

PRINCIPLES OF VALUES-BASED BANKING



Global Alliance for
Banking on Values

Since its founding, the GABV banks have been clear that a set of principles were needed to be developed and shared that distinguish in the minds of customers, partners and coworkers why Global Alliance banks are different from other forms of banking.

For the majority of banking institutions, the primary or exclusive driver of business decisions is based on the profitability of the services provided, even if the by-products of those decisions do not deliver sustainable economic, environmental or social development.

For GABV members, business decisions start by identifying a human need to be met, and then establish how to meet that need in a way that is sustainable from an environmental, social and economic perspective, including sustainable profitability for the bank.

This meant that in agreeing to be a member of the Alliance, each bank would live by these **6 principles**:



PRINCIPLE 1

SOCIAL AND ENVIRONMENTAL IMPACT AND SUSTAINABILITY ARE AT THE HEART OF THE BUSINESS MODEL

Values-based banks integrate this approach by focusing simultaneously on people, planet and prosperity. Products and services are designed and developed to meet the needs of people and safeguard the environment. Generating reasonable profit is recognized as an essential requirement of values-based banking but is not a stand-alone objective. Importantly, values-based banks embrace an intentional approach to triple-bottom-line business – they do not just avoid doing harm, they actively use finance to do good.



PHOTO: CULTURA BANK

PRINCIPLE 2

GROUNDING IN COMMUNITIES, SERVING THE REAL ECONOMY AND ENABLING NEW BUSINESS MODELS TO MEET THE NEEDS OF BOTH

Values-based banks serve the communities in which they work. They meet the financial needs of these geographic and sector-based communities by financing enterprises and individuals in productive and sustainable economies.



PRINCIPLE 3

LONG-TERM RELATIONSHIPS WITH CLIENTS AND A DIRECT UNDERSTANDING OF THEIR ECONOMIC ACTIVITIES AND THE RISKS INVOLVED

Values-based banks establish strong relationships with their clients and are directly involved in understanding and analysing their economic activities and assisting them to become more values-based themselves. Proper risk analysis is used at product origination so that indirect risk management tools are neither adopted as a substitute for fundamental analysis nor traded for their own sake.



PHOTO: ABS

PRINCIPLE 4

LONG-TERM, SELF-SUSTAINING, AND RESILIENT TO OUTSIDE DISRUPTIONS

Values-based banks adopt a long-term perspective to make sure they can maintain their operations and be resilient in the face of external disruptions. At the same time, they recognize that no bank, or its clients, is entirely immune to such disruptions.





PHOTO: KINDRED CREDIT UNION

PRINCIPLE 5

TRANSPARENT AND INCLUSIVE GOVERNANCE

Values-based banks maintain a high degree of transparency and inclusiveness in governance and reporting. In this context, inclusiveness means an active relationship with a bank's extended stakeholder community, and not only its shareholders or management.

PRINCIPLE 6

ALL OF THESE PRINCIPLES EMBEDDED IN THE CULTURE OF THE FINANCIAL INSTITUTION

Values-based banks seek to embed these principles in the culture of their institutions so that they are routinely used in decision-making at all levels. Recognizing that the process of embedding these values requires deliberate effort, these banks develop human resources policies that reflect their values-based approach (including innovative incentive and evaluation systems for staff) and develop stakeholder-oriented practices to encourage values-based business models. These banks also have specific reporting frameworks to demonstrate their financial and non-financial impact.



PHOTO: AMALGAMATED BANK



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