Sustainable Finances and Personal Attitudes

Master Thesis submitted in fulfilment of the Degree

Master of Science in Sustainable Development, Management and Policy

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AFFIDAVIT

I hereby affirm that this Master's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

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ABSTRACT

This dissertation addresses the concept of Sustainable Finances from different approaches and through a variety of research tools. The first three chapters summarize the related literature in order to understand the main characteristics of sustainable finances and sustainable behaviour. Sustainable Finances is a dynamic concept, a common framework based on certain principles coming from the issues behind sustainable development. It is a process, not a final aim, with many positive outcomes. Sustainable behaviour, although nowadays there is little literature at the present, is an up-dated trend as well as a powerful tool to educate profit-oriented markets such as traditional finances. Together, they are an influential driving force towards sustainable development.

The analysis, based on both qualitative and quantitative methods, seeks for new ways in which sustainable finances, as a promoter of sustainable development, could grow in the current competitive market. Although there are strengths and opportunities for further development, there are certain threats that need immediate solutions. Society is seeking for new alternatives after the financial crisis, and sustainable finances should be seen as a real alternative. Nevertheless, the public mistrust brings in the necessity to support and protect those truly sustainable initiatives within the financial sector. Considering previous experiences from other fields, this research concludes with the idea of a third party certification system as a tool to protect and enhance the adequate development of sustainable finances.

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List of Abbreviations

CSR. Corporate Social Responsibility

Eurosif. European Sustainable Investment Forum

FEBEA. European Federation of Ethical and Alternative Banks

GABV. Global Alliance for Banking on Values

GRI. Global Reporting Initiative

NGO. Non Governmental Organization

NRET. Natural Resources and Ethical Trade Programme

RAI. Radical Affinity Index

REAS. Red de Economía Alternativa y Solidaria

RIPESS. Network for the Promotion of Social Economy and Solidarity

RUFAS. Red de Útiles de Financiación Alternativa y Solidaria

SF. Sustainable Finances users

SFOs. Social Financial Organisations

TF. Traditional Finances users

UN. United Nations

UNEP. United Nations Environment Programme

UNEPFI. United Nations Environment Programme Finance Initiative

1 INTRODUCTION

1.1 Context

Over the years, the concept of sustainable development has increased its popularity from one sector to another. Agriculture is reinventing itself in order to avoid irreversible impacts derived from its activity. At least some part of the industrial sector is finally being aware of the strong need to include the long-term perspective along production chains. The service sector, as it is for example tourism, is learning from previous mistakes and more environmentally friendly ideas are taking place worldwide; ideas where the conservation of natural ecosystems is the main concern.

Nevertheless, sustainable development is an ongoing process that has to continue to spread throughout all economic activities. The most powerful and influencing ones should be the pioneers. Looking at the current scenario, the financial sector is definitely one of the main forces in economy. Although changes have to take place everywhere, the transformation of the financial system toward a more sustainable approach is essential. The current economic situation was the initial motivation for this research. Additionally, there was also a special interest in finding innovative solutions within the most responsible sector.

1.1.1 Sustainable Development driving forces

A deep look at the literature related to Sustainable Development shows that one of the first things in the process of promoting sustainability is to identify the main driving forces. In doing so, stakeholders appear: International Organizations, Governments, Governance Institutions, Arenas, the private sector and society are the most relevant ones. A step further would be to understand the intra and inter relations among stakeholders: their needs, aims, priorities, and possible relations that might appear when all is included in a common framework.

The following paragraphs describe the main driving forces for relevant stakeholders when analyzing the link between the financial sector and sustainable development.

1.1.1.1 Social Expectations as a driver for sustainable development

Societies are dynamic bodies with their ongoing development processes. Drivers for these changes are for example science, technology and institutions, causing eventual changes in moral and ethical codes (Carrasco 2006). These processes are the most influencing factors of human behaviour and therefore are drivers towards sustainable development.

At this time, it is already a fact that a certain part of society has begun to raise concerns about sustainability issues. Social changes are generally preceded by individual changes. The scientific community believes that “changes in individual behaviour will certainly not be enough on its own to enhance the sustainability of the modern way of life” (Miller 2011, 5) and we need parallel processes such as technology innovation. However, the majority of researchers agree that behavioural change is “a necessity, especially when considering the increasing demand for the planet’s resources as developing countries improve their standard of living and several billion more people will be added to the human population by mid-century”.

1.1.1.2 Economy as a driver of sustainable development

“Economics, as a society product, is related, therefore, to morals, as well as to other society’s manifestations, such as culture or religion” (Carrasco 2006, 44). Thus, it has to be analyzed within the cultural context it belongs to and considered as an influential factor towards change. When identifying drivers towards sustainable development, economy and, consequently, society and cultures, have to be considered.

The current economy is so demanding that the private sector is enforced to incorporate immediately those modifications experienced by societies in their ethic and moral codes if they want to stay competitive. Individual preferences when purchasing market goods and services capture the increasing public concern about sustainability issues. Additionally, new environmental policies are implemented continuously (Carrasco 2006, IFC 2007). Thus, enterprises not longer seek for profits but also to have a long-term environmental and social perspective. This is mainly achieved by the mitigation of social and environmental risks and the innovative sustainable oriented business strategies (IFC 2007).

In parallel to the growing demand, the initiatives of the private sector following sustainable business models, is also increasing. “Conscious consumers, ethical investors, enlightened businesses, non-governmental organizations, cultural creations, and leading international institutions are working to make the triple bottom line (People, Planet and Profit) a reality” (de Clerck 2009, 1). This approach argues that each individual is responsible for taking care of the current and future needs of both society and environment when choosing market products (de Clerck 2009).

The economic system therefore is a social and environmental value generator through the different activities within it, finances included. Although the analysis of the link between economy and sustainability should consider numerous issues, it is out of the scope of this research. The focus is mainly on the financial sector and other strongly related stakeholders. The economic system and thus, the private sector, are highly connected to finances. This is the starting point of this research.

1.1.2 The role of finances in sustainable development

> *"The role of banks in contributing toward sustainable development is, however, potentially enormous, because of their intermediary role in an economy. Banks transform money in terms of duration, scale, spatial location and risk and have an important impact on the economic development of nations" (Marcel 2001, 1).*

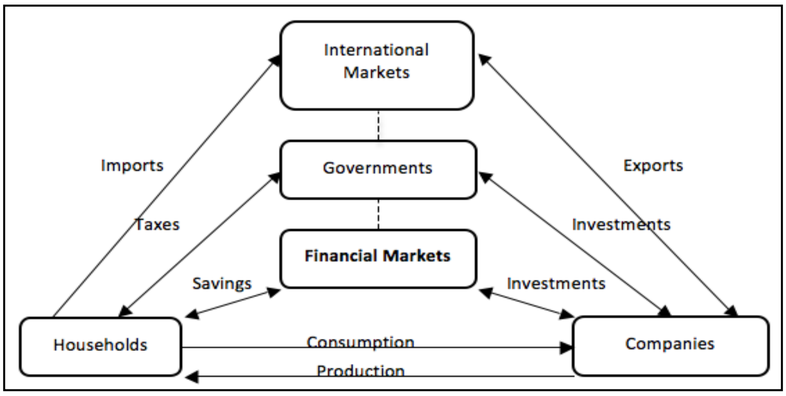


FIGURE 1 THE ROLE OF FINANCIAL MARKETS IN AN ECONOMIC SYSTEM (TAKEN FROM JEUCKEN 2001, 55)

Finances act as intermediaries between people with shortages and surpluses of capital (figure above). They have the necessary tools for creating and transforming money by scale, time, and space continuously. Among other things, these transactions also spread risks. Therefore, financial entities have unique information at hand through their risk assessment processes and they are crucial actors in reducing information asymmetry between market stakeholders (Bouma et al. 2001, Mellor 2010).

Already at the end of the past century, scholars started to consider the potential of the financial sector as a sustainable driving force (Jeucken et al. 1999, Marcel 2001). They are able to make substantial changes, even with small business strategies modifications. Information transparency, ethical and sustainable allocation of assets and participatory approaches in decision-making processes are initiatives that could lead to further sustainable business behaviours.

Furthermore, it would have external positive impacts considering those stakeholders influenced. Savers, for example, are generally not aware of what occurs with their capital after signing a contract where mainly interest rates and other economic variables appear. Transparency increases social consciousness, followed by behavioural changes.

1.2 Research aims and objectives

Along with the concepts presented in the previous sections, the ultimate aim of this research is to support the idea of sustainable finances as a tool to achieve sustainable development.

Additionally, there are secondary objectives. The first is to determine what sustainable finances there are. Following the clarification of the concept and its implications, if sustainable finances are to be promoted, it is necessary to analyse whether these types of finances have a place in the current prize-oriented market. Furthermore, there has to be a common understanding of sustainable finances in order to increase their market share and therefore their impact on environment and society. Users of the current finances in Spain were addressed by a survey to determine whether there are significant differences between sustainable and mainstream finances. The results should contribute to the identification of factors that foster sustainable finances. Within the group of mainstream finance users, the research also aims to detect disincentives such as personal attitudes and other external factors. The desired outcome of this research is to provide suggestions for sustainable finances in order to consolidate themselves as a strong market alternative.

1.3 Structure of thesis

The second chapter deals theoretically with the main concept of the research, and furthermore it defines the characteristics that make sustainable finances a desirable idea for sustainability. Along with this, if sustainable finances are promoted as a sustainable product, it is necessary to consider consumer behaviour towards sustainability and analyze the main influential factors and individual variables. Chapter three deals with these issues and also determines whether there is a place for sustainable finances in the current competitive market or not. The fourth chapter presents the methodology needed to come up with results that contribute to the aim expressed in the previous section. There are qualitative and quantitative methods, presented in both sections. The first one is a SWOT Analysis of the concept of "sustainable finances" whereas the second one is a survey of personal attitudes and other influential factors towards sustainable behaviour, and therefore, sustainable finances. There is a description of the main statistical tools used for the analysis.

The fifth chapter shows the results of the SWOT Analysis and discusses the main conclusions. It also includes the main outcomes from the statistical analysis of the survey; highlighting those issues that directly contribute to the research aims. The very last part of this chapter presents, in accordance with the results shown before, a suggestion for sustainable finances to increase the number of users in the near future.

The last chapter of this MSc Thesis begins with a brief summary and continues with general conclusions and contributions to knowledge, ending with suggestions for further research.

Throughout the whole document, a number of testimonials from the surveyors are included to exemplify certain ideas or concepts defined.

2 LITERATURE REVIEW: THE CONCEPT OF SUSTAINABLE FINANCES

2.1 Introduction

The relatively newness of the concept of sustainable finances makes it rather difficult to come up with a universal, widely known and accepted definition. This chapter aims to summarize the variety of ideas in the literature. The majority of academia agrees in the dynamism of sustainable finances, brought from the intrinsic concept of sustainable development. On a further step in trying to define the concept, the following section identifies the main differences and similarities between the concept and other related ideas from the literature. The subsequent section analyses in detail the main characteristics of sustainable finances identified by the majority of scholars, stressing stakeholders´ relations. At the end of the chapter, there is a description of the current international framework as well as the situation in Spain, the scope of the study. Additionally, there is a description of those entities identified as sustainable in the study analysis.

2.2 Sustainable Finances: a dynamic concept

Since the very first sustainable initiatives, as well some financial projects joined this innovative approach in their own activities. The implementation was mainly done through the management of “social and environmental risks in strategic decision-making and lending and the identification of opportunities for innovative product development in new areas related to sustainability” (IFC 2007, 12).

The literature related is stored under a variety of key words. “Social, ethical, community based, microfinance, alternative, environmental, sustainable, development and solidarity banking and finance" are denominations that are currently used to express particular ways of working with money, based on non-financial deliberations. (...). A precise and unified definition of this type of finance as such is not available and perhaps not possible because of the different traditions from which ethical finance actors have emerged” (de Clerck 2009, 4).

In order to better understand Clerck words, a deep look into the literature is needed. “Sustainable finances” as well as sustainable development are concepts whose main characteristic is their intrinsic dynamism. Both are more a dynamic process than as a static concept. Bouma et al. (2001) justify the dynamism by saying the definition changes in time and space. What it was understood by sustainable development has changed since the pioneer scientific publications and still today there are significant differences with the implementation when two places are compared. The same happens with sustainable finances.

Literature related shows the important thing is not to elaborate a fixed definition, but to identify what should be considered sustainable finances and what should not. De Clerck (2009) says that even if they "differ in terms of focus, accents, clients, products and business culture; they have in common to practice banking and investment with a human development mission. (...). They are all delivering an innovative and human value contribution to the value-neutral financial system" (de Clerck 2009, 12). He plays down the environmental commitment of the term sustainable.

The Forum for the Future[1] defined sustainable finances as "a decision to provide financial capital and risk management products only to projects that promote, or do not harm, economic prosperity, environmental protection, and social justice (Forum for the Future (2002, 3)" (IFC 2007, 11). Moreover, the International Finance Corporation (IFC) (2007) identifies four requirements on how to implement sustainability if an entity wants to be called sustainable:

- *Financial sustainability.* Availability of the financial institution and its clients to contribute to the development in a long-term perspective.

- *Economic sustainability.* Economic viability of the institution and the financed projects and therefore their contribution to economies and societies.

- *Environmental sustainability.* Preservation of natural ecosystems and resources.

- *Social sustainability.* It always respects the internationally recognized Human Rights. It improves the welfare and living standards in the community where they based their activity (IFC 2007).

"These considerations, taken together, aim to capture a fuller range of factors that influence the decisions, activities, products, and services of financial institutions, including the social and environmental impacts of their work" (IFC 2005, 19). Jeucken (2001) focus on two main issues in his attempt to define sustainable finances. Firstly, business strategies have to have an attitude that involves the whole business system, considering all major stakeholders. Secondly, strategic plans should be based on sustainable monitoring systems, where sustainable innovation plays an important role in the process of the company's development.

[1] *[1] Forum for the Future is "an independent non-profit who work globally with business and government to inspire new thinking, build creative partnerships and develop practical solutions" (Forum for the Future 2012).*

Nevertheless, the relevance of the concept resides mainly in the identification and differentiation of these initiatives from mainstream finances. This will be further studied within the next section.

2.3 Sustainable finances and other related concepts in the literature

In trying to define the main characteristics that make finances sustainable from the literature. The first thing is to do is to understand what an "ethical bank" is, considering that there is a broader literature under these key words.

2.3.1 Ethical Finances

Although Alsina (2002) Cowton and Thompson (1999) Green (1989) Kendric (2004) and Lynch (1991) have developed different perspectives, they all share two main aspects: social profitability (economic activities with social benefit) and economic profitability (monetary benefits). San Jose (2011) also includes "the recognition of the Institution as a bank or as a credit institution by national authorities, in order to help differentiate between ethical banks and other social initiatives, which are not properly speaking credit institutions" (San-Jose 2011, 151). As well as De la Cuesta y Del Rio (2001), she considers the following as fundamental factors: participatory approach among stakeholders, information transparency, and good business management practices throughout their activities together with ethical codes that cover all decision processes inside the organization.

Nevertheless, when it comes to what actual employees from these types of finances think, a certain percentage believe that there are strong differences between "sustainable" and "ethical" finances.

> *"There are sustainable projects (both ecological and economically) completely immoral. Ethical finances go further than sustainable ones. That is the reason why the development of an ethical bank is slower, generating a sense of dependence and inclusion among all its stakeholders. I feel part of an ethical project, not a sustainable one."*
>
> *In an ethical bank members participate in decision-making processes. They are an active part of the management and control bodies, all non-profit oriented. Their legal structure is a cooperative one, and they implement ethical codes not just in the allocation of assets but also in the whole process of capitalization capitation and internal organization, mainly through transparency and participation.*
>
> *A sustainable bank is just the one that has some screening mechanisms for their allocation of assets. However, they "are not fed" by the civil society they belong to, and users are not allied with the entity, but just common clients. That is why we need ethical*

banks: to emerge from the crisis stronger than before. Sustainable banks, although they are a clear step forward in comparison to traditional banks, they don't just break with the current financial rules and therefore they have less contribution to social change" (Valdevieso 2012).

The definition given above is again missing the environmental dimension of sustainability. Therefore, when academia or, in this case, a professional worker refers to the term "ethical banks", they do not commit themselves with the concept of a positive environmental impact.

2.3.1.1 The Radical Affinity Index (RAI)

Within the concept of "ethical banking", there is a very interesting quantitative approach, still in process, to differentiate traditional banks from ethical ones developed by San-Jose et al. (2011). The reason behind is to ensure those interested users not to become victims of a marketing campaign. Although this is not the concept this research will work with, a brief explanation of the ideas in which this method is based may help the clarification of sustainable finances.

A quantitative tool named "Radical Affinity Index (RAI) is defined to determine whether there are significant differences between ethical banks themselves and between ethical banks and mainstream ones, named traditional banks by these researchers. Four variables are included in this index, based on ethical ideologies explained in the theoretical part of the article:

- *Transparency:* those entities claiming to be ethical seek for a complete openness and transparency on every aspect of their business activity (Scheire et al. 2009).

- *Placement of assets*: Ethical financial institutions strongly affirm they place their assets in projects with positive social benefit and never in speculative projects or in projects that meet the conditions and criteria that make some investments ineligible (San-Jose et al. 2011).

- *Guarantees*: In order to welcome those marginal groups that normally have no access to the financial system, ethical finances seek for innovative ways to implement the guarantee procedure needed to give credits to borrowers.

- *Participation*: Many scholars such as De la Cuesta et al. (2001) address the importance of participatory methods in decision making for these types of entities. San-Jose et al. (2011) try to identify the most common ones and compare them to those decision making processes happening in traditional financial entities.

However, this index mainly focuses on the accountability, transparency, and social impact; it is a useful developed tool for differentiation purposes among financial entities. Further research about the RAI Index could consider the inclusion of a new variable estimating the environmental performance. In this sense, there already exist indicators that would make this index a valid tool to assess the sustainability of a financial entity.

2.3.2 Social Finances

It is also interesting to have a look at the literature under the topic of "social finances". Amin et al. (2002) define them as "initiatives that are generally acknowledged to be driven by an ethical commitment to social empowerment of marginalized groups and environmental sustainability and their products, services and activities are fashioned through this commitment. They provide valuable services to these marginalized groups and can provide bedrock for local economies. (....). They range in size from small community groups to relatively large institutional schemes" (Amin et al. 2002, 125). Cowton and Thompson (1999) emphasise their enormous flexibility, trying to adapt their mission to the complex circumstances they are surrounded by (Buttle 2007).

Buttle (2007) names these initiatives as Social Financial Organisations (SFOs). "SFOs claim to provide a bridge between 'ethical' investors and borrower organisations aiming to create social, cultural, and environmental value" (Buttle 2007, 1084). He believes that the main characteristic in order to differentiate SFOs is transparency, which is used as a tool for both "reconnecting investors and borrowers and to provide a means for borrower organisations to relate the importance of their activities to investors" (Buttle 2007, 1084). Again, this definition includes the social dimension in this specific case as accountability and transparency among the stakeholders involved. However, the environmental concerns are slightly considered.

2.3.3 Sustainable Finances

Contemporary scholars lately agree that the importance is not to come up with a unified term to call out these initiatives, but to clarify the identifying characteristics and differentiate them from conventional finances:

> *"They prioritise human and environmental needs over cold rationalities. (...) Fairness meant investing money with a focus on the needs of others. It meant helping others to run small businesses in a humane way, and was juxtaposed to the perceived 'ruthlessness' of conventional Finance (Buttle 2007, 1081).*
>
> *"The exact concept of sustainable banking will evolve over time, responding to experiences gained and to global developments" (Willem van Gelder 2006, 3).*

In order to summarize and gather those issues that have to be present in sustainable finances, the main characteristics to identify sustainable finances from others are presented in the table below.

TABLE 2-1 THE CONCEPT OF SUSTAINABLE FINANCES, MAIN CHARACTERISTICS

	Traditional Finances	***Sustainable Finances***
Aim	Economic profitability	Sustainable profitability (three pillars included)
Investment criteria	Maximizing economic profitability	Promotion sustainable development
Decision-making processes	Financial agent	Sustainable Committee (economic viability, social and environmental positive impact assessment)
Transparency	Information partially available - Annual Reports mainly focused on economic aspects	Information fully available - Website (mainly) - Requirement processes - Newsletters - Other communication initiatives
Saver	Partial knowledge and freedom to choose where his/ her money is invested in.	Free to choose where the entity invest his /her money in a list of given activities

Considering all the above, it can be said that concepts such as social initiatives, SFOs, ethical banks, etc. are mainly focused on two out of three dimensions of sustainability. When talking about sustainable finances, environment should be included as it is in sustainable development. Although defining a unique terminology is becoming less important to contemporary scholars, this research uses “sustainable finances” because it is the one that comprises more implications. On the contrary, this document refers to those finances that cannot be identified as sustainable with the concept of “mainstream” or “traditional” finances.

2.3.4 Differences between Sustainable Finances and Corporate Social Responsibility (CSR)

There are a remarkable number of authors who devoted part of their work to clarify the differences between sustainable finances and CSR initiatives developed by mainstream entities. Vogel (2005) is able to make a clear distinction, focusing on the ultimate aim behind: “In some cases, traditional banks incorporate ethical and social aspects through the CSR. However, these activities, rather than to moral duty, seem to be oriented to get a higher economic profitability, or at least to maintain the profitability using the CSR as a source of competitive advantage (Vogel 2005, 16)". Perini et al. (2006) refers to CSR as a competitive advantage to the company or a marketing tool, whereas sustainable finances incorporate as a "leitmotiv" in their existence the concept of "social profitability" (San Emeterio et al. 2003). San Jose (2011) stresses as a differentiating factor the scope where ethical and sustainable commitments of the firm apply. Sustainable finances are committed throughout their activity, and furthermore those carried out by their subsidiaries and significant stakeholders (San-Jose 2011). De Clerck (2009) defines CSR as a business strategy where traditional finances gather the ability to influence in the company's image through the "provision of capital to stock-listed companies" (de Clerck 2009, 6). He also points out that the CSR initiatives will further develop in order to meet customers' needs, and this will make it more difficult to distinguish between legitimate sustainable finances and CSR (de Clerck 2009).

2.4 Analysis of the main characteristics of sustainable finances

2.4.1 Drivers of Sustainable Finances

As an alternative way to clarify the main characteristics, this section identifies the potential drivers and promoters. Win-win situations among stakeholders are one of the positive results when developing sustainable finances. Therefore, there can be active stakeholders that not only support, but also encourage either new initiatives or those already existing ones in order to expand beyond their niche markets. The following list presents the main ones:

1. "The public": pressure from governments, customers, competitors, NGOs and society towards sustainability.

2. Non-governmental and Non-profit Organizations (NGOs and NPOs) that promote sustainable development.

2. International Organisations and Supranational Institutions.

3. National Governments.

4. Regional and local Governments.

5. Other organisations and businesses derived from the new blue oceans sustainable Development has created, for example the renewable energy sector.

6. Renewed sectors: Green building, transport sector, etc.

7. Financial crisis: society and other affected institutions.

8. Internal driving forces. Emanate from employees, shareholders and the board of directors.

2.4.2 Legal structure

Sustainable finances, as it was justified in the previous chapter, are a dynamic concept that changes in time and space. The analysis of the different market offers worldwide in a given moment would have numerous obstacles to define which ones are parts of the study scope and how to proceed to make a comparative analysis.

The difficulty when trying to fix a scope also appears in the legal structure definition. As they serve numerous markets, they also have different operating ways and therefore different legal structures. In addition to economic variables, they need to set up a framework for social and environmental indicators (Bryson and Buttle 2005).

San Emeterio et al. (2003) and Scheire et al. (2009) divide these initiatives in two main groups depending on their action scope by saying that if it is in the Southern or North hemisphere their main mission focus change. A step further would be to add a third group including those initiatives that characterized by their community-based focus (cooperative banks and credit unions). Unfortunately, the environmental variable of sustainability is not yet included in some of these initiatives. Consequently, the concept of sustainable finances does not apply to this classification considering that in many cases they focus on the social and economic perspective of sustainability. They try to address the financial needs of the community they serve. Nevertheless, it is an interesting example to understand the variety of financial structures when taking into account the geographical, social, and political circumstances that surround them. Furthermore, it contributes to define what sustainable finances are.

2.4.2.1 Southern financial entities

Southern initiatives, also called poverty alleviation initiatives are located in developing countries. Most of them work in places with lower rates of the Human Development Index (HDI)[2], and the main problem stems from the lack of capital. “They foster economic development for the low-income population, and to foster community development in marginalized areas” (Scheire et al. 2009, 5). They struggle to find capital for those initiatives that constantly arrive to their offices. Products are mainly microcredit and other innovative

[2] *The Human Development Index (HDI) is an index created by the United Nations Development Program. The HDI is a comparative measure of life expectancy, literacy, education and standards of living for countries worldwide.*

ways that allow excluded communities to participate. Most of them have a large number of branches and offices with numerous employees and co-workers (Scheire et al. 2009). "They cannot rely on a similarly strong deposit base and therefore they are forced to rely heavily on other borrowed funds for the financing of their activities" (Scheire et al. 2009, 6).

In some cases, scholars refer to these local initiatives as Microfinance Banks because this is their main product. De Clerck defines the concept of microfinance as "a methodology of banking for the *unbankables* (people without access to finance), contributing to poverty alleviation through micro lending for income generating activities of the poor themselves" (de Clerck 2009, 9). Although the first initiatives regarding microfinance took place already during the second half of the 19th century in Germany, today is highly developed in many countries that seek for new financial formulae. In 2006, Professor Muhammad Yunus won the Novel Price in recognition of his positive impact on Bangladesh society through his microfinance local bank Grameen (de Clerck 2009).

2.4.2.2 Cooperative banks, credit unions and other alternatives

Regardless of the location, the concept of Credit Unions and Financial co-operative saving institutions refer to local schemes where saving is a common task to the people in a community and therefore "the value of the money is symbolically linked with the common bond area" (Buttle 2007, 1078). These social, community based initiatives have their origins at the beginning of the 20th century, a perfect scenario for new collaborative and community based financial bodies to be founded. The contribution of provision of capital to their members of cooperative banks and credit unions has been very valuable for small societies. However, "this changed when commercial and savings banks started offering banking services on a broader scale. Many cooperative banks expanded their activities into the mainstream and lost their special social mission" (de Clerck 2009, 4).

"The recent merger with other financial entities has resulted in the loss of their social nature" (Anonymous user of Traditional Finances, 2012).

Some of them are trying to come back to their roots and redesign their present business strategy. "Driven by a need to build a specific brand identity in a financial world where there is much of the same, these banks manage to successfully combine usual banking business (the bulk of their financial operations) with support to specific areas such as community development, the not-for-profit sector and/or environmental development (de Clerck 2009, 4).

The literature also identifies one-step further initiatives such as local exchange and trading schemes (LETS). Buttle (2007) defines them as "local circuits of value negotiated via an alternative form of currency which is unique to the particular LETS system of a given local area, providing a continuous source of local liquidity (Lee, 1996, 1999; Williams et al., 2001)" (Buttle 2007, 1079).

It is incorrect to use the term sustainable finances when environmental issues as well as the long-term approach of sustainability regarding current and future generations are not included in the business strategy. Therefore, even if they have an immense positive social impact, these financial initiatives are not sustainable.

2.4.2.3 "New banks" of the Northern hemisphere

If some entities were to be considered sustainable finances, this category would be the one closer to the concept defined in the previous section. Those social-based initiatives funded years ago in western countries with the clear mission to serve their communities, nowadays understand, immediately after the academia did and following their recommendations, the enormous relevance of the environmental dimension. They "focus on the capacity building force of bringing savers and borrowers, consumers and entrepreneurs together for investment (...), directing the money flow to where it is needed in societal and human development perspective" (de Clerck 2009, 8). There is an international trend in this direction, creating responsible business towards society and environment.

> "*Notwithstanding cultural differences, variety in size, accents (social, environmental), products and services, and stage of development, all of them have ethical and sustainable development elements at the core of their mission, ambitions and practices. All of them are making a good case for human and social development while offering both generally and specifically designed products and services to their respective markets. They want to stay true to their values even as they grow and change, while growth is not a target on its own and financial profitability is seen as a condition for further development (....). Whilst a few have failed, most of them have found their way of continuity, with different models of functioning, whilst being in conformity with general banking regulations" (de Clerck 2009, 8).*

These "new banks" are characterized by a robust and centralized business structure with few branches or offices to facilitate competition with mainstream banks. In accordance with today's market-oriented strategies, they stress product and process innovation (de Clerck 2009). Their mission includes ideological components and beliefs in many cases towards a global change in the financial system. They have a relatively low number of personnel and the business activity is based on Information and Communication Technologies (ICTs) systems.

2.4.2.4 Brief Comment

The classification of San Emeterio et al. (2003) and Scheire et al. (2009) in the Northern and Southern groups does not automatically imply that southern ones lack or neglect ethical, social and ecological aspects of finances in their day by day banking activities. Neither does it mean that Northern are not working on poverty alleviation in some communities by investing in southern banks with projects related for instance, with microfinance (Scheire et al. 2009).

The concept of credit unions and cooperative banks together with other possible alternatives that might even imply a change in the currency system go beyond the scope of this research, because more things should be considered in their analysis. However, it is worth to refer them, as they may also be sustainable if they meet the requirements defined in the previous section.

As with the “new banks of the Northern hemisphere”, something similar happens. There is no fixed list determining who is and who is not a sustainable bank because as it was stated before there are no rigid and quantitative methods at hand to determine it. However, these financial entities are considered the three cornerstones of sustainability, all of them at the same level (de Clerck 2009), and therefore they are the most adequate thing to be called sustainable finance according to the different categories available in the literature that were presented above.

2.4.3 Management

Although it refers to “ethical banks”, San-Jose (2011) states: “(...) managers in ethical banks try to optimise the interest of the majority of the stakeholders in accordance with the ideology and principles of the bank” (San-Jose 2011, 154). The same idea would be also applicable in sustainable finances management. Those stakeholders San-Jose refers to, should include the environment, social groups affected in current and future generations and should also consider the economic viability and feasibility of the institution itself in the long term.

Most of the literature related to management issues is under the concept of ethical banking because nowadays there are more case studies considered ethical than those sustainable. Nevertheless, after going though the different approaches presented by scholars with a huge background variety (REAS 2012, San-Jose 2011, de Clerck 2009); some common thoughts are gathered in the following list:

- Economic viability has to be an objective in order to ensure the continuity of the project. “They have to maintain a residual profit to ensure sustainability over time (San-Jose et al. 2009, 3)”.
- Economic profits. The difference compared to traditional entities resides in the way they are achieved as well as how are they are distributed or reinvested. As well, “the quantity of this residual profit depends on the exigencies of shareholders, depositors, investors, and savers (San-Jose et al. 2009, 3).
- Enhance social respect and environmental awareness.
- Promote social development in the area of influence.
- Minimize community costs.

- Manage with respect the possible negotiations with pressuring stakeholders, such as the public sector and competitors.
- Adopt critical attitudes regarding current consumerism and productive quantities as well as competitiveness.
- Develop transparent, fair, and accountable commercial relations.
- Ensure information transparency in and out the organisation.
- Promote and develop participative approaches for as many stakeholders as possible.
- Ensure fair and decent labour relations with employees, including salaries and work conditions as well as ways of employee decision-making participation procedures related with issues of their concern. Democracy has to be a principle among the whole organisation, reflected in things such as training skills opportunities, differences in salaries fixed previously, transparent and monitored, trying to minimize them.
- Appreciate quality in the employee’s work (San Emeterio et al. 2003).

2.4.3.1 Sustainability Committee in decision-making when selecting borrowers

Although the whole organization has a sustainable culture, attention has to be driven to those stakeholders that in traditional finances have worse impacts in society and environment. There are some examples, such as Triodos Bank, where a “sustainability committee” has been established to safeguard the net positive impact of the entity through the exhaustive control of those stakeholders allowed to be monitored. They get different names but the structure is similar and so is their purpose. The most important task is to evaluate the sustainability of the projects to be supported or not.

In an initial phase, members who want to be involved (participation procedures) come up with a “sustainable code”, where positive and negative criteria are stated to clearly distinguish when to support a given project, regardless of its profitability. A negative criterion is an activity or outcome by which a project is rejected to be found. Typical examples are those related with tobacco industry, weapons, and so on. They were implemented first as a screening procedure and nowadays are very clear and similar in most of the financial entities with a sustainable code. Positive criteria are those activities understood as “sustainability promoters”. Here committees have more flexibility and criteria are not the same for all of them. Triodos Bank for example has as a positive criterion; the selection of sectors, businesses and projects that will deliver real social, cultural or environmental benefits” (Triodos Bank 2012).

2.4.3.2 Continuous Assessment and Monitoring

Transparency is one of the most important issues related to sustainable finances. It should be achieved at every level of the organization. In doing so, assessment is necessary for the organization. Clear, effective, and continuous assessment plans have to be developed and implemented both inside and outside the institution among stakeholders.

> *"Assessment should cover all direct and indirect environmental and social impacts of the financial services provided by the bank to its clients, including retail banking (saving accounts, credit, mortgages), commercial banking (company loans, trade finance), investment banking (stock issuances and trading, project finance, stock analysis, M&A and other corporate advising), asset management, private banking, trust banking and other forms of financial services" (Willem van Gelder 2006, 4).*

2.4.4 Capital

Traditional entities "ensure the safety of depositors´ loan capital by minimising exposure to risk in the way the loan portfolio is managed" (Buttle 2007, 1078). In the case of sustainable finances, they "obtain capital to underwrite the risk of their loans" (Buttle 2007, 1078). The extra capital needed compared to mainstream finances makes even more difficult for sustainable finances. This founds come mainly from not profit organizations, the public sector and traditional banks thought their CSR budget (Buttle 2007); however private investors and depositors are becoming more numerous. Buttle (2007) also address the reliance on dispersed networks recently created in order to support these initiatives.

Scheire et al. (2009) estimate that the share financed by their client deposits is around 75 to 90%. Most of them try not to be dependent on other traditional banks, with a limitation in the percentage of capital coming from these institutions, allowing them to be independent from the interbank market (Scheire et al. 2009). Their capital policy therefore fits perfectly well with their mission (further analysis please see chapter 5).

2.4.5 Stock Market

In a global economy strongly influenced by the stock market, sustainable finances have to take care of the negative impact and even damage this institution may cause them. Therefore, they are very careful when determining their shareholders structure and policies "in such a way that it should protect their Banks' mission and identity. Consequently their shares are not listed on a stock exchange and their shareholders have limited voting rights" (Scheire et al. 2009, 38). Sustainable finances have to manifest their opposition to the stock market, strongly based on short-term profit transactions and investments. Nevertheless, there are cases that due to the legal framework of certain countries, they need to be listed on the stock market, like in Bangladesh. Due to the current crisis, a certain proportion of the economic academia has raised up the question of whether financial institutions with a strong influence on the development at every level (international, national, regional and local) “should be allowed to be listed on the stock exchanges” (Scheire et. l 2009, 18).

2.4.6 Products and services

In order to be competitive with mainstream banks, the product offer has certain similarities. What really differs from one to another are the holders of the loans, the purpose in which they are going to be invested in and, as this dissertation wants to demonstrate, the savers. Although sustainable financed projects are considered in some areas to have “higher risks, lower rate of return and longer payback periods” (Buttle 2007, 1078), the interest rates are very similar to the commercial ones and their sustainability commitments make them have an exhausting risk management although this differs widely from the rest.

The International Financial Corporation (2005) is investigating in the most needed sustainable practices and coming up with some product ideas that may be used for this purpose. However, they believe that the process of knowing how to better implement sustainable finances is a dynamic one where further research, case studies’ analysis and continuous innovation are continuously needed. Along with the consulted literature, there are some common ideas when referring to products in sustainable finances:

a) *Loans with a sustainability focus*: Loans to promote sustainable energy, energy efficiency, or biodiversity conservation, or to finance sustainable supply chain management. In the literature, many scholars relate the term “sustainable finances” with niche finances saying they have a very well defined target group. The Global Alliance for instance detected that mainly “social and ecological housing, organic agriculture, renewable energies, social services, educational services, cultural activities, economic development of the poor and in many cases small and medium enterprises (SMEs)” are the ones that ask for these loans (Scheire et al. 2009, 8). These loans can be structured in a large number of categories, however only some examples will be given below:

- Housing finance. Affordable housing programs that provide financing to build or renovate homes, small businesses or individual entrepreneurs in a way that increases efficiency of energy use on buildings and other facilities.
- Sustainable Supply chain Finance. Strongly related with fair trade principles, these loans are mainly to finance innovation at some stages in the supply chain of critical products such as coffee, chocolate, timber, etc. The main purpose is to implement more sustainable practices in these industries.
- Microcredit. As it was noted earlier, sustainable finances vary strongly along with the emplacement component. Microcredit is used in sustainable finances to address social

issues, such as traditionally excluded population groups. Northern entities generally "cooperate with NGOs and microfinance organizations to channel resources to these areas more effectively" (Scheire et al. 2009, 8).

b) *Advisory services*. Minimizing risks is not related mainly with calculations and interest rates but with a full understanding of the project that is going to be funded. These entities gain not only profit with each project; they also add knowledge and specialized expertises. The ability to further advice and act as an external consultant is a determining factor in many cases for the viability of the project.

c) *Promoting sustainable sectors*: Sustainability has to be promoted from every angle, leasing projects related with renewable energy for example. After the Kyoto Protocol a new market called "carbon finance" appeared for these sustainable finances, and many projects related with the displacement of fossil fuels emerged with a strong need of funding.

d) Savers on the other hand are attracted by "*sustainable investment funds*", "development deposits", "Eco-deposits", in some cases they are promoted by fiscal incentives for both parts: investors and investees (Scheire et al. 2009). This is the so-called "Carrot and stick approach" where "environmental front-runners pay less interest than the market price for borrowing capital, while environmental laggards pay a much higher interest rate" (Bouma et al. 2001, 32).

e) Environmental or Social liability insurances. "Insurance coverage for certain types of social and environmental liabilities or damages" (Scheire et al. 2009) is nowadays another service that some sustainable related finances offer.

f) *Community projects and charitable donations*. Although donations should not be included in financial products, it is necessary to address their important role in the social and cultural development of a community (IFC 2005, adapted from Jeucken 2001). Furthermore, savers are always invited to decrease or give up the wages from their liability products in order to offer low interest rates for the credits without compromising the economic viability of the financial entity (San Emeterio et al 2003).

g) *Debt-for-nature swaps (DNSs).* This refers to the mechanism in which those developing countries with a huge debt can exchange a percentage of it by the commitment of certain obligations, related with sustainable development promotion and nature conservation in their own country (Bouma et al. 2001). Sustainable finances can act as facilitators of the needed financial support in most operations with such characteristics. An international well-known example made by two governments was Costa Rica and its agreement with United States of America.

2.4.7 Stakeholders´ Analysis

Stakeholders' relation is based on the encouragement of win-win situations. However, this principle would not ensure sustainable practices if some were left aside or empowered. Moreover, promoting sustainability has to be the core mission of all. Therefore, in analyzing the potential impact of sustainable finances, Jeucken (2001) has identified the main stakeholders (figure below). This research goes further and, brings in the principles of Ecological Economics, considering the "Global Ecosystem".

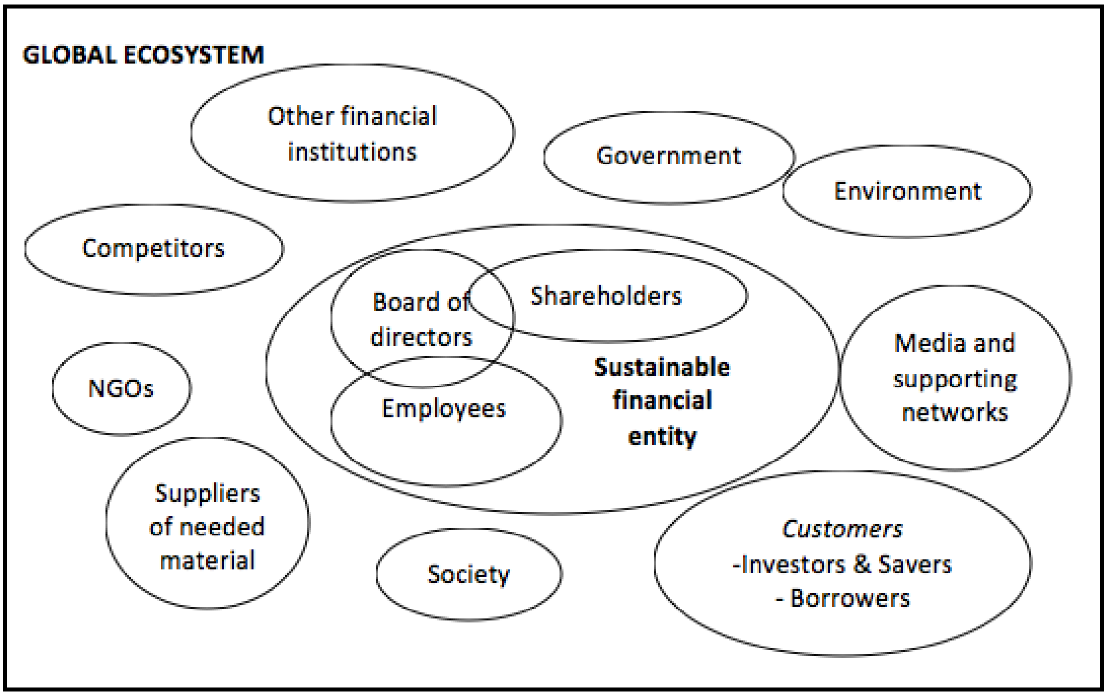


FIGURE 2 MAIN STAKEHOLDERS IDENTIFIED IN SUSTAINABLE FINANCES (ADAPTED FROM JEUCKEN 2001, 64)

Those stakeholders included in the figure should share the same mission as their financial entities, seeking for sustainability before economic profitability. When scholars define the relations among stakeholders, they use the concept of "co-operators, where investment opportunities are called 'partnership opportunities' and collective endeavour is perceived as a way to achieve social and environmental purposes (Hibbert 2004, 1)" (Buttle 2007, 1080). Although the relevance of stakeholders' relations is enormous when analyzing sustainable finances, it is not the aim of this paper and requires much more literature review, further research, and in-depth analysis. However, a small description is given in the following section of those ones that behave differently from mainstream finances.

2.4.7.1 Investors

Investors are those stakeholders supporting financially the creation of a project related to sustainable finances. They are mainly governments, NGOs, other financial institutions, suppliers, customers (savers) and shareholders.

Buttle (2007) defines four main categories of investors or depositors according to their motivations. First, those ones who's main concern is related with social justice, democracy and the redistribution of wealth. There is a second group that is motivated by environmental concerns and sustainable practices. Thus they believe in the potential of the financial sector to promote sustainable development. Thirdly, there are investors with an in-depth knowledge of financial issues and the current economic situation that made them believe that sustainable finances are less risky in the long term. He also indentifies a small group of investors that previously were financing charity projects and decided to change their strategy to generate positive impact on society an environment. Two main reasons brought them to sustainable finances: some believed it is more efficient and others were just tired of "been identified and targeted by other charitable organisations. This caused them, especially older people, a degree of stress. Interviewees used words such as 'snowed under' and 'drowning' to describe the amount of correspondence they received from charitable organisations seeking funding" (Buttle 2007, 1085).

2.4.7.2 Borrowers

> *"Borrowers are a broad range of charities, arts organisations, local community groups, social enterprises and sustainable development organisations, which are collectively labelled by policy-makers and some academics as the social economy" (Buttle 2007, 1083).*

They seek for financial support for a broad range of reasons that traditional banks believe are risky, not profit oriented and therefore low quality investments. Many of them are also turned away due to their inadequate credit story. Sustainable finances on the other hand invest time and knowledge in trying to understand their social or environmental mission (Buttle 2007). The relation they maintain with their borrowers goes further from the loan contracts, existing multidirectional transfer of knowledge and expertises (Scheire et al. 2009).

2.4.7.3 Relationship between depositors or investors and borrowers

The idea behind is to create a common area between savers and borrowers, the former main participants. Mellor (2010), in her analysis of the current financial crisis, blames the privatization of money creation and the consequent lack of democratic control. Furthermore, within her latest work she suggests as a possible solution to shift the perception of money and manage it as a public resource. The idea behind sustainable finances is similar. The entity is a mere facilitator. Of course there has to be an incentive for these entities to participate: the promotion of sustainable development. Additionally, they create jobs, encourage user's confidence and seek for a transition from mainstream finances to sustainable ones.

Banca Etica for instance, presents itself literally as "a place where savers, driven by the common desire of a more transparent and responsible management of financial resources, may meet socio-economic initiatives, inspired by the values of a sustainable social and human development" (Scheire et al. 2009, 11). Furthermore, they want to educate their "savers and borrowers by enhancing the awareness of the former about their saving's destination, and encouraging the latter to develop their management and entrepreneurial abilities" (Scheire et al. 2009, 11).

Sustainable finances are institutions strongly characterised by their innovative approaches at every level of the organization. This is also reflected in the ways they promote for the interaction between savers and borrowers. Some of these communication instruments found either in the literature or in the institutions analyzed are briefly described below:

- *Newsletters*. Many organizations have reports they distribute among clients and stakeholders periodically. However, the content and frequency have its limits to enhance transparency. Sustainable finances publish their activity on a continuous basis through electronic newsletters. Many of them follow the guidelines given by the Global Reporting Initiative (GRI).Triodos Bank is one of them.

- *Online applications*. There are different webpage-based tools to enhance transparency and user participation. One example is "Googlemaps": savers can check where their money is and how it is invested. In some cases, customers can choose the interest rate of their savings within a given range (Scheire et al. 2009).

- *Savings accounts.* Savers can choose between the different projects according to their social or environmental positive impact. Renewable energy, organic food, social or community-based projects, education and culture are some alternatives.

- There are many "other strategies to enable investors to learn where their money is lent and about its impacts. In the case of Charity Bank these include: regional launches, holding stalls at voluntary sector conferences, giving public lectures and talks, holding annual general meetings in borrower organisations and organising walking tours around local community projects" (Buttle 2007, 1085). Fiare (Spain) has one day a week where they open their organization to every interested citizen. Triodos Bank (Spain) sends its employees to universities, workshops and forums of discussion where they answer questions from the audience.

2.4.7.4 Partnerships and networks

There are many examples of sustainable finances that, in order to have a larger impact, accept to have collaborative relations with other financial institutions and organizations contributing to their capital. In many cases, these mainstream institutions consider these collaborations part of their CSR activity (Scheire et al. 2009).

Additionally, there are numerous networks dedicated to sustainable finances. They help users seeking for a change by explaining which initiatives are available in their countries, what are the main characteristics, benefits and principles behind their business plan. Examples are the Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS)[3] and Green Bank Report[4] among others. In Spain, the most influential one is “Red de Redes de Economía Alternativa y Solidaria” (REAS)[5], although there are many more with an increasing number of followers interested in bank transparency, illicit investments and the financial crisis.

2.5 Sustainable Finances initiatives

During the World Economic Forum in 2003, a pioneer international initiative regarding sustainable finances took place. Participants wrote a pioneer common framework that could be used as a general benchmark named The Collevecchio Declaration on Financial Institutions and Sustainability. “This document outlines six principles that financial institutions should embrace: a commitment to sustainability, to ‘do no harm’, to responsibility, to accountability, to transparency and to sustainable markets and governance. In addition it explicitly calls on financial institutions to advocate for regulation” (de Clerck 2009, 12).

Sustainable finance is also included in the agenda of the United Nations (UN). In 2003, after different approaches trying to better address this topic, “The United Nations Environment Programme Finance Initiative (UNEP FI) was established. It is a unique global partnership between the United Nations Environment Programme (UNEP) and the Global Financial sector with more than 200 institutions worldwide” (UNEPFI 2011). Within the webpage, their mission is stated as “developing and promoting linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations” (UNEPFI 2011). In 2011, seeking for

[3] *RIPESS: http://www.ripess.org/*
[4] *Green Bank Report: http://greenbankreport.com/*
[5] *REAS http://www.economiasolidaria.org*

more member commitment, all of them signed the UNEP Statement of Commitment by Financial Institutions on Sustainable Development:

> *"We members of the Financial Services Sector recognize that economic development needs to be compatible with human welfare and a healthy environment. To ignore this is to risk increasing social, environmental, and financial costs. We further recognize that sustainable development is the collective responsibility of governments, businesses and individuals. We are committed to working collectively toward common sustainability goals" (UNEPFI 2011).*

The banking industry itself also has had a few collaborative movements regarding sustainable finances. One good example is The Equator Principles, defined as a "banking industry framework for addressing environmental and social risks in project financing" (Equator Principles 2011).

Nevertheless, other specific associations with highly committed members such as The Global Reporting Initiative (GRI) are a better example of the kind of tools needed for the further development of sustainable finances. The GRI defines itself as a "multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines" (Global Reporting Initiative, 2011).

In the USA, the historical background on bankrupt due to environmental pollution scandals and responsibility made it a perfect scenario to bring in some responsibility frameworks for the financial sector. "Since the late 1980s Banks could, under CERCLA, be held directly responsible for the environmental pollution of clients and obliged to pay remediation costs" (Marcel 2001, 1). There is also a variety of existing alternatives, such as the Green Bank Report website. Their mission is to "help further the cause of green banking in the United Kingdom, United States and across the rest of the world, reporting on the latest green banking news and the best green banking deals and rates, in the hope that more people will utilize green banks to help reduce the environmental impact of banking activities. They have partnered with several non-profit organizations to promote eco-friendly banking practices" (Green Bank Report 2012).

At an international level, RIPESS is an "intercontinental network that connects social and solidarity economy networks throughout the world organizing global forums a nexus for learning, information sharing, and collaboration" (RIPESS 2012). They promote an economy based on the Triple Bottom Line. However, so far their environmental concerns are still in the background.

Numerous and different initiatives are taking place continuously when looking at wider economic alternatives that contribute to the development of sustainable finances and other valuable ideas. Some of them are gathered at the RIPESS and REAS web pages. They are a real example of the current change in social expectations towards more responsible and sustainable finances.

2.5.1 The Global Alliance for Banking on Values (GABV)

Fourteen banks from Asia, Latin America, the USA and Europe, all of them leaders in sustainable finances, created this organization in 2007. They declare as their mission “a shared commitment to find global solutions to international problems and to promote a positive, viable alternative to the current financial system” (GABV 2011). Their beliefs in economic interdependence and responsibility to current and future generations encourage them to seek for new ways to transform the financial sector in a more sustainable one. In order to become a member of this network, there are two criteria: institutional independence demonstrated by the owning of a banking license and a minimum balance sheet of $50 million and absolute commitment to the triple bottom line concept (Scheire et al. 2009).

> *“These banks differ from their mainstream competitors as they created a bank that is aimed at financing cultural, social, and ecological projects. The core of their banking activities is a triple bottom line approach that embodies the vision that financing should take into account people, planet, and profit” (Scheire et al. 2009, 8).*

The structure and principles intrinsic in the GABV are a perfect benchmark for those sustainable initiatives that seek for supportive relations within the same sector. These types of collaborative approaches between alternative finances worldwide could highly influence the market share they have, by easily spreading around the world. Transparency and other principles that must be pursued in sustainable finances run the risk of being lost when the institution grows rapidly. Thus, being members of a common framework to strengthen their characteristics may be a solution for further development.

2.5.2 Islamic Banks. An example of responsible finances due to social expectations and cultural beliefs.

As it was stated in previous sections, society is one of the most powerful stakeholders to make the private sector in general and the financial sector in particular, more responsible, committed to sustainability and interested not just in economic profit maximizations but also social and environmental positive impacts. Social expectations, cultural values, ethic and moral codes (highly influenced by religion beliefs), shape personalities and behaviours and Islamic banks are a clear example. It is clear that they cannot by far be considered sustainable finances as they are purely focused on the social dimension. Nevertheless, it is said by academia to be a very illustrative example of how social expectations and cultural beliefs influence towards responsible business actions. “Among the most important objectives of the Islamic finance in general and particularly the Islamic banks, is the establishment of justice and elimination of exploitation in business transaction" (Elmelki et al. 2009, 123). The reasons are to be found in the Shariah law (Islamic law) (Elmelki et al. 2009, 123).

> *"Ethical practices, in the Islamic banking framework, are derived from religious teaching. Islamic banking is one form of integrating religious principles in investment decisions. The basic tenet of Islamic banks is that the investor should invest his or her assets to reflect the Islamic principles that govern his or her daily life. The concept of ethical investment is based on the philosophical, religious or moral convictions of individual or collective investors, who exclude from their investment universe all stocks in fields which they consider contrary to their convictions" (Elmelki et al. 2009, 123).*

2.5.3 Initiatives at the European level

European countries have implemented a wide variety of policies towards sustainability, but none of them has properly addressed finances. The private sector has also had a boom on environmentally friendly products over the past two decades (Marcel 2001, 1); however these are mainly marketing oriented. Considering the financial sector, although many tools and business concepts have appeared (codes of conduct, environmental reporting, management systems and risk assessment, socio-economic initiatives and sponsoring are some examples (Marcel 2001, 1), none of them have been efficient enough to be identified as sustainable finances.

Besides the political arena, it is important to mention other projects constantly supporting and contributing to the consolidation of alternative finances such as the sustainable ones. It is true that most of them have emphasized their efforts on the social aspects; however they also consider environmental concerns and act as crucial platforms to promote sustainable finances. Two of them are briefly presented in the following paragraph; however there are many more to rely on.

a) Eurosif. "Eurosif (the European Sustainable Investment Forum) is a pan-European network and think-tank whose mission is to develop sustainability through European financial markets. Current member affiliates of Eurosif include institutional investors, financial service providers, academic institutes, research associations, trade unions, and NGO's. The association is a not-for-profit entity that represents assets totalling over €1 trillion through its affiliate membership" (Eurosif 2012).

b) FEBEA. "The European Federation of Ethical and Alternative Banks is a non-profit organisation incorporated under the Belgian law, created in Brussels in 2001 by a number of commercial banks". Their mission is to "develop the ethical and solidarity-based finance in Europe in a concrete way, creating alternative financial tools hand in hand and also being a place for exchanges and sharing experiences working towards a European dynamic" (FEBEA

2012).Today it is composed of twenty-four banks with “different legal forms but they all share the same concern for transparency and social and environmental utility” (FEBEA 2012).

A quick look at the current European financial panorama shows that many things have been done in the worst possible way. Social and environmental impacts are dramatic, irreversible, and so vast that it is difficult to estimate them. In such circumstances, only profound changes are an alternative. The concept of sustainable finances is an option for these actors to move towards the urgent needs of the world and the society they are part of, without compromising their existence. There are still many things to consider at the European level when talking about sustainable finances, and further research should be urgently made considering the long-term impact and the possible relations with other economic stakeholders. Nevertheless, it is an outstanding alternative when developing further financial regulations.

2.5.4 Sustainable Finances within the scope of the Study: Spain

The current panorama in Spain regarding sustainable finances is changing almost every year. At the moment there is only one full operative bank called Tridos Bank, allowed by the Central Bank of Spain to develop its activities at the national framework since 2004. The legislation related with alternative finances (so-called ethical or social in this arena) is still rather few:
- “Rule on the use of “ethical”, ecological & other CSR terms in Investment Funds issued by INVERCO (Association of Institutions for collective investment and retirement funding)1999.
Regulation for Investment Funds and Pension Funds on their social and environmental criteria
- Law 23/1998 of 7 July on International Development cooperation: Microcredit Concession Fund
- Law 50/1998 of 30December on tax, administrative and social order measures, Article 105.
-Law 61/2003 of 30 December on the 2004 General Federal Budget, Art. 56.
-Royal Decree 741/2003 of June, 23rdon the Microcredit Concession Fund for basic social development projects” (Council of Europe2004, 34).

Nevertheless, there is much more going on in the financial sector with numerous associations, funds, NGO´s, foundations, and cooperatives involved in alternative finances. It is still difficult to differentiate which ones can be identified as “sustainable finances” as they have a variety of aims depending on the circumstances in which they were created, but also have a large flexibility in determining which way they operate. The scope of this dissertation due to time and resource restrictions cannot afford to analyze each of the financial projects going on in Spain to check whether they are sustainable or not. Therefore, in the next section only those ones named by the participants of the survey are briefly described.

2.5.4.1 Triodos Bank

In 1968 (Netherlands) four professionals with different backgrounds in economics and law had a revolutionary business idea. They wanted to use the available money in a responsible way bearing in mind the long-term perspective and seeking for improving the future scenario. They were able to create a completely new concept of finances within the structure of a bank. They developed their activity under strict principles of transparency, social, economic, and environmental profitability. The savings from their clients enable them to give loans to innovative products and projects that besides having economic profitability, they carry as well social and environmental benefits, basing all their business activity in the principle of People, Planet, and Profit.

Triodos Bank started their activity in Spain during 2004, mainly based on Internet and telephone communication. They have shown a continuous growing and the current economic recession and some other social movements in Spain have helped their lately notorious increase.

Positive and negative criteria

Triodos Bank combines all economic, social, and environmental profitability. In order to fulfil all the three aims, they work with the positive criteria tool for determining which projects to support individually, not only financially but also providing knowledge-based consultancy and other services. Furthermore, in seeking for objectivity maximization when deciding, they base their decision taking criteria regarding environmental and social value on certified systems that vary depending the type of project (ecologic agriculture, fair trade products, etc.).

Regarding the negative criteria, they are continuously updating a list of both sectors and enterprises that are not accepted to join at any level or in any way the institution. The criteria are against sustainable development and other principles Triodos Bank has. [6]

Shares

6Non-sustainable products and services: Oil industry, Bets, Nuclear energy, Environmental Hazardous substances, Pornography, Tobacco, Weapon industry (Triodos Bank 2012). .

Non-sustainable processes: Intensive production processes in the agricultural sector, Corruption, Dictatorial regimes, Animal experimentation, Genetic engineering (GMO), Organizations with infraction recorded (codes of conduct, legislation, conventions, etc) (Triodos Bank 2012).

Triodos Bank for example has a "system of depository receipt holders, however, it has appointed an independent board for the management of the Bank's shares. The Foundation for the Administration of Triodos Bank Shares (SAAT) executes the voting rights of the shares and issues depository receipts for shares to private individuals and institutions that want to participate in the Bank's equity. The bank also maintains an internal market for the depository receipts" (Scheire et al. 2009, 38).

"Triodos invests only in environmental, social and cultural projects, leaving aside speculative investments, weapon funding, etc" (Anonymous, 2012).

2.5.4.2 FIARE

FIARE defines itself through both of the statements below:

"1. A network of individuals and organizations with a vocation to create alternatives in the market finance to build an economy with other values in the service of a more just society.

2. A company that operates in Spain as an agent of Banca Popolare Etica, S. Coop" (Fiare 2012).

Structure

- The State Board is the main governing body, composed of different territorial members of the project. It develops the guidelines of the institution, and acts as a decision-making body, where representatives from the different regions and management areas are included. The meetings location changes to facilitate the participation of representatives.

- Banking branch is the set of offices and people needed to work on those banking services that Fiare offers.

- The Committee is the one responsible for ensuring consistency and integrity of the pillars in the overall development of the institution. It provides advice and raises and resolves threats and other compromising issues.

- The Evaluation Committees are the ones responsible for writing reports analyzing the social and environmental impact of the funding applications. Today there are nine of them, one for each territory, where they are working in.

- Territorial associations are the ones linked with the State Board in the different territories, promoting and ensuring the identity of the project, working with local networks and other associations at a lower level (Fiare 2012).

Now, Fiare only offers deposits to individuals; there are still some banking activities that will be included when they become a recognized bank by the Spanish Central Bank. They are currently working on the requirements. The interests can be kept or donated and preferences on where to invest the money are required.

"Fiare has articles of association where codes of conduct, entity principles, investment criteria, and participation procedures are defined" (Anonymous, 2012).

"The project has an extraordinary impact in the local economy it participates" (Anonymous, 2012).

"It is amazing the degree of transparency Fiare has been able to achieve toward its users" (Anonymous, 2012).

2.5.4.3 COOP57

Coop57 started its activity in Cataluña as a cooperative help between workers from Buera Editorial after they lost their workplaces and put together their severance pay. They wanted to promote economic projects with the main aim of creating new working places in cooperative models. This initiative managed to register the project as a financial service cooperative in 1996. Every since they begin, this cooperative has been adapting its structure and business model to the need of their savers and borrowers. Currently they operate locally in different regions but within a national economic network. They receive both solidarity funds and client deposits. Deposits from either companies or individuals have to be at least 300, 51 Euros. The Coop57 General Assembly annually fixes the interest rate, and in 2011 it was estimated as a 2%. The saver has the right to take away their previous investment whenever he or she wants as well as participating in the different Assemblies that take place (COOP57 2012).

Comments from users (survey)

"Coop57 invests in projects directly related with the creation of local employment and social economy and cooperatives" (Anonymous, 2012).

"(...) it is a cooperative project, not solely benefit oriented; funding only social economic activities and it is into the hands of the civil society" (Anonymous 2012).

2.5.4.4 Other Initiatives

It is of interest to briefly mention those numerous initiatives, not just on a national scale, but worldwide, with a solely social model. Solidarity is their main economic source; therefore they cannot be considered as sustainable finances as they do not fulfil the principle of economic viability. However, they are influencing the national and global financial sector in two main ways. On the one hand they create and promote new financing formulas seeking for efficient allocation of the rather small capital they can rely on. On the other hand these initiatives allow previously excluded communities to participate in the financial sector and benefit rather than being exploited by bad practices. They had to be eliminated from the scope of this study; however they have enormously influenced in a positive way those current initiatives that can be defined sustainable finances.

The most prominent example at the European level is REAS, a Network of Networks of Alternative and Solidarity Economy, "comprising more than two hundred organizations divided in working groups for regions and sectors. They operate internationally through RIPESS (Network for the Promotion of Social Economy and Solidarity) (REAS 2012).

Additionally, there is RUFAS (Red de Útiles de Financiación Alternativa y Solidaria), a network of alternative and ecological organisations (Council of Europe, 2004). There is also the Spanish Micro-credit Concession Fund (FCM), whose main goal is to contribute to help undeveloped countries and fight against poverty. A few organisations offer non-financial products (not supervised by official authorities such as Central Banks and Investment Funds authorities) related to ethical lending: IDEAS, GAP, OIKOCREDIT, etc.

2.6 Conclusion

This chapter was fully devoted to the concept of sustainable finances, characteristics and examples given by the literature and case studies both international and within the scope of the qualitative part of the research. The main ideas rely on the dynamism and the variety of existing initiatives, each of them with specific characteristics. It is still difficult to come up from the literature with a precise definition, in which each case study can be analyzed and defined as sustainable finances or not. There are numerous networks trying to clarify to those interested users thinking about a change in their financial entities, which are the given alternatives in their region if they want to rely on these initiatives. Also, there is the issue of how to distinguish sustainable finances from other activities that are far behind the potential of sustainable finances as a driving force towards sustainable behaviour. Neither is it mentioned in the literature anything regarding the current fractional reserve system in which finances rely on. However, some critical voices towards sustainable finances agree that this should be an eliminating factor to considerate these initiatives sustainable (for further discussion, see chapter 5).

Considering all of the above, it can be said that sustainable finances are an evolving concept that still has to mature in the following years. However, the characteristics described in this chapter, when applied, would mean a shift of the financial sector towards more sustainable behaviours. If this impact is to be considered in the scope of finances, understanding their relevance in the current globalised economy, amazing changes could be seen worldwide.

Along with the idea of promoting the concept and therefore increasing its impact in society and environment, it is necessary to deeply know the product and the market in which is to be sold. This thesis cannot cover all the needed market research and, as the concept is still developing and further research is suggested, a SWOT Analysis is carried out to better understand the potential of the product itself in the current market.

3 LITERATURE REVIEW: CONSUMER BEHAVIOUR TOWARDS SUSTAINABILITY

3.1 Introduction

In accordance with the previous chapter, the following step in seeking for the research objectives is to find out the public opinion and moreover, what can be improved to increase the number of users. Consequently, a review of the available literature regarding consumer behaviour towards sustainability is adequate to understand the influential factors that lead users to choose either mainstream or sustainable finances.

There are still few literatures addressing the relation between consumer behaviour and sustainability even though the relationship is crucial for sustainable development. Most scholars mainly refer to mechanisms that influence consumer behaviour. Within their research they include psychological aspects, marketing campaigns, target group identification and innovation towards consumer needs. There are also literatures on the subject of ethical consumerism and ethical behaviour. However, this thesis tries to go further, as it is important to convince public and private sectors and furthermore the whole society to incorporate sustainable principles within as many behaviours as possible. These are powerful tools toward social change and they "may be even used to ensure that companies are accountable to society" (Tallontire et al. 2001, 6).

3.2 Ethical and sustainable consumerism

"NRET (Natural Resources and Ethical Trade Programme) defines ethical trade as any form of trade that consciously seeks to be socially and environmentally, as well as economically, responsible. Ethical consumers would, therefore, seek to purchase or use goods and services that can demonstrate social and/or environmental responsibility" (Tallontire et al. 2001, 5).

Scholars define ethical consumerism as an evolution from previous consumerism movements. However, ethical consumerism is the first one emphasising consumer's free choice based on more extensive information available about the product (Tallontire et al., 2007). Two others follow this one. One focuses on product safety and corporate accountability (Tallontire et al. 2007) and the other one is described as ''a marriage of environmentalism and citizenship" (Tallontire et al. 2007, 7). The literature refers to the second one as "sustainable consumerism", based on the inclusion of both environmental and social values (Smith 1990, Murphy et al. 1997).

Furthermore, "ethical consumerism in its most radical formulations seriously looks at how consumption may be reduced"[7] (Tallontire et al. 2001, 7).

It is also important when analysing sustainable consumerism to consider the external circumstances given by social and cultural variables (Sooyoung et al., 2011) Materialistic societies have their value and principles based on the acquisition of material objectives. The ones so-called "post-materialistic societies" are developed societies, where people's values have shifted from materialism towards post-materialistic. The emphasis is made on "environmental protection, sense of community, tolerance, and inclusion of minorities and demand for choice" (Sooyoung et al. 2011, 4). Although they still have materialistic behaviours, priorities have shifted as the material needs are satisfied. The authors also define a third category called non-materialistic as a following step from post-materialistic societies. On this basis, sustainable consumer behaviour can be found more often in post and non-materialistic societies (Sooyoung et al. 2011).

3.3 Sustainable consumer's Profile: Positive, Negative and Active sustainable consumers

The classification given above is based on the principles behind consumer's purchasing decisions. Additionally, there are other issues influencing sustainable consumerism.

One thing that should be analysed is the way in which preferences are expressed. Consumers may avoid the purchase of certain products. Moreover, they can even boycott them. There are also positive actions, such as purchasing certain products considered in accordance with their principles. In some cases, they choose to have active involvement by being part of social protests, lobbying, campaigns, etc. (Tallontire et al. 2001). Ewart (2009) defines these alternative expressions as willingness to change behaviour, willingness to pay a premium or willingness to punish.

Simultaneously, individuals may be very committed with their beliefs regardless external difficulties when purchasing products. Therefore, the different classifications of sustainable consumerism are based on the commitment from consumers considering influential factors

[7] *Further information: "See New Economics and Ethical Consumer's described as ''a marriage of environmentalism and citizenship'' discussions of 'downshifting', (June 1997, Nicholson-Lord 1994)" (Tallontire et al. 2001, 7).*

such as additional costs, availability, etc. The prominent ones are referred below with certain modifications (Roper et al., Coddington 1993, June 1997, National Consumer Council UK (cited by Cooper 1996, June 1997) :

a. Consumers fully committed. Individuals with leadership who conduct social movements towards sustainable development. This behaviour involves a life style change.

b. Half committed act on their ethical values in certain limited ways. “They accept consumer society and enjoy its pleasures and conveniences. However, they believe they should act in those (few) cases where consumerism creates real problems” (Tallontire et al. 2001, 18).

c. Consumers not committed but interested. They “show concern but have not been sufficiently motivated to take action, do not feel that their action would make any difference, or do not see how they can channel their concern into action” (Tallontire et al. 2001, 17).

d. Consumers not interested at all in social or environmental issues.

3.4 The process of decision-making in sustainable consumer behaviour

3.4.1 Motivations as drivers of sustainable consumer behaviour

There are two main sources of motivation for sustainable consumerism. One is called “universal benefits” and is related to the effect individual behaviour might have on the environment of other people. The second one is called “perceived individual benefits” and it is related to the idea of “doing good” as in order to feel better with oneself. Self-interests play an important role in sustainable consumer behaviour, through the desire to make a difference and as a scope for self-enhancement (Sooyoung et al. 2011).

3.4.2 Concerns as drivers of sustainable consumer behaviour

Conscience is also an important source of sustainable consumerism. The “do not harm” principle appears and consumers identify certain concerns on which they base their decisions. In many cases, these concerns result in new habits, such as vegetarianism, recycling, etc. (Tallontire et al., 2001). Starr (2009) defines the most relevant concerns for sustainable consumers and classifies them into different categories:

- Environmental sustainability. Global warming, pollution, and depletion of natural resource stocks are some examples. Individuals who try to minimize their ecological footprints have the so called “green practices”,

- Biodiversity loss and Genetic Modified Crops (GMCs) and Animals. GMOs are one of the most important causes of biodiversity loss. Buying organic food and vegetarian habits are the most common practices.

- Free trade and abusive labour practices mainly in non-developed countries. Consumers purchase Fair-trade products.

- Animal welfare in scientific research. Vegetarian or vegan diet is a common choice for people concerned with animal welfare.

- Local economy destruction as a result of globalisation. To fight against it, people try to buy local products only and boycott large international companies (multinationals).

- Repressive regimes mainly in Africa and Asia. Individuals cannot do much about this issue. However, by trying to reach international awareness, people organize demonstrations and boycotts against companies that operate in those places.

- Consumerism and material lifestyles. An increasing percentage of the global population show rejections towards materialism along with their spiritual ideas or principles: “Earth Hour” and “Annual buy-nothing day” are just an example of the wide variety of initiatives with a large number of followers. Economic models build a strong relation between well being and consumerism. However, people from developed countries and international initiatives have started to question this statement (Carrasco 2006, 43).

3.4.3 Individual Aim and actual behaviour

As Tallontire (2001) and Douglas J. Miller (2011) point out, there is a difference in the perception of sustainable consumer behaviour, highly celebrated in most cases, and the actual number of people purchasing it. It is likely to support these initiatives, however, when the choice has to be made, other factors alter the final decision. Studies dealing with sustainable consumerism have seen the difference between surveys and actual purchases. Scholars call it the “hallo effect” and it may happen due to different influential factors. One good example is the susceptibility people have when answering a survey. They try to respond in accordance to acceptable norms or aspirations rather than actual behaviour (Coddington 1993 38). There are other important causes identified by Hurtado (1998) listed below:

a. “Environmentally preferable products may not meet consumer criteria of price, performance, quality, and easy access.
b. The information about environmental benefits of products is insufficient.
c. On-pack information lacks credibility with consumers.
d. There are not enough environmentally good products on the market.
e. The depth of knowledge about environmental issues is limited.
f. People do not have the time to look for products that are kinder to the environment.
g. People feel they cannot make much difference.
h. Many people have little inclination to pay a premium” (Tallontire et al. 2001, 18).

3.4.4 Attitudes and personal variables towards sustainable consumer behaviour

Sustainable behaviour is stimulated by certain influential factors. Literature considers mainly demographic and cultural variables, personal attitudes and product variables. This section describes those that cannot be easily modified.

3.4.4.1 Demographic and personal attitudes

a. Gender. Women generally show more interest in social and other non-materialistic values. However, the marketing strategies of the last decades addressing more women interests have shifted this initial assumption.

b. Age. Sustainability is mainly a concern of new generations. There are always more young people fully or half committed to sustainability (Tallontire et al. 2001), usually called “young greens” and likely to have more post-materialistic values. They are active with their beliefs but have low spending power. On the other hand, materialism is more common in older people (Carrasco 2006).

c. Education. Educational level in most cases has a positive relation on awareness and therefore with sustainable consumer behaviour (Tallontire et al. 2001).

d. Culture. “Morals determine the attitude of societies in relation to certain individual behaviours with consequences for the community” (Carrasco 2006, 44). Certain aspects such as level of security both physical and economic allow societies to move towards less materialistic values, mainly based on the subjective wellbeing (Carrasco 2006).

e. Involvement. Tallontire et al. (2001) also points out the positive feedback loop of sustainable behaviour. When people make an effort on a certain issue in order to be more sustainable, they might also consider changing other behaviours.

f. Social Influence. This is related to what is mentioned above of influential aim and actual behaviour. Although sustainable behaviour is desirable, “individuals expect others to adopt sustainable behaviour but do not think other people expect the same of them. (...). Thus, the desirable (sustainable) behaviour is most often not adopted” (Douglas J. Miller 2011, 4).

h. Personality variables. There is research oriented towards psychological issues that consider personality variables, such as dogmatism or conservatism. However some scholars (Shaw and Clarke 1999) question the actual influence of these factors in behaviours (Tallontire et al. 2001).

3.4.5 Influencing factors

There are also issues that can be externally modified and influence general behaviour. These should be considered when trying to stimulate sustainable behaviour and sustainable consumerism. This section also discusses certain specific factors for the purchase of sustainable finances that can be modified in order to increase the number of users.

According to Dolan´s et al. research (2010) on how to influence society's behaviour by policy makers; there are some issues that help the process changing attitudes in a community:

- Messenger. The person who communicates the information heavily determines the further behaviour towards the message.

- Incentives and losses when changing the behaviour. This is strongly related to the idea of short-run benefits and the resistance of choosing actions with long-term benefits.

- Social norms unconsciously influence individual behaviours, as they tend to act in concordance with the ones around.

- Individuals tend to "go with the flow" of pre-set options as change is not always an appealing phenomenon.

- Novelty and individual relevance. In order to get the attention of the audience, innovation and attractiveness are necessary ingredients.

- Emotional associations and sub-conscious causes are strong behavioural factors.

- Commitment and personal ego. As Allcott stated "Individual decision-making is affected by, though not limited to, peripheral (subconscious) factors, procrastination, default options, wandering attention, and lack of commitment" (Douglas J. Miller 2011, 31). On the other hand, ego is said to be the ultimate factor that defines our final decision (Dolan´s et al. 2010).

3.4.5.1 Influencing factors in purchasing sustainable finances

a. Information availability

Information availability generally increases sustainable behaviour through higher levels of knowledge and awareness. It is "thereby considered as one of the prerequisites for sustainability" (Douglas J. Miller 2011, 36).

The way this information is presented also influences the final outcome, depending on the given situation. There are recent studies dealing with this issue saying that colour cues may be preferable for quick decisions and detailed information for those ones that need more time to be developed (Douglas J. Miller 2011, 4). Along with these findings, ecolabels have quickly developed within the last decade as an outstanding alternative to claim sustainable practices. The majority of the existing certification systems related with sustainability have relied upon an ecolabel. This idea could also be applied to sustainable finances, as it may increase the number of users and therefore the number of entities interested in behaving within sustainable principles (Douglas J. Miller 2011, 30).

The amount of information is usually a controversial issue among consumers and users. Some justify their non-sustainable practices, arguing that there is a lack of information (Buttle 2007), while others complain when they receive too much or receive it with high periodicity. In a world where information is globalized, this has to be given gradually and with specific focuses on target groups.

Additionally, the quality and reliability of the information provided is also relevant. The faking marketing campaigns have damaged sustainable consumerism tremendously with false claims. Although there are a good number of people concerned with environmental and social issues, they do not longer trust private initiatives. A delicate topic such as finances, where money is directly involved and transparency and reliability are two main pillars sustainable finances are based on; the preservation of information reliance is a determinant factor for them to develop. Governments should promote the quality of information provided by the private sector with regulations and severe sanctions when bad practices are identified.

At the present day, networks and other knowledge dissipation systems are valid tools to distribute information. Whatmore et al. (1997) use Fair-trade as an example of "an alternative commodity network, which works through a connective mode of ordering based around ideals of partnership, responsibility, and fairness, and stresses the empowerment of marginalized peoples to explore how connectivity can subvert traditional commodity network relations and allows them to talk of alternative geographies of food in the same register as the colossal spectre of capital"(Whatmore et al., 1997, 247). The concept behind Fair-trade is to be able to build collaborative and win-win relations among all stakeholders of a given sector, such as chocolate or coffee. They are all committed to a unique network, and therefore they behave as a unique enterprise seeking for the same aims. Furthermore, they also integrate the consumer by facilitating information and other initiatives strengthening the consumer's fidelity (Whatmore et al. 1997, Buttle 2007).

Along with information quality and network building processes, the enterprise has to monitor and constantly demonstrate its consistency with the image they have built around the brand. Whenever there is a controversial episode or scandal, society is usually reluctant to forgive and trust and motivation towards sustainable behaviour within the market disappear.

b) Prior positive consumer attitude. Consumers should have a certain grade of motivation and interest towards sustainable practices.

c) Company and issue fit. There is lot of criticism about sustainable consumerism based on the controversy of the two terms. This also happens with sustainable finances.

At the present day few things can be considered fully sustainable. However, the implementation of principles and even business strategies in compliance with sustainability should not be criticised but supported. Sustainable development is considered as a process, and so should sustainable finances.

d) Positive perceptions of consumer efficacy and clear benefit. People are generally impatient when there is an expected result. Thus, when they purchase product due to their beliefs in the final impact either on society or environment, they want to see and feel the difference, the "good" they made. When it comes to sustainable finances, they are always seen as entities that have to be thankful when they are chosen, they even owe users something more than money, and they have to know how to show the "paying back" as in most cases an interest rate does not reflect it. Therefore, sustainable finances should have effective methods to show the positive impact they have.

e) In-store education. The principles applied at any sustainable initiative should be part of both external and internal activities.

3.4.5.2 Impediments towards the purchase of sustainable finances

Literature also includes the following factors or reasons that might interfere sustainable behaviour and therefore the purchase of sustainable finances (Ewart 2009):

1. *Contradictory firm actions and lack on brand image identification.*
2. *Prior negative consumer knowledge or attitude or negative consumer attributions to the company or activity to be purchased.*
3. *Effect of perceived quality.*
4. *Consumer sacrifice.*
5. *Consumer confusion, misleading information, ignorance, scepticism, lack of commitment and infidelity. Also a change in habits or required trade-offs.*
6. *Low effectiveness perceived and lower value given to ethical products once purchased.*

3.5 Conclusions

Sustainable behaviour is considered as an important aspect to promote sustainable development and consequently, sustainable finances. Sustainability and its principles have to be widely implemented, including our moral, ethical and conduct codes. The stimulation of more sustainable attitudes and behaviours are a powerful factor to achieve sustainable development.

The first chapter already demonstrates the potential sustainable finances have. However, they cannot maximize their influence if sustainable consumerism within this sector is not purchased. There are more and more people showing awareness and interests in social and environmental concerns in post-materialistic societies. Sustainable consumerism is a growing phenomenon spreading worldwide. Its strength to motivate the private sector to implement more sustainable practices is enormous and therefore has to be used.

Sustainable consumers do not have a fixed profile, although there are certain characteristics that increase the probability to purchase in a more sustainable way such as age, personal beliefs, social circumstances, etc. Additionally, researches on this topic stress the difference between individual aims and actual behaviour. In relation with sustainable finances, generally people agree with the positive impacts on society they may have, although they do not become users of such entities. There are certain trade-offs, habits and mistrust in the private sector that act as inhibitors towards sustainable consumerism. In addition, lack of information and awareness is a major factor both the purchase of sustainable finances and behaviour.

Fair-trade referred in the literature as a benchmark for sustainable initiatives, regardless the sector. This label has achieved competitive advantages through implementation of sustainable principles and values along different production chains. They have managed to consider all stakeholders involved within the process, without forgetting consumers.

Sustainable finances should also find a way to actively include as many stakeholders as possible, acting as a facilitator in building win-win relations. This is the way to overcome those impediments mentioned above and moreover, to increase the number of users worldwide.

4 METHODOLOGY

4.1 Introduction

The aim of the thesis, as it was stated at the beginning of the paper, is to analyze two issues. The first one is to have a common agreement on what sustainable finances are. Furthermore, the research wants to compare them with mainstream ones to identify whether sustainable finances contribute more to sustainable development. The starting point is to define a common framework in which certain financial practices and enterprises can be included and identified as sustainable finances. Chapter two has covered these issues concluding that sustainable finances are a better alternative to promote sustainable development in comparison to mainstream ones.

Along with these findings, the aim of this research is to find out stimulating factors of sustainable finances in order to increase their market share. However, this process has to be done in such a way that it does not compromise the principles of sustainable finances. The analysis to solve these issues is based mainly in two issues:

- *The current and future scenario of sustainable finances.*

- *The competitiveness of sustainable finances and the way in which it can be increased.*

The analysis of the different scenarios could be done by both qualitative and quantitative analysis. Different indicators and other calculations may be a good approach to understand the circumstances that surround sustainable finances. Nevertheless, time restrictions, and data unavailability were the causes to choose a qualitative analysis. Although results cannot be as accurate as with quantitative methods, it is designed to be useful as well for the understanding of the concept and its implications towards sustainable development.

The issue of competitiveness, strongly related with market shares, is more complex to analyze. Chapter 3 identifies the influencing factors towards sustainable behaviour. However, none of them is related to sustainable finances. Considering this, the analysis should be done with both quantitative and qualitative methods. The idea behind is to determine whether there are differences in those users from sustainable finances and those who are not. Furthermore, the research wants to find out the main reasons that drives people become or not users of sustainable finances. This may contribute to find out a strategy for the further development of sustainable finances.

This research has other secondary objectives, such as the spreading of the concept, importance, and characteristics of sustainable finances. Additionally, it wants to motivate society to move towards more sustainable behaviours at their everyday life, and more specifically, when choosing their financial services.

4.1.1 Research Instruments and study design

As the topic is rather new it has to be considered as an exploratory research, even having for certain aspects contradictory literature. It is also transactional as there were no measurements over time. The study has two main parts as it was described before. The first one will be based on a qualitative method called SWOT Analysis. The second one is a mix approach and also has to main sections. One is data collection, based on a survey for financial users. The last part of the research analysis compares the results between the two main groups asked in the survey: sustainable finance users and traditional or mainstream finance ones.

4.2 SWOT Analysis

4.2.1 Introduction

Sustainable finances are described in the previous chapters on the one hand as a strong driver of sustainable development, and on the other hand as a dynamic concept that should be understood more as a process than as a static concept. Academia although agrees about the enormous positive impact it can bring to society and the environment, also questions the viability of the concept, its development and growth within the complex and controversial financial market. Researchers from diverse backgrounds that have written about the topic suggest further analysis of the concept considering the unstable framework in which it resides.

It is highly complex and requires wide research to analyze the positive and negative aspects of sustainable finances. There is also the issue of gathering information. Although it may be available for sustainable finances on the basis of the transparency principle, there is still controversy when classifying them. Considering all of this above, a SWOT analysis is an adequate method. It highly contributes to analyze all strengths, weaknesses, opportunities and threats of sustainable finances to better understand both the intrinsic and external circumstances.

4.2.2 Data Source and Methods

Information used in the analysis comes mainly from the available literature and reports from international and supranational institutions interested in the topic. There is also material consulted about workshops, conferences and open discussions with expert participation from different fields. Thus, not all comes from academia; there are also ideas from public and private which might be seen as a validity threat. Nevertheless research criterion was used to determine the validity of the data. Moreover, a diversification of sources improves the outcome considering the controversy and relatively newness of the topic discussed.

A SWOT analysis also enables to address all stakeholders and issues relevant for the research. Strengths are outstanding issues. Weaknesses are those things that may need further improvement. The identification of opportunities is the first step to design strategic plans. Finally, threats are issues that may compromise the future of sustainable finances and therefore should be solved.

4.3 Survey: Sustainable finances and Personal Attitudes

4.3.1 Introduction

The previous SWOT analysis is a useful tool for the identification of stakeholders and their relation with sustainable finances. Nevertheless, there is still a very important stakeholder missing in the analysis: the user. They may be the most important ones and it is crucial to have information about their perception of sustainable finances. Although there are very interesting methods to gather this information, resource and time restrictions conditioned the selection.

Additionally, the novelty of the concept is also an issue. Participants may not have heard about sustainable finances and their contribution might be rather low. . Sustainable finances still have a small market share and only a little sample can be obtained.

Considering all these, it was decided to gather the needed information through an online survey. First, selecting the scope of the survey is critical, as there are external influences from one country to another in the purchase of sustainable finances. Europe for example has countries with no offer within the market. There are also those with incentive policies to support the existing ones. Among the wide variety of possibilities, the scope was limited to Spain. The reasons were on the one hand side the increase in the number of sustainable finance users due to certain social movements in 2011. Secondly, the ease of gathering the sample of sustainable finances users due to some previous contacts and known participants contributed to the final decision.

4.3.2 Data Source

4.3.2.1 Online Survey

The restrictions given by different locations of the researcher and the sample made it clear that an online survey should be the best option to gather the responses in time. Although at the beginning it was said to have two surveys for the two comparative groups, the difficulty to compare the results afterwards made researchers use only one general survey. The groups were clear from the beginning: mainstream finances users and sustainable finance users.

The process of the survey design started in English, the language used along the research. However, in order to maximize the number of responses, the survey was finally run in Spanish.

A server specialised in online survey called Survey Monkey was chosen to launch the questionnaire. It fulfilled the requirements of the survey: in terms of easy distribution, unlimited surveys collected and the possibility to download a file with the gathered data.

A. Structure of the survey

The survey consists of six main blocks of questions.

- A.1 First block: Demographics (Questions 1-6)

These were general questions to gather basic information about age, gender, nationality, level of studies, working status and monthly expenses. The supervisor together with the student selected the questions.

- A.2 Second block: Sustainable attitudes and behaviour (Questions 7-31)

This set of questions determines the grade of awareness and interests on environmental and social issues compared to other up-to-date topics. National Geographic together with GlobeScan developed an index called *Greendex*[8]that measures sustainable behaviours among other things. The questions were taken from the questionnaire they designed for this purpose.

- A.3 Sustainable behaviour: Impediments (Questions 32- 37)

Six questions were designed to determine the main impediments that individuals experience when thinking about purchasing sustainable behaviour. The questions were designed in accordance with the impediments described in the literature review (chapter 3).

- A.4 Financial entity (Questions 38-49)

This block of questions begins asking the name of the entity, which is the grouping variable for the analysis of the data. The following questions determine user's satisfaction. There are also open questions about the concept and characteristics of sustainable finances. The student together with the supervisor designed these set of questions. It was important to address as many characteristics as possible from sustainable finances and avoid loaded questions.

[8]*Greendex is a a composite index of environmentally sustainable consumption specifically focused on consumer behaviour made by a partnership between National Geographic and GlobeScan (more info: http://environment.nationalgeographic.com/environment/greendex/)*

- A.5 The perception of sustainable finances and its principles (Questions 50-67)

Almost twenty questions are used to detect the user perception of sustainable finances. The main characteristics of the concept are described and explained along with the questions. The reason behind is to encourage those participants with no previous knowledge to also give an opinion. These questions were also designed together with the supervisor.

- A.6 Sustainable behaviour and wellbeing (Questions 68-72)

The length restriction of the questionnaire was the main reason for this interesting part to be so short. However, general ideas of the link between sustainable behaviour and wellbeing can be analyzed with the questions included. They were taken from an extensive study called “National Accounts on Wellbeing” (NEF 2010).

4.3.2.2 Sample

The sample was estimated to have a minimum of 100 participants, equally distributed in the two comparative groups in order to have statistical significance and increase the validity of the study.

A. Users of sustainable finances

In Spain, as in other countries, there are different initiatives in sustainable finances with a wide variety of legal structures. This makes it difficult to choose which ones should be selected for the sample. The entities were selected after a previous analysis of their characteristics compared to those ones stated in the theoretical part of this research. Nevertheless, the dynamism within sustainable finances, it is still rather subjective this choice for researchers. The entities (Triodos Bank, Fiare, COOP57) fulfil to a greater or lesser degree the binding requirements to be considered sustainable finances: transparency, allocation of assets criteria, stakeholder participation and the promotion of sustainable development as a core aim in their mission. Nevertheless, the idea behind the promotion of sustainable development has different approaches between them. The concept of users includes all borrowers, savers and investors. Moreover, some participants also work for the entity, mainly in the case of Triodos Bank. Subjects were contacted through a snowball sampling procedure. First, four of them directly involved with the institutions together with three users (one for each entity), were contacted. They were asked to forward the survey to users of sustainable finances. The online server registered a total of 52 surveys completed.

- *B. Users of traditional finances*

Although this sample is easier to obtain, in order to have as similar samples as possible, they were also contacted through a snowball sampling procedure. The first subjects addressed were the ones from the other sample and personal contacts, always asking them to forward it to their contacts. The link was the same in both groups.

In trying to minimize the possible bias of the sample, as there were enough responses from the second group, a pre-selection process was made with a matching-to-sample procedure. From a previous number of 84 surveys, only 52 were included in the analysis. The selection was based on demographic variables trying to have variety within the sample. Age, level of studies, income, and working status were considerer.

4.3.2.3 Measurement of the variables

The following table describes the variables measured in the survey. The first column gives the question number. The second column determines the type of variable measured and the third column gives the name of the statistical method used for the analysis.

TABLE 4-1 VARIABLES WITHIN THE SURVEY

Question nº	Variable	Measurement of significant difference between the two groups (Statistical Method)
1-6	**Demographics**	Descriptive statistics
1, 6	Scale values	T- Test
2, 4, 5	Nominal values	Descriptive statistics, Crosstabs (2)
7 – 31	**Sustainable attitudes and behaviour**	
7/8/11/12	Nominal values	Descriptive statistics, Crosstabs (12)
9/10/13-24	Ordinal values	Mann-Whitney Test
25-26	Ordinal values: knowledge about environmental issues	Mann-Whitney Test (comparison between the medians of 25 and 26 within the same group and between the two groups)
27-28	Nominal values: knowledge about the concept of	Descriptive statistics, Crosstabs (28)

	"sustainable finances"	
29-31	Ordinal values: difference between intentions and actual sustainable behaviour	Mann-Whitney Test
32 – 37	**Impediments**	
	Ordinal values: 1 (Discourages a great deal – 5 Does not discourage at all)	Mann-Whitney Test
38 - 49	**Financial Entity**	
38	**GROUPING VARIABLE** (Nominal)	New variable: 1=1+2+3 / 2=4
	Sustainable Finances: 1 + 2 + 3 Traditional Finances: 4	Descriptive statistics
39	Scale values: Year of starting relation	Descriptive Statistics Mean
40-41, 43, 45-49	Nominal values	Descriptive Statistics, Crosstabs
42, 44	Ordinal values	Mann-Whitney Test
50 - 67	**The perception of sustainable finances**	
50, 64	Nominal values	Descriptive Statistics, Crosstabs
51- 63, 65-67	Ordinal values	Mann-Whitney Test
68 - 72	**Well-being**	
68, 69, 71	Ordinal values	Mann-Whitney Test
70, 72	Scale values	T-Test

4.3.3 Methods

The previous section deals with the variables used within the survey. In the following paragraph a summary of the main statistical methods used is given.

There were many variables with nominal values. In this case descriptive statistic methods, mainly percentages and frequency tables, were used to compare the two groups. In the case of crosstabs Cramer's values together with Chi-square are used to detect statistical difference. There were as well a number of variables with dichotomised values. In this case a bivariate analysis is the best alternative when comparing two groups by applying crosstabs.

The survey also had several scale variables with normal distribution. T-test analysis was used to compare the two groups. The criterion used to determine whether there is significant difference is Chi-square ($p<0.001$ for strong significance and $p<0.005$ to assume statistical significance).

Nevertheless, the majority of the questions have variables with ordinal values. After certain considerations, Mann-Whitney Test was chosen to be the most adequate statistical method to compare the two groups. Three things are considered within the analysis: whether there is significant difference or not between the medians, the medians themselves and, in some cases, the mean as a way to present in a more illustrative way the findings. The criteria used to determine the significant difference is chi-square.

The very last part of the analysis is a factor analysis of the survey to reduce the number of variables. The aim is to study if there are general patterns to consider when asking about sustainable finances or sustainable behaviour. For this purpose, KMO-criterion (Kaiser-Meyer-Olkin) is chosen to indicate the size of partial correlations between the variables included. This criterion has a range of values between 0 and 1. When KMO>0.7 it can be considered there may be a common pattern. The analysis also uses Bartlett test, to measure whether there are non-zero correlations, thus, it should be significant ($p<0.05$). Factor analysis is an exploratory method. Thus, after having a look at these numbers, the researcher should read carefully the variables included within the selected patterns and see if the results apply to reality.

4.4 Validity Threats

4.4.1 Theoretical Concepts

The concept of sustainable finances is rather new in the academic arena and thus, reality. Moreover, its dynamism together with the different approaches it has makes it difficult to come up with a common framework when referring to it.

Sustainable behaviour and sustainable consumerism also have the same unstable framework. There are controversial literatures and definitions.

4.4.2 Sample

At the present day, there are more users of the so-called in this research “mainstream” or “traditional finances” compared to sustainable finances. Nevertheless, the number of surveyors has to be the same. In trying to minimize the validity threats, different things explained within the previous section were made. Nevertheless, there is always a risk when subjects are contacted through a snowball sampling procedure.

4.4.3 Survey

The translation of the survey from English to Spanish may include some validity threats within the study.

4.4.4 Data Analysis

Data errors together with possible mistakes made during the data input should also be considered. Moreover, the performance of statistical tests is always accompanied by certain validity threats.

4.4.5 Further Considerations

Literature review already addresses the divergences between individual aims and actual behaviour when referring to sustainability. Surveys are not the best alternative to overcome this issue as surveyors may think they would be judged if they do not answer in accordance with the ideas behind the survey.

4.5 Conclusion

The design of this research comprises both qualitative and quantitative methods. The use of this mixed approach makes it possible to find out valuable answers for the research questions within the study. Although there are certain limitations and threats that have to be considered, the use of the methods selected contributes to the decrease of these potential interferences. Moreover, based on the results from this analysis, several valid ideas could be concluded and even applied in further research.

5 RESULTS AND DISCUSSION

In this chapter, the main results of the analysis are presented. The first section is dedicated to explain the findings of the SWOT Analysis. There is also a graphic presentation of the survey results and the following data analysis. Finally, is the chapter includes a discussion of two determining factors for sustainable finances identified while carrying out the research.

5.1 SWOT Analysis

5.1.1 Strengths

a) Current Economic Performance

Although this research is not focused on the economic aspects of sustainable finances, a general evaluation regarding the economic viability of these initiatives is given in this section. This is a way to demonstrate that not only the social and ecological aspects of sustainable development are achieved, but also these projects can be economically independent and even have a better proportional performance than mainstream banks in crisis times. Sustainable finance is a concept with economic viability and this is crucial. Many initiatives that meet both social and environmental dimensions depend on some external contribution (donations, voluntary workers, etc.).

It is not the aim of this section to examine each economic performance of the initiatives that are going to be considered in the following chapters. Unfortunately, it would be out of the scope of this study. Nevertheless, some previous analyses made by literature researchers are considered. Scheire et al. (2009), in their analysis of GA members, understand the importance of economic viability as “determining factor to secure a sustainable business, to be able to keep investing in new interesting opportunities and markets and to attract substantial equity capital” (Scheire et al. 2009, 14).

Another idea to consider from the literature is to see sustainable finances as a “learning process” when referring to profitability. As it was stated in previous chapters, sustainable finances initiatives analyze not only the economic aspects of a project, but also the social and environmental ones. Although this analysis requires more time and expertises, they get larger experience in their current niche markets, becoming experts on those projects they are investing in (Scheire et al. 2009). At the beginning, there is lack of knowledge in certain aspects, such as the impact analysis of the diverse projects they fund. When the time passes by, and more project analysis is to be made, expertises and efficiency in this process grows exponentially (Buttle 2007).

Another indicator of profitability is the number of deposits and loans created in a period. Triodos Bank, Fiare and Coop57 state in their respective web pages that this number regardless the current crisis has been growing for the last decade, even during the critical period of 2011 (Triodos Bank 2011, Fiare 2011, Coop57 2011). GA members are characterised for a high rate of conversion from deposits into loans. This relation is critical in the case of sustainable finances because “whenever they are not able to transform a deposit into loans, they have to keep the money” (Scheire et al. 2009, 15). This fact cannot force them to create bad quality loans; on the contrary, they have to minimize them. Scheire et al. (2009) state within their analysis of GA members that this rate is continuously dropping.

b) Good business strategies

The main ideas behind the concept are the implementation of good business strategies are listed below, emphasising those mainstream finances lack of:

- Long term planning, continuous innovation in both services and products, including up-to-date technologies, effective management in a participatory and trustful environment full of collaboration and motivation and everything based on a culture of transparency, reliability and accountability (van Gelder 2006).

c) Minimization of Environmental impacts of the financial sector

Along with the business strategies and the sustainability culture, these entities are always seeking for internal and external innovations with which minimizing their environmental impact. They consider both internal and external issues. The former ones are related to the business processes within banking activities, and the second one is connected with the impact the products may have. Furthermore, their actions are in many cases followed by their users and other mainstream banks, and therefore they are promoters of sustainable practices among both their users and the banking sector.

d) Cost Savings

One issue sustainable finances take special care of is the cost of their running business, always trying to minimize it and being transparent with the internal numbers. In doing so, environmental innovation is a tool to seek for more efficient procedures and mechanisms.

e) Beyond regulation

These entities not only comply with government regulations and in policies such as environmental regulation, social equity, and transparency that are changing over time with a more restricted approach, but they are far beyond. They do not have stress in changing the business whenever there are new regulations to obey.

f) Product Flexibility and Innovation

There is an ongoing research of banking practices, products, and services seeking for adaptability and flexibility toward the users. Discovering new products, and innovative and inspiring banking ideas" (Scheire et al. 2009, 12) along with the continuous increasing knowledge coming from the variety of circumstances they have and the types of projects they invest in are an important strength compared to traditional banks.

g) Reconnection of stakeholders towards win-win relationships

The idea of "back to the roots" of banking activities through sustainable finances is something that many scholars address in their analysis. Jenkins (1999) defined a bank as "a community of people linked by money (Jenkis 1999, 49)" (Buttle 2007, 1076). Buttle (2007) refers to these financial projects as a way "to reconnect investors and depositors with borrowers and shift the moral focus onto borrowers in a way that is reminiscent of Fair-Trade's attempts to make consumers care for producers in the global south" (Buttle 2007, 1076). It is also known as a way for the financial sector to encourage cooperation and shared beliefs between borrowers and investors, working together to develop communities, empowering people and reactivate local economies within a long-term perspective (Buttle 2007).

As van Gender (2006) stated when describing the process that may lead us to sustainability, "banks must seek improved performance and results on the ground in affected communities and environments" (Willem van Gelder 2006, 2), something that at least until now, only alternative financial initiatives such as sustainable finances are willing to do. He even uses the concept as a benchmark of the whole financial sector, which has to change immediately towards the current sustainable finances´ "perspective of maximization shareholder's value and client satisfaction" (Willem van Gelder 2006, 4).

Along with this idea, there are other outstanding aspects compared to mainstream finances: improvement of community based relations, higher labour conditions and the promotion of corporate governance through the engagement of stakeholders (IFC 2007, 32).

h) Human rights compliance

In the current financial sector, there are weak or even none regulations to guarantee human rights. Money travels from one place to another in electronic transactions without taking into account the possible violations of human rights that follow these globalized movements. Sustainability means as well the eradication of human rights violation. This is reflected in poverty, life indignity, lack of freedom, and many other numerous atrocities that still in the 21st century are a daily fact. Moreover, these circumstances that more than a half of the total population is currently suffering derived from bad practices on the financial sector are to be eliminated for the future generations, not increase as in reality is happening (Willem van Gelder 2006).

i) Risk minimization

Environmental risk assessment started to be an issue for financial institutions during the second half of last century. It began in the USA and spread around the Western World after concepts such as “environmental degradation” and “sustainability” came in the international debate scenario collectively with the development of medical knowledge concerning pollutants. Furthermore, there were some environmental scandals in different places from the developed countries that alarmed the international community.

IFC (2005) divides the possible social and environmental risks for the financial sector in their lending operations as direct and indirect. Former comes from the negative impact of the clients’ activity (environmental or social damage). Indirect risks are those derivate from operational conditions that can culminate in credit, market or reputational risks. The consequences for both cases are rather negative such as loss of assets, profit decrease or reputation damage (IFC 2005, 20).

Sustainable finances have as a principle “the risk of the customer is our own risk” (Bouma et al. 2001). This means that the pertinent committee considers all environmental and social risks before accepting the funding of a project.

j) Improve stability in the financial sector through transparency

Nier (2005) and his work in the possible effects of transparency in the financial sector makes a very detailed analysis that helps understand the potential importance of this issue although is perceived as a controversial one. At first he distinguishes between “ex ante” and “ex post” effects of transparency, in relation to the period in which transparency takes place. The former refers to the normal situation while ex post are situations “when an adverse shock outside of the bank’s control has occurred (such as macroeconomic shock) and the bank is already in difficulty” (W. Nier 2005, 344).

Ex ante effects of transparency are mostly beneficial. The idea behind is that “increased transparency enhances market discipline on banks”, mainly caused by the “increase on the sensibility of the bank’s funding terms to the risk it takes and that this in turn can create incentives for the bank to control its risk (ex ante discipline)” (W. Nier 2005, 343). Furthermore, if this were applied to financial entities, there would be larger implementation of strict monitoring systems at every level in order to minimize risks (W. Nier 2005).

When considering ex post effects of transparency, W. Nier (2005) brings in the discussion two different conflicting approaches. At first, he explains Cordella and Yeyati (1998) argument on why transparency ex post can reduce bank stability "since it results in investors demanding higher yields in response to the shock, compounding the bank's problems. But since the shock to the bank is assumed to be exogenous, there is no offsetting 'dividend' in terms of a lower choice of risk ex ante" (W. Nier 2005, 343). On the other hand, transparency can have beneficial results ex post when helping markets and depositors distinguish between those banks that are insolvent and those banks that are fundamentally sound" (W. Nier 2005, 343). It would be then a self-regulatory process that can help contain problem in an easier way (W. Nier 2005). The analysis concludes that in the financial system would reduce severe structural problems and enhance the overall stability. Moreover, depositors would trust banks and stay in the financial system in a crisis scenario, although client flows should be expected (W. Nier 2005).

Transparency brings a number of trade-offs, however the total benefits achieved in terms of stability in the financial sector compensate the above-mentioned costs, mainly occurring in ex post circumstances, events that would be minimized with higher transparency. Consequently it can be said that transparency will create a positive feedback where stability and reducing incidences of banking crisis are the main outcomes.

k) Non-price competitive advantages

"World-wide deregulation, the constant development of new forms of technology, industry-wide consolidation, higher customer expectations, and new economies of scale have created highly competitive market conditions in the financial services industry (Devlin et al. 1995; Beckett et al. 2000)" (Roman 2003, 915). There is a strong tendency towards cost minimization on the one side, and profit maximization on the other, implementing business strategies that are the complete opposite to sustainability.

Competitiveness in the market is by no doubt a need for every business, regardless the mission they seek for with the activity they realize. The problem however is not linked with competitiveness itself, but with the methods to achieve it. Mainstream financial institutions base their strategies on prices. Nevertheless these ones have "become increasingly difficult (Thornton and White 2001) within the last few years, having an impact on savings and loans interest rates (Llewellyn and Drake 1997), which are at the present day very similar (Roman 2003).

Sustainable finances have already demonstrated that "new, non-price factors, such as ethical sales behaviour of contact employees" (Roman 2003, 915), environmental concern along their activities and other innovative tools are attractive to an evident percentage of the market share and it is still increasing.

Governments and other institutions should encourage this competitiveness. The Cooperative Bank (2002) developed a qualitative method for comparing the ethical performance of different entities as a competitive advantage. The "Ethical Purchasing Index" (EPI) is a tool "to measure growth in the consumer marketplace for ethical goods and services, based on hard sales data, that can be invoked by business, policy makers and campaigners to support claims about growth in the ethical marketplace" (The Cooperative Bank 2002, 3). Unfortunately, although there are numerous disciplines trying to come up with accurate measure tools for these qualitative aspects, initiatives such as this one are still taking into consideration in minor audiences and cannot compete with economic indicators. There is a strong need to unify the different ideas and come up with some kind of globally known index that would have stronger relevance in the market.

l) Improved brand value and reputation

There is a study made by Roman (2003) that links client satisfaction, trust and loyalty with some ethical behaviours of the company. "A salesperson's ethical behaviour leads to higher customer satisfaction, trust and loyalty to the hank that the salesperson represents" (Roman 2003, 915). Moreover, there is a positive feedback loop when considering these aspects among stakeholders. A trusty, transparent and friendly environment would lead to satisfaction and good feelings of being part in whatever way of this institution for other stakeholders, and those good feelings would make them behave more transparent, trusty and loyal to the financial entity.

m) Encouragement of alliances, co-operations and networks

In seeking for positive working relations with stakeholders, sustainable finances build **"**alliances and co-operation between NGOs, governments, companies, consumers and the financial sector" (Bouma et al. 2001, 16). These relations are a major driver of knowledge share and sustainability promotion.

n) Financial services access improvement

There are markets and places where mainstream finances have shown no interest at all in developing their activity. However, sustainable finances, and their principle of non-excludability offer them an opportunity to benefit from finances. Microcredit and other products have helped already many people in the developing countries.

5.1.2 Weaknesses

a) Non-profit maximization

Non-profit maximization is supplied by sustainability maximization. However, finances are understood as a tool to make money, not to create added value and promote sustainable development. Society expects high benefits when it comes to finances, and the sustainable ones do not meet these requirements.

> *"Nonetheless, the residual profit is always lower than the residual profit of traditional banks. They were developed so as an alternative banking system with no chance of getting a high market share" (San-Jose et al. 2009, 3).*

Although it is out of the scope of this research, maybe the next step should be to convince society that future finances have created social well-fare and preserve nature and resources, not just monetary value.

b) Niche markets

Academia and mainly economic researchers show a lot of scepticism regarding the future development of sustainable finances. They agree that there is no room for sustainable finances to expand moreover their niche markets because "the current status and demand for sustainability in society is not sufficiently developed to make the goal of sustainable banking possible for large banks. Such policies would result in a loss of profit, as the bulk of their current activities simply could not be financed" (Bouma et al. 2001, 32).

DeClerck (2009) emphasises the utopian part of sustainable finances in his work: "it is unrealistic to expect people to invest all their money '100% ethically'. It is fine on small amounts invested, but not on someone's life savings. [...]. Ethical private development banking as a core mission is still not on the agenda of institutions mainly focused on financial return, driven by stock markets and short-sighted shareholders" (de Clerck 2009, 2)

Nevertheless, there is evidence showing a continuous increase in the percentage of savers and investors with different objectives, agreeing in getting fewer returns to the detriment of making as well positive impacts with their financial activities (Bouma et al. 2001).

c) Difficulties in stakeholder communication

Buttle (2007) explains the current difficulties sustainable finances are facing when it comes to stakeholder's communication of their business activities. He gives the example of periodic newsletters. This tool, although it has many advantages, it is "a limited form of communication. Whilst they can portray the mission of a borrower and show the benefits from the loan; it is difficult within a limited space to communicate the situation, which led to the organisation seeking a loan" (Buttle 2007, 1085). He also points out the lack of information concerning the reasons for mainstream finances to refuse these projects. In addition, the risks, negotiations, entity's obligations, and the project further assessment sometimes is not shared information (Buttle 2007).

Nevertheless, sustainable finances are continuously working on innovative ways in which to communicate with their stakeholders, including savers and investors.

5.1.3 Opportunities

> *"The search of social justice, in the context of the globalization, is not an obstacle for the economic effectiveness: The most jointly liable societies (from the economic, social, or ecological point of view) are not the less competitive ones" (Carrasco 2006, 49).*

a) Market opportunities

There are many reasons to say that sustainable finances have many market opportunities and some of them are explained bellow.

a.1 The first thing to consider is the increase in society awareness about social and environmental problems. Post-materialistic societies are beginning a process of consciousness and including new values in their moral codes. Moreover, "today modern telecommunications and media inform people about the lives of distant others and to some extent dissolve distances between places (Silk, 1998, Urry, 2004, Massey 2005)" (Buttle 2007, 1078). The conditions in which societies work in some undeveloped countries, the environmental scandals that certain business and industries have made in valuable ecosystems and many other concerns are continuously popping up in western information platforms and sources. A percentage of consumers are starting to pay attention to these messages, and furthermore, taking action. However, the growing popularity of these banks with depositors has created some new problems to certain western entities as they are facing difficulties in the rate conversion of deposits into loans without compromising their investment principles.

a.2 The second market opportunity is the numerous rejected areas from mainstream finances that these alternative initiatives are taking as part of their market expansion. They are manly the ones described in chapter two as "southern finances", which in many cases have the contrary problem: lack of capital and many projects to support. However, if this problem is related with what is explained in the previous paragraph, certain solutions can show up Sustainable development should be understood as a global process, and so sustainable finances. There is a very good example in the literature by GA: "European GA banks could be directed to other GA banks and especially microfinance banks which are nowadays too dependent on the interbank market. Currently, the intention is to create a special interbank market within the Global Alliance" as a tool to catalyze the growth of all banks within the network.

a.3 Together with all of the above, Miller (2011) when referring to business practices in general identifies both transparency sustainable practices as competitive advantages in the present time and for future development:

> *"Companies are believed to be both a major source and solution to environmental problems. It is seen as both a necessity and an expectation for companies to adopt*

sustainable practices. Arguments made by a company against sustainability will work against the company's favour. Furthermore, making information available – particularly as colour cue feedback – is in the best interest of companies that are already or will soon be utilizing sustainable practices. People support sustainable companies and think that all companies should adopt sustainable practices" (Douglas J. Miller 2011, 4).

The idea behind is that it might be the case that current mainstream finance customers find out the practices these ones are doing with their money and, together with the shift in mentality, they cannot forgive them, and seek for alternatives. Future social expectations and regulations in environmental and social issues may for sure oblige the financial sector and other private activities to be more transparent, a trade-off for mainstream finances.

a.4 The final market opportunity considered in this analysis, although many more can be found, is the one coming from the growing investment areas: "sustainable energy, cleaner production, biodiversity conservation, and banking services to low-income, underserved groups" (IFC 2007, 24).

a) Promoters of sustainable development

Along with what was explained above, society, international organizations, governments and other institutions are nowadays seeking to find tools and stakeholders in which to rely on to promote and support sustainable development. The World Bank has already identified finances as a powerful driver of sustainability worldwide. Initiatives supported by these institutions are already taking place with both finances and sustainable development. In the future for sure, there will be more. If a defined, clear, transparent, and powerful international framework is built for these finances, their positive impact can be enormous through public sector support. Bouma et al. (2001) already at the beginning of the century identified the potential of sustainable finances "in the allocation process of emissions rights in particular" (Bouma et al. 2001, 19) as an example of the main role sustainable finances will play in sustainable development. De Clerck (2009) refers to the new challenges humanity will have to face and that "will require huge investments from the world community pointing at the necessity of further social and environmental globalisation on the planet" (de Clerck 2009, 11).

5.1.4 Threats

a) Short-term and profit maximization

It seems rather difficult for sustainable finances to have a space in the current market, when considering the behaviour of traditional finances. Profit maximization is the aim of the second ones, and it is exactly what the former ones decline. They cannot compete with mainstream ones in revenues or interest rates in a general perspective. There are also experts that believe these finances are fully "dependent on political and economic dynamics" (Fuller et al. 2003, Buttle 2007, 1078). Banks, and so society, seek for short-term large revenues and this may be a reason to say that "sustainable investments are unlikely to find sufficient funding within the current financial markets" (Bouma et al. 2001, 1078).

Also there is the question of whether the inclusion of social and environmental criteria in their internal structure and management may compromise their competitiveness. Carrasco (2006) disagrees to this idea saying that the demand they serve is seeking for these standards and therefore does not interfere negatively (Carrasco 2006).

b) Social awareness

These finances "require social understandings of their mission to survive" (Buttle 2007, 1085). In the previous section it was said that social awareness and motivation towards a change in behaviour is increasing. Nevertheless, the question is whether this change is sufficient for them to survive in the future. "The challenge, therefore, is not simply to improve ethical standards, but to raise consumer awareness about why ethical intentions are not always fulfilled, and to make the case for consumer support for long-term goals rather than immediate achievements" (Tallontire et al. 2001, 22).

c) Individual aim and actual behaviour

There are scientific evidences that demonstrate the difference between individual perspectives of sustainable practices and actual behaviours. Douglas J. Miller (2011) addresses this issue by the example of the perception of companies committed to sustainability somehow and people purchasing these products and services. The needed effort or trade-off is one of the main reasons for this to happen, however there are others already discussed in the literature review. Those private initiatives based on sustainable practices should find solutions by minimizing the already identified barriers and impediments and enhancing influential factors (Douglas J. Miller 2011). One thing would be to put more effort in trying to make society understand what is behind their market choices. "Gaps in consumer awareness include an understanding of the complexity of supply chains, the context in which the goods they consume are produced, and the difficulties of establishing effective and reliable monitoring systems" (Tallontire et al. 2001, 23).

d) Diversity of sustainable finances

As it was said in previous chapters, there is no doubt that sustainable finance initiatives should adapt to their markets in a local scale. The problem is that within this variety, it is difficult for society to understand what is supposed to be a "moral" or "good" choice when selecting their financial entity. Even in Spain, where the offer is still rather low, people contacted from sustainable finances had their preferences, and even criticised other alternatives. The richness sustainable finances have in business cases cannot become a competition, but a way in which to support them as a group that wants to make a change, no matter the strategies.

It is also interesting to point out that sustainable consumerism mainly rely on a very defined and rather few sources of information to select those goods to purchase. “Sources cited include NGO campaigns, labels, fair-trade/alternative shops and mainstream retailers, the media or family and friends” (Tallontire et al. 2001, 21). Sustainable finances are so broad that users loose their motivation when it comes to choose select an alternative and find out whether there is something to rely on besides the marketing campaigns. The idea of having a common framework with obligatory standards that could be easily communicated to the users may enhance the motivation and final purchasing towards sustainable finances.

e) Client-oriented decision processes

There have been already some cases where customer expectations and indignation have forced certain companies to change their processes. One well-known example is related to child labour in undeveloped countries. Certain companies changed their standards when raising workers and further studies have shown the negative impact this has had in infants and teenagers, with certainly more dangerous and abusive jobs than before. The issue here is that society, when purchasing alternative goods based on sustainable or ethical beliefs, become very exigent with the companies they choose. Although sustainable finances has been also identified as a tool to democratise the money, there are certain effects that need further analysis, if a change and positive impacts is to be the outcome.

f) Quality of the service

Taken from the literature, this idea should not be consider a threat itself, as there is no reasons to think sustainable finances will decrease their standards in quality services. However, it is interesting to point out that if sustainable finances are to be consider as a new competitive stream in the financial market, they should not forget that people, however they may have sustainable behaviours, they are still seeking for those alternatives in the market that have as well certain values of an efficient business. They “want good quality at an affordable price and good intentions are no substitutes for sound business practices. Indeed, whatever the values of an organization that aims to generate revenue, there are a number of things that the organization cannot do without:

- An effective business development and management system

- A product of the appropriate quality for the market targeted

- A system of production that can deliver at minimum economic cost

- An effective marketing strategy” (Tallontire et al. 2001, 29).

g) The trade-off Transparency

The implications of transparency in the financial sector were previously discussed in this analysis within the strengths section. However, it enriches the outcomes to consider as well transparency as a threat to overcome in the future, following certain researchers opinion.

The first thing to take into consideration is the complexity of the financial system for most users. They are perceived as complicated mechanisms of making money where abstract processes happen with rather complicated names. In many cases, the consumer accepts what the financial entity is offering after certain basic questions, mostly related with costs and revenues (Howe et al. 1994). Therefore, "as the financial industry has become more competitive, financial services salespeople could, if they chose to act unethically, take advantage of the consumer's naivety and improve their own position (Wray et al. 1994)" (Roman 2003, 915). Fake institutions may claim they are being responsible with both environment and society; however, they practice completely opposite behaviours.

Certain initiatives have tried to bring the users closer, in most cases meaning the saver and the borrower, with different activities. Walking tours, meetings, open discussions and round tables, community groups and additional social enterprises and charities are some of them. Many entities agree in the importance of promoting direct contact between the different stakeholders as a way to demonstrate their transparency and implicate them more in the project (Buttle 2007). However, these types of activities are rather complicated within a large enterprise, and more will be as this one grows. Different approaches can solve this issue, but mainly the idea is to bear in mind, no matter the growth the entity is experiencing, that these initiatives need social value at all levels. They should "emphasise connectivity over localism with the cultivation of forms of 'caring at a distance'. (...). This clearly differentiates them from local alternative economic practices, places them in close relation to forms of ethical consumption, and Fair-Trade" (Tallontire, 2000; Raynolds, 2002; Levi and Linton, 2003)" (Buttle 2007, 1078).

h) Converting deposit into loans

The issue of the rate of conversion of deposits into loans was briefly introduced in the previous section. Tallontire et al. (2001) already before sustainable finances had a boom in their growth, pointed out their concern about this issue saying that an continuous increase of users "could lead to a concentration of supply such that only large well-resourced producers are capable of being 'ethical'" (Tallontire et al. 2001, 29). Their work is the first one to express the need for sustainable finances for a common framework or tool "to ensure that 'good' standards of production are upheld and trading practices are 'fair', but also so that smaller producers are not excluded from the market" (Tallontire et al. 2001, 29). This idea could take the shape of a third party certification system, something that will be further developed in this Thesis.

Having a look at the current situation of sustainable finances, Scheire et al. (2009) already detect certain banks “struggling with their popularity” (Scheire et al. 2009, 23). Some already have problems in finding adequate borrowers. These authors raise the question of whether there are “enough long-term financing needs in the sectors they feed” (Scheire et al. 2009, 23). The easiest solution would be to open their borrower’s spectrum. However, this may compromise their standards and furthermore, their current stakeholders would be against it (Scheire et al. 2009).

i) Development of coming economies

Park (2009) stresses in his analysis of the future of sustainable finances the dependence of these initiatives on the development of those economies that currently have immense growth rates, such as Asian and Latin American countries (Park 2009, 216).

j) Capitalization and expansion

The current growth rate of sustainable finances and the upcoming regulations on solvency because of the financial crisis may lead to the necessity of extra capitalization. In the process of attracting sufficient capital might put a lot of pressure on the actual business models these finances are using. The attractiveness of new capital coming from mainstream users disappointed with their current revenues in traditional entities that seek for new profit opportunities in these initiatives should not compromise the principles in which they are based on. Still, there are many questions raised by academia and economic experts waiting for an answer that only time will provide:

> **- “***Will this emerging financial business sector be able to achieve the relative scale and the professionalism to challenge the dominance of mainstream finance?*
>
> **-** *Will the exceptions of the financial industry become the exceptional and a factor in modern society?*
>
> *- Will a profound way of dealing with ethical choices be overruled by the superficiality of business development – also in finances?*
>
> *- Can sustainable finances as a process with an instrumental character avoid becoming institutionalised?*
>
> *- Can sustainable finances be a portal for trust forces, morality and responsibility to feed money processes and the financial system with basic values and practices that can be a counter power to uncontrollable morbid growth?” (Adaptation from de Clerck 2009, 14 and Carrasco 2006, 43).*

5.1.5 Further considerations

a. Policy intervention

In order to achieve sustainability, policy initiatives are crucial for the future implementation of this concept at every level. Governments have the challenge of educating societies and most important, mainstream markets. There have been already many policy interventions at international, supranational, national and local levels in many sectors, economic activities and other aspects of the everyday life of citizens.

When trying to include sustainability principles by policy intervention, most of the times many implementation problems show up. The financial sector is not an exception and the fact that they "are not physically related with their production process and products, but to those of their customers" (Bouma et al. 2001) makes it very controversial and tedious to regulate them in seeking for sustainable finances.

There are countries that have already tried to regulate the impact, both social and environmental, of the financial sector. One example would be Netherlands, where there is a National Environmental Policy Plan (NEPP) with periodical updates and a large percentage of the economic sectors are targeted in. The financial sector is also addressed by considering the "clean-up costs of their customers, developing special funds that invested in environmental technologies, becoming more offensive through the identification of environmental challenges that were accelerated by policies that promoted environmental technologies" (Bouma et al. 2001, 27).

There are cases where voluntary agreements among different stakeholders have influenced the financial sector towards a more responsible behaviour. The role of the government in those collaborative circumstances should be to facilitate and stimulate all parts involved, with tasks such as coordination and conflict resolution (Bouma et al. 2001).

When looking for Government intervention either as a regulator or as a facilitator, scholars differ. Bouma et al. (2001) explains some alternatives such as standardizing the obligatory environmental information provided by the private sector with common indicators, including financial entities. There are also different approaches for the implementation: life cycle methodologies, eco-indicators and green procurement information exchange systems among others. This would allow clients to compare bans easily and transparently not just by their economic performance but also their social and environmental one, and even identify those benchmarking initiatives, stimulating a healthy competitiveness between banks not based on price policies as former times, but on benefit and sustainable practices.

There is also the issue of developing financial and fiscal instruments supporting environmental sound product development, green investment, and stimulators of sustainable consumption, relating both fiscal and sustainable policies (Bouma et al. 2001). However, these policy incentive instruments may have a controversial outcome as it already happened in certain countries. In the UK, **"**the government launched the Community Investment Tax Credit scheme in order to show their support to these financial initiatives in 2003" (Buttle 2007, 1086). Investors started to show interest about it, based on the profitability more than any other thing. There was an evident change in the relations between investors and borrowers, initially based on certain shared principles, towards a more revenue and self-interest based one. Policy intervention is rather complicated in these non-profit based relations, and can even transform the initial objective of the project (Buttle 2007). Governments are an effective driver towards sustainable finances. Nevertheless, they must "ensure that unintended trade barriers erected by voluntary initiatives are minimized (PIU 2000, 161)" (Buttle 2007, 1087). Based on the discussion chapter about government intervention in the work from Bouma et al. (2001) and other considerations made by different researchers, there are different alternatives for policy intervention that need further analysis:

- Financial support of environmental product development.
- Fiscal incentives for good practice.
- Green procurement.
- Stimulation of sustainable consumption and stimulate the development of new financial services and products.
- Encourage dynamic dialogs between the financial sector and governments based on collaborative relations. There should be "an optimal match between the environmental and fiscal policy of the government" (Bouma et al. 2001, 36).
- Encourage, support and implement transparency in the financial sector. Governments are reluctant to limit the financial sector by regulation. However, they also have society to regulate them by social expectations. In order for that to happen, transparency and reliability are the perfect tools. Governments should support and co-finance the development of a mechanism that helps society have the right to choose within a transparent framework, which should be "useful, reliable and convincing" (Bouma et al. 2001, 36). Initiatives for standardization both reporting and business activities already exist, such as the Global Reporting Initiative as a starting point. Within this system, a parallel arena for the exchange of sustainable issues should also be stimulated, to explore in a collaborative an efficient environment the alternatives to monitor and control with eco-indicators the whole process in which finances are included, as if it was a life cycle assessment of the money. Benchmarks would arise in the sector, and best practices would be compensated (Bouma et al. 2001).

b. Financial crisis

At the end of 2008, a large number of large companies located mainly in the United States became bankrupted. They were characterized by having considerable amounts of risky mortgages. The reason behind was that they "could no longer afford to extend new credit"

(San-Jose et al. 2009, 5). Banks were stating to suffer the same effect, becoming more and more difficult to allocate the assets they were supposed to. Clients started to raise basic questions they never have thought about, and they found out for most of them there was no response available. Even shareholders and managers of the most important and influential financial entities in the world were unsure about their asset allocation. “The speculation grew as much that the control on the assets in which Banks invested disappeared. Currently, we are starting to know that big amounts of those funds were invested in the so called ‘toxic assets’” (San-Jose et al. 2009, 5). This term is used to those investments in which our previous exponential growth was based on, together with corrupted politics towards the liberalization of the financial market.

Disproportionate amounts of asset movement based on profit maximization and speculation started to grow in a complex environment where few people really knew where the money came from. There was a continuous lending process through mortgages to individuals, the private, and the public sector. They received different complicated names and were packaged with others and again sold under the label of “secure investments”. People were unable to identify the immense risky of these new financial instruments (San-Jose et al. 2009). “The easy credits led to an increasing demand, production and consume of products, and finally to a sort of Consumer boom. Logically, the main problem was not the very use of the credit, but the way it was used, under interests of speculation and out of control” (San-Jose et al. 2009, 5).

Analyses carried out by ecological economist but also other different economic schools have detected two main problems in the monetary and financial systems responsible of the current financial crisis that need urgent solutions:

1. The inability of the economy to keep perpetually growing at a sufficient rate to service the debt (Mellor 2010, Dourthwaite 2011).
2. The privatization of money creation, and consequent lack of democratic control (Mellor 2010).

Further analysis made by researchers and specialists have jointly concluded that the main source of both these problems come from the current fractional reserve system implemented worldwide (Scheire et al. 2009, Mellor 2010, Dourthwaite 2011, San-Jose e. al 2009). The freedom in which banks are able to lend money, with little direct connexion to their actual monetary resources has been a motor towards the infinite creation of money, without taking into account further consequences.

> *“The global trade volume in currencies and derivatives is exceeding US$ 1,500 billion per day, while the total amount of goods and services traded is estimated to be around US$ 8,000 billion per year. This means that more money is exchanged on the currencies markets in a single week than the annual trading volume of the productive economy (Willem van Gelder 2006, 17).*

An increasing number of experts coincide in the immediate necessity of implementing restrictions to the financial trade system, based on speculative and short-term investments within their liberalized market. There is even a part of academia saying banks should start educating their actual ambitious and selfish stakeholders and make them realize their impacts of their financial actions. Sustainable finances are, as in many issues, one step forward. "Banca Etica sets out to educate both savers and borrowers by enhancing the awareness of the former about their saving's destination, and encouraging the latter to develop their management and entrepreneurial abilities" (Scheire et al. 2009).

Another issue is the perception society has these days towards finances. There is an overall mistrust and even anger. "The biggest scandals of credit crisis have seriously affected the confidence of investors, and now they are more worried than ever about the transparency of the bank information, especially regarding their invested money" (San-Jose et al. 2009, 5). The sector needs a confidant environment for surviving, where users believe is treated fairly. This has been one of the main reasons for former mainstream finance users to change and consider sustainable finances as an alternative that both fulfil their needs but also is not perceived so negatively.

On the one hand side, the nature of their assets makes sustainable finances less vulnerable to financial crisis. They "could be affected by late payments, but not because they have toxic assets" (San-Jose et al. 2009, 5), which means that eventually, the borrower will be able to pay easily than the borrowers from traditional finances. It is also interesting to compare at this moment the average of the deposit interest rates between both alternatives. There is almost no difference in the majority of the cases. This was a former reason for mainstream investors to reject sustainable finances; however it can become a reason for a gradual change in the market share. Their business value "is based on the social performance, but not exclusively, as they have a great information transparency too, great expectations of sustainability and the same (or similar) profitability than traditional banks in risk-free deposits" (San-Jose et al. 2009, 5). Nevertheless, the issue of accepting capitalist investors was already considered in this research as a possible threat.

The concept of sustainable finances has not yet been considered as a realistic option to confront the financial crisis in the international arena. There is lack of interest in changing the system, rather low comprehension on what could be the advantages and an inexistent framework in which people could work within a common pack of starting ideas, such as the inclusion of social welfare increase as a core mission. Nevertheless, these finances represent an alternative, or even a starting point from which different structural problems from the current financial sector could be solved avoiding large, unpredictable, and short-term changes.

5.1.6 Conclusion

This chapter works with the concept of sustainable finances though a SWOT Analysis and identifies the potential and weaknesses. External circumstances and other alternative variables have been considered throughout the analysis and more in detail within the section "Further considerations". The conclusions after this exhaustive analysis can be synthesized in two main issues:

- The concept of Sustainable finances is a powerful driver towards sustainable development. However, if they want to stay like this, they must plan their development and growth under a strict, standardised, reliable and transparent framework.

- The financial crisis has shown to the world the huge structural failures of the monetary system on which finances are based. The concept of sustainable finances is a useful tool to gradually change the system towards a more sustainable one. The methods are still uncertain, and the further steps critical if we consider policy intervention and institutional support. Nevertheless, it is a moment of change in the financial system, and we can still decide which direction to choose. On the one hand there is the one we were having previous to the economic crisis, full of uncertainty and instability within its unrealistic growth rates. And on the other side there are multiple alternatives there is no doubt they need further discussion and qualitative research. But for the moment, the qualitative analysis shows these alternatives at least consider a global welfare increase and the preservation of the environment and its resources.

5.2 Sustainable Finances: Survey

The following section presents the main findings of the survey and further data analysis. The survey was launched in February and closed in April 2012. Almost all the results are presented taking into account the two groups compared. Thus, the text uses abbreviations when referring to these groups. Sustainable Finances users are cited as "SF" whereas Traditional Finances users as "TF".

The chapter is divided into different sections, each of them addressing diverse issues. The first section has demographic information about both groups based on descriptive statistic methods. Another section contains statistical analyses to determine if there is significant difference in the behaviour towards sustainability. The third section analyses the potential impediments toward sustainable behaviour based on the issues indentified in the literature. There is also a detailed analysis on the perception of sustainable finances as well as certain aspects related with the experience participants have with their financial entities. Another section includes a comparison of well-being. The very last part consists on a factor analysis of the survey.

5.2.1 Grouping Variable

The grouping variable for the whole study is given by the financial entity participants' use. It is an open question where surveyors are asked to write the name of their main financial entity. Answers were categorized in four groups after reading the whole sample:

Group 1: Triodos Bank

Group 2: Fiare

Group 3: Coop57

Group 4: Any other entity

The figure below shows the distribution of values 1, 2 and 3, with a total of 52 individuals, the same as value 4. Values 1, 2 and 3 were considered sustainable for the analysis. Triodos Bank has the larger sample. There are a number of users from Triodos Bank related also with Fiare or Coop57.

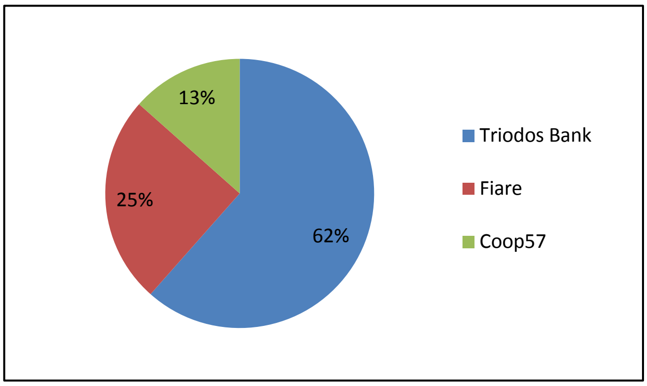


FIGURE 3 FINANCIAL ENTITY - SAMPLE DISTRIBUTION (SF)

A new variable was made by merging values 1, 2 and 3 in a single group called "Sustainable Finance" users, whereas value 4 is considered in the whole study as "Traditional Finance" users.

5.2.2 Descriptive Statistics

a. Age

The figure below shows a histogram where both comparative groups are represented within intervals of 10 years.

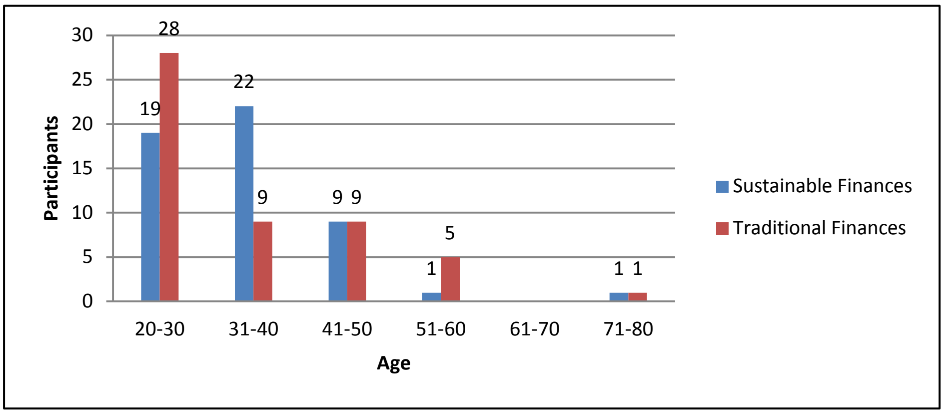


FIGURE 4 AGE DISTRIBUTION

The mean is 34 years old in both groups. This is mainly because age is used as a matching variable in the selection of surveyors within the TF.

b. Gender

Gender is considered in the literature as a variable that influences individual behaviour. In the sample there is a higher proportion of males within SF, whereas TF has a larger proportion of females (see figure 4 below).

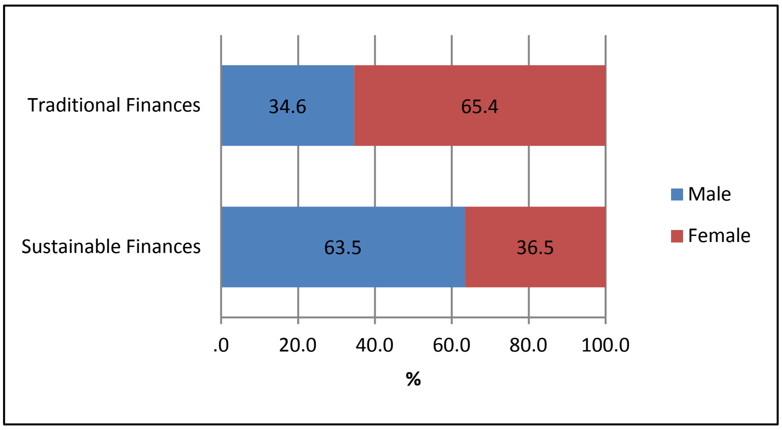


FIGURE 5 GENDER DISTRIBUTION

A comparative analysis with Crosstabs shows there is a significant relationship between the two variables with a Cramer's value of 0.289 (p=0.03).

c. Educational Attainment

Frequencies (in %) of educational attainment levels are compared between the two groups and shown in the figure below. There is a dominance of academics in the whole sample. The number of SF participants with postgraduate studies can be explained by the age distribution shown above. There are more participants between 31 and 40 years old in SF whereas the TF group has more participants between 20 and 30.

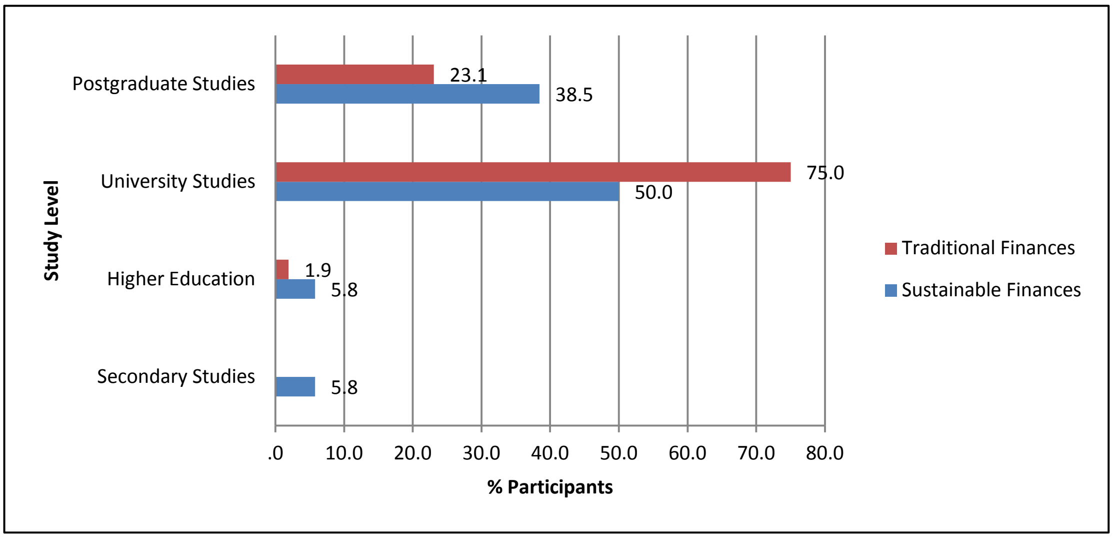


FIGURE 6 EDUCATIONAL ATTAINMENT

d. Working Status

The following figure represents the percentages of participants in the two groups in relation to their working status. There distribution is similar, with the exception of self-employment. The fact that SF has a large percentage of self-employment could be that SF entities invest a large proportion of their budget in local initiatives that may have as a legal structure self-employment contracts.

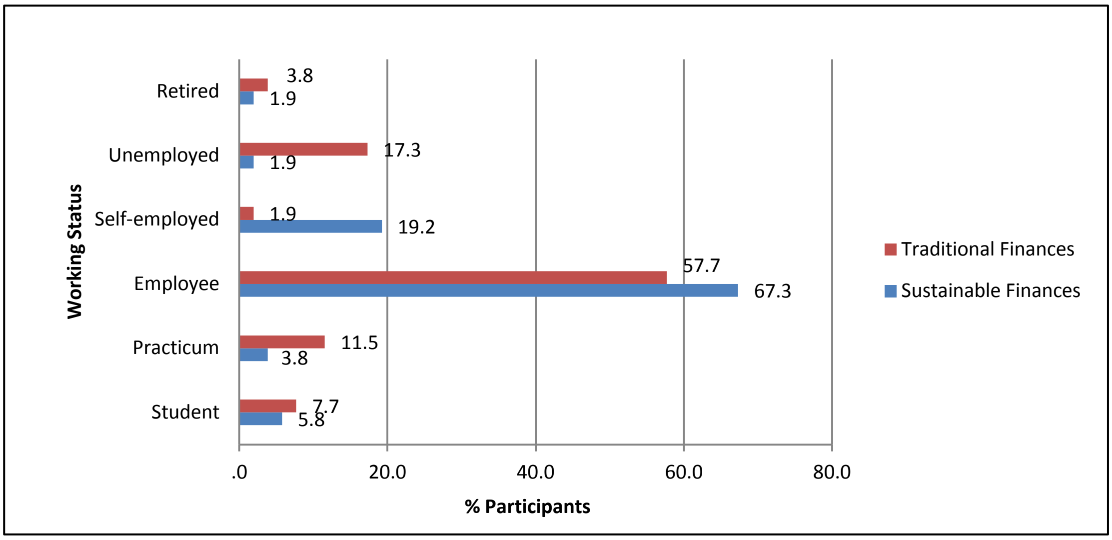


FIGURE 7 WORKING STATUS

e. Monthly Expenses

The survey asked about monthly expenses (in Euros) in order to analyse the purchasing status. The results illustrated in the figure below show that SF participants expend a monthly average between 500 and 1500 Euros.TF have a wider distribution (the standard deviation of SF is

526.747 Euros whereas in TF is 1278.620 Euros). The larger value is 3000 Euros for SF and 7000 for TF. In order to determine whether there is a significant difference or not, a T-test was applied. The results show a mean for SF of 1086.54 Euros and 1233.94 Euros for TF. However, the results show no significant mean difference (p=0.445) between the two groups.

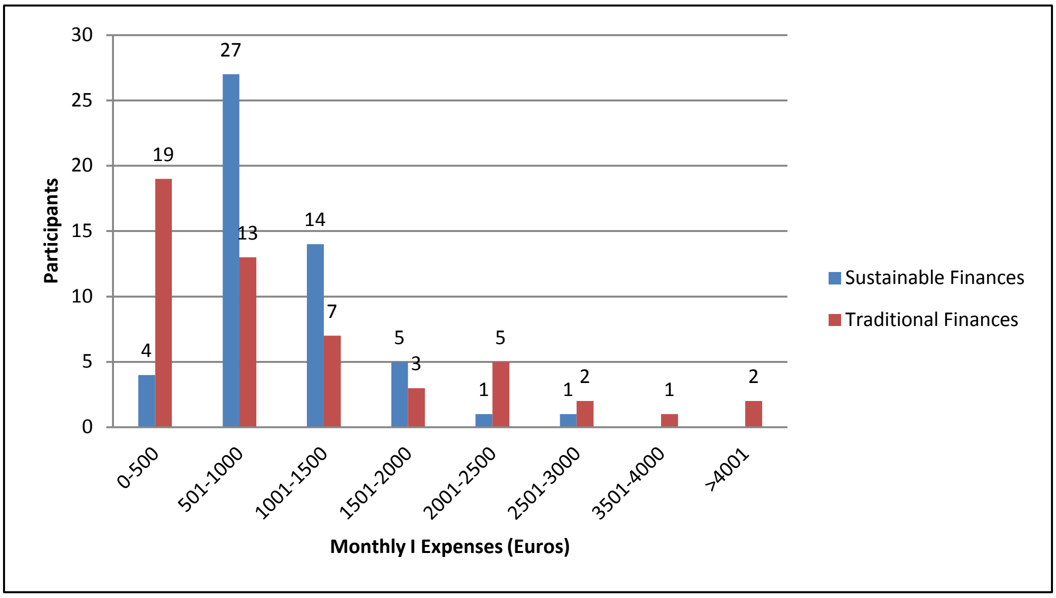


FIGURE 8 MONTHLY INDIVIDUAL EXPENSES IN THE TWO GROUPS

5.2.3 Sustainable attitudes and behaviour

There were 24 questions related to certain sustainable issues in order to estimate the perception, attitudes and actual behaviours of participants. These questions also address the issue of “social expectations” as a driver of sustainable development mentioned in the introductory chapter of this document.

5.2.3.1 Individual Concerns

a. Media information

The first question from this block is related with the personal interests in media information. It is a close question and participants are asked to choose one topic out of seven that best described their interests when paying attention to radio, TV, Internet, etc. The results are presented with percentages in the next figures.

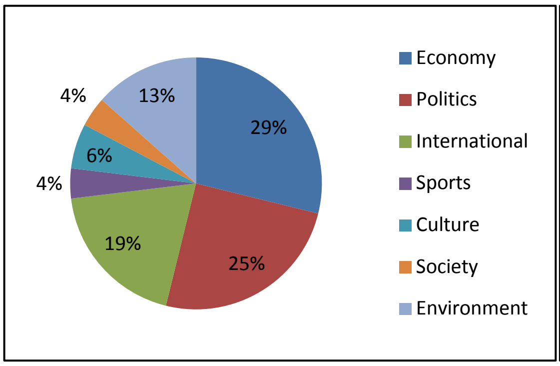


FIGURE 9 INTERESTS IN MEDIA INFORMATION (SF)

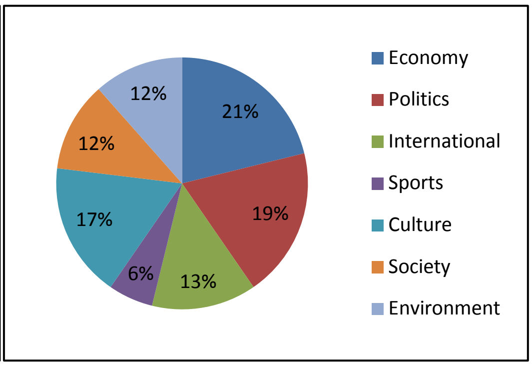


FIGURE 10 INTERESTS IN MEDIA INFORMATION (SF)

The frequencies calculated for both groups are similar. Culture and Society are more attractive issues for TF whereas Economy and Politics is more appealing for SF. However, there were a number of comments in these questions saying that it was really difficult for the participants to stick in just one possible answer.

b. Discussed topics within the social environment

Another alternative to identify personal interests is to ask about the most recurrent topic discussed within their social environment. Once again, there were six alternatives but only possible answer. TF are highly concern with the current Financial Crisis whereas SF give more importance to Politics and International Affairs. There are topics with a similar distribution such as society and culture. Climate Change only appears in SF.

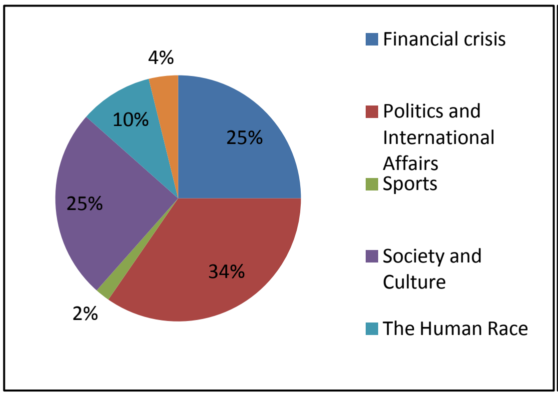


FIGURE 11 SOCIAL CIRCLE TOPICS (SF)

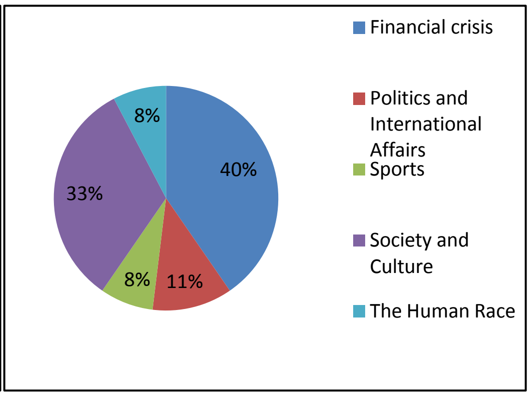


FIGURE 12 SOCIAL CIRCLE TOPICS (TF)

c. Self perception

Literature stresses the issue of society as an influential factor in individual attitudes, especially when talking about sustainable behaviour. The question of how participants like to be seen by society regarding their individual concerns tries to reflect those influences.

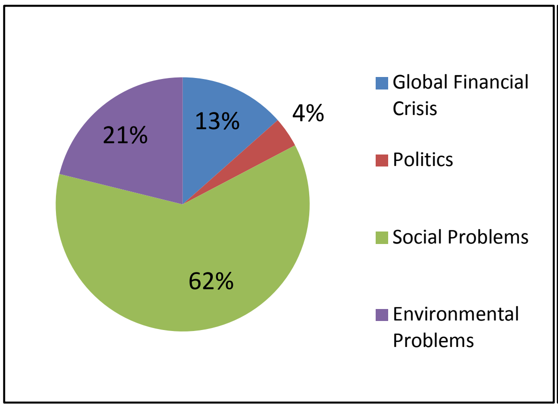


FIGURE 13 DESIRED PERCEPTION (SF)

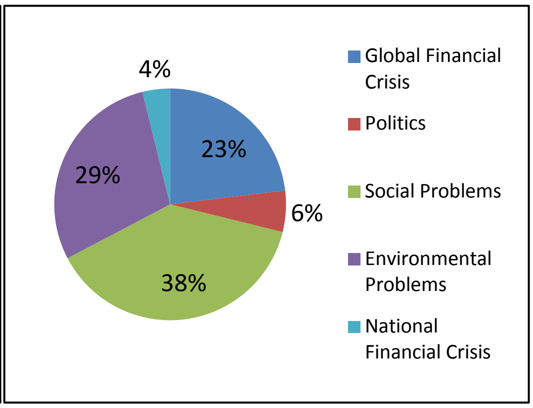


FIGURE 14 DESIRED PERCEPTION (TF)

In the case of SF more than a half of the sample likes to be perceived as a person that is concerned with social problems. Environmental problems for TF is rather high compared with what could be expected. However, this could be explained by a validity threat previously discussed which implies that TF respond in accordance with the ideas of the study.

d. NGO Collaboration

The question of NGO collaboration was included as a way to determine the grade of implication in social or environmental issues. However, the question is not well designed. There are other factors such as which type of collaboration, personal circumstances, time constraints, etc. that should also be considered.

Although there is a difference in both groups, with 32 affirmative answers in SF and 24 in TF, it is not significant ($p=0.116$) and it cannot be said that TF users collaborate less with NGOs than SF users.

e. Responsibility of social and environmental impact and avoidance of social or environmentally damaging products

These questions were designed as a way to detect the difference between intentions (first question about responsibility) and actual behaviours (second question regarding the purchase of certain products), something the literature stresses when analyzing sustainable behaviours through surveys and not actual purchasing values. The two questions have four possible answers: never (1), once (2), seldom times (3) and continuously (4).

SF have the same median in both questions. This indicates that the actual behaviour of SF is highly related with what they claim they do concerning sustainable behaviour. On the contrary, TF has a value of 3 in the “intention” question, but only a two in the question of actual purchase (see table below). It is also interesting to have a look at the mean in the “intention” question. SF has a mean of 3.25 whereas TF has only 2.60, although there is no significant difference in the median comparison.

Finally, the comparison of the medians in the second question happens to be significant (applying Mann-Whitney test), meaning that there is a difference between the quitting rate of negative social or environmental products between SF and TF (p<0,001). SF median shows they quit seldom times the purchase of at least one product due to its negative impact on society or the environment whereas TF quit only once.

TABLE 5-1 INTENTIONS AND ACTUAL BEHAVIOUR

Question	Median (SF)	Median (TF)	Significance	Mean (SF)	Mean (TF)
I felt responsible of the social and environmental impact of my actions at least once during last year	3.00	3.00	p<0.001	3,25	2,60
I quitted the purchase of at least one product due to its negative social or environmental impact	3.00	2.00	p<0.001	3,10	2,12

The figures below show the frequencies (in %) for the two questions previously analysed.

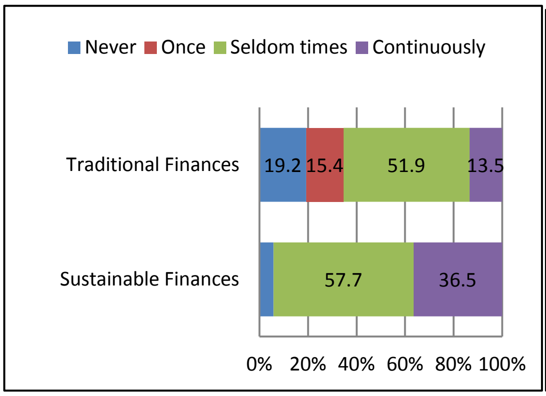


FIGURE 15 PERSONAL RESPONSIBILITY

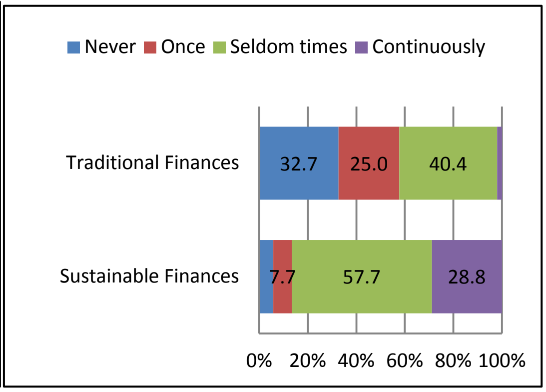


FIGURE 16 QUITTING THE PURCHASE OF PRODUCTS

5.3.2.1 Individual Attitudes

a. Environmental Concerns

A set of 12 questions addresses the social and environmental grade of concern in both groups to analyze if there is a significant difference. The variables have nominal values consisting on a range from "Totally disagree" (1) to "Totally agree" (5). Mann-Whitney test is used to compare the medians for each variable. Additionally in order better illustrate the results; means are also included in the table below. Those variables with significant difference between the two groups are shown in bold (see Appendix 2 for illustrative figures).

TABLE 5-2 INDIVIDUAL BEHAVIOURS TOWARD SUSTAINABILITY

Question	**Median (SF)**	**Median (TF)**	**Significance**	**Mean (1=Totally disagree, 5=Totally agree) SF/TF**
In the last year I have been paying more attention to news and information related with the Environment	5.00	4.00	**p=0.003**	4.08/3.56
I think of myself as a consumer who is concerned with the environmental and/or social impact of the products I purchase	4.50	4.00	**p=0.001**	4.46/3.88
It is only meaningful to consider environmental issues when human needs have been settle down	1.00	2.00	p=0.077	1.81/2.25
Consuming Fair Trade products help poorer countries	4.50	4.00	p=0.353	4.27/4.12
I know which of my actions have a positive or negative impact on poorer countries	4.00	4.00	p=0.006	4.06/3.40
I know where to purchase either sustainable or fair trade products	4.00	4.00	**p=0.001**	4.21/3.40
The economy is the one that governs our daily welfare	3.00	4.00	p=0.264	3.29/3.52
We cannot afford invest our money in the Environment	1.00	2.00	**p=0.002**	1.38/1.81
Even if the cost of Economic development, I'd like my Government to work more on sustainability	5.00	5.00	**p=0.027**	4.75/4.33
I would support to have a target in our national budget such as the 0.7% for global sustainability issues	4.50	5.00	p=0.150	4.29/4.54
The gravity of environmental problems is exaggerated by the scientific community and the media	1.00	2.00	**p=0.013**	1.44/2.04
The lifestyle of my country is sustainable for future generations	1.00	2.00	**p<0.001**	1.21/1.79

The variables with statistical significance are mainly concerning actual purchase or commitment towards sustainable practices. On the other hand, those variables with no significant difference between the groups are merely related with perceptions, suggested solutions, and general opinions ("I would support to have a target in our national budget such as the 0.7% for global sustainability issues").

b. Environmental knowledge

Two extra questions are asked to see if there is a relation between a higher grade of knowledge or awareness and sustainable behaviour (in terms of purchasing sustainable finances). Mann-Whitney test is used to compare the medians as the variables have ordinal values.

The questions are about the Durban Climate Change convention and Green Technologies. In both cases, the percentage of TF that have had no access at all to any information is larger than in SF. It is also interesting the fact that almost a 40% in SF have tried to find out more about Green Technologies. Moreover, these questions highlight the power media has. The information provided may influence social habits and behaviours.

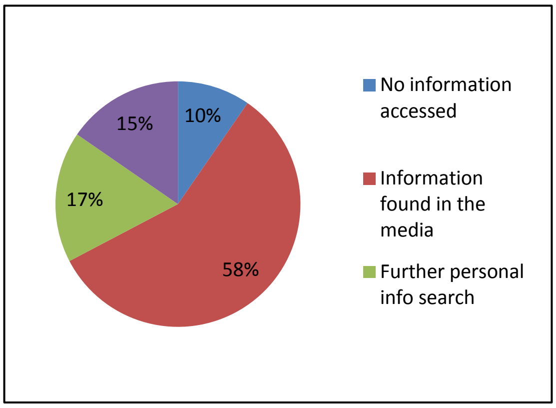


FIGURE 17 KNOWLEDGE: DURBAN CONVENTION (SF)

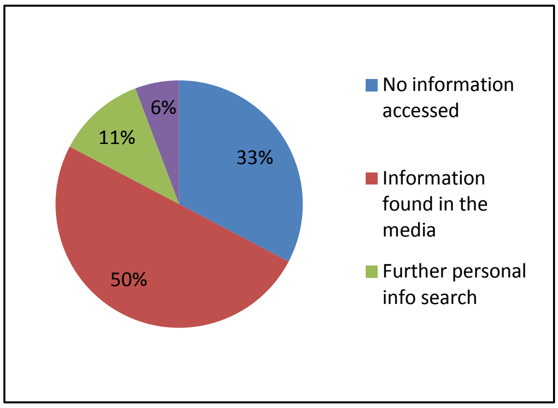
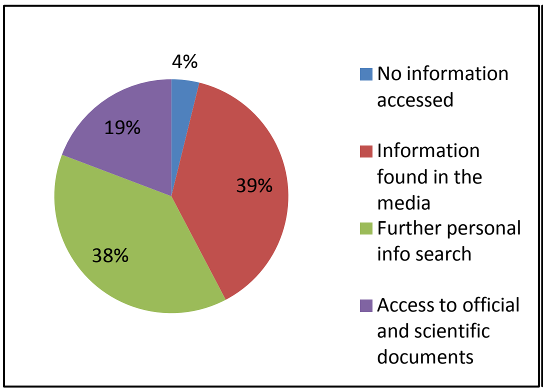


FIGURE 18 KNOWLEDGE: DURBAN CONVENTION (TF)



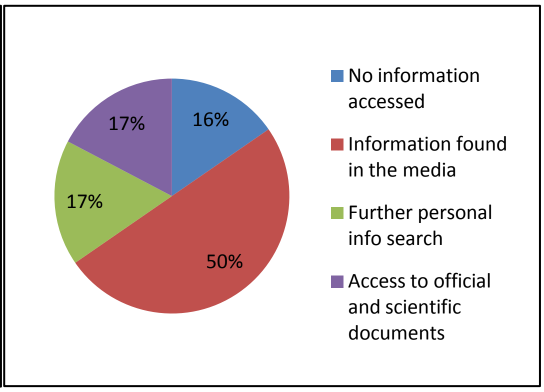


FIGURE 19 KNOWLEDGE: GREEN TECHNOLOGIES (SF) FIGURE 20 KNOWLEDGE: GREEN TECHNOLOGIES (TF)

TABLE 5-3 SPECIFIC KNOWLEDGE AND AWARENESS

Question	Median (SF)	Median (TF)	Significance	Mean (1=No information accessed, 5=scientific and official docs)
On the occasion of the Durban Climate Change Convention (2011), I have recently acceded to related information	2.00	2.00	0.04	2.38/1.90
I know what does “Green Technologies” mean and I have acceded to related information	3.00	2.00	**0.027**	2.73/2.37

Concerning the hypothesis saying that SF know more than TF about environmental issues, when comparing the medians in the case of Durban Convention there is no difference as they have heard about it mainly through the media. In the case of Green Technologies SF have a larger mean (“Further personal info search” for SF and “Information found in the media” for TF) with statistic significance (p=0.025) (see table above). Thus, there may be a difference in the environmental knowledge between the two groups, however these results presented in the table above about medians and means are not enough significant to conclude anything.

c. Sustainable conducts

The survey also has three questions related with daily habits and sustainable behaviour. One addresses the issue of recycling, another one the purchase of Fair Trade and ecologic products and the last one is more general about certain conduct modifications towards more sustainable behaviours.

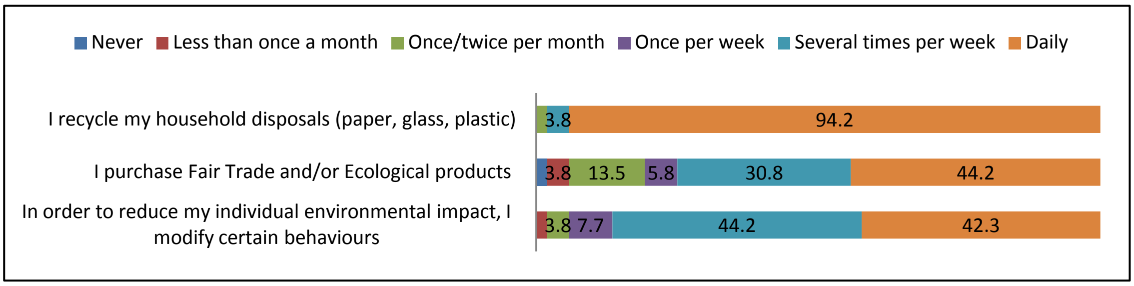


FIGURE 21 SUSTAINABLE BEHAVIOURS (SF)

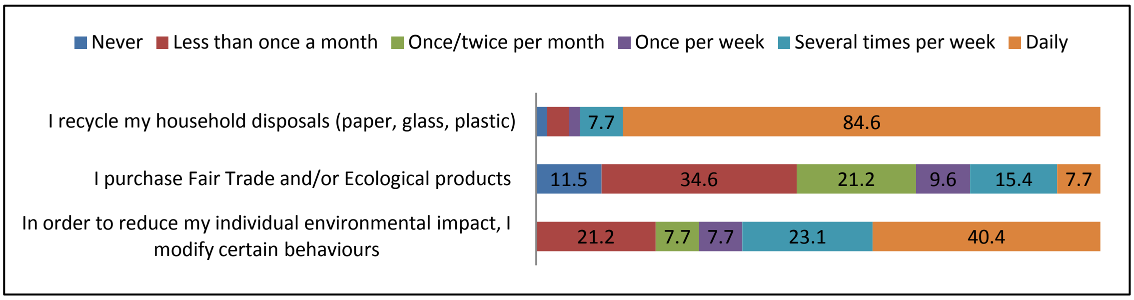


FIGURE 22 SUSTAINABLE BEHAVIOURS (TF)

TABLE 5-4 ACTUAL SUSTAINABLE BEHAVIOURS

Question	Median (SF)	Median (TF)	Significance
In order to reduce my individual environmental impact, I modify certain behaviours	5.00	5.00	0.104
I purchase Fair Trade and/or Ecological products	5.00	3.00	P<0.001
I recycle my household disposals (paper, glass, plastic)	6.00	6.00	0.105

The results are shown in the figures above together with the comparison of the medians (Mann Whitney test). Whenever a question is more general, people tend to answer in accordance with the ideas behind the survey. Thus, means from the third question are similar, with percentages around 40 in both groups. However, this number changes when the question ask directly about certain actions, such as consuming Fair Trade and ecologic products. Moreover, it even has significant difference between the two groups. It is therefore correct to state that SF users purchase more often Fair Trade and ecologic products (p<0,001). The question related with recycling has very similar figures. This can be explained with the fact that in Spain there has been an improvement in the consciousness of the citizens in the last 10 years (see table above).

5.3.2.2 Impediments towards sustainable behaviour

The literature also stresses the issue of certain impediments toward sustainable behaviour and thus, purchasing sustainable initiatives such as sustainable finances. The following set of questions asks about some of them identified in chapter three. The figures below show the frequencies for each question.

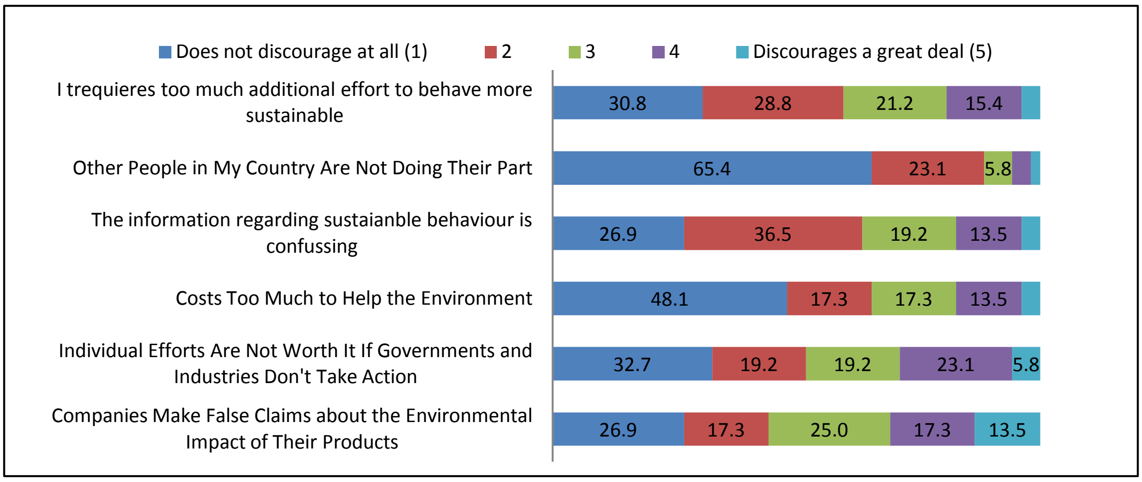


FIGURE 23 IMPEDIMENTS TOWARDS SUSTAINABLE BEHAVIOUR (SF)

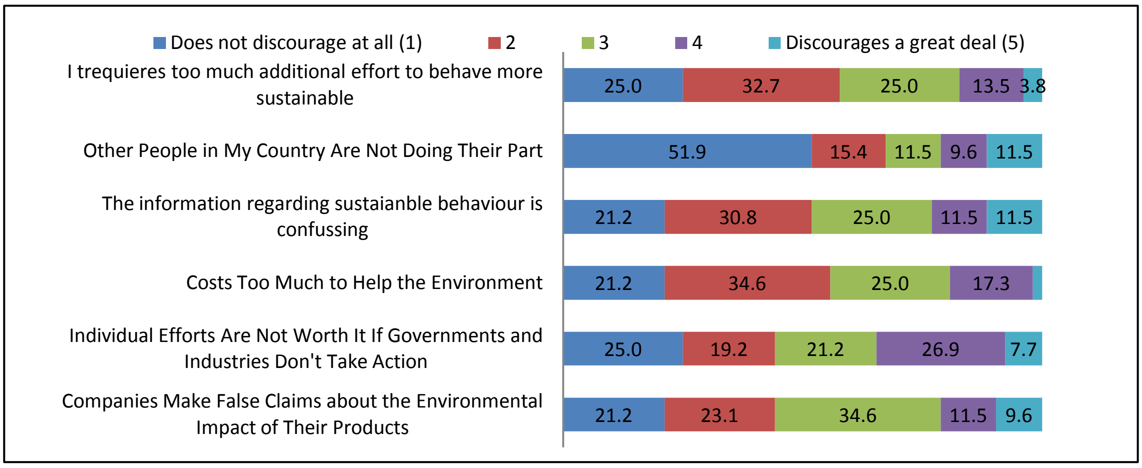


FIGURE 24 IMPEDIMENTS TOWARDS SUSTAINABLE BEHAVIOUR (TF)

When comparing the medians of these questions between the groups, all except for one have the same values (see table below). The only exception is the question of individual efforts related with government and private sector actions. SF are less influenced (median=2) whereas TF are slightly more influenced (median=3). However, there is no significant difference (p=0.368). Considering the whole sample, those potential impediments within the questions are not strong enough to modify their willingness to behave sustainable. False claims from certain companies about their social and environmental impact are the question that influences more sustainable behaviour. On the other hand, the behaviour of others does not discourage sustainable behaviour.

TABLE 5-5 IMPEDIMENTS TOWARD SUSTAINABLE BEHAVIOUR

Question	Median (SF)	Median (TF)	Significance	Mean (1=No information accessed, 5=scientific and official docs) SF/TF
Companies Make False Claims about the Environmental Impact of Their Products	3.00	3.00	p=0.807	2.73/2.65
Individual Efforts Are Not Worth It If Governments and Industries Don't Take Action	2.00	3.00	p=0.368	2.50/2.73
Costs too much to help the Environment	2.00	2.00	p=0.053	2.08/2.44
Confused by Information about how to Help the Environment	2.00	2.00	p=0.226	2.31/2.62
Other People in My Country Are Not Doing Their Part	1.00	1.00	p=0.47	1.54/2.13
It requires a lot of extra effort to help the Environment	2.00	2.00	p=0.737	2.33/2.38

5.2.4 Financial entity

a. Year of starting relation

Sustainable finances in Spain are relatively new, with no more than 10 years of existence. The average (mean) of the starting year for SF is 2008 whereas TF is 1998.

b. Relation

Sustainable Finances are defined in the previous chapters as a way to come back to the roots of financial relations between savers and borrowers. There are also other alternatives for people to interact with these initiatives such as collaboration and responsible investment. The sample has as well people linked with sustainable finances in different ways at the same time.

SF has an 84.6% of savers and a 7.7% of investors. There is also a 3.8% of employees and a 21.2% of collaborators. In the case of TF, almost all participants are savers (96.2%), 13% are investors and 1.5% employees. However, there are no collaborators identified in the TF sample.

c. Main reason to join the financial entity

At the present day, people in Spain need to have a relation with the financial sector. However, there are different reasons to join one or another entity. The survey has an open question, where participants described the main reason they had when choosing among the different alternatives within the market. Answers were collected and analyzed one by one. After a first reading, common factors were identified within the answers and nine categories defined:

1. Service quality.
2. Benefits.
3. Affinity with principles.
4. University. The university with which surveyors were or are associated influenced the decision.
5. Financial crisis. The impotence of the current situation in Spain influences surveyors in the decision.
6. Credit services. The entity offers certain advantages when asking for a credit.
7. Family. A member of the family or even tradition within the family influenced the surveyors.
8. Necessity. The need to have a financial entity for whatever reason not specified.
9. Convenience. Other influencing factors such as personal contacts, proximity or other financial benefits.

There were many answers with more than one criterion at the same time. In those cases, the main reason was selected in accordance with the emphasis surveyors made when describing each of them. A new variable classified all answers in one of the different categories previously mentioned.

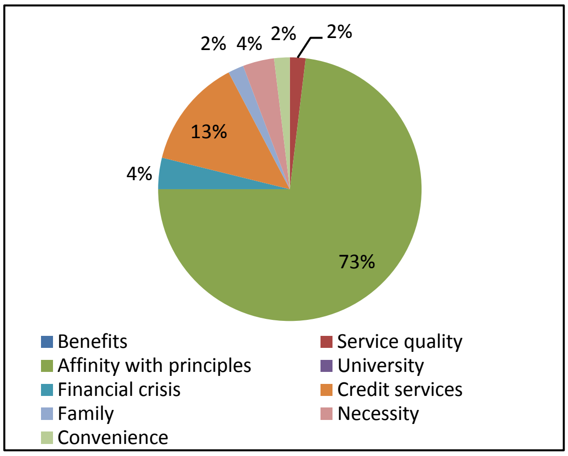


FIGURE 25 REASON TO JOIN FINANCIAL ENTITY (SF)

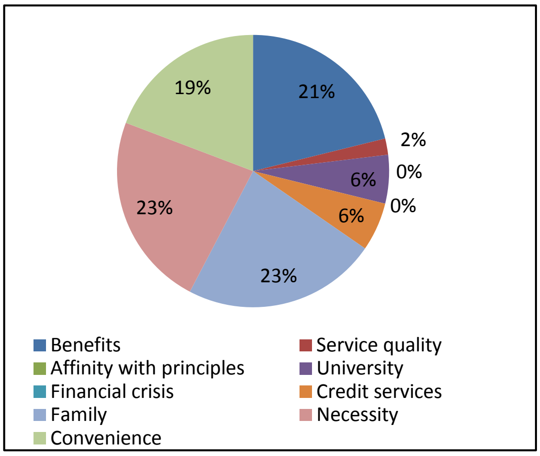


FIGURE 26 REASON TO JOIN FINANCIAL ENTITY (TF)

This question has a grade of subjectivism due to the transformation phase. Nevertheless, it is relevant for the identification of the main strengths sustainable finances have. It is very significant in the discussion of sustainable finances the large percentage of SF that joined their financial entity due to their affinity with the entity's principles. Also it is important to stress that the same percentage of participants in the two groups (2%) based their choice in the service quality criterion. Traditional Finances gain almost their whole market share due to family tradition and influences, necessity and convenience (65%). University also influences certain TF; however they do not promote sustainable finances. As it was expected, there is a large percentage of TF that joined due to certain economic benefits (21%) whereas in SF is inexistent.

d. Participation

According to the characteristics of sustainable finances defined in previous chapters, participation should exist more in SF. Surveyors were asked about their possibility to participate in their financial entities to test the following hypothesis: "Sustainable finances are more participative than Traditional Finances". Almost a 58% of SF believe they have the possibility to participate in corporate decisions from their financial entity through a transparent voting system, whereas an 83% of TF believe they do not have any participatory procedure at hand. A crosstable shows there is a significant relationship between the two variables with a Cramer's V value of 0.520 ($p<0.001$). Therefore, it can be said that there are more possibilities to participate in Sustainable Finances than in Traditional Finances.

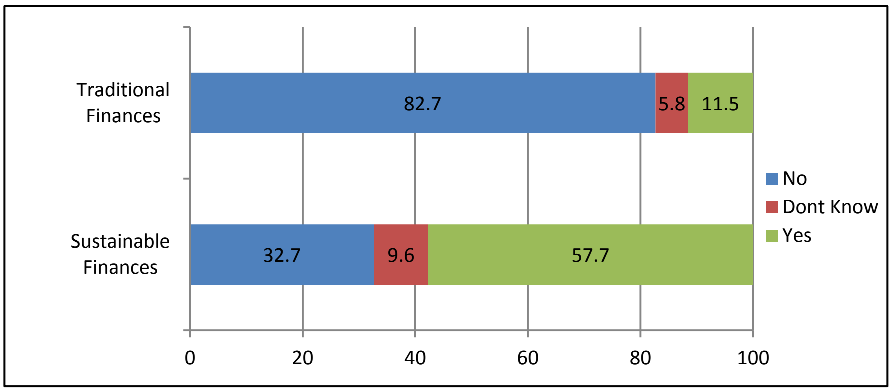


FIGURE 27 PARTICIPATION

e. Transparency

Sustainable finances should comply with the requirement of transparency. The survey also asked about it through a set of questions listed in the table below. The possible answers are a range between 1 (totally disagree) and 5 (totally agree).

TABLE 5-6 TRANSPARENCY

Question	Median (SF)	Median (TF)	Significance	Mean

				1=totally disagree 5=totally agree
I have the possibility to check where the Entity is allocating my money	5.00	2.00	p<0.001	4.42/2.46
I do know what the Entity does with my money / I do check where the Entity is allocating my money	4.00	1.00	p<0.001	4.04/2.00
I trust my financial entity on not investing in anything harmful for the environment or any society	5.00	2.50	p<0.001	4.19/2.44

The results show a significant difference between the two groups in all the three questions: possibility to check, actual knowledge and trust in the financial entity and its investments (p<0.001). Consequently, it can be said that there is more transparency in Sustainable Finances compared to Traditional Finances towards the user.

f. Sustainable promoter

The promotion of sustainable development is another requirement for sustainable finances. Although this is quite difficult to estimate, two questions from the survey tried to address this issue. A relation is made between the social and environmental knowledge surveyors have since they joined their entity and the promotion of sustainability and awareness among users. The alternative answers have a range between 1 (strongly disagree) and 5 (strongly agree). The results were very significant and SF have increased their knowledge in social and environmental issues since they joined the entity compared to TF (p<0.001). Additionally SF are more aware of their social and environmental impact since they joined the entity in comparison with TF (p<0.001). It is also interesting to compare the medians (see table below).

TABLE 5-7 SUSTAINABILITY PROMOTION

Question	Median (SF)	Median (TF)	Significance
Since I joined my financial entity I am more informed in social and environmental issues	4.00	1.00	p<0.001
Since I joined my financial entity I am more aware of my social and environmental impact	4.00	1.00	p<0.001

g. Satisfaction with the given service

As a way to determine the quality of the service in both groups, there is a questions asking about the satisfaction participants have with their entity. The possible answers go from 1 (not satisfied at all) to 5 (fully satisfied). The medians were compared with a Mann-Whitney test and the results show a significant difference between the satisfaction from SF and TF (5 to 3) ($p<0{,}001$). Also it is interesting in this case to have a look at the mean from each group: the average of SF is of 4,31 whereas in TF is 2,98, less than the middle value. The figure below shows the frequencies of the two groups for each value, and it is worthwhile to mention that more than the half of the sample from SF are fully satisfied with their choice, whereas TF only a 7,7% are fully satisfied.

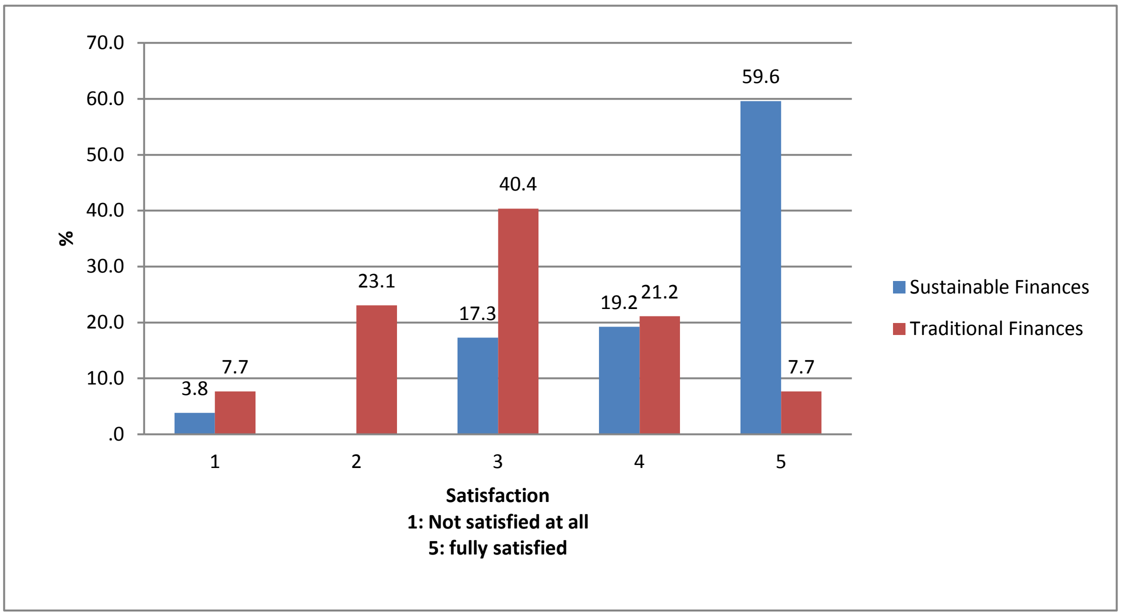


FIGURE 28 SATISFACTION WITH THE ENTITY

As it was mentioned in the previous chapter, sustainable financial entities in Spain are still in the phase of creation. This implies that for instance Fiare and Coop57 still cannot offer all the financial services a mainstream entity does. In the case of Fiare, they are currently finalizing the process of becoming a fully operational financial entity, whereas Triodos Bank already offers the main services from a traditional bank. Considering all this, it was also interesting to see whether those ones from SF still have to deal with another financial entity for necessity issues. There is a percentage of 61% in SF that still have to count on traditional banks besides their sustainable entity. This may have further implications that are discussed in the following sections. Also, out of this percentage, 85% evaluate their satisfaction with the other entity between the values 1 and 3.

h. Recommended Entity

Another way to check the satisfaction with the entity and the reasons in which it is based this satisfaction is to ask the participants whether they would recommend their entity or not and if they already did it. A Crosstab analysis was made in order to determine whether there is significant difference between the two groups and the variable measured. The results show there is a significant relationship between the two variables with a Cramer's V value of 0.591 ($p<0.001$). This means that SF would recommend more or have already recommended their entity compared to TF.

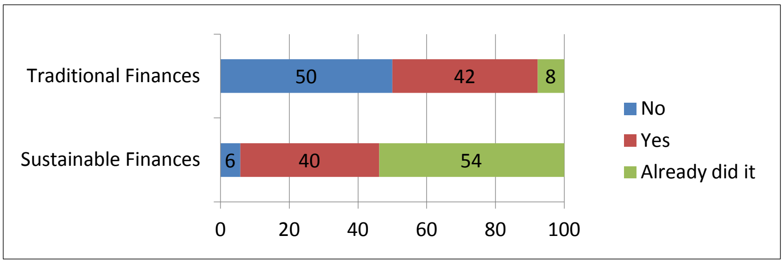


FIGURE 29 RECOMMENDED ENTITY

Surveyors were asked in the following question about the main reasons in which they based their previous answer as another way to identify strengths of sustainable finances. There are as well interesting issues from TF answers. Again, after a previous reading of the whole set of answers, certain categories were identified. The description of the reasons made by the participants was transformed into a variable of eleven values:

1. No comments: No answer
2. Better than traditional: Either from SF to encourage or from TF to discourage.
3. Nothing against/ Nothing to promote: There are no reasons to either recommend or not.
4. Beliefs and trust: A way to be consequent with self believes.
5. Disappointment with the mainstream financial sector: A way to trust again on finances.
6. There are better alternatives: In the case of SF it was a recommendation saying that "there are better alternatives than just mainstream finances", whereas the case of TF it was a way to discourage people to come to their entity.
7. Effectiveness: Stress in the effectiveness of the entity
8. Commissions: Economic benefits
9. Security: The instability of the current market does not affect the entity.
10. Good enterprise: it is known for its reputation as a good enterprise.
11. Good Impact: It has good impact with its economic activity toward society and environment.

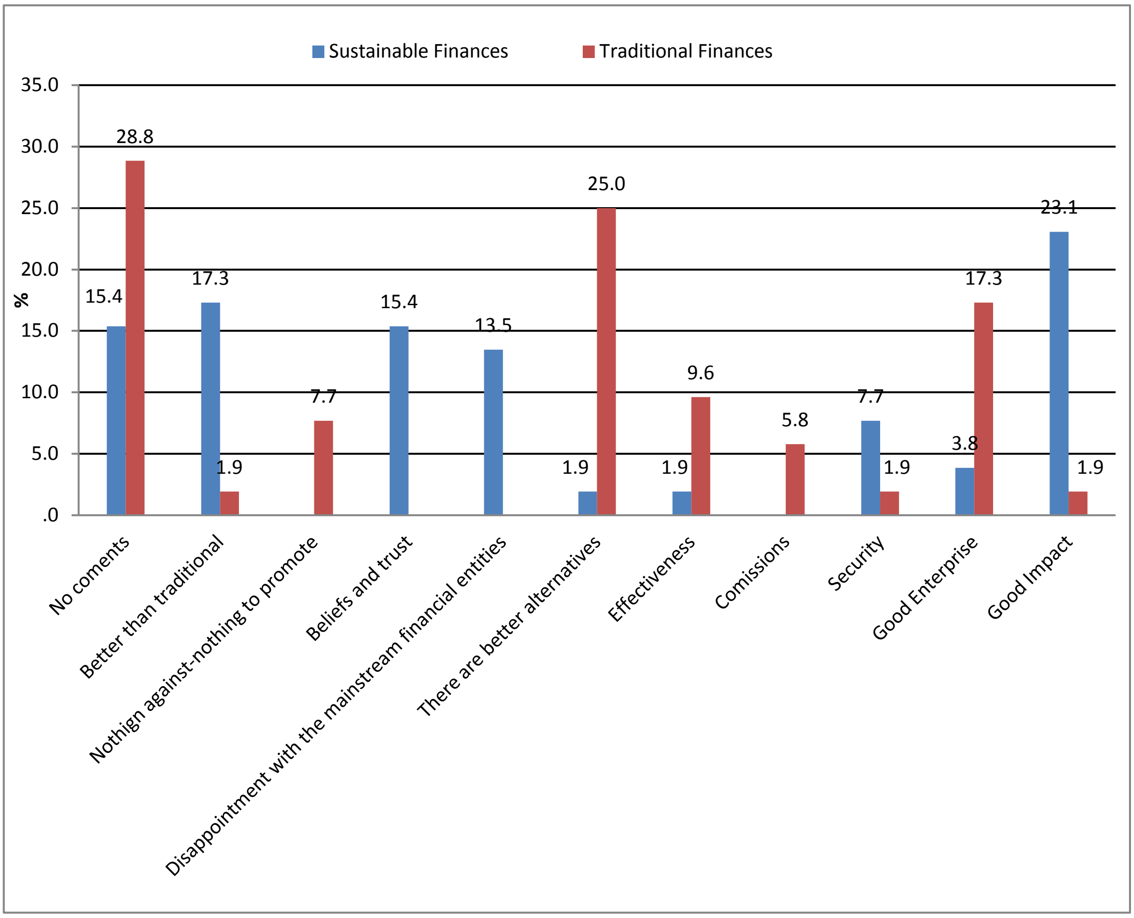


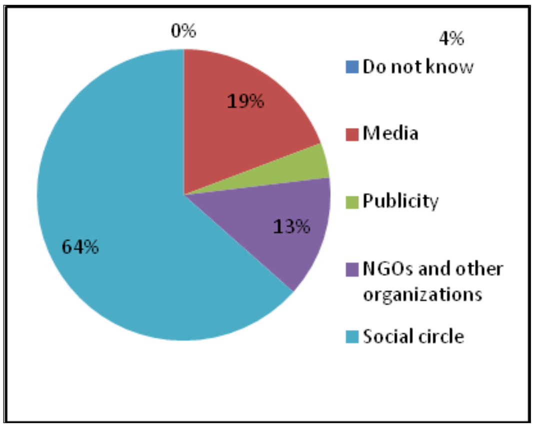
FIGURE 30 REASONS TO RECOMMEND OR NOT

The main reasons to recommend Sustainable Finances are the good impact they do, the accordance with beliefs and the disappointment with the financial sector. TF recommend their entities based on the reputation of the enterprise, effectiveness and the commissions. However, they also address reasons why not to recommend their entity and in most cases they say there are better alternatives already existing.

5.2.5 Concept of Sustainable Finances

a. Information source

It is useful to identify the main sources sustainable finances make themselves known. Thus, it can give information to gather a larger market share as well as the awareness of society. The following figure shows the frequencies for each group regarding whether they know about sustainable finances at all.



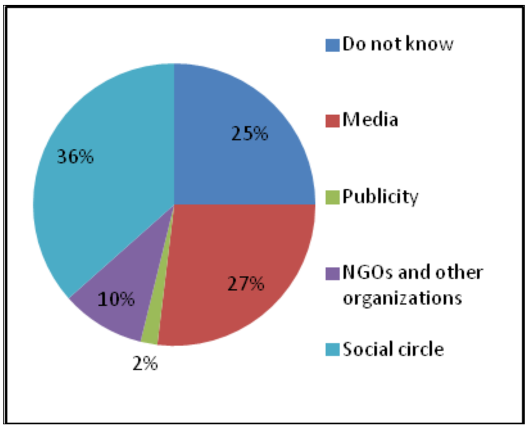


FIGURE 31 INFORMATION SOURCE (SF)

FIGURE 32 INFORMATION SOURCE (TF)

It is very illustrative the percentage in TF that have never heard about sustainable finances (25%). Additionally, both groups refer to their social circle as the most important source whereas publicity has the lowest percentages. Media is also a source to consider when promote sustainable finances.

"Although it sounds very interesting, I don't have a clue what sustainable finances are" (Anonymous user Traditional Finances, 2012).

b. Ability to identify certain characteristics of sustainable finances

Although people may have heard about the concept of sustainable finances, they do not know either what it refers to or which the main characteristics are. In both cases, it implies low probabilities for these people to consider a change in their financial entity. As it was expected, there is a significant difference in the ability to identify characteristics of sustainable finances between both groups. The following hypothesis of "SF group has a higher percentage of participants that can identify the characteristics of sustainable finances compared to TF group" has been demonstrated with a Cramer's value of 0.487 ($p<0,001$). The graph below shows the enormous difference.

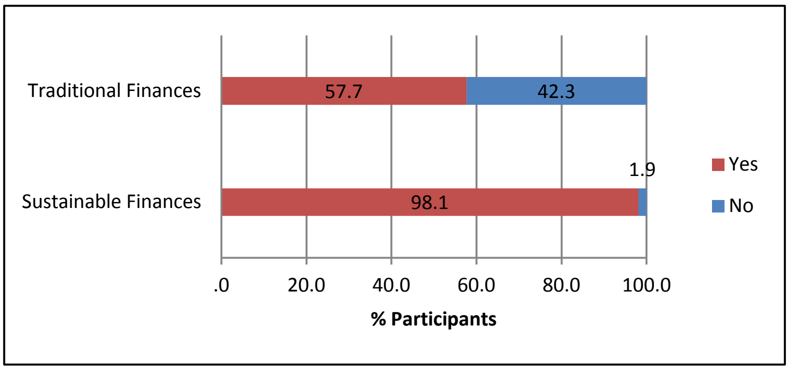


FIGURE 33 IDENTIFICATION OF CERTAIN CHARACTERISTICS OF SUSTAINABLE FINANCES

c. Sustainable Finances: perceived characteristics

It is also important to consider the social perception of sustainable finances to see whether there are market opportunities or not and become a strong and competitive alternative. In order to do so, a number of questions were asked in the survey.

c.1. A multiple-choice question. The first one is a multiple-choice question with nine categories. Participants could choose as many as they wanted. The figure below shows the results for SF, TF and the whole sample (Total).

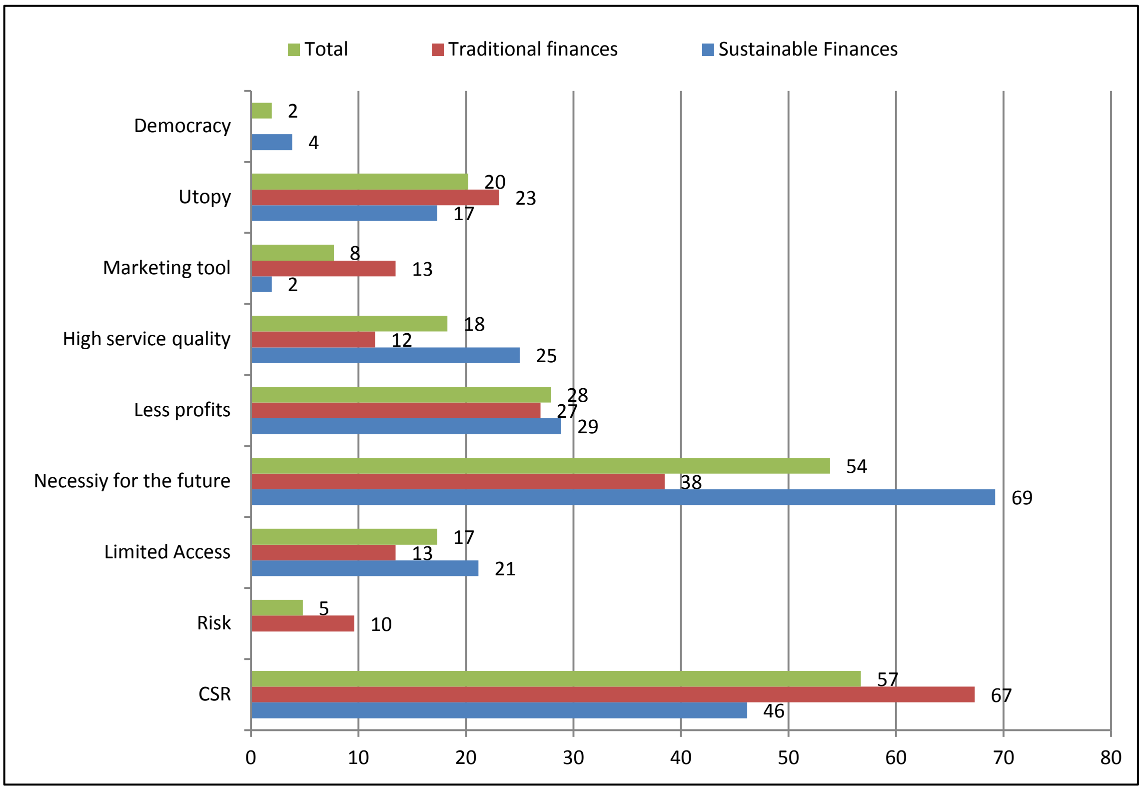


FIGURE 34 PERCEPTION OF SUSTAINABLE FINANCES (CLOSE QUESTION)

Interesting conclusions can be taken from this graph: almost a 40% of TF think of Sustainable Finances as a necessity for the future. Also it is something to take into consideration for further discussion the enormous percentage of the sample that relates Sustainable Finances with CSR.

c.2 An open question asked the participants to define what they believe “sustainable finances” are. The definitions given were analyzed and included in different categories to better interpret the results. Thirteen categories were defined after a previous reading of the whole list of answers. Some definitions had more than one characteristic from different categories. In those cases, the one with more strength in the answer was selected.

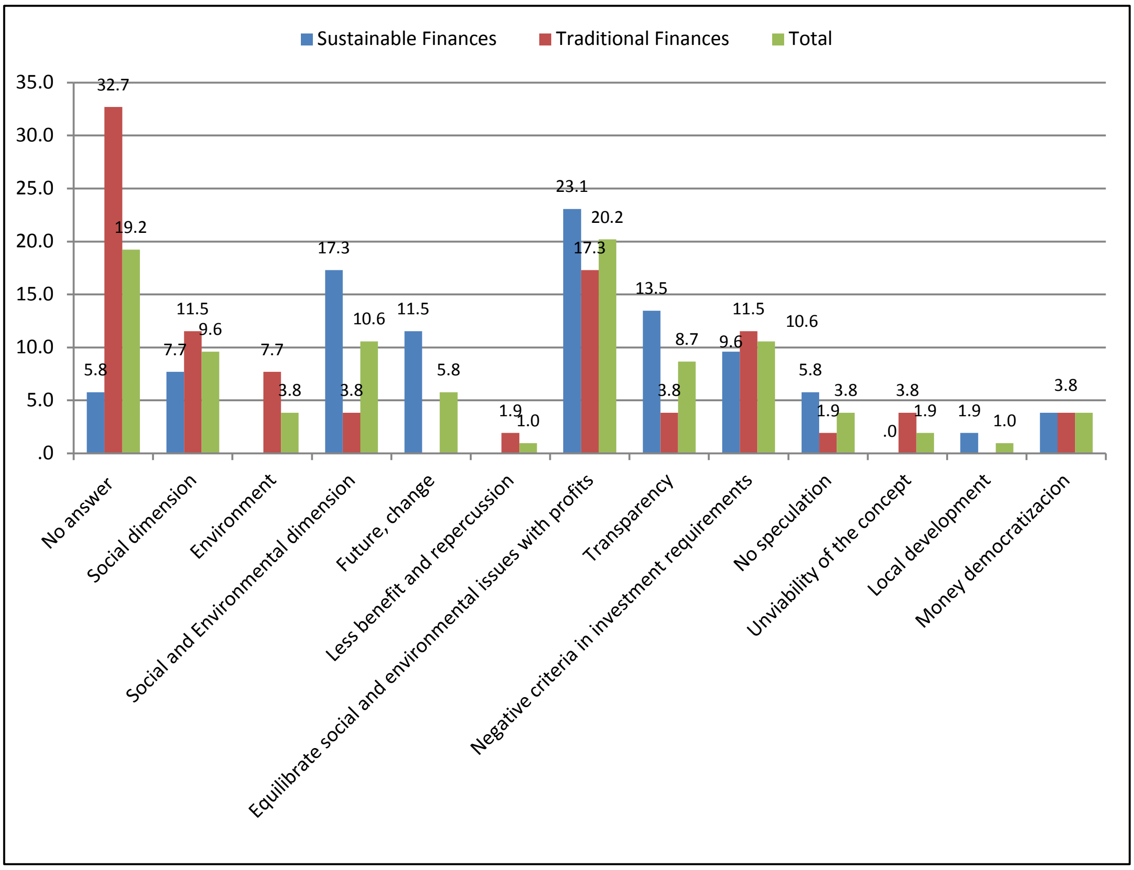


FIGURE 35 PERCEPTION OF SUSTAINABLE FINANCES (OPEN QUESTION)

The main issue for the whole sample was the equilibrium between social, environmental and economic dimensions. Some also related the concept with the democratization of money.

c.3 A set of statements were asked to be ranked from 1 (totally disagree) to 5 (totally agree). Results are presented in the following table. Medians were compared with Mann-Whitney test and those questions with significant difference between the groups are marked in bold (p value column)

TABLE 5-8 PERCEPTION OF SUSTAINABLE FINANCES (STATEMENTS)

Question	**Median (SF)**	**Median (TF)**	**Significance**
If more people (individuals, private and public sector) join sustainable banks, there will be more positive environmental and social impacts derivate from financial activity	5.00	4.00	**p<0.001**
“Sustainable Finances” is an utopia and it seems difficult to practice it	1.00	3.00	**p<0.001**
The concept of “sustainable finances” is just for the user to feel better with his or herself	2.00	2.00	p=0.072
Under the current economic situation, financial entities should prioritize just those projects with lower economic risks	2.00	3.00	p=0.016
Microcredit is a viable way to insert in the financial sector those minorities excluded	4.00	4.00	p=0.052
The traditional financial sector is strongly related with the current economic crisis	5.00	5.00	**p=0.001**
Sustainable finances are an alternative to overcome the current economic crisis	4.00	3.00	**p<0.001**
All projects approved by financial entities should fulfil besides economic criterion, social and environmental ones	5.00	5.00	**p=0.001**
If my financial entity proposed me a participatory system to support the funding projects I would consider to participate	4.00	4.00	p=0.227
It is necessary to achieve a larger citizen participation in the financial entities and certain political institution to improve them	5.00	4.00	**p=0.001**
I feel better with myself when I know what the bank is doing with my money	5.00	4.00	p<0.001

Means from some questions may be also interesting. The statement of “The Traditional Financial sector is strongly related with the current financial crisis” has a mean of 4.81 for SF and 4.50 in the case of TF. In addition, the statement about the criteria of the projects has means of 4.77 for SF and 4.44 for TF (see Appendix 2 with figures).

d. Evaluation of the sustainability behaviour of the financial entity

The question of “Would you define your financial entity as sustainable?” addresses two issues at the same time. On the one hand, it is an indicator to see if users perceive those entities considered sustainable in the analysis the same way. The second one is to analyse the following hypothesis: "More users from sustainable finances perceive their entity sustainable compared to users from traditional finances".

The statistical tool used to check them is a crosstab, where means are compared and the result of it allows accepting the hypothesis ($p<0,001$). From those participants from the SF group, 89% consider their financial entity sustainable, whereas in the TF group only a 17% of the sample considered them sustainable.

A following open question asked about the reasons in which participants based their previous response to have more information available about the perception of sustainable finances. A number of common issues were identified within the answers in order to define ten categories.

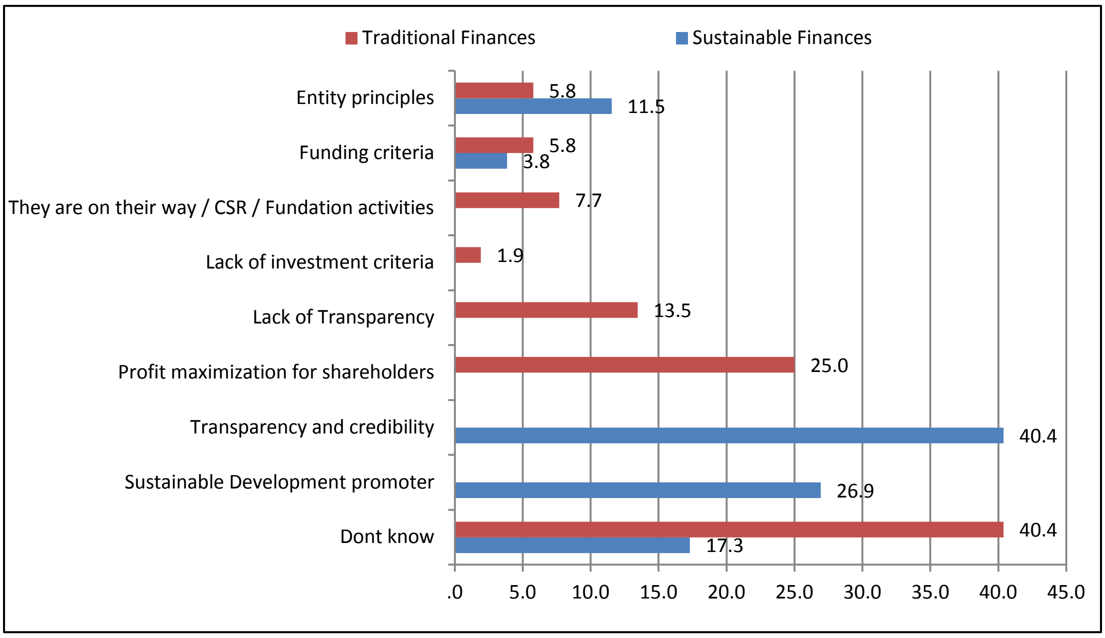


FIGURE 36 REASONS TO DETERMINE WHETHER THE ENTITY IS SUSTAINABLE OR NOT

There are certain categories applicable only for those ones who believe in the sustainability of their entities and come from the SF group, such as:

- Transparency and credibility: Within the whole SF group, 40% argues the sustainability of their entity based on transparency and credibility criteria.

- Sustainable Development promoter: Almost a 27% of the SF group thinks of their entity as a promoter of sustainability.

Those members from the TF group saying their entity is not sustainable based their answer in four major reasons: profit maximization for shareholders, lack of transparency and the funding and investment criteria. As well, there are certain categories that are neutral, such as the entity principles and "don't know". Those participants from TF ensuring their entity is sustainable based their answer on the CSR initiatives and Foundation activities this one has. However, theory does not support these arguments.

5.2.6 Sustainable behaviour and well-being

Another influential factor to consider when analysing sustainable behaviour is individual well-being. Five questions were asked about this. Two of them are statements related with certain influential factors. Answers are within a range between 1 (totally disagree) and 5 (totally agree).

TABLE 5-9 SUSTAINABLE BEHAVIOUR AND WELLBEING

Question	Median (SF)	Median (TF)	Significance
In general I feel very positive about myself	4.00	4.00	0.009
I feel good if I know my saved money is invested in people that need it	5.00	4.00	0.003

The table above shows the same medians for self-positivism. Nevertheless, there is a difference between the two groups regarding how they feel when they know that their money is invested in people that need it. SF feel better than TF (p=0.003).

Another question was “To what extent do you get a chance to learn new things?” and surveyors had to choose between never (1), almost never (2), almost always (3) and always (4). Although there was a variance in the median of both groups (SF: 4.00 - TF: 3.50 no significant difference is observed (p=0.052) (see following figure for the percentages in each group).

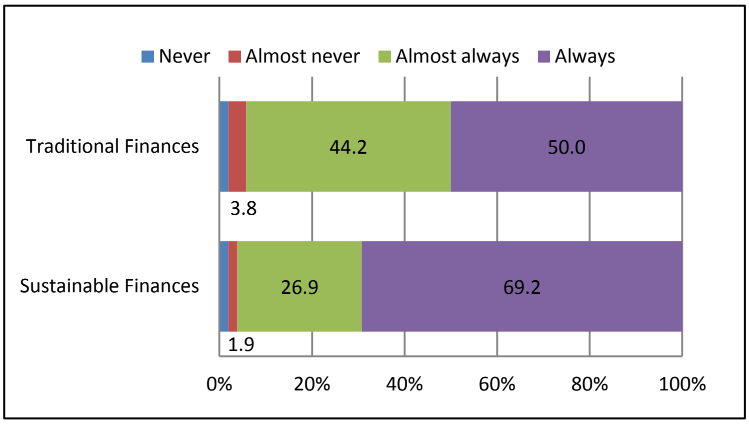


FIGURE 37 CHANCE TO LEARN NEW THINGS

Two last questions asked about the current satisfaction with life and happiness. For the first one, values from 1 (not satisfied at all) to 10 (fully satisfied) were given. Also a statistical test (T-Test) comparing the means of both groups estimated that there was no difference in the satisfaction with life. SF have a mean of 7.48 whereas TF have 7.00 (p=0.081).

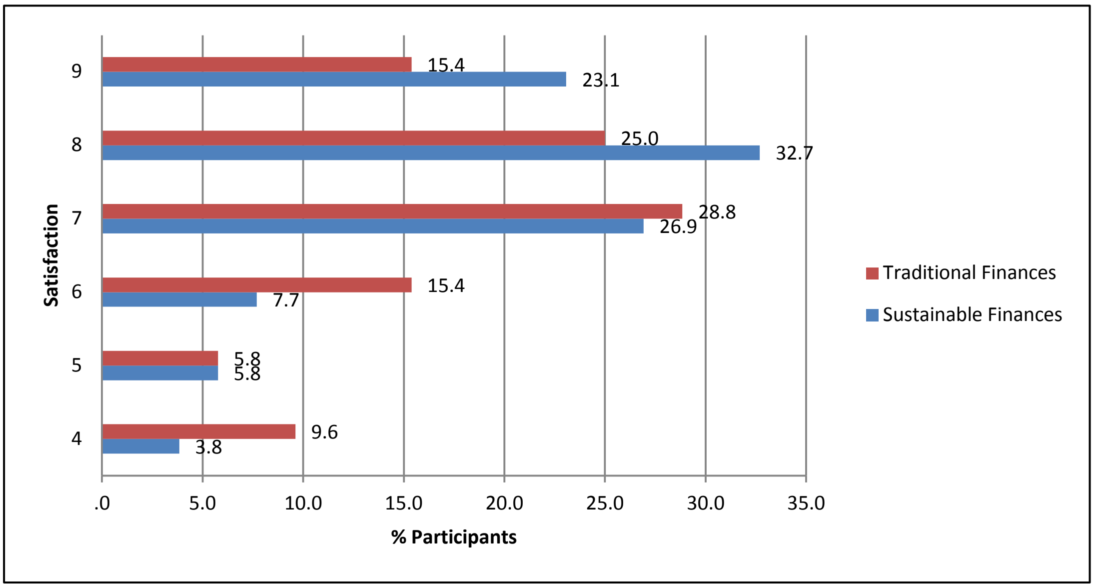


FIGURE 38 SATISFACTION

The second one, asking about the happiness also had values from 1 (completely unhappy) to 10 (completely happy). Again, the means were similar: 7.67 for SF and 7.35 for TF. A T-test also showed no significant difference (p=0.226).

5.2.7 Factor Analysis

A number of analyses were done before meaningful results were obtained. At first Factor analysis was tried including all the ordinal variables from the survey. The results were not clarifying at all. The next step was to include on the one hand side those questions related with sustainable behaviour and impediments and on the other hand those ones related with sustainable finances. The final questions related with wellbeing were included and excluded in both factor analysis to see whether there was some possible relation between sustainable behaviour and wellbeing and between the perception of the concept of sustainable finances and well being (as a consequence from the financial crisis). Again, although the results had certain mathematical value, the interpretation was rather weak and no strong patterns were detected. Finally, two more analyses were made with larger interpretative value.

a. Factor Analysis 1: Questions related with sustainable behaviour (Q: 9,10,13-27,29-31).

The purpose was to identify certain characteristics intrinsic in sustainable behaviour. The results show two strong components from the screen plot.

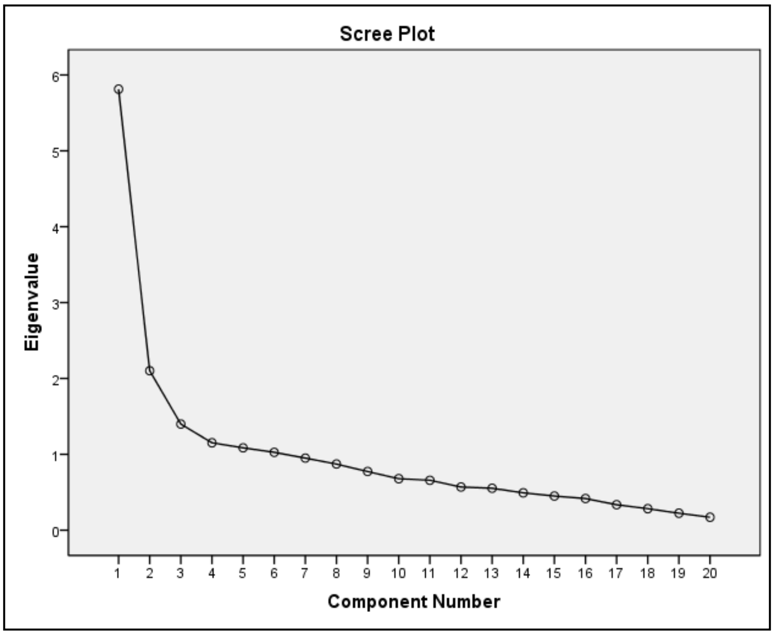


FIGURE 39 SCREEN PLOT FACTOR ANALYSIS SUSTAINABLE BEHAVIOUR

The KMO-criterion indicates the appropriateness of factor analysis (0,773>0,7) as well as the Bartlett test (0,000<0,05, significant correlations). The screen plot suggest the extraction of two factors (Eigenvalues beyond inflexion point, and both larger than 1). The rotate matrix groups the variables clearly to two components (shown in table below); however there are other less determinant components. As for other models, there is a percentage of explained variance given, 18% for the first, and 11% for the second one.

TABLE 5-10 FACTOR ANALYSIS 1 – COMPONENT MATRIX

Variables	Components		
	1	2	3
In the last year I have been paying more attention to news and information related with the Environment	.038	.007	.286
I think of myself as a consumer who is concerned with the environmental and/or social impact of the products I purchase	.520	.276	.119
It is only meaningful to consider environmental issues when human needs have been settle down	-.130	-.186	.026
Consuming Fair Trade products help poorer countries	.223	.042	.724
I know which of my actions have a positive or negative impact on poorer countries	.725	-.014	.213
I know where to purchase either sustainable or fair trade products	.758	.062	.107

The economy is the one that governs our daily welfare	-.018	-.136	-.160
We cannot afford invest our money in the Environment	-.049	-.617	-.157
Even if the cost of Economic development, I'd like my Government to work more on Sustainability	.375	.171	.265
I would support to have a target in our national budget such as the 0.7% for global sustainability issues	-.117	-.037	.706
The gravity of environmental problems is exaggerated by the scientific community and the media	-.130	-.223	-.761
The lifestyle of my country is sustainable for future generations	-.448	-.612	-.270
On the occasion of the Durban Climate Change Convention (2011), I have recently acceded to related information	.529	.345	-.112
I know what does "Green Technologies" mean and I have acceded to related information	.258	.451	-.013
I heard the concept of sustainable finances for the first time through...	.537	.090	.117
In order to reduce my individual environmental impact, I modify certain behaviours	.227	.157	-.125
I purchase Fair Trade and/or Ecological products	.732	.236	-.075
I recycle my household disposals (paper, glass, plastic)	.298	.453	.466
I felt responsible of the social and environmental impact of my actions at least once during last year	.219	.750	.021
I quitted the purchase of at least one product due to its negative social or environmental impact	.672	.365	.040

- The first component is related with actual sustainable behaviour, the purchase of sustainable actions, such as awareness through information ("I know"), and other sustainable conducts ("I purchase", "I quitted").

- The second component has to do with the perception of Sustainable Development, whether it is good or bad.

- The third one, weaker than the two previous ones, has to do with solutions towards problems related with sustainable development. The question that might cover all would be "Do I actually want to do something about sustainable development?"

b. Factor Analysis 2: Questions related with Sustainable Finances and the Financial Entity.

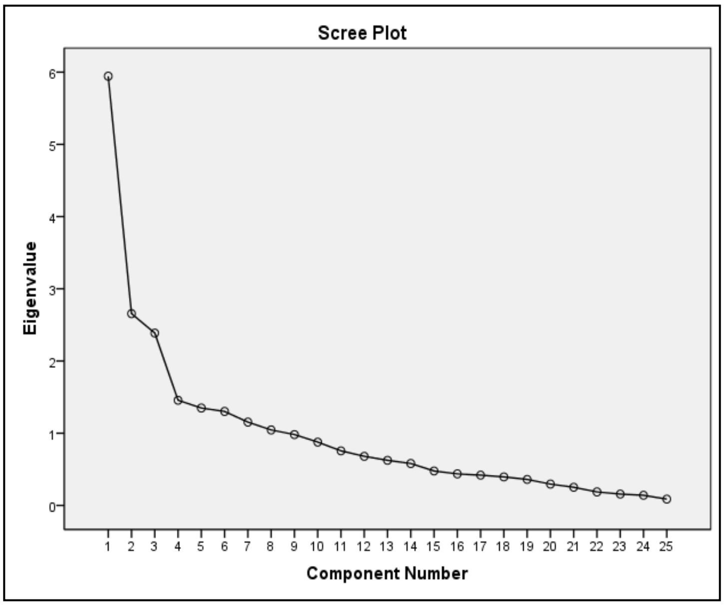


FIGURE 40 SCREEN PLOT FACTOR ANALYSIS 2

The KMO-criterion indicates the appropriateness of factor analysis (0,724>0,7) as well as the Bartlett test (0,000<0,05, significant correlations). The screen plot suggests the extraction of three factors (Eigenvalues beyond inflexion point, and both larger than 1). The rotated matrix groups the variables clearly to three components (shown in table below); however there are other less determinant components. As for other models, there is a percentage of explained variance given, 16% for the first, and 11% for the second one.

TABLE 5-11 FACTOR ANALYSIS 2

Variables	Components		
	1	2	3
Companies Make False Claims about the Environmental Impact of Their Products	.031	.032	.289
Individual Efforts Are Not Worth It If Governments and Industries Don't Take Action	.040	-.060	.170
Costs too much to help the Environment	-.087	-.074	.605
Confused by Information about how to Help the Environment	-.046	-.167	.680
Other People in My Country Are Not Doing Their Part	-.270	.079	.438
It requires a lot of extra effort to help the Environment	-.033	-.235	.757
If more people (individuals, private and public sector) join sustainable banks, there will be more positive environmental and social impacts derivate from financial activity	.206	.708	-.001

"Sustainable Finances" is an utopia and it seems difficult to practice it	-.204	-.622	.194
The concept of "sustainable finances" is just for the user to feel better with his or herself	.089	-.787	.295
Under the current economic situation, financial entities should prioritize just those projects with lower economic risks	-.024	-.113	-.068
Microcredit is a viable way to insert in the financial sector those minorities excluded	.145	.037	-.131
The traditional financial sector is strongly related with the current economic crisis	.014	.141	.116
Sustainable finances are an alternative to overcome the current economic crisis	.264	.713	-.130
All projects approved by financial entities should fulfil besides economic criterion, social and environmental ones	.134	.369	.068
If my financial entity proposed me a participatory system to support the funding projects I would consider to participate	.069	-.037	-.032
It is necessary to achieve a larger citizen participation in the financial entities and certain political institution to improve them	.003	.398	.316
I have the possibility to check where the Entity is allocating my money	.879	.155	.024
I do know what the Entity does with my money / I do check where the Entity is allocating my money	.884	.109	-.099
I trust my financial entity on not investing in anything harmful for the environment or any society	.843	.186	-.095
I feel better with myself when I know what the bank is doing with my money	.471	.287	.153
Since I joined my financial entity I am more informed in social and environmental issues	.787	.001	-.065
Since I joined my financial entity I am more aware of my social and environmental impact	.775	-.035	-.034
In general I feel very positive about myself	.226	.193	-.060
I feel good if I know my saved money is invested in people that need it	.040	.432	-.223
To what extent do you get a chance to learn new things	.057	.073	-.250

- The first component has to do with the perception of the concept of Sustainable Development, whether if it is good or bad.

- The second component is related with the characteristics an entity should have to be defined as sustainable: Transparency and Sustainable promoter.

- The third one, weaker than the two previous ones has to do with impediments towards sustainable behaviour.

5.2.8 Conclusion

The analysis of the survey has numerous outcomes for the further discussion. The first idea is that both comparative groups have similar figures when looking at demographics. This was due to the matching process; however, it gives more validity to the study. Following the same order as the results presentation, the results from the section of sustainable attitudes and behaviour were very meaningful. Although there is not much difference in the interest when looking at the media, slightly this pattern changes when it comes to social circle topics discussed and the willingness to be perceived by the society regarding concerns and interests. Additionally, the two questions designed to detect whether there is a considerable difference in the claims and actual behaviours of the two groups left very interesting figures. SF behaves more consequently when talking about sustainable finances, whereas TF claims to do more than what they actually do. In terms of impediments toward sustainable behaviour, there is no significant difference between the two groups. The whole sample is influenced mainly in a weak way by those factors included in the questions.

The figures taken from the financial entity are clear and very applicable in the further discussion. One of the main figures comes with the question asking the main reason to join the financial entity, where almost three quarters of the SF sample agree in “Affinity with principles”. Additionally the different main characteristics of sustainable finances (Transparency, Participation and Sustainable Promoter) are demonstrated to be true in the entities that were chosen for the study as Sustainable Finances representatives. Moreover, the compared satisfaction and whether it is recommendable or not also has to be taken into account for the further discussion.

The comparison analysis between the two groups and the concept of Sustainable Finances may also have valuable figures. It is also meaningful the robust answer from SF when they are asked about the sustainability of their entity. In the following table, the main accepted hypothesis and further implications are listed. There are issues related with demographics (the percentage of males is larger in SF), awareness and personal interests.

Concerning those questions about the entity, there are also relevant hypothesis accepted. SF feel their entity is more transparent, has a participatory approach and promotes sustainability by increasing social awareness. SF have a higher grade of satisfaction with their entities and know more about the concept of sustainable finances.

TABLE 5-12 ACCEPTED HYPOTHESIS FROM THE DATA ANALYSIS

Hypothesis	Major Implications

SF are more main than women	**Demographics**
SF quit more often the purchase of a product due to its negative social or environmental impact.	**Actual Sustainable behaviour**
SF have paid more attention to news and information related with the Environment	**Interests**
A higher proportion of SF think of themselves as a consumer concerned with the environmental and/or social impact of the products they purchase compared to TF	**Awareness**
SF disagree more than TF with the statement "We cannot afford invest our money in the Environment"	**Beliefs**
SF disagree more than TF with the statement "The gravity of environmental problems is exaggerated by the scientific community and the media"	**Beliefs**
SF disagree more than TF with the statement "The lifestyle of my country is sustainable for future generations".	**Beliefs**
SF have had more a more detailed access to information related with the concept of "Green Technologies" compared to TF	**Interests**
SF purchase more often than TF Fair Trade and/ or Ecological products	**Actual Sustainable behaviour**
SF are less influenced than TF in their sustainable behaviour by the performance of the public and the private sector	**Impediments / Actual Sustainable behaviour**
SF have higher possibility to participate in corporate decisions from their financial entity through a transparent voting system compared to TF	**Entity: Participation**
SF have the possibility to check where the Entity allocates their money	**Entity: Transparency**
TF do not have the possibility to check where the Entity allocates their money	**Entity: Transparency**
SF know what the Entity does with their money	**Entity: Transparency**
TF don't know what the Entity does with their money	**Entity: Transparency**
SF trust their Entity on not investing in anything harmful for the environment or any society	**Entity: Transparency**
TF do not trust their Entity on not investing in anything harmful for the environment or any society	**Entity: Transparency**
Since they joined their financial entity SF are more informed in social and environmental issues compared to TF	**Entity: Promoter of Sustainability**

Since they joined their financial entity SF are more aware of their social and environmental impact compared to TF	**Entity: Promoter of Sustainability**
SF are more satisfied than TF with their Financial Entity	**Entity: Satisfaction**
SF recommend the entity to their social circle more than TF	**Entity: Satisfaction**
SF have more ability to identify certain characteristics of Sustainable Finances compared to TF	**Knowledge of Sustainable Finances concept**
SF agree more than TF in the statement "If more people (individuals, private and public sector) join sustainable banks, there will be more positive environmental and social impacts derivate from financial activity"	**Perception of Sustainable Finances**
SF disagree more than TF in the statement "Sustainable Finances" is an utopia and it seems difficult to practice it"	**Perception of Sustainable Finances**
SF disagree more than TF in the statement "Under the current economic situation, financial entities should prioritize just those projects with lower economic risks"	**Perception of Sustainable Finances**
SF agree more than TF in the statement "Sustainable finances are an alternative to overcome the current economic crisis"	**Perception of Sustainable Finances**
SF agree more than TF in the statement "It is necessary to achieve a larger citizen participation in the financial entities" and certain political institution to improve them	**Perception of Sustainable Finances**
SF agree more than TF in the statement "I feel better with myself when I know what the bank is doing with my money"	**Beliefs**
SF agree more than TF in the statement "I feel good if I know my saved money is invested in people that need it"	**Beliefs**
A larger percentage of SF agree in the sustainability of their entity compared to TF	**Entity**

Additionally, factor analysis stresses the importance of awareness and predisposition as a main factor to achieve individual sustainable behaviours. In the case of choosing sustainable finances or not as well as the acceptance of the concept, individuals base their responses in what they know, although sometimes the information they have at hand about the topic is not enough to state strong and convincing answers.

The following section takes all into consideration and tries to summarize the main issues related with sustainable finances. With the given information at hand, it also suggests further steps for the concept to have a well-based development.

5.3 Discussion: the consideration of a Third Party Certification System for Sustainable Finances

5.3.1 Introduction

In the current economic system, based on a globalized market oriented economy, it is becoming clear that structural changes are a fundamental need if economic crises, such as the present one, are to be avoided. There already exist multiple approaches in the literature regarding how to carry out this transition towards a sustainable and more resilient system. However, few of them are implemented at the end. Additionally, politicians show high levels of scepticism and even distrust those alternatives recommended by academics. As for the society, it still takes for granted the idea of a system relying on a perpetually growing economy based on fictitious interest rates that have lead us to be facing the present dramatic situation. As it was explained in the previous sections of this document, there are certain issues that need immediate solutions. The challenge however is not the design of the solutions, but how to reach them without destroying the current system in which humanity bases its wellbeing.

There are different issues coming from a variety of information sources that should be taken into consideration:

- The ideas coming from ecological economists about the inability of the economy to keep perpetually growing at a sufficient rate to service the debt together with the criticism of the fractional reserve system and the privatization of money creation.

- The scandals financial funding is facing with the so-called “toxic assets”.

- The increased social awareness of financial asset allocation, enhanced by continuous publication of reports mainly by NGOs, about immoral funding in undeveloped countries.

- The importance of promoting the concept of sustainable finances, based on reliability, as an alternative to the mainstream ones.

- And more important, the need of transparency in the financial system as the only way to give back trust to investors and citizens.

These arguments exposed above are only a number of reasons to consider a certification system as a useful tool to achieve structural changes in the economic system through a gradual process.

The current challenges that humanity is facing are so deep and so broad that those alternatives suggested by the academia are too radical to be considered by policy makers.

There is always an ongoing discussion about the creation of an international or supranational reform of the current financial system. Another alternative is based on strengthen certain regulations that have to do with the fractional reserve system. Moreover, these solutions have a variety of structures and implementation procedures depending on who is defending them. It is 2012 and these ideas have been considered almost for a century already, when the Great Crash first shacked the world economy pillars in 1929. A large number of politicians have flirted with principles based on the understanding of money as a public good, not as a private one. So far, nothing has changed, at least not in this direction.

The suggestion of a certification system is built upon the idea of sustainable finances as a concept both feasible and widespread. These were the two main issues addressed with the previous analysis of this document. On a very first step, the chapter of literature review tries to come up with a common definition. The final conclusion says that every concept related with sustainable development cannot have a fixed definition, and sustainable finances are not an exception. Nevertheless, certain principles were found to ensure both the preservation and the strengthening of the concept from a theoretical approach. The following step is to check the feasibility of the concept in the current market. A SWOT analysis and the following important considerations from chapter 5 were the selected tools for this part of the analysis. Sustainable finances have both many opportunities based on their strengths, but also difficult threats to overcome if they want to increase their market share and therefore their positive impact.

Additionally, the future of the concept strongly depends on individual and social sustainable behaviour. An increasing number of people enter in the financial system every day and certain percentage of them have the opportunity to choose. These privileged should shift and educate the current market through their expectations and demands. Chapter 3 together with the analysis of the survey analyze the market from a user perspective. Although the conclusions cannot be applied worldwide, certain tendencies are visible when looking at the results together with the previous literature. Social and environmental awareness is continuously rising based on two facts: the increasing availability of information and the fulfilment of the basic needs of certain societies. Additionally, as a consequence to the current financial crisis, the public mistrust of the public and private sector has increased, especially toward financial entities and those governments involved in the rescue of certain Banks.

"Banks have money, money is influence. People tend to say that one alone can't change much. Banks are one of the seats of disease, which are keeping the current system alive. If we can change the way on how money gets invested it's going to have a big impact" (Anonymous, 2012).

"I use four financial entities. Coop57 for a percentage of my savings deposits, Triodos bank for the rest, Bantierra (credit cooperative) for everyday use in cash dispensers, and Bankinter just

for basic necessity (mortgage), however I try to have no more than a needed cent there. I think that given the social movements happening these days in Spain, I would recommend for this survey certain questions related, considering for example the "15M"[9], because I believe it is very significant and strongly linked with sustainable finances" (Anonymous, 2012).

5.3.2 Arguments towards the Creation of a Certification System

The following list states the main reasons why a certification system for sustainable finances could have a positive impact not only in the financial market, but also in the global wellbeing. The section is also used as a way to include certain ideas from the surveyors related with the topics listed. Thus, a broader framework based not only on the theoretical concepts previously discussed, but also on what has been taken out from the citizens asked may help the understanding of the arguments suggesting a certification system.

a. Fundamental and gradual change in the economic system toward a more resilient and sustainable one.

> *"Is therefore evident that we have to change the old way of thinking, and fund a new economy based on the renewal and refreshment of concepts such as work, money, benefits and responsibility. Within the framework of a bank like Triodos Bank the idea of consumerism, saving and donation are redefined and transformed in more responsible actions".*

Joan Antoni Melé,

Triodos Bank Spain Sub director, May 2010.

"I'm not sure if the current financial system can be transferred into a sustainable one. But we have to try it nevertheless" (Anonymous, 2012).

"Besides initiatives such as sustainable finances, we need to change the system" (Anonymous, 2012).

Although every transition phase is critical to a system, it is fundamental to consider all stakeholders on board to minimize negative impacts in the process. A certification system allows many stakeholders at the same time to be active participants in an innovative arena where everyone has equal power and rights.

[9] 15M. Social Movement that began in may 2011 that claims for more political and financial transparency and citizen participation among other things.

b. Money democratization: The limits to the perpetual growth of our systems have to be understood and interiorized by societies. Society has always been a powerful actor and it has to become again the main beneficiary of financial activities. Citizens, based on reliable information, could choose initiatives that follow their individual beliefs and principles. Moral codes could be expressed in the financial system.

The communication is inexistent or artificial, the information available is not reliable and has always intentionality behind (...), omitting the evictions, dismissals, debts, mortgages and increase in interest rates until the press publishes it. (...). They do not take into consideration what it should be their preferred stakeholder: the users. There is no human ethics but just homo economus principles (Anonymous user of a Traditional Financial Entity, 2012).

"I considered my financial entity sustainable because it is democratic and promotes sustainable development, including social aspects as fundamental principles" (Anonymous user of Sustainable Finances, 2012).

"Sustainable Finances are a new way to implement democracy in one of the most influential systems of the present day" (Anonymous user of Sustainable Finances, 2012).

c. Transparency in the Financial System: Investors, citizens and markets would benefit from the transparency standards a certification system for sustainable finances may bring into the system. It is already a common story shown in the Spanish news to see elderly people asking their bankers how come that their deposits have disappear from one day to another, if it was supposed to be a good inversion. Society has followed the obsession of large interest rates without really understanding what the implications were.

"Sustainable Finances are those ones without deception or economic manipulation" (Anonymous, 2012).

"There is a public disappointment towards mainstream banks. People seek for alternatives" (Anonymous, 2012).

"Banks are thieves, but necessary" (Anonymous user Traditional Finances, 2012).

"I want to feel secure with my financial entity. I want to trust them knowing for sure they do not harm others, including the Environment, so I can get a larger number in the interest rate square of my contract with them. That's why I changed to my new entity" (Anonymous user from Sustainable Finances, 2012).

d. Reduction of the fractional reserve system: The current amount of money a financial entity must have compared to the one the same entity is able to lend is extremely different. This principle is the one that has allowed the private sector to "create" monetary value out of no real and tangible richness increase. They have labelled their financial products with complicated names and incompressible procedures to convince citizens invest and save their money with them. A certification system for sustainable finances would consider this issue as a fundamental part of the requirements.

e. Increase the standards of the general financial system

"My entity does not have any investment criteria. They have just some Social Funds and Foundations because they are obliged by law" (Anonymous user Traditional Finances, 2012).

"The increase of users in sustainable finances will also increase indirectly the impact of mainstream finances, because this one will react in order to stay competitive" (Anonymous, 2012).

"For me Sustainable Finances it's a mix of more transparency on what they're doing with my money and their ethical and environmental standards on which they decide in what to invest. Sustainable financial entities should only invest in something that complies or surpasses their own ethical standards. It's still a bank, but profit maximization shouldn't be the only goal. I'm donating some of my money, so I'm expecting them to do the same. The perfect ethical bank would be a non-profit organization of course" (Anonymous 2012).

f. Investment in local projects: Many factors besides globalisation per se have destroyed many local economies. Regions are weaker and less resilient in terms of economic and resource dependence. Sustainable finances have as a core principle to support those local initiatives that have been left aside for so many years already. The certification system would help small sustainable finance initiatives in the process of risk assessment and the evaluation of projects with criteria for all the three dimensions of sustainable development.

g. Finances as promoters of sustainable development: Ecological economists are the first part of academia that strongly criticises the current economic system. There is also already the idea of a development system in which prosperity is not based just on infinite growth. Sustainable finances are both promoters of prosperity and social development. A certification system would definitely promote the concept of sustainable finances both at local and international markets. Moreover, it would bring continuous credibility and would create a common framework with sufficient strength to overcome a large number of threats discussed in the SWOT Analysis.

"I started my relation with this entity for different reasons: quality, credibility, transparency (...). The user can even win small amounts feeling better with him or her. Additionally, society wins a lot" (Anonymous, 2012).

h. Avoiding the scepticism around the concept of "Sustainable Finances" for those who share the same principles: In the survey, there were a certain number of individuals from traditional entities that, besides their support on the concept sustainable finances, they stated that it is unrealistic to have such an approach of finances in the current scenario.

"(...) Sustainable? Ethic? There is no chance to see that happening..." (Anonymous user from Traditional Finances, 2012).

"In general, I don't believe in Banks" (Anonymous, 2012).

"I don't believe Banks could do something for another reason besides self benefits" (Anonymous, 2012).

"Commercial Banks only base their actions in their profit and loss accounts" (Anonymous, 2012).

"Although my entity behaves with better principles than others, there are still urgent system changes that need to happen to allow such good initiatives develop under fair circumstances" (Anonymous, 2012).

"The idea of sustainable finances is nice. Nevertheless, none can guarantee it could be real or its objectives are truly applied" (Anonymous user from Traditional Finances, 2012).

"I think this concept it is just utopia, and very positive thinking compared with the real circumstances" (Anonymous 2012).

"It is an interesting paradox; I am looking forward to see its development" (Anonymous, 2012).

"I don't believe in angels, especially when they have spectacular salaries" (Anonymous, 2012).

There is also already a discussion going on about the reliability of those projects they claim to be sustainable. These public doubts harm the concept of sustainable finances and its future viability.

"Yes, in general I will recommend my entity. However, it has certain issues, like some investment funds, that I am starting to look at with certain scepticism (...). In my honest opinion I find it the least bad option" (Anonymous user of Sustainable Finances, 2012).

"Sustainable Finances might have a positive impact. The challenge is for the user to identify the truly committed initiatives that surely base their actions on these principles, with those ones that are just a simple marketing tool (...)" (Anonymous 2012).

"I would need a guarantee to consider sustainable finances as an option" (Anonymous 2012).

"I am not sure whether I could tell where my money is. My entity tells me which projects have been funded lately, however, there are no available figures and I am not sure if they publish all

of them. They are not committed to publish everything, and I cannot verify the total amount for each project within the total balance sheet of their activity" (Anonymous user of Sustainable Finances, 2012).

"Is it possible to guarantee the ethical and sustainable behaviour of a given entity? Is it possible that at the present day exist entities that praise development before benefits? Is it a realistic way to enhance citizen participation? How could be guarantee the secondary interests of their shareholders? Who would decide how much employers and directors gain? If these questions would have realistic answers, possibly more people like me would be part of these "sustainable finances" (Anonymous, 2012).

"I like the idea of sustainable finances, but I mistrust it. I also find it difficult to believe in its economic viability if its purpose is to improve social conditions. it would only work in certain cases with a local business size" (Anonymous, 2012).

- The issue of policy intervention. Politicians are facing difficult circumstances at the present day. It is important that any alternative suggested has political feasibility. In the case of a certification system, policy makers would stay aside, however they could promote the certification through actions such as "leading by example". Still, the issue of government and sustainable finances requires much more research, although the certification system does not have direct political interventions and therefore it should not have consequences such as the ones discussed in chapter 5.

Taking all into consideration, and always from a realistic perspective, it is reasonable to conclude that although a large percentage of the society has a positive perception of sustainable finances, the lack of information and the mistrust in businesses and their false claims as a marketing tool makes them stay sceptical. If this is compared with the beguiling of fair trade products, there are certain similarities. The same story happened with the production of wood and fisheries activities. At first there were certain minor initiatives worldwide distributed that wanted to implement sustainable principles in their business model. Meanwhile, the public divided itself between the groups: believers and sceptic. After a period, those minor initiatives came to a common conclusion: if they want to become more competitive, increase their positive impact and decrease the negative one from mainstream or traditional producers, they should have common standards. This would encourage and help the responsible percentage of the market demand to purchase their true market choice based on their beliefs.

5.3.3 Third Party Certification System for Sustainable Finances

Many issues should be analyzed when suggesting a certification system: the need of a third party certification body, an inspection body for further monitoring and control and the possibility to have a funding body that partially supports sustainable financial entities to cover the costs of the certification (see figure below).

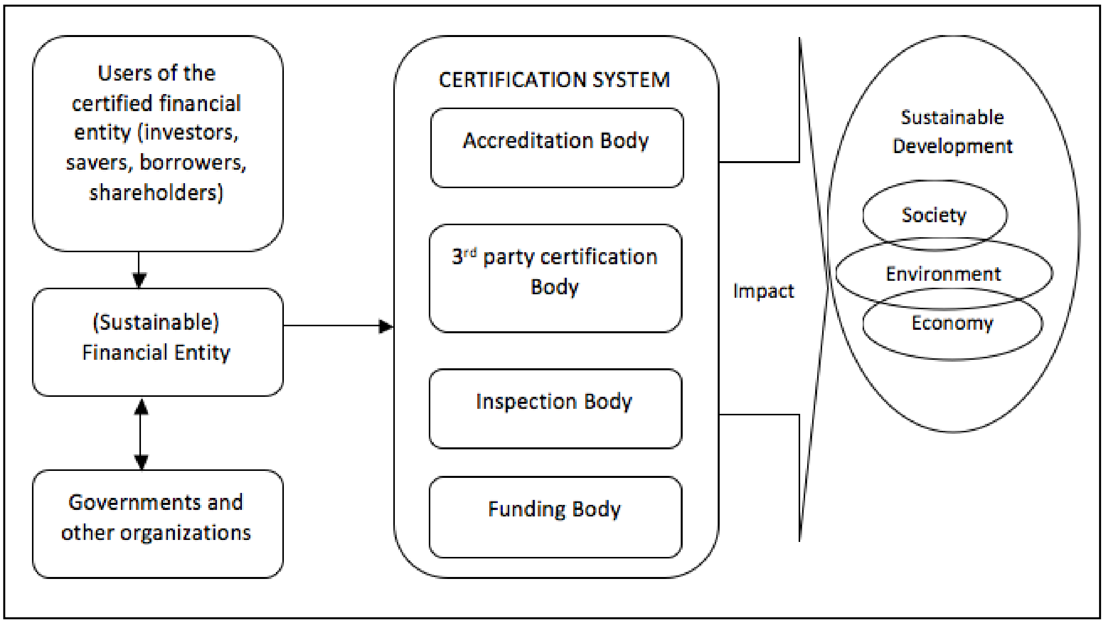


FIGURE 41 STAKEHOLDER IDENTIFICATION IN THE CREATION OF A THIRD PARTY CERTIFICATION SYSTEM FOR SUSTAINABLE FINANCES

However, it could be a bottom-up approach, where society may be the main stakeholder and a gradual process of change could even take place.

5.4.3.1 Stakeholder Analysis

As it is illustrated in the above figure, there are numerous win-win situations to consider within a certification system scheme.

- Sustainable entities would gain credibility and popularity. They would have defined standards that could also be guidelines for those who start their activity.

- Society would benefit for various reasons:

    - Direct impact from sustainable finances funding schemes

    - Direct impact from transparency standards in the financial system

    - Indirect impact from the increase of the standards from the financial sector.

- Governments and public administrations would not have to regulate the financial system with unpopular measures. The market itself may do it gradually. They would also benefit from the enhancement of local economies. The national financial system would be perceived healthier and more investors would be attracted.

- The Environment would be finally taken into consideration by one of the most influential sectors worldwide.

- Societies from undeveloped countries would also face some consequences, although these should have further research to be better understood. Although it might seem that they would benefit from those ethical standards inherent in sustainable finances, the outcome might be different considering previous case studies. Sustainable finances prioritise local economies and projects. This might suppose a decrease in international funding followed by unpredictable effects.

5.4.3.2 Certification System Criteria

There is always the issue of how to identify and categorize sustainable finances. This economic activity has not been the only one with such implementation problems when considering a certification system. Thus, there are useful ideas already existing that could be seen as an initial framework to consider for further research.

In the case of the Marine Stewardship Council, a certification system based on different criteria is implemented to preserve fisheries in a broad territory. These criteria are evaluated for each application separately and receive certain punctuation. In brief, in order to get the certificate, all categories should have a minimum punctuation as well as the whole average of the evaluation. If one category does not reach the minimum points, although the whole average is successful, the application is rejected. This happens as well the other way around: if the categories reach the minimum but the whole average does not, the certification is not given.

Considering the financial sector and sustainable finances, a certification model like this is feasible and could have successful outcomes. According to what this document has discussed so far and taking into account the valuable work of San-Jose et al. (2011) there are certain categories that must be included in the model, besides others suggested after further research:

- Transparency: “Accessibility to gather information from any of the activities that the entity is doing or being part of” (San-Jose et al. 2011, 156).

- Placement of Assets: Positive social and environmental impact regarding the placement of assets (San-Jose et al. 2011, 156).

- Participation: “Involvement and participation of stakeholders in the governing bodies, including employees, depositors or society” (San-Jose et al. 2011, 158).

- Guarantees: Alternative procedures in trust concerning the return of the money lent (San-Jose et al. 2011, 158).

5.4.3.3 Main bodies involved in the Third Party Certification System

This section has to be considered only as a possible suggestion of which could be the institutions involved in the certification system. Nevertheless, the purpose of this research does not cover a deep analysis of what could be the consequences about what is presented here.

The financial system has tremendous implications everywhere. Every possible change, even if it does not affect the whole sector directly, should be carefully analyzed. The strengths of a certification system are mainly based on this idea. It is optional and therefore a useful tool to gradually manage changes. Only a few financial entities could think about applying at the beginning. The positive supposition is that this would become a market trend in the following phase, and more and more entities would try to apply.

The selection of an accreditation body, a 3rd party certification body, an inspection body and the funding body is critical for the viability of the idea considering the potential illicit relations and other secondary influences and interests that this system might face. However, first the reasons to include these bodies are given.

There is already a wide variety of case studies about certification systems, and so far the experience shows that the inclusion of a third party certification body besides the accreditation institution has many advantages. Transparency and credibility are only some of them. The scheme above also includes an inspection body. What should be understood from this is a separate institution besides the two first ones explained. It would be In charge of the periodic monitoring and control of the entity after receiving the certification. The reasoning is similar to the first one. In the case of such a delicate issue as money, every possible factor, measure, or institutional structure that may increase the reliability and credibility of the system is always welcome. Thus, the entity would allow periodic inspections from an external institution or fourth body. This body would report directly to the third party certification body. Additionally, the third party certification body would consider the general performance of the entity (broad analysis). Together with the information provided by the inspection body and the previous reports at hand, they would hand in a final report to the accreditation body saying whether the entity could keep the certification or not. The accreditation body, in compliance with the criteria from the third party certification body, would renew or not the certification.

The challenge here is to suggest a candidate for each body. It is highly risky without having certain information at hand about how international organizations cooperate. However, considering the missions and visions of the most internationally influential organizations, three have been selected as potential candidates to better illustrate the idea of a certification system for sustainable finances.

- Accreditation body / 3rd party certification body / Inspection body: Non-profit oriented and independent with international credibility and recognition. They would be created only for this purpose. The international arena from where they emerge and subsequently supported economically may be the United Nations.

- Funding body. Literature has many critics towards certification systems based on the costs of both creation and implementation. *"The fact that certification costs are disproportionately higher for smaller producers has long been recognized in the forest sector and on a number of occasions the certification process, including the development of management systems has been paid for by donors" (Tallontire et al. 2001, 29).* In the case of sustainable finances, different alternatives are considered:

- Fund from the World Bank as an international common tangible action towards sustainable development. In addition, other international institutions with a large number of states involved may be considered.

- Fund from National Governments. However, this suggestion may sound critical considering the above discussions on policy intervention, there are many tools at hand that could be at least considered: grants, tax reduction directly related with the achievement of the certificate among others.

It is worth to stress again that the ideas described in this section have not been taken from any research method or previous analysis. They are merely suggestions for further analysis.

6 CONCLUSIONS

6.1 Summary

The purpose of this dissertation is to develop a comprehensive analysis of the concept of Sustainable Finances. The introductory chapter explains the relation between finances and sustainability, the potential positive impacts and the general framework of this linkage. Subsequently, two chapters cover the literature review. The first one focuses on sustainable finances. It discusses the main issues described in the literature: the challenge associated with the establishment of a common and feasible definition, the intrinsic dynamism and the comparison with related concepts. The second chapter of the literature review addresses the topic of sustainable behaviours: definition, main characteristics, individual attitudes, influential factors, and impediments. Then, chapter 4 defines the methodology used in the later analysis. The main results are shown in Chapter 5, within two differentiated sections. The first one is a SWOT analysis of the concept of sustainable finances. The second one shows the main results of an online survey filled in by two comparative groups: sustainable finance users and traditional finance users. The following and final sub-chapter presents the idea of a third party certification system for sustainable finances based on the previous analysis.

Sustainable finances can be considered and understood in many ways. For instance, some academicians decry sustainable finances on the basis of their utopian features and further criticise the weakness of the concept when applied. However, the unfortunate focus on fickle and somewhat trivial terminology matters should not undermine the actual positive societal impacts of these initiatives. This paper concentrates on the concept of sustainable finances taken as an integral part of the current and increasingly influential weight of sustainable development principles on the international stage. It is here noteworthy to mention that sustainable finances have donned various appellations, e.g. “well-fare” finances. Nevertheless, no matter how they are called, these innovative and looking-forward initiatives do represent a concrete and viable competitive alternative to the old and weakened financial paradigm. They should definitely become the mainstream of finance.

Firstly, achieving this vision will require of clear definition of the differentiating characteristics and the positive impacts peculiar to these new approaches as well as the potential shortcomings that would need to be tackled. Secondly, a crucial aspect is to provide the actors genuinely applying and believing in the system with the tools enabling them to prove the transparency, accountability, credibility and reliability of the scheme. Sustainable behaviours are deemed as very unstable and easily when it comes to disappointments for instance. The civil society, or at least hopefully a large part of it, wants transformations to take place, thus giving them the opportunity to become real change-makers. Nonetheless, sadly enough, one of the reasons why they do not purchase sustainable products and services lie in their mistrust towards brands and their marketing tools. Global change towards sustainability has to happen, and those who are already aware of it are not encouraged to take action, the consequences may be severe and dreadful. Citizens should be given the tools to size their own destiny and secure a better future for the next generations. Luckily, solutions at hand can simultaneously generate prosperity and, meanwhile, foster sustainability.

6.2 Contribution to knowledge

The results of the research, although being limited under certain aspects, should none the less be considered as a starting point for further research. The concept of sustainable finances is not yet mature enough. Thus, it could be developed in the future as an alternative to mainstream finances, or could also lose credibility and disappear. A theoretical approach has demonstrated that sustainable finances are a valuable and effective promoter of sustainability. A considerable share of developed societies has raised their awareness in terms of social and environmental issues. Their concerns could therefore be expressed in their preferences when choosing a financial entity. Nevertheless, the competitive market, the ambition, and immoral actions of certain firms have made the society very sceptical.

Considering the current economic and energetic situation, it is obvious for an increasing proportion of academicians that structural changes must take place. However, the fear of the potential consequences possibly altering the financial system has hampered the development and implementation of alternative solutions to the numerous persisting pitfalls. A certification system fulfils both critical issues including gradual changes.

6.3 Implication for relevant stakeholders

This paper addresses almost everyone in the planet, since finances are pervasive. Their impact is one of the strongest in the economic sector. Public organizations have lost control of this business giant. Society and the environment are bearing the cost of this mismanagement Consumers have the power to change this situation. The implications are clear therefore. This paper is a tool to raise awareness of individuals. It is also a call to international organizations to promote and implement such wonderful initiatives as sustainable finances. It also stresses the duties public sector has failed to recognize for such a long time already: regulators are the ones supposed to preserve the world and to bring prosperity to their societies, not debt.

6.4 Future research

The suggestions described in the previous chapter are based on a small research made by a junior researcher. Nevertheless, some underlying ideas could be part of a broader research. Ecological economists are at present day trying to convince policy makers. Different approaches from a variety of fields continuously try to address the problem of the perpetual economic growth based on fossil fuels as the only way to solve worldwide poverty and maintain the wellbeing of developed countries. However, the Financial Crisis has questioned these previous statements. New alternatives should be considered, and they have to be both technologically and politically feasible. A third party certification system for sustainable finances should be one of the alternatives to analyse.

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APPENDICES

Appendix 1: Questionnaire

TABLE 0-1 ONLINE SURVEY

1	Age	Open Question (number)
2	Gender	Female / Male
3	Nationality	Open Question
4	Study Level	-Secondary studies, Higher education, university studies, Postgraduate studies
5	Working status	Student, Practicum, Employee, Self-Employed, Unemployed, Retired
6	Monthly expenses	Open Question (number)
7	I mainly pay attention to information in the media related with	- Economics, Politics, International, Sports, Culture, Society, Environment
8	I mainly discuss within my social circle issues related with	- Economic crisis, Politics and International Affairs, Sports, Society and culture, The Human race, Climate Change and other environmental Problems
9	I felt responsible of the social and environmental impact of my actions at least once during last year	Never, Once, Seldom times, Continuously
10	I quitted the purchase of at least one product due to its negative social or environmental impact	
11	I like that people perceive me as a person interested in	National Economic Crisis, Global Economic crisis, Politics, Social problems, Environmental Problems.
12	I support an NGO	Yes, No
13	In the last year I have been paying more attention to news and information related with the Environment	1 (Strongly disagree), 2, 3, 4, 5 (Strongly agree)

14	I think of myself as a consumer who is concerned with the environmental and/or social impact of the products I purchase	
15	It is only meaningful to consider environmental issues when human needs have been settle down	
16	Consuming Fair Trade products help poorer countries	
17	I know which of my actions have a positive or negative impact on poorer countries	
18	I know where to purchase either sustainable or fair trade products	
19	The economy is the one that governs our daily welfare	
20	We cannot afford invest our money in the Environment	
21	Even if the cost of Economic development, I'd like my Government to work more on Sustainability	
22	I would support to have a target in our national budget such as the 0.7% for global sustainability issues	
23	The gravity of environmental problems is exaggerated by the scientific community and the media	
24	The lifestyle of my country is sustainable for future generations	
25	On the occasion of the Durban Climate Change Convention (2011), I have recently acceded to related information	No information accessed, Information found in the media Further personal info search, Access to Official documents
26	I know what does 'Green Technologies' mean and I have acceded to related information	
27	I heard about Sustainable Finances for the first time through	Don't know the concept, Media, Publicity, NGOs and other organizations, Social circle
28	I am able to distinguish some characteristics of the concept of sustainable finances	No, Yes
29	In order to reduce my individual environmental impact, I modify certain behaviours	Never, Less than once a month, Once /trice per month, Once per week, Several times per week, Daily
30	I purchase Fair Trade and/or Ecological products	

31	I recycle my household disposals (paper, glass, plastic)	
32	Companies Make False Claims about the Environmental Impact of Their Products	
33	Individual Efforts Are Not Worth It If Governments and Industries Don't Take Action	
34	Costs too much to help the Environment	Does not discourage at all (1), 2, 3, 4, Discourages a great deal (5)
35	Confused by Information about how to Help the Environment	
36	Other People in My Country Are Not Doing Their Part	
37	It requires a lot of extra effort to help the Environment	
38	Name of the financial entity	Open question (text analysis) -> 4 categories (1). Sustainable Finances: 1. Triodos Bank, 2. Fiare, 3. Coop57 (2). Traditional Finances: 4. Other Financial Entities.
39	Year of starting relation	Open question (Number)
40	Type of relation	Saver, Investor, Employee, Collaborator
41	Main reason to join this entity	Open question (text analysis) -> 9 categories Service quality, Benefits, Affinity with principles, University, Financial crisis, Credit services, Family, Necessity, Convenience.
42	Satisfaction with the entity	1 (Not satisfied at all), 2, 3,4, 5 (Fully satisfied)
43	Relation with a second entity	Yes, No
44	Satisfaction with the second entity	1 (Not satisfied at all), 2, 3,4, 5 (Fully satisfied)
45	Self definition of Sustainable Finances	Open question (text analysis) -> 13 categories

		No answer, Social dimension, Environment, Social and Environmental dimension, Future, change, Less benefit and repercussion, Equilibrate social and environmental issues with profits, Transparency, Negative criteria in investment requirements, No speculation, Unavailability of the concept, Local development, Money democratization.
46	Would you define your financial entity as sustainable?	Yes, No
47	Reason for previous answer	Open question (text analysis) -> 10 categories Don't know, Sustainable Development promoter, Transparency and credibility, Profit maximization for shareholders, Lack of Transparency, Lack of investment criteria, They are on their way / CSR / Foundation activities, Inappropriate funding, Entity principles, Current Crisis responsible.
48	Would you recommend your entity to your social circle?	No, Yes, Already did it.
49	Reasons for the previous answer	Open question (text analysis) -> 11 categories No comments, Better than traditional, Nothing against-nothing to promote, Beliefs and trust, Disappointment with the mainstream financial entities, There are better alternatives, Effectiveness, Commissions, Security, Good Enterprise, Good Impact.
50	I relate Sustainable Finances with	CSR, Risk, Limited Access, Necessity for the future, Less profits, High service quality, Marketing tool, Utopia, Democracy.
51	If more people (individuals, private and public sector) join sustainable banks, there will be more positive environmental and social impacts derivate from financial activity	1 (Strongly disagree), 2, 3, 4, 5 (Strongly agree)
52	'Sustainable Finances' is an utopia and it seems difficult to practice it	
53	The concept of 'sustainable finances' is just for the user to feel better with his or herself	
54	Under the current economic situation, financial entities should prioritize just those projects with lower economic risks	

55	Microcredit is a viable way to insert in the financial sector those minorities excluded	
56	The traditional financial sector is strongly related with the current economic crisis	
57	Sustainable finances are an alternative to overcome the current economic crisis	
58	All projects approved by financial entities should fulfil besides economic criterion, social and environmental ones	
59	If my financial entity proposed me a participatory system to support the funding projects I would consider to participate	
60	It is necessary to achieve a larger citizen participation in the financial entities and certain political institution to improve them	
61	I have the possibility to check where the Entity is allocating my money	
62	I do know what the Entity does with my money / I do check where the Entity is allocating my money	
63	I trust my financial entity on not investing in anything harmful for the environment or any society	
64	I have the possibility to participate in corporate decisions from their financial entity through a transparent voting system	No, Don't know, Yes
65	I feel better with myself when I know what the bank is doing with my money	
66	Since I joined my financial entity I am more informed in social and environmental issues	
67	Since I joined my financial entity I am more aware of my social and environmental impact	1 (Strongly disagree), 2, 3, 4, 5 (Strongly agree)
68	In general I feel very positive about myself	
69	I feel good if I know my saved money is invested in people that need it	
70	How satisfied are you with your life?	1 (Not satisfied at all) - 10 (Fully satisfied)

71	To what extent do you get a chance to learn new things	Never (1), Almost never (2), Almost always (3), Always (4)
72	Taking all into consideration, how happy are you?	1 (Completely unhappy) – 10 (Completely happy)

Appendix 2: Secondary figures from the data

The following figures are the representation of those questions of the survey that does not have an illustrative representation in chapter 5. They all have the same scale of values: Strongly disagree (1) to strongly agree (5). For the two sets of questions, both groups are represented (Sustainable Finances users and Traditional Finances users) in different figures.

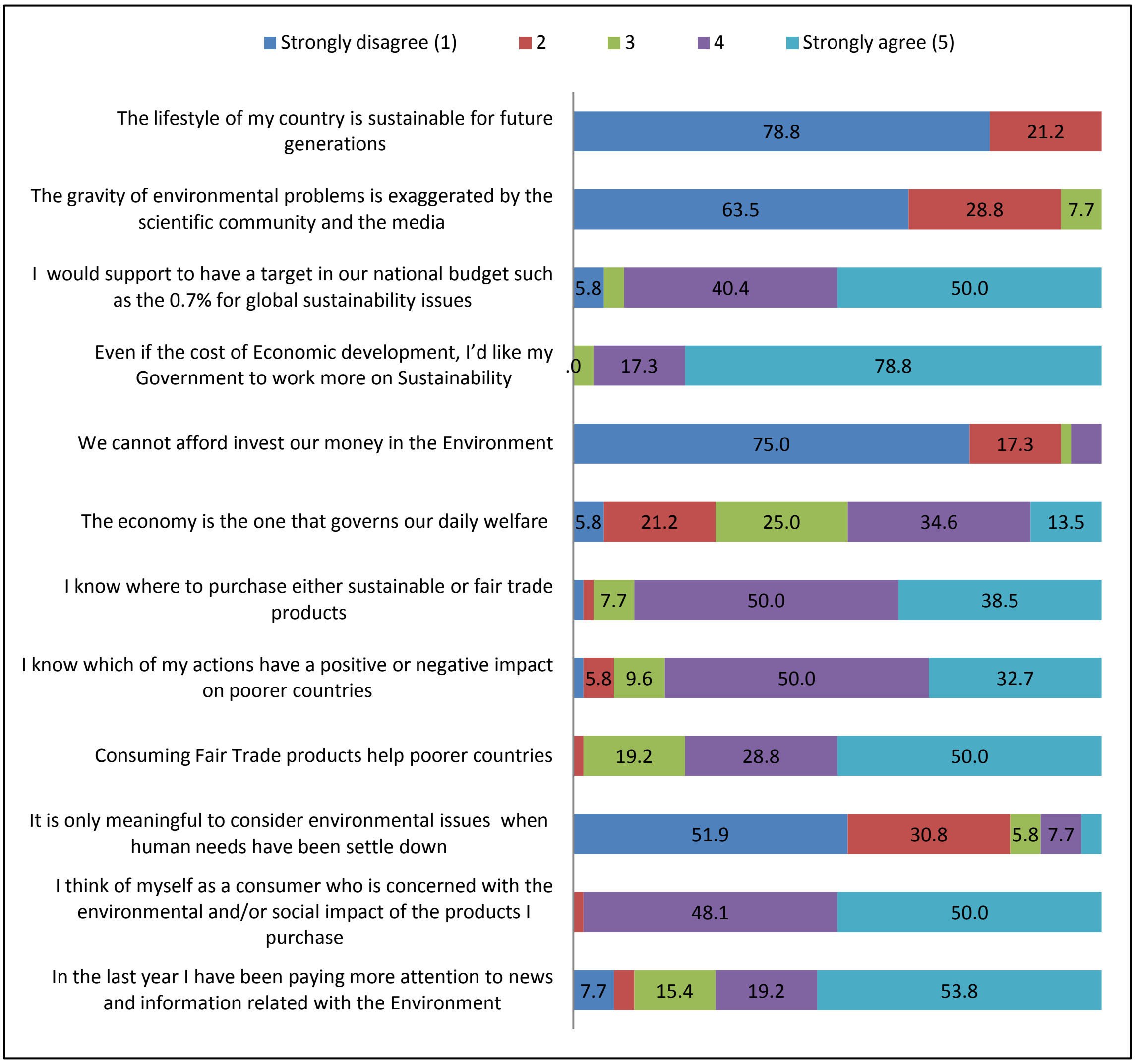

FIGURE 42 QUESTIONS 13-24 (SF)

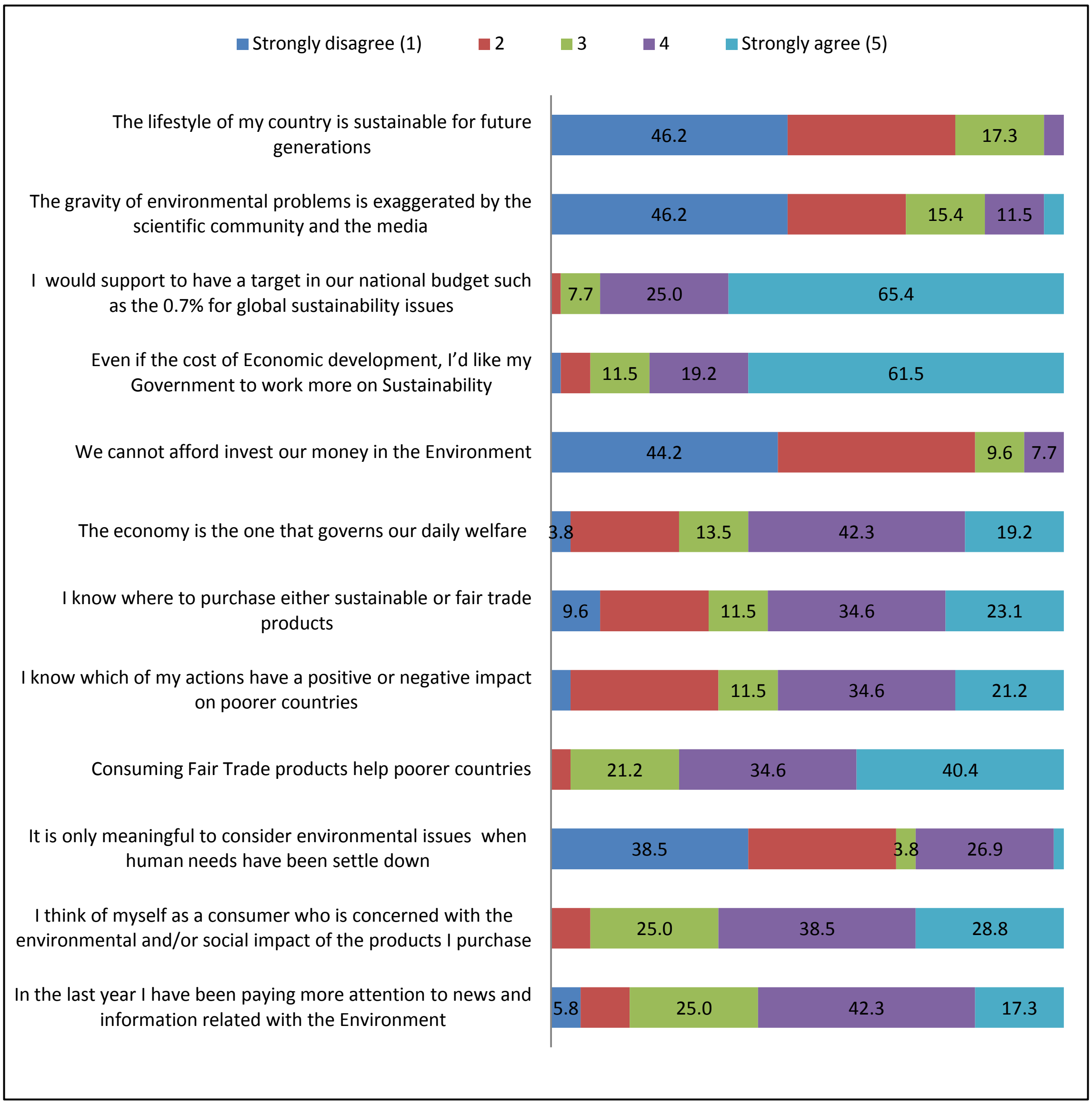

FIGURE 43 QUESTIONS 13-24 (TF)

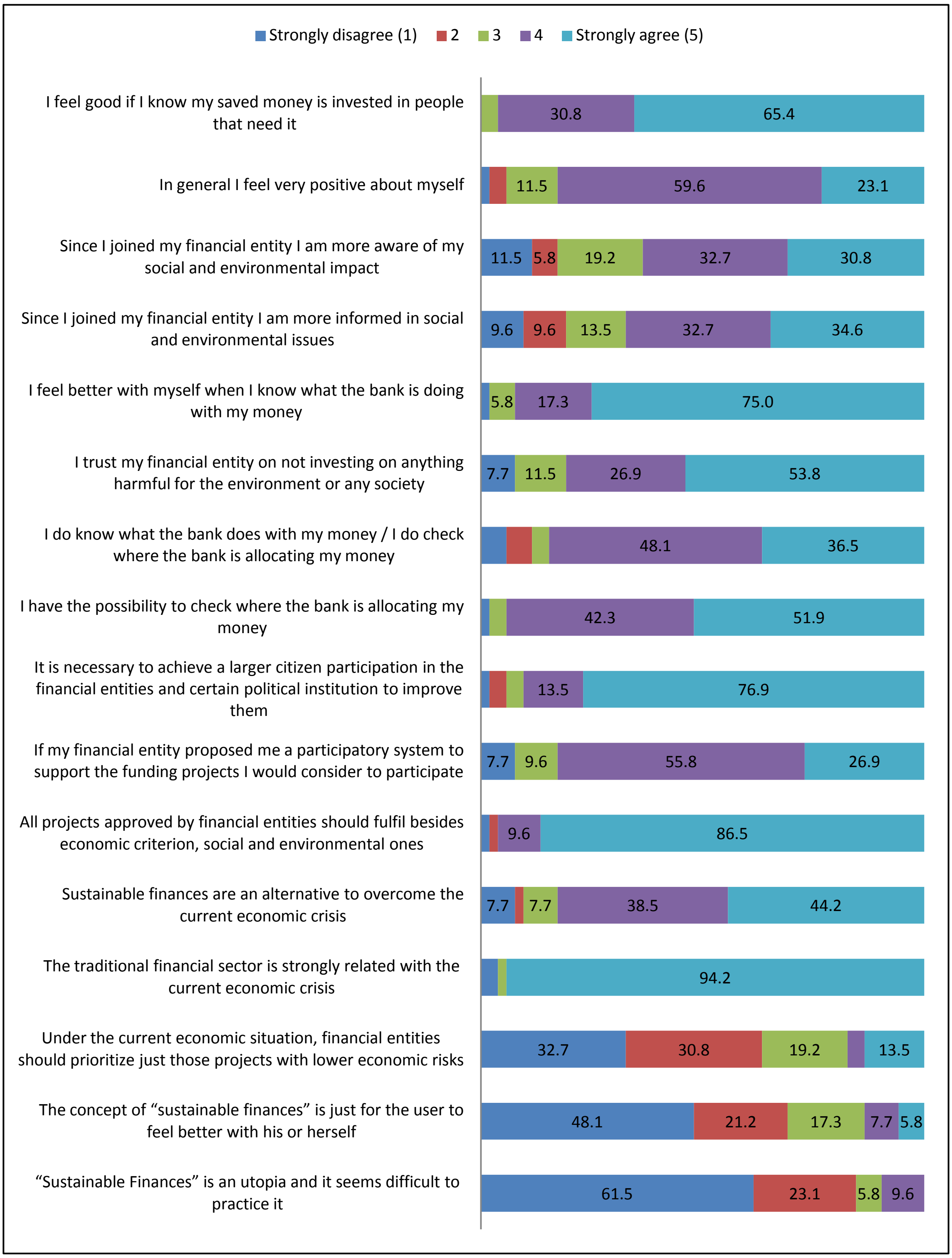

FIGURE 44 QUESTIONS 51-63, 65-69 (SF)

FIGURE 45 QUESTIONS 51-63, 65-69 (TF)