



# Sustainable Banking and Sustainable Living: how to incentivize the Private Sector towards Energy-efficient Alternatives

Marta Carlesso | MSc Sustainable Entrepreneurship | m.carlesso@student.rug.nl

## Background

Leaders in the **financial services industry** are promoting more energy-efficient practices and creating appropriate governance structures to appease shareholders and consumers. Banks integrate sustainability in their operations through innovative initiatives and offer specific products and services to customers and businesses. These practices are defined by the term "**Sustainable Banking**".

## Objective

This research explored **how Rabobank, a Dutch multinational banking and financial services company, can incentivize the private sector towards energy-efficient alternatives.** The aim is to understand which types of services and/or products a bank can offer to stimulate sustainable decisions. The study is based upon results obtained from eight interviews to answer the following question: How can banks incentivize the private sector taking sustainable decisions in terms of energy-efficient usage?

## Introduction

Sustainability should be integrated into the business strategies and mission policy of banks and **building using energy-efficient practices** has a prominent place on the agenda. Thus, the banking sector can **stimulate sustainable investment options** to its clients, i.e. advice, loans with interest reduction, green credit, mutual funds, environmentally friendly mortgages. In addition, Energy Performance Certificates (EPCs) shows energy efficiency of houses and are offered and requested by governments.

## Methods



### Questions about:

- interviewee's role within Rabobank
- Relation of the Bank with sustainability
- Internal and External changes within the bank: Business Model/Governance Structure
- Products and Services offered by the bank to the private sector
- Relation of Bank's Sustainability and Corona Crisis of 2020

## Results

### SUSTAINABLE BANKING

- Banks influence the private sector to make sustainable decisions
- Banks consider sustainability to fulfil a social duty but also self-interests
- The aspect of sustainability differentiate banks
- Sustainability is a business opportunity

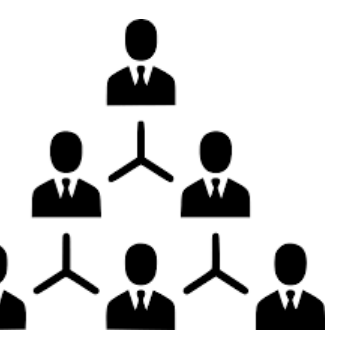


### SUSTAINABLE LIVING

- Banks offer mortgages and loans for sustainable housings investments
- Transform real estate assets towards zero impact by 2050
- Energy labels: labelling system is a standardized method to select sustainable homes → A-label = most efficient

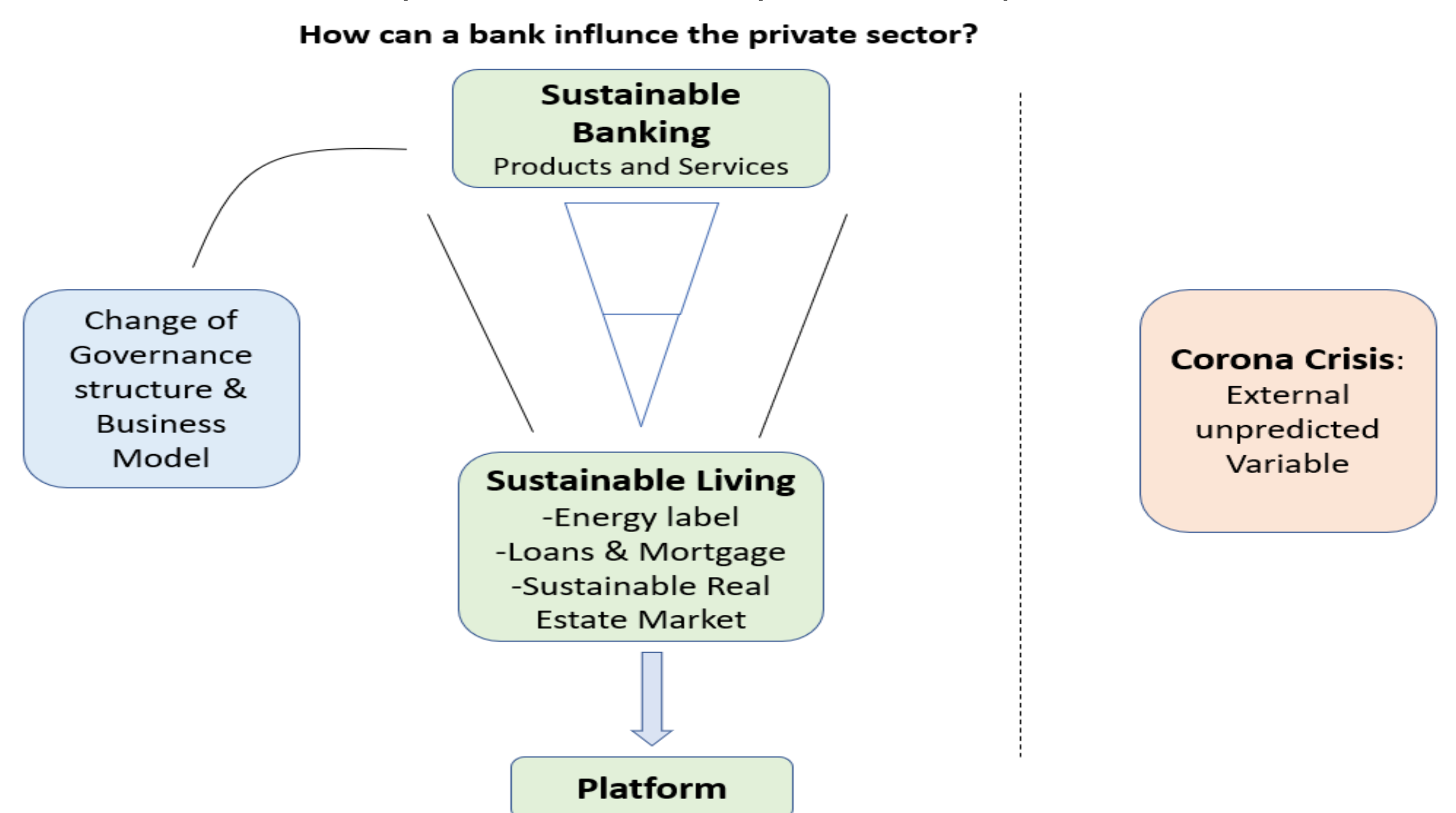
### GOVERNANCE STRUCTURE AND BUSINESS MODEL

- Sustainability must be woven into the organization
- Sustainability is not a separate aspect from the bank and its governance structure
- The business model is affected: decisions, strategies and choices of the bank should be more related to sustainability



### SCALE PLATFORM

- Creation of economy of scale for renewable energies
- Goal: inform the private sector on sustainable investments
- Characteristics: open-source, transparent, independent, well known



## Conclusions

- Sustainable products and services are important for bank's **profitability and credibility**
- Banks **incentivize** the clients to accomplish requirements and parameters of **sustainable development**
- **Corona crisis:** sustainability is not considered now → delay but not cancellation. Now clients and banks need to survive
- The current crisis should be perceived as an **opportunity** to stimulate sustainable behaviours.