

Implementation Support Session

UNEP FI Impact Analysis Tools

31 August 2021

Agenda

- **Getting Started**
 - Time and frequency of the impact analysis
 - Who is involved in the process
 - Building on other/existing analyses
- **Scoping**
 - Categorization/definition of banking activities
 - Tool scope and capacity
 - Indicators/metrics to capture volumes of banking activities
 - Carry forward of data from the Scoping section to the rest of the Tool
- **Technical support**
 - What support/resources are available
 - File heaviness
- **AOB**
- **Next sessions**

- **Getting Started**

- Time and frequency of the impact analysis
- Who is involved in the process
- Building on other/existing analyses

Getting Started

Time and frequency of the impact analysis

Q:How much time is needed to run the impact analysis & how frequent the analysis should be?

- Filling the tool is quick, the part that is time-consuming is to collect and organise the data
 - For smaller banks, with mostly consumer and/or business banking portfolios and active in a single country, collection and organisations can be completed over a couple of months, while data inputting can be completed within a week or two
 - For larger banks with large and diverse portfolios the process will take more time and is likely to be concentrated on a sub-set activities at first.
- > Key to accelerating your process is your ability to mobilise colleagues across a number of teams who hold the necessary data (see next question)
- > The first time you conduct Impact Analysis will be more time consuming since you'll be collecting and organizing data for the first time

Getting Started

Time and frequency of the impact analysis

- Impact Analysis should be regularly reviewed and updated:
 - **Iterative process:** the first impact analysis may not have included all business fields or markets/geographies of the bank (scope) or it may have relied on sector averages/proxies. This should be further developed, improved and refined over time.
 - **Dynamic process:** content (portfolio make-up, impact performance, etc.) and context (national and international regulation, government priorities, targets etc.) of the bank changes over time
- Align the timing of your updates with the timing of your existing (financial and extra-financial) reviews and disclosures and move towards an annual review of your impact analysis.

Getting Started

Who is involved in the process

Q:who needs to be involved in the process?

- No specific technical expertise is needed to use the Tool
- However, you will need support from various departments in the bank to compile the necessary data> Identify and involve these as you are defining the scope of your analysis
- Ideally the group would include the main departments of the bank: finance, risk, business units...
- Take this opportunity to communicate the strategic objectives of the analysis and to ensure uptake and continuity once the analysis is completed and actions need to be taken to implement strategies and meet targets.

Getting Started

Building on other/existing analyses

Q: how can I build on the results of other/existing analyses (e.g. materiality assessment)?

Getting Started

Building on other/existing analyses

Materiality assessment

- Identification of topics for consideration in the bank's business and sustainability strategies.
- Concerned with topics selected depending on the purpose of the assessment, and their significance to the business.
- Prioritises based on subjective general stakeholder engagement, as well as some data and research relating to sustainable development.

PRB Impact analysis

- Identification of topics most closely associated with the bank's business activities (not internal operational activities).
- Concerned with impact on the societies, economies and environments driven by the nature of the business activities, the countries of operation and the types of clients.
- Prioritises based on an objective appraisal of impacts associated with the bank's portfolio (stakeholder engagement complements the analysis)

Getting Started

Building on other/existing analyses

Building on the results of the materiality assessment

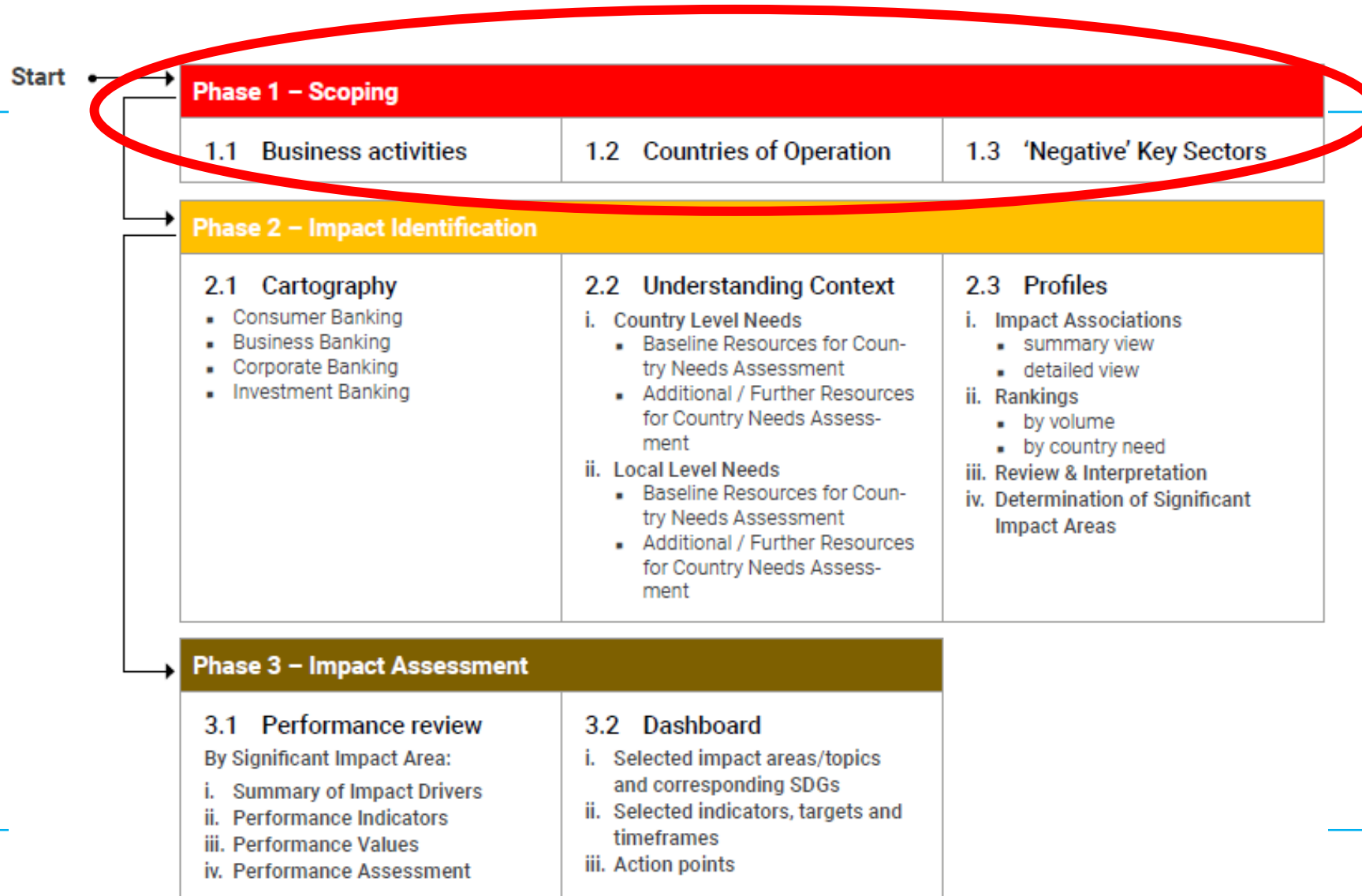
Your materiality assessment should have prioritised a range of social and environmental topics relevant to the bank

- Those concerned with internal operations of the bank are not relevant to your PRB impact analysis
- Those that look out to the bank's impact on the world through its products and services can inform your focus for the PRB impact analysis.
- The research done to identify the issues that are most relevant to the bank's contribution to sustainable development can inform your understanding of country/regional context and assist with prioritisation of the focus of your impact management work.

- **Scoping**

- Categorization/definition of banking activities
- Tool scope and capacity
- Indicators/metrics to capture volumes of banking activities
- Carry forward of data from the Scoping section to the rest of the Tool

Scoping



Scoping

Categorization/definition of banking activities

Q: The Tool provides a categorization of banking activities (consumer, business, corporate, investment banking, etc.). How are these defined and what if they don't exactly match the categories used in my bank?

Source: 'key concepts' tab of the Tool & [User Guide](#) (pp.19-20, 24-25)

- **Consumer Banking** (sometimes also called personal or retail banking): Provision of products and services to individuals.
- **Business Banking** (sometimes also called commercial banking): Provision of products and services to local businesses and government. Local means from the country where the bank or bank subsidiary is incorporated.
- **Corporate Banking**: Provision of products and services to larger clients and/ or clients beyond the bank's country/ies of incorporation
- **Investment Banking**: Provision of access to capital markets & raising of capital in capital markets and related services

> It is important to map your bank's activities and departments to these four categories as the analysis works slightly differently for each. Note that if the business line/s' name in your bank is different to what is used in the Tool, you can capture place your terminology inside the 'scoping tab' to facilitate internal communication

Scoping

Tool scope and capacity

Q: Does the tool cover all products and services? How to deal with products/services not included in the scope of the tool?

- With the exception of the Consumer Banking component, the Tool is not organised by products & services because the nature of the product/service is not the main driver of impact for Business, Corporate & Investment Banking.
- For these latter portfolios the sectors and location of the clients are the main drivers. Indicators are centred on credit / loan products as these are the most readily available and usable data points.
- Independently of the additional products/services you may be providing to the same clients, the impacts linked to these by virtue of their sector/s and location/s are already captured
- Depending on the volume of business with clients with only other products/services, you could choose to run the tool with their data and a relevant indicator

Scoping

Tool scope and capacity

Consumer Banking

Individuals	<p>Generic: Consumer credit & overdraft Credit cards Current accounts Savings accounts Certificates of deposits / Term investments Specialised (purpose): Home loans and other housing-related credit Education-related loans Access to justice-related loans Health-related loans Leasing Other</p> <p>Specialised (type of client): Student accounts & loans Professional activities* Running of associations* Other (e.g. gender, minorities, elderly, etc.)</p> <p>Specialised (income-level of client): Microcredit Wealth Planning / Family Offices (e.g. estate, art, family, etc.) Securities backed lending (Lombard loans) Structured lending and risk solutions Investments (direct/indirect, custodian/discretionary/advisory, research) Other</p>
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Business Banking

Professionals,* SMEs, cooperatives, associations,* corporates	<p>Generic: Credit & overdraft Current accounts Savings accounts Payment services Specialised (purpose): Leasing Property lending Other</p> <p>Specialised (type of client): e.g. farmer financing</p>
FIs	Interbank loans Letters of credit Correspondent accounts
Municipalities, regions	Loans Other

Scoping

Tool scope and capacity

Corporate Banking

Corporates, Multinationals, SPVs	Generic: Corporate credit & overdraft Payment services (e.g. cash management) Specialised (purpose): Trade finance Export credit Asset finance (e.g. ships, aircraft, fleets, property, etc.) Other Specialised lending (type of client): Project finance
Sovereigns	Specialised (purpose): Trade finance Export credit Asset finance (e.g. ships, aircraft, fleets, property, etc.) Other Specialised (type of client): Project finance Other
FIs	Interbank loans Other

Investment Banking

Corporates, multinationals	Primary capital markets – debt (bond issuances) Primary capital markets – equity (IPOs) Advisory services (e.g. M&A, ratings, project finance, etc.) Other (e.g. Custodian banking)
Sovereigns	Primary capital markets – debt Other

Source: 'key concepts' tab of the Tool & [User Guide](#) (pp.24-25)

Scoping

Indicators/metrics to capture volumes of banking activities

Q: The Tool uses specific indicators/metrics to capture the volume and significance of the bank's different activities (e.g. drawn outstanding loans, EAD etc.). How to deal with data gaps? Can I use different indicators/metrics from the ones in the Tool?

- The indicators in the Tool were chosen based on what can provide the best indication of impact. If you have difficulties in gathering data with the stipulated indicators you can start by using what you have available – the important thing is to start
- If you use other indicators, as a rule of thumb try to align with what you use in your financial reporting as this data will be well documented

Scoping

Indicators/metrics to capture volumes of banking activities

Q: Is there a guide or checklist available to help prepare the data before starting to use the impact tool?

Yes, in the [User Guide](#) (p.17) there is a data checklist for each business line



Data Checklist

Below is an overview of the main data points requested in the Tool.

NB. These indicators were chosen based on their pertinence for monitoring impact. However, if you have difficulties in gathering data with the stipulated indicators you can start by using alternative indicators, based on what you have available – the important thing is to start. As a rule of thumb try to align with what you use in your financial reporting and make sure you use the same indicator consistently within individual business activities.

Scoping

Carry forward of data from the Scoping section to the rest of the Tool

Q: If I have already defined the scope of my analysis or if my analysis covers only one country, do I need to fill out the entire scoping worksheet? What fields have to be filled out for the outputs to be generated in the profile worksheets?

Only specific fields would need to be filled out> Inside the Tool

- **Technical support**
 - What support/resources are available
 - File heaviness

Technical support

What support/resources are available

Q:What support is available to us?

Resources:

- [Interactive Guide](#): walk-through of the main segments of the Tool
- [User Guide](#): a detailed step by step explanation of the Tool with Q&A sections
- Recordings and slide decks of the implementation support sessions (on PRB [website](#) members' corner)

Support:

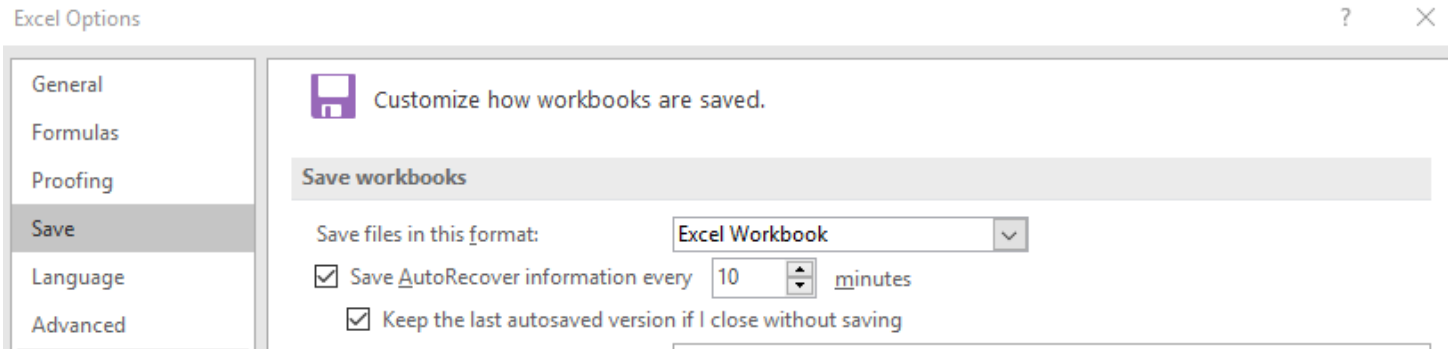
- Monthly trouble-shooting sessions (have a look at the questions log and share any additional queries)
- Bilateral exchanges with the Impact & SDGs Team (Careen.Abb@un.org, Costanza.Ghera@un.org, James.Boakes@un.org & Alex.Stopp@un.org)

Technical support

File heaviness

Q:The file is very heavy. Do you have any tips to increase its speed?

- Increase the autosave intervals (e.g. enable Excel to autosave every 10/15 min)



- Click File tab.
- In the left pane, click Options.
- On the left pane, click Save.
- Find and change the interval minutes on Save AutoRecover information every "x" minutes.
- Click the check box of Keep the last autosaved version if I close without saving.
- Click OK. To save changes

AOB

Next sessions

Next sessions

September 29th :Identification of significant impact areas

Identification of significant impact areas	Cartography	<p>At what level of granularity should I be doing sector selection? How does the level of granularity affect my outputs?</p> <p>The Tool allows for a maximum of 30 sectors per country. Which criteria should I take into account when prioritising sectors?</p> <p>I know that the Tool uses the data of the Cartography worksheet to generate the outputs in the Profile worksheets. What specific fields have to be filled out for the outputs to be generated?</p>	September
	Context	<p>The Tool asks to consider the bank's countries of incorporation in the impact analysis. Can I consider the client locations instead? How does this choice affect my impact analysis?</p> <p>My country is not included in the list of countries provided in the Tool because of its ambiguous political status. What can I do about it?</p> <p>I have already completed my country needs assessment in V1 of the Tool. Can I move my data into V2? What are the main differences between the new workheet and the previous one?</p>	
	Profile	<p>How should I review and interpret the outputs of the Profile worksheets?</p> <p>In the Profiles and throughout the Tool, reference is often made to 'key sectors'. What do you mean by that?</p>	

Next sessions

October 27th : Consumer Banking

Consumer banking	I know that the Tool uses the data of the Cartography worksheet to generate the outputs in the Profile worksheets. What specific fields have to be filled out for the outputs to be generated? How should I review and interpret the outputs of the Profile worksheets (Consumer & Consumer Credit)?	October
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Thank you



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