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Sustainability in Finance: Examining the Integration of ESG Principles in Nigerian Financial Institutions

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ABSTRACT: This research evaluates Social, Environmental, and Governance (ESG) practices within the Nigerian financial sub-sector with specific reference to the challenges and success factors of implementing ESG. In the modern world, focusing on the growth of financial markets, ESG criteria are becoming the key to achieving stable performance, managing risk, and improving sustainability. Although ESG practices have become significant factors in the financial decisions in Nigeria, the implementation of these practices has some significant challenges, such as lack of and/or inadequate regulation, lack of funds or resources, and lack of uniformity in the implementation of the practices by different Nigerian banks.

This paper adopted a quantitative research paradigm and data sourced from secondary data from sustainability reports from eight (8) tier 1 Banks in Nigeria. The results show that although the governance-related ESG practices are reported more extensively, the deficiencies of the consideration of the environmental and social factors are evident. While there are concerns such as regulatory variations and a dearth of finance that has prevented extensive usage, increased leadership support, clear ESG policies, as well as inclusive stakeholder engagement were noted to be influential success attributes for effective usage.

In general, the study finds that the Nigerian financial sector is at an exciting stage in its ESG development. Specifically, it would be possible to contribute to the wider sustainable development objectives of Nigeria through the establishment of best ESG reporting practices, green financing, and the diversity amd inclusion approaches of financial institutions. ESG is another critical area where regulatory bodies should also come in and help develop more appropriate guidelines for supporting the sector appropriately. This research supplements existing literature by analyzing the current level of ESG integration in Nigeria and offering suggestions for its enhancement to guarantee the steady development of the financial industry. Subsequent research could cover the novel: risk-reward trade-off of ESG integration and the impact of technology for better ESG reporting and performance.

KEYWORDS: ESG, Nigerian financial institutions, Sustainability in Finance, Nigerian Economy

INTRODUCTION AND BACKGROUND

The increasing worldwide focus on Environmental, Social, and Governance (ESG) norms is causing a major shift in Nigeria's financial system. Nigeria's financial institutions are rapidly aligning their operations with ESG principles in order to promote sustainable economic development and global competitiveness, as environmental sustainability, social impact, and ethical governance practices gain significance. This change is especially noticeable in the banking industry, which is vital to funding the country's growth plan.

Nigerian banks have been incorporating ESG factors into their company strategy, investment choices, and risk management frameworks in recent years. An important turning point in the institutionalisation of ESG practices in the banking sector was the Central Bank of Nigeria's (CBN) 2012 approval of the Nigerian Sustainable Banking Principles (NSBP). These guidelines help banks follow good governance practices, reduce their environmental impact, and encourage social inclusion.

Big banks including First Bank, Zenith Bank, and Access Bank have started extensive sustainability programmes that include community development projects, green finance, and more governance transparency. In order to boost investor trust and encourage listed firms to implement best practices, the Nigerian Exchange Group (NGX) has also created sustainability indexes and ESG disclosure criteria.

Nigeria's financial industry is steadily changing into a more accountable and robust system in spite of obstacles including inconsistent data, regulatory loopholes, and low ESG awareness. A larger dedication to sustainable finance is shown in the growing incorporation of ESG principles, which brings Nigeria into compliance with international norms while tackling urgent domestic issues like inequality, climate change, and institutional accountability.

The importance of Environmental, Social, and Governance (ESG) laws has grown significantly in the modern era across all businesses. The three primary pillars of ESG serve as a framework for an organization's guarantee of sustainable and reliable processes. Environmental variables relate to how an organization's activities affect the environment, including matters like as carbon emissions, waste management, energy consumption, and sustainability (PwC Nigeria, 2024). Social determinants examine how parties maintain connections with their clients, suppliers, trained employees, and the communities in which they operate. This includes matters like as human rights, labour standards, diversity, and social involvement. The policies and procedures that ensure a business is operated responsibly, fairly, and openly are referred to as governance. Furthermore, aspects such as executive rectification, board differences, allied governance development, and anti-baseness actions are also covered. These three pillars work together to provide a thorough basis for evaluating an association's wider social influence and future financial representation. In addition to helping visitors restore their operational efficacy, ESG practices also aid in risk management, building service trust, and ensuring alignment with global sustainability goals (PwC Nigeria, 2023). Because they demonstrate a commitment to long-term advantage innovation that benefits all stakeholders—shareholders, representatives, communities, and the environment—institutions that effectively adopt ESG legislation are better positioned to prosper in an increasingly moral and competitive marketplace (Mondaq, 2024).

It is impossible to overstate the importance of ESG practices in the financial industry. Through their investment choices, lending strategies, and financial output, financial institutions which include banks, grant corporations, and protection companies have a detrimental influence on how people behave in business-related and associated contexts (PwC Nigeria, 2024). These institutions can promote positive change across industries by incorporating ESG considerations into their accountable processes. This ensures that materials used in the production of goods are directed towards projects and trades that promote social justice, sustainability, and ethical behaviour. Financial institutions can reduce the risks of accidental harm, public unrest, or governance breakdowns by ESG policies, which can have a direct influence on their appropriateness and folders (Mondaq, 2024).

The adoption of ESG practices is becoming more and more acceptable in the Nigerian economic climate. Nigeria, which has one of the strongest economies in Africa, confronts particular difficulties related to social issues, government, and tangible sustainability (PwC Nigeria, 2024). In Nigeria, the financial sector is essential for promoting commerce, generating jobs, supplying funds for foundation development, and driving financial growth. Nonetheless, the subdivision continues to encounter several obstacles, such as insufficient material safeguards, limited fiscal addition, friendly bias, and poor governance (Mondaq, 2024). These difficulties emphasise how crucial it is for Nigerian financial institutions to integrate ESG practices. This change will impact the nation's overall efforts to achieve sustainable growth, in addition to helping monetary institutions manage risks and access international financial markets.

The present status of ESG unity inside Nigerian financial institutions will be examined in this paper, along with the main obstacles that these institutions must overcome and the factors that contribute to the positive acceptance of ESG standards (PwC Nigeria, 2023). We want to identify practical insights and recommendations to enhance the role of the commercial sector in promoting sustainable growth by addressing the experiences of Nigerian fiscal institutions. This paper will help the broader domestic and comprehensive sustainability goal by illuminating the barriers to ESG endorsement and highlighting the justification for not adopting sustainable financial practices.

The main of this paper is to assess how ESG practices are currently being implemented in Nigerian financial institutions, with a focus on the factors that encourage and hinder ESG implementation. This study's goals are to evaluate how ESG practices are being implemented in Nigerian financial institutions, identify common obstacles to their use, investigate potential enablers of better ESG implementation, and provide suggestions for enhancement.

The following research questions will be addressed by the paper in order to accomplish the above main:

1. How much have financial institutions in Nigeria integrated ESG concepts into their operations?
2. What are the main obstacles to Nigerian financial institutions' adoption and integration of ESG principles?
3. What elements affect how well ESG principles are incorporated into businesses?
4. In order to increase the scope of ESG implementation, how can these Nigerian financial institutions get over these obstacles?

The paper was further structured into section 2 which examined the research literature review on ESG and financial institutions in Nigeria. Section 3 discusses the study's research methods. Section 4 provides and examines the critical findings and Section 5 summaries the key discoveries and the implications for future study. This organization will provide a thorough knowledge of the study setting, methodologies, findings and conclusions.

Sustainability in Finance: Examining the Integration of ESG Principles in Nigerian Financial Institutions

RESEARCH LITERATURE REVIEW

This section focused on four (4) sections which includes the introductions, theoretical perspective, empirical literature and critical findings from literature.

Historical Perspective of ESG Practices in Nigerian Financial Institutions

A rising understanding of the role that sustainable development plays in promoting long-term economic stability is shown in the emergence of Environmental, Social, and Governance (ESG) practices in Nigeria's banking industry. Even though ESG as a formal concept gained popularity around the world in the early 2000s, Nigeria has gradually adopted it over the previous 20 years, especially in the banking industry.

1. Prior to 2010: Informal Practices and Low Awareness

Prior to 2010, the majority of ESG concerns in Nigerian financial institutions were reactive, dispersed, and informal. Environmental concerns were rarely given any thought, usually solely in reaction to governmental enforcement or disputes with the oil industry. Although there were social responsibility programs, they were often limited to corporate social responsibility (CSR) activities like contributions, community service, and sponsorships and were not incorporated into risk management or strategy frameworks. Although governance issues such as board accountability, transparency, and anti-corruption measures were becoming more popular, they were mostly driven by stock exchange regulations or foreign donor policies rather than internal improvements.

2. The Nigerian Sustainable Banking Principles (NSBP) were introduced

In 2012, there was a turning point with the introduction of the Nigerian sustainable Banking Principle by the Central Bank of Nigeria. As a consequent, all banks, discount stores, and development finance organisations were required to implement ESG-aligned activities by this historic policy decision. The purpose of the NSBP was to: Urge banks to incorporate social and environmental risk management into their loan procedures, encourage gender equality and financial inclusion, boost accountability, transparency, and corporate governance, comply with global sustainability guidelines like the UN Global Compact and the Equator Principles.

Nigeria was among the first African nations to formally implement ESG principles in banking at the national level thanks to this regulation.

3. 2013–2018: Implementation and Capacity Building

Nigerian banks started setting up sustainability departments, hiring staff, and releasing sustainability reports after the NSBP debut. The International Finance Corporation (IFC) and the CBN collaborated to plan financial institution capacity-building initiatives.

In this time frame for examples: Access Bank won many sustainability awards and became a leader in ESG integration. Furthermore, UBA, Zenith Bank, and GTBank started including ESG reporting into their yearly reports. Numerous banks began implementing green finance efforts, including loan programs aimed at women, energy-efficient lending, and support for SMEs.

4. **ESG Disclosure and Capital Market Participation, 2019–2021**

ESG was increasingly promoted by the Nigerian Exchange Group (NGX), formerly known as the Nigerian Stock Exchange, through: 2019 saw the introduction of the Sustainability Disclosure Guidelines, which mandated that listed businesses disclose their ESG policies. The launch of the NGX ESG Index, which measures the performance of businesses with robust ESG policies. As international ESG-focused investors began examining Nigerian companies for transparency and risk exposure, especially in high-impact industries like oil and gas, this time period also saw a rise in investor interest in sustainable financing.

5. Green Finance and Policy Integration from 2022 to the Present

The ESG environment is evolving, as seen by recent developments:

Nigerian banks have taken part in green bond offerings, including the Federal Government's sovereign green bond initiative, which was started with assistance from the World Bank. Banks are coordinating their activities with the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainable Development Goals (SDGs) of the United Nations. Stakeholder engagement tactics, loan evaluations, and investment decision-making are all increasingly including ESG considerations. Institutional investors have also received ESG-related recommendations from regulatory agencies including the Securities and Exchange Commission (SEC) and the National Pension Commission (PenCom).

From dispersed CSR initiatives to a more organised, policy-driven framework based on international norms, Nigeria's banking sector's ESG journey has advanced. An important turning point was the adoption of the Nigerian Sustainable Banking Principles, which laid the groundwork for continued ESG integration. The trend indicates that ESG concerns are becoming a crucial part of financial governance and risk management in Nigeria, despite ongoing problems such data shortages, enforcement gaps, and capacity limits.

Adewumi et al (2024) emphasized that the incorporation of ESG practices into the financial sector has evolved over several decades on a global scale. When friendly movements demanded that businesses handle more comprehensive social concerns, such as civil rights and environmental preservation, the idea of allied trustworthiness first emerged in the 1960s and 1970s. The establishment of foundations such as the Global Reporting Initiative (GRI), the Principles for Responsible Investment (PRI), and the Task Force on Climate-connected Financial Disclosures (TCFD) resulted from the fiscal subdivision's recognition of the potential of ESG determinants in directing risks and exerting persistent benefits by the late 1990s.

Although ESG practices in the business sector began to gain traction in Nigeria in the early 2000s, the country has remained relatively laggard when compared to more developed nations. Prioritising financial growth and profit maximisation over tangible and public factors was the initial focus of Nigerian banking institutions. Recent patterns indicate a move towards ESG legislation, driven by pervasive pressures and the increasing demand for sustainable funding. The Central Bank of Nigeria (CBN) provided guidelines for incorporating sustainability into the operations of Nigerian banks in 2019, especially with regard to incidental and public hazards. Due to the pressure from supervisors and the increased interest from investors and shareholders, Nigerian financial institutions have begun including ESG assessments into their government, investment, and accommodation procedures (Saxena et al, 2021).

Challenges of ESG Acceptance in the Nigerian Financial Industry

ESG adoption in Nigeria's banking sector is still inconsistent despite advancements. Due to obstacles including limited awareness, a lack of consistent reporting, and a lack of supervisory foundations, many institutions still struggle to fully adopt ESG principles. Additionally, it is difficult to assess how well ESG unity and appeal impact financial efficiency due to the lack of a robust ESG measuring framework (Adewumi et al (2024). The increasing importance of ESG unification in Nigeria's economy can be attributed to a number of important players. Fiscal performance is impacted to some extent by the recognition of the risks associated with social concerns and change. Nigerian financial institutions are being pressured by foreign financiers to join the accompanying international ESG rules by contesting acceptable and moral grant prospects. Nigerian banks are being pushed by both domestic (like the CBN recommendations) and international (like the UN Principles for Responsible Investment) regulatory bodies to incorporate ESG practices into their operations (Saxena, et al (2021).

The challenges of the adoption of ESG Acceptance in the Nigerian Financial Industry are:

Lack of Knowledge and Understanding

One of the main obstacles is a poor comprehension of ESG law with regard to fiscal institutions. The long-term advantages of ESG integration and the possible dangers of not implementing sustainable practices are still unfamiliar to many conclusion-creators (Adewumi et al (2024). Furthermore, many financial organisations still lack a thorough knowledge of ESG ideas and their real-world applications, especially small and mid-sized banks. Instead of being a strategic business driver, ESG is frequently viewed as a compliance necessity. With minimal internal support and integration into core banking processes, the effects of ESG implementation are often surface-level.

Inconsistent Regulatory Frameworks

Although regulatory bodies such as the Central Bank of Nigeria have made significant progress in promoting sustainability, all economic manufacturing subdivisions still lack integrated, inclusive management of authorised ESG newsgathering (Savitri and Suhari, 2023).

Insufficient Enforcement of Regulations

The Nigerian Sustainable Banking Principles (NSBP) were introduced by the Central Bank of Nigeria (CBN, 2012), although there aren't many enforcement measures in place. ESG reporting is still mostly optional in certain jurisdictions, and there are no severe sanctions for noncompliance. The paper argued that different industries and organisations use ESG criteria inconsistently.

Limited ESG Data and Reporting Standards:

Financial institutions find it difficult to assess and track their ESG activities effectively due to a lack of reliable ESG data and consistent newsgathering guidelines.

Data Gaps and Lack of Standardized Metrics

In Nigeria's financial ecosystem, there is a dearth of trustworthy, consistent, and comparable ESG data. The lack of standardised frameworks that are adapted to the local environment makes it difficult for many banks to measure and report ESG performance. According to the study, evaluating the ESG risk and performance of institutions is a challenge for investors and regulators.

High Costs of Implementation

Significant financial and human resources are frequently required for ESG integration, particularly for environmental risk assessments and financial disclosures pertaining to climate change. Since there is no certainty of rapid profits, many institutions view these expenses as onerous. The study made the case that short-term financial success occasionally takes precedence over ESG activities.

Weak Corporate Governance Culture

Conflicts of interest, poor board monitoring, and corruption still exist in some areas of the financial industry, despite governance being a cornerstone of ESG. This erodes trust in organisations' adherence to ESG standards. The paper made the case that inadequate governance undermines the legitimacy of ESG disclosures and adoption.

Minimal Investor Pressure

Nigerian asset managers and investors are less likely than those in developed markets to insist on ESG performance criteria or use responsible investment to sway board decisions. Financial Institutions have no external incentive to go above and beyond the bare minimum of ESG standards.

Underestimation of Climate and Environmental Risk

Climate change is still not properly acknowledged by many financial firms as a financial concern. In risk assessment models and credit assessments, environmental aspects are frequently left out or given insufficient weight. Environmental hazards such as drought, floods, and carbon obligations are not sufficiently priced or controlled.

Infrastructure and Socioeconomic Constraints

Banks may find it challenging to satisfy ESG goals, especially those related to inclusion and financial access, as a result of widespread socioeconomic issues including poverty, inequality, and inadequate infrastructure. Financial Institutions frequently have to choose between making a profit and having an influence on society or the environment.

Short-term Focus

Financial institutions typically offer advice on short-term profitability and long-term sustainability goals since the long-term financial benefits are not immediately evident. This causes reluctance to implementing ESG practices (Adewumi, et al 2024).

Many institutional, pedagogical, and regulatory obstacles still exist even though the Nigerian financial sector has made impressive strides towards ESG integration, particularly thanks to frameworks like the NSBP. A multi-stakeholder strategy including investors, financial institutions, regulators, and civil society will be needed to address these issues, with a focus on data infrastructure, incentive alignment, and capacity building.

Few Nigerian Financial institutions have made substantial strides in incorporating ESG standards into their initiatives, despite obstacles. Banks that have developed sustainable policies and met ESG requirements in their asset and accommodation operations include Access Bank, Fidelity Bank, FCMB, First Bank, Guaranty Trust Bank, Union Bank and Zenith Bank. In their operations, these institutions have implemented material risk assessments, tenable accommodative processes, and green bonds. Additionally, they are increasingly including news on ESG issues in their annual reports, somewhat aligning with the Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI) comprehensive requirements (Adewumi et al 2024).

Even though ESG practices are becoming more popular in Nigeria, there are still a number of significant research gaps that require attention. There is still a dearth of empirical data on the unique obstacles Nigerian financial institutions have while implementing ESG standards. The majority of the existing literature on ESG maintenance concentrates on developed economies, giving little attention to the unique difficulties faced by emerging markets such as Nigeria. Data and case studies that examine the long-term financial advantages of ESG unification for Nigerian commercial institutions are relatively scarce. To encourage ESG ratification throughout the whole sector, further study is required on how Nigerian financial institutions may effectively collaborate with regulatory bodies, financiers, and additional shareholders.

Theoretical Review

A review of the main ideas and pillars supporting the adoption and application of ESG legislation is necessary to comprehend how Environmental, Social, and Governance (ESG) practices are unified inside Nigerian financial institutions. These ideas offer important insights into how financial institutions might incorporate ESG factors into their operations, as well as the obstacles and time required to do so. Freeman (1984) was the first to express the stakeholder view, which holds that while decisions are being made, arrangements must consider the interests of all parties involved, not just shareholders. Agents, clients, suppliers, society, and the environment are all considered stakeholders. This view is especially relevant to ESG unity as it highlights the importance of contrasting financial goals with benevolent and concrete obligations (Freeman, 1984).

According to the stakeholder hypothesis, when implementing ESG practices in the Nigerian financial sector, economic institutions should consider the opinions and concerns of various stakeholders, including local communities, oversight organisations, and incidental groups. According to the hypothesis, financial institutions may improve their standing, ensure long-term viability, and develop trust with colleagues by combining ESG issues. By doing this, they can promote broader social and incidental well-being in addition to achieving economic goals (Freeman and Dmytriyev 2020).

Some Nigerian financial institutions are starting to use ESG practices, and stakeholder beliefs help explain why. They are fending off mounting pressure from domestic and international shareholders who want more ethical and sustainable business practices. The issue still exists, nevertheless, in that many Nigerian financial institutions continue to put the interests of their stockholders ahead of those of new investors, which restricts the full unification of ESG law (Broadstock et al (2020).

According to legitimacy theory, organisations follow specific procedures to ensure that their peers view them as legitimate. Wernerfelt (1984) and Suchman (1995) argued that legality as the broad perception that an organization's actions are acceptable, right, or seductive inside a philosophically constructed framework of definitions, beliefs, standards, and principles. Financial institutions, particularly in emerging economies such as Nigeria, allow the adoption of ESG practices as a habit in order to align with global norms and principles, ensuring their legality both locally and globally. The increased push on Nigerian monetary institutions to implement ESG criteria, particularly in response to international flows and the need for allied credibility, may be explained by the legality hypothesis. Nigerian financial institutions may use ESG principles to demonstrate their commitment to sustainability and increase their credibility in the global economy as international financiers and oversight organisations approve morally and ethically acceptable activities.

The legality hypothesis highlights a possible problem even if it provides a helpful basis for comprehending why Nigerian financial institutions are implementing ESG practices. Adopting ESG practices is always justified by the goal to become legally compliant or by a sincere commitment to sustainability. This continues to produce symbolic or detailed ESG works that have little lasting impact (Adewumi, et al 2024).

According to Barney's (1991) Resource-Based View (RBV) hypothesis, institutions may resolve back-and-forth rivalry by using their distinct financial resources and infrastructure. According to this theory, financial institutions may effectively use ESG practices and set themselves apart from competitors by using their assets, such as human capital, economic capital, and consistent information, in the context of ESG integration (Barney, 1991). Adopting ESG principles gives Nigerian commercial institutions a competitive edge by attracting politically aware investors, customers, and partners.

Additionally, RBV theory emphasises how important institutional abilities are to successfully integrating ESG principles. Nigerian financial institutions see the potential for investing in specialised expertise, sciences, and strategies to effectively gather, examine, and report on ESG data. Furthermore, according to the hypothesis, institutions with greater capacity to steer towards actions or regulations that do not pose a threat to the environment or society also acknowledge the potential for being in a better position to exploit new justifications that have a link to sustainable finance (Broadstock et al (2020).

Furthermore, RBV theory highlights a problem: not all Nigerian financial institutions acknowledge the potential to seize the funds or resources required to adopt sound ESG policies. Smaller institutions, in particular, acknowledge the potential lack of financial resources or technical expertise to fully integrate ESG norms, creating an uneven environment for ESG certification in Nigeria's financial Institution (Chen et al, 2023).

As developed by DiMaggio and Powell (1983), institutional theory explains how institutions influence the norms, values, and beliefs of their institutional environments. This concept is particularly pertinent to comprehending how manufacturing norms, societal attitudes, and supervisory pressures impact the implementation of ESG practices inside Nigerian commercial institutions. The institutional hypothesis states that fiscal institutions use ESG practices in order to become more legitimate, dispel scepticism, and conform to broader social ideals (DiMaggio & Powell, 1983). Because of the effect of both specific (such as management by the Central Bank of Nigeria) and informal (such as friendly norms and all-encompassing beliefs) forces, uniform belief might help explain why ESG practices are becoming more and more popular in Nigeria.

The fact that Nigeria's regulatory framework is still developing and therefore uniform pressures might not be as effective there as they are in more developed markets is one of the difficulties in adopting uniform belief there. Nigerian financial institutions may approve ESG activities slowly or inconsistently if there is no clear, binding supervisory framework for ESG newsgathering and unification (Moats and DeNicola 2021).

Empirical Review

With a particular focus on the Nigerian financial sector, the practical review examined a number of research and real-world examples related to the incorporation of Environmental, Social, and Governance (ESG) principles into commercial institutions. This study summarises findings from both domestic and international research and highlights the difficulties, developments, and strategies used by financial institutions to successfully incorporate ESG regulation. The growing importance of ESG unity in commercial entities generally has been highlighted by a growing body of applied research. Research has shown that better financial representation, risk management, and partner satisfaction are all correlated with ESG practices.

In terms of value, stock price, and risk-regulated returns, visitors who accompanied strong ESG performance did better than their counterparts (Freiberg, Rogers and Serafeim, 2020). Numerous studies conducted in Europe, North America, and Asia have reported this conclusion, highlighting the growing recognition of the importance of ESG activities in ensuring long-term sustainability and competitiveness. Additionally, worldwide sustainable investment changed by 15% between 2018 and 2020, according to data by the Global Sustainable Investment Review (GSIA, 2022). This suggests that there is a growing need for investments that provide guidance on concrete and public concerns. Economic institutions have been prompted by this change in investor benefits to include ESG legislation in order to attract capital and enhance their reputation in the marketplace (GSIA, 2022). The benefits of ESG unity are strongly supported by these all-encompassing approaches, however not all areas equally adopt these practices, particularly in developing nations like Nigeria. More attention must be paid to the difficulties and nuances of integrating ESG principles in such frameworks. Although there is little empirical study on Nigeria's fiscal divide, a number of studies have shown that Nigerian banks and other commercial organisations are becoming increasingly interested in ESG unification.

Akinboade and Oladipo's 2020 study examined the support for ESG testing in Nigerian banks and discovered that although awareness of ESG concerns was growing, actual integration into business operations was lagging behind. According to the study, some Nigerian banks were implementing ESG criteria in response to global demands, especially from global financiers, or as a genuine commitment to sustainable finance (Freiberg, Rogers and Serafeim, 2020). The absence of a clear and enforceable supervisory framework is still a significant obstacle, according to a study for one Central Bank of Nigeria (CBN, 2021), even if certain Nigerian commercial institutions have made progress in adopting ESG practices.

The survey stressed that while many banks were enticing to include CSR activities in the form of capital material actions or public cause support, this behaviour often lacked the entire strategy for full ESG unification. In order to ensure that Nigerian financial institutions effectively support sustainability goals, the report recommended a systematic strategy to ESG news collecting, act computation, and regulatory failure (CBN, 2021).

Key obstacles to the beneficial integration of ESG legislation inside Nigerian fiscal institutions have been highlighted by a number of practical investigations. According to a research by Okafor and colleagues (2021), Nigerian banks face several obstacles when implementing ESG practices. These include a lack of regulatory support, insufficient knowledge and skills, a short-term concentration on profit, and social and enlightening factors. The absence of an inclusive supervisory framework is one of the main barriers to ESG integration in Nigeria. The Central Bank of Nigeria (CBN) and the Nigerian Stock Exchange (NSE) have issued guidelines, however they are not mandatory, and commercial institutions have little accountability for their ESG actions. As a result, ESG practices are not consistent throughout the financial institutions.

Many Nigerian financial institutions lacked the skills, resources, and expertise necessary to successfully adopt and maintain ESG initiatives. In the same manner that impact investment and sustainable finance impede the successful integration of these techniques, there is a dearth of skilled artists in ESG-related domains. Nigerian fiscal institutions usually prepare for both long-term sustainability and short-term fiscal advantages. Even while the profits are now more stable, this focused effort on something that may be profitable in the future may cause a reluctance to choose ESG practices that may need significant upfront assets and long-term commitments (Adewumi, 2020). In Nigeria, cultural perspectives on sustainability and related maturity might still provide difficulties.

Many stakeholders, such as bank executives, financiers, and consumers, could not fully understand the importance of ESG or might see it as a luxury rather than a need (Freiberg et al, 2020). Profit factors for active ESG integration in Nigerian fiscal institutions have been highlighted in a number of research, notwithstanding the difficulties. A research identified a number of detracting factors that promote positive ESG adoption, including firm direction and responsibility, collaboration with partners, modifications to specifics, and providing incentives for ESG compliance. Strong direction and commitment from the top administration are two of the most important factors that ultimately determine development.

According to Freiberg et al, (2020), financial institutions that have adopted ESG policies have often done so because of visionary leadership that recognises the need of sustainability not just for associated reputation but also for long-term suitability. Collaboration with partners, such as managers, non-governmental organisations, and foreign financiers, is often necessary for the successful integration of ESG in Nigerian financial institutions. For example, by offering technical assistance, capacity building, and access to sustainable financing, the partnership between Nigerian banks and international incident institutions has supported the upholding of ESG standards. In several all-encompassing marketplaces, the utilisation of electronics to improve ESG newsgathering and efficiency computation has been seen as an advancement determinant.

Financial institutions in Nigeria are better equipped to effectively incorporate ESG principles because they have dedicated themselves to science in order to monitor material impact, quantify public implications, and ensure transparent government processes. According to a number of studies, the process is accelerated when fiscal institutions are given incentives to choose ESG practices. This covers things like offering contribution tax benefits, permitting favourable terms for viable initiatives, or admitting institutions with solid ESG practices through certifications or awards (Hummel and Szwkely, 2021).

Empirical research has once more examined case studies of Nigerian financial institutions that have made significant strides in integrating ESG principles. For instance, one of Nigeria's biggest marketing banks, Access Bank, issued an allure requirement in 2019 to become a sustainability officer by incorporating ESG standards into its operations. This included spending on environmentally friendly initiatives, restoring gender diversity, and adorning governmental buildings. The tenable investment advice provided by Access Bank is well known and is used as a template by other Nigerian financial institutions (Adewumi, 2020). Ecobank Nigeria has also taken measures in the direction of ESG integration by giving financial addition and environmental sustainability initiatives top priority. Allure ESG reports, which include clear disclosures about the bank's reference to practices or policies that do not negatively affect the environment footmark and friendly efforts, demonstrate the bank's duty to the public and tangible trustworthiness. This case study focusses on how Nigerian banks may successfully integrate ESG principles, but it also shows that wider support is needed to guarantee significant change throughout the region.

Nigeria can learn important lessons from an approximation of ESG approval in other emerging countries. According to studies, countries like Brazil, South Africa, and India have made great strides in integrating ESG principles into their financial sectors. For instance, the King IV Code on Corporate Governance has propelled significant legislative advancements in ESG news collecting and agreement in South Africa's commercial sector. These countries' success with ESG unity might provide useful ideas for Nigerian businesses looking to improve their ESG practices (Freiberg, Rogers and Serafeim, 2020).

RESEARCH METHODOLOGY

The Environmental, Social, and Governance (ESG) practices in the Nigerian financial institution is examined in this study using an inclusive and systematic methodology, with a focus on the benefits and obstacles that drive the aforementioned unification. This paper examines Nigerian financial institutions' ESG practices using secondary data, assesses their impact on business performance, and identifies the barriers and facilitators to the region's effective ESG ratification.

The study employs an explanatory research approach, which is suitable for investigating the present condition of ESG practices in financial institutions in Nigeria. This research approach enables this paper to provide a clear, objective explanation of the ESG practices that are now in place and assess how these practices integrate with broader sustainability flows and legal frameworks (Creswell, 2014).

Data collections will be based on the understanding of ESG practices, goals, and strategies may be gained by examining annual reports, sustainability reports, and ESG disclosures. Data related to ESG assets and their financial impact are handled in financial declarations, which include yearly and monthly reports. A basis for comprehending the regulatory environment developing ESG practices in the subdivision is established by regulatory and tactical papers, as directed by the Central Bank of Nigeria (CBN) and Nigerian Stock Exchange (NSE).

The paper will focus on Tier 1 Banks in Nigeria were selected. This is based on the fact that more than 60 per cent of the financial transactions are done by those banks (Owoeye, 2024).

Table 1: COMMERCIAL BANKING LICENCE WITH INTERNATIONAL AUTHORIZATION

S/N	NAME OF INSTITUTIONS	HEAD OFFICE ADDRESS	LOCATIONS
1	ACCESS BANK PLC	14/15 Prince Alaba Oniru Road, Victoria Island, Lagos	LAGOS
2	FIDELITY BANK PLC	2 Kofo Abayomi Street Victoria Island Lagos	LAGOS
3	FIRST CITY MONUMENT BANK PLC	Promose Towers, 17a, Tinubu Street, Lagos	LAGOS
4	FIRST BANK OF NIGERIA LIMITED	Samual Asabia House, 35 Marina, Lagos	LAGOS
5	GUARANTY TRUST BANK PLC	635 Akin Adesola Street Victoria Island, Lagos	LAGOS
6	UNION BANK OF NIGERIA PLC	Stallion Plaza, 36 Marina, Lagos	LAGOS
7	UNITED BANK FOR AFRICA	57 Marina, Lagos	LAGOS
8	ZENITH BANK PLC	Plot 84, Ajose Adeogun Street, Victoria Island, Lagos	LAGOS

Source: Central Bank of Nigeria (2022)

This study's data analysis focusses on the quality rather than the quantity of the subordinate data that was gathered. By classifying and organising the textual data according to the three primary components of ESG—material, public, and governance—this strategy permits an inclusive interpretation of the data. A more thorough comprehension of the specific procedures, difficulties, and key factors associated with each ESG component is made possible by this categorisation (Hsieh & Shannon, 2005).

Thematic analysis is used to identify important concepts that emerge from the data, such as the primary obstacles to ESG unity, the factors that contribute to successful ESG maintenance, and the overall influence of ESG on sustainability and financial representation. Thematic reasoning continues to be useful in spotting subtle differences in the application of ESG principles, offering insightful insights into the options available to different kinds of financial organisations (Braun & Clarke, 2006). Explanatory enumerations are utilised when appropriate to quantify aspects that have a link to ESG contributions and their corresponding important economic performance indicators, even though the study often employs subjective data. By providing trends and patterns in ESG practices and their financial impacts, these lists aid in the development of subjective judgements (Creswell, 2014).

DATA ANALYSIS AND FINDINGS

Secondary data is used in this research work and it covers ESG reports, cases and articles, interviews, and financial statements of Nigerian selected financial institutions. These institutions consist of some big players in the market like Access Bank, GTBank, First Bank, FCMB, Fidelity Bank, Zenith Bank, United Bank for Africa UBA and Ecobank. These banks were deemed appropriate for this research as they are fully invested in ESG practices and the data is accessible.

Table 1: ESG Disclosure Practices Across Selected Nigerian Financial Institutions

S/N	NAME OF INSTITUTIONS	Environmental	Social	Governance	Total ESG Score	Percentage Score (%)
1	ACCESS BANK PLC	HIGH	HIGH	HIGH	9.5/10	95%
2	FIDELITY BANK PLC	HIGH	MEDIUM	HIGH	8.5/10	85%
3	FIRST CITY MONUMENT BANK PLC	HIGH	MEDIUM	MEDIUM	7.0/10	70%
4	FIRST BANK OF NIGERIA LIMITED	HIGH	HIGH	MEDIUM	8.5/10	85%
5	GUARANTY TRUST BANK PLC	HIGH	HIGH	HIGH	9.5/10	95%
6	UNION BANK OF NIGERIA PLC	MEDIUM	LOW	MEDIUM	7.0/10	70%
7	UNITED BANK FOR AFRICA	HIGH	MEDIUM	HIGH	8.5/10	85%
8	ZENITH BANK PLC	HIGH	HIGH	HIGH	9.5/10	95%

Sources: ESG reports from the respective Nigerian Tier 1 banks

An overview of the ESG disclosure practices used by Tier 1 banks in the Nigerian financial system is given in the following table. Access Bank, Guaranty Trust Bank, and Zenith Bank have received excellent rankings of 9.5/10, or 95%, in the Environmental, Social, and Governance (ESG) components. These organisations are especially concerned about accountability, efficiency, and sustainability.

Furthermore, because of their high environmental and governance structures and medium social performance, First Bank of Nigeria Limited, Fidelity Bank, and United Bank for Africa received somewhat lower ratings of 8.5/10, or 85%. With little social and governance initiatives, First City Monument Bank (FCMB) Plc and Union Bank of Nigeria Plc perform the worst, scoring 7/10 or 70%. This disparity calls into question whether these institutions are implementing a variety of ESG measures, particularly those that are socially and ecologically responsible.

According to the percentage score column, a larger portion of Nigeria's financial ecosystem has not yet fully embraced ESG. A total of 95% of the chosen banks (Access Bank, GTBank, and Zenith Bank) have a comparatively high degree of ESG implementation, as can be seen above, while the remaining 30% (First City Monument Bank Plc and Union Bank) have a weak implementation on some ESG factors, especially the environmental and social factors.

Table 2: Environmental Practices in Selected Nigerian Financial Institutions

S/N	NAME OF INSTITUTIONS	Green Financing Initiatives	Carbon Emission Reduction Policies	Energy Efficiency Programmes	Green Finance Initiative (%)
1	ACCESS BANK PLC	YES	YES	YES	100%
2	FIDELITY BANK PLC	YES	NO	YES	70%
3	FIRST CITY MONUMENT BANK PLC	YES	YES	YES	100%
4	FIRST BANK OF NIGERIA LIMITED	YES	NO	YES	70%
5	GUARANTY TRUST BANK PLC	YES	YES	YES	100%
6	UNION BANK OF NIGERIA PLC	YES	NO	YES	70%
7	UNITED BANK FOR AFRICA	YES	NO	YES	70%
8	ZENITH BANK PLC	YES	YES	YES	100%

Sources: ESG reports from the respective Nigerian Tier 1 banks

The study on environmental practices reveals that Nigerian financial institutions are inclined towards environmentally friendly practices. Currently, all these Nigerian big firms have started implementing green financing, carbon emission reduction, and energy efficiency programmes and they are; Access Bank, FCMB, GTBank, and Zenith Bank. The modern institutions that are the most efficient in promoting environmentally sound operations have scored a cent in this aspect.

However, there are no difference among the other first Tier 1 banks such as Fidelity Bank Plc, First Bank of Nigeria Plc, Union Bank of Nigeria Plc and United Bank for Africa. This is very limited practice on carbon emission reduction in line with green sustainability initiatives

For instance, Union Bank of Nigeria Plc has none of the environmental measures to show that it has a working ESG strategy, which is a huge glaring weakness. This finding has reaffirmed the low level of environmental consciousness among some Nigerian financial institutions.

As it stands 70% (Fidelity Bank Plc, First Bank of Nigeria Ltd, Union Bank of Nigeria Plc and United Bank for Africa) of the banks have adopted all the environmental practices indicated above with 30% evidence of poor or without any environmental sustainability practices. This has exposed the sector to environmental strategies' inconsistency in the strategies the companies implement.

Table 3: Social Practices in Selected Nigerian Financial Institutions

S/N	NAME OF INSTITUTIONS	Community Development Programmes	Employee Welfare Initiatives	Diversity and Inclusion Policies	Social Initiative Percentage (%)
1	ACCESS BANK PLC	YES	YES	YES	100%
2	FIDELITY BANK PLC	YES	YES	YES	100%
3	FIRST CITY MONUMENT BANK PLC	YES	YES	YES	100%
4	FIRST BANK OF NIGERIA LIMITED	YES	YES	YES	100%
5	GUARANTY TRUST BANK PLC	YES	YES	YES	100%
6	UNION BANK OF NIGERIA PLC	YES	YES	YES	100%
7	UNITED BANK FOR AFRICA	YES	YES	YES	100%
8	ZENITH BANK PLC	YES	YES	YES	100%

Sources: ESG reports from the respective Nigerian Tier 1 banks

The social verdict on ESG discloses high activity regarding employee care, corporate social responsibility, and equal opportunity schemes in most of the chosen Nigerian banks. All banks in the Table 3 scored a perfect 100% on the social practices, thus showing an all-round implementation of social sustainability.

Furthermore, the paper discovered that most of the financial institutions in Nigeria concentrate their community engagement initiatives in the Lagos while few activities were observed in other regions in Nigeria. The lack of community-based programmes in other regions of Nigeria shows a major failure in the system as a lack of social responsibility on the part of the banks since they have made little attempts beyond their banking and reporting services to improve the quality of life of the people. Such isolation may reduce social performance and consequently limit the banks' capacity to meet other corporate social obligations.

All the institutions of the study exhibited very strong social compliance practices. While this percentage plays testimony to the fact that Nigerian financial institutions are generally receptive to social responsibility, it also portrays the fact that of these institutions still need robust programmes nationwide when it comes to issues of community development.

Table 4: Governance Practices in Selected Nigerian Financial Institutions

S/N	NAME OF INSTITUTIONS	Board Independence	Anti-Corruption Policies	Regulatory Compliance	Financial Report Transparency	Governance Practices Percentage (%)
1	ACCESS BANK PLC	YES	YES	YES	YES	100%
2	FIDELITY BANK PLC	YES	YES	YES	YES	100%
3	FIRST CITY MONUMENT BANK PLC	YES	YES	YES	YES	100%
4	FIRST BANK OF NIGERIA LIMITED	YES	YES	YES	YES	100%
5	GUARANTY TRUST BANK PLC	YES	YES	YES	YES	100%
6	UNION BANK OF NIGERIA PLC	YES	YES	YES	YES	100%
7	UNITED BANK FOR AFRICA	YES	YES	YES	YES	100%
8	ZENITH BANK PLC	YES	YES	YES	YES	100%

Sources: ESG reports from the respective Nigerian Tier 1 banks

The above table 4 on governance practice revealed the importance of the board Independence. The results reviewed that the tier 1 Banks in respect of governance practices on board independence. This paper argued that the eenvironmental, social, and governance (ESG) factors have a big influence on board independence because they change corporate governance structures and improve oversight, diversity, and accountability. ESG demands have impacted the makeup, operations, and contributions of independent directors to sustainability monitoring in the Nigerian financial sector as well as around the world. Based on the results effective governance practices will strengthening the oversight and accountability, broadening board expertise, enhancing transparency and disclosures, promoting ethical and long-term decision making and mitigating conflicts of interest. As a consequence of the above, this clearly shows that the Nigerian banking industry excels in governance standards of Institutions. Due to their adherence to global corporate governance norms, these institutions' leadership adopts ethical practices, as seen by the similarities in governance procedures seen above.

Financial institutions' development and implementation of ethics, compliance, transparency, and governance policies have been greatly impacted by Environmental, Social, and Governance (ESG) frameworks. ESG adoption is propelling a structural and cultural transition towards greater institutional integrity in Nigeria, where governance issues and regulatory compliance have historically been inconsistent. According to the study's findings, Nigerian financial institutions have incorporated governance techniques into their management, as seen by their 100% governance practice score. Therefore, it may be said that, in terms of ESG integration, governance is the least of the sector's worries.

This research also made the case that by integrating moral behaviour into corporate governance guidelines and risk management systems, anti-corruption strategies could encourage a zero-tolerance attitude towards corruption and unethical activity. Internal controls, whistleblower procedures, and anti-bribery training for employees and board members are all being reinforced by financial firms. This study made the case that, in order to win over investors and form worldwide alliances, banks in Nigeria's financial system should more closely adhere to international anti-corruption norms (such as the FCPA and the UK Bribery Act).

The regulatory compliance should impact on ESG framework of financial institutions in Nigeria by not just complying with the financial laws but also of importance are environmental, labour and human right regulations. This paper emphasized that financial institutions should compile to Central Bank and SEC regulations as well as global standards from Basel 3 and other sustainability-related compliance standards. The Nigerian Sustainable Banking Principles (NSBP) has led banks to integrate ESG risks into their legal and compliance obligations.

The paper argued that ESG should drive financial report transparency with higher standards of disclosure, pushing institutions to publish more accurate, timely and comprehensive financial and non-financial reports. For instance, sustainability reports, ESG indices, and climate-related disclosures. The Nigerian Exchange (NGX) made it compulsory for ESG disclosures for Banks when adopting integrated Reporting framework to enhance transparency.

Good governance practices in relation the ESG emphasize and incorporate ethical leadership, independent oversight and stakeholder inclusivity which improve the quality of corporate governance. The paper argued that board should be restructured to include ESG expertise and establishment of a sustainability committee thus driving compliance, accountability and international best practices.

Critical Discussions for the ESG Adoption in the Nigerian Financial Market

A number of important factors influence the success of ESG enactment in Nigerian financial institutions.

Strong governance and leadership are crucial, and institutions that have strong government buildings like Access Bank and Zenith Bank are better positioned to embrace and apply ESG policies. One crucial step in integration is the leadership's commitment to sustainability. ESG strategies must be clear. Organisations such as First Bank and GTBank have demonstrated that having well-defined ESG policies aids with pointless implementation. These strategies provide consistent adherence to ESG principles and are supported by worldwide recommendations (Adewumi et al, 2020).

Furthermore, the ESG Act is greatly enhanced by shareholder participation and data. Banks that collaborate with local and foreign partners, like UBA and GTBank, are probably going to do better in their ESG initiatives. Transparency and trust are increased when they accompany managers, investors, and customers (Adewunmi et al 2020). Training and employee data are equally important. The successful integration of ESG practices depends on staff engagement, and banks that offer live employee training programs, like Access Bank, have had greater success rates in ESG exercises.

The truly comprehensive integration of all three ESG components demonstrates Access Bank's direction in ESG implementation. The bank has established itself as a pioneer in sustainable investing in Nigeria by implementing extensive green funding initiatives and actively participating in social events (Adewumi et al, 2020). However, Ecobank's lower ESG score shows that there are gaps in both incidental and friendly factors. The bank lags in implementing social and green practices, focussing on areas for improvement, even after implementing governance processes.

The rulings show that Nigerian financial institutions have a noteworthy alternative when it comes to implementing ESG standards. While some banks, like Access Bank, GTBank, and Zenith Bank, have made significant strides in incorporating incidental, social, and governmental factors into their operations, the rest, like First Bank, UBA, and Ecobank, fall behind in differentiating between different fields, particularly when it comes to mentioning practices or policies that do not adversely impact the environment and social elements. The majority of institutions strongly supported the material measure, especially in programs pertaining to strength effectiveness and green financing.

These judgments are constantly accompanying the attention that governance makeups in monetary Institutions are frequently more developed and controlled distinguished to material and friendly aspects. Governance practices are simpler to implement and measure, while incidental and public practices demand significant changes in movements and civilization (Burritt and Christ, (2016).

By reducing observable effects, encouraging positive interactions, and ensuring sound governance compositions, ESG practices significantly contribute to sustainability. Financial institutions are allowed to join their movements in support of national and international sustainability goals due to the assurance of green finance, element emission reduction, and public pressures. This contributes to the larger timeline of sustainable occurrence. Institutions that favourably integrate ESG practices are better put to guide along the route, often water the challenges of trend change, friendly inequality, and government risks, eventually guaranteeing their elasticity and long-term accomplishment (Burritt and Schaltegger, 2010).

CONCLUSION

One factor impeding the promotion of sustainable financial growth and the achievement of the country's broader development goals is the integration of Environmental, Social, and Governance (ESG) principles in Nigerian monetary institutions. Nigerian banks have made significant strides in implementing ESG norms, according to this report, but there are still issues with regulatory violations, financial constraints, and the erratic execution of public initiatives. In particular, government operations are more effectively linked, and in reference to policies or practices that do not adversely affect the environment, sustainability and friendly impact initiatives need active attention throughout the country.

According to this research, prominent institutions have achieved significant strides in their ESG initiatives in the past, including Access Bank, GTBank, Fidelity Bank, Ecobank, Zenith Bank and United Bank for Africa. Nonetheless, there is a need for more effective administration tools, more transparent management, and a more structured approach to ESG unification. The effective implementation of ESG legislation is closely linked to the financial performance and sustainability of Nigerian banks. These actions not only attract ethical investors but also serve to reduce overall risks, ensuring financial institutions' stability and support.

The growing global push for green payments, sustainable finance, and mechanical advancements presents significant prospects for Nigerian financial institutions. By adopting these trends, banks may compete, promote positive environmental and friendly effects, and join their movements in support of global sustainability goals. Therefore, ESG ratification is not only a modern strategy but also an important one that may assist Nigerian commercial institutions in the long run.

It is possible to look into the whole range of business advantages of incorporating ESG principles into Nigerian fiscal institutions, including their impact on market share, risk management, and appropriateness. Further investigation is also necessary into the possible role that emerging electronics, such as AI, blockchain, and big data science of logical analysis, may play in enhancing ESG reporting and achievement calculations. Last but not least, studies on how ESG practices affect interactions with clients, financiers, and regulators would provide insights into how banks may raise their profile and foster stakeholder confidence.

RECOMMENDATIONS

In light of the findings from this research, the followings recommendations should enhance the integration of ESG framework in the Nigerian financial institutions:

Creation of All-Inclusive ESG Policies

Nigerian banks should attempt to create and implement transparent ESG strategies that are in line with international standards, such as those set out by the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). In order to provide a solid basis for ESG activities, these rules address accidental sustainability, friendly impact, and governance standards.

ESG Reporting Standards

To ensure consistency, openness, and communication, Nigerian financial institutions must plan out their ESG reporting in a systematic manner. Financial firms may implement credibility and provide reliable disclosures that satisfy the expectations of investors, customers, and other colleagues by embracing global newsgathering frameworks such as GRI and SASB.

Encouragement of Green Finance

It's possible that there will be a big push for sustainable and green initiatives. Through green loans, sustainability-related loans, and funding for eco-friendly initiatives, Nigerian financial institutions increase their support for clean science, tenable infrastructure, and energy from undeletable sources.

Enhancement of Inclusion and Diversity

Nigerian banks acknowledge the potential to actively address challenges related to the diversity and addition of trained people. To provide equitable excuses across socioeconomic, racial, and common origins, proactive processes should be implemented. Promoting differences inside the workforce and guidance crews will reinforce administrative performance and cause a definite allied idea.

Enforcement and Regulatory Assistance

The Central Bank of Nigeria (CBN) and Securities and Exchange Commission (SEC), as well as the Nigerian government and supervisory bodies, should strengthen mandated ESG disclosures and provide more transparent management for ESG practices. Following regulations, banks are enticed to embrace ESG laws through tax benefits, subsidies, or lower-interest funding choices for sustainability initiatives.

ESG Technological Developments

Nigerian financial institutions spend money on devices that can coordinate ESG news collection and monitoring. Banks may get tangible insights into their ESG actions by automating ESG data collecting, news gathering, and reasoning through the adoption of technologies like blockchain, machine intelligence (AI), and big data science of logical analysis.

Increasing Involvement of Stakeholders

Banks continue to provide instructions to its coworkers, who include staff, customers, investors, and local communities. Complete confidence and dedication to ESG norms will be fostered by establishing strong response mechanisms, participating in discussions, and incorporating stakeholders' hesitancy-making processes.

Nigerian financial institutions would be more prepared to incorporate ESG principles into their initiatives if they accept these certifications. In addition to improving their sustainability performance, this would contribute to Nigeria's overall socio-financial growth. Understanding the ESG standard will ensure that these institutions continue to compete on the global scene, attract responsible donations, and reduce the risks that influence social, political, and tangible concerns. As a result, Nigeria's business sector may develop a habit that encourages both sustainable events and commercial tumours.

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