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Stakeholder governance and private benefits: The case of politicians in Spanish *cajas*

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ABSTRACT

Our research focuses on the private benefits of politicians as board directors of Spanish savings banks (*cajas)*. We use hand-collected data on the political affiliation and personal loans of 1,578 directors to investigate whether political directors used private benefits through excessive personal loans, loans granted to their political parties, or the institutions they represented. Our results show that a higher proportion of political directors on a board is associated with larger personal loans and with better terms than those granted to non-political directors. Furthermore, this higher proportion is also linked to larger loans granted to the public administrations that the political directors represented on the *cajas'* governing board. Finally, we also find in-group favouritism based on the social identity theory and directors' party identification. Therefore, political directors make greater use of private benefits when allocated to their political party and its members.

1. Introduction

The search for an optimal board of directors and the takeover of private companies by governments during the 2008 financial crisis have focused on the consequences of politicians serving on boards. Although the authors initially argued that politicians increased board effectiveness in non-government-controlled firms (Faccio, 2006; Guerra Pérez et al., 2015), the most recent evidence suggests the opposite (Pascual-Fuster & Crespí-Cladera, 2018; Shi et al., 2018). Moreover, political directors in government-controlled firms, whether government-owned or privately owned, are usually harmful (e.g. Berger et al., 2009; Wang, 2015; Lin et al., 2020).

One answer to this phenomenon could be that politicians' interests may sometimes diverge from those of the governments they represent (Sapienza, 2004). When appointed as directors, it is easier for them to extract pecuniary and non-pecuniary benefits—private benefits of control (Belcredi & Caprio, 2004; D'Souza & Nash, 2017).

Analysing this extraction of private benefits by politicians is important in financial entities. It could influence the lending market by granting credit to political supporters, such as increased lending to political parties during election periods or regions politically connected to their party (e.g. Sapienza, 2004; Dinç, 2005; Markgraf & Rosas, 2019). Using bank resources for politicians' interests have important economic (economic growth and employment in some regions but not in others), social (inequality in the distribution of wealth and lending, especially during crises), and even political (populism or influencing elections) repercussions. Ultimately, the private benefits of politicians may damage the bank's performance and eventually jeopardise the stability of the entire financial system.

These arguments suggest that although some literature explores the effects of politicians on the performance of financial entities, examining how these directors use *de facto* private benefits of control is a key issue. The private benefits of control are difficult to detect and, therefore, measure (Barclay & Holderness, 1989; Dyck & Zingales, 2004). However, they imply a reduction in corporate value as they diminish the rents received by other stakeholders (Claessens et al., 2002; Dyck & Zingales, 2004). Thus, we propose analysing political directors' abilities to use their private benefits of control by granting loans to themselves, their parties, or the public institutions they represent.

Therefore, we use a sample of Spanish savings banks, the *cajas*.

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Spanish *cajas* are an interesting case to analyse the behaviour of political directors for two reasons. First, their particular model of governance highlights the behaviour of politicians in using private benefits. This governance model is characterised by the absence of ownership and the allocation of decision-making rights through state and regional laws to multiple stakeholders: local and regional governments, depositors, founders, and employees. However, this allocation was not equal among stakeholders. It put local politicians in a position of control, allowing them to decide the *caja's* resources without bearing the costs of these decisions. Second, 33 *cajas* (out of 45) were bailed out. More than 250 *caja* directors have been investigated for fraud regarding financial statements, loans to board members and their families, political favouritism, and cronyism. These corruption cases imply using *caja* resources for personal interests at the expense of society's interests.

Many studies have examined politicians' influence on the performance or risk of Spanish *cajas* (e.g. Azofra & Santamaría, 2004; Illueca et al., 2014; Martín-Oliver et al., 2017). However, our study examines whether the political directors made decisions that benefited their private interests rather than helping the *cajas* and the other stakeholders.

To test these arguments, we construct an original, hand-collected database with political affiliation, personal loans, loans to political parties, and loans to public administrations of directors from 44 *cajas* for 2004–2013. Additionally, we analysed and reviewed over 1,500 director profiles to determine their political affiliations. Our analysis goes beyond the official data published in corporate governance reports, representing public administrations on the board and those with a clear link to a political party, holding seats belonging to other stakeholders, such as depositors or employees. Our results show that political directors use their controlling rights to pursue their interests. Therefore, more politicians on a board directly relate to larger loans being granted to themselves (and under better financial conditions) and the public administrations they represent. This use of private benefits is also evidenced at the level of political party. The higher the percentage of politicians identified with the same political party, the more likely they will benefit by obtaining loans. This in-group favouritism is even stronger in some political parties as we find that their involvement in the *cajas*' boards results in larger loans being granted to their party.

Our work contributes to the literature in at least three ways. First, from a public policy perspective, it illustrates the lending practices of political directors and complements the literature that warns of the private use of lending policies by banks controlled by politicians (e.g. Sapienza, 2004; Dinç, 2005; Halling et al., 2016). However, while most studies examine bank lending with data by regions benefited, our study goes further by specifically addressing loans granted to the directors, public administrations, and political parties. Second, following the recommendations of McVea and Freeman (2005) to explore the identities and interests of stakeholders, we go beyond considering the behaviour of politicians as homogeneous stakeholders. Thus, we analyse their decision-making as members of a political party under the social identity theory (Tajfel & Turner, 1986; Abrams & Hogg, 1990) and party identification approach (Greene, 1999; Huddy & Bankert, 2017). To the best of our knowledge, this is the first work to address the study of favouritism in the use of private benefits among members identified with the same political party. Finally, although other studies examine the influence of politicians on Spanish *cajas*' performance or risk-taking, this is the first study to investigate the direct relationship between politicians and the attainment of personal economic benefits. The ways in which these political directors decided when allocating *cajas*' financial resources show that they leveraged their private benefits of control to the detriment of the *cajas*' aims and objectives and, therefore, the interests of other stakeholders.

The remainder of this paper is organised as follows. Section 2 reviews the theoretical framework to derive a set of testable hypotheses, and Section 3 presents our empirical analysis, including the sample data, sources of information, model, and variables. Further, Section 4 explains the methodology and empirical results obtained, and Section 5 introduces some sensitivity and robustness analyses. Finally, we provide the most relevant conclusions.

2. Theoretical framework

Spanish *cajas* were founded as financial institutions that allowed working classes to access savings. They originated as a European movement to set up savings banks, first in Germany (Ersparniskasse Hamburg was established in 1778) and later in Scotland (the Ruthwell Parish Bank in 1810) and France (the Caisse d'Epargne de Paris in 1818). In the early XVIII century, the non-existence of public aid drove humble families into poverty during hard times (e.g. retirement, disease, or unemployment). Therefore, savings banks were conceived as non-profit institutions (Tedde de Lorca, 1991) designed to help families by granting loans and teaching them 'the virtue of saving' (García-Roa, 1994). In Spain, the first *caja* was founded in 1834 in Jerez de la Frontera. Its charitable and social nature was enhanced further, as they were primarily established in association with *Montes de Piedad*[1] to use the savings to grant pledge loans. Owing to their social service, the state promoted their creation in every region and exercised a protectorate or control through different regulations, somewhat interventionist, depending on the period[2]. Because of these regulations, the *cajas* gradually acquired unique characteristics that differentiated them from commercial banks. First, they concentrated on specific geographical areas, local or regional. Second, they operated with an extensive network of branches to serve their customers, specially families, and small firms. This policy of widespread branch openings was referred to as 'a branch at every corner'. It allowed the *cajas* to develop a relationship strategy while reducing financial exclusion. Third, due to their charitable nature, part of their net profits was used to finance social projects (*Obra social*) related to the economic, cultural, and social aspects of the regions where they were located. Finally, the *cajas* were configured with a governance structure with particular characteristics that involved different stakeholders in their management.

2.1. Stakeholder theory applied to Spanish cajas

The governance structure of *cajas* resulted from a historical evolution that conceives them as non-profit entities whose objectives include not only economic issues but also providing social services to the region's citizens in which they operate (García-Cestona & Surroca, 2008; Andres et al., 2021). This concept of *cajas* as financial institutions with multiple social and economic objectives led to establishing a unique system of governance in which there are no owners (therefore, there are no residual ownership rights). Instead, it involved multiple stakeholders (through the allocation of decision control rights by law) (Azofra & Santamaría, 2004; Crespí et al., 2004). Specifically, since the approval of Law 31/1985 regulating the basic norms of the governing bodies of the *cajas* (LORCA), controlling rights were assigned on a quota basis to

[1] The *Montes de Piedad* were charitable institutions created in the 15th century on the initiative of the Catholic Church, specifically by the Franciscan Order. In a context in which the neediest classes suffered from usury, these institutions 'amassed' alms and donations to grant pledge loans at interest rates lower than market rates.

[2] Laws regulating the *cajas* throughout the almost 200 years of existence are numerous and heterogeneous. However, some studies (Forniés, 1991; Titos, 1991) highlight the Royal Decree of 1853, which legally characterizes savings banks as charitable institutions and, for the first time, entrusts their management to a board chaired by a politician (the governor of the region).

Fig. 1. Maximum percentage of political representation allowed on the board of the *caja* in each autonomous community. **Source:** Authors' elaboration based on regional laws.

depositors (customers and the main contributors of financial resources), institutional founders (local councils, private associations, and the Catholic Church as initial promoters), employees (*cajas* essential human capital) and local and regional governments (represented by local and regional politicians as guardians of municipality/citizens' interests where the *caja* was established). This quota system of control rights is maintained in the three governing bodies that configure their governance structure: the general assembly, assuming functions similar to the general shareholders' meeting of a public limited company; the board of directors, responsible for advising and controlling the management team; the control committee, monitoring board performance. Although later the state and regional laws modified the voting quotas assigned to each group (see Table A.1 in the Appendix), the essence of the *cajas*' governance model has been maintained by allowing the primary stakeholders' participation in their control. Accordingly, several previous studies have used stakeholder theory to describe the governance model of *cajas* (e.g. García-Cestona & Surroca, 2008; García-Cestona & Sagarra, 2014; Andres et al., 2021). This governance model has become 'a paradigmatic example of the practical application of the stakeholder theory' (Andres et al., 2021: 176).

The core of the stakeholder theory is 'to manage and integrate the relationships and interests of shareholders, employees, customers, suppliers, communities, and other groups in a way that ensures the long-term success of the firm' (Freeman & McVea, 2005: 186). Given this description, stakeholder theory extends the firm's boundaries beyond shareholders' demands to consider all persons or groups with legitimate interests in the procedural and substantive aspects of business activity in the corporate decision-making process (Donaldson & Preston, 1995). Thus, this theory identifies individuals with a common interest and protects them (Rowley & Moldoveaunu, 2003). Furthermore, the relationships between the stakeholders should be based on fairness and reciprocity; the interests of one stakeholder should not prevail over those of the others (Parmar et al., 2010; Dmytriyev et al., 2021).

In Spanish *cajas,* implementing stakeholder theory was effective through participation quotas for some stakeholders (depositors, institutional founders, employees, and local and regional governments) in their governing bodies. However, these participation quotas established by state and regional laws broke the principle of 'no prima facie priority', as they were not equal for all stakeholders (García-Cestona & Surroca, 2008; Andres et al., 2021). Specifically, the dual roles exercised by public administrations, as the regulated and the regulator of laws that assign these participation quotas, allow politicians to acquire a position of preeminent control in the governing bodies of most *cajas* (Illueca et al., 2014; Martín-Oliver et al., 2017; Andres et al., 2021) (see Fig. 1).

In addition to this direct allocation of controlling rights through regulation, the politicians' power was higher. Political parties placed their members in these positions of power, even in seats legally corresponding to other stakeholder groups (especially depositors)[3] (Cuñat & Garicano, 2010; Andres et al., 2021). This behaviour can be considered a form of party patronage, defined by Kopecký and Scherlis (2008: 356) 'as the power of a party to appoint people to positions in public and semi-public life'.

However, the possession of power itself does not guarantee that the stakeholder actively participates in corporate decision-making. In this sense, Mitchell et al. (1997) propose three attributes to identify different classes of stakeholders salient to the management team: (1) *power* in the firm, (2) *legitimacy* in the firm, and (3) the *urgency* of demands.

In Spanish *cajas*, public administrations combine these three attributes to become the most salient stakeholders. Furthermore, the special symbiotic relationship of the *cajas* and the local communities where they were founded provided the public administration with legitimacy as a stakeholder and led them to obtain power through decision-making rights in their governing bodies. Finally, in addition to the attributes of power and legitimacy, public administrations had the urgency to meet demands, given that their participation in the *cajas'* governing bodies justified their position. This included the society in general and, specifically, the public administrations and political parties they represent. Thus, public administration became a key stakeholder in *cajas*. However, this preeminent position has a dark side; public administrations, and the politicians representing them, could use their privileged position to pursue private benefits—personal goals or those of their supporters—at the expense of other stakeholders' interests.

2.2. The private benefits of political directors in Spanish cajas

D'Souza and Nash (2017) defined the private benefits gained by politicians as 'the political, social, or personal advantages that the controlling politician may capture from the state-owned enterprise' (p. 233). This definition is too restrictive as it limits it to only state-owned firms. However, as supported by previous studies (Wang, 2015; Lee & Wang, 2017; Lin et al., 2020), when public administrations are large shareholders in privately controlled firms, they can collude with other large shareholders to exacerbate related-party transactions to achieve social aims. These social objectives align with the vision that public administrations should seek to provide public services (as a social welfare objective supported by Atkinson and Stiglitz, 1980). Nevertheless, the literature has shown that these objectives might also be considered private benefits if they involve expropriating the other stakeholders' wealth.

Studies analysing these private benefits in banking entities indicate heterogeneity, challenging to measure directly (Shleifer & Vishny, 1994;

[3] The system of designating depositors was based on the organisation of elections with the presentation of candidacies that political parties used to put up their own candidates. Some examples of these candidacies supported by political parties were as follows: 'PSOE supports two candidatures of depositors in the Seville *cajas*' (El Pais: 27.10.2001) [https://elpais.com/diario/2001/10/27/andalucia/1004134934_850215.html]; 'PP wins depositors' elections in Caja Madrid with 27.5 percent votes' (El Economista: 15.06.2006) [https://www.eleconomista.es/mercados-cotizaciones/noticias/30543/06/06/PP-gana-elecciones-impositores-Caja-Madrid-con-275-votos.html].

Sapienza, 2004; Carvalho, 2014). They include transferring resources to the controlling politicians to increase their income or that of their supporters or incumbents. Private benefits are not illegal (Johnson et al., 2000) as they can be considered perquisites derived from their position as directors or controlling shareholders. However, they may reduce the corporate value (Dyck & Zingales, 2004) because they diminish the rent received by other stakeholders.

Many previous studies have supported these politicians' private benefits in financial entities. For example, Sapienza (2004) showed that the greater the presence of a political party in Italian banks (private and public), the lower the interest rates the bank applies to the regions the party governs. Dinç (2005) related the annual increase in loans granted by publicly-owned banks in 43 countries to election years. Carvalho (2014) studied the granting of loans by Brazilian public banks to companies located in regions politically related to the central government party and found that politicians use bank lending to shift employment towards politically attractive regions nearing elections. Halling et al. (2016) found that lending in Austrian municipally-owned savings banks was used to transfer profits to government coffers. Englmaier and Stowasser (2017) found that German savings banks controlled by politicians increased lending before county elections. Finally, Markgraf and Rosas (2019) showed that mayors with a board seat in a German savings bank had a greater chance of being re-elected than other mayors because, according to the authors, they increase bank donations to their municipalities.

In Spanish *cajas,* the private benefits of political directors were mainly channelled through the granting of loans. As explained below, political directors needed the incentive and the capability to obtain these private benefits.

2.2.1. *Incentive for political directors to use private benefits*

As incentives, political directors would trade off the benefits and costs derived from their privileged position on the board to obtain private benefits.

Benefits may include favourable personal loans and providing favourable loans to certain supporters to help them get re-elected (i.e. promoting lending to their political party or the public administrations they represent). However, these benefits are linked to political patronage (Piattoni, 2001) (e.g. clientelism and pork-barrel politics), implying using funds to favour specific public projects to secure a strong status within the political party or obtain voter support for re-election. Moreover, political directors may use these private benefits, even at the expense of the *caja's* performance. Their permanence as directors is conditioned by election processes (within the party and the public administration). Therefore, they may lack a long-term vision concerning the decisions taken in the *caja*.

However, political directors can bear reputational costs derived from private benefits. For example, reputation for a politician is like a product for a company (Pettersson & Karlström, 2011; Antoniades & Mohr, 2020). Its loss may reduce politicians' opportunistic behaviour (Alesina et al., 1993) because it affects their re-election chances (Kroszner & Stratmann, 2005). Thus, reputational risk reduces politicians' incentives to obtain favourable loans.

Additionally, political directors bear few costs derived from private benefits. Owing to the non-profit nature of Spanish *cajas*, political directors hold control rights. However, they are not shareholders of these entities; they do not bear the cost of the decisions they take regarding their loss of wealth. Consequently, the problem of moral hazard behaviour arises. This case could be considered an extreme example of the evidence found in the literature that analyses the effects of the gap between control and cash-flow rights of the controlling shareholder (e.g. Claessens et al., 2002; Barontini & Caprio, 2006; Azofra & Santamaría, 2011). According to Bebchuck et al. (2000), the controlling shareholder externalises moral hazard costs as the gap increases. In Spanish *cajas*, the presence of an extreme gap (control rights without cash-flow rights) exacerbates this moral hazard problem, leading political directors to use private benefits significantly.

2.2.2. *Capability of political directors to use private benefits*

Some incentives described above can be applied to all the board members of the *caja*, such as benefits of loans on favourable terms and bearing no financial costs for the decisions taken (moral hazard problem). However, as Illueca et al. (2014: 1224) highlight, 'although all stakeholders were represented on the board, not all of them had the ability to influence the bank's management and the *cajas* were thus vulnerable to the influence of both local and regional politicians.

Politicians are the most salient stakeholders because they combine power (high allocation of participation quotas in the governing bodies of the *cajas*), legitimacy (historical relationship between *cajas* and local communities), and urgency (need to justify their position to supporters). Additionally, prior literature considers political directors as cohesive stakeholders (e.g. Cuñat & Garicano, 2010; Illueca et al., 2014; García-Meca & Sánchez-Ballesta, 2014). Therefore, they have common interests beyond their interests (i.e. demonstrating their political loyalty, political directors may help public administrations and political parties benefit). Therefore, they may behave as united stakeholders vis-à-vis other stakeholders. This behaviour as a cohesive group and the high voting rights provides the necessary capacity to influence the decision-making of the entity where they participate, even to approve private benefits in their interest.

Furthermore, Spanish *cajas* lack strong control mechanisms (Crespí et al., 2004), affecting the granting of favourable loans to political directors. State legislation did not establish any control for granting loans to political parties and public administrations. For specific loans to directors (e.g. mortgage loans did not need it), state legislation required both internal (*caja* board's agreement) and outside authorisations (from the Bank of Spain or the Autonomous Community)[4]. Nevertheless, both authorisations proved to be relatively weak.

Regarding outside authorisation, regional legislation prevented the possibility of authorisation by the Bank of Spain. Instead, they derived it to the Department of Finance and Economy of the Autonomous Community, where the *caja* was founded (this department was under political control). Moreover, most regional legislations established that 15 working days after submitting the authorisation request, it would be understood as positive if the administration did not reply (principle of positive administrative silence). Therefore, the outside authorisation of political directors' loans was weak.

Regarding the internal authorisation, *cajas*' statutes did not describe any specific procedure for granting loans to directors. However, documentation certifying the technical analysis of the loan, its valuation or

[4] Art. 16.2 of Law 13/85 LORCA restricted the obtaining of loans or guarantees without the authorisation of the *caja's* board of directors and the Bank of Spain or the Autonomous Community. In practice, all regional *caja* laws leave this authorisation in the hands of the Autonomous Community itself through the department of finance/economy. In any case, no authorisation was required to obtain loans, endorsements, or guarantees for the acquisition of houses if they had a sufficient real guarantee on the part of the holder. In some cases, *cajas* failed to comply with these legal requirements: 'Caja Madrid lent Blesa –the chairman of the *caja*– EUR 421,000 in breach of savings banks Law' (El Economista: 18.05.2013) [https://www.eleconomista.es/empresasfinanzas/noticias/4835129/05/13/Caja-Madrid-presto-a-Blesa-421000-euros-incumpliendo-la-Ley-de-Cajas.html]; 'The CAM – Caja de Ahorros del Mediterráneo– provided its directors with cheap loans of EUR 161 million' (El Pais: 26.07.2011) [https://elpais.com/diario/2011/07/26/economia/1311631203_850215.html].

appraisal, or a statement that the loan had been granted on terms similar to other customers was not necessary before the financial crisis. Additionally, the board resolution on the requested loan may be adopted with the applying director's participation[5]. Accordingly, the internal authorisation of political directors' personal loans was also permissive.

In short, politicians had both the incentive and capability to use the private benefits offered by their position on the *cajas'* boards. This leads us to suggest a positive relationship between politicians and private benefits in the form of loans. Hence, we propose the following hypothesis:

Hypothesis 1: The higher the percentage of politicians on the cajas' boards of directors, the more they benefit from obtaining loans to themselves and their supporters.

2.3. Party identification on the boards of Spanish cajas

Based on the stakeholder theory, some authors highlight the importance of going beyond a simple 'role-based identification' of standard stakeholders—such as politicians—to consider stakeholders as individuals with specific identities and interests to understand their relationship and behaviour towards the firm (McVea & Freeman, 2005; Crane & Ruebottom, 2011; Schneider & Sachs, 2017). For example, prior literature supports those political directors in Spanish *cajas* acting as cohesive stakeholders with common interests. However, we consider it important to delve into possible differences among such directors based on their political party identification that may lead to diverging behaviour in the use of private benefits.

Accordingly, based on social identity theory (Turner et al., 1979; Tajfel & Turner, 1986; Abrams & Hogg, 1990), we pinpoint specific stakeholders, considering their common economic interest and 'on the basis of their members' shared social identities, and it is these identities that drive the groups' cohesion, mobilization, and action with respect to firms' (Crane & Ruebottom, 2011: 85).

The origins of social identity theory are grounded in Henri Tajfel's work and experiments on inter-group relationships. The cornerstone of this theory is that individuals are primarily defined by the social group (s) to which they belong and strive for positive self-worth and increased self-esteem. This pursuit of positive self-worth motivates the individual towards attitudes and behaviours that promote in-group favouritism or out-group discrimination (Devine, 2015). A social identity is a link that helps individuals establish the basis for their identification with the group (Crane & Ruebottom, 2011). Specifically, a group social identity is 'a set of mutual understandings regarding the unique characteristics that distinguish (members) from nonmembers' (Rowley & Moldoveanu, 2003: 208). Previous research has highlighted the importance of age, gender, nationality, religion, ethnicity, and political affiliation as key social identities (Crane & Ruebottom, 2011).

Based on these arguments, we propose going beyond the characterisation of *cajas'* political directors as a homogeneous stakeholder group to study whether their categorisation as members of political parties results in promoting measures favouring or protecting their own party. Here, we focus on social identity theory based on identification with a political party (party identification) to propose in-group favouritism that promotes the use of private benefits vis-à-vis lending to the group (political party) and its members (personal loans).

This proposal requires clarifying or defining two concepts: in-group favouritism and party identification. First, in-group favouritism is a well-tested behaviour, particularly in social psychology studies (Tajfel & Turner, 1986), favouring in-group members over out-group members. A self-perception of belonging to a group results in a desire to positively distinguish the group from others and develop an in-group bias (Huddy & Bankert, 2017). Studies addressing how in-group members gain economic advantages over out-group members in corporate and management research are scarce but growing (e.g. Shi & Tang, 2015; Stolper & Walter, 2019; Guo et al., 2021). Second, party identification is an important variable in political science studies (Greene, 1999; Huddy, 2001; Abramowitz & Saunders, 2006; Huddy & Bankert, 2017). It is defined as an affective attachment to one's preferred party that includes the social identity of partisanship (Greene, 1999). That is, 'once identified with a political party, members are motivated to protect and advance the party's status' (Huddy & Bankert, 2017: 4). This includes in-group favouritism behaviours, tested by several studies (e.g. Balliet et al., 2014; Oc et al., 2018).

Following the above arguments, members who identify with one political party are motivated to protect it and make decisions favouring in-group bias. Hence, we propose the following hypothesis:

Hypothesis 2: The higher the percentage of politicians identifying with one political party on the board of directors, the more they benefit from obtaining loans for themselves and their supporters.

3. Sample, model, and variables

We analyse the board of directors of 44 *cajas* that operated in Spain during 2004–2013, generating 286 entity observations and 5,368 director observations. The entire population of *cajas* in 2004 comprised 46 entities. However, we excluded *Caja Provincial de Ahorros de Jaén* and *Cajasol* due to the lack of data. We chose the period 2004–2013 because 2004 was the first year they provided annual corporate governance reports with information on directors' private benefits and, by 2013, only two *cajas* maintained their publication due to the disappearance or transformation of the rest into banks (see Table A.2 in Appendix). We built an original, hand-collected database with biographies of 1,578 directors, including their political party affiliations. Therefore, we analysed the profiles of directors using multiple information sources: websites of political parties, local and regional councils, lists of candidates of each political party who ran in the municipal and state elections (published in the Official Spanish Gazette (BOE)), the financial press, and even LinkedIn.

As directors were not remunerated, we focused on three kinds of private benefits of political directors: loans granted to themselves, their political parties, and their public administrations. Data on the loans granted by each *caja* were extracted from corporate governance reports published in 2004. Mainly, we referred to Section B.1. (Credit operations in the year directly or indirectly in favour of board members, first-degree relatives, or companies under their control), B.3. (Credit operations in the year directly or indirectly favouring political groups with representation from local or regional governments participating in the *caja's* electoral process), and C (Credit operations in the year with public institutions appointed general directors). Finally, financial variables were collected from the annual report published by the Spanish Confederation of *Cajas* (CECA).

To test our hypotheses, we formulated the following model:

[5] After the financial crisis, the state legislator tightened the regulation of the loans granted to directors. Law 26/2013 established as mandatory that loans to directors require board agreement and authorisation both from the Bank of Spain and the Autonomous Community. More specifically, Royal Decree 84/2015 establishes that the Bank of Spain, when assessing these authorisation applications, must consider aspects such as the prevention of conflicts of interest and that the terms of the loan are comparable to those granted to clients. Additionally, the Bank of Spain, in its Circular 2/2016, details the specific procedure to be followed in the *caja* to obtain the agreement of the board. Thus, a certificate from the board is required with the following: a statement that the loan has been expressly analysed; the terms on which it has been appraised (indicating the documentation that has been reviewed and the result of the appraisal); the statement that the transaction has been granted on terms comparable to those of similar loans to clients; a statement that the follow-up procedure will be the one generally established for equivalent loans. Moreover, the board resolution must be adopted without the participation of the director who has applied for the loan.

Table 1
Description of dependent variables.

Dependent variables	
Personal loans	
DPERS_LOANS_AMOUNT	Dummy that equals 1 if the average loans per political director are higher than those per non-political director
DPERS_LOANS_AMOUNT_PP/PSOE	Dummy that equals 1 if the average loans per PP/PSOE political director are higher than those of the rest of the directors
DPERS_LOANS_TERMS	Dummy that equals 1 if the average interest rate of political directors is lower than that of non-political directors
DPERS_LOANS_TERMS_PP/PSOE	Dummy that equals 1 if the average interest rate of PP/PSOE political directors is lower than that of the rest of the directors
LPDPERS_LOANS	Average loans per political director, calculated as the amount of loans granted by the *caja* to political directors (themselves, their families, or companies under their control) divided by the number of political directors (in logarithm)
LPDPERS_LOANS_PP/PSOE	Average loans per PP/PSOE political director, calculated as the amount of loans granted by the *caja* to PP/PSOE political directors (themselves, their families, or companies under their control) divided by the number of PP/PSOE political directors (in logarithm)
PPERS_LOANS_MARKET	Percentage of political directors per *caja* with loans granted on better terms (lower interest rate) than the market; as a market rate, we use the average interest rate granted by Spanish *cajas* to their best customers in loan transactions published by the Bank of Spain's Statistical Bulletin
PPERS_LOANS_MARKET_PP/PSOE	Percentage of PP/PSOE political directors in each *caja* with loans granted on better-than-market terms
PERS_LOANS	Total annual credit granted (directly or indirectly) by *cajas* to political directors, their families, or companies under their control divided by the total loans of the *caja* (in percentage)
PERS_LOANS_PP/PSOE	Total annual credit granted (directly or indirectly) by *cajas* to PP/PSOE political directors, their families, or companies under their control divided by the total loans of the *caja* (in percentage)
Loans to political parties	
DPARTY_LOANS	Dummy variable that takes the value 1 if the ratio of total annual loans granted by the *caja* to political parties (with representation on *caja* governing bodies) divided by the total loans of the *caja* is above the median vis-à-vis the whole sample of *cajas*
DPARTY_LOANS_PP/PSOE	Dummy variable that takes the value 1 if the ratio of total annual loans granted by the *caja* to PP/PSOE political parties divided by the total loans of the *caja* is above the median vis-à-vis whole sample of *cajas*
LPARTY_LOANS	Total annual loans granted (directly or indirectly) by the *caja* to political parties with representation on the *caja* governing bodies (in logarithm)
LPARTY_LOANS_PP/PSOE	Total annual loans granted (directly or indirectly) by the *caja* to PP/PSOE political parties (in logarithm)
PARTY_LOANS	Total annual loans granted (directly or indirectly) by the *caja* to political parties with representation on the *caja* governing bodies divided by the total loans of the *caja* (in percentage)
PARTY_LOANS_PP/PSOE	Total annual loans granted (directly or indirectly) by the *caja* to PP/PSOE political parties divided by the total loans of the *caja* (in percentage)
Loans to public administrations	
DPUBLIC_LOANS	Dummy that equals 1 if the ratio of loans granted to public administrations by the *caja* (city councils, provincial councils, autonomous communities) divided by the total loans of the *caja* is higher than the median vis-à-vis the whole sample of *cajas*
LPUBLIC_LOANS	Total annual loans granted (directly or indirectly) by the *caja* to public administrations (city councils, provincial councils, autonomous communities) with representation on the *caja* governing bodies (in logarithm)
PUBLIC_LOANS	Total annual loans granted (directly or indirectly) by *cajas* to public administrations (city councils, provincial councils, autonomous communities) with representation on *caja* governing bodies divided by the total loans of the *caja* (in percentage)

$$\text{PRIVATE BENEFITS}_{it} = \beta_0 + \beta_1 \text{POLITICAL DIRECTORS}_{it} + \beta_3 \text{CONTROL VARIABLES}_{it} + \text{Year Dummies} + \varepsilon_{it}$$

where *i* identifies the *caja*, *t* the year, and ε_{it} the random disturbance. To identify the private benefits of control by politicians (PRIVATE BENEFITS), we calculated four variables based on comparisons with the rest of the directors (in the case of personal loans) or the rest of the entities (in the case of loans granted to political parties and public administrations). These comparative variables allow us to identify the *cajas* that display 'more generous' lending behaviour towards political directors than towards non-political ones (DPERS_LOANS_AMOUNT and DPERS_LOANS_TERMS) or grant more loans to political parties (DPARTY_LOANS) or public administrations (DPUBLIC_LOANS) than the median. In other words, we identify *cajas* in which politicians have reaped the private benefits of control 'abnormally' above the median.

Thus, DPERS_LOANS_AMOUNT focuses on the amount of personal loans to politicians. It is a dummy variable and takes the value of one if the average loans per political director are higher than those per non-political director. We calculated the average loan per political director as the loan to political directors (i.e. themselves, their families, or companies under their control) divided by the number of political directors. Similarly, average loans per non-political director were calculated as the loan granted to non-political directors divided by the number of non-political directors (i.e. themselves, their families, or companies under their control). DPERS_LOANS_TERMS focuses on the financial terms or conditions of the personal loans involved. It was calculated as a dummy variable that takes the value 1 if political directors obtained loans with better terms than non-political directors. Therefore, we compared the financial terms of the loans (precisely their interest rate) granted to politicians with non-political directors. DPARTY_LOANS identifies the *cajas* that granted more loans to political parties. It was calculated as a dummy variable that takes the value 1 if the ratio of total annual loans granted to political parties (with representation on *caja* governing bodies) divided by the total loans is above the median in the entire sample. Similarly, DPUBLIC_LOANS was

Table 2
Description of independent and control variables.

Independent variables	
Politicians and identity	
POLITICIANS	Percentage of directors representing local and regional governments or affiliated with a political party (although not formally representing any government)
POLITICIANS_ PP/PSOE	Percentage of political directors identified (affiliated) with the PP/PSOE political parties
POLIT_SHAPLEY	Shapley-Shubik Index that reflects the power of political directors
POLIT_SHAPLEY_PP/PSOE	Shapley-Shubik Index that reflects the power of PP/PSOE political directors
POLITICIANS_ HIGH_POSITION	Percentage of political directors who held/hold key positions in public administration (local mayor, president or regional minister of an autonomous community, national ministers, etc.)
POLITICIANS_NO_ HIGH_POSITION	Percentage of political directors who do/did not hold any key public administration positions
Control variables	
DCHAIR_POL_REGION	Dummy variable that equals 1 if the chairman of the *caja* is affiliated with the political party that controls the regional government
DCEO_BOARD	Dummy variable that equals 1 if the CEO of the *caja* is on the board of directors
DAUDIT_COMM	Dummy variable that equals 1 if the *caja* has an audit committee
SIZE_BOARD	The number of board directors (in logarithm)
TOTAL_ASSETS	Total assets of the *caja* (in logarithm)
LOANS_ASSETS	Total loans divided by total assets
CAR	Total equity divided by total assets (Capital_Assets_Ratio)
ROA	Total operating income divided by total assets (Return_On_Assets)
NON_PERF_ LOANS	Non-performing loans divided by total loans
LIQUIDITY	Cash and bank balances plus available for sale securities divided by total assets
DNON_ADMON_ FOUNDER	Dummy variable that equals 1 if the *caja* had a non-public administration as the founder
REGION_GDP	GDP per capita of the regions where the *cajas'* headquarters were located
DREGION_LAW1	Dummy variable that equals 1 if regional law assigns a percentage of participation in *caja* governing bodies below 50% to local and regional governments
DREGION_LAW2	Dummy variable that equals 1 if regional law assigns a percentage of participation on *caja* governing bodies above 50% to local and regional governments
DCRISIS	Dummy variable that equals 1 in the years of the economic crisis in Spain (2008–2012), according to Laeven and Valencia (2020)
NUM_PARTIES	The number of political parties represented on *caja* governing bodies
DELECTIONS	Dummy variable that equals 1 if there had been (local and regional) elections in the region or city where the *cajas'* headquarters were located

calculated as a dummy variable taking the value 1 if the ratio of loans granted to public administrations (city councils, provincial councils, and autonomous communities on the *caja* governing bodies) divided by the total loans is above the median. The latter variable identifies the *cajas* that granted most loans to public administrations.

In addition to these variables, we proxied private benefits by using other variables: the amount of loan per political director (LPDPERS_LOANS), the percentage of political directors receiving loans on better-than-market conditions (PPERS_LOANS_MARKET), the total amount granted to political parties (LPARTY_LOANS), and public administrations (LPUBLIC_LOANS). Finally, we used the previous variables in relative terms (PERS_LOANS, PARTY_LOANS, and PUBLIC_LOANS).

Likewise, to test the second hypothesis, in-group political party favouritism, we calculate the personal and political party loans dependent variables described above, referring to the political party the directors are affiliated with or identified. We do not compute the variables of loans granted to public administrations because of the challenges in identifying a public administration with a single political party. Specifically, we calculate the variables DPERS_LOANS_AMOUNT, DPERS_LOANS_TERMS, LPDPERS_LOANS, PPERS_LOANS_MARKET, PERS_LOANS, DPARTY_LOANS, LPARTY_LOANS, and PARTY_LOANS. Additionally, we refer to the two major political parties represented on the board of directors: the *Partido Socialista Obrero Español* (PSOE), with a liberal ideology (represented in 87% of the board of directors in our sample) and the *Partido Popular* (PP), with a conservative ideology (represented in 72% of the board of directors). We did not analyse more political parties because their representation on *cajas'* boards is limited[6].

[6] The next most important party in terms of board representation is *Convergencia I Unió* (CIU), present on 21% of *cajas'* boards. Subsequently, we find *Izquierda Unida* (IU) with directors in 17% and *Partido Nacionalista Vasco* (PNV) with 6% presence in *cajas*.

The specific measurements of these dependent variables are described in Table 1.

As independent variables, we used the percentage of all representatives of local and regional governments on a board (POLITICIANS) and the percentage of political directors affiliated to the PSOE (POLITICIANS_PSOE) and the PP (POLITICIANS_PP) political parties. Following previous literature on Spanish *cajas* (Cuñat & Garicano, 2010; Andres et al. 2021), we built the variable POLITICIANS by calculating the percentage of politicians on the board. We compute politicians as those appointed by law and those elected by other stakeholder groups such as depositors, employees, founders, or public interest entities. To count a director as a politician, we required them to have (or to have once had) a clear link with a political party, either by holding public office representing a party or by appearing on that party's electoral lists. Therefore, this variable (POLITICIANS) shows the real number of directors (in percentage) who are politicians or those elected by politicians and their political parties. We note that party affiliation differs from party identification. Nevertheless, as Finkel and Scarrow (1985) showed, both concepts have a strong correlation (specifically, a 70% correlation between Democratic enrolment and identification). Hence, we use party affiliation as a proxy for measuring party identification (POLITICIANS_PP and POLITICIANS_PSOE).

Furthermore, we calculated the Shapley-Shubik index (SSI) (Shapley & Shubik, 1954) to measure the power that political directors have on the board compared with that of the other stakeholders (POLIT_SHAPLEY, POLIT_SHAPLEY_PSOE, and POLIT_SHAPLEY_PP). This index can take values between 0 and 1 (the higher the value, the more powerful the political directors) and is commonly used in studies on power-sharing on boards (Maury & Pajuste, 2005; Leech, 2013).

Additionally, to analyse the sensitivity of our results, we split the variable POLITICIANS by considering their positions in public administration (POLITICIANS_HIGH_POSITION vs POLITICIANS_NO_HIG

Table 3
Main descriptive statistics.

VARIABLES	Obs	Mean	Median	Std. Dev.	Min	Max
DPERS_LOANS_AMOUNT	286	0.441	0.000	0.497	0.000	1.000
DPERS_LOANS_AMOUNT_PP	286	0.196	0.000	0.398	0.000	1.000
DPERS_LOANS_AMOUNT_PSOE	286	0.178	0.000	0.383	0.000	1.000
DPERS_LOANS_TERMS	286	0.318	0.000	0.467	0.000	1.000
DPERS_LOANS_TERMS_PP	286	0.192	0.000	0.395	0.000	1.000
DPERS_LOANS_TERMS_PSOE	286	0.171	0.000	0.377	0.000	1.000
LPDPERS_LOANS	286	10.164	11.556	4.200	0.000	15.900
LPDPERS_LOANS_PP	286	5.567	6.620	5.613	0.000	15.907
LPDPERS_LOANS_PSOE	286	5.352	6.505	5.302	0.000	14.659
PPERS_LOANS_MARKET	286	0.542	0.600	0.421	0.000	1.000
PPERS_LOANS_MARKET_PP	286	0.140	0.000	0.237	0.000	1.000
PPERS_LOANS_MARKET_PSOE	286	0.135	0.000	0.246	0.000	1.000
PERS_LOANS	286	0.014	0.003	0.035	0.000	0.376
PERS_LOANS_PP	286	8E-06	3E-08	3E-05	0.000	4E-04
PERS_LOANS_PSOE	286	3E-06	1E-08	1E-05	0.000	1E-04
DPARTY_LOANS	286	0.500	0.500	0.501	0.000	1.000
DPARTY_LOANS_PP	286	0.136	0.000	0.344	0.000	1.000
DPARTY_LOANS_PSOE	286	0.434	0.000	0.496	0.000	1.000
LPARTY_LOANS	286	8.415	11.735	6.344	0.000	16.935
LPARTY_LOANS_PP	286	1.400	0.000	3.596	0.000	13.964
LPARTY_LOANS_PSOE	286	5.331	0.000	6.065	0.000	16.141
PARTY_LOANS	286	5E-06	1E-06	1E-05	0.000	1E-04
PARTY_LOANS_PP	286	2E-07	0.000	1E-06	0.000	1E-05
PARTY_LOANS_PSOE	286	2E-06	0.000	8E-06	0.000	1E-04
DPUBLIC_LOANS	286	0.493	0.000	0.501	0.000	1.000
LPUBLIC_LOANS	286	15.109	16.971	5.255	0.000	20.426
PUBLIC_LOANS	286	0.432	0.241	0.506	0.000	2.799
POLITICIANS	286	0.516	0.529	0.166	0.167	0.882
POLITICIANS_PP	286	0.164	0.150	0.144	0.000	0.529
POLITICIANS_PSOE	286	0.184	0.143	0.144	0.000	0.588
POLIT_SHAPLEY	286	0.835	1.000	0.254	0.200	1.000
POLIT_SHAPLEY_PP	286	0.190	0.096	0.229	0.000	1.000
POLIT_SHAPLEY_PSOE	286	0.211	0.125	0.234	0.000	1.000
POLITICIANS_HIGH_POSITION	286	0.101	0.100	0.089	0.000	0.438
POLITICIANS_NO_HIGH_POSITION	286	0.414	0.412	0.160	0.071	0.765
DCHAIR_POL_REGION	286	0.392	0.000	0.489	0.000	1.000
DCEO_BOARD	286	0.014	0.000	0.118	0.000	1.000
DAUDIT_COM	286	0.367	0.000	0.483	0.000	1.000
BOARD_SIZE	286	2.824	2.833	0.242	1.946	3.689
TOTAL_ASSETS	286	16.288	16.268	1.236	12.766	19.632
LOANS_ASSETS	286	0.743	0.748	0.062	0.496	0.890
CAR	286	0.062	0.057	0.025	0.007	0.159
ROA	286	0.011	0.012	0.007	−0.029	0.049
NON_PERF_LOANS	286	0.006	0.004	0.005	−0.003	0.032
LIQUIDITY	286	0.129	0.119	0.067	0.014	0.403
DNON_ADMON_FOUNDER	286	0.622	1.000	0.486	0.000	1.000
REGION_GDP	286	10.012	9.993	0.192	9.482	10.378
DREGION_LAW1	286	0.080	0.000	0.272	0.000	1.000
DREGION_LAW2	286	0.724	1.000	0.448	0.000	1.000
DCRISIS	286	0.423	0.000	0.495	0.000	1.000
NUM_PARTIES	286	2.608	3.000	0.842	1.000	6.000
DELECTIONS	286	0.199	0.000	0.400	0.000	1.000

H_POSITION). These independent variables are described in Table 2.

We include some control variables to approximate the quality of *cajas'* corporate governance. DCHAIR_POL_GOV, DCEO_BOARD, and DAUDIT_COMM are dummy variables that take the value 1 if the chairman belongs to the political party controlling the region, if the CEO is on the board, and if the *caja* has an audit committee, respectively. SIZE_BOARD measures the size of the board. We also add control variables traditionally used in the banking literature (Berger & Mester, 1997; Barontini & Caprio, 2006; Iannotta et al., 2007): *caja* size (TOTAL_ASSETS), *caja* orientation towards lending (LOANS_ASSETS), *caja* capital adequacy (CAR), *caja* profitability (ROA), *cajas'* non-performing loans (NON_PERF_LOANS), and *cajas*' liquidity (LIQUIDITY). Furthermore, we used a dummy variable to identify *cajas* founded by non-public institutions (DNON_ADMON_FOUNDER) to control for their origin. *Cajas* founded by non-public administrations might exercise more significant opposition to politicians' collecting private benefits. Therefore, we expect a negative relationship with the dependent variables. Additionally, to control for the economic and legal framework in which *cajas* have their headquarters, we calculated the per capita income (REGION_GDP) and the region's laws following the classification of Fig. 1 (DREGION_LAW1 and DREGION_LAW2). Finally, we also include a dummy variable (DCRISIS) that takes the value 1 in the years of the economic crisis in Spain. When estimating political party loans, we also included two additional variables: NUM_PARTIES (to control for the number of political parties represented on the board) and DELECTIONS (to test whether political parties applied for more loans to finance their electoral campaigns during election years) (Dinç, 2005; Englmaier & Stowasser, 2017). Table 2 lists these control variables.

With these variables, we describe the sample regarding the political affiliation of directors and loan allocations (Table 3). According to our data, 44% of *cajas* granted larger loans to politicians than to other directors (DPERS_LOANS_AMOUNT). However, this variable has a high dispersion: from *cajas* that never granted loans to political directors (e.g. *Caixa d'Estalvis Laietana*) or granted them far below the average (e.g. *La Caixa* or *Unicaja*) to *cajas* that granted loans to politicians above the average amounts awarded to non-political directors (e.g. *Caja de Ahorros*

del Mediterráneo). We also show that in 32% of the *cajas*, political directors obtained loans at a lower interest rate than non-political directors (DPERS_LOANS_TERMS). Regarding loans granted to the board, we find that politicians borrowed 0.014% of the total amount loaned (PERS_LOANS).

Regarding the variable DPARTY_LOANS, we find *cajas* that never granted loans to political parties (e.g. *Caja de Ahorros y Monte de Piedad de Ontinyent* or *Caja de Ahorros y Monte de Piedad del Círculo Católico de Obreros de Burgos*) and others that granted more loans than the median of the variable PARTY_LOANS (e.g. *Sa Nostra* or *Bilbao Bizkaia Kutxa*).

Finally, the variable DPUBLIC_LOANS uses the median of the variable PUBLIC_LOANS to distinguish between *cajas* that did not grant loans to public administrations (e.g. *La Caixa* or *Caixa d'Estalvis de Sabadell*) and those that granted the most (e.g. *Caja de Ahorros de Asturias* or *Sa Nostra*). On average, they granted 0.4% of their loans to local and regional governments represented on their governing bodies (PUBLIC_LOANS).

Regarding politicisation, over half (51.6%) of their directors were politicians (POLITICIANS). All *cajas* had at least one politically connected director. However, *Caixa d'Estalvis Laietana* and *Caixa d'Estalvis de Terrassa* were the two entities with the fewest politicians among their directors (16.7%). Conversely, we find *Bilbao Bizkaia Kutxa*, with 88% of its directors linked to political parties. Our data also showed that compared with PP (POLITICIANS_PP), PSOE (POLITICIANS_PSOE) had a slightly more significant presence in *cajas* (16.4% and 18.4%, respectively). In terms of effective power measured by the variable POLIT_SHAPLEY, we see that it significantly exceeds the absolute majority, reaching 83.5% on average. Finally, Table 3 shows that 10.1% of directors held top positions in public administration (POLITICIANS_HIGH_POSITION).

4. Methodology and results

As our three main dependent variables are *dummies*, we used a probit model. This model estimates the probability that a specific observation falls into one of the two categories into which the dependent variable is divided. Specifically, we used a probit model for panel data with robust standard errors and random effects because our sample includes time-series with cross-sectional data. To avoid endogeneity problems with the explanatory variables, we lagged the control variables by one period

Table 4
Panel probit estimations of politicians.

VARIABLES	*DPERS_LOANS _AMOUNT* *(1)*	*DPERS_LOANS _TERMS* *(2)*	*DPARTY_LOANS* *(3)*	*DPUBLIC_LOANS* *(4)*
POLITICIANS	1.560*	1.942***	−1.183	2.796*
	(0.870)	(0.708)	(1.471)	(1.485)
DCHAIR_POL_REGION	0.457	0.143	0.258	1.036*
	(0.330)	(0.210)	(0.393)	(0.565)
DCEO_BOARD	0.736	0.678	0.187	−0.069
	(0.805)	(0.503)	(0.973)	(1.160)
DAUDIT_COM	−0.633**	−0.444*	0.617	0.848
	(0.296)	(0.255)	(0.516)	(0.756)
BOARD_SIZE	0.942*	1.380*	1.030	2.223*
	(0.525)	(0.713)	(1.022)	(1.213)
TOTAL_ASSETS	−0.202	0.063	0.504*	0.622*
	(0.140)	(0.148)	(0.282)	(0.340)
LOANS_ASSETS	4.802*	4.609**	−4.464	8.078
	(2.714)	(2.332)	(3.102)	(5.777)
CAR	−12.453*	−8.803*	−5.539	−32.855**
	(7.640)	(4.991)	(13.325)	(13.506)
ROA	−15.214	−5.732	26.758	−9.674
	(24.438)	(16.124)	(26.842)	(44.961)
NON_PERF_LOANS	16.784	−63.231*	16.046	−108.896**
	(33.482)	(33.691)	(28.906)	(54.391)
LIQUIDITY	0.597	3.802*	−6.621**	4.031
	(2.467)	(2.164)	(3.292)	(5.549)
DNON_ADMON_FOUNDER	−0.066	0.038	0.040	0.164
	(0.261)	(0.258)	(0.490)	(0.521)
REGION_GDP	0.332	0.275	−0.555	−2.209
	(0.926)	(0.677)	(1.398)	(1.896)
DREGION_LAW1	−0.773	0.264	0.710	−1.196
	(0.529)	(0.379)	(0.893)	(1.257)
DREGION_LAW2	−0.524	0.154	−0.362	−3.223***
	(0.360)	(0.266)	(0.502)	(1.083)
DCRISIS	−0.800*	−0.111	−0.174	2.642***
	(0.456)	(0.341)	(0.366)	(0.947)
NUM_PARTIES	–	–	0.063	–
			(0.206)	
DELECTIONS	–	–	0.576*	–
			(0.353)	
Constant	−5.469	−12.300	−1.399	1.074
	(9.552)	(7.712)	(13.664)	(18.791)
Years	*included*	*included*	*included*	*included*
Observations	241	241	241	241
Number of ID	44	44	44	44
Wald Chi2	50.5	45.07	40.73	100.31
(p-value)	(0.000)	(0.000)	(0.006)	(0.000)
VIF	2.26	2.26	2.28	2.26
Methodology	Panel probit	Panel probit	Panel probit	Panel probit
Exogeneity test	2.86	11.03	10.11	10.4
(p-value)	(0.826)	(0.088)	(0.258)	(0.109)

Variables are defined in Tables 1 and 2. Standard errors are in parentheses. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

Table 5
Panel probit estimations of political parties.

VARIABLES	*DPERS_LOANS_ AMOUNT* PP *(1)*	*DPERS_LOANS_ AMOUNT* PSOE *(2)*	*DPERS_LOANS_ TERMS* PP *(3)*	*DPERS_LOANS_ TERMS* PSOE *(4)*	*DPARTY_LOANS* PP *(5)*	*DPARTY_LOANS* PSOE *(6)*
POLITICIANS_PP	3.811*	–	6.542***	–	4.106**	
	(2.024)		(1.267)		(1.833)	
POLITICIANS_PSOE	–	2.827**	–	4.342***		−0.970
		(1.217)		(0.863)		(1.965)
DCHAIR_POL_REGION	−1.479	0.612*	−0.408	0.563***	−1.483	0.397
	(0.900)	(0.319)	(0.308)	(0.198)	(0.994)	(0.429)
DCEO_BOARD	0.571	1.568	2.824***	–		1.577
	(1.330)	(1.270)	(0.804)			(0.966)
DAUDIT_COM	−0.194	−0.150	−0.160	−0.530**	1.168	0.916**
	(0.552)	(0.329)	(0.333)	(0.255)	(1.151)	(0.452)
BOARD_SIZE	4.258**	−0.706	0.753	0.308	−5.078***	1.050
	(1.781)	(1.117)	(0.874)	(0.619)	(1.979)	(0.792)
TOTAL_ASSETS	−1.179**	0.259	0.079	−0.005	1.631***	0.744***
	(0.474)	(0.275)	(0.180)	(0.145)	(0.487)	(0.186)
LOANS_ASSETS	14.053***	−0.327	2.049	0.397	1.402	−3.200
	(5.333)	(3.722)	(3.476)	(3.324)	(7.234)	(2.538)
CAR	−11.156	−14.469	6.095	3.425	−32.658	−19.568*
	(17.033)	(9.684)	(8.902)	(7.924)	(20.620)	(10.582)
ROA	61.093*	−3.797	−45.319	39.543*	10.947	3.423
	(34.992)	(24.896)	(40.493)	(21.638)	(39.769)	(31.435)
NON_PERF_LOANS	−63.434	23.520	−26.681	−68.208*	59.039	−16.987
	(63.211)	(41.143)	(36.117)	(38.111)	(54.290)	(27.546)
LIQUIDITY	12.372***	−0.679	−8.224**	3.895	−4.802	−4.118
	(4.540)	(3.945)	(3.983)	(3.255)	(5.161)	(2.949)
DNON_ADMON_FOUNDER	−0.757	0.582	0.518**	0.332	−0.026	0.321
	(0.714)	(0.386)	(0.242)	(0.211)	(0.885)	(0.341)
REGION_GDP	−4.282*	0.620	−1.444	1.469**	0.078	−2.441**
	(2.227)	(1.183)	(0.928)	(0.743)	(2.041)	(1.146)
DREGION_LAW1	0.985	−1.397**	0.859*	1.107**	1.344	−1.507**
	(0.993)	(0.617)	(0.510)	(0.561)	(1.677)	(0.707)
DREGION_LAW2	1.433*	−1.110**	−0.216	1.229***	−0.657	−1.125*
	(0.766)	(0.547)	(0.319)	(0.439)	(1.306)	(0.604)
DCRISIS	1.655**	−0.843	0.262	0.771	−1.724***	−0.489
	(0.744)	(0.522)	(0.491)	(0.502)	(0.534)	(0.520)
NUM_PARTIES	–	–	–	–	0.660*	−0.007
					(0.391)	(0.213)
DELECTIONS	–	–	–	–	−0.730	0.248
					(0.626)	(0.271)
Constant	34.889	−8.110	8.245	−20.151***	−15.904	13.751
	(23.688)	(12.495)	(9.330)	(7.176)	(23.827)	(11.538)
Years	*included*	*included*	*included*	*included*	*included*	*included*
Observations	241	241	241	241	241	241
Number of ID	44	44	44	44	44	44
Wald Chi2	63.86	48.79	104.31	116.79	294.63	71.90
(p-value)	(0.000)	(0.001)	(0.000)	(0.000)	(0.006)	(0.006)
VIF	2.23	2.28	2.23	2.28	1.99	2.05
Methodology	Panel probit	Panel probit	Panel probit	Panel probit	Panel probit	Panel probit
Exogeneity test	9.14	9.32	11.50	6.93	10.41	3.29
(p-value)	(0.243)	(0.231)	(0.118)	(0.436)	(0.167)	(0.857)

Variables are defined in Tables 1 and 2. Standard errors are in parentheses. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

(Wooldridge, 2016). We also calculated the test of exogeneity for probit models proposed by Smith and Blundell (1986). All estimations indicate that exogeneity is not rejected at the probability level of 0.05. Finally, we calculate the variance inflation factor (VIF) to verify that there are no multicollinearity problems in the models (all the estimations have a value below 2.5).

Table 4 shows that the higher the percentage of politicians on the *cajas*' boards (POLITICIANS), the more likely they were to obtain private benefits. Furthermore, we find that the greater the proportion of politicians on the board, the higher the probability that the average amount of loan granted to a political director exceeds that of a non-political director (see DPERS_LOANS_AMOUNT in column 1). This means that the percentage of politicians on a board is directly related to the 'abnormally' high use of private benefits in their interests. Additionally, we find that the greater the proportion of politicians on the board, the greater the likelihood that political directors will be granted loans on better terms than non-political directors (see DPERS_LOANS_TERMS in column 2). Both these results are consistent with our arguments in Hypothesis 1.

Regarding loans granted to political parties (DPARTY_LOANS), we find no direct relationship between the percentage of politicians on the board and the probability that the *caja* granted larger loans to political parties (see column 3).

Finally, we find that the greater the percentage of politicians on the board, the greater the probability that the public administrations they represented received loans above the median (see column 4). This result is also consistent with Hypothesis 1.

Table 5 shows that party identification of political directors affected the private benefits they received. The higher the percentage of PP or PSOE politicians on the board (POLITICIANS_PP or POLITICIANS_PSOE), the more likely the *caja* was to grant them larger loans (see columns 1 and 2) and with more favourable financial terms (see columns 3 and 4). These results are consistent with the arguments of in-group favouritism. We also find support for this favouritism when referring

to political party lending. When we analysed this effect for politicians as a single stakeholder, we found no significant effect. However, when we analyse the influence of politicians based on their identification with a political party, we obtain that the higher the proportion of PP politicians, the higher the probability of loans granted to their political party (see column 5). This result can be related to the importance that, according to some authors (e.g. Federico et al., 2013), conservatives attach to in-group loyalty. These results support Hypothesis 2.

Finally, it is interesting to examine the results for certain control variables. In the personal loan estimates (see DPERS_LOANS_AMOUNT and DPERS_LOANS_TERMS in Table 4, columns 1 and 2, respectively), the existence of some corporate governance mechanisms limited such loans. Thus, the existence of an audit committee (DAUDIT_COM) and a board with fewer directors (BOARD_SIZE) reduced private benefits in the form of loans. These results can also be observed—although not robust—when analysing personal loans by political parties (see columns 1 and 4 in Table 5). Additionally, evidence shows that in times of financial crisis (DCRISIS), personal loans are reduced regarding the loan amount and the presence of politicians in general (see column 1 in Table 4). This result changes when considering the probability of personal loans granted to political parties (we find a positive relationship when studying loans granted to PP directors) (see column 1 in Table 5).

In estimating loans to political parties (DPARTY_LOANS in Table 4, column 3), we observe that *cajas* likely grant loans to political parties in local and regional election years (DELECTIONS). This evidence is consistent with the results of numerous studies in other countries (Dinç, 2005; Carvalho, 2014; Englmaier & Stowasser, 2017). Additionally, in estimating loans to public administrations (DPUBLIC_LOANS in Table 4, Column 4), the effect of politicisation is also tested with the variable DCHAIR_POL_REGION. This indicates that when the chairman of the *caja* is identified with the political party governing in the region, more loans are granted to public administrations (mostly granted to regional administrations). Finally, notably, during the financial crisis (DCRISIS), more loans were granted to public administrations, probably because their funding needed to be increased while their sources of income fell.

5. Sensitivity and Robustness analysis

To evaluate the robustness of these results, we tested the empirical model by changing the dependent and independent variables. As shown in Tables 6 and 7, we changed the way in which we measured political presence on the board using an alternative variable (POLIT_SHAPLEY,

Table 6
Robustness analysis of politicians with shapley index.

VARIABLES	*DPERS_LOANS_AMOUNT* *(1)*	*DPERS_LOANS_TERMS* *(2)*	*DPARTY_LOANS* *(3)*	*DPUBLIC_LOANS* *(4)*
POLIT_SHAPLEY	1.642***	1.772***	0.810	2.735**
	(0.512)	(0.497)	(1.233)	(1.202)
DCHAIR_POL_REGION	0.358	0.054	0.056	0.838*
	(0.317)	(0.206)	(0.397)	(0.515)
DCEO_BOARD	0.746	0.617	0.356	−0.214
	(0.741)	(0.547)	(0.957)	(1.154)
DAUDIT_COM	−0.642**	−0.431*	0.481	0.756
	(0.286)	(0.243)	(0.508)	(0.695)
BOARD_SIZE	0.657	1.116*	1.069	1.727
	(0.459)	(0.634)	(0.979)	(1.202)
TOTAL_ASSETS	−0.163	0.100	0.480*	0.636**
	(0.132)	(0.138)	(0.287)	(0.311)
LOANS_ASSETS	4.299*	3.843*	−4.530	7.818
	(2.632)	(2.287)	(3.190)	(5.641)
CAR	−10.835	−6.516	−5.588	−30.461**
	(7.336)	(4.542)	(13.691)	(12.783)
ROA	−21.241	−13.715	26.558	−15.793
	(24.564)	(16.368)	(27.536)	(43.807)
NON_PERF_LOANS	18.266	−64.146*	9.586	−102.595*
	(33.242)	(33.136)	(28.316)	(52.616)
LIQUIDITY	0.333	3.563*	−7.064**	4.327
	(2.312)	(2.165)	(3.441)	(5.259)
DNON_ADMON_FOUNDER	0.148	0.217	0.354	0.474
	(0.265)	(0.254)	(0.521)	(0.527)
REGION_GDP	0.647	0.582	−0.214	−1.578
	(0.925)	(0.661)	(1.466)	(1.805)
DREGION_LAW1	−0.749	0.289	1.092	−1.285
	(0.493)	(0.385)	(0.887)	(1.204)
DREGION_LAW2	−0.612*	0.062	−0.171	−3.305***
	(0.348)	(0.261)	(0.491)	(1.023)
DCRISIS	−0.819*	−0.212	−0.138	2.569***
	(0.462)	(0.296)	(0.366)	(0.969)
NUM_PARTIES	–	–	−0.015	–
			(0.206)	
DELECTIONS	–	–	0.582*	–
			(0.352)	
Constant	−8.713	−15.097**	−5.735	−4.889
	(9.403)	(7.418)	(14.843)	(18.323)
Years	*included*	*included*	*included*	*included*
Observations	241	241	241	241
Number of ID	44	44	44	44
Wald Chi2	60.63	59.26	44.29	92.96
(p-value)	(0.000)	(0.000)	(0.002)	(0.000)
VIF	2.29	2.29	2.31	2.29
Methodology	Panel probit	Panel probit	Panel probit	Panel probit
Exogeneity test	2.71	11.63	8.91	10.57
(p-value)	(0.844)	(0.071)	(0.350)	(0.103)

Variables are defined in Tables 1 and 2. Standard errors are in parentheses. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

Table 7
Robustness analysis of political parties with Shapley Index.

VARIABLES	*DPERS_LOANS_AMOUNT PP (1)*	*DPERS_LOANS_AMOUNT PSOE (2)*	*DPERS_LOANS _TERMS PP (3)*	*DPERS_LOANS _TERMS PSOE (4)*	*DPARTY_LOANS PP (5)*	*DPARTY_LOANS PSOE (6)*
POLIT_SHAPLEY_PP	2.011**	–	3.459***	–	1.780*	–
	(0.931)		(0.671)		(1.083)	
POLIT_SHAPLEY_PSOE	–	1.095*	–	2.130***	–	−0.403
		(0.628)		(0.584)		(1.062)
DCHAIR_POL_REGION	−1.427	0.738**	−0.253	0.716***	−0.894	0.357
	(0.866)	(0.326)	(0.266)	(0.218)	(0.557)	(0.407)
DCEO_BOARD	0.605	1.611	2.807***	–	–	1.567
	(1.281)	(1.318)	(0.843)			(0.995)
DAUDIT_COM	−0.189	0.004	−0.181	−0.391	1.143	0.872**
	(0.512)	(0.310)	(0.333)	(0.245)	(1.058)	(0.435)
BOARD_SIZE	4.242**	−0.783	0.795	0.328	−4.084**	1.025
	(1.736)	(1.196)	(0.801)	(0.639)	(1.827)	(0.815)
TOTAL_ASSETS	−1.137**	0.290	0.088	−0.008	1.489***	0.744***
	(0.466)	(0.296)	(0.181)	(0.140)	(0.418)	(0.186)
LOANS_ASSETS	13.976***	−0.584	0.263	−0.083	2.023	−3.193
	(5.365)	(3.770)	(4.013)	(3.175)	(7.237)	(2.544)
CAR	−11.250	−17.204*	3.360	−0.156	−34.928*	−18.553*
	(16.513)	(10.292)	(9.141)	(7.899)	(19.143)	(10.076)
ROA	59.570*	−1.227	−38.376	44.556*	10.053	3.586
	(34.436)	(25.884)	(39.247)	(22.843)	(39.205)	(31.913)
NON_PERF_LOANS	−63.797	27.307	−25.283	−59.670	58.440	−19.192
	(63.268)	(42.835)	(38.737)	(37.664)	(50.254)	(26.534)
LIQUIDITY	12.176***	−0.068	−8.660**	4.861	−4.634	−4.349
	(4.571)	(4.279)	(4.153)	(3.232)	(5.042)	(3.123)
DNON_ADMON_FOUNDER	−0.772	0.532	0.392	0.254	−0.036	0.335
	(0.686)	(0.404)	(0.291)	(0.229)	(0.826)	(0.340)
REGION_GDP	−4.882**	0.384	−2.284**	1.536**	0.592	−2.424**
	(2.155)	(1.363)	(1.016)	(0.767)	(1.880)	(1.068)
DREGION_LAW1	0.964	−1.566**	0.679	0.900	1.234	−1.442**
	(0.925)	(0.653)	(0.487)	(0.626)	(1.676)	(0.675)
DREGION_LAW2	1.350*	−1.210**	−0.299	1.208**	−0.828	−1.092*
	(0.741)	(0.583)	(0.334)	(0.475)	(1.303)	(0.580)
DCRISIS	1.663**	−0.900*	0.287	0.700	−1.283**	−0.450
	(0.737)	(0.541)	(0.466)	(0.488)	(0.565)	(0.530)
NUM_PARTIES	–	–	–	–	0.615	−0.009
					(0.388)	(0.214)
DELECTIONS	–	–	–	–	−0.433	0.254
					(0.593)	(0.271)
Constant	40.731*	−5.476	18.446*	−20.084***	−21.779	13.506
	(22.846)	(14.169)	(10.922)	(7.555)	(23.800)	(10.846)
Years	*included*	*included*	*included*	*included*	*included*	*included*
Observations	241	241	241	241	241	241
Number of ID	44	44	44	44	44	44
Wald Chi2	62.09	42.34	90.40	110.50	309.70	72.35
(p-value)	(0.000)	(0.004)	(0.000)	(0.000)	(0.002)	(0.002)
VIF	2.22	2.27	2.22	2.27	1.85	1.91
Methodology	Panel probit	Panel probit	Panel probit	Panel probit	Panel probit	Panel probit
Exogeneity test	8.32	9.86	11.61	7.95	10.72	3.4
(p-value)	(0.305)	(0.197)	(0.114)	(0.337)	(0.152)	(0.846)

Variables are defined in Tables 1 and 2. Standard errors are in parentheses. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

POLIT_SHAPLEY_PP, and POLIT_SHAPLEY_PSOE). We observe that the results remain unchanged and have the same significance.

The second robustness analysis is to change the *dummy* dependent variable for private benefits with continuous variables that measure the total amount of loans granted to political directors, their political parties and their public administrations (see Tables 8 and 9), and the amount of loans in relative terms (see Tables 10 and 11). To test the models with the variables LPDPERS_LOANS and LPUBLIC_LOANS in Table 8 and PERS_LOANS and PUBLIC_LOANS in Table 10, we used the generalised method of moments (GMM) developed by Arellano and Bond (1991), Arellano and Bover (1990), and Bond (2002). We controlled for constant unobserved heterogeneity using this technique and dealt with the possible endogeneity of the variables by using the system estimator (Bond, 2002). Additionally, we used a panel Tobit when the dependent variable is censored (PPERS_LOANS_MARKET and PLPARTY_LOANS in Table 8; LPDPERS_LOANS_PP, LPDPERS_LOANS_PSOE, PERS_LOANS_MARKET_PP, PPERS_LOANS_MARKET_PSOE, LPARTY_LOANS_PP, and LPARTY_LOANS_PSOE in Table 9, PARTY_LOANS in Table 10, and

Table 8
Robustness analysis of politicians with alternative dependent variables (1).

VARIABLES	*LPDPERS_LOANS* *(1)*	*PPERS_LOANS _MARKET* *(2)*	*LPARTY_LOANS* *(3)*	*LPUBLIC _LOANS* *(4)*
POLITICIANS	11.059***	1.266***	−0.740	11.785**
	(3.998)	(0.425)	(6.107)	(5.046)
DCHAIR_POL_REGION	−0.971	−0.070	1.797	−0.377
	(1.493)	(0.120)	(1.714)	(0.796)
DCEO_BOARD	7.176***	0.709**	1.754	−10.854
	(2.219)	(0.357)	(5.896)	(12.725)
DAUDIT_COM	−1.257	−0.208*	3.080	−3.195
	(0.847)	(0.125)	(1.984)	(3.156)
BOARD_SIZE	−5.349	0.287	5.871	7.108
	(3.440)	(0.319)	(4.843)	(8.668)
TOTAL_ASSETS	1.957**	−0.020	3.654***	0.721
	(0.917)	(0.068)	(1.094)	(1.526)
LOANS_ASSETS	11.441	0.314	−14.501	31.853**
	(8.042)	(1.081)	(14.169)	(13.744)
CAR	−97.972**	−1.874	−56.706	19.695
	(44.934)	(2.924)	(43.813)	(49.384)
ROA	84.773	3.291	109.715	−182.864
	(107.987)	(8.369)	(109.652)	(163.595)
NON_PERF_LOANS	100.972	−2.481	70.364	78.340
	(111.934)	(11.901)	(154.458)	(161.778)
LIQUIDITY	9.072	1.139	−21.285	24.690**
	(6.247)	(0.868)	(13.218)	(12.328)
DNON_ADMON_FOUNDER	−2.396**	0.009	0.278	−0.319
	(1.057)	(0.141)	(2.160)	(1.647)
REGION_GDP	−24.359***	−0.341	−3.856	−7.537*
	(7.230)	(0.375)	(5.828)	(4.345)
DREGION_LAW1	2.215	0.227	0.860	1.535
	(4.719)	(0.272)	(4.183)	(3.907)
DREGION_LAW2	3.003	0.145	−3.204	−0.455
	(3.362)	(0.185)	(2.927)	(1.284)
DCRISIS	0.305	−0.344***	32.115	−0.914
	(2.971)	(0.107)	(782.330)	(3.004)
NUM_PARTIES	–	–	−0.249	–
			(0.938)	
DELECTIONS	–	–	2.119**	–
			(1.052)	
Constant	228.271***	2.475	−42.794	28.549
	(65.737)	(3.958)	(784.699)	(47.505)
Years	*included*	*included*	*included*	*included*
Observations	286	241	241	286
Number of ID	44	44	44	44
Wald Chi2	404.00	37.14	63.13	56.58
(p-value)	(0.000)	(0.000)	(0.000)	(0.000)
N. Instruments	44		–	44
AR-2	−0.96		–	−1.45
(p-value)	(0.339)		–	(0.147)
Hansen test	16.09		–	22.3
(p-value)	(0.711)		–	(0.618)
Censored obs.	–	82	89	–
VIF	2.23	2.08	2.23	2.23
Methodology	GMM	Panel tobit	Panel tobit	GMM
Exogeneity test	–	8.77	4.93	–
(p-value)	–	(0.187)	(0.5532)	–

Variables are defined in Tables 1 and 2. Standard errors are in parentheses. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

PERS_LOANS_PP, PERS_LOANS_PSOE, PARTY_LOANS_PP, and PARTY_LOANS_PSOE in Table 11). We also test exogeneity for Tobit models in these estimations, as Smith and Blundell (1986) proposed.

Table 8 shows that the higher the percentage of politicians on the *cajas* boards (POLITICIANS), the greater the personal loan per capita granted to them, their families, the companies they control (see LPDPERS_LOANS in Table 8 column 1), and the public administrations they represent (see LPUBLIC_LOANS in Table 8 column 4). Further, the percentage of politicians obtaining loans on better-than-market terms is also higher (see PPERS_LOANS_MARKET in Table 8 column 2). The use of private benefits regarding personal loans is supported when analysed through the prism of party identification for PP and PSOE (see LPDPERS_LOANS_PP and LPDPERS_LOANS_PSOE, PPERS_LOANS_MARKET_PP, and PPERS_LOANS_MARKET_PSOE in Table 9, columns 1 to 4). Again, as with the probit estimations, we find that PP directors favour granting loans to their party (see LPARTY_LOANS_PP in Table 9, column 5). The results do not change when the dependent variables are in relative terms (see Tables 10 and 11).

Table 9
Robustness analysis of political parties with alternative dependent variables (1).

VARIABLES	*LPDPERS_LOANS_ PP* (1)	*LPDPERS_LOANS_ PSOE* (2)	*PPERS_LOANS_ MARKET_PP* (3)	*PPERS_LOANS_ MARKET_PSOE* (4)	*LPARTY_LOANS_ PP* (5)	*LPARTY_LOANS_ PSOE* (6)
POLITICIANS_PP	36.968***	–	2.118***	–	36.443*	–
	(7.181)		(0.728)		(21.997)	
POLITICIANS_PSOE	–	15.620*	–	1.485**	–	−8.728
		(8.163)		(0.653)		(9.024)
DCHAIR_POL_REGION	−2.045	2.133	−0.295*	0.077	−12.162	4.205*
	(1.924)	(1.948)	(0.167)	(0.168)	(7.687)	(2.314)
DCEO_BOARD	0.668	4.349	0.945	0.200	−44.968	12.088*
	(5.503)	(5.661)	(1.371)	(0.652)	(1691.666)	(6.650)
DAUDIT_COM	0.325	2.517	0.063	−0.063	9.244	6.673**
	(2.508)	(2.268)	(0.231)	(0.197)	(7.391)	(2.661)
BOARD_SIZE	1.359	6.225	0.227	0.127	−57.174**	4.829
	(6.377)	(5.430)	(0.725)	(0.509)	(25.670)	(6.453)
TOTAL_ASSETS	0.631	0.474	0.025	0.051	16.347***	6.155***
	(1.297)	(1.200)	(0.148)	(0.123)	(5.943)	(1.450)
LOANS_ASSETS	23.015*	−4.110	1.771	−0.060	14.505	−17.412
	(13.517)	(13.587)	(1.365)	(2.109)	(36.113)	(17.572)
CAR	−12.231	−79.256	2.099	−5.679	83.662	−129.768**
	(54.352)	(49.964)	(5.271)	(5.165)	(121.245)	(61.830)
ROA	174.253	30.997	−4.267	20.428*	90.572	84.466
	(119.483)	(125.883)	(14.990)	(11.995)	(339.071)	(120.439)
NON_PERF_LOANS	4.718	−46.421	1.895	−16.628	323.668	−59.923
	(112.566)	(145.422)	(13.130)	(17.733)	(334.751)	(204.598)
LIQUIDITY	18.458	−22.109*	−0.635	1.239	−40.449	−24.826*
	(12.589)	(12.835)	(1.530)	(1.973)	(34.815)	(13.761)
DNON_ADMON_ FOUNDER	−2.144	0.781	0.065	0.143	−1.506	0.729
	(2.654)	(2.345)	(0.200)	(0.235)	(7.178)	(2.706)
REGION_GDP	−18.442**	−2.193	−1.196	−0.059	−16.860	−19.553***
	(7.613)	(7.142)	(0.994)	(0.634)	(21.373)	(7.618)
DREGION_LAW1	3.940	0.344	0.402	0.512	13.924	−10.817**
	(5.048)	(4.639)	(1.075)	(0.421)	(12.786)	(5.310)
DREGION_LAW2	5.751	2.147	0.241	0.378	1.131	−6.804*
	(3.556)	(3.284)	(0.899)	(0.368)	(9.969)	(3.802)
DCRISIS	34.413	27.490	−0.045	−0.062	−8.983*	−1.985
	(427.511)	(994.270)	(0.154)	(0.237)	(5.287)	(1.579)
NUM_PARTIES	–	–	–	–	4.234	−1.188
					(2.641)	(1.306)
DELECTIONS	–	–	–	–	−2.869	2.624*
					(3.267)	(1.442)
Constant	114.244	−28.613	8.870	−1.677	17.370	111.218
	(434.190)	(996.890)	(7.524)	(6.743)	(214.332)	(77.354)
Years	*included*	*included*	*included*	*included*	*included*	*included*
Observations	241	241	241	241	241	241
Number of ID	44	44	44	44	44	44
Wald Chi2	48.87	32.87	104.66	143.14	19.44	54.39
(p-value)	(0.001)	(0.064)	(0.000)	(0.000)	(0.000)	(0.000)
Censored obs.	118	116	158	169	207	135
VIF	2.23	2.28	2.25	2.27	1.99	2.05
Methodology	Panel tobit	Panel tobit	Panel tobit	Panel tobit	Panel tobit	Panel tobit
Exogeneity test	4.69	2.21	7.75	7.85	10.65	4.26
(p-value)	(0.584)	(0.900)	(0.257)	(0.249)	(0.155)	(0.749)

Variables are defined in Tables 1 and 2. Standard errors are in parentheses. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

Finally, we analysed the sensitivity of our results by estimating an additional model to test whether the behaviour of political directors on the *cajas'* boards may have been affected by their concern about reputational loss. Following Andres et al. (2021), we consider that political directors holding or who have held key positions in public administration (e.g. local mayor, president or regional minister of an autonomous community, national ministers, etc.) (POLITICIANS_HIGH_POSITION) are exposed to public scrutiny. Therefore, their actions have more reputational implications than if they do not hold any high public position (POLITICIANS_NO_HIGH_POSITION). The results in Table 12 show the differences in the use of favourable loans. Both types of political directors (with a high public position and without) seem willing to grant more favourable loans to public administrations (they consider that such loans are not harmful to their political reputation). However, only politicians who do not hold high public positions (POLITICIANS_NO_HIGH_POSITION), and therefore less exposed to public scrutiny, leverage their situation to grant themselves favourable personal loans. From another perspective, these results indicate a greater concern of the

Table 10
Robustness analysis of politicians with alternative dependent variables (2).

VARIABLES	*PERS_LOANS* *(1)*	*PARTY_LOANS* *(2)*	*PUBLIC_LOANS* *(3)*
POLITICIANS	0.483*	−2E-04	12.181*
	(0.277)	(0.000)	(7.288)
DCHAIR_POL_REGION	−0.123	8E-05*	1.274
	(0.075)	(0.000)	(1.974)
DCEO_BOARD	−0.115	0.000***	11.228**
	(0.165)	(0.000)	(5.096)
DAUDIT_COM	−0.044	5E-05	−4.848
	(0.092)	(0.000)	(3.905)
BOARD_SIZE	0.099	0.000*	−15.534
	(0.355)	(0.000)	(9.448)
TOTAL_ASSETS	−0.084	−3E-05	1.690
	(0.093)	(0.000)	(1.742)
LOANS_ASSETS	1.034	−3E-04	18.819**
	(0.868)	(0.000)	(9.454)
CAR	−3.373	−0.001	0.381
	(2.493)	(0.001)	(44.471)
ROA	17.981	0.003	−88.692
	(15.069)	(0.002)	(101.792)
NON_PERF_LOANS	6.971	0.002	−143.597
	(7.697)	(0.003)	(118.891)
LIQUIDITY	1.586	−3E-04	7.551
	(1.057)	(0.000)	(8.587)
DNON_ADMON_FOUNDER	0.063	2E-05	0.727
	(0.091)	(0.000)	(2.585)
REGION_GDP	0.099	0.000	−14.940**
	(0.184)	(0.000)	(5.981)
DREGION_LAW1	0.074	3E-07	−5.529
	(0.153)	(0.000)	(10.868)
DREGION_LAW2	0.051	−8E-05	−4.675
	(0.096)	(0.000)	(7.289)
DCRISIS	0.097	0.001	−0.237
	(0.169)	(0.017)	(1.332)
NUM_PARTIES	–	2E-05	–
		(0.000)	
DELECTIONS	–	4E-05**	–
		(0.000)	
Constant	−1.043	−0.003	155.250***
	(1.749)	(0.017)	(59.212)
Years	*included*	*included*	*included*
Observations	286	241	286
Number of ID	44	44	44
Wald Chi2	30.72	53.84	27.06
(p-value)	(0.031)	(0.001)	(0.057)
Number of instruments	44	–	44
AR-2	−1.5	–	−1.02
(p-value)	(0.135)		(0.306)
Hansen test	22.18	–	26.47
(p-value)	(0.626)		(0.438)
Censored obs.	–	89	–
VIF	2.23	2.23	2.23
Methodology	GMM	Panel tobit	GMM
Exogeneity test	–	4.19	–
(p-value)	–	(0.758)	–

Variables are defined in Tables 1 and 2. Standard errors are in parentheses. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

Table 11
Robustness analysis of political parties with alternative dependent variables (2).

VARIABLES	*PERS_LOANS_PP* *(1)*	*PERS_LOANS_PSOE* *(2)*	*PARTY_LOANS_PP* *(3)*	*PARTY_LOANS_PSOE* *(4)*
POLITICIANS_PP	0.002***		1E-04**	
	(0.000)		(0.000)	
POLITICIANS_PSOE	–	0.000***	–	−1E-04
		(0.000)		(0.000)
DCHAIR_POL_REGION	0.000	3E-05	−3E-05**	5E-05*
	(0.000)	(0.000)	(0.000)	(0.000)
DCEO_BOARD	0.001**	2E-05	−6E-05	0.000***
	(0.000)	(0.000)	(0.003)	(0.000)
DAUDIT_COM	0.000	3E-05	2E-05	5E-05*
	(0.000)	(0.000)	(0.000)	(0.000)
BOARD_SIZE	0.000	0.000	0.000**	0.000*
	(0.000)	(0.000)	(0.000)	(0.000)
TOTAL_ASSETS	0.000	−3E-05*	4E-05***	3E-05
	(0.000)	(0.000)	(0.000)	(0.000)
LOANS_ASSETS	0.002**	2E-05	9E-05	−2E-05
	(0.001)	(0.000)	(0.000)	(0.000)
CAR	0.000	−0.002**	3E-04	−5E-04
	(0.003)	(0.001)	(0.000)	(0.001)
ROA	0.004	0.001	−0.001	−2E-04
	(0.005)	(0.002)	(0.001)	(0.002)
NON_PERF_LOANS	−0.012	0.005	0.001	−0.001
	(0.010)	(0.004)	(0.001)	(0.003)
LIQUIDITY	0.001	1E-04	−5E-05	−3E-04
	(0.001)	(0.000)	(0.000)	(0.000)
DNON_ADMON_ FOUNDER	0.000	3E-05	5E-06	2E-05
	(0.000)	(0.000)	(0.000)	(0.000)
REGION_GDP	−0.001*	0.000	−6E-05	−1E-04
	(0.000)	(0.000)	(0.000)	(0.000)
DREGION_LAW1	0.000	−3E-05	4E-05	−4E-05
	(0.000)	(0.000)	(0.000)	(0.000)
DREGION_LAW2	0.000**	9E-06	3E-06	−3E-05
	(0.000)	(0.000)	(0.000)	(0.000)
DCRISIS	–	–	3E-08	−3E-06
			(0.000)	(0.000)
NUM_PARTIES	–	–	1E-05**	−1E-05
			(0.000)	(0.000)
DELECTIONS	0.000	−8E-05	−2E-05**	−2E-05
	(0.000)	(0.000)	(0.000)	(0.000)
Constant	0.003	−0.001	0.000	0.000
	(0.003)	(0.001)	(0.001)	(0.001)
Years	*included*	*included*	*included*	*included*
Observations	241	241	241	241
Number of ID	44	44	44	44
Wald Chi2	49.31	36.41	20.40	63.04
(p-value)	(0.000)	(0.006)	(0.311)	(0.000)
Censored obs.	118	116	207	135
VIF	2.23	2.28	1.99	2.05
Methodology	Panel tobit	Panel tobit	Panel tobit	Panel tobit
Exogeneity test	10.8	6.76	10.24	5.53
(p-value)	(0.095)	(0.344)	(0.175)	(0.596)

Variables are defined in Tables 1 and 2. Standard errors are in parentheses. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

Table 12
Sensitivity analysis.

VARIABLES	*DPERS_LOANS_AMOUNT* (1)	*DPERS_LOANS_ _TERMS* (2)	*DPARTY_LOANS* (3)	*DPUBLIC_LOANS* (4)
POLITICIANS_ HIGH_POSITION	0.962	−1.232	−2.267	6.489***
	(1.775)	(1.616)	(2.487)	(2.484)
POLITICIANS_NO_ HIGH_POSITION	1.673*	2.135***	−2.183	2.590*
	(0.860)	(0.778)	(1.623)	(1.533)
DCHAIR_ POL_REGION	0.467	0.329	0.288	0.837
	(0.320)	(0.222)	(0.435)	(0.517)
DCEO_BOARD	0.812	0.898*	0.171	0.461
	(0.780)	(0.459)	(0.991)	(1.234)
DAUDIT_COM	−0.607*	−0.271	0.655	0.630
	(0.335)	(0.258)	(0.540)	(0.755)
BOARD_SIZE	0.974*	1.429**	1.095	2.154*
	(0.527)	(0.660)	(0.981)	(1.240)
TOTAL_ASSETS	−0.183	0.135	0.546*	0.519
	(0.149)	(0.140)	(0.286)	(0.357)
LOANS_ASSETS	4.808*	2.333	−3.903	7.732
	(2.674)	(3.267)	(3.242)	(5.524)
CAR	−12.380*	−7.890	−1.745	−29.363**
	(7.550)	(5.387)	(10.518)	(12.109)
ROA	−14.751	−6.514	27.892	−13.861
	(24.365)	(15.831)	(29.130)	(43.752)
NON_PERF_LOANS	13.587	−65.639**	−3.879	−93.675*
	(32.975)	(30.587)	(23.825)	(49.938)
LIQUIDITY	0.521	−0.404	−6.112*	3.073
	(2.495)	(3.024)	(3.344)	(5.521)
DNON_ADMON_ FOUNDER	−0.083	−0.130	−0.080	0.414
	(0.256)	(0.242)	(0.506)	(0.529)
REGION_GDP	0.346	0.406	−0.857	−2.367
	(0.911)	(0.667)	(1.323)	(1.886)
DREGION_LAW1	−0.777	0.215	0.678	−0.718
	(0.532)	(0.349)	(0.876)	(1.308)
DREGION_LAW2	−0.495	0.319	−0.332	−3.292***
	(0.366)	(0.242)	(0.550)	(1.131)
DCRISIS	−0.788*	−0.183	0.021	1.281**
	(0.454)	(0.328)	(0.391)	(0.626)
NUM_PARTIES	–	–	0.071	–
			(0.199)	
DELECTIONS	–	–	0.565*	–
			(0.341)	
Constant	−6.017	−12.598	0.565	4.298
	(9.427)	(8.471)	(12.964)	(18.846)
Years	*Included*	*Included*	*Included*	*Included*
Observations	241	241	241	241
Number of ID	44	44	44	44
Wald Chi2	58.2	50.87	45.97	100.14
(p-value)	(0.000)	(0.000)	(0.000)	(0.000)
VIF	2.27	2.27	2.22	2.27
Methodology	Panel probit	Panel probit	Panel probit	Panel probit
Exogeneity test	4.77	10.56	7.85	11.43
(p-value)	(0.574)	(0.103)	(0.249)	(0.076)

Variables are defined in Tables 1 and 2. Standard errors are in parentheses. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

well-known politicians (POLITICIANS_HIGH_POSITION) to maintain their reputation, translating into a lower use of those private benefits directly that concern them directly, i.e., personal loans.

6. Conclusions

Directors' private benefits could be defined as the political, social, and personal advantages a director can extract from a company. As representatives of public administrations, we argue that politicians emerged as the most salient stakeholders on the Spanish *cajas'* boards. They leveraged their privileged position to obtain private benefits in the form of loans to themselves, their political parties, and their public administrations. Our results support this argument as political directors on *cajas* boards significantly impact granting of loans to themselves and the public administrations they represent. These results align with other studies showing that politicians use their privileged position to favour themselves, their municipalities, or regions (Markgraf & Rosas, 2019; Englmaier & Stowasser, 2017).

Moreover, we go beyond considering politicians as homogeneous stakeholders and explore their behaviour as members of a specific group—political parties. Our results support the argument of in-group favouritism based on directors' party identification, albeit with different intensities depending on the political party. Thus, we find that directors from the PP and PSOE use these private benefits when allocated to their party colleagues. However, we only evidence this in-group favouritism in granting loans to their political party when referring to directors from the PP. Finally, we also evidence the importance of reputation for political directors (measured by politicians' visibility depending on their position in the public sphere) as a constraint on their use of personal private benefits.

This study has several implications. First, our results provide evidence vis-à-vis the private benefits of control for politicians. We support the idea that they do exist and that politicians use them for their interests. Specifically, this study deals with the behaviour of politicians on the boards of financial institutions. We illustrate that political directors influence the lending practices of the entities on the boards they serve

using their position of power to extract resources (favourable lending conditions) for themselves, their political parties, and public administrations. Although this study addresses the behaviour of politicians on the boards of a specific type of financial institution—*cajas*—our evidence can be extrapolated to other financial entities in which public administrations have a significant stake—whether they are government-owned or privately owned. Therefore, our results complement those obtained by prior authors for Italian state-owned banks (Sapienza, 2004), Brazilian government-owned banks (Carvalho, 2014), and Austrian public savings banks (Halling et al., 2016). All these authors show that political directors use state-owned banks to favour the economy of their regions. However, following our results, it is expected that they would also use their power to gain favours (loans) for themselves. Our results could also be applied to other state-controlled banks in other countries such as China, where public banks are used to benefit politicians and their supporters, which can also result in the takeover of minority shareholders. Finally, and more specifically, our findings warn the Italian *casse di risparmio,* where politicians indirectly interfere via foundations (Hallerberg & Markgraf, 2018) and the German savings banks (*Sparkassen*), whose private non-profit nature is similar to that of the Spanish *cajas*. All these financial entities, controlled by politicians, face a similar risk as the *cajas* in their behaviour.

Second, our study underlines the importance of looking intensely into the social identities of stakeholders. As a social identity leads to in-group bias behaviour, this can help understand their decision-making within the company and help managers deal with it. Our evidence supporting the favouritism in the use of private benefits among directors identifying with the same political party can be extrapolated to other firms—financial and non-financial. However, these private benefits may adopt different forms depending on the industry.

Finally, our study expands the literature on Spanish *cajas* as we provide more evidence to understand the decline and fall of these entities. The self-interest behaviour by politicians allow us to understand their influence on *cajas*—their performance decline (e.g. Azofra & Santamaría, 2004; Andres et al., 2021), risk-taking (e.g. García-Meca & Sánchez-Ballesta, 2014; Illueca et al., 2014), and corporate governance (Crespí et al., 2004).

This research also raises specific ethical and public policy questions. Although following the words of Pauly (1968), problems of moral hazard have little to do with morality, and even though the use of private benefits is permissible for political directors, as public servants, they would be expected to act in the public interest (the interest of the society they serve). Therefore, their conduct may be guided by the good use of institutional resources and not by self-interest (Cowell et al., 2014). They would not exploit 'their position to obtain personal benefits for themselves, their families, or for their party not by self-interest' (Principle 10 of Ethics for Politicians in Argandoña et al., 2012). Furthermore, we are aware that we are not directly testing the quality of politicians as governors. Nevertheless, if political directors focus on their interests when governing an organisation such as a *caja*, it would be challenging to keep an eye on the interests of society when governing a council/city/country. Thus, politicians' behaviour in the *cajas* may question their actions in the public administrations, thereby generating public mistrust.

Finally, our results allow us to suggest future lines of research that may highlight the use of private benefits in financial institutions. First, we have studied party identification as a social identity of politicians as stakeholders. However, other relevant social identities to consider (some have already been studied by other authors) are age, gender, religion, or hometown. Second, our study has shown the appropriation of private benefits when politicians are the salient stakeholders on boards. Nevertheless, it could also be interesting to analyse the problems in other entities where a governing body is configured according to a stakeholder model but where the principles of fairness and reciprocity are broken. In such cases, stakeholders—politicians or otherwise—having sufficient incentive and capacity to obtain personal benefits to the detriment of the interests of other stakeholders may arise. Finally, it would be tempting to study the consequences of political directors after they obtain favourable loans for themselves or their supporters. Were they punished? Or were they rewarded by being re-appointed in the *cajas'* boards or promoted in political positions? Although the answers to these questions are beyond the scope of our study, they would help analyse the political directors' private benefits and their use as instruments of political patronage.

CRediT authorship contribution statement

Pablo de Andres: Conceptualization, Data curation, Formal analysis, Funding acquisition, Project administration, Methodology, Resources, Writing – review & editing, Writing – original draft, Visualization, Validation, Supervision, Investigation, Software. **Inigo Garcia-Rodriguez:** Conceptualization, Formal analysis, Funding acquisition, Investigation, Methodology, Project administration, Resources, Software, Supervision, Validation, Visualization, Writing – original draft, Writing – review & editing, Data curation. **M. Elena Romero-Merino:** Conceptualization, Data curation, Formal analysis, Funding acquisition, Project administration, Methodology, Resources, Writing – review & editing, Writing – original draft, Visualization, Validation, Supervision, Investigation, Software. **Marcos Santamaria-Mariscal:** Conceptualization, Data curation, Formal analysis, Funding acquisition, Investigation, Methodology, Project administration, Resources, Software, Supervision, Validation, Visualization, Writing – original draft, Writing – review & editing.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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Appendix A

See Tables A1 and A2.

Table A1
Quotas of stakeholders' participation in governing bodies of *cajas*.

Regulator	Period	Local adm.	Regional adm.	Other public adm.	Founders	General interest entities	Employees	Depositors
State laws								
State	Law 31/1985	40%			11%		5%	44%
	Law 44/2002		<50%				5–15%	25–50%
	RDL 11/2010		<40%				5–15%	25–50%
	Law 26/2013		<25%			<20%	<20%	50–60%
Regional laws								
Andalucía	2004–2011	22%	15%		13%	8%	15%	27%
	2011–2013	15%	12%		13%	18%	15%	27%
	2011–2013*	15%	12%		18%	15%	15%	25%
Aragón	2004–2010	21%	21%		10%		7%	41%
	2011–2013	20%	20%		9%	5%	6%	40%
Asturias	2004–2010	27%			23%		10%	40%
	2010–2013	20%			20%	5%	10%	45%
Baleares	2004–2013	34%		6%	16%		5%	39%
País Vasco	2004–2012	30%			20%		7%	43%
	2012–2013	17%		6%	17%	5%	7%	48%
Canarias	2004–2011	44%		10%	10%	5%	5%	26%
	2011–2013	15–40%	2%	5–10%	5–10%	5–10%	5–15%	25–50%
Cantabria	2004–2011	23%	23%		8%	15%	8%	23%
	2011–2013	18%	18%		10%	18%	9%	27%
Castilla y León	2004–2010	32%	15%		5%	5%	11%	32%
	2004–2010**	32%	15%			5%	11%	37%
	2010–2013	21%	16%		5%	10%	11%	37%
	2010–2013**	32%	15%			5%	11%	37%
Castilla-La Mancha	2004–2013	22%	19%		8%	12%	9%	30%
Cataluña	2004–2010	15–25%				25–35%	5–15%	30–40%
	2010–2013	10–30%				25–35%	5–15%	40–50%
Madrid	2004–2013	25%	10%		20%	8%	9%	28%
Extrema-dura	2004	40%			11%		5%	44%
	2004–2011		<50%***				5–15%	25–50%
	2011–2013		<40%***			>5%	5–15%	25–50%
Galicia	2004–2005	25%			17.5%	7.5%	10%	40%
	2005–2010	15–25%				25–35%****	5–16%	30–40%
	2005–2010**	15–25%				25%	5–15%	30–40%
	2010–2013	20%	20%		10%	10%	10%	30%
	2010–2013**	25%	25%			10%	10%	30%
La Rioja	2004–2010	24%			26%		7%	43%
	2011–2013	14.75%			25.25%	5%	7%	48%
Navarra	2004–2013	40%			11%		5%	44%
Murcia	2004–2012	25%			25%		10%	40%
	2012–2013	20%			20%	5%	10%	45%
Valencia	2004–2011	25%	25%		5%		12%	33%
	2011–2013	15%	25%		5%	5%	12%	38%

* If the *caja* has several public and private founder entities.
** If the *caja* has no founders.
*** Maximum of representatives of public administrations.
**** At most, 70% of this figure corresponds to representatives of the founders.

Table A2
Spanish *cajas* restructuring process.

Spanish *cajas* in the sample (2004)	Financial entities (2014)
Caja de Ahorros y Monte de Piedad de Ontinyent (Valencia)	Caja de Ahorros y Monte de Piedad de Ontinyent (C)
Caja de Ahorros de Pollença "Colonya" (Baleares)	Colonya - Caixa d'Estalvis de Pollença (C)
Caja de Ahorros de Asturias (Asturias)	Liberbank, S.A. (B)
Caja de Ahorros de Santander y Cantabria (Cantabria)	
Caja de Ahorros de Castilla La Mancha (Castilla-La Mancha)	
Caja de Ahorros y Monte de Piedad de Extremadura (Extremadura)	
Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja - IberCaja (Aragón)	Ibercaja Banco, S.A. (B)
Monte de Piedad y Caja General de Ahorros de Badajoz (Extremadura)	
Caja de Ahorros de la Inmaculada de Aragón (Aragón)	
Caja de Ahorros y Monte de Piedad del Círculo Católico de Obreros de Burgos (Castilla y León)	
Caixa de Aforros de Vigo, Ourense e Pontevedra - Caixanova (Galicia)	Abanca Corporación Bancaria, S.A. (B)
Caja de Ahorros de Galicia (Galicia)	
Bilbao Bizkaia Kutxa (País Vasco)	Kutxabank, S.A. (B)
Caja de Ahorros de Vitoria y Álava (País Vasco)	
Caja de Ahorros y Monte de Piedad de Gipúzkoa y San Sebastián (País Vasco)	
Caja de Ahorros y Monte de Piedad de Córdoba - CajaSur (Andalucía)	
Montes de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga y Antequera – Unicaja (Andalucía)	Unicaja Banco, S.A. (B)
Caja Provincial de Ahorros de Jaén (Andalucía)	
Caja de Ahorros de Salamanca y Soria - Caja Duero (Castilla y León)	
Caja España de Inversiones, Caja de Ahorros y Monte de Piedad (Castilla y León)	
Caixa d'Estalvis i Pensions de Barcelona - La Caixa (Cataluña)	Caixabank, S.A. (B)
Caixa d'Estalvis de Girona (Cataluña)	
Caja de Ahorro Provincial de Guadalajara (Castilla-La Mancha)	
Caja de Ahorros y Monte de Piedad de Navarra (Navarra)	
Caja de Ahorros Municipal de Burgos (Castilla y León)	
Caja General de Ahorros de Canarias (Canarias)	
Caja de Ahorros y Monte de Piedad de Madrid (Madrid)	Bankia, S.A. (B)
Caja de Ahorros de Valencia, Castellón y Alicante - Bancaja (Valencia)	
Caja de Ahorros y Monte de Piedad de Ávila (Castilla y León)	
Caja de Ahorros y Monte de Piedad de Segovia (Castilla y León)	
Caja Insular de Ahorros de Canarias (Canarias)	
Caixa d'Estalvis Laietana (Cataluña)	
Caja de Ahorros de La Rioja (La Rioja)	
Caja de Ahorros y Monte de Piedad de Las Baleares - Sa Nostra (Baleares)	Banco Mare Nostrum, S.A. (B)
Caixa d'Estalvis del Penedes (Cataluña)	
Caja General de Ahorros de Granada (Andalucía)	
Caja de Ahorros de Murcia (Murcia)	
Caja de Ahorros del Mediterráneo (Valencia)	Banco de Sabadell, S.A. (B)
Caixa d'Estalvis Comarcal De Manlleu (Cataluña)	Banco Bilbao Vizcaya
Caixa d'Estalvis de Sabadell (Cataluña)	Argentaria, S.A. (BBVA) (B)
Caixa d'Estalvis de Terrassa (Cataluña)	
Caixa d'Estalvis de Catalunya (Cataluña)	
Caixa d'Estalvis de Tarragona (Cataluña)	
Caixa d'Estalvis de Manresa (Cataluña)	

Autonomous communities in parenthesis after the name of the *caja* in 2004. (B) indicates that the financial entity in 2014 is part of a commercial bank, and (C) indicates that it remains as a *caja*.

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