

Corporate Social Responsibility in Bangladesh: The Case of Commercial Banks

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"There is no such thing as business ethics....There's just ethics; and we all have to practice them every day in everything we do."

- Peter Drucker

Abstract: The main focus of this paper is to understand and analyze the nature and extent of corporate social responsibility reporting in the banking sector of Bangladesh and to assess the prospect and the need to improve corporate social responsibility of banks considering the explanations of corporate social responsibility disclosure. Corporate social responsibility practices today in the financial sector of Bangladesh are limited essentially to passive charitable giveaways; proactive engagement in design and implementation of the action programs could have substantially strengthened and expanded the impact of their CSR budgets. In order to keep pace with the ongoing demand of globalization, the sense of corporate social responsibility reporting has been gaining ground in the banking sector of Bangladesh. The banking community has responded sensibly to the call for CSR and sustainable social development. A few banks have responded so positively that they are often quoted as CSR brand leaders. But the mainstreaming process is still slow and only in its infancy. However, to be able to act as a catalyst of effective change, the banking sector still has some challenges to overcome. This study indicates that Bangladeshi commercial banks' social disclosures could develop in this style to become more holistic and over time (in association with country's central bank involvement) to resemble a type of structured reporting to the point where they are properly labeled *per se*.

1.0 Introduction

The banking sector of Bangladesh has a long history of involvement in benevolent social services like donations to different charitable organizations, to the poor and religious institutions, scholarship program for poor and talented students, patronizing art and culture etc. But the application of Corporate Social Responsibility (CSR), in the context of Bangladesh is an emerging one. Globalization has made the CSR practices a reality for Bangladeshi corporate sector. Consequently, the awareness and sense of necessity for practicing CSR is becoming more and more pronounced as the country has to adopt itself to the process of globalization. Export oriented industries in Bangladesh has introduced many of the desired social and environmental practices (e.g., safe and healthy work environment, equal opportunity and fair treatment in respect of gender and ethnicity in hiring and career advancement, avoidance of

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child labor or so forth) not only for their ethical and public interest dimensions but being compulsorily mandated by laws and regulations. In case of banking sector CSR programs and actions go beyond such mandatory compliance into voluntary engagements to promote equitable and sustainable development. Apart from the charitable activities, the recent trend of diversified sectoral engagement such as agro-financing, SME financing, financing on environment friendly projects/schemes etc. indicates that the banking sector is gradually organizing such involvements in more structured CSR format than ever.

While adoption of CSR is voluntary and not mandatory, Bangladesh Bank shall monitor CSR adoption and CSR performance of banking sector, as an additional dimension of their management performance. The June 2008 Bangladesh Bank guidance circular suggested that banks could begin reporting their CSR initiatives in a modest way as supplements to usual annual reports, eventually to develop into full blown comprehensive reports in Global Reporting Initiative (GRI)¹ format. Following the issuance of Bangladesh Bank guidance (DOS Circular No 01 Dated 1st June 2008)², engagement of banking sector in CSR activities is increasing in terms of direct monetary expenditure. In 2007 the total expenditure in banking sector for CSR activities was 226.4 million taka which has been gradually increased in 410.7 and 553.8 million taka in 2008 and 2009 respectively.³

Out of forty eight schedule banks in Bangladesh, forty six had engagement in CSR practices in some form or other in 2009. CSR expenditures of banks are particularly responsive to emergency support needs of population groups affected in natural and manmade disaster. Moreover, some banks have engagements in areas of education, healthcare and sports.

¹ The Global Reporting Initiative (GRI) is a network-based organization that pioneered the world's most widely used sustainability reporting framework. GRI is committed to the Framework's continuous improvement and application worldwide. GRI's core goals include the mainstreaming of disclosure on environmental, social and governance performance. GRI's Reporting Framework is developed through a consensus-seeking, multi-stakeholder process where participants are drawn from global business, civil society, labor, academic and professional institutions.

² A circular issued by the Department of Off-site Supervision of Bangladesh Bank on 1st June 2008 for all scheduled banks and financial institutions in Bangladesh with a view to mainstreaming Corporate Social Responsibility (CSR) in banks and financial institutions.

³ Bangladesh Bank Review Report on Corporate Social Responsibility Initiative in Banks (2008 and 2009).

The Governor of Bangladesh Bank, Mr. Atiur Rahman told in a conference that commercial banks are pursuing the CSR activities of their choice. However, a time will come when the CSR issues will also be considered in the 'camel ratings'⁴. And from now on these activities will be monitored by the central bank and this process has already been started. The central bank will give importance to social duties of the banks in its five-year work plan (2010 to 2014), likely to be announced in January 2011⁵.

Against this backdrop, this study has been undertaken to identify and understand the nature and extent of corporate social responsibility reporting by banks in Bangladesh and to assess the need to improve corporate social responsibility of banks considering the explanations of corporate social responsibility reporting.

2.0 Literature review

Historically CSR has been viewed as a developed-country phenomenon. As such, literatures on social performance of firms are available in the context of developed countries. Literature on the theory and practice on CSR in the developing countries therefore, remains a few. However, an extensive literature review is undertaken to analyze the present status of CSR reporting in the corporate sector of Bangladesh especially in the banking sector.

Banking sector across the world have received the considerable amount of pressure from its diverse stakeholders including shareholders, investors and customers (Ogrizek, 2001; Bhattacharya et al., 2004; Coupland, 2005) to carry out business in a responsible and ethical manner. Similarly, the other powerful stakeholders that have significantly shaped the issues and brought these to public sentiment are the state regulatory bodies, media's, NGOs and civil societies in addressing social responsibility issues in banking sector (Decker, 2004; Bhattacharya, 2004; Patten, 2002) and these stakeholders' strong engagement have the likely impact to be a main driver to revolutionize in CSR and CSR reporting practice. As a result, increased consciousnesses with regards to sustainability issues for financial institutions have been observed across the globe during the last decade. Consequently, in recent years, contemporary global issues such as corporate responsibility on climate

⁴ Camel rating is a supervisory rating of the banks' overall condition used to classify the nation's banks.

⁵ bdnews24.com Sunday, December 6th, 2009 4:36 pm BdST.

change have collectively been taken into account by the corporate world. Likewise, it has become an established practice that multilateral institutions such as the World Bank and UN also frequently exert pressures on banks to undertake social and environmental risk analyses in their lending operations and contribute to sustainable development.

Wise and Ali (2008) depicted that if corporate social responsibility disclosure is made obligatory there is a strong case for it to follow international benchmarks. This would include the triple-bottom-line reporting method⁶, which is increasingly being accepted as a useful method of conveying information on a firm's social performance.

According to the Green Paper presented by the European Commission in July 2001, corporate social responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business Operations and in their interaction with their stakeholders on a voluntary basis⁷.

Visser (2005) argued that CSR in developing countries to represent 'the formal and in- formal ways in which business makes a contribution to improving the governance, social, ethical, labor and environmental conditions of the developing countries in which they operate, while remaining sensitive to prevailing religious, historical and cultural contexts.

To incorporate CSR meaningfully, various types of relief or awards have been offered by the governments of the developing countries. But the concept and practice of CSR is still in a rudimentary form in south and south-east Asian countries like India, Pakistan, Cambodia, Thailand, Vietnam and Indonesia. In Vietnam, there is a general misconception that CSR is equal to philanthropy. The China Banking Association has begun to push CSR initiatives forward within the sector by drafting and publishing China Banking Sector's CSR guidelines.

In order to achieve the goal of sustainable banking, commercial banks in China adopted proactive strategies for reducing internal operation risks

⁶ The triple bottom line (abbreviated as "TBL" or "3BL", and also known as "people, planet, profit" or "the three pillars") reporting coined for Shell by Sustainability, influenced by 20th century urbanist Patrick Geddes's notion of 'folk, work and place' means expanding the traditional reporting framework for measuring organizational (and societal) success taking into account ecological and social performance in addition to financial performance.

⁷ Commission of the European Communities, 2001, p. 6.

from environmental issues thereby realizing long-term profitability by external financing of environmentally friendly products and services. The Reserve Bank of India has asked the banks to pay special attention towards integration of social and environmental concerns in their business operations. RBI has asked the banks to start non-financial reporting, which will be used to audit their initiatives towards the CSR. Such a reporting will cover the work done by the banks towards the social, economic and environmental betterment of society. But no specific framework has yet been finalized in India neither to take up CSR activities more seriously nor being set any mode of quantifying CSR activities (Rahman, 2011).

Investment incentives in Cambodia namely tax credits, income tax holidays and duty exemption on imported raw materials and equipments though none of these are directly linked to specific CSR activity. In Indonesia, the obligation of companies to spend 5% of their profits on CSR program every year was proposed in the draft Corporate Law 2007 but finally the government has dropped its original intention. 40% companies in Pakistan think CSR as paying taxes and 30% companies believe CSR, a mode of contributing to community welfare or donating to organizations for social development purposes and community development. Thailand is considering tax incentives for carbon trading and promoting consolidation of small Clean Development Mechanism (CDM) projects to jumpstart the development of greenhouse gas emission reduction schemes (Reed, 2009). The government of Bangladesh provides 10% tax relief for CSR contributions under some conditions including contribution for certain physical ailments and disabilities, technical and vocational education, scholarship, old home etc. (Rahman, 2009). Comparing to other south and south - east Asian countries, the initiatives so far taken by Bangladesh is mentionable but not satisfactory at all.

It is seen from the literature reviewed that the main issues pertaining to CSR in the financial sector of Bangladesh relate to the strategic motivations for adopting socially responsible practices. In particular, CSR actions till today seem to be ethical and discretionary responsibilities to the banking sector of Bangladesh.

3.0 Objectives

The main objectives of the article is to map the current status of corporate social responsibility reporting practiced by the Bangladeshi commercial

banks and to assess the need to improve the CSR of banks considering the explanations of corporate social responsibility reporting. Moreover, corporate disclosures regarding the contribution on agro-financing, SME financing to improve the socio-economic condition of the underprivileged section of the society and the environment friendly programs to save the environment are also reviewed. Focuses are also given to identify the factors responsible for non-practicing ethical and environment friendly business.

4.0 Methodology

The paper is prepared based on information collected from secondary sources. The secondary sources include annual reports of the commercial banks, related literature and different study on social responsibility and business ethics, financial statement of the commercial banks and corporate disclosures. Cases of four commercial banks that have already initiated corporate social responsibility reporting are critically examined with a view to mapping the current status of social responsibility practiced by the commercial banks of Bangladesh.

5.0 Bangladesh Bank's Role in Institutionalizing CSR in Banking Sector

Bangladesh Bank as the regulatory authority of the monetary sector of Bangladesh has taken initiatives in respect of formalizing CSR in the banking sector of Bangladesh and issued elaborate directives⁸ to the banks and financial institutions on June 1, 2008 in this regard. It defined the strategic objectives for CSR engagement, provided some priority areas with a suggestion to foster CSR in their client businesses and suggested a first time CSR program indicating some likely action plans.

5.1 Priority Areas: Bangladesh Bank has indicated the following priority areas among the broad range of possible useful initiatives (Rahman, 2009):

- Self-employment credit and Small and Medium Enterprise (SME) lending programs, taken up solo or in association with locally active Micro finance institutions (MFIs), designed to create productive new on-farm/off-farm employment, such initiatives are of particular urgency for regions with endemic high seasonal unemployment such as monga afflicted northern districts;

⁸ A circular issued by Bangladesh Bank on 1st June 2008 with a view to mainstreaming Corporate Social Responsibility in banks and financial institutions in Bangladesh.

- Financing programs for installation of biomass processing plants, solar panels in rural households, for waste recycling plants in locations populated by urban poor and for Effluent Treatment Plants (ETP) in manufacturing establishment;
- Credit program for diversified production of crops, oilseeds, spices, vegetables, fruits etc. by rural households, financing the growers directly or through sustainable intermediaries in the value chain. Credit support for combination of farming activities may also be well worthwhile;
- Mobile phone based/local MFI outlet supported programs promptly delivering remittances from migrant workers to recipients in remote rural households; programs for card based/mobile phone based delivery of financial services to such households;
- Financing programs supporting folk crafts, folk musical and performing arts, aimed at promoting tourism and markets in cultural products/ events besides income and employment for the population group involved.

5.2 Action Plans: Bangladesh Bank also suggests some likely action plan which might be included in the first time CSR program of a bank. These are for:

- Ingraining environmentally and socially responsible practices within the organizations;
- Engaging with borrowers in scrutiny of the environmental and social impacts of their proposed undertakings;
- Reaching out of with financial services to the less well off population segments of the community;
- Community investment by way of donations to initiatives of Civil society Organizations, NGOs and institutions involved in health, education and culture, for social and environmental improvement including nutrition, health and education in the disadvantaged population segments.

6.0 Cases and Findings

Banking sector as part of financial institutions in Bangladesh has marked a booming growth since 2000. Some banks have already initiated diversified programs regarding CSR and earned the recognition of CSR brand leaders. Some banks are taken action plans to incorporate CSR in their operations. As a result, a gradual but qualitative change in the CSR action programs is being observed in the activities of the banks in recent time. Yet the banking community has lot of options to contribute by catalyzing CSR practices in their real sector corporate clients, promoting inclusive economic and social development and protecting sustainable environment. However, for the purpose of this study four banks both forward looking and relatively young as regards adoption of CSR activities have been selected as cases.

Case 1: Dutch Bangla Bank Ltd.

Good businesses need to be built on public trust. The business strategies of Dutch Bangla Bank Ltd. (DBBL) are based on goodwill and trust of the customers and the other stakeholders. Their CSR program helps strengthen this trust. Conducting business in an ethical way, creating opportunities for business and economic growth, empowering people to fulfill their aspirations, ensuring protection of environment while financing businesses and supporting the distressed people of the society - are at the heart of the corporate social responsibility policy of DBBL⁹.

Among other commercial banks operating in the financial sector of Bangladesh, DBBL has been playing a pioneering role in implementing CSR activities through initiating diversified social and humanitarian programs with a view to rehabilitation and improvement of the destitute and neglected section of the society. DBBL has set up the Dutch-Bangla Bank Foundation in 2001 to extend financial supports for improvement of education, rendering support to scholarly pursuit, arts and culture, medical treatment for the needy people, conservation of nature and creation of social awareness.

After pursuing the CSR reporting in annual report, website and other related literatures, a brief pen picture of CSR disclosures of DBBL have been identified which are stated below-

⁹ Annual Report of Dutch Bangla Bank Ltd., 2009 and 2010.

Education:

1. DBBL provides 300 scholarship of Tk. 1,000 per month every year at H.S.C level. So far around 745 scholarships have been awarded in this level.
2. The Graduation level scholarships of Tk. 2,000 per month are renewable for their entire academic period of graduation level. So far around 876 scholarships have been awarded in this level.
3. DBBL provides 50 fellowships of Tk. 5,000 per months every year to the researchers having Masters Degree and those studying at different public universities at M. Phil, PhD or post-doctoral level. About 129 fellowships have been awarded so far.
4. DBBL donated references books to the library of different educational institutions like BSMMU, Dhaka University etc.
5. The bank donated more than Tk.10 crore to Dhaka University for constructing a research centre that will play a vital role in higher study in human and social sciences.
6. The bank also donated to establish a modern Braille printing press to Bangladesh National Society for the Blind for publishing Braille books for the blind students.
7. DBBL has been sponsoring Prothom Alo Ganit Utsab since 2004 and till 2010, Taka 2, 52, 73,000 has been given for this purpose.

Health:

1. Since 2003, DBBL initiated a "Smile Brighter" program aiming at bringing back smile on the face of the boys and girls with cleft lip through plastic surgery at free of cost. More than 4200 number of poor cleft lip boys and girls have so far been successfully operated across the country.
2. Donation to Bangladesh Thalassaemia Hospital and a DNA detection machine to Bangabandhu Sheikh Mujib Medical University (BSMMU).
3. Vasico Vaginal Fistula (VVF) operation to improve women reproductive health.

4. Since 2004, DBBL has launched a financial assistance program for supporting HIV/AIDS positive patients styled-"Caring Patients Living with AIDS". Under this program more than 50 HIV/AIDS patients are being provided with Anti Retro Viral (ARV) medicine, clinical supports, food supplements etc.
5. Donation to Ahsania Mission Cancer Hospital, Bangladesh Cancer Society and Kidney Foundation.
6. Donation of BDT 12.00 million for construction of Shishu Sasthya Foundation Hospital (Child Health Foundation Hospital).
7. Program for Arsenic free drinking water.
8. Donation of Endoscope Machine to National Medical College and Hospital.
9. DBBL foundation started a new program of operating 12,000 underprivileged blind people by providing sophisticated cataract surgery throughout the country in phases.
10. Establish some rural Medicare service center in different parts of the country to render free medical services to the rural and the destitute people of the adjoining areas especially for the women and children.

Poverty Alleviation:

1. Opened up 5 SME centers in rural areas with quick and free fund transfer facilities through ATMs both from home and abroad to support SMEs and to bring relatively low income group under financial intermediation to help them self-reliant and to unleash the potential of economic growth in rural area.
2. Small Scale Credit Facility for the Shop Owners
3. Transport Loan Scheme including Taxi Cab Loan.
4. Financial assistance for women divorced for dowry and acid victim women.
5. Assisting Underprivileged Children Education Program (UCEP).
6. Assistance for disabled and underprivileged children.

Environmental Protection:

1. DBBL complies with environmental standard while financing industrial projects. Hence, it introduced a guideline demanding assessment of environmental and social impacts of the projects to ensure that operations of the projects would be eco-friendly.
2. DBBL has been continuously creating social awareness to protect the environment that is essential for present and future generations. With that end in view, DBBL is regularly advertising in print and electronic media to develop an eco-friendly society for sustainable and healthy human life. DBBL provides financial assistance to the organization named "Save the Environment Movement" for arranging seminars and roundtable talks in six divisional cities on "Risk of Earthquake".
3. DBBL has financed 13 CNG refueling stations and 60 public transports under Dhaka Clean Fuel Project with refinancing from Rupantarita Prakritik Gas Company Ltd.
4. DBBL has sanctioned EURO 2.0 million in the country's first ever waste recycling based Clean Development Mechanism Project. A EURO 12.0 million joint venture project, WWR Bio Fertilizer Bangladesh Ltd involves cross border financing from FMO and High Tide of the Netherlands. When implemented, the project would recycle city's waste into fertilizer and generate CER through carbon trading.

Relief:

Bangladesh being a natural disaster prone country faces natural calamities like cyclone, flood, cold etc. in almost every year. Considering the sufferings of common people DBBL has introduced following special programs for the people of the affected areas:

1. Rehabilitation of devastating flood and cyclone 'Sidr' victims.
2. Supply of food, medicine, water purifying tablets, oral saline and cholera saline, GCI sheets etc. for the flood, landslide, devastating fire and cyclone 'Sidr' victims.
3. Distribution of blankets to the cold-hit people of the northern region of Bangladesh.

4. Donated Taka 25, 00,000 to the bereaved family members of the victims of the devastating blaze at Nimtoli and building collapse at Begunbari in Dhaka.

Sports:

As part of its commitment to promote sports and culture of Bangladesh, DBBL provides financial supports as much as possible. Some mentionable events are as follows:

1. Sponsoring Dutch-Bangla Bank President Cup Golf Tournament.
2. Donation to Bangladesh Olympic Association.
3. Sponsoring 11th South Asian Games.
4. Financial support to Bangladesh Hockey Federation.

Social Welfare/ Public Awareness:

1. Run mass awareness program on different burning issues like Save the Nation from the curse of Dowry, Stop Acid Violence, Prevent Drug Abuse, Tree Plantation and Preservation of Environment etc. through electronic and print media.
2. Donation to a family of a victim killed for resisting eve teasing.
3. Financial support to 'Nirapad Sarak Chai' for helping the victims of road accident and mass campaign for prevention of traffic accident.
4. Financial support for rehabilitation of physically handicapped, mental impaired, visually impaired, hearing impaired, autistic and street children by ensuring education and vocational training.
5. Rehabilitation of acid and dowry victim women by providing one-time financial assistance for establishing small-scale agro-based rural economic enterprises like poultry, vegetable farming, goat farming, fish farming etc. to be self-reliant.
6. City beautification and preserving environment to develop an echo-friendly society for healthy human life.

Making Technology Affordable:

DBBL being the leading technologically advanced bank has established the largest ATM network as part of its CSR programs to reach the benefits to the customers enabling them to make seamless transaction 24 hours a day across the country. The very aim is to make technology affordable for masses and to facilitate seamless transaction and socio-economic development. To widen and spread the benefit of the ATM network, DBBL is allowing customers of other banks to use the ATMs at nominal cost. DBBL is committed to extend the network even further to maximize socio-economic benefits of the country though it is not cost-effective for the Bank.

Human Resource Development:

Human resource is the most valuable assets of an organization. The long-term sustainable growth of an organization largely depends on how human resource is recruited, trained, developed & motivated. Customers' perception and satisfaction ultimately determine relative or absolute success or failure of an organization. Accordingly, DBBL's strategy is to attract, retain and motivate the most talented people in the industry. Keeping this principle in vision, DBBL recruited a competent, well trained, committed and motivated team of human resources with positive and sincere attitude towards customers that can build, maintain and strengthen trust and confidence in its customers.

DBBL always encourages excellence in performance by rewards and recognition. A number of well thought out policies are in place for welfare of employees in the form of DBBL Superannuation Fund, DBBL Gratuity Fund, House Building Loan Scheme, Car Loan Scheme etc. In order to ensure better healthcare of employees there is a medical consultant at Head Office and selective branches to provide medical advices to employees of the Bank. In addition, a thorough medical checkup facility is provided to each employee on a yearly basis.

The corporate culture at DBBL as grew over last 13 years is such that the members of the staff have ample opportunities to take initiatives and responsibilities and to unleash their hidden potential to maximize benefits for themselves and for the society. As part of it, DBBL attaches utmost importance to the development of its employees through continuous training so that DBBL executives can have competitive advantage in the market. The training need of individual employees including training

need for introducing new products, services and technology is evaluated on a continuous and systematic way. DBBL executives are encouraged to attend high quality training at home and abroad to develop and broaden existing knowledge and skills and to acquire new skills and expertise.

In fact, among other commercial banks, DBBL as a responsible corporate body plays a responsible role in implementing social and philanthropic programs to help disadvantaged people of the society. In this context, DBBL provides 5 percent of its gross profit to Dutch Bangla Bank Foundation every year for conducting corporate social responsibility programs.

Case 2: Jamuna Bank Ltd.

Jamuna Bank Ltd. being a third generation bank has started performing its CSR activities by establishing Jamuna Bank Foundation in 2008. The vision of this foundation is to eradicate unemployment of the country, prepare skilled work force for uninterrupted production process and thereby strengthen GDP and socio-economic condition disadvantaged people of the country. Microfinance, healthcare, education, creation of social awareness, rehabilitation of disaster affected people to mitigate instant sufferings - are some of the important areas where the bank carries out its social and humanitarian activities¹⁰. Jamuna Bank Ltd. provides 50 percent of its gross profit to the foundation every year for operating CSR activities.

Jamuna Bank Foundation since its birth to till date undertook different CSR activities. A glimpse of some of the activities as reported in annual report of the bank is mentioned below:

Education:

- Providing monthly scholarships under privileged but meritorious students having GPA 5.0 at SSC and HSC examination.
- Scholarship to the off springs of JBL employees.

Relief:

- Donated a mentionable amount to Prime Minister Relief and Welfare Fund during various natural disasters.

¹⁰ Annual Report of Jamuna Bank Ltd, 2009.

Health:

- Arranging Free Eye Camp.
- Organized blood donation programs.
- Provide financial support to some cancer patients and for other treatment purposes like kidney replacement, hand replacement etc.

Financial Inclusion:

- Sanctioned a fund of Tk. 20.31crore for disbursement of agricultural loan to the marginal peasants through well reputed NGOs so that they can be involved into income generating activities and have access to critical agricultural inputs like seeds, fertilizers, irrigation, agricultural equipments and also have encouraged to set up solar energy, bio-gas plant, effluent treatment plant, fishery, dairy, poultry and for agricultural marketing and storage.

Social Welfare/ Public Awareness:

- To accommodate the deprived and elderly people who have no place in the earth to stay Jamuna bank foundation has unveiled the plaque of old home at Makail Nagar, Keraniganj. In this old home old aged people but poor can stay free of cost, option is there for middle income and higher class who may stay at minimum cost.
- Provided financial assistance to two of the family of martyred army officers in BDR carnage at Peelkhana, Dhaka and one army personnel killed in helicopter crash at Ghatail, Tangail.
- Provided financial assistance to Mr. Binad Bihari Chowdhury, a valiant freedom fighter who fought against British rulers.
- Established an After Care Centre at Mirpur, Dhaka to provide support and extent free treatment to cure and recover the young generation from the divesting drug addiction and assist them to come to the light from dark and start normal life.
- Established a Sewing Machine Training Centre at Senpara Parbata at Mirpur, Dhaka to assist the under privileged women of the society with a view to create skilled women workers for country's garment industry.

- Distribute blankets among winter distressed people across the country.
- Organized seminars with a view to make aware the people for saying no to drug.

Corporate social responsibility disclosures of Jamuna Bank Ltd. are clustered around the issues of employment generation and improving socio-economic condition of the disadvantaged by providing rural micro-finance and agricultural loan programs and also by providing sewing machine training for poor women. Though there is a particular chapter on corporate social responsibility in the annual report of the bank, but environmental matters and issues related to sustainability are not mentioned.

Case 3 : Bank Asia Ltd.

Since its inception in 1999, Bank Asia Ltd. has been implementing different social and philanthropic programs to help disadvantaged people of the country. Bank Asia Ltd. believes that when times get hard, scope for CSR increases. As part of its CSR commitment, the bank always strive to achieve development of balanced corporate performance in the economic, social and ecological arena by being equal opportunity employer, protecting the environment and serving the community. A summary of the CSR programs initiated by Bank Asia Ltd. and as disclosed in its annual report¹¹ is presented below:

Education:

No Education, No Life! Recognizing the importance of education in nation and society building, Bank Asia Ltd. has initiated a "Higher Studies Scholarship" scheme and thereby provides scholarship to the poor but meritorious students of rural areas for their higher studies in several core subjects.

- Under "Higher Studies Scholarship" program, students receive Tk. 2000/- per month and a lump sum grant of Tk. 10000 is given annually to purchase books and for payment of tuition fees. A total of 42 students have been awarded such scholarship and presently a grand total of 122 students are enjoying benefit of this scheme.

¹¹ Annual Report of Bank Asia Ltd., 2009.

- As part of its commitment to establish Digital Bangladesh and with the philosophy to help poor students in rural areas, Bank Asia Ltd. has set up Computer Learning Centers (CLC) in different schools in providing a technological platform for them. Already 13 CLCs have been established in different rural schools and are full in operation. About 1000 students have been enrolled so far in these CLCs out of which 900 students have already obtained certificates. The bank is also going to set up another 13 CLCs from where more than 3000 students are expected to receive higher education in computer technology every year.

Health:

- In the year 2005, Bank Asia Ltd. started a program in collaboration with Bangladesh Eye Hospital to help the handicapped and underprivileged by providing necessary financial support for performing ophthalmologic operation of all born blind children of Bangladesh. So far, a total of 980 children have been operated.
- The bank arranges free Eye Camps in the rural areas where free treatments including spectacles are provided to a large number of poor people of the localities concerned.
- The Bank has donated an amount of Tk. 2.00 million to Islamia Eye Hospital for the construction of a children ward at the hospital premises.
- Donated TK. 1.5 million for purchasing an ambulance for a hospital run by Bir Shresta Matiur Rahman Foundation.
- Financial support to Thengamara Mohila Sobuj Shahga for their hospital at Bogra, Centre for Rehabilitation of the Paralyzed (CRP), Marie Stopes Clinic and Acid Survivors Foundation.
- The bank also arranges voluntary blood donation campaign on various national occasions where the officers of the bank and other people participated voluntarily.

Environment:

- Supporting environment friendly CNG projects by financing CNG conversion and CNG filling stations.

- The bank has decided not to finance tobacco related business or any environmentally hazardous business and declared the bank premises as smoking free zones.
- Under the beautification program, the bank has donated Tk. 0.9 million for road island beautification work to some parts of Dhaka metropolitan city.

Relief:

The Bank Asia Ltd. responds promptly to aid the affected humanity whenever there is any natural calamity. In 2009, the bank donated Tk. 1 million to Prime Minister's Relief Fund to share the suffering of the disaster affected people.

Financial Inclusion:

- According to its business expansion policy, the bank disbursed an amount of Tk. 22.85 million in 2009 in the form of micro finance through the help of some established NGOs to assist the low income earning people in setting up fisheries, poultry farms, small and cottage industries and small engineering workshops.
- To lift up the living standard of a majority portion of the population, the bank has also concentrated more on financing the SME's where at the end of 2009 the cumulative disbursement stood at Tk. 997.32 million.
- To support agricultural development and poverty alleviation in rural areas, the bank disbursed agricultural loan which estimated Tk. 25.04 million as of December 2009.

Social Welfare:

- As part of its commitment to improve CSR with the organization, the Bank Asia Ltd. donated Tk. 2.5 million to Prime Minister's Relief Fund for the victim of BDR mutiny and donated Tk. 48 million to the family members of a martyred army officer.
- Donated to "Prothom Alo for Badle Jao Badle Dao" program and for observation of International Women Day.

The main objective of CSR policy of Bank Asia Ltd. is to extend help to any activity that relates to education, health care, preservation of environment, combating natural calamities, economic support for

disadvantaged sectors specifically agriculture and the SME sector. Bank Asia Ltd generously discloses social responsibility taken so far in its annual report.

Case 4 : Agrani Bank Ltd.

Today's Agrani Bank Ltd was established in 1972 immediately after the emergence of Bangladesh in the name of Agrani Bank as a nationalized bank. It started functioning as a going concern basis through a Vendors Agreement signed between the Ministry of Finance, Government of the People's Republic of Bangladesh on behalf of the former Agrani Bank and the Board of Directors of Agrani Bank Ltd. on November 15, 2007 with retrospective effect from 01 July, 2007. Since its inception, the bank faces the challenges of maintaining a safe and efficient organization within a country in transition to a market economy. It is realized that Agrani Bank operates ethically and fairly within the governance framework provided by the regulators and believes in integrity, transparency and accountability¹².

To contribute to the nourishment of the nation's arts, crafts, culture and sports and to share all sorts of values and sentiments, irrespective of caste, creed or colour is the corporate social responsibility policy of the bank. The bank is very sensitive to gender bias. It has established for women a fair and just share in matters of delegated power, promotion and placement, commensurate with their male counterparts.

Social responsibility disclosure of Agrani Bank is mentioned in its annual report under the caption 'Corporate Leadership and Social Responsibility', which is summarized as follows-

Education:

As part of its strong commitment to upholding corporate social responsibility, the Bank distributed Agrani Bank Shishu Sahittaya Award among the budding child competitors.

Health:

In 2006, the Bank had set up a 500-bed cancer hospital in the capital. The bank donated Tk. 4.00 million to Ahsania Mission.

¹² Annual Report of Agrani Bank Ltd., 2009.

Poverty Alleviation:

The Agrani Bank Ltd. assisted in bringing a wide spectrum of people into the mainstream banking economy. Its customers are engaged in trade, commerce, industry and technology and include major business leaders, small and medium traders, marginal farmers, destitute women and unemployed youths. Even the Bank extended its institutional loan facilities to the hill-tribes and ethnic minorities.

Since 1977, it started accommodating millions of the rural poor with the mainstream development activities in areas of livestock, fishery, poultry and nursery as well as many off-farm projects and their likes in line with the government policies. Poverty alleviation through income generating activities is one of the strategic priorities that the Bank has kept pursuing to make the institutional help available to marginal farmers, small entrepreneurs, distressed and destitute women as well as unemployed youths. Presently a number of targeted programs with loan limits from Tk. 5000 to Tk. 50000 have been continued. Till 2008, the Bank implemented 54 programs among 3097759 borrowers, totaling Tk. 25.21 billion.

SME-Financing:

Beyond conventional banking, since 1977, the Agrani Bank Ltd has been active in supporting the SME sector in several SME programs through its own efforts and in collaboration with different national and international agencies like BMET, BRDB, BSCIC, NGOs (BRAC, ASA), IFAD, USAID, ADB, NORAD, SIDA etc. These are aimed at reinforcing efforts of the government to meet strategic objectives of alleviating poverty of the rural poor, supporting small and micro enterprises, increasing output, easing unemployment problem and strengthening the rural financial market. Under the 14 programs implemented by the SME & Micro Credit Division of Agrani Bank Ltd, some 506247 beneficiaries of different sectors have been facilitated.

Agro-Financing:

The Agrani Bank is also active in supporting one of the country's priority sectors - agriculture. The Bank discloses that it has diversified into the Agro-sector on a priority basis. Specific mention is made of various projects within the agriculture industry made as part of boosting its activities in this sector.

Social Welfare:

As part of its commitment to improve CSR with the organization, the Agrani Bank Ltd provided financial assistance to distressed employees. During 2008, a sum of Tk. 3.22 million was given to employees concerned and their spouses for medical treatment. A total number of 356 children of the employees were granted scholarship of Tk. 1.63 million in recognition of their outstanding results in S.S.C and H.S.C examinations.

The prime focuses of corporate social responsibility disclosures of Agrani Bank are the issues of community involvement and responsiveness; economic support for disadvantaged sectors specifically agricultural and SME sector including micro- financing and support for working women. Environmental matters and issues related to sustainability are not reported.

7.0 Banking Sector: A Potential Vehicle for Developing CSR in Bangladesh

Banking sector now-a-days has considerable impact on economic fabric in Bangladesh. Their diversified social and humanitarian activities especially, in the areas of education, health, sports, benevolent activities like donations to different charitable organizations, to poor people and religious institutions, city beautification and patronizing art and culture, etc. leads them to play a key role in managing the social and environmental impacts of the activities of the organizations that benefits from their financing. For the last decade, these unique responsibilities have been gradually integrated into the bank's practices, particularly at the request of Bangladesh Bank, civil society, media etc.

Bangladesh Bank's guidance circular on June 2008 suggested that banks could begin reporting their CSR initiatives in a modest way as supplements to usual annual reports, eventually to develop into full blown comprehensive reports in GRI format. Engagement of banking sector in CSR activities is increasing in terms of direct monetary expenditure with the issuance of Bangladesh Bank's guidance. In 2007 the total expenditure in banking sector for CSR activities was 226.4 million taka which has been gradually increased in 410.7 and 553.8 million taka in 2008 and 2009 respectively. This up-growing contribution on CSR programs is rightly reflected in the annual reports of most of the studied banks.

Table 1: CSR Expenditure by Study Banks

Name of the Bank	Year			
	2007	2008	2009	2010
Dutch Bangla Bank Ltd.	3,92,06,500/-	17,10,16,500/-	15,92,06,500/-	12,54,30,000/-
Jamuna Bank Ltd.	1,42,17,894/-	14,51,338/-	45,76,813/-	1,42,31,385/-
Bank Asia Ltd.	1,38,20,000/-	69,20,000/-	10,00,000/-	
Agrani Bank Ltd.	60,00,000/-	-----	35,00,000/-	
Amount in Taka				

Source: Compiled from Bangladesh Bank's Report, 2008-2009 and Annual Report 2009 and 2010 of studied Banks.

It is also seen that there is a growing tendency to contribute more on some particular sectors. However, information on CSR expenditure available from annual reports and websites of banks, compiled together, bring up the following picture of sectoral pattern:

Table 2: Sectoral pattern of CSR expenditure reported by Commercial Banks

Segments	2007	2008	2009
Education	14.3	30.5	94.8
Health	68.6	112.1	245.5
Disaster Relief	127.7	58.6	125.1
Sports	2.7	49.8	1.2
Art and Culture	---	0.8	0.3
Others	13.1	158.9	86.9
Total	226.4	410.7	553.8
Amount in Million Taka			

Source: Bangladesh Bank's Report, 2008-2009.

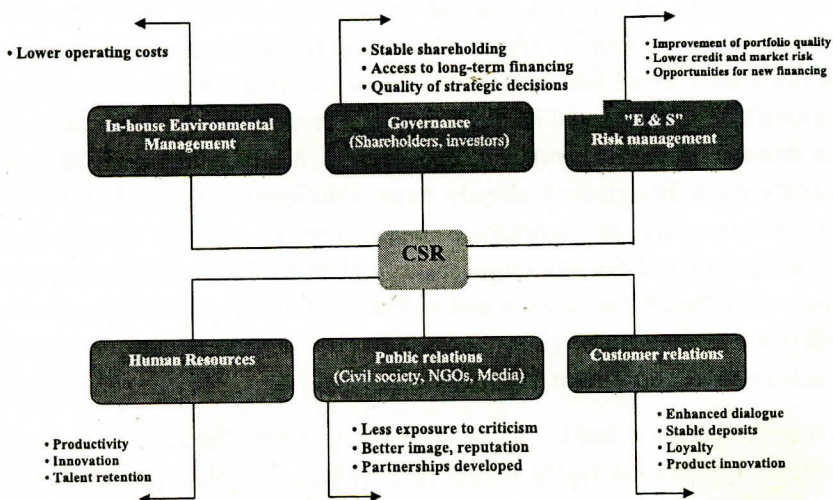
In the year 2007, large contribution in the field of disaster relief was observed because of the cyclone 'sidr'. Whereas, in the year 2009, the education and health sectors were getting more attention and appeared to be the most popular area of CSR activities as huge investments are being made by several banks in these segments. But it is evident that all the studied banks are now started financing more on agricultural and SME sector as well as environment friendly schemes/ projects. These shifts points to the responsiveness of the banking to the changing needs of the community.

But none of the banks have issued separate reports of their CSR programs and activities in comprehensive standards such as the GRI. Additional information had to be asked for in compiling this review, over and above the information provided in the annual report of the banks. For convenience of all involved, bank and financial institutions will be well advised to take steps for more elaborate reporting in comprehensive standard format.

Though CSR programs and actions go beyond mandatory compliances into voluntary engagements to promote equitable, sustainable development, a strong business case for CSR is getting clearer with developing practice; seen as benefiting a business by (Rahman, 2011):

- improving in-house working condition including customer loyalty, employee motivation and retention;
- mitigating risks in own operations and in assessing suppliers and clients;
- building partnership with NGOs, clients, civil societies, micro-finance institutions;
- cutting down wastes (energy, raw materials etc.), driving up efficiency;
- getting tax waiver on socially and environmentally responsible business lines;
- gaining new markets for products and services, in the communities/social groups benefited by the CSR actions;
- reducing the ecological footprint of the company.

The Potential Benefits of a CSR Policy in a Bank



Source: Adapted from EU Model.

Bangladesh Bank has started guiding the banking sector to become more inclusive (e.g. via enhanced agricultural and SME lending) and environmentally responsive (e.g. via refinancing new loan products on solar energy, bio-gas, effluent treatment plant etc). Introduction of an agricultural credit policy and green banking policy are now under the active consideration of Bangladesh Bank (Rahman, 2011).

A good number of banks in Bangladesh have created separate Foundation/Trusts as non-profitable, non-governmental organization, solely devoted to the cause of charity, social welfare and other benevolent activities towards the promotion of CSR objectives. These banks are providing a certain percentage of the pre-tax profit/net profit each year towards their CSR activities. They are making continuous efforts to look beyond short-term quantitative gains and to concentrate on issues that make the institutions socially responsible and have given all out efforts towards sustainable balanced growth. In particular, they are supporting human resources development by providing scholarship for higher studies for the economically challenged meritorious students. As an encouragement for CSR activity, business houses are already enjoying 10% tax exemption on their actual CSR expenditure in 22 sectors (Rahman, 2009).

Civil Society and media should view CSR within four areas of responsibility: economic, legal, ethical and philanthropic. The first two are obligatory areas for corporations to be compliant with, while ethical responsibility is expected of them. The last responsibility - philanthropic - is desired of corporations by civil society. Many banks and financial institutions in Bangladesh already have significant outlays of charitable expenditures such as community investments by way of donations to initiatives of Civil Society Organizations (CSOs), NGOs and institutions involved in health, education and culture; for social and environmental improvement including nutrition, health and education in the disadvantaged population segments.

Furthermore, some banks while engaged in CSR Program respect the protection of human rights within their sphere of influence, discourage the use of child labor by the client, eliminate discrimination in respect of employment and occupation within their own organization, support any

precautionary approach by the client to environmental challenges, and undertake initiatives to promote greater environmental responsibility. Yet banking sector with its CSR programs can go a long way in reducing deprivation and widening the access of rural and urban poor to basic social and financial services necessary for healthy, enlightened and productive life.

8.0 Concluding Remarks and Policy Implications

The banking sector of Bangladesh has been actively participating in diversified social activities over the last few years. But these efforts were hardly recognized and labeled as CSR activities since most of the financial institutions have not integrated CSR in their routine operation; rather these were in the form of occasional charity or promotional activities. Due to Bangladesh Bank's recent initiatives, the culture of CSR is taking roots at a snail's space in the financial sector of Bangladesh. Hence, the CSR related activities so far cultured in Bangladesh by the financial sector do not achieve international benchmarks. If corporate social responsibility disclosure is made obligatory, there is a strong case for it to follow international benchmarks. This would include the triple-bottom-line reporting method, which is increasingly being accepted as a useful method of conveying information on a firm's social performance.

In fact, there are challenges to implement CSR properly in Bangladesh particularly in financial sector. In a developing country like Bangladesh with limited resources, it is of crucial importance to utilize these resources efficiently in order to attain maximum benefit from them. It is the high time to formulate an overall National Policy on CSR that starts from building understanding of CSR incentives and pressure points and improving strategic interactions and alignment between public policy goals and the CSR related activities of businesses. A strong "governance framework" can be a steering wheel for mainstreaming CSR in banking sector. Such realization is echoed in a study of Azmat and Coghill (2008) where they related good governance with CSR by discussing the good governance indicators of regulatory quality, rule of law and control of corruption in the context of Bangladesh and analyzed how lack of good governance indicators affects the success and sustainability of reforms and contributes to the lack of business ethics and CSR in Bangladesh.

Likewise, focuses should be given in prioritizing those CSRs which will contribute to poverty reduction and will supplement government's efforts towards achieving the Millennium Development Goals (MDGs). The core imperative of the CSR strategy should be how to increase opportunities for the deprived and disadvantaged which eventually covers the long term goal of sustainable development for all.

The banking community in Bangladesh has responded sensibly to call for CSR and sustainable development. Some commercial banks responses so positively that they are often quoted as CSR brand leaders. However, the banking sector has miles to go in culturing CSR to converge on international standards and to establish an image of environmentally and socially responsible businesses.

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