

## Chartered Banker Institute responds to FCA Discussion Paper on Climate Change and Green Finance

31st January 2019

Today, the Chartered Banker Institute has published its response to the FCA's recent Discussion Paper on Climate Change and Green Finance<sup>1</sup>.

We support the timely focus by both the FCA, and the PRA, in its recent draft Supervisory Statement on Climate Risks, on this important issue. Taken together, the regulators' intervention should help to ensure greater strategic thinking by firms with regard to the issues and impact of climate change risks and the transition to a low-carbon economy.

In our response, we support the view that there is currently no need for the UK's regulators to intervene. Instead, they have an important role to play in highlighting and encouraging engagement with existing initiatives, most notably the Task Force for Climate-Related Financial Disclosures' (TCFD) recommendations for climate risk reporting<sup>2</sup>, which is already emerging as the global, voluntary standard in this area.

We propose that where the TCFD framework and recommendations are at too high-level and lack specific detail, the FCA is well placed to suggest where further guidance may be found or propose its development.

**Simon Thompson, Chief Executive of the Chartered Banker Institute, commented:**

*"We take the education of our 35,000 members and future bankers very seriously and that is why we are delighted to respond to this very welcome and timely FCA discussion paper. We are raising the prominence of the subject matter and related issues throughout our learning programmes, and particularly within our modules covering strategy and risk management. Our Green Finance Certificate™, launched in 2018, is the world's first benchmark qualification for Green Finance. This encourages financial services professionals to enhance their knowledge of Green Finance; develops the pool of Green Finance professionals; and helps position the UK as the global hub for Green Finance.*

*We believe the FCA (and PRA) can play an important role through their thought-leadership, and in highlighting and sharing examples of good practice.*

<sup>1</sup> [https://www.charteredbanker.com/resource\\_listing/cpd-resources/chartered-banker-institute-s-response-to-fca-discussion-paper-18-8--climate-related-risk---green-finance.html](https://www.charteredbanker.com/resource_listing/cpd-resources/chartered-banker-institute-s-response-to-fca-discussion-paper-18-8--climate-related-risk---green-finance.html)

<sup>2</sup> Recommendations of the Task Force on Climate-related Financial Disclosures, p14: <https://www.fsb-tcfid.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf>

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*It is our view that the continued development (and, over time, adoption) of global frameworks, standards and guidance for green finance, such as the TCFD, Green Bond Principles, Green Loan Principles and others should be supported. Global bodies such as the Financial Stability Board (FSB) should, as with the TCFD, encourage and support adoption. Where market pressure and a 'comply and explain' approach is not working, regulators should then consider the costs and benefits of intervention."*

**[ENDS]**

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