Chapter 7
Walking the Second Mile before the First: A Corporate Social Responsibility Conundrum?

Nirmala Lee

And whosoever shall compel thee to go a mile, go with him twain

Matthew 5:41 in the Bible, King James Version

7.1 Corporate Social Responsibility as the Second Mile

An ancient Roman mile was a thousand double paces, each double pace comprising one step with each foot, repeated over to comprise about four thousand eight hundred sixty feet. Thus, a mile, derived from the Latin *mila* meaning 'thousands', plural of *mille* 'a thousand', literally meant thousands of 'feet' or paces. This was the distance a Roman soldier could statutorily demand of a person who was not a Roman citizen to carry his load. Roman soldiers did not have jeeps, tanks, warplanes and unmanned drones; they had to walk almost everywhere they went, carrying heavy loads. While Roman law allowed military personnel to command those who were not 'Roman' to carry their equipment the prescribed distance of one Roman "mile", on reaching the milestone, the involuntary porter was discharged of all obligation.

When a non-Roman walked one mile under the orders of a Roman soldier, it was an act of compulsion derived from the authority of law. The offer of a second mile was of one's own free will, not required but volunteered out of generosity, and likely to have taken the Roman soldier by surprise. The laws of physics dictate that the first mile has to be walked before a second one can be attempted. The act of generosity would not have been possible had the act required by law not been carried out first.

Continuing the Roman theme on another line, the Roman state vested certain collective powers to groups of individuals and these powers and capacities have been seen to be the precursors of the modern corporate entity (Malmendier, 2009). The corporation as it exists today is bound by a number of acts and statutes, and the

N. Lee (✉)
London Metropolitan University, London, UK
e-mail: n.lee@londonmet.ac.uk

© Springer International Publishing Switzerland 2017

S.O. Idowu, S. Vertigans (eds.), *Stages of Corporate Social Responsibility*, CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-43536-7_7

strict observance of laid down rules and regulations is tantamount to walking the first statutory mile. Over and above these laid down requirements is corporate social responsibility (CSR) based on "voluntariness and discretion" (Andrews, 2016) and "ethical business practices" (Kitada & Ölçer, 2016) where companies undertake to give something to society at large by walking a second mile that is not statutorily required.

CSR is thus defined "as the voluntary actions that business can take, over and above compliance with minimum legal requirements, to address both its own competitive interests and the interests of wider society" (DTI, 2003). The perception of CSR is that it is a cost incurred by a firm at the expense of its stakeholders. Indeed, some have argued that CSR has no place in a firm dedicated to return for shareholders. On the other hand, a positive correlation has been noted between CSR and financial performance (Lin, Yanga, & Liou, 2009; McGuire, Sundgren, & Schneeweis, 1988; Stanwick & Stanwick, 1998). It would appear that apart from the perceived contribution to society and accompanying reputational advantages, CSR has become a good business strategy (George, 1995; Hardjono & Marrewijk, 2001), and business strategy has been found to play an important role in CSR (Anderson & Bieniaszewska, 2005).

On the face of it, there is nothing wrong if firms improved profitability through CSR while also contributing to the greater good of society. Indeed, it would appear to be a win-win situation where both the firm and society stand to benefit. However, on a deeper level, it could be a more sinister scenario where firms improve profitability not only through their businesses but also by using CSR to persuade consumers to buy products that are not as good value as they are made out to be in their marketing literature. I cite as an example the financial services industry and the efforts of financial services providers to impart financial education to consumers as part of their CSR strategy.

7.2 Financial Literacy Education as Corporate Social Responsibility

Many banks have chosen financial literacy education (FLE) as a part of their strategy for CSR. The choice would appear to be appropriate for organisations that offer financial products and are anxious to ensure that their customers make the right financial decisions. It is reasonable to argue that many people consciously make decisions that are not in their own best interests. In the field of personal finance, the quality of decisions has long-term consequences for financial survival. Inappropriate decisions can have disastrous consequences, and therefore the ability to make appropriate financial decisions is of paramount importance. However, many consumers show limited interest, make little effort to evaluate alternatives and some even purchase financial services which may be detrimental to their long-term interests (Devlin, 2003). How can appropriate financial decision-making be

facilitated? This is clearly a question that would merit investigation as part of CSR. Any attempts that help to improve the consumer's financial decision-making process would be worthy of an organisation intent on discharging its social obligations over and above its corporate requirements.

History has recorded many inappropriate financial decisions. Money has often been a cause of the delusion of multitudes. The South Sea Bubble was described as a madness that seized the people of England in the eighteenth century. Another bubble in England related to the English Copper and Brass Company which gave rise to the caricature of "the headlong fool" that may "prove himself an ass" (Mackay, 1852: 2.23). 'Credulous fools' and 'unscrupulous knaves' were condemned for buying and selling respectively. More recently, towards the end of the twentieth century, inappropriate financial transactions were being described as 'financial mis-selling scandals'. In 1998 the 'pension mis-selling' scandal was expected to have cost British insurers an estimated $18 billion in compensation payments to nurses, miners, schoolteachers and other workers who were affected by bad advice (Steckow & Calian, 1998). In 2000 the House of Commons noted that much distress had been caused by the mis-selling of endowment policies linked to mortgages (Cable, 2000). Speaking to the Council of Mortgage Lenders, the Chairman of the Financial Services Authority (FSA),[1] acknowledged that some consumers were sold badly flawed products and often incorporating unjustifiably high charging rates (Davies, 2002). Stories about financial mis-selling scandals were becoming increasingly commonplace. Such scandals usually involved a flawed product bought by a group of people who had been the victims of mis-selling and who were thought to be in line for compensation. Correspondingly, consumer bodies were becoming increasingly vociferous in pointing out unethical practices. Financial brokers were being offered high rates of commission to arrange loans at very high rates for people who were already in financial difficulties. On one occasion brokers had received as much as £1000 to arrange a £5000 loan; on another occasion a secured loan of £2500 had been on offer at an annual percentage rate (APR) of 40 % (Which?, 1992). Mis-selling had also been found to have taken place in regard to Payment Protection Insurance (PPI), credit card default charges and unauthorised overdraft charges.

Reports about mis-selling bring up some important questions. What factors might lead to mis-selling and how can these be avoided? On the one hand, the succession of mis-selling crises might be due to unscrupulous sellers, indicating the need for more effective regulation of the providers of financial services. On the other hand, these crises might be due to financially 'illiterate' buyers, indicating the

[1]With effect from April 2010, the Consumer Financial Education Body (CFEB), established under the Financial Services Act 2010, continued the work of the FSA's Financial Capability Division independently of the FSA, and with effect from April 2011, the CFEB has been relaunched as The Money Advice Service (MAS). With effect from April 2012 the FSA has become a subsidiary of the Bank of England, and split into the Prudential Regulation Authority (PRA) for maintaining financial stability, and the Financial Conduct Authority (FCA) for supervising the conduct of banks.

need for more effective education of the consumers of financial services. The issue could be one of mis-buying rather than mis-selling. Arguably mis-selling takes place only when there are mis-buyers or people who can be mis-sold to. Large volumes of consumer information exist in respect of financial matters, ranging from bank deposits to investments in emerging markets (Lee, 1997). However mis-buying continued to occur with regular frequency.

Consumer ignorance and apathy have been well documented. One survey conducted by Abbey National in 1990 asked a simple question: 'Do you know what you will be charged if you overdrew your account?' Out of a sample of 1938, 62 % said that they had never been told how bank fees or charges were calculated. Of those who did recall being aware of charges, over half did not know what they would be charged if they overdrew on their accounts (Mitchell, 1991). Survey results released by Investments, N. S. a (2002), a Government body, indicated that £9.3 billion was lost to the savings and investments market in 2001 because people were confused by the language used by the financial services industry. Taylor Nelson Sofres, a market information group, interviewed 2000 people for the survey, and one in five acknowledged that they had not saved specific sums of money during the year as they were baffled; 36 % of respondents felt it had become more confusing and complicated compared to the previous year. If the findings of the survey were to be projected across the adult population of the UK, about 8 million consumers were confused. Underutilisation of financial services by the most disadvantaged sections of society was also a recurrent theme (Ewells, Knights, & McLean, 1998).

Being financially literate could be rendered difficult by various factors. The relevance of financial products could differ depending on the individual and depending on the stage in the lifecycle. Further, there was substantial heterogeneity across population groups in, for example, how pensions affected non-pension wealth (Gale, 1998). Financial products were inherently complex, and they had grown in range and complexity. New products were being developed rapidly, and it was almost impossible for anyone to keep up with the pace of change in the financial services industry (NACAB, 2001); in the circumstances, identifying special offersspecial offers which concealed poor value posed a problem. A free economy such as the UK encouraged competition among financial services providers resulting in a greater variety of products. More providers and more choice could lead to more confusion and mis-buying of financial products if financial literacy (FL) was low. It was possible that the regular occurrence of financial mis-selling scandals could be avoided if people were more aware, knowledgeable and discerning. This problem had been acknowledged by policy makers. The FSA had the responsibility not only of ensuring professional standards of financial advisers but also of improving the FL of consumers (FSA, 2004a, 2004b). Policy-makers and regulators identified inadequate FL as a major problem causing concern in the field of financial services.

Clearly, the consumer cannot be held responsible for all inappropriate financial decisions. Social, political and economic factors may be responsible for financial failure (Sandlin, 2000). Inappropriate financial decisions could be made for a

variety of reasons: including misfortune due to changed circumstances. For example, investing in financial futures that anticipated a rise in the Japanese Nikkei index would have been considered an astute financial decision prior to the Kobe earthquake which resulted in an unforeseen collapse in derivative prices. A well-researched financial decision might go awry due to unforeseen circumstances through no fault of the consumer. While financial 'illiteracy' on the part of the consumer could contribute to a large number of wrong decisions, there could be other variables that rendered the consumer ill-equipped to take financial decisions. Nevertheless, attempts at improving consumer FL, the lack of inadequacy of which was a major reason for poor financial decisions, would be laudable, and could aid in enabling people to learn how to deal more effectively with financial matters in their lives, as well as in expanding the limits of *caveat emptor* discussed in the Nye Report (1998) so that 'buyers beware' whenever financial decisions are undertaken.

7.3 Corporate Interest in Financial Literacy Education

The early studies on consumer financial literacy were initiated by financial services practitioners. The earliest known use of the term FL appeared to date from 1992, when a report for the National Foundation for Educational Research (NFER) commissioned by NatWest Bank, defined FL as "the ability to make informed judgements and take effective decisions regarding the use and management of money" (Noctor, Stoney, & Stradling, 1992: 4). This definition had since been widely used by a number of organisations researching the subject including the FSA and NIACE in Britain and the ANZ Bank and the Council for Adult Literacy in Australia. Thus the very definition and conceptualisation of financial literacy were the outcome of the efforts of the financial services organisations.

Business, banking, insurance, marketing and other magazines aimed at various types of professionals featured a number of articles drawing the attention of the professions to the lack of consumer FL and suggesting that organisations needed to play a role in promoting it. In the *Financial World* aimed at British bankers, Higney (2002) reported on the limited understanding of financial products displayed by customers. Hoare (2003) was similarly concerned about the low rate of FL in the UK and was of the opinion that the 14–19 generation should be encouraged to take numeracy seriously, and that financial institutions could play a role in the classroom towards promoting FL. Some other examples were: Mitchel's (2003) 'Should you improve consumers' FL?' and Stillwell's (2003) 'Financial Education Partnership: FL should last beyond school years'. In the USA, *Barron*'s-*National Business and Financial Weekly* featured an article with the self explanatory title "Child's Play-The odds are your kids don't know much about money other than how to spend it. Thus, the new buzzwords: 'Financial literacy'" (Blumenthal, 1998). *Management Today* (2003) documented the need for children in Australia to emerge from school with FL. These publications seemed to be aimed at creating awareness of the need for consumer FL, assuming that it was something that was good as well as

something that was lacking. These were professional publications and positioned the financial services industry as being concerned about the poor FL of their consumers.

The conclusion by some financial services organisations that FL levels were low was supported by others in as well outside the industry. In Australia, Beal and Delpachitra (2003) documented low FL levels among university students; the most difficult question which tested basic knowledge of compound interest (with no calculation involved) was answered correctly by 52.9 % of respondents. They further contended that knowledge had been declining, and considered the array of choices on offer in western societies as an explanation for increasing FL needs. This view seemed to be reasonable; for example, a consumer located within a strictly controlled economy that stipulated one interest rate for a specified fixed period did not really have to be able to find the best bank rate because all the banks were obliged to pay exactly the same rate. The Commonwealth Bank Foundation (CBF) (2004), Sydney, noted links between poor FL and unemployment, sleeplessness and increased tendency to smoke.

In the UK, NFER research sponsored by NatWest and analysed by Schagen and Lines (1996) found that younger people were more likely to experience financial difficulties. This research was seen in the context of an increase in the number of individuals and households in debt (Mannion, 1992) as well as the growth of debt counselling or money advice (Kempson, 1995), and envisaged FL as something different from basic skills while acknowledging the link between the two: “Basic numeracy and literacy are prerequisites for financial literacy; at the same time, dealing with finance-related topics can provide a useful and realistic context for practising basic skills” (McMeeking, Smith, Lines, Dartnall, & Schaga, 2002: 1). The FSA carried out research into financial information needs of teenagers aged 15–19 year-olds (FSA, 2004a, 2004b), followed by a study of young people aged 18-24, who generally seemed to be having a ‘carefree’ existence. Young people seemed to exhibit ‘hedonist’, ‘conservative’ or a mix of both attitudes in financial matters, with the hedonists intent on spending money and the conservatives more interested in financial matters; there “was a very low level of financial knowledge and extremely low levels of engagement with financial information”(FSA, 2005: 9). The general conclusion reached by the FSA through these and other papers (FSA 2004b, 2005, 2006a) was that young people’s financial capability was very low, a conclusion similar to those arrived at by other studies about young people.

A survey of 2000 randomly selected mutual fund[2] investors provided data on investors’ knowledge of costs and investment risks of mutual funds. Here, as in almost all these types of surveys, FL was assessed by means of a quiz on knowledge levels. The typical quiz score of a mutual fund investor was five out of a possible nine, suggesting that there was room for improvement (Alexander, Jones, & Nigro, 1997, 1998, 2001). The authors found that while the increased focus on disclosure at banks had had a positive effect on investor FL, investor FL still needed

[2]Known as unit trusts in the UK.

improvement. Older adults over 55 were found to lack "even a rudimentary understanding of stock and bond prices, risk diversification, portfolio choice, and investment fees" (Lusardi, Mitchell, & Curto, 2009: 2).

There were a few ambitious studies which attempted to gauge the FL of an entire nation. In the USA as director of the Boettner Institute of Financial Gerontology, University of Pennsylvania, Cutler was involved in a nationwide research project, FL 2000, which found that most people were not well-prepared for the responsibility of financial planning, and lacked key components of FL needed to make crucial decisions required to secure their financial well-being in later life; the conclusion was that when it came to personal financial planning, the country needed more FL (Cutler & Devlin, 1996). A survey of the Australian adult population carried out by Roy Morgan Research on behalf of ANZ Bank (2003), seemed to be the only survey which concluded that FL rates were high. Results of the FSA's survey in the UK indicated low scores in several population groups/domains (FSA, 2006b). An OECD study (2005a, 2006) on financial education across countries indicated that the level of FL was low in most countries, including developed countries such as Japan, USA and Australia. With the single exception of the ANZ Bank survey, there was general consensus that FL was low but important.

FLE was perceived as leading to a more collaborative, less predatory, and vastly more successful relationship between the public and the field of financial services (Freeman & Marcus, 1998). Banks and other financial institutions (FIs) had been accused of making exorbitant profits at the expense of consumers. Adverse publicity and marketing concepts seemed to have combined to produce financial services organisations-led FL initiatives either independently or in collaboration with public bodies. Almost all the bodies involved in the promotion of FL desired to describe their efforts as first of its kind in some way or other.

In the USA, bodies representing auditors and bankers seemed keen to be seen as promoting FL. The American Institute of Certified Public Accountants' (AICPA's) 360 Degrees of FL programme was seen as having provided additional resources to help CPAs and state societies educate the public on financial matters related to couples/marriage, home ownership, life crises and retirement (2005a, 2005b, 2006a, 2006b; Reynolds & Tie, 2004; Snyder, 2005; Tie, 2004) and to promote the community's right to information (Previts, 2005; Price, 2005). There was an example of a CPA collaborating with bodies such as the Chambers of Commerce to offer FL programmes in Florida (2005c). Anthes (2004) called upon financial services professionals to join in efforts to raise the FL of every American. The Capital One Financial Corporation and the San Francisco non-profit Consumer Action started a financial education and money management web site www.money-wise.com containing information about issues such as credit card fraud and establishing good credit. Their FL campaign 'MoneyWise' was described as the first program of its kind to combine free, multilingual financial education materials with community training and seminars for consumers at all income levels (ThomsonMedia, 2004). The American Bankers Association (ABA) described itself as the only national bank trade association with its own education foundation providing leadership and banker resources to help consumers take control of their

personal finances (Simmons, 2006). Their foundation sponsored two national programmes: 'Teach Children to Save' and 'Get Smart about Credit' (Duke, 2005; Simmons, 2006). Keenan (2004) talked about community banks in the USA that were reaching out to customers and the unbanked such as immigrants and students. Some banks were devising their own programmes and others were making use of centrally produced federal programmes such as the Federal Deposit Insurance Corporation's (FDIC's) 'Money Smart', whose goal was to graduate one million consumers from its programme by 2006. A spot poll of 110 bank executives conducted for America's Community Bankers' (ACB's) annual convention in the autumn of 2003 indicated that about 59 % of member banks sponsored FL efforts. Among those, 54 % supported programmes for elementary and high school students, 17 % backed initiatives for the unbanked and recent immigrants, and 17 % participated in programmes to educate seniors.

Similar data was not readily available for the UK, but initiatives were on the rise. NatWest and Prudential were examples of financial institutions that were active in the area. Natwest's FL Centre (later changed to the Royal Bank of Scotland/ Natwest Financial Capability Centre) and its 'Face 2 face with finance' programme was an educational initiative for students aged 11-18 in secondary schools, VI Form and FE Colleges designed to support the development of financial competence in young people (Schagen & MacDonald, 1997b). The Personal Finance Education Group (pfeg) (2003) aimed to bring together teachers, government, consumer bodies, the FSA and financial services industry representatives who shared a belief in the importance of personal finance education, and was formed with the goal of promoting and facilitating the education of all UK school pupils about financial matters.

There were a number of references in practice literature to the work of various bodies that were engaged in producing materials aimed at developing FL. The rapid increase in the number of articles published in the area was an indication of the rising industry interest. There were a few hundred articles in professional publications; in general, these either focused on the lack of FL and the need to develop it among consumers or referred to programmes purporting to develop FL. Many articles referred to money invested by financial services organisations in FL projects. FIs seemed to be undertaking FLE projects as part of their CSR; thereby they would be perceived to be 'doing the right thing', and also assist their regulator in achieving its statutory objective. FIs seemed to adopt the approach that FL was something good and lack of it was something bad and FLE was needed to develop FL.

The field of personal finance had been sociologically neglected (Aldridge, 1998). As pointed out in the AdFLAG (2000: 3) Report, "There has been a limited amount of research carried out specifically to address the financial literacy education needs of consumers as opposed to the need for new products or methods of delivery". Much research has been carried out from the point of view of the providers' marketing needs; financial services providers had vast resources at their command, and had spent large sums on market research trying to find out what would persuade consumers to part with their money. However, from the point of view of the

consumers' needs to understand the products marketed, and consumers' financial education needs, research had been limited. The financial services industry itself seemed to be intent on remedying the situation and addressing the need for offering solutions to the lack of consumer FL. The large amount of 'how to' material produced by banks seemed to have generated some benefits, increasing awareness of FL needs and engendering links between the public and the financial services industry. Banks seem to have thrown themselves into mission of improving consumer financial literacy as part of their CSR.

7.4 Good Corporate Governance as the First Mile

It is known that "some companies follow the letter of the regulatory requirements without making a serious commitment to corporate governance: they depart form best practice and provide an explanation which is totally uninformative" (Arcot, Bruno, & Faure-Grimaud, 2010: 200). Do banks fall under that category? How do they measure up in regard to walking the first mile of good corporate governance?

Some of the more recent examples of mis-selling products to customers indicate that "the already-tattered idea of banks having their customers' best interests at heart has been shredded" (Schumpeter, 2012). The mis-selling scandals discussed earlier in Sect. 1.2 above have been followed by even more damaging stories of large scale and concerted efforts to defraud the customer.

The emails written on 23 January 2007 before financial crisis by Tourre, Vice President/Executive Director in Goldman Sach's Structured Products, Group Trading unit, to his then girlfriend show Tourre to be positively gloating at the expense of the customer and indeed of everyone else other than himself:

– *"More and more leverage in the system, The whole building is about to collapse anytime now ... Only potential survivor, the fabulous Fab[rice Tourre] ... standing in the middle of all these complex, highly leveraged, exotic trades he created without necessarily understanding all of the implications of those monstruosities!!!"*
– *"Just made it to the country of your favourite clients (Belgians)!!! I have managed to sell a few Abacus bonds to widows and orphans that I ran into at the airport, apparently these Belgians love synthetic ABS CDO2!!!!"*
– *"According to (head of Goldman's subprime business Daniel) Sparks, that business is totally dead, and the poor little subprime borrowers will not last long!!"*

The fact that a Google search for 'vampire squid' results in hits for the bank Goldman Sachs as "a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money" (Taibbi, 2010) speaks volumes for the distrust developed by the public for this and other banks.

Banks have had to pay about £13 billion so far in compensation for mis-selling payment protection insurance (PPI) to personal customers. Banks had made considerable profits selling these products to customers many of whom had been unaware of the purchase of the product or who had been given the impression that they would otherwise be unable to obtain a loan, or who were ineligible to able to claim under such insurance. The Financial Ombudsman Service (FOS) is deluged with complaints to such an extent that it is expected to almost double its workforce over the next two years.

Recently, small-business entities, who cannot be deemed to be sophisticated consumers, were sold complex interest-rate swap products without fully ensuring that they understood the risks, which meant that due to the post-crisis fall in interest rates some customers ended up having to pay money to the banks rather than receiving protection against the risk of a rise in rates, or face heavy cancellation penalty charges. Banks have so far paid out about £1 billion for swaps mis-selling, and are reported to have set aside more than £2 billion to cover future settlements and claims.

It has also come to light recently that many banks were involved in actively manipulating an important benchmark rate in order to either make substantial profits or project their industry standing as better than it actually was. The London Interbank Offered Rate (LIBOR) rigging scandal has been described as a situation where "the moral bankruptcy of traders implicated in the rigging" was "matched only by the incompetence with which they covered their tracks" (TheEconomist, 2013). Traders at the Royal Bank of Scotland (RBS), for example, left a detailed audit trail of their activities setting out how they actually manipulated LIBOR. ""We're just not allowed to have those conversations over Bloomberg anymore," said one trader, laughingly, in a call to another who a little earlier had asked in writing for a rigged rate. "Its [sic] just amazing how Libor fixing can make you that much money," was the verdict of another trader" (ibid). Banks have admitted rigging rates and are paying out hefty fines under settlements reached with regulators: so for Barclays has paid £290 million, UBS $1.5 billion and RBS $137 million.

Clearly, in a number of banks the first mile of good corporate governance has not been walked. It would appear that the Roman soldier was not only not supported as required by law, but was also robbed of the property that was required to be borne for the first mile. The situation appears to be one of 'managerial capture' with corporate managers being akin to "princes and ministers." (Berle, 1932: 1049). Certainly, managers as corporate agents seem to be "free from any substantial supervision by stockholders" (Dodd, 1932: 1147) to pursue their own rather than the company's interests even to the extent of committing fraud and malfeasance.

7.5 The Annual Equivalent Rate as an Indicator for Measuring the First and Second Miles

The Annual Equivalent Rate (AER) is an important aspect of finance and financial education, and is identified as relevant to the examination of both corporate governance and corporate social responsibility in relation to banks. The AER is expressed as a percentage and represents the effective rate of interest on a sum of £100 for a period of one year after taking into account any compounding of interest that may take place. For example, the AER of a sum of £100 @ 12 % p.a. for 1 year will be 12 % p.a. if there is no compounding and 12.68 % if interest is applied and compounded monthly. The more frequently interest is applied in a year the higher will be the AER. Thus the *borrower* who is quoted a nominal interest rate of 12 % would need to know whether interest is compounded or not and if so the frequency of compounding, and the time of interest application, in order to be able to recognise that though the nominal interest rate is 12 % p.a., the AER would be 12.68 % p.a. if interest is compounded monthly. Similarly, the *depositor* who is quoted an AER of 12.68 % p.a., would need to know whether interest is compounded or not and if so the frequency of compounding. Without this information the depositor may not recognise that if interest is compounded monthly though the quoted AER is 12.68 % p.a., the true AER would be only 12 % p.a. if the deposit were to be withdrawn after one month (ignoring any early redemption penalties). The AER is thus essential to understanding the true cost/return on a sum of money and for comparing the plethora of interest rates on offer.[3]

Charges and fees may be levied over and above the AER, and the overall total cost is represented as APR which is mandatorily required to be publicised by banks. As the APR includes other charges not directly comparable between banks, and a thorough understanding of APR would require a detailed study of the relevant Office of Fair Trading (OFT) document 2007, it is not very well understood even by many customer-facing bankers, and individuals tend to give APR no more than a cursory glance and focus on the advertised/quoted nominal interest rate. Besides, the APR can be manipulated and decreased by increasing the period of repayment; thus the actual APR for a mortgage sought to be repaid in ten years would be higher than the APR for the same loan if repaid over a period of 20 years, as charges would need to be spread over a shorter period. In order to make accurate cost comparisons, consumers would need to be able to compare respective AERs plus different charges levied by different providers.

For the first mile, how do banks perform in relation to the AER as a measure of corporate governance? Common sense would enable us to recognise that a savings deposit represents a loan by the consumer to the bank, and a mortgage or any other loan represents a loan by the bank to the consumer. Therefore, the AER would be something equally applicable to a deposit as well as to a loan. However, as the AER,

[3]See for example Appendix for a worked example of how an advertised interest rate of 8 % actually works out to an effective interest rate of 14 % due to the method of interest application.

which includes the effect of compounding, will be higher than the quoted nominal interest rate, banks like to show this in relation to deposits in order show the interest rate as more attractive. With the exception of some overdrafts, banks do not show the AER for loans as the AER would show the interest rate as less attractive/more expensive, and as they are not legally required to do so. This is considered as deliberately representing interest rates in a manner that is advantageous to the banks, causing price opacity and consumer misunderstanding, and thus not to be in the best traditions of good corporate governance.

For the second mile, how do banks perform in relation to the AER as a measure of CSR? How do banks represent AER in financial literacy interventions as part of their CSR strategies? The ability to calculate the AER or at least understand the implications of this rate correctly is a vital requirement for consumers in order to be able to compare and evaluate financial products. While the AER (also known as the effective annual rate or EAR) is widely used in financial literacy interventions in countries such as the USA, it is notably absent in such interventions in the UK, and sometimes even misrepresented to the advantage of the banks.

There were inaccuracies and misrepresentations to be found in the FLE material that was put forward by banks to the general public. For example, in the guide to delivering FL (RBS&TH-SAFE)[4] sponsored by the Royal Bank of Scotland and launched in the premises of the FSA with much fanfare, the AER was described as the "interest you get from a *savings* account expressed in a standard way that takes into account not just how much you get but when you get it." As mentioned earlier, the AER is equally applicable to loans, but banks in the UK never show AER for loans as that would expose the true interest cost of borrowing; banks only show it for savings as that made interest rates look more attractive than in their non-compounded form[5]. This guide, which was sponsored by a bank, conveniently reinforced the perception that AER was something only applicable to savings and not to loans. In fact, so successful have banks been in projecting the AER as applicable only to deposits that many press articles and other papers echo this view. Publishing AER for loans would instantly facilitate comparison of the effective interest rate across differently structured loans, but this does not happen as it is not a legal requirement.

Many publications, like the guide above that had been sponsored by a bank, did not indicate the year of publication, rendering difficult any future detection of material that had been out of date at the time of publication.

[4]The guide did not record the year of its publication.

[5]A common trick used by financial institutions is to omit the per annum (p.a.) after an interest rate, thereby reducing the apparent cost of a loan or increasing the apparent return from an investment. For example, a loan misleadingly advertised as having an interest rate of 'only 1 %' could actually mean 1 % per day which is 365 % per annum; if this is compounded every day the AER will work out to a phenomenal 3678 % p.a. The formula for calculating AER is $[1 \times (1+r)^n]–1$, where r = rate of interest, and n = number of compounding periods. Thus $[1 \times (1+.01)^{365}] - 1$ would work out to an AER of 3678 % where the quoted interest rate was "just 1 %" compounded daily over 365 days.

Vested interests are such that attempts to remedy the situation are ignored or resisted. In an event organised by Westminster Briefing[6] in association with *The House Magazine* which is a business publication for the Houses of Parliament and all those with an interest in policy and legislation, opportunity was given to attendees to upload proposals on which all the attendees would be required to vote on the day of the event, and the results of which would be used to inform public policy. I submitted proposals that the publication of the simple rate of interest as a percentage per annum, the frequency of compounding, and AER be made mandatory for loans in addition to the APR, which is not well understood by both consumers and many financial literacy practitioners; and conversely, for savings deposits, that the publication of the simple interest rate as a percentage per annum and the frequency of compounding should be made mandatory in addition to the AER. I also proposed that all material produced with a view to promoting financial capability be compelled to show the date of production/publication. I submitted the suggestions above via the web as proposals to be voted on at the *'Westminster Briefing'* held on 24 March 2010, but the organisers did not choose to upload the motion in the form that I had submitted to enable voting to take place. Instead, they uploaded a watered down version that did not require banks to do anything specific. See Appendix 2 for the exact proposal uploaded by me. It appears that even relevant public consultancy bodies, not to mention regulatory bodies, are unwilling to even look at these two proposals.

To sum up, consumer education needs to be supplemented by consumer protection. Banking companies and the regulator should do more to make financial information more transparent. At present it is virtually impossible to find the AER published for loans or the simple interest rate published for deposits. Currently, FIs provide AERs for deposits but not for loans because the compounded rates are higher and more attractive as deposit rates, but less attractive as loan rates, and they provide the simple interest rates for loans but not for deposits as that is more attractive as loan rates, but less attractive as deposit rates. I propose that the publication of the simple rate of interest per annum, the time of interest application, the frequency of compounding and AER be made mandatory for loans in addition to the APR, which is not well understood by financial literacy practitioners and consumers and even some bankers; conversely, for savings deposits, the publication of the simple interest rate and the frequency of compounding should be made mandatory in addition to the AER. This single measure would go a long way towards furthering public understanding of interest rates, which currently assume more shapes and sizes and guises than those encountered in more regulated economies.

[6]See http://www.westminster-briefing.com

7.6 Recommendations

It is important for banking and other corporations to walk the first mile before making any meaningful attempt to walk the second. Banks need to get their corporate governance right first. As regards the second mile, at the outset it would appear that banks and other financial institutions are to be commended for spending millions of pounds promoting financial literacy education among the public as part of their CSR. However, a closer examination of some of the educational interventions sponsored by banks indicates that the very educational interventions designed to improve financial literacy among consumers entrench consumers in erroneous cognitive perceptions (Lee, 2010). Many consumers may look to banks as a trusted source of financial information and education, but the extent to which such material is acceptable as useful FLE is in doubt. Efforts at assuming the position of friend and mentor to the consumer appear to be facilitating further mis-selling through gaining the consumer's trust. When financial services providers, frequently in the press for reasons of exploiting the consumer, are also providing consumer education, there is need for some suspicion as to whether such education can be truly unbiased. The strategy could be to generate a consumer-friendly banking image that helps to shift the public focus from irresponsible bankers to irresponsible consumers, and the regulatory focus from consumer protection to consumer education.

Misrepresentation on the part of the provider, aided by misunderstanding on the part of the consumer that has increased rather than decreased by banks' CSR strategies of FLE, have worsened the problem of asymmetric information that has an impact on the consumer decision-making process (Leyshon, Thrift, & Pratt, 1998). Financial institutions often offer inaccurate and misleading information not only on the products that they sell but also in the financial education that they provide, necessitating greater regulation of the financial services industry.

How should banking companies go about developing corporate plans for CSR? If good CSR is to truly become the extra second mile walked by companies to promote social welfare, the mile of good corporate governance has to be walked first. Two simple recommendations are put forward which, if adopted, would go a long way towards both consumer protection and consumer education.

Currently, accurate interest rate comparisons are difficult to make as interest rates are expressed in different ways without clearly revealing a number of important factors such as the time of interest application and the frequency of compounding. Currently, banks show the annual equivalent rate (AER) only for deposits, as this makes the interest rate appear more attractive.

Recommendation 1

Banking companies should show, for both loans received from depositors and given to borrowers, (1) the simple/nominal interest rate applicable for one year without any compounding (2) the time and periodicity of interest application and compounding and (3) the AER. These details will be in addition to already existing

mandatory requirement to show the APR[7] (which includes the AER plus fees) in order make bank pricing of products more transparent. There should be fiduciary obligation on the part of banks to avoid any form of misrepresentation increase transparency in relation to product pricing, whether they are walking the first mile of corporate governance, or the second mile of promoting FLE as their CSR strategy. This measure will contribute towards reducing the opacity of the current business model that relies on small print for its success, and considerably simplify the ways in which consumers can compare the true value of different financial products. To refer to the examples cited elsewhere in this paper, this measure would enable a borrower to note that the loan for which an interest rate of 8 % is quoted has a much higher AER of 14 % because interest is applied upfront without taking periodic repayments into consideration, and a saver to note that a deposit for which an AER of 12.68 % is quoted may actually have a lower AER of 12 % depending on when withdrawals are made.

Recommendation 2
All publicised material, whether for product promotion or product knowledge or product education, should bear the date of publication. This will facilitate the detection of ill-prepared, out-of-date material, and also compel financial institutions to become more accountable for the currency and accuracy of the material being offered to the public.

It is submitted that these proposals, if implemented, would be effective in promoting the corporate image of financial institutions as well the financial literacy levels of the general public, thereby achieving the aims of both good corporate governance and good corporate responsibility. The regulator would then find it easier to enforce the practices as a statutory requirements for banks.

Ideally, banks should not be engaging in educational interventions to promote financial literacy as there is an inherent conflict of interest between their role as providers of financial services and their role as providers of financial education. However, FLE as a CSR strategy has become established in the case of a number of banks, and vested interests would make it extremely difficult to put an end to the practice altogether. In the circumstances, the regulator needs to at least ensure that where banks do engage in FLE interventions, an independent body such as the Money Advice Service vets materials to ensure that important concepts such as the AER are not misrepresented by banks for their own benefit.

7.7 Conclusion

Financial education has huge benefits for consumers and to the economy as a whole (OECD, 2005b). "Wealth ownership and accumulation matter for everyone. Wealth can buffer economic crises, break the cycle of intergenerational poverty, and build

[7]Note that the term 'APR' carries different meanings in different countries.

capabilities of individuals and communities to live better in the long term" (Han & Sherraden, 2009: 475). Financial literacy education (FLE) can facilitate wealth accumulation, and continuing research in the area of efficacy in financial education is therefore very important (Anderson, Zhan, & Scott, 2007).

The OECD-IEFP Symposium on Financial Education assembled high-ranking officials and decision-makers from around the world to discuss and elevate international policy dialogue on the importance of FLE as one of the possible global long-term responses to the recent financial crisis (OECD-IEFP, 2009). Ultimately, effective FLE that leads to a reduction in inequalities will benefit nations as well as individuals; it has been found that the diversity of human capital induced by income inequality lowers the GDP of the next period, while the diversity of human capital induced by heterogeneous ability can increase GDP (Takii & Tanaka, 2009).

Is FLE appropriate as part of the CSR strategies of banks? Banks engaging in financial literacy education have been likened to McDonalds' providing nutrition education to meat eaters who have just realised that they have been unwittingly consuming unknown and undesirable ingredients. FLE should not be left to the judgement or jurisdiction of banks who have vested interests in both projecting consumers as being educated and therefore more competent to take responsibility for their decisions without providers having to take the blame, and also of 'educating' customers in such a manner as to facilitate their own selling and even mis-selling of financial products.

FLE appears to have become a gesture of charity sponsored by many banks as part of their CSR which is "nothing but a mask, made up of glossy brochures, beguiling speeches, and media-savvy 'partnership initiatives', crafted to hide the fact that corporations deny economic justice and sustainable environments to those who need them" (Schwarzkopf, 2009: 118). It also appears that the concept of *caveat emptor* needs to be applied not only to financial services products but also to financial literacy education interventions undertaken by banks, and that buyers need to beware not only of company business practices but also of their activities undertaken as part of their corporate social responsibility. Greater regulatory support is needed, particularly for those who might have become "second-class citizens" (Green & Hulme, 2005: 870; Temko, 2006) in the brave new world dominated by financial services companies.

Appendix 1: Calculation of Annual Equivalent Rate (AER)

How an advertised interest rate of 8 % actually works out to an AER of 14 % due to the method of interest application

Loan amount: £1200

Interest @8 % per annum for 1200 for one year: £96

Interest application method: Added on to the principal at the outset (not calculated on reducing balance of loan)

Average loan balance during the year: £686 (not £1200)

Therefore the effective rate of interest works out to: 14 % per annum (not 8 %)

Date	Particulars	Debit	Credit	Bank balance	Actual loan balance
1 January	To loan	1200		−1200	
1 January	To interest	96		−1296	−1200
31 January	By installment		108	−1188	−1092
28 February	By installment		108	−1080	−1080
31 March	By installment		108	−972	−972
30 April	By installment		108	−864	−864
31 May	By installment		108	−756	−756
30 June	By installment		108	−648	−648
31 July	By installment		108	−540	−540
31 August	By installment		108	−432	−432
30 September	By installment		108	−324	−324
31 October	By installment		108	−216	−216
30 November	By installment		108	−108	−108
31 December	By installment		108	0	0
		1296	**1296**		
Average balance					**−686**
Stated rate of interest					**8 % pa**
Interest (i) =	Principal (P) × period (n) × rate of interest (r)/100	1200 × 1 × 8/100			96.00
Annual Equivalent Rate (AER)					
r =	i/P/n × 100	96/686/1 × 100			**14 % pa**

Source: Hempel and Simonson (1999: 480)

A more accurate calculation can be made using the Excel spreadsheet function for the internal rate of return (IRR) and arrive at the figure of **14.4521 %** pa as the actual cost to the borrower.

[This was the method of interest calculation adopted by Leeds and Holbeck Building Society for its fixed rate mortgage.]

Appendix 2: Interactive Voting Proposals to 'Westminster Briefing' for Being Put Forward for Parliamentary Debate

I propose a measure that could go a long way toward furthering public understanding of interest rates, which currently assume more shapes and sizes and guises than those encountered in more regulated economies.

At present it is virtually impossible to find the annual equivalent rate (AER) published for loans or the simple interest rate published for deposits. Currently, financial institutions provide AERs for deposits but not for loans because the compounded rates are higher (and more attractive as deposit rates, but less attractive as loan rates), and they provide the simple interest rates for loans but not for deposits as that is more attractive as loan rates, but less attractive as deposit rates. Further, interest rates are frequently published in a misleading manner as they are not expressed as a percentage per annum.

I propose that the publication of the simple rate of interest as a percentage per annum, the frequency of compounding, and AER be made mandatory for loans in addition to the APR, which is not well understood by both consumers and many financial literacy practitioners; conversely, for savings deposits, the publication of the simple interest rate as a percentage per annum and the frequency of compounding should be made mandatory in addition to the AER.

Do you believe that this proposal will improve public understanding of interest rates?

I propose that all material produced with a view to promoting financial capability be compelled to show the date of production/publication.

This will facilitate the identification of poorly produced material that is inaccurate or out of date on date of publication.

Do you believe that this proposal will lead to the production of more up-to-date material?

References

(2003, September, 6–7). ASIC wants children to emerge from school with "financial literacy". *Management Today, Melbourne*.

AdFLAG. (2000). *Adult financial literacy advisory group report to the secretary of state for education and employment* (p. 74). London: Department for Education and Employment.

Aldridge, A. (1998). Habitus and cultural capital in the field of personal finance. *Sociological Review, 46*, 1–23.

Alexander, G. J., Jones, J. D., & Nigro, P. J. (1998). Mutual fund shareholders: Characteristics, investor knowledge, and sources of information—short-run persistence of relative performance, 1974-1988. *Financial Services Review, 7*, 301–316(16).

Alexander, G. J., Jones, J. D., & Nigro, P. J. (2001). Does mutual fund disclosure at banks matter? Evidence from a survey of investors. *The Quarterly Review of Economics and Finance, 41*, 387–403.

Alexander, G. J., Jones, J. D., & Nigro, P. J. (1997). Investor self-selection: Evidence from a mutual fund survey. *Managerial and Decision Economics, 18*, 719.

Anderson, C. L., & Bieniaszewska, R. L. (2005). The role of corporate social responsibility in an oil company's expansion into new territories. *Corporate Social Responsibility and Environmental Management, 12*, 1–9.

Anderson, S. G., Zhan, M., & Scott, J. (2007). Improving the knowledge and attitudes of low-income families about banking and predatory financial practices. *The Journal of Contemporary Social Services, 88*, 443–452.

Andrews, N. (2016). Challenges of corporate social responsibility (CSR) in domestic settings: An exploration of mining regulation vis-à-vis CSR in Ghana. *Resources Policy, 47*, 9–17.

Anonymous. (2005a). AICPA's financial literacy site Wins Laurels. *Journal of Accountancy, 200*, 90.

Anonymous. (2005b). AICPA financial literacy campaign praised. *Journal of Accountancy, 200*, 101.

Anonymous. (2006a). AICPA financial literacy campaign adds to its Laurels. *Journal of Accountancy, 201*, 74.

Anonymous. (2006b). News digest. *Journal of Accountancy, 201*, 19.

Anthes, W. L. (2004). Financial Illiteracy in America: A perfect storm, a perfect opportunity. *Journal of Financial Service Professionals, Bryn Mawr, 58*, 49.

Arcot, S., Bruno, V., & Faure-Grimaud, A. (2010). Corporate governance in the UK: Is the comply or explain approach working? *International Review of Law and Economics, 30*, 193–201.

Beal, D. J., & Delpachitra, S. B. (2003). Financial literacy among Australian University Students. *Economic Papers—Economic Society of Australia, 22*, 65–78.

Berle, A. A. (1932). Corporate powers as powers in trust. *Harvard Law Review*, 1049–1074.

Blumenthal, R. G. (1998). Child's Play—The odds are your kids don't know much about money other than how to spend it. Thus, the new buzzwords: 'Financial literacy'. *Barron's—National Business and Financial Weekly*.

Cable, V. (2000). http://www.complianceonline.co.uk/

CBF. (2004). *Improving financial literacy in Australia: Benefits for the individual and the Nation, Research Report*. Sydney: Commonwealth Bank Foundation.

Cutler, N. E., & Devlin, S. J. (1996). Financial literacy 2000. *Journal of the American Society of CLU & ChFC., 50*, 32, 4.

Davies, H. (2002). *Speech to the Council of Mortgage Lenders* (Ed., Lenders, C. o. M.). London?

Devlin, J. F. (2003). Monitoring the success of policy initiatives to increase consumer understanding of financial services. *Journal of Financial Regulation and Compliance, 11*, 151–163.

Dodd, E. M. (1932). For whom are corporate managers trustees?. *Harvard Law Review*, 1145–1163.

DTI. (2003). *Sustainability and business competitiveness*. London: Department of Trade and Industry in association with Forum for the Future.

Duke, B. (2005). Financial literacy leadership. *American Bankers Association Banking Journal, 97*, 18.

Ewells, J., Knights, D., & McLean, C. (1998). *Quarterly Account, 48*, 9–12.

Freeman, D. K., & Marcus, F. J. (1998). Tax payments funneled through spouse. *Journal of the American Society of CLU & ChFC, 52*, 26, 1.

FSA. (2004a). *Young people and financial matters*. London.

FSA. (2004b). *Financial capability: Consumers' views on developing their financial capability through schools and workplaces*. London.

FSA. (2005). *Helping young adults become financially capable: Case studies of organisations assisting young adults to take control of their finances*. London.

FSA. (2006a). *Helping young adults make sense of money*. London.

FSA. (2006b). *Financial capability in the UK: establishing a baseline*. London: Financial Services Authority.

Gale, W. G. (1998). The effects of Pensions on Household wealth: A reevaluation of theory and evidence. *The Journal of Political Economy, 106*, 706–723.

George, R. T. D. (1995). *Business ethics*. New York: Prentice-Hall.

Green, M., & Hulme, D. (2005). From correlates and characteristics to causes: Thinking about poverty from a chronic poverty perspective. *World Development, 33*, 867–879.

Han, C.-K., & Sherraden, M. (2009). Do institutions really matter for saving among low-income households? A comparative approach. *Journal of Socio-Economics, 38*, 475–483.

Hardjono, T. W., & Marrewijk, M. V. (2001). The social dimensions of business excellence. *Corporate Environmental Strategy, 8*, 223–233.

Hempel, G. H., & Simonson, D. G. (1999). *Bank management: Text and cases*. Chichester: John Wiley & Sons Inc.

Higney, F. (2002, April) 'Why do customers have such a limited understanding of financial products?' *Financial World,* 30–31.

Hoare, S. (2003). Making it all add up. *Financial World, Institute of Financial Management, Canberbury*, 32–37.

Keenan, C. (2004). Financial literacy: How it adds up to good business. *Community Banker, 13*, 36 (5 pages).

Kempson, E. (1995). *Money advice and debt counselling*. London: Policy Study Institute.

Kitada, M., & Ölçer, A. (2016, In press). Managing people and technology: The challenges in CSR and energy efficient shipping. *Research in Transportation Business and Management*. December 2015.

Lee, N. (1997). What risk investment? Risks and gains in investing in emerging markets. In: *World Bank/IMF Conferences*, Hong Kong.

Lee, N. (2010). *Financial literacy and financial literacy education: What might be the components of an effective financial literacy curriculum*? PhD thesis. Department of Lifelong and Comparative Education, Faculty of Policy and Society London, Institute of Education University of London.

Leyshon, A., Thrift, N., & Pratt, J. (1998). Reading financial services: Texts, consumers, and financial literacy. *Environment and Planning, 16*, 29–55.

Lin, C.-H., Yanga, H.-L., & Liou, D.-Y. (2009). The impact of corporate social responsibility on financial performance: Evidence from business in Taiwan. *Technology in Society, 31*, 56–63.

Lusardi, A., Mitchell, O. S., & Curto, V. (2009). *Financial literacy and financial sophistication in the older population: Evidence from the 2008 HRS* (Working paper). University of Michigan Retirement Research Centre.

Mackay, C. (1852). Memoirs of extraordinary popular delusions and the madness of crowds. *Library of Economics and Liberty*. Retrieved August 1, 2010, from the World Wide Web.

Malmendier, U. (2009). Law and finance at the origin. *Journal of Economic Literature, 47*, 1076–1108.

Mannion, R. (1992). *Dealing with debt: An evaluation of money advice services*. Social Policy Research Unit, London: HMSO.

McGuire, J. B., Sundgren, A., & Schneeweis, T. (1988). Corporate social responsibility and firm financial performance. *Academy of Management Journal, 31*, 854–872.

McMeeking, S., Smith, R., Lines, A., Dartnall, L., & Schaga, S. (2002). *Evaluation of the community development programme in financial literacy and basic skills: Summary report* (p. 15). Windsor: NFER.

Mitchel, J. O. (2003). Should you improve consumers' financial literacy? *Limras Marketfacts Quarterly, 22*, 37–39.

Mitchell, J. (1991). *Banker's racket or consumer benefit? A consumer view of the single European market for financial services*. London: Policy Studies Institute.

NACAB. (2001). *Summing up: Bridging the financial literacy divide*. National Association of Citizens Advice Bureaux.

Noctor, M., Stoney, S., & Stradling, R. (1992). *Financial literacy*. National Westminster Bank.

Nye, V. (1998). *Financial education and the role of the regulator: The limits of caveat emptor*. Centre for the Study of Financial Innovation.

OECD-IEFP. (2009). *Symposium on financial education*. The Organisation for Economic Cooperation and Development (OECD) and the Institut pour l'Education Financière du Public (IEFP).

OECD. (2005a). *Improving financial literacy: Analysis of issues and policy*. Organisation for Economic Cooperation and Development (OECD).

OECD. (2005b). *Recommendation on principles and good practices for financial education and awareness*. Paris: Organisation for Economic Cooperation and Development (OECD) Directorate for Financial and Enterprise Affairs.

OECD. (2006). *Policy brief: The importance of financial education* (pp. 1–8). Paris: The Organisation for Economic Cooperation and Development (OECD).

OFT. (2007). *Credit charges and APR* (p. 64). London: Office of Fair Trading.

pfeg. (2003). *pfeg newsletter*. London: Personal Finance Education Group.

Previts, G. J. (2005). Education with purpose. *Journal of Accountancy, 200*, 32.

Price, J. C. (2005). Advocate, regulator, network and conscience. *Journal of Accountancy, 200*, 36.

RBS&TH-SAFE. (n.d.). *A guide to delivering financial literacy*. RBS and Toynbee Hall.

Reynolds, C., & Tie, R. (2004). Institute supports CPA financial literacy volunteers. *Journal of Accountancy, New York, 198*, 17.

RoyMorganResearch. (2003). *ANZ survey of adult financial literacy in Australia*. Melbourne: ANZ Banking Group.

Sandlin, J. A. (2000). The politics of consumer education materials used in adult literacy classrooms. *Adult Education Quarterly, 50*, 289–307(19).

Schagen, S., & Lines, A. (1996). *Financial literacy in adult life: A report to the NatWest Group Charitable Trust*. National Foundation for Educational Research.

Schagen, S., & MacDonald, A. (1997b). *Evaluation of NatWest Face 2 Face with finance: Final report*. NFER.

Schumpeter. (2012, June 29). British banks: Which side are they on? *The Economist*.

Schwarzkopf, S. (2009). Corporate social responsibility: The good, the bad and the ugly. *Journal of International Management, 15*, 118–119.

Simmons, H. H. (2006). America's financial literacy crisis. *American Bankers Association. ABA Banking Journal, 98*, 12.

Snyder, A. (2005). Volunteering for financial literacy. *Journal of Accountancy, 199*, 21.

Steckow, S., & Calian, S. (1998, August 10). *The Wall Street Journal*. Accessed August 29, 2016 from http://www.wsj.com/articles/SB902696738100390000

Stanwick, P. A., & Stanwick, S. D. (1998). The relationship between corporate social performance and organizational size, financial performance, and environmental performance: an empirical examination. *Journal of Business Ethics, 17*, 195–204.

Stillwell, S. (2003). Financial education partnership: Financial literacy should last beyond school years. *Scottish Banker, 2003*.

Taibbi, M. (2010). The Great American bubble machine. *Rolling Stone*. Accessed August 29, 2016, from http://www.rollingstone.com/politics/news/the-great-americanbubble-machine-20100405

Takii, K., & Tanaka, R. (2009). Does the diversity of human capital increase GDP? A comparison of education systems. *Journal of Public Economics*. Accepted April 27, 2009. Available online May 4, 2009.

Temko, N. (2006). Banks treat poor like second-class citizens, MPs say. *The Observer*. London.

The Economist. (2013, February 9). RBS and libor: The wrong stuff. A widening scandal threatens to suck in more banks, and ruin more careers. *The Economist*.

ThomsonMedia. (2004). In brief: Financial literacy campaign on Web Site. *American Banker, 169*, 5.

Tie, R. (2004). Institute spreads financial literacy. *Journal of Accountancy, New York, 198*, 14.

Which? (1992). *Credit Rip-Offs' consumers* (pp. 183–185). London: Association Ltd.