

# Move your funds to a co-op for a better system

Capitalism, or any free market system, is always defined by its participants. Goods and services in demand will be provided to the extent possible. We all make economic decisions on a daily basis, and by doing so, are creating the system. For example, if everyone decided not to buy watches, at some point, they would cease to be manufactured. The same can be said for any product or service. Financial services are no different. While Main Street complains about the evils of Wall Street, many still keep their funds with Wall Street institutions. In the case of banking, commercial retail banks hold the majority of customer deposits. But alternatives exist such as credit unions, which are member owned. By choosing to keep our funds with Wall Street, we are providing our seal of approval, and basically financing, their activities, good or bad.

[From Julian Baginni:](#)

*The most significant card I received over the holiday period was one I had to sign myself: a Visa debit for my new current account. It marked the end of a 13-year relationship with my old bank, four years shorter than British customers typically stick it out, but still two longer than the average marriage.*

*My grounds for financial divorce echo those of many a romantic separation: my old bank is no longer the one I joined. It was called smile, launched as Britain's first full internet bank in 1999, but more importantly for me, a part of the Co-operative Group, owned by its members for their benefit, not that of shareholders. Last year, however, the bank virtually collapsed, and was [bailed out by bondholders led by hedge funds](#), and is now a private company. So I've moved my account to a building society that is still a*

*mutual.*

*You might dismiss this kind of ethical consumerism as mere gesture. Waving my right-on debit card as a badge of honour as I pack my Fairtrade chocolate into a canvas tote bag can look like a poor surrogate for revolution. This is part of a knowingly superior narrative of impotence that tells us our day-to-day choices can't lead to meaningful political change. "The system" is inherently corrupt and to believe we can affect it by our choices is to buy into the very myth of consumer power that late capitalism promotes in its own interest. It is to believe that virtue can be bought, when the vice of the system is precisely that it puts a price on everything, including a clear conscience.*

*But this narrative is wrong. It portrays capitalism as though it were a kind of entity with a will of its own, whose only desire is to maximise profit. In fact capitalism is amoral, not immoral. It doesn't care for right or wrong, only for what people demand. If we demand goods and services at the lowest price, capitalism will provide them, and damn the social and environmental consequences. If, however, we demand Fairtrade bananas or recycled toilet paper, capitalism will provide them too, as it demonstrably has done.*

*When it comes to financial services, there is nothing in the banking system that requires three quarters of us to put our money in the big four high street banks rather than a mutual. Ending the dominance of profit-making financial institutions does not require any change to the system or even of government. It simply requires people who moan about it to move their money instead.*

*To believe this is not to fall for the myth that our own personal choices "make a difference". Frankly, you'd need an electron microscope to see the impact of my defection to smile's bottom line. The only way to bring about meaningful change is for individuals to do their bit, knowing that it*

*will all be for nought unless lots of others do the same. In that sense, recognition of the uselessness of individual action is the very reason for making our modest contribution to the collective effort.*

*The implosion of the Co-operative Bank might make some think twice before seeking a mutual home for their mortgage. Its failure certainly shows that for-profit banks have no monopoly on bad practice. But that should simply provide a healthy dose of realism for the pro-mutual case. It would be naive to believe that all co-ops are well run. Of course they are not and some will fail.*

*The preference for mutuals should not be based on the guarantee of a better deal but a more fundamental desire for profit to be distributed among those who help generate it. A country in which more organisations are run for the benefit of their members and customers rather than shareholders would be a very real place where success is more equitable, not a utopia where failure is impossible.*

*That's why it is not good enough that the newly private Co-op is committed to maintaining its tough ethical policy. All other things being equal, it is of course good that a private business vows to follow high moral standards. But such optional bolt-ons, however laudable, are no substitute for the ethic of fairness at the heart of mutuals.*

*Mutuals offer a realistic vision of a better society that we can create without a revolution, without even an alternative model to the market economy. Capitalism is not the problem, it's the actors in the capitalist system. Of course embracing mutuals is not the whole solution, but they offer much of what we wish for from a post-capitalist world.*

*I'm often surprised to see a friend who is impeccably left or liberal offer a bank card from one of the big banks. But then I look at some of my other financial arrangements like my*

*measly stakeholder pension, and see that I am just as complacent about that.*

*More of us could and should change where we keep our money. At a time of year when resolutions are made that are aimed more at self-improvement than social benefit, vowing to move our money is a more realistic and worthwhile commitment. Long after fitness regimes have faltered and unwanted gifts have gone to Oxfam, that new debit card will still be doing its good work.*

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[List of credit unions in USA](#)

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**Cooperative banking** is retail and commercial banking organized on a [cooperative](#) basis. Cooperative [banking institutions](#) take deposits and lend money in most parts of the world.

Cooperative banking, as discussed here, includes retail banking carried out by [credit unions](#), [mutual savings banks](#), [building societies](#) and [cooperatives](#), as well as commercial banking services provided by [mutual organizations](#) (such as [cooperative federations](#)) to cooperative businesses.