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## MORE THAN A FEDERATION: FEBEA AS A COLLECTIVE FORCE

## MÁS QUE UNA FEDERACIÓN: FEBEA COMO FUERZA COLECTIVA

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### ABSTRACT

This article explores the political role of FEBEA (European Federation of Ethical and Alternative Banks and Financiers), tracing its evolution from a coordination network into a collective political actor in European finance. Through a dual dynamic, upward advocacy toward European institutions and downward engagement with local members, FEBEA repoliticise finance by promoting democratic, ecological, and social values. The analysis shows how FEBEA acts not only as a federation but as an infrastructure for democratic finance, translating grassroots experience into policy discourse and reinforcing civic capacities.

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### KEYWORDS

Ethical finance; social finance; social and solidarity economy; social movements; banking.

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### RESUMEN

Este artículo explora el papel político de FEBEA (Federación Europea de Bancos y Financieros Éticos y Alternativos), siguiendo su evolución desde una red de coordinación a un actor político colectivo en el ámbito financiero europeo. A través de una dinámica dual, una de incidencia hacia las instituciones europeas y una implicación de sus miembros locales, FEBEA repolitiza las finanzas promoviendo valores democráticos, ecológicos y sociales. El análisis muestra cómo FEBEA actúa no solo como una federación, sino también como una infraestructura para unas finanzas democráticas, traduciendo la experiencia sobre el terreno en discurso político y reforzando las capacidades cívicas.

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### PALABRAS CLAVE

Finanzas éticas; finanzas sociales; economía social y solidaria; movimientos sociales; banca.

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CÓDIGOS JEL: **G20, G21, G28.**

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## 1. INTRODUCTION

Almost 25 years ago, a small group of pioneering European financial institutions, committed in their own countries to making finance serve society and reflect the values of justice, solidarity, and transparency, came together around a bold idea: to create FEBEA, the European Federation of Ethical and Alternative Banks and Financiers. Since its founding in 2001, FEBEA has worked to promote and develop ethical finance across Europe.

Inspired by initiatives like *Finansol* in France and the solidarity-based guarantee systems emerging across Latin America, FEBEA began as a practical effort to pool resources and support ethical lenders. This coordination structure gradually matured into a political space, where ethical financial institutions could unite their voices and articulate a distinct vision of finance, one clearly differentiated from profit-driven or speculative models. As the network expanded, its presence in Brussels enabled it to participate in European policy space. Over time, FEBEA became a recognised voice in EU-level debates on social economy, social and sustainable finance.

After two decades of activity, FEBEA has become more than a federation. It has emerged as a collective force shaping both institutional policy and social imaginaries. Its political agency lies in its ability to translate local financial practices into structured discourse, to contaminate EU institutions with grounded alternatives, and to reinforce civic capacities within communities.

This article explores that political role. It argues that FEBEA functions not only as a policy stakeholder, but as an agent of political action, channeling its members' values and experiences in two directions: upward, by engaging with European institutions through advocacy and strategic alliances; and downward, by supporting and amplifying local practices that embody democratic, ecological, and social values, thus contributing to a broader transformation of finance as a civic and cultural institution.

In doing so, FEBEA engages in what we describe as a circular dynamic of political agency: drawing legitimacy and knowledge from member practices, shaping policy discourse, and feeding that influence back into communities. This dual and circular role reflects a deeper shift: the "repoliticisation" of finance and the construction of ethical finance as a form of democratic infrastructure in Europe.

This introductory section sets the stage for a more detailed analysis of how finance becomes political through the work of FEBEA and why that matters in the current European context marked by democratic erosion, wars, socio-economic inequality, and ecological urgency.

## 2. METHODOLOGY

The objective of this conceptual article is to examine the political role played by FEBEA over the course of its development. Specifically, the article aims to show how FEBEA's institutional and political positioning at the European level has been continuously shaped and nourished by the practices and values played by its members at the local level. Through this dual movement, anchored both in grassroots action and European advocacy, FEBEA has emerged as a political actor in its own right, contributing to a broader process of politicising finance.

This is a theoretical-conceptual paper, grounded in a qualitative and interpretive approach. It draws from desk-based research, relying on internal documents issued by FEBEA and academic literature on ethical finance, the social and solidarity economy, and civic engagement in financial systems.

The conceptualisation of finance as a political practice is inspired by the seminal work of Cristina de la Cruz and Pedro Sasía (*La banca ética como herramienta de acción política*, 2010), which provides the analytical lens through which we frame FEBEA's evolution.

The article builds its analysis through a synthesis of existing knowledge and institutional narratives. This strategy allows us to describe and interpret the "circular dynamic" of FEBEA's political agency: how member practices are translated into policy discourse, and how this discourse is then reintegrated into the social practices and political identity of the network.

The article is structured into five sections. Following this introduction and methodological overview, Section 3 outlines the theoretical framework, focusing on the politicisation of finance, the social function of ethical banking, and the civic dimension of financial alternatives. Section 4 presents the core analysis, describing how FEBEA functions simultaneously as a representative federation and as a political actor, operating through a dual mechanism of upward influence (toward European institutions) and downward mobilisation (at the community level). Special attention is given to the circular relationship between FEBEA and its members, through which political discourse is continually generated and legitimised. Finally, the last section offers the conclusions, reflecting on the implications of this political role for the broader field of social economy and ethical and alternative finance in Europe.

## 3. THEORETICAL FRAMEWORK

The political role of FEBEA can be understood through a conceptual framework grounded in the work of De la Cruz and Sasía (2010), who argue that ethical banking should not be viewed merely as a corrective to market inefficiencies or a niche alternative within the financial system, but rather as a form of political action. From this perspective, finance is not a neutral or technical domain; it is a normative field in which decisions about lending, governance, and credit allocation express and shape political values. Ethical banks, by fostering solidarity-based relationships between savers and borrowers and prioritising transparency and democratic participation, reconfigure banking intermediation as a site of civic engagement. In this way,

the work of ethical financiers challenges dominant financial and economic structures, reclaiming finance as a common good.

FEBEA, as a federation, plays a key role in aggregating and amplifying these practices. The political ambition of ethical banking, as the authors emphasise, does not reside in scale or market dominance. Instead, it lies in coherence, legitimacy, and public recognition. Ethical finance grows not by emulating the logic of mainstream finance, but by embedding itself more deeply in the society, partnering with local governments, influencing public policy, and modelling democratic financial practices. Its political force thus derives from its capacity to reframe finance as a shared ethical responsibility, rather than a technocratic or private domain.

What FEBEA's members carry out in their daily activities exemplifies what Karl Polanyi famously termed the "double movement", a societal response aimed at re-embedding economic life within social and democratic institutions. Their work stands in direct opposition to the liberal project Polanyi criticised: the disembedding of the economy from society. As Polanyi warned, failing to politically regulate finance undermines both social cohesion and democratic governance. In this sense, FEBEA addresses this concern through its engagement with both institutional actors and grassroots movements, working to restore the subordination of financial systems to democratic priorities.

Nancy Fraser's theory of the "politics of redistribution and recognition" (2003, 2013) provides an interesting framework to understand the role played by FEBEA members in the political space(s). In fact, FEBEA members engage simultaneously in the redistribution of financial resources, by providing inclusive lending to underserved groups, and in the recognition of alternative economies. At the same time, FEBEA as a network elevates these practices to the level of institutional discourse, enabling ethical finance to operate as a counter-hegemonic force, resisting the dominance of speculative financial logics not only through economic practices but also through symbolic and cultural interventions.

Drawing on insights from social movement theory (Keck & Sikkink, 1998; Della Porta & Tarrow, 2005), FEBEA can also be conceptualised as a hybrid political actor. It emerged from the civic engagement of its members and, over time, has positioned itself to influence institutional processes at the European level. FEBEA operates through a circular dynamic of political agency: drawing legitimacy from local practices, translating them into policy discourse, and reinvesting the outcomes of institutional advocacy into community-level initiatives. In this way, FEBEA does not merely represent ethical finance providers: it institutionalises their political aspirations, co-producing political subjectivity and enabling grassroots infrastructures of democracy to scale.

#### 4. ANALYSIS OF THE EXPERIENCE: FEBEA AS A POLITICAL ACTOR IN PRACTICE

The evolution of FEBEA from a coordinating network to a political actor is best understood by analysing how its activities articulate a dual political

function: upward, through policy engagement at the European level, and downward, through its support for grassroots ethical finance initiatives. This chapter explores that trajectory, drawing on institutional documentation and retrospective narratives, particularly 'FEBEA: 20 Years of Ethical Finance in Europe'.

#### 4.1. FROM COORDINATION TO POLITICAL ARTICULATION

Founded in 2001 with the primary aim of pooling resources for mutual development among ethical finance actors, FEBEA's political relevance has grown in tandem with the broader public and institutional recognition of ethical and social finance. Initially focused on defining a common perimeter of ethical principles, to guard against the risks of social and greenwashing, the Federation's early work sought to consolidate a shared identity rooted in democratic governance, transparency, local development and social value.

Over time, however, FEBEA has transcended its role as a coordination platform and entered the sphere of institutional political discourse. It has positioned itself as a distinct and credible voice in EU policymaking, contributing actively to the policy debate around the Social Economy Action Plan<sup>1</sup> (SEAP) and the implementation of the EU Pillar of Social Rights<sup>2</sup>, the Sustainable Finance Framework<sup>3</sup>, or the overall EU banking and economic regulatory architecture.

This evolution is particularly significant due to FEBEA's ability to translate the lived experience of its members into policy-relevant input. While the SEAP represents a milestone for the development of the social economy ecosystem and the support of social finance providers, FEBEA has consistently sought to provide constructive feedback aimed at improving existing funding instruments and co-developing mechanisms that can respond to the diverse needs and stages of financing within the sector. In this context, FEBEA's advocacy efforts to strengthen the social economy dimension within InvestEU<sup>4</sup> culminated in a dedicated event organised by the EIB Group<sup>5</sup>, focused on enhancing support for ethical and inclusive finance.

1 For further information, please see here [https://employment-social-affairs.ec.europa.eu/policies-and-activities/eu-employment-policies/social-economy-and-inclusive-entrepreneurship/social-economy-action-plan\\_en](https://employment-social-affairs.ec.europa.eu/policies-and-activities/eu-employment-policies/social-economy-and-inclusive-entrepreneurship/social-economy-action-plan_en)

2 For further information, please see here [https://employment-social-affairs.ec.europa.eu/policies-and-activities/european-pillar-social-rights-building-fairer-and-more-inclusive-european-union\\_en](https://employment-social-affairs.ec.europa.eu/policies-and-activities/european-pillar-social-rights-building-fairer-and-more-inclusive-european-union_en)

3 For further information, please see here [https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance\\_en](https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance_en)

4 For further reference, please see '*Financing Social Economy In Europe: the need for a stronger InvestEU program*' <https://febea.org/publication/financing-social-economy-in-europe-the-need-for-a-stronger-investeu-program/>

5 For further reference, please see <https://www.eib.org/en/events/ethical-banking-more-social-impact-europe>

More recently, FEBEA has been actively involved with the European Commission's Housing Taskforce and the European Parliament's Housing Committee, contributing to the framing of the upcoming EU Affordable Housing Plan as a plan designed to ensure no one is left behind<sup>6</sup>.

Through a series of position papers<sup>7</sup> on the EU Sustainable Finance Framework and, more recently, on the Simplification Omnibus package<sup>8</sup>, FEBEA has contributed to the policy debate by raising critical questions regarding the sustainability of the proposed approach and the associated risks of greenwashing. In collaboration with other networks, FEBEA has sought to broaden the understanding of sustainability by articulating how its members operationalise sustainable finance in practice, thereby anchoring abstract regulatory concepts in concrete, ethical financial models.

Another important aspect of FEBEA's role has been its ability to rearticulate finance as a political issue, overcoming the highly technocratic approach that dominates in Brussels. Finance at the EU level is often framed as a purely technical domain, governed by experts and economists. In contrast, FEBEA draws on the concrete practices of its members to demonstrate that finance can be a tool for justice, inclusion, and democratic control. This is evident in the initiatives developed to support Palestinian economy<sup>9</sup> and those implemented across Europe during the COVID-19 pandemic. These included relief measures for clients facing liquidity challenges, targeted support for vulnerable groups, and forward-looking efforts aimed at helping to restart local economic activity in the post-crisis period.

This reframing has also influenced FEBEA's institutional alliances: while mainstream financial lobbyists gravitate toward DG FISMA, FEBEA has found stronger resonance with Directorates such as DG EMPL or DG GROW, whose policy priorities are closer to social justice and civic development.

#### 4.2. POLITICAL PRACTICES ON THE GROUND: THE ROLE OF MEMBERS

While FEBEA's presence in institutional spaces has grown, the backbone of its legitimacy remains the grounded, community-based work of its members. As discussed in the conceptual framework section, FEBEA's members engage in practices that exemplify what Polanyi described as the "double movement": a collective effort to re-embed finance within the social sphere, in opposition to the logic of market liberalisation and economic disembedding. Through inclusive lending, support for vulnerable

6 For further reference, please see  
<https://febea.org/publication/social-housing-policy-paper-febea/>

7 For further reference, please see:  
*'Progress and Pitfalls: FEBEA's View on the EU's Sustainable Finance Framework'*  
<https://febea.org/publication/febeas-view-on-the-eus-sustainable-finance-framework/>  
*'Getting Simplification Right - A Banking Perspective on the Omnibus Proposal'*  
<https://febea.org/publication/policy-paper-omnibus-proposal/>

8 For further information, please see here  
[https://commission.europa.eu/publications/omnibus-i\\_en](https://commission.europa.eu/publications/omnibus-i_en)

9 For further information, please see here  
<https://febea.org/news/daman-solidarity-guarantee-fund-coop57/>

groups, participatory governance, local embeddedness, and socially and environmentally conscious credit practices, FEBEA members demonstrate that it is possible to engage with and transform institutional frameworks. Rather than rejecting institutions outright, they challenge dominant financial logics by inhabiting these structures with alternative values and practices. In doing so, they reclaim financial intermediation, lending, saving, investing, as a form of civic and political participation.

#### 4.3 A CIRCULAR DYNAMIC OF POLITICAL AGENCY

What differentiates FEBEA's mode of political engagement is its circular dynamic of influence and legitimacy. The Federation draws knowledge and authority from the fieldwork of its members; this knowledge is formalised into advocacy positions, policy contributions, and projects activities at the European level; and the resulting institutional gains, be they funding mechanisms, legal recognitions, or increased visibility, are channelled back to the members, strengthening their capacity to act. This model of circulation not only enhances FEBEA's political effectiveness but also reinforces political subjectivity within the ethical finance community. Ethical finance practitioners, through their engagement with FEBEA, are recognised not as technical administrators, but as agents of socio-political transformation. The Federation plays an enabling role by promoting peer learning, cross-border alliances, and tools for self-governance, in effect, constructing a pan-European infrastructure for democratic finance.

This notion of infrastructure is not merely metaphorical. As recently noted by the EU Commissioner Roxana Mînzatu<sup>10</sup> building democratic capacities in Europe today requires platforms that go beyond formal education or electoral participation. Civic infrastructures help citizens internalise values of cooperation, belonging, and collective agency. In this light, FEBEA can be seen as a civic infrastructure for democratic finance: it fosters everyday practices of participation and ethical accountability, shaping how individuals and communities relate to economic life. Rather than leaving finance in the hands of technocratic or speculative logics, FEBEA supports its reappropriation as a collective domain, essential to sustaining democratic life.

FEBEA's dual role, as both policy interlocutor and grassroots mobiliser, contributes to a broader effort to politicise the economy, not by ideology alone, but through practice, participation, and the construction of shared institutions.

#### 4.4 TENSIONS, LIMITS, AND OPPORTUNITIES

This hybrid positioning brings with it a series of tensions. As the literature on social movement shows, engagement with institutional actors can dilute the radical edge of social movements, exposing them to the risk of co-

10 For further information, please see here [https://www.eldiario.es/catalunya/economia/roxana-minzatu-europa-debe-combatir-extremismo-populismo-ofrecer-escudo-social-fuerte\\_128\\_12279631.html](https://www.eldiario.es/catalunya/economia/roxana-minzatu-europa-debe-combatir-extremismo-populismo-ofrecer-escudo-social-fuerte_128_12279631.html)



optation. Similarly, the professionalisation of FEBEA, necessary for effective policy work, can at times create distance from the grassroots ethos of its members. The diversity of national contexts, each with different regulatory frameworks, cultural approaches to finance, and civil society traditions, also challenges the coherence of the Federation's identity.

FEBEA has preserved both credibility and resilience through its commitment to shared ethical principles, rigorous membership standards, and an evolving openness to intersectional frameworks, such as feminism, ecology, and post-growth, that enrich its political relevance. This coherence becomes especially crucial in the current context, where the financial and political space for alternative visions of prosperity is increasingly under threat. The progressive concentration of EU funding around defence, technological sovereignty, and security agendas risks marginalising the space for finance rooted in civic participation, democratic control, and a commitment to peace (Sasia, 2025).

In this regard, FEBEA's role goes beyond technical advocacy: it defends a political space for ethical finance, where values like justice, solidarity, pacifism and sustainability are not instrumental add-ons, but foundational. By mobilising the concrete practices of its members, FEBEA illustrates that another form of financial intermediation is possible. It reclaims saving, lending, and investing as civic acts, and asserts that finance can and must serve the common good, especially at a time when that possibility is under increasing pressure.

## 5. CONCLUSION

FEBEA's evolution over the past two decades illustrates the growing recognition that finance is not a neutral or purely economic domain but a deeply political field, one that shapes how resources are distributed, whose voices are heard, and what kinds of futures are possible. As this article has shown, FEBEA operates not merely as a federation of ethical financial institutions, but as a collective political actor engaged in redefining the role of finance in democratic life. Its development represents an effort to reclaim finance as a civic and ethical space, one that serves collective goals rather than market extraction.

First, FEBEA's trajectory affirms the idea of finance as political practice. By resisting technocratic framings, FEBEA and its members advance an alternative vision rooted in values of justice, solidarity, ecological sustainability, and inclusion. They do not treat finance as an abstract instrument but as a tool for social transformation. Ethical banks, credit cooperatives, and community financiers within the network act as civic agents, embedding financial practices in local realities and contesting the dominant logics of financialisation. In this sense, ethical finance becomes not only a provider of credit, but a site of democratic experimentation and moral imagination.

Second, FEBEA's work illustrates a dual political function: upward and downward. On one hand, it engages upward, translating the experience and legitimacy of its members into advocacy and political dialogue at the

European level. FEBEA has participated in expert groups, influenced public consultations, and contributed to shaping policy frameworks in ways that embed ethical criteria into the heart of financial regulation. On the other hand, it exercises downward influence by supporting local financial actors, amplifying their voices, and fostering practices of participation, gender equality, and ecological transition. Through this dual strategy, FEBEA helps to “contaminate” both policy and public discourse with alternative values.

Finally, FEBEA’s political relevance lies in its capacity to act not only as a coordinator, but as a collective political subject. It builds bridges between grassroots mobilisations and institutional agendas, positioning itself as a translator of civic demands into policy discourse. It offers its members more than operational support; it provides a shared political identity and infrastructure. Moreover, it connects ethical finance to broader EU networkers and coalitions of change thus expanding the horizon of what finance can be and whom it can serve.

In sum, FEBEA’s political agency is not reducible to lobbying or policy positioning. It resides in its ability to repoliticise finance, to reassert democratic agency over what has long been treated as a technocratic domain. By grounding itself in civic practices and institutional engagement, FEBEA challenges the dominant financial order not by negating it, but by transforming it from within. For the broader field of social and ethical finance in Europe, this model offers a vital reference point: a way of imagining finance not just as a sector, but as a space for building democratic, just, and sustainable futures.

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