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Corporate Social Responsibility in the Credit Servicing Sector A Legal and Strategic Outlook

Note:

This article draws from ongoing doctoral research on Corporate Social Responsibility in the credit servicing sector, with a particular focus on the ethical and legal dimensions of distressed real estate asset management. By bridging academic insight with practical advisory experience, we aim to contribute to a more sustainable and accountable financial ecosystem.



Understanding CSR in the Context of Credit Servicing

As Europe accelerates its regulatory transition toward a sustainable financial system, Corporate Social Responsibility (CSR) has become a core component of responsible corporate behaviour. This is especially true for Credit Servicing Firms (CSFs), which are increasingly being called upon not only to recover non-performing loans, but also to do so in a way that is ethically sound, socially responsible, and in line with emerging legal expectations.

CSR within the credit servicing industry refers to the adoption of practices that ensure transparency, ethical conduct, social awareness, and long-term value creation, not only for shareholders, but also for borrowers, regulators, and the broader community. In this context, CSR is far more than charity or marketing: it reflects a company's commitment to embedding responsible conduct into its core operational model.

For CSFs, this includes transparent and fair borrower communication, the safeguarding of sensitive borrower data, and the implementation of internal procedures that promote ethical conduct. It also involves aligning company practices with societal expectations and regulatory mandates in a manner that reflects a deeper commitment to sustainability.

The Regulatory Landscape - Why CSR Matters Now

The regulatory landscape in Europe is evolving rapidly, placing growing emphasis on sustainability, accountability, and corporate transparency. Several EU-level regulations are increasingly relevant to the credit servicing space. Directive (EU) 2021/2167, for example, sets out operational and behavioural standards for credit servicers. Meanwhile, the Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy Regulation both establish obligations around environmental, social, and governance disclosures for financial firms.



At the national level, Greece has transposed the Corporate Sustainability Reporting Directive (CSRD) through Law No. 5164/2024, introducing expanded ESG reporting requirements for large businesses and financial institutions operating domestically. As such, CSR is no longer optional. It is quickly becoming a legal and regulatory expectation, and those firms that adopt it strategically will be ahead of the curve.

CSR as a Legal Responsibility and Strategic Tool

Credit Servicing Firms are now expected to move beyond basic compliance. The integration of CSR into legal and operational policies is both a shield and a lever, mitigating legal risks while enhancing strategic outcomes. From a legal advisory standpoint, this means helping clients comply with evolving EU laws, particularly regarding fair treatment of borrowers, data protection under the GDPR, and the ethical enforcement of claims.

But CSR is not just about reducing exposure. It also creates opportunities. When embedded properly, CSR strengthens internal governance, improves relations with regulators and civil society, and builds institutional credibility. It can also serve as a differentiating factor in investor relations, especially with those applying ESG criteria to their portfolio decisions. By prioritizing fairness, transparency, and stakeholder engagement, CSFs can build long-term resilience and market advantage.

Strategic Impact and Measurable Benefits

Adopting a CSR framework offers tangible business benefits for Credit Servicing Firms. Research increasingly supports the view that socially responsible practices correlate with enhanced borrower engagement, more effective restructurings, and reduced reputational risk. Companies that adopt transparent and responsible policies often gain increased trust from investors, regulatory goodwill, and improved operational stability.

Additionally, there is growing evidence that CSR-oriented firms enjoy enhanced employee retention, reduced litigation exposure, and even financial gains, through reduced cost of capital and more efficient risk management. CSR, therefore, is not just an ethical or regulatory necessity; it is a practical tool for improving performance and securing competitive positioning.

At **Saranti and Partners**, we continue to monitor developments in the credit servicing sector and advise clients on how to integrate CSR and ESG principles effectively within their legal, operational, and compliance frameworks.



Miltos Apostolidis
Executive Advisor | Head of Business Efficiency
mapostolidis@saranti-partners.com
T: +302120216569

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