



Financial Services Sector – Social Responsibility Facilitator – Training Material

Unit 1: Introduction to Social Responsibility in the Financial Services Sector

(2 ECVET)

Unit Description:

Financial Institutions can be considered as important components of the worldwide economic system. Such entities provide consumers and commercial clients with a wide range of financial services. The number of people affected by activities of financial organisations tends to be very large and normally entails long term relationships. After the 2008 financial crisis, many were concerned about the decline in confidence in financial services institutions.

This unit therefore introduces learners to the general notions and definitions of Social Responsibility as applied to the financial services sector. Importance will be given to the need for trust, accountability, transparency and particularly the issue of governance; which is critical in different areas including the legal, ethical and economic elements.

Learning Outcomes:

On completion of this unit the learner will be able to :

1. Analyse and evaluate the pertinent CSR activities integrated to business and non-business as applied in the financial services sector.
2. Recognise and select the benefits of social responsibility for business.

The presentation that is included in this material has been adjusted due to file size issues, in fact videos have been removed and only links are provided.



Unit 1: Introduction to Social Responsibility in the Financial Services Sector

Unit Code: ILPO55- 020116

MQF/EQF Level: 4
Credit Value: 2

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The module presentation, extracts of which are displayed in this document, is based on the academic work of Mirela Matei & Marian Catalin Voica who wrote in the Economic Insights about "[Social Responsibility in the Financial and Banking Sector](#)" the whole paper is available here http://www.upg-bulletin-se.ro/archive/2013-1/11.Matei_Voica.pdf

Abstract

The concept of social responsibility has seen continuous development in the past 20 years. Due to the general public, international organizations have been involved in the regulation and development of principles as a guide for companies that want to make their work public in the field of social responsibility.

In banking, corporate social responsibility takes many forms, from compliance with the conditionality of financing certain principles to the banks' own social programs. After the international financial crisis, many banks have changed the way in which they operate by changing their business philosophy, the focus moving from making big profits, on finding sustainable methods both for the Bank and for society to work in a comfortable environment.

(Mirela Matei, Marian Cătălin Voica, 2013)

In addition this presentation takes also the practical point and looks at what is being done internationally, with the help of a video entitles "BLC Bank Boomerang CSR Program" which can be viewed by following the following link:

https://www.youtube.com/watch?v=G8JZgM4_6eo

BLC Bank is a Lebanese Bank.

This video looks at the CSR and starts by stating that their activities have an impact on the community and YOU (as the customer) who is also part of the community. The customer who they need to put at the hearth of everything. So the bank needs to be a Responsible Corporate Citizen Committed to Sustainable Development and hence the bank plans to make a difference in 4 areas.

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1. Our Business - by delivering value that matters to customers
 2. Our People - by providing growth opportunities to employees
 3. Our Community - being committed to the social well - being of communities that we serve
 4. Our Environment - by respecting the environment with everything we do
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Importance of CRS

The presentation then goes into the importance of CRS, the mentioned points have been compiled from a number of sources but mainly from the CSR briefs of the following Maltese Banks:

- APS Bank
 - Banif Bank
 - Bank Of Valletta
 - HSBC (Malta)
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HSBC CSR



- Sustainability – building long term business by a striking a balancing between environmental, social and economic feasibility in their decisions.
 - This will help businesses being successful in the health and growth of communities at large.
 - Supporting the shift to a low carbon economy can help reduce operational costs and secure new business
 - Global Projects such as “cleaner water saves lives” and “making mining more sustainable”.
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APS Bank



- APS Bank is well known for its ethical banking tradition and exemplary corporate social responsibility practices supporting Maltese culture, art and various charitable causes.
- Social lending products
 - Green loans
 - SME support
 - Student loans
- Agriculture

Bank of Valletta plc

- Promotes sustainable development and caring of citizens
 - Sponsoring of:
 - Art
 - Culture
 - History
 - Sports
 - Education
 - Charity institutions
 - Public awareness on financial products
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Does everyone agree about the importance of CRS?

This section has also been compiled through various sources but mainly through the websites of the above local banks

Why CSR is important?

- Considering sustainability in their decision making to drive employee engagement, protect the banks' reputation and assess their risk appetite.
- CSR is an approach managing relationships with various stakeholders
- CSR articulates business ethics and values
- Builds trust
- Solution to problems, through creativity
- Enhances current and future employees' perception – "Psychological Contract"

Does everyone agree?

- Perceptions about CSR and its value for organisations differ considerably. Too often, top executives resist CSR perceiving it to be yet another source of pressure, another measure, another weight on their capital.
 - Others insist on looking upon CSR as a craze that will fade over time, therefore not worth considering further. (BOV, 2014)
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The Four Components of CSR



Models of CSR

This section combines now theory with practical experience and presents some models which mainly

- Economical
- Ethical
- Legal
- Philanthropic

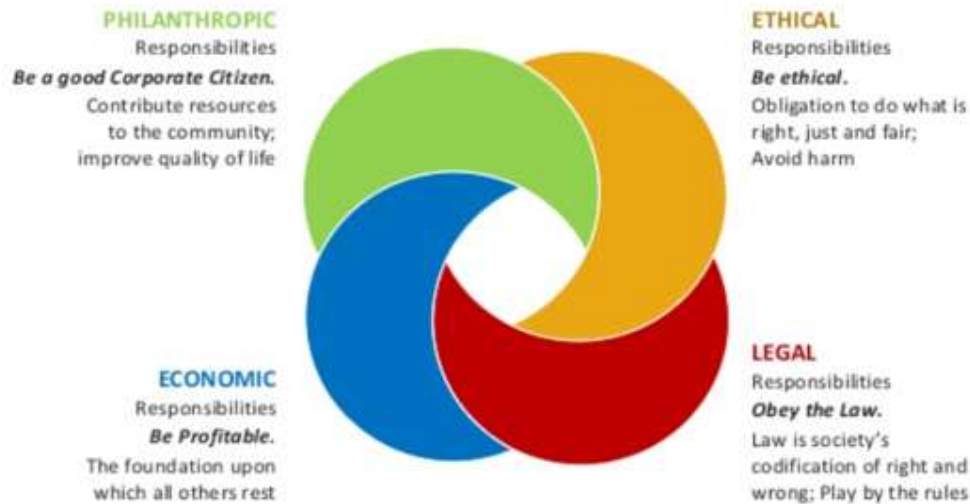
Models of Corporate Social Responsibility

Carroll's Four-part Pyramid



Models of Corporate Social Responsibility

Intersecting Circles (IC) Model



CSR in the banking industry

After going through the theories and models this section first looks at what the local banks are doing about CSR and finally presents a video <https://www.youtube.com/watch?v=35YV2epB7IM> about what the Bank of America is doing.

Group Work

Finally the presentation ends with some practical that is based on your personal experience in the banking sector and the additional knowledge gathered through this presentation.

This group work was actually tested and carried out already and the outcome of this work was very useful and was also the source for long discussions

Group Work



The concept of Corporate Social Responsibility in Malta was mainly brought forward in the beginning of this millennium.

Split up in two groups, each tackling one of the following based on your experience:

- a) Use the Carroll's 4 part model to help you identify banking practices that used to be followed but today would not be considered due to their lack of CSR considerations.
 - b) Identify scenarios where the CSR concept has been implicitly applied in the working culture prior to the concept being formally introduced.
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