



June 14, 2021 | Creative Economy

A Latin American ethical bank as the heart of the economy and the

creative industries



Guest Author

Sebastián Cantuarias

Banca Ética Latinoamericana is a banking project led by Fundación Dinero y Conciencia, which seeks to understand the structural challenges in Latin America from a comprehensive perspective and tackle them through the financial system, beyond existing microfinance and financial inclusion solutions. It is a Latin American impact bank, combining a regulated bank and various financial vehicles (i.e. crowdsourcing and investment funds), to offer funding solutions to companies and institutions acting in sectors such as education, culture, social development and the environment, which have been defined as challenges in Latin America.

The origins of Banca Ética Latinoamericana trace back to Doble Impacto, an investment platform in Chile. Since it was established in 2017, the goal has been to link organisations requiring finance to generate social or environmental impact with investors keen to finance these solutions while reaping a financial return.

One of the strategic investment sectors of this banking project is the creative industries, where our objectives are to contribute, through the development and valorisation of ideas and innovation, to building a more inclusive and sustainable society, and promoting freedom in culture. In line with these objectives, we work in the following areas:

Quality: We encourage the production of quality cultural and creative content and a greater diversity of expression and implementation languages. We aim to ensure that people have a better audience/consumer experience and greater social integration, and thus to increase the demand for cultural goods.

Access: We promote initiatives that democratise cultural and creative goods. We want to create more audiences, reduce barriers to access cultural content and bring diversity in broadcast channels through new platforms of participation.

Valuation of the sector: We encourage the business development of the sector and the entrepreneurial capacity of cultural professionals, as well as granting the professions of artists and creative people the role they deserve in the economy and society.

Sustainable development: From the private sector, we position ourselves as a real financing alternative for creative industry organisations. In addition to state grants or private donations, the banking industry should be a development opportunity for this sector.

Ecosystem: We promote a dynamic and robust interaction between the different actors of the creative industries. From our role, we want to generate networking and collaborative work in the ecosystem.

Therefore, our sector strategy for the creative industries aims to finance organisations whose initiatives are part of the value chain of creation, production, distribution, exhibition and commercialisation of artistic, creative and innovative content.

Each organisation that requires funding undergoes a complete risk-impact evaluation. This evaluation aims to understand the purpose of the company and the problem it addresses, analyse the quality of its offering through its policies and value chain, and evaluate the solution it develops. The result of this

process is the delivery of a quality credit, with a financial structuring tailored to the client, which considers the variables of the business and industry.

Our team includes sector experts, commercial executives and risk analysts, who, building closeness and trust with key players and offering expertise in needs, laws and regulations, are permanently connected with the ecosystem of the sectors that represent the structural challenges of our economy.

We have faced two main challenges in creative industries. The first relates to the different structures of the organisations we deal with. In Chile, there are at least five different types of organisation that we must understand in their context, to suggest the best financing paths. The second challenge is building trust and collaborative work ties between this sector and the banking industry. We operate in a context in which the contributions of art and culture to the economy have been overlooked, and where it has been difficult for the cultural sector to identify its own economic processes.

To date, Doble Impacto has managed funding of more than US\$20 million, of which 10 per cent has been lent to different organisations in the creative industries, such as audiovisual production companies, publishers and theatre companies, but also festivals, media companies, bookstores, theatres and architecture offices. These quality credits have made an impact in terms of access to cultural experiences; works created and promoted; books produced, distributed and sold; and the restoration of heritage works.

The projects in Doble Impacto's portfolio include two production companies that developed animated educational series for children, broadcast in more than 50 countries in the world. These companies did not have access to the banking industry and had very few financing alternatives. We also supported five publishers in the book industry, in each case being the only source of financing to which the organisations had access to at the time. In the entertainment industry, we financed the creation of a play aligned with the programmes of the Ministry of Education, for students, teachers and families. The client's lenders had very high costs and we became a key business partner in understanding the project and evaluating the financial needs

For the last three years, we have worked on understanding and connecting with those working to address the structural challenges of our society in Brazil, Colombia, Argentina and Uruguay. We are now in the position of designing a strategic plan to cover the Latin American market and to create a financial institution with a groundbreaking value proposition, to generate impact in the continent and an economically sustainable working plan.

In 2020 we roll out the financial institution at a regional level, with a Latin American scope, rather than a country-by-country approach. We are also scaling up the Doble Impacto loan portfolio platform in Chile to reach the volume necessary to create a regulated bank in the country, starting operations in 2023.

Sebastián Cantuarias is executive director at Fundación Dinero y Conciencia.

This [post](#) was originally featured as part of [Creativity, Culture & Capital: Impact investing in the global creative economy](#), a collection of essays edited by Nesta's Arts & Culture Finance, Fundación Compromiso and Upstart Co-Lab. Léelo [en Español](#).