

To: drs. W.J. Bos  
Minister of Finance  
Ministry of Finance  
P.O. Box 20201  
2500 EE The Hague  
The Netherlands

Amsterdam, 12 December 2008

## **Open Letter: What do we do with ABN AMRO and Fortis?**

Dear Minister Bos,

We would appreciate to exchange thoughts with you on the future of ABN AMRO and Fortis Bank Netherlands. As the owner – on our behalf – you intend to merge these two banks into one financial institution, that has to be sold in a couple of years for a profitable price. Former Finance Minister Gerrit Zalm will do this job on your behalf. But is the ‘merging and selling’ really the only assignment you should be giving him? We do not think so.

The financial sector tries for quite some time already to promote the Netherlands as an attractive location to register financial institutions. The Holland Financial Centre, the cooperation initiative that was established with support of the government, realises that this does not come about automatically: “the maintenance – and possibly the growth – of a high-quality, competitive financial sector requires new instruments, approaches and solutions”. The merger of ABN AMRO and Fortis is in our opinion a unique chance to bring about such a new solution. This combination could expand into a large Dutch bank that distinguishes itself from the very beginning by being innovative in the field of environment, climate, social responsibility, ethical business and transparency in all its transactions.

This can become a bank that supports governments, corporations, and private persons in addressing major concerns like the promotion of social cohesion in the Netherlands, the fight against climate change and global poverty. Financing plays an essential role. Capital is required for investments in climate innovations, local business in run-down city areas, and in the economic growth of developing countries. We need a bank that makes the old slogan of ABN AMRO (“make more possible”) applicable in the current times.

The *timing* for this is perfect: due to their many relations with large, non-sustainably operating corporations, ABN-AMRO and Fortis had great difficulty in reforming themselves into sustainable banks. However, both banks had to cede their foreign clients to RBS/Santander and BNP Paribas. The newly combined bank therefore is mainly a consumer bank oriented towards the Dutch market. It starts with a relatively clean slate.

You can seize this opportunity by charging Mr. Zalm with an articulate assignment. Request him to establish a large bank with the principal mission ‘to finance sustainable and fair business worldwide’, that may serve as an example for the whole banking sector. Indeed this may be ambitious, but by doing so this bank would from the very start clearly distinguish itself from competitors in London and Frankfurt. Following this, various concrete steps are required to make this social mission – established in the constitution of the bank – operational. We mention a few:

The new bank will develop innovative instruments: on the one hand to recognise and minimalise the social and environmental risks of all activities it finances, and on the other hand to find and grab all opportunities for investments in fair trade relations and sustainable business.

The new bank will have to determine on the basis of its mission in which markets it wishes to play a leading role. That will not be the financing of oil exploration in the Arctic, but includes deliberate support of the Dutch offshore wind energy sector. Fortis' elaborate financial services in tax havens will be brought to an end, while the supply of credit to newly starting companies may grow.

The new bank requires internal codes of conduct and a remuneration system that stimulates and challenges employees to prioritise ethical and social considerations above short-term profits. That the bonuses offered to Mr. Zalm only are linked to financial results and not to a successful reform towards a social bank is in this context a missed opportunity.

The new bank will have to operate in a transparent manner: trust in the bank only can grow if consumers know precisely what the money they entrust to the bank will be used for.

The new bank will have to engage in conversations with the society: with companies, government authorities, trade unions and civil society organisations in the Netherlands, but also with local communities abroad whose interests are to be taken into account in specific investment decisions. These sustained conversations will ensure that the social mission will be redefined more sharply throughout the course of time.

The government can support this development, not just as a temporary owner, but also in its capacity of legislator, supervisor and regulator. You can take the initiative for a new *Basel Capital Accord*, the international agreement that guarantees the solvability of banks, to ensure that this will be better grounded in the social role and responsibility of banks. Also the existing law on the supervision of financial markets offers entry points to ensure that Dutch banks will pay more attention to social and environmental risks.

We are convinced that this new bank, in combination with innovations in financial supervision, will put the Netherlands on the map as an innovative location to register financial institutions. Now that the consciousness is growing worldwide that the banking sector is on a dead-end road, the Netherlands can show a new direction. You now have the chance to create a sustainable top-bank, with which you will soon have an excellent offer for eventual buyers that wish to commit themselves to develop it further. We count on you that you will strive for such a great social return.

Sincerely,

Danielle Hirsch,  
Director Both ENDS

Also on behalf of:

BankTrack – Johan Frijns, Coordinator  
OxfamNovib – Farah Karimi, General Director  
Tax Justice Nederland – Albert Hollander, Chairman  
Friends of the Earth Netherlands – Frank Kohler, General Director  
VBDO – Giuseppe van der Helm, General Director