



Regionally rooted, globally responsible savings and retail banks for a sustainable and inclusive recovery

Statement of the WSBI members on the occasion of the 26th World Congress of Savings and Retail Banks on 7 and 8 July in Paris.

On the occasion of the 26th WSBI World Congress in Paris, the members of the World Savings and Retail Banking Institute highlight their commitment to continue being a core engine driving the world's transition towards a more sustainable, inclusive, and fair economic system. This Congress takes place in the aftermath of the COVID-19 pandemic and during the crisis in Ukraine, the looming food crisis, inflationary pressures, supply chain bottlenecks, rising geopolitical tensions, and all in a global climate crisis that endangers current and next generations. In this context, WSBI members are determined to maintain the economic resilience of their communities by pioneering a global and holistic perspective centred on sustainable and inclusive finance. Conscious of the necessity of a cross-sectoral, cross-regional approach to meet the ambitions of the 2015 Paris Agreement as well as to foster a progressive transition towards sustainable development, they call upon policymakers to:

- **Coordinate and harmonize different taxonomies** by offering design principles that encourage interoperability and mutual recognition to promote cross-border sustainable finance and to reduce compliance costs. We need a common language to ease comparability while preventing duplication of efforts. To this extent, the EU-China Common Ground Taxonomy (CGT) is a promising first step in the right direction.
- **Develop a set of principles for designing taxonomies that are centred on pragmatic and science-based targets and ease the funding toward a fair transition.** As WSBI members are present in remote areas, close to the people, and focus on SMEs and private households, they are aware of the necessity of having ambitious, yet pragmatic, progressive and proportional, targets. Indeed, as much as it is essential that taxonomies are based on science, it is also crucial to allow to be able to enter and measure for a progressive transition.
- **Set up national inclusive transition plans with all key stakeholders** across industries, with energy operators, financing actors and public decision-makers at the forefront. An efficient transition plan needs enough room for regional differences and local necessities, as well as ensuring that jobs also transition from non-sustainable to sustainable and that education and training is provided along the way. Thus, WSBI members further call for a tool aimed not only at defining green but also at defining how actors can also significantly contribute toward a more sustainable world via their transition efforts.

Why this is urgent. WSBI members recognize that such a transformation needs to be sustained by increased levels of coordination among regions, economic sectors, and jurisdictions. And it has to be supported by investments estimated in the hundreds of trillions of USD by 2050.

However, given the number of taxonomies developed around the world, there is a rising risk of regulatory and market fragmentation. This breach has the hazard to hinder the necessary mobilization of cross-regional coordination and investments.



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What is our approach. As savings and retail banks are present in remote areas, are close to the people and are focused on financing local economies, they are well aware that working for a sustainable future must be centred on:

- **Being regionally rooted.** The effects of climate change are imposing uneven economic and social burdens on different parts of the world. Shifting towards a sustainable development model requires systemic changes. For a shift of such magnitude to happen, the full participation of all social actors is essential. This is why WSBI members are committed to more sustainable finance that fully takes into account regional differences.
- **Being globally responsible.** Tackling climate change needs to be a global endeavour; yet global solutions to climate change have been hindered by other priorities like the COVID-19 pandemic, rising geopolitical tensions, and the crisis in Ukraine. As the only global association of savings and retail banks, WSBI is uniquely positioned to foster a cross-regional, thematic approach to sustainable development.

We are convinced that this evolution needs:

- **A regionalisation of the economy while maintaining global trade where relevant.** WSBI members interpret sustainability in the context of the inextricable link between regional and sustainable development which also means (1) ensuring short supply chains, (2) promoting local manufacturing, (3) strengthening local infrastructure. The combination of these three elements improves our societies' resilience to external shocks and reduces our carbon footprint. Regionally rooted environmental sustainability also means preserving our societies by bolstering the social fabric of our local communities, while decreasing the effects of rural-urban migration. Only an economic structure that allows all segments of society to participate equally can ensure a shift to more sustainable business models. Our society presents important challenges of inequality in demographic and digital terms, which affect the provision of all kinds of services: health, education, culture, and, also, banking.
- **Public policy-making impulsion but with social acceptance.** Financial inclusion is clearly the first objective. It is a clear reflection of the role of *first line of defence* in times of crisis that savings and retail banks played amid the COVID-19 pandemic and continue to play during the crisis in Ukraine. Financial inclusion is essential to ensure that the green transition is just and doesn't leave any individual or community behind. Practically, it means going the extra mile for serving the unbanked people, enabling them to exercise their basic rights as citizens. Ultimately, financial inclusion means adapting the economic system to the very different needs of each community in order to involve the whole society in the formal economy. Hence, we should also highlight the public-private co-responsibility to provide the tools that allow citizens to manage their financial resources, such as access to the Internet and digital capabilities.
- **A change in the production but also in the demand.** Financial education is our second objective, which is a core principle of savings and retail banks' mission to be responsible actors. Financial education is a key element in more sustainability, as financial literacy and financial awareness create a well informed and motivated population, a prerequisite for the whole-society changes needed for delivering a more just and sustainable future. New technological developments and the rise in financial crime – as well as the COVID-19 pandemic and related lockdowns – has shown how financial knowledge is vital to providing financial stability. And thus ensuring no one is left behind in the transition to a more sustainable future.