

Gearing Up for Green

by John Brennan & Catherine Guy

In December 2021, AIB and Autolease Fleet Management, which trades as NiftiBusiness and Nifti Personal Leasing, announced a joint venture, with AIB acquiring a 50% stake in the business. The aim of this new partnership is to support business and personal customers in the transition to a lower-carbon future. John Brennan, Head of Retail SME in AIB, and Catherine Guy, CEO, Nifti are delighted to have the opportunity to share their insights with CPA Ireland members.

John, being head of SME banking in AIB must carry a lot of responsibility. Tell us about your role and the team that you lead.

Yes, it absolutely does. AIB is at the heart of our customers' financial lives, and with Ulster Bank and KBC leaving the market, we are very aware that we have an important role to play in ensuring continuity and support for the Irish SME ecosystem.

My role involves leading the SME side of the retail bank in AIB – this covers our business banking teams in the branch network, AIB Finance & Leasing, SME strategy and propositions and our relationship office for joint ventures.

In terms of what my team looks like on the ground, your members will be familiar with their local business advisors, Finance & Leasing representatives and our Heads of Business Banking.

We have many excellent people serving our SME customers, and I take great pride in that. Retail banking and indeed AIB is going through a period of change, which can create challenges but also many opportunities.

Along with my own management team, I am responsible for driving AIB's agenda forward in the SME space. We have ambitious plans to improve our services, simplify processes and become more digitally enabled while ensuring sustainability is embedded across everything we do.

Why is sustainability so important to AIB and what are you doing to support it?

Quite simply it is the right and responsible thing to do – it's also good business. Our purpose is to back our customers to achieve their dreams and ambitions.

We have seen that those dreams and ambitions are increasingly being framed through the lens of sustainability and in particular, climate action.

As a large-scale Irish organisation, we are aware we need to provide leadership in sustainability not only in the financial services sector, but across our economy and society. We have embraced our role as a sustainability leader, and our ambition is that 70% of our new lending will be green or transition by 2030.

We also have a target to achieve Net Zero in our financed emissions by 2040 for our full lending portfolio (2050 including Agriculture).

In our own organisation, we have set a target of becoming Net Zero by 2030. We understand that the window for action on climate change is closing rapidly and there can be no delay in taking these steps.

At AIB, a comprehensive set of actions are in train across the Group designed to help us maintain and extend our position as a leading force for sustainability in Ireland.

Does becoming more sustainable make good business sense for SMEs?

That's a fair question, and it's one that many businesses and their accountants will be weighing up. The uncertainty due to the pandemic and now the geopolitical situation due to the Russian invasion of Ukraine has caused some SMEs to focus on other areas of their business in the short term, with sustainability assuming a lower priority for some of them.



However, standing still on sustainability is not an option. Many SMEs will supply larger businesses, and these larger businesses, like AIB, will have to be accountable not just for their direct carbon footprint, but also Scope 3 emissions which includes their supply chains carbon footprint. For example, AIB maintains a database of about 4,000 suppliers, and transacted with 2,128 of them in 2021.

As part of the increased focus on sustainability within our supply chain, we now ensure that our Responsible Supplier Code is referenced as part of all our purchasing transactions, and we engage with top suppliers to encourage adoption of Carbon Disclosure Reporting. This is reflected in many other large businesses that are trying to play their part in addressing climate change. The stark reality in coming years will be that a business may have the best product or service on the market, the most competitive price, the best supplier relationships, but may lose out to competitors if they do not meet the carbon footprint and sustainability

requirements the firms they are supplying have. This accountability will ultimately trickle down to medium and small businesses as well.

Catherine, what prompted Nifti to enter into a joint venture with AIB?

We already enjoyed a very positive relationship with AIB as our bank and they have a strong understanding of our business. We were aware that while AIB offered a wide range of cashflow solutions, they did not have an offering for their own customers in terms of vehicle leasing and fleet management - we believed that we could provide a solution which would be of value to AIB Customers who either lease their existing fleet or purchase their vehicles.

AIB has a large customer base of businesses who need to be mobile, and we offer mobility as a service with a fully outsourced leasing and fleet management solution. We are also invested in supporting sustainable mobility through the transition to Electric Vehicles (EVs)

and have been a strong advocate to our own customers, encouraging the switch to EVs for some time. Our own staff fleet is 90% electric so we know that EVs can work for business.

Our HQ has been retrofitted with solar panels which supply over 50% of our electricity needs including our onsite EV chargers. We are passionate about making a difference, using our expertise and our own experience. AIB similarly has a strong commitment to sustainability and has put it at the heart of its strategy. We are very ambitious and AIB recognised and supported that ambition. All in all, it seemed like a really good fit for both of us.

Tell us about what Nifti is offering.

NiftiBusiness offers cashflow solutions and mobility as a service. By taking care of vehicles and fleet, we enable our customers to focus their valuable time and energy on their own core business. We also offer businesses the opportunity to consider and plan for a more sustainable mobility strategy. We provide expert advice on electric vehicles, and we help customers to develop a plan for the transition to electric vehicles over a period of time and with a budget which suits their business and their staff. We do this by reviewing existing fleet and mobility needs, analysing the current fleet carbon emissions, and providing a plan for the phased, or even more ambitious, move to a reduced carbon fleet.

We look at driver habits and requirements and identify vehicles which are suitable. We can provide additional supports in terms of installation of EV chargers at workplaces and at staff homes. In addition, we monitor fleet performance and provide MI reporting and analysis to our customers so that we can see the impact.

For business customers, we provide a fully outsourced solution to businesses of all shapes and sizes, from advising on what vehicle is best suited to their needs and budget, to



supplying the vehicle on lease for terms of 3-5 years at a fixed monthly cost. We manage the life cycle of the vehicle for our customers, taking care of tax, maintenance, tyres, planned and unplanned events, and supporting drivers daily. And at the end of the lease, we manage disposal and the risk that goes with that. Basically, our customer pays for what they use.

Our service is effective and efficient from a cashflow perspective as well as from a time and resource perspective. It is cost effective and gives time back to the business.

For personal customers, Nifti personal leasing offers personal leasing solutions for people who want to use a car but don't necessarily want or need to own a car. We offer a more sustainable option which is usership rather than ownership, with all of the convenience and fun that comes from driving a new car, but without the challenges and risk associated with buying a new car. This is somewhat new to the Irish market but is a very familiar concept in other countries and we are hugely encouraged by the response from the market so far.

Our customer does not need to worry about depreciation which could impact value in the future – we take care of that. Our customer does not need to worry about maintenance – we take care of that. Through our website, we guide our customer to help them choose the right vehicle for them. We offer leases at a fixed monthly cost, so our customer has certainty. And if our customer selects an electronic vehicle (EV) we can provide advice about the most suitable model and how their use of an EV impacts their own carbon footprint.

What is Nifti seeing in the marketplace – what are the challenges and opportunities?

It is no secret that supply remains a challenge – that is cyclical, and we know that it will improve. But while that is a challenge, we work with our customers to source alternative suitable vehicles, provide temporary vehicles to bridge the gap and generally ensuring that our customers remain mobile, and drivers are happy.

We are all very aware now of the sharp increases in diesel and petrol

prices and to some extent, the complexities and vulnerabilities of that supply chain. And we think it is no coincidence that the increased interest that we were already seeing from businesses in more sustainable mobility solutions, has grown hugely in the first quarter of 2022. Most of the enquiries that we now receive specifically include enquiries about EVs, both passenger and light commercial vehicles, and the number of customers leasing an EV is increasing on a monthly basis.

Many businesses are addressing the question of how to develop a more sustainable fleet and planning for that transition over time in a very structured way.

We know from our engagement with customers that there is a lot of confusion still in the market about EVs and whether they can work for business or for customers lifestyles. Our challenge and our opportunity is to help our customers – both business and personal customers – to understand more about sustainable solutions, to help to address and overcome their concerns and ultimately to advise them so that they can make good and informed decisions.

What do you think the next key developments in sustainability will be?

In terms of sustainability in our own industry, we were pleased to see the publication recently of the Government's Electric Vehicle Charging Infrastructure Strategy 2022-25.

The development of that infrastructure is in its early stages, and it is urgent but it is clear that a meaningful transition to electric vehicles needs the key enablers and a fit for purpose charging infrastructure at the centre of that.

While we are all reasonably familiar with electric vehicle technology, the next key development seems set to be around the development for mass use of alternative fuels which include hydrogen, biofuels, and a range of others. That is



exciting and challenging and presents interesting potential for more ways to decarbonise.

What should CPA members be doing to prepare their clients and the businesses they work in for their own sustainability journey?

CPA members who work with businesses and individuals on a daily basis have a key opportunity to influence their clients to at least consider new options for doing business in a more sustainable way. In business we are all driven hugely by targets, budgets and the bottom line. We all want to do business more efficiently and more effectively and ideally more profitably. But I think that most businesses now recognise that efficiency and effectiveness and even profitability is as much about sustainability as it is about budgets and targets.

Whether or not you are someone who is personally invested in halting climate change or making a difference to the planet and the environment, your colleagues, employees and customers already demand that you become invested, and that business plays its part even in a small way. There are a lot of different ways to play a part, and many are very familiar – waste management, using renewable energy sources for business and personal energy requirements, taking steps to reduce your carbon footprint in a variety of ways.

The vehicles we use for business or personal use are an obvious part of the solution. We know from existing research that most car journeys which we undertake in Ireland every day are well within the capacity of all the available EVs. We know that the public charging infrastructure is a work in progress, but we also know that private charging infrastructure is achievable for people and for businesses who can make EV chargers available for employee use at business premises.

The costs are not prohibitive and in fact the total life cost of an EV can

be more cost effective than that of a conventional vehicle. A business and an individual can lease an EV at a fixed monthly cost – that provides certainty and reduces risk. Grants are available for the installation of EV chargers. Accelerated Capital Allowances are available for businesses which invest in energy efficient products and equipment, including EVs and charging equipment. I think that many businesses may not be aware of how affordable this can be, and it strikes me that CPA members can really add value to their clients by bringing these issues into their discussions around business and finance planning.



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