



Assessing the Effectiveness and Impact of Central Bank and Supervisory Policies in Greening the Financial System across the Asia-Pacific Region

- The South East Asian Central Banks (SEACEN) Research and Training Centre
- Centre for Sustainable Finance, SOAS, University of London
- WWF Singapore

Introduction



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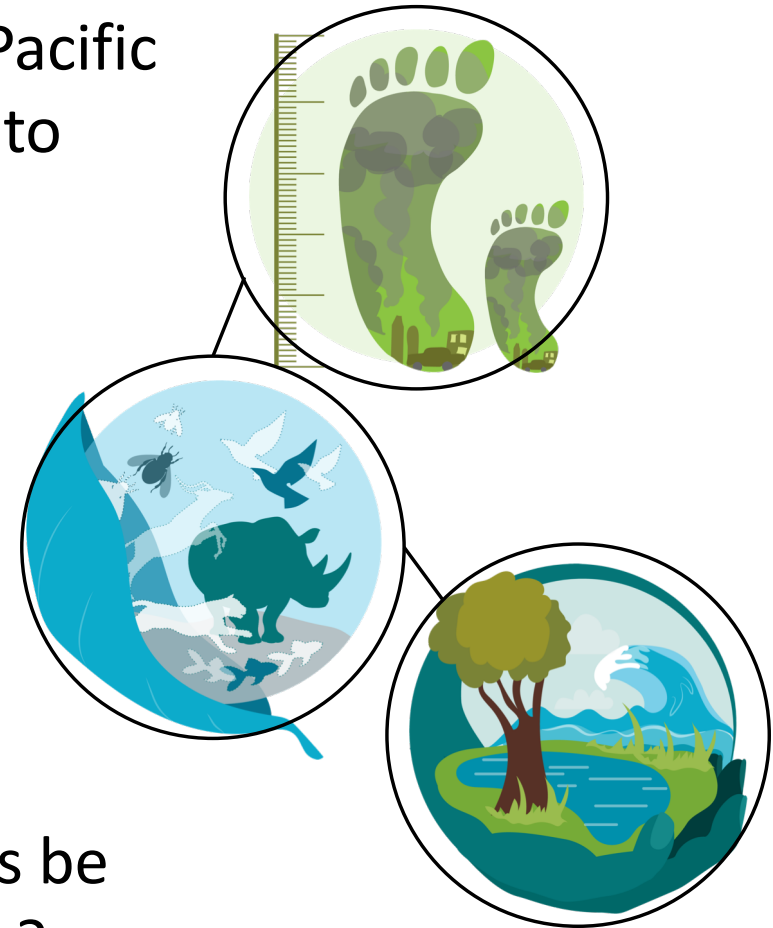
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- A consensus has emerged among central banks and financial supervisors that they need to address climate and other sustainability risks and support the scaling up of sustainable finance.
- While the broader contours of new framework for mitigating climate-related risks and governing sustainable finance is emerging, there is still considerable discussion around the specific sustainable finance policies and instruments that should be used and how exactly they should be implemented.
- There is little knowledge of the efficacy of sustainable finance policies and instruments.



- Central banks and supervisors across the Asia-Pacific region have been among the first to take steps to promote sustainable finance and/or address environmental risks.
- Which sustainable finance measures are being implemented by central banks and financial supervisors across the Asia-Pacific region?
- How do they assess the impact of the adopted measures?
- How can the ability to evaluate policy measures be improved to develop policy frameworks further?



Second Asia-Pacific (APAC) Central Bank Sustainability Survey



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- Conducted by the South-East Asian Central Banks (SEACEN) Research and Training Centre; the Centre for Sustainable Finance at SOAS, University of London; and WWF-Singapore between June and August 2021.
- Sent to the 35 central banks and monetary authorities that are member, associate member or observer of the SEACEN Centre and two other monetary and financial authorities in APAC.
- Responses from 26 central banks and financial supervisors.
- Financial support from the International Network for Sustainable Financial Policy Insights, Research, and Exchange (INSPIRE).

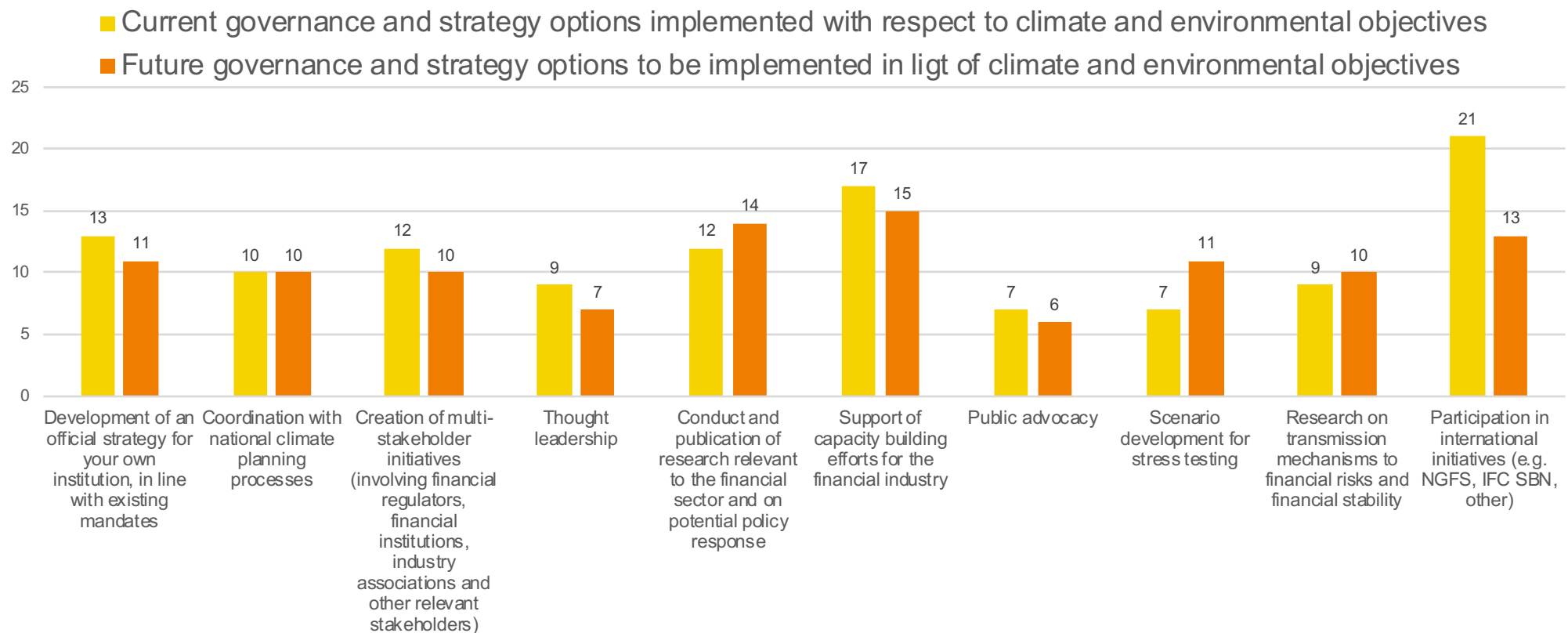
What are central banks and supervisors doing & planning to do?



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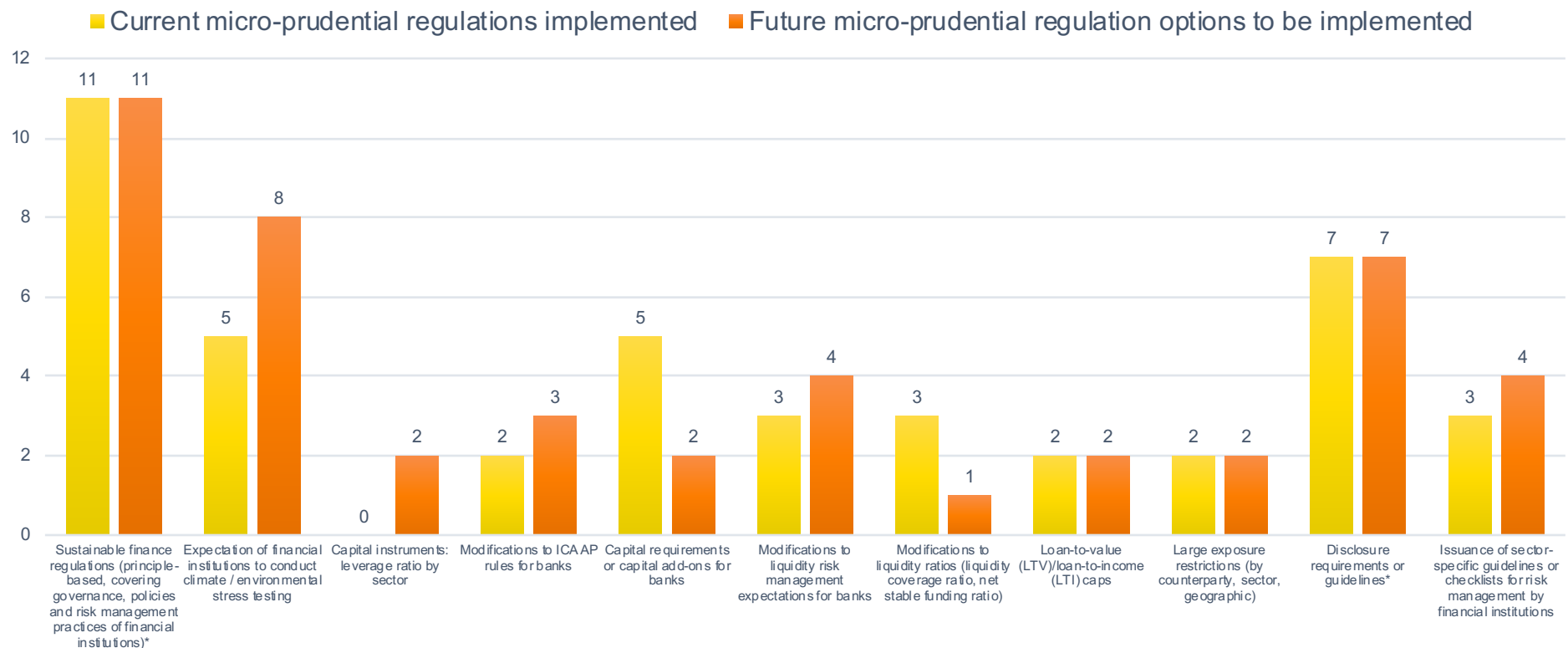


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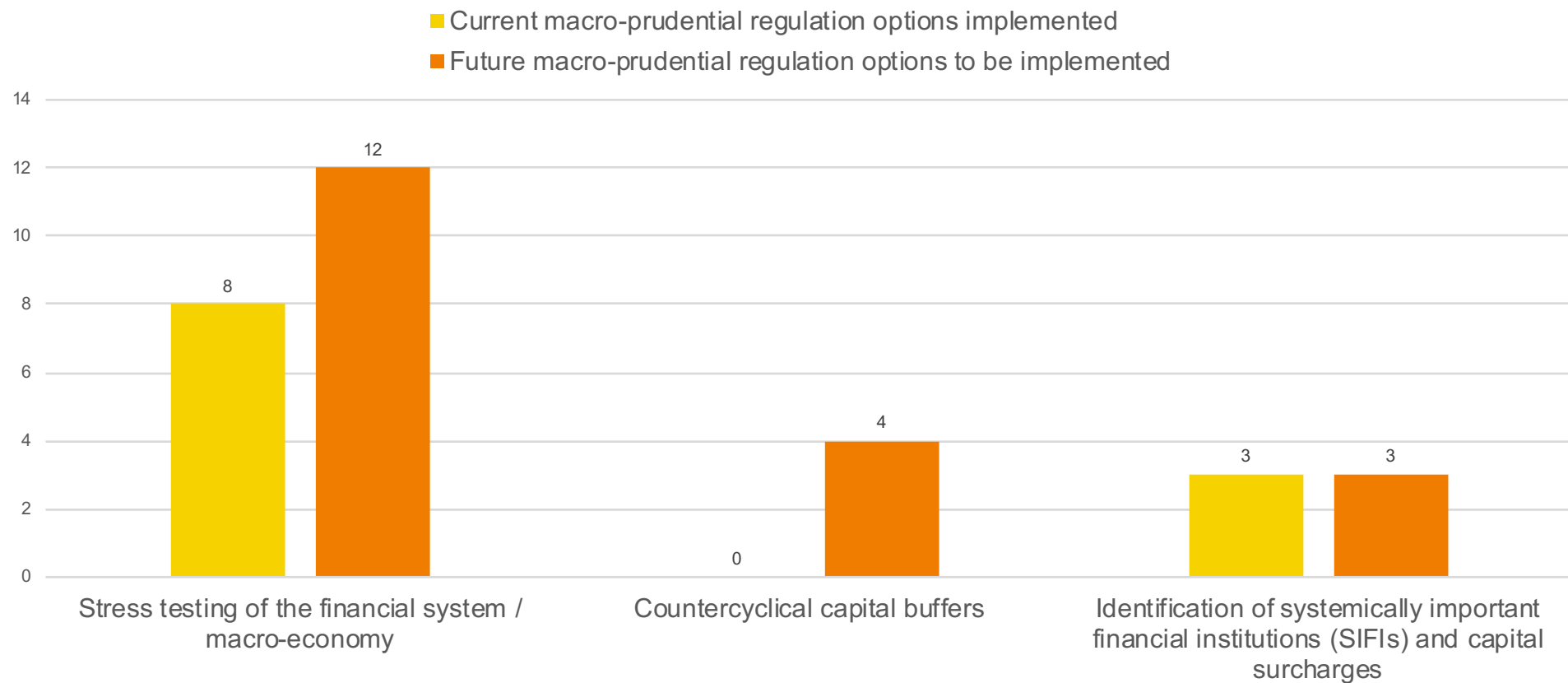


Current and future micro-prudential measures



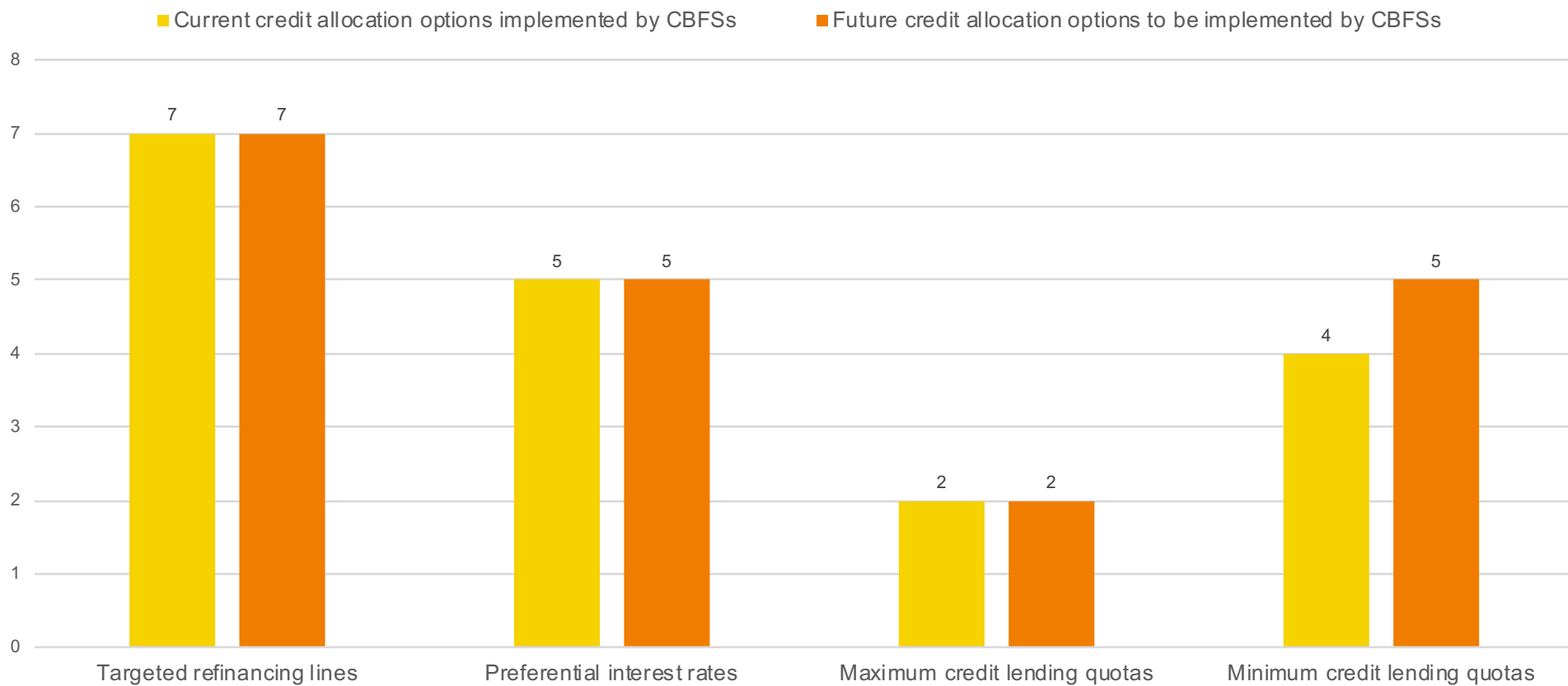


Current and future macro-prudential measures





Current and future credit allocation measures



Measuring performance



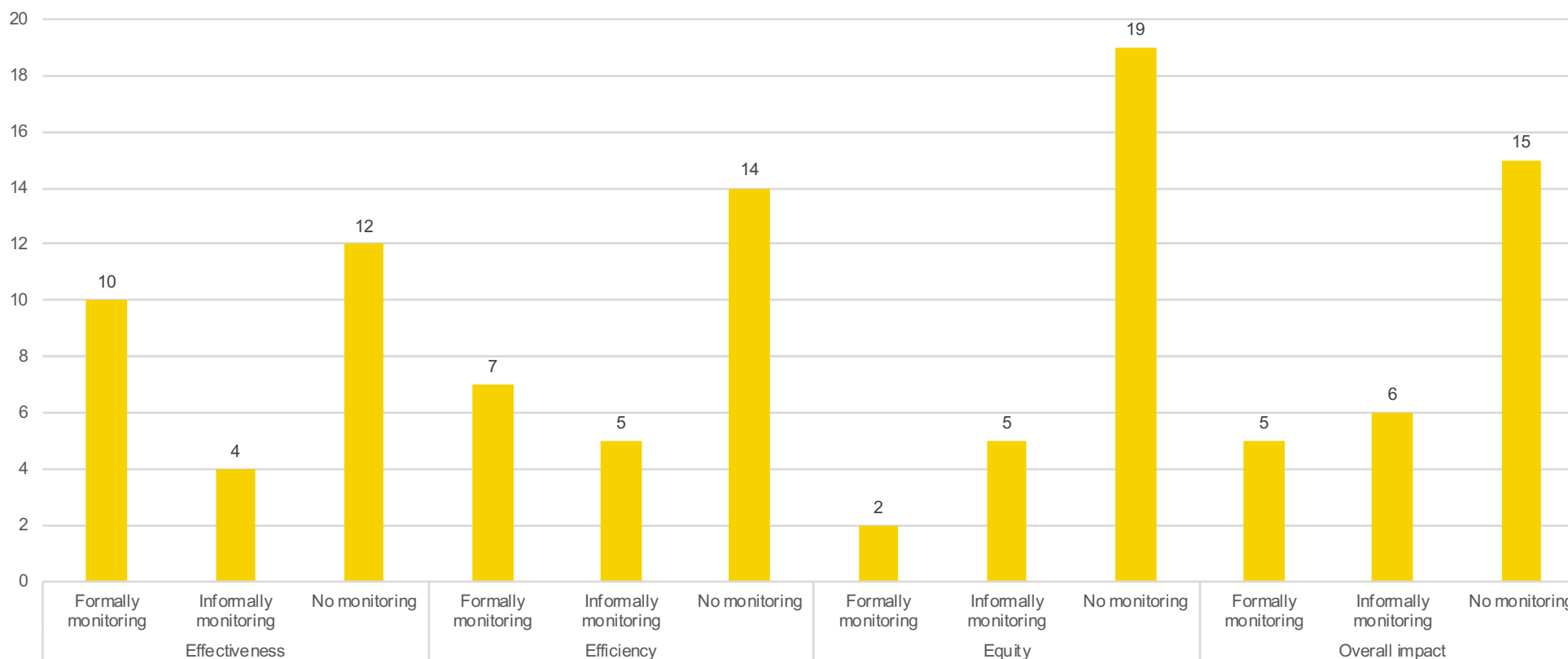
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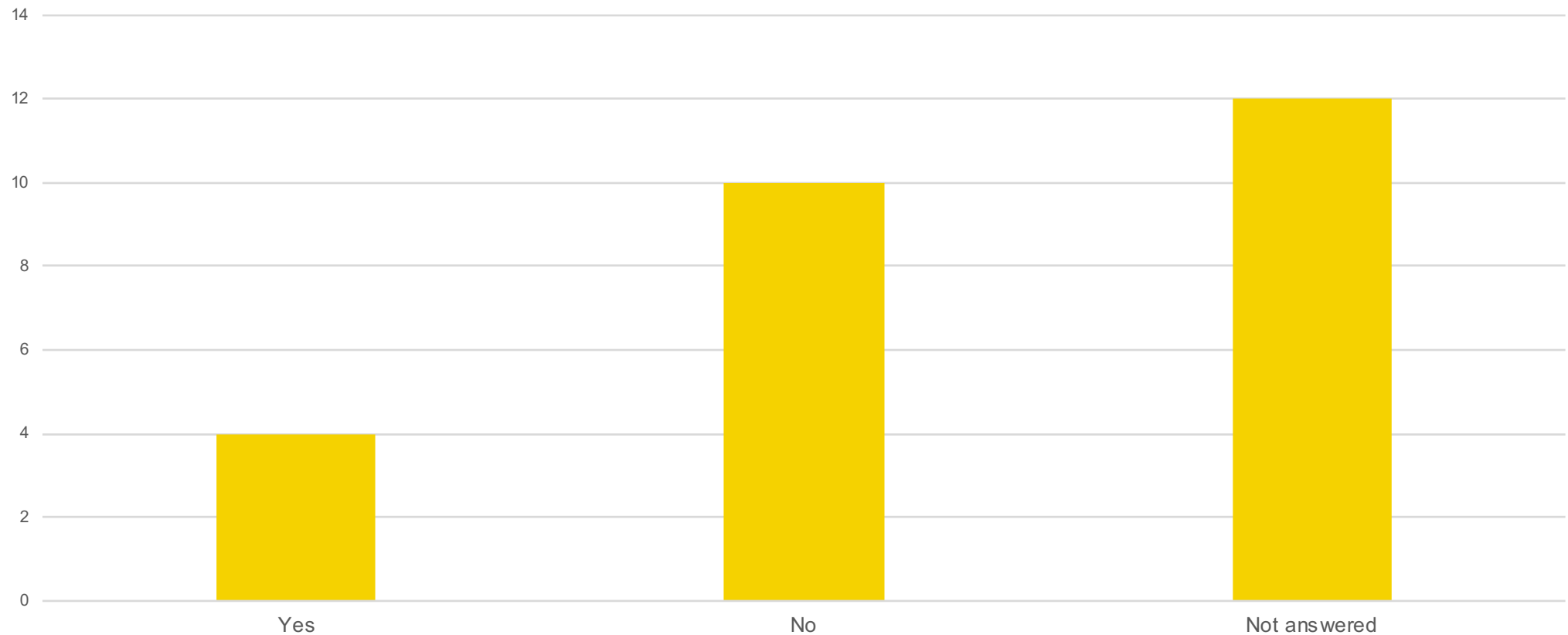


Extent to which APAC central banks & financial supervisors are measuring the performance of sustainable finance measures



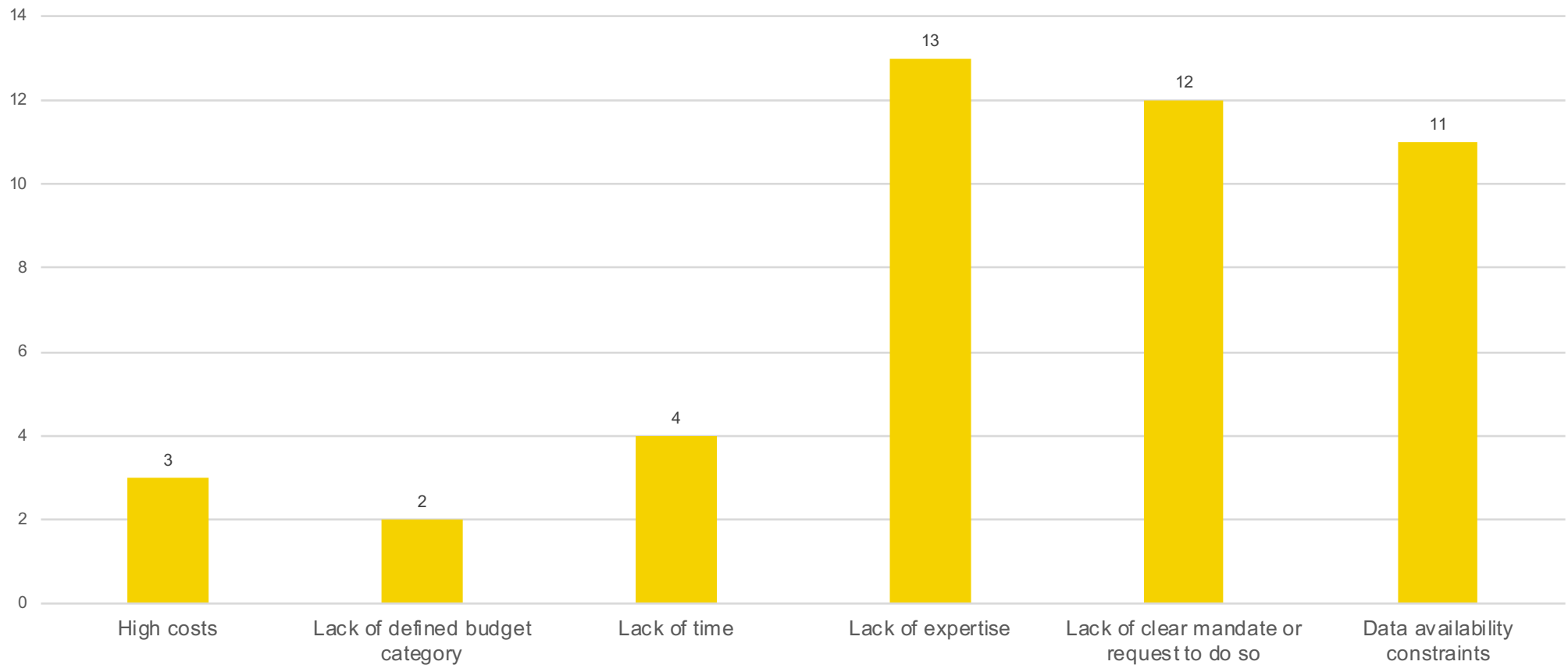


Do you have a system to integrate the learnings into the design and implementation of future sustainable finance measures?





Reasons cited for not developing a monitoring and evaluation system



Training needs



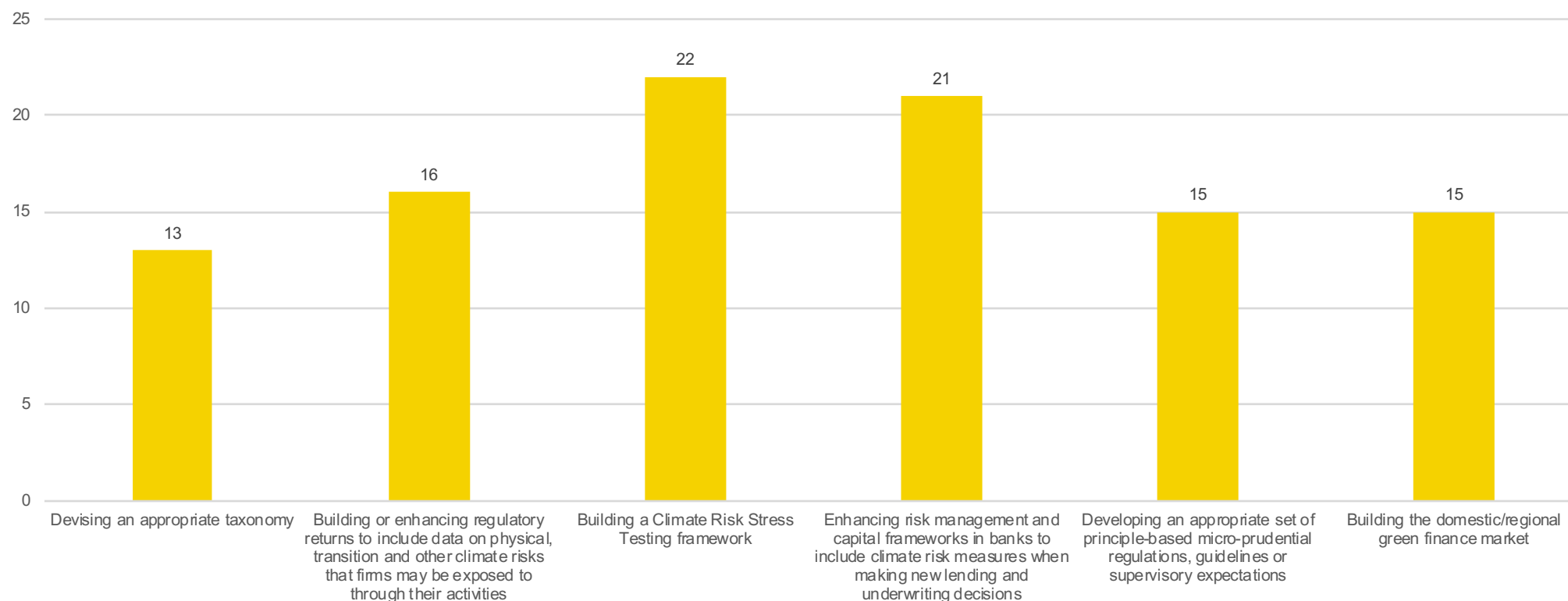
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In which areas would you like more detailed training or technical assistance in relation to the design and implementation of sustainable finance measures?



Conclusions



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- The results of the second Asia-Pacific Central Bank Sustainability Survey show that APAC central banks and supervisors are paying considerably more attention to sustainability challenges compared to 2019, when the first survey was conducted.
- Most have now either implemented or are starting to implement various sustainable finance measures to achieve climate and environmental objectives associated with their institutional mandates.
 - The survey responses show that the number of measures that will be implemented will grow in the future.
 - The roll-out of sustainable finance measures reflects growing concern among policymakers regarding the effects of global environmental change.



- More than a third of the survey respondents are already measuring the efficacy of implemented sustainable finance measures to some extent.
- An appropriate monitoring and evaluation of these policies is crucial for ensuring that the chosen measures achieve the desired outcome without creating unintended distortions.
- Only few have a system in place to integrate the learnings into the design and implementation of future sustainable finance measures.
 - Lack of expertise and data availability constraints as major bottlenecks.
- Going forward, it will be critical that assessment of sustainable finance measures is routinely integrated into policy frameworks.