

**ORIANE
LAFUENTE-SAMPIETRO**

**CONVERTIBLE LOCAL CURRENCIES AS A
DEVELOPMENT TOOL FOR BUSINESSES ?
FINDINGS FROM AN PANEL ECONOMETRIC ANALYSIS ON
FRENCH COMPANIES JOINING A CONVERTIBLE LOCAL
CURRENCY**

Over the last decade, the socio-economics of monetary alternatives carried out an important census work and classification of these currencies (Seyfang and Longhurst 2013). They highlighted the multiplication of a third generation of local currencies, which aim to contribute to the regulation of market relations by enrolling companies in a monetary network and creating or densifying localized economic relations (Blanc and Fare 2012). To this generation belong a specific kind of currency, called convertible local currency (CLC) due to their means of issuance (Marshall and O'Neill 2018; Jérôme Blanc 2018). Indeed, CLC are managed by NGOs and issued by the change of national currency into CLC by their users. Once the CLC unities are obtained, the consumers can use them with firms or organizations affiliated to the scheme. It is an exchange intermediary which enables to circulate value inside a network of participants. The number of CLC has increased rapidly in France over the last fifteen years, such that there are currently over 90 CLC in France (Blanc, Fare, and Lafuente-Sampietro 2020).

One of the stated objectives of CLC is to promote the development of local exchanges and of a territorialized economic community (Fare 2016). I thus conceptualize CLC as actors fulfilling territorial intermediation functions by connecting their members through commercial exchanges. These intermediation actions are carried out through three main mechanisms: a constraint on the use of income received in CLCs, a signal effect due to participation in a CLC and the support work of the managing associations.

I make the hypothesis that, by orienting the expenses of the user's community towards affiliated businesses through this intermediation process, the enrolment in a CLC should result in an increase in demand addressed to them and thus in an increase in their turnover. I thus investigate whether membership to a CLC has an effect on enrolled firms' economic activity. Therefore, I measure the impact of the use of a CLC on their turnover. Krohn and Snyder (2008) have tried to measure the effect of CLC on economic development, but their analysis has been carried out at the level of communal territory. However, as Michel and Hudon (2015) point out, the communities using local currencies are currently too small to observe any impact at such wide territorial scales. I have therefore decided to conduct an econometric study at the micro level of firms.

To carry out this study, I have obtained the list of member companies of 9 French CLCs, and have access to their fiscal data, from 2009 to 2019. As their first years of membership range from 2012 to 2019, I use a propensity score matching by cohorts (Quantin, Bunel, and Lenoir 2021) to select a similar control group and a two way fixed effects model to determine the impact of CLC acceptance on company's turnover. The results indicate a significant positive effect of enrolment, at least for establishments with fewer than 5000 employees.