



1 The Importance of Bank Sector in Poland

Poland's banking sector is the biggest banking market in the central and eastern European region. The banking sector plays a significant role in the economy. Banks have been an important pillar of the financial markets and the whole society, for centuries enabling them to function and develop. Generally, the financial services sector, with banks as its main actors, is viewed as a central element of modern capitalist economies (Merton 1995; Levine 2005). Banks act as financial intermediaries in society: they value financial assets, monitor loans, manage financial risks, organize payment systems (Greenbaum et al. 2015). In Poland, at the end of 2016, the number of banking entities covered 621 units, employing more than 170,000 people. At the end of 2015, banks' assets amounted to PLN 1.6 billion and the combined results were almost PLN 56 billion. The basic characteristics of the banking sector in Poland are presented in Table 1.

Emphasizing the size and importance of banks in the Polish economy, it can be noticed that there are 5 banks among the biggest 20 companies listed on the Warsaw Stock Exchange (WIG 20) and 7 among the biggest 30 (WIG 30). Financial institutions, and mainly banks, are among the most important pillars of the state budget; their tax for 2016 amounted in total to over PLN 5.1 billion (it accounts for more than 30% of the total tax paid to the budget). The total sales of the 20 largest

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Table 1 Selected indicators of banking sector structure in Poland in 2011–2016

Characteristics	2011	2012	2013	2014	2015	2016
Number of entities conducting banking activity	642	642	640	631	623	621
– commercial banks	47	45	41	38	38	38
– credit institutions	21	25	28	28	27	26
– cooperative banks	547	572	571	565	561	560
Employment	176,658	175,071	174,321	172,659	170,935	172,803

Source: Own elaboration based on knf.gov.pl. (Access 30.04.2017); Financial system in Poland, (Warsaw 2017)

banks in Poland in 2016 amounted to PLN 71 billion, and their total net profit was almost PLN 14 billion (List of 500, 2017, edition No. 19, “Rzeczpospolita”).

According to Pietraszkiewicz (2015) “after 25 years of the transformation and building of the Polish banking system it can now be said that the Polish sector is: stable, modern, effective, trustworthy, and backed by a solid infrastructure”. Highlighting the role of the banking sector in the economy it is also worth mentioning that among the 330 most valuable brands in Poland there are 12 banks, in the 10 most valuable brands there are 2 banks, banks amount also to the one fourth of the 20 most valuable brands in Poland. The most precious brand in the banking sector is PKO Bank Polski—the value of this brand is estimated at over 3 billion PLN. In total, the 12 most valuable brands of banks account for more than 8 billion PLN (Ranking of the most valuable Polish brands 2016, Rzeczpospolita). According to Marcinkowska (2008) “the brand, its knowledge and market participants’ ratings are the determinants of a bank’s reputation—perhaps the most important factor determining its existence and stability. Taking care for credibility and brand strength is therefore an important element in building the image of a financial institution and helping to create value”. Engagement in the CSR may become particularly useful and effective in this field.

2 CSR of Banks: General Concept

Corporate social responsibility (CSR) may be defined as “the process of communicating the social and environmental effects of organizations’ economic actions to particular interest groups within society and to society at large” (Gray et al. 1987). Banks were never perceived as particularly harmful or dangerous for the environment. Before the crises banks were not extensively involved in CSR and in its disclosure (Novokmet and Rogośić 2016). Vigano and Nicolai (2006) indicate that European bankers have been slow in considering issues of sustainability (strictly related to CSR). However, taking into account both the functions performed by the banks and the size of the sector, it can be assumed that they have a significant impact on society and play an important role in economic development (Levine 2005;

Djalilov and Piesse 2011). Banks have a unique way of impacting on society, i.e. they can be engaged in CSR activities themselves and they can affect other businesses through financing the latter's projects with social, ethical and environmental issues (Scholtens 2006). Consequently, banks can also influence sustainable development. Korenik (2009) emphasizes that "banks with their actions and environmental impacts can help to limit or, on the contrary, they can enforce the socio-economic problems that plague modern societies". As it was underlined during the World Economic Forum in 2012 "finance plays a critical role for society at large, serving individuals, families, businesses, governments and civic institutions. The financial sector performs indispensable functions such as enabling saving and investment, providing protection from risks and supporting the creation of new jobs and enterprises. It is critical that the sector operates to provide these functions for society in a stable, sustainable way". It is also worth noticing that the impact of banks on the society may both be positive, but also negative, and in extreme cases it may be even destructive. The consequences of banks' mistaken decisions may have long-term impact and determine the lives of many people.

As Jurek (2015) underlines "CSR in financial institutions should not be seen only in terms of interactions between different stakeholders (shareholders, investors, depositors, borrowers, regulators) and financial institutions" in the fields of economic, legal, ethical and philanthropic responsibility, but "also in the context of their distinctive function of financial intermediaries". The main stakeholders, to which banks should be responsible, embrace the internal ones—board of directors and employees, as well as the external ones—clients, shareholders, government and its agencies, other financial institutions, financial analysts, competitors, suppliers, NGOs, media and society. It is worth mentioning that all these interest groups are important, however since the majority of bank assets come from depositors (i.e. society), not from shareholders, banks are required to provide feedback to the community more frequently than to other interested parties (Wu and Shen 2013).

The dimensions of CSR in financial institutions, of which banks are the main representatives, based on the Carrolls' (1991) framework are presented in the Table 2.

One of the main responsibilities of banks is the reliable information delivered to clients. The issue of the information asymmetry is highly important in this sector; both parts—financial institutions and client—should have an access to the full and transparent information on the services rendered by banks. It is unacceptable to include in the contracts small prints that are unfavorable to customers, not explaining the contract terms in full, do not transparently present the effects of conclusion or withdrawal from the contract with a bank. It is also unfair to divert all the risks associated with banking operations to an individual clients, as these clients, unlike corporations, do not have mechanisms that can mitigate the negative effects. Banks should not feed on customers, impose additional fees during the duration of the contract, and significantly increase the fees for their services. Whereas, banks should provide access to their offer to all market participants; they should not prefer only the strongest and most profitable actors, because it leads to inequalities in society and to discriminations. It is understandable that the goal of banks is profit and growth of

Table 2 Dimensions of CSR in financial institutions

Dimension of responsibility	Description
Economic	Financial institutions should improve the wealth of the owners, create new opportunities for risk management and offer the efficient transfer of funds
Legal	Legal responsibility is largely determined by legal regulations concerning for example the requirement of maintaining confidence, the limitations of risk taking, arbitrate relationship between the financial sector and society. Regulations constitute a pillar of financial institutions' responsibility and are supposed to rebuild trust and prevent from similar to 2007 and 2008 crises
Ethical	Ethical codes should be implemented in banks and financial institutions. Honesty and good faith, professional integrity, transparency and accountability are ethical values crucial for banks and financial institutions Regarding banks, that are the biggest players in the whole sector of financial institutions, Cowton (2002) indicates three aspects of ethics in banking: <ul style="list-style-type: none"> • Integrity—as it helps banks to generate trust that is vital for a financial system to flourish; • Responsibility—in the ways that banks have the responsibility to lend fairly (i.e. they have the responsibility not to exclude certain groups) and not being too hasty to foreclose when calling in loans; • Affinity—reflecting the ways in which depositors and borrowers can be brought closer together
Philanthropy	Philanthropy is concerned with altruistic acts not required by law that create social reputation and represent a social distribution of some proportion of profits. Philanthropy may be expressed also by the volunteering actions and charitable donations of the employees

Source: Fijałkowska et al. (2017)

value (Fijałkowska and Zyznarska-Dworczak 2017), but in view of their important social role, the goal should not be the maximum profit in the shortest possible time and at all costs.

3 Crises, Loss of Reputation and the CSR Remedy in Banking Sector

After the financial crises of 2007 and 2008 many financial sector institutions have lost their credibility in the eyes of consumers and investors. The economic crises originated from the financial markets and led to the lower trust in financial institutions, inferior investments and the recession. Therefore, public trust has become a pertinent concern of financial organizations (Norberg 2018). As Pietraszkiewicz (2015) underlines in Poland “banks with domestic capital played a very important and stabilizing role during the economic downturn between 2008 and 2013. First of all, they reduced lending to economic entities only slightly, and in many cases they took over the financing of entities for which banks with foreign capital could no longer provide loans”. Moreover, in Poland, as in the rest of the world, CSR has been

found to be a way for banks and other financial institutions to earn back their credibility (Cornett et al. 2014).

The services executed by banks and other financial institutions are characterized by information asymmetry and uncertainty which makes trust a necessary condition for doing business (Beck 2006; Schanz 2006). Trust is a central strategic issue for financial services firms (Llewellyn 2005; Olsen 2008). Decker and Sale (2009) note that “key CSR principles, such as accountability and transparency, are at the heart of regulatory efforts to ensure banks and bankers operate with trust”. Bossone (1999) and Olson (2006) argue that trust and confidence in banking will continue to be important and vital to society’s financial well-being. Today the credibility, accountability and reputation of financial sector is in its foundations and determines the stability of financial markets (Gaultier-Gaillard and Louisot 2006). Rossier (2003) highlights a number of reasons why bankers, in particular, have to consider issues of reputation. Bankers and other participants of financial sector trade money which represents other people’s security and well-being. They are also involved in a profession that has been held in contempt, since medieval times because of usury. As Stansfield (2006) states reputation in financial institutions concerns “financial performance and strength, client trust and confidence, client service, corporate social responsibility, corporate governance practices, corporate ethics, corporate disclosure practices, as well as relations with regulatory authorities and compliance in a broad sense”. The concept of CSR is closely related to trust and reputation and therefore it is an increasingly important issue in the international banking industry (Scholtens 2009) and in the financial sector as a whole. Banks perceive CSR as a way to restore trust, reputation, their image and credibility (Brammer and Pavelin 2005; Branco and Rodrigues 2006; Gössling and Vocht 2007; Minor and Morgan 2011; Hsu 2012; Schultz et al. 2013; Eberle et al. 2013; Hur et al. 2014). Many empirical results confirm that banks’ efforts to build a good reputation thanks to the CSR involvement brings concrete benefits and strengthens the banks’ performance (Forcadell and Aracil 2017). Banks got involved in CSR also because of the legitimization of the new banking process through social perceptions (Islam and Kokubu 2018).

The results of several studies (i.e. Pratihari and Uzma 2018) show that there is a significant impact of CSR components (economic, legal, ethical and philanthropic) on corporate branding to enhance customer brand loyalty in banks. The engagement of banks into CSR may also bring positive impact on their corporate financial performance (CFP) (Simpson and Kohers 2002; Wu and Shen 2013). However, the latest studies regarding the interrelation between CSR and CFP of banks in Poland (Fijałkowska et al. 2017) as well as those concerning generally the banking sector in Central and Eastern European countries (Fijałkowska et al. 2018) confirm that although banks got engaged in the CSR the response of their clients in this region as for now is slow and generally CSR involvement does not influence in a significant way the banks’ financial performance. This conclusions fall in line with the results of the other study concerning banks conducted by Matuszak and Różańska (2017b) and studies concerning the impact of CSR engagement on CSP e.g. in Italy (Soana 2011) and Turkey (Taskin 2015). The study of Fijałkowska, Zyznarska-Dworczak and Garsztka (Fijałkowska et al. 2017) indicates also that the

bigger are the resources that are at the disposal of the bank the more it is engaged in the CSR. This is coherent with the latest work of Laguir et al. (2018).

4 CSR Engagement of Banks in Poland

According to report “CSR in Polish reality. Theory and Practice” (2015) banks go well when it comes to their interest and engagement in CSR. However, this opinion is worked out based mainly on the activeness of the biggest banks, listed in the Table 3. This table presents the engagement of the biggest commercial banks actively involved in CSR idea. All of those banks declare on their websites the interest concerning issues on CSR. All of them underline also the importance of human rights. 11 out of 13 banks analyzed below have codes of ethics, 12 banks announce that want to fight against corruption and the same number of banks declares that ecological aspects are very important in their operations. The policy on sustainable development has been developed by almost 77% of entities and almost 70% indicates that the whole supply chain is an important issue for them. In nine banks, there is a special person employed that is responsible for CSR issues. The reference to CSR in the annual report is present in all the banks. Banks are involved in the CSR activities and some of them try to disclose it in the CSR reporting. Table 3 shows the CSR involvement examples in the biggest banks in Poland.

It is however important to add, that the rest of banks, not included in this table, practically remains completely not engaged in CSR activities. The majority of smaller banks does not mention CSR on their website, usually the only announcement published on their websites concerns donation or sponsoring actions, rarely some separate activities regarding ecology, local society or volunteering actions. Therefore, in case of banks not included in the table, the information concerning CSR disclosed by them is occasional and cannot be understood as the manifestations of the regular CSR approach implemented into the strategy and practice of those institutions.

Still there are not many banks publishing CSR report as a special satellite document or a non-financial information document integrated with the financial report. The Table 4 shows the amount of banks publishing CSR report since 2004.

All together there are 42 CSR reports of banks in Poland published since 2004. The number of banks publishing annually is not high, out of 38 commercial banks operating in Poland in 2016 there were only 6 that decided to publish a separated CSR report. However, the result of all together 42 CSR reports place banking sector as the second most active in CSR reporting in Poland (after fuel industry). The Fig. 1 shows the number of banks reporting on CSR.

The study of Krasodomska (2015) highlights that banks in 2005–2011 tended to include CSR disclosures in the management commentary; they presented CSR information in a diverse manner, focusing mainly on community involvement.

Table 3 Engagement of commercial banks in Poland in CSR activities

		CSR tag on website	Person responsible for CSR	CSR policy	Code of ethics	CSR report	GRI in CSR report	CSR in the annual report	Ecology	Supply chain	Human rights	Corruption
1.	Bank BGŻ BNP PARIBAS	+	+	+	+	+	+	+	+	+	+	+
2.	Bank Gospodarstwa Krajowego	+	+	+	+	-	n/a	+	+	-	+	+
3.	Bank Handlowy w Warszawie SA	+	-	-	+	-	n/a	+	+	-	+	+
4.	Bank Zachodni WBK SA	+	+	+	+	+	+	+	+	+	+	+
5.	Bank BPH SA	+	+	+	+	+	+	+	+	+	+	+
6.	Bank MILLENNIUM SA	+	+	+	+	+	+	+	+	+	+	+
7.	PEKAO SA	+	-	+	+	-	n/a	+	+	+	+	+
8.	CREDIT AGRICOLE Bank Polska SA	+	+	+	+	-	n/a	+	+	+	+	+
9.	GETIN NOBLE Bank SA	+	-	-	+	-	n/a	+	-	+	+	+
10.	ING Bank Śląski SA	+	+	+	+	+	+	+	+	+	+	+
11.	PKO BP SA	+	+	+	-	-	n/a	+	+	-	+	-
12.	mBank SA	+	+	+	-	-	n/a	+	+	-	+	+
13.	Raiffeisen Polbank	+	-	-	+	-	n/a	+	+	+	+	+

Source: Based on "CSR in Polish reality. Theory and Practice" (2015), p. 58

Table 4 The number of CSR reports published by banks in Poland

	Total	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PKO BP S.A.	1	0	0	0	0	0	0	0	0	0	0	0	1	0
BZ WBK S.A.	5	0	0	0	0	0	0	0	1	0	1	1	1	1
mBank S.A. (BRE)	6	0	0	1	1	1	1	0	0	0	0	0	1	1
ING BSK S.A.	3	0	0	0	0	0	0	0	0	1	0	1	0	1
Millennium S.A.	10	0	0	0	1	1	1	1	1	1	1	1	1	1
BGŻ BNP Paribas S.A.	6	0	0	0	0	0	0	0	1	1	1	1	1	1
Bank BPH S.A.	8	1	0	1	0	1	1	1	1	1	0	1	0	0
BOŚ S.A.	3	0	0	0	0	0	0	1	1	0	0	0	0	1
Total	42	1	0	2	2	3	3	3	5	4	3	5	5	6

Source: Own work based on the www.rejestraportow.pl database of CSRinfo

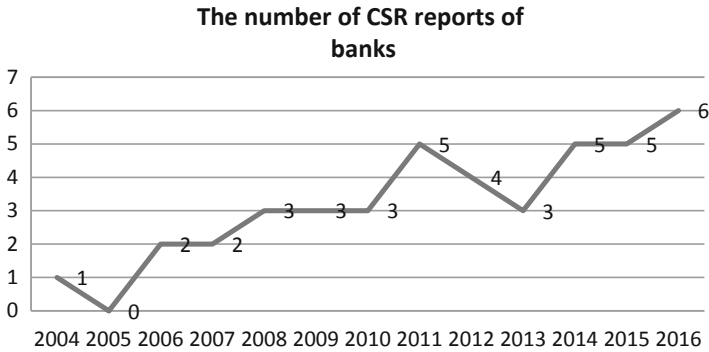


Fig. 1 Number of banks publishing on CSR. Source: own work

More recent research of Matuszak and Róžańska (2017a) indicates that “the majority of Polish listed banks use more than one channel to communicate CSR activity but generally they attribute greater importance to annual reports comparing with the other channels”, like CSR reports or websites. The latest research conducted by Fijałkowska and Zyznarska-Dworczak (2018) proves, that still the CSR disclosure level of bank reporting in Poland is quite low; in 2016 the intensity of disclosure was only slightly higher than in 2012. While analyzing the content of the CSR reports published by banks, Fijałkowska and Zyznarska-Dworczak (2018) observe that in 2012–2016 the most frequent disclosures included community involvement, corporate governance, risk management and consumer issues, while banks disclosure on fair operating practices and business model / value creation issues were at very low levels.

While analyzing the CSR involvement of banks in Poland, it is also worth mentioning that some of the banks make part of the Respect Index—an index of socially responsible companies quoted on the Warsaw Stock Exchange. The index comprises companies selected from among the largest public enterprises of WIG20, mWIG40 and sWIG80 indexes, operating in compliance with best corporate governance, information governance and investor relations standards as well as with consideration of environmental, social and economic factors. The selected companies undergo three-tier verification made by the Warsaw Stock Exchange, the Stock Issuers Association and an independent auditor. The index composition is reviewed once a year. The participation in the Respect Index confirms the responsible way of managing the business. In the last edition of the 19th December 2016 there were 25 companies admitted into this index, 5 of them were banks. Two banks (Handlowy and ING BS) were present in all ten editions of the Index and Millennium Bank was admitted nine times. The presence of banks into the Respect Index since 2009—the year of its first quotation—is presented in Table 5.

Table 5 The presence of banks into the Respect Index

Banks	Total number of presence	2009	2010	2010	2011	2012	2013	2014	2015	2016	2017
Edition		I	II	III	IV	V	VI	VII	VIII	IX	X
HANDLOWY	10	1	1	1	1	1	1	1	1	1	1
MILLENIUM	9	0	1	1	1	1	1	1	1	1	1
BANK BPH	7	1	0	0	1	1	1	1	1	1	0
INGBSK	10	1	1	1	1	1	1	1	1	1	1
BZWBK	4	0	1	0	0	0	0	1	1	1	0
mBank (BREBANK)	2	0	1	1	0	0	0	0	0	0	0
KREDYT BANK	4	0	0	1	1	1	0	0	0	0	1
PEKAO	1	0	0	0	0	0	0	0	0	0	1
BOŚ	1	0	0	0	0	0	0	0	0	1	0
Total	48	3	5	5	5	5	4	5	5	6	5

Source: Own work

J. B. Jorge,¹ Chairman of the Management Board of Millennium Bank, one of those banks, that are present in the Respect Index for the longest period of time, underlines: *“By acting in an ethical and responsible way we gain trust of our clients, counterparties and investors. We are also an appreciated employer both for current as well as potential employees—young people who see social responsibility of a company as one of the important selection criteria of their future workplace. We owe our long-term presence in Respect Index to number of factors: we continuously analyse the needs and expectations of our stakeholders and respond to changing environment; we pursue a transparent information policy; we are a customer service quality leader, (...) we continue to enrich our portfolio with more innovative products, intuitive in use and available to a broad range of clients, such as our mobile and internet banking”*.

In the Tables 6 and 7 the main initiatives concerning the CSR engagement and the achievements or awards of banks in 2016 are presented.

5 Ethical Banking and Responsible Investment

Ethical baking is not a concept widely common in Poland. Ethical banks, also called alternatives, civic, or sustainable, finance only those ventures, projects, companies, and organizations that operate in accordance with certain basic rules. Attention is

¹<https://www.bankmillennium.pl/about-the-bank/press-centre/press-releases/-/news-info/16-12-2015-bank-millennium-po-raz-osmy-w-skladzie-respect-index> (2015, access: 20.09.2017)

Table 6 The main initiatives concerning CSR in which banks in Poland are involved

Initiative	Description
Respect index	This includes Polish companies from the main exchange market securities in Warsaw, operating in accordance with the best management standards in corporate governance, information governance, and investor relations as well as accountability concerning environmental, social and labor factors
The responsible business ranking	The responsible business ranking has been built for 10 years by the business ethics Center of Kozminski Academy and “Dziennik Gazeta Prawna”, the responsible business forum and Deloitte. The ranking presents the largest companies in Poland, evaluated in terms of the quality of management concerning corporate social responsibility. Deloitte’s experts verify the implementation of socially responsible business policies in five areas: responsible leadership, dialogue with stakeholders, social engagement, responsible management and social innovation. Specific actions, operational procedures and policies and a holistic approach to management in all these areas are assessed
CSR leafs of Polityka magazine and Deloitte company	Classification of the best companies is prepared on the basis of international guidelines ISO 26000 social responsibility standards concerning seven areas: organizational order, human rights, work practices, environment, honest operational practices, consumer issues and social engagement. It concerns also chosen goals of sustainable development announced by the UN
Ranking of socially engaged companies	The ranking of responsible firms is prepared by Gazeta Bankowa and portal wGospodarce.pl. The ranking is a compilation of 40 most interesting projects created in companies in Poland from the area of CSR. The 2017 ranking shows the specific activities of large and small companies. Out of hundreds of such ventures, bold and original ideas have been collected and dubbed, which support the development of society in Poland as a whole, bring new quality to local communities, promote sustainable development and build the spirit of innovation.
Responsible business report in Poland in 2016	The report, published for 14 years by the forum of responsible business, presents initiatives that are socially and environmentally responsible implemented by companies in Poland
Golden banker ranking	Ranking organized by bankier.pl and “Puls Biznesu”. Golden Bankier is the largest ranking of banking services and products in Poland. Since 2009 it has been setting the direction for the development of Polish banking sector. It promotes banks offering the highest quality of service. 2017 year’s plebiscites provided for three categories: the best advertising spot of the bank, the CSR activity, and the social media activity

Source: Own work

Table 7 The main achievements and awards concerning CSR engagement of banks in Poland in 2016/2017

Initiative	Examples of banks' participation / admission / awards in 2016
Respect index	In 10 editions of the respect index banks appeared 48 times in. There are two banks present in the index from the very beginning of its creation, every year there are about 5 banks among about 20 companies accepted in this index
The responsible business ranking	In 2017 the ranking has been presented in a new release, broken down into three levels; the diamond level—that embraces the companies-leaders of excellence in CSR, platinum level—that includes well-advanced companies in CSR. The last stage involves companies from the crystal level, matured in CSR and active in this area enough to qualify for the listing. In the first level, out of 7 companies, there was Bank Zachodni WBK (on the 5th place). In the second level there was ING Bank Śląski SA (on the third place among 8 companies). The last level started with Bank BGŻ BNP Paribas in the first place, followed by Bank millennium (4th place), credit Agricole Bank Polska SA (6th place), Bank Handlowy w Warszawie SA together with Bank Gospodarstwa Krajowego (both at 7th place) and mBank SA (11th place)
CSR leafs of Polityka magazine and Deloitte company	In 2017 there were 111 companies participating. Golden leaf in CSR was awarded to Bank Zachodni WBK. For the second time Bank millennium was awarded silver leaf in CSR. Silver leaf was also granted to Bank BGŻ BNP Paribas. Bank Handlowy w Warszawie SA and Bank Ochrony Środowiska received white leafs
Ranking of socially engaged companies	Out of 40 initiatives, 5 awards went to banks. PEKAO S.A. took the first place among the projects having the best positive impact on the market. BGŻ BNP Paribas was honored for responsible funding. In the category of health and society third place was granted to PKO BP. The distinguished initiative was also granted to mBank in this category. In culture category Citibank was awarded the third place
Responsible business report in Poland in 2016	Among the 460 "Good Practices" described in the responsible business in Poland 2016 report, 58 referred to bank practices, including Bank Zachodni WBK (15), Bank BGŻ BNP Paribas (10), ING (6) BOŚ (5), mBank (5), credit Agricole Bank Polska (4), millennium (4), PKO Bank Polski (4), BGK (4), Citi Bank Handlowy (1)
Golden banker ranking	Golden banker title has been awarded to the mBank for the service quality, second place was assigned to Euro Bank, and the third place was given to Bank millennium and Getin Noble Bank. The golden banker statue for the most socially sensible bank was assigned to ING Bank Śląski

Source: Own work

drawn to the ecology, the social objectives pursued by the institution, the impact on the closest environment. Some products concerning responsible money saving are available in Poland. One example is affinity credit card. The first one to introduce it was the BISE Bank. Currently there are many banks such as BOŚ or BGŻ that offer those cards to their clients. When a customer makes an affinity credit card transaction, the percent commission, which is routinely collected, goes to assist the orphanage or to protect the lynx, black stork or for some other social or ecological purpose. In some banks this sum is covered by the bank itself. The more money the customer operates via credit card, the more is transferred by the bank for a noble goal, and the customer does not pay for it. Socially Responsible Investing is not well known and practiced in Poland. According to Adamska et al. (2015), while compared to 10 EU countries with different degrees of socially responsible investment (SRI) market development, Poland represented a low value of assets under management of ethical investment, but at the same time showed the highest growth rates of these assets. In addition, the segment of open ethical investment funds was considered underdeveloped, with moderate degree of heterogeneity in conjunction with the small size of the average fund. Adamska et al. (2015) underline also that “the low level of development of the domestic market of ethical investments is largely due to the existing system of institutional factors, which in contrast to the solutions found in countries with mature SRI market, does not create incentives for this type of investment”. Banks in Poland should increase the access to ethical responsibility market investment, which is at the moment a marginal phenomenon in Poland while it is growing in a fast way in the global market of financial products. The rare example of the involvement in the responsibility investment are the initiatives of the Bank Gospodarstwa Krajowego that in case of some credits requires from the contract partners a statement that they are not involved in the operations concerning the violation of human rights, production of guns, pornography, gambling, drugs, etc. It is worth noting that none of the Polish banks participates in any international initiative promoting responsible investment criteria (UN PRI, Equator Principles, Eurosif, etc.). Financial institutions should provide their individual clients with the data that helps in the funds allocations falling in line with their worldview and moral principles. This is still a rare practice in Poland.

6 Social Irresponsibility: Dark Side of the Banks in Poland

Banks make part of a particularly sensitive sector of business, turning large sums of money, the consequences of which may affect many areas of people’s life. There is a risk of making “ethical” talks to create a smokescreen for unethical action while bothering only about a profit maximization. In Poland one of the biggest problems, revealing the dark side of the banks activities, concerned credit agreements in CHD that regards 500 thousand agreements. The Supreme Chamber of Control checked the franc agreements. It turned out that as much as 95% of cases contain illegal clauses. The Office of Competition and Consumer Protection also stated that the

banks cannot themselves set a course, at which they provided loans and collected installments. Spread was indicated as a contradictory earnings of banks. Also the requirement of the additional securities was judged as illegal. Hence, the use of similar clauses is forbidden. Despite unfavorable sentences for banks, they generally do not react and still permanently use the forbidden practices. They cut off single sentences from the grounds of the court and interpret them in their own way. As it is described in the report of CentrumCSR Foundation (2015) concerning the situation of franc credits, banks were not willing to negotiate or make any concessions. When some proposals were worked out, banks did not agree with the clients on the sharing of co-responsibility. None of the banks joined the court's arrears. On contrary, in cases of clients having trouble with timely payment, in many cases banks offered another, but much more expensive cash loan. As a result, instead of getting out of debt some clients were falling into a loop from which was hard to get out. Another problem concerning Polish banks practices, indicated in the report of CentrumCSR Foundation (2015), is that banks often use the Bank Execution Title to run the eviction process in situation of just few instalments of the credit not paid. The time given to the client, compared to other European countries, is short and the appeal in the court does not halt the process of eviction. It may indicate that the business motives of banks are more important in that cases than the social ones.

7 Conclusions

The banking sector and its situation, in both financial and reputational aspects, strongly determine the quality and prospects of the financial services market, which has a direct impact on the whole economy. At the same time, the reputation of banks depends on many factors—to high degree on their social reception. It is increasingly common to see that banks are a symbol of crisis, speculation and injustice, and perceive some of their activities as one of the cause of poverty. In Poland, as in many parts of the world, banks try to rebuild their credibility and trust that were lost during the financial crises. One of the main ways is the engagement in the CSR activities. Trust, reputational and regulatory risks are of particular concerns in bankers' efforts to engage with CSR (Decker and Sale 2009). Many of banks strive to rebuild their image (Salehzadeh et al. 2018) and to get engaged in natural environment protection and socially responsible operations in many ways: by saving resources, financing pro-ecological organizations, offering special financial products, actively participating in local socially appreciated initiatives and programs, showing that they do care about their clients, employees, environment and local communities. Many big banks in Poland communicate on those engagements both on their website and in CSR reports. They are also actively involved in different programs and initiative concerning both the promotion and the evaluation of CSR engagement. This new trend is visible in Polish banks sector. The latest empirical research conducted in banks in Poland (Fijałkowska et al. 2017) proves however that the CSR engagement of these institutions is still not reflected in the bottom lines of

their financial statement. Market and the public are reluctant in considering the CSR importance and the CSR engagement is not enough rewarded in bank sector. This undermines the role of CSR commitment in financial institutions. It may be assumed that CSR efforts are not focused properly, or they are still not communicated effectively.

Banks are a significant sector of economy in Poland. For many years banks in Poland enjoyed the status of “primacy of Europe”. For a long time, there was no need to pay deposit guarantees from the Banking Indemnity Fund, the profitability of commercial banks allowed for a systematic increase of capital ratios, which strengthened their capital and their role in the Polish economy. Banks have played an active role in financing consumption and improving the quality of life in households, and the bank failures have not been heard for years. However, negative tendencies have started to be noticeable at least since 2014. The decline in yields was, however, mainly a result of the situation of 2008 and 2009 in the context of falling interest rates and the increase in capital requirements. The atmosphere after the financial crisis has also influenced the situation. Banks needed to adjust product prices to new market challenges, reduce costs, escape from low-margin products, and unprofitable business segments. Some of them got also engaged in CSR activities and their promotion.

Modern banking has faced a great task of rebuilding good name after the financial crisis. One of the solutions that can contribute to the development of this task is the involvement in CSR and its proper communication. In Poland, large banks are beginning to recognize this need and implement it into their practice. The smaller banks still lag behind.

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