



(1<sup>st</sup> slide – front of Oikos)

Last night in Quadia we heard of one way of leaving traditional banking for something better.

We chose another way to leave traditional banking. It started 30 years ago – in 1989, deeply troubled by an ethical inconsistency in development funding:

Many people of goodwill, Christians and Church Organisations would deposit money in their banks, invest in shares and currencies. AND some of their earnings would then go to finance mission work and international solidarity with the poor through hum. and dev. organisations.

Happy to give. Yes. But without questioning HOW the money was earned by the banks in the first place?

It was at the time when Susan George made the world painfully aware of the so called 'third world debt crisis' *A Fate Worse Than Debt: The World Financial Crisis and the Poor*, by Susan George. New York: Grove Press, 1988.:

She documented how cynical banks irresponsibly lend money to dictators and generals, who ran away with the money. Did that harm the banks? No, for the banks didn't shoulder their own responsibility. Instead they passed it on to others. With the help of IMF they pressured the poor nations of the dictators to repay the debts out of meagre national budgets – at very high interest rates.

So we ended in a situation where money donated by devote Christians for solidarity was earned on extortion of poor people and demolition of whatever little social welfare existed in the country!

This amounts to the schizophrenic logic of "feeding the dog with its own tail".



(-> 2<sup>nd</sup> slide)

We discussed this at the Danish Kirchentag /Church Days in 1989. And some of us said: “This cannot be!” Let us start with ourselves! Can we not steward our own money flows in a more responsible way? Leave a lighter footprint?

So there I found myself – in a small, weird working group: a Lutheran missiologist and a development officer, a Baptist high court lawyer, a catholic Jesuit priest, and an ecumenical Gen. Secr. of the NCC (myself) + a very smart young student of law. (“How difficult can it be to start a bank?”, we asked ourselves – and years later we would know: “more difficult, than you imagine!”). We negotiated a very friendly takeover of a small, local coop bank. And with them established a bank in 1994 that both ‘let the dog keep its tail’ AND contributes to solidarity.

The business model is that we carefully and cautiously do all normal banking services that you and I and small firms and organisations need, but refrain from risky, speculative financial services that nobody need (but which is about 95 % of today’s economy according to Alfred Berkeley on Sunday!) People’s deposits – and what we earn on loans and service fees – allow us to make capital available for solidarity loans and micro-credit.

We then partner with development organisations (like DanChurchAid, Danish Baptist Mission etc) to lend money to their partners. At low interest rates (4-5%), but we still make money on these loans. So it is not ‘set-aside-leftovers’ that we handle, but solidarity is integrated in the normal stewardship of our financial flows. This was the systemic change, we wanted:

**Bridge-building:**

Danes have their everyday stewardship of money and need of financial services. Oikos therefore has capital - and banking know-how. Mission and development organisations have local presence, partner knowledge and

**financial strength to act as guarantors + plus can place the loans in context: the local savings- and loans groups that receive micro-credits, are integrated in a larger programme of advocacy, training etc.**

**Two quick examples:**



**(skip 3<sup>rd</sup> slide and jump to 4<sup>th</sup> slide)**

- 1. Farmers Association of Community Self-Help Investment Groups (FACHIG) i Zimbabwe. 73% of their 12.500 members are women. Rumbidzai Tsvangirai was one of many members who got a loan to buy 50 chicken and fodder.**

**We may sit and think: how wonderful they now can eat chicken. But A) they mostly sell them to buy and eat cheaper foods. B) again and again the participants say: biggest gain is not finance, but agency: the empowerment to make choices, succeed in achieving – and being somebody in the eyes of others, of their husbands – and of themselves.**



**(-> 5<sup>th</sup> slide)**

- 2. Coffee growers in Burundi (partners of the Danish Baptists). They form a cooperative and had their first loan to establish a coffee-processing plant. The problem was, that their cooperative would give them vouchers for the coffee-beans – to be cashed when the coffee was sold at the world market. But people were too poor to wait. So they sold the vouchers to middle men at low prices. Now the cooperative has a capital buffer to pay the full price immediately and later reimburse itself.**

**So where is Oikos today:**

The Cooperative Oikos Bank today:

- Smallest bank – best customer satisfaction rating (Trustpilot)
- Solid, proven, IT savvy business model
- Comprehensive banking services – combined with profit making solidarity loans

(-> 6<sup>th</sup> slide)

- **Smallest bank – best customer satisfaction rating (Trustpilot)**
- **Solid, proven, IT savvy business model**
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**- and most recently Working with Danish NGOs to offer credits to refugees in Denmark (they may be ‘un-bankable’ but have great entrepreneurial skills and start up ideas)**

**Our former minister of Foreign Affairs once said: if you give a small speech, you must always:**

**STAND UP – so people can see you**

**SPEAK UP – so people can hear you**

**SHUT UP – so people will hear you another time!**

Three 'take aways' for consideration:

- Help bring this business model to scale
- Provide guarantee for a loan
- Buy shares  
- expands lending capacity by 10 times

(-> 7<sup>th</sup> slide)

**Let me therefore close - with three ‘take-away’ considerations to you: Will you:**

- **Help bring this business model to scale**
- **Provide guarantee for a loan (new regulations demand diversifications of guarantors) – and bring a partner for a loan**
- **Buy shares – 1 share expands our lending capacity by 10 times**

**Thank you!**