INDONESIA FIRST MOVERS ON SUSTAINABLE BANKING

EIGHT BANKS WITH THE LARGEST ASSETS IN INDONESIA COMMIT TO STANDING AS PIONEERS OF SUSTAINABLE BANKING.

Eight banks with the largest assets in Indonesia commits to be the first movers on sustainable banking. The commitment manifests in pilot project called “First step to be a sustainable bank”, a partnership between Indonesia Financial Service Authority (FSA) and WWF-Indonesia.

The eight banks representing 46% of the national banking asset are Bank Mandiri, BRI, BNI, BCA, Bank Muamalat, BRI Syariah, BJB and Bank Artha Graha Internasional. This commitment is a big step taken by the banks, just less than a year after FSA launched the Sustainable Financial Roadmap on 5th December 2014.

This pilot project aims to support banks in preparing their competency towards the targets in the Sustainable Finance Roadmap in Indonesia for the period of 2014-2019. Competency targeted through the pilot project is organization ability in managing environmental, social and governance (ESG) aspects in its business decision. Also, increasing funding portfolio for businesses implementing sustainable practices.

MULIAMAN D HADAD
CHAIRMAN OF BOARD OF COMMISSIONER
INDONESIA FINANCIAL SERVICE AUTHORITY (FSA)

“We wish this big step by eight banks which represent 46% of national banking asset encourage other banks and financial service institutions to march in to start implementation of sustainable finance in Indonesia.”
PILOT PROJECT: FIRST STEPS TO BE A SUSTAINABLE BANK

For 18 months beginning in January 2016, the participating banks will be assisted by FSA and WWF-Indonesia to begin implementing sustainable banking practices, which involves the development of policy framework on integrating environmental, social, and governance (ESG) aspects such as:

A. Identifying current ESG integration,
B. Determining ESG integration targets,
C. Developing and integrating policy framework for sustainable banking at corporate level,
D. Establishment of responsible lending policy for the palm oil sector. The pilot will use the palm oil sector as a useful case study to illustrate the need for and benefits of adopting ESG practices.

PRIMARY GOALS

The results of this pilot project will lead to the following goals:

1. Development of an applicable and inclusive regulation to integrate ESG aspects into banks’ operations and of a guideline on responsible lending to the palm oil industry for banks,
2. Application of this pilot project to other industries such as agriculture, mining, fisheries and other industries.
ROUNDTABLE ON SUSTAINABLE BANKING

This pilot project enables a conducive roundtable dialogue for sustainable banking practitioners by involving banking experts and practitioners and industrial practitioners to exchange expertise and experiences. In particular regarding successes of bank in helping their clients overcome sustainability issue, which can act as reference for other cases.

In addition, the roundtable dialogue is expected to produce business opportunities related to sustainability as well as breakthroughs in sustainable banking. As well as to create a level of paying field on sustainable banking practices in Indonesia.

EFRANSJAH
CEO, WWF INDONESIA

“With the commitment in managing and implementing environmental, social and governance aspects, bank also plays a role in increasing profile of company performance in Indonesia.”

Eight CEOs of participating banks on pilot project MOU signing ceremony.

Ahmad Budi Gunadi, CEO of Bank Mandiri
Muliaman D. Hadad, Chairman of Board of Commissioners.
Indonesia Financial Service Authority (FSA/OJK)
A guidebook titled “Environmental, Social and Governance Integration for Banks: A Guide to Starting Implementation,” can be used by banks and other financial institutions in building banking sector competence to apply sustainable banking by the year 2020.

The guide shows how financial institutions acting as lenders, financial advisors and capital raising agents can adopt sustainable practices. This is the first guide that maps out ‘how to’ steps for financial institutions in the earlier stages of their ESG journey. It shows them how to manage their risk exposure to unsustainable business practices and lead the trend toward green business.
PROFILE OF BANKS COMMITTED TOWARDS SUSTAINABLE BANKING

PT BANK MANDIRI, TBK

Founded on October 2nd 1998, Bank Mandiri’s vision is “To be the best Bank in ASEAN by 2020.” This vision demonstrates itself, for instance, by Bank Mandiri’s commitment for sustainable finance, towards which had been formed partnerships with the French Development Agency (AFD) and Asian Development Bank (ADB) in supporting green banking program. Bank Mandiri furthermore operates the Bank Mandiri crediting policy (KPBM), prohibiting financing of businesses or projects which threaten the environment, and Standard Procedure in Crediting (SPK), that requires potential debtor to turn in Environmental Impact Assessment (EIA) and (PROPER).

PT BANK RAKYAT INDONESIA, TBK (BRI)

PT Bank Rakyat Indonesia (Persero) Tbk (BRI) is the largest national bank in Indonesia. BRI’s vision is to be a prominent commercial bank that always prioritizes customer satisfaction. BRI supports sustainable banking as an expression of commitment to support SDG (Sustainable Development Goals). As the oldest commercial bank in Indonesia, an instance of the implementation of sustainable finance is reflected on one of BRI’s policies: the selection of potential debtors done by permits and credibility in relation to the environment. Not only that, BRI continues to develop service in harmony with the needs of the people and taking care to integrate environmental, social, and governance aspects.

PT BANK NEGARA INDONESIA, TBK (BNI)

BNI’s vision to become a distinguished financial institution in service and performance is shown by, among others, commitments to actively participate in the funding of
PT Bank Central Asia, Tbk (BCA)
PT Bank Central Asia, Tbk, is one of the prominent banks in Indonesia to focus in banking and transaction business as well as provide credit facilities for corporate, commercial and SME, and consumer segments. At the end of September 2015, BCA facilitates transaction to 13 million customer accounts through 1,160 branches, 16,783 ATM and hundreds of thousands of EDCs with internet banking and mobile banking services.

PT Bank BRI Syariah
PT Bank BRI Syariah, BRI Syariah for short, is a subsidiary of PT Bank Rakyat Indonesia. BRI Syariah’s vision is to be a prominent Modern Retail Bank with a variety of financial services tailored to customer needs with most convenient access, for a more meaningful life.

PROFILE OF BANKS COMMITTED TOWARDS SUSTAINABLE BANKING

environmentally-friendly projects (Geothermal, Mini-Hydro, and Biogas power plants), including the funding of PKBL (Environment Partnership and Guidance Program) in the field of conservation. In addition to that, BNI is the only bank in Indonesia to have become a member of UNEP-FI, to have co-founded of IBCSD (Indonesian Business Council for Sustainable Development) as well as being a part of Indonesia Global Compact Network (IGCSN) which is affiliated with the United Nations Global Compact (UNGC), and also hence supports sustainable construction and development program. As a sustainable business entity, in obtaining profit BNI integrates governance and harmonizes with care of the planet and social aspects. This is in line with one of BNI’s mission, “To Raise Awareness and Responsibility over Environmental and Social Aspects.”
PROFILE OF BANKS COMMITTED TOWARDS SUSTAINABLE BANKING

PT BANK MUAMALAT INDONESIA, TBK
Bank Muamalat began operating on the 1st of May 1992 and attained the trust of Indonesia Central Bank to act as Foreign Exchange Bank on October 27, 1994. As of now, Bank Muamalat has been providing service to more than 4 million customers through 457 branch offices across all 33 provinces in Indonesia. To achieve the vision of becoming “The Best Islamic Bank and Top 10 Bank in Indonesia with Strong Regional Presence,” Bank Muamalat is not merely profit-oriented, but always puts forward environmental concerns as consistent with principles of Sharia, as the system that provides foundation to business and operational activities of this pioneer in Sharia banking.

PT BANK ARTHA GRAHA INTERNASIONAL, TBK
PT Bank Artha Graha Internasional, Tbk (BAGI) centered in South Jakarta, was officially founded in December 19th 2006. With a vision to be the best bank and the people’s choice that inspires awe in stakeholders, concepts integrating environmental, social, and governance (GSE) aspects has been employed by Artha Graha, through the programs Artha Graha Peduli, Artha Graha Grup, and Artha Graha Network. In making this a reality, BAGI will put into place and actively participate in implementation of social responsibilities related to environmental concerns.

PT BANK PEMBANGUNAN DAERAH JAWA BARAT DAN BANTEN, TBK
PT Bank Pembangunan Daerah Jawa Barat dan Banten (West Java and Banten Development Bank), Tbk also known as bank bjb has the vision to be the mover and shaker of the flow of regional economy. In attempt to support this vision, in 2016 bank bjb employs strategic policy to accelerate the growth of quality credit flow. That very policy will be realized through the credit expansion plan in the industrial sector, among which is palm oil plantation.
FOR MORE INFORMATION:

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