

Sustainable finance and its ambiguities

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Impact finance forms part of the broader movement of sustainable finance, which grew to considerable proportions during the 2010s and 2020s. Institutional investors, under pressure from their beneficiaries, from regulators and from public opinion, integrate environmental, social and governance criteria into their decisions. Geneva's banks and asset managers have made sustainability a pillar of their offering and of their communication.

This development involves ambiguities. The definition of sustainability varies from one actor and one method to another. Non-financial ratings diverge. The temptation of greenwashing, that is, of presenting as sustainable products that are scarcely so, has led regulators to intervene. FINMA has published requirements on the prevention of and fight against greenwashing, while the Federal Council considered regulation before opting for self-regulation by the professional associations.¹ The Swiss Bankers Association and the Asset Management Association Switzerland have adopted self-regulation in this area.²

The debate on sustainable finance also has a political dimension. In some countries, in particular the United States, the consideration of environmental, social and governance criteria has been contested, and managers have scaled back their commitments.³ The Swiss financial centre, which had made sustainability a selling point, has to contend with these tensions and with the divergent expectations of its various client groups.

Part K will return to sustainable finance as a factor in the financial centre's future. It suffices here to note that philanthropy and impact finance give Geneva a distinctive position, founded on its International Geneva, and that this position demands particular rigour in the definition and measurement of the effects claimed.

1 Notes

1. FINMA, Supervisory Communication 05/2021 of 3 November 2021 (Centre de droit bancaire et financier, Caballero Cuevas, 9 November 2021, [cdbf.ch](https://www.cdbf.ch)): transparency requirements for funds presenting themselves as sustainable, adequate organisation and greenwashing risks at the point of sale. Federal Council, decision of 19 June 2024 (Centre de droit bancaire et financier, Bahar, [cdbf.ch](https://www.cdbf.ch)): decision not to legislate against greenwashing, the self-regulation of the SBA, AMAS and the SIA achieving the objectives set in December 2022; the FDF is to monitor the development of European law (SFDR Regulation) and propose measures by the end of 2027. ↩
2. Allnews, 28 June 2022: the Swiss Bankers Association issues two sets of self-regulation, one integrating ESG preferences into investment advice and wealth management, the other requiring energy efficiency to be addressed in mortgage financing, in force on 1 January 2023 with transitional periods; [swissbanking.ch](https://www.swissbanking.ch), page “Self-regulation on sustainable finance”: revised guidelines on investment advice in force on 1 January 2025, specifying the conditions for labelling sustainable investments in order to prevent greenwashing. ↩
3. NYU Stern Center for Business and Human Rights (January 2025) and ESG Dive: Bank of America, Citi, Wells Fargo, Goldman Sachs and Morgan Stanley left the Net-Zero Banking Alliance in December 2024, followed by JPMorgan on 7 January 2025; BlackRock left the Net Zero Asset Managers Initiative on 7 January 2025, which suspended its activities on 13 January 2025; JPMorgan and State Street had already left Climate Action 100+ in February 2024; these withdrawals came under pressure from investigations by Republican attorneys general and by the House Judiciary Committee. ↩

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