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## NGFS publishes report on key takeaways from monetary policy survey

Today, the NGFS released the report [“Monetary policy and climate change: key takeaways from the membership survey and areas for further analysis”](#). The report analyses the feedback received from NGFS members on the implications of climate change and the net zero transition on their economies and monetary policies, as well as the steps taken to integrate climate change considerations into their monetary policy operation frameworks. The survey captures the experiences of 55 central banks of economies across the different geographic regions and stages of development. It complements a previous NGFS analysis on [how climate change is likely to impact the conduct of monetary policy](#) and [a preliminary assessment of various options to adapt monetary policy operations to climate change](#).

Ravi Menon, Chair of the NGFS and Managing Director of the Monetary Authority of Singapore: *“We are already experiencing the macroeconomic impact of climate change, both its physical and transition effects. These effects are expected to increase over time. The NGFS has been working to deepen our collective understanding of the transmission channels through which the physical and transition effects of climate change influence growth, inflation, productivity, employment, and other macroeconomic variables. This report reflects the state of our current knowledge. Future work will seek to incorporate the implications of climate change into our macroeconomic modelling toolkits and monetary policy frameworks.”*

Understanding the macroeconomic impacts of climate change and the transition, and in turn the implications for monetary policy, has become an area of increasing priority amongst central banks. Over half of responding central banks have work underway or further macroeconomic analysis planned to build up their understanding of these effects over the monetary policy relevant horizon.

On the implementation of monetary policy, four out of ten respondents have already taken steps to integrate climate change considerations into their operational framework and many are considering further measures, particularly to protect their own balance sheets from climate-related financial risks. Responses highlight the variety of approaches taken to date among central banks, consistent with differing national circumstances, in addition to a clear desire to share practical experiences and draw lessons from efforts so far.

James Talbot, Chair of the NGFS Workstream “Monetary Policy” and Director of the International Directorate at the Bank of England:

*“I am delighted on behalf of the Workstream to share this report that summarises the findings from the most comprehensive survey on monetary policy and climate change ever undertaken. All central banks analyse economic developments at home and abroad in order to inform monetary policy decision making. It is therefore timely that the NGFS is now turning to consider the economic impact of climate change. These survey results show a desire to deepen our understanding of this issue – leveraging our*

*analytical rigour and diversity – so that policymakers have a coherent analytical framework to draw upon.”*

While taking the economic impact of climate change into account in the context of monetary policy formulation remains at an early stage, the report highlights the common desire among central banks to further improve their analytical toolkits. Building upon the results in this report and previous work, the NGFS will continue to use its unique position as a collective source of expertise and learning to fill the gaps identified in this report and help equip central banks with the tools they need to understand and address the economic impact of climate change and the transition to net zero in the context of monetary policy.

### **About the NGFS**

The NGFS, launched at the Paris One Planet Summit on 12 December 2017, is a group of central banks and supervisors, which on a voluntary basis are willing to share best practices and contribute to the development of environment and climate risk management in the financial sector, and to mobilize mainstream finance to support the transition toward a sustainable economy. The NGFS brings together 127 central banks and supervisors and 20 observers. Together, they represent five continents and more than 85% of global greenhouse gas emissions, and are responsible for the supervision of all of the global systemically important banks and 80% of the internationally active insurance groups. The NGFS is chaired by Mr Ravi Menon, Managing Director of the Monetary Authority of Singapore. The Secretariat, headed by Mr Jean Boissinot, is provided by Banque de France.

**For more details, visit the [NGFS website](#) and [Twitter account](#) or contact the NGFS Secretariat at Banque de France [sec.ngfs@banque-france.fr](mailto:sec.ngfs@banque-france.fr)**

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