

# Sanasa financial cooperative journey in Sri Lanka

# SANASA : Who are we?

- ▶ **Network of 8,400 registered savings and credit cooperatives**
- ▶ **Working as a network for 47 years**
- ▶ **Rooted in rural communities (all ethnicities, all districts)**
- ▶ **Approximately 10,000 direct employment**
- ▶ **Approximately 56,000 voluntary workers**
- ▶ **54% female membership**
- ▶ **38% female leaders**
- ▶ **13 apex companies created by the network to provide value added, tailor made products and service to the movement and market**

# Reason for Being

- ▶ Credit cooperatives were introduced to Sri Lanka by the British in 1906. They were the oldest rural credit schemes. However State lead credit programmes channelled through them failed due to bad management
- ▶ By 1978 state was to liquidate most of the existing cooperatives
- ▶ In 1978 Sri Lanka embraced the open market
- ▶ 30 years after independence from 300 year colonization
- ▶ 60% of population still under poverty line and a country with a dual economy
- ▶ Poor (mostly rural) were seen as un-bankable,
- ▶ The bank created by the cooperative movement was nationalized (peoples bank) only a limited number of services and products were available for poor
- ▶ High indebtedness to private moneylenders
- ▶ Labour and resources of poor were cheaply bought by urban investors and local money lenders
- ▶ Country had witnessed the first youth uprising and there was a Severe unemployment
- ▶ Strong welfare mentality in the general discourse on poverty alleviation

***Country was heading towards a polarized society with unequitable growth***

**SANASA was created by reengineering and networking local credit cooperatives to create an alternative development model,**

- ▶ **That empowers people**
- ▶ **That create, not erode wealth of local community**
- ▶ **That is lead by those who are impacted by the outcome**
- ▶ **That gives fair returns to all stakeholders**
- ▶ **That is sustainable**
- ▶ **That can transform local economy**

**Vision:  
Building a  
New Social  
order  
based on  
cooperative  
Principles  
and values**

# Mobilizing local capital

- ▶ Social capital (caste, gender, age)
- ▶ Cultural capital (work ethics, indigenous knowledge)
- ▶ Human capital (skills and knowledge)
- ▶ Environmental capital (land, water, energy)
- ▶ Financial capital

**From 935 stand alone cooperatives with 83,000 membership with a capital base of 40,625 dollars (13,000,000), SANASA was able to grow into a network of 8000 cooperatives with 1.6 million membership over 2 decades. It has mobilized more than 150 million dollars and Created 13 companies including a bank, 2 insurance companies and a higher education Institute.**

# Building an Alternative Banking Model with people



SDB bank

#WhereYouAreValued

Establishing an Alternative financial model in the market,  
1000 SANASA societies / one Apex bank :2000 - 2005

Four Pillar approach to enter the market  
1996 -2000 (banking/insurance/construction/ trade)

System development, Capital accumulation ,  
Risk management : 1991 -1995

Institutional Development, Federation/district  
unions : 1886 -1990

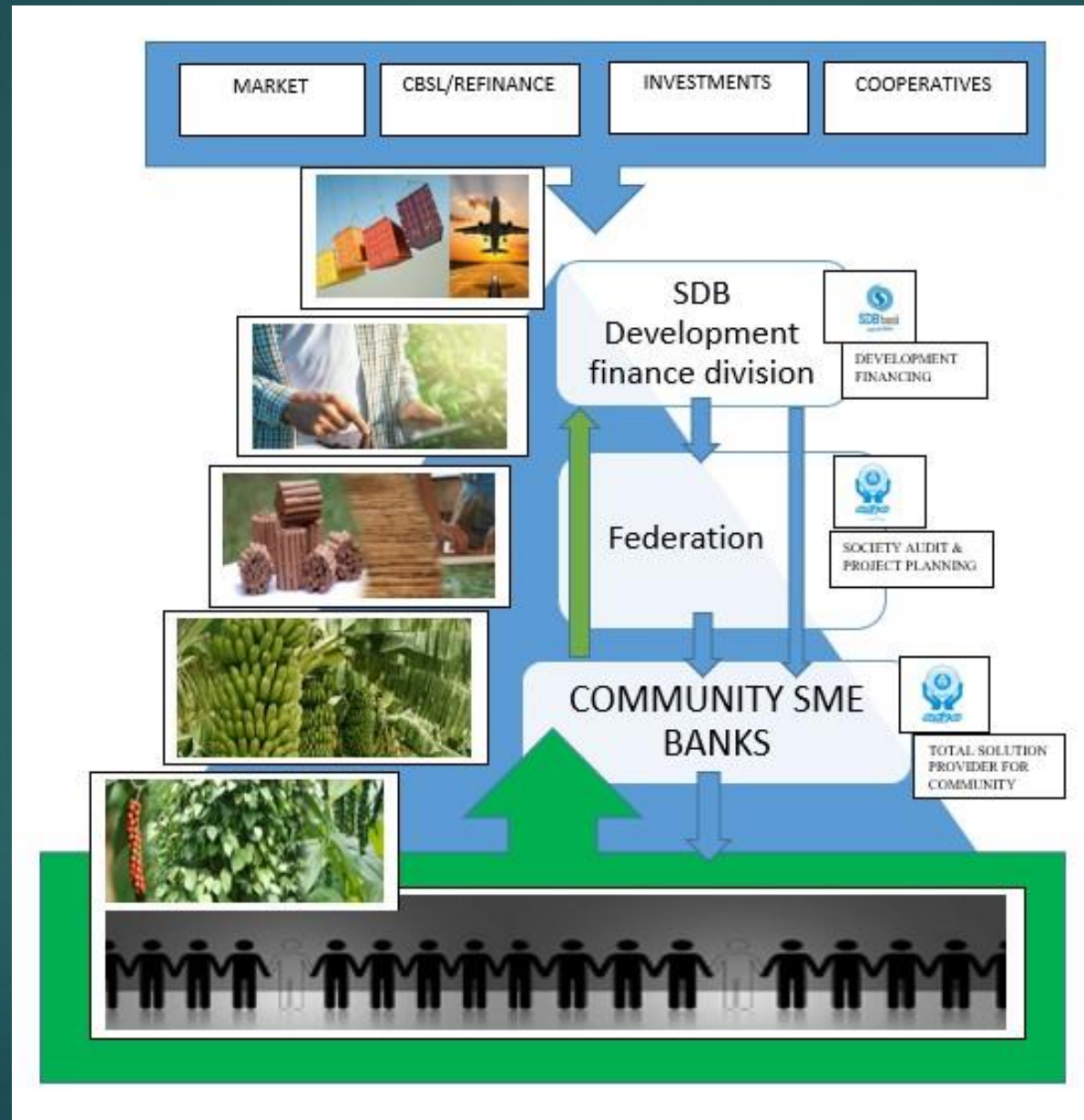
Community Mobilization ; Social capital/  
leadership : 1981 -1985

Action Research : 1976 -1980

# Challenges

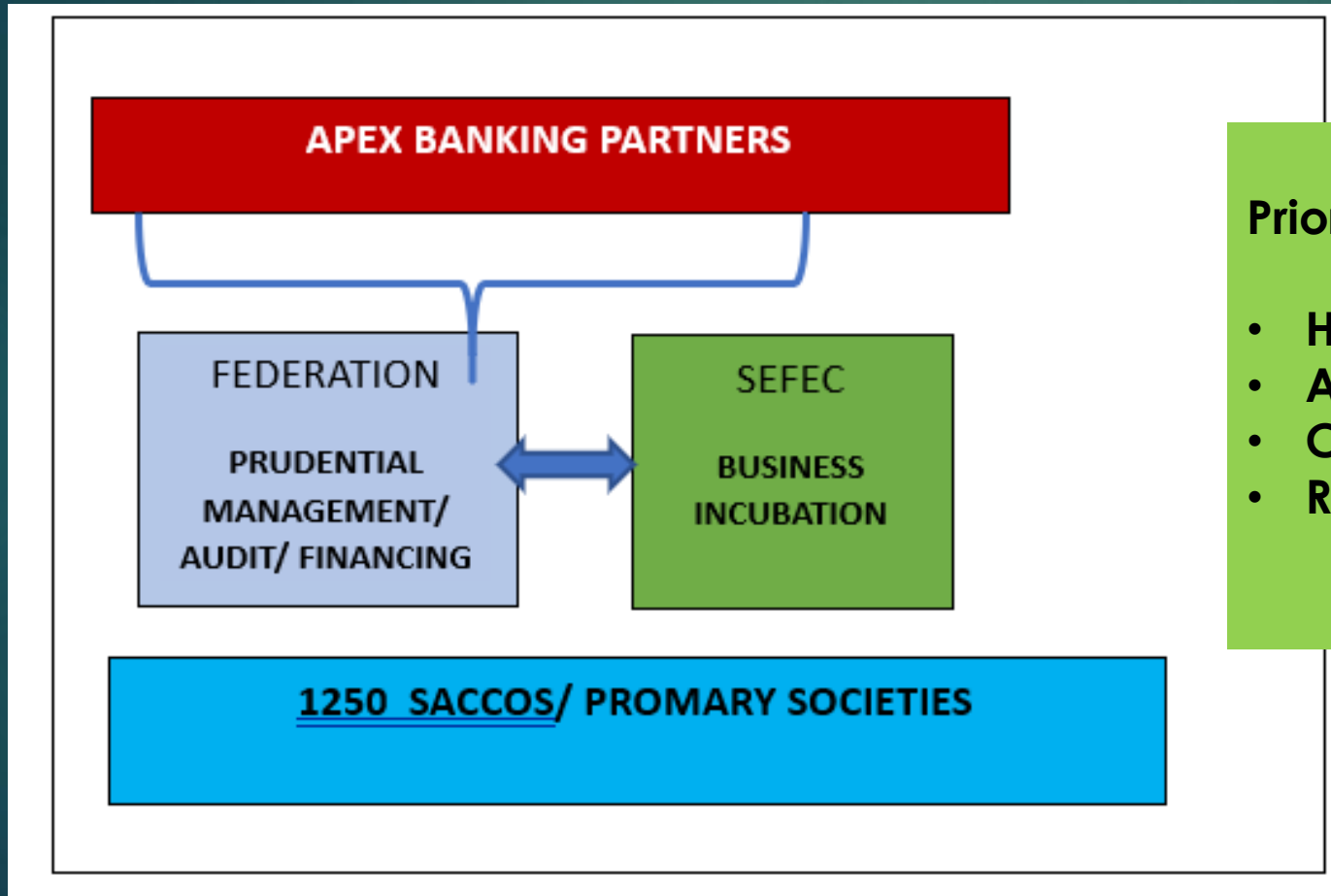
- ▶ Regulators intelligence on the cooperative sector is low
- ▶ Cooperative regulation and banking regulation do not work together
- ▶ Cooperative regulators are increasingly becoming technocrats without understanding the difference of the model and the purpose
- ▶ State does not recognize cooperatives as an important sector
- ▶ Rural community has less financial capital
- ▶ There is no organized programme that can create wealth in Rural communities; state efforts are fragmented and sometimes conflicts

# Creating wealth through cooperative enterprises





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## Priority sectors

- Health
- Agri business and food industry
- Community tourism
- Renewable energy



THANK YOU