

CREDIT UNIONS: A PRELIMINARY STUDY



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ABSTRACT

The globalization process promotes continuous transformations in society, requiring communities to have a solid organization to drive economic growth and social strengthening. In this context, this study investigates the relevance of credit unions, analyzing their financial and social impact. Based on an exploratory research carried out in scientific articles, digital sources and a field study with the application of questionnaires, the level of knowledge of the population on the subject and its implications were evaluated. Thus, the article seeks to analyze the role of credit unions in society, highlighting their characteristics, purposes and functioning, as well as the differences in relation to traditional banking institutions. The results indicate the need for greater informative dissemination about credit unions, with the objective of clarifying its advantages and encouraging adherence, contributing to the strengthening of these organizations and their benefits for society as a whole.

Keywords: Credit Cooperative. Cooperativism. Socioeconomic Development. Society.

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INTRODUCTION

Globalization, along with political and economic changes, has generated significant impacts on contemporary societies. In this scenario, the organization and strengthening of institutions become essential. These transformations not only increase competitiveness, but also contribute to the economic and social growth of communities. In the context of credit unions, this process reflects the ability of these organizations to unite their members to achieve common financial goals, offering accessible services and fostering the active participation of members in democratic management. In this way, cooperatives play a crucial role in local development and the search for sustainability.

A credit union can be described as a financial institution formed by the association of people, where the cooperative members are simultaneously owners and users of the organization, participating in its management and using its products and services. Administrative decisions are made in a participatory manner, which favors individual growth and creates a prosperous environment, boosting the development of society as a whole (Central Bank of Brazil, 2024). In cooperativism, wealth circulates within the community, generating jobs and expanding the purchasing capacity of citizens. This dynamic is the main distinction in relation to traditional financial institutions, in which the money often leaves the community, while in cooperatives it returns to local commerce, contributing to the development of the region.

This model of financial institution has expanded over the last few decades, which requires a greater understanding of its benefits, which are often neglected by society. Considering that banks are increasingly present in social daily life, the relevance of explaining the role of credit unions in the socioeconomic context is highlighted, emphasizing their ideals and purposes.

Research on this topic is of great importance for the area of Accounting Sciences, as it broadens the understanding of administrative processes in cooperatives and enables comparisons with traditional banks, facilitating the differentiation between the two entities. For society as a whole, this study is essential to promote financial inclusion and social development, as well as to encourage citizenship and responsibility in this field.

In view of the above, the main objective of this work is to analyze the role of credit unions in society, their functioning and their purposes. Specifically, it seeks to: describe the main characteristics of credit unions; detail the differences between credit unions and

banks; explain the functioning of cooperatives and assess the level of knowledge of the population about these organizations.

The methodology adopted consisted of a bibliographic review based on websites and scientific articles that deal with the investigated theme. In addition, a field study was carried out, through the application of a questionnaire and subsequent data analysis, with the purpose of adding information to the article.

The relevance of this work lies in the growing impact of credit unions in the Brazilian economic and social scenario. These institutions have demonstrated their ability to generate positive effects, especially in regions with less economic development, promoting financial inclusion and stimulating local growth (Moura *et al.*, 2024). However, there are still gaps in the literature on how these impacts manifest in different regional contexts and how financial outcomes correlate with social advances.

Throughout the research, the concepts and objectives of credit unions will be widely discussed, aiming to clarify their influences on socioeconomic development. First, the history of cooperativism, its fundamental principles and its presence in Brazil will be addressed. Next, the main characteristics of credit unions, the different types and their distinctions from banks will be detailed. The importance of joining these institutions and their social function will also be highlighted. And, finally, the work will be concluded with the analysis of the data collected during the field study.

COOPERATIVISM

Credit cooperativism has its origins in the nineteenth century, based on the principles of mutualism and solidarity. In Brazil, credit unions have grown significantly, standing out as a viable alternative to traditional banking institutions (Costa *et al.*, 2023). Recent studies show that these organizations contribute substantially to financial inclusion, especially in rural areas and in underserved communities (Fernandes & Oliveira, 2024).

The relevance of credit for economic development is widely discussed in the literature. Fundamental works, such as those of Gurley and Shaw (1955), Goldsmith (1959) and McKinnon (1973), highlight the relationship between financial variables and economic growth. From a contemporary perspective, the theories of Schumpeter (1911) and Keynes (1936) are frequently revisited, emphasizing the role of financial institutions in fostering innovation and consumption. Stallings (2006) points out that financial development is a

crucial factor for economic growth, emphasizing the predominance of a traditional banking system in Brazil, which reinforces the importance of credit unions as alternatives.

The first historical record of cooperativism dates back to 1844, in the city of Rochdale, Manchester, England, with the creation of the "Rochdale Equitable Pioneers Society Limited", formed by 28 workers, predominantly weavers. The foundation of this entity was a collective response to the precarious working conditions of the time, such as 15-hour days, low wages and the exploitation of child labor. In this scenario of growing unemployment and concentration of wealth in the hands of a few, the majority of the population lived in extreme poverty and misery (Goes, 2011).

From 1800 onwards, in Europe, especially in Germany, an economic crisis emerged as a result of multiple factors, such as the advance of the Industrial Revolution, the beginning of free trade and the losses resulting from unsuccessful harvests. Faced with such difficulties, artisans and workers realized the need to organize themselves as a form of protection against the adversities of the market (Menezes, 2018).

The emergence of the first credit unions occurred in Germany in the nineteenth century, with the Raiffeisen and Schulze-Delitzsch models, which differed in their approaches, focused on rural and urban areas, respectively. Jacques and Gonçalves (2016) state that the adoption of these models in Brazil was directly influenced by European experiences.

In Germany, Raiffeisen's cooperatives, focused on rural areas, have adopted unlimited and joint liability of members, with a single vote per member and a restricted area of activity. On the other hand, Schulze-Delitzsch's popular banks reconciled the interests of capitalists and workers, distributing surpluses proportionally to capital and offering a broader area of activity (Jacques & Gonçalves, 2016).

The first Brazilian credit cooperative, following the Raiffeisen model, was founded in 1902, while the Luzzatti model began operating in 1906, both regulated by Decree No. 1,637 of 1907. This regulation was crucial for the creation of a regulatory environment and the expansion of credit unions in Brazil, resulting in the foundation of the first central credit cooperative in 1912 and the first federation of credit unions in 1925. As Pinheiro (2008) points out, cooperatives were institutionalized as instruments of financial inclusion, offering credit and financial services in a mutualistic way and at reduced costs.

European models have exerted a great influence on the development of credit unions in other countries, including Brazil, where cooperatives have adapted to local realities, promoting economic growth and social inclusion (Silva & Almeida, 2023).

Faced with this reality, in order to mitigate social and economic inequalities, the pioneers chose to organize themselves into cooperatives, promoting financial and social justice. This movement generated the ethical principles that are still the basis of genuine cooperativism. Rochdale's great achievement was the elaboration of a social statute that established egalitarian and democratic norms for the constitution, maintenance and expansion of workers' cooperatives (Goes, 2011).

Credit unions stand out as an alternative to the traditional banking system, offering affordable financial solutions and promoting the socioeconomic development of communities. These financial institutions are based on principles of solidarity, self-management, and democratic participation, differentiating themselves from traditional banks by prioritizing the interests of their members (Silva & Almeida, 2023). In Brazil, the credit union sector has experienced significant growth, both in terms of membership and financial and social outcomes (Pereira *et al.*, 2023).

Silva and Almeida (2023) highlight the essential role of credit unions in strengthening local economies by offering competitive interest rates, easy access to credit, and financial education programs. On the other hand, Moura *et al.* (2024) point out that, in addition to financial challenges, these institutions face difficulties in governance and member retention.

Credit unions have been consolidated as an important alternative to the traditional banking model, especially for populations with restricted access to conventional financial services. Its relevance and evolution in Brazil and in the world have been widely documented by several authors, such as Jacques and Gonçalves (2016) and other more recent studies.

COOPERATIVE PRINCIPLES

The International Cooperative Alliance (ICA), created in the Rochdale period, is recognized as the organization, worldwide, responsible for the discussion of the cooperative movement and cooperative principles. It took two international congresses promoted by the ICA, in 1937 (Paris) and 1966 (Vienna), to analyze and debate the norms

and structure established by the original organization, which were universally adopted as cooperative principles (Goes, 2011).

In 1995, representatives of cooperatives from all countries, gathered in Manchester during the Centennial Conference of the *International Co-operative Alliance*, updated and approved these principles, which then became the guiding essence of the global cooperative movement (Goes, 2011). In Table 1, it is possible to analyze the main changes made in the cooperative principles since the emergence of the Rochdale statute. Today, the resolutions of 1995 continue to be adopted by the institutions with this proposal.

TABLE 1 – Evolution of Cooperative Principles according to the ACI.

Princípios Cooperativistas			
Estatuto de 1844 (Rochdale)	Congressos da Aliança Cooperativa Internacional		
	1937 (Paris) ⁹	1966 (Viena)	1995 (Manchester)
1. Adesão Livre 2. Gestão Democrática 3. Retorno Pro Rata das Operações 4. Juro Limitado ao Capital investido 5. Vendas a Dinheiro 6. Educação dos Membros 7. Cooperativização Global	a) Princípios Essenciais de Fidelidade aos Pioneiros 1. Adesão aberta 2. Controle ou Gestão Democrática 3. Retorno Pro-rata das Operações 4. Juros Limitados ao Capital b) Métodos Essenciais de Ação e Organização 5. Compras e Vendas à Vista 6. Promoção da Educação 7. Neutralidade Política e Religiosa.	1. Adesão Livre (inclusive neutralidade política, religiosa, racial e social) 2. Gestão Democrática 3. Distribuição das Sobras: a) ao desenvolvimento da cooperativa; b) aos serviços comuns; c) aos associados pro-rata das operações 4. Taxa Limitada de Juros ao Capital Social 5. Constituição de um fundo para a educação dos associados e do público em geral 6. Ativa cooperação entre as cooperativas em âmbito local, nacional e internacional	1. Adesão Voluntária e Livre 2. Gestão Democrática 3. Participação Econômica dos Sócios 4. Autonomia e Independência 5. Educação, Formação e Informação 6. Intercoperação 7. Preocupação com a Comunidade

Source: Bertuol; Tired; Souza (2013)

According to Chart 1, it can be stated that the modifications made did not change the cooperative ideology, but, on the contrary, reinforce its matrices. The basic principles set out in the Rochdale statute, which differentiate the cooperative organization from other business societies, have not changed in the sense of bringing cooperatives closer to mercantile societies, reinforcing this difference (Cançado, 2004).

Based on these considerations, it is important to understand the definitions of each principle provided for by the Manchester resolution, namely: voluntary and free adherence; democratic management; economic participation of members; autonomy and independence; education, training and information; intercooperation; and concern for the community (Cançado, 2004).

Voluntary and free membership

The principle of Voluntary and Free Membership refers to the free will of people regarding their participation in the cooperative; no one can be forced to be part of it and there is nothing to prevent a member from leaving when he or she wants to. This proposal is related to the freedom of each one. Cooperatives must be ready to receive all people able to use their services and willing to accept their responsibilities as members, without prejudice of race, sex, color, social class, religious or political option, as long as they are in accordance with the social objective of the organization (Cançado, 2004).

Democratic management

This principle deals with the participation and management of cooperative organizations. Members are considered owners and must actively participate, meeting in an assembly, where policies, objectives and work goals are voted on and discussed, in order to decide the fate of the credit union. In addition, members also elect representatives to the company's management; each person has the right to one vote regardless of the number of paid-in shares (Cançado, 2004).

Economic participation of members

This principle refers to the idea that each member of the cooperative, when he becomes a member, is not just a customer, but the owner of a part of it; he becomes a partner in the business. The objective of this proposal is to value work and man, so that members receive the precise results of their investment (Cançado, 2004).

Autonomy and independence

According to Sicoob Cocred (2023), in this principle, the objective is self-management, decision-making, and the establishment of one's own goals. Cooperatives are free to enter into partnerships and agreements, as long as they do not affect or remove the control of members. Within each, members have the right to decide on internal affairs, without excessive government interference – except that which derives from broader political contexts and which also interferes with other forms of economic organization in an equal manner.

This principle guarantees the values of democracy, transparency and honesty. The autonomy and independence of cooperatives are reinforced by the Brazilian Constitution,

enacted in 1988, in its Article 5, Inc. XVIII: "the creation of associations and, in accordance with the law, that of cooperatives do not depend on authorization, and state interference in their operation is prohibited" (Brasil, 1988 *apud* Louly, 2016).

Education, training and information

In this principle, Education Committees have as their primary objective to provide cooperative education. The main characteristics of the Committee are: to share the principles of cooperativism among members; expose their rights and duties; actively participate in the organization of General Meetings; discuss the agenda in advance; promote cooperativism with other institutions, authorities and the general public; and to coordinate the use of resources from the Technical, Educational and Social Assistance Fund (Cançado, 2004).

Intercooperation

This principle was already present in the Rochdale statute, named Global Cooperativization, influenced by the ideas of Robert Owen, a great inspirer of cooperative ideas. The creation of the ACI also highlights the importance of this principle at the heart of cooperatives, since collaboration between them drives growth potential and solidity in cooperative enterprises. Through joint work between local, regional, national and international structures, cooperatives serve their members more effectively and give more strength to the cooperative movement (Bertuol; Tired; Souza, 2013).

Concern for the community

At the 1995 ACI meeting, concern for the community began to be formally incorporated into cooperative principles. However, this issue has always been present in the actions and planning of cooperatives. Aspects such as democratic management and the education of members show the importance given to the community and its development, since they stimulate the formation of citizens. It is important to emphasize that the commitment to the community requires cooperatives to support projects and solutions that are sustainable, both from an economic point of view (for the perpetuity of the enterprise itself) and from a social and environmental point of view (Bertuol; Tired; Souza, 2013).

CREDIT COOPERATIVISM IN BRAZIL

According to Etgeto *et. al* (2005), in mid-1841, in Brazil, the cooperativist movement began to be known, due to the arrival of the French immigrant Benoit Julis de Mure, who tried to found the production and consumption colony in the locality of Palmital, municipality of São Francisco do Sul, today Garuva. A second event dates from 1847, through the French physician Jean Maurice Faivre, responsible for the foundation of the Santa Tereza Cristina colony in the Sertão of Paraná, which was brief, but very important for the growth of the cooperativist ideal in Brazil. Even though it was not a cooperative in fact, its organization was based on cooperative ideas.

In 1891, the first cooperative in Brazil was founded in the city of Limeira, in São Paulo, and in 1895, in the State of Pernambuco, the Caramagibe Consumer Cooperative was born. In 1902, settlers of German origin, encouraged by the Jesuit Theodor Ambstadt, founded a rural credit cooperative in Vila Império, currently Nova Petrópolis/RS. It is the oldest cooperative in activity in the country. Years later, in 1908, Italian immigrants living in Urussanga in the State of Santa Catarina, founded Cooperprima, Agricultural Cooperative of Rio Maior (Etgeto *et. al*, 2005).

Today, credit unions are part of the National Financial System (SFN), regulated by the National Monetary Council (CMN) and supervised by BACEN, in addition to the protection of the Credit Cooperativism Guarantee Fund (FGCoop). Such resources provide guarantees for members and security for the economy, thus contributing to cooperative expansion also in small cities, enabling low-income financial inclusion, and leading to socioeconomic development (PAIVA, 2017).

Credit unions in Brazil have grown significantly in recent decades, especially in the recent period. According to Agência Brasil (2023), in 2022, the sector was the fastest growing segment within the National Financial System, with an increase of 12.5% in the number of service units and 14.5% in the number of cooperative members, reaching 15.6 million members. These data reflect the sector's ability to serve micro and small companies, an audience often neglected by the conventional banking system.

Also according to Agência Brasil (2023), the 22.4% growth in the active credit portfolio of cooperatives demonstrates their potential to expand in a highly competitive market. The Central Bank (2020) points out that, between 2016 and 2020, the loan portfolio accumulated an increase of 134.6%, representing 5.1% of the total of the National Financial System, showing an opportunity to continue growing.

In the most recent scenario, according to Freitas (2024), credit unions are expanding. In Brazil, there are already 799 cooperatives and 15.6 million cooperative

members, served in more than 9 thousand stations, forming the largest service network in the country. In 332 municipalities, these organizations are the only option for face-to-face financial services.

DIFFERENCES BETWEEN CREDIT UNIONS AND BANKS

Credit unions differ substantially from traditional banks, particularly in their motivation and way of operating. While banks aim to maximize profits, cooperatives have an approach driven by mutualism and collective interest (Smith, 1986). Banks and credit unions have similarities, such as credit services, financing, savings, consortium, pension, insurance, among many others. However, they stand out mainly in differences (BS9, 2023).

While, in credit unions, management aims at the community good, banks prioritize, above all, profit. Thus, in the latter, decisions are made by the partners who have more shares, who stipulate the amounts and fees passed on to customers, who have no power of choice. Because cooperatives do not centralize profit, the rates are fairer. In addition, unlike banks that do not have an interest in community investment where they operate, cooperative institutions seek to encourage and invest in small entrepreneurs and members of the community in which they operate, so that the money remains in the region and benefits everyone (SICREDI, 2021).

In this way, credit unions promote the financial inclusion of disadvantaged communities and strengthen local economies, especially in rural areas and small towns.

However, due to the granting of credit and other financial activities, cooperatives face risks similar to those of multiple banks. As Pinheiro (2008) emphasizes, these risks include default, liquidity management, and macroeconomic vulnerabilities. Therefore, the adoption of sound financial management practices and risk mitigation strategies is indispensable.

MAIN CHARACTERISTICS OF THE CREDIT UNION

In accordance with the Brazilian Micro and Small Business Support Service (Sebrae, 2022), the credit union is an association of people who seek, through mutual aid and non-profit, to improve the management of their financial resources. These institutions are so different from banks that, in their operations and services, the provisions of the Consumer Protection Code do not apply, since the user adheres to the statute of society and it makes no sense to make complaints about their own conduct.

According to Sebrae (2022), the main characteristics of a credit union are: partnerships of persons and not of capital, in which the decision-making power is in the effective participation of the partners; financial intermediation of its partners' resources and provision of financial services; active and passive operations are restricted to the membership, which is made up of individuals and legal entities; results (surpluses) are distributed among the partners, proportionally to the volume of operations carried out during the year; statutory relations between members and credit unions are not to be confused with those of supplier or consumer, as they are characterized as cooperative acts, with their own treatment in cooperative legislation; there is no incidence of taxation (Income Tax and Social Contribution) for the members, since it operates on the individual of the member; and its balance sheets are subject to specialized external auditing, and the current accounts of members have an automatic guarantee of up to R\$ 250 thousand, in case the institution has liquidity problems.

TYPES OF CREDIT UNIONS

Credit unions are organized into different structural levels, each level with its own functions and responsibilities to enter the financial market. According to Empiricus (2024) and BCB (2024), the main types of credit unions are:

- a) Singular cooperatives: the first level, more basic and fundamental in credit cooperatives, made up of a minimum number of twenty people. They are autonomous entities, formed by a group of associated people, with the purpose of meeting their common financial needs. Members contribute capital and use services. Decisions are made democratically and benefits are distributed among them in proportion to their transactions with the cooperative. In singular cooperatives, there are other subtypes, such as mutual credit, rural credit, and free admission, and can also be classified as full, classical, capital, and loans (EMPIRICUS, 2024; BCB, 2024);
- b) Cooperative Centers or Federations: These are second-level cooperatives, made up of at least three affiliated individuals. These entities offer support to their member cooperatives, such as administrative, financial, training and technical assistance services. They can represent first-level cooperatives before the government and other entities, facilitating interaction and collaboration among member cooperatives. This type of cooperative can provide access to broader financial resources or

advanced technologies that, individually, individual cooperatives would not be able to (EMPIRICUS, 2024; BCB, 2024).

- c) Confederations of central cooperatives: These are the third level, the highest in the structure of credit unions. This level is composed of several centrals or federations of cooperatives, with the purpose of coordinating and integrating activities, both on a national and international scale. The confederations strive to protect the interests of the credit union sector by promoting favorable policies, facilitating compliance with regulations, and providing a platform to share knowledge (EMPIRICUS, 2024; BCB, 2024).

In view of the possibilities of association, the most interesting type of cooperative to participate in depends on the member's line of business (current or future). For example, if a member is a smallholder farmer, they may see more benefits from joining a cooperative focused on serving farmers. On the other hand, if you are an entrepreneur, in a large city, a cooperative that offers services aimed at urban companies may be more beneficial. It is important for members to research and understand the different cooperative options available and choose the one that best meets their needs and goals (EMPIRICUS, 2024; BCB, 2024).

THE ADVANTAGES OF JOINING A CREDIT UNION

While other financial institutions give priority to capital, in cooperatives, the core is in the person. Each member, even the one who has the minimum required share quotas, has the same rights as the others. The initial capital is often merely symbolic, allowing the member to make additional contributions over time, as they also increase their business relationship with the cooperative (SEBRAE, 2022).

The surpluses calculated in the Income Statement, at the end of the year – which always occurs on December 31 – are apportioned to the members, proportionally to their participation in the transactions. As it is non-profit, the annual results (leftovers) of the cooperative are exempt from taxes, which reverts to benefits for members, reflecting in the reduction of interest rates and fees. However, if the member has a financial reserve available, he can apply it in the cooperative in the form of a term deposit, with yields generally higher than those offered by the financial market (SEBRAE, 2022).

The member is served in the cooperative as one of its owners, not as a simple customer. And, most importantly, he does business in an institution that will return his capital, through the apportionment of the surpluses, interest and fees paid in excess. In this scenario, the part related to the surpluses can be redirected to each member through money or the acquisition of more shares, depending on the decision of the meeting. In case of losses, they can be supplied with future gains. Also, if the cooperative member wants to withdraw from the company, he has the right to receive the value of his shares (SEBRAE, 2022)

From this perspective, being part of a credit union is a way to contribute to the local community, participate in management, and enjoy financial services in a safe and cooperative way (SICREDI, 2021).

THE ROLE OF CREDIT UNIONS IN SOCIETY

Based on what has been discussed, credit cooperativism is an instrument of organization and social transformation, which promotes income distribution, mutual aid and solidarity in the search for collective solutions. According to Freitas (2024), credit unions play a fundamental role in society, as they drive economic development, contribute to the exercise of citizenship, and offer quality financial services to their members or cooperative members. They democratize access to credit, allowing small and micro entrepreneurs to have resources for their businesses. In addition, they promote financial education and the inclusion of people in the economy.

Credit unions have a strong presence in several locations, which favors a close relationship with the cooperative members. According to BCB (2024), these organizations are part of the movement of the local economy, generating jobs and increasing the purchasing power of citizens. In this context, they also encourage the circulation of money within the community – since it is injected back into local businesses – and favor the development of the region.

METHODS

To carry out this study, an exploratory research was conducted, through the reading and analysis of scientific articles and *websites* that address the theme in question. In addition, a field study with a form was developed, whose purpose was to measure the population's knowledge about credit cooperativism. The questionnaire was built on the

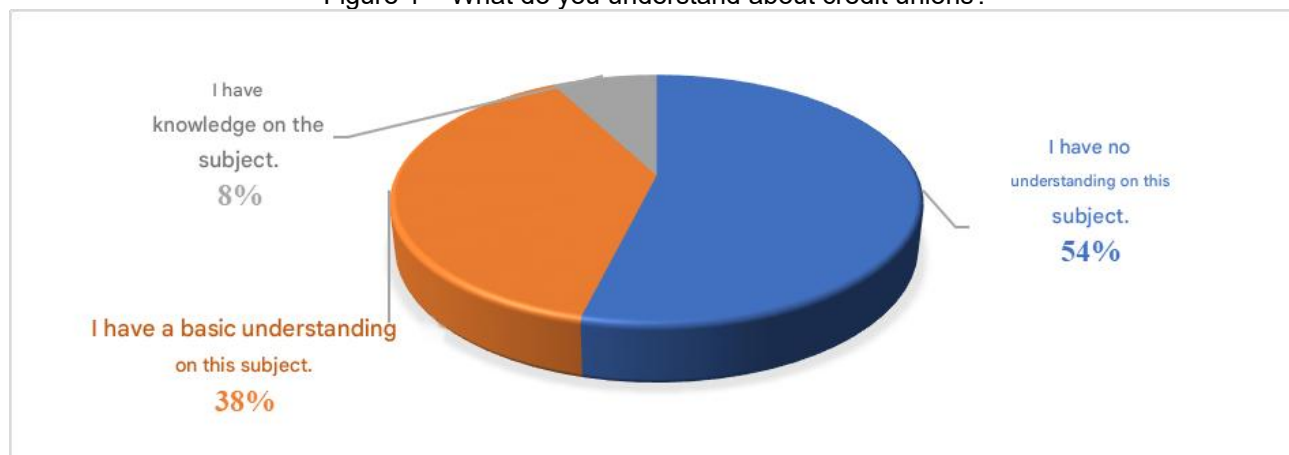
Forms App website, consisting of eight questions. Its application took place through the sharing of a *link* on the *WhatsApp application*, in private conversations and in academic groups in the Zona da Mata Mineira region.

In terms of sampling, the questionnaire was shared, on average, with 100 people, between the months of March and April 2024. 26 responses were registered, dividing the public equally between two age groups: 50% between 15 and 29 years old and 50% over 30 years old. In addition, the data reveal that 74% of the participants are women.

RESULTS AND DISCUSSION

In this section, it is possible to highlight the main results related to the research developed. The representation of the data is established in Statistical Figures of sectors, promoting a better visual analysis. In the foreground, in Figure 1, it is possible to observe the general understanding of the public consulted about credit cooperativism.

Figure 1 – What do you understand about credit unions?

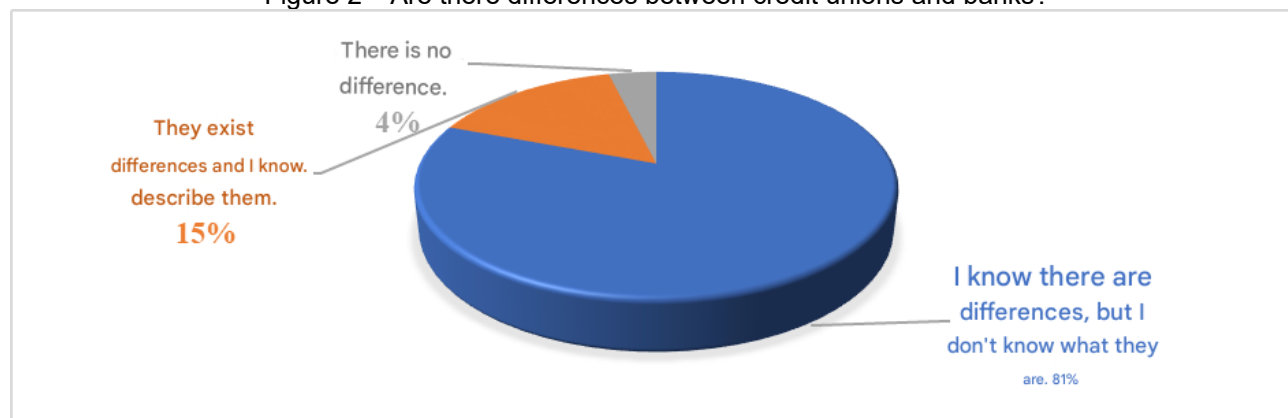


Source: Authorship (2024)

Figure 1 shows that only 8% of the participants have good knowledge on the subject, a significant contrast with 54% of those who have no knowledge. On the other hand, 38% of the participants have a basic knowledge of cooperativism. In view of these data, it is possible to understand the need for interventions directed to the community, with regard to the dissemination of information about credit unions, as will be proposed at the end of this research. The implementation of an interventional project would be in line with the argument proposed by Andrade and Junqueira (2021) who highlight the crucial role of credit unions in the social and financial development of a society, boosting its growth.

Next, according to the analysis in Figure 2, it is observed that most participants have heard of and understand that there are differences between credit unions and banks, but are not aware of such distinctions.

Figure 2 – Are there differences between credit unions and banks?

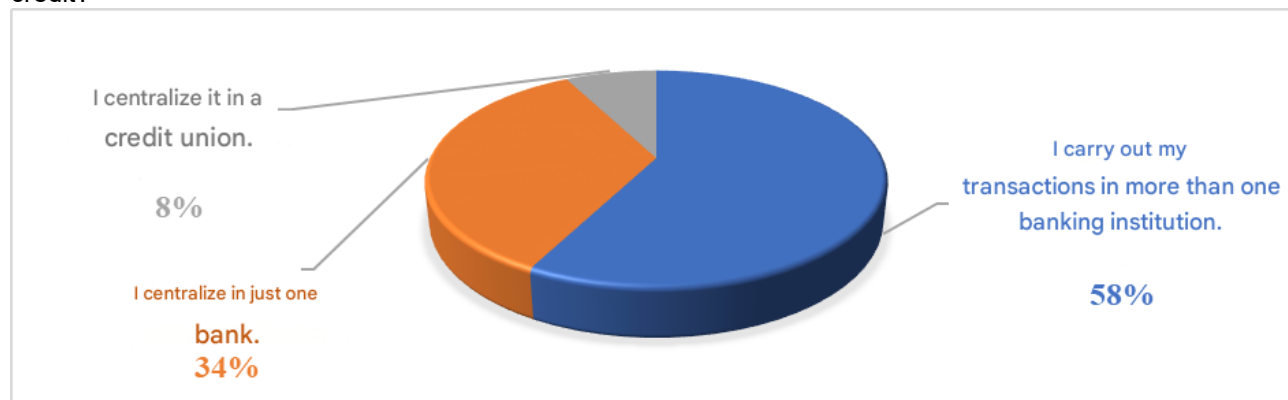


Source: Authorship (2024)

In this context, the implementation of the intervention project would favor society's understanding of the main fundamentals of cooperatives, such as the non-profit operation and the role of members (customers) in defining the destination of their cash surpluses, in contrast to commercial banks, which centralize the profitable dimension. In addition, it would be possible to highlight that cooperatives use the strength of the association to distribute advantageous interest rates, under more favorable conditions than those offered by banks. The origin and control of these organizations by members also determine a commitment to local development, which is not the case with commercial banks (SEBRAE, 2022).

With the result of Figure 3, it is possible to analyze society's trust in credit unions.

Figure 3 - Today, which institution do you trust to invest your savings, carry out your movements and use credit?

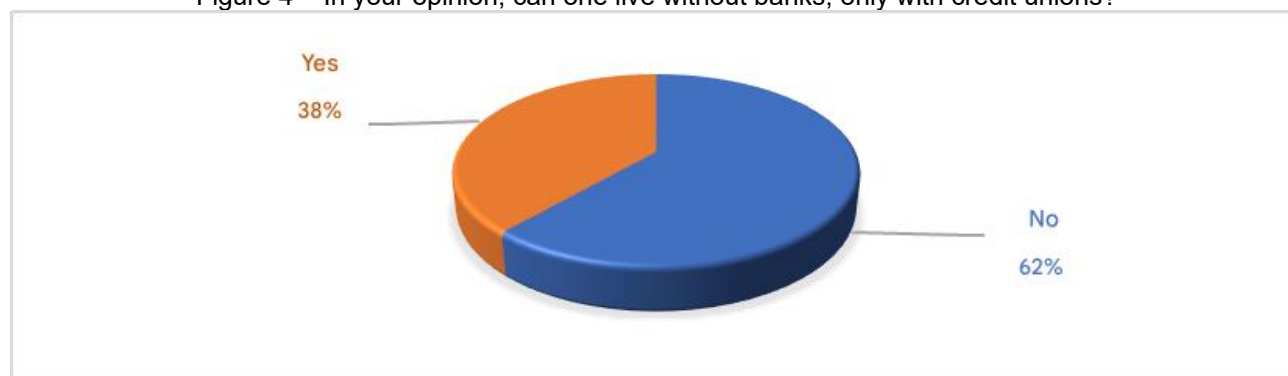


Source: Authorship (2024)

According to these data, due to lack of knowledge, most participants do not have confidence in carrying out their financial transactions in credit unions. Thus, they are subject to the loss of opportunities associated with receiving higher returns on investments and lower interest rates.

In order to promote a better understanding of the current context, Figure 4 presents the evaluation of the level of knowledge of the participants about the possibility of using only the services of cooperatives, since many of these are equivalent to those offered by the banks.

Figure 4 – In your opinion, can one live without banks, only with credit unions?



Source: Authorship (2024)

According to Figure 4, 38% of the participants believe that it would be possible to make financial transactions only in credit unions, without using the services of commercial banks, while more than most do not believe in this possibility.

As explained by the Financial Cooperativism Portal (2025),⁸ credit unions basically offer the same services as banks, namely: checking account, credit and debit cards, savings and other forms of applications/investments, lines of credit, consortia, etc. In addition, cooperatives also provide the Credit Cooperativism Guarantee Fund (FGCoop), ensuring credits of up to R\$ 250 thousand per CPF and CNPJ, in the event of intervention or extrajudicial liquidation of cooperatives. In view of this, it is important that individuals know how to point out the differences and similarities between such entities, as well as the advantages and disadvantages of each one. Thus, it is possible to establish a parameter that considers personal needs and preferences.

FINAL CONSIDERATIONS

In the course of the research, historical aspects of cooperativism were explored, including its development in Brazil, such as the establishment of the principles and ideals that guide cooperatives to operate in a fair and democratic manner, promoting sustainable development and equality. In addition, the types of credit unions, their way of operating and the main differences in relation to commercial banks were explored.

The literature analyzed shows that credit unions have had an accelerated growth in recent decades. This growth is largely due to the fact that the cooperative member is the owner and not the customer of the cooperative; the lower interest rates offered on loans; and the lower cost of financial operations compared to traditional banks. In addition, credit unions also offer the highest rates of return on deposits applied when compared to the banking and financial system. Administrative decisions are made in a participatory manner by the members, which creates a favorable environment for individual growth and contributes to the development of society as a whole.

Another relevant point in the context of credit unions is the strategic management of people and resources. As Irigaray and Stocker (2023) point out, strategic management is essential to align organizational actions with the sector's objectives, promoting a collaborative and data-driven work environment. The adoption of people management practices, such as recruitment and selection, training and development, and performance evaluation, is essential for the success of cooperatives (Demoe & Rozzett, 2012).

⁸<https://cooperativismodecredito.coop.br/o-que-e-uma-cooperativa-de-credito-2/por-que-escolher-uma-cooperativa-financeira-ao-inves-de-um-banco/>

The ability of cooperatives to offer adequate working conditions and attractive remuneration and reward systems, as described by Arellano (2017), also contributes to their sustainability and talent retention. In addition, the implementation of policies aimed at innovation and digitalization of financial services, as observed by Madruga (2018), can be a competitive advantage for cooperatives in an increasingly digital market.

Although these considerations clarify the relevance and functions of credit unions in society, it was possible to verify, through the sampling of the field research, that the population's knowledge of these organizations is still incipient. In this way, the need for an intervention project on the subject can be considered, which implements the necessary information about the benefits of investing in and trusting a credit union, in order to add more members to local institutions. The project can be directed by the credit unions themselves, in the form of lectures and marketing disclosures about cooperativism and its advantages. The population's awareness of the subject, in addition to benefiting society, by addressing important aspects for its development, is also a strategic opportunity for cooperatives, strengthening their performance in the market.

This article represents a significant starting point for understanding credit unions, through a financial and social analysis. It should be noted that it is not intended to exhaust the discussion on the subject, nor to generalize the results obtained beyond the scope of the research carried out. As new questions arise and the field evolves, there are opportunities for future researchers to expand and deepen this perspective.

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