

When banks learn the true meaning of service

By Wayne Visser

How often does an envelope from a bank grab your interest? Excite you? Inspire you to be a better person? Well, I had the rare privilege of just such a piece of mail in my postbox yesterday. How wonderful to be reminded that there ARE banks which are taking service to heart. Not tellers wearing plastic smiles. Real service - to people and a planet in need.

Sadly, the postmark hailed not from any bank in South Africa, but from the Triodos Bank in the UK. The Triodos Bank is one of a new breed of financial institutions which is taking its ethical responsibility seriously. And they are far from alone.

In the USA, community development banks have adopted the express objective of providing financial services and investment in marginalised communities to aid their upliftment. By 1996, these banks had financed over \$2.5 billion worth of community economic development and held a capital reserve base of \$800 million, with the five largest banks having made loans in excess of \$400 million since their inception.

The South Shore Bank of Chicago is one classic example. Back in the 1960s, some its employees were bankers by day and community volunteers by night. They would have deep discussions at the Eagle Bar about the problems of inner cities and what to do about them. One of these "idealists" took over the leadership of the bank in 1973, in a bid to save it from closing and prove that a commercial bank could be a vehicle for regenerating impoverished communities.

By 1989, the bank had lent \$130 million to 7 000 local business people with a 98% repayment rate, trained 2 200 people, found jobs for another 2 700, built 9 000 housing units and disbursed \$1 million in low-interest energy conservation loans - all in a community where 20% of the population is below the poverty line. South Shore talks about the secret of their success being a return to "old-fashioned banking" in which "banks have local areas and they owe those areas service".

Social banks are the European equivalent of America's community development banks. Their services are intentionally aligned with social and ecological goals and projects. As a sector, these banks are estimated to have financed around 5 000 "social economy" projects, invested \$100 million and hold an overall capital base of \$34 million. To understand what is meant by "social economy", we return to Triodos Bank.

Triodos, operating out of Belgium, the Netherlands and the UK, gives financial support only to "projects and enterprises which create social and environmental value - in fields

such as renewable energy, social housing, complementary health care, fair trade, organic food and farming and social business" - all areas which are traditionally underfunded.

The beauty of the system is that, as an investing bank customer, you have the choice as to what human or ecological initiative you wish your money to be directed towards in the form of a loan. You may also choose to pass on an interest rate "discount" to the prospective projects you are supporting, by requesting a lower interest rate on your savings.

Triodos also finances "fair trade and microcredit organisations in developing countries." For example, the Start-Up Fund, which gives microloans to people from the poorest groups in the cities of South Africa to help them start their own microbusiness. Prospective borrowers must first do a business training course called "the township MBA". When they pass the exams, they are entitled to receive their first small loans. If these loans are paid back in time, borrowers can get a larger loan. And so the empowerment grows.

In a world gone mad with financial speculation and invisible capital flows, we desperately need financial institutions which offer us a way to know what our money is supporting, an opportunity to put our money where our values are. Come on South Africa, isn't it high time we had some organisations that we can really bank on!

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