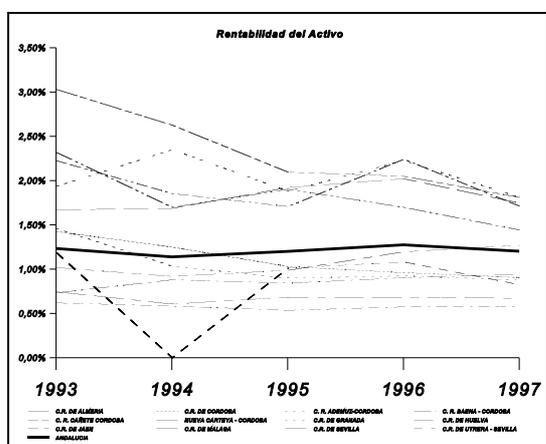
RURAL SAVINGS BANKS OF ANDALUCIA	1993	1994	1995	1996	1997
C.R. DE ALMERIA	16,95	17,55	20,36	20,97	20,17
C.R. DE CORDOBA	25,74	21,67	18,91	16,73	14,83
C.R. "NTRA MADRE DEL SOL" DE ADEMUZ-CORDOBA	35,35	30,30	28,83	23,78	21,86
C.R. "NTRA SRA DE GUADALUPE" DE BAENA - CORDOBA	21,34	14,85	17,63	13,92	12,55
C.R. "NTRA SRA DEL CAMPO" DE CAÑETE DE LAS TORRES - CORDOBA	19,68	14,35	16,17	19,08	16,61
C.R. "NTRA SRA. DEL ROSARIO" DE NUEVA CARTEYA - CORDOBA	24,59	22,53	18,29	17,81	15,60
C.R. DE GRANADA	22,20	16,80	14,76	13,87	13,60
C.R. DE HUELVA	11,92	14,54	13,76	14,43	14,84
C.R. DE JAEN	15,52	15,41	15,35	11,49	13,08
C.R. DE MALAGA	16,69	14,80	16,58	19,88	18,83
C.R. DE SEVILLA	15,00	13,45	13,78	13,94	12,33
C.R. DE UTRERA - SEVILLA	14,74	0	17,50	17,91	12,40
Totales	17,38	16,56	17,59	17,70	17,12

Source: own elaboration based on the annuals of Rural, Popular and Professional Savings Banks in the years 1994, 1995, 1996 and 1997.

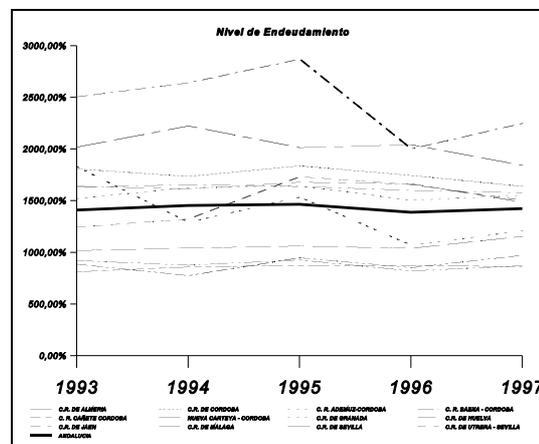


Graphic 1. Evolution of the financial profitability.

As we have manifested previously, we try to determine the factors that determine the financial profitability. We have observed that in a first phase this depends on the profitability of the asset and on the level of indebtedness. We show the behaviors of these ratios in graphics 2 and 3.



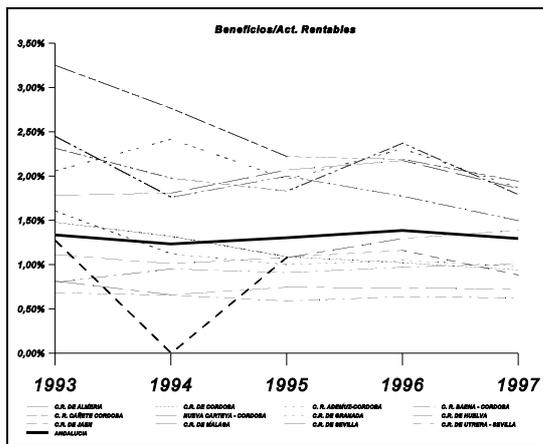
Graphic 2. Evolution of the profitability of the asset.



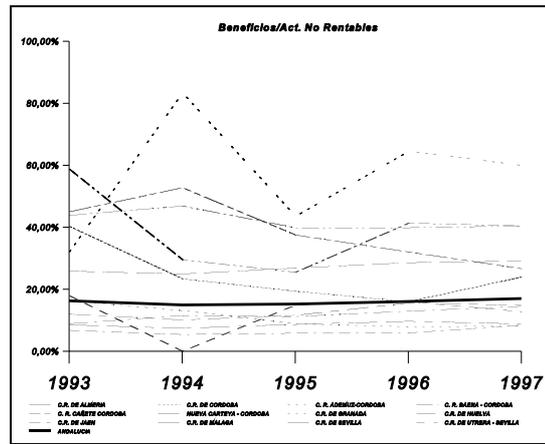
Graphic 3. Evolution of the indebtedness of R.S B..

From the study of these values we can appreciate that at a combined level the stability of the profitability of the asset as well as of the level of indebtedness of Rural Savings Banks of Andalusia is maintained in this period. As for the financial profitability, the differential of the profitability of the asset and of the level of indebtedness decreases.

The leverage effect that takes place for the levels of indebtedness, highlights because the financial profitability is twenty times more than the profitability of the asset. As for an individual level and continuing with the study of the C. R. De Ademuz, which obtained in 1993 the biggest profitability, a great decrease of the financial profitability took place in it coming closer to the levels of its territorial homologous, we can see that the cause of it is the decrease of the indebtedness, because the levels of profitability of the asset, practically do not suffer changes. We show the decomposition of the economic profitability, in the profitability obtained by the profitable assets of those non profitable in graphics 4 and 5.



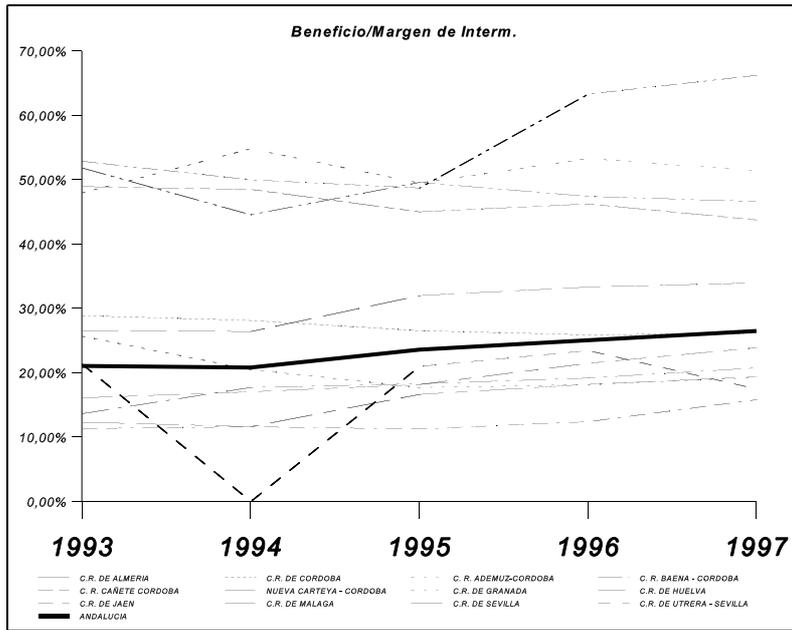
Graphic 4. Evolution of the profitability of the profitable assets.



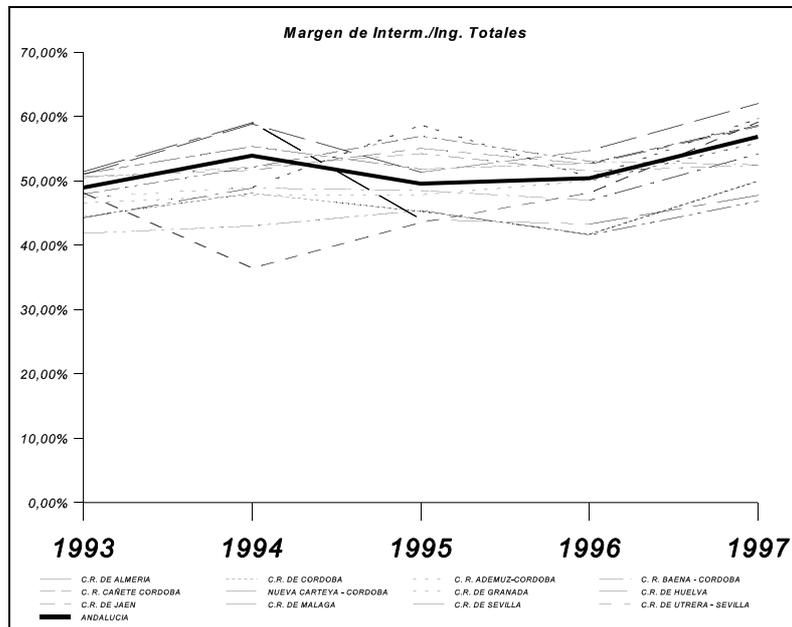
Graphic 5. Evolution of the profitability of the non profitable assets.

From the graphics we can appreciate at a general level and following the tendency marked by the previous ratios the stability for the period that includes the profitability of the profitable assets as well as the non profitable assets. At an individual level we can see that although in the previous ratios the differential shortens for the profitability of the profitable assets, the same does not happen for the profitability of the non profitable assets. The scarce profitability of the profitable assets on the non profitable assets highlights.

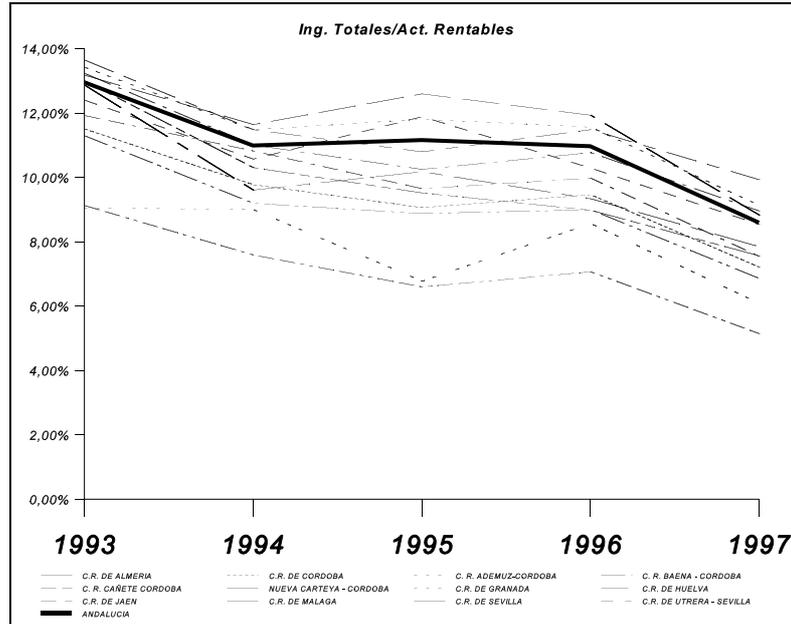
Once analyzed the behavior of the technical profitability, we reflect in graphics 6, 7 and 8, the different factors that influence on this profitability, to know their incidence on the financial profitability. We refer to the effect of the general expenses on the profitability of the company that we measure through the quotient given by the benefit and the mediation margin. To the influence of the gross margin of the company on the revenues, measured by the quotient between the mediation margin and the total revenues of the company. And lastly, to the effect of the use of the profitable investments obtained by the quotient between the total revenues and the profitable assets.



Graphic 6. Evolution of ratio B°/Mediation margin..



Graphic 7. Evolution of ratio mediation margin/Total Income.



Graphic 8. Evolution of ratio Total Income./Profitable Assets.

We observe from graphics 6 to 8 how the first two ratios tend to increase while the third one tends to diminish. The ratio referred to the effect of the general expenses passes to the level of Rural Savings Banks of Andalusia from 21% to 26% in only four years, with this, this factor is contributing in this period to the expansion of the technical profitability and therefore of the financial profitability. The same thing happens to the proportion of the gross benefits obtained to the group of the total revenues of the Rural Savings Banks, because of 48% in the year 93 it goes to a contribution of 56% in the year 97. This evolution, allows us to advance in the success gotten by the Rural Savings Banks of Andalusia in the strategy followed by these in the intent of increasing their profitability. Lastly, it is the third ratio, in charge of reflecting the use of the investments in terms of generation of benefits the one that takes charge of eliminating the rising tendency gotten by the two previous ratios on the technical and financial profitability. This ratio suffers a fall from 13 percent to 8 percent.

5. - CONCLUSIONS.

As we have shown in the introduction of the present work we try to determine which are the factors that can impact on the financial profitability of the Rural Savings Banks of Andalusia. At general level we appreciate that this profitability remains unaffected during the years studied. After the decomposition of the financial profitability and after the observation of their behavior

during the years 93 to 97, we have appreciated a behavior that differs according to the variable or studied factor. The profitability of the asset on the whole as well as differed in profitable assets or non profitable and the level of indebtedness possess a similar behavior to the financial profitability, that is to say constant in time. On the other hand, in the decomposition of the technical profitability or of the profitable assets we observe a different behavior. This way while the contribution of the general expenses and of the margin of the revenues tends to grow, the use of the investments in terms of generation of revenues tends to fall.

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