



Where Money Moves Matters

GABV Stories of Systemic Change

Contents

The Global Alliance for Banking on Values	4	Supporting young people to achieve their dreams	32	Affordable housing no longer unachievable dream	57
Foreword	5	Peru Caja Arequipa		United States of America Missoula Federal Credit Union	
Supporting sustainable development of rural areas		Improving quality of lives through financial inclusion	33	Partnering with a fintech provider	59
Peru Abaco Credit Union	6	Uganda Centenary Bank		United States of America New Resource Bank	
The Equity Building Program		Public private partnership to support distressed communities	35	Easy access to finance at the grass root level	60
Canada Affinity Credit Union	7	United States of America City First Bank of DC		Nepal NMB	
Making positive impact by saving money		Third Industrial Revolution	36	Fast access loans to protect clients from payday lenders	62
Switzerland Alternative Bank Switzerland	10	France Crédit Coopératif		United States of America Southern Bancorp	
Taking climate change head on		A top ethical bank in Norway	37	Helping clients with the micro-insurances	63
United States of America Amalgamated Bank	13	Norway Cultura Bank		Ecuador Banco Solidario	
Supporting immigrants to get the life they deserve		Formula for linking house prices to local economic conditions	41	The Sunrise Banks Dream Accelerator	65
Canada Assiniboine	14	United Kingdom Ecology Building Society		United States of America Sunrise Banks	
Housing improvements in Dominican Republic		Lower interest rate for farmers	42	Financial literacy lessons for children	68
Dominican Republic Banco Ademi	16	Sweden EkoBanken		Australia Teachers Mutual	
Italian legislative acknowledging the value of ethical finance		Turning Florida ‘Green’	44	Green mortgages to reduce carbon footprint	69
Italy Banca Etica	17	United States of America First Green Bank		The Netherlands Triodos	
Small agricultural producers get access to microcredits		The Khana loan	46	The Sharing Farms	70
Banco Fie Bolivia	19	Afghanistan First Microfinance Bank		Canada Vancity credit union	
Micro-finance revolution in Bolivia		A new source of income: the GLS Contribution	48	Fulfilling a dream of owning a home	72
Bolivia BancoSol	20	Germany GLS		Paraguay Vision Banco	
Helping communities to be more financially resilient		New line of credit improves the efficiency and energy saving of small businesses	50	Crowdfunding platform connects investors with entrepreneurs	74
Australia Bank Australia	22	El Salvador Integral		United States of America VSECU	
Ibtikar Fund: a game-changer for Palestinian entrepreneurs		Helping youth to improve financial and life situations	51	Establishing the Mongolian Sustainable Finance Initiative	75
Palestine Bank of Palestine	25	Nigeria Lapo Microfinance Bank		Mongolia XacBank	
Move your money		Developing Community Index	53		
United States of America Beneficial State Bank	27	Hungary MagNet			
Responsible Saving in Quebec		Partnering with the largest Danish foundation	55		
Quebec Caisse d’économie solidaire	29	Denmark Merkur Cooperative Bank			





The Global Alliance for Banking on Values

The Global Alliance for Banking on Values (GABV) is a network of banking leaders from around the world committed to advancing positive change in the banking sector. Our collective goal is to change the banking system so that it is more transparent, supports economic, social and environmental sustainability, and is composed of a diverse range of banking institutions serving the real economy.

Founded in 2009, we are a growing network, with banks, banking cooperatives and credit unions, microfinance institutions and community development banks joining us from many parts of the world.

Our members have one thing in common: a shared mission to use finance to deliver sustainable economic, social and environmental development, with a focus on helping individuals fulfil their potential and build stronger communities.

As of September 2017, the Global Alliance comprised 46 financial institutions and seven strategic partners operating in countries across Asia, Africa, Australia, Latin America, North America and Europe. Collectively we serve more than 41 million customers, hold up to \$127 billion USD of combined assets under management, and we are supported by more than 48,000 co-workers.

www.gabv.org

“When watching after yourself, you watch after others. When watching after others, you watch after yourself.” – The Buddha

Every day we are reminded that we are facing a world that needs change. We are facing a world where we must work together and understand the importance of looking after each other. I am happy to be part of something truly amazing – a network of financial institutions who are not focused on profit-making, but who are more focused on supporting each other, developing local communities and ensuring we all become more self-reliant.

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Our members have one thing in common: a shared mission to use finance to deliver sustainable economic, social and environmental development, with a focus on helping individuals fulfil their potential and build stronger communities. This booklet perfectly sums up all our efforts in trying to create change and to support creation of new systemic realities by practicing values-based banking. We are continuously supporting local community development and are happy to be part of it.

The next pages tell some incredible stories of our members achieving great successes in supporting the most vulnerable – from the trout growers to refugees wishing to start their own business, from changing laws to be more favourable for values-based banking to supporting educational activities in financial literacy. The stories go even further than the topics presented. They explain how each bank influenced a systemic change that resulted in improving the community and the economy. All this is made possible thanks to people who recognized that their money can finance a better world – Where Money Moves Matters.

With words of the Buddha, “When watching after yourself, you watch after others. When watching after others, you watch after yourself.” I leave you to explore these powerful stories and be inspired to do the same. By looking after each other, we can become the people we set out to be.

Connected Communities, financing change. #BankingOnValues

Dr. Marcos Eguiguren

GABV Executive Director

Supporting sustainable development of rural areas

Peru | Abaco Credit Union

ABACO credit union has expanded its financial services around all the regions in Peru, but especially in two regions where there is very little government presence, low infrastructure (no roads or internet) – Naylamp of Sonomoro (Association of small farmer producers) in the region of Junín (Pangoa) and the small trout producers from Titicaca lake working from the lighthouse of Pomata in the region of Puno. Rather than offering a simple loan, our financial services are supporting the sustainable development of the rural area where ABACO operate. This was made possible only because of the synergy with their strategic partners in these rural areas.

These cases exemplify the successful experience of their customers, who in addition to receiving a loan, also receive technical assistance and a safe market from the trader companies who are selling the products they produce (COCOA BEANS in Pangoa and TROUT in Puno). The customers also received the financial assessment from ABACO’s personnel. ABACO is supporting the success of its clients by providing know-how and adequate funding. Their strategic partners are the companies that buy the products from their customers: Trout traders companies: “Piscifactoria de los Andes – PISCIS” and the company “Machu Picchu Foods – MPF” who buys the COCOA beans.

PUNO, a group of small producers of trout, received training about the techniques of breeding trout to achieve a high-quality product for export. This group of producers has been receiving loans from ABACO, directed to purchase the food for the trout. ABACO was able to give them loans with better conditions (lower interest rates, disbursements and instalments that match their productive flows),

which they could not get in the existing financial market. For ABACO this business pilot helped to create financial evaluation tools for small producers and a new line of business products that could be replicated and used by others producers of trout in other regions.

Association of Small Cacao Beans Producers (APANS) in Pangoa, was introduced to ABACO through the company that buys and exports their cocoa beans. Before ABACO, they had never received direct financing from a financial institution. ABACO evaluated and accompanied them on a series of changes to put their administration in order (formalization of their legal and financial documents), and teach them to use cash flows (historical and projected), enabling them to get proper funding to collect cocoa beans and sell it to their buyer, Machu Picchu Foods (MPF). A requirement to provide a loan is to sign a tripartite contract. This contract works in the following way: The Association receives funding from ABACO to collect cocoa beans from their members; cocoa beans are sold to MPF and who makes the payment for the product directly to ABACO; ABACO takes the instalment of the loan of APANS and then transfers the rest of the money to the Association. This mechanism allows APANS to have the funding they need at the right time, MPF receives cocoa beans according to the technical specifications requested for exporting and ABACO has a secure payment of the debt.

The possibility of replicating this modality for other producers or other cooperatives is very high, but would require the following:

- *Trader companies (ABACO’s strategic partners) to engage with their suppliers (small producers) training them or giving them*

productive supervision and signed tripartite agreements with ABACO (financial institution) and their suppliers.

- *Financing only agricultural products with comparative advantages in the region, high profitability and with the participation of organized small farmers’ associations.*
- *Producers and/or serious organizations, committed to formalized and follow a process of sustained growth.*

These operations have enhanced their clients’ experience but also ABACO’s. In the case of the Association of Small Cacao Beans Producers (APANS) of Pangoa, they managed to organize and formalize their financial and legal documents to get their first loan from us. This opened more doors for receiving new funding, but also tools and training on financial management for their institutions provided by ABACO. This experience allowed us to visualize a new line of business for financing of small producer organizations at a national level. Also, in these two examples ABACO gave very secure and sustainable loans to small producers in rural areas with very good conditions (interest rates, timing terms, warranties).

The Equity Building Program

Canada | Affinity Credit Union

In 2011, the dream of home ownership was out of reach for many families. The Equity Building Program was introduced that same year in partnership with the City of Saskatoon (in Saskatchewan, Canada) with advice and collaboration from the Canadian Mortgage Housing Corporation (CMHC) and Genworth (insurers of high ratio mortgages). The program was one of the first of its kind in Canada and aimed to help moderate income earners move from renting to owning their own home in Saskatoon.

From 2005-2010, the average price of a home in Saskatoon doubled from \$150,000 to \$300,000. As housing prices continued to climb, many people felt “stuck” renting, which, in turn, put pressure on both the availability of rental properties and their price. The Equity Building Program was designed to help first-time homebuyers do exactly what the name suggests - start building equity with a 5% down payment loan from Affinity, paid back by the participant over five years.

While other first-time home buyer programs exist in Saskatoon, members and staff enjoy the flexibility that the Equity Building Program offers. Qualified applicants can choose a home in any neighbourhood of the city (as long as it meets the eligibility requirements of the program). While other programs may limit buyers from purchasing a home in a certain area of the city or constructed by a specific developer, no such limits exist with the Equity Building Program. Members are praising the program as well. While home ownership often comes with more responsibility than renting, they have freedom to choose where they live and have pride in ownership. This program has allowed Affinity to offer more residential mortgages to first-time homebuyers, boosting the economic benefits of their community and creating real wealth for their members. It's also allowed Affinity to advise





on construction financing to builders and developers, enhance co-operative membership in their Credit Union and establish long-term relationships with local government, builders and developers.

In 2011, the City of Saskatoon approached Affinity Credit Union with a problem – rental properties were in high demand and there was a shortage of affordable places to live for a lot of families and individuals. The city wanted a program that would free up rental properties and, in turn, give the housing market a boost.

The problem at the time was that buying a home with no down payment (financing 100% of it) didn't exist. And even though a large majority of these potential homeowners had post-secondary education and promising careers, they lacked \$12,000 - \$15,000 for a down payment. Working with CMHC and Genworth, the Equity Building Program was created as a joint venture between Affinity's retail and community departments. Thorough analysis and research was put in to determine what the maximum income of approved applicants could be, which set the price of a house that

would qualify under the program. As of June 2016, the applicant's household income couldn't exceed \$84,000 and this is adjusted as needed.

As of December 2016, Affinity has helped 129 individual households "get their foot in the door" and realize their dream of home ownership. Approximately, \$1.49 million has been lent out in equity loans. That's 129 families that may not have had the chance to otherwise own a home. When this program was



first implemented in 2011, the goal was to help 250 households over a five-year period. While the program has helped over half that in the last five years, we hope and plan to help more. Since this is a regionally focused program (qualifying homes are in the City of Saskatoon), making sure members and first-time home buyers know about the program will ensure its continued success. The City of Saskatoon supports the program through the provision of \$1.5 million to fund the down payment loans, while Affinity administers and lends out the money. The risk is shared between the Credit Union and the city on a 1/3 – 2/3 basis respectively. As the loans are paid back, they are leant back out to new

participants. This allows the program to continue in perpetuity as long as there is demand for the program.

While a program like this doesn't come without risk, there is potential for this program to be rolled out to any other city or community who desires to give their housing market a boost. Affinity is considering replicating the program to other major centres, such as Regina, Saskatchewan to bring similar benefits to other communities.



Switzerland | Alternative Bank Switzerland

**Making positive impact
by saving money**



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Switzerland is a little country with narrow borders, strict regulations and wealthy people. In the current situation, it is difficult to find possibilities to place money with a positive impact. To get new possibilities Alternative Bank Switzerland (ABS) decided to partner with the international organization Oikocredit International, a financial cooperative that invests in partners in developing countries.

Together with Oikocredit ABS launched a new product, the Oikocredit Förderkonto. With this new kind of bank account clients can save money and, at the same time, make a

positive impact. It's the first retail product in Switzerland with a direct impact in developing economies. The money refinances a loan provided by ABS to Oikocredit International.

For ABS, this was the first pilot project outside of Switzerland. In order to implement it, it was necessary for ABS to get an exception from the regulatory authorities to be able to lend outside of Switzerland since the articles of incorporation currently limit activities to a national level. In the Swiss context it was also an imperative to test the ground and see whether ABS's clients and shareholders would accept the notion of ABS being

active beyond Switzerland. The high demand for the account is a clear sign that their clients approve of this type of activity. In this process, we learned a lot about the internal requirements, processes and the organizational set-up that is needed, should we decide to pursue further partnerships like the one with Oikocredit International. This is undoubtedly a good starting point to develop a more strategic approach towards international cooperation, including asking their shareholders to approve a change of their articles of incorporation.



The success of this project is very motivating and satisfying for the employees of the bank. It encourages us to pursue similar projects in the future. The joint effort has brought the team together. Sometimes a successful project can be better than any teambuilding workshop.

In December 2016, the Board of ABS approved a new five-year strategy that foresees among other to explore the possibility of international partnerships. This project allowed to test the ground and showed that the collaboration and partnership with other organizations opens new ways of social banking. To connect with institutions from other countries helps to open our minds to new ways of generating impact.

Taking climate change head on

United States of America | Amalgamated Bank

Climate change is a real concern for the financial health of both banks and their customers. Confronting that risk head on and across the full spectrum of their work, we can help create a stronger, more resilient economy. As part of their commitment to addressing climate change, in 2016 Amalgamated Bank announced that they will adopt new policies to reduce carbon risk across their own assets and lending portfolio, as well as building new capacity and products to serve clients who are similarly concerned with the financial and moral hazards of man-made climate change. Amalgamated worked with the Environmental Defence Fund to develop a plan where the bank will be carbon neutral by the end of 2017, joined the RE100 Campaign of corporate leaders that are going to be 100% powered by renewable electricity sources, and joined the DivestInvest movement with a commitment to divest from fossil fuels. Furthermore, Amalgamated are calling on their colleagues at other banks to take similar steps to play a leading role in a cleaner, greener future.

Climate change is already spurring dramatic shifts in business: companies are turning to cleaner energy sources, recycling and “going paperless” are becoming commonplace in offices everywhere, and shareholders are increasingly demanding that companies address both the human and fiduciary risk of climate change. As evidenced by the United Nations’ Paris Climate agreement, governments around the world are embarking on sweeping policy changes in the coming years. With policy makers, industry and consumers stepping up to reduce carbon emissions, banks are in a unique position to support those climate solutions and stand with that leadership.

Amalgamated’s legacy and history of fighting for economic justice and equity goes hand in hand with the moral obligation to act aggressively on climate change. Along with the fight for \$15 and paid family leave, Amalgamated Bank is proud to lead by example and support the advocates and policies that are right for the future. As part of their efforts to rely for 100% on renewable energy starting in 2017, they’ve converted a flagship branch in the Bronx to be solar powered. Given their commitment to supporting good quality jobs with an organized workforce, the solar panels were installed by union labour (Local 3 of IBEW). The impact that this installation is by no means small. By going solar, the Bank will see a reduction in greenhouse gasses equivalent to the effect of planting 13.5 acres of trees and taking 10 cars off the road, each year. Additionally, it will save the Bank \$325,000.

Banks can be a force for positive impact, and should embrace the challenges of climate change as an opportunity to do right by their clients. Investment in portfolios that proactively address climate risk demonstrably produces returns comparable to those still including riskier energy sources that will only become more expensive or off the table in a carbon constrained future. Executed thoughtfully, this strategy will safeguard assets against the ongoing policy shifts in energy and business, and can promote a fair and just economy for workers. A stable climate offers a stable environment for businesses to continue to grow and thrive; by offering their support to progressive and proactive clients and portfolios, banks will only be helping the economy to continue growing.

Canada | Assiniboine

Each year, about 15,000 immigrants make Manitoba, Canada their new home. Many are highly trained professionals with experience in their countries of origin. However, some of them discover that their credentials are not recognized here. They are forced to take jobs that often pay minimum wage, meaning they live in poverty. Even though some programs facilitate foreign credential recognition, they cannot afford to pay for those programs or to stop working to attend them. ACU partnered with a community organization (SEED Winnipeg) to offer Recognition Counts, a very unique partnership that includes a loan product for these individuals enabling them to pursue the careers they aspire to.

A common belief is that people living in poverty lack skills, education, and work experience. This is not always accurate; sometimes it is policies and systems preventing people from capitalizing on their capabilities. While we are not able to change those barriers, we are able to provide a bridge enabling them to gain access to the quality of life they deserve. This evidence of people's desire and ability to succeed when provided with the opportunity is consistent with experience in other programs including our Financial Access Program (banking the unbanked) and Asset Building Program (financial literacy and savings), as well as in the work of our community partners including social enterprises that create jobs for people dealing with multiple barriers to employment.

Tailoring the program to the realities of immigrants was important, and created the conditions for success. For example, participants need not be employed at the time of the loan application or possess a Canadian credit rating, and are not asked to pledge collateral. The loan is repaid over 5 years with interest-only terms

Supporting immigrants to get the life they deserve



for up to 30 months, ensured the loan didn't become an additional burden while studying. This reminds us that while our industry is often perceived as transactional, we have the ability to be transformative when we use our capabilities to create impact for people in our communities. Working with community partners was essential in bringing together the skills and expertise required. While we understood the financing perspective, immigrant-serving community organizations had the trusted relationships with immigrants, and our primary community partner understood labour market realities in various sectors and had experience supporting individuals through employment development journeys.

In 4 years, 236 loans have been provided totalling \$1.9 million. Of those, 60 have already been repaid; only 5 have defaulted. 115 people are already working in their profession or a related field. The average increase in income upon completing the program is approximately \$42,000. Their lives are changed.

The experience of foreign-training professionals living in poverty without credential recognition is not unique to Manitoba or to Canada. Partnerships with community organizations that interact daily with immigrants and can identify those with potential to benefit from the program, and who provide ongoing support to the individuals as they navigate their credentialing process, is essential. A strong understanding of the local labour market (are there really jobs in that field?) and credentialing processes (are they sure to recognize the credentials after the program?) is also critical, as you don't want to build false hope with people in need.



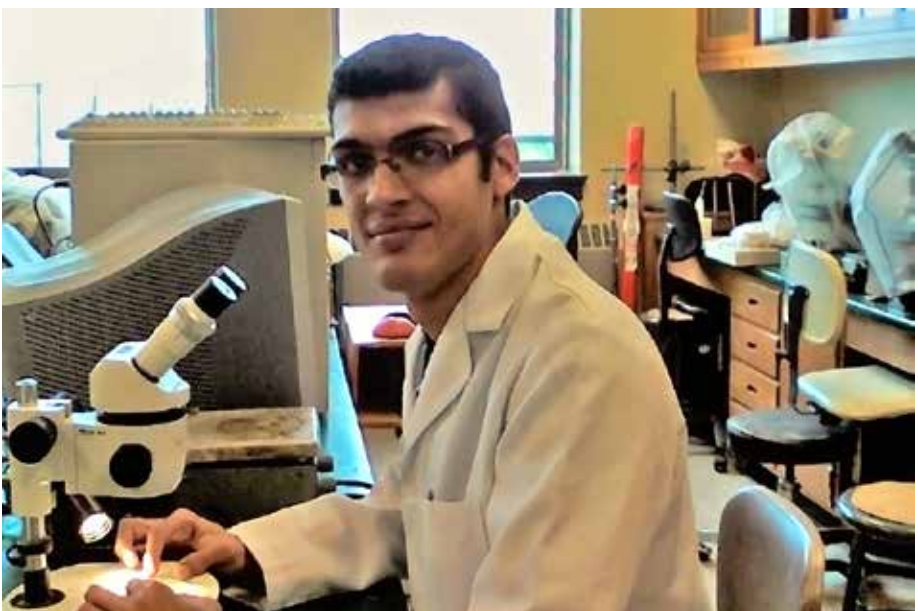
Hasaka Uduweriye – Lawyer



Manolo Mabini – Lawyer & Accountant



Alfredo Restar – Dentist



Ahmed Waheed – Physician



Gay Marie Lejao-Cabrera – Registered Nurse

Housing improvements in Dominican Republic

Dominican Republic | Banco Ademi

Since 2006, Banco Ademi is offering a credit product for housing improvements. During 2015, Banco Ademi was selected to implement the Expanded Inclusive Finances project in Central America and the Dominican Republic. The project was titled Social Housing with Access to Basic Services and focused on the families in need. The funds came from the Appui Au Development Autonomy (ADA), in coordination with Dominican and Central American microfinance networks (REDOMIF and REDCAMIF), and with support of partners such as Habitat for Humanity RD for constructive technical assistance.

The beneficiary communities for the pilot plan came from Los Alcarrizos and Carretera Mella in the metropolitan area of Santo Domingo.

This project improves the fundamental pillars of actions for the development and deepening of inclusive financial services in the theme of social housing: in improvements, construction, even in the purchase and legalization of land for the benefit of their clients. The project incorporated an insurance company in the traditional local market for special coverage in cases of accidents under the conditions of the program and the profile of the clients.

The value and impact of the improvement of housing in the quality of life directly affects the Bank's customers who belong to the lowest pyramid of the country's economy. This loan product generates benefits to Banco Ademi, with 1) a greater security in the destination of the funds, 2) in the viability of the project that goes from the adequate protection of clients in the selection and, 3) the investment in the materials until in the use of floor. The Bank has also been able to benefit from a network of service providers in the field of construction such as hardware stores and other Bank

clients, generating a significant value chain. The most important element to highlight is the accompaniment to Banco Ademi's clients from before the evaluation of the project, until after the loan has been disbursed.

The clients' housing financing needs were identified in the pilot's offices (314 favored families) and the social housing products were defined and the specialized staffing and training needs required for housing products and the needs of the technological system for the draft.

The corresponding agreements with the allies were signed. A communication and distribution channels strategy was developed which counts on the annual Fair of Credimejoras. A Data Bank of Suppliers of Inputs and Services related to construction was also created. In addition, a Banco Ademi manages a credit facility for housing improvement with the Inter-American Development Bank.

Italy | Banca Etica

Italian legislative acknowledging the value of ethical finance

Since it was founded in 1999, Banca Etica has been working to reach a legislative acknowledgement of the value of ethical finance. Recently, at the end of 2016, the Italian Parliament passed a law that recognizes and promotes ethical finance.

It's the first law of this kind approved in Europe and a major success for Banca Etica. In the words of Ugo Biggeri, president of the Banca Etica Group:

"It is important that there finally is a legislative acknowledgment of ethical finance, with its social and environmental values and its economic and financial effectiveness. And it is encouraging that all the political parties have reached an agreement. This measure is a great innovation in Europe and on the international scenario, where decision makers are trying to set up better banking and finance regulations. Now we need to move forward in order to achieve more substantial incentives for people and financial institutions who choose ethical finance."

For over 20 years in Italy, and 40 years in Europe, ethical finance has proved that it's possible to simultaneously consider social and environmental evaluation of the loans; a non-speculative approach; engagement of shareholders and stakeholders in financial decisions, resulting in a real contribution to the stability and fairness of the economic system as whole. Currently, Banca Popolare Etica Group manages about 3 billion euros of savings, it has been keeping its commitments, meanwhile constantly increasing credit to people and social enterprises, even during the crisis years when the rest of the banking system contacted funding. The growing confidence of Italian investors in ethical finance has been demonstrated by the increase in deposits and Banca Etica's share of capital.





Funky Tomato: To have Italian tomato sauce free from immigrant labour exploitation



Crowdfunding for launching Start Up Refugees: An application that helps refugees to find a job



Crowdfunding for Bari International Gender Film Festival



Crowdfunding for launching Start Up Refugees: An application that helps refugees to find a job



Crowdfunding for a female literature festival in Rome



Banca Etica finances responsible and sustainable tourism projects



President Biggeri meets the President of the Italian Republic MR Sergio Mattarella



Primo Miglio is a social start-up accelerator – Banca Etica collaborates with it



Not with my money – A book for critical financial education

Small agricultural producers get access to microcredits

Banco Fie | Bolivia

Technology has allowed for the production of specialized products aimed for the small agricultural producers of indigenous-peasant origin, who produce individually (by parcels). It is based on the recognition of “the land” as a source of income that empowers the producer as a subject of credit, and considers the productive cycles of each sector.

In Bolivia, 87% of agricultural production units are made up of small indigenous producers. Most are concentrated in the western Andean region, historically excluded by the financial sector and prioritized in FIE Bank strategy. For Banco Fie agricultural microcredit project, the beneficiary population is composed of small agricultural producers. This segment previously did not qualify to receive a credit from a formal financial system because it was considered a high risk and presented structural limitations for its attention related to the calculation of its wealth and cash flow, availability of guarantees and the understanding of its activity. Agricultural financing allowed to break two paradigms in Bolivia: 1) to finance successfully small agricultural producers and 2) to expand the operations in zones of the western region (Bolivian plateau).

Banco Fie’s service strategy was a key factor in the adoption and success of agricultural microcredit, with a direct impact on portfolio quality. The strategy includes:

- *Creditors of local origin, trained to provide advice to the client in the use of financial services appropriate to their productive activity,*
- *Local communication strategy, which allows to create synergies with the community,*
- *Transparency, the tariffs of products applied in rural agencies are exactly the same as in urban areas,*
- *Service plans adapted with themes such as native language, customs and customs, schedules and days of attention, promotion of productive fairs, among others, and*
- *Financial education and customer training that promotes empowerment*

First, it was sought to generate knowledge of the needs of small producers that was achieved by incorporating other institutions (NGOs, technical cooperation, associations, governmental entities, among others) with experience in meeting their demands. Another relevant factor was the hiring and training of local personnel,

which favored the knowledge of the specific needs and problems of the area, generating empathy with the population. On-site training of operators and constant feedback from the contact staff were other factors that allowed the adoption of agricultural credit. A rural communication plan was established and financial education processes were deepened in rural populations, promoting an effective and consensual use of financial services by the population.

It has generated a dynamic of greater competition, both between the entities present in rural areas and new entrants. Portfolio quality and growth experienced show the feasibility of this type of financing.

Some components of the technology developed were adopted by the regulatory body ASFI as a national policy (agricultural credit for contract production, non-conventional guarantees, and production chains).

Agricultural credit allows the entity to maintain its focus on the entity’s mission, promoting financial inclusion in a historically neglected sector, promoting the institution’s alignment with public policies, and effectively contributing to food security. The incursion in this sector has meant that the entity can easily adapt to the requirements of productive portfolio, contributing with more than 10% of the required proportion of productive portfolio (25%) according to ASFI regulations.

Micro-finance revolution in Bolivia

On November 17, 1986, both Bolivian and international investors created a foundation for the promotion and development of micro enterprises which, in 1992, became Banco Solidario S.A., one of the fastest growing banking institutions in the Bolivian financial system. Banco Solidario granted initial working capital for small-scale production and for commercial activities in the Bolivian micro-enterprise sector, using the Solidarity Group methodology. Thus, it was possible to create new job opportunities, form investments in micro- entrepreneurship and increase the income level for this sector. Throughout 25 years of operation, BancoSol has financed more than two billion dollars in over two million entrepreneur projects.

For more than half of the Bolivian economically active population, job opportunities depend on their own capacity to take advantage of the opportunities offered by the market. BancoSol supports initiatives of micro and small entrepreneurs so they would have a chance to develop their businesses faster and thus improve their living conditions. Most of BancoSol's customers are young people: 60% is between 25 and 45 years old and 46% of its customers are women. Most customers are from large families and have a low level of formal education. Almost half of the institution's customers have land in the rural areas, besides a place of residence in urban

centres. The micro-entrepreneurs' competitive strategy is based on price and service delivery, because it is very difficult for them to differentiate their products. They have an enormous capacity to adapt their supply to market requirements but they lack bargaining power with both providers and customers. Today, BancoSol is operating in the nine capital cities of Bolivia, i.e. La Paz, Cochabamba, Santa Cruz, Sucre, Tarija, Potosí, Oruro, Trinidad and Cobija; as well as in the city of El Alto, through a network of more than 400 customer service points among branches, ATM machines, mobile branches and Sol Amigo service points.

The Foundation's favourable development and the existence of an unsatisfied demand for financial services were the main reasons why the Board of the institution was able to expand its activities to satisfy the demand for credits in the growing micro-enterprise sector. BancoSol's success was noted not only in Bolivia but also on the international level. The perception of micro-entrepreneurs being high-risk borrowers gradually changed because of the low levels of arrears reported by the Bank: 3.5% on average in the mid-90's compared less than 1% as of today, with more than 250 thousand clients, representing 2,5% of Bolivia's population of 10 million.

Bolivia | BancoSol

BancoSol led the micro-finance revolution in Bolivia; thus, opening the way for other institutions to start serving the same sector. The institution's success attracted competitors in the form of other micro finance organizations and consumer credit providers. This competition forced the existing institutions to lower their interest rates and ensure greater efficiency in order to survive.

The commitment of contributing to the development and advancement of low-income individuals through the integrated provision of financial services is complemented with actions to encourage the formation of Capital Social (Social Capital) within the community. BancoSol has created this unit with the purpose of promoting, establishing, developing and strengthening relations with all stakeholders in society, based on values, trust and respect. BancoSol's Social Capital are the people, the diversity of men and women, who make their existence possible.



Australia | Bank Australia

Helping communities to be more financially resilient



In 2016, Bank Australia developed its first Financial Inclusion Action Plan to help customers, communities and employees be more financially resilient. Although Australia is a developed nation, more than three million Australians are estimated to be excluded from mainstream financial services, which makes them more likely to face financial hardship, poverty and have poorer economic, social and health outcomes.

In response to this, the Australian government as part of its G20 commitments funded a Financial Inclusion Action Plan program. In recognition of its ongoing leadership in responsible banking, Bank Australia was invited to be one of the first 12 organisations in the country to develop a plan.

Developing this plan has allowed the Bank to identify and share the unique ways in which

its customer owned business model and responsible approach to banking promotes financial inclusion. Bank Australia was able to highlight how responsible lending policy and the practice of not paying staff sales performance-based commissions helps prevent customers getting into financial hardship. Also, unique in the Australian financial landscape, the plan outlines how the Bank will approach financial inclusion

Bank Australia is a supporter of The Big Issue, a social enterprise that works across Australia to create job opportunities for homeless, marginalised and disadvantaged people through its independent street magazine. As part of its Financial Inclusion Action Plan, the bank is trialling practical budgeting workshops for Big Issue vendors.





holistically, rather than creating separate services for people who have been excluded. For example, rather than providing financial literacy or fee-free banking in isolation, the Bank is designing a model to meet multiple needs, for example, financial literacy, low cost products and referrals to financial counsellors and other social supports.

While Bank Australia has fewer resources to implement a business-wide plan than the major Australian banks, their commitment to financial inclusion is already embedded in the operation of the Bank. Being a leader in this national program gave Bank Australia a reason to push itself to build on its history and create greater positive impact. Through the plan, Bank Australia is identifying links between financial inclusion and other priority action areas: reducing family violence and its impacts, reconciliation with indigenous peoples, and fair treatment of refugees.

It was vital for people from different parts of the Bank to provide their expertise and ideas to the plan including those from data and technology, hardship, people and culture, sales and corporate affairs areas. This allowed a truly holistic approach to form. Bank Australia received external advice from program coordinators to ensure the Bank's actions were relevant, measurable and aligned with the broader national Financial Inclusion Action Plan program.

The Financial Inclusion Action Plan program will expand by engaging companies from other parts of the economy. Through its involvement, Bank Australia will generate models and learnings from implementing and measuring its programs to contribute to the broader effort to increase financial inclusion. The development of a national measurement framework and data set will be essential in achieving scalability of the program and its impacts. Modelling by the program suggests that 30 organisations implementing Financial Inclusion Action Plans could lead to an uplift of \$2.9 billion in Australia's gross domestic product per annum.

Ibtikar Fund: a game-changer for Palestinian entrepreneurs

Palestine | Bank of Palestine



With university graduate unemployment at 50% and a lack of early-stage financing for startups, Bank of Palestine stepped in to create a bridging mechanism to invest in aspiring entrepreneurs. The Bank, along with several like-minded partners, established a \$10.45 million Ibtikar Fund.

Ibtikar Fund selectively invests in early-stage, innovative ventures (focusing primarily in the ICT sectors) founded by Palestinian entrepreneurs. The funding, coupled with active participation by the fund's managers as well as a network of experienced mentors, will enable companies to grow and create returns to investors. The effects of this fund will go beyond the hoped-for returns to investors, positively impacting the Palestinian economy and creating much-needed high-value employment opportunities for Palestinian university graduates.

Ibtikar Fund is a game-changer for Palestinian entrepreneurs, as it closes a critical funding gap between seed investments and larger venture capital investments. Ibtikar Fund also partners with existing accelerators, enabling them to move away from donor dependency (in a space where further private sector investment is needed instead). The accelerators in turn help build a pipeline for the fund's larger investments.





Sample of Ibtikar’s investments to date:

- *Mashvisor seeks to automate the analysis of US market real estate data to empower investors to find traditional and short term rental (Airbnb and others) investment properties and optimize their rental performance.*
- *RedCrow provides risk-mitigation solutions for international organizations and individuals operating in the MENA region— automatically collecting data from multiple mass and social media sources, and analyzing that data based on historical trends and an in-depth understanding of the environments in which it operates.*
- *Wirez connects talented video storytellers with media broadcasters and publishers. Wirez is an easy, alternative solution for media publishers to discover and purchase interesting, ready-to-publish stories from the Middle East or to hire top video-journalists and crews to bring stories to life.*
- *Play 3arabi is a mobile games publisher focused on the Arab market. Instead of developing games from scratch, they identify games from all over the world that fit the MENA region, partner with their developers to localize, including re-skin, translate to Arabic and make them more culturally-relevant, and then distribute them in the region.*
- *Bambinotes is a subscription-based, multi-language online platform that offers the simplest way to communicate in real time between preschools, kindergartens, and parents. Every day, users are able to exchange information about their children with their schools, receive daily reports about their children’s daily activities, eating and sleeping habits, as well as tasks, event notifications, and public announcements from schools.*

Move your money

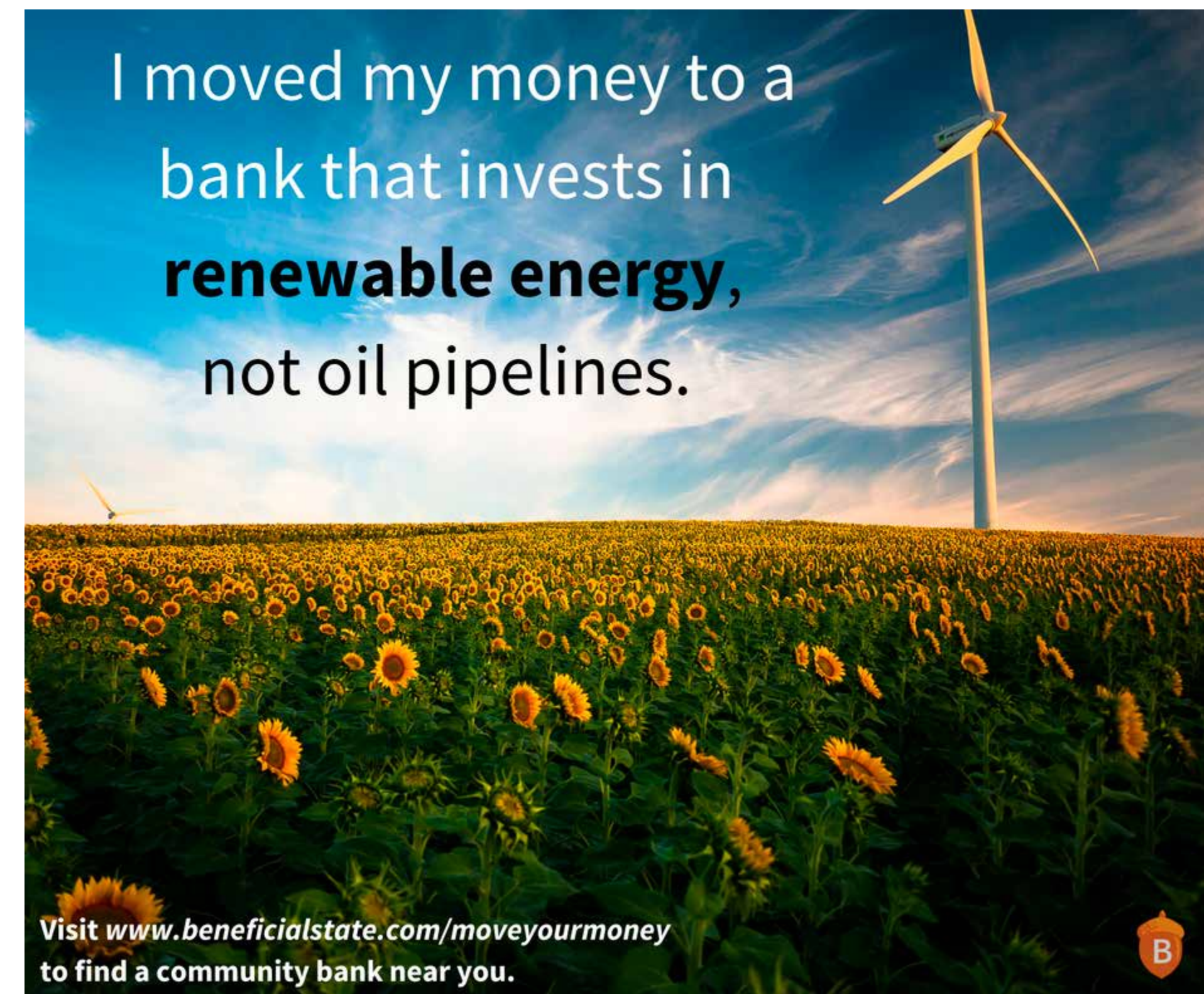
United States of America | Beneficial State Bank

In September 2016, a report was published listing the banks financing the Dakota Access Pipeline (DAPL), the underground oil pipeline under construction in the mid-western United States. Widely circulated, the report's release woke people up to the connection between their deposit dollars and the pipeline's financing. Pipeline divestment hubs cropped up across the country, spurred by the tremendous activist organizing of Indigenous sovereignty groups. Suddenly, people understood more deeply the power of their deposits and a divestment movement resurged.

Although the DAPL divestment movement spurred the first step of action – encouraging people to take their money out of banks financing the pipeline – information was lacking for better alternatives.

In response, Beneficial State Bank created a “Move Your Money” outreach campaign to help depositors find socially-responsible alternatives to the big banks. The bank and its bank-holding nonprofit, Beneficial State Foundation, began posting commentary online about the pipeline, thus aligning with the anti-DAPL movement. This bold advocacy earned media attention, new customers, and new social media followers. As visibility grew, the team created and distributed a toolkit to partners, allies, and any individual looking to align their money with their values. The toolkit not only is an instructional “how to” of moving one’s money, but it also gives information on how to identify a values-based bank, using the GABV principles as a guide.

One of those new divest/invest clients, Tesa Silvestre, described her “move your money” journey:



“I was clueless about the kind of negative or positive power my small account could wield when joined with millions of others... How could I stay loyal to a bank that violated my values in more ways than I can count?”

Landing at Beneficial State Bank, she finally found “the peace of mind that comes from aligning my heart, mind and actions, and reclaiming my sense of integrity.”

While we don’t yet know the ultimate outcome of the DAPL, the “Move Your Money” campaign is an effort to change the current financial paradigm by urging people to ask critical questions of their banks: How does your bank treat the communities and people it serves, the employees it hires, and the planet upon which we all depend? By positioning banking as the most powerful form of crowdfunding, Beneficial State helps people to imagine a world they can help to create that aligns with their values of inclusivity, equity, and justice. The issues around the Dakota Access Pipeline, a national issue, can be influenced at the local level; one individual can make meaningful change.

Our “Move Your Money” message is ripe for input from and collaboration with other GABV members, recognizing that we can achieve more when we work together. This is not the first case, and it won’t be the last, of negative banking practices affecting communities on a global scale. We at the GABV hold a powerful solution to pressing problems of environmental destruction and financial exclusion. Together, we could be increasing one another’s echo chambers when advocating for certain issues, like halting fossil fuel development, thereby amplifying the banking-on-values movement across the world.



My bank doesn't
put profits
before **people**
and our **planet.**

Visit www.beneficialstate.com/moveyourmoney
to find a community bank near you.



Responsible Saving in Quebec

Quebec | Caisse d'économie solidaire

In 2017, the Caisse d'économie solidaire Desjardins proposed a fossil fuel free retirement savings plan – divesting from oil industry geared toward the environmentally conscious. During the first quarter of 2017, the Caisse also offered petroleum divestment workshops. This mobilization was carried out in close collaboration with environmental and social activists.

During the same period, requests for account openings doubled compared to the previous year, half of them being from respondents under the age of 32. Environmentalist Karel Mayrand of the Suzuki Foundation explains that many are of the belief that “our retirement money should not be used to destroy our climate or to finance oil and gas pipelines.”

This rise in popularity came on the heels of the Quebec legislature's forced implementation of an unclear energy policy bill, opening the door to the exploitation of oil and shale gas.

This new fossil fuel free RRSP is built upon the Caisse d'économie solidaire's flagship socially responsible Investing program, namely Placement à rendement social, which offers guaranteed savings. In 2016, these were used to invest \$518 million in housing and worker co-operatives as well as non-profit organizations.

Responsible saving is used to finance companies that meet current social and environmental needs. They are present in all major areas of activity. For example, [Coop Carbone](http://coopcarbone.coop/en/)* is an active cooperative in

the fight against climate change. Not to be forgotten is the sector of social integration enterprises, offering recognized training to immigrants, high school drop-outs and the unemployed, while adding a service with high environmental value. [Renaissance](https://www.renaissancequebec.ca/en)** illustrates this contribution to sustainable development, with its integration program counting 530 permanent employees. Numerous rewards have been received for this economic, social and environmental success. With the financial support of the Caisse solidaire, Renaissance has built 22 donation centers, 12 second-hand stores, 8 bookshops, 1 liquidation center and 1 specialized shop. “We have felt the Caisse's trust in us from the get go. It's like being part of a family that shares our values, and that's priceless.” – Pierre Legault, President and CEO of Renaissance.

The Caisse d'économie solidaire has always believed in the business model that exists to improve society. In most cases, member companies who meet social needs cannot move out of the country ensuring jobs remain here at home. Since their goal is not geared toward profit at all costs, traditional financial institutions often show them little or no interest.

The divestment movement from oil and shale gas enables the Caisse d'économie solidaire to play its role as a corporate citizen committed to the development of a fairer, more sustainable, more supportive Quebec. The Caisse works to mobilize savings and recruit new members looking to have their money finance activities

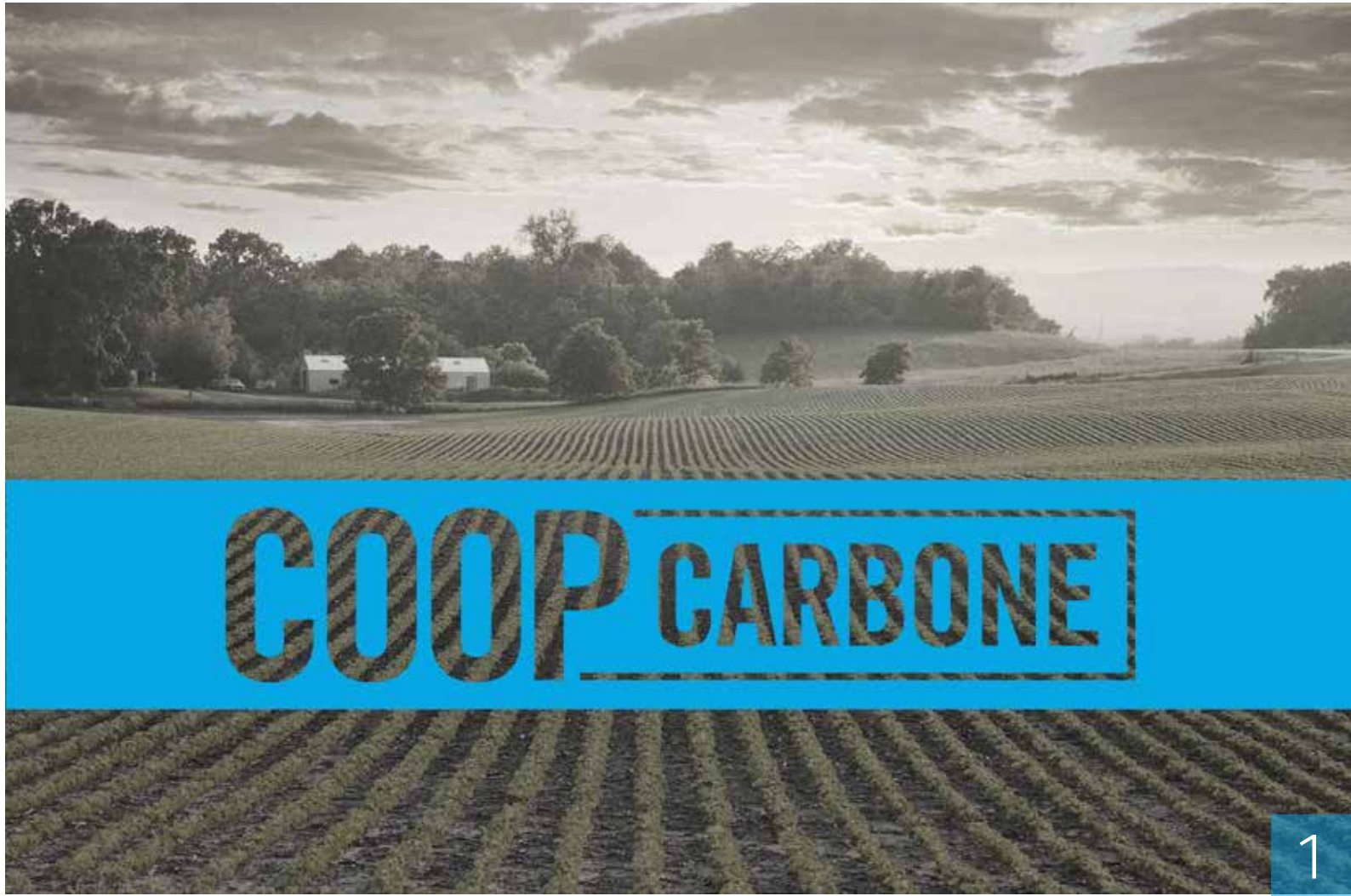
corresponding to their values. In so doing, it contributes toward a socially conscious movement that has taken flight in America and Europe. Environmentalist Karel Mayrand reminds us that “many institutional investors in California and major American universities are stepping away from fossil fuels. Even the Rockefeller Foundation has stepped up to the plate. Since the beginning of the movement, an estimated \$5.500 billion have been withdrawn from fossil fuel.”

The Caisse d'économie solidaire intentionally generates both financial returns and positive social and environmental spin-offs. As a result, it is moving closer to the environmental movement. At its members request, it also puts pressure on the financial world to offer accessible and fossil fuel free investment products. Canada's largest financial cooperative, Group Desjardins, which encompasses 313 members in Quebec - including the Caisse d'économie solidaire - now offers two fossil fuel free investment funds.

The Caisse d'économie solidaire is particularly proud to contribute to an irreversible divestment in the fossil fuel industry. By its actions, the Caisse proves that a financial institution can be more than just a profit seeking tool. By acting as an intermediary between savers and borrowers, it responds to an urgent need that of empowering ourselves today to ensure a better tomorrow.

* <http://coopcarbone.coop/en/>

** <https://www.renaissancequebec.ca/en>



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2



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3



1. Coop Carbone
<http://coopcarbone.coop/en/>
2. Société de développement Angus
<https://sda-angus.com/en/>
3. URBAN AGRICULTURE LAB
<http://congresmtl.com/en/2016/07/launch-of-the-urban-agriculture-lab-of-the-palais-congres-de-montreal-and-of-the-vertical-project/>
4. Renaissance
<https://www.renaissancequebec.ca/en>



Supporting young people to achieve their dreams

Peru | Caja Arequipa

Moquegua, the capital of a poor province in south Peru and infamously recognized for its lack of development, dependence on the mining industry and lack of opportunity for the youth. Here it is where we met Erika, a client we are proud of and the winner of PREMIC 2016 in the category of young entrepreneur. Erika was a 19-year-old girl who aspired to study in a university but couldn't because of her family's economic situation. Determined to fulfil her dreams, Erika went on to see how she could get money for her studies and her family and started a new business: "Las chicas del raspado".

In this story, Caja Arequipa was able to appreciate first-hand how Erika's business was gradually growing through the Bank's help and support, as the advice provided by their service representatives allowed it to grow in a sustainable manner having ambitious and interesting expansion plans and how she fulfilled her dreams of studying at a university and helping her family. The well-being that Erika got from this experience is integral, and that is what Caja Arequipa looks for in all their clients. To be a bank based on values means to see the chance of helping and transforming lives through financial services, products and advisory.

Erika's story assures that the new terms of Caja Arequipa's mission and vision are correct. It is possible and it is important to bet on young entrepreneurs. What you do as a financial institution is not just helping young people to achieve their dreams, but also to

help them improve and have an impact on their community, their family and their friends. It has opened the door to a new generation of clients (millennials) who value ethics in business, who choose products because they are aligned with their personal values. It is important to look for and to support innovation in the initiatives that are financed.

The credit analyst responsible of Erika's account had to bet on a young woman without credit or collateral but with a lot of potential and confidence in herself and her project. Caja Arequipa's analyst accompanied her all the way, guiding her in the best way so that she and her project could grow in a sustainable way. It changed the way all their analysts saw their work, allowing them to understand the social mission of a micro-finance institution such as Caja Arequipa. They understood that their work transcends and that the way the Bank serves customers is integral.

Ethical banks should develop products for millennial entrepreneurs, including financial education for those from vulnerable areas. Those generations are the most aware of the importance of banking on values. In order to succeed, it is necessary to develop a product for young entrepreneurs, incorporating innovation and sustainability as the main evaluation criteria. Moreover, it is important to raise employees' awareness of their social mission as a value-based bank.

* PREMIC (Premio City a la Microempresa): Prize awarded by Citibank Peru and Aprenda, is held annually in more than 30 countries to recognize and support the growth of the microenterprise that has a high impact on the economic development of its regions, families and communities.

Improving quality of lives through financial inclusion

Uganda | Centenary Bank

Centenary Bank started as an initiative of the Uganda National Lay Apostolate in 1983 as a credit trust. It began operations in 1985, with the main objective of serving the rural poor and contributing to the overall economic development of Uganda. In alignment with their mission “To provide appropriate financial services, especially micro-finance, to all the people, particularly in rural areas, in a sustainable manner and in accordance with the law”, Centenary Bank decided to partner with an International NGO called Grameen Foundation to help the Bank roll out and scale financial services to the existing and new customers via the mobile channel, which gave birth to the push and pull service. This was done through the help of parties such Crafts Silicon, Cellulant Uganda, Liquid Telecom, and Neptune Software Group- the Core Banking Vendor. The bank has been offering this service to its clients throughout the country as long as one has a mobile phone and access to a telecom network.

Centenary Bank learned from this project the inclusion of - and close collaboration with - other parties is absolutely pivotal for the success of such a project. For instance, the support of the Uganda Communication Commission to provide the codes necessary for each transaction, the telecoms who provide support in terms of networks, the aggregator and a sound Core Banking System, were invaluable to the ultimate success of this service.

Staff and management of the Bank are appreciative of the fact that conducting banking services no longer requires brick and mortar, as many transactions are being completed on phones. Moreover, phenomenal growth in key business areas has been realized since the implementation of the project, congestion in the banking halls has been reduced, bank revenues by ways of commission have grown significantly and deposits have grown faster than ever before

as a result of clients being able to deposit their money without necessarily coming to a physical branch of the bank.

With the fact that mobile money clients in Uganda are in excess of 18 million, compared to 6 million commercial banking clients, we strongly recommend this service to be extended by other commercial banks in Uganda, thereby enabling financial inclusion and positively impacting citizens sooner rather than later. Additionally, once adopted, the costs of loans will be reduced since management of loan disbursement and recovery will be automated. Furthermore, overhead costs of the banks in Uganda will also be reduced, as large investments in brick and mortar to offer banking services becomes unnecessary.



Public private partnership to support distressed communities

United States of America | City First Bank of DC

The New Markets Tax Credit Program (NMTC) is a national effort in innovative tax policy designed to drive and leverage private capital into the most distressed communities across the United States through a public private partnership financing tool. City First has many partners across the public and private sector in this endeavour. City First Bank saw the NMTC Program as an opportunity to exponentially increase its ability to target underserved communities beyond its traditional commercial banking activities. The project partners for City First's NMTC deals are well-established, highly effective, well-funded (via significant philanthropic partnerships) not-for profits in the community. City First engages mainstream banks by encouraging them to place private investments through the tax credits. For City First, impact means sustainably increasing the capacity of project partners to provide access to healthcare, supportive housing and services for the homeless, hunger relief, and access to high quality education for distressed communities.

Participation in the NMTC program has shown City First that intentional focus on tools and partnerships that attract large scale capital brings great potential for transformational change to the

communities it serves. The program also provides City First the rare ability as a small, locally focused, bank to influence and deploy capital into many of the Washington, DC and MidAtlantic region's large, high impact, and catalytic projects. With their commercial project partners, City First's NMTC business has enabled them to shape projects' design in order to maximize the community benefit of large scale projects. This means private investment is not only coming into the community but also catalysing development that serves the community.

When the NMTC program was initially designed, City First made an important early investment in how the bank could participate. This included hiring an advisor to help design their business model for participating in the program and how it would be implemented. As a result, City First was in the initial round of NMTC allocation awardees in 2003. The NMTC business is among the most impactful and profitable lines of business for City First Bank.

City First created a very strong team, process, and practice around NMTCs. City First's deep knowledge of the community, what it needs, and relationships to source viable NMTC projects has enabled them

to be very competitive partners. They have also leveraged much of the Bank's infrastructure including credit and finance to execute the program. In doing so, as of the start of 2017, City First Bank's NMTC business has contributed to the creation (and retention) of 9,971 jobs, has financed 3,010,953 square feet of real estate and increased project partners' capacity to serve 2,757,414 additional low income clients.

In the U.S., their government partner is working on getting the program permanently extended and successfully doubled its size in 2016. In other countries, banks could promote these types of tax-based investment incentive programs through policy advocacy. Banks could also invest in determining the relevance of similar programs available to them to maximize their impact. For scalability and resiliency of the NMTC program the ecosystem needs financial intermediaries that have the capacity to absorb significant levels of capital and quickly multiply their output.

Third Industrial Revolution

France | Crédit Coopératif

In January 2015, Crédit Coopératif launched the “Rev3” (for Third Industrial Revolution) savings product with the North of France Region’s Chamber of Commerce and Industry (“CCI Hauts de France”) to finance the future of the region. The Third Industrial Revolution concept was developed by Jeremy Rifkin and applied to this region, which suffered of a deep economic decline. The Bank collects deposits on this saving product, called “Livret Rev3”, from which 75% of the assets are used to finance the firms involved in the Third Industrial Revolution movement on this specific territory. This savings product can be opened from any region of France. Each year, customers get information on the projects financed through their savings account. By December 31st, 2016, the total assets collected by Rev3 were €15 million.

The idea of involving residents in the funding of projects related to the third industrial revolution was launched by Philippe Vasseur, president of the Chamber of Commerce and Industry of the North Region of France, in October 2013, during the presentation of the master plan in the presence of Jeremy Rifkin. The success

encountered by “Livret Rev3” has shown that inhabitants are willing to give a meaning to their savings through transparency and impact, the partnership between a region and bank is very powerful in revitalizing a territory and that every customer of the bank may contribute (the youngest saver is six months while the oldest saver is 97 years-old)

After one year, 24 projects where companies integrated the dynamics of the 3rd industrial revolution Hauts-de-France were financed thanks to the loans collected by the Rev3 savings account. At the first meeting organized between savers and executives from the companies financed by the Rev3 loans, ten companies were present at the CCI’s office in Lille last March.

Crédit Coopératif has been committed to managing the resources to change their ways of producing, consuming, housing, moving and exchanging. Unéole is an example of a project financed through the Rev3 loans. Unéole develops a range of individual wind turbines, a system of innovative storage adapted to the

renewable energies and an application that allows the optimization of energy consumption. The MyWatts (“MesWatts”) application enables individuals as well as professionals to display their energy consumption and to compute their costs in order to reduce their electricity bills. The Rev3 loan allowed the founder of Unéole to develop this application and its algorithms.

This experiment with the north of France has been so successful that other regions of France asked Crédit Coopératif to provide them with this kind of device to finance their regional social and sustainable economy. This is the reason why the Bank launched “Livret Cooperation pour ma region” in April 2016. As a conclusion, this policy of “traceability” ought to be an incentive for other financial providers to be more transparent, and for banks to understand that they finance the world of tomorrow.

A top ethical bank in Norway

Norway | Cultura Bank



Epleslang
The social entrepreneur Epleslang creates job opportunities for motivated people with disabilities and young people who are looking for work experience. They gather local surplus apples and turn them into apple juice.

Cultura Bank is an independent savings bank situated in Oslo, Norway, with customers all over Norway. When Cultura lends money, they always ask first for the purpose of the loan, as they only lend to projects that have a positive impact on people and/or the planet. This year Cultura is celebrating their 20-year anniversary. Even though they have been growing steadily for 20 years, they are still the third smallest bank in Norway, and until some months ago, not many people knew about Cultura. Recently, however, the Ethical Bank guide for Norway was published and Cultura Bank came out at the top of the list, far beyond all the main banks.



Photos: Heidi Goodreid & Wanda Nordstrøm

And what happened? - It seems that a lot of people are fed up with the traditional banks and their financial acrobatics. Applications from new customers are flowing in at a rate that is quite overwhelming. Cultura could never have managed to create this kind of public relations campaign for ethical banking on their own.

Throughout some periods during these 20 years there have been frustrations – some people both in and outside the bank would occasionally argue that Cultura ought to be growing faster, while others were concerned that faster growth would present a threat to the ethical dimension. But the Bank has been very conscious not to damage their ethical profile and the quality of their work when expanding their field of operation. They continually try to find a compromise somewhere between financing a lot of small, idealistic start-ups with high risk, and playing safe, financing projects for customers that easily could have gotten loans on reasonable terms in the traditional banks.

So, Cultura started to lend to housing and developed a special program for environmental friendly building, where the builders get a lower interest for making good choices. The Bank is certain that their way of value based banking has become an important part of the Norwegian banking system – giving people the freedom of choice and the possibility to get insight into how their bank is spending their money.

Cultura Bank is like the sourdough of Norwegian banking
- spreading inspiration and enthusiasm, making people more conscious about how they invest their money.



Seierstad

*Espen and Tove Seierstad live in Lofoten, in their off-grid house financed by Cultura Bank. Their eco-friendly house qualifies them for a lower interest rate on their loan.
Photo: Scott Gilmour*

Hurdal

In Hurdal Ecovillage all houses have solar panels at their roofs. The houses are built of natural materials.





Group-CulturaBank

The coworkers in Cultura Bank - a small savings bank in Oslo. Photo: Herman Dreyer

Formula for linking house prices to local economic conditions

United Kingdom | Ecology Building Society

The housing market in the United Kingdom is dysfunctional, with shortage of supply leading to high prices beyond the reach of young families. This is particularly the case in London where the market is increasingly disconnected from the rest of the country, driven by its status as an international financial centre and its reputation as a safe and profitable haven for securing wealth away from domestic insecurity. This creates an unsustainable society where ordinary workers cannot find accommodation easily and normal structures of a supportive community cannot flourish. Working with London Community Land Trust, the Ecology Building Society has been able to support the creation of a viable solution.

The shortage of supply in housing is linked to the high cost of land, so there is an increasing incidence of local government releasing land under favourable conditions to create affordable homes. However, in the past, permanent affordability has been difficult to achieve due to the impact of speculation. To address this, attempts at linking house prices to local economic conditions in the UK have been examined for the last 10 years or so, but with this project a workable formula has been determined which can account for

increases in the cost of housing finance and is based on reliable comparators of incomes. This allows confidence that clients will not be inadvertently placed in financial difficulties due to unexpected shifts in financial conditions in stressed economic circumstances. Crucially, the property is conveyed via a legal agreement which creates a lease enforcing this formula for future transactions, thus removing the property from the speculative market.

As the difference in price based on this formula and the open market value is substantial, it is clear that there will always be a ready supply of potential purchasers so existing clients can recover their capital without a windfall capital gain being attached purely driven by speculative behaviour.

Working with the Community Land Trust and social economy specialist lawyers Wrigleys, the Ecology Building Society were able to construct a robust legal agreement that will achieve affordability in perpetuity. They were dealing with a perception that this was difficult lending but have ensured that there were suitable protections for the lenders, which in fact are unlikely ever to be

needed. The process applied required detailed due diligence and early stage intervention to ensure fundable documentation – more work than might be justified by the number of loans, but with the end goal of replicability in sight, well worth it!

There is now the possibility that this model can be replicated in London and applied in other cities across the UK where affordability of housing has also become an issue. It is important that other lending institutions do not consign such initiatives to an affordability ghetto by neglect, and there is evidence that other mortgage providers are now following our lead. In addition, we are already seeing the model created being shared with other Trusts seeking to tackle similar market issues in areas of the UK that have high concentrations of second homes and holiday homes (properties which are not therefore available to local residents and represents market activity which inflates prices creating localised issues of lack of affordability).

Lower interest rate for farmers

Sweden | EkoBanken

The situation for dairy farmers in Sweden is becoming severe: many farms are closing because of generation shifts and heavy investment demands. The number of dairy farms has decreased by 50% in the last ten years and because the price for milk is set on the world market, there's limited possibility for farmers to influence price. In order to support and highlight the work of organic and biodynamic dairy farmers, Ekobanken offers a lower interest rate for farmers.

Around the village of Järna (50 km south of Stockholm) lies the largest biodynamic arable land in Sweden. Nearby is Saltå Mill and Beras International, organizations specializing in conducting research into organic farming. There is a high school for future farmers as well as a training centre for organic gardeners.

All farms are owned by foundations in order to prevent the soil from being bought and sold on the free market and thus taken out of organic treatment (done for many decades). A new dairy is being built to process the milk from the farms and to guarantee a price that makes it possible to survive as farmer.

Dairy farmer Holger van der Woude moved from the Netherlands in the late 1990s, to train on Skäve farm before taking it over. In 2011 he bought the lease of Yttereneby as well, one of Sweden's oldest biodynamic farms. Recently, a brand-new barn was built creating an airy atmosphere for up to 110 cows, which still have their horns. Fodder comes from the farm itself, apart from producing grain for the mill.



Turning Florida 'Green'

United States of America | First Green Bank

Ken LaRoe founded First GREEN Bank in 2009, during one of the worst recessions in American history, as the first bank in the eastern United States with an environmental and social mission. Despite the economical odds– the bank has grown to become a highly profitable organization. LaRoe’s dedication to his values-based mission makes him a unique leader in the financial sector, as he works tirelessly to turn Florida ‘green’ one customer at a time.

At First GREEN Bank, employees are offered free opportunities to become certified in green business knowledge, such as LEED accreditation and are awarded \$1,000 in annual raises for successfully attaining such certification. In addition, the bank’s Mission Specialist Program sets objectives for employees to reach based on values, and by reaching different levels of the program, employees are rewarded. The bank also makes sure that hard-working employees can adequately provide for themselves and their families through the bank’s Living Wage Program, which ensures that all employees earn a minimum \$32,000 yearly salary

or the hourly equivalent without a salary cap. Some additional benefits the bank offers its employees include, 0% interest rate on 40 mpg vehicles and above, access to complimentary hybrid loaner vehicles for any purpose, 401k with 100% employer matching up to 6% and paid sabbatical for any social mission.

In 2017, the bank started a competition amongst employees to see who can give the greatest amount back to their community and who can adhere to lifestyle changes for the greater good of society, such as composting or riding a bike to work. As a result, by the end of 2017, First GREEN Bank employees are projected to have donated more than 3,000 hours in community service. Initiatives, like these, are something the bank and its employees are extremely proud of, as the bank continues to live up to its values proposition every day.

Each First GREEN bank location is considered a “values center,” offering customers quality service and ethical business practices based on core company values. The bank uses its growth and

expansion as a tool to increase community and economic development, never losing sight of its mission. As a testament to this, the company recently received the prestigious certification of B Corp Certification by B Lab, a nonprofit organization that supports using business as a force for good. This accreditation is a verified benchmark for companies supporting a positive impact.

First GREEN Bank has succeeded in its goal to do banking differently – in a way that is socially and environmentally responsible, without sacrificing profit. LaRoe has prioritized his values-based mission with equal importance on making a profit, and First GREEN Bank now exceeds \$650 million in assets with seven full-service locations across Florida and has loaned more than \$550 million to the communities it serves.





The *Khana* loan

Afghanistan | First Microfinance Bank

First Microfinance Bank – Afghanistan (FMFB-A) would like to share its experience in developing, piloting and implementing its Housing Microfinance “*Khana*” loan product in Afghanistan in 2008. Afghanistan’s challenges are well known: a weak, yet stabilizing, economy mired by decades of continuing conflict, high poverty rates and an underdeveloped financial sector operating within an evolving regulatory framework. This, combined with rapid population growth and urbanization, a severely damaged housing stock and few new housing developments have led to the rapid expansion of informal settlements throughout the country and a pent-up demand for housing microfinance. FMFB-A designed a strategy to develop Afghanistan’s first incremental housing product, in partnership with Agha Khan Planning and Building Services Pakistan (AKPBS) to meet this demand and improve the quality of housing of Afghanistan’s low-income segments.

The successful launch of the *Khana* loan has demonstrated the importance of aligning the development of new products to client needs by means of a rigorous yet flexible approach to product design. Such an approach has resulted in a well-performing housing portfolio, experiencing steady growth, an important achievement given the aforementioned challenges. Furthermore, it represents a paradigm shift in housing finance by developing a niche asset product specifically targeting incremental housing, a glaring need which, to this day, remains totally neglected by other FIs in the

country. The *Khana* loan finances seismic-resistant home repair and upgrades, connection to basic utilities, thermal insulation, improved ventilation, hygienic improvement and solar-powered equipment installation, among other housing requirements. One of the unique features of the loan is its free Construction Advisory Services (CAS) that help boost customer satisfaction and significantly enhance loan quality. The Bank constructed ‘Demo Rooms’ in major cities to illustrate how adhering to good design, structurally-sound masonry and the right choice of building materials could lead to improved quality of life. It could be arguably categorized as a consumption loan although it also caters to a significant number of home-based businesses thus assisting income generating activities. For this reason, it was decided to draw a line with both consumer debt approaches and traditional housing mortgages. The *Khana* loan approval relies primarily on clients’ repayment capacity/ creditworthiness while personal guarantors and household assets are accepted as collateral. Seasonal repayment options make the loan particularly attractive to rural clients.

Thorough market research and internal review prior to the product launch were fundamental to understanding client needs and internal capabilities. The pilot phase was also crucial to “test the water”, providing valuable customer feedback as well as a better understanding of our own internal capacity. It gave FMFB-A the opportunity to tailor products to customer needs, identify and

correct weaknesses in our internal infrastructure and fully prepare for successful product expansion across our footprint.

The *Khana* portfolio represents 17% of the total GLP, the third largest segment after enterprise and agriculture. 31,000 clients have benefited and USD 52.5 million have been disbursed since inception. PAR 30 remains below 1%, 69% of clients learn new construction skills (considering most low-income beneficiaries undertake incremental housing themselves) and 98% of surveyed beneficiaries believed the loan led to improvements in their Quality of Life.

Khana loan’s alignment with our values-based banking principles has been fundamental to its commercial success. Its features allow low-income segments of Afghanistan to simultaneously increase their quality of life while reinforcing income generating activities, creating synergies between both objectives. Furthermore, their partnership with AKBPs to provide CAS as an additional product has been a core value-driver for their clients, introducing innovative environmentally driven techniques improving living conditions and mitigating natural disaster risks. As much as 70% of the world’s population access shelter through incremental building with many clients of MFIs diverting business loans for this purpose. From this perspective, there is no doubt that FMFB-A’s success is replicable in other country contexts.



A new source of income: the GLS Contribution

Germany | GLS

Like all European banks, GLS Bank is currently facing challenges concerning profitability due to the generally low net interest margin in Europe. So the question arose, how to finance sustainable banking and simultaneously avoid commission-driven selling or let go of the unalloyed social-ecological ethics. Our aim is to provide banking services which are, first of all, beneficial for the costumers. We pursued this by introducing a new source of income: the GLS Contribution. It is an additional charge for all customers which partly compensates the drop of the net interest income.

The launch of the GLS Contribution took place during an extraordinary general assembly. An overwhelming majority of 80% of the participating members supported the GLS Contribution. By the way, this general assembly had the largest number of participants in the history of our bank, which shows the great participation of our members within this topic. Thus, we received an encouragement for this new way to finance green banking. Effectively, we see a shift of paradigms: from earning income with specific products and services towards sourcing through monthly contribution. A change in customer relationship: as the clients enable the bank's fundamental existence, his or her identification grows.

Two years before the launch, at a very early stage, GLS Bank started a broad communication without any preconception with clients, members and staff. The aim was to receive an authentic feedback to this totally new idea. In order to gain the staff's support for the GLS contribution, the CEOs provided a large space for learning and discussion. A brave approach, as we absolutely weren't sure about the outcome. However, we were convinced of the need for a change. Concomitantly, many efforts to cut the costs and to remodel the organisation towards more efficiency were put into practice, with the aim to keep it fit for the future.

Communicating with all stakeholders – honestly, openly, in a transparent way but without a hidden agenda – was fundamental. GLS Bank formed a communication team which combined a lot of interdisciplinary expertise. Even our CEO took part in conversations with clients in order to get in touch with their ideas. What we've learned is, that we can rely on their commitment to a great extent. Sharing the same values, clients and members are willing to make extra efforts for their bank.





Germany | GLS | A new source of income: the GLS Contribution

New line of credit improves the efficiency and energy saving of small businesses

El Salvador | Integral

This new line of credit (CREDIVERDE) was developed by a team from Integral, with technical support from international consulting firm ENCLUDE (Member of the Triodos bank group in Holland) specialized in: Banking, microfinances, energy efficiency and estimation of carbon footprint with financial support from Multilateral Investment Fund (FOMIN) and the Nordic Development Fund of the Inter-American Development Bank (IDB). Coverage in 26 branches of Integral distributed across the 14 departments of El Salvador.

SAC INTEGRAL, S.A., sustains its leadership in the local microfinance industry on its approach to Salvadoran micro and small entrepreneurs, looking to satisfy all their financial needs and ensuring their sustainable development. This affirmation is strengthened by the creation of new products and services according to the customer real needs, for whom we offer the innovative product “CREDIVERDE”, destined to finance the acquisition, installation and maintenance of “green” and energy efficient consumption equipment that helps the entrepreneurs reduce their electric energy costs, incorporating also environmental education and good practices of energy saving that contribute to taking care of our Planet.

There is hardly any real consciousness in Salvadoran Micro and Small Entrepreneurs about the importance of reducing carbon emissions from their own activities. It takes a lot of selling and persuasion to educate local customers on the need to invest money and resources and trust that the benefits will somehow materialize in the future in the form of savings in energy consumption costs and also in positive contribution to the state of the environment.

On a first phase INTEGRAL announced internally its willingness to reduce its own carbon emissions by investing in modification of its own energy matrix. On a second phase, INTEGRAL employees were educated and sensitized about the importance of the issue and becoming a “green institution” by measuring our own carbon footprint and reducing it. We also measured our loan portfolio climatic risks and dangers. On a third phase, our sales force was equipped with tools (mini laptops, manuals, field applications) so that they are now able to make a projection of any customer’s levels of energy consumptions and savings that they will rip out if they invest in the modifying their own energy matrix with the help of “Crediverde”. Clients can really achieve money savings in the long run and more importantly the contributions we make on taking care of the environment.

CREDIVERDE is oriented on improve the efficiency and energy saving of the small business owners, reflecting INTEGRAL’s commitment with contributing to the triple benefit to the country: Social, Economic and Environmental, a line of credit that is already available in the 26 branches of INTEGRAL distributed across El Salvador. Some of the products that can be financed with CREDIVERDE are: solar panels, air conditioners, solar heaters, saving luminaires, efficient coolers, freezers, thermal insulating for ceilings, walls, windows, etc. Efficient engines, efficient vehicles (Hybrid, low gas consumption, etc.), and other equipment that helps energy and gas saving.



Helping youth to improve financial and life situations

Nigeria | Lapo Microfinance Bank

Nigeria has a very vibrant young population. A considerable number of young people are out of school due to parents' inability to sponsor their education. Others also find it hard to cope with the rigors of formal education. LAPO MfB has introduced a programme to help youth improve their financial and life situations while enhancing their education.

The programme called Skills Acquisition Scheme, helps deepen job creation in the 28 states of LAPO MfB's operation by training participants in entrepreneurial skills and enabling them to become employers of labour. The training covers: ICT, fashion design, hairdressing, catering, event management, interior decoration, plumbing, and cosmetology etc. The objective of the programme is to help participants build self-esteem and confidence at a critical time of life, when they can assert their financial confidence and be active players in their community. Participants are required to make several commitments including staying in the programme for at least six months, after which they can apply for loans from the bank.

The programme is a partnership with the Nigerian Directorate of Employment (NDE) and National Business and Technical Examinations Board (NABTEB), which ensures formal certification

at the conclusion of the training. The scheme has proven to be a much-needed intervention and LAPO is proud to work with the government to enhance financial independence. The Bank also welcomes the opportunity that the skills acquisition programme offers to help demonstrate social impact in the communities they serve.

According to Managing Director, LAPO MfB, Dr. Godwin Ehigiamusoe 'It is imperative for us in LAPO that we give youths the stepping stone to move on because the economic development and growth of a country depends on small and medium enterprises. We are interested in getting these people out of the streets and getting them empowered.'



Developing Community Index

Hungary | MagNet

MagNet Community Bank operates in Hungary, specifically in Budapest and similar to other countries democracy is facing some challenges in the last few years. The leaders of MagNet Bank believe that NGOs are strong guardians of democracy and they have the responsibility to help civil organisations on this matter. The Bank's goals are societal engagement based on transparency and education in order to raise financial awareness. They created programs as tools to its clients to help the community to be more active because they believe that every decision matters.

The main challenge that MagNet is facing is about how to motivate their clients to be more active and how much it matters to make conscious financial decisions. The VIP clients are not the ones who are contributing more to the profit but the ones who are more active by seizing opportunities of community products. Thereby, they strengthen and help to reach the social goals of the Bank.

The Bank created a system which calculates and shows on every client's NetBank platform how much effort they make throughout different programs and how they can contribute more to the community. The results are shown in percentage and an exact amount of Hungarian Forint. In this Community Index they measure how active the clientele is in the Community Donation Program (CDP), Supportive Bank Card, Pay as much as the client likes account keeping fee, Mentor and Sector Community Loan and Deposits Products and Individual Donation Program.

For example, through CDP MagNet calculates its clients' contribution to the Bank's annual profit and, uniquely in Hungary, they share this information with them on an annual basis. Clients have the right to choose which civil society organizations to support with ten percent of the Bank's profit.

One of the aims of the Index is that in the future it contributes to pricing decisions for example higher deposit rates for clients with

higher index. As a first step, they have already organized an event for the top 100 clients who scored 100%.

The first average results of the Community Index were surprisingly low, 14% and after half a year it increased to 21%. To create the Community Index required a considerable amount of IT development. Their next step is to make a campaign which helps to motivate the clients raising their own index as much as possible, creating a stronger clientele loyalty, generating product cross-selling at the same time. Next to the social aspect MagNet Bank also expects a slight economic growth.

MagNet considers this as a success story because the Index gives everybody the opportunity to face how much they are helping the community by using the tools provided and shows what more they can do to make the society better.





Denmark | Merkur Cooperative Bank

Merkur achieved a 20mln DKK (€2.7mln) share capital investment from one of Denmark's largest foundations, Villum Fonden. Merkur Cooperative Bank operates nationwide in Denmark and the purpose of the investment is to strengthen the bank's capital base, thus enabling further growth.

Merkur knew the investor through their growing interest for sustainability and long term resilient changes in society. They were able to connect the foundation's interest in sustainability and their wish to get experiences within mission aligned investments with their banking approach. The foundation was convinced that Merkur was an effective way of increasing the foundation's impact, through the bank leverage effect. They learned that it was in fact possible for a relatively small bank to use their track record within sustainable finance to attract a large investor (the biggest till now). The membership of GABV was an additional, supportive factor for the process.

The foundation was an almost perfect match to the Bank, since they through donations support almost the same sectors and type of initiatives as we do as a lender: sustainable development, climate, social coherence, culture etc. It was also good to see that it was possible to establish a level of trust that made the investment possible without any demand for influence through board positions or similar.

Merkur hopes they can use the experience themselves to invite other likeminded investors, be it HNW families or foundations to become shareholders in the Bank, since the capital challenge is still a limiting factor (EU legislation and huge growth potential). Merkur knows other small and middle sized GABV members can be encouraged to seek similar partnerships in their local/regional/national market.

Partnering with the largest Danish foundation





Thorupstrand Coastal Fishing Guild



Merkur Domicile



Solar park in Denmark

Merkur finances almost the same sectors that Villum Fonden supports: sustainable development, climate, social coherence, culture etc.

Affordable housing no longer unachievable dream

United States of America | Missoula Federal Credit Union

When people think of affordable housing in the United States they often think of subsidies, vouchers and large, multi-family housing complexes. In rural areas, like Montana, these things are all present, but manufactured housing tends to play the largest part in sheltering low- and moderate-income families. In fact, manufactured housing (also known as: “trailers,” “mobile homes,” or “factory built homes”) makes up nearly 12% of the housing stock in Montana, providing shelter for 53,000 families.

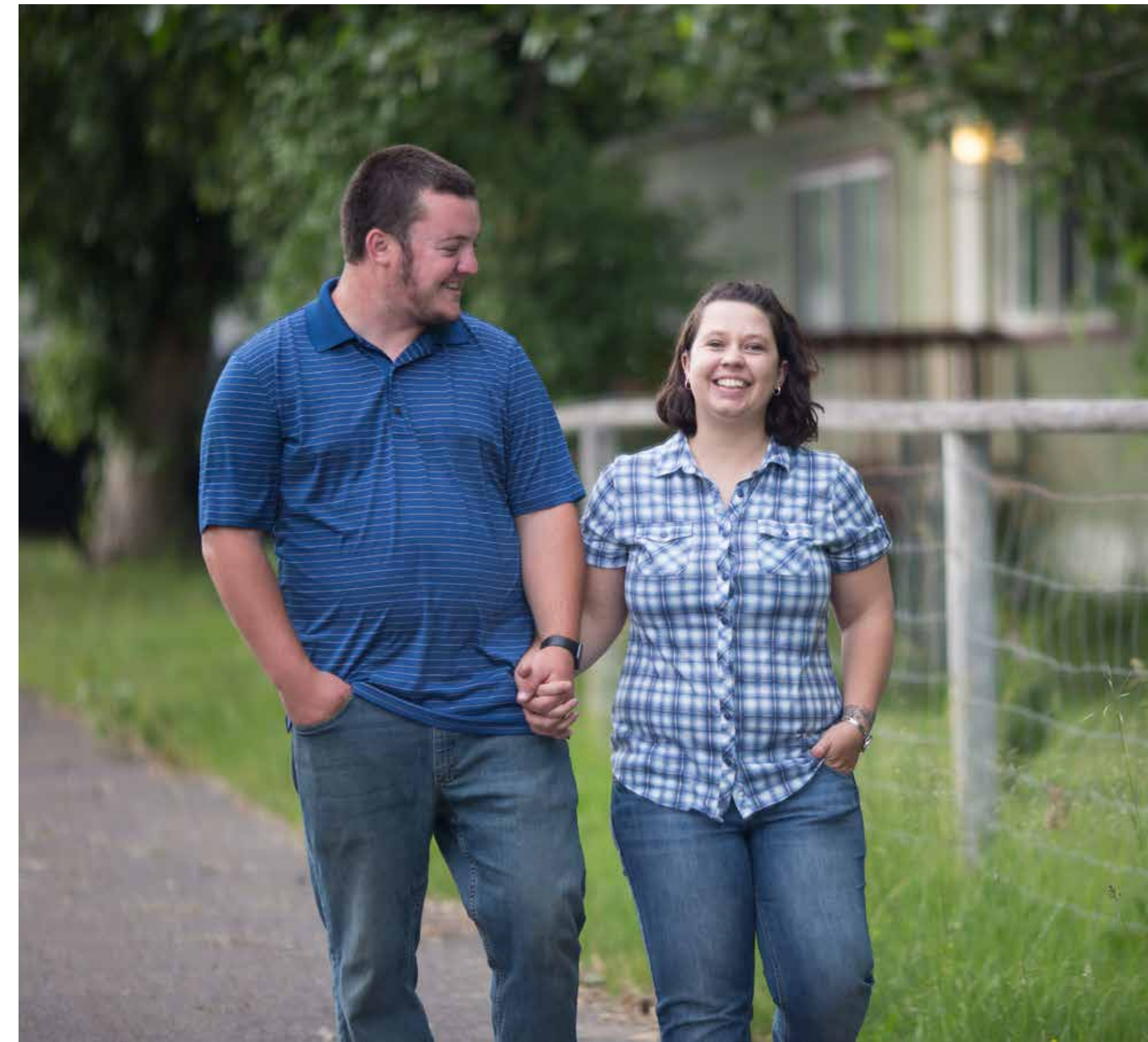
But there are problems with this form of shelter. First, approximately 50% of manufactured housing units in Montana were built prior to a proper building code for this type of structure. Many units are unhealthy and extremely energy inefficient. Second, financing is a major issue. The housing type has evolved from truly mobile “trailer” to permanent “factory built,” but financing systems have not kept up. Unless sitting on a permanent foundation (which most units are not) manufactured housing is titled like automobiles and loans tend to be short term and high priced. Moreover, most manufactured housing sits on leased rather than owned land, putting homeowners in unstable tenancy relationships. Month-to-month leases are not uncommon.

Missoula Federal Credit Union is working to address these problems. The credit union supports NeighborWorks Montana, a state NGO, with cash and in-kind contributions, to organize residents of manufactured housing parks into cooperatives and stabilize tenancy by taking control of the land underneath their homes. It has designed an innovative loan product which provides borrowers a 20-year fixed rate at responsible pricing to make new purchases, refinances, and even cash out advances for small scale improvements more affordable for manufactured homeowners, regardless of whether there is a permanent foundation or not.

The credit union has also partnered with local Human Resource Councils and the Montana Board of Housing to create loss reserves targeting replacement of the older, pre-building code units.

Partnerships have been key. They are activists organizing residents to form cooperatives. There are social service providers helping residents to identify opportunities to improve energy efficiency and the health outcomes. There is a state board of housing willing to share in losses during pilot stages. Aside from developing loans products, pricing models, underwriting standards, and serving standards, skilling up the staff of the credit union to manage these partnerships and bring people together in pursuit of common goals has been a hugely important capacity building project.

There is a tremendous need for this type of intervention in the rural United States. But there are also many unknowns and much learning to do. The credit union’s pilot is still young. If it is to scale and replicate then the team will need to be disciplined in its data collection, honest about program weaknesses, responsive to make change, and transparent about all of these things.





Partnering with a fintech provider

United States of America | New Resource Bank

As a values-based bank in San Francisco, New Resource Bank is at the heart of technology development. Fintech is a disruptive market force for banks but it also presents us with additional opportunities to add value. One goal New Resource Bank has been working on is both understanding the fintech landscape and potentially partnering with fintech providers. The bank targeted fintech providers who could provide loans to small businesses that we were unable to serve, either because of business size or risk. One of the challenges faced was many fintech platforms did not have filters that allowed us to target sustainable companies within the bank's four impact areas (health & wellness; education & community empowerment; environmental protection; sustainable commerce).

New Resource Bank established a partnership with a fintech to offer asset-based lines of credit from \$250,000 up to \$10,000,000. Their platform allows pre-profit and rapid growth companies to access working capital quickly and with greater flexibility. Gaining access to asset-based loans as a pre-profit company has typically been very expensive and there are no mission-aligned capital providers in the space. Asset-based lending rates typically run in the 15-18% range for loans in North America. Through a unique partnership with this fintech provider, we are able to structure loans in a way that shares the risk 50-50% with a pool of investors from the fintech provider's

platform. The result is pre-profit companies gain access to financing at more competitive rates than other online lenders. It also allows us to serve a new pool of sustainable businesses that we could not serve on our own. The technology further helps us to be (1) more efficient in the underwriting process and (2) more streamlined in the management of the loan itself.

Marrying their technology and New Resource Bank's impact focus, we designed a new product to serve pre-profit and rapid growth businesses in the sustainability space that is more efficient and robust in company selection, underwriting and loan management.

New Resource Bank will be able to refer its prospects that are too early for traditional bank financing to this platform—meeting the needs of emerging companies has been a frequent challenge for us a bank and we often must turn away mission-oriented companies because they are pre-profit and higher risk. Additionally, the platform will generate new business opportunities for us through their lead generation. We are still working out the details of the impact screen but initially it will likely be a negative screen, followed by a manual review of companies to ensure they will qualify as sustainable.

This is an interesting example of a collaboration with a for-profit entity that wasn't necessarily in the sustainability space, but together we are designing a product that allows us to filter for our sustainability criteria. Small businesses could definitely benefit from this collaboration as it provides a small business solution that is desperately needed in the space. The fintech provider also intends to offer their platform more widely to other banks. Portfolio performance will be essential to scale the program and also assure our auditors that this collaboration is successful. The ability of these businesses to graduate from this type of lending to traditional bank lending will also be a key marker of success. The goal for these companies is for them to grow and qualify for more conventional bank financing, which will lower their rate and enable us to provide 100% of their financing needs.

Easy access to finance at the grass root level

Nepal | NMB

Samriddha Pahad is an International NGO based in Nepal and authorized by the country's Social Welfare Council. An agreement was signed between NMB Bank and Samriddha Pahad to explore opportunities in increasing access to finance for rural small farmers, SMEs and other relevant business entities in Nepal.

The project aims at increasing access to finance for backward communities of the eastern hilly regions (Ilam, Pachthar and Taplegunj) through interventions (called mountain finance). The purpose is to enhance financial access and simultaneously improve the livelihoods of people through income generation, employment and inclusiveness. The project was initiated at a time when the government, international communities and policymakers were strongly pushing the agenda of sustainable and inclusive development.

The project has used a unique model by integrating various actors of the dairy value chain by ensuring easy access to finance at the grass root level. The lending model arrangement uses a distinct process which creates an effective collaboration among various linkages which exist in delivering the final product to the consumer. The cooperatives identified and recommended by Samriddha Pahad are provided wholesale credit facilities by the Bank after

a satisfactory due diligence. The cooperatives, in turn, lend the amount to dairy farmers. The farmers use the credit facility to start as well as expand their dairy business. The milk thus produced is collected by the cooperatives and deposited in the Dairy Development Corporation (DDC) nearest collection center. The DDC processes the milk which is ultimately distributed to the final consumers.

The project has been a successful experience in value chain financing. Until now, 15 cooperatives have been availing credit services from NMB Bank under the project. There is no late repayments issue which has substantially reduced recovery and collection costs. The total loan amount limit is NPR 55,440,000 while the outstanding loan amount is NPR 24,811,094 until now. Currently, 3,263 farmers have availed credit facilities and technical assistance under this project. The number of new cattle purchases after the initiation of this project is 516 of which the 516 cattle are insured. The average milk collection per day from all cooperatives under this project is 7,360 liters. The total number of beneficiaries is 3,552 among which 2,210 are male and 1,342 are female.

While people in other development regions are doing commercial farming by procuring costly cattle with a larger capacity of

producing milk, there exists a gap in the demand and supply of finance as well as technical capacity building assistance. The same model can be replicated in other potential areas. Efforts should be made to include the government as a partner in such projects. The government through its interest subsidy programs and specialized knowledge acquired through its research agencies can boost the productivity of small dairy farmers.

The potential of more than 70% people involved in agriculture sector contributing one third in the GDP of Nepal can only be truly harnessed if the likes of such projects are implemented in every specialized pocket areas demarcated by the government. This model can be further enhanced by including suppliers and end buyers (such as dairy industries) in the value chain as partners to have a better outcome – the same is under discussion ---



Fast access loans to protect clients from payday lenders

United States of America | Southern Bancorp

Southern Bancorp operates in many communities where predatory payday lenders flourish. While they work to slow their assault through public policy measures, Southern Bancorp also realizes that innovative alternatives may be one of the most effective methods of halting their progress. That’s why they created the Employee Opportunity Loan or EOL, in partnership with our core processor, Smiley Technologies, a fintech company of which the Bank is also part owners. The EOL focuses on providing employees with fast, easy access to emergency funds. It’s part of the Bank’s larger effort to use responsible products to beat the payday lenders at their own game.

The experience was eye opening in a few ways. First, in providing this type of service to Souther Bankcorp’s own employees, they were able to witness first-hand the need that exists within their own ranks. Even employees of a mission-driven institution can feel the pressure of financial emergencies ranging from car repairs to unexpected illnesses. Their plans are to expand this program outside their company to reach other employers who would benefit from offering fast, responsible, low cost loans (16.99% as opposed to triple-digit interest rates) to their employees.

Southern Bancorp also observed from this experience that there simply aren’t many financial institutions or other organizations putting forth the effort to assist those seeking these types of predatory loans. There are some institutions investing in these alternatives, but the demand still far outweighs the supply. Organizations like Southern’s must continue to scale up these products if they are going to make noticeable progress in combatting the predatory lending industry.

While Southern Bancorp knows how to provide a loan, the real challenge was providing it at a speed that was comparable or better than that of predatory lenders. They immediately realized that technology was the key in providing this fast access, which is why they turned to our tech partner, STI. With STI’s help and system integration, they were able to streamline the approval and funding process in web banking to a point that is near instantaneous – a key necessity when compared to a predatory lender who offers “same day” cash to customers.

The need is great for products like the EOL; however, the key is making it comparable (or better) than predatory loans in terms

of speed and sustainability. The margins on such loans are razor thin, which is why technology allowing for quick underwriting and funding without human intervention is so critical.

Southern Bancorp’s EOL is currently moving from a successful pilot phase to one seeking employers with which to partner, and early interest is strong. And while they know the EOL is not a panacea for all our communities’ struggles, Southern Bancorp believes it is a step in the right direction.

Helping clients with the micro-insurances

Ecuador | Banco Solidario

Ecuador's coast suffered a very a destructive earthquake on April 16, 2016. Two provinces, Manabí and Esmeraldas, were especially affected. Over 700 people died and damages was estimated at USD 3 billion in a USD 100 billion economy. Over 9000 micro-entrepreneurs, clients of Banco Solidario,-suffered serious damages to their homes and businesses and 40 clients (both micro- entrepreneurs and salaried workers) died. In the midst of the tragedy, Banco Solidario was able to help its clients through the micro insurances acquired when taking out their loan.

Banco Solidario was the only bank able to assist its microcredit clients in the affected areas with damage insurance coverage. The insurance covered the debt of approximately 50% of them, while the other 50% had their debt paid and received additional money. Most of them used this money to rebuild and restart their business. The other insurance that was very positively appreciated was the credit life insurance. The families of the 40 deceased clients were relieved of their debt and received a considerable amount of life insurance money. This experience has placed insurance in a better light in the midst of mistrustful authorities and a population largely unappreciative of the value and need for insurance. It is in fact one of Banco Solidario's products "plusses" that has been perceived through smaller events but never through one of this magnitude.

The challenge remains for micro insurance to be seen as an integral part of micro finance.

The process was quite chaotic at first given the dimension of the natural disaster. The first couple of days the affected provinces had no electricity, water or any public service. Communication was difficult and transactions null. Banco Solidario's offices were in "ground zero". Through a joint task force, Banco Solidario and the insurance company located the clients, evaluated the damage and expedited the whole process. Documentation and procedures were simplified. The work in terms of damage insurance was enormous for both the insurance company and the bank, as a whole operational scheme was implemented in order to expedite the process. Three months later 100% of those affected had been reimbursed: 9000 clients and USD 14 million. Among the skills that proved crucial were the ability to act quickly, lead the team and make difficult decisions on the spur of the moment. The team needed to be led by someone both effective and empowered. It also required strong motivation from the bank's credit advisors and commercial personnel in the field. This was not difficult as everybody was eager to help in the midst of the tragedy.

Micro-insurance as part of the micro-finance world is completely

scalable. Requirements are basically comprised of three parts: a product designed according to the needs and reality of the clients; openness on the part of the insurance company; and an adequate price: affordable for the client and sustainable for the insurance company. This specific earthquake experience is significant as things do not work as expected during a crisis. The key to success was organization within the Bank, between central offices and our personnel in the field, as well as team work with the insurance company to streamline requirements and processes.



The Sunrise Banks Dream Accelerator

United States of America | Sunrise Banks

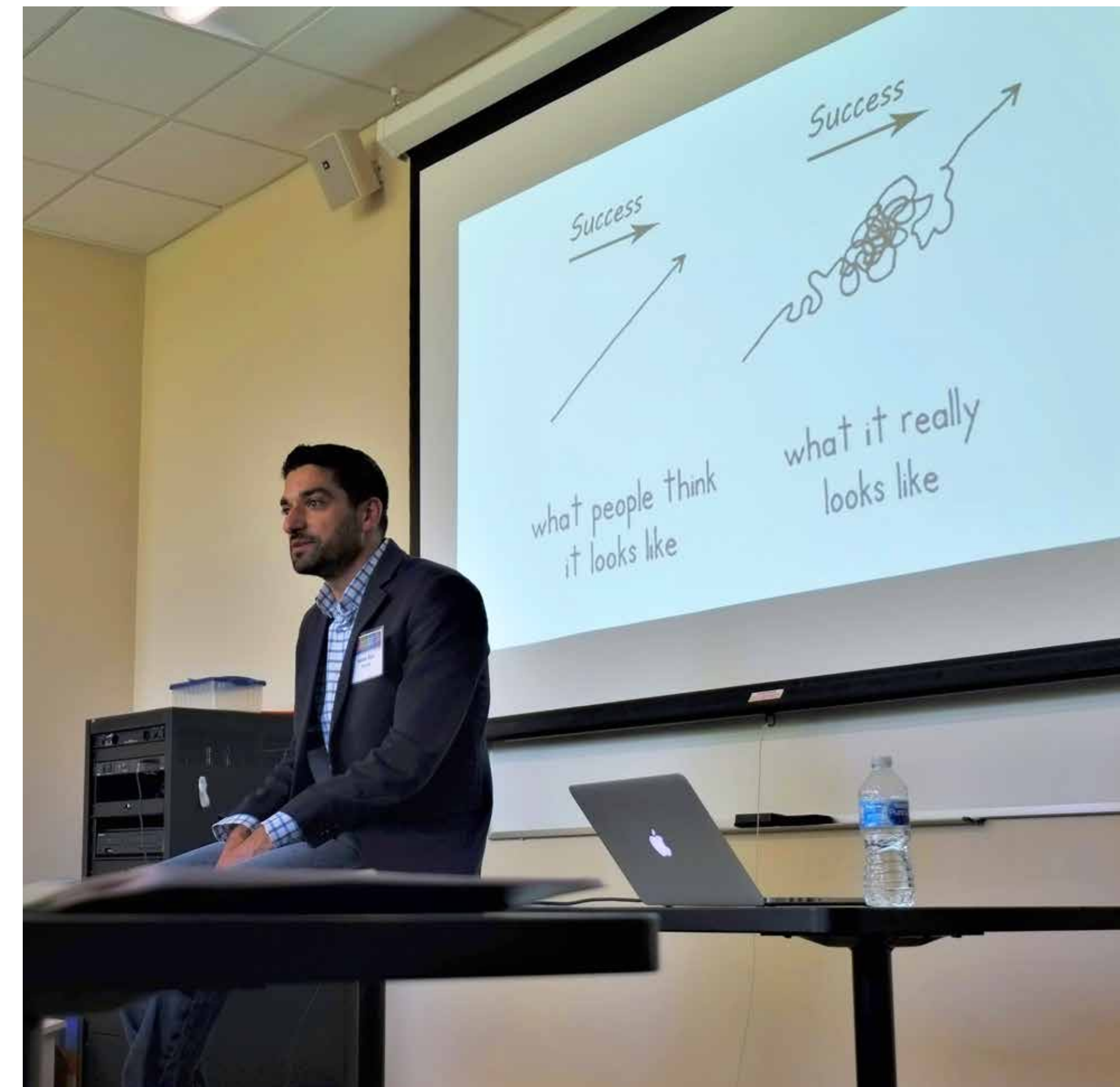
Sunrise Banks has collaborated with the Carlson School of Management at the University of Minnesota to address “banking deserts” in the urban core of St. Paul and Minneapolis. This partnership puts future business leaders at the frontline of values-based banking. By giving students the opportunity to design and implement programs and services made specifically to meet the financial access needs of residents in the urban core, these young leaders are using the principles of values-based banking to leverage their education to create lasting impact.

For many of their constituents, the values and principles that GABV promotes are common sense. While the revitalization of communities through existing charitable work remains vitally important, Sunrise’s work with the Carlson School of Management is taking that same dedication to improve the lives of people in our community by designing programs and services from the ground up to meet the needs of people in “banking deserts.” The students in Carlson’s programs are leveraging their dedication to future growth and seeking to make direct changes to the way people in banking deserts access the financial system.

Throughout this collaboration, Sunrise has relied on their innovation process – the Sunrise Banks Dream Accelerator – to design and implement new programs. This process has

four phases: Cultivate, Propel, Govern, and Nurture. These phases allow Sunrise to strategically use the skills of their team as well as those of their collaborators to drive human-centred design. When working in banking deserts, empathy is key to learning the needs of residents and providing them appropriate solutions that provide them better access to the financial system.

Although the initial focus area of this project is the local community in St. Paul and Minneapolis, it addresses national and global problems that are common to many urban areas. By taking the time to listen to the needs of a community or even a single customer, through processes like our Dream Accelerator, programs and services can be scaled to address the financial needs of banking deserts around the world.



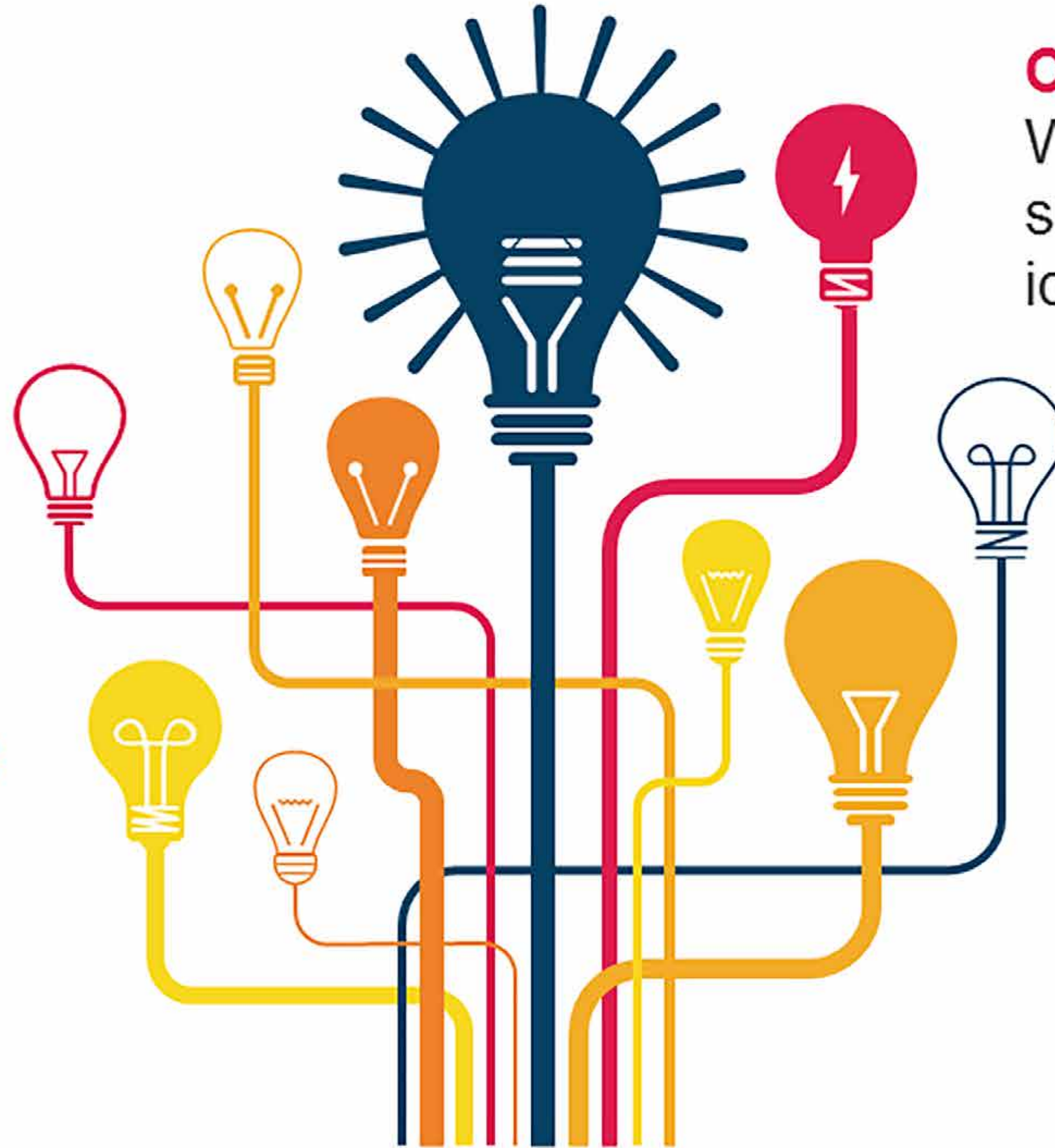
The Dream Accelerator

Nurture Stage

New initiatives launch and evaluated for success

Govern Stage

Projects are introduced for support or rejection



Cultivate

We engage with our surrounding to fill our idea pool.

Propel Stage

Ideas are pushed up or pushed out.



Financial literacy lessons for children

Australia | Teachers Mutual

The goal of Credit Union Foundation Australia's (CUFA) Children's Financial Literacy (CFL) Program is to provide financial literacy lessons to children in order to encourage them to develop good savings habits from a young age. Additional funds from Teachers Mutual Bank Ltd. means CUFA can extend the reach of its programme into new schools and new locations, and the Bank can build on an existing, successful education model.

In 2016, Teachers Mutual Bank invested \$60,000 in the programme. This allows CUFA to deliver the CFL to 40 new primary schools with approximately 10,000 children (aged 7-12) from the provinces of Kampot and Prey Veng, as well as Takeo and Kampong Cham. It is anticipated that 500 classrooms will be reached, involving 200 teachers.

'Early intervention is the most effective way to create sustainable futures for economically disadvantaged children and their families. Teachers Mutual Bank's support makes a huge difference to the opportunities for young people in those Cambodian communities.'

Dr Peter Mason, Chief Executive Officer, CUFA

The programme is delivered by trained project field officers who bring educational materials into the classroom to help the children engage with financial concepts.

The materials feature cartoon character, Ronnie the Riel. (The Riel is the currency of Cambodia). There are print and digital resources with interactive games delivered on tablet devices. The tablets are maintained by CUFA field officer staff and are not left at schools.

Through the Children's Financial Literacy Project the CUFA field officers aim to:

- Build the level of understanding about the value of saving and teach basic financial literacy skills to children;
- Link children to their local savings banks;
- Encourage children to increase their savings either at home or with their local village savings bank;
- The programme also aims to indirectly develop the wider community's understanding of financial literacy through the children.

CUFA's measurement of Social Return on Investment (SROI) indicates that Teachers Mutual Bank's investment will generate an

additional \$156,000 of social value.

In addition to classroom financial literacy lessons, CUFA field officers conduct stand-alone school director/teacher education workshops with each school to enable school directors and teachers to provide regular support to the program.

To encourage and support students to develop smart saving habits, the programme also includes home visits in which CUFA project officers conduct sessions with students' parents. These sessions reinforce the important messages that students are taught in class and encourage parents to support their children to save.

Green mortgages to reduce carbon footprint

The Netherlands | Triodos

Buildings currently consume 40% of all energy that is produced in the EU and contribute a similar proportion of Europe's carbon emissions. If all of us are to make the transition to a genuinely sustainable economy, the building and maintaining of buildings need to be addressed.

As well as offering green mortgages that incentives households to reduce their carbon footprint, Triodos Bank and Triodos Investment Management finances new building developments and refurbishment projects for properties to reach the highest sustainability standards. In 2015 Triodos Bank and Triodos Investment Management financed directly, and via sustainable property, approximately 4,500 homes and apartments and about 310 commercial properties comprising approximately 280,000m² of office and other commercial space.

This offering resonates with clients. By working on the sustainability of a residential or commercial property the conversation is broadened. Other than only the risk and return elements the impact is leading. The impact has in most cases also a direct short-term consequence on the risk and return. The risks are mitigated as property has a higher long-term value, and the return is improved by lower energy costs.

Working with partners that are experts in the new building developments opens doors to new projects in the market by which Triodos Bank was able to finance more projects.

Triodos Bank finances new building developments for properties to the highest sustainability standards. The Bank also finances the renovation or redevelopment of existing properties so that they become more energy efficient. Some branches also provide mortgages to private individuals, in particular incentivizing high sustainability standards and support those seeking to improve the sustainability rating of their home.

There is concrete advice given to clients, commercial and private individuals, about how to make the real estate or houses more energy-efficient. External consultants, partners of Triodos Bank, provide independent advice.

The approach can be widely shared. To make the impact, SDG goals in real estate, leading in the real estate offering it enhances the conversation with clients in a fundamental way. The approach also can be an example in every market also to banks outside of the GABV, as it contributes directly to the SDG goals in a simple and effective way, without giving up on return and risk aspects.

The Sharing Farms

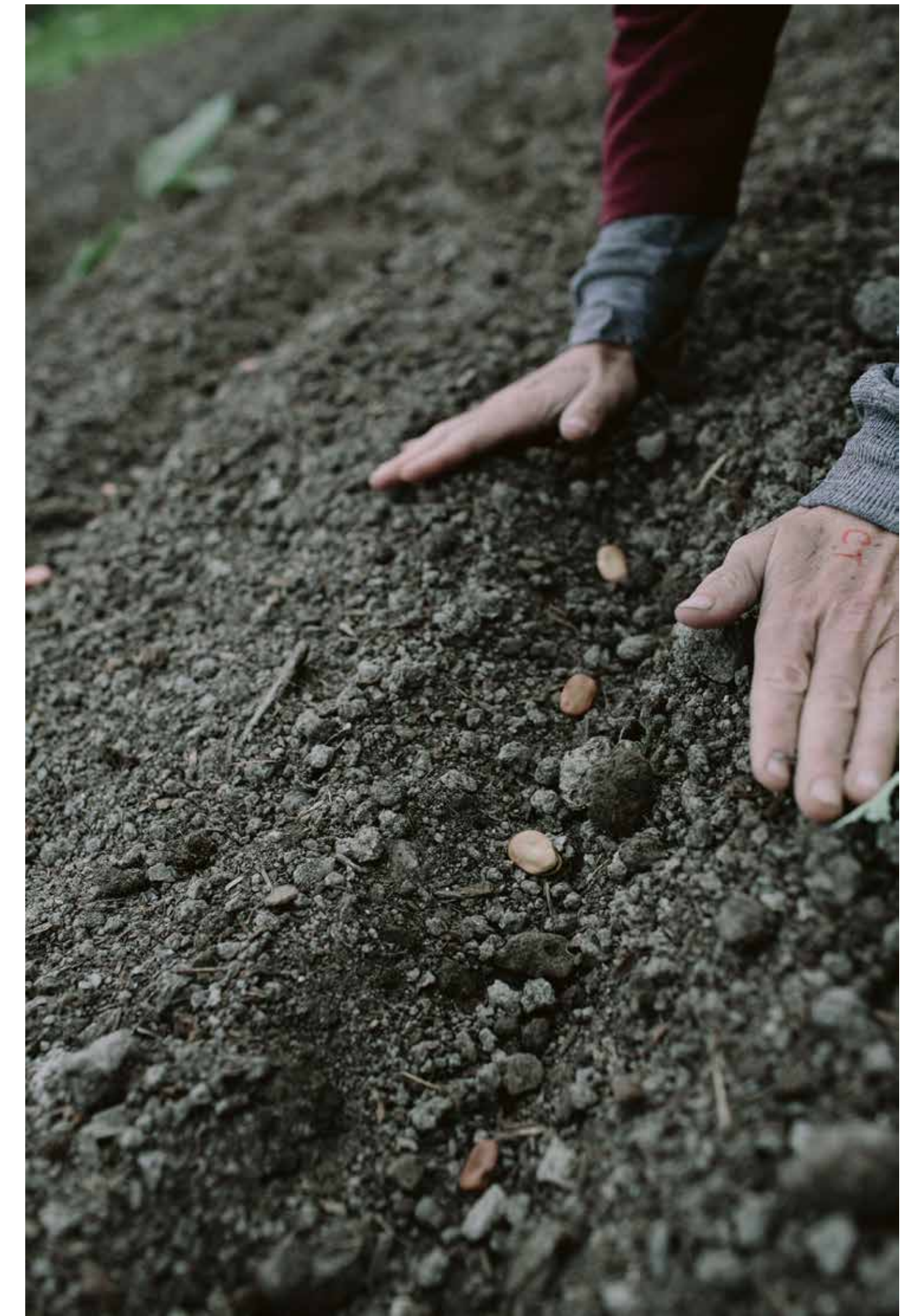
Canada | Vancity credit union

Since its inception, Vancity credit union has been committed to growing the local community and helping the most vulnerable by supporting businesses through sustainable loans and grants. The high cost of living in British Columbia has had a negative impact for those living below the poverty line. A report by the Canadian Centre for Policy Alternatives reports that British Columbia has the second-highest poverty rate in the country, with nearly 500,000 people making less than \$15 an hour. The reality is that these low-income families face a constant struggle to get any food on their table, much less healthy, local, and organic foods.

The Sharing Farm Society is an organization that grow sustainable fruits and vegetables year round to donate to the Richmond Foodbank, community kitchens, and other local organizations. Supported by more than a thousand volunteers, the Sharing Farms has donated 20,500 pounds of farm grown food to the food bank or to community meal programs in 2016, with 2,000 people benefitting from their vegetables every week. Education is also an important component of the farm; there is a strong emphasis towards teaching a new generation of urban farmers and backyard gardeners.

As a non-profit, The Sharing Farms relies primarily on the generosity of grants and donations. Vancity has been instrumental in the growth of Sharing Farms since 2003, firstly through extending a line of credit to the farm, to then providing the group with \$117,500 in grants through the Vancity EnviroFund™ program as well as community project grants. Of this contribution, \$75,000 went towards a Sustainable Food System Centre that aimed to renovate existing buildings, which is the largest grant in the Sharing Farm's history. This grant has helped The Sharing Farms construct a new 68-foot long greenhouse designed to extend the growing season and increase the total amount of crops donated. Beyond financial support, many Vancity members regularly enjoy volunteering at the Sharing Farm, from working the fields to participating in their annual Garlic Festival.

Through helping organizations like The Sharing Farm Society, Vancity is committed to making a difference in the local community through responsible and sustainable banking.





Fulfilling a dream of owning a home

Paraguay | Vision Banco

In Paraguay, the housing deficit in 2010 was almost 1,000,000 houses, the financial market did not offer a solution to a significant group of citizens who, with minimum requirements were willing to undertake the dream of own home. Vision Banco has been the first entity that was encouraged to work on an inclusive product dedicated to the dream of own home. This initiative, in its beginnings was enhanced with the International Organization Habitat for Humanity, based in Paraguay. The lessons learned in the process have been very significant and have served for many financial institutions today to have similar products but not with the characteristics of the product designed by Vision Bank.

Incursing in a vulnerable segment of the population that did not have credit assistance to access decent housing or to improve the situation in precarious conditions was a challenge in terms of business intelligence, preparation, organization and internal training. With this product Vision Banco has broken the paradigm that only the state is responsible for serving the most vulnerable or scarce resources, especially in terms of housing. As with an alliance with civil organizations it was possible to carry out this product that today constitutes one of their main flags in the inclusion and accessibility, complemented with financial education. The alliance with key stakeholders, who understand the needs of the people and

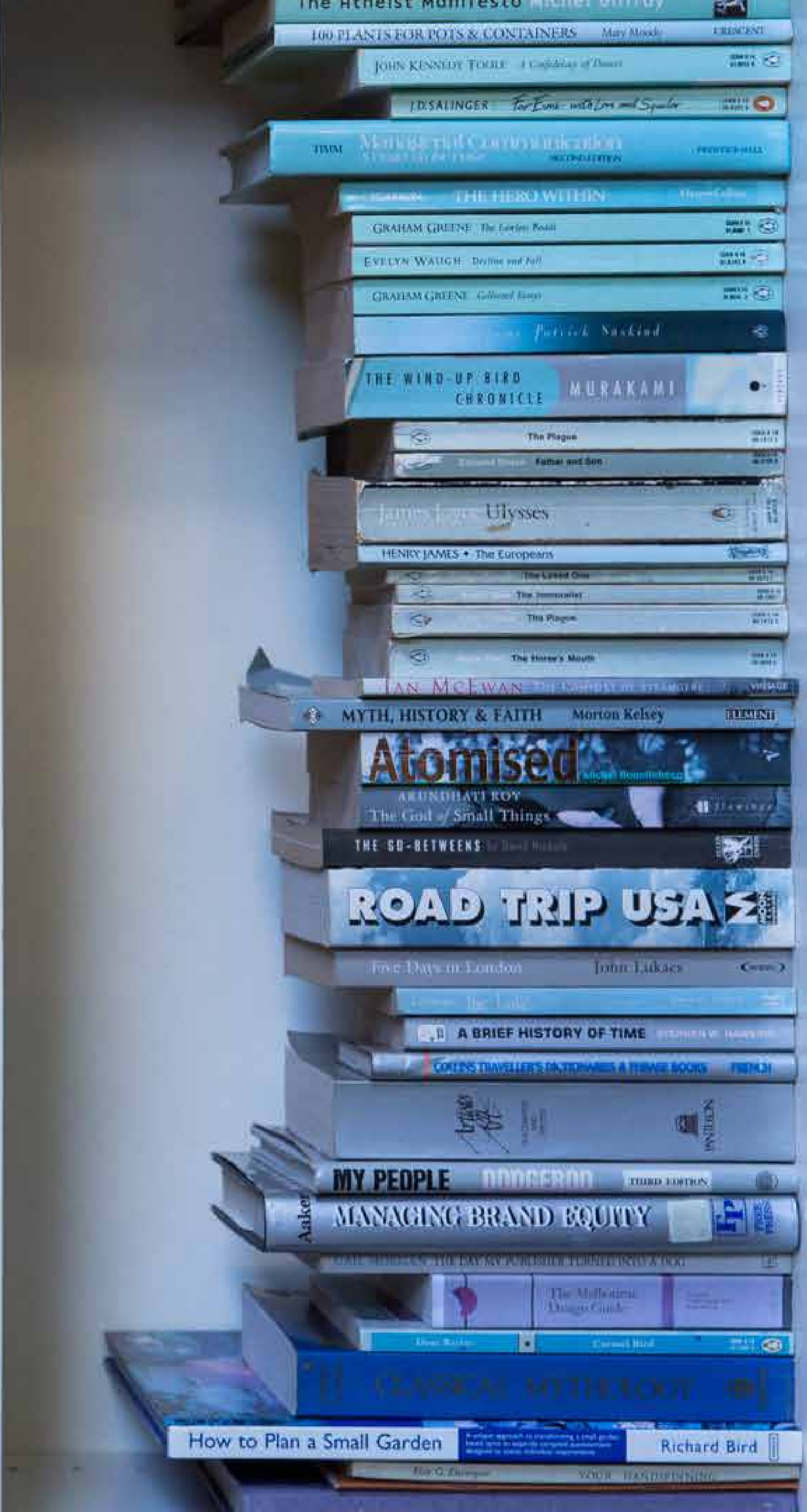
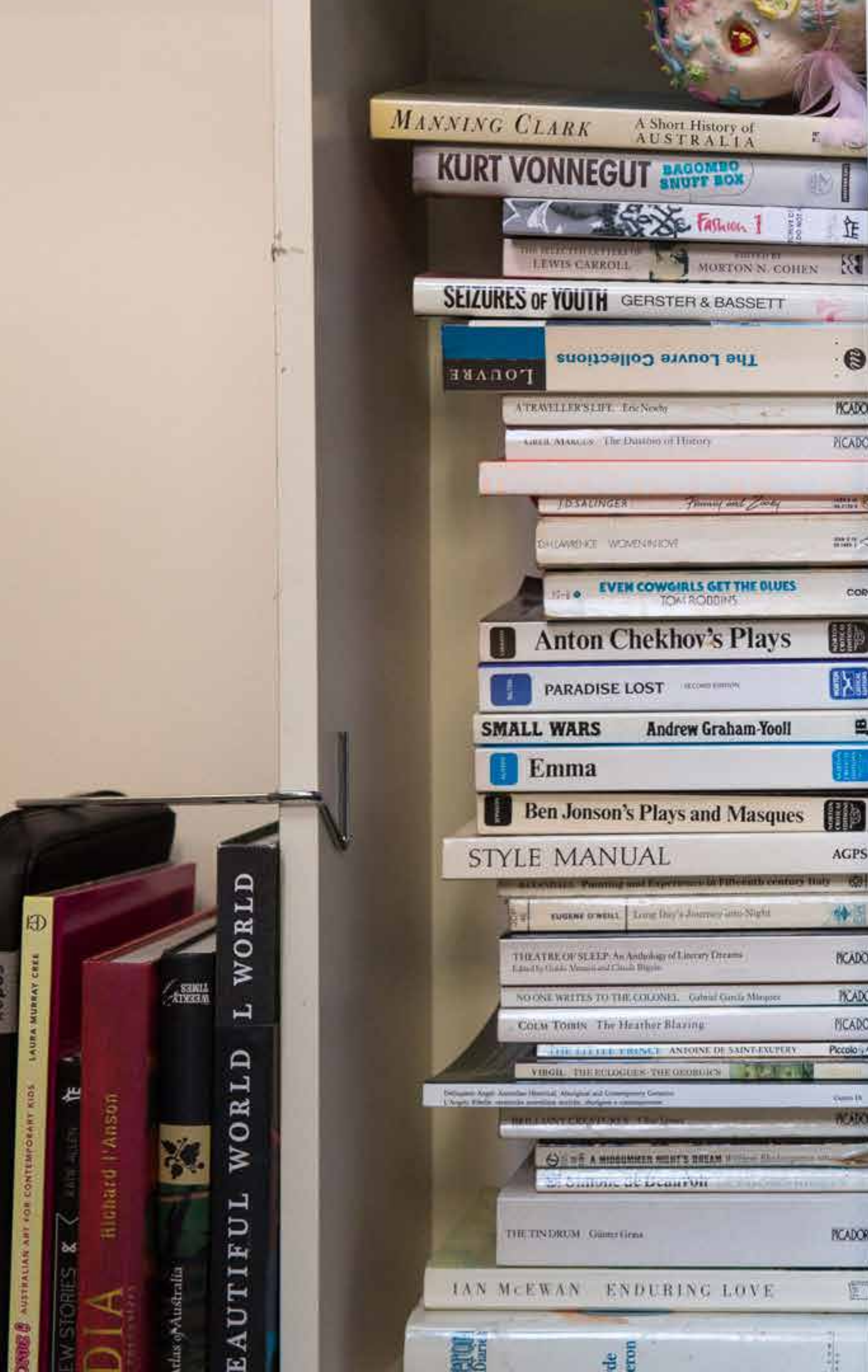
also the business, was fundamental to the success of this initiative, Habitat for Humanity has been fundamental in the beginning and consolidation of the process. From the point of view of the clients, it has really been a financial solution developed to the needs of people and above all adapted to solve a critical problem for a large part of the population that did not find answers in the public sector.

The Bank's experience in adjusting its products to the needs of the people, with a logistical support system for the evaluation of applications, has been fundamental for the design and implementation. Likewise, Vision's ability to partner with entities such as Habitat and the IDB to implement this product. It is also important to mention the work that the Bank was doing with the nongovernmental organization TECHO Paraguay in terms of supporting actions to reduce poverty with the construction of emergency housing with a strong component of corporate volunteering.

An important and important point was the creation of a specialized team for the promotion and sale of the product that was pertinently trained for the effect. The project started with Habitat with very few built homes. To date this product has already built more than 1,500 homes throughout the country and in addition to habitat

for mankind, contracts have been signed with other construction companies to meet the high demand.

Challenges for the project in the future: consolidate the participation of the Bank in this area and reach more families, the availability of suppliers throughout the territory, which other financial institutions are encouraged. The need for decent housing will be a priority for a long time and the sector must be prepared to meet this unsatisfied demand, Visión Banco's product "constructing dreams" has been recognized as one of the best projects in the Latin American green 2016 and in itself has a positive impact, due to the characteristics of the product, in terms of institutional, economic and social. If the Bank talks about resilience, especially in environmental terms, sustainability elements could later be included in construction projects such as efficient use of resources (water and energy) or use of environmentally friendly materials. After this experience, the state has encouraged much more access to housing by allocating funds for long-term financing through the Second Floor bank in our country, so, at the national level, thousands of families will be able to access a decent home.



Crowdfunding platform connects investors with entrepreneurs

United States of America | VSECU

VSECU's vision is to “inspire a cooperative movement that brings people together to empower possibilities for financial, environmental, and social prosperity for Vermonters.” Their investment and partnership with Milk Money L3C helped manifest VSECU's vision at an opportune time in Vermont's regulatory history. Milk Money L3C is an equity crowdfunding platform that connects “Main Street” investors with entrepreneurs through education, networking events, and education. Founded in 2015, this startup capitalized on Vermont Small Business Offering (VSBO) regulatory changes made in 2014. The changes opened local investment opportunities—historically available exclusively to high net worth investors—to all Vermonters.

VSECU's investment in Milk Money was one of their first initiatives that reached outside of the traditional scope of banking services, quickly expanding the purview of their organization. As they powered the launch of the Milk Money platform, VSECU members who were already involved in “buy local” communities celebrated the news. Milk Money opened up educational and networking opportunities as well as investment options to an eager population.

This partnership also brought new investment options to those who work with investment advisors, offering the potential for members

to make a more direct investment in their local economy. For those interested in making a positive impact with their investment dollars, the Milk Money platform was a compelling tool. As the first investment platform of its kind in Vermont, Milk Money has enhanced the financial paradigm of our Vermont investment ecosystem. Previously, local investments were only open to accredited investors, individuals who earned \$200,000 or more in annual income or had net worth greater than \$1 million. Because of VSBO and ground-breakers like Milk Money, all Vermonters can make equity investments that strengthen the local economy.

The platform was realized through the combined efforts of VSECU, Milk Money, and the Department of Financial Regulation (DFR). VSECU worked closely with DFR to create an agreement outlining the nature of their investment relationship with Milk Money. At the same time, Milk Money configured their platform to comply with DFR regulations. Throughout the process, DFR was just learning how to create processes around the new and underutilized law to make it accessible to the average Vermonter. The experience brought all three organizations together to do what none of them could do individually, resulting in a benefit to all Vermonters.

VSECU believes what someone does with their money is an expression of their values and the Milk Money platform enables people to more directly support local businesses they value. One small investment can lead to multiple investments that strengthen the local economy. This is small money making big change. As the Milk Money platform takes off and people increasingly recognize it as a way to raise working capital or make impactful local investments, Vermont will achieve greater social and economic sustainability. Financial institutions and advisors play a direct role in strengthening their local economy by empowering members to invest locally.

Establishing the Mongolian Sustainable Finance Initiative

Mongolia | XacBank

Mongolia's capital of Ulaanbaatar, home to half of all Mongolians, is both the coldest capital and the most polluted city in the world. More than 60% of Ulaanbaatar's population, over 189,000 households, live in slum areas known as ger districts. With no access to running water, basic infrastructure, or the city's heating grid, these residents burn coal to stay warm. Partnering with the Millennium Challenge Account Corporation, the Mongolian government's special fund- "Clean Air Fund", and World Bank's "Clean Air Project", XacBank has distributed over 150,000 energy efficient stoves and 20,000 insulated coverings since 2010 to these ger district residents. These technologies have helped lower ger district families' monthly expenditure on fuel by 40%-50% and improved the quality of air in Mongolia's capital city. With this program, XacBank was able reduce over 280,000 tonnes of CO2 annually, generating verified carbon credits and selling them through our partner, Micro Energy Credits, as an important revenue stream for maintaining the sustainable operations of XacBank's Eco Banking department, which acts as the main implementer of the "Planet" component of Bank's triple bottom line mission.

XacBank's experiences in sustainable financing to date have allowed the Bank to learn two valuable lessons. First, although sustainable financing reduces client's costs in the long term, the

initial investment amount for sustainable projects are higher than their alternatives. Secondly, because sustainable financing tends to be more expensive than the regular solution, the payback period of the projects is much longer than average. As a result of these two lessons, XacBank learned that the best way to support and promote sustainable financing is to offer their clients the most concessionary terms as possible, with regards to both interest rates and loan tenors, which was the main factor in their decision to become an NIE (National Implementing Entity) of the GCF (Green Climate Fund).

In 2015, Mongolian banks united in the creation of the Mongolian Sustainable Finance Initiative (MSFI) to support the integration of appropriate financing principles into the banking and financial system by means of a committed policy on social and environmental responsibilities. Having joined the MSFI, XacBank strives to apply the eight MSFI principles in its daily operations, with a particularly stringent focus on 4 high-risk sectors: Agriculture, Construction, Manufacturing and Mining. The guidelines designed for monitoring these four sectors are designed to implement the social and environmental risk management practices of the bank, and applied when assessing and monitoring performance of clients, projects or transactions. Through their sustainability work, it has

become increasingly clear that just as they aspire to achieve good, we must monitor risk for unintended negative environmental impacts.

For two consecutive years since the launch of the MSFI, XacBank has successfully implemented its Sustainable Finance Action Plan, which sets forth a detailed plan of activities aimed at assessing and measuring the social and environmental impact of the Bank, both on their own and their clients' sides. In acknowledgement of the Bank's commitment to sustainability, XacBank was named the first MSFI Lead Bank in 2015 and the MSFI Best Bank in 2015 and MSFI Outstanding Performing Bank in 2016. XacBank sees it as their duty to make a real impact through climate finance. XAcBank strives to create a greener, healthier environment for generations to come.

The GABV wishes to thank to all Members who contributed with their inspiring stories of systemic change. We will continue to regularly update the booklet with new stories from our members.

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