

Banking and Finance Law Daily Wrap Up, FINANCIAL STABILITY—FHFA joins banking network for climate financial risk management, (May 12, 2022)

Banking and Finance Law Daily Wrap Up

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The agency announced its membership in the “Network of Central Banks and Supervisors for Greening the Financial System” in continuance of its efforts toward climate financial risk management.

The Federal Housing Finance Agency has [announced](#) its membership in the Network of Central Banks and Supervisors for Greening the Financial System (NGFS). “FHFA recognizes that climate change poses a serious threat to the U.S. housing finance system,” said FHFA Acting Director Sandra L. Thompson. “I look forward to working with NGFS members and contributing to its efforts as we confront these challenges.”

Thompson issued a statement in December 2021 that affirmed the agency's commitment to making tangible progress toward addressing the impact of climate change on the nation's housing finance system. The statement also noted that FHFA's regulated entities should designate climate change as a priority concern and actively consider its effects in their decision making.

NGFS is an international group comprised of central banks and financial supervisors whose purpose is to help strengthen the global response required to meet the goals of the Paris agreement. NGFS members work to enhance the role of the financial system in managing risks and mobilizing capital for green and low-carbon investments in the context of environmentally sustainable development. NGFS defines and promotes best practices to be implemented within and outside of its membership, and it conducts and commissions analytic work on green financing.

In 2020, the Federal Reserve Board announced it formally joined NGFS as a member. The Fed began participating in NGFS discussions and activities in 2019 (see [Banking and Finance Law Daily](#), Dec. 18, 2020).

In July 2021, the Office of the Comptroller of the Currency joined the NGFS as a member and appointed Darrin Benhart as the agency's Climate Change Risk Officer. Acting Comptroller of the Currency Michael J. Hsu cited the impact of the COVID-19 pandemic on vulnerable communities, climate change risks, technological change and digitalization, and complacency regarding risk-taking as key areas requiring attention (see [Banking and Finance Law Daily](#), July 28, 2021).

In February 2022, FDIC Acting Chairman Martin J. Gruenberg stated that climate change was a priority in 2022. “All of these priorities will require close collaboration among the federal banking agencies,” he added. Other climate-related priorities cited were establishing an FDIC interdivisional, interdisciplinary working group on climate-related financial risks, and joining the international NGFS (see [Banking and Finance Law Daily](#), Feb. 7, 2022).

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