

## The Bank you Choose may Increase your Carbon Footprint

*Choose wisely to reduce your climate impact*

Can the bank you choose for your savings account really affect climate change? Surprisingly, the answer is “yes.”

The reason is that banks use the money you have in your savings or checking account to make loans to companies. Leading banks continued to pour hundreds of billions of dollars into fossil fuel industries despite their committing to net zero by joining the Glasgow Financial Alliance for Net Zero (GFANZ) and pledging to eliminate carbon emissions by 2050, Barron's [said](#).

In the United States, for example, Project Drawdown [found](#) that up to 30 percent of the loans that large US banks make are to carbon-intensive firms such as oil & gas, mining and large manufacturing companies. And globally, [according](#) to Moody's, financial institutions in the G20 countries have US\$22 trillion of exposure to carbon-intensive industries. Unless these firms make a swift shift to climate-friendly financing, Moody's opined, they risk reporting losses. The issue with putting money in a savings account at one of these banks, then, is that the companies they finance spew huge amounts of CO2 and other greenhouse gasses into the atmosphere.

Keeping US\$1,000 in a savings account funds bank lending to these firms that create about 612 kilograms (1,350 pounds) of carbon emissions, the equivalent of flying from New York to Seattle or Singapore to Seoul. Shifting to a climate-responsible bank, on the other hand, could reduce emissions by 76 percent.

If you truly want to reduce your indirect impact on climate change, you may need to reconsider the bank you use for your savings.

### How to Move your Money

If you decide you want to move your money to a bank that has less impact on climate change, how to do it?

One way is to shift to a bank that does not lend to carbon-intensive companies at all. You can also look for banks in a database of the [Fossil Free Banking Alliance](#), which includes banks around the world that do not and will not lend to fossil fuel companies or projects. [Bank.Green](#), which runs the Alliance, says banks submit a declaration and share evidence, which it reviews to determine whether the bank can join the Alliance. Banks in Australia, France, Sweden, the UK, the US and other countries are already part of the Alliance. If you live in the US, you can use the Bank for Good [website](#), which lists fossil-free banks.

If you don't find one there, you can look to see whether the bank has a No Fossil Fuel pledge. If you don't find one, you can scan the company's Sustainability Report. While the [Sustainability Report](#) for DBS Bank seems daunting at 111 pages and its "[Path to Net Zero](#)" is 76 pages, just reading the first couple pages tells you that coal financing "will run off by 2039" and "DBS is committed to net zero by 2050." You can decide whether that's too far in the future.

You can also look to lists compiled by reputable third parties. The [Science Based Targets](#) initiative (SBTi) has verified more than 2,000 Net Zero commitments across industries and its Companies Taking Action report has a [list](#) showing financial institutions' short-term, long-term and Net Zero targets. SBTi said recently that banks will have to stop financing new fossil fuel projects if they want their Net Zero plans approved. And the Banking on Climate Chaos [report](#) has detailed insights on the largest global banks.

If you find a bank you like that has a No Fossil Fuel pledge or a commitment to reduce loans to carbon-intensive industries soon, you can switch. If not, you could at least consider moving to a better bank.

## Overcome Barriers

If you have a long-term mortgage at a low interest rate or a long-term fixed deposit at a high interest rate that makes it too painful to shift to another bank, what can you do? It can seem almost impossible to move all your money to a different bank. There are still ways to align your banking with your climate values.

One is to leave a bank partially. If it's too difficult to move a mortgage or other services from a bank, you can still move most of your funds to a low-carbon bank and keep less in the high-carbon bank.

Another is to engage your bank to ask it to take faster action to reduce funding for loans to carbon-intensive sectors. Project Drawdown [suggests](#) contacting your bank's customer services team, asking about the bank's climate plans and performance, and telling staff that you want to see the bank's practices align with your global climate goals "As a valued customer, your feedback should carry some weight, so it might be more impactful to conduct this outreach before you switch banks."

You could also consider joining campaigns by non-profits to push banks to change their investment strategies. Reclaim Finance, for instance, has [joined](#) with other NGOs to promote less lending to fossil fuel companies. In the UK, groups such as ShareAction have been coordinating shareholders at major banks to [file resolutions aimed at phasing out investments](#) in fossil fuel energy companies. You can look for other groups as well.

While it might seem like where you keep your money is innocuous and doesn't affect climate change, it does have a massive impact and moving your money to a bank that aligns with your climate values can have an impact in reducing climate change.

## Use the Bank Selection Table to Make Choosing a Bank Easier

The bank you choose for your savings account can affect climate change, as leading banks continue to pour billions of dollars into loans to carbon-intensive companies in sectors such as oil & gas. Unless these firms swiftly shift to climate-friendly financing, they risk reporting losses.

To help with evaluating whether your current bank aligns with your climate values and selecting another bank if you want to make a change, you can use the table below.

Question	Sources of Information	Your Response
What are your core values?	One list is <a href="#">here</a> . There are others.	
Does the bank make loans to carbon-intensive companies?	-Bank Annual Report -Bank Sustainability Report	
Does the bank have a No Fossil Fuel pledge, now or later?	-SBTi -Fossil Free Banking Alliance	
What is the Bank's target date for Net Zero?	-Bank Sustainability Report -SBTi	
What are your personal barriers & costs to changing to a new bank?	Examples: Mortgage loan, time deposit/CD	
At which bank will you keep the majority of your money?	-Use lists to find eco-friendly banks	
What funds might you keep in a bank that still makes carbon loans.	-Consider your bank balance	
What else can you do to support fewer carbon-intensive loans?	Examples: Engage the bank, join a campaign.	