

The resurgence of social banks after the late world financial crisis

العودة القوية للبنوك الاجتماعية بعد الازمة المالية العالمية الأخيرة

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Abstract: The late world financial crisis has revealed the flaws of the mainstream banking system, and proved that social banks may be able to provide an adequate solution. This paper attempts to renew the debate on the resurgence of social banks. Our findings show a clear positive trend of social banking is apparent and it's based on transparency, trust and responsibility to achieve corporate banking social responsibility. Future research is important in order to further the concept of social banking and restore the ethical campus in finance to eradicate social inequality and prevent future crisis.

Keywords: social banks; mainstream banking; financial crisis; social inequality.

Résumé: La dernière crise financière mondiale a démontré que les banques sociales peuvent apporter la solution aux défaillances des banques traditionnelles. Cet article tente de relancer le débat sur la résurgence des banques sociales. Notre conclusion montre une tendance positive des banques sociales apparue qui se fonde sur la transparence, la confiance et la responsabilité sociale comme objectif. Les recherches futures sont importantes pour faire avancer le concept de banque sociale et restaurer le campus éthique de la finance afin de prévenir l'inégalité sociale et les crises financières futures.

Mots-clés: Banque sociale ; banques traditionnelles ; crise financière ; inégalité sociale.

ملخص: سلطت الأزمة المالية العالمية الأخيرة بعض الضوء على عيوب النظام البنكي التقليدي السائد، وأن البنوك الاجتماعية قادرة على توفير حلول لهذه النقائص. تحاول هذه الورقة تجديد النقاش حول عودة البنوك الاجتماعية بعد الأزمة المالية العالمية. الخلاصة المتوصل إليها تؤكد على وجود اتجاه إيجابي واضح للبنوك الاجتماعية يستند إلى الثقة والاستجابة لتحقيق المسؤولية الاجتماعية للشركات البنكية. البحوث المستقبلية مهمة من أجل تعزيز مفهوم الصيرفة الاجتماعية واستعادة الحرم الأخلاقي للقضاء على عدم المساواة الاجتماعية وتخطي الأزمات المستقبلية.

الكلمات المفتاح: البنوك الاجتماعية، البنوك الكلاسيكية، عدم المساواة الاجتماعية، الأزمة المالية .

I- Introduction :

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Following the 2008 financial crisis, alternative solutions to minimize the long-term damage on the world banking and financial structure begun to emerge especially re-regulating the world financial laws to be stricter in tackling risky behaviors from the banking and financial entities, to be more orientated to what we call the social perspective and financial inclusion. This solution of taking the social cost in account when conducting financial operations became the most debated topic in the world after the years of the financial crisis. According to many theoreticians, one of the crucial causes that were neglected in addressing the crisis is the moral and social shortcomings on the part of the participants in their ethical awareness of the long-term consequences when dealing with financial operations, the unrealistic financial growth over economic growth without taking into account the ethical dilemma of protecting the small investors, and safeguard the personnel money of families lead the world into near chaos; “Growth for the sake of growth is the ideology of the cancer cell (Abbey, 1991)”, and the fuel of growth in this crisis it was pointed out by Posner (2009, p. 76) as: “greed”. Banks seeking profit without foreseeing the consequences on the well-being and the lives of the people involved. Most economists pleaded the introduction of social and ethical components in any future changes in order to give positive results in the endeavors of creating a solid Financial and banking system. Based on foregoing, the study problem can be represented by the following question:

Will the resurgence of social banking to be considered as a hedge from financial and social crises?

I.1.Research importance:

Social banking has been in the rise after the late financial crisis is now gaining more and more importance as a viable option to compliment the role of traditionnel banking, especially after the noticeable excellent performance of social banks during the late financial crisis put these banks in the forefront of a much larger vision were taking risk involves studying social impact more.

I.2.Research objectives:

This paper attempts to renew the debate on the resurgence of social banks after the late world financial crisis. Based on a thorough discussion of social banking theoretical foundations and an analysis of its current trend.

I.3.Research methodology:

This research work is based on a descriptive and analytical approaches.

I.4.Previous studies:

While the history of socially responsible financial institutions extends back to the early 18th century, multiple examples of socially responsible banks were found such as Raiffeisenbanks and Volksbanks in Germany (Guinnane, 2001), and the microcredit institution of Ireland (Hollis & Sweetman, 1998) that started as institutions to help the poor in rural areas especially after the European potato failure or what was called the hungry forties 1840s (the Great Famine). The outcome of founding these banks and financial institutions based on a social need lead to create a social mission oriented banks. The latest financial meltdown of (2007–2009) renewed the interest in social banks especially after considering them as one viable solution.

The works of [(Kumhof & Rancière, 2010), (Rajan, 2010) and (Wisman, 2013)] renewed the public interest in social banking after the crisis by acknowledging that the root of the financial crisis was not just faulty laws and greedy CEOs instead is the social inequality that was to blame. The important work of [(de Clerck, 2009), (Benedikter, 2011), (Becchetti, 2011), (Weber & Remer, 2011), (Weber, 2014)....] After the crisis focused on describing the characteristics and the main products of social ethical banking during and before the crisis, all this work was haunted by one conundrum the lack and scarcity of statistical figures about social banks .

The blurring boundaries between for-profit and for-socioprofit banks is still a huge problem, as most of the public does not know how to differentiate between social banks and mainstream banks. In this paper we will add and enrich the ongoing discussion with a more comprehensive review and assessment of the latest trend in social banking with an updated available statistical figures (as statistics are still scarce).

II -Social banking concept :

To understand and define the concept of social banks will prove to be a really dubious endeavor, it is acceptable to say that there is no apparent or direct definition, some economists call them ethical banks, some call them sustainable banks, some call them alternative banks and others call them values-based banks? There is no widely agreed definition of social banks de-Clerck(2009, p. 214) confirm that: “a precise and unified definition of these types of finance as such is not available and perhaps not possible because of the different traditions from which ethical finance actors have emerged”. Reifner & Ford (1992) proposed the first unifying definition of social banking: “Social banking is banking that fights poverty” but many considered this definition as too narrow because it alienated other social aspects like (innovation and community development..etc); later the same author Reifner (2006) offers a more articulated definition: “Social banking is directed towards improving the financial literacy of the biggest number of people and populations possible in order to pave the way for a different, more sustainable public consciousness regarding money and finance ”.

According to Institute for social banking (2011, p. 1) social banking: “describes banking and financial services whose main objective is to contribute to the development and prospering of people and planet, today and in the future. First and foremost, this means simultaneously taking into account the social, environmental, cultural and economic impacts of activities on all levels, with the aim of reducing their negative and increasing their positive effects on the common good. In this context, money and monetary profit are not ends but means to achieve the above objective”. Weber & Remer (2011, p. 2) defined social banking: “as banking that aims to have a positive impact on people, the environment and culture by means of banking, i.e., savings accounts, loans, investments and other banking products and services, including gift money”. While Guene & Mayo (2001, p. 1) defined them as: “where suppliers of financial services take a positive interest in the social outcomes and effects of their activities”.

Weber (2014, p. 266) notes that social banking:

- Bases all its business and its operations on the achievement of positive social, environmental and sustainability impacts;
- Uses financial products and services to achieve a blended value return.

de Clerck (2009, pp. 211-210) cites that: “The private sector and financial institutions in particular are increasingly expected to play an important role in helping to create a truly sustainable world. Conscious consumers, ethical investors, enlightened businesses, non-governmental organizations (NGOs), cultural creatives, and leading international institutions are working to make the triple bottom line (People, Planet and Profit) a reality”. This triple bottom according to de Clerck it's what's separate social banking from traditional banking. Another major feature of social banking is transparency and pursuing human development: “While money is a catchword of our age, to ethical banking institutions and their shareholders, savers, investors and borrowers money and ethical banking practices are instruments for human development, these characteristics differ with those of mainstream finance (de Clerck, 2009, p. 215)”.

Furthermore, social banks strive to achieve financial inclusion which is defined by Kamath (2007, p. 1334) as: “the process of ensuring access to timely and adequate credit and financial services by vulnerable groups at an affordable cost” in order to restore the banking industry to what we call “the essence of banking business” which to finance the real economy with a more human and social touch.

III-Social and income inequality, financial crisis and social banking:

The economic crisis of 2008 has revealed with unparalleled clearness, the concentration of substantial portions of the global capital wealth in the hands of top 1% of the world population. According to many studies in the post-crisis period, social inequality gap has increased in every major sector across the US and western Europe [(Duncan & Murnane, 2014), (Wisman, 2013), (Kumhof, Rancière, &

Winant, 2015)...etc]. One indicator in particular has the greater impact on social inequality and linked to the economic and financial conjecture is the income and wealth element, a substantial body of literature document the significant rise in income inequality in the United States since the early 1970s [(Gottschalk & Danziger, 2005), (Bartels, 2005), (Xu & Garand, 2010),...].

Table 1 The Size Distribution of households Wealth in the united states between (1989-2019)

Date	Top 1%	Next 9%	Next 40%	Bottom 50%
[1989-1991]	24.38	36.24	35.58	3.80
[1992-1994]	25.85	34.41	35.76	3.98
[1995-1997]	28.03	33.96	34.04	3.97
[1998-2000]	28.58	34.44	33.20	3.78
[2001-2003]	26.36	35.47	35.07	3.10
[2004-2006]	28.47	36.27	32.98	2.28
[2007-2009]	28.72	38.64	31.26	1.38
[2010-2012]	29.38	39.24	30.92	0.46
[2013-2015]	31.04	38.17	29.73	1.06
[2016-2018]	32.09	37.40	28.99	1.52
2019 Q1+Q2	32.35	37.00	28.85	01.80

Source: adapted with alteration from (Federal Reserve, 2019).

In the United States, the wealth is highly concentrated in the hand of few wealthy individuals (**See: Table1**), in the first two quarters of 2019 the top 1% owned 32.35% of all the combined wealth followed by the top 49% that held 65.85%, this means that 98.20% of the American wealth is at the hands of the upper 50%, which leaves the rest of the poor Americans with only 01.80%. in terms of size distribution of income (**See: Table2**), the top 20% in the period span of [2016-2018] had almost 52% of the total income distribution leaving only 48% for the bottom 80%. These statistics show the huge gap in wealth and income between the high-end classes at the top and the average American working class.

Table 2 The Size Distribution of households Income in the united states between (1989-2018)

	Top 5%	Next 15%	Bottom 80%
[1989-1991]	18.50	28.14	53.30
[1992-1994]	20.22	28.02	51.76
[1995-1997]	21.35	27.65	51.00
[1998-2000]	21.65	27.80	50.55
[2001-2003]	21.82	28.02	50.16
[2004-2006]	22.11	28.23	49.66
[2007-2009]	21.45	28.52	50.03
[2010-2012]	21.96	28.84	49.20
[2013-2015]	22.08	29.04	48.88
[2016-2018]	22.95	28.95	48.10

Source: adapted with alteration from (United Census Bureau, 2019).

According to Davies, Sandström, Shorrocks, & Wolff (2006) Blog: “the richest 10% of adults in the world own 85% of global household wealth, the bottom half collectively owns barely 1%. Even more strikingly, the average person in the top 10% owns nearly 3000 times the wealth of the average in the bottom 10%.” the

results of (**Table3**) confirm the immense gap in wealth distribution across the globe, this gap led to a dysfunction in the social structure where the wealthy have all while the working class struggle for morsels.

Table 3 World wealth inequality, 2000–19

	Bottom 90%	Top 10%	Top 5%	Top 1%
[2006-2008]	14.06	85.91	72.30	43.466
[2009-2011]	16.16	83.84	70.53	41.76
[2012-2014]	17.46	82.54	70.20	43.06
[2015-2017]	18.34	81.66	70.06	44.70
2018	18.20%	81.80%	70.20%	44.90%
2019	18.30%	81.70%	70.20%	45.00%

Source : adapted from (Credit Suisse Reserrch Institute, 2019, p. 143).

The late global crisis has triggered interest in the relationship between social inequality and the financial crisis. When we talk about social inequality, we are talking about a broad concept that includes not just wealth and income inequality but inequality in a different part of the social lives of a geographical zone. Hradil (2001, p. 30) defines social inequality as when: “People frequently receive more of a society’s valuable goods than others owing to their position in the social network of relationships”. In the United States Rajan (2010, p. 53) argued that the roots of the financial crisis are the: “Important political response to inequality was populist credit expansion, which allowed people the consumption possibilities that their stagnant incomes otherwise could not support”, this political decision to redistribute and equalized social pressure (access to education, housing, healthcare..etc) lead to distort lending in the banking and financial sector Rajan(2010, p. 55) continues in his argument: “Broadening access to housing loans and home ownership was an easy, popular, and quick way to address perceptions of inequality. Politicians set about achieving it through the agencies and departments they had set up to deal with the housing-debt disasters during the Great Depression. Ironically, the same organizations may have helped precipitate the ongoing housing catastrophe”. Rajan concluded that the government had a good intent to deal with rising inequality but: “the gap between government intent and outcomes can be very wide indeed, especially when action is mediated through the private sector. More always seems better to the impatient politician. But any instrument of government policy has its limitations, and what works in small doses can become a nightmare when scaled up, especially when scaled up quickly. Some support to low-income housing might have had benefits and prompted little private-sector reaction. But support at a scale that distorted housing prices and private-sector incentives was too much (Rajan, 2010, p. 55)”.

The dominant and general explanation of the financial crisis of 2008 focusing on deregulation and the lack of supervision and oversight by the various agencies especially in the United States proved to be incomplete. As a consequence less more attention was given to social inequality. Wisman (2013) acknowledged that the causes of the crisis is far deeper than this superficial explanation, he cited this

deeper causes as: “wage stagnation and the dramatic increase in inequality over the preceding 35 years (Wisman, 2013, p. 922)”, he arrives to the ultimate conclusion that economic and financial crises: “are as much about sociology and politics as economics (Wisman, 2013, p. 941)”.

Bordo & Meissner (2012) tried to refute the idea that the social and income inequality are the basis of the late financial crisis, but they concluded that the link between the two variables is problematic and needs further studies. Kumhof & Rancière (2010) did a study for the International Monetary Fund on how high leverage and crises can result from inequality in income distribution through the use of mathematical model prior to the 1929 and 2008 crises, they found that rising inequality and stagnant incomes in the poor and middle-income households lead them to borrow more to keep their way of life as comfortable as possible, their leverage increased in a phenomenal way which led eventually to the financial crisis; Kumhof & Rancière (2010, p. 22) cites that: “without the prospect of a recovery in the incomes of poor and middle income households over a reasonable time horizon, the inevitable result is that loans keep growing, and therefore so does leverage and the probability of a major crisis that, in the realworld, typically also has severe implications for the real economy”.

The indication of social inequality being a major factor in the boom of the crises is evident, this social inequality raises the question of a financial equal service to all especially when we talk about a great gap between rich and poor citizen in the world we live in today. In the aftermath of the worldwide crisis of 2008, social banks received too much attention by depositors looking for safety, a lot of actors in the business and financial arena see them as the possible answer to the financial crisis, in an effort to introduce the environmental aspects to the financial sector a tendency to humanize financial products has emerged. For so many years, the banking industry was alienated from the effect of social changes without the obligation of dealing with the morally and ethical dilemma. But the growing pressure of social changes on all the sectors of economy leads the banking sector to reconsider its position especially the impact of its business on the social and environmental level of society. According to MITIĆ & RAKIĆ (2017, p. 110): “The main goal of social finance and banking in developing countries is to help population get out of poverty, while developed countries have a more subtle goal to help their population achieve a higher level of social development”, according to this interpretation the services offered in developed countries will be much more different than those of less developed countries.

Becchetti (2011, p. 48) highlighted the real need for social banking besides being seen as one of many solutions to the late financial crisis in three important conundrums that tormented man kind for a long time:

- The persistence of a large share of individuals suffering malnutrition and/or living below or slightly above absolute poverty standards;

- The incapacity of the economic system to take care of environmental public goods, in the standard interaction among private enterprises, domestic rules and global institutions;
- The lack of long-run correlation between increases in per capita income and increases in life satisfaction at aggregate level which is associated with a large and increasing share of psychological disease in high-income countries.

The role of social banking in tackling these three problems lies in its essence, “the ethical aspect”. Ethics is important not only in banking but in every social aspect of life because it is the fundamental part and the bedrock in which the social structure of society build upon (Robert Noyce) famous quote sums it all up: “If ethics are poor at the top, that behavior is copied down through the organization”. Lynch(1991, p. 126) sees ethics in banking as: “service quality at its best. The customer is not simply perceived as a source of profit, but as an individual whose values have to be taken into account when seeking to satisfy needs and expectations....There is a dark side to banking, just as there is a dark side to every human institution. Ethical(social) banking will reduce that black side and provide a better financial service”; without ethics in social banking, banks will be without consciousness they pursue profit without any form of restraint in any way possible without foreseeing the human and social cost; developing ethical bankers at the top management and rising awareness and responsibility are essential to the banking community to make the right decision to finance the right projects that help contribute to a more sustainable and socially responsible society. Social banks have become the true hubs of knowledge and insight in ethical financial management and ethical conduct has become the beacon and the arch foundation for socially responsible banking that seeks profit mixed with morality: “ethical banking without profit is philanthropy; profit without ethical banking is theft (Lynch, 1991, p. 181)”.

IV -Social versus mainstream banking:

Why has social banking become so relevant during and after the late financial crisis? According to the report of Global Alliance for Banking on Values (2014) based on a comparison study between a sample of European Global systemically important financial institutions’(G-SIFI’s) and social and sustainable focused banks (SFB’s) in the period span from 2003 to 2013, the study found that the (SFB’s) outperformed the (G-SIFI’s) in almost every financial aspect (Loans, deposit..etc) especially during the period of 2009 to 2013 (See :Table4).

Table 4 Compared total growth of (SFB’s) and (G-SIFI’s) between 2003-2013 (%)

	2003-2013			
	Loans	Deposits	Assets	Equity
SFB’s	09.3%	10.4%	09.0%	10.8%
G-SIFI’s	08.3%	09.4%	08.5%	11.0%
	2009-2013			
	Loans	Deposits	Assets	Equity

SFB's	13.2%	15.3%	12.9%	13.8%
G-SIFI's	3.8%	04.9%	00.7%	08.6%

Source:adaptation from (Global Alliance for Banking on Values, 2014, p. 5).

(**Table 4**) shows in a clear way that the social and sustainable focused banks outperformed totally the global systemically financial institutions before, during and after the financial crisis (2003–2013), it shows clearly a staggering gap in size of the combined growth especially between (2009–2013), SFB's had much higher growth in (loans=13.2%, deposits=15.3%, asset=12.9% and equity=13.8) compared to feeble growth in the G-SIFI's (loans=3.8%, deposits=4.9%, assets=0.7% and equity=8.6%), this results shows how much resilient is social banks and their ability to deliver products.

So what makes social banks special? The difference between social banking and mainstream banking is that social banks seek profit like mainstream banks but their first aim: “is not profit maximization but the creation of social and environmental value together with economic value (Becchetti, 2011, p. 53)”, although mainstream banks appear to have interest in social value in society but according to Paulet & Relano (2014, p. 80) study all mainstream banks are liars or at least telling half the truth only social: “Ethical banking really ‘do’ what they ‘say’” in a way the commitment of mainstream banking to corporate social responsibility (CSR) is only for marketing purposes, while the commitment of social banking resides in its sincerity toward achieving the social role of banking in a practical way through results and positive outcomes on society. As a general rule social banks don't partake in any type of speculative activities that could lead to heighten their risk and jeopardize its continuity, they focus on real economy and serving the underserved. Scheire & Maertelaere (2009, p. 6) found in their study that in some cases social banks were founded upon the fact: “that uncertain regions there were no banking services available for the population or for a certain socio-economic group within the population. Some regions or population groups were simply not served, or were underserved, by the banking sector at that time in the country of origin of these new banks”. For more differences see (**Table5**).

Table 5 the differences between social banking and mainstream banking

	Mainstream banking	Social (ethical) banking
profit	Maximizing profit	The creation of social and environmental value together with economic value
Orientation	Shareholders approach	Shareholders/Stakeholders approach
Commitement to CSR	For marketing purposes	Sincere
Services	Oriented to serve the average client	Oriented to serve the under-served
Refinancing	Global financial markets	Through local loans mixed with with global financial markets
Speculative activities	Considered one major activity	Don't engage in specualtive activities
Money	Sees money as the ultimate goal	Sees money as a mean

Market fluctuations vulnerability	Very vulnerable	Less vulnerable
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Source: Made by the author based on the multitude research in the field of social banking.

Jeucken (2001, p. 73) affirms that social banking is willing to: “accept lower margins and/or higher risks to stimulate certain activities”, unlike mainstream banking that is only willing to finance others in the presence of a higher margin. accordingly social banking is willing to provide products and services to a lower or a riskier project under one condition this project has to be correlated with a positive social impact on society compared to conventional projects; de-Clerck(2009, p. 217) cites that social(ethical) banking uses: “direct finance through lending and risk capital to fulfill the financial needs of selected entrepreneurs, organizations and businesses”, here we come to an important question, what do social banking provide in the area of financial products and services?; There are three essential branches of social financial products :[Microfinance; Sustainable savings accounts; Carbon finance].

The first important branch (or a product) in social banking based upon the core philosophy of helping the poor and the under-served is “Microfinance”, this concept is adopted from his creator “muhammad yunus” a noble laureate from Bangladesh, he won the Nobel prize of 2006 jointly with his bank “Grammen bank” literally (rural or village bank), for his work in helping the poor in remote areas through his concept of “Microcredit” or “microbanking”, this credit usually in the forms of loans without collateral, to borrowers (like poor people without income). The successes of these loans lead to internationalize this experience to other countries, and the endorsement of this process by non-banking organization (religious organizations, non-governmental organizations ... etc). After this development the stream of social banking that already exists (Charity bank www.charitybank.org, Triodos bank www.triodos.com, AIB bank www.aib.ie.....etc) begun to adapt their work profile to this new product. We recognize that mainstream banking has done well in covering and offering the essential financial and banking services (liquidity services, provide financial sources, loans..etc), but the only thing left by mainstream banking is lending to the poor without collateral.

The second most essential product is “sustainable savings accounts”, it’s a niche product special to social banking Destin for people who want their money to support a specific social cause while avoiding projects that might harm society (fossil fuel and related projects). In a way projects that this account might be used to finance are specified conditions between the bank and its clients (implying that the bank can’t invest this money in particular projects unless it was permitted by the saver and these projects meet the social standards of the bank). Savers can check anytime about their money and where it goes that’s why social banking characterizes by its transparent management and reporting. Charity bank as an example is a social bank based in England in its web site (www.charitybank.org) writes: “when you save with us..Your savings become part of a social mission.

They might be used to build affordable homes, launch renewable energy projects or to foster peace among young people in divided communities”, as the clients of Charity Bank choose the specific field where their savings invested, the bank at his end publishes a detail report on where this money goes and what are the projects and segments groups targeted. (Table 6) shows that Charity Bank disbursed £48.6 million loans in 2018; most of it goes to groups with delicate socio-economic situation.

Table 6 the purpose and beneficiaries of Charity bank loans in 2018 (million£)

Amount lent in 2018 (48.6 million £)			
Loan purpose	Amount	Beneficiary group	Amount
Bridge grant funding	2.3	Addiction issues	0.983
Build property	12.7	Children	2
Property Improvements	1.9	Disabled (learning)+ (physical)	0.491+1.2
Purchase land	0.560	Ex-offenders	0.354
Purchase property	14.8	Homeless+ Living in poverty	3.5+2.4
Purchase property currently renting	0.412	Mental health needs	1.3
Refinancing other borrowing	11.6	Older people+ young people	4.5+3.7
Restructure existing Charity bank loan	0.354	Victims of crime	0.963
Support working capital	1	Others groups	27

Source : adapted by the author from (Charity bank, 2019, p. 19).

The third important product is “Carbon finance” which is a specific branch in social banking and finance with one aim preserve the environment using specific financial tools to reduce carbon emission or greenhouse gases in accordance with The Kyoto protocol, which is adopted in Kyoto (Japan) in 1997 as a complementary to the United Nations framework convention on climate change and entered in effect in 2005, this protocol aims: “to stabilize atmospheric concentrations of GHGs at a level that will prevent dangerous interference with the climate system (United Nations, 2008, p. 12)”. The World Bank (www.worldbank.org) considered one major actor in multiple initiative to create a carbon trading market under the cited treaties, The World Bank (2009, p. 80) define carbon finance as: “Resources provided to projects generating (or expected to generate) greenhouse gas emission reductions in the form of the purchase of such emission reductions”. Thus social banks provide a wide range of financial products with the sole aim of combatting the effects of climate change and the long-term impact on the lives of the humankind these products include: (green mortgages, renewable energy loans, support emission trading....etc).

V -Where social banking stands today :

The World Bank (2009, p. 1) report found out that: “Almost 40 percent of developing countries are highly exposed to the poverty effects of the crisis (with both declining growth rates and high poverty levels) and an additional 56 percent of countries are moderately exposed (they face either decelerating growth or high poverty levels), while less than 10 percent face little risk”. In a 10-country case study of the links between poverty and the financial crisis, the overseas

development institute (2009, p. 4) acknowledged that there is a great impact and this impact: “appear to be transmitted most strongly through employment, private transfers and prices and these impacts are likely to worsen over the medium term without direct measures to dampen them”, the study recommended a social protection because its: “essential to stop more people falling into poverty, to stop those who are already poor falling further into destitution, and to support inclusive growth when the upturn comes, with all groups able to contribute to and benefit from growth (ODI, 2009, p. 4)”. Kohn (2008) points out that exploiting poverty caused the financial crisis she argues that if: “We prioritize ending poverty (social inequality), and preventing more and more Americans from slipping into poverty, we can be sure it won’t happen again”, she points the finger toward conventional or mainstream banking for their greedy pursuits without counting the social impact on the lives of their clients.

Social banking set out to address the gray area of social inequality. The global alliance for banking on value, a leader organization in social banking reported at the end of 2018: “53 full member banks and one associate bank, each profitable and growing, from Asia, the Middle East, Africa, Australia, Latin America, North America and Europe.. Serving more than 50 million clients with combined assets of USD 163.4 billion(GABV, 2018, p. 3)”, these banks together serve the people of more than 36 countries. We can see clearly from (**Table 7**) that the growth of GABV network has increased dramatically after the financial crisis from 8 banks to 54 banks at the end of 2018 working under the social banking model.

Table 7 the growth of GABV network between 2009 and 2018

Year	Europe	North-Am	Latin-Am	Assia-paci	Africa	Total
2009	5	1	0	2	0	8
2010	6	3	1	2	0	12
2011	7	7	2	4	0	20
[2012-2014] ¹	8	7	4	4	1	24
2015	9	9	4	4	1	27
2016	11	11	8	7	2	39
2017	12	15	9	9	2	47
2018	15	13	12	12	2	54 ²
1there is no change in this period			2 this number includes one associate bank			

Source : adapted by the author from (GABV, 2018, p. 14).

There were in 2009 according to de-Clerck (2009, p. 216): “more than 600 ethical investment funds (social banks and social finance initiatives) worldwide”; social banking existed long before the late financial crisis but it’s wrong to say it’s an outcome but rather a choice. The world today is more open to humanize banking and finance more than ever as Scheire & Maertelaere (2009, p. 2) notes: “The challenges of financial crisis and the role of banks, in particular, have risen high on the agenda. There is a strong call for responsible, transparent and socially responsible banks. Society, including politicians, businessmen, academics and bankers understand banking should return to its basic intermediate function, reinvesting collected deposits in the real economy. Combined with a growing

ecological, social and ethical consciousness fueled by the food crisis, the climate crisis and the limited success of the fight against poverty, more and more voices in society are calling for a substantial shift of investments towards an ecological and more human economy". Social banking in a way is an inspiring type of banking and to be considered the missing link to a better financial future, the global alliance banks: "Have shown that banking can be done differently (Scheire & Maertelaere, 2009, p. 44)". In an article in 2014 posted on its website (zeb) a major German firm specializes in financial and banking consulting acknowledge that: "About 16 million people are receptive to the offers of social-ecological banks (zeb, 2014)" and this number is only in Germany.

No matter how much has been said about social banking (study analysis or figures) one cannot simply conclude in 100% certainty that this type of bank will conquer mainstream banking and became the sole business way in doing banking and finance, but we can say that from the financial crisis period until now social banks are doing very well and their future look much brighter. Still more studies to be done and more questions to be answered to further our understanding of this newly resurrected business as statistical data are becoming less and less scarce in the years ahead.

VI -Conclusion :

As we have seen from our comprehensive review of the crisis that there is definitely an evidence of social inequality being one major factor in the latest financial crisis. Today social banking is a growing trend that vowed to change the obsolete ideas about corporate social responsibility (CSR) across the globe. The CSR as a concept is not a new but now is becoming relevant because of the late financial crisis which was characterized by the lack of morals and ethics guidelines in mainstream banking. While morals are integrated in banks as marketing tools and not as policy guideline. Renewing the sense of social responsibility in banking demands a strong commitment from the top banking management, they need to understand that this is the safer road for the future: (more transparency, a head to head shareholder/stakeholder approach, return to the core business of banking which is financing the real economy, promote CSR, provide a more flexible product that has a positive impact on the lives of their clients.. etc.)

Without a doubt the future of social banking will be brighter if social banks maintained their efforts in putting the human-social element before profit, as we have seen from the growth of the (GABV), social banks number are on the rise every year, and every year more and more clients are joining looking for a safe heaven from the consequence of the crisis that gone or the crisis that will come. The public shift of ideas and opinions about social banking as a less egotistical and more considerate for the evolution and progression of society has become a reality. Hence social banking may provide invaluable lessons for the financial sector as a whole, in order to prevent future crises.

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