

Values Based Banking – a model for the future

**Global Alliance for Banking on Values
Merkur Cooperative Bank, Denmark**

CSR Link – responsible investment March 2017

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Global Alliance for Banking on Values

global alliance
for banking
on values



- Worldwide network
- Founded in 2009
- 39 banks – still growing
- Combined assets exceed \$110 billion
- 24 million customers
- Impressive growth rates



What is a values based bank?



Values based banking business models

- Community banks (local, regional, state)
- Microfinance (financial inclusion)
- Sustainability focused banks (triple bottom line)

GABV Banks

Triodos Bank

Country: Holland, Zeist
Total assets: 13,020 mill USD
Employees: 980


newresourcebank

Country: USA, California
Total assets: 282 mill USD
Employees: 46

Vancity

Country: Canada
Total assets: 19,830 mill USD
Clients: 518,736
Employees: 2,594

 **MERKUR**

Country: Denmark
Total assets: 448 mill USD
Clients: 28,500
Employees: 100

 **BRAC BANK**

Country: Bangladesh
Total assets: 2,829 mill USD
Clients: 1.4 million
Employees: 6,724

Shareholders vs. Stakeholders

Shareholder value bank:

- transactions based
- operates with high gearing
- focus on short term maximized profits
- concentration of power in large entities
- the client is a means to an end

Stakeholder value bank:

- relations based
- less gearing, relatively better capitalized
- focus on long term stable profits
- Small and middle sized, often client owned, i.e. power decentralized
- the client and the community (local or thematic) is the end

Sustainability focused banks vs. GSIFIs (= Global systemically important financial institutions)

CHART 1 – Loans to Total Assets

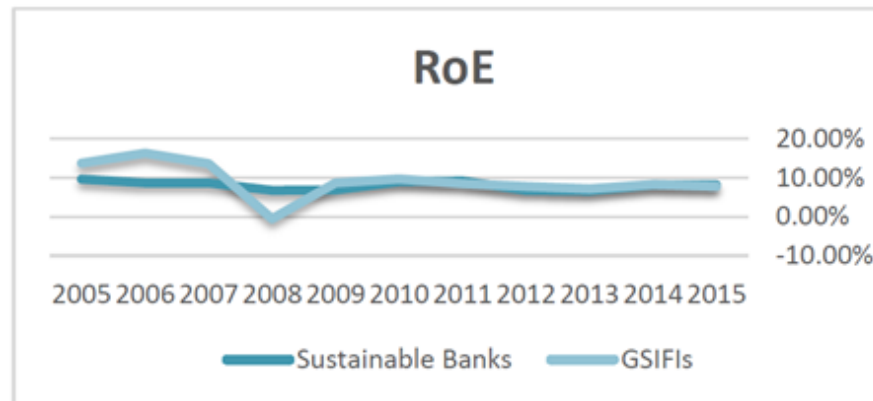
<i>Loans / Total Assets</i>	<i>2015</i>	<i>2010</i>	<i>2005</i>
<i>SFBs</i>	<i>76.8%</i>	<i>78.1%</i>	<i>72.9%</i>
<i>GSIFIs</i>	<i>41.6%</i>	<i>39.9%</i>	<i>41.4%</i>

CHART 2 – Deposits to Total Assets

<i>Deposits/Assets</i>	<i>2015</i>	<i>2010</i>	<i>2005</i>
<i>SFBs</i>	<i>81.7%</i>	<i>77.0%</i>	<i>73.9%</i>
<i>GSIFIs</i>	<i>52.2%</i>	<i>47.0%</i>	<i>46.5%</i>

Sustainability focused banks are much deeper related to the real economy

Sustainability focused banks vs. GSIFIs



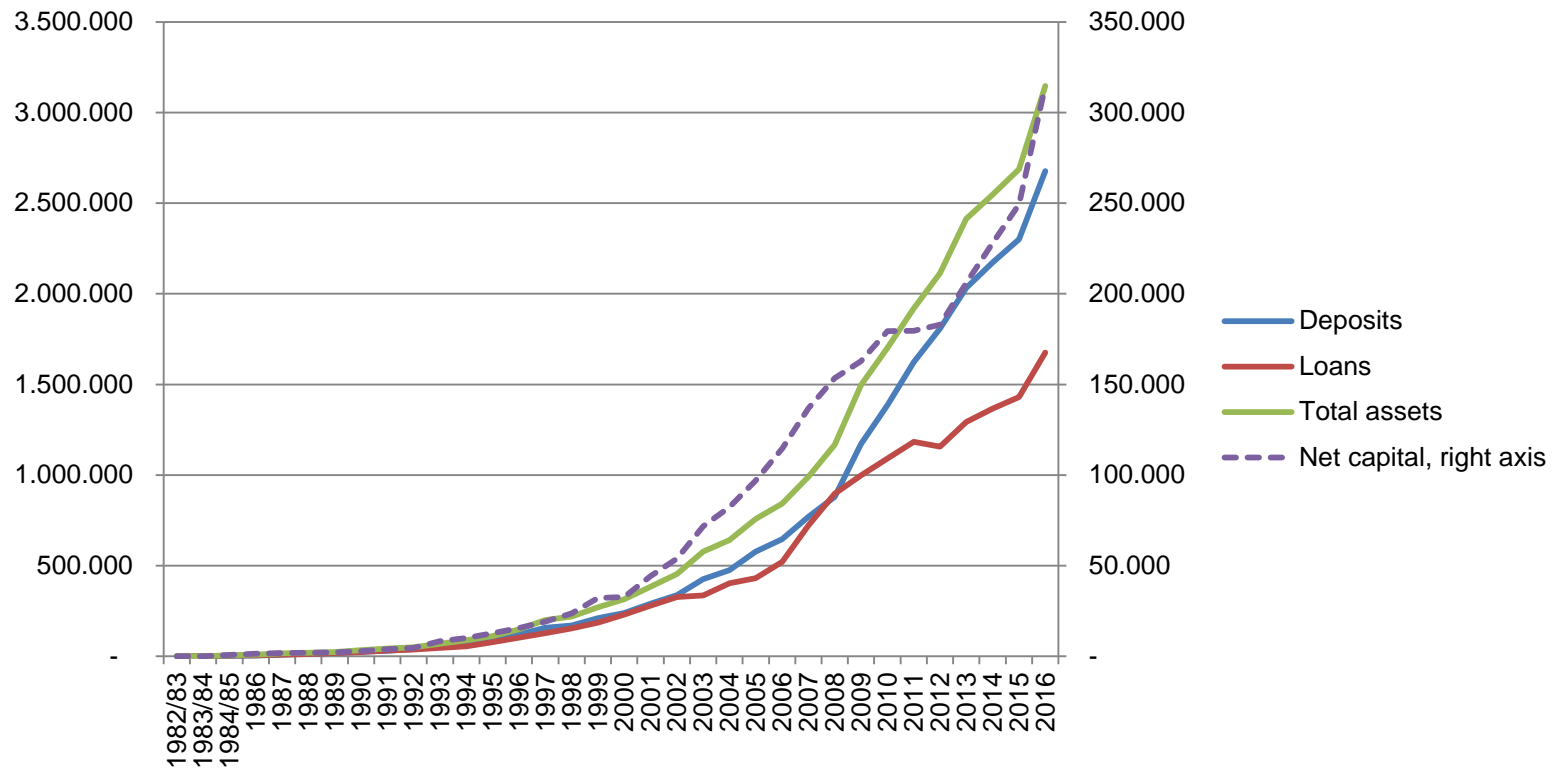
SFB's are less leveraged on capital and demonstrate more stable returns

Merkur – a values based bank

- Founded in 1982
- Classical banking with a societal vision
- Real economy rather than financial economy
- Triple bottom line: *People, Planet and Prosperity*
- Branches in the four largest Danish cities
- > 28.500 customers
- > 6,067 shareholders
- 100 employees



History in 1,000 DKK



Transparency

- What does your money finance while deposited in the bank?
- Detailed information about loan portfolio on www.minepengegørgavn.dk
- Your money as a means of impacting society in a sustainable direction

MERKUR
AK71 8401 9656

MINE PENGE GØR GAVN

VELKOMMEN

Forside
Søg virksomhed
Oversigt
Om denne side
Om Merkur
Bliv kunde

Penge gør ikke noget af sig selv. De er et redskab. Og det er dig, der bestemmer, hvordan pengene skal arbejde, mens de står på kontoen.

Når dine indlånskroner står i Merkur Andelskasse, kan du være sikker på, at dine penge fremmer en bæredygtig samfundsudvikling. *Dine penge gør gavn!*

Som et etisk pengeinstitut lægger Merkur også vægt på gennemsigtighed i bankvirksomheden. På denne side kan du således læse om samtlige almenrettede projekter, som Merkur låner penge ud til, så du kan følge med i, hvad dine penge arbejder for, mens de står i Merkur.

Du kan søge på [specifikke virksomheder eller sektorer](#), søge [via kortet](#) eller du kan se [en samlet liste](#) over alle projekterne.

Hvis du vil se en oversigt over totalbeleb pr. 31. december 2011 fordelt på udlånsformål, kan du klikke [her](#).

HER GØR MINE PENGE GAVN

Google
Tidspunkt: 2011. Tema: Merkur. Sæson: 1. kvartal

Med projektbeskrivelse
 Projektbeskrivelse på vej

SØG PÅ KORT

Børnehaver & Skoler > **Hjembæk Efterskole**

Børnehaver & Skoler > **Kontiki-Børnens Skole**

Sociale institutioner og fællesskaber > **Familieinstitutionen Skovvej**

Bæredygtig Produktion & Handel > **Kragens Kajak**

Kultur > **Mikkel Østergaard**

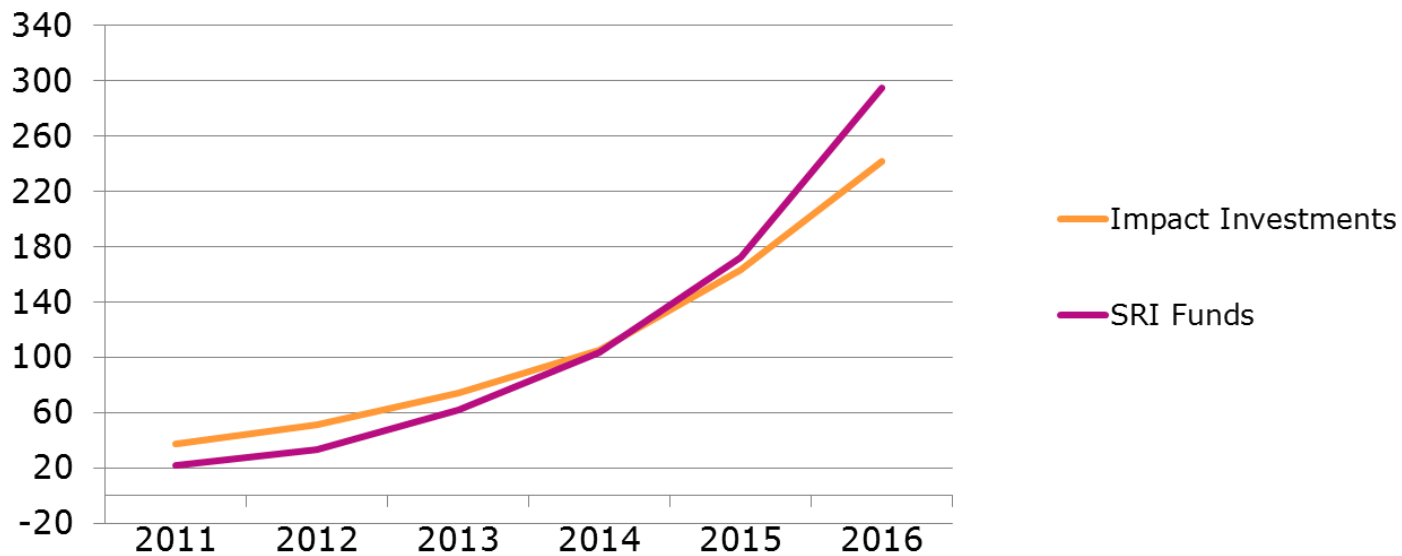
Børnehaver & Skoler > **Lille Vildmose Efterskole**

Kultur > **PagodaMusic**

Jordbrug & Fødevarer > **Svaneke Købmandshandel**

Customers' Investments

mill. DKK

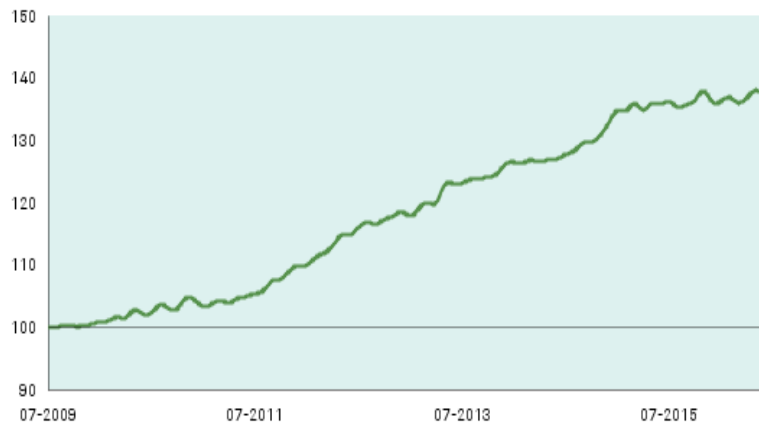


Triodos Microfinance Fund

- Investor brings Impact Investment to retail clients
- Invests in equity and debt in micro finance institutions
- Inclusive Finance – access to financial services for the un(der)banked
- Contributes to social and economic improvements in Latinamerica, Africa, Asia and Eastern Europe



Return



● — Triodos Microfinance Fund

Impact



Banks as impact investments

- Leading Danish impact investor Villum Foundation invested 20 m DKK in Merkur's share capital (April 2016)
- Villum Foundation is the majority shareholder in the famous Danish window factory Velux, net capital 2 bn USD
- Impact = increased lending to sustainable businesses and social institutions = added value for society
- Leverage: 1 DKK share capital is followed by 6-7 DKK loan capital (provided funding is available)
- Financial return in the range of 5-7% p.a.

Trends

- More and more bank customers and investors refuse to accept the premise, that they have to choose between financial return and social/environmental impact – they want both
- Growing demand for *impact investments* – from both retail and institutional investors
- Crowd-funding, Crowd-equity, Peer-to-peer. Merkur collaborates with Danish crowd equity platform CrowdInvest
- People want to know, what their money is working for

Contact



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Learn more:

www.gabv.org

www.merkur.dk