

JAK - an Interest- free Bank Owned by its Members

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What makes JAK different from other banks?

- JAK Members' Bank in Sweden is a practical example showing that it is possible to run a bank based on humanitarian values instead of profit.
- JAK Members' Bank has an ideology; we want a sustainable and fair economy and are therefore skipping the interest on money
- JAK is a cooperative association that owns a bank. The clients are also the owners and decide the policy of the bank.

JAK has two parts, the ideological movement and the saving and loan scheme in banking practice.

The basic principle is just the same as when you lend money to a family member or a close friend. You don't charge interest, but you expect to be able to borrow without interest when you need a credit yourself.

History

During the economic crises 1931 farmers started an association for economic emancipation and cooperation in Denmark. It inspired us in Sweden to start a similar association 1965, which grew and led to a banking licence 1997.

In December 2003 JAK have 25 600 members and among them more than 460 voluntary workers spreading the ideas and '*know how*' of the interest free JAK banking system all over Sweden.

JAK is functioning as a telephone bank, with its headquarters in a small town. Staff is 25 persons working in the office and 5 consultants supporting the 26 Lokal Sections of voluntary active members

Ideas

The name JAK tells what is important in economy.

Jord = Land, all resources of nature
Arbete = Labour, human work and creativity
Kapital = Capital, the real estate or result of production

Financial capital, money, should be used for facilitating trade and exchange, be a measure of value, but not a commodity for speculation.

Money should be used locally where people live, and be used to meet real human needs.

Interest free credits support longterm investments and is a prerequisite for sustainable development.

Ecological sustainability take priority over economic activity.

Ethical considerations are more important than demand for profit.

A fair economy requires democracy and transparency.

Aims

- Support the members economic emancipation by making interest free credits available.
- Inform about the devastating effects of interest on society and environment.
- Our longterm goal is an ecological sustainable world with fair and just rules in economy for everyone.

Rules and policy

- JAK is non- religious and non- political. It is open to any person or organisation who agrees on interest free cooperation.
- The Saving and Loan Sceme is based on mutuality. The members are saving and borrowing from eachother without profit demand.
- JAK loans are without interest and are therefore cheaper. The administation cost is covered by a fee.
- Instead of interest on the money you are saving, you get savingpoints. Theese points are used when you borrow. The more points you have the bigger loan you can get.
- The Saving and Loan Sceeme with points keeps the capital flow in balans and garanties justice among members.
- Savingpoints can be given to someone you want to support
- A group of people can by a special Local Development Account support a project or enterprise they choose, without taking any financial risk.
- Special credits are available for sustainable projects and women entrepreneurs.

To become a member and co-owner of the JAK Members Bank you contribute a small sum of 200 SKR (=US\$26) towards the bank's equity. Each year there is a membership fee 200 SKR (=\$26)

When you get a loan your responsibility in JAK grows, and as a Loan Reserve you pay a refundable 6% of your loan (once). When your loan is repayed you get this risk money back.

How the lending works

Any member can apply for a credit at any time.

How much he or she can borrow depends on 3 factors:

1. The liquidity of the JAK bank at that time. The board sets the maximum limit for the 'members-loan', that is the same for everyone applying for a credit that day.
2. The amount of saving-points the member has gathered or got as a gift qualifies for extra loan on top of the 'members-loan'.
3. The possibility the member has to repay the loan (income, family size other debts is considered)

Saving points

Using your JAK account gives you points .

Example; 100 SKR deposit for one month gives you 100 points
(multiply the deposit sum with time)

- Saving can be a onetime installment or
- Savings can be regular, with the same amount every month,
- or unregular, withdrawals are allowed, without losing points.

If you have no points you have to do your savings at the same time you are repaying the loan, and in that case the monthly saving is as big as the monthly repayment. The more points you have before you get a credit, the less you need to save afterwards.

The money you are saving during repayment time, is free to withdraw when the borrowed money is repayed. The money you saved before you got the credit is free to withdraw at any time.

Collateral is needed for bigger loans, for example mortgage when buying a house. Guaranties, two friends signature is a common collateral.

Microcredits up to 35000 SKR (\$ 4000) is given without collateral.

Today november 2003 the total sum of deposits is 680 milion SKR (\$85 milion)
The average loan is 100 000 SKR (\$12500) for 10 years.

More about JAK can be found on the website: www.jak.se