What is Green and Sustainable Finance, and Responsible Banking?

Sustainable Finance:
Economy, Environment, Society
- Making the activities and operations of banks, asset managers, insurers and other financial institutions more sustainable; and
- Financing sustainable economic, environmental and social objectives, often those set out in the UN SDGs

Green Finance:
“Financing Green” and “Greening Finance”
- Increasing flows of finance to support green and sustainable development objectives; and
- Embedding sustainability within financial institutions’ strategies and activities, and identifying and disclosing climate-related financial risks
What is Responsible Banking?

• All of the above!
• Banking with social purpose and a longer-term perspective
• Also incorporating responsible lending, supporting vulnerable customers/customers with complex financial needs, financial inclusion and education – plus much more
• Aligned with the concept of a “just transition”
• Customers and communities at the heart of long-term value creation for all - stewardship
• Aligned with the UN Principles for Responsible Banking – creating shared prosperity for current and future generations

https://www.unepfi.org/banking/bankingprinciples/

Why Are These Priorities for Policymakers, Regulators, Institutions ... ... And Us?
Why Are These Priorities?

Paris Agreement
Article 2.1 (c)
• Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development

Current Position
• Reducing global warming to 1.5°C requires reducing CO₂ by 45% from 2010 levels by 2030 (8% year on year)
• Currently, financial institutions’ portfolios currently aligned with approximately 3.7°C of warming

Financial Stability
• Stranded assets and abrupt transition to low carbon world viewed as significant threats to global financial stability

Some Key, Recent Developments
• 125 countries now with net zero or similar targets (by 2050)
• Europe – EU Sustainable Finance Action Plan, Taxonomy and European Green Deal
• EIB to stop lending to fossil fuels from 2021 and become first major “climate bank”
• UK – increasing focus from regulators, climate scenarios included in major institutions stress tests. Major mortgage lenders to measure CO₂ emissions in mortgage books
  www.bankofengland.co.uk/climate-change
• COP26 (Glasgow, 2021) and Private Finance Strategy
Green and Sustainable Finance Opportunities:
• $93trn pa (G20) to fund low carbon transition– 80% from private sector;
• Continued growth in green/sustainability bond issuance (may now be accelerated);
• Portfolio decarbonisation movement having greater impact;
• Rapidly changing demographics and consumer/investor preferences – continued growth in green loans, mortgages, savings and investment, etc.

To mainstream green and sustainable finance, though, we must also mainstream relevant knowledge and skills:
• Embedding sustainability within financial institutions’ overall strategies, activities and operations – not a stand-alone sustainability team, or similar
• Part of all finance professionals’ core competence – if not now, then in the very near future

Green & Sustainable Finance Education
Green Finance Education Charter

Recognizing that professional bodies play key roles in developing the capability and capacity of the banking, finance and professional services sectors to mainstream green and sustainable finance, we undertake to do the following:

• Engage our members on issues related to climate change and environmental issues, to raise their profile within our profession;
• Curate, develop and promote relevant resources to our members on green and sustainable finance;
• Encourage adoption of relevant global and national standards, frameworks and guidance;
• Undertake a review of professional Codes of Conduct, and related guidance, and update or augment these to reflect green and sustainable finance principles;
• Undertake a review of relevant programmes of initial and continuing professional development to ascertain existing coverage of and the opportunities for encompassing green and sustainable finance;
• Mainstream the principles and practice of green and sustainable finance into relevant programmes of initial and continuing professional development.

https://www.youtube.com/watch?v=wYdqsRtS5heI

GBEstB Standard: Sustainable Finance for Professional Bankers

GBEstB member bodies shall provide, or work with others to provide, appropriate sustainable finance education and training relevant to their role, function and organisation to support Professional Bankers at all stages of their career.

Member bodies shall ensure that sustainable finance education and training programmes for Professional Bankers include the following key topics, are appropriate and relevant, and are periodically reviewed to ensure they remain up-to-date:

• What is meant by sustainable finance, and how it differs from green finance and other related terms
• Understanding climate change and the role of the financial sector in supporting the transition to a sustainable, low-carbon economy
• Roles of different stakeholders and key policies and regulations
• Monitoring, measuring and reporting the flow of investment to support the transition to a sustainable and low-carbon world
• Key climate-related and environmental risks and the role of the financial sector in sustainable finance
• Financial products and actors supporting sustainable finance
• Leveraging and mainstreaming sustainable finance
CERTIFICATE IN GREEN AND SUSTAINABLE FINANCE


Content: Certificate in Green and Sustainable Finance

- Introduces green and sustainable finance in the context of retail, commercial and wholesale banking, central and development banks, insurance and investment sectors;
- Covers the science of climate change and the role of the financial system in the natural world;
- Global, international and national policy, regulatory and industry responses to support flows of finance for sustainable growth;
- Identifying, disclosing and reporting climate-related financial risks, and other environmental and sustainability risks;
- Introduces key sustainable finance frameworks/principles (e.g. UN SDGs, PRI/PRB, TCFD, Green Bond and Green Loan Principles);
- Supporting customers in the transition to sustainability;
- Overview of green and sustainable FinTech;
- Ethical dimensions of green and sustainable finance, and the role of Green and Sustainable Finance Professionals™
Key Facts: Certificate in Green and Sustainable Finance

- Launched in 2018 as a global benchmark qualification;
- Aimed at financial services professionals globally who wish/need to develop and demonstrate their knowledge and expertise of green and sustainable finance;
- 12 unit, 12 week online programme (although registration lasts for 1 year, so you can work through at your own pace
- Supported by interactive e-learning units, workbook, wide variety of learning activities, case studies and knowledge checks;
- Learning materials accessible on all devices;
- Assessed via 1 hour examination, conducted via remote invigilation (so no need to travel to exam centre);
- No entry requirements, and no prior knowledge is assumed;
- Cost: £595 including all learning materials and examination.