



Sustainable
Finance
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Swiss Sustainable Finance

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oikos Sustainable Finance paper

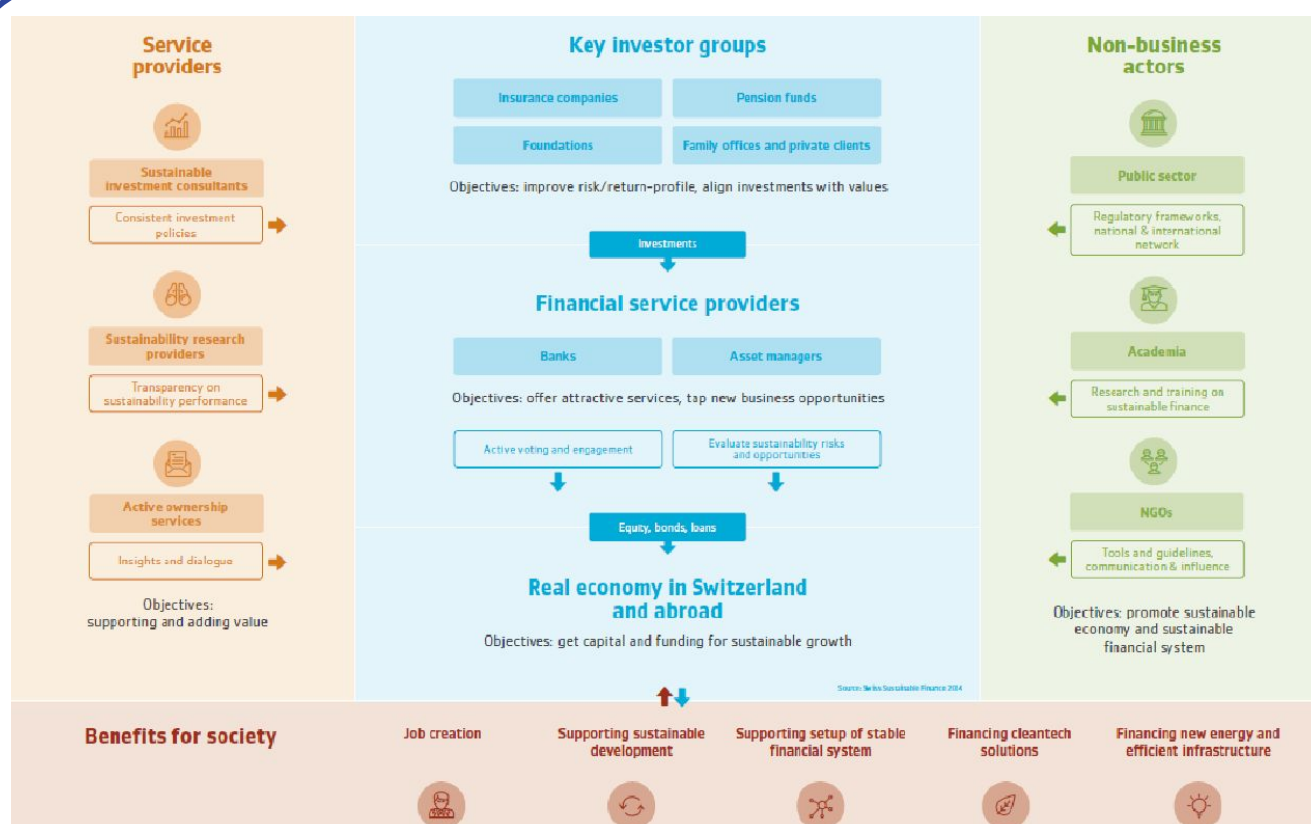


Paper written by Frederik Fuchs and Oliver Meyer
Pictures from SSF Annual Conference 2019

Swiss Sustainable Finance

(SSF) is an organization that aims to support the creation of a sustainable and prosperous economy in Switzerland and make the Swiss financial center the global leader in sustainable finance. SSF does so by informing, educating and catalyzing growth concerning sustainable finance. Having offices in Geneva, Lugano and Zurich SSF covers all three language regions of Switzerland. At the site visit of the oikos sustainable finance team to the SSF office in Zurich, SSF was represented by Kelly Hess, Director of Projects, and Anja Bodenmann, Project Manager. The visit took place on November 15th, 2019.

According to SSF they operate along the entire financial industry supply chain, working with service providers (e.g. sustainable investment consultants, research providers etc.), non-business actors (NGOs, academia, the public sector), key investors groups and financial service providers (banks and asset managers). Like that SSF captures the entire landscape, as they are convinced that all actors are important to make Switzerland a sustainable financial center, to have an impact on the real economy and create benefits for society.



SSF's main activities include the allocation and providing of information on sustainable finance through newsletters, events and the publication of research studies on their website. For instance, recently the Swiss Sustainable Investment Market Study was published, providing in-depth insights into recent developments in the Swiss sustainable investment market.

They organize around ten events every year and unite 140 members and network partners. Working groups, consisting of specific members, aim to address specific topics. This is an effective way to involve members and also receive direct feedback about the obstacles in the market for sustainable finance and find solutions to overcome them. This again happens in cooperation with SSF members. Finally, SSF aims to cooperate with members as well as other actors and consequently connects members among each other, cooperates with organizations sharing the same goal and creates a dialogue with political institutions. It also engages in international dialogues and initiatives. Especially due to the decentralized landscape of small institutional asset owners, it is challenging to be active in sustainable finance. In this case, SSF provides support for them and bundles their resources.

iSSF was founded in 2014 and started with less than 100 members. The majority of the 140 members today consists of asset managers and banks, but also pension funds and other asset owners, foundations and other non-business organizations (so-called network partners), insurance companies and also service providers are part of the network. SSF was created out of its processor organizations, Sustainable Forum Zurich and Sustainable Finance Geneva, due to the need for a nationwide organization. SSF team consists of six people, four sitting in the office of Zurich and one in each of the other locations, Geneva and Lugano.

There is a need for SSF since organizations are more and more interested in Sustainable Finance. There are several reasons: Firstly, large global leaders have been speaking up about the topic and have subsequently opened the eyes of many different market players. Secondly, banks and asset managers get more and more requests from clients about sustainable products, especially from international investors, for example from



GROWING SSF MEMBERS BASE

137 Members and Network Partners

Category	Member examples
48 Asset Managers & 29 Banks	
17 Pension funds and other asset owners	
5 Insurance companies	
18 Service providers	
9 Research and education facilities	
11 NGOs and public sector entities	

Scandinavia where the demand is high already. So in order to stay competitive, financial service providers have to deal with this topic. Lastly, sustainable investment is favorable from a risk perspective, meaning from an underwriting perspective instead of an investment perspective, since in the long-term, not sustainable business concepts and investments like fossil fuels might not be valuable anymore, due to the environmental risk.

However, there are challenges. Members of SSF still seem to be overwhelmed by the regulations and requirements that are implemented.

While being interested in sustainable finance in general, asset managers and banks face following three main challenges: Many of the client advisors themselves don't feel convinced by sustainable finance and therefore do not offer respective products. While on EU level regulations requires advisors to ask clients about their preferences, this is not the case in Switzerland. Secondly, there is a lack of standards and therefore no established procedure to rely on. Thirdly, asset managers and banks are still concerned about the performance of sustainable products, despite academic research proving that concern wrong.

On the other side, the main concerns of asset owners are about performance as well. Furthermore, they fear higher costs caused by the implementation of sustainable strategies. Finally, they question the lack of standards.

SSF forecasts an increase in regulation and therefore the need of companies having to understand them and being able to work within the regulatory framework. The EU just defined their 10-point-plan for sustainable financing, which causes numerous new directives and laws. SSF will play an important role in explaining and working with future regulation.

SSF recognizes that more and more mainstream players come on board and start or deepen their activities in sustainable finance. Consequently, there is the hope that sustainable finance will be mainstream finance in the future. Discussions about sustainability in finance should not be necessary anymore, since all finance should be sustainable, integrating long-term thinking.

SFF is a nationwide organization that boosts the development of sustainable finance in Switzerland with the goal of making the Swiss financial center a global leader in that area. SFF works with partners all over the entire Swiss financial landscape and provides information, education and support for its members. Sustainable finance is on the rise and SFF is ready to support its members to take part in that development, handle new regulation and overcome obstacles in the market.



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