Asia's banks are failing to grasp growing food system risks: study

Research warns that Southeast Asian and Indian lenders are overlooking major climate, biodiversity and public-health risks tied to Asia's fast-growing protein demand. Only three banks reference animal welfare principles in their lending policies.

By Robin Hicks

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Asia's banking sector is only beginning to grapple with the rising financial, climate and nature-related risks tied to food and agriculture, despite the sector's central role in driving deforestation, emissions and public-health threats, according to a new regional benchmark from Asia Research & Engagement (ARE).

The Protein Transition Bank Benchmark 2025 is the region’s first assessment of how prepared Southeast Asian and Indian banks are to support a shift toward more sustainable, lower-impact protein systems. The study evaluates public disclosures from 24 domestic banks across Singapore, Malaysia, Thailand, Indonesia, the Philippines and India, along with two international banks active in the region.

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The research emerges as Asian populations grow wealthier and demand for protein is surging, which are putting additional pressures on land, biodiversity and water systems, while also increasing exposure to disease risks and antimicrobial resistance.

Maturity levels vary widely by country; however, the research shows early signs that the region’s financial institutions are beginning to recognise the risks associated with food and agriculture.

> The next wave of sustainable finance will be defined by nutrition, nature, compassion, and resilience.
>
> Kate Blaszak, director of protein transition, Asia Research & Engagement

Singapore’s three major banks – DBS, UOB, and OCBC – have incorporated deforestation-exclusion principles and established responsible-lending frameworks. ARE says the next step is demonstrating transparent implementation, including exposure to deforestation-free feed and cage-free egg supply chains, while expanding sustainable finance products for the sector.

Malaysia’s CIMB and Maybank have adopted policies to support sustainable palm oil production, but have yet to strengthen safeguards around livestock operations. ARE identifies feed-related deforestation, animal welfare and antibiotic stewardship as immediate gaps.

In Thailand, Kasikornbank, Krung Thai, and SCB show early alignment with the country’s ambitions to develop its plant-based and future-food industries. With Thailand positioning itself as the “Kitchen of the world”, analysts say banks have an opportunity to lead in financing alternative proteins and higher-welfare production systems.

Meanwhile, lenders in Indonesia and the Philippines – which face some of the region’s highest climate and agricultural risks – remain at early stages of applying sustainability criteria to food and agri lending. ARE highlights the need for stronger agri-finance frameworks to manage mounting physical and transition risks.

In India, ICICI stands out for beginning to disclose climate-risk scenario analyses for food and agriculture. Yet most Indian banks have not integrated deforestation, animal welfare, or antibiotic-use considerations. Given food and agriculture is classified as a "priority sector," ARE says banks are well-positioned to strengthen lending frameworks that support climate resilience and nutritional security.

Climate, biodiversity and welfare issues largely overlooked

Despite food and agriculture accounting for a major share of global emissions and being highly exposed to climate impacts, only two banks assessed have explicitly included the sector in their net-zero strategies.

Only three banks – DBS, UOB, and Kasikorn – reference animal welfare principles in their lending policies; none have established measurable standards or exclusions for caged or low-welfare systems. Intensive livestock systems that neglect animal welfare heighten zoonotic disease risks, food and worker safety issues, antibiotic overuse and antimicrobial resistance.

Standard Chartered was identified as a leader in animal welfare policy in the region, with a clear and comprehensive policy that excludes financing for caged animal production systems and requires clients involved in animal transport or slaughter to implement a standard for responsible farming known as the FARMS Initiative.

DBS, UOB and CIMB have begun aligning with the Kunming-Montreal Global Biodiversity Framework – a landmark international agreement adopted in December 2022 at the UN Biodiversity Conference to halt and reverse biodiversity loss – but few have translated this into concrete requirements for food-and-agri clients.

DBS, Maybank, and Krung Thai are early movers in recognising alternative proteins within green or transition-finance frameworks, signalling awareness of the region's fast-growing future-food opportunities.

Untapped protein transition finance

ARE notes that governance and oversight are gradually improving – 15 of the 24 banks now have board or committee-level supervision of climate or natural-resource risks. But only five demonstrate board-level expertise in food and agriculture sustainability, and none disclose financing targets for nature-based solutions.

The report argues that banks able to act early stand to benefit most. Transition financing for plant proteins, deforestation-free feed, higher-welfare livestock systems, and nature-based solutions remains largely untapped in Southeast Asia and India.

"The next wave of sustainable finance will be defined by nutrition, nature, compassion, and resilience," said Kate Blaszak, ARE's director of protein transition. "Banks that act early can reduce systemic risks and unlock new sources of value."

ARE warns that without stronger governance, clearer lending criteria, and integration of food and agriculture into climate strategies, banks may face rising regulatory, reputational, and investor scrutiny – as well as escalating financial losses tied to climate and nature degradation.

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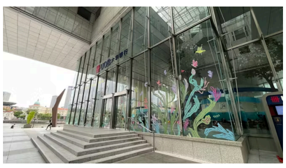

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