



9<sup>th</sup> July 2021

**International financial organisations unite with the central bank and financial supervisory community to launch the Central Banks' and Supervisors' Climate Training Alliance (CTA) ahead of COP26.**

- **The CTA is a collaboration between the Bank for International Settlements, the International Association of Insurance Supervisors, the Central Banks and Supervisors Network for Greening the Financial System, and the UN-convened Sustainable Insurance Forum.**
- **The CTA aims to enhance the availability of training resources for authorities responding to climate risks, by bringing together authorities at the cutting-edge of climate risk management so they can share their experience with the rest of the central banking and supervisory community.**
- **Coordinated under the COP26 agenda, the CTA will help build the resilience of the global financial system to climate risks.**

**July 2021 – Leading international organisations are launching the Climate Training Alliance (CTA), which will establish a dedicated online portal for global training on climate risks for central banks and supervisors.** Announced alongside the G20 Venice Climate Summit, the CTA brings together authorities at the forefront of climate risk management to share best practices for integrating these risks into their activities, including banking and insurance supervision, scenario analysis, monetary policy and portfolio management.

Coordinated under Climate Finance Adviser Mark Carney's COP26 agenda, the Bank for International Settlements (BIS), the International Association of Insurance Supervisors (IAIS), the Central Banks and Supervisors Network for Greening the Financial System (NGFS) and the UN-convened Sustainable Insurance Forum (SIF) will collaborate to enhance the availability of training resources for national financial authorities responding to climate risks.

The CTA will bring together BIS FSI Connect tutorials based on handbooks, guidance and standards from international organisations, including the Basel Committee on Banking Supervision (BCBS), IAIS, UN SIF and NGFS, as well as access to the training provided by financial authorities, also members of the NGFS, starting with Bank of England, Banque de France, De Nederlandsche Bank, European Central Bank, and the Monetary Authority of Singapore. The FSI Connect platform is led by the BIS's Financial Stability Institute (FSI).

Ahead of COP26 and beyond, these organisations are collaborating to improve the skillset of the central bank and supervisory community on managing climate risks - both physical risks from climate change itself and risks associated with the transition to net-zero. The CTA will make the relevant training on climate-related financial risks more accessible around the world, including emerging markets and developing economies (EMDEs) to support an equitable transition.

*Mark Carney, COP26 Private Finance Advisor and UN Special Envoy for Climate Action and Finance: "We need to share knowledge, refine and improve the approach to climate risk management. To this end, the BIS, NGFS, IAIS and Sustainable Insurance Forum's new Central Banks' and Supervisors' Climate Training Alliance (CTA) will help build capacity in central banks, improving the efficiency, effectiveness and accessibility of climate risk training and knowledge-sharing for these institutions. It will provide training across supervision of climate risks, climate scenario analysis, and how to reflect climate in collateral management, ensuring the financial sector has the knowledge and tools to effectively measure and manage climate risks by COP26 and beyond."*

The suite of handbooks and international standards by the Basel Committee on Banking Supervision, IAIS, NGFS and SIF on climate risk management will be developed into training materials to provide more practical support for the authorities implementing these approaches. This will be coupled with access to peer-to-peer training resources, including offering region-specific and cutting-edge training. The authorities will use the FSI Connect platform led by the BIS's Financial Stability Institute (FSI).

*Luiz Awazu Pereira da Silva, Deputy General Manager, BIS: "The BIS is pleased to enhance the understanding of climate and environmental risks within central banks and financial authorities globally through our Financial Stability Institute. Capacity-building is an essential step in turning words into concrete actions. This initiative is proof of our commitment to support broader efforts in the fight against climate change."*

*Vicky Saporta, Executive Committee Chair, International Association of Insurance Supervisors: "Climate change will have wide-ranging effects on the insurance industry and, if left unchecked, will impact global financial stability; insurers have a central role to play in the transition to net-zero and in building climate resilience. Supervisors should have the expertise to adequately monitor and address these risks. At the IAIS we are delighted to partner with other leading international authorities to enhance the availability of training resources."*

*Frank Elderson, Chair, Central Banks and Supervisors Network for Greening Financial System & Executive Board Member, European Central Bank: "Our knowledge of how physical and transition risks are impacting the financial system is continuously evolving. Thus, an effective management of these risks requires a continuous updating of practical knowledge and expertise. The Climate Training Alliance to which the NGFS is proud to contribute will be a key enabling force for central banks, supervisors and regulators to build and maintain capacity to address the climate and environmental crises."*

*Anna Sweeney, Chair, UN-convened Sustainable Insurance Forum: "As we collectively work to advance climate action, a coordinated approach at the supervisory level focused on amplifying capacity building activities is crucial. I welcome the establishment of the Central Banks' and Supervisors' Climate Training Alliance (CTA) and look forward to SIF playing its part in realising and implementing its vision."*

*Andrew Bailey, Governor of the Bank of England: "To effectively understand and tackle the financial and economic risks from climate change, we need to establish best practices while fostering greater technical*

*collaboration. The creation of the Central Banks' and Supervisors' Climate Training Alliance (CTA) is a welcome catalyst for these efforts"*

*François Villeroy de Galhau, Governor, Banque de France: "Action without knowledge is futile that's why training across our own institution is indeed identified as an important challenge. And knowledge is the ultimate public good. That's why we will work on developing training material and share it with the Alliance to support this coordinated training initiative."*

*Klaas Knot, President, De Nederlandsche Bank: "Responding to climate-related and environmental risks requires central banks and supervisors to build up knowledge and develop new tools to identify, interpret and mitigate these risks. We welcome cooperating within the Climate Training Alliance to make the most of the available resources."*

*Ravi Menon, Managing Director, Monetary Authority of Singapore: "Building capabilities to identify, measure, monitor, and mitigate climate risks within their portfolios is an area of growing focus for financial institutions. Supervisors too need to develop methodologies to assess the quality of climate risk management. The Climate Training Alliance provides an open collaborative platform for financial authorities and international organisations to share knowledge and promulgate best practices in managing climate risk. The Monetary Authority of Singapore is pleased to be part of this important initiative."*

#### **Notes to editors**

Central banks and supervisors are at the heart of the financial sector, stewarding the largest and most systemically important institutions in the financial system. As such, they play a fundamental role in building the resilience of the financial system to climate-related financial risks. Improving these authorities' access to training on how to respond to these risks is vital to support global action on climate change.

This coordinated approach to training for central banks and supervisors responding to climate risks uses the well-established BIS training infrastructure, FSI Connect, as a single point of access, improving visibility and contributing to the development of a global response to climate risks.

Achieving this improvement in climate risk training for central banks and supervisors is a priority as these authorities have accelerated their action in this area in recent years. The CTA will improve the skillset of these authorities, driving a step-change in action on climate change ahead of COP26 and beyond.