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Your credit cards that come with petrol discounts might soon have more perks for electric vehicle (EV) charging and other sustainable products, as banks drive towards their net-zero commitments.

Financial institutions can align more closely with their sustainability goals by adjusting their products for individual customers to encourage the use of cleaner energy, observers told The Straits Times.

When it comes to institutional and corporate clients, a few banks have set out decarbonisation targets for sectors such as power, automotive, and oil and gas.

Singapore Management University associate professor of finance Liang Hao noted that many motorists still rely on petrol, and until cleaner-energy vehicles become more widespread, banks need to continue supporting their current customer base.

“Transitioning too abruptly could alienate customers and limit the effectiveness of sustainability initiatives,” said Liang, who is co-director of the Singapore Green Finance Centre.

But he added that credit cards can significantly influence consumer behaviour, and banks can play a pivotal role in facilitating the transition through incentives such as rewards for EV charging and discounts on green products and services.

Petrol and diesel cars accounted for nearly 84% of total cars in Singapore as at the end of May, while petrol-electric hybrids made up 13%.

EVs and plug-in hybrids contributed to just 3% of total cars, but their number had risen to 18,173 as at the end of May, up from about 13,300 as at the end of 2023.

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From 2030, all new car registrations here will have to be of cleaner-energy models, including electric, hybrid or hydrogen fuel cell cars.

Banks have continued with long-running perks for motorists who use petrol, but they are also increasingly catering to EV drivers.

UOB offers fuel savings at Shell of up to 24% for UOB One credit card holders, and up to 20% for those who have the UOB Reserve Card. All other UOB credit and debit cards offer fuel discounts of up to 17%. The bank also has a similar tie-up with the Singapore Petroleum Co (SPC).

Petrol-related billings on the UOB One credit card rose by over 30% from 2021 to 2023, and nearly 10% on the UOB Reserve card.

Jacquelyn Tan, UOB's head of group personal financial services, said: "We are seeing a continuation of this upward trend in the first quarter of 2024."

Rising prices are also contributing to motorists' growing expenditure on petrol. For example, national data in May showed that petrol prices increased at a faster pace and contributed to higher private transport inflation.

Meanwhile, Tan said that while petrol-related spending remains strong, UOB has also observed a growing popularity of EVs and EV charging.

EV-related billings on the UOB One credit card and UOB Evol card doubled from 2022 to 2023. The number of card holders spending on services related to EV charging increased by more than 130%.

At DBS Bank and POSB, card holders receive discounts at SPC and Esso stations. POSB Everyday Card customers can access higher fuel savings, of up to 20.1%, at SPC, while DBS Esso card customers can save up to 23% at Esso stations.

The POSB Everyday Card also gives 3% cash rebates when card holders charge their EVs with SP Group. OCBC 365 card members get 6% cashback on fuel spent at all petrol service stations, and up to 23% off fuel at Caltex, Esso and Sinopec.

The card also offers 3% cashback at all EV-charging stations in Singapore. The bank saw a 400% increase in EV-related transactions from 2022 to 2023 across OCBC 365 card holders, said Chan Sow Han, OCBC Bank's head of group lifestyle financing.

The three local banks have in the past two years mapped out decarbonisation targets in carbon-intensive sectors they finance, as they strive to meet their net-zero commitments.

A Monetary Authority of Singapore spokesperson said: "Our supervisory focus in relation to environmental risk is for banks to have a sound transition planning process, to build climate resilience and to facilitate robust climate mitigation and adaptation measures by their customers."

The authority added that it expects banks' business strategies to be consistent with internal risk appetite and publicly communicated climate-related plans and commitments.

National University of Singapore (NUS) Business School professor Lawrence Loh said incentivising customer expenditure on fossil fuel products such as petrol needs to be "fundamentally relooked", as the practice does not square with banks' broader plans to decarbonise their portfolios.

Cars with internal combustion engines (ICEs), running mainly on petrol and diesel, release carbon dioxide and other greenhouse gases into the atmosphere.

Loh, who is director of the school's Centre for Governance and Sustainability, said the issue needs to be addressed together with oil companies.

"But I think banks can actually make the first move. If one bank does not get into the picture (of offering petrol discounts), another bank will, so I think, collectively, some banks will have to set the standard."

An ExxonMobil spokesperson noted that Esso has introduced Esso Renewable Diesel R20, made with at least 20% renewable content, at four retail service stations in Singapore. The fuel has an estimated 15.4% lower lifecycle greenhouse gas emissions compared with conventional diesel.

There are also EV-charging points operated by CDG Engie at Esso Pioneer, Esso East Coast and Esso Upper Aljunied.

ExxonMobil is also foraying into producing lithium, a key component for EV batteries. Its spokesperson said: "We believe that we can do both: meeting society's needs for energy and essential products, and reducing emissions in support of society's net-zero goals."

A Chevron spokesperson noted that customers can access a voluntary carbon offset programme via the CaltexGO app.

Instead of earning reward points, customers can use the points from their fuel purchase to offset a portion of certain carbon dioxide equivalent emissions from the combustion of the fuel purchased. — The Straits Times/ANN