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EBF PRESS RELEASE

Strategy for Financing the Transition to a Sustainable Economy: EBF comments

BRUSSELS, 6 July 2021 – The European Banking Federation (EBF) welcomes the publication of the Strategy for Financing the Transition to a Sustainable Economy by the European Commission. The Strategy builds on the ambitious foundations of the Action Plan on Financing Sustainable Growth and comes at a critical juncture for the progress of sustainable finance in the EU and globally. It strikes the right balance between acceleration towards reaching the goals of the Paris Agreement, as well as the SDGs, and consolidation of the previous regulatory structure. Having achieved the development of well-defined frameworks for disclosure, including through the existing Taxonomy Regulation, the emphasis is now on better defining the underlying incentives and substantive duties to accompany these disclosure requirements. The strategy also seeks to extend the scope of the sustainable finance agenda to further key topics.

The EBF welcomes four components of the strategy in particular:

- 1) The focus on transition finance, including recognition that financial institutions and their corporate clients are at different starting points in meeting the goals of the European Green Deal. The key element of this approach is the extension of the EU Taxonomy to activities transitioning on a credible pathway and the extension of the framework with standards and labels as tools to help channel finance to companies, issuers and investors.
- 2) The Commission's emphasis on engaging retail customers and increasing the quality of financial advice is the key component of financial inclusion, which underpins the social dimension of finance. In conjunction with the plans for the development of the social taxonomy, we welcome the European Commission's focus on the social dimension of sustainability.

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- 3) In terms of prudential regulation, we support the integration of sustainability risk into the risk management systems of banks as well as the acceleration of the EBA's mandate for the assessment of the prudential treatment of assets is welcome. The consideration of supporting measures for retail loans and mortgages are particularly important in this regard.
- 4) The emphasis on the need to ensure the credibility of voluntary pledges. The EBF encourages the European Commission to cooperate with existing initiatives, to examine whether more guidance is necessary in this regard.

Ensuring global cooperation will be particularly crucial for a successful implementation of the strategy:

"Sustainability challenges are global in nature, and the flow of capital must be global as well to ensure they are met," said Wim Mijs, CEO of the European Banking Federation. "Divergent sustainability reporting obligations and incohesive taxonomies can all hinder this goal. In this regard, we support the European Commission's high ambition in ensuring requirements are streamlined and improving coordination between different jurisdictions in the further definition of the regulatory framework".

About EBF

The European Banking Federation is the voice of the European banking sector, uniting 32 national banking associations in Europe that together represent some 4,500 banks - large and small, wholesale and retail, local and international - employing about 2.1 million people. EBF members represent banks that make available loans to the European economy in excess of €20 trillion and that securely handle more than 300 million payment transactions per day. Launched in 1960, the EBF is committed to creating a single market for financial services in the European Union and to supporting policies that foster economic growth.

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