

1. Record Nr.	UNINA9910495764903321
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Titolo	Climate-Related Financial Risks for Kenyan Banks : An Analysis of Loan Portfolios and GHG Emissions // Reuben Muhindi Wambui
Pubbl/distr/stampa	Geneva, : Graduate Institute Publications, 2021
ISBN	2-940600-26-0
Collana	eCahiers de l'Institut
Soggetti	Finance
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Sommario/riassunto	<p>This study analyses the climate risk exposure of Kenyan banks given the greenhouse gas (GHG) emissions represented by their sectoral loan composition and their relative funding of climate risk through their loan portfolios. This is achieved by constructing two climate-relevant indices: Emissions Exposure (EEi), a measure of a bank's climate risk exposure through its loan portfolio, and Emissions Funding (EFi), a measure of how much of the climate risk a bank funds through its lending relative to other banks and thus a measure of climate risk importance for each bank. Results from the emissions index show that the banks, with the exception of an outlier, have fairly similar exposure to climate risk through their loan portfolio, given the GHG emissions represented by their sectoral lending. On the funding index, banks have differentiated funding of climate risk through their lending that is fairly proportional to their market shares of gross loans. Thus, larger (smaller) banks have higher (lower) funding of climate-related risk. These two complementary indices provide a first set of quantitative climate-related financial disclosures that are comparable across Kenyan banks. Secondly, the results of this analysis provide decision-useful information for the Central Bank of Kenya (CBK) and other financial regulators to formulate macroeconomic and financial policies that would seek to promote low-carbon transition via the banking industry as a key financial sub-sector. Lastly, the analysis provides a template for industry-wide assessment of climate-related risk for banks in other</p>

emerging economies and the approach used for mapping national GHG emissions to bank lending sectors is also a key contribution to the literature on quantifying climate risks for the financial sector. The winning thesis of the 2020 Rudi Dornbusch Prize in International Economics. We extend our heartfelt thanks to the Vahabzadeh Foundation for financially supporting the publication of best works by young researchers of the Graduate Institute, giving a priority to those who have been awarded academic prizes for their master's dissertations.
