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Driving Sustainability with Data and AI in Financial Services

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Sustainability in BFSI: Navigating Regulations, Customer Demands, and Data Challenges

Setting and achieving Sustainability goals is complex in BFSI. To be truly sustainable, organisations need to:

1

Reduce internal energy consumption and carbon footprint

2

Fund the transition to decarbonisation in high emission industries

3

Introduce “green” customer products and services

4

Monitor carbon data for financed emissions



Data and AI have the potential to assist in achieving these objectives, provided they are used effectively.



#1 Data to Achieve and Measure Progress

To prioritise sustainability within an organisation, it must be ingrained in its core values.

This includes:

- ➔ **Organisational Culture.** Infuse eco-friendly and ethical practices into the company's ethos and decision-making.
- ➔ **Leadership & People Strategy.** Provide leadership and the workforce with the knowledge and skills required to drive effective sustainability initiatives.
- ➔ **Stakeholder Messaging.** Create compelling messages that convey the commitment to sustainability to all stakeholders.
- ➔ **Data & Technology Strategy.** Develop strategies for data and technology that not only support business goals but also advance sustainability objectives.

Sustainability goals should be measurable and closely aligned with overall business objectives. This includes defining the right KPIs that align both and using data insights to measure progress.



#2 Data to Go Beyond Reporting & Compliance

Compliance and reporting are critical for financial institutions. However, to be truly sustainable BFSI organisations must go beyond.

Financial organisations have a choice – they can either focus on simply meeting standards or integrate sustainability as a central element within their transformative journeys.

Sustainability metrics go beyond regulatory risk mitigation. Organisations should see sustainability data as a valuable asset for actionable insights, achieved through seamless integration across systems and business units.

Drivers of Sustainability in BFSI Organisations



Regulatory Obligations



Alignment of Sustainability to Transformation Goals

Source: Ecosystem State of Enterprise ESG Adoption Study, 2023





#3 Data for Smart Asset Management

BFSI institutions operate multiple facilities and assets – there are substantial prospects for carbon footprint reduction. Minimising the carbon footprint can yield advantages such as enhanced energy cost efficiency and prolonged asset lifespan.

An interconnected network of intelligent facilities and assets that continuously collect real-time asset data and use embedded analytics can enhance asset management. This is achieved through the integration of Operational Technology (OT) and IT systems. Smart enterprise asset management solutions can automate asset and infrastructure management, facilitating remote monitoring and control of asset operations.

This intelligence can be used effectively to monitor energy usage and emissions, identify high energy use, and ultimately, highlight opportunities for lowering carbon footprint.





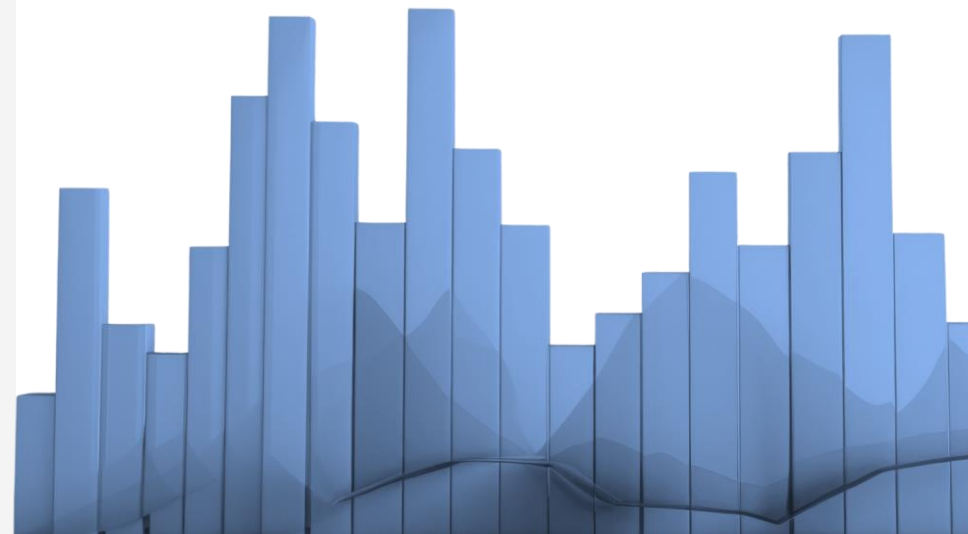
#4 Data for Sustainable IT

Tech teams need to prioritise energy efficiency and emissions reduction to achieve a trifecta of goals – cutting IT costs, optimising energy use, and ensuring regulatory compliance.

The journey begins with a dedicated focus on minimising the environmental impact of IT equipment and operations, leveraging energy-efficient hardware, virtualisation, cloud computing, and other tools and technologies.

What holds immense potential for tech leaders is the continuous real-time automation of critical actions. This guarantees the most efficient allocation of compute, storage, and network resources across all layers of the tech stack.

Many IT teams have already adopted FinOps tools and predictive analytics dashboards for cost and resource optimisation – this can be extended to monitor and enhance energy efficiency.

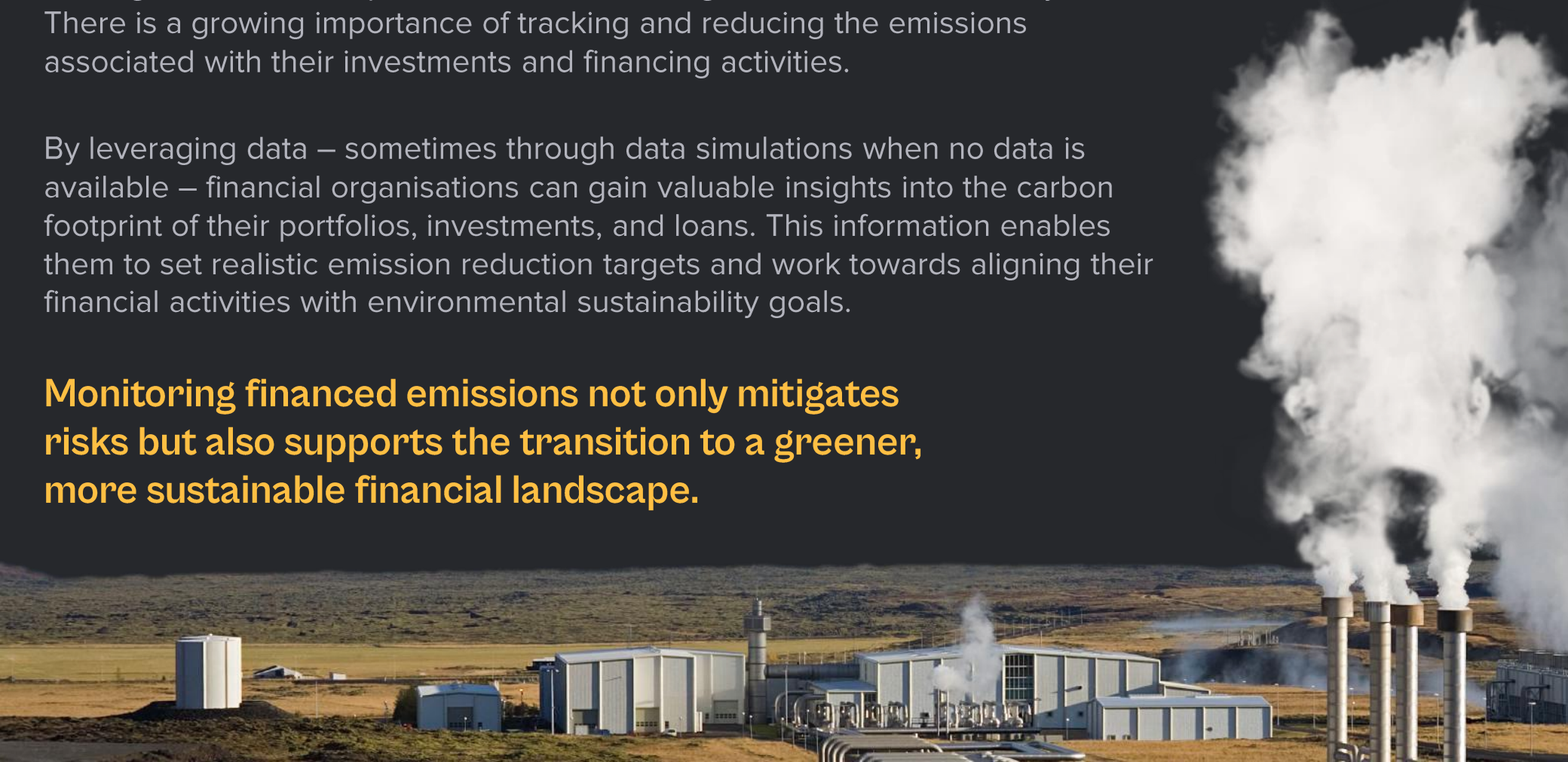


#5 Data to Monitor Financed Emission

Using data to monitor financed emissions is the next step for BFSI organisations looking to enhance responsible financial management and sustainability efforts. There is a growing importance of tracking and reducing the emissions associated with their investments and financing activities.

By leveraging data – sometimes through data simulations when no data is available – financial organisations can gain valuable insights into the carbon footprint of their portfolios, investments, and loans. This information enables them to set realistic emission reduction targets and work towards aligning their financial activities with environmental sustainability goals.

Monitoring financed emissions not only mitigates risks but also supports the transition to a greener, more sustainable financial landscape.



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