



NEW YORK STATE SENATOR

James Sanders Jr.

New York State Senate Holds First Ever Public Hearing on Banking and Climate Risks

JAMES SANDERS JR. March 2, 2022



Senator James Sanders Jr., Chair of the Senate Banks Committee, hosted the first public hearing ever in New York State on banking and climate risks today via Zoom. The hearing was jointly sponsored by the Senate Banks Committee, Senate Finance Committee with Senator Liz Krueger as Chair, and the Senate Environmental Conservation Committee, with Senator Todd Kaminsky as Chair, of New York State.

“I represent the 9th Ward of Southeast Queens,” said Senator Sanders. “We were hit hard by Superstorm Sandy which caused great damage to our homes and businesses. Clearly, climate change made it more severe than it would otherwise have been. We need to prevent and

mitigate the catastrophic impacts of climate change.”

Dr. Robert Engle, Professor Emeritus of Finance, New York University, Nobel Prize in Economics, testified, “Climate change is no longer a distant threat; its effects are already visible all around us and there is every reason to think they will become more extreme. So all of us must develop plans to adapt to and mitigate them now.”

Dina Maher, Vice President, Supervisory Policy and Strategy Function Supervision, Federal Reserve Bank of New York testified, “A recent review of literature by New York Fed economists informs us that the impact of physical and transition risks may be uneven across location, income, race, and age. Moreover, measures that individuals and governments take to adapt to climate change could increase inequality. These risks to local industries and communities—in short, to New York’s economy—can also translate into risks for banks.”

Dr. Yue (Nina) Chen, Executive Deputy Superintendent, Climate Division, New York State Department of Financial Services said, “DFS’ high priority focus on climate risks and bold action has accelerated under Superintendent Harris’s direction. In her forward-leading agenda, Superintendent Harris has created the nation’s first Climate Division at a financial regulator in the United States, which elevates the importance of New York State’s pioneering climate work, and further enhances DFS’ ability to tackle these issues proactively. I was honored to have been named as the Executive Deputy Superintendent of this essential Division, to continue to support New York State’s trailblazing initiatives in climate work.”

Cathy Kantrowitz, President, New York Mortgage Bankers Association said, “NYMBA supports a principles-based approach such as proposed by the Office of the Comptroller and Currency (OCC). We urge NY DFS to consider a principles-based approach with emphasis on leveraging existing risk management frameworks rather than building up new policies with respect to governance, risk management and strategic planning. We champion the Department’s efforts to work with other supervisors and regulators and encourage them to adopt an aligned approach in the management of climate-related financial risk.”

Stephan Edel, Coordinator, New York Renews Coalition, “We need regulators at every level to look towards using every possible tool to address climate change and to shift our public investments and oversight responsibilities towards a both Green and Equitable Finance.”

The purpose of the hearing was to learn about the risks posed by climate change on the banking industry and reporting practices on these risks by banks. The hearing also explored ways to

improve oversight and reporting of climate risks.

Climate change is a great threat to the economy of New York State, the United States and the World. In September 2021, the UN Secretary-General António Guterres said, “I cannot emphasize enough that time is running out. Irreversible climate tipping points lie alarmingly close. Civil society is watching closely and is running out of patience.”

Witnesses who testified at the hearing included: Dina Maher, Vice President, Supervisory Policy and Strategy Function Supervision, Federal Reserve Bank of New York; Dr. Yue (Nina) Chen, Executive Deputy Superintendent, Climate Division, New York State Department of Financial Services; Dr. Robert Engle, Professor Emeritus of Finance, Co-Director, The Volatility and Risk Institute, Leonard N. Stern School of Business, Kaufman Management Center, New York University, Nobel Prize in Economic Sciences (2003); Dr. Robert Litterman, founding partner of Kepos Capital, Chair of the Commodity Futures Trading Commission’s Climate-Related Market Risk Subcommittee; Cathy Kantrowitz, President, New York Mortgage Bankers Association; Christina Wiley, Executive Director, New York Mortgage Bankers Association; Ivan Frishberg, Senior Vice President Chief Sustainability Officer, Amalgamated Bank; Richard Schrader, New York Policy and Legislative Director, NRDC; Stephan Edel, Coordinator, New York Renews Coalition; David Arkush, Managing Director of Public Citizen’s Climate Program and a Fellow at the Roosevelt Institute; Tousif Ahsan, Public Bank Campaign Coordinator, New Economy Project; Collin Rees, U.S. Program Manager, Oil Change International; Dr. Edward Williams, President, Regional Ready Rockaway; Sandi Pope, President & CEO, CistaGirls 4 Clean Water Corp.; and Kevin W. Alexander, President & CEO, Rockaway Development & Revitalization Corporation.