

**A STUDY ON IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON BANKS'  
SUSTAINABILITY: A LITERATURE REVIEW**

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**Abstract:**

**Corporate Social Responsibility (CSR)** means how the Companies are socially responsible to the society where they are earning their huge profit. Corporate Social Responsibility (CSR) can increase both long-term profitability and sustainability of the company as well as enhance the reputation of the organization. It is one of the newest Management Strategies where companies try to create a positive impact on Society while doing business. Banks are also not away from these parameters. Banks' loyal customers want their banks to do something for our society. Banks are using these CSR activities as a customer retention technique. This is the Literature review paper relating to the various articles related to CSR activities of Indian and Foreign Banks from Indian and International Journals.

**Keywords:** Literature review, International & Indian Banks, CSR activities.

**Introduction:**

**BANK:**

Bank is a financial intermediary, which accepts deposits and lending loans as a primary function and it extends their hands in a wider sense into many customer related services and modern digital practices in the current world for their sustainability. That is not sufficient for the Banks to retain and increase the customers and create a Brand image in the Society, it has to do more in protecting the environment and lighting lamps to the educational sector to stamp their footsteps into the world. For this the Banks are now using CSR-Corporate Social Responsibility as their strategy.

**CSR: Corporate Social Responsibility**

Banks are not only economically but also legally and socially responsible to the environment where they are surviving. It helps them for long term profitability and also to create their value. Banks have to spend more than 1% of their profit in the financial year in which they are making profit for social causes. Banks are doing their CSR activities in the areas of Promoting financial inclusion and digitisation of activities in rural areas, Creating public awareness around themes like environmental sustainability, health, education, safety, gender equality etc.

In this article of literature review, the articles related to **Comparison of CSR activities of Public sector & Private sector banks, Comparison of CSR activities of specific banks, Prospects and challenges in implementing CSR activities, how the CSR activities are impacting the economy, financial performance, influence on Brand image, employees and customers' perception on Banks and also the evaluation of CSR policies of various countries** have been taken into consideration.

**Objectives of the study:**

1. To review the Indian and International articles related to CSR activities of Indian and Foreign Banks.
2. To know the impact of Banks' CSR activities on Customers and society for their sustainability.

**Review of literature:**

Nadhilah Amaliah Liwan, Haliah, Nirwana (2023):

This article analysed the importance of CSR in the Banking Sector. The Literature Review Method has been used for analysis. Articles from 13 journals have been collected from the Banks in the Shariah Enterprise Theory (SET). It concluded that if Banks follow the Sharia Principles based on the SET, they can create a good name in the minds of Customers, Stakeholders and the Society and get the sustainable Business environment for the long run.

Abdul Haris<sup>1</sup>, Iskandar Muda<sup>2</sup>, Isfenti Sadalia (2023):

This article analysed that as one of the parts of its analysis how the Islamic Social Reporting effects as a moderating variable in Commercial Banks on earnings management depending on the firm size in Indonesia. For analysis 14 Commercial Banks registered from 2013-2021 have been taken and obtained 126 observations. Finally, it concluded that Islamic Social Reporting has a positive & significant effect on the earnings management and firm size has a moderate result on the Banks in Indonesia.

Mochammad Ridwan<sup>1</sup>, Erik Syawal Alghifari<sup>2</sup>, Winwin Yadiati<sup>3</sup> and Karisma Azahra Hidayah (2023)

This article analysed that how Islamic corporate Governance and Islamic Social responsibility which are representing the Islamic Principles are effective on the Firm value by taking 12 commercial Banks data from 2017 -2021 period using Regression Analysis. It concluded that corporate Governance has the positive effect and social responsibility has negative effect on the firm value. Profitability is moderate in this effect. It also suggests that strong corporate governance will improve firm values and should be very careful while implementing social responsibility, it should ensure the positivity on the long run.

Berto Usman<sup>1</sup>, Ridwan Nurazi<sup>1</sup>, Intan Zoraya<sup>1</sup> & Nurna Aziza (Capital Markets Review Vol. 31, No. 2, pp. 55-68 (2023):

This article analysed that the relationship between CSR performance and profitability of the ASEAN Banks. This study used the panel data regression analysis. but the result has been negatively conveyed that the CSR is not positively affect the profitability of the ASEAN Banks. That means the Banks non-financial Information report has not met the expectations. Banks are concentrating on sustainability.

.Mahmuda, N.A. and Muktadir-Al-Mukit, D. (2023), "Corporate social responsibility disclosures and profitability of Islamic banks: an empirical study"

This study analysed 7 Islamic Banks' CSR disclosures and its impact on financial performance, disclosures have been taken as per the Islamic Financial Institutions Standards by using regression analysis. It concluded that CSR reporting has a negative impact on IBs and it suggests that CSR should be improved and its report should be communicated properly. So that it will be effective on shareholders and Society.

Binta Rufai Musa, Binta Rufai Musa BR Musa, SM Sulaiman, IA Halidu – (2023) NIGERIA:

This article analysed the effect of CSR in Jaiz bank Plc. financial performance and how the Corporate Governance play a mediator role between CSR and Financial performance of Jaiz bank Plc. Secondary data has been collected from financial reports and Annual reports for analysis. Regression equation has been used to find out the results. It has been concluded that Corporate Governance does not mediate between the CSR and financial Performance of Jaiz bank Plc. but the CSR has played a vital role in the financial performance.

Shehu Usman Ali (Feb 2023):

This article examined the Corporate Social Responsibility of First Bank & Jaiz Bank and also challenges of CSR in the Nigerian Banking sector and how they are contributing to the society and community through their CSR. Finally, it has been concluded that Bank CSR has a positive effect on the fame, good relationship and maximizing interest of the shareholders.

Nguyen Tien Hung<sup>2</sup> and Nguyen Ngoc Dinh<sup>2</sup> (2023):

This article analysed that the how CSR is impacting the attractiveness of Vietnamese commercial banks by collecting data from 1167 customers from the city, it has been analysed how CSR has increased the Bank's reputation, through that how Banks can able to attract customers. All three

components i.e. employees, customers and social public welfare are very much impacted on Bank and especially the CSR to the society has highly influencing on the customer attraction of the Banks. finally, the author has suggested to Bank officials to keep in mind these points while preparing Bank policies.

Xin An a, Yue Ding b, Yao Wang (2023):

This article analysed that the impact of green credit on Bank risk and how CSR plays a role between Green credit and Bank Risk of 35 listed Banks in China from 2010 -2021.it has been concluded that the green credit drastically reduced the bank risk and the CSR had a positive impact on between Green credit and Bank risk.

Yanyan Shen, Xiaoja Zheng (2023)

This article analysed how foreign banks have impacted on CSR activities of firms in the host countries. Foreign banks encourage the firms for their more spending on CSR. Analysis has been done through 3590 listed firms in China from 2010 to 2020. It concludes foreign Banks entry made a good impact on the local firms in CSR. Banks entry is stronger when firms financial position and corporate governance is weaker.

Khairunnisa Putri Nabila, Hendra Harmain, Kusmilawaty 3(2023):

Sharia compliance with the Islamic Income Ratio (IsIR), Profit Sharing Ratio (PSR). Islamic Corporate Governance (ICG) indicators have a positive and significant influence and Islamic Investment Ratio (IIR). Zakat Performing Ratio (ZPR) have a negative and insignificant influence on the financial performance of Islamic commercial banks in Indonesia for the 2016-2021 period.

S Dadwal, P Arya (2023):

This article shows how much employees of Banks knows about their banks CSR responsibilities and their banks are fulfilling their responsibility and the contribution of Public and Private sector banks towards their CSR.as a result, the employees are known very well about their banks CSR responsibility and contribution, from this research it will come to know that banks have to appoint more no of physical force to carry on their CSR activities perfectly.

Vo, D.H., Tran, N.P., Hoang, H.T.-T. and Van, L.T.-H. (2022), "Do corporate social responsibility and bank performance matter for financial inclusion in Vietnam?"

This article analysed that how the CSR plays a vital role in the Financial inclusion and Financial performance of the banking Sector in Vietnam. For this analysis data have been collected from 2011 to 2019 of 13 listed Banks in Vietnam. No of Banks and Branches have been taken for analysis. How much Banks have been donated to charities and how much is the Profit of the Banks have been taken for the analysis? It has been concluded that “yes CSR activities do matters” ‘in the financial inclusion of the Banks and positively constituted and also says depending on the Bank size, level of Financial inclusion varies.

Sudarshan K.C. (2022):

This study analyses the influences of CSR on Brand image of Nepalese Commercial Banks by questionnaire method. This study gave a positive result on banks' image. CSR increased Banks image value and helped the CEOS in strategies Banks are also considering CSR as value creation technique not just an outflow of money.

Fatemeh DEKAMINI, Moein KHAZAEI (2022):

This article studied the evaluation of social-Islamic responsibilities of Banks in Nepal. The level of responsibilities of banks has been analysed and rating has been given according to the responsibilities they have completed and how much it has impacted on their financial performance. It has been concluded that Banks have to improve their CSR activities towards the social-Islamic responsibilities, that will give more benefit to the Banks.

Hyacinth Ikechukwu Okoye, Anthonia Uju Uzuagu, Friday Ekahe Abanyam and Francisca Nwamaka Ukwueze (2022):

This study is about the prospects and challenges faced while implementing CSR activities by the Commercial Banks in Enugu Metropolis, Nigeria. CSR activities are giving many advantages as well as difficulties also. It says if the Banks are good at CSR, it's better for their growth in the long run and it is a positive addition to the business. At the same time problems of corruption, poor legal

framework, poor global reporting, and bank specific challenges are also available. This study used questions and hypotheses to carry on the research.

Duc Hong Vo\*(2020):

This article analysed how effective CSR and financial inclusion in customer loyalty of Vietnam Banks. Philanthropic, ethical, legal, economic and customer centric all the factors have been used. In 2019, 368 responses have been collected from Vietnam Banks for this study. SEM has been used. Finally, it has been concluded that among all the above said factors the philanthropic responsibility and customer centric is highly impacted factors for customer loyalty in their respective position, it has been suggested that in future Banks should concentrate more on customer centric factors to their reputation and customer loyalty.

HA Mohamud - Journal of Economics, Management and Trade, (2018) - academia.edu

In this study, it has been analysed how CSR effected on financial performance of 35 east African commercial Banks over 6 Countries. Its shows the positive result towards the ROA and GDP and one negative result also in ROE. So, the Banks has been suggested to concentrate more on shareholders' interest by updating their CSR policy and they should consider the CSR as a day to day activities, then they can achieve their growth and goals easily.

Mbogoh and M. Ogutu, (2017):

This study analysed different Challenges faced by 43 commercial banks in Kenya in implementing corporate social responsibility activities using Questionnaire method in, descriptive survey. Various challenges based on the macro environment, related to Banking and others, have been analysed. Finally, banks have been suggested to allocate appropriate funds for CSR activities and appoint a competent authority to handle CSR activities. A well-defined CSR guideline of commercial banks should be implemented.

Puneet Kaur (2017/2020):

In this article, CSR activities of 10 public sector and 5 Private sector banks have analysed and also how the CSR activities are related to the financial performance of these banks has been analysed for the F/y 2016-17 and 2015-16 by finding the relationship between ROE, ROA, EPS and CSR by using SPSS21. Most of the public sector banks have contributed only less than 1.5% of their PAT and most of the Private sector banks have contributed more than 1.5% of their PAT. Final conclusion was all the banks should contribute a full 2% and optimum utilization of CSR fund should be towards the backward districts.

Ankita Patel (2016):

It is a comparative study of CSR activities of 1 public sector bank (SBI) and 1 Private sector bank (ICICI) using least squares method. It has been studied based on PAT of both the banks & amount spent on CSR activities. Regarding this study, both the banks have spent the highest csr amount in that year, but comparatively SBI has spent more than ICICI bank. But both the banks should do csr activities in the wider sense.

Namrata Singh<sup>1</sup>, Dr. Rajlaxmi Srivastava<sup>2</sup> and Dr Rajni Rastogi<sup>3</sup>(2015):

In this, Researcher has valued how banks are contributing to the country through education as a powerful weapon. He has taken 4 banks i.e. SBI & PNB Public sector) and HDFC & ICICI (Private sector) and how much they have contributed to education through their CSR. Banks can use their CSR activities to get success in this context and if they do more, definitely they will get winning position in this competitive World

P. Jiri and B. Lenka (2014):

This paper indicates the CSR level of selected Czech commercial banks using cluster analysis by dividing two main groups, one is related to CSR management and other one is direct and indirect impact on the economy. It is a quantitative approach by calculation of average scoring to the selected Banks. According to this, CSR implementation should be related to ethical behaviour of Banks and would give better results for Banks.

AN Kostyuk, YI Mozghovyi, DA Riabichenko ... - University of Nairobi, (2013):

In this article CSR policies of banks in various countries has been evaluated and how much they are effective in that country has been analysed. American Banks, UK and Australian banks were

well performed and utilized this opportunity in the international level. It is a big issue for Asian banks. For German banks it is a challenge in the investment sector. In the case of France, it became a lexical and conceptual problem. Banks in modern Italy show their interest very much in CSR. In the case of Ukraine and Russia it is in the preliminary stage only. The American model is the popular one among all.

ElizaSharma, Dr. Mukta Mani (2013)

In this study CSR activities of 30 commercial banks i.e. 15 Public sector ,10 Private sector and 5 foreign Banks has analysed on sectors which they have spent. Asper this study, Public sector banks have reached their maximum level and Private sector and Foreign banks are not up to the mark. Priority sector loans and rural development are little in comparison. All the banks have to be improved in their CSR activities.

### **Conclusion:**

After reviewing all above articles related to the Indian and International Banks, it has been founded that the authors have been concluded that all the banks were doing good in their CSR activities ,but they should do in a wider manner ,Public and Private sector Banks have to do at the sufficient amount ,they should allocate appropriate funds ,appoint competent authority and needs more physical force, CSR disclosures should be communicated properly so that it will reach the its maximum level of impact on the Society. Some of the articles related to the CSR impact on profitability of banks concluded that it is a negative impact on Banks profitability. Banks are concentrated more on their profitability than the interest of the Shareholders and the Society

### **Suggestion:**

From the above conclusions it can be suggested that the Banks should concentrate more on their CSR activities. Banks should treat CSR activities in day to day basis. They should include the CSR in their policy itself and should be very careful while implementing their CSR activities keeping in mind the interest of the shareholders, customers and the society, so that Banks will get the good name and increase their customers and can improve their sustainability in the long run.

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