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GREEN BANKING PERFORMACE ANALYSIS: A COMPREHENSIVE REVIEW OF CIMB NIAGA'S ENVIRONMENTAL INITIATIVES

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ABSTRACT

Indonesia is known for being one of the countries that are at high risk of experiencing bad things like natural disasters because of climate change. One of the Indonesia government's initiatives in addressing this issue is to participate in the Paris Agreement, which implies the implementation of a green accounting system. The Implementing green accounting offers many benefits to organizations. At the same time, company management strongly embraces the idea of sustainability in their operations and chooses to disclose the social and economic impacts of their activities. In various sectors, including the banking industry, there is a growing emphasis on implementing green practices within their operations as part of an effort to enhance business ethics, called green banking. This research aims to analyze the development of CIMB Niaga's success in environmental management over the last six years. This study concentrates on developing sustainability implementation guidelines for financial institutions to implement green banking. The research methodology used in this research is quantitative, with two approaches, namely a qualitative perspective or paradigm. The data used consists of secondary data obtained from continuous reporting for the period 2016 to 2022. The results of this research are CIMB Niaga's implementation of green banking policies has been quite successful. These results provide recommendations for CIMB Niaga management to continue to improve the company's environmental performance. Improving the company's environmental performance shows management's commitment to carrying out CIMB Niaga activities based on the concept of sustainability.

Keywords: *Green Accounting, Sustanability, Green Banking, Environmental Performance*

1. INTRODUCTION

Indonesia has gained recognition as one of the nations most susceptible to the adverse effects of climate change-induced natural disasters (World Bank Group & Asian Development Bank, 2021). These natural disasters encompass not only sudden and immediate events like floods, landslides, and earthquakes, but also protracted threats, such as the rising sea levels. An extensive report issued in 2021 by the World Bank Group and the Asian Development Bank unveiled the disconcerting fact that over 4.2 million Indonesians face the grim prospect of permanent displacement by the year 2100 due to the continuous ascent of sea levels. These circumstances have led Indonesia to actively participate in The 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, known as COP 21 UNFCCC, held in Paris. The outcome of this conference was the Paris Agreement, which is seen as a critical effort to minimize the risks and adverse consequences associated with climate change.

Amidst global environmental concerns, businesses worldwide prioritize sustainable development, with a key focus on enhancing reputation, branding, and reducing costs to boost revenues (Vicentiis, 2022). This collaborative effort of an interdisciplinary team of academics has yielded initiatives like green accounting and sustainable development strategies (Rounaghi, 2019). Ullman (1976) found the utilization of accounting practices necessitates ongoing engagement of management accountants to enhance a company's performance through effective corporate environmental strategies. An effective corporate environmental strategy takes into account the

costs associated with environmental information, a concept that aligns with the emergence of environmental consciousness or 'being green' (Burritt et. al, 2002). This scenario enables companies to shift their focus beyond just their own interests and consider the wider concerns of the community, consumers, suppliers, and regulators (Ziolo et. al, 2002). Furthermore, when integrated into portfolio strategies and investment assessments, sustainability considerations have the potential to shape the extended performance of prospective investors (Schumacher et. al, 2020). A sustainability approach within the framework of green accounting is known as the triple bottom line, which is designed to enhance economic, environmental, and social performance (Chen et. al, 2018). In various sectors, including the banking industry, there is a growing emphasis on implementing green practices within their operations as part of an effort to enhance business ethics, known as green banking. (Aslam et. al, 2023).

In recent years, the concept of green banking has gained significant attention within the domain of sustainable banking. Essentially, green banking is recognized as a specific part of sustainable banking that works towards shielding the environment from harm while ensuring long-term economic stability (Islam et. al, 2020). Adopting eco-friendly banking practices not only benefits the environment but also improves efficiency, reduces errors, fraud risks, and trims operational costs in the banking industry (Biswas, 2011). As various stakeholders, including governmental financial institutions, socially responsible investors, and advocacy groups, exert increasing pressure, companies are showing more interest in addressing environmental sustainability concerns. This growing interest is highlighted by a recent surge in environmental expenditures, compelling businesses to embed environmental considerations throughout their management levels (Shuvro et. al, 2020). Mir and Bhat (2022) found that green banking has a significant effect on environmental sustainability contributions. A bank cannot be in harmony with the external environment without the environmental and social aspect of the green banking adoption; the timing and pattern of green banking adoption depends upon the financial resources, the internal green capabilities of a bank, and the external environment (Bukhari et. Al, 2020).

The government's favorable backing for green banking is clearly illustrated by Regulation No. 51 of 2017. This regulation mandates that banks must no longer conduct their business strategies and operations in a conventional 'business as usual' manner, but instead, they should be an integral component of sustainable financial practices. One of the banks embracing the concept of green banking is CIMB Niaga. CIMB Niaga has formulated policies as a means of expressing the bank's support for promoting sustainable development and environmentally-friendly initiatives. CIMB Niaga's green banking program is divided into two main areas, internally and externally. Internally, CIMB Niaga's bank develops green office program, known as smart spending policy. Externally, CIMB Niaga's bank develops tree planting activity, known as bamboo conservation. The main aim of this study is to evaluate CIMB Niaga's achievements in the domain of green banking policy approach and to provide a comprehensive range of strategies that could be potentially adopted by CIMB Niaga Bank. As the global landscape places growing importance on sustainable and environmentally responsible practices, this analysis of CIMB Niaga's initiatives represents a crucial contribution to the ongoing discussion on green banking with the banking sector.

2. RESEARCH METHOD

The research methodology employed in this study is quantitative, and it relies on secondary data sourced from CIMB Niaga's Sustainability Reporting, which is available on the Indonesia Stock Exchange (IDX). The data covers the period from 2016 to 2022. The scope of this research is

limited to examining components within sustainability reporting, specifically focusing on environmental aspects. These environmental facets are exemplified through CIMB Niaga's policies that promote sustainable development or environmentally friendly initiatives. The study shows six years of a comparative statement of CIMB Niaga's green banking activities. The study using simple growth rate formula to see how CIMB Niaga's effort to implement green banking:

Growth Rate in % = $\frac{Final\ Value - Initial\ Value}{Initial\ Value} x\ 100\%$

Green Banking Approach

CIMB Niaga implements a green banking approach from two sides, which are internal and external. On the internal side, CIMB Niaga enforces strict policies to help employees minimize energy usage that supports environmental sustainability. On the external side, CIMB Niaga contributes to tree planting, specifically bamboo conservation, with the aim of reducing carbon emissions. Bamboo can help maintain the hydrological system by retaining water and soil, which can mitigate the increasingly severe effects of climate change.

Internal - Smart Spending Policy

Smart spending program conducted by the bank is one of the bank's effort to directly support green office's concept as part of bank's commitment to be a part of green banking industry in the future. Green office program in the smart spending policy consists of three main types of activities:

1) Recycle Program
   In cooperation with third parties in office waste management for paper, organic, and non-organic waste.
   Processing organic waste into compostable garbage that can be re-used or for sale.
   The program applied throughout the office network both headquarter and branch by gradually implemented.
2) Less Paper Office Program
   Utilizing the Multi-Function Printer optimally to scan, fax or e-mail directly without the need to print/reproduce documents/photocopies.
   Implementation of e-statement/e-billing is gradually started from CIMB Niaga's employees who have not utilized e-statement for each product that has report or bill to customers. The next phase is implementing e-statement to all customers by giving certain incentives to create a paperless culture.
   Reduce paper usage by optimally use waste paper either for printing or photocopies internal documents.
   Optimally reducing brochure, news, and company magazine printing for employee internal communication by utilizing scanner, e-mail and bank's internal website.
   Printing two pages in each sheet or two-sided print if the print is enable.
   Printing in draft quality mode to save printer toner.
   Internal memo do not need to be printed manually utilize e-mail facility and with focues also directly addressed to the concerned and avoid excessive 'cc'.
   For internal memo shipment is required to use internal relation envelope (brown envelope) unless confidential or send to an out-of-town branch.
3) Energy Saving Program
   Each employee is obliged to support the bank's effort to save electricity power consumption through direct participation in its own working unit by using electricity as needed and turn off electrical equipment/lighting which unused after hours.
   Each unit is expected to turn on energy saving features on any electrical equipment/computer used (if any), screen saver or power save mode on computer, LCD, projector, AC, etc.

Each unit is required to use fuel-efficient vehicles (arranged specifically in the SPAPM Group vehicle policy.
Each unit is required to use teleconference and video conference facility for meetings whose particiipants come from distant locations to save on business travel expenses and fuel consumption.

External- Bamboo Conservation
CIMB Niaga is commitment to make a real contribution ot preserve the environment and climate change mitigation efforts, the program is organized through cooperation between CIMB Niaga and the Indonesian Biodiversity Foundation (KEHATI). The bamboo conservation program is an environmental conservation and community empowerment activity. CIMB Niaga conducts community empowerment-based bamboo conservation in West Nusa Tenggara (NTB) through planting bamboo seeds and increasing the farmers capacity who are working on land in special purpose forest area. The activity starts from the process of developing bamboo seedlings, followed by planting, until the bamboo can become a commodity for processing and providing added values, both economically and ecologically. CIMB Niaga choose bamboo because it is known to bind groundwater tens times more effectively than tap-root trees, as well as being able to absorb carbon dioxide, with one hectare of bamboo able to absorb ± 12 tons of carbon dioxide from the air. Both are wonders of bamboo in the preservation and restoration of the environment.

3. RESULTS AND DISCUSSIONS

CIMB Niaga cares about the environment and making life better for people. Even though the bank's main job is not about nature, the financing provided to businesses can affect the environment, and it's important that the bank helps businesses that are good for the planet. The bank is working on being more eco-friendly in its own operations. Therefore, efforts made that pay attention to environmental values have started with the Bank's own operations, particularly in terms of managing the paper and energy used by its banking activities based on the smart spending policy and bamboo conservation. This plan includes a policy for a greener office and a way of living that's kind to the environment.

Recycle Program
CIMB Niaga's commitment to environmental stewardship is evident through its collaboration with third-party organizations to handle electronic waste (e-waste). Many of its branch offices have established a waste separation system, including e-waste, and have subsequently distributed these materials to designated Waste Banks. CIMB Niaga's sustainability report does not provide specific data on this recycling program. However, it can be concluded that the recycling program has a positive impact on environmental sustainability because recycled products can be reused in the bank's operational activities.

Less Paper Office Program
Paper savings have been realized through the implementation of digital databases and digital banking for both employees and customers. Traditional paper conservation efforts involve recycling and increasing digitalization. The paper efficiency program has been intensified through two primary methods: digital banking and conventional practices. Digital banking focus on optimizing the use of e-channels and mobile banking for customers; conversion from printed checking account to e-statement to customers; replacing transaction slip/form using a validation site with formless transactions; optimizing e-mail and intranet for internal employee communications; digitizing hardcopies with softcopies for document archiving, sending reports,

and meeting materials. Therefore, conventional initiatives encompass reusing paper on both sides when photocopying, drafting letters, or internal memo; optimizing the printer's multi-function facilities for scanning and faxing, thereby reducing document printing.

Table 1. Volume of Paper Used by CIMB Niaga (2016-2022)
Source: CIMB Niaga's Bank Sustainability Report (2016-2022)

Year	*Volume of Paper Used*	
	Amount (in Reams)	**Growth (in %)**
2016	29,320	
2017	33,355	13,76%
2018	35,095	5,22%
2019	32,545	-7,27%
2020	18,406	-43,44%
2021	13,433	-27,02%
2022	14,467	7,70%

The above table shows the year wise paper used amount of CIMB Niaga along with the growth rate. The table shows there was an increase in paper usage from 2016 to 2018, followed by a decrease in 2019. In 2020 and 2021, there was a significant drop in paper consumption. However, in 2022, paper usage increased again. This suggests that the less paper office program strategy has not been fully effective since there is still an increase in paper consumption. The significant decrease observed in 2020-2021 can be attributed to the anomaly caused by the COVID-19 pandemic. In 2022, after COVID-19 began to decreasing, there was an increase in paper usage. This suggests that the implementation of the paper-saving program has not had a significant impact on reducing paper usage.

Energy Saving Program

In pursuit of establishing an eco-friendly office environment, all employees are educated about energy conservation. Additionally, the bank employs diesel-powered generators to ensure minimal disruption in providing technology-based information during power outages, aiming for near-zero downtime. Fuel oil, gasoline, and diesel are utilized to operate the bank's vehicles. The primary energy source is electricity supplied by PT PLN (Persero) to support the bank's operations. The calculation of energy consumption from electricity and fuel oil is based on payment invoices managed by the SPAPM work unit. Several CIMB Niaga offices utilize water from the public drinking water company (PAM) for various operational activities, including cleaning, sanitation, and ablution.

Table 2. Volume of Energy & Water Usage by CIMB Niaga (2016-2022)
Source: CIMB Niaga's Bank Sustainability Report (2016-2022)

Year	*Total Energy Usage*		*PAM Water Usage*	
	Amount (in GJ)	**Growth (in %)**	**Amount (in m2)**	**Growth (in %)**
2016	N/A		60,807	
2017	22,918.88		53,936	-11.30%
2018	16,928.65	-26.14%	N/A	
2019	191,422.71	1030.76%	192,340	
2020	156,798.75	-18.09%	136,905	-28.82%
2021	199,545.36	27.26%	245,720	79.48%
2022	161,739.79	-18.95%	111,053	-54.81%

The energy usage data in 2019-2022 covers all branches, whereas in 2017-2018 it covered electricity usage in only 25% of the bank's branch office. The source of water in 2020-2022 covers

head office and 100% branch office. The calculation is wider than the previous year as it only covered 90% of branch offices in 2019, whereas for 2018 the data was not calculated because water costs are paid as part of the building maintenance costs, while in 2016-2017 the calculation still covered electricity usage in only 25% of the CIMB Niaga office network. Hence, total energy and water usage in 2016-2018 is not comparable with 2019-2022. Table 2 indicates that there was a decrease in energy and water consumption in 2020, a significant increase in 2021, and another decrease in 2022. This implies that there was inconsistent growth. Inconsistent growth indicates that the company's ability to manage energy and water usage is not yet optimized.

Bamboo Conservation

Bamboo conservation activities aim to improve the quality of groundwater absorption, prevent erosion in the planting area, and increase the absorption of Greenhouse Gas (GHG) emissions. Potential carbon sequestration of planted bamboos will be evaluated periodically. CIMB Niaga has been actively implementing a periodic bamboo planting strategy as displayed in Table 3.

Table 3. Amount of Bamboo Planting (2016-2022)
Source: CIMB Niaga's Bank Sustainability Report (2016-2022)

Year	*Accumulated Bamboo Planting*	
	Amount (in Number)	**Growth (in %)**
2016	N/A	
2017	14,000*	
2018	25,700	157%
2019	30,200	18%
2020	30,400	1%
2021	30,400	0%
2022	49,400	63%

The number of bamboo planted in 2016 is not available in CIMB Niaga's sustainability report, whereas in 2017, the number of bamboo planted was not less than 14,000 bamboo, surpassing that amount. Looking at the table above, the bamboo count in 2018 significantly increased compared to 2017. This is because there was no specific figure mentioned for 2017. However, from 2018 to 2022, there was a noticeable increase in the number of bamboo, indicating that CIMB Niaga's bamboo conservation efforts have been successful. The impact can be seen from CIMB Niaga's periodic analysis of the potential carbon absorption of the planted bamboo. Potential carbon sequestration reached more than 1,700 tonnes CO2e, according to the results of the 2021 analysis. Cumulatively since 2019, bamboo conservation program has been able to contribute positively to climate mitigation action through carbon absorption for more than 4,000 tonnes CO2e. Based on the findings of the 2022 analysis, the bamboo potential absorption exceeded 1,780 tonnes CO2e, with accumulated absorption from 2019 reaching 5,900 tonnes CO2e. This suggests that as the quantity of bamboo grows, it leads to an increase in carbon absorption, which in turn has a positive impact on the environment.

4. CONCLUSIONS AND SUGGESTIONS

Green banking has a significant impact on contributing to addressing climate change. Green banking policies may not necessarily increase the company's revenue, but they can reduce the company's costs by saving energy and reducing pollution. CIMB Niaga is actively promoting two methods, the Smart Spending Policy aimed at minimizing environmental impact, and Bamboo Conservation aimed at reducing carbon emissions. Based on the data analysis, it can be concluded that the recycling program has been successful, but the Less Paper Office Program and Energy

Saving Program have not been as successful due to inconsistent growth, indicating a need for the company to strengthen these programs. On the other hand, Bamboo Conservation has been effective in reducing carbon emissions, and an increase in the number of bamboo plants will lead to a decrease in carbon emissions. While CIMB Niaga's implementation of green banking policies has been quite successful, there are certain measures the bank should take to further promote these programs, such as intensifying the paperless program by accelerating digital banking, e-billing, e-banking, etc., and enforcing energy conservation measures among employees, such as restricting energy usage hours.

The research encountered several typical limitations that also provide opportunities for future research directions. To begin with, the study relied on publicly available secondary data, which might have been organized according to the institution's preferences. At times, it was challenging to find specific data within the secondary sources. For future investigations in the field of green banking, researchers can consider collecting fresh, primary data to address the limitations associated with secondary data. Furthermore, the study focused exclusively on CIMB Niaga's green banking disclosures. Future researchers may expand the investigations to search other commercial banks in Indonesia.

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