

## Bank mergers can pay off for charity

A blog on nonprofit and philanthropy news and issues. A publication of Philanthropy Journal.

Inside Philanthropy

July 23, 2007

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Consolidation among big financial-services institutions has resulted in more charitable giving by the merged institutions, a new report says.

Flying in the face of widely-held nonprofit expectations, says the report by the National Committee for Responsive Philanthropy, annual giving by seven major financial institutions grew to over \$400 million in 2001 from roughly \$100 million in the 1980s.

With competition growing among big national banks, their executives “embraced philanthropy as a means of attracting and retaining more business and employees,” the watchdog group says.

“The complexion of corporate philanthropy has changed radically in the last decade,” it says.

“Now, more than anytime in the past, corporate giving has become integral to a company’s DNA. Companies are working strategically to incorporate their giving into the business model.”

The report also credits community advocates for their “critical work in pushing regulators and banks to ensure that community needs are not forgotten in the process before, during and after mergers.”

But big bank mergers also have had their downside, the report says.

As they have merged, banks have taken on a more national focus, and their philanthropy has shifted to national organizations and away from local giving, and also has shifted regionally, with the South emerging as the big winner, the report says.

It also finds the Form 990PF annual returns a big majority of bank foundations file with the IRS violate the agency’s rules on information the returns should include.

“Many claims made by banks about their philanthropy are not externally verifiable, and there is a lack of standardization regarding what is included in the definition of ‘philanthropy’ by financial services corporations,” the report says.

As the report makes clear, bank mergers can pay dividends in the form of charitable giving, particularly with a strong push from community advocates.

And as banks embrace philanthropy as a corporate value and strategy, they should disclose their philanthropy in greater detail.

<http://philanthropyjournal.blogspot.com/2007/07/bank-mergers-can-pay-off-for-charity.html>