

Savings and Credit Forum, SDC

# Social Performance Management and Reporting Practices of Emil Banca Credito Cooperativo

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at University of Zürich, Rämistrasse 59 (room RAA-G-01 Aula), Zürich



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## A BANK:

### COOPERATIVE



- A partnership, not a corporation
- 1 person 1 vote
- Leading role and involvement

### MUTUAL



- Obligated to operate primarily with members
- Not for profit
- Mandatory profit allocation

### LOCAL



- Obligated to operate in a defined area
- Members are local



## SOME FIGURES

- ✓ Founded **121 years ago**
- ✓ **44 k partners** (members of Assembly)
- ✓ **84 branches**
- ✓ **6 provinces:**  
Bologna - Ferrara - Modena  
Reggio Emilia - Parma - Mantua
- ✓ **150 k clients**
- ✓ **700 employees**
- ✓ Capital **€325 million**
- ✓ Managed financial resources **€7.1 billion**  
(€2.6 billion credit)



# OUR CUSTOMERS

**85% private/family**

The Bank's interest in the BUSINESS segment focuses on these areas:

- Non Profit (Associations and Social Cooperatives)
- Agro-food
- Foreign (support to enter other markets)
- Startups (particularly of the young)
- Microcredit
- SMEs

# Anti-crisis Lending, Microcredit, Start-Ups

→ It has actively participated in a series of initiatives promoted by the public administrations to provide **support in specific crisis situations**

Since 2009: granted a total of € 3,2 million in favor of 642 employees

→ Social microcredit to persons in temporary financial difficulty (in partnership with local social services)

450 loans totaling € 1 million were granted (since the start of the project in 2011)

→ Microcredit to young entrepreneurs in partnership with local Associations and Microcredit to micro-enterprises with EIFs

A total of € 4 million were granted in the period 2013-2015

→ There is a strong focus on Start-Ups,

424 start-ups were financed with over 32 million euro in the period 2013-15

# CSR IN EMIL BANCA

*Article 2 of the Bylaws*

- ➔ Favor **members** and local **communities**
- ➔ Pursue overall **improvement**, economic and meta-economic (cultural, moral and social) for them, defined as a search for and dissemination of **well-being**
- ➔ Promote the development of **cooperation**, i.e. participation
- ➔ Promote **responsible, sustainable** local **growth**
- ➔ Encourage **sense of unity**

# SOCIAL PERFORMANCE FOR EMIL BANCA

For Emil Banca the strategic decision regarding CRS is to:

continually seek **consistency and integration** between

being a bank operator with **an appropriate technical framework** in a difficult economic and competitive environment and being an entity with **an ethical-social approach**

Only in this way can we achieve social performance

**NON TWO-HEADED LOGIC!**

# REPORTING: THE SOCIAL REPORT

Corporate social responsibility for a COMPANY lies in how:

- it **generates** added value/income/profit
- it **redistributes** it.

For 15 years, the Bank has drafted its **Social Report** which is a key document on **reporting** in addition to **management**.

The Bank still produces it as:

- a **full version** (with added value distribution analysis and mutualistic measurement)
- a **summary** version in computer graphics
- a **video** version



# WHY A SOCIAL RATING?

- Financial Crisis → lack of confidence in banks
- Main Pillars: financial/economical strenght and transparency
- Independent third-party certifications for both

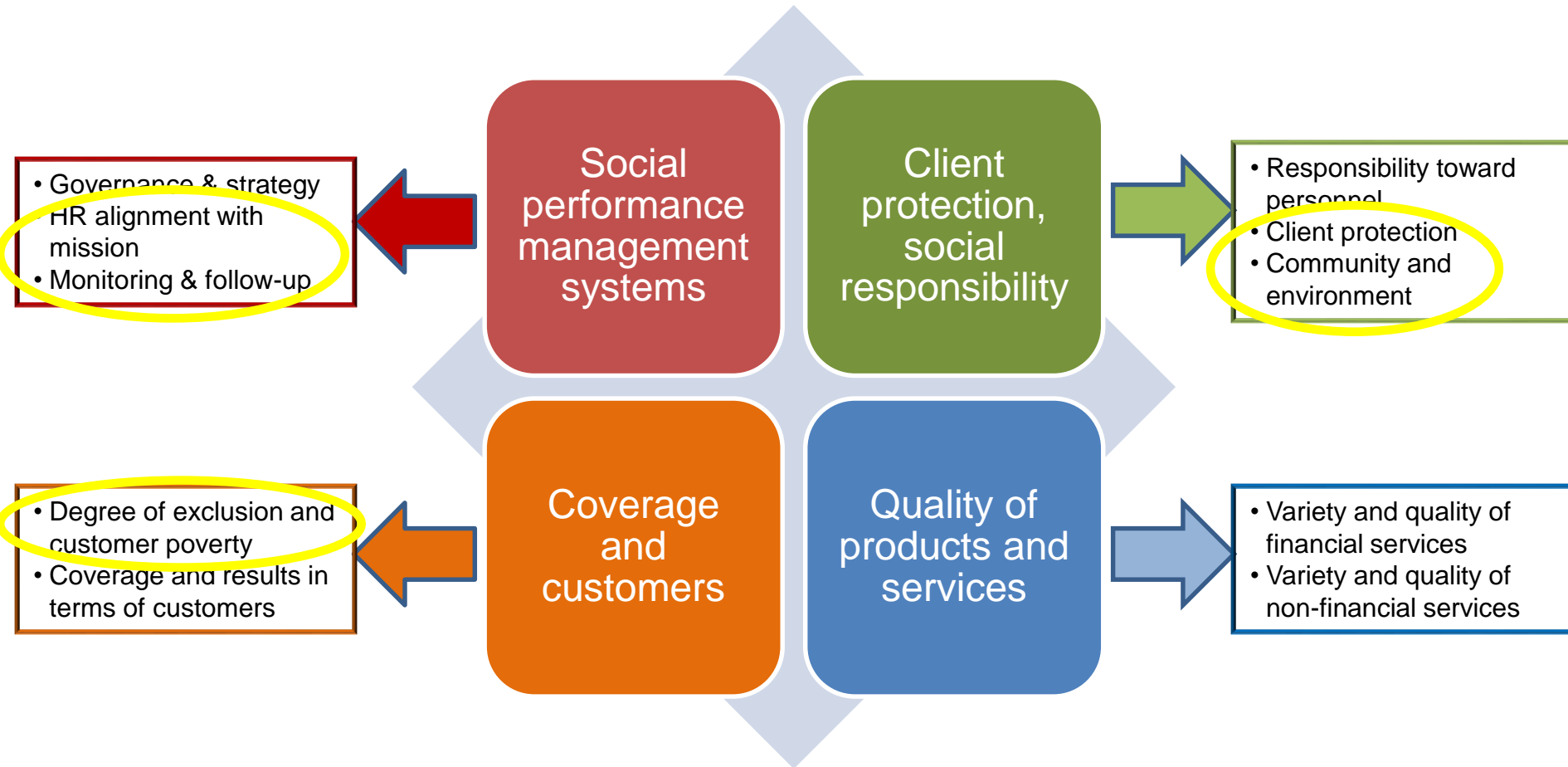
EB met Microfinanza Rating Srl in 2013, working together in Microcredit, and in 2015 they issued to Emil Banca their **first social rating in Italy** to a bank



# WHAT OPPORTUNITIES FOR EMIL BANCA?

- ➔ **MEASURE** and define its **priorities** of action
- ➔ **IMPROVE** its **social performance management systems**
- ➔ **DEMONSTRATE** its positioning through an independent external assessment recognized internationally (the social report is not sufficient because it is self-referential)

# AREAS FOR ANALYSIS



# HOW WE LIVED THIS EXPERIENCE?

The Social Rating at **internal process** level acted particularly on top and middle management but all **employees** have always been involved and updated.

**High visibility** of the result achieved was given to external communication bodies (media) in addition to partners and key stakeholders.

We held a conference open to the public on this topic and we have participated in various conferences, seminars and training courses.

# SOCIAL RATING A-

Annex 5 – Social Rating assessment scale

Rating	Definition
AA	Excellent social performance management and client protection systems. High probability of achieving the social mission.
A	Good social performance management and client protection systems. Social mission achievable.
B	Adequate social performance management and client protection systems. Satisfactory alignment to the social mission.
BB	Moderate social performance management and client protection systems. Partial alignment to the social mission.
C	Weak social performance management and client protection systems. Average risk of deviation from the social mission.
D	Very weak social performance management and client protection systems. High risk of deviation from the social mission.

The changes with a + or – sign, which may be added to the rating, denote marginal negative or positive differences within each rating category.

## **STRENGTHS:**

- Service quality and customer relations
- High degree of transparency
- Balance between social and financial objectives

## **WEAKNESSES:**

- Measurement of impact
- Social indicators only partially formalized
- Unsystematic monitoring

# LESSONS, CHALLENGES, EXPERIENCES

- we realized that **we can improve** in many areas
- we are aware of **what to change** in order to improve
- rated **A-** has **supported our reputation** at critical times for the banking sector

# CHANGES IN OPERATIONS AND REPORTING

- Introducing systems to **measure the impact** and effectiveness of our actions
- **Scheduling** and **integrating** our social activities into strategic plans
- Producing a **combined report**



# POSSIBLE RECOMMENDATIONS FOR OTHER COOPERATIVE BANKS

obtaining a review by independent experts **is healthy** because it helps to:

- **focus** the problems and shortcomings
- **grow** their own people
- **demonstrate** to external stakeholders that they are delivering financial services in a way that is transparent, fair and safe

**Thank you for  
your attention**

