



Canada banks lag Europeans' environment focus - report

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Canadian banks trail their European counterparts when it comes to specialized environmental products and services, and they should work to better harness growing public awareness of green issues, a new report said on Thursday.

European banks have tapped into consumer concern about global warming by offering retail banking products that incorporate climate-change mitigation measures, but Canadian banks have not shown the same innovation, said an annual report on Canadian banks, prepared by PriceWaterhouseCoopers.

For example, British bank Barclays and Dutch bank Rabobank [RABN.UL] both offer "trailblazing" environmental credit cards that donate a hefty portion of profits to projects that counter climate change and offset carbon dioxide emissions, respectively, the PwC report said. Independent third parties administer these cards, which bolsters their credibility, it noted.

"It is this type of innovation and positioning Canadian banks need to develop and explore with their own products," the report stated.

When it comes to carbon emissions trading, Canadian banks are also laggards, the report said.

"The absence of a regulated carbon market in Canada today is partially responsible for creating a gap between Canadian banks and their global counterparts with respect to activity in the regulated and voluntary emissions markets."

European and U.S. financial institutions have gained experience from a European Union emissions trading scheme that started in 2005, PwC noted.

"Being one of the first to build trading capacity has translated into the top (largest) intermediary position in the carbon market for Barclays Capital," the report said.

"To date, few Canadian banks have even made public mention of positioning themselves for the realization of a regulated emissions trading market in Canada," PwC said.

Some Canadian banks are showing signs of hopping on the green bandwagon. For example, Bank of Nova Scotia said in February that it would offer a global climate change mutual fund to invest in companies developing technology or otherwise mitigating climate-change effects.

But PwC said "the story of the Canadian banks and the environment is largely unwritten." In a separate report this week, Ethical Funds Co., a Vancouver-based mutual fund manager with about C\$2.5 billion (\$2.6 billion) in assets under management, said that some of Canada's biggest banks had done little more than develop aspirational statements about climate change.

It ranked Bank of Montreal as the worst Canadian bank on a scorecard of 25 specific climate-change indicators, and put Royal Bank of Canada and Toronto-Dominion Bank in first place.

Source: www.reuters.com