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CSR ACTIVITIES: A STUDY ON BANKING SECTOR IN BANGLADESH

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Executive Summary

This research paper is based on primary survey on bank's CSR (Corporate Social Responsibility) activities in Bangladesh during January to April 2006. Sample was drawn randomly from different bank's from different employee, customer and society member. Our sample consists of three different types of banks which were selected giving the priority on their different CSR activities, named Citi Bank NA, Dutch Bangla Bank Limited and Janata Bank Limited. This research paper carried out on that bank employee who give service to different banks in order to take some benefit such as salary , loan ,transport, medical and others facilities; customer who take dividend, banking service ,loan ,savings program and other facilities from different banks and society member who take support on natural disaster ,help as blind deaf ,low interest loan etc. from banks. The major objective of this paper was to illustrate and analyses their CSR performances. Descriptive statistics of our analysis shows that 59.37 percent employee of both Citi NA bank and Dutch Bangla Bank are doing the best CSR for the employees among these three banks. And Dutch Bangla Bank Limited (DBBL) is doing the best CSR for the customer (93.75%) and society member (88.51%) and this percentage is 70.87%, 60.44% respectively for Citi NA bank and 74.12%, 72.47% respectively for Janata bank limited (JBL). From our analysis we can say that employee of these three banks is moderately satisfied and the authority of these three banks needs to improve their CSR activities for the employee. From the customers and society

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members point of view refers that Citibank and JBL authority need to improve their CSR activities.

Key words: Corporate Social Responsibility (CSR), Bangladesh, Banking Sector.

Introduction

Banking service pays a vital response to any economy of any country in the World. It also plays an important role especially in micro and macro performance of the country, on the other hand including these activities bank also should play a role for the society in order to enhance their brand image, market share and as well as for the society member which is called Corporate Social Responsibility (CSR). Banks just give back a portion of the revenue to the society and society member & customer always expect some volunteer activities from the banks. So always there is a gap of CSR between expectation by the society and performance by the bank. It is necessary to know the level of responsibility toward the society (employee, customer, society member).Bangladesh bank (Central bank of Bangladesh) authority will pay special attention on CSR activities of commercial banks in Bangladesh when they declare their five year (2010-2014) strategic plan. The authority of JBL already has declared that they will provide five to fifteen thousand taka for buying fertilizer for every marginal farmer as a part of their CSR activities. In this report a field survey were conducted based on some opinion and analyzed data based on a descriptive statistics to measure the impact of "CSR of banking sector in Bangladesh". This report records the proceedings and key outcomes of significant aspect of practice and development on Corporate Social Responsibility (CSR) by banks, which focused on three different categories of bank named Citi NA(multinational bank), Dutch Bangla Bank Limited (private commercial bank) and Janata Bank Limited (state owned bank). The basic findings of the report are to find out the performance of bank and how much the banks are responsible toward the society, employee and the customer.

Objective of the Study

The basic objectives are as follows:

- To determine the bank's responsibility towards the Employee.
- To determine the bank's responsibility towards the customer.

- To determine the bank's responsibility towards the society member.

Data and Methods

This research is to identify the CSR activities by bank in Bangladesh, where the collection of primary data (jan-april, 2006) is involved, requires selection of bank which would offer a scope to fulfill the objectives of the study. Data were collected from three types of banks named Citi Bank NA, Dutch Bangla Bank Limited (DBBL) and Janata Bank Limited (JBL) to find out their CSR activities. With a view to gaining qualitative and quantitative information data are taken randomly from three types of banks of Dhaka city. Out of a total 126 sample of respondent's, 60 engaged as employee, 33 engaged as customer and 33 engaged as society member of three different banks. Tabular as well as statistical techniques were applied to analyze the data.

Analytical Techniques

A tabular technique is the technique that is commonly followed to find out the creed association or difference between variables. In this study, tabular technique was followed to illustrate the overall characteristics of the sample. Tabulated data were analyzed and condensed by using average, sum, percentage etc. with the help of Software packages MS word, MS Excel, SPSS to appraise the CSR activities by bank in Bangladesh.

Opinion of Employee

Table 1 shows the percentage of employee's opinion from three well reputed commercial banks that operated their business successfully from few years. In case of salary sufficiency, 50 percent and 55 percent of the employees of Citi NA and JBL think that bank does not provide them sufficient salary whereas 35 percent of DBBL employees think that salary is sufficient to maintain their livelihood and others 30 percent are not.

Table 1 Percentage of Employees Opinion

Percentage of employee's opinion from individual bank whose given opinions are about their salary, transport and allowances facilities, interest free loan, overtime packages, medical facilities, work environment, educational and training facilities and human rights for employees.

Bank	Opinion	Salary Sufficiency	Transport & allowance facilities	Interest free loan	Overtime packages	Medical facilities	Healthy work environment	Educational & training facilities	Concern about human rights
Citi.NA	Strongly disagree	20	5	45	55	15	0	0	5
	Disagree	50	5	30	30	30	5	10	20
	Neutral	10	15	20	10	5	15	25	10
	Agree	15	65	5	5	45	70	45	45
	Strongly agree	5	10	0	0	5	10	20	20
DBBL	Strongly disagree	15	15	35	45	0	5	0	0
	Disagree	30	25	50	35	10	25	5	30
	Neutral	20	25	5	10	30	35	55	50
	Agree	35	35	10	10	60	35	35	15
	Strongly agree	0	0	0	0	0	0	5	5
JBL	Strongly disagree	40	10	20	0	0	30	5	0
	Disagree	55	35	70	25	50	45	10	10
	Neutral	5	10	5	25	15	0	25	60
	Agree	0	45	5	50	35	25	60	30
jjj	Strongly agree	0	0	0	0	0	0	0	0

In table 1, 65 percent and 45 percent of the employees from Citi NA and JBL agrees that bank provide them transport facilities and allowances. The 50 percent employees of DBBL and 70 percent of JBL think that bank does provide them interest free loan.

In Citi & DBBL, 55 percent and 45 percent of employees think that they work more than standard labor time in order to serve the best customer service but the bank does not provide them overtime packages. And 50 percent of employees of JBL agree that bank provide them overtime packages. More than 50 percent (60%) employees of DBBL and less than 50 percent (45%) employees of Citi NA think that medical facilities are provided by the bank whereas 50 percent of JBL are not get medical facilities. In Citi, there are healthy and safety work environment because 70 percent of the employees are satisfied about their work environment. The authority of JBL gives satisfactory educational and training facilities for the employees than the authority of Citi and DBBL. In case of human rights, 45 percent of Citi employee gives their opinion that bank give concentration about human rights of individual employee.

Opinion of Customer

Table 2 shows the percentage of customer’s opinion from three reputed commercial bank that serves best banking services to the general and corporate customers. In case of security & quality service, 67 percent of customer of both Citi NA and DBBL bank thinks that they are giving best security and quality services from their banks and below 50 percent customer of JBL agree with this decision. Disabled customers are deprived from banking service from every bank. Total 33 percent (agree & strongly agree) customer from Citi NA ,34 percent from DBBL and only 27 percent of customers from JBL indicate that bank does not provide sufficient services to disabled customers. Total 75 percent of customers of DBBL think that their bank treats equally old and new customers.

DBBL pays dividend and interest on the regular basis because 100 percent (agree & strongly agree) of customers are satisfied about banks regular dividend and interest payment service. But in Citi and JBL, more than 60 percent (67%) and 50 percent (54%) customers opinion that bank provide them this service on the regular basis.

Table 2 Percentage of customers Opinion

Percentage of employee’s opinion from individual bank whose given opinions are about their security & quality services, services to disabled customer, dividend & interest, latest banking services, savings program for low income people, treating of a new/old customers, satisfaction of loans interest rate, maintain a long term relationship with the customers.

Bank	Opinion	Security &Quality Service	Service To Disabled	Pays Dividend & Interest	Latest Banking Services	Program For The Low Income	Equally/Fairly Treats New & Old Customer	Satisfaction of Loan's Interest rate	Maintain Long Term Relationship
Citi.NA	**Strongly disagree**	0	0	0	0	0	0	17	0
	Disagree	17	33	33	0	50	50	17	17
	Neutral	0	33	0	0	0	17	33	0
	Agree	67	33	50	83	33	17	17	50
	Strongly agree	17	0	17	17	17	17	17	33
DBBL	**Strongly disagree**	0	0	0	0	0	0	0	0
	Disagree	0	0	0	0	25	17	8	0
	Neutral	8	67	0	25	58	8	58	8
	Agree	67	17	75	67	17	67	25	67
	Strongly agree	25	17	25	8	0	8	8	25
JBL	**Strongly disagree**	7	13	0	13	0	0	13	0
	Disagree	20	27	27	13	13	33	0	27
	Neutral	13	33	20	47	27	20	33	33
	Agree	47	27	47	27	53	47	40	27
	Strongly agree	13	0	7	0	7	0	13	13

All of the customer of Citi NA thinks that bank provide them latest banking services where this percentage is only 75 for DBBL but JBL is not in satisfactory level. Fifty-fifty percent of customers of Citi are agree and disagree about the opinion of savings program to the low income people provide by the bank where total 60 percent of JBL customers think that bank provide this program. Loans interest rate is not satisfactory in Citi and JBL but 53 percent JBL customers think loans interests are satisfactory. More than 80 percent of customers of Citi and DBBL have opinion that bank maintain a long term relationship with their customers.

Opinion from Society member

More than 50 percent of society member thinks that banks provide financial support on natural disaster or calamity. Providing helps to blind, deaf, disabled society members, more than 40 percent respondent are neutral for giving any decision but in DBBL 33.3 percent respondent agree with this decision.

Table 3 Percentage of society members Opinion

Percentage of society members opinion from individual bank whose given opinions are about their support on natural disaster, helps blind deaf disabled members, interest free loan, establish community organizations, minimize use of energy (gas, water, electricity etc.), support to governmental activities, pays dividends regularly, works antipollution for the society and the society members provided by the bank.

Citi.NA	Strongly Disagree	16.7	0	16.7	0	0	0.0	0.0	0.0
	Disagree	16.7	16.7	50	16.7	50	66.7	50.0	16.7
	Neutral	16.7	66.7	16.7	33.3	33.3	0.0	0.0	33.3
	Agree	50.0	16.7	16.7	50	16.7	16.7	33.3	33.3
	Strongly Agree	0.0	0.0	0.0	0.0	0.0	16.7	16.7	16.7
DBBL	Strongly Disagree	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Disagree	16.7	16.7	25.0	8.3	8.3	8.3	0.0	8.3
	Neutral	8.3	50.0	58.3	33.3	33.3	33.3	25.0	16.7
	Agree	50.0	33.3	16.7	50.0	58.3	50.0	58.3	75.0
	Strongly Agree	25.0	0.0	0.0	8.3	0.0	8.3	16.7	0.0
JBL	Strongly Disagree	0.0	6.7	20.0	13.3	0.0	6.7	0.0	0.0
	Disagree	13.3	40.0	46.7	6.7	26.7	26.7	6.7	6.7
	Neutral	20.0	46.6	20.0	60.0	40.0	26.7	46.7	33.3
	Agree	53.3	6.7	13.3	20.0	33.3	33.3	33.3	46.7
	Strongly Agree	13.3	0.0	0.0	0.0	0.0	6.7	13.3	13.3

Less than 20 percent respondent think bank does not give interest free loan for students, women and communities etc. Fifty percent of society members think that Citi NA and DBBL help to establish community organization or institution. In case of minimization of the use of energy such as gas, electricity, water etc, 50 percent of

respondent thinks that Citi NA does not minimize the use of energy whereas 58.3 percent think that DBBL minimize the use of energy. More than 60 percent have given opinion that Citi does not give any support to governmental or organizational activities (e.g. sponsorship). Society members think that DBBL pays dividend regularly and works for antipollution in a satisfactory level where Citi and JBL is not in a satisfactory level.

CSR Performance: A Descriptive statistics

a) Recommendations for the employee

From analysis and above statistics it is marked that most of the employee's opinion says that Citi bank NA (59.37) and DBBL (59.37) is doing the equal CSR among theses three banks whereas JBL is only 49.37 percent. So we can say that the employee of the Citibank NA and DBBL are very much satisfy, compare to the employee of Janata Bank Limited (JBL). So the figure shows that JBL needs to improve CSR activities for their employees.

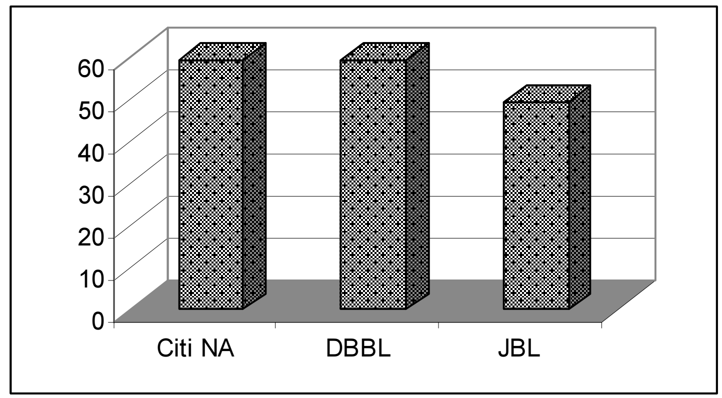

Figure 1 Percentage of CSR performance by different bank for the employee

b) Recommendations for the customers

From analysis and above statistics it is also marked that most of the customer's of DBBL (93.75) opinion says that is doing the best CSR among theses three banks and the CSR performance of Citi bank NA and JBL for the customer is 70.87 and 74.13 percentage. So we can say that the customers of the DBBL are very much satisfied about their bank's CSR activities and the customers of the Janata Bank are moderately satisfy, but last of the part is that the customers of the Citibank NA are not satisfy enough among these three banks. So the figure shows that Citibank NA and JBL both needs to improve CSR activities for their customer.

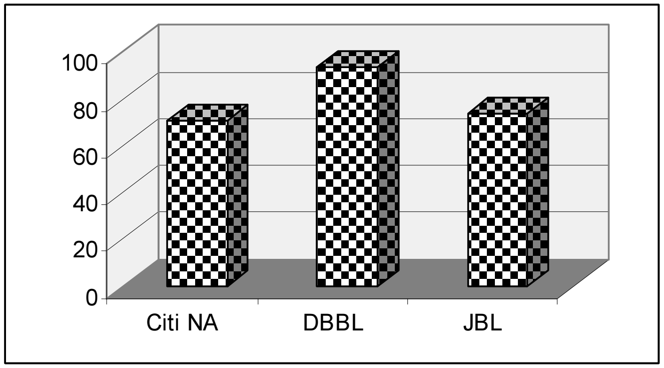

Figure 2 Percentage of CSR performance by different bank for the customer

c) Recommendations for the society member

From analysis and above statistics it is marked that most of the society's member of DBBL (88.51) opinion says that is doing the best CSR among theses three banks and the performance of Citi bank NA and JBL is 60.44 and 72.47 percent respectively. So the figure shows that Citi bank and JBL both need to improve their CSR activities for the society member. So we can say that the society members of the DBBL are very much satisfy, and the society members of the Janata Bank are moderately satisfy, but last of the part is that the society members of the Citibank NA are not satisfy enough.

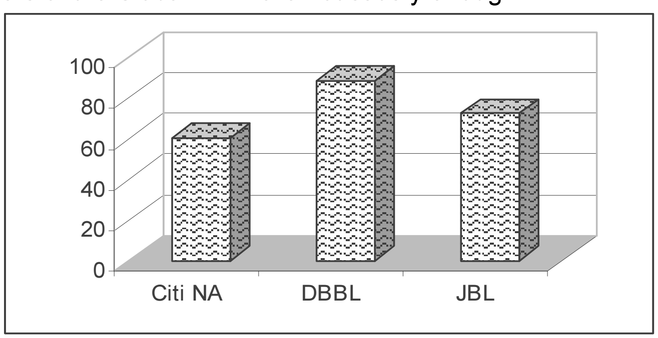

Figure 3 Percentage of CSR performance by different bank for the society member

Conclusion and Policy Recommendation

The main aim of this study was to find out CSR activities by bank in Bangladesh. Here this study focuses on ideas that "how to improve the performance level of CSR by banks in Bangladesh?"

In our analysis we can see that three banks are not giving concentration for their employee to maintain employee's sustainable satisfaction level. Two of these three banks are not satisfying their customers and society members enough. At last we predicted that the employees will switch from this bank and customer will go another bank for taking the best services and society members will not be benefited from this service if the authority of these banks will not take any step to improve their CSR activities.

Policy recommendation

In our country new banks are establish / introduced after two to five years. The government of Bangladesh has interested to establish new commercial bank in the country because major part of revenue earning comes from bank sector. But government of Bangladesh should pay attention of their social responsibility activities because it relates to our country's sustainable development. So some policy implications emerge from the result of this research. Several recommendations are highlighted below-

1. The government of Bangladesh should prepare a CSR policy for old and new local or foreign commercial banks.
2. Government can take step to form CSR fund for different banks according to the different bank's CAMEL rating.
3. Bangladesh bank (Central bank of Bangladesh) should take restricted policy for monitoring commercial banks CSR activities.
4. Every commercial bank can establish a CSR monitoring/research cell to improve their employee, customer as well as society member's service.

In short, investors in banking sector are cautious to improve overall bank service and the concerned authority also should take proper steps to make good policy to make this sector as a more profitable and attractive sector through the way of CSR activities.

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