

## Louvain School of Management

# “How did banks change their CSR policies after the 2008 financial crisis?”

Project/Research Master's Thesis submitted by  
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## Table of contents

|                                                      |    |
|------------------------------------------------------|----|
| 1. Introduction .....                                | 1  |
| 2. What is CSR? .....                                | 2  |
| 2.1 Introduction .....                               | 2  |
| 2.2 CSR as an obligation? .....                      | 2  |
| 2.3 Evolution in the last decades .....              | 2  |
| 2.3.1 Roots of the Concept .....                     | 2  |
| 2.3.2 CSR in the 1960s and 1970s .....               | 3  |
| 2.3.3 CSR in the 1980s .....                         | 5  |
| 2.3.4 CSR in the 1990s and 2000s .....               | 6  |
| 2.3.5 Recent Developments .....                      | 12 |
| 2.4 Definition of CSR .....                          | 14 |
| 2.5 Why is CSR important .....                       | 16 |
| 2.5.1 Trends that explain the drivers of CSR .....   | 16 |
| 2.5.2 Other Drivers of CSR .....                     | 19 |
| 3. CSR in the banking sector .....                   | 22 |
| 3.1 Introduction .....                               | 22 |
| 3.2 What is the banking sector? .....                | 22 |
| 3.3 CSR in the banking sector .....                  | 23 |
| 3.4 Why is CSR important in the banking sector ..... | 24 |
| 4. Changes after the crisis of 2008.....             | 26 |
| 4.1 Introduction .....                               | 26 |
| 4.2 The financial crisis of 2008.....                | 26 |
| 4.3 New regulation after 2008.....                   | 27 |
| 4.3.1 BASEL III .....                                | 27 |
| 4.3.2 Equator Principles .....                       | 28 |
| 4.3.3 GRI Financial Services Sector Supplement.....  | 31 |
| 4.3.4 UN Principles for Responsible Investment ..... | 31 |
| 4.3.5 ISO 26000.....                                 | 32 |

|                                                                                          |    |
|------------------------------------------------------------------------------------------|----|
| 4.3.6 National legislation.....                                                          | 33 |
| 4.4 Changes in bank CSR policies after the 2008 financial crisis .....                   | 34 |
| 4.4.1 Is CSR practiced to a greater or lesser extent than it was before the crisis?..... | 34 |
| 4.4.2 Jurek's (2013) study.....                                                          | 36 |
| 4.2.3 Effect on Greenwashing.....                                                        | 36 |
| 4.2.4 CSR as tool for managing crises .....                                              | 36 |
| 4.2.5 Responsible lending.....                                                           | 37 |
| 4.2.6 Increased emphasis on financial education.....                                     | 37 |
| 4.2.7 Distributing CSR reports along with financial statements.....                      | 37 |
| 4.5 Conclusion .....                                                                     | 37 |
| 5. Research Questions.....                                                               | 39 |
| 5.1 Introduction .....                                                                   | 39 |
| 5.2 Questions and Objectives .....                                                       | 39 |
| 6. Methodology .....                                                                     | 39 |
| 6.1 Introduction .....                                                                   | 39 |
| 6.2 Overview of methods .....                                                            | 39 |
| 6.3 Research Paradigm.....                                                               | 40 |
| 6.4 Research Method .....                                                                | 40 |
| 6.5 Instruments.....                                                                     | 40 |
| 6.6 Documentary data.....                                                                | 45 |
| 6.7 Selection Process.....                                                               | 46 |
| 6.8 Data Analysis.....                                                                   | 46 |
| 6.9 Ethical Considerations .....                                                         | 47 |
| 7. Results .....                                                                         | 48 |
| 7.1 Introduction .....                                                                   | 48 |
| 7.2 CSR Reports.....                                                                     | 48 |
| 7.2.1 JPMorgan Chase .....                                                               | 48 |
| 7.2.2 HSBC .....                                                                         | 51 |

|                                                                                 |    |
|---------------------------------------------------------------------------------|----|
| 7.2.3 Citigroup .....                                                           | 54 |
| 7.3 Written Questionnaires .....                                                | 56 |
| 7.3.1 CSR After the Crisis .....                                                | 56 |
| 7.3.2 CSR Instruments .....                                                     | 57 |
| 7.3.3 Longevity of the Changes in CSR at Participants' Banks .....              | 57 |
| 7.3.4 CSR After the Crisis at Banks in General .....                            | 58 |
| 7.4 Interviews .....                                                            | 58 |
| 7.4.1 Introduction .....                                                        | 58 |
| 7.4.2 Senior advisor for the Basel Committee on Banking Supervision .....       | 59 |
| 7.4.3 Researcher at the Bank for International Settlements .....                | 59 |
| 7.4.4 Researcher at the Financial Stability Board .....                         | 60 |
| 7.4.5 Advisor for Group of Twenty .....                                         | 61 |
| 7.4.6 Local Representative for the Basel Committee on Banking Supervision ..... | 61 |
| 8. Discussion .....                                                             | 63 |
| 8.1 Introduction .....                                                          | 63 |
| 8.2 Discussion of the results .....                                             | 63 |
| 9. Conclusion and Recommendations .....                                         | 66 |
| 9.1 Introduction .....                                                          | 66 |
| 9.2 Conclusion .....                                                            | 66 |
| 9.3. Recommendations .....                                                      | 66 |
| Reference list .....                                                            | 69 |
| Articles .....                                                                  | 69 |
| Books 74                                                                        |    |
| Websites .....                                                                  | 76 |
| Appendices .....                                                                | 87 |
| Written Questionnaire .....                                                     | 87 |
| Interview Guide .....                                                           | 88 |
| Written questionnaire responses from CSR manager at Santander .....             | 89 |
| Written questionnaire responses from CSR manager at J.P. Morgan Chase .....     | 92 |

|                                                                                                                                      |     |
|--------------------------------------------------------------------------------------------------------------------------------------|-----|
| Written questionnaire responses from CSR manager at HSBC .....                                                                       | 96  |
| Written questionnaire responses from CSR manager at Citigroup .....                                                                  | 99  |
| Written questionnaire responses from CSR manager at Bank of America .....                                                            | 102 |
| Transcript of interview with the senior advisor for the Basel Committee on Banking Supervision                                       | 106 |
| Transcript of interview with the researcher at the Bank for International Settlements .....                                          | 108 |
| Transcript of interview with researcher for the financial stability board .....                                                      | 111 |
| Transcript of interview with advisor for Group of Twenty.....                                                                        | 113 |
| Transcript of interview with local representative for the Basel Committee on Banking Supervision                                     | 116 |
| Table 1: Consequences that Participants Believe Have Occurred for Their Own Banks in Terms of<br>CSR as a Result of the Crisis.....  | 119 |
| Table 2: Consequences that Participants Believe Have Occurred for Banks in General in Terms of<br>CSR as a Result of the Crisis..... | 120 |



## 1. Introduction

After the crisis of 2008, all newspapers pointed to the banking sector as the root of all evil. “Bankers took too much risk”, “Banks don’t care about the peoples’ money, only about their profit”, ... and those are only a few of the headlines published in major journals worldwide. But did banks actually do something with all those critics and was this event the so needed eye opener for a better future?

Corporate Social Responsibility (CSR) is a concept where companies do not only care about the profit for their shareholders but also care about every other stakeholder: employees, customers, society,... In the last couple of decennia companies are getting more and more familiar with this concept for numerous reasons. They see that an increased expenditure in CSR practices pays off in the long term. It is likely that after the crisis of 2008 banks would get more involved in CSR practices to regain the goodwill of their clients. But was this the case? Or were banks already heavily involved in CSR practices before and was this not enough to prevent a crisis to happen?

This paper seeks to answer the research question “How did banks change their CSR policies after the financial crisis of 2008?” Firstly, a detailed literature review is presented that examines the current base of knowledge about the topic and provides a theoretical underpinning for the subject of inquiry. The paper starts to describe what CSR is about based on the history of the concept. Next, a description is given about the banking sector and how CSR has its place in it. In chapter 4, the financial crisis of 2008 is discussed and what has changed since then.

Once the theoretical part has been done, the research questions and objectives are detailed. The methodology is then presented followed by the results, discussion, conclusion, and recommendations.

## **2. What is CSR?**

### *2.1 Introduction*

This chapter starts with an outline of the basic concept of CSR in order to ensure that the reader is familiar with it before it is discussed in further detail. It then goes on to discuss the evolution of the term's meaning and the way in which it has developed throughout the decades to provide an insight into the changes that have occurred to the concept. Next, a discussion of the definition is provided. This helps to clarify the intended meaning of "CSR" as it is used within the present study. An examination of the definition of CSR in the context of banks will then be provided. Finally, its importance is discussed to ensure that the reader is familiar with why it is held to be so significant within the modern era.

### *2.2 CSR as an obligation?*

CSR is often seen as a PR-tool: "we do it because we have to". Because the clients or suppliers ask for it, as it is imposed by the government or some other legislative organizations. But CSR can be much more than that. It can be an opportunity for the company and not only a duty or an obligation.

### *2.3 Evolution in the last decades*

#### *2.3.1 Roots of the Concept*

The roots of CSR in its modern form lie in the 1950s. Until then, companies were involved in some philanthropic activities, for example donating to charity, but their perception of their responsibility to the wider community was limited. Starting from the 50's there was more recognition of the responsibility and "community involvement" from businesses. Therefore we will start our journey through the evolution of CSR in 1950.

In the 50's, executives from important companies raised some concerns about the broader responsibility of management. They did not only have to think about making profit, but also about their people: employees, customers and the public at large. They made 3 core ideas of what CSR should be about: the manager as a public trustee, balancing of competing claims to corporate resources and corporate philanthropy (Frederick, 2006). As you can see the focus was not on how CSR could bring benefits for the company but rather on their responsibility for the society and their will to do good things for society. The main critic on CSR during this

period was obviously the fact that it costs a lot of money without any recompense for the company. (Crane and Carroll, 2008)

The most important academic work in this period was a publication by Howard Bowen (1953): “The Social Responsibilities of the Businessmen. In response of the growing consciousness that the largest businesses had a vital power and impact on the lives of many citizens, he was the first to say that managers had more responsibilities than only to make profit and he made the initial definition of CSR: “It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 1953)

### *2.3.2 CSR in the 1960s and 1970s*

CSR became more popular in the 60’s thanks to the quickly changing social environment, think of: human rights, women rights, environmental movement,.... All those activists had set pressure on businesses and changed the social environment in which companies had to operate. Little by little, the environment seemed ready to adopt CSR practices and policies. However, the main concern remained that this was not the responsibility of the company but rather of the government.

From the 60’s to the 70’s we see that the CSR concept is evolving thanks to the academic contributions in literature as well as to the increasing number of business practices. They referred to CSR as the decisions and actions of businessmen for reasons at least partially beyond the firm’s direct economic interest. So we can state that the change in social consciousness contributed to the evolution of the ‘awareness’ and ‘issue’ eras of CSR.

In 1960 Keith Davis rewrote the definition of CSR adding that the reasons for the businessmen’s actions are at least partly beyond the profit maximization goal of the firm. He was also the first one to say that CSR can bring gains in the long-term and thus that there is a good chance that CSR actions will pay back. Unfortunately it lasted more than a decade before his view became commonly accepted. In 1963 McGuire extended the definition by stating that CSR is not only about economic goals but also about legal obligations. In 1967 Davis revised his definition by adding the arising concern for the ethical consequences of one’s acts as they might affect the interest of others. It was the first time business ethics was mentioned as a part of CSR. At the same time, Clarence Walton (1967) also elaborated a definition of social

responsibility where he emphasized the fact that these actions are voluntary and involve costs without measurable economic returns.

Through the 1970's, there was a shift from businesses assuming responsibility to businesses responding to the social environment. There came an emphasis on the results achieved and on the outcome of social responsible initiatives. Where it was first an academic field we can see that it comes closer to reality with the business cases in this period.

In 1971 Harold Johnson presented different views on and definitions of CSR and he introduced the stakeholder approach by saying that "instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation". In the same year the Committee for Economic Development, the CED (1971), published a survey that the respondents believed a business has the moral obligation to help achieve social progress, even if this means it will affect the profitability. They also formulated their own definition of CSR, which is special because, as the CED is composed of educators and business people, it was the first time both groups worked together in the construction of CSR. Henry Eilbert and Robert Parket (1973) proved in their research paper that CSR has moved from the level of verbal discussions to its implementation in practice.

At the end of the 1970's Carroll (1979) introduced his famous CSR pyramid. He argues that a company has 4 responsibilities:

- The economic responsibility is the base of the pyramid. The main purpose of a firm is to make profit, and without this profit they cannot fulfil the other responsibilities.
- The next layer consists of the legal responsibilities. A company needs to obey the law so the rules and regulations form the boundaries in which a company can operate.
- Next we find the ethical responsibilities, the unwritten rules a firm is expected to follow. These are the values and principles presumed by society on how a business should behave.
- On top of the pyramid we find the philanthropic responsibilities. These voluntary actions are not necessary for a good business management but are driven by the desire to engage in social roles. Managers choose these activities to help the society.

### *2.3.3 CSR in the 1980s*

In the 1980's we see more empirical research and less changes in the definition of CSR. Other terms as corporate public policy, business ethics, stakeholder management,... gained in popularity. According to Frederick, this was the beginning of the 'corporate/business ethics' stage. It was also the start of the research to link financial performance with CSR.

A new perspective on CSR was created by Jones (1980) who was the first to view CSR as a process rather than an outcome. He put forward the notion that in order for a philanthropic that a company upholds to fall under the umbrella of corporate social responsibility, it needs to fulfill two different criteria. Firstly, it needs to be voluntary rather than the result of union contract or coercive forces of law. Secondly, it needs to extend beyond the traditional responsibility to shareholders and company owners to other groups within society, including but not limited to neighboring communities, suppliers, customers, and employees.

In 1984, Freeman (1984) made another major contribution to CSR in the form of the stakeholder theory. Up until this point, many within the business world had held the view that only the shareholders and owners of companies are important, and that the companies have a binding fiduciary responsibility to place their needs first and increase value on their behalf. Stakeholder theory was similar to the stance taken by Jones (1980) in that it posited that other parties' needs also need to be taken into consideration. It gave importance to trade unions, political groups, governmental bodies, trade associations, communities, financiers, suppliers, customers and employees. This helped to cement the role of companies as protectors of the interests of the societies in which they operate as opposed to simply seeking to maximize their profits.

Although the idea that profitability can be compatible with social responsibility had previously been explored, Peter Drucker (1984) introduced the idea that a company had to convert its social responsibilities into business opportunities. The growing interest in the financial performance of CSR was illustrated by Philip Cochran and Robert Wood (1984), Aupperle, Carroll and Hatfield (1985) who all tried to make tools to measure the relation between CSR and financial performance of a firm.

In 1987 Edwin Epstein was the first to relate business ethics and CSR in one definition. He put forward the notion that these two concepts are closely related, with overlapping concerns and themes. He stated that CSR can be defined as attempts to achieve results from organizational decisions related to specific problems or issues that have a beneficial effect upon pertinent corporate stakeholders (Epstein, 1987). He expressed the view that business ethics is a subcomponent of CSR, and that it refers to “discretionary, possibly altruistic, “non-business” relationships between business organizations and diverse community stakeholders” (Epstein, 1989, p. 583).

Epstein (1987) claimed that corporate social responsibility, business ethics and a third concept known as “corporate social responsiveness” combined to form “corporate social policy process”. He differentiated corporate social responsibility from corporate social responsiveness by stating that the former focuses upon the procedures involved in corporate action, whereas the latter is process oriented and centers on “The normative correctness of the products of corporate action” (Epstein, 1987, p. 104). According to Epstein (1989), “corporate social responsibility” is a term that is used to describe the institutionalization of processes within business organizations that facilitate organizational and individual choice and reflection on the ethical significance of organizational and personal action, taking into account the probable results of such actions.

#### *2.3.4 CSR in the 1990s and 2000s*

Throughout the 1990s, the concept of CSR continued to increase in popularity. It rose to unparalleled significance within political-economic dialogue, which has since been attributed to an increase in the degree to which investors, public authorities, consumers and citizens were expected companies to pay attention to CSR (Katsoulakos, Koutsodimou, Matraga & Williams, 2004). In the early 1990s, the concept of “corporate citizenship” also became prominent (Carroll, 2013). This term is used to refer to the philanthropic duties and roles that companies voluntarily undertake within their local communities, for example charitable donations. In 1991, Carroll stated that it is an element of the philanthropic component of his CSR pyramid, and therefore at the highest level (Crane, Matten & Moon, 2008).

Sustainability also became one of the central focuses of CSR during this period, partly driven by the Earth Summit in Brazil in 1992. The summit addresses means of stopping the

destruction of natural resources and preventing pollution. It included the recommendation that all nations should create national sustainable development plans, and helped to propel environmentalism to the top of the CSR agenda (Katsoulakos, Koutsodimou, Matraga & Williams, 2004). The issue of sustainability also grew from solely encompassing the environment to encapsulating the larger stakeholder environment and social sphere in which businesses operate during this period (Carroll, 2008).

Stakeholder theory was a topic of great debate throughout the 1990s, and the concept of business ethics was extensively discussed. The notion of “corporate social performance” also became extremely prominent (Farcane & Bureana, 2015). This term refers to the configuration of a company’s social responsiveness processes, social responsibility principles, observable outcomes, programs and policies in relation to societal relationships (Simerly & Li, 2000).

The 1990s also witnessed numerous different companies develop world-renowned reputations for CSR. Companies began to pride themselves upon the quality of their CSR. Whilst skepticism was expressed about some of these firms, others were generally held to embrace CSR principles (Carroll, 2008). This can be viewed as a sign of CSR not only becoming firmly embedded within the business world, but of the public scrutinizing the legitimacy of the intent behind CSR efforts and rewarding those they felt were genuine by buying into the image of the company.

In 1997, the Asian financial crisis sparked a strong interest in corporate governance (Hamdani & Ruffing, 2015), which has a great deal of overlap with CSR and arguably began to replace it as a concept. “Corporate governance” can be defined as “the systems and processes used by a corporation to make certain that operations are optimized to produce the best financial results for shareholders and other company financiers” (Zattoni & Cuomo, 2008). Corporate governance is more related to the shareholder’s perspective: how to maximize profit and increase transparency and accountability. Where the concept of CSR focuses more on the stakeholder’s perspective, trying to maximize the profit for all the stakeholders. (Vogel, 2008).

A succession of corporate scandals between 2001 and 2002 in Europe and the U.S. brought yet more attention to the notion of corporate governance. Many began to believe that if a greater emphasis was placed upon corporate governance, such crises might be prevented in

the future. They put them partially down to lack of accountability and transparency on the part of companies (Hamdani & Ruffing, 2015).

Although all those concepts have a place in business management we cannot see them separately. We can say that CSR, as a broad general term, is like an umbrella that covers all the smaller concepts. (Fassin, Van Rossem, 2009).

In the late 1990s and early 2000s, the importance that the general public placed upon CSR continued to grow. A public opinion poll carried out during this period showed that the percentage of consumers who are of the belief that it is extremely important to consider the extent to which a company fulfils its CSR when deciding whether to purchase its service or products increased by 16% in the four years leading up to 2002 (Maines, 2005). With this growth of interest came a desire to study CSR in different ways. The emphasis within the academic world shifted from formulating theories about CSR to conducting empirical research into it (Carroll, 2008).

The 2000s and 2010s witnessed a rapid growth in the number of Internet users, which helped to spread knowledge of social issues and acted as a catalyst for the popularization of CSR. The fact that negative reputations were able to spread across the web meant that companies were forced to pay more attention to fulfilling their CSR. The Internet also became a tool for publicizing CSR efforts (Capriotti, 2014).

In 2000, Husted put forward his theory of corporate social performance. It holds that the fit between a social issue's nature and a company's corresponding structures and strategies shapes its corporate social performance. This fit results in an integration of components such as stakeholder management, issues management, and corporate social responsiveness (Carroll, 2008). According to Amin-Chaudhry (2016, p. 190), throughout the 2000s, CSR grew to be an "accepted and expected business practice". Numerous different organizations, global entities and governments issued their own definitions and understandings of it. It grew to be expected of businesses.

During the same year, the United Nations Global Compact became operational (United Nations Office at Geneva, n.d.). It is an initiative based upon CEO commitments to adhere to

sustainability responsibilities (United Nations, n.d.). It has been heralded as a major step in the popularization of CSR (Katsoulakos, Koutsodimou, Matraga & Williams, 2004).

The 2000s also saw a corporate reporting framework known as the “triple bottom line” that facilitates CSR efforts via the efficient utilization of economic capital whilst simultaneously constructing and using natural and social capital become increasingly important. It provided a system for measuring the social and environmental efforts of companies alongside their economic achievement (Abe & Ruanglikhitkul, n.d.; *The Economist*, 2009). The idea behind it was that companies are more likely to place greater importance upon CSR if they have metrics in place to measure it (*The Economist*, 2009). This essentially represented a move to transform CSR from a subjective, theoretical concept to something that is empirically measurable and quantifiable.

In 2002, Backhaus et al. (2002) conducted research into the relationship between employer attractiveness and corporate social performance. They found that employers are more attractive to prospective employees if they exhibit a high level of corporate social performance. The fields of product issues, diversity, employee relations, community relations and the environment were found to be particularly important to jobseekers (Carroll, 2008). This demonstrates a move further towards viewing CSR as a multifaceted business asset.

A year later, Schwartz and Carroll (2003, as cited in Carroll, 2008) refined Carroll’s (1979) pyramid of CSR. They removed the philanthropic domain so that there were only three levels of the pyramid: ethical, legal, and economic. The philanthropic domain was collapsed into the ethical domain. It was proposed that the dominance and size of each domain could be altered in order to act as benchmarks when analyzing the CSR efforts of companies.

In the mid 2000s, the emphasis upon CSR best practice began to grow (Carroll, 2008). In 2005, Kotler and Lee catalogued a set of twenty-five different best practices. They set out to show how CSR has established a means of conducting business that combines a proactive and respectful attitude towards stakeholders with value creation and success. The best practices were placed in six different categories: socially responsible business practices, community volunteering, corporate philanthropy, corporate social marketing, cause-related marketing, and cause promotion.

“Socially responsible business practices” are discretionary investment in order to support good causes. “Community volunteering” involves employees donating their talents and time to positive activities within the community. “Corporate philanthropy” is contributing directly to good causes, “corporate social marketing” refers to implementing behavior change initiatives, “cause-related marketing” is contributing to good causes based on sales, and “cause promotion” refers to increasing concern and awareness of social causes (Carroll, 2008).

The notion of “social entrepreneurship” also started to become widely discussed within the context of CSR. This term refers to organizations or individuals participating in entrepreneurial activities that have a social objective. Social entrepreneurs attempt to produce a positive change via the application of business methods within various different fields, ranging from environmentalism to health and education (Abe & Ruanglikhitkul, n.d.).

In 2006, Porter and Kramer came up with the concept of “shared value”. Porter (2011) has since stated that

*Shared Value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress.*

Some believe that CSR does not go far enough, and that shared value is a better alternative. However, others have put forward the notion that it is simply CSR described in slightly different terms. Irrespective of which perspective is more accurate, companies began to examine the best way to integrate this concept into their workings (Lapina, Borkus & Starineca, 2012).

Shared Value tries to see the social, economic and environmental problems as an opportunity to make profit rather than a risk to control. The goal is to create a profitable project by generating social value and this in the long-term to focus on the society of the future.

According to Visser (2010), a strong believer of Shared Value, the CSR-strategy of a company evolves during time. We can see five different but overlapping stadia: greed, philanthropy, marketing, management and responsibility.

Greed is the defensive stage of CSR, all interventions are done only to protect shareholders value. We can see that those measures are rather limited. Common examples in this stage are programs to improve staff motivation or expenditures to fend off regulation or avoid fines.

The second stage is philanthropy, this can be seen as a form of charity. The company will sponsor and support different projects to improve the society's welfare. Most of the time this is done by starting up a foundation.

Afterwards a company evolves into the marketing stage. CSR is used as a promotional tool, a public relations opportunity to improve brand image and the reputation of the company

Next is the management stage. Here, CSR is taking a more strategic role to support the company's core business. In contrast to the former stadia, CSR will become part of the way of doing business and will not stand beside the business decisions. Some examples are the introducing of policies, program implementation and auditing.

Last, we can distinguish the responsibility stage. The company is aware of the unsustainable and irresponsible business processes and they will innovate and reinvent to solve society problems.

In the late 2000s, "pro-poor" and inclusive business practices began to receive greater prominence within discussions about CSR (Abe & Ruanglikhitkul, n.d.). Newell and Frynas (2007, as cited in Abe & Ruanglikhitkul, n.d.) suggested that CSR efforts should target the poor more than other sections of society. They stressed that CSR practices should reinforce state-led pro-poor initiatives in addition to making a direct contribution.

The increased emphasis that was placed upon inclusive business practices as part of CSR initiatives centered upon the notion that local growers, producers, suppliers and employees should be encouraged by companies to take part in production and numerous other activities within the value chain. The theory is that this enables them to not only fulfill their commercial objectives, but also enhance local productivity and competitiveness.

The "bottom of pyramid" concept also became central to discussions about CSR within the mid-2000s. This is focused upon the notion that entrepreneurialism can play a major role in the alleviation of global poverty. It stresses the idea that the traditional business world neglects the poorest members of society, who possess untapped capacity for both acting as

entrepreneurs and serving as profitable customers. This means that businesses can profit from encouraging them to engage in entrepreneurialism or targeting products or services towards them whilst simultaneously alleviating poverty by engaging them in such commercial transactions.

In the late 2000s, many began to emphasize the notion that CSR should exist within a company's core business activities, contributing value to its corporate success. In the early 2010s, scholars started criticizing conventional CSR, arguing that it is merely a tool for raising companies' reputation and brand image (Abe & Ruanglikhitkul, n.d.). However, Porter and Cramer (2011) posited that reputation is only one of four possible motivations for companies to attempt to fulfill their CSR. They identified the other motives as license to operate, sustainability, and moral obligation.

"License to operate" refers to companies' need to receive explicit or tacit permission from communities, governments and other stakeholders to conduct aspects of their business. Fulfilling CSR responsibilities increases the likelihood that they will be granted this permission. "Sustainability" refers to the desire to engage in community and environmental stewardship. "Moral obligation" is companies' desire to fulfill their ethical duties (Abe & Ruanglikhitkul, n.d.).

In 2008, the global financial crisis took place, which caused some areas of CSR to be sidelined at many companies in order to save costs. They were forced to save money by spending less on community involvement schemes. It caused them to focus more upon the elements of CSR that had the greatest impact upon their reputations. These areas included environmentalism, human rights, and ethical business conduct (Jacob, 2012).

### *2.3.5 Recent Developments*

In 2016, Carroll reviewed his pyramid of CSR, and added new insights to his theories. He stated that although ethics was depicted as a separate CSR domain within the pyramid, it should be viewed as a factor that "cuts through and saturates the entire pyramid", as "Ethical considerations are present in each of the other responsibility categories as well" (Carroll, 2016, p. 5). He also pointed out that the pyramid is to be viewed as a unified, integrated whole rather than focusing upon its subcomponents.

The following year, numerous different academics began to express increasing levels of cynicism about CSR. Nikolova and Arsic (2017) questioned the usefulness of CSR at large companies. They suggested that it is impossible to fulfill duties towards a plethora of different stakeholders with conflicting requirements. They implied that “If the extended enterprise is confronted with so many stakeholders towards whom it has so many responsibilities such boundlessness could render CSR meaningless” and expressed the view that “It may well be that the problem is not in the pertinence of CSR, but rather on the very personal, individual values and responsibilities of the people that make the social organizations” (Nikolova & Arsic, 2017, p. 32).

The same year, Swarnapali (2017) claimed that the meanings of CSR and corporate sustainability had merged into one another. He pointed out that they are now used interchangeably. This suggests that the growing emphasis that is being placed on sustainability is in danger of making this the central premise of CSR to the exclusion of other factors. It also indicates a shift in the meaning of CSR.

Kuokkanen (2017) stated that many companies find ways of exaggerating their ethical behavior as part of their CSR strategies. This indicates that oftentimes, CSR is actually immoral, meaning that it has arguably become the polar opposite of its initial conception. Kuokkanen (2017) stressed the need for sound metrics and measurement systems when assessing companies’ CSR.

Carroll (2016) has predicted that CSR will remain an important element of business throughout the years to come, and experience slow but steady growth. He has stated that this growth will be driven by four main factors: academic proliferation, reconciliation with profitability, institutionalization, and globalization. “Academic proliferation” refers to the explosion of theory building that has taken place in recent years. This is likely to continue, driving interest in CSR within the business world. “Reconciliation with profitability” centres on the notion that the business case for CSR is becoming stronger, resulting in CSR practices being implemented by a greater number of businesses. “Institutionalization” refers to the fact that CSR is becoming formalized, commonplace and deeply integrated into organizational practices, policies, and structures. Globalization is likely to drive the growth of CSR on account of companies in developing nations taking lead from those in more affluent countries.

## 2.4 Definition of CSR

*“A corporation’s responsibility is to make as much money for the stockholders as possible.”*

According to Friedman (1962) the only concern for managers has to be the profit they make for their stockholders. Every decision a manager makes that is reducing the benefits of the owners is illegal and, as CSR is mostly seen as a cost for the company, it should be forbidden.

But we can argue that there are a lot more stakeholders and that the stockholders are not the only ones who “own” the company. Without employees ... no business, without clients ... no business, even without the government and their legislative power there is no business possible. As you see there are a lot more people involved than only the owners of the company.

As CSR became more and more important the last couple of years, the followers of Friedman have weakened his point of view by saying that CSR is not completely illegal but it is not the task of the company. Private individuals cannot decide what the social interest is, so it is not the task of a manager to decide whether something is good or not for the society. It is the government and the legislative power who have to make regulations which businesses have to follow. (Coleman, 2013)

But CSR is far more than that, it is not only the compulsory part but also the voluntary part to act in the interest of all the stakeholders. There are a lot of definitions of CSR but the one of the European Commission (2011) summarizes these two parts the best:

*“the responsibility of enterprises for their impacts on society”. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:*

- *maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large*
- *identifying, preventing and mitigating their possible adverse impacts.*

There are many other definitions of Corporate Social Responsibility. We cannot find the 'one and only' definition, but they all have some common principles (Denis, 2014):

- CSR are voluntary, not legal mandatory actions. It is a response of the company that wants to protect its long-term goals.
- Businesses have to take responsibility for the economic, social and environmental consequences of their activities. They have to prevent or make up for the negative impact of their actions and try to search for a positive impact.
- CSR affects the core activities of a business. It is not something you mention in the appendix of the annual report.
- CSR is a process that needs to be improved on a continuous basis, it is not a status or a label.
- Transparency and communication between the company and the stakeholders is essential for a good CSR policy.

There are some other concepts that are closely related to CSR and are often used interchangeable. Some definitions make CSR equal to corporate sustainability: "Development that meets the needs of the present without compromising the ability for future generations to meet their own needs" (Sharma and Henriques, 2005). But here the focus is more on the environmental dimension of the business. It is a more eco-centric paradigm, and focuses less on the human, anthropocentric part. With that being said, sustainability is only one side of CSR but there are many others.

The Brundtland Commission (1987, as cited in Barlund, n.d.) defined sustainability as "development which meets the needs of current generations without compromising the ability of future generations to meet their own needs". Whilst this broad, general term describes the focus of CSR, it makes no reference to the actions of companies to bring it about. CSR is the contribution of companies to sustainable development, along with other social and environmental issues.

Others replace CSR to business ethics: "the critical, structured examination of how people & institutions should behave in the world of commerce". (MacDonald, 2010) It is a set of (unwritten) rules for managers to make the difference between right and wrong and to do the

‘good’ thing. But CSR is more than only trying to not do the ‘wrong’ thing and following the law, it is about a company that has to take its responsibilities.

Freeman (1984) put forward the concept of “stakeholder management”, which is connected to CSR. He defined it as executives creating maximum value for stakeholders whilst avoiding resorting to tradeoffs. However, this concept does not encompass the entirety of CSR, as it is arguable that some desired outcomes of CSR initiatives are not aimed at increasing measurable value.

For the purpose of the present paper, the common principles identified by Denis (2014) will be used as the definition of CSR. This is due to the fact that they are the characteristics of this phenomenon that multiple different scholars agree on, and stem from a relatively recent source. This means that the common use meaning is unlikely to have changed since these principles were put forward.

Although there is a lack of consensus about the precise meaning of CSR as it is applied to the banking sector (Tran, 2014), Fotouh (2016) has stated that “A simple definition of CSR would be how banks take the impact of their operational activities on society into consideration”. He has stated that “Consequently it requires a built-in, self-regulating mechanism whereby banks would monitor and ensure their adherence to law, ethical standards, and international norms to produce an overall positive impact on society” (Fotouh, 2016).

## *2.5 Why is CSR important*

### *2.5.1 Trends that explain the drivers of CSR*

Why does a manager want to implement a CSR-strategy even if this will cost money in the short-term and the gains in the long-term are uncertain? (Lindgreen, Swaen and Maon, 2009). There are 5 remarkable trends in the 21<sup>st</sup> century that show that CSR is and will be important in the future, and go some way towards explaining the current drivers of CSR (Werther and Chandler, 2011). They are:

#### 1) Growing affluence

Poor, undeveloped countries are happy with any investment that creates jobs. Companies within these nations cannot prioritize socially responsible activism over people’s basic needs. Rich countries, on the other side, are affluent enough for

companies there to factor social issues into the way in which they operate (Werther & Chandler, 2011). It is also notable that rich consumers do not always just buy the cheapest product, which means that there is a bigger market in these nations for goods that are more expensive because they have been produced by socially responsible companies (Wilson & Wilson, 2006).

It is also notable that a study into the relationship between the financial development of nations and the amount of importance that their banks place upon CSR conducted by Hu and Scholtens (2014) concluded that banks in countries with a higher level of financial development are more likely to put CSR policies in place. This suggests that growing affluence is increasing the degree to which banks emphasize CSR. It supports the notion that richer countries can afford to devote more of their attention towards such practices.

## 2) Ecological sustainability

Thanks to the growing affluence and the social expectations, there is also a growing concern for environmental issues. People realised that the Earth has a maximum capacity. Human activity is the main cause for the depletion of natural resources and makes the prices for raw materials go up. Therefore, firms that do not do anything to slow down this process are penalized via negative public opinion (Werther & Chandler, 2011). As previously mentioned, environmentalism is a major focus of CSR.

It is essential for banks to maintain positive reputations in order for them to gain investment. The importance of reputation for investment is growing, and becoming a source of competition (Coffee, 2012). The growing emphasis on ecological sustainability means that investors are likely to be increasingly concerned about banks' reputations for environmentalism.

## 3) Globalization

Thanks to the rise of the internet, the world is made more global and companies are now operating in a totally different environment than 20 years ago. If a firm has a problem with a local community, they have the risk to be exposed to worldwide critics. This means that CSR efforts are more likely to receive global exposure, boosting the

reputation of the companies in question. Similarly, if a company lacks an adequate CSR strategy, the repercussions could also be far greater (Werther & Chandler, 2011).

As previously stated, globalization is also driving the growth of CSR on account of companies in developing nations taking lead from those in more affluent countries (Carroll, 2016). Jain (2007) has pointed out that this phenomenon means that CSR is more important than ever for banks in developing nations. It has become an expectation, and without CSR efforts, the banks of many countries are likely to suffer reputational damage (Jain, 2007).

#### 4) Free flow of information

Every scandal is immediately big news all over the world thanks to the globalisation. Media is an important power and the rise of technology has helped to make any CSR lapses publicly available worldwide. One photo taken by a GSM can lead to a huge scandal which implies a loss of millions of shareholder's value. In addition, the internet is a huge medium for activists to find like-minded people and to demonstrate against international companies (Werther & Chandler, 2011).

When company stakeholders witness the profits dramatically falling due to the reputational impact of a scandal, they often insist on a greater emphasis upon CSR to avoid similar occurrences taking place throughout the years to come. Awareness of these scandals also creates more demand for proactive approaches implemented by companies that are yet to experience an incidence. All of this boosts the perceived importance of CSR (Culcasi, Ruozzi, Sandia & Valle, 2010).

The damage caused to banks' reputations by scandals can impact upon their earnings, business relationships, ability to form new business relationships, and even their ability to continue to exist. It can potentially put them out of business. It can also jeopardize their access to funding sources (Miklaszewska & Kil, 2016). Therefore, free flow of information means that CSR is particularly important within the banking sector, given the recent financial scandals that it has been marred with.

#### 5) Brands

Companies try to make strong international brands so that people recognise them and buy more of their products which results in more revenue. A brand has no value on itself but rather a value in people's mind. Therefore it is extremely important for

businesses to have a good reputation. It is hard to establish but easy to lose and therefore business leaders give more value to a good CSR strategy (Werther & Chandler, 2011).

A growing global middleclass means that brands are likely to become even more important throughout the years to come (Goodson, 2012). According to Keller (as cited in Creel, 2012), CSR can increase the value of a brand in six different ways. CSR activities help to build brand awareness, enhance brand image, establish brand credibility, evoke positive brand feelings, create the impression that the brand is inextricably connected to the community, and elicit brand engagement. All of these actions can be financially rewarding (Creel, 2012), meaning that CSR is extremely important for creating a powerful tool for enhancing company profits.

Branding can also provide a competitive advantage to banks. It enhances the commitment displayed by their employees and boosts employee satisfaction. It can also help to facilitate positive relationships between banking staff and customers (Buil, Catalan & Martinez, 2014). This means that the growing importance of brands coupled with CSR's ability to positively contribute to a brand makes CSR highly important to the banking sector.

### *2.5.2 Other Drivers of CSR*

CSR is also sometimes driven by companies that genuinely desire to bring about good in their societies. The manager has strong moral values and norms or there are some employees who strongly influence the management to make some change. It is notable that company leaders' personal attitudes, beliefs, norms, and values are often reflected in the actions of a company (Mele, 2012). This provides a motivation for ethical leaders to ensure that their companies uphold their CSR.

However, it is notable that companies that claim to engage in CSR for moral purposes frequently do it because they believe there is something to gain from doing so. Some are skeptical about the ethical underpinnings of CSR (Swanson, 2010). Nevertheless, it is likely that at least some companies engage in it because high-ranking staff members believe that it is the right thing to do.

CSR is also adopted by banks as a form of risk management. Upholding CSR can safeguard against a host of different risks. CSR-related activities aimed at creating a positive working environment and protecting the rights of employees can reduce the likelihood of staff becoming ill. Environmental measures can help to mitigate the negative impact that climate change could potentially have upon banks, and creating an inclusive workplace can reduce the risk of important members of staff quitting their jobs. Many banks are acutely aware of these benefits (Strandberg, 2016).

It is notable that CSR can also attract new talent to a company. Employees rather choose to work in a company that has the same values as them, so CSR can lead to a great advantage over other companies. Jobseekers no longer view prospective employers solely in terms of the earnings that they can generate for them; they want to work at companies that make a difference to the world (Santos, n.d.).

On top of that, research shows that the performance of employees is higher in 'good' companies. Su and Yu (2015) studied the impact of CSR upon staff performance, and found that workers at socially responsible companies complete their work to a higher quality than those at companies that are less socially responsible. This demonstrates a clear practical incentive for companies to implement CSR strategies.

Thirdly, CSR can be seen as a management tool. When there is a lot of competition, CSR can help to differentiate their products. Consumers are becoming increasingly aware of the impact that a business can have upon society, and will sometimes choose a 'good' product over one that is deemed not to have fulfilled its CSR. Research by Mohr and Webb (2005) suggests that in some cases, CSR has even more of an impact upon purchasing intention than the price of a product or service does. This indicates that some companies might be driven to invest in CSR on account of the fact that doing so will enable them to raise the price of their product without causing customers to stop purchasing them.

CSR can also be a strategic investment aimed at enhancing the reputation of the company. Consumers will prefer your product over the one of the competitor because they have a positive opinion about your company. This is even more important if you often launch new products. Just because the product comes from your company consumers will try it.

Not everyone is convinced that CSR helps to create reputation management. According to Mc Williams (2006) there is a problem of asymmetric information: consumers do not know which company really wants to make a change with their CSR strategy. Therefore it is important that a business publishes their CSR reports. But even then, those reports are often interpreted by the consumers as a publicity tool because they cannot distinguish the good companies that care about the society or the image-building companies.

However, Maden, Ankan, Telci and Kantur (2012) conducted a study aimed at determining the correlation between CSR and corporate reputation, and concluded that enhancing a company's CSR usually also boosts its reputation. This means that even if some consumers are skeptical of CSR efforts, there are still enough people who believe it they are typically reflective of a socially conscious company for them to be an effective means of providing a firm with a positive image. There is also evidence that positive reputations brought about by CSR translate to enhanced customer, investor and employee relationships (Maden, Ankan, Telci & Kantur, 2012).

At last, as CSR is becoming a much more important concept in society, there are some first steps to make a regulatory framework to force companies to take CSR actions. The early-bird companies will have a strong advantage over the more passive businesses.

### 3. CSR in the banking sector

#### 3.1 Introduction

This chapter examines the the role of CSR within financial institutions, specifically those within the banking sector. It starts by defining the banking sector so that the intended meaning of the term within the current paper is clear. It then goes on to detail the way in which CSR operates within this sector. Finally, the importance of CSR within the banking sector is described in order to provide additional context.

#### 3.2 What is the banking sector?

*The banking sector is the section of the economy devoted to the holding of financial assets for others, investing those financial assets as leverage to create more wealth, and the regulation of those activities by government agencies.* (Investopedia, 2015)

Holding money (or financial assets) is the core business of every bank. As holding money alone is not profitable, banks reinvest those financial assets to create wealth. A bank is a mediator that transforms the short-term liquid assets of households into long-term illiquid investments by firms. By lending money they earn interest profits on the loans (Arnold, 2014).

Bankers originally lent out gold, but then the practice of people providing notes promising to pay specific amounts at a later started gaining popularity. Banks then started lending out these notes, and they became legal tender. Most people did not use their gold, and relished the prospect of gaining interest on it from banks (Atack & Passell, 1994). Today this phenomenon is still the same: a bank has only a fraction of the billions of money people have on their bank accounts in cash available (Arnold, 2014).

Banks are responsible for the money of the citizens and therefore governments have made some rules and regulations to make sure the bank cannot lose that money. There are a lot of governmental institutions that keep an eye on the banking activities and can penalise a bank if they do not follow the regulations. As banking is based on trust between the bank and people those agencies are really important to keep the banking sector alive (Arnold, 2014). However, as we have seen in 2008, those institutions cannot always prevent a trust crisis (Claessens & Kodres, 2014).

### *3.3 CSR in the banking sector*

CSR becomes increasingly more important for banks. And although the practices differ from country to country, think of the difference between developed and developing countries, and from one bank to another, we can see 3 main aspects of how financial institutions can contribute to a sustainable society (Hoang, 2014 and Febelfin, 2012):

The most common is the environmental aspect. As banks do not produce anything they do not have the negative consequences from the production. Think for example of the discharge of toxic pollutants in the environment or the use of dangerous chemical or... So banks are less involved in environmental issues. Although they can take some smaller actions: recycling of electronic and electrical equipment, reducing paper waste and electricity, changing the mobility policy for their employees,...

More important is the indirect impact they can have by their core activities. Before granting loans to companies they can examine the environmental impact of the business on the society and they can refuse to lend money to commercial activities that degrade the natural environment. Also by their investment strategies they can take responsibility by investing in 'green financial markets' and by favoring 'green' funds and 'green' projects.

Secondly, as one of the biggest employment sectors, banks have to live up to their responsibilities by offering attractive long-term contracts with fair remuneration to their employees. They have to pay attention to the equality between their employees, no difference between men or women and between cultures and races. Additionally, banks need to create a clean and effective workplace where every employee can do their job and feels valuable.

The last aspect involves the core activities of banks. The banking sector has a high impact on the stability of the economy. Therefore it is important that a bank takes some measures to contribute to a sustainable society. First of all banks have to monitor and control the risk, which is inherent at their activities. Secondly, they have to be transparent about their corporate governance and their products to their clients and other stakeholders. And lastly, as the motor of the economy, they have to make sure they give enough loans to companies and the private sector.

### *3.4 Why is CSR important in the banking sector*

As stated above, reputation is very important for a bank to retain old customers and attract new ones. CSR can thus help to improve the financial performance. Research by Bolton (2012) suggests that CSR efforts on the part of banks are positively correlated to both firm value and operating performance. Banks with a strong record for CSR also have a higher chance of enjoying support from the government in situations in which they are deemed to require it (Bolton, 2012).

Conversely, in cases in which banks have inadequate CSR policies in place, their financial situation can suffer. This not only happens due to the fact that it means that they fail to unlock the benefits associated with CSR; it can also result in economic damage being inflicted upon the environments in which they operate (Herzig & Moon, n.d.). This can increase credit risk due to reduced national earnings impacting upon bank debtors' capacity to service their debts, and consequently prove costly for banks (Montiel, 2011).

Another important aspect of CSR is its ability to help banks to remain afloat after a crisis. Stevens and Buechler (2013) have pointed out that the effectiveness of a bank's CSR strategy can make the difference between staying in business and going bankrupt in such situations. This was true in the case of Lehman Brothers, which became bankrupt in 2008. There was a perception that this was due to risky practices, which influenced the company's relationship with government regulators. The government took the decision not to provide support to the bank.

Lehman Brothers' CSR strategy was poorly constructed and non-specific. It did not contain a plan of action for what should be done in a crisis situation. Had it done this then there is a possibility that the bank could have continued to operate (Stevens & Buechler, 2013).

Lehman Brothers' downfall is arguably responsible for a change in attitudes towards CSR in the banking sector. It increased the extent to which stakeholders are aware of the extent to which banks fulfill their social and ethical responsibilities. It also resulted in a slew of different studies that demonstrate that CSR can also make banks more robust in the aftermath of crises (Fasan, n.d.).

Banks operate in a risky climate, they convert short-term loans into long-term borrowings, and if there is a problem at one of both sides their business can collapse immediately. However, with a good csr-policy where the risks are identified, controlled and managed very strictly we see that CSR can lead to a better risk management. The results of a study by Bolton (2012) indicate that there is a negative correlation between risk-taking by banks and whether or not they have implemented an effective CSR policy. Research by Francis, Harper and Kumar (2016) has also demonstrated that CSR efforts on the part of banks are valued by stakeholders on account of their role in mitigating risk.

CSR can help to attract young talents to work at your bank. We see that the financial sector is not an attractive employer for young graduates (Fronza, 2015). There are a lot of negative stories about the 'banking life' (Tett, 2009), and the sector is not seen as very stable (Monnin & Jokipii, 2010). This means that there is fierce competition between banks to hire the top talent. A good CSR-policy can give you an advantage over other banks to attract those young graduates. (Hoang, 2014).

It is also notable that a lack of CSR on the part of banks can have significant negative consequences for society as a whole. Argandoña (2009) claims that CSR efforts implemented by banks can lessen the impact of financial crises. He has stated that such crises are typically caused by a plethora of different contributory factors, one of which is "the abundance of unethical behaviors on the part of many of those who made the financial decisions" (Argandoña, 2009, p. 1).

CSR can also help to prevent banks from financing polluting activities that cause damage to the natural world. It can contribute to the stability of the financial sector and prevent privileged individuals within banks from exploiting their clients. It can counter the negative impact of deregulation, which arguably enables banks to engage in unethical behaviors without being held accountable (Lauesen, 2015).

## 4. Changes after the crisis of 2008

### 4.1 Introduction

This chapter details the changes that occurred to financial institutions' CSR policies in the wake of the 2008 financial crisis. It starts by explaining the nature of this crisis in order to provide context. It then examines various different regulations that were brought in after 2008. It begins with Basel III, as this has been described as the most important reform to be brought about due to the crisis (*The Economist*, 2010). It then moves on to the Equator Principles, which were widely adopted in response to the crisis, before detailing the GRI Financial Services Sector Supplement. Although not as important a development as Basel III or the Equator Principles, the supplement was also a significant development. The United Nations Principles for Responsible Investment and ISO 26000 are then described, followed by breakdowns of the changes in national legislation that occurred due to the crisis and changes in bank CSR policies. Finally, a conclusion summing up the findings of this chapter is presented.

### 4.2 The financial crisis of 2008

After the terrorist attacks of 2001, the Federal Reserve (the national bank of the United States) was worried about the economy. To avoid a recession they started lowering the interest rates to give liquidity to the market. Because of the low interest rates people started buying houses by lending money of the banks. Also poor unemployed people could get loans very easy. We call this subprime loans because normally they are not able to get a mortgage. The demand on the housing market raised and there was an increasing appreciation of housing prices.

In 2006-2007 the economy was doing well, so the FED decided to raise the interest rates. Now these poor unemployed people could not repay their debts so they had to give their house to the banks. But because of the raising interest rates and the raising number of houses being sold by banks (to repay the loans), the housing market started to decline. Banks could not completely repay the loan by selling the house so they made huge losses. Because of these problems banks were more strict to give new loans and the housing market completely collapsed.

Due to the fact that bankers could earn a lot of money by granting loans, they wanted to sell as many as possible. At one point in time they had not enough resources anymore so they

decided to resell these subprime mortgages to other international banks. With the extra cash they could sell even more subprime loans.

The international banks did not really know what they were buying and thought these loans were almost risk-free financial products. When the American housing market collapsed, they had not enough cash on their balance sheet so they had to lend by other bankers to repay their clients. Since there was no trust anymore between bankers, no bank wanted to lend money to another bank. Clients were afraid of bankruptcy and started withdrawing money from their accounts. This made that banks had even less money on their balance sheet. Here is where the financial credit crisis started.

#### *4.3 New regulation after 2008*

##### *4.3.1 BASEL III*

The Basel accords are international regulations for financial institutions imposed by the Bank for International Settlements (consortium of the central banks of every western country). In the late 80's, Basel I was implemented focusing on the credit risk of banks. Some years later they realised that market risk was also an important issue for the financial stability of a bank, which led to the introduction of Basel II. Additionally the operational risk was tackled by introducing some capital reserves.

At this moment they are installing Basel III. After the crisis of 2008 the main concern is to tackle the risk for a run on the bank. Therefore they are tightening the capital requirements: the quality of the capital base must be higher and some mandatory capital buffers are introduced. There are also some liquidity measures taken.

What is more important for our paper are the measures with a link to CSR. As there was an excess of bonuses for top managers, which led to risky behaviour, a bonus plafond was installed. Now the maximum bonus can only be 1 year of wage (except for some exceptional cases where it can be 2 times the annual wage). Secondly, the requirements for corporate governance arrangements and processes are strengthened. Additionally, a bigger degree of transparency is asked from the banks. A last CSR-related measure is the requirement for more

diversity in the board composition (in particular to the gender balance). (European commission, 2013)

#### *4.3.2 Equator Principles*

The Equator Principles were first established in 2003, and are a framework for determining, evaluating and managing social and environmental risk associated with project finance transactions. They were primarily established in order to put in place a minimum due diligence standard aimed at supporting responsible risk decision-making (Equator Principles Association, n.d.). They include 10 principles, which are as follows: -

1. Review and Categorization – Projects that have been proposed for financing should be categorized by the Equator Principles Financial Institutions based upon their potential for social and environmental impacts and risks (Equator Principles Financial Institutions, 2013). The Equator Principles Financial Institutions are the financial institutions that have adopted the Equator Principles and agreed to abide by them (Morrison, 2017).
2. Social and Environmental Assessment - Equator Principles Financial Institutions should require their clients to carry out assessments in order to address the relevant social and environmental impacts and risks that are associated with the proposed project. The documents reporting the assessment should outline measures aimed at mitigating, offsetting and minimizing adverse impacts of the project in a way that is appropriate and relevant to the scale and nature of the project.
3. Applicable Social and Environmental Standards – The assessment that is carried out should address compliance with host country permits, regulations and laws relating to social and environmental issues.
4. Social and Environmental Management System and Equator Principles Action Plan – The clients associated with all projects that fall within Category A or B in the Equator Principles Financial Institutions' system for categorizing projects based upon their potential for social and environmental impacts and risks should be made to maintain or develop a social and environmental management system. They should also be made to develop social and environmental management plans to address the issues raised during the assessment. Category A is for projects with the potential to pose a significant risk to society or the environment or the potential to cause

unprecedented, irreversible or diverse types of environmental or social damage.

Category B is for projects with the potential to inflict limited damage to the environment or society, or with the potential to negatively impact upon the environment or society in a small number of ways in a manner that is likely to be site-specific, reversible, and easily addressed via mitigation measures.

5. Stakeholder engagement - Equator Principles Financial Institutions should engage effectively with their stakeholders in a culturally appropriate and structured manner as part of an ongoing process.
6. Grievance Mechanism - Equator Principles Financial Institutions should oblige their clients to create systems aimed at facilitating the receipt and resolution of grievances and concerns about the social and environmental performance of projects.
7. Independent Review – All Category A and B projects should be subject to independent reviews by social and environmental consultants who have no direct association with the clients.
8. Covenants - Equator Principles Financial Institutions should oblige their clients to covenant within their financing documentation to abide by all relevant host nation social and environmental laws, permits and regulations. Clients wishing to gain financing for Category A or B projects should covenant to comply with their Equator Principles Action Plan and environmental and social management plan. The Equator Principles Action Plan is a plan that is produced as a result of the due diligence process that details what needs to be done in order to make the project comply with the standards defined within the Equator Principles. Clients wishing to gain financing for Category A or B projects should also periodically supply reports that document the ways in which the Equator Principles Action Plan and environmental and social management plan are being applied with and provide documentation of the fact that they have complied with relevant host country, state and local social and environmental laws, permits and regulations. They should have a plan in place for if they need to decommission the project, and covenant to stick to it.
9. Independent Monitoring and Reporting - Equator Principles Financial Institutions should either appoint an independent social and environmental consultant or oblige clients to retain experienced and qualified external professionals to monitor the

information that they will be sharing with the financial institution in situations in which the client's project falls within Category A or B.

10. Transparency and Reporting – Financial institutions should oblige clients with Category A or B projects to ensure that a summary of their social and environmental impact assessment is available online and readily accessible, and that they publically report their greenhouse gas emission levels during the operational stage if they emit over one hundred thousand tons of carbon dioxide per year (Equator Principles Financial Institutions, 2013).

Following the economic crisis in 2008, the Equator Principles Secretariat was formed in an attempt to restore the public's trust in the financial sector by helping to ensure that associational codes of conduct were adhered to (Worsdorfer, 2015). The Secretariat is the initial contact point for external and internal inquiries associated with the Equator Principles, and manages communications related to the Principles. It provides assistance and advice regarding adoption (Equator Principles Secretariat, 2011). It enhanced the institutionalization and formalization of the Principles, and increased their public visibility.

Shortly afterwards, the Equator Principles Association was established. It was also aimed at restoring public confidence following the crisis (Worsdorfer, 2015). It is a body comprised of Equator Principles Financial Institutions that aims to develop, manage and administrate the Equator Principles (Equator Principles Association, 2011 a). It further enhanced the formalization of the Principles, and sought to thrust them even further into the public eye.

In 2011, the Equator Principles were updated, in part inspired once again by the financial crisis (Worsdorfer, 2015). It was decided that a series of actions would be implemented by the Equator Principles Association. The update stated that the Association would improve communication with its members, develop a new website for knowledge sharing and communication with members and stakeholders, develop a template for reporting, and continue its engagement with the International Finance Corporation as a strategic partner. The update also said that the scope of the Equator Principles would be extended to cover corporate loans for which the use of proceeds is known, that a common Equator Principles auditing standard would be developed, and that reporting, implementation and disclosure standards would be raised.

In addition to these points, it stated that the Equator Principles adoption standards and criteria for new adopters would be revised, and that outreach to a wider variety of stakeholders would be required. It held that a tiered membership approach would be considered in which the requirements for full membership were dependent upon a set of criteria (Equator Principles Association, 2011).

#### *4.3.3 GRI Financial Services Sector Supplement*

GRI (Global Reporting Initiative) is an international organisation that helps businesses and organisations to make their sustainability report publicly available. They do this by making a standard form on how a sustainability report should look like and try to make it as transparent as possible. By their uniformity it is much easier to compare different companies or organisations. Their goal for the future is that every organisation should make such a report every year (like a financial statement). (Globalreporting, 2016)

Following the financial crisis in 2008, GRI launched the Financial Services Sector Supplement. It provided financial-sector-specific reporting guidelines (Weber & Feltmate, 2016), including those related to sustainability (Susana, 2010). The framework integrated numerous reporting systems and concepts into a single globally accepted framework (Weber & Feltmate, 2016). It provided a set of qualitative and quantitative indicators that were specifically tailored towards assisting banks, asset managers and insurers to report their sustainability impacts. It has been credited with a dramatic increase in sustainability reporting between 2008 and 2011 (Coulson & O'Sullivan, 2014).

#### *4.3.4 UN Principles for Responsible Investment*

In April 2006, the United Nation launched its Principles for Responsible Investment, which constitute one of the most significant CSR instruments to date. The principles were based upon the premise that asset managers and institutional investors possess a duty to seek to consider their investors' best long-term interests, which include governance, social and environmental issues. They provide a framework for integrating responsible business practices into investment strategies (OECD Secretariat & Secretariat of the UNEP Finance Initiative, 2007).

The principles became more widely accepted after the financial crisis of 2008. There were calls for them to be regarded as an investment in stable financial and economic systems. The

number of signatories that ratified agreements to abide by the principles continued to rise for years to come, and the principles have now arguably entered the mainstream. They have attracted considerable interest from policymakers, investment professionals, the general public, and investors (Hebb, Hawley, Hoepner, Neher & Wood, 2016).

#### *4.3.5 ISO 26000*

Although perhaps not as important as the other CSR standards and regulation that have been explored throughout the course of this section, ISO 26000 is the official guidance on Corporate Social Responsibility. These standards are made to help organisations in their CSR-policy by making clear what social responsibility is, how it should look like in an organisation and by giving advice on how businesses can implement those standards (ISO, 2010). They came into effect in 2010, partially in response to the financial crisis two years earlier (Brockett & Rezaee, 2012). The ISO also shares some good practices. The guideline is based on 7 principles:

- respect for the rule of law: managers have to act to the rules and regulations imposed by the government, they are the boundaries in which a company can operate.
- accountability: business activities can have an impact on the society. They can influence clients, employees, suppliers, neighbours, the local community,... Managers should try to avoid a social, financial or ecological negative impact in the first place or take their responsibility to make up for the consequences.
- transparency: businesses should communicate about their decisions and activities to their stakeholders in an open and transparent way. They can do this by publishing monthly or annual reports or by answering on questions on an ad hoc basis.
- ethical behaviour: to act according to the social norms and values. Managers have to pay attention for the consequences of their actions and take responsibility for a sustainable environment even if this is not necessarily required by the law.
- respect for international norms and behaviour: in countries where the law does not protect, or is in conflict with, the western key values, it is the task of a business to keep the international accepted norms and behaviour and act in respect of these. This includes not doing business with companies that are not consistent in this topic.

- respect for stakeholder interests: stakeholders are individuals or groups who are affected by, or have the ability to impact the organization's actions: employees, clients, suppliers, local communities, banks,... It is important to take all those into consideration when managers take a decision.

- respect for human rights: these are the fundamental rights of every human being. In western countries this is always incorporated into the law system but this is not always the case in the poorer countries.

(ISO,2010)

#### *4.3.6 National legislation*

As a lot of banks were saved from bankruptcy by taxpayers' money, national regulators imposed some new rules to bankers to make them more responsible. The culture of bonuses was seen as a promotion for risky management decisions. Therefore a new European regulation was introduced to restrict those bonus policies. They imposed a maximum bonus which could be only a percentage of the basic pay. More than 50% of the bonus has to be given in shares and banks are encouraged to give those shares on the long-term (3-5 years). Lastly, only 20% can be given in cash and the bonus policy for top management and risk takers has to be published to increase transparency.

In some countries (like Belgium, France, UK,...) the government raised taxes on the balance sheet of banks to let them contribute to the economic recovery. As they were seen as the reason of the crisis and as they have survived thanks to the government's money it was seen as fair and normal that they had to help to rebuild the economy.

New regulations request the banks to make a "Chinese Wall" between their retail and investment banking activities. This is to make sure that the people's money will always be safe even if there is a problem with the more risky-side of a banks' operations. A bank also needs a capital buffer which can only be used if they fail so they can protect the private customers' money (BBC,2014).

#### *4.4 Changes in bank CSR policies after the 2008 financial crisis*

This section will explore the changes that have occurred to banks' CSR policies following the crisis. It will look at whether or not CSR is practiced to a greater or lesser extent than it was before the crisis, and the precise ways in which the crisis appears to have caused CSR policies to change. It will shed light upon the findings of relevant studies that provide a further insight into these issues.

##### *4.4.1 Is CSR practiced to a greater or lesser extent than it was before the crisis?*

Laidroo and Sokolova (2015) studied bank CSR disclosures after 2013 compared to those in 2005 in an attempt to ascertain the impact of the financial crisis in 2008. They concluded that international banks reported engaging in a larger number of CSR-related activities and affording it more importance in 2013 than they did in 2005 (Laidroo & Sokolova, 2015). However, it is notable that a considerable amount of time had lapsed since the crisis, and they did not gauge the changes in bank CSR policies immediately following the crisis. Karaibrahimoglu (2010) examined data associated with Fortune 500 companies before after the crisis in order to ascertain whether or not there were any changes in their CSR activities. It found that the majority of companies engaged in less CSR-related activities following the financial crisis (Karaibrahimoglu, 2010). This is not necessarily at odds with the results of Laidroo and Sokolova's (2015) study, as it focused upon the short term rather than the long term. It was limited in that it only examined a short time period before and after the crisis took place.

Lentner, Szegedi and Tibor (2015) looked at CSR within the banking sector and found that many banks increased their CSR efforts following the financial crisis. However, they did not state what time period this occurred in. It is possible that they meant that this occurred directly after the crisis, which directly contradicts Karaibrahimoglu's (2010) findings, but also possible that they meant that it took place on a longer scale, in line with the results of Laidroo and Sokolova's (2015) study.

Research by Patock (2009) into the impact of the financial crisis upon CSR practices found that it caused some banks to go from viewing CSR as something relatively arbitrary to seeing it as having a significant practical application. They viewed it as a means of avoiding similar occurrences, and dedicated a greater amount of time and resources to it (2009). This

research was only carried out a year after the crisis, suggesting that Patock (2009) was referring to the short-term effect.

This is supported by research by Eisenegger and Kunstle (2011), who studied the way in which the financial crisis impacted upon reputation dynamics. One of their conclusions was that it led to banks taking CSR more seriously, as the reputation of financial institutions became more important after 2008. This appears to contradict Karaibrahimoglu's (2010) findings.

There is evidence that different types of bank modified their CSR efforts in different ways after the financial crisis. Kaytaz and Gul (2013) studied the CSR behavior of Turkish banks during and immediately after it took place. They found that public banks were quick to increase their CSR activities following the crisis, whereas private banks were not. If anything, private banks behaved in a less socially responsible manner, reducing much needed support to small and medium business owners (Kaytaz & Gul, 2013).

It is notable that this study was conducted within a single nation. It is possible that the situation in Turkey is unique, and that these findings do not represent the state of affairs elsewhere. The banking system in Turkey is different from that of Western nations in a number of different ways (Kaytaz & Gul, 2013), indicating that the results might not be applicable to banks within the West.

Arshad, Muhammad and Al Astal (2015) conducted research aimed at ascertaining the impact of the financial crisis upon the CSR practices of banks within the United Arab Emirates. They found that the extent to which banks within the nation disclosed their CSR rose in the year following the crisis (Arshad, Muhammad & Al Astal, 2015). However, once again, these results might only apply to a single country, and cannot necessarily be generalized to other nations. It is worth noting that a significant percentage of the banks in the United Arab Emirates operate according to Islamic banking principles (Yueh, 2014), which makes the situation there significantly different to that of many other countries. The findings of this study also only represent the short-term impact of the crisis.

Yelkikalan and Can (2012, as cited in Arshad, Muhammad & Al Astal, 2015) studied the impact of the financial crisis on financial institutions' CSR practices. They concluded that

some institutions increased their CSR efforts following the crisis in an attempt to suggest they were unaffected by the crisis, whereas others decreased their CSR efforts (Yelkikalan & Can, 2012, as cited in Arshad, Muhammad & Al Astal, 2015). This explains why some studies might have found that banks increased their CSR efforts whilst some found that they reduced them. However, this study was conducted upon financial institutions as a whole as opposed to just banks, which might mean that a similar study conducted solely upon banks might produce different results.

#### *4.4.2 Jurek's (2013) study*

Jurek (2013) studied CSR self-regulation in the banking sector, and found that the financial crisis resulted in banks making more of an effort to demonstrate that they were including environmental and social concerns within their business operations. The crisis also resulted in banks being forced to enforce stricter CSR policies in order to be viewed as legitimate (Jurek, 2013). Verkerk (2014) also observed an increase in the emphasis that banks placed upon CSR following the crisis in both Europe and the U.S. This was partially in response by additional pressure being placed upon them to enhance their CSR by both consumers and government bodies (Verkerk, 2014).

#### *4.2.3 Effect on Greenwashing*

Gbadamosi (2016) has stated that whilst the financial crisis caused banks to focus more upon their CSR efforts, it also caused them to increase the amount of importance that they placed upon "greenwashing". This is a term that is used to describe companies or other organizations attempting to enhance their public images via strategic communication processes aimed at painting them as ethical (Gbadamosi, 2016). It is possible to raise the degree to which such communication occurs and the resources that are placed into the associated strategies without actually increasing genuinely beneficial CSR efforts.

#### *4.2.4 CSR as tool for managing crises*

Tran (2014) notes that after the onset of the crisis, many financial institutions began to focus upon the potential of CSR as a means of repairing reputational damage following events that had a detrimental impact upon their reputations. They realized that crises that damage their reputations can cause significant damage to their ability to generate a profit, and began to

think of CSR as a way of reducing the detrimental impact of such events (Tran, 2014). This suggests that the crisis created an increased emphasis upon CSR as a reactive measure as opposed to something proactive.

#### *4.2.5 Responsible lending*

Matei and Voica (2013) claim that the financial crisis resulted in the notion of responsible lending becoming viewed as a more important component of CSR policies. Prior to the crisis, loans were frequently given out without performing adequate checks to ascertain whether or not the recipient would be likely to repay them. Responsible lending is the practice of carrying out careful evaluations aimed at ascertaining the likelihood of people being able to pay back such loans before making a decision regarding their administration.

#### *4.2.6 Increased emphasis on financial education*

Since the financial crisis, the majority of banks have established their own educational programs to teach young people about various different financial products so that they are informed about their banking decisions. This was also in part influenced by public scrutiny of banks' lending practices, and banks' desire to appear as if they are not exploiting an ignorant public. Lack of understanding on the part of the general population was highlighted as being one of the factors leading to banks' unethical behavior leading up to the crisis (Matei & Voica, 2013).

#### *4.2.7 Distributing CSR reports along with financial statements*

Kostyuk, Mozghovyi, Riabichenko, Govorun and Lapina (n.d.) have noted that since the financial crisis, more banks have started distributing their CSR reports along with their annual financial statements. This is due to increased public scrutiny of financial institutions' CSR. It suggests that CSR policies moved further towards promoting knowledge of what CSR efforts are being carried out in order to boost banks' images.

### *4.5 Conclusion*

In conclusion, the overall quality of the literature examining banks' CSR policies after the 2008 financial crisis is relatively high, but different academics have reached different

conclusions about whether the crisis caused banks to focus more or less on implementing CSR policies. However, the majority of the research indicates that CRS efforts increased, suggesting that this is more likely to be the case. Some of the research was limited to individual nations, meaning that its findings might not be generalisable to other places. There is evidence that the crisis increased the emphasis that is placed upon “greenwashing”, led to the proliferation of CSR as a tool for managing crises, and led to a rise in the degree of significance that banks placed upon responsible lending as a component of CSR. The literature also indicates that the crisis resulted in more banks providing financial education programs to the public, and an increase in the practice of distributing CSR reports along with yearly financial statements. There is a need for additional research in this area to identify additional changes that might have taken place.

## **5. Research Questions**

### *5.1 Introduction*

This chapter presents the research question that the present study seeks to prove or disprove. It also lists the objectives that the research seeks to achieve. These objectives will inform the way in which the research question is approached.

### *5.2 Questions and Objectives*

The research question that this study seeks to answer is as follows: -

“How did banks change their CSR policies after the 2008 financial crisis?”

The study is centered on achieving the following research objectives: -

- Ascertain whether banks altered their CSR policies in the years following 2008.
- Ascertain whether or not this was in response to the financial crisis.
- Determine the exact nature of the changes that were implemented (if any).

## **6. Methodology**

### *6.1 Introduction*

This section of the paper details the way in which the research will be carried out. It starts by providing an overview of the methods in order to give a general summary of the research techniques that will be used. It then describes the research paradigm to shed light upon the philosophy that underpins the methodology. Next, an account of the qualitative research approach is given, as this is the approach that has been chosen for this study. A detailed description of the instruments is then provided followed by a description of the sampling technique, process for selecting the research participants, and way in which the data has been analyzed. Finally, the ethical considerations for this research are detailed.

### *6.2 Overview of methods*

In order to answer the research question and seek to fulfill the objectives, written surveys have been administered via mail to CSR managers at major banks. The surveys asked them whether or not they think banks changed their CSR policies following the 2008 financial crisis, and posed a number of other related questions to them. Interviews have also been

conducted with financial regulatory bodies, and banks' annual CSR reports have been examined. The totality of the information that was gathered has been used to shed light upon what changes, if any, banks implemented to their CSR following the crisis.

### *6.3 Research Paradigm*

Pragmatism has been adopted as the research paradigm for this study. This paradigm centers on the notion that there are numerous different ways in which the world can be interpreted, and in which research can be carried out, and no single perspective can ever provide the full picture. It does away with the "paradigm war" between positivism and Interpretivism and focuses upon finding the most pragmatic means of answering the research question (Morgan, 2014).

### *6.4 Research Method*

A qualitative research method has been used for this study. This involves generating descriptive as opposed to numerical data. There are a number of different advantages to this research method. Firstly, it can produce a detailed insight into a phenomenon that enables it to be examined in more depth than simply analyzing counts and ranks could provide (Oklahoma State University, n.d.). It also enables situations to be understood within their proper contexts and viewed more holistically (Lancaster University, n.d.).

### *6.5 Instruments*

The reasons why written surveys and interviews were selected for this research has been outlined in this section. The advantages of each instrument have been detailed, and the precise nature of the instruments have been outlined. The aim is to provide as thorough an insight into the choice of instruments that has been selected as possible.

Written surveys have been chosen as an instrument for this study for a number of different reasons. They are practical, enable substantial quantities of information to be collected from large numbers of participants within a relatively short amount of time, and generally tend to be cost effective (University of Surrey, n.d. a). The participants can respond in their own time

(University of Kansas, n.d.), meaning that they do not feel hurried into providing poorly thought out answers. Written surveys also avoid interviewer bias, as the researcher is not present when the respondents provide their responses, and is therefore unable to influence their answers.

In addition to these points, written surveys do not require transcribing, as they are already in written form. No training is required to administer them (University of Kansas, n.d.). Surveys are not filled in within laboratory settings, which means that the responses are not likely to be unduly influenced by the research taking place in an artificial setting. Surveys are also not restricted by geography, and can be administered by participants who are a long way away (Cairo University, n.d.).

The surveys were administered via email in order to save money. They included open-ended questions. There are numerous different advantages associated with this type of question. Firstly, they enable participants to have a greater amount of freedom with regards to how they wish to answer. They also allow for in-depth responses and allow for all possible answers as opposed to restricting the participants to a finite set of options (Cairo University, n.d.).

In addition to these points, open-ended questions allow participants to clarify and qualify their responses. They enable unforeseen findings to be discovered, whereas closed-ended questions limit the researcher to discovering results that are included in a set of predetermined potential responses. They permit adequate responses to complex issues and usually result in answers containing a high level of richness of detail. This type of question often reveals participants' frame of reference, thought processes, and logic as well as the actual answers to the questions (University of Waterloo, n.d.). The questions used in the survey can be seen in the Appendices.

Questions 1-2 entail asking the respondents about the way in which their banks altered their CSR efforts in the short-term following the financial crisis. Question 3 is aimed at establishing what their banks' CSR policies were like prior to the onset of the crisis. Question 4 is intended to gauge the participants' views on the ways in which banks in general altered their CSR approach in the short-term following the crisis. Question 5-6 are aimed at finding out how the participants' banks changed their CSR efforts in the long-term following it. Question

7 attempts to find out the respondents' views on the way in which banks in general altered their approaches to CSR after the crisis took place.

Questions 8-9 relate to the issue of whether or not banks increased the extent to which they engaged in "greenwashing". It is predicted that some respondents might not answer this question truthfully for fear of compromising the reputation of their banks. Therefore, their responses to this question will be checked against the data from their banks' CSR reports. Attention will be paid to seeing if there are any obvious instances of greenwashing within the reports.

Questions 10 and 11 focus on the importance given to CSR and resources allocated to it by banks following the crisis. Questions 12-15 are aimed at ascertaining whether or not the changes to the various regulations and frameworks related to CSR that occurred after the crisis affected banks' CSR approaches. Question 16 asks the participants whether there is anything relevant that they can think to add.

Interviews have been used in the study, as they have some strengths that written surveys do not possess. They are capable of capturing some more in-depth, complex data that cannot typically be gathered via surveys (McQuerrey, n.d.). Some people also dislike providing written responses, and are more receptive to being interviewed. They prefer to share their opinions using words rather than written language (Harrell & Bradley, 2009).

In addition to these points, interviews are a more personal variety of research than written surveys. Respondents generally tend to find it easier to answer interview questions than survey questions (Valenzuela & Shrivastava, n.d.). The interviews will be conducted over the phone, as this is a time effective means of carrying out interviews (Valenzuela & Shrivastava, n.d.). Face-to-face interviews also require the researcher to travel to the physical location that the participants are in, which means that they are more resource intensive. Telephone interviews are relatively simple to organize, and some participants feel more relaxed when speaking over the phone, which can encourage them to disclose a greater amount of sensitive information (Van Teijlingen, 2014).

There are also advantages of using interviews in conjunction with written surveys. The two instruments are frequently used together for the purpose of triangulation. The theory

behind this is that if they both have complementary results, this means that the findings of one instrument support those of another (Harris & Brown, 2010).

The interview was semi-structured. This means that it relied upon predetermined questions, but that the order in which they were asked could be altered at the interviewer's digression. The predetermined questions are included in the Appendices. The wording of the questions can also be altered when conducting semi-structured interviews, and explanations can be provided when necessary. Additional questions can also be added if they are deemed by the interviewer to be required partway through the interview.

There are various different advantages associated with this type of interview. Semi-structured interviews tend to ensure that every question is answered (Van Teijlingen, 2014). They also have a high completion rate (Van Teijlingen, 2014) and allow for replication of the same basic set of questions. This increases data reliability (Woods, n.d.). Semi-structured interviews are flexible (University of Hertfordshire, n.d.), and the fact that they provide the researcher the option of asking spontaneous questions means that participants often feel as if they are able to fully express themselves. This can be useful for generating rapport between the interviewer and the respondents (Woods, n.d.).

The questions that were included in the interview have been included in the Appendices. They have been kept free of jargon so as to avoid confusing participants, which could potentially lead to misunderstandings (Harvard University Faculty of Arts and Sciences, n.d.). They are designed to elicit long answers and do not lend themselves to one-word responses.

The questions have also been designed to use language tailored at professionals, as it is important to consider the nature of the participants when wording interview questions. They have been worded in a manner that is aimed at eliciting honest responses. The logical progress of the questions has been taken into consideration.

The first three interview questions are aimed at ascertaining whether the interviewees believe that the financial crisis caused banks to alter their CSR efforts in general terms. Questions 4 and 5 are intended to gauge whether or not the participants think it increased greenwashing or caused banks to allocate a greater amount of resources to CSR, as these were issues that arose within the literature review. As previously stated, "greenwashing" is a

term that is used to describe companies or other organizations attempting to enhance their public images via strategic communication processes aimed at painting them as ethical (Gbadamosi, 2016). It is essentially painting a company out to be ethical as opposed to necessarily engaging in ethical conduct.

Questions 6-9 are aimed at ascertaining the degree to which the interviewees believe that changes to various different regulations and frameworks that occurred due to the financial crisis affected banks' CSR efforts. The final question asks whether or not the interviewees have anything relevant to add. The interviewer ensured that he allowed the interviewees to finish their responses before moving on to the next question. This was aimed at ensuring that they were not cut short, and that they were provided with sufficient time to think. The interviewer was tolerant of pauses and listened attentively as opposed to hurrying participants along. He gently steered the interview in the right direction, taking care not to answer any questions on behalf of the respondents.

In addition to these points, the interviewer avoided coming across as judgmental. This is easily detected during interviews and can skew the results (Harvard University Faculty of Arts and Sciences, n.d.). He took every available measure to ensure that the participants were at ease and felt comfortable providing detailed answers to each of the questions.

The interviews were recorded and transcribed. Although some participants might be put off by the fact that they are being recorded and transcription is relatively time consuming, there is also a plethora of different advantages associated with recording and transcribing interviews. Firstly, the human memory is limited, and information that is stored in it is prone to false recall or reinterpretation. Recording eliminates these potential sources of bias.

Secondly, transcription enables the researcher to more thoroughly examine interview responses. It allows for the repeated examination of answers. It also means that the data can be scrutinized by other researchers if this is required. Secondary analysis can be carried out in order to check whether or not the initial analysis was carried out correctly.

In addition to these points, the recording and transcription of interviews enables data to be used again for future studies. It can even be used for studies aimed at answering different

research questions. If interviews are not recorded then this is not possible (Harvard University Faculty of Arts and Sciences, n.d.).

Once the interviews had been transcribed, the transcriptions were reviewed for accuracy. This involved checking them against the audio file and revising them accordingly. This was done a total of three times for each transcription, as advised by University of Washington (n.d.). This was aimed at helping to guarantee that the transcriptions were as error free as possible, and that they are were as close to the true content of the interviews as they could be.

### *6.6 Documentary data*

The documentary data that was used took the form of the form of banks' annual CSR reports. Reports were gathered from 2007 until 2016, and the reports from before the onset of the financial crisis were compared to those that were issued after it took place. This was aimed at providing an insight into any changes that might have occurred.

Banks' CSR reports were not viewed as representing the entire truth, as it is possible that the banks were looking to fulfill a specific agenda when compiling them. They were examined alongside the data from the other instruments and used to provide additional context. The researcher kept the fact in mind that they might have been biased or inaccurate in places.

Bowen (2009) has pointed out that documentary data can be useful for the purposes of triangulation when used alongside other sources of data. This can help to guard against accusations that the findings of the study came about due to reliance upon a single source or method (Bowen, 2009). There are also a number of other reasons why documentary data was used as an instrument for this study. It is less time consuming to gather than other forms of data. It is usually easily available, especially since the popularization of the Internet.

In addition to these points, documentary data are usually obtainable without having to seek the permission of the authors in order to gain access it. They represent a relatively cost effective method of research, and are unobtrusive, as the researcher does not interact directly with the phenomena that are being studied. This means that the subjects of

research are not influenced by the researcher, which reduces the likelihood of researcher bias (Bowen, 2009).

### *6.7 Selection Process*

The CSR managers who participated in the study were selected by working through *Forbes'* list of the world's twenty-five largest banks, which is available online, and emailing all the CSR managers at these banks that the researcher was able to find contact details for. If a surplus of CSR managers were willing to take part, those that appeared on the FSB's list of most important banks were given precedence. This list is also available online. A total of five different CSR managers were selected.

The financial regulatory staff were selected by performing a Google search for international financial regulatory bodies, locating their websites, and emailing any staff whose email address is readily available. If a surplus of financial regulatory body staff were willing to take part, the first respondents would have been prioritized. A total of five different financial regulatory staff were selected.

The banks for which CSR reports were examined were selected by choosing the top 3 banks from *Forbes'* list of the world's twenty-five largest banks. This was intended to ensure that only major financial institutions were included in this part of the study. If CSR reports were not currently available for banks in the top 3 then the first bank down the list for which they were available would have been included instead.

### *6.8 Data Analysis*

The survey data was analyzed by looking for mentions of ways in which CSR has changed within each of the responses. If participants listed changes that occurred since the financial crisis then this was deemed to directly answer the research question. The interview data was used in the same way, and attention was paid to whether or not the data corroborates or contradicts that of the surveys. The CSR reports were used to provide additional information that either supports or goes against the survey and interview data. They were given less gravity than the other forms of data on account of the potential for bias. Finally, all of the data was examined in its entirety in order to formulate an answer to the research question.

### *6.9 Ethical Considerations*

A number of different ethical issues were taken into consideration when implementing this research. Firstly, the participants were kept anonymous so as to facilitate honest discussion. It is likely that a CSR manager would not be able to speak frankly about his bank in the knowledge that it could potentially reflect badly upon its reputation. The names of the banks and regulatory bodies that the participants were associated with were not kept anonymous.

When anonymizing research participants, it is important to be honest with them about the extent to which it is possible to guarantee their complete anonymity (University of Surrey, n.d. b). With that in mind, the participants were told that their names and the organizations that they work at would not be disclosed, but that it was possible that information that they conveyed that gives a hint to their identity would still be made public.

The survey participants were informed that they had the choice to opt out of answering if they so wished. It was also made clear that they would not be able to retract their responses once they had returned the surveys. This was intended to ensure that they were fully aware of the consequences of providing answers.

The interviewees were told that they had the option to quit the interview at any time, and that they were not obliged to complete it. It was made clear to them that if they did so, the answers that they had already provided would not be retractable. They were informed that all answers that they provided would be used in the study. They were also be informed in advance that they would be recorded during the interviews.

Both the interviewees and survey respondents were informed about the full extent and nature of the research. This ensured that they were able to provide informed consent to participate in the study. Feedback was given to participants once the study had been published if they wished to receive it in the form of a brief summary.

## 7. Results

### 7.1 Introduction

This section of the paper details the results of the study. Firstly, the information that was gained from looking at banks' annual CSR reports from 2007 onwards will be presented. The banks for which CSR reports were analyzed were J.P. Morgan Chase, HSBC and Citigroup, as they were the first banks appearing in *Forbes'* list of largest banks for which CSR reports were readily available online from 2007 onwards (Chen, 2015). Next, the findings from the written surveys will be presented. CSR managers at Santander, J.P. Morgan Chase, HSBC, Citigroup and Bank of America were surveyed as they were the respondents chosen as part of the selection process outlined in the methodology. All five CSR managers occupied senior positions. The manager at Santander was located in Spain, the managers at JPMorgan Chase, Citigroup and Bank of America Chase were located in the U.S., and the manager at HSBC was located in the UK.

Finally, the information from the interviews will be detailed. The interviewees consisted of a senior advisor for the Basel Committee on Banking Supervision from the U.S. based in Switzerland, a researcher at the Bank for International Settlements from the UK, a researcher for the Financial Stability Board from the U.S., a senior advisor for the Group of Twenty from the UK, and a local representative for the Basel Committee on Banking Supervision, who originally hails from Spain. Two staff members from the Basel Committee on Banking Supervision were included in the study due to lack of responses from other international regulatory bodies.

### 7.2 CSR Reports

#### 7.2.1 JPMorgan Chase

In **2007**, JPMorgan Chase published a report on its CSR as part of its annual report as opposed to dedicating a separate report to it. It lists the various CSR activities that the company engaged in. It is only one page long (J.P. Morgan Chase, 2007), suggesting that CSR was not considered to be particularly important at this point. It does not mention any goals or targets for future CSR-related activities.

The report mentions that JP established an office of CSR that year (J.P. Morgan Chase, 2007), suggesting that it was starting to afford CSR a greater degree of significance. It states that the company had recently strengthened its focus on environmentalism via investment in

projects involving alternative energy. These projects entailed helping clients to reduce their carbon emissions.

The report also stated that the company had been instrumental in helping to mould federal legislation within the U.S. aimed at protecting homeowners and that it implemented programs centered on providing financial education to customers. It helped to finance social enterprises throughout the world and invested one hundred and forty-four million dollars in not-for-profit organizations. It also invested one hundred and thirty-eight billion dollars in moderate- and low-income communities and increased its supplier diversity spending (J.P. Morgan Chase, 2007).

In **2008**, J.P. Morgan Chase dedicated an entire report to CSR, indicating that it at least placed a greater amount of importance upon making it known that it was engaging in CSR activities. The main focus of the report is the financial crisis. It stresses the idea that the company provided support to the wider financial system during the crisis. Once again, it emphasizes its focus on giving credit for not-for-profit organizations. However, it focused more heavily on responsible lending and stressed that it had taken more steps to avoid foreclosures.

Once again, the company emphasized its investment in low-income areas. It pointed out that J.P. Morgan Chase had provided funds for disaster relief and listed numerous community projects that it helped to finance. It also pointed out that the bank had provided financial literacy classes.

There was a great deal more in this report about the company's commitment to environmentalism. It dedicated numerous pages to describing its investments in environmentally friendly companies and initiatives. The report also stressed the bank's efforts to attract and accommodate minority staff (J.P. Morgan Chase, 2008), which weren't mentioned in the previous year's report. It also emphasizes its commitment to human rights. It states that the company's goal for the future is to place a continued emphasis on responsible lending (J.P. Morgan Chase, 2008).

J.P. Morgan Chase's **2009** CSR report once again emphasizes the steps that the bank has taken to prevent foreclosures and its role in providing financial education. It also focused on its provision of affordable student loans and its efforts to engage in responsible lending. It focused more on its role in helping with the financing of small businesses, and the business education programs that it provided to the owners of such companies.

This report also detailed the bank's lending to companies that benefit the community and/or are environmentally friendly. It focused heavily on its financing of community projects, education and the arts. Once again, it also described the bank's role in providing disaster relief, and went into large amounts of detail about its environmental and diversity commitments. It states that its goal for the future is to evolve its reporting of CSR (J.P. Morgan Chase, 2009), suggesting a growing emphasis upon transparency.

J.P. Morgan Chase's **2010** CSR report focused on roughly the same areas as the previous year's report. However, it also referenced the establishment of a department for consumer practices aimed at ensuring fair dealing with customers. It also included a section detailing the ways in which it provides financing to veterans of war and takes steps to incorporate them into the workforce. It states that the company's target for the future is to continue to help communities throughout the world whilst at the same time aiding economic recovery (J.P. Morgan Chase, 2010).

The company's **2011** CSR report includes a focus on two new areas of CSR: promoting economic growth and providing new financial tools for consumers to use that both empower them and make it easier to use financial services. The efforts to promote economic growth include providing credit to government entities and launching an initiative aimed at increasing investment in major U.S. cities. The financial tools include a consumer friendly account disclosure form especially designed to be written in everyday language that the layman can understand, and a tool that allows customers to securely and conveniently manage and access their funds. The report states that the company's target for the future is to continue to enhance the standard of its CSR reporting, (J.P. Morgan Chase, 2011).

The **2012** report contains roughly the same elements as those of 2011. However, it does not feature a section dedicated to financial tools. Instead, it features one dedicated to ways in which the company is attempting to improve its customer service. This includes some discussion of the financial tools that the bank has made available to customers. It also fails to include any targets for future CSR efforts (J.P. Morgan Chase, 2012).

The **2013** report focuses more heavily upon the efforts that the company has made to increase transparency. It has less about responsible lending in it than previous reports and still contains no targets for future CSR-based activities (J.P. Morgan Chase, 2013). The **2014** report focuses predominantly upon J.P. Morgan's work to promote economic growth in cities, which includes investment in small businesses and providing funding to local

communities. It contains less about environmental initiatives than previous reports and barely mentions responsible lending. It states that the company's target for the future is to continue in its attempts to stimulate financial growth (J.P. Morgan Chase, 2014).

J.P. Morgan Chase's **2015** CSR report focuses more heavily upon environmentalism. It emphasizes the efforts that the company has made to encompass ethical governance. There is no mention of any CSR efforts aimed at veterans, which was a major feature of previous reports. There is also no mention of the company's targets for the future with regards to its CSR-related activities (J.P. Morgan Chase, 2015).

Finally, J.P. Morgan Chase's **2016** CSR report focuses heavily upon its efforts to promote economic growth in cities. Again, it has much less of an environmental focus than previous reports, and also fails to mention veterans. It scarcely mentions responsible lending or financial education. It states that the company's goal for the future is to continue to review and refine its approach to promoting economic growth, but fails to mention any specific sustainable development goals (J.P. Morgan Chase, 2016). None of the company's CSR reports mentioned anything about areas in which it under-performed in terms of CSR-related activities (J.P. Morgan Chase, 2007; J.P. Morgan Chase, 2008; J.P. Morgan Chase, 2009; J.P. Morgan Chase, 2010; J.P. Morgan Chase, 2011; J.P. Morgan Chase, 2012; J.P. Morgan Chase, 2013; J.P. Morgan Chase, 2014; J.P. Morgan Chase, 2015; J.P. Morgan Chase, 2016).

### 7.2.2 HSBC

HSBC's **2007** CSR report detailed various different commitments that the company honored throughout the course of the year. The report lists a number of different ways in which the company engaged in sustainability practices, including launching development strategies centered on water finance and sustainable forestry, partnering with environmental charities, and broadening dialogue with customers on sustainability issues. It also details how the company provided finance to individuals who would not otherwise have access to it, and positive initiatives that had been implemented to safeguard and improve the working practices of employees. The main focus was environmentalism.

This report highlights HSBC's goal for the future as maintaining an open dialogue with stakeholders about sustainability (HSBC, 2007). Only a brief section is dedicated to describing the company's future objectives, and it is extremely vague.

The company's **2008** report focuses on a greater range of areas of CSR. It mentions the company's role in boosting the economy, the fact it invests in community projects, its anti-terrorism efforts, and its attempts to prevent corruption. It also described its programs to support small businesses, its commitment to diversity, and its attempts to regulate which clients it deals with and ensure that they are not unethical.

This report lists HSBC's targets for the future as supporting small businesses, taking steps to ensure that the companies that it invests in do not contribute to climate change, fostering the talent of employees, creating additional social opportunities, and focusing on the sustainable utilization of natural resources (HSBC, 2008). It is notable that it lists far more goals than the previous report.

HSBC'S **2009** CSR report includes the addition of a section on the efforts that the company made to engage in responsible lending, which was not present in previous reports. Apart from this, it focuses predominantly upon environmentalism and investment in community projects. It states that the company's goals for the future are focusing on financing companies with low levels of carbon emissions, continuing to engage in responsible lending, treating its employees in a positive manner, investing in communities, and maintaining a high standard of environmental conduct (HSBC, 2009).

The company's **2010** report includes more of a focus on its contribution to the economy than the 2009 report, and less of a focus on responsible lending. Otherwise, it is similar with regards to its content about its current conduct. It states that the company's goals for the future are developing employee talent and investing in low carbon businesses. Less attention is paid to listing its future activities than in the previous report (HSBC, 2010).

The **2011** report focuses on similar areas of CSR to the previous reports, but includes a section on how the bank provides its experience and expertise to regulators and government bodies and a section on how it supports home ownership, which were not present in the previous reports. It also focuses on ways in which it facilitates recovery from the crisis and economic growth via trade. It lists the company's future goal as helping to foster recovery from the economic crisis whilst at the same time functioning in a sustainable manner (HSBC, 2011). This appears to be a return to briefer, vaguer objectives for the years to come.

HSBC'S **2012** CSR report is more detailed than the reports from the previous years, suggesting that the company had increased the degree of importance that it placed on CSR. It includes a section on the tools that it provides to customers to empower them and make

banking easier for them, and a section on the efforts that it has made to make its banks accessible to the disabled. It also details the way in which it provides additional help to customers who wish to utilize their wealth for philanthropic purposes. On top of that it shows how they have put 15 million towards education programs in the developing world, and its commitment to educational opportunities. It lists the company's plans for the future as assessing and responding to climate risks, risks related to terrorism, and geopolitical risks (HSBC, 2012).

The **2013** report is similar in its scope to the 2013 report. However, it contains details on how it provides a means for whistleblowers to report malpractice at the bank. It also focuses more heavily on the charitable education projects that the bank provides or funds, including financial literacy programs, cultural awareness workshops, and literacy projects. There is no clear plan for the future outlined in this report (HSBC, 2013), which represents a major change from previous years' reports.

In **2014**, HSBC dropped its CSR report and replaced it with three pages in its Strategic Report (Adams, 2015). This suggests that it began to afford CSR less importance. The report mentions commitments to the environment, ethical governance, social investments and creating a positive working environment for employees, but contains a fraction of the detail of previous reports. It lists the company's plans for the future as continuing to be diligent when providing financing and constantly providing evidence of the effectiveness of its methods (HSBS, 2014). This suggests an increased emphasis on transparency.

**2015** also saw HSBC's CSR efforts reported as part of its Strategic Report. The content was similar to that of 2014's report. It only listed a single sustainability-related goal for the future: increasing efforts to support low carbon businesses (HSBC, 2015). The **2016** Strategic Report contained a single page about CSR. It covered the company's reports on climate change, an extremely vague paragraph about its commitment to upholding human rights, a small, vague paragraph about its environmental responsibilities, and details of how it contributed one hundred and thirty-seven million dollars to charitable programs. It contained no plans for future CSR efforts or sustainable development goals (HSBC, 2016). This report suggests a dwindling interest in CSR on the part of the bank. None of HSBC's reports contained any mention of any areas in which the company had under-performed in terms of fulfilling its corporate social responsibility (HSBC, 2007; HSBC, 2008; HSBC, 2009; HSBC, 2010; HSBC, 2011; HSBC, 2012; HSBC, 2013; HSBC, 2014; HSBC, 2015; HSBC, 2016).

### 7.2.3 Citigroup

Citigroup's **2007** CSR report details microfinance initiatives that the company has established to provide finance to people in various different nations who would not otherwise be able to obtain it. It details the way in which the bank has provided financial education programs and the various environmental projects that it is responsible for, including building a green data centre and developing due diligence guidelines aimed at the financing of electric power projects. It also details education initiatives that it has funded in the developing world, grants that it has given out to encourage entrepreneurship, and its system for addressing stakeholder concerns.

In addition to these points, this report describes its commitment to protecting the privacy of its clients, states that it has invested in affordable housing, and its social risk management efforts. It claims that it goes to pains to ensure that its staff receive professional development and training, and that they are allowed a large degree of flexibility in order to accommodate their needs. It details the way in which employees have been helped to volunteer at charitable organizations and its commitment to recruiting and retaining a diverse workforce. The report is extremely detailed and covers a plethora of different facets of CSR. It states that the company's targets for the future involve enhancing data collection and tracking processes to improve sustainability reporting, respond to any new ethical issues that might arise, and take feedback from stakeholders onboard (Citigroup, 2007).

Citigroup's CSR report for **2008** is similar in its scope, but also contains a section claiming that the bank engages in responsible lending and describing what this means. The bank's 2009 report focuses more heavily upon its efforts to help people who are suffering as a result of the recession. It draws attention to the company's payment assistance programs and attempts to avoid foreclosures. It states that the company's targets for the future include adapting its expertise and knowledge to local cultures and conditions (Citigroup, 2009).

The **2010** report is similar in scope to Citigroup's 2009 report. However, it includes a greater emphasis upon attempts to safeguard the safety and health of the bank's employees. It also stresses its commitment to financing philanthropic projects in the developing world to a higher degree than previous reports. It does not provide any specific information about

targets for future CSR-related activities (Citigroup, 2010), which represents a significant change from previous year's reports.

Citigroup's **2011** CSR report has less of an emphasis on responsible lending than the previous reports (Citigroup, 2011). This suggests that the company started to view this emphasis of CSR as less important. It states that the company's targets for the future include continuing to support the revitalization and preservation of neighborhoods within the U.S. and to focus on investment in American companies. Apart from these details, it is similar to the 2010 report (Citigroup, 2011).

The **2012** report details the funding that the bank has provided to disaster relief efforts, which were not mentioned in the preceding years' reports. It also describes its anti-corruption and anti-bribery measures in more detail than the previous reports. It dedicates a section to its efforts to accommodate veterans within the workforce and cater to their needs as customers, which was not included in other years' reports. This report contains no CSR-related targets for the future (Citigroup, 2012).

Citigroup's **2013** CSR report includes a stronger focus on the bank's funding of disaster relief. It details the way in which the company provided aid after hurricane Sandy in the U.S. and the way in which it provided grants to businesses that were damaged by the storm. It also places a greater emphasis upon the company's efforts to support employees who engage in philanthropic volunteer work than previous CSR reports from the bank did. This report states that Citigroup's targets for the coming year are to continue to facilitate economic improvement and financial inclusion, carry on with its focus on environmental issues, and focus on making its employees feel valued and provide a high-quality working environment for them (Citigroup, 2013).

The report for **2014** focuses on the bank's role in improving the lives of residents of cities to a greater extent than previous reports. It dedicates a long section to this issue. Ways in which the company claims to do this include funding affordable housing, providing money for low income populations, and providing financing for public services. Apart from this, it appears to focus on the same areas as the 2013 report (Citigroup, 2014).

The **2015** Citigroup CSR report places a greater emphasis upon the bank's role in facilitating financial progress and rebuilding trust in banks. It dedicates an entire section to its efforts to regain trust. It claims it attempts to do this by prioritizing information security, putting transparency measures in place, and implementing ethical business practice. It includes

Citigroup's targets for the future, stating that the company will focus on engaging in high-quality due diligence when making investments, employing thorough risk management techniques, and helping clients to engage in responsible projects (Citigroup, 2015).

The **2016** report places a greater emphasis upon the bank's efforts to facilitate financial resilience within the population. It does this via a number of different methods, including partnering with community volunteers who attempt to teach communities how to foster financial resiliency, and educating low-income consumers against the dangers of borrowing beyond their means. The company stated that its targets for the future will be to promote an ethical working culture and engage in ethical banking. However, it did not state any sustainable development goals. Excluding these details, the report is similar in its scope to that of the previous year (Citigroup, 2016). None of the reports for Citigroup highlighted any areas in which the company underperformed with regards to CSR (Citigroup, 2007; Citigroup, 2008; Citigroup, 2009; Citigroup, 2010; Citigroup, 2011; Citigroup, 2012; Citigroup, 2013; Citigroup, 2014; Citigroup, 2015; Citigroup, 2016).

### 7.3 Written Questionnaires

#### 7.3.1 CSR After the Crisis

A number of themes recurred throughout the participants' responses regarding the changes that occurred to their banks' CSR following the crisis. All of the respondents stated that their banks focused more on responsible lending, for example the CSR manager at Santander stated that *"We publicized what we were doing in the way of CSR more and focused more on responsible lending"* and the CSR manager at Santander claimed that *"we allocated a lot of funds into attempting to make sure we did responsible lending."* However, no participants stated precisely how their banks went about doing this or elaborated upon which sectors they lend to or refuse to lend to. There was no mention of responsible investment, so no indication that they increased their focus in this area.

All of the respondents also stated that they allocated more resources to CSR following the crisis, for example the CSR manager at J.P. Morgan Chase stated that *"We dedicated a greater amount of resources to CSR following the crisis"* and the CSR manager at HSBC saying that *"We dedicated much more resources to CSR immediately following the crisis."* Every respondent except Citigroup claimed that their bank increased the amount of *emphasis that it placed on CSR following the crisis*. The CSR manager at Citigroup stated that *"It's important*

*to note that we didn't place any additional importance on CSR following the crisis, though; we had always viewed it as being of the utmost importance."* All of the respondents claimed that their banks did not participate in greenwashing following the crisis. There is no evidence within their CSR reports to suggest that this was untrue.

None of the participants provided any details of their practices regarding awarding bonuses to managers in spite of the fact that awarding substantial bonuses was heavily criticized following the crisis. These were the themes that recurred within more than one participants' responses. A summary of all the responses that relate to changes in the respondents' banks' CSR policies following the crisis can be found in Table 1 in the Appendices.

### 7.3.2 CSR Instruments

Four of the five respondents all stated that the changes to the Basel Accords following the crisis caused greater emphasis to be placed on transparency. Examples of this are the manager at Santander's assertion that *"I think they definitely increased the importance that was placed on transparency"* and the manager at J.P. Morgan Chase's claim that *"They upped the importance of transparency."* All of the respondents except the manager at J.P. Morgan Chase stated that the launch of the Financial Services Sector Supplement increased transparency at their banks. The CSR manager at Morgan Chase said that he thought the bank would have increased its transparency levels anyway if the supplement had not been launched. These were the only recurring themes related to the impact of CSR instruments. A summary of the other responses related to this issue can be found in Table 1 in the Appendices.

### 7.3.3 Longevity of the Changes in CSR at Participants' Banks

The CSR managers at Santander, J.P. Morgan Chase and HSBC all indicated that the changes to their banks' CSR that came about due to the crisis have begun to fade in terms of the extent that they are now implemented as time has gone by. The manager at HSBC stated that *"In the long-term, the extra importance we'd given to CSR began to fade. The emphasis we put on CSR started to dwindle and our CSR policy became less diverse, focusing on a few key issues once again."* The manager at J.P. Morgan Chase expressed a similar sentiment but

claimed that *“We still continued to place more importance on CSR than we did before the crisis took place, though.”*

#### *7.3.4 CSR After the Crisis at Banks in General*

In addition to pointing out changes that occurred to their own banks' CSR efforts following the crisis, the banks also wrote of the changes that happened to the CSR policies of banks in general. Four out of five of the participants stated that most banks increased the extent to which they engaged in greenwashing following the crisis. The manager at Santander suggested that this was *“a way of trying to clear up their images and avoiding being seen as immoral.”*

All of the respondents apart from the CSR manager at HSBC stated that the majority of banks increased the emphasis that they placed upon CSR following the crisis. However, all of the respondents also stated that the changes that were brought in after the crisis faded in the extent to which they were implemented as time went by. A summary of responses that shed light upon respondents' views of how the crisis affected CSR at banks in general can be seen in Table 2 in the Appendices.

### *7.4 Interviews*

#### *7.4.1 Introduction*

A Google search for international financial regulatory bodies' websites revealed contact details for staff at the Basel Committee on Banking Supervision, the Bank for International Settlements, the Financial Stability Board and Group of Twenty. After contacting numerous staff members at each organization, the staff members outlined in the introduction to this chapter were the only ones who agreed to participate in interviews, hence their inclusion in the study. The input of these stakeholders is important, as it provides a perspective from bodies that closely observe the ethical conduct of financial organizations and respond accordingly to misconduct. The staff within these organizations are likely to possess a significant amount of knowledge about the conduct of banks and the manner in which it has changed.

#### *7.4.2 Senior advisor for the Basel Committee on Banking Supervision*

The senior advisor for the Basel Committee on Banking Supervision stated that he believed that the financial crisis caused banks to dedicate more resources and effort to CSR, and increased the emphasis that they placed upon transparency and reporting CSR. However, he expressed the view that some banks only increased their CSR efforts in the short term. He believes that overall, the crisis led to a rise in the extent to which banks place importance upon CSR, but that it also caused some to engage in more greenwashing.

The advisor stated that the changes to the Basel Accords that took place following the crisis helped to put CSR at the forefront of banks' agendas. He claimed it also increased their emphasis on transparency. He said that the changes to the Equator Principles following the crisis provided a framework for carrying out CSR and led to most banks' CSR efforts being more structured. He said the launch of the Financial Services Sector Supplement increased some banks' focus on transparency and also brought additional scrutiny to the issue of CSR, which caused some banks to increase the amount of importance that they afforded to CSR. According to the advisor, the financial crisis caused many banks that would not have otherwise considered adopting the Principles for Responsible Investment to take them on board. He stated that the crisis has created a lasting image of banks as engaging in unethical behavior. That has ensured that they seek to do more to behave in a morally upstanding manner. He believes that the crisis has made a lasting impact, and that it has led to a permanent change of attitude towards CSR for most banks.

#### *7.4.3 Researcher at the Bank for International Settlements*

The researcher for the Bank of International Settlements stated that banks placed a greater deal of importance upon CSR after the crisis both in the long-term and in the short-term. He said that they focused their CSR policies more upon responsible lending following the crisis, but that this only occurred in the short-term as opposed to the long-term. He expressed the view that overall, banks increased the extent to which they engaged in greenwashing immediately after the onset of the crisis, and that this continued as a long-term trend. According to the researcher, banks allocated a greater amount of resources to CSR following the crisis and continued to do so long afterwards. He said that the changes to the Basel Accords and the Equator Principles that took place following the crisis, the widespread

acceptance of the Principles for Responsible Investment and the launching of the Financial Services Sector Supplement all increased the degree of importance that banks placed upon CSR by creating more of a focus upon corporate responsibility. He expressed the view that the crisis was a wakeup call for many banks, and that at least some good came of it in the form of the rise in the popularity of CSR practices.

#### *7.4.4 Researcher at the Financial Stability Board*

The researcher at the Financial Stability Board expressed the view that banks placed a greater degree of importance upon CSR following the crisis, and continued to do so in the long-term. He said that banks appeared to go from seeing it as something to which to pay lip service to viewing it as something that had an actual practical application and could help protect a bank's reputation. He noted that many banks created far more diverse CSR policies following the crisis focusing on more areas of CSR. However, he acknowledged that many reverted to their initial narrow scope after a number of years had elapsed since the crisis. The researcher stated that he believed some banks engaged in greenwashing to a greater extent than before after the crisis. He said that this was only the case for some of the less ethical banks. He expressed the view that the majority of banks allocated more resources to CSR following the crisis.

According to the researcher, the changes to the Basel Accords that took place following the crisis led to increases in transparency. He said they also contributed to the growing importance that banks assigned to CSR. He stated that the changes to the Equator Principles that took place following the crisis provided banks with a detailed framework for how to implement CSR. This helped many banks to formalize their approach and construct it in a more structured manner.

The researcher expressed the view that the launch of the Financial Services Sector Supplement following the crisis resulted in a greater emphasis being placed upon transparency. He said that the widespread acceptance of the Principles for Responsible Investment stemming from the crisis placed added emphasis upon responsible investment. He added that the crisis was a call to action for increased scrutiny of banks.

#### *7.4.5 Advisor for Group of Twenty*

The advisor for Group of Twenty stated that banks afforded a greater amount of importance to CSR following the crisis. He said that they went to greater lengths to publicize their CSR efforts and allocated a greater amount of funding to CSR. They also focused more on responsible lending. This occurred both in the short-term and the long-term.

The advisor stated that some banks might have increased the extent to which they engaged in greenwashing following the crisis. He said that this probably happened, but that he cannot say for certain that it did. He stated that the changes to the Basel Accords that took place following the crisis helped to increase the amount of importance that banks placed on CSR. He said that the changes to the Equator Principles that took place following the crisis helped to increase the amount of importance that banks placed on CSR and gave them a formal structure for engaging in CSR efforts. He also stated that the Financial Services Sector Supplement increased the emphasis that was placed upon transparency and made it easier to gauge which banks engaged in a large amount of CSR activities, which placed CSR even further towards the front of banks' agendas.

According to the advisor, the widespread acceptance of the Principles for Responsible Investment following the crisis made banks pay more attention to responsible investment practices. It made them tailor their CSR efforts towards avoiding investing in disreputable companies. He added that overall, the financial crisis had a major impact on CSR and acted as an important catalyst to banks establishing more comprehensive CSR policies.

#### *7.4.6 Local Representative for the Basel Committee on Banking Supervision*

The local representative stated that the majority of banks afforded a greater amount of importance to CSR following the crisis. He said that in both the short- and the long-term, they focused more on responsible lending so as to avoid a recurrence. He also stated that in the longer term, towards the end of the crisis, they focused on efforts aimed at rejuvenating the economy, for example providing financing options to small businesses.

The representative stated that some banks increased the extent to which they participated in greenwashing in the wake of the financial crisis in order to make it seem as if they were an ethical bank. He said that this was a response to the backlash against banks, and the public perception that they were "morally rotten". He stated that nearly all banks allocated more resources to CSR following the crisis.

The representative expressed the view that the changes to the Basel Accords that took place following the crisis were responsible for a much greater focus being placed on CSR. He said that it increased the emphasis on transparency and diversity, amongst other things. He stated that the changes to the Equator Principles that took place following the crisis resulted in the principles being adopted by more banks, which enhanced their CSR efforts. He also said that the launch of the Financial Services Sector Supplement following the crisis increased the emphasis that was placed upon transparency.

According to the representative, the widespread acceptance of the Principles for Responsible Investment following the crisis caused banks to put stricter processes in place for deciding upon which projects they should invest in. It caused them to spend more time considering the social and environmental consequences of their investments. He added that the crisis demonstrated to many banks the fact that CSR could help to protect the reputation of the banking sector as a whole.

## 8. Discussion

### *8.1 Introduction*

Throughout the course of this chapter, the results of the study will be discussed in detail. They will be compared to the insights that were gained within the literature review so that the way in which they measure up to the previous body of research can be ascertained. The overall aim will be to detail the precise significance of the findings in relation to the subject of research.

### *8.2 Discussion of the results*

A number of different themes appeared to be prevalent within the data. Firstly, the notion that banks focused on responsible lending to a greater extent within their CSR policies was expressed by various questionnaire participants and interviewees. It was also apparent from studying some of the banks' CSR policies. However, some banks appeared to implement it in the short-term but not in the long-term.

The idea that banks focused more on responsible lending corresponds to the assertions expressed by Matei and Voica (2013) in the literature review. It is in line with their claim that the financial crisis resulted in the notion of responsible lending becoming viewed as a more important component of CSR policies (Matei & Voica, 2013). This appears to be due to the widespread idea that irresponsible lending by banks contributed to the crisis.

Another recurring theme was the idea that banks broadened the scope of their CSR policies following the crisis. This was expressed in a number of interviews, and was also clear from examining the CSR policies. Some banks did not even have a dedicated CSR policy prior to the crisis, and incorporated it into general company reports. However, it is notable that some banks narrowed the scope of their CSR policies again at a later date.

The idea that banks widened the scope of their CSR policies as a result of the crisis is in line with Laidroo and Sokolova's (2015) findings that banks engaged in a larger number of different CSR activities in the years following the crisis than they did before it took place. However, it appears to contradict Karaibrahimoglu's (2010) findings that the number of CSR-related activities that banks participated in fell following the crisis. It is worth noting that Karaibrahimoglu's (2010) study looked at the number of CSR-related activities as opposed to the variety of different activities.

It was agreed that some banks greenwashed following the crisis. This was done in an attempt to enhance banks' images. It was a response to the stigma that was placed on banks due to the perception that they were instrumental in bringing about the crisis. However no bank admits they are involved in green washing and nobody dares to appoint one bank in particular.

The idea that the crisis led to an increase of greenwashing is in line with Gbadamosi's (2016) statement that whilst the financial crisis caused banks to focus more upon their CSR efforts, it also caused them to increase the amount of importance that they placed upon this practice. It is arguable that this detracts from the degree to which insights about banks' CSR efforts can be deduced from their annual CSR policy statements. It means that these statements could potentially be misleading, and aimed at painting a positive image of the banks.

The data also suggests that a greater amount of importance and resources were dedicated to CSR by banks following the crisis. However, once again, there was contention regarding whether this was a long- or short-term effect. It is likely that it varied from bank to bank in this respect.

The notion that CSR was seen as more important following the crisis is in line with the results of Laidroo and Sokolova's (2015) study. It also tallies up with the findings of Lentner, Szegedi and Tibor's (2015) research, as it suggests that banks increased their CSR efforts following the crisis. In addition to these points, it also supports Patock's (2009) findings that the crisis caused some banks to go from viewing CSR as something relatively arbitrary to seeing it as having a significant practical application.

The idea that more resources were allocated to CSR following the crisis supports the results of Patock (2009), who put this down to changes in the manner in which CSR was viewed. This indicates a connection between the increase in the importance that was placed on CSR and the extra resources that appear to have been assigned to it. It suggests that the latter took place on account of the former.

Many of the interviews and questionnaires pointed to the idea that the changes to the Basel Accords that happened since the crisis increased the degree of importance that was placed on transparency. They also indicate that the Equator Principles helped to formalize CSR and provide a structure for carrying out CSR-related activities, and the launch of the Financial Services Sector Supplement increased transparency.



## **9. Conclusion and Recommendations**

### *9.1 Introduction*

This chapter outlines the conclusions that have been drawn from the data. Each conclusion related directly to the research question and objectives. It also provides recommendations for future courses of action stemming from the findings. These recommendations take the form of both suggestions for research and practical advice for financial institutions.

### *9.2 Conclusion*

In conclusion, it appears that banks altered their CSR policies due to the effects of the financial crisis in a number of different ways. In general, they focused more on responsible lending, broadened the scope of their CSR policies, and allocated greater importance to CSR. They also assigned a larger amount of resources to CSR, and some banks engaged in more greenwashing. There is evidence that the changes to the Basel Accords and the Equator Principles that happened since the crisis increased the degree of importance that was placed on CSR. These changes came about due to the crisis, meaning that their impact was also an indirect effect of the crisis.

The changes to the Equator Principles that took place following the crisis also appeared to help banks to formalize CSR and provide a structure for carrying out CSR-related activities, and the launch of the Financial Services Sector Supplement increased transparency. The Financial Services Sector Supplement was launched partly due to the crisis, meaning that the increased transparency that it brought about was another indirect effect of the crisis.

There is contention as to whether some of the effects of the crisis persisted in the long-term. Some of the data points to the idea that they faded as time went by. However, other data indicates that these effects possessed a great deal of longevity. It is likely that this differs substantially from bank to bank.

### *9.3. Recommendations*

A number of different recommendations can be made based on the findings of this research. Firstly, it is recommended that banks continue to assign a substantial amount of resources and importance to CSR in order to be proactive as opposed to reactive. If it is beneficial to increase CSR efforts directly after a crisis, it is also likely to be beneficial to have

comprehensive CSR policies in place in case of such an eventuality throughout the years to come.

Banks should look to their core business of lending and investing in order to enhance their CSR. They should attempt to concretize their CSR efforts in these areas, and place targets upon them. They should also seek to maintain a high degree of transparency, which instruments such as the Financial Services Sector Supplement can aid with.

It is advisable for more banks to abide by the various sets of CSR-related principles that have been developed. The fact that they were determined to have had a positive impact on CSR practices means that they are clearly of use. They could be instrumental in preventing further crises from taking place.

It is also recommendable that additional research is carried out in order to ascertain the factors that cause some banks to make short-term changes to their CSR policies and some to make more long-term changes following a financial crisis. This will enable a greater degree of scrutiny to be placed upon banks that believe they can implement temporary changes. It is arguable that they need to be encouraged to make lasting alterations to their policies.

As well as reducing their negative impact, banks should also continue to focus on elements within their CSR policies that can bring about positive change. They should continue to provide financial education and financing to businesses that bring about social good and might not otherwise be able to gain funding. The emphasis that they place upon responsible financing should be maintained and should not fade due to the passing of time since the crisis.

It is also important for banks to have a reliable set of metrics in place to measure their CSR efforts. The positive impact of the Financial Services Sector Supplement upon transparency indicates a desire to share CSR-based successes. However, these successes need to be accurately measured in order to be reported in a manner that guarantees that they are rooted in reality. Otherwise, they are likely to mislead the public.

In addition to these points, it is recommendable to study the most effective means of determining whether or not a bank's CSR report is focused on greenwashing. The findings indicated that some banks participate in this practice. It is arguable that banks should not be able to use CSR as a tool to paint themselves as ethical if in fact they are not making a genuine effort to uphold their social responsibility. Such a study would make it more difficult for them to do this.

Another area in which further study is recommended is the effectiveness of banks' increased focus on responsible lending following the crisis. It is clear that this was a frequently taken step in the recession and following years. However, there is little point in putting such a measure in place without knowing how well it actually works. Therefore, this clearly constitutes an avenue of future research.

In addition to these points, it is notable that the current study only focused on the effect of a single financial crisis. This means that it is impossible to tell whether the findings are unique to this specific crisis or whether they are applicable to financial crises in general. Therefore, it is recommended that studies are carried out after future crises in order to see if similar results can be obtained.

Finally, this study focused solely upon ascertaining whether there was a change to banks' CSR policies following the financial crisis. This means that the results do not necessarily apply to other financial institutions that fulfill different functions. It is recommended that the same methods are applied to studying the impact of the crisis on other financial institutions' CSR policies, for example building societies, credit unions, and insurance companies. This will allow for comparisons to be made between the changes that took place to banks' CSR policies and the changes that took place to the CSR policies of each of the other varieties of financial institution. It will also provide a window into the impact of the financial crisis upon the CSR practices of financial institutions in general.

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## Appendices

### *Written Questionnaire*

1. Did your bank alter its CSR policy in the years immediately following 2008? If so, how?
2. Was this in any way connected to the effects of the financial crisis?
3. What was your bank's CSR policy like before the onset of the 2008 financial crisis?
4. What impact do you think the 2008 financial crisis had on banks' CSR policies in general in the short-term?
5. Did your bank alter its CSR policy in the long-term after 2008? If so, how?
6. Was this in any way connected to the effects of the financial crisis?
7. What impact do you think the 2008 financial crisis had on banks' CSR policies in general in the long-term?
8. Did your bank increase or decrease the extent to which it participates in "greenwashing" following the 2008 financial crisis?
9. Do you think banks in general increased or decreased the extent to which they participate in "greenwashing" following the 2008 financial crisis?
10. Do you think CSR was viewed as more or less important for banks after the 2008 financial crisis?

11. Did your bank dedicate more or less resources to CSR following the 2008 financial crisis?
12. How did the changes to the Basel Accords that took place following the 2008 financial crisis affect your bank's CSR policy?
13. How did the changes to the Equator Principles that took place following the 2008 financial crisis affect your bank's CSR policy?
14. How did the launch of the Financial Services Sector Supplement affect your bank's CSR policy?
15. How did the widespread acceptance of the Principles for Responsible Investment following the 2008 financial crisis affect your bank's CSR policy?
16. Is there anything relevant that you can think to add?

#### *Interview Guide*

1. How do you think banks altered their CSR policies due to the effects of the 2008 financial crisis in the short-term?
2. What do you think the long-term impact of the 2008 financial crisis was upon banks' CSR policies?
3. Do you think the 2008 financial crisis caused banks to place more or less importance upon CSR?
4. Do you think it caused them to engage in more or less "greenwashing"?
5. Do you think it caused them to allocate more or less resources to CSR?

6. How do you think the changes to the Basel Accords that took place following the crisis affected banks' CSR policies?
7. How do you think the changes to the Equator Principles that took place following the crisis affected banks' CSR policies?
8. How do you think the launch of the Financial Services Sector Supplement following the crisis affected banks' CSR policies?
9. How do you think the widespread acceptance of the Principles for Responsible Investment following the 2008 financial crisis affected banks' CSR policies?
10. Is there anything relevant that you can think to add?

*Written questionnaire responses from CSR manager at Santander*

1. Did your bank alter its CSR policy in the years immediately following 2008? If so, how?

We publicized what we were doing in the way of CSR more and focused more on responsible lending. We diverted attention from environmental issues towards CSR based on our code of conduct when dealing with our customers. We did less of the latter and more of the former. I think as time goes by, all the changes we made are fading a bit, though. It's likely that there will come a time when they aren't implemented at all.

2. Was this in any way connected to the effects of the financial crisis?

Yes, it was. This was all a direct response to the effects of the crisis. It caused us to do numerous different things differently, and also to do more towards our CSR in general. The financial crisis was a monumental event that really shook up the whole financial industry. It was responsible for all kinds of different changes, both for our bank and for the industry as a whole.

3. What was your bank's CSR policy like before the onset of the 2008 financial crisis?

Before the crisis, our main CSR initiatives were in the areas of environmentalism and poverty reduction. We didn't focus on as wide a variety of things. To be honest, we were quite limited with regards to the areas of CSR that we actually focused on. We definitely widened our scope after 2008. We couldn't exactly have sat back and done nothing after something like that.

4. What impact do you think the 2008 financial crisis had on banks' CSR policies in general in the short-term?

In the short-term, they did more in the way of CSR.

5. Did your bank alter its CSR policy in the long-term after 2008? If so, how?

It did the things I've already outlined, but as I say, did them less and less as time went by.

6. Was this in any way connected to the effects of the financial crisis?

Yes, of course.

7. What impact do you think the 2008 financial crisis had on banks' CSR policies in general in the long-term?

It caused them to focus more on CSR, but just like with us, this faded over time in the long-term. They only increased them for a brief period before starting decreasing them.

8. Did your bank increase or decrease the extent to which it participates in "greenwashing" following the 2008 financial crisis?

We never greenwashed in the first place. I don't think it's a practice that ever happened at Santander. I'm not claiming that we're perfect, but we never projected an image that we didn't try and actually encompass.

9. Do you think banks in general increased or decreased the extent to which they participate in "greenwashing" following the 2008 financial crisis?

Some banks greenwashed more after the crisis as a way of trying to clear up their images and avoiding being seen as immoral. It didn't happen in all cases, but some of our competitors definitely did it.

10. Do you think CSR was viewed as more or less important for banks after the 2008 financial crisis?

Definitely more important, but a lot of the lessons that were learnt are now being forgotten. It's a shame, and demonstrates how fickle CSR can be sometimes. There were things that should perhaps have been kept in mind that have now drifted to the wayside due to the passing of so much time since the crisis took place.

11. Did your bank dedicate more or less resources to CSR following the 2008 financial crisis?

Yes, we allocated a lot of funds into attempting to make sure we did responsible lending.

12. How did the changes to the Basel Accords that took place following the 2008 financial crisis affect your bank's CSR policy?

I think they definitely increased the importance that was placed on transparency, and also on diversity efforts.

13. How did the changes to the Equator Principles that took place following the 2008 financial crisis affect your bank's CSR policy?

I think one of the central focuses of these principles was green issues, and another was transparency. Our bank definitely increased the attention it paid to these areas because of the changes.

14. How did the launch of the Financial Services Sector Supplement affect your bank's CSR policy?

We adopted the Financial Services Sector Supplement method of reporting, which increased our levels of transparency.

15. How did the widespread acceptance of the Principles for Responsible Investment following the 2008 financial crisis affect your bank's CSR policy?

I don't think it had much of an effect in our case, as we had been abiding by these principles since they first came about. We tried to incorporate them into our practices from the very start.

16. Is there anything relevant that you can think to add?

CSR is an area that is always evolving. The field is going through changes all the time and being shaped by all manner of different factors. When there's a global event, it tends to send the field off in one direction for a while. Then another event happens, and it influences it in a different way. The influence of the previous event is then usually superseded. It's quite fickle like that, but that's just the way it works.

*Written questionnaire responses from CSR manager at J.P. Morgan Chase*

1. Did your bank alter its CSR policy in the years immediately following 2008? If so, how?

Yes, we started taking it a lot more seriously. We did a lot of things that were aimed at financially supporting the U.S. economy. We also started providing financial literacy classes.

2. Was this in any way connected to the effects of the financial crisis?

Yes, we wanted to improve the way people saw us, because lots of people blamed banks for what happened and demonized them for the crisis. They saw banks as being one of the main reasons that the crisis took place, which severely affected the reputation of the industry. We needed to try and undo some of the damage that caused to us. Reputation can really ruin a business, so action was needed. Our initiatives aimed at helping the U.S. to rebuild its economy were supposed to demonstrate that we were doing our best to fix the situation. We wanted to show that we were trying to make things better.

3. What was your bank's CSR policy like before the onset of the 2008 financial crisis?

It mostly focused on financial help to disadvantaged communities, providing finances to businesses, and the environment. Obviously, we had to change our central focuses when the crisis happened.

4. What impact do you think the 2008 financial crisis had on banks' CSR policies in general in the short-term?

Most banks saw CSR as more important than they did before the crisis. You got a lot of banks stressing the idea that they were doing responsible lending and offering financial education as well.

5. Did your bank alter its CSR policy in the long-term after 2008? If so, how?

In the long-term, the changes we put in place lessened. We still continued to place more importance on CSR than we did before the crisis took place, though. You can't accuse us of learning nothing from the whole thing.

6. Was this in any way connected to the effects of the financial crisis?

Yes, it was.

7. What impact do you think the 2008 financial crisis had on banks' CSR policies in general in the long-term?

The majority of our competitors' short-term changes also lessened when it came to the long-term, but they were similar to us in that they still attributed more importance to CSR than they had done before the crisis happened.

8. Did your bank increase or decrease the extent to which it participates in "greenwashing" following the 2008 financial crisis?

We've never participated in greenwashing. It's not something we've ever done, so it didn't increase or decrease after the crisis.

9. Do you think banks in general increased or decreased the extent to which they participate in "greenwashing" following the 2008 financial crisis?

I'm unsure of how the crisis affected our competitors' greenwashing to be honest, so I can't comment on this one.

10. Do you think CSR was viewed as more or less important for banks after the 2008 financial crisis?

There's no shadow of a doubt that it was viewed as more important.

11. Did your bank dedicate more or less resources to CSR following the 2008 financial crisis?

We dedicated a greater amount of resources to CSR following the crisis. We allocated a much higher figure to it.

12. How did the changes to the Basel Accords that took place following the 2008 financial crisis affect your bank's CSR policy?

They upped the importance of transparency. This caused us to go from a system of saying a bit about CSR in our yearly report to producing a dedicated CSR report. We didn't want to be left behind.

13. How did the changes to the Equator Principles that took place following the 2008 financial crisis affect your bank's CSR policy?

They caused us to use a far more structured approach to CSR. They laid out a detailed structure for us, whereas until that point, we had been a little more casual in the way in which we put our policy together.

14. How did the launch of the Financial Services Sector Supplement affect your bank's CSR policy?

To be honest, although its launch led to an increase in transparency, I think we would have increased our levels of transparency anyway. The changes to the Basel Accords had a greater amount of an impact in that respect. I wouldn't say the Financial Services Sector Supplement had any effect on us. It might have done if other factors hadn't already led to us making the decision to enhance our transparency.

15. How did the widespread acceptance of the Principles for Responsible Investment following the 2008 financial crisis affect your bank's CSR policy?

We already abided by these principles. We accepted them in 2007, the year before the crisis took place. That meant that we weren't affected by them spreading more rapidly after the crisis took hold.

16. Is there anything relevant that you can think to add?

Yes, I'd like to add that J.P. Morgan Chase was actually a conscientious company already before the crisis happened, no matter what people say about banks all being disreputable and greedy. We always truly believed in CSR, even before the crisis, and continued to do so afterwards. Obviously, we increased our CSR efforts a lot more after the crisis though, and put a lot more funding and resources into them.

*Written questionnaire responses from CSR manager at HSBC*

1. Did your bank alter its CSR policy in the years immediately following 2008? If so, how?

Yes, we focused on a lot more different issues. Our initial CSR policy was quite narrow. We broadened it out a lot and made it encompass a greater amount of different areas of CSR. We incorporated financial education programs into our CSR policy. We also started taking more steps to make sure we always engaged in responsible lending.

2. Was this in any way connected to the effects of the financial crisis?

Yes, it happened as a direct result of the crisis.

3. What was your bank's CSR policy like before the onset of the 2008 financial crisis?

We were really focused on sustainability and providing microfinance to those who wouldn't be able to get funding any other way up until that point. We didn't incorporate a lot of different issues into our CSR policy. It wasn't overly broad, and didn't broaden out until after the crisis started.

4. What impact do you think the 2008 financial crisis had on banks' CSR policies in general in the short-term?

The majority of banks did what we did. They saw CSR as a lot more important in the period immediately following the crisis, for the obvious reasons. They made lots of changes in the short-term, but whether the crisis had any lasting impact upon their CSR efforts is an entirely different story.

5. Did your bank alter its CSR policy in the long-term after 2008? If so, how?

In the long-term, the extra importance we'd given to CSR began to fade. The emphasis we put on CSR started to dwindle and our CSR policy became less diverse, focusing on a few key issues once again. All of the changes we made following the crisis eventually stopped. Speaking frankly, what was once a very broad CSR policy reverted to being relatively shallow and only encompassing a small number of components. It's a shame, really.

6. Was this in any way connected to the effects of the financial crisis?

Yes.

7. What impact do you think the 2008 financial crisis had on banks' CSR policies in general in the long-term?

Most other banks did the same as us and decreased the importance they placed on CSR as time went by. In the long-term, I don't think the crisis had any impact on their CSR policies, although it definitely did in the short-term. It was a case of banks doing their bit to avoid a reoccurrence, but then gradually forgetting about it as time went by.

8. Did your bank increase or decrease the extent to which it participates in "greenwashing" following the 2008 financial crisis?

We have never actually participated in greenwashing, so we neither decreased or increased it.

9. Do you think banks in general increased or decreased the extent to which they participate in "greenwashing" following the 2008 financial crisis?

Some banks greenwashed more after the crisis.

10. Do you think CSR was viewed as more or less important for banks after the 2008 financial crisis?

It was seen as more important than it was before the onset of the crisis.

11. Did your bank dedicate more or less resources to CSR following the 2008 financial crisis?

We dedicated much more resources to CSR immediately following the crisis. As time went by, we reduced the resources we allocated to it until we were back to where we started, though.

12. How did the changes to the Basel Accords that took place following the 2008 financial crisis affect your bank's CSR policy?

The changes caused a rise in the attention that was paid to upholding ethical business practices. They definitely led to a greater emphasis being placed upon doing business in a moral way.

13. How did the changes to the Equator Principles that took place following the 2008 financial crisis affect your bank's CSR policy?

It's difficult to say. I think they facilitated a greater focus on CSR, though.

14. How did the launch of the Financial Services Sector Supplement affect your bank's CSR policy?

We adopted the Financial Service Sector Supplement method for reporting CSR. That definitely contributed to our transparency efforts.

15. How did the widespread acceptance of the Principles for Responsible Investment following the 2008 financial crisis affect your bank's CSR policy?

It had no effect whatsoever, because we already went by the principles since 2006. We had had them in place for two years before the crisis started.

16. Is there anything relevant that you can think to add?

I'd like to reiterate that I don't think the financial crisis actually had any effect on banks' CSR in the long run. It had a short-term effect, but that was it. It's always the same with things like this; there's a big fuss just afterwards, but then things revert to the way they were before. That's what happened; the crisis caused a flurry of action, but it slowly died down. Now we've back at stage 1. On the positive side, at least banks didn't just ignore the crisis and continue as if nothing had happened. At least they reacted straightaway and took action to increase their CSR activities. It's just a shame they didn't keep their increased CSR efforts up, or at least the majority of the banks that I'm aware of didn't.

*Written questionnaire responses from CSR manager at Citigroup*

1. Did your bank alter its CSR policy in the years immediately following 2008? If so, how?

Yes, it did. We incorporated a guide for responsible lending into our CSR policy after the crisis, and made sure that our staff kept to it. We were adamant that we weren't going to contribute to a second crisis as a result of irresponsible lending.

2. Was this in any way connected to the effects of the financial crisis?

Yes it was. There were allegations that recklessness on the part of banks contributed to the crisis. Whether or not this was true, we knew that we needed to act. It's important to note that we didn't place any additional importance on CSR following the crisis, though; we had always viewed it as being of the utmost importance. The only thing that changed was the emphasis on responsible lending – a different focus rather than revving up our efforts.

3. What was your bank's CSR policy like before the onset of the 2008 financial crisis?

It was actually very detailed even before the crisis happened. It covered most domains of CSR. I'm proud to say that we had an extensive CSR policy in place before a disaster happened, and were proactive as opposed to reactive. The same could not be said of other banks. Many of them had sub-par policies in place and did not afford much attention to CSR before the crisis, and then hurried to put policies in place.

4. What impact do you think the 2008 financial crisis had on banks' CSR policies in general in the short-term?

Most banks had bad, poorly thought out CSR policies in place before the crisis. I'm not saying this because they're our competitors; it's just a fact. They were hardly policies at all in some cases; they were just a list of vague descriptions of positively connoted things the banks supposedly did. They weren't very detailed, and seemed to be an afterthought rather than something that the organizations actually took seriously. You read them and got a sense that they were thrown together in five minutes or less. After the crisis started, their short-term response was to adopt much more comprehensive CSR policies and afford it a lot more prominence within their organizations.

5. Did your bank alter its CSR policy in the long-term after 2008? If so, how?

We've kept the changes that we implemented immediately after the crisis in place ever since, which definitely differentiates us from a lot of other banks.

6. Was this in any way connected to the effects of the financial crisis?

Yes.

7. What impact do you think the 2008 financial crisis had on banks' CSR policies in general in the long-term?

Most other banks were quick to forget about their commitment to CSR. It was a flash in the pan for them, and they quickly went back to the poor quality CSR policies that they had in place prior to the crisis.

8. Did your bank increase or decrease the extent to which it participates in “greenwashing” following the 2008 financial crisis?

We have never and will never greenwash, so this question doesn’t apply to us. It’s not something that we’d ever consider doing, as we take great pride in our genuine commitment to CSR.

9. Do you think banks in general increased or decreased the extent to which they participate in “greenwashing” following the 2008 financial crisis?

Some of our competitors have definitely increased the extent to which they participated in greenwashing following the financial crisis.

10. Do you think CSR was viewed as more or less important for banks after the 2008 financial crisis?

It was viewed as more important in the short-term by most banks, but then that importance faded as time went by. Of course, this wasn’t the case for us, as we still view it as being of the utmost importance today.

11. Did your bank dedicate more or less resources to CSR following the 2008 financial crisis?

We assigned slightly more resources to CSR following the crisis.

12. How did the changes to the Basel Accords that took place following the 2008 financial crisis affect your bank’s CSR policy?

The changes incorporated more of an emphasis on transparency. That in turn caused us to focus more on the transparency of our CSR efforts.

13. How did the changes to the Equator Principles that took place following the 2008 financial crisis affect your bank's CSR policy?

We already encompassed the principles laid out in the Equator Principles before the changes that took place following the crisis, which meant that the changes didn't have much of an effect on us in terms of CSR.

14. How did the launch of the Financial Services Sector Supplement affect your bank's CSR policy?

We adopted its reporting methods, which enabled further transparency.

15. How did the widespread acceptance of the Principles for Responsible Investment following the 2008 financial crisis affect your bank's CSR policy?

It didn't have much of an effect, as we already abided by these principles prior to the start of the crisis.

16. Is there anything relevant that you can think to add?

I'd like to add that whereas other banks showed a fleeting commitment to socially responsible banking practices following the crisis, we demonstrated a genuine long-term commitment. This also extended back beyond the crisis. We have generally always been a very CSR-oriented company, and that's likely to continue throughout the years to come.

*Written questionnaire responses from CSR manager at Bank of America*

1. Did your bank alter its CSR policy in the years immediately following 2008? If so, how?

Yes, it did. We gave more attention to incorporating responsible lending practices into our CSR policy. We also viewed CSR as being a lot more important. I think most banks also did, but their commitment to CSR was more temporary following the crisis. Ours was considerably more long-term.

2. Was this in any way connected to the effects of the financial crisis?

Yes, it was directly due to the effects of the financial crisis.

3. What was your bank's CSR policy like before the onset of the 2008 financial crisis?

It was very much focused on our commitment to green issues, providing poverty alleviation to deprived communities, and aiding businesses. Those were its priority areas.

4. What impact do you think the 2008 financial crisis had on banks' CSR policies in general in the short-term?

Most banks increased their corporate social responsibility practices directly after the crisis. Most of them didn't keep it up, though. They decreased the importance that they placed on CSR again at a later date when everything had died down.

5. Did your bank alter its CSR policy in the long-term after 2008? If so, how?

Yes, we retained our strong focus on incorporating responsible lending practices into our CSR policy. We also continued to see CSR as being a lot more important than we did before the crisis took place. We didn't want our response to be a temporary measure; we were in it for the long haul.

6. Was this in any way connected to the effects of the financial crisis?

Yes, the crisis had a lasting influence upon the way in which our bank operated, and on its CSR efforts specifically.

7. What impact do you think the 2008 financial crisis had on banks' CSR policies in general in the long-term?

As I said, they mainly increased their focus on CSR in the short-term, but reduced the extent to which they focused on it again in the long-term.

8. Did your bank increase or decrease the extent to which it participates in "greenwashing" following the 2008 financial crisis?

We've never actually took part in greenwashing. It's not something I've ever heard of happening at Bank of America. Other banks do it, but we've always been good in that respect. Our CSR is always genuine, not just an attempt to suggest we're something that we're not.

9. Do you think banks in general increased or decreased the extent to which they participate in "greenwashing" following the 2008 financial crisis?

The majority of the other banks do greenwash, and increased their greenwashing activities in the period immediately following the crisis. I don't know how some of the people involved in the decision-making process could live with themselves knowing that they had took part in such acts of deception. It's definitely not the way we do things at Bank of America.

10. Do you think CSR was viewed as more or less important for banks after the 2008 financial crisis?

It was seen as more important at first, but then most other banks started seeing it as less important again as time went by.

11. Did your bank dedicate more or less resources to CSR following the 2008 financial crisis?

We allocated a lot more resources to CSR following the crisis.

12. How did the changes to the Basel Accords that took place following the 2008 financial crisis affect your bank's CSR policy?

They focused a lot on transparency. That caused us to pay more attention to rigorously reporting our CSR practices in order to let people know exactly what we were doing and how we were doing it.

13. How did the changes to the Equator Principles that took place following the 2008 financial crisis affect your bank's CSR policy?

We already followed these principles before the crisis, so the changes had little effect on us.

14. How did the launch of the Financial Services Sector Supplement affect your bank's CSR policy?

We used its reporting method. The method that created an additional emphasis on transparency.

15. How did the widespread acceptance of the Principles for Responsible Investment following the 2008 financial crisis affect your bank's CSR policy?

We signed to say that we would follow the Principles for Responsible Investment after the crisis, so I guess you could say that they affected us in that way. I don't think that doing so had much of an impact though, as we already followed them before we signed to say that we would abide by them. For that reason, I don't think the fact that they became a lot more popular after the onset of the crisis affected us very much.

16. Is there anything relevant that you can think to add?

Yes, I'd like to add that I think we reacted in an appropriate way to the crisis. Overall, I'm very pleased with our bank's response. We rose to the occasion and demonstrated that we

are indeed an ethical organization. I was quite proud of that, as I'm sure everyone else at Bank of America was. We didn't just react in the short-term; we demonstrated longevity in our approach to taking the lessons on board that the crisis taught us. I wish the same could be said for other banks, but alas it can't.

*Transcript of interview with the senior advisor for the Basel Committee on Banking Supervision*

**Interviewer:** Okay, shall we get started?

**Senior advisor:** Yes, let's go.

**Interviewer:** Okay then. So how do you think banks altered their CSR policies due to the effects of the 2008 financial crisis in the short-term?

**Senior advisor:** Well, it caused some banks to dedicate a greater amount of effort and resources to CSR. It also resulted in them increasing the importance that they attributed to transparency and to reporting their CSR.

**Interviewer:** What do you think the long-term impact of the 2008 financial crisis was upon banks' CSR policies?

**Senior advisor:** Well, some banks only increased their CSR efforts the short-term.

**Interviewer:** Do you think the 2008 financial crisis caused banks to place more or less importance upon CSR?

They placed more importance on it, but some only did so in the short-term and began to see it as less important again in the longer term. Overall, I'd say that even in the long-term, in general terms the crisis increased the importance that banks placed on corporate social responsibility, though.

**Interviewer:** Do you think it caused them to engage in more or less "greenwashing"?

**Senior advisor:** What's that? I'm not familiar with that term.

**Interviewer:** It's when companies try and improve their image by using strategic communication processes to try and put across the idea that they're ethical.

**Senior advisor:** You mean they basically use CSR to try and project an image rather than to bring about genuine good?

**Interviewer:** Yes, exactly.

**Senior advisor:** Ah yes, some definitely did that more after the crisis.

**Interviewer:** Do you think the crisis caused banks to allocate more or less resources to CSR?

**Senior advisor:** I'd definitely say more.

**Interviewer:** How do you think the changes to the Basel Accords that took place following the crisis affected banks' CSR policies?

**Senior advisor:** They added an extra emphasis on CSR and helped to bring it to the forefront of banks' agendas. They also increased the importance that banks placed on transparency.

**Interviewer:** How do you think the changes to the Equator Principles that took place following the crisis affected banks' CSR policies?

**Senior advisor:** Well, they provided a framework for putting CSR into practice, which caused most banks to adopt a more structured approach to CSR, which was definitely something positive.

**Interviewer:** How do you think the launch of the Financial Services Sector Supplement following the crisis affected banks' CSR policies?

**Senior advisor:** It increased some banks' focus on transparency and also brought additional scrutiny to the issue of CSR, which caused some banks to increase the amount of importance that they afforded to CSR.

**Interviewer:** How do you think the widespread acceptance of the Principles for Responsible Investment following the 2008 financial crisis affected banks' CSR policies?

**Senior advisor:** Well, a lot of banks wouldn't have accepted these principles if it wasn't for them gaining more widespread acceptance following the crisis. A kind of social inertia took place. Banks saw that they were becoming popular, which in turn led to them becoming more popular.

**Interviewer:** Is there anything relevant that you can think to add?

**Senior advisor:** Because of the crisis, a lasting image of banks as unscrupulous and morally dubious has been created that will be difficult to get rid of. This is obviously not great, but one of the upsides is that it's made banks focus more on ethical behavior. It's ensured that they try harder to be morally upstanding, which has meant that they've had a permanent change in attitude towards CSR, so I guess at the end of the day, every cloud really does have a silver lining.

*Transcript of interview with the researcher at the Bank for International Settlements*

**Interviewer:** Okay, let's go.

**Researcher:** Fire away.

**Interviewer:** Okay, so how do you think banks altered their CSR policies due to the effects of the 2008 financial crisis in the short-term?

**Researcher:** They generally tended to increase their focus on responsible lending. That was the main alteration, I'd say.

**Interviewer:** What do you think the long-term impact of the 2008 financial crisis was upon banks' CSR policies?

**Researcher:** They continued to see CSR as being more important into the long-term. In that respect, the effect had quite a lot of longevity.

**Interviewer:** Do you think the crisis caused banks to engage in more or less "greenwashing"?

**Researcher:** Well, if by "greenwashing", you mean using CSR as a tool to make themselves look good and corrupting its potential for achieving good, overall, I'd say the extent to which banks did this increased. I'd say that that was the case in both the short and the long-term. The crisis seemed to make some banks use CSR as almost a form of advertisement. They realized that they could manipulate the concept to make themselves look ethical, as a way of boosting their brands.

**Interviewer:** Do you think the crisis caused banks to allocate more or less resources to CSR?

**Researcher:** Do you mean in the long-term or the short-term?

**Interviewer:** Let's start with the short-term.

**Researcher:** Yes, definitely.

**Interviewer:** What about the long-term?

**Researcher:** They continued to do so for a long time after the crisis had started to abate.

**Interviewer:** How do you think the changes to the Basel Accords that took place following the crisis affected banks' CSR policies?

**Researcher:** They created more of a focus on corporate social responsibility, which in turn increased the degree that banks viewed it as important.

**Interviewer:** How do you think the changes to the Equator Principles that took place following the crisis affected banks' CSR policies?

**Researcher:** My answer is the same again. They created more of a focus on CSR, which in increased the extent to which banks viewed it as important.

**Interviewer:** How do you think the launch of the Financial Services Sector Supplement following the crisis affected banks' CSR policies?

**Researcher:** I'd like to refer you to my last two answers! I think the same applied to the Financial Services Sector Supplement as well.

**Interviewer:** How do you think the widespread acceptance of the Principles for Responsible Investment following the 2008 financial crisis affected banks' CSR policies?

**Researcher:** And the same again.

**Interviewer:** Is there anything relevant that you can think to add?

**Researcher:** The crisis was a real wakeup call to a lot of banks. It made them realize that something drastically needed to be done. Everyone turned on bankers and started hating them overnight. That must have been a huge cross to bear. The whole thing can't have been great for people who worked in the industry. Some good definitely did come from it though.

**Interviewer:** What good are you talking about?

**Researcher:** Well, it made CSR practices more popular. More importance was placed on them. It's sad that it needed a disaster to act as a catalyst for CSR to get so big, but I think it

needed exactly that. The crisis thrust the need to be ethical right to the front of banks' collective consciousness. It was unquestionably a bad thing overall. People's livelihoods suffered tremendously as a result of it, so I'd never say the crisis was a good thing, but it did at least have one positive aspect, which was that it gave a massive boost to CSR.

*Transcript of interview with researcher for the financial stability board*

**Interviewer:** How do you think banks altered their CSR policies due to the effects of the 2008 financial crisis in the short-term?

**Researcher:** They went from viewing it as something to pay lip service to seeing it as something that was genuinely useful. They realized that it could help to protect a bank's reputation. That gave CSR significantly more importance in the eyes of most banks. Most banks also created far more wide-ranging CSR policies following the crisis that took more elements into consideration.

**Interviewer:** What do you think the long-term impact of the crisis was upon banks' CSR policies?

**Researcher:** They continued to view it as more important in the long term. Many went back to only encompassing a small number of elements within their CSR policies though. They reverted to their previous pre-crisis state in that respect. I guess some banks had short memories in this respect. They remembered the importance of CSR though, which is really the main thing. That's definitely a majorly positive thing to come out of all this.

**Interviewer:** Do you think the crisis caused them to engage in more or less "greenwashing"?

**Researcher:** What exactly do you mean by "greenwashing"?

**Interviewer:** Using strategic communication to paint their banks as ethical.

**Researcher:** What kind of strategic communication?

**Interviewer:** Well, CSR reports, for example.

**Interviewer:** Ah yes, I think some banks definitely did that more after the crisis. They used the reports to try and improve their image and differentiate themselves from unethical banks in the mind of the public rather than to genuinely attempt to counter the elements that led to the crisis in the first place. It was only some of the banks that were less concerned with ethics that did that, though. I can't tar all banks with the same brush there. As with all things, there were a few bad eggs, but also a great deal of good eggs.

**Interviewer:** Do you think the crisis caused banks to allocate more or less resources to CSR?

**Researcher:** It caused the majority of them to allocate more resources to CSR, I'd say.

**Interviewer:** How do you think the changes to the Basel Accords that took place following the crisis affected banks' CSR policies?

**Researcher:** They led to increases in transparency and contributed to the growing importance that banks assigned to CSR.

**Interviewer:** How do you think the changes to the Equator Principles that took place following the crisis affected banks' CSR policies?

**Researcher:** They gave a framework to banks to follow. It was very detailed and could be followed by banks, showing them the right way to implement CSR. This helped a lot of banks to formalize their approaches and construct them in a much more structured manner.

**Interviewer:** How do you think the launch of the Financial Services Sector Supplement following the crisis affected banks' CSR policies?

**Researcher:** They contributed to the value that was placed upon transparency when it came to CSR.

**Interviewer:** How do you think the widespread acceptance of the Principles for Responsible Investment following the 2008 financial crisis affected banks' CSR policies?

**Researcher:** Well, the principles made people focus more on responsible investment, which is obvious really, and meant that it was afforded a greater amount of importance in the world of CSR.

**Interviewer:** Is there anything relevant that you can think to add?

**Researcher:** Yes, the crisis led to banks being placed under considerably more scrutiny. It was a call to action for the public to watch them closely and make sure that they didn't do anything that they perhaps shouldn't have done.

*Transcript of interview with advisor for Group of Twenty*

**Interviewer:** How do you think banks altered their CSR policies due to the effects of the 2008 financial crisis in the short-term?

**Advisor:** What do you class as the short-term?

**Interviewer:** The years immediately following the onset of the crisis.

**Advisor:** Okay, I've got you. The banks put a lot of efforts into publicizing all the activities that they were doing to do with corporate social responsibility. They also started to focus a lot more upon responsible lending within their CSR policies. That hadn't been a main focus before, and was suddenly pushed to the forefront.

**Interviewer:** What do you think the long-term impact of the 2008 financial crisis was upon banks' CSR policies?

**Advisor:** I think everything that happened in the short-term also happened in the long-term. To give the banks credit, they didn't just make changes temporarily; they seem to have been permanent, at least to date anyway. I can't fault them for that. They made sure that the alterations they put in place remained throughout the years.

**Interviewer:** Do you think the 2008 financial crisis caused banks to place more or less importance upon CSR?

**Advisor:** They placed more importance on it, there's no doubt about that. They immediately started to view CSR as important after the crisis, and still view it as extremely important as a consequence now.

**Interviewer:** Do you think it caused them to engage in more or less "greenwashing"?

**Advisor:** I can't really comment on that. I mean, some banks probably engaged in more greenwashing. I can't say for certain that they did though, so it's probably best leaving this one.

**Interviewer:** Do you think the crisis caused banks to allocate more or less resources to CSR?

**Advisor:** They put more funding into CSR than they did before the crisis.

**Interviewer:** How do you think the changes to the Basel Accords that took place following the crisis affected banks' CSR policies?

**Advisor:** They were one of a series of changes to guidelines and regulations that caused greater importance to be assigned to CSR.

**Interviewer:** How do you think the changes to the Equator Principles that took place following the crisis affected banks' CSR policies?

**Advisor:** Again, they caused a greater amount of importance to be assigned to CSR. The other effect was that they gave formal structures that could be followed for carrying out CSR.

**Interviewer:** How do you think the launch of the Financial Services Sector Supplement following the crisis affected banks' CSR policies?

**Advisor:** It meant that greater emphasis was placed upon transparency, and also meant that it was easier to tell which banks engaged in large amounts of CSR activities. That made banks pay even more attention to CSR and made it occupy an even more prominent place within their agendas.

**Interviewer:** How do you think the widespread acceptance of the Principles for Responsible Investment following the 2008 financial crisis affected banks' CSR policies?

**Advisor:** It made banks pay more attention to responsible investment practices. They tailored their investment strategies so that they attempted to avoid investing in unethical or disreputable projects or companies.

**Interviewer:** Is there anything relevant that you can think to add?

**Advisor:** I'd like to add that overall, the crisis had a really huge impact on the corporate social responsibility practices of banks. It really got them developing detailed, comprehensive CSR policies. They started seeing CSR as something extremely important and assigning more funding to it. Permanent changes were enacted that still exist today, and I think society has definitely benefitted from it, even if the gains might not weigh out the losses that were inflicted by the crisis.

*Transcript of interview with local representative for the Basel Committee on Banking Supervision*

**Interviewer:** How do you think banks altered their CSR policies due to the effects of the 2008 financial crisis in the short-term?

**Local representative:** They focused on responsible lending more. That was definitely an area in which they concentrated a larger proportion of their CSR efforts following the crisis. They didn't want another crisis happening.

**Interviewer:** What do you think the long-term impact of the 2008 financial crisis was upon banks' CSR policies?

**Local representative:** The increased focus on responsible lending within CSR policies remained as a long-term change. As I say, they didn't want another crisis, and that was a step aimed at avoiding a reoccurrence. In the longer term, the crisis also led to banks focusing CSR policies upon rejuvenating the economy. An example of this is the increased emphasis on providing financing to SMEs that emerged as a result of the crisis during the period when the world was recovering from it.

**Interviewer:** Do you think the 2008 financial crisis caused banks to place more or less importance upon CSR?

**Local representative:** Definitely more.

**Interviewer:** Do you think it caused them to engage in more or less "greenwashing"?

**Local representative:** Some banks did this. They wanted to come across as ultra moralistic, because there was this huge backlash against banks. Lots of people saw all banks as being morally rotten because of what happened, so there was inevitably going to be some degree of greenwashing as a response to this.

**Interviewer:** Do you think it caused them to allocate more or less resources to CSR?

**Local representative:** Nearly all banks allocated more resources to CSR following the crisis.

**Interviewer:** How do you think the changes to the Basel Accords that took place following the crisis affected banks' CSR policies?

**Local representative:** They increased the global focus on banks' CSR. They also increased the stress that was placed upon issues such as diversity and transparency by banks, amongst other things.

**Interviewer:** How do you think the changes to the Equator Principles that took place following the crisis affected banks' CSR policies?

**Local representative:** They resulted in more banks abiding by the principles, which improved their CSR efforts.

**Interviewer:** How do you think the launch of the Financial Services Sector Supplement following the crisis affected banks' CSR policies?

**Local representative:** It increased the focus on transparency.

**Interviewer:** How do you think the widespread acceptance of the Principles for Responsible Investment following the 2008 financial crisis affected banks' CSR policies?

**Local representative:** It led to banks implementing stricter processes for deciding which projects they were willing to invest in. They started allocating more time to the decision-making process regarding the environmental and social impact of their investments. They started seeing this issue as being considerably more important than they did in the past.

**Interviewer:** Is there anything relevant that you can think to add?

**Local representative:** Yes, I'd like to add that I think the financial crisis showed a large number of banks that CSR could help to safeguard the image of the banking sector as a whole. At the end of the day, banks are all in it together. If some of them doesn't put adequate CSR policies in place and that leads to a major crisis, that affects the reputation of all banks, and bankers and other bank employees start to become figures of hate. CSR policies began to be viewed in a different light than before. They were seen as a tool for protecting the collective reputation of banks. Obviously, overall, the crisis was a terrible thing. I dare say some people were in an incredibly grave situation, with little money to get by on. However, in terms of CSR, it at least had some small lasting positive effect. We can thank God for that, but also hope another crisis does not happen soon. I would say at all, but I fear that that might be wishful thinking.

Table 1: Consequences that Participants Believe Have Occurred for Their Own Banks in Terms of CSR as a Result of the Crisis

| Respondent                     | Increased publication of CSR efforts | Focused more on responsible lending | Reduced focus on green issues | Increased emphasis on code of conduct when dealing with customers | Allocated more resources to CSR | Bank started providing financial education to the public | Changes to Basel Accords following the crisis caused greater emphasis to be placed on diversity | Changes to Basel Accords following the crisis caused greater emphasis to be placed on transparency | Changes to the EP following the crisis increased the focus on transparency | Launch of FSS Suppl. Increased transparency | Changes brought in after crisis have remained in place until this day without fading | Changes have faded | Increased emphasis placed on CSR following the crisis | CSR policy started focusing upon boosting economy | CSR policy started focusing on providing financial literacy classes | Changes in EP that came about after crisis led to more structured approach to CSR | Changes to the Basel Accords that came in after crisis increased emphasis on ethical business practices | Changes to the EP that came in after crisis acted as catalyst for increased CSR |
|--------------------------------|--------------------------------------|-------------------------------------|-------------------------------|-------------------------------------------------------------------|---------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------|--------------------|-------------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| CSR manager at Santander       |                                      |                                     |                               |                                                                   |                                 |                                                          |                                                                                                 |                                                                                                    |                                                                            |                                             |                                                                                      |                    |                                                       |                                                   |                                                                     |                                                                                   |                                                                                                         |                                                                                 |
| Manager at J.P. Morgan Chase   |                                      |                                     |                               |                                                                   |                                 |                                                          |                                                                                                 |                                                                                                    |                                                                            |                                             |                                                                                      |                    |                                                       |                                                   |                                                                     |                                                                                   |                                                                                                         |                                                                                 |
| CSR manager at HSBC            |                                      |                                     |                               |                                                                   |                                 |                                                          |                                                                                                 |                                                                                                    |                                                                            |                                             |                                                                                      |                    |                                                       |                                                   |                                                                     |                                                                                   |                                                                                                         |                                                                                 |
| CSR manager at Citigroup       |                                      |                                     |                               |                                                                   |                                 |                                                          |                                                                                                 |                                                                                                    |                                                                            |                                             |                                                                                      |                    |                                                       |                                                   |                                                                     |                                                                                   |                                                                                                         |                                                                                 |
| CSR manager at Bank of America |                                      |                                     |                               |                                                                   |                                 |                                                          |                                                                                                 |                                                                                                    |                                                                            |                                             |                                                                                      |                    |                                                       |                                                   |                                                                     |                                                                                   |                                                                                                         |                                                                                 |

Green = participant stated that this course of action took place. Red = participant either did not mention this course of action. Orange = participant stated that this did not take place.

*Table 2: Consequences that Participants Believe Have Occurred for Banks in General in Terms of CSR as a Result of the Crisis*

| Respondent                     | Focused more on responsible lending | Banks started providing financial education to the public | Increase in greenwashing | Changes brought in after crisis have remained in place until this day without fading | Changes have faded | Increased emphasis placed on CSR following the crisis |
|--------------------------------|-------------------------------------|-----------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------------|--------------------|-------------------------------------------------------|
| CSR manager at Santander       | Red                                 | Red                                                       | Green                    | Orange                                                                               | Green              | Green                                                 |
| Manager at J.P. Morgan Chase   | Green                               | Green                                                     | Red                      | Orange                                                                               | Green              | Green                                                 |
| CSR manager at HSBC            | Red                                 | Red                                                       | Green                    | Orange                                                                               | Green              | Red                                                   |
| CSR manager at Citigroup       | Red                                 | Red                                                       | Green                    | Orange                                                                               | Green              | Green                                                 |
| CSR manager at Bank of America | Red                                 | Red                                                       | Green                    | Orange                                                                               | Green              | Green                                                 |

**Green** = participant stated that this course of action took place. **Red** = participant either did not mention this course of action. **Orange** = participant stated that this did not take place.

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