

Almost half of loans granted to corporate sector aimed at companies that may be affected by climate change

The transition to a green economy is a new challenge that companies may face in the coming period, and it could generate opportunities for both companies and the banking sector, but also negative implications, Florin Dragu, Chief of Service of the Department of Financial Stability of the National Bank of Romania (BNR) said on Tuesday.

Dragu pointed out that almost 50 percent of the loans granted by banks to the corporate sector are aimed at companies that may be affected by climate change, while the European average is about 60 percent.

"Firms operating in sectors classified as carbon-intensive are important to the economy, they generate about 40 percent of added value and these companies hold about 50 percent of total assets. From the banking sector's perspective, almost 50 percent of loans granted by bank to the corporate segment are companies that can be affected by climate change. However, the average at level of the European Union is somewhere around 60 percent," Dragu explained.

The BNR official pointed out that, in addition to challenges, there are also significant opportunities, many voices at the international level classifying the elements related to the climate change agenda, investments, as representing the most important commercial opportunity of our times.

According to data presented by Florin Dragu, who cited an analysis of the working group of CNSM (National Committee for Macropprudential Oversight), locally, green investment projects add to considerable amounts, somewhere around 60 billion euros in the coming years, and in case of the implementation of these projects having as financing sources the European funds that could be mobilized, the estimated additional impact on economic growth may reach up to 5.7 percentage points over the next six years.

"Given the wide coverage area from the perspective of the beneficiary areas - energy efficiency, green buildings, transport - the capitalization of these opportunities brought by the climate change agenda is likely to significantly influence the pattern of economic growth not only from this perspective of sustainability, but also from the perspective of the level of added value in the economy. And credit institutions have important room for increasing financing for the green transition, given that the value of these loans in the portfolio is currently just over one billion euros, and this share of green assets represents somewhere around 3 percent of the total portfolio, which is half of the European average," Florin Dragu told the conference "Solutions for financing companies", organized by Bancherul.ro and Clubantreprenor.ro.