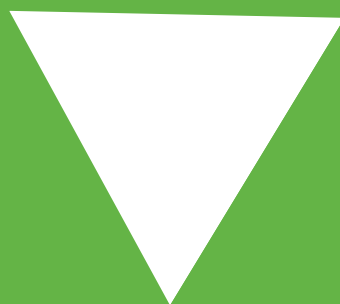
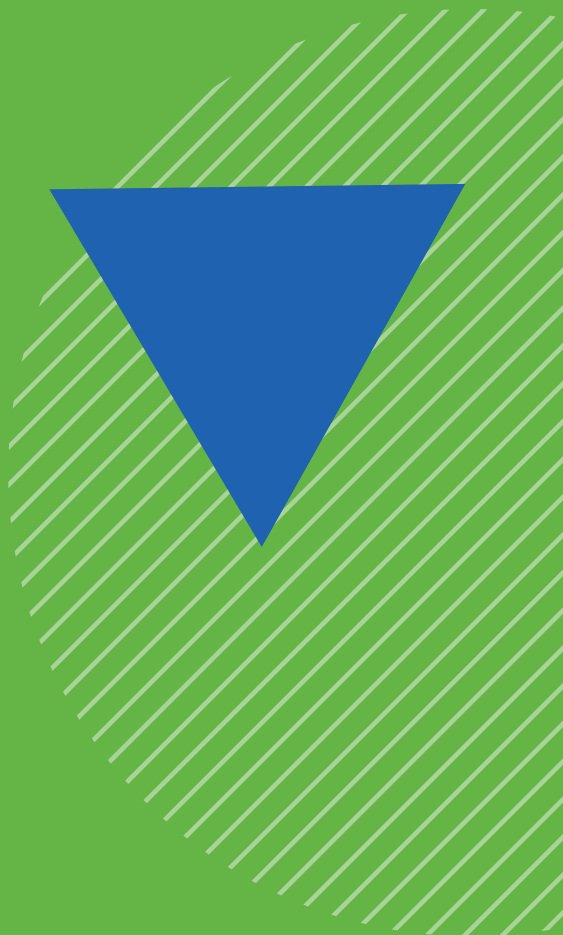


2017  
EDITION

# REAB Main results

REPORTING ON ETHICAL  
AND ALTERNATIVE BANKS



# febea

ETHICAL FINANCE  
*By the people, for the people*

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

Phone: +39 049 7648000

Fax: +39 049 7648009

E-mail: [secretariat@febea.org](mailto:secretariat@febea.org)

Web: [www.febea.org](http://www.febea.org)



@FEBEAethicalfin



@febeaethicalfinance

*Document written by the FEBEA Secretariat*

***Special thanks***

*The FEBEA Secretariat would like to thank the ICN  
Business School and Prof. Elisabeth Paulet for the  
contribution and support in carrying out this research.*



# 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, the **European Federation of Ethical and Alternative Banks and Financiers**, as a best practice in Europe, capable of promoting European banking system diversity, in its official opinion on the role of cooperative and savings banks and the related necessity of a customisation of European financial regulation (Role of cooperative and savings banks in territorial cohesion ECO/371).

This represented a success for our work, and it strengthened FEBEA's willingness to persevere in the efforts to develop and spread a structured alternative approach to traditional banking.

## FEBEA - in a nutshell

***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, FEBEA 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 in relation to 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.

“

*This research is a good chance to release data that can communicate the weight of FEBEA representativeness*

”

***What is ethical finance?***

*Ethical banks and financiers have the objective of achieving a positive impact on the collection and use of money. They invest in activities such as organic farming, renewable energies, nonprofit, and so on. They respond more and more to the needs of those excluded from the banking system, and to the needs of savers and investors who are increasingly interested in the way their savings are used.*

*For more information, visit: [www.febea.org](http://www.febea.org)*

It is in this context that **REAB** (Reporting on Ethical and Alternative Banks) was created. The aim of this research is to investigate the business models of its members 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 27 members of FEBEA in 2017.



REAB is a survey of FEBEA's members: in practice, the Charter of FEBEA has been decoded in several variables and other ones have been added to collect information about FEBEA's representativeness. This year was REAB's **third** edition, and we updated and streamlined the questionnaire, focussing on the most important indicators, as to avoid questions that tend to change only in the long term.

# REAB's Goals

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

## 1) FEBEA

### **Representation Data:**

the European Institutions are eager to receive information about the level of representation of European-level organisations which collaborate with them and take part in projects and consultations. This research is a good chance to release data, which illustrates the diversity of FEBEA members and their specificities;

## 2) Compliance to

**Charter Values:** FEBEA's Ethical Charter outlines the ethical nature of FEBEA's members. The REAB reporting highlights through a set of indicators that unearth the level of compliance of each member to those values;

## 3) Members' Best

**Practices:** a number of best practices differentiate FEBEA members from traditional financial institutions, they include: social screenings, social impact measurements, stakeholders' participation techniques and many others. This research gives us the opportunity to identify them and share them with other members;

## 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 create historical series on the growth of this financial phenomenon. This research is a great

chance to start building this database on members' growth and financial performance;

## 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 structured way;

**6) Visibility** is a powerful tool to increase awareness on ethical banking among both depositors and clients. REAB results underline the features that differentiate ethical banks from

traditional banks. A shared visibility campaign at European level could be a great way to communicate the research results and influence the related banking environment;

**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 directed to the development of impact analysis tools and the standardisation of impact measurement frameworks. The data concerning FEBEA's members help us prepare the ground to a future impact analysis framework of ethical and alternative banking activities.

## THE 27 MEMBERS OF FEBEA ARE:

APS Bank – Malta  
Banca Popolare Etica – Italy  
Banque Alternative Suisse – Switzerland  
BFG – Austria  
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  
Etimos – Italy  
Femu Qui – France  
FESCOOP – Portugal  
Fiare – Spain  
Hefboom – Belgium  
LaNef – France  
Merkur – Denmark  
SIDI – France  
FranceActive – France  
SEFEA – Italy  
Sklad 05 – Slovenia  
TISE – Poland  
UCIT – UK-Ireland



# Main results

Figures for the 2017 edition are based on data provided by **15 FEBEA** members, divided in **6 banks** and **9 NBFIs** (non-banking financial institutions).

Only the figures regarding *Our members* (page 7) are calculated on 100% of the sample. In case of certain exceptions, a note explains the calculation method used. Finally, the data published in this edition refers to the 2016 period.



Data clearly show, provided the diversity of members and models, that FEBEA members are committed to the Ethical Charter. Hence, they look for different and ethical financial business models seeking non-economic benefits beside the financial ones and that they focused on financing 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 TBL (Triple Bottom Line: people, planet, prosperity) and normal assets 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 investing **pioneers** in Europe.

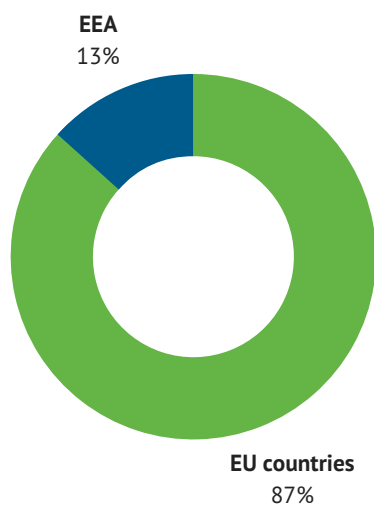


# FEBEA in numbers

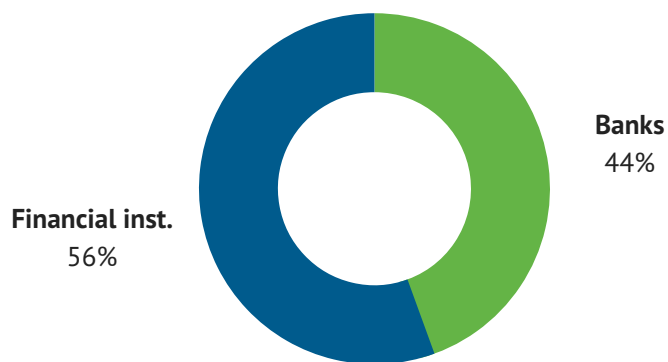
## *Our members:*

- 27 members
- 15 EU and EFTA countries
- 12 ethical banks
- 15 ethical financial institutions

## Countries



## Type of institution



## Our financial size:

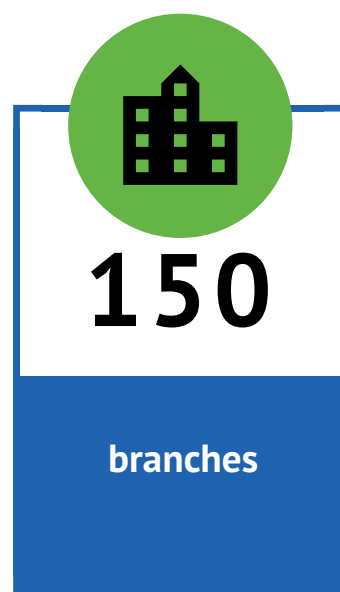
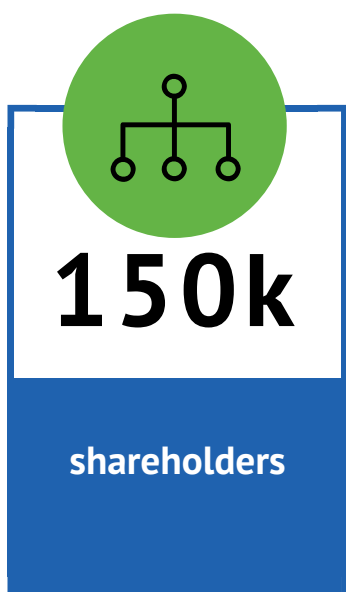
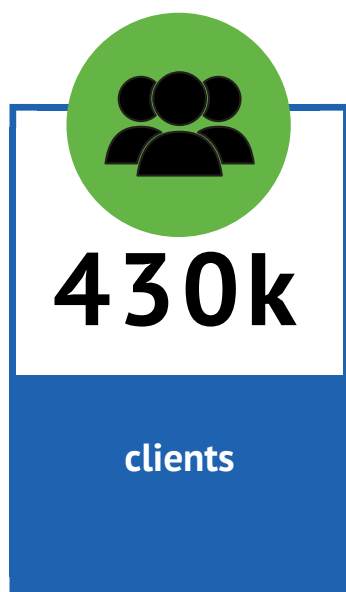
- total assets\*: **30 billion euros**
- more than **13 billion euros** in loans
- more than **6 billion euros** in TBL assets (people, planet, prosperity)
- more than **26 million euros** obtained in EU funding (including grants and financial instruments)



\*: based on data from 19 members.

## Our structures:

- more than **2,400 employees**
- more than **150 branches**
- more than **150,000 shareholders**
- more than **420,000 depositors**
- more than **430,000 clients**



## ***Transparency:***

- average highest wage/lowest wage ratio (2014): **3.75**
- members having ethical principles included in articles of association or internal regulations: **87%**
- members implementing practices to verify the origin of funds, beyond the mandatory standard: **73%**



## ***By the people, for the people:***

- average “Client Funding to Total Assets” rate (banks only): **75%**
- members implementing practices to assess non-economic benefits of loans’ requests: **67%**
- members offering convenient conditions to social and environmental projects: **67%**
- bank members offering social financial products: **100%**
- workforce balance\* (number of females for every 100 male workers): **105.2**

\*: based on 12 responses.

# Conclusion

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

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 NBFIs, and have resulted to differ in terms of dimension, investment strategies, business model structure, performances and internal practices.

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 **pioneering minority** in the financial sector.

The information included in this report can help FEBEA strengthen alternative and ethical financial culture at the European level in both private and institutional environments.

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 spillovers, of their behaviours within the markets.



See you soon for **REAB 2018!**

# febea



*A FEBEA publication*

*Contacts:*

**Phone:** +39 049 7648000

**Fax:** +39 049 7648009

**E-mail:** [secretariat@febea.org](mailto:secretariat@febea.org)

**Web:** [www.febea.org](http://www.febea.org)

 [@febeaethicalfinance](https://www.facebook.com/febeaethicalfinance)

 [@FEBEAethicalfin](https://twitter.com/FEBEAethicalfin)

© FEBEA 2018