

Social Responsibility Leadership in the Banking Sector in Times of Pandemic

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Abstract: The present work is a research on social responsibility in the financial sector, considering that social responsibility has achieved great notoriety since the end of the last century, both in the business, academic and social fields, basically due to the Internet, the globalization of the economy and policies increasingly focused on the interests of individuals involved with the companies, considering that the banking sector had to implement and reinforce fundamental aspects to survive the pandemic. The objective of this study is to determine the corporate social responsibility initiatives within the financial sector, to analyse the strategies implemented to provide timely responses to the economic reactivation in the face of the pandemic and to determine the main strategies and approaches of the financial system in the scientific literature between 2020-2023. The methodology applied is the research of scientific articles in recognized databases such as ScienceDirect, Scopus and Web of Science, where we found 25 research studies included for this systematic review of which we will see the 14 countries where the information was collected. In all the countries the economies suffered significant devastation and during this period they tried to adapt to new experiences to survive the pandemic and have profitability, as part of the affectation was the economic growth, unemployment, the closing of several companies, the economic activities slowed down, the expenses in elements of health services and protection increased, among others, besides the greater collaboration was sought between the governments and the banking institutions to put in practice measures of economic support, then it is concluded that financial institutions managed to change consumer priorities by adapting to digital technology ensuring that transactions are safe and reliable in order to avoid contagions and crowds, digitized financial services have the benefit of reaching millions of people and businesses, most research recommended that the financial system keep constant track of the prospects for improvement of economic activity and monitor the evolution of its customers and partners.

Keywords: Financial sector, Systematic review, Corporate governance, Economies

1. Introduction

The World Health Organization (WHO) has reported reports of pneumonia of unknown origin in Wuhan city in China, the pandemic virus COVID 19 spread rapidly, this has been an unexpected event that resulted in negative and huge consequences in various sectors, the outbreak of a global epidemic has spread worldwide, spreading unchecked and severely in many countries, affecting the economy (World Health Organization, 2020).

In the different countries, the economies suffered significant damage, which was mainly reflected at the level of an impact on economic growth, unemployment increased, several companies closed, economic activities slowed down, spending on health and protection services increased, among others, probably affecting the movements of the financial services market, the banking sector was also affected by the impact of the COVID-19 pandemic, the banking stability crisis can be mitigated by an increase in social capital derived from social responsibility (Boubaker et al., 2023).

Banking sectors around the world were under immense stress due to the transformation of the COVID-19 situation and policy responses, most governments responded quickly to manage the economic and financial shocks by providing fiscal, monetary and macro-financial stimulus (Rizwan et al., 2020).

Companies in this sector had a decrease in profitability, resilient capital and liquidity levels, highlighting the work of entities in terms of social responsibility that they had in this stage of crisis by COVID-19, to understand the concept of corporate social responsibility we can say that it is the sum of both external and internal actions

through which it becomes co-responsible for social growth (Zhang et al., 2022; Córdova-Buiza et al., 2021; Espinoza-Molina et al., 2022).

Social responsibility practices are not new, the beginning of its discussion was in the 90s, it grew significantly after the 2000s, basically due to the Internet, the globalization of the economy and policies increasingly focused on the interests of individuals involved with companies, consider that the banking sector had to implement and strengthen fundamental aspects to overcome COVID-19 in the financial sector, to support the growth of credit and mitigate the negative impact on the economy as there was a marked increase in delinquency by customers of these institutions (Frese et al., 2023; Huerta-Tantalean et al., 2022; Riofrio-Carbajal et al., 2023).

It is important to make a systematic review to identify and analyze the role of financial sector institutions in different countries and the social responsibility they have had, as well as to examine the timely responses and forms of economic revival they had in the face of the COVID-19 pandemic. What has been written in the scientific literature about social responsibility in the banking sector in times of pandemic in the years 2020 - 2023? Corporate social responsibility is the commitment of a company that seeks the welfare of companies, buyers and workers, considering that each company is constantly growing (Tiwari et al., 2023). According to Battisti et al. (2023) indicate that social capital and stakeholder theories suggest that bank executives can intensify social responsibility to build trust with stakeholders.

We know that the shock of the COVID-19 pandemic is even worse in emerging countries, where banks serve millions of people and thousands of firms with relatively poor economic and financial capacity in a weaker political and market environment, taking into account that during the pandemic banks faced the strongest shock because they are regularly exposed to more risks than other financial institutions (e.g., interest rate, liquidity, credit, market, and reputational risk) (Rabbani et al. 2021).

The financial sector has a significant effect on the financial stability and economic development of a nation, as one of the fundamental elements of the financial sector, since banks provide services that are essential for the expansion of markets. The stability of the financial system is significantly affected by the efficiency of the banking sector (Sha et al., 2023; Cordova-Buiza et al., 2022).

The objective of this systematic review is to recognize good corporate social responsibility practices within the financial sector, analyze the strategies implemented to provide timely responses to economic revival in the face of the pandemic, and determine the main strategies and approaches of the banking system written in the scientific literature between the years 2020 - 2023.

2. Methodology

The inclusion criteria were: full-text articles, in English and Spanish, that allow the identification, evaluation and review of existing and outstanding research, with antiquity of the years 2020- 2023, according to the objective of the study and as a final article, the exclusion criteria were: theoretical review works and that are not related to the topic of study, that are not open access and outdated articles that were less than or equal to the year 2019.

The type of study or methodology used in this research is related to the variable social responsibility, so a compilation of information from previous works was used, which aims to make comparisons with the present, since when preparing a literature review there are data or results that are of contribution to the topic of study.

We used articles taken from the search for key terms using connectors such as "and" and "or" in the titles of the articles, summaries and key words, the search was carried out in 3 electronic databases such as Web of Science, which is a platform for access to multiple databases that provide information on different topics, Scencedirect, which also provides the finished text of the scientific journals published by Elsevier and is one of the main sources of information for scientific research, Scopus, which has functions that enable researchers to analyze and visualize scientific production in a more practical way, taking as a reference various bibliometric indicators, the search performed was for the periods 2020 - 2023, from any country, we worked with 30 articles found and 25 used by the author's criteria, since they are the ones that best answer the research question.

3. Results

Due to the characteristics of the study, a systematic review methodology was followed, taking into account the guidelines and standards established in the PRISMA Statement (Moher et al., 2014).

The flow chart represented in Figure 1 explains the results obtained after the systematic review performed. As part of the first search, we were presented with 145 articles. After excluding those that did not meet our parameters either because they were not open access or were not correctly related to the topic of study, 53 articles remained, which, after applying the inclusion and exclusion criteria and subsequent full-text eligibility, 33 were left, 3 of which were rejected and reduced to 30 records included for this systematic review.

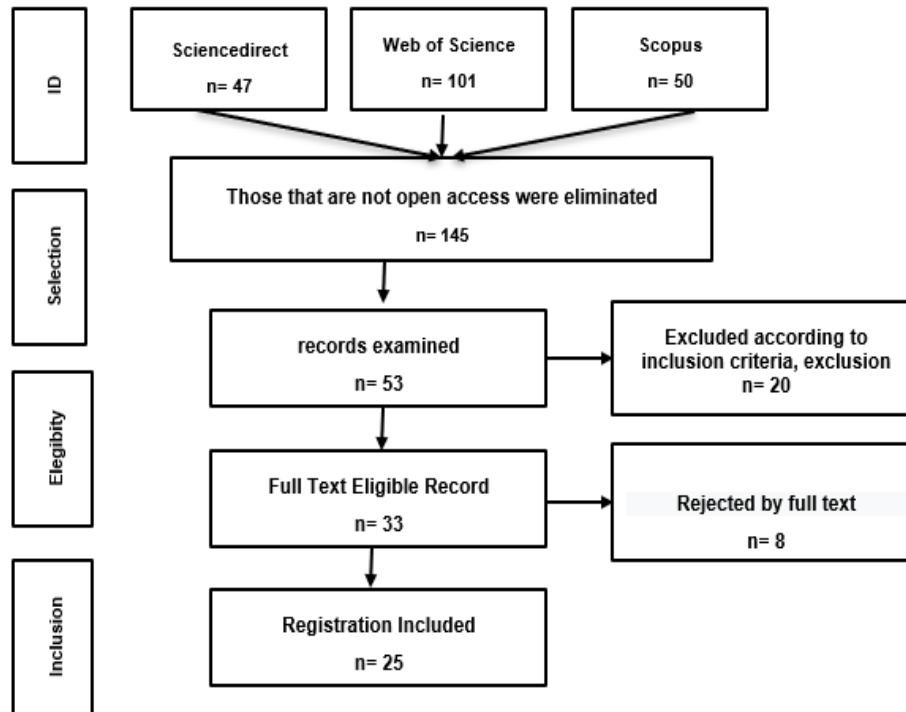


Figure 1: Prism flowchart

Table 1: Data base

| Title | Journals | Data base | Year | Country |
|---|-------------------------------------|-----------|------|-------------|
| Systematic risk: The impact of COVID-19 | Financial Investigation Letters | Scopus | 2020 | EE. UU |
| Spirit is willing, but institutions are weak: corporate social responsibility disclosure and the financial sector in transition | Magazine Eurasian Business | Scopus | 2022 | Reino Unido |
| Riesgo sistémico Bancario en el contexto de la pandemia de COVID-19 | Sistemas | Scopus | 2023 | España |
| Prospects for green financial instruments: a case study in Hungary banking sector COVID-19 | Bancos y Sistemas Bancarios | Scopus | 2023 | Hungría |
| The role of Covid-19 in bank profitability convergence: evidence from a sample of U.S. banks and club grouping. | Applied economics | Scopus | 2023 | EE. UU |
| The impact of competitive strategies on the performance of the banking sector; The mediating role of companies and Social Responsibility and Operational Excellence. | Energies | Scopus | 2023 | Rumania |
| Mobile Banking Acceptance in the Age of COVID-19 | Class notes on networks and systems | Scopus | 2023 | Palestina |

| Title | Journals | Data base | Year | Country |
|---|---|----------------|------|----------|
| Digitalization and financial performance of banking sectors facing COVID-19 challenges in Central and Eastern European countries. | Electronics | Scopus | 2022 | Rumania |
| The effects of corporate governance on customer recommendations: a study of the banking sector in COVID-19 times. | Knowledge management journal | Scopus | 2022 | Túnez |
| Banking sector reactions to COVID-19: the role of bank-specific factors and government policy responses. | Research in International Business and Finance | Scopus | 2021 | Turquía |
| The influence of ESG factors on the financial performance of the banking sector during the covid-19 pandemic. | Studies and Research in Economic Computing and Economic Cybernetics | Scopus | 2022 | Rumania |
| Bank performance management under COVID-19: a new approach to reverse efficiency DEA | International transactions in operations research | Scopus | 2023 | Vietnam |
| The impact of the COVID-19 pandemic on the profitability of Islamic and conventional banks. | Economies | Scopus | 2023 | Portugal |
| Business Leadership and Corporate Social Responsibility in the Post-COVID | Economies | Scopus | 2023 | Rusia |
| El impacto del COVID-19 en las perspectivas empresariales del desarrollo sostenible y la responsabilidad social corporativa en China | Medio Ambiente, Desarrollo y Sostenibilidad | Scopus | 2022 | China |
| Corporate social responsibility in family businesses: Can corporate communication affect CSR performance? | Business Research Journal | Scopus | 2023 | Italia |
| Corporate social responsibility and supply chain: a study to assess corporate hypocrisy with a focus on stakeholders. | International Journal of Finance and Economics | Scopus | 2023 | India |
| Banking sector reactions to COVID-19: the role of bank-specific factors and government policy responses. | Research in International Business and Finance | ScienceDirect | 2022 | Rumania |
| What drives U.S. stock markets during the COVID-19 pandemic? A global sensitivity analysis | Review of Borsa Istanbul | ScienceDirect | 2022 | EE. UU |
| Systemic risk and the challenge of COVID in the European banking sector | Banking and Finance Magazine | ScienceDirect | 2021 | Italia |
| COVID-19 and stock price volatility of A-share banks: from the perspective of epidemic developments in China and the US. | Global Finance Magazine | ScienceDirect | 2022 | china |
| Corporate Social Responsibility: Business Responses to the Coronavirus Pandemic (COVID-19) | SAGE Magazines | web of Science | 2021 | China |

| Title | Journals | Data base | Year | Country |
|--|------------------------------------|----------------|------|---------|
| Corporativo Responsabilidad social en la Pandemia de COVID-19 Período: una forma tradicional de abordar nuevos problemas sociales | Sostenibilidad | web of Science | 2021 | España |
| Corporate social responsibility (CSR) and the COVID-19 pandemic: organizational and management implications. | Strategy and management magazine | web of Science | 2021 | EE. UU |
| Impact of the COVID-19 pandemic on the banking sector: a cross-country analysis. | Multinational financial management | web of Science | 2023 | China |

In Figure 2 we can see that the information was taken from research platforms, 3 databases called ScienceDirect, Scopus and Web of Scince, of which the Web of Scince platform predominates with 68% (17 articles extracted), Scopus with 16% (4 articles) and ScienceDirect with 16% (4 articles included in this systematic review).

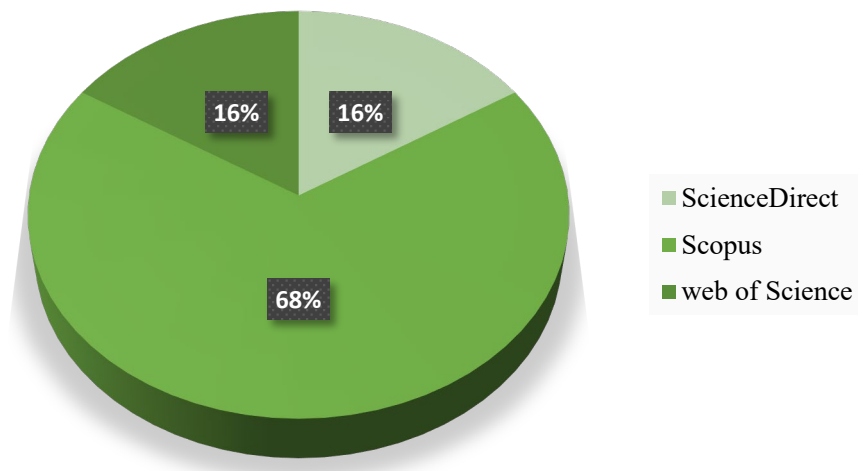


Figure 2: Database in percentage by platform.

Figure 3 shows the number of databases with the respective year of publication and the number of articles published in each year from 2020 to 2023.

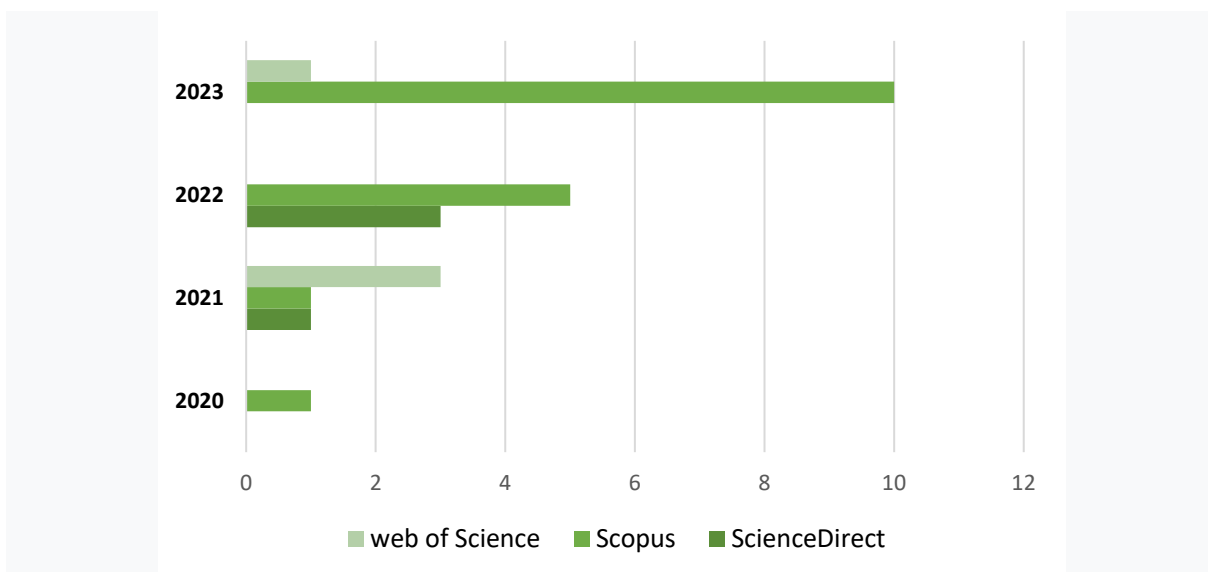


Figure 3: Number of databases with the respective year of publication

In Figure 4 we can see the number of articles published according to each country, where China and the USA predominate with a total of 5 articles each. A total of 14 countries have published articles that help this systematic review to analyze in depth the reality of social responsibility in times of pandemic.

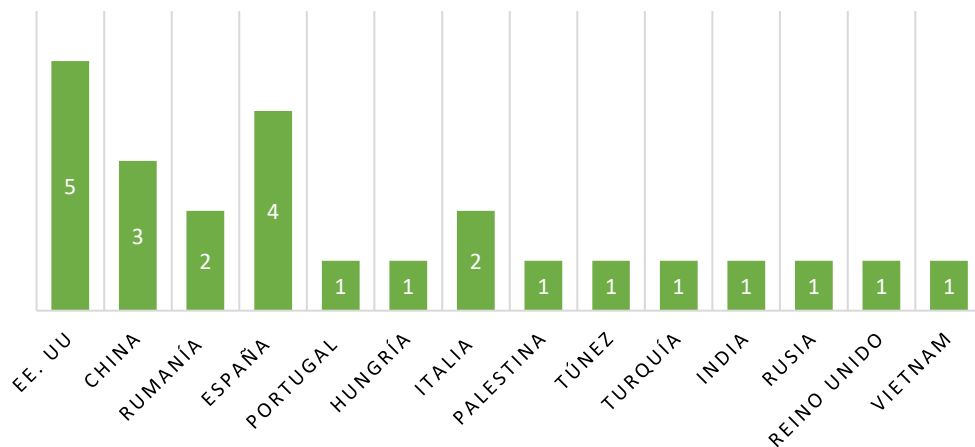


Figure 4: Quantity of articles according to the Country

4. Discussion

The global health, economic and social impacts of the coronavirus pandemic (COVID-19) were growing day by day, in recent years, first China and then worldwide, has been dealing with the effects of the COVID-19 pandemic on companies, employees, customers and communities (Mahmud and Hasan, 2021). The search was conducted in the period 2020-2023, finding 25 articles which were used for this systematic review, within the articles we found and we agree with what the authors indicate.

On the other hand, the study identified that social responsibility is a trend that has grown significantly due to the Internet and the generalization of economies. Walid (2022) indicates that crises, whether of a social, political, economic, or public health nature, continue to be a risk factor for countries around the world, highlighting that a recent example was the coronavirus, which has wreaked havoc on the global economy and the financial markets have not been immune to the pandemic, this is consistent with what Carroll (2021) and Huangg (2023) say as the results of their studies can be used in the real sector of the banking economy to develop measures to minimize systemic risk in the banking sector.

The COVID-19 crisis put Corporate Social Responsibility to the test, and the emerging evidence supports the idea that many companies are striving to restore their social responsibility initiatives in order to adapt to this crisis and meet the public's expectations. Yarovaya et al. (2022) indicates that there is every reason to believe that the COVID-19 pandemic will be a "game changer" with respect to how individuals, financial institutions, businesses and governments plan recovery strategies in the face of this crisis. However, he also comments that the COVID-19 pandemic has been compared to the Great Depression of the 1930s in the U.S. and the financial effects have been compared to the global financial crisis of 2007-2009.

On the other hand, Voicu et al. (2022) comment that the stock returns of banks with higher capitalization and deposits, more diversification, lower nonperforming loans, and larger size are more resilient to the pandemic and the reduction carried by covid-19 are diminished as the stringency of government policy reactions increases, primarily through economic responses that had this is consistent with what Shanshan et al. (2022). as in their study they examine of bank stock prices that reflect a strong indirect of the economic and financial system, banking institutions took on more responsibilities to try to reduce the idiosyncratic risk gap between the two types of banks.

The results of these investigations call for the identification of the determinants of the evolution of stock prices of countries during the presence of the COVID19 crisis and in turn the financial performance of banks at the beginning and during the pandemic.

5. Conclusion

In summary, the Covid-19 pandemic has an unprecedented macroeconomic detriment that, in turn, has caused an increase in risks to the stability of the financial sector, so this study was able to identify good practices of corporate social responsibility within the financial sector, managing to analyze the strategies implemented that gave timely responses to the economic reactivation before the pandemic, considering that financial institutions are the largest source of financing for businesses and households.

Financial services also play an important role in the creation of jobs in all sectors through access to financing, this financial stability crisis can be mitigated by an increase in social capital derived from social responsibility, which has gradually become a prominent practice in the global financial sector.

Social responsibility manages to increase the loyalty of employees and customers, to strengthen the bond between a company, future studies could extend this analysis to assess the distinctive effect of CSR in the global banking sector after the pandemic, while considering other financial and non-financial indicators.

Part of the actions adapted by governments to survive the pandemic and be profitable, then we conclude that they managed to change consumer priorities by adapting to digital technology to avoid contagion and crowding, digitized financial services have the benefit of reaching millions of people and businesses in different areas and remotely, particularly small and microenterprises.

We are currently facing a staggered recovery that is subject to significant uncertainty, which depends on each country, and in any circumstance, it must be prevented from seriously damaging the stability of the financial system, as this would make it more intense and long-lasting.

It is therefore advisable for the financial system to be attentive to the prospects of improvement in economic activity and to monitor the evolution of its partners and customers, through different mechanisms, as well as the union, information, communication and collaboration between the different sectors to detect errors and opportunities to recover what has been lost and ensure the future of households in the world.

In addition, the political responses of governments around the world are very important because these measures helped us to return to a situation of normality and to know to what extent the economies and the safety of their inhabitants could have been affected.

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