

# **The Banks and Society: Rebuilding Trust**

## **– social, ethical and environmental concerns**



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**[www.eccr.org.uk](http://www.eccr.org.uk)**

# ECCR

- Mission: economic justice, human rights and environmental sustainability
- Research and advocacy on corporate and investor responsibility
- Dialogue with companies, investors and fund managers
- Raising awareness among churches and wider public
- Church-based investor coalition and membership organisation
- Corporate & individual members - in UK and Ireland - faith- and values-based

# Report origins & aims

- Banks' fundamental role in economy and huge influence - with power comes responsibility
- Public uncertainty about what banks do and how they affect society
- Concerns about distribution of rewards and risks
- Report seeks to
  - clarify what banks do and how they affect society
  - help investors and others assess performance of banks on range of social and environmental issues
  - identify and make recommendations for good practice
  - help make banks more accountable to investors, customers and others

# Main findings

- Financial exclusion
- Environmentally and socially destructive lending/financing
- Illicit money flows
- Tax avoidance/evasion
- Role in debt crisis
- Commodity/food speculation
- Lobbying
- Gender pay gap
- Poor risk management linked to excessive rewards at top
- Lack of transparency / public accountability

# Conclusions

- Need to broaden debate
- Relationship between banks and society should be mutually beneficial
- Unclear how much banks have changed
- Continuing concerns about ethically questionable dealings
- Failure to integrate social and environmental considerations into business model
- Banks' responsibility and opportunity to respond positively to challenges

# Recommendations

- Report on lending to small businesses in deprived areas
- Non-misleading customer information on products
- Remuneration structures to incentivise responsible lending, discourage excessive risk
- Equal pay audits, publicly report findings, reduce differentials
- Publicly report on lobbying
- Publicly report on how socially and environmentally harmful financing avoided
- Increase holdings in low-carbon economy
- Enhanced due diligence to prevent corruption
- Tax advisory services fully tax compliant
- Limits on speculative trading
- Precautionary principle to avoid systemic risk

# Advocacy & engagement

- Report sent to ECCR members, supporters, churches & investors
- Also to banks, UK Govt, MPs, regulators, policy makers, media
- ECCR meeting with banks to discuss findings and recommendations
- Investors and customers raise questions; members of pension schemes press fund managers to ask banks
- Civil society advocacy for reform eg financial transaction tax / 'Robin Hood' tax
- Greater public knowledge & wider take-up of issues → more pressure to make banks accountable

**[www.eccr.org.uk/BanksandSociety](http://www.eccr.org.uk/BanksandSociety)**

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