

Social aims of finance

eabh conference

eabh in cooperation with Fondazione 1563 per l'Arte e la Cultura della Compagnia di San Paolo

15 June 2018, Torino, Italy

*'The City is too big and socially useless'*¹

said Lord Adair Turner, former chairman of the UK Financial Services Authority in 2009.

That legitimacy question has not gone away since, indeed, if anything it appears to grow stronger. This conference explores how financial institutions have tackled it by developing alternative goals and business forms for durable financial services. Joint-stock banks are traditionally seen as the hallmarks of capitalism, relentlessly pursuing profits. There is an alternative story, however. Some banks have a long history of devoting themselves to wider social goals rather than profit, others chose business forms which freed them from that relentless pursuit. The growing importance of durability raises the need for financial services to think beyond the bottom line, yet that raises new issues: how much profit does a business need to sustain both continuity and alternative goals, and how can alternative business forms compete in a capitalist world without losing their unique identity?

Many banks in Italy, the Netherlands, Germany and assumedly other countries had social business models in the 19th century which they gave up in the 20th century and now they seem to make a re-appearance. Why is that? Can it be connected to the Great Financial Crisis and its aftermath?

Businesswise there is two ways for banks setting up or acting in a social context: either as foundations with charitable aims; or otherwise, create institutions with specific organisation forms (coops, for instance) or business goals going beyond just making profits for shareholders.

In Europe, several institutions were created with specific organisation forms (coops, for instance) or business goals going beyond just making profits for shareholders. In Italy for example, several contemporary banks were initiated as secular or religious institutions characterized by charitable purposes, some of them of medieval origins, others born in the 16th century to help the poor and sick, to provide fair money lending or to protect or to educate girls and women; in many cases those charities, as shareholders, contributed to maintain the social orientation of the banking activity over time. Even until today these credit institutions maintain a non-profit role through their corporate foundations (Compagnia di San Paolo, Banco di Napoli, etc.) or local mutual banks. In the NL they have, apart from the coop Rabo, two such, Triodos and ASN, which both devote their business to pursuing wider, durable social aims beyond profits; so, do some German cooperative and savings banks or at least did in the past when they were an essential contributor to small communities' life and business. Furthermore, the microfinance movement is worth mentioning under this heading and so are the mutual insurance companies whose history deserves a closer investigation for long. Last not least there is very recent movement of social currencies that aim at strengthening local communities within the context of globalisation, like for instance the Brixton Pound that was created when gentrification started to hit South-London communities.

¹ <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/6096546/City-is-too-big-and-socially-useless-says-Lord-Turner.html>

In short, we look for submissions of genuine research about the history dimension of:

- non-profit banking and finance models with social or environmental goals in their statutes
- non-profit and (financial) crises
- banking foundations
- microfinance, Grameen bank
- mutual insurance
- cooperative finance, Raiffeisen banks (rural credit banks)
- saving banks
- building societies
- local currencies
- institutional investors as social financiers

The committee responsible for this content is formed by: Anna Cantaluppi (Fondazione 1563), Lilia Costabile (Naples University), Carmen Hofmann (*eabh*) and Joost Jonker (Amsterdam/ Utrecht University).

Selected participants will be asked to:

- submit an abstract and a short linear CV no later than 31 January 2018
- deliver a full paper 1 month prior to the conference
- give a 10 – 15 Minutes presentation in Torino in June 2018
- for submissions and questions please <mailto:c.hofmann@bankinghistory.org>

Academic paper givers will have the opportunity for their papers to be considered for peer reviewed publication in the Financial History Review.