Corporate Social Responsibility
Across the European Banking Sector

An EBF Overview of Best Practices
2013
The EBF whishes to thank the members of its CSR Working Group who have helped compile this overview of best practices.

Disclaimer

The EBF has decided on purpose to list examples of best practices without naming countries or individual banks to avoid possible competition distortion.
Foreword

Corporate Social Responsibility across the EU Banking Sector. A European Banking Federation Overview of Best Practices.

Foreword by Richard Howitt MEP

In the wake of the financial crisis, the stark truth is that more people mistrust banks and financial services worldwide than have confidence in them.[1]

Whilst regulatory reforms have rightly begun to learn the lessons of what went wrong, to re-establish the reputation of the Bank Manager as a symbol of responsibility in society will take much more to achieve.

That’s why this new collection of banking initiatives is a welcome and timely addition to the debate on corporate responsibility.

In my own work, I’ve called on banks across Europe to do much more to support social enterprises, to introduce social and environmental standards in their own lending practices as championed by the banks’ own Equator Principles and to combat financial exclusion in some of our most impoverished communities.

Still too many people are denied access to a basic bank account and forced into the clutches of unregulated and sometimes illegal loan sharks and payday lenders.

However, at the same time I welcome efforts by the seven leading European banks in the Thun Group who have taken steps recently towards implementing the UN Principles on Business and Human Rights.

Given current EU moves towards including social, environmental and human rights impact in company annual reports, it is also particularly pleasing to see HSBC from Britain, BBVA from Spain and Germany’s Deutsche Bank, piloting what are in reality global moves towards what is called “Integrated Reporting.”

Such international Corporate Social Responsibility frameworks signal the future not simply for the banking sector but for the whole business community.

I hope the best practice cases that follow will encourage the banks responsible to do more, set an example to others to do so too and build support for embedding such approaches in the emerging international frameworks.

Richard Howitt MEP
European Parliament Rapporteur on Corporate Social Responsibility
November 2013

Introduction

The EBF members account for over 4,000 banks in 32 countries, comprising the European Union and European Free Trade Association. They extend 80% of total loans, hold almost 70% of deposits and an estimated EUR 45.8 trillion in assets. The European banking sector is the world’s largest banking system in the world’s largest economic space. Therefore, given the European banking industry’s pivotal role in the modern economy, it realised long ago the central importance of articulating and defining its role in CSR and ways to integrate CSR into daily business practices.

Corporate social responsibility (CSR) has become an increasingly important item on the political agenda as societal expectations for businesses to become more sustainable and to be better corporate citizens have grown in recent years.

By their very nature financial institutions drive social and economic progress. They provide the financing that helps businesses and economies grow at local, national and cross-border levels, and so drive economic and social development. Beyond this, their financial and non-financial support across a variety of arenas, including community care, education, sport, arts and many other fields, complements the role of the state and non-governmental organisations.

European banks have been seeking to do business in a more socially and environmentally responsible way for quite some time now. The European Banking Federation (EBF) therefore considered that it was opportune to set up a dedicated working group at the European level. Considering that the Corporate Social Responsibility scope of actions belongs to individual banks, the EBF is positioning itself as the “porte-parole” of the CSR initiatives of the banking sector.

In the context of the ongoing financial and economic crisis that Europe is facing, EBF’ members consider that CSR is a tangible tool to restore their reputation. The EBF recognises that this is an ongoing process and that as such it must maintain a dialogue between the sector and the wider economy. Among other things, the EBF is committed to demonstrating how the sector’s contribution to sustainable and inclusive growth remains effective and relevant.

The European Commission launched its Communication on corporate social responsibility in October 2011. The Communication explicitly mentions the financial sector in its call for a commitment to CSR. The EBF fully supports this development and recognises that CSR has become very important over the last decades. Businesses have long since embraced the notion that they are accountable for the environmental and social impacts of their business. CSR has become crucial since it enables companies to both run their business in a way that is beneficial to society at large and to foster long-term success as well as profitability.

CSR is a voluntary assumption of social responsibility beyond that which is required by law, and experience shows that it is particularly fruitful for all stakeholders concerned when companies address social issues which lie in their area of expertise and in which they are material to them. The same has been proven to be true for the banking sector.

The intensification of ethical investments and the introduction of international governance standards in the banking industry are positive developments. The EBF believes it is an encouraging progress that many banks have already signed up to the United Nations Principles for Responsible Investment and other credible generic and sector-specific schemes.

For CSR to be impactful, it is key that banks appreciate the added-value it represents for them. Innovation is one of the most compelling cases for CSR. This approach to CSR is highlighted in the present report, which offers a compilation of CSR initiatives launched by the banking sector. It also demonstrates that CSR has been part of our sector’s discourse for a long time. We would like to note that in 2008, for example, the EBF have already published a similar report on ‘European Banking Sector CSR Best Practices’ in a bid to raise awareness to the EU policy makers of just how important CSR is to the industry. The actual report aims out to inspire future CSR activities by illustrating how voluntary CSR initiatives have served society at large. The EBF foresees the publication of an updated report on a regular basis.
The EBF acknowledges that CSR is developing quite fast and that more and more initiatives are considering CSR as a requirement. The EBF could play a role in facilitating the share of CSR best practices among national banking sectors, with the opportunity to highlight what still remains to be done in order to make it a successful approach for the entire sector. Developing a CSR platform at the European banking sector level would represent an opportunity for banks which are not yet involved to embrace the ways of their competitors. The EBF, which positions itself as the voice of Europe’s banks, is in the process of establishing more formal collaboration with other stakeholders at both the EU and international levels in order to coordinate efforts for a better CSR approach.

The EBF would like to point out that the European Commission CSR policies should not be purely sector specific. The EBF fully support a general approach which encompass all sectors.

EBF members would like to reaffirm their strong commitment to working with various stakeholders in order to deliver best CSR practices across the banking sector.

The Evolution of CSR

Over the past few years, society has placed an increasing emphasis on companies’ and institutions’ responsibility for good stewardship when it comes to the impact their activities have on the environment and on all their stakeholders, including society at large.

At the European level for instance, the European Commission has continuously adapted its definition of Corporate Social Responsibility. Its 2001 Green Paper defines CSR as “essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment” by integrating “social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. A decade later, the emphasis has shifted significantly. In the 2011 Commissions’ Communication the emphasis is on “the responsibility of enterprises for their impact on society”.

There are several approaches to the sector’s commitment. For the banking sector, CSR goes beyond the aim to offer reliable financial services or products which will help and support individual’s finances or businesses’ economic development.

The industry recognises that there are also tangible business benefits to well-devised and successful CSR strategies. These include increasing their profile in the communities they serve, boosting local, national and cross-border economic performance, funding environmentally and socially sound projects and businesses as well as enabling social development, whilst simultaneously strengthening their profitability. Indeed, even if the definition of corporate social responsibility is evolving over time, and if the definition varies depending on the field of activity, level of analysis, or parties involved; banks involved in CSR have the possibility to be evaluated regarding their level and quality of involvement based on the fact that the initiative is successful and efficient or not, as well as on the reaction of the general public towards them. Building reputation is also a matter of CSR.

The banking sector has taken up its responsibility and established an ongoing, formal exchange on CSR practices at European level many years ago. For example, focusing on relevant human resources issues related to CSR, the European Social Partners in the banking sector (EBF Committee for European Social Affairs and UNI Europa Finance) have agreed on a common position in their CSR declaration in 2005. Currently, the Social Partners are working on a follow-up and update of this CSR declaration.

The European Banking Federation considers that the definition of CSR means that each of its members should consider the wider social and environmental impact of its business decisions and should aim to respond in a voluntary, balanced and responsible way to the interests of all of its stakeholders.
I. Community involvement

Community involvement in corporate social responsibility can be defined as the contribution of banks and/or bankers’ associations to the community where their businesses are established. Examples include initiatives in which they enable their employees to donate their time or raise funds to support community organisations and educational initiatives.

The following are just some examples from the many that exist today across Europe.

a. Education

Many national banking associations and their members offer educational programmes to help develop the financial skills of the general. This could be, for example, by means of organising conferences, and seminars for teachers and tutors on specific topics.

Banks’ education support generally entails financial contributions to academic institutions and educational programmes, or to buying equipment. Amongst EBF members, banks distributed for instance awards to scientists who participated in the development of banking and finance. Numerous banks support the work of non-governmental or charitable organisations which provide innovative, interactive, enterprise and life skills programmes to primary and post-primary school students. These programmes encourage young people to remain in education and teach them the necessary skills to succeed in a changing world. More and more banks also offer their support in the form of students-mentoring or students-practice at the bank’s premises with the guidance of experienced bankers.

The school offers a six-month programme on how to become an entrepreneur to anyone employed or unemployed. The school accepts 50 young entrepreneurs for each course, free of charge. The business school aims to make small and medium-sized enterprises (SMEs) more resilient, and to educate young entrepreneurs both in raising funds and in marketing and sales. In addition, it deals with legal issues and financial planning, to provide the practical knowledge and consultancy support needed to develop a business correctly and promote business viability. Up-and-coming entrepreneurs also learn in a step-by-step process how to progress from having the initial idea for a business to meetings with potential investors.

The sector is also working on the recognition that young people’s financial challenges when they leave home to set up on their own. The transition from youth to adulthood is financially demanding, and without the right knowledge, it is easy to go wrong.

National banking associations are cooperating closely with their consumer Ombudsmen to give young people between the ages of 16-25 the skills they need to manage their finances and to avoid financial pitfalls. These initiatives are teaching young people that learning to budget and monitor their spending habits can help them avoid moderate payment problems.

As part of their responsibility to educate young people, banks in some countries also offer scholarships for talented young people from low income families, as well as assistance in finding a job. There are, for example, scholarships for immigrants’ children. Banks also arrange special education programmes for children, youth and teachers, on safety in the streets, on the principles of first aid, ecology and protecting nature. In another country, banks’ employees provide a voluntary service of reading to children in hospitals and other medical treatment centres. One bank also publishes books for families with disabled children or children with special educational needs such as autism.
b. Innovative partnerships

Beyond supporting and financing traditional initiatives, the financial sector invests a great deal in beneficial projects for civil society. The following projects are testament to the commitment of banks in this area.

CASE STUDY
A Financial Coalition against Child Pornography

The project was initiated after the publication in 2006 of a press statement by the European Banking Federation supporting the American Financial Coalition Against Child Pornography. It is a unique collaboration between an NGO, law enforcement and banks. One bank took the initiative and invited the entire banking sector in the country to create a coalition with its national banking association as project leader.

Given the fact that the trading of images of abused children on the internet involved buyers and sellers using various payment channels to transfer money, banks involved in this group decided to try to prevent the financial system being used for this type of crime. Through this financial coalition, members are taking a clear stand against all forms of sexual exploitation of children.

Members of this coalition are taking an active stand by increasing their awareness of the problem so they can contribute to the preventive work of the coalition. Both internally and externally, banks are clearly committed to tackling this problem and are working to inform and educate employees and customers. Membership also entails cooperating with the police to help prevent payments being made to dealers in child-abuse images as well as participating in coalition meetings and workshops to develop new methods to prevent this kind of crime.

c. Sharing wisdom

Another innovative partnership relates to cloud computing. A national banking association is one of the founding members of an independent non-profit association aiming to promote awareness of cloud computing throughout society. This association brings together local companies engaged in the field of information virtualisation technologies. It aims to set up and exploit exchanges and expertise in matters relating to cloud computing software, and similar technologies nationally and internationally.

The project also aims to promote the potential services and applications of cloud computing software as well as similar technology and to develop cloud computing standards and technical and legal reference material. This initiative is part of a European community dedicated to cloud computing, which brings together national companies and associations active in this particular field. This network seeks to develop coherent and effective strategies at European level to help give Europe’s virtualisation services and technologies a competitive edge over other regions and continents.

Another national banking association made a commitment to the corporate financing dialogue platform. This is a consultation forum which brings banks and companies together within the sector’s trade associations. Under the commitment, its members undertake to reply to well-documented credit applications within a maximum period of 14 bank working days. The commitment comes in response to claims from the corporate world about more restrictive lending following the financial and economic crisis.
d. Working with NGOs and other stakeholders

Some banks have periodic or long-term partnerships with non-governmental organisations (NGOs). These partnerships are a win-win situation as they offer a platform for exchanges of skills and experiences. There is also obviously an added-value of different competences and networks. For example, such partnerships include a bank helping to raise the visibility of certain issues or organisations (usually charities). Other common forms of partnerships include giving financial support to causes related to the arts, culture sport, education and even human rights, usually accompanied by some other form of involvement (such as bank employee engagement). In some cases, banks have established partnerships with state ministries or local governments, to create opportunities (e.g. for vulnerable groups), improve local social circumstances, provide access to information or services (e.g. raising awareness of some health issues).

In promoting activities to improve the dialogue between banks and enterprises, a bankers’ association and the major business association in that country have established a dialogue on the issue of sustainability and the value of environmental, social and governance (ESG) reporting (sustainability indicators) for SMEs. The aim is to assess whether it is possible for banks to use ESG indicators to help SMEs and so enhance bank-enterprise relationships while promoting sustainability.

In one country, creditor banks are working with the country’s state-funded Money Advice and Budgeting Service, which acts on behalf of debtors to work together to help customers deal with their debts. This voluntary initiative launched in 2009 involved agreeing five key steps to enable the creditor and debtor to establish a mutually-acceptable, affordable and sustainable repayment plan. A monitoring group of representatives from creditors and money advisers and chaired by the banking association oversees its on-going operation. Creditors, debtors and the relevant policy authorities alike have lauded the protocol as a valuable framework that works well for all parties, and it currently boasts a 96% success rate (= repayment plans and targets met).

In another country, a number of banks are working in partnership with a business association to maintain a business network, with the aim of promoting sustainability and responsibility among (all) businesses in the country. Their vision is to harness the power of the country’s business to maximise its positive impact on its stakeholders and on society at large. To date, this appears to be the only dedicated network for responsible business, and a number of banks are active members. The network also offers the business ‘working responsibly mark’, (the country’s only certification for responsible and sustainable business practices).

e. Empowering staff

A great number of bank employees in many banks are involved in various CSR community projects. This could give a great satisfaction to the employees which are participating on a voluntary base and also represent a win-win situation as the employees concerned have the opportunity to be involved in concrete actions carrying out the position of their bank while supporting their community.

A leading bank in one country has set up an innovative staff partnership fund, which is designed to recognise the ongoing involvement of its staff members in community projects. The bank seeks to support its employees involved with a local registered charity or any other non-profit making organisation in their community, helping these groups achieve their goals and improve their service. The bank’s staff members can apply for bank funds to match any funding which staff themselves have raised on behalf of their group, or to match personal time which they have volunteered to their chosen group. Bank staff members across the network have continued to donate both money and time to local and international charities.

The employees from one bank and a number of national banking associations closely support a charity organisation whose main purpose is to help children who are victims of neglect, physical, psychological, or emotional abuse. These children have been placed in homes under court order. Beyond its financial contribution, the charity organisation’s member in question is the major sponsor of this project. Together with the sponsor, the banking association plays an active role in supporting the charity’s work by accompanying the children twice a year to a dolphin therapy programme and by helping them on a daily basis during the stay. The purpose of this therapy is to overcome the traumas undergone. Employees of the bankers’ association are
Another country has a tradition of multi-stakeholder-oriented models and cooperates in many fields of endeavor. Its banks interact regularly with NGOs and other organisations, such as the Senior Citizens’ Association, the Council of the Chronically Ill and the Disabled, the Federation for the Visually Handicapped and the Consumers’ Association.

f. Sponsorships and support to foundations

Sponsorship of different sectors is very common among EBF members and in many cases it is a vital contribution to important sectors that find it difficult to obtain financial support from other sources. There are banks which sponsor local sports clubs with training kits while some others sponsor local athletics clubs so that the clubs can arrange local track and field training for schools. Those activities are directed towards children and young people from six to sixteen. As part of the scheme, a longer term project enables older children training for track and field to, in turn, become coaches.

Most banks contribute substantial amounts of funds or offer other support such as offering lower fees, to special cause foundations. Some banks have programs that offer their employees the opportunity to participate in choosing activities or sponsorships, or to volunteer to work in smaller regions or countries. Many banks all over Europe have their own foundations with specific focus areas and targets. They provide financial support to enable young people to pursue a university degree for instance. These bank foundations also support other foundations (for children, disabled people, older people, anti-violence movements, financial education, etc.), NGOs and non-profit institutions.

In addition, EBF members are enthusiastic cultural sponsors. They sponsoring 50 photographic master classes in various venues countrywide, which has helped schools, colleges and camera clubs in one of the best illustration of it.

A range of sustainability initiatives also receive bank support. For example, some member banks are working with rural banks in developing countries to evolve into modern financial service providers. They may also join initiatives with the private sector; for instance, one bank is helping a cotton production businesses become more sustainable. Other cases of sponsorship may involve banks as partners of national environment organisations. The funds go to support a number of conservation projects and bank employees get involved in nature days, and working out in the field with the organisation’s conservationists.

Many banks all over Europe have their own foundations with specific focus areas and targets:

- **Supporting young people to address their challenges:**

  Another example of foundation support is that of a bank which has supported, since 1997, a non-profit organisation that works with young people to strengthen self-esteem and confidence as a way of resisting peer pressure to drink alcohol or take drugs. So far, more than 1,100 of the banks’ employees have volunteered to be role models in some capacity (e.g. mentors), either as part of a year-long programme to build relationships and offer support to a specific teenager, or for shorter term initiatives.

  In a recent evaluation, 100% of teenagers felt they had established a good, personal relationship with their mentor, giving them access to the adult world outside school and the family network. A further 88% reported more confidence and greater self-esteem. The organisation also supports parents through courses and seminars. Bank employees also volunteer as mentors in a comprehensive, long-term educational programme that starts as early as elementary and secondary school.
In one country, the financial industry labour unions, the banks, and the bankers’ association have established a partnership to promote social solidarity in the country and abroad by contributing to solidarity projects promoted by non-profit organisations. They finance it through match-gifting, in which workers and enterprises divide contributions equally between them.

**Back ing micro enterprises**

Increasing the supply of microcredit is important for encouraging new businesses, stimulating economic growth (in line with the Europe 2020 strategy) and opening doors to people who would not otherwise have such opportunities (EU policy on social inclusion). According to Eurostat, “In the EU 27, 92% of all NFBE\(^1\) enterprises are microenterprises (1-9 persons employed) that represents more than 18 million of microenterprises. They employ 38 million people (30% of total employment), and created 1,100 billion euro of value added (21% of total value added). So they potentially play in the EU economy in terms of employment creation and economic growth”.

Community-based projects and micro-enterprises are benefitting from a donation from the banking sector in one country to a Social Finance Foundation. Launched in 2007, the initiative serves as a source of wholesale funding for community-based projects and micro-enterprises that would not otherwise qualify for mainstream commercial funding. A further loan agreement in the same country involves banks providing 12-year loans at very competitive interest rates. The foundation provides funding to social lending organisations which, in turn, provide repayable loans at affordable interest rates for community projects, local development initiatives, and micro-enterprises that have a social impact.

**Financial inclusion**

Lack of access to basic financial services, including the payment systems, can act as a significant disadvantage for consumers in their daily lives. A great deal is being done by the banking sector across Europe to promote the widest level of financial inclusion among those consumers who wish to have access to these services. Typically, consumers are considered ‘financially included’ if they have access to a basic banking account; Additional levels of financial inclusion relate to savings, credit, insurance and other services. Comparing the level of financial inclusion across countries is made difficult by the fact that in some countries access to financial services is, to some extent, regulated, whilst in other countries it is not. Where regulation does not exist, banks have taken the opportunity to promote financial inclusion initiatives as part of their CSR agenda.

**Basic banking services**

The European Banking Federation recognises that the access to basic bank accounts is essential because it helps citizens to fully participate in economic and social life. Financial exclusion in terms of access to basic banking services must be addressed at national level because the reasons for financial exclusion are mostly country specific. That is why very distinct measures are adopted across EU Member States. The success of the fight against financial exclusion depends on the flexibility of Member States to put in place initiatives which are tailored to specific local conditions. The following examples give an overview of initiatives that have successfully addressed country specific problems.

In one country, a number of banks are active in a range of financial inclusion projects, both at an individual level and through the national banking association’s advisory panel. The panel deals with financial inclusion and individuals’ financial skills. The association also engages with a variety of charities and interest groups to discuss the challenges faced in retail banking by certain groups of

---

1 NFBE: Non-financial business economy. It excludes agriculture, public administration, non-commercial services and the sector of financial services.
customers so as to identify and address key problem areas.

In another country the banks themselves have specially developed basic bank accounts as a response to financial exclusion. As part of this push to improve access to financial services they have also adopted voluntary charters and codes of conduct under which they commit to providing these basic bank account services. This initiative has helped around 2,500 people setting up bank accounts which can be used for financial transactions and has significantly decreased the number of people who are financially excluded in that country.

In one country a bank designed a product targeted to the needs of people who receive social welfare. The initiative was set up jointly by a bank and a public body and each year it helps approximately 50,000 people. Instead of being forced to get the social welfare money in cash they can use a ‘social bank account’ which is free of charge, cannot be seized and comes with a withdrawal card. The maximum and interest-free overdraft is EUR 20. This is a good example of how public authority/government, banks and other stakeholders can work together to achieve effective outcome.

Elsewhere, in line with a basic banking service covenant between the sector and the government, a range of banks guarantee access to an individual bank account for every single individual over the age of 18 years. The banks offer these accounts in collaboration with recognised institutes and government agencies.

This similar approach is also taken in another EU Member State where, by agreement with government as part of its financial inclusion strategy, a number of retail banks are currently piloting in designated locations, a new type of basic bank account. The objectives of this six-month pilot scheme is to test the reaction of targeted customers, to determine if this basic bank account meets their needs. The results will inform a national roll-out of the account at a later stage.

In one country two associations and one bank set up an initiative which addressed the issue of scarcity of both cash dispensers and bank branches in rural areas. This issue negatively affects mostly handicapped or elderly people. If the local bank branch and the municipality cannot assist the consumers, they can turn to the association which then helps identify ways to access basic banking services (e.g. ‘bank buses’, agreements with local shops).

- **Financial inclusion of third-country nationals**

  Ensuring financial inclusion for immigrants is key to their full integration into a society. For instance one national banking association is working on this issue with its Home Office: The ‘National Forum for the Financial Inclusion of Third-Party Nationals’ is a long-term project that will form the hub of ongoing monitoring and analysis of the financial inclusion of immigrants. The Forum provides various entities and institutions with tools to encourage knowledge sharing and cooperation; this in turn will help to identify and define integrated strategies for strengthening and furthering financial inclusion.

  In another case, a national banking association has drawn up an agreement between its country’s conference of religious organisations and participating banks to provide microfinance, guaranteed by a special fund. This fund aims to provide access to credit to households that find themselves in situations of economic and social difficulty. It also includes individuals, partnerships and cooperatives that intend to undertake sole trading or micro-enterprise.

- **Payment services for migrants**

  The ‘Welcome to Banking Project’ is based on a multi-stakeholder partnership between a national banking association and several organisations, including an NGO and UNHCR (United Nations Refugee
Agency). The project aims to improve the financial and social inclusion of foreign nationals in the country. The partnership’s first initiative was a multilingual, information brochure that highlights banks’ main products and services, best suited to meeting the financial needs of immigrants.

Another good example of cooperation between a national banking association and a government department and other stakeholders working through a national working group on remittances, which aims to cut the cost of, and raise awareness of, remittances. The working group laid down guidelines which will lead to increased remittance usage and more effective handling of them. Achievements to date include a request to all market operators to cut remittance costs by 5% over five-years (2009-2014); and the creation of a national website for transparent remittances.

Some banks involved in remittances or financial inclusion activities are conscious that they can play a more active role. One national banking association was inspired to contribute to a project to help channel migrant financial resources towards the microfinance institutions in their home countries. This innovative scheme is sponsored by a number of leading foundations and can be applied to more than one country.

Another country’s biggest bank is cooperating with the national Red Cross. It has developed standardised courses in personal finance to serve the users of the various Red Cross initiatives, including single parents, women with immigrant backgrounds and persons on the ‘Network After Imprisonment’ scheme. As part of its involvement with the Red Cross, the banks’ employees volunteer to share their knowledge with relevant groups in local communities across the country. The bank’s initiative is based on a firm belief that sufficient understanding of the basic principles of personal finance is a prerequisite for social inclusion. This is an excellent example of using core skills of people working in the banking sector.

2 The sending of money to someone at a distance / the sum of money sent.
Environmental management (or: addressing negative environmental impacts and promoting sound environmental management) is a crucial dimension of the banking sector’s corporate social responsibility policies. Banks take on a wide range of initiatives to help combat climate change reduce energy, water and resource use in both their own operations and those of their clients and other stakeholders. Their approach to this topic is all encompassing, varying from raising customer and staff awareness and incorporating environmental management this into business operations, to introducing environmentally-friendly products and services.

Tools that are used to reach environmental goals for banks and in sectors that banks support include:

- Contributing to research
- Environmental certification
- Environmental management and reporting of annual carbon footprint
- Eco-friendly financial products
- Green procurement
- Green assets, environmental funds
- Green property management, eco management
- Green constructing business, low energy buildings

a. Financing renewable energy and eco-efficiency

European banks are well-positioned to apply their core business expertise to the shift towards a cleaner and more energy-efficient global economy. The key role they play in financing the world’s renewable energy infrastructure is a key part of their strategy to address global climate change.

The role of European banks will need to expand from being traditional lenders to also facilitating innovative green financing structures that give new participants opportunities in this market.

Ib. Environmental management and annual carbon footprint reporting

While playing a vital role in funding a greener European and world economy, banks are also busy reducing their own environmental footprint and working towards being carbon neutral. They continually improve their energy efficiency, reduce consumption and switch from traditional to renewable energy sources. Avoiding emissions from bank facilities and increasing energy efficiency is important to cutting costs and their carbon footprints. A substantial amount of the energy used in banks’ operations come from renewable sources.

Successful efforts to reduce carbon emissions include reduced business travel (and increased use of video conferencing), lower electricity consumption (through upgrading and switching to modern equipment) and innovative technologies to reduce paper use. Banks subsidise the use of green cars as company cars and are increasingly using green electricity. Many banks support the Carbon Disclosure Project (CDP), and report on their CO₂ emissions. Indeed, banks can use the CDP (and other similar initiatives) to screen/assess customers and their businesses on managing climate and environmental risks. One example of this is a group of investors/banks/financial institutions that have all signed up to Global Compact and that ask their potential clients about their commitments to important Global Compact principles.

‘Sustainable Supply Chain’ is a project launched last year to assess the relative sustainability of banks’ supplier
portfolio. It assesses the current situation with the bank’s existing suppliers and constitutes the first step in enabling strategic and systematic sustainable supply chain management. The existing purchasing process now has an integrated sustainability perspective in three areas; assessment of potential suppliers, requirement specification, and follow up.

c. Eco-sound financial products

The ‘Green Bond’ concept is one response to the growing demand from investors to be able to select and back climate-related business opportunities. This investment vehicle integrates the fiduciary element of fixed income products with climate mitigation and adaptation awareness, giving mainstream investors access to climate-related investment opportunities. Over 100 investors have now invested in ‘Green Bonds’. In many countries banks offer Green Bonds and other financial products that have multiple goals such as protecting the environment, financing and promoting renewable energy and helping to revive run-down areas.

d. A Climate Promise

A national association has signed the national ‘Climate Promise’, which is a governmental campaign to promote public awareness on climate change and to reduce carbon emissions. The campaign is organised in partnership with stakeholders: NGOs, science and research institutions, businesses and civil society representative groups and is run by the National Ministry of Environment. Under the ‘Climate Promise’, the national banking association is committed to promoting environmental and climate-sound business behaviour in the financial industry. The national banking association will lead by example by conducting its own business in accordance with key environmental and climate considerations.

e. Eco-Lighthouse Foundation

As a good example of how governments could stimulate environmentally sound business behavior, not only by banks but also by other businesses financially supported by banks. A national banking association and a great number of its members have obtained environmental certification through ‘The Eco-Lighthouse Foundation’, which helps private and public enterprises conduct profitable and environmentally sound operations. Businesses and enterprises that perform an environmental analysis and then meet defined industry criteria are certified as ‘Eco-Lighthouses’. The scheme is supported and recommended by the Ministry of Environment. The Eco-Lighthouses report on the following main criteria: working environment, procurement, energy, waste, transport and CO₂ emissions. The banking association in this country aims to encourage financial institutions to obtain the eco-lighthouse certification.

f. Climate change: a hot topic for the financial industry

Climate change is one of the largest environmental challenges of our time and an area where the banking can help make significant progress through its core and through additional activities.

A national association has published a ‘cookbook’ which is intended to be a source of inspiration for member banks not yet engaged in climate-related work. The ‘cookbook’ is based on the assumption that climate change will affect the bottom line of the financial industry and that action is required to preserve the industry’s competitive advantages. The cookbook also suggests ways of working with climate-related issues and supplies examples of industry best practice.
g. Member of Cities of the Future

‘Cities of the Future’ is a collaboration between a government and the country’s 13 largest cities together with the national banking association, the Confederation of National Enterprises and the Enterprise Federation. The project aims to cut greenhouse gas emissions and make cities better places to live in. It is based on widespread networking in five fields: land use and transport, consumption and waste, energy and buildings, climate change adaption; and improved urban environment.

h. Climate mitigation in the banking industry

Banks contribute actively to climate mitigation in a number of ways: they offer eco-sound financial products to their customers, engage in green procurement, responsible investments, green property management, environmental certification, green construction business and low energy buildings, and some also contribute to research. A number of national financial institutions also report their sustainability performance according to the principles and indicators set out by the Global Reporting Initiative (GRI), Global Compact (GC) or by other initiatives.

An increasing number of banks acknowledge that climate change can create new business opportunities. They see that involvement in climate mitigation can also strengthen trust and reputation. As a result, many financial companies – often with the larger ones in the driving seat – are entering into binding agreements, buying emission credits and establishing ambitious goals for emission reductions.

i. Contributing to research in green technologies

Through dedicated research teams, a few European banks provide expert advices, giving the most effective strategies for promoting private investment in clean energy and technologies. There are ambitious cooperative projects involving all key stakeholders in the area of renewable energy, and, in particular, solar energy. These projects help create the necessary technological, regulatory and economic conditions as well as finance structures conducive to building a sustainable renewable energy market through solar and wind power sources. This is key as there remain important hurdles in to be addressed in order for these promising technologies to become mainstream and competitive in relevant markets. Using solar and wind energy is a productive use of resources and a realisation of the green growth concept.

j. Educational tools

In collaboration with bachelor degree students, a University College of Applied Sciences Finance has recently developed a teaching plan concentrating on the impact of climate change, including the damage potential of natural disasters, and the importance of risk evaluation and awareness. The plan is designed to facilitate cooperation between educational institutions and the financial industry. Other countries have similar initiatives to integrate climate change into university and school curriculums.

k. Green Buildings

Banks are working closely with suppliers and partners to promote best practice methods throughout the real estate industry in a bid to promote green, or low-energy, buildings. This term refers to a structure and process that is environmentally responsible and resource efficient throughout a building’s life-cycle: from choice of site, to design, construction, operation, and maintenance.

In line with this notion, several banks are building new headquarters outside the city centres and which are environmentally friendly in terms of impact of energy consumption, indoor environment, and choice of material.

A big challenge will be helping individuals visualise their personal consumption so they are aware of the
contribution each of them can make. Interior design will play an important role in supporting the building’s sustainability profile. One project, initiated in 2011, will assess a bank’s existing supplier portfolio. Assessment of the current situation with the bank’s existing suppliers is the first step towards enabling a strategic and systematically sustainable approach to supply chain management. As a result the bank has strengthened the sustainability of its purchasing activities.

An energy efficiency plan includes the control of environmental footprint and reduction of CO2 emissions, campaigns for raising employees’ awareness, and introducing inmotic (automated systems for buildings) systems at branches, resulting in a high reduction of energy consumed.

Increasingly, the percentage of energy consumed by banks is from renewable energy sources, resulting in considerable CO2 reduction, as seen in the use of recycled paper, CO2 neutral envelopes, implementation of paperless project at retail bank branches and procurement of wood paper from sustainable forests according to international standards.

To avoid emissions from bank facilities and to increase energy efficiency it is important to cut costs and achieve carbon neutrality (carbon footprint). A substantial amount of the energy used in bank operations comes from renewable sources. Banks are working closely with suppliers and partners to promote best practice methods throughout the real estate industry. Financing renewable energies and energy efficiency projects is also backed by regional banks.

One national banking association is constantly identifying new actions it can take to reduce environmental impact by check listing aspects that need improvement: energy efficiency, green and fair trade choice of products, recycling, reuse of material and financing public transport for employees. The main building in one country is powered using green energy from the LEO provider. Other features in the building ensure that heat is not wasted.

A bank in another country has earned certification from a governmental sustainability organisation for waste disposal. An in-house ‘Green Team’ actively works to raise staff awareness of environmental issues in the workplace.

**The financial sector in one country tries to provide the following incentives to its employees:**

- Ecologically responsible forms of commuting (one bank has its own bus line from a mainline train station to its headquarters)
- Each employee receives a train-tram-bus pass
- Employees who use their bicycle for commuting are entitled to a bike incentive
- Stimulating the use of flexible workplaces; for any group of 10 employees, there are eight workplaces available, and employees are given the chance work at home

**Other examples of initiatives that should reduce the financial institutions’ ecological footprint include:**

- Limited use of paper and energy
- Minimising waste
- Recycling
- One bank offers each month an ecological incentive to its most valued employees
- Greater use of electronic payments, which have lower CO2 emissions. Electronic card payments produce no more than three grams of CO2, whereas cash payments produce at least twenty-two grams.

The success of many of the above-mentioned initiatives depends on employee behaviour and participation. Programs currently running in European banks include employee awareness and behavioural change as key elements. This includes, for example, showing the advantages of adopting simple practices and habits such
as two-sided printing, switching off laptops during meetings, switching off lights on leaving the building, etc.)

The green direction of travel in the financial sector is exemplified by one good practice example as a national banking association’s commitment to reducing the negative impact of the industry’s business operations on the environment. As a trade association representing approximately 180 companies in the financial industry, it motivates the industry to conduct climate-sound operations, and is committed to lead by example according to key environmental and climate considerations.

I. The financial industry and climate change

Banks have, to varying degrees, pursued international cooperation, environmental certification, green investments and green loans to achieve progress in climate change mitigation. In a bid to do their part to tackle climate change, many have worked extensively at group level, both externally and internally. The level of commitment to adopting a considered climate policy is still unevenly distributed. Financial Surveys indicate that so far just about half of the companies have undergone an environmental certification (2010). At the same time, an increasing number of national banking association’s members acknowledge that climate change can create new business opportunities – which will also help increase the interest in developing and implementing climate policies.

Another national banking association established together with the national government and other business association a non-profit foundation which especially aims for facilitating investments in clean energy projects by developing exemplary pilot projects which can serve as a model for the financial industry.

m. A national banking association’s work on reducing environmental footprints

One national banking association’s banking research and innovation centre has initiated a number of studies aimed at creating incentives for reducing the environmental footprint associated with banking activities. It is conducting these studies through multi-stakeholder technical roundtables known as monitoring centres: the ‘Renewables Monitoring Centre and the Green Banking Monitoring Centre’.

The ‘Renewables Monitoring Centre’ seeks to observe and understand both the dynamics of and investment opportunities in the renewables sector and to provide tools and methods for achieving company goals in terms of savings on energy costs, financing, and CSR.

The ‘Green Banking Monitoring Centre’ addresses the banking sector’s need to promote the environmental soundness of its activities. It does this by developing energy and environmental governance and at the level of individual measures promotes the efficient use of resources.

The ‘Green Banking Monitoring Centre’ has four main areas of activity:

- Monitoring the energy performance of bank buildings, with an analysis of bank branches’ consumption, currently involving the participation of eight banks and a total of approximately 3,000 branches.
- Managing energy and environmental footprints within banks by defining guidelines that will help banks identify the actions, measures and procedures to reduce energy consumption and shrink their environmental footprint.
- Measuring and reporting the environmental footprint to stakeholders, with in-depth explanation of methods helpful to maximising the use of The Global Reporting Initiative’s environmental performance indicators.
- Exploring the best energy-efficient solutions and technologies to reduce energy consumption and costs.
A small but effective and banking specific initiative related to footprint reduction involves a protocol agreed between a national banking association, its retail member banks and that nation’s Department of the Environment. In this project, the community and local government aim to reduce, and ultimately, to eliminate litter pollution caused by Automated Teller Machine (ATM) transaction advice slips requested by customers.

The Protocol has delivered very positive results under a number of agreed headings:

- Discouraging customer request for an advice slip by making a transaction without receipt issue the default option on the ATM screen
- Measures to enhance customer awareness of a cleaner environment by means of on-screen messaging
- Measures to deal with litter caused by ATM advice slips. The Protocol has helped to further reduce significantly the incidence of littering

n. Environmental Management Systems

Building on the success of the ‘ISO14001 Environmental Management System’, which was introduced in 2005, a leading bank has worked with Certification Europe (CE) and the national Sustainable Energy Authority to implement an integrated Environmental and Energy Management System. The scope of this combined Environmental and Energy Management System now also includes the sourcing of energy, the purchase and operation of plant and equipment and the day-to-day operation of its buildings. The initial focus for the programme is in its IT and operations centres. These centres were certified to the EN16001 for Energy Management standard in 2010, making this bank the first financial institution in the world to have attained this relatively new ISO standard. The bank intends to extend the certification scope to other key buildings within its property portfolio during 2012.

Another bank has introduced a series of operational initiatives to improve performance in this area:

- A bin-less office initiative in its head office has reduced general waste from 21 tons to 9 tons during 2011
- A pilot lease-to-own, low-energy lighting retrofit project in partnership with a company, has reduced energy consumption and lighting costs by 78%
- 2 EUR charity donation for every customer who opts for online e-statements rather than paper ones, generating EUR 1.2 million for good causes
- Participation in the annual Carbon Disclosure Project and active management of its carbon footprint
Healthy personal finances can contribute to a happy life, but taking the first steps towards becoming an economically independent individual isn’t always easy. As such, the European banking industry considers financial education to be a pillar for its CSR activities. Across Europe, the industry aims to give for instance children and young people a solid foundation on which to build their adult life. Banks do this by sharing their core competence with the educational system and young people, and by promoting a responsible attitude to money and consumption.

Systematic financial education is beneficial to individuals and families, it is also useful to categories of the population living in precarious conditions, as well as to society at large for several reasons:

- Raising the financial awareness of the adult population and enabling the public to make informed financial decisions is in the interest of everyone; the financial crisis has highlighted the need for financial awareness
- Educating teachers, opinion leaders and other professionals in a position to influence, is an effective way of communicating basic financial principles to the public;

It is important for society to have a sound financial awareness.

The Organisation for Economic Co-operation and Development (OECD) started an inter-governmental project in 2003 to try to improve financial education and literacy standards by developing common financial literacy principles; in March 2008, the OECD launched the International Gateway for Financial Education, which serves as a clearinghouse for financial education programmes, information and research worldwide; the banking industry in several countries participates and supports this activity. The EBF set up in September 2013 a dedicated European Platform for Financial Education with the objective to exchange best practices and financial education tools between its members. This allows the EBF to collect data on initiative taken across Europe for the sector. The Platform, aims as well at launching concrete projects at European level, with the cooperation of its national member associations. The creation of a European Money Week is among these projects, to hopefully be concretised within the next couple of years.

### a. Educational programmes

What follows is an overview of different educational programmes that have been established in the banking sector. They address key challenges and gaps in education and are illustrative of the involvement of the banking sector in this area.

### b. A Financial Educational Consortium

One country conducts its financial education campaigns through a dedicated Consortium whose target groups are primary, junior and high schools with focus on the basics on key banking topics: coins and paper money, jobs and earnings, cash flow, necessary/unnecessary spending, saving, banking and payment systems, borrowing and interest rates, insurance policies and risk management, entrepreneurship and business planning.

From 2004 to 2012, over 120,000 students from all over this country participated in the programmes. Additionally, the Consortium developed a multimedia programme to teach adults how to manage their money including an educational website.

The Consortium has developed a Financial Education Index to assess the level of financial culture nationally. In the 2010 assessment, the average index total score was 4.3 on a 0-to-10 scale. Assuming sufficiency being
equal to 5, the level of financial literacy seems to be decidedly poor. Further measurement is currently on going to decide on further action.

- The Consortium has built up relationships with national and local Institutions and authorities (i.e. Ministry of Education, Ministry of Local Development and Ministry for Social Cohesion, Regional School Offices, etc.) as it takes a widespread developmental approach to its work. Partnerships with consumers, parents and associations for the elderly also contribute to a more effective diffusion of economic and financial information.

c. E-learning to reach a wider audience

In one country the banking sector has developed educational programmes intended not just for schools but also for SMEs and micro-enterprises. Other programmes aim to make it easier for customers to take better financial decisions. Several banks have also set up a variety of financial education programmes to promote the understanding of basic aspects of the economy and finance.

Such programmes seek to increase customer confidence and security when using financial services. In some instances, these initiatives have been specifically targeted at the academic world. For example, a large-scale programme is designed to run throughout this country, including talks at universities. The programme is brought to a wider audience via its web portal, which aspires to improve university students’ understanding of the financial world. These programmes extend to other countries where the group in question has operations.

Financial literacy is also a strategic priority for another group in the country in question. This group’s commitment is embodied in the Global Financial Education Plan. The programme has been implemented in elementary schools, and is based on a number of activities that address key questions related to money. Between 2009 and 2012, ten thousand schools and two million students participated.

d. Mastering the money game

Various banks have developed their own free financial education programmes for schools and colleges. One example is a comprehensive and impartial programme called Money Sense, which provides 35 hours of online education. Approximately half of all of the country’s post-primary schools currently use the programme. It covers banking, money management, savings, borrowing, budgeting and planning for the future, as well as a one-day enterprise development module to encourage students to set up and run their own businesses.

Another success story from the country in question is the ‘Build a Bank Challenge’, an enjoyable and exciting way for transition and 5th year post-primary pupils to run their own School Bank, with the support of a real bank. At the same time they learn a great deal about managing their own business. Now in its 11th year, the programme has gone from strength to strength. Based on the feedback of those who have taken part in the past, it is a very rewarding and enriching experience for teachers and pupils alike.

e. Cooperation with different stakeholders

- Professionals together for a common goal:

In some countries the banking industry cooperates closely with the national branch of Junior Achievement: Young Enterprise Europe (JA-YE) whose enterprise and economic education programmes are designed for young people and implemented through a partnership between local businesses and schools.

In one country more than 60 banks are engaged in teaching while some of the larger banks have entered into binding partnership agreements with schools. Last year more than 10,000 pupils in
secondary schools across the country were taught one of JA-YE’s educational programmes, such as ‘Economics for Success’ (ages 13-15), company programmes (ages 15-18) and graduate programmes (19+). The teachers were banking industry employees.

The teaching methodology for entrepreneurship uses regional, industrial and educational policies, and benefits from a partnership between the educational system and private and public sector participants. The JA-YE scheme organises an annual company of the year competition, which is a showcase of the best student companies across the country. A panel of business people judge the student companies on their annual reports, marketing, sales strategy, company presentation, product and sales. Banking industry employees participate in the panels.

In another country, ‘Learn to Earn’ is a dynamic and innovative five-week financial literacy programme developed by one bank and also in association with JA-YE. The programme is aimed at pupils aged 15-17 years old. Learn to Earn consists of five modules delivered by a volunteer from a local bank branch.

The programme includes an opportunity for pupils to gain an understanding of the practicalities of everyday finances. It further highlights the importance of saving and investing their money responsibly. The initiative has seen some 52 business volunteers from banks teaching the programme to more than 2,000 students in 90 post-primary school classes and 65 schools throughout the country (2010–2011).

Teaching finance in cooperation:

In another country the national association and its co-operation partners (such as the National Board of Education, National Bank, National Foundation for Share promotion, Association for Teachers of History and Economic Information Office) provide full-day training sessions for teachers on current economic topics. It is a recognition that schools, teachers and educational institutions are important interest groups when it comes to improving financial literacy.

Money Compass Foundation, a sector-wide plan to teach money sense:

One country has set up a sector-wide ‘Money Compass Foundation for Financial Awareness’ to concentrate funds dedicated to developing financial literacy and reinforcing cooperation between governmental organisations, market players, and non-profit organisations. The main elements of its activity include:

- Programmes for the adult population aimed at shaping financial attitudes and sharing basic financial information: for the first 15 months of the programme (1st round) in cooperation with media companies, nearly 700 articles and independent editorial pieces of content were published in 22 media, conveying practical financial knowledge necessary for everyday life; the range of subjects change on a monthly basis.

- A Financial Education Programme for high-school pupils and for training teachers. The central element of the programme is a syllabus of practical financial and economic subjects, which includes case studies. It is supplemented by tests, online and offline games and a Stock Exchange simulation game. More than 60 high schools, some 8,300 secondary pupils and 278 teachers have completed the programme in the past four school years. The number of pupils studying at the involved high schools exceeds 90,000.

- The financial sector is positively encouraged in its educational efforts through a recognition of the financial institution that proves to be the most active in the development of financial competence. The highly recognised Bank of the Year prizes fall with this category.
Under this section the EBF wished to illustrate that there is a variety of tools and channels which are needed to reach the different target groups and address specific needs.

- **Learning by playing:**

  A fun and effective Facebook game called ‘Saving in Shares’ is helping its players understand, at no risk, how the stock market works. It is also used in schools. The game enables participants to compare, comment on and discuss their results. The rules are simple: a contestant receives 100,000 units in fictitious money when he/she registers and it is up to the contestant to invest it in the best way. The winner is the one who manages to get the best return. Trading takes place with fictitious money, but with the authentic rates of the official local Stock Exchange.

- **Who is the economic guru?**

  One country has created a competition called ‘The Economic Guru’ in which the best upper secondary schools pupils in economics compete to become the year’s ‘Economic Guru’. The competition has a long tradition: it is now being organised for the 16th time. It is run thanks to co-operation between the banking industry, the Association for Teachers of History and Social Studies and the central bank of the country. The competition involves both written and oral tests.

- **Learn finances the monster way:**

  The ‘Zaldo’ campaign is aimed at 15-16 year olds. The campaign, inspired by its namesake monster mascot, is a modern web-based learning project, set up in 2011. Its interactive contents provide a comprehensive and stimulating learning experience that teaches students to manage their personal finances. It is designed to be used in their economics classes.

- **Open the safe:**

  A well-structured website has been set up in one country containing easy-to-understand information, training packages for children, financial workshops for youngsters and older people as well as information sessions via ambassadorship (including youth monitors in bank branches). The interactive and educative exhibition organised by the National Bank on money is aimed at secondary school pupils, while the ‘Who manages to open the safe?’ search is available to primary school pupils.

- **Money Magazine:**

  A quarterly publication (525 000 copies) is distributed to school children in one country aged between 9 and 12. The aim of the magazine is to explain economic matters to children as well as adults, in a simple way. It is meant to be entertaining and educational at the same time. The publication also serves as a source of inspiration for teachers motivating them to engage in topics related to economy and money.
Sharing financial educational best practice:

One of the national associations organises an annual educational conference for its members to encourage the financial sector to cooperate with schools. It covers topics related to personal finance, financial literacy and entrepreneurship highlighting best practices from the member companies as well as teachers’ and pupils’ experiences with financial education. Training sessions are held for teachers so they may, in turn, teach personal finances.

Raising the bar:

Banks in several countries sponsor professorships of finance and economics. They also run specialist courses for finance and economics journalists. The goal is to develop new knowledge and to update the competence of significant stakeholders so that they have a clear view on finances.

Complete national curriculum with finances:

A minimum of financial knowledge is necessary to live comfortably in modern society and to carry out long-term financial planning. For this reason, everyone needs a degree of familiarity with personal finance matters. Schools are an ideal arena for learning about the economy, and some national associations work to make personal finance part of students’ curriculum at every level. Usually there is scope within the existing curriculum to teach personal finances, but explicit national learning goals are desirable. Currently in most countries, much depends on decisions made by the individual school. Role for policymaking to stimulate the uptake of finance in curriculums at schools.

Providing input to the national plans and programmes:

Add a general sentence about the banking sector’s commitment to making meaningful contributions to relevant national and EU level debates. Example of this is one country concerns an opportunity where banks have the opportunity to contribute to national policy, as the banking association is now part of its Ministry of Finance Committee for Developing National Strategy for Financial Literacy of Consumers (as of September 2012). Similarly, through their association, banks are contributing to the national strategy of social entrepreneurship within the working group initiated by relevant ministries.

An open web-window for finances:

In one country the Financial Services and Markets Authority has legal competence in the field of financial education. The national association is working with the supervisory authority to develop a web portal offering a wide range of financial information to customers.

Meanwhile, the sector federation continues to draft its own consumer-oriented financial pages under the heading ‘My money and me’ (to be incorporated onto the associations’ website), offering consumers information on payments, loans, investments and savings products.
The above examples are developed voluntarily by the banking sector in various European countries. More details, figures and information are available to help share valuable, best practices.


EBF Report on Financial Literacy (2009) available at:


Based on the experience of past decades and on plans for the future, the banking sector strongly believes in financial education as a social investment that benefits individuals, families and society at large. The European banking sector takes its responsibility in this area and welcomes cooperation with stakeholders, as well as governments and NGO’s.
Banks across Europe often go beyond legal requirements for reporting information. The common areas of information disclosure in the banking sector include corporate social responsibility and sustainability reporting as well as helping consumers make informed choices by clearly communicating information on financial products and services.

a. Sustainability reporting and stakeholder relations

The banking sector is one of the most active sectors in sustainability reporting. The purpose of the sustainability reports is to reflect the bank’s main activities, material sustainability issues in relation to each of its stakeholders (shareholders, customers, employees, suppliers and the community). This exercise is in turn part of recognition in the sector that a good reputation depends on a bank fulfilling its commitments towards its stakeholders. Credible management of bank relations with multiple stakeholders is one of the most important means of generating sustainable value over time. Banks increasingly feel the need to manage stakeholder consent and confidence approval through practices aimed at more transparent behaviour, clearer information, and greater fulfilment of stakeholder expectations/demands.

In this context, banks generally report according to the relevant standards. Many of them focus on how they integrate environmental, social and governance issues (ESG) into their core business such as banks’ funding and risk management activities. The information is often verified by an external entity thereafter. A group of banks and other stakeholders have developed reporting guidelines specifically geared to the financial services sector, in the form of a supplement to the Global Reporting Initiative guidelines

https://www.globalreporting.org/reporting/sectorguidance/sectorguidanceG4/Pages/default.aspx

Sustainability issues are published on the banks’ website, very often with a link to the home page to add prominence. Some banks integrate ESG issues in the bank’s annual report. A number of banks have won international awards for sustainability reporting practices.

b. Interbank working group on sustainability reporting

One national banking association leads an interbank working group on sustainability reporting with the aim of helping its member banks deal with the disclosure of ESG issues. This national association provides banks with aggregate sector data showing how the process of integrating CSR into the banking industry is progressing. It further provides a basis for international comparisons as called for by the most authoritative institutions and other standard setters, i.e. Financial Supplement Service Sector, Global Reporting Initiative (GRI). One of the latest national association’s publications is a guideline for banks on how to report on GRI indicators taking into account distinctive national traits others could think about following this good example. Latest figures show that 70% of national industry’s assets publish a sustainability report and 77% of the banking industry’s total assets enclose and distribute it with their annual report. The national banking association is also closely following the initiative promoted by the International Integrated Reporting Committee (IIRC) to help develop a single reporting model.

c. Transparency in product ranges

Achieving transparency in their product range (communication, processes and contracting of products and services) is a common goal of banks. In addition to legal requirements, actions are developed to ensure effective
communication with customers. In one country, banks have developed specific communication policies in all points of contact and relations with the customer. In some countries, banks also explain further products and services by using simpler and more user-friendly language.

It is not unusual to find a dedicated section on banks’ web-pages providing simple and transparent information to retail clients on specific topics, such as savings products, investment funds and pension plans, in order to simplify and improve financial decision-making for customers. Banks also inform them on the specifics of national legislation regarding those products, their fiscal treatment, etc. Accordingly, banks have developed wide-ranging employee training plans so that staff can inform customers appropriately about the characteristics of their products and associated risks.

A national banking association launched together with the Government and a think tank a pan-European initiative with the target to develop and create on the basis of the ESG criteria a sustainability rating methodology for financial products in order to give guidance to both investors and issuers.

d. Information disclosure and stakeholder dialogue

Banks are keen to maintain active, fluid and transparent dialogue with their shareholders via the various channels of communication that have been established for this purpose. These are managed by numerous groups within the bank, such as the corporate unit for customers and quality, the shareholders area, investor relations, human resources, the risks area, integral management of spending, asset and capital structuring and the retail units of the bank. Furthermore, the bank’s sustainability group also maintains regular contact with stakeholders in the third sector to identify the matters of concern to them, their information needs, and the opportunities for improvement. Such an active dialogue with key stakeholder groups provides an excellent way for banks to identify concerns and generate opportunities and ideas for improvement.

Information disclosure initiatives are also developed by banks in the following areas: data protection, compliance, anti-money laundering and counter-terrorist financing measures. Examples of activities undertaken are the settlement of working groups, promotion of sector code of conducts at national level, and partnership with authorities and organisations such as the The Organisation for Economic Co-operation and Development (OECD), Financial Action Task Force (FATF), International Monetary Fund (IMF).

One specific example:

In July 2012 the Ministries of Economy, Consumer Protection and Finance together with the supervisory authority and the national banking association in one nation agreed to offer much better protection to consumers in the financial sector. They decided, among other things, that for each regulated savings account, it will be necessary to draw up a standard information sheet containing all of the essential information. This makes it easier for consumers to make a comparison between the savings products offered by the various financial institutions.

e. Information disclosure to help consumers make better choices

The importance of giving customers all the information they need to make informed choices cannot be underestimated and the banking sector is very much aware of the need to make such information available to them.
In one country an online service to enable consumers to make informed decisions in financial matters is provided by the national Consumer Council in close cooperation with the financial industry. The portal is a tool that helps consumers compare the prices and terms of financial industry products. Up until recently, the data delivery by the financial industry has been carried out on a voluntary basis, but from 1 January 2013, the legislator made the delivery of data a statutory obligation for banks and most insurance companies. Similar discussions are taking place at EU level on information related to payment account.

Furthermore, the national banking association has appointed two different committees that are in charge of making, changing and amending standard contracts used by the banks towards their customers. Both committees have engaged in a fruitful dialogue with the National Consumer Ombudsman, aimed at achieving fair, legal and balanced terms. The national Consumer Ombudsman is an independent administrative body with the authority to ban unlawful contract terms and conditions in standard contracts, when deemed necessary, in the interest of consumers. The Competition Act is not applicable to the use of standard contract terms, neither are conditions that have been negotiated in cooperation with the Consumer Ombudsman.
Socially responsible investments take into account the ethical dimension of investments, considering their environmental and social impact. This is a key area in which banks can play a role in promoting sound and ethical practices. The importance of such aspects in investing has grown in recent years and today there are a number of guidelines the banking sector can be and is drawing on within the decision making process.

Many banks are members of the United Nations Principles for Responsible Investment (UNPRI [http://www.unpri.org/]). The UNPRI is a network of international investors working together to put the six Principles for Responsible Investment into practice. The six principles reflect the increasing relevance of environmental, social and corporate governance issues (ESG) to investment practices. They are further integrating these issues into their asset management business (e.g. climate change focused funds). Through these funds, banks help finance sustainable energy investments as a means to address climate change. Sustainability issues are an important part of the investment process with all of one bank’s funds. Some banks are committed to developing socially responsible investment (SRI) channels.

They have products with different profiles adjusted to specific customers’ investment demands in this area. These products do not only meet financial return criteria but also social and environmental criteria, complying with recommended practices for corporate governance and transparency. In some cases, they have a portfolio management service which provides a personalised service for customers for the administration of their portfolios in accordance with the socially responsible investments (SRI) criteria.

Below are some examples taken from current practices:

- Asset managers are continuously educated on corporate sustainability efforts and evaluate all financial counterparties based on their sustainability services.
- Ethical labelling on mutual funds, allows customers to see if a mutual fund has companies in its portfolio which violate international conventions. A bank’s investments are ethically responsible when it seeks out companies that have adopted a systematic approach to managing key economic, social and governance (ESG) risks and opportunities.
- Evaluation of the environmental and social risks submitted by corporate risk units completing questionnaires that include all social and environmental criteria relating to a project.
- Laying down a minimum standard for investment funds, other savings products and credits by the sector federation. It is important for the consumer to be able to assess in a simple manner whether a product he wants to use is in line with his own ethical criteria. In one country, the financial sector federation has laid down a general standard
- Creating a monitoring organisation, the aim of which is to promote sustainable and responsible investment to raise awareness, supply information and develop sustainable and responsible investment as a discipline.
- Laying down a basic guidance text, such as a Finance Charter for Sustainable and Responsible Investment. Some trade associations representing the financial community organise a national, Sustainable and Responsible Investment Day.
- Engaging with various vulnerable target groups.
- Active Socially Responsible Investment (SRI) concern at company level: some financial institutions integrate responsible investment into their active ownership work. Through dialogue, they aim to steer investee companies in the right direction. Problems are brought up with investors, and during general meetings at which financial institutions report on sustainability, human rights and similar issues, and exercise their voting rights.
a. Positive screening

A number of financial institutions also use positive screening, whereby companies are compared and the best performers are chosen. Companies are ranked on the basis of their environmental management systems, anti-corruption activities, corporate governance principles, approach to employee and human rights, and so on. These institutions see negative screening as a first step, and believe that more is required to ensure sustainable development in a world of strong population growth and struggling ecosystems.

b. Different practices

Practices vary when it comes to publishing analyses and assessments. Some financial institutions are open about their guidelines and about which companies are excluded and why. They publish information regularly and aim to influence the market. Others choose not to disclose this information because this makes it easier to continue working with excluded companies so that they can again be included in the portfolio.
For many years banks have maintained a continuous and results-oriented dialogue with employee representatives at all levels (enterprise, sector, national and European). There is now a wide range of common good practices in the area of CSR within the scope of labour relations. One example is the European Social Partners in the banking sector who signed a joint declaration (see Annex 1) in 2005. This Joint Declaration has been reviewed based on the recent developments regarding CSR. With regard to these developments on EU and sectoral level respectively the EU social partners agreed after one year of assessment on a new common text which is foreseen to be signed in December 2013. This document will reflect the current updated position of the banking sector regarding the employment aspects of CSR. The EU social partners will disseminate to their respective members the document and encourage them to follow the common position on this issue.

As an additional example, an agreement was signed in 2011 by a European Works Council and a specific bank on labour relations, aimed at improving financial services that support the bank business model, defined customer service policies and practices and laid down best practice around the marketing and sale of financial products.

With these principles in mind, a wide range of employee benefits are offered by banks, including:

- Child benefit, paid as an additional social benefit according to the personal situation of the employee and number of dependent children; assistance for employees with children with mental health problems and those requiring care at specialised centres
- A welfare assistance fund, to pay for medical costs of employee, spouse and children not covered by Social Security
- Capacity grants for family members with disabilities, to help them gain access to higher education
- Medical care and insurance programmes for employees and their families, as well as for retired employees; financial support for employees and their families in difficult life circumstances; low interest loans to modernise or buy a flat
- Exclusive banking service benefits (mortgage credit subsidies, reduced account fees, etc.) and a range of other benefits (e.g., additional health insurance, supplementary pension plans, etc.)

In one country, social partners reached an agreement covering over 330,000 bank employees in response to the deterioration of the macro-economic situation in the Euro area. The agreement sought to safeguard and develop employment while raising profitability and productivity. It also sought to address the linked issues of generational solidarity and the employment of young people in the common interests of businesses and workers.

### a. Training, Learning and Development

The banking sector places a high priority on staff training: spending on average, four times more per employee than other sectors. The financial crisis has, however, resulted in a more selective training approach and a willingness to try new methods such as e-learning.

Most banks offer employees the opportunity to be involved in decision-making, to become shareholders, and to receive training/education on topics outside the sphere of their work. Employees often participate in shaping internal and external communications and proposals to management regarding certain policies and community involvement.

Training is seen as a priority for developing employees’ professional and personal skills that also aligns these skill sets with the bank’s strategy. The pursuit of excellent customer service involves permanent training adapted to each employee’s specific needs. Banks also motivate employees to be pro-active and responsible for his/her own development including by e-learning.
This approach to training by member banks can be illustrated in a project launched by one bank to introduce unemployed young people aged 18-25 to the labour market, by creating trainee positions throughout the branch network. Additionally, corporate bank clients were encouraged to create trainee positions for these groups of trainees. The scheme has so far created 400 positions in banks and 3,000 with corporate clients. In a similar project, unemployed academics, born outside the country, are offered a six-month traineeship in bank branches, many of whom will be employed by the bank subsequently. A national association is further, actively involved in an initiative called ‘Fit4job’ dedicated to getting unemployed people back to work.

Another national association has created its own financial sector training institute which offers training courses tailored to the needs of the financial industry and its employees as well as the larger public. The aim is to offer the trainee a service throughout their professional evolution. Its certificates are recognised at sector level as a professional qualification.

Attempts to ‘harness’ and ‘foster’ the potential of individuals include an internal programme for generating good ideas, established in 2010 by a Corporate Executive Board, through its human resources and leadership management practice. This programme is based on the recognition of the employees as a creative force with valid ideas and encourages direct or indirect participation, via comments or votes. Ideas arising from the initiative have led to better internal processes and have increased the value of the products and services offered to customers.

A further illustration of banks’ commitment to employee development is highlighted in the example of a bank in which the human resources’ policy is focused on the career. The length and level of the staff’s employability is laid down in the collective labour agreement (CLA) at sector level. Under this initiative the needs of older workers are addressed through conferences, training and career programmes that focus on both hard and soft skills.

A final example which illustrates the importance given to training, is the set up by a national banking association of certification scheme for financial advisers which was established in 2009. By now 6600 financial advisors have gained their certification and approximately 2000 more are preparing for the tests.

As part of this industry-wide drive to raise the skills of financial advisers the Authorisation scheme launched an online directory in April 2011 – thus making it possible for consumers to check whether their financial adviser is authorised or not. In 2003, on the basis of self-regulation, the financial industry established a code of conduct for financial advisors (Advisory Code of Conduct). In 2012 the code was revised, and the scope was broadened in order to make the code valid for other products and services than financial advice.

At the same time the financial industry launched a common platform for the teaching of ethics according to which employees should (among other things)

- understand the industry’s role in society
- be able to identify and analyse ethical dilemmas in the financial industry and in their daily work
- be able to apply the conceptual framework of ethics and to make informed decisions
- be able to apply the industry’s code of conduct (Advisory Code of Conduct)

Banks’ record as equal opportunity employers is well established as are a number of programmes in this area across the sector. Banks generally adopt a culture of equal opportunities, including job opportunities and career development. Equal employment opportunity policy governs all human resources’ systems and procedures i.e. recruitment, training & development, performance appraisals, and promotions. Specific committees are formed to ensure that all staff members are treated equally and no staff member is discriminated against, ensuring for instance, the recruitment of young people with disabilities.

One bank has developed and plan for each country to achieve a female-male manager ratio corresponding to
the overall gender distribution in the group. As a result, about 38% of managers in the group are now women (with total number of women at 52%).

Banks are taking further steps towards gender equality by focusing on correcting unjustified salary differences between men and women. In salary reviews, managers are given greater responsibility and a mandate to even out salary differences between men and women. Such progress has been reinforced by the launch of a Charter on diversity and equal opportunities, aimed at managers and employees promoting equal professional opportunities for men and women.

The Charter supports the multi-generational management of staff, helps banks implement processes to encourage diversity, optimally manages the employment of people with disabilities and seeks to tackle all forms of discrimination. This Charter encourages companies in the financial sector to adopt a long-term approach to diversity and increases the proportion of women at all levels of company hierarchy.

Another employer initiative dating back to 2006 is a programme designed to nurture female talent in the financial industry. The programme seeks to contribute to improve strategic interaction between women and men and to identify female talent through course sessions, individual tutoring and networking. Between 2006 and 2012, a small European country participated, contributing to the project around 170 talented female employees across the industry.

c. Core labour standards

Virtually all banks have subscribed to core labour standards through one or more organisations. This pertains to participation in United Nations Global Compact and OECD guidelines for Multinational Enterprises and Prevention of Conflicts of Interest (regarding gifts etc.). Members are committed to promoting, in their respective sphere of influence, a series of key values in the areas of human rights, labour legislation, environment and the struggle against corruption.

Whistleblowing systems to allow anonymous handling of complaints from employees, customers and third parties are now established sector wide. Within this context, systems of vulnerability analysis (regarding fraud and corruption) that include extensive training of personnel are in place. In order to discover and stop any irregularities that may be committed, a bank may create a special communication channel.

Through this channel, employees can report, with guaranteed confidentiality, supposedly unlawful conduct or violations of the general code of conduct, sector codes or other rules that they might encounter during the course of their professional duties. To report complaints, banks make available to their employees a telephone number, an email address and a postal address. The bank’s Compliance Division is responsible for managing this channel of complaints and will receive, process and investigate them.

d. Work-life Balance

Activities to promote health and well-being, include specific plans to support ‘health at work’, such as professional medical check-ups / prevention structures, guidelines regarding sexual and mental harassment, as well as initiatives to avert burn-out syndrome. A wide range of services for financial sector employees exist to promote health, safety and well-being at work. Measures to optimise the work-life balance (flexible working hours, work at home) are also included.

In many cases family services keep in touch with employees during maternity or paternity leave. For instance helping organise emergency child support and help in situations of personal need, including elderly care and all forms of drug abuse.

Some banks offer the services of a ‘Health Van’ which visit branches during working hours to offer free comprehensive but voluntary health checks to employees. For employees working in headquarters, an external
A number of banks also train their managerial staff to spot symptoms of ill health and to conduct effective return-to-work conferences. In addition, some banks are training members of their personnel departments, together with members of the works councils to become workplace health experts and offer consultation on a number of issues. In response to these programmes, banks often receive ‘Best company to work for’ style national awards.

In 2011, in one country, a project team was tasked with addressing the issue of work/life balance involving 1,723 employees through focus groups and direct questionnaires. Banks are further involved in establishing social clubs or committees for employees and their families. Funded by the banks, they contribute towards work-life balance and encourage employee bonding.
Conclusion

The European banking sector in all its diversity is represented in this report which highlights some of the best practices devised and implemented by national banking associations and their individual member banks. The scope of initiatives is wide and diverse. It represents the very diversity of EBF members across its 32 member countries.

The aim of these examples is to support and highlight the work accomplished by banks and associations, which is fully in line with the European Commission’s efforts to promote corporate responsibility. The very diversity of the initiatives highlights the need for an own-initiative and voluntary approach, as it clearly is the best way to encourage banks to devise suitable projects, best adapted to their community, their clients and their business approach.

The examples presented in this report highlight the active commitment of banks in the projects they undertook and show they are continuously improving them and monitoring their results. In publishing these projects, the EBF becomes the spokesperson of this commitment.

As the pan-European secretariat of the largest share of the European banking sector, the EBF is the best placed organisation to act as a link between national banking associations and their members on the one hand, and the European institutions on the other. This role is aimed at both sides of the spectrum, whether informing banks and Associations about the European initiatives and requirements or in return, disseminating the best practices and highlighting the commitment of the sector to European policy-makers, to make sure that when new initiatives are undertaken, they support existing endeavours.

The EBF hopes it has succeeded in conveying a clear message about the diversity, reliability and efficiency of ongoing projects. It will follow-up on the existing ones and promote new ones on a regular basis, as part of the ongoing dialogue it aims to maintain with the European institutions on the issue of Corporate Responsibility, a crucial strategy for stability in a changing society.
FEDERATION BANCAIRE DE L'UNION EUROPEENNE  
BANKING FEDERATION OF THE EUROPEAN UNION  
Comité bancaire pour les Affaires sociales européennes  
Banking Committee for European Social Affairs  
Rue Montoyer 10 - B - 1000 Brussels -  
Tel. +32 2 508.37.11 – Fax. +32 22511.23.28  
www.fbe.be

GROUPEMENT EUROPEEN DES CAISSES D'EPARGNE  
EUROPEAN SAVINGS BANKS GROUP  
EUROPÄISCHE SPARKASSENVEREINIGUNG  
Rue Marie-Thérèse, 11 - B -1000 Brussels -  
Tel. +32 2/211.11.11 - Fax +32 2/211.11.99  
www.savings-banks.com

EUROPEAN ASSOCIATION OF COOPERATIVE BANKS  
Rue de l'Industrie, 26/38 - B-1040 Brussels -  
Tel. +32 2 230.11.24 - Fax +32 2 230.06.49  
www.eurocoopbanks.coop

UNI-EUROPA  
Rue de l'Hôpital, 31/Box 9 – B- 1000 Brussels -  
Tel: +322 234 56 56 - Fax: +322 235 08 70  
Email: uni-europa@union-network.org  
www.uni-europa.org
Introduction
Corporate Social Responsibility (CSR) was part of the 2003 and 2004 work programme of the European social partners in the banking sector in Europe. These are: the European Savings Banks Group, the European Association of Cooperative Banks, the European Banking Federation and UNI-Europa.

The European social partners in respect of their mandate and competence, agreed that the scope of CSR was too broad and therefore would concentrate on some employment and social affairs aspects of CSR, and in particular:

- Training, learning and development
- Core labour standards
- Work-life balance
- Internal Communications
- Equal Opportunity

A questionnaire was sent to a selection of banks in 24 European countries in June 2004. The purpose of the survey was to identify good practices in the five above-mentioned key areas. The responses formed the basis of a joint conference held on 10 December 2004.

Objectives and principles
Success in identifying, promoting and developing CSR in the five key areas listed in the project is a valuable contribution to the long-term achievements and progress in the European banking industry.

Moreover, the value of CSR depends on its credibility and transparency including the extent to which employees and employers are aware of the culture of CSR.

The results of the survey show that corporate social responsibility is developing in the banking industry and that CSR is an important tool for a company’s management and work force and is helpful for company’s long term success as stated by the Commission in the green paper on CSR and the Lisbon Agenda.
Training, learning and development

The European social partners recognize that job-related training is a key instrument. This recognition follows from the joint declaration on life long learning of 2003.

Training can achieve higher standards of expertise as well as higher quality service. Forms of training offered by banks vary enormously in Europe and range from in-house training, to the use of external consultants or the provision of e-learning courses. Furthermore, in many countries and institutions, Bank Academies provide training programmes. Training opportunities range from job specific training, adaptation to change, leadership, products and sales, customer service, values and career planning including personal development. The European Social partners agree that the involvement of employee representatives or employees adds a broader perspective and may thus lead to even better results.

In this context, social partners agree that training programmes should be designed to ensure that staff and management can effectively integrate values, objectives and mission into their specific job.

Core labour standards

The social partners recognize that Core Labour Standards are widely implemented throughout Europe, such as the right to form and join a Trade Union and enter into collective bargaining. They derive from legislation, whether originating at ILO, EU or country level. Those standards should serve as guiding principles for industrial relations.

Company level procedures have been built and refined over time to suit the parties involved.

Social partners agree that key areas to consider include the procedures for handling job security and redundancies as well as those dealing with disciplinary and grievance proceedings.

The bank social partners regard it as important that employers inform and consult employees and their unions at the appropriate level and manner.

Work - life balance

The social partners underline the relevance of the work-life balance principle: working arrangements and policies should take into account this factor.
Such policies enhance job efficiency and bring flexibility at work to support business as well as personal objectives. People and family-friendly policies are already in place in many companies.

The social partners welcome creative and innovative approaches towards achieving work-life balance. Some of the results of the survey include the use of flexible working time and family-friendly policies in banks such as flexible retirements, sabbatical leaves, part-time work, maternity / paternity leave facilities and the use of tele-work.

Internal Communication

The social partners acknowledge that good internal communication is an important factor to build a constructive social climate.

Successful internal communications rely on the willingness of people to achieve good results.

They also recognize that many communication opportunities exist as in recent years, internet, intranet and other technological tools have facilitated the development of communication between the staff members including informal contacts.

The social partners agree that this can assist individuals contributing to the improvement of company procedures and practices e.g. through suggestion schemes, formal and informal surveys of staff opinion or regular informal bilateral contacts especially in the smallest institutions.

Equal Opportunity

The European social partners agree that equal opportunity is a fundamental principle.

Current experiences show that mainstreaming equality and diversity is an objective for the majority of companies.

The bank social partners recognize the value of identifying diversity in the company and of promoting the advantages of diversity and equality since the EU is rich in terms of its ethnic, cultural and gender background.

It is important that policies enhance the prospect of job opportunity and career development and contribute to the personal satisfaction.
Conclusions and follow-up
The bank social partners share the objective of long-term growth of the banking industry in Europe and consider that an essential ingredient for its success is a mutual respect and understanding of the interests of both employees and companies.

It is recognised that the European banking social dialogue committee has a valuable role to play in keeping track of the progress of the employment and social affairs related aspects of CSR as covered in this statement.

The present project follows and further develops the mechanisms applied in finalising the life long learning joint statement of 2003.

Whilst the European social partners agree to review this statement in the context of the bank social dialogue committee, they agree that the use of such practices is enhanced through voluntary means and in full respect of national/company practices.

Brussels, 18 May 2005

Guido RAVOET
Secretary General
European Banking Federation

Giancarlo DURANTE
Chairman of the Banking Committee for European Social Affairs- European Banking Federation

Chris DE NOOSE
Chairman of the Management Committee
European Savings Banks Group

Hervé GUIDER
Secretary General
European Association of Cooperative Banks

Sandy BOYLE
President
UNI-Europa Finance (Banks)