

Development and Status of Social and Ethical Banks in Switzerland

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Abstract: *Social and ethical banking has become a more and more important issue due to the fact that in recent years many banks got a severe lack of such qualities and scandals about fraud, manipulation, tax evasion etc. were regular topics of the newspapers. Moreover for already many years responsibility of the banks for environmental protection and social rebalancing measures was requested by civil society organizations and concerned citizens. One reason of the current crisis was, that the old style cooperative or public banking, mostly local and bound to the real economy, lost many of its initial virtues and followed private and commercial banking in risky international investments. As an answer this led to the establishment of new social and ethical banks in Europe at the End of the last century and later on. In 2001 the European Federation of Ethical and Alternative Banks and Financiers (FEBEA) was founded and 2009 the Global Alliance for Banking on Values (GABV) started its work.*

In Switzerland the new development startet around 1980 with the formation of the Freie Gemeinschaftsbank Genossenschaft FGB. Around 1990 the Alternative Bank Schweiz ABS was established and also other banks began to reflect on social and ethical values. The article presents an overview on the development and the status of these two banks and on the two formerly founded examples of Raiffeisen Bank Cooperatives and the WIR Bank which runs a unique complementary currency scheme for more than 80 years. A comparison of the different approaches of banking between these examles and the major differences to mainstream banking is shown. Further their success and relative importance in Swiss banking system are discussed. A final chapter about future prospects of social and ethical banking proposes six theses how this sector could advance and strengthen the success of its promised impact.

Key words: *Banks, Cooperatives, Values, Ethics*

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1. Introduction

Social and ethical banking has become a more and more important issue due to the fact that in recent years many banks got a severe lack of such qualities and scandals about fraud, manipulation, tax evasion etc. were regular topics of the newspapers. Moreover for already many years responsibility of the banks for environmental protection and social rebalancing measures was requested by civil society organizations and concerned citizens. One reason of the current crisis was, that the old style cooperative or public banking, mostly local and bound to the real economy, lost many of its initial virtues and followed private and commercial banking in risky international investments. As an answer this led to the establishment of new social and ethical banks in Europe at the End of the last century and later on.

In Switzerland the new development startet around 1980 with the formation of the Freie Gemeinschaftsbank Genossenschaft (Free Community Bank Cooperative). Around 1990 the Alternative Bank Switzerland ABS was established and also other banks began to reflect on social and ethical values. The article presents an overview on the development and the status of these two banks and on the two formerly founded examples of Raiffeisen Bank Cooperatives and the WIR Bank.

In the discussions about social and ethical banking many more terms were used to describe an approach for a banking which is aimed to real values and real needs and is re-embedded in society as a serving institutional infrastructure:

- alternative,
- civic,
- development,
- environmental,
- ethical,
- social,
- solidarity,
- sustainable,

banking and finance or sometimes also called banking on values. In this article we use as a common denominator for all of it “social and ethical”. The article is also based on a lecture held at the University of Vienna in 2011 in a symposium called: Ethische Bankgeschäfte – ein neuer Geschäftsbereich bei Kreditgenossenschaften (ethical banking-business – a new business area for credit cooperatives). An article was later published¹ and was strongly revised and adapted to the situation 2016 for the MRC conference in Sofia.

2. Social and Ethical Banking

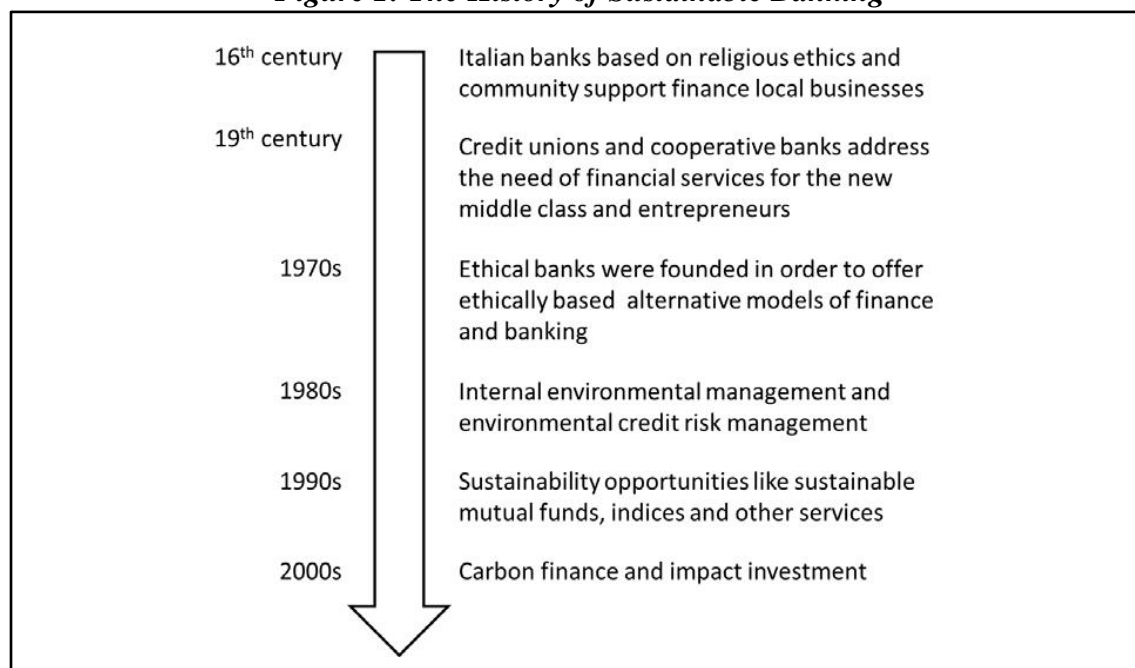
2.1 Historical Background

The idea of social and ethical banking is as old as banking itself. The idea of the very first bank of Europe, the *Monte di Pietà* (mountain of mercy) in Siena (Italy), founded by the initiative of Franciscan monks 1472, was to protect the poor and needy from the usury of the private money lenders and provide fair (minimal) loans against pledge of valuables: “By origin it is a fully secular institution, authorized from the beginning to charge an interest rate of 7.5%, thus not aspiring to any kind of speculation, but also avoiding having to make the interest-free loans recommended by the Franciscan Friars Minor, who supported the Monte dei Pietà. “Monte” (“heap”) in this case indicates a collection of money, offered or deposited and then distributed for purposes of welfare or charity.” This first institution was transferred to the nobles of Siena

¹ Edited by the „Fachbereich für Genossenschaftswesen des Institutes für Betriebswirtschaftslehre der Universität Wien und vom Forschungsverein für Genossenschaftswesen“. See Martignoni (2012).

later and became 1624 the *Monte Dei Paschi Di Siena* as it is still known today². Its altruistic core vanished through the times and 1999 the bank went to stock exchange and followed by a series of fraud and scandals and had to be saved by the Italian government during the financial crises after 2008 and again 2016 with €20bn rescue fund³. Looking to this and many other scandals and busts in banking history, it could be postulated as a rule in financial matters and especially in banking, that successful existing institutions tend to become greedy, unfair, unalterable and “too big to fail” and therefore fresh new institutions have to be founded which keep up the virtues of truth, fairness and solidarity again. If this rule is reasonable or not would need a separate investigation but in practical terms the repeating initiatives for a fair and usury or speculation-free banking through the ages do support the idea. Olaf Weber (2012) provides a good overview about the history of ethical, socially responsible and sustainable banking.

Figure 1: The History of Sustainable Banking



Source: Weber, O., 2012, p. 3

The long strive for a more just banking, serving the needs of the whole society instead of the sole profit of a few, changes over the centuries along the new problems popping up in history. A main trigger for the upcoming of “another banking” was the environmental crisis starting in the 1970ies combined with development topics of the “third world” and the needs for investing money in trusted and meaningful “good cases”. For the question “why and how did social and ethical Banks emerge?” the brief answer for our time could be:

- As a general reply to un-social and un-ethical situations in the area of money and finance.
- As a specific instrument to provide more fairness and care for a better world.

The first “alternative” bank in this sense was the German GLS Bank founded 1974. The initiative to establish such a bank had a strong background in the anthroposophical social sciences where the role of money and its link to society was a research topic since Rudolf Steiner⁴ gave his lectures on world-economy 1922⁵. A somehow parallel movement in the Netherlands led

² See the homepage of the bank: <http://english.mps.it/aboutus/the-bank/Pages/default.aspx> (accessed 06.10.16)

³ The Guardian: Italy to bail out Monte dei Paschi di Siena bank with €20bn rescue fund, <https://www.theguardian.com/business/2016/dec/21/italys-20bn-bailout-fund-to-rescue-monte-dei-paschi-di-siena>, accessed 08.02.17

⁴ 1861-1925, founder of the anthroposophical movement

⁵ Steiner, Rudolf (1972)

1980 to the foundation of the Triodos Bank, which later expanded to Belgium, the UK, Spain and Germany. More foundations in many European countries and overseas had taken place since.

2.2 Challenge and Need

Let us take a briefer look at the problem situation today, which is particularly evident in the context of the financial crisis and the euro crisis. The bank, or rather the banks, remained in the background of history for a long time with their activities of providing the monetary-system for the society. This monetary-system determines the economy to a very large degree. Since the subprime crisis in 2008, however, the banks and their business have definitely been brought into the spotlight and questions are being raised as to whether they are doing their work really responsibly.

For an even longer time, since the 1970ies, banks are blamed by civil society and non governmental organisations as responsible for supporting criminal activities. Some of this on-going accusations are:

- Hiding assets of despots
- Supporting global tax evasion
- Selling of intransparent speculative scrap paper
- Supporting bets on state bankruptcy
- Accepting the expulsion of people in favor of dams or other monster projects
- Allowing transfer of money for weapons to dictators and countries in war

Is it therefore legitimate to critically address the role of the banks on all these difficult issues and to weigh their share of the responsibility for the relevant grievances? The answer of the people and the movement behind social and ethical banks is of course yes. It is an important motivation for them to postulate and work on “another” banking, closer to their needs and ideals.

2.3 Ideas for another Banking

The handling of this postulate is also significant due to the fact that banks are given power over the money flows. This in turn requires corresponding responsibility. Responsibility here means in particular: consideration for the weaker (= less-money owners), fairness and vision of the whole (society and the environment, sustainability). Other points that characterize social and ethical banks but not necessarily all implemented, include⁶:

1. Strong community orientation
2. Access to banking services also for the poor or disabled
3. Primacy of the region above the global
4. Sustainability, environmental protection and social mission
5. Independence, democratic decision-making structures
6. The greatest possible transparency of cash flows
7. Rejection of pure financial optimization
8. Speculation prohibition
9. Taking an educational assignment towards money and finance
10. Perception of a progressive role as a political actor in financial issues
11. Openness against criticism of today's money system and support for the search for possibilities for improvement
12. *Triple Bottom Line Approach*⁷ for the simultaneous consideration of multiple success criteria

⁶ See European Federation of Ethical and Alternative Banks and Financiers FEBEA <http://www.febea.org/en/content/commitment-ethical-finance> (16.06.2015) and 10 point *Visionspapier der Bank fuer Gemeinwohl* https://www.mitgruenden.at/sites/www/files/bfg_vision1.1_12-2014.pdf (Dec.2011), both accessed 09.02.2017

⁷ An accounting framework with three parts: social, environmental / ecological and financial.

In fact, every bank that has to be considered as a social and ethical bank has its own background, philosophy and main focus. So a general definition of social and ethical banking is not available. The Institute for Social Banking admits: *We acknowledge that a generally accepted definition of “Social Banking” does not exist, and – given the variety of its historic origins and underlying values – arguably cannot exist. But we believe that there is a common denominator of many organisations that can be subsumed under this notion of social banking, which we define as follows:*

Then the first part of the description of the Institute for Social Banking, Germany is:

Social Banking describes the provision of banking and financial services that consequently pursue, as their main objective, a positive contribution to the potential of all human beings to develop, today and in the future.⁸

Another brief description given by Frans de Clerck is the following:

*The main feature of [such] banks is that money is used as a tool for human and social development, and is not an end in itself. Their focus is on people, planet and prosperity, serving the Real Economy, long-term relationships with all stakeholders, resilience and shock-resistance, transparent and accessible to everyone.*⁹

A good description is also given by the FEBEA (European Federation of Ethical and Alternative Banks and Financiers) in their Charta¹⁰. By looking on the case studies now we can add the example of how such banks do look like today, which will allow us to have more distinct picture as well.

3. Historical Development in Switzerland

3.1 General Development

After these preparatory words, we will have a look at the historical and then current situation in Switzerland. Surprisingly, there are no Christian or trade union-motivated banks left over in Switzerland today, which usually also had an ethical foundation (see also section 3.6). We have identified four case studies of banks which are in or close to the social and ethical banking:

- Raiffeisen Banks (Cooperatives)
- WIR-Bank Genossenschaft (Cooperative)
- Freie Gemeinschaftsbank Genossenschaft (Free Community Bank Cooperative) FGB
- Alternative Bank Schweiz AG (Switzerland Ltd.) ABS

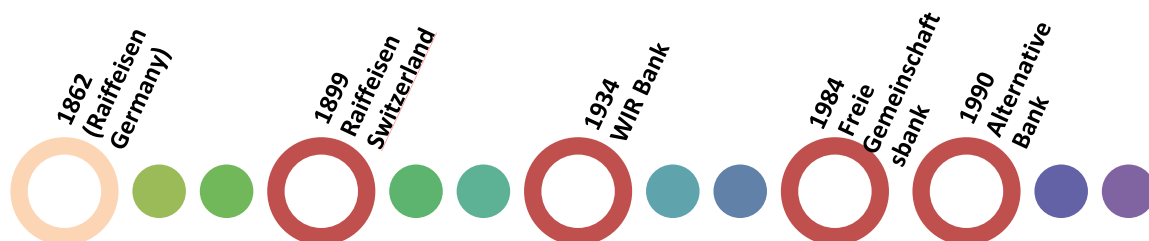
Raiffeisen as a conglomerate of today around 300 local banks and WIR can be regarded as ethical banks of the first generation. In today's strict sense, however, only the Alternative Bank and the Freie Gemeinschaftsbank would be explicitly referred to as ethical banks. In the following, the four mentioned examples, which we nevertheless accept as representatives of ethical banking in Switzerland, are considered in more detail.

⁸ http://www.social-banking.org/uploads/media/ISB_Social_Banking_Definition_English_110614.pdf (accessed 06.10.2016)

⁹ de Clerck, Frans (2015): Movement in the Banking Sector, Mondiaal Nieuws and L'Echo, <http://www.gabv.org/opinions/movement-in-the-banking-sector> (accessed 06.10.16)

¹⁰ <http://www.febea.org/en/content/commitment-ethical-finance> (accessed 08.02.2017)

Figure 2: Timeline of bank foundations in Switzerland: four case studies



Source: author

3.2 The Raiffeisen Banks

Friedrich Wilhelm Raiffeisen, mayor of Heddesdorf in the Rhineland, Germany, founded 1862 the first Raiffeisenbank against the strong capital concentration of his time. There was not enough credit for small businesses and no saving structures and possibilities in rural areas. Regular banks failed to help. Raiffeisen emphasised the idea of self-help as a remedy to the deficiency. Capital was made available where it was worked out, locally and in the villages. Raiffeisen consequently built on cooperative principles and thus established local and regional savings banks. Soon, Raiffeisen's idea of self-help was taken over in other European countries. Switzerland was one of the later followers as by the initiative of Rev. Johann Traber, the first Raiffeisen Savings Bank was founded in Bichelsee TG.

Time scale¹¹

- 1899 First Raiffeisen Savings Bank in Bichelsee
- 1902 Foundation of the Swiss Raiffeisen Association by ten already existing institutes
- 1936 Settlement of the association in St. Gallen, where it is still at home today
- 1995 Start of a massive merger between Raiffeisen banks, decrease from 1'034 to less than 300 independent cooperatives today
- 2016 Third largest bank (group) in Switzerland

The Raiffeisen Bank cooperatives can be regarded as a major impetus for ethical banking in the modern era in Switzerland. It helped a lot to develop the disadvantaged countryside. As the problems of access to the savings and payment system and to credits are no longer burning items in Switzerland, especially the Raiffeisen Association, as the central bank, became more and more a normal bank and even started competing investment banking and wealth management by the acquisition of the private bank Notenstein (today Notenstein La Roche¹²) in 2012.

Indicators of Raiffeisenbanks today:

- Democratic structures (cooperatives)
- Network of local cooperatives
- “Some” solidarity and self help of citizen and businesses still in practice
- New impulses, e.g. ecological thoughts were only partially accepted
- Image does not include “social + ethical bank”

¹¹ Obrecht/Salvisberg (2000), p.116 ff.

¹² <http://www.notenstein-laroche.ch>

3.3 The WIR Bank

The world economic crisis, which began in 1929 with its peak in 1934, was the starting-point for the founding of the WIR Wirtschaftsring cooperative. The problem for small and medium sized businesses (SME's) was the very difficult liquidity and credit situation. Regular banks rejected or failed to help again. According also to Silvio Gesell's theory of economics¹³, the aim was to counteract the scarce supply of money and the disturbed circulation of money as a result of hold-back money. The idea came from the Ausgleichskassen-movement in Germany and similar initiatives in Denmark and the Baltic States and was a new non convertible currency (complementary currency) issued by a cooperative for their members. This very interesting system allowed an independent "monetary policy" and helped to establish a kind of secondary market for the members whom all have to be SME businesses.

Time scale¹⁴

- 1934 Founding of the WIR cooperative by Werner Zimmermann, Paul Enz and 14 other members
- 1936 After a long political discussion, subordination to the Swiss banking law¹⁵
- 1952 distance from the Gesell's theory and the beginning of paying interest rate for the cooperative capital
- 1998 Replacement of the name "WIR Wirtschaftsring-Genossenschaft" by WIR-Bank and establishment of all normal banking functions in Swiss Francs (CHF)
- 2004 The complementary currency WIR receives the ISO code *CHW*
- 2016 Major relaunch with adapted rules for the WIR currency

The WIR bank had a strong growth in the past decades, especially in the CHF part. The WIR-Franken (CHW), on the other hand, is predominantly propagated as a marketing instrument and promotion of sales and had its peak in 1995 with a 2.5 Billion CHF turnaround. By its limited and transparent market, the bank has a high social and ethical standard, but does not promote these values.

Indicators of the WIR bank today:

- Self help among businesses, network and additional social activities
- Democratic structures (cooperative)
- Dual bank with complementary currency (CHF-CHW)
- Image does not include "social + ethical bank"

3.4 The Freie Gemeinschaftsbank (FGB)

The origin of the Freie Gemeinschaftsbank (Free Community Bank) is closely linked to the GLS Group in Germany¹⁶, which was founded earlier by anthroposophical circles in Germany. Dr. Gisela Reuther, co-founder of GLS-Treuhand eV, came to Dornach in 1977 as a member of the board of directors of the anthroposophical society and brought to the already existing foundations a decisive impulse to found a guarantee cooperative. Later, the Freie Gemeinschaftsbank Genossenschaft (FGB) was established.

Time Scale¹⁷

- 1978 Establishment of a guarantee cooperative in Dornach
- 1980 Establishment of a working group to set up a bank

¹³ Gesell (1938)

¹⁴ see Dubois (2014)

¹⁵ Similar initiatives in Germany (Wära) and Austria (Wörgl) were banned by intervention of the respective national banks.

¹⁶ The GLS Community Bank e.G., Bochum and its linked institutions, GLS Treuhand e.V. and GLS Beteiligungs AG work closely together. www.gls.de

¹⁷ www.gemeinschaftsbank.ch

- 1984 Receipt of the approval of the Swiss Federal Banking Commission for the opening of the Freie Gemeinschaftsbank BCL in Dornach
- 1999 Moving of the headquarters to Basel
- 2001 Foundation of the Stiftung Freie Gemeinschaftsbank for the administration of donated funds and promotion of initiatives
- 2016 Building of a new headquarter in Basel

The Bank grew slowly and still is one of the smallest banks of Switzerland. Its speciality are the so called “personal credits” for artists and small initiatives without liable assets. Many of its ethical goals, which in and of themselves are far-reaching, are still waiting to be implemented. Still it has a unique stile and successfully provided credit to many important projects which otherwise never would be able to get banking money. The FGB is also a main pillar of the Rudolf-Steiner school movement and the Demeter farming and food movement. The bank does not pay any dividend on its shares but supports cultural activities instead.

Indicators of the FGB today:

- Support of individual and cultural initiatives
- Democratic structures (cooperative)
- Project support by interest reduction
- Credit-transparency (all names of borrowers)
- Image builds on “social + ethical bank”

3.5 The Alternative Bank Schweiz AG (ABS)

In the 80s of the 20th century, voices in Switzerland became more and more popular to reject the uncritical assumption of flight capital from dictators and potentates, the financing of environmentally disturbing large-scale projects and stop the various financial scandals. Another problem were the missing investments in ecology, renewable energy and socially just businesses. In the circles of NGO’s and alternatively adjusted groups, concepts were then drawn up as to whether a bank could be established. Various civil society organizations, e.g. The Berne Declaration (EvB)¹⁸, relief organizations and environmental organizations as the WWF supported these efforts. Although the initiators mainly came from a cooperative scene, the decision was taken to set up a limited company (Ltd. / AG in Switzerland) instead of a cooperative. The reason for this was that the banking law allowed the legal form of the cooperative only with a very restricted business activity¹⁹. However, another reason might have been that the founding organizations were very interested in using the new bank as an instrument for their activities within civil society and wanted to keep control. Correspondingly, a special share category was created for these organizations, which allowed the same right to vote with one-tenth of capital employed as the regular shareholders. The bank has changed the initially consciously taken self-restriction and now pays dividend on its shares.

Time scale

- 1985 Elaboration of a project for the establishment of an alternative bank
- 1990 Authorization from the Swiss Federal Banking Commission, opening of the bank in Olten
- 2002 The ABS begins with the distribution of long-term investment funds of Bank Sarasin
- 2005 Dismissal of the ethical council in favor of a purely ethical control center
- 2006 Joining the European Association of Ethical Banks FEBEA
- 2010 20-year anniversary: Balance Sheet Exceeds 1 Billion CHF

Indicators of the ABS today:

- Sustainable Development Goals
- Civil society organisations as holders
- Project support by interest reduction

¹⁸ Berne Declaration, today called Public-Eye, <https://www.publiceye.ch/en/>

¹⁹ See Koenig/ Waespe (2006), p. 7/8

- Credit-transparency (all names+sums of borrowers)
- Image builds strongly on “social + ethical bank”

3.6 Other Banks

In Switzerland there were 2014 around 283 banks registered of which about 63 were smaller regional banks²⁰. None other of them is actually announcing itself as social or ethical bank. The former central bank of the consumer cooperatives and the trade unions founded 1927 as a cooperative²¹ was transformed into a company 1970 and sold to another bank 1999. Today this bank still has the name *Bank Coop* but does not rely on the founding values anymore.

The 2011 founded Globalance Bank²² is a private bank which promotes a kind of lesser impact of investment on the environment and more sustainability and promises to be *the pioneer of a new culture and total transparency in banking*²³. But this transparency is only used in the ratings and fees for the investments. Even an annual business report is not published online and wealth optimization is the main target. Therefore it cannot be considered as a contributor of real social and ethical banking.

3.7 International Associations

FEBEA: European Federation of Ethical and Alternative Banks and Financiers²⁴ was founded in 2001 and is located in Bruxelles, Belgium. It promotes the concept of ethical banking as well as some interbanking support. It has 26 members in 13 European countries, representing total assets of 30.5 billion euros²⁵. The ABS is the only Swiss member of this association.

A second organization, which operates worldwide, is the 2009 established GABV (Global Alliance for Banking on Values) *an independent network of banks using finance to deliver sustainable economic, social and environmental development*²⁶. The ABS as well as the FGB are both members of this association which *comprises 39 financial institutions and hold up to \$110 billion USD of combined assets under management*²⁷.

From Eastern European countries the following institutions were members of the above associations:

- ebanka - Cooperative for Ethical Financing, Croatia²⁸ (FEBEA)
- MagNet Hungarian Community Bank, Budapest, Hungary²⁹ (GABV)
- Sklad05 - Foundation for Social Investment, Kranj, Slovenia³⁰ (FEBEA)
- TISE SA - Social and Economic Investment Company, Warszawa, Poland³¹ (FEBEA)

4. Comparison and Status

Figure 3 gives a general indicator that social and ethical or at least local and not unethical banking provides a more stable and desirable development. The two biggest Swiss banks, the internationally positioned CS (Credit Suisse) and the well known UBS (Union Bank of Switzerland) showed both a strong asset inflation from 2003-2007. This was a part of the

²⁰ http://www.schweizeraktien.net/wp-content/uploads/2015/06/Branchenanalyse-Regionalbanken_Präsentation_Branchentalk_150206.pdf, accessed 08.02.2017

²¹ It was named bevor: *Genossenschaftliche Zentralbank*

²² <https://www.globalance-bank.com/en>

²³ <https://www.globalance-bank.com/en/about-us/globalance-story.html>

²⁴ www.febea.org

²⁵ <http://www.febea.org/en/febea/news/our-numbers>, accessed 08.02.2017

²⁶ <http://www.gabv.org>, accessed 08.02.2017

²⁷ <http://www.gabv.org/about-us>, accessed 10.02.2017

²⁸ <http://www.ebanka.eu/en>

²⁹ www.magnetbank.hu/en

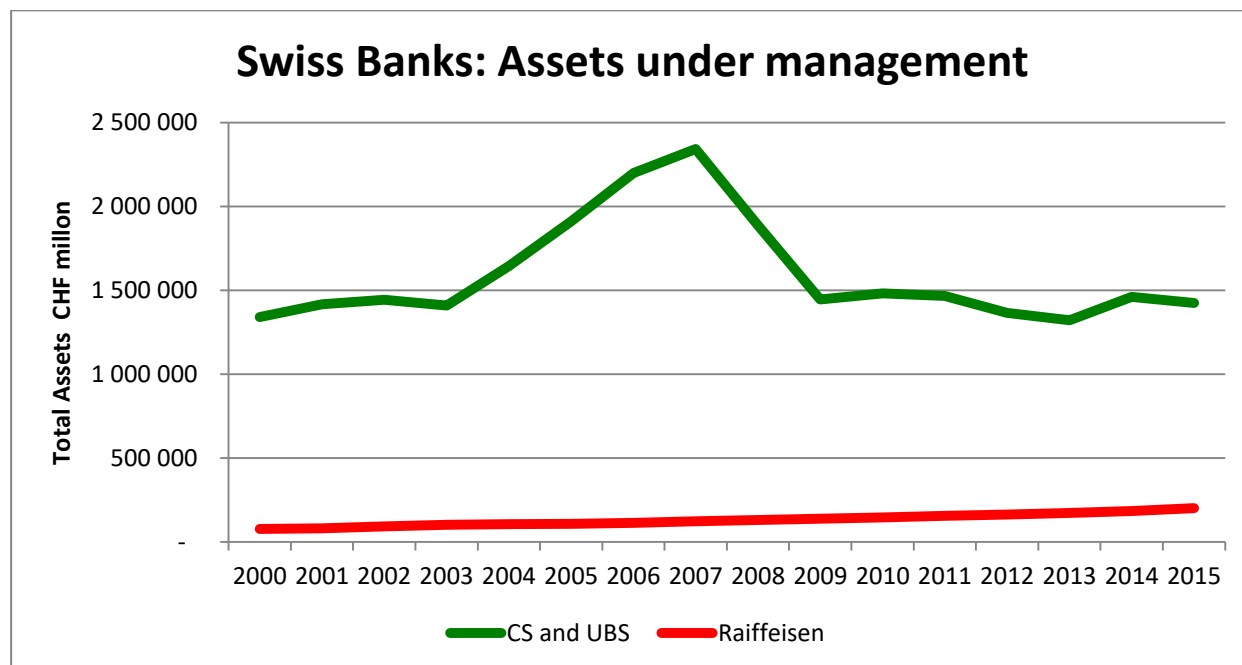
³⁰ www.sklad05.si

³¹ www.tise.pl

worldwide financial bubble and imploded 2008. After 2009 these banks, by the generous help of the Swiss taxpayers, were back where they started.

At the same time the Raiffeisen Bank cooperatives, without having “invested” their money in speculative exploitation, continued in their steady development.

Figure 3: Comparison of the asset-development of the big international Swiss banks CS and UBS to the local Swiss Raiffeisen Banks



Source: Swiss National Bank <https://data.snb.ch>

The situation of ethical banks in Switzerland had, as for banks in many places, in 2008 a turning point. If there was a moderate growth before, the "crash of the subprime market" and its corresponding consequences led to a massive migration of customers among internationally active big banks. Many of these customers also chose their new bank based on ethical considerations and the fact that they were stable and not involved in any of the “bad things”. The Raiffeisen Banks cooperatives, the WIR-Bank but in particular the ABS got a strong increase of new customers and a larger publicity. The FGB was the only one not to generate substantial growth from the boom. Fears about rapid organizational growth, a lack of publicity and an extremely conservative investment policy may have played a role.

On the other hand, as a result of the crisis, the regulations for banks were severely tightened, which made the work of the ethical banks unnecessarily difficult. In spite the fact that they self-regulated themselves by their own ethical guidelines much stronger than any of the conventional banks, the authorities treated them equal as other banks.

The extremely low interest rates in the following years until the present reduced the main source of revenue, and strongly put even more pressure on these banks.

4.1 Success in Numbers

Table 1: Success in numbers

Per end of 2015	Raiffeisenbanks	WIR-Bank	ABS	FGB
Number of Clients	3.7 million	100'000	30'617	4'742
Number of Cooperative Members / Shareholders	1.9 million	n/a	5'212	2'297

Number of Banks	270	1	1	1
Number of Branches	977	9	4	1
Employées	11'053	243	96	22
Assets CHF millions	214'000	4'421	1'590	267
Assets CHW millions		779		
Market Share Swiss Banks	8.6%	0.2%	0.1%	0.0%
Rating (Moody's)	Aa2	n/a	n/a	n/a
Asset per client (CHF)	57'838	52'000	51'932	56'224

Sources: Annual Reports 2015 and information from company-websites Oct.2016

4.2 Is it really a success?

In the conventional sense, all four banks can be attested to have a very successful business activity. The figures look good to shiny, all banks have also a good image in the public. Many projects have been realized, which are important from a regio-economical, social and ecological point of view, thanks to their help. The ethical banking model has thus proved its worth:

- Very successful business of all 4 Banks
 - Steady growth, crisis-proof
 - Important contribution to the real economy
 - But still financially and as a concept marginal in the country
- However, there are also questions to ask today:
- Are the ethical banks shut down politically by the steadily increasing regulations of FINMA (Swiss banking authority)?
 - Where is the indignation and criticism of the policies of the big banks by the ethical banks? Have they already been so system-compliant that they are mostly silent?
 - Escape charges and tax evasion are top themes and a dreary chapter of Swiss banks. There is, however, no clear statement or even proposals for measures by the ethical banks.
 - Why are research and initiatives for a new and more stable money system not supported by these banks?
 - Why are there hardly any new ideas and innovations among the ethical banks to develop in the future? They seem stuck on the old initial ideas?
 - What will be their answer to the fintech revolution in data management?

5. Future Prospects and Six Theses

Ethical banking in Switzerland has reached a good level. However, the many open questions show that there is a great need for action. In particular, the innovative capacity of ethical banks leaves something to be desired. The initial ideas of the founders are to a large extent realized, but new, contemporary ideas seem hardly be accepted any more. This is especially tragic, because, despite the success of the ethical banks, the state of the financial-economy in Switzerland is much worse today than, for example, 30 years ago. Stability and trust are continuing to be reduced, wealth inequality has intensified, and speculation has worsened.

How could it go on? Or better, how would it have to go so that the crisis of the banks would be overcome and social and ethical banking become the rule? Here six main ideas for a consistent further development of the concept are very briefly described and proposed³²:

Six Theses

1. Reintroduce the idea of a cooperative society: Strengthen a cooperative structure with democratic decision making and reinvestment the main part of profits in cultural and societal initiatives
2. Fight the grievances of big „bad“ banks, divide from them: Clearly indicate the illnesses of today's banking, in particular, speculation, tax evasion, redistribution from poor to rich.
3. Establish a separate regulation with a reduced banking supervision and own value based stock exchange: an important point to be considered is the separation from the existing irreversibly entangled system.
4. Support research for a better monetary system: the existing deficient money system must be challenged and, if necessary, be replaced.
5. Enter into complementary currencies: such initiatives are everywhere that enable regional and sustainable business. Through the support of a bank, such a system can soon become a serious alternative for a better economy³³.
6. Learn to treat money as a commons: money itself must be recognized and treated as a "community ownership", only with this a stable economy can be achieved. Ethical banks should have an enlightening and educational effect in this direction.

6 Conclusion

Ethical banking in Switzerland has developed strongly over the last 20 years - mostly parallel to the European surrounding area - and has now reached a high level. Existing banks, if one wants to add also Raiffeisen Bank cooperatives and the WIR bank, cover about 20% of the banking turnover in Switzerland. Ethical banking in the narrow sense, however, is operated only by the Alternative Bank Schweiz and the Freie Gemeinschaftsbank. Together with these two institutions, we are well below one per cent of banking turnover in Switzerland. This is certainly sobering, in the face of today's problem situation, which could be solved in long distances by ethical banking.

Even the existing ethical banks still have potential for development. In many cases only the ideas of the founders are implemented and little new developments are visible. In the second part of the article, therefore, possible paths to the future of ethical banking are outlined and the idea of a cooperative society is once again acknowledged. The general information given here for ethical banking in Switzerland can, for the most part, also be applied to the situation in other countries of Western Europe. In each country, however, other conditions, whether legal or cultural, which have a decisive effect on the design of ethical banking, are to be observed. Especially for Eastern Europe other effects, as the bad image of cooperatives due to the socialist era, or the generally higher corruption have to be considered. Are social and ethical banks needed in the Balkans? The answer is yes, they are needed everywhere, because only by getting transparency, trust and ethical values back into these central economical institutions, the economy is able to serve all the people.

³² compare the five theses Martignoni (2011), p. 31

³³ An example of this is the Chiemgauer in Bavaria, the largest regional system in Germany supported by regional banks and the GLS Community Bank www.chiemgauer.info

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