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Kartik Taneja
Executive Vice President - Head of Payments
Mashreq

Banks have a large role to play in sustainability

Retail banks play a significant role in educating consumers, providing incentives for sustainable consumption, and supporting agencies and individuals working in this field. Across different regions, banks are implementing various sustainability initiatives, such as going paperless and offering sustainability-linked products like green loans—a growing segment in investment banking.

There is a business case for sustainable offerings in banking

Thanks to regulators and governments, a clear agenda and business case now exist to support decarbonization initiatives and the replacement of carbon-intensive infrastructure. Global and regional banks have been backing these efforts for several years, demonstrating the industry's commitment to making a positive impact.

Source: Mashreq Sustainability Dialogues -podcast series

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David Lais
Co-Founder and Managing Director
ecolytiq

Understanding our personal carbon footprint

The carbon calculator is a tool we need to understand our environmental impact.It tracks every transaction that customers make with their Mashreq card, and assigns a CO_2 equivalent to each. This process is personalized, country-specific, and transparent, explaining how the emission numbers are calculated for each transaction. This allows individuals to gauge their carbon footprints and understand how their lifestyle choices affect the environment. Additionally, we provide tips and advice to help users comprehend, for example, what the 36 kg of carbon emitted from dining at a restaurant represents and how to reduce that in the future.

The massive cost of the climate crisis

The climate crisis carries a staggering cost. In 2023, global costs from climate change-related events, such as extreme weather, reached $200 billion *(EM-DAT, CRED / UCLouvain 2024 – Natural disasters)*. This figure is projected to soar to $38 trillion annually over the next 25 years *(Kotz, Levermann, and Wenz 2024, The economic commitment of climate change)*. For banks, helping consumers finance solar panels and electric vehicles (EVs) is a relatively minor expense, but it presents a strong business opportunity. Consumers also stand to benefit. For example, by installing solar panels in sun-rich areas, they can recoup their initial investment after a few years, eventually paying lower energy costs over time.

Addressing gaps in climate data

We still see gaps in climate data, which is where companies like ours come into play. Regulations have helped harmonize data in some industries, but not all of them. There is still the question of how to report data consistently across the board so that we can compile all that information into larger databases that can help us extract even more insights. More companies are emerging in that space to try to solve these data gaps with technology. It's a very vibrant space right now.

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Stephen King
Global Sustainability Solutions
Visa

Transaction data can be a key source for emissions data

As more money shifts towards sustainable options in the future, we will move closer to net zero and address the climate crisis. Data from banks and transactions is critical to this shift. As Peter Drucker said, "You can tell me what you value, but if you show me your bank statement and your calendar, I'll tell you what you really value." Transaction data can serve as a point of truth and help both banks and customers navigate an area where sustainable choices become clear. It's about understanding where you are, where you want to go, and having the bank support you in those choices.

Adding value to the digital banking experience

Reward programs, such as loyalty initiatives, are essential for building and maintaining strong customer relationships. These programs are being implemented across different regions and can target various categories such as public transport, second-hand clothing, or electric vehicles, incentivizing more sustainable spending. By providing value to customers, banks drive greater retention, which impacts their revenues. Additionally, while people typically check their bank's mobile app once or twice a month, integrating tools like a carbon calculator and other financial management features encourages users to log in five to ten times a month, providing valuable insights not only about their finances but also about their sustainability journey.

Emerging regulations are facilitating more payment options

Regulations are evolving in different forms across the globe. Almost every country is now developing regulations, typically in two parts. The first part includes subsidies or policies that not only galvanize action but also establish rules and a framework for where the economy is headed. The second part consists of regulations that set targets businesses must achieve. This interaction between consumers, businesses, and governments is rapidly driving us towards a very different economic landscape.

Source: Mashreq Sustainability Dialogues -podcast series