Disclosures relating to Covid-19 in the Malaysian banking industry: Theory and Practice

Malik, Arsalan Haneef and Rehman, Awais Ur and Khan, Mubashir Ali

Universiti Malaysia Sarawak

16 July 2020

Disclosures relating to Covid-19 in the Malaysian banking industry: CSR Theory and Practice

---

Arsalan Haneef Malik[1]
Faculty of Economics and Business,
Universiti Malaysia Sarawak.
arsalan.haneef@live.com

Awais Ur Rehman
Faculty of Economics and Business,
Universiti Malaysia Sarawak.
ever.awais@gmail.com

Mubashir Ali Khan
Faculty of Economics and Business,
Universiti Malaysia Sarawak.
mubashirgc@gmail.com

---

[1] Corresponding author.

Disclosures relating to Covid-19 in the Malaysian banking industry: CSR Theory and Practice

Abstract

Purpose: Covid-19 has impacted all the spheres of human lives and so on the stakeholders' demands. This paper is aimed to discuss various strategies the banking industry may be asked to perform for coping against the Covid-19. This paper also analyzed the volume of real in-time disclosures created by the banking industry. These disclosures were also differentiated between public and private banks and between lowly and highly disclosing banks as well.

Design/methodology/approach: Different strategies were used theoretically under the triple bottom line of sustainability. For empirical analysis, the data was taken from Malaysian listed and non-listed banks. Group differences and correlation analyses were performed.

Findings: Banks with bigger size, more profitability, and previous engagements in CSR were more active in disclosing their strategies for Covid-19. Banks were doing least for their disclosures on environmental strategies on Covid-19. Overall, the disclosures about Covid-19 can be taken as a nexus of CSR disclosures of the banks since they have similar correlating variables and have significant correlations. Moreover, the findings were robust against alternative measures of CSR.

Originality: This research is the first in time to discuss disclosures about Covid-19 generated by the banking industry.

Research limitations/implications: The study was limited from the banking industry of Malaysia and had not been able to run regression analysis due to a limited number of observations.

Practical implications: Various aspects of strategies under economic, social and environmental concerns had been discussed. Pertinent examples from different countries around the globe had also been given. These strategies can help practitioners in formulating their Covid-19 strategies to satisfy the stakeholders' demands.

Keywords: Bank size, Covid-19 disclosures, CSR, economic disclosures, environmental disclosures, social disclosures

JEL classifications: M14; Q50

1. Introduction

Negative market forces caused by the spread of COVID-19 merged all together to burden the banking industry (Goodell, 2020). Banks had to focus on the social and environmental issues besides the economical ones to offset the adverse impact (Melamedov, 2020). In this wake, the competition for banking customers increased, and concerns to win customers' satisfaction and loyalty are necessitated. Banks over the days of the crisis have to face pressure to cater to the empathetic needs of society. For instance, the banks may be anticipated to raise their microfinance operations and decrease their interest collections (Skoufias, 2003). Stakeholders demand that the banks respond prudently in coping against this pandemic in different ways. Since the Coronavirus begot unprecedented challenges, it raises some important questions for the banking industry. Firstly, in what ways can the banks be anticipated to help humanity in coping against the pandemic?

Moreover, Covid-19 has impacted all the human circles and activities, and so has the markets and institutions. Bank of International Settlements (BIS) has reported that the banking sector around the globe has observed a downgrading in performance due to the negative jolt given by the COVID-19 pandemic. The Corona pandemic has given as much negative effect to the banking sector as it was given by the fall of Lehman Brothers in 2008. BIS has also noted that security selling by the banks was underperforming, and credit swaps were increasing pressure by higher costs till March once the governments started policies to support banking (Aldasoro, Fender, Hardy, & Tarashev, 2020).

The heightened concerns for medical care cause the customers to spend more than savings, impacting bank deposits and non-performing loans. Leoni (2013) has documented that the difficulties in the banking businesses can be related to the HIV cases in a country because HIV increases the medical expenditures and the customers had to withdraw money frequently. This negative shift in earning dynamics of banks can, of course, alter their ways of stakeholder management. Therefore, it is pertinent to investigate what characteristics of banks determine with their strategies for Covid-19. Stakeholder management is not new to the banking industry. This management strand is dealt with in the name of corporate social responsibility (CSR) and corporate social sustainability (CS). If the disclosures about managing Covid-19 akin to these fields of stakeholder management, then their determinants can be similar, and a nexus of correlations can be drawn between Covid-19 disclosures, CS, and CSR. Moreover, the listed banks having more pressure from stakeholders are expected to be more vigilant in disclosing their strategies in coping with the disaster of Covid-19.

This study has brought all these questions into discussion. Firstly, it has theoretically explained various activities the banks are expected to perform in managing the pandemic. These activities have been separately discussed for economic, social, and environmental spheres to match the triple bottom line of stakeholder management. Data from Malaysian listed and non-listed banks showed that the listed banks are more vigilant in disclosing their strategies to cope with Covid-19. The banks better in size, profitability, and cash flows are better in these disclosures. The banks previously active in CS or CSR operations were also active in Covid-19 disclosures. It was concluded that disclosures about Covid-19 are another side of CSR or CS.

This study contributes to the literature being the first to discuss different activities the banks are expected to perform in managing the Covid-19 disaster. Covid-19 is expected to influence human activities for more time; therefore, policymakers in the financial industry must know what activities they must be ready for. These activities can be used as guiding principles for banks in their disaster management activities against Covid-19. This study has also empirically shown first in time that these disclosures are another side of CS and CSR activities.

2. Triple bottom aspects of disclosures relating to Covid-19

The COVID-19 is seen as a trendsetting event in human history to shape the CSR strategies by researchers of this field. Taking the lessons from this event for CSR can save humanity from engaging again in such events in the future (Kramer, 2020). The impact of a pandemic on CSR strategies can be viewed from different angles. It can be argued that laden by the stress of slacked resources in the crisis and existential risk; the firms may tend to peruse short-term gains by means of fraud and misconduct. These firms would shun investing in CSR projects (He & Harris, 2020). While on the parallel, this crisis period is an opportunity for both the ethical and business-model-based CSR mindset. This notion is strengthened by the real market practices that many firms augmented their CSR during the COVID-19 pandemic. For instance, some UK-based companies altered their business lines to manufacture ventilators. The telecommunication companies issued free internet usage for their customers to make their lockdown easier (BBC, 2020). Dove launched its advertising campaign to encourage people to wash their hands. Tea brand PG-tips encouraged youngsters to contact the elderly people of the society (Jones, 2020). Lenders relaxed their borrowers (He & Harris, 2020), and the world also witnessed an increase in the young working as volunteers (Jones, 2020).

Overall market data shown by S&P and Truvalue-Labs suggest that the COVID-19 increased the CSR activities. Moreover, the disclosures relating to policy changes due to CSR got an essential place in the CSR disclosures. By the start of 2020, these disclosures were at zero percent, while they rose to their maximum of 66% by March 2020 (Truevalue-Labs, 2020). Another market correction was observed that stakeholders rejected the greenwash labeling and mere lip-serving CSR activities. They have become more critical and showed better abilities to process CSR disclosures. This was an appositive change and pressed the firms to follow CSR in its real essence by pith and core (He & Harris, 2020). Research has indicated that people only trust the corporations that forgo their short-term benefits for the long-term benefits of society (Kramer, 2020). World Economic Forum and Harward Business Review have equivocally cited that working for CSR concerns under the prudence and the limits of organizations' business models can strengthen their ties with stakeholders and can also win a long-term positive reputation (Kramer, 2020; WEF, 2020).

2.1 Economic

Fatality rates of COVID-19 can be differentiated to different races and social classes. It refers that the population around the globe is still unequally divided as per the income levels and availability of economic resources for medical health among different races (Butcher & Massey, 2020). This inequality highlighted by the COVID-19 must be addressed through microfinancing, financial inclusion, and CSR initiatives (Iqbal et al., 2020).

Business hours by the stores were adjusted to facilitate the consumer needs during the lockdown. The strict lockdown gave a small hour to buy groceries and necessitates. The working people, especially the employees in the medical-related fields, were more pressed in their time management due to their high demand at work to fight the pandemic at the frontline and take care of their groceries in the limited time allowed during movement-controlled days. Some stores went up to solve this issue for medical workers to dedicate some of the business hours exclusively for these people. In parallel, the people require the financial products and the services, and in this wake, the banks can be expected to facilitate the frontline workers to facilitate on priorities.

Supply of the healthcare products like ventilators or even face masks was seen unequally distributed around the globe. The import transactions are dealt with through the banks. The banks can actively encourage the suppliers to manage the supplies around different geographic regimes by their discounted facilities to trade health care and related products. The central bank of Pakistan has arranged a refinancing scheme for the hospital where the originating bank will charge 3% while the central bank will charge no interest. Under this financing facility, the hospitals can buy equipment for the diagnosis, in-door patient care, and the medical treatment of coronavirus patients (Shahnawaz, 2020).

Wall Street Journal has documented that the crisis caused by Coronavirus has shaken the confidence of small entrepreneurs to a low of the past seven years. This journal has also cited that more prominent firms like Amazon and Google have announced an allocation of USD 5 million and 1 million, respectively, to be distributed to small suppliers in their geographical vicinities (Simon, 2020). Similar loans to the local suppliers are encouraged since the disruption in the supply chain has affected the small suppliers at large. The more prominent firms and banks can also extend advances for prepaid purchases of supplies. The suppliers would be required to procure the supplies to restore economic conditions while they can receive the cash in the days of the epidemic. These amounts to the local suppliers are usually small amounts for the big firms. This pandemic has entered human lives to force them to stay home.

The social distancing was unprecedented and caused many changes in the mechanism of operations, especially in the field of supply chain management. The disruption in the supply chain was feared, and people went into panic buying the groceries and sanitization stuff. For instance, the Malaysian government urged their people to be calm over the continued supply of foodstuff and groceries (New Straits Times, 2020). This macro-example can be pursued by the grocery stores. They can stack up rations and make clear to the public about their efforts in managing the supply chain. This storage of food, of course, comes with resource spending. The banks can help the stores by providing them financing on special and discounted bank offers. While talking about the suppliers, the disruption in overseas trading and the limit in travelling around the residential area during lockdown has caused the consumer to differentiate more consciously between the local and non-local suppliers. This differentiation has, although already in the discussion of sustainability and CSR fields, yet it has emerged as better focused after the COVID-19 crisis.

2.2 Social

Employee health was another critical point to ponder since the bank employees were at the front line to get infected by the COVID-19. Bigger banks like HSBS were at ease to utilize their office space generously for upholding the social distancing, while most of the banks had to spend on technology-based infrastructures to let their employees work from home (Melamedov, 2020). In addition to that, some banks from Korea, China, and the US, have also formulated the screening and quarantine policy for banking documents and currency notes as a move to safeguard their employees (Melamedov, 2020). Many central banks around the globe have adjusted their work times to suit employees and customers too.

The employees have a drastic experience in the lockdowns and shutdown of economic activities. The empathy behavior towards the employees in terms of stabilizing their economic life can be taken as a right-paced CSR strategy that can win employees' loyalty and can be remembered for times as a positive reputation for the firms and so as the banks (Kramer, 2020). HSBC bank initially made a plan to cut 35,000 jobs but halted the employee layoff plan until the affected employees can find an alternative (Riordan & Liu, 2020). Employers can also consider paying a portion of the salary if not paying the full. This move is expected to create a win-win condition for employees and employers as well. Since the employers can save their cost of rehiring and training the new employees after the economic activities are restored by the crisis ends. Some corporations like Walmart, Apple, and Microsoft have announced that they will continue paying their employees, working from the homes, at least in the initial phases of the lockdown period (Kramer, 2020).

The banks can be anticipated to offer loan arrangements to their employees. Kramer (2020) has contended that if the employees are left on their own to search for life-support consumption loans, they must pay much higher interest amounts. In the US, corporate borrowings can be dealt with on a 2-3% interest rate while personal or consumption loans and consumer credit cards were circulated at more than 20% rate. Banks on specific and other firms, in general, can take steps to tackle this issue by arranging corporate arrangements to facilitate the employees with the loans. Besides the economic well-being of the employees, psychological health was another primary concern for the individuals. Taking steps in this direction, Starbucks announced that psychological training and motivational sessions with a particular focus on the Corona crisis would be conducted. Starbucks has arranged 20 sessions of mental health therapy per employee (WEF, 2020). For instance, some of the organizations, Microsoft and Lululemon, have revised their leave policies to ease their employees in getting paid leaves for sickness and other medical reasons.

2.3 Environmental

The unfortunate prevalence of the COVID-19 pandemic has been arguably linked to the environmental concerns of the global population. It has taught us that to make this globe a dwelling home for the next generations, humans must be concerned for it, and the banks have no exceptions. Banks can contribute positively to environmental conservations with the help of new technology. If the 100 million transactions are dealt with in electronic banking, the bank can save more than 600 tons of paper (Riskos et al., 2019). It will, of course, decrease the garbage in the world and increase the number of trees saved from cutting to make papers. The benefits of electronic banking are prudently evident after this pandemic since the social distancing and getting connected through technology-based services is seen as an effective tool of coping.

Capital is the blood, and banks work as the heart in a capitalist system to foster capital to deficit segments. If the flow of funds supply is proper and adequate towards environmentally responsible business, the banks can help grow this sector over the irresponsible sector in an economy. Banks can initially allocate a small portion for their financing exclusively quoted for responsible or green businesses, and then they may increase it successively year by year. In Greece, the banks have seen a 12% increase in their allocation of financing to this purpose (Riskos et al., 2019; OECD, 2020). Banks ought to pay deeper heed to the risk scoring by incorporating the environmental efficiency of the financed customers (Sánchez & Lechuga, 2016). Under the principle that polluters pay the price, the credit scoring should be adjusted such that irresponsible businesses have to pay a higher rate to mitigate the environut hazards highlighted by COVID-19 (Esty, 2020).

Agribusiness is one of the prime organic, natural, and food-producing sectors. The lockdowns have taught us the importance of food supply in the days of the crisis. The banks already have particular branches or even the whole bank branded for the development of agriculture in Pakistan (Noonari et al., 2016). Similarly, in Greece, the banking sector has come up with resources to educate and be aware of the framers with new technologies and trends in food and other agricultural products. These lines are expected to grow after the pandemic (Riskos et al., 2019; OECD, 2020). Being the hub of economic activities and intermediation in an economy, the banks have proper insight into the market practice of different organizations and sectors. They have started coming up quoting positive experiences and the best market practices relating to sustainable businesses. The purpose of this activity was to foster practice-based information to the stakeholders as a guide to align their business activities aligned to the CSR objectives.

The banking business is carried out through the network of branches, even in the presence of electronic banking. These branches demand heavy expenditure for maintaining the temperature by air-conditioning or heating systems. Banks can save hefty amounts by utilizing modern technologies and architectural ways, and these funds can be utilized in other efficient avenues (Wang et al., 2020). Piraeus Bank decreased 36% electricity usage and CO2 emission per employee with the help of temperature-efficient windows panes, water switches in toilets, and LED lightings (Riskos et al., 2019).

3. Data and Methodology

This study attempted to examine the nexus between banks' disclosures on their website relating to the Covid-19 pandemic and its past practices of disclosing information about CSR and sustainability activities in their annual reports. Furthermore, the correlation between banks practices of public disclosures relative to their capital equity, market capitalization (in case of public banks), revenue, net income, profit margin, size of banks (calculated by total assets), total liabilities, operating cash flows, investing cash flows, financing cash flow, cash flow cover, cash flow margin, total cash flow margin.

The sample of this study consisted of thirty Malaysian commercial banks; the list is provided in Table AI. The overall sample was segregated into sub-samples of unlisted and listed banks at Bursa Malaysia. Another separate set of sub-samples was created for banks with a higher volume of disclosures and a lower volume of disclosures relating to Covid-19. For this purpose, the median for the disclosures was noted, and the sample was divided into a higher median and lower median. The banks laying in the higher median were taken as banks at higher levels of disclosures and vice versa. The results are presented in Table II.

The analysis of web disclosures by banks relating to Covid-19 was conducted from January 2020, when cases were started being reported, until May 2020. During this period, the pandemic was at its peak. Any information on the website of individual banks concerning the Covid-19 pandemic was regarded in the “absence or presence” technique perspective (Feng & Ngai, 2020). If any disclosure relating to Covid-19 was found, ‘1’ was assigned, and ‘0’ was allocated in other cases. Total scores for individual banks were summed up.

The Shapiro Wilk test verified the condition of normality in the distribution of the data, and then the group differences were analyzed through an independent sample t-test. Group differences were separately analyzed between listed and unlisted banks and highly and lowly disclosing banks.

Furthermore, for CSR and CS, the "absence or presence" technique was used to assess the latest available annual and sustainability reports published by banks. If the required information was not disclosed, "0" was coded, or else "1" was coded (Feng & Ngai, 2020).

For past practices of disclosures of CSR and sustainability activities by banks, the latest available annual reports, sustainability reports (where available) were considered. Furthermore, in measuring CSR activities by banks in annual and sustainability reports, the vocabulary list formed by Pencle & Malaescu (2016) was used. Several latest studies have widely used this vocabulary list see (Myšková & Hájek, 2018; Mckenny, Short, Ketchen Jr, Payne, & Moss, 2018; Myšková & Hajek, 2019; D'Acunto, Tuan, Dalli, Viglia, & Okumus, 2019; Hummel & Rötzel, 2019; Balasubramanian, Yang, & Tello, 2020; Firk, Hennig, & Wolff, 2020). To measure CSR, the list contains 319 words for human resources/employees, 174 words for society and community, 297 words for human rights, and 451 words for the environment.

Moreover, to capture more reliable and complete information, this study also used a colloquial list created by Myšková and Hájek (2018) for sustainability measurement. Myšková and Hájek (2018) explain that list is created on the vocabularies for sustainable development that is broadly obtainable from the Environmental Protection Agency and the United Nations[2]. This list is based on three pillars of sustainability that are: 173 words for social, 176 words for the environment, 103 words for the economy. Myšková and Hájek (2018), in their study, also used this colloquial list along with a list created by Pencle & Malaescu (2016).

After gathering results by content analysis through the "absence or presence" technique, this study followed an approach by Khan, Lockhart, and Bathurst (2018, 2020) to derive the final values as follows;

$$CSR_{it} = \frac{CSR}{ncsr}$$

$$CS_{it} = \frac{CS}{nssr}$$

Where *CSR* and *CS* are the average value of corporate social responsibility and corporate social sustainability disclosures respectively by each bank. *ncsr* and *nssr* represent the total number of colloquial words in the CSR list and CS list, respectively. Hence the $CSR_{i,t}$ and $CSS_{i,t}$ characterize the score of corporate social responsibility and corporate social sustainability score respectively by bank *i* in year *t*.

[2] www.epa.ie and www.undp.org

4. Results and Discussion

4.1 Group differences among listed and unlisted banks

In the overall sample, the mean for Covid-19 discourse was 8.9 while the maximum and minimum values for the said variable were noted at 40 and 0.00, respectively. The large gap between maximum and minimum value indicated that no pre-established strategy was existing in the banking industry. Individual banks were disclosing their discretions. This finding has encouraged the study to find what kind of banks were paying more attention to these disclosures. Henceforth group differences in the mean values were analyzed as well. It was noted by the group differences that disclosures about Covid-19 were significantly higher in public banks, as shown in Table II.

Disclosures among listed banks showed a mean of 14.3 compared to a much shorter mean of 6.2 for non-listed banks. It can be said that non-listed banks were lagging behind the public banks in reporting their strategies to cope with the pandemic. A possible reason for more disclosures by listed banks may be due to strict obligations by regulators for listed firms. The extant literature has shown that the stakeholders' pressure directs reporting or volunteer disclosures. At the same time, the stockholders constitute an undoubtedly important group of stakeholders (Heath & Norman, 2004). Therefore, public banks must report more disclosures relating to Covid-19. Public banks also face more regulatory obligations to disclose their social strategies and come across more pressure from diverse and larger stakeholder groups to disclose information in contrast to privately-owned banks (Cormier & Gordon, 2001; Kiliç, 2016). These results also agree with the study of Wang (2017), where it is described, that stakeholders at large are a crucial factor in the instigation of sustainability reporting. Usually, firms are pressured by stakeholders to provide disclosures about corporate social responsibility and sustainable practices.

Similarly, the Covid-19 disclosures relating to economic and social domains were also higher in public banks. In contrast, the banks' environmental disclosures were insignificantly different due to the small volume of disclosures relating to environmental issues. It refers to the concept that the environmental dimension is usually least heeded among the three pillars. Melnyk et al. (2003) argue that the environmental dimension in CSR requires more cost in contrast to other dimensions. The organizations that implement CSR in their business model at an adequate level benefit from satisfactory returns coming from CSR implementation.

Profitability measured by revenue and net income was also significantly higher among listed or public banks. Listed banks were also bigger, as given by the volume of assets and liabilities. Public banks were keen on stakeholder management, as noted by higher means for past CSR disclosures. A similar finding for CSR was depicted by its alternative measurement of corporate social sustainability. Furthermore, it was also found that banks that have a practice of disclosing detailed information about their past CSR were also actively providing disclosure on their website during the pandemic.

4.2 Group differences among lowly and highly disclosing banks

The sample was divided into sub-samples based upon their volume of disclosures, and an independent sample t-test was run. The results can be referred to in Table II. The group difference indicated that the banks with higher disclosures were more active in disclosing their economic disclosures relating to Covid-19, while this difference was highly significant. The mean for the economic dimension of Covid-19 disclosures was 5.733 and 1.8667 for highly and lowly disclosing banks, respectively.

In the case of social disclosures again, the banks with higher levels of disclosures were more vigilant, while in the case of environmental disclosures, the mean difference was insignificant. The individual mean scores in environmental disclosures were 0.000 and 0.050 for banks with a higher and lower volume of disclosures, respectively. The tiny mean scores indicated that both categories of the banks were paying the slightest heed to environmental aspects. Extant literature has also noted that economic and social aspects are usually more emphasized than the environmental dimensions. At the same time, the environmental aspects are marginalized due to their more costly arrangements. It was further reemphasized that the banks bigger in their size, concerning their volumes of asset, liabilities, or equity, were at the higher ebb of disclosures. Another finding of our study shows that banks that are bigger in size and more profitable provide more disclosure than other banks that are comparatively smaller in size and low in profitability. These findings are in line with a study of Dyduch and Krasodomska (2017) where they state that company size and turnover have a positive impact on social disclosures because the firms with higher turnover and size are more perceptible by stakeholders. Those stakeholders are more susceptible towards the performance of firms.

Moreover, firms with high visibility face more pressure from stakeholders to disclose social information (Ali, Faisal Alsayegh, Ahmad, Mahmood, & Iqbal, 2018). The higher the firms' profits, the more the stakeholders are susceptible to them and require firms to provide adequate social disclosures (Dyduch & Krasodomska, 2017). Moreover, the banks at higher disclosures were also better at disclosing their social activities in CSR and corporate social sustainability. The mean analysis and correlations for Covid-19 disclosures were similar to that of CSR and reaffirmed by the alternative measurement of CSR. It indicates that disclosures on Covid-19 were the continuation of banks' CSR activities. Pandemic did not alter their concerns for stakeholder management. Only previously active banks were still active in disclosing their strategies for Covid-19. Their ways and depth to social concerns are guided by stakeholder pressure not to serve for a real cause like the pandemic of Covid-19.

4.3 Correlations

Overall, the correlation analysis presented in Table III demonstrated that the disclosures on Covid-19 were positively and highly significantly correlated to banks’ revenue, net income, total assets, total liabilities, financing cash flows, CS disclosures, and the size of bank measured by the log of assets. Another positive and significant correlation was noted between Covid-19 disclosures and CSR. In comparison, the Covid-19 disclosures were showing a negative correlation with investment cash flows. It implies that these disclosures are expected to be more for bigger banks regarding assets or liability size. The banks with better-earning perspectives may have more disclosures, while these disclosures may reduce if the banks can have more investment cash flows. The banks undergo a substitution for future cash investments and creating a social image, with a preference for investments in image management. Moreover, if a bank is more concerned about stakeholder management through CS or CSR strategies, that may be more vigilant. However, the correlation coefficient for CS was higher in terms of magnitude and significance as well.

5. Conclusion

This study examined the banks' web disclosures from January 2020 to May 2020, when the Covid-19 spread and reported cases peaked. The Malaysian banks also actively supported the government's institutions in dealing with pandemics by donations and helping medical workers. Furthermore, banks were also disclosing information on financial relief provided to their stakeholders by a moratorium of interest and providing other financial assistance. It was noted that banks' disclosures on Covid-19 were their continuation of stakeholder management; hence, the banks active in CS or CSR were also vigilant in reporting about a pandemic.

Pertinently, it was found that non-listed banks lagged the listed banks where they were providing no or in few disclosures pertaining to Covid-19. Public banks' motivation for providing more disclosures can be their wider range of stakeholders that generally demand more information to ensure transparency and accountability. It was also found that banks that were larger and higher in profits were providing an increased amount of disclosure in contrast to the banks smaller in size and turnovers.

This study has shed light on different activities and adjustments done by the banks and segregated them under economic, social, or environmental concerns. This study contributes to literature for being the first of the kind that empirically measured the Covid-19 efforts of Malaysian banks and compared it with previous practices of disclosures by banks. This study would help practitioners, investors, and other stakeholders measure Malaysian banks' CSR and CS performance during a pandemic. Furthermore, it is concluded that instead of city closures and lockdowns where banks' physical activities are not operational, the banks can still maintain the relationship with their stakeholders through web disclosures. This continuous communication can maintain not only a good reputation and relation but also gain the confidence of their stakeholder on the financial institutions that will help to retain their customers.

6. References

Aldasoro, I., Fender, I., Hardy, B., & Tarashev, N. (2020). *Effects of Covid-19 on the banking sector: the market's assessment* (No. 12). Basel: Bank for International Settlements.

Ali, W., Faisal Alsayegh, M., Ahmad, Z., Mahmood, Z., & Iqbal , J. (2018). The relationship between social visibility and CSR disclosure. *Sustainability, 10*(3), 866.

Balasubramanian, S., Yang, Y., & Tello, S. (2020). Does University entrepreneurial orientation matter? Evidence from university performance. *Strategic Entrepreneurship Journal, 14(4)*, 661-682.

BBC. (2020, April 18). Coronavirus: Vodafone offers 30 days free mobile data. *The BBC.*, p. 2020.

Butcher, B., & Massey, J. (2020, June 19). Why are more people from BAME backgrounds dying from coronavirus? Reality Check. *BBC*.

Cormier, D., & Gordon, I. M. (2001). An examination of social and environmental reporting strategies. *Accounting, Auditing & Accountability Journal*, *14(5),* pp. 587-617

D'Acunto, D., Tuan, A., Dalli, D., Viglia, G., & Okumus, F. (2019). Do consumers care about CSR in their online reviews? An empirical analysis. *International Journal of Hospitality Management*, *85*, 102342.

Dyduch, J., & Krasodomska, J. (2017). Determinants of corporate social responsibility disclosure: An empirical study of Polish listed companies. *Sustainability, 9*(11), 1934.

Esty, D. C. (2020, June 06). Building A Better Planet: Toward A Sustainable Post-Covid-19 Society. *The Business Of Society*.

Feng, P., & Ngai, C. (2020). Doing More on the Corporate Sustainability Front: A Longitudinal Analysis of CSR Reporting of Global Fashion Companies. *Sustainability, 12*(6), 2477.

Firk, S., Hennig, J. C., & Wolff, M. (2020). Can the balanced scorecard help in designing conference calls? The effect of balanced information composition on the cost of capital. European Accounting Review, *29*(1), 115-146.

Goodell, J. (2020). COVID-19 and finance: Agendas for future research. *Finance Research Letters, 35*, 1-5.

He, H., & Harris, L. (2020). The impact of Covid-19 pandemic on corporate social responsibility and marketing philosophy. *Journal of Business Research, 116*, 176-182.

Heath, J., & Norman, W. (2004). Stakeholder theory, corporate governance and public management: what can the history of state-run enterprises teach us in the post-Enron era? *Journal of Business Ethics, 53*(3), 247-265.

Hummel, K., & Rötzel, P. (2019). Mandating the Sustainability Disclosure in Annual Reports—Evidence from the United Kingdom. *Schmalenbach Business Review, 71*(2), 205-247.

Iqbal, K., Roy, P. K., & Alam, S. (2020). The impact of banking services on poverty: Evidence from sub-district level for Bangladesh. *Journal of Asian Economics*, 66, 101154.

Jones, H. (2020). Huge surge in volunteers to help combat coronavirus loneliness. *Metro, accessible at: https://metro. co. uk/2020/04/07/huge-surge-volunteers-helpcombat-coronavirus-loneliness-12524549/, accessed, 18*.

Kiliç, M. (2016). Online corporate social responsibility (CSR) disclosure in the banking industry: Evidence from Turkey. *International Journal of Bank Marketing, 34,* 550-569.

Kramer, M. R. (2020). Coronavirus is putting corporate social responsibility to the test. *Harvard Business Review.*

Leoni, P. L. (2013). HIV/AIDS and banking stability in developing countries. *Bulletin of Economic Research, 65*(3), pp. 225-237.

Mckenny, A. F., Short, J. C., Ketchen Jr, D. J., Payne, G. T., & Moss, T. W. (2018). Strategic entrepreneurial orientation: Configurations, performance, and the effects of industry and time. *Strategic Entrepreneurship Journal, 12*(4), 504-521.

Melamedov, L. (2020). *Coronavirus (COVID-19) and the Banking Industry: Impact and Solutions.* Tel Aviv: Lightico's.

Melnyk, S. A., Sroufe, R. P., & Calantone, R. (2003). Assessing the impact of environmental management systems on corporate and environmental performance. *Journal of operations management, 21*(3), 329-351.

Myšková, R., & Hajek , P. (2019). Relationship between corporate social responsibility in corporate annual reports and financial performance of the US companies. *Journal of International Studies, 12*(1), 269-282.

Myšková, R., & Hájek, P. (2018). Sustainability and Corporate Social Responsibility in the Text of Annual Reports-The Case of the IT Services Industry. *Sustainability, 10*(11), 4119.

New Straits Times. (2020, March 30). PM goes grocery shopping, says food supply is enough. *New Straits Times*.

Noonari, S., Wagan, H., Memon, I. N., Burirro, R. A., & Bijarani, A. A. (2016). Impact of Zarai Taraqiati Bank LTD (ZTBL) Credit on Agricultural Producitivity in Sindh Pakistan. *Industrial Enggineering Letters, 6*(1), 25-37.

OECD. (2020). *COVID-19 and Responsible Business Conduct.* Paris, France: OECD Directorate for Financial and Enterprise Affairs.

Pencle, N., & Malaescu, I. (2016). What's in the words? Development and validation of multidimensional dictionary for CSR and application using prospectuses. *Journal of Emerging Technologies in Accounting, 13*(2), 109-127.

Riordan, P., & Liu, N. (2020, June 17). HSBC revives plan to cut 35,000 jobs after coronavirus pause. *Financial Times*.

Riskos, K., Dekoulou, P., & Tsourvakas, G. (2019). Contemporary Environmental CSR Strategies in the Banking Sector: The Case of Piraeus Bank. In *Cases on Corporate Social Responsibility and Contemporary Issues in Organizations* (pp. 90-109). IGI Global.

Sánchez, J. F. M., & Lechuga, G. P. (2016). Assessment of a credit scoring system for popular bank savings and credit. *Contaduría y Administración, 61*(2), 391-417.

Shahnawaz, A. (2020, March 18). SBP announces loan scheme to fight coronavirus. *PK Revenue*.

Simon, R. (2020). Coronavirus social-distancing forces painful choices on small businesses. *Wall Street J,* (March).

Skoufias, E. (2003). Economic crises and natural disasters: Coping strategies and policy implications. *World Development, 31*(7), 1087-1102.

Truevalue-Labs. (2020). *Truvalue Labs' Coronavirus ESG Monitor.* Retrieved June 26, 2020, from https://coronavirus.truvaluelabs.com/

Wang, H., Olesen, B., & Kazanci, O. (2020). Effect of Glazing Ratio on Thermal Comfort and Heating/Cooling Energy Use. *11th International Symposium on Heating, Ventilation and Air Conditioning (ISHVAC 2019).* Singapore: Springer.

Wang, M. C. (2017). The relationship between firm characteristics and the disclosure of sustainability reporting. *Sustainability, 9*(4), 624.

WEF. (2020). *COVID-19: How companies can support society* . Retrieved June 26, 2020, from https://www.weforum.org/agenda/2020/03/coronavirus-and-corporate-social-innovation/

Table I
List of Banks considered for this study

Listed Banks	Unlisted Banks	Unlisted Banks
Affin Bank Berhad	Al Rajhi Banking & Investment Corporation (Malaysia) Berhad	India International Bank (Malaysia) Berhad
Alliance Bank Malaysia Berhad	Bangkok Bank Berhad	Industrial and Commercial Bank of China (Malaysia) Berhad
AmBank (M) Berhad	Bank Muamalat Malaysia Berhad	J.P. Morgan Chase Bank Berhad
Bank Islam Malaysia Berhad	Bank of America Malaysia Berhad	Kuwait Finance House (Malaysia) Berhad
CIMB Bank Berhad	Bank of China (Malaysia) Berhad	Mizuho Bank (Malaysia) Berhad
Hong Leong Bank Berhad	BNP Paribas Malaysia Berhad	MUFG Bank (Malaysia) Berhad
Maybank Islamic Berhad	China Construction Bank (Malaysia) Berhad	OCBC Bank (Malaysia) Berhad
MBSB Bank Berhad	Citibank Berhad	Standard Chartered Bank Malaysia Berhad
Public Bank Berhad	Deutsche Bank (Malaysia) Berhad	The Bank of Nova Scotia Berhad
RHB Bank Berhad	HSBC Bank Malaysia Berhad	United Overseas Bank (Malaysia) Bhd.

Table II
Mean analysis, group differences between list and unlisted banks; and banks providing high and low disclosures

Variables	Overall		Group Difference					
	Mean	**SD**	**Mean (L)**	**Mean (NL)**	**Sig**	**Mean (HD)**	**Mean (LD)**	**Sig**
Covid-19 disclosures	8.9000	8.50700	14.3000	6.2000	0.011	13.867	4.000	0.001
Economic disclosures	3.8000	3.28424	5.9000	2.7500	0.011	5.733	1.8667	0.000
Social disclosures	5.1333	6.06137	8.6000	3.4000	0.086	8.200	2.0677	0.004
Environmental disclosures	0.0333	0.18257	0.0000	.0500	0.489	0.0667	000	0.334
Equity	8407136	17155356	20509212	2961202	0.094	15090043	2169757	0.040
Revenue	5117.1095	8745.53278	12726.8500	1312.2393	0.015	8982.5162	1251.7028	0.180
Net income	1153.5933	1886.90162	2717.2800	371.7499	0.019	2023.1274	284.059	0.013
Assets	108036.3054	190212.19985	272153.4550	25977.7306	0.016	189185	26887	0.022
Liabilities	96829.0611	171174.33321	244442.3890	23022.3972	0.016	169301	24357	0.023
Operating CF	925.6125	3425.87463	2085.0390	345.8992	0.353	1145.92	705	0.731
Investment CF	-2971.3666	6262.93184	-8698.3680	-107.8659	0.008	-4945	-997.67	0.091
Financing CF	2062.9893	6443.42061	6333.9870	-72.5096	0.077	3651.87	474.107	0.190
Total CF	17.2352	3183.48986	-279.3420	165.5238	0.725	-147.27	181.75	0.783
CSR	5.3805	4.20598	9.5579	3.2918	0.002	7.354	3.406	0.009
Corporate social sustainability	0.0582	0.43130	0.4930	-0.1591	0.000	1.996	0.765	0.011
CF Cover	-0.0039	0.16252	.0356	-.0236	0.355	0.0373	-0.0451	0.169
CF Margin	2444.2528	13049.28028	7749.8537	-208.5476	0.238	3909.97	978.54	0.548
Log Asset	4.4601	0.78386	5.2457	4.0672	0.000	4.9381	3.9821	0.000
Profitability Ratio	214.6925	537.40810	105.8817	269.0980	0.443	126.9658	302.4193	0.381
DA Ratio	1.2604	0.44383	1.1214	1.3298	0.232	1.1289	1.3918	0.106
Log DA	0.0856	0.10082	.0495	.1036	0.170	0.0525	0.1187	0.071

Notes: L: Listed banks, NL: Non-listed banks, HD: Banks with higher number of disclosures, LD: Banks with lower number of disclosures.
Source: Author’s calculations.

Table III
Correlation Results

	Covid-19 disclosures	Economic	Social	Environment	Equity	Revenue	Net income	Assets	Liabilities	LogA	Operating CF	Investment CF	Financing CF	Total CF	CSR	CS
Covid-19 disclosures	1	.793**	.959**	.128	.136	.522**	.462*	.501**	.500**	.580**	.027	-.634**	.608**	.012	.316	.574**
Economic	.793**	1	.637**	.127	.445*	.767**	.687**	.748**	.748**	.690**	-.176	-.578**	.593**	-.126	.477**	.597**
Social	.959**	.637**	1	.058	.049	.403*	.360	.388*	.385*	.538**	.134	-.606**	.542**	.049	.386*	.627**
Environment	.128	.127	.058	1	-.002	-.007	.008	-.014	-.013	.123	-.157	.165	-.081	-.007	-.039	.051
Equity	.136	.445*	.049	-.002	1	.798**	.885**	.823**	.821**	.604**	-.474**	-.302	.268	-.551**	.364	.331
Revenue	.522**	.767**	.403*	-.007	.798**	1	.974**	.996**	.996**	.755**	-.350	-.743**	.738**	-.344	.427*	.523**
Net income	.462*	.687**	.360	.008	.885**	.974**	1	.978**	.978**	.766**	-.371*	-.667**	.653**	-.390*	.412*	.502**
Assets	.501**	.748**	.388*	-.014	.823**	.996**	.978**	1	1.000**	.746**	-.383*	-.728**	.731**	-.364*	.427*	.511**
Liabilities	.500**	.748**	.385*	-.013	.821**	.996**	.978**	1.000**	1	.747**	-.379*	-.730**	.733**	-.360	.425*	.510**
LogA	.580**	.690**	.538**	.123	.604**	.755**	.766**	.746**	.747**	1	.060	-.625**	.532**	-.089	.627**	.772**
Operating CF	.027	-.176	.134	-.157	-.474**	-.350	-.371*	-.383*	-.379*	.060	1	-.031	-.145	.723**	.216	.200
Investment CF	-.634**	-.578**	-.606**	.165	-.302	-.743**	-.667**	-.728**	-.730**	-.625**	-.031	1	-.925**	.063	-.309	-.499**
Financing CF	.608**	.593**	.542**	-.081	.268	.738**	.653**	.731**	.733**	.532**	-.145	-.925**	1	.049	.196	.381*
Total CF	.012	-.126	.049	-.007	-.551**	-.344	-.390*	-.364*	-.360	-.089	.723**	.063	.049	1	.021	.004
CSR	.316*	.477**	.386*	-.039	.364	.427*	.412*	.427*	.425*	.627**	.216	-.309	.196	.021	1	.878**
CS	.574**	.597**	.627**	.051	.331	.523**	.502**	.511**	.510**	.772**	.200	-.499**	.381*	.004	.878**	1

CF: Cash Flows. **. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).

Source: Author's calculations.