

A portrait of Chris Loker, a middle-aged man with short, graying hair, smiling slightly. He is wearing a dark suit jacket over a light blue and white vertically striped button-down shirt. The background is a blurred coastal scene with the ocean and a cloudy sky.

**Chris Loker:** Putting  
your money where  
your conscience is.



# PAYING IT FORWARD

Chris Loker is not your average financial consultant, which is why his latest venture is set to influence the way South Africans transact with their banking hosts. Water Financial may look like a bank, it may even sound like one, but it is not going to act like one. It is a concept that is founded on, among other outcomes, greening the built environment.

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**W**hen Chris Loker talks about his brainchild, Water Financial, he's talking about applying the concept of "ethical banking" – something that usually evokes a snort or snigger, given the exposure of dodgy transactions that sparked the recent global financial meltdown. It is understood and accepted that banks achieve profit by lending investors money to projects at interest. Historical behaviour says that we trust banks to take the financial risk, given that we have been more concerned with the return on investment rather than on how it was achieved.

The problem is that an investor has had no control over who, or what, actually receives invested capital. Events in the international banking arena over the past few years have undermined trust in financial institutions' operations – especially in the US – and have driven reform. Businesses, governments and individuals are therefore starting to

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demand socially responsible investments. They want to know that their invested funds are being used ethically to make a social or environmental impact.

Enter Chris Loker – a conceptual deep thinker. He already runs Moksha Enterprises, specialising in financial services. At the core of his business Loker develops business strategies, those that enable a turnaround, facilitating business start-ups and set-ups, as well as initiatives in sustainable business practices. Water Financial, as an ethical or “green” bank is not an original concept; but it is unique for the South African market.

“The idea of a ‘green’ bank had been rolling around in my head for some time, but it was not something that I saw myself doing. I thought I would produce the business plan and then hand it over to someone else to implement,” Loker says. “But the more I thought about it, the more I wanted to do it myself. I’ve always felt that there is an aspect to my career as a financial consultant that is incomplete or unfinished.”

Over the past decade, Loker has been working on the conceptual framework for Water Financial, something that he and his associates at Moksha Enterprises herald as vital. Loker’s style is however, to never over-theorise a concept: “I don’t come from a traditional consulting perspective; my focus is always on implementation, being active.”

The Water Financial concept has challenged all Loker’s instincts, which have been to get the ball rolling as soon as possible. However, he knows that in order to be successful, Water Financial has to be a well-thought out and comprehensively sound strategy that involves a myriad of considerations and applications.

“We know this is a difficult task and in some respects it felt silly to say we are starting an ‘ethical’ bank, but that’s what it is. We are very clear that that is what we want. It may take us 18 months or longer, but the end objective is for us to have a positive impact on sustainable environments.”

Those 18 months are going to be spent acquiring a banking licence, so initially Water Financial won’t be able to call itself a bank in the traditional sense. “In the meantime, without a licence to raise deposits, we will be using wholesale funds to make lending transactions.” This is a risk-averse mechanism, because wholesale funders are very meticulous about how their money is loaned out – more so than individual depositors. So in fact, explains Loker, “we bear far more scrutiny.”

In fulfilling its role as a “green” bank, Water Financial is only going to lend to enterprises that have a positive impact on social and entrepreneurial development, cultural and community projects, and of course the “green” built environment. Surely though, the retailing banking sector is taking care of this anyway?

“It’s easy to throw stones but in reality international banking is going through a bad period, so the lending that is being done is focused on getting the best margins at the lowest risk, and that, let’s be honest, is unlikely to be in a green and sustainable space right now,” says Loker. “I think therefore you have to have contenders like ourselves in the market who say no, we are more concerned with the environmental impacts.

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“For example, we wouldn’t fund Eskom’s new coal power development, even if it’s a great commercial transaction. There have to be options in the capital market for consumers, where they can choose to have their money used for commercial purposes or for social or environmental upliftment.”

Water Financial has identified four green projects worthy of the approximate R100-million raised from wholesale funders. The largest focus is on solar water heating.

“Firstly we are looking at existing residential built structures where the conversion from conventional water geysers to solar needs to take place. The premise is that there are many people who can’t afford to convert, so we will raise a loan where they can repay us over a three to five year period, but structured so that they realise a net saving,” says Loker. “What this means is that the consumer will save more in electricity than they are paying for the loan, provided the consumption remains constant.

“Secondly, where solar is not a viable option, residential property owners can acquire funding for heat pump installation – a sort of reverse air conditioner system,” Loker explains. In this way,





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not only do residents lessen the consumption of electricity, but also reduce the carbon footprint, “one house at a time, across a myriad of installers,” says Loker.

This is somewhat similar to Eskom’s rebate scheme and, according to Loker, Eskom’s target set in 2007/8 was to roll out one million solar geysers”, I don’t think they’ve got anywhere near that yet, despite putting a huge amount of money behind the rebate.”

The third project is “commercial building retrofits, more specifically shopping centres, particularly where you have a large disconnect between landlord and tenant.” Loker admits they haven’t yet figured out exactly how it is going to work, “but that’s just a matter of time,” he says.

“Let’s pose a scenario: a shopping centre has five tenants and the landlord doesn’t want to carry the cost of installing solar panels or grey water capture units - or any other energy-efficiency technology for that matter, simply because any electricity saving will go to the tenant.

“What Water Financial will do is bridge that gap by approaching the owner or developer, offering to fund energy-efficient measures, provided we can collect the difference on what the tenant would have paid previously on the electricity, to settle the loan. Once the loan is paid, the tenant will see a drop in their electricity payments by between 40-60%. Everyone is incentivised, but more importantly, we realise a drop in electricity consumption and the carbon footprint is minimised.”

Finally, the smaller agriculture/residential industry is also getting attention from a water reticulation and purification aspect. Here Water Financial will also be looking to assist with funding for water recycling, particularly for use in irrigation, with up to R150 000

available for such developments.

But it doesn’t stop with those initial four projects. Although Loker confirms it is in the very early stages, he envisages a green timber development in the Cape. Water Financial has identified a piece of land on which to erect five or six housing units that will be constructed entirely of timber.

This is a project that is very close to Loker’s heart. “What we hope to achieve is taking these residences completely off the grid from the water and electricity aspects. Roof-top gardens, wind capture, grey water, recycling and solar will all play a role. It’s quirky but modern. I could live like that, in a small collective with like-minded people. It would really showcase how you can live comfortably, with a low environmental impact.”

When asked whether he believes that Water Financial would succeed, Loker admits: “The thing that gnaws at me and keeps me awake at night, is whether there are enough people in the country who really care. People have to be concerned about where their savings go, about their investments. We haven’t modelled this on giving a lesser return on investment - so it is not like anyone is going to be penalised for caring. But they do need a catalyst to motivate the move of some of their money [to a different kind of investment]. That catalyst has to be their concern for the environmental space.

“I think this applies more to the building industry than anyone else, really,” Loker emphasises. “When it comes to environmental impact, none of us can afford to sit on the fence, because the reality is that there is a problem. Buildings have a huge lifespan, beyond our children’s children’s lifetimes, so it’s incumbent on us to make the changes as soon as possible.”

Water Financial [www.waterfinancial.biz](http://www.waterfinancial.biz) ●