

Press release

First market study on sustainable lending by Swiss Sustainable Finance and the ZHAW School of Management and Law – Sustainable loans as a catalyst for the green transition

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Swiss Sustainable Finance (SSF) publishes the first "Swiss Sustainable Lending Market Study", which was prepared in collaboration with the ZHAW School of Management and Law. The publication addresses the integration of sustainability factors in lending decisions and the use of dedicated financing instruments on the Swiss market. While sustainable investing has become mainstream and is the focus of numerous academic studies, sustainable lending practices have not yet been extensively researched. The aim of the study is therefore to provide a more transparent picture of the evolving landscape of sustainability approaches in the Swiss lending market.

The "Swiss Sustainable Lending Market Study 2024" addresses the current practice of integrating ESG factors in the lending sector in Switzerland. Now that ESG factors have become firmly established in the investment business over the last few decades, they have also been gaining in importance in the lending and mortgage business for some time. Against this backdrop, this study provides the first comprehensive overview of the integration of sustainability aspects in the credit market.

Sustainability strategies in the lending business

The 25 banks that took part in the study have a combined credit volume of CHF 956 billion. This corresponds to a 71.52% share of the total Swiss credit market, the volume of which was estimated by the Swiss National Bank (SNB) at CHF 1,337 billion at the end of 2022. The results of the study show that sustainability already plays an important role in the lending business in Switzerland: 72% of the 25 institutions surveyed have a sustainability strategy and a sustainability policy for their lending business. These 18 banks with a sustainability strategy account for 96% of the total lending volume of all study participants. The respondents cited a positive social and environmental impact as the most important motivation for sustainable lending, followed by customer expectations and the avoidance of reputational and financial risks. Hendrik Kimmerle, Senior Project Manager and responsible for the study at SSF, comments: "Sustainable lending is crucial in two respects: Firstly, it can be used to integrate ESG factors into the valuation and pricing of loans and thus improve risk management. Secondly, it incentivises the real economy to adopt sustainability processes and thus improve its sustainability performance."

Andreas Schweizer, Senior Lecturer and Head of Studies at the ZHAW School of Management and Law, assesses the role of such loans as follows: "Sustainability considerations in lending have the potential to be a catalyst that accelerates the necessary change while helping to achieve national net zero commitments."

Sustainable mortgages can contribute to the transformation of the property sector

Many credit institutions now offer mortgages that take sustainability criteria into account in some form. Examples include discounted mortgage financing for buildings with a certificate for green or sustainable construction or mortgages for energy-efficient renovations. The results of the study confirm that such sustainable mortgage products are relatively widespread: 68% of the institutions surveyed (totalling around 94% of the mortgage volume in the sample) offer such sustainable mortgage instruments. However, at 32%, the proportion of banks that do not offer such products or left this question unanswered is still relatively high. While a significant proportion of institutions also offer sustainable mortgage instruments, only a fraction of the total mortgage volume of 1 % is attributable to such instruments.

Sustainability is also becoming increasingly important in corporate financing

New financial instruments have recently emerged on the credit market to help companies finance the transition to more sustainable business models. Sustainability-linked loans (SLLs) are loans whose conditions are linked to a sustainability target agreed by the lender and borrower, whereby the funds provided may be used by the borrower for any corporate purpose. If the sustainability target is achieved, the borrower is granted a lower interest rate. Nine banks are currently active in the SLL market. As SLLs are offered by some of the largest market players, they could play an important role in the transition to a more sustainable economy.

Further information:

- > [Swiss market study on sustainable credit financing 2024](#) (pdf file)
- > [German summary](#), [French summary](#)

Contacts:

Sabine Döbeli, CEO Swiss Sustainable Finance

+41 44 515 60 52

sabine.doebeli@sustainablefinance.ch

www.sustainablefinance.ch

Andreas Schweizer, Senior Lecturer for Corporate Banking & Sustainable Financing, ZHAW

+41 58 934 78 94

andreas.schweizer@zhaw.ch

<http://www.zhaw.ch/ifi>

The mission of **Swiss Sustainable Finance (SSF)** is to strengthen Switzerland's position as a leading voice and actor in sustainable finance, thereby contributing to a sustainable and prosperous economy. The association, founded in 2014, has representative offices in Zurich, Geneva and Lugano. Currently, SSF unites over 250 members and network partners from financial service providers, investors, universities and business schools, public-sector entities and other interested organisations. Through research, capacity-building and the development of practical tools and supportive frameworks, SSF fosters the integration of sustainability factors into all financial services. An overview of SSF's current members and partners can be found on its website: sustainablefinance.ch

The **Zurich University of Applied Sciences (ZHAW)** is one of the leading universities of applied sciences in Switzerland. It offers teaching, research, continuing education and other services that are both practice-oriented and science-based. The Center Corporate Performance & Sustainable Financing is part of the Institute of Financial Management and focuses on the topic of sustainable financing. Its activities range from specific continuing education products (e.g. Sustainable Financing Expert) and in-house training courses at banks to application-oriented and academic research as well as innovation projects together with industry partners.