

# CORPORATE SOCIAL RESPONSIBILITY IN GEORGIA’S BANKING SECTOR

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## **Introduction**

In the modern business environment, Corporate Social Responsibility (CSR) has evolved into not merely an ethical choice but a strategic necessity. This is particularly true in the banking sector, where trust and transparency are of critical importance. CSR serves as a mechanism through which banks can demonstrate their responsibility toward society, the environment, and the economy. Georgia’s banking sector, which is actively developing and integrating into the global financial system, is no exception and is increasingly striving to implement social responsibility standards.

## **Overview**

The concept of CSR is multifaceted and dynamic. Its classical interpretation is based on Carroll’s Pyramid of Responsibility (Carroll, 1991), which outlines four levels: economic, legal, ethical, and philanthropic responsibilities. As Carroll states: “Businesses have four fundamental obligations: to be profitable, obey the law, act ethically, and engage in philanthropic activities” (Carroll, 1991, p. 42).

Contemporary approaches link CSR to the Sustainable Development Goals (SDGs) and emphasize strategic corporate actions that avoid environmental harm, enhance social welfare, and promote economic advancement.

CSR can be both internal (supporting employees, labor standards, safety) and external (community projects, environmental protection, educational initiatives). International standards such as ISO 26000 and EU directives provide institutional frameworks and monitoring mechanisms. ISO 26000 emphasizes that “social responsibility involves making decisions that have a positive impact on society and the environment” (ISO, 2010).

According to the European Commission’s 2011 strategy, “CSR is a company’s responsibility for its impacts on society, which extends beyond legal obligations” (European Commission, 2011).

For the banking sector, CSR is not only an expression of social responsibility but also a tool for building public trust. Banks often initiate programs aimed at financial literacy, green lending, the financing of social enterprises, and business support.

It is important to note that CSR holds particular significance for banks for three key reasons:

- They manage the financial resources of society;
- They create economic incentives for various sectors;
- They play a vital role in ensuring sustainable economic development.
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Statistical analysis shows that 89% of European banks have formalized CSR strategies, while in Georgia, only 40% of commercial banks had published their ESG reports by 2023 (National Bank of Georgia, 2024).

## Comparative Analysis

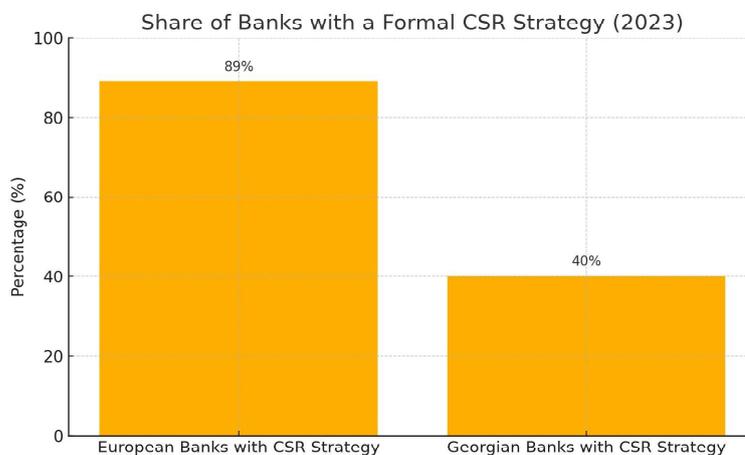
**CSR Practices in Georgia’s Banking Sector** - Commercial banks operating in Georgia are actively developing CSR projects. Encouraged by the National Bank, banks are gradually adopting Environmental, Social, and Governance (ESG) approaches. An analysis of CSR activities reveals that each bank focuses on specific segments:

- **TBC Bank** implements projects in financial literacy, women’s entrepreneurship, and cultural support. According to its 2023 report, the bank allocated GEL 1.2 million for social initiatives (TBC Bank, 2023);
- **Bank of Georgia** emphasizes education and environmental protection and supports around 30 non-governmental organizations;
- **Liberty Bank** is involved in programs supporting rural regions and improving access to healthcare. In 2023, more than 80 employee volunteers participated in the bank’s social projects.

Despite these positive trends, CSR in Georgia remains fragmented and underregulated. Standardized systems for evaluation and reporting are still underdeveloped.

**International Experience** - Leading European banks such as ING, HSBC, and Santander treat CSR as a strategic element. These institutions have dedicated CSR departments, regularly publish ESG reports, and follow clearly defined strategic goals:

- ING consistently publishes environmental reports and finances green projects. Its “Climate Plan” aims to decarbonize its entire loan portfolio by 2040;
- HSBC implements global initiatives to combat climate change and allocated \$100 billion in 2023 for sustainable project financing;
- Santander financially supports international education programs and annually awards scholarships to over 30,000 students.



Source: National Bank of Georgia (2024); Internal Analysis

A comparative review reveals that Georgian banks often lack a systemic approach, strategic planning, and transparent reporting frameworks. Unlike Western practices, CSR in Georgia is less integrated into business strategy and tends to remain at the level of goodwill initiatives. In many cases, CSR is perceived as a supplementary activity rather than a core business principle.

## Conclusion and Recommendations

Corporate Social Responsibility in Georgia’s banking sector is still in a developmental phase. Despite numerous positive initiatives, systemic vision and strategic integration remain key

challenges. International experience demonstrates that CSR must become an inherent component of business operations rather than a peripheral or externally focused activity.

### **Recommendations**

For the effective development of CSR in Georgia's banking sector, the following actions are recommended:

- Development of national standards and measurable indicators;
- Implementation of ESG reporting mechanisms;
- Enhancement of public-private sector cooperation;
- Increased engagement of employees and the public in CSR initiatives.

We believe that these measures will contribute significantly to the country's sustainable economic development and the improvement of social well-being.

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### **Abstract**

This paper examines the importance of corporate social responsibility (CSR) in the context of global challenges. It analyzes the role of CSR in the banking sector and discusses CSR practices in both the Georgian and international banking sectors, along with their outcomes.

Based on a comparative analysis, the strategic significance of CSR and its integration into corporate strategy are emphasized. The paper concludes with key findings and practical recommendations.

კორპორაციული სოციალური პასუხისმგებლობა საქართველოს საბანკო სფეროში  
ლალი ჩაგელიშვილი-აგლაძე  
ეკონომიკურ მეცნიერებათა დოქტორი,  
აღმოსავლეთ ევროპის უნივერსიტეტის პროფესორი

### **რეზიუმე**

ნაშრომში მოცემულია კორპორაციული სოციალური პასუხისმგებლობის (CSR) მნიშვნელობა გლობალური გამოწვევების ფონზე. აღნიშნულია საბანკო სფეროში CSR-ის როლი; განხილულია საქართველოსა და უცხოეთის საბანკო სფეროში CSR-ის პრაქტიკა და მისი შედეგები.

შედარებითი ანალიზის საფუძველზე ხაზგასმულია CSR-ის სტრატეგიული დანიშნულება და ამ მხრივ მისი კომპანიის სტრატეგიასთან ინტეგრაცია. ნაშრომის ბოლოს გაკეთებული დასკვნები და შემოთავაზებულია რეკომენდაციები.

*საკვანძო სიტყვები:* CSR; საბანკო სფერო; რეპორტიინგი; ეროვნული სტანდარტები და ინდიკატორები.