

Net-Zero Banking Alliance (NZBA)

Prelims: Current events of national and international importance

Why in news?

The NZBA announced its shutdown, citing political pressure and departure of its members.

- **NZBA** - A **voluntary** industry-led coalition backed by **UN initiative** seeking carbon-neutral investments by banks.
- **Launched in** - 2021.
- **Under-** The UN Environment Programme Finance Initiative (UNEP FI)
- **Aim** - To get banks to **slash the carbon footprint** of their loans and investments and help drive the transition to a net-zero economy by 2050.
- **Support** - It was supported **up to 150 banks** to develop independent and individual climate-related business strategies and to set more than 500 sectoral net zero targets.
- **Key actions of NZBA** -
 - Transition operational and financed emissions to align with net-zero pathways by 2050.
 - Set and publish long-term and intermediate decarbonization targets.
 - Annually publish absolute emissions and emissions intensity to track progress against their targets.
 - Disclose their progress and a board-level reviewed transition strategy within one year of setting targets.
- **Reasons for alliance's collapse** - NZBA dissolved under mounting political pressure, wave of member withdrawals, inconsistent commitments, weak governance, non-binding obligations of NZBA, etc.

Quick Facts

United Nations Environment Programme Finance Initiative (UNEP FI)

- **Partnership** - Between the UNEP and a network of over 450 financial institutions, including banks, insurers, and investors.
- **Established in** - 1992
- It brings together a large network of banks, insurers and investors that catalyzes action across the financial system to deliver more sustainable global economies.
- It was the 1st organization to engage the finance sector on sustainability and incubated the ***Principles for Responsible Investment***.

References

1. [The Hindu | Collapse of NZBA](#)
2. [UNEP-FI | UNEP Finance Initiative](#)

