RESPONSIBLE FINANCIAL INNOVATION IN BANKS: COMMITTEES OF NEW PRODUCTS[1]

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ABSTRACT

Organizations adapt to the environment using new management tools as part of the evolution process. Additionally, if complexity is incorporated, the theory helps to understand behaviour of agents within an organization.

This paper analyses the notions of governance and corporate social responsibility, which are articulated in the new European concept of responsible innovation. This work is particularly interested in studying this problem in the banking sector, raising the notion of responsible financial innovation. One of the proposals in this new framework is called New Products Committee. This structure ensures that the innovative processes in the bank is responsible and are developed for and with society.

KEYWORDS: Responsible Innovation; Financial Governance.

INTRODUCCIÓN

This paper aims to make a first approximation of the connection between the concepts of governance and corporate social responsibility, both applied to financial markets, particularly in the banking sector. To do this some academic work related to

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the above issues are crossed, and show differences and similarities in their approaches.

This paper is divided into three sections. In the first, they are introduced the main ideas behind the theoretical framework, where you can see the evolution from academic innovation in service to modern discussions of the entrepreneurial behavior of agents within the organizations. It is relevant the contribution of Krieger (2001) regarding the generation of knowledge within organizations. In that section it is to present the main general classifications, to locate in the banking sector within the required specifications. Also, the strategic investor attitude where the main characteristics of investments in Research and Development (R&D) will be displayed. Special emphasis will be placed on the different economic impacts, from micro and macro views.

With clear rankings, the second section presents ideas work Armstrong, Cornut, Delacôte, Lenglet, Millo, Muniesa and Pointier, Tadjeddine (2011) in which the theoretical questions that must be guaranteed are specified are incorporated to carry out financial innovation processes safeguarding corporate social responsibility issues. The main causes and consequences of disorders and distortions that can produce innovations inside and outside organizations are identified.

With considerations, thinking of responsible financial innovation, is introduced a concept of the authors mentioned about the creation of Committees of new products, developed in the third section. These are the sectors responsible for generating, managing and disseminating innovations developed in a financial organization. For this concept to be viable, it is exposed to defined considerations in the previous section, in order to generate responsible innovations and contemplate a sustainable governance scheme. With the above concepts, concrete proposals for financial market regulation based on the need to promote the importance of the incorporation and dissemination of new knowledge in organizations caring aspects of corporate social responsibility are presented. It is important the role it plays in all development work, the learning and dynamic effect that print innovation in the evolution of organizations.

DEVELOPMENT

Generating innovations as technological knowledge

To start with a theoretical framework about the theoretical evolution of the development organization of innovation activities is necessary to differentiate the

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stages and most important component. The work of Jong and Vermeulen (2003) divide this evolution into two stages: the creation and management of key activities in the innovation process and creating the right climate to encourage continuous innovation. The authors make an important distinction regarding the nature of innovation. In the case of the banking sector it is wiser to embrace the concept of innovation in services, as opposed to innovation in physical products. In the first case, innovation is any intangible asset, and this is characteristic of the banking / financial industry. Under this determination the two stages have raised transcendental characteristics in the innovation process. In the first stage, the stakeholders (which may be managers of the entity) should identify the niches in which they can innovate and perform the necessary activities for study and subsequent implementation. At this stage it is combined, according to the authors, professional joint vision tasks with all individuals within the organization. In the second stage, it is necessary to deepen the learning generated effect and, again, the most important part is the working environment and interpersonal relationships.

The above opens the possibility of introducing the idea of responsible financial innovation within banking organizations. It is therefore necessary to define some important concepts that make the understanding of the ways in which it generates and transmits knowledge (Berger et al, 1995; Engelen, 2010). The literature that supports what we mention above is very extensive and widely discussed, however, for the purposes of this paper the ideas of Krieger[2] (2001) are exposed and you will see that this idea adapts to the concepts that are developed in following paragraphs, and they will be marking differences with others authors. A very interesting work is developed by Levillain, Segrestin and Hatchuel (2014). Hence the idea of venture capital as possible facilitator of innovations is exposed. The authors analyze the relationship of the financial sector as a channel for innovative projects. With strong intention they show the reality behind the link between funding sources and development of innovations, as there is a delicate balance between the performance of the funds inside and outside of young companies. Undoubtedly, inward constitutes an engine of profitability that should shed growing out of the company, which is, compared to the environment in which it operates. The authors propose, as are traditional problems in channeling funding schemes, alternative links between venture capital and management innovations.

[2] This paper takes the ideas of Chapter 7 of the book: Sociology of Organizations - an introduction to organizational behavior, entitled: Technology and incorporation of knowledge to organizations.

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Including the creation of an ecosystem of new enterprises (start-ups) that provide feedback mechanisms and operating synergies as external auditors for each other. However, these authors set aside the judgment of responsibility and creation with and for society. Their work has a strong turn in the implementation of more mathematical and statistical models without considering the social dynamic that is discussed in this paper.

A first central idea is that the innovative potential of enterprises is widespread in the entire organization, that is, there is not necessarily a department to investigate and develop new knowledge. Knowledge is generated and transmitted through research and the use of "learning by doing-engineered plant-experimental knowledge" (Krieger, 2001, p. 292). On the supply side of financial innovations is interesting the discussion about the definition of innovation in the context of a world traversed by financial crisis: "The word is evocative of ideas, products and processes wich somehow made the world a better place" (Awrey, 2013, p. 401). It is prudent to analyze the virtues of innovation processes from the nature of private actors and social behavior in general. Awrey work (2013) is a very interesting discussion about the link between theory and practice contribution. The existence, or lack of balance between these concepts cannot ignore that is produced by the interaction of supply and demand for financial innovation The author shows that the demand side was very important, but it is necessary to devise regulatory mechanisms on offer to build a balanced system. Linked to these concepts, in the paragraph where Committee of New Products are introduced, it is treated the problem of the supply of innovations from the perspective of employee entrepreneur or intrapreneur. Demand for innovation is made up of innovative firms, while supply-in this optically is run by the actions of the agents within the organizations.

One way to innovate in an organization is through research and development (R&D) process. Within the Argentine context, Mario Krieger (2001) differentiates six processes of research and development. The first called Basic or Fundamental Science is a new generic knowledge, without practical purpose. Secondly, by adding a practical purpose, is exposed the basic oriented process. Third, an innovative process used is new knowledge to solve a potential problem. It is related to the strategic goals of the organization. By incorporating the new knowledge applicable to the production of a good or service it is in the presence of a process of technological development. The following process by which new knowledge is incorporated usable for the first time in an organizational unit, the author called innovation. Finally, the process called adaptation is the adaptation of technology to the context. It is existing technology to

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adapt to the socioeconomic conditions and techniques that the organization has changed. Realizes the dynamics of innovation. This classification scheme is specific to achieve the analytical level necessary to understand why organizations want to innovate, invest time, human capital and financial capital (Eichengreen, 2003). In the international context, the Organization for Economic Cooperation and Development (OECD) cites such classifications but more succinctly and specifically, only recognizing the basic science, applied research and experimental development (OECD, 2002).

Particularly in banking organizations are processes for innovation applied to adaptation, since the financial products and processes require the applicability as the basis for the possibility of generating economic value. Makes no sense generic knowledge generation or shortly applied. This idea is based on what the author specifies cited as ways to incorporate technology through plant engineering. This procedure is linked with the development of new products and processes (Krieger, 2001). The objectives of the engineering plant are directly linked to what is stated in the following sections of the work (in the case of financial innovations). In broad terms the objectives of plant engineering are to develop new products, develop new applications or enhance existing product quality, reduce costs, reduce the dangers of using certain products, standardize a product or product line, improve relations with the public (Slater et al., 2014).

The scheme of any banking organization (Berger, 1992) should include the idea of innovation as a way to improve or produce new products (possibly services or intangibles) for better positioning and favorable business dynamics in the field of financial services. In this context, several interesting issues arise for analysis. First, it is noteworthy that the efficiency of industries is determined by decisions within firms in relation to the macroeconomic context (Thomas, 1996). Such decisions may come from a policy from the directory or a support staff responsible for conducting investigations. The second issue is that the development of a research program involves costs and feasibility of a project undergoes financial rules. On the other hand, the context of uncertainty about the future makes financial decisions are affected by the difficulty of estimating the future revenue stream or asset value that is generated at the end of the project (typically use strategies with real options, but it left out of this analysis).

Additionally, exists another important determination that makes the role occupied by the investor in R&D. It is not wise considered without distinction an external private investor from the innovative firm, than the investor of the company that makes

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decisions from the directory. Consider an external investor to the investment firm involves thinking as efficient portfolio of an agent that has funds and wants to diversify risks, optimizing the profitability of their investments. To this agent will probably want to use some of their funds or the results of innovation, outside the economic performance. In other words, your financial portfolio will try to produce the highest revenue, minimizing the cost and risk trying to be an important factor in the determination. Private incentives are clearly different from those who treat investing as the ability to achieve sustainable growth of the company to which they belong. Attract a foreign investor has to compare the opportunity cost of capital and be attractive enough for the individual to be exposed to risk.

The second thrust of the generation of innovations and technological knowledge is contemplating the impact in the future. In line with the idea of corporate sustainability recent work it provides an interesting theoretical framework to define and measure properly (Montiel, Slim-Ceballos, 2014). The authors conducted a study of the evolution in the number of popular articles about the concept and are quickly mentioned that a problem exists between academic and professional -practitioners- that daily implement corporate governance mechanisms. It is very complete the set of observations made by the authors, showing the existing, visible conceptual discrepancy in the lack of consensus on the definition of corporate sustainability. Furthermore, there are no standardized methods for measuring such concepts. This fact -which the authors call observation 4- is perhaps a consequence of the divorce between theory and practice.

The main conclusion inherent in this work is that the conceptual framework exceeds the margins of practical reality, to the point that does not allow the correct definition and measurement of general concepts such as corporate sustainability.

An interesting concept is the sustainability of business models (SBM) as a practice of ecological sustainability of corporations. The work of Brocken et al. (2013) outlined the main archetypes of these models. Based on technological, social and organizational spheres, establishing eight types of models based on SBM. In the first area, are located: maximize the material and energy efficiency, create value from waste or residues, substitute renewable energy activities and natural processes. In the second classification, social: deliver functionality (instead of property), adopt a responsible attitude and careful regarding the activities and promote the adequacy or conformity. Finally, the organizational sphere: reuse business for society and the environment and develop larger scale solutions. The above taxonomy is subject to the approach known as triple bottom line approach. It is based on the consideration not only of individuals within companies, but the environment and society as stakeholders.

This analyzed sustainability is a basic necessity for any company to survive in the market. Paulo Da Souza (2010) identifies three areas where the behaviors of the production units have to be commensurate: environmental, social and economic impact. In the first, you can clearly identify an incentive to carry out a specific production with the least damage to the environment (environmentally friendly). Most developed countries have noted that production processes generate some form of pollution that harms the health of the population and (Goodland and Daly, 1996). This impact is undesirable, although often not included as a cost in the production functions (from Medeiros et al., 2014). A company that generates a lot of pollution attentive to his own subsistence and therefore is not sustainable. Process innovation can generate a negative externality decreased while not affect the attractiveness of investments. If it deemed to pollution as a cost, mitigating the decline and will bring the benefit of firms.

Regarding the social impact, it is important to consider the role of the company in society. "Poverty and inequality in many countries, despite economic development, are critical challenges for sustainable development and stability in the region (Da Souza, 2010, p. 113-114). Thinking in terms of scope of activities of a firm involves considering the effects on demand. The dissemination of information through channels that drive the development of business climates. Social innovations in information and communication links allow to reach benefits of positive externalities in a more demanding society.

Economically, it is perhaps easier to justify. There are many reasons why innovation is economically productive or desirable. The search for new processes, products or markets makes progress towards improvements in the scope of production or the market share of a firm. In the end, that search may culminate in the discovery of a new product, ie the birth of a new market. It is important to consider that a market with innovative firms gives it a dynamic which enables an improvement in the quality standards. While the discovery of new technologies makes obsolete the previous ones, in economic terms-and scientists-it involves a desirable development. In the traditional literature of industrial policies is usual to develop models that explain strategic behavior of firms in the context of vertical innovation, as explained in the work of Aghion and Griffith (2005). In that competition by innovation quality ladder where products evolve over time through more and better technology is created. Creating destructive effect is experienced, according to the Schumpeterian vision. A simple example is the evolution of television sets from its version with CRTs to today's liquid crystal displays, backlit by LED (light-emitting diode).

Incentives to attract new niche market -and with this better positioning firms and volume demand-, enables investment in research. The impacts in the areas mentioned only provide reasons why innovation is important. But for firms wishing to invest on such projects, they must be financially convenient.

To achieve these objectives, innovation programs are developed involving many individuals from different departments within the hierarchy of the organization (in this case, Bank). As discussed in the following sections, it is a challenge from the sociological analysis of organizations coordinating the issues mentioned in the context of sustainable governance and corporate social responsibility.

Responsible Financial Innovation

International financial crisis of 2009 was not only generated based on regulatory failures, it can see that there is an important theoretical vacuum. However, the measures that can be taken to improve accountability issues in the financial sector (McGuire, Sundgren and Schneeweis, 1988) often are affected by a divorce between theory and practice. The responsibility in this regard, usually not incorporated as an important element in professional circles and this sociological and cultural event is a clarion call for the doctrine (Adams, 2008).

Since the 1980s is discussed in European countries, the role of corporate social responsibility in the banking sector, based on a partial view regards operational issues -or performance- in the industry (Cochran and Wood, 1984). This discussion is far from the standards of sustainable financial governance, since many unknown aspects of the social order of business. Underhill and Zhang (2008) work argues, based on modern premises of the European Economic Community, the link between the concepts of corporate social responsibility and governance. In particular, the article supports its central propositions with two cases of the emerging global financial governance processes: the capital adequacy standards of Basilea II (which develop later in this section) and the role of the International Organization of Securities Commissions based on transnational regulatory processes underlying the operation of stock exchanges worldwide. The authors also argue that the overall result in terms of the global financial system efficiency and stability has been uneven, so poses challenges in terms of global governance, not just the banking and monetary sector. It affects thus the real economy.

Following the idea presented in the work of Armstrong et al. (2011), which addresses the idea of responsible financial innovation, you can articulate issues relating to the linkage between financial governance and social corporate responsibility. This paper presents a concept that overcomes the above, which leads to end the current discussion of the European Economic Community on the general behavior of the banking sector and the role of public and private actors-banks within the addresses and between banks-under guidelines of social responsibility.

The idea of Responsible Innovation in Finance (RIF) is associated, as authors point out, with the internalization of responsible practices in financial literacy. How to incorporate in financial organizations principles related to responsible innovation by building a New Products Committee (NPC):

> Formed within banks and investment firms, the New Products Committee serve as a legitimizing device looking in financial innovation since the beginning of the design stage, and deliberate on the potential problems of innovation under scrutiny. The New Products Committee reflect on how innovations meet the standards and regulations, define roles and responsibilities within the finance organization and validated the decision of innovation. (Armstrong, et al., 2011, p. 4).

The addition of NPC to the organizational structure of banks and financial institutions not only seeks to articulate the innovations, it is intended to embrace consensus, responsibility and conscience of the Members of companies and are related to new processes (see also work of Asante et al, 2014). The problem of financing new projects is analyzed in detail in the work of Wonglimpiyarat (2011). The author investigates the role and dynamics of the system of financial innovations - Financial innovation system- particularly for the US government. Interestingly, as an approach to solving the idea of market failures in the financial sector through government rules. It is the familiar rules versus discretion dichotomy present in the study of public finances in general. While the idea of RIF develops within organizations, it may be interesting to think of including national systems of innovation solution. To understand in depth the importance of linking innovative processes with notions of social responsibility, it is necessary to answer the following questions: When we can speak of responsible innovation? and, ¿under what conditions the innovative processes fall?

To answer these questions, these authors develop seven outbreaks they consider relevant to analyze the RIF: focus on functions, moral rules, internalization of values in aggregate consequences, responsibility, caution and eventually democracy. As detailed below, each bulb has its contribution to the construction of the answers to the questions posed while deeply interconnected and interrelated.

When we speak of responsible innovation (Owen et al, 2012; Muniesa and Lenglet, 2013) and the focus is on functions, a possible answer is that it means a responsibility as one that preserves the functions of finance in the economy innovation. The authors use the definition of Merton (1995) to define the functions of the financial sector in the economic system. For Merton, the most important functions are: provision of means of exchange, finance companies, transfer of resources, risk management, coordination of the decisions and the resolution of problems of asymmetric information.

The second focus is related to the latter consideration. When you think of moral rules related to RIF is at stake is the need for only those projects that are authorized to comply with principles of morality. The most direct approach is the Kantian principle of ethics and morality: "Kant's categorical imperatives or other comparable rules of mutual consideration and reciprocity dictate the conduct and result in collective welfare and order" (Armstrong, et al, 2011, p. 6). In this way, you can think of mechanisms of social exclusion for those agents who corrupt the good behaviors or when they carrying out morally wrong activities in the financial sector.

The third focus, internalization of values, also connected with the focus mention before, as it suggests that the RIF are carried out by agents with intrinsic moral values. An interesting case is posed by García Fronti and Castro Spila (2013) in the case of fraud known as LIBOR rate. It relates to the Kantian principle but relies heavily on the more philosophical question of ethics and emphasizing the subjectivity of individuals within the organizational structure of a financial institution. From a sociological point of view the notion of values is very important, since it is necessary that the social fabric and the transmission channels of socially accepted behaviors, while controlling unwanted behaviors is studied. Educational institutions are primarily responsible for carrying out the difficult task. In finance this corresponds to a pedagogical vision of responsibility, which is related to the following two focuses.

The fourth item of business corresponds to aggregate consequences. An innovation is RIF only if it considers the effects related to the spread of the new

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program. This involves spreading temporary impact of an innovation, that is, consider that what is launched today has an impact on the world of tomorrow. In economic terms it relates to the idea of sustainability, research and development (De Souza, 2010; OECD, 2002) as a company that threatens its existence -in time- is not feasible, while activities and innovative processes generate (negative) externalities that should be considered as social, economic and environmental impacts. Normally, the economic cost of pollution is not quantified and this produces spill effects over time. These considerations require a thorough study, detailed and interdisciplinary -which is not covered by this work-, however, include these basics allow continue with the specific analysis of the RIF.

The fifth focus, as stated, is related to the previous two as it is based on consideration of the responsibilities of actors in finance. With regard to financial innovations, power must not only track individual responsibilities, but officers should be able to recognize them as such: "A financial world [...] is a world in which the actions are traceable, a world in which signature is crucial, a world of disclosure and the allocation of responsibilities, a world of audit" (Armstrong, et al, 2011, p. 7). The idea of establishing and strengthening links via the responsibilities designation allows to think in matters relating to precautionary principles, as indicated in the following focus

Think a financial innovation from the focus of caution involves considering the development within the organization of safety nets to complement the ideals of responsibility (Jones, 2000). In this sense, the elementary precautionary principle does not prevent making innovations but -somehow delimiting- the salvage pathway to potential problems. International agreements for financial restructuring known as Basilea II and III (Committee on Banking Supervision, 2006, 2010a, 2010b), are a reflection of the principles that define as precautionary reasons or ratios, such as those related to minimum capital required to banks.

Finally, the authors focus on working on democracy as an important aspect of responsible innovation. The explanation is simple and intuitive: A RIF should be able to be discussed in all material respects by all parties. Related to the three previous outbreaks (aggregate consequences, responsibility and caution) include the fact democratic aspects in the construction and control of financial innovations, it involves generating mechanisms of legitimacy of the activities involved. It is the idea of co-construction work from a sociological view.

As seen, the seven aspects of the RIF as described closely linked with the main philosophical and empirical issues regarding financial activity on an economic level. The importance of understanding the different edges that were presented lies in the possibility of creating a control unit and a place for discussing matters related to innovative processes: the New Products Committees mentioned above.

New Products Committees

The idea presented by the authors, within the European Economic Community, it is interesting because it shows how you can think of a place of debate within firms to instances of designing an innovation project according to the areas mentioned. This fact is also present in the work of Kieger (2001) where it is recognized that the overall process followed by plant engineering within an organization must be performed by an evaluation committee, so as to thoroughly analyze the new product or process. The novelty in this case is based on the considerations of the previous section, where issues related to sustainable governance and corporate social responsibility are articulated.

To carry out these processes is needed stakeholders within the institutions, in this case bank, which have the ability and personal motivation to innovate. This concept is called Intrapreneur and refers to enterprising employee. The work of Subramanian (2005) is very clear about the relationship between individuals and innovative intrapreneurs attitudes toward business. The work shows that while it is always good to have an innovative environment, the result in economic terms is ambiguous:

> There are companies with low and high levels of profitability where the incidence of intrapreneurs is very important, but not in companies with intermediate levels of profitability. The reason is this: a low level of profitability, innovative companies are too attractive to the employee and, therefore, is too costly to prevent the involvement of such innovative employees. At high levels of profitability, it is so attractive for the company that is the importance of innovative higher than the cost in terms of lost effort. In general, however, provided the innovation environment is sufficiently favorable, industries in which the degree of complementarity between the new innovations and main activities of the company is superior, have a higher level of intrapreneurs activity. (Subramanian, 2005, p. 506).

That is, it is very important the level of profitability of the organization in question, as well as the environment and degree of relationship of innovative activity on the major activities of the company. By placing these concepts in the banking sector, it can see that is a market where rent-seeking highly innovative activity is very important to facilitate the dynamics of the actors involved in financial activities.

On the side of the environment, the work of Urbano et al. (2011) shows a case study for Spanish SMEs in which the importance of good environment and interpersonal relations within the organization is measured. The participation of all employees in critical situations, such as activities against management and risk exposure is also essential. The debate as a means of exchange of ideas and the formation of a group of people related to the financial institutions are the pillars of the NPC. Armstrong et al. (2011) point out that in the financial industry the inclusion of the Committees is open to a multiplicity of agents, but is limited to action within the institution (banks, brokerage firms, etc.). The importance of articulating these institutions within the hierarchical scheme of firms lies in the co-construction of the ideal of corporate responsibility which determines the dynamics of innovation according to the needs of society. In response to the specific needs and characteristics of financial products, the fact build a discussion group that is critical of the related issues, for example, risk management involves considering the idea of reversibility. You can generate a cyclical process of ongoing review of the finer points of the new products and reduce the impact of uncertainty through a process of learning and permanent control.

To consider implementation of NPCs in the structure of a financial organization, it must be submitted to the seven interpretations of responsible innovation in finance, mentioned in the previous section. The following summarizes the most important aspects that should take care of NPCs under generation of responsible innovation (Armstrong, et al., 2011).

Regarding the focus on functions, the NPC are places where the function of the new products can be reviewed by the members (suitably selected). You may explain the ideas and debates arising from the ideals of each member, putting into play the potential impacts of innovation.

Then, focus on moral rules states that must exist within NPC a compliance officer for moral standards. The figure of the officer must analyze the different aspects of innovation and try to find problems not addressed under his direction. This procedure could lead, for example, reputational risk, a concern that is difficult to identify and control. The focus on moral rules include, as already indicated, a kind of categorical imperative (related to Kant's theory) or a form of moral order requiring indirect sanctification of compliance officer (in the form of a moral commissioner) .

Following the proposed analysis, the focus is considered in internalization of values. The concept of NPC is relatively modern in the field of financial organizations (particularly banking). However, increasingly are seen internalizing processes responsible consideration of the innovations. The manifestations of individuals within firms are manifested in the first person plural. Habits and behaviors governed by specific rules internalization are thus generated.

The fourth point corresponds to focus on aggregate consequences. NPCs should be places where they rehearse and simulate different scenarios in order to make the effort to solve specific concerns. For impact measurement via risks related transform uncertainty of future events in predictable event (risk measurement) efforts must exist. The technical challenge is the inability to anticipate the behavior of financial innovation related events. The literature indicates that the aggregate consequences are at least two aspects: the first related to the possibility of replicating events into the financial institution; the second from outside the firm, as the possibility of appropriating the experiences of competitors. In this sense, plays a fundamental role the problems of asymmetric information and coordination failures in a financial market that boasts highly dynamic. However, the effects can be leveraged learning experiences that show limitations in modeling events or prognosis of the future.

Regarding the focus on liability, it is important to establish that when the NPCs will incorporate certain agents involved, explain how and accept (or not) take responsibility for some of the elements of the new product. These people can come from various departments within the organization of the financial institution in question.

The penultimate focus is on caution. It states that an NPC should be a place where the discussion about the amount and proportion of the program to develop innovation arises. That is, it is necessary to adequately think the scale or magnitude of the project. The question to answer is how it should be the ideal structure of the innovative program: large-scale or start small and grow? Economic and financial reasons (quantitative) do not always meet all relevant aspects to consider. The precautionary principle emphasizes various qualitative aspects of the innovation process and the scope of discussion and integration of NPCs should meet those issues.

Finally, we should mention the focus on democracy. As already stated in previous outbreaks, the NPCs allow deliberation process (or discussion) relatively informal, where the concerns of individuals are subjected to collective consensus, and stored in the memory of the organization (which may be by some digital) support. Committees must be places where genuine and where conflicts are generated in relation to the intrinsic interest of the individuals who belong to the organization and the general moral

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rules themselves are guaranteed discussions. Under this scheme, the best approach would be to form a NPC in which each voice has the same voting (same value), regardless of who profess consideration opinion or make problematic treatment.

In particular it is important to note that there are risks associated with the different focuses and passing through several simultaneously. For example, the risks associated with accounting or auditing procedures reports, where the organization is exposed to significant reputational and possibly have incentives to generate reports with distorted data. Bebbington, Larrinaga and Moneva (2008) conceptualized the idea of corporate social responsibility in banking reports pointing to reputational risk. The first thing that stands out is the fact that the reputation has different interpretations according to the discipline that contemplates. For an economic and strategic vision of banks reputation is a resource. That is, it affects profit maximization, somehow linked to credit risks and alternatives of qualification, as well as to the confidence that investors have regarding the performance of the bank.

From a sociological perspective, the concept is related to the social co-construction of the look (or impressions) of an organization. Thus, reputation is subjective collective evaluations of the trust and reliability of business (Unerman, 2008). It is noteworthy aspect of reputation inertial positioning the concept into a dynamic in which the past influences the evolution of the firm and positions, against market shocks, in varying degrees of institutional strength. There is a double determination regarding the assessment: the best way to measure the reputation is through the creation of a ranking (reputation index) and, therefore, there must be a mechanism with high reputation which makes the measuring instrument. This author conducted a study of six international rankings and is focusing on five areas: financial performance, quality of management, performance management of social and environmental impact, quality of work and quality of the goods/services provided by the signature. These ideas are related both to focus on moral rules and responsibility and caution, given the degree of importance of both innovation and the information about it.

Based on Armstrong (2011) and the delineation of the main sources related to responsible innovation (RIF) and the creation of an entity (NPC) completing these structural needs, you can address the issue of sustainability of the new process from a critical perspective, but with concrete proposals. They identified five principles where regulatory proposals based on New Product Committees are supported: principle of ownership, formalization, review, publication and audit.

The first refers to the development of incentive programs and evaluation of the members of NPC. The proposed regulation is based on the idea that employees of the organization, such as a bank, internalize the idea of responsible innovation. For this you can set only reach senior posts if you actively participate in the NPC. On the other hand, you can encourage employees with valuable ethical conduct in introducing NPCs and enabling them to actively participate in discussions on new products.

On the other hand, the principle of formalization is related to the idea of generalizing the behavior of financial organizations. It should regulate the structure of innovations stipulating the minimum standards that must complete a new project to be held responsible. Among the delineations they should be considered policies that aim to address the distortions that may result from the development of the program, as described in the seven major aspects of responsible innovation.

The principles of review and publication, point to responsible financial governance. State that should generate more formalized review of the activities of NPCs mechanisms, while formal registration documents and file activities generated so that the channels of review and questioning of the activities are generated. Thus the focus on democracy and the idea of democratic deliberation in the co-construction of an ethical ideal behind technological advances in products and financial processes (Navarro et al, 1996) is encouraged.

Finally, closely related to the latter, the principle of audit suggests an external control of innovation activities. Timely mechanism suggested by the authors is to conduct regular audits by outside the organization and randomly. The surprise of the proceedings should generate the activity is internalized more rapidly and effectively, helping the productive activity is carried out in the most transparent way possible. It can articulate general standards for financial activity regulation for disciplinary sanctions to organizations whose external audit throw negative ratings. The sanctions can be set partial or total ban on the realization of new products or activities by a certain time.

CONCLUSION

Banks permanently incorporate financial innovations to offer the market, and must comply with regulations limiting the scope. These regulations are not enough to ensure responsible and sustainable process that minimizes environmental, social and economic risks. Agents are required, within the entities that have the ability and personal motivation to innovate, to be intrapreneurs. It was argued that the European proposal for financial innovation is a good articulator responsible governance and corporate social responsibility in the banking context. It requires internalize responsible practices in financial literacy.

This paper concludes, along with others, that the way financial organizations incorporate principles related to responsible innovation is the creation of a New Products Committee. Not only it seeks to articulate innovations, but is intended to encompass a consensus, responsibility and awareness of the Members of companies and are related to new processes.

BIBLIOGRAPHY

Please refer to articles in Spanish Bibliography.

BIBLIOGRAPHICAL ABSTRACT

Please refer to articles in Spanish Bibliographical Abstract.