

**FMO**

Entrepreneurial  
Development  
Bank

EXCHANGE ON

**THE FUTURE OF BANKING**

ROTTERDAM, NL | 28-29-30 SEPTEMBER 2014

# EMPOWERING ENTREPRENEURS







# Exchange on the Future of Banking

As September grew to a close we - over 350 bankers and others in the financial sector, representing over 60 different countries - gathered in Rotterdam to discuss the way forward for the financial sector in emerging markets.

It proved to be an open, inspiring and thought provoking event where we heard from enriching speakers, knowledgeable panelists and informed participants: you. With guidance from our eloquent moderator Yolanda Nokuri-Hegngi, our combined insights led to the conclusion that the world is changing around us and that banks need to innovate in order to stay relevant. Empowering entrepreneurs and supporting SMEs is one way of doing that.

The event was also productive in the business sense, with 11 contracts (!) signed on the day.

We would like to extend our gratitude to our partners Rabobank, Triodos, DEG and Proparco for their involvement and contribution. Our congratulations go out to the winner of the SME Finance Innovation Award, Banco BAC San José, who received their award during the Exchange.

And last, but certainly not least, we also want to thank you, the participant, for your important and valued contribution and hope to see you at the next Future of Banking event!

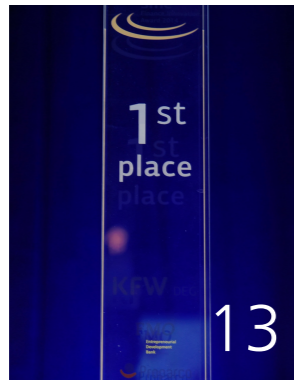
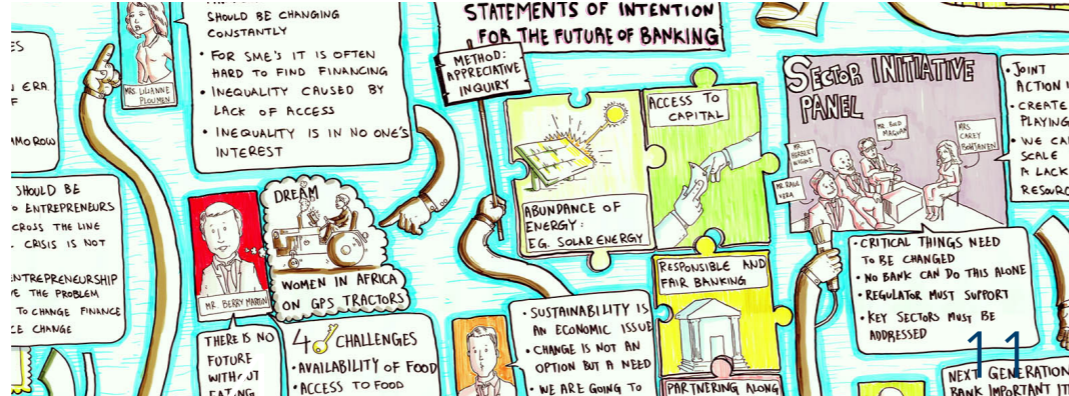
Jaap Reinking  
Director Financial Institutions of FMO



Want to relive the event? Watch the video >>

For all event reporting, photos and other content [please visit the website](#)





# Contents

- 2 • NANNO KLEITERP  
CEO of FMO
- 3 • LILIANNE PLOUMEN  
Dutch Minister for Foreign Trade and Development Cooperation
- 4 • BERRY MARTTIN  
Member of the Executive Board, Rabobank Nederland
- 5 • ASPIRATIONAL OR TRANSFORMATIONAL?
- 6 • PAUL GILDING  
Independent writer & advisor on sustainability, former global CEO of Greenpeace
- 7 • THE EXCHANGE IN PICTURES
- 8 • PAUL ISKE  
Head of the Innovation Centre and Chief Dialogues Officer at ABN AMRO Bank
- 9 • ENTREPRENEURS ON INNOVATION  
Roundtable discussion with successful entrepreneurs on innovations
- 10 • TOMÁŠ SEDLÁČEK  
Chief Macroeconomic Strategist at ČSOB
- 11 • THE EXCHANGE AT A GLANCE  
A graphic of the outcomes
- 13 • SME FINANCE INNOVATION AWARD
- 14 • OPEN SPACE PROGRAM
- 16 • THE POWER OF EXCHANGE  
Linda Broekhuizen



# Nanno Kleiterp

CEO of FMO

“You probably all read the news that the fortune 500 companies took the center stage at the climate summit last week, all committing to clean energy.

Also we, the financial sector, will need to change, which means innovation, and working with new business models. I am an optimist and love this positive vision that focusses on the possibilities and opportunities.

I see great potential for banks and other financial institutions to take their role in the change we urgently need. Banks can exert their influence as the spider in the web, linking society, companies and entrepreneurs.

These insights and discussions have led to the new strategy for FMO. FMO, as a development finance institution, should follow a more holistic approach, by combining economic, green and inclusive growth. We cannot focus on one, and do the other later. We need to multitask, because each of these elements is inseparable and need to jointly be part of our goals, in order to achieve meaningful results.

Therefore FMO has set a new ambition: to become the leading impact investor by 2020. We have set ourselves a very ambitious goal to double our impact and halve our footprint and maintain stable financial returns. In practice that means that we will grow and at the same time innovate, expanding the share of green and inclusive business in our portfolio.”

“I see great potential for banks to take their role in the change we urgently need.”



# Lilianne Ploumen

Dutch Minister for Foreign Trade and Development Cooperation

“Looking at this audience I see financial leaders from around the world. Your institutions are pivotal to economic growth. They are the key link between savings and investment. I realize that eradicating world poverty is not your number-one priority. But I would encourage you to view SME financing from a different perspective.

I believe that SMEs – often run by ambitious young men and women – offer very attractive investment opportunities. After all, they are innovative, their profits grow rapidly and they create jobs. It’s true that many of them don’t have collateral or a robust track record, and this makes them higher-risk. But risks can be mitigated if banks and government act together.

Last July I launched the Dutch Good Growth Fund, which stimulates investment in development-relevant local projects and exports. These are projects of both Dutch and local SMEs in emerging markets and developing countries. The Fund provides guarantees to banks and financing to SMEs that have no access to it. I want these risk-mitigating instruments to encourage you, as financial leaders, to give SMEs credit.

The Dutch Good Growth Fund also creates partnerships between commercial banks, NGOs and government. These partnerships encourage the creation of alternative and innovative lending services – yet another way of giving SMEs easier access to credit. Programmes like the Dutch Good Growth Fund enable SMEs to undertake innovative and successful projects, and give commercial banks the opportunity to be part of, and even take over, profitable ventures.

For me, the future of banking involves exploring new activities, new ideas and new markets. Exploring alternative and innovative forms of finance, including new players and new products.” [READ ON >>](#)



“I encourage you to view SME financing from a different perspective.”





"Our main challenge is that we should start feeding the world."

## BERRY MARTTIN

Member of the Executive Board, Rabobank Nederland

"I have a dream, that in 20 years' time I drive through Africa and see a lot of women driving around on a GPS tractor with a mobile phone in their hands, selling their crops on the markets."

### Banking4Food

Four key global challenges to global food security



For the full presentation, please click [here >>](#)



# Aspirational or Transformational?

Roundtable: are sector-wide initiatives on sustainability aspirational or transformational?

“We need to join forces. Banks in Nigeria agreed it should not be a greedy competition, but a shared experience to protect our environment.”

Mr. Herbert Wigwe, CEO of Access Bank

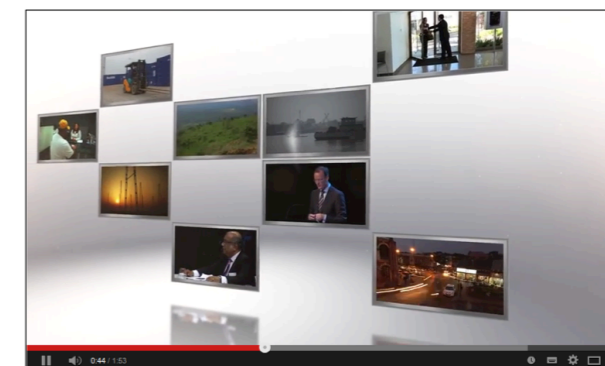
“In Mongolia we had the advantage that the initiative came from the private sector. Governments are now working on a strategy for green development and banks convinced the regulator to be actively involved in this process.”

Mr. Bold Magvan, CEO of TenGer Financial Groups and of XacBank

“We also need to convince our customers that environmental preservation is just as important as social income. Otherwise there is no balance.”

Mr. Raul Vera, Executive Chairman of Banco Regional SAECA

The sector-wide initiatives bring together key players and regulators so that they can work together for the greater good on a level playing field. To learn more about the sector-wide initiatives check the video >>



From left to right: Ms. Carey Bohjanen as moderator and Mr. Herbert Wigwe, Mr. Bold Magvan, and Mr. Raul Vera discussing their experiences with sector-wide initiatives on sustainability.





“We will change at a scale and speed we can barely imagine today.”



# Paul Gilding

Independent writer & advisor on sustainability,  
former global CEO of Greenpeace

“Sustainability has no longer only an environmental meaning, but has become an economic issue and there is a necessity for change. There are limits to growth and resources. Although this fact has been ignored in the past it has become reality now.

We will change at a scale and speed we can barely imagine today, completely transforming our economy, including our energy and transport industries, in just a few short decades. We are going to change because we have no choice.

This transformation will happen through the sources of the markets. The way we get things done in life is through markets. Markets are the best mechanisms. We need competition, we want ideas and innovation to flourish and we want capital allocated as efficiently as possible. Markets are good at all those things.”

Visit website Paul Gilding >>

Follow Paul Gilding on 





For more photos of the Exchange on the Future of Banking 2014 [click here >>](#)





A portrait of Paul Iske, a middle-aged man with short grey hair, wearing a grey blazer over a checkered shirt. He is looking slightly to the left of the camera with a neutral expression. The background is dark and out of focus.

## PAUL ISKE

Head of the Innovation Centre and Chief Dialogues Officer at ABN AMRO Bank

‘A bank? And you were always such a good student’, responded a friend jokingly when Paul Iske told him that he had accepted a job offer from ABN AMRO, a leading Dutch bank. His friend can rest assured that Iske has never become a typical banker.

The professor of Open Innovation at Maastricht University heads the Innovation Centre at ABN AMRO. Being ABN AMRO’s Chief Dialogues Officer, he initiated the Dialogues House, a meeting place visited by over 200,000 people last year, both from within and outside the bank, aimed at a free exchange of ideas and finding novel ways to create value. Furthermore, Iske is the man behind various startlingly refreshing initiatives such as the Institute of Brilliant Failures and the International Institute for Serious Optimism.

### **What will the bank of the future look like?**

‘First of all, when I talk about the next generation bank, it’s not just about the bank of the future but also about the bank of future generations. We have to find new, sustainable ways to add value, not just financial value, but also social and environmental value. Both our clients and society as a whole demand a more holistic approach to banking with more than just money entering the equation.

Five years ago we initiated Seeds, a crowd funding platform. There’s a growing number of organisations and people willing to invest in projects and businesses, even if they don’t meet the traditional criteria for profitability. They want their money to make an impact that reaches beyond financial gain. For example, Seeds enabled a charitable organisation to raise a substantial amount for the partial restoration of the Dom tower (edit: Netherlands’ highest church tower located in Utrecht). More recently Boyan Slat, a 19-year-old student from Delft University, managed to raise over two million dollars for The Ocean Cleanup, an experimental system to filter plastics from the world’s oceans. Crowd funding is only one example of impact investing.

By offering and facilitating these kinds of platforms, banks can play an important role in the economic and social developments in emerging and developing markets. And it’s not just a one-way-street. If you look at how far ahead part of Africa is in adopting mobile banking for example, there’s quite a few lessons we can learn from there. I call it reverse innovation. Sometimes it helps not be limited by existing structures and boundaries.’ [READ ON >>](#)

“When I talk about the next generation bank, it’s not just about the bank of the future but also about the bank of future generations.”



# Entrepreneurs on Innovation

Top entrepreneurs Mr. Nick Hughes, Mr. Strive Masiyiwa, and Mr. Iqbal Quadir shared their experiences on being entrepreneurs in the mobile banking sector and what this means for financial institutions.

“We should think radically about financial services for the poor. On the rails of existing infrastructure, we can now reach many more consumers than was ever thought possible and business models are starting to emerge that utilize this connectivity.”

Mr. Nick Hughes, Founder of M-KOPA and M-PESA

“Regulators have a role in boosting innovation on mobile platforms by allowing smaller companies to compete with the larger telephone companies currently dominating the market. They should never, however, stand in a way of growth.”

Mr. Iqbal Quadir, Founder and Director of Legatum Center at MIT and Grameenphone

“We never saw ourselves as competitors to banks because the money people stored with us was not in banks. It was under mattresses.”

Mr. Strive Masiyiwa, Chairman and Founder of Econet Wireless

From left to right: Mrs. Yolanda Nokuri-Hegnji as moderator, Mr. Nick Hughes, Mr. Strive Masiyiwa and Mr. Iqbal Quadir discussing their experiences with innovation and the role of the financial sector.







“The economy needs a return of spirit.”

## TOMÁŠ SEDLÁČEK

Chief Macroeconomic Strategist at ČSOB

We have lost confidence in Western-style economics, says Tomáš Sedláček. The limitations of an unfettered free market based on debt are becoming increasingly apparent. That is why the Czech economist hopes that emerging countries will not be making the same mistake the Western ones did. But he has little confidence. ‘You see a lot of debt in China too, on the canton level.’

For the conference ‘The Exchange on the Future of Banking’, held on 29 September 2014, FMO went looking for a thought-provoking speaker. And if that is what you want, Tomáš Sedláček (born 1977) is your man. This former advisor to Czech president Václav Havel is an influential economist, who is not afraid to question his own discipline, for example in his book *Economics of Good and Evil*. He did the same during the FMO conference, commenting on such unquestioned Western attainments as interest and free market economics applied to an excessive degree. In addition, this Chief Macroeconomic Strategist of the Czech bank ČSOB talked about the role played by banks.

‘Money is energy’, says Tomáš Sedláček. In his view, this energy can have beneficial – even magical – effects. ‘Interest, for example, allows us to travel through time.’ It enables us to take an advance on future prosperity. ‘But it also has certain spooky qualities, which was recognised by early religions and by philosophers.’ We can lose our grip on the large quantities of energy held by the banks. The potential consequences of that are clear from the credit crunch.

Western-style economies have great benefits thanks to this ‘time travel’, Sedláček says. The accumulation of enormous debts, however, means that we are taking too large an advance on the future. He compares the average American to the average Chinese person. ‘The first one is 14 times as wealthy as the second one, to be sure. However, the American is only saving 4 per cent, while the Chinese person is saving 40.’

All those debts give us the illusion that we are richer than we really are. ‘They are addictive, and kicking the habit is hard – even after the credit crunch.’ Even though it was debts that brought us to the brink, we still attempt to solve our problems through more debts. ‘Right now we are pretending that a lack of growth was the problem, instead of the debts themselves’, Sedláček argued during his lecture. After the conference, we spoke to the Czech economist on these and other fundamental flaws of Western-style economics. [READ ON >>](#)



# FMO

ENTREPRENEURIAL  
DEVELOPMENT  
BANK

# EXCHANGE ON

# THE FUTURE OF BANKING

ROTTERDAM, NL | 28-30 SEPTEMBER 2014

SS ROTTERDAM SIMILARITIES  
WITH CONFERENCE

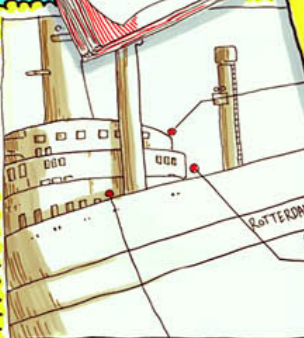
- BEGINNING OF AN END OF AN ERA
- DESIGN WITH CLEAR VIEW OF THE FUTURE.
- THE SHIP OF TOMMOROW TODAY.



- BANKERS SHOULD BE CLOSER TO ENTREPRENEURS BUT NOT CROSS THE LINE
- FINANCIAL CRISIS IS NOT ISOLATED
- SOCIAL ENTREPRENEURSHIP CAN SOLVE THE PROBLEM
- WE HAVE TO CHANGE FINANCE TO FINANCE CHANGE

WELCOME DINNER

28



- FINANCIAL INSTITUTIONS SHOULD BE CHANGING CONSTANTLY
- FOR SME'S IT IS OFTEN HARD TO FIND FINANCING
- INEQUALITY CAUSED BY LACK OF ACCESS
- INEQUALITY IS IN NO ONE'S INTEREST



WOMEN IN AFRICA ON GPS TRACTORS

THERE IS NO FUTURE WITHOUT EATING

4 CHALLENGES

- AVAILABILITY OF FOOD
- ACCESS TO FOOD
- BALANCED NUTRITION
- STABILITY



- SUSTAINABILITY IS AN ECONOMIC ISSUE
- CHANGE IS NOT AN OPTION BUT A NEED
- WE ARE GOING TO CHANGE BECAUSE WE HAVE NO CHOICE

STATEMENTS OF INTENTION FOR THE FUTURE OF BANKING

METHOD: APPRECIATIVE INQUIRY



ABUNDANCE OF ENERGY: E.G. SOLAR ENERGY



ACCESS TO CAPITAL



RESPONSIBLE AND FAIR BANKING



PARTNERING ALONG THE VALUE CHAIN



INNOVATIVE FINANCE TO INNOVATION

SECTOR INITIATIVE PANEL



- CRITICAL THINGS TO BE CHANGED
- NO BANK CAN DO
- REGULATOR MUST
- KEY SECTORS MUST BE ADDRESSED



- COMPLEXITY AS FOR AGILITY AND RESILIENCE
- WE NEED PARADIGM SHIFTS
- EXPERIMENTAL THE NEW P

TAKE IDEAS AS SEEDS IN YOUR CONTEXT



- WELCOME
- THE NATURE OF THE PLACE FITS THE NATURE OF THE TOPIC



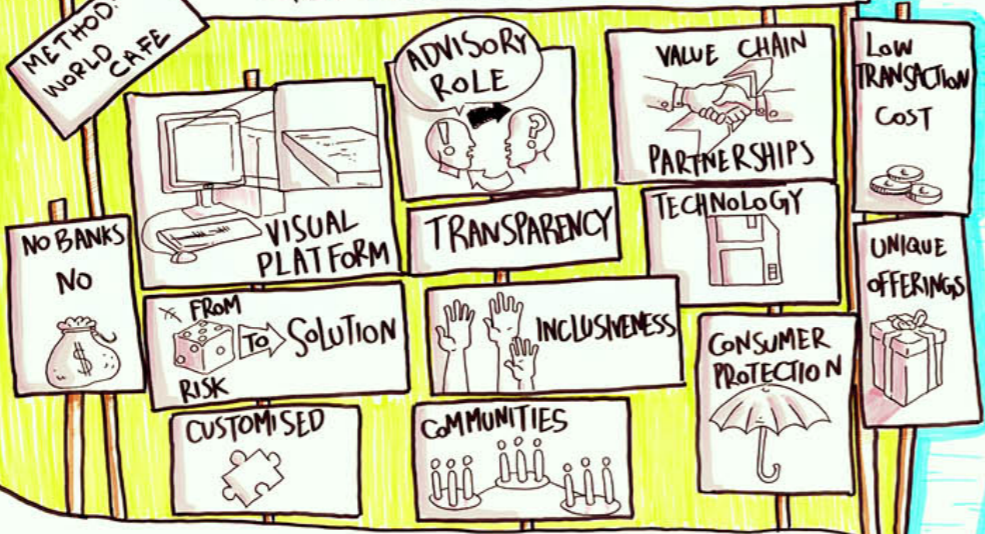
BANKS AS SPIDERS IN THE WEB

- OUR AMBITION IS A CONFERENCE THAT WILL INSPIRE YOU
- HOW CAN WE INCREASE THE QUALITY OF THE LIVES OF OUR CLIENTS

YOU CAN'T GROW AN ECONOMY WHICH IS OPERATING ON ITS LIMITS



# FEATURES OF THE NEXT GENERATION BANK



30



- WE HAVE TO RUN TO STAND STILL
- WE NEED CREATIVITY

- 3 PROVOKE IDEAS FROM YESTERDAY
- THE ELEMENT OF CHANGE
  - OUR BUSINESS MODELS ARE CHALLENGED
  - THE DIFFERENCE BETWEEN ENTREPRENEURS AND BANKERS

- CLOSING REMARKS**
- SPIDER THREADS ARE STRONG AS STEEL
  - THANKS TO DEG, TRIODOS RABOBANK, PROPARCO

## HOW WE CAN CREATE THE NEXT GENERATION BANK



VENTION BANKING

ACCESS TO CAPITAL

RESPONSIBLE AND FAIR BANKING

PARTNERING ALONG THE VALUE CHAIN

INNOVATIVE FINANCE TO INNOVATION

### SECTOR INITIATIVE PANEL



- JOINT ACTION IS NEEDED
- CREATE A LEVEL PLAYING FIELD
- WE CANNOT SCALE BECAUSE A LACK IN RESOURCES

### FINANCIAL SECTOR IN INNOVATIONS PANEL



- WE NEED TO PRODUCE DIFFERENT PRODUCTS
- MULTATIONALS LOST THE WILL TO INNOVATE
- WE CONSIDER CASH AS OUR MAIN COMPETITOR
- MOBILE INCREASED THE VELOCITY OF MONEY
- TECHNOLOGY UNLEASHES NEW FORCES

- CRITICAL THINGS NEED TO BE CHANGED
- NO BANK CAN DO THIS ALONE
- REGULATOR MUST SUPPORT
- KEY SECTORS MUST BE ADDRESSED

- NEXT GENERATION BANK IMPORTANT ITEMS
- SCALABLE HUMANITY
  - SOCIAL CAPITAL
  - INTELLECTUAL CAPITAL
  - SOCIAL INNOVATION



- COMPLEXITY ASKS FOR AGILITY AND RESILIENCE
- WE NEED PARADIGM SHIFTS
- EXPERIMENTATION IS THE NEW PLANNING

MOBILE AS CONNECTING MEDIATION PLATFORM FOR HEALTH, EDUCATION...

IF YOU GIVE SOMETHING TOO MUCH POWER IT MIGHT DESTROY YOU



- ECONOMY IS MANIC-DEPRESSED
- GDP = GROSS DEBT PRODUCT
- INTEREST RATE MAKE TIME TRAVEL OF MONEY POSSIBLE

### KEY INSIGHTS - ACTIONS





# SME Finance Innovation Award

The SME Finance Innovation Award is specifically designed to honor financial institutions for innovative products, services and distribution channels in SME Finance. The award is initiated by three European Development Finance Institutions – German DEG, Dutch FMO and French Proparco.

“We help SMEs get credit in a much simpler and faster way.”

Adolfo Haug, Bac San Jose

Winner of the SME Finance Innovation Award is the Costa Rican Banco BAC San José.

At Banco BAC San José they use the financial records of clients as collateral. Companies asking for credit can have their existing data automatically evaluated by the bank. This speeds up the process of credit approval and reduces the costs involved.

[Watch the video >>](#)





## Plenary of Open Space

Please present in one minute the 1-2 key take-aways of your discussion and most important recommended next steps.

FMO

# Open space program





# engage, exchange and co-create

For the outcomes of each of the open space sessions, please click here >>





# The power of Exchange

Taking part in the Exchange on the Future of Banking proved to me once again the value of sharing ideas, inspiration and experiences. To me that is where change starts. It is about opening your mind to new ideas, and daring to go beyond the comfortable.

Paul Gilding challenged our views and thinking, arguing that we will change at a scale and speed we can barely imagine today. He can already spot the change in forward-thinking companies – both small and large – with an entrepreneurial spirit and a collaborative way of working.

We see our business models confronted as we move into times of accelerating change and uncertainty. This calls for innovation and opening up new opportunities for collaboration and creating value. Failure is an inevitable – and acceptable – part of this process. Paul Iske introduced us to the true meaning of the word failure: a first attempt in learning. As the winner of the SME Innovation Finance Award Costa Rican Banco BAC San José showed us, innovation is about doing things differently and better.

A collaborative way of working is also central to the success of the sector-wide initiatives on sustainability. The panel members described cooperation as crucial in creating a level playing field, such that businesses can grow and develop in an environmentally responsible and socially relevant way. These initiatives are an excellent example of banks taking responsibility and playing a leadership role when it comes to society and investing for future generations.

For all the interesting speakers and panels, the Exchange on the Future of Banking would not have been complete without the 350 leading representatives of the financial sector, traveling to Rotterdam from more than 60 different countries. You breathed life into the event by exchanging ideas, experiences and - of course - business cards. You built new connections and networks that will last beyond this Exchange.

I hope you have taken home new energy and inspiration, shared what you learned and perhaps - through a 'ripple effect'- impacted others. That is what I call the power of exchange.

Warm regards,

Linda Broekhuizen  
CIO of FMO







#### Colophon

This magazine is initiated by FMO and published as part of the Exchange on the Future of Banking that was held from 28 to 30 September 2014 at Rotterdam. The content from this magazine is primarily taken from presentations and discussions that were held at the conference.

#### FMO

Anna van Saksenlaan 71  
2593 HW The Hague  
The Netherlands  
T +31 70 314 96 96  
F +31 70 324 61 87  
E [fmoevents@fmo.nl](mailto:fmoevents@fmo.nl)  
[www.fmo.nl](http://www.fmo.nl)

Follow us on



Design & photography  
Daan Zijderwijk  
T+31 6 549 949 85  
[www.zijver.com](http://www.zijver.com)

Event Partners



**Rabobank**

**Triodos Bank**

**KFW DEG**

**Proparco**  
GROUPE AGENCE FRANÇAISE DE DÉVELOPPEMENT