

**BANK OF ISRAEL**

Office of the Spokesperson and Economic Information

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Press release:

**Remarks by the Supervisor of Banks at an Environment and Finance Conference**

Supervisor of Banks Daniel Hahiashvili participated today in the “Environment and Finance—Publication of the Israeli Taxonomy” conference of the Ministry of Environmental Protection and the Israel Democracy Institute.

The Supervisor emphasized the great importance that the Banking Supervision Department attaches to the banking system’s optimal management of environment and climates risks, from both the finance and environment perspectives, including efforts to reduce them. The Supervisor listed the steps taken by the Banking Supervision Department in this regard.

Supervisor of Banks Daniel Hahiashvili noted that, “The Banking Supervision Department works through a range of channels to deal with the emerging climate risks—the financial risks, physical risks, and transition risks—that directly and indirectly impact on the banks, their customers, and other stakeholders. We are working to publish up to date and comprehensive regulation on managing financial risks that are related to the climate. Among other things we published a designated directive that adopts the international standard in the banking sphere. This is in addition to reporting and disclosure requirements that include information regarding environmental and climate risks and how they are managed, and holding an ongoing dialogue with the banking system to sharpen the supervisory expectations and for a joint examination of the challenges existing in the sector.”

The Supervisor noted that the management of financial climate risks cannot exist detached from management of climate risks at the national level and from the regulatory and legal framework in the country. This includes legislating a climate law and carbon taxing law, formulating an overall government policy, defining national reference scenarios in the climate sector, and imposing reporting requirements on real companies in the areas of environment and climate. The lack of certainty deriving from the absence of such processes and from the absence of a national knowledge infrastructure in the fields of environment and climate, limit the banking system’s ability to manage climate risks in an optimal manner.

For a video of the Supervisor’s remarks (in Hebrew):

<https://www.youtube.com/watch?v=RA2OmWKDVVg>