

Headline: BSP wants more bank loans for 'green' ventures

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MANILA, Philippines—The central bank is urging the local banking community to redouble efforts at mitigating the effects of climate change by supporting green and sustainable finance as part of their lending strategies.

In a speech delivered at the recent Trust Officers Association of the Philippines (TOAP) membership meeting, Bangko Sentral ng Pilipinas (BSP) Governor Benjamin Diokno said he was "glad to note that a number of banks have already issued products in this space in the past few years and even during the pandemic."

The BSP, Securities and Exchange Commission and the Department of Finance have been actively involved in green and sustainable finance initiatives, he noted.

Diokno also cited the Association of Southeast Asian Nations for "prioritizing the work on setting of Asean standards that would boost capital markets that address climate change."

In 2019, the BSP rolled out a two-pronged approach in promoting environmental, social and governance principles via capacity building and awareness and mainstreaming these principles through regulations.

The BSP also participated in the open-ended green bond fund launched by the Bank for International Settlements in 2019 as part of sustainable investing in reserve management.

In 2020, the regulator noted that more local financial institutions are responding to its call to adopt sustainable finance principles in their lending activities, as evidenced by the growing number of "green bonds" being sold.

As of mid 2020, the BSP noted that banks have so far issued \$1.8 billion worth of debt securities that comply with environmental and climate risk management tenets, in addition to P21.5 billion worth of social bonds.

Based on the sustainability or allocation reports of selected banks, around 10.6 percent of the total loan portfolio of the banking system as of end-2019 were disbursed in loans to finance green and social projects and contribute to achieving the United Nations' Sustainable Development Goals, the central bank said.

The agency has also integrated "sustainable central banking" in its strategic map for 2020-2023 to foster environmentally responsible and sustainable policies and work practices. At the same time, the BSP is working closely with banks for a sustainable finance framework.

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