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## PRESS RELEASE

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Links: [Infographics](#)

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### European Central Bank releases new climate indicators for the financial sector

**Climate considerations are playing an increasingly important role in the financial sector. In addition to the climate risks to which financial institutions are exposed through the securities and loans in their portfolios, investors are becoming more green-minded and want their savings to be invested in a sustainable and environmentally friendly way. Today, the ECB published new climate indicators for the financial sector, signaling the start of an action plan for the disclosure of harmonised climate-related financial data.**

The new climate indicators for the financial sector form part of a broader action plan on the integration of climate considerations into Eurosysteem monetary policy. The plan provides, amongst other things, for the development of statistical indicators to estimate the risks posed to the financial sector by climate change. The monitoring of sustainable investments and the euro area financial sector's role in this regard are also on the agenda.

#### **Climate risks weigh on financial sector portfolios**

The financial sector stimulates business and corporate growth by granting credit and investing in bonds and shares. However, in doing so, it is exposed to both physical and transition climate risks. Indeed, the physical risks associated with climate change, such as flooding and extreme weather conditions, can cause damage to buildings and production facilities. Moreover, companies with a large carbon footprint will eventually have to transition to low-carbon production. To this end, they will need to adapt their goods and services and could suffer a loss in value due to the shift to a greener economy.

#### **The financial sector plays an important role in sustainable investment**

The financial sector also has an important role to play in achieving Europe's climate goals and facilitating the transition to a more sustainable economy. The sector can help to do so by promoting investment in green financial products, thereby shifting financing from activities that emit substantial greenhouse gases to environmentally friendly and sustainable technologies.

#### **The publication of new climate indicators...**

The ECB's new climate indicators provide information on the carbon footprint of euro area financial institutions and their exposure to physical and transition risks through the corporate securities and loans in their portfolios. As the data are still a work in progress, the ECB has made the datasets available in the form of downloadable files on its website. These datasets are subject to certain caveats and should be used with caution. Experimental indicators on the share of bonds labeled as sustainable or green by the issuer in debt securities issues and securities holdings in the euro area are available in the ECB's Statistical Data Warehouse.

#### **...is a first step towards harmonised climate-related financial data**

Today's publication does not represent an end point but rather the beginning of an action plan for the disclosure of harmonised climate-related data for the financial sector. The indicators are based on a uniform methodology for the euro area and will be further refined and expanded in the coming years in cooperation with the national central banks. Additional data collection may also be organised in order to better track how the financial sector is helping Europe to achieve its climate goals.

**Links and documents**

[ECB web page on climate data](#)

[ECB report "Towards climate-change related statistical indicators"](#)

[ECB technical annex to "Towards climate-change-related statistical indicators"](#)

[ECB Statistical Data Warehouse, Securities Issues](#)

[ECB Statistical Data Warehouse, Securities Holdings](#)