

Crediting Sustainability: Embedding ESG Criteria in Banking Practices



Executive summary

The transition towards a more sustainable economy has become a structural driver of change in both the economy and the financial system. Environmental, Social and Governance (ESG) criteria increasingly influence the decisions of businesses, households, financial intermediaries and public institutions. The impacts of climate change, energy price volatility and regulatory changes demonstrate the growing importance of **sustainability** for **competitiveness**, **risk management** and **long-term economic resilience**. In this context, banks play a key role in **financing their customers' transition-related investments** through their intermediation activities while ensuring sound and prudent risk management and appropriate creditworthiness assessments. At the same time, they are required by regulation to integrate ESG considerations into their strategies, risk management processes, and credit policies.

Banks operate within a prudential and supervisory framework aimed at **financial stability** and the **protection of savers' funds**, in which the **assessment of ESG-related risks** has taken on increasing importance. The European regulatory and supervisory framework as well as national legislation requires financial intermediaries to identify, assess, measure, manage and monitor ESG-related risks, supported by reliable information on their customers' exposure to these risks.

This report, based on a survey, analyses the role of the banking sector in supporting the sustainable transition of households and businesses. The survey was conducted between May and June 2026 among **19 banking institutions representing approximately 80% of the Italian banking sector in terms of total assets**. Five main themes were examined in depth from a qualitative perspective: characteristics and types of credit products, technical support and advisory services, public policy measures considered most effective in promoting investments in sustainability, obstacles and challenges encountered in dialogue with customers, and type of information collected on companies' ESG profiles.

The findings show that **sustainability-linked lending products are widely available across the main customer segments**. **Green loans** (i.e. loans intended exclusively for projects with clear and measurable environmental benefits) are particularly prevalent for businesses

(90% or more of the sample already offer them), alongside **financing for energy-efficient properties or energy retrofitting and sustainability-linked loans** (i.e. 'general-purpose' loans where the interest rate or terms are linked to the achievement of sustainability KPIs). The last two mentioned categories are already included in the product range of over 60% of the sample. In the **Household** segment, **green mortgages** are particularly widespread (offered by over 90% of responding institutions), alongside forms of consumer credit geared towards sustainable purchases (offered by 74% of respondents), **loans for students** to support their educational pathways (63%) and loans aimed at **customer groups with specific social or inclusion needs** (offered by 32% of respondents and currently under consideration by 21%). The **Third Sector** is also served through both traditional products tailored to its specific needs and loans to ESG-related objectives.

The analysis also confirms that the role of banks is not limited to simply granting loans but also extends to **forms of customer support**. 63% of respondents state that they offer **businesses technical support or consultancy services for the planning or evaluation of ESG investments**. These services are often provided through external service providers, specialised platforms and partner networks. With regard to the **Household** segment, these services are less widespread (offered by 21% of responding banks, while 16% are in the process of developing them), partly due to the different nature and lower complexity of sustainable investments compared with the corporate sector. However, some banks report that some initiatives are already underway or under development, confirming a **gradual expansion of support services** to this client segment as well.

The survey highlights that, among public support measures, **public guarantees** and **incentives** in the form of capital grants or interest-rate subsidies are cited as some of the most effective tools for facilitating access to credit in support of sustainable investments, particularly for SMEs (for which banks cite them as a priority or very useful in over 90% of cases) and households (around 80%). **Public-private co-financing arrangements and public grants to clients supporting advisory and certification costs** are also considered important. These instruments

can help to increase the leverage effect of financial resources and make viable these investments that are characterized by greater complexity, higher initial costs or longer-term economic returns.

Among the **obstacles** reported by banks in facilitating the transition process, **regulatory uncertainty** stands out. More specifically, in the Corporate and SME segments, 95% of respondents consider it a significant or very significant obstacle. Other critical issues for SMEs relate to the **quality of project planning** and **the completeness of documentation** (aspects considered highly significant by 89% of banks) and, for both SMEs and households, to limited awareness of the economic and management **benefits** associated with improving ESG performance. These factors point to the need for coordinated action between banks, institutions and other stakeholders in the economic system to strengthen expertise, information and project planning capabilities.

A final point concerns the importance for banks of analysing their **customers' ESG data**. This aspect could be facilitated by access to existing databases, making available information that companies are already required to disclose but which is not directly usable. Banks make greater use of **environmental data** than social and governance data, partly due to the greater maturity of methodologies and regulatory requirements. The use of these data for management or reporting purposes ranges **from around 60%** to more than 90% for the environmental variables considered, while for variables in the **other categories** this figure reaches approximately **40%**. **Data collection methods** remain varied: for management and reporting purposes, the combined use of multiple sources prevails, while for ESG lending, direct collection from clients carries greater weight. This highlights the need for **clear, proportionate reporting standards** that are consistent with the available information, thereby making the dialogue between banks and businesses more efficient.

In summary

The availability of **credit for the sustainable transition** is now widespread, although at varying levels across customer segments and product types.

Banks' support is not limited to granting loans: the role of technical guidance, advisory and measurement services is growing, particularly in the range of services offered to companies.

Public guarantees and interest-rate or capital subsidies are cited as the main **public instruments** for facilitating access to credit in support of the transition.

The main **obstacles** are regulatory uncertainty, limited technical expertise, poor project quality and limited awareness of ESG benefits.

Reliable, accessible and proportionate ESG information is essential for effective credit-risk assessment, sustainable lending and the dialogue between banks and businesses.

Study realised by



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