

Bank Mergers Spur Rise in Giving, Study Says

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Philanthropic giving by banks has increased significantly amid major mergers that took place in the 1990s, but the banks are focusing their donations more on national causes than the local ones previously supported, a new study has found.

The report, "Banking on Philanthropy: Impact of Bank Mergers on Charitable Giving," was conducted by the National Committee for Responsive Philanthropy, a Washington watchdog and research group, with support from the Rockefeller Foundation.

The study examined seven banking organizations and found that giving rose steadily throughout the last decade. In 2001, annual donations among the seven banking corporations totaled more than \$400-million, compared with an annual average of \$100-million during the late 1980s.

The banking organizations analyzed were Bank of America, Citigroup, J.P. Morgan Chase, SunTrust, Wachovia, Washington Mutual, and Wells Fargo.

Banking companies made the shift to more national giving in response to the expansion of the scope and size of their operations after the completion of the mergers.

Regional banks, more able to maintain personal relationships with local groups, were incorporated into these new, much larger organizations. Also, some local charities interviewed for the report said that online applications had supplanted face-to-face contact in recent years. The study found that local groups located in the South fared best in receiving grants, while groups in the Midwest garnered the least amount of financial support from banks among all regions.

According to the report, "merger activity does influence bank behavior prospectively — banks generate community goodwill using their philanthropy in order to gain support for an acquisition or merger."

What's more, consumer activists pressured many banks to give, the report said.

The report is available free on the NCRP's Web site.

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