

Accelerating Clean Energy Banking for Consumers

A global assessment of leading
financial products and services

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The Climate Safe Lending Network (CSLN) is an international multi-stakeholder collaborative dedicated to accelerating the decarbonization of the banking sector to secure a climate safe world. CSLN works to create collaborative spaces that continuously and provocatively nudge the debate towards more progressive perspectives on climate safe lending practices based on scientific insight and genuine consideration of social equity.

About Integrate to Zero (I2Z)

Integrate to Zero (I2Z) is an initiative focused on the integration of renewable energy systems on-site, on-road, and on-grid. I2Z is supported by the Climate Emergency Collaboration Group – a philanthropic collaboration focused on climate multilateralism.

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Table of Contents

- Executive summary 3
- Overview 4
 - Introduction to the report 4
 - Key insights 4
 - High-level recommendations..... 5
- Global perspective 7
 - The unmissable opportunity of clean energy 7
 - Regional deep dives 7
 - Additional considerations 8
- Regional Deep Dives 11
 - Africa (Sub-Saharan) 11
 - Asia Pacific (APAC) 13
 - Europe, including the UK 15
 - Middle East and North Africa Region (MENA) 17
 - North America..... 18
 - Latin America 20
- Appendix 22
 - Disclaimer..... 22
 - Approach to the desk research 22
 - Net zero banking 24
 - Greenwashing 25
 - Social factors 25
 - Additional regional information..... 26
 - Abbreviations 29
 - Glossary..... 30
 - Links and References 31

Executive summary

The world is rapidly transitioning towards a low-carbon economy, powered by renewables alongside extensive energy efficiency measures and electrification of transport. It is no longer a question of “if this will happen, but instead, how soon¹”. This transition brings wide-ranging societal benefits, notably in enhancing energy security² at a national level. In that context, banks have a key role in facilitating finance to a range of their clients in the real economy, including consumers such as households and small businesses. These customers have a clear demand for clean energy financing solutions, leading to an unmissable business opportunity for banks.

This report is a first of its kind, analysing the extent and nature of clean energy finance provided by banks to consumers. The report provides global and regional snapshots of insights based on desk research covering over 144 banks, across 6 regions and 53 nations.

Just under half of the banks researched already propose some form of dedicated clean energy consumer finance. A quarter of the banks reviewed offer consumers preferential terms for qualifying finance, such as lower interest rates. Europe is the most advanced regionally, with the Middle East and North Africa (MENA) and North America being comparatively behind. Latin America, Asia Pacific (APAC), and Europe all have preferential financial offers available so consumers can access discounted rates for clean energy – this is often supported by policymakers. Of the banks that have clean energy finance products available for consumers, 84% are visible on their public consumer-facing websites within ten minutes of searching.

Based on the data collected, insights, and examples, this report makes recommendations for banks to accelerate clean energy finance. Financial Institutions can carefully consider the industry practices in their region and beyond. Furthermore, all readers of this report, can, as consumers of energy, use the findings to engage with their banks and ask them what offers are available to them.

Now is the time for banks to step up on their climate commitments, make them real, and extend offers to help consumers adopt clean energy today. By doing so, they will support societal demands acting as the catalysts for the unstoppable and critical transformation of the global energy system.



Overview

Introduction to the report

This report aims to provide a global assessment of the clean energy finance currently offered publicly to consumers, such as individuals and small businesses, by banks. In their intermediation function, banks provide deposit and savings accounts, as well as loans and other types of financial products to their customers in the real economy.

Why should banks act on the recommendations in this report? Beyond creating value for shareholders, banks have a duty of care to their customers and external stakeholders, such as local communities, policymakers, and non-profits. Therefore, acting with urgency on clean energy finance, represents a strong business opportunity that can help improve a bank's social license to operate as business practices reflect societal demands. Furthermore, a bank's own cost of capital may be reduced as it attracts a wider and more diverse group of responsible investors. Banks can pass on the benefits of large-scale infrastructure finance, supported by de-risking activities at the policy level, to consumers and taxpayers. This makes real tangible improvements at a local level, avoiding perceptions of greenwashing.

*“Private finance is judging which companies are part of the solution, but private finance, too, is increasingly being judged” Mark Carney³,
Former Governor of the Bank of England*

In 2015, 196 countries agreed to the Paris agreement⁴, aiming to limit global warming to 1.5 to 2 degrees by 2100. To achieve this objective, most governments rely on the private sector, and in particular banks, as they play a central role in the economy by facilitating the flow of financial capital. Simultaneously accelerating clean energy funding and phasing out the financial capital provided to fossil fuels is crucial. This is backed up by the IEA net zero emissions⁵ climate scenario which states: “No new oil and gas extraction is essential to meet net zero goals.”

This report focuses on clean energy finance. A recent Bloomberg study found banks need to rapidly scale up the volume of capital they allocate to renewable energy to meet their net zero commitments. Researchers estimated the ratio of finance provided to renewables compared to fossil fuels is currently at 1:1. To decarbonise the global economy and achieve banks' own net zero goals, it will have to increase to a ratio of 4:1 (BloombergNEF research)⁶.

Key insights

There are many commercial opportunities where banks can play a leading role in the transition to a low-carbon economy. For the purpose of this report, clean energy finance includes financial products and services aimed at supporting solar photovoltaic (PV), heat pumps, electric vehicles (EVs) and their charging systems, energy storage or batteries, smart meters, and energy efficiency measures. The report focuses on the financing offers available, rather than the technologies themselves (more information on the latter may be found on the IEA website)⁷.

There are five key insights from this report:

- 1) **There are numerous examples of leadership from banks today, across all continents, where banks are supporting consumers with clean energy finance. At the global level, 47% of the 144 banks analysed quantitatively had clean energy financial product offers available to consumers.**
- 2) **A total of 26% of the 144 banks analysed offered clean energy consumer finance with commercially preferential terms and conditions. The most common products and services offered relate to funding instruments and advisory services, both financial and non-financial. In terms of favourable conditions, features observed were the following: preferential interest rates, no upfront costs, limited or no additional fees, incentives to partner with certifiers or suppliers, cash back when offers are used by consumers, and linkages to government incentive schemes.**
- 3) **There are regional disparities between the clean energy finance offerings visible publicly from banks. Europe is the leading region with 84% of the banks reviewed having an offer, whereas North America is the laggard at 5%, with the Middle East and North Africa region at 15%. However, not every region has preferential terms and conditions. The main report will deep dive into the regions in alphabetical order.**
- 4) **From the research it was found that many of the banks' offers, work in conjunction or with the support of external partners on clean energy finance. Partnerships help banks to educate, advise, increase consumer confidence, and influence customers' choices, ultimately increasing business opportunities for the involved financial institutions. Clean energy finance is a growing trend and is becoming a key part of the bank's products panoply, working alongside partners and policy.**
- 5) **84% of the banks who have clean energy consumer finance offers available, make them visible on their websites within 10 minutes of starting a search using keywords (E.g., renewables).**

High-level recommendations

The insights lead to recommendations that aim to accelerate clean energy banking for consumers. Best practices and mechanisms to promote and encourage investment in renewable energy solutions are revealed. Banks and/or interested stakeholders can use the recommendations to further develop clean energy financing solutions for consumers.

1/ Use best practices to rapidly scale clean energy finance options available to consumers

Innovation and development of products supporting customer needs, is a constant requirement for any company that wants to survive. Inspirations from competitors and practices in other jurisdictions, such as the examples highlighted in this report, can help other financial institutions to develop new products and increase business opportunities.

2/ Expand collaboration and partnerships

Renewable energy solutions depend upon technology development, scaling of the solutions (including their funding), increased awareness and expertise, and customer adoption. Many actors

can support consumers' education and induce a faster transition to solutions benefiting all stakeholders. Collaborating with partners, experts, and all major stakeholders is therefore essential as it enhances trust and credibility. Also, it increases the shared expertise, and understanding while also formalising the responsibilities of the parties involved. As a result, it reduces risks for all participants and creates conditions for cheaper and more accessible financing.

3/ Engagement with policymakers and regulators

Impacted sectors, such as the energy sector, are strongly influenced by government policies. Subsidies and taxes (whether for fossil fuels or renewables), regulatory frameworks (i.e., construction rules, financial regulations, etc) as well as the political will (i.e., strong commitment to net-zero and energy security strategies) can and do influence consumer's choices and the solutions a bank may offer to them. As a result, banks' engagement with policy-makers and the finance industry's regulators is essential to anticipate the impact of emerging policies. For example, in many cases, it was found consumer offers are linked to government incentives which banks or customers can request. Banks can also advocate for more climate-friendly government policies that support both themselves and their customers' transition to the low-carbon economy. Eventually, financial institutions can also choose to move faster than government regulation and inform the most effective policies based on real-life voluntary practice.

4/ Engaging with retail customers and small businesses, for real and right now

Banks are uniquely placed to benefit from large-scale clean energy infrastructure project finance and then transfer tangible benefits to their customers. The latter are also often the taxpayers who ultimately fund blended finance and the de-risking of large-scale clean energy projects for financial institutions. The trillions of dollars pledged via net zero commitments at the multi-national and country level can be actively translated by banks into practical initiatives and financial products that save consumer money. Banks can use their corporate websites, to offer easy-to-find products and educational materials on clean energy. This will also help to avoid perceptions of greenwashing, as engagement gets completed at a more comprehensible and local level.

More detailed information, including deep dives at the regional level, is available in the main body of the report.

“If we don't have a planet, we're not going to have a very good financial system” James Gorman⁸, Chairman and Chief Executive of Morgan Stanley

Global perspective

The unmissable opportunity of clean energy

Consumer demand for renewable energy solutions is increasing rapidly around the world. For example, by the end of the third quarter of 2023, the UK had already beaten its yearly record for solar installation, with 73% of this new capacity coming from households⁹. Similarly, a new quarterly record¹⁰ was set for solar installation in the US in the second quarter of 2023. South Africa showed a strong increase in distributed solar PV on homes and business installation, with an estimated 4.4 GW capacity end of June 2023. About 2-2.2 GW was added just in the first half of 2023¹¹. The picture is the same for EVs. Demand is booming and the IEA estimates that sales are projected to be around 18% of the car market in 2023¹².

Providing finance for these new consumer demands is an increasing commercial proposition for banks. Financing renewable energy solutions, such as solar PV, EVs, and household energy efficiency solutions, offers a unique opportunity for banks to participate in a rapidly growing innovative sector while meeting societal demands to avoid the worst impacts of climate change. Mostly clean energy finance is in the form of lending, but advice and other financial products are also available. For ease and readability, this report refers to finance generally throughout. More information is available about definitions in the appendix, with specific details in the examples.

As costs of clean energy finance continue to reduce due to economies of scale, banks can bolster their internal knowledge by working with expert partners and making clean energy financial product offers even more visible to consumers in their marketing and educational materials. While seizing these new opportunities, banks must consider social factors, although this is not the focus of this report - more information is available in the appendix.

Regional deep dives

The research approach for this report is explained in the appendix. The following sections contain deep dives by region, including a summary overview of the results and short case study examples. The examples are for illustration only to show a wide variety of different offers. The examples in the report and infographic differ. In both cases, the disclaimer in the appendix applies. Below is an overview of the number of banks reviewed in each region and the page number where more detailed information is available.

<i>Region</i>	<i>Number of banks reviewed</i>	<i>Deep dive page number</i>
Africa (Sub-Saharan)	23	11
Asia Pacific (APAC)	23	13
EU and UK	37	15
Middle East and North Africa Region (MENA)	20	17
North America	21	18
Latin America	20	20

A total of 180 banks were analysed, including 144 mainstream commercial and retail banks. i.e. banks available to large numbers of consumers today in the high street or online. The table below is a summarised snapshot of the results globally. This information is also presented in an infographic on page 10.

Results overview

<i>Region</i>	<i>Banks with a dedicated offer</i>	<i>Banks with a preferential offer</i>	<i>Banks referring to additional resources</i>
Africa (Sub Saharan)	30%	0%	26%
Asia Pacific (APAC) *	57%	35%	26%
Europe, including the UK	84%	54%	70%
Middle East and North Africa (MENA)	15%	5%	0%
North America	5%	0%	5%
Latin America (LAM)	65%	45%	45%
Global	47%	26%	33%

*APAC Excluding China (72%, 44%, 33%)

Approximately half the banks have a dedicated financial offer available to consumers, supporting solar PV, EVs, energy efficiency, heat pumps, etc. This information was publicly available for those banks via their corporate websites and it could mostly be found within 10 minutes of searching online. Preferential offers, meaning some form of financial discount, incentives, or free advice were nevertheless less available to consumers (or at least not explicitly mentioned or marketed as such).

Many institutions also referred the consumers to additional resources and directed them at some points to contact the bank, to obtain more details or engage with them to further continue the offering process.

Overall, at a regional level, Europe had the most financial offers available in this area. North America and MENA were laggards, with very limited information available publicly. Summarised contextual information and tables of results with individual banks are available in the appendix.

Additional considerations

Financial supervisors

Banks around the world usually operate with licenses from the regulatory authorities where they are based. For this reason, ensuring compliance with appropriate regulatory frameworks is a key factor to support and influence the banks' activities and operations. This report will not go into specific details about the political and economic conditions to support clean energy finance. However, it is noted central banks have a key role in ensuring financial stability domestically while meeting environmental goals. The [Network for Greening the Financial System \(NGFS\)](#)¹³ has a considerable number of resources available to support this work at the regulatory level.

Business models

There are a variety of business models in which financial institutions operate. The quantitative analysis in this report focuses above all on mainstream banks, more information is available in the appendix about how this is defined. This does not include financial institutions that offer lending but have a purpose-driven business model, such as ethical banks. Nor does the quantitative analysis look in details at smaller financial institutions with a membership ownership structure. Insights and recommendations could nevertheless be useful for them.

A total of 20 ethical banks were reviewed at the global level. They were identified as they have a specific strategy related to environmental and social goals as part of their core purpose, funding for instance only projects with a proven environmental objective. Those institutions have been pioneers in sustainable finance offerings and foster financing consumer products such as renewables. Sometimes working under the form of a cooperative and with their members/clients' interests being central, those institutions have unique propositions. It was found that they offer significant transparency about the customers they serve. This includes loan terms which are publicly available online. They are also clear about their strategy and what they do and do not finance upfront. Often these ethical banks are classified as B Corporations¹⁴.

Multilateral Development Banks (MDBs) and National Development Banks (NDBs)

At the global level, 16 MDBs and NDBs were reviewed due to their important role in developing economies. While they generally do not lend directly to consumers, they have a significant role in facilitating clean energy finance at a macro level by addressing potential barriers¹⁵: for example, increasing digital financial inclusion in the global South, so more of the population has access to clean energy finance. In addition, by de-risking renewables at scale, they encourage and support consumer-facing banks to provide clean energy finance to individuals and small businesses. MDBs/NDBs also participate in guiding governments and market participants in the development of solutions and banking services.



Clean Energy Banking for Consumers

Examples of leading offers from banks around the globe



144

banks across 6 regions and 53 nations analysed.

47%

provide clean energy finance products.

26%

offer preferential terms.

Banks With Preferential Offers by Region

Africa (Sub-Saharan):

0%

APAC:

35%

Europe (incl. UK):

54%

MENA:

5%

North America:

0%

Latin America:

45%



Sunrise Banks

BUSINESS CLEAN ENERGY UPGRADES
C-PACE Lending funds for up to 100% of efficiency upgrades and solar for commercial buildings. Loan is paid back through a special property tax assessment.



Nationwide

MORTGAGE UPGRADE
Mortgage customers can borrow up to an additional £15k at 0% interest for up to 5 years.



HSBC (Hong-Kong)

EV PERSONAL INSTALMENT LOAN
Loan with flexible repayment periods of up to 60 months and preferential rates.



ING

GREEN FINANCING AND CERTIFICATION
Up to 10 years tenure business loans (minimum €25K) at a fixed and preferential interest rate. Available for certified sustainable investments (Dutch green certificate).



Climate First Bank

SOLAR LOANS
Up to 100% financing for solar panel at 8.24% APR, for up to 25 years and with no dealer fee.



Banque de Tunisie

SME ENERGY LOANS
Funding of up to 85% of sustainable energy projects. Favorable terms including up to 3 years grace period.



BBVA Colombia

SUSTAINABLE BUILDER LOANS
Consulting and financing for efficient housing (incl. on-site renewables). For certified projects, the bank finances up to 90% of the total costs (excl. land) at lower interest rates.



Standard Bank

BUSINESS SOLAR LOANS
Loans for power supply and storage systems. Access to partner solar suppliers through their proprietary platform.



The Commonwealth Bank

GREEN HOME LOAN
Flexible, energy-efficiency mortgage add-on for up to \$30k at preferential rate, with no establishment nor service fees.



OCBC

SME SUSTAINABILITY PROJECTS
Loans of up to \$20m for SME's sustainability projects and leasing offers for renewable energy, energy efficiency and clean transportation.

Disclaimer: This infographic is an indicative snapshot in time and based on a sample.

Regional Deep Dives

Africa (Sub-Saharan)

Insights overview table

<i>Insights</i>	<i>Percentage</i>	<i>Additional comments</i>
Banks with a dedicated offer	30%	Offers found were primarily supporting solar PV and Battery/Storage
Banks with an offer (found in less than 10 min)	17%	4 banks out of 23 had visible and very clear products on their online offering
Banks with a preferential offer	0%	N/A
Bank referring to additional resources	26%	References made to external information or support and to vendors who can provide consumers with information and supply goods

Of the 23 banks reviewed, less than a third had an offer for consumers on clean energy. Where products were available, they were largely focused on solar PV and to some extent Battery/Storage (for solar systems). Information available on websites was often limited and a conversation with a relationship manager was quickly required to progress potential financing opportunities.

South Africa was an outlier, with most of the banks reviewed offering renewable energy products. This seemed to have been driven by government support and the more advanced nature of the South African economy. A specific state guarantee scheme, the Energy Bounce-Back Loan Guarantee (EBB)¹⁶ appears to have triggered banks to offer loan facilities.

Generally, in the region, support schemes such as the EBB or SUNREF¹⁷ led to greater collaboration between local banks and development banks. The Agence française de développement (AFD¹⁸) and U.S. Agency for International Development (USAID¹⁹) programmes play a role by de-risking or subsidising clean energy-related financial products. Thereby, allowing banks to release capital that they would not otherwise lend to certain customers at acceptable conditions for the parties involved.

There are also co-benefits sought with the development programs, such as fighting poverty and providing affordable energy. State guarantee schemes and specific guarantees from development banks will be described in two case study examples below.

In general, specific offers were relatively difficult to find and unveiled very few details, only 4 banks out of 23 institutions had very visible offers. It corroborates, a recent study from the European

Investment Bank (EIB), which found that only one-fifth of banks had [green lending products in 2022](#)²⁰.

Overall, investments in renewables in Sub-Saharan Africa as mentioned is small (1.5% of worldwide investments), with very large projects and renewables investment funded by public sources, often backed by bilateral and multilateral development finance. There is a clear gap in supporting individuals and small businesses offering them financial propositions to transition more quickly to renewable solutions, reflecting the general lack of financial services available.

Examples of financial offers

First City Monument Bank (Nigeria)

- For more information: [Solar Energy Loan](#)²¹
- Specific loan to finance a solar system together with batteries, either a mobile solar home system (cheapest vendor product will cost NGN 90k, about USD 115) or small a roof top system. It will provide energy to power a few appliances, such as laptops, freezers, fans, etc
- It is a short to mid-term loan (up to 24 months) for the maximum amount of NGN 10m (about USD 4k), aimed at Nigerian registered businesses with 2 years of trades
- Interest rate charges start at 13,6% minimum with at least a contribution of 20% of the value of the Asset
- It works in conjunction with a commercial partner, which offers help defining a client's options: [A4&T – Power Solutions](#)²²

Standard Bank (South Africa)

- For more information: [Business Solar Loan - Standard Bank](#)²³ / [PowerPulse - Standard Bank](#)²⁴ / [Energy Bounce Back Scheme](#)²⁵
- Specific loan aimed to finance alternative energy solutions (solar PV and battery backup systems)
- A short to mid-term loan (up to 5 years) for an amount between ZAR 10k to ZAR 1m (~ 500 to 50,000 USD), aimed at Small and Medium Enterprises (E.g., SME with turnover below ZAR 300m) with a minimum 2 years in business. Offer is limited to one loan per legal entity.
- Minimal contribution of 20% of the value of the asset, with undisclosed conditions (prime rate starts at 10.25%)
- It helps customers through a digital platform to define the best solutions and works in conjunction with commercial partners, which offer support in defining client's options and informing on various possibilities – products are available for small businesses and individuals
- The loan scheme is backed by the government (EBB), which provides a state-guarantee administered through the South African Reserve Bank, assuming the initial losses (20%) with finance providers assuming the risk for the remaining losses for SMEs and households' rooftop solar PV investments
- Standard Bank which operates in many countries across Africa, only offers this product in South Africa; other banks use the same EBB state-guaranteed scheme and offer similar products: [EBB Banks information](#)²⁶

Asia Pacific (APAC)

Insights overview table

<i>Insights</i>	<i>Percentage</i>	<i>Additional comments</i>
Banks with a dedicated offer	57%	Offers are available across all clean energy areas, with the highest available for solar PV and EVs
Banks with an offer (found in less than 10 min)	52%	12 banks out of 23 had visible and very clear products on their online offering
Banks with a preferential offer	35%	Available based on improved financial cashflows for consumers because of the energy savings from decarbonisation
Bank referring to additional resources	26%	Customer support could be provided by internal experts (education material, training, sustainability consultation, etc.) and external partners.

*APAC Excluding China percentages (72%, 67%, 44%, 33%)

A large proportion of the APAC-based banks reviewed have specific and explicit clean energy financial product offers targeted toward small businesses, except for those operating in the Chinese market. Although offers are not necessarily at preferential rates nor always clearly dedicated to a defined renewable energy solution (EVs, solar, etc), more than 70% of the institutions surveyed had generic financial offerings for clean energy finance for consumers.

China accounted for about 50% of the global investment in renewables build-out in the first half of 2023, the country “accounted for about half of a record \$358 billion global investment in renewable energy in the first half of this year²⁷”. Government support is a key driver in China. China’s banks are partially state-owned but have nevertheless a relatively low level of details immediately visible on their websites. Looking at a sample of larger Chinese banks, none of them had obvious visible and preferable offers for clean energy for small businesses. However, China has strong policies to increase investments (such as tax and state guarantee schemes). A portion of the investment is expected to have been via small businesses and consumers.

As in other regions, renewables finance has become a topic over the last couple of years. This is part of a wider policy drive to adopt targets for achieving net-zero greenhouse gas emissions by 2050 or later. Most APAC countries reviewed are working on implementing regulatory policies which support the low carbon economy (E.g., regulatory framework for sustainable finance, increased awareness and education for the financial sector, specific sector policies such as building regulations and/or subsidy, grant support). This includes Indonesia, Singapore, and Thailand, among others.

As an example, Singapore is implementing a Green Plan 2030 under which businesses and individuals may obtain funding for projects that improve the environment in Singapore. There is also support available for businesses, such as the Sustainable Loan Grant Scheme, (SLGS)²⁸. Singapore as

well introduced a [carbon tax on greenhouse gas \(GHG\)](#)²⁹ emissions to further incentivize renewables and energy efficiency solutions.

Examples of financial offers

Enterprise Financing Scheme-Green (OCBC Bank in Singapore)

- For more information: [Sustainable Financing - Green Loans](#)³⁰ / [Why should businesses take up green loans](#)³¹ / [SMEs hold the key to climate action in Singapore](#)³²
- OCBC offers specific loans aimed to finance SME's Sustainability projects, including renewable energy and energy efficiency, with financing/loans available up to S\$20 million
- Conditions of the loans vary depending on the projects and the customer's risk profile. Loans must adhere to the [Green Loan Principles](#)³³ and the product framework of the bank
- As part of the product offering, OCBC bank offers to provide support and expertise to define the needs, carbon baseline, and a decarbonization path
- OCBC promotes sustainability to SMEs and advises them together with partners such as Global Compact Network Singapore
- This promotion is pushed forward with a state scheme, the Sustainable Loan Grant Scheme (SLGS), it supports corporates of all sizes to obtain sustainable and transition financing by defraying the expenses of engaging independent service providers to validate the sustainability credentials of the loan
- This scheme aims to increase accessibility to sustainable financing for small businesses, regardless of certification under recognised sustainable schemes, it aims to reduce time, complexity, and costs with a straightforward framework to guide small businesses in achieving sustainable goals

Solar financing (OCBC Bank in Singapore)

- For more information: [Solar Financing | OCBC Business Banking Singapore](#)³⁴
- OCBC has also a specific scheme to support the development of solar PV
- It connects small businesses with external partners and helps to assess the potential for savings and the offers from various solar PV providers
- OCBC's financial product will be either under the form of a leasing or a loan offered to SMEs for their investment in solar PV

ANZ Business Green Loan

- For more information: [ANZ Business Green Loan](#)³⁵
- Specific green loans for SMEs from NZ\$ 5k to up to NZ\$ 3 million are available and subject to the ANZ Business Green Loan floating interest rate of up to \$3 million in total (50 bps discount compared to regular rate)
- Loan amounts over NZ\$3 million have separate documentation with standard interest rates
- The loan will not bear an approval fee for the first \$3 million of green lending per customer, principal, and interest payments are required, and the loan is granted for a maximum loan term of five years
- ANZ's Business Green Loan can be used to finance new or refinance eligible projects
- ANZ bank has guidelines and specific requirements for the specific clean energy solutions the institution will fund

- The requirements above have been created in consultation with Experts and government bodies. E.g., Energy Efficiency and Conservation Authority (“EECA”)³⁶, a government regulator, which is also providing funding support in some contexts

Europe, including the UK

Insights overview table

<i>Insights</i>	<i>Percentage</i>	<i>Additional comments</i>
Banks with a dedicated offer	84%	All EU-based banks reviewed have product offers available across every category, with this number being lower in the UK
Banks with an offer (found in less than 10 min)	70%	26 banks out of 37 had visible and very clear products on their online offering. All EU-based bank offers were easy to find.
Banks with a preferential offer	54%	Preferential pricing available
Bank referring to additional resources	70%	Customer support refers to help from internal experts (education material, training, CO2 footprinting, sustainability consultation, etc) and external partners. Bank also links customers to government incentives and schemes.

Looking at a large sample of larger high-street banks across Europe, all the institutions reviewed in the sample had financial products offering renewable and decarbonisation solutions for small businesses. Although not always clearly preferential (~54% of the sample had advantageous conditions) nor always clearly dedicated to a single specific solution (EVs, heat pumps, etc), more than 80% of the banks reviewed had generic clean energy offerings for consumers. Some banks put forward preferential conditions for these products. For instance, slightly lower interest rates, lower handling, or administrative fees.

The review also found that many institutions would support their existing clients on decarbonisation. On many websites, banks describe and define climate science, while providing some information about clean energy solutions (E.g., the type of projects supported) so their customers can act. Many Banks would list the type of financial offering available and the clean energy assets they would generally finance. They also refer to regulatory frameworks and certifications (E.g., Energy label, Technical Building Code (TBC) or Código Técnico de la Edificación (CTE)³⁷ for Energy Saving). Access to capital for clean energy would be conditional on the use of certified suppliers and partners.

Most of the banks researched (70%), direct customers towards public assessment tools such as carbon footprint calculators, energy efficiency simulators, and/or sustainability online diagnostic and self-check-up tools. A few institutions also referred to outside consulting firms for outside expertise and initial assessments, which the bank and the client can partner with.

Another finding was the high number of financial incentive schemes from governments linked to the bank offers. Examples of incentives observed were tax break schemes, grants, subsidies, or guarantees which support decarbonisation initiatives. The banks state these incentives are available to enterprises willing to invest in clean energy. Such incentives are almost standard in continental Europe and drive the bank to offer dedicated financial products. Although it is worth noting there are differences between countries, such as Germany, where a [recent study](#)³⁸ found banks could do more to finance clean energy.

Examples of financial offers

ING – Sustainable entrepreneurship offers

- For more information: [Sustainable entrepreneurship - ING](#)³⁹ / [Sustainable financing products - ING](#)⁴⁰ / [Green Finance-ING-Finance - ING](#)⁴¹ / [Regeling groenprojecten \(rvo.nl\)](#)⁴² / [EIB interest rebate - ING](#)⁴³
- ING offers a wide range of services to support and finance entrepreneurs' efforts in the field of energy transition, building energy efficiency renovations, and electric mobility
- On the website, the entrepreneur can navigate to understand the type of areas and financial products available to support that transformation and investment in its business
- The offer appears particularly complete, with insights, and knowledge available on sustainability to educate its customers
- The bank refers to tools measuring carbon footprint and shares some inspiring testimony and there are multiple financial products available (E.g., green financing, leasing sustainable assets, sustainable project financing, loans for energy saving), with easy access to online or customer consultations with the bank directly
- Loans range in size from EUR 25,000 to much larger projects (project financing starting at minimal EUR 5 million)
- Most of the products have preferential conditions if certain requirements are met; For instance, for green financing products, such as household solar PV, the discount is on average 0.50%; customers need to meet Dutch regulations in terms of what green projects apply and make a green declaration to the bank to obtain the lower interest rate
- Another scheme from ING offers sustainable loans, specifically targeted to companies with less than 3,000 employees; It finances, energy transition, making buildings more energy efficient and electric mobility; As well as a financial incentive, a lower interest rate of 0.6% (compared to the standard rate) is available to customers.
- The above is possible with a partnership with the European Investment Bank (EIB) supporting the mobilization of EUR 300m of capital for sustainable finance

Nordea – Verde Programme

- For more information: [Verde programme | Nordea](#)⁴⁴
- Together with the European Investment Fund (EIF), Nordea promotes investing in the green transition. Green Business Loans scheme from Nordea (Verde programme) forms a part of Invest EU, a European Union (EU) investment programme
- The criteria for eligible projects are based on the EU's environmental and decarbonisation goals
- The programme allows participating projects to receive loans with an interest rate that is 0.25 percentage points lower than the normal rate for any new investment.

- The loan may amount to EUR 100,000–12,500,000; The maximum investment to be financed is EUR 50 million; The minimum loan period is 2 years; The company must meet the programme’s definition of an SME and it is also applicable to projects by public entities
- This is another programme where government incentivises SMEs and banks to invest and fund renewables, similar programmes with government support have been observed in most EU-based countries

Middle East and North Africa Region (MENA)

Insights overview table

<i>Insights</i>	<i>Percentage</i>	<i>Additional comments</i>
Banks with a dedicated offer	15%	Offers mainly for solar PV, batteries, and energy efficiency measures
Banks with an offer (found in less than 10 min)	10%	2 banks out of 20 had visible and very clear products on their online offering
Banks with a preferential offer	5%	N/A
Bank referring to additional resources	0%	N/A

Overall green finance markets in the MENA region are still in their infancy, with only relatively recent commitments and shifts towards sustainability (with COP27 and COP28 taking place in the Middle East). Policymakers are starting to be more active (commitment to net zero from Saudi Arabia, UAE, Bahrain in 2021, [Middle East Green Initiative \(MGI\) 2021](#), [Saudi Green Initiative 2021](#)⁴⁵).

Most of the institutions in the countries covered, had no visible offers for renewables solutions online, especially where specifically targeted to SMEs. Overall financial product offers for clean energy finance were rare. It was found that very quickly consumers needed to get in touch with the branch or relationship manager to understand the scope, conditions, and extent of the offer available. There were only very few details related to the offers online. Looking more into the annual sustainability reports from the banks reviewed, a few more institutions referred to “green loans” or the refinancing of “green assets”, indicating they might be available for specific existing projects and clients of the banks.

Examples of financial offers

Bank of Tunisia

- For more information: [Bank of Tunisia Ecolo Energio Loans](#)⁴⁶ / [PROSOL | ANME](#)⁴⁷
- Specific loans that fund projects that consider energy savings, such as energy audits, and shifting energy production to ecological and clean resources. E.g., solar PV, energy efficiency

measures (air conditioning, heating, lighting, insulation of buildings, etc), and in general projects that consider energy saving

- The bank offers favourable terms with assistance during the projects and provides financing for up to 85% of the total cost of the environmental project
- A wide range of medium and longer-term finance is available, with favourable credit terms and a grace period of up to 3 years (for tenure up to 12 years)
- The bank uses tax and financial advantages, such as important grants under several national programmes (loan fund of the Tunisian central bank FOCRED, solar power incentive programme PROSOL)

North America

Insights overview table

<i>Insights</i>	<i>Percentage</i>	<i>Additional comments</i>
Banks with a dedicated offer	5%	Limited clean energy financial offers are available publicly, with minimum details online
Banks with an offer (found in less than 10 min)	0%	N/A
Banks with a preferential offer	0%	N/A
Bank referring to additional resources	5%	Advisory services available to help customers

Most of the banks reviewed, including the largest banks in the world, such as JP Morgan Chase, Bank of America, Citigroup, or Wells Fargo, do not have specific financial product offers publicly displayed on their websites for consumers to finance clean energy. It does not mean banks will not be financing and supporting individuals and small businesses in reducing energy consumption. However, these transactions will potentially be seen and marketed as ‘business as usual’ and not explicitly disclosed with supporting communications. In other words, small businesses and individuals will have access to regular financial products and use them with the regular terms and conditions to finance their renewable energy and decarbonisation activities.

Most of the large banks in North America have net zero commitments and pledges to support efforts to be more sustainable. However, the progress made to date is unclear. There is little evidence available about the clean energy financial products available to consumers, such as explicit household renewable energy financial products offered online. In the region, ethical banks based in the US therefore lead in this area, helping to bring new funding using incentives from the federal level down to the local level. As a result, clean energy consumer finance programmes typically

operate at the state level, also taking advantage of state schemes supporting renewables, such as in Vermont ([Vermont Energy Saver](#)⁴⁸).

Examples of financial offers

As mentioned, North American financial institutions generally disclose a relatively small amount of information on their website, compared to Europe in particular. There was, as a result, a limited number of examples found by the researchers.

Amongst the ethical banks, which were found to offer renewable energy solutions to consumers, banks such as Climate First Bank, City First Bank, or Beneficial State Bank, would refer to the fact they lend to purposeful environmental projects. It was found that those banks offered loans, mortgages, and leasing funding for a property's energy efficiency solutions, renewable energy, (primarily solar PV), EVs and, EV charging installation. Most of those offers had however no or little details on the eligibility criteria online, nor detailed terms and conditions. Most websites mention the options to finance consumers through a specific product such as lending for solar PV [Mascoma Bank Business Loan](#)⁴⁹), but with limited further details.

Some ethical banks researched would also refer to state, and government support schemes and would provide financial products on the basis the consumer is eligible for such programmes. For instance, [Sunrise Bank](#)⁵⁰ will offer commercial lending for energy efficiency upgrades, for projects eligible under C-PACE.

Climate First Bank: solar loan for retail customer

- For more information: [Solar Loan \(climatefirstbank.com\)](#)⁵¹
- 8.24% APR when paying via Auto Pay* - no dealer fee
- Solar loan term equal to 25-years – no prepayment penalty
- Up to 100% financing
- Quick approvals and consultations with the bank are available

Sunrise Bank: Commercial Property Assessed Clean Energy Lending (C-PACE)

- For more information: [C-PACE Lending | Sunrise Bank \(sunrisebanks.com\)](#)⁵²
[Minnesota PACE Financing \(minnpace.com\)](#)⁵³
- The C-PACE (Property Assessed Clean Energy) program is run on a state-by-state basis, with more than 37 states currently enrolled in PACE lending.
- Sunrise Banks provides C-PACE loans to Minnesota businesses looking to implement sustainable building renovations and energy-efficient upgrades, including solar panels, high-efficiency lighting, electric car charging ports, etc
- C-PACE loans require no money down from borrowers
- The C-PACE program can cover up to 100% of qualifying costs
- Payment terms of up to 15 years are available
- Funding is paid back through a special property tax assessment
- Loans secured by property
- C-PACE loans can cover equipment, installation, permit, inspection, design, and labour costs for eligible projects

Latin America

Insights overview table

<i>Insights</i>	<i>Percentage</i>	<i>Additional comments</i>
Banks with a dedicated offer	65%	Products offerings available in most Latin American countries surveyed
Banks with an offer (found in less than 10 min)	65%	13 banks out of 20 had visible and very clear products on their online offering
Banks with a preferential offer	45%	N/A
Bank referring to additional resources	45%	Customer support is offered by the bank towards educational material, case studies, CO2 footprinting, and government support

Many of the banks reviewed, across a range of the larger countries in Latin America, offer specific financial products for clean energy. The products are often clearly displayed on the bank's websites, with some links to further online resources and explanations about the positive environmental and social impacts from decarbonisation. The offers were available to small businesses and individuals across a range of renewables categories, such as solar PV, EVs, and energy efficiency.

Of the banks with dedicated offers in the region, it was striking that most emphasised as well the social aspects of the energy transition, such as, co-benefits like reducing inequality by saving energy costs and reducing air pollution by using EVs.

Examples of financial offers

BBVA Colombia Sustainable Professional Builder Loan

- For more information: [Aclaración descuento PSB - Credito Construccion Sostenible | Empresas | BBVA Colombia⁵⁴ / \[Edge Buildings \\(camacol.co\\)⁵⁵\]\(#\)](#)
- Financing of energy-efficient housing, including renewable energy solutions, is available if it meets certain criteria (E.g., a certificate of sustainability for the project)
- The offer is targeted at companies that wish to start a “sustainable construction project” and already have experience managing this type of project
- Favourable terms and conditions (up to 100 basis points lower interest rates)
- Individual buyers of housing also have a wide range of financing offers, such as mortgage credits and home leasing, with differential rates
- The bank provides specialised advice to construction companies from a BBVA sector specialist

Columbia's Green Bond program

- For more information: [Columbia green bonds⁵⁶](#) / [World Bank case study⁵⁷](#). This has had a positive impact on the ground and has attracted diverse investors, therefore loans of many sizes and different scales for decarbonisation projects are available
- Columbia has developed a green taxonomy that defines many the many projects on the ground that qualify
- The program lowers risk, provides preferential loans to households and SMEs, it funds many retail products for renewable energy infrastructure
- Banks that are actively leveraging the green bond environment in Columbia for individuals/households/and SMEs include Banco de Bogotá, Bancolombia, BBVA Colombia, Banco Popular and Davivienda

Appendix

Disclaimer

This report is provided solely for information purposes and is not to be construed as a solicitation of an offer to buy or sell any securities or other financial products. This is information and does not constitute financial advice. The organisation at the origin of this report is not regulated by financial authorities. The authors of the report are not financial advisors and are not authorized to offer financial advice.

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The report highlights the available offer at the time of the research. No representation or warranty is made or implied concerning, and the authors assumes no responsibility for, the accuracy, completeness, reliability, or comparability of the information contained herein relating to third parties, which is based solely on publicly available information. A detailed explanation of the approach to data collection and insights gathering is available in the appendix.

Approach to the desk research

Data collection

The research focused on the current clean energy finance offers for **consumers (small businesses and individuals)**. Banks' external websites were analysed to identify specific financial products which finance customers' transition towards the low-carbon economy. This was completed by searching for keywords (E.g., green, renewables, etc) and reviewing the consumer-facing part of each website for these words. Searches were timebound, it is possible offers might have been available but not located during this process. The procedure aimed to replicate consumer behaviour.

Researchers focused on the **small business part** of each website with additional research and observations on the information available for **retail customers**. Researchers used each bank's definition for these terms, which may differ slightly between entities.

The research focused on the **dedicated offer**. In other words, this study examined any offer for financial products **specifically marketed to fund renewable energy solutions for consumers** (at retail and commercial banks). A standard loan (i.e., such as a mortgage) offered by an institution through the banks' normal process can potentially also fund these solutions and it would not be separately identifiable.

Researchers added the results of the analysis into a template split into regions. The following fields were completed with Yes/No responses:

- **Product availability:** Are offers available to consumers for solar PV, Heat Pumps, Electric Storage/Batteries, Smart Meters/Energy Efficiency?
- **Preferential pricing:** is there any financial incentive for consumers where a product is available?
- **Time taken to find the product:** Is a product offer available within 10 minutes of starting a search on a bank's website?
- **Additional Resources:** Do banks direct customers towards renewable energy solutions, and suggest education on the topic to help consumers make the right choice? Do banks offer consulting (internal/external advice) on clean energy and related financial products? Do banks provide help to understand potential advantages (reduction of GHG footprint, reduction of energy consumption, tax incentives...)?

More specific information was collected about the type of renewable energy being funded where available, for instance, the next steps and more qualitative information (such as case studies, specific conditions, etc).

In nearly all cases a relationship manager had to be contacted and offers were not available purely online. Any additional information relating to specific product offers was noted in the data collection template. This was the basis for selecting examples in the regional deep dives.

Sample choice

A total of 180 banks across the world were reviewed for this research, of which 144 commercial banks, 20 ethical banks, and 16 development banks (NDB's/MDB's).

The core quantitative analysis consists of 144 commercial banks, those which were allocated to a region based primarily on the country where they are headquartered analysing mostly their home markets. The regional segments were selected as they are commonly used inside banking. This is based on countries that roll up to continents. Oceania has been included in Asia Pacific. South America and Central America have been labelled as Latin America. Africa is split into Sub-Sahara and North Africa, the latter of which has been combined with the Middle East (MENA region). The regions are listed in alphabetical order in the deep dive portion of this report. The banks selected include:

- All banks identified as globally systemic (G-Sibs), offering retail and commercial banking
- A sample of large and medium-sized banks, including some of the key players in their market
- A sample of ethical banks across all regions (institutions that have long-term and society's interests at the core of their strategy)
- Multilateral/National Development banks (MDBs/NDBs), are institutions that could support and serve as a catalyst for the development of financial products.

Supplementary information

In addition to the information gathered directly, the research is also based on the expertise of experienced financial professionals and sustainable finance industry participants. A short confidential survey was shared with banks with the aim to gain more understanding of the clean

energy market from their perspective. This report was further built upon with informal anonymous interviews and desk research of practitioner materials. For example, from recognised institutions such as World Bank and the IMF. Quotes, findings, and references from these resources have been integrated into this report to supplement the quantitative research.

Limitations

The research is not exhaustive and does not include every bank headquartered in a region. However, the research aims to be representative of the current situation in each region by using samples.

The research uses publicly available information from banks' websites (as a customer will do). Products may exist without being promoted or being visible online. The results have not been verified by each bank. The research was conducted in the autumn of 2023 (data was collected before the end of October). It represents the status at a point in time and could have subsequently changed.

Financing of renewables could follow the regular process of the bank (Business-as-usual). The research focused on dedicated financial products for clean energy solutions specifically marketed to consumers (retail and small businesses).

Reviews were completed in English, Spanish, French, and German. For other countries, translation tools were used, with the potential limitations this would imply.

Underlying data tables including individual banks are available in a separate document on the CSLN website.

Net zero banking

Net-zero banking generally refers to banking institutions committing to align their operations and lending activities with the goal to achieve net-zero greenhouse gas emissions. This alignment often involves several key components:

Reducing Own Emissions: Banking institutions commit to reducing their own operational emissions, which can include energy use in their buildings and data centres, as well as emissions associated with business travel and other activities.

Financing Clean Energy: Banks pledge to increase their financing of clean and renewable energy projects while decreasing support for fossil fuel-related projects. This involves providing loans and financial support to projects that reduce greenhouse gas emissions.

Risk Assessment and Management: Banks assess and manage climate-related risks within their lending portfolios. This may involve stress testing their portfolios to understand how different climate scenarios could impact their assets. Adding climate risk factors may lead to exit business or revise pricing to customers with higher climate-related risk profiles.

Engagement with Clients: Banks work with their clients to encourage and support their transition to more sustainable and low-carbon practices. This can include providing financial incentives for clients to adopt cleaner technologies and practices.

Transparency and Reporting: Banks commit to transparency by disclosing their own emissions and progress toward their net-zero targets. They may also disclose the emissions associated with their lending portfolios. For example, reporting using the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations.

Collaboration: Many banks join international initiatives and alliances to collectively work towards the net-zero goal. These alliances often involve sharing best practices and collaborating on research and development. For example, via the UN [Net Zero Banking Alliance \(NZBA\)](#)⁵⁸.

For more information about how net zero banking operates nationally, consumers can start by looking at banking associations and financial supervisory websites.

Greenwashing

While this report focuses on the ‘green’ side of a bank’s business, it is also key that banks manage the dirtier side of their business to prevent potential losses and negative reputational impacts. One specific type of [greenwashing](#)⁵⁹ relates to proportionality. Banks must consider it when marketing green products. E.g., that they represent their entire business fairly in communications, marketing, and disclosures. In fact, by providing tangible clean energy financial products to consumers it is assumed banks might counter accusations of greenwashing caused by high-level ambitious pledges without substance for their customers.

Additionally, it is important banks look beyond their own direct operations and include [scope 3 financed emissions](#)⁶⁰ in their reporting to allow a full inventory of their carbon emissions. Estimations, scope, and assumptions should be disclosed and explained.

While many banks have fossil fuel exclusion policies, for example, around reducing the finance to coal mining and coal-powered power, many do not. There is a variety of approaches worldwide, often dependent on the stage of development in a particular region and the level of existing dependence in the economy on fossil fuels. A [recent report](#)⁶¹ found there is still a significant amount of capital flowing towards the fossil fuel industry. Although no one is calling for an immediate suspension of all fossil fuels, a credible phase-out of new extraction is required. New policies could be used, still allowing general-purpose lending for energy companies to facilitate the transition but also adding new [contractual "climate" clauses](#)⁶². On the clean energy side of banks’ business, using external certifications and assurance can help banks understand a customer’s climate impacts more credibly. For example, by using energy efficiency certificates for homes.

Social factors

Worldwide, the World Bank measured that about 76 percent of adults by the end of 2021, had an account at a bank or regulated institution with about [1.4 billion adults globally remaining unbanked](#)⁶³. Receiving payments into an account is a catalyst for using other financial services, enabling economies to develop. Improving financial inclusion is a key element to enable increased use and investment of clean energy. Financial exclusion and other social factors, such as ensuring a [just transition](#)⁶⁴, have not been specifically explored in this report in detail but are crucial factors for banks to consider regarding clean energy finance. Furthermore, when constructing renewables and

clean energy solutions it is important Free and Prior Informed Consent (FPIC) is obtained from impacted communities.

Additional regional information

Selective geographic and economic information

Africa

Sub-Saharan Africa is the home to more than 1.2 billion people⁶⁵, with a population amongst the youngest and the poorest in the world (about 38% of the employed population living on less than \$1.90 a day)⁶⁶. Nearly 600 million people in Sub-Saharan Africa⁶⁷ have no access to electricity, which is crucial for the region's development. The region is also particularly vulnerable to the impacts of climate change. As an intermediary between economic actors, the financial sector plays an important role in reducing poverty and improving overall prosperity in the long term. It fuels economic development supporting job and wealth creation. A recent study revealed⁶⁸ that financial inclusion and economic growth share a strong long-run relationship and that there is bi-directional causality, indicating synergy between these two variables".

At a time of climate emergency, extreme poverty and financial exclusion are barriers to the development of clean energy solutions at individual and small business levels. Although not exclusive, economic development might be prioritised over environmental considerations. It is however worth noting economic growth is not incompatible with acting on climate, in fact, the Stern Report⁶⁹ found the opposite to be true. In the geography many banks have programs supporting communities, including small businesses, hence mainly focusing on the 'social' component of sustainable finance. Government policies (guarantees, tax reliefs, etc) on the other hand can support and favour more investments into renewables.

According to the International Renewable Energy Agency (IRENA), "the share of global renewable energy investments going to Sub-Saharan Africa remains very small, less than USD 41 billion cumulatively during 2000-2020 (or less than 1.5% of the amount invested globally during that period)⁷⁰". Investment in renewables remains very low and dependent on international funding (about 50% between 2013-2020), with a significant portion of public sources

Asia Pacific (APAC)

The APAC region faces an especially pressing energy transition challenge due to its swift economic expansion and large population, leading to a sharp surge in energy demand. Over the next three years, more than 70% of the growth in global electricity⁷¹ demand will come from this region according to the International Energy Agency. Additionally, the region currently heavily depends on coal for power generation.

In that context, East Asia and Pacific region however attracted most of the global renewable energy investments in the last few years, driven by Chinese ambitions and massive investments (APAC share of global investment in renewables went up to 66% in 2022⁷²). However, despite this rapid expansion, green lending and investment still account only for a small fraction of total energy finance.

Asia Pacific covers a variety of regions and countries with relatively fragmented approaches to clean energy finance. The research covered developed economies, such as Japan, South Korea, Singapore, Taiwan, Australia, and New Zealand, and more emerging ones such as China, India, and Thailand.

China, the second largest economy in the world, is home to a few of the largest financial institutions in the world, which are all partially state-owned. Information which is publicly available about clean energy finance for consumers is relatively limited in comparison to other countries – this could also relate to the language used for the research (referenced in the ‘data collection - limitations’ section).

Europe, including the UK

In Europe, the well-established economy faces achieving energy independence and addressing climate change. However, both issues are intertwined and could share one converging solution: a rapid shift towards a greener, more sustainable economic model. The Green New Deal⁷³ reflects for instance the commitment of the European Union (EU) to reducing carbon emissions.

Across the countries reviewed for this paper, there is an increase in regulations and initiatives. For example, the EU taxonomy⁷⁴ for sustainable activities or UK Net zero strategy⁷⁵. They are clear signals toward the green economy. It underpins the general view within society and the private economy that climate change is a threat as well as an opportunity. In recent research from the European Investment Bank (EIB)⁷⁶, 82% of EU firms expressed concerns about energy prices, with 40% of European firms investing in energy efficiency measures, with preferred mitigation measures being related to waste management, recycling, and improved energy efficiency as primer investments. There is hence a clear ask and will from public and private actors to act.

Middle East and North Africa (MENA)

MENA region is a group of countries that includes Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, the United Arab Emirates and Yemen. The economic situation of those countries varies significantly with two main groups. First, the Gulf Cooperation Council (GCC) countries, oil-exporting economies —Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates – have benefited from high-income and in the last few years increased fossil energy prices. Second a group of emerging, developing economies, many facing significant challenges (high inflation, slow growth and weak external demand, public debts), countries such as Tunisia, Lebanon, and Syria with economic situation like Sub-Saharan economies.

The Middle East has historically been a major supplier of oil to the global market (~30% of the world supply⁷⁷) having some of the world's largest proven oil reserves. While most of the energy demand is met by oil, gas, and coal (about 90-95%⁷⁸), there is an emerging drive for decarbonization and setting net zero targets. For instance, the Kingdom of Saudi Arabia has pledged to reduce its emissions and achieve net zero by 2060 (Saudi Green Initiative 2021⁷⁹).

Scaling up renewable solutions will be central to achieving the MENA region’s net zero objectives. Now it is nevertheless worth noting the very low level of investment in renewable energy less than 5% of global investment⁸⁰) in Renewable energy in the MENA region to date.

North America

North America is a large land mass, which is dominated by the US and Canada. It has among the most developed banking industries and capital markets in the world. A wide range of financial

products are offered to individuals and small businesses. It is shaped by regulatory frameworks, generally set at the regional and national levels. Factors like interest rates, inflation, GDP growth, and unemployment rates directly influence lending practices. Consumer spending and behaviour impact banks, given the consensus around free market principles.

In the US there is increasing political polarisation, which has led to some short-term political pushback on ESG in the finance industry. Anecdotally some financial institutions may have chosen to 'go quiet' on their climate change progress to avoid potential reputational risks. In addition, financial institutions often have lower levels of voluntary public disclosures – compared with Europe for example – to avoid heightened levels of perceived litigation risk.

The Inflation Reduction Act (IRA)⁸¹ was introduced in 2022 at the US national government level. It includes a section that supports investment into domestic energy production while promoting funding toward transitioning to the new energy economy. It aims to enable more companies to improve energy efficiency and lower costs of energy transition. Investments to upgrade facilities or replace fleets could be eligible for an incentive through the \$216 billion authorized corporate tax credits under the IRA⁸². For example, replacing a diesel- or gas-powered vehicle could qualify for a commercial clean vehicle tax credit to cover up to 30% of the cost. Some banks are referring to it on their public websites.

In North America at the regional level, subsidies, incentives, and tax breaks are offered to consumers. In turn, this supports banks in their clean energy finance offer. However, there is a diversity between different locations. Such policies, make any investment less risky for the bank and hence secure more funding to small businesses (with no specific influence nor custom product from the banks).

Latin America (LAM)

Latin America is a diverse region with a wide range of economic conditions and development levels. Some countries in the region, such as Brazil and Mexico, have large and developed banking sectors, while others may have smaller and less advanced financial systems.

Each country in Latin America has its regulatory framework for the banking industry, and these regulations can vary widely. Some countries have stricter banking regulations, while others may have more relaxed rules. Currency stability can be a challenge in some Latin American countries, as exchange rates can be volatile. This generally comes from an unbalanced government budget and Central Banks' excess money printing leading to large and uncontrollable inflation in national currency. For instance, Argentina has faced because of such policies, more years in recession since the 1950s. This can seriously impact the operations and profitability of banks, especially if they have significant exposure to foreign exchange risks.

Many Latin American countries have made efforts to improve financial inclusion, bringing banking services to a larger portion of the population (between 2011 and 2021, for instance, in Brazil the number of adults with a bank account increased from 56% to 84%, according to World Bank statistics)⁸³. This has led to the growth of microfinance institutions and mobile banking solutions. Some countries in Latin America have a history of political and economic instability, which can create challenges for banks in terms of asset quality and risk management. Economic challenges, such as inflation, high levels of public debt, and income inequality, can impact the overall financial stability and business environment in Latin America, affecting banks' operations and profitability.

The banking sector in Latin America can be highly competitive, with both domestic and international banks vying for market share. This competition can lead to innovation in financial products and services. Fintech companies have been on the rise in Latin America, offering digital banking services, payment solutions, and other financial products. Traditional banks are adapting to this changing landscape and may partner with or compete against fintech startups.

Abbreviations

AFD: Agence française de développement (French development bank)
APAC: Asia Pacific
BREEAM: Building Research Establishment Environmental Assessment Method
CSLN: The Climate Safe Lending Network
CTE: Código Técnico de la Edificación
DFI: Development Finance Institution
EBB: Energy Bounce-Back Loan Guarantee scheme for business in South Africa
EECA: Energy Efficiency and Conservation Authority
EIB: European Investment Bank
EIF: European Investment Fund
ESG: Environmental, Social, Governance
EU: European Union
EV: Electric Vehicle
FPIC: Free, Prior, and Informed Consent
GBP: Green Bond Principles
GCC: Gulf Cooperation Council
GDP: Gross Domestic Product
GFANZ: the Glasgow Financial Alliance for Net Zero
GLP: Green Loan Principles
G-Sib: Globally Systemic Important Banks
I2Z: Integrate to Zero
IEA: International Energy Agency
IRA: Inflation Reduction Act
IRENA: International Renewable Energy Agency
KPI: Key Performance Indicator
LEED: Leadership in Energy and Environmental Design
NGFS: Network for Greening the Financial System
NGN: Nigerian naira
NZBA: Net Zero Banking Alliance
MENA: Middle East and North Africa
MDB: Multilateral Development Bank
NDB: National Development Bank
PCAF: Partnership for Carbon Accounting Financials
PV: Photovoltaic
RWA: Risk-Weighted Assets
SDGs: Sustainable Development Goals
SEIA: Solar Energy Industries Association
SME: Small and Medium Enterprise
Solar PV (shortened to solar in this paper): solar photovoltaic panel

SUNREF: AFD Group green finance label
TBC: Technical Building Code
TCFD: Task force Climate-related Financial Disclosures
UK: United Kingdom
UNPRB: United Nations Principles for Responsible Banking
USAID: United States Agency for International Development
UN: United Nations
UK: United Kingdom
US: United States
USD: United States Dollars
ZAR: South African Rand

Glossary

B-Corp: B corporations are for-profit companies that have received certification from B Lab, a nonprofit organization that certifies businesses that meet certain social and environmental standards

Blended finance: Blended finance is the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries

Clean energy finance for consumers: Efforts that supports decarbonisation, specifically solar PV, heat pumps, EVs, storage/batteries, and smart meters/energy efficiency

Credit Risk: Credit risk refers to the possibility for a lender to incur losses because of the risk that a borrower might not fulfil their obligation to make necessary debt payments

Financial economy: The part of the economy related to financial transactions and money

Financial exclusion: Individual or organisation with no or limited access to common financial services (such as saving accounts, loans...), generally as not meeting the requirements of a formal banking institution

G-SIBs: G-Sibs stands for "Global Systemically Important Banks." These are banks that are of systemic importance on a global scale due to their size, complexity, interconnectedness, and potential impact on the stability of the global financial system; G-SIBs are identified and categorized by international regulatory bodies, such as the Financial Stability Board (FSB) and the Basel Committee on Banking Supervision (BCBS)

Greenwashing: A form of advertising or public relations that makes an organisations products, policies or operations appear more environmentally friendly than they are

Liquidity risk: Liquidity risk denotes a financial hazard wherein a specific financial asset, security, or commodity cannot be swiftly traded in the market within a particular timeframe without exerting an influence on its market price

Mainstream banks: Retail and commercial banks generally available to consumers in their national financial markets, often via high street branches or online

Market risk: Market risk refers to the risk of financial losses arising from movements in market variables like prices and volatility

Minergie: Registered quality label for new and refurbished low-energy-consumption buildings (endorsed by Swiss authorities)

Real economy: The real economy relates to the production, trade, and flow of goods and services within an economy (in opposition to the financial economy)

Sustainable finance: Sustainable finance refers to the integration of environmental, social, and governance (or ESG) considerations in processes of financial decision-making

Type of Banks:

Broker/dealer: Institutions authorised to buy and sell securities, acting as an intermediary

Central banks: Banks responsible for overseeing all other banks, usually at a national level

Commercial banks: Organisations offering financial products such as loans, deposit accounts, and financial advice to businesses of varying sizes in the real economy

Ethical Bank: Banks, often referred to as social, alternative, civic, or sustainable, are financial institutions that prioritizes the consideration of social and environmental consequences associated with their investments and loans

Investment banks: Institutions offering complex financial services targeted to governments and international businesses. They also advise clients such as pension funds and institutional investors in raising new capital (debt or equity)

Multilateral Development Banks (MDBs) or National Development Banks (NDBs): Organisations created by (a group of) countries that provide finance and/or financial advice to foster economic development

Retail banks: Banks offering financial services to individual consumers

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