




The organic model and ethical banking: The importance of identity

Lluís Balagué-Gómez^{1*} , Núria Arimany-Serrat¹ , Oriol Amat-Salas² 

¹Universitat de Vic (Spain)

²Universitat Pompeu Fabra Barcelona (Spain)

*Corresponding author: lluis.balague@uvic.cat
nuria.arimany@uvic.cat, oriol.amat@upf.edu

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Abstract

Purpose: The aim of this work is to highlight the advantages of applying the Organic Model to organizations. It considers the example of European Ethical Banking, which came about as the result of the impetus of this model. This work highlights the trajectory of Ethical Banking in Spain and examines why it has not been affected by a crisis that triggered the disappearance of dozens of centennial Savings Banks.

Design/methodology: An exploratory methodology is used, consisting of a bibliographic search for the influence of the Organic Model on the creation of European Ethical Banking. The history of Ethical Banking in Spain is also analyzed, contrasting it with that of the Savings Banks in the same period. Interviews are included with prominent individuals associated with Ethical Banking and the Organic Model.

Findings: The Organic Model places paramount importance on Identity in organizations. Ethical Banking and the Savings Banks had similar fundamental impulses, but the latter gradually lost their identity. This work relates the crisis that led to the disappearance of the Savings Banks to their loss of Identity. In the same context, Ethical Banking was reinforced in Spain.

Originality/value: The structural division of the Organic Model to analyze organizations (with their own culture and identity, people, processes and resources) facilitates the fulfillment of their purpose and preserves the influence of values in decision-making. The Organic Model provides coherence to the members of the organization and aligns them with its identity. The economic results are not the ultimate goal, but the consequence of efficiently carrying out the mission, and at the same time they provide positive value to society, culture and the environment. It is a shared benefit.

Keywords: Organic model, Ethical banking, Living organization, Corporate ethics, Values, Humanist economy

Jel Codes: M12, M14

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1. Introduction

One of the most important economic-financial crises of modern history began in 2008 (Alemán, 2015). The consequences of this crisis and the social costs generated in the following years are enormous: Spain injected more than 120 billion euros of non-repayable public money into the banking sector; more than 50 banking institutions (primarily Savings Banks) disappeared as the result of mergers and forced takeovers; thousands of branch offices were closed; tens of thousands of employees lost their jobs and hundreds of thousands of families lost their homes when they could no longer pay their mortgages (Sanchis, 2013).

The many studies that were conducted after the fact on the causes that triggered the crisis indicated that a large part of the blame was due to the decisions made with a lack of conscience and values (Climent & Escrivá, 2019).

During the same period and in the same context, European leaders in Ethical Banking were unaffected by the financial crisis, and there was increased social interest in a model that proposed transparent, socially responsible decisions (Abad & Valls, 2018).

This article analyzes the most important differences between the Ethical Banking management model and that of Conventional Banking, focusing in particular on the Savings Banks in Spain, since they have drastically suffered from the consequences of the crisis, to the point that they have all but disappeared. The aim of this work is to reveal the social benefits of applying the Organic Model to organizations, using as an example the trajectory of Ethical Banking, which was impelled by this model. If the financial crisis was caused by a series of poor decisions that lacked any semblance of ethics (Amat & Lloret, 2020), made by many directors of various banking institutions, and on the other hand, the directors of the leading Ethical Banking institutions did not make these decisions, we must determine which factors favored poor decisions to be made by some, while others remained on the sidelines.

The exploratory methodology of this study considers the academic and professional literature on the Organic Model and its influence and association with the origins of European Ethical Banking (Triodos Bank and GLS, with contributions from qualitative interviews with persons from these organizations who would help it to take root and grow). It also includes a bibliographic search on the financial sector crisis which began in 2008, delving into its origins and consequences, contrasting them with the evolution of Ethical Banking in Spain, following the arrival of Triodos Bank.

After the introduction, the literature review is presented, structured into four sections (the Financial and Ethical Crisis in the banking sector; the Organic Model; Ethical Banking and Identity; and Savings Banks and Identity). Next, in the empirical part, the methodology used examines the academic literature to explore the influence of the Organic Model in Ethical Banking and the trajectory of Ethical Banking as compared to the Savings Bank Model. This is followed by a qualitative analysis, which uses interviews to delve deeper into the reasons why Ethical Banking distanced itself from the decisions made by the Savings Bank managers, in spite of having similar founding principles. The interviews were conducted on a representative sample of experts on the Organic Model and Ethical Banking in Europe. This is followed by a discussion of the results and the presentation of conclusions in response to the purpose of the study with regard to transparency and identity.

2. Review of the Literature

2.1. Financial and Ethical Crisis in the Banking Sector

The analysis of the 2008 financial crisis revealed that there were practices and attitudes implemented that were far from the guidelines followed in ethical banking, which was unaffected by the crisis (Karl, 2015; Climent, 2018; Valls-Martínez, Cruz-Rambaud & Parra-Oller, 2020). Several activities, risk and intentional misinformation, promoted by the desire to obtain short-term gain, resulted in harm to conventional banking sector customers, and in the disloyalty of managers and executives toward their own organizations; until then, the profits had been appropriated, but now the losses needed to be socialized (Camacho, Fernández, González & Miralles, 2013). The large number of fraudulent activities carried out in the banking sector also raised various questions about what favored this lack of ethics, what were the causes behind it and whether it was possible to minimize the risk so that these situations were not reached (Alemán, 2015).

Some economic theories, such as the “Separation Theorem,” according to which economic and ethical matters correspond to different decision-making realms (Melé, 2000), facilitate this scenario, since it is assumed that the business reality can be studied in an isolated manner, obviating any ethical reference (Camacho et al., 2013). This approach also makes it possible to use precise quantitative focuses, thus avoiding the rambling of the qualitative perspectives of morality e ethics (De Geus, 2002). But behind the purchase of any product is a person (or many people) who relate to us and to nature, but transforming its resources (Castaneda, Chaves-Chang & Segura, 2015) and disassociating ethics means that these relationships are devoid of any conscience (Melé, 2009). The transformation of money into more “abstract” concepts (digital transactions) complicates this perception of associated relationships, and thus limits our ability to assess whether or not they are fair (Melé, 2015).

The neoliberal trend of the 1980s gave a new impetus to growth in the interests of globalization and simultaneously generated a series of adverse effects, such as exaggerated financial activity, increased inequalities and, as a result, the increase in the number of excluded people (Soler & Melián, 2012). The goal of maximizing profits was taken to an extreme, to the detriment of social considerations (Crotty, 2009). We must keep in mind that Milton Friedman, Nobel Prize winner in economics (1976), indicated that the only social responsibility a company has is to generate profits for its shareholders (Amat, 2015).

Adam Smith’s thesis has been interpreted in a biased manner, openly opting for the liberalization and minimization of federal intervention, with the expectation that the markets would be able to guarantee the balance and stability of the system (Pirson & Lawrence, 2010). As a result, the legislative framework was gradually dismantled, giving private agents the power to make free decisions, breeding the great crisis in the financial sector that called into question the rationality of the agents (Soler & Melián, 2012). Furthermore, money as a vital force in the economy must have a transparent circulation, and it must not necessarily serve speculative or opaque investment funds (Dossa & Kaeufer, 2014). Money is the lifeblood of society: it must circulate and reach everyone so that they can perform their corresponding functions. The mission of banking and the markets is for money to circulate appropriately. Unfortunately, in recent decades, investments have been made in which money has not circulated for the benefit of society, but rather for that of only a few people (Melé, 2015).

2.2 The Organic Model

The Organic Model is based on a holistic vision of the human race, considering humans to be spiritual, unique and unrepeatable beings (Crottogini, 2004). This, in turn, stems from the idea that organizations, having been created and actively made up by human beings, become living entities that maintain a similar structure as a reflection of them (Balagué-Gómez & Arimany-Serrat, 2023). Accordingly, organizations are considered to be living beings and the same 4-dimension structure is attributed to them that Steiner (1904) confers upon human beings (a physical dimension, a vital dimension, an emotional dimension and a spiritual dimension).

In the case of an organization, these four levels consist of:

- Resources (physical dimension); i.e., buildings, offices, furniture, computers, vehicles, etc. These are tangible, measurable, and quantifiable and occupy space.
- Processes (vital dimension), which give meaning to the resources by impregnating them with activity. These do not occupy space, but they take place over time, are predictable and have a start and a finish. They are rational, logical and calculable.
- Relationships (emotional dimension), which define their “climate”. These are not limited to internal relationships, but rather they encompass all relationships among people, including those with clients, suppliers, advisors, etc. They are not tangible, quantifiable, rational, logical or predictable. They cannot be calculated or systematized. They are sensitive and subtle.
- Identity (spiritual dimension), which is the essence of the organization, its life purpose, its reason for being. Here we find the Vision, Mission and Values. Identity therefore does not occupy space, is not calculable, logical or sensitive; it is the awareness of the organization, its culture, its biography and its attitude towards the world (Moggi & Burkhard, 2007).

The levels of resources and processes require quantitative focuses in which computer science, robotics, artificial intelligence, etc. will play a leading role. Within these levels, it will be necessary to manage rationality and intelligence. On the other hand, the relationship and identity levels require qualitative focuses with social skills. On the relationship level, the leader must act with sensitivity and emotional balance, while on the identity level, they require wisdom and intuition and a holistic vision (Kaplan, 2002). Organizations can make changes on the resource, process and relationship levels, but they can only transform themselves if they act on the identity level, in other words, on their self-awareness (Balagué-Gómez & Arimany-Serrat, 2023).

2.3 Ethical Banking and Identity

In order to know the Identity of an organization, it will be important to know about its biography, its creative impulse and its evolution over the years.

In the late 1960s, mass demonstrations occurred in different cities around the world against the war in Vietnam and the apartheid regime; they were pro-equality movements in favor of civil rights and protests against an established order that was considered to be unfair. Some non-governmental organizations (NGOs), foundations, churches and citizens groups realized that without knowing it, with their savings, they had been financing the very injustices against which they were protesting. The need emerged to find an alternative, more conscious and responsible way of managing money (Felipe, 2013).

This is how, in the early 1970s, GLS Bank came about in Germany and Triodos Bank in the Netherlands, both inspired by Steiner’s thesis, and therefore, based on the Organic Model. These are also the driving forces behind the expansion of Ethical Banking around the world, creating the Global Alliance for Banking on Values (GABV) and establishing what would be the principles that would determine whether a bank was based on values. Their activity consisted of connecting savers and investors who wanted to contribute to changing the world with entrepreneurs and socially responsible companies in order to achieve a more sustainable society (Amat, 2015).

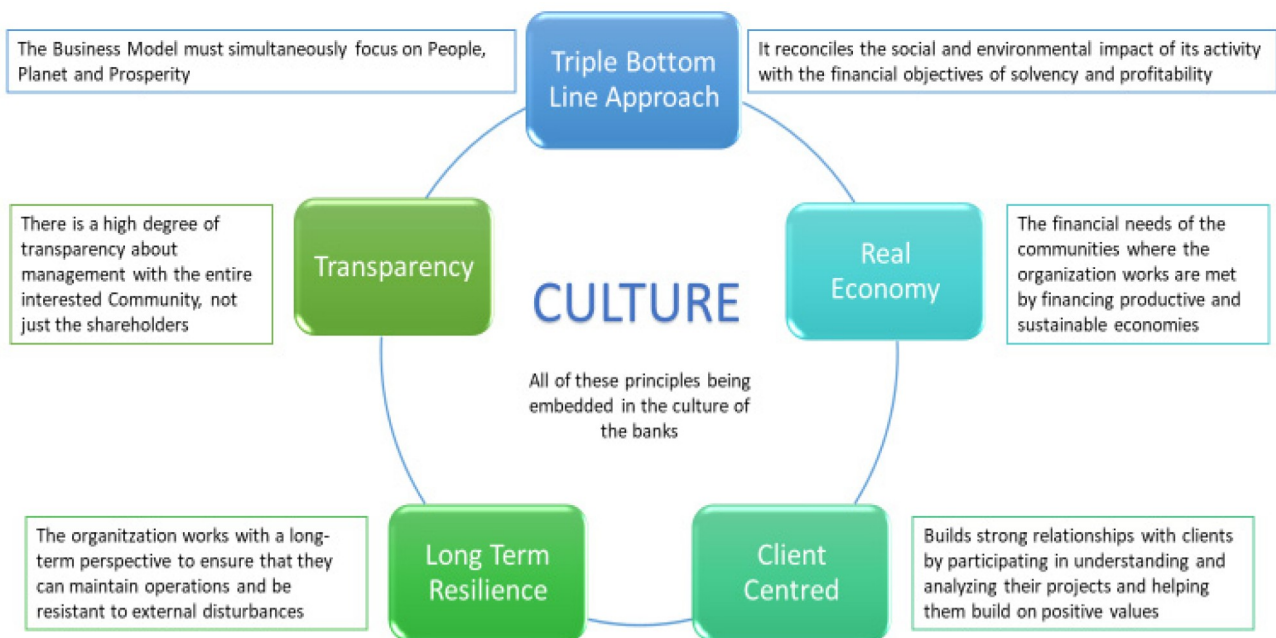


Figure 1. Principles of Banking Based on Values (GABV)

This integration of Principles in the “feeling” of the organization makes it possible to have a solid, well-known and shared identity.

The increasingly positive economic results of Ethical Banking help perpetuate its social purpose, which is its true objective (Climent & Escrivá, 2019), and thus the economic benefits are not objectives, rather the consequence of the efficient performance of its mission.

Annex 1 includes Tables 2, 3 and 4, which clearly show the growing trend for the main European ethical bank over the last 5 years. They also include social and environmental data.

2.4 Savings Banks and Identity

Parallel to the expansion of Ethical Banking in Spain, there has also been a restructuring of the banking system, which has ended with the disappearance of practically all the Savings Banks, an unprecedented concentration of the financial market and an enormous cost for the public coffers (Alemán, 2015).

The origins of what would become the Savings Banks date back to 15th century Italy, with the Mount of Piety, which would extend throughout Europe (Climent & Escrivá, 2019). In Spain, the first Savings Bank would not be created until 1834 (*Caja de Aborros y Monte de Piedad de Jerez*), but in spite of their late arrival as compared to other European countries, Savings Banks played an essential role, managing as much as 87.07% of all banking assets in 2009 (Retolaza, San-José & Torres, 2011). Therefore, their origins are clearly social and unlike traditional banks, which are more oriented toward large companies and fortunes, the Savings Banks were focused more on small savers and families. This began to change in the 1990s, through a transformation process that has been referred to as the “bankarization” of the Savings Banks, which not only led to an equalization of the banking practices, it even led to overcoming their speculative trend, as in the case of the financing of extremely high-risk real estate promotions (Sanchís, 2013). In this way, they took over from banks the most profitable leadership in the banking business from the financial perspective, but at the same time suffered an irreversible loss of Identity. Two aspects stand out in this decline: the diversification of the business portfolio to include high-risk activities and the politicization of their governance bodies (Sanchís, 2013).

In addition to their banking activity and this financial education service for families, the Savings Banks also contributed a great deal to society by means of their investment in social projects, which has plummeted in recent years (Alemán, 2015).

Therefore, the founding principles of the Savings Banks and Ethical Banking were not very different from one another, but the former made an important turnaround in their decisions, behaving like something that they were not.

In just 12 years, more than 50 banking institutions have disappeared in the midst of merger processes and takeovers, particularly in terms of the Savings Banks, some of which had been around for more than a century, as can be seen in Figure 2. The concentration of assets in large banks was seriously detrimental to the competition and consequently, the clients were more vulnerable to possibly unfavorable changes.

3. Empirical Section: The Importance of Identity in the Organic Model and the Perception of Ethical Banking in Europe

An exploratory methodology was used to examine the influence of the Organic Model on the creation of European Ethical Banking in the academic literature, also analyzing the trajectory of Ethical Banking in Spain, in order to compare it to that of the Savings Banks during the same time period. A qualitative methodology was then used to collect information from interviews with distinguished persons in Ethical Banking and the Organic Model.

This methodology makes it possible to relate the academic literature to the professional application of the Organic Model, which considers organizations to be living beings and places a great deal of importance on recognizing their identity for organizational decision-making. It must be kept in mind that the values are integrated into the Identity and they must sustain the actions of the organization.

Furthermore, the academic literature regarding the 2008 financial crisis evidences a problem in the banking sector with regard to disinformation, fraudulent activities, important financial risks, the impact on traditional banking clients and the socialization of losses (Camacho et al., 2013). The large number of fraudulent activities carried out in the banking sector also generated various questions about what favored this lack of ethics; what the causes were that led to this scenario and whether it was possible to minimize the risk by not reaching these situations (Alemán, 2015). The academic literature also evidences that Ethical Banking was not affected by these fraudulent practices and indicates some of the objective factors that could have favored their managers to make

different decisions (Sanchís, 2013), such as not earning objective-based bonuses (thus not promoting the profit motive). For a more in-depth examination of these motives and to relate them to the application of the Organic Model in organizations, we have had to rely on a qualitative analysis, through in-depth interviews with important leaders, since a focus on the motivations of these managers would be difficult or impossible to observe ethnographically (Small & Cook, 2021). It would also be impossible to detect and understand how the founding principles and values of the organization were qualitatively perceived by the managers. In short, this constitutes the necessary observation that considers the Organic Model in order to assess whether the organization has a robust Identity shared by its managers.

The qualitative analysis of the study thus delves deeper into the motives why the Ethical Banking managers (using the Organic Model) did not make similar decisions to the Savings Bank managers, in spite of having similar founding principles.

The foundations of the Organic Model, the causes and consequences of the 2008 financial crisis and the most salient differences between Ethical Banking and Traditional Banking were highlighted in this research and are related to the existing literature.

The format of the qualitative interviews consisted of three previously scheduled semi-structured individual interviews, and having informed the interviewees of their topic and purpose. They were conducted during the second quarter of 2022. The predetermined open-ended questions permitted in-depth interviews to be conducted in order to contrast the premises derived from the exploratory methodology against the wide range of first-person experiences reported by the interviewees. The interviews were transcribed by the interviewer himself and this transcription was subsequently validated by the interviewee.

The sample was selected on a theoretical (non-statistical) basis (Yin, 2009). According to Small (2009), statistical selection is not the most appropriate for this type of research. Those interviewed were not randomly selected, rather it was guided, as we believed that this is an “Extreme/deviant case” (Flyvbjerg, 2006), since Ethical Banking represents an exception within the serious 2008 crisis in the Financial Sector, as it did not suffer any of the generalized consequences of the crisis.

In this sense, the participant selection was intended to expand upon the depth and richness of the data needed to achieve the working objective of this study, namely, to reveal the advantages of applying the Organic Model to organizations, using European Ethical Banking as an example, which came about from the impetus of this model. For this reason, the sample consists of an expert consultant on the Organic Model, with more than 30 years of experience as a business consultant and facilitator of management and leadership programs; he was joined by directors from two pioneering organizations in Ethical Banking in Europe (Triodos Bank and GLS), which had used the Organic Model since their initial founding. Both institutions have a very important representative weight in the European Ethical Banking sector, as GLS Bank is recognized as the first Ethical Bank to be created in Europe and Triodos Bank is the most important Ethical Bank in terms of the number of customers and deposit management in Europe. Both banks are founding members of the Global Alliance for Banking on Values. According to the Ethical Finance Barometer in Spain in 2021, Triodos Bank represented 85% of the savings deposited in Ethical Banking and 94% of the overall volume of loans that were granted.

It was also important in terms of the quality of the study that one of the people interviewed had played an important active role in introducing Triodos Bank in Spain and to have experienced the 2008 banking sector crisis and its subsequent repercussions from the management perspective.

The objective of the three interviews within the framework of this qualitative study was thus not to analyze a representative sample of the population set, but rather to delve deeply into the exploratory study in order to better understand the context and the actions of the organizations and persons being studied. In this way, the foundation could be laid for future, more quantitative investigations that could help us to understand the functioning of the population as a whole.

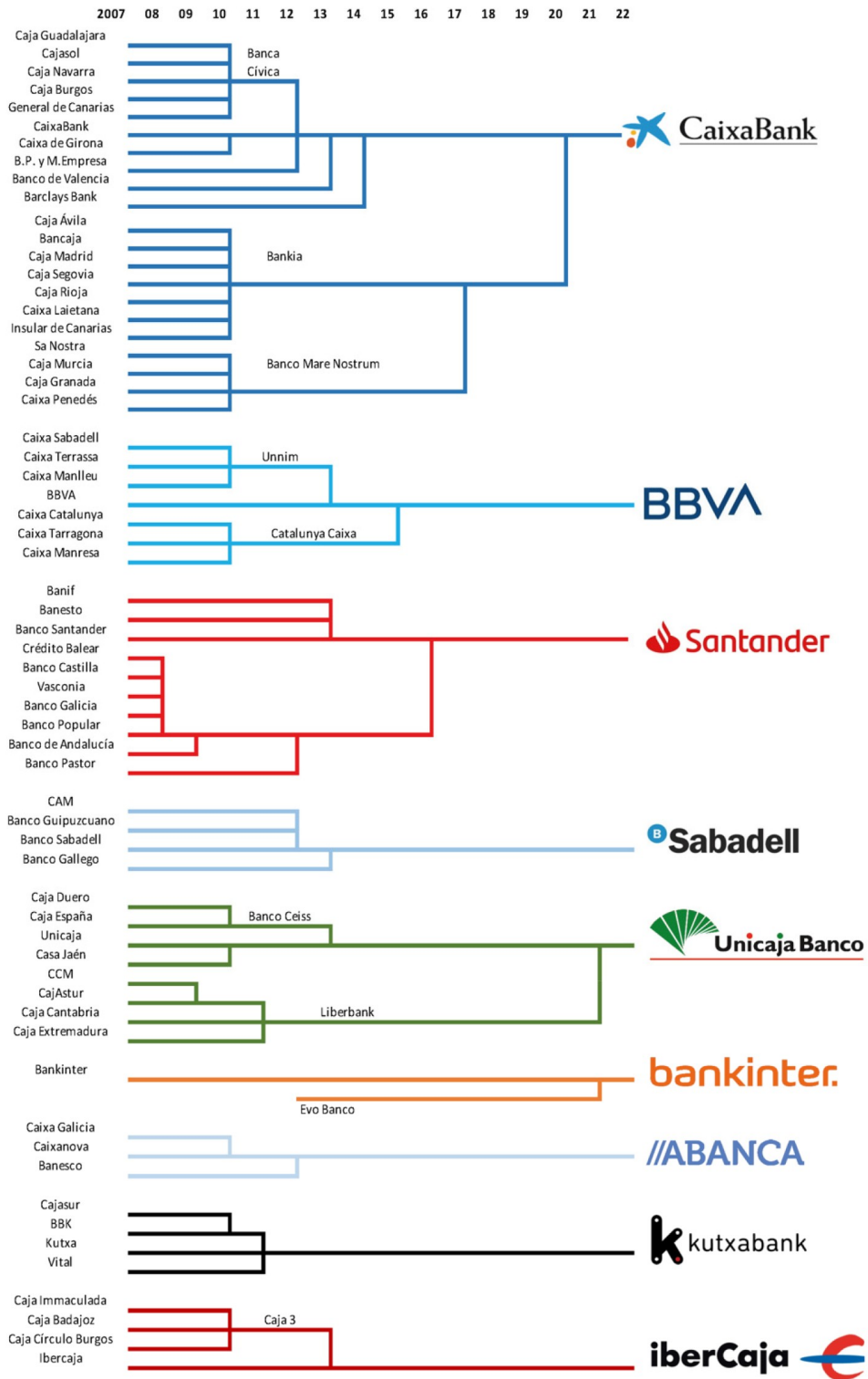


Figure 2. Banking Sector Concentration in Spain since 2009 (Expansión)

3.1 The Importance of Identity in the Organic Model

Identity is the impetus that *makes us who we are*.

The relevance of this concept appears as early as Plato's rhetoric and especially in that of Socrates, who in order to define identity introduces a new word *Thymos*, which according to him is a part of the soul that he calls the spirit, unique to each individual and which defines the motivations for their actions, defined by him as the basis of identity (the desire that motivates the warriors of the era to take risks). The interesting part of this lies in two ideas: one, that they did not do so to receive financial compensation, rather to receive recognition from the audience after their fight and two, that only the elite could benefit from this privilege.

Centuries later, at the hand of Luther, the theory of the relationship between man and his environment was revolutionized; this internal experience is within the reach of everyone and is in contrast to the external experience. The internal experience corresponds to what is known as identity, which represents a value in itself, as the idea resides in it that it is unique and unrepeatable in each person, and its meaning is to express itself in order to be recognized as a unique source of value and to receive external (social) recognition.

People have an interior world or reality and also live in an external world or reality. From Plato to the most modern psychological theories, it has been demonstrated that people need recognition from their environment of who they are, in other words, based on their individual, unique and unrepeatable features; their health and physical, psychological and mental balance depend on it. This external recognition of their identity is thus associated with their dignity and their spirit.

What the Organic Model proposes by considering organizations to be living beings is that they also live in these two realities: the organization's identity allows it to experience its drive to be, its "thymos," and to explain whatever its role is in society, what its value is and what it contributes.

If a human being lacks recognition of their identity, they become ill and/or mentally disturbed; the same thing occurs in an organization, where the symptoms in this case are poor decision-making, a strained environment, high staff turnover, negative stress, etc. even though it is still able to earn money. Therefore, the Organic Model considers Identity to be the source of all activity in an organization and of the value that it contributes to the world.

The relevance of this concept appears in the rhetoric of Plato and particularly in that of Socrates. In order to define identity, in Spain, we have the example of the loss of identity of the Savings Banks. According to the Organic Model, this internal Me is worth more than the external one, and therefore sacrificing identity to obtain more extravagant economic results, for the Savings Banks, meant sacrificing their own impetus under the pressure of the economic and technological change that began in the late 1980s. The results obtained should cause us to reflect as a society on whether this is the path we wish to follow.

3.2 The Organic Model and Ethical Banking

Triodos Bank and GLS Bank are pioneering banks in European ethical banking. They have also promoted the creation of the GABV (Global Alliance for Banking on Values) and currently are leaders in their sector.

In order to determine their relationship with the Organic Model, the maintenance of their identity and the different impact of the 2008 financial crisis on the Savings Banks, two relevant individuals from these organizations have been interviewed. Some of the most relevant contents are highlighted below.

European ethical banking, which came about based on Rudolf Steiner's thesis and therefore following the bases of the Organic Model, is inspired by a vision of Human Beings, the Social Entity and the Earth itself that is characterized by respecting human dignity. This does not make humans an object for profit, a consumer good or a simple work resource. The mechanistic treatment that refers to people as "Human Resources" and assesses them only as productive or non-productive, as parts in the gear work, which if they fail can be replaced by another, negates and even can impede great capacities from being developed. This idea of human dignity focuses on 3 overarching qualities (or at least capacities that in order to become skills, must be put into practice):

First is Freedom, understood as the ability to act knowing the truth that determines the consequences of your actions, without being conditioned by fear or greed. This means acting with full awareness and knowledge. Secondly is Love, understood as wanting to work to provide the world with the best of each of us, making it a better place to live in, while also caring for others. Thirdly is Creativity, in order to find new ways to do what is needed and not adapt to a sick social model that leads to disaster.

Work life must be the scenario where all 3 qualities can be developed and put into practice. The business may become a path of self-knowledge, of personal growth and transformation of both the world and society. This is the model that inspires the creation of Ethical Banking, both in the case of Triodos Bank and GLS, and it continues in effect even today. It is the longing to promote a change in global awareness in order to create a viable, dignified model for humanity and the planet.

The 2008 crisis did not affect Ethical Banking because it was not involved in speculative or complex financial products, rather in service to the real economy in a conscientious and respectful manner. On the contrary, these years of crisis were years of growth and consolidation of Ethical Banking.

The Savings Banks had a purpose similar to that of Ethical Banking. They had an orientation that was very close to the humblest people who did not have access to opening a bank account. They did extremely important work in terms of financial education and supporting families so they could save and opt to purchase a home with good planning. They were organizations that were accessible and linked to the area where they operated, where they also engaged in social projects that benefited the entire community of people. Their purpose and values were very clear and well defined and were understood and shared by those in charge and those who formed part of them. All these values fall into crisis when identity is lost and when the origins are forgotten. The change began in the late 1980s and early 1990s. The fall of the Berlin Wall opened the door to strive for growth under the banner of globalization. The Savings Banks gradually replaced their veteran directors who had so skillfully integrated that founding identity and preached the values by example with modern external consultants who demanded growth and expansion. New competitive models were implemented, those who did not fit in with the new model were transferred and growth was rewarded. Years later, this loss of identity led to their death. In less than two decades, a hundred-year-old model was destroyed that had survived even the Civil War, in an attempt to implement models that should have improved efficiency and resulted in excellence in management. The key is that they lost sight of their origins and their identity, they forgot why they were created, what they were there for, what their values were...and this caused the institution to die out in less than 20 years. Today there is still no change of conscience, or any desire to change the focus. It is necessary to equip the organization with a purpose, a meaning, and a clear Identity; this is not only good for the organization, it is also good individually for the people who form it. Recovering one's identity is the basis for physical and emotional health. The negative impact is experienced not only by the organization itself; it also has an enormous social cost.

Another error made by traditional Banking and companies in general was creating internal competition among workers, generating competitiveness instead of cooperation. Ethical Banking never uses bonuses as motivation; the very purpose and values of the organization must motivate everyone who works there. Working with purpose and meaning makes it possible to truly create this healthy entity where each person is aware of the other in order to form a community. The purpose of the organization is what gives it meaning and the economic results are the consequence of efficiently performing this purpose, which is known and shared by all members of the organization, not just by management. It is necessary to get people to participate and involve them. In this sense, transparency is absolutely essential; there will always be information that must be confidential, but the organization must be transparent about what must be known. The focus has never been on growth or results, rather on the contribution made and social transformation.

4. Discussion of the Results

This study validates the Organic Model as a model of management appropriate for organizations, facilitating the fulfillment of their vital purpose and preserving the influence of values in decision-making, generating a positive impact in their environment.

The application of the model helps directors maintain coherence between the decisions that the organization must make and their reason for being, keeping the Identity healthy and feeling the values that it represents.

When the objective of the organization is no longer on the same level as the Identity and is situated on the same level as Resources (where we find the economic results), their managers can experience the dilemma of having to choose between increasing economic profits or following their ethical principles. This occurs due to an Identity crisis.

If the organization has a solid, well-defined Identity that is known and accepted by its members, the other levels will be positioned at its service and the economic results will be the consequence of efficiently carrying out that Identity, but not an objective in itself.

Identity does not serve to make someone believe in something, rather to make it real. It is the true purpose of the organization, “the impetus that causes it to be.”

According to the structure proposed by the Organic Model, at the resource and process level, the manager must apply rationality and intelligence and the decisions to be made often require quantitative focuses. If this intelligence is not used to serve the Identity and the focus (the objective) and is on the resource level, this is when the polarity occurs between the optimization of results and the preservation of values. The latter require more qualitative than quantitative focuses and generate distortions in the processes of optimizing the results, and so the “Separation Thesis” argues against mixing these two concepts.

The contributions of “artificial intelligence” to process and resource optimization are excellent in terms of efficacy, but they generate constant ethical conflicts. It is not capable of “feeling,” no matter how “intelligent” and perfected its algorithm is. It cannot integrate or share values with other machines.

The great contribution of the Organic Model is precisely that of considering the organization as a living being and giving it the same capacities, needs and responsibilities as a human being. It can fall ill (and also be cured) if its Identity is in crisis. If there are no values shared with the other organizations, this affects the social life and has a negative impact on it. If we disassociate the values from the business decisions, we are creating amoral living beings that violate human dignity... This is why Identity is so important in the Organic Model.

The study uses the great 2008 crisis of the financial sector and the subsequent practical disappearance of the Savings Banks as a real illustrative example. On the one hand, we have the trajectory of the main leaders in European Ethical Banking, who have always followed the theorem of the Organic Model, giving a great deal of importance to Identity. This bank wishes to promote projects of great social and/or environmental value that are also economically viable; therefore, what is important is the social benefit. The great transparency and coherence demonstrated over the years allows the partners and customers of this bank to be able to fully share in this objective, i.e., there is a **recognized Identity**. The directors earn no bonuses or financial incentives for better performance; no investments are made in the speculative economy; growth is prudent and gradual, providing stability and making the bank less vulnerable to external inclemencies, particularly to speculative bubble crises. The 2008 crisis did not just affect Ethical Banking, which came away even stronger.

On the other hand, we have Conventional Banking, which was strongly affected by the crisis, especially the Savings Banks; even though they had similar founding origins to Ethical Banking, with a strong social vocation, they had gradually lost their Identity in a clear process of Bankarization that began in the late 1980s and early 1990s. The origins have been lost, they have forgotten why they were created, what their purpose is, what their values are... A century-old model has been transformed that had survived even the Civil War, implementing optimization models focused on accelerated growth and maximization of short-term benefits. When Identity enters into crisis, the organization is disrupted or becomes ill, favoring poor decision-making that violates the values that had previously supported it. Furthermore, we must add the pressure of clients and shareholders to obtain good results and provide dividends or better interest rates, because the growth has generated these expectations. Consequently, the directors have the incentive to reach major objectives, have very high salaries, seek immediate profitability in order to reach these objectives, invest in speculative products and in markets that do not contribute to social welfare, are not transparent when it comes to making certain investments, and in order to obtain much faster growth, take many more risks.

It is the clients and shareholders themselves who can really determine the model to follow. As long as the focus is on economic results (in other words, “what do I gain?”), we will continue to have a model that looks out for the interests of the bank directors. The first to establish this focus will be the directors themselves, as we have seen in recent years, when even in the midst of the crisis, with processes of office closures, staff layoffs and cuts in public investment, their salary has doubled and the number of members of their governance bodies have increased (Sanchís, 2013). The salaries of some directors are 200 to 400 times greater than the average salary of Spanish citizens.

Perhaps the most appropriate question would be: What will we all gain? Transforming the financial system into an Ethical and Social Banking model that demonstrates that it has shared values with society will facilitate a healthy, respectful social life.

Table 1 summarizes the main characteristics of Ethical Banking and how it differs from Conventional Banking.

Characteristic	Ethical Banking	Conventional Banking
Transparency	Very high, constant and transversal reports available to all interested parties	Little transparency in relevant aspects, such as the investment criteria, who is being financed, bonuses to senior officials, etc.
Business Model	Focused on promoting financially viable projects with a high social and/or environmental value	Focused on being able to offer their shareholders high remunerations by obtaining great economic benefits.
Real Economy	Cover the financial needs of the communities where we work by financing productive and sustainable economies	Maximum profitability is sought and investments are made in structured and speculative products.
Client-Centered	Strong relationships are established by participating in the understanding and analysis of client projects, promoting them to be values-based.	The focus is on the payment guarantees of applicants and guarantors.
Long-Term Resilience	The organization works with a long-term perspective to ensure that it can maintain operations and be resistant to external disturbances.	Accelerated growth is sought and investments are made in risky products that offer high returns.
Managers' salaries	The highest salary does not reach 10 times the lowest, or around 5 times the average salary of the organization. There are no bonuses.	Very important salary differences in the same organization and in society. High salaries and bonuses.
Organizational Culture	The purpose, principles and values are known to everyone and partners and customers demand that you act consistently with them.	In decision-making, profitability or economic aspects are prioritized over the application of values declared by the organization.
Economic Results	These are the consequence of fulfilling the true purpose, with efficiency and responsibility.	They are the target.

Table 1. Main differences between ethical and conventional banking

5. Conclusions

The civil rights movements and protests concerning what were considered to be great injustices in the late 1960s accelerated the need to create the first social and ethical banks in Europe, with the aim of creating an economy at the service of people and the planet.

In those years, Spain benefited from a great network of Savings Banks with a long tradition (many of them were over 100 years old). While their purpose was not exactly the same as that of the emerging ethical banking, it did have a lot of similarities and therefore met the diverse social needs in the communities where they operated, showing themselves to be very close to the people and performing a crucial educational function in the area of finance for families who were less trained in this area.

The neoliberal trend in the late 1980s and early 1990s (with the fall of the Berlin Wall) generated a sharp desire for growth under the banner of globalization. The Savings Banks progressively adapted this new operating method and their original essence was diluted. Highly complex structured products were sold and this sale was

incentivized by high bonuses; high-risk real estate operations were financed, seeking short-term performance, etc. The savings banks fell into the same trap as the conventional bank, and in little more than 20 years, they were practically extinguished, while Ethical Banking strongly took root and grew steadily.

One of the main characteristic traits of Ethical Banking is **transparency**, since anyone interested can find out the projects to which its clients' money is destined and the investment criteria (real non-speculative economy that contributes social or environmental value and is economically viable). Information is also provided about the compensation received by the institution's directors (who are not incentivized by objective-based bonuses) and the difference between the highest and lowest salaries is revealed.

This exercise in transparency and coherence helps build a bond of trust with partners and clients.

1. The act of investing in the financial needs of the nearby communities creates solid links, as they participate in the comprehension and analysis of the project to ensure its social and/or environmental value. These are long-term sustained growth strategies that provide stability to the organization and are in contrast to the accelerated growth of the speculative bubbles.

Rudolf Steiner's Organic Model, created based on the holistic vision of people and organizations, has not only promoted the creation of beneficial projects, such as the main European ethical banks, it also provides the tools of analysis and observation that help place human beings in the center of the economy and business decisions, measuring the impact that they have on other living beings and the planet. The business strategies must serve the purpose (coherent with the Identity) and the economic results are not the objective, rather the consequence of efficiently meeting the true objective (providing positive value to society or the environment).

2. When the economic results are no longer the consequence of efficiently performing the purpose of the organization as set out in the Identity (Vision, Mission and Values) and they become its real sole objective, Identity enters into crisis. If the business decisions are adopted using only quantitative parameters, the values, which are qualitative, tend to be ignored.

We are experiencing a period of constant crises that are currently overlapping one another: the financial crisis of the banking sector, the COVID-19 health crisis, the energy crisis generated by the war in the Ukraine, the humanitarian crisis of refugees, the environmental crisis and climate change, etc. — and all of them have an impact on the economy, which increasingly concentrates resources and adds to the inequalities to a completely immoral extent. Ethical Banking not only proposes conscientious savings and investment, it also promotes a change in global awareness to create a viable, dignified model for humanity and the planet.

6. Limitations and Future Lines of Research

One limitation of the study is not having information about some of the qualitative variables in the observation of the social and environmental benefits provided by Ethical Banking. Likewise, we have thus also not been able to consider the possible negative social and environmental impacts that could be blamed on the malpractices of Conventional Banking, beyond the money from the banking bailout and the job losses derived from the crisis. Some of the authors in the bibliography consulted to carry out this work blame the banking sector directly for having caused the real-estate bubble, but we have limited ourselves to the disappearance of the Savings Banks, mentioning some entirely reprehensible practices that we understand to be very well known.

Another limitation is that when analyzing the trajectory of the Savings Banks, we have had to simplify their history into 3 different periods: From its origin to the end of the 1980s (150 years); from the end of the 1980s until the financial crisis (20 years) and from the financial crisis until now (15 years). It is an analysis that intends to focus on Identity (the impetus that causes us to be), but that surely requires greater depth, although we do believe that the overall interpretation is correct and helps us establish its framework.

Some conclusions of the study stem from the professional experience of those interviewed, whom we consider to have in-depth knowledge of the topic and a privileged perspective of what has occurred.

In this sense, work is being done on a practical case study and a more extensive bibliometric review of academic articles on the subject at hand, with the transversality that requires contributing new considerations to the study.

Consequently, future lines of research, already begun, place the focus on strengthening the empirical part of the study, exploring the alignment with an organization's Identity by its members in one bank or another. We also believe it is necessary to extrapolate the study to other European countries, such as Germany, where contrary to what has occurred in Spain, the Savings Banks continue to operate.

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Annex 1

Amounts in millions of EUR	2021	2020	2019	2018	2017
Financial					
Equity	1.250	1.208	1.201	1.112	1.013
Deposits from customers	13.285	11.747	10.694	9.564	8.722
Loans and advances to customers	10.168	9.157	8.209	7.267	6.598
Balance sheet total	16.504	13.888	12.082	10.867	9.902
Funds under management	7.662	6.362	5.671	4.673	4.604
Total assets under management	24.166	20.250	17.753	15.540	14.506

Table 2. Financial data Triodos Bank (Europe) (Triodos Bank)

Customers	2021	2020	2019	2018	2017
Number of depository receipt holders	43.521	43.614	44.401	42.416	40.077
Number of accounts - funds entrusted from customers	880.374	867.377	830.816	839.242	808.090
Number of accounts - loans and advances to customers	84.386	81.726	77.984	68.751	60.339
Number of customers	747.413	728.056	721.039	714.887	681.082

Table 3. Triodos Bank Customer Data (Europe) (Triodos Bank)

Social	2021	2020	2019	2018	2017
Number of co-workers at year end	1.715	1.592	1.493	1.427	1.377
Number of FTE at year end	1.584	1.463	1.370	1.317	1.259
Women as percentage of management team	39%	39%	44%	39%	44%
Ratio of highest to median salary	5,2	5,4	5,6	5,6	5,7
Environment	2021	2020	2019	2018	2017
Triodos Bank's own emissions, 100% compensation (in ktonne CO2e)	0,7	1,0	2,9	2,8	3,1
Net emissions in outstanding loans and investments (in ktonne CO2e)	364	358	293	152	-
Avoided emissions in renewable energy loans and investments (in ktonne CO2e)	-851	-933	-963	-985	-

Table 4. Social and Environmental Data Triodos Bank (Europe) (Triodos Bank)

Question	Triodos Bank	GLS Bank
When was the Bank born and what was its founding impetus?	Triodos Bank was born at the end of the 60s in Holland inspired by a Rudolf Steiner vision's of the Human Being.	The founding impulse was to transform the economy, putting money at the true service of people. This impulse was born at the end of the 50s in Germany.
Did Rudolf Steiner's thesis influence the founding impulse of the Bank?	Off course, the founding concept of human dignity starts from the anthroposophy's vision of the human being.	Absolutely, all the founders studied the spiritual science of anthroposophy, lived it and already practiced it in other areas.
Is this founding impulse still alive in the Bank?	Yes, it is still valid with permanent work on values and identity.	Today, more than ever, it identifies and positions itself as an ethical, sustainable bank with social impact, based on values and transparency.
How did the financial crisis of 2008 affect the Bank?	It didn't affect the bank, it was quite the opposite, it boosted its growth because it didn't work with speculative investment products.	Around this time, GLS absorbed ökoBank (Green Bank) and expanded. Every year it has maintained a strong growth in the number of clients, deposits and managed assets.
What are the differences between Triodos/GLS Bank and traditional banks after the crisis?	Profitability is more easily obtained by managing expenses well, working efficiently and moderating high salaries. This implies a commitment and a change in habits that many of the banks that have taken an interest in the Ethical Banking model are not willing to make.	Resilience: Serving the real economy, maintaining higher reserve quotas beyond those strictly required by regulation and also maintaining a correct ratio in the salary scale. Stable growth: without “inflated bubbles” of growth or large relapses. Transparency: reporting all the projects to which the deposits of clients and members are allocated.

Table 5. Ethical Banking interview summary

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