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*The Co-operative Difference :
Sustainability, Proximity, Governance*

EACB Newsletter

Message from the CEO, Nina Schindler



The COP26 was the occasion for EACB members and co-operative banks to show their strong engagement in the green transition. With two happenings, the [EU Side Event COP26 “Climate action in banking: sharing our progress, learnings and challenges”](#) and the [EACB COOP26 event “A Client-Centred Green Transition driven by Co-operative Banks”](#), co-operative banks and their clients showed how committed they are to achieve together the objectives of the Paris Agreement. Through testimonies, entrepreneurs gave evidence of the important investments they already have undertaken in new technologies and how much they count on the support of their bank for the future ones. These examples showed how banks, SMEs and households can deliver their contribution to decarbonisation to ensure that the common goals can be achieved. It is now key that regulators and financial institutions move aligned to create an appropriate framework for financing this huge common effort. There is no more time to lose: we need a brave approach that includes the grassroot players in all regions of Europe. For co-operative banks, which also operate in rural areas, it is crucial that all citizens and enterprises can get on board and that nobody is left behind. With this in mind, the EACB members addressed concrete [policy actions to EU and international regulators and policymakers](#) that the EACB President enlightened in his message shared below. We have high hopes they will be sensitive to these demands and stand ready to collaborate.

3 Questions to Sylvie Goulard, Deputy Governor, Banque de France



Sylvie Goulard has been Deputy Governor of the Banque de France since January 2018. Her portfolio includes in particular sustainable and climate-related issues. The Banque is actually providing the secretariat of the Network for Greening the Financial System that is coordinating work of around 100 Central Banks and supervisors committed to tackle climate related financial risks and encourage [sustainable development](#). She is member of the [One Planet Lab](#), a global high level group advising President Macron

on sustainable development, including finance and biodiversity.

During the pandemic, Sylvie Goulard was member of the Pan-European Commission on Health and Sustainable Development launched by the WHO-Europe which produced a [report](#). After the presidential election in 2017, Ms Goulard was Minister of Defense. From 2009 to 2017, she served as member of the European Parliament (ECON Committee).

You recently delivered the keynote speech at the EACB event organised in the context of the COP26. Which highlights would you retain from your intervention for our readers and what would be your take-aways?

Sustainability matters. It really matters. Governments have the main role to play as they can use their regulatory powers, develop tax incentives or even prohibit the use of coal and fossil fuels. Some progress was made in Glasgow but there is still a long journey ahead and less and less time.

One of the outcomes of the COP26 is that sustainable finance is clearly part of the solution. Progress requires constructive cooperation between public authorities (Central banks and supervisors) and the private sector.

Without the commitment of banks and insurance companies, without asset managers and investors moving towards a decarbonized economy, we cannot achieve the goals of the Paris agreements, renewed at the Glasgow COP26: to keep the increase of temperatures below 2 degrees, and preferably 1.5. According to Mark Carney and the Glasgow Alliance for Net Zero, money is available.

Co-operative banks are close to their clients, households or SMEs. They can contribute to channeling financing to future oriented, sustainable projects. Their genuine governance is more inclusive. That is the reason why I was glad to participate in the EACB event.

On the occasion of the COP26, supervisors and central banks, in particular Banque de France, underlined their commitment to carbon reduction. What would you see as key actions of Banque de France in the coming year?

Like many other companies or public administrations, Banque de France can contribute to carbon reduction through changes in the way we move every day to go to the offices or to travel for professional reasons, the way we renovate our buildings, we organise our work and our IT infrastructure, we provide food in collective restaurants.

For a Central Bank there is nevertheless much more to do: safeguarding financial stability is part of our mandate. That is the reason why we have organised voluntary piloted exercises aimed at stress testing financial firms. Based on scenarios, we checked if they can resist climate events, how their portfolios react etc.

We also decided in 2018 in France, in 2021 for the Eurosystem as a whole, to green our non-monetary portfolios. As far as the BF is concerned, our guarantee and

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pension funds which represent 23 billion euros, are now managed in a sustainable way: we have decided to exclude any investment in coal; we look at the impact on nature and biodiversity; we participate in the general assemblies of the companies we invest in, in order to make sure that the management is going green.

The biggest step came in July 2021 when the Eurosystem under the leadership of Christine Lagarde, decided that its monetary policy would be gradually transformed: we are in the process of conceiving new macro-economic models, we are developing new rules for our collateral. The goal is to green our corporate asset programs. It gives the markets and all data providers for example a strong signal. If Central Banks are serious about climate change, the whole industry must take it seriously.

Where do you see the role of banks and particularly of co-operative banks in this context? Do you think that banks are well-prepared to meet the challenges?

Climate change is serious and could become irreversible. Until recently some people were still in a state of denial. Thanks to efforts driven from inside and the pressure of public authorities as well as NGOs, the awareness has definitely increased in the banking system, including cooperative banks. We need nevertheless to transform good will in tangible acts: by distributing credits for the right projects, by accompanying the clients towards more sustainable activities, by excluding dirty sectors. Banks are used to measure and mitigate risks. Many do efforts to improve their capabilities to deal with these complex topics.

Of course, no one can act alone. Green taxonomies, comparable disclosures and I hope one day fair pricing of CO2 emissions could dramatically increase the positive impact of the financing sector.

Second Opinion from Berry Marttin, President, European Association of the Co-operative Banks (EACB)



Berry Marttin is member of the Managing Board of Rabobank. Over the course of his career, he has gained extensive experience as an international banker in both wholesale and retail banking working in various senior executive positions internationally. In 2004, he became Chairman of the Board of Directors of Rabobank Amsterdam. As from 2009, he joined the Managing Board with special focus on Rabobank's international rural banking activities and further responsibilities. Outside Rabobank, he serves as Member of the Supervisory Board of IDH (Sustainable Trade Initiative), Member of the Supervisory Board of ARISE and Member of the Board of EACB.

Climate change, loss of biodiversity, endangered ecosystems as well as air and water pollution pose threats to a healthy life on our planet and to humanity. Tackling climate change is a necessity, but also an opportunity for our economies to grow sustainably.

The results of the IPCC report and the ambitions of COP26 show how much commitment and concrete actions are needed to achieve an unprecedented transformation. Our key focus at the EACB, as co-operative banks, is at the local and regional level placing SMEs and households at the centre. In many remote parts of Europe, co-operative banks represent an important access to finance and supporting customers in the transition path. "Leaving no one behind" is of particular importance to us.

Together, we need to accelerate the transition to a more sustainable society. Governments make the laws and regulations, by which they pave the ways for the energy and food transitions, but banks have a role too. I believe that as co-operative banks we can stimulate sustainability among our customers by using financial incentives and by offering access to our networks and sector knowledge.

What is our challenge as banks? It is to increase the sustainable share of financing and to stimulate behavioral change towards a society with more sustainable consumption and production. To achieve this, we incorporate financial incentives into our products and we make sustainable and green choices simple and attractive. Together, we encourage frontrunners to keep innovating and engage with laggards to help them take the next step towards a more sustainable approach.

At COP26, we launched a [call for action](#) to international regulators and policy makers with ten proposals for a client centered green transition. In our call for action, we highlight that the climate transition should be an inclusive one, because this is not a revolution of the elites. Moreover, we believe policymakers shall prioritize achieving GHG reductions in the most cost-effective manner possible and integrate training and employment support strategies for the adjustment. It is important that certain sectors or communities do not bear disproportionately the costs of the transition. Also, as banks we require a dynamic and transparent policy framework that fosters transition pathways for all economic sectors.

We must act now to combat climate change, there is no alternative. Yes, we are all doing things but what we are doing is just not enough. Personally, as a board member of Rabobank and President of the EACB, I commit every day to tell the story and try to influence everybody so that we will get there.

EACB latest publications:

- [Co-operative banks engaged in the 14th EU SSM Roundtable for True Green Capital Markets Union](#)
- [Co-operative banks putting their clients' needs first to achieve the green transition](#)
- [Co-operative Banks call for action for a client-centred green transition](#)
- [Climate action in banking – Co-operative Banks part of the EU side events official](#)
- [EACB Board holds engaging dialogue session with Andrea Enria, Chair of the SSM](#)
- [EACB position on Proposal for a Regulation on European Green Bonds](#)
- [EACB position on the new EU Commission's strategy for financing the transition to a sustainable economy](#)
- [EACB comments on EBA consultation paper on its draft guidelines on policies and](#)

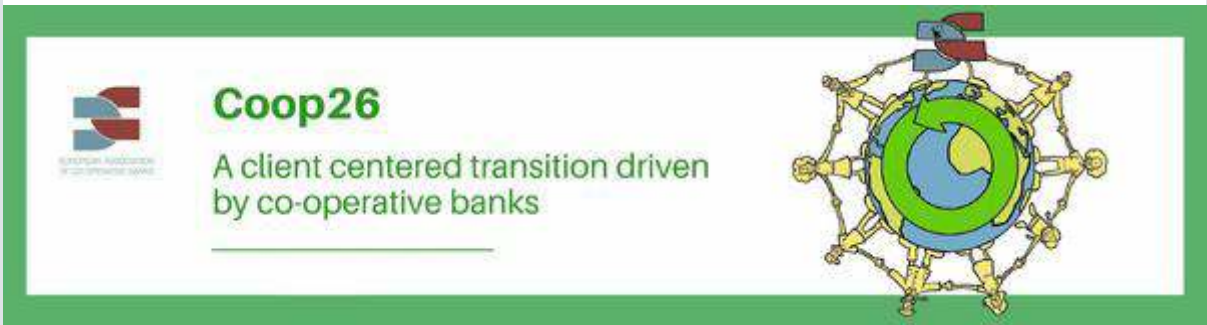


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Coop26

A client centered transition driven by co-operative banks



EACB - COP26 EU Side Event
"Climate action in banking:
sharing our progress, learnings and challenges"

 European Union side events

COP 26
1-12.11.2021
GLASGOW, UK

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