


# Monetary policy and climate change

Bank of Finland and SUERF  
October 19 2021

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Deputy Governor

A satellite view of the Earth, showing the Middle East, North Africa, and parts of Europe and Asia. The image is dominated by the blue of the oceans and the brown and tan of the landmasses. The text is overlaid on the image, centered horizontally and vertically.

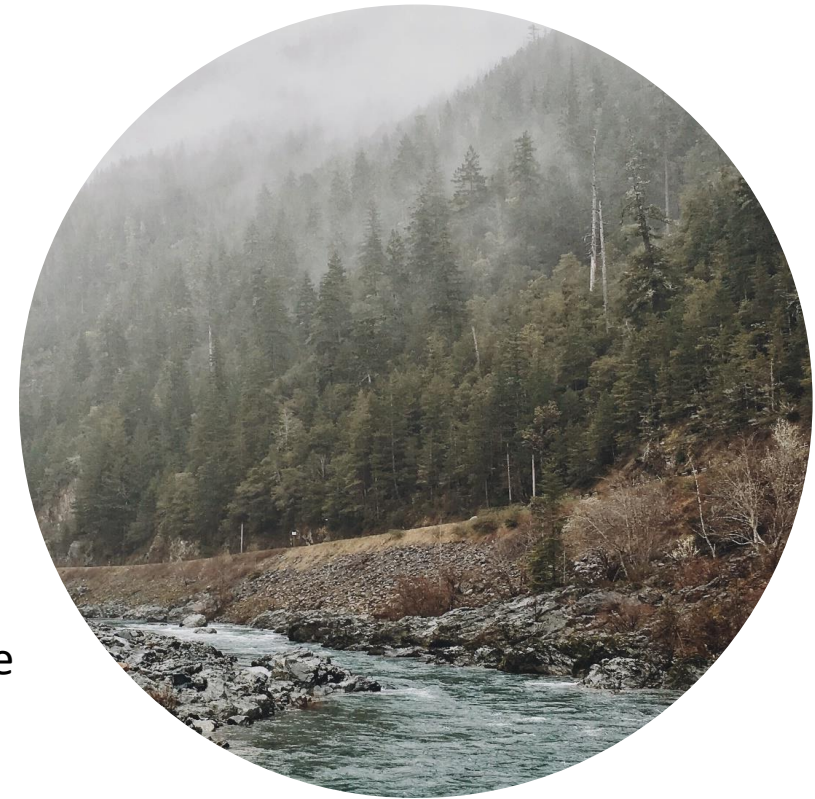
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*It is unequivocal that human influence has warmed the atmosphere, ocean and land. Widespread and rapid changes in the atmosphere, ocean, cryosphere and biosphere have occurred*

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# The economic perspective of climate change

- Problem stems from the failure to put a price on a negative externality, the emission of greenhouse gases.
- The best policy response is therefore to put a *global* price on carbon
- Climate policy need to cause a change in the *relative price* between goods and services that emit greenhouse gases and those that don't.



# Should central banks contribute to mitigating climate change?



Research

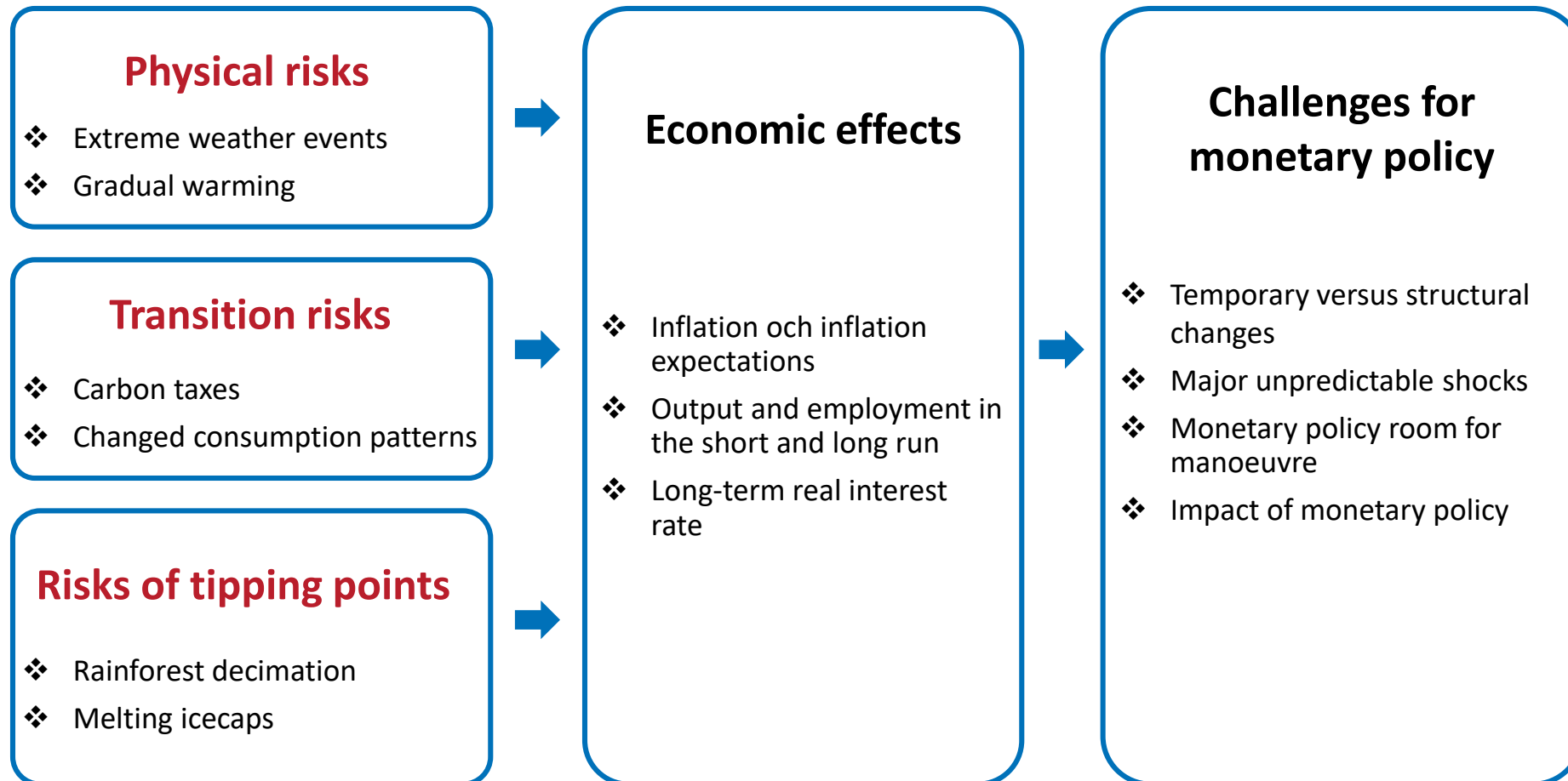


Regulation

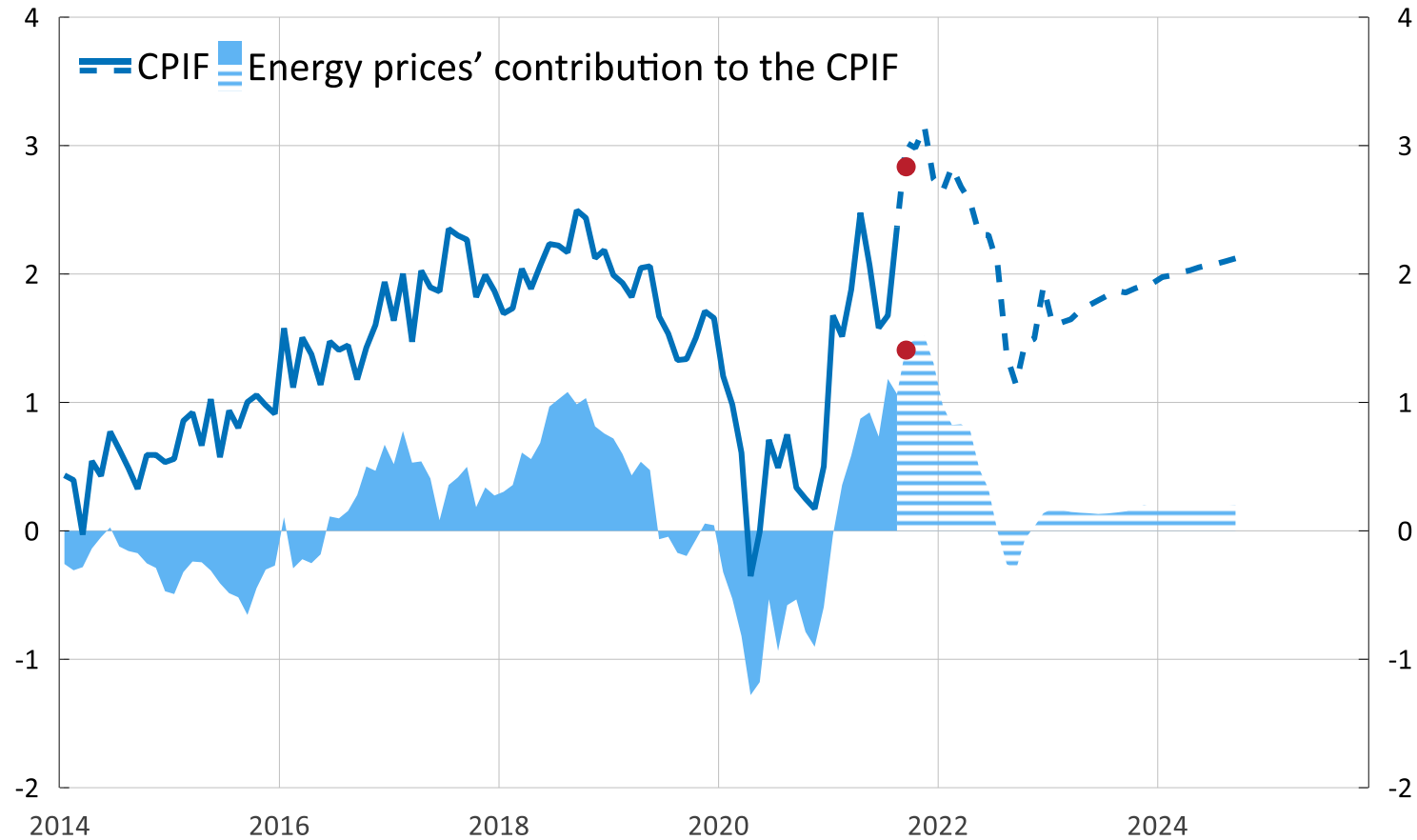


Re-adjustment of balance sheet tools

# Climate changes affects the economy – new challenges for monetary policy



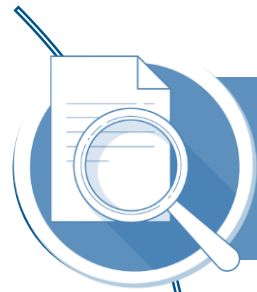
# Example: Climate change and inflation?



Note. Annual percentage change and percentage points respectively.

Sources: Statistics Sweden and the Riksbank.

# Should central banks contribute to mitigating climate change? – the potential tools



Research



Regulation

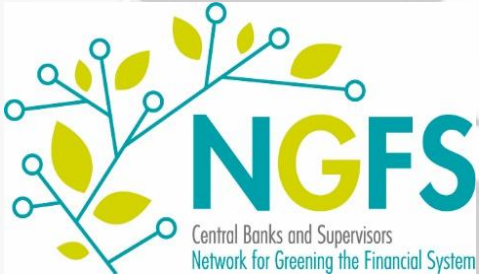


Readjustment of balance sheet tools

# Regulation - international cooperation is key



Basel Committee on Banking Supervision

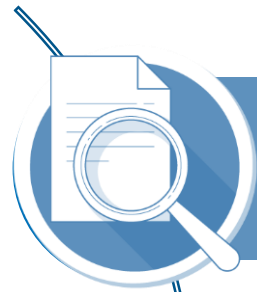


**ESRB**  
European Systemic Risk Board  
European System of Financial Supervision





# Should central banks contribute to mitigating climate change?



Research



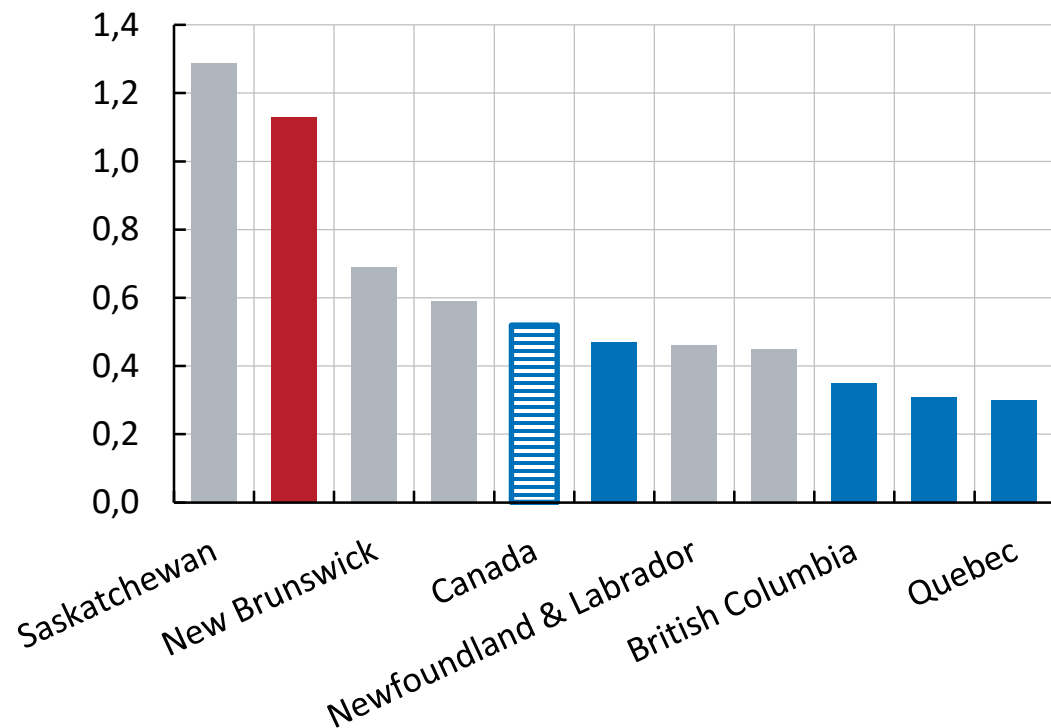
Regulation



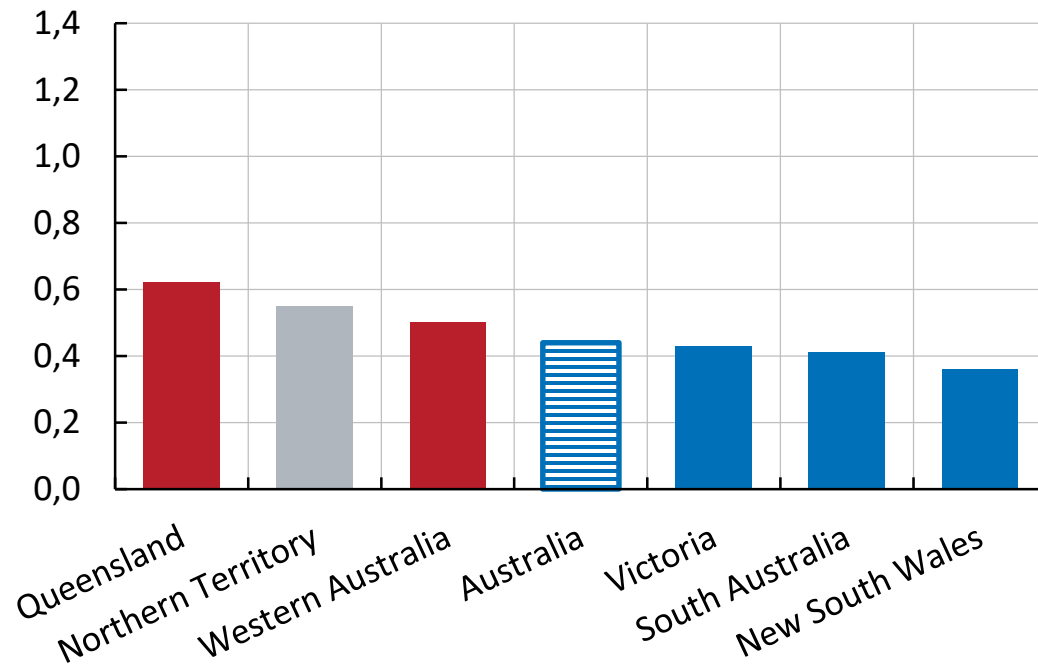
Re-adjustments of balance sheet tools

# FX Reserves: The Riksbank rejects issuers with a large climate footprint

## Canada and provinces



## Australia and states

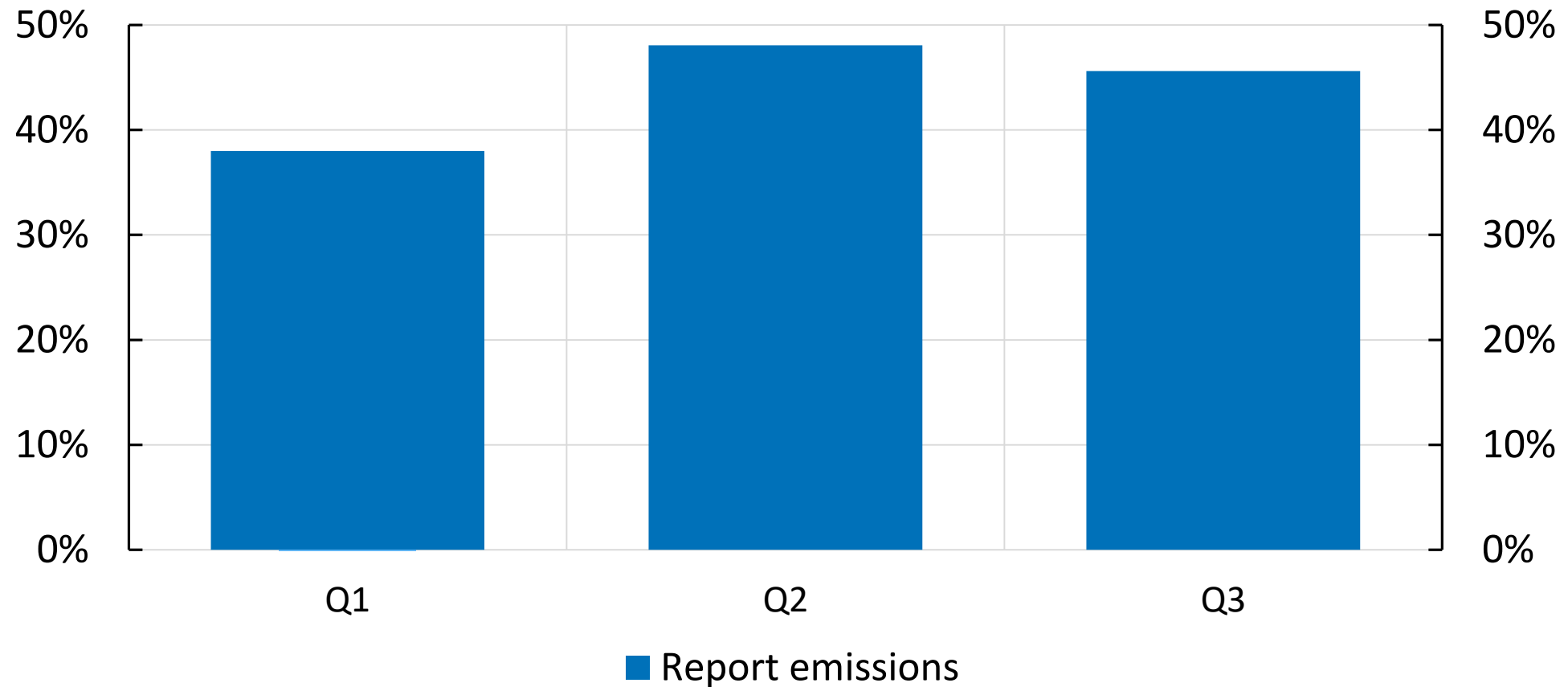


Note. Greenhouse gas intensity = GHG (kt CO2e) / GDP (mm USD).  
Striped bar shows country average.

Source: The Riksbank.

Holdings
Other
Sold in 2019

# Large scale asset purchases: Negative screening ESG for corporate bond purchases

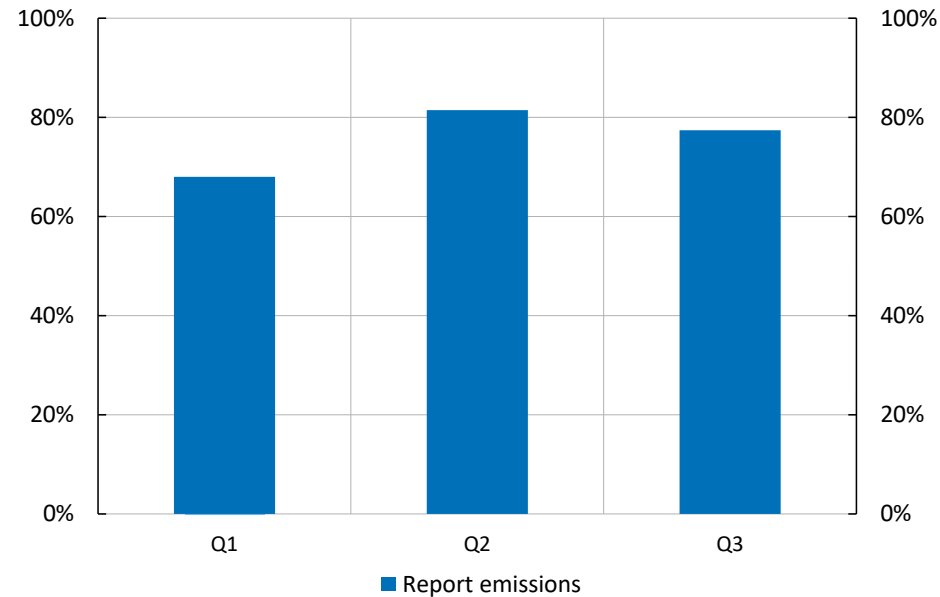


Note. Available data for companies that comply with the Riksbank's purchase criteria. Three companies has been removed due to lack of data.

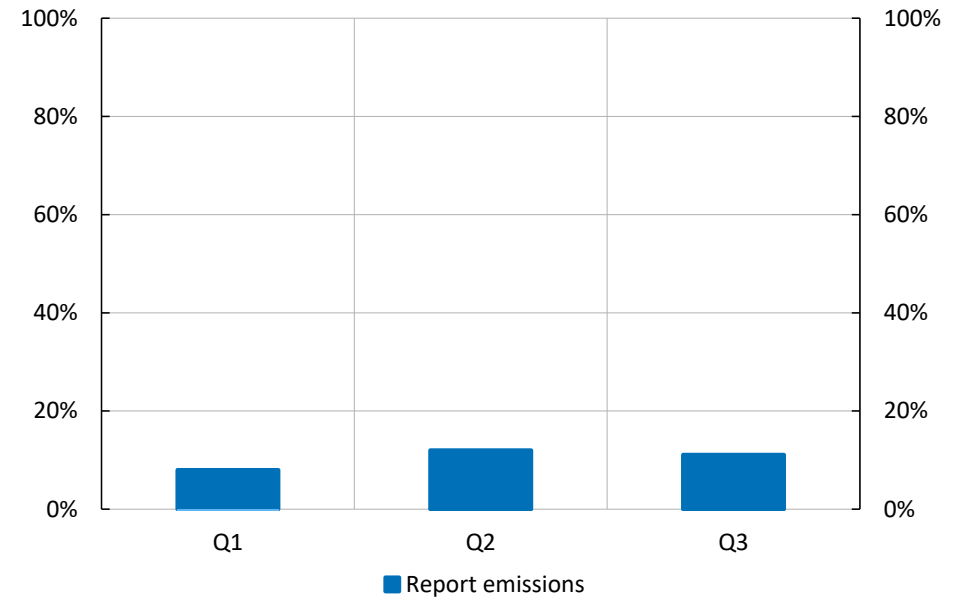
Sources: Bloomberg, Sustainalytics and the Riksbank.

# Large scale asset purchases: Negative screening ESG for corporate bond purchases

Listed companies



Non-listed companies



Note. Available data for companies that comply with the Riksbank's purchase criteria.

Sources: Bloomberg, Sustainalytics and the Riksbank.

# Concluding comments

- Climate change is a threat to **price and financial stability**
- Climate change affects **income inequality**
- Climate change mitigation opens up questions regarding **interaction between monetary and fiscal policy**



A satellite-style image of Earth showing the Middle East, North Africa, and parts of Europe and Asia. The land is shown in shades of brown, tan, and green, with blue oceans and seas. The text "Thank You" is centered in the lower half of the image, flanked by two horizontal white lines.

**Thank You**