

## Heeding the call: banks and mobile operators are going green

Responding to a growing demand for environmentally-friendly business practices, banks, and mobile carriers are innovating to satisfy eco-conscious consumers.

# PAYMENT CONNECTIVITY

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As a growing number of consumers expect more responsible business practices from service providers across all sectors, banks and mobile carriers are taking concrete actions to build a more sustainable future. That includes everything from how payment cards and SIM technologies are made and distributed to making big investments in carbon reduction and renewable energy.

### Mobile operators commit to a more sustainable approach

The mobile sector is quickly moving to align with their customers' values and proactively engaging with governmental initiatives. As an example, in 2019, the GSMA announced that **1 in 3 mobile operators had already taken commitments to tackle climate change**, and consider that the organization sets the tone by structuring their actions to answer the challenges raised by the United Nations' Sustainable Development Goals. In a clear example of the mobile industry leading by example, in March 2021, when the European Commission created the European Green Digital Coalition with the purpose of supporting decarbonization with digitalization, **half of the 26 founding members were from the mobile sector.**<sup>1</sup>



*Mobile companies realize they need to act for sustainability. It's not just a buzzword, it's about doing what's right for the environment.*

Frédéric Moreira, Services Business Line Director, Connectivity Services Business Unit, IDEMIA

As the environmental impact of high technology and connectivity becomes both stronger and better understood while the **sustainable engagements of customers get stronger**, mobile operators reconsider their business and operation models in a more environmentally friendly way.

Some carriers are **making big, green investments**: the U.S. carrier Verizon has raised three billion dollars using "green bonds" – taking on debt – to move its network from traditional energy sources to renewables.<sup>2</sup> *"It's concrete action,"* Moreira says. *"It's not just saying that they are going green, but also taking the actions in order to make it happen."*

Opportunities to promote greener practices by mobile operators are far and large. To become energy savvy, mobile operators develop **network infrastructures powered with 100% renewable energy**. They can also take actions to

reduce emissions related to networks and equipment. To limit the amount of waste linked to their industry, they set up green offices, and propose **smartphone-recycling programs** to their subscribers. Recently, Orange Group announced their ambition that 10% of smartphones sold through their European branches will be refurbished handsets by 2025<sup>3</sup>.

As they look for options to reduce the negative impact of plastics used in SIMs, some carriers have made the move to **recycled-plastic SIMs**, which can be combined with the use of a **half-card format** to cut the amount of plastic used by traditional 'credit-card-sized' formats by half. These environmentally friendly SIM technologies not only add value to their brand but are also a powerful asset for a greener connected world. Other carriers consider **moving to eSIM** to reduce the use of plastic products. All these initiatives contribute to the sustainability movement in telecom.

## Banks give customers choices that address their desire to act

In the banking world, the shift has also been rapid: the United Nations Environment Program Finance Initiative, or UNDP, released its **Principles for Responsible Banking in 2018**. More than 270 banks, representing roughly 45 percent of banking assets worldwide, have voluntarily joined the movement.<sup>4</sup> In parallel, the **UN Net-Zero Banking Alliance** is poised to mobilize 43% of banking assets worldwide for a 1.5°C climate-aligned future by 2050.<sup>5</sup> In addition, MASTERCARD launched the **Priceless Planet Coalition in 2019** to unite businesses, environmental experts, and consumers to preserve the environment through the restoration of 100 million trees in five years.

According to a 2020 poll, 92 percent of consumers worldwide think their bank should actively contribute to preserving the planet and 87 percent of them think the bank should offer eco-friendly payment cards.



*There is no doubt that the consumers of today expect the companies they work with, including banks, to accommodate their values, in large part by contributing to a sustainable future.*

Magali Fioux, Sustainable Services Business Line Director, Financial Institutions Business Unit at IDEMIA

Among the new approaches being embraced by the financial industry are **revamped investment strategies**, such as pledges to cease financing fossil fuel projects and companies. Banks are also proposing **"New Green Deposits,"** letting consumers choose where their deposits will be used in Environmental, Social, Governance (ESG) projects. And for some "neo" banks like Revolut, answering the will of consumers to participate in a more sustainable economy consists in offering options that let them **round-up purchases** to contribute to reforestation or other environmentally friendly projects.

## Transparency and efficiency in carbon offset programs

The collaboration between ClimateSeed, an impact-driven company, and IDEMIA is a great example of tangible climate action from the banking sector. Founded in 2018 by a group of former BNP Paribas employees, the company has since been acquired by an Impact Fund of AXA Investment Managers to grow and scale-up the company to achieve ambitious climate goals and greater environmental finance. ClimateSeed proposes **high quality carbon reduction projects** that protect the environment, biodiversity, and have strong social impacts on local communities.



*Since our launch in 2018, the market has completely shifted from a buyer's market to a seller's market. In the past, project developers struggled to sell carbon credits because there was not a lot of demand, but that has shifted today. As a result, an increasing number of organizations are supporting carbon reduction projects; however, high-quality carbon reduction projects are difficult to find without the right expertise.*

Alessandra Souroujon, Carbon Project Manager Americas at ClimateSeed

ClimateSeed aims to **maximize positive social and environmental impacts** to the projects through a transparent collaboration with project developers. Project developers fix the contribution price (per ton of CO<sub>2</sub>) and ClimateSeed adds a 15% fee paid directly by the contributors to cover its costs. All projects ClimateSeed proposes have passed its three-step verification process, including **standard certification, banking due-diligence, and project technical and qualitative review**.

Souroujon cites a peatland restoration program in Indonesia as one of her favorites. It is one of the largest projects supported through the voluntary carbon market—covering 150,000 hectares of critical peat swamp forest, it annually keeps 7.5 million tons of carbon out of the atmosphere; the equivalent of taking 2 million cars off the road each year.

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<sup>1</sup> <https://www.gsma.com/gsmaeurope/news/eu-green-digital-coalition/>

<sup>2</sup> <https://www.climateaction.org/news/verizon-fully-allocates-third-1-billion-green-bond>

<sup>3</sup> [https://www.orange.com/sites/orange.com/files/documents/2021-](https://www.orange.com/sites/orange.com/files/documents/2021-09/Orange%20Inaugural%20Sustainability%20Bond%20-%20Allocation%20%26%20Impact%20Report.pdf)

[09/Orange%20Inaugural%20Sustainability%20Bond%20-%20Allocation%20%26%20Impact%20Report.pdf](https://www.orange.com/sites/orange.com/files/documents/2021-09/Orange%20Inaugural%20Sustainability%20Bond%20-%20Allocation%20%26%20Impact%20Report.pdf)

<sup>4</sup> <https://www.unepfi.org/annual-overview-2019-2020/>

<sup>5</sup> <https://www.unepfi.org/news/industries/banking/net-zero-banking-alliance-reaches-milestone-with-90-banks-committed/>