

# Socially responsible products on the financial market

## Introduction

Corporate social responsibility is currently associated with the sustainable development of enterprises and the circular economy. Social responsibility has its roots in business ethics, which places an emphasis on responsibility (ethical and legal) for the negative effects of decisions taken on various stakeholder groups. In Poland, it is estimated that managers of the largest Polish companies know the concept of responsible business. The growing interest in the concept of corporate responsibility can be demonstrated by the growing number of companies presenting their practices in various types of reports from year to year. However, there is a lack of wider research and publications in the area of socially responsible financial products - hence the attempt to define and pre-analyze this problem in this article. The need to use banking that is more responsible and ethical compared to traditional banking is identified. The thesis of the article is as follows: financial institutions can contribute to sustainable development by offering socially responsible financial products, especially eco-innovative financial products.

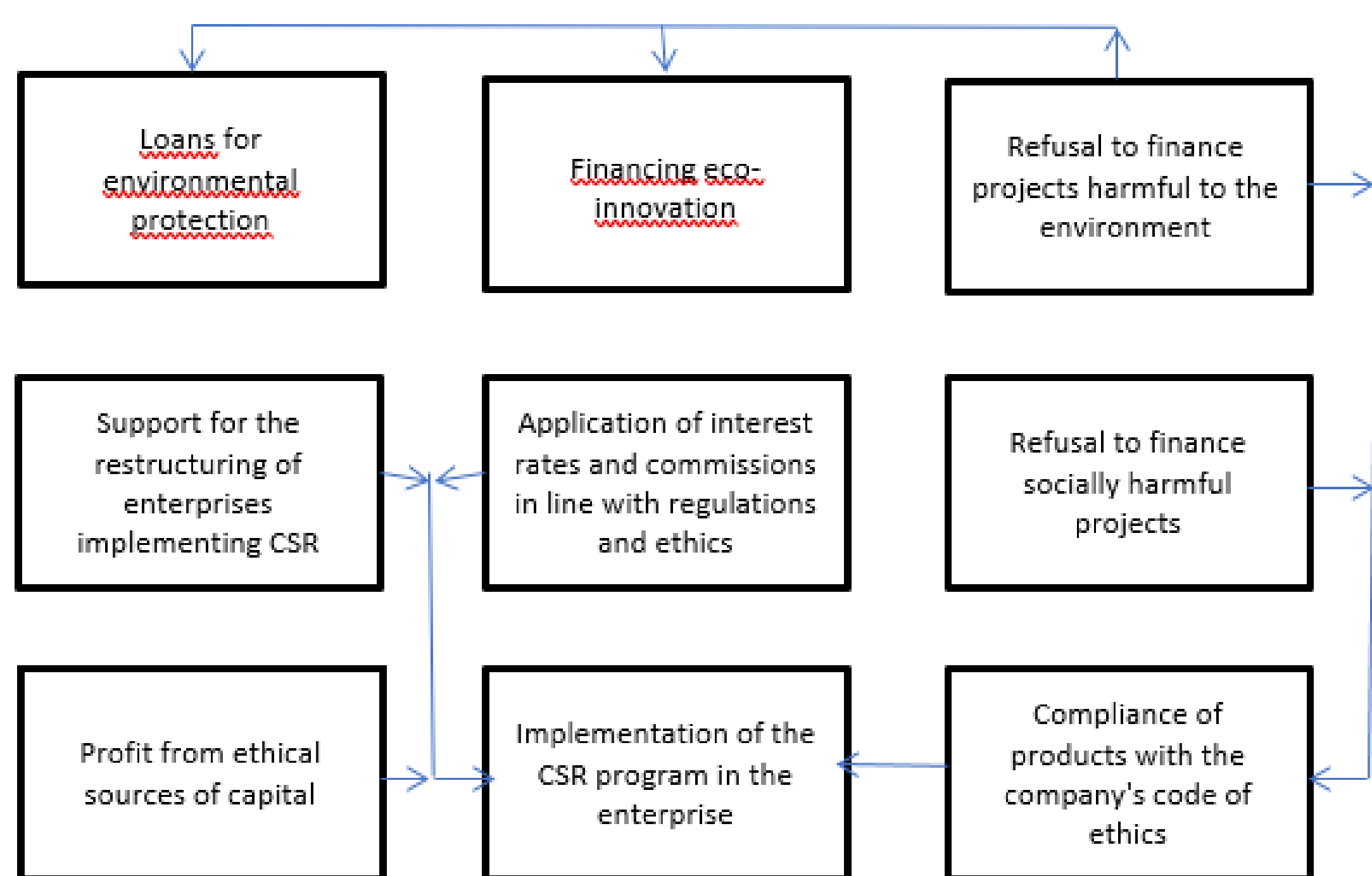
## Keywords

Socially responsible products, eco-innovative financial products, financial market, ethics in consumption, unethical sources of raising capital.

## Main results

In the European Union there are various support systems for enterprises implementing a strategy based on CSR. Most banks implementing CSR programs are concentrated in GABV-15 and offer products and services that also take into account social goals, including those related to sustainable development and which are friendly to the natural environment. The concept of a socially responsible product is associated with the category of socially responsible banks. There are two types of financial enterprise liability for a financial product: legal responsibility and social (moral) responsibility. Practice shows that sometimes corporate owners and clients are not aware of how capital is obtained to ensure rapid development and increase in the value of these corporations (Table 1). The greedy of corporate owners and managers over the decades has resulted in the acquisition of unethical capital for development and, as a consequence, a significant increase in the value of both small enterprises and large corporations (holdings, conglomerates, trusts). Unfortunately, sometimes it happened at the expense of society and the environment. Many global and local financial institutions give priority to green investments, as evidenced by the activity of banks in Poland and their offers in this segment. Examples of such services identified by the authors are preferential loans in three segments: land, water, air; including loans for renewable energy sources, loans for other environmental activities and eco-innovations, eco loans for individual clients can be financed, among others solar collectors, photovoltaic cells, energy-saving household appliances, LED lighting and other but also deliberate limiting by some banks the share of financing of enterprises from industries widely recognized as harmful and inconsistent with the principles of sustainable development (e.g. financing of coal-fired power plants). Most importantly, it was found that the number of introduced ecological financial products has a strong upward trend, so it can be assumed that this will not be a temporary change, but a fundamental direction of development of the "green and sustainable" segment in financial institutions.

Figure 1. Socially responsible financial products



Source: Own studies.

Table 1. Unethical sources of raising capital

No.	External sources of capital	No.	Internal sources of capital (profit and depreciation from operations)
1	Taxation of business in a tax haven	1	Prices of products or services excessively high
2	Issue of securities based on unreliable prospectuses	2	Usual interest on loans and credits (barrier to financial leverage)
3	Loans for bribes	3	Employing children
4	Illegal pyramid business	4	Long-term employment on the so-called junk contracts
5	Loans on the black loan market	5	Forcing and not paying overtime
6	Sale of products harmful to consumers	6	Late payment of obligations
7	Sale of environmentally harmful products	7	Garbage export (without recycling) to third world countries (cost effect)
8	Use of prohibited clauses in contracts	8	Own cost savings as a result of environmental damage
9	Related sales	9	Cost savings on compliance with health and safety at work
10	Winning unfair tenders	10	Creative accounting
11	Other	11	Unfair advertising
		12	Other

Source: Own studies

## Research questions

1. How do financial institutions contribute to sustainable development in their activities? Are they part of this trend by offering socially responsible financial products? What are the basic sources of unethical raising capital for the development of companies and whether these actions do not spoil the opinion of the entire financial market?
2. Increased interest of investors - lenders are more interested in cooperation with responsible companies and organizations, which, apart from good financial results managed in a transparent way, responsibly build their image and good relations with the environment. For many investors, is the company's financial credibility dependent on its social credibility?
3. Increasing consumer and stakeholder loyalty - does the increase in consumer social awareness mean that in their choices they are also guided by trust in a given company?
4. Improving relations with the community and local authorities - does the company's participation in the life of the local community, undertaking long-term and measurable social investments, facilitate its efficient and conflict-free functioning?
5. Increase of competitiveness - is the introduction of CSR one of the strengths thanks to which companies gain a competitive advantage?
6. Raising the level of the company's organizational culture - whether by taking on CSR challenges does the company raise its standards of conduct towards stakeholders (employees, contractors, clients), and thus avoid the costs of "bad partnership".
7. Shaping a positive image of the company among employees - is the company's CSR one of the elements of non-financial motivation of employees, and thanks to ethical codes, social programs, care for the environment, the image of the company in the eyes of employees is improving?

## Main method

The methods used in this study are literature analysis, comparative analysis and case studies. The authors decided to use a qualitative method for scientific research, as it is very difficult and reliable to quantify the socially responsible products or the ethical activity of a particular economic entity, especially a financial institution. Hence, an analysis of unethical activity at international level was carried out. A study of the ethics of a global financial institution in the field of regulations and applied recommendations was also carried out. Finally, at national level, the offers of many banks were studied in terms of their sales of financial eco-innovative products to their clients. At the same time, this review was subjectively limited by the authors to present only those products that realistically fit the ideas of sustainable development. What's more, in the research phase, the situation and offers of some banks changed dynamically and evolved along with the progressing pandemic situation in the world, hence the issues of eco-innovative financial products had to be suspended and postponed.

## Main conclusion

Global movements for sustainable development, including circular economy, will cause consumers to attach more importance to socially responsible products. For consumers, the destruction of both natural and social environments begins and ends. This also applies to the financial products sector - although with a slightly different approach due to its specificity. If in Poland - a coal country, some banks refuse to finance this industry, this is a huge breakthrough and the first step towards real sustainable development has been made. But remember that switching to other energy sources is an expensive and lengthy process. Therefore, this should be seen as the further activities of financial institutions in the field of intensifying various types of ecological financial products on very good and preferential terms (only then it makes sense to obtain universality status). Therefore, continuous education of consumers in the area of socially responsible products is needed, as well as a program of support for actions by the European Commission and national consumer protection offices.

## Author/researcher (-s)

Piotr Masiukiewicz, Ph.D., Professor WSE at Institute of Value Management, Warsaw School of Economics, Warsaw, Poland, [piotr.masiukiewicz@sgh.waw.pl](mailto:piotr.masiukiewicz@sgh.waw.pl)  
Pawel Dec, Ph.D., Professor WSE at Institute of Corporate Finance, Warsaw School of Economics, Warsaw, Poland, [pawel.dec@sgh.waw.pl](mailto:pawel.dec@sgh.waw.pl)

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