



# Power to Impact

FOUNDER OF ASIA'S ONLY SOCIAL  
STOCK EXCHANGE **DURREEN SHAHNAZ**  
SHARES WITH **LAUREN TAN** THE  
INSPIRATION BEHIND HER BRAND  
OF CONSCIOUS CAPITALISM



**W**e expected the usual power suit, but Durreen Shahnaz, the founder and chairperson of what is to be a new stock exchange come 2011, is wearing a vegetable dyed sari instead.

Its material so light and supple, it flutters in the breeze. The image is powerful. The ex-investment banker and high flying media exec turned entrepreneur is, indeed, the face of a kinder and more conscious form of capitalism. Her Singapore-based Impact Investment Exchange (IIX) — Asia's first social stock exchange — will be a capital market for social good. It is a lofty goal, but Shahnaz has never known how to aim for anything less.

The idea to create IIX didn't come in an *aha*-moment. "Whenever I talk about IIX, I really have to go back to almost the beginning of my career as I feel that with this, everything has sort of come together," the 41-year-old explains from behind her desk at the Lee Kuan Yew (LKY) School of Public Policy, where she wears a second hat as adjunct associate professor and head of the school's social innovation programme.

Her career began as an investment banker at Morgan Stanley in New York. Two years of hundred-hour work weeks later, she traded in Wall Street for the dirt roads of her native Bangladesh where she went to work for micro-credit financier Grameen Bank. It was the first time she put her financial knowledge to use in a social setting. Grameen's borrowers, most of them women, were the rural poor and illiterate. Many were her age, too — she was then 24 — but they were a universe apart.

Returning to the United States, she turned to the other industry with far-reaching influence — the media. It would allow her a chance to see how one could strike a balance between giving the public what they wanted and what they *should* want. She rose through the ranks, and by age 30 made VP at Hearst Magazines (then the youngest to do so in the history of the company which counts *Harper's Bazaar*, *Cosmopolitan* and *Marie Claire* in its stable of titles). In 1999, she turned in notice and set up oneNest.

Earlier at Grameen, she had seen women default on loans because there were no avenues to sell their wares. OneNest, a New York-based cyber marketplace, would connect them as well as the village artisans and co-operatives from around the world to the western market. But oneNest's mission wasn't a high placed priority for many of its financiers. "For them it was all about the returns they were going to get by selling the company. That was a major disappointment for me," she says candidly. In 2004, she sold the company to Novica, the catalogue division of National Geographic. "By this point, I had very little say in the company. And what stayed with me even after that was that it was so difficult raising capital when it should really be the opposite when you are bringing both financial and social returns," she says.

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Shahnaz took a job running *Reader's Digest's* Asian operations out of Singapore, and on the side, wrote op-ed pieces about creating capital market infrastructure around social businesses. In 2008, the LKY School offered her a position to teach a class on social innovation. It was an attractive proposition. The students there would go back to their government positions where they could influence policies that would make or break a social entrepreneur.

About the same time, the Rockefeller Foundation also came knocking. They wanted to help set the wheels in motion for IIX. "For me, the fact that I had this idea, and I had this amazing partner that actually believed in what I was saying, was a little surreal. And it all came together so quickly," she shares. "It's like all the experiences I had, and all the things I'd done, was really about me trying to reach this



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point. In childhood, in the evolution of my career, and even in graduate school where I did an MBA [at *Wharton*] and a public policy degree [at *Johns Hopkins*], I was always sort of straddling [the *private and public sectors*]. Now, I feel the exchange has pulled these together."

The timing was right, too. Not only was there an emerging group of social investors in the financial market, Singapore was increasingly cast as a hub for social enterprise. Marrying what Singapore was good at, which is financial institutions and financial markets, with social enterprises, seemed a natural fit. "Coincidentally, that can now happen through the exchange!" the self-described optimist pronounces.

IIX plans to operate as a trading platform for social enterprises to raise growth capital. All entities that list on the exchange will undergo third party validation and report regularly on their financial and social results. The investor purchasing shares and bonds will be attracted to and will find piece of mind in transparent disclosure. In essence, an investor

will enable social good while seeking to maximise financial returns.

It's been a fantastic ride, thus far at least (she's known to say that the romance of starting a company always goes out the window in the first week). In December, she learnt — within a span of an hour — that she had been selected to the 2010 class of fellows of both the Asia Society and TED in recognition of her work at IIX. A month later, the exchange received its first grant of US\$495,000 from the Rockefeller Foundation. The money would help take IIX from business plan into reality come 2011, and marked only the second time in the foundation's 97-year history that a grant was awarded to a for-profit entity.

Shahnaz was born the fourth daughter of a Muslim family in patriarchal Bangladesh. While her parents embraced her arrival, humiliation was cast on the family. "I think I somehow absorbed it. And at the back of mind always felt that I had to prove that I'm worthy of being of this planet," she shares. "As

I always say, some of the things that happen in life, which you don't have any control over are the ones that sort of define you."

Having no desire to play into gender discrimination, her parents channelled their energy into their daughters' education. Another focus was in imparting a strong sense of social service. One memory Shahnaz keeps to this day is handing out rice by the gate of their home to the poor on Fridays, the holy day for Muslims. "My parents always said that whatever you do, you have to give back to society because we are from a poor country, and we are lucky, you are lucky, to be getting all this opportunity," she recalls.

Her teenage years were spent in the Philippines, where her government official father represented the Indian sub-continent on the Asian Development Bank's board of governors. When it came time for university, it was expected that she, like her sisters, would study in India. But Shahnaz exhibited her characteristic independent streak. It had gotten into her mind that the US, although she had never been, was where she could truly be herself.

Her parents consented on condition she enrolled in an all women's university. Their pick was Wellesley College, where they knew Madam Chiang Kai-Shek to be an alumna. "I said to them, 'I'll only go to Wellesley if you know her actual name, not her husband's,'" she recalls. Shahnaz ended up, instead, at Smith College, the bastion of the American feminist movement, which counts activists Gloria Steinem and Betty Friedan among its alumnae. Gifted and resolute, Shahnaz, was active in social causes throughout college, but left Smith with the realisation that if she wanted to effectively bring about change, she couldn't veer too far to the left. "I'm the type who wants to change the system from within," she explains.

For love and marriage, she defied her parent's wishes again. While at Morgan Stanley, she had met Robert Kraybill, an investment banker from New Jersey. Kraybill was until recently enjoying early retirement, but has now been roped in as managing director of IIX. They have two daughters, an eight-year-old and a four-year-old.

"I'm supremely lucky. I have wonderful little kids. My grandmothers were both married at 11 or 12 and they barely knew how to read and write. And then my mum, she went to college and got a degree, so that was a leap. And with my sisters [a *doctor, a teacher and a development worker*] and I, it's been another leap. I always tell my daughters that they come from generations of women who have done so many things. And it's nice for me to be able to share that with them," she says. ■