Is Ethical Banking an Alternative to Conventional banking: A Literature Review

Jayasekera M.A.K.De.S.,

University of Sri Jayewardenepura Sri Lanka

athulakanthajayasekera@yahoo.com

Pushpakumari M.D.,

University of Sri Jayewardenepura Sri Lanka

pushpakumarimd@sjp.ac.lk

Abstract

The Conventional Banking has so far being proved to be in adequate in providing solutions to socio-economic issues, as they have been focused more on increasing their share of wealth. This was proven with the outbreak of global financial crisis in 2007. Banks role as intermediary is to source and channel capital to, where the economic activity is. The instabilities and turbulences created by the traditional banks necessitated a transparent, socially and ethically responsible financial investment climate. Banks are losing its Values; there is a segment of society which is still excluded from banking. Banking too has contributed to the degradation of environment. Consumers are no longer motivated only by the returns they receive on their investments but also by the impact of banking business on sustainable development. Banks are also under scrutiny by Regulatory bodies and Governments for their unethical practices. Therefore it is necessary to judge banks not only on financial performance but also on its ability to maintain Ethical Values, Financial Inclusion and Responsible Behaviour, hence; a need arose for a new version of banking system which could address issues so far neglected by Conventional Banking. There were many banking systems that were emerging as alternative to Conventional Banking. Ethical Banking is one such system of alternative banking. Core competency of Ethical Banking is engage in ethical practices. Ethical Banking once developed could broad base the banking community. Although many researches have been carried out in the global scale for this subject, there haven't been any researches conducted on this subject in Sri Lanka. This research paper fills this research gap. The purpose of this paper is to examine whether Ethical banking can be an alternative to conventional banking. Therefore this study is totally a desk research in the form of a literature review based on literature published between 1989 and 2015. The significance of the study is to identify Ethical Banking as an alternative to Conventional Banking

Keywords: Conventional Banking, Ethical Banking, Financial inclusion, Sustainable Development

Introduction

The legacy of Banking goes back to the days of 2000BC in Babylonia, later traced in ancient Greece and under the Roman Empire. The organization of the word ―Bank‖ comes from ―Banque‖ in French, ―Banca‖ in Italian and ―Banc‖ in German. Banking since 1157 A.D., and later 15th century onwards, it gradually institutionalized and has today become a common factor in the day to day life of the people. Banks thus, plays an important role in people‘s life. It is this common factor that makes banks be responsible to the society at large.

Banks are required to play a critical role in economic development of a country. Banks are now becoming more oriented towards sustainable development. Banks are engaged in providing funds to industries, individuals and governments locally and globally. It is Bank's responsibility to ensure the Credit receivers and Depositors follow a sustainable development path. UNEP (United Nations Environment Program) 1992 requires banks to ensure high environmental practices in banking business (Uygur, 2010). Number of banks around the world have already become signatory to this statement. This is the first global move to make banking also into the promotion of sustainability. Banking operates in a service industry. Banks damage to environment due to its existence is very low. Their damage to the environment can be equal to the damage caused by an office operation. The real damage is caused by their stakeholders, the customers, shareholders, suppliers who engage in producing hazardous materials and/or discharging toxicants to the environment by engage in morally banned industries. The human rights movement and civil rights movements fight against violation of human rights and civil rights. They have also influenced this industry too. The industries are now required to refrain from violating human and civil rights of society. Therefore the industry consisting of public and private sector organizations including Banking institutions are expected to promote, operate in a way that they develop a sustainable environment in every aspect. The societies have become more powerful in winning their rights to a peaceful and sustainable world. A trend has been set in the banking industry to become ethical .There was a demand for an alternative Bank to fill this vacuum. This created the birth of Ethical Banks. Ethical banks are gaining popular and their state of business is increasing.

Ethical banking is a financial service that promotes equity and sustainable development. Ethical banks are an alternative banking system, as other banks, operate deposit accounts, grant loan facilities, and offer other banking facilities to customers. Their savings and deposits accounts are to promote sustainable development. They lend only to customers who engage in projects, which ensures a sustainable development. Ethical Banks develop special savings accounts for customers who seek to engage in sustainable investments. Their borrowers are screened on sustainability indications. Some ethical banks promote loans to properties which gives an ecological payback. (Bank Track) It is the mission of ethical banks to avoid financial exclusion to overcome poverty, and the access to credit can be considered a human right. Community development is also another area that some ethical banks engage in. Hither to neglected communities are welcome to become customers in these banks. Community development banks are another category of ethical banks that are specialized for community development; they direct their funds to the neglected communities. These communities have become neglected by traditional banks. (Bank Track) Another form of alternative banks is called Social

Banks. These banks ensure economic, ecological, social and cultural sustainability while engage in general banking. They ensure the triple bottom line people, planet and profit. And Social banking as identified by benedikers(2011) are banks with a conscience. The characteristics of ethical banks include offering fair rate of return for all, aims to be transparent , use only customers and bank funds for lending, offers broader levels of engagement to stakeholders, establishes long term relationships with customers , reduces salary disparities among staff, ensures financial sustainability The traditional role played by banks included deposit taking and disposing of funds by way of granting credit facilities to customers which include loans , overdrafts and pawn broking .They engage in agency functions such as receive payments on behalf of customers, transfer of money, purchase or sale of shares and other securities. Acting as agent for customer‘s fund transfers and receiving, accepting and payments of bills, Banks also become underwriters. It engaged in advisory functions as financial advisors. Over the years, due to the increased competition, from within and outside, banks lost the control of their behavior.

Banks are responsible institutions, and are responsible to the stakeholders, which include the Government, Society, Customers, Employees, Suppliers and Shareholders. The short term profit making as a policy of banks, have discouraged the provision of banking services to lower income category of people. Banking was not easily accessible to everyone. As per Central Finance Board of the Methodist church, financial exclusion – (exclude certain individual communities, lack of access to banking services) is believed to have aggravated the social and other inequalities. These vulnerable areas include young people without jobs, lone parents‘ disabled people and older people. Banks‘ lending to these constituents without screening for environmental sustainability of their borrowing has increased damages to the environment. The environmental friendly movements, demanded banks to be responsible in their lending, to its constituents. UNEP in 1991 launched the concept of the UNEP finance initiative to make the banking industries, awareness of the environmental agenda. Leading commercial banks joined to support this initiative The United Nations Environment Programs (UNEP) in 1992 at the R10 summit, recognized the relevance of Banks‘ sustainability as per their statement (UNEP, 1992) by banks on the environment and sustainable development. Banks became signatory to this statement. This was the first critical statement that challenges banks‘ ability to be in sustainable business. (Weber, et al 2008)In 2011 UNEP finalized another statement of commitment by financial institutions on sustainable Development

The Role of Ethical Bank

The role of an ethical bank is to work for the common good and ensure the right to receive credit through a bank activity consisting in raising funds and reallocating them in the form of credits for cultural, social and environmental projects. Through their activity, ethical banks promote social inclusion, sustainable development, development of social economy and social entrepreneurship. Ethical banks also have a role to raise public awareness on the role of money and the failure of the economy based on short-term and profit as the only objective

Under these circumstances the objective of the paper is to find out whether Ethical Banking can be an alternative to Conventional Banking, by reviewing available literature from 1989 to 2015

Literature Review

Conventional Banks engage in whole gamut of banking activities .It has a set of quantitative objectives, focuses on maximizing profits and market share; hence maintain high risk investment portfolios. Their stakeholder base is not screened for damages caused to the environment and impact of their behaviors to the society. Ethical Banks have financial and social objectives. They encourage ethical behaviors of all stakeholders; refrain from engaging in anti-social, environmentally damaging business relationships, and are guided by set of ethical values. Ethical Banks too engage in all form of banking activities which fall under their defined areas. (Barbu and Boitan (2009)

Banks are involved in National and International business activities they facilitate the payment mechanism , accept deposits and provide credit facilities to lager part of community (Hoepner &Wison,2010) Banks are connected to any segment of the community through lending .It allocates funds to multiple industries , it in turn stimulate the economic growth (Jeucken,2001). Banks have been involved in supporting the economic growth, and playing an important role in International trade. Banks were playing an important role in allocating money to different industries which propel the economic growth. (Jeucken, 2001)Banks act as financial intermediaries. Therefore banks are responsible as intermediaries to all community of stakeholders (Bernard, 1989). Hence Banks are responsible to the society at large. It is responsible not only to the Government, but to customers, staff, shareholders and the community (Green,1989)

As per Green 1989, Banks extend its responsibility to government customers, committees shareholders and staff. The financial crisis of 2008 the public and media started paying a favorable attention towards Ethical and Social banks.De-regulation of banking business in certain parts of the world increased the risk taking by bankers to enhance the returns to shareholders at the cost, of another segment of stakeholders-the society (Green,1989) Free market economy coupled with less cautious regulatory surveillance helped banks to engage in speculative trading activities than providing service to the community (Lynch, 1991). Many experts promoted strict regulations for adventurous financial instruments and risky credit policies (Hogan and Sharpe,1989) The growing credit portfolios has increased Conventional Bank Risk(Kohler,2015) It is noted that stringent regulations and strict supervision increase the cost to the banks, resulted in banks taking higher risks(Shrieves and Dahi,1992;Jacques and Nigro,1997) Banks are finding ways to reduce their cost of raising capital by engaged in regulatory arbitrage(Jones,2000)

It is the risk – reward structure of the banks that weigh the reward against the risk, the higher the risk higher the profit. Banks engage in morally undesirable practices such as speculative business and poor lending practices are unacceptable (Brennan, 2003) Basel committee on banking supervision of Bank for International Settlements Basel Switzerland, the current International standard framework for assessing capital adequacy of banks, introduced Basel 1 and replaced it by more stringent Basel 2 and more stringent Basel 3 will be in force in 2020. Although the regulatory requirement was able to regulate risk capital but was not sufficient enough to cover banks from risk (Stiglitz,2003) and it manages the risk appetite of banks, yet it is considered to be inadequate.(Barth et al..2004) It is not only the capital adequacy that banks must maintain, they are expected to enhance the quality of life of people by mandatorily practicing their operations ethically (Jemali,2007)Banks needs to serve the stakeholders including the society at large by engage in responsible banking practices which will ensure fair lending and pave the way for financial inclusion (Schoenmaker &Werkhoven,2012) The civil society representations demanded banks to be more responsible in considering high social and environmental standards when providing loans for projects (Barnes,2009) There can be a misconception that CSR activities of Banks are part of ethical banking, which is more of an ethical correction to boost the corporate image (Carnvale et al, 2011; Scholtens,2009). Traditional Banks get a competitive advantage by engage in CSR activities which adds value (Perrini et al.. ,2006)

Sustainability was not limited only to the environment; it includes other components as well. UNEP 1992 statement requires the banks to ensure adopting right environmental practice. The statement has recognized the importance of sustainability. Banks must engage in sustainable development by not meeting the requirements of present generation with resources of future generations and it should be made top among priorities of banks. Banks involvement of damaging of environment is not due to its existence and operation but its desire to make high profits. These high profits can come from the bankers irresponsible lending to industries, individuals, business who engaged in producing materials that a hazardous and pollute environment or they engage in finance trade related transaction to import/ export these materials. There has been a growing concern and consensus the academic community that banks are indirectly responsible for damaging the environment (Sarokin and Schulkin,1991; Smith,1994). The environmental risk has encouraged the banks to identify impact on environment in credit appraisals (Coulson and Dixon, 1995; UNEP , 1992,1995; Vaughan,1994; Wanless, 1995). The banks through their lending activities involve themselves in degrading the environment. (Cowton, 2008).

Due to pressure groups influences and the heavy lobbying by NGOs‘ for banks to be responsible environmentally and socially in their credit grantings, a declaration a was made at the World Economic Forum 2003 – *“The* Collevecchio *Declaration on Financial Institutions sustainability”* (Bank Track). This Declaration has 6 principles as follows, Commitment to -sustainability, to ‘Do no Harm‘, Responsibility, Accountability, Transparency and Sustainable Markets and Governance. Further major financial institutions including banks have signed the UNEP financial initiative for responsible investment To incorporate ESG (Environmental, Social and Governance) issues into Investment Practices, following six Principles for Responsible Investment developed by investors for investors and are a voluntary and aspirational set of investment principles.(www.unpri.org)

It is also noteworthy that banks also have subscribed to the ‗Equator Principles‘ a framework for banking industry to address environmental and social risks in financing projects. The idea is to have a minimum due diligence standard for decision making, while responsibly assessing risk. Complexity of Business of banking makes it difficult to identify a borderline between what is legitimate and what is not (Carse, 1999). A participatory, transparent system was necessary in banking to allocate resources to identified areas, which will ensure economic, social and environmental performance (Barresi and Marisca , 2011) Banks considered it is important to maintain business ethics apart from practicing sustainable development practices. It is noted that ethics has a role to play the in evolving banking industry (Cowton,2002)There was need for an alternate banking system which stick to high ethical principles, ensures sustainable development and financial inclusion. Hence the need for alternate banks were much in demand .Set of banks following ethical principles emerged in developed countries in 1980‘s called ethical Banks. At the beginning of 20th century, there have been certain savings institutions following ethical principles (Kundid,2014)

Ethical Banking

Many authors have defined ethical banking in different ways; Weber and Remer (2011) definition of social banking as ―Banking that aims to have a positive impact on people, environment and culture‖ Cowton(2002) stressed that main ethical areas of banking, are responsibility, integrity and affinity. San-Jose et al (2011) highlighted that the purpose of ethical banking is to aim for social and economic profitability. There is no formerly agreed common definition on ethical Banks, Both academics and practitioners classify these banks under the synonym ‗Social Banks'. There were a set of financial institutions that are classified under ‗Social banking'. The following have been gathered under this ‗Ethical Bank, Sustainable bank, Green Bank, Cooperative bank, Alternative bank, Credit Union and Micro Finance Institutions. There is one fundamental element common in the term ‗Social Banking'which represents the different aspects relating to the concept of Social Change and Development (Benedikter, 2011) A more comprehensive definition was given in 2009 by one of co-founders of Tridos Bank (an ethical bank) De Clerk that ―Social, ethical, alternative, sustainable, development and solidarity banking are denominations, that are currently used to express particular ways of working with money, based on non-financial deliberations. They are characterized by value driven impulses and practices at the core of their business. These values are embedded in Ethical Banking products (Dobson, 1993) savers and investors of these banks are sensitive to the environmental and social issue and are keen to know where there are money is invested (Edery,2006; Lynch,1991) Money, intelligently and wisely invested as an instrument for improving (the) quality of life, can have a major impact on human development. Because of this impact, a neutral attitude to investment and lending is irresponsible‖. It is evident from this definition that ethical Banks are motivated by the development of human being and society and their activities are targeted towards achieving this. Initially in 1992 a basic definition of social banking was proposed ―social banking is banking that fights poverty‖ (Refiner and Ford, 1992). This definition does not cover any responsibilities of a bank towards adding value to the society and it is not specific enough. A different dimension was added in 2006 by Refiner in his later definition that social banking should enhance the people's financial literacy (Reifner, 2006) Ethical banks have been defined as an alternative to conventional banking and its strategy includes ethical and social values (Karl ,2015).The role of an ethical bank is to work for the common good and ensure the right to receive credit through a bank activity consisting in raising funds and reallocating them in the form of credits for cultural, social and environmental projects. Through their activity, ethical banks promote social inclusion, sustainable development, development of social economy and social entrepreneurship. Ethical banks also have a role to raise public awareness on the role of money and the failure of the economy based on short-term and profit as the only objective (Febea) Ethical Banks has a daunting task to find staff who identifies themselves with the values of the bank (Von Passavant ,2011) The Ethical banks are approachable, responsible and focuses more on community than Conventional Banks (Benedikter,2011) .These banks offer attractive terms for socio- environmental investments which in turn increase not only economic gains but improves the environment and society.(Lins &Wajinberg,2007) . Wetting customers before accepting their money helps Ethical Banks to avoid amoral business relationships. This prevents them from accepting money originating from armaments trade (Kendric, 2004)

Financial crisis started in 2007, signified the importance of ethical and Social Banks. The growing clientele of Ethical and Social Banks was an ample testimony of peoples‘ response to the financial crisis (Weber and Remer, 2011). The Ethical Banks in Europe recorded a two fold increase in their asset base during 2007-2010due to its popularity among small depositors (Bendikter,2011).The importance of Ethical Banks have already been established and may increase in years to come (Kohler,2010) Ethical banks have become popular among communities as reliable banking Institutions. An ample testimony was the robustness they displayed during the last financial crisis. Ethical banks have gained customers due to the irresponsibility and negligence of conventional banks (Ijeoma, 2014; Rodriguez Gutierrez, 2013; Borgia, 2013) .These banks are accepted not only because of the trust between depositors and bank officials ,it is also due to the social returns other than economic returns (Davies,2001). Depositors of these banks willingly forgo major part of their interest as far as Ethical Banks Fund attract customers who seeks funds for socially beneficial projects(Cornee and Szafarz,2013; P8)

Ethical Banks distinguishes itself from Conventional Banks in many ways such as distribution of assets, stakeholder participation, management of risk and transparency (San-Jose, Retolaza and Gutierrez-Goria, 2011). Ethical Banks has proven their stability during and after the financial crisis, which could be an answer to the unstable financial system. (Fessmann, 2013). Karl (2015) was of the opinion that Conventional Banks ignores the concepts such as social justice and solidarity. Savers of ethical Banks accept low interest for deposits and borrowers receive funds at low interest, and these morally sound processes are results of common values shared by borrowers and Ethical Banks (Cornee and Szafarz ,2014) Ethical Banks expertise on sectoral credit, help to improve the quality and monitoring of portfolios(Acharya et al,2006). It also broadly involve their stake holders such as employees and shareholders in their management strategies through structural and procedural adjustments

Discussion

The above literature reviewed indicates that there was a growing demand from society at large for banks to be more environmentally and socially responsible and due to public lobbying *"The* Collevecchio *Declaration on Financial Institutions sustainability"* (Bank Track) was signed at the World Economic Forum 2003.. The civil society continued its demand for banks to ensure high moral and social standards in considering project loans (Baranes, 2009). Banks have neglected certain segments of society. Civil society demanded banks to involve all stake holders and engage in responsible lending practice which will ensure financial inclusion of all societies (Schoenmaker &Werkhoven, 2012) Bank presence has not affected the environment badly, but its irresponsible lending has degraded the environment (Cowton, 2008) .Alternative Banking systems were emerging to make a positive impact on people, environment and culture (Weber and Remer 2011). Ethical Banking was emerging as an alternative to conventional banking. Cowton (2008) identified main areas of Ethical Banking are responsibility, integrity and affinity. Ethical Banks are not only motivated by financial profits, its aim is to have both economic and social profitability (San-Jose et al, 2011).These Banks are accepted by society not only due to the trust,but aslo due to their earning social profits along with economic profits(Davies,2011).The financial crisis in 2007due to inefficiencies of Conventional Banks increase the demand for Ethical Banking. Webber and Remer (2011) argued that growing clientele of Ethical Banks was the response to financial crisis. The increase in Customer portfolios of Ethical Banks were due to irresponsibility and negligence of Conventional Banks (Ijeoma, (2014; Rodriguez Gutierrez, 2013; Borgia, 2013) The Customer demand for ethical alternative in banking is increasing. Kholer(2010) is of the opinion that the importance of Ethical Banks is already established. Ethical Banks increased their asset bases due to increasing no of customers moving from conventional bank to Ethical Banks .This was evident as the asset base of Ethical banks in Europe has doubled from 2007-2010 due to its popularity among small depositors (Benedikter,2011). As per Fessmann (2013) Ethical banks have proven their stability during and after the financial crisis. Therefore it could be an answer to the failing mainstream banking system. The exhibit 1 below identifies the basic differences of Conventional Banking system and an Ethical banking System based on literature reviewed .

Conventional banking Vs Ethical Banking

Conventional Commercial Banking

Financial return for bank, employees, investors and customers

Seek short term profit maximization, preferably by way of quarter on quarter growth

Work behind customer confidentiality to be opaque, if not secretive, about where they work and invest

Use wholesale and customer funds to fund their loan book

Treat customers as transactional profit centers

Rigid hierarchy of decision making leads to bank lending in its own image, without taking into consideration the needs of local communities

Rigid hierarchy of organization structure leads to silo approach and extended chain between top and bottom

Ethical Banking

Promotion of economic activities

Promotes financial inclusion

Aims a positive impact on Environment

Encourages Sustainable development

Fights poverty

Enhance the Quality of peoples life

Do not engage in speculative banking

Maintains transparency

Screen customers for human rights violations, amoral businesses and environmental damages Ensures equality in remunerations

Source: (Barbu and Boitan (2009) FEBEA, and Literature Review

It is evident that the acceptance of ethical Banking is on the increase. Ethical banks have a challenge to find staff that identify themselves with the values of Ethical Banking (Von Passavant, 2011) Karl (2015) identifies Ethical banking as an alternative to Conventional banking. There is a growth of ethical banks. As per Kholer(2015) the presence of Ethical banks may increase in the years to come. The failure of conventional banking has paved the way to an Ethical alternative; hence Ethical banks are emerging as an alternative to Conventional Banking.

Conclusion

It is evident from literature that Conventional Banking has not been operating up to the expectations of all stakeholders. In their drive to maximise profits they have neglected a part of society, environment and culture. Their lending to environmentally hazardous business, morally unsound business ventures, violators of human rights and armament manufacturers have affected the sustainability of the earth and the mankind. The short term profit making of Conventional Banks has distanced a part of society from receiving banking services. There has been growing demand from civil society for banks to be more ethically oriented. Different types of banks were emerging as an alternative to Conventional Banking. It is apparent from literature that Ethical Banking is one such system of banking which has gained popularity over the years. The purpose of Ethical Banks is to achieve a sound triple bottom line, sustainable growth and financial inclusion. The financial crisis 2007 was a result of a falling mainstream banking system. As per the reviewed literature it is evident that Ethical banks are more resilient than Conventional Banks during the financial crisis. Therefore a need arose for an alternative banking system. Ethical banks are accepted as an alternative to Conventional banking as they are not only motivated by economic profit but by social and ecological profit. There have been many researches carried out in western part of the world on this subject, but very few were available in eastern part of the world. Researchers could not find any research done in Sri Lanka on the same subject; hence this paper fills this gap. It is recommended that research could be carried out in Sri Lankan to identify Whether Ethical banking once introduced could be an alternative to Conventional Banking. For further research, these findings can be investigated using empirical data,

References

Acharya, V. V., I. Hasan, and A. Saunders (2006) ―Should Banks be diversified? Evidence from Individual Bank Loan Portfolios,‖ *The Journal of Business, 79, 1355– 1412.*

Badaracco, J.L. (1995). ―Business Ethics: Roles and Responsibilities‖ Chicago Irwin.Inc. Bank Ethics Codes (2010, 2011, 2012). *The codes of ethics of all banks operating under a licence from the Bank of Lithuania*

BankTrack - www.banktrack.org/download/banking_on_ethics/110418_crbmbanchealternativefinale18_aprile.pdf

BankTrack 2003 - https://www.banktrack.org/download/collevechio_declaration

Baranes, A. (2009). Towards sustainable and ethical finance. *Development, 52(3), 416-420.*

Barbu, T. C., & Boitan, I. A. (2009). ―The financial crisis; impact on ethical financial institutions‖. Annals of Faculty of Economics. http://steconomice.uoradea.ro/anale/volume/2009/v3-finances-banks-and-accountancy/78.pdf

Barresi G., Marisca C.(2011). ―Energy policy and environmental sustainability in regional development strategy‖ The regional environmental energy plan in Sicily (PEARS), in Calabrò , G. et al. (Ed.) Moving from crisis to sustainability, FrancoAngeli, Milano, pp. 209-217,

Barth, J. R., Caprio, G., & Levine, R. (2004). ―Bank supervision and regulation: What works best?‖ *Journal of Financial Intermediation, 13, 205-48.*

Baum, C. F., Caglayan, M., & Talavera, O. (2010).‖_Parliamentary election cycle and the Turkish banking sector‖ *Journal of Banking and Finance, 34, 2709-2719.*

Beck, T., Degryse, H., & Kneer, C. (2012).‖ Is more finance better? Disentangling intermediation and size effects of financial systems‖ *(European Banking Center Discussion Paper No. 2012-016).*

Beck, T., Büyükkarabacak, B., Rioja, F., & Valev, N. (2008).‛ Who gets the credit? And does it matter? Household vs. firm lending across countries‛. *(World Bank Policy Research Working Paper No. 4661).*

Benedikter, R. (2011): *Social Banking and Social Finance*, Springer.

Bernard, S. (1989) ―Ethical Issues in International Lending,‖ *Journal of Business Ethics, 8, 635639, 1989.*

Borgia M.S.,(2013) ―The Social Report as a tool of ethical governance in cooperative banking‖ *Megatrend Review, 10(3), pp.139-154*

Brennan, L. (2003). *Business Etiquette for the 21st Century*, Piatkus , London

Carnevale C., Mazzuca M., Venturini S.(2011)‖ Corporate Social Reporting in European Banks: The Effects on a Firm‛s Market Value‖ *Corporate Social Responsibility and Environmental Management, 19(3), pp. 159-177 (2011).*

Carse, D. ―The Importance of Ethics in Banking,‖ Speech in Banking Conference on Business Ethics, Hong Kong, September 15, 1999. https://www.bis.org/review/r990922c. Retrieved 30th July 2018

Central Bank of Egypt (2013). Monthly statistical bulletin. January. Cairo: Central Bank of

Egypt. Retrieved February 27, 2013 from
http://www.cbe.org.eg/English/Economic+Research/Publications/
Monthly+Statistical+Bulletin/Jan+2013+Statistical+Bulletin.htm

Claessens, S., & Laeven, L. (2005). ―Financial dependence, banking sector competition, and economic growth‖. *Journal of the European Economic Association, 3, 179-207*

Cornée, S., Szafarz, A. (2013) ―Vive la Différence : Social Banks and Reciprocity in the Credit Market‖ Journal of Business Ethics, 1-20

Cornee, S., Szafarz, A. (2014), Vive la différence:‖ Social Banks and Reciprocity in the Credit Market‖ *Journal of Business Ethics*, 125(3), 361-380.

Coulson, A.B. and Dixon, R. (1995, ―*Environmental risk and management strategy: the implications for financial institutions*‖, *International Journal of Bank Marketing,* Vol. 13 No. 2, pp. 22-9.

Cowton, C. (1998). ‗The use of secondary data in business ethics research' *Journal of Business Ethics, 17(4), 423-434.*

Cowton, C. J. (2002).‖ Integrity, responsibility and affinity: Three aspects of ethics in banking. Business Ethics‖ *A European Review, 11(4), 393-400.*

Cowton, C. J., & Thompson, P. (2000).‖ Do codes make a difference? The case of bank lending and the environment‖ *Journal of Business Ethics, 24, 165-178.*

Davies, H.: 2001, ―Ethics in regulation‖ Business Ethics: *a European Review, 10(4), 280-287.*

Dobson, J. (1993). ―The Role of Ethics in Finance‖ *Financial Analysts Journal, 49(6)57-61.*

Edery Y.(2006) ―Ethical Developments in Finance: Implications for Charities and Social Enterprise‖ *Social Enterprise Journal, 2(1), pp. 82-100*

Febea 2012; https://pravicnabankaenglish.files.wordpress.com/.../febea-definition-ethical-bank.pd

Fessmann, M. (2013) ―Ethisch-Ökologisches Banking vor dem Hintergrund der jüngsten Finanzkrise,‖ Vierteljahrshefte zur Wirtschaftsforschung — *Quarterly Journal of Economic Research, 82, 89–106*.

Fukuyama, H., & Matousek, R. (2011). ―Efficiency of Turkish banking: Two-stage network system, variable returns to scale model‖ *Journal of International Financial Markets, Institutions & Money, 21(1), 75-91.*

Green, C. F. (1989).‖ Business ethics in banking‖ *Journal of Business Ethics, 8(8), 631-634.*

Harvey, B. (1995): ―Ethical banking: The case of the Co-operative bank‖ *Journal of Business Ethics, 14, 1005–1013.*

Hesse, H. and M. Čihak (2007) ―Cooperative Banks and Financial Stability,‖ *IMF working paper no. 07/02., IMF*

Hoepner, A. G. F.. & Wilson, J. O. S. (2010)‖ Social, environmental, ethical and trust (SEET) issues in banking‖ an overview. Retrieved from http://ssrn.com/abstract=1686240

Hogan, W. P., & Sharpe, I. (1989)‖ Prudential regulation of bank ownership and control‖ *Economic Analysis and Policy, 19(1), 73-89.*

Ijeoma N.B.(2014)‖The Effect of Creative Accounting on the Nigerian Banking Industry‖ *International Journal of Management Studies and Research, 2(10), pp. 13-21*

Jacques, K., & Nigro, P. (1997) ―Risk-based capital, portfolio risk, and bank capital: A simultaneous equations approach‖ *Journal of Economics and Business, 49, 533-47.*

Jamali, D. (2007). ―The case for strategic corporate social responsibility in developing countries‖ *Business and Society Review, 112(1), 1-27*

Jeucken, M. (2001), Sustainable finance and banking, *The financial sector and the future of the plane,.* Earthscan Publications,UK.

Jones, D. (2000), ―Emerging problems with the Basel capital accord: Regulatory capital arbitrage and related issues‖ *Journal of Banking and Finance, 24(1-2), 35-58.*

Karl, M. (2015)‖ Are ethical and social banks less risky? Evidence from a new dataset‖ Work Package 602 MS219 "Best Paper Award II" *Working Paper no 96. ForEuropa*.

Kendric F. (2004), ―Ethical Banking‖, in ABA Banking Journal, 96 (6)

Köhler,M.(2010):‖ZEWFinanzmarktreport.SonderfrageSocialBanking‖Availablefrom:

http://ftp.zew.de/pub/zew-docs/frep/072010.pdf

——— (2014),‖Does non-interest income make banks more risky? Retail- vs. Investment-

Oriented Bank‖' *Review of Financial Economics, 23, 182Ű193*.

——— (2015): ―‗Which banks are more risky? The impact of business models on bank stability‖ *Journal of Financial Stability, 16, 195Ű212.*

Koslowski, P. (2008). ―Some Principles of Ethical Economy‖ in Christopher Cowton, Michaela Haase (eds.), *Trends in Business and Economic Ethics*. Berlin, New York Tokyo.

Kundid, A. 2014‖ Finances after the Crisis: Forensics, Ethics and Sustainability‖. Split:

Faculty of Economics, University of Split, pp. 243-264.

Laeven, L. and R. Levine (2007) ―Is there a diversification discount in financial conglomerates?‖ *Journal of Financial Economics, 85, 331–367*.

Lanzavecchia, A., & Poletti, L. (2005). ―Social and alternative banking: Project selection and monitoring after the new Basel capital accord‖ *(Working Papers No. 2005-EF01, Department of Economics, Parma University, Italy).*

Lins, C., & Wajnberg, D. (2007). Corporate sustainability in the Brazilian banking sector. Rio De Janerio: Brazilian Foundation for Sustainable Development.

Lynch J. J(1991) ―Ethical Banking: Surviving in an Age of Default‖ Macmillan, London,

McKenzie, S. (2004)‖ Social sustainability: Towards some definitions‖ Working paper Series

No 27, Hawke Research Institute. Retrieved from https://www.sapo.org.au/binary/binary141/Social.pdf

McDonald, L. M., & Rundle-Thiele, S. (2008) ―Corporate social responsibility and bank customer satisfaction: A research agenda‖ *International Journal of Bank Marketing, 26(3), 170-182.*

O'Rourke, A. (2003)‖ The message and methods of ethical investment‖ *Journal of Cleaner Production, 11, 683-693.*

Perrini, F.; Pogutz, S. and Tencoti, A. (2006), *Developing corporate social responsibility: a European Perspective,* Edward Elgar Publishing, Massachusetts p72

Petrick, J., Manding, G. (1990). ―Ethics for total quality and participation: developing and ethical climate for excellence‖ *Journal of Quality and Paticipation. March.* Sampo Ethics Policy (2010). Sampo Group PLC, Sweden.

Rahaman, A. S., Lawrence, S., & Roper, J. (2004). ―Social and environmental reporting at the VRA: Institutional legitimacy or legitimation crisis?‖ *Critical Perspectives on Accounting, 15(1), 35-56.*

Reifner U, Ford J (1992) ―Banking for people ;Social banking and New poverty consumer debts and Unemployment in Europe‖_*national reports, Walter de Gruyter*

Remer, S. (2011): ―Social banking at the crossroads,‖ in Remer, S and Weber, O (Ed.) *Social banks and the future of sustainable finance,* Taylor & Francis.

Richardson, B. J. (2009). ―Keeping ethical investment ethical: Regulatory issues for investing for sustainability‖ *Journal of Business Ethics, 87, 555-572.*

Rodríguez Gutiérrez P(2013), ―Transparency in social disclosure in financial institutions through Spanish CSR reports in the context of crisis‘‘ *Universia Business Review, 38(2), pp 84-107.*

San-Jose, L., Retolaza, J. L., & Gutierrez-Goiria, J. (2011). ―Are ethical banks different? A comparative analysis using the radical affinity index‖ *Journal of Business Ethics, 100(1), 151-173.*

San-Jose, L., & Retolaza, J. L. (2008). ―Information transparency as a differentiation factor of ethical banking in Europe: A radical affinity index approach‖ *The IUP Journal of Bank Management, 7(3), 7-22*

San-Jose, L., Retolaza, J. L., & Gutierrez, J. (2009, September). ―Ethical banks: An alternative in the financial crisis‖ *22nd EBEN Annual Conference, September 10-12, Athens, Greece.*

.Sarokin, D. and Schulkin, J. (1991, ―*Environmental concerns and the business of banking*‖, *Journal of Commercial Bank Lending*, Vol. 74 No. 5, pp. 6-19.

Sayilgan, G., & Yildirim, O. (2009). ―Determinants of profitability in Turkish banking sector:

2002-2007‖ *International Research Journal of Finance and Economics, (28), 207-214.*

Scheire, C. and S. De Maertelaere (2009): ‗Banking to make a difference. A preliminary research paper on the business models of the founding member banks of the Global Alliance for Banking on Values.*'Research paper, Artevelde University College Gent*.

Schoenmaker, D., & Werkhoven, D. (2012). ―What is the appropriate size of the banking system?‖ (*Duisenberg School of Finance Policy Paper Series, No. 28). October*.

Scholtens B.(2009) ―Corporate Social Responsibility in the International Banking Industry‖ *Journal of Business Ethics, 86(2), pp. 159-175*

Shrieves, R. E., & Dahl, D. (1992) ―The relationship between risk and capital in commercial banks‖ *Journal of Banking and Finance, 16, 439-57.*

Smith, D.R. (1994, *Environmental Risk: Credit Approaches and Opportunities* , An Interim Report, United Nations Environment Programme, Geneva.

peth, J. G. (2003). ―Perspectives on the Johannesburg summit‖ Environment .*The Banking Regulation and Supervision Agency. (2010, March). Financial markets report45 (1), 24-29*

Stiglitz, J. E. (2003) *Globalization and its discontents,* W.W. Norton & Co. . New York, N.Y.

Thompson, P., & Cowton, C. J. (2004) ―Bringing the environment into bank lending: Implications for environmental reporting‖ *The British Accounting Review, 36, 197-218.*

.UNEP (1995, *UNEP Global Survey: Environmental Policies and Practices of the Financial Services Sector,* >United Nations Environment Programme, Environment and Economics Unit, Geneva.

Uygur, E. (2010). *The global crisis and the Turkish economy*, TWN Global Economy Series, Third World Net Works, Malaysia.

Vaughan, S. (1994, *Environmental Risk and Commercial Banks: Discussion Paper*, Geneva.

Von Passavant, C. (2011): ―Inside social banks,‖ Social banks and the future of sustainable finance, in Remer, S and Weber, O, (Ed) Taylor & Francis.

Wanless, D. (1995, *The Gilbart Lecture 1995: Banking and the Environment*, The Chartered Institute of Bankers, London.

Weber, O., Fenchel, M., & Scholz, R. W. (2008). ―Empirical analysis of the integration of environmental risks into the credit-risk management process of European bank‖ *Business Strategy and the Environment, 17, 149-159.*

Weber, O.; Remer, S. *Social Banks and the Future of Sustainable Finance,* Routledge: London, UK, 2011;

Whitehead, C. K. (2012). ―The Goldilocks approach' Financial risk and staged regulation‖ *Cornell Law Review, 97(5), 1267-1308.*

https://www.unpri.org/pri retrieved 15th August 2018