



ClimFiSoc

Climate Finance Society

Subproject Public Banks in Climate Finance

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Sustainable Finance and Climate Protection

Starting situation & research questions

ClimFisSoc is a social science project focussing on the actors involved in climate finance. The starting point is the disagreement among stakeholders about the objectives and instruments of transformation financing, but also within organisations.

ClimFiSoc investigates SMEs, NGOs/unions, public banks and promotional banks. The Subproject Public Banks in Climate Finance analyses German savings banks and European central banks.

What tensions can be identified between actors and within actors? And how can such tensions be dealt with?

Logics	Origin	Main effects on Sustainable and Climate Finance	
		Supportive	Inhibitive
Reputational Backlash Logic	Fear of being perceived as excessively "green" or as "greenwashed"	Extensive discussions about meaning of "sustainability"	Conservative approach; careful of not doing "too much"
Regulatory Compliance Logic	Concern to be perceived as fully compliant along conflicting dimensions	Pressures to mainstream sustainability	Sustainable finance not becoming integral
Logic of Competitiveness	Concern to survive market environment, focus on comparative advantage	Market pressures to integrate SCF in product universe	Doing less than big and specialized SCF players
Sales Logic	Desire to be perceived as a dynamic business that succeeds economically	New products and discourses; Training and incentives	Fear of lack of interest and resistance of client base
Community Contribution Logic	Desire to live up to stakeholder expectations on societal role	Multiple small activities and participation in actor networks	Lack of relating sustainability concerns with core business
Mandatory Logic	Fear of neither being too much or to less orientated towards common good	Sustainability concerns cannot be neglected	Sustainability concerns are confined to charity and sales
Relationship Logic	Desire to go back to roots, again become a major socio-economic factor	Sustainability becomes relevant for strategizing	Lack of transformative dynamics becomes obvious

Figure 1: Seven dominating institutional Logics in Public Savings Banks

	Regional Banks	SMEs	Implication	<p>Figure 2:</p> <p><i>Conflicting Institutional Logics and the doubtful prospects of a revival of relationship banking</i></p>
Dominating logics	Dominance of compliance, sales and mandatory logic	Dominance of product, innovation and globalization logic	Requires political decisions external to local actor networks	
Dominating complaint	Lament lack of common language on sustainability, qualification	Complain about lack of common language, industry knowledge of bankers	Requires translators (e.g. efficiency agencies, consultants) and a third language	
Self image	See themselves as a potential transformative player for SMEs	See themselves as the transformers, doubt transformative role of SBs	Requires more industry knowledge in the financial industry	
Counterpart assessment	Presume low economic transformation competence among SMEs	Assume low technical transformation expertise and industry knowledge at SBs	Requires joint personnel development, language	
Key demand	Demand better key measurement systems balancing monetization and relevance	Demand new, more precise transparency regimes from banks and beyond	Requires wicked problem approach, central and flexible data hubs	
Limits to transformation	See the limits of a transformation based on competition	See limits of small margins, tough international competition	Industrial policy, regulation, fiscal intervention	

Methodological Approach: Triangulated Qualitative Research

Extensive interviews with representatives of the savings banks and central banks (Landesbanken, DekaBank, Associations, Consultants, Deutsche Bundesbank).

Participatory observations in multi-stakeholder workshops, participation and own engagement in continuous education activities. Document analysis of various sources (speeches, Publications of SBFG, newspaper articles, reports). Exchange of our data with other ClimFiSoc sub-projects in Delphi processes. Based on this, organisational-sociological institutional logics were iteratively derived and refined.

Core Findings

1. Savings Banks' hopes to use role as "transformation companion" to revive relationship banking and roll back financialization clash with other sectors' logics.
2. In addition to the conflicting logics, the return to relationship banking also fails due to orders of legitimacy and rationality permeated by financialization und globalization (innovation, risk controlling, mathematization, capital markets).
3. Central banks rely on risk management and de-risking in accordance with a mandate and modernisation logic. This strategy has three gaps: Sticks to unconditional growth despite ecological consequences, too little network governance that ensures a high degree of collaboration to solve wicked problems, do not consider greening as a long-term strategic issue. Instead: Prepare for bolder action, a change in the standard narrative.

Discussion & Research Outlook

Proposal: Political Commitment to Public Banking through a „Public Banking Union“ as part of a comprehensive strategy to better integrate public banks into sustainable finance.

Savings banks and deep structural change: What contribution can existing financial institutions make to the democratic organisation and financing of socio-ecological and socio-economic change processes?

Can savings banks act as 'already here' institutions in alternative economic mmodels (post-growth, democratic planning)?