

Banking and Finance Law Daily Wrap Up, FEDERAL RESERVE SYSTEM— Fed leaves international climate change network, (Jan. 21, 2025)

Banking and Finance Law Daily Wrap Up

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The network of Central Banks and Supervisors for Greening the Financial System is responsible for developing and implementing environment and climate risk management in the financial sector.

On Jan. 17, 2025, the Federal Reserve Board [announced](#) that four years after it joined, it will be leaving the Central Banks and Supervisors Network for Greening the Financial System (NGFS), the network of central bankers from around the world responsible for developing and implementing environment and climate risk management in the financial sector. Chair Jerome Powell [voted](#) in favor of the action, along with Vice Chair Phillip Jefferson, and Governors Michelle Bowman, Lisa Cook and Christopher Waller. There were no votes against the action, and Vice Chair for Supervision Michael Barr and Governor Adriana Kugler abstained.

The Fed's brief announcement noted that the Fed has "appreciated the engagement with the NGFS and its members," and said the work of the NGFS has increasingly broadened in scope, covering a wider range of issues that are outside the Fed's statutory mandate.

The Fed formally [announced](#) that it had joined NGFS as a member on Dec. 15, 2020, after participating in NGFS discussions and activities for over a year before joining. NGFS supports the exchange of ideas, research, and best practices on the development of environment and climate risk management for the financial sector.

Additionally, on Jan. 21, 2025, the FDIC released a [statement](#) that it has withdrawn from NGFS, stating that the work of NGFS "is not within the FDIC's authorities and mandate."

Advocacy group Public Citizen stated that the Fed's move comes "less than a day after data from the U.S. Treasury highlighted alarming trends of rising insurance costs in climate-vulnerable areas that could lead to potentially 'significant consequences' for 'local governments' and real estate lenders and investors." lyse Schupak, policy advocate with Public Citizen's Climate Program, [said](#) the Fed's decision to withdraw from NGFS days before Donald Trump's inauguration "reflects the chilling effect the incoming administration is already having on the ability of the Fed to act independently. The timing of the announcement highlights the selectiveness with which Chair Powell applies his commitment to Fed independence."

The announcement also coincides with a warning from risk experts that climate change could cut global economic output in half by the end of the century.

Companies: Public Citizen

RegulatoryActivity: BankingOperations CommunityDevelopment ESGNews FederalReserveSystem
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