

## Switching to a more sustainable bank?

At the last general assembly, a point was raised about the question whether the association should switch to a more sustainable bank. What follows is a report and overview of the investigation we have done into this question. We've looked at how banks' performance in relation to sustainability and we've also delved deeper into what requirements an association like Machiavelli needs from a bank. We've explored several options and have looked at the following banks:

- **ING (our current bank)**
- **ABN AMRO**
- **Rabobank**
- **Triodos**
- **ASN Bank**
- **SNS Bank**
- **KNAB (no sustainability index available)**
- **Bunq (no sustainability index available)**

### Costs

Logically, one could expect that switching banks can incur extra costs, but we've decided to not look too much at the costs, mainly because payment traffic is subsidized by the College of Social Sciences. Besides, our current bank ING is already somewhere in the upper echelons of costs, meaning our payment traffic costs can't get significantly more expensive. The actual process of switching is offered for free by all Dutch banks, save for the possible costs of requesting new bank cards and credit cards.

### Sustainability in regards to banks

Because we ourselves are of course not experts on sustainability, we've opted to use the *Eerlijke Bankwijzer* ('Honest Banking Guide'), a collaborative effort of Amnesty International, Milieudefensie, Oxfam Novib, PAX and World Animal Protection to give an overview into the general sustainability of banks. It unfortunately has no grades for KNAB and Bunq, but early on in our investigation of the bare necessities our association requires of a bank these two banks were 'disqualified' anyway.

The *Eerlijke Bankwijzer* confers a 1-10 grade (rounded to the nearest whole number) in several categories based on both the policy of the bank and its day-to-day practice. A higher grade denotes more sustainable policies and practices within this category, while a lower grade denotes a poorer track record. The categories are as follows:

- **Climate:** Does a bank invest in clean energy, stimulate the use of clean energy and does it attempt to lessen its own environmental footprint?
- **Animal welfare:** Does a bank have requirements for the treatment of animals for the companies it invests in?



- **Gender equality:** Does a bank require a zero-tolerance policy against gender discrimination, does it employ more women in top positions and are men and women in equal positions paid equally?
- **Bonus policy:** Is the bonus policy for top-level employees based on long-term goals, transparent, non-financial factors and can bonuses be retracted in case of poor performance?
- **Transparency:** Is the bank transparent about its activities and investments?
- **Weapons:** Does a bank invest from producers of controversial weapons (land mines, cluster bombs, nuclear weapons and biological weapons) and does it invest in weapons that end up in the hands of authoritarian regimes?
- **Labor rights:** Does a bank invest in companies with a clean track record on labor rights such as safe and healthy work, no discrimination, fair pay and respect for collective bargaining rights?
- **Human rights:** Does a bank invest in companies or governments that violate human rights?
- **Deforestation:** Does a bank invest in companies responsible for heavy deforestation?
- **Corruption:** Does a bank actively help clients with money laundering, bribes or other corrupt activities and does it invest in companies involved in corrupt activities?
- **Fishing:** Do the companies that banks invest in comply with international guidelines on sustainable fishing?
- **Financial sector:** Does a bank endorse the UN Global Compact principles, the OESO guidelines, the UNEP Finance Initiative and the Principles for Responsible Investment and does it have a policy for critical sectors and crucial themes based on international agreements, conventions and guidelines?
- **Nature:** Does a bank invest in companies that adequately protect ecosystems, natural habitats, plants and animals and genetic material?
- **Taxation:** Is a bank or are its clients involved in tax avoidance or tax evasion?
- **Sustenance:** Does a bank invest in sustainable agriculture and food production?

The results of the *Eerlijke Bankwijzer* are summarized in the table on the following page.

**Table 1. Sustainability index**

Legend	
	8-10 ranges
	4-7 ranges
	1-3 ranges

Bank \ Criterium	ING	ABN-AMRO	Rabobank	Triodos	ASN Bank/SNS Bank
Climate	3	3	5	8	9
Animal welfare	6	5	7	9	10
Gender equality	3	2	2	4	5
Bonus policy	4	5	3	10	10
Transparency	4	5	5	8	8
Weapons	6	8	8	10	10
Labor rights	8	8	9	10	10
Human rights	5	9	8	9	10
Deforestation	4	6	6	8	7
Corruption	8	6	8	9	9
Fishing	6	4	6	8	9
Financial sector	2	3	3	9	9
Nature	6	6	6	9	9
Taxation	4	3	5	7	7
Sustenance	7	7	8	9	9
Average grade/sustainability index	5,06	5,33	5,93	8,46	8,73

## Necessities of a bank for an association

There are several criteria we deem absolutely necessary for our bank to have. All banks we may opt for in the near future should have all these options/features/services, with no exception:

- **Associations as clients.** It is of course of the utmost necessity that a bank actually takes associations as clients.
  - o ING, ABN AMRO, Rabobank, Triodos, SNS and Bunq take associations as clients.
  - o ASN Bank and KNAB do not take associations as clients.
- **The possibility for a SEPA direct debit collection contract.** ('automatisch incassocontract') We require this for the collection of the annual membership fees. It is also necessary to be able to do this in larger batches, as it is not feasible to manually enter around 1500 direct debit transactions into the bank's website.
  - o ING, ABN AMRO, Rabobank, Triodos and SNS have this option.
  - o KNAB, Bunq and ASN Bank do not have this option.
  - o SEPA direct debit is also possible through an external provider such as Mollie, but this is considerably more costly (EUR 29,- per month) and would require manual registration of every single paid contribution fee in our bookkeeping software.
- **Creditcard with a EUR 10.000,- spending limit.** It is possible to apply for a credit card from a different provider than the bank we use, but this adds unnecessary time to switching our legal representative at the bank every year because the association's credit card limits are tied to the association's bank balance. Using a different credit card provider than our regular bank thus slows down a process unnecessarily for the amount of times we actually need a credit card every year. When we need the creditcard, it is usually for large expenditures such as booking flight tickets and hotels for trips.
  - o ING, ABN AMRO, Rabobank have this option
  - o Triodos and Bunq do not offer a credit card programme.
  - o ASN Bank and SNS Bank offer a credit card programme with a standard limit of EUR 2.500,-
  - o KNAB works together with American Express, which is often not accepted everywhere and thus considerably less useful.
- **Bank card usable everywhere in the world.** ('wereldpas') Necessary for during trips. All banks offer this.
- **The option to pay in foreign currency.** Necessary for booking trips. All banks have this option, against slightly different rates.
- **The option to deposit cash.** Necessary for events when Machiavelli has to pay a deposit to rent an accommodation or technical equipment. KNAB and Bunq are online-only banks, meaning they don't have physical locations. They are therefore not a valid contender for a new bank, as depositing cash is not possible. This is also not possible for Triodos and ASN Bank. The option to deposit cash is available for SNS Bank, but this has to be done through GWK Travelex. For SNS clients, it is free to do this but it requires not only a bank card but also ID. While this normally wouldn't be a problem, there is a certain amount of weeks in the beginning of the year when the incoming treasurer is forced to use the bank card of the outgoing treasurer, making depositing of cash impossible. Because deposits are often several hundreds euro worth and cash



can of course be more easily stolen than access to a bank card, it seems unwise to opt for this option with SNS. ING, Rabobank and ABN AMRO have this option without any extra restrictions.

- **Savings account.** Depositing away capital that is not currently in use is both a safety measure and it creates revenue (albeit incredibly little) through interest. All banks offer this.
- **The option to have multiple cards.** Every year, the treasurer and one other person from the board receives a bank card, so that expenses can be paid from the Machiavelli account when the treasurer is not present. All banks offer this, against slightly different rates.
- **Internet banking through website and/or app.** Internet banking on a desktop/laptop is necessary for a proper workflow while bookkeeping. All banks offer a website for internet banking, except for Bunq and KNAB.
- **Good customer support.** Naturally, while qualitative customer support is of course of the utmost necessity, it isn't easily quantifiable or defined such as the criteria above. We mean this more in the sense of being able to talk to an actual person over the phone when dealing with customer support. All banks offer this, except for Bunq and KNAB, who only offer support through their in-app chat.

Then there are several criteria that we deem not absolutely necessary, but come strongly recommended and are thus nonetheless important in making a decision. These are as follows:

- **The possibility to take out insurance.** The coronavirus crisis has alarmed us to the fact that Machiavelli hasn't ever been insured for travel expenses should a trip be unexpectedly cancelled. Several banks offer travel insurance. Only the big three banks (ING, Rabobank and ABN AMRO) offer this. ASN has it integrated into their credit card programme.
- **The option for bundled transactions.** When Machiavelli does refunds on trips or other events, it is extremely useful to be able to process bundled transactions. This saves the treasurer a lot of time doing menial labor that can be more usefully spent doing something else. All banks save for Bunq and KNAB offer this.
- **Integration with bookkeeping software.** Integration of our transaction list with our bookkeeping software is not something we're currently doing – but it is something to take into account and we deem it necessary to save the treasurer time in the future. All banks except Bunq, KNAB and SNS offer this.

The results of our investigation are summarized in the table on the next page.

**Table 2. Bank requirements**

Legend	
	Yes, does offer.
	Offers with restrictions.
	No, does not offer.

Bank \ Criterium	ING	ABN AMRO	Rabobank	Triodos	ASN Bank	SNS bank	Bunq	KNAB
<b>Dealbreakers</b>								
Associations as clients	Yes	Yes	Yes	Yes	No	Yes	Yes	No
SEPA direct debit	Yes	Yes	Yes	Yes	No	Yes	No	No
Creditcard (EUR 10.000,-)	Yes	Yes	Yes	No	Standard limit of EUR 2.500,-	Standard limit of EUR 2.500,-	Only debit card	Yes, but American Express
World coverage	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Foreign currency	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Deposit cash	Yes	Yes	Yes	No	No	Through GWK Travelex	No	No
Savings account	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Multiple cards	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

<b>Internet banking</b>	Yes	Yes	Yes	Yes	Yes	Yes	App only	App only
<b>Customer support</b>	Yes	Yes	Yes	Yes	Yes	Yes	Only through in-app chat	Only through in-app chat
<b>Not dealbreakers but strongly recommended</b>								
<b>Insurance</b>	Yes	Yes	Yes	No	Integrated into credit card	No	No	No
<b>Bundled transactions</b>	Yes	Yes	Yes	Yes	No	Yes	No	No
<b>Integration with bookkeeping software</b>	Yes	Yes	Yes	Yes	Yes	No	No	No

## Conclusion

Looking at the results of our investigation, a number of things become clear. Firstly, all three major banks (ING, ABN AMRO and Rabobank) offer all bare necessities and extra requirements that we as an association need for our bank. However, all three have a somewhat poorer track record on sustainability, each averaging out in the 5-6 region. Second: the smaller online banks (Bunq and KNAB) are severely limited in what they offer, in many cases not even offering the bare necessities that are necessary for the association. Third: ASN Bank, SNS Bank and Triodos all score significantly higher on the sustainability index, but each miss several bare necessities and recommended requirements that our association needs (although markedly less than the online banks). Our conclusion is that while the big three banks (ING, ABN AMRO and Rabobank) have much to improve in regards to sustainability – and while we believe that this is something that is worth striving for – there are simply too much complicating factors in regards to the alternatives that make it impossible or at least considerably more difficult to run an association like Machiavelli.