

THE CONTRIBUTION OF SAVINGS BANKS COMMUNITY WELFARE WORK TO POLICIES FOR EQUAL OPPORTUNITIES IN SPAIN, 2004-2014

Antonio CALVO-BERNARDINO*

Irene MARTÍN DE VIDALES-CARRASCO

Abstract: In the last few years much criticism has been laid upon the banking entities and especially the savings banks as a consequence of their actions in the period preceding the crisis and the years immediately thereafter. The situation that they have endured in our country has caused our authorities to carry out a profound renovation of the sector, after which the majority of the savings banks now realize their financial activity indirectly, occupying themselves almost primarily with the management of community welfare work. In this paper we hope to demonstrate the part this has contributed to an improved social cohesion, through a policy of equality of opportunities in benefit of the objective of the economic policy for improving the quality of life not only during the crisis but also in some years before as well.

Keywords: social exclusion; quality of life; social welfare; socio-health assistance.

JEL codes:

1. INTRODUCTION

The outbreak of the international financial crisis, the subsequent economic recession and the bursting of the property bubble in Spain, have all combined to produce a significant transformation in our financial system, in particular in terms of the leading role of certain traditionally important institutional groups.

Specifically, this environment of deep economic and financial instability has directly and intensely affected the asset situation among Spanish savings banks, their business models and even their institutional survival, making clear the obsolescence of the previous regulatory framework.

The measures introduced, which were essentially designed to reform these institutions' legal status and reinforce their capacity to attract foreign capital, initially had very positive consequences for the sector in terms of renovation, consolidation, reduction in installed capacity, improved governance and increases in solvency and capitalization requirements.

However, in the face of the marked deterioration in economic activity in our country and the increased tension in the European sovereign debt markets, these reforms proved clearly insufficient, with the result that the Spanish authorities, in line with the Memorandum of Understanding signed with the European nations in order to request a bank rescue solution, were in December 2013 obliged to approve a new regulatory framework for these organizations, on the basis of which the majority of the savings banks now conduct their financial activity in an indirect manner, now virtually restricted to the management of community welfare projects.

* Antonio Calvo Bernardino. Universidad CEU-San Pablo, Madrid (Spain). Irene Martín de Viales Carrasco. Universidad de Castilla-La Mancha (Spain)

Bearing in mind the above, the present article has a dual purpose: on the one hand we will focus strictly on the social aspect, demonstrating that the community welfare work of the savings banks continues to provide a lever for economic development, social progress and financial inclusion among Spanish society, a labour which, in the current economic climate, is an ever more important responsibility in order to provide a response to the principal demands of the population.

On the other hand, after first identifying the important purpose fulfilled by community welfare work in terms of solving social problems and the elimination of inequality, we will then proceed to analyze its contribution to the achievement of the objectives and challenges currently defined under European Union policies in terms of providing equal opportunities.

To achieve these objectives, we have divided the article into the following sections. Following this introduction, in the second part we will define in detail the meaning and scope of equal opportunities, as well as the scale, needs, difficulties and other factors related to this concept. In addition, we will identify the policies and measures currently pursued within the sphere of the European Union in order to achieve this equality of opportunities within the population.

In the third section we will analyze the evolution of community welfare work among savings banks over recent years; which has been clearly marked by the restructuring process conducted by the Spanish banking system and the social changes deriving from the economic and financial crisis.

In the fourth section, based on the principal figures for community projects among the savings banks, in proportion to total expenses, and the areas of activity and specific beneficiaries and social groups to whom this investment is directed, we will look at whether the initiatives being undertaken by this group of organizations effectively complement the actions of public administrations in order to improve the quality of life and well being of the citizen.

Finally, we will end the article by summarizing the main conclusions based on the results of the study.

2. DEFINITION OF EQUAL OPPORTUNITIES POLICIES

The major economic, technological and social changes which have occurred over recent decades have resulted in deep changes to the societies within our sphere. In this way the 21st century, more than ever before, has a very unique character in terms of the relationships between people: the multiplication of *diversity*, in terms of gender, ideas, convictions and customs. This diversity is produced within an interconnected and globalized environment, without limitations of space and time and in which democracy has triumphed on a global scale. Nevertheless, on occasion it is used as the legitimization of arbitrary, unjust and unwarranted inequalities which are maintained and consolidated through the various forms which *social exclusion* may take among certain collectives (immigrants from impoverished countries in other continents, ethnic or racial minorities, people suffering from physical or psychiatric disabilities, women, the homeless, the long term unemployed, etc.), represented by a genuine inequality of

opportunities among the members of the excluded groups for determining, designing and developing their lives and fully participating in the society in which they live.

As a result, today's society needs to confront an important challenge; namely to combat and eradicate the factors which encourage discrimination whilst promoting the inclusion into the social sphere of those groups who have suffered as a consequence. This can only be achieved by introducing social policies and measures designed to actively promote their integration, while also raising awareness of the problem among society as a whole. In short, to restore their condition as citizens able to live with dignity, recover their legally recognized rights and have access to health protection, housing, education and employment opportunities, etc. In other words to assert the equality of all human beings, as defined under the Universal Declaration of Human Rights – our Magna Carta. (Carbonell i Paris, 1995:48).

The economic and financial sphere, on which this work is focused, needs to fulfill the crucial objective of providing equal access for all parties to every type of products and services. In order to achieve this, the financial system, the cornerstone of the financing of an economy, needs to contribute effectively, in accordance with its purpose of channeling the savings generated by the spending units with surpluses towards the borrowers or spending units with deficit (Calvo et al., 2014:1). In this way, the demands of equality are based on the criteria, conditions and priorities established to select the recipients of loans and investments from the various financial institutions.

In this role, the contribution of the savings banks has been fundamental, in fact their overriding purpose, given that in the case of Spanish institutions their origin goes back to the beginning of the 18th century, with the appearance of the *Montes de Piedad* establishments, dedicated to sharing their business activity for the benefit of society as a whole.

Thereby, the savings banks, via their community welfare work, which we will list in detail in this study, represent one of the main promoters and financers of social and cultural activity in Spain, in such a way that by fulfilling this role, they contribute effectively to the goal of *equal opportunities* through satisfying the basic needs of all citizens. In short, they perform three important functions which make possible the objectives of quality of life which most people generally aspire to:

- To eliminate the difficulties of obtaining access to credit in fair, inclusive and affordable terms, which can represent a serious obstacle to the financial integration of an individual and thus constitute a common form of social exclusion and thereby contribute considerably to the inequality of income within an economy. In this way, the Spanish savings banks have always had an important role to play in the provision of financial services to the less privileged sections of society, who would otherwise have lived on the margins of the financial system.
- To collaborate closely with the Third Social Sector, made up of privately run non-profit making organizations, largely small or medium sized regionally based associations, with the aim of promoting personal development, cooperation in developing nations and, through programs geared towards preventing exclusion through poverty and marginalization, assisting the social inclusion of the most vulnerable groups in society (children, the aged, immigrants, women, young people

and those with chronic illnesses or disabilities). In this way, the community welfare work of the savings banks contributes to the economic and employment sustainability of this Third Social Sector, helping to promote innovation, professionalism and more effective management among the participating organizations, leading to an improved social impact of the programs they finance.

- To redistribute and directly channel the surpluses from their financial business, specialized in the acquisition of popular savings and the financing of families and small and medium sized businesses, towards activities of a socially beneficial nature, with positive external effects and where the demand on the part of ordinary people, especially those in vulnerable economic situations, is not provided for by the market.

Nevertheless, before analyzing the contribution of the savings banks to the quality of life, and thus the degree of equal opportunities in Spain, it is important to understand the meaning and scope of this concept and to identify the policies and measures currently adopted within the European Union in order to achieve this equality of opportunities among the population as a whole; in other words to enable every individual or social group to enjoy a life free from social exclusion, cultural marginalization or economic hardship.

This concept presents undeniable similarities and solid links with the so called *Welfare State*, in particular in the aspect related to social services and especially public action in terms of education and health. Its primary objective consists of guaranteeing certain minimum conditions giving people the basic tools on which to construct their lives, in other words to provide the necessary incentives to maintain high rates of employment and activity and ensure that the risk of poverty is relatively low within a society.

In order to produce a detailed description of equality of opportunities, we can define nine essential spheres or elements on which this concept can be summarized, all closely interrelated and relevant to the basic daily needs of the population (Fundación de las Cajas de Ahorro, 2011):

1. *Health & Healthcare.* Health, both in terms of access to basic universal healthcare, as well as its relationship with daily life and working conditions, is considered by a large majority of the population to be the cornerstone of equal opportunities, given that poor health is one of the main potential causes of social vulnerability and/or exclusion, leading to loss of employment or social rejection.

As a result, the health of citizens is one of the main priorities of the European Union. In this way, although the organization and provision of healthcare is the responsibility of each of the Member States, the EU's *Public Health Policy* creates economies of scale to provide common resources to assist all countries to achieve the same objectives or guidelines (European Commission, 2015:3), such as the prevention of diseases; the promotion of healthy lifestyles, wellbeing and health information and education; the protection of citizens from serious cross-border threats (such as pandemics); improved access to healthcare and the safety of patients; support for dynamic health services and new technologies; the establishment of high levels of quality and safety in the handling of human organs and other materials; and an efficient, high quality and safe control system for medicines and health products.

2. *A formal education and training system.* Education and training received at officially qualified centres (compulsory primary and secondary education and further education, whether Baccalaureate, Professional Training or Universities), as well as the extension of the public education system to include nursery schools, free school transport (particularly in rural or suburban areas), school meals etc., are all significant to the theme of social exclusion, given that they provide the essential competencies to enable adjustment to professional life and contribute to personal and social development, above all in a context in which knowledge and information occupy a central role in the productive and social space. In this respect, human capital is now an essential component in the growth potential of an economy and has become a determining factor in the competitive strength of a country and increased productivity.

3. *Civic Education and Personal Skills.* This second, and more abstract, view on education and training basically refers to the initial capacity of individuals to detect, optimize and satisfactorily develop their life project within society and their horizon of opportunities. It covers a wide range of spheres, from general culture to social and environmental conscience, treatment of other people, behaviour within social, work and family situations etc., and ways of acting against discrimination towards groups of a different gender, ethnic origin, social class, those suffering from disabilities or who find themselves at risk of exclusion or are directly marginalized, etc.

This dual dimension of education and training (formal education/civic education and personal skills) is, along with health and healthcare, a priority for the European Union (European Commission, 2014b), which considers that investment in education and training is essential towards promoting personal development among young people and their employment prospects. In fact, in an ever more interdependent world, national economies will only reach their maximum potential if they are sustained on the back of solid educational and training systems, in other words, if they possess a qualified workforce able to produce quality and innovative goods and services, capable of successfully competing on the global market.

Nevertheless, the *Education, Training, Youth and Sport Policy* of the Union goes further than economic results, by attempting to also guarantee educational opportunities to all which reinforce social justice and cohesion. In other words the European democratic culture may only prosper when all citizens are conscious of their civic rights and responsibilities. As a result, the main objective of this active citizenship education is to promote a free, tolerant and just society, and, in addition, to contribute to the values and principles of liberty, pluralism, human rights and the Rule of Law, which constitute the fundamentals of democracy.

4. *Employment.* New productive processes, technological changes, employment deregulation and the economic and financial crisis have combined to have a profound impact on employment conditions, on the configuration of the labour market and society as a whole, given that unemployment has reached unacceptably high levels in numerous countries within our sphere, especially among the younger population, as well as reducing the quality of employment conditions, with high rates of temporary jobs and insecure working conditions.

As a result, the risk of poverty and social exclusion has increased considerably, making employment without question, especially over recent years, the fundamental element in equality of opportunities. In this way, the working life is conceived as the opportunity to have financial access, the basic source of income for all individuals and, as a result, a means of subsistence and an articulation mechanism for social relations and personal fulfillment. Nevertheless, it is important to bear in mind that the basis of equal opportunities for obtaining a decent quality of employment is formal education and culture, together with the assistance provided by Public Employment Services, private bodies and professional training in all its forms, which combine to provide the individual with the capabilities and put themselves in a situation from which to promote themselves, search for the best resources, make the most of their personal background, and encourage retraining and mobility towards sectors with a greater demand for employment, etc.

Within the European context, the promotion of a high level of employment, social progress, a guarantee of adequate social protection, solidarity, cohesion and the struggle against social exclusion, all likewise figure among the primary objectives of the Maastricht Treaty, on which all the policies of the Union are essentially defined and implemented. In fact, the *Policy for employment, Social Affairs and Inclusion* of the European Union, through the *Strategy for Europe 2020*, launched in 2010, considers social investment as fundamental in order to emerge from the crisis stronger, more cohesive and competitive.

The social rights of the citizens within the working environment are essentially the following (European Commission, 2014c:3): rights to information and consultation among the employees of a company; the right to negotiate or strike; the right of access to recruitment services; the right to protection against unfair dismissal; the right to just and dignified work conditions; the prohibition of child labour; the protection of young people at work; a balance between family and professional life via protection against dismissal for reasons related to maternity and entitlement to paid maternity or parental leave; and the right to social security contributions, assistance with housing and healthcare.

5. *Culture and free time.* Nowadays people consider access to quality leisure facilities and cultural resources as an essential priority, a fundamental feature of life in society, which act as a support mechanism against situations of social exclusion. As a result the proximity or distance of cultural or leisure centres acts as a decisive factor for personal fulfillment and a rich social life. On the other hand, this dimension contributes to reinforcing relationships between people, in other words, family or social networks and community ties, ultimately enabling an improvement in personal capabilities and opportunities for relations in spheres which may provide additional benefits when entering the employment market or improving the conditions of life.

In fact the cultural and recreational sectors form a fundamental element of the European project, as they have a significant influence on economic growth, the creation of employment, innovation, social cohesion, skills development and urban regeneration, while also benefiting other sectors, such as tourism and telecommunications technology, which have actually grown in the current economic climate, otherwise damaged by the financial crisis. Furthermore, our identities,

aspirations, the way we relate to others and the world around us, the places and landscapes we inhabit, and in short, the lifestyle we adopt, are all determined by this culture.

In this manner, in the current context of economic imbalance and globalization, the *Cultural and Audiovisual Media Policy* of the European Union, with the aim of economically optimizing our cultural diversity within a climate of respect and comprehension, essentially includes measures designed to improve access to culture in education, promote cultural production and encourage citizen participation (European Commission, 2014a).

6. *Basic rights: Justice.* Justice, or more to the point the possibility of access to the justice system in conditions of equality, represents an essential element of equal opportunities and is fundamental to the guidelines and criteria governing the framework of relations between individuals and institutions, ensuring adequate and free protection for the citizen. As with other spheres, there are a number of factors which affect this access, such as acquisitive power and, related to the latter, level of education, proximity to the Courts or locations where proceedings take place, along with the culture and personal skills acquired within the family and social environment, which may allow citizens to be more familiar with the dynamics of claiming their rights and conflict resolution.

Within this sphere, the fundamental purpose of the *Justice, Fundamental Rights and Equality Policy* of the European Union is to establish a genuine *European Area of Justice* founded on mutual recognition and reciprocal trust, which would improve the quality of life for citizens, enable companies to enjoy the advantages of a single market and facilitate access to justice under the same terms in all Member States. Indeed, in a Europe without frontiers, the citizens, consumers and businesses should all be able to exercise their rights and enjoy them both within both within and outside their own countries, which requires full respect for the Rule of Law, fundamental rights and the independence of judicial power (European Commission, 2014e:3).

7. *Basic rights: housing.* Housing must be considered as a fundamental right for all citizens, an essential aspect of family life, exclusion from which can frequently result from or reflect other problems such as economic or employment difficulties. As a result, access to housing, whether through ownership or rented, in addition to being considered one of the basic components of equal opportunities, is an essential support for achieving other aspects of this equality, such as obtaining loans or finance and sustaining family and social networks, above all among young people and groups at risk of exclusion. On the other hand, this access is largely conditioned by the purchase power associated with stability at work, by proximity or distance from the major population centres with the greatest offer of the latter, and by the existence of public and private initiatives which assist with rented housing or promote the construction of protected or social housing developments. Finally, within the sphere of social exclusion associated with housing, one should also bear in mind the factors related to the living conditions within such accommodation and the surrounding environment or location.

Within the European Union there is no common housing policy, meaning that responsibility lies with each individual Government among the Member States. In the case of Spain the policies of the Ministry of Public Works in relation to *Architecture, Housing and Land Use*, inspired by the principles of social and territorial cohesion, economic competitiveness and sustainability, are based around the following principal axes (Gobierno de España. Ministerio de Fomento, 2017): rehabilitation; access to rented accommodation; the quality and sustainability of building and land use in general; the rehabilitation of architectural heritage; optimum use of empty housing and the mobilization of new build housing stock; the reconversion and revival of the construction sector; the reinforcement of cooperation mechanisms with other administrations and social partners; and the introduction of a more efficient and transparent management model.

8. *Basic Rights: finance.* The financial system, made up of a range of institutions, methods and markets, plays a key role in all developed economies, providing credit to both families and business, encouraging saving and productive investment, guaranteeing an efficient allocation of financial resources within the real economy and helping businesses and families to protect themselves against risk, improve their management and facilitate their payments. In this way, provided it functions effectively, the financial system contributes to prosperity, stability and economic growth.

As a result, finance, or approved access to credit, should be considered an essential and undeniable factor in ensuring that equal opportunities can translate into a rewarding life for the citizen, as well as forming a basic tool for driving business activity and introducing new ideas in order to revitalize productive sectors, especially those most affected by the economic crisis. In terms of equal opportunities, the factors which tend to condition this access to credit tend to be acquisitive power, degree of education and culture, personal attitude (demonstrating initiative, entrepreneurial spirit, creativity and the training and social skills to launch business projects), and the availability or lack of social networks to protect against the risk of exclusion, as well the proximity of financial institutions, essentially savings banks, traditionally specializing in families and the small and medium size businesses sector.

Furthermore, close integration of the financial markets and the recent crisis have shown that no single Member State of the European Union can manage the sector and supervise risks for financial stability independently. For this reason, over recent years, the Union has launched an ambitious reform of financial regulations, aimed at reestablishing stability and constructing a solid and resistant financial system which will enable the current economy to return to a path of sustainable growth and contribute towards preventing new crises and mitigate their global impact should they occur. This process of reform, which has considerably reinforced the solvency of the institutions and improved control and supervision processes, has recently culminated in the founding of the *European Banking Union* (European Commission, 2014d:6).

9. *Basic needs: food, clothing, family.* This final aspect relates to the basic needs, namely essential requirements for life (food, clothing and caring for the family) which contribute directly or indirectly to the basic survival of a person, in the absence of which one logically cannot talk of equal opportunities.

Clearly this area is closely linked to the notion of poverty, understood as the lack of the necessary goods and services essential to satisfy basic needs. Nevertheless, this concept is somewhat subjective, as it is possible to be relatively rich or poor, in this context, compared with other people or countries, given that the idea of basic necessities is imprecise and most individuals never fully satisfy their desires or needs. In this respect, among other factors which affect the fulfilling of these needs one would highlight caring for the family and the social environment, as well as the fact of living in or outside large cities, given that family and social networks, which generally are easier to regularly maintain within smaller communities, are considered to be essential elements in ensuring a certain minimum quality of life, as with the initiatives and programs undertaken by NGOs, associations and private foundations or in concert with Public Administration.

Within the European sphere, the *Europe 2020* strategy includes programs designed to favour social inclusion and protection for the groups at risk of poverty and exclusion, and who do not have guaranteed provision of basic needs, especially as their situation has significantly worsened in the wake of the economic crisis. Accordingly, given that the implementation of these social issues and inclusion policies is more effective at the Member States level, the mission of the European Union consists of establishing a framework of cooperation in which national policies may be orientated towards common objectives and submitted to subsequent monitoring by the Union as a whole.

3. COMMUNITY WELFARE WORK OF THE SAVINGS BANKS

During the prolonged era of economic expansion over the period 1996-2006, our banking system and, in particular, the savings bank sector, accumulated significant imbalances in their various spheres of activity, essentially associated with their high exposure to real estate risks, high dependence on the wholesale financing markets, excess of installed capacity, large-scale fragmentation of the sector, and the loss of profitability of the banking business. These problems were particularly evident when the macroeconomy scenario changed and the financial crisis shifted to the real economy, exposing doubts on the future viability of numerous institutions and making necessary a profound restructuring among the group of Spanish savings banks.

In effect, the global economic and financial crisis has produced significant changes in the legal sphere and the nature and purpose of the savings banks in our country, given that, in the face of inadequacy of the reforms previously introduced (Calvo and Martín de Vidales, 2014), the Spanish authorities, within the framework of the requirements established within the Memorandum of Understanding signed with the European nations as part of the banking rescue request, were obliged to approve a new regulation of these institutions, in line with the trend among other European countries within our sphere, such as Italy in the nineties.

As a result, *Law 26/2013, dated 27th December, relating to Savings Banks and Banking Foundations*, gave way to the final transformation of these credit institutions into foundations of an ordinary banking nature, provided the consolidated value of their assets exceeded 10 million Euros and their market share of deposits in their territorial sphere of activity was greater than 35% of the total deposits. These foundations possess a double purpose: to pursue the community welfare work

previously undertaken by the savings Banks and to manage the participation as shareholders in the investee banking institution.

As a result this process clearly favours the banks' model rather than that of the traditional savings institutions, which since their origin acted under criteria of a social nature and territorial ties in order to fulfill their objectives of encouraging and protecting savings and providing access to credit for the less privileged classes, preventing financial exclusion, thus achieving the recognition of society as a whole, and thereby playing an important role in local development and the struggle against social exclusion.

Ultimately, this last phase of restructuring of the Spanish financial system has led to the complete separation between financial activity and the community welfare aspect, and has translated into an intense process of consolidation and downsizing of the sector, which has gone from having 45 savings banks in 2010 to 34 banking foundations integrated into the shareholding of the major banking groups, with only two remaining savings banks of smaller dimensions (Caixa Pollença and Caixa Ontinyent) currently remaining.

If we focus on the strictly social sphere, this *community welfare work*, which has to be performed with the profits or liquid surpluses obtained after repayments and price revaluations, deducting tax forecasts and constituting reserves to reinforce capitalization and solvency, will be dedicated to public interest purposes in the territory where the savings bank or foundation is installed. Reinvestment of these surpluses into society is then possible in order to achieve greater welfare levels in terms of culture, the environment, education, research, protection and conservation of heritage sites, social assistance to the most underprivileged groups and health, among other areas.

In fact, the community welfare work of the savings banks and foundations performs a function complementary to the actions of the State in social terms, meaning that at any time, in order not to duplicate the activity of the individual regional administrations, it attempts to focus on those needs demanded by society which cannot be addressed by the public sector, or which are only performed at a basic level, taking into account related budgetary restrictions. In this way it has developed from an exclusively charitable initial phase (soup kitchens and breakfast canteens, assistance for malnourished children, basic medical care, etc.), passing through a more community welfare stage (vaccinations, rehabilitation programs for the crippled and disabled, training for women etc.), to arrive at the current situation, since the mid seventies, with a more socio-cultural nature, in which cultural activity is more prominent (exhibition halls, libraries, museums, theatres, cultural centres, etc.), together with environmental education, but with a clear detriment to the charitable programs. In other words, over recent years, there has been a marked change in trends which can be explained by the shift in preferences and social needs coinciding with the weakening of the Welfare State model.

In any case, within this new configuration of the Spanish savings bank sector, derived from the restructuring of the banking system and the social changes generated by the economic crisis, a common criterion for all the institutions has been an improvement in the efficiency and professionalism of their structures. For this reason, it is important to

provide substance and continuity to community work, giving special emphasis to the optimization of resources and the search for new sources of finance, via alternative routes to the aforementioned surplus of profits (notably obtaining value from heritage sites, revenue derived from the activity itself or the establishment of partnerships and public-private alliances), which will permit attention to continue towards the most vulnerable groups in the sphere in which they pursue their activity.

In addition, in the new era following this process of profound change, the credit institutions which engage in community welfare work in our country are organizations which, without renouncing their basic principles¹ of promoting social wellbeing, focus on retail companies, proximity to families and small businesses and with local ties, are clearly now looking to promote complementary values², such as professionalism and efficiency, which permit the optimization of resources and the creation of sustainable value; communication with interest groups with the aim of understanding their values and concerns; transparency, which helps towards cooperation with the social groups from the point of view of trust; economic sustainability, via the development of strategic plans designed to increase revenue; innovation, to satisfy the needs of users and generate greater social value; and, finally, independent management, which will guarantee a secure framework without political interference.

In this way, despite the difficulties experienced over recent years, the reform of the sector has contributed towards creating a stable institutional framework in which the foundations and the savings banks can continue pursuing their efforts in support of economic development, social progress and financial inclusion within their sphere, in such a way that the investment in community welfare, as we will illustrate in detail over the next section, continues to be the leading private social investment undertaken in Spain.

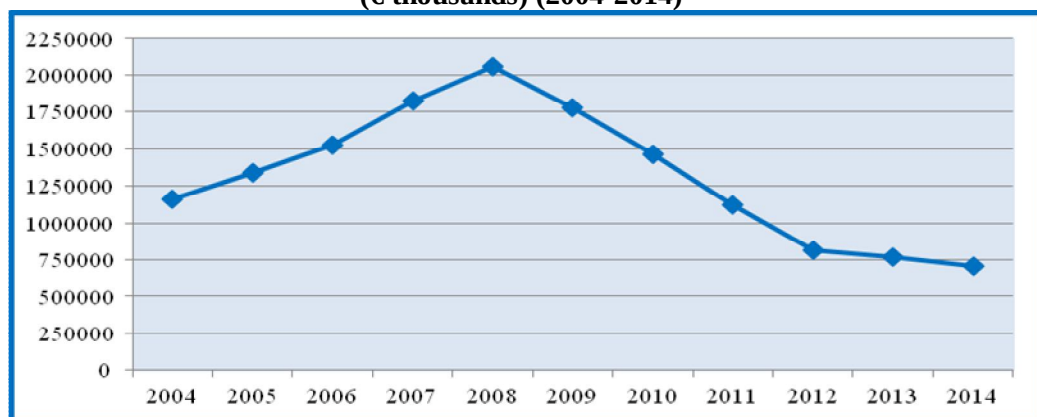
4. CHARITABLE AND SOCIAL WORK AND EQUAL OPPORTUNITIES POLICIES

In fact, until the outbreak of the international financial crisis, the savings banks were profitable, efficient, liquid and solvent institutions, and maintained a continued process of expansion, proof that they enjoyed high levels of competitiveness within our banking system (Quesada, 2011:307-308). However, the subsequent arrival of financial turbulence into the real economy (economic recession and increased unemployment) and the bursting of the real estate bubble in Spain directly and intensely affected their business model, as they experienced a sudden deterioration in their assets situation, which has likewise resulted in a before and after scenario in terms of investment in social welfare policy, with a marked decrease in spending as a direct consequence of reduced profits within the sector and greater allocations made towards reserves (see figure 1).

¹ These principles are identified by the European Savings Bank Group and the World Savings Bank Institute, as the three R's: Responsible, Retail & Rooted.

² See the Social Welfare Report for the 2014 for a detailed analysis.

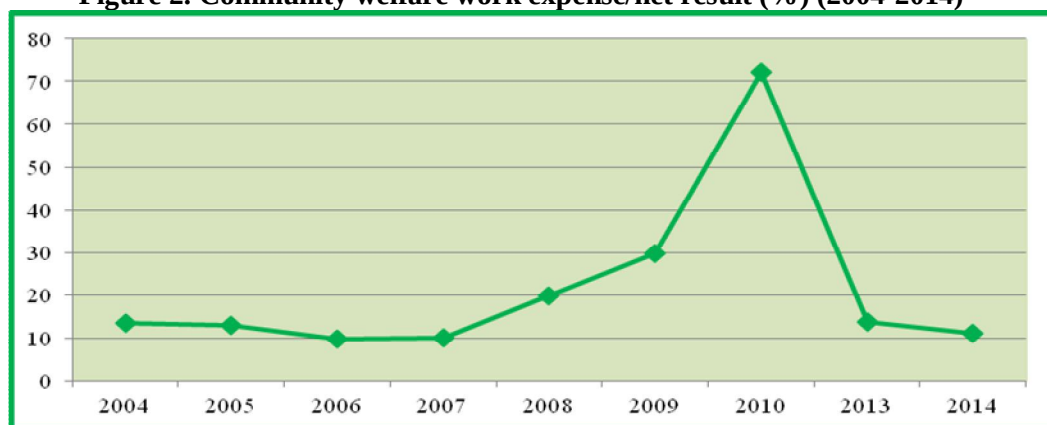
Figure 1. Evolution of total expenditure on community welfare work (€ thousands) (2004-2014)



Source: Own elaboration based on the data provided by CECA.

Nevertheless, as we can see in detail in figure 2, this decrease is less than that registered for the actual results of the sector, proof of the effort made by the savings banks during those difficult times to continue assisting the groups most in need and at risk of exclusion, maintaining their social investment and contributing effectively towards achieving equal opportunities within the Spanish population.

Figure 2. Community welfare work expense/net result (%) (2004-2014)



Source: Own elaboration based on the data provided by CECA.

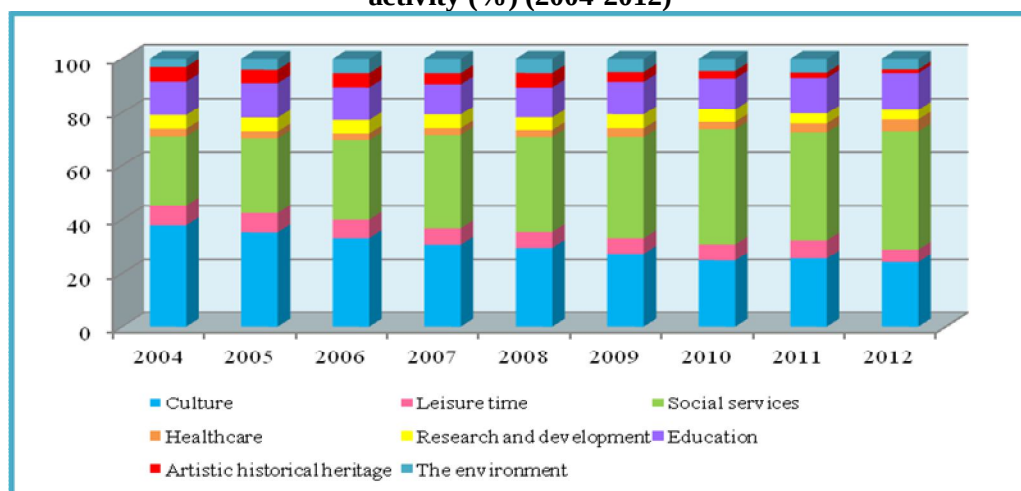
Note: in 2011 and 2012, the Spanish savings banks sector posted negative net results amounting to EUR 9,061.82 and EUR 72,336.48 million, respectively.

Furthermore, this behaviour was reproduced, to a greater or lesser degree, in all the areas of intervention making up community welfare work, attending to the pattern of needs demanded by society at each point in time and, as such, depending on the purpose of the various initiatives in each of these areas. In this way, as we can see from figure 3, in 2007 there was a marked shift in spending destined towards community welfare, as a result of the change in priorities in the light of the economic crisis, given that the area of *social services and healthcare*, which we have considered to be the starting point or cornerstone of equal opportunities, for the first time exceeded the

investment made in the area of *culture and leisure time*, which had been historically predominant.

This change in trend was especially pronounced in 2012, a financial year in which the spending on health and social services, mainly issues related to prevention and assistance for dependency, programs for the elderly, the marginalized and immigrants, conferences and information and preventative campaigns of a health nature, reached 48.39% of the total resources for overall community welfare program investment and collaboration, to the inevitable detriment of other areas.

Figure 3. Distribution of community welfare work expenditure by areas of activity (%) (2004-2012)



Source: Own elaboration based on the data provided by CECA.

On the other hand, this adaption to the current context has also resulted, since 2013, in a change to the structuring of the different areas of action undertaken within community welfare. In effect, as shown in figure 4, the spheres of involvement for community work have been reformulated to allow better adjustment to the demands of society, and can now be defined as follows:

- *Social action*, which continues to be the main area of investment within the overall community welfare budget, with a relative weighting of 50.29% in 2014, representing a total 357 million Euros. Within this sphere, 43,655 programs were financed (36.39% of the total), destined, principally, towards the elderly, the disabled, promoting international cooperation for development, to groups in vulnerable economic situations and at risk of social exclusion, and women the victims of gender violence.
- *Culture & heritage*, representing 20.03% of the investment, or 142.19 million Euros, providing funding for 49,176 activities related to exhibitions and cultural displays, a vital contribution to regional development; the creation and maintenance of cultural centres; organization of concerts and support for regional music; and finally the restoration and cataloguing of works of art and heritage sites.
- *Education & research*, representing 11.11% of the budget, or 78.87 million Euros, which the savings banks have used to fund 14,172 activities designed to create, recruit, advance and retain the talent necessary to promote economic and social development,

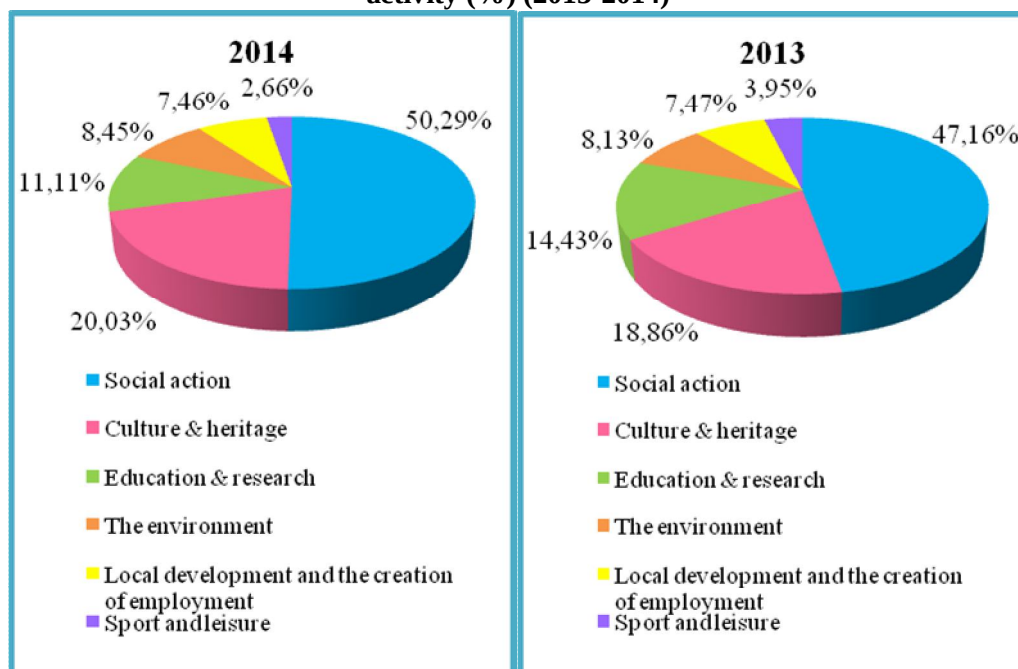
mainly divided between educational programs, scholarships for study in Spain and abroad and for R+D, investigations, open days and seminars, trade fairs and development promotion, from which more than 2.32 million people have benefited.

- *The environment*, with 8.45% of the total, 59.97 million Euros, directed towards funding environmental campaigns and projects related to research, training and education.

- *Local development and the creation of employment*, representing 7.46% of the investment, and the area of social welfare in which the greatest investment is made per beneficiary (an average of 119 Euros), in response to the needs of Spanish society in the wake of the serious economic crisis experienced over recent years. This initiative, from which 443,342 people have benefited, includes support programs for the business fabric (micro-credits and action for entrepreneurs), job placement and self-employment schemes (orientation and employment training), and programs designed to promote employment among groups at risk of social exclusion.

- *Sport and leisure*, with a budget of 18.89 million Euros, 2.66% of the global investment, providing funding for 780 sports based programs, especially those dedicated to financing sports and leisure facilities and activities for the disabled, children and young people, based at summer camps and sports centres, as well as retirement homes and community associations and social clubs.

Figure 4. Distribution of community welfare work expenditure by areas of activity (%) (2013-2014)

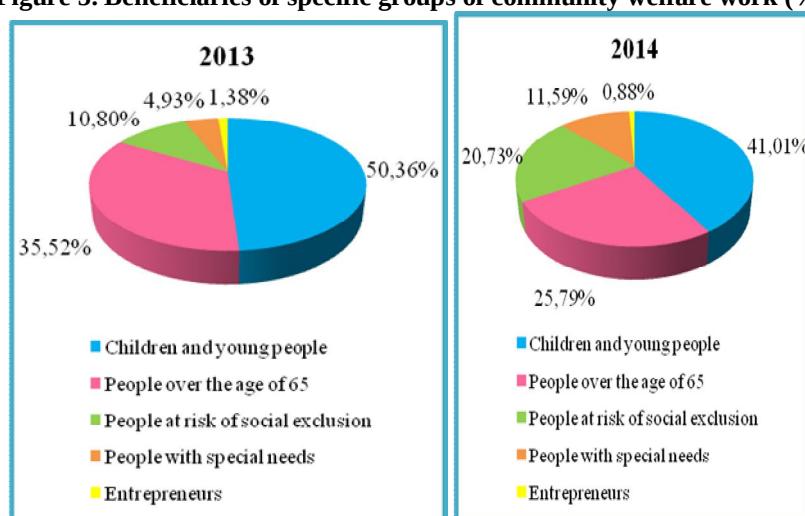


Source: Own elaboration based on the data provided by CECA.

Ultimately, we can see that the specific groups to whom the greatest percentage of the total community welfare investment has been assigned (more than half of the budget), are those most vulnerable or at risk of social exclusion (see figure 5). Specifically the following:

- *Children and Young people*: almost 4 million people under the age of 25 to whom around 150 million Euros were devoted in 2014.
- *People over the age of 65*: more than six million elderly persons in whom more than 45 million Euros have been invested.
- *People at risk of social exclusion*: (more than 1.5 million unemployed, victims of gender violence and citizens living in extreme poverty), a group to whom approximately 100 million Euros have been allocated.
- *People with special needs*: (more than 620,000 people with physical or psychiatric disabilities or sensorial impairment) to whom more than 45 million Euros have been dedicated.
- *Entrepreneurs*: More than 70,000 beneficiaries with an investment of more than 8 million Euros

Figure 5. Beneficiaries of specific groups of community welfare work (%)

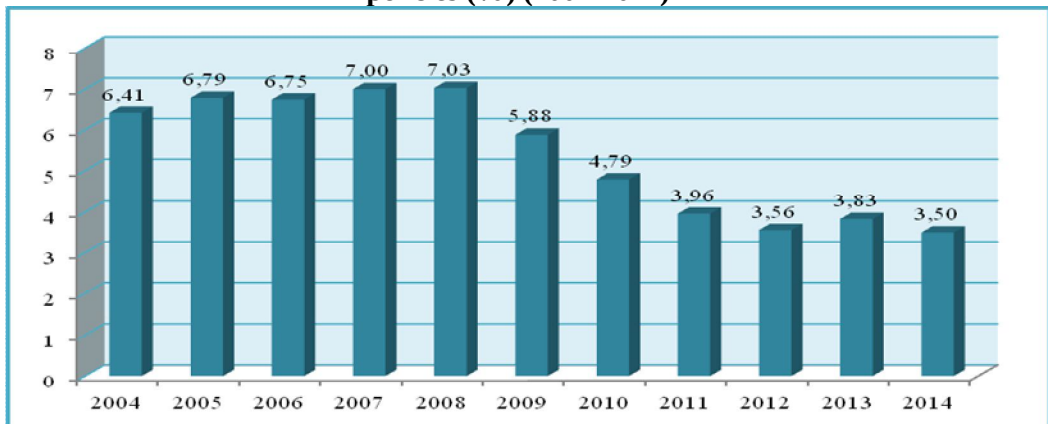


Source: Own elaboration based on the data provided by CECA.

In this way, over recent years, community welfare has established itself in Spain as an important element in social, geographical and economic cohesion, which directs its initiatives towards the groups with the greatest needs and contributes satisfactorily to the objectives and challenges pursued through the policies of the European Union in terms of equal opportunities, essentially the policies in regard to *public health, employment, social issues and inclusion, culture and the audio visual media, education, training, youth and sport*.

In this way, as shown in figure 6, before the financial crisis gravely affected the real Spanish economy and the huge speculative bubble in the real estate sector finally burst, the spending made by the savings banks in social and community welfare programs represented a significant share of total Government investment in social policies (social services and programs, promotion of employment, health, education, culture, sustainable development and R&D), reaching 7.03% in 2008. Over recent years however, this contribution has markedly declined, making up only 3.5% of total social spending in 2014.

Figure 6. Expenditure on community welfare work/Spending on social policies (%) (2004-2014)



Source: Own elaboration based on the data provided by CECA and the Ministry of Finance and Public Administration.

In short, bearing in mind that the processes of social exclusion and the vulnerability of the integration model in Spain are structural characteristics of our society, which were not solved even during the economic boom period and have widened and intensified as a result of the crisis (Balado, 2011:133), the savings banks' community welfare initiatives continue to effectively complement the action of public administrations to advance the quality of life and wellbeing of the citizen, ultimately generating wealth and employment.

5. CONCLUSIONS

The current moment of crisis for the savings banks, with their practical disappearance, due to their inadequate performance within the strict financial sphere, highly focused on the financing of activities related to the construction sector, and with an excessive dependency, in terms of governance, on the regional and municipal governments where they hold their central headquarters, has led to them generally neglecting their historic role in improving the quality of life for the less privileged classes.

It is true that bad management and governance of the savings Banks over a number of years, even decades, has forced Spanish authorities to establish a new model for the sector in which these institutions' financial activity and involvement in social welfare have been separated in a more or less adequate manner.

We shouldn't forget that the savings banks originated from the financial branch of the so called *Montes de Piedad*, or charitable institutions, and generally took over their activity, becoming social welfare organizations in their own right which, in the absence of shareholders, dedicated a part of their profits to social welfare work.

The role of this activity changed over time, and their involvement, which was initially focused on highly visible work with the less fortunate elements of society, such as the poor, via the provision of breakfasts and soup kitchens, the undernourished, those with health problems, supply of vaccinations, attention for the crippled etc. gradually switched (as this area fortunately became less of a priority), towards activities of a more cultural nature, research, conservation of the environment and heritage projects, support for children and families, through nursery schools, older people, services for

the elderly, assistance for sports programs etc. These projects may not have had the same visibility as their previous actions, with the result that some of these funding initiatives may be hard to strictly classify as community welfare work.

In spite of everything, and in the context of the recent crisis, we can verify that the overall community welfare work of the savings banks, even within a clear restructuring of the sector, has consistently involved spending of at least 600 million Euros, in fact more than doubling this sum in 2008. Out of these figures, almost 50% continues to be destined towards social action (the elderly, the disabled, promotion of development cooperation, groups at risk of social exclusion and in economically vulnerable situations), contributing, with somewhat less than 8%, to local development and the creation of employment, with programs of assistance to the business fabric, via micro credits, job placement and self employment, and above all attending to groups who find themselves at the greatest risk of exclusion.

As a result, the community welfare work of the savings banks has been important throughout history, in such a way that its transformation and virtual disappearance as a service directly linked with financial activity should not lead us to forget the important work still undertaken. The savings banks that act indirectly, that is to say those that only manage and perform community welfare work based on the dividends they receive from shareholdings in financial institutions, need to continue to dedicate their resources towards the less fortunate groups, in order to better their economic situation, prevent the risk of exclusion and, in short, contribute towards improving the average quality of life in our country, via continuing to adopt equal opportunities policies.

Nevertheless, what has been missing within this community welfare work over the last few years has been a better capacity to adapt to the situation we have been experiencing, in which the economic crisis should have brought with it a greater intensity of action in favour of the groups with the greatest needs. In fact, if the savings banks themselves has not neglected their origins, and it would seem that current legislation has had to remind of the fact, society's view of them would have been more favourable than the level of popularity they have enjoyed during the crisis.

BIBLIOGRAPHY

- Antares Consulting (2009): *Evaluación del impacto de la obra social de las cajas de ahorros en el tercer sector social*, Confederación Española de Cajas de Ahorro, Madrid.
- antares consulting (2010): *Valor del impacto social de las acciones financiadas por la obra social de las cajas de ahorros*, Confederación Española de Cajas de Ahorro, Madrid.
- Balado, C. (2011): "La Obra Social tras los cambios en las cajas de ahorros", *Cuadernos de Información Económica*, 225, 125-134.
- Banco De España (2010): "La reestructuración de las cajas de ahorro en España. Situación a 29 de junio de 2010", *Nota de Prensa*,
<http://www.bde.es/f/webbde/GAP/Secciones/SalaPrensa/InformacionInteres/ReestructuracionSectorFinanciero/Ficheros/es/presbe22.pdf>.
- Banco De España (2011a): "Evolución y reforma de las cajas de ahorros", *Nota de Prensa*,
<http://www.bde.es/f/webbde/GAP/Secciones/SalaPrensa/InformacionInteres/ReestructuracionSectorFinanciero/Ficheros/es/notareformacajas210211.pdf>.
- Banco De España (2011b): "Nota sobre el proceso de reestructuración y saneamiento de las cajas de ahorros. Situación a marzo de 2011", *Nota de Prensa*,

<http://www.bde.es/f/webbde/GAP/Secciones/SalaPrensa/InformacionInteres/ReestructuracionSectorFinanciero/Ficheros/es/notareformacajas230311.pdf>.

- BANCO DE ESPAÑA (2011c): “Nota sobre el proceso de reestructuración de las cajas de ahorros. Situación a julio de 2011”, *Nota de Prensa*, <http://www.bde.es/f/webbde/GAP/Secciones/SalaPrensa/InformacionInteres/ReestructuracionSectorFinanciero/Ficheros/es/notareformacajas130711.pdf>.
- CABEZA GARCÍA, L., MARTÍNEZ CAMPILLO, A. & MARBELLA SÁNCHEZ, F. (2009): “¿Influye la obra social en la rentabilidad de las cajas de ahorros españolas? Un análisis de datos de panel”, *Documentos de Trabajo “Nuevas Tendencias en Dirección de Empresa”*, 01/09, Universidad de Valladolid, Valladolid.
- CABEZA GARCÍA, L., MARTÍNEZ CAMPILLO, A. & MARBELLA SÁNCHEZ, F. (2010): “Análisis de la relación entre los resultados sociales y económicos de las cajas de ahorros españolas: un caso de responsabilidad social corporativa”, *Innovar*, 20(37), 33-46.
- CALVO, A., PAREJO, J.A., RODRÍGUEZ, L. & CUERVO, Á. (2014): *Manual del sistema financiero español* (25ª edición actualizada), Ariel Economía y Empresa, Barcelona.
- CALVO, A. & MARTÍN DE VIDALES, I. (2014): “Crisis y cambios estructurales en el sector bancario español: una comparación con otros sistemas financieros”, *Estudios de Economía Aplicada*, 32(2), 535-566.
- CARBONELL i PARIS, F. (1995): *Inmigración: diversidad cultural, desigualdad social y educación*, Ministerio de Educación y Ciencia, Madrid.
- CARBONELL i PARIS, F. (2000): “Desigualdad social, diversidad cultural y educación”. En: *La inmigración extranjera en España. Los restos educativos*, Fundación “La Caixa”. Colección Estudios Sociales, Barcelona.
- CARNERO LORENZO, F., BARROSO RIBAL, C. & NUEZ YÁNEZ, J.S. (2014): “Los efectos de la reestructuración del sistema financiero sobre la obra social de las cajas de ahorros españolas”. En: *XIV Jornadas Nacionales de Investigadores en Economía Social. El Año Internacional de las Cooperativas: desafíos y propuestas de la economía social en un mundo en transformación*, CIRIEC-España, Valencia.
- CONFEDERACIÓN ESPAÑOLA DE CAJAS DE AHORROS (2004-2014): *Memoria obra social*, Ceca, Madrid.
- CONFEDERACIÓN ESPAÑOLA DE CAJAS DE AHORROS (2004-2014): *Anuario estadístico*, Ceca, Madrid.
- CHAVES, F. y SOLER, F. (2005): “El comportamiento de cajas de ahorros y cooperativas de crédito españolas frente a los fines sociales: la obra benéfico-social y el fondo de educación y promoción cooperativa”, *Gezki*, 1, 45-62.
- DE MIGUEL BILBAO, M.C. & MORALES GUERRERO, A. (2009): “Gestión de la obra benéfico-social de las cajas de ahorro”, *Revesco*, 99, 60-84.
- FUNDACIÓN DE LAS CAJAS DE AHORROS (2011): *La igualdad de oportunidades en España. Aportación de la obra social de las cajas de ahorros*, Funcas, Madrid.
- EUROPEAN COMMISSION (2014a): *The European Union explained: culture and audiovisual*, Publications Office of the European Union, Luxembourg.
- EUROPEAN COMMISSION (2014b): *The European Union explained: education, training, youth and sport*, Publications Office of the European Union, Luxembourg.
- EUROPEAN COMMISSION (2014c): *The European Union explained: employment and social affairs*, Publications Office of the European Union, Luxembourg.
- EUROPEAN COMMISSION (2014d): *The European Union explained: banking and finance*, Publications Office of the European Union, Luxembourg.

- EUROPEAN COMMISSION (2014e): *The European Union explained: justice, fundamental rights and equality*, Publications Office of the European Union, Luxembourg.
- EUROPEAN COMMISSION (2015): *The European Union explained: public health*, Publications Office of the European Union, Luxembourg.
- FUNDACIÓN DE LAS CAJAS DE AHORROS (2015): *El nuevo mapa de las fundaciones: de cajas de ahorros a fundaciones*, Funcas, Madrid.
- GOBIERNO DE ESPAÑA. MINISTERIO DE FOMENTO (2015): “Política de vivienda”, Ministerio de Fomento, Madrid. Consulta 3 de mayo de 2017.
(http://www.fomento.gob.es/MFOM/LANG_CASTELLANO/DIRECCIONES_GENERALES/ARQ_VIVIENDA/POLITICAVIV/)
- GOBIERNO DE ESPAÑA. MINISTERIO DE HACIENDA Y FUNCIÓN PÚBLICA (2004-2014): *Presupuestos generales del Estado consolidados*, Ministerio de Hacienda y Función Pública, Madrid.
- MARTÍNEZ SOTO, A.P., CUEVAS CASAÑA, J. & HOYO APARICIO. A. (2005): “La historia económica de las cajas de ahorro españolas. Una perspectiva institucional y regional del ahorro”, *Papeles de Economía Española*, 105/106, 6-15.
- MELA, M. (2011): “¿Qué colectivos de riesgo de exclusión social existen y por qué es importante su formación?”, *iberestudios internacional*, 30 de marzo.
- MINISTERIO DE ASUNTOS EXTERIORES Y DE COOPERACIÓN (2012): *Memorando de Entendimiento sobre condiciones de política sectorial financiera*, Madrid.
- MUÑOZ ORTEGA, J.J. (2001): “La obra social de las cajas de ahorros”. En: *El sector no lucrativo de la economía social en La Rioja*, Instituto de Estadística de La Rioja, Logroño.
- QUESADA IBAÑEZ, J. (2011): “El futuro de la Obra Social de las cajas”, *Papeles de Economía Española*, 130, 307-319.
- STRASSER, C. (2000): *Democracia & Desigualdad. Sobre la “democracia real” a fines del siglo XX*, Clacso, Buenos Aires.
- SUBIRATS, J. (2004): *Pobreza y exclusión social. Un análisis de la realidad española y europea*, Fundación “La Caixa”. Colección de Estudios Sociales, Barcelona.
- VELARDE FUERTES, J. (2011): “Cajas de ahorros: una historia singular”, *Cuadernos de Pensamiento Político. Fundación FAES*, abril-junio, 111-114.
- ZAPICO ALDEANO, L.M., MARTÍNEZ CAMPILLO, A. & CABEZA GARCÍA, L. (2007): “Análisis del impacto de la obra social sobre los resultados de las cajas de ahorros”. En: *Conocimiento, innovación y emprendedores: camino al futuro*, Universidad de La Rioja, Logroño.

ATTACHMENTS

Table 1. Basic magnitudes of the community welfare work of savings banks (2004-2012)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
TOTAL NUMBER OF PROGRAMS	120275	139938	140319	176563	201607	199724	155031	124498	105428
Culture	48561	48635	50520	65977	69080	64846	59700	45173	28252
Leisure Time	23554	19497	22734	28116	22799	31378	13757	13722	4591
Social Services	27141	42347	43872	53670	74788	70445	64546	52984	65927
Healthcare	577	532	492	710	558	491	320	235	174
Research & Development	2585	3779	3454	3870	4140	5784	2746	1595	1042
Education	14987	12787	11884	14934	17224	17494	8674	5014	3832
Artistic Historical	862	986	822	783	4627	1143	453	470	332

Heritage									
The Environment	2008	11375	6541	8503	8391	8143	4835	5305	1278
TOTAL EXPENDITURE (€ thousands)	1163497.6	1338253.8	1524627.0	1824295.0	2058971.0	1775925.7	1462365.7	1124917.5	818588.9
Culture	440456.4	472405.5	506078.0	561281.0	609212.1	486202.2	363040.6	287652.7	197965.7
Leisure Time	86446.5	95182.6	103193.0	109237.0	120316.3	102541.8	88089.1	76232.0	39030.3
Social Services	299177.8	372907.6	452073.0	633652.0	726495.4	667140.1	625844.7	451135.3	359007.3
Healthcare	32910.6	34173.9	37116.0	47211.0	54888.7	58524.9	40943.8	38146.1	37106.2
Research & Development	60425.8	69457.6	77661.0	94347.0	97413.9	93618.9	69126.4	42226.8	29934.1
Education	143828.6	171331.9	184841.0	203022.0	229446.3	213606.6	165531.7	147345.4	110449.1
Artistic Historical Heritage	63131.2	65737.1	79287.0	75193.0	108939.8	64304.6	41433.0	22816.7	11220.9
The Environment	37120.7	57057.6	84378.0	100352.0	112258.5	89986.6	68356.4	59362.5	33875.3
TOTAL NUMBER OF BENEFICIARIES	79960788	87403569	106019968	128679516	141859675	162575930	99025636	116782686	49668472
Culture	35809588	44803095	56170702	63999193	70975969	91250354	47407456	33648814	22102638
Leisure Time	5212916	6620586	8326236	10778527	9226820	8541711	9125449	7551287	2085384
Social Services	24439230	23444982	26215998	32357358	35157121	37087168	23953625	33648614	12379531
Healthcare	673813	681795	405539	812996	1445711	5203854	5350848	27551287	4160533
Research & Development	1052179	3957174	3109247	4707689	6113480	4796426	2779517	2769584	1684348
Education	8359501	3092274	4508689	4353173	5144549	4794964	4872404	4333989	4903477
Artistic Historical Heritage	1289563	1776526	3439332	4960210	6031447	4675564	2140520	5416760	583369
The Environment	3123998	3027137	3844225	6710370	7764578	6225889	3395817	1862351	1769192

Source: Own elaboration based on the data provided by CECA.

Table 2. Basic magnitudes of the community welfare work of savings banks (2013-2014)

	Number of programs		Total expenditure (€ thousands)		Number of beneficiaries	
	2013	2014	2013	2014	2013	2014
Social Action	49851	43655	305448.61	357005.00	10535591	10844541
Culture & Heritage	17548	49176	122174.96	142198.00	11564078	17176228
Education & Research	8120	14172	93446.47	78874.00	2631119	2328802
The Environment	8353	10098	52681.54	59967.00	4233910	4331095
Local Development and the Creation of Employment	2054	2082	48402.70	52973.00	657956	443342
Sport and Leisure	2511	780	25574.71	18887.00	2390635	891025
Total	88439	119965	647729.01	709905.00	32013290	36015435

Source: Own elaboration based on the data provided by CECA.

Note: The report of the community welfare work corresponding to the year 2013 only facilitates the breakdown of the number of programs of the total expenditure and of the number of beneficiaries by activity areas for the own community welfare work not being available the data referring to the work in partnership with savings banks.