

# Study on the Philanthropic Activities of Chinese Commercial Banks from an Environmental, Social, and Governance (ESG) Perspective

Xiao Li <sup>1, a</sup>, Yihang Zhong <sup>2, b</sup>, Xianghao Song <sup>3, c</sup>, Zhengchen Wang <sup>4, \*</sup>

<sup>1</sup> Central University of Finance and Economics, Beijing 100081, China

<sup>2</sup> Capital Normal University, Beijing 100037, China

<sup>3</sup> Beijing Institute of Fashion Technology, Beijing 102200, China

<sup>4</sup> China Agricultural University, Beijing 100083, China

\* Corresponding author: Zhengchen Wang (Email: 15853766232@139.com), <sup>a</sup> kieranx@126.com, <sup>b</sup> 3784999573@qq.com,

<sup>c</sup> 2798604512@qq.com

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**Abstract:** The study aims to investigate the integration of philanthropic responsibility objectives with operational goals within commercial banks, embedding the ethos of financial benevolence into their core business strategies. It seeks to understand how these institutions can capitalize on their inherent advantages and resources to establish distinctive identities in the realm of philanthropy. By examining the 2022 ESG reports of China's six state-owned commercial banks, twelve joint-stock banks, and six city commercial banks, the research delineates the performance of commercial banks in philanthropic projects and expenditures, the development of philanthropic financial products, and the provision of philanthropic services. The analysis reveals three key deficiencies in the current philanthropic practices of commercial banks: the absence of a robust performance accounting mechanism for philanthropic projects and expenditures, the challenge of ensuring the long-term continuity of philanthropic financial products, and the relatively small scale of charitable trusts. The study offers four strategic recommendations for commercial banks: to institute an effective performance accounting mechanism for philanthropic initiatives, to innovate and scale up philanthropic financial products, to enhance the promotion of these products, and to broaden the scope of charitable trust projects. These suggestions are intended to facilitate a more holistic advancement of "charity plus finance" initiatives by commercial banks, thereby enhancing their engagement and impact in the ESG sphere.

**Keywords:** Commercial Banks; Philanthropy; ESG.

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## 1. Introduction

Commercial banks are a core component of China's financial industry, playing a pivotal role as financial intermediaries by providing services such as financing, savings, payment, and risk management, which directly support the development of the national economy. Against the backdrop of promoting the participation of commercial banks in the construction of a new development pattern and the implementation of the government's strategy for sustainable and high-quality development transformation, how to innovatively drive financial services to be more inclusive is a consideration that commercial banks must face. It is also the responsibility and mission that commercial banks need to undertake to help achieve common prosperity. Therefore, the perspective of "charity plus finance," which activates the public welfare sector with financial capital, has gradually come into the sight of the Chinese public.

Developing public welfare financial products and carrying out public welfare service projects are the "two legs" with which commercial banks actively respond to the financial expectations of various social groups. Leveraging the power of public welfare not only conveys the value culture of commercial banks to internal employees and external potential customers but also becomes an indispensable part of the ESG (Environmental, Social, and Governance) practices of commercial banks.

## 2. Literature Review

### 2.1. The Logic Behind Commercial Banks' Engagement in Philanthropy

Stakeholder theory posits that a company is connected to numerous stakeholders, each of which influences the company's development to varying degrees. Only by taking actions to effectively safeguard the interests of all stakeholders can the company gain their support and promote its sustainable development[1]. The stakeholders of commercial banks include shareholders, customers, employees, government, regulatory authorities, the environment, the public, and society, etc. It is evident that commercial banks are both economic and social organizations. Scholar Carroll proposed the "pyramid model," suggesting that for-profit enterprises should fulfill their economic, legal, ethical, and philanthropic responsibilities in ascending order, with philanthropic responsibility being a higher level than economic responsibility[2]. In reality, commercial banks often act from a self-interested perspective, rarely providing financial services to groups with high risks and low returns. Additionally, the "not worth it" psychology of managers also neglects the fulfillment of philanthropic responsibilities. Commercial banks mainly assume the role of "economic man" while neglecting the role of "social man," as investing in public welfare projects would increase the bank's cost and reduce operational efficiency[3]. The core goal of commercial banks is to maximize profits. Compared to the input costs

required for charitable means such as product development, employee training, and operational promotion, commercial banks, driven by rationality, will inevitably not make a loss-making deal, that is, there is a conflict between the short-term profit-seeking nature of commercial operations and their long-term sustainable development[4]. Therefore, philanthropic behavior contradicts the profit-seeking nature of commercial banks.

If we combine economic benefits with social value, there are two relationships between social value goals and financial return goals. The first is a complementary relationship, which means that the pursuit of social value goals and the improvement of profit returns occur simultaneously. In this case, the temptation of market opportunities will prompt actors to achieve social value goals. The second is a substitution relationship, which means that in order to achieve too many social value goals, there will be a reduction in profit returns [5]. The implementation of public welfare projects is not only beneficial for promoting the bank's brand culture and attracting potential customers but also for improving the quality of employees and establishing social credibility, thereby increasing consumer demand for bank services and indirectly increasing bank revenue[6]. At the same time, commercial banks issuing inclusive credit and public welfare financial products are also conducive to expanding the business market and radiating a wider range of customers to bring returns. The social effect inherent in public welfare behavior or results makes the value orientation of commercial banks inevitably two-dimensional, that is, to take into account both financial returns and social value. Therefore, whether the philanthropic behavior of commercial banks is more self-interested or altruistic depends on the measurement and evaluation of the social value or social impact generated by their philanthropic behavior. However, it can be concluded that with the development of the economy and society, commercial banks with a profit nature are gradually transforming, innovating and developing public welfare financial products, expanding business scope to better meet the financial demands of a diverse customer base, and regularly carrying out charitable donations, community

development and other activities to reflect the responsibility of social responsibility[7]. The involvement of commercial banks in the field of public welfare charity often pursues a balance between social and financial goals.

The academic community currently has no unified conclusion on the purpose of commercial banks' charitable behavior. The deontological view believes that enterprises have the responsibility to undertake charitable responsibilities to maintain social harmony and stability[8], and to pay remuneration for it[9], which will also strengthen the sense of social responsibility of internal employees and customers, expand the market scale indirectly by obtaining social trust, and increase revenue, and expand social influence[10]. The utilitarian view believes that means such as charity to improve corporate social responsibility will increase the social capital of enterprises, and enterprises with higher social capital have higher profitability and debt-paying ability[11]. Commercial banks will also enhance their core competitiveness by fulfilling their responsibilities to support public welfare undertakings[12], and use good external image to seek social recognition and reduce negative evaluations[13]. Commercial banks can also use means such as charitable donations for tax avoidance[14]. The institutional view believes that the arrangement of the national system makes public welfare charity a part of the competition between enterprises[15]. Taking China as an example, the sustainable development of commercial banks and the implementation of the national strategy to build a Chinese characteristic ESG system are organically unified, and follow the international standards of the Global Sustainable Information Disclosure Committee (ISSB) for disclosure. With the deepening of regulatory policies and industry requirements, the number of social responsibility reports published by commercial banks in China has increased significantly, and public welfare charity, as an indispensable part of the social responsibility report, has increasingly become an important tool to show the social benefits of different commercial banks.

## 2.2. Ways for Commercial Banks to Participate in Public Welfare Charity

**Table 1.** The Embodiment of Commercial Banks in the Social Impact Finance System

Field	Method	Features	Function
Inclusive Finance	Innovative financial products, providing digital mobile banking services	Popularity and adaptability of financial products, focusing on vulnerable groups	By providing inclusive financial services, it meets the financial needs of the general public, and meets the financing needs of various inclusive customers such as small and micro enterprises, individual industrial and commercial households, and farmers.
Green Finance	Using green loans, bond investments, and other methods to support environmental protection projects	Focusing on promoting environmental protection and sustainable economy	Innovating service solutions to meet customers' diverse green financing needs, and promoting China's green upgrade and carbon neutrality goals.
Finance with social impact	Using equity investment and other methods to invest in social enterprises, non-profit organizations, entrepreneurship incubation, social innovation projects, etc.	Focusing on social and environmental benefits while achieving financial returns (dual goals)	Acting as a financial intermediary, operating, supervising, and custodianing funds, participating in investments related to solving social issues.
Philanthropic Finance	Participating in charitable projects through donations, establishing charitable funds, public welfare venture capital, charitable trusts, volunteer services, etc.	Mainly focused on giving back to society and supporting charity, not pursuing direct economic returns, focusing on the fulfillment of corporate social responsibility.	Participants and funders of social welfare undertakings.

Social impact finance combines the attributes of financial investment and public welfare charity, and there are four types of finance with social impact, namely inclusive finance, green finance, social impact investment, and philanthropic finance, all of which have the presence of commercial banks (table below). In the field of public welfare charity, commercial banks mainly exert value through two paths of products and services[16], that is, fully participating in inclusive credit, providing professional services such as financial support, fund supervision, asset preservation, and planning for public welfare enterprises and organizations, and carrying out public welfare volunteer services, such as financial knowledge popularization and community volunteer activities. Some scholars also divide the public welfare charity behavior of commercial banks into three ways of providing credit for people's livelihood, charitable donations, and public welfare activities[17].

### 2.3. ESG and Public Welfare Charity of Commercial Banks

It is imperative to elucidate the similarities and differences between ESG (Environmental, Social, Governance) and CSR (Corporate Social Responsibility) as tools for corporate sustainable development [18]. Investments in non-financial aspects by corporations can generate positive externalities, thus necessitating the disclosure of non-financial information[19]. Following the traditional free-market economic theory that emphasized the inadequacy of pure self-interest for driving sustainable corporate growth, CSR introduced the concept of altruism, where a portion of a company's profits is allocated for expenditures to give back to stakeholders, including the community and the public. However, this seemingly philanthropic act is paradoxical to the profit-driven nature of businesses and is often challenging for many enterprises to embrace. In contrast, ESG, which emphasizes a win-win approach, has found a balance for sustainable corporate development between pure self-interest and pure altruism[20]. Companies that adopt the ESG philosophy strategically target investments that can yield both commercial profits and social value. They aim to leverage the capital of investment institutions and investors to promote and supervise initiatives that prioritize both business profitability and social benefits, thereby achieving a balance between long-term sustainable development strategies and short-term profit objectives. Unlike CSR, which contributes after generating profits, ESG focuses on contributing first and then reaping benefits. As discussed, the philanthropic actions of commercial banks, which consider both financial returns and social benefits, align with the underlying logic of ESG's pursuit of a "win-win" between business value and social value. Although the ESG philosophy may lead to a temporary slowdown in profit growth, in the long run, it can expand market share and increase long-term profits. Moreover, unlike CSR, which passively responds to external pressures to fulfill social responsibilities[21], ESG, when integrated into corporate strategic management, emphasizes proactively identifying investment opportunities to enhance investor confidence and corporate profits[22], which aligns with the goals of commercial banks in promoting stable long-term profits. As China's economy transitions from high-speed to high-quality development, it compels short-term interest stakeholders within commercial banks to adopt a long-term perspective, supported by recent policy initiatives, enabling

commercial banks to leverage the ESG concept for self-sustenance and maximize overall benefits.

In ESG reporting, information is disclosed across three dimensions: environmental, social, and corporate governance, with philanthropy and charity falling under the social dimension (S). Engaging in philanthropic activities is one of the effective ways for commercial banks to implement ESG objectives. They can target specific groups by offering services to women, children, impoverished students, and the elderly, and focus on areas such as community building, rural revitalization, education, and healthcare. Additionally, they can introduce charitable trusts, align with public welfare financial products, and organize fundraising donations. By effectively utilizing capital, responsibly allocating resources, managing risks, and reviewing the rationality of the supported public welfare goals through governance methods, philanthropic activities can achieve a balance between financial health and social contribution, avoiding "one-time" or "check-in style" charity behaviors.

## 3. The Philanthropic and Charitable Performance and Characteristics of Chinese Commercial Banks.

This study delineates the philanthropic and charitable activities of commercial banks into three principal categories: philanthropic projects and expenditures, philanthropic financial products, and philanthropic services primarily through charitable trusts. These categories correspond to the financial support, product development, and service provision pathways through which commercial banks engage in charitable endeavors.

### 3.1. Philanthropic Projects and Expenditures

**Table 2.** Statistical Summary of Philanthropic Expenditures of the Six State-owned Banks in 2022

Bank Name	Total Philanthropic Expenditure (Billion Yuan)	Year-on-Year Growth
Industrial and Commercial Bank of China (ICBC)	1.29	-
China Construction Bank (CCB)	1.28	7.56%
Agricultural Bank of China (ABC)	1.07	6.36%
Bank of China (BOC)	0.45	164.7%
Bank of Communications (BOCOM)	-	-
Postal Savings Bank of China (PSBC)	0.14	-62.16%

*Data Source: Manually compiled from the official websites of the banks' ESG reports.*

*Note: The Industrial and Commercial Bank of China did not disclose the total amount of philanthropic expenditure in its 2021 ESG report, and the Bank of Communications did not disclose the total philanthropic expenditure in its ESG report.*

The philanthropic and charitable projects and expenditures of commercial banks are predominantly categorized into two types: charitable donations and financial support for public welfare projects. These expenditures are aimed at giving back to society, improving well-being, and reflecting the banks'

social responsibilities.

As illustrated in Table 2, the philanthropic expenditures of state-owned commercial banks exhibit the following characteristics: First, they actively support the construction of rural revitalization. The Industrial and Commercial Bank of China (ICBC) focuses on assisting four counties and cities in Sichuan Province, including Tongjiang, Wan yuan, Jinyang, and Nanjiang, by providing financial support for education, healthcare, housing, and drinking water safety. Notably, it has invested over 7.8 million yuan in the construction of a slaughtering and cold chain center in the key county of Jinyang and nearly 9 million yuan over three years for the "Child's Harbor" project, which supports left-behind children's care stations in the four counties and cities. China Construction Bank (CCB) donated 30 million yuan in 2022 to support rural revitalization assistance projects across the bank. The Agricultural Bank of China (ABC) focuses on the western region and key counties for rural revitalization, providing educational funding for 800 left-behind children. Although the Bank of Communications (BOCOM) did not disclose the total amount of philanthropic donations, it listed several donation projects, such as a 25 million yuan donation to the edible fungus industry assistance project in Tianzhu County, Gansu Province in 2022; a 10.4 million yuan donation to the collective economy targeted assistance project in Hunyuan County, Shanxi Province; and a 14.6 million yuan donation to the modern agricultural park targeted assistance project in Litang County, Sichuan Province.

Secondly, there is a significant scale of donations in the fields of education and healthcare. The Industrial and Commercial Bank of China's "Health Express - Train Hospital" project has accumulated donations of 33.4 million yuan; China Construction Bank's "Building the Future - China Construction Bank Sponsorship Program for Underprivileged High School Students" has invested a total of 166 million yuan over the past 15 years; The Agricultural Bank of China allocated a donation of 5 million yuan to the "Mother's Health Express" public welfare project of the China Women's Development Foundation in 2022; Postal Savings Bank of China, through its "Post Love Public Welfare," provides educational funding and support for students, offering 2,000 yuan per year for school fees and miscellaneous expenses, and a 2,000 yuan scholarship per year for high school students from economically disadvantaged families; the Post Love Public Welfare Care Package project donated 1 million yuan to customize exclusive care packages for 10,000 rural primary school students in Lanping County, Yunnan Province.

Thirdly, the banks have shown rapid emergency response and active participation in disaster relief donations. The Hubei Branch of the Agricultural Bank of China established an anti-drought financial service team, and the Ningbo Cixi Branch formed a response service team to deal with Typhoon "Muifa," ensuring financial services and providing timely donations of money and materials to the affected areas.

Lastly, with a global public welfare perspective, they have carried out global donation projects. ICBC Thailand provided financial aid to people affected by floods in parts of northeastern and central Thailand; The Agricultural Bank of China's Vancouver branch provided financial support to underprivileged children and homeless women; Bank of Communications Singapore donated SGD 20,000 (equivalent to approximately 100,000 RMB) to The President's Challenge charity, aiding socially vulnerable groups such as poor families, people with disabilities, and the elderly, and donated

SGD 20,000 (equivalent to approximately 100,000 RMB) to the Singapore Ding Yi Tuan to support the inheritance and promotion of traditional Chinese folk culture.

**Table 3.** Statistical Summary of Philanthropic Expenditures of the Twelve Joint-Stock Banks in 2022

Bank Name	Total Philanthropic Expenditure (Billion Yuan)	Year-on-Year Growth
Shanghai Pudong Development Bank	0.48	65.52%
Industrial Bank Co., Ltd.	0.81	15.71%
China Everbright Bank	0.16	-36%
Ping An Bank	-	-
China Zheshang Bank	0.25	47.06%
CITIC Bank	0.09	6.74%
China Minsheng Banking Corp., Ltd.	1.01	-4.72%
China Bohai Bank	-	-
Guangdong Development Bank	0.11	14%
Evergrowing Bank Co., Ltd.	0.02	100%
China Merchants Bank	0.95	196.87%
Huaxia Bank	0.21	-

*Data Source: Manually compiled from the official websites of the banks' ESG reports.*

*Note: Huaxia Bank did not disclose the total amount of philanthropic expenditure in its 2021 ESG report, and Ping An Bank and China Bohai Bank did not disclose the total philanthropic expenditure in their ESG reports.*

The twelve joint-stock banks continue to contribute to the development of public welfare undertakings in areas such as rural revitalization, educational assistance, environmental protection, and disaster relief. However, compared to state-owned banks, their more prominent highlights include:

Emphasis on the construction of their own philanthropic brands and deep cultivation in the field of public welfare for many years. Industrial Bank Co., Ltd. has gathered industry donations of 2.8 million yuan through the "Xing Public Welfare" brand, establishing the "Xing Public Welfare Education Assistance Fund" to help Youxi County become a benchmark for rural revitalization pilot projects; China Zheshang Bank has been striving to create its own characteristic public welfare brand, with a total donation expenditure of 25,401.808 million yuan in 2022, accounting for 0.16% of the total profit, playing the "one bank, one school" brand effect, providing comprehensive support for the infrastructure, living environment, teaching quality, and quality education of the assisted schools, with more than 10,000 students assisted; China Minsheng Banking Corp., Ltd. has established its own brand "ME Public Welfare Innovation Support Plan" to provide financial support for innovative public welfare projects in rural revitalization, community development, educational support, health welfare, and ecological civilization; China Merchants Bank has also set up a "Public Welfare Donation Management Method" and a

public welfare committee, donating 9.57 million yuan to 20 colleges and universities in 2021, 1.96 million yuan to three hospitals for medical assistance, and 43.969 million yuan to 14 charity federations, foundations, and Red Cross societies.

Utilizing digital means to establish a donation fundraising platform. Ping An Bank officially launched the Ping An Public Welfare Platform in 2022, becoming the only internet public fundraising information platform approved by the Ministry of Civil Affairs in the financial insurance industry; CITIC Bank has built a public welfare platform "Aixin Hui Public Welfare Platform" to continue the development of rural quality education construction in less developed areas of our country.

Focusing on donations to emerging fields and innovative donation forms. Industrial Bank Co., Ltd. has innovated public welfare donation forms, carrying out point donation activities for the Tengger Desert Lock Border Forest and the Free Lunch project. For every 1,000 points donated by customers, Industrial Bank will donate one yuan to public welfare projects; Ping An Bank has also carried out actions to protect the South China tiger, donating 1.5 million yuan to support the construction of the South China tiger breeding research base.

**Table 4.** Statistical Summary of Philanthropic Expenditures of Six City Commercial Banks in 2022

Bank Name	Total Philanthropic Expenditure (Billion Yuan)	Year-on-Year Growth
Guizhou Bank	1.47	2903.1%
Lanzhou Bank	0.21	-
Ningbo Bank	0.26	23.81%
Changsha Bank	0.29	123.08%
Harbin Bank	0.06	100%
Qingdao Bank	0.05	-66.67%

City commercial banks primarily serve customers from within the cities and their respective provinces. Therefore, the public welfare and charitable services they provide are mainly aimed at the province, showing characteristics of philanthropic expenditure flowing into the province and public welfare projects taking root at the grassroots level.

In 2022, Guizhou Bank's total charitable investment reached 15.603 million yuan, carrying out 4,783 volunteer activities, focusing mainly on two areas: education and environmental protection. For example, it carried out tree planting activities in the Financial Youth Forest and provided assistance activities for children at the Guiyang Xinxin Special Education School by donating learning tools and teaching materials.

Lanzhou Bank fully supports community work and actively assists governments at all levels to carry out volunteer service activities, carrying out the "I do practical things for the masses" practice activities in a normalized and long-term manner, and offering condolences to front-line work groups such as sanitation workers. Lanzhou Bank's public welfare activities are more prominent in regional characteristics, actively assisting in preventing the re-poverty investigation work in the assistance village, going deep into the farmers'

households to understand the living conditions, family income, and rigid expenditure of the farmers; carrying out consumption poverty alleviation, helping farmers sell free-range chickens, potatoes and other agricultural products, helping farmers achieve an income of more than 30,000 yuan; continuing to provide financial assistance for education in the assistance village, providing financial assistance to four college students in the village in 2022, helping to alleviate the financial pressure of students' families.

Ningbo Bank mainly promotes the development of public welfare undertakings in the fields of poverty alleviation, paired-up education assistance, and targeted poverty alleviation. In 2022, the total amount of charitable donations was 26.3432 million yuan; Harbin Bank has always focused on the needs of society and the demands of the masses, completing the Happy Community Development Plan public welfare project in 2022, and also donated through the Tongjia'an Charity Foundation to support the Tongxin Harbor project of the Heilongjiang Province Youth Development Foundation; Qingdao Bank set up the Qingdao Bank Scholarship in Qingdao University, Qingdao University of Technology, Shandong Technology and Business University, Shandong Agricultural University, etc. in 2022, and carried out five educational assistance projects, with a total expenditure of 1.85 million yuan, used to improve the teaching environment, enhance the strength of teaching, and assist in teaching, scholarships, and rewards. At the same time, donations and public welfare services were provided to four village assistance projects in Weihai, Shandong.

### 3.2. Philanthropic Financial Products

Philanthropic financial products, also known as charitable wealth management products, aim to achieve dual goals of social welfare and investor benefits. These are inclusive financial products introduced by commercial banks to clients, offering both financial returns and social value. Such products facilitate the redistribution of societal wealth through charitable donations and funding, thereby serving the dual purpose of preserving and increasing residents' wealth and expanding the sources of charitable funding. This approach bridges the junction between financial services and philanthropic donations, meeting investors' demands for wealth appreciation and the desire to perform public welfare acts. It innovates and broadens the channels for charitable donations, enhancing the efficiency of public welfare activities and stimulating the enthusiasm of all sectors to participate in charitable endeavors, guiding the philosophy of wealth towards goodness.

The operational logic involves banks or individual investors ceding a portion of investment returns to specific projects during the initial distribution phase. The primary method of asset appreciation is still through investing in equity and bond assets. Typically, a designated proportion of the returns from philanthropic financial products is allocated to support charitable causes. The specific portion varies depending on the product design and investor choices, usually distributed according to different ratios of the product's excess returns, product size, or subscription funds. The donation can occur at the front or back end, with the donor being the product manager, custodian, or investor. This approach integrates the initial distribution with the third distribution, linking individual investors, financial institutions, charitable organizations, and beneficiaries.

From 2021 to the present, among the six major state-owned

commercial banks, China Construction Bank and Bank of China have launched philanthropic financial products. Among the 12 joint-stock commercial banks, Industrial Bank and CITIC Bank have introduced philanthropic financial

products. None of the six city commercial banks selected by the author have launched philanthropic financial products, with only the Bank of China releasing such a product in 2022, as detailed in Table 5.

**Table 5. Philanthropic Financial Products Launched by Major Banks from 2021 to 2023**

Year of Launch	Bank Name	Product Name	Target Area	Product Term	Total Fundraising Amount	Donation Amount
2021	China Construction Bank	Gansu Minxian Pig Assistance Project Charitable Wealth Management Product	Rural Revitalization	30 days	50,000	50,000
2022	Bank of China	"Zhu Rong Zhi Jiao Public Welfare Plan Scholarship Project" BOC Wealth Management Ruixiang Product	Vocational Education	30 days	1.5 billion	5 million
2023	CITIC Bank	"Warm Childhood" Charitable Wealth Management Product "Anying Xiang Fixed Income Stability Warm Childhood One-Year Closed 1-4" (Total of Four Phases)	Child Growth	10 days/period	5 billion	Approximately 6.2 million
2021	CITIC Bank	"Golden Elephant (Tongfu) Series" Charitable Wealth Management Product (Total of Four Phases)	Child Growth	10 days/period	1.17 billion	1.55 million
2023	Industrial Bank Co., Ltd.	"Support the Elderly and Help the Lonely" Theme Charitable Wealth Management Product —— Zhongying Private Enjoy Closed 68th A (Warm "Xing" Companion Style)	Elderly and Lonely	6 months	178 million	Not Disclosed

As can be seen from the table above, the fields supported by the philanthropic financial products of major banks vary. China Construction Bank, leading its subsidiary CCB Wealth Management, issued charitable wealth management products mainly aimed at the Gansu Minxian pig futures price insurance assistance project, providing part of the funding for local pig farmers' income, and promoting rural revitalization and common prosperity. Bank of China, in cooperation with its wholly-owned subsidiary BOC Wealth Management and the China Education Development Foundation, launched the BOC Wealth Management Ruixiang product supporting vocational education, designed and issued for institutional customers, with part of the funds being specifically donated to the "Zhu Rong Zhi Jiao Public Welfare Plan Scholarship Project," aiming to motivate students in the modern manufacturing industry professional field of vocational education schools in China who are both outstanding in ability and good in character. CITIC Bank issued two public welfare financial products aimed at the field of children's growth in 2021 and 2023, with each product having a total of four issues. The products will allocate a certain proportion of the excess returns to the public welfare cause for children, including improving school conditions, improving the quality of teachers, rewarding educators and outstanding students, and the field of children's medical health; Industrial Bank's "Support the Elderly and Help the Lonely" themed charitable

wealth management product will donate a fixed proportion of the subscription funds to the Fuzhou Charity Federation, bringing warmth to the local elderly who are alone.

### 3.3. Public Welfare and Charitable Services Mainly through Charitable Trusts

Charitable trusts are a form of public welfare and charitable service, which support charitable purposes by placing assets or property into trust funds. The income from these trust funds is usually used to fund various public welfare undertakings, such as education and medical care. Commercial banks usually act as custodians of charitable trusts, responsible for managing the assets of the trust funds and managing the investments of the trust funds to achieve asset appreciation, and assist charitable trusts in allocating funds to qualified charitable organizations to ensure that these funds are used for social welfare undertakings. In 2022, three out of the six major state-owned banks carried out charitable trust services, namely Bank of Communications, Agricultural Bank of China, and China Construction Bank; among the joint-stock commercial banks, Evergrowing Bank and China Zheshang Bank carried out charitable trust services, and Ningbo Bank, one of the six city commercial banks selected by the author, introduced charitable trust services.

**Table 6. Public Welfare Trust Services Launched by Major Banks in 2023**

Bank Name	Charitable Trust Name	Service Area and Target Group	Effects
China Construction Bank Chongqing Branch	Housing Leasing Charitable Trust	Migrant workers, university graduates, new citizens facing rental difficulties	By the end of 2022, the project had donated a total of RMB 200,000, providing rental subsidies for over 40 new citizen households.
Agricultural Bank of China	Yuan Longping Charitable Trust	Individuals and groups making outstanding contributions in modern agricultural science and technology and production development	As of September 2023, the trust had reached a scale of RMB 8.13 million, with all funds and investment income used for agricultural science and technology, establishing scholarships for full-time undergraduate and graduate students in crop disciplines at agricultural colleges and universities nationwide.
Bank of Communications	"Bank of Communications Guoxin Shanghai Yuanxing Rural Revitalization Public Welfare Charitable Trust"	Rural revitalization	The trust has successfully connected societal introduction of RMB 100,000 in rural revitalization support funds to student aid projects at public educational institutions in Tianzhu Tibetan Autonomous County, Gansu Province.
	"Bank of Communications Guoxin Ruihe Hefeng Rural Revitalization Charitable Trust"		The company's donation of RMB 260,000 was used for rural revitalization environmental improvement charity projects in Tangjiapu Village, Rongmei Town, Hefeng County, Hubei Province.
	"Bank of Communications Guoxin · Ruihe - Children's Humanistic Medical No. 1 Charitable Trust"	Children's humanistic medical care	"Aiyou · Bank of Communications Guoxin Children's Paradise," funded by the trust, had conducted over 142 themed activities and served over 2,115 individuals with medical adaptation support and case services by the end of December 2022.
Zhejiang Commercial Bank	"Shanxing Zhejin - CITIC Trust Charitable Trust"	Youth services	Supports the Shandong CITIC Charity Public Welfare Foundation in providing comprehensive assistance including educational support, growth companionship, psychological counseling, interest cultivation, environmental improvement, and quality enhancement for youth.
Evergrowing Bank	"Shandong Trust • Everlasting Love to the Good - Shandong Evergrowing and Evergreen" Charitable Trust	Youth services	Directs donations from high-net-worth private banking clients of Evergrowing Bank to the Shandong Province Youth Development Foundation to enhance the capabilities of youth and improve their growth environment.
Ningbo Bank	"Huaneng Trust · Congming Charitable Trust Plan"	Family trust + Charitable trust	Offers a specialized trust service plan for family trust clients engaging in public welfare and charitable activities, with 13 charitable trusts established, totaling over RMB 140 million.

Table 6 indicates that the Bank of Communications has launched the most charitable trusts, primarily focusing on rural revitalization and children's humanistic medical fields. The other two state-owned banks have leveraged their services for fund diversion and custody, addressing the housing rental difficulties in Chongqing and developing charitable trusts in the field of agricultural science and technology. Both Zhejiang Commercial Bank and Evergrowing Bank, as joint-stock banks, have partnered with two foundations within Shandong Province to provide charitable trust services for youth services. Among city commercial banks, Ningbo Bank has collaborated with Huaneng Guoxin Trust Co., Ltd. to explore the new model of "family trust + charitable trust," broadening the sources of charitable trusts and expanding the charitable financial ecosystem.

Agricultural Bank has also performed remarkably,

emphasizing the scale effect of its charitable trusts, continuously expanding its business scope, and branding its charitable trusts. The bank actively promotes in-depth cooperation between its branches and local public welfare organizations, focusing on benchmark construction in the three major economic circles of the Bohai Rim, the Yangtze River Delta, and the Pearl River Delta. In 2022, the newly added scale of Agricultural Bank's public welfare (charitable) trusts reached 1.8-billion-yuan, accounting for over 20% of the industry's new scale, with an average household size of over 13.5 million yuan, leading the banking industry in both new scale and average household size. It has implemented a series of charitable trusts with significant social impact, such as the Yuan Longping Charitable Trust and the largest single-element charitable trust in the market for the year. To date, Agricultural Bank has accumulated a scale of 240 million yuan in charitable trusts, covering various fields such as rural

revitalization, cultural education, medical and health, and ecological civilization.

In addition to charitable trust services, major banks have also carried out public welfare financial services for public welfare organizations and special groups. Industrial and Commercial Bank of China provides financial services for over 2,000 public welfare and charitable organizations and maintains long-term and stable cooperative relations with charitable organizations such as the Red Cross Society of China in many business areas, including deposits, fund settlement, centralized fiscal payment, centralized wage distribution, and official cards. It has successively developed and put into production the "Public Welfare and Charity Cloud Platform" for many local charitable organizations, solving difficulties encountered in public welfare project account management, fund collection, information disclosure, traceability inquiry, evaluation supervision, and certificate issuance, helping to enhance the transparency of the charity industry.

China Construction Bank and Guangfa Bank have carried out age-friendly renovations of their business outlets, such as wheelchair access at outlets and home visits for vulnerable and disabled groups. China Construction Bank also actively organizes employees to participate in volunteer activities, with a Youth Volunteer Association and 48 branches worldwide. As of the end of the 2022 reporting period, China Construction Bank had 96,000 registered young volunteers who had provided a total of 112,100 hours of volunteer service, covering 884,200 people; Minsheng Bank goes door-to-door to open wage cards for migrant workers in batches, introducing financial products and rights to workers during the card opening process, and popularizing financial security knowledge such as telecom fraud and deposit insurance, effectively enhancing the financial risk prevention awareness of migrant workers; Bank of China expands the field of public welfare services, upgrades the Bank of China Public Welfare Mutual Aid Pension Platform, develops multi-location certification functions for needs such as out-of-place elderly care and cross-regional volunteer services; it has launched the "Mutual Aid Time Capsule," an immersive community interaction applet, designing 30 fun online elderly care service tasks, and users can make public welfare donations or exchange rights with points obtained by completing tasks, answering elderly care-related questions, and participating in check-ins.

## **4. Current Insufficiencies and Issues in Commercial Banks' Engagement in Philanthropy and Charity**

### **4.1. The Lack of a Performance Accounting Mechanism for Philanthropic and Charitable Projects and Expenditures**

For commercial banks, participation in philanthropic and charitable projects through financial donations and volunteer services is not solely for generating social benefits but also for pursuing better social and financial returns, that is, a strong ESG performance. In this way, the charitable actions of commercial banks will align with the interests of investors. This alignment builds a good reputation among consumers and investors, enhances the recognition of their products and corporate image, increases investment attractiveness, improves corporate financing capabilities, reduces capital

costs, and enhances the competitive advantage of commercial banks. Currently, the philanthropic and charitable projects carried out by major banks coincide with their business philosophy, hoping to gain external influence through their charitable actions. However, they have not considered the value and long-term benefits of these charitable actions, merely using traditional concepts of kindness and virtue as their criteria for judgment. There is no effective mechanism for quantifying the positive impact of charitable actions on the operation and management of commercial banks. As a result, most commercial banks place the section on philanthropy and charity at the end of their ESG reports merely for display.

On the other hand, although commercial banks have introduced third-party independent certification bodies for auditing in their ESG reports, the focus is mainly on auditing the financial data disclosed by commercial banks, with less attention paid to the auditing of the philanthropic and charitable responsibility areas. This may be due to the lack of certification standards suitable for commercial banks' philanthropic and charitable actions that can be assessed and certified by third parties.

### **4.2. The Difficulty in the Long-term Continuation of Philanthropic Financial Products**

Most of the philanthropic financial products of major banks are ephemeral and superficial. Apart from two philanthropic financial products of CITIC Bank that have continued for two years, the rest of the commercial banks' philanthropic financial products have only been issued once. The author believes that there are some challenges in the promotion process of philanthropic financial products. Firstly, it is difficult to balance risk and return. Philanthropic financial products usually pursue social responsibility and sustainable development, which may result in relatively lower returns. Investors may prefer to pursue higher financial returns, making philanthropic financial products less attractive in competition; secondly, the concept of philanthropic financial products is relatively new, and investors' awareness of such products is low. The promotion process requires more educational efforts to explain the characteristics of the products, their social impact, and the significance of investor participation; finally, there is a lack of an information disclosure system and financial regulatory policies related to philanthropic financial products. Establishing trust with customers requires more time and sustained efforts.

### **4.3. The Low Scale of Charitable Trusts Causes Many Problems**

Commercial banks, as custodians of charitable trusts, generally do not charge custody fees for charitable trust funds, which contradicts the profit-oriented purpose of commercial banks. This consumes the human and material resources of commercial banks, reducing their enthusiasm for participation. They merely use charitable trusts as a tool for publicity and adding points to ESG ratings, setting up only a few each year, without creating synergy with other businesses. In addition, the current service area of commercial banks' charitable trusts is relatively narrow, and their coverage and inclusiveness need to be improved.

## **5. Conclusion**

In terms of social dimension, compared to the strong

community culture of European and American companies, China's social dimension focuses more on the country's strategy and the practice of public welfare and charity, including characteristic contents such as rural revitalization, common prosperity, agricultural development, disaster relief, and support for the vulnerable. In the process of promoting finance towards good, the primary task of major commercial banks is to clarify the positioning of social responsibilities such as public welfare and charity, coordinate the goals of public welfare and charity with the bank's business objectives, and integrate financial goodwill into the blood of business operations, rather than just using public welfare and charity actions as a tool for external publicity by commercial banks. Secondly, commercial banks should leverage their own advantages and resources to clarify their individual characteristics in the field of public welfare and charity. For example, as mentioned earlier, Guangfa Bank continues to use the Guangfa Hope Charity Fund as a carrier, focusing on "high-quality empowerment of rural education and promotion of rural revitalization." In addition, the following suggestions are also available for reference.

Firstly, regarding the performance accounting mechanism, commercial banks should establish an effective performance accounting mechanism for public welfare and charity projects. This includes clarifying project goals, quantifying social impact, and measuring the relationship between input and output. Through transparent performance evaluation, banks can demonstrate the effectiveness of their public welfare projects, enhance public recognition of their social responsibilities, and thereby encourage more people to participate in public welfare and charitable activities.

Secondly, commercial banks can closely integrate financial tools with social responsibilities by innovating the design of public welfare financial products. Offering attractive financial products can meet investors' financial goals while contributing to the public welfare cause. This move is expected to stimulate more investors to participate, create economies of scale, and expand the breadth of the "public welfare + finance" industry.

Thirdly, commercial banks need to increase publicity efforts for public welfare financial products, using various media and social platforms to convey the social value and sustainable development information of the products to the public. Effective publicity helps to raise public awareness of the products, attract more investors to participate, and further expand the breadth of "public welfare + finance."

Finally, commercial banks can expand the scale of charitable trust projects and explore customers to enhance their size. This includes collaborating with charitable organizations to establish more charitable trust funds and seeking more donors, including high-net-worth individuals and the general public, to further promote charitable trusts into grassroots organizations such as rural areas, communities, and schools. At the same time, commercial banks should fully leverage their channel construction and digital empowerment advantages to build an integrated online platform for charitable trust services, attracting more young people and customers who prefer digital methods to participate in charitable causes. By providing regular feedback to enhance the credibility and social recognition of charitable trust services, increase the social influence of charitable trusts, and more comprehensively promote the development of "public welfare + finance," and enhance the breadth and depth of commercial banks in the field of public welfare and charity.

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