

Social Market Foundation media release

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How banks can save the world from climate change

Banks and investors can do more to support the world's shift to a low-carbon economy and help avert a climate emergency that threatens every living person on Earth, the former UN climate chief Mary Robinson has said.

Robinson, who also served as President of Ireland, said that the financial services industry must help finance the “just transition” to an economic model that reduces net carbon emissions and slows global warming.

She made the comments in a collection of essays published by the Social Market Foundation think-tank and the Chartered Banker Institute about green finance and the role that financial services can play in delivering environmental goals.

Robinson was the UN High Commissioner for Human Rights and then special envoy on climate change. She now chairs the Elders, a group of international leaders first convened by Nelson Mandela and whose current members include former presidents and prime ministers.

In her essay, she argues that better public records about energy companies and their uses of fossil fuels would make it easier for investment firms to steer pensions and other funds away from activities that contribute to climate change.

The proposed “comprehensive, transparent database of all existing fossil fuel assets and reserves” should include data on future carbon emissions from those reserves, she said.

“A publicly-accessible registry, whether state- or investor-owned, would enable all stakeholders to organise a new plan for an orderly wind-down of pending or proposed projects - a just transition, in other words. It would give clarity to investors, who hold an extraordinary latent power to further the sustainability agenda, and thus secure a long-term future for their own assets and investment strategies.”

She added:

“I am under no illusion about the challenges the energy and finance industry faces in managing a just transition. But I am also under no illusion about the risks posed to every living person on Earth if these challenges are not faced head on, with honesty, seriousness and integrity,” she says.

“Let us listen to our children and grandchildren, and act to prevent the grave act of intergenerational injustice they fear will deprive them of a future. If we fail today, it will be an unconscionable betrayal for which our successors will pay an intolerably high price.”

The SMF and Chartered Banker Institute are publishing the collection of essays, titled “How sustainable finance can tackle the climate emergency”, in the week of the Green Finance Summit in London. The collection explores the way financial services firms can help provide the money needed to fund the transformation of the economy that scientists say is necessary to reduce carbon emissions to net zero.

Simon Thompson, Chief Executive, Chartered Banker Institute commented:

“This collection of essays by leading experts and practitioners in the field of green finance is an important contribution to the debate about how sustainable finance can tackle our climate emergency. The opportunity green finance provides for our finance sector and finance professionals should not be underestimated. By doing what we do best – connecting capital and savings with the investments and projects needed for the transition to a sustainable, low carbon world – we can not only trade profitably but play a key role in solving our greatest global challenge. It is very telling that the Paris Agreement singles out the critical role of finance in one of its three main objectives. Underpinning the transition to a sustainable, low-carbon world demonstrates a positive social purpose for financial services, helps reconnect banks and society, and contributes to the process of rebuilding trust in the financial sector overall. To put it crudely: banks and bankers can help save the world – and we should grasp this opportunity.”

Other contributors include:

Sir Roger Gifford, Chair, Green Finance Initiative & Alderman, City of London, Cordwainer Ward

Simon Thompson, – Chief Executive, Chartered Banker Institute

Ben Page, Chief Executive, Ipsos Mori

Dr Ben Caldecott, Director, Oxford Sustainable Finance Programme & Associate Professor, University of Oxford

Richard Monks, Director of Strategy, Financial Conduct Authority

Huw Evans, Director General, Association of British Insurers

Ingrid Holmes, Head of Policy and Advocacy, Hermes Investment Management

Sean Kidney, Co-Founder and CEO, Climate Bonds Initiative

Dr Ma Jun, Chair, China Green Finance Committee

Professor Kern Alexander, Chair for Law and Finance, University of Zurich

Dr Paul Fisher, Fellow, The Cambridge Institute for Sustainability Leadership

Geraldine Ang, Policy Analyst, OECD

Simon Howard, Chief Executive, UK Sustainable Investment and Finance Association

Kees Vendrik, Chief Economist, Triodos Bank

Nick Robbins, Professor in Practice – Sustainable Finance, Grantham Research Institute on Climate Change and the Environment, London School of Economics & Political Science, LSE

Notes:

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About the SMF:

The Social Market Foundation (SMF) is a non-partisan think tank. We believe that fair markets, complemented by open public services, increase prosperity and help people to live well. We conduct research and run events looking at a wide range of economic and social policy areas, focusing on economic prosperity, public services and consumer markets. The SMF is resolutely independent, and the range of backgrounds and opinions among our staff, trustees and advisory board reflects this. The SMF retains complete editorial independence of its publications.

About the Chartered Banker Institute:

The Chartered Banker Institute (“the Institute”) is the oldest professional banking institute in the world. The Institute was founded in 1875, operates in all UK nations, and has a significant and growing international presence.

The Institute has driven an agenda of ethical professionalism throughout its existence; promoting professional standards for bankers, providing professional qualifications for retail, commercial and private bankers in the UK and overseas, and offering professional membership to qualified individuals. The Institute currently has over 33,000 members with both student and professionally qualified members in 87 countries across the globe, all of whom share a commitment to the Chartered Banker Code of Professional Conduct.

In 2017, we formed the Chartered Body Alliance (ourselves along with the Chartered Institute for Securities and Investments (CISI) and the Chartered Insurance Institute (CII), with a joint membership of almost 200,000, representing an important development in the re-professionalisation of individuals working across all financial services. The purpose of this Alliance is for the member bodies to work together to promote increased professionalism in financial services, for the public good, and to provide a united voice on standards for financial services.

Last year, the Chartered Banker Institute launched the Green Finance Certificate™ - the world’s first benchmark qualification for green finance.