"Does the introduction of climate-risk related supervision efforts change the supervised banks’ actual green behavior?"

### Key Results and Policy Implications

- The ECB’s climate-risk-related supervision efforts have a statistically significant effect on (A) banks’ reduction of climate risk and on (B) an increase in banks’ sustainable finance.
- Data coverage, quality, standardization, and granularity are currently still at an expandable level.

#### Methodology: Diff-in-Diff Analysis

![Diagram of Diff-in-Diff Analysis](image)

#### Regression Results

<table>
<thead>
<tr>
<th>Effect A: Climate Risk</th>
<th>Effect B: Sustainable Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1 E-Score * Disclosure</td>
<td>B.1 Green Bonds Issuance</td>
</tr>
<tr>
<td>B.2 ESG Assets Under Mgmt.</td>
<td>B.3 &quot;Green Credit&quot;</td>
</tr>
</tbody>
</table>

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2. CO2: Carbon Dioxide; Y: Year; S: Score; Y: Year; P: Percentage; T: Treatment; O: Observations; C: Control variables; F: Fixed effects; V: Variables; R: Robust standard errors; OLS: Ordinary Least Squares; RE: Random-effects estimation; HD: Household data; FE: Firm data; BE: Bank data; GD: GDP; GI: GDP inflation; RPM: Real per capita GDP; RVA: Real value added; TDP: Total domestic product; TLP: Total labor productivity; TIP: Total industrial production; TRP: Total retail sales.
3. TheWait: Waiting period; T1: Post-intervention; T2: Post-intervention.

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1. Mainly due to self-reporting in combination with limited data availability, results are still small in the supervisory treatment.
2. E.g.: no distinction made between the climate risk impact, exposure, management, and unmanaged risk.

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### References

- Sustainable Finance Disclosure Regulation (SFDR).

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