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Financial performance of the Juventud Ecuatoriana Progresista Savings and Credit Cooperative Ltda., period 2019-2023

Rendimiento financiero de la Cooperativa de Ahorro y Crédito Juventud Ecuatoriana Progresista Ltda., período 2019-2023

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Resumen

El presente estudio analiza el rendimiento financiero de la Cooperativa de Ahorro y Crédito Juventud Ecuatoriana Progresista Limitada del Ecuador durante el periodo 2019-2023, con el objetivo de determinar la evolución de su solvencia financiera. Se aplicó un enfoque cuantitativo, de tipo descriptivo y con diseño no experimental, utilizando el método analítico-sintético y técnicas como el análisis documental y financiero de los estados contables publicados por la Superintendencia de Economía Popular y Solidaria (SEPS). Se evaluaron indicadores clave como morosidad, rentabilidad (ROE y ROA), intermediación financiera, eficiencia financiera, liquidez y vulnerabilidad patrimonial. Los resultados evidenciaron una tendencia creciente en la morosidad, de 3,51% a 6,74%, y una rentabilidad volátil con una recuperación en el 2023. La eficiencia financiera y el uso de activos se mantuvieron bajos, mientras que la liquidez varió entre el 22% y 29%. Finalmente, el índice de capitalización mostró una estructura patrimonial vulnerable ante la alta proporción de activos improductivos. En conclusión, aunque la Cooperativa de Ahorro y Crédito Juventud Ecuatoriana Progresista (COAC JEP) ha mostrado resiliencia ante un entorno adverso, persisten desafíos importantes en la gestión de riesgos, eficiencia y fortalecimiento patrimonial.

Palabras claves: Rendimiento financiero, cooperativas de ahorro y crédito, indicadores financieros, rentabilidad, economía popular y solidaria.

Abstract

This study analyzes the financial performance of the Ecuadorian Savings and Credit Cooperative Juventud Ecuatoriana Progresista Limitada (Juventud Ecuatoriana Progresista Limited) during the 2019-2023 period, with the aim of determining the evolution of its financial solvency. A quantitative, descriptive approach with a non-experimental design was applied, using the analytical-synthetic method and techniques such as documentary and financial analysis of the financial statements published by the Superintendency of the Popular and Solidarity Economy (SEPS). Key indicators such as delinquency, profitability (ROE and ROA), financial intermediation, financial efficiency, liquidity, and asset vulnerability were evaluated. The results showed an increasing trend in delinquency, from 3.51% to 6.74%, and volatile profitability, with a recovery in 2023. Financial efficiency and asset utilization remained low, while liquidity ranged between 22% and 29%. Finally, the capitalization ratio revealed a vulnerable equity structure due to the high proportion of non-performing assets. In conclusion, although the Juventud Ecuatoriana Progresista Savings and Credit Cooperative (COAC JEP) has demonstrated resilience in the face of an adverse environment, significant challenges remain in risk management, efficiency, and asset strengthening.

Keywords: Financial performance, savings and credit cooperatives, financial indicators, profitability, popular and solidarity economy.

Introduction

The Popular and Solidarity Economy (PSE) has been the third economic sector recognized in the Ecuadorian Constitution since 2008, in accordance with the framework established in the Montecristi Constitution. This model has demonstrated its capacity to generate positive socioeconomic impacts on vulnerable populations through institutions that facilitate access to financial products and services, thus contributing to the development of various national productive sectors.

As Mendoza et al. (2021) point out, one of the strategic axes of the EPS lies in creating opportunities for its stakeholders to strengthen their commercial capacities and streamline the exchange of goods and services. Within this ecosystem, Savings and Credit Cooperatives (COACs), supervised by the Superintendency of the Popular and Solidarity Economy (SEPS), play a fundamental role by offering inclusive financing mechanisms for various emerging ventures. Within the group of institutions that make up the EPS, the Savings and Credit Cooperative Juventud Ecuatoriana Progresista Ltda. (JEP) stands out as one of the entities one of the most relevant financial institutions due to its broad national coverage. This cooperative is positioned among the main drivers of productive processes and individual or family businesses. Its operations are characterized by the granting of loans for consumption, housing, production, and education, in addition to maintaining a broad membership base and receiving excellent reviews for its credit management.

Therefore, it is interesting to conduct a study on its evolution during the period 2019-2023, using its financial indicators as a reference, which allow for a general assessment of its accounting components in terms of assets, liabilities, and equity, as well as the income and expenses obtained during the different fiscal periods.

The relevance of this study is based on the fact that it will allow for the updating of information on the JEP cooperative and the evaluation of its financial situation. The main question is: How has the financial situation of COAC JEP Ltda. evolved from the periods between 2019 and 2023?

Therefore, the general objective of this research is to analyze the financial performance of the Cooperativa de Ahorro y Crédito Juventud Ecuatoriana Progresista Ltda. by evaluating its financial ratios between the periods 2019 and 2023 to determine the evolution of its financial solvency.

To adequately fulfill this objective, the following specific objectives have been proposed:

- Contextualize the institutional and operational development of the Juventud Ecuatoriana Progresista Ltda. Savings and Credit Cooperative.
- Analyze the evolution of the cooperative's main financial indicators during the 2019–2023 period by analyzing its accounting reports.
- Evaluate the cooperative's financial profitability.

Popular and Solidarity Economy and Its Participation in the Ecuadorian Financial Sector

The Ecuadorian financial sector has undergone a structural transformation in the last decade, characterized by sustained growth in financial transactions, the advancement of digitalization, and increased demand for loans for investment projects. According to the report by Rodríguez et al. (2022), between 2019 and 2021, financial transactions grew by 35.74%, rising from an average of 512 million to 695 million annual transactions. Currently, the National Financial System is made up of public and private institutions, with Savings and Credit Cooperatives (COACs) standing out among them due to their representativeness and territorial reach.

Despite these advances, equitable access to financial services remains a significant challenge. According to the report of the Network of Development Financial Institutions (2024), by December 2023, approximately 27% of the Ecuadorian population was still excluded from the National Financial System.

In this context, the Popular and Solidarity Economy (PSE)—constitutionally recognized since 2008 (Art. 283)—emerges as an alternative model focused on resource redistribution and financial inclusion (Coba et al., 2020). This model has been promoted by the Ecuadorian State, particularly through the National Assembly, which incorporated it into the Constitution of the Republic of Ecuador (2008), and by the Superintendency of the Popular and Solidarity Economy (SEPS), the entity responsible for its regulation and supervision.

As Coba et al. (2020) point out, the EPS represents a new economic approach focused on resource redistribution, as opposed to traditional market-based systems. This vision was enshrined in Article 283 of the Constitution, which establishes that:

The economic system is social and supportive; it recognizes the human being as both subject and end; it promotes a dynamic and balanced relationship between society, the State, and the market, in harmony with nature; and its objective is to guarantee the production and reproduction of the material and immaterial conditions that enable good living. (Constitution of the Republic of Ecuador, 2008, p. 137)

The aforementioned principle would be reaffirmed through the drafting of the Organic Law of the Popular and Solidarity Economy (LOEPS) in 2011 and its entry into force in 2012, creating a legal framework for regulating practices related to the EPS.

According to Ortega et al. (2017), the LOEPS regulates three fundamental sectors: the community, associative, and cooperative sectors. However, special emphasis will be placed on the cooperative sector, which is specifically comprised of the COACs (Cooperative Associations). According to the LOEPS (2011), the cooperative sector encompasses all types of societies through which people can voluntarily join together to satisfy common economic, social, and cultural needs. This society results in the establishment of a jointly owned enterprise governed by the principles of democracy and private legal personality.

Regarding the Popular and Solidarity Financial Sector (SFPS), Mayorga et al. (2019) argue that it was established in 2012 and is comprised of COACs (Cooperative Associations), mutual funds, savings banks, and community banks. Below is a definition of each entity:

- **Savings and Credit Cooperatives:** According to the LOEPS (2011), COACs are institutions made up of individuals or legal entities that voluntarily join together to carry out financial intermediation activities and comply with the principles of social responsibility.
- **Mutual Funds:** According to the Superintendency of Banks of Ecuador (SB, 2012), mutual funds are financial entities whose main activity is raising citizens' economic resources to finance housing, construction, and family welfare projects.
- **Savings Banks:** According to the SEPS (2024a), these are institutions that may opt for legal personality and are made up of members of the same union or organization, as well as groups of employees with a similar employer, family or neighborhood groups, or members of cooperatives other than savings and credit cooperatives.
- **Community Banks or Community Savings Banks:** These banks have several similarities with savings banks because they can also opt for legal status, arguing that their activities will be governed solely in the area or locality in which they were established.

Morales (2018) points out that the incorporation of a third economic model and the development of the Popular and Solidarity Financial Sector have facilitated access to financial instruments for traditionally marginalized sectors in Ecuador. This approach has allowed for greater integration between financing mechanisms and populations historically excluded from the conventional banking system. Regarding the cooperative model promoted by the EPS, Delgado et al. (2021) demonstrate its positive effects on the family sphere through three aspects:

- Significant increases in disposable income.
- Greater capacity for productive investment.
- Substantial improvements in financial education and economic management.

Relevance of the JEP Limited Savings and Credit Cooperative in the productive drive of Ecuadorian citizens

Savings and Credit Cooperatives (COACs) play a fundamental role in financing entrepreneurship, standing out as sources of employment for individuals and families living below the poverty line. According to León and Murillo (2021), these financial institutions provide greater flexibility in financing productive ideas. Complementing the aforementioned, García et al. (2018) argue that COACs focus on seeking the benefit of their members, participating directly and indirectly in local and territorial development through the offering of their financial products. The Central Bank of Ecuador (2022) in the published report highlights that COACs have a transformative role in modern societies, given that they contribute with productive dynamism to population groups that were previously excluded by the traditional financial system, providing both economic and strategic support.

A relevant example is Montaluisa's (2019) study on the COAC JEP, which demonstrated a significant relationship between the productive flows of the Ecuadorian economy and the volume of microcredits

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granted by this institution. According to the analysis, microcredit not only boosts production, but both factors maintain a feedback loop over time. It is important to highlight that the research was based on data corresponding to the 2007-2017 period. Updating figures on the JEP in Ecuador, information extracted from its digital portal alludes to the fact that they currently have more than 1,000 ATMs in Ecuador, 63 branches, 150,000 loans issued, and 1.4 million members (Cooperativa de Ahorro y Crédito JEP Ltda., 2024).

The figures stated in the previous paragraph denote the representativeness of the JEP in promoting financial inclusion. This is relevant given that Sierra et al., (2024) argue that financial inclusion contributes to reducing inequalities in relation to access to formal sources of financing, thus contributing to socioeconomic development. In Ecuador specifically, the COACs have become the engine that encourages financial inclusion of different population groups, regardless of their area. Supporting the premise of financial inclusion as a contribution to the development of rural areas, research by Buenaño et al., (2022) reveals that the SFPS concentrates a high percentage of its activities in rural areas (38%), where more than half of its service points are located in sectors where poverty levels exceed 50%.

Explaining more about the main financial products offered by COACs, they are responsible for both raising and allocating their members' financial resources. Regarding loans, these are distributed through different types of credit, including consumer, housing, productive, and microcredit loans. Authors León et al. (2023) provide a definition of these types of credit:

Table 1

Characterization of the credits offered by the SFPS

Credit type	Characterization
Consumption	Their main purpose is to cancel other payments for the acquisition of goods and services not associated with production.
Microcredits	These are small amounts of money granted based on the debtor's ability to pay, if they fail to exceed the threshold of $100,000 in sales. They primarily help borrowers carry out their commercial and production activities.
Productive	Its purpose is to finance productive activities such as the purchase of capital goods, land, buildings, among others.
Housing	They are used for the purchase, construction or improvement of real estate.

Source: León et al., (2023).

Using information extracted from the SEPS (2025), the evolution of the financial operations developed by the COAC JEP from: 2019-2023:

Table 2

COAC JEP credit operations from 2019 to 2023

Operation	**2019**	**2020**	**2021**	**2022**	**2023**
Amount of loans granted (millions of dollars)	647,90	481,90	721,70	810,90	834,70
Number of transactions granted	44.547	45.159	62.144	70.599	59.810
Number of credit subjects	83.266	86.793	99.286	100.635	89.175
Average amount per credit	14.543,40	10.672,30	11.613,80	11.486,00	13.956,30

Prepared by: The authors with information from the SEPS (2025).

Table 2 shows how, despite the pandemic, which significantly reduced the amount of loans granted, the COAC has managed to recover and, since 2021, has maintained sustained growth in its financial operations, reaching $3,497.10 million in loans to 282,259 individuals within the last 5 years.

As of October 2024, the SEPS information portal (2024) shows that the COAC JEP has granted a total of $1,104.34 million in consumer loans, $471.48 million in housing loans, $245.62 million in microcredits, and $41.75 million in productive loans. The previous figures show how the majority of loans requested by borrowers are used for the consumption of goods and services and for housing construction. In Table 3, the credits are distributed by regions.

Table 3

Distribution of JEP credits by region

Type of credit	Coast	Mountain	Insular	Amazon
Consumption	33,49%	60,54%	0,0043%	5,97%
Microcredits	19,98%	71,49%	0,02%	8,51%
Productive	40,45%	51,84%	0,00%	7,71%
Housing	33,88%	65,03%	0,00%	1,09%

Source: SEPS (2024b).

Table 3 shows that the majority of loans granted by the JEP are allocated to the Sierra region, which concentrates a greater proportion of the 4 types of loans, followed by the Coastal, Insular and Amazon regions.

Financial Performance and Application of Financial Indicators

The analysis of organizations' financial performance, according to Morelo & Torres (2021), allows for projections of their results, which in turn provides information on the profit the entities obtain per dollar invested. Within the COACs, this analysis takes on another purpose, since, according to Coba et al. (2019), the financial performance of COACs is related to the surpluses generated by their members from the economic resources provided, in addition to the interest from loan payments.

In the analysis of the financial performance of savings and credit cooperatives, various studies agree on the relevance of indicators such as liquidity, solvency, and indebtedness, since these provide key information for managerial decision-making aimed at benefiting members. These indicators not only allow for the evaluation of the entity's responsiveness to its obligations, but also its operational stability and capital structure. Research conducted in similar contexts, such as the study by Castaño et al. (2016) in Antioquia, Colombia, highlight that these parameters are essential to assess the financial health of the COACs.

Additionally, it is recognized that financial indicators should not be understood solely as accounting metrics, but as strategic tools that allow numerical information to be translated into inputs for institutional management. From this perspective, Párraga et al. (2021) argue that these indicators reflect an organization's quantitative behavior in terms of efficiency, profitability, and sustainability, while providing a solid basis for evaluating how available resources are managed.

Below is a brief theoretical summary of the indicators that will be used in the results section:

Default Rate

The default rate indicator is characterized by Delgado & Arteaga (2024) as the failure of debtors to meet payment obligations, and is one of the most recurring challenges for various financial institutions. Effective management of credit default is essential to ensure the long-term financial sustainability of COACs.

Another definition of the delinquency rate is presented by Alcívar & Bravo (2020), who explain it as the percentage of total unproductive portfolio compared to the total gross portfolio, thus symbolizing the delay in payment terms by debtors, thus increasing late payment interest and the risk of credit default. For Arciniegas & Pantoja (2020), overdue loans demonstrate the fragility of financial institutions when granting loans to their partners and even more so when they do not implement

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timely follow-ups that guarantee the recovery of resources in the established times.

Profitability Index

According to Soto et al. (2024), profitability allows for the analysis of the profits obtained by cooperatives from their participation in financial intermediation and the use of their assets. They emphasize that the higher the profitability obtained by the cooperative, the greater the benefit received by shareholders. An interesting point made by Guallpa & Urbina (2021) is that a nation's macroeconomic characteristics impact the profitability of financial institutions, given that they operate in environments where inflation, recession, and unemployment coexist.

The importance of analyzing profitability according to Aimacaña et al. (2024) is that it allows users to recognize a company's financial health and how it manages its resources in the pursuit of greater profits, through its training functions and allocation of resources in the various production and consumption activities. From a managerial perspective, recognizing the factors that impact profitability allows for more effective control, generating greater ownership and trust among partners in light of the excellent financial returns reflected in the final management results.

Financial Intermediation Index

Presenting a basic conceptualization of financial intermediation, authors Luque & Peñaherrera (2021) present it as an activity through which financial institutions connect individuals and companies in need of financial resources with users who have available cash, with the COAC acting as an intermediary between the lender and the borrower, earning interest through this process as well as being responsible for protecting clients' capital.

The financial intermediation indicator, according to the SEPS (2017) report, measures the level of loans or credits granted by an entity in relation to the amount of deposits received from its depositors. It is argued that if the indicator's result is consistently higher across different comparison periods, the COAC would denote efficiency in the distribution of financial resources in contrast to the amount of demand and term deposits it receives.

Financial Efficiency Index

Financial efficiency, as explained by Laica (2024), refers to the appropriate use of financial resources to achieve the best possible results. In the context of cooperatives, this concept is related to the results obtained in terms of savings and investment, derived from the efficient management of economic resources allocated to fundraising and disbursing activities in the shortest possible time. Furthermore, financial efficiency seeks to ensure the sustainability of cooperative entities by balancing profitability and financial stability, both in the short and long term.

As explored in the SEPS (2017) report on financial indicators, financial efficiency is typically measured using the formulas for estimated intermediation margin divided by average equity and the formula for estimated intermediation margin divided by average assets, yielding results regarding how the cooperative uses its assets and equity to generate profits through financial intermediation.

Liquidity Ratio

Liquidity refers to a company's ability to meet its short-term debts through its current assets, determining whether, once its debts are paid, it has available capital for further investment (Luna et al., 2023). Abril (2015) highlights that liquidity indicators demonstrate whether a COAC is able to effectively manage its cash to respond to multiple withdrawal demands and remain within the required liquidity margins.

Author Tasigchana (2021) explains that to achieve good liquidity ratios, COACs must maintain a balance between their credit placements and cash collections, which includes adequately managing collection periods and controlling the amounts of assets and liabilities. According to the SEPS (2017), liquidity in COACs is measured by the ratio of their available funds and their total of their short-term deposits, this formula allows institutions to measure their ability to meet their short-term obligations.

Equity Vulnerability

Regarding this indicator, Romero (2018) defines it as essential for assessing the financial capacity of the COAC to face losses or crisis situations without compromising their equity. This indicator measures the equity susceptibility of the COAC to factors such as operating losses or credit risks. Its calculation is typically based on variables such as the non-performing portfolio (loans that do not generate income or accrue interest), equity, and financial results at the end of the fiscal year.

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Another key indicator, according to the SEPS (2017), is the capitalization ratio, which assesses the relationship between net capital and non-performing assets (those that do not generate income). A higher capitalization ratio reflects the COAC's ability to generate profits despite holding non-performing assets, making it a fundamental tool for assessing institutional financial solvency.

Methodology

This research employed a quantitative approach, with a non-experimental, descriptive design. The analysis focused on the evolution of the main financial indicators of the Cooperativa de Ahorro y Crédito Juventud Ecuatoriana Progresista Ltda. (COAC JEP) during the period 2019–2023.

To this end, the financial statements published monthly by the Superintendency of the Popular and Solidarity Economy (SEPS) were compiled and analyzed. No variables were manipulated, as historical data available from official sources were used directly.

The techniques applied were documentary analysis and financial analysis. Relevant institutional and regulatory documents were selected, and standard formulas were applied to calculate the following indicators: delinquency, profitability (ROE and ROA), financial intermediation, financial efficiency, liquidity, and asset vulnerability.

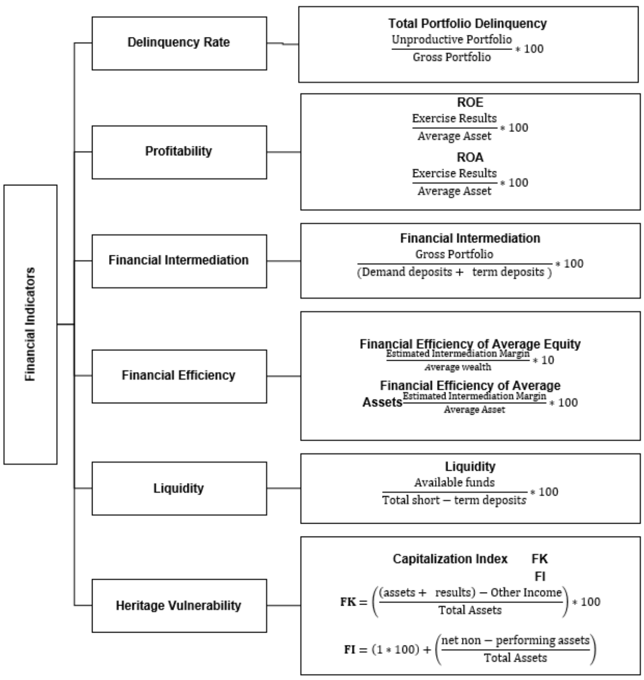
This analysis identified trends, fluctuations, and potential risks in the cooperative's financial situation, providing a comprehensive view of its performance throughout the period studied.

Results

PTo gain a clear picture of the financial indicators to be analyzed, the following information box is provided with the formulas for each:

Figure 1

Financial ratios to measure the profitability of the COAC JEP 2019-2023.



Nota: SEPS (2017).

Delinquency Rate

Regarding the evolution of the delinquency rate in the total portfolio, the following results were obtained:

Table 4

Delinquency evolution in the total COAC JEP portfolio 2019-2023.

2019	2020	2021	2022	2023
57′781.863,7	61′390.979,89	90′031.402,66	101′521.097,43	147′406.467,52
1′645.804.426,85	1′707.242.522,17	1′834.017.339,27	2′029.450.488,56	2′185.772.954,56
3,51%	3,60%	4,91%	5,00%	6,74%

Source: SEPS (2024b).

Cooperativa JEP Ltda.'s delinquency rate has shown a worrying upward trend over the past five years. In 2019 and 2020, it remained stable at around 3.51-3.60%, reflecting sound credit risk management. However, beginning in 2021, the indicator began to rise significantly, reaching 4.91% that year, due to the economic effects of the post-pandemic, which resulted in several loans going unrecovered and unrefinanced.

By 2022, delinquency rates reached 5%, thus surpassing the threshold considered critical in the financial sector. But the most adverse result occurred in 2023, when the rate climbed to 6.74%, indicating that nearly 7% of the loan portfolio is not generating income. This increase suggests problems in loan recovery due to increased business attrition due to extortion and a contraction in household consumption due to rising unemployment.

Profitability

The following shows the evolution of this entity's ROE and ROA:

Table 5

ROE evolution of COAC JEP 2019-2023.

2019	2020	2021	2022	2023
28′126.202,25	12′739.131,31	1′100.746,01	13′034.220,34	30′513.140,16
204′588.562,80	238′902.675,26	265′668.894,84	280′986.760,93	303′259.228,68
13,75%	5,33%	0,41%	4,64%	10,06%

Source: SEPS (2024b).

COAC's ROE reflects a volatile trend over these 5 years. For example, in 2019, the indicator reached 13.75%, demonstrating solid profitability. However, in 2020 it fell to 5.33%, due to the impact of the pandemic, and in 2021 it reached its lowest point (0.41%), as a result of losses on loans granted in previous years. Starting in 2022, a gradual recovery was observed, with a 4.64% increase, which was consolidated in 2023 at 10.06%, approaching pre-crisis levels. This trend indicates that, despite external challenges, the cooperative managed to adjust its management to regain profitability.

Table 6

Evolution of the COAC JEP's ROA 2019-2023.

2019	2020	2021	2022	2023
28′126.202,25	12′739.131,31	1′100.746,01	13′034.220,34	30′513.140,16
2′079.434.721,69	2′348.674.350,47	2′708.179.736,25	2′978.229.713,31	3′177.749.707,24
1,35%	0,54%	0,04%	0,44%	0,96%

Source: SEPS (2024b).

This indicator shows a downward trend from 2019 to 2021, followed by a slight recovery in subsequent years. Specifically, in 2019, ROA was 1.35%, indicating moderate efficiency in generating profits from its assets. However, in 2020 it fell to 0.54%, and in 2021 it reached a low of 0.04%, reflecting the COAC's struggle to properly manage its assets during the health crisis.

However, starting in 2022, a progressive improvement is observed, reaching 0.44% that year and 0.96% in 2023. While this recovery is positive, the values remain low compared to 2019, suggesting that the cooperative is not yet fully utilizing its available assets.

Financial Intermediation

Financial intermediation achieved the following evolution:

Table 7

Evolution of the COAC JEP's financial intermediation 2019-2023.

2019	2020	2021	2022	2023
1′645.804.426,85	1′707.242.522,17	1′834.017.339,27	2′029.450.488,56	2′185.772.954,56
1′965.040.000	2′212.350.000	2′572.940.000	2′722.700.000	2′841.100.000
83,75%	77,17%	71,28%	74,54%	76,93%

Source: SEPS (2024b).

In 2019, the COAC achieved a remarkable 83.75% share in financial intermediation, demonstrating an efficient transformation of deposits into loans. However, the following years saw a gradual decline, reaching its lowest point in 2021 (71.28%), reflecting lower credit demand and liquidity accumulation. The subsequent recovery to 76.93% in 2023 suggests a strategic adjustment, although not a return to the initial levels of 2019. This performance raises two key points: greater caution in lending; and, on the other hand, it also calls for optimizing the performance of deposits collected.

Financial Efficiency

To calculate the cooperative's financial efficiency, its financial intermediation margin is used as a reference relative to its average equity and assets, resulting in the following results:

Tabla 8

Evolution of financial efficiency in relation to the assets of the COAC JEP 2019-2023.

2019	2020	2021	2022	2023
32′246.378,42	6′171.976,46	−15′041.640,67	474.658,01	19′741.574,87
204′588.562,80	238′902.675,26	265′668.894,84	280′986.760,93	303′259.228,68
15,76%	2,58%	-5,66%	0,17%	6,51%

Source: SEPS (2024b).

The indicator, which measures how well the company transforms its assets into trading income, fell from a healthy 15.76% in 2019 to a steep drop of -5.66% in 2021, resulting in operating losses. However, in 2023 it showed a notable recovery, despite this positive result, the levels remain lower than in 2019. This trend, above all, highlighted the financial system's high sensitivity to external crises, the COAC's difficulty in maintaining stable intermediation margins, and its structural problems in managing its assets.

Tabla 9

Evolution of financial efficiency in relation to the assets of the COAC JEP 2019-2023.

2019	2020	2021	2022	2023
32′246.378,42	6′171.976,46	−15′041.640,67	474.658,01	19′741.574,87
2′079.434.721,69	2′348.674.350,47	2′708.179.736,25	2′978.229.713,31	3′177.749.707,24
1,55%	0,26%	-0,56%	0,02%	0,62%

Source: SEPS (2024b).

Liquidity

Liquidity, which is one of the most important and informative indicators for COAC users, has grown at the following rate:

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Table 10

Evolution of the COAC JEP's liquidity 2019-2023.

2019	2020	2021	2022	2023
265′893.092,18	394′598.925,99	380′030.726,83	396′577.567,84	405′628.565,23
1′180.055.845,12	1′334.575.417,54	1′492.027.532,41	1′547.537.034,10	1′534.397.756,66
22,53%	29,57%	25,47%	25,63%	26,44%

Source: SEPS (2024b).

The evolution of the COAC's liquidity ratio reveals a situation of constant vulnerability during the 5 years analyzed. The results ranged from 22.53% in 2019 to 29.57% in 2020, subsequently remaining within a narrow range between 25% and 26%. The particular result for 2020 demonstrates the contraction of the financial operations carried out by the COAC, which opted for precautionary measures such as a reduction in loan issuance. As the precautionary measures were reduced, the COAC increased the flow of its financial operations, This led to a decrease in its liquidity as it was invested in its agents' financial operations.

Asset Vulnerability

To gain insight into the asset vulnerability of the COAC, the capitalization ratio was used. This ratio, in turn, is composed of two key indicators: the capitalization factor (CF) and the insolvency factor (IF), which help assess the financial health of the COACs, with an emphasis on the sustainability of their assets:

Table 11

Evolution of the vulnerability of the COAC JEP assets 2019-2023.

2019	2020	2021	2022	2023
10,97%	10,69%	8,45%	9,19%	10,62%
109,42%	110,06%	109,13%	110,04%	111,16%
10,03%	9,71%	7,75%	8,35%	9,55%

Source: SEPS (2024b).

Before beginning the analysis, it is worth explaining that a higher ratio indicates a greater capacity to absorb risks, while a lower ratio reflects greater asset vulnerability. Turning to interpretation, a slight decline is observed between 2019 and 2021, suggesting increasing asset vulnerability, derived from greater credit risks such as the increase in bad loans due to fears of the pandemic. There was a partial recovery in 2022 and 2023, but the level remains low, indicating that the COAC still faces high exposure to financial risk.

Additionally, it is mentioned that the Insolvency Factor (IF) remains well above 100% every year, indicating that non-performing assets represent a considerable proportion of total assets.

On the other hand, the Capitalization Factor (CF) is low, reflecting a weak equity generation capacity relative to the size of its assets. In short, COAC has a vulnerable equity structure, as its net worth fails to offset the weight of its non-performing assets.

Discussion

Regarding the impact of financial management on the profitability of COACs, authors Yaguache and Hennings (2021) concluded that efficient management positively impacts indicators such as ROE and ROA. However, they observed a decline in these indicators in 2020, attributed to the economic crisis exacerbated by the COVID-19 pandemic.

As could be seen in the results, operational efficiency is essential for the financial performance of the COACs, highlighting what was stated by the author Zambrano (2024) who evaluated the efficiency of the COACs of Segment 1 in Ecuador during 2010-2020 and found that, although the average ROE was 8.5%, the ROA only averaged 1.2%, which refers to a relatively low efficiency in the use of assets to generate profits, that is, although the COACs may be profitable, there is still hard work to be done to improve management around assets.

A factor of great importance in the economic contraction of the COAC indicators was the pandemic. Related to this issue, the work developed by Alta (2023) highlighted that the pandemic affected key indicators such as ROA and ROE, which caused the COACs to implement internal strategies such as reducing operating expenses, restructuring credits, increasing liquidity, and containing the non-performing portfolio, with the aim of mitigating the effects of the pandemic and keeping the indicators within acceptable parameters. Regarding the post-pandemic effect, Guanoluisa and Vizuete (2024) revealed that during 2022-2023 there was a significant increase in the delinquency of COACs, this due to the previous economic stagnation of the country that caused several lenders to have to refinance their debt.

The study on the influence of external and internal factors on the performance of COACs by Guallpa and Urbina (2021) identified that a higher capital ratio, size, and diversification are positively related to profitability, while credit and liquidity risk generated negative effects. With emphasis on macroeconomic factors, they denoted a positive impact of economic growth, and a negative impact of unemployment and inflation. In addition to this study, Gonzabay et al. (2024) concluded that there are no significant differences in profitability between COACs from different economic sectors, suggesting that profitability is more influenced by internal management factors than by the economic sector to which they belong.

The COAC JEP maintains a strategic role in financial inclusion (Blandín & Yadaicela, 2024), particularly in the Sierra, 60.54% of consumer loans, Table 3. This complementary relationship occurs because the COACs serve segments neglected by traditional banking, such as micro, small and medium-sized enterprises, as well as low-income households, thus strengthening the financial system as a whole.

Developing a summary of the discussion presented, it is shown that the 2019-2023 period has been challenging for COACs in Ecuador, due to the influence of the pandemic and the economic fluctuations that generated the dismissal and closure of multiple businesses. It was established that efficient financial management and the ability to adapt to macroeconomic factors are very important to maintain and improve profitability and operational efficiency. Along these same lines, Cárdenas et al. (2021) argued that COACs should continue strengthening their internal strategies and explore opportunities for collaboration with traditional banking to foster a more inclusive and resilient financial system.

Conclusions

The analysis of the financial performance of the Cooperativa de Ahorro y Crédito Juventud Ecuatoriana Progresista Ltda. (COAC JEP) during the 2019–2023 period allowed for an assessment of its financial situation by studying key indicators such as delinquency, profitability, efficiency, liquidity, financial intermediation, and asset vulnerability. In fulfilling the general objective, a comprehensive view of the entity's financial performance and the challenges it faces in its institutional management was obtained.

Regarding the first specific objective, COAC JEP consolidates a strategic role in financial inclusion, with 1.4 million members and 63 branches, especially in the Ecuadorian highlands. However, its dependence on the mining sector limits its impact on diversified production chains.

Regarding the second objective, the analysis of the financial statements revealed a sustained increase in non-performing loans, which rose from 3.51% in 2019 to 6.74% in 2023, reflecting greater exposure to credit risk. Despite this, a gradual recovery in profitability levels was observed, with ROE reaching 10.06% in 2023, after the decline suffered during the pandemic. This rebound demonstrates a certain capacity for adaptation on the part of the cooperative, although challenges in operational efficiency and return on assets persist.

The third objective identified a volatile trend in profitability indicators, particularly in 2021, the year in which the worst financial results of the period were recorded. Although progress was made toward stabilization in 2022 and 2023, financial efficiency remains limited, which compromises the generation of sustainable surpluses in the medium term.

Finally, the capitalization ratio analysis revealed a vulnerable equity structure. Despite a slight improvement in 2023 (9.55%), this value remains low compared to the weight of non-performing assets, which reduces the cooperative's ability to absorb losses without compromising its financial stability.

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In short, although COAC JEP has demonstrated resilience in the face of an adverse economic environment, it still faces structural challenges that urgently need to be addressed. It is essential to strengthen credit risk control, optimize asset management, and increase operational efficiency, while maintaining its commitment to financial inclusión.

This analysis was based exclusively on secondary information from the financial statements published by the SEPS (Spanish Securities and Exchange Commission), which implies a direct dependence on the quality and availability of official data. No interviews, surveys, or comparative analyses with other cooperatives were included, which restricts the interpretative scope of the study. Future research could incorporate mixed or longitudinal approaches that would allow for a deeper understanding of the cooperative's internal dynamics and its surrounding economic environment.

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