DEVELOPMENT OF SUSTAINABLE BANKING IN INDONESIA

Endang Ruhiyat
Ety Murwaniwsari

ABSTRACT

The purpose of this study is to increase literacy and improve understanding of sustainable banking and its development in Indonesia. This study uses a qualitative approach that is phenomenological. The analysis unit consists of regulators, banking practitioners, sustainability experts, reference books, regulations, and the results of previous research. The informants came from sustainability experts, bank practitioners, regulators, LPPM, and IBI-BCC. Data collected through in-depth interviews and study of literature. The technique of strengthening research credibility is carried out through extended participation, diligence in observation, and triangulation. Data were analyzed using qualitative methods. From the results of the analysis of the data, a phenomenon of facts was found: First, banks in Indonesia already have a 2014 Sustainable Financial Roadmap and POJK Number 51/POJK.03/2017; Second, Indonesia already has first movers sustainable banking consisting of 8 banks, namely BRI, Mandiri, BCA, BNI, BJB, Artha Graha Internasional, and Muamalat Bank; Third, Indonesia has the Indonesian Sustainable Financial Initiative (IKBI) which consists of 13 banks; Fourth, 8 Bank first movers have carried out the POJK mandate Number 51 of 2017, including proven by having compiled RBD and SR; Fifth, the results of interviews with informants obtained information about sustainable banking in Indonesia is developing positively towards a better direction.

Keywords: Sustainability, Sustainable Finance, Sustainable Banking, POJK, First Movers, Indonesia.

INTRODUCTION

Development is an effort to improve the quality of all aspects of life and abilities by increasing people's living standards, self-esteem and freedom (Todaro and Smith, 2011). But there are still many countries that carry out development at the expense of environmental factors in pursuit of economic benefits alone (single bottom line development) (Nasirin dan Hermawan, 2010). Development that only pursues economic benefits drives up the temperature of the earth, global warming and climate change. The emergence of the concept of sustainable development is expected to be able to bring together economic interests and sustainability/preservation of nature, provide a process of economic transformation, and expand community access to escape poverty, and the enforcement of justice (Hadad dan Maftuchah, 2015). Sustainable development requires funding to achieve its goals. Sustainable finance is a system of funding, financing, and future investment in sustainable development (Hadad dan Maftuchah, 2015).

Indonesia already has a Sustainable Financial Roadmap published by the Financial Services Authority (OJK) in 2014. In 2017 OJK issued OJK Regulation No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. The issuance of POJK No. 51/POJK.03/2017 is a challenge for the Financial Services Institutions (LJK) to immediately implement the concept of sustainability in its operational activities. The bank is one of the LJK that plays an important role in achieving sustainable development. Indrawati (2018) states, the banking industry has a significant role in supporting economic growth and creating equity. Banks are expected to become the agents of sustainable development (Munasininghe, 1992).

To be an agent of sustainable development, the banking sector must continue to strive to form a sustainable banking. Sustainable banking requires formulation kualitatif that internally, the bank meets the standards of environmentally friendly operations, and externally, the bank focuses on efforts to encourage and stimulate sustainability for our customers and the wider community (Jeucken, 2001). Banking in Indonesia already has first movers’ sustainable banking, which consists of BRI, Mandiri, BCA, BNI, BJB, BRISyariah, Artha Graha International Bank, and Muamalat Bank. What is the development of sustainable banking in Indonesia next? This paper examines the development of sustainable banking in Indonesia. The purpose of this paper is to enrich people's literacy and understanding of sustainable banking in Indonesia so that they are expected to care about its sustainability.

THEORY REVIEW

Sustainability

Hoijtink (2005) identified that the concept of sustainability is a new concept and has evolved tremendously over the past few decades. Sustainability shows challenges and opportunities for organizations (Ceasar & Page, 2013). Forum for the Future (2002) defines sustainability as building a successful business today and providing value in the long run. Sustainability development will be more quickly achieved if an organization can adopt sustainable events as a competitive tool in the market (Henderson, 2011). In the past decade, there has been an increasing trend of combining sustainability in the banking sector. For example, banks in India are increasingly aware of the same central role in achieving sustainable development (Rebai, 2014).

According to Weber (2005) the banking sector as an integral pillar and driver of economic development in the economic field, plays an important role in promoting sustainable development. In the banking industry, sustainability is how banks build and run their businesses in the long run by following the ‘sixth Cs’ of sustainable banking, namely client, culture, compliance, compensation, cost, and capital (Shamshad et al, 2018). Environmental sustainability states that how banks restructure their activities for the environment such as the use of renewable energy, less paper consumption, minimize water usage and motivate employees to use government-managed transportation, limit lending activities only to environmentally
friendly projects and to promote environmentally friendly products such as loans micro, investment opportunities in green funds, environmentally friendly bonds, etc. (Shamshad et al., 2018).

The concept of sustainability in banking continues to experience development, which starts with social banking, ethical banking, green banking and sustainable banking. Social banking is banking that involves philanthropy, community development programs for social development; Ethical banking is banking that incorporates business values and ethical practices in banking operations; Green banking, namely banking that incorporates an environmental management system, refrains from financing industries that are harmful to the environment; whereas sustainable Banking, incorporates environmental, social and governance (ESG) elements and manages the environment and social impacts of banking activities for sustainable development (Weber and Feltmate, 2016).

Sustainable Banking

Sustainable banks are banks that provide products and services only to customers who consider the environmental and social impacts of the activities they undertake (Bouma et al., 2001). According to Jeucken (2004) sustainable banking means banks whose internal and external activities meet sustainable business requirements and focus on assessing and stimulating sustainability among customers and other entities in the community. The characteristic of a sustainable bank is that it offers products and services to customers who value their social and environmental impacts (Jeucken and Bouma, 1999).

Sustainable banks are committed to providing real economic growth and to financing organizations that offer products and services related to social and environmental implications (Earhart et al., 2009; Bouma et al. 2001; Giuseppe, 2001; Dragan, 2012). A sustainable bank is a bank that only provides products and services only to customers who care about social and environment (Bouma et al., 2001; Imeson and Sim, 2013; and Stankeviciene & Nikonorova, 2014). Sustainable banking provides opportunities to create innovative products and services that have social and environmental advantages, renewable energy, cleaner production processes and technology, energy efficiency, microfinance, biodiversity conservation, financial services for marginalized groups, housing for low-income and banking agents. Through such products, banks will then gain access to new markets and new customers, create good faith, bring new capital and provide support to stakeholders (Polonskaya and Babenko, 2012).

According to Barclays (2009) sustainable banking requires good governance and effective risk management. The most fundamental thing in implementing a sustainable bank is how to instill mental sustainability to the main actors and they must be able to implement the concept (Dash and Shri, 2011). Banking can play an effective role in achieving environmental sustainability, economic and social of any country (Hoijtink, 2005).

RESEARCH METHODS

This research is a phenomenology with a qualitative approach. The main concept in phenomenology is meaning. Meaning is an important content that arises from the experience of human consciousness. Identifying the essential qualities of the experience of consciousness is carried out in depth and thoroughly (Smith, etc., 2009). The purpose of phenomenology in this research is to capture as closely as how the phenomenon of sustainable banking in Indonesia. Data collected by in depth interview method with informants and literature review. The strengthening of research credibility is carried out through extended participation, diligence in observation, and triangulation.

<table>
<thead>
<tr>
<th>Origin of the Informant</th>
<th>Department</th>
<th>Position</th>
<th>Number of Informants</th>
</tr>
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<tbody>
<tr>
<td>OJK</td>
<td></td>
<td>Senior Executive Analyst</td>
<td>1 person</td>
</tr>
<tr>
<td>IBI - BCC</td>
<td>Marketing &amp; Commercial</td>
<td>Senior Executive Vice President</td>
<td>4 people</td>
</tr>
<tr>
<td>LPPI</td>
<td>International Banking Expertise</td>
<td>LPPI Senior Faculty</td>
<td>1 person</td>
</tr>
<tr>
<td>Sustainability Expert</td>
<td>Asian Social Responsibility</td>
<td>Sustainability Expert (The Owner of SR Asia)</td>
<td>1 person</td>
</tr>
<tr>
<td>Mandiri Bank</td>
<td>Decision Support</td>
<td>Department Head</td>
<td>1 person</td>
</tr>
<tr>
<td>Bank BRI</td>
<td>Risk Management</td>
<td>Head of Division</td>
<td>2 persons</td>
</tr>
<tr>
<td>BRI Syariah Bank</td>
<td>Risk Management</td>
<td>Division of Risk Management Head</td>
<td>1 person</td>
</tr>
<tr>
<td>Bank BNI</td>
<td>CSR</td>
<td>Development Manager</td>
<td>1 person</td>
</tr>
<tr>
<td>BJB Bank</td>
<td>Commercial</td>
<td>Commercial Leader</td>
<td>3 people</td>
</tr>
<tr>
<td>Bank BCA</td>
<td>Credit Risk Management</td>
<td>Vice President</td>
<td>4 people</td>
</tr>
<tr>
<td>Bank Muamalat</td>
<td>Decision Support</td>
<td>Department Head</td>
<td>2 persons</td>
</tr>
<tr>
<td>Artha Graha Bank</td>
<td>Corporate Secretary</td>
<td>Associate Director</td>
<td>1 person</td>
</tr>
<tr>
<td>Victoria Bank</td>
<td>Risk Management</td>
<td>Director</td>
<td>1 person</td>
</tr>
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RESULTS AND DISCUSSION

Literature Study Results
Direction towards Sustainable Banking in Indonesia

Since 31 December 2013 the functions, duties and authority of regulating and supervising financial service activities in the Banking sector shifted from Bank Indonesia to OJK. That is in accordance with Law No. 21 of 2011 dated 22 November 2011 concerning the Financial Services Authority (Indonesian Banking Booklet 2014). In 2014 OJK in collaboration with the International Finance Corporation (IFC) rolled out the 2015-2019 Indonesian Sustainable Finance Roadmap. The roadmap establishes the ultimate goal of sustainable finance in Indonesia to be achieved in the medium term (2015-2019) and long term (2015-2024). Medium-term targets are centered on a basic regulatory framework and reporting system. Long-term goals focus on integrated risk management, corporate governance, bank ratings and integrated sustainable financial information systems (OJK, 2014) (Oyegunle & Weber, 2015).

The purpose of the Financial Services Authority (OJK) launching the Sustainable Finance Roadmap in Indonesia in December 2014 is to, First, outline the conditions to be achieved related to sustainable finance in Indonesia in the medium (5 years) and long (10 years) for financial institutions located under the authority of the OJK, namely banks, capital markets and non-bank financial institutions. Second, determine and set improvement milestones related to sustainable finance (Indonesian Sustainable Finance Roadmap 2015-2019).

The objectives of the sustainable finance program in Indonesia are outlined in the 2015-2019 Indonesian Sustainable Finance Roadmap to:

1. Increase the durability and competitiveness of LJK so that they are able to grow and develop in a sustainable manner. Endurance is associated with better risk management capabilities, while competitiveness is associated with the ability of LJK to innovate environmentally friendly products/services.
2. Providing sources of funding needed by the community refers to the Long Term Development Plan (RPJP) and the Medium Term Development Plan (RPJM) which is characterized by pro-growth, pro-job, pro-poorness, and pro-environment.
3. Contribute to the national commitment to the problem of global warming through business activities that are prevention/mitigation as well as adaptation to climate change towards a competitive low-carbon economy.

As a form of implementation of the sustainable financial program, in the pre-condition stage, OJK has launched the pioneering project of First Movers on Sustainable Banking in November 2015. This initiative was voluntarily supported by eight banks representing 46% of the national banking assets, namely BRI, Bank Mandiri, BCA, BNI, BBM, Artha Graha International Bank, BRI Syariah, and Muamalat Bank.

Following up on the sustainable financial Roadmap, in 2017 OJK issued the Financial Services Authority Regulation (POJK) Number 51/POJK.03/2017 regarding the Application of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. The regulation is a milestone for the banking sector in Indonesia towards sustainable banking in Indonesia. The essence of POJK Number 51 of 2017 is requiring Financial Services Institutions (LJK), Issuers, and Public Companies to prepare a Sustainable Financial Action Plan (RAKB) and make a Sustainability Report (SR). The application of Sustainable Finance for banks must be carried out with the following provisions:

a. Commercial Banks classified as Commercial Banks based on Business Activities with a capital of 5 trillion to less than 30 trillion rupiah (BUKU 3), BUKU 4 (minimum capital of 30 trillion rupiahs), and foreign banks, came into force on January 1, 2019;

b. BUKU I (capital less than 1 trillion rupiahs) and BUKU 2 (capital 1 to less than 5 trillion rupiahs) came into force on January 1, 2020;
c. Rural Credit Banks based on Business Operations (BPRKU) III including Sharia Rural Banks (BPRS) which have a core capital equivalent to BPRKU III came into force on January 1, 2022;
d. BPRKU I and BPRKU II and BPRS that have core capital equivalent to BPRKU 1 or BPRKU 2 came into force on January 1, 2024.

On May 31, 2018 OJK in collaboration with WWF established the Indonesian Sustainable Financial Initiative (IKBI) which consisted of 8 banks, first movers. In 2019 IKBI members will increase by 5 banks, namely Bank CIMB Niaga, Bank Syariah Mandiri, Bank OCBC NISP, Maybank Indonesia, and Bank HSBC Indonesia (Suara.com 2019, download February 5, 2020) so that the number of IKBI members will become 13 banks. IKBI was formed with the aim of being an initiative to encourage bank and non-bank financial services institutions, issuers, public companies, and other institutions in implementing and developing sustainable financial best practices as an active contribution to the Sustainable Financial Roadmap and POJK No. 51 of 2017, specifically in supporting the achievement of the Indonesian government in dealing with climate change (reducing greenhouse gas emissions) and the Sustainable Development Goals (IKBI Flashnews July 2018).

OJK and the International Finance Corporation (IFC) agreed to continue cooperation in the development and implementation of policies and regulations for sustainable financial programs in Indonesia for the Sustainable Financial Phase II, and carry out priority projects in line with the government's agenda and the principles of the Sustainable Development Goals. Some programs include designing instruments to support infrastructure projects that are needed, such as blended finance, green bonds and other green financing products (Indonesian Banking Booklet 2019).

Implementation of Sustainable Banking in Indonesia

According to POJK Number 51 Year 2017 Appendix II Section 1.2.b, sustainability aspects consist of economic, social and environmental (ESL) aspects. Thus the aspects of sustainable banking in Indonesia consist of economic, social and environmental aspects. These three aspects must be disclosed in the sustainability report (Appendix II section IIA Number 2). Minimum content that must be submitted in the sustainability report, namely:
1. Economic aspects, consisting of several indicators:
   a. quantity of production or services sold;
   b. income or sales;
   c. net profit or loss;
   d. environmentally friendly products; and
   e. Involvement of local parties related to the Sustainable Finance business process.
2. Environmental aspects, including indicators:
   a. energy use (including electricity and water);
   b. resulting emission reductions (for banks whose business processes are directly related to the Environment);
   c. reduction of waste and effluents (waste that has entered the environment) generated (for banks whose business processes are directly related to the Environment);
   d. Conservation of biodiversity (for banks that are directly related to the business processes of the Environment).
3. Social aspects which are the description of the positive and negative impacts of the implementation of Sustainable Finance for the community and the environment (including people, regions, and funds).

Table 1 is a table that shows the Eight First Movers Sustainable Banking in Indonesia has prepared a sustainability report in which the minimum content of the three aspects is disclosed.

<table>
<thead>
<tr>
<th>No</th>
<th>Bank name</th>
<th>Aspect</th>
</tr>
</thead>
</table>
| 1  | BCA       | 1. The economy
|     |           | a. Building a Culture of Sustainability
|     |           | b. Sustainable Financial Portfolios
|     |           | c. Renewable Energy Financing
|     |           | d. Supporting Micro, Small and Medium Enterprises
|     |           | e. Infrastructure Project Financing
|     |           | f. Evaluate BCA Business Performance |
|     |           | 2. Social
|     |           | a. Commitment to Providing Equal Products and Services
|     |           | b. Employment
|     |           | c. Public
|     |           | d. BCA Guided Tourism Village
|     |           | 3. Environment
|     |           | a. BCA Approach, Green Office Campaign Information Media and Engaging Employees
|     |           | b. Environmental Costs
|     |           | c. Material Use
|     |           | d. Energy Use
|     |           | e. Water saving
|     |           | f. Bakti BCA in the field of environment, orangutan release, environmental preservation such as mangrove conservation
|     |           | g. Environmental Performance Evaluation |
| 2  | Mandiri   | 1. The economy
|     |           | a. Sustainable Bank, Product Portfolio and Green Products
|     |           | b. Financial Inclusion Program
|     |           | c. Education and Entrepreneurship Independence Program
|     |           | 2. Social
|     |           | a. Social Responsibility Program (CSR)
|     |           | b. Advancing with Superior Human Resources
|     |           | c. Providing a Safe and Comfortable Work Environment
|     |           | d. Labor Facilities with K3 Topics in Collective Labor Agreements
|     |           | e. Customer Satisfaction As Priority
|     |           | f. Socio-Economic Compliance
|     |           | 3. Environment
|     |           | a. Caring For Environmental Sustainability |
| 3  | BRI       | 1. Economy
|     |           | a. Sustainable Financial Action Plan, Policies related to social and environmental components and their application in the Company's business
|     |           | b. Economic Performance and Financial Inclusion
|     |           | c. Product Portfolio and Loan Quality
|     |           | 2. Social
|     |           | a. Influence Economy Not Lan gsgung that the financial value of products and services that are designed to bring a specific social benefit for each business activity p ompany, to the purpose of each
|     |           | b. Employment
|     |           | c. Local Community
|     |           | 3. Environment
|     |           | a. Waste Management by taking into account Waste Type and Management Method |
b. Emission Control by Emission Reduction  
c. Energy Management, by paying attention to energy usage and energy reduction.  
d. Investments are n use values of financial products and services designed to bring specific environmental advantages of each of the Company's business activities, to the purpose of each.

| 4 | BNI | 1. The economy | a. Funding for Environmental Benefits  
b. Guarantee Customer Satisfaction  
c. Funding for Social Benefits  
d. Portfolios to Support National Development  
2. Social | a. Together Managing Prosperous Human Resources  
b. Decent and Safe Work Environment  
c. Maintaining Quality Human Resources  
d. Bringing Inclusive Finance  
e. Community Development Optimization  
f. Social Forestry  
g. The 'Let's Save with Trash' Program  
h. Financial Literacy for Indonesian Migrant Workers  
i. Synergy of Sustainability with Subsidiaries  
b. 14 Professional Greenship Certified BNI Employees.  
c. Paperless Document Management through E-Office, 24.84 M Nominal savings on BNI e-PP paper. |

| 5 | Bjb | 1. The economy | a. Contributing economy to the country's sustainable development  
b. Supports the Sustainable Finance Roadmap  
c. Bank's Sustainable Financial Strategy bjb  
d. Application of Sustainable Financial Principles  
e. 2019-2023 Sustainable Financial Action Plan  
f. Responsible Financing  
g. Economic Performance and Contribution  
2. Social | a. Policies and Strategies for Community Empowerment  
b. Empowerment of Micro, Small and Medium Enterprises (MSMEs)  
c. The Social Responsibility Program Supports Sustainable Finance  
d. Local Community Involvement  
e. Realization of CSR Funds  
f. Financial Literacy  
b. Energy Use  
c. Water usage  
d. Paper Usage  
e. Greenhouse Gas Emissions  
f. Environmentally Friendly Digital Banking |

| 6 | BRISyariah | 1. The economy | a. Supporting Global Scale Sustainable Development Goals  
b. Sustainable Business Development Initiative  
c. Brisyariah's performance improved  
d. Building a Country Together with Work Partners  
e. Contribution to the State  
2. Social | a. BRI CSR Sharia Commitment and General Policy  
b. Increase Customer Satisfaction  
c. Managing & Developing Human Resource Competencies  
3. Environment | a. Improving the Performance of Environmental Protection Aspects  
b. Policy on Health, Safety and Environmental Aspects  
c. Green Office Operations  
d. Wastewater Treatment Installation (IPAL) at BRI Headquarters |

| 7 | Artha Graha | 1. The economy | a. Realizing Inclusive Finance  
b. Growth in Quality Green Credit Portfolios  
c. Rural Economic Empowerment |
2. Social
   a. Corporate social responsibility
   b. CSSR on Occupational Health and Safety
   c. CSSR Towards Social and Community Development
   d. CSSR on Products and Customers
3. Environment
   a. Energy Efficiency
   b. Electronic Banking
   c. Environmental Conservation
   d. Paperless program
   e. Consideration of Environmental Aspects in Providing Credit to Customers

<table>
<thead>
<tr>
<th>Bank</th>
<th>1. The economy</th>
<th>2. Social</th>
<th>3. Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Muamalat</td>
<td>Economic Performance</td>
<td>Staffing</td>
<td>Material</td>
</tr>
<tr>
<td></td>
<td>Indirect Economic Impacts</td>
<td>Occupational Health and Safety</td>
<td>Energy</td>
</tr>
<tr>
<td></td>
<td>Anti Corruption</td>
<td>Training and Education</td>
<td>Water</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marketing and Labeling</td>
<td>Waste water (effluent) and waste</td>
</tr>
</tbody>
</table>

Source: 2018 Sustainability Report from each bank

Table 1 shows that 8 Indonesian first movers banks have carried out their business activities according to POJK Number 51 of 2017, which has met the minimum content in the regulation.

Interview Result

Development of Banking in Indonesia

According to a Senior Faculty of LPPI, lending has begun to shift to debtors who care about social and environmental issues while still paying attention to economic aspects. However, it takes time for commitment to social and environment. The burden of costs that must be borne by banks and the ability of banks in general to be a cause to be able to commit to social and environmental. Furthermore, the informant from the LPPI believes that in general the concept of sustainable banks is very good when applied because it is believed that the impact is very good for banks. However, the implementation takes time gradually depending on the readiness of each bank. Therefore banks need incentives. The incentives are needed to increase attractiveness in overcoming the large costs of implementing the sustainable concept.

A Head of Section of BRI, all banks including first movers sustainable banking are trying to prepare RAKB and SR. Furthermore, at the initiative of OJK and WWF-Indonesia, the eight national banks representing 46% of Indonesia's banking assets were born in the Indonesian Sustainable Financial Initiative (IKBI) in May 2018. Appointed as the chairman is BRI. IKBI is a means of friendship and information exchange among its members, especially regarding the development of the application of the concept of sustainable finance (SF).

Implementation of Sustainable Banking in Indonesia

According to an informant from BCA, at Bank BCA the supervision of sustainable financial implementation began in mid-2019 under the control of the ESG Bureau (Environmental, Social, and Governance). The ESG Bureau is under the control of the Corporate Secretary division. Its employees are taken from corporate planning and corporate secretary. Before under the ESG Bureau the supervision of ongoing financial implementation under corporate banking analys.

According to information from their respective informants at Bank Artha Graha (BAG), Bank bjb, bank BNI, Bank Mandiri, Bank BRI, Bank Muamalat, and Bank BriSyariah, in their bank there are no special units established specifically to oversee the implementation of SF Sustainable Finance. In general, the application of SF in 7 banks is supervised only under the task force that is under the control of the Risk Management Division, Corporate secretary, Corporate Planning, Compliance, Strategic Planning, or other divisions in the bank.

The informants acknowledged that in the absence of a special unit overseeing SF implementation, SF implementation was constrained, not optimal because it was unfocused and disturbed by the main work tasks of the division in which the task force was located. They hope that the SF implementation supervision special unit will be made soon, even though they understand that it requires a significant budget. According to an informant from Muamalat Bank there is no SF unit in Muamalat bank as a form of company efficiency. The existence of the SF management unit does not guarantee that the bank has more advanced in carrying out the concept of SF or sustainable banks (according to an informant from the LPPI).

Benefits as Sustainable Banking

An Associate Director of Bank Artha Graha (BAG) stated that the benefits of being a Sustainable Bank were financially non-existent and were merely recognition that the bank cared about implementing sustainable finance. That
sustainable banking is certainly expected to be even more prominent in the following years. The informant from BAG stated that the bank has not felt significant benefits from the adoption of the SF concept, which is felt when BNI gets positive appreciation from foreign investors when they find out that BNI already has SR (the same thing is felt by BRISyariah). 

Different opinions are felt by Bank BCA. Informants from Bank BCA said that BCA became stronger after it became sustainable. For example, the bank has given credit or financing that did not exist, now exists, such as environmentally friendly loans and housing loans (KPR) homes that use solar cells. The impact is that employee income increases with increasing profit levels. Another benefit is contributing to the environment. For example, by only giving credit to oil palm plantation companies that care about the environment such as those who follow government regulations, do not burn forests and logging.

Furthermore, according to a Sustainability Expert from SR Asia, the quality of the RAKB and SR must report the achievement of the bank. That can be seen with no more demonstrations conducted by the public against the bank. Previous demonstrations by the community against banks often occurred, because banks were considered to contribute to forest fires carried out by oil palm companies. The other benefit is to meet the needs of investors who require financing-sustainability in the bank. In short, banks become stronger, profits increase, employee income is better, and there is no demonstration by the public. Benefits obtained by implementing SF are in the form of rewards (provided education and capital), as long as it finances a sustainable debtor (A Commercial Leader from Bank bjb).

Achievement of Sustainable Banking Implementation Targets

According to an informant from BAG and Muamalat Bank, BAG Bank and Muamalat Bank are still included in BUKU II, which were only affected by the adoption of the SF concept in 2020. However, BAG and Muamalat have been preparing from now to implement SF in 2020 properly. In contrast to BAG and Muamalat, Bank BCA has adopted the SF concept, even in 2019 BCA has prepared the RAKB for the second time and SR for the fourth time. Product development, Human Resource development, and Systems and Procedures have been carried out in accordance with POJK Number 51 of 2017. The Bank has also endeavored and implemented a portion of 12 (twelve) types of Sustainable Business Activities and the bank is committed to continue to strive to run all the KUBL.

As has been done by Bank BCA, other banks have partly implemented SF. Bank BNI has even compiled SR since 2009 while RAKB has been compiled for the second time. According to an informant from Bank BNI, the focus of the BNI RAKB in 2019 will be on capacity building and new and renewable energy portfolios. Just like BCA and BNI, Bank Mandiri and BRI Bank first drafted the RAKB in 2018, so in 2019 was the second year they drafted the RAKB. The SR Bank Mandiri was first compiled in 2013, while the SR for BRI Bank was compiled for the third time in 2019. Bank BRI has implemented 5 KUBL out of 12 mandated by POJK Number 51 of 2017. There is also the BRI Bank Group, namely Bank BRISyariah has compiled SRs from 2015 to 2017, while the RAKB in 2019 is in the process of being drafted. According to informants from BRISyariah, henceforth BRISyariah will compile SR after the RAKB is formed.

According to an informant from OJK, the concept of Sustainable finance is a new concept in Indonesia. All parties are still learning together. Therefore OJK cannot apply standards that are too high. However, from reports made by banks, such as RAKB is not yet perfect but has led to what is expected. The evaluation of the following years is certainly expected to be even better. In line with the informant from the OJK, according to a Sustainability Expert from SR Asia, the quality of the RAKB and SR is not as expected by the OJK. SR must report the achievement of the RAKB. Currently, each bank is still in the process of implementing POJK Number 51 Year 2017 well. Ideally, within 2 years the banks will provide infrastructure, prepare policies, procedures and others. It must be admitted that there are several banks that have prepared their portfolios well but have not yet been massive.

Sustainable Banking Guidelines in Indonesia

Some opinions about the need for special guidelines on Sustainable Banking in Indonesia were stated by the informants. According to an informant from BAG, the guidelines for sustainable banking are not necessary because POJK Number 51 of 2017 and related to it is sufficient to be a legal umbrella for sustainable banking in Indonesia. This opinion is in line with the opinion of the informant from OJK who said that a bank-specific roadmap is not needed, the existing roadmap has covered all of it. In line with this opinion, informants from Bank BCA, BNI, and bjb. According to an informant from BCA, what is needed now is a guide for non-banks (IKNB) because the current guidelines are specifically for banks. The informant
from BJB added that what was needed now was a guideline for each segment. There should be specific guidelines for each commercial bank, Islamic bank, and for other LJK separately.

According to a Sustainability Expert from SR Asia, if a bank is made sustainable a special guideline will be difficult for the bank itself because the implementation in each bank must be strategic and the nature of the strategy varies. This informant further argues that it would be more appropriate if for example the OJK made case studies of how the application of SF could be in Indonesian banks or in other countries, or how banks had specific strategies related to climate change. That is not yet imagined in Indonesian banks. Case studies should also be given to OJK people. There is one important thing that needs to be fixed by all parties. Actually SF is nothing new for banks. Before POJK 51 was published, SF was known by banks through the Equator Principal (EP). The irony is that many banks do not know about EP even though it is mentioned in the technical guidelines.

Furthermore, the sustainability expert revealed that there is something interesting in the OJK regulations, namely banks are required to prepare SR, all aspects must be noted even though in other countries the model is not like that. For example in Malaysia it is quite simple, namely banks are required to prepare SRs with reference to certain reporting standards such as the Global Reporting Initiative (GRI). Another example in the United States refers to the Sustainability Accounting Standard Board (SASB). Such a model does not make people confused banks that result in each improvising according to their respective tastes. Therefore, he hopes, what is needed now is not more detailed technical guidelines but more to case studies and includes success stories on how to develop products and so on.

CONCLUSIONS AND IMPLICATIONS

Sustainable banking in Indonesia shows a positive development. That can be seen from several perspectives. First, banks in Indonesia already have a 2014 Sustainable Finance Roadmap and POJK Number 51 /POJK.03/2017 on the Application of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies, which are mandatory for banks to prepare Sustainable Financial Action Plans and Reports Continuity. Second, Indonesia already has first movers sustainable banking consisting of 8 banks, namely BRI, Mandiri, BCA, BNI, BJB, Artha Graha Internasional, and Muamalat Bank which are committed and become the driving force for the implementation of Sustainable Finance. Third, Indonesia has an Indonesian Sustainable Financial Initiative consisting of 8 first movers sustainable banking banks and 5 other banks, namely Bank CIMB Niaga, Bank Syariah Mandiri, Bank OCBC NISP, Maybank Indonesia, and Bank HSBC Indonesia. Fourth, 8 Bank first movers have carried out the POJK mandate Number 51 of 2017, among others proven by having compiled RAKB and SR. Fifth, from interviews with informants obtained information about the development of banking in Indonesia, sustainable banking supervision units, the benefits of being sustainable banking, achievement of targets for the implementation of sustainable banking, and the need for sustainable banking guidelines, showing the concern and desire of the informants for the development of sustainable banking in Indonesia. The fifth implication of this perspective, the banking sustained in Indonesia is growing well, resulting in the expected goals of sustainable development can be realized.

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