

Study on Social Responsibility of Commercial Banks under the Background of ISO26000

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Abstract—In order to effectively strengthen the "soft power" construction for China's banking industry under the background of the new normal, to involve the corporate social responsibility into the thirteenth-five development plan has become the top priority. Although at present China's commercial banks have obtained great results in fulfilling corporate social responsibility, there are still many deficiencies compared with the performance and achievements of developed countries. This paper introduces the current situation of foreign commercial banks in performing social responsibility, the development trend of commercial bank social responsibility standard internationally, and describes the important significance of China's commercial bank's undertaking social responsibility under new normal of economy, and proposes relevant suggestions regarding how to stimulate China's commercial banks to undertake social responsibility comprehensively through analyzing of the current situation and reasons of China's commercial banks in performing social responsibility.

Keywords—commercial banks; social responsibility; ISO26000

I. INTRODUCTION

Nowadays, in the western developed countries, the competition among international commercial banks is increasingly more and more fierce, which is gradually upgraded from hardware to institutional level, from the competition in the field of technology and products to the competition of corporate social responsibility and business ethical and moral standards. Commercial banks are generally regarded as not only the pure profit organizations, but also the public ones. The public property determines that they shall play an exemplary role in undertaking social responsibility. But, at the legal level, there are still many unclear questions, for example, what is social responsibility, how to undertake the social responsibility, and there are still differences in understanding and executing of it among domestic and foreign commercial banks. It is an urgent demand under new normal of economy to pay close attention to the latest development trend of international companies and commercial banks, practically strengthen the system construction for China's banking industry and involve the corporate social responsibility performance into the development strategy to promote harmonious and scientific development of the financial industry.

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II. CONNOTATION OF COMMERCIAL BANKS' SOCIAL RESPONSIBILITY

ISO26000 defines corporate social responsibility as the relevant policy and practice collection of relationship between enterprises and stakeholders, values, complying with the laws, as well as respecting for employees, communities and the environment. This definition shows that corporate social responsibility is not only the soft moral constraints of enterprise for their own business practices under the background of economic integration, but also a commitment of the enterprise for sustainable development for improving stakeholders' living quality. Commercial banks takes a very important position in the current policy environment of economic new normal, and take the initiative to keep pace with the times, cultivate new development concept, and fulfill the social responsibility, participate in social public welfare undertakings enthusiastically, and assist with the government's public policy objectives, to win the people's widespread approval, which is beneficial to the long-term development of the commercial banks, and finally to realize the win-win situation of shareholder interests and social public welfare. From the practice of international commercial banks, the commercial banks that fulfill social responsibility have the following basic characteristics: the first is consciously fulfill social responsibilities, rather than to perform under the force of laws, rules and customs; the second is to really push the interaction and communication with all stakeholders; the third is to involve the economic, social and environmental pursuit into the strategic objectives of commercial banks.

III. PRACTICE OF FOREIGN COMMERCIAL BANKS TO FULFILL SOCIAL RESPONSIBILITY

Harvard professor Peter Drucker said that the existence of any organization is not only for itself, but for the sake of society, the commercial banks are no exception. How about the current situation of foreign commercial banks in fulfilling social responsibility? We can make the survey from the following four aspects.

- Governments and non-governmental organizations actively promote social responsibility system construction. The first is that relevant institutions aiming to promote the social responsibility of enterprises and banks have been established. The more

influential ones are American Business for Social Responsibility (BSR), Britain's Ethical Trading Initiative (ETI), Japan's Committee of benign corporate citizen (CBCC), etc. Second, actively push forward system and standard construction for social responsibility. America is the first to promulgate a law to regulate corporate social responsibility. Under its influence, France, Britain, Germany, the Netherlands and other countries also have established the social responsibility in their laws regarding environment, community, labor protection and other issues. At the same time, relevant international organizations have also further promoted the formation of social responsibility standard, for example the SA8000 of United States, the World Bank's AA1000, the CSM2000 of Economy and Cooperation Organization, and ISO26000 of International Standard Organization, etc.

- Multinational large-scale commercial banks take social responsibility undertaking as their strategic objectives. The first is to regard fulfilling social responsibility as an important tool to publicize their self-images. In the eyes of commercial banks, social responsibility and corporate profits are compatible, and even can effectively increase the corporate profits. In Britain, the social responsibility of commercial banks has become the focus of commercial banks' image appealing, and an important marketing tool to shape the bank's brand image. In the United States, the Citibank group believes that the key for Citigroup to win the honorary title of Global Bank of the Year for ten consecutive years lies in this bank actively take all kinds of social responsibility in the global financial market, and in turn, the increase of its operating profit further promotes its power in social responsibility performance. The second is to join in all kinds of social responsibility standards actively. The national social responsibility standard is what we say of soft law. The international commercial banks now tend to restrict their business activities in accordance with the international social responsibility standard. In June 2005, 20 large commercial banks from eight countries officially acceded to the "equator principles" in Washington. Equator principles is drafted and established according to the guidelines of international environmental protection organization by the World Bank. Those commercial banks that adopt this principle must promise to conduct relevant compliance review when releasing the loan, to ensure that the loans are only released to those development projects that can meet the requirements of environmental protection. At present, international commercial banks, including Citigroup, Soci   G  n  rale, Bank of America and Royal Bank of Scotland have adopted this principle, and to apply these principles to the loan projects of all the industries in the world, and the borrowers may not obtain the loan until they pass the environmental assessment by competent environmental protection organization. The third is to release corporate social responsibility report regularly every year. The information released by these social

responsibility reports mainly covers such three areas as labor, society and environment. Standard Chartered Bank and Soci   G  n  rale started to release complete social responsibility report from 2008 and 2004 respectively, to clear disclose their own opinion about the social responsibility and fulfill relevant matters about social responsibilities.

- Commercial banks have continuously deepened their understanding toward social responsibility. Corporate governance is most important system problem in modern enterprise system. Foreign commercial banks have performed social responsibility better from the root cause of system and institutional system starting from the perspective of improving the corporate governance of banks. The first is that the concept of international corporate governance has already begun to involve the content of corporate social responsibility. In the 2005 Edition of the OECD (Organization for Economic Cooperation and Development), "The Board shall ensure to comply with relevant laws and take the interests of shareholders into full consideration" in the Section of "Board's Responsibility" has been revised as "The Board shall have high ethical standards, and take interests of stakeholders into consideration". Second, some commercial banks are preparing to set up independent social responsibility management institutions. Starting from September 2005, Soci   G  n  rale has added the corporate social responsibility committee in its Board of Directors which is parallel with the audit committee, nomination committee and remuneration committee and consists of 4 independent directors and 6 external celebrities, being responsible for the supervision of social responsibility fulfillment and the implementation of sustainable development policy.
- The commercial banks have formed the perfect supervision system of social responsibility. In the UK, in order to supervise commercial banks' fulfillment of social responsibility, both the internal and external supervision organization can supervise it. From the point of external supervision, the auditing of banking supervision institution shall ensure that loans are released to enterprises with high social responsibility sense, and shall also ensure that the enterprises accepting loans shall comply with the requirements of investors; and the supervision of consumers' rights and interests protection association, trade union and the environmental protection association shall play the role of supervision on commercial banks' fulfillment of social responsibility, but also shall provide information for the major decision-making of enterprise stakeholders such as consumers, shareholders, government and employees.

IV. SIGNIFICANCE OF CHINA'S COMMERCIAL BANKS TO UNDERTAKE SOCIAL RESPONSIBILITY UNDER THE NEW NORMAL

As a kind of market main body, commercial banks' products and brands as well as the financial services provided shall also participate in the competition in the market environment. Although the commercial bank itself has no obligation to conduct policy adjustment, we can see that the Central Bank always uses monetary policy tools through commercial banks. The strength of commercial banks in implementing the Central Bank's policy determines whether the monetary policy can play its proper role. Therefore, commercial banks have performed their special social responsibilities under the direction of Central Bank's monetary policy tools. As a result, the decision makers of commercial banks shall make clear their social responsibility to be reflected and undertaken whole pursuing profit maximization, and put social responsibility at the important position when making long-term planning of commercial banks. At the same time, commercial banks should actively fulfill the social responsibility according to the requirements of ISO26000, which is of important significance for their expansion of scale.

- Commercial banks should increase investment in social responsibility, and they cannot regard making money as the first priority, but shall strengthen the attention to social responsibility. Social responsibility performance is conducive to create and foster brand loyalty and enhance brand awareness. Such investment with increasing social welfare construction as the purpose is bound to further motivate the employees' centripetal force and the sense of responsibility. It is a very important soft power, and the important means to train, expand and cultivate excellent staff and quality customer.
- The commercial banks' social responsibility investment and benefits are of positive correlation. Only by fully practicing the social responsibility of commercial banks, increasing the social responsibility investment in a planned way with scale effect and promoting the soundness and development of social welfare, can the risk and cost under the background of economic downturn be reduced. At the same time, only by improving the bank's brand awareness can the stable source of income be obtained in the good public opinion environment, especially in the ecological environment of financial health, so as to endure the orderly repayment of the loan. It is not only beneficial to increase the profit of commercial bank, but also can improve the market value of listed commercial banks.
- The size of social responsibility investment reflects the commercial banks' value orientation in shaping their business image. Commercial bank brand and image promotion is conducive to improve the image of commercial bank's decision-makers and to enhance the value. And to promote social responsibility consciousness of the decision-makers is an important way to strengthen and improve the core competitiveness of commercial banks.

V. DEFICIENCIES OF CHINA'S COMMERCIAL BANKS IN FULFILLING SOCIAL RESPONSIBILITY AND ANALYSIS OF THE CAUSES

After the China Banking Regulatory Commission has released the guideline for commercial banks' social responsibility in 2006, the commercial banks start to perform their corporate social responsibilities actively while pursuing profit maximization, for instance, provide good career development planning for the employees, build hope primary school, and make donations to the disaster area. However, there are still many deficiencies of China's commercial banks in the performance of corporate social responsibility, which are mainly manifested in the following aspects.

- The information disclosed by commercial banks relating to social responsibility is not complete. The social responsibility information disclosed by advanced foreign commercial banks generally covers the economic, social and environmental areas, having both the overall macro description and the specific micro index. On the contrary, China's commercial banks just disclose very little of their social responsibility information, and their understanding toward social responsibility is limited.
- A few commercial banks are lack of rule consciousness and integrity awareness. For example, some commercial banks did not perform their obligations of notifying annual fee remission in accordance with the requirements of regulators, and collect the penalty which is much higher than normal interest continuously in term of credit card business, which has far exceeded the upper limit of 24% as prescribed by the supreme people's court. At the same time, they are not doing well enough in terms of financial consumer protection, as a lot of depositors' funds cannot obtain a good security.
- A minority of the commercial banks haven't performed the directory index on some social responsibilities as specified by the Central Bank very well. For example, they haven't performed corresponding responsibilities very well in terms of small and micro enterprise's difficulties in obtaining loans. On the contrary, they collude with some guarantee companies, improving the small and micro enterprise's difficulty in obtaining loans improperly. In the process of real estate regulation and control, they also take advantages of the off-balance-sheet business to provide financial support to real estate development enterprises.

VI. CONCLUSION

Through the analysis of the abovementioned problems, we can observe that the commercial banks in our country have not completely fulfilled their corporate social responsibility. There are many causes resulting in such situation with two main ones, the internal cause and the external cause. The internal cause is that they haven't fulfilled the institutional supporting measures of social responsibility in terms of corporate governance structure. External cause is that banking regulatory agencies

have no sufficient understanding toward social responsibility, and lack of the evaluation and supervision of commercial banks.

The countermeasures to perfect the social responsibility of China's commercial banks are as follows.

A. Establish the Awareness of Social Responsibility Firmly and Integrate the Core Concept of Social Responsibility into the Operation and Management of Commercial Bank

The key factor for Société Générale to become a model in performing corporate social responsibility lies in its integration of core concept of social responsibility into each process of the enterprise operation and management. The operation concept of growing together with the society is the subjective condition for Société Générale to integrate the core concept of social responsibility into corporate growth. Many of the commercial banks in our socialist countries are the state-owned holding banks, and they shall firmly establish social responsibility awareness in operation. First of all, they shall correctly recognize their important role in financial consumer protection. Many of the commercial banks in China are state-owned banks, so they should pay more attention to the protection of financial consumers. And they shall not regard profit maximization as the goal, and in order to achieve the situation of development promoted by finance, the commercial banks are required to fulfill their social responsibilities. Second, they shall recognize their position in the public policy implementation, which is dependent on commercial banks. For example, the recent de-capacity and industrial upgrading is difficult to realize without the support of commercial banks. Third, they shall pay attention to the protection of the commercial bank's staff. Commercial banks shall be exemplary in complying with the Labor Law, and they shall not exploit the employees, at the same time, achieve the equal pay for equal work and reduce labor dispatching.

B. Improve the Commercial Bank's Corporate Governance Structure

From the practical experience of Société Générale, sound corporate governance structure is the basis for fulfilling social responsibility, which shall be absorbed and learned by China's commercial banks with small proportion of independent directors and strict internal control. At present, when defining the scope of responsibility and mutual relationship among the shareholders' meeting, board of directors, board of supervisors, management as well as the party committee of commercial banks, the commercial banks in our country shall properly deal with the following relationships: The first is to make clear the subject position of the board of directors. Board of directors belongs to the executing agency, and it shall carry out the performance of social responsibility in the corporate operation. The second is to improve the supervision level of the board of supervisors, and solve the problems occurred in the process of supervision. The third is to improve the main body responsibility. The party committee shall practically perform its responsibility as the main body, and regard the problems relating to social responsibility as major issues.

C. The Government Should Actively Encourage Commercial Banks to Assume Social Responsibility

Société Générale's active practice in fulfilling its corporate social responsibility has a close relationship with French government in actively promoting enterprises to undertake social responsibility. The French government has taken a lot of policies to promote the enterprises to fulfill social responsibility actively, at the same time, adjust government's social responsibility in economy, trade and other policies. The French government plays the important role of management and supervision, effective promotion, motivation and objective evaluation in Société Générale's fulfillment of corporate social responsibility.

From the perspective of our country, first of all, the government should do well the following works: The first is to speed up the modification process of Commercial Bank Law in terms of legislation. And add the contents relating to social responsibility at legal level, to ensure there are laws to abide by. At the same time, strengthen the soft law and introduce all kinds of international general social responsibility standards actively. The second is to absorb various international social responsibility standards, and take time to make clear the social responsibility of commercial banks in our country. The third is to give full play to state-owned banks' position of contributors, change the appraisal standard for management, and do not take profit maximization as the only goal.

D. Make Clear the Boundary of Commercial Banks' Social Responsibility

The boundary problem of commercial banks' social responsibility has always been a problem difficult to solve. We cannot expand the scope of social responsibility infinitely; otherwise, we will retrace the path of enterprises running the society, which is not in line with the guidance that market shall play the decisive role in resource allocation.

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