

## **Transcription of intervention by Dr. Victor Massiah**

**Victor Massiah:** Thank you, Professor Tarantola, our chairwoman. I was very worried when she invited me here. It's not an obvious place for a CEO to make a debate. It's not an obvious subject. The first thing I did was to study a little bit back in the Bible. One of the books is the Book of Proverbs and it was written, if I'm not wrong, 2500 years ago. I found this 8:10, "Receive my instructions and not silver, and knowledge rather than choice gold for wisdom is better than rubies." Apparently, a debate like this one was already discussed 2500 years ago. Still it's very up to date. I think that if you go through the Bible, the attention that The Book dedicates to education is very high. It's maximum. There must be a reason why.

I think that knowledge and education facilitate to deal with trade-offs, and those trade-offs that can influence our entire lives. This is particularly true for financial decisions. We can take financial decisions that can completely change our lives. There are very complex financial decisions, but actually there is one basic decision that interests most of our people, which is very simple mortgage. I would like to share with you how in a very basic, simple situation of a financial transaction or a financial decision we can have a philosophical debate.

A new, young married couple come to us and ask simply for a mortgage. Is it always correct to say yes? The answer is no. It's not at all always correct to say yes. There are simple reasons for that. If you take a mortgage you have to pay an instalment and you have to pay a regular instalment. Is the instalment for that mortgage consistent with your basic salary? If it is 25%-30%, yes. If it's more than that, no. You're taking a debt that you're not able to repay, and this will be a disaster because, of course, you will lose your house and you will have thrown out of the window a lot of money for nothing.

Debating about a very simple situation allows us to understand that, first of all, there is always a value in place even in basic financial situations. Second, financial education is very key for the young couple to make a decision. Banks are supposed to facilitate but also to protect.

Sometimes in history banks forget to protect, and this is not good. We have to always keep in mind that we're not only, let's say, increasing the volumes of our credit lines. We're also asked to protect. Why? Because this makes our community keep a better position, a better situation, a better shape. If our community is in better shape, we are in better shape.

Role of banks is key, but on this subject let me also say the role of media are key. The messages that come from media regarding even a simple episode of the mortgages will not be the same. What would come from the media is "Poor young people, you did not give them the mortgage." It's a role of all of us always to remember that there is a responsibility to educate and to really teach to people what is right and what is wrong.

What do we do? I was called also to testify as an individual bank. So what do we do? First of all, we have to educate our own people. We have an internal academy with hundreds of thousands of days of education every single year. This is an investment, of course. It's really an investment. To some of our people we also pay a Masters, an MBA at the best academic universities, including this one. These people work and study at the same time. We always do facilitate them by paying the cost of the Masters. Somebody says, "Okay, you're paying somebody that then will leave the bank for something better." Maybe. Few of them do, the majority remain. The reason why they remain is because they consider this good and they consider this something sane that makes the whole working environment much sane.

We do always every year contribute and finance, sometimes directly, delivering financial education to young students. We participate to many of these projects. We do also issue social bonds for some initiatives of our communities that are very relevant. We are definitely number one in the country on that. We have also a significant market share in non-profit economy.

When did we start this? Not in the last four or five years and not because, with all respect, Larry Fink and BlackRock have written a letter. We've been doing that since at least 10 years ago. Business Roundtable's sustainable development goals are very valuable initiatives

but they do have a risk. They run the risk to become just fashionable. Fashionable things do last not too much. There must be a real digestion of a very simple concept, which is long term.

There is no conflict between being sustainable and being profitable if you just accept that the appropriate time that you want to measure is the long term and not the short term. You cannot do sustainable and lasting things if you're worried to deliver results every quarter, and we do have to present quarterly. We always have to identify a reasonable compromise among presenting quarter results that do not disturb markets, and at the same time never forgetting that we are enriching community and ourselves together in the long term.

This does not imply that the market is an enemy. That is also another mistake that sometimes people do, describing the market for just its short-term part. The market is not only short term. The market is also long term. There are long-term funds. There are long-term investors. There is both. Do not pretend to define the market only with short but do not pretend to define the market only with long. It's a combination of the two. We have to be brave enough to accept the consequences of the short term if we think that long term it will pay.