

THE BANK'S MONEY: HOW TO MAKE IT WORK FOR YOU?

20th November 2009 / Salle Québec / 08.30am

Plenary session:

François PEROL

Chairman of the Executive Board of Caisse
d'Epargne – Banque Populaire (France)

Round table:

Frans DE CLERK

Co-founder of Belgian Triodos Bank &
Senior Adviser - Triodos Group
(The Netherlands)

Maria Luiza PINTO

Executive Director of the Sustainable
Development Department - Grupo
Santander (Brazil)

Johan FRINJS

Coordinator - Banktrack (The Netherlands)

the current state of the financial world we should probably ask ourselves if our past behaviour was appropriate given the importance of potential consequences this behaviour can have on our lives.

2. The bank's money

The 10th workshop of this year's forum brought together three people representing three different styles on how to approach the current (mis)behaviour we have been seeing in the banking system. Frans De Clerck, the co-founder of the Belgian Triodos Bank, and Maria Luiza Pinto, the Executive Director of Sustainable Development in the Santander Group, explained how a switch in human mind set together with persistency can lead to a change of view on sustainable development of a whole banking group. Last but not least, Johan Frijns, the coordinator of BankTrack, described the role of NGOs like BankTrack and how they can help the banks to rethinking their behavioural model.

1. Introduction

What utterly became apparent during the financial crisis is how much dependent on financial institutions our economies, our jobs and finally our lives actually are. Seeing all the damage that has been done by the collapse of the financial system we are finally starting to ask crucial questions about the actual functioning of the banking system. In the centre of it all is nothing else than human behaviour. A system is only a set of rules on human behaviour. This means that, how sophisticated the financial system might look like in the end, the quality entirely depends on human behaviour. Looking at

The introductory speech to this session was given by François Pérol, Chairman of the Executive Board of Banques Populaires et des Caisses d'Epargne. He left the audience with several lessons he learned from the financial crisis beginning with the importance of accounting principles, going through selling suitable products and ending with the need for change in investors return expectations.

In the case of Frans De Clerck this was demonstrated by leaving his old job in a bank where he was not able to convince the decision makers about the importance of sustainable development. He



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subsequently co-founded a completely new banking entity that was based on sustainable principles since the beginning.

Triodos Bank was voted the most sustainable bank in the world during the annual International Sustainable Banking Conference in London. Frans De Clerck's message to the world is 'Why wait for crisis?' Indeed, Triodos Bank chooses fundamentally for sustainable banking. Triodos Bank has, since its foundation in 1980, opted for a transparent, unambiguous model of bank savings only used for lending to sustainable businesses. Even in the current financial crisis, Triodos Bank shows a strong model. The bank has been growing even faster than expected. One key message Frans de Clerck commented was the abolishment of banker bonus. He took the Triodos as an example of how a no bonus policy and a maximum salary spread (7,7x) can be put into practice.

Maria Luiza Pinto e Paiva from Febraban Bank (Grupo Santander) in Brazil is a classic example of a bank who strives to act in a sustainable manner by fulfilling their role in society as a financial institution. Febraban bank believes in sustainability as a driver for innovation and open to diversity with dialogue and engagement with stakeholders. Febraban Bank acts responsibly with actions such as promoting financial education within a bank's employees, enhancement of relationship with consumers, advancing the system's auto-regulation, the social inclusion and sustainability as well as contribution to the system's efficiency and

strictness. These are some of the remarkable achievements toward CSR. The agreement between FEBRABAN and the Environment Ministry for offering credit only to sectors committed with sustainable development is a bold action they undertake. The parting word from Maria is they are 'Trust to Build'.

BankTrack is a global network of 30 NGOs tracking the impact of commercial bank operations on people and the planet. BankTrack monitors investment decisions and policy developments of banks and supports local communities affected by bank financed projects in defending their rights and interests.

Johan Frijns delivered an excellent message to the audience that we need to rethink our role in the society by serving it with humility. Often, we ought to be an integral part of the solution by expanding our risk assessment, include risk for people and planet. Do draw clear conclusions and be fully transparent and accountable. To the bank, we need to know what you do with the money trusted to you. This can only be achieved by accepting stringent regulation and limits to business. Finally, his message to us is to have the guts to be the first and get your peers on board. It is both an individual and collective effort toward CSR initiatives.

3. Conclusion

In summary, there is still so much more we have to do and the message we have gathered is rather to start with it right away than keep procrastinating on it. Every little action is important and the



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contribution starts right down from each individual. We have to ask ourselves how we can play our part by supporting a bank with good CSR initiatives.