

# A holistic perspective on sustainable banking operating system drivers

## A case study of Maybank group

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### Abstract

**Purpose** – This paper aims to provide a more holistic perspective on rationales that motivated Maybank to move toward a sustainable banking operating system.

**Design/methodology/approach** – The case study was based on primary data collected through a series of qualitative interview with 35 bankers who were from different departments. Besides, the secondary data such as academic books and journals, government and regulatory authority's publications, website publications, Maybank's annual reports and Maybank's sustainability reports were reviewed to obtain a more comprehensive understanding on rationales that motivated Maybank to move toward a sustainable banking operating system.

**Findings** – Within the corporation studied, the rationales for moving Maybank toward sustainable banking operating system are driven by macro-, meso- and micro-level drivers. In terms of macro-level drivers, the pressures come from the bank's external environment. A PESTLE analysis is used to discuss the drivers for change present within the macro environment. The different national government bodies and non-government organizations are calling upon financial institutions to implement more socially and environmentally friendly lending policies. In terms of meso-level drivers, stakeholders are viewed as important driving forces for Maybank to integrate sustainability into banking operations. Internal driving forces are likely to emanate from employees, the board of directors and shareholders. External driving forces result from pressure from customers, governments, competitors, NGOs and society at large. Micro-level drivers are drivers of sustainable banking that include pressures generated from within the bank's internal environment. Maybank is largely motivated by its mission statement and vision statement, which is articulated in their sustainable banking agenda.

**Research limitations/implications** – Viewing the rationales that motivated Maybank to move toward a sustainable banking operating system through multiple perspectives – macro-, meso- and micro-level drivers present an interesting approach for research.

**Originality/value** – The rationales for moving Maybank toward a sustainable banking operating system are driven by macro-, meso- and micro-level drivers. This paper provides fresh insight into rationales that move toward the sustainable banking operating system.

**Keywords** Sustainability, Triple bottom line, Corporate social responsibility, Organization change, Sustainability development, Sustainable banking

**Paper type** Research paper



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## 1. Introduction

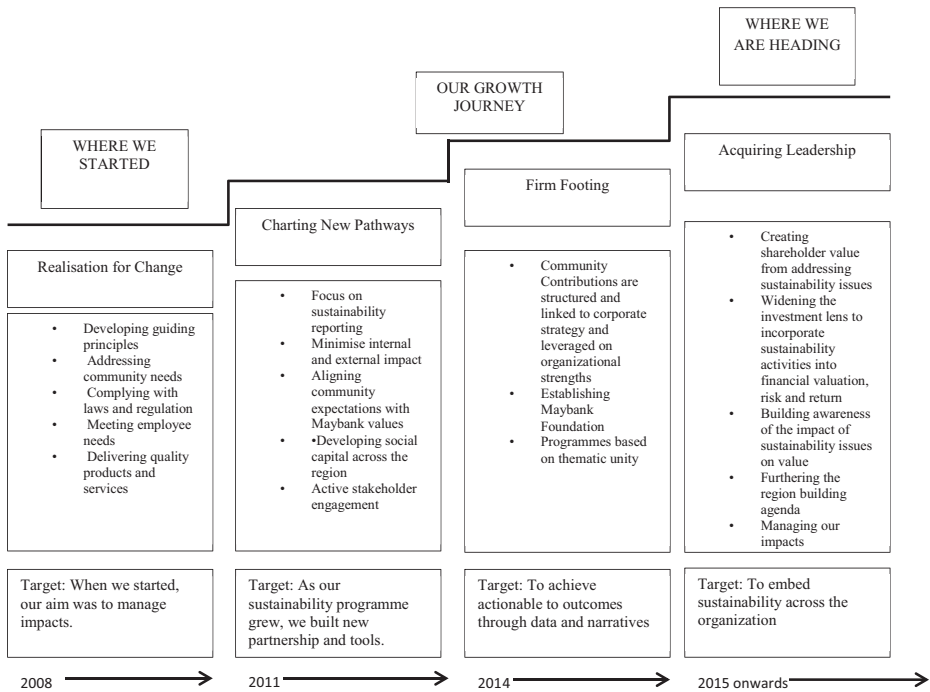
A real sustainable economy requires enterprises and individuals that prioritise people before profit, focusing their resources on initiatives that deliver economic resiliency, social empowerment for the communities and people they serve and environmental regeneration. Therefore, it becomes a necessity that banking institutions need to be strategically positioned to provide critical financial products and services needed to support enterprises and individuals in these initiatives.

Following the 2008 financial crisis, sustainable banks grew substantially to achieve their role in supporting the delivery of economic, social and environmental impacts. A Global Alliance for Banking on Value's (GABV) report shows that sustainable banks outperformed large conventional banks from 2005 to 2015 on the basis of a range of measures, such as the increase in deposits and loans, and profitability measures such as return on assets and return on equity (GABV, 2016). Growths in the deposits and the number of depositors are interesting to observe, as they show a pattern that customers are in fact transferring their money to sustainable banks. Nevertheless, sustainable banks are more than corporate social responsibility (CSR) or charitable giving. The banks embrace a viable model that strategically takes a further view of profit and prosperity.

Malaysia experienced a global economic downturn toward the end of 2008. The country's gross domestic product (GDP) growth was close to negative in the fourth quarter of 2008, registering at only a percentage of 0.1 per cent growth. The economy eventually plummeted in the first quarter of 2009 with a significant contraction of 6.2 per cent. This was largely due to a considerable drop in external demand and exports as advanced countries grappled with a deepening recession. In 2009, Maybank's net profit dropped to RM 691.9m as compared to RM 2.9bn in the previous year. The low profit was largely due to the interest on the additional RM 9.1bn securities and subordinated debts issued in 2008, higher loan loss provisions and impairment charges in relation to its investment in BII and MCB Bank of RM1.62bn and RM353m, respectively (Maybank Annual Report, 2009). As a consequence of the 2008 financial crisis, Maybank had first embarked on a sustainable journey to enhance its credibility on the sustainable issues.

Maybank[1] is Malaysia's leading financial service group[2] and the largest financial institution in terms of net profits (RM 6.84bn), total assets (RM 780.3bn), market capitalisation (RM 82.0bn) and total loans (RM 453.5bn) and deposits (RM 478.2bn), as of December 31, 2015. It ranks fourth[3] in terms of the assets owned among other ASEAN banks. Maybank is the first "sustainable" bank introduced in Malaysia. It had been built on the notion that it will serve as a catalyst for economic and social development wherever it operates. True to this philosophy, the group has continuously worked to support economic and social development in countries where it operates. In addition, Tan *et al.* (2016) observed that Maybank was moving continuously through a planned and systematic service innovation to ensure sustainable growth. In 2014, Maybank was listed as one of the top three organisations[4] in Malaysia and ranked the top 100 in Asia in terms of sustainability performance (Maybank Sustainability Report, 2014). In addition, Maybank has also been included in the list of top 20 constituents of the FTSE4Good Bursa Malaysia ESG Index. This bank has since then commenced its sustainability journey since 2010 (Figure 1). It is discovered that Maybank incorporates two key elements in their sustainability strategy which consists of the establishment of the Maybank Foundation in 2010 and the 20/20 Sustainability Plan in 2014.

Throughout the years, Maybank has been engaged in various sustainable banking-related activities for a considerable amount of time. Despite a relatively good record of social and environmental performance, little is known about the rationales that influence Maybank



**Figure 1.**  
Sustainability  
governance model

to be involved in these activities. This paper's gist is aimed entirely at providing a holistic perspective to answer the question: *What are the rationales that move Maybank towards a sustainable banking operating system?* In examining the motivations that move Maybank towards this particular system, *Drivers of Organizational Change* (Price, 2009) has been used as the fundamental explanation to achieve this objective.

The rest of the paper is structured as follows: Section 2 provides the literature review on sustainable banking and drivers of organizational change. Section 3 will discuss the methodology of the study. In Section 4, the paper continues with the data analysis and discussion. Section 5 will focus on the conclusions of this study.

## 2. Literature review

### 2.1 Sustainable banking

Sustainable banking can be characterized as a bank's decision to offer products and services to customers who value their social and environmental impact (Jeucken and Bouma, 1999). Earhart *et al.* (2009) added that sustainable banks are committed to providing real economic growth and to financing organizations that offer products and services with regards to the social and environmental implications (Bouma *et al.* 2001; Giuseppi, 2001; Dragan, 2012). Bouma *et al.* (2001) characterized sustainable banking as the (imperishable/renewable/unceasing) sustainable finance that provides financial capital and risk management from products to projects and organizations that promote (or do not harm) economic prosperity, social justice and environmental protection. Moreover, Imeson and Sim (2013) and Stankeviciene and Nikonorova (2014) clarified that sustainable banking is a value system

which not only guarantees benefit to its employees and shareholders as part of the bank's business but also profits the customers and the wider economy. This system also prevents or minimises any harmful consequences to the society and environment.

Furthermore, sustainable banking provides an opportunity to create innovative products and services that have a social and environmental advantage, that comprise renewable energy, cleaner production processes and technologies, energy efficiency, microfinance, biodiversity conservation, financial services for marginalized groups (like youth and women), low-income housing and agency banking. Through such products, banks will then gain entry to new markets and new customers, creating goodwill, bringing in new capital and providing support to stakeholders (Polonskaya and Babenko, 2012).

There are three conditions advocated by de Clerck (2009) in explaining the concept of sustainable banking. The first condition is to understand and accept the responsibility of handling money-streams. The second part is establishing internal rules and systems that can cope with ethical criteria which strongly correlate with the processes within the bank. The third condition specifies the concept of returning the socioecological added value of the bank activities. These conditions address the relationship between (retaining the bank's services) the bank's services for retain and business customers and the bank's employees engaged within the operations.

Moving on, Jeucken (2001) and Kaeufer (2010) proposed a few models of sustainable banking, in an attempt to categorize banking organizations based on their level of corporate sustainability integration. Jeucken's (2001) model included defensive banking, preventive banking, offensive banking and sustainable banking, while Kaeufer (2010) focused her models on unfocused corporate activities, isolated business projects and practices, systemic business practices, strategic ecosystem innovation and international eco-system innovation.

### 2.2 Four phases of sustainable banking

Sustainable banking is identified as having four phases, listed as, defensive banking, preventive banking, offensive banking and sustainable banking (Jeucken, 2001). These are explained as follows:

- (1) In defensive banking, a bank does not participate in activities that support environmental legislation. Environmental management is merely seen as an avoidable expense. In this stage, there is lack of awareness in sustainability issues among the majority of the bank employees (Jeucken, 2001).
- (2) Preventive banking is when a bank begins to incorporate environmental responsibility into their banking operations, such as environmental risk management. The bank will try to influence the government and NGOs to bring about legislation, social pressure or jurisprudence. The potential environmental cost savings are generally identified as the internal environmental care activities of the bank, for example, decreasing the use of energy, water, paper and business travels. Banks also try to prevent losses from social risks associated in their products, particularly the savings and loans (Jeucken, 2001).
- (3) Offensive banking is the stage where a bank starts to comprehend the opportunities in the sustainable development process (e.g. sustainable financial products or services, new markets, financing sustainable energy) and incorporate sustainability into both the internal banking and external banking operations. Banks at this stage will officially proclaim their sustainability stance to the public (Jeucken, 2001).

- (4) In sustainable banking, a bank incorporates all components required in the preventive and offensive stages. This stage entails that:

[...] a bank's internal operations must meet the requirements of sustainable business in which its external operations (such as lending and investments) are focused on valuing and stimulating sustainability among customers and other entities in society (Jeucken, 2001, p. 73).

Afterwards, all banking operations become sustainable and are able to accomplish the optimal economic, social and environmental revenue for all stakeholders (Jeucken, 2001).

### 2.3 Five levels of sustainable banking

There are five stages identified in the categorization of sustainable banking (Kaeufer, 2010):

- (1) *Unfocused corporate activities*: At this level, banks sponsor various environmental events and initiate public relations campaign.
- (2) *Isolated business projects or business practices*: In this stage, banks broaden their variety of products by including unique products or services as part of their conventional banking portfolio.
- (3) *Systemic business practices*: Social and environmental principles will underlie a majority of the banks' financial products and services at this stage.
- (4) *Strategic ecosystem innovation stage*: Economic, social and environmental sustainability go far beyond (regular?) singular transactions and require innovation, contribution and revolution in the eco-system.
- (5) *Intentional (purpose-driven) eco-system innovation stage*: Here a bank's sustainability is determined (by the degree of importance in social and environmental purposes that will be innovated within the levels of the whole system) by the importance of social and environmental purposes by innovating at the level of the whole system.

### 2.4 Organization change theory

Change is commonly redefined as either being individually constructed, brought about and given meaning as the result of the interaction with other social agents and context contingencies. In the organizational context, it is often defined as the condition that brings the force and gives a particularly sharp profile to the competing and conflicting interests and ideologies of groups of organizational members as the base of their status in the organization. Stickland (1998) described change as transformation, development, metamorphosis, transmutation, evolution, regeneration, innovation, revolution and transition. Hortho (2008, p. 75) presented change, in a rather specific manner, as "an objective fact that happens to the organization, either as a consequence of external drivers, or as an outcome of management choice".

Jones (2010) also contributed his understanding of organizational change that is "the process by which organizations move from their present state to some desired future state to increase their effectiveness". In addition, Armstrong (2009) elaborated organizational change as the process of achieving a smooth implementation of change by planning and introducing it systematically, taking into account the likelihood of it being resisted. To be simply put, change management entails thoughtful planning, systematic implementation and consultation with and the involvement of the people affected by a specific change. Increasingly, change management is generally seen as a permanent business function to

improve productivity and increase profits by keeping the organizations to always remain adaptable to the competitive environment. In conclusion, it is inferable that change should be realistic, achievable and measurable.

Globalization, competition and accelerated technological innovation are creating the necessary conditions in which the change itself is changing. Change is becoming increasingly complex and omnipresent that it requires organizations to possess some degree of focused capabilities for change management.

*2.4.1 Triggers and drivers of organizational change.* Price (2009) discussed the drivers for change with specific reference to change management at three levels of the environment: macro, meso and micro levels.

*2.4.1.1 Macro level.* A PESTLE analysis was used to discuss the factors for change present in the macro environment. The PESTLE framework examines the six main macro-environmental influencing factors of organizations: political, economic, social, technological, legal and environment (Chew, 2012), as summarized in Table I.

*2.4.1.2 Meso level.* In the condition of Meso environment, stakeholders are regarded as potential drivers of change that are dependent upon the nature of their relationship with the organization. Freeman (1984) described the constituent groups as: “[. . .] the groups who can affect or are affected by the achievement of an organisation’s purpose” (Freeman, 1984, p. 49) that is the fulcrum of the stakeholder theory.

Hence, stakeholders are always perceived as important driving forces for banks to integrate sustainability within their day-to-day business and corporate policies (Dore, 2008; Korslund, 2013). The internal driving forces are likely to emanate from employees, shareholders and board of directors (BODs). In contrast, the external driving forces are the outcomes of pressure fostered by governments, customers, competitors, NGOs and society at large (Zemigala, 2007; Rudawska and Renko, 2012; Jeucken, 2001). In addition, it is important to note that banks must also take into account the long-term interests of their stakeholders. Therefore, they have to voluntarily incorporate social and environmental aspects into their daily activities and relations with their stakeholders.

*2.4.1.3 Micro level.* Micro environment is predominantly controlled by the management of the organization. In terms of its internal context, Dawson (2003) enumerated the internal contextual factors given by Leavitt (1964), listed as: human resources, administrative structures, technology, products or services and history and culture of an organization. In discussing the internal contextual factors, Chew (2012) attempted a different approach, explaining the factors as organisational objectives (e.g. corporate image, brand names, values, status, planning, mission or vision, corporate social responsibility, top management

Political	Political drivers include national government bodies, international government bodies, government policies
Economic	Economic drivers include taxation, interest rate, inflation rate, budgetary and exchange rates
Socio-cultural	Socio-cultural drivers include population growth, demographic, age distribution, education level, culture, social classes, social response and social attitudes
Technological	Technological drivers include new uses of technology and new means of production
Legal	Legal drivers include organizational regulatory system, legal framework, ethics, rules and regulations
Environment	Environmental drivers include natural resources, weather, climate, risk, climate change any pollution

Source: Price (2009), Chew (2012)

**Table I.**  
PESTLE analysis  
identify drivers for  
change

preference or expectations, leadership), extended organizational resources (e.g. new skills or knowledge, new infrastructure, new material, new machinery, new department) and benchmarking and positioning (e.g. positioning by attribute or benefits, positioning by price and quality, positioning by use or application, positioning by product user, positioning by product class and positioning by the competition).

### 3. Research methodology

The research methodology of this study was grounded on social constructivism, whilst the research design was established through a purpose-based (exploration) choice of case study. The case study was based on the primary data collected through a series of qualitative interview with 35 bankers from different departments, as shown in [Table I](#). The main reason for the researchers to opt for qualitative studies is to comply with the criteria of inductive approach, whereby the final outcomes could be generalised theoretically and empirically.

This paper used a purposive sampling method strategy to identify the appropriate bankers who are best able in giving insightful answers to the research questions. As [Leedy and Ormrod \(2009\)](#) and [Patton \(2015\)](#) stated, the logic and ability of purposive sampling methods to select perceptive individuals from whom one can learn a great deal about issues are central and crucial for an in-depth study. The purpose of this study is to generate an extensive understanding about the sustainability banking operating system in Maybank. Therefore, this research required selection of the top management from various departments ([Bryman, 2015; Patton, 2015](#)). The interview sessions were conducted from April 2015 to September 2015. The informants consisted of professionals who work at the manger level in the (management department?) in the bank. Informants who were selected for this study must adhere to the following criteria:

- they were currently working in a manger position; and
- they were considered to significantly contribute to the bank.

In addition to data collection, secondary data such as academic books and journals, government and regulatory authority's publications, website publications, Maybank's annual reports and Maybank's sustainability reports were also used to obtain a more comprehensive understanding on rationales that motivate Maybank to opt a sustainable banking operating system.

### 4. Findings and analysis

#### 4.1 Rationale for moving towards sustainable banking operating system

This section aims to provide a detailed discussion of the main rationales that drive Maybank to move towards a sustainable banking operating system. [Price \(2009\)](#) discussed the motives for change with specific reference to change management based on three levels of environment: Macro-, Meso- and Micro-level drivers.

4.1.1 *Macro-level drivers*. Macro-level drivers are the externally generated pressures from the bank's external environment. A PESTLE analysis is used to discuss the reasons for change present within the macro environment ([Price, 2009; Chew, 2012](#)).

4.1.1.1 *Politic*. Sustainability has been predominantly conceptualised as a part of Maybank's transformation process that is integral for their long-term business survival. Commitment to sustainability represents a reactive approach of Maybank in response to the external pressures that threatened the organization's existence. The notion of change in this context is equivalent to "doing business in a more sustainable manner" after the financial crisis of 2007-2009. The organisations who are held responsible for imposing the change

consist of Bursa Malaysia[5], Securities Commission[6], Central Bank of Malaysia[7], Association of Banks in Malaysia (ABM)[8] and Financial Services Professional Board (FSPB)[9], by AVP of Transaction Banking, the Head of Accounting Operation and the Director of Global Banking. The AVP of transaction banking indicates that the Association of Banks in Malaysia (ABM) was originally established to promote a (smooth banking system) sound banking system for commercial banks in Malaysia in cooperation with the Central Bank of Malaysia.

Because Maybank is a public-listed company, it is inevitable for them to comply with the regulations imposed by both Central Bank of Malaysia and Securities Commission. This was made clear when the Director of Global Banking stated:

As a public listed entity, additional requirements inflicted by the Central Bank of Malaysia and Securities Commission have been incorporated into the bank's corporate and operational process to enhance operating efficiencies and sustainable growth.

As drawn from the literature, public-listed companies in Malaysia are required to disclose their CSR activities as part of the listing requirement. This was announced by Dato' Abdullah Ahmad Badawi, the former Prime Minister, in the Annual Budget of 2007. Both Bursa Malaysia and the Securities Commission are the accountable agents that made reporting CSR mandatory for public listed companies. In line with Malaysia's Budget 2014, Bursa Malaysia launched Asia's first Environmental, Social and Governance (ESG) index: FTSE4Good Bursa Malaysia (F4GBM) to promote Malaysia as a market for Socially Responsible Investment (SRI). Maybank becomes one of the top organizations under F4GBM (Tuah, 2015).

In addition, the non-governmental organizations, such as UNEP-FI, International Finance Corporation and Bank Track, are calling for financial institutions to implement more socially and environmentally responsible lending policies. Several international guidelines have been set up for categorization, assessment and management of social and environmental risks in lending policies such as Sustainable Indices (Dow Jones Sustainability Indexes and FTSE4Good Index), Equator Principles, World Bank E&S Norms, Carbon Disclosure Project, Accountability (AA1000), British Assessment (OHSAS 18001), Eco-management and Audit Scheme (EMAS), Global Reporting Initiative (GRI), Fair Labor Association (FLA), International Standard Organization (ISO 26000), Social Responsibility, International Standards Organization (ISO14001) – Environmental Management System, Social Accountability (SA8000), United Nation Global Impact and Principle for Responsible Investment (PRI). These voluntary international agreements provide evidence of the growing interest among banks to jump on the sustainability bandwagon.

Moreover, international regulators, such as the establishments that exist in Bangladesh, Columbia, Indonesia, Mongolia, Nigeria, China and Brazil, have made “green” credit or sustainable banking guidelines that require mandatory environmental and social impact assessments (ESIA) necessary prior to loan disbursements (Oyegunle and Weber, 2015), as shown in Table II.

An equally important matter to include in this discussion is the green-banking framework. In 2011, the Bangladesh Bank introduced a three-phase green banking framework. Following a similar step, the China Banking Regulatory Commission of the People's Republic of China (PRC) in 2012 then issued Green Credit Guidelines for:

[. . .] the purpose of encouraging banking institutions to, by focusing on green credit, actively adjust credit structure, effectively fend off social and environmental risks, better serve for the real



Country	Name of policy	Year(s) of launch	Sector specific (if applicable)	Codes (voluntary or involuntary)
Bangladesh	Environmental Risk Management (ERM) Guideline	2011	No	Voluntary
Brazil	Protocol Verde Socio-environmental Liability Policy	2009, 2012	Yes-Amazon Resolution-Sugar Cane Resolution-Slave Labour Resolution-Internal Capital Adequacy Assessment Process (ICAAP)	Mandatory
Colombia	Green Protocol (Protocol Verde)	2012	No	Voluntary
China	Green Credit Guidelines	2007, 2012, 2014	Yes	Mandatory
Indonesia	Roadmap for Sustainable Finance in Indonesia	2014	No	Mandatory
Mongolia	Mongolian Sustainable Finance Principles and Sector Guidelines	2014	Yes-Agriculture Sector Guideline-Construction and Infrastructure Sector Guideline-Manufacturing Sector Guideline-Mining Sector Guideline	Mandatory
Nigeria	The Nigerian Sustainable Banking Principles	2012	Yes- Power-Agriculture- Oil and Gas	Mandatory

**Table II.** Countries with established sustainable banking frameworks

**Source:** Adopted from [Oyegunle and Weber \(2015, p. 5\)](#)

economy, and boost the transformation of economic growth mode and adjustment of economic structure (China Banking Regulatory Commission, 2016).

In addition to this, in 2014, the People’s Bank of China, the PRC’s central bank, took another advance measure by launching a large research programme to investigate environmental risks in its macro-prudential analysis. In December 2014, Otoritas Jasa Keuangan (OJK), the Indonesian Financial Services Authority, published a Roadmap for Sustainable Finance in Indonesia. The Bank of Mongolia also launched the Mongolian Sustainable Finance Principles and Sector Guideline to support local banks in integrating social and

environmental responsibilities into lending policies and product design. These are few of the many more examples on sustainable banking practiced all over the world.

4.1.1.2 Economic. The ultimate factor observed on why Maybank persists on moving towards sustainability is to demonstrate its business flexibility to change in response to volatile global economic situations. The Head of Deployment and Productivity, the AVP of Transaction Banking, the AVP of Non-Traded Risk and the Head of Group Tax concurred with this idea. The Centre Manager stated the following:

In year 2008, when businesses around the world were globally challenged with rising costs and international economic instability, the sustainability of a business, to be simply put, became a major concern. There is no doubt that the game has changed in business field and if we are no longer able to change a situation, we are required to change ourselves. The Board of Directors concluded a change was urgently needed and it was then that the bank started its transformation journey. The new mission of Maybank of humanizing financial services across Asia was firmly proclaimed in the year 2010.

It can be construed that there exists immense pressure to exhibit responsible business practices, particularly when the business survival itself is at stake. This acknowledges the importance of embracing the socially and environmentally responsible practices to be in control when confronting a highly challenging situation.

4.1.1.3 Social. Corporate citizenship is considered as the organizations that respond to societal pressures (Moon *et al.* 2005; Moon, 2007; Crane *et al.* 2008, Frederick, 2008; Robins and Krosinsky, 2008; Yeoh, 2009; Baumgartner and Ebner 2010). Being a good corporate citizen is taken as another factor for Maybank to be involved in a sustainable banking operating system. As the Head of Deployment and Productivity once stated, “We are good corporate citizens and we wish for our stakeholders to know that”. The AVP of Transaction Banking also claimed that it is in fact “part of our values and commitment to be a good corporate citizen”.

4.1.1.4 Technology. Technology is seen as a path for achieving sustainability. The Head of IT Risk indicated the following:

Technology is now widely considered as the most attractive option to reduce the environmental burden. For example, the emerging trend in technology in the banking industry such as virtualization and the cloud, assists us to secure our data centre footprint and save a lot on hardware, while at the same time providing optimization.

In addition, Maybank also uses the latest technology including ATMs, mobile banking and online banking. This particular advancement made their banking coverage more inclusive, as they are now able to reach out to the previously unbanked low-income and people in rural areas. This has made their banking inclusive by reaching out to previously unbanked low-income and rural people.

4.1.1.5 Legal. Law is one of the main factors that would prompt Maybank to embrace sustainability. The Chief Operation Officer mentioned that Maybank is rightly compelled to comply with the law for environmental protection and health and safety. A Senior Auditor and Manager of Corporate Development and Innovation stated the following laws as the most important influence in the rise of sustainable banking in Malaysia: the Central Bank of Malaysia Act 2009[10], Financial Service Act 2013[11], Islamic Financial Services Act 2013[12] (Laws of Malaysia Act 553, 1996) Insurance Act 1996[13], Development of Financial Institutions Act 2002[14], Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (Act 613)[15] and Money Services Business Act 2011[16].

The Head of Accounting Operations revealed that any noncompliance with regulations was rather costly because regulatory noncompliance will cost the bank penalties and fines, legal costs, lost productivity owing to additional inspections, and the related effects on corporate reputation.

4.1.1.6 Environment. Environment protection is now globally recognised as an overriding imperative to protect our planet from the ravages inflicted on it by human beings. The Head of Group Tax and AVP of Integrated Risk Management declared that industries, both within and outside the Malaysian banking industry, should now start paying attention to environmental issues:

A good example would be a global rise in interest over climate change and what companies are implementing to reduce the carbon footprints. The relative importance and prominence of this issue has been showing a significant increase for a number of years. We have been managing our emissions and energy consumption the moment the implementation of this particular step was decided.

In response to this principle of environment perseverance, the AVP of Integrated Risk Management observed the following about Maybank's environmental responsibility:

Environmental responsibility is a key part of Maybank. The bank follows few practices that help guide our activities inside and out, for example, the recycling program. This is important to create awareness among the employees.

The Head of Group Tax, the AVP of Integrated Risk Management and the Senior Auditor also recognised that Maybank has adopted environmentally responsible practices in their banking operations, such as the recycling of paper, preference in using electronic communication, using energy-saving practices for lighting and air-conditioning and centralizing printing to reduce the use of individual printers and consumables. All these practices in total have led to an increase in the efficient use of resources and energy savings practices.

Additionally, most managers maintained a stance that Maybank aimed to increase its environmentally responsible behaviour by increasing its reuse and recycling, water conservation and waste minimisation. They pointed out that energy usage was one of their main operating costs, thus careful consideration of the usage was necessary. Moreover, the AVP of Integrated Risk Management stated that campaigns were held to promote awareness of energy efficiency. The Director of Global Banking also suggested that one of the winning ideas for environmentally responsible competition is to recycle the name card.

Furthermore, The Head of Risk Management, the AVP of Integrated Risk Management, the Head of Risk Management and Managers of Corporate Development and Innovation even agreed that one of the significant factors for Maybank's engagement in sustainable banking is the need to prevent and minimise a variety of external and operational risks. This is in line with the views proposed by [Hespenheide et al. \(2010\)](#) and [Gordon and Lacy \(2016\)](#), suggesting that engagement in sustainable banking could reduce the risk of an increase in their credit portfolios.

4.1.2 *Meso-level drivers.* Meso-level drivers are defined as the stakeholders who are viewed as potential drivers of change dependent upon the nature of their relationship with the bank ([Price, 2009](#)). [Freeman \(1984\)](#) described the stakeholders as the group or individual who can affect or are affected by the achievement of an organization's objectives.

Stakeholders are also considered as vital driving forces for Maybank to integrate sustainability into banking operations ([Jeucken, 2001](#); [Dore, 2008](#); [Korslund, 2013](#)). On this note, it can also be inferred that the internal driving forces are likely to be emanated from employees, the BODs and shareholders. On the other hand, the external driving forces are

the result of pressure coming from customers, governments, competitors, NGOs and society at large (Jeucken, 2001; Rudawska and Renko, 2012).

First, from meso-level drivers' view, the engagement of Maybank in sustainable banking helps deliver superior shareholder returns. The CEO of Maybank explained that profitability alongside responsibility is the highlighted stance that the shareholders are immensely looking for nowadays (Maybank Sustainability Report, 2014).

The Head of Coaching Skill, the Senior Auditor, the Associate Director of Corporate Banking have argued that sustainable banking is able to boost shareholder's value by enhancing brand image or revamping the reputation. For example, the Head of Coaching Skill and the Senior Auditor once expressed that sustainable banking practices act as a replacement for alternative marketing practices. Maybank, for instance, relies heavily on the advertising of the sustainable banking practices in the local communities they operate. This is further supported by the Associate Director of Corporate Banking who once said that, "Like it or not, we have now upgraded towards sustainable banking. This system serves as some sort of marketing tool to promote the bank more effectively".

Moreover, the Director of Global Banking claimed that shareholder's value can be further boosted by reducing the costs and increasing the efficiency through technological innovation. For instance, the adaptation of online banking and mobile banking in the operating system will save the customer's travel cost, can potentially reduce pollution and will lead to a more efficient use of the employee's time.

Moving on to the next point of this driver, it was revealed by the Head of Segment Competency and Manager of Corporate Development and Innovation that the engagement of Maybank in sustainable banking helps build a stronger workforce that is globally adaptive while remaining geographically and culturally diverse. Head of Segment Competency also pointed out that:

We are also focusing on enabling our employees to operate regionally, as one of Maybank's long term goals is to become a regional powerhouse and eventually a significant global player. The key challenge in this aspect is to establish a workforce that is globally adaptive, as well as geographically and culturally diverse. Managing across borders may require managers to confront (a different basis of satisfaction) a basis for satisfaction different from the one they are already familiar with. Employees with such ready-made capability unfortunately are (scarce) scarce in the region, as well as in Maybank. Thus, it is crucial for us to realise the potential of our merger integrations.

Alongside these priorities, the Head of Strategic Operation Excellence, the Manager of Corporate Development and Innovation and the Head of Segment Competency disclosed that multiple support programmes have been rolled out to help employees to ensure their operational and customer service transformation objectives are met. These objectives range from skills development to incentive plans. The multiple support programmes including the building capacity of talent management and leadership perspectives, climate and culture-building programmes, Maybank Skilling Factory, implementation of pay-level policy and the launch of Employee Share Scheme. Evidently, considerable financial and human resources are already being invested in training employees to perform at the required service standard.

The Managing Director of Group Strategy and Business Development once raised the issue that employees today have higher expectations regarding the social and environmental responsibility of the bank and they prefer to work in an organization that is demonstrably a good corporate citizen. The Head of Group Organization Development and Human Capital Group Technology commented:

Maybank with such reputation in social and environmental responsibility can take advantage of their status and solidify their appeal as an attractive employer by making their commitment a part of their value proposition for potential candidates.

The Associate Director of Corporate Banking, the Head of Group Organization Development and Human Capital Group Technology and the Head of Enterprise Storage claimed that sustainable banking is particularly essential in attracting new, younger employees, particularly because of the current skills' crisis among highly trained employees. In line with this, the Head of Enterprise Storage made the following statement:

Maybank notices that young people, to a greater extent than before, want to work for an organization that they can be proud of, and an organization that takes responsibility in issues regarding sustainable development. This has a huge impact on Maybank and they claim that performing a good sustainable banking work is vital in order to attract and retain the best employees.

The engagement of Maybank in sustainable banking is to improve customer services. The Associate Director of Corporate Banking acknowledged that because of the high staff turnover rates in the banking industry, there is an increasing pressure for an on-going training to maintain high levels of service. True to that, customer services are indeed improving by on-going training and educational programmes. Moreover, the Manager of Transformation and Productivity I and Manager of Transformation and Productivity II admitted that Maybank conducts regular dialogues with customers to maintain a good relationship with them.

The general public and NGOs are becoming increasingly aware of the concept of sustainability banking and the impact the banks have on the economy, society and environment. Generally, during the interviews, the informants reiterated the importance of maintaining good relations with the local community at large. The Head of Corporate Banking and the Head of Accounting Manager expressed that Maybank is the banking institution that is conceived to benefit the economic, social and environment aspects of humankind. Furthermore, the Head of Accounting further suggested that the existence of Maybank is to satisfy the needs of their internal and external stakeholders. Hence, the products and services that Maybank provides should be based on a broad social perspective – the needs of society at large and thereafter seek to satisfy the need of that particular targeted group including the internal and external stakeholders. Moreover, through Maybank's philosophy and mission statement, Maybank has continuously worked on supporting the economic social and environmental development in countries where it operates, as acknowledged by the Managing Director of Group Strategy and Business Development and the Manager of Corporate Development and Innovation. Maybank is consistently focusing on providing people with access to financial services at fair term and pricing, advising them based on their needs and consequently being at the heart of the community.

The Senior Auditor revealed that he frequently met with representatives from the local community and pointed out that their employees and customers gain direct benefit through community philanthropy. The Maybank's voluntary intervention in the community often results in strengthening the ties with the local economic and social fabric. IT Project Manager also commented that:

[...] it is our own interest to foster and keep a safe and healthy environment around our business. We keep our good relations with the community to avoid criticism from the public.

*4.1.3 Micro-level drivers.* Micro-level drivers are the drivers of sustainable banking that are generated within the bank's internal environment (Price, 2009).

The Manager of Corporate Development and Innovation, the Head of Segment Competency, the Head of Strategic Sourcing, the Head of Strategic Operational Excellence and the Managing Director of Group Strategy and Business Development all stated that Maybank was largely motivated by their mission statement and vision statement, which has become the fundamental base to formulate their sustainable banking agenda. Underlining Maybank's humanitarian aspect, the Managing Director of Group Strategy and Business Development noted the following:

Our mission is to humanize the financial services. It denotes four things: we firstly need to focus on convenience. Banking sometimes is not very convenient—one has to queue up for very long, take a bus to the bank, so we try to be as convenient as possible for our customers, to make sure our pricing is fair, meaning if one is at default, we will not charge the person any penalty. We try to assist people to do things in the right way, when we sell, we sell based on their needs, we ensure our salespersons are trained and understand what the customers want, to understand the community we are in. Our main mission is to serve the community.

The commitment of the top management is considered as the key factor in institutionalising sustainable banking within Maybank. The BODs have taken an active role in the planning and implementation of sustainable banking practices. The Director of Transaction Banking and the AVP of Non-Traded Risk reported that the BOD is accountable to all stakeholders for corporate governance with the aims to maximise stakeholders' value, reinforce business investor confidence, establish customer trust and build a competitive organization. In addition, the BOD is committed to attain a high standard of business integrity, ethics and professionalism across all business activities.

CSR is seen as the bank vehicle in contributing to sustainable development (Moon, 2007). Maybank takes CSR as a strategy to meet its requirements and enhance its reputation as a socially and environmentally responsible bank. The Managing Director of Group Strategy and Business Development once stated that the bank's CSR policy has a strong influence on its subsidiaries' sustainability policies:

We operate in a diverse cultural, commercial, and regulatory environment and are exposed to a corresponding wide range of social, environmental, and ethical issues. Therefore, we aim to ensure that these issues are well managed in all of our business, and we always stress the importance to their continuous improvement. The board of Maybank is responsible for establishing the group's policy on corporate social responsibility and has given the Executive Committee the responsibility of ensuring that the policy is implemented across the group in a manner appropriate to those countries in which our business operates.

Poser (2014) noted that banks considered the creation of new business opportunities as one of the main motivators for integrating sustainability into banking operations. The Head of Enterprise Storage, the Head of Strategic Operational Excellence, the Head of Stakeholders Management, the Head of Corporate Banking and the Chief Operation Officer, all expressed that sustainable banking furnishes with it the opportunity to create innovative products and services that have social and environmental advantages, such as renewable energy, cleaner production processes and technologies, energy efficiency, microfinance, biodiversity conservation, financial services for marginalized groups (like youth and women), low-income housing and agency banking. By capitalising such products, banks are able to access new markets and customers, create goodwill, draw in new capital and obtain support from stakeholders (Polonskaya and Babenko, 2012).

The Manager of Corporate Banking, the Head of Strategic Operational Excellence and the Head of Deployment and Productivity stressed that energy efficiency, waste minimization and recycling programmes have resulted in significant cost-savings for the bank.

However, the Manager of Corporate Banking argued that Maybank is a commercial organization and not a charitable organization; therefore, the ultimate objective of engaging in sustainable banking initiatives still focus on gaining the trust of the customers and thereby increase the sales and profitability of the bank. The Head of Group Tax reinforced this point of interrelatedness in addressing financial and social bottom lines and argued the following:

We are spending money to earn money. We are not an NGO; we are a commercial organization. Good companies do not put everything in their pocket. They take care of the society as well, and it is very necessary. Such activities build the trust of community and customers and thus our brand image improves. Hence, I think such activities are very necessary for every organization's survival in the long run.

Lastly, some of the managers interviewed during the data collection for this study agreed that the involvement in sustainable banking practices is to improve the bank's goodwill and the bank's brand name. Subsequently, sales will also increase over a long period of time. The Head of Accounting Operations asserted:

We are involved in sustainable banking practices because the bank wants to create goodwill amongst the general public. As the bank establishes the goodwill, its sales will also increase.

## 5. Discussions

There are various rationales that motivate Maybank towards choosing sustainable banking. Several arguments have been articulated for engaging in sustainable banking. For this study, the rationales for Maybank's engagement in sustainable banking are fundamentally inspired by the vision and mission of Maybank towards sustainable banking operating systems. Sustainability had been defined as the development that meets the needs of the present generation without compromising the ability of future generations to obtain their own necessities (WCED, 1987; Chabowski *et al.* 2010; Hult, 2011). Before the financial crisis of 2007-2009, the short-term gains prevailed over long-term sustainable growth for many banks. The shareholders' values are dominated over the stakeholder's values. The financial crisis gave impetus to the demand for a more balanced way of banking, which took into account the interest of internal and external stakeholders (Fassin and Gosselin, 2011; Graafland and Van de Ven, 2011; Zadek and Chenghui, 2014). Both Maybank and the Malaysian Government have realized that a long-term sustainable strategy goes hand in hand with a change in short-term priorities.

The rationales for upgrading Maybank towards sustainable banking operating system are driven by macro-, meso- and micro-level drivers. Most importantly, the bank indicated that they are mainly motivated by "the desire of fulfilling the bank's mission statement of humanising financial services". The commitment to sustainability however still depends strongly on a strategic alignment with the core mission, values and strategic objectives of Maybank. To maintain its principles, Maybank is progressively and cautiously integrating sustainability into the banking operations and bank's policies. It can be seen that Maybank has developed a number of sustainable banking practices after the lessons from the financial crisis that called for an assimilation into sustainable banking system (San-Jose *et al.* 2011).

In discussing the matter from macro-level drivers' point of view, it is crucial to first establish that a part of the pressures comes from the bank's external environment. To understand the situation, A PESTLE analysis is used to discuss the changing factors present within the macro environment (Price, 2009; Chew, 2012). The different national government bodies, for example, the Central Bank of Malaysia, Bursa Malaysia, Securities Commission, Association of Banks in Malaysia (ABM) and Financial Services Professional Board (FSPB), have taken an active role in promoting sustainable banking. As their regulatory policies directly affect the banking operations, these national government bodies are in fact particularly influential. Therefore, it is expected for Maybank to exhibit conscious effort to comply with these regulations. (By strengthening its sustainable banking system and offering competitive financial products and services to customers, and complying with government rules and regulations in the meantime, Maybank managed to gain a competitive edge in the industry.) Maybank gained a competitive edge by strengthening its sustainable banking system and offering competitive financial products and services to customers while complying with government rules and regulations. The external pressure is also emanated from the non-government organizations who are calling upon financial institutions to implement more socially and environmentally friendly lending policies, for example, UNEP-FI, International Finance Corporation and Bank Track. On the international level, several voluntary guidelines have been set up for the categorization, assessment and management of social and environmental risks in lending policies (see Section 4.3.1). These non-government organizations and international bodies all have the same objective of influencing the bank's financial products and services to adhere to sustainability principles. It is interesting to note that the frameworks and guidelines initiated by the international bodies have highlighted the business case model in which risk management and social and environmental analyses are to be embedded in various functions of the bank's operations.

Evidently, Maybank moving towards sustainability demonstrates its business inclination to change the volatile global economic situation. Maybank has recognised the importance of sustainability and has identified the urgent need to start its transformation journey. The new mission of Maybank is to humanizing financial services across Asia, which was first inaugurated in the year 2010. Being a good corporate citizen was another motivation for Maybank to get involved in a sustainable banking operating system. Maybank is very committed to corporate citizenship, which involves social responsibility of businesses and the commitment to improve quality of life for the surrounding communities without compromising on the profitability of stakeholders, as proven in the study done by Moon *et al.* (2005), Moon, (2007), Crane *et al.* (2008), Frederick (2008), Robins and Krosinsky (2008), Yeoh (2009), and Baumgartner and Ebner (2010).

In addition to that, the government regulations and laws play an important role in promoting sustainable banking. There are minimum standards set down in the law for environmental protection and health and safety, and Maybank is rightly compelled to comply with them. Maybank has to follow the legislation, such as the Central Bank of Malaysia Act 2009, Financial Service Act 2013, Insurance Act 1996, Development Financial Institutions Act 2002, AMLA Act 2009 and Money Service Business Act 2011, as these are important drivers in sustainable banking in Malaysia.

Furthermore, environment protection is gaining global importance in this current period. Maybank has adopted the environmentally responsible practices in their banking operations, e.g. recycling of paper, electronic communication, utilizing energy-saving practices for lighting and air-conditioning and centralized printing to reduce the usage of individual printers and consumables. All of these implementations have led to energy savings and an increase in the efficient use of resources. Lastly, one of the significant factors



for Maybank's engagement in sustainable banking is the need to prevent and minimise a variety of external and operational risks. As argued by [Hespenheide et al. \(2010\)](#) and [Gordon and Lacy \(2016\)](#) in their study, engagement in sustainable banking could reduce the risk of increasing their credit portfolios.

In the description of meso-level drivers, those stakeholders are viewed as potential drivers of change dependent upon the nature of their relationship with the bank ([Price, 2009](#)). [Freeman \(1984\)](#) described stakeholders as a group or an individual who can affect or are affected by the achievements of an organization. Therefore, stakeholders are viewed as important driving forces for Maybank to integrate sustainability into banking operations ([Jeucken, 2001](#); [Dore, 2008](#); [Korslund, 2013](#)). Internal driving forces are most likely to originate from employees, BODs and shareholders, whereas external driving forces resulted from the pressure from customers, governments, competitors, NGOs and society at large ([Jeucken, 2001](#); [Zemigala, 2007](#); [Rudawska and Renko, 2012](#)). (All the mentioned rationales prompt Maybank to be even more motivated in delivering shareholder values, building a strong workforce and providing an impeccable customer service.) Maybank is highly motivated by rationales, such as delivering shareholder values, building a strong workforce and improving customer service.

The pressures generated from within the bank's internal environment are identified as micro-level drivers of sustainable banking ([Price, 2009](#)). Micro-level drivers are the drivers of sustainable banking that are pressures generated from within the bank's internal environment ([Price, 2009](#)). Owing to the fact that Maybank is largely motivated by their mission statement and vision statement, their principles are then articulated in their sustainable banking agenda. The BOD has been taking an active role in the planning and implementation of sustainable banking practices. Moreover, CSR is also seen as the bank vehicle that contributes to sustainable development ([Moon, 2007](#)). CSR is inarguably perceived by Maybank as the perfect strategy to meet its requirements and enhance its reputation as a socially and environmentally responsible bank. In addition, the transformation towards sustainable banking has furnished Maybank with an opportunity to create innovative financial products and services that also bring about social and environmental advantages. Using such financial products and services, Maybank can gain access to new markets and new customers, prospering goodwill, draw in new capital, and obtain support from stakeholders ([Polonskaya and Babenko, 2012](#)).

Nevertheless, these findings are not vastly different from ([Gordon and Lacy, 2016](#); [Hespenheide et al., 2010](#)), in which the study also concluded that banks are indeed motivated to practice socially and environmentally responsible practices, including meeting the needs of major stakeholders, improving their reputation among customers and stakeholders. In addition to the list, banks are able to expand their portfolios, reducing risk in their credit portfolios, distinctively differentiating themselves from competitors and strengthening brand, trust and financial bottom line. [Table III](#) gives a summary of the rationales that motivate Maybank towards sustainable banking.

## 6. Conclusions and limitations

This paper proposed a sustainable banking driver's model, which provides a more holistic perspective by considering macro-, meso- and micro-level drivers. Observing from macro-level drivers' perspective, the pressures come from the bank's external environment in which PESTLE analysis is used to obtain a discussion of the drivers for change that are present within the macro environment. The influence also includes the different national government bodies and non-government organizations that are calling upon financial institutions to implement more socially and environmentally friendly lending policies. In terms of the meso-

*Macro-level driver (PESTLE analysis)*

Political	Changing agents: Bank Negara Malaysia, Security Commission, Bursa Malaysia, and Association of Banks in Malaysia (ABM) and Financial Service Professional Board (FSPB) in promoting sustainable banking The pressure from non-government organization (e.g. UNEP FI, Bank Track, World Ban, Equator Principles. . ., etc.) To prevent and minimise risks
Economic	Response to volatile global economic situation
Social	Good corporate citizenship
Technology	Use technology to handle transaction for previously unbanked low income and rural people Reduce environment burden
Legal	Rules and regulations, e.g. Financial Service Act 2013, Central Bank of Malaysia Act 2009, Islamic Financial Act 2013, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (Act 613) (AMLA Act), Money Service Business Act 2011
Environment	Rising awareness on environmental protection

*Meso-level drivers (stakeholder analysis)*

- To deliver superior shareholder returns
- To build a stronger workforce
- Is to improve the customer service
- The pressure from general public and activist NGOs

*Micro level drivers (internal factors)*

- Mission statement and vision statement
- Top management commitment
- Corporate social responsibility (CSR)
- Creation of new business opportunities
- Reduction of operating costs
- Improve the good will and brand name

**Table III.**  
Summarised table of  
rationales that  
motivate Maybank  
towards sustainable  
banking

level drivers, stakeholders are considered as significant motivating factors for Maybank to integrate sustainability into banking operations. Employees, BODs and shareholders are most likely to emit these internal driving forces. In comparison, the external driving forces originate from constraints ruled by customers, governments, competitors, NGOs and society at large. Lastly, micro-level drivers are the drivers of sustainable banking in which pressures are generated within the bank's internal environment. Maybank is largely motivated by their mission and vision statement as reflected in their sustainable banking agenda. It is apparent that over time Maybank is progressively and cautiously integrating sustainability into its banking operations and bank's policies. Maybank has managed to develop a number of sustainable banking practices as the aftermath from the financial crisis that called for a more sustainable banking.

However, there are several limitations to this study. Because this research used a social constructivism approach to analyse the data, the results of the study are based solely on the researchers' interpretation of the data. As a result, researcher bias may be reflected in the data. The research is also limited by the company selected analysis. Maybank is the first sustainability bank in Malaysia, and it has been engaged in various sustainable banking-related activities for a considerable number of years since 2008. Therefore, further research in the area of sustainability's impact on banking industry is necessary to expand our understanding in this particular field. As discussed, commitment to sustainability is a relatively new phenomenon in organizations. More research needs to be conducted to analyse the impact of sustainability in the banking industry.

Notes

1. It was established in Kuala Lumpur in 1960 and is listed and headquartered in Malaysia.
2. It is a leading provider of SME, consumer and wholesale banking services, as well as insurance and Takaful products. It is places first in the overall market share for retail deposits (20.2 per cent), consumer loans (17.5 per cent), retail fixed deposits (17.4 per cent), Unit Trust loans (51.6 per cent) and CASA (25.6 per cent), as of December 31, 2015. In addition, it has the largest banking network in Malaysia: 393 branches, 2,568 ATMs with more than 12 million customers. It is the number-one internet banker with 43 per cent of the market share (Maybank Annual Report, 2015).
3. DBS ranks first with total assets of RM1527 billion; OCBC ranks second with total assets of RM1300 billion; UOB ranks third with total assets of RM 1,054bn, and Maybank ranks fourth with total assets of RM 780.3bn.
4. Sustainability ranking is a joint initiative by Channel NewsAsia, CSR Asia and Sustainalytics, an environmental, social and governance research provider (Maybank Sustainability Report, 2014). The featured companies were assessed against a broad range of environmental, social and governance indicators.
5. Bursa Malaysia operates a fully-integrated exchange, offering complete range of exchange-related services, including clearing, trading, depository services and settlement (Bursa Malaysia, 2016).
6. Securities Commission is a self-funding statutory body with investigative and enforcement powers. Its regulatory functions include supervising exchanges, central depositories and clearing houses, registering the authority for prospectuses of corporations other than unlisted recreational clubs, approving the authority for corporate bond issues, regulating all matters relating to securities and derivatives contracts, regulating the take-over and mergers of companies, regulating all matters relating to unit trust schemes, supervising and licensing all licensed persons, encouraging self-regulation and ensuring proper conduct of market institutions and licensed persons (Securities Commission Malaysia, 2016).
7. The Central Bank of Malaysia, promotes monetary and financial stability and provides a conducive environment for the sustainable growth of the Malaysian economy (Bank Negara Malaysia, 2016).
8. The role of ABM is, to establish and promote a sound banking system for commercial banks in Malaysia by cooperating with the Central Bank of Malaysia and relevant authorized bodies, to formulate and review banking rules, operations and policies, to promote sustainable banking practices among member banks, to improve consumer awareness and knowledge of financial products, and services, to collaborate with government ministries, the private sector and relevant organizations on member bank's contributions to socio-economic planning and country development (Association of Banks in Malaysia, 2016).
9. The Financial Services Professional Board (FSFB) (initiated by the Central Bank of Malaysia and the Securities Commission of Malaysia on 24th September, 2014) supports a strong culture of professionalism in the financial service industry through the development and advocacy of professional and ethical standards that are applicable across the industry, including banking, capital markets, insurance and Islamic finance (Financial Services Professional Board, 2016).
10. The Central Bank of Malaysia Act 2009 (CBA) aims to offer transparency to the bank's decrees related to the promotion of monetary and financial consistency; to monitor payment systems; to oversee and administer financial institutions; to monitor the capital and foreign exchange markets; to acquire a broad, comprehensive and progressive financial system; to increase the banks' authority in getting information regarding financial stability; and to increase control for risk management (Laws of Malaysia Act 701, 2009).

11. The Financial Service Act 2013 aims to merge the administrative and monitoring framework for Malaysian banking industry, payment systems, insurance industry and affairs related to foreign exchange administration, to promote financial consistency and to guarantee a harmless, consistent and well-organized payment systems and payment instruments, to protect the interests and rights of consumers of financial services and products ([Laws of Malaysia Act 758, 2013](#)).
12. The Islamic Financial Services Act 2013 aims to initiate a regulatory system for Malaysia's Islamic financial industry that is under the *Shariah* law, to enforce a duty on Islamic financial institutions to guarantee compliance with *Shariah* law, to allow the bank to announce a standard code for *Shariah* requirements to help institutions to follow the *Shariah* ([Laws of Malaysia Act 759, 2013](#)).
13. The Insurance Act 1996 aims to offer new laws for the licensing and regulations of insurance business, insurance broking business, adapting business and financial advisory business and for other relevant reasons.
14. The Development Financial Institutions Act aims to offer a complete regulatory system to guarantee safe and sound financial management of Development Financial Institutions (DFIs). DFIs are specialised financial institutions that are developed for the promotion and improvement of main divisions like agriculture, infrastructure, small and medium enterprises, export-oriented sector, maritime capital-intensive and high-technology industries ([Laws of Malaysia Act 618, 2002](#)).
15. The AMLATFPUAA 2011 provides for the offence of money laundering and terrorism, for inquiry powers and the penalty of property related to money laundering and terrorism financing offences, illegal activities and instrumentalities of any misdemeanour ([Laws of Malaysia Act 613, 2001](#)).
16. Money Services Business Act 2011 (MSBA) aims to offer regulation, supervision and licensing of the money services business that involve remittance, money-changing and wholesale currency businesses; to promote and reform the status of the payment business and money-changing into a more competitive, determined and professional industry; to reinforce precautions against the risks of money laundering, terrorist financing and other unlawful activities; and to manage the industry through the issuance of circulars, morals, principles, rules and notifications ([Laws of Malaysia Act 731, 2011](#)).

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