

Banking.





Mobilising Sustainability in the Banking Industry Through Digital Processes.

Digital sustainability is emerging as a mega-trend in the banking industry. Since the UN climate conference (COP26) in 2021, the general public, investors, regulators and clients have grown minutely aware of the need to press for environmental change in the sector.

As a result, banks worldwide are adapting to prioritise sustainable practices and achieve their Environmental, Sustainability and Governance (ESG) targets. For instance, some of the largest global financial services institutions, such as [Santander](#), have pledged net zero emissions by 2050.

Making profound, long-term environmental change in the sector is an interesting challenge — one that may only be possible with technology. According to a survey by [Finance Digest](#), almost three quarters (72%) of UK banks are embracing digital technology to make their business operations greener.

By optimising internal operations through digital transformation, banks can harmonise their operations with sustainability while maintaining a competitive advantage. Continue reading to discover the trends driving the need for environmental change and explore the potential impact of digital processes on sustainability in the banking industry.

Three Trends Driving the Need for Sustainability in the Banking Industry

1. Climate Change

The effects of climate change are becoming more frequent and serious. The ever-present risk is making sustainability critical for banks, seeing as they are a major source of funding for businesses — from eco-friendly enterprises to billion-dollar oil companies.

As a result, shareholders, bank staff and customers expect banks to embrace environmental commitments to mitigate the impacts of climate change. A sustainability pledge shows that banks are serious about making their operations eco-friendly and contributing to a greener society.

Unlike other businesses, however, banks have a responsibility to reduce both their direct and indirect

carbon footprint. Indirect emissions from banking activities include funding (through loans) businesses that actively contribute to the climate crisis.

Meanwhile, direct emissions relate to a bank's internal operations, staff and offices. Banks need to tackle climate change on both fronts to fortify their commitment to sustainability and prove to stakeholders that they're making real change to future-proof the business.

2. Reputation

Consumer demands are a major driver for more sustainable banking operations. A staggering 73% of global consumers say they would change their buying behaviour to reduce their impact on the environment, according to a study by [NielsenIQ \(2019\)](#). Fast-changing consumer awareness and preferences have put pressure on banks to act sustainably and offer full transparency about how it's done.

Banks with weak sustainable targets risk facing public criticism. However, institutions that overstate their commitment to sustainability also risk being accused of “[greenwashing](#)”, damaging their overall image. Greenwashing happens when a business forges an ecologically responsible image while reality tells an entirely different story.

The next generation of consumers is also demanding that banks place greater emphasis on going green. In January 2022, Credit Suisse Research Institute (CSRI) conducted a study of 10,000 people aged 18-40 across ten countries.

According to [the study](#), around 75% of younger consumers with environmental concerns aim to live sustainably going forward, while 25% will try to convince family and friends to do the same. The sustainability trend isn't going away, and banks need to adapt now to stay relevant in the future.

3. Regulation

Regulation around sustainability reporting and greenhouse gas emission calculations has also gained momentum, with a barrage of new climate risk regulations and reporting requirements hitting the financial sector.

European banks were warned by the [European Central Bank \(ECB\)](#) in 2021 that most of them were failing to implement meaningful climate-related and environmental reporting.

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[Climate stress testing](#) of eurozone banks began in January 2022. These tests will shed light on the climate risks still affecting the industry, and regulators hope that they will provide the insight they need to determine the impact climate risks have on economic and financial stability.

Many banks are unprepared for this level of scrutiny. Financial institutions must, therefore, prioritise their environmental targets and adapt operations to fit a more climate-friendly narrative sooner rather than later.

Digitally Optimised Operations: A Golden Opportunity for Sustainability in Banking

Weaving digital transformation into banks' operations is one of the most reliable ways of making considerable, rapid progress towards environmental targets. In fact, some experts state that [sustainability can only succeed in the digital age](#), meaning both sustainability and digitalisation must be considered in tandem. This concept is called digital sustainability.

[Digital sustainability](#) in the banking industry involves digitising back-end processes and making a more permanent move to digital banking. Below, we've high-

lighted three digital trends that could be the catalyst to trigger sustainability in the banking industry.

E-documents

According to the WWF, around [40%](#) of all industrial wood goes into the paper industry and the production of materials like paper and cardboard. When done unsustainably, the process can have devastating impacts on the planet and contribute to deforestation.

Some financial institutions are already taking steps to digitise their documents and reduce paper waste. For instance, banks such as Natwest stopped sending paper statements by default, instead allowing customers to request them if needed. Many other banks are encouraging customers to opt-out of receiving paper based communications by highlighting the environmental impact in their production and delivery.

In a fast-moving global economy, e-documents also have a significant impact on an organisation's revenues. Banks can cut out expenses related to the delivery of paper documents, storage costs and extras such as envelopes. In addition, electronic information is easier to process and reduces the need for repeated data entry. Access to structured data can also enhance decision-making regarding budgeting, customer insights, KYC etc.

Digital Mobile Banking

Banking customers raced online during the pandemic — and many aren't going back. A comprehensive study by [Bain](#) found that 95% of consumers won't go analogue again, proving that there's an appetite for more robust digital banking services.

By embracing digital banking, banks can improve operational efficiency while making their business operations "greener". By moving operations to cloud-based solutions, banks can reduce the need for travel and paper-based transactions, positively impacting their green agendas.

Open banking also plays an important role in creating a more sustainable, digital environment for banking customers. Banks can partner with fintechs to build services that can make a difference by using transactional data in a meaningful way. For instance, in France, [Greenly](#) works with banking giant BNP Paribas to offer carbon tracking to its customers through the banking app, enabling them to make greener choices on a daily basis.

Digital Onboarding

According to a report by [Juniper Research](#), nearly **330 million** new bank accounts will be opened through digital onboarding in 2025, compared to 184 million in 2020.

Digital onboarding presents both a challenge and an opportunity for banks. On the one hand, banks hoping to take advantage of digital onboarding will need to rebuild their KYC processes to prevent the risk of identity fraud. On the other hand, digital onboarding can drive down a bank's carbon footprint by removing the need for paper processes and trips to the bank.

Traditionally, customer account opening has been intensely manual, paper-driven and plagued by inter-departmental delay.

Formpipe worked with [Metro Bank](#) to overcome these challenges and streamline the onboarding process for new customers. Metro Bank's research showed that if the account opening process became more about starting a relationship with the customer and less about tedious form filling, they could increase their opportunities to create a customer for life.

In light of this research, Metro Bank utilised the Formpipe product suite to enhance their new customer's experience and cut the onboarding time to just 15 minutes. In addition to satisfied customers, Metro Bank will also benefit from a more environmentally friendly process by onboarding customers remotely. You can read more about the process [here](#).

40% of UK banks state that sustainable digitisation led to cost savings, customer retention, & growth.



Reap the Benefits of Digital Sustainability with Formpipe

The impact of digital sustainability extends beyond the environment. In fact, [2 in 5 \(40%\) of UK banks](#) state that sustainable digitisation actually led to **cost savings, customer retention, and growth**.

Future-thinking banks must adapt now and integrate more sustainable ways of working to meet changing customer demands and developing regulations.

Formpipe's input and output document management solution is critical to any bank's digital strategy. With it, banks will be able to:

- 01 Generate**
[Lasernet](#) takes care of your data, leaving you free to focus on your document design. Just create a digital template, then drag and drop the output where you want it. It really is that straight-forward.
- 02 Distribute**
Automatically sort, batch, schedule or send your customer facing documents to multiple broadcast channels, including archive (and internet banking), email and third-party API endpoints.
- 03 Archive**
[Autoform DM](#) provides a centrally available, customer-focused digital repository. Staff and customers alike can securely access stored documents at the click of a button from a single interface.
- 04 Retrieve**
Autoform DM gives your staff and customers the ability to rapidly retrieve photos, signatures, application forms, IDs and banking documents.

Fast-track Your Sustainability Efforts with Formpipe

In banking, more than any other industry, the need for free-flowing, integrated information continues to increase. Moving from paper-based documents to electronic versions is becoming a must due to their cost-saving and eco-friendly benefits.

Lasernet provides you with an intuitive drag and drop interface which allows you to easily design and update documents, removing reliance on environmentally damaging materials such as pre-printed stationery, forms and paperwork. It also provides a wide range of zero-carbon digital delivery options to suit your customer's needs. Meanwhile, Autoform DM provides customer-centric digital storage and retrieval, enhancing customer journeys by providing information exactly when and where you need it.

Our software brings cloud-first digital document composition, distribution, storage and retrieval functionality to all modern core banking platforms, that can both provide and enhance overall sustainability goals.

[Get in touch](#) with our experts to learn more about the Formpipe platform and fast-track your sustainability efforts today.



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