



Reflections from FEBEA

Pedro M. Sasia President, European Federation of Ethical and Alternative Banks and Financiers (FEBEA)



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

Cited by the European Economic and Social Committee (EESC) as a best practice in Europe, as an important part of the banking system biodiversity (*Role of cooperative and savings banks in territorial cohesion ECO/371. May 2015*)



Matching views regarding financing needs in Social Economy, microfinance and other related ESF areas:

- if you ask the **bankers** there are not enough viable projects in the sector to deploy the funds available
- if you ask the **recipients** it remains difficult to access finance particularly in certain regions or countries with few or no SFIs.
- **ethical and alternative banks and financiers**, with our intrinsic nature (small, close to the local realities, focused on Social Economy...) face **too high operative cost** and non-adapted financial instruments to attend the sector efficiently...
 - ... while keeping a very **valuable expertise** to adapt financial instruments to it

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

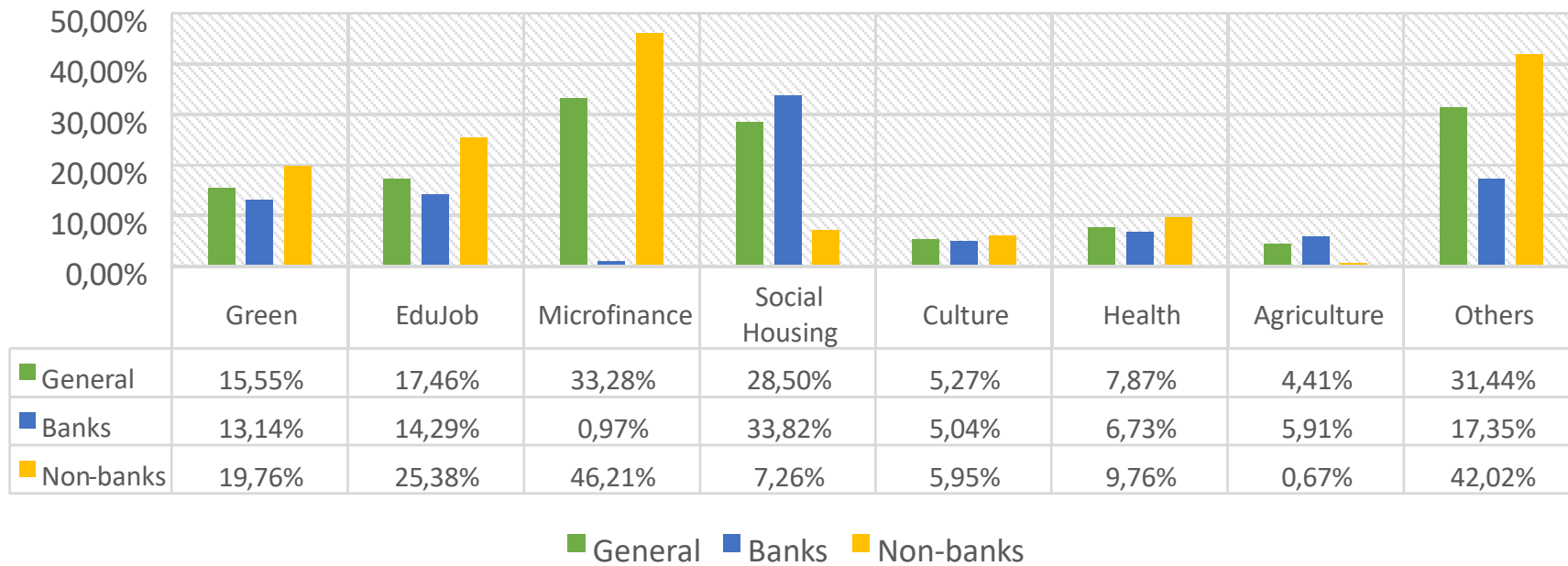
OUR MEMBERS:
26 members in 14 countries
13 banks
13 financial institutions

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





TBLA per Economic Field





FEBEA “organizational DNA” sets a valuable expertise in financing some niches outlined in the ESF areas and not sufficiently attended.

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

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

bank members offering social financial products: 82%

TRANSPARENCY:

members implementing practices to verify the origin of funds, beyond the mandatory standard: 81%

bank members disclosing information on allocation of assets (2014): 87.5%



... with some red lines that boosts a sustainable strategic orientation:

average “equity plus deposits on total liabilities” rate: 63%

average real economy assets on total assets ratio: 81%

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

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



Lessons learned from similar instruments (EaSI experience)

1. EaSI is directed to Social Enterprises, a sector yet to be developed, instead of the social economy where the biggest potential for financing remains (big sectors in certain countries, well established organizations, growth potential)
2. Guarantee instruments remain difficult to access for non bank members (with long expertise in the field) due to long procedures.
3. Criteria to establish the risk to be guaranteed in the future are arguable: the portfolios of FEBEA members (well managed and with low level of defaults) penalizes them in accessing guarantees.



Lessons learned from similar instruments (EaSI experience) (cont'd)

4. EaSi equity instruments apply a literal adaptation of the venture capital model. Social Economy has some specific needs that are not acknowledged by this model.
5. Regarding EFSI (as it is today): the bar is simply too high. Revising the criteria regarding minimum volumes (creating a lower level separate window for projects from €5M onwards, for example) we can multiply the number of projects and the effectiveness of EFSI.



FEBEA brings:

a firm engagement with the creation of new financial intermediation circuits focused in supporting and promoting social economy...

- ... collecting private funding (citizen's money)
- ... to complement and leverage EU funds and work with local and regional authorities in any form of Public-Private Partnerships (guarantee schemes, interest rate support, co-financing).
- ... to boost TBL projects (our natural niche)
- ... enabling a necessary connection between high level EU policies with local needs
- ... improving social and environmental positive impact with low default portfolios



Final remark:

We need to think together on how to adapt existing financial instruments and regulations

- to the specificities of the Social Economy
- to the specificities of ethical and alternative banks and financiers (size, expertise, focus, low risk portfolio...)



financial instruments
 revolving capacity building
 added value **ERDF** funding agreement
 governance **ESF** EU guidance
 technical support seminars leverage financial intermediaries ex-ante assessment
 co-financing **ESIF** microfinance case studies
 investments **fi-compass** final recipients
 business plan **Thank you** thematic objectives
 advisory services guarantees banks loans **EaSI** equity
 private investors life cycle combination of support
EAFRD conferences factsheets
 fund of funds **EMFF** investment strategy **CF**
 managing authorities manuals