

Analysis of the Ethical Consumer in the Spanish Banking Sector

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Abstract

This study sets out the aims of assessing the importance of the supply of ethical alternatives in the banking market and its target market. We draw on a sample of consumers of the Spanish banking sector to observe in a general approach the reasons why ethical banks do not hold more market share. For this purpose, theoretical and practical implications have been employed to determine aspects such as preferences, level of financial knowledge, and demographic characteristics of the current banking customer.

Resumen ejecutivo

En este estudio se plantean los objetivos de evaluar la importancia de la oferta de alternativas éticas en el mercado bancario y su mercado objetivo. Nos basamos en una muestra de consumidores del sector bancario español para observar de forma general las razones por las que los bancos éticos no tienen mayor cuota de mercado. Para ello, se emplean implicaciones teóricas y prácticas para determinar aspectos como las preferencias, el nivel de conocimiento financiero y las características demográficas del cliente bancario actual.

Resum executiu

En aquest estudi es plantegen els objectius d'avaluar la importància de l'oferta d'alternatives ètiques en el mercat bancari i el seu mercat objectiu. Ens basem en una mostra de consumidors del sector bancari espanyol per observar de forma general les raons per les quals els bancs ètics no tenen més quota de mercat. Per a això, s'empren implicacions teòriques i pràctiques per determinar aspectes com les preferències, el nivell de coneixement financer i les característiques demogràfiques de client bancari actual.

INDEX

1.- Introduction	7
1.1.- Personal motivations	10
Theoretical Framework	11
2.- What is Ethical Banking?	11
2.1.- Concept	11
2.2.- Principles of ethical banking	12
3.- The Supply Side of Ethical Banking	14
3.1.- The origin of ethical banking	14
3.2.- Main differences with the traditional banking	16
3.3.- Current banking supply in Spain	20
3.3.2- Type of instruments	23
4.- The demand side of ethical banking	25
4.1.- Evolution of the Consumer in the financial sector	25
4.2.- Ethical Consumer	26
5.- Conclusion of the Theoretical Framework	29
6.- Objectives	30
7.- Hypothesis	32
8.- Methodology	33
8.1.- Quantitative study	34
8.1.1.- Informal Survey	34
8.1.2.- Sampling Process	36
8.1.3.- Design of the survey and variables	38
8.1.4.- Analysis of the data and Techniques used.	39
8.2.- Qualitative study	41
8.2.1.- Interview with an industry expert	41
9.- Analysis of the database	43
9.1.- Univariate Analysis	43

9.2.- Hypothesis testing and Bivariate Analysis	44
9.2.1.- Hypothesis 1	44
9.2.2.- Hypothesis 2	48
9.2.3.- Hypothesis 3	52
10.- Interview to an industry expert	56
10.1.- Results	56
11.- Conclusions	59
12.- Bibliography	62

INDEX OF TABLES

Table 1 - Major differences between ethical and conventional banks	17
Table 2 - General information about Ethical Banks in Spain.	20
Table 3 - Products supplied by Triodos Bank	24
Table 4 - The four Customer Personas from the banking sector	27
Table 5 - Methodologies employed related to the hypothesis	34
Table 6 - Survey components and structure	36
Table 7 - Frequency table of the variables <i>PREFERENCES</i>	44
Table 8 - Output of the single sample proportion test 1 of <i>AWARENESS1</i>	49
Table 9 - Output of the single sample proportion test 2 of <i>AWARENESS1</i>	50
Table 10 - Output of the single sample proportion test 1 of <i>AWARENESS2</i>	51
Table 11 - Output of the single sample proportion test 2 of <i>AWARENESS2</i>	52
Table 12 - Output of Linear Model 1	53
Table 13 - Output of Linear Model 2	54

INDEX OF GRAPHS

Graph 1 - Boxplots of <i>Prefrent</i> , <i>Prefetic</i> and <i>Prefserv</i>	47
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1.- Introduction

In order to guide this research and start with a general idea of the concept of ethical banking, the definition that S. J. Pedrosa determined in 2016 will be taken as a reference:

"Ethical banking is that which focuses on operating and offering products that create social value and are ethically responsible, in addition to investing in products that are rated as morally acceptable and not subject to social disapproval."

To give way to the peak of ethical banking, we must go back to the international financial crisis of 2008, where most of the developed countries saw themselves, not only in a financial crisis but also a political, social and cultural one. Such a systematic crisis had its origin in the United States, as the famous subprime or high-risk mortgage crisis would give way to the expansion through Europe, leaving devastating outcomes such as nationalized banks, several financial bankruptcies, among many other consequences. In particular, Spain was tremendously affected by this crisis, given all the economic and financial disequilibrium generated during the real estate boom.

Alemán (2015) examined that due to the situation in which the whole European financial systems were and the serious repercussions, the European central bank established an expansive monetary policy. This policy consisted of increasing the current amount of money in circulation to decrease the interest rate and to stabilize prices. González-Páramo (2011) claims that the main objectives of this initiative were to encourage the flow of the credit and to stimulate the European economy. Nevertheless, this policy did not have the foreseen impact by the ECB since the role that the banks played was the opposite of what they expected. Due to the high arrearage rate, the defaults, and the distrust that were generated, this outflow money was destined to the purchase of public debt, since it was more profitable and less risky. As a result, society had a decrease in wealth since they couldn't get into credit because of hard access.

Result from this crisis, a movement of mistrust and disappointment concerning Conventional Banks emerged. Society started to consider other entities and alternatives of banks and to claim for changes in the public and private entities.

Therefore, a recent study carried by Climent (2018) concluded that in addition to the distrust in banks, new concerns as sustainability and ecological purposes became key elements to differentiate from conventional banks.

This inner need fed new opportunities to measures and as a result, Ethical Banking started to increase its importance in the financial sector. An alternative that was focused on funding sustainable projects that brings a social and environmental value to our community. Moreover, Ethical Banking is characterized by the transparency policy and the objective of social responsibility besides profitability.

Nowadays, this new concept is increasing its weight on the Spanish financial system and It is already gaining a wide range of customers. However, as noted by Climent (2018), despite its high growth and expansion, and the advantages that Ethical banking offers, not everyone is willing to sacrifice a proportion of their return on investment and allocate it to social projects.

In a national scope, Ethical Banking has become a recurrent option for those savers and entrepreneurs that bet for entities with high social impact. According to the Ethical Finance Barometer, prepared by the Observatory of Ethical Finance in 2018, ethical banking issues loans for a value of 1,474 million euros, which represents a growth of 16% compared to the previous year.

Nonetheless, issues concerning the profile of the Ethical-Banking consumer remain unaddressed . In a study conducted by Ochoa Berganza (2013), it was shown that investors, savers, and entrepreneurs trust on Ethical Banking because of the unattended need concerning the exclusion of the traditional financing system as a consequence of low credit quality and the self-exclusion of savers who bet for the social interest. But little is known about other characteristics and variables of this kind of client, such as education, gender, and specific features.

This is the reason why the objective of this study is to define the profile and characteristics of consumers in the banking sector, in addition to check the level of information and knowledge that society has about alternatives such as ethical banking, among others.

For this reason, a survey has been developed to generate the main database and to test variables such as financial knowledge, preferences and the level of awareness. Throughout this database, both a quantitative and qualitative methodology will be applied. Regarding the qualitative methodology, an interview will be conducted with a Triodos representative, providing the internal perception of an ethical bank. On the other hand, there will follow a quantitative methodology, which includes measures and statistical inference techniques, such as Linear probability model, distribution tables and hypothesis test and finally to be able to check the hypotheses stated later on.

Based on empirical research, some contributions have been observed. In terms of consumer preferences, those related to service and convenience predominate. As for the level of financial literacy, it has been found that most of the population has a low level of financial knowledge and therefore, it could be considered the main reason why they tend to use conventional banks. And finally, the population over 41 years of age is more prone to become a customer of an ethical bank, besides having a financial culture that also conditions this situation.

That is why this study is addressed to cover the main gap, to bring the primary concept of the ethical consumer. It is important to study consumer behavior and define the profile of the target, as it will help determine the future growth of the sector. In case the population has a low level of awareness of these alternatives, a possible solution would be to improve the marketing campaigns. That is why this study is focused, as the consumer who considers the role of huge relevance in the market.

1.1.- Personal motivations

The global issue of the study has been a choice of its own as a result of the interest shown in the employment opportunities offered by the business and financial market, focusing mainly on the banking sectors. As is well known, the business world is focused mostly on economic and financial interests, leaving the social, cultural and environmental factors in the background.

I consider that social and corporate responsibility in companies is fundamental since your job position contributes to the growth of the company. Therefore, in the case of working in traditional banking, you are contributing to all the practices and projects that they promote. For that reason, the values of that company should be considered for the job search, since the workers supposedly represent the values and principles of the entity for which they work. And in my case, I do not want to contribute to a company that takes no consideration of either society or the environment, and whose only priority is financial remuneration.

Furthermore, due to the academic experience during my degree on Business Administration, an interest in the financial and banking sector emerged. Some subjects as Financial Investment and Management contributed to a stronger interest in the internal function of financial institutions, combined with subjects such as the Social Economy, resulting in the emergence of a new interest.

Another reason is the investigation of the controversy that results from the integration of a concept such as ethics, in a sector as opposed to banking. In this case, a banking system based on environmental and social impact is created from scratch, in addition to financial concepts such as profitability and risk. That is why this work focuses on the rise of ethical banking and the consumer profile that trusts it.

This work is expected to contribute to the understanding the population of the financial sector, its preferences, and decisions, and to link them to the intentions for change, about ethical banking.

Theoretical Framework

2.- What is Ethical Banking?

2.1.- Concept

Ethical banking has its beginnings in socially responsible investment and finance, which is based on social criteria in financial decisions, besides traditional financial criteria as liquidity, risk or profitability.

Data from several studies suggest that nowadays, the financial sector has a huge impact on our environment, that's why financial intermediaries are considering sustainability and encouraging to adapt socially and environmentally responsible policies that support ethical conduct.

Despite the many definitions developed by several authors, there is no specific and generally accepted definition of ethical banking. Even so, as a first reference point, Alsina (2002) defines it as:

“That which guarantees, in a transparent way, that the money entrusted to it is invested not only according to criteria of economic profitability but also, social and environmental”.

Consequently, we can interpret that Ethical Banking invests only in projects with added value for our society as a whole from a social, cultural and environmental point of view.

In conclusion, Its purpose is to accomplish, at the same time, two main objectives based on a social and economic scope. The first one is to finance economic activities with a positive social impact while acquiring benefits through proper management since ethical banking does not distribute the profits among shareholders or if it is, they do it in a limited way.

Both goals have the same importance, considering that without benefits, the bank will not be sustainable and without a social scope, it will be a conventional bank. Those objectives are certainly connected since the economic benefit is seen as a key element to carry its operational activity.

To ensure that they are financing projects with a positive social and environmental impact, they apply some techniques named “ethic filters”, which are criteria used to decide whether or not to invest in a specific project. Negative and positive criteria are used to decide on which project to invest in. To define which type of project and the ethical bank will invest in:

- Rejected projects: Activities or projects related to socially unfair practices of human rights such as child or third world exploitation, to unsustainable practices concerning the environment (high pollution rates or intense-energy needed) or practices involving irresponsible business practices, related to alcohol, the arms industry, and others.
- Accepted projects: Companies that promote local or community development, that produce goods or services that improve life quality, that take into account worker's rights or that support sustainable development.

Since Ethical entities try to find an equilibrium between economic and social performance, they are exposed to reject potential benefits because those project's values are not being identified as ethical values, policies or activities. Financing emerging projects with a huge social impact and rejecting other speculative practices leads to a limited investment margin and therefore, to lower profits. Besides, financing emerging projects result in expensive credit activity.

2.2.- Principles of ethical banking

The Ethical and Solidarity Financing Association (FETS)¹ establishes five main principles on which ethical finance is based, and the statements it should include:

1. *Principle of Applied Ethics: Ethics as a process of reflection continues in the application of the criteria of investment and granting of credits.*
2. *Coherence Principle: Use money consistently with our values.*

¹ (FETS-Financing Ethics and Solidarity is a second-level association that brings together Catalan entities from the Third Sector and the Social and Solidarity Economy, who want to promote ethical and solidarity financing in our country) Web page: <http://fets.org>

3. *Principle of Participation: Decision-making is democratic. It is not just members who vote, they need to be able to participate in defining the entity's basic policies.*
4. *Principle of Transparency: it is necessary to offer regular and public information on all activities and their consequences.*
5. *Implication Principle: Ethical financing entities have to go beyond negative criteria and have to define their investment policy following positive criteria to transform society.*

“Ethical principles go deep and deep in the entity, not only its activity but also its attitude and commitment. Ethical criteria must be present in every one of the activities of the ethical financial institution. An ethical financial institution must be ethical at all levels.”

In conclusion, Ethical banking is characterized by its transparency policy, the active participation of all agents in decision-making, and for being alternative finance with social value that finance and ecologically sustainable projects responsibly and efficiently.

3.- The Supply Side of Ethical Banking

3.1.- The origin of ethical banking

EUROPE

The origin of ethical finance is dated to the 19th century in EEUU because the Methodist church began to see the stock market as a viable investment alternative. In a study conducted by De la Cuesta (2001), it was shown that the only assumption was that their money should be used according to their moral and ethical values, and not in alcohol companies or those involved in illegal gambling activities.

Nevertheless, It was at the end of the 60s when the concept of ethical finance gained more importance and It started to generate more impact as a result of incidents, such as the opposition of the apartheid in South Africa, the Vietnam War and the fight for equality of civil rights. A rise awareness movement began to emerge in society about the use of money when many discovered that the banks where they kept their money were precisely investing in those injustices they were fighting for.

It is when the 'Triodos Foundation' emerged in the Netherlands in 1971, with the main purpose of raising funds from private donors to invest in activities for social, cultural and environmental purposes. Later, in 1980, They created Triodos Bank, giving place to the first "Ethical banking" in Europe.

SPAIN

In a national scope, the first movements of ethical banking in Spain were in the early 80s with the "Acció Solidaria Contra L'Atur"² foundation.

In 2004, the first official ethical banking appeared in Spain, the First Triodos Bank branch located in Barcelona. Despite its early opening, It did not start to gain weight until the Spanish economic crisis in 2008. Consequently, Ethical Banking began to be considered as an alternative investment opportunity for traditional banking.

Undoubtedly, the economic crisis has been the main source of the global financial crisis in Spain, but besides, there was simultaneously a crisis of values, the origin of

² Acció Solidaria Contra L'Atur is the only civil and secular entity in Catalonia that grants microcredits without interest for projects that create employment. Check <https://acciosolidaria.cat/qui-som/>

the malfunction of the Spanish banking system. Components such as the poor transparency on the Factors such as the lack of transparency on the destination of the deposits of savers, the abusive power of politicians on the financing decisions of banks, and the lack of capacity of governments to solve the problems generated by the crisis were added to a movement of distrust concerning the system, according to Castro Sanz (2013). Besides, the managers of basically all the financial institutions made decisions based on their benefits and interests, without taking into account the repercussions they could cause.

CATALUNYA

During the second half of the 80s, the entity *Justícia i Pau* was involved in the abolition of the foreign debt, so it was concluded that to be fully following their values, they should renounce those banks whose activities contributed to making the debt bigger. As a result of this decision, various Catalan social economy organizations joined forces to create other models of financial institutions.

At the same time, between the 1980s and the mid-1990s, two entities emerged in Catalonia whose aim was to facilitate access to credit for self-employment and cooperative projects. In 1984, *Acció Solidària Contra L'Atur (ASCA)* was created to promote entrepreneurial initiatives through microcredits to the unemployed population. Later, in 1996, the service cooperative *COOP57* was born. As a result of the closure of the *Bruguera* publishing house, the employees became members, using their compensation as a fund to finance cooperative economic projects.

In the beginning, neither of these two entities were considered ethical finance entities, as the concept had not been consolidated in Catalonia yet. Therefore, the creation of *FETS (Finançament Ètica i Solidària)* in 1999 contributed to the strengthening of this concept, as this association brings together Catalan entities from the third sector and the social and solidarity economy that share the objective of promoting ethical finances.

RESULT AND IMPLICATIONS

On the whole, all those factors push the society to set out some questions such as what their savings were financing and where the obtained profits were going to, thus demanding total transparency of information. Savers began to increase their

awareness about the lack of a transparent management system, It leads to a constant need for socially responsible alternatives such as ethical banking. As has been argued before, Ethical Banking has almost the same structures as a Conventional Bank, but also, they take into consideration ethical and social criteria in their “worth of credit” and the equilibrium between those values and the liquidity and profitability factors.

Despite the advantages that Ethical Banking offers, in comparison to conventional banking, its presence in the market is still reduced. Nevertheless, people and entities rely more and more on their financial management and they feel identified with the values that Ethical banking shares.

According to the Barometer of Ethical and Solidarity Finance (2018), prepared by the Observatory of Ethical Finance, It should be noted that late-payment rate of Ethical banks in 2018 was around 1,68% while concerning traditional banks, this rate was 5,81%, almost 3 times and a half more. Ethical banking has built itself an image of commitment to the real economy that stays out of speculation. It is caused by the strict funding request selection they apply, taking into account factors such as social and environmental elements.

Therefore, since the economic crisis, society gives more relevance to the destination of their savings and the key role that they play in the economy and the values that banks support.

3.2.- Main differences with the traditional banking

Up to now, a study from Paulet, E., Parnaudeau, M. and Relano, F. in 2014 shows a general perception of the main differences between Conventional Banks and Ethical Banks. This study will be used to bring an overview of the main characteristics of both types of banking and to provide a general idea of both businesses. The authors determine the main factors that they consider relevant and significant, therefore only the most meaningful variables for consumer preferences will be taken into account.

Paulet, E. et al. (2014) suggest that the principal differences observed between both banks are the following mentioned (See Table 1).

Table 1 - Major differences between ethical and conventional banks

Ethical banks	Conventional banks
Business model	Business model
Profit-making, but parallel optimization of social added value	Purely profit-maximizing oriented (focus on shareholder value)
Focus on banking basics : savings collection and credit distribution	Complex investing banking activities, especially in the global financial market
Credit policy	Credit policy
Based on triple bottom line analysis (environmental, social and financial)	Single bottom line screening (based primarily on financial performance)
Transparency	Transparency
Saving-borrowing solidarity	Depositors-borrowers are kept separate
Lending policies as well as the loans granted are published	Details of loans granted remain secret (commercial confidentiality)
Outreach: local	Outreach: global
Growth resulting from enhancing regional development, fostering co-operation and supporting endogenous progress	Growth resulting from opportunities created due to the international competition between territories
Decentralization, autonomy, limited size, and local scope of risk management	Mergers, concentration, economies of scale, and international scope of risk management

Source: Banking with Ethics: Strategic Moves and Structural Changes of the Banking Industry in the Aftermath of the Subprime Mortgage Crisis (Paulet, E. et al., 2014)

Concerning the business model, Ethical financial institutions are focused on achieving social impact while making profits while Traditional banks are focused on financial return (Paulet, E., 2016), therefore their main aspiration is profit-maximizing. This factor leads to state a credit policy according to their business model, therefore Ethical banks are based on a triple bottom line analysis considering environmental, social and financial areas. As long as Traditional banks are oriented to a single bottom line screening based on financial gains.

Conventional financial institutions operate mostly in global outreach, meaning that their natural state is concentrated and that risk is at an international level, while Ethical banks are based on a local scope which means that managing risk is at a local scope since they are decentralized.

The main perspective of the study is the consumer, its behavior and preference, that is why the business and market field plays an additional component in this work. For this reason, It is necessary to provide a general reflection of the financial market,

specifically of the ethical financial market, and to point out the most significant characteristics that can help to define the current supply.

In general, after the interpretation of the study and the most relevant items, the following conclusions have been obtained

First, ethical banks concentrate their credit locally, at a more decentralized level, which decreases the risk and impact of factors at the international level. For instance, this factor has allowed them to go through the recent financial crisis of 2008 without experiencing significant operational changes. In consequence, to finance big international projects, it will inevitably involve the presence of major international banks. Thus, the issue would be how to achieve optimal leverage between profit maximization and ethical standards in the banking industry to guarantee financial stability worldwide. Besides, Paulet (2016) after analyzing the balance sheet and other financial statements of each bank in the pre and post-crisis period she identified two main divisions between profit-based banks and ethical banks. The first type of financial bank has adapted its behavior from a strategic point of view during the subprime crisis. While Ethical banks, on the other hand, did not need to modify their business practice.

Paulet et al. (2014) showed that in terms of the social or environmental involvement of financial institutions far more than the legal framework requires, there is a huge distance between what banks claim to do and what they actually do. In addition to strategic changes and structural movements, when it comes to the financial industry, they are two distinct things.

In contrast, the main disadvantage of ethical banking would be the advantage of traditional banks, since their outreach is global and they can finance international huge projects because they owe the financial capacity. On the whole, It is concluded that both banks are complementary to each other since the lack of one of them is compensated by the strengths of the other.

SUPPLY

However, as previously mentioned, the most distinctive difference between ethical and traditional banking is the positioning of assets, among others. The range of products offered by ethical banking generally supplies all the conventional products offered by

traditional banks. However, they differ from them in the objective they have, with more favorable conditions and without abusive practices. On the other hand, the profitability is lower and that is why, in general, it is necessary to pay for some products that are for free in traditional banking. Ethical banking generally offers personal, investment and savings or project finance products, see section “3.3.2. *Type of products*”.

From this approach, the following general groups of products offered by the banking sector can be considered as reported by Caurin (2018):

Personal products

Ethical banking includes current accounts, debit or credit cards, electronic banking and a wide variety of other personal products. In this case, the most salient difference with traditional banking is that account maintenance, and cash withdrawals are usually subject to charges, among other bureaucratic procedures.

Savings and investment products

Bank deposits. These deposits ensure that money is maintained for a specific period. Besides, the client will have direct access to information about his fund and where the interest comes from. It should be taken into account, as previously mentioned, that the profitability provided is low and this may condition the client since it depends on his preferences. Moreover, ethical banking offers the possibility of donating the interest to social and/or environmental causes.

Pension Plans. This type of product allows you to manage your after-work savings. The profitability of pension plans is derived from an investment with SRI (Socially Responsible Investment) and impact criteria, meaning that they are both beneficial to society and the environment.





Project financing

Ethical banking allocates credits and loans in exclusive conditions for the financing of profit or non-profit organizations with projects related to the environment, which derive from social sectors or cultural, educational or research activities. Furthermore, the interest on credits and loans is more advantageous than that of traditional banking.

3.3.- Current banking supply in Spain

According to the FETS association, four entities stand out from the rest due to their size and institutionalization and growth process³. For this purpose, the four most influential ethical banks in Spain are: Triodos Bank, Fiare Banca Etica, COOP57, and Oikocredit Spain (See Table 2).

Table 2 - General information about Ethical Banks in Spain.

LOGO	COMPANY	WEBPAGE	BIRTH YEAR	HEADQUARTER
 Triodos Bank	TRIODOS	https://www.triodos.es/es	1980	Madrid
	FIARE Banca Ética	https://www.fiarebancaetica.coop	2003	Bilbao
	COOP57	https://www.coop57.coop	1996	Barcelona
	OIKOCREDIT	https://www.oikocredit.es/ca/	1976	Barcelona

Source: Own elaboration using information from the official WebPages.

³ According to the last annual barometer of the Ethical Finance Observatory (2016), Triodos Bank, Fiare Banca Ética, COOP57 and Oikocredit Spain represent more than 99% of the volume of ethical finance in our country.

Triodos Bank

Triodos Bank is an independent European bank founded in the Netherlands in 1980, becoming a benchmark in ethical and sustainable banking.

To focus on a national scope, it is necessary to trace its beginnings to 1998 by the hand of the company Trust Project, which was responsible for promoting the development of social and environmental banking in Spain. Later, this project eventually became Triodos Investments, the financial agent of Triodos Bank, giving rise to Triodos Bank Spain in 2004.

Triodos Bank finances entities and projects aimed at providing added value in the social, cultural and environmental fields, through the support of savers and investors who opt for the empowerment of socially responsible companies and the creation of a more humane and sustainable society, as indicated by the Triodos web portal.

On the other hand, it incorporates four corporate values used as a guide when operating as a financial entity. First, sustainability, since it only finances companies and activities that favor people, the environment and culture. Secondly, transparency, so that all your clients know what their savings and investments are for. Third, excellence, since Triodos Bank offers quality financial products and services. And finally, entrepreneurship, promoting sustainable and innovative sectors, as well as support for entrepreneurs.

Fiare Banca Ética

Fiare Ethical Banking arises from the fusion of one of the most important ethical banks in Europe, Banca Popolare Ética, which started its activity in Italy in 1999, and Fiare (Foundation for Investment and Responsible Savings), which emerged in 2003 in the Basque Country and acting as ethical banking since 2014 for all of Spain. Currently, it has three offices located in Madrid, Barcelona, and Bilbao.

Established as a cooperative bank, it operates under the principles of transparency, participation, and democracy to make the bank a cultural instrument for the promotion of an economy that emphasizes the importance of assessing the social and environmental impact of its actions.

Coop57

Coop57 is a financial services cooperative responsible for financing those projects of social and solidarity economy entities that promote occupation, sustainability, cooperative, solidarity and partnership.

This cooperative was born in 1996 in Catalonia as a result of the initiative of some workers of the Editorial Bruguera, who were struggling to keep their jobs. With the closure of the publishing house, they created a fund with the compensation they obtained for their dismissal in order to create quality work. They currently have offices in Pontevedra, Madrid, Abadiño, Zaragoza, Barcelona and Seville.

The objective of Coop57, still carrying out financial activities, is not economic but social. That is, it wants to contribute to the positive social transformation of our economy and society.

Oikocredit

Oikocredit is an international credit cooperative based in the Netherlands, which has 3 support associations in Spain (Catalonia, the Basque Country and Andalusia) and operates in 63 countries, granting loans to local organizations in developing countries.

In Spain, Oikocredit emerges in Catalonia in 2000, as an association established at the initiative of several Catalan NGOs to obtain funds to be allocated to the Oikocredit International cooperative.

It gives financial support in the form of conventional credits and microcredits for the treatment of productive initiatives. Which must be economically viable and have a positive social impact in the communities where they take place. To this end, it promotes global justice by encouraging people, social organizations, companies and other groups to share their resources through socially responsible investments.

This mission is intended to be carried out through values such as equality of people, respect among peoples, cooperation, integrity, sharing and respect for biodiversity.

3.3.2- Type of instruments

The portfolio of ethical banking products are almost the same as the conventional banking one, but adapted to the established basic ethical criteria, to the characteristics of the recipients and the requests of the savers. The two main instruments are loans and deposits, but with some variances.

To describe such instruments, Triodos Bank will be taken as a reference since it accumulates more than 90% of the ethical finance volume in Spain.

The Triodos range of products is divided into five main categories: Accounts and cards, Saving, Investment, Mortgages, and Financing. They are focused on Individuals, Businesses, and Freelancers (See Table 1).

Referring to the Saving products Triodos offers, the more important are deposits and current accounts which have similar statements:

- The user can donate a proportion of the whole profit generated to the non-profit organization regarding social or environmental sectors.
- Clients are aware of the whole process and the destination of their investment, with 100% transparency.

Triodos Mortgages, called EcoMortgages, promotes energy efficiency and sustainability of habitual housing. The specific criteria used is that the better the energy certification, the lower the interest rate at which the house is financed, starting from 12-month Euribor + 1.85%.

Concerning the certificates of deposits for shares, This product builds the main Triodos social capital since they are the shares in which Triodos is invested. It supposes an advantage, that in the case of profit, It will lead to gain, but the general disadvantage is that we will lose influence concerning decision making, so We will be more dependent.

That is why this product is a good option of investment, because of the high profitability and social responsibility at a steady price.

Table 3 - Products supplied by Triodos Bank

TARGET				
P R O D U C T S		Individuals	Business	Freelancers
	Accounts and cards	Current Accounts: Debit Card Basic payment Account Credit Card	Corporate Account Debit Card Credit Card	Current Account Credit Card Debit Card
	Saving	Triodos Account Children's Account Triodos Deposit	Company Triodos Account Triodos Deposit	
	Investment	Certificates of deposits for shares Triodos Pension Plan		
	Mortgages	Variable Triodos Mortgages Mixed Triodos Mortgages		
	Financing	Loans for investment and project financing Circulating Bank Guarantee		

Source: Own elaboration using Productos Triodos

4.- The demand side of ethical banking

The financial consumer has evolved parallelly to the market. Demand preferences have been adapted to the fluctuations and situations of the market, and in this case, of the financial sector.

4.1.- Evolution of the Consumer in the financial sector

As a result of the crisis and other factors, society changes its criteria when it comes to making buying decisions. These are no longer only factors such as trust with the institution's employees, but rather the decisions that the bank makes.

It is believed that consumers are guided by the Goldman rule⁴: “pursue profitable opportunities regardless the effects on others”. The literature reviewed shows that the most important preferences in consumer buying behavior have usually been economic variables, based on profitability and liquidity. That is why society mostly acts as a consequence of monetary and not social or environmental impact.

The financial crisis has undoubtedly had a profound and lasting effect on how European customers interact with the banks they serve. Consumers no longer have the image of trust and confidence in banks that they once had, and nowadays customer trust in banks has dropped radically. According to a report from the company Ernst and Young released in 2010, about 45% of clients claim that the subprime crisis has impacted negatively, or very negatively, on their trust in the banking sector. In addition, they noticed that 24% of individuals reported changing their bank account at any given time. An additional 11% of respondents reported that they intended to change their main bank in the future.

In the review of Ernst and Young (2010), It noticed that banks should consider methods of improving customer loyalty, probably by an optimal communication about ethical practices and behavior, since It is directly related to transparency. This factor is related directly to consumer loyalty and satisfaction, It is also valuable to build new strategies for clients and to focus on loyalty programs as a source of long-term income and improved relationships. In order to determine the effects of Corporate Social

⁴ The Goldman Rule is referring to the behavior of the most profitable of the Wall Street banks, Goldman Sachs.

Responsibility on customer loyalty, García de Los Salmones, M. M., Pérez, A., & Rodríguez del Bosque, I. (2009) concluded that customer loyalty is one of the most significant aspects of consumer satisfaction with corporate performance, and is strongly related to the profitability of businesses.

The factors that drive satisfaction vary considerably from one market to another, that is why it should be taken account of these often marked differences when developing new products and new ways of serving customers. The impact of the financial crisis has only increased these inequalities, and banks across borders will have to address them in a market-specific manner.

In addition, another consequence was that clients began to decentralize their money, depositing their financial products in different entities as a prevention to avoid reducing the risk to which they were exposed in the last crisis (Ernst and Young, 2010).

The 2010 Ernst and Young study conducted a survey based on the consequences and changes in consumer preferences. In terms of confidence, it found that 45% of respondents had a negative impact on their trust after the last downturn. Concerning loyalty, they confirm that 74% of users with more than one bank have only one product with their secondary bank, and 54% of all those surveyed said that if their bank had a loyalty program, they would be part of it. They also suggest the main reasons why users want to change banks, among them Price (43%), service (42%) and products (31%) are the most popular. As we can see, these do not include social or cultural factors that correspond to their bank, but only economic factors.

4.2.- Ethical Consumer

As mentioned previously, consumer preferences change with market fluctuations as well as random factors. In this case, the last financial crisis that took place in 2008, dramatically affected the financial sector, causing demand to change criteria. Feelings of distrust began to emerge, and along with them, social factors began to have relevance in the decision making of customers, in addition to economic factors such as profitability among others.

A study carried out by Piercarlo Gera E., McIntyre A., and Sandquist E. in 2019 studying financial global services and the consumer. The research shows a division of consumers into 4 groups (See table 4).

Table 4 - The four Customer Personas from the banking sector

<p>PIONEERS</p> <p>Young (between 18 and 34) More likely to be male than female high-income bracket Ethically minded Tech-savvy Open to risk Hungry for innovation Inspired by the new</p>	<p>PRAGMATICS</p> <p>Distributed across age, groups and geographies. Channel agnostic Satisfied Low interest in novelty Open to advice Data conscious Trusting</p>
<p>SKEPTICS</p> <p>Discontent Risk-averse Mistrustful Tech-wary Frustrated Difficult to convince Dissatisfied</p>	<p>TRADITIONALISTS</p> <p>Mature Less well off Tech-avoiders Responsive to the human touch Feeling let down Losing trust Wary of the new</p>

Source: Own elaboration using Piercarlo Gera E. et al. (2019)

According to this segmentation, the groups that are more likely to be ethical consumers are Pioneers and Traditionalists. Those profiles have similarities to what Ethical Bank offers. On the one hand, Pioneers have a culture based on ethics, nowadays new generations are more aware of the environment and tries to act, in general, according to the environment. In the previous study from Piercarlo Gera E. et al. (2019) it is shown that 65% of the users are conditioned by their provider’s approach to corporate social responsibility. Besides, They also observed that Pioneers are willing to take a risk to improve their lives. Therefore, they take into account environmental and social factors, as Corporate Social Responsibility and social improvement. This group can be a potential target to consume Ethical Banking.

On the other hand, there are Traditionalists. This group is determined by a distrust and a feeling of insecurity. Those factors consequences are that Traditionalists have switched banks more over the past year, because of the lack of trust in their bank. The

main cause is because they feel cheated when the financial institution does not provide or explain in a simple way the information or data, therefore they do not feel identified with the institution because of the wrong communication and low level of transparency.

In contrast, an investigation carried by Krause, K., and Battenfeld, D. (2019) about the consumer characteristics and market size of social banking got similar results. Taking into account that Social Banking is an approach to Ethical Banking since it is based on the same criteria: providing financial services to individuals that create social, environmental or sustainable benefits. (Weber, O., 2014)

Social Banking consumers tend to be younger, higher educated and located in cities or highly populated locations. They also noticed that Social Responsible investors are usually men in greater proportion than women. In particular, individuals between 30 and 50 years old who have a university degree or a doctorate show a strong correlation with the client group of social banks. Concerning socioeconomic class, social bank clients may not earn higher levels of income, but they do have higher levels of education than conventional bank clients. On the whole, turning into a social bank client seems to be a matter of education than of income. Furthermore, social banking clients seem to have stronger preferences for social profitability such as social-ecological asset allocation, transparency of data and participation, and softer preferences for financial performance.

5.- Conclusion of the Theoretical Framework

After the literature review, different factors have been observed that will shape the research.

Ethical banking provides a service that, until now, did not cover the supply. Therefore, they are filling a segment of the market share with a very limited range of services until the rise of this type of institution. Therefore, to estimate the growth of ethical banking, it is essential to detect those who are willing to contract it. So far, the market share has increased, but traditional banking strongly predominates. That is why it is proposed to investigate why the market does not encourage to become a client of an ethical bank, and prefers to be a client of a traditional bank. For this reason, variables such as preferences, socioeconomic factors, among others, are investigated to accurately estimate the profile that identifies with ethical banking. Variables such as the level of awareness that the population has of the existence of this type of institution will also be explored since it is considered that one of the reasons may be because they have not carried out an appropriate marketing campaign.

After the research, it has been observed that there is no substantial literature on why there is no high demand for ethical banks despite the quality of supply and services offered. Is it because of limitations such as hidden consumer preferences, or perhaps because publicly we seem more committed to society and the environment, but then in our private affairs we tend to adopt the opposite attitude? Is it because of the low level of financial culture?

This study aims to answer those questions and to fill this gap in the literature, as several authors have investigated many of the variables that will be tested, but from different perspectives.

6.- Objectives

Nowadays, the whole market is constantly changing and developing new businesses and ideas, which stimulates the emergence of supply with a wide range of possibilities. Consequently, this implies two facts, on the one hand, to raise new inner needs in the demand or, on the other hand, to satisfy a segment whose supply is scarce. This fluctuation and changes in consumer preferences are a key component in the purchasing process since the market needs to accommodate them if it has not already done so. After all the background to the evolution of the banking sector, demand has been changing its needs and at the same time supply has been evolving too.

People today have begun to adopt a culture focused on sustainability and social benefits, applying these values for the most part in their purchasing behavior. But, is this ethical behavior applicable in a market as capitalist as the financial one? Is society willing to trust in alternatives such as ethical banking? Is society aware of the negative impact of traditional banks and that there are other alternatives?

Based on this situation, the main objective of this investigation is to **study the supply of ethical alternatives in the banking market and analyze the profile of the current consumer and the potential consumer of ethical banking.**

The general objective of this paper is to study and understand the offer of ethical alternatives in the banking sector, in this case, ethical banking, to analyze the profile of the target market of this type of institution, in addition to the already existing ethical clients. This will allow us to detail the social characteristics and preferences, among other variables, of the consumer or potential consumer of ethical banking and to check if society is conscious of the existence of these alternatives.

Besides, the following specific objectives are detailed, which help to delimit the exploratory field of the research:

- Understand the banking market, the main differences between conventional banks and ethical banks, and conclude the importance and market presence of this types of banking.
- Analyze the factors that are relevant to customers when choosing a bank.

- Define the consumer profile in the financial sector and establish the main characteristics.
- Identify who is the main target of ethical banking and its economic and social characteristics.
- Detect the correspondence of the initial intentions of the consumer with the decisions they finally perform.

7.- Hypothesis

Based on demand behavior, preferences that lead them to choose which financial institution to trust and their genuine intentions, one of the purposes of this study is to detect whether the current financial market is willing to bet on ethical banking. Considering that characteristics such as age and gender, among others, can condition their decision, it is proposed to explore buying behavior, specifically the problem recognition and purchase decision phase. The distance between the intentions acquired in the problem recognition phase could be different from the decision taken in the purchase stage since, even though that social and sustainable values are on the rise today, society tends to contradict itself when it comes to buying.

After considering all these factors and defining the research questions and the main objectives of the study, the following hypotheses are established:

- H1: The main preferences of consumers when choosing a bank are associated with economic factors, in general profitability and interest rate, and with alternative factors such as the convenience of location and comfort among others.
- H2: At least 50% of the consumers are not aware of the practices carried out by their banks, such as locating their assets in the army industry.
- H3: The consumer profile of ethical banking tends to be young, middle-class and with a high educational level.

To test the hypotheses mentioned, a methodology has been established in accordance with each one of them.

8.- Methodology

After the research and investigation process, we have proposed certain hypotheses and objectives based on the data collected and the gaps detected. Consequently, the methodology has been established to check the validation of the three hypotheses. To do this, we detail below what kind of methodology will be applied, the process of obtaining data and analysis among others. It should be noted that there are objectives that have been achieved through research and literature review, the result of which is the theoretical framework.

It is of huge importance to avoid opinions and subjective points of view, to ensure an objective, impartial and fair outcome.

In order to organize the methodology, it has been separated into two types of methods, a quantitative analysis, using statical inference such as linear regression and hypothesis testing and a qualitative analysis based on the interview of a professional in the field.

For this purpose, a structure has been developed detailing all the steps and processes that will be carried out.

In the first place, it is essential to define and specify the object of the research in order to be able to set out the general purpose. Once the focus of the study has been established, the methodology for data extraction and analysis will be applied. After observing the behavior of the variables, the conclusions resulting from the analysis will be drawn and the hypotheses stated at the beginning will be tested.

Table 5 - Methodologies employed related to the hypothesis

HYPOTHESIS	METHODOLOGY	TECHNIQUE
H1: <i>“The main preferences of consumers when choosing a bank are associated with economic factors, in general profitability and interest rate, and with alternative factors such as the convenience of location and comfort among others.”</i>	Quantitative	Distribution table
	Qualitative	Interview
H2: <i>“At least 50% of the consumers are not aware of the practices carried out by their banks, such as locating their assets in the army industry.”</i>	Quantitative	Single-sample proportion test
	Qualitative	Interview
H3: <i>“The consumer profile of ethical banking tends to be young, middle-class and with a high educational level.”</i>	Quantitative	Linear Probability Model
	Qualitative	Interview

Source: Own elaboration

8.1.- Quantitative study

As mentioned above, the informal survey will be used to obtain quantitative data. This technique accelerates the process of obtaining data and facilitates the obtaining of multiple variables dynamically. However, it should be noted that since the sample is random, it can give repetitive, irrelevant and superficial results, and therefore a certain level of non-sampling error must be considered.

8.1.1.- Informal Survey

The informal survey is based on a sequence of different types of questions, where the main objective is to obtain data. For this study, the survey is used to test the possible relationship between the suggested variables, to extract observations and additional data and finally to validate the hypotheses mentioned above and to provide answers to the questions. After data collection, samples will be grouped and analyzed according to the variables that will be tested.

For the analysis, R-commander will be used as a Graphical User Interface, where different statistical methods and techniques will be employed according to the type of variables and objective to be tested.

The characteristics that determine the survey will be presented in detail in the table below:

Table 6 - Survey components and structure

Objective	As outlined in the introduction, the objectives of performing the survey are as follows: <ul style="list-style-type: none"> - Analyze the factors that are relevant to customers when choosing a bank. - Define the consumer profile in the financial sector and establish the differences between the current customers of both type of banks. - Identify who is the main target of ethical banking and its economic and social characteristics. - Detect the correspondence of the initial intentions of the consumer with the decisions they finally perform.
Type of data	Personal Data, behavior, knowledge and actions
Format	E-survey. Online using Google Forms.
Population	Women and men over the age of 18 in Spain.
Sample Size	385 individuals
Type of question	Open questions (short and large answer) Multiple choice Likert scale Dichotomic questions
Methodological procedure	Personal, structured and informal survey
Direct Distribution Channel	The survey will be online and multichannel: <u>personal distribution</u> and <u>virtual</u> , using Social Networks. To ensure a combination of the three banking consumer profiles, it is proposed to reach all three segments. In the case of ethical banking consumers, some difficulty is shown as they are not numerous. Therefore, dissemination will be used through associations such as FETS among others. Besides, social networks will be used as a distribution channel, getting in contact with the followers of ethical banks such as Triodos or Fiare through a public profile created essentially for this activity.
Confidence level	95%
Error margin	0,05 (5%)
Graphical User Interface used	R-commander and Microsoft Excel

Source: Own Elaboration

8.1.2.- Sampling Process

For the delimitation of the sample to be tested, it is necessary to sample the population. This will help in selecting the individuals from which we will extract the data. To guarantee a defined sample, 5 steps will be followed:

1. Define the target population
2. Determine the sampling frame
3. Select a Sampling Technique
4. Determine the sample size
5. Launching the survey

Define the target population

The target population is the set of individuals who hold the information and data that this research aims to study. To define in a concrete and precise way the target population it is necessary to define the element, sampling units, extension and time.

The element is the object or user that is going to bring the necessary information. In this case, since the research is going to be carried by a survey, the element is the respondents over 18 years old. Age is a factor of huge importance since it's an indicator of financial independence. The sample unit is the same as the element given that there aren't other preferences.

In terms of extension, it concerns the geographical framework, which in this case is limited to a national scope, focusing only on Spain. In terms of time, the study will be based on data collected during the month of April 2020.

Determine the sampling frame

The sampling frame is the set of elements that identify the target population. In this case, the sampling frame is the following:

- Traditional banking customers
- Traditional and/or ethical banking customers
- Users who are not banking customers in general

Besides, the distribution channel of the survey must be taken into account, in this case, it will be multi-channel, however in both channels it is necessary to do it online. Therefore, it must be taken into account in the sampling frame.

Select the sampling technique

For this purpose, the traditional sampling approach will be applied, as the whole sample will be selected before starting the data collection.

Furthermore, sampling without replacement will be considered, which means that the elements cannot be included in the sample more than once, as it may distort or modify the results. Simple random probability will be used for sample selection.

Determine the sample size

SurveyMonkey's Sample Size Calculator has been used to calculate the sample size and the following criteria have been indicated:

- Population Size: 38,783,678⁵. (The total population residing in Spain over 18 years old).
- Confidence Level: 95%
- Margin of error: 5%.

The system uses the following formula according to simple random sampling to calculate the sample size to estimate the proportion:

$$\text{Sample size} = \frac{\frac{z^2 \times p(1-p)}{e^2}}{1 + \left(\frac{z^2 \times p(1-p)}{e^2 N}\right)}$$

According to the conditions, a sample size of 385 users has been obtained as accurate. Nevertheless, due to the current health crisis caused by the Coronavirus, it has been more challenging to collect those numbers of samples, so the sample size has been reduced to 177 users.

⁵ Data taken from the National Institute of Statistics (INE)

Launching the survey

For the execution of the sampling process, a multi-channel distribution has been determined. Since the survey aims to reach not only traditional bank clients but also ethical bank clients, it is difficult to obtain participants from ethical institutions.

That is why one of the channels will be the diffusion of the survey through associations such as FETS, entities such as Triodos among other direct channels, to guarantee a heterogeneous mix of users.

Besides, the idea of contacting users directly through a social network account such as Instagram, among others, is being considered. This account will have the only purpose of directly reaching the clients or followers of ethical banks.

And finally, it is indicated the survey via the personal channel, through the diffusion by private and personal media.

8.1.3.- Design of the survey and variables

The survey is driven by the hypotheses of the study, and therefore by the objectives, as its main function is to collect the data for then, analyze them and test the assumptions (See Annex 1). The questionnaire is made up of 3 general parts, each one focused on a specific area:

- 1st Part: This block includes general questions, where individuals provide their personal data, such as sex, age, marital status, place of residence, occupation and level of education. These variables are key elements to define the buyer persona and to check if there is any correlation between them. This part will provide an idea of the main characteristics of the respondent.
- 2nd Part: In the following section, several variables are referred as the customer profile. The principal variables are the current customer's bank and seniority, which will allow defining the level of loyalty and preferences when choosing the bank. This data will lead to the development of a profile based on intentions and preferences, in addition to identifying the weight of other variables such as transparency or the perceptions of the customers themselves.

- 3th Part: This section provides an image taken from the Delàs⁶ Centre's report nº 37, which shows the leading Spanish banks that invest in arms production. This sequence aims to determine the level of awareness of the current situation, as well as to check whether the data presented can have a direct influence, and therefore, whether this is a preference.
- 4th Part: Initially, an infographic is shown where general data on ethical banking, the main institutions in Spain, are reflected and contrasted with the activities of traditional banks. The questions focus on the level of awareness of the existence of ethical banking alternatives, as well as the propensity of the individual to change the financial institution. Among others, there are references related to buying behavior, which will provide an internal vision from the customer's point of view.

The questionnaire is comprised of several types of questions, according to the types of variables and the formulation of the questions. The open response, multiple-choice, dichotomous response and Likert scales are combined. This variety allows us to contemplate the level of importance or disagreement, using the Likert scales, or what the consumer's preferences are in the range suggested in the multiple-choice questions, for example.

8.1.4.- Analysis of the data and Techniques used.

Google Forms has been applied to design the questionnaire, as the population is relatively familiar with the format and besides, it provides an Excel document with the extracted data. Once the data have been collected through the multi-channels, as mentioned above, an analysis of the data will be undertaken using R-Commander and Excel.

First of all, a technique using statistical inference is established for each hypothesis, where through different tests the validation or rejection of the hypotheses will be carried out.

⁶ The J.M. Delàs Centre for Peace Studies is an independent entity for the analysis of peace, security, defence and armament dedicated to carrying out research and political and social advocacy under a culture of peace prism, on the negative effects of militarism and armed conflicts.

Hypothesis 1: *“The main preferences of consumers when choosing a bank are associated with economic factors, in general profitability and interest rate, and with alternative factors such as the convenience of location and comfort among others. “*

The hypothesis will be tested through a distribution table and descriptive statistics on the answers obtained. The variable to be analyzed is *Preferences*, a qualitative variable from which we will obtain the data through the question: *“What were your preferences that led you to choose your current bank?”*

Hypothesis 2: *“At least 50% of the consumers are not aware of the practices carried out by their banks, such as locating their assets in the army industry.”*

The following hypothesis is about a majority, so the proportion will be observed in the dichotomous questions of: *“Were you aware that banks such as CaixaBank, Banco Santander, BBVA among others invested a total of 8.622 million euros in arms production between 2013 and 2018?”* (After an informative image) and *“Were you aware that it is your money that banks use to invest in this type of practice?”*

Hypothesis 3: *The consumer profile of ethical banking tends to be young, middle-class and with a high educational level.*

A linear probability model will be performed where the correlation measures will be calculated to check if the relationship is positive or negative and if it is strong or weak. There will be two dependent variables:

- Being client or not of an Ethical Bank (Current Ethical Consumers). The question of the survey that will determine this variable will be: *“Are you a client of an ethical bank?”*

In this case the independent variables are:

- Age
- Income. The question measuring the data for this variable is "Net monthly income level".
- Educational Level

- Sex

8.2.- Qualitative study

Qualitative research is based on the collection of data provided by open responses, observation and data of an explanatory nature, providing qualitative information on the perceptions and theories developed. For this purpose, an interview with an industry expert will be developed to help strengthen and contrast the results.

8.2.1.- Interview with an industry expert

The main objective of the interview is to understand the inner experience and perspective of both types of banks. It will be useful to put in context the results and conclusions. For this reason, the initial idea was to interview an agent from the communication and marketing department of each bank. In order to get the inner perspective of both banks and understand their target market. Despite the initial proposal, it was only possible to arrange an interview with the Triodos agent, as, after several attempts to contact banks such as La Caixa or Banc Santander, they did not respond or redirected us to another branch. So finally, an interview was arranged with an employee of Triodos Bank's communication department. For this reason, it must be considered that the answers are biased, since the only perspective that has been obtained.

The interview will unstructured personal interviews, without administering a formal questionnaire, as the general questions or topics will be established before the interview. This will allow flexibility to the interview and build on it through the proposed topics. This will contribute to perceiving the vision that the two types of banks have internally and the customer profile that they consider. The topics to be discussed in the interviews are as follows:

- Consumer behavior and preferences, internal perceptions.
- Perception of society's financial culture.
- The customer profile that corresponds to their entity.
- Ethical banking. Speculations on its growth and determining factors.
- Predictions of the banking market.

9.- Analysis of the database

9.1.- Univariate Analysis

As previously noted, the database has been acquired through a digitized survey. Due to the current situation of the COVID19 crisis and restricted mobility, the sample size of 385 has been reduced to a total of 177 individuals. (See *Annex 2*)

Since the sample size has not been reached, the sample to be analyzed is considered less representative, and therefore the results will be approximate.

Besides, the qualitative variables have been factorized and certain categories have been regrouped to reduce the number of categories and simplify the analysis.

However, each question represents a variable, some of which will be more descriptive and will help to construct the results, while others will be analyzed directly to provide answers to the hypotheses stated. To find out the correspondence of each variable with the related question in the survey, please consult *Annex 3*.

Originally, the database comprised 21 variables, as each question in the survey generated one variable. For the bidimensional analysis and testing of the hypotheses, a database with the variables directly linked to the hypotheses was adopted, which consists of 21 variables, including certain new variables created from others. In *Annex 4* the codebook can be consulted showing a brief definition of each variable as well as its categories and codification.

Before testing the hypotheses and establishing the relationships between the variables, an univariate analysis of the variables that are directly related to the hypotheses has been developed. For this purpose, a summary table has been prepared in which the most relevant descriptive statistics of each variable can be observed. (See *Annex 5*)

To facilitate the analysis and management of the data, some of the variables, such as preferences, education, and occupation, have been grouped into categories. (See *Annex 6*)

Regarding the description of the sample and its variables, it holds regular general features. The sample is biased since most respondents are in the age range of 18 and

25, with relatively low incomes and inactive in the labor market, since most of them are students.

Concerning other demographic characteristics of the sample, It should be noted that most of the respondents are women and the average marital status is single and childless.

About the profile of the bank consumer, the average of the sample is a customer of traditional banks, with seniority in the current bank between 0 and 10 years and 58.4% consider that they have appropriate financial knowledge.

9.2.- Hypothesis testing and Bivariate Analysis

9.2.1.- Hypothesis 1

“The main preferences of consumers when choosing a bank are associated with economic factors, in general profitability and interest rate, and with alternative factors such as the convenience of location and comfort among others.”

The main object of Hypothesis 1 is to prove that variables related to profitability and service such as interest rate, probability, and location are more frequent concerning preferences during the buying decision of a bank.

Therefore, the hypothesis is to check if the profitability, the interest rate, and the location of the subsidiary are positioned in the most chosen categories by the sample and that the distribution is not uniform. For this purpose, a frequency table has been generated where the absolute and relative frequencies of each category are listed.

Table 7 - Frequency table of the variable *PREFERENCES*

PREFERENCES	Abs. freq.	Rel. freq.
Deposit facility	28	7,84%
Contributing to social and environmental improvements	16	4,48%
Wide range of products	9	2,52%
The security of your funds and the confidence you convey	27	7,56%
Profitability	9	2,52%

Extensive online and mobile banking services	44	12,32%
Money to work for the growth of the local economy	6	1,68%
The accessibility and proximity of the branches	87	24,37%
Act ethically with society	15	4,20%
Share a commitment to your community	14	3,92%
Maintain local decision-making	5	1,40%
Availability of funds	8	2,24%
The transparency of information and documents.	16	4,48%
Public image	14	3,92%
Interest rate	8	2,24%
Customer service	27	7,56%
Supporting productive investment, not gambling	4	1,12%
Fees	20	5,60%
TOTAL	357	100,00%

Source: Own elaboration using EB_Database

As It can be observed in the Table 7, the categories that are more representative for the sample are The *accessibility and proximity of the branches* that was chosen by a 24,37% of the sample, followed by *Extensive online and mobile banking services* with a 12,32% of representation and finally, *Deposit facility*, that weights 7,84% according to the global answers.

On the whole, *the interest rate and profitability* represent preferences for 2.24% and 2.52%, respectively, of the population. Consequently, hypothesis 1 is partially valid, since the category *Accessibility and proximity of branches* is a preference for 24.37% of the population when choosing which bank to go to.

Furthermore, the *interest rate and profitability* categories do not have the expected weight in terms of consumer preferences. Accordingly, as we can detect, the categories *Extensive online and mobile banking services* and *Deposit facility* replace the previous categories and therefore have more relevance for the consumer.

Detailed analysis

To diminish the complexity of the answers, since there are 18 different categories, and to help to obtain more accurate results, categories have been grouped in three principal combinations: *Service, profitability, and ethics*. Based on these criteria, 3

variables have been created by counting how many categories of each group the respondent choose. According to those 3 new variables, 3 more variables were created to compute the percentage. (See *Annex 6*)

For that reason we will analyze the *prefrent*, *prefserv* and *prefetic* variables which show the proportion of each category over the total number of options chosen by each individual. According to the initial hypothesis, Profitability and service categories predominate over ethics. As observed previously in the frequency table, the most relevant categories belong to the service, *The accessibility and proximity of the branches and Extensive online and mobile banking services*, and then to the profitability, *Deposit facility*.

Consequently, the table of frequencies of the variables *prefrent*, *prefserv* and *prefetic* will be observed in order to check which is the most frequent percentage of ethical preferences that the sample has, besides observing the amount of population that only has that type of preferences.

Prefrent

The variable *Prefrent* indicates the percentage of profitability preferences chosen by the respondent over the total chosen preferences. The variable has been analyzed to examine the percentage of profitability preference that most people have chosen.

As revealed by the Annex 7, 63.28% of the sample, has not chosen any profitability preference. This fact suggests, that more than half of the participants do not take into account those factors when choosing a bank. While 9.04% of the sample have 50% of their preferences based on profitability terms, 8.47% of the participants hold only profitability preferences.

Prefetic

Prefetic variable represents the percentage of ethical preferences chosen by the respondent over the total chosen preferences. The variable has been analyzed to explore the percentage of ethical preference that most people have chosen.

As presented in Annex 8, 71.75% of the sample, has not chosen any ethical preference. That means, that almost 75% of the sample do not consider ethical

concerns when choosing a bank. Moreover, in 6.78% of the participants, ethical preferences have a presence of 50% over the total determinants while 10.17% of the sample base their preferences entirely on ethical issues.

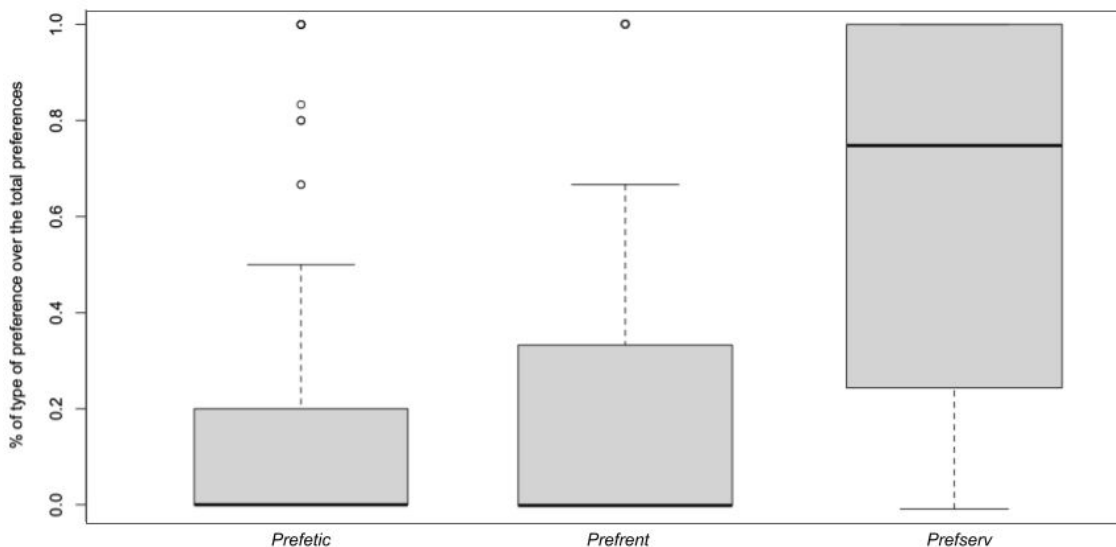
Prefserv

The variable *Prefserv* represents the percentage of preferences based on service chosen by the respondent over the total chosen preferences. The variable has been analyzed to explore the percentage of service preference that most people have chosen.

In the case of *Prefserv*, as it can be observed in Annex 9, only 23.16% of the sample have not chosen any preference based on service. Furthermore, 10.73% of the participants have half of their preferences based on service predisposition while 48.59% of the sample, almost half of the participants, establish their preferences entirely on Service criteria.

Results

Graph 1 - Boxplots of *Prefrent*, *Prefetic* and *Prefserv*



Source: Own elaboration using R-commander and EB_Database

For a more precise observation of the distribution of the sample, a Boxplot of the variables *Prefetic*, *Prefrent* and *Prefserv* has been elaborated (See Graph 1). Concerning the *Prefetic* variable, it can be appreciated that the distribution is mostly concentrated between 0% and 20%, therefore the presence of ethical preferences

during the contracting process of a bank is rather weak. It is noteworthy that the population median is 0%, which indicates that at least half of the sample does not consider any ethical preferences. Referring to the Boxplot of the Prefrent variable, it can be observed that the sample is concentrated between 0% and 35%, a situation similar to the previous variable although with a higher upper limit and third quartile. Preferences related to profitability have a greater presence than those related to ethical actions, although, they still do not have a strong influence, since these two groups have a median of 0%, so their prevalence is scarce in the sample. On the other hand, the variable Prefserv is shown, which, in contrast to the previous ones, is more distributed in higher ranges, especially between 100% and 25%. This data reveals that the preferences related to the service have a stronger prominence than those related to ethical and profitable terms since their presence is higher when choosing a bank.

9.2.2.- Hypothesis 2

“At least 50% of the consumers are not aware of the practices carried out by their banks, such as locating their assets in the army industry.”

To check Hypothesis 2, two variables must be observed since they are directly related to the level of awareness of the fact that where banks locate their assets. That is the reason why the variables Awareness1 and Awareness2 are being analyzed according to the same hypothesis and technique.

AWARENESS1

The principal concern of the variable is to recognize if the sample is aware that banks such as CaixaBank, Banco Santander, BBVA, and others have invested a total of 8,622 million euros in arms production between 2013 and 2018. The objective is to test if at least 50% of the sample is not conscious of this fact.

For statistical contrast between the hypotheses, a null hypothesis and an alternative one have been formulated, according to the main hypothesis:

H0: At least 50% of the respondents are not aware of the fact

H1: Less than 50% of the respondents are not aware of the fact

The object is to prove if more than half of the population is not aware of the situation. Once the hypothesis has been stated and considering a 95% confidence interval, a single-sample proportion test with a normal approximation is applied.

Initially, the test is performed according to whether 50% of the population is aware of the fact:

H0: 50% of the respondents are not aware of the fact

H1: Less or more of 50% of the respondents are not aware of the fact

Table 8 - Output of the single sample proportion test 1 of the variable AWARENESS1

```
Frequency counts (test is for first level):
AWARENESS1
No, no era consciente      Si, era consciente
                139                38

      1-sample proportions test without continuity correction

data:  rbind(.Table), null probability 0.5
X-squared = 57.633, df = 1, p-value = 3.159e-14
alternative hypothesis: true p is not equal to 0.5
95 percent confidence interval:
 0.7190994 0.8394008
sample estimates:
          p
0.7853107
```

Source: Own elaboration using R-commander and EB_Database

With a 95% confidence level, we reject H0. Since the p-value is 3.159e-14, and it is lower than the error margin, 0.05. Considering that there is not enough statistical evidence, we cannot prove that H0 is valid. Therefore, the fact that banks such as CaixaBank, Banco Santander, BBVA, and others have invested a total of 8,622 million euros in arms production between 2013 and 2018 is not known by 50% of the population. Consequently, we cannot know with this hypothesis if it is known by more or less population.

According to this result, a single-sample proportion test with normal approximation has been developed regarding if more than 50% of the population is aware of this fact:

H0: More than 50% of the respondents are not aware of the fact

H1: Less than 50% of the respondents are not aware of the fact

Table 9 - Output of the single sample proportion test 1 of the variable AWARENESS1

```
Frequency counts (test is for first level):
AWARENESS1
No, no era consciente      Si, era consciente
          139                38

      1-sample proportions test without continuity correction

data:  rbind(.Table), null probability 0.5
X-squared = 57.633, df = 1, p-value = 1
alternative hypothesis: true p is less than 0.5
95 percent confidence interval:
 0.0000000 0.8315797
sample estimates:
          p
0.7853107
```

Source: Own elaboration using R-commander and EB_Database

With a 95% confidence level, we do not reject H_0 . Since the p-value is 1, and it is bigger than the error margin, 0.05. Considering that there is enough statistical evidence, we can prove that H_0 is valid. Therefore, the fact that banks such as CaixaBank, Banco Santander, BBVA, and others have invested a total of 8,622 million euros in arms production between 2013 and 2018 is not known by more than 50% of the population. The test estimates that a proportion of 78.53% of the population is not aware of it.

AWARENESS2

The variable Awareness2 analyses whether the sample is aware that It is their money that the banks use to invest in this type of practice. The objective is to test if at least 50% of the sample is not conscious of this fact.

The analysis procedure follows the same method and the same hypothesis, although the variable involves a different fact, in this case, if the population is aware that It is their money that the banks use to invest in this type of practice. For analysis, a 95% confidence interval and a 0.05 margin of error will be considered.

The alternative and the null hypothesis is as follows:

H_0 : At least 50% of the respondents are not aware of the fact

H_1 : Less than 50% of the respondents are not aware of the fact

The first analysis aims to check whether 50% of the population is aware of the fact.

H0: 50% of the respondents are not aware of the fact

H1: Less or more of 50% of the respondents are not aware of the fact

Table 10 - Output of the single sample proportion test 1 of the variable AWARENESS2

```
Frequency counts (test is for first level):
```

```
AWARENESS2
```

```
  No  Si
```

```
110  67
```

```
1-sample proportions test without continuity correction
```

```
data: rbind(.Table), null probability 0.5
```

```
X-squared = 10.446, df = 1, p-value = 0.001229
```

```
alternative hypothesis: true p is not equal to 0.5
```

```
95 percent confidence interval:
```

```
 0.5481513 0.6896260
```

```
sample estimates:
```

```
          p  
0.6214689
```

Source: Own elaboration using R-commander and EB_Database

With a 95% confidence level, we can reject H0 as the p-value 0.001229 is lower than the error margin 0.05. Therefore there is not enough statistical evidence to support H0. Consequently, the fact that It is their money that the banks use to invest in this type of practice is not known by 50% of the population.

That is why it is intended to study whether more than 50% of the population is aware, through the same test, of a single-sample proportion test with normal approximation.

H0: More than 50% of the respondents are not aware of the fact

H1: Less than 50% of the respondents are not aware of the fact

Table 11 - Output of the single sample proportion test 2 of the variable AWARENESS2

```

Frequency counts (test is for first level):
AWARENESS2
  No  Si
110  67

      1-sample proportions test without continuity correction

data:  rbind(.Table), null probability 0.5
X-squared = 10.446, df = 1, p-value = 0.9994
alternative hypothesis: true p is less than 0.5
95 percent confidence interval:
 0.0000000 0.6791806
sample estimates:
           p
0.6214689
    
```

Source: Own elaboration using R-commander and EB_Database

With a 95% confidence level, we do not reject H0 as the p-value is 0.9994, and it is higher than the error margin, 0.05. Considering that there is enough statistical evidence, we can prove that H0 is valid. Consequently, the fact that it is their money that the banks use to invest in this type of practice is known by more than 50% of the population. The test estimates that a proportion of 62.15% of the population is not aware of this information.

9.2.3.- Hypothesis 3

“The consumer profile of ethical banking tends to be young, middle-class and with a high educational level.

With a view to Hypothesis 3 and the suggested customer profile, a linear regression models will be performed. Prior to starting, it should be noted that since the dependent variables is categorical, the hypothesis will be proved through an OLS model will be used, specifically the Linear Probability Model. Variables will be presented in factors, in order to contemplate the relation of each category as qualitative and not quantitative. In addition, It will be included the SEX variable.

For the purpose of checking whether the variable *CLIENT* depends on the variables *AGE_D*, *INCOME_D*, *EDUCATION_D* and *SEX_D*, the following linear model has been established:

$$CLIENT \sim AGE_D + EDUCATION_D + INCOME_D + SEX_D$$

Table 12 - Output of Linear model 1

```

Call:
lm(formula = CLIENT ~ AGE_D + EDUCATION_D + INCOME_D + SEX_D,
    data = EB_DATABASE)

Residuals:
    Min       1Q   Median       3Q      Max
-0.31459 -0.16995 -0.04494 -0.01710  0.97918

Coefficients:
              Estimate Std. Error t value Pr(>|t|)
(Intercept)  -0.138979   0.145087  -0.958  0.33952
AGE_D[T.2]    0.164165   0.075418   2.177  0.03092 *
AGE_D[T.3]    0.231576   0.087570   2.644  0.00897 **
AGE_D[T.4]    0.261883   0.085822   3.051  0.00265 **
EDUCATION_D[T.2] 0.057669   0.221086   0.261  0.79454
EDUCATION_D[T.3] 0.156079   0.135703   1.150  0.25175
EDUCATION_D[T.4] 0.274136   0.136356   2.010  0.04601 *
INCOME_D[T.2] -0.005085   0.068025  -0.075  0.94050
INCOME_D[T.3] -0.082452   0.089787  -0.918  0.35980
INCOME_D[T.4] -0.096773   0.155437  -0.623  0.53441
INCOME_D[T.5]  0.036370   0.252548   0.144  0.88567
SEX_D[T.1]    -0.114335   0.051581  -2.217  0.02802 *
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.3064 on 165 degrees of freedom
Multiple R-squared:  0.1266,    Adjusted R-squared:  0.06839
F-statistic: 2.175 on 11 and 165 DF,  p-value: 0.01805
Source: Own elaboration using R-commander and EB_Database

```

To check if the independent variables are related to the dependent variable, indicators such as Global and partial test and Adjusted R-squared will be examined.

Based on the results, it can be appreciated that as age increases, compared to the lowest range, the probability of having an account in an ethical bank increases, and for all age ranges the effect is statistically different from zero in the variable CLIENT. Concerning the variable EDUCATION, there is a relevant difference between having a higher education, referring to university, and having education at the other lower levels. Therefore, it is shown that individuals with a university education are more likely to be ethical bank customers. In terms of gender, we can observe that men are more likely than women to be clients of an ethical bank. Furthermore, the coefficient indicates that when SEX is equal to 1, i.e. woman, the probability of having an account in an ethical bank falls by 11% compared to SEX=0, man.

As a result, the following equation determines the relationship between the variables.

$$\text{CLIENT} = -0.14 + 0.16\text{AGE_D}[T.2] + 0.23\text{AGE_D}[T.3] + 0.26\text{AGE_D}[T.4] + 0.27\text{EDUCATION}[T.4] - 0.11\text{SEX_D}[T.1]$$

On the other hand, this model proves to be useful in general, since the p-value 0.01805 is smaller than the margin of error, 0.05. However, the model has a low adjusted R2, that is, it explains slightly the variation, specifically 6.84%. This is probably because the sample is very biased, also to the few observations that do have an account in ethical banks,

With the purpose of improving the model, a new model comprising the previous variables except the variable INCOME_D, since it has been observed that it does not affect on being client or not. In addition, the variable AWARENESS1, which shows a fact that is directly related to the financial culture, has been included. It will prove if there is relation between being client or not of an ethical bank and being aware of Armed Banks. As a result, the following function has been stated:

$$\text{CLIENT} \sim \text{AGE_D} + \text{EDUCATION_D} + \text{SEX_D} + \text{AWARENESS1}$$

Table 13 - Output of Linear model 2

```
Call:
lm(formula = CLIENT ~ AGE_D + EDUCATION_D + SEX_D + AWARENESS1,
    data = EB_DATABASE)

Residuals:
    Min       1Q   Median       3Q      Max
-0.44724 -0.13524 -0.01404 -0.01404  0.98596

Coefficients:
                Estimate Std. Error t value Pr(>|t|)
(Intercept)      -0.11011    0.12866   -0.856   0.3933
AGE_D[T.2]         0.08609    0.06360    1.354   0.1777
AGE_D[T.3]         0.12477    0.06418    1.944   0.0535 .
AGE_D[T.4]         0.12120    0.06973    1.738   0.0840 .
EDUCATION_D[T.2]   0.05973    0.20001    0.299   0.7656
EDUCATION_D[T.3]   0.08224    0.12103    0.680   0.4977
EDUCATION_D[T.4]   0.16978    0.12089    1.404   0.1620
SEX_D[T.1]         -0.04563    0.04833   -0.944   0.3464
AWARENESS1[T.Si, era consciente] 0.26637    0.05894    4.519 0.0000117 ***
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.288 on 168 degrees of freedom
Multiple R-squared:  0.2147, Adjusted R-squared:  0.1773
F-statistic: 5.74 on 8 and 168 DF, p-value: 0.00000183
Source: Own elaboration using R-commander and EB_Database
```

As can be seen in table X, the age variable in particular slightly affects whether or not to be a client of an ethical bank, specifically in the sector over 41 years of age. As for

the variables related to education and sex, they do not seem to have any influence on the dependent variable, in contrast to the first model created. However, the AWARENESS1 variable has a strong influence on the fact of being a client. Therefore, the fact that an individual is a customer of an ethical bank is closely related to financial culture, although in this case it was shown a fact related to armed banking. Furthermore, the model is globally useful since the p-value is less than the margin of error. In contrast to the first model, this second more refined model presents a higher Adjusted R.square, hence the model is explained by 17.73%.

The second model, which includes the variable AWARENESS1 and excludes INCOME, is more explanatory. That is why the second alternative model will be accepted, since it has better adjusted r2. That is why the following function has been determined:

$$\text{CLIENT} = -0.11 + 0.125\text{AGE_D}[T.3] + 0.121\text{AGE_D}[T.4] + 0.26637\text{AWARENESS1}[T.Si, \text{era consciente}]$$

10.- Interview to an industry expert

The main objective of the interview to an industry expert is to contextualize the results of the analysis in addition to knowing the internal perspective of one of the most influential ethical banks in Spain as Triodos Bank. The respondent belongs to the bank's communication department, where he holds the position of Social Manager. This allows us to perceive which target is the one they consider, in addition to other observations. (See *Annex 10*)

For this purpose, an interview has been arranged telematically, using the Skype platform. The interview took place on June 5, 2020 at 12:00 am. and in terms of duration, the interview lasted between 30 and 45 minutes, since the aim is to explore the perspective to understand the results of the analysis, as well as to capture relevant information. The fact that the interview is via the Internet in video call format allows for diversification of the questions as well as greater flexibility. Other advantages, as mentioned by Malhotra, N. K. in 1993, are the high response rate, as well as the high quality and quantity of data received in a limited time.

As mentioned in the proposal of the methodology, the interview consists of 6 general topics, since it is a unstructured personal interview. General questions have been established in reference to the proposed subject, so during the interview the responses will be explored.

10.1.- Results

To understand the internal perception of the ethical banking market, an interview was conducted with one of Triodos Bank's media managers. After the interview, the content and conclusions of the interview were analyzed, contrasted and synthesized to generate the next results. The full interview can be found in *Annex 10*.

The initial object to be discussed was the preferences of the banking consumer, where the interviewee agrees that nowadays involves three key factors: profitability, security, and impact. Considering that the factor "impact" was not recognized before, the representant suggests that as a consequence of previous crises and more recently, the 2008 crisis, they have perceived that the population's awareness of what is done with their money has increased.

Regarding Triodos' customers, the interviewee mentions that they do not classify into a single customer profile. They have a wide range of profiles, although they agree that the main causes why clients prefer ethical banking can be from the fact that they feel identified with the bank's business model to the case that they have had negative experiences with previous banks. The agent highlights that the differential determinant for them is where they invest, and that is something in which awareness has grown, although it should be further strengthened.

According to the interviewee, Triodos' target belongs to a segment named "cultural creatives". Some of the features of this group are that they have concerns about the environment and ecology, and also feel interested in other cultures. The specialist adds that on the other hand, they have clients who are not represented by this group, and who are in the standard of conventional banking or others. From a more specific and detailed point of view about the demographic and geographic qualities of the segment, the interviewee mentions that it is highly diversified, although in general there is a group with slightly more weight. Some of the qualities are that the target is usually between 30 and 45 years old and that there is more present in urban areas. The second is due to the presence of branches in the cities, but as the respondent points out, the range of clients is quite mixed.

A further topic discussed was the financial culture of the society and how this affects in its buying behaviour in terms of choosing a bank. From the internal perspective of Triodos, they have perceived that there has been an increase in concern and knowledge of how the banking system works and that money is what generates and improves our society. Consequently, what we do with it affects everyone directly or indirectly. Although the interviewed considers that in spite of having improved, it is still not enough, accordingly he suggests more dissemination and promotion of not only adjusting a responsible buying behavior in our daily lives but also applying it when we choose a bank.

The agent credits some of the reasons why the population remains a customer of a conventional bank and not an ethical bank to the insufficient presence of ethical banking in the consumer's banking options. Due to different reasons, among them the inequality of resources with conventional banks, they do not have the same facilities as other initiatives. Other causes suggested are the conservative mindset and fear of

change in society regarding money, since they generate a perception of risk. Despite these observations, other causes are also present, because even though efforts correct them, it is not always possible to understand why there is no more change.

During the interview, reference is made to the possible competition that has emerged from conventional banks that, within their range of products, have some with the sustainable model. The interviewee comments that this may seem a threat, as it may seem attractive to a person who is not informed or does not have the right financial culture. Although from a different perspective, it is a sign of progress and adaptation as these options are being recognized.

The growth and evolution of ethical banking are difficult to forecast, but according to the expert and his internal perspective, to guarantee growth, society must aspire to a fairer society based on a real economy. As we have examined, the crises have helped the growth of ethical banking, but what ethical banks expect is not to be a question of crisis.

11.- Conclusions

As we have observed throughout the study, this thesis has investigated different dimensions of ethical banking, addressing both the demand and supply side. Throughout the study, it has been possible to observe more distinctive characteristics of this type of entity and its segment, which have encouraged to define and outline the objectives of this research.

After analysis and research, it has been possible to reach different results according to the techniques used to respond to the three hypotheses suggested. However, with small sample size, caution must be applied, as the findings might not be transferable to all the market.

Regarding the first hypothesis, related to the preferences of the banking consumer, it has been known that the population mainly takes into account preferences related to the service when it comes to contracting a product from a financial institution. According to the qualitative results, nowadays three factors are considered during the decision of contracting a bank: impact, profitability, and security or service. Although the impact factor has begun to be contemplated in consumer preferences, it still does not have enough influence. Therefore, hypothesis 1 is rejected, since although the preference related to the proximity of the branches, and therefore related to the service, has the maximum weight according to the statistical results, the variables related to profitability, in this case, tariffs and interest rates, do not have the expected importance. A reason suggested by the interviewed agent is that it may happen due to the conservative mind of society, which causes fear of change in terms of money-related concerns.

According to the second hypothesis, It is related to the level of awareness and financial culture of society. Based on the quantitative analysis, we have been able to prove that society is not aware of the unethical practices carried out by conventional banks, such as investment in armed banking. Based on the statistical analysis, it has been concluded that more than half of the population is not conscious of the fact that institutions invest in activities with a negative impact on society. Furthermore, from Triodos' internal perspective, they consider that one of the consequences with the strongest impact due to the low financial culture is the fact that the market maintains its

commitment to conventional banking and does not consider any other type of alternative.

The third and last hypothesis is based on establishing the profile of the ethical-banking consumer-defined by previous studies, in this case, a young target, with a high level of education and middle class. It should be noted that due to the low number of observations, the results of the model are indicative. Despite this observation, after the formulation of the first model, it can be concluded that the profile of the ethical consumer established in the hypothesis coincides partially with the definition of the profile of the ethical banking consumer. In terms of education, in this case, it is verified that the population with university studies is more likely to be a customer of an ethical bank. On the other hand, the income level has not been found to affect relationships. On a second, more explanatory analysis of the sample, it has been shown that age has a slight influence and that the level of financial literacy is closely related to being part of an ethical bank. Consequently, we can conclude that the target of ethical banking presents characteristics such as a high level of financial literacy, besides contemplating that the audience over 41 years old has a higher probability.

This finding has important implications for developing more specialized studies related to the conventional and ethical financial consumer, in addition to defining, in demographic terms, who is the target of the ethical bank. Furthermore, to observe the current situation of the demand and the preferences that they consider in order to facilitate the analysis of the market and the possible causes of the poor engagement of the population with the ethical financial alternatives.

The current findings add substantially to our understanding of consumer behavior in the banking market since It provides an overview of the financial knowledge, the preferences, and specific characteristics that define them. Those factors help to determine and define the financial consumer of the Spanish financial sector, in addition to the specific profile of the ethical financial consumer.

One source of weakness in this study that could have affected the measurements was that due to the low sample size, results are not fully reliable, considering difficulties concerning the distribution of the survey appeared due to the low level of responses and participation. Other caveats need to be considered, since regarding the interviews,

It was initially proposed to interview not only an ethical bank agent but also conventional. But due to the barriers and low level of transparency and communication, it was not possible to assert an interview with an agent of the conventional bank. One of the reasons that influenced was the crisis of the coronavirus since it affected the mobility to be able to distribute the surveys physically and therefore to obtain more results.

In future investigations, it might be possible to use different variables in which different key determinants may define the profile of the client and to forecast the ethical banking increase more accurately. For future research, it would be interesting to investigate the relationship between financial literacy and ethical preferences. Moreover, during the interview, some of the European regulations involved with banking and social responsibility were mentioned, which would be relevant to analyze to observe the supply and the banking market. Some other possible research would involve the analysis of the distance between the intentions and the decisions of the consumer since it has not been possible to reach this objective due to the scarcity of observations. These suggestions would help to shape and refine the banking market, in addition to defining the mechanism of ethical banking and its market, referring to both supply and demand.

As a global conclusion, we can determine that society is in a stage of evolution and change, as it has been observed that there are not only monetary but also social interests. Although this factor has now been introduced into the range of alternatives in the banking sector, society continues to engage in practices that conflict with social responsibility. Therefore, in order to continue evolving and creating a more sustainable and responsible society, it is necessary to keep raising the awareness of this type of entity.

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