

## Corporate social responsibility in banking: introduction to a special issue

Corporate social responsibility (CSR) practices should “strive to make a profit, obey the law, be ethical, and be a good corporate citizen” (Carrol, 1999, p. 289) and therefore have the primary aim to achieve economic, ethical and philanthropic outcomes. Previous research has demonstrated benefits of CSR practices for those organizations that have implemented them, such as higher purchase intentions (Becker-Olsen *et al.*, 2006), an increase in profits (Bhattacharya and Sen, 2004), cost of capital and share price (Gray *et al.*, 1995; Cormier *et al.*, 2011), as well as positive brand attitudes (Brown and Dacin, 1997; van Doorn *et al.*, 2017). Consequently, CSR strategies have been popular with banking organizations and have become a well-established notion in the financial services industry (Fatma and Rahman, 2016; McDonald and Rundle-Thiele, 2008; Scholtens, 2009). CSR can have both financial and strategic advantages for banking industries (Jizi *et al.*, 2014).

However, banks have come under increasing pressure due to a lack of ethical behavior and have in many cases contradicted their own CSR commitments. For example, the US bank Wells Fargo misled shareholders creating 3.5 million fake accounts which led to the termination of more than 5,000 bank employees (CNBC, 2018). In Australia, the royal commission’s report identified that five of the nation’s largest banks have improperly collected fees for services that were never provided (Lannin, 2018) and are now facing criminal charges (Knaus, 2019). The commission’s report revealed a system of greed where financial profit becomes the most important variable, which is evidenced by billing the dead for financial advice, lending to those with no capacity to repay as well as aggressively selling unsuitable products to customers (Royal Commission Report, 2019). This immoral behavior is highly concerning and remains in stark contrast to the CSR reports that banks issue. Some banking institutions appear comfortable with their double standards. Hence, the purpose of this special issue is to investigate the state and role of CSR within the banking sector. It is timely to pose the question why do some banks find themselves in this two-faced bind? The goal of this special issue is to focus attention on CSR in the banking industry and to further examine the role the banking sector has in delivering social and environmental change.

## Contributions to the special issue

In this special issue of the *International Journal of Bank Marketing*, we have received a high number of submissions from international scholars, and we thank them for contributing to this special issue. We are delighted to share a series of high quality and thought-provoking studies. The papers collectively summarize CSR approaches reported to date and challenge us to rethink how banks engage in communities to play a more central role in health and wellbeing. Community approaches that listen and learn and authentic corporate social responsibility programs that deliver clear progress contributing to improved wellbeing for people or protection of our planet offer one means to substantially increase rates of progress to redress power imbalances and biodiversity losses that are globally evident. Our special issue raises awareness that more urgent action is needed and provides ideas and solutions for how banks can move beyond a purely economic growth and profit maximization imperative. It is no longer good enough to accept the status quo, and we can act rapidly and quickly if the political will is there.

Finally, we want to thank all of the reviewers of this special issue and Professor Hooman Estelami, the Editor-in-Chief, for the opportunity to edit this special issue of the *International Journal of Bank Marketing*.

Happy reading!



**Sharyn Rundle-Thiele**

*Marketing, Griffith University, Brisbane, Australia*

**Timo Dietrich**

*Griffith Business School, Griffith University, Brisbane, Australia, and*

**Denni Arli**

*Marketing, University of Minnesota Duluth, Duluth, Minnesota, USA*

## References

- Becker-Olsen, K.L., Cudmore, B.A. and Hill, R.P. (2006), "The impact of perceived corporate social responsibility on consumer behavior", *Journal of Business Research*, Vol. 59 No. 1, pp. 46-53.
- Bhattacharya, C.B. and Sen, S. (2004), "Doing better at doing good: when, why, and how consumers respond to corporate social initiatives", *California Management Review*, Vol. 47 No. 1, pp. 9-24.
- Brown, T.J. and Dacin, P.A. (1997), "The company and the product: corporate associations and consumer product responses", *The Journal of Marketing*, Vol. 61 No. 1, pp. 68-84.
- Carroll, A.B. (1999), "Corporate social responsibility: evolution of a definitional construct", *Business and Society*, Vol. 38 No. 3, pp. 268-295.
- CNBC (2018), "Wells Fargo to pay \$575 million in settlement with US states", available at: <https://www.cnbc.com/2018/12/28/wells-fargo-to-pay-at-least-500-million-in-settlement-with-us-states.html>.
- Cormier, D., Ledoux, M. and Magnan, M. (2011), "The informational contribution of social and environmental disclosures for investors", *Management Decision*, Vol. 49 No. 8, pp. 1276-1304.
- Fatma, M. and Rahman, Z. (2016), "The CSR's influence on customer responses in Indian banking sector", *Journal of Retailing and Consumer Services*, Vol. 29, pp. 49-57.
- Gray, R.H., Kouhy, R. and Lavers, S. (1995), "Constructing a research database of social and environmental reporting by UK Companies: a methodological note", *Accounting, Auditing and Accountability Journal*, Vol. 8 No. 2, pp. 78-101.
- Jizi, M.I., Salama, A., Dixon, R. and Stratling, R. (2014), "Corporate governance and corporate social responsibility disclosure: evidence from the US banking sector", *Journal of Business Ethics*, Vol. 125 No. 4, pp. 601-615.
- Knaus, C. (2019), "Banks may face criminal charges after final royal commission report", available at: <https://www.theguardian.com/australia-news/2019/feb/04/banks-may-face-criminal-charges-after-final-royal-commission-report>.
- Lanin, S. (2018), "Banking royal commission: banks and AMP face criminal charges and \$1b bill in fee-for-no-service scandal", available at: <https://www.abc.net.au/news/2018-08-17/apra-under-fire-for-failing-to-police-superannuation-industry/10129612>.
- McDonald, L.M. and Rundle-Thiele, S. (2008), "Corporate social responsibility and bank customer satisfaction: a research agenda", *International Journal of Bank Marketing*, Vol. 26 No. 3, pp. 170-182.
- Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (2019), *Final Report, Commonwealth of Australia*.
- Scholtens, B. (2009), "Corporate social responsibility in the international banking industry", *Journal of Business Ethics*, Vol. 86 No. 2, pp. 159-175.
- van Doorn, J., Onrust, M., Verhoef, P.C. and Bügel, M.S. (2017), "The impact of corporate social responsibility on customer attitudes and retention—the moderating role of brand success indicators", *Marketing Letters*, Vol. 28 No. 4, pp. 607-619.