

9 November 2021

MFSA Reminds Banks of Need to Incorporate Climate Change Risks in Business Plans

Climate change will expose banks to physical and transition risks which will need to be properly assessed and incorporated into their business plans, risk quantification and governance, according to David Eacott, the Head of Banking Supervision at the Malta Financial Services Authority.

However, given the stark warning emerging from the 26th UN Climate Change Conference of the Parties (COP26) which ended last week, Mr Eacott believes that, in spite of rising awareness, there is still much to do.

He will explain the role of the MFSA as the regulator during a speech next week which makes it clear that although the outcome depends on the policy responses discussed in Glasgow, it is important that banks start from now to understand what this means, as catching up later will be more painful, costly and disruptive.

However, while banks need to make appropriate lending and investment decisions, their customers also need an understanding of their own risk profile and of the opportunities that the transition to a green economy could bring, ranging from agricultural services to the property market, and make appropriate lending or investment decisions

Mr Eacott's speech will be delivered at the conference being organised by the Institute of Financial Services (ifs) on 16 November 2021 at the Westin Dragonara.

The theme of the conference is 'The Role of Financial Institutions in Achieving a Sustainable Future'. Other speakers come from a range of local and foreign institutions. For registration, please visit the ifs website: <https://ifsmalta.org/>.

About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator of financial services in Malta, covering banks, insurance companies, investment services, trusts and pensions. In 2018, the MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA's mission, as enshrined in its Vision 2021, is to enhance its position as an independent, proactive and trustworthy supervisory authority with the main purpose of safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers. The MFSA licenses over 2,000 entities to operate in the financial services sector.



@ MFSA Reminds Banks of Need to Incorporate Climate Change Risks in Business Plans

