

**Sustainable Finance Implementation in Emerging Markets:
a preliminary review of initiatives in Indonesia**

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ABSTRACT

The paper intended to describe the efforts to implement sustainable finance practices in financial services industry in Indonesia. As part of global citizen, Indonesia took an active role in responding to global trends of moving financial industry towards sustainable finance practice. It was a financial system that consider not only the traditional financial calculation for the benefit of shareholders but also consider multi aspect of economic, social, and environmental risk and return that in turn would deliver more benefits to wider stakeholders. The implementation of sustainable finance would enable finance companies to maximize their role as a catalysator for creation of environmentally friendly investment and fair economical social system to achieve sustainable development goals (SDGs) more effectively. In addition, the companies would also gain several additional benefits of stronger company's resilience, green financial product and services domination, access to cheaper from global green financial market, better company reputation, as well as cost reduction through efficiency in many areas.

Indonesian Financial Service Authority (FSA) had launched a Roadmap for Sustainable Finance 2014-2019, then followed by the issuance of Indonesian FSA regulation in 2017 on Sustainable Finance Implementation for Financial Services Institutions, Issuer, and Public Companies as an implementing regulation of sustainable finance in Indonesia. This research observed the involvement of biggest financial services companies in Indonesia in sustainable finance practices in 2014-2016 period, just before its mandatory implementation in 2019. In order to give more detailed and qualitative illustration, it then followed by a showcase description of a big financial services company in Indonesia in preparing to implement sustainable finance in 2019.

Samples were gathered from financial services companies which were in the list of top 200 listed companies in Indonesia, measured by their revenues, for the three consecutive years of 2014, 2015, and 2016. Secondary data were collected from 2014, 2015, and 2016 company's annual report, company's CSR/sustainability report, and on-line CSR information on company's web site. Measurement of involvement in sustainable finance practices was conducted by employing content analysis of those reports using SDG Compass which links the SDGs with GRI (Global Reporting Initiative).

1. INTRODUCTION

The massive development undertaken for centuries in many countries had brought tremendous global economic prosperity and population growth. However, it had also precipitated many social problem and environmental degradation. A development approach by high-carbon and resource-intensive growth path since the Industrial Revolution had caused human cost and deteriorating environmental conditions such as air pollution, scarcity of potable water, land contamination, and natural resource depletion. It had also triggered climate change which further created natural disasters that drove human tragedy and economic damage (UN Environment Inquiry, 2017)

Sustainable development introduced in 1987 was defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development, 1987). At the Millennium Summit of the United Nations in 2000, all UN members agreed to the eight international development goals called the Millennium Development Goals (MDGs) of 2000-2015. To continue and to complete what the MDGs did not achieve, the General Assembly of United Nations on 25 September 2015 adopted a resolution titled “Transforming Our World: the 2030 Agenda for Sustainable Development”, a plan of action for people, planet, and prosperity. They sought to balance the three dimensions of sustainable development: the economic, social and environmental (UN, 2015). The resolution called all countries and all stakeholders of governments, private sectors, academic communities, as well as civil societies to act in collaborative partnership to implement all of 17 sustainable development goals (SDGs).

Sustainable finance is comprehensive support from the financial service industry to achieve sustainable development resulted from a harmonious relationship between economic, social and environmental interests (Indonesian Financial Services Authority, 2015). It is a financial system that is in line with larger sustainable development goals to promote social and environmental well-being for current and future generations (Walker, et al., 2018). Therefore, it might be defined that sustainable finance is a financial system that takes into consideration all risks and returns from balanced perspective of finance, economy, social, and environment that support the achievement of sustainable development goals.

Indonesia was one of the developing countries that take a leadership role in advancing sustainable finance solution. Aside from Brazil and South Africa who had pioneered in sustainability-related listing requirements, Kenya who took leadership in advancing digital approaches to financial inclusion, and China who had issued green credit guidelines, Indonesia had delivered the world’s first sustainable finance roadmap championed by its financial regulator (UN Environment Inquiry, 2018).

The Roadmap for Sustainable Finance in Indonesia 2015-2019 was issued by the Indonesian Financial Service Authority (FSA) on 5 December 2014. It stated that sustainable finance activities in the early phase was to support the development of new renewable energy and energy conservation, and to sectors that have a high multiplier effect such as agriculture, manufacturing, infrastructure, SMEs and energy.

As an implementation regulation of the roadmap, the Indonesia FSA had also released FSA Regulation Number 51 Year 2017 on 18 July 2017 about Sustainable Finance Implementation for Financial Services Institutions, Issuers, and Public Company. Financial Services Institutions include banks and non-bank financial institutions. Issuers are parties who have undertake public offerings. Public companies are corporations whose shares are owned by at least 300 shareholders dan have paid up capital at least IDR 3 billion. According to the FSA regulation, sustainable finance shall be implemented based on the principles of responsible investment, sustainable business strategy and practices, social and environmental risk

management, social and environmental governance, effective communication, inclusiveness, priority sector development, as well as coordination and collaboration among all stakeholders.

Indonesian FSA had set out the commencement date to implement sustainable finance according to four company's category, i.e. (1) on 1 January 2019 for Banks Tier 3 (banks with capital between IDR 5 trillion and less than IDR 30 trillion), Banks Tier 4 (banks with capital of IDR 30 trillion or more), and foreign banks operated in Indonesia; (2) 1 January 2020 for Banks Tier 1 (banks with capital of less than IDR 1 trillion), Banks Tier 2 (banks with capital between IDR 1 trillion and less than IDR 5 trillion), leasing companies, venture capital companies, infrastructure financing companies, insurance companies, reinsurance companies, Indonesian Export Finance Agency, Secondary Mortgage Finance, and Social Insurance Administration Body. It also apply for Issuer (except for small and medium scale issuer), and public company; (3) 1 January 2022 and 2024 for Rural Banks, securities companies, medium scale issuers, small scale issuers, pawnshops, and guarantee companies; and finally (4) on 1 January 2025 for pension fund with minimum total asset of Rp1.000.000.000.000,00 (IDR 1 trillion).

In implementing sustainable finance, each financial services company has to prepare a Sustainable Finance Action Plan (SFAP) and submit it to FSA every year. The SFAP consists of a five years SFAP and annual SFAP. The SFAP shall contain at least: sustainable product/services development, internal capacity development program on sustainable finance, organisation, risk management, governance, and/or standard operations and procedures adjustment to sustainable finance principles. In addition, each financial services company, issuer, and public company has to publish a Sustainability Reporting and submit it to FSA no later than 30 April every year.

Before the issuance of FSA regulation that regulate sustainable finance implementation for financial services institutions in Indonesia, for years many companies in Indonesia generally take a part in the effort to achieve sustainable development goals trough various corporate social responsibilities (CSR) activities. In 2007 the government and parliament of Republic of Indonesia passed Law Number 40 year 2007 regarding Corporation. Article 74 of the Law said that all companies operate in and/or related to natural resources have to follow social and environmental responsibilities. One step forward had been also initiated by National Center for Sustainability Reporting since 2005 to conduct the Indonesia Sustainability Reporting Award (ISRA) to give award to companies that has published sustainability reporting. The Indonesian Capital Market and Financial Institutions Supervisory Board (now under Indonesian Financial Service Authority/FSA) through the issuance of the regulation Number X.K.6 year 2006 stated that all annual report of listed companies have to describe activities and cost related to corporate social responsibilities to societies and environment (Ridho, 2017).

The objective of this research is to describe the involvement of financial services companies in Indonesia in sustainable finance practices before the sustainable finance become mandatory and to show an example of preparation of a big Indonesian financial services company to implement sustainable finance practices.

2. LITERATURE REVIEW

Financial service industry in the past had emphasized more on the calculation of financial risk and return for the maximum benefit of shareholder, by ignoring environmental factor like climate change and water scarcity as well as social problems that might lead to greater risk to financial institutions. Walker (2018) stated that historically, in our financial system utmost importance was placed upon economic growth and development, with little

consideration for the integrity of the environment, sustainability, or the well-being of future generations.

Financial industry has a role as an investment machine that in the same time also play to protect environment and promote a fairer economy and social system. Therefore, it is an imperative task to develop a more sustainable finance system that consider a balanced risk and return from economic, social and environmental aspects that contribute to broader positive impacts to all stakeholders. As been described by Walker (2018) our world cannot move toward sustainability, address climate change, reverse environmental degradation, and improve human well-being without aligning the financial system with sustainable development goals. As the old system was unable to address the great sustainability challenges, such as global poverty and climate change, then we need a new sustainable finance who can make not only our society to be economically efficient but also socially and environmentally sustainable (Sandberg, 2018).

Incorporating sustainable principles in companies operation means ensuring that business does good for people and for planet, while at the same time also gaining well profit. More and more research showed that investing in sustainable development was not charity, but fundamental and smart investment and brought positive impact both to company and society. Recent interviews with executives from 40 big companies concluded that companies that invested in sustainable development had performed above the industry average in terms of both financial and sustainability-performance metrics. It means that companies that introduce sustainability into their business models are profitable and successful. Sustainable actions had, in fact, led to reduce risk, diversify market and portfolio, increase revenue, reduce costs, and improve products. Shareholders and consumers want and value sustainable development. (OECD, 2016)

Previously, Porter (2011) had argued that a firm need to focus on creating shared value, a concept that involves creating economic value for shareholders while also creating social value by addressing society's needs and challenges. This will not only allow companies to gain and sustain a competitive advantage but also reshape capitalism and its relationship to society. He explained that that markets are defined not only by economic needs but also by societal needs. The shared value creation framework seeks to enhance a firm's competitiveness by identifying connections between economic and social needs, and creating a competitive advantage by addressing these two challenges.

There has been also a big opportunity for finance service institutions who want to serve this sustainable finance market. As been identified in UN Inquiry (2017), the value of green investment in ASEAN from 2016 to 2030 is an estimated of US\$3 trillion. This investment is spread across four sectors, i.e. infrastructure (US\$1,800 billion), renewable energy (US\$400 billion), energy efficiency (US\$400 billion) and food, agriculture and land use (US\$400 billion). As the biggest economy in ASEAN, Indonesia has US\$ 73.3 billion per year, so for 2016 – 2030, will needs US\$ 1.1 trillion or 40% of ASEAN.

3. METHODOLOGY

In order to understand the readiness of financial services industry to implement sustainable finance, this research firstly sought to find the participation of biggest financial services companies in Indonesia in achieving 17 goals of sustainable development goals (SDGs). The criteria used to determine as among the biggest financial services companies in Indonesia was the finance company must be in the list of top 200 Indonesian listed companies, in terms of revenue, in three years period of 2014, 2015, and 2016. There were 27 financial services companies from the list. Secondary data of the 27 finance companies was collected

from many means of corporate reporting, i.e. annual report, CSR report, and CSR information on company's web site.

To measure company participation to each goal of SDGs, content analysis was employed on corporate reporting using "SDG Compass: Linking the SDGs and GRI", an instrument that offers businesses the tools and knowledge to put sustainability at the heart of company's strategy developed by Global Reporting Initiative (GRI), UN Global Compact and World Business Council for Sustainable Development (WBCSD). Score of 0 was given on one goal of SDGs, if the company's reports did not disclose any specific information as required by the SDG Compass. On the other the score was 1, if the company's reports provided one of indicators required by one goal of SDGs. As there were 17 SDGs, therefore if a company participate in all SDGs, its score shall be 17. On the other extreme, if a company did not engage in any activities related to SDGs, then its SDG participation score shall be 0. The typical SDG participation score then had range from 0 to 17.

The indicators of each goal of SDGs was set as the following. SDG 1 (no poverty) required information on the respected corporate reporting, (i) availability of products and services for those on low incomes, (ii) economic development in areas of high poverty and (iii) physical and economic displacement. SDG 2 (zero hunger) indicators were (i) food safety and (ii) healthy and affordable food. Indicators in SDG 3 (good health and well being) was access to medicine. SDG 4 (quality education) was explained by (i) education for sustainable development and (ii) media literacy. SDG 5 (gender equality) had five indicators, (i) equal remuneration for women and men, (ii) gender equality, (iii) non-discrimination, (iv) parental leave, and (v) women in leadership.

Furthermore, SDG 6 (clean water and sanitation) needed disclosure about (i) sustainable water withdrawals, (ii) waste, (iii) water efficiency, and (iv) water quality. SDG 7 (affordable and clean energy) contained (i) electricity access, (ii) electricity availability and reliability, (iii) environmental investments, and (iv) renewable energy. SDG 8 (decent work and economic growth) included indicators of (i) abolition of child labour and elimination of forced or compulsory labour, (ii) freedom of association and collective bargaining, (iii) diversity and equal opportunity, (iv) earnings, wages and benefits &, (v) economic performance, (vi) employee training and education, (vii) employment, (viii) indirect impact on job creation, and (ix) occupational health and safety. SDG 9 (industry, innovation and infrastructure) had one indicator of infrastructure investments. Indicators of SDG 10 (reduced inequalities) were (i) access to financial services, (ii) accessibility of media content, and (iii) responsible finance.

Moreover, SDG 11 (sustainable cities and communities) consisted of (i) access to affordable housing, (ii) disaster/emergency planning and response, (iii) noise, and (iv) sustainable buildings. SDG 12 (responsible consumption and production) had the following indicators, (i) materials efficiency/recycling, (ii) procurement practices, (iii) product and service information and labelling, (iv) resource efficiency of products and service, and (v) sustainable sourcing. SDG 13 (climate action) consisted of (i) energy efficiency, (ii) GHG emissions, and (iii) risks and opportunities due to climate change. SDG 14 (life below water) contained (i) marine biodiversity, (ii) spills, and (iii) water discharge to oceans. SDG 15 (life on land) consisted of (i) deforestation, (ii) genetic diversity of farmed and domesticated animals, (iii) land remediation, and (iv) on land biodiversity. SDG 16 (peace, justice and strong institution) had seven indicators of (i) compliance with laws and regulations, (ii) effective, accountable and transparent governance, (iii) ethical and lawful behaviour, (iv) grievance mechanisms, (v) inclusive decision making, (vi) protection of privacy (vii) responsible content dissemination. Finally, SDG 17 (partnerships for the goals) required information of significant indirect economic impacts.

After identifying the involvement of Indonesian top financial companies in sustainable issues during the last period, this research showed a case study of an Indonesian financial

services company in preparing a comprehensive strategic and action plan to implement sustainable finance. The second part of this research selected one company from the 27 companies list and described the brief profile as well as the history of company’s involvement and the future initiatives in sustainable finance practice as been mandated by Indonesia FSA.

4. FINDINGS

As an illustration how Indonesia companies had taken part in efforts to achieve SDGs, the following graph showed the participation of 200 top listed companies in Indonesia to 17 goals of SDG during the three years of 2014-2016:

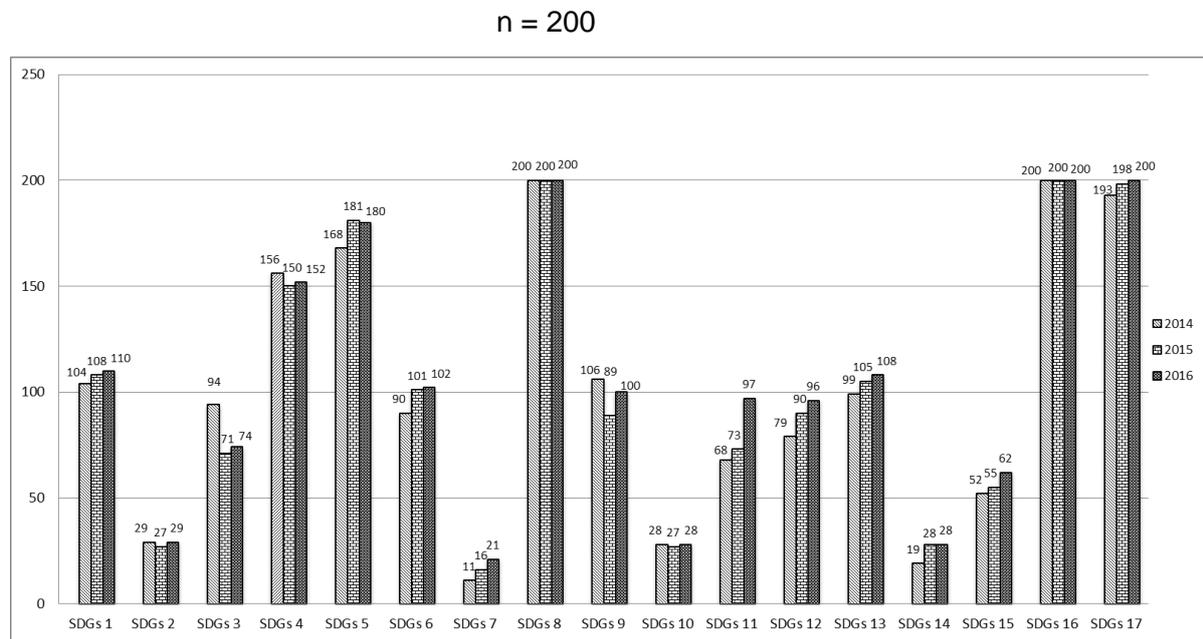


Figure 1: Participation of Top 200 Companies To SDGs

The chart showed that there were three SDGs—SDG 8 (decent work and economic growth), SDG 16 (peace, justice, and strong institution), and SDG 17 (partnership for the goals)—that categorized as the most implemented SDGs by the top 200 listed companies in Indonesia during 2014-2015 period with implementation of around 100%. Two SDGs—SDG 5 (gender equality) and SDG 4 (quality education)—has been implemented by majority of the companies in which more than 75% to below 97.5% of companies had participated in achieving those goals.

Around half of companies (40% to less than 75%) had engaged in seven SDGs—SDG 1 (no poverty), SDG 3 (good health and well being), SDG 6 (clean water and sanitation), SDG 9 (industry, innovation and infrastructure), SDG 11 (sustainable cities and communities), SDG 12 (responsible consumption and production), and SDG 13 (climate action). A quarter of companies were active in SDG 15 (life on land).

Finally, there were four SDGs—SDG 2 (zero hunger), SDG 7 (affordable and clean energy), SDG 10 (reduced inequalities), and SDG 14 (life below water)—that might be regarded as the least implemented SDGs by top 200 listed companies in Indonesia during 2014-2016 period as less than 25 % of companies involved in those SDGs.

As comparison, the following was the performance of financial services companies in contributing to SDGs.

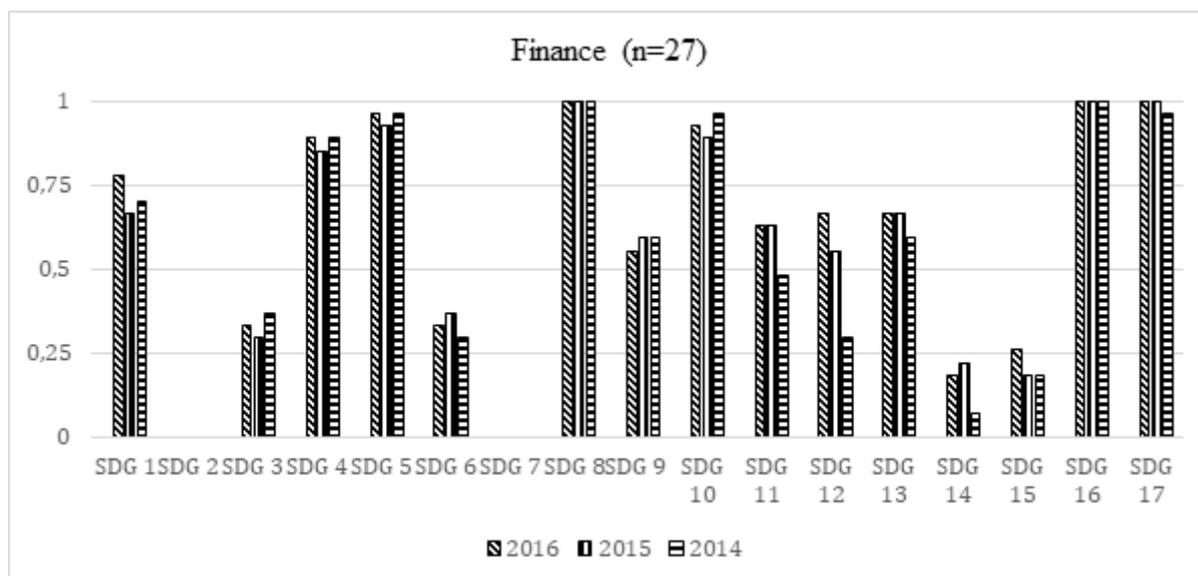


Figure 2: Participation of Finance Companies to SDGs

This study found that finance companies were fully involved in achieving goals such as SDG 8 (decent work and economic growth), SDG 16 (peace, justice and strong institutions), and, for the last two years, SDG 17 (partnerships for achieving the goals). The finance companies followed general trends of well implementing SDG 4 (quality education) and SDG 5 (gender equality). However, different from average industry, the finance sector had made strong contribution and exceeded the industry average in two SDGs of SDG 1 (no poverty) and SDG 10 (reduced inequalities). The finance companies performed fairly just like in industry average in four SDGs, i.e. SDG 9 (industry, innovation and infrastructure), SDG 11 (sustainable cities and communities), SDG 12 (responsible consumption and production), and SDG 13 (climatic action). This finance sector contributed lower than industry average to SDG 3 (good health and well being) and SDG 6 (clean water and sanitation) with poor performance together with the four least implemented SDGs of SDG 2 (zero starvation), SDG 7 (available and clean energy), SDG 14 (life below water), and SDG 15 (life on land). This sector even contributed zero to goals of zero starvation and available and clean energy.

From the above figure, it can be seen that financial services companies in Indonesia had been good in effort to improve economic prosperity, develop of human quality and to solve social discrepancy issues. However, this finance sector still contributed fairly little to infrastructure development, provision of clean and renewable energy and to environmental preservation.

The following is the description of initiatives and preparation taken by a big financial services company in Indonesia to implement sustainable finance in the beginning year of 2019 as been mandated by Indonesia Financial Services Authority. This “X” company is one of the oldest and also biggest bank in Indonesia, and therefore by Indonesia FSA regulation is among the first group that has to implement sustainable finance on January 2019. This Bank X has to formulate and submit a five year sustainable finance action plan, a one year sustainable action plan, and sustainable reporting to FSA.

This X Bank is a more than 50 years old bank. It had been listed in Indonesian Stock Exchange for almost 10 years with 40 percent of public owned shares. The bank had more than 5,500 conventional offices, 50 sharia offices, and almost 2,000 ATMs throughout Indonesia. It

had more than 10,000 employee and more than 7 million number of account. In the end of year 2017, the company recorded total assets of US\$ 18 billion, total equity of US\$ 1.5 billion, total revenue of US\$ 1.3 billion and net profit of US\$ 208 million.

On its involvement to sustainable finance practice in the past, Bank X had published its sustainability reporting annually since 2009. The last 2017 sustainability reporting was prepared based on GRI Standards. Before formally implement sustainable finance practices as instructed by FSA, in fact X Bank had for many years involved in sustainable finance activities to achieve sustainable development goals. The efforts to maximize the economic, social and environmental performances fairly equal among others were (i) Digital banking transformation acceleration as a strategy both for growth and minimizing negative impact to environment; (ii) Partnership and Society Outreach Program with activities such as financial assistance to Village Owned Enterprises, educational financial support, Social Forestry Program for people living around forest area, etc.; (iii) Inclusiveness principle implementation by providing banking products and services such as T-Cash service, credit facilities for informal workers, credit facility for SMEs.

However, those involvement was still sporadic and scattered, not comprehensively planned, implemented, and controlled. Likewise, past involvement in sustainable finance did not represent image Bank X as a leading bank that operate according to sustainable finance principles and also the involvement had not been equipped with both sustainable risk management and sustainable products and services development.

Bank X had completed and submitted to FSA a five year sustainable finance action plan that called Bank X Sustainable Framework and a one year sustainable finance action plan as a strategic and guidance document for the bank to implement both in long and short run. As written in its five year sustainable finance action plan, Bank X developed its sustainable finance strategy based on five pillars, i.e. corporate social responsibility (CSR), sustainable communication strategy, sustainable risk management, sustainable products and operations, and sustainable resources management.

Pillar 1 of CSR was intended to achieve a harmonious relationship between bank and related stakeholders in order to support business plan and growth of the bank. In addition, it was expected that CSR would improve local people welfare trough various empowerment programs and would also strengthen bank's positive image in the society. The five year CSR programs will be started with restructuring CSR management both in terms of organisation structure and related policies and SOPs in this year 2019, followed by development of effective CSR empowerment models, standardization of program and beneficiaries or partners, digitization od CSR program in the following years, and finally scaling up and out of CSR programs and documentation in the final fifth year.

The bank's pillar 2 of communication strategy contained (i) Basic Policy of Communication Management, (ii) *Stakeholder Map*, (iii) Internal and external factor analysis in communication management, (iv) Bank communication programs related to sustainable finance, (v) Media Planning and (vi) Performance indicators of Bank communication programs. Bank X divide its five year communication strategy to be consolidation phase (2019-2020), stabilization phase (2021), and finally development phase (2022-2023). Communication strategy shall be applied both to external stakeholders such as government, communities, and media and internal stakeholders, such as Board of Commissioners and Directors, Employees, Business Unit, as well as family of the employees.

An important part of sustainable finance implementation is risk management. Bank X needs to accommodate social and environment risk into the existing business process and risk management, for example in the process of evaluating credit proposal. Five year sustainable risk management action plan of Bank X consisted of (i) accommodation of social and environmental risk assessment for every bank's policies and procedures, products and

operations, and activities, (ii) formulation of social and environmental management policy, (iii) implementation of social and environmental risk into bank business process, (iv) internal capacity development, (v) sustainable risk monitoring, reporting, evaluation and mitigation plan.

To implement sustainable finance, Bank X need to develop products and operations that take into account social and environmental aspects in addition to finance and economic considerations. The first initiative is to adjust the existing products and operation to be more sustainable, such as providing loans to group of people who are “feasible but not bankable”, increasing banking services access to remote and disadvantage areas, and credit digitalization. The second initiative is to develop and provide new product and operations such as environmentally friendly loan, sustainable agriculture, environmentally friendly SMEs credit, green bond, special banking service for disable people, listed on Sustainable Responsible Investment Stock Index, implementation of green office, sustainable procurement, etc.

Formulation of sustainable resources management intended to improve the internal capacity of Bank X in order to support the implementation of sustainable finance. The initiatives were begun with comparative studies and best practices benchmarking, followed by institutional strengthening and formation of sustainable finance structure, formulation of SOPs in sustainable finance, and finally internal capacity and competency development.

Moreover, the one year sustainable finance action plan of Bank X implemented in 2019 consisted of nine programs. The first program was to prepare sustainable finance policies and model which included SOPs of sustainable finance implementation, social and environmental risk assessment, sustainable communication strategy, and CSR model. The second program was institutional strengthening and formation of sustainable finance structure including the job descriptions and specifications, key performance indicators and performance appraisals. The third program was training on sustainable finance. The forth program was development of loan process digitalization, and finally the fifth was loan channelling to informal workers who do not have fix amount of monthly income. These people are call people who are feasible but yet not bankable. Program number six was increasing access to banking service in disadvantage and remote areas, followed by number seven was creation of environmentally friendly loan. The last two programs were implementation of sustainable communication strategy and publication of sustainable reporting and participating in Sustainable Finance Award.

5. CONCLUSIONS

This research figured out the involvement of finance companies in Indonesia in sustainable finance practices in more voluntary terms in the period before the sustainable finance implementation become mandatory according to Indonesian Financial Service Authority in the beginning of 2019. It can be seen that during the period before sustainable finance become mandatory, finance companies in Indonesia had participated well in several aspects of sustainable finance principles, i.e. participation in solving social issues and in preventing more environmental degradation.

However, their participation were limited, partially managed, and not equipped with essential elements of sustainable finance principles. The implementation of sustainable finance still focused on certain aspect of social and environmental issues, such as improvement of economic prosperity and human quality as well as solving social discrepancies. The finance industry in Indonesia have not reached several areas which urgently need true support from green finance enthusiastic, such as clean and renewable energy and infrastructures. The involvement was not also comprehensively managed and directed from top management of the company. Rather, they were more on scattered initiatives from certain low level unit in the company such as CSR unit, not linked with strategic vision and mission of the company, and

not based on integrated organisation structure, policies and SOPs. The early practice of sustainable finance also lacked of essential elements of sustainable finance principles such as principle of sustainable investment as well as social and environment risk management and governance.

Therefore, many are still need to be done in the years ahead by many parties to implement sustainable finance successfully. Beside general roles of financial services institutions, i.e. Indonesia Financial Service Authority, to provide enabling environment with clear and strong laws and regulations for sustainable finance implementation, policy intervention might be necessary to encourage certain financial service company to be more active in participating to several areas, while guiding other companies to focus in other areas, so nationally all important sectors will be fairly addressed. It is also necessary for regulator to work together with fiscal authority in the government of Indonesia to provide right incentives to financial service institutions to encourage them involve more on sustainable finance. Creative and clear policies along with good communication with related industry and real actions from government are required to create a bigger green and sustainable finance market as an attractive economical scale playing field for finance industry in Indonesia.

The role of finance industry associations are not less important to facilitate their companies member to be more active in practicing sustainable finance. For the finance company itself, as company's resources are limited, focus must be always put on certain areas that are strategically related to objective strategy of the company that can maximize both economic and social value.

As end notes, this research was like a preliminary assessment of readiness of Indonesian finance companies to implement sustainable finance just before it become mandatory in the beginning of 2019. Next research should measure and assess the implementation of sustainable finance by implemented first group of sustainable finance after 2019. The research might also include to find the impact of sustainable implementation not only to financial performance of the company but might also to social and environment performance.

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