



**HAL**  
open science

# Advocacy for a history of thought and organizations in Social Banking in France (SSE)

Pascal Glemain

► **To cite this version:**

Pascal Glemain. Advocacy for a history of thought and organizations in Social Banking in France (SSE). Working paper CEB, 2017, Décembre (17/032), pp.1-21. hal-01892260

**HAL Id: hal-01892260**

**<https://univ-rennes2.hal.science/hal-01892260>**

Submitted on 10 Oct 2018

**HAL** is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L'archive ouverte pluridisciplinaire **HAL**, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d'enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.

# CEB Working Paper

**Centre Emile Bernheim**  
Research Institute in Management Sciences

 **Solvay Brussels School**  
Economics & Management

## **Advocacy for a history of thought and organizations in Social Banking in France (SSE).**

**Pascal Glémain**

Direct heir of the Italian Mount of piety, the “Credit Municipal” or French pawnshop model was born in Nantes in 1813, a metropole which are located in the west part of France. At this period of time, it was public organization of credit with a social mission: to help people who are in financial difficulty (excluded from access to banking currency). In 1955, the “Credit Municipal” became establishment of Public Welfare, with legal personality and financial autonomy under the governance of the City of Nantes. Credit Institution like “cooperative banks” but with a general purpose since 1984, the “Credit Municipal” is located today in the social and solidarity economy (SSE). With this research paper, we want to demonstrate the historical place of the French pawnshops in the microcredit devises landscape. Indeed, since “social banking” is not yet used as a category in official French banking system, we lack an authoritative definition because, we seem to be without social banking model through the French banking system history. But, we try to show that it’s not the case. Indeed, French pawnshops, from Middle-Age to nowadays, have always experimented “social banking devises” in order to straight against usury practices and banking exclusion. Since the beginning of the 19th Century, the pawnshops have been an important element of the French model of social microcredit both through their traditional “pawn loans” system and through their “stability loan” devise.

**Keywords:** France, Pawnshop, social banking, social microcredit, pawn loans, stability loan devise, beneficiary, social movements, capitalism, solidarism, social enterprise, banking exclusion.

**JEL Codes:** G21, B26

CEB Working Paper N° 17/032  
December 2017

***Advocacy for a history of thought and organizations in Social Banking in France (SSE).***

Dr. Pascal Glémain, (Ph.D)

Assistant-Professor, Post-Doctorate graduate in Management and in Social & Solidarity Economy (French HDR in Management Sciences, and HDR in Social & Solidarity Economy),  
**Associate Professor CERMi and CEB (Belgium),**

University Rennes 2. Faculty of Social Sciences. LiRIS EA 7481.

Place du Recteur Henri Le Moal. CS24307. 35043 Rennes Cedex -France

[pascal.glemain@univ-rennes2.fr](mailto:pascal.glemain@univ-rennes2.fr)

+33(0)299 141 814 (office)

+33(0)636 131 794 (cellular phone)

+33(0)299 141 785 (Fax)

***Advocacy for a history of thought and organizations in Social Banking in France (SSE).***

**Abstract:**

Direct heir of the Italian Mount of piety, the “Credit Municipal” or French pawnshop model was born in Nantes in 1813, a metropole which are located in the west part of France. At this period of time, it was public organization of credit with a social mission: to help people who are in financial difficulty (excluded from access to banking currency). In 1955, the “Credit Municipal” became establishment of Public Welfare, with legal personality and financial autonomy under the governance of the City of Nantes. Credit Institution like “cooperative banks” but with a general purpose since 1984, the “Credit Municipal” is located today in the social and solidarity economy (SSE). With this research paper, we want to demonstrate the historical place of the French pawnshops in the microcredit devises landscape. Indeed, since “social banking” is not yet used as a category in official French banking system, we lack an authoritative definition because, we seem to be without social banking model through the French banking system history. But, we try to show that it’s not the case. Indeed, French pawnshops, from Middle-Age to nowadays, have always experimented “social banking devises” in order to straight against usury practices and banking exclusion. Since the beginning of the 19<sup>th</sup> Century, the pawnshops have been an important element of the French model of social microcredit both through their traditional “pawn loans” system and through their “stability loan” devise.

**Key Words:** France, Pawnshop, social banking, social microcredit, pawn loans, stability loan devise, beneficiary, social movements, capitalism, solidarism, social enterprise, banking exclusion.

**JEL :** G21, B26.

**1. Introduction.** The History of the organizations of Social and Solidarity Economy (SSE) is rich of a high interest and a high quality research papers in France. Among these, we find the writings of Toucas-Truyen (1998, 2001), Toucas-Truyen and Dreyfus (2005), Michel Dreyfus (2013) and Gautier (2012). But books which are relating to the History of the facts and thought in Social Banking and Finance are still too scarce, in our mind. This "historic low" is all the more surprising that we find in the interwar period of time a lot of publications often from teaching supports and aimed at educating for social economy but, finally, with a little interested about the Bank-oriented "social mission" and "general purpose" even if we can found some books about solidarity with the members of local cooperative banks by the end of the 19th century. Thus, could we say that this situation comes from a lack of the History of banking organizations and system, in particular in the field of social and solidarity economy (SSE)?

There was much debate on the cooperative principles or on the idea of solidarity, but by the 1920s, the social economy was already *"the science which seeks general laws of production, distribution, circulation and consumption of goods, in their dealings with the social order. We say general laws. The social economy is distinguished in this a) technology, b) the applied economics which States the general laws adapted to this or that area: agriculture, trade and industry; (c) of the economic policy, which uses the knowledge of the general laws to the best possible advantage of a given situation"*(Fallon 1924, p.3). This approach has been the subject of several controversies with Charles Gide, among others, and makes us see that the understanding of the social and solidarity economy contemporary to evolve both in facts than in thought. Let us not forget that we owe to Henri Desroches, in 1974, the semantic evolution in the social economy fieldwork from the "organization" towards the "(social) enterprise". The social economy of the 1970s has structured itself in France in CLAMCLA, and then was institutionalized with the creation of the first regional chambers of social economy brought by the will of Michel Rocard. The solidarity economy emerged, it, in the 1980s and can be seen as the inheritor of the Associationist movement of the mid-1840s. Gathered within the social and solidarity economy, it remains not only understand and know its origins both factual and thought, seems necessary to the emergence of new economies: crowdfunding or circular, or sharing that sometimes like it, and often far away from it. But, could we integrate solidarity finance organizations in the House of Solidarity Economy, instead of Social Economy with its legal status (association, cooperative, and mutual organizations)?

In order to bring answers to this question, we will proceed in two steps. After having discuss about the fundamental historic organizations of SSE in France, we look to the institutional changes of banks which have tried to extend their social purpose in a public model: the French pawnshops whose name is "Crédit Municipal". Through their history and those of their beneficiaries, we demonstrate why only public schemes of microcredit and social assistance are likely to persist over time in France.

**2. Social Economy and Capitalism: the historical opportunities for another model of social and economic development from social enterprises in France.**

**21- From Social Movements and Emancipating Think Tank against Capitalism...**

When we try to understand the historical characteristics of social and solidarity enterprises in France, we are in face with a current idea such as: they are both alternatives to capitalistic organizations and to the welfare state in crisis. Indeed, social and solidarity organizations are supplying social solidarity instead of the welfare state. At the beginning of their history, the French social organizations were coming from informal solidarity-based initiatives (small village) like several extensions from domestic economy (fruitières), from small local enterprises (corporations or guilds, and mutual help societies), and from religious organizations (safe-help organizations, almshouses) (tab.1).

*Tableau 1-*

<b>Nature of organizations</b>	<b>Obedience</b>	<b>Period of Time</b>	<b>Type of organizations</b>
Guilds	religious	Middle-Age	Corporations of sellers, under the patronage of a Sant, adhesion through subscription and oath, convivial tool : feasts
Brother Hood and Congregations	Religious under the responsibility of the Church	Until the 12th Century	Corporations of workers, self-help and solidarity towards poor people (christian charity) ; « œuvres sociales » which became Almshouse (hospital from fifteen-twenty for blind people in 1264 by Saint-Louis)
Mutual Help Society (MHS)	Lay	Since the 19th Century	Glovers MHS (1805, Grenoble), Fisher in Loire MHS (1841, La Patache), self-help and social solidarity
Trade-Guild	Lay	Since the 15th Century (heirss of workers associations from the 13th)	Professional teaching organizations, moral support and mutual insurance, social regulation through learnings and duties (trade-guild of duty or trade-guild of freedom duty).

If these organizations seem to be like social movements towards solidarity and conviviality, what is more important for them, it's the interdiction constraints that they knew because, they were emancipation potential tools from religious authorities and from professional leaders. Sometimes, they were considered more than a problem for development because of their monopolistic and isolationist behavior. Therefore, the Edicts of Turgot and Necker in 1776 decided to cut out not only communities but also brotherhood organizations. And, the Chapelier's Law (1791) has struggled against all kind of social corporations.

But, in the 19th century in France, we can see a new emancipative thought which will be the fundamental building of social and solidarity economy's institutionalization. Sometimes, their roots were in social Catholicism under the *Rerum Novarum Encyclical* from Léon XIII in order to fight workers' misery and poverty, and all deviances which came from capitalism system. Other think tanks took place in the utopic socialism to achieve a "providential harmony" (Blais 2007, p.108). Among those intellectuals, we could find François-Marie Charles Fourier (1772-1837), a pro-community and self-managing subject, often qualified as a supporter of the free-market model, because he was in favor with individual freedom and against coercion (Blais 2007, p.109). He was the inventor of the famous "Phalanstère", this social organization under the law of solidarity in order to follow our passions (13 hours for leisure time, and two hours worked per day for collective interest). The collective earning was dividing in three parts: 4/12 for the capital, 5/12 for the labor, and 3/12 for the talent<sup>1</sup>.

Those two think tank are knowing a certain actuality because, in France, some supporters are conservative for a social and solidarity economy through its social and solidarity enterprises which try to keep its values and principles translated in the following sentence: "neither State nor Market"; and those which prefer the market-based social economy model with its "social entrepreneurship" model (social business). But, could we be sure that this spot debate will be the same?

Léon Bourgeois (1851-1925) was against the Liberalism. Radical Democrat Politician, Freemason, and Peace Noble Price (1920), he is the inventor of the Solidarism, the philosophy of solidarity which can alone be in favor with a hand-tended republic rather than the closed fist, which can develop mutualism for a communitarian way-of-life against charity looked like "acting pity". In that social path dependency, brotherhood organizations must be labor supply entities such as "workers associations" (Louis Blanc (1811-1882)), or workers cooperatives (Jean Jaurès (1859-1914)), such as: la Verrerie d'Albi (first French self-managed cooperative). All these structures were against the liberal capitalism where free and individual property are the main emancipated tool for the modern society. But what were those alternative structures?

## **22.... Which achieve to new Citizen Initiatives in order to develop new anti-capitalist solidarity-based enterprises.**

Second 19th century and the beginning of the 20th century are characterized by a very strong development of the number and activity of cooperatives, mutual societies and associations. For this last family of social economy, we can speak about a fair growth though their gathering into sectoral federations for the triple vocation of interfaces in their relations with public authorities, guardians of the unity of the doctrine and providers of technical support to clients under the effect of the application of legal standards, the widespread use and acceptance of rules common to the three major families, giving a normative content to three cultural heritages of the social proto-economy (double quality, self-management, collective ownership): firstly, management service and not report, as expressed in the non-distribution of profits (associations and mutual societies) or their distribution in proportion to the services used (cooperatives), none payment or only limited return on financial flows, the undivided of the reserves and the altruistic devolution of any bonus of liquidation, and democratic management,

organized by the election of leaders by the members under the rule "one member = one vote". But, some solidarity financial organizations are not under this rule because they are public unit whom mission is concerned with general interest (no-for-profit social service) such as: solidarity-based credit which is supplying by the pawnshops all over the world (even in two world-regions: Latin America, south of the European Union).

Thus, by using Caras (1939) and Cole (1944) analyses of the "New Business History", if we combine the analysis of properties and management forms and structure of the social enterprises, with the nature of the relationship between the business world and society, thus we get three modes of democratic organization: capitalistic, cooperative and associative, which will give birth with the two last at the French 'social economy' sector (tab.2):

Type of enterprises characteristics	Capitalistic	Cooperative	Association
<b>Finality</b>	Optimistic lucrativity	Limited lucrativity	Not-for-lucrativity
<b>Participation/adhesion administration</b>	Closed organization payment	Entry fees indemnity	Free and open allowance
<b>Management, decision</b>	ploutocratic	One people = one voice	One people = one voice
<b>Statutory reserves</b>	distribution	statutory	impartageables
<b>Profits</b>	distribution	Sales allowances	None distribution
<b>Social Capital</b>	private	collective	collective

It is as well that emerged in France, then has developed, an entire economy cooperative and crowdfunding entities, such as: the famous "Fruiterer of the Jura" (social enterprises which produce and sell cheeses in the French mountains) that are of genuine cooperatives collection and processing of dairy products. Or, the first cooperatives of credit and savings in France, such as: Alsace Mutual Credit funds (1860) and Creation of the first "Banque Populaire" in France (1870). Social banking innovations and solidarity financial experiments were very important during this period in order to make the link between the local business world and the society in promoting solidarity intermediation. Therefore, P - J Proudhon launched in 1849 his "Banque du Peuple" (a bank for people who are excluded from commercial banks), a true intermediary organization between producers and consumers (mutual credit and exchange) which was settled on the basis of bills of Exchange guaranteed by tabled products. Meanwhile, L.Walras, since 1865, invented a form of solidarity finance: the Funds of popular associations' discount' makes financial contributions in the form of support by advances. It is preceded by JP-Deleuze who, in 1863, experiences "société ouvrière de crédit" (credit institution for workers), either a savings to workers service system (model schultze) via companies partnership "without actions", i.e. to unlimited solidarity. All three will be relative failures because, each will be reborn under banking cooperatives in the early 20th century, or solidarity financial organizations under cooperative status from the 1980s in France (the French banking law from 1984).

If we believe Espagne (2008), the dual system of social economy knows then two limits which we still find the trace of our days. On the one hand, it remains divided in sectors that do not recognize their identity of origin and purpose, and within these sectors, professional families identified by legal status, themselves split into clans or 'chapels' often opposed: self-management, lay patronage against Christians, Liberals against solidarists, Socialist against Liberals and solidarists, and so on. On the other hand, while polymorphic associations of 1848 was both as a response to needs very specific but also carrying a project of substitution of a new social order to the established disorder, the diverse associationism of the 20th century are marked by the decline of this eschatology. However, the 21st century appears as an affirmation of this sector which benefits in France since July 31, 2014 of a Social and Solidarity Economy (SSE) Law, recognizing institutionally and officially this particular economic sector. What happens for the social French banking system?

### **3. From the crisis of the welfare State to the crisis of contemporary capitalism: the citizen return on the ESS and its enterprises?**

Despite the SSE Law of 2014, families calling the French social and solidarity economy sector continue to coexist. Indeed, on the one hand mutual companies mutate in complementary health-producing. On the other hand, cooperative enterprises seem to grow only in sectors largely supported by the State or by local public administrations, for example: public housing, bio-agriculture, private education under contract with Welfare State, and solidarity finance or microcredit services. In addition, the associations that popped up as non-productive organizations, confined in a subordinate role (to insure the development of culture, of sports and leisure's) or, into militant actions (popular education, activities for disable people, and so on) under a voluntary tutelage and released by Governments and communities. They are transformed into structures facing with the logic of market to compensate at the top of their balance sheet, the restrictions suffered through public subsidies. However, the spot crisis raises new questions in germ since the 1960s, and supports since this period of time the supporters' thinking about of a 'new' social economy, or a "plural economy" where social economy is between public economy and private one.

#### **21 - The rediscovery of the social economy and the discovery of the solidarity economy.**

*"We then reinvented the term social economy without knowing that Charles Gide had preceded us a century» will tell in 2003 François Soulage, the technical adviser of the M. Rocard. The latter reminded already two years earlier that he had to fight two years during (1976-1977) ' to lead the French Socialist Party to the following conclusion. "Co-operatives, mutual organizations and some associations whom activity is not limited to the service of their members have in common something essential, namely to offer goods or services on the market without there be conducted by searching for the personal of their leaders benefit" (Rocard 2001, p.8). For those who will be in France on the initiative of the establishment of the Higher Council of the social economy and the first Inter ministerial Delegation for the Social Economy (DIES) from 1981, should have a political instrument it will be: the Ministry in charge of the Plan and the social economy. Over this period, therefore, it is less across companies and by the institutions than institutional recognition that one rediscovers the social economy in France. Thus, the*



three families of the SSE which grouped together within the National Committee of Linking Activities Mutualist, Cooperative and Associative (CNCLAMCA).

In the 1990s, the new social economy, heiress of the "third sector" of the 1970s and the '1980s' social economy (Fourrel, 2001), develops from new social initiatives that come to enter a new dynamic, by claiming the priority granted to the 'local' for a crowdfunding democracy, to the "collective" for self-organization, and the "proximity" to the practice of active solidarity. For some authors, like the sociologist. Laville: «*solidarity-based economy has emerged initially in response to a social economy of trivialization*», to "*Substitute a lifestyle policy to a policy of living standards*" (Roustang, 1987). This development must be put in relation to major and simultaneous the context of organization of society, changes translated by: the service economy and the rise of relational services, demographic developments, the rise of the monetary place repository and work for social status, and the growth of inequalities generated by neoliberal internationalization of economies and societies.

Since the 1980s, claiming to be members of the solidarity economy initiatives are local and cover like dynamic main social solidarity actions, such as: the creation of new services or the adaptation of existing services (daily life, living environment, environment...), the integration into the economy of populations and disadvantaged territories (insertion, microfinance, solidarity finance...), and the introduction of new forms of international solidarity between producers in the South and the North (fair trade consumers, social and solidarity tourism...). We, thus, find in France and from this period, the "missionary" business perspective to the Mintzberg (1989, p.334) turned inward to protect their ideology of solidarity for the undertakings of the solidarity economy, so that social economy enterprises seem since the period 1830-1960, Demoustier and Rousselière (2007), will be already far more or less of this ideology of solidarity by opening external contacts with the logic of the so-called market economy. They are thus engaged in a process of assimilation (institutional isomorphism (Di Maggio and Powell, 1993). This is particularly true for workers' cooperatives enterprises and production-SCOP (Chedotel, 2003), have since become cooperative and participative society. An observation, that we have made about solidarity finance structures and cooperative banks. We find that the organizational project of solidarity is thus given in the heart of the economic action of financial enterprises. Indeed, the latter associate stakeholders in a process of co-production (users, workers, residents, communities, corporate,...), and are new places of Exchange and dialogues which consist of multiple '*public spaces of proximity*' (Eme and Laville, 1994) by articulating the different registers of the social and economic to achieve at a balanced mix of management (commercial hybrid resources, public, and voluntary contributions) to the project of local social development of their territory.

These titles, the solidarity economy - in which we place solidarity finance organizations - can be understood as: all activities conduct by organizations that contribute to the democratization of the economy from citizens' commitments, and friendly social solidarity. But, in opposite to what might suggest grabbing the adjective "solidary" by the promoters of certain activities, solidarity-based economy is not a symptom of deregulation that would replace the public social sector by the charity action, or a social purpose business opportunity so capital-intensive. And, it is now understanding by business collaborative economy or sharing of the "social business". The solidarity economy looking a democratization of the economy in articulating the dimensions

"reciprocitarian" and "redistributive" solidarity to strengthen the capacity of society to the social atomization, itself exacerbated by the monetarization and commodification of life daily (Perret,1999). *Therefore, the solidarity economy is as close to the general interest (Emilio, 2005) institutionalizing "practised utopias" of Deshmukh (Jeantet 2006, p.20). To sum up, by synthesizing the contributions of Jeantet (2006), we can consider in France that the contemporary social economy new is: "a movement that is based on initiatives of people (autonomy, volunteering), assuming their involvement both as members and employees and users (double quality). It is based on a system of freely chosen collective ownership (indivisibility of all) or part of the equity, and considered, if not as a unique alternative to the dominant economic models, as a source of alternative in all cases (explicit opposition to all economic models based on the exclusive financial optimization of the return on capital and exchanges"*. But it is the social economy and solidarity (ESS) which itself as in France in July 2014.

### **23 - The new social economy to the solidarity social economy.**

Since July 31, 2014, we must refer to SSE's Law defended by the Minister delegate to the SSE on this period of time: B.Hamon. But that's not take account the first act of the social economy of 03 January 1983, whose objective was already to "*remove obstacles to the development of the social economy*". From this law are born Union of Social Economy (UES) for cooperative family, the National Council of the Associative Life created on February 25, 1983, and the Institute of Development of Social Economy (IDES) created March 10, 1983; in order to provide the social economy of a tool for financing equity respectful of the specificities of its businesses (Jeantet 2006, p.33).

Over the period 1983-2014 initiatives brought by the social economy and solidarity-based economy helped reconnect with momentum associative and experimental of the first half of the 19th century. Therefore, it is less political will to consolidate the social and solidarity economy in a single "social and solidarity economy"(ESS) than the approximation of their actors (militants and collective enterprises) on a peer mode and ideological which allowed gradually one reconcile social and solidarity, in a new enlarged economic aim. Indeed, it is relying on both the resources and the experience of each (social economy) and the ability of territorialized innovation other (solidarity-based economy), that this new 'Social and solidarity Economy (SEE) has demonstrated not only its ability to permanent innovation (economic, social and territorial), but also to propose credible alternatives. The first experimentations of local mutual banks (Crédit Mutuel) and of solidarity banks (Pawnshops) in the 19<sup>th</sup> Century, or the "Banque du Peuple", have known success or failure. But, it was less the social enterprises than the social and solidarity sector itself, which are considered by the challenge of solidarity.

During the 20<sup>th</sup> Century, the SEE has become a set of interacting organizations increasingly complex which behaviors standardized labeling process. A set which includes a panoply of initiatives that increase the heterogeneity of the actors and their ideological dispersion: social and solidarity-based utility organizations, social entrepreneurship, NGO... How to resist to the isomorphism (institutional/merchants..) and the triviality of the ideology of solidarity the foundations of its business? Examples of the past have shown us that there's no real economic development without social progress, and that they come from the experimentations of the ESS (education / assistance / capital / new needs clearing / finance social and solidarity...). This

abundance is all the more important in scope both social banking sector by banks cooperative financial organizations solidarity and that, sometimes for the latter, go back to the prehistory of contemporary solidarity finance and its organizations.

### **3-The history of the organizational change in SSE through a French Social Banking: the pawnshop case (Crédit Municipal).**

Since the end of the 1980s with microcredit Professional on the one hand and the mid-2000s for guaranteed personal microcredit, called 'social' on the other hand, public opinion seems to discover a new financial social rationality. Indeed, given the history of social banking and solidarity finance, we are rather in a resurgence of initiatives of small banks brought by local microcredit, heirs from the Raiffeissen social banking model in Germany that gave birth to the “Crédit Mutuel” in France and practices of street lenders as they already existed during the Ancien Régime (Fontaine , 2010). Indeed: "*Europe of the Ancien Régime, lend is a moral obligation - under Christian charity - but also because the entire organization of society is based on social networks. In the absence of banking institutions, the family is the first requested, then come friends, employers, political and ultimately elites more or less professional official lenders*" (Fontaine 2010, p.69). These more or less practiced usury against which they are established the pawnshops (Mounts of Piety) in France. French pawnshops are public credit and social help concern.

These institutions, since the 17th century and in institutional way since 1918, bear a unique practice of banking operation solidarity: the individual loan under pawn. This first kind of microcredit is neither professional or social by nature but, it is to raise liquidity under duress of the filing of object for 'holes' of domestic cash (the nail to which workers attached their frock pledge to receive cash) or professional (my aunt by reference to the Pocket Watch that would have been forgotten with their aunt during a visit by the shopkeepers and upper middle class people). Therefore, each “Credit Municipal” is a credit institution defined by reference to its purpose, a particular store operation: the credit. But this 'solidarity' particular credit answer himself of a certain social rationality, namely a rationality affected by social processes (Lindenberg 2003, p.359).

With regard to Municipal Credits, whether loan under pawn (Demartial et al. 2008; Pigalle, 2008) or to guaranteed personal microcredit (FIMOSOL 2009, 2010), we find in our research that municipal credit bank operations structured credit transactions and provision of means of payments, in their microcredit activities, according to a certain characteristic social rationality of these unique enterprises banking in their structure. We are dealing with the Credit Municipal de Nantes to a singular case of historical evolution seeking to maintain the mission of social solidarity of access to microcredit allotted to him since the 14th century in Italy with the Franciscan and Recollets monks preferring honest credit to donation (Fontaine, 2009). In the 1990s, the Credit Municipal de Nantes covers any places of the west of France from its headquarters of Nantes, and its annexes located in the Atlantic Ocean arc (Limoges, Angers, Tours, Rennes, Quimper and Brest). The beginning of the 2000s is to change with a concentration of its activities on the cities of Nantes, Limoges, Tours and Angers, and the simultaneous development of a new solidarity microcredit experimentation: "stability loan". We report here our participatory observation as a cooperating researcher near the Credit Municipal de

Nantes from 2002 to 2012, under the respective presidencies of first sir Forgeau, then sir Chateau, and finally sir Stern.

During this period of voluntary researcher, we were able to access and study the files of applicants and beneficiaries of microcredit from the Credit Municipal of Nantes. In line with the work on relationship marketing in commercial banks (Des Garets *et al.*, 2009), we wanted to oppose the theoretical building of a model that integrates an historical dimension and a contextual Exchange in the long term a 'social banking mission' included in the DNA of each pawnshop "Credit Municipal" in France, but beyond a 'simple' customer relationship strategy because, we are dealing with recipients-users. Indeed, the solidarity-based banking relationship is not a real choice of the beneficiary to build an exchange lasting with a Bank, but rather a reciprocal exchange benefiting both the Solidarity Bank "missionary" of general interest submitted by the administration core local public, and the beneficiaries themselves who have not access to currency, and consolidate their household balance sheet without the option cash except to engage in social over-indebtedness devices (revolving credit, for example). Qualify this solidarity-based banking relationship, it is adopting an approach to writing the history of the devices of microcredit by listening to the life stories of recipients, and by having access to the arguments written by officers of the Municipal Credit in cooperation with the social workers of the Common Center Social Help to link social engineering and banking engineering in the service of social banking.

### **31. From the "loan under pawn" supply to the solidarity "social microcredit" customer relationship of the French Pawnshops.**

Analyze the supportive banking relationships, it is understand the differentiation between banking institutions through the study of their banking packages (range of products and services) over long period, in particular in the context of *'the establishment of a basic banking service whose objective is to reduce banking exclusion for all consumers to access at a minimum of financial services'* (Vaubourg 2002 p.1). The wishes of the leaders of the Credit Municipal de Nantes over the period 2000-2012 has been to this public institution banking and social assistance in the service of access to the solidarity credit, in order to avoid that may develop social over-indebtedness and situations resulting from chronic socio-economic poverty in a society monetarized or, where access to money gives social status to people. As such, this public credit institution and social assistance, as all those who act in France (Credit Municipal of Paris, for example) are part of the direct legacy of the pawnshops.

Indeed, *"at the end of the middle ages, some monks recollects and Franciscans worry ubiquitous wear in society. Under their inspiration, the initiatives have multiplied to create institutions capable of freeing the poor by Jewish and Christian moneylenders. These monks have sought to accept honest forms of credit that are distinct from the gift. They point out that a loan can help to preserve and recover from poverty then, once fallen into poverty, it is much more difficult to reintegrate. They are the first to distinguish, in the general condemnation of the credit, pronounced by the Church, a virtuous credit for the poor, as they are the first to seek to promote some form of assistance other than the charity»* (Fontaine 2008, p.164). It is thus have developed: the mountains of piety, establishing: *«recognition of the need for the loan to the poor while denying the money market to find the capital necessary to finance them»* (Fontaine 2008, p.165).

The 'solidarity' character should not be heard in terms of charity or benevolence, but well understood in the sense of "*solidare*" therefore solidify the banking relationship (with money) pre-existing in the context of monetary poverty (lack of income) and monetary disqualification (excluding uses and access to the currency-stream) (Fimosol, 2012). Whether the operation of the 'loan under pawn' clean Credit Municipal itself (with its own funds), or that said guaranteed personal microcredit "social microcredit" issue of the law of social cohesion in 2005 called "Borloo law", the municipal credits are lasting and historically, engaged in operations of 'solidarity credit'. Therefore, it is appropriate to analyze these singular establishments throughout their secular history. A credit, regardless of the nature, characterized by four elements (Branger 1973, p.22): its duration, the use for which it is intended, the nature of the resources that will be used to pay it back, and the guarantees that match it. What distinguishes the "loan under pawn" of "social microcredit", is the safety of the credit and the user-friendly tool that it is. The loan on pledge, first form of micro-credit in Europe, is a "credit on property. This means that the guarantee has a direct link with credit based on it. Thus, the credit is built and calculated on the basis of this warranty: the property pledged. On the other hand, the "stability loan" (solidarity microcredit) is a credit whose nature and the existence of the guarantee is independent of the operation of credit itself. But, in both cases, we deal with specific forms of consumer credit, as reflected by an offer of access to elective credit, combining in a co-production a social institution (communal center for social help) and a solidarity bank (municipal credit).

Two personal loans constituting the offer of this public Bank and social help organization, are designed not only to avoid the use of usurious solutions contemporary access to credit for consumption but also, to open "*opportunities for a small amount and credit for a limited period so as to assist not only the poor but also to persons wishing to obtain liquidity quickly and in relative anonymity*" (Pigalle 2008 (, p.1). It is a particular form of 'social banking' defined by Reifner (2000, p.200) as: "a form of socially responsible banking practice in which financial service providers are directly affected by the outcome and the social impact of their financial products. It is a strategic interaction between the economic decisions of loans that are made and the social consequences of this granting of loan. In other words, the Credit Municipal as a Solidarity Bank stands out from other banks because it has a mission to help social structuring, in contrast to other banking institutions be they commercial or cooperative banks making them work of universal bank. Therefore, it offers social microcredits (loan under pawn, "stability loan", and personal microcredit guaranteed by the social cohesion funds by the French public institution whom name is "Caisse des Dépôts") to meet latent needs of money not covered by other banking companies. As such, we well have a natural in the sense of Coleman rationality (1993) assuming that: "the action is a goal." But it is a social rationality (Lindenberg, 2003) that animates the municipal Credits since their action is strongly affected by social processes. In other words, "*(this) approach by social rationality (US) allows explanations and more realistic descriptions of social behaviors and their solutions*" (Lindenberg 2003, p.359).

## 32 - The affirmation of social rationality for Pawnshops in France.

The Credit Municipal de Nantes and the Social Action Common Centre of the cities of Nantes and Angers animate two conventions of social microcredit since 1999. The first is the most recent. It is part of the dynamics of the plan Borloo's 2005 opening the experimentation of the "micro-credit personal guaranteed, guaranteed by the Social Cohesion Funds (FCS) created for this purpose, under the tutelage of the Caisse des Dépôts. In 2009, she represented 2/3 of microcredit folders processed locally. The second so-called "stability loan" is a pioneer, and is based on an agreement dating back to 1999, between Angers and Nantes CCAS and the Credit Municipal, with a State guarantee provided by the city of Nantes. At the methodological level, we had access to all files processed and tracked by agents of the Credit Municipal de Nantes. To reflect the social reality of the device "stability loan", we proceeded in 2009 to a draw in the expedition of 70 files ready stability. Records were to measure aside in an office by agents of the Credit Municipal. Office where we had the opportunity to consult the files so as to investigate all components, anonymously. The most interesting was reading the stories posed on the record written by agents as part of their arguments, specifying the socio-economic situation of applicants for social microcredit. To understand the context, we complete this review by a number of interviews, 20 in total. US aircraft for target beneficiaries tell us their story of the solidarity-based banking relationship to Credit Municipal, then social microcredit system itself. So we have interesting life stories about their discovery of this singular banking institution Credit Municipal that, for some, was far from that which they had expected but that social services had advised them:

**"And so is the first time you come here to the municipal Credit?"** *Yes. I was even confused because when I arrived I thought it was, you know we see commercials on TV where is placed a little bit of objects and then they give you a little money. I was under the impression that I was wrong, and then suddenly I wanted to go next and even there it has redone me it I said to myself not it happens it may be not there.*

**Because it is the second time you come here?** *Yes.*

**The first time was it?** *Well actually I came to hand over the documents. And I thought no it cannot be there. We saw the ceiling one has the impression that we will make a deposit as collateral and that we are going to give us a little money. I thought no it can't be it so I searched then suddenly I'm back I'm out, I'm back. **So you think that they could do what at the Credit Municipal precisely to...?** Bah is this Bay window I think. It gives a little the spirit of: "let's remove jewelry, it will give us a little money then it will have to repay the money before getting her jewelry." It is true that it gives this impression. Maybe a desk with a professional in the face, plus Bank perhaps, because necessarily credit we think most Bank. I expect something like that in fact, to return to an office with an Advisor, a banker and then this. "Boh it changes nothing on paper I think..."*

In the presence of these stories of life of all persons in situation of social minima as heads of very small craft enterprises, we carried out a draw of 70 files among those we had to "evolve analyses measurement and proof of the impact ('prove') to the pragmatic and more concrete improvement ("improve") and the adaptation of services - Solidarity Bank here - to the target population» (Lapenu et al. 2004). If the method is 'new' north,

analysts of the social performance of microfinance in the so-called developing countries use since the beginning of the 2000s. The 'Social Performance Indicators' of the Cerise tool is thus built around four major dimensions of social performance (Lapenu, Doligez 2007, 48-49):

"- Dimension 1: referral to a poor customer or excluded with no access to the banking sector. " Dimension 2: diversification of services in order to adapt them to the needs of this specific audience. Dimension 3: establishment of a relationship of trust with its customers and strengthening of their 'social capital' and political. ' Dimension 4: social responsibilities of the institution to its employees, its customers and their communities. Four dimensions that we find in work and strategy of municipal Credits in France and around the world. That we learn the documents studied on the profiles of users recipients of microcredit solidarity proposed by these institutions.

Box 1 - The great features of the said "stability loan": special form of social microcredit co-produced by the Credit Municipal de Nantes and the CCAS in Nantes, in 2009. The average age of this population is 40 years and 2 months. 61.4% are persons without children, 27.1% of lone-parent families, 7.2% of couples without children and 4.3% of couples with children. The average monthly income (excluding social benefits) reached 609,85 euros for an average monthly rent of 329,96 euros, is: 54% of the monthly income devoted to the housing expenditures. Social security benefits are an average monthly amount of 346,52 euros. They therefore cover these expenses in housing. "Personal" microcredit is a total of 1549,35 that leaves a "still living" monthly average of 539,23 euros.

In 2009, recipients of guaranteed personal microcredit FCS (MPG - FCS) fell to 45.9% in the family of single persons without children, and 35.3% in one-parent families (FAMO). From the data collected in the records of microcredit, we were able to reveal two main populations of recipients with the following socio-economic characteristics (Table3):

*Tableau 3 – Socioeconomic type of families which access to the « loan stability » device from Crédit Municipal of Nantes and Communal Center of Social Action, in 2009.*

	Personne Seule Sans Enfant (PSSE)	Famille Monoparentale (FAMO)
Average years old	41,6	38,9
Mensual Average revenue (euros)	607,86	614,76
Mensual Average Location (euros)	281,10	415,76
Social revenues/month (euros)	250,07	547,22
Average amount of loan stability	1477,32	1752,63
Keep-to-Life in euros	447,26	659,94

Most families of beneficiaries have a fragile employment integration. Indeed, most of them are private and those that are occupied, are on contract term (CDD) or on contracts to indefinite duration (CDI) but part-time. We thus felt that it was appropriate to understand the solidarity bank relationship in the domestic economy (oikosnomos), in order to understand this microcredit assignments in order to verify the relevance of the

banking offering solidarity for the benefit of these unique populations of beneficiaries. Therefore, we have reached the following results (tab.4):

*Tableau 4 – Issue affection of “laon stability” device by type of family in 2009.*

	Alone person without child (PSSE) en %	Family with a unique parent (FAMO) en%
Domestic treasury (td)	57	26
Treasury + others (tda)	11	16
Mobility	16	32
Housing	11	19
Insertion	5	7

To conclude here, we can learn that the « stability loan » is first applied to domestic treasury, which often in decreasing. Thus, French Pawnshops have a fair value through this social banking relationships. But, what happens after the subprime crisis effects France ?

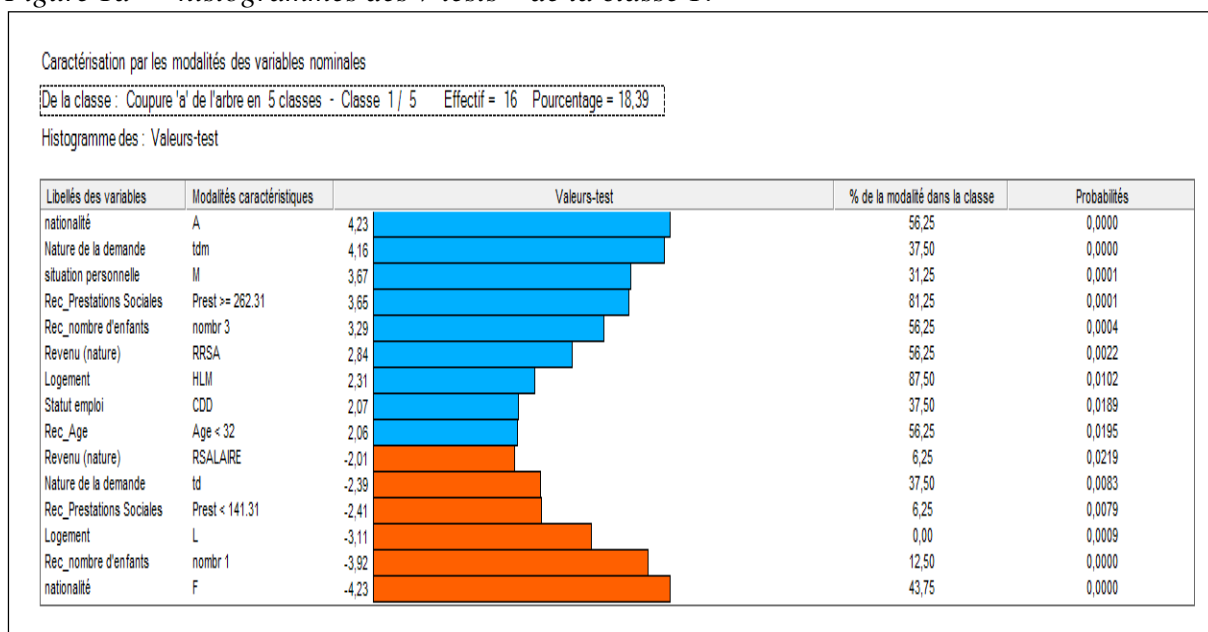
### **33 - What tells us the story of the "stability loan" Credit municipal in 2011?**

We have chosen to raise here a quantitative analysis to tell about the evolution of the "stability loan" which concerns 58.62% of the size of the sample of beneficiaries that we observed and which characterizes the 'Solidarity Bank' strategy of Credit Municipal, synthesizing his profession of credit institution and of social assistance. This means consider 22 major components for a classification of individuals. Thus, a hierarchical ascending classification (using the criterion of the loss of inertia of Ward) on the first 22 factorial axes, restoring approximately 77.5% of the total inertia, allow for a "significant" partition of the set of individuals into 5 classes.

The first class (fig.3a) (18.39% of the size of the sample) characterizes the beneficiaries of foreign origin. Their application concerns domestic cash and the financing of mobility. The family is young (less than 32 years) composed of married persons with more than 2 loads children benefiting from family allowances. These are rather of beneficiaries of the active solidarity income (rsa). They are often in CDD on the labour market, and reside mainly in the public sector HLM. This first class shows an evolution of social microcredit as a vehicle of social integration (dimensions 1 and 2 of the social performance of the device).

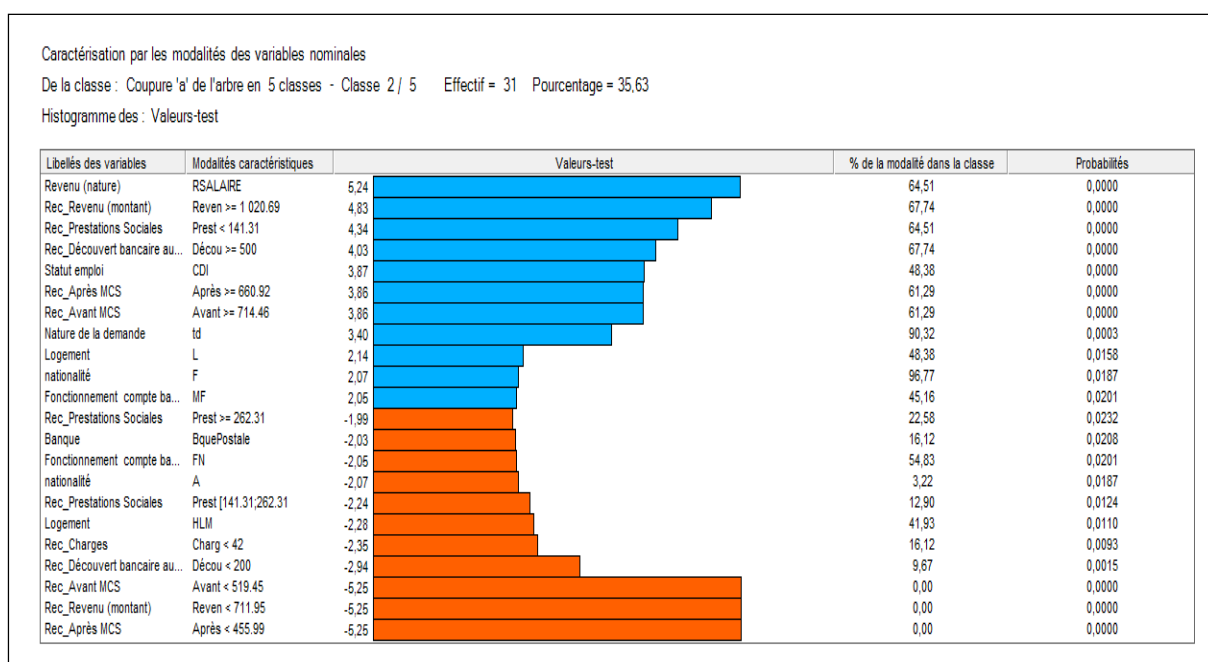


Figure 1a– « histogrammes des v-tests » de la classe 1.



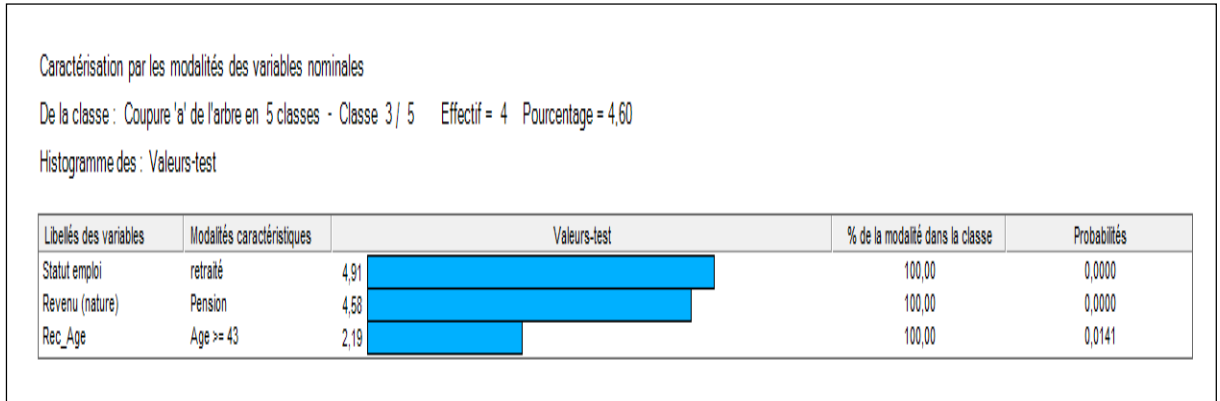
The second class (3B) (35.63% of the size of the sample) is characterized by an income and a "still live" before and after the relatively high loan. The beneficiaries are of french employees in TDCI, and the nature of their application is often relative to the domestic cash i.e.: cover arrears of debt, current invoices. Their bank account is often malfunction because they exceed the authorized overdraft.

Figure 1b– « histogrammes des v-tests » de la classe 2



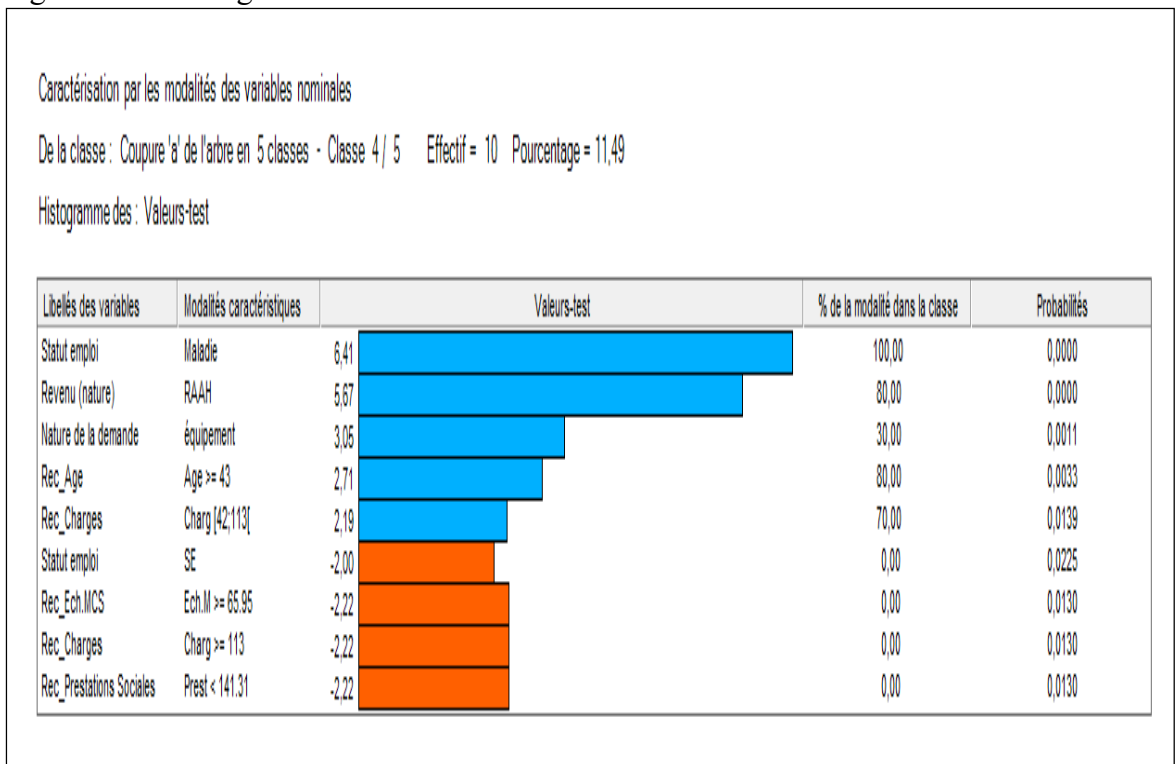
The third class (fig.3c) is that of retirees (4.6% of the size of the sample), whose pensions are no longer sufficient to their expenditure in terms of equipment from their homes (loss of autonomy) and health (hearing and/or teeth apparel). The workforce is low in number but he translated an enlargement of the pyramid of ages the population of beneficiaries.

Figure 1c– « histogrammes des v-tests » de la classe 3.



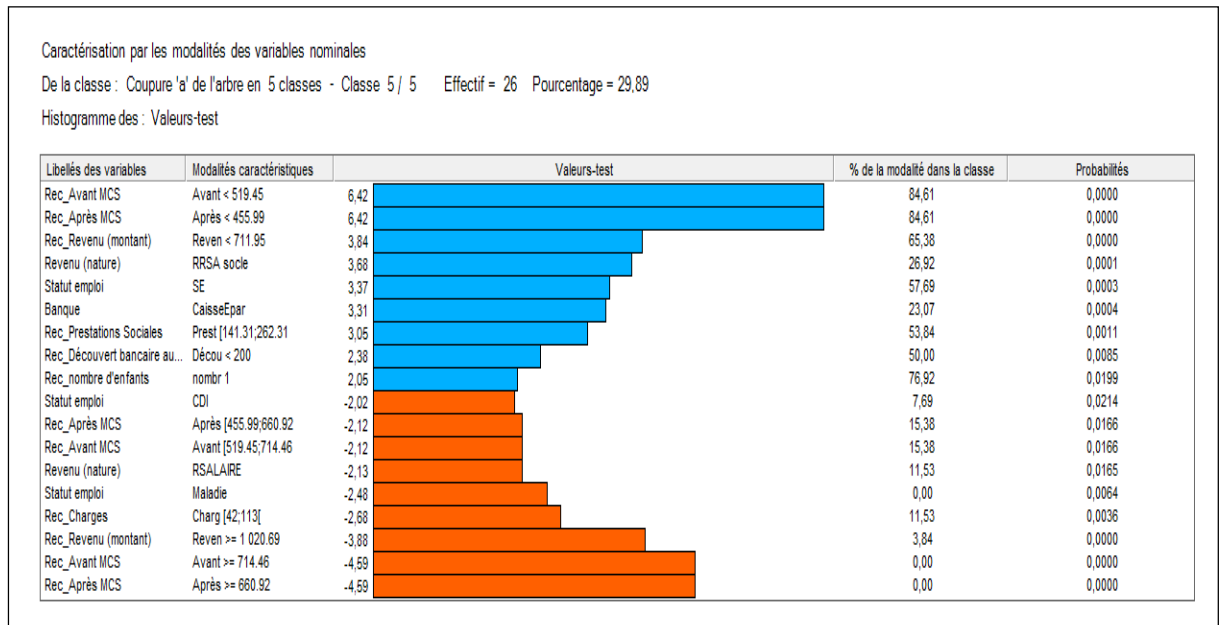
The fourth class (fig.3d) (11.49% of the size of the sample) is characterized by people with severe disabilities (100% of individuals), benefiting from the allowance for disabled adults, with medium-sized loads. The nature of their application depends on the financing of equipment. They are older than 43 years. We are here in the presence typically apply for funding of social assistance, in addition to the contributions of social solidarity from the welfare state.

Figure 1d– « histogrammes des v-tests » de la classe 4



The fifth class (fig.3c) (29.89% of the size of the sample) is characterized persons benefiting from RSA 'base '. They are generally unemployed, with often only one child to support and income and a "still living" - before and after the loan - low. Their bank account is often domiciled in the Caisse d'Epargne where a low overdraft is allowed (less than €200). These are the "less well-off" or the "poorest" operative social microcredit. It is a particular form of poverty policy which is thus unveiled.

Figure 1e– « histogrammes des v-tests » de la classe 5.



At the end of this analysis, we understand in writing the history of the devices 'loans stability' municipal Credits, that different microcredit applications need to rely on the understanding of the context of each device. Therefore, if we can design experimental methods such as those used by the "medical evidence", fact remains that these methods of analysis of Management Sciences are questionable because, like historians, it is more important to argue from partial primary information that we are but which, without changing the conditions to produce lessons We can reveal multiple explanations for a single event (Andrews and Burke, 2007).

#### 4 - Conclusion General: the «5 c» of historical thinking in the service of the understanding of the evolution of organizations of solidarity finance in France.

Change Over Time, Context, Causality, Contingency and Complexity: these are the 5 c of the historic thought of Andrews and Burke (2007). They are, according to these two authors, useful tools to the implicit analysis of explicit thought. In other words, it is according to these authors equally to "formulate and support arguments based on primary resources" that "to interpret and understand secondary historical data. We realize the importance of his historical work in solidarity in general, finance and microfinance in particular. Indeed, if the model of the Grameen Bank the Nobel Prize of peace 2006, Prof. Muhammad Yunus, could constitute a certain financial revolution. No remains that it is not the origin of the phenomenon of microfinance to access money through microcredit to the less well-off. Indeed, as we have demonstrated with municipal Credits heirs of the pawnshops, personal microcredit comes as many

experiments of honest credit from the monks Franciscan and Recollets in the middle ages than most contemporary experiments of devices of personal microcredit: "loan under pawn" and the "stability loan". The change in time is here moot because, regardless of the times, it is always the fight against usury and banking exclusion which were the basis of micro devices worn by the solidarity-based banks by linking support (social assistance) and general interest (public credit institution). On the other hand, the contexts have obviously evolved between the first pawns loans by "my aunt" and the nail, and contemporary social microcredit guaranteed concerning families and devices different assignments that we observe in the middle-age. However, if the context and the causality could be consider together in social banking, the contingency and the complexity must be understood in a specific mean.

Indeed, the contingency appears like a building factor of the pawnshops' strategy because, each social microcredit device depends on previous conditions which are depended themselves on others previous conditions. In our fieldwork, we are learning that the "stability loan" experience followed the previous relationship between the local social help center of Angers and the "Crédit Municipal of Nantes" to fight against the domestic balance sheet disequilibrium through the concept of "keep-to-survive" i.e. the amount of currency that each people has to spend each day. The "stability loan" devise is the unique social microcredit device which is free from social policies, because it's guaranteed by the City of Nantes' public budget. All the others devises under the state guarantee (social cohesion funds) have more and less disappeared.

To conclude, if we wish understand the different kind of social microcredit devises in France, we must consider their own historical process from cooperative banks which try to finance local social development, and the new devices of "social banking" that are the heirs of the Pawnshops model from middle-age to our contemporary period of time. All of them are out of the institutional isomorphism described by Di Maggio and Powell (1983).

### **Bibliographie :**

Andrews Th., Burke F., 2007, What does It Mean to Think Historically ? *AHA Perspectives*, 45, pp.32-35.

Blais M-C, 2007, La solidarité. Histoire d'une idée. Paris, Editions Gallimard.

Branger J, 1973, Les techniques bancaires. Paris, PUF.

Caire G, 2008, Eléments d'évaluation du dispositif de microcrédit social universel régional. Rapport final à la Région Poitou-Charentes.

Caisse des Dépôts, 2011, Fonds de Cohésion Sociale. Rapport d'activités, exercice 2010. Paris, CDC.

Demartial M, Maveyraud S, Olivier E, Pigalle F, 2008, « Le prêt sur gage : analyses théorique et empirique d'une activité pionnière de la microfinance », research paper GREThA Université de Montesquieu-Bordeaux IV et, LAPE Université de Limoges.

Des Garets V. *et al.*, « L'approche relationnelle dans les banques. Mythe ou réalité ? », *Revue française de gestion* 2009/1 (n° 191), p. 123-138.

Espagne F., 2008, « Economie sociale et solidaire : histoire et valeurs », Forum régional de l'emploi, Lyon 2008, France.

FIMOSOL, 2011, A la recherche d'une modélisation de la fonction accompagnement et des politiques locales du microcrédit personnel garanti dans le grand ouest. Rapport d'étape à la Direction Générale de la Cohésion Sociale et la DIESES, septembre.

FIMOSOL, 2010, Analyse interdisciplinaire des expérimentations locales du microcrédit social : premiers résultats en Pays-de-la-Loire, Poitou-Charentes et, Seine et Marne. Rapport final (P.Glémain, dir.) à la DIESES et au Haut Commissariat aux Solidarités Actives, janvier.

Fontaine L., 2008, L'économie morale. Pauvreté, crédit et confiance dans l'Europe préindustrielle. Paris, nrf, Gallimard.

Fontaine L., 2010, « Survivre » p.68-71 dans L'Histoire, n°349, janvier, numéro spécial : *Les pauvres. De Job à Martin Hirsch. Comment la pauvreté est devenue un scandale.*

Lindenberg S., 2003, « Coleman et la construction des institutions : peut-on négliger la rationalité sociale ? » p.357-373, *Revue Française de Sociologie*, 44-2.

Luhmann N., 2001, « Confiance et familiarité » Problèmes et alternatives, Réseaux, 2001/4, n°108, p.15-35.

Pigalle F., 2008, « Comprendre le prêt sur gage », dans Le Crédit Municipal à la source de l'économie solidaire. L'exemple de la ville de Limoges 1850-1997. CEREL-Université de Limoges.

Reifner U., 2000, « La finance sociale : des produits au service du développement communautaire et local », p.200-217, dans INAISE, *Banques et cohésion sociale, pour un financement de l'économie à l'échelle humaine : la faillite des banques, les réponses des citoyens.* Paris, Editions Charles Léopold Mayer.

Vaubourg A-G., 2002, « Paquets bancaires, différenciation et service bancaire de base : une tentative d'analyse théorique ». Communication à la journée d'étude « Microéconomie bancaire : approches industrielles de la banque » du GdR Economie monétaire et financière, Atelier « Intermédiation financière, système financier », Maison de la Recherche Université Charles de Gaule.

---