

Febea and Fondazione Finanza Etica Release New Findings Showing Ethical Banks Lead Europe in Social Economy Financing

BRUSSELS, BELGIUM, December 1, 2025 /EINPresswire.com/ -- European ethical banks strengthened the social economy, maintained high credit quality, and supported social and community projects in 2023, according to the 8th Report on Ethical Finance in Europe, "Capital for Common Good", presented by Fondazione Finanza Etica, Fundacion Finanzas Eticas, and the European Federation of Ethical and Alternative Banks and Financiers (Febea) in the European Parliament.

More than 70% of their loans went to the social economy, illustrating how ethical finance can combine financial stability with social impact.

The social economy in Europe includes 4.3 million organizations with a turnover of €913 billion and 11.5 million employees, about 6.3% of the workforce. These organizations range from cooperatives and mutuals to associations and foundations that follow democratic governance models and reinvest profits into their communities.

Ethical Banks Show Strong Credit Quality

Ethical banks managed €79 billion in assets in 2023, maintaining a loan-to-asset ratio of 67.91%, compared with 60.9% for large European banks. Nonperforming loans were 1.61%, lower than 1.89% for traditional banks. Return on assets reached 0.75%, higher than 0.64% for large banks. These figures demonstrate that ethical finance is not only socially responsible but also financially robust.

"Ethical impact can align with economic sustainability," the report notes.

Financial Engine for the Social Economy

Ethical banks are key financiers of the social economy. They directed more than 70% of their loans to cooperatives, mutuals, associations, and foundations, compared with just 19% for large banks. In some cases, up to 93% of loans went to micro-enterprises, which are often excluded from traditional credit.

The social economy is increasingly recognized for its contribution to social inclusion,

employment, and regional development. Ethical banks, by supporting these organizations, help to generate jobs, promote local investment, and strengthen social cohesion across Europe.

Measurable Social and Environmental Impact

According to the report, ethical bank's loans had a positive environmental or social effect, compared with 19% for large banks. Ethical banks also showed stronger gender diversity in senior roles and applied stricter criteria concerning investments in armaments, fossil fuels, or companies that violate human rights.

Peru Sasia, president of Febea, said, "The data from this research dismantles the myth that ethical finance is a niche. It demonstrates that a different intermediation model—based on quality capital, direct credit to families and businesses, and social and environmental evaluations—is possible and already working, producing financial stability and concrete benefits for society. The research highlights that the focus on the social economy is not destined to remain a temporary or occasional phenomenon. Although European politics have recently focused attention on other fronts—particularly competitiveness and defense issues—the structural reasons that make the social economy a determining factor for any development strategy of European countries require attention and resources, as indicated by the Commission's Action Plan for the Social Economy and the European Council's Recommendation."

Recommendations for European Policy

The report offers a set of recommendations for policymakers aiming to foster ethical finance and support the social economy: Develop capital instruments (equity and quasi-equity) suitable for micro-enterprises and cooperatives instead of solely relying on credit; simplify and make public guarantees accessible; directly involve social economy organizations in the design of financial policies.

The report also cautions against labeling arms production or other harmful sectors as "sustainable," emphasizing that peace, social cohesion, and ecological transition should be central to sustainable finance policies.

Federica Ielasi, vice president of Banca Etica, said, "The picture that emerges is clear: ethical finance is solid, growing, and produces concrete impacts on the environment, society, and employment. Europe must listen to this actor if it wants to orient its choices towards cohesion, sustainability, and peace. Even within the context of a review of European cohesion policies—which, not without some discussion, is accompanying the process of defining the European Union's Multiannual Financial Framework (MFF) for the 2028-2034 period—the issue of conditions for fostering the development of the social economy in Europe, including through ethical finance, is destined to occupy a non-marginal position on the agenda for the coming years. The social economy in Europe contributes to both economic growth and social progress,

in terms of lower unemployment, poverty reduction, and more generally, the improvement of the quality of life, particularly for the most vulnerable groups. Without fanfare, it has proven to be a factor of economic development, social inclusion, and territorial resilience. Therefore, even an approach to policies favoring competitiveness cannot ignore the fundamental importance of social cohesion and the actors who work to defend and strengthen it".

About Febea

The European Federation of Ethical and Alternative Banks and Financiers brings together financial institutions committed to social and environmental sustainability across Europe. Febea members operate across multiple countries and provide funding for initiatives that strengthen communities, support local economies, and promote inclusive growth.

About Fondazione Finanza Etica

Fondazione Finanza Etica (FFE), part of the Banca Etica Group, advances the culture of ethical and sustainable finance through education, research and advocacy. It supports financial literacy and training programmes, produces independent research on finance and society, and promotes shareholder engagement to drive social and environmental accountability in listed companies across Europe.

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