

CORPORATE SOCIAL RESPONSIBILITY IN NEPALESE BANKING INDUSTRY



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FOREWORD

Corporate Social Responsibility (CSR) is the responsibility of any corporate body towards the society. It is carried out through benevolent activities for society by targeting environment, employees, community, deprived sector and so on.

The banking industry is well connected to the society having many stakeholders. Many countries have set up reporting standards and CSR laws to make this industry socially responsible. NRB has introduced CSR directive in FY 2016/17 for the first time. According to the latest directives of NRB, BFIs are required to create a CSR fund with a minimum contribution of 1 percent of net profit to spend in the specified CSR heads in the next fiscal year. They are also required to disclose information related to CSR fund and expenses from such a fund in the annual financial statements. The current study is the first ever attempt to analyze the distribution of CSR spending as well as to discover the various administrative aspects and practices of CSR of BFIs.

The study has found that BFIs have maintained the CSR fund above the minimum threshold set by the NRB directive. However, very few BFIs have adhered to the concept of disclosing CSR expenditures in their annual financial statements at the time of study. The distribution of CSR fund in different CSR heads and provinces is not uniform. Among other findings, the BFIs have varying CSR policies and practices with different views towards CSR regulations. I hope that the findings of this study are useful not only to refine the CSR directives further but also to understand CSR activities to all stakeholders for its proper uses.

Finally, I would like to thank the study team of Economic Research Department comprising Director Dr. Ram Sharan Kharel, Deputy Director Mr. Girija Prasad Koirala, Deputy Director Mr. Siddha Raj Bhatta and Assistant Directors Mr. Ram Chandra Acharya and Mr. Rolendra Bikram Jabegu for their effort to complete the study. In addition, I would also acknowledge the effort of Director Dr. Dilli Ram Pokhrel and Director Mr. Madhav Dangal for their contribution in preparing the study. More importantly, I would like to thank the CEOs of BFIs participating in online survey for this study.

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LIST OF ABBREVIATIONS

AGM	Annual General Meeting
CB	Commercial Bank
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
ECB	European Central Bank
GoN	Government of Nepal
IEA	Industrial Enterprise Act
MDG	Millenium Development Goals
MFI	Microfinance Financial Institution
NCB	National Central Bank
NRB	Nepal Rastra Bank
SDG	Sustainable Development Goals

EXECUTIVE SUMMARY

1. ***Corporate Social Responsibility (CSR) is a concept of being socially responsible while doing earning activities.*** The domains of CSR differ from country to country. A growing number of countries have adopted laws as well as guidelines for CSR activities with varying features, though it is originally considered as a voluntary matter.
2. ***The Industrial Enterprise Act, 2020 has made mandatory CSR for industrial enterprises of certain size and types, while NRB regulations have made the CSR activities mandatory to the Nepalese banking industry.*** This study has been conducted to examine various aspects of CSR of the banking industry in Nepal such as reporting practices, distribution of CSR spending and views towards CSR regulation.
3. ***The study is based on both primary and secondary information regarding CSR in Nepalese banking industry.*** Among the primary sources, an online survey was conducted among CEOs of all BFIs. Annual reports and data reported to NRB have been analyzed.
4. ***Compilance regarding reporting practices has been improving.*** About 38.5 percent of the commercial banks (CBs) have reported breakdown of CSR expenses by CSR heads and 30.8 percent CBs have shown breakdown of CSR expenses by province in annual reports of FY 2019/20. The industry is yet to fully embrace the standard reporting practices as directed, however.
5. ***The BFIs have accumulated CSR fund of Rs 1.28 billion in FY 2019/20.*** Expressed as a percentage of net profit, the average contribution of the banking industry stood at 1.58 percent of net profit of the previous fiscal year, which is above the minimum limit set by NRB.
6. ***Most of the BFIs conduct CSR activities with image building in mind.*** Majority of BFIs (69.8 percent) carry out their CSR activities on their own without any outside influence. However, there are variation among CSR policies, planning process and approval process among them.
7. ***CSR spending among different CSR heads and provinces are not uniform.*** In 2019/20, a large chunk of CSR fund went to the Corona Virus Control and Treatment Fund and some CSR heads listed by NRB has received modest attention. Meanwhile, in FY 2019/20, 67.9 percent of CSR spending of A class CBs was concentrated in Bagmati province. Such a situation necessitates the balancing and decentralization policies during the normal time period.
8. ***While majority of BFIs are neutral in the implementation aspect of CSR directives, many also believe regulatory change in CSR is not required.*** Though majority of BFIs believe

self-motivation is a better model for CSR activities, continuing CSR directives for some time could steer the CSR activities of Nepalese banking industry towards the balanced approach with standard reporting practices.

1. INTRODUCTION

Background

- 1.1 Corporate Social Responsibility (CSR) is a concept of being socially responsible while doing earning activities. Taking care of natural environment, working towards the benefit of stakeholders and society, additional contribution for the upliftment of deprived, poor and vulnerable group of people are some of the ways of being socially responsible. Matten and Moon (2008) define CSR as policies and practices of firms that indicate their commitment to wider society (cited in Tamvada, 2020).
- 1.2 UNIDO defines CSR as a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders¹. This type of CSR definition “require companies to identify social and environmental risks associated with its business operation and establish and execute reasonable plans to prevent harms resulting from the identified risks” (Lin, 2021, 435). Hence, the scope of CSR goes beyond the simple financial contributions by business entities and it is related to moral responsibility through business relation and impact relation (Tamvada, 2020).
- 1.3 CSR is topical issue in all countries touching different aspects of concern to many. However, the domains of CSR differ from country to country (Idowu & Filho, 2009b). Likewise, different sectors of economy fulfill their CSR responsibilities differently. The banking industry is a relatively late responder to the challenges of CSR, entering into environmental issues then moving on to social issues (Vigano & Nicolai, 2009). Moreover, the 2008 financial crisis made clear the need of CSR in this sector (Lentner, Szegedi & Tatay, 2015).
- 1.4 Nepalese business community has historically been active in CSR by contributing to build educational institutions, temples and *Dharmasaalas* and they have always helped with food, cloth and amenities in the times of natural calamities (Adhikari, Gautam & Chaudhari, 2016). In the recent times, the overall status of CSR practices in Nepal is above moderate, mostly focused on corporate governance and customers and practiced largely by large firms (Chapagain, 2020). Industrial Enterprise Act [IEA], 2016 and Nepal Rastra Bank’s (NRB's) regulations have made the CSR activities mandatory for the Nepalese

¹ <https://www.unido.org/our-focus/advancing-economic-competitiveness/competitive-trade-capacities-and-corporate-responsibility/corporate-social-responsibility-market-integration/what-csr#:~:text=Corporate%20Social%20Responsibility%20is%20a,and%20interactions%20with%20their%20stakeholders.>

banking sector (Parajuli et al. , 2019). Role of CSR in the developing countries like Nepal can be high to contribute to socio-economic development of the society.

- 1.5 NRB introduced CSR directive in FY 2016/17 with a provision of establishing CSR fund by allocating at least 1 percent of net profit in order to be active in CSR activities. The provision of CSR has been modified in 2020 further by including financial literacy and expense for staff related to COVID 19. BFIs are also required to disclose CSR expenditures by CSR heads and provinces in their annual financial statements.
- 1.6 Nepalese banking industry consists of 138 licensed BFIs including 27 commercial banks (CBs), 18 development banks, 20 finance companies, 72 microfinance institutions (MFIs) and one infrastructure development bank. The industry has 10,598 branches spread across 77 districts of the country and serves 2,886 populations per branch as of Mid-May, 2021 (NRB, 2021).
- 1.7 With the growing volume and its importance, there is a need for examining the CSR practices and its regulations. In fact, it is necessary to understand how genuinely BFIs are committed to CSR and to examine if they have maintained balance among various stakeholders. Also, as large amount of fund is involved, chances of misappropriation are high and external pressure is likely to be faced. How BFIs are dealing in this regard and how the regulations can be made more supportive are the subject of this study. Besides, CSR being inherently altruistic, whether the BFIs have gone beyond the regulatory requirements and whether they have maintained the boundary between branding and CSR also needs assessment.

Objectives

- 1.8 The study has the objective of studying CSR in Nepalese BFIs with the following specific objectives:
 - To examine the reporting practices and administrative aspects of CSR.
 - To examine the distribution pattern of CSR spending.
 - To explore the BFIs perspective towards CSR regulation.

Limitations

- 1.9 The study is based on available information of CSR fund of BFIs as well as CSR information acquired through online survey of the BFIs. Though there are a lot of stakeholders in CSR of BFIs, only BFIs are included in the study. Moreover, the concept of CSR has multidimensional aspects, but this study just focuses on the situation and

compliance of NRB's CSR directive in the banking industry, specially the creation of CSR fund and its uses.

Organization of the Report

1.10 This report is divided into six sections. After this first section, the second section discusses CSR practices around the world as well as various studies on CSR. The third section contains the details of the research methodology used in the study. The fourth section presents the CSR reporting practices and various aspects of CSR fund contribution and spending. The fifth section discusses the survey results. Lastly, the sixth section concludes the study with some way forwards.

2. CSR AND THE BANKING INDUSTRY: REVIEWING LITERATURE AND EXISTING REGULATIONS

2.1 There is a large body of literature on CSR in both developed and developing countries (Tamvada, 2020). A brief review is done in this section, which begins with the discussion on CSR laws and policies around the world followed by CSR in banking industry. The next section deals with CSR in Nepal and the regulation in its banking industry. Various studies on CSR are presented in the third section.

Corporate Social Responsibility (CSR) Laws in Some Countries

- 2.2 Though CSR is considered as a voluntary initiative, a growing number of countries have adopted laws for CSR activities with varying features (Lin, 2021). According to Lin (2021) CSR legislation may take place in the form of labor law, environmental law, consumer protection law, human right law etc. (p431). Tamvada (2020) argues for regulatory framework for effective CSR on the ground legal theory of morality since the voluntarism does not work as expected. In this context, legislative provisions in some countries are briefly reviewed as follows.
- 2.3 The Company Act, 2013 in India has made a provision of CSR for large companies defined by net worth, turnover, or net profit to spend in every financial year at least two percent of the average net profits of the company made during three immediately preceding financial years. For CSR activities, these companies shall form a CSR committee of the Board consisting three or more directors (at least one independent). However this does not necessarily apply to banks which are established under different statute.
- 2.4 In China, the 2006 Company law explicitly requires corporations to undertake CSR (Lin, 2021). China has focused its CSR activities on creating large number of employment opportunities (Xu & Yang, 2010).
- 2.5 In Indonesia, Limited Liability Company Act, passed in July 2007 has made a provision of mandatory CSR for limited liability companies that carry out business activities in natural resources (Lin, 2021).
- 2.6 In Denmark, amendment of the Danish Financial Statement Act in 2008 has mandated the companies of a certain size to disclose their CSR practices in annual report including CSR policies and evaluation of its implementation².
- 2.7 In France, the French duty of vigilance law 2017 has made “the French companies that have more than 5000 employees in France or more than 10000 employees worldwide need to develop, disclose and implement a vigilance plan in order to identify risks and prevent

² <https://www.givainc.com/blog/index.cfm/2015/3/16/governmental-csr-policies-around-the-globe>

severe human right violations and environmental damage resulting directly or indirectly from the operations of the company, its subsidiaries or its subcontractors with whom it has an established relationship” (Lin, 2021, p.437).

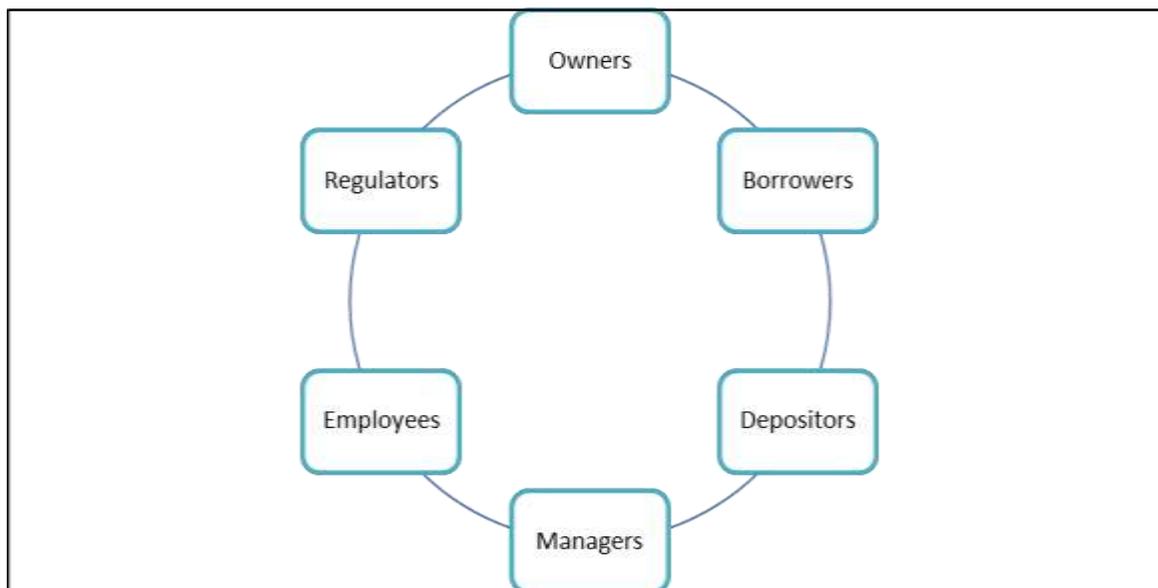
2.8 In Mauritius, the government tuned voluntary CSR into mandatory in 2009 by amending income tax act and introduced CSR framework in 2016.

Banking Industry and CSR

2.9 Besides owners and employees, a large number of service users are linked to financial institutions for long time (Lentner, Szegedi & Tatay, 2015). There is complex information asymmetry in the banking environment. It is also highly regulated sector (Yamak, 2005).

2.10 The banking industry is a relatively late responder to the challenges of CSR, entering into environmental issues then moving on to social issues (Vigano & Nicolai, 2009). Moreover, the 2008 financial crisis made clear the need of CSR in this sector (Lentner, Szegedi & Tatay, 2015). According to Yamak (2005), the major stakeholders of the banks are shown in Chart 2.1:

Chart 2.1: Major Stakeholder of the Banks:



2.11 Banking CSR activities are directed towards responsible lending, investment and asset management operations as well as being important part of anti money laundering and corruption (Vigano & Nicolai, 2009). The environmental and social responsibility increases if the banks lend to companies that pollute environment, produce unsafe goods or violate human rights (Idowu & Filho, 2009a).

2.12 The CSR regulation in banking industries differs around the world. Table 2.1 summarizes banking CSR laws/practices around the world.

Table 2.1: Banking CSR Laws/Practices in Some Countries

Country	Institution	Laws/Practices
Singapore	Monetary Authority of Singapore	2017 – Green Bond Grant Scheme 2018 - Guidelines on Responsible Financing
Vietnam	State Bank of Vietnam	2015 – Directive for promoting green credit, contributing to National Green Growth Strategy
Bangladesh	Bangladesh Bank	2011 – Directive on environment risk management; guidelines on green banking Financial assistance to green projects (min. 5 percent of total loan disbursement) Mandatory climate risk fund (10 percent of CSR fund) <i>Indicative guidelines for CSR expenditure allocation and end use oversight (Bangladesh Bank)</i> 2016 – Instruction to establish sustainable finance units Requirement for green infrastructure: utilizing solid waste management, rainwater harvesting, solar rooftop panels BB prepares quarterly report on green banking. 2009 - Refinancing for green projects (USD 23.7 million) 2016 – Green Transformation Fund (USD 200 million) 2017 – Guidelines on Environment and Social Risk Management 2018 – New reporting format for green banking
China	People's Bank of China	Financing facilities for green industry Mandatory disclosure for banks to categorize green/brown/neutral lending Green bonds/loans included in macroprudential assessments Establishment of Green Finance Pilot Zones Guidelines for green bond verifiers and verification activities Circular on "Strengthening the Supervision and Administration of the Duration of Green Bonds" Circular on "Disclosure Requirements on Green Bonds"
India	RBI	2007 – Notice on "Corporate Social Responsibility, Sustainable Development and Non-Financial Reporting – Role of Banks" 40 percent priority sector lending 2015 – Green bond market

Source: Durrani, Volz & Rosmin(2020)

2.13 The central banks have CSR obligation of their own. The role of central banks in financial stability has been reconsidered after the huge cost of bailout packages, economic recovery measures and unemployment management during and after global financial crisis in 2008. Central Banks are focusing on enhancing financial awareness and reduce information asymmetry through education and provision of information (Lentner, Szegedi & Tatay, 2015).

CSR in Nepal

- 2.14 Nepalese business community has historically been active in CSR by contributing to build educational institutions, temples and *Dharmasaalas* and they have always helped with food, cloth and amenities in the times of natural calamities. They have been carrying out CSR philanthropically which is now being shifted towards more strategic intent. In fact, Nepalese companies are also contributing to achieve Millenium Development Goals (MDG) (Adhikari, Gautam & Chaudhari, 2016). According to a study by Central Department of Management (2014,cited in Adhikari, Gautam & Chaudhari, 2016, p.677), the economic domain of CSR is the most active followed by legal, philanthropic and ethical domains in Nepal. The overall status of CSR practices in Nepal is above moderate, mostly focused on corporate governance and customers and practiced largely by large firms (Chapagain, 2020).
- 2.15 As per the section (54) of Industrial Enterprises Act, 2020, cottage/small industries with annual turnover of over Rs 15 crores, medium and large industries should set aside 1 percent of annual net profit for CSR activities for which they need to prepare annual plan and program and spend in specified sectors. Such expenses must be reported within six months to the concerned authority (where the industry is registered) and are tax deductible (Industrial Enterprise Act, 2020).
- 2.16 If an industry does not perform the corporate social responsibility under section 54, the Ministry may, on the recommendation of the industry registration body, impose a fine to be set by one point five percent of the yearly net profits of the industry. The Ministry shall impose an additional fine at the rate of zero point five percent of the yearly net profits for each year on an industry which does not perform such responsibility for a period exceeding one fiscal year” (Industrial Enterprise Act, 2020, section 43:7). The Government of Nepal may, subject to this Act and the rules framed hereunder, make and enforce necessary Directives, Procedures or Standards on CSR (section 68).
- 2.17 Other laws such as the Labor Act 2017 and the Environmental Protection Act 2019 also have some CSR related contents. On the other hand, Industrial Enterprises Act 2020 have CSR provisions for industrial enterprises only keeping many business activities outside the requirement of CSR.
- 2.18 Nepalese BFIs have been doing more CSR activities compared to other corporate sectors. The Industrial Enterprise Act does not apply to the banking industry. However, NRB’s

regulations have made the CSR activities mandatory for the Nepalese banking sector (Parajuli, Rajbhandari, Joshi, K.C., & Bhandari, 2019). Chapagain (2020) finds no significant difference on the status of CSR practices between the banking and non-banking sector, however.

Regulation of Banking CSR

- 2.19 NRB introduced regulation for the banking CSR for the first time in FY 2016/17. In the introductory circular, A,B and C class BFIs were required to create a CSR fund with minimum contribution of 1 percent of net profit to spend in social projects, direct donation, Sustainable Development Goals (SDGs) and Child Day Care Centre in the following fiscal year. The BFIs are prohibited from using the fund in business promotional activities and individual or political advantage to members of Board of Directors (BoD). They have to diversify such CSR spending in different geographical areas and among different headings in judicious manner. In addition to that, BFIs are required to prepare and implement a separate manual incorporating the issues like sector identification, proposal evaluation, fund operation and management process. They have to disclose information related CSR fund and expenses from it in annual financial statements.
- 2.20 In the subsequent years, a few more CSR heads have been added. A major addition was made in 2019 in which A class CBs and national levels financial institutions were required to spend a minimum of 10 percent of CSR fund in each province. Another clause demanding disclosure of CSR spending in different heads and provinces was also introduced in the same year.
- 2.21 In 2020, towards the end of fiscal year 2019/20, considering the severity of impact of Covid-19, BFIs were asked to contribute all unspent amount in their CSR fund to the Corona Virus Control and Treatment Fund created by Government of Nepal (GoN).
- 2.22 In the Unified Directive issued for 2020/21, financial literacy has been made a separate heading for CSR activities with requirement of spending 5 percent of CSR fund. The areas where CSR fund can be spent are shown in Box 2.1.

Box 2.1: CSR Spending Heads (Unified Directive, 2020)

- i. **Social Projects** such as education, health, natural disaster, environmental protection, cultural promotion, infrastructural improvements in rural areas, increasing income earning capacity of socially backward class, consumer protection activities, bus stop waiting shed, street lights, public toilets etc.
- ii. **Financial literacy:** BFIs are required to spend 5 percent of the CSR fund in various financial literacy programs and targeted programs to educate female and backward class regarding financial services in order to increase financial access.
- iii. **Direct donation** to extremely poor for education and health or organizations related to the extremely poor.
- iv. **Activities related to achievement of SDGs**
- v. **Expenses made for the prevention, control and treatment of employees against COVID-19** and similar pandemics.
- vi. **Child Day Care Centre** for employees of BFIs.
- vii. **Donation to orphanage and old age homes** (except to the ones established professionally)
- viii. **Expense upto Rs 100 in Open Bank Account Initiative, 2019.**

2.23 D class MFIs have been separately directed by NRB on matters of CSR, however most of the clauses remain the same except one less CSR head. Expense in Open Bank Account Initiative, 2019 is not listed among CSR heads for MFIs and they are not required to spend a minimum of 10 percent of CSR fund in each province.

Studies on CSR

2.24 González-Moreno, Salvador-Ferrer, & Checa-Olmos (2019) survey 365 executives belonging to different sectors' companies in Andalusia region of Spain to overview the status of CSR in the Management of Human and Environmental Resources. They find that the greatest concern of Andalusian companies is to satisfy their employees, followed by energy saving measures, and environmental impact. Additionally, they find that while in the agricultural and livestock sectors the human elements appear to be of importance, the industrial and commercial sectors pay more attention to environmental elements.

2.25 Akinyomi (2012) examines the practice of CSR by manufacturing companies in Nigeria by surveying 15 randomly selected (out of 27 listed companies in the Nigerian Stock Market) Food and Beverages manufacturing companies. Fifteen (15) staff members in each of the selected company were included in the survey, making a total of two hundred and twenty-five (225) sample. The study reveals that CSR is a familiar concept in the sector and the major areas of focus of the CSR activities include Education and Youth

Development/Sport. However, the proportion of Turnover invested in CSR is negligible. The study finds that there is no significant relationship between turnover and CSR investments.

- 2.26 Szegedi, Khan & Lentner(2020) examine CSR disclosure practices and their impact on financial performance in Pakistan's banking sector through annual reports, financial websites, central bank and stock exchange during 2008-2018 period using content analysis and panel data techniques. They conclude that there is increase in CSR disclosure as well as CSR activities and proper disclosure improves financial performance.
- 2.27 Farina, Galloppo & Previati (2019) empirically assess the level of attention paid to social responsibility by central banks in their communication tools among other objectives. They perform text analysis on the annual reports from European Central Bank (ECB) and selected European National Central Banks (NCB) for the period 2006-2017 using computer-aided text analysis by creating CSR dictionaries. They find the important categories prioritized by ECB and NCBs are "social and community" and "employee" respectively.

CSR Studies in Nepalese Banking Industry

- 2.28 Bidari and Djajadikerta (2020) examine the relationship between selected firm-specific variables and the extent of CSR disclosures made by Nepalese banks. They analyze the contents of the banks' annual reports. They find that CSR disclosure is mostly descriptive. Charity and donation are the most disclosed items. They find positive and significant relationships between both bank size and profitability and the extent of CSR disclosures in the Nepalese banks, while bank age is a partial determinant.
- 2.29 Kandel (2018) conducts questionnaire based research in Bank of Kathmandu as well as utilized data from 2013 to 2017 to assess the CSR activities carried out by BOK and analyze its impact in its overall business. Among the employees interviewed, he finds that 80 percent of the employees feel positively motivated in being part of the CSR activities directly or indirectly. About 97 percent of the employees are certain that CSR activities would promote goodwill of the organization. In addition, CSR in BOK is focused in creating awareness in society and the majority of respondents stressed on focusing on education.
- 2.30 Upadhya-Dhungel & Dhungel (2013) study the status of CSR and its reporting as well as thrust areas by surveying 14 Nepalese BFIs. Reporting CSR was not mandatory then. They identify education, training and welfare of underprivileged, arts/heritage and culture protection, contribution to associations, clubs and other organizations, healthcare and environment as the major thrust areas of reported CSR activities by BFIs.

- 2.31 Chapagain (2010) uses structured questionnaires to collect responses from 85 managers from financial sector and 72 managers from manufacturing sector to find the evidence of CSR in Nepalese context. He concludes that the moral view on CSR is stronger than the strategic view on CSR. Both sectors show more responsibility towards government than society and their CSR performance is more correlated to moral view on CSR compared to strategic view on CSR.
- 2.32 Adhikari (2013), through questionnaire survey with CSR manager from 31 CBs, explores the manager's CSR perceptions in CBs of Nepal along with examining CSR performance and showing association between manager's motive and CSR performance. The study finds that managers involve in CSR activities in order to improve image and concern for society's future. In addition, banks prefer sponsoring and community involvement for CSR activities. The study concludes that there is no significant relation between CSR motive and CSR performance.
- 2.33 Studies so far conducted on CSR in the Nepalese banking industry are broadly focused on "Reporting Practices and Relation with Financial Performance" and "Motive behind the CSR". Hence, this study is useful to understand the distribution pattern of CSR fund as well as the relevance of CSR policies and directives of regulator from the usage perspectives.

3. RESEARCH METHODOLOGY

Data Sources

- 3.1 The study is exploratory in nature and is based on both primary and secondary information about CSR in the Nepalese banking industry. The primary sources of data are online survey and CSR data requested from banks for the last three fiscal years.
- 3.2 The study uses two main secondary data. The first source is the annual reports of selected BFIs available in their respective websites. The second source is CSR data of BFIs for FY 2019/20 reported to NRB.
- 3.3 In order to complement the available CSR data of BFIs for FY 2019/20, CSR data was requested from banks for the last three fiscal years in the same correspondence for the online survey. Additional information including forms of CSR expenditure and distribution of CSR spending by provinces was also requested in the same form.

Survey Design

- 3.4 The questionnaire collects both qualitative and quantitative information. A mix of open ended, close ended, scale and multiple choices questions are designed for online survey. The questionnaire is designed to be self-administered. It was developed in online platform using Google forms and correspondence was done through email where the links of questionnaire was attached. The complete questionnaire is presented in Annex I.
- 3.5 The survey was conducted among Chief Executive Officers (CEOs) of all BFIs making a total of targeted respondents of 144 (at the time of the survey). The survey was conducted from November 5, 2020 to December 11, 2020.

Data Analysis and Presentation Techniques

- 3.6 Quantitative data collected have been analyzed using R in addition to basic measures of central tendency and frequency distribution done in Excel. Both descriptive and explanatory methods have been used as needed. All the averages related to CSR fund contribution and size are weighted averages.
- 3.7 While calculating the contribution to CSR fund as the percentage of net profit, the net profit of BFIs of FY 2018/19 (previous fiscal year) has been taken. Meanwhile, the net profits of the institutions that underwent merger/acquisitions in FY 2018/19 have been added to take into account the discrepancies that could result from such mergers and acquisitions.

- 3.8 For the purpose of examining few aspects of CSR spending of A class CBs in greater detail, the group has been further divided according to the nature of ownership. Accordingly, the CBs are divided into CBs with GoN stake, Joint Venture CBs and Private CBs. Only those joint ventures with external ownership of at least 10 percent have been included in this group.
- 3.9 For the purpose of data presentation, box plot diagram and tree map diagram have been used occasionally in addition to basic charts (bar charts and pie charts) and tables.

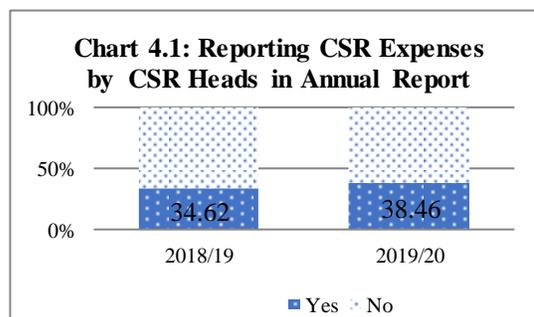
4. CSR IN NEPALESE BANKING INDUSTRY: REPORTING PRACTICES AND USE OF CSR FUND

4.1 This section is divided into three sub-sections. Each sub-section deals with different data acquired from different sources. The results from studying the annual reports of CBs of FY 2018/19 and 2019/20 have been dealt in the first sub-section. The second sub-section analyzes the CSR data for FY 2018/19 submitted by 153 BFIs to NRB. The last sub-section deals with CSR data for the last three fiscal years that was collected along with the survey.

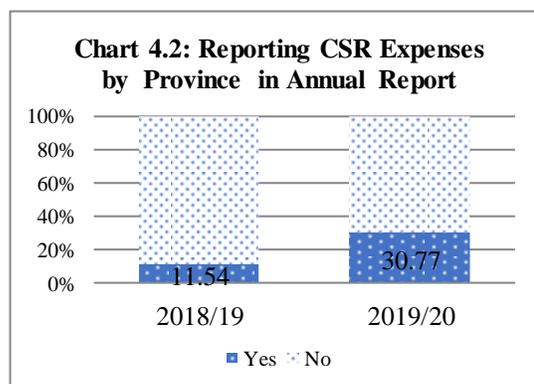
CSR Reporting Practices in Annual Reports Available in Respective Websites

4.2 For the purpose of analyzing the CSR reporting practices in annual reports, these reports of BFIs for FY 2018/19 and FY 2019/20 were collected from the respective websites. Only A class CBs were chosen for this analysis. Annual reports of 26 CBs were obtained through their respective websites. It is to be noted that BFIs were required to disclose information related to CSR fund and expenses from the fund in annual financial statements since FY 2016/17, while a clause demanding disclosure of CSR spending in different heads and provinces was introduced in 2019.

4.3 CSR information has been found in the annual reports of 25 A class CBs in both FYs. Meanwhile, the study has found that 34.6 percent of the CBs have reported their CSR expense by CSR heads in their annual reports in FY 2018/19. Such a ratio improved to 38.6 percent in FY2019/20. On the other hand, the number of CBs that have shown the breakdown of the same by province stands at 11.5 percent.



4.4 The year after NRB introduced the clause demanding disclosure of CSR spending in different heads and provinces, there has been improvement in reporting of CSR expenses. In FY 2019/20, the disclosure of CSR spending by CSR heads and by provinces was done by 38.5 percent and 30.8 percent CBs respectively.



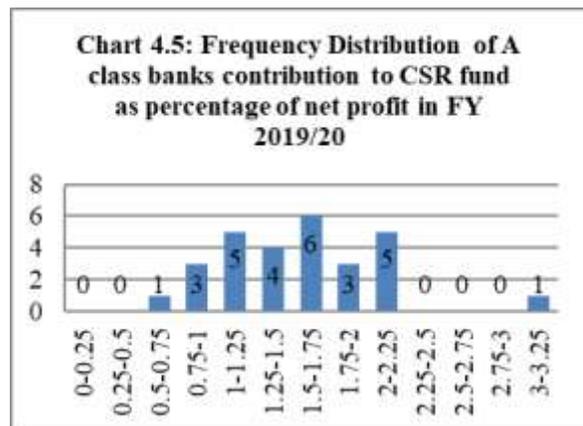
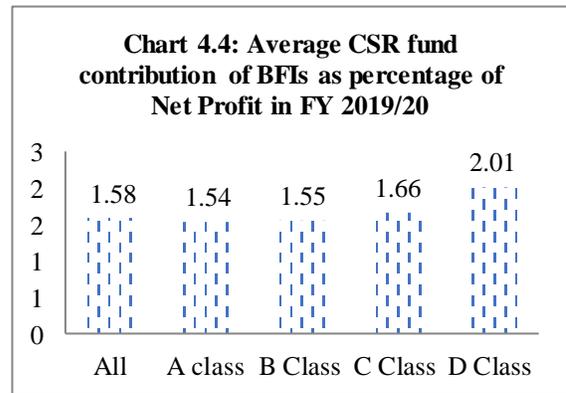
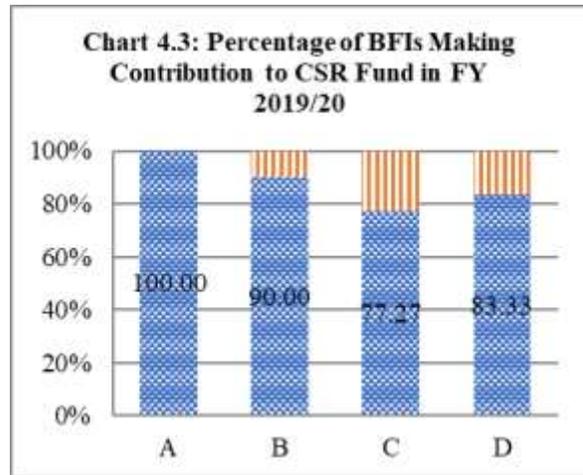
4.5 The content analysis of annual reports in matters related to CSR shows that the CBs allotted 1.73 pages (excluding illustrations) on average in their annual reports for showcasing their CSR activities in FY 2018/19 which reduced to 1.52 pages on average in FY 2019/20. Only those pages with text content have been counted for this purpose. On the other hand, 25.9 percent CBs have showcased their CSR content in the "homepage" of their website.

CSR Fund: Contribution, Size and Distribution

4.6 As BFIs are required to make self disclosure of their CSR fund and spending, there is no aggregate data of CSR spending of banking industry. NRB acquired the CSR data of 153 BFIs for the fiscal year 2019/20. The data contains the contribution made by each BFIs to CSR fund, CSR expenses made by BFIs in different CSR heads in the given fiscal year as well as available balance of respective BFIs in CSR fund.

Contribution to CSR Fund

4.7 Out of the 153 banks, 132 banks have made contribution to their CSR fund in FY 2019/20. The classwise breakdown shows that all A class banks have made contribution to their CSR fund in FY 2019/20. Meanwhile, 90 percent of B class banks, 77.3 percent of C class financial and 83.3 percent D class micro finance financial institutions have contributed to their CSR fund in 2019/20 (Chart 4.3).

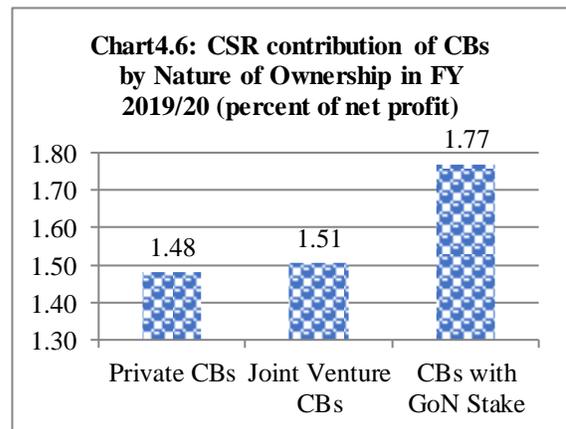


Contribution as Percentage of Net Profit

4.8 BFIs have made average contribution of 1.58 percent of their net profit to the CSR fund in FY 2019/20 (Chart 4.4). The classwise average calculation shows that D class MFIs contributed 2.01 percent of their net profit to the CSR fund which is greater than 1.54 percent, 1.55 percent and 1.66 percent of net profit contributions to the CSR fund made by A class banks, B class banks and C class financial institutions respectively.

4.9 If the contribution as percentage of net profit made by A class banks to CSR fund is observed separately in frequency interval of 0.25 percent, it can be seen that large number of the A class banks' have contributed between 1.5-1.75 percent of their net profit to the CSR fund (Chart 4.5). Only one A class bank has made contribution more than 2.25 percentage.

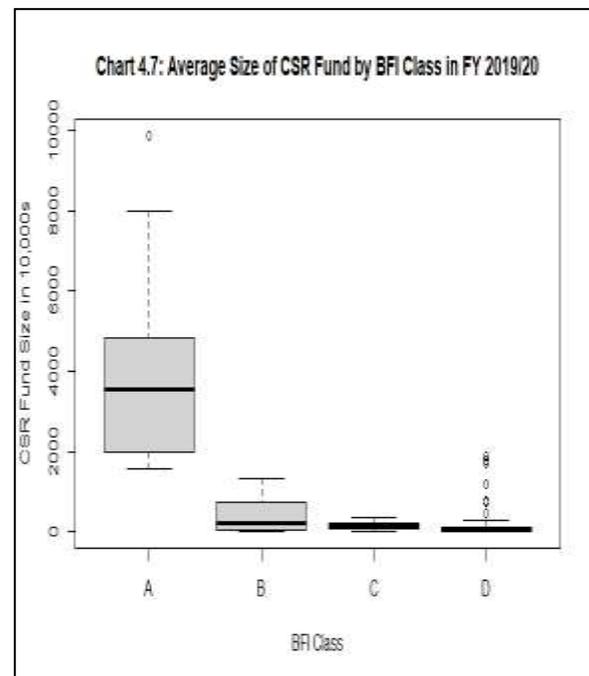
4.10 In another perspective, the contribution of A class CBs has been observed by grouping them according to the nature of ownership. Such a separate observation shows that CBs with GoN stakes have contributed the highest proportion of their net profit to CSR fund in FY 2019/20 amounting 1.77 percent (Chart 4.6). On the other hand, joint venture CBs and private CBs have contributed 1.51 percent and 1.48 percent of their net profits to the CSR fund in the same fiscal year respectively.



Size of CSR Fund

4.11 The BFIs have accumulated CSR fund of Rs 1.28 billion in FY 2019/20. The average size of CSR fund of all BFIs amounts to Rs. 8.62 million per institution.

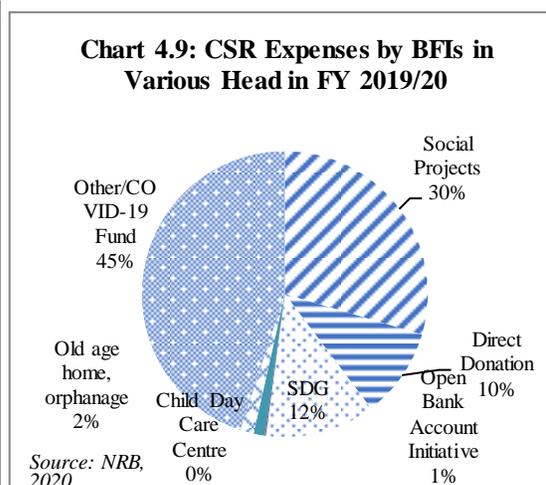
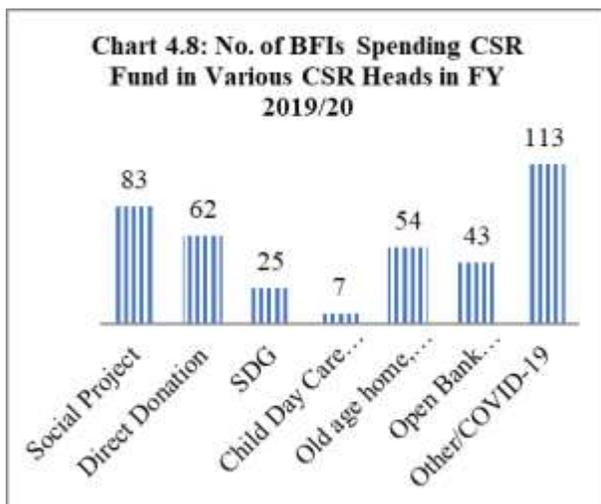
4.12 The classwise breakdown of average size of CSR fund shows that A class CBs have largest CSR fund amounting to Rs. 38.46 million while C class FIs have the smallest CSR fund amounting to Rs. 1.42 million (Chart 4.7). Meanwhile, B class development



banks and D class MFIs have CSR fund amounting to Rs. 4.12 million and Rs. 1.60 million respectively. It is found that D class MFIs have the most outliers.

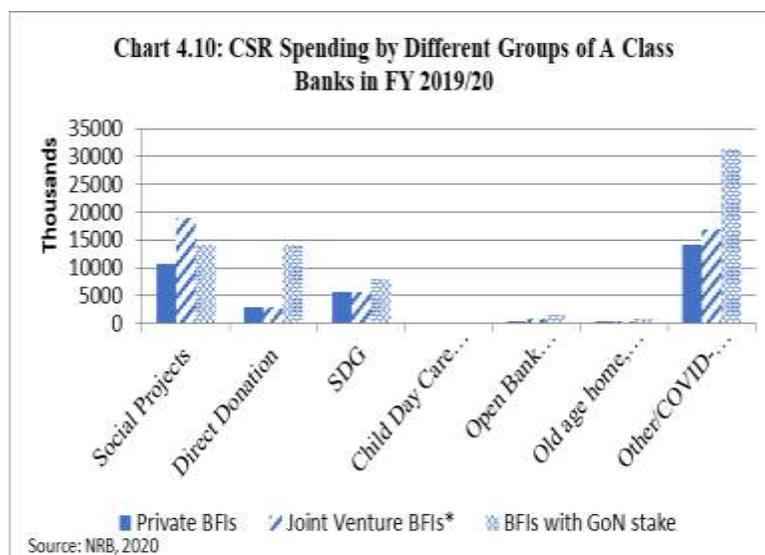
Distribution of CSR Spending in Various Heads

4.13 While observing the distribution of CSR fund in different headings, it is found that 113 BFIs out of 153 have spent some part of their CSR fund in 'Other/COVID-19' head in FY 2019/20 (Chart 4.8). The next popular head for spending CSR fund is Social Projects where 83 BFIs have spent at least some portion of their CSR fund. Only a few BFIs, 7 out of 153 BFIs spent some portion their CSR fund in Child Day Care Centre.



4.14 Like number, the amount spent on prescribed headings also follows the similar patterns. The highest amount of CSR spending of BFIs is directed to 'Other/COVID-19' (45 percent) in FY 2019/20, followed by 'Social Project' (30 percent) (Chart 4.9). Child Day Care Centre received almost negligible amount, which may be due to low demand for it.

4.15 The CSR spending of only A class CBs was analyzed by grouping them according to the nature of ownership. This separate analysis has shown that joint venture CBs have spent large portion of their CSR fund in social projects in FY2019/20 (Chart 4.10). On the other hand, both private CBs and CBs



with GoN stake have spent much of their CSR fund in 'Other/COVID-19 Fund' head.

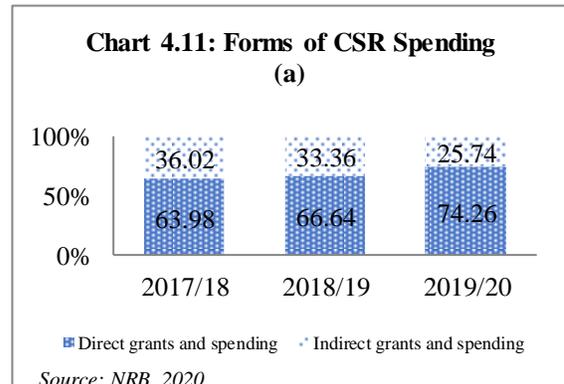
4.16 It is important to note that BFIs were asked to contribute the amount remaining in their CSR fund at the end of FY 2019/20 to the Corona Virus Control and Treatment Fund created by GoN in 2020 which explains the large concentration of CSR spending in 'Other/COVID-19' head.

Forms of Spending and Provincial Distribution of CSR Activities

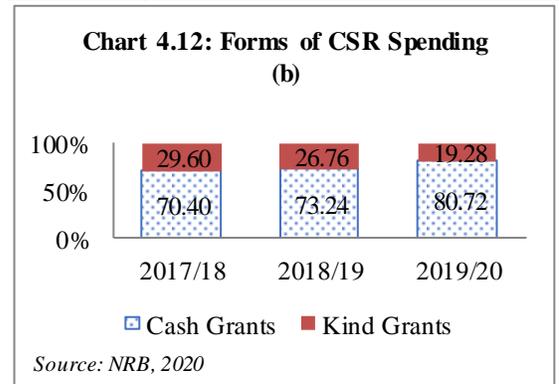
4.17 Data on different aspects of CSR spending for three immediate last fiscal years were asked to BFIs to report in the same correspondence done for the online survey. Data provided by only 23 A class CBs have been found consistent while validating which have been analyzed here.

Forms of CSR Spending

4.18 Majority of A class CBs prefer to use CSR funds in the form of direct grants and spending. Such a practice has been rising in recent years. In FY 2017/18, 64 percent of A class CBs used their CSR spending in the form of direct grant and spending which was increased to 74.3 percent in FY 2019/20 (Chart 4.11).



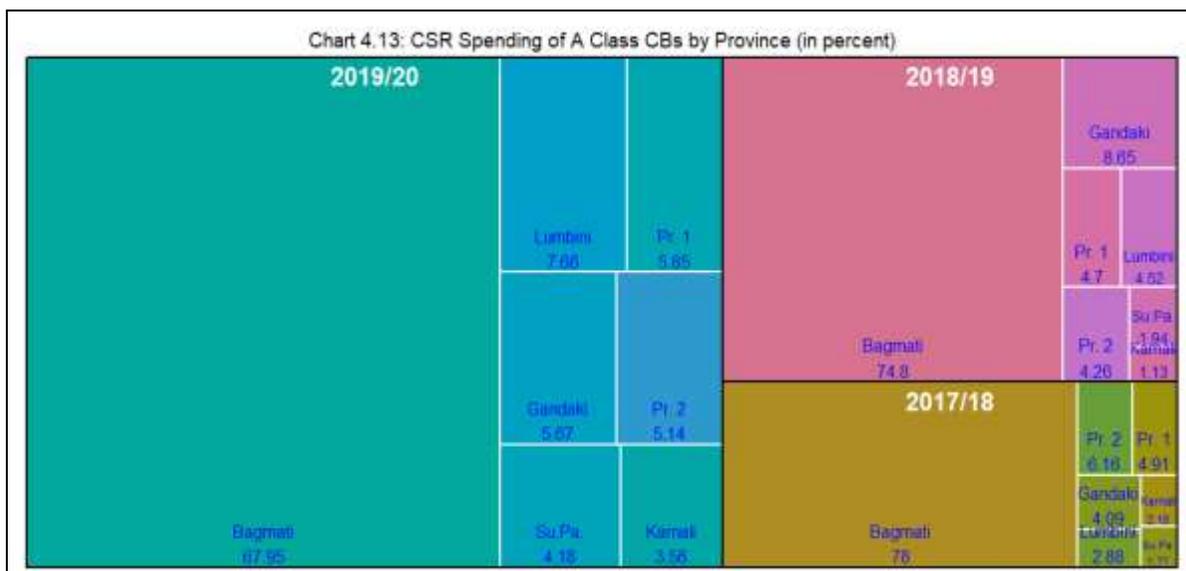
4.19 In another perspective, majority of A class CBs on average prefer cash grants to kind grants. Such a preference has also been rising in recent years. In FY 2017/18, 70.4 percent of A class CBs provided cash grants in their CSR activities, which increased to 80.7 percent in FY 2019/20 (Chart 4.12).



Distribution of CSR Spending by Province

4.20 The breakdown of CSR spending by provinces of A class CBs shows that CSR spending has been concentrated in Bagmati province though the proportion has been decreasing year by year. In FY 2017/18, 78 percent of the CSR spending of A class CBs was concentrated in Bagmati province which decreased to 67.9 percent in FY 2019/20 (Chart 4.13). If volume is considered, A class CBs spent Rs. 134.5 million in Bagmati province in FY 2017/18 which increased significantly to Rs. 494.4 million in FY 2019/20. On the other hand, A class CBs spent 1.8 percent of

their CSR fund in Karnali province in FY 2019/20 (Rs. 3.1 million) which increased to 4.2 percent (Rs. 30.4 million) in FY 2019/20. It is to be noted that A class CBs and national levels financial institutions were required by NRB to spend a minimum of 10 percent of CSR fund in each province beginning from FY 2019/20. Hence, it is expected that proportion of expenses in Karnali Province will increase further.



Note:

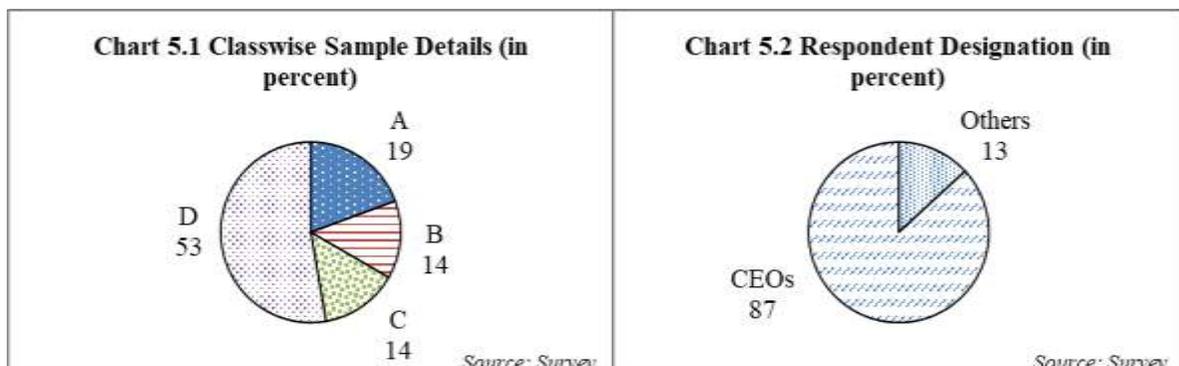
Pr.1 = Province 1; Pr. 2 = Province 2, Su.Pa.= Sudurpaschim

5. CSR IN NEPALESE BANKING INDUSTRY: SURVEY RESULTS

5.1 This section presents the details of the survey which is followed by discussion of the responses to each questions related to CSR activities in the banking industry one by one. Questionnaires are given in Annex 1.

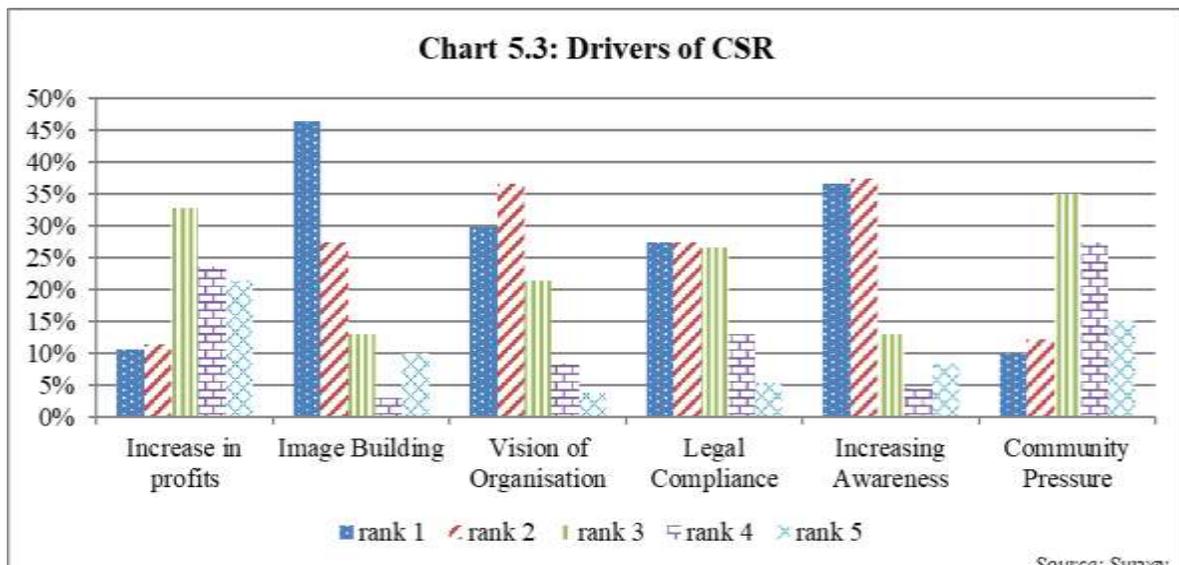
Survey Details

5.2 A total of 131 responses were received, resulting in response rate of 90.8 percent. Responses of 129 BFIs representatives was validated in the survey of which 53 percent respondents were from D class MFIs (Chart 5.1). On the other hand, 87 percent of the respondents are CEOs of the BFIs (Chart 5.2).



Drivers of CSR

5.3 In the survey, 45.6 percent of the respondents have ranked 'Image building' as the number 1 driver of CSR (Chart 5.3). Next popular choices for the driver of CSR is 'Increasing Awareness' and 'Vision of Organization' which has been ranked as number 1 driver of CSR by 36.6 percent and 29.8 percent of the respondents respectively.



Separate CSR Policy/Annual CSR Plan

5.4 The survey results show that 85 percent of BFIs have their separate CSR policy (Table 5.1). However, only 51 percent BFIs in Nepalese banking industry prepare their annual CSR plan.

Table 5.1: BFIs with Separate Policy/Annual Plan for CSR (in percent)

	Yes	No
Separate CSR Policy	85	15
Annual CSR Plan	51	49

Source: Survey

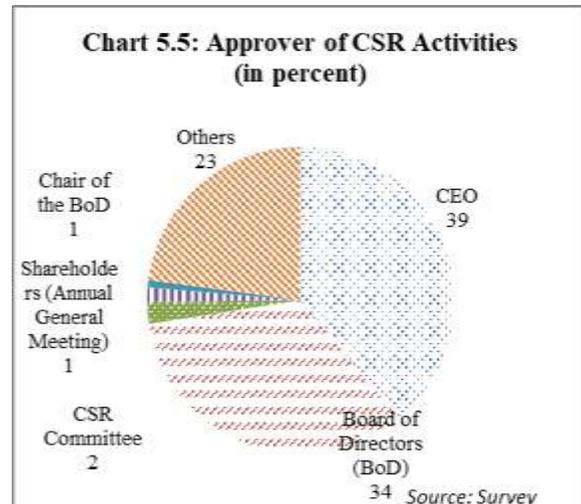
Mobilization of CSR Activities

5.5 About 43 percent BFIs in Nepalese banking industry have reported to mobilize their CSR activities through line department (Chart 5.4). Meanwhile, about 19 percent of BFIs are mobilizing through separate department while around 5 percent of BFIs have created foundation trust to mobilize their CSR activities.



Approval of CSR Activities

5.6 The survey has found that about 39 percent of BFIs approve their CSR activities from CEO level. Meanwhile the Board of Directors (BoD) are the next common authority to approve in about 34 percent of BFIs (Chart 5.5). Very few BFIs approve their CSR activities in Annual General Meeting (AGM) (1 percent) or through Chair of the BoD (1 percent). About 2 percent of BFIs have formed CSR committee to approve their CSR activities.



Resources/Program Provided for CSR Activities

5.7 Among the various forms of resources or program for CSR activities, social awareness activity is the most popular (Table 5.2). The next popular resource/program for CSR activities is financial literacy programs. Interest waiver and cash to depositor are the least popular forms of resource/program of CSR activities by BFIs.

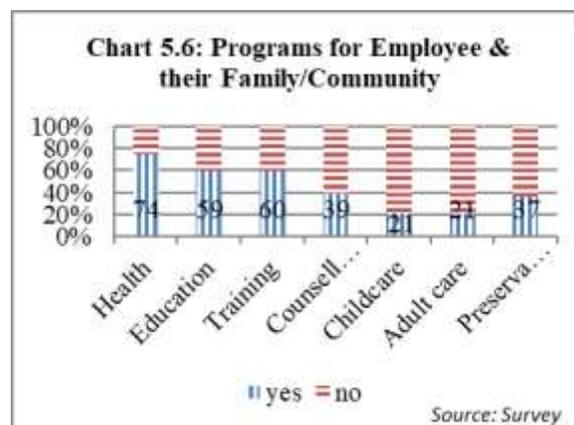
Table 5.2: Resources/Program for CSR Activities

Resources/Programs	Rank
Social Awareness	1
Financial Literacy	2
Cash	3
In Kind	4
Others	5
Volunteers	6
Interest Waiver	7
Cash to Depositor	7

Source: Survey

Programs to Assist Employees, their Families or Community Members

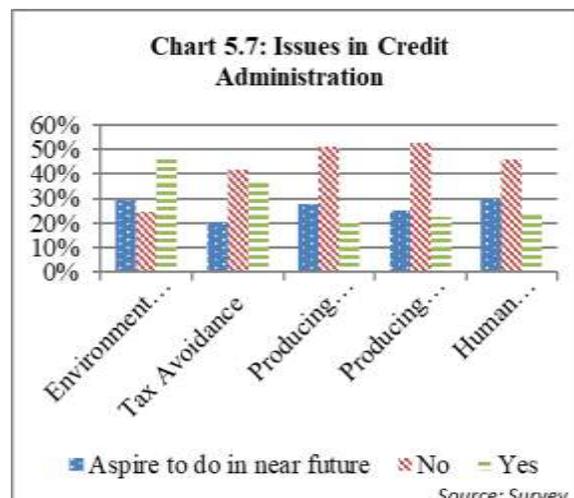
5.8 In order to assist employees, their families or community members as a part of their CSR activities, health related programs have been introduced by 74 percent of BFIs in the last three years (Chart 5.6). In the same period, training and education related programs have been introduced by 60 percent of BFIs as a part of their CSR towards their employees. Childcare and adult care programs have been introduced by 21 percent of BFIs which is the least among others.



Source: Survey

Issues Covered by Credit Guidelines

5.9 Since a socially responsible bank must strive to lend responsibly, credit guidelines should pay attention to five burning issues such as environment pollution, tax avoidance, producing subpar goods, producing toxic goods and human right violation. BFIs were asked if they would check such issues of the borrowers while lending. Among the five issues mentioned in the questionnaire that were expected to be



Source: Survey

covered by credit guidelines of the BFIs, 'Environmental Pollution' is the most covered issue in the credit guidelines of 46 percent BFIs (Chart 5.7). Next widely covered issue is 'Tax Avoidance' addressed by 38.3 percent BFIs in their credit guidelines. On the other hand, "Producing Subpar Goods" and "Human Rights Violation" are addressed by the least number of BFIs (21.3 percent and 22.6 percent respectively) in the credit guidelines.

Evaluation of CSR Activities in the Key Sectors

5.10 Five key CSR sectors were identified and the BFIs were asked to assess the coverage of their CSR activities. Among the five CSR sectors, majority of BFIs have assessed the coverage of their CSR activities 'Good' in four sectors viz. 'Gender Equality' (44.2 percent), 'Inclusiveness' (48.8 percent), 'Environmental Protection' (37.2 percent) and 'Sustainable Development' (37.2 percent). Regarding the extent of coverage of CSR in combating bribery & money laundering, 27.9 percent BFIs assess themselves fair (Table 5.3).

Table 5.3: Evaluation of CSR Activities in Given Sectors (in percent)

Sectors	Excellent	Good	Fair	Poor	Very Poor
Gender Equality	13.95	44.19	34.11	3.88	3.88
Inclusiveness	15.50	48.84	27.13	6.98	1.55
Combating bribery and money laundering	12.40	24.81	27.91	22.48	12.40
Environmental protection	16.28	37.21	34.11	9.30	3.10
Sustainable Development	17.83	45.74	24.03	9.30	3.10

Source: Survey

Cases of Repeated Beneficiary in the Last Three Years

5.11 In the survey, 69 percent of the BFIs have denied that CSR support has been repeated to the same beneficiary individual/group/organization in their CSR program. Remaining 31 percent of BFIs have supported the same beneficiary for 3.3 times on average.

Commitment and Nature of Regular Support to the Deprived Sector

5.12 In order to be responsible towards the people defined under the deprived sector through their CSR activities, 41 percent of the BFIs have made commitments for regular support.

5.13 Most of these committed BFIs have chosen education program to support the people

Table 5.4: Nature of Support

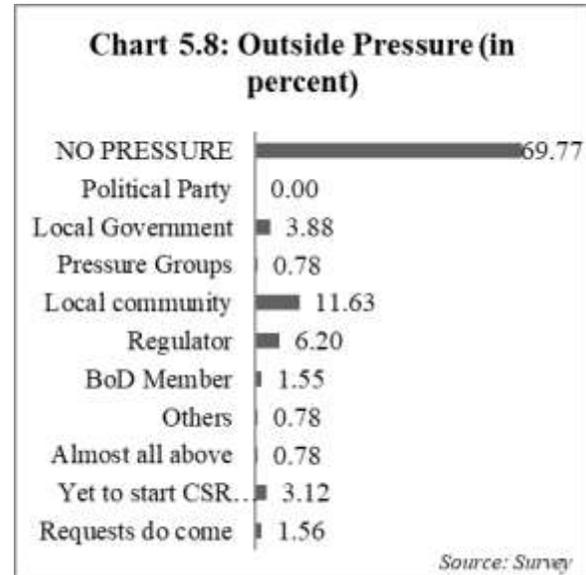
Nature of Support	Rank by Popularity
Education	1
Health	2
Financial Literacy	3
Training & Development	4
Natural Disaster	4
Environment	6

Source: Survey

under the deprived sector (Table 5.4). Next, popular nature of support is health followed by financial literacy and training programs.

Outside Pressure for CSR Spending

5.14 In the question related to outside pressure for CSR spending, 69.8 percent respondents have denied the presence of such pressure (Chart 5.8) while 11.6 percent of the respondents have reported to be pressurized by local community to make CSR spending. Meanwhile, 1.6 percent respondents have faced requests from outside for CSR activities instead of pressure.



Participation of Stakeholders in CSR Activities

5.15 The BFIs were asked to mention the level of participation of major stakeholders in CSR activities. In the survey, 42.6 percent of the respondents have stated that their employees always participate in CSR activities (Table 5.5). This is the highest level of participation among all the stakeholders. Similarly, 37.2 percent of the respondents have outlined that the beneficiary group always participate in the CSR activities. Meanwhile, most respondents have stated that depositors (by 37.2 percent) and community clubs (by 39.5 percent) participate in their CSR activities sometimes. Lastly, regulators never participate in CSR activities of most of the BFIs (38.8 percent).

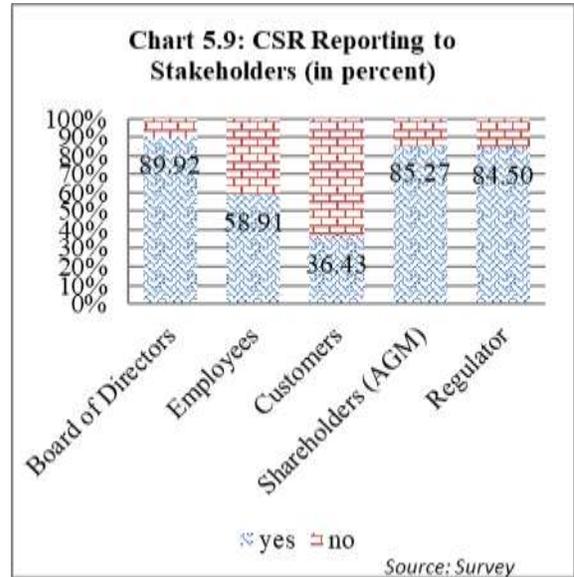
Table 5.5: Level of Participation of Stakeholders in CSR Activities (in percent)

Stakeholders	Never	Rarely	Sometimes	Often	Always
Depositors	25.58	16.28	37.21	11.63	9.30
Employees	11.63	8.53	10.08	27.13	42.64
Regulators	38.76	20.93	24.03	9.30	6.98
Beneficiary group	8.53	6.98	17.83	29.46	37.21
Community clubs	7.75	16.28	39.53	22.48	13.95

Source: Survey

Reporting CSR Information to Stakeholders

5.16 The BFIs were also asked whether they reported their CSR activities to the stakeholders. The survey results show that BoD are the most reported stakeholders with 89.9 percent of the BFIs reporting their CSR information to BoD while 85.3 percent report such information to shareholders in the AGM and 84.5 percent report the same to the regulator (Chart 5.9). On the other end, customers are the least reported group of stakeholder among the five stakeholders listed in the survey, with only 36.4 percent of BFIs reporting their CSR information to them.

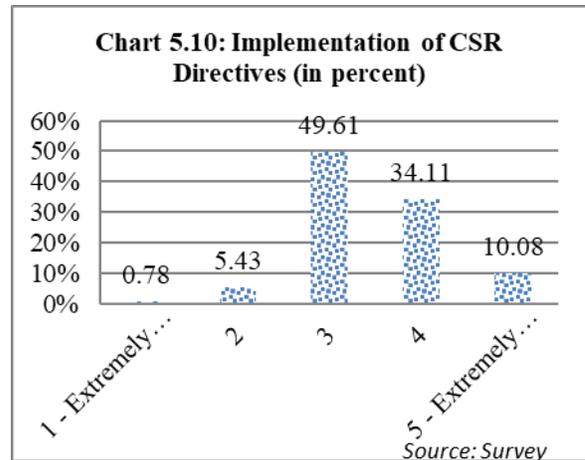


Self Evaluation of CSR Activities

5.17 BFIs were asked whether their organization evaluated CSR activities to which 70 percent of the BFIs were found affirmative.

Regarding NRB directives on CSR

5.18 BFIs were asked to rate the ease of implementation aspect of current NRB directives on CSR on which majority of the BFIs has remained neutral – neither extremely difficult nor extremely easy (Chart 5.10). On a scale of 1 to 5, 1 being extremely difficult and 5 being extremely easy, 49.6 percent of BFIs have rated the implementation aspect of current NRB directives on CSR as moderate (3). While 10.1 percent BFIs have rated the implementation aspect as extremely easy, only less than 1 percent BFIs have rated it as extremely difficult.



5.19 When asked if they felt need for redefinition in any clauses of current directives of CSR in banking industry, 77 percent of BFIs have responded that the current directives of CSR in banking industry is good as it is and does not need further changes.

5.20 Among the remaining 23 percent of the BFIs who feel the need for redefinition in clauses of current directives of CSR in banking industry, most of them have recommended redefining areas of CSR support (Table 5.6). In addition, they believe CSR spending should be done on the basis of institutional discretion while they also believe that equal distribution of CSR resources dilutes the impact of their CSR activities.

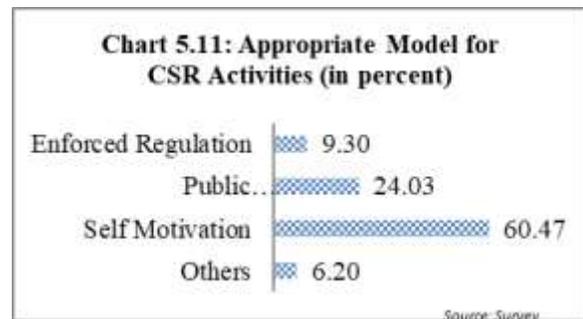
Table 5.6: Most Recommended Suggestions

Suggestions	Most Recommended
Redefine Areas	1
Lift Mandatory CSR Spending Clause	2
Equal Distribution not Feasible	3
Flexibility	4

Source: Survey

Appropriate model for CSR activities

5.21 BFIs were asked to choose the appropriate model for CSR activities in which 60.5 percent of the BFIs opted for self-motivation as the appropriate model for CSR activities (Chart 5.11). While 24 percent of the BFIs chose 'Public Guidance/Moral Suasion' as the appropriate model, only 9.3 percent of them opt CSR regulations.



Source: Survey

Impact of CSR Spending on the Business

5.22 The survey found that all BFIs agree on the positive impact of CSR spending on 'Image Building', 'Business Growth' and 'Customer Satisfaction'. BFIs believe that CSR spending influences the image of the business as 55 percent of the BFIs have strongly agreed on the same (Table 5.7). Meanwhile 45.7 percent of the BFIs agree that CSR spending has impact on business growth and 41.1 percent agree on the impact of CSR spending on customer satisfaction.

Table 5.7: Impact of CSR Spending (in percent)

Impact on	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Image building	2.33	0.00	5.43	37.21	55.04
Business Growth	3.10	0.78	33.33	45.74	17.05
Customer satisfaction	3.10	1.55	24.03	41.09	30.23

Source: Survey

6. CONCLUSIONS AND WAY FORWARDS

- 6.1 CSR has multidimensional aspects with growing interest on it in recent years. Though CSR is considered as a voluntary initiative, a growing number of countries have adopted laws for CSR activities with varying features. CSR provision is mostly incorporated in Company laws.
- 6.2 The study has explored the different aspects of CSR in the Nepalese banking industry based on the reported data as well as opinion survey from CEOs of BFIs. Since the size of fund has been increasing, the proper use of it can have socially beneficial impact on the economy.
- 6.3 This study has found that 38.5 percent of the CBs have reported breakdown of CSR expenses by CSR heads while 30.8 percent have shown the breakdown of their CSR expenses by province in the annual reports of FY 2019/20, which is the improvement over previous year's reporting of 35 percent and 12 percent respectively. Thus, Nepalese banking industry is yet to fully embrace the standard CSR reporting practices as directed by NRB. All BFIs should follow the disclosure requirement for transparent use of the CSR fund.
- 6.4 BFIs have contributed 1.58 percent of net profit on average to the CSR fund in FY 2019/20. Hence, the banking industry has contributed more than the minimum requirement of contribution to CSR fund set by NRB. On the other hand, the size of CSR fund has been increasing over the years which seems to increase further. The systematic use of CSR fund by avoiding misuse can have significant impact on socio-economic development of the Nepalese society.
- 6.5 The contribution of the banking industry in the Corona Virus Control and Treatment Fund is praiseworthy. Some CSR heads have received less priority among the remaining CSR heads which may be due to low demand for it. Areas for CSR expense can be decided based on the need of the stakeholders and the society.
- 6.6 The breakdown of CSR spending of A class CBs by province for the last three years shows that CSR spending has been concentrated in Bagmati province though the proportion has been decreasing. In FY 2019/20, 67.9 percent of CSR spending of A class CBs was concentrated in Bagmati province. Thus, the distribution of the banking CSR spending by province is highly uneven, which necessitates the effective implementation of NRB directive of spending at least 10 percent in each province. BFIs need to pay proper attention to follow this NRB directive to do social justice for the backward and deprived areas.
- 6.7 Though CSR is conceptually an altruistic matter, regulations in matters of reporting requirements are universal practice to avoid its misuse and to direct it to right areas for

social upliftment. Considering the various issues of CSR administration and uneven distribution of CSR expenses in the Nepalese banking industry, the continuation of CSR regulation seems to be necessary until certain standard is set up.

- 6.8 Majority of BFIs found no difficulty in implementing current regulation on CSR. However, change in regulation may be needed depending on the spending pattern of CSR fund in the coming years. More contribution to SDG related areas will help to achieve these goals by 2030. Basically, areas which have high beneficial social impact but are not much covered by other sources including government budget should be given high priority on using CSR fund by avoiding duplication.
- 6.9 CSR expense should be audited regularly to ensure its proper use in fair manner, not being used in anti-social and criminal activities.
- 6.10 CSR policies, planning process and approval process vary largely within the banking industry. Institutionalized and transparent CSR policy framework and guidelines can standardize the CSR practices along with areas of spending and governance structure. Several central banks have CSR guidelines for the banking industry.
- 6.11 Instead of having CSR related activities in different acts, a broad integrated CSR act can be formulated by considering the experiences of other countries in this regard to integrate and systematize CSR activities of all types of companies operating in the economy with clear definition of CSR.

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Annexes

Annex I: Questionnaire

Questionnaire for Survey on Corporate Social Responsibility (CSR) in Nepal's Banking Industry

Conducted by Nepal Rastra Bank [To be filled by CEOs of BFIs]

* Required

Email *

Name of your Organisation *

BFIs Category: *

Mark only one oval.

- A
 B
 C
 D

Your name *

Your Designation *

Mobile number *

1. Please rank the following drivers of CSR according to you. ("1" for the highest rank and "5" for the lowest rank) *

Mark only one oval per row.

	rank 1	rank 2	rank 3	rank 4	rank 5
Increase in profits	<input type="radio"/>				
Image Building	<input type="radio"/>				
Vision of Organisation	<input type="radio"/>				
Legal Compliance	<input type="radio"/>				
Increasing Awareness	<input type="radio"/>				
Community Pressure	<input type="radio"/>				

2. Does your organization have a separate CSR policy/ guidelines? *

Mark only one oval.

- Yes
 No

3. Does your organization prepare annual CSR plan? *

Mark only one oval.

- Yes
 No

4. How does your organization mobilize CSR activities? *

Mark only one oval.

- A separate Department
- Line Department
- Foundation Trust
- Other: _____

5. Who approves the CSR activities of your organisation? *

Mark only one oval.

- Board of Directors (BoD)
- Chair of the BoD
- CEO
- Shareholders (Annual General Meeting)
- Other: _____

6. What type of resources/ programs do you provide for CSR activities? (Please tick multiple answers) *

Check all that apply.

- Cash
- In Kind
- Volunteers
- Interest Waiver
- Loan Waiver
- Cash to depositor
- Financial literacy
- Social Awareness
- Other: _____

7. Has your organisation introduced any of the following programs to assist employees, their families or community members during the last three years? (please tick yes or no) *

Mark only one oval per row.

	yes	no
Health	<input type="radio"/>	<input type="radio"/>
Education	<input type="radio"/>	<input type="radio"/>
Training	<input type="radio"/>	<input type="radio"/>
Counselling	<input type="radio"/>	<input type="radio"/>
Child care	<input type="radio"/>	<input type="radio"/>
Adult care	<input type="radio"/>	<input type="radio"/>
Preservation programs	<input type="radio"/>	<input type="radio"/>

8. Does your credit guideline address the following issues in credit administration? *

Check all that apply.

	Yes	No	Aspire to do in near future
environmental pollution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
tax avoidance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
producing sub par goods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
producing toxic goods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
human right violation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. To what extent has your CSR activities covered the following sectors? *

Mark only one oval per row.

	Very Poor	Poor	Fair	Good	Excellent
Gender Equality	<input type="radio"/>				
Inclusiveness	<input type="radio"/>				
Combating bribery and money laundering	<input type="radio"/>				
Environmental protection	<input type="radio"/>				
Sustainable Development	<input type="radio"/>				

10. Is CSR support repeated to any beneficiary group or individual or organization in the last three years? *

Mark only one oval.

- Yes
 No

11. If you answer 'Yes' to 10, how many times the beneficiary received the support?

12. Has your organization committed a regular CSR support to people defined under the deprived sector? *

Mark only one oval.

- Yes
 No

13. If you answer "Yes" to 12, please mention the nature of support.

14. If you answer "Yes" to 12, please mention the annual CSR obligation.

15. If you answer "Yes" to 12, what is the average month of support to deprived sector people?

16. If you answer "Yes" to 12, please mention the average proportion of deprived sector female (to total deprived sector people supported) are being supported in last three years?

17. Was there any outside pressure from any of the following for CSR spending? *

Mark only one oval.

- NO PRESSURE
- Political Party
- Local Government
- Pressure Groups
- Local community
- Regulator
- BoD Member
- Other: _____

18. Mention the level of participation of your stakeholders in CSR activities: *

Mark only one oval per row.

	Never	Rarely	Sometimes	Often	Always
depositors	<input type="radio"/>				
employees	<input type="radio"/>				
regulators	<input type="radio"/>				
beneficiary group	<input type="radio"/>				
community clubs	<input type="radio"/>				

19. To which stakeholders do your Organisation report CSR information? *

Mark only one oval per row.

	yes	no
Board of Directors	<input type="radio"/>	<input type="radio"/>
Employees	<input type="radio"/>	<input type="radio"/>
Customers	<input type="radio"/>	<input type="radio"/>
Shareholders (AGM)	<input type="radio"/>	<input type="radio"/>
Regulator	<input type="radio"/>	<input type="radio"/>

20. Does your Organisation evaluate CSR activities? *

Mark only one oval.

- Yes
- No

21. How do you rate the implementation aspect of current NRB Directive on CSR? *

Mark only one oval.

	1	2	3	4	5	
Extremely Difficult	<input type="radio"/>	Extremely Easy				

22. Do you feel need for redefinition in any clauses in concurrent directives of CSR in banking sector? *

Mark only one oval.

- Yes
- No

23. If yes (to Q.No. 22) please provide your suggestions.

24. What is the appropriate model for CSR activities? *

Mark only one oval.

- Enforced regulation
- Public guidance/Moral suasion
- Self motivation
- Other: _____

25. Do you agree that CSR spending has positive impact on following? *

Mark only one oval per row.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Image building	<input type="radio"/>				
Business Growth	<input type="radio"/>				
Customer satisfaction	<input type="radio"/>				

Thank You for your cooperation!!!
