

Banking on Values: Triodos Bank

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After the many scandals that were revealed during the financial crisis of 2008 the banking sector received significant societal attention. They experienced a historic outburst of antagonism and offense focused at bankers, banks, and other financial institutions for their role in the global crisis. The succeeding call for transparency in the sector gave room to not merely financial and social issues but also to determinants that broadened banking responsibilities to the natural environment. In this global turmoil, the Dutch Triodos Bank with branches in four European countries remained intact.

1 Responsible Lending and Investment Policies

Triodos was founded in 1980 and became one of the best known sustainable banks in Europe by distributing its mission “to make money work for positive social, environmental and cultural change” and to

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“operate on the assumption that their unique position provides them with leverage for addressing social and/or environmental challenges” (Profundo 2014; Kaufer 2011). Triodos’ balance sheet total showed an average annual growth of 32% in the 1980–2014 period. Triodos’ principles exclude loan applicants involving “any product, service, or business process that it believes would hinder the development of a sustainable civil society. Specifically, Triodos does not lend to organizations, businesses, and projects whose activities products, services, or processes are more than 5% non-sustainable.”

This policy is communicated to stakeholders.

- About 65% of savers’ deposits are invested in sustainable projects.
- Transparency of investments by interactive social media.
- Raising capital by green funds based on microfinance projects, sustainable trade, organic agriculture, climate and energy, sustainable real estate, arts and culture.

These policies provided Triodos a leading position in sustainable banking and justify their positioning as a “community linked by money.”

Triodos promotes a “more sustainable society in a concrete way.” In their case sustainability refers to:

- the natural environment
- culture and well-being
- human circumstances.

Agriculture, healthcare, and housing are identified as sectors of a sustainable economy. Different projects are selected and actively screened on concrete functioning by their economic, social, and ecological goals. It is explicitly stated by the bank that unsustainable practices like animal testing, genetic engineering, and sectors of tobacco, weapons, and nuclear energy are excluded.

The way Triodos can be held accountable by their stakeholders are visible in the rules, norms, and actions that create and reinforce the values of the bank and are aligned with indicators referring to integrity principles. Triodos’ vision and mission are transformed into a

set of business beliefs that all employees are expected to abide. For example, the instrument of whistleblowing has been implemented to enlarge compliance not merely based on the responsibilities of board and management but also of those of the individual employees. This assumes the intrinsic, value-based motivation of every person in the organization. External supervisors are the Dutch Central Bank (DNB: De Nederlandsche Bank) and the Dutch independent market conduct authority (AFM: Autoriteit Financiële Markten). All shares in Triodos Bank are held by the Foundation for the Administration of Triodos Bank Shares (SAAT: Stichting Administratiekantoor Aandelen Triodos Bank) which issues depositary receipts to finance the shares, control rules, and prevent self-interests.

The principles of governance by Triodos are based on:

- obeying the law
- valuing human rights
- respecting the environment
- promoting sustainable development
- and last but not least definitely a no bonus-culture.

These principles are guidelines for accountability and continuous improvement accompanied by instruments as internal and external auditing.

2 Triodos Bank as Progressive Business

Banks operate by managing financial risks, lending money for return and establishing investments. Financial business can be part of a virtuous vision on economic systems and touch the heart of moral aspects of economic activities. To become sustainable they need the funding of a comprehensive selection of concerned investors and depositors in the meantime being financial intermediaries which acquire assets by distributing money and guaranteeing appropriate investments within the economy. In these operatives, not only risks and responsibilities but also liabilities play a role. One of the reasons why the financial crises of 2008

caused so much disorder is the obscurity of many financial products offered to and achieved by clients and the way bankers acted mainly on the base of self-interests instead of taking their virtuous responsibilities. Progressive banking conversely is meeting the needs and demands of developing sustainable societies.

Demands for further corporate accountability and responsibility can be traced back to the former century in which concerns about the natural environment became deeply embedded and the call for more transparency arose. Slower than within other industries the banking sector adapted to rapid environmental threats and opportunities mainly because their clients encouraged them to significant social and institutional rearrangements. These changes have generated pressures and dynamics in the sector to drive banks to greater responsibilities and accountabilities.

The ASN Bank was one of the first Dutch banks that had moved towards the changing social and environmental conditions and established a proactive status quo. The Triodos Bank followed in 1980. Recognitions of these strategies can be found in a typology representing four stages of banking attitudes towards environmental problems: defensive, preventive, offensive, and sustainable banking (Jeucken and Bouma 1999). In 2007 the Triodos Bank's lending portfolio comprises the following three major segments to establish its value proposition:

- Nature and Environment: projects in the field of renewable energy (wind energy and hydroelectric projects) and organic agriculture across the entire value chain including health food shops and environment technology such as recycling companies and nature conservation projects (40%)
- Culture and Welfare: small loans to artists and organizations actively involved in education, healthcare or providing aid to people with physical and learning disabilities. All these enterprises have a clear, people-centred policy (35%).
- Social Business: loans to traditional business and innovative enterprises and service providers with clear social goals, including the finance of start-up enterprises, fair trade companies and microfinance institutions providing basic monetary services for people in the developing world (23%) (Dash 2008).

- By investing in the renewable energy industry Triodos launched a major share in the UK since 1995. Direct stakes in clean energy projects and the possibility to take practical steps to combat climate change in combination with very competitive financial returns made them highly attractive and innovative in the financial field (www.re-focus.net May/June 2005).

Next to offering better products/services and awareness raising programmes ethical and ecological aspects have to be considered when choosing customer targets groups. Clients generated pressures and encouraged the banking sector to significant social and institutional rearrangements driving them towards societal responsibilities and accountabilities. These pushes forced bank companies to increasingly adopting market segmentation strategies directed to sustainable consumers. The market segment of the “sustainable client” in this sector is based on divergent as well as homogeneous characteristics. Divergent in the sense of geographic, demographic, psychographic, and behavioral aspects. Homogeneous because it is a group of customers sharing a priori a virtuous sustainable worldview. They form a segment based on unique customers’ (individuals, companies, and institutions) needs and qualifications. This is important for the value proposition, policy, and strategy of the bank.

The clients of Triodos Bank exist of savers, investors, depository receipt holders, and funds. Its targeted market segment consists of customers who want to achieve a positive and remaining change in society and strive for reduction of pollution and emissions towards a sustainable acceptable level, but also for longer lifespans and recyclability and reusability of products. It means that loans and investments have to fit in the concept of sustainability mentioned by Triodos “impact financing.” Illustrative in this sense is that Triodos’ management is, according to the Annual Report of (2015) very enthusiastic about the results of the Paris Climate Conference concerning international attempts to decrease carbon emissions. On the base of these and other developments they expect investors to be more decisive on “impact-based assets,” not only focusing on financial results. Triodos sees these type of outcomes as a promising development for their bank (Triodos Annual Report 2014). Especially, when it comes to convincing their clients.

Triodos Bank has chosen for a position in the target market that seems to be successful. It is clear, consistent, credible, and competitive. Their marketing communicating strategy is based on commercials with slogans like “Follow Your Heart. Use Your Head” or “How do you become truly wealthy?” These imaginings show various customers with testimonials of their view or belief in making the world a better place to live in. The commercials and slogans emphasize the advantages of being a Triodos client as someone who wants to make a “real contribution” to a better world in contradiction to clients of competitive commercial banks.

The markets of Triodos are served by three business units.

The “Retail & Business Banking” business unit offers the customers “a credible set of services including savings, payments, lending and investments” (Triodos Annual Report 2014: 6).

This business unit is active in the Netherlands, Belgium, Germany, Spain and the UK. Loans are granted to enterprises engaged in one of the following areas:

- nature and environment
- culture and welfare
- social business.

The second business unit is called “Triodos Investment Management,” which is active in European emerging markets. Individual and institutional investors made the total amount of 3.1 billion of Euros (Triodos Annual Report 2015: 33) divided in 17 investment funds, all encapsulated under the Triodos brand name.

The funds are based on six themes of actual investments:

- energy and climate
- emerging markets
- real estate
- arts and culture
- sustainable food and agriculture
- socially responsible investment (SRI).

Private banking is the third business unit of Triodos and is only operating in the Netherlands and Belgium. The core service is sustainable asset management including investments funds and private asset management. This business unit offers according to the annual report “a wide range of financial and non-financial services to wealthier people, foundations, associations and religious institutions.” The total amount of the funds is EUR 1381 million, EUR 461 million managed by the Private Banking business unit (Triodos Annual Report 2015: 34). The fund’s reports are published separately and some are organized around exclusive meetings with the stakeholders involved.

The Triodos Bank Group is not aiming at the average citizen. Triodos’ strategy is directed to the rich individuals and institutions. Looking to the financial market, it is important to notice that Triodos Bank is serving a niche instead of a mass market and still has a growing number of entrants. An advantage of this niche market is that it enables the bank to organize both “physical” meetings and virtual sessions on Internet. The target market of the Triodos Bank could be described as healthy private individuals, enterprises, and institutions, attracted by the concept of value-based banking in order to get the world to a better place to be. The loans must be used for the purpose of sustainable purchases or long-lasting investments. In terms of market segmentation, the Triodos Bank Group benefits the idealistic drives of customers and these motivations are considerate when choosing customer target groups. Within the annual report, it is stated that competition in the conventional lending market is increasing. The reason mentioned is that conventional banks also more and more acknowledge that “sustainability is an emerging market and that they want to be involved in it”. (Triodos Annual Report 2015: 29)

Since the beginning of the financial crisis in 2008, the Triodos Bank has grown enormously. This is in contrast with other international and domestic Dutch commercial banks. The CEO of the Triodos Bank Peter Blom explained this growth in a press communiqué in 2013 on occasion of the presentation of the bank’s financial results of the year 2012 as follows:

More and more people prefer to be allied with a bank that invests money consciously in order to realize affirmative changes in society. Obviously the growth occurs because of the fact that Triodos attracts more savings and investment funds. (Triodos Persbericht, 28 februari 2013; www.triodos.nl/persberichten)

If we compare the results in the period between 2008 and 2012, Triodos doubled its characteristic financial numbers. And this development continued after 2012 according to the integrated Annual Report of 2015 and the overview of their balance sheets between 2011 and 2015.

Analyzing the economic results of the Triodos Bank equity, entrusted funds, loans, and the number of accounts nearly doubled within five years. A significant measure is the Core Tier 1-ratio or Tier 1 capital ratio. This ratio refers to the core capital a bank must maintain to secure the ability to absorb the financial shocks. In fact, the ratio is the comparison between the banks' core equity capital and its total risk-weighted assets or loans. Although the emission of CO₂ hardly reduced, the strong common equity tier shows renewed trust in the bank's stability. This could indicate that Triodos Bank is seen by savers and investors as a safe place during the economic crisis and after. Apparently, the bank crisis has put many financial customers in a new buying position, because of the risks of solvability problems of the big banks. Without the support of the Dutch government, several banks (ING bank, the state-owned banks of ABN-AMRO bank and the SNS bank) would not have survived the crisis. The fourth big bank of the Netherlands, the RABO bank survived the crisis because of the absence of "bad loans and mortgages." But then they got into trouble in 2012/13 because of the role of the London RABO Bank office in the Libor rate-fixing scandal. In October 2013, the RABO Bank organization was fined and needed to pay 774 million Euros. So during the crisis, the big Dutch banks at the home market were in stormy weather. And consumers were losing their faith in the established banks. This could be an explanation for Triodos' developing profit potential.

If we compare the period directly after the financial crisis of 2008 to the one of 2015 we can conclude that some results are triplicated and others increased fourfold (Table 1).

Table 1 Key financial data of Triodos Bank

	2008	2015	Increase (%)
Equity (in millions of Euros)	204	781	383
Number of depository receipt holders	11,797	35,735	303
Funds entrusted (in millions of Euros)	2077	7283	350
Number of accounts	169,517	707,057	417
Loans (in millions of Euros)	9381	5216	410
Number of loans	21,900	44,418	473
Operating expenses (in millions of Euros)	89.9	150.2	270
Net profit (in millions of Euros)	17.3	40.7	403

Triodos earned a very competitive financial return with projections of rising annual dividends and invested in a series of prudently and thoughtfully sited projects to invest the money it raises in a variety of developments, including sustainable projects linking its community of stakeholders with local projects. Many conventional banks were not strong enough in order to cope with difficult crisis situations. This has changed in 2011 by the Basel Committee on Banking Supervision or “The Third Basel Accord.” An important European institute is the Bank for International Settlements (BIS) which is located in the Swiss town Basel. Members are the central banks of affiliate countries. One of the committees is the Basel Committee on Banking Supervision. The Basel III Accord adapted the rules for the banking sector to secure the financial strength of banks. Or in words of the BIS, to reform the measures to strengthen the regulation, supervision, and risk management of the banking sector. These measures aim to:

- Improve the banking sectors’ ability to absorb shocks arising from financial and economic stress, independent of its causes.
- Improve risk management and governance.
- Strengthen banks’ transparency and disclosures.

The Basel III accord states for 2015 a ratio of at least 6%, but in 2019 it has to be 8.5%. The idea is that a correct core tier 1 ratio a bank can meet the financial problems without ceasing its operations. In 2015 the Core Tier 1-ratio of the Triodos Bank was again 19%, while the goal is set at a minimum at 6%. It means that this indicator is high which will increase the trust in the Triodos Bank.

The name of the Triodos Bank is derived from the Greek word “trihodos” which means “three-way approach.” This stands for “People, Planet, and Prosperity”. From the perspective of Michael Porter’s (1985) value chain, we can distinguish several activities within the bank’s operations. These activities show the process of transforming inputs into outputs, involving all kind of subsystems like acquisitions, use of resources, money, labor, materials, equipment, buildings, bureaucracy, and supervising. These analyses into primary and secondary or supportive activities lead to an identification of the generic value-adding activities of the bank. This value chain is described in the business model of the Triodos Bank.

In the annual report of 2014 Triodos Bank describes its business model as follows:

Our business model and value creation process is illustrated in the diagram above. Our business model transforms capital inputs—such as the skills and entrepreneurship of the people within our organization and money from customers, via our core products and services, into value outputs—such as making a positive contribution to the development of a healthy society.

To make this financially viable, we offer fair (but not inflated) interest rates to savers and aim for reasonable long-term returns for investors both in our funds and in Triodos Bank itself. We use these deposits to lend to sustainable entrepreneurs working in the real economy, so they can deliver real impact.

In order to lend to sustainable enterprises we aim to use deposits rather than borrow from other banks. And we aim to deliver a healthy balance between loans and deposits so we’re able to mobilize as much of our deposits as possible. We also maintain healthy levels of capital, well above regulatory requirements. This makes us more resilient over the long-term. Triodos Bank develops through cycles of reflection and dialogues between our inner essence as an organization and our interaction with society’s evolving needs (Fig. 1).

The activities of transforming inputs into outputs like acquisitions, use of resources, money, labor, materials, equipment, buildings, bureaucracy, and supervising show the generic value-adding activities of the

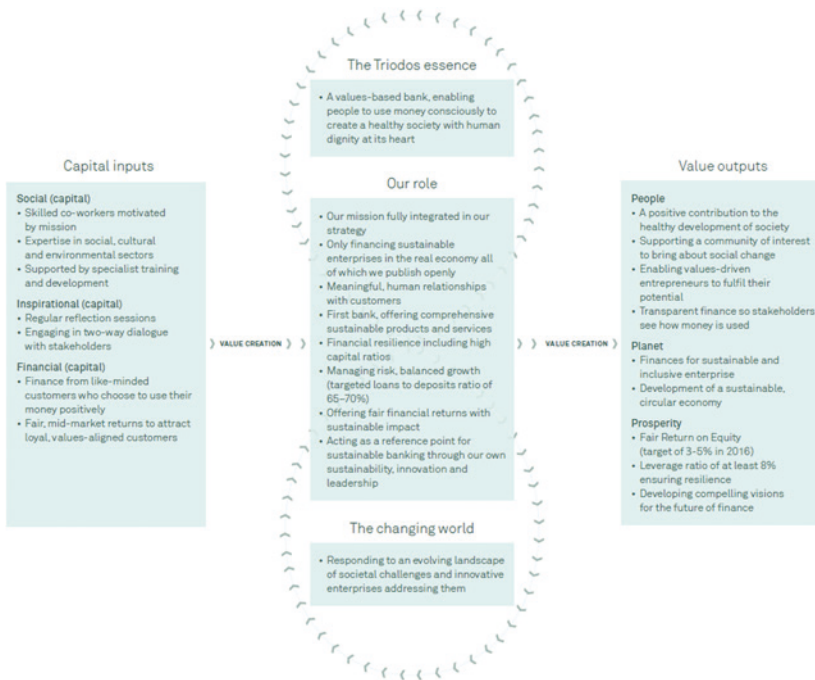


Fig. 1 Value creation by Triodos Bank. Triodos Bank Business Model: Creating Value (Triodos Annual Report 2014, 2015)

bank described in the business model of the Triodos Bank. Triodos' business model is a template for the whole organization in order to create values consistent with Triodos' mission statement. "...finance enterprises, which add social, environmental and cultural value, with the support of depositors and investors who wish to encourage the development of responsible business working for social renewal. Social and ethical—as well as financial perspectives are at the heart of Triodos' business practices" (Buttle 2007).

Triodos presents its business and value creation process model as an "input-throughput-output model." Triodos separates three capital inputs: *social* capital, *inspirational* capital, and *financial* capital. Social capital are the skilled coworkers motivated by the mission with expertise in social, cultural, and environmental sectors and supported by

specialist training and development. The inspirational capital inputs are realized by organizing on a regular base so-called reflection sessions. Furthermore, Triodos is fully engaged in a two-way dialogue with the stakeholders. The financial capital input of the Triodos Bank comes from like-minded customers and fair mid-market returns to attract loyal, values-aligned customers. The most important objective of Triodos' Bank is to create value outputs for the people in terms of a contribution for a healthier society together with human dignity, transparency to the stakeholders and helping values-driven entrepreneurs in adding positive products to society. To Triodos the bank "is a community of people linked by money" (Jenkins 1999).

By means of investing exclusively in sustainable projects, the bank takes a clear position towards the need to preserve the planet. In order to continue its activities, Triodos asks a fair return on equity by targeting on 3–5% and a leverage ratio of at least 8% to ensure resilience. The requirement of 8% of the Triodos Bank management is much higher than the Basel III Tier1 obligation of 6%. Triodos sees itself as a value-based bank that wants to react to the changes in the world. It may be clear that not all developments fit into the view of the bank. The problem is how Triodos assess the sustainability of a potential project. Triodos expects from its clients that the mission is fully integrated into its strategy. The bank acts as a reference for sustainable banking "through sustainability, innovation and leadership."

The CEO of the Triodos Bank *Peter Blom* pronounced "Putting human dignity first" as the most important value in the network position. "Triodos Bank's mission is to make money work for positive social environmental and cultural change. More specifically, the bank helps create a society that protects and promotes the quality of life of all its members, enables individuals, organizations and businesses to use their money in ways that benefit people and the environment, promotes sustainable development and provides its customers with innovative financial products and high-quality services" (Zsolnai 2015). Crucial in the value network is that Triodos is acquainted with all the stakeholders of their network and that they communicate on a regular base. This knowledge is used as a guarantee for the values the bank stands for. Triodos is fully engaged in a two-way dialogue with the stakeholders

and as the brand Triodos promises a “three-way approach” used to People, Planet, and Prosperity. “Growth is about more than just numbers” is the eye-catching message on Triodos’ website. According to the Triodos Bank, everyone talks/thinks about “growth.” Economic growth is habitually about production, savings, consumption expressed by financial indicators. The Triodos Bank succeeded in bringing together “measurable and nonmeasurable” indicators into their business “growth” model.

One of the postured problems of the Triodos Bank itself is “Do we actually need to grow?” in which they think about a process of “growth”-rethinking. Obviously, it is important for the Triodos Bank to emphasize the structure of growth in terms of “improving schools, hospitals, nursing homes, making buildings more energy efficient, sharing cars and houses.” Another layer in the concept of growth could be “doing nothing” like gardeners and farmers changing their pest control techniques by ecological means, for instance, using ladybirds instead of pesticides. Facing the different levels of growth, it gives entrepreneurs and banks the possibilities to invest in nonconventional industries, i.e., new technologies. Like (small) villages producing their own energy by exploiting windmills, solar panels. Or butchers fabricating meat and fish from plants (lupines). This means that the value network is extended and diversified. Which requires a broad scale of knowledge systems to operate within. Triodos Bank concentrates on promising developments, small or big improvements or in Triodos’ words “banking to make a positive impact.” This is anchored in the mission statement saying “... to make money work for positive social, environmental and cultural change.”

The bank wants to profile itself as a “reference point” for a world-wide development of sustainable innovations. That’s why they stimulate and support the public debate on sustainability. This point of view has resulted in an international organization for value-based banking. In 2009 the Global Alliance for Banking on Values (GABV) was founded as an initiative of BRAC Bank (Bangladesh), GLS Bank (Germany), and the Triodos Bank. Nowadays, the GABV is a network of 36 financial institutions and four strategic partners or banking leaders with a shared vision and mission to use finance in order to deliver sustainable

economic, social, and environmental development. Members of GABV are located in 31 countries, serving 20 million customers with in total 100 billion USD.

These member banks want to promote a positive viable alternative to the current financial system by means of a fundamental paradigm shift in the bank sector. The shift includes transparency in banking models, sustainability indicators to report social and ecological impact and a diversity of banks.

GABV members subscribe the five fundamental pillars of value-based banking:

- Client-oriented
- long-term resilience of the bank
- transparency
- investing in real economy
- triple bottom line as the heart the business model: people, planet, and prosperity. It means that banks simultaneously are focused on the three P's.

Coworkers of several bank members expressed the different important values in a video presentation. GLS Germany and Vancity Canada sees “investing in people” as the central value, while coworkers of the Merkur Bank Denmark mention “expanding democracy” and “a GABV bank is a facilitator for people who wants to make a change and a positive contribution to society.” The Ecology Building Society expressed their view on value-based banking in clear terms by saying “to promote ecological policies designed to promote or enhance the environment in accordance with the principles of sustainable development.” Thus, since 1981 UK-based Society uses the savings deposits and the mortgage services as a tool to create sustainable buildings and houses. They declared banking on values “to build a more sustainable and flourishing economy and society,” which means that the value network positioning of Triodos within the sector is a strategic choice or “a generic strategy of differentiation” (Porter 1985) and not a strategy based on cost leadership.

Triodos believes strongly in delivering professionally financial services and sustainable products at a competitive price. Triodos’ competitive

strategy is based on the core values of the bank that leads to decisions about creating an affirmative change like sustainability and transparency. Triodos knows where the money of the depositors goes to (knowledge), Triodos wants to be among the best of its industry (excellence) and Triodos Bank facilitates and encourages entrepreneurs who develop and produce innovative sustainable products in a sustainable way (entrepreneurial innovation). The competitive strategy of the Triodos Bank is based on the pillars of:

- knowledge
- excellence
- entrepreneurial innovation.

These pillars help the Triodos Bank to competitively strive for taking responsibility for the consequences of their economic, societal, and ecological actions.

Transparency in the way business has to operate is a vital element in the strategy. Money originating from saving accounts obligated the Triodos Bank to show the money owners in which projects it has been invested. The bank wants to promote being a “reference point” as stated earlier for a worldwide development of sustainable innovations. Creating a strong, clear, and consistent image of a product in comparison with those of the competitors is the key to differentiate in the market place. Triodos mentioned itself a “global pioneer in ethical banking.” Triodos’ mission statement is comparable with that of the ASN Bank (General Saving Bank for the Netherlands) who is competing in the same niche market as Triodos and has a similar vision and mission. ASN Bank is a subsidiary of the state-owned SNS Bank, whose origin lies in the labor unions.

Although ASN claims to be the eldest sustainable bank and having more than 600,000 customers, its balance sheet shows a lower total of 11.9 billion Euros. The international oriented Dutch bank ING is the biggest bank in the Netherlands. Their claim is that it operates since 2007 climate neutral for 100%. Further on, ING invested in sustainable electric power stations and educational projects for children. The Rabo Bank is originally established by Dutch farmers and claims to

support customers in their process activities for realizing a sustainable food production and agriculture business. The Rabo Bank states that innovation in sustainability will be stimulated. The commercial claim of the state-owned ABN AMRO Bank Group “A better bank which contributes to a better world” is also an important competitor. The AMRO is supporting families and businesses by giving loans to make more sustainable houses and buildings. These potential competitors give an insight into the internal rivalry at the home market of the Triodos Bank. Sustainable banking becomes a booming business in the Netherlands. Based on the home market observations it can be concluded that the Triodos Bank Group will face strong competitive pressure in the near future despite a growing market segment.

3 Problems and Challenges

Research by Profundo (2014) on honest banking between the nine biggest bank groups on the Dutch payments and savings market in 2012 shows ASN, is ranking slightly higher (10 to 8) compared to Triodos on issues like human rights, climate change, labor rights, and weapons. Although the two banks based its foundation on different principles (ASN is originated from labor unions and Triodos inspired its philosophy on Rudolf Steiner’s anthroposophical thoughts) they come closer to each other. This makes it more difficult for customers to make a choice. And for the banks to profile themselves. Common issues are sustainable energy, housing, food, farming, and technologies. More problematic is it to explain why Triodos invest in alternative homeopathic medicines and meditation centers. Clear reconsidering and further communication on what sustainability as a concept involve for them is important.

Another point is the discussion on sustainable mortgages. In Belgium, mortgages are provided for sustainable housing and with low energy usages, this is not the case in the Netherlands. Triodos did not take the challenge to pick up this leading position, which means that they still invest in so-called sustainable private mortgages that again are invested in non sustainable housing (NRCNext 2012).

Another problem is the complexity of knowledge systems. Operations and activities in so many different market segments require knowledge on current and future developments. Triodos came up with innovations in financial products and services, easily to copy, which can be a competitive advantage for the short term.

It is unclear if there exist sustainable projects, which are disapproved or ignored by the management. Possible circumstances could be improved by an effective communication to the relevant coworkers. It makes sense during a deep bank crisis that the Triodos' coworkers are very cautious in providing loans to entrepreneurs who have to face the "same crises." Triodos already organizes on a yearly base the so-called entrepreneurial days on which up-to-date information between the bank coworkers and the business people is exchanged.

In the annual reports, Triodos Bank does not mention the value of integrity. In the banking sector integrity plays an important role where it stands for independency of the management and coworkers to avoid entanglement of interests (conflict of interests). For instance, if a bank employee has a share in a company, then the independency is at stake.

The approach of the Triodos Bank to the concept of sustainability is anthropocentric of character. This means that ecocentrism or biocentrism is underdeveloped in their philosophies, which will hamper investments in future regenerative developments of economies and business.

Is Triodos Bank Group *ecologically sustainable*? The ambition of Triodos is to promote environmental conservation. It brings sustainable banking into practice by offering products and services which promote sustainability. Triodos is convinced that money plays a role in preservation of "mother earth." Based on the Annual Report (2014) it is not clear how the Triodos Bank Group measures any progress in realizing this aim. One could say that today sustainable real products like solar collectors, windmills etc. producing sustainable energy has become a common business. Even for the big commercial banks in the Netherlands. It should be interesting to know the amount invested in new or fundamental scientific technological research projects to facilitate sustainable developments.

Unbridled growth is the financial position of the Triodos Bank at the moment. Reflections on growth positions and alternative potentials have not been given.

Innovations in new product and service technologies made the supply more transparent, but still needs further developments through personal banking, business, and charity banking, and investment banking options. It is not always clear whether genuine change is reached making use of investors that are truly “sustainable.”

- The concept of sustainability needs to be communicated more homogeneous in terms of “what is really ecologically sustainable.”
- More reflection is needed on the business model. How transferrable is it? Is it easy to copy? How to resist aggressive marketing techniques of competitors?
- More attention to benchmarking.
- More praxis of frugality: this means more forms of self-limitation and temperance in order to keep spiritual and material needs in balance.
- The Triodos Bank is still in the stage of a niche marketing strategy and its business model depending is based upon input-throughput-output processes instead of more circular and holistic system thinking.

The emergent infrastructure of the banking sector and their environments yielded pressures from outside. The most important problem was that change was inevitable, but that the direction of change was unclear. Despite concern for the future, change will continue not within a fixed framework, but depends on new knowledge, new inventions and innovations, and new opportunities. Change is not a threat but a challenge. The conservative strategies of banks in general need revision. And the narrow definition of corporate social responsibility too. Sustainability reports are only part of the changing picture. Too narrowly defined criteria of CSR and sustainability lead to window dressing by way of outer philanthropy or patronage and public relation programmes. In this case, the business model opens eyes in how far reality is disguised or not. Research by Jonker (2016) shows the changing transactions that create multiple value led to an identification of certain characteristics of new business models, for example:

1. Types of cooperative collaboration as a central principle to connect.
2. A conscious creation of multiple value, balancing nature, care, commitment, and money.
3. Money is not the only means of exchange. Time, energy, or care as well and sharing profits.
4. Economy as a system of needs. Bridging now and later can be operationalised by credit booklets, for example, energy, health, vegetables, or care.
5. No central focus on ownership of the means of production. Paying for use instead of possession. Entrance to the means becomes more important.
6. Commitment for the long-term. Reliability within relationships.
7. Alternative 'Money' like time or points can replace the euros.

Triodos is on its way to meet several of these criteria and has a leading position in the market.

According to a list of Dutch Banks in the Netherlands, there are 43 banks which have together 74 subsidiaries. Furthermore, there are nine offices possessed by foreign banks. One of the reasons for so many banks could be the position of the open Dutch economy, its favorable geographic location (harbor of Rotterdam) and gateway to the extensive German economy. Numerous banks are specialized in finance and assurance of (sea) transports and trade with foreign countries. Others are more domestic-oriented. These dynamics will strengthen the intensity and character of the internal rivalry of sustainable banking shall increase and Triodos has to anticipate on that, despite its strongly growing segment.

4 Conclusions

The Triodos Bank started in 1968 with the mission to invest and to lend to concerned community members (individual customers and institutions) with the intention to use banking as a mean for societal transformation. They took a leading role in the green energy market and in microfinance. Fair trade, social responsibility, and sustainability became key pillars of their policy. In the 1990s, they decided to become a

European bank. The financial crisis of 2008 caused a successful growth and the bank became a leading discussant in the public debate at the same time developing its business model and business culture in which the bank distinguished itself from conventional banking.

Incorporating sustainability in corporate strategies requires a long-term vision. The banking sector, in general, reacts rather conservative and inactive on societal issues and changes in the environment. It is a relatively environmentally friendly sector in terms of pollution. For a long time, banks considered themselves to be amoral firms virtuously focused on risk and return. The Triodos Bank is a good example how this attitude can be changed into proactive strategies with growth potentials (Kaufer 2011).

For the long-term clear communication to the customers is necessary to distinguish between progressive and conventional banking and keep its strategic positioning as a responsible banker.

The model of Triodos has a traditional input-throughput-output structure and not a cyclical and holistic one as promised in their strategic ambitions. Research into alternative business models is necessary (Jonker 2016; Shafer et al. 2005).

Sustainable markets are rapidly changing and differ strongly from each other (the wind energy market is hardly comparable with the solar energy market). This requires close ties with innovators for example in the field of biomimetics, circularity and nanotechnology.

Even conventional bankers can change and this can go faster than expected. Anticipation and networking on markets with a new generation of bankers and new generations of ecological technologies is essential to relocate the strategic position in time. Technological developments, public interest, and markets are changing rapidly now sustainable sectors are more and more accepted.

Pro-social entrepreneurship means for the Triodos Bank Group investing areas like culture and welfare and in social business. Triodos wants to support organizations which try to cause a social change in society. A change towards a more sustainable world. Both individuals as organizations who feel attracted to this direction of change could account on the funds, knowledge, and experience of the bank. But

sometimes, it could bring Triodos in trouble. For instance, in the case of the Islamic University Rotterdam. This institution is financed by funds of the Triodos Bank. In 2013, the rector of the university said controversial things about homosexuals. We can imagine that the statement of the rector contrasts sharply with the human dignity issue of the bank.

5 Questions to Address

- What are the differences between the business models of the Triodos Bank and other players in the sustainable banking sector?
- What would you consider to be the generic value-activities and the core capabilities of the bank?
- Why are there merely a few players in the international banking sector prepared to take up the role of a sustainable and ethical bank?
- What will be future rivalries in the global financial market?
- What are the limitations and opportunities of the model itself on the bank's vision, mission, and strategies?
- Will the Triodos Bank stay competitive enough compared to “new entrants” in the field?
- Does the bank have to change its portfolio?
- How does Triodos assess the sustainability of a potential project?
- Does the Triodos Bank actually need to grow?

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