

# ARIANE REYNS

## DO FIRMS BENEFIT FROM TRANSACTING WITH COMPLEMENTARY CURRENCIES ? THE CASE OF THE SARDEX

Complementary currencies (CCs) have been created to – among other goals – boost local economic development and support local firms. Yet, as of today, there is no evidence pointing to benefits for a CC's members or even the region they are implemented in. With a novel transactions database of the Sardex – a Sardinian Mutual Credit System (MCS) – we investigate this question by combining each firm's activity level with their financial records. Using a difference-in-difference approach, we exploit the Covid-19 context in which small firms are respectively more vulnerable during an economic downturn, and by extension Sardex members (here the treatment group) should therefore benefit even more from an MCS. The results show that higher activeness in the Sardex leads to higher revenues, even more so during the Covid-year and for credit-constrained firms. However, we also find members have slightly higher liquidity measures before entering the Sardex which might point to a phenomenon of adverse selection.