

# CSR in the French banking sector

Preliminary version

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## **Summary**

The objective of this paper is to establish a comparison between French cooperative banks and non-cooperative banks in terms of Corporate Social Responsibility (CSR). One of the main limitations of existing studies is their inability to measure and verify the concrete application of the banks' speeches and communications in their actual practices. To remedy this problem, we try in this study to measure the implication of the giant French banking sector in CSR practices. We also think that it is interesting to see the evolution before and after the recent financial crisis, given the impact it had on confidence in the banking sector and on its post-crisis behavior. For this, we will consider the years 2005, 2008 and 2015. Our data are collected, for the most part, from the annual reports of banks. We have also exported some data from the Bankscope database (Bureau van Dijk). Globally, banks are becoming more transparent. They provide more information in 2008 compared to 2005, and even more in 2015. Taking into account all the criteria selected, cooperative banks occupy the top positions in 2015 with total scores higher than those of private banks. The overall ratings of private banks have deteriorated in 2015 compared to 2008, unlike the cooperative banks, for which a notable improvement was noted.

**Keywords:** Corporate Social Responsibility (CSR); cooperative banks; French banks.

JEL codes: G21, P13.

## **Introduction**

The financial crisis of 2008 call in question the financial system as a whole, starting with the irresponsibility of some leaders, the irresponsibility of banks, and the irresponsibility of financial markets becoming less and less regulated and increasingly speculative . In addition to the financial crisis, there has been a social and environmental crisis in the recent years which affect the lives of millions of people, in particular the most vulnerable ones. Thus, the financial crisis has renewed the debate of corporate social responsibility (CSR) and the need for its application in the banking and financial sector. Criticism is about how banks have generated their returns and how they are distributing them. The objective of this paper is to establish a comparison between French cooperative banks and non-cooperative banks in terms of CSR, through the analysis of measurable criteria.

Cooperative banks were born to respond to the needs of "vulnerable" populations that had difficulties to benefiting from the various banking services. They inherit solid principles of social economy (solidarity, democracy, and fight against social exclusion ...). They have consistently offered banking products and services that have positive social benefits and strong support for the real economy. By asserting their ethical particularity, they are more able to meet the challenges of socially responsible investment (SRI) and corporate social responsibility (CSR) (Mauléon & Saulquin, 2009). Several authors, including Richez-Battesti and Boned (2008), argue that the boundaries between mutualism principles and CSR concepts are not always clear. They share many values with CSR with two main differences: their no obsessional nature to profit and their internal governance system, especially the relationship with their members (Richez-Battesti & Boned, 2008). These banks are both economic and social (Malherbe, 2008). Their purpose is not profit maximization like private banks, but they respond to collective human needs before the profit motive.

After the deregulation of the 1980s, cooperative banks evolved and converged more on private banks. Some authors (Ory et al., 2006) analyze the reason of the transformation of the cooperative banking groups into groups mixing cooperative banks and private banks. Others raise the risks associated to this hybridization that may affect, in the long term, both the organization and the types of products offered (Richez-Battesti, 2006). Several debates emerge on the place of today's cooperative banks in responsible actions and CSR. In fact, all the banks, whether they are cooperatives or not, have been involved for some years in responsible and supportive practices towards their stakeholders and towards the society. The

difference lies in the degree of integration of CSR values into the bank's policy. Some banks make it their communication weapon to improve their notoriety (Mauléon & Saulquin, 2009) without worrying about the best way to contribute. Most banks communicate in details about information that do not significantly affect civil society and the environment, such as their CO2 emissions through the movement of their employees or their energy consumption. However, the CSR contribution of a bank is much broader through the type of funding it provides and the type of activities it finances. Thus, how cooperative banks stand out from private banks in these areas? Are they more responsible today?

Several studies have tried to approach the question in different ways. First, purely theoretical studies trying to analyze the functioning of cooperative banks compared to others while making the link with CSR: Mauléon & Saulquin (2009) question the way in which banks apprehend CSR according to their legal status. At a more empirical level, using the technique of the case study, Richez-Battesti & Boned (2008) based on information collected from the annual reports published by banks, and the qualitative interviews conducted within French cooperative banks to characterize the introduction of CSR in these ones.

At a more general level, several authors, including Gadioux (2010), offer a normative and instrumental reading of CSR using both theoretical and practical benchmarks. The Carroll pyramid (1991) classifying responsibility into four levels (economic, legal, ethical and philanthropic responsibility) remains the reference in terms of CSR and the most well-known definition. In the same line, empirical studies tried to analyze the involvement of banks in CSR practices: Scholtens (2008) and many other authors (Lenka & Jiří, 2014; Tjia & Setiawati, 2012; Novethic, 2012; De Serres et al., 2006) tried to evaluate the quality of CSR communication of banks based on information published in their annual reports. They check whether a CSR activity is conducted within the banks individually through the analysis of a number of criteria in terms of reporting, adoption of international codes, environmental and social policy, etc. Allemand and Brullebaut (2007) analyzed solely policies of banks in terms of sustainable development. As for BankTrack's study (2016), it focuses on the degree of banks integration of the UN Guiding Principles in their operations. Scores are assigned to different banks to estimate the current situation of CSR in the current banking sector.

One of the main limitations of these studies is their inability to measure and verify the concrete application of the banks' speeches and communications in their actual practices. The assessment of CSR in banks focuses on the presence and the nature of indicators, but never on

their level (Allouche et al., 2004). To remedy this problem, we will try in this study to measure the involvement of the giants of the French banking sector (BNP Paribas, Société Générale, Crédit Agricole, BPCE and Crédit Mutuel) in CSR practices, while establishing a comparison between cooperative banks and non-cooperative banks. We also think that it is interesting to see the evolution before and after the recent financial crisis, given the impact it has had on confidence in the banking sector. For this, we will consider the years 2005, 2008 and 2015. Our data are collected, for the most part, from the annual reports of the various banks. We have also exported some data from the Bankscope database (Bureau van Dijk).

As a first step, this paper will explore the different components of CSR and the importance of CSR in the banking and financial sector (I). We will then establish a comparison of the CSR practices of cooperative banks and other ones through the analysis of a number of measurable criteria (II). In synthesis, we will establish ratings taking into account all the criteria analyzed for each bank considered (III), before concluding.

## **I- The Bank Social Responsibility**

### **What is CSR and why is it important in the banking sector?**

According to the European Commission's Green Paper of 2001, CSR is a concept whereby companies voluntarily undertake to integrate social and environmental concerns into their business activity in addition to economic concerns, taking into account all of their stakeholders. However, there is no consensus on the criteria that characterize it, especially since CSR priorities differs from one sector to another. Thus, the area of CSR remains unclear and very large. The concept of CSR does not date from the recent financial crisis, but it put the debate back and brings out the need for its application to the banking sector. No one denies the importance of banks and their impact on the economy. Through their lending activity, they have a direct and indirect impact on the economy and CSR. A direct impact by contributing to the economic growth by increasing the amount of money in circulation (Jeucken, 2001). This boosts both supply and demand and stimulates economic activity. In addition, they have the opportunity to guide the nature of economic growth by targeting certain areas through the information advantage they have through their activity of collecting deposits, managing assets, etc. Through their financing activity, they also succeed in conditioning the CSR of other companies and sustainable development by refusing to finance a project having negative effects on the environment and society, or a company that does not

respect the human rights or international standards (Szegedi and Tatay, 2015; Paulet and Relano, 2007). Not to mention that the extent of their activity on the financial markets in recent years contributes to the increase in risk taking and triggering crises with negative effects at the macroeconomic and international levels. Thus, the adoption of ethical practices by banks is essential, especially as they operate with the money of others, and contribute to strengthening financial and economic stability.

### **What should be CSR for a bank?**

Without ignoring the vast field of CSR with its economic, social and environmental components, and taking into account all stakeholders (shareholders, customers, employees, competitors, regulators, NGOs, civil society and environment), we will focus in this section on the most important CSR criteria applicable to the banking sector. To discuss these criteria, we relied on academic studies (Scholtens, 2008; Allemand and Brullebaut, 2007), “professional” studies (BankTrach, 2014; Novethic, 2012), as well as international standards like the UN Guiding Principles, the Equator Principles, etc.

In an activity such as banking and finance, the main elements to take into account when it comes to CSR can be classified in this order: in the foreground, the attention must be focuses into the bank's financing policies, with products and services that promoting banking inclusion, financing the real economy and financing the ecological transition. Risk control seems equally important for us because of the consequent effects of certain activities that affect both the banking and financial system, but also the real economy and economic growth. Next come governance and actions towards civil society, which are not specific to the banking and financial sector, but concern all companies. In the second part of the paper, we will, as best as we can, try to analyze the practice of French banks on their financing policies, their risk management and their governance, by analyzing measurable data to establish a comparison between cooperative banks and others. The objective is to find out if cooperative banks are more socially responsible compared to other banks. Before that, it is important to underline, without going into detail, the responsible practices that banks are encouraged to do, but for certain criteria, it is impossible to quantify them, either because of the discretion of banks in their reporting, either because of their qualitative nature. We will therefore recall them without claiming to the exhaustiveness of this list.

## **Financing policy**

The main activity of a bank is supposed to be the granting of loans and the collection of deposits. Regarding its commitment to depositors, the bank should reorient these funds to projects serving the economy instead of speculating and take excessive risks on the financial markets for the sole purpose of increasing its profits. A bank will be even more responsible if it offers to its customers savings products promoting sustainable development such as solidarity-based savings. In terms of lending activity, a bank should fund the real economy more and not seek only short term profitable projects. Most projects benefiting the economy are long-term projects, certainly more risky but more fruitful. It should not neglect part of the population (often the poorest, SMEs, etc.), by putting in place products adapted to these cases through, for example, personal or professional microcredit. The responsibility of a bank in its financing also involves an exclusion of certain sectors considered harmful to the economy, the environment and the civil society in general (such as the coal sector for example). Several initiatives have emerged in recent years but it seems not sufficient at all.

## **Risk management**

The 2007-2008 financial crisis is one of the best, and most recent, lessons on the negative impacts of neglecting certain banking and financial risks. Financial markets are certainly beneficial to financial institutions and non-financial companies, however, when the risks associated with certain activities, such as derivatives, are underestimated, the negative effects can be very important, both on financial institutions themselves but also on the economy. Thus, more and more rules emerge (through the establishment of capital ratios, leverage ratio, liquidity ratios, etc.) to further frame the behavior of banks on the financial markets and encourage them to more responsibility.

## **Governance**

In addition to the organization around the steering of CSR in the bank, the area of governance is very broad and has an effect on the whole of the bank activity. It is important to consider all stakeholders of the bank (shareholder / members, client, employees, etc.) by being more transparent, more efficient, more performant and more responsible, establishing a diversity of gender, age, nationality at the level of all hierarchical structures. Good banking governance deals with good risk management, a clear organizational structure, and effective management procedures, hence the importance of the quality members of the board and their ethics.

## **Relationship with the civil society**

The societal pillar is even larger. This takes into account the bank's social commitment internally and externally. Internally, this amounts to being responsible vis-à-vis its staff through decent pay, safety at work, training offer, etc. Externally, this concerns the bank's attitude towards customers, by improving the service offered with products and services both accessible and responsive to their needs, but not only, they have also to mobilize against bank exclusion, contribute to respect of human rights, respect of the environment, etc. Thus, several devices (codes of conduct, labels, ethical charters, etc.) have been emerged to encourage banks to adopt responsible behavior. This begins with a commitment through adherence to international standards on CSR and sustainable development such as the Global Reporting Initiative (GRI), the United Nations Global Compact, the Equator Principles, the United Nations Environment Program (UNEP FI), etc. These commitments encourage them to respect a number of principles in the areas of human rights, the environment, the fight against corruption, etc. and to communicate through their annual reports, CSR reports and activity reports, their practical commitment and their involvement in the various CSR fields.

## **II- Cooperative banks VS private banks**

### **1- Fight against banking exclusion**

Co-operative banks are renowned for their fight against banking exclusion, at least in theory. A priori, their priority is not the maximization of profit, but rather to serve the needs of their members and respond to the needs of the exclude people. Conversely, for non-cooperative banks, satisfying the needs of clients is a means to greater profitability and not a purpose. This penalizes vulnerable populations for whom it is no longer possible to lead a decent social life without quality access to different banking services (Gloukoviezoff, 2006). The relationship to profit is one of the criteria which can determine a responsible practice for, at least, two reasons; First, an obsession relationship to profit can be a source of excessive risk taking by the bank, which will have a negative impact on the bank and the financial system as a whole, as we saw during the financial crisis of 2007-2008; but also, it can contribute to the exclusion of a lot of "vulnerable" people through a selective pricing for example. To try to approach this question, we consider the pricing of banking services offered to customers. These represent a big part of the bank's incomes. Secondly, we analyze the financing of microcredit, the financing of SMEs, as well as the financing of vulnerable people and social housing. The data

show the degree of heterogeneity of the information provided by the different institutions. Banks, intentionally or not, do not publish the same information in their annual reports, which makes comparison difficult. However, we will try to make a comparison between cooperative banks and private banks. These criteria seem important to us, especially when it comes to cooperative banks, which by their nature are supposed to be more active in these areas comparing to their competitors. Due to lack of data, we have limited our analyze to the year of 2015 for these criteria.

### **Bank pricing**

Since the deregulation of the 1980s, the French banking sector was turned to a policy of diversification of business and products. Pricing, being one of the important criteria for the profitability of these institutions, has become an essential and discriminating component of the offer of banking products and services, particularly in an increasingly competitive environment. The importance of pricing in consumers' lives necessitated the development of a surveillance system, and from 2010, a number of initiatives in favor of consumers were launched both by state authorities and by associations (CLCV, UFC-*Que Choisir*, etc.). Initially, the need was to create an organization (Observatory of bank tariffs) within the Advisory Committee of the Financial Sector (CCSF), whose role is to ensure the control of all tariffs applied by banks and to ensure the respect of the laws. In 2013, recommendations were made by the CCSF to encourage price transparency and harmonization of glossaries of terms. Concerning the products and services taken into account, since 2011, the observatory of bank tariffs (*Observatoire des tarifs bancaires*) recommends that banks set up, in all their branches, tariff brochures on the ten most consumed products. These products are chosen with the agreement of the consumer associations. The main research carried out on this subject in France, comes from the studies of consumer protection associations (CLCV<sup>1</sup>, UFC-*Que Choisir*, *Mieux Vivre Votre Argent*), which do surveys on the control and monitoring of product pricing, and services marketed by banks. The two associations CLCV and "*Mieux Vivre Votre Argent*" analyze the tariffs of more than 100 national and regional French establishments since 2007, every year in February. This represents almost the entire retail banking market in France. In each establishment, they study tariffs for three types of consumers: small, medium and large consumers. We retain only the data concerning the small

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<sup>1</sup> L'association nationale de défense des consommateurs et usagers " Consommation, Logement et Cadre de Vie". (In English: The national association for the defense of consumers and users "Consumption, Housing and Living Environment")

consumers (corresponding to a basket of service on an account held by only one person, and using a limited number of services<sup>2</sup>) to see the evolution of the tariffs between the year 2008 and the year 2015 , as well as the price difference between cooperative banks and private banks. It should be noted that the criteria used for the other consumer profiles evolved between these two periods. The 2008 data are therefore not comparable to the 2015 data for the other two profiles (medium and large consumers). In addition, as the CLCV started this type of survey in 2007, there are no data for the year 2005.

Table 1: The ten cheapest banks in 2008 and 2015

2008 ( <i>annual costs</i> )		2015 ( <i>annual costs</i> )		
1	Crédit Agricole Centre France	€ 36	LCL	€ 35.96
2	Banque Populaire Rives de Paris	€ 41.2	Banque Populaire Alsace Lorraine Champagne	€ 36
3	Crédit Agricole Nord Est	€ 41.55	Crédit Agricole Centre Loire	€ 36.50
4	Crédit Agricole Sud Rhône Alpes	€ 43	Crédit Coopératif	€ 37
5	BNP Paribas	€ 45.2	Caisse d'Épargne Ile de France	€ 38.25
6	Crédit Agricole Cotes d'Armor	€45.54	Crédit Agricole Sud Rhône Alpes	€ 39
7	Banque Populaire Alpes	€ 46.2	Crédit Agricole Touraine et Poitou	€ 39
8	Crédit Agricole Centre Loire	€ 49.08	Crédit Agricole Ile de France	€ 39.90
9	Crédit Agricole Anjou et Maine	€ 49.9	La Banque Postale	€ 41.70
10	Crédit Agricole Normandie Seine	€ 51.92	La Banque Postale Martinique Guadeloupe Réunion	€ 41.70

Source : CLCV

The table above shows that bank tariffs have significantly decreased between 2008 and 2015 when we consider the cheapest banks in these two periods. This downward trend is also confirmed in the category of the most expensive banks shown in the table below. On the other hand, the number of cooperative banks occupying the first places in 2008 (nine out of the ten cheapest banks are cooperatives) is larger compared to 2015 (seven banks out of the ten cheapest are cooperatives). We find LCL (a subsidiary of Crédit Agricole) topping the list, as well as La Banque Postale, which both join the Top 10 least expensive banks in 2015. However, the number of cooperative banks in the ten cheapest banks is larger in both periods. It should be noted that, contrary to the tariffs of private banks, the tariffs offered by cooperative banks vary from one regional bank to another. The variation is sometimes very

<sup>2</sup> The various banking services taken into account by the CLCV in their study are well detailed in the document " *Tarifification bancaire: l'enquête annuelle* ". CLCV-*Mieux Vivre Votre Argent*, (2015) page 14.

important. It would be interesting to see the tariffs of cooperative banks by taking the average of the various tariffs proposed by all the regional banks. Nevertheless, since the CLCV association does not establish this type of data, we can only analyze individual tariffs at the level of the regional banks.

Table 2: The ten most expensive banks in 2008 and 2015

2008 ( <i>annual costs</i> )		2015 ( <i>annual costs</i> )		
1	BNP Paribas Martinique	€ 246.50	Banque Dupuy de Parseval	€ 151
2	Crédit Mutuel Centre Est Europe	€ 197.88	Banque Marze	€ 151
3	Crédit Mutuel Sud Est	€ 197.88	Société Générale Banque aux Antilles	€ 131.6
4	BNP Paribas Guadeloupe	€ 140.40	Banque Française Commerciale Océan	€ 123.6
			Indien	
5	Crédit Agricole Guadeloupe	€ 137.52	BNP Paribas Réunion	€ 116
6	Banque Populaire Centre Atlantique	€ 135.76	Barclays Bank	€ 100.4
7	Crédit Agricole Martinique Guyane	€ 134.64	Banque des Antilles Françaises	€ 99.48
8	Banque Populaire Cotes d'Azur	€ 130.26	Crédit Mutuel Antilles Guyane	€ 98.40
9	Caisse d'Epargne Guadeloupe	€ 116.20	Crédit Mutuel Sud-Ouest	€ 96.96
	Martinique			
10	Société Générale Banque aux Antilles	€ 110.28	BNP Paribas Guadeloupe	€ 95.96

Source : CLCV

Two observations emerge from this table in comparison with the first one. The price gap of the same banking services offered to consumers between the cheapest banks and the most expensive ones is very important, both in 2008 and in 2015. If we take BNP Paribas's tariffs in 2008 (€ 45.2), they are five times more expensive in Martinique (€ 246.50) and three times more expensive in Guadeloupe (€ 140.40) than in France. The tariffs applied by French banks in the DOM-TOMs seem, in general, relatively higher than the tariffs applied in France. They are, at least, twice as high in these regions. On the other hand, La Banque Postale applies the same tariffs in France and overseas territories. Apart from banks located in these regions, we find a regional bank of Crédit Mutuel and those of Banque Populaire in the category of the most expensive banks, both in 2008 and 2015 in the case of Crédit Mutuel. We can think that, compared with Crédit Agricole, these two cooperative banks offer higher tariffs. But again, we cannot conclude if we do not consider, on average, the rates applied by all the regional cooperative banks. It also appears from these data that the number of co-operative banks among the ten most expensive is much larger in 2008 (seven of the ten most expensive banks

are co-operative) compared to 2015 (two of the ten most expensive banks are co-operative). The comparison is difficult at the national level and even more difficult at the international level, because it cannot be done on the basis of the same products and services classified as reference in the French tariff brochure. The consumption of banking products and services differs from country to another.

### Microcredit

Microcredit represents low amounts of loans granted to individuals, through personal microcredit, to craftsmen and entrepreneurs through professional microcredit. In the absence of real guarantees, some consumers are excluded from conventional bank loans. Thus, French banks intervene either directly by granting credit to individuals and companies, which is rather unusual given the high risk taken by banks, or indirectly by funding associations, such as the "*Association pour le droit à l'initiative économique*" (Adie), or non-bank microfinance institutions (Delaite and Poirot, 2013).

Table 3: Microcredit

<i>(number of microcredit)</i>	Crédit Agricole	BPCE	Crédit Mutuel	Société Générale	BNP Paribas
Personal microcredit	1 200	7 226	23 811 (40.8 million euros)	/	/
Professional microcredit	1 360 (3.6 million euros)	7 783	3 276	2 139 (7.4 million euros)	/ (72.4 million euros)

Source: Banks's annual reports (2015)

Apart from Banque Populaire and Caisse d'Epargne, no French bank has published information on microcredit granted in 2005 and 2008. The Banque Populaire granted personal microcredits for an amount of 1.2 million euros in 2005 and 3.5 million euros in 2008. With regard to the professional microcredit, they had granted 10.9 million euros in 2008. Regarding the Caisse d'Epargne, it communicated the number of microcredit granted without specifying the total amount. It has granted 3,275 personal microcredits and 1,220 professional microcredits since the beginning of the commercialization of this service.

If we look at the table above, the first observation concerns the heterogeneity of the information provided. Some banks report the amount of microcredits granted and others only the number. The period is sometimes unspecified. We do not know if the amount granted is for 2015 alone or for the entire period in which microcredit is marketed. The only additional

finding that could be drawn from these data is the transparency of cooperative banks compared to others on this point. In addition, the number of microcredit granted by cooperative banks is greater than those granted by BNP Paribas and Société Générale if we average data of these two groups of banks. We could therefore think that French cooperative banks dominate the microcredit market.

**Support for SMEs**

SMEs are the engine of any economy and are an important source of job creation. On the other hand, they are often more risky than larger companies, which is why they may find difficulties to obtain financial support from banks, especially in times of crisis.

Table 4: SMEs financing

Crédit Agricole	BPCE	Crédit Mutuel	Société Générale <sup>3</sup>	BNP Paribas
Amount devoted to the capital requirements of SMEs in regions: 2,430 million euros	Complementary loans to founders of companies benefiting from NACRE: 95.9 million euros	/	272 SME files granted for a total of 7.4 million euros	More than 750 million euros of support for SMEs

Source: Banks’ annual reports (2015)

The information published by French banks in their annual reports does not allow us to conclude whether cooperative banks are more supportive of SMEs in their financial needs than private banks. As shown in the table above, the banks are not clear in their communication on this issue. Some banks confirm their financing of SMEs without more precision. Others specify some details of their SMEs financing activity without specifying the total volume granted. Nevertheless, if we look only at the figures, it is the Crédit Agricole which seems to have granted the most financing to SMEs with more than 2,000 million euros, followed by BNP Paribas with more than 700 million euros in 2015. In contrast, Société Générale, if we refer to the data provided in its annual reports, does not invest more than 8 million euros in support of SMEs.

<sup>3</sup> 2014 Data

## Support for vulnerable populations

Table 5: Vulnerable people financing

Crédit Agricole	BPCE	Crédit Mutuel	Société Générale	BNP Paribas
- 90 million euros in funding granted in 24 of the poorest countries	- Banking offer for vulnerable customers: 25,979 customers in flow and 70,793 in stock	More than 200 regional conventions to help on integration and social action	/	- Amount paid to associations under the suburb project: 35 million euros in 10 years
- 163 financings approved by the Grameen Crédit Agricole Foundation, in 7 years to fight against poverty, for an amount of 106 million euros	- Basic banking services for fragile customers: 12,774 customers (in flow) and 44,479 (in stock)			- 829 supported suburban projects and 220,000 beneficiaries

Source: Banks's annual reports (2015)

In the context of financing "vulnerable populations", the data provided by French banks are heterogeneous in several ways:

- 1) Heterogeneity in terms of the concepts used. What does mean the term "fragile clientele" used by BPCE? What are their characteristics? Are the "suburban projects" financed by BNP Paribas destined for the poorest people? What are the funds considered as fighting against poverty? ... Etc.
- 2) Heterogeneity in terms of periods. Crédit Agricole discloses the amount of financing granted in 7 years and BNP Paribas in 10 years.
- 3) Heterogeneity in figures. Some banks report the number of vulnerable customers, while others report the overall amount of funding granted and / or the number of funded projects.

The comparison is therefore almost impossible, but if all these heterogeneities are ignored, and if we consider that each of the banks finances populations that have difficulty in accessing banking services, whether they are poor or vulnerable customers, the amounts invested by Crédit Agricole seem to be larger than those invested by BNP Paribas, with 106 million euros and 35 million euros respectively. The other banks did not report the total amount of their financing for this type of customers.

## Financing social housing

Table 6: Financing social housing

Crédit Agricole	BPCE	Crédit Mutuel	Société Générale	BNP Paribas
107 projects for the construction or rehabilitation of housing for social purposes were financed for an amount of 3.8 million euros (from 2008 to 2015)	€ 4 000 million in loans for social housing and the mixed economy € 1,303 million of the total amount of 2015 related to the financing of social housing	€ 1,900 million of regulated social loans (PLS <sup>4</sup> , PSLA <sup>5</sup> ) to finance the construction of social housing and nursing homes in 2015	/	Three funded structures: Foncière Habitat & Humanisme, Foncière Chênelet and SNL Prologues

Source: Banks's annual reports (2015)

What is clear from this table is the degree of contribution of cooperative banks to the financing of social housing compared to private banks. Crédit Mutuel and Groupe BPCE's outstanding on social housing loans are amounted to € 1.9 billion and € 4 billion respectively in 2015. As for Crédit Agricole, the amount invested does not exceed 4 million euros. Société Générale and BNP Paribas do not publish quantified information on social housing financing, even though BNP Paribas mentions its partnership with institutions such as Foncière Habitat & Humanisme, Foncière Chênelet and SNL Prologues. These three institutions together generate funding for 7,876 people housed and 3,697 houses made available in 2015.

## 2- Long-term perspective and financing the real economy

The main role of a bank has always been the financing of customers and the real economy through the collection of deposits and the granting of loans. These have long occupied the most part of their balance sheet. Nevertheless, with the deregulation of the 1980s, banks turned more to financial activities with an increase in off-balance sheet activities. These activities not only involve high risks, but they do not serve the real economy in the same way as bank loans. To measure the involvement of banks in financing the real economy, we have selected proxies that allow us to address this issue. We will analyze the share of loans in the

<sup>4</sup> The Social Rental Loan can finance the acquisition or construction of rental housing, as well as the corresponding improvement works. PLS does not qualify for a state subsidy. (For more details: <http://www.logement.gouv.fr/prest-locatif-social> )

<sup>5</sup> The Social Accession Rental Loan is an agreed loan granted to an operator (HLM, SEM, private developer ...) to finance the construction or acquisition of new housing that will be the subject of a lease agreement. (For more details: <http://www.logement.gouv.fr/prest-social-location-accession>)

total assets and the share of long-term loans in total loans, the share of off-balance sheet activities in the banks' total assets, as well as the evolution of bank fees and commissions which represent the income from activities outside the lending activity.

### **French banks' traditional activity**

An important financial and economic crisis like that of 2007 should have a negative effect on the lending by banks, both for liquidity problems, but also because of the increase of the borrowers' probability of default. Nevertheless, in examining the share of loans to households and businesses in total assets, we notice an increase in 2008 compared to 2005. This may be due to an increase in loans or to a depreciation of assets.

Table 7: The part of credit and off-balance sheet activities

	Years	Crédit Agricole	BPCE	Crédit Mutuel	CA+BPCE+CM (Average)	Société Générale	BNP Paribas	SG+BNP (Average)
Loans <sup>6</sup> /Total assets	2005	38.9 %	/	43.17 %	<b>41.03 %<sup>7</sup></b>	29.41 %	23.94 %	26.67 %
	2008	39.07 %	43.68 %	50.85 %	<b>44.53 %</b>	33.55 %	23.82 %	28.68 %
	2015	43.31 %	50.56 %	52.05 %	<b>48.64 %</b>	28.93 %	34.13 %	31.53 %
LT loans >5 years <sup>8</sup> / total loans	2015	41.56 %	53.03 %	/	/	27.79 %	/	/
Off-balance sheet activities/ total assets	2008	/	/	11.75 %	/	20.52 %	14.77 %	17.64 %
	2015	16.06 %	12.60 %	12.08 %	13.58 %	20.20 %	45.49 %	<b>32.84 %</b>

Source: Authors' calculation using Bankscope database

In the case of French banks, there is a larger increase in loans than the increase in total assets. The difference between cooperative banks and private banks is on the share of loans in total assets. For cooperative banks, loans represent for almost half of total assets. Conversely, the share of loans in the total assets of private banks does not exceed 32% on average. In addition, long-term loans to consumers, which are supposedly riskier but often more useful for the economy, represent for almost half of all loans for co-operative banks compared with 27.79% for Société Générale, the only private bank for which we have data on this point.

The share of off-balance sheet activities in total assets is significantly larger for private banks. They represent 32.84% on average, compared with 13.58% for cooperative banks in 2015.

<sup>6</sup> Loans considered are those intended for households and businesses apart from loans for banking institutions

<sup>7</sup> Average calculated without BPCE data

<sup>8</sup> Loans for consumers. This excludes long-term loans to banking institutions

The share of off-balance sheet activities for BNP Paribas was 45.49% in 2015, a very high ratio given the riskiness of these activities.

### Evolution of the net fees and commissions of the French banks

The net fees and commissions include all income from the bank's activities outside the lending activity, such as consulting, investment, etc. These are, in nature, relatively volatile and risky, unlike net interest income, which represents the difference between the financial income and the financial expenses of the bank. These represent the result on lending activity and remain a central element of commercial bank income.

Table 8: The share of net fees and commissions in the net banking income

	Years	Crédit Agricole	BPCE	Crédit Mutuel	CA+BPCE +CM	Société Générale	BNP Paribas	SG+BNP
The share of net fees and commissions in net banking income	2005	31.34 %	/	25.96 %	/	31.9 %	21.17 %	26.53 %
	2008	34.68 %	49.45 %	31.54 %	<b>38.55 %</b>	35.03 %	21.99 %	30.45 %
	2015	27.58 %	38.57 %	24.55 %	<b>30.23 %</b>	26.16 %	17.73 %	27.93 %

Source: Authors' calculation using Bankscope database

The share of net fees and commissions in the net banking income is more important for cooperative banks, even if the difference is not very important with Société Générale. The share of net fees and commissions is the highest in 2008 for all banks. This could be explained by the willingness of these banks to diversify their income, especially in times of crisis when lending activity becomes riskier. However, for Crédit Mutuel, net banking income decreased in 2008 compared to 2005, which partly explains the increase in this ratio. The decrease in the ratio in 2015 is due in particular to a larger increase in net banking income compared to the increase in net fees and commissions. These have slightly decreased for Crédit Agricole. The share of net fees and commissions in the net banking income decreases in 2015 for all banks. This variation is explained by a larger increase in the level of the net banking income compared with the increase in net fees and commissions.

### 3- Financing sustainable development

Awareness of the role of banks in financing sustainable development has become widespread. NGOs such as BankTrack and the Friends of the Earth are increasingly denouncing banks' investments in fossil fuels, especially coal etc., which is pushing them to invest more and more in renewable energies and sustainable development in general. Unlike other sectors, it is

not the banking products themselves that are polluting or even their activity in-house (consumption of water, energy, CO2 emissions, etc.), but they are the destination of their funding that would or could not contribute to sustainable development.

Table 9 : Financing sustainable development

	Crédit Agricole	BPCE	Crédit Mutuel	Société Générale	BNP Paribas
Renewable energy financing (in millions of euros)	1 900	6 200	/	1 400	7 200
Renewable Energy Financing / Total Loans	0.25 %	1.05 %	/	0.36 %	1.05 %
SRI assets / total assets	9.36 %	1.79 %	0.75 %	/	0.95 %

Source: Authors' calculation using Bankscope database (2015)

As this movement is recent, the shares of financing for renewable energies are not very important. BPCE and BNP Paribas invest more than other French banks in renewable energies with a share of 1.05% on total assets. For SRI assets, Crédit Agricole, through its subsidiary Amundi, is the leading investor in SRI in France. It stands out from other French banks with a share of SRI assets compared to total assets equal to 9.36% against 1.79% for BPCE and less than 1% for Crédit Mutuel and BNP Paribas.

Other information provided by banks about their sustainability funding is not comparable. Since there is no reference model, each bank contributes in its own way by investing in green bonds, or through direct financing of wind turbines, etc. Nevertheless, for some banks, the information provided is more image-oriented than substantive. Novethic (2015) did a study on the contribution of European banks and insurance companies to "green financing". Novethic considers both the quantitative data provided by the banks and the degree of their clarity and accuracy. Novethic classifies institutions into four categories: the leaders; the promising ones; the imprecise; and the silent ones. French banks are in the category of promising ones, except BNP Paribas, considered to be less involved classified in the imprecise category. In BankTrach's study (2014) focusing mainly on bank financing for the coal sector, two French banks are among the twenty banks that most finance this sector; BNP Paribas occupies the ninth place (15,599 million euros) and Crédit Agricole the twentieth place (7,154 million euros). For Societe Generale, it was removed from this ranking. However, it was the eighteenth place in 2011. Apart from Credit Agricole, no other bank of the twenty banks most finance the coal sector is cooperative. It should be noted that these twenty banks are responsible for 73% of

financing the coal sector, compared to 27% for the rest of banks worldwide. In addition, all these banks communicate on the importance of the fight against climate change.

#### 4- Risk control

The 2007-2008 financial crisis has shown that the individual risk of banks can jeopardize the financial system as a whole. This is reflected in the real economy and economic growth, not only in the country concerned, but very often in the world. Numerous regulatory measures have been taken with the implementation of Basel III, starting with the strengthening of the capital ratio and the setting up of a leverage ratio that banks have to respect.

The leverage ratio is calculated as the ratio of equity to total unweighted assets. The Basel III regulatory requirements have imposed on banks a minimum leverage ratio of 3% in addition to the Tier One ratio which is still 8%, with a strengthening of the quality of capital. The advantage of the leverage ratio, unlike risk-weighted ratios, is that it is simple to calculate and avoids potential regulatory arbitrage effects. The publication of this ratio became mandatory from 1 January 2015, but most banks did not wait until that date to communicate it. Respect for the leverage ratio will be mandatory in 2018.

Table 10: Risk control by French banks

	Years	Crédit Agricole	BPCE <sup>9</sup>	Crédit Mutuel	CA+BPCE+CM (Average)	Société Générale	BNP Paribas	SG+BNP (Average)
Leverage ratio	2015	4.6	4.9	5.7	5.06	4	4	4
Tier One Ratio	2005	8.2 %	9.05 %	9.19 %	<b>8.81 %</b>	7.6 %	7.6 %	7.6 %
	2008	8.6 %	7.9 %	8.78 %	<b>8.42 %</b>	8.8 %	7.8 %	8.3 %
	2015	12.2 %	13.3 %	15.7 %	<b>13.73 %</b>	13.5 %	11.7 %	12.6 %
Cost of risk / Net Banking Income	2005	4.69 %	3.57 %	4.16 %	<b>4.14 %</b>	2.33 %	2.79 %	2.56 %
	2008	19.83 %	25.33 %	26.04 %	<b>23.73 %</b>	12.14 %	22.55 %	17.34 %
	2015	12 %	7.67 %	6.26 %	8.64 %	11.95 %	8.84 %	<b>10.39 %</b>

Source: Bankscope

All the big French banking groups respect the leverage ratio of 3%. On the other hand, on average, the leverage ratio of cooperative banks is slightly higher than the leverage ratio of private banks. This is true even at the individual level.

The Tier One ratio relates equity to risk-weighted assets. This ratio is not unfulfilling because it is the banks that estimate the weightings by the risks. It should be noted in this area that many

<sup>9</sup> The figure represent the average for Banque Populaire and Caisse d'Epargne before the fusion (before 2008)

banks that went bankrupt during the recent crisis had excellent solvency ratios. However, before the crisis, cooperative banks were better capitalized, with a Tier One ratio higher than 8%, unlike BNP Paribas and Société Générale, both of them had a Tier One ratio of 7.6%. After the crisis, the Tier One ratio increased for all banks, especially for Crédit Mutuel, for which the ratio reached 15.7%.

The cost of risk corresponds to the costs inherent in all the risks incurred by the bank (counterparty risk, credit risk, market risk, etc.). Specifically, these are provisions that allow the bank to anticipate loan losses or write-downs of receivables. The cost of risk is positively related to total loans. That is why it is better to report it to the net banking income. Several facts stand out from the table above: 1) a general rise in the cost of risk in 2008 and a general decrease in 2015; 2) on average, the change is greater for cooperative banks, both up (between 2005 and 2008) and down (between 2008 and 2015); 3) The cost of risk is higher for cooperative banks before and during the crisis. In 2015, Crédit Agricole's cost of risk remained the highest followed by Societe Generale.

## **5- Governance**

### **Executive compensation**

In public companies, executive compensation is capped by the State at 450,000 euros<sup>10</sup>. The difference, when it comes to private companies can be very important. For banks, the compensation consists of a fixed part and a variable part which depends on the annual results. This is linked to both quantitative results (net income, net banking income, etc.) and qualitative results (customer satisfaction, building a strong group, etc.). Thus, in principle, when the bank makes losses, the managers see their variable compensation decrease.

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<sup>10</sup> Decree n ° 2012-915 of July 26, 2012, on State control over the manager's compensation of public companies.

Table 11: Executive compensation

<i>(euros)</i>	Years	Crédit Agricole	BPCE	Crédit Mutuel	<i>CA+BPCE+CM (Average)</i>	Société Générale	BNP Paribas	<i>SG+BNP (Average)</i>
Remuneration of the Chairman <sup>11</sup>	2005	436,800	BP 637,427 CE <sup>12</sup> /	619,418	564,548	3,300,000	1,908,159	<b>2,604,079</b>
	2008	568,221	BP 651,721 CE 1,265,576	855,868	<b>835,346</b>	495,110	731,399	613,254
	2015	800,307	1,382,744	718,019	<b>967,023</b>	553,562 <sup>13</sup>	1,000,994	777,278
Remuneration of general manager	2005	3,072,100	BP 402,308 CE 914,544	864,247	1,313,299	1,870,000	2,290,543	<b>2,080,271</b>
	2008	1,835,911	BP <sup>14</sup> / CE 976,739	1,514,726	<b>1,442,458</b>	1,140,581	1,069,804	1,105,192
	2015	1,417,193	1,382,744	813,404	1,204,447	2,780,125	3,539,885	<b>3,160,005</b>

Source: Banks's annual reports

When we analyze the total compensation of the Chairman of each of the French banking groups, we note that, on average, the compensation granted by the cooperative banks is higher than the remuneration granted by the private banks in both 2008 and 2015. However, the difference is not very important. On the other hand, the total compensation received by the Chairman of the private banks is, on average, four times higher than the compensation received by the Chairman of cooperative banks in 2005. This is explained by the fact that the Chairman of BNP Paribas and the Chairman of Société Générale did not receive their variable compensation in 2008 and 2015. In addition, the Chairman of Société Générale waived half of his fixed remuneration following the Kerviel case.

For the compensation of the general manager, it is only during the crisis period that the compensation granted by cooperative banks is higher. This is due to the fact that the general manager of BNP Paribas and Société Générale did not receive their variable compensation in 2008. As a result, in "normal" periods, private banks' leaders are better paid. Even at the level of fixed compensation and variable compensation, the difference is very important except for Crédit Agricole which is closer to private banks. It should be noted that Crédit Mutuel lacks on transparency since it does not publish data on fixed and variable compensation except in

<sup>11</sup> For the whole study, we chose these years to represent before, during and after the crisis and we explained it from the introduction. It turns out that these years, from the point of view of executive compensation, do not reflect their usual situation. Because in 2008, the presidents and CEOs of BNP Paribas and Société Générale did not receive their variable remuneration (same for the presidents of the two banks in 2015).

<sup>12</sup> Information not provided in annual reports.

<sup>13</sup> The mandate of the President of Société Générale in 2015 began on May 19. Prior to this date, the Chief Executive Officer had dual status as Chairman and Chief Executive Officer.

<sup>14</sup> Information not provided in annual reports.

2015. Individually, the managers of Crédit Mutuel and BPCE Group are paid less, whether in relation to Crédit Agricole or in relation to private banks.

Table 12: The highest remunerations

	Years	Crédit Agricole	Société Générale	BNP Paribas
Ratio between the average remuneration of the 10% of employees earning the highest remunerations and that corresponding to the 10% of employees receiving the lowest remunerations	2005	/	<b>7</b>	6.6
	2008	6.2	<b>8</b>	6.8
	2009	5.7	<b>7</b>	5.5
	2012	6.1	<b>7.6</b>	5.3
	2015	/	<b>7.5</b>	5.3
Overall amount in euros of the 10 highest remunerations	2005	/	<b>47,012,000</b>	22,899,973
	2008	9,018,867	18,514,000	<b>27,728,325</b>
	2009	8,308,238	<b>16,112,000</b>	12,210,039
	2012	8,284,730	<b>19,133,000</b>	14,506,622
	2015	/	<b>38,297,000</b>	16,982,510

Source: Banks's annual reports

The table above provides information on the ratio between the average remunerations of the 10% of employees earning the highest salaries and those corresponding to the 10% of employees receiving the lowest salaries, as well as the total amount of the 10 highest remunerations. In both cases, the compensation granted by Société Générale is the highest. We were unable to collect data on Crédit Mutuel and BPCE.

If we look at the total amount of the 10 highest salaries, three facts clearly appear: 1) the total remuneration granted by Crédit Agricole is the lowest, and the difference with Société Générale corresponds, at least, at the double of the total amount; 2) in 2008, the decrease in lower earnings was greater than the decrease in the highest earnings: we see an increase in the ratio of highest and lowest earnings from 7 to 8 and a decrease in total of the 10 highest salaries, from 47 million to 18.5 million euros; 3) Remunerations declined during the crisis period, but resumed in 2015, particularly for Société Générale, even though the pre-crisis level (2005) has not yet been reached.

### Employee participation

Employee profit sharing is mandatory for any company with more than 50 employees.

Table 13: Employee participation and profit-sharing

	Years	Crédit Agricole	BPCE	Crédit Mutuel	<i>CA+CM+BP CE (Average)</i>	Société Générale	BNP Paribas	<i>SG+BNP (Average)</i>
Employee participation and profit-sharing / Net income	2005	9.91 %	BP 14.85 %	9.8 %	<b>11.52 %</b>	1.66 %	2.4 %	2.03 %
	2008	21.79 %	/	28.05 %	<b>24.92 %</b>	1.62 %	6.72 %	4.17 %
	2015	11.3 %	15 %	12.37 %	<b>12.89 %</b>	0.34 %	2.95 %	1.64 %

Source: Authors' calculation from the banks' annual reports

The average ratio of employee participation to net income is higher for cooperative banks, particularly in 2008. In 2005, the average of this ratio for cooperative banks is of 12%, whereas it does not exceed 2% for private banks. In 2008, it is of 24.92% on average for cooperatives against 4.17% for other banks. This explains that cooperative banks give to their employees a much larger share of profits than their counterparts. It should be noted that in 2008, the net income of the Banques Populaires and the Caisse d'Epargne group was negative. Nevertheless, the employees were received a participation, less important than that of 2005 for the Banques Populaires but more important for Groupe Caisse d'Epargne. The increase in the ratio of employee profit-sharing to net income in 2008 can be explained by a sharp drop in the net income for all banks (Crédit Mutuel's net income decreased from 2,417 million euros in 2005 to 442 M euros in 2008 with a variation of - 82%, and the net income of Societe Generale decreased from 4,446 M euros in 2005 to 2,773 M euros in 2008 with a variation of -38%). Employee profit sharing follows the same trend as the net income for Banque Populaire, Crédit Mutuel and Société Générale. However, it rose slightly for the other banks. The decrease in the ratio of employee profit-sharing to net income recorded in 2015 for BNP Paribas and Société Générale results both from a decrease in the amount of employee profit-sharing and an increase in net income, in contrast to the cooperative banks for which the decrease in the ratio results solely from the increase in the net income, since the amounts of employee participation have increased further.

### Diversity

The problem of inequalities between women and men is not only on the part of women in the total staff, but also the difference in wages, formation, and especially their presence in the most important functions, hierarchically, in the bank.

Table 14: Parity

	Years	Crédit Agricole	BPCE	Crédit Mutuel	Société Générale	BNP Paribas
Number of women employees / total staff	2005	57 %	CE 42 % BP 0 %	51 %	55 %	54 %
	2008	54 %	CE 51 % BP 56 %	53 %	60 %	56 %
	2015	54 %	33 %	56 %	59 %	58 %
Number of women on the Board of Directors	2005	1/21 (4.76 %)	CE 2/20 (10 %)	1/16 (6.25 %)	1/16 (6.25 %)	3/14 (21.42 %)
	2008	1/21 (4.76 %)	CE 1/17 (5.88 %)	1/16 (6.25 %)	2/13 (15.38 %)	4/14 (28.57 %)
	2015	6/21 (28.57 %)	6/19 (31.57 %)	0/18 (0 %)	7/14 (50 %)	7/14 (50 %)

Source: Banks' annual reports

In general, compared with previous years, women are increasingly occupying important positions. Admittedly, on the whole, the number of women in the total staff of French banks is relatively high (more than 50%). Nevertheless, their number on the Board of Directors is marginal. In 2005 and 2008, no more than 7% in cooperative banks on average, compared to 10% in 2005 and 16% in 2008 in private banks. On the other hand, in 2015, the number of women on the Board of Directors increased to 50% for Société Générale and BNP Paribas, unlike cooperative banks where this percentage does not exceed 20% on average.

### Presence in tax havens

We analyze the number of subsidiaries in tax havens, which tells us about banks trying to escape tax regulations, considering that the non-harmonization of tax contributions at the global level leads to widening inequalities in the world. According to the lists of tax havens published by the OECD or the Tax Justice Network, the number of subsidiaries in these countries would not be the same. In this study, we used data provided by Friends of the Earth and the Tax Justice Network.

Table 15: Number of subsidiaries in tax havens

	Crédit Agricole	BPCE	Crédit Mutuel	Société Générale	BNP Paribas
2015's list of Friends of the Earth	159	81	65	136	200
2014's list of Tax Justice Network	133	91	44	139	170

Source: Friends of the Earth & Tax Justice Network

Private Banks attests to a strong presence in tax havens with more than 130 subsidiaries for Société Générale and more than 170 for BNP Paribas. On the other hand, BPCE and Crédit Mutuel have fewer subsidiaries in tax havens (65 for Crédit Mutuel and 91 for BPCE). In addition, Crédit Agricole is very present in tax havens with more than 130 subsidiaries. Note that the number of banks does not reflect the volume of transactions transiting through these subsidiaries (Cairo et al., 2013). This poses big problems of transparency, especially since banks are supposed to monitor the companies they finance on this point. They must, in principle, be the first to respect fiscal transparency.

### **III- Synthesis of results**

To reach a conclusion based on all the criteria selected to estimate the socially responsible actions of banks, we have established scores for each bank for the years 2008 and 2015 (the year 2005 was discarded due to the scarcity of data). For each criterion, we assigned a score of 5 for the bank with better behavior, and a score of 1 for the bank with the worst behavior. In the end, we averaged from the different scores assigned for each bank, which allows us to associate them an overall score.

Among the different criteria taken into account for the establishment of the overall score, we have excluded the following criteria for reasons of difficulty of assessment:

- 1) The cost of risk. An increase in the cost of risk can be interpreted in two ways: positive in the case where the bank finances risky customers who may be victims of bank exclusion; and negative in the sense that it reflects an increased risk for the bank.
- 2) Net fees and commissions. These can also be interpreted in two ways: a large part of the net fees and commissions in the net banking income can be explained by the bank's desire to diversify its income and thus reduce the risk; negative in the sense that the bank is moving away from its primary role of providing loans and collecting deposits.
- 3) Microcredit, the financing of SMEs, and the financing of vulnerable populations, for whom the data provided by banks are too heterogeneous. This does not allow for serious judgment.
- 4) The bank pricing. Due to the variation in tariffs proposed by cooperative banks from one region to another, it is not possible to make a definitive conclusion.

From tables 16 and 17, taking into account all the selected criteria, cooperative banks occupy the first places in 2015 with overall scores higher than those of private banks. The overall scores of private banks deteriorated in 2015 compared to 2008, unlike the cooperative banks, for which a notable improvement was noted. It should be noted that Crédit Mutuel has kept its leading position for both years, with a score of 4.08 out of 5 in 2015.

Table 16: Score of French banks for the 2008 year

Criteria	Crédit Agricole	BPCE	Crédit Mutuel	Société Générale	BNP Paribas
+ Loans/Total assets	3	4	5	2	1
- Off-balance sheet activities/ total assets	/	/	5	3	4
+ Tier One Ratio	3	2	4	5	1
- Compensation of the Chairman	4	1	2	5	3
- Compensation of the Managing Director	1	5	2	3	4
+ Employee participation and profit sharing / Net income	4	/	5	2	3
+ Number of women/ total staff	3	2	1	5	4
+ Number of women in the Board of Director	2	1	4	4	5
Average/5	<b>2.85</b>	<b>2.5</b>	<b>3.5</b>	<b>3.62</b>	<b>3.12</b>

Source: Authors' calculations

- + High numbers refer to a positive situation where a high score is given
- High numbers refer to a negative situation where a low score is given

Table 17: Score of French banks for the 2015 year

Criteria	Crédit Agricole	BPCE	Crédit Mutuel	Société Générale	BNP Paribas
+ Financing of social housing	3	4	5	1	2
+ Loans/Total assets	3	4	5	1	2
+ LT loans >5ans / total loans	4	5	/	3	/
- Off-balance sheet activities/ total assets	3	4	5	2	1
+ Renewable Energy Financing / Total Loans	2	5	/	3	5
+ ISR assets/ total assets	5	4	2	/	3
+ Leverage Ratio	3	4	5	2	2
+ Tier One Ratio	2	3	5	4	1
- Compensation of the Chairman	3	1	4	5	2
- Compensation of the Managing Director	3	4	5	2	1
+ Employee participation and profit sharing / Net income	3	5	4	1	2
+ Number of women/ total staff	2	1	3	5	4
+ Number of women in the Board of Director	2	3	1	5	5
- Subsidiaries in tax havens	3	4	5	2	1
Average/5	<b>2.93</b>	<b>3.64</b>	<b>4.08</b>	<b>2.76</b>	<b>2.38</b>

Source: Authors' calculations

- + High numbers refer to a positive situation where a high score is given  
- High numbers refer to a negative situation where a low score is given

## Conclusion

Based on the information provided in the annual reports of the French banks, it follows that co-operative banks are more "generous" with a level of employee participation to the profit a much larger compared to private banks. They are less present in tax havens with the exception of Crédit Agricole. They occupy the top positions when it comes to financing the real economy and long-term lending. They are also better capitalized and more conservative when it comes to risk control. On the other hand, in terms of gender parity, private banks are more advanced, especially for the number of women on the board of directors. Cooperative banks

also do not invest more than private banks in Socially Responsible Investment (SRI), with the exception of Crédit Agricole, which stands out with its subsidiary Amundi.

All in all, banks are becoming more transparent. They provide more information in 2008 compared to 2005, and even more in 2015. Nevertheless, unlisted cooperative banks are sometimes less transparent in disclosing certain information. Despite the fact that they have no obligation to disclose certain information, these banks tend to do more in recent years. Sometimes they are even more precise than private banks, as we have seen in terms of the financing of social housing for example.

This study has repeatedly demonstrated the heterogeneity of the information provided by banks, partly due to lack of real obligations and credible control. Since there is no common CSR repository, each bank is invested differently. Nevertheless, some topics are highlighted more than others, and often by all banks, and they sometimes forget to communicate on key information that is more inscribed in their main activity. As long as CSR remains free of interpretation and not regulated, it will tend to be a communication tool in order to improve the image of the bank without getting involved enough to make progress. Thus, it seems important to us that the banking supervisory authorities go further than the financial stability, and integrate the CSR criteria in the same way as the regulatory ratios, given the urgency of the situation and the magnitude of the effects it has on the world. It will be necessary to require to banks more transparency on their activities, their risk management and their general policy, in addition to the implications and the attitudes to adapt.

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