



AN ANALYSIS OF CSR INITIATIVES IN BANKING SECTORS: A STUDY ON SELECTED BANKS.

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Abstract: *Social Responsibility refers to the practices and policies undertaken by businesses to have a positive impact on society. The goal of CSR is to create a positive impact on society while still achieving business objectives. It reflects a company's commitment to operate in an economically, socially, and environmentally sustainable manner. This research paper investigates the Corporate Social Responsibility (CSR) initiatives undertaken by select banks in the banking sector, utilizing secondary data sources. The study aims to analyse the nature, scope, and impact of these CSR activities based on publicly available information such as annual reports, CSR reports, and other relevant publications. Through a comprehensive review of secondary data, the paper identifies key areas of CSR focus, including community development, environmental sustainability, and financial inclusion. The research highlights successful CSR strategies and common challenges faced by banks in the sector.*

Key Words: *Corporate Social Responsibility (CSR), Banking Sector, Community Development, Environmental Sustainability, Annual Reports.*

1. INTRODUCTION:

1.1. Corporate Social Responsibility:

Corporate Social Responsibility (CSR) is a form of international private business self-regulation which aims to contribute to societal goals of a philanthropic, activist or charitable nature by engaging in, with, or supporting in with or supporting professional service volunteering through pro bono programs, community development and investment practices. Various organisations have used their authority to push it beyond individual or industry-wide initiatives. In contrast, it has been considered a form of corporate self-regulation for some time, over the last decade or so it has moved considerably from voluntary decisions at the level of individual organisations to mandatory schemes at regional, national and international levels. Furthermore, businesses may engage in CSR for strategic or ethical purposes. From a strategic perspective, CSR can contribute to firm profits, particularly if brands voluntarily self-report both the positive and negative outcomes of their endeavors. In part, these benefits accrue by increasing positive public relations and high ethical standards to reduce business and legal risk by taking responsibility for corporate actions.

1.2. Types of Corporate social Responsibility:

- 1. Environmental Responsibility:** Corporate social responsibility is rooted in preserving the environment. A company can pursue environmental stewardship by reducing pollution and emissions in manufacturing, recycling materials, replenishing natural resources like trees or creating product lines consistent with CSR.
- 2. Ethical Responsibility:** Corporate social responsibility includes acting fairly and ethically. Instances of ethical responsibility include fair treatment of all customers regardless of age, race, culture, or sexual orientation, favorable pay and benefits for employees, vendor use across demographics, full disclosures and transparency for investors.
- 3. Philanthropic Responsibility:** CSR requires a company to contribute to society, whether a company donates profit to charities, enters into transactions only with suppliers or vendors that align with the company philanthropically, supports employee philanthropic endeavors or sponsors fundraising events.
- 4. Financial Responsibility:** A company might make plans to be more environmentally, ethically and philanthropically focused, however it must back these plans through financial investments in programs, donations



or product research including research and development for products that encourage sustainability, creating a diverse workforce or implementing DEI, social awareness or environmental initiatives.

5. **Human rights Responsibility:** Human rights responsibility initiatives involve providing fair labor practices and fair trade practices and child labor.
6. **Economic Responsibility:** Every business is engaged in economic activities. So, the prime social responsibility of every business should be economic responsibility. Hence they should spell products and service which can satisfy the need of the society.
7. **Legal Responsibility:** The company should comply with the political and legal environment of the country. The company should consider protecting the environment.
8. **Discretionary Responsibility:** These are voluntary actions taken by the entities in case of natural calamities, helping poor people etc. They help them by providing a charitable contribution, education activities etc. It prevents investments of charitable funds into speculative activities.

1.3. Significance of Corporate Social Responsibility:

- Justification for existence and growth.
- The long-term interest of the firm
- Avoidance of government regulation.
- Maintenance of Society.
- Availability of resources with business.
- Converting problems into opportunities.
- A better environment for doing business.
- Holding business responsible for social problems.

2. REVIEW OF LITERATURE:

1. **Kajal mittal (2019)**, stated CSR in Banking Industry: A study of selected public and private sector banks. The main objective of the study is to highlight the existing CSR activities by selected banks and give recommendations for better CSR activities, Study the concept of CSR, study the major areas of CSR activities in selected public and private sector bank and to give recommendation based on the analysis. The Research methodology mainly used in secondary data has been used in this bank sectors. They selected top five bank sector. The finding of the study it has been observed that the selected banks are playing an important role in CSR activities but particularly in the field of Rural development, Education, Health, Social Community Welfare and Environment. Data is also observed the difference between the Public and Private sector banks have overall higher contribution than private sector banks in CSR activities.
2. **Masud Rana(2015)**, stated corporate social Responsibility: opportunities and challenges of Banking sector in Bangladesh. The objective of the study to understand the meaning and nature of corporate social responsibility, to acquire subjective perceptions about various CSR tasks of private commercial banks in Bangladesh. To compare and analyze the contribution of CSR activities of private commercial banks in Bangladesh in different areas. The data has been collected through secondary methodology by using survey method, questionnaire and interview. The finding of the study as the opportunity and challenges of CSR practices are also apparent for other national level and multi level national companies besides financial sectors, the parties involved tend to be of the opinion that an effort is still needed to increase knowledge about the positive impact of CSR on business, people and societies. There will be ample growth of CSR practices in our country in future.
3. **Umakantha Nayak (2020)**, Impact of CSR on financial Performance of Banking Companies in India. The main objective of the study the CSR contribution of banking companies in India from 2014-15 to 2018 – 19, to measure the effect of CSR contribution on financial performance of banking companies in India from 2014-15 to 2018-19. The data were collected based on secondary sources and hypothesis. The finding of the study examined the effect of CSR contribution on financial performance of banking companies in India from 2014-15 to 2018-19. effect of CSR contribution on ROE and ROI is significant where as effect of CSR contribution on NPM and ROTA is significant for banking companies in India.
4. **Suman and et al (2011)**, Stated practices of Corporate Social Responsibility in Banking sector in India: An Assessment. The objectives of the study was made on to know the status of CSR implementation in the world and Indian corporate sector. It is further observed that adoption of Girl child by SBI. The data collected in secondary sources. The finding of the study the business of 21st century will have no choice but to implement CSR. The corporate and the government should try to build up a relationship between the business and the society, the corporate should be made aware about the changing nature of business due to globalization, transformation of



market environment and deepening of competition. To have an impact of the CSR spending and utilization of allocated budget, there should be system of periodical monitoring and reporting to the Board of Directors.

5. **Nurhalizah and et al (2023)**, stated implementation of corporate social responsibility in Banking sector during the Covid 19 pandemic. The objective of the study was used to analyze the factors of the implementation of Corporate social Responsibility in the banking sector. This data collected based on secondary sources. The finding of the study the banking sector is experiencing greater social responsibilities during covid time. They actively take a part in providing direct assistance to community affected economically, such as donating funds and resources for covid countermeasures, assisting the health sector and providing support to customers and local communities. Banks are taking steps to provide relief to their customers experiencing financial difficulties due to the pandemic. This research is still limited to one source data base, it is recommended for future researchers to include other databases to improve it.
6. **S M Khaled Hossain and et al(2016)**, stated “Corporate Social Responsibility(CSR) in banking sector: An empirical study on the Hong Kong and Shanghai Banking Corporation (HSBC) Limited”. The objectives of the study to gather the knowledge about CSR activities of HSBC bank in Bangladesh, to know whether the activities are helping the society as a whole and to identify the major areas where CSR activities are performing by HSBC Bank. The Collection of the data were used in primary sources has been critically analyzed with mathematical evaluation and its analysis. The finding of the study Banks regularly contribute towards the financial improvement of a nation. HSBC is building reputation brand value, customer loyalty, employee motivation and retention by CSR activities. Therefore the Bangladesh Bank can screen the CSR appropriation and execution of banks furthermore give instructions to the banks and give some need zones to CSR rehearses.

3. RESEARCH GAP:

From the review of literature it is cleared that few studies are carried out with relates to CSR in banking sector, implementation of CSR after Covid-19, impact of CSR on financial performance. However no studies have been carried out with related to CSR initiatives in selected banking sector.

OBJECTIVE OF THE STUDY:

The followings are the research objectives of the study;

- To know the conceptual framework regarding CSR in banking sector.
- To analyze the CSR initiatives in selected banking sector.

SCOPE:

The study focused on analysis of Corporate Social Responsibility initiatives in selected banking sectors. The study focused on SBI, Union Bank, Karnataka Bank, Canara Bank & Axis Bank.

4. RESEARCH METHODOLOGY:

The analysis is based on secondary data which has been collected from annual reports of concerned bank portals. The study also includes information which have been gathered from research articles, concerned webportals. The study focused only on selected banks such as SBI, Union bank, Karnataka, Axis & Canara Bank.

5. ANALYSIS & DISCUSSIONS:

CSR Initiatives by different banks:

Union Bank of India:

Union Bank of India has well developed Corporate Social Responsibility initiatives in place. The focus on the Rural sector is through Village Knowledge Centres and Farmers' Clubs etc. We also have schemes for the girl child, where we take care of education expenses. Initiatives are in place in other areas such as providing drinking water for schools, setting up bus shelters etc. All our CSR initiatives have shown good results and they are an ongoing part of our contribution to the building of this nation.

State Bank of India:

1. Community Development:

- **Healthcare:** SBI has established several SBI Foundation Rural Self Employment Training Institutes (RSETIs) across the country to provide training and skill development for self-employment.
- **Education:** The SBI Foundation runs the 'SBI Youth for India' fellowship program, which encourages young professionals to volunteer for rural development projects.



- **Sanitation:** SBI has contributed to the Swachh Bharat Abhiyan by constructing toilets in schools and rural areas.

2. Environmental Sustainability:

- **Tree Plantation:** SBI has undertaken numerous tree plantation drives across India to enhance green cover.
- **Renewable Energy:** The bank has installed solar panels at various branch offices and ATMs to promote the use of renewable energy.

3. Financial Inclusion:

- **No-Frills Accounts:** SBI offers basic savings bank deposit accounts with no minimum balance requirement to encourage financial inclusion.
- **Financial Literacy:** Conducts financial literacy camps to educate people about banking and finance.

Axis Bank:

1. Community Development:

- **Education:** Axis Bank Foundation's 'Axis Dil Se' program focuses on providing quality education in remote areas. They also run vocational training centers to enhance employability.
- **Healthcare:** Axis Bank supports healthcare initiatives by funding mobile medical units and organizing health camps.
- **Rural Development:** Initiatives like the 'Integrated Village Development' program aim to develop model villages through infrastructure, education, and livelihood interventions.

2. Environmental Sustainability:

- **Water Conservation:** Axis Bank has funded several water conservation projects, including watershed management and rainwater harvesting.
- **Green Banking:** Promotes paperless banking and has implemented energy-efficient measures in its operations.

3. Financial Inclusion:

- **Microfinance:** Provides microloans to underserved sections of society to support entrepreneurship.
- **Digital Literacy:** Conducts programs to improve digital literacy and encourage the use of digital banking services.

Canara Bank:

1. Community Development:

- **Education:** Canara Bank supports education through scholarships and infrastructure development in schools. They run the Canara Vidya Jyoti scheme to support meritorious students from economically weaker sections.
- **Healthcare:** The bank has undertaken several health initiatives, including health check-up camps and funding for medical equipment in hospitals.
- **Women Empowerment:** Supports self-help groups (SHGs) and provides training to women for entrepreneurship.

2. Environmental Sustainability:

- **Green Initiatives:** Canara Bank promotes green practices by adopting eco-friendly measures in its operations and encouraging customers to go paperless.
- **Afforestation Projects:** Participates in afforestation projects and encourages tree plantation drives.

3. Financial Inclusion:

- **Rural Banking:** Canara Bank has set up rural branches and mobile banking units to provide banking services in remote areas.
- **Financial Literacy Centers:** Operates financial literacy centers to educate people about banking, savings, and credit.

Karnataka Bank:

1. Community Development:



- **Healthcare:** Karnataka Bank has supported several healthcare initiatives, including health camps and funding for hospitals.
- **Education:** Provides scholarships and supports educational institutions with infrastructure development.
- **Rural Development:** Focuses on rural development projects, including building community centers and providing vocational training.

2. Environmental Sustainability:

- **Tree Plantation:** Engages in tree plantation drives and supports environmental conservation projects.
- **Green Banking:** Promotes eco-friendly banking practices, including energy-efficient branch operations and digital banking services.

3. Financial Inclusion:

- **Basic Banking Services:** Offers no-frills accounts and other basic banking services to bring more people into the formal banking system.
- **Financial Literacy Programs:** Conducts financial literacy programs to educate the unbanked and underbanked populations about financial services.

These initiatives reflect the banks' commitment to contributing positively to society and the environment while also enhancing financial inclusion.

Challenges Faced by Banks in Implementing CSR

The followings are the common challenges faced by banking sectors;

1. Resource Constraints

Allocating sufficient funds for CSR activities can be challenging, especially during economic downturns. Banks need to balance CSR budgets with other financial commitments.

2. Human Resources:

Limited dedicated staff for CSR management can impede the effective implementation and monitoring of CSR programs.

3. Compliance:

Navigating complex regulatory environments and ensuring compliance with local and international standards is a significant challenge.

4. Reporting Standards:

Adapting to various CSR reporting standards and frameworks can be difficult, leading to inconsistencies and gaps in reporting.

5. Integration with Core Business:

Ensuring CSR initiatives align with the bank's core business strategy is essential for long-term success. This requires a cohesive approach where CSR is embedded into the business model.

6. Long-Term Commitment:

Balancing short-term financial pressures with the need for long-term CSR commitments poses a strategic challenge for many banks.

7. Diverse Expectations:

Managing the diverse and sometimes conflicting expectations of different stakeholder groups requires careful negotiation and communication.

8. Effective Communication:

Ensuring clear and consistent communication about CSR efforts and outcomes can be difficult, particularly when addressing a wide audience.

CONCLUSION

The analysis demonstrates that CSR initiatives in the banking sector have a significant positive impact on both society and the banks themselves. By strategically integrating CSR into their operations, banks can contribute to sustainable development while achieving their business objectives. However, overcoming implementation challenges and adopting best practices is crucial for maximizing the benefits of CSR programs.



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