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Better climate change data vital for financial institutions – UN-backed report



Insurers and lenders expect risks of extreme weather conditions to increase in the future

12 January 2011 – With insurers, lenders, asset managers and their customers increasingly affected by the impacts of climate change – and the risks likely to grow in the future – better access to relevant data is vital for the world's financial institutions, according to a United Nations-backed study issued today.

For the sector to manage climatic risks affecting their business portfolios and give the best possible advice to their customers, financial institutions need access to applied information such as climate change predictions, modelling, analysis, and interpretation, the UN Environment Programme (UNEP) said of [*Advancing adaptation through climate information services –Results of a global survey on the information requirements of the financial sector*](#), the international survey of more than 60 institutions, which it compiled in cooperation with the Sustainable Business Institute of Germany.

“To date the key role that financial institutions and other private sector decision-makers can play in increasing the climate resilience of economies and societies has been neglected at best,” the head of the UNEP Finance Initiative, Paul Clements-Hunt, said. “The rapid reduction in greenhouse gases and the adaptation to the unavoidable effects of global warming need to go hand-in-hand if we are to cope with the climate challenge.

“This study is a first step in identifying what is needed so that financial institutions can start playing their important role in accelerating the shift to climate-resilient economies,” he added.

Climate change forecasts and predictions of the resulting economic impacts will never be perfect and will inevitably feature some element of uncertainty, but the more information and expertise regarding climate change and its uncertainties that is available to financial institutions, the better these risks can be calculated, UNEP said in a [news release](#). This will enable insurers, re-insurers, lenders, and asset managers to price and absorb these risks more effectively.

“This can be crucial not only to the performance of individual businesses and financial institutions, but to the entire economic tissue of communities affected by climate change and the social well-being it underpins,” it added.

“This study confirms that what private sector institutions need in order to become real 'adaptation catalysts' is objective and reliable information,” said Mark Fulton, Managing Director at Deutsche Bank Climate Advisors and Co-Chair of the UNEP Finance Initiative’s Climate Change Working Group.

“We need to work towards enhancing the access of private sector decision makers to climate information as well as, most importantly, improving the reliability and accuracy of our climate models and forecasts,” Mr. Fulton added.

The study, sponsored by the German Federal Ministry of Education and Research, noted that such information gaps can be closed by continued research towards more reliable climate modelling and forecasting, as well as enhanced translation of scientific knowledge and existing information into user-friendly information. Such efforts are likely to require more intensive collaboration between users and suppliers, public and private actors, scientists and decision makers.

The UNEP Finance Initiative is a global partnership between UNEP and the financial sector, in which over 190 institutions, including banks, insurers and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance.

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