

# Purpose-Driven Banking

## How to live the *Laudato Sì* Conference

Centessimus Annus Pro Pontifice Foundation  
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### **Introduction**

Prefect of the Dicastery for Communication, Chairperson of Centesimus Annus Pro Pontifice Foundation, ladies and gentleman.

It is an honor for me to participate in this conference here at the Vatican City to humbly share our experience regarding how to live the *Laudato Sì*.

BBVA is a global bank based in Madrid with 75 Million customers, 125.000 employees and with strong presence in more than 30 countries, mainly in Spain, Latin America, United States and Turkey.

I have been working for the bank 12 years leading the Responsible Business function. Our role is to challenge the whole organization and to ensure that it systematically places the people at the core of decision-making, in everything from product design to complaints' management.

Last year, the Holy Father told us that we are not doing enough to save our Common Home and the future of Life on Earth. That we really need a deep transformation at all levels: citizens, corporations, institutions and politics. Pope Francis said "Our planet also needs urgently to be repaired and secured for a sustainable future. There is a real danger that we will leave future generations only rubble, deserts and refuse."

One of the goals of this conference is to explore which models of production, consumption and finance and which good practices have proved capable of implementing an integral ecology.

In my speech I will try to share our own journey to redefine the way we do banking to have a truly positive impact in peoples' lives.

In order to do that, I have structured my presentation in four points: (1) our vision about the world we live in; (2) how we must redefine the role of banks in society; (3) BBVA's ambitious response to face this reality; (4) and the collective initiative of Principles for Responsible Banking.

## **Environmental and social challenges for the banking industry**

Our vision about the world we live in is marked by a sense of urgency, but also by a sense of opportunity.

We are living an inflection point in the relevance of social and environmental issues in the financial sector due to five forces.

First, the global agenda marked by the Paris Agreement and the SDGs. An ambitious agenda that commits not only States but also companies.

In second place, the tremendous market opportunity generated by the SDGs. A market estimated at \$12 Trillion by 2030 and an annual investment expected of \$6 Trillion.

Third, an increasing pressure by institutional investors, which demand more information on ESG topics, as well as a long term vision.

Fourth, regulation and soft-regulation such as the TCFD recommendations, the International Network of Central Banks & Supervisors for Greening the Financial System, or the Action Plan of the European Commission, a fundamental step towards a more sustainable financial system that shows the international leadership of the EU in this field.

And finally, thanks to technology, never before have so many people across the world had access to so many opportunities. A huge potential to democratize progress and well-being but that must always put people first.

To conclude: we live in the era of responsibility. As our Group Executive Chairman pointed out in our last AGM "Never before has humankind had a greater responsibility as we do today. A responsibility for which we are increasingly being held accountable by younger generations".

The good news is that, for the first time in history, we have a common agenda that binds us all: the SDGs and the Paris Agreement.

## **The new social role for banking**

We therefore are facing a plethora of challenges, challenges for a more sustainable future, which are global in nature and which that demand commitment from us all, including banks as relevant actors in society.

Given this challenging environment, some of you may be wondering: What is the future of banking? In response to that question, we say: " The future of Banking is to finance thinking about the Future," a Future with a capital F.

We need to redefine the new way of banking that our societies call for and need.

Today more than ever banks should be purpose-driven organizations. A purpose that must be transformational, massive and truly oriented to create a positive impact on people's lives.

Our success depends, ultimately, on the prosperity of the societies we serve.

## **Our aspiration at BBVA**

And this leads to my third point: which is our aspiration at BBVA?

We want to promote the change that our society needs and contribute to ensure the well-being of present and future generations. We aim to be the link between society and the future, between society and opportunities.

This human-centric mindset is at the core of BBVA's purpose which is to bring the age of opportunity to everyone.

A meaningful purpose for all our stakeholders that inspired us to go further and amplify our ambition.

A response that was announced with our Pledge 2025, BBVA's climate change and sustainable development strategy, which builds on 3 pillars: to finance, to manage, to engage.

First to finance. We will help to create the scale of capital mobilization to halt global climate change and attain the SDGs. We have committed to mobilizing €100 Billion from 2018 to 2025. In 2018 we have already mobilized €11.8 billion.

We include here not only green finance but also sustainable infrastructure, financial inclusion and entrepreneurship. We want to have a holistic approach in line with the integral ecology concept that inspired *Laudato Si*.

Second to manage. We will manage our environmental & social risks to minimize potential negative direct & indirect impacts.

We have been the first bank in the world to disclose our exposure to fossil fuels and we work to progressively align our lending activity with the Paris climate objectives as we announced last December with the Katowice commitment, together with ING, BNP Paribas, Société Générale and Standard Chartered.

We have also set new sector norms in energy, mining infrastructure and agribusiness. And we have set a target of 70% renewable energy in 2025, 100% in 2030.

And third to engage. We will engage with all our stakeholders to collectively promote the contribution of financial industry to sustainable development.

## **Principles for Responsible Banking**

In this sense, in 2018 we worked with 27 banks and UNEP FI, the UN partnership with the financial industry, to promote the Principles for Responsible Banking which will be finally signed next September in New York.

A set of principles that require: (1) aligning our business strategy to the SDGs and the Paris Climate Agreement; (2) promoting the positive impacts, and reducing the negative ones; (3) working with our clients to promote sustainable practices; (4) engaging proactively with other

banks and stakeholders; (5) implementing the right governance and culture to achieve specific long-term objectives; (6) and all this with transparency and accountability.

We are convinced that the Principles for Responsible Banking are the response our societies need.

The Principles are THE initiative to show the strong commitment of banks to finance thinking about the future.

The Principles are the best framework to build a global coalition of banks to create the scale of change our world needs, to align banks to society's goals.

It is a clear example of the request done by the Holy Father in chapter number 5 of *Laudato Si* about dialogue, principles, interdependency, common plan and transparency.

In this sense, we encourage all banks to sign these Principles. It doesn't matter where they are in the sustainability journey. What matters is their commitment to the common agenda of financing prosperity.

## **Conclusions**

To conclude, I would like to share two key thoughts.

The first one is that, as I said in the beginning, "we need to reimagine the role of banking in society. Banks need to redefine their purpose. A purpose that is as transformational as massive, aimed at having a positive impact on people's lives".

Some banks are working hard to make it real. But we need to think big, to do more, faster and all together with our stakeholders.

The Principles for Responsible Banking are our compass. Definitely, these Principles will make us better banks, will reinforce the sustainability of the whole financial system and will help us to better serve our societies and future generations.

The second one is about the kind of leadership humankind needs. A leadership based on four pillars as described by Chris Lowney in his book *Heroic Leadership*: (1) self-awareness to understand our strengths, weaknesses and values; (2) ingenuity to innovate and embrace a changing world; (3) love to engage and partner with others; (4) and heroism to energize ourselves and others in bigger ambitions.

This is the vision we are living every day in our journey to shape a truly purpose-driven banking.

Thank you very much.