

CONFERENCE CHATTER

Banks are more ESG aware but struggle with data

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Banks are becoming more aware of environmental, social and governance, or ESG, issues, but some still struggle with how to accurately report data or tell their story on these issues.

During a panel discussion at an S&P Global Market Intelligence community banking virtual conference, bankers said they were paying more attention to ESG issues because of demand from communities, investors and boards of directors. But even though banks are feeling more pressure to report ESG progress, a lack of streamlined data points can create challenges.

A poll during the panel showed respondents pointed to lack of resources and education, along with difficulty measuring environmental and social progress, as the biggest challenges to putting together ESG programs.

For Evansville, Ind.-based Old National Bancorp, publishing an ESG report detailing the bank's progress has helped the bank tell its ESG story, said Chairman and CEO Jim Ryan during the panel.

"I think that's been helpful for us because we have this document now that we produce to help tell it in a better way," said Ryan. The lack of standardized data points allowed the bank to focus on its values, but the bank had to be open about where it still had work to do, Ryan said. "Sometimes, it's uncomfortable to see some of the numbers," he said.

Many stakeholders appreciate the effort, even if each bank's report is different.

"All investors are looking for at the moment is transparency," said Jennifer Docherty, managing director and assistant general counsel for the financial services group at Piper Sandler & Co. Docherty is a co-founder and CEO of Bank On Women Inc., a nonprofit with the goal of increasing the number of women serving on boards of directors and in executive management at banks.

Docherty believes a more standardized framework will emerge soon, as more banks become aware of the value of focusing on ESG.

"I don't think you can ignore it for long," Ryan agreed.

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