

febea

EUROPEAN FEDERATION OF ETHICAL AND
ALTERNATIVE BANKS AND FINANCIERS



ETHICAL FINANCE

By people for people

Since the 1930s the banking business, which originally had a social involvement (pawn broking, Savings Banks, Cooperative or Mutual Banks, etc.) has been losing its original ethical features. This has made necessary the birth (through a bottom-up process) of a new generation of social banks, the so-called “ethical banks”. These have the objective of achieving a positive impact on the collection and use of money. They finance new activities such as organic farming, renewable energies, the social economy sector and social enterprises, fair trade. They respond more and more to the needs of those who are excluded from the banking system, and to the needs of savers and investors who are increasingly interested in the way their savings are used. 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 local communities and for new social and environmental initiatives.

In 2001, FEBEA - European Federation of Ethical and Alternative Banks and Financiers - was born with the aim of supporting the development of ethical finance, gathering European ethical and solidarity-based financial institutions.

**[FEBEA'S OBJECTIVE IS TO DEVELOP
ETHICAL AND SOLIDARITY-BASED FINANCE IN A CONCRETE WAY]**

HOW WE DEVELOP ETHICAL AND SOLIDARITY - BASED FINANCE

FEBEA's members concretely act for:

- putting the economy at the service of citizens
- fighting against exclusion and participating in local and regional development
- contributing to sustainable development, solidarity and social cohesion
- supporting innovative projects at the social and environmental level.

Our actions and our figures are the best way to prove our values: in order to do so, FEBEA developed the REAB¹ – Reporting Ethical and Alternative Banks - initiative in order to collect standardized and reliable figures of ethical finance, underlying the importance of its role for the communities.

REPORTING ETHICAL AND ALTERNATIVE BANKS

Starting from the FEBEA's Charter of Values, a custom survey has been designed and submitted to the members of the Federation.

The resulting data matrix has been analyzed and where possible compared to mainstream banking benchmarks, in order to understand which features are shared between alternative financial institutions in Europe, what their distinguishing characteristics are and how they differ from traditional banking organizations, identifying also best practices within our network.



¹The REAB initiative was implemented in 2015 collecting data referring to 2014.

FEBEA IN NUMBERS

- created in 2001
- 27 members
- 13 banks
- 14 financial institutions
- 15 nations involved

FEBEA'S INPUTS

- more than 3.300 employees
- more than 250 branches
- more than 187.500 shareholders
- more than 205.000 depositors

FEBEA'S OUTPUTS

- total assets: 32 billion euros
- more than 622.000 clients
- more than 16 billion euros in loans
- more than 16.4 billion euros in real economy assets
- more than 9.4 billion euros in TBL asset²



²Triple bottom line: people, planet, prosperity.

ETHICAL FINANCE BY PEOPLE FOR PEOPLE

- financing from shareholders and customers: 74.35%
- real economy assets on total assets ratio: 75.88%
- average TBL loans on total loans: 91.44 %
- implementation of impact measurement practices: 71%

[MANY OF OUR MEMBERS HAVE STAFF DEDICATED TO THE RELATIONS WITH THE COMMUNITY AND TO LOCAL DEVELOPMENT AND USE INDEPENDENT AGENTS TO OFFER THEIR SERVICE ON A WIDER ZONE]

AT THE SERVICE OF THE COMMON GOOD

- offer of convenient interest rates to specific projects or groups: 87.5%
- practices to assess non-economic benefits of loans' requests: 68.75%
- banks issuing bonds that include an added social value to collect funds: 88.89%

[MANY OF OUR MEMBERS OFFER ALTERNATIVE GUARANTEES TO GRANT CREDITS OR PROVIDE CREDITS FREE OF GUARANTEE]



TRANSPARENCY – Breaking The Mirror

In traditional banks clients and investors can see just their own side of the banking activity, not knowing the origin nor the allocation of the money. Ethical finance institutions “break the mirror” allowing the depositors to be aware of where their money is invested and the borrowers to be aware of the source of the funds they have received.

Where the money comes from

- practices to verify the origin of funds, beyond the mandatory standard: 75%

Where the money goes

- disclosure of information on inputs, processes, outputs and impacts: 80%
- bank members disclosing information on allocation of assets : 87.5 %

Corporate Governance

- average highest wage/lowest wage ratio: 3.75
- ethical principles included in articles of association or internal regulations: 94%
- all types of stakeholders (employees, shareholders, customers, local communities, public authorities, suppliers) participate to members' corporate governance, in more than 80% of respondents.

[OUR MEMBERS IMPLEMENT PRACTICES THAT ALLOW DEPOSITORS SUGGEST OR DECIDE INVESTMENTS PRIORITIES IN TERMS OF THE ECONOMIC SECTOR OR PARTICIPATE TO THE EVALUATION OF FINANCING REQUESTS **]**

FEBEA'S MODEL. IS IT PROFITABLE?

A fair profit is necessary to ensure the economic viability and sustainability of the bank.

FEBEA's model is not only sustainable but also profitable, even compared to mainstream banks¹.

A loan-oriented business strategy

- FEBEA's average loans to total assets ratio: 54.25%
EU mainstream banking: 45.70%

Deposits-based liability strategy

- FEBEA's average deposits on total assets ratio: 72.08%
EU mainstream banking: 39.00%

High liquidity and resiliency

- FEBEA's average equity on assets ratio: 27.16 %
EU mainstream banking: 5.2 %

High performance in terms of returns

- FEBEA's average ROA (Return on Assets): 0.59
EU mainstream banking: 0.21

A growing reality

- FEBEA's assets growth compared to 2013: +11%
EU mainstream banking: - 3,9%