

febea

FÉDÉRATION EUROPÉENNE DES FINANCES
ET BANQUES ÉTHIQUES ET ALTERNATIVES
EUROPEAN FEDERATION OF ETHICAL AND
ALTERNATIVE BANKS AND FINANCIERS



REAB – Reporting Ethical and Alternative Banks

Main results 2016

ETHICAL FINANCE
By the people, for the people

The European alternative banking movement disclosed

Interest in Ethical and Alternative Banking is still growing among institutions and the banking environment. In May 2015, the European Economic and Social Committee (EESC) cited FEBEA as a best practice in Europe, capable of promoting European banking system biodiversity, in its new official opinion on the role of cooperative and saving banks and the related necessity of a customization of European financial regulation (Role of cooperative and savings banks in territorial cohesion ECO/371¹).

“This research is a good chance to release data which can communicate the weight of FEBEA representativeness”

This event represents a success for our work, and it strengthens FEBEA’s willingness to persevere in the efforts to develop and spread a structured alternative approach to traditional banking.

FEBEA is a non-profit organisation that, in conformity with its Articles of Association, has the objective of “developing ethical and solidarity-based finance in Europe through the dissemination of information and citizens’ participation. To this end, it aims at:

- supporting the exchange of information and experience and the co-operation between national networks and practitioners of the social economy and finance in Europe or the European Free Trade Area;
- representing its members with the EU institutions and other financial and political organisations;

- creating the financial and banking instruments necessary to the fulfilment of this purpose”.



Thanks to **ethical banks**, the “banking institution” returns to a path stopped at the beginning of the twentieth century, and it becomes again an instrument of development for the territory and for new social and environmental initiatives. This path goes in the opposite direction to the one chosen by commercial banks, increasingly oriented to use the financial leverage to accumulate profits, contributing to the “financialisation” of the economy and creating the conditions for a series of financial crises that continue to impact the lives of millions of citizens.

It is in this context that **REAB** (Reporting Ethical and Alternative Banks) was created. The aim of this research is to investigate members’ business models and study their approaches to alternative and ethical financial activity as described by FEBEA’s Charter of Values and, throughout this process, develop figures on FEBEA representativeness of the European ethical banking movement. In order to achieve such an ambitious goal, a custom survey has been designed and sent to a sample composed by the 26 members of FEBEA in 2016. Figures for the year **2015** are based on data from 85% of the sample (22 members). Only the figures regarding total assets are calculated on 100% of the sample (with the remaining data from 2014).

¹ <http://www.eesc.europa.eu/?i=portal.en.eco-opinions.32895>

REAB is like a survey of FEBEA's members: in practice, FEBEA's Charter has been decoded in several variables and other ones have been added to collect information about FEBEA's representativeness. This year was REAB's second edition, and we updated and streamlined the questionnaire, focussing on the most important indicators, so that our members did not waste their time with questions that tend to change only in the long term.

REAB's Goals

We identified 7 main goals to achieve throughout the implementation of REAB:

1) FEBEA Representativeness Data: the European Commission is asking for more information about representativeness of European-level organisations which collaborate with it and which participate to projects and audits. This research is a good chance to release data, which can communicate the weight of FEBEA representativeness;



2) Charter Values Compliance: the Charter lists the ethical purposes of FEBEA's members. The system developed by REAB brings a set of indicators that unearth the features of each member's different approach to those values, their excellences and criticalities;

3) Member's Best Practices: several different practices are diffused among FEBEA's members: social screenings, social impact measurements, stakeholders' participation

techniques and many others. This research gives us the opportunity to identify them and share them with the other members;

THE 26 MEMBERS OF FEBEA ARE:

APS Bank – Malta
 Banca Etica – Italy
 Banque Alternative Suisse – Switzerland
 Caixa Pollença – Spain
 Cassa Centrale – Italy
 Cassa Padana – Italy
 Cassa Rurale di Bolzano – Italy
 Cooperative Bank of Karditsa – Greece
 Ebanka – Croatia
 Credal – Belgium
 Crédit Cooperatif – France
 Caisse Solidaire – France
 Cultura Bank – Norway
 Ekobanken – Sweden
 Etimos – Italy
 Femu Qui – France
 Fiare – Spain
 Hefboom – Belgium
 LaNef – France
 Merkur – Denmark
 Oekogeno – Germany
 SIDI – France
 FranceActive – France
 SEFEA – Italy
 Sklad 05 – Slovenia
 TISE – Poland

4) Ethical Banking Database: in order to monitor the trend of ethical and alternative banking through time it is useful to have a historical archive of data that can allow FEBEA to product historical series on the growth of this financial phenomenon. This research is a great chance to start building this database on members' performance and growth;

5) Ethical Bank Status/Lobby: the EU institutions are willing to collaborate with ethical finance and support its development. In order to do so they need to better understand who we are and what we do. REAB depicts FEBEA members' features that differentiate them from traditional banks in a reliable way;

6) Advertising is a powerful tool to spread awareness on ethical banking among both depositors and loan seekers. REAB results underline the features that differentiate ethical banks from traditional banks. A shared advertising campaign on the European territory could be a great way to communicate the research results and influence the related banking environment;

“FEBEA is a non-profit organisation that has the objective of developing ethical and solidarity-based finance in Europe through the dissemination of information and citizens’ participation”

7) Impact Analysis: the interest in innovative financial instruments like Social Impact Investing (SII) and Social Impact Bonds (SIB) is growing in Europe and in the whole world. A consequence of this fact is the public attention that fosters the development of impact analysis practices and the standardisation of impact measurement tools. The data concerning FEBEA’s members help us prepare the field to a future impact analysis of ethical and alternative banking activities.

Main results

Data clearly show, albeit in a not very structured and homogenous way, that members are committed to the Charter. Hence, they look for different and ethical financial business models seeking non-economic benefits beside the financial ones and that are currently trying to finance the real economy. On the other side, mainstream banking institutions still invest in existing shares and derivatives products seeking big profits in the short term that are more and more difficult to achieve.

Furthermore, even though the difference between a TBL (Triple Bottom Line: people,

planet, prosperity) assets and a normal asset is not so clear-cut, FEBEA members revealed high ratios of assets with an added environmental or social added value, promoting financial sustainability and being impact investors pioneers in Europe.



FEBEA in numbers

In the boxes below are the **results** from this year’s survey.

OUR MEMBERS:

26 members in 14 countries

13 banks

13 financial institutions



Geographical distribution of FEBEA members. Google Maps



dimension, investment strategies, business model structure, performances and internal practices.

OUR FINANCIAL SIZE:

total assets: 30.5 billion euros
 more than 670,000 clients
 more than 18 billion euros in loans
 more than 9.8 billion euros in TBL
 (people, planet, prosperity) assets
 more than 33 million euros
 obtained in EU funding

OUR STRUCTURES:

more than 3,300 employees
 more than 250 branches
 more than 200,000 shareholders
 more than 240,000 depositors



It is evident that FEBEA members, even if they run sometimes very different business models, share a focus on financing the real economy and projects showing an added social or environmental value.

Data showed that the segment represented by FEBEA within the European banking and financial system is very small, but they also showed that it has several peculiarities that allow it to act as a **prophetic minority** in the financial markets.

BY THE PEOPLE, FOR THE PEOPLE:

average “equity plus deposits on total liabilities” rate: 63%
 average real economy assets on total assets ratio: 81%

TRANSPARENCY:

members implementing practices to verify the origin of funds, beyond the mandatory standard: 81%
 bank members disclosing information on allocation of assets (2014): 87.5%

Collected data have been useful in better understanding what an alternative and ethical financial institution is and what its features are, either for banks and non-banks, and have resulted to be very different in terms of

The information included in this report can help FEBEA spread new, reliable figures and strengthen alternative and ethical financial culture at the European level through private and institutional environments.

AT THE SERVICE OF THE COMMON GOOD:

members implementing practices to assess non-economic benefits of loans' requests: 70%

members offering convenient conditions to socio-environmental projects: 75%

bank members offering social financial products: 82%

REAB's structure, based on FEBEA's Charter of values, was effective in recognizing and evaluating specific features of alternative financial institutions. The indicators developed in this research could be useful for assessing how much mainstream banks take into account the consequences, in terms of negative and positive spill overs, of their behaviours within the markets.

PARTICIPATIVE AND ENGAGED GOVERNANCE:

average highest wage/lowest wage ratio (2014): 3.75

members having ethical principles included in articles of association or internal regulations: 95%



See you next year for **REAB 2017!**

A FEBEA publication

This document is property of FEBEA a.i.s.b.l,
European Federation of Ethical and Alternative Banks and Financiers
Rue du Progrès 333/5, B1030 Brussels, Belgium — N.E. 0477446767
Ph.: +39 049 7648000
Fax: +39 049 7648009
E-mail: secretariat@febea.org
Web: www.febea.org

© FEBEA 2016