Heilbronn University

International Business - Intercultural Studies

Bachelor Thesis

Ethic Banking:
Analysis and comparison of the model

Submitted to

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CHAPTER 1: INTRODUCTION

1.1. Summary

Nowadays after the economical and financial crisis, the concept of Ethic Banking is becoming more popular and it is starting to be recognised by the people.
This is why it may be perceived as a new concept sometimes, some people may think it is a new model or way of doing business in this sector that the banks have developed after the crisis, as a result of the situation of distrust generated because of the role of the banks during the last years in this global economical issue.
Of course after the global crisis, the bailouts of the governments to the big banks, the bankrupts and, in general, the actuation of the banks nowadays and during the previous years of the crisis have had a positive influence on ethic banking. But if we look back and go through the concept of ethic banking we will discover that if was "invented" and started to be used long ago when a group of people in America discovered the use that the banks were giving to their savings.

It was related then to a change in people's mind, as nowadays is being used or known as a consequence of the questionable actions of regular banks, even if ethic banking existed before. Nowadays people care more about the ethic factor in business, it is not only an issue of the banking or financial sector, for example now people are claiming more transparency and are willing to know in which activities are the governments or big companies are involved in, like if they are supporting wars in other countries, investing in petrol or removable energies, or even if some companies are testing products on animals.

Under my point of view, the ethic factor has always been there but just a small sector of the population or some collectives actually cared about it, but currently, due to the changes of the society behaviour and thoughts as a result of all the things discovered about governments, politicians, big companies and banks, people do now care more about it, specially when it is related with their money or savings.
So after knowing for what these powerful institutions use people's money for in bad times for the economy, knowing the risk and not caring about people or ethical factors

in business, just thinking about their own benefit and the possibility of making more money, the whole society is nowadays very concern and angered about it.

Even so, as mentioned above, those entire negative things had a good and positive effect for the ethics in business and precisely for the sector of ethic banking, which will be deeply analysed during this thesis.

Before the years of the economical crisis, they were already several banks working according to the principles of ethic banking around the world, as Triodos Bank, founded in 1980 at Zeist (The Netherlands) or Fiare, created in 2003 at the Basque Country (Spain).
During this thesis these models of ethic banking will be analysed and compared between them and also compared with some of the 'regular' financial banks.

1.2. Aim of the thesis and justification of subjects and knowledge used

The aim of this thesis is to analyse this model of banking, its evolution and effect of the current economical and financial situation, and also to compare these banks between and with the traditional bank system, to see if the different that we are supposed to find according to the theory of ethic banking is real at the practice.

Apart from the research made through the Internet by using lots of economical journals, research papers, and actual news from online newspapers, it was also very important especially for the data analysis, comparison and empirical result (Chapter 4) all the knowledge acquired during the years from the subjects related with the financial sector, such as Financial Management, Financial markets and systems or Technology of Financial Business and Consultancy.
Because even if ethic banks do not make profit as regular banks, they operate and are part of the financial sector and this is why some of the concepts and knowledge acquired in those subjects will be related and used in Chapter 2, where the current situation of banking sector enclosed on the frame of the status of the economy nowadays will be analysed, and Chapter 3, to analyse the financial markets and baking system in order to have a background of the topic before going thought the concrete

sector of ethic banking and compare different models of banking, specifically regular banks with ethic banks.

But it is important to remark the global factor too: banking activity is international; we now live in a globalised word, with good things and bad ones, as the financial crisis, which became global by the time. Also, some of the banks that will be analysed in this thesis are international and/or operating in different countries, which is also a factor to take into account being that each country has different characteristics from people's habits to economy factors.

Here I want to remark the subject World Economy, which will be very useful for the introduction and for creating a general overview of the situation of the financial sector enclosed on the frame of the global economy situation and the rest of the sectors. It will be also very important for the background and overview of the current situation of banking, due to the effect of the global crisis which affected all sectors and also a lot of countries, and as mentioned above, obviously because banking is nowadays an international and globalised sector.

1.3. Objectives

Within this thesis the model of ethic banking will be analysed with the aim of look into the evolution of the concept and the model, as well as the effect that the economical and financial situation has on this specific sector of banking.

By comparing ethic banks between them and also with regular financial banks, we will be able to judge if the differences that we are supposed to find according to the different principles and theory of those models exist in the practical, but more important, if the model of ethic banking will be able to substitute the model of banking extended all along the globe nowadays.

After all that we hear to justify the bailouts of the banks with public money, that it was used to rescue the banks instead of giving it to people in form of social policies because otherwise the capitalistic system and the economy as we know it now will collapse, even if banks themselves used citizen's money for their own benefit with very questionable practical, sometimes not ethical at all, a lot of people are wondering if this will be true or not.

Apart from the study of the models, characteristic and comparisons, the aim of the thesis will be to analyse if it will be possible for the ethic banks to substitute the model of financial banking on their role in the economy nowadays.

Could ethic banking become as important and powerful as the banks that we know now? Will the system be working the same, or they will be important changes on it? Could it be possible to have savings, loans, mortgages or stock market if the saving of the people will be destined to invest only in ethic business?

1.4. Literature overview

The concept of ethic banking seems to be a concept that is very difficult to define, because each professor, economist or every author in general have different views of it and the terms and they do not really define it, each one writes about the characteristics and values that thinks that are defining the term better.

That made the research of information hard at the beginning, but once the lack of an exactly definition was obvious, the research was mainly focussed on articles, researches, comparisons and analysis of banks and models, economic journals and news that mentioned the terms ethic banking, in order to have a general view of the different theories or characteristics of it.

Information founded in some textbooks has been used too, but it was hard to find books that talked about ethic banking concept, definition or real cases. Consequently, the text books founded were used to define and compare other concepts used along this document, as Corporate Social Responsibility, to compare ethic banking with another types of banks and to have information about the financial crisis in order to have a background and introduction of the topic, as the majority of them were about business ethics, corporate social responsibility, or corporate responsibility, or international banking activity, but as said before, very useful in some parts of this document: introduction (overviews) and backgrounds.

Once the topic of ethic banking starts to being analysed, this work is based on the information given by the type of documents mentioned at the beginning (articles, researches, comparisons and analysis of banks and models, economic journals and news), trying to put in common the ideas and main characteristics of the term in order to have a definition and some knowledge to be able to compare if what was said about it on the theory was really taken into account on the practice and to state real values of the banks which define itself as ethic banks.

As mentioned before, most of the documents go through the values of ethics that if are applied on the banking sector can result on ethic banking values, the models or different types of ethic banks that we can find, the criteria that they follow, or the basic principles which became characteristic of those types of banks, and some of them briefly explained the origin of ethic banking and the first social responsible inversions, which were the origin of it.

Some of them do the analysing using one specific bank as a model, for example one article about The Cooperative Bank origins and values has been used in this document.

Apart from this literature mentioned, and even if the Internet is not always a very reliable source of information, it was necessary as this work develop to search information about “traditional” banks and ethics banks to compare the values, balance sheets, figures, profits per years, number of workers and customers, and some other data which help us to having a view of the aspects that they may have or may not have in common, and to have a proper comparison of the different models of doing banking in the real world, with real data and numbers.

In order to have the most certain and accurate information possible, the data and documents used to do this analysis comparison comes from each bank analysed web page, so even if it comes from internet sources it should be reliable.

CHAPTER 2: CURRENT SITUATION

2.1. Background: the financial crisis of 2008

Even if the financial crisis is not now as “big” or “important” as it was at the year 2008 when it first started, and it is not any more the most currently topic (even if it is still mention everyday on the news), it has a lot to do with the current situation of banking and ethic banking because, as mentioned above, it was after all the things discovered about banks and their use of the money they got from the people that ethical banking started to seem like an option for people who did not know about it before; and of course the financial crisis had a lot of impact in the whole financial system and all the financial banks.

The aim of this chapter and neither the aim of this thesis are to analyse deep down the financial crisis, but it is important to mention it because of the impact it had and their repercussions, which are nowadays are still having a big impact on the current financial and banking situation. So very briefly, the beginning and evolution of the global economical crisis will be explained, just to have an overview of the impact and interrelationship with the banking sector.

This crisis evidenced the limitations of the basic principles of the regulation system as it was at the moment, and it made people wonder from the first time since many years ago about the survival of the profile of the financial institutions and the system as we know it now. The globalisation and the integration of the markets has multiplied the risk of pass on the factor that affects the economy, positives or negatives, and this is what happened with the financial crisis, which started at the real-state market of the United States as a consequence of the rising number of loans given.

The banks reduced the concession terms in order to be able to give more loans, directed to a sector of the population who had a very little payment capability, so they will have to pay back with much more higher interest rates, which make this operation very attractive to the banks and the regulations allowed this reduction of the concessions terms because of that. But all of this was based on the fact that the goods on the real-state market will raise and raise, to the increase of the prices of those

goods will guarantee that the loans given to the sector of the population will still be profitable for the banks.
Due to the monetary policy of the United States at that moment, the interest rates where extremely low the years before to 2008. For example, the interest rate of the year 2003 was 1%, and it was not higher the years before (until the state bubble exploited in 2008), so this situation created a vicious circle where as a consequence of the low interest rate it was very attractive to buy a house asking for a mortgage from the banks, but as more houses where bought, the more the prices increased.

As mentioned above, most of the new buyers where people who had a very low ability of pay back for the loans they asked for, but they were really attracted to ask for one because of the low rates offered at the moment. So the banks granted mortgages to this sector of the population being aware that the monthly quotes where really above their real possibilities and they will have to be recalculated, after which it will be impossible for those people to benefit from the low rates offered at the beginning.

Those were the called **subprime mortgages**, which are defined as *"a type of mortgage that is normally made out to borrowers with lower credit ratings. As a result of the borrower's lowered credit rating, a conventional mortgage is not offered because the lender views the borrower as having a larger-than-average risk of defaulting on the loan. Lending institutions often charge interest on subprime mortgages at a rate that is higher than a conventional mortgage in order to compensate themselves for carrying more risk."* More briefly explained: subprime mortgages are mortgages for borrowers with less-than-stellar credit records, according to the book wrote by Mishkin in 2009. Those mortgages were kind of an innovation on the financial products, because the truth is that before the year 2000, only the more credit-worthy borrowers, the primer borrowers, were able to obtain residential mortgages.

Also, thanks to the ratings companies and the quantitative evaluation of the credit risk for a new class of riskier residential mortgages, the Alt-A mortgages were born.
The **Alt-A mortgages** are defining by Mishkin (2009) as those mortgages made for borrowers "with higher expected default rates than primer borrowers", (also called by

rating agencies the *A-paper* borrowers) but with better credit records than the borrowers of subprime mortgages.

But how was this possible to measure? Another innovation of the financial market takes part on this. The **FICO score**, called after the Corporation that develop it, would predict how likely the borrowers would be to default in their own loan payments to the householders. According to the Fair Isaac Corporation, this system uses a mathematical formula to calculate the score that will grade how good people is to have money lend, making lending faster, safer and fairer.

In this formula five aspects of people’s credit activity, history and behaviour are considerer, taking the information needed from your credit report, but also lenders look at some other aspects as the income, how long have been the person working on his/her actual job or what type of credit are they asking for. The five keys categories used for the formula are **payment history, total debt, length of credit history, new credit history** and **types of credits used**, and each one has into account different factors:

- **Payment history:** this includes information such as if your accounts were paid on time, how much are the amounts owned (if you have some already) or the length of any delinquencies. It can also include another factors as bankruptcies, judgments or liens, if existing.

- **Total debt:** this data includes the number of accounts people owe money on, and the type of debt with its total amount. It includes the ratio of money owed to credit available as well, often referred to as a credit utilization rate.

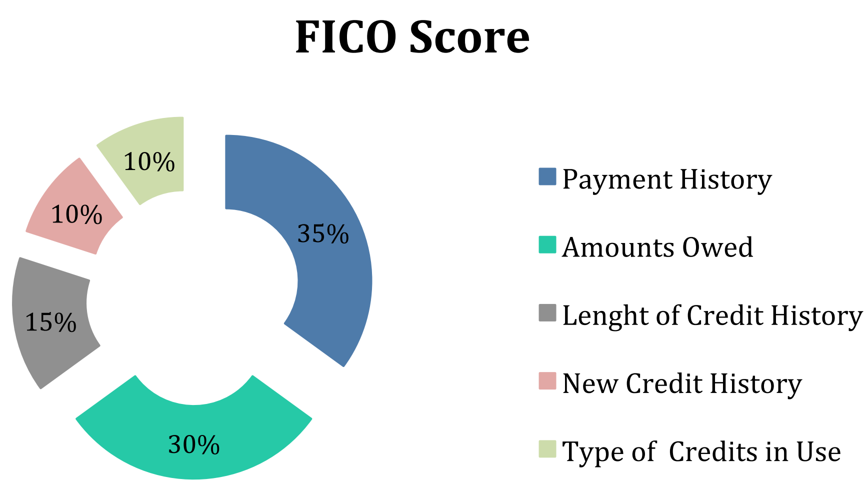
- **Length of credit history:** here is taken into account for how long have been your credit accounts established, using some information as the age of your oldest account, the age of your newest account and an average age of all your accounts, for how long specific credit accounts have been established and for how long it has been since you used certain accounts.

- **New credit history:** this category reflects the trend to have more credit today and shop for new credit more frequently. However research shows that opening several new credit accounts in a short period of time represents greater risk, especially for people who don't have a long credit history.

- **Type of credits in use:** here the mix of credit cards, retail accounts, instalment loans, finance company accounts and mortgage loans will be taken into account.

Each one of the factors explained above have a difference influence and importance on the FICO Score and its formula, as we can see on the chart below:

Figure 1: Fico Score



Source: Fair Isaac Corporation (2015)

As we can see from the chart, the main factors that will determine the FICO Score are the payment history and the amounts owed by the people. Then in most of the cases a longer credit history will increase the FICO score, but sometimes even people who haven't been using credit long may have also a high one, depending on the rest of the factors; and generally neither the new credit history or the types of credits in use will not be a key factor on the final FICO Score.

Coming back to the banks new strategy, at this point we can think about the banks worries: where the Banks not afraid that changing the rates for higher ones will have a negative effect for them, due to the known inability of the people who the loans were conceded to of paying their credits? The answer is no, because when subprime borrowers could not pay their loans because of the constant increasing of the prices and interest rates, they could refinance their houses with even larger loans, and they were unlikely to default because they could always sell their houses to pay off the mortgage, and investors will be happy because the securities backed by cash flow from prime mortgages had high returns.

But the banks were not going to take all the risk from this new financial product that they invented: when those loans were not profitable for them any more they sold them to another institutions or to private investors in a package or “converted” into another type of financial product which seemed more liquid and then risky. They were camouflaged, so the final buyers did not know very well what were they buying.

This process was called **securitisation**, and it consists in converting one negotiable title of the interbank market which is not liquid into another one which is, so then it is possible to transfer the risks associated with it to the investors who buy it.

That was the Banks technique to get ride of those tittle when they were not profitable any more because people could not afford to pay the recalculated and higher interest rates. With this, the banks started a very aggressive strategy because they were gaining resources from other institutions in exchange of those “fictitious” tittle securitised, so they could be able to loan more money (because they had more resources in their balances, so they could lend more money and grant more credits, loans and mortgages to the people) and then again “transform” those new credits to have more resources.

This transformation of the loans and mortgages, and mentioning again the concept of financial market innovation, another new financial product or concept was created: the **collateralised debt obligations** or **CDOs:** structured financial product backed by a pool of loans.

It is a new financial product created when a financial bank buys loans, mortgages or credits in general from retail or commercial banks, and pools together cash flow generating from those assets and creates a package, which is afterwards sold to the investors.

This financial product is so called because the pooled assets that are made of are debt obligations that serve as collateral for the CDO's owners, the investors who bought them and are expecting for their benefits.

As the definition of this financial products itself describes, the owners of the CDOs were paid back according to the tranche they were located in, which vary substantially in their risk profile: the **senior tranches** were relatively safer because they have first priority on the collateral in the event of default, so senior tranches of a CDO generally have a higher credit rating and offer lower coupon rates than the **junior tranches**, which offer higher coupon rates to compensate for their higher default risk, and were paid out less (or nothing) if there were losses.

In some cases they were even CDO2s and CDO3s who sliced and diced risk even further, paying out the cash flows from CDOs and CDO2s respectively.

Collateralised debt obligations offered the possibility of attractive and fixed returns, but the fallout of the financial crisis did not make this possible, because they were used to pay out the cash flows from subprime mortgages-backed securities. At the beginning the CDOs were formed by very different types of credits, but around the year 2003 due to the housing bubble almost all the CDOs packages were formed by mortgages, and especially by subprime mortgages. So when the underlying loans went bad, when the mortgages started not to be paid and the housing bubble exploited, the banks did already transfer much of the risk of those mortgages to the CDOs investors, who had lots of losses.

This is how the spiral started, based of course on the believing of the banks, governments, financial institutions and all the society in general that the prices of the real state markets will never go down, or at list not as much as it did, so their new profitable system will never crash and bailouts and non-refundable savings will never happen. With the situation as it was, it was believed that they will be always someone willing to buy a house turning to the banks for help, which meant asking for a credit, loan or mortgage, or if someone will not be able to pay for their debts even after it has been renegotiated, they will sell their houses with no problem, because they will be always buyers interested on this market.

The **housing price bubble** was being formed aided by liquidity from cash flows flowing into the United States. The subprime mortgages took off the recession of the housing market that started in the year 2001, and the value of this same market by 2007 was over a trillion dollars.

Economist and politicians praised the subprime mortgages market at the beginning because it led to a "democratisation of credit", making possible for people with a bad credits record or with not many resources to access and own assets on to the real-state market. With these new mortgages the demand of houses increased, and with the increase of the demand, the prices also increased, as very other good from the economy: higher demand, higher price.

But the housing price bubble exploited after housing prices rose too far out of line. Once the peak was reached at the year 2006, housing priced started to come down and the housing price bubble burst.

This decline of the prices led to many subprime borrowers finding out that actually the value of their houses was lower than the value of the mortgage they had to pay. When this happened the default on those mortgages was shot up very quickly, and many borrowers were tempting not to pay the mortgages any more, since the price was too high that they could not afford it, plus the fact that the mortgage value was much more higher than the house, so over one million mortgages were leaded in foreclosure.

But how did this crisis originated in the United Stated spread globally? Here the globalization takes part, and the spread of the crisis it is a real example of how extensive the globalization of the financial markets had become.

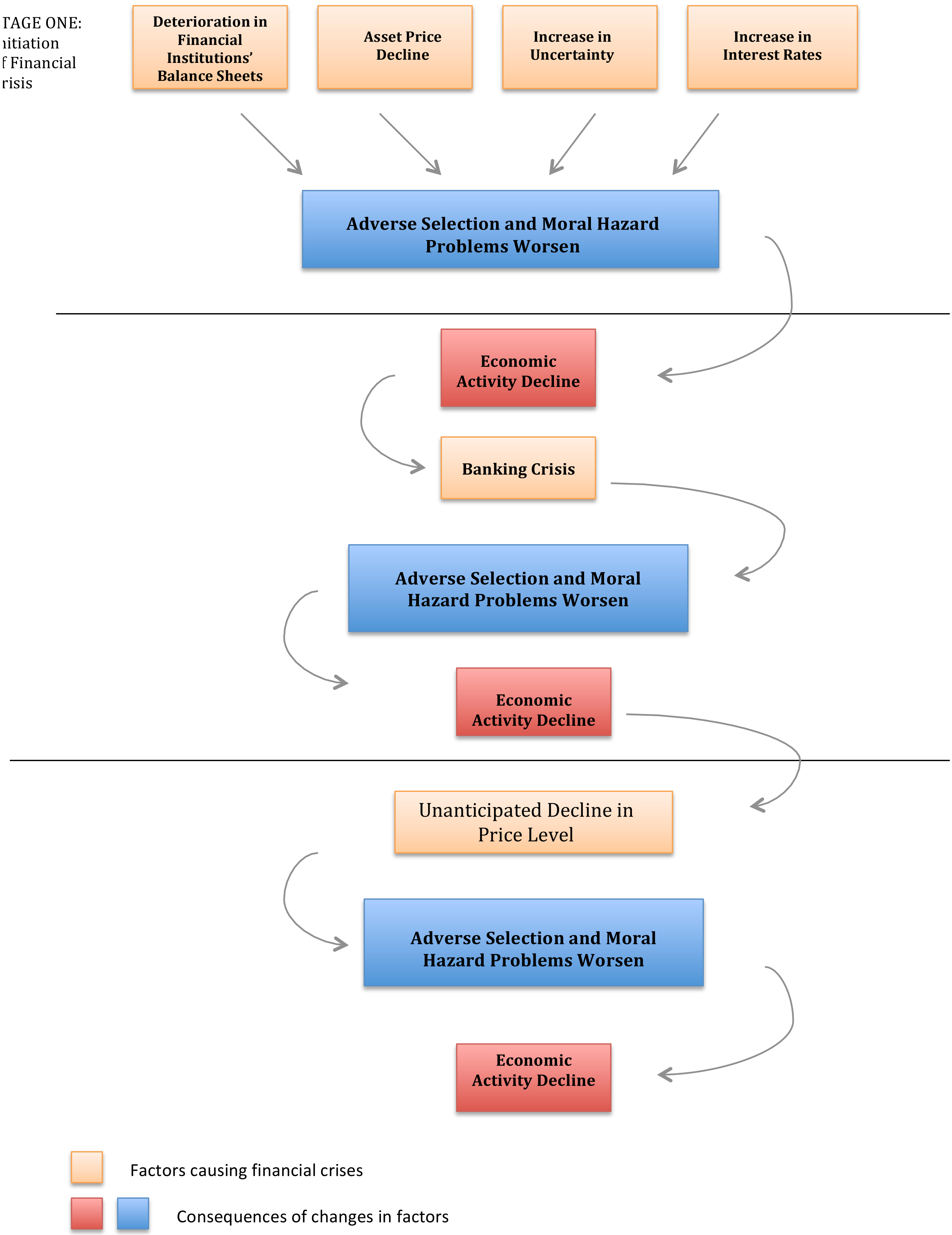
The trend of housing prices decreasing was extended to all the countries in Europe, as well as the insecurity related with mortgages and the rates of interest that the

investors were supposed to have back, which will not happened any more if the mortgages were not paid by the borrowers who could not afford them.
Despite the huge injection of liquidity into the financial system by the European central bank and the Federal reserve in the United States, banks began to have more cash but they were not happy with the idea of using it to lend it to other banks or people, as they needed to improve their own balances sheets, but the decrease in bank lending decreases the supply of fund available to borrowers, which leads to higher interest rates.

The deterioration in financial institutions' balance sheets is a sever enough problem to make a bank fall down, but the situation of uncertainly makes fear spread really quickly and it can make also "healthy" banks fail, and when multiple banks fail simultaneously it is said that a **bank crisis** occurs as a result of contagion of the fear due to asymmetric information: when panic and fear about the safety of deposits is spread, with or without real evidences, the first impulse of the people is to withdraw their deposits. This added to the fact that the balance and the situation of the banks was not very good already, it is what makes the banks fail already, and that was the point when bailouts started.

To summarise what was briefly analysed above, on the diagram below we can see the sequence or different stages in a financial crisis, based on the facts that happened during financial crisis at the United States.

Figure 2: Sequence of events in U.S. Financial Crises



Source: Mishkin (2009)

Stage one is where the financial crisis originated. As we can see on the image, may situations can lead to a financial crisis, as mismanagement of financial liberalisation or innovation, a general increase of uncertainty, spikes in interest rates or assets prices booms and busts.

The last one was the principal cause of the financial crisis of 2008, but it was also mentioned before the innovation in the financial sector, which developed the new types of mortgages, or the situation of the interest rates.

On the stage two, as a result of the crisis and the decline of the economy activity associated to it, is where the bank crisis starts.

As it has been already mentioned a bank crisis starts when fear spreads, making worse the current difficult situation that the banks can have themselves because of their loses and their own internal operations, when people and investors withdraw their money and savings and all the banks get "infected" with this fear wave and even if the situation was good before the people take their money from them. When this happens, combined with the declination of the economic activity resulting of the first stage of a financial crisis, it is very common that some banks declare themselves in bankruptcy (Mishkin, 2009).

The resulting decrease in the number of banks results in a loss of their information capital, worsening adverse selection and moral hazard problems in the credit markets, leading to a further spiralling down of the economy.

Maybe the most remarkable example of a bank declaring this stage because of the financial crisis is the case of Lehman Brothers. And when a bank as big as this one falls down, the governments were scared that the system will collapse, so then they broke the anti-interventionist policy and decided to lend public money to the banks.

The **bailouts** started in the United States and after also in a lot of countries in Europe, for example in the United Kingdom, Spain or Greece.

According to the paper wrote by Watkins (2011), the bailout of the banks violates the legitimacy of markets, the philosophy that profit represents the reward for success and losses the punishment for failure.

The *Goldman Rule,* mentioned on this article wrote by Watkins (2011), is actually based on the fact actually that people, companies and our society in general "pursue profitable opportunities regardless the effects on others". It rests on the assumption that increases in profitable opportunities increase the opportunity cost of **ethical behaviour**, which refers to self-imposed actions to avoid taking advantage of others that result in lower profits. This theory can be proved almost in every enterprise nowadays, but the *Goldman Rule* suggests that financial institutions are less likely to engage in ethical behaviour, because the opportunity cost of such an ethical behaviour is very high: banking is a peculiarly capitalist activity and they will have much less profits it they apply these principles.

This assumption was proved right, because it was discovered that banks were making subprime loans to tap a new source of income without regard to the effect that such loans might have on debtors.

To end up, we can see on the image above that the last step on a financial crisis is when deflation starts, as a result of the decline of the economic activity, but those are additional events that only occurs of the crisis develops into a debt deflation.

Debt deflation is a substantial unanticipated decline in the price level sets in, but in 2008 this only happened with the prices of the housing market, because the prices of the consumer goods did not went down.

It is true that for example after the Big Depression, the debt deflation was the main consequence and the money and shares lost all its value, but this is not what happened with the subprime crisis because of the monetary policies.

Specially in the case of Europe this is very unlikely to happened, because it is the central Bank who has to decide the value of the Euro, and since a lot of countries are part of the European Union and they have different characteristics and the crisis affected differently to each one, more to ones than to the other, the value of the euro did not changed and neither the prices, which was a problem for the people who was getting poorer and perceived everything much more expensive.

2.2. Overview of the current situation

With all that happened as a result of the financial crisis and the role of the banks on it, a lot of financials institutions did researches in order to have a view of how people, companies and banks' workers or directors are describing themselves and the financials institutions and situation.

It is very shocking how people now perceive and relates banking with wrongdoing practices or even unethical and illegal activities. It is not a surprise after the banks practices discovered during the financial crisis, but years before this, people will not have had this perception of the banks and their activities. It is known that the aim of the banks is to make money and have as much profit or benefit as they can, but it was believed by a big part of the society that they would have, at least, ethic limits on their activities.

As explained on the article wrote by Wehinger for the OECD Journal Financial market trends, a recent survey from 2012 conducted via 500 online interviews (250 in the United Kingdom and 250 in the United States) with senior individuals within the financial services industry revealed some important opinions of the people to get to know how do we see and work the banking sector now.
Some of the most relevant findings of the survey were:

- 26% of respondents indicated that they had observed or had first-hand knowledge of wrongdoing in the workplace.
- 24% of respondents believed that financial services professionals might need to engage in unethical or illegal conduct in order to be successful.
- 16% of respondents would commit a crime (insider trading) if they could get away with it.

Probably, if those researches have been done ten years ago, those new "trends" with which banking is related now will not exist. But nowadays, the financial crisis has focused public attention on the financial industry because the failure of commercial banks has been transferred to the real economy and the quality of hundreds of millions of people's lives around the world has decreased due to higher unemployment as a result of reduced global consumption. That was because of the moral failure of participants in the financial system, which played an important role in this process together with the unfortunate actuation and measures taken by some governments in some cases or countries, and mostly the total lack of decency in relation to customers and society.

Now the financial model has to change its new reputation, but it is also very important the actuation of the government, policymakers and the regulators of the markets, who need to evaluate financial markets according to real outcomes such as: access, safety and resilience, fairness and integrity, performance and efficiency, redress and accountability, and trust.

As mentioned on the report by Wehinger (2009) previously mentioned above, at the Mexican G20 Presidency, the OECD was requested to prepare an action plan for the development of further work on consumer protection, which paid special attention to the protection related on the financial field, of course as a consequence of the current economical situation.

The action plan highlights "the relevance of identifying effective approaches to support the implementation of the High-Level Principles in financial business, which are related to disclosure and transparency, responsible business conduct of financial services providers and authorised agents, and complaints handling and redress".

Concerning financial consumer protection, it is mentioned as an essential part of the process "to restore trust in financial markets and bring back consumer confidence for retail financial products". As mentioned on the report, this protection can only protect consumers from unethical behaviour in the financial industry, and maybe in some cases prevent it, but the fundamental changes in behaviour that are required for financial providers to become more ethical and centred on the consumers, seeing them as persons and not just as profits, "must come from the providers themselves, and it will complement any future regulatory interventions".

Consequently, nowadays regular citizens as much as policymakers and authorities are willing and claiming to have new and better regulations in this sector which should be agreed and respected by the banking and financial system, because the banking system is still much too fragile and dangerous and more action to regulate this sector are needed urgently. The system as it is now works and it is profitable for many bankers, but it exposes the rest of the people and the whole economy system to unnecessary and costly risks, which distorts the economic situation in many significant ways and it is not helping to restore the trust of the people in the banks.

But this fact makes the society question about some things, as “can something be done at a reasonable cost to reduce the likelihood of banks’ failing and causing a costly crisis?” “Will the reforms that have been taken already achieve this aim?” “Can we have regulations that greatly increase the health and safety of the system while still allowing banks to do everything the economy needs them to do?” or “Would we, as a society, have to sacrifice anything substantial to have a better banking system?”

All of these questions are mentioned and explained on the book written by Admati and Hellwig (2013), which explains that the new measures that have been taken until now will not be enough to restore the banks, and most important, they will not be sufficient to prevent that something like this world economical crisis in which the banks had a lot to do will not happen again.

In the book it is also pointed out that excessive borrowing by banks was identified as the major factor in the crisis, even some bankers and banks themselves did sometimes admit this, but the reforms that have been agreed upon since 2008 are woefully insufficient in this respect, and they maintain previous approaches that have not worked well.

Nonetheless, excessive borrowing is not the only field of banking where regulations and changes needs to be done, even if it has a very important paper reducing the risk of the saving and the possibility of give back the loans. But new capital regulations or requirements are needed as well, and mostly all the new regulations that were discussed on the economical meetings around the world were centred about.

It will take some years to see if those new measures will have the effect that they were meant to, but at this moment many experts who are sceptical about the current situation and the actuation of the banks are pointing out that those measures will not be enough, as the authors previously mentioned, Admati and Hellwig, already did.

Also in terms of citizens trust, it is not possible to measure if they will feel safer or more confident about banking once those measures are applied, because most of the people is guided now by the bad and negative results of banking that they saw. Only if the financial institutions, bankers and market regulators shown by their acts new and good results now and they do not do those profitable but not very ethical practices again, will the trust be restored, because for now these measures are only words with no effect on their lives.

CHAPTER 3: ETHIC BANKING

3.1. Overview of Ethic Banking

A bank provides a wide variety of services, which includes managing clients' money, assisting with financial transactions, lending money and distributing debt securities generated by the loans. But the banks aim is to make profit, so this means that they try not to have customers who would cost them "too much" money: this is why people with low income are most of the times not able to get a credit or mortgage, or some big international well known banks do not do business in developing countries, which increase the poverty circle.

But apart from this, during the last few years before the economical crisis, the banks have been selling bonus with a very high risk to people who did not understand the terms, or even lying to them and putting hidden clauses in the loans, credits or mortgages agreements. Also they offered those services to people who will not be able to gave the savings back, or giving loans and mortgages with a very high interest rate to people who they known they will not be able to return it. But of course, they will not lose money, so with those clauses they were allow not to give the savings invested (and lost by them in their high risk investments in most of the cases), or taking the houses and goods of the people if they were not able to pay back or return the loans, credits or mortgages.

People used to go to the banks and deposit their money and savings there because it felt like a safe place, it is not an investment in a project or new company, it is not taking part of a very big and well known one as a shareholder, and it is also less risky than investing on the stock market, specially for people who do not have the proper economic knowledge to do it.

This is why the bank is the option chosen by the vast majority of people, but what happens when banks acts like described before, with practices that we will not be defined as ethical, or they used people's money to finance weapon industry, armament or oil companies and some other which are not respectful at all with the environment?

As a consequence of all of this, the importance of **Corporate Social Responsibility (CSR)** in business became again a topic of discussion because, as the concept of ethic banking, this is not a new concept or topic either and it should not be applied only in banking sector or being only a characteristic of ethic banking: it is something that all the business should take into account in order to be responsible and act according to their principles and being aware of the impact of their activity in the society. But it is true that we may say that is much more important to be accomplished in ethic banking, because this ethic and responsible behaviour is one of the main factors that defines it.

Corporate Social Responsibility (CSR) has a lot of definitions by many different authors, and according to the book edited by Crane, Matten and Spence (2008), it can be applied in many different aspects of the economic activity as at the marketplace, workplace, in the community or in the ecological environment among others fields.

This makes this concept very difficult to define, since there are a lot of theories and different views in which it can be used.

It is also mentioned in the book that every company or business has a different way of understanding this concept and defining it, since it includes a very wide range of possibilities. Just as an example, we can see below some definitions for Corporate Social Responsibility, done by international institutions and by private companies:

The European Commission defined it in the year 2011 as "*the responsibility of enterprises for their impacts on society (…) concerns actions by companies over and above their legal obligations towards society and the environment. Certain regulatory measures create an environment more conducive to enterprises voluntarily meeting their social responsibility".*

The World Bank definition is very similar to the previous one: *"Corporate Social Responsibility is the commitment of business to contribute to sustainable economic development working with employees, their families, the local community and society at large to improve quality of life, in ways that are both good for business and good for development".*

On the other hand, the definition of the same concept done by companies are not as similar as the previous two: Starbucks defined a Corporate Responsibility business in their CSR report of 2004 as "*a company that listens to its stakeholders and reports with honesty to their concerns*"; while Nike describes it as *"(...) striving the best, creating value or the business and innovating for a better world".*

Based on a research done in Denmark which was part of the article Ethical Performance in 2005 (and exposed in the book written by Blowfield and Murray), CSR can be identified in seven different areas of a business, which are (1) leadership, vision and values, (2) marketplace activities, (3) workforce activities, (4) supply chain activities, (5) stakeholder engagement, (6) community activities, and (7) environmental activities.

With all the exposed above we can have an idea of how difficult is to define this concept, and as mentioned by the authors previously cited, Crane, Matten, and Spence (2008), they are several theories to clarify this terminology that are: **instrumental theories**, where CSR is seen as a strategic tool to achieve economics objectives and wealth creation; **political theories**, which are focussed on interactions and connections between business and society and on its power and inherent position; **integrative theories**, which looks at how it integrates social demands based on the fact that business depends on the society for its existence, continuity and growth; and **ethical theories**, which are focussed on the ethical requirements that based the relationship between business and society.

All these theories have been analysed and discussed and according to the authors preciously motioned, it can be said that all the current theories about CSR are focused on '*meeting objectives that are going to produce long-term profits, using business power in a responsible way, integrating social demands and contributing to a good society by doing what it is ethically correct'.*

If we apply those four basic principles of CSR on the banking sector, we will discover that not all the banks are acting according to these practices, because traditional banking is run exclusively by economical and rentable criteria, most of the time with a speculative touch, using practices with illegal or dubious ethics, with a very high lack of transparency and information, and excluding or denying credit and some financial services to a big part of the society because they are not a profitable segment of customers for them.

But this is not the origin of **ethic banking,** it is the main reason why nowadays it is a current topic of discussion at the financial sector, and the same as the concept of corporate social responsibility, ethic banking has been changing and evolving too, according to the people´s claims and needs.

The nature of ethic banking goes much more back on the times, and it was initially born as a response of some people who was worried about the use that banks were giving to their savings: it was in the United States during the decade of the twenties where this group of people, who belonged to religious groups, claimed themselves against immoral economical transactions, which were those related with tobacco, game, or alcohol, and they created their own foundation in 1928 to invest ethically according to their moral principles.

We cannot call this ethic banking itself, because those are **social responsible inversions**, which are defined by Ochoa Berganza (2013) as inversions which apart from being based according to the traditional financial criteria add social and environmental factors, allowing people or investing entities to combine financial objectives and social values related with social justice, human rights, peace and the environment, and the foundation that was created it was not a proper bank itself, but of course the financial system at those times is far to be similar to the system as it is nowadays.

Later on, during the fifties and sixties they were a lot of petitions and initiatives from the people asking to the banks more transparency, in order to know what was the use they were making of their saving, to make sure that was investing in financing wars, weapons factory, as it was discovered during the fifties that some banks were financing the Vietnam War, or later they were supporting the regime in South Africa.

As they did not achieve their aim and the banks are still not transparent, some other foundations were born during that decade, as *Fouresquare,* founded in 1961, *Pax World* (1961) or *Dreyfus Triad Century* (1972), which were pioneers in looking for social investments, companies environmentally responsible, and also rewarding those good practices and excluding some companies which were not according to this and other principles not so ethical.

Some years after, during the seventies, the first of ethic banks were born, because foundation were not enough any more to work in the financial sector and there was a need to have first intermediaries on the sector, and also the "requirements" of people were evolving: apart form the activities named before which were not longer accepted as a thing in which money should be invested, activities with high levels of pollution or disrespectful with the environment, companies which did or support animal experimentation, related with children exploitation and unfair trade relationship were added to the list. One example of this can be the Triodos Bank, which was founded in 1984 in The Netherlands, and nowadays is one of the most know ethic bank and a reference in the sector, or The Co-opertive Bank in the United Kingdom, an initiative that was born also as a foundation but which started to work as a bank in the seventies.

3.2. Concept, theory and models of Ethic Banking

Based on the information used to develop this document, economic journals, articles, textbooks, and the different concepts and definitions, the term **ethic banking** can be described as a type of banking system that works and does its operations being environmentally and socially conscious. While regular banks are trying to earn money and raise their profits almost not matter what, they try to do it in the way that is coherent with their practices and principles. It is a concept that can include a wide range of possibilities: from banks that provide financing to encourage affordable housing to banks that finance the start-up costs for ecologically friendly manufacturers. But the key to do ethical banking is to define their principles and let people know about them, so if they decide to deposit their savings in this kind of banks, they will know in what or for what their money is going to be invested or used for, and in some cases they are the customers who can decide for what to use their

savings between the projects or alternatives that the bank offers. This is transparency, which is other main factor that defines this kind of banking activity.
Every authors and articles have their own view and definition of this term, but based on all the documents used, those will be three of the basic characteristic that are common in almost all the definitions.

For example, according to the article wrote by San-Jose, Retolaza and Gutierrez-Goiria at the year 2011, they are two accepted characteristics that define ethical banking, which are the obtaining of both, **social and economic profitability**. Social profitability is referred to “the funding or placement of assets in economic activities with social value, the total absence of investments in speculative projects and in undertakings that fulfil negative criteria”; while economic profitability states to the fact that the bank needs to be economically sustainable.
But it is more referred to the fact that the bank can continue existing and developing its activity to the fact that generate benefits to distribute them between the shareholders, which is something that ethic banks do not do generally, and if it exists, it is very limited and profits are therefore only residual.
It also needs to be mentioned the fact that there is another characteristic which is very much needed for the banks to be recognised such as it that does not have anything to do with the ethical factor but it is needed to be recognised as a bank, so we can compare it in the same terms with commercial, financial and/or retail or private banks. So this characteristic is **the recognition of the institution as a bank or as a credit institution by national authorities,** which is important to distinguish between ethical banks and other financial projects, such as solidarity programs or foundations that depend on banks but do not work as real financial institutions. Sometimes traditional banks have foundations that might in themselves fulfil ethical criteria, but those are not credit institutions, because they depend on the bank’s activities.

Each bank that fits in these characteristics is accomplishing the first step to be recognised as an ethic bank institution, but of course there are some other factors that every ethic bank should respect and follow.

According to the authors previously mentioned, San-Jose, Retolaza and Gutierrez-Goiria (2011), those following factors are fundamental to be recognised ad ethic banks, and are also the ones that difference this kind of banks from traditional banks:

- **Information transparency:** it is usual in the financial markets and in banking transactions the asymmetry information provided, which is normally a "set of promises" between the borrower and the bank where it is often difficult to evaluate or totally understand what the benefits, profits or risks are. Transparency goes against banking privacy, and is used by shareholders or other stakeholders as a necessary condition for the monitoring of their ethical commitments, cause it is necessary to verify the affinity and consolidate the trust between stakeholders and the ethic banks and its projects where money is being invested in.

- **Alternative risk management,** or **alternative guarantees systems:** this factor just makes reference to the fact that, usually, most ethical banks try to put money into projects or persons where traditional banks will not, and this requires the development of new guarantee arrangements on their investments. As ethical banking gives priority to social performance, proposes (at least theoretically) the development of alternative guarantee systems that are not based on patrimonial collateral, to facilitate the placement of assets in social projects, which cannot provide real or traditional guarantees.

- **Stakeholder participation in decision-making:** this principle goes against the exclusive shareholder rights. Ethic banking promotes, at least on the theory, other alternative mechanisms of participation that allows permanent empathy between agents from the entities and their shareholders/stakeholders, and it has been also pointed out the fact that the entities should establish systems of co-partnership for approval and control of the criteria relating to the placement of assets.

- **Placement of assets:** this factor supports social action in banking and contributes to building a society that matches shareholders' interests through the placement of the money they manage, and it stands against asset opacity. Unlike traditional banks, ethical banks place their own assets to obtain social profit, what characterises the social mission of the bank or concrete investment project, and this just may be considered as the criterion of asset placing for that institution.

To sum up what has been explained above, we can say that all the ethic banks need to have some characteristics, factors or principles in common, in order to be included in the category of ethic banking, but it is true that some other principles or variants can be included on the mission or aim of each bank, so not all of them will have exactly the same preferences of projects, even if they all will be in the frame of ethic practices.
Each ethic bank can have their own criteria and projects to invest on, that they choose according to their ideology, objectives, ideals, principles and/or business mission. They may be common or not, but the principles of every bank of this types are the same, and they all should accomplish them in order to still be identified as an ethic bank.

Another point to take into account related with the explained before is how do the ethic banks choose in which type of projects or activities they are going to invest in, as each one have different projects. As it was mentioned above, the main nature of ethic banking was not to invest on some types or business or projects, which can be considered the criteria with it now known as negative ethic criteria, but nowadays is not only about excluding some types of business, also focusing on investments in enterprises which can contribute to the good of the society while doing their business and of course being profitable for the owners and investors.

So the banks can make their decisions based on **positive or negative ethic criteria,** according to Alsina and Sunyer (1996), which means that the banks can be willing to invest and participate in some types of activities, business or projects, or can adopt an excluding attitude for some others that are not representing ethical principles.

The economists San Emeterio and Retolaza (2003), defined that the positive criteria will be focus on enterprises or inversions that uses removable and environment respectful energies, recycle, support local development, and are compromised with gender and opportunities equality, human rights and fair trade among others, while negative criteria is focus on rejecting business that are somehow contributing or related with, for example, weapons, tobacco, alcohol, drugs, gaming or bets, armies, pollution, animal experimentation, nuclear energy, labour exploitation, wood cutting, supporting dictatorship regimens, financial speculation or avoiding tax paying (offshore).

Apart from the differences that may appear between the ethic banks' policies based on the criteria that they use to choose their investments, there can also be another differences based on the type of model of the bank. In the article edited by REAS (Red de redes de economía alternativa y solidaria) it is mentioned that inside ethical banking category we can distinguish two models: **Anglo-Saxon model** and the **Latin model**. According to this article, while the Anglo-Saxon model is characterised for having a more centralised model for decision-making, the Latin model has a more cooperative and associative basis.

But in another article three models have been distinguish: the **North European model**, the **South European model** and **Anglo-Saxon** countries model (Ocho Berganza, 2013). According to this, the differences between those are that while the north European model gives priority to environmental values and the global conception of the economy, the South European model prioritizes on the society, giving more importance to social development and the fight against social exclusion; and regarding the Anglo-Saxon model, it is also more centred on social values, supporting social organisations and community development.

In the following part of this documents, the aims, policy and projects of one bank belonging to each one of those models explained above will be analysed in order to prove if those differences that are supposed to exist according to the theory are real in the practice.

First of all, to analyse the **Anglo-Saxon model** we are taking **The Co-operative Bank** from the United Kingdom as an example.

The Co-operative Bank origins go back to 1844 when the Equitable Pioneers Society was formed by 28 working men to provide food, goods and educational facilities for their fellows, but it was not until the year 1872 when the Co-operative Bank was created as it is known now, and being recognised as a proper financial institution.
Some years after, the bank needed then to be positioned in the market in order to be known by people and have their interest, they needed their one place on the market, and their main tool to do this was to be perceived as a new alternative. So why choose the new Co-operative Bank instead of another one? The positioning statement adopted at the year 1988 was the following: *'The Co-operative Bank is a different kind of bank, committed to an alternative, socially responsible approach to the provision of banking services. We aim to achieve this by ensuring that we are both responsible and conscientious in regard to where our money comes from and what we do with it.'* (Brian Harvey, from *Ethical Banking: the case of the Co-operative Bank).*

To translate this statement of principles into the practice, they developed their policy based on with who will and with who will not have a business relationship, according to the positive and negative criteria explained previously.
Consequently, according to the statement of principles, this was the original policy that was meant to be followed:

- Not to do business with companies involved with animal experimentation, blood sports, fur trade, activities doing known harm to the environment, the export arms trade, tobacco and cigarette manufacturing and oppressive regimes or governments

- Encouraging having business relationships with organisation benefiting the community or the environment, ensuring them in this category, trying to be as benign as possible to the environment and useful for the society.

They also make clear that 'nobody is perfect' and they will not say that during the hole bank life they never were involved with those kind of business, but *'we will never knowingly deal with such organisations and is such a circumstance arose we would take the appropriate action'.*

After this policy was agreed, the banks started their own market research, and they asked thirty thousand of their customers, from whom the 84% thought that the ethical banking policy was a good idea, while only 5% declared clearly that they thought those ethical issues has nothing to do with banking activities.

Nowadays the Co-operative bank is one of the biggest banks in the United Kingdom, and those initials policies have been changing with the times. It now offers also services as a commercial bank, and their range of products offered are now divided in three categories: for people, for business and as a commercial bank.

Inside the financial products offered we can find for example loans, credits cards, mortgages, students loans or savings founds for people, and community banking services, deposit accounts, lending, merchant services or business insurance for business.

Even if it they included a commercial banking line of business, they are still inside ethic banking category because they act as an organisation who is aware of the social, economic and environmental impacts of their activity. Their current ethical policy is now built on five pillars, which are:

- To do ethical banking, not providing banking services to business and organizations that conflict with their ethical policy
- To offer ethical products and services that reflect their values
- To do business ethically, which means behaving in an ethical way in all the aspects of the business, with customers, suppliers and external organizations.
- To have an ethical workplace culture
- To do ethical campaigns for social and economic change

And the seven principal goals of it are the following:

- Acting with honesty and transparency
- Treating customers fairly
- Promoting human rights and equality, supporting the principles of the Universal Declaration of Human Rights
- Promoting development and social development in Britain, supporting charity and social enterprises.
- Protecting the environment
- Supporting international development, by supporting the reduction of poverty in developing countries
- Protecting animal welfare, in terms of not providing banking services to organizations involved with animal resting but neither if their activities degrade or damage animals' habitats.

According to the policy and aims of this bank, we would say that this bank from the United Kingdom accomplish the characteristics mentioned above, centred on social values, supporting social organisations and community development, as all of this are mentioned on their goals above.

Regarding the **South European Model**, we are going to analyse briefly the bank called **Fiare Banca Ética**, an ethic bank born as a result of the merger of Banca Popolare Etica, founded in 1999 in Italy, and Fiare, institution that started to operate in 2003 in Spain.
As those countries can be also considered as Latin countries, we will use this case as an example of both models.

As it was mentioned above, the origins of this bank are based on two different institutions. The oldest one was Banca Populare Ética, founded in 1995 as a "Cooperative to the Ethic Banking".
This organisation reunited work cooperatives, social cooperatives, volunteer associations, environmentalist and syndicates, between others associations of this kind, with the aim of collect social capital enough in order to be able to start operating as a local ethic bank, but the idea was so well receipted by the people that they

collected the necessary capital to start acting as a popular ethic bank, being able to operative in all the Italian territory. The new bank was meant to educate the savers and the borrowers: they will make the savers know the final destiny and the modality of project in which their money will be used, and the borrower will be then stimulated to develop their project and business capability even more.

Above we can see the five principles of the ethic finances that lead to the creation of Banca Popoplare Ética, and which were meant differentiate it from another's banks and characterise it:

- Financial operations that will be sensible to the non-economic impact of their economic activity
- The credit, in all its variants, it is a right for all the society; everyone should be able to have access to it.
- Efficiency and sobriety are also a component of the ethic responsibility.
- The benefit obtained from the possession and exchange of money should be a consequence of the activity oriented to the common good, and it should be equitably distributed between all the people involved in it realization.
- Maximum transparency is a fundamental requisite of any activity developed.
- Favour the participation in the decision making process of the business, not only between the stakeholders, also between the savers.
- The institution that accepts the principals of ethic finances has to orientate those criteria as a hole in their activity.

Their financial products, it is to say that all were very similar to the traditional banking, but with some differences as the fact that it was possible to auto determinate the interest rate, or that every time that some saving project was going to be started, it was necessary to indicated the preference sector to which the saving will be guided to.

About the investor activity was focused in four areas, social cooperation and international cooperation, with environmental purposes and to civil societies.

It is also to mention that they also offered microcredits to developing countries by means of two organisation affiliated.

On the other hand, the project Fiare was already born to follow the model of the Banca Popolare Etica, and it was always its aim to become part of it.
The name Fiare is for the initials in Spanish for Fundación Inversión Ahorro Responsable (Foundation for Inversions and Responsible Savings), and it was created in the Basch Country in the year 2003. Its first aim was to promote the ethic banking in the national territory, the social economy and favour the financing between the most disadvantaged people and countries, following the social policy of Banca Popolare Etica de Italia.
In order to achieve this aim, Fiare became in 2005 in one agent of this bank in Spain, and in autumn of the last year 2014, it started operating as a banking area of Banca Popolare Etica de Italia. The main objectives of Fiare were:

- To finance economical activities that had a positive social impact, particularly social, ecological, cultural and humanitarian projects, and also make credit accessible to people who could not access to it according to the terms of the commercial banks.
- Be sustainable, and be able to make economical profits, which allow the growing and social insertion or reinsertion, always respecting the ethical criteria.

One of the main characteristic of this project of banking was their link to the territory, their job network and the peoples' participation, because the decision were made in territorial assemblies with general associates, so Fiare was always promoting to the peoples' not only to become a customer of their bank, also to become a partner of it.

Now that we have some background information about the companies that formed **Fiare Banca Etica**, we can analyse their values, objectives, projects and financial services offered since they were put together started to work as an ethical bank.
Fiare Banca Etica want to be a tool that serves to the social transformation through the finance of social and solidary economy and the promotion of an intermediary culture of financing settled on the **principles of transparency, participation, democracy and the right to have access to credit loans.**
This is why the saving deposits of the people and organizations are used to finance the cooperative development, and the transforming values respect to the financial activity,

the agro ecology, development cooperation, fair trade and fight against social exclusion.

The projects which are picked to be financed by these banks, apart from pass an economic evaluation, need to pass social and environmental evaluation that assure that the project is going to have a positive impact for the global economy and will not compromise the environment while doing it.

Also, as **transparency** is one of the main pillars of this institution, the investors and savers will always now where the deposited money is being invested on, and the amount of financing giving to each project.

Related with **democracy and participation**, Fiare Banca Etica is organised as the project Fiare used to be, with assemblies where all the associates can participate, and with the existence of local and territorial, smaller than the general.

We can see how all those characteristics are just a mix of both institutions, for example in the government form that it is as Fiare used to be, and the basic principles which include the right to access to a credit loan, characteristic form Banca Popolare Etica.

Also it is important to mention at this point that some of those characteristic are common with The Co-operative Bank, as the support to enterprises who fight for fair trade or against social exclusion.

So, as the theory model says, both the South European and the Anglo-Saxon are really involved and centred on community and society development: but they differ on the decision making process because as we could notice, at Fiare Banca Etica not only stakeholders take part, also the associates, and they try to involve the customers in the assembles, while The Co-operative Banks, even if it is always in contact with the customers and doing surveys to know how do they feel respect our the bank policy, they do not really involve them on the decision making process.

According to the positive and negative criteria previously explained, Fiare Banca Etica choose the following areas to invest in:

- Systems for social welfare, as sanitary services, social housing or microcredits.
- Energetic efficiency and removable energies sector

- Environmental related business, as residual management or recycling
- Organic and ecologic agriculture
- International cooperation, in activities recognised by institutions or authorities
- Fair trade and entities who collaborate with it
- Education, culture, sports, youth centres, etc.

And they will do not finance activities related with:

- Production and commercialization of weapons
- Activities that have a negative impact on the environment
- Use and development of energetically sources dangerous for the human being or for the environment
- Children exploitation or another violation of the human rights
- Intensive rearing of animals that does not respect the standard criteria of the ecologic certification
- Exclusion or marginalisation of minorities of the society
- Relation with regimens that do no respect the human rights
- Investigation activities that use experimentation in animals or weak subjects
- Sex trade
- Gambling

About the financial products offered, they differentiate from two lines of business, one centred in particulars, and the other one in companies and organisations, just as The Co-operative Bank, with the differences that Fiare Banca Etica does not have the commercial banks services line. But, in the case of **particulars**, they offer the same services: **current accounts, credit cards, online banking services and products of investment and savings.**

They say themselves that they are able to offer a complete bank operability while the money at its disposition is contributing to generate social and environmental value, and also to the social and solidary economy.

For **companies and enterprises**, they offer services for day to day operations management, fundraising or liquid assets management, in the following fields:

international cooperation and fare trade, social economy and inclusion, agro ecology and removable energies, social and cultural values.

To compare the last model remaining, the **North European Model,** we are going to analyse the bank **JAK Medlemsbank** (in Swedish *Jord Arbete Kapital,* which means Land Labour and Capital) that was a project started by farmers in Denmark during the economic crisis of the thirties. The initial idea of the farmers who founded JAK was to take loans from each other without any interest rate, and they created their own currency in order to keep the economy in circulation. But of course the government decided to prohibit this currency, so they keep their activity of free interest loans using the national Danish currency.

During the sixties, their idea was extended to Sweden and the organization Jord Arbete Kapital (JAK) was founded in 1965, with the purpose of spreading the knowledge about the damaging effects of the interest rate upon the society, and also with the aim to promote economic cooperation in order to manage interest free financing.

In order to achieve this, they created their own operation system based on a **membership policy,** which means that all the customers must to be members to be able of benefit from their services, to deposit money or take a grant from them, and their first loan was granted in Sweden in 1969.

The loans application grew with the years and so did the number of members, but it was not until 1990 when they employed their first formal banker to manage the saving and their loan system. During this period they also made a big effort to train some volunteers members in order to inform people about what JAK stand for, because more and more people was attracted to this initiative because of the interest free financing, but they did not understand their function or ideology. With this group of volunteers they spread their banking idea among the members and the public around the country.

The authorities had an eye on their activity, and they announced their intention to introduce a specific regulation for this saving and loan exchange between associates.

JAK prepared to accept and introduce these changes and the result was that they had in the year 1997 a full banking license to operate as a bank.

It was then when they changed its name to JAK Medlmesbank (JAK Members Bank) as their business has continued since then, having nowadays about 38.000 members, and its main objective is still **to give interest free loans.**

Despite the changes during the years, they have **two basic values** that never changes, because those are defining the identity and distinguishing of JAK among other banks:

- Members in JAK do not charge interest among each other, principle which was taking from the JAK first initiative created in Denmark.
- Members in JAK who borrow money must also save money in JAK to the same proportion as the loan, principle which was introduced when JAK idea was extended to Sweden and they created their own saving and loan system.

But they stand up for more that those only two values, and at the annual meeting of the association the members agreed upon them, form in the basis for the activities within the bank. Some of them are:

- Money shall be used locally, where the people are, and to support real needs.
- A just economy requires a democracy where everyone's opinions and views can be accounted for in the same way.
- The economic reality shall be subordinated the demands for ecological sustainability.
- Support and economizing shall be organized in a way that does not jeopardize our ecosystems.
- The economy shall counteract inequalities between the rich and the poor.
- The interest system is unfair since it redistributes money from those who have less to those who already have a lot.

Nevertheless, is true that this interest free loan system sound very strange, and everyone who reads about it wonders how is it possible that such a thing exists and works. According to the information shared at JAK's webpage, this is how they do it:

It is obligatory for all the members to save money: with their loan system deposits are the only way to finance loans, there is no external refinancing, so the stock of loans

cannot exceed the member's deposits plus the equity of the bank.
To make this equitable, they created a system of **saving points** that works like this: one Swedish Crown saved during one months is equal to one saving point. This was created to have a balance between the saving and loans for each member, so this way a person who does not save much cannot borrow much either; their capability to borrow is directly proportional to their capability of saving. Those points can also be giving to people, so one saver and give his or her points to another in order to help them to have the amount of loan that they need, if it was not enough with their own saving points.

They are no interest rate, but there is a cost of the loan: obviously every loan has a cost for the bank, and since they do not do interest rate, how can they finance this? It is simple: they have **loan fees and membership fees.**
The membership fee is a fee of 250 Swedish Crowns per year (which equitable to 26.51€ approximately) in order to still be a member and be able to benefit from the loan system.
The loan fee it is used to pay for the administrative costs, not to pay interest to the savers or to pay dividends t the shareholders, and this is why they do not called this interest rate.
Nowadays JAK loan cost is a 3% of the annual debt, and each member knows from the very beginning the amount of fee that they will have to pay. This percentage is determinate to reach a balance between the income from the loans and their expenses when are borrowed. If JAK grants more loans with a similar amount of expenses then this percentage can go down, but if JAK grants fewer loans, then this percentage can go up. But in case the percentage change during the year, it will never change for loan takers who already had a loan, it will only change for the new ones.

Ability to pay and collaterals: while a loan taker is being benefit from a loan, they are not able to use their obligatory savings until the loan period is finished, are they are seen as a part of the expenses of the loan. But apart from this, JAK also checks that the income of the loan taker is enough to deal with all the payments.
Regarding collaterals, JAK also ask for real states properties, bonds and stocks, or

another person with a good economy to act as guarantor of the loan.

Loan equity deposit: as a cooperative bank all members of JAK, but in order to be a member there is a deposit that needs to be paid. JAK called this deposit loan equity deposit, and it is paid by the loan-takers during the whole repayment period. This deposit is 6% of the initial amount of the loan and is paid back to the loan-taker at the end of the repayment period.

That is basically how they can be able not to charge interest fee, and it is also their way of financing and having the profits enough to keep doing its activity.
But apart of those loans, they also offer another type of services and they are not only for individuals: the **loans without collaterals, loans without obligatory savings,** and **support saving loans,** where the last two are **only for organisations and companies**
Those two first types of loans are slightly more expensive than the standard loans, because they are obviously more risky for the banks. As it was mentioned before, a standard loan will have a loan fee of a 3% of the annual debt, while the cost for this two types of loans will be 4.5% of the annual debt.

Loans without collateral can be granted up to 200.000 Swedish Crowns (21.208€ approximately) and they have to be repayment in a maximum period of10 years. **The loans without obligatory savings** are only for organizations and companies, that shares JAK's values and that works for a sustainable and/or local economy.
Regarding **support savings loans**, are also only granted to organisations and companies, and people who wants to help them because they are interested on their project or idea do the obligatory savings, which are used to in order to obtain the loans according to the saving system point.
Normally the obligatory savings deposits which made this type of loans possible are done by a group of people, not only for one person, and they are usually members of JAK already that have exact information on how their money is being used by supporting this kind of loans.
This idea got the attention of some Swedish municipalities, which are saving money in a JAK account and generating saving points to offer to local companies that fulfil a

specific set of criteria decided by the municipality. So the municipality decides if the company is interesting enough to receive the points, but JAK decides if the loan is viable or not, having the last decision on if they will grant the loan or not.

To end the analysis of JAK Membership Bank, just to point out that JAK is ruled democratically according to the agreements taking at the general assembly, convened once a year, where each member has one vote.

There is also a board that is assigned by the annual meeting formed by a chairman and a number of board members (usually seven), the CEO (Chief Executive Office) and local groups, an ethical council, an elector committee, and external and internal auditors.

Based on the model of JAK as an North European Model, we cannot say that this bank is much more centred that the other two analysed on environmental issues, because it is mentioned in their values that they do not finance or support any kind of activities which are disrespectful with the environment, but they have neither any specific project or financial product centred on good activities for it.

It is very focus on the community of their membership, and also very compromised with the promotion of their ideas and the social economy model, and much more centred in the particulars that are in the organisations.

Those are the main differences with the other two banks and model, but again, in this case we cannot say that the theory is very well followed, but will have to take into account that JAK operates more as a community or co-operative bank than as an ethic bank, but they follow some ethic principles mentioned above, as transparency, positive impact for the economy and looking for the social benefit.

3.3. Comparison with traditional banking

Now that we have information about how, where and why ethic banking was created, their basis, principles, values, criteria and different models and ways to do business, and before we compare it with regular banks in economic terms, it is necessary to know the differences on the theory between ethic banks and the other types of banks.

Because apart from ethic banking, they are another variants or types of “traditional” banking, such as commercial banking, investment banking, retail and private banking.

All these types are going to be defined in order to see the differences that exits in the theory with the ethic banking values, services and goals.

First of all, if we think about what a banks is we are most of the time thinking about the concept and functions of a **commercial bank,** which are the financial institutions allowed by law to accept deposits and lend money to the people, institutions and business, and those may happen in a national or international frames (*Hughes* and *MacDonald, 2002)*, which means that they can receive or lend money in different currencies, if they do international activities.

But apart from this functions related with credit services which are the most characteristically ones of this type of banking, they are others such as syndicated loans, which are according to Hughes and MacDonald (2002) “a central tool in international commercial banking widely used by banks to meet customers’ needs for large-scale or high-risk loans”. Briefly explained, a syndicated loan is a credit extended by a group of banks to a single customer, permitting to share the risk that can be too large to accept only for one bank to be shred out along a group.

Also they are another services offered, as trade finance that is nowadays still an important revenue source for many international commercial banks. The primary instrument of trade finance is the letters of credit, standby letters of credits or performance letter of credits, all of which provide fee income for the banks. *(Hughes* and *MacDonald,* 2002)

Another type of banks are the called **investment banks,** defined as those whose function is the provision of long-term equity and loan finance for industrial and other companies, particularly new securities, instead of loaning money directly.

According to the book wrote by the authors previously mentioned above, Hughes and MacDonald in 2002, the four essential functions of investing banking activity are underwriting and selling of shares and bonds to investors, making markets in these securities for the investors who want to buy and sell them, advisory services and supplementary business streams such as investment management, merchant banking foreign currency trading, bridge financing, financial engineering, project financing or leasing activities.

To continue with the examples, there is another type of banking that is called **retail banking**, which refers to the provision of banking services for individuals, and includes activities such as deposit taking, consumer lending for home, car and other purchases, credit card services transaction services or even insurance and investment management services for individual clients (Hughes and MacDonald, 2002).
It is only for individuals instead of being for individuals, institutions and business as the commercial banks, and it is a high-volume business, long valued for its ability to gather cheap deposits and generate high-margin loans.

And the last kind of bank that is going to be defining is **private banking.** The banks that include themselves in this category of banking are those banks that are only offering their services to high net worth individuals (Hughes and MacDonald, 2002), and by high network individuals we understand people who has far more wealth than an average person. This term has traditionally been defined as people who possessed a net worth of at list one million dollars, but private banks take as their customers' people who had less money than this, but still very high amounts.
It is the activity of private banking so different from the other types of banking activities? Private banking might be the more new type of banking, as it has been created according to the new needs of a group of people. This is why it offers traditional banking services and not-so-traditional services for those rich individuals.

Based on the authors cited along this part of the document, the services of private banking include deposit-related activities, such as establishing money market accounts, saving accounts, certificates of deposits, commercial paper, money market funds, etc.; credit extension and personal lending, corporate lending and investing management, which includes custodial services, real estate services, currencies, commodities or artwork, and the provision of financial tax advice.

Now that we have defined these four types of "traditional" banking activity, we can see what the main differences with ethic banking are:

First of all, none of these types of banking mention values, define where or where not they are going to invest the money, they do not talk about social benefits either or mention environmental concerns, so these characteristics.

There is also a big difference with the type of services or products offered.

For example, none of the definitions of the term ethic banking and none of the ethic banks that have been analysed and explained mentioned anything about offering special services to high network individuals, which is the main difference with private banking.

Regarding commercial banks, ethic banks are also allowed by law to accept deposits and lend money to the people, institutions and business, and they also have international activity as most of them are present in more than one country of the European Union, but the main difference here is that none of the ethic banks mentioned along this work are offering the syndicated loans that are used to diversify the risks, as ethic banks should not invest on risky values that compromise their clients' money.

On the other hand, the main difference that we can find between investment banks and ethic banks is the fact that the first ones finance companies with new securities instead of with money loans. This does not happen in ethic banks, and also they have to approve the project or main activity for what the company needs the money, which also have to respect the principles of ethic banking: cannot be involving activities in which ethic banks will not invest, has to be caring about the environment, etc.

To end up, retail banking offers more services that are more centred in individuals, and exclude lending activity for companies. Not all ethic banks are lending money to both, people and companies, but they do not exclude them unless they do not operate according their principles.

CHAPTER 4: COMPARISON BETWEEN BANKS, APPLICATION OF ETHIC BANKING PRINCIPLES, DIFFERENCES AND RESULTS

4.1. Methodology and data analysis

The methodology used to complete the analysis and comparison of this chapter is the following:

Frist of all, a documental analysis was needed in order to establish a theory frame about the current situation of the economy and banking sector, the concept and theory of ethic banking, the definition of Corporate Social Responsibility or the types or different models of developing banking activity among others, using all the types of information already mentioned at the subchapter *Literature overview*: news, economic journals, textbooks, articles, study cases and researches done by economists and professors.

Then it was also necessary to look at the cited and/or analysed banks previously mentioned web pages in order to find more information about them specifically, not about the banking sector in general, such us origins, history or values.

This documental analysis was used to go throw the chapters *Current situation* and *Ethic Banking*, but for the last part of this work, *Comparison between banks, differences and results,* information about the economic and financial situation of the banks compared was needed, so it was necessary to look for figures, profits and benefits results and balance sheet of the banks used in this analysis.

At this point, we can say that for the fourth chapter the methodology used is an economic and financial analysis, because we are working with information such as financial figures and balance sheets of the different entities in order to do an empirical comparison between regular banks and ethic banks to see if they are big differences, not only in the theory aspects and values of the banking, but also in terms of profit and benefits.

4.2. Comparison between banks

In this chapter we are going to compare one traditional bank with one ethic bank.
The two banks chosen to do so are **HSBC Group** for traditional banking, and **Triodos Bank** as an ethic bank, which are two of the largest banks in their respective sectors.
But before we start the empirical analysis with the most representative figures of each one, here is a brief overview of each one.

HSBC Group stands for The Hong Kong and Shanghai Banking Corporation, because this bank was created in 1865 to achieve the aim of having *"a local bank serving international needs"*, to finance trade between Europe and Asia.
Nowadays is one of the worlds' largest banks, present in 72 countries along Europe, Asia, the Middle East and Africa, North America and Latin America and with around 48 millions of customers to whom they offer four types of financial services, which are **Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets,** and **Global Private Banking**, which are types of traditional banking activity that have been defined and compared in previous chapters.
According to their webpage and annual report for 2014, the HSBC values are:

- Be dependable and do the right thing: they claim to be a firm that stands for what is right and trustworthy, using judgement and common sense and empower others.
- Be open to different ideas and cultures: communicating openly, with honestly and transparently, learning from the mistakes and listening and treating people fairly, valuing different perspectives
- Be connected with our customers, communities, regulators and each other:: building connections, collaborating across boundaries and caring about individuals and their progress being supportive and responsive.

We can find information about their values, strategies, sustainable strategy and CO2 emissions reduction in the last years, but we do not have any information about where and why are investing, main characteristic of ethic banks.

On the other hand, **Triodos Bank** an the ethic bank founded in the year 1980 in The Netherlands, trying to be a transparent bank that allows people to make a responsible use of their money contributing to projects and social initiatives that give added value to the society.

Nowadays Triodos Bank is present in Belgium, Germany, Spain and the United Kingdom, apart from The Netherlands, where it was originally funded, and they operate in other countries outside Europe through another Triodos' branches.

They divided the ethic banking activity in three areas that offer different services to customers and business or organizations.

With their **retail and business banking** services they offer to their customers a range of services that include savings, payments, lending and investments, and to the organisations that are working to bring a positive and lasting change to the society, a lending service which is focus on three key areas: nature and environment, culture and welfare and social business, but this type of financial services are for now only on the countries mentioned above.

Then they also offer **investment management services** in Europe and in emerging markets, through investment funds or investment institutions bearing the Triodos name, and the investment lines that they have are energy and climate, emerging markets, real estate, arts and culture, sustainable food and agriculture and socially responsible investments (SRI).

Finally Triodos Bank also provide **private banking services,** offering to wealthy people, organisations, foundation, associations, etc. a range of financial and non- financial services as, for instance, Sustainable asset management, which includes both Triodos Investment funds and private asset management, but nowadays Triodos Bank only offer this type of services in the countries of Belgium and The Netherlands.

They offer financial products like the traditional banks do, as current accounts, credit and debit cards, mortgage programs or children savings accounts. But they have one account that is called **Triodos account**, which allows the owner to donate part of the interest rate that they pay for the account to one of the association that Triodos Bnak collaborates whit, and another peculiarity can be that in some countries of South

America, in India and in others emerging markets, they finance projects using their branches, giving them microcredits, instead of regular loans.

Apart from these characteristics, as an ethic bank they used the method of the positive and negative criteria to choose their financial policy, which is centred in in three big areas:

- Nature and the environment, which include ecological agriculture, removable and energy saving, sustainable construction or environment conservation among others.
- Social initiatives and leisure, refereed to generation of opportunity for all the sectors of the society (children, elderlies, people in risk of social exclusion, etc.), development cooperation, fair trade and health.
- Culture, in all their activities, education, research, or tourism and others sustainable practices.

Using the negative criteria, they excluded activities as oil industry, gambling, nuclear energies, business related with dangerous substances for the environment, pornography, tobacco and weapon industry, intensive farming systems, corruption, dictatorship regimens, animal experimentation, genetic engineering, and business that had broke or will go against the legislation in terms of environment or fundamental labour rights. They also reserve this right to reject financial application of companies that do not respect the spirit of the organisation.

Also, as transparency is a characteristic of ethic banking, they have very detailed information about what projects are financed, where, and how.

These are the main differences that we can find between Triodos Bank and HSBC Group, apart from the fact that HSBC group is bigger in terms of offices, international presence and number of employees and clients, and they are listed on the stock market while Triodos Bank is not, but they have what they call a certificate of deposit of shares, which allow people to invest in Triodos Bank itself and cooperate with their development.

4.3. Empirical results and differences

In order to complete the empirical analysis and to be able to compare both banks previously introduced, we are using the information given by those banks annual reports from the last year 2014.

On the first place the annual report of the **HSBC Group** will be analysed**.** The report of this bank is very extensive since they divided it in several parts as by financial services offered, by zones (Europe, Asia, America, etc.), by risks (loan risks, market risk, etc.) or by capital, but there is also a *Global Business* section, which will be used in this section and it can be checked on the appendix of this document.

It is also explained at the beginning of that report that all the amounts are recorded in US Dollars because its the major currency bloc in which the group transact and fund, but in order to be able to compare this figures with the ones from Triodos' Bank, the amounts will be calculated in Euros according to the information given in the report.

Here is a table where we can see **the profit and losses before taxes** for the last years, separated according to the type of activity, and counted in millions:

Table 1: HSBC profits per year

	2014		2013	
	Dollars	**%**	**Dollars**	**%**
Retail Banking and Wealth Management	**5,651**	30.3	**6,649**	29.5
Commercial Banking	**8,744**	**46.8**	**8,441**	**37.4**
Global Banking and Markets	**5,889**	31.5	**9,441**	41.8
Global Private Banking	**626**	3.4	**193**	0.9
Other	**(2,230)**	(12.0)	**(2,159)**	(9.6)
Profit before tax	**18,680**	**100**	**22,565**	**100**
Tax expenses	3,975		4,765	
Profit for the year	**14,705**		**17,800**	

Source: HSBC Group Annual report and accounts 2014

The information about the total amounts of profits per banking area and the percentages have been extracted from the table *Profit/(loss) before tax*, while the tax expenses and profit per year numbers are from the *Consolidated income expenses*, both included at the appendix.

If we look at the percentages, we can see how Commercial Banking is the section that provides more profits to the company last year due to its increase during the year, because it was Global Banking and Markets the one that represented the higher percentage in 2013. Both Retail Banking and Wealth Management and Global Banking and Markets have decreased in 2014 respect 2013, but their percentages in the total profits of the company are much more closer than a year ago.

Global Private Banking is still the activity which reports less benefit to the group, but it considerably increased the amount and it grown a 2,5% in respect to 2013.

The information about tax expenses and profit per year are from the page 45 of the report, where the consolidated income statement is, in order to have information about the profit per year and be able to compare it with the net profit of Triodos Bank.

Obviously, as the profits per area of business went down in 2014, except for commercial banking activity which slightly increased, and global private banking which, as said before, increased significantly compared with the previous year but not enough to reduce the effect of the decrease of the rest of the figures, the profit per year fell down as well.

After this brief introduction about where the benefits of the group came from, here is the **Consolidated Balance Sheet** from the year 2014, calculated in Euros according to the information given with this balance sheet at the page 57 of the Annual Report and Accounts, which says that 1 dollar was equal to 0,823 euros.

Table 2: HSBC Consolidated Balance Sheet 2014 and 2013

	2014		2013	
	Dollars	**Euros**	**Dollars**	**Euros**
ASETS				
Cash and balances at central banks	129,957	**106,955**	166,599	**137,111**
Trading assets	304,193	**250,351**	303,192	**249,527**
Financial assets designated at fair value	29,037	**23,897**	38,430	**31,628**
Derivatives	345,008	**283,942**	282,265	**232,304**
Loans and advances to banks	112,149	**92,299**	120,046	**98,798**
Loans and advances to customers	974,66	**802,145**	992,089	**816,489**
Reverse repurchase agreements - non-trading	161,713	**133,090**	179,690	**147,885**
Financial investments	415,467	**341,929**	425,925	**350,536**
Other assets	161,955	**133,289**	163,082	**134,216**
Total assets at 31 December	2634,139	**2167,896**	2671,318	**2198,495**

LIABILITIES AND EQUITY Liabilities				
Deposits by banks	77,426	**63,722**	86,507	71,195
Customer accounts	1350,642	**1111,578**	1361,297	1120,347
Repurchase agreements - non-trading	107,432	**88,417**	164,220	135,153
Trading liabilities	190,572	**156,841**	207,025	170,382
Financial liabilities designated at fair value	76,153	**62,674**	89,084	73,316
Derivatives	340,669	**280,371**	274,284	225,736
Debt securities in issue	95,947	**78,964**	104,080	85,658
Liabilities under insurance contracts	73,861	**60,788**	74,181	61,051
Other liabilities	121,459	**99,961**	120,181	98,909
Total liabilities at 31 December	2434,161	**2003,315**	2480,859	**2041,747**
Equity				
Total shareholders' equity	190,447	**156,738**	181,871	149,680
Non-controlling interests	9,531	**7,844**	8,588	7,068
Total equity at 31 December	199,978	**164,582**	190,459	**156,748**
Total liabilities and equity at 31 December	2634,139	**2167,896**	2671,318	**2198,495**

Source: HSBC Group Annual report and accounts 2014

If we look at these figures, we can see how the total assets and the liabilities decrease in 2014 in comparison with the previous year, in approximately thirty and a half billion euros and thirty eight and a half million dollars respectively.

Only the total of equity has increased in almost eight millions of euros, but even with the increase in the total equity, the total between liabilities and equity is lower than the previous year.

According to the information given on the report, this balance shows a decrease in the assets *Cash and balances at central banks, Trading Assets* or *Customers Loans,* which is mainly caused by the decrease of those items in their banks in Europe.

On the other hand, *Derivate assets* increased notably in Europe relating to interest rate and foreign exchange derivative contracts reflecting market movements.

It happens the same for the liabilities *Repurchase agreements* and *Financial liabilities designated at fair value*, which reduction in the consolidates balance is due to the decrease of those in Europe.

But it is also to mention that even if the item *Customers Accounts* shows a decrease in general, if we look at the consolidated balance sheet per regions we will see how it is raising in some regions, especially in Asia, the Middle East and North Africa.

This page of the annual report can be also checked at the appendix of this document.

From this balance sheet we notice how large and international this financial institution is, and even if the last year they had less profits before taxes and total assets and liabilities than in 2013, if we take a look into the annual report attached we can see how the results were growing up from the year 2010 until 2012. Then the results of 2013 compared to the ones in 2012 starts showing a decrease, which is also notable for the last year.

In addition, taking into account the global balance sheet, but if we analyse region by region, *Profit before taxes* increased respect 2013 in the Middle East, North Africa and North America, while decreasing in Europe, Asia and Latin America; and for example *Customers Accounts* raised in Asia, Middle East and North Africa, while were decreasing in Europe and North and Latin America, so this recession in their profits can be compensated in long term by the increase of the activity in those raising areas.

Next using the financial information provided by **Triodos' Bank** Annual Year Report of 2014, which can be also checked on the annexes of this documents, we will compare the results above of HSBC group with the ones from this ethic bank.

First of all it is to mention that as understood from the previous subchapter where both banks have been briefly described, Triodos Banks is smaller in terms of clients, branches, international presence and total amounts billing, as nowadays it is only present in some countries or Europe, while HSBC Group is present worldwide.

Also this is why the financial numbers in this report are expressed in Euros, due to the fact that this bank operations are mainly centred in Europe, and are expressed in thousands of euros, instead of in millions of dollars (converted to euros in the tables) as HSBC Group, so this give us a hint in terms of profits and balance sheets results, denoting that the amounts and results of HSBC Group will be higher.

Last think to mention is that they also have separated information about their figures by countries and by the investment lines that have been mentioned previously.

Fist of all, to start analysing Triodos' Bank figures, here is a table with information about the **net profits** of the bank, in thousands of euros:

Table 3: Triodos Banks Net Profit

INCOME	2014	2013
Interest income	173,654	164,617
Interest expense	-47,404	-52,661
Interest	**126,250**	**111,956**
Income from other participations	190	120
Investment income	**190**	**120**
Commission income	65,025	52,993
Commission expense	-2,841	-2,295
Commission	**62,184**	**50,698**
Result on financial transaction	551	437
Other income	497	454
Other income	**1,048**	**891**
Total income	**189,591**	**163,665**
EXPENSES		
Co-worker and other administrative expenses	131,191	104,177
Depreciation, amortisation and value adjustments of tangible and intangible fixed assets	7,162	8,421
Operating expenses	**138,353**	**112,598**
Impairments lost portfolio	11,093	17,061
Value adjustments to participating interests	-181	-207
Total expenses	**149,265**	**129,452**
Operating result before taxation	40,326	34,213
Taxation on operating result	-10,201	-8,530
Net profit	**30,125**	**25,683**

Source: Triodos Bank Annual year report 2014

As it was already mentioned, these figures are lower than the figures from HSBC Group, but despite this fact we can see how Triodos' Bank net profit increases respect 2013, while the profit of HSBC group did the opposite.

Besides, all the lines items raised compared to the previous year and all the expenses went down, making the net profit increase in almost 4,450 thousand euro, and according to the *Key figures* showed at the beginning of the annual report, since 2010 have been an upward trend on the net profit results of the bank.

To continue with this figure comparison, below we can see the **consolidated balance sheet** of Triodos Bank:

Table 4: Triodos Banks Balance Sheet 2014 and 2013

	2014 Euros	2013 Euros
ASETS		
Cash	175,225	895,755
Government paper	208,782	48,000
Banks	575,743	551,541
Loans	4266,324	3544,716
Interest-bearing securities	1710,625	1224,180
Shares	4	4
Participating interests	8,720	7,630
Intangible fixed assets	13,364	11,810
Property and equipment	39,821	39,085
Other assets	13,215	17,212
Prepayments and accrued income	140,581	106,720
Total assets at 31 December	**7152,404**	**6446,653**
LIABILITIES		
Banks	54,627	62,105
Funds entrusted	6288,828	5650,103
Other liabilities	19,208	21,222
Accruals and deferred income	79,489	52,881
Provisions	1,377	1,01
Subordinated liabilities	5	5,3
Equity	703,625	654,032
Total equity and liabilities at 31 December	**7152,404**	**6446,653**
Contingent liabilities	62,260	43,656
Irrevocable facilities	593,771	627,785
	656,031	**671,441**

Source: Triodos Bank Annual year report 2014

Again, both assets and equity and liabilities increased in 2014 respect the previous year, and looking at the *Key figures* of the report that includes five years, this increasing trend started in 2010. Also if we look at the countries results per separate, we can notice how the total balance sheet number and, for example, the number of accounts also increased in all the countries where they are present.

Even if the figures are far away from HSBC Group's, Triodos' Bank results have been raising since it was founded, and they did well in the times of the financial crisis.

CHAPTER 5: CONCLUSIONS

Along this work we analysed the recent financial crisis of 2008 looking for the effects on the society thinking more than for the economic repercussion.
This lead us to analyse the concept of Corporate Social Responsibility and look into the sector of banking called Ethic Banking, which far away from being new, it was already invented and used due to changes in the society behaviour which made people think about another type of banking that does not look only for their own benefit, but for people's good, same fact that made it more popular the past last years.

This fact makes obvious that they have to be some differences between traditional banking and ethic banking, and after the main characteristics, criteria and value system of this type of banking were explained, we realised how they really take them into account to establish their policy, and for example, how transparency have been always important in this sector and is not a new trend since the scandals of the non-ethical or high risk inversions that take place during the crisis.
Along chapter three different banks belonging to this group of banks were analysed, and with this examples of different banks from different models of ethic banking and different countries we realised how even following the same principles and the same criteria, each bank can have different activities, business lines and characteristics. For instance, the case of JAK Membership Bank, which has a very peculiar system of operations and loans, but under the same main characteristics that all have in common, like looking for the good on the society with their activities or caring and supporting the environment conservation.

On chapter four those differences where analysed in financial terms, comparing one of the largest regular bank with one of the oldest and biggest ethic banking.
The figures, of course, are far away from each other and the benefits are much more higher for the traditional bank, but this bank, as the vast majority of traditional banks, has been having losses and less benefits since the financial crisis, and also loosing trust of the people and creating distrust to the current financial system.

On the other hand, this trend has been totally the opposite for ethic banks, if we take as an example Triodos Bank, which is the ethic bank that has been analysed in financial terms.

But from the information shared on the web pages of the others ethic banks mentioned above this document, all are expanding, opening more branches and non-willingness to expand to another countries since years ago, but recently encouraged by the growing trend of their business from the past few years.

With all the examples given it was proved that apart from being banks which can provide the same financial services, and in some case even more by letting people choose where to invest, which project support or to which organisation contribute, are a viable option of banking. But particularly with the analysed case of Triodos Bank we can say that apart from providing the services that every other bank will, they are having benefits, which are also increasing year by year despite the financial crisis and the suspicion of the people to banks, which could have affect them since they are seen as “new options” or “new types of banking”. And apart from having gains and benefits from themselves, they can also offer them for their customers, investors and for the communities and associations which they collaborate with.

Ethic banking is a real alternative to the current financial institutions, as a sector of banking that have been doing well in terms of business and social responsibility so far, and the banks that belongs to this group are sustainable and economically viable financial institutions.

APPENDIX

A.- HSBC Group Proftis/loos before tax, from the Annual report and accounts of 2014

Global businesses

Summary

HSBC reviews operating activity on a number of bases, including by geographical region and by global business.

The commentaries below present global businesses followed by geographical regions (page 78). Performance is discussed in this order because certain strategic themes, business initiatives and trends affect more than one geographical region. All commentaries are on an adjusted basis (page 40) unless stated otherwise, while tables are on a reported basis unless stated otherwise.

Basis of preparation

The results of global businesses are presented in accordance with the accounting policies used in the preparation of HSBC's consolidated financial statements. Our operations are closely integrated and, accordingly, the presentation of global business data includes internal allocations of certain items of income and expense. These allocations include the costs of certain support services and global functions, to the extent that these can be meaningfully attributed to operational business lines. While such allocations have been made on a systematic and consistent basis, they necessarily involve some subjectivity.

Where relevant, income and expense amounts presented include the results of inter-segment funding along with inter-company and inter-business line transactions. All such transactions are undertaken on arm's length terms.

The expense of the UK bank levy is included in the Europe geographical region as HSBC regards the levy as a cost of being headquartered in the UK. For the purposes of the presentation by global business, the cost of the levy is included in 'Other'.

Profit/(loss) before tax

	2014		2013		2012	
	US$m	**%**	US$m	%	US$m	%
Retail Banking and Wealth Management	**5,651**	**30.3**	6,649	29.5	9,575	46.4
Commercial Banking	**8,744**	**46.8**	8,441	37.4	8,535	41.3
Global Banking and Markets	**5,889**	**31.5**	9,441	41.8	8,520	41.3
Global Private Banking	**626**	**3.4**	193	0.9	1,009	4.9
Other[39]	**(2,230)**	**(12.0)**	(2,159)	(9.6)	(6,990)	(33.9)
Year ended 31 December	**18,680**	**100.0**	22,565	100.0	20,649	100.0

Total assets[40]

	2014		2013	
	US$m	**%**	US$m	%
Retail Banking and Wealth Management	**499,083**	**18.9**	517,085	19.4
Commercial Banking	**372,739**	**14.2**	360,623	13.5
Global Banking and Markets	**1,839,644**	**69.8**	1,975,509	74.0
Global Private Banking	**88,342**	**3.4**	97,655	3.7
Other	**164,537**	**6.2**	171,812	6.4
Intra-HSBC items	**(330,206)**	**(12.5)**	(451,366)	(17.0)
At 31 December	**2,634,139**	**100.0**	2,671,318	100.0

For footnotes, see page 109.

Risk-weighted assets

	2014		2013	
	US$bn	**%**	US$bn	%
Retail Banking and Wealth Management	**205.1**	**16.8**	233.5	21.4
Commercial Banking	**432.4**	**35.4**	391.7	35.8
Global Banking and Markets	**516.1**	**42.3**	422.3	38.6
Global Private Banking	**20.8**	**1.8**	21.7	2.0
Other	**45.4**	**3.7**	23.5	2.2
At 31 December	**1,219.8**	**100.0**	1,092.7	100.0

Principal Retail Banking and Wealth Management business

RBWM comprises the Principal RBWM business, the US run-off portfolio and the disposed-of US CRS business. We believe that looking at the Principal RBWM business allows management to more clearly discuss the cause of material changes from year-to-year in the ongoing

B.- HSBC Group Consolidated income statement, from the Annual report and accounts of 2014

Consolidated income statement

Five-year summary consolidated income statement

	2014 US$m	2013 US$m	2012 US$m	2011 US$m	2010 US$m
Net interest income	**34,705**	35,539	37,672	40,662	39,441
Net fee income	**15,957**	16,434	16,430	17,160	17,355
Net trading income	**6,760**	8,690	7,091	6,506	7,210
Net income/(expense) from financial instruments designated at fair value	**2,473**	768	(2,226)	3,439	1,220
Gains less losses from financial investments	**1,335**	2,012	1,189	907	968
Dividend income	**311**	322	221	149	112
Net insurance premium income	**11,921**	11,940	13,044	12,872	11,146
Gains on disposal of US branch network, US cards business and Ping An Insurance (Group) Company of China, Ltd	**–**	–	7,024	–	–
Other operating income	**1,131**	2,632	2,100	1,766	2,562
Total operating income	**74,593**	78,337	82,545	83,461	80,014
Net insurance claims and benefits paid and movement in liabilities to policyholders	**(13,345)**	(13,692)	(14,215)	(11,181)	(11,767)
Net operating income before loan impairment charges and other credit risk provisions	**61,248**	64,645	68,330	72,280	68,247
Loan impairment charges and other credit risk provisions	**(3,851)**	(5,849)	(8,311)	(12,127)	(14,039)
Net operating income	**57,397**	58,796	60,019	60,153	54,208
Total operating expenses	**(41,249)**	(38,556)	(42,927)	(41,545)	(37,688)
Operating profit	**16,148**	20,240	17,092	18,608	16,520
Share of profit in associates and joint ventures	**2,532**	2,325	3,557	3,264	2,517
Profit before tax	**18,680**	22,565	20,649	21,872	19,037
Tax expense	**(3,975)**	(4,765)	(5,315)	(3,928)	(4,846)
Profit for the year	**14,705**	17,800	15,334	17,944	14,191
Profit attributable to shareholders of the parent company	**13,688**	16,204	14,027	16,797	13,159
Profit attributable to non-controlling interests	**1,017**	1,596	1,307	1,147	1,032

Five-year financial information

	2014 US$	2013 US$	2012 US$	2011 US$	2010 US$
Basic earnings per share	**0.69**	0.84	0.74	0.92	0.73
Diluted earnings per share	**0.69**	0.84	0.74	0.91	0.72
Dividends per ordinary share[9]	**0.49**	0.48	0.41	0.39	0.34
	%	%	%	%	%
Dividend payout ratio[10]	**71.0**	57.1	55.4	42.4	46.6
Post-tax return on average total assets	**0.5**	0.7	0.6	0.6	0.6
Return on average ordinary shareholders' equity	**7.3**	9.2	8.4	10.9	9.5
Average foreign exchange translation rates to US$:					
US$1: £	**0.607**	0.639	0.631	0.624	0.648
US$1: €	**0.754**	0.753	0.778	0.719	0.755

For footnotes, see page 109.

Unless stated otherwise, all tables in the Annual Report and Accounts 2014 *are presented on a reported basis.*

For a summary of our financial performance in 2014, see page 28.

C.- HSBC Consolidated Balance Sheet, from the Annual report and accounts of 2014

Consolidated balance sheet

Five-year summary consolidated balance sheet

	2014 US$m	2013 US$m	2012 US$m	2011 US$m	2010 US$m
ASSETS					
Cash and balances at central banks	**129,957**	166,599	141,532	129,902	57,383
Trading assets[26]	**304,193**	303,192	408,811	330,451	385,052
Financial assets designated at fair value	**29,037**	38,430	33,582	30,856	37,011
Derivatives	**345,008**	282,265	357,450	346,379	260,757
Loans and advances to banks[27]	**112,149**	120,046	117,085	139,078	141,869
Loans and advances to customers[27,28]	**974,660**	992,089	962,972	899,010	897,847
Reverse repurchase agreements – non-trading[26,27]	**161,713**	179,690	70,112	83,328	126,921
Financial investments	**415,467**	425,925	421,101	400,044	400,755
Other assets	**161,955**	163,082	179,893	196,531	147,094
Total assets at 31 December	**2,634,139**	2,671,318	2,692,538	2,555,579	2,454,689
LIABILITIES AND EQUITY					
Liabilities					
Deposits by banks[27]	**77,426**	86,507	95,480	95,205	87,221
Customer accounts[27]	**1,350,642**	1,361,297	1,311,396	1,223,140	1,190,763
Repurchase agreements – non-trading[26,27]	**107,432**	164,220	40,567	48,402	60,325
Trading liabilities[26]	**190,572**	207,025	304,563	265,192	300,703
Financial liabilities designated at fair value	**76,153**	89,084	87,720	85,724	88,133
Derivatives	**340,669**	274,284	358,886	345,380	258,665
Debt securities in issue	**95,947**	104,080	119,461	131,013	145,401
Liabilities under insurance contracts	**73,861**	74,181	68,195	61,259	58,609
Other liabilities	**121,459**	120,181	123,141	134,171	109,954
Total liabilities at 31 December	**2,434,161**	2,480,859	2,509,409	2,389,486	2,299,774
Equity					
Total shareholders' equity	**190,447**	181,871	175,242	158,725	147,667
Non-controlling interests	**9,531**	8,588	7,887	7,368	7,248
Total equity at 31 December	**199,978**	190,459	183,129	166,093	154,915
Total liabilities and equity at 31 December	**2,634,139**	2,671,318	2,692,538	2,555,579	2,454,689

Five-year selected financial information

	2014 US$m	2013 US$m	2012 US$m	2011 US$m	2010 US$m
Called up share capital	**9,609**	9,415	9,238	8,934	8,843
Capital resources[29,30]	**190,730**	194,009	180,806	170,334	167,555
Undated subordinated loan capital	**2,773**	2,777	2,778	2,779	2,781
Preferred securities and dated subordinated loan capital[31]	**47,208**	48,114	48,260	49,438	54,421
Risk-weighted assets[29]	**1,219,765**	1,092,653	1,123,943	1,209,514	1,103,113
Financial statistics					
Loans and advances to customers as a percentage of customer accounts[27]	**72.2**	72.9	73.4	73.5	75.4
Average total shareholders' equity to average total assets	**7.01**	6.55	6.16	5.64	5.53
Net asset value per ordinary share at year-end[32] (US$)	**9.28**	9.27	9.09	8.48	7.94
Number of US$0.50 ordinary shares in issue (millions)	**19,218**	18,830	18,476	17,868	17,686
Closing foreign exchange translation rates to US$:					
US$1: £	**0.642**	0.605	0.619	0.646	0.644
US$1: €	**0.823**	0.726	0.758	0.773	0.748

For footnotes, see page 109.

A more detailed consolidated balance sheet is contained in the Financial Statements on page 337.

D.- HSBC Customer accounts by country, from the Annual report and accounts of 2014

Customer accounts by country

	2014 US$m	2013 US$m
Europe	**545,959**	581,933
UK	**439,313**	462,796
France[35]	**40,750**	45,149
Germany	**15,757**	16,615
Switzerland	**11,058**	16,796
Turkey	**7,856**	7,795
Other	**31,225**	32,782
Asia[8]	**577,491**	548,483
Hong Kong	**389,094**	365,905
Australia	**19,312**	19,812
India	**11,678**	11,549
Indonesia	**5,788**	5,865
Mainland China	**46,588**	40,579
Malaysia	**16,292**	17,093
Singapore	**43,731**	43,988
Taiwan	**14,901**	12,758
Other	**30,107**	30,934
Middle East and North Africa (excluding Saudi Arabia)	**39,720**	38,683
Egypt	**7,663**	7,401
UAE	**19,771**	18,433
Other	**12,286**	12,849
North America	**138,884**	140,809
US	**84,894**	80,037
Canada	**43,871**	47,872
Other	**10,119**	12,900
Latin America	**48,588**	51,389
Argentina	**4,384**	4,468
Brazil	**23,204**	23,999
Mexico	**18,360**	21,529
Other	**2,640**	1,393
At 31 December	**1,350,642**	1,361,297

E.- **Triodos Bank Key figures for 5 years,** from the Annual year report of 2014

Key figures

Amounts in millions of EUR	2014	2013	2012	2011	2010
Financial					
Equity	704	654	565	451	362
Number of depository receipt holders	32,591	31,304	26,876	21,638	16,991
Funds entrusted	6,289	5,650	4,594	3,731	3,039
Number of accounts	628,321	556,146	454,927	363,086	278,289
Loans	4,266	3,545	3,285	2,838	2,128
Number	36,320	29,620	24,082	21,900	17,283
Balance sheet total	7,152	6,447	5,291	4,291	3,495
Funds under management*	3,480	3,199	2,754	2,495	2,122
Total assets under management	10,632	9,646	8,045	6,786	5,617
Total income	189.6	163.7	151.6	128.7	102.7
Operating expenses	-138.4	-112.6	-100.1	-89.9	-78.0
Impairments loan portfolio	-11.1	-17.1	-20.9	-15.8	-9.8
Value adjustments to participating interests	0.2	0.2	0.2	-0.1	-0.1
Operating result before taxation	40.3	34.2	30.8	22.9	14.8
Taxation on operating result	-10.2	-8.5	-8.2	-5.6	-3.3
Net profit	30.1	25.7	22.6	17.3	11.5
(Common) equity tier 1 ratio**	19.0%	17.8%	15.9%	14.0%	13.8%
Total Capital ratio **	19.0%	17.8%	16.0%	14.4%	14.7%
Leverage ratio ***	8.8%	8.7%	9.0%	8.4%	7.9%
Operating expenses/total income	73%	69%	66%	70%	76%
Return on equity in %	4.4%	4.3%	4.5%	4.3%	3.4%
Return on assets in %	0.4%	0.4%	0.4%	0.4%	0.3%
Per share (in EUR)					
Net asset value at year end	78	77	75	74	73
Net profit****	3.41	3.23	3.37	3.18	2.45
Dividend	1.95	1.95	1.95	1.95	1.95

F.- Triodos Bank Consolidated profit and loss account for 2014, from the Annual year report of 2014

in thousands of EUR	Reference*	2014	2013
Income			
Interest income	21	173,654	164,617
Interest expense	22	-47,404	-52,661
Interest		126,250	111,956
Income from other	23	109	120
Investment income		109	120
Commission income	24	65,025	52,993
Commission expense	25	-2,841	-2,295
Commission		62,184	50,698
Result on financial transactions	26	551	437
Other income	27	497	454
Other income		1,048	891
Total income		189,591	163,665
Expenses			
Co-worker and other administrative expenses	28	131,191	104,177
Depreciation, amortisation and value adjustments of tangible and intangible fixed assets	29	7,162	8,421
Operating expenses		138,353	112,598
Impairments loan portfolio	30	11,093	17,061
Value adjustments to participating interests		-181	-207
Total expenses		149,265	129,452
Operating result before taxation		40,326	34,213
Taxation on operating result	31	-10,201	-8,530
Net profit		30,125	25,683
Amounts in EUR			
Net profit per share		3.41	3.23
Dividend per share		1.95	1.95

G.- Triodos Bank Consolidated balance sheet as at 31 December 2014, from the Annual year report of 2014

Before appropriation of profit in thousands of EUR	Reference*	31.12.2014	31.12.2013
Assets			
Cash	1	175,225	895,755
Government paper	2	208,782	48,000
Banks	3	575,743	551,541
Loans	4	4,266,324	3,544,716
Interest-bearing securities	5	1,710,625	1,224,180
Shares	6	4	4
Participating interests	7	8,720	7,630
Intangible fixed assets	8	13,364	11,810
Property and equipment	9	39,821	39,085
Other assets	10	13,215	17,212
Prepayments and accrued income	11	140,581	106,720
Total assets		7,152,404	6,446,653
Liabilities			
Banks	12	54,627	62,105
Funds entrusted	13	6,288,828	5,650,103
Other liabilities	14	19,208	21,222
Accruals and deferred income	15	79,489	52,881
Provisions	16	1,377	1,010
Subordinated liabilities	17	5,250	5,300
Equity	18	703,625	654,032
Total equity and liabilities		7,152,404	6,446,653
Contingent liabilities	19	62,260	43,656
Irrevocable facilities	20	593,771	627,785
		656,031	671,441

H.- Triodos Bank Segment report – Key figures 2014 by branch and business units,
from the Annual year report of 2014

in thousands of EUR	Bank The Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain
Funds entrusted [1]	2,384,177	1,361,327	975,152	1,420,244
Number of accounts [2]	308,653	62,705	47,014	199,676
Loans [3]	1,582,656	998,375	721,901	782,067
Number [4]	26,383	2,469	1,243	4,765
Balance sheet total [5]	2,770,420	1,546,153	1,208,688	1,593,189
Funds under management [6]				
Total assets under management [7]	2,770,420	1,546,153	1,208,688	1,593,189
Total income [8]	56,128	34,529	23,179	33,782
Operating expenses [9]	-35,841	-24,495	-16,855	-27,891
Impairments loan portfolio [10]	-6,527	-597	948	-2,693
Value adjustments to participations				
Operating result [11]	13,760	9,437	7,272	3,198
Taxation on operating result [12]	-4,144	-1,961	-1,998	-872
Net profit [13]	9,616	7,476	5,274	2,326
Average number of co-workers on a full-time basis [14]	138.9	104.1	107.3	228.0
Operating expenses/total income [15]	64%	71%	73%	83%

	Bank Germany	Total banking activities	Investment Management	Investment Advisory Services	Private Banking	Other	Elimination intercompany transactions	Total
1	154,401	6,295,301					-6,473	6,288,828
2	10,273	628,321						628,321
3	181,598	4,266,597					-273	4,266,324
4	1,460	36,320						36,320
5	238,628	7,357,078				1,098,517	-1,303,191	7,152,404
6			2,653,743		812,767	12,914		3,479,424
7	238,628	7,357,078	2,653,743		812,767	1,111,431	-1,303,191	10,631,828
8	5,988	153,606	30,501	570	4,455	2,742	-2,283	189,591
9	-8,333	-113,415	-19,929	-529	-3,584	-3,324	2,428	-138,353
10	-2,224	-11,093						-11,093
						181		181
11	-4,569	29,098	10,572	41	871	-401	145	40,326
12	1,320	-7,655	-2,643	-10	-212	357	-38	-10,201
13	-3,249	21,443	7,929	31	659	-44	107	30,125
14	38.3	616.6	98.7	1.8	15.4	155.3		887.8
15	139%	74%	65%	93%	80%			73%

I.- Triodos Bank Segment report – Key figures 2013 by branch and business units,

from the Annual year report of 2014

in thousands of EUR	Bank The Netherlands	Bank Belgium	Bank United Kingdom	Bank Spain
Funds entrusted [1]	2,243,447	1,274,158	789,257	1,214,035
Number of accounts [2]	274,380	60,085	43,158	170,068
Loans [3]	1,177,879	832,185	617,770	740,864
Number [4]	22,467	2,179	1,176	2,772
Balance sheet total [5]	2,760,337	1,440,200	991,595	1,383,356
Funds under management [6]				
Total assets under management [7]	2,760,337	1,440,200	991,595	1,383,356
Total income [8]	48,874	30,726	18,082	31,114
Operating expenses [9]	-28,729	-18,282	-12,847	-23,086
Impairments loan portfolio [10]	-8,264	589	-2,323	-2,687
Value adjustments to participations				
Operating result [11]	11,881	13,033	2,912	5,341
Taxation on operating result [12]	-2,787	-3,395	-906	-1,697
Net profit [13]	9,094	9,638	2,006	3,644
Average number of co-workers on a full-time basis [14]	131.3	93.9	99.2	195.5
Operating expenses/total income [15]	59%	60%	71%	74%

	Bank Germany	Total banking activities	Investment Management	Private Banking	Other	Elimination intercompany transactions	Total
1	139,277	5,660,174				-10,071	5,650,103
2	8,455	556,146					556,146
3	176,240	3,544,938				-222	3,544,716
4	1,026	29,620					29,620
5	236,629	6,812,117			1,134,394	-1,499,858	6,446,653
6			2,504,415	685,354	9,643		3,199,412
7	236,629	6,812,117	2,504,415	685,354	1,144,037	-1,499,858	9,646,065
8	5,795	134,591	24,716	3,633	1,698	-973	163,665
8	-7,492	-90,436	-18,493	-2,700	-2,051	1,082	-112,598
10	-4,376	-17,061					-17,061
					207		207
11	-6,073	27,094	6,223	933	-146	109	34,213
12	1,791	-6,994	-1,556	-227	274	-27	-8,530
13	-4,282	20,100	4,667	706	128	82	25,683
14	35.1	555.0	89.1	14.2	131.5		789.8
15	129%	67%	75%	74%			69%

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