

ABSTRACT

The present Master Thesis discusses the impact of climate-related factors on strategies of Austrian banks. In the first step, the structure of the Austrian banking landscape is assessed, which shows that not only the strong orientation towards small and medium-sized enterprises, as well as a tourism and agricultural focus, but also sectoral specifics are relevant for the analysis. In that context banks are clustered according to sectors, which in Austria consist of the one-tier sector or stand-alone banks, the two-tier sector banks such as the cooperative banks and the savings banks and Raiffeisen, representing the three-tier sector.

The applied methodology is of qualitative nature following a staggered approach by first theoretically investigating particularly the regulatory framework for the climate-related factors, opportunities, challenges and risks. Findings from the assessment of theoretical sources are subsequently supplemented by an empirical research of publications of banks and interviews with experts from Austrian banks and the supervisory authorities.

Austrian banks are adjusting their business models, adopting exclusion criteria, and offering green products such as green bonds. They have developed comprehensive sustainable product portfolios and established sustainability officers and units to embed sustainability considerations across departments. Risk management practices are evolving to incorporate climate-related risks, but challenges remain due to limited data availability. Banks are actively disclosing climate-related information and aligning their reporting with standards such as the Global Reporting Initiative. Climate-related factors are not only transforming banks' business models but are also integrated into their strategies, with a focus on reducing carbon emissions and becoming leaders in the green transition.

These climate-related developments are also increasingly reflected in the strategies, although the adjustments made so far usually only affect strategic sub-areas. The vast majority of the banks surveyed expect further momentum and expect strategies to be even more closely aligned with climate-related criteria in the future. By doing so, they aim to mitigate risks, unlock growth opportunities, and establish themselves as leaders in green finance, contributing to a more sustainable future.