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Corporate social responsibility in the banking sector

Summary:
The banking sector's stable operation contributes to healthy economic development. Any waver of confidence in the sector may lead to serious economic problems, as seen during the 2008 crisis. The aims of this original retrospective and exploratory study are: (1) to describe the concepts of corporate social responsibility, a term familiar for companies and to interpret it the operating practice of commercial banks and (2) to describe a potential manner of CSR implementation in central banks' task performance as well. The authors provide a survey of the relevant literature and study how the theory is supported by empirical evidence based on previous researches about commercial banks and the practice of central bank of the United States of America (FED) and the European Central Bank (ECB). Our survey indicates that CSR has clearly become part of the financial sector and it is an increasingly important topic in international banking. Furthermore, the stress laid on the banking sector's corporate responsibility may be instrumental in restoring confidence in the sector and improving social welfare.

Keywords: Corporate social responsibility, bank, public awareness, financial stability, business ethics

Introduction

The prevailing approach in the current economic theory says that the way to achieve the highest level of financial welfare is an unrestricted market. Any deviation from balance can be restored by market operation. In such a world, market coordination is the sole means to establish relationships between market participants, while ethical and bureaucratic coordination are only present in strict isolation, and their interference in economic relations is undesirable. Crises clean the market and improve its efficiency. In our opinion, however, these approaches fail to take into account the actual operation of society, including the economy, and the serious consequences of economic volatilities, which destroy the society and had a long-term adverse impact on the economy. In this study a financial deliberation is given of serving society's expectations at a higher level through the integration of ethical considerations in to thinking. It is noted that in our view the enforcement of moral considerations does not necessarily contradict market interests whether on a macro-economic or on a micro-economic level. At the same time, financial welfare may only be increased on the basis of values that have been treated as externalities in the prevailing economic theory.

A glance back in economic history reveals that financial activity was rooted in currency exchange and money lending, subsequently supplemented by deposit transactions. For centuries transactions

were regulated by ethical standards, especially in the field of lending. With the spread of market economy, however, these ethical rules have nearly disappeared in Europe and in the countries taking the road of market economic development (Fekete & Tatay, 2013).

In modern market economies, the financial sector centres around central banks. Based on liberal economic theory, from the 1990s, an increasing number of central banks shifted their monetary regimes to inflation targeting. Up until the middle of the first decade of 2000s, central banks' transparent inflation targets seemed to really do good service to economies and there seemed to be a hope to smooth business cycles and provide for unbroken economic development. In addition, it was conceivable that the operation of financial markets can be regulated in a way to ensure stability with a minimum market intervention. However, the 2008 crisis considerably diversified this picture.

In the financial sector business organizations are characterized by the fact that the parties affected by their activities is very wide, as in addition to owners and employees, customers who use their services are also linked to an institution for years or even decades. Using their services is not a single act or a simple-to-cancel system of relations, it is a long-term commitment. Through their long-term deposits or loans, external stakeholders "live together" with the financial institution for several decades. The given organization's business activity has a direct impact on their present and future, as their deposits may depreciate or appreciate, their income may change, and their debt service may be modified (Sági, 2012).

In the world economy of the 1990s, the significance of financial organizations increased considerably. On the other hand, these institutions also became global mediators as they spread global crises. The high number of their new types of transactions and instruments, they themselves caused crises and enhanced the impacts of the crisis (Bessler-Kurmann, 2013). The crises seen in Latin America called the attention to the way financial markets may become the channels of feeding crises through to other parts of the world. The Eastern Asian crisis showed how financial institutions can deepen or even cause economic problems in a region. The 1994 fail of Barings Bank and the 1998 collapse of LTCM (Long Term Capital Management) highlighted the risks inherent in innovative products and transactions. Actually, the deeply buried tensions surfaced with the burst of the 2008 crisis.

According to Akerlof and Shiller (2008), the most destructive effect of the crisis is the loss confidence in the future, which develops in the economic participants. Indeed, the initial freezing of financial markets followed from banks' impaired trust in one another. With the disappearance of liquidity, distrust spilled over to other economic participants. As these effects grew difficult to trace, distrust also became widespread and general. Central banks' credibility did not remain intact either. Sometimes their acts were inconsistent with their previous communication. In other cases, they triggered distrust with their inaction.

Another reason for the lack of social confidence in the financial sector was that after the deepening of the 2008 crisis, banks' rescue packages required enormous amounts of public funds. Many blamed the regulatory and supervisory authorities, including central banks, for the evolution of this situation. The fundamental question is how the financial sector can serve social welfare. To this end, financial stability is indispensable. In order to restore confidence, we need a change in conduct and culture, we need probity, transparency, the reinforcement of the moral dimension, and corporate social responsibility, as the fundamental criteria of financial stability (Lagarde, 2014).

After the 2008 crisis include the analysis of households' financial culture, the evaluation of financial sector regulation and the implementation of self-regulation in the financial sector became the most important areas in analyses. In highly developed market economies, the display of corporate citizenship was given emphasis in financial institutions' reflection period. Already their reports pay attention to the social, economic and environmental impacts of their operation. After all, financial standing, increasing economic performance, moral and transparent activity and responsible financial services ensure predictable and reliable operation for a bank, and offer the opportunity to take the broader needs of the environment and society into account.

This is the spirit in which we determined the objectives of this study. First, to discuss the concept of corporate social responsibility and commercial banks' interpretation of CSR and then to identify the characteristics of social responsibility among central banking activities. Our hypothesis is that in the past few years CSR has clearly become part of the financial sector and is an increasingly important topic in international banking. Our research is based on the literature review of relevant theoretical and empirical researches and information on practical CSR activity in financial sector.

Commercial banks' interpretation of CSR

The concept of corporate social responsibility (CSR) was developed over the course of several decades, and the definition of a company included in it differs significantly from the one used in mainstream economics (Szegedi, 2014). According to the Neo-Classical theory, a company is a legal unit endeavouring to maximise profit for the owner. As the person of the owner has, for the most part, been separated from the leader, the principal-agent approach has come to the forefront and has shed light on the information asymmetry and conflict-of-interest between owner and manager. Only an appropriate system of interests and control mechanism may ensure that corporate management serve the owners' interests (Chikán, 2003). The question if in addition to their accountability to the owners, corporate managers have any responsibility to society or not was raised for the first time in relation to corporate managers' amenability and then it was interpreted to the company as a moral actor, extending the traditional loss-and-profit approach to responsibility in a broader sense (Carroll, 1999). The word "social" in the expression "corporate social responsibility" links the CSR model with the approach concerned, revealing the stakeholders the company undertakes responsibility to. The stakeholders' expectations may be financial, legal, ethical or discretional/charity in nature (Figure 1). Regarding responsibility, the legitimacy of stakeholder expectation is the essential point rather than stakeholder power (Carroll, 1991). According to the basic principle of stakeholder management, corporate managers are responsible for creating the most possible values for the stakeholders of an organisation without being forced to compromise (Freeman et al, 2010).

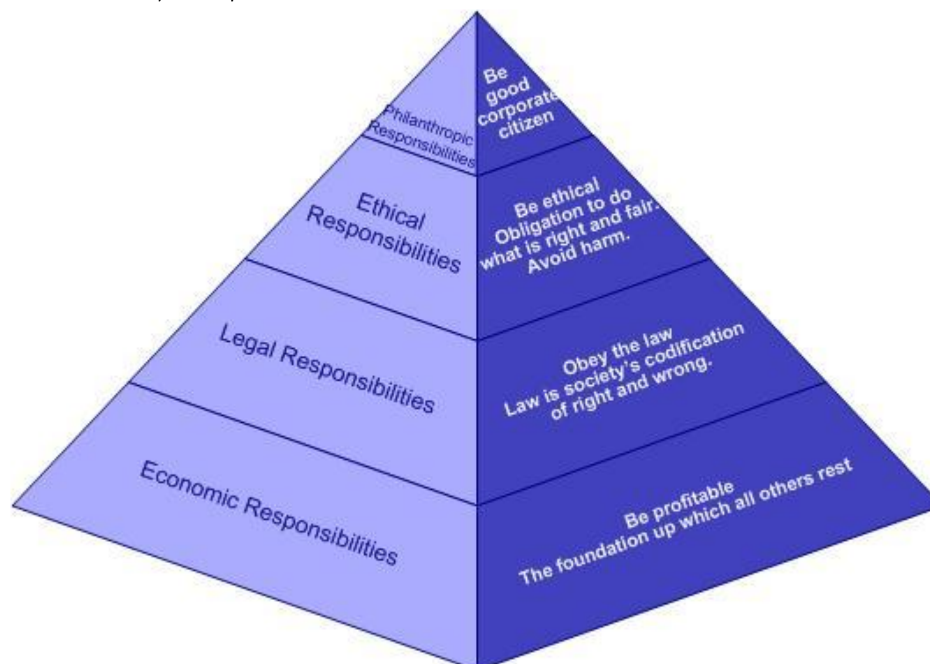

Figure 1: CSR PYRAMID
Source: Carroll, 1991; Source of the figure:http://www.csrquest.net/default.aspx?articleID=12770&heading

In addition to stakeholder management, the concept of corporate social responsibility is also intertwined with business ethics, sustainable development and good corporate citizenship (Carroll, 2015). Carroll highlights that in practice the good corporate citizenship and sustainable development concepts may be more likeable. The reason for this is that business ethics is characterised by a critical approach, including a sensitive response to corporate scandals. Good corporate citizenship is identical with CSR only in a broad sense, in a narrow interpretation it means corporate community relationships, which are generally not opposed by anyone. Sustainable development, on the other hand, focuses on the future, as against CSR, which requires the prompt assumption of responsibility (Carroll, 2015). In corporate practice, the majority of companies CSR is manifest in charity programmes, in the case of numerous companies the CSR objective is to improve operating efficiency and only a relative minority has the genuine transformation of the business model (Rangan et al, 2015). The benefits of CSR have been analysed in numerous studies and the positive correlation between CSR and financial performance was established (e.g. Margolis and Walsh, 2003; Byus et al. 2010), however, this correlation cannot be demonstrated in each case (e.g. Chetty et al., 2015).

The micro-economical level of the financial sector includes peculiar companies, and although corporate social responsibility can be interpreted in reference to these organisations, corporate social responsibility has an outstanding significance. This is because in the past few decades the financial sector has undergone significant changes, and the appearance of new technologies changed the traditional distribution channels of banking services, which in turn has led to the increasing homogenisation of the institutions (Flavia et al., 2005). Development in the communication technology and deregulation triggered growth in the financial sector, and as a result of these changes, it has grown to become a global market (Poolthong and Mandhachitara 2009). The positive effects of these changes include increasing productivity, growing capital movement, lower costs and risk sharing. However, in addition to positive effects, this process also resulted in increased interdependence between financial institutions and higher risk exposure. All over the world, financial institutions are interrelated, and for this reason, a vulnerability that appears in one market may easily spread to the other markets (Demirgüç-Kunt et al, 2011).

The financial sector is a traditionally confidence business. The fundamental characteristics of the financial contracts concluded by banks and financial service providers include informational asymmetry and uncertainty, which require trust as a basic condition precedent for this activity. Due to the global economic processes, the need for confidence further increased. Loss of confidence in the financial sectors may have contagious detrimental impacts and may undermine the total global economy (Idowu and Filho, 2009). The financial scandals and questionable accounting and management methods seen in the past few decades also contributed to the loss of confidence in the financial sector and its institutions and to the increase in the demand for a more responsible business practice. The financial sector is a critical component in the global economy, as it has a significant role in economic stability and sustainability (Idowu and Filho, 2009), and its operation determines the operation of the other sectors of the economy (Baily and Ellitott, 2013). Applying the CSR model outlined by Carroll (1991) to commercial banks, below is a summary of the specific topics of economic responsibility, legal responsibility, ethical responsibility and charitable responsibility.

Economic responsibility

Economic responsibility primarily means responsibility to the owners (Carroll, 1991). The well-known 1970 article by Friedman, one of the best-known representatives of traditional approach to companies, says that only persons can be accountable and not companies, exclusively the corporate manager

as a person may have social responsibility. However, if in a capacity as a corporate manager, in other words, as the agent acting on behalf of the company owner, a person increases corporate expenditure in order to reduce environmental pollution in an extent exceeding the statutory limit to promote environmental protection, or in order to reduce poverty, he employs unemployed people instead of highly qualified experts, he acts against the owner's interests. "There is one and only one social responsibility of business – to use it resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Friedman, 1970).

The expectations of commercial bank owners may include the maximisation of shareholder's value, the maximisation of profitability, profit maximisation, the achievement and maintenance of a powerful competitive position, efficient operation, growth and long-term success. In commercial banks' strategy pursued in the past few decades, a very important role was assigned to the innovation of deposit and funds collection products, representing new commercial channels in addition to product and service innovation. The assumption of economic responsibility presupposes the observation of statutory regulations and moral standards, even in the traditional company model. Based on Schoen's analysis (2016), in addition to insufficient regulation, fraud, deception, the shameful banking practice of mortgage lending, the inappropriate compensation system and the assumption of enormous risks, which jeopardised the owners' money, had a significant role in the most recent economic crisis.

Downturn, which grew to global dimensions, required commercial banks to undergo drastic adjustment. The focus shifted from short-term return to long-term return for the owners and to increased proprietary influence (Conyon et al, 2011). This led to new priorities in commercial banking practice: loan portfolio risk management, ensuring stable capital position and liquidity required for safe operation, and prudent provisioning. However, a study by KPMG Nunwood (2016) evidences that all these are insufficient for future successes, and a new business model is needed instead, with customer focus and the application of modern technologies as its key features. Customer focus presupposes that products and services are instrumental in solving customers' problems, and creating value for the customer is at the heart of the approach. For the new generation, all this must be implemented through mobile applications to facilitate their lives, supported by empathic bank employees. Instead of traditional banks, the new generations want better alternative banks with higher morals.

Legal responsibility

In order to ensure its stability, the banking sector is frequently subject to more severe regulation than the companies of other sectors (Yamak et al., 2005). Regulation means mandatory acts and statutes, on the one hand, and voluntarily undertaken policies, on the other. The compliance function is wide-spread to ensure legal accountability, observation of the policies and to mitigate risks: in retail banking, for instance, 50-100 people are employed by the majority of large corporations in related jobs (KPMG, 2012).

Most banks that assign significance to CSR clearly consider compliance with the mandatory environmental and social regulation as a very important dimension of responsibility, and non-mandatory expectations as a fairly important dimension (Viganó and Nicolai, 2009). After the most recent financial crisis, regulation of the financial sector and more stringent statutes could be experienced with the purpose to minimise risk, and ensure safety and confidence in the financial system. Relevant statutes include, for example, Foreign Account Tax Compliance Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act or the UK Bribery Act (Wieland, 2013). The financial crisis gave rise to a new slogan: "too big to fail", referring to financial institutions that are so important for the financial market

that a separate regulation protects them from bankruptcy (the Emergency Economic Stabilization Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act), preventing the evolution of a financial crisis due to the domino effect (Barclift, 2012). Recently, numerous banks have been heavily fined for misleading customers, for fraud, for money laundering and for collaboration in tax evasion through offshore companies (Clark et al. 2015), however, more recent cases show that fines are still insufficiently deterrent.

"Soft law" means the directives other than statutory regulations, given by various organisations, supervisory bodies and professional associations. Policies popular in the banking sector include the United Nations Global Compact, the declaration about the United Nations Environmental Programme (UNEP), and the Equator Principles, related to the indirect environmental responsibility of banks through project financing, and several banks have also endorsed the anti-money laundering policy set out by the Financial Action Task Force (FAFT) (Viganó and Nicolai, 2009). The guiding principles of Global Compact, the largest CSR initiative in the world, focus on human rights, labour rights, environmental protection and combatting corruption. Currently, its membership includes 171 banks, which typically joined in 2008 or later (UN Global Compact, 2016). Following its 2006 introduction, the Principles for Responsible Investment was signed by more than 1500 of them, including 307 asset owners, 994 investment managers and 203 service providers (PRI, 2016). Those who have joined consider it as a means of learning, on the one hand, and as an opportunity to legitimate their activity, improve their reputation, respond to customer expectations and implement their managerial values in practice, on the other (Majoch et al, 2016). The guiding principles falling into the soft law category clearly lead to the topic of ethical responsibility.

Ethical responsibility

The ethical standards and expectations reflect honesty and fairness with customers, employees, owners and communities, protecting and respecting stakeholders' moral expectations. According to Decker and Sale (2009), in addition to confidence, the fundamental ethical principles of honesty and frankness are traditionally linked with the financial sector, however, the compliance approach aimed at the fulfilment of statutes is frequently not conducive to the development of an ethical business practice and business culture. The challenges faced by corporations and going beyond traditional economic and legal responsibility have also appeared in the banking sector. Characteristically, they are primarily related to the protection of the natural environment, followed by social issues (Viganó and Nicolai, 2009), fundamental ethical principles (Scholtens, 2006) and demand for ethical behaviour (Tzu-Kuan Chiu, 2013).

In an analysis of 17 large European banks considered as having advanced CSR, Viganó and Nicolai (2009) found that their majority used the expression CSR or "corporate responsibility" (CR), the next most frequently used term is "corporate sustainability" (CS), while "business ethics", "accountability" or "triple bottom line" are less used. Based on our research, the relevant CSR topics appearing in the case of the overwhelming majority of banks included climate change, gender equality and bribery, however, due to the peculiar features of the sector, responsible bank lending and combatting money laundering are also emphatic. Commercial banks' ethical responsibility is manifest in respect of numerous stakeholders. The main areas are summed up in Table 1 below.

Scholtens (2009) made a recommendation on a system of evaluating the international bank sector's CSR activities. This comprises the code of conduct, the sustainability report, environmental management, responsible financial products and social activities. He stressed that with this system he was not interested in banks' corporate governance and compliance performance, but rather in their proactive and voluntary initiatives. He has not even included an economic performance indicator in his evaluation

system. His analysis of 32 international banks of 15 countries in 3 regions (Europe, North-America, Asia/Pacific), he came to the conclusion that between 2000 and 2005, banks' social responsibility developed significantly in every region. Recently published studies also showed development in banks' CSR activity (e.g. Romero, 2015).

Stakeholder	Ethical responsibility
Owners	Responsible, transparent and prudent lending and risk management.
Employees	Respect for human dignity, fair treatment, non-discrimination, the prevention of harassment, fair wages, management based on inclusion, respect for privacy and safe working conditions.
Customers	Responsible product improvement and marketing, fair and transparent financial services, complaints management, the involvement and ethical treatment of stakeholders, ethical financing funds, micro-credit offer, banking services for immigrants, financial instruments/initiatives to help women, young adults and children, and other means of financial inclusion (e.g. for people with reduced mobility and the elderly).
Suppliers	Long-term relationship based on confidence, non-discrimination, support to disadvantaged companies, integration of environmental and social considerations in the supplier policy.
Competitors	Observation of the standards of honest competition.
State	Honest tax payment, evasion of tax harbours.
Local community	Creation and maintenance of jobs, social innovation, social corporations, support to non-profit organisations.
Natural environment	Mitigation of environmental impacts, reduction in energy use, separate waste collection, integration of environmental criteria in business decisions, financing environmental investments, evaluation of financed companied according to environmental considerations, sustainable products and environmental management.
Society in general	Improvement of the financial culture and awareness, training in finances; combatting money laundering, corruption and terrorism.

Table 1: Areas in commercial banks' ethical responsibility
Source: Text edited by the author based on Idowu and Filho, 2009; Izquierdo and Vicedo, 2012; and Birindelli et al, 2015.

Chih et al. (2010) analysed 520 financial businesses in 34 countries, and established that the larger a bank in size, the more intensive market competition is, and the wider self-regulation and employer-employee relations are, the higher the likelihood of introducing a CSR strategy. Regarding CSR instruments, the most significant is the code of conduct, followed by the CSR report and stakeholder dialogue (Viganó and Nicolai, 2009). The independence of board members and the larger size organisational unit facilitate CSR reports, which have an important role in increasing transparency (Jizi et al., 2013). Based on the literature, on banks' CSR reports and on websites, Birindelli et al. (2015) compiled a complex ethical evaluation model custom-tailored to banks, which includes the most important CSR drives in the banking sector, i.e. the ethical forms of conduct related to the internal and external stakeholders, the integration of environmental and social considerations, and the practice of corporate government and management. The model was used for the evaluation of the top 30 European banks by market capitalization. In the aggregated ranking the Spanish bank BBVA is in first place, the Italian Unicredit bank comes second, and the Spanish Banco Santander is third. According to a global research covering 22 countries, the culture of ethics and integrity must be rebuilt in the financial sector, as the main problem lies here rather than in market or regulatory errors (CFA Institute, 2013).

Charitable responsibility

This category includes programmes that contribute to human welfare and improve life standards, as for example voluntary support to arts, training, sports or communities. In comparison to ethical responsibility, one of the essential differences is that philanthropic actions do not respond to moral or

ethical expectations, they are discretionary and voluntary responsibilities (Carroll, 1991). Such activity is widespread among banks, as it contributes to the improvement of the reputation of a bank or the financial sector (Decker-Sale, 2009). However, it does not replace either economic, legal or ethical responsibility.

The positive impacts of banks' CSR activities may be analysed from the perspective of the bank or the stakeholders and the society in a wider sense. Banks' responsible activity facilitates efficient allocations, access to funds, the development of financial services, the improvement of financial culture and adequate risk management (Prior and Argandona, 2009). A study by Matute-Vallejo et al. (2010) highlighted that banks' CSR policies along with fair and transparent price strategies increase customer loyalty. Other benefits of CSR activity include increase in employee commitment and the development of a beneficial relationship with the other stakeholders (Izquierdo and Vicedo, 2012). The financial sector is particularly proactive in CSR and a positive correlation can be shown between CSR activity and banks' financial performance (e.g. Wu and Shen, 2013; Birindelli et al., 2015).

Appearance of csr among central banking activities

Central banks' social responsibility is idiosyncratic, as they are specifically created in the interest of public welfare. Their objectives and duties are recorded in statutes. Thus, central banks are institutions facilitating the achievement of predetermined economic policy objectives. According to their tasks, they are organisations also attending to a state authority's duties. For this reason, in this circle the social responsibility defined by Carroll (1991) only makes sense in a modified form.

In a public policy approach one can say that the citizens giving a mandate to the central bank to attend to public tasks legitimately expect a central bank, being a state-owned institution operating in a social environment, to use every means available for it to promote welfare in the community, naturally, without jeopardising its fulfilment of its primary objective and statutory duties. The peculiarities that make sense for central banks' social responsibility are analysed below.

Economic responsibility

Due to statutory restrictions, central banks' economic responsibility naturally differs from those applied to business enterprises. In addition to the restrictions imposed by the objectives and duties, their nature is also peculiar. The objectives are macro-economic policy goals, while the tasks are special activities related to the operation of the financial sector.

For example, the fundamental role of the central bank of the United States of America (FED) in the economy covers four main areas: Implementation of a monetary policy to influence monetary and lending conditions, in an effort to maximise employment, stabilise prices and keep long-term interest rates low. Supervision and regulation of financial institutions, to maintain security and stability in the banking and financial system and protect customer rights. Maintain stability of the financial sector and manage any systemic risk in financial markets. Provide financial services to deposit management institutions, the US government and foreign official institutions, including a leading role in the national payment system (FED, 2005).

The European Central Bank (ECB) can also be quoted as a characteristic example. Its main purpose is to maintain price stability, in other words, to preserve the value of the euro in public interest. General economic policy within the European Union can be supported without jeopardising the primary objective. Another objective of the ECB is to facilitate the monetary integration of Europe (ECB, 2012). The ECB is responsible for the special tasks related to the prudential supervision of credit institutions

seated in the participating member states. These duties are performed in the frame of a single supervisory mechanism comprising the ECB and the competent national authorities (ECB, 2014).

The listed objectives and duties clearly reflect that despite legislative limitations and restrictions, central banks have a wide elbowroom in making their activities operational. As noted above, in the two decades preceding the 2008 economic crisis, the nearly mechanically operated inflation targeting monetary policy was a central banks' activity pursued with nearly exclusive priority. This could also be said of FED, as the obligation to maintain unemployment at a low level is a function officially assigned as an equal one to all the others.

Mitigation of the effects of the 2008 financial crisis required enormous funds. As a result, in addition to maintaining price stability, the objective of maintaining financial stability has also been assigned a major emphasis. The central bank's task of maintaining financial stability has been redefined in the United States, but the European Central Bank can also be quoted as an example of the same (Naményi, 2012). Legislators have started to extend the scope of central banks' duties all over the world. Central banks' decision-makers themselves have reconsidered their institutions' economic roles. As a result of changes, central banks economic responsibility can be interpreted in a way that central banks must be more sensitive to the social impacts of economic processes. They need to participate in the prevention of the use of significant amounts of public funds, real economic recession and social tension caused by the irresponsibility of certain financial sector participants.

After 2008, central banks used unusual instruments to restore global growth. All over the world, the crisis highlighted the significance of central banks' stabilising role. The comprehensive audit of the European Central Bank was a major step towards increasing confidence in euro area banks. FED spent significant funds on controlling financial stability, and the macro-economic prudential approach has become an important supplement in the toolbox used in promoting healthy economy (Yellen, 2014).

The innovative measures taken by the European Central Bank in response to the financial crisis can be characterised by the term "reliable vigilance". The crisis was a symptom of excesses and imbalances accumulated by households, businesses and financial institutions in the decade preceding 2008, especially debt and risk accumulation and increasing capital leverage. Quick state action only mitigated them, but the crisis brought about a new malfunction: the fast increase in state debt. The standard and unusual instruments used in monetary policy decision-making reflected the fundamental conviction and responsible action of decision-makers. Central banks' task is to ensure stability. The application of usual and unusual means raises the question of an ethical perspective regarding obligation and consequence. Under ordinary conditions, compliance with the standards may be smooth, however, under special conditions, they are not always possible to comply with, as in this case deliberation on the consequences of a decision and the resultant accountability come to the forefront. Both approaches must be simultaneously present in central banks' operation (Trichet, 2010).

Central banks' social responsibility certainly appears in economy boosting actions. In 2008, FED announced a quantitative easing programme (QE1). In addition to improving market liquidity, continuation of the programme increasingly boosted the economy. Although in FED's objectives include the reduction of unemployment, and the achievement of this objective is facilitated by boosting economic growth, the means to achieve this objective was not included in the monetary practice of the past twenty years.

Not before the autumn of 2014 did the ECB start to use an instrument that differs from the usual means and may serve economic recovery. In the European Union, which was slow to recover from downturn, the social demand for the central monetary authority's more pronounced support to growth increased. Market participants clearly consider the asset purchase programme started in 2014 Q4 and extended in early 2015 as an economic impetus. In addition to the above, central banks' economic

responsibility includes the efficient, up-to-date and undisturbed performance of their duties. Such activities include, for instance, the operation of the payment and settlement systems. Central banks' efficient organisational operation may be mentioned as another element of economic responsibility. This level is a CSR element that can be interpreted essentially in the same way used for businesses.

Central banks' legal responsibility

Central banks' legal responsibility also differs from that of business enterprises. Due to the peculiar role they play, it requires a far more complex interpretation. The central banks we studied attend to the supervision of financial markets and financial organisations as authorities. In this role they also act as legislators. They motion for legislation in the fields subject to their supervision, give their opinions on draft statutes, and also act as legislators themselves based on their authorisation. Thus, in addition to compliance with the statutes, the shaping and interpretation of the legal framework and the observation of statutory regulations are related to central banks' legal responsibility. Several central banks have been assigned supervisory tasks. The extension of the tasks serves stability purposes. The aim is to filter out systemic risks in time. In relation to legal responsibility it is also mentioned that after the 2008 crisis, central banks significantly reinforced their communication to the broader public. These evaluations, recommendations and expectations lead us from law to ethics.

Central banks' ethical responsibility

Central banks' ethical responsibility beyond their economic and legal obligations facilitates legitimation and increase in confidence in the system. This voluntary responsibility going beyond statutes may be manifest in several ways vis-a-vis stakeholders. The role of culture in influencing behaviour carries ethical values. Among the latter an important role is assigned to the provision of information and the improvement of financial culture through training. Central banks place great emphasis on increasing the awareness of the users of financial services and on reducing informational asymmetry. (Csiszárik-Szigeti, 2015) A more developed financial culture protects the users of the services on an individual basis, but may also be helpful in preventing the evolution of systemic risks.

Several central banks, including the European Central Bank have numerous ethical values in their mission statements. As an example, let us mention ECB, which assigns outstanding significance to trust-worthiness, confidence, transparency and accountability in the course of achieving its objectives. It endeavours to establish efficient communication with Europe's citizens and the media (ECB, 2014a).

Staff members' conduct depends heavily on corporate culture, i.e. the standards and values characteristic of banks. Through their regular supervisory and regulatory activities, central banks can influence the attitudes of at least the top and middle management, if not the entire corporate culture. It is essential not to simply have a compliance attitude but an ethical approach that goes above and beyond compliance. In addition to values, motivation has an important role. If quick profit-making is the only factor that matters, it is no wonder customers are not respected, risks are not taken into account and regulations are not observed (Tarullo, 2014).

In addition to regulation, central banks may also influence expectations, opinions and mindset to change processes. Remember that borrowing, making an investment or using other financial services always represent an uncertain decision-making situation for market participants. Proactively communicating central banks may push decisions in the directions considered as right, if they make good use of the constituents underlying the decision-making process. Flock mentality and the predominance of expert

opinions can be exploited to propel economic participants towards an appropriate conduct (Sunstein-Thaler, 2012). If the development of financial culture and the deepening of financial training are interlinked with proactive communication, innovative areas open up in central banks' social responsibility. In this respect, the channels and forms of liaising with the various stakeholder circles must naturally be sought.

Central banks' philanthropic responsibility

Central banks' philanthropic (charitable) responsibility means the voluntary actions that contribute to social development, but central banks would not be unethical if they did not perform them Due to its peculiar position, the European Central Bank does not set any charity objectives, while the member banks of FED proactively pursue community activities as good corporate citizens. Among others, voluntary house painting, toy collection, clothing collection, meals-making, support to schools, scholarship programmes, blood donation and the collection of donations for AIDS, cancer and diabetes patients are also included (Lentner et al, 2015).

Conclusion

Our research has confirmed the starting hypothesis. Based on it CSR has clearly become part of the financial sector in the past few years and is an increasingly important topic in international banking. The confidential nature of finances, its direct and indirect impacts, and its interrelationship with economic stability have increased demand for the CSR approach and business model. The CSR activity is extensive, the implements used for this activity have increased in number, and the progress made in this field has been evidenced in several studies.

Bankers' personal conscience is not the only factor to explain commercial banks' CSR activity: the underlying causes also include the fundamental principles of the sector's regulation, the institutional policies, and the expectations of the stakeholders and the society at large. Many still feel a tension between the profit-making approach and CSR activity. They consider the CSR concept as a necessary evil and a limitation imposed on the banking sector. Again, others cannot get rid of the traditional profit maximisation approach and think that if CSR is not worth over the short term, it is still worth investing in CSR activity as it pays over the long term. In this study, the definition of CSR has been extended to central banks. Central banks' technocratic approach to social and economic problems triggered social discontent at various places. We need a central banking concept more adapted to social requirements and enforcing a wider scope of considerations during the performance of tasks.

The main results of our research are the followings: (1) Economic responsibility of the commercial banks and central banks has been extended and prudential approach has become important (2) Regarding legal responsibility regulation of the financial sector and more stringent statutes could be experienced with the purpose to minimise risk, and ensure safety and confidence in the financial system. In this role, central banks also act as legislators. (3) Ethical responsibility is beyond compliance approach: culture of ethics and integrity must be rebuilt in the entire financial sector (4) Certain banks are active in voluntary charitable responsibility which can contribute to the reduction of social problems but can not replace the economic, legal and ethical responsibility.

The initiatives taken in the financial sector in relation to CSR contribute, among others, to the reduction of poverty, the protection of human rights, non-discrimination, community development, the protection of the natural environment, and in general to improving human welfare. CSR management

facilitates the restoration of financial sector credibility, confidence in the sector, and thus improves the reputation of banks and the entire financial sector, contributing to the stable operation of the economy. (Idowu et al. 2013). Future challenges include the management of indirect impacts, and the improvement of the CSR system outside banks (external publication, reports, supplier chain). Similarly to the business sector, social responsibility of the financial sector should be integration of economic, legal, environmental, social and ethical aspects into the strategy and operation of financial organisations.

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