



## **Testimony of Tousif Ahsan, Campaign Organizer at New Economy Project**

### **Before the New York State Senate Standing Committees on Banks, Finance, and Environmental Conservation**

#### **Joint Public Hearing to Explore Financial Risks on Banking Posed by Climate Change**

*March 1, 2022*

Good morning, Chairs Sanders, Krueger and Kaminsky. My name is Tousif Ahsan and I am the public banking campaign coordinator at New Economy Project. New Economy Project works with community groups to build an economy that works for all, based on cooperation, equity, social and racial justice, and ecological sustainability. As coordinators of the Public Bank NYC and NYS Community Equity Agenda coalitions, we are working with groups across the state to bring local public banking to New York – as a bold strategy to *divest* public money from banks that finance fossil fuels and other destructive activities, and *invest* in renewable energy and other critical needs. Thank you for the opportunity to testify today.

As you know, climate scientists for decades have warned that fossil fuels are wreaking havoc on our environment and that bold, concerted action is needed to address the climate crisis. Yet, in the six years since the Paris Agreement, banks have poured over \$3.8 trillion into the fossil fuel industry, according to the Rainforest Action Network.<sup>i</sup> Banks' funding of fossil fuels is accelerating the climate crisis, which is becoming deadlier each year.

In fact, just yesterday, the United Nations' Intergovernmental Panel on Climate Change (IPCC) released its latest report, which warns that the impacts of the climate crisis are even worse than expected and are taking place much more rapidly than previously thought. The IPCC projects that, unless we take bold and immediate action, global temperatures will rise by at least 2°C above pre-industrial levels by mid-century. Crossing that threshold would lead to devastating ecological disasters including the extinction of 20% of land animal species, chronic water scarcity for three billion people, and other shocks to our ecological systems that will make adaptation impossible for billions of people and animals.<sup>ii</sup> The report underscored the climate crisis' disproportionate impact on poor people, people of color, and other vulnerable populations around the world. Here in New York, we're already seeing its harmful effects.

Last summer, Hurricane Ida bombarded Nassau County with record amounts of rainfall and flooding, shutting down the Long Island Rail Road, forcing people to evacuate their homes, and even trapping people in their cars.<sup>iii</sup> The storm left fifteen New Yorkers dead,<sup>iv</sup> as it blasted through New York City, flooding streets, buildings, subways, and—most devastatingly—unregulated basement apartments in low-income communities and communities of color.

Climate scientists predict destructive storms will continue to occur with more frequency and intensity, as a direct result of climate change.<sup>v</sup> New York’s lawmakers and regulators must take immediate action to prevent financial institutions from continuing to invest in dangerous fossil fuels. At the same time, New York should advance local public banking, by enacting the “NY Public Banking Act” (S1762A/A8290) this session, to help local governments invest in climate solutions and divest public money from banks that are fueling the climate crisis.

New York is uniquely positioned to lead on this all-important issue. Here’s why:

**Banks operating in New York are among the largest funders of fossil fuels in the world.**

Many of the world’s largest financiers of fossil fuels—such as JPMorgan Chase, Citibank, Wells Fargo, and Bank of America—do considerable business in New York. In fact, Chase is both the largest bank operating in New York in terms of market share of deposits<sup>vi</sup> and the world’s largest funder of fossil fuels.<sup>vii</sup> Moreover, because New York is home to Wall Street, our legislature should be much more aggressive in confronting big banks that are profiting from the climate emergency.

**NYS-chartered financial institutions are funding the climate crisis.**

Banks chartered in New York are also pouring massive amounts of money into the fossil fuel industry, hastening the climate crisis. For example, Barclays, BNP Paribas and Goldman Sachs rank in the top fifteen of fossil fuel-funding banks. In the five years following the Paris Agreement, these three NYS-chartered banks financed fossil fuels to the tune of \$366 billion. It’s worth noting that insurance companies supervised by the NYS Department of Financial Services also invest lavishly in the fossil fuel industry. We were pleased to see DFS create a new Climate Division last fall and issue guidance urging insurers and state-chartered banks to integrate climate risks into their governance frameworks, risk management processes, and business strategies. However, we believe New York should take much bolder action, for example, by enacting legislation that prohibits insurers and state-chartered banks from investing in fossil fuels.

**Banks holding many billions of dollars in public deposits continue to pour money into the fossil fuel industry.**

Some of the worst-offending banks hold massive amounts of public deposits in New York. JPMorgan Chase, for example, holds more of New York City’s public deposits than any other bank.<sup>viii</sup> As discussed above, Chase is also the largest funder of fossil fuels in the world.

**Through public banking, local governments could divest from banks that fund fossil fuels.**

The New York State Senate should pass (S1762A/A8290), the “NY Public Banking Act,” sponsored by Senator James Sanders Jr., which creates a safe and appropriate regulatory framework and provides consistent statewide guidance for public banks in New York. Through local public banks, New York cities and counties could divest public deposits from banks that fuel climate destruction, and invest in ecologically sustainable development, such as community-controlled renewable energy and other sustainable infrastructure.

Public banks are lending and depository institutions created by governments and chartered to serve the public interest. Through public banking, local governments can leverage public funds to stimulate local economic development, including by partnering with community development financial institutions and others to expand responsible lending and financial services in historically-redlined communities. More than 900 public banks have long operated in diverse countries and economies worldwide, including here in the U.S. with the century-old Bank of North Dakota. They play important roles channeling public investment in small businesses, renewable energy and other sectors, and have enabled governments to respond quickly and effectively during the COVID-19 crisis. Public banks from Buenos Aires and Costa Rica to Chile and Germany have invested deeply in community-based green energy infrastructure, expanding financing for renewables, energy efficiency, and much more.<sup>ix</sup>

Momentum to bring local public banking to New York State is growing by the day. Recently, 150 community, labor, and small business groups signed a letter in support of the “New York Public Banking Act.” The legislation has been co-sponsored by 53 Assemblymembers and 28 Senators and has the backing of numerous local elected officials who want to bring public banking to their communities. Most recently the entire Rochester City Council signed a letter in support of this framework. We strongly urge the Senate to pass this important bill this session.

Addressing root causes of the climate crisis means challenging runaway fossil fuel funding, as we work to build new institutions, like local public banks, rooted in racial justice and ecological sustainability. Thank you again for the opportunity to testify today.

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<sup>i</sup> <https://www.ran.org/wp-content/uploads/2021/05/Banking-On-Climate-Chaos-2021-Summary.pdf>

<sup>ii</sup> <https://www.cnn.com/2022/02/28/world/un-ipcc-climate-report-adaptation-impacts/index.html>

<sup>iii</sup> <https://www.longislandpress.com/2021/09/02/recovery-underway-after-ida-floods-parts-of-long-island/>

<sup>iv</sup> <https://www.nytimes.com/2021/09/02/nyregion/ida-new-york-city-deaths.html>

<sup>v</sup> <https://www.npr.org/2021/08/30/1032442544/how-climate-change-is-fueling-hurricanes-like-ida>

<sup>vi</sup> FDIC Deposit Market Share Report as of June 30, 2021.

<sup>vii</sup> *Supra*, Note 1.

<sup>viii</sup> FOIL Request by New Economy Project.

<sup>ix</sup> <https://www.neweconomynyc.org/2021/10/public-banking-around-the-world-lessons-for-new-york/>