The climate risks, business impacts, and resilience assets listed in the chart are examples from the region that we gleaned from our research. They are not exhaustive across the industry or region, nor are they necessarily relevant for every business.

FINANCIAL SERVICES

Climate Risk

HAZARD

Stronger tropical storms • Sea level rise • Flooding • Droughts

EXPOSURE

- Financial services companies may have offices in low-lying areas that are exposed to flooding.
- Across Southeast Asia, financial services companies insure or offer loans to commercial and residential infrastructure that could be damaged by flooding and other hazards associated with climate change.
- Loans may be backed by property with declining value due to climate change hazards.[144]
- Financial services companies may invest in hotels or restaurants that are located in at-risk areas such as coastal communities.[145]

VULNERABILITY

- Many insurance companies are selling products with insufficient diversification of risk.
- Some investment products or business models are directly dependent on climate-vulnerable sectors like natural resources, agriculture, or forestry.[146]
- Data storage or communications technology can be destroyed by heat or flooding.
- A weak risk regulatory environment in some countries may allow firms to operate with limited risk evaluation and management.
- Where banking customers are primarily rural and dependent on agriculture, cash reserves and loan portfolios may be more vulnerable to negative impacts on agriculture.
- Underdeveloped public safety nets may be unable to protect against private sector loss of assets and investments from disasters.

Business Impact

Strategy: Climate change can impact a business model if entire sectors suffer setbacks at once. This could happen in sectors like agriculture or tourism.

Finances: If large volumes of commercial or individual clients experience losses due to climate change, there could be significant impacts on balance sheets or to cash flow. There also may be exposure to higher risk for investments and insurance products.

Operations: Damage to physical infrastructure, such as buildings, computers, and communications equipment, can disrupt daily production.

Human Resources: : Employee safety and well-being may be at risk if climate change wreaks havoc on their homes or health. Significant climate events also could disrupt employees' travel to work.

Legal and Compliance: Depending on fallout from certain climate events, businesses might become unable to comply with investment risk guidelines.

Sales and Marketing: Climate change also could impact the market for financial products as company and household resources are redirected toward spending on recovery.

Climate Resilience

CAPITAL ASSETS

Physical Capital: Ensure data and communications equipment utilize robust and weather-resistant materials and design.

Human Capital: Train local insurance agents and other staff in basic emergency response and adaptation measures.

Financial Capital: Invest in climate-resilient sectors, technologies, and infrastructure, among others.

Social Capital: Apply risk knowledge and mapping to benefit other public and private-sector actors; establish programs that educate bank and insurance customers on measures to increase their household and community resilience.

Political Capital: Work with sector associations or civil society to advocate for increased financial access and improved safety nets.