

The Road from Corporate Social Responsibility to Corporate Social Opportunity by Partnering with Government

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- 1. Introduce a New Concept / Paradigm for Sustainability
  - CSR is Yesterday CSO / Shared Value is Tomorrow
- 2. Make Case for Financial Literacy
  - Re-define what Financial Education is and is NOT
  - A Tremendous Opportunity for Financial Institutions and the General Public
- 3. Provide Steps for Starting and Maintaining a Productive Partnership with Government
- □ 4. Provide International Examples
- 5. Start a Conversation
  - Comments, Questions & Answers

### What CSR Means to Some



- Another name for "charity"
- It is the penance companies do for making their profits
- It is an obligation
- It should be separate from a company's business efforts
- If you start with the wrong diagnosis you will give the wrong treatment.

## Corporate Social Opportunity



- Overlaps with "Shared Value" concept (M. Porter)
- Best contributions companies make is regular payment of taxes, wages and other expenses.
- Profit is not the enemy, poverty is.
- Companies should look for profitable opportunities to help solve social problems.
- "There is no mission where there is no margin."
  - Sister Irene Kraus



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## A Financial Literacy Program...



- Has a primary purpose of objectively educating the target audience about managing money and the marketplace for financial products/services
- Is <u>not</u> simply instructions on how to use products
- Is an opportunity to build firm trust and goodwill
- Is <u>not</u> an opportunity to mix education and marketing by attempting to sell products/services

"Pigs get fat...hogs get slaughtered."

### Financial Institutions + Financial Literacy =



- Greater financial inclusion banks have the tools, products and services to bring creditworthy people into the formal economy
- Smarter social investing banks have the underwriting skills to distinguish good investments from bad ones
- Effective financial education banks have the staff to develop and deploy financial literacy training

"There is no substitute for experience"



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# Win Support from Key Internal Players



- Risk Management: people who learn to budget, save & spend wisely are better credit risks
- Marketing: offering quality financial education builds consumer trust & long term brand loyalty
- **Legal:** helps meet regulatory requirements
- Government Relations: financially literate consumers don't misuse products or acquire unsuitable ones, lessening complaints and demand for extra legislation

"Where you stand depends upon where you sit." - R.E. Miles

## Partnering with Government



#### **Government ministries look for:**

- Complementary resources, such as expertise, a distribution network or funds they may not have
- Quick, tangible and high profile successes that are consistent with their leadership's priority of the day, month or year

#### Government ministries seek to avoid:

- Controversy... or the risk of it
- Favoritism, endorsements or collusion with the private sector... or the appearance of it
- Undue influence of the regulated on the regulator



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## Australian Partnership Examples



- National Strategy: Industry associations as well as individual financial institutions offered projects, programs and tools to help meet the priorities of the government's financial literacy strategy.
- Financial Literacy Board: Ten-person board advises government on financial literacy and consists of financial service executives as well as NGO leaders and academics.

# US Partnership Examples

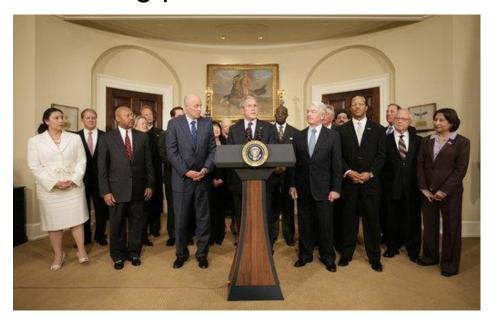


- National Youth Competition: Retail investing firm provided scholarships and other major prizes for government sponsored national, on-line youth financial literacy competition.
- National Strategy: Solicited and received input from banks as part of strategy development process. Strategy document gave tasks to private sector.
- Government Identified Funding Opportunity for Bank: Provided an award to an NGO and later matched its funding needs to a major bank which made a three quarter of a million USD contribution as the first of many contributions over the years that followed.

## US Partnership Examples



President's Advisory Council on Financial Literacy: Heads of several financial institutions played key roles in this citizen committee advising president on financial education issues.







# Canadian Partnership Examples



- Seminars for older Canadians and seminars for high school students: The bankers association partnered with the consumer financial regulator to create materials and offer free, noncommercial seminars for these two groups.
- Workplace financial education program: the professional accountants association partnered with the consumer financial regulator to offer financial seminars at employers across Canada.
- Training for staff at credit unions: The consumer financial regulator worked with the credit union association to alert credit union staff on warning signs of financial abuse of older citizens.

## **UK Partnership Examples**



- Financial Education for University Students: A bank worked with the financial services regulator to provide a financial literacy program.
- Financial Literacy Materials for schools: Banks and insurers worked with the financial services regulator to develop financial education resources.
- Workplace Seminars: Several banks and insurers permitted their volunteers to be trained by the financial services regulator.
  The volunteers would then provide trainings at employer locations.



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### Questions





Knowledge is Power

