Perceptions on Social Banking

An experimental analysis following narrative economic theory

Koen van Boxel

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Supervisor:	**Tabaré Capitán Jiminéz, Swedish University of Agricultural Sciences (SLU), Department of Economics**
In collaboration with:	Institute for Social Banking (ISB), Berlin, Germany
Examiner:	Rob Hart, Swedish University of Agricultural Sciences (SLU), Department of Economics

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Swedish University of Agricultural Sciences
Faculty of Natural Resources and Agricultural Sciences
Department of Economics

Abstract

The presented paper employs a between-subject experimental survey with one control and two treatment groups. These three groups were each shown a different narrative capturing either a bank that does traditional banking operations, a bank which does traditional banking operations and has a focus on following environmental-, social-, and governance (ESG) guidelines, and a social bank which puts focus on maximizing social welfare. Participants were then asked questions on their perceptions of the respective bank on both an economic performance (investment opportunity attractiveness) and an emotional level (willingness to be customer). They gave ratings on both dimensions using Likert-scale items. Comparing between treatments, it is found that ESG narrative banks rank significantly higher than traditional banks in both dimensions. However, this increased score is marginal when compared to social narrative, which scores significantly higher in both dimensions than both traditional and ESG narrative banks. Using alternative dependent variables, this effect only seems to remain for the emotional dimension, in which social treatment scores significantly and substantially higher than ESG (which in turn scored significantly higher than traditional). These results have implications for a future role of sustainability engrained within the financial system. That is, given growing awareness around sustainability in general, this may also increase awareness around sustainability particularly in the banking sector. Thus, positive perceptions of social banking may indicate a more prominent role of the institutions in the future, given that perceptions are able to drive (parts of) the individual's behavior.

Keywords: Sustainable finance, social banks, banking, experimental economics, behavioral research, perceptions, narrative economics.

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Abbreviations

ESG	Environmental, Social, and Governance (factors)
ISB	Institute for Social Banking

1. Introduction

Though the concept of social finance had been established as early as the 1950s, social banks have been on the rise in recent decades (Secinaro, Calandra, Petricean, & Chmet, 2021). Social banks are banks that have sharp criteria to invest in projects that benefit society in either social, environmental, or other contexts; thereby being desirable from a social planner perspective. This characterization of social banking is also elaborated on by Rizii, Pellegrini, and Battaglia (2018), who showed that the focus on social and environmental impact by investments of social banks is the distinguishing trait from "conventional" commercial banking. Social banking is growing rapidly in employee count and transactional amounts, especially in Europe, where leading financial institutions have adapted investment rationalities and logistics to attempt to achieve a positive social impact in addition to their financial procedures (Rizzi et al., 2018). Given a continuous progress of this growth, it may lead to a future where sustainable investment becomes more prominent. This is in line with the current awareness and concern regarding social and environmental issues, which has also been on a steep increase the recent decades (Bayer, Gimpel & Sarikaya, 2019).

Despite moral concern and the increase in importance of social banking, the market share of social banks remains small. Bayer et al. (2019) elaborate on this by showing that there is lack of information about social banking, limited pressure of a social context, weak moral intensity despite ongoing trends, and a perception that ethical banks are economically disadvantageous (p.679). This "limiting factor" of consumers not being informed enough can be seen throughout the literature (Bayer et al., 2019; Escrig-Olmedo., Muñoz-Torres, & Fernández-Izquierdo, 2013; Rizzi et al., 2018). Consumers may also be discouraged by the fact that trends like "eco-labelling" and "greenwashing" have been on the rise, to follow the trend of investor expectations requesting more corporate sustainability (Yeow & Ng, 2021). As such, one may ask the question what the effect would be if consumers were given scenarios in which they were (fully) informed. To investigate this, I use narrative economic theory (Shiller, 2017) combined with an experimental design. I create three different treatments, and make a direct comparison between consumers informed using a "traditional banking narrative", a "symbolism narrative (ESG)", and a "social banking narrative". To the best of my knowledge, such an experimental setup with hypothetical scenarios on this topic has yet to be done,

though can be argued to be a suitable fit, as it is able to create distinct treatment groups for these informative scenarios. Thus, this paper aims to investigate banking consumer perceptions of different types of banks, when they are fully informed about said bank type. That is, assuming people are currently not yet fully informed, they can be given different narratives to see how a perception would be created given there was full information on said topic. Given that this state of not fully informed holds true as a condition, between-group comparisons can be made to investigate perceptions for an economic dimension (i.e., investment opportunity), as well as what I will refer to as an emotion dimension (i.e., willingness to be a customer). Knowledge about such perceptions is of great use, as it sketches the future of social banks, given that at some point people will become aware of ongoing progressions. That is not to say that there is something "wrong" with conventional banking, as financial intermediaries offer advantages to society in itself with the allocation of funds from those in excess to those in need. It is to see the role which finance can play in the future with regards to help solve societal issues. Found experimental results will finally be discussed using additional empirical testing as well as expert opinions acquired from interview research.

This paper is structured as follows: firstly, background will be provided through a literature review section, which categorizes social banks, elaborates on ethical decision making, and finally says something about narrative economic theory and experimental research. Secondly, an experimental design section will elaborate on the structure of the experiment and reasons behind its design. Thirdly, an analysis section will address the data collection and empirical analyses using the experimental data. Finally, there will be a discussion and conclusion section.

2. Literature Review

To sketch the situation sufficiently, the characteristics of social banks should first be elaborated on, which is done in section 2.1. Then, an ethical framework to investigate moral decision making with regards to social banking is given in section 2.2. Thirdly, narrative economic theory and labelling will be discussed in section 2.3. Finally, experiments in economics and behavioral insights will be discussed in section 2.4.

2.1 Characterizing Social Banks

Using a dataset of 5000 European banks, Cornée, Kalmi and Szafarz (2016) investigated some crucial social bank characteristics. As they find, social banks[1] have spread widely in recent years, especially in Europe; they are more transparent, and focus on financing the real economy through means of traditional long-term loans, rather than investing in derivatives and other more "speculative means" (Cornée et al., 2016). Though many of these characteristics seem positive, and one might argue that they increase willingness to invest in social banks, the focus of financing the real economy, as well as the selection of investment in projects that have benefit for society causes profitability of social banks to be relatively lower compared to conventional banks. This finding is consistent throughout the literature, as also seen in a comparative analysis by Climent (2018) of a social bank (Triodos) against a conventional bank (Banco Santander), as well as survey research by Starr (2008). As Cornée et al. (2016) argue, social banks do still show interest in profit maximization, but it is not the inevitable objective per se (contrary to conventional banking, which has this objective to a larger extent). Rather, profit maximization is a means for achieving economic sustainability. This corroborates Climent (2018), who attributed higher returns on equity (ROE) and returns on assets (ROA) to conventional bank's primary goal of profit maximization. Climent (2018) describes three reasons that profits for ethical banks are lower (p.2158). Firstly, they do not participate in speculation, and investments with high return. Yet, social and environmental costs are dismissed. Secondly, ethical banks make long-term

[1] Social banks may also be known as ethical banks; their definitions are often used interchangeably.

investments rather than short-term basis, meaning no immediate return on investment. Finally, there are additional costs due to them being focused on loans, which have low profit margins. Given that ethical banks are less profitable than conventional banks, the question then remains to what extent this is a problem for consumers. Most straightforward, a lower return means that investors using this bank (i.e., through mutual funds) will also get a lower return on their investments; naturally being undesirable. Moreover, a lower return could entail a lower economic performance. Thereby, one might argue that consumers can be discouraged in putting their money at a social bank, due to the fear of them losing it as a result of the bank not being able to operate any longer. Yet, this argument is not that simple.

Namely, customers have an appetite for social investment, which has been growing especially in the last decades (Yeow & Ng, 2021). This causes them to have a preference of investing in social banks merely because of the encouragement of social development (Climent, 2018). Bayer et al. (2019) mention the positive general opinion of social banks, with good reputation, high concern for the social topic, and a low level of skepticism to attract consumers of social banks. Transparency also plays a major role in the characterization of social banking (Climent, 2018; Cornée et al., 2016; San-Jose, Retolaza, & Guitierrez-Goira, 2011). There is still discussion whether social banks may also be more stable than conventional banks. Cornée et al. (2016) argue that it is excess liquidity that is the "Achilles' heel" of ethical banking, hampering their long-run profitability. However, excess liquidity would mean that social banks are relatively resilient to short-term market movements. Mykhyliv and Zauner (2018) argue the contrary; they find no significant differences in bank stability between conventional and social banks. Nevertheless, they find that social banks have lower asset quality, and due to this a lower liquidity asset ratio; meaning social banks might be more vulnerable to bank runs. At the same time, during a speech of Kristoffer Luthi at the Online Autumn School in Social Banking and Finance (Institute for Social Banking, 2021), it was mentioned that Ekobanken, a Swedish social bank, had not had a single credit default since its establishment, whereas loans were given with maturities up to 100 years. Again, this close contact to real economy and selection of sustainable projects might be the reason behind social banks' stability.

All in all, the characterization of social banks might be summarized by operating on lower profits and economic performance, but with intent for social and environmental development, attracting investors' moral appetite as well as being positively correlated with higher credibility, transparency, and reputation. The follow-up question here is to what extent our decisions are based on economic performance, as to be compared with ethical considerations.

2.2 Ethical Decision Making

As also employed by Bayer et al. (2019), a four-component model of ethical decision making first described by Rest (1986) may provide useful insights on the question of profit versus ethics.[2] The original paper by Rest (1986) divides an ethical decision into four components. Firstly, there is an interpretation of the situation. Secondly, one must decide what is morally right. Thirdly, one most choose between moral values and other values. Fourthly, one must implement a plan of action. To give these four steps more concrete meaning, we follow Bayer et al. (2019) in their interpretation with regard to social banking. This is displayed in Figure 1 below.

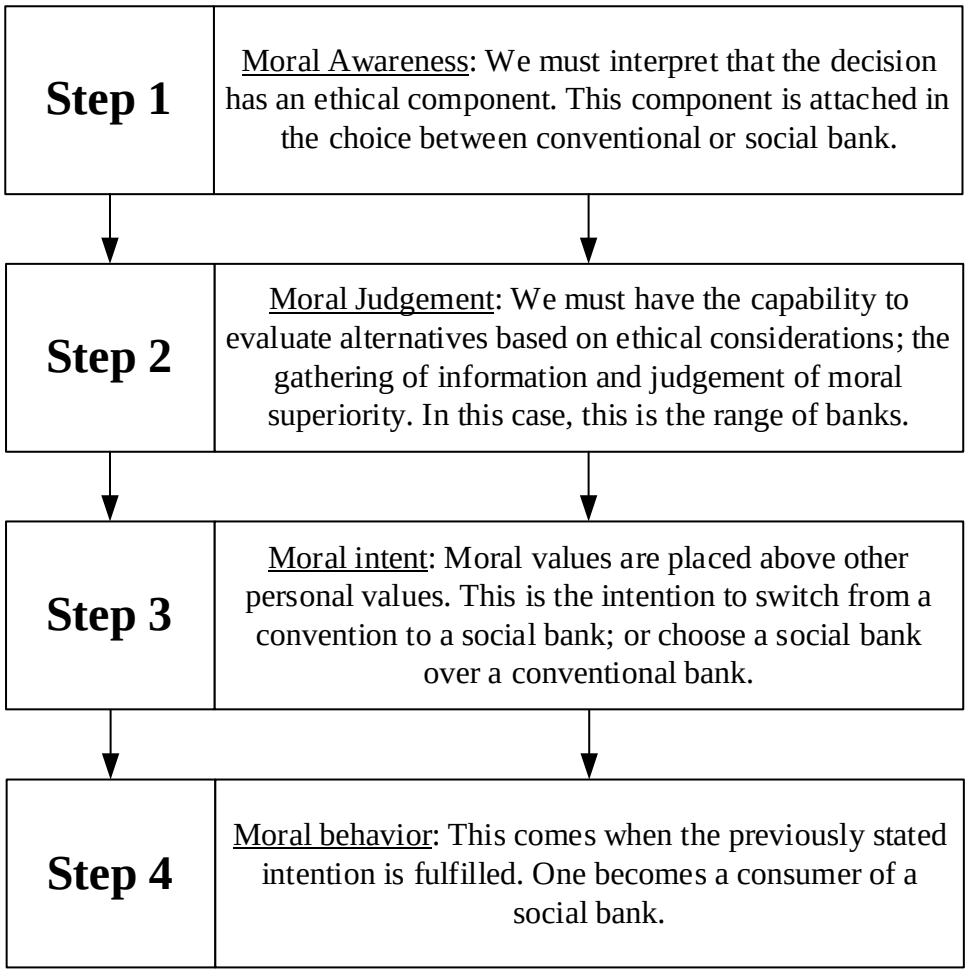

Figure 1. Ethical Decision Framework originally developed by Rest (1986); social bank interpretations by Bayer et al. (2019).

[2] This paper will only look at the demand side (i.e., banking customers) of this ethical decision making, as incorporating supply side as well is beyond the scope of this research.

Rest (1986) also offers extensive elaboration on each step with practical implications. Some applicable remarks to this paper are mentioned as follows for step 1:

> Many people have difficulty interpreting even relatively simple situations. We must not underestimate the difficulty of interpreting social situations nor must we assume all misinterpretation is defensive in nature, even though people may not "see" things because they are defensively blocking them from their conscious recognition (Rest, 1986).[3]

This entails that people may not see social banking as an option yet because they may not fully consider banking to have an ethical component. In this case, it relates to the insufficient information argument described before (Bayer et al., 2019; Escrig-Olmedo., Muñoz-Torres, & Fernández-Izquierdo, 2013; Rizzi et al., 2018). As such, in an experimental setup where this information is given, the first step of moral awareness is already taken. Though this is something that in reality may take a lengthy amount of time; it is also of interest to investigate behavior when the condition is satisfied to see how it affects bank decision making. If we then head to step 2, Rest (1986) mentions:

> Making moral judgements seems to come naturally to people. It almost seems that humans are either genetically built to make moral judgement or are quickly conditioned by social experience to make them (Rest, 1986).[4]

This entails that there is an emotional component when it comes to the decision of choosing a social bank. This is corroborated by the social appetite of investors playing a role, as well as Bayer et al. (2019), who mentioned good reputation, and high concern for social topics to be deciding factors in the choice. This also already relates to step 3, of which it is mentioned that "There is not really a special motivation to be moral. People just respond to reinforcement and learn social behavior that non-scientists may wish to call morality" (Panzl & Timothy, 1989 p. 11). This would make it rather difficult to investigate the decision of choosing a social bank, if morality would be indeterminable. However, as early as in 1971, Rawls argued in his Theory of Justice that it is the experience of living in just and caring relationships and communities that leads to moral commitments. Given we are exposed more and more to environmental and social issues, this may strengthen the community that we have (in that we all share the goal to resolve said problems). In such a sense, our choices towards moral behavior may be amplified in the long run, as these issues continue to strengthen. Finally. For the last step:

[3] Due to the original paper by Rest (1986) being unavailable, this citation is obtained from Panzl & Timothy (1989), p.10, who made a summary of different theories of ethical decision making.
[4] Panzl & Timothy (1989), p. 11.

> As the cost of moral action comes to be recognized, a person may distort the feeling of obligation, denying personal responsibility or reappraising the situation so as to make alternative actions more appropriate. As people realize the implications of Step 2 and Step 3, they may defensively reappraise their interpretation of the situation so they can still feel honorable but at less cost to themselves (Rest, 1986).[5]

At this point in time, there is a relatively low amount of people making the moral choice of choosing a social bank. However, as this moral cost becomes more apparent, people may defensively still make the decision at a later time, without interfering with their own feeling of "honor". To then see when and how this decision will become the standard, we resort to narrative economics.

2.3 Narrative Economics

Narrative economics is an economic theory most well-known by a respective paper written by Shiller (2017). It is a theory that considers the effect of narrative on economic outcomes. One may think of popular stories that influence human interest and emotion. As Shiller (2017) describes, narratives are constantly changing, with great influence on perception and decision-making when they "go viral" or ground themselves in society. For example, one may think of veganism. Two decades ago, veganism was not as large as it is nowadays, and vegan or vegetarian diets were as good as non-existent for average consumers. It has become much more mainstream nowadays, due to the narrative around veganism having changed.

To link this to social banking, one can see sustainable investment as that which is not yet fully embedded in the narratives that shape our world today. That is, banking is still seen as something not entirely related to social end goals (step 1 of Rest's model: one cannot yet see the ethical component). This is a process that can take a lengthy amount of time, with these narratives created by society during this period. However, does this then mean that nothing can be done and this is a natural process? Not exactly, as Anna Fielding mentioned during her talk at the Autumn School on Social Banking and Finance (ISB, 2021), there is also a certain pressure required to create system change. At the same time, she mentioned there is a requirement for internal help. This may make the narrative change seem complicated, yet there are organizations that are trying to make a change. An example would be Narrative Initiative (2022), which tries to make connections between people and organization, opening the dialogue around current narratives, as well as emerging narratives, to give social ideas to practitioners in the field. Similarly, Future Narratives Lab (2021) describes how should be communicated about ethical finance and our relationship with money. Naturally, narratives can be

[5] Panzl & Timothy (1989), p.12.

spread through such means and still influence economic outcomes. However, this "deep narrative change" is yet to be fully formalized. Though progressions are being made, as Taylor (2021) describes the challenges in today's world and the deep narrative change that is required for us to meet sustainable and social goals.

An additional challenge may also be the misinterpretation of information caused by narratives. Due to consumers' increasing social and sustainable appetite (Yeow & Ng, 2021), narrative has also been used to increase product value. As investigated by Ehrich and Irwin (2005), ethical attribute information is often not readily available, and consumers tend not to request enough of it. That is, ethical issues tend to result in underlying negative emotions, such as anger and fear, and cause consumers to head into willful ignorance (Ehrich & Irwin, 2005). Due to this, ethical attributes may not always play a complete role in actual purchasing behavior, as they increase difficulty and are heavily emotionally loaded (Ehrich & Irwin, 2005). This undermines all of the steps shown in the moral decision-making framework (Rest, 1986), as even though the availability of ethical information may be there, consumers do not request it on their own will. This leads to the literature on labelling, of which Van 't Veld (2020) investigates the consumer side on eco-labels and finds that consumers can be confused about products which are labelled as eco-friendly and confirms that consumers may not want to know the details that may give them feelings of guilt. It is also mentioned that consumers mostly buy organic goods "because they feel good about it", and that this causes them to be especially susceptible for green labels without being fully informed about the products (Van 't Veld, 2020). Here, there is referred to a "green halo" effect, which is the phenomenon where products are deemed to be superior across any type of dimension simply because it is stated that the product is eco-friendly. One may think of organic food being assumed to taste better than non-organic food, merely based on its label. The opposite also exists, being called a "green stigma" effect. In this case, a green label is perceived as an inferior product due to its environmental or social benefit obstructing its efficiency in regular use (one may think of either very gentle or strong products; baby shampoo is picked based on its quality, not environmental label). As such, one may also wonder if there is some type of green-labelling going on in the banking industry. Following Pimonenko et al. (2020), it is shown that this "greenwashing" has been going on for all types of companies, of which information on websites seems to be the largest contributor of "fake" green information having real economic influences. It should be noted that Pimonenko et al. (2020) do also show that said companies have made sustainability progressions over the years; but there are still misstatements about types of information that relate to sustainable investment. De Jong, Harkink, and Barth (2018) show using experimental methods that this greenwashing does however not influence purchasing behavior, and it is "true environmental interest" that is required. Even though the social banking narrative may not be strong currently, it may be

interesting to investigate the future state of society given that these narratives are growing stronger. To investigate this narrative around social banks and the effects of labelling, and to what extent it is of influence on consumer decision-making, experimental methods can be used.

2.4 Experimental Economics

Previous studies have done narrative analysis by for instance looking at the stories that are in newspapers or famous articles, as for instance covered by Harcourt, de Bruin, Dessai, and Taylor (2020). They use an archetypal narrative model of problem resolution to show which events are correlated with adaptation stories, offering insights on how disruptive events are conceptualized and response should be taken. However, for this research, this does not cover the response that individuals would take themselves, given that they are affected by said specific narrative. To do this, and measure individuals' perception, a hypothesized scenario can be set up; something that is commonly done in experimental economics.

Murphy and Stevens (2004) elaborate on this wide use of hypothesized scenarios in experimental methods, but also elaborate on its dangers. Namely, experiments tend to have a "hypothetical bias" when participants are simply asked to estimate real economic values. Murphy and Stevens (2004) show that participants tend to estimate environmental variables much higher in contingent valuation (i.e., simply asking for a value) than in revealed preference valuations (i.e., estimation based on design around variable; non-direct asking of value). As such we can denote our outcome of interest as X and define:

$$X^{r(evealed)} < X^{e(xperimental)}$$

If we then introduce three treatment groups:

$$X_i^r < X_i^e \ \ with\ i = \{1,2,3\}$$

Though it is clear that X_i^e does not offer us any type of clear information when investigating X_i^r, one thing that may still be interesting to look at is:

$$X_{diff(2,1)} = X_2^e - X_1^e \ and \ X_{diff(3,1)} = X_3^e - X_1^e$$

$Given\ X_i^r = X_i^e - \epsilon_i$ with ϵ_i being the overestimation in contingent valuation

$$X_{diff(2,1)} = X_2^r - \epsilon_2 - (X_1^r - \epsilon_1) = X_2^r - X_1^r - \epsilon_{2,1}$$
$$X_{diff(3,1)} = X_3^r - \epsilon_3 - (X_1^r - \epsilon_1) = X_3^r - X_1^r - \epsilon_{3,1}$$

Murphy and Stevens (2004) elaborated on the overestimation of experimental outcomes, but it is ambiguous whether this overestimation is consistent. Following the assumption that under large sample sizes, individuals' irrationality in overestimating real outcomes is roughly consistent it follows:

$$\epsilon_1 = \epsilon_2 = \epsilon_3$$

And thus:

$$X_{diff(2,1)} = X_2^r - X_1^r$$
$$X_{diff(3,1)} = X_3^r - X_1^r$$

As such, an experimental outcome may in ideal case still give useful information about real-life outcomes. Even when individuals do not consistently overestimate (but do still always overestimate), these differences in errors may be minimized by a between-subject experimental design. As such, I argue it to be a good fit for the proposed research.

To then give some more meaning to the previously mentioned treatments in a narrative context, one should think of the following. Firstly, a control group where a narrative is shown on the traditional banking industry. One may think of a text explaining the situation to create a thorough hypothesized scenario and thereby narrative. Secondly, a first treatment group which only uses some "green" framing to test for the labelling effects and "green halo" or "green stigma" effects described by Van 't Veld (2020), Pimonenko et al. (2020), and De Jong et al. (2018). Finally, a second treatment group that thoroughly describes what one might deem a social bank to see its current position in individuals' perception and to see whether negative emotions are associated with ethical decision making as described by Ehrich and Irwin (2005) using the willful ignorance concept.[6]

2.5 Hypotheses

Following findings of Mykhayliv & Zauner (2018), Climent (2018), and Bayer et al. (2019), it is expected that social banks are perceived as less economically profitable than their traditional counterparts. Following the argument on social bank's reputation by Bayer et al. (2019), it is expected that social banks are perceived as better on an emotional level. It may be difficult to fully isolate effects that such variables have. Namely, social banks' lower performance may also give negative effects for emotional[7] variables when both are investigated simultaneously (or vice versa, performance may be estimated higher due to positive emotional

[6] This would be also a difference between treatment 2 and 1 in addition to previously stated equations.

[7] The terms 'emotion variables', 'emotional variables', and 'emotion-related' variables are used interchangeably throughout the research, all referring to types of variables that relate to one on an emotional level.

ratings). This relates to the Blended Value Proposition as described by Emerson (2003); there is not just "either doing good or doing well" (p.36). Therefore, the following hypothesis should be approached cautiously, yet is formulated as follows:

Hypothesis 1: Participants presented with a social bank narrative will estimate lower economic performance, but will deem the bank better on an emotional level, when compared to traditional banks' narrative.

Given investor's appetite for social and environmental investment (Yeow & Ng, 2021) and positive emotions affiliated with sustainable symbolism, one may expect that the symbolism bank (which will also be referred to as 'ESG-bank') is perceived to perform better than the traditional bank; this would be a "green halo" effect. Based on positive emotions evoked by this imagery, participants are also expected to rank the sustainable symbolism bank higher on an emotional level. The second hypothesis based on this is:

Hypothesis 2: Participants presented with a green symbolism narrative will estimate this bank higher in economic performance and better on an emotional level when compared to a traditional bank narrative.

Finally, following the effect of willful ignorance by Ehrich & Irwin (2005), it is also expected that the social banks narrative actually evokes some negative type of emotion compared to the sustainable symbolism narrative, as it goes deeper into the root of social issues and therefore evokes feelings of guilt. Given that symbolism banks are expected to perform better than traditional banks, and traditional banks are in turn expected to perform better than social banks, it follows that symbolism banks are expected to outperform social banks on economic performance. If the willful ignorance by Erich and Irvin (2005) holds, it is also expected that participants will rank the symbolism bank higher on an emotional level

Hypothesis 3: Participants presented with a green narrative will estimate this bank higher in economic performance and better on an emotional level when compared to a social bank narrative.

An overview of expected rankings is presented in Table 1 below.

Table 1. Overview of hypothesized ranks of narratives

Narrative	Economic performance	Emotional level
Traditional	2	3
Symbolism/ESG	1	1
Social	3	2

3. Experimental Design

To test the previously stated hypotheses, a between-subject experimental research is required with said control and two treatment groups. One can see an overview of the experimental flow in Figure 2.

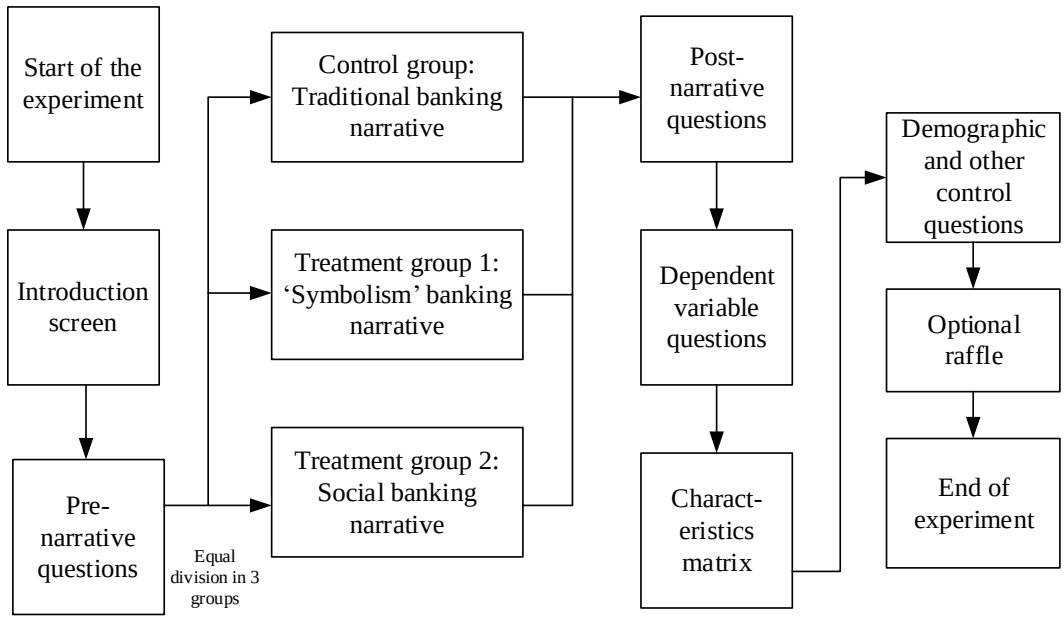

Figure 2. Overview of experimental flow

After clicking the link, participants are first all shown the same introduction screen, stating general information about the procedure of the experiment, as well as privacy and consent disclosures. They are then shown pre-narrative questions, which attempt to identify their banking perceptions before reading the narrative. After this screen, they are assigned with the same probability into one of three groups, each showing the respective narrative. They are asked post-narrative questions to see if their opinion has changed; this is to identify the thought processes that come with the narrative screen. After this, two questions are posed which will form dependent variables, one being on economic performance level, while the other captures the "emotional" dimension with customer attitudes. There will be additional questions on separate components of this economic performance and emotion level, which can characterize participant attitudes as well as offer future

credibility and alternative variable testing. The latter are posed in a matrix, of which the order is randomized to eliminate any type of ordering effects which may commonly be found in contingent valuation surveys (Halvorsen, 1996). To end, demographic and control variables will be shown lastly as to not interfere with any experimental findings. Here, there will also be a verification question to see if participants can correctly describe the narrative they were shown. Finally, participants can select the option whether they want to participate in a raffle, after which they will be sent to a different survey where they can leave their email address (as to assure anonymity in the research experiment). Three 10€ Amazon/Bol.com gift cards were given away to randomly selected participants. The survey was made available in English, Dutch, and Swedish, and was available for both desktop and mobile devices.

3.1 Introduction screen

An introduction screen was shown to participants (also see Figure 7 in the Appendix) containing information on the background of the study, being that it was a survey investigating people's opinions on the banking industry. It was also made clear that participants would be shown a short text and should read this carefully. It was mentioned that participants should take into account what they had read, while answering the questions that would follow. After this, anonymity and voluntary participation was disclosed, stating that participants could retract from the study at any time, and that their decisions were anonymous and only for research purposes. It was then mentioned that the study would take about 10 minutes, and that three 10€ gift cards would be randomly distributed among participants if they would like to partake in this. An email address was also given for participants to send questions to if anything in the survey was unclear. Finally, participants needed to confirm that they were 18 years of age or older, had read the introduction, and consented with the data recording by ticking a box before they were able to continue the experiment.

3.2 Narrative questions and screens

Given that the narratives are the key point of investigation, a careful approach was taken. Participants were asked questions before and after seeing the narratives about their banking attitudes. This was done by distinguishing between an economic dimension (the bank as an investment opportunity) and an emotional dimension (feeling of being a customer at the bank). Participants were asked about what they thought of the "average" bank. This was to capture general banking perceptions, as well as to make for an easier comparison later on with the narrative

bank in question (Bank X). Before being shown the narrative, they were asked about their opinion on economic performance and customer satisfaction; afterwards they are asked if their opinion changed. This allowed to see initial expectations, as well as initial effects of the narrative. All of this was done on Likert-scale basis, due to these being commonly used and easy to understand (Arnold et al., 1967). One may see examples of these questions in Figure 8 in the Appendix.

For the narrative part itself, the participants were split into three distinct groups equally[8], and were shown their respective narratives. To elucidate how these narratives are created, one might resort to the literature on cognitive science, but it will quickly be found that there is great diversity in narratives (Cohn, 2013). Shiller (2017), who is arguably one of the most connected to descriptions of narratives in economics also does not offer clear elaboration about what a narrative is, and rather looks at narratives per se in form of amount of (newspaper) stories.

I now assume it should not matter substantially how the proposed narratives are constructed. However, they should meet two conditions. Firstly, they should follow at least some core aspects that make individuals able to identify as narratives. That is, there should be some elements of introduction, core, and ending (Cohn, 2013). Secondly, the structure should as best as possible be consistent over the different treatments. As such, it will minimize non-desired external effects associated with different amounts of information and other unobservable factors. This will maximize the chance that it is the narrative itself that drives the decision making. As such the structure that was used can be found in Figure 3, and specific texts per treatment can be found in the Appendix in Figure 6.[9] The introduction text is the same for all treatments. Its size should thus not have an effect. Yet, it was given realistic proportions[10] to minimize potential nuisance effects by some participants taking it into account and others that do not.

[8] To ensure this, the survey software Qualtrics allows for equal spread.

[9] The contents of these texts was checked by the Institute for Social Banking to see whether they were a good description of each type of bank.

[10] This follows from Statista (2022), which showed an approximate mean of 175 customers per banking employee in Europe.

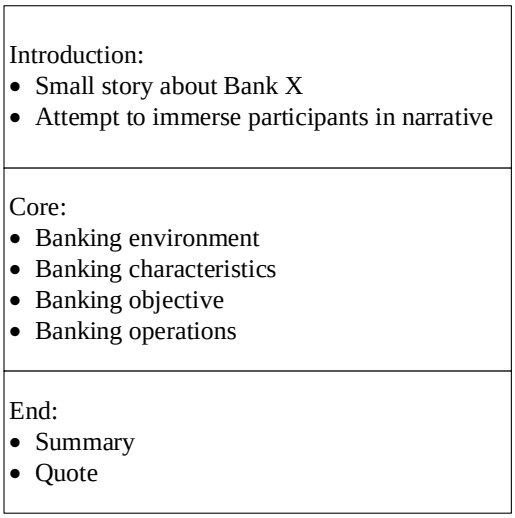

Figure 3. Structure of narratives

Looking at traditional banking, Boot and Ratnovski (2012) show an overview of so-called "standard" banking tasks, such as loan creation and short-term trading. Moreover, profit maximization is described by Climent (2018). To avoid potential framing effects with "profit maximization" perhaps being seen as a loaded term, this is followed with the fact that naturally banks do not solely care about profit, as may follow from standard stakeholder theory (Freeman, 2010). Disclosure is also an important factor mentioned, yet is kept rather simple to not confuse participants. It is based on the guidelines prescribed by the European Banking Authority (2022). A summary is given, and a quote is shown last to give the participants a short but strong key idea that characterizes the narrative. Both are done to take a recency effect (Ebbinghaus, 1913) into account.

Moving then to the symbolism narrative, the bank is mentioned as "conventional" rather than "traditional". This is done for a later verification question, in which participants are asked to identify their narrative. The symbolism narrative is very close to the traditional narrative, with the exception that there is a large focus on ESG activities. Azmi et al. (2021) investigated how ESG activity affects bank value and showed that low levels of ESG activity have a positive effect. This connects to the "green halo" effect described by Van 't Veld (2020) and the second hypothesis. Thus, it is used to portray the symbolism narrative. There is especially laid focus on following ESG-criteria and having good intent to make responsible investments.

Finally, for the social bank narrative, some larger deviations can be seen. The six Principles of Values-Based Banking by the Global Alliance for Banking on Values (2022) are used as a reference point. Namely, the short-term trading is not mentioned, and focus is laid on long-term relations. The societal benefit as the highest priority is set rather than the profit. High transparency is also displayed in the disclosure part.

Participants shown the narrative screen were unable to click continue for at least 90 seconds. They were requested to confirm that they had read the text well before continuing. An example of the narrative page can be found in Figure 9.

3.3 Dependent variable questions

As mentioned before in literature review and the hypotheses, attempts were made to capture both a performance and an emotional dimension. As such, after having received the "Post-narrative questions", participants were asked two questions about the narrative bank (henceforth called "Bank X"). Firstly, they were asked how they felt about Bank X as an investment opportunity compared to the "average" bank. Secondly, they were asked how Bank X made them feel as a customer compared to the "average" bank. Both questions were of 7-Likert scale format. The 7-point scale was chosen as the two questions are of high importance, being the dependent variables. It is thus crucial that participants are able to find an option that correctly states their preferences. A higher scale may cause overcomplication, whereas any lower scale may cause participants to not be able to correctly state preferences (i.e., rather pick the "next best" option). One might here argue that one simple 7-point item question is insufficient to capture a crucial variable in this research. It is therefore that in addition a question matrix was posed, capturing three important performance variables, and three important emotion variables. In addition, a question was added that directly resembled the question before, causing the matrix to have a total of eight questions. The questions were shown in form of statements with direct comparison to Bank X and were based on 5-point Likert items. Examples can be found in the Appendix of both performance and emotion statements in Table 11 and Table 12 respectively, as well as an example of the question in Figure 10.

Statements on economic performance were based on banking characteristics as described in 2.1. As such, there was a statement directly on economic performance (Climent, 2018; Cornée et al., 2016), bank stability (Mykhyliv & Zauner, 2018), growth prospects (Rizzi et al., 2018), and debt repayment (ISB, 2021). For the emotion dimension, statements were based mostly on Bayer et al. (2019), as well as the social investment appetite investigated by Yeow and Ng (2021). They concerned happiness, credibility, security, and relative estimation reputation. As argued by Liu (2017), matrix questions are commonly used yet can be difficult to answer especially when lengthy. It is for this reason a maximum of eight questions was taken with a "request response" options for participants in case they forgot. As Liu (2017) also shows, they are commonly used in (predominantly) psychological analyses and can be used to create common factors in empirical analysis. As here, the matrix questions will thus serve as robustness dependent variables as will follow in the Discussion section.

3.4 Demographics and controls

After participants had completed the statement matrix, they were presented the final screen containing demographics and control questions (Also see Figure 11 in the Appendix). General demographics included age, gender, and educational level. Participants were also asked a verification question to see whether they could correctly identify their narrative. The percentage of correctly identified narratives gives an important indicator to what extent the three narratives can be seen as unique. For the rest of the control variables, 5-point Likert items were used again due to their ease in use (Arnold et al, 1967). As such, participants will simply be asked matters such as their background on banking on a "Very bad" to "Very good" basis. The other variables that were controlled for were participant's familiarity with finance[11] and the extent to which they think social issues should be taken into account by the private sector. Both provide personal characteristics that are related to social banking, and will thereby also be important to control for in the analyses.

[11] With clear distinction that this should be participant's familiarity with finance BEFORE reading the story.

4. Analysis

I collected data using a Qualtrics online survey over the period of 3 March 2022 to 28 March 2022. 215 observations were acquired on voluntarily basis by distribution within my own social networks. I put up three 10€ gift cards in a raffle to give participants some monetary incentive. The analysis section will be as follows. Firstly, the sample of participants is identified by looking thoroughly at participants' characteristics in the dataset, after which empirical analyses will follow using regression analysis. In addition, non-parametric permutation tests (Fisher's Exact) will also be used on regression estimates. These are applicable due to their ability to address design-based uncertainty and find an internally valid result for the given sample (Abadie, Athey, Imbens, & Wooldridge, 2020).

4.1 Descriptive statistics

Participants were divided randomly with equal probability into three groups, leading up to three treatments with around 70 participants each. Table 2 below shows that there was an approximately equal amount of male and female participants, which were also distributed approximately equally among treatment groups. Table 3 below also shows that educational attainment was divided approximately equal among treatments, with mean scores only slightly higher in the social banking treatment group. Finally, there was a relatively high share of younger participants (Also see Figure 12 in the Appendix), which is likely attributable to the voluntarily basis of distribution mostly having found students, as well as approximately equally distributed educational attainment. The dataset contained participants of varying degrees of familiarity with finance, who believe social issues should be accounted for by private sector to at least some degree (also see Figure 13 and Figure 14 in the Appendix).

Table 2. Participant gender

Gender of participant	**Treatment**			
	Traditional	ESG	Social	Total
Male	34	38	34	106
Female	38	32	39	109
Total	72	70	73	215

Table 3. Educational attainment (highest achieved degree)

Treatment	N	Mean	Std. dev	Min	Max
Traditional	72	4.528	1.394	2	7
ESG	70	4.586	1.245	2	6
Social	73	4.808	1.361	2	7

(Note: Item was of categorical format: 1 = Below high school, 2 = High school degree, 3 = Vocational training, 4 = University of Applied Sciences, 5 = Bachelor's degree, 6 = Master's degree, 7 = PhD)

An average score in understanding can be found between 3.056 and 3.315 across treatments, with the score 3 being "I understood the survey quite well" (Also see Table 13 in the Appendix). As such, participants seemed to think the survey was rather clear. One may also look at the verification check question in Table 4 below, which shows that most (around 85%) participants were able to correctly identify the narrative they had been shown.

Table 4. Correct answering of verification question

Verification answer	Treatment			
	Traditional	ESG	Social	Total
Correct	62	58	68	188
	(86.11%)	(82.86%)	(93.15%)	(87.44%)
Incorrect	10	12	5	27
	(13.89%)	(17.14%)	(6.85%)	(12.56%)
Total	72	70	73	215
	(100%)	(100%)	(100%)	(100%)

(Note: First row has frequencies and second row has column percentages. Participants answering "I don't know" were counted as incorrect verification)

To investigate participants' decision making, one may have a look at the pre- and after-narrative perceptions, as shown in Table 5 and Table 6 below. Pre-narrative questions show that participants had a generally positive attitude towards banking, with around 70% of participants answering "reasonable" on the question whether the bank seemed a good investment, as well 65% of participants answering that the bank was "meeting most needs" on the question of customer satisfaction. It is also found that the majority of the participants (around 70% of participants) does not change their opinion after having been showed their respective narrative. Following this, it will be taken that their initial perceptions of the "average bank" are relatively resilient to narrative effects, and comparison with Bank X can be done without complications in changes of average bank. These comparisons will be done using empirical methods.

Table 5. Economic and emotional dimensions before narrative

Indicated willingness to invest in average bank, before story	Treatment			
	Traditional	ESG	Social	Total
Bad	6	2	4	12
	(8.33%)	(2.86%)	(5.48%)	(5.58%)
Unreasonable	18	8	14	40
	(25.00%)	(11.43%)	(19.18%)	(18.60%)
Reasonable	44	56	44	144
	(61.11%)	(80.00%)	(60.27%)	(66.98%)
Good	4	4	11	19
	(5.56%)	(5.71%)	(15.07%)	(8.84%)
Total	72	70	73	215

Indicated willingness to be customer of average bank, before story	Treatment			
	Traditional	ESG	Social	Total
Bad	2	2	0	4
	(2.78%)	(2.86%)	(0.00%)	(1.86%)
Unreasonable	14	8	8	30
	(19.44%)	(11.43%)	(10.96%)	(13.95%)
Reasonable	42	42	56	140
	(58.33%)	(60.00%)	(76.71%)	(65.12%)
Good	14	18	9	41
	(19.44%)	(25.71%)	(12.33%)	(19.07%)
Total	72	70	73	215

Table 6. Economic and emotional dimensions after narrative

Changes in willingness to invest in average bank, after story	Treatment			
	Traditional	ESG	Social	Total
Better	4	5	17	26
	(5.56%)	(7.14%)	(23.29%)	(12.09%)
Same opinion	54	59	45	158
	(75.00%)	(84.29%)	(61.64%)	(73.49%)
Worse	14	6	11	31
	(19.44%)	(8.57%)	(15.07%)	(14.42%)
Total	72	70	73	215

Changes in willingness to be customer of average bank, after story	Treatment			
	Traditional	ESG	Social	Total
Better	1	8	18	27
	(1.39%)	(11.43%)	(24.66%)	(12.56%)
Same opinion	57	51	42	150
	(79.17%)	(72.86%)	(57.53%)	(69.77%)
Worse	14	11	13	38
	(19.44%)	(15.71%)	(17.81%)	(17.67%)
Total	72	70	73	215

4.2 Empirical analyses

Summary statistics of dependent variables are given for investment dimension and emotional dimension in Table 7 and Table 8 respectively (Also see histograms in Figure 15 and Figure 16 in the Appendix for investment and emotional dimension respectively). Both tables show a similar pattern. The traditional treatment has a score around the "equally good" mark and may thereby also be seen as a valid representative of an "average bank" as well as a good candidate for a control group. The ESG treatment seems to score a little higher than traditional treatment on both fields, and the social treatment seems to score even higher on both fields than ESG treatment. This may provide indication of a "superior" perception of social banks compared to traditional bank, and a distinguishing factor of social banks when compared to their ESG-counterparts (following the ethical attribute argument by Ehrich & Irwin, 2005).

Table 7. Summary statistics: investment opportunity

Treatment	N	Mean	Std. dev.	Min	Max
Traditional	72	4.375	1.156	1	7
ESG	70	4.671	0.974	2	7
Social	73	5.123	1.452	2	7

(Note: Item was of Likert format. 1 = Bank X seems a lot worse than the average bank, 2 = Bank X seems quite a bit worse than the average bank, 3 = Bank X seems a little worse, 4 = Bank X seems equally good compared to the average bank, 5 = Bank X seems a little better than the average bank, 6 = Bank X seems quite a bit better than the average bank, 7 = Bank X seems a lot better than the average bank)

Table 8. Summary statistics: willingness to be a customer

Treatment	N	Mean	Std. dev.	Min	Max
Traditional	72	4.208	1.255	1	7
ESG	70	4.571	1.084	1	7
Social	73	5.247	1.526	1	7

(Note: Item was of Likert format. 1 = I am much less inclined to be a customer of Bank X compared to my average bank, 2 = I am less inclined …, 3 = I am a little less inclined …, 4 = Bank X seems equally good compared to the average bank, 5 = I am a little bit more inclined…, 6 = I am more inclined …, 7 = I am much more inclined …)

One may use OLS regression analyses to investigate the significance, direction, and magnitude of the treatments. Estimations of these analyses can be found in Table 9 below.

Firstly, the economic dimension is investigated. Estimation 1 and 2 show baseline estimations only including the treatment variable. The treatment is split into dummy variables called "Traditional", "ESG", and "Social", indicating their respective treatment effect when set equal to 1. In estimation 1, traditional treatment is used as the comparison group, due to it being most intuitive. In the second estimation, ESG is used to also see whether there is a difference between ESG and Social. Following this, the two estimations show only a statistically significant effect for the social treatment, meaning it is both significantly different ($\alpha = 0.01$)

from traditional treatment investment with 0.748 points, and significantly different ($\alpha = 0.05$) from ESG treatment with 0.452 points. Using the traditional reference category, this means it scored nearly 1 item higher on the 7-point Likert scale, with the constant being slightly above option 4 (at 4.375). Following Fisher's Exact tests (also see Appendix) to address design-based uncertainty, a marginally significant difference ($\alpha = 0.10$) traditional and ESG treatment can be found; and a significant difference ($\alpha = 0.01$) between both traditional and social; as well as ESG and social treatment. When covariates[12] are added to make the causal estimate more precise (Imbens & Rubin, 2015), the ESG treatment turns statistically significant at the critical value of $\alpha = 0.05$.

Though coefficients are difficult to interpret due to the base of a Likert-scale, the positive relationship overall is also unexpected, as outperformance of social treatment on the field of financial return perceptions does not follow previous findings of social banks' lower economic performance (Mykhayliv and Zauner, 2018; Climent, 2018; Bayer et al., 2019), and poses interesting implications on the matter of perceived and actual (book) performance. That is, under full information the investor appetite for green and social investment may be sufficiently strong to create a perceived value larger than is offset by non-emotional profit maximization goals. Even with covariates and a significant positive effect from ESG treatment, the social treatment scores significantly ($\alpha = 0.05$) higher in the economic dimension.

[12] Age, gender, education, familiarity with finance, social issue involvement, and understanding. All relevant variables were mean-centered.

Table 9. Regression outputs 7-scale items as dependent variables

VARIABLES	(1) invest	(2) invest	(3) invest	(4) invest
Traditional		-0.296		-0.428**
		(0.180)		(0.192)
ESG	0.296		0.428**	
	(0.180)		(0.192)	
Social	0.748***	0.452**	0.882***	0.454**
	(0.219)	(0.207)	(0.230)	(0.223)
Controls	NO	NO	YES	YES
Constant	4.375***	4.671***	4.852***	5.280***
	(0.137)	(0.117)	(0.522)	(0.550)
Observations	215	215	190	190
R-squared	0.062	0.062	0.113	0.113

Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1,
Fisher's exact test performed using 5000 repetitions.

VARIABLES	(5) emotion	(6) emotion	(7) emotion	(8) emotion
Traditional		-0.363*		-0.396*
		(0.198)		(0.221)
ESG	0.363*		0.396*	
	(0.198)		(0.221)	
Social	1.038***	0.675***	1.170***	0.775***
	(0.233)	(0.222)	(0.250)	(0.242)
Controls	NO	NO	YES	YES
Constant	4.208***	4.571***	4.502***	4.898***
	(0.149)	(0.131)	(0.552)	(0.589)
Observations	215	215	190	190
R-squared	0.100	0.100	0.152	0.152

Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1,
Fisher's exact test performed using 5000 repetitions.

Secondly, Estimations 5 to 8 investigate the relationship for emotional dimension in a similar setup. Looking at estimations 5 and 6, there is a marginally significant higher score ($\alpha = 0.10$) of 0.363 points in ESG treatment compared to traditional treatment. For social treatment compared to traditional treatment, scores can be found of 1.038 point higher ($\alpha = 0.01$). When comparing social to ESG treatment, social treatment is also significantly higher at the critical value of $\alpha = 0.01$. Covariates are added in estimations 7 again, but do not influence the relationship substantially, other than a slight increase in the constant. When looking at Fisher's exact test (Appendix), the social treatment value is significantly different from both traditional and ESG treatment ($\alpha = 0.01$). For the difference between traditional and ESG treatment, this seems only marginally significant at the critical value of $\alpha = 0.10$. All in all, the social treatment seems to have quite a substantial effect on the emotional dimension, with scores being around 1 point higher.

The findings for the emotional dimension are in accordance with the hypotheses to certain extent. ESG treatment was expected to score higher than traditional treatment but was not expected to score lower than social treatment, due to the willful ignorance argument mentioned by Ehrich and Irwin (2005). It should be noted that despite efforts to avoid framing issues, there may have been mostly positive framing rather than the mentioning of large societal issues which due relate to the willful ignorance argument, but this will be discussed more thoroughly in the discussion section. Social treatment showed large magnitude and high significance, which may relate to the increased social appetite of investors (Yeow & Ng, 2021) shining through in the emotional dimension of banking perceptions.

All in all, comparing to traditional treatment, the findings show that ESG treatment has relatively small (sometimes insignificant) effects on both willingness to invest as well as the willingness to become a customer.[13] These effects are found to be of larger magnitude for social treatment. These increased scores from social treatment are found with high confidence, even when comparing to ESG treatment instead of traditional treatment. As such, there seems to be a very strong "green halo" effect (Van 't Veld, 2020) which causes participants to prefer social banks over any other type of bank. While the implications of this may be in favor of a grounding of social action within the financial system and its intermediaries, as well as a promising future for social banks which have seen rapid growth (Rizzi et al., 2018), important limitations are also to be discussed.

[13] Findings did also not change when including merely participants that understood the survey well and passed the verification question; see regression Table 16 in the Appendix.

5. Discussion

The empirical findings are not in accordance with the hypotheses. The fact that social treatment had the highest score on investment contradicts with the general finding of social banks' lower return (Mykhayliv & Zauner, 2018; Climent, 2018; Bayer et al., 2019), indicating an interesting difference in perception and actual (book) values. In addition, social banks ranked highest in the emotional dimension contrary to expectations. This may indicate that the concept of "willful ignorance" mentioned by Ehrich and Irwin (2015) is not displayed to certain extent and it is the "green halo" effect (van 't Veld, 2020) that is predominant. To discuss these previous empirical findings more thoroughly, firstly some additional empirical testing can be done using alternative variables. Following this, its external validity and other issues may be addressed critically, as well as by means of expert interviews.

5.1 Alternative dependent variables

The argument can be made that a 7-point Likert scale is too simplistic to capture all economic and emotional dimensions around a narrative. As such, an additional matrix table was used containing three important characteristics from both dimensions.[14] In addition, the matrix contained two statements reflecting the original dependent variables used in previous regression analysis. The average scores of these Matrix-questions can be found below in Figure 4 and were based on 5-scale Likert items.[15] Histograms of these variables can also be found in Figure 17 and Figure 18 in the Appendix.

[14] Also see Table 11 and Table 12 in the Appendix and dependent variable questions in the experimental design section.

[15] "Don't know" responses were excluded.

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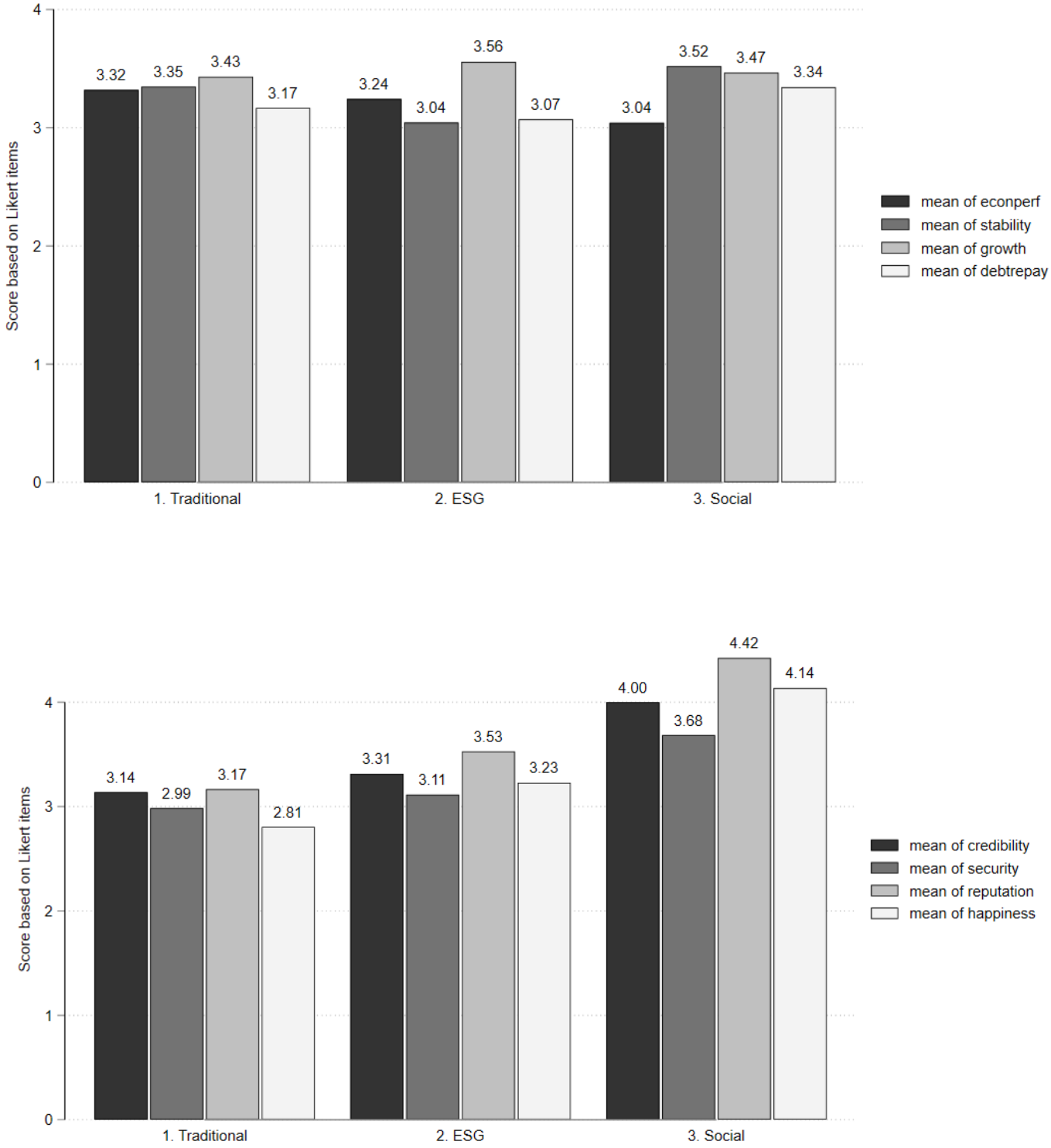

Figure 4. Scores of Matrix-questions

Simply looking at these bar charts, one may observe a general theme when looking past small discrepancies. That is, for investment statements there seems to be no clear pattern between treatment groups – participants of all treatments answered somewhat similar. For the emotional statements however, one may observe seemingly higher scores especially for the social treatment. To show this more easily, and make this variable suitable for regression analysis, one may observe the average of all categories[16] below in Figure 5.

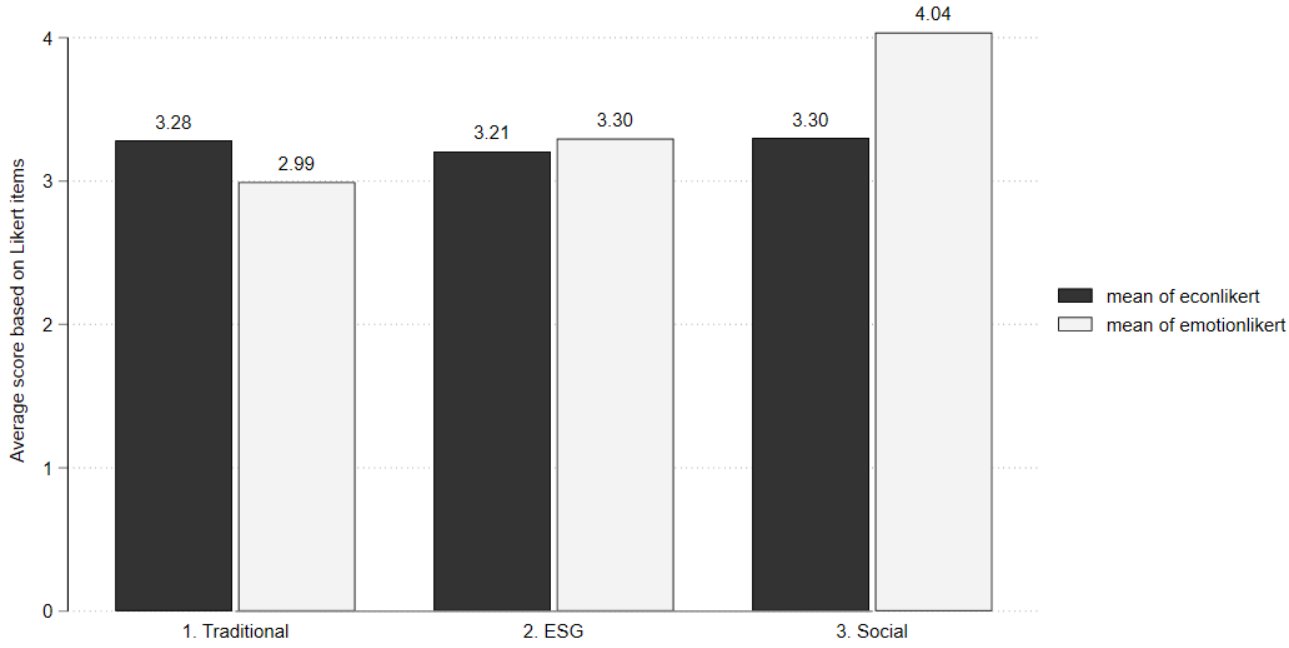

Figure 5. Average matrix scores of economic and emotional dimensions

One may see that the scores of the economic dimension are all around 3.20, whereas the emotional score of social treatment is much higher at 4.04 compared to 2.99 and 3.30 from traditional and ESG treatment respectively. To investigate differences in groups using regression analyses, firstly the correlations between the previously used dependent variable and their matrix question counterpart[17] should be looked at to see to which extent they corroborate. It can be found that there is a correlation of about 45% for investment, and around 67% for emotion. This means that despite similarity, there is still a large variety in how participants answered the regular Likert- and matrix-items. The lower correlation with investment may also

[16] These will also be called 'econlikert' and 'emotionlikert' for economic and emotional dimension respectively. This is not to be confused with previous dependent variables which were also in Likert scale.

[17] For the investment dimension this is the 'economic performance' statement, for the emotion dimension this is the 'happiness' statement. They are not directly the same but are expected to have high correlations.

be related with some of participants' comments, mentioning that it was "ambiguous what is meant with seeing the bank as an investment opportunity". Nevertheless, it will be argued that correlations are sufficiently high such that the variables make a good alternative to the dependent variables in alternative regression analyses. These can be found in Table 10 below.[18]

One may notice that for the investment dimension, there seem to be no treatment group effects, as also expected from the similar numbers in Figure 5. For the emotional dimension, one may observe a similar trend as in previous regression analyses: a positive significant effect for ESG treatment ($\alpha = 0.01$), and a positive and even larger significant effect ($\alpha = 0.01$) for social treatment. Social treatment is also again significantly ($\alpha = 0.01$) different from ESG treatment. It should be noted that the magnitude of coefficients cannot be compared to previous regression analyses, as they contained a 7-scale Likert item; whereas the matrix questions were based on 5-scale items. It can however be said that the coefficient for social treatment seems rather sizeable, around one point higher than traditional treatment. Given there are only five Likert items instead of seven, this may seem especially sizeable.

All in all, the initially found effects for ESG and Social treatment seems most resilient for an emotional dimension. When disentangling the investment dimension into different categories and looking at average values, there seems to be no real effect of treatment group in the expected economic performance of a given bank.

[18] The p-values from Fisher's Exact Test can be found in Table 15 in the Appendix.

Table 10. Regression outputs 5-scale average matrix items as dependent variables

VARIABLES	(1) econlikert	(2) econlikert	(3) econlikert	(4) econlikert
Traditional		0.0766		-0.00641
		(0.136)		(0.149)
ESG	-0.0766		0.00641	
	(0.136)		(0.149)	
Social	0.0176	0.0942	0.0808	0.0744
	(0.154)	(0.132)	(0.174)	(0.152)
Controls	NO	NO	YES	YES
Constant	3.283***	3.207***	3.138***	3.144***
	(0.111)	(0.0775)	(0.395)	(0.399)
Observations	206	206	182	182
R-squared	0.003	0.003	0.045	0.045

Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1,
Fisher's exact test performed using 5000 repetitions

VARIABLES	(5) emotionlikert	(6) emotionlikert	(7) emotionlikert	(8) emotionlikert
Traditional		-0.303**		-0.458***
		(0.153)		(0.165)
ESG	0.303**		0.458***	
	(0.153)		(0.165)	
Social	1.043***	0.740***	1.205***	0.747***
	(0.142)	(0.144)	(0.158)	(0.157)
Controls	NO	NO	YES	YES
Constant	2.993***	3.296***	3.086***	3.544***
	(0.106)	(0.109)	(0.397)	(0.418)
Observations	210	210	185	185
R-squared	0.208	0.208	0.270	0.270

Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1,
Fisher's exact test performed using 5000 repetitions

5.2 Limitations

Firstly, limitations within the survey should be addressed. Naturally, creating narratives itself comes with great variety (Cohn, 2013). That is; there is not "one narrative" and despite best efforts to create narratives that capture the different types of banks well[19], replication may be required using different descriptions of traditional, ESG, or social banking. To add to this, one may argue that the concept of willful ignorance (Ehrich & Irwin, 2005) is only present when participants are confronted with harsh social issues. That is, there may be a framing issue within the study, as it for instance describes the following for social banks: "Bank X values societal benefit the highest". This may also be formulated as "Bank X values combating societal issues the highest", or even in more concrete terms as "Bank X attempts to improve ongoing environmental degradation and social issues, such as inequality". Again, replication studies are needed to assess whether these types of effects are present. All in all, narratives provide an interesting yet challenging field of study. It was never this paper's intention to clearly formulate the best fitting narratives; it was to see whether narratives would be able to have an effect in the first place.

It should also be addressed how uniquely distinct the treatment groups and investment and emotional dimensions are. For the treatment groups, one of the interviewees (Jan Schmitz, personal communication, May 9, 2022) actually initially confused the ESG treatment as being social treatment but also addressing environmental and governance factors rather than merely social; thus implying a superiority of ESG treatment over social treatment. Traditional banks nowadays have to (and may also have a desire from a financial perspective) follow ESG criteria (Azmi et al., 2021). Though "traditional" makes for an ideal control group due to its neutral nature, future studies may look at merely differences between ESG and social banking. To then address the uniqueness of investment and emotional dimensions, this is captured by Kristoffer Lüthi (personal communication, May 10, 2022) very well as "a fight between brain and heart". That is, though people may have impulses to simply pick the highest return, they want to do "the right thing" (i.e., investing in matters that improve societal issues) and therefore also consider social banks. A contact person from a Swiss conventional bank (personal communication, June 6, 2022) also elaborated from personal experience that these tradeoffs existed within banks, with a lack of tangibility in making ethical decisions. It therefore may make it difficult to disentangle these two dimensions for participants, and their perceptions may become fully emotionally ("gut feeling") based. This would offer an explanation for the similar investment found across treatments when using the more elaborate matrix questions, as well as the relatively

[19] This was done by consulting the Institute for Social Banking, which provides education on social banking and sustainable finance, whether narratives captured the actors correctly.

lower correlation between the investment dependent variable and its matrix counterpart.

This decision between picking highest return and wanting to do "the right thing" of course also heavily relates to the moral decision making by Rest (1986).[20] While this study assumes step 1 (moral awareness) to hold true by assumption, this naturally does not hold true in reality. Social banking is growing rapidly in size, but awareness is still very limited when it comes to linking the financing field and banking services to having sustainable impact (Kristoffer Lüthi, personal communication, May 10, 2022). Though this assumption does allow to give interesting insights about the future of conventional and social banking, one should question to what extent it may be realistic for these assumptions to actually hold. Jan Schmitz mentions that people will never be fully informed, and may always request more superficial information, which may connect through a prevalence of more awareness around ESG, but perhaps only around full social banking at a later stage – The contact person from the Swiss conventional bank also elaborates on this as people not wanting to pick extremes, but being satisfied with the idea of 'some sustainability' that ESG offers. Kristoffer Lüthi elaborates on the difference between conventional and social banking by the fact that for social banks, ethical operations are at the core of the bank[21], whereas for banks adapting to sustainability demand may rather create "products" based on this rather than fully integrating them in their core practices. With conventional banking still containing a massive market share of the total banking sector, it is therefore the question to what extent people may learn about social banking rather than becoming interested in these products. As both Jan Schmitz and Kristoffer Lüthi mention; it is very easy to switch i.e., in a grocery store from a "normal" product to an organic option. However, to relate this in the financial world to a conventional bank and a social bank and making this switch may be a much more complex issue. Nevertheless, Kristoffer Lüthi mentions that like organic food or fair trade becoming more mainstream (also relating to social appetite mentioned by Yeow & Ng, 2021), at some point the relationship between finance and sustainability may become more apparent. Nevertheless, further experimental research investigating step 1 of Rest's (1986) Moral Awareness Framework by i.e., means of survey research may be interesting to see progress around awareness of sustainable finance. Experimental research using choice experiments may also provide ideas around picking between financially- ("the brain") or morally-oriented ("the heart") financial institutions.

[20] As well as the social banking interpretation by Bayer et al. (2019).

[21] Referring to Ekobanken, the bank of which Kristoffer Lüthi is chairman at.

6. Conclusion

Using a between-subjects experiment with narrative treatments, significant differences can be found in how participants perceive traditional banking, banking tailored around following ESG-guidelines (symbolism-banking), and social banking, on distinct investment and emotional dimensions. Using a 7-point Likert item scale, participants rated ESG-narrative banks significantly higher than traditional-narrative banks on both investment- and emotional dimensions. Social-narrative banks were rated significantly higher than both traditional- or ESG-narrative banks on both dimensions. This provides interesting implications for the future of finance, as it can be argued that people are currently unaware of sustainable banking but awareness is growing. As such, positive perceptions of social banks under a higher awareness may provide a future in which sustainability is regarded highly also in the financial system.

When disentangling the investment and emotional dimensions into multiple categories and taking average scores, the differences in treatment disappear for investment dimension. For the emotional dimension however, the effect of social banking can be observed even more strongly. As such, the presented paper provides robust empirical evidence that participants perceive social banks as better performing on an emotional level (that is, they are more willing to become a customer of a social bank; they perceive higher feelings of happiness) compared to traditional banks or banks that merely focus on following ESG-guidelines.

Future research is required on the matter of narrative, as well as on ethical decision making, to provide more positive insights rather than a future prospect which rests on assumption of higher awareness on the combination of sustainability and banking. Replication studies, consumer surveys, and choice experiments may provide an excellent basis for this.

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Popular science summary

Social banking has deep roots but has been growing rapidly the last decade. As such, it has become a hot topic in research to look at social banking' statistics and future prospects. A conclusion that frequently arises is "people are not informed about social banking", which ponders the question to what extent the financial system can contribute to sustainability in the future. That is, if people WERE in fact fully informed - how would they perceive this branch of finance which tries to attain such sustainable/social goals. This has been investigated using a between-subject design experiment, where the treatment has been different types of narrative (that of a 'traditional' bank; a bank following ESG requirements; and a social bank). This survey took into account a financial dimension (i.e., what do people think of the bank in terms of economic performance) and an emotional dimension (i.e., how do people feel as customers of this bank). The study finds positive effects of ESG treatment in both dimensions, but even stronger positive effects of social banks. Following narrative economic theory, it can be argued these 'stories' have effects on real economic outcome, and there may be a more prominent role of sustainability within the banking system in the future.

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Appendix

Please read the following carefully. A continue button will appear after 90 seconds. Imagine the following scenario: Bank X is a bank operating at numerous locations within Country Y. With its 100 employees and 17500 customers, the bank is of reasonable proportion in the area. It has grown to its current size through years of operating, with its creation dating back to the early 1980s. Bank X can be classified as a 'traditional' bank. This means that it does the standard banking task: Bank X takes (short-term) deposits from customers, granting them interest payments. It uses these deposits to create loans, which they in turn gain interest payments from. This results in profit for the bank. This activity is long-term based, but carries low risk. Bank X also engages in short-term activities, such as the trading of stocks and bonds on the market. These activities carry a little more risk than long-term activities, but can bring the bank an extra profit. Bank X values profit the highest, as it appeals to its shareholders. However, it does naturally also care about its employees and customers, offering human resources and customer support. Bank X discloses information on its financial performance and operations as is required by Country Y's tax agency. Bank X does follow some guidelines on additional disclosure to become more transparent, but keeps some more sensitive information to itself. Summarized, Bank X performs standard banking tasks plus short-term trading for higher profitability. It values profit maximization highest, but does care for its employees and customers as well. Bank X discloses necessary information to the tax agency, and follows additional disclosure guidelines; it does keep more sensitive information to itself. Bank X likes to describe itself with the following; "We do what one expects a bank to do; nothing more, nothing less. The convenience that comes with our banking services for the people is key".	**Please read the following carefully. A continue button will appear after 90 seconds.** Imagine the following scenario: Bank X is a bank operating at numerous locations within Country Y. With its 100 employees and 17500 customers, the bank is of reasonable proportion in the area. It has grown to its current size through years of operating, its creation dating back to the early 1980s. Bank X can be classified as a 'conventional' bank. This means that it does the standard banking task: Bank X takes (short-term) deposits from customers, granting them interest payments. It uses these deposits to create loans, which they in turn gain interest payments from. This results in profit for the bank. This activity is long-term based, but carries low risk. Bank X also engages in short-term activities, such as the trading of stocks and bonds on the market. These activities carry a little more risk than long-term activities, but can bring the bank an extra profit. Finally, Bank X also tries to put some attention towards environmental, social, and governance goals (often called ESG) in its banking operations. Bank X values profit the highest, as it appeals to its shareholders, but to a certain extent. Namely, other than naturally also caring about its employees and customers by offering human resources and customer support, it attempts to make investments that have a positive societal impact, as defined by ESG-criteria. Bank X discloses information on its financial performance and operations as required by Country Y's tax agency. Bank X does follow some guidelines on additional disclosure to become more transparent, especially on said ESG-criteria, but keeps some more sensitive information to itself. Summarized, Bank X performs standard banking tasks plus short-term trading for higher profitability with ESG focus. It values profit maximization highest to certain extent, but does care for its employees and customers as well, in addition to making positive societal impact by following ESG-criteria. Bank X discloses necessary information to the tax agency, and follows additional disclosure guidelines; it does keep more sensitive information to itself. Bank X likes to describe itself with the following; "We do what one expects a bank to do; but try to improve society in small steps too. We believe that following these ESG-criteria and adjusting investments accordingly is key".	**Please read the following carefully. A continue button will appear after 90 seconds.** Imagine the following scenario: Bank X is a bank operating at numerous locations within Country Y. With its 100 employees and 17500 customers, the bank is of reasonable proportion in the area. It has grown to its current size through years of operating, its creation dating back to the early 1980s. Bank X can be classified as a 'social' bank. This means that it focuses on the standard banking task: Bank X takes (short-term) deposits from customers, granting them interest payments. It uses these deposits to create loans, which they gain interest payments from. This results in profit for the bank. This activity is long-term based, but carries low risk. Moreover, Bank X only grants these loans to projects that are of either environmental or social value, and has high standards what classifies such a project. As such, it is very closely related to making investment in direct (real) economy, and does not resort to more speculative means. Bank X values societal benefit the highest, and uses this as the primary criteria when selecting projects to grant loans to. It does also still care about profit and pleasing its shareholders, but this does not form priority. It naturally also cares about its employees and customers, offering human resources and customer support. Bank X discloses information on its financial performance and operations as required by Country Y's tax agency. However, in addition, Bank X discloses much more than is required on other matters, such as environmental and societal impact. There is no sensitive information that the bank holds to itself. Summarized, Bank X performs solely standard banking tasks, and only grants loans to projects of environmental and social value; it has high standards in this sense. It values societal benefit highest, and profit maximisation only as a second. It cares for its employees and customers as well. Bank X discloses necessary information to the tax agency, as well as much more than required, including societal and environmental variables. It holds no sensitive information to itself. Bank X likes to describe itself with the following; "We see the role of banking as more important than just giving out loans. It is about seeing your money go to the right places. Investing in a sustainable and equal future is key".

Figure 6. Narratives for traditional, symbolism, and social banking respectively

Table 11. Performance statements

Topic	Statement
Economic performance	**Bank X has better economic performance.**
Bank stability	Bank X is a more stable bank, being more resilient against (small) adverse market conditions.
Growth prospects	Bank X has better growth potential.
Debt repayment	Bank X is in better state to repay all its debt.

(Note: participants were asked to compare Bank X to their "average" bank for all questions. Direct comparison to dependent variable with statement in bold.)

Table 12. Emotion-based statements

Topic	Question
Feeling of happiness	**Bank X gives me a stronger feeling of happiness.**
Security	Bank X gives me a stronger feeling of security.
Reputation	Bank X has a better reputation.
Credibility	Bank X seems like a more credible bank.

(Note: participants were asked to compare Bank X to their "average" bank for all questions. Direct comparison to dependent variable with statement in bold.)

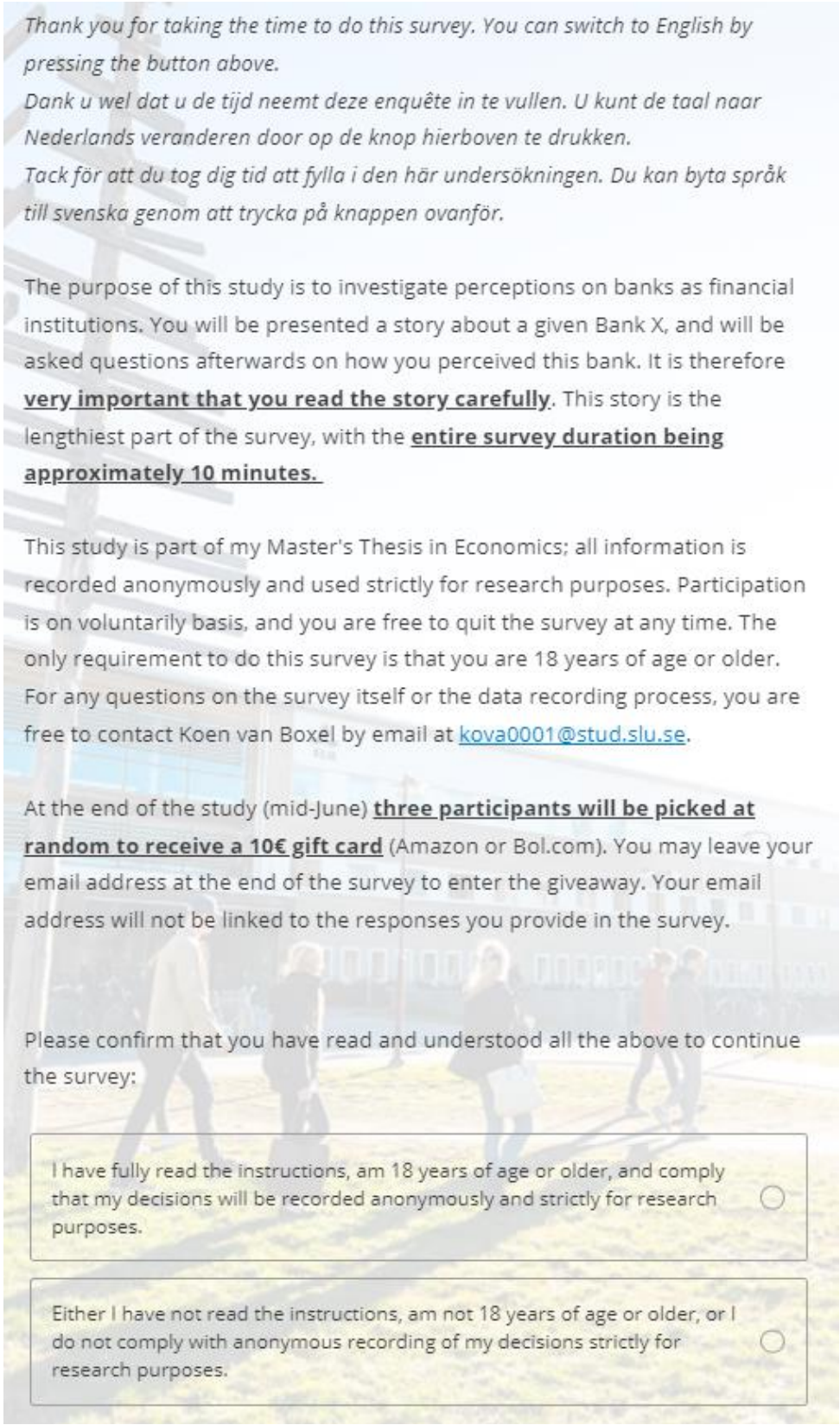
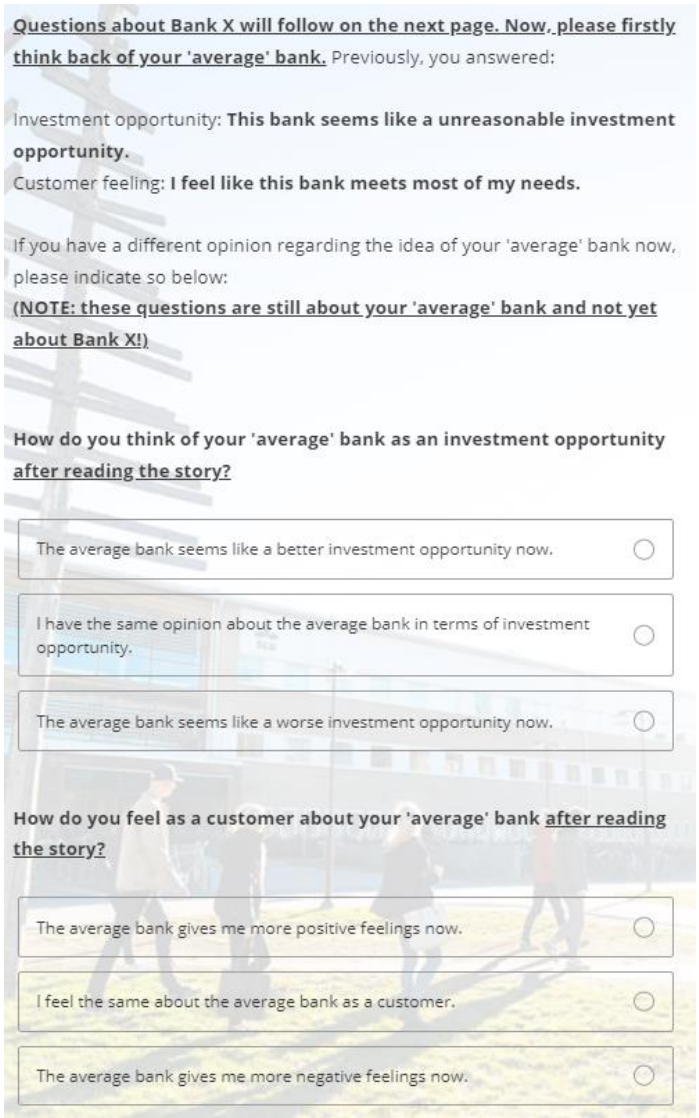


Figure 7. Introduction screen



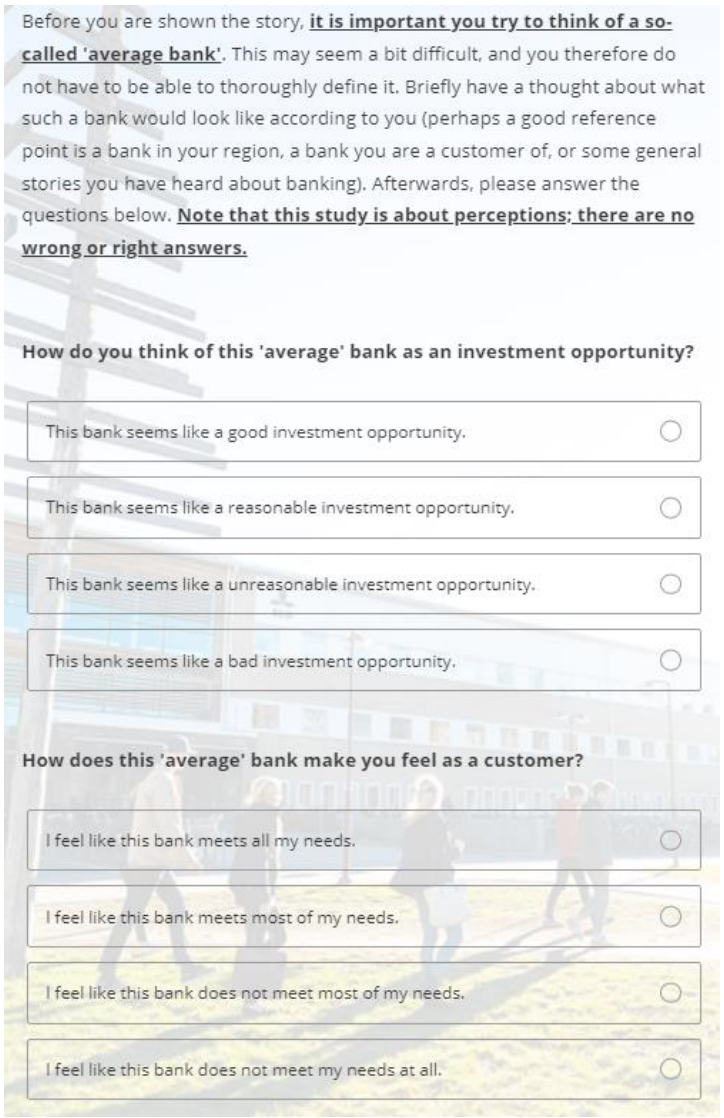


Figure 8. Pre- and after-narrative questions

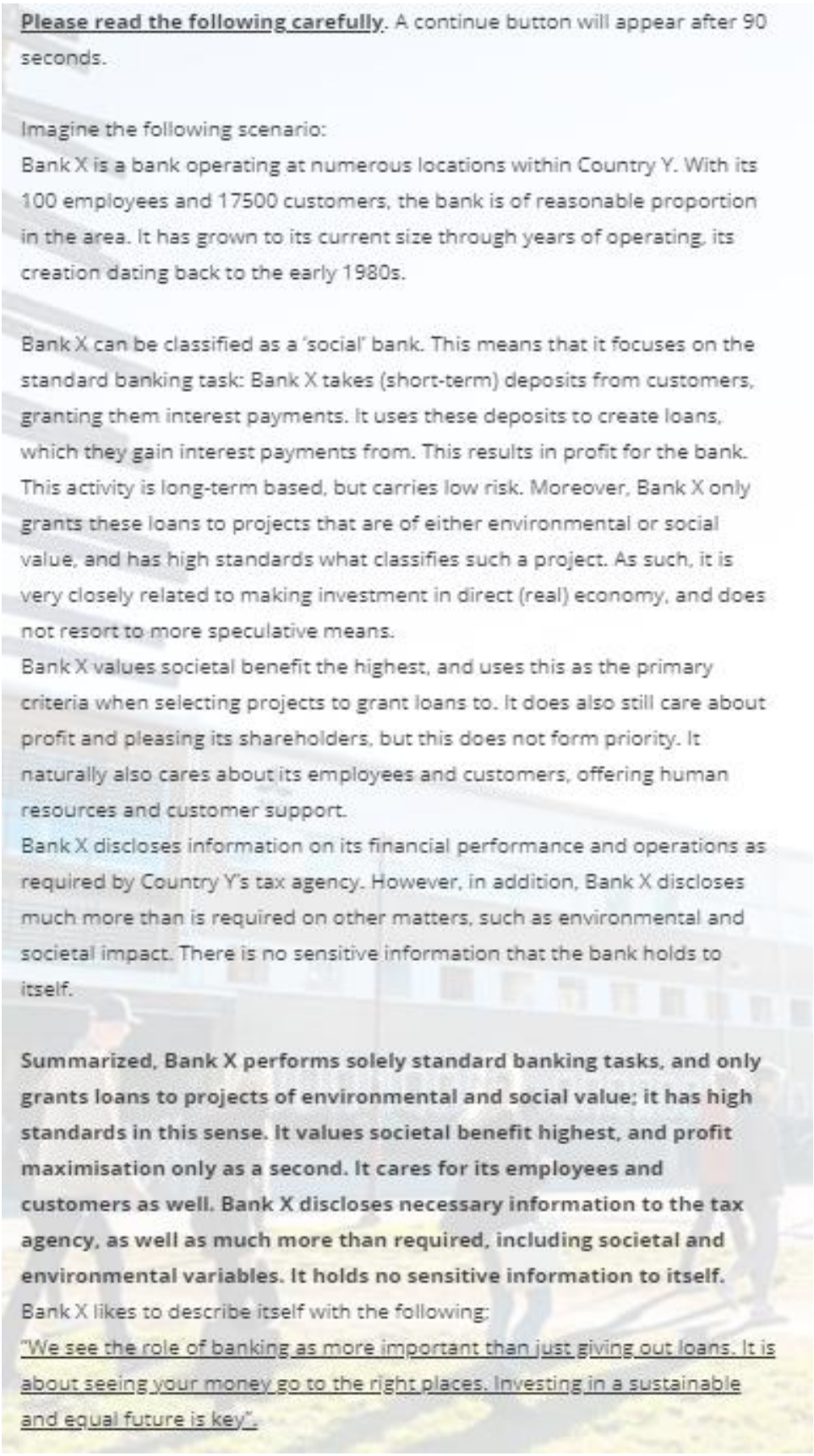


Figure 9. Example narrative (Social)

You answered the following:
Investment opportunity: **Bank X seems a quite a bit worse than the average bank.**
Willingness to be a customer: **I am more inclined to be a customer of Bank X compared to my average bank.**

Please now answer the following, comparing Bank X to your 'average' bank again:

	Disagree	Somewhat disagree	Neutral	Somewhat agree	Agree	Do not understand
Bank X seems like a more credible bank.	○	○	○	○	○	○
Bank X has better growth potential.	○	○	○	○	○	○
Bank X gives me a stronger feeling of security.	○	○	○	○	○	○
Bank X is a more stable bank, being more resilient against (small) adverse market conditions.	○	○	○	○	○	○
Bank X has a better reputation.	○	○	○	○	○	○
Bank X has better economic performance.	○	○	○	○	○	○
Bank X gives me a stronger feeling of happiness.	○	○	○	○	○	○
Bank X is in better state to repay all its debt.	○	○	○	○	○	○

Figure 10. Example Likert item matrix (order randomized)

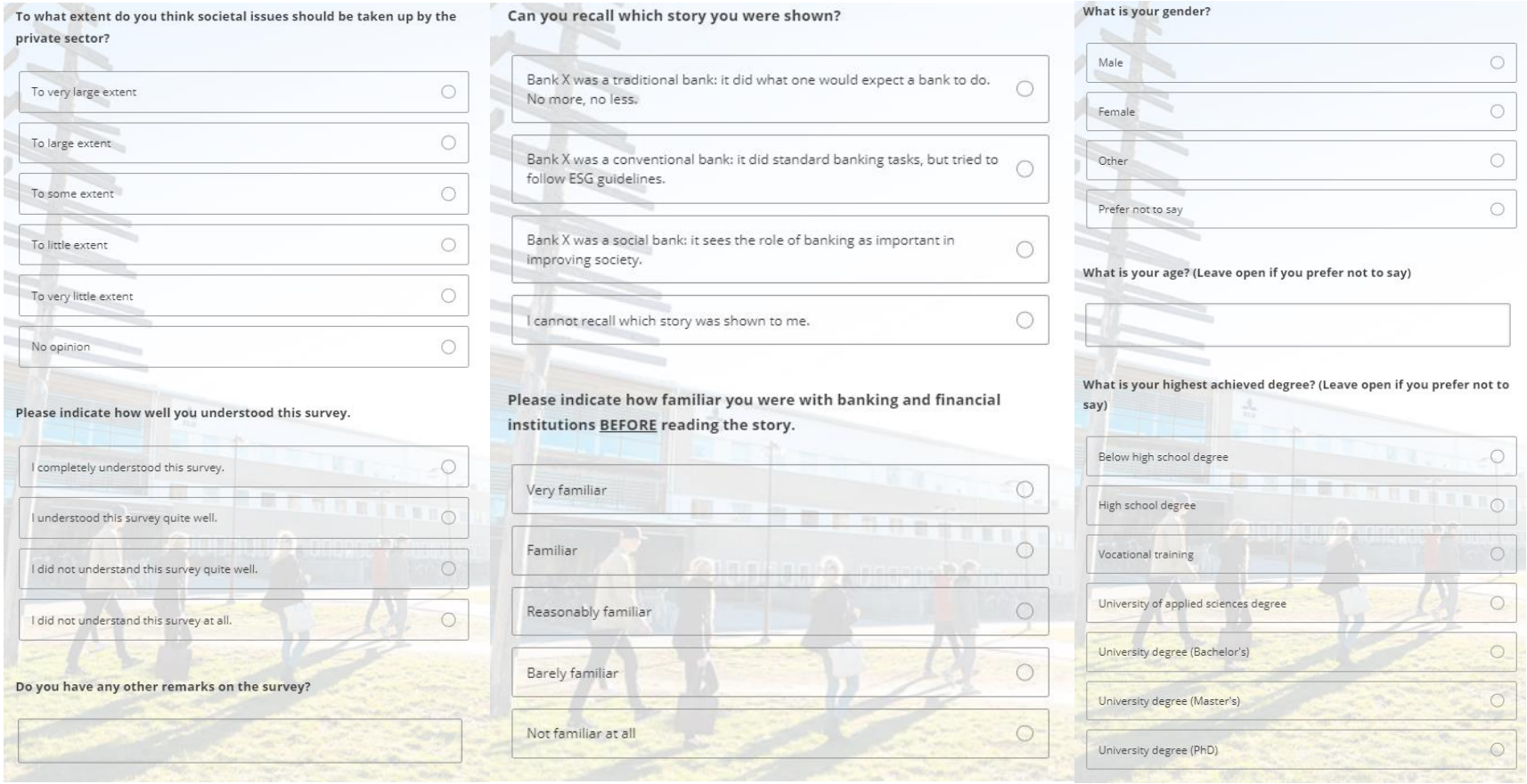


Figure 11. Demographics and control questions

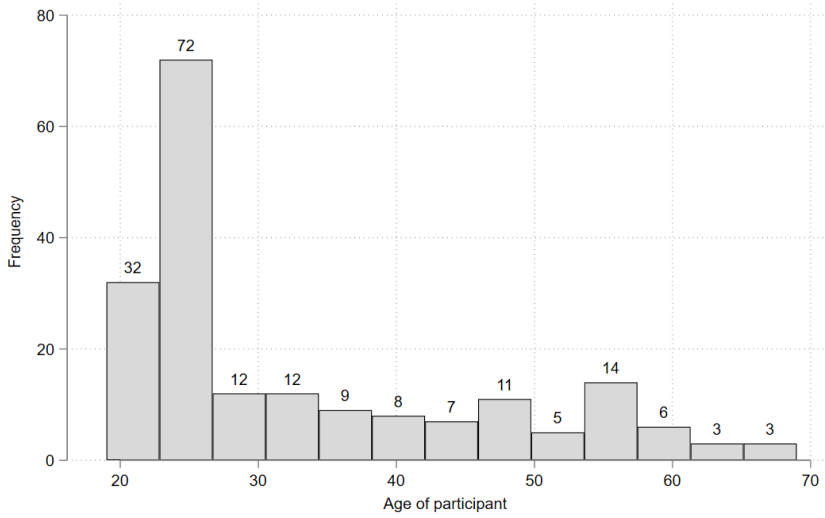


Figure 12. Age distribution of participants

Table 13. Understanding of survey

Treatment	N	Mean	Std. dev.	Min	Max
Traditional	72	3.056	0.690	1	4
ESG	70	3.186	0.572	2	4
Social	73	3.315	0.621	1	4

(Note: Item was on Likert basis: 1 = I did not understand survey at all, 2 = I did not understand this survey quite well, 3 = I understood this survey quite well, 4 = I completely understood this survey)

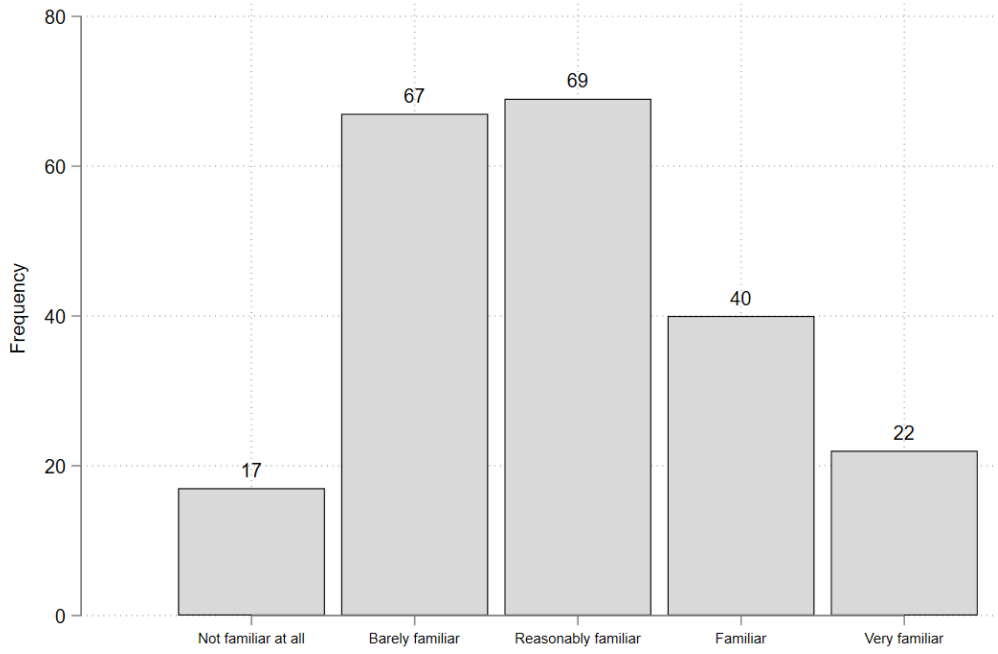


Figure 13. Distribution of how familiar participants were with financial concepts

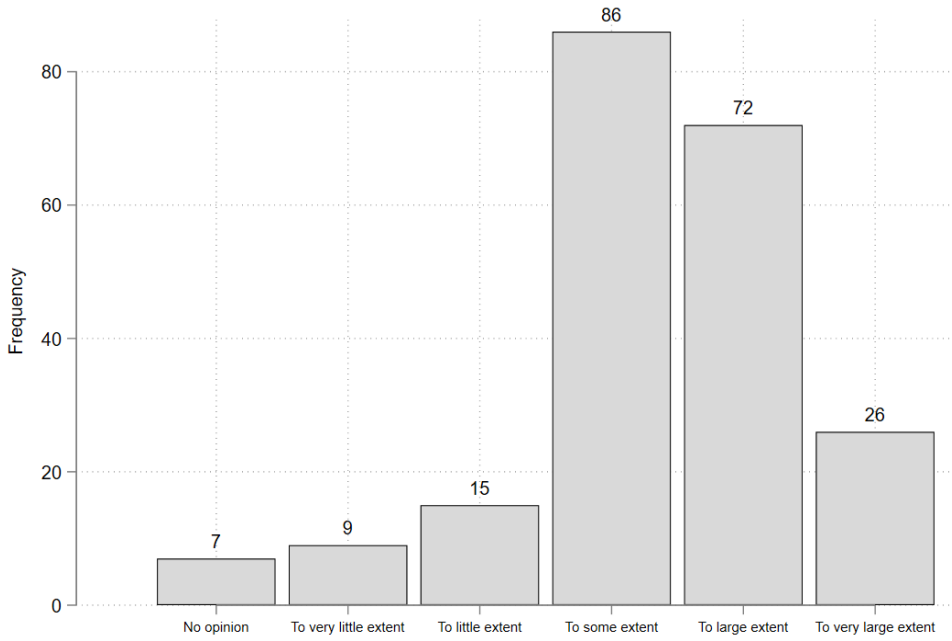


Figure 14. Distribution of extent that participants thought social issues should be considered by private sector

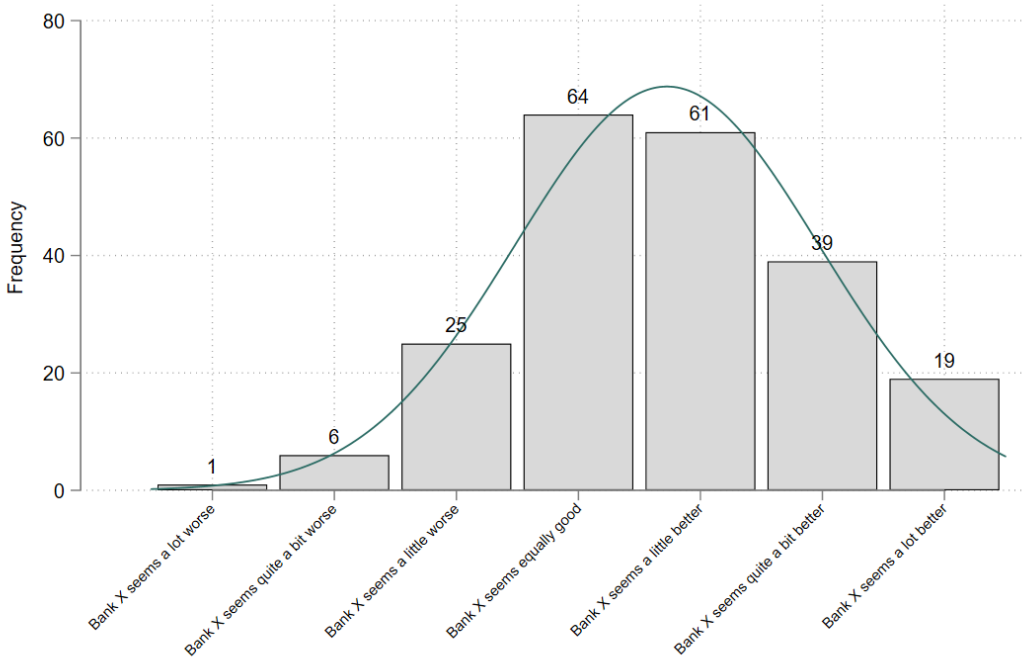


Figure 15. Distribution of investment dimension responses

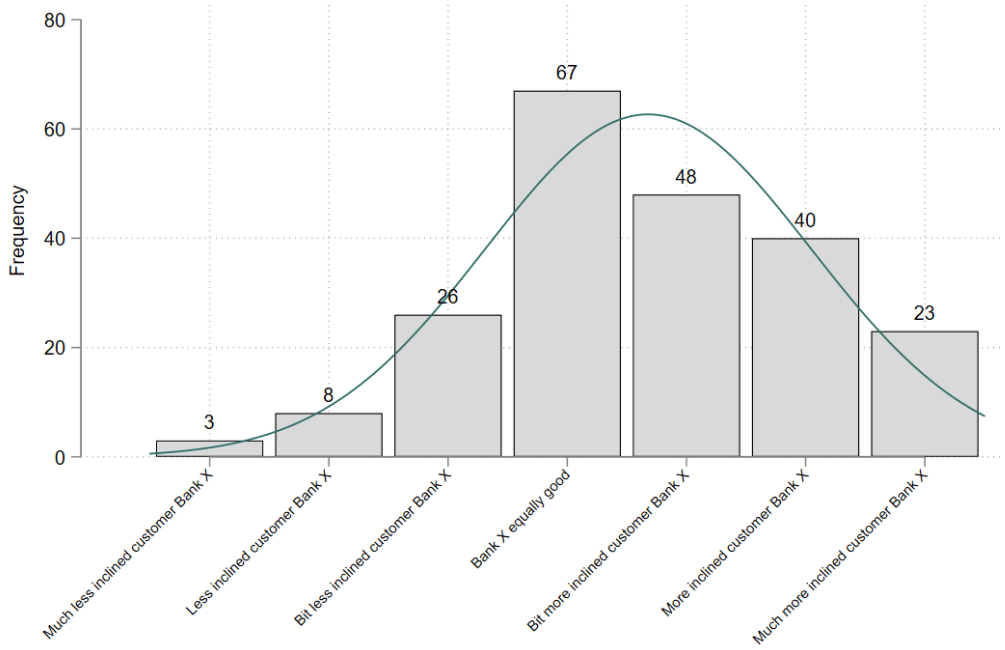


Figure 16. Distribution of emotional dimension responses

Table 14. Fisher's Exact test p-values – Analyses

Treatment	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Traditional		0.0974		0.0228		0.0558		0.0570
ESG	0.0974		0.0228		0.0558		0.0570	
Social	0.0000	0.0118	0.0000	0.0158	0.0000	0.0004	0.0000	0.0000

Notes: Test performed using 5000 replications. Estimations referenced from original regression analysis in Table 9

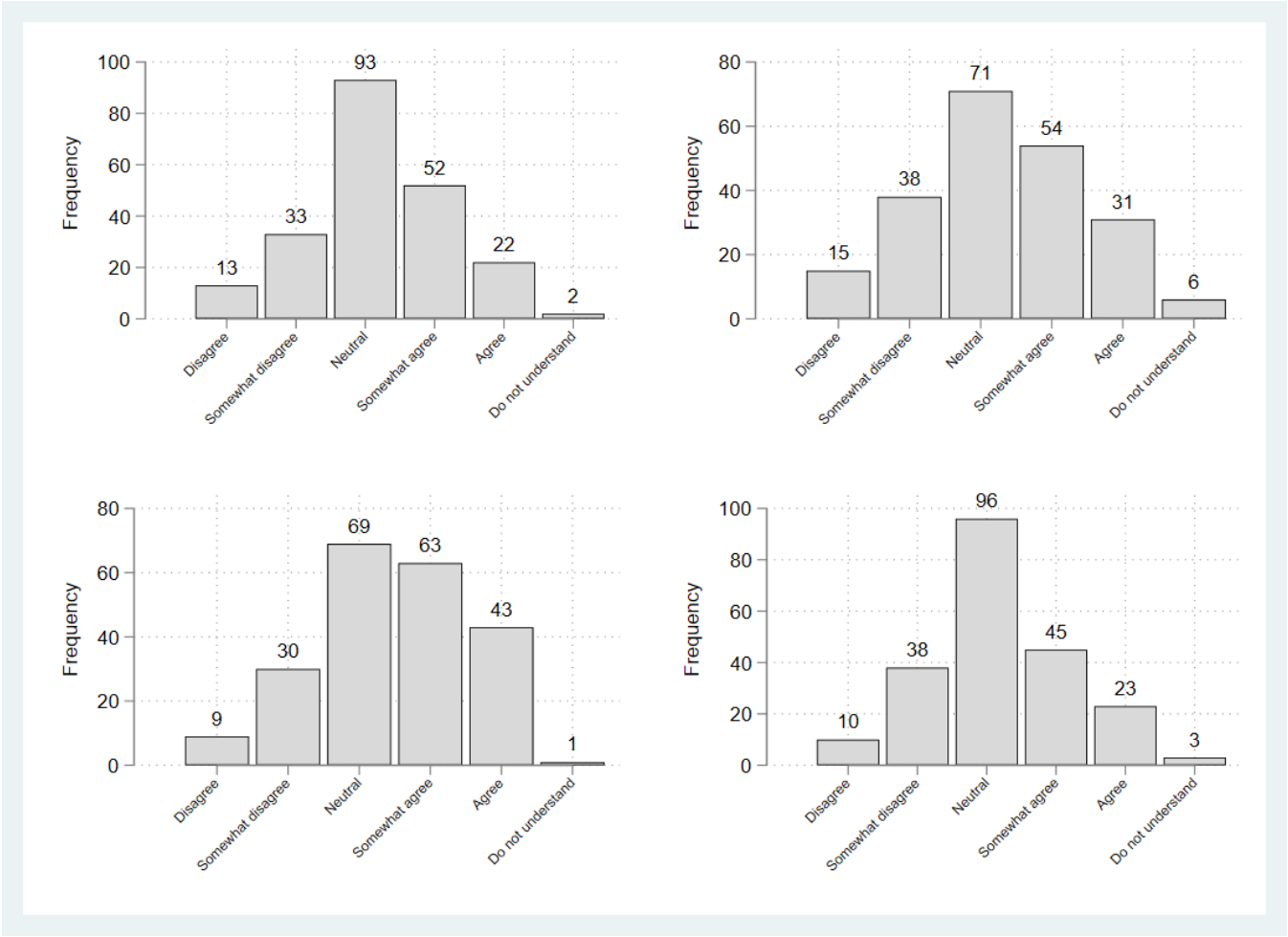


Figure 17. Economic matrix question responses (performance, stability, growth, repayment from left top to right bottom)

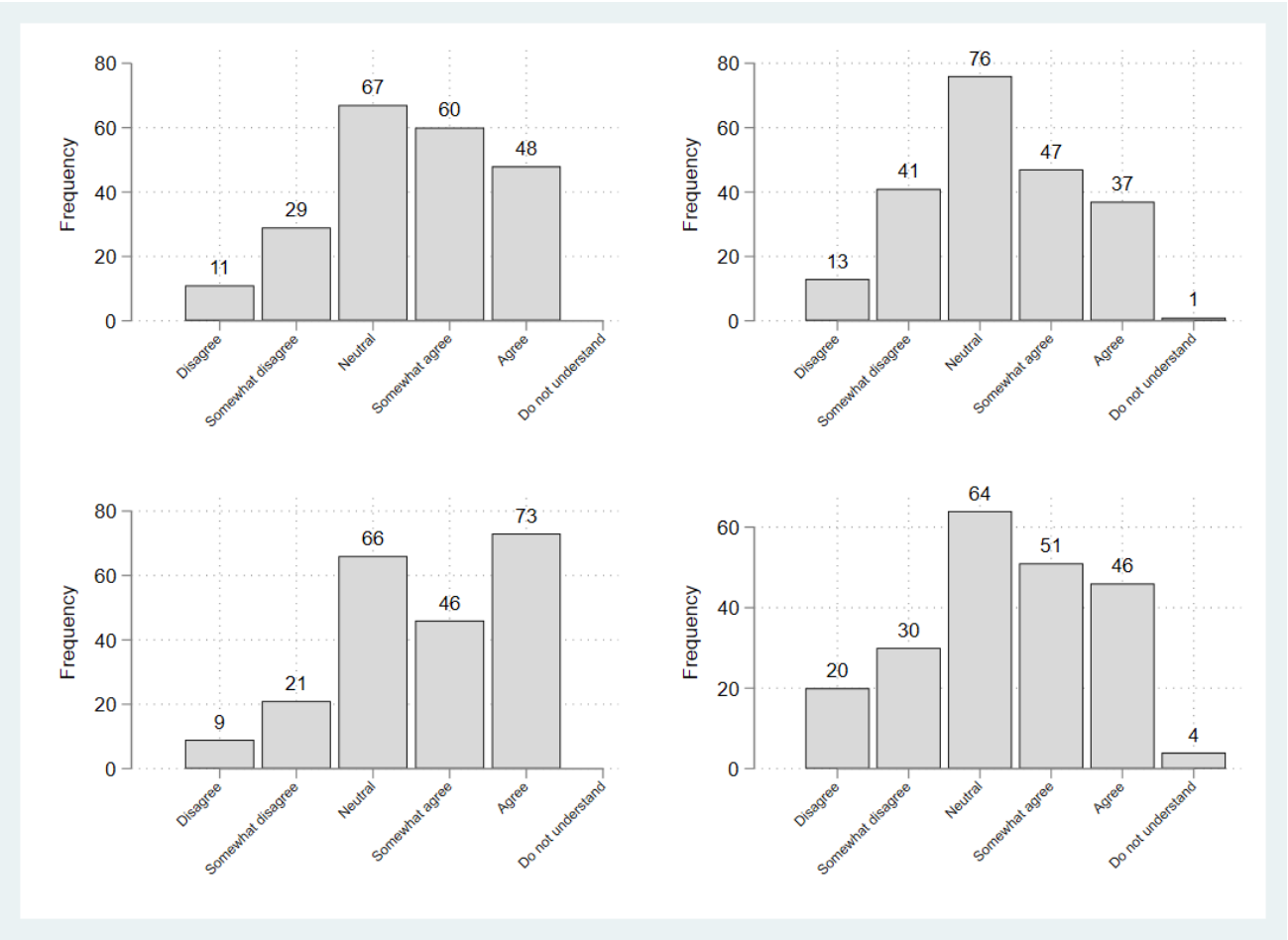


Figure 18. Emotion matrix question responses (happiness, security, reputation, credibility from left top to right bottom)

Table 15. Fisher's Exact test p-values – Discussion

Treatment	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Traditional		0.5240		0.9540		0.0188		0.0010
ESG	0.5240		0.9540		0.0188		0.0010	
Social	0.8870	0.4330	0.5430	0.5790	0.0000	0.0000	0.0000	0.0000

Notes: Test performed using 5000 replications. Estimations referenced from original regression analysis in Table 10.

Table 16. Regression outputs using only "valid" observations

VARIABLES	(1) invest	(2) invest	(3) invest	(4) invest	(5) emotion	(6) emotion	(7) emotion	(8) emotion
Traditional		-0.246		-0.308		-0.390*		-0.402
		(0.201)		(0.213)		(0.225)		(0.247)
ESG	0.246		0.308		0.390*		0.402	
	(0.201)		(0.213)		(0.225)		(0.247)	
Social	0.751***	0.505**	0.828***	0.520**	1.170***	0.780***	1.263***	0.861***
	(0.238)	(0.232)	(0.252)	(0.248)	(0.259)	(0.242)	(0.270)	(0.258)
Controls	NO	NO	YES	YES	NO	NO	YES	YES
Constant	4.373***	4.618***	5.313***	5.621***	4.137***	4.527***	5.216***	5.618***
	(0.147)	(0.137)	(0.787)	(0.822)	(0.172)	(0.145)	(0.863)	(0.883)
Observations	171	171	157	157	171	171	157	157
R-squared	0.064	0.064	0.126	0.126	0.126	0.126	0.180	0.180

Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

Table 17. Fisher's Exact test p-values – "valid" observations

Treatment	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Traditional		0.2200		0.1510		0.0774		0.0808
ESG	0.2200		0.1510		0.0774		0.0808	
Social	0.0002	0.0120	0.0000	0.0120	0.0000	0.0004	0.0000	0.0002

Notes: Test performed using 5000 replications. Estimations referenced from original regression analysis in Table 16

Practical questions

- Jan would like to receive the thesis document and any other documents.
- Jan is fine with his name being used in the thesis.

Opening questions

- Jan works as a trainee in customer experience management at GLS bank, Germany.
    - Developing and marketing of financial products in cooperation with other departments.
    - Not directly feedback from customers (would be communication), but second users of information; interpreting data.
- Jan has a background in International Business; focus on Emerging Market Economics. He is doing a master's in Business Administration.

To what extent should we look at finance when it's about sustainable transition?

- In Germany, GLS as largest in ESG-developing and fair banking. It has been on the market for 50 years and gained a reasonably large size for a social banking. Compared to other financial institutions, it is of course rather small.
- Social finance is important for the whole market of sustainable finance - there needs to be a bank that sets challenging guidelines for other banks. Otherwise would be no development.
    - Social banking having values in challenging large banks

Social banks are relatively small, and people may not be aware about this social aspect. Can you comment on this mindset?

- People differ in characteristics. People who vote green are probably more likely to care about where their money is going. But most people just want the cheapest product that works for them.
    - Customers that actively chose more expensive banking account know about what it entails.

The narrative of environmental factors is growing. How do you see this back in the people when it comes to banking?

- Difficult question. Growing narrative towards being sustainable, but for finance most people don't see the value. People may not recognize the impact of finance.
    - Growing ecologically known products has a much more obvious impact. Finance is not linked to sustainability. It is growing but still very small.
    - Most people also don't seem to fully understand how financial institutions work.

In the survey we had traditional, ESG, and social banks. Distinction was made in investment and customer satisfaction. How do you see the differences in these banks?

- In a traditional bank, it is only the real financial variables that matter (i.e., interest rate, how long to wait for the money, risk). For a bank like GLS we see that the talk with the customer is much more about than just about how the products work. Most of the talk is about the impact of the products, and go very in-depth on where the money is going.
    - People don't seem to care about the interest that much; more about this impact.
- There is no social bank that has a big private customer base - ESG in total or nothing at all. Not really social without environmental and governmental.

If people care more about impact, how does it relate to the customer experience. Do they see the bank economically and from a happiness point of view?

- Customers of GLS know they probably won't get as rich as other financial products. But they choose people over profit when they choose of GLS. This can of course however not be quantified.

The experiment uses narratives directly, though they may not be directly prevalent in the real world. How do you see prevalence of this narratives (in the future)?

- People are never fully informed, and sometimes don't want to be either - want some superficial information.

In experiment clear distinction between just ESG-reporting and a social banking capturing full narrative. Do you think people then prefer ESG because it is easier with partial information?

- *Jan initially (all above) misinterpreted the terms "ESG" and "social", thinking that an ESG banking was cooperating all aspects, whereas a social bank only focused on the social (the "S" in ESG).*
- Jan believes people may be more interested in ESG because it is easily advertisable (compared to social banks' full picture). Marketing actions function very well (also linking to greenwashing).
    - Most people won't look at things too thorough. Really looking into social banks is a lot of links and effort
        - Example: "if you just buy a drink and save one sea turtle" -> something that is easy to understand, despite numerous links being skipped here. Result: people are happy.
        - Too much information is for a very specific subgroup of people.

The study is also about perceptions. To what extent do you think perceptions are important in driving behavior?

- People know what they're doing when they are coming to social banks. But they may lose the contact afterwards - after they change it may just be a regular bank account, used for daily things.

    - Reading these reports may give a good feeling when people have all the information. If they would want to get deeply involved they could, which is not common for traditional banks.
    - GLS bank may be more expensive, and less convenient (i.e., less ATM's that work), and thereby be worse at actual traditional banking. However, better at the social side.

What do you think about organizations that try to open of the conversation about social narratives?

- People at GLS come from traditional banks, but were frustrated to work high hours. They may have earned more money before, but they cared more about the information of values of social banking. These organizations are very important to create new social bankers.

Interview Kristoffer Lüthi - Tuesday 10 May 2022 - 11:00 - Ekobanken Office, Stockholm

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Practical questions

- Kristoffer would like to receive the thesis document and any other documents.
- Kristoffer is fine with his name being used in the thesis.

Opening questions

- Kristoffer is the acting chairman of the board of Ekobanken since 2019. Before this he was Deputy CEO (2005-2019), mainly working with marketing and credits. He has met many clients.
    - The meeting is where one makes the real impact; what are you financing?
    - This is a half-time job; he is also on the board of other sustainability institutions (i.e., bakery; garden teaching).
- Finance and sustainability combination: started in IT and got back to this combination.

To what extent should we look at finance when it's about sustainable transition?

- Important to integrate sustainability into banking sector. Matters like Doughnut economics should be integrated in core business; "if we do everything right, what would be the financial outcome?".
    - Takes more time and a more human approach; social side. But this is the way to say that finance is important, but not the most important.
- Perspective needs to be there: Ekobanken giving out 100 year-loans.

You were primarily talking about companies that required funds, can you also say something about customers coming to Ekobanken to store their money?

- Many people come because they can see Ekobanken on top of finance guides; or other banks may have scandals.
    - But how to get people to move other than big trigger events like scandals?
    - Easy to move to sustainability in other situations: buying organic milk instead of regular one -> but much more complex for the *banking* environment.
        - People don't really talk about it that much. It is also not that obvious and very slow. Need some kind of push.
- Companies and people that are customers of Ekobanken do want to see how their money is used.
- Most clients that come to Ekobanken are quite good when it comes to criteria.

Coming back to scandals. My experiment is also about narratives; so how do you the influence of a narrative driving. Is this quick high impact-events like scandals, or is there some long-term drive?

- It is both. There surely is a long-term trend. Social banks are growing, but there is also an influence of the entirety of society forcing banks to do something.
- If social banks are growing but the entire market is growing; need a higher relative share. Do social banks have this? Rising property prices etc. result in more money created.
- Aim is to grow; but also changing society and the financial system.
    - Actors in the market rather than think tanks; lead by example.

Are people taking example from Ekobanken?

- Clients are inspired for sure. Spreading the concept is always good to do.
- Product specialists may make hundreds of products/services. But to us it is the core of our operations. For big banks, it is difficult to really make this change rather than making a sustainable product.

Looking back at the survey treatments, on an investment and emotional level. What can you say about these two categories and the three narratives?

- It is like "the fight between brain and heart".
- Social banks focus on the emotional level as it is the way they reach their clients. It is more the inspirational and emotional part rather than the logical part.
    - Don't really talk about Roi etc. -> start at the Dougnut instead.
- Investment side seems more like something for traditional banks -> go for returns.
    - Social banks more about "catching their hearts" before investment proposals.
    - Social banks not as think tank; don't expect nothing after putting in money.
        - Need trust and stability to form.
- Social banks as really small from perspective from traditional banks.

- People won't be bothered to get into the full details; huge differences also between big banks and local banks, where the latter works much closer to the client.
    - Traditional bank; use of AI and less close. Physical presence not there.

Experiments are quite hard to generalize, but do you think people will ever be fully informed as recreated in the experiment? That is, will people ever be fully informed about social banking?

- Yes, I think so. Nowadays everyone knows about organic food or i.e., fair trade. In the financial sector, it will happen at some point
    - It is easier with tangibles - i.e., food. But already also catching on for things more further away - i.e., electricity.
    - For finance, this may be very complex and not really talked about yet. But this may come with time.
- Going to either social bank or traditional bank; guarantee that it will be green investment.

What about social banks as the new mainstream?

- Difficult. I do think there is some type of inner greed in the world that strives towards more return. I'm not sure that will ever fully disappear.

To what extent do you think perceptions are actually driving behavior when it comes to banking? Not just when it comes to scandals, but what is causing people at conventional banks to switch to social banks?

- I think it has to do with trust. If something has very high return, people will go there anyways simply because of the number. But to go for the feeling part, it becomes very difficult. At this point, people ask more for stability.
    - Security scheme for deposits more important.
- Back in the days; starting bank as inspirational. Now more professional.
    - Needs people that have both brain and heart; not just financial computers.

What do you think about organizations that are trying to open up conversation about these emerging social narratives?

- Very important; necessary to create platforms. Otherwise only have people tapping each other on the shoulder - don't know about the outside circle. Need some type of arena to get this type of mixture.

Interview Swiss Conventional bank employee – Monday 6 June 2022 – 14:30 - Zoom

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Practical questions

- The interviewee would like to receive the thesis document and any other documents.
- The interviewee would like to preserve anonymity.

Opening questions

- The interviewee was a promoting deputy head legal of a Swiss conventional bank.
    - Legal work that every bank has to do – contractual analysis, litigation cases, implementation of regulatory or business projects
    - One of two teams linked to corporate governance
        - Slowly but surely sustainability themes/issues arise and are taken charge of
- Relation to social finance through own experiences; wants to see where money goes
    - 'Change finance to finance change' as really resonating. Personal motivation got interested in social finance and also in Autumn School on Sustainable Finance.
    - Wanted to also implement sustainable projects in own banks (despite not always being able to do so) -> Specify for bankers

How do people react to your sustainable ideas and projects?

- Reaction is pretty much the same always; it is nice, but what is the tradeoff?
    - Need something more tangible.
    - How do we measure and project these projects? It is also good for financial returns; not just being nice.
    - Gap of being inspired and making something happen is challenging.

Do you think that people are thinking about it in general though? To what extent do people relate sustainability to the responsibility of the financial field

- It is likely a minority that has that thought
    - People are not completely in convinced, and tend to follow a 'not in my backyard' attitude.
    - Okay with the principles, but hesitant with taking action
        - Should we really change a business model which is still working?

Linking to the experiment, how do you think the three banks rank on the field of performance?

- Difficult question; quite a subjective matter
    - ESG likely to be best performer – compromise between 'all-in' of sustainability but still having some returns
    - Traditional bank won't have good performance in the long run. People more and more really want some kind of sustainability

And regarding willingness of being a customer? The emotional dimension?

- Quite sure the social bank would rank highest.
    - Where does your money sleep at night? No one is indifferent to this question.
        - Obviously nobody wants to see unethical investment

Regarding results in a bigger picture; if we think about the narrative of social banking and see social banking as something that is very interesting on an emotional level, will it catch on?

- On its own, it will probably get nowhere.
    - Thinking mostly of Swiss perspective; so relatively smaller
    - But hadn't heard of the one and only social bank in Switzerland before starting research this topic, even if working in a Swiss bank for several years.
        - If don't push the message; probably nothing is going to happen.
- Problem of whole ESG; people think that everyone is doing something in the direction already
    - Reducing the gap between traditional banks and social banks
        - 'traditional banks can do green finance to' – not really thinking about the purpose
    - Even though the banks just see it as another investment project rather than pushing the message.

When we compare narratives to organic products, which became way more popular in short amounts of time. Even if people are being satisfied with ESG right now, will they still inevitably question current requirements?

- Big role for younger generations. Can convince older generations, and others with the values that they have representing more sustainable measures.
    - Younger as more oriented towards the values
        - Yet big amounts of money with older generations
- Narratives between people (inter-generational) and institutions

What do you think about organizations that try to open up the narratives?

- Spreading information and education as crucial; the basis of everything.
- Personally really relates to the Autumn School on Social Finance a lot; influence by organization
- Though people may not do something consciously now; may stick in their mind.

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