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## ECB'S LAGARDE WARNS OF 'DANGER OF DOING NOTHING' ON CLIMATE

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ECB chief Christine Lagarde on Thursday (23 January) said the bank would study what role it could play in combatting climate change as part of a major policy review, warning of the danger of doing nothing.

Unlike her predecessor Mario Draghi, Lagarde has placed a strong emphasis on climate protection since taking the helm of the European Central Bank in November.

The question of what the bank can do to play its part in the fight will be a key plank of the ECBs newly launched strategic review, the first rethink of its tools and goals since 2003.

Climate change is actually a threat to financial stability, Lagarde told reporters in Frankfurt after chairing her second rate-setting meeting.

She said she was aware of critical voices who worried that climate protection would be a distraction from the ECBs mandate to ensure price stability, or who believed that climate policies should be left out of central banking altogether.

But the former IMF chief said the ECB had to at least try to explore every area where we can actually participate.

### **I think that failing to try is already failing.**

Lagarde gave hints of what areas she was looking at, saying the ECB could consider increasing the share of green investment held in its portfolio.

ECB staffers could also be tasked with making sure that climate risk is embedded in the work that they do, risk assessment, models, forecasts, she added.

Lagarde said she saw a similar determination to take climate action in the European Commission, among many of the euro area leaders and increasingly in the private sector.

In a sign of the opposition she may face, the head of Germanys powerful central bank Jens Weidmann recently said he objected to calls for a green monetary policy.

Preferentially targeting green bonds for asset purchases by the ECB would violate the principal of market neutrality, he argued.

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Kaynak/Source: