



Banker/Insurer

INFO

A banker may be either a bank owner or a bank executive. A bank is an intermediary financial institution that accepts deposits and channels those deposits through direct or indirect loans.



An insurer works in an insurance company, which is an institution that facilitates the management of assets with regard to risk, contingency and uncertainty.

Due to the important economic role of banks and insurance companies — both nationally and internationally — these institutions are highly regulated in most countries.

On a daily basis, bankers manage the funds and deposits of individuals and businesses that invest in banks for the interest provided on their money. Bankers are crucial in terms of managing and loaning money to people who wish to purchase a house, buy a new car, or develop a business, for example. If people lack the initial capital to buy goods directly, the banks offer the capital at a rate of interest that the borrower is obliged to pay off in the future. In this context, the financial industry fulfils an essential function in society. However, providing loans to risky borrowers at high interest rates was a contributing factor in the collapse of the real estate market in the United States and the subsequent global financial recession. The concentration of wealth into fewer and fewer hands, along with widening financial inequality, sparked global protests and gave rise to the “Occupy” movements, which demanded, among other things, an end to high-risk banking practices and so-called grey financial investments. For better or worse, financial institutions retain great power to shift markets and manipulate investment trends.

IMPACT

The concept of sustainable development is based on three pillars: social, economic and environmental. Financial institutions have an important role in society in relation to the economic pillar of sustainable development, but they often neglect the fact that economic investments should be assessed holistically in the context of the other two pillars of sustainability. When banks continue to buy shares in companies that are willing to maximise their profits at the expense of the environ-



ment, they are encouraging destructive forms of investment. On the other hand, the banking and insurance industries can play an important role in ensuring sustainability by making socially responsible investments, which place a higher value on long-term wealth and stability than on short-term profit maximisation. Green investments, a major component of socially responsible investments, are investments in companies that are clearly committed to sustainability and environmentally conscious business practices. According to a recent UN study, investments of around USD 1.3 trillion (equivalent to 2 percent of global GDP per year) are required between 2010 to 2050, across a range of sectors, in order to make the global economy more sustainable. Such investments would require the concerted efforts of governments, businesses and the financial sector.

TIPS

The following guidelines can make banking more sustainable:



- Before investing in a company, it is worth checking whether that company is registered with the Global Reporting Initiative, which provides general information on companies' environmental, social and economic performance. If the companies you would like to invest in are not part of the Global Reporting Initiative, encourage them to join: <https://www.globalreporting.org/>
- Banks typically process thousands of printed documents per day, resulting in vast amounts of wasted paper and ink. This waste is not only bad for the environment, it is bad for business as well, since paper and ink cartridges cost money. Encourage your bank to become paperless wherever possible — or at least to use recycled paper and double-sided printing.
- Loans for energy efficiency improvements in the home are a good investment, as energy efficiency increases the value of the property. In addition, borrowers save money as a result of home improvements, which provides greater insurance that the loans will be paid back.
- Check whether your bank is a member of the Finance Initiative of the United Nations Environment Programme (UNEP). This is a global partnership between the UN and the financial sector that aims catalysing action across the financial system to support the transition to more sustainable and inclusive economies worldwide <http://www.unepfi.org/benefits/join/>