

## Berlin Declaration 2013

### Transforming the Financial System for stability and a focus on people

The Global Alliance for Banking on Values (GABV) is calling for a fundamental shift in how banks operate to make them more transparent, sustainable and diverse. Member banks will discuss in their annual meeting in Berlin, Germany on 13 March 2013 what is needed to make the financial system more people-oriented and stable and what stakeholders including banks, regulators and governments have to do to make this happen.

The GABV believes introducing three principles as fundamental for a paradigm shift in finance:

#### 1. Transparency

Clients and depositors of banks need and deserve transparency on how they use their client's money and how their business model works. Only with transparency can trust be restored and people be aligned with the financial system and how it can serve them.

**Recommendation: All banks must provide full transparency on their business models and use of client funds using common standards to be set by independent experts such as the Global Reporting Initiative.**

#### 2. Sustainability

Banks play a critical role in the transition towards a more sustainable economy. Therefore social and ecological criteria must play a critical role in the creation and use of financial products. Banks need to take full responsibility for the impact of their activities short term and long term. Banks have to serve the real economy and include broader societal perspectives in their considerations. Only well-capitalized and properly regulated banks can fulfil that critical societal role. Basel III is therefore important but not sufficient to create a banking system that is beyond just addressing the problems of the old financial system.

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A broad and positive vision of the role of banks is needed. Developing that vision requires a joint effort of governments, regulators and the financial sector in close cooperation with civil society.

**Recommendation: All banks must use indicators to report social and ecological impact which should also be used within the regulatory framework.**

### 3. Diversity

A stable banking system is a global and local priority. The diversity of economies, cultures and community needs a diverse network of banks. Global financial conglomerates, focused only on shareholder value, will not provide the diversity and closeness to the real economy that is needed. Smaller banks, embedded in the communities they serve and with a clear vision about serving the real economy and addressing issues of social inclusiveness have an important role to play. These banks provide both a sustainable source of innovation and unique access to financial products. Diversity will provide a more resilient financial system avoiding concentration risks that hold governments hostage.

**Recommendation: Governments and regulators must include a diversity of banks as an important goal in the process of reframing regulations for the financial sector.**

#### **About the Global Alliance for Banking on Values (GABV)**

The Global Alliance for Banking on Values is a rapidly growing network, made up of 22 of the world's leading sustainable banks, from six continents. Its members are bound by a shared commitment to find global solutions to international problems – and to promote a positive, viable future for the financial system based on the principles of sustainable banking. These banks and credit unions believe that we must improve the quality of life for everyone on the planet, recognising that we are economically interdependent and responsible to current and future generations. The network's members meet three criteria: they are independent and licensed banks with a focus on retail customers – with a minimum balance sheet of \$50 million – and, most significantly, they are committed to sustainable banking and the triple bottom line of people, planet and prosperity. [www.gabv.org](http://www.gabv.org)

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