

SOCIAL BANKING AND IMPACT INVESTING, AND MICROFINANCE



THE GOAL OF SOCIAL BANKING AND IMPACT INVESTING

- Creating a positive impact on society, the environment and sustainable development by means of banking and finance:
 - » i.e. savings accounts, loans, investments, bonds, and other banking products and services



SOCIAL FINANCE

- An approach to managing money that delivers social and/or environmental benefits, and in most cases, a financial return.
- Social finance encourages positive social or environmental solutions at a scale that neither purely philanthropic supports nor traditional investment can reach.

SocialFinance.ca. (2010). What is social finance? Retrieved December, 13, 2010, from <http://socialfinance.ca/what-is-social-finance>



SOCIAL BANKING

- Social Banking aims to have a positive impact on people, the environment and culture. This impact, of course, will be created by means of banking, i.e. savings accounts, loans, investments and other banking products and services. Thus social banking differentiates itself from conventional banking by striving for a social impact of its activities.

Weber, O., & Remer, S. (2011). Social Banking - Introduction. In O. Weber & S. Remer (Eds.), *Social Banks and the Future of Sustainable Finance*. London, UK: Routledge.



SOCIAL BANKING

- Achieving positive social, environmental, and sustainability impact through financial products and services
- Business and operations are based on the achievement of these impacts
 - » Sustainability case of banking
- Within the legal structure of a bank
- Examples
 - » www.vancity.com
 - » <https://kindredcu.com/>



GLOBAL ALLIANCE FOR BANKING ON VALUES

- “The Global Alliance for Banking on Values (GABV) is a network of banking leaders from around the world committed to advancing positive change in the banking sector. Our collective goal is to change the banking system so that it is more transparent, supports economic, social and environmental sustainability, and is composed of a diverse range of banking institutions serving the real economy.”

www.gabv.org



MEMBERS



Flexible, Environmentally Conscious Daycare

Bank Vancity

To thousands of Vancouver parents and caregivers with irregular work- and home-life schedules, a fully licensed, ethically run daycare centre available for last-minute bookings has long been nothing but a dream.

Enter [Budding Children's Garden and Daycare](#), brainchild of co-owners Talia and Lawrence Erickson. Financed through Vancity's microloan program and two programs offered through Tale'awtxw Aboriginal Capital Corporation (TACC) – the First Citizens Fund and the Aboriginal Business Development Program, Buddings offers flexible, occasional childcare that caregivers can schedule as they need it, either online or through a smartphone application.

'We offer childcare that is really flexible,' says Talia. 'People can use it for one hour at a time or they can book with an hour's notice if something pops up. Parents often have spontaneous childcare needs and we offer scheduling that suits their needs.'

The pent-up demand for such a service was immediately obvious as soon as Buddings opened its doors. Since earning its licence from Vancouver Coastal Health in November 2011, Buddings has seen a phenomenal response from the public, says Talia, especially from self-employed, home-based business people and stay-at-home caregivers.



DEFINITION OF IMPACT INVESTING

- “Investments that generate social and environmental value as well as financial returns” (The Monitor Institute, 2009, p. 3)
- “The use of for-profit investments to address social and environmental problems” (Jones 2010, p. 418)

Monitor Institute. (2009). *Investing for Social and Environmental Impact* (pp. 86). Cambridge, MA: Monitor Institute.

Jones, J. F. (2010). Social finance: commerce and community in developing countries. *International Journal of Social Economics*, 37(6), 415-428. doi: 10.1108/03068291011042300



IMPACT INVESTING

- Global Impact Investing Network Founded in 2009
- A not-for-profit organization dedicated to increasing the effectiveness of impact investing.
- Impact investment aims to solve social or environmental challenges while generating financial profit.
- More than \$502 billion invested globally
- Set of impact investment performance indicators at <https://iris.thegiin.org/>



IMPACT INVESTING IN CANADA

- Impact assets under management (AUM) in Canada total \$14.75 billion, up from \$8.15 billion reported two years prior
- 81% growth over a two-year period
- Impact investments in Canada have expanded significantly into public markets, particularly into public equities that now represent 41% of impact AUM reported
- While impact investors target various rates of return for their investments, investors overwhelmingly reported that performance has met or exceeded their expectations.

www.riacanada.ca



SARONA

- Asset Manager
- www.saronafund.com



Creating Jobs

187k full-time positions at 229 eligible companies
17k jobs created during the year



Empowering Women

1/3 of full-time positions are held by women
28% of managers are women
16% of company board members are women



Improving Job Quality

\$7mm average wages paid per company
(or \$8.7k per employee)
6% increase in training, with an average of 593 employees
trained per company
Over **94%** of employees receive health insurance or
maternity/paternity leave



Improving Governance

98% of companies comply with social and environmental
regulations
98% of companies produced annual audited financial
statements, providing greater transparency to shareholders
\$573mm in corporate taxes paid, sustaining local
government services



Reducing Environmental Footprint

5GW of clean energy generation capacity
65% of companies have policy statement documenting
their commitment to the environment
47% of companies have a pollution prevention and waste
management in place



Contributing to Sustainable Communities

211mm clients benefitted from portfolio companies'
activities, up from 136mm in 2017
65k suppliers providing goods and services to portfolio
companies, including 33k smallholder farmers



CONCLUSION

- Impact investment and social finance addresses social and environmental issues through lending and investing
- Significant growth
- Uptake by conventional financial institutions
- Financially successful

