



# **Accessible services, alternative financial mechanisms and new types of partnerships - The Belgian market**

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Réseau Financement Alternatif (RFA) is a citizens' movement promoting financial responsibility and solidarity born in 1987 in French-speaking Belgium.

Today, RFA manages public awareness campaigns urging for a more responsible use of money. RFA develops tools to encourage its members to invest responsibly and advocates to incite governments to take action to promote ethical and social finance.

RFA carries out studies on ethical and solidarity-based finance. Its main research areas are socially responsible investment and financial inclusion, with a focus on how to increase access to basic banking services and promote socially responsible credit. Moreover, RFA's research is committed to support and increase responsibility and solidarity in the financial sector.



# How have alternative financing issues appeared in Belgium ?

In the 80's, the traditional public and cooperative bank sector disappeared in Belgium leaving some clients such as social economy enterprises without adapted credit providers.

At the same time, the “bank-apartheid” action challenges the major Belgian banks, which, directly or indirectly, invest in South Africa and thus reinforce the apartheid regime. This action triggers a new line of thinking on the ethical use of savings. How are the savings deposited in a bank used?



# What were the first challenges, difficulties and the successes ?

The first difficulty was the legal framework, in particular the fact that banks have a monopoly on gathering savings.

The second was for alternative providers to become known in the financial world as society turned to profit-making and away from social concerns.

These difficulties were partially overcome.



# ***Socially Responsible Investment (SRI) Belgian market***

What is Socially Responsible Investment (SRI)?

Socially Responsible Investment (SRI) is a concept that continues to evolve as both veterans and recent financial service providers develop novel methods and approaches in the valuation and incorporation of Environmental, Social and Governance (ESG) issues into fund management.

The terms 'social,' 'ethical,' 'responsible,' 'socially responsible,' 'sustainable' and others are often used in a multitude of overlapping and complementing ways to approach the SRI field. It is this richness of different views that challenges the investor to perfectly define and categorise SRI - it is not easily 'boxed in.'



# ***Socially Responsible Investment (SRI) Belgian market***

Socially Responsible Investment (SRI) is composed of the following strategies (with possible combinations):

1. Norms- and values/ethical-based exclusions
2. Positive screening, including Best-in-Class and SRI thematic funds



# ***Socially Responsible Investment (SRI) Belgian market***

## 1. Norms- and values/ethical-based exclusions

- Values-based exclusions

This refers to exclusions where more than two negative criteria/filters are applied (as opposed to just tobacco or weapons for example).

- Norms-based exclusions

Negative screening of companies according to their compliance with international standards and norms such as issued by OECD, ILO, UN, UNICEF, etc.



# ***Socially Responsible Investment (SRI) Belgian market***

## 2. Positive screening, including Best-in-Class and SRI thematic funds

- Best-in-Class

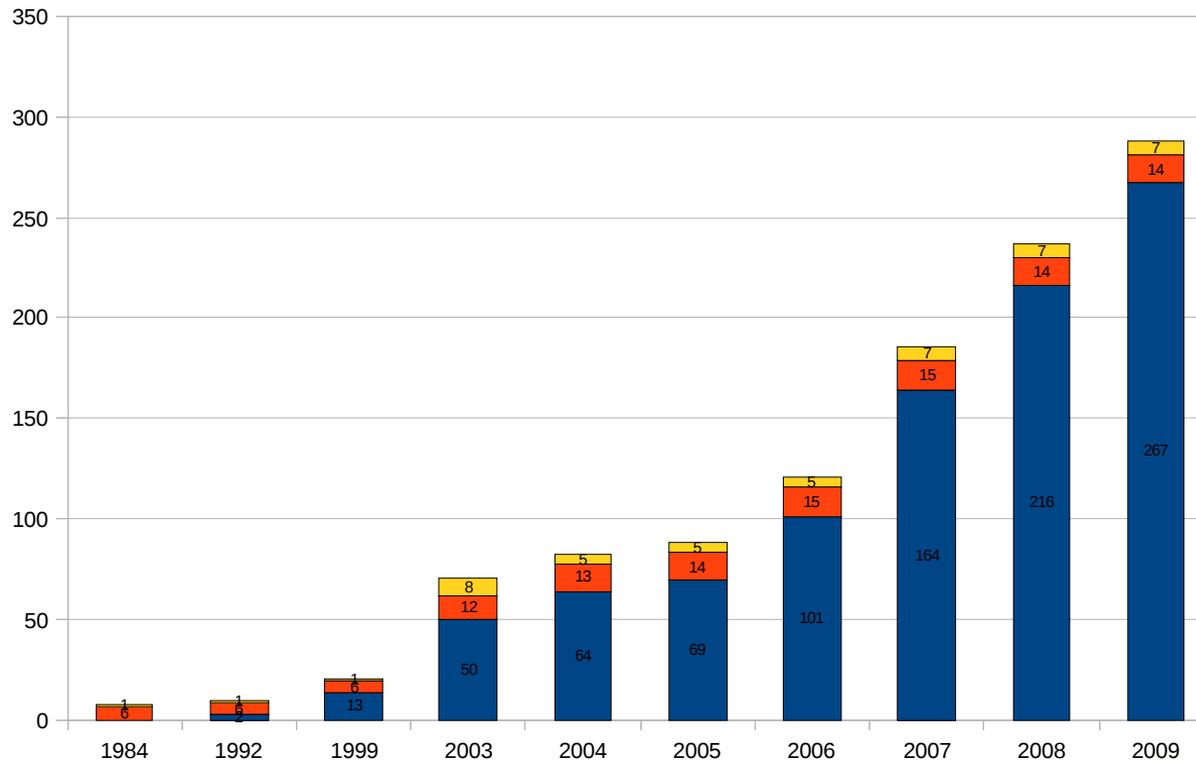
Approach where the leading companies with regard to ESG criteria from each individual sector or industry group are identified and included in the portfolio.

- SRI theme funds

Thematic funds may focus on sectors such as water or energy, or issues such as the transition to sustainable development and a low carbon economy. To be considered SRI, a theme fund must show an explicit SRI motivation, taking into account ESG considerations in the fund construction process. This requires the existence of specific mechanisms, such as the involvement of SRI expertise in stock analysis selection, the application of an ESG screen, or the management of the product by the SRI team.

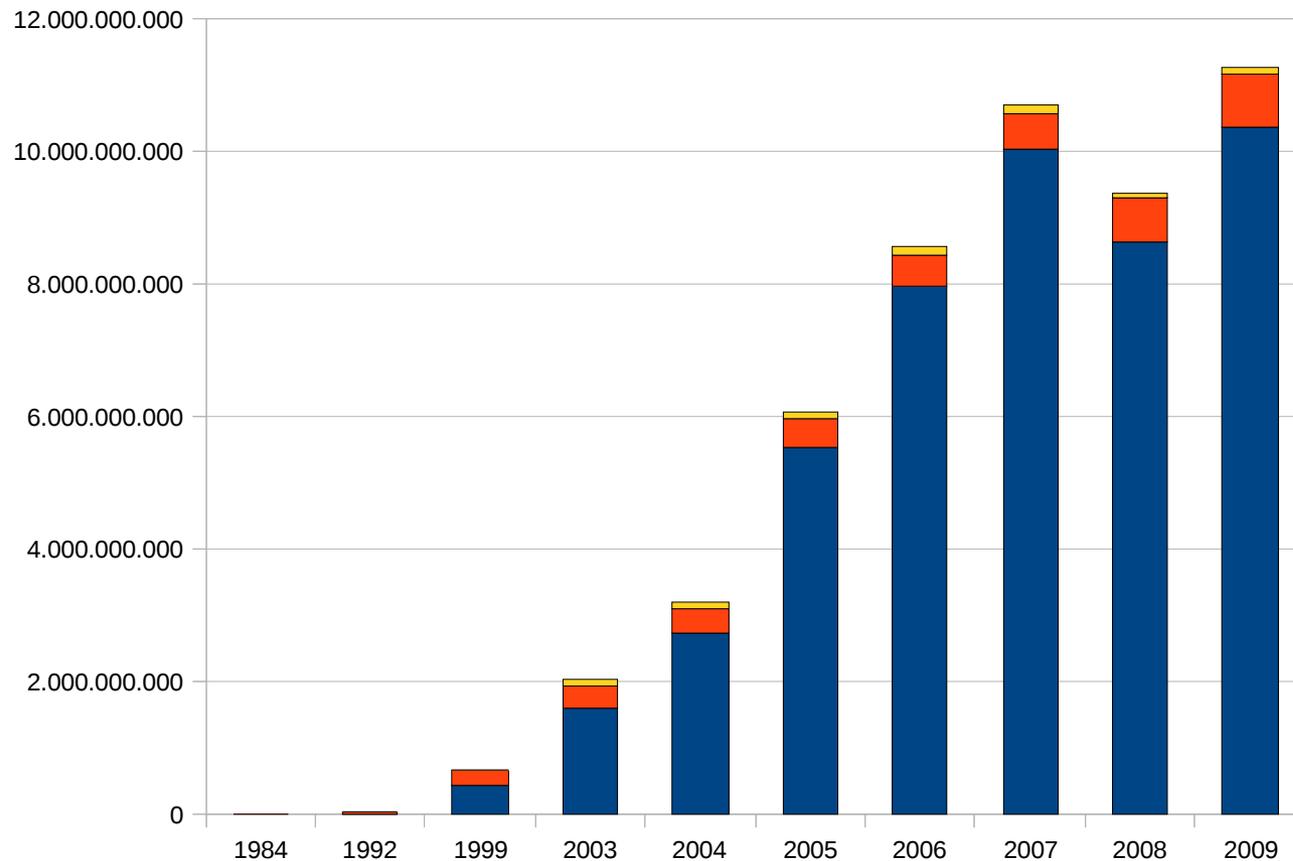
# Socially Responsible Investment (SRI) Belgian market

The total number of SRI financial products on the Belgian market, retail and institutional sectors combined, amounted to 288 on 31/12/2009, against 237 on 31/12/2008, which is an annual increase of 22%.



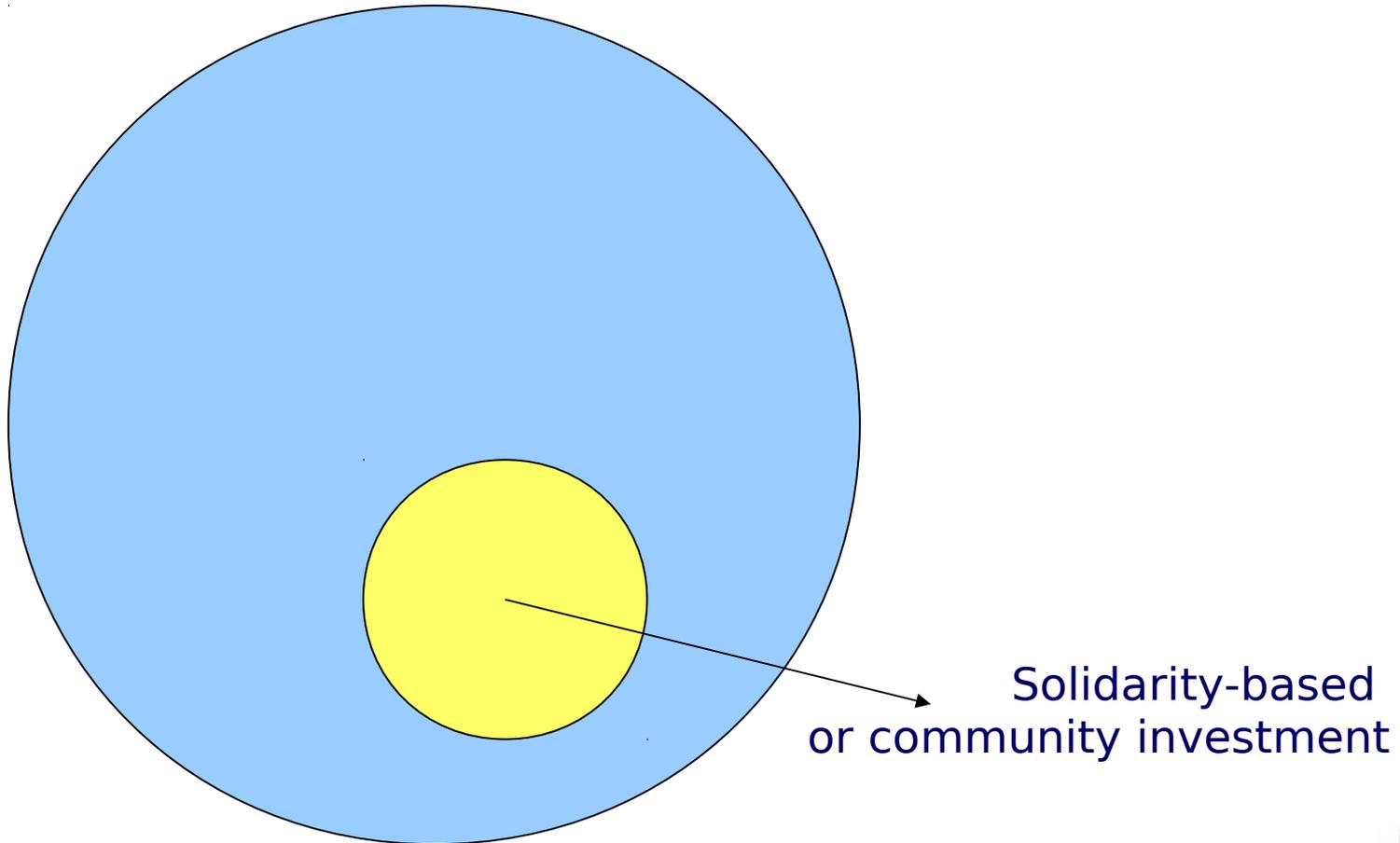
# Socially Responsible Investment (SRI)

## Overall development of the SRI (EUR)



# ***Socially Responsible Investment (SRI) Belgian market***

## ***Socially Responsible Investment (SRI)***



# Solidarity-based investment *Belgian market*

Solidarity based investment aims to achieve one of the three following purposes:

- To respond to actual funding requirements for people or groups to emerge from precariousness;
- To support the emergence of new activities experiencing problems getting funds from mainstream banks: environment, education, social action, etc., particularly locally;
- To prove that economy can be used in a more humane way and to serve people more.



# Solidarity-based investment *Belgian market*

In one of the following sectors:

## 1/ Social action

- developing access to housing;
- social cohesion;
- supporting the most vulnerable people (children, disabled people, the elderly, ...);
- promoting health;
- promoting sports;
- encouraging business creation by entrepreneurs that have no access to the traditional banking system;
- supporting the creation and development of businesses or organizations, in particular those excluded from the banking system



# Solidarity-based investment

## *Belgian market*

Réseau Financement  
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Ensemble, changeons la finance

### 2/ Local development of economically disadvantaged areas

- directly promoting regeneration projects for economically disadvantaged areas;
- encouraging the creation of economic activities and businesses promoting the development of economically disadvantaged areas.

### 3/ Human rights

- fighting against racism and xenophobia;
- fighting against war;
- promoting human rights.

### 4/ Culture

- working to preserve artistic and cultural heritage;
- directly encouraging cultural promotion projects;
- encouraging artistic creation.



# Solidarity-based investment *Belgian market*

## 5/ Education

- encouraging the creation of day-care nurseries;
- encouraging the creation of private and independent schools;
- promoting vocational education;
- encouraging educational actions allowing each individual to fulfil his/her potential.

## 6/ Environment

- supporting activities implementing projects concerned with future generations (including: organic farms, distribution of organic products and natural food, environmentally-friendly construction and production of environmentally-friendly materials, development of solutions for renewable energy).



# Solidarity-based investment *Belgian market*

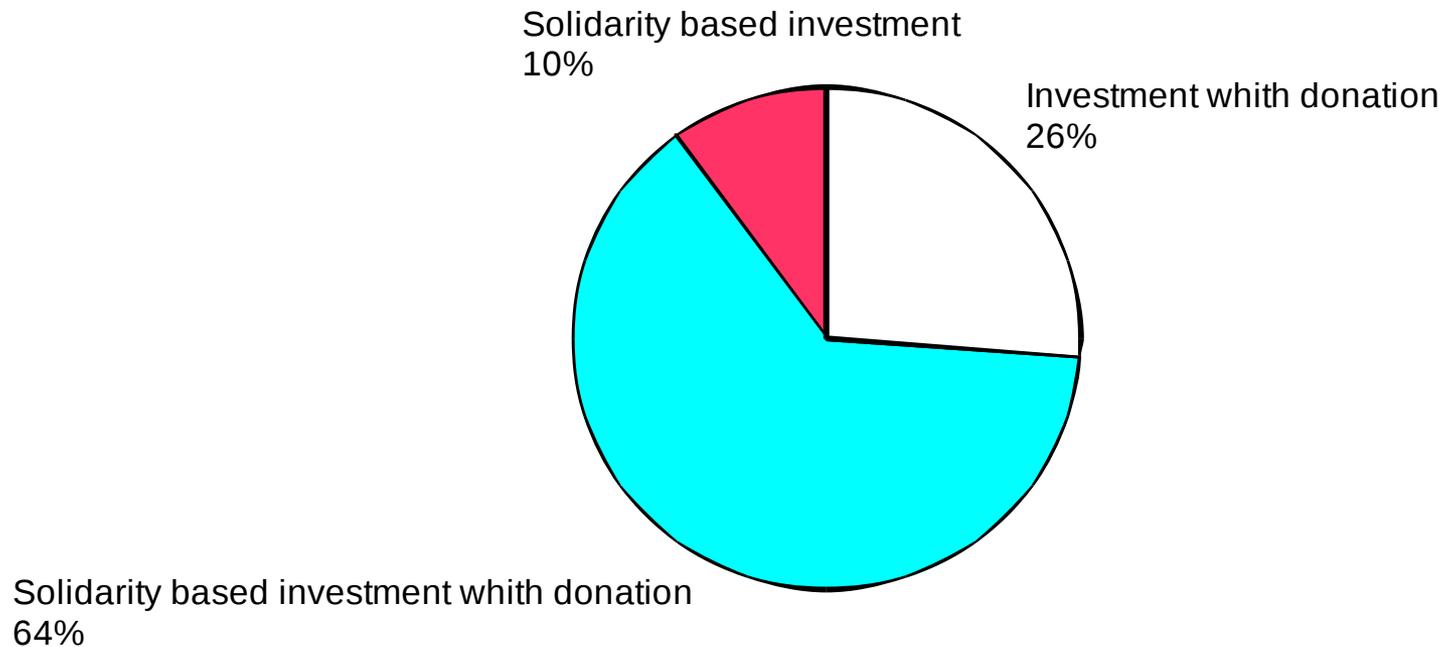
## 7/ North-South cooperation

- directly conducting solidarity actions in various priority areas (food, fair trade, education, micro-credit, health, emergency) in the field;
- facilitating the funding of these actions through local intermediaries experiencing funding difficulties;
- supporting fair trade.



# Solidarity-based investment *Belgian market*

Solidarity-based investment marked a symbolic turning point in 2009 as they exceed one billion euros! Amounting to 1.03 billion euros, it represents 9.18% of total SRI assets in Belgium on 31/12/2009.



## Best practices

1. Founded in 1985, Crédal is a social credit cooperative operating in French-speaking Belgium. It finances projects fighting social exclusion. Crédal mainly offers credits, as well as venture capital, to entities pursuing social purposes. Crédal offers also micro-credits (€ 12,500 as a maximum) to people who intend to create or develop their own jobs and cannot obtain conventional bank credits.
2. Opened in 1993, the Belgian Triodos Bank branch aims to:
  - help create a society that protects and promotes the quality of life of all its members
  - enable individuals, organisations and businesses to use their money in ways that benefit people and the environment, and promote sustainable development
  - provide its customers with innovative financial products and high quality service.



# Advocacy work

1. Improve the legal framework for social or alternative financiers and ethical banks (facilities to gather savings, better access to bank status, specific rules for capital adequacy,...)
2. Public incentives for social or alternative financiers and ethical banks (fiscal incentives, ...)



**Thank you for your attention**

Any questions ?

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