

Propositions

Belonging to the thesis

Financial Stability in a Changing Environment

by Henk Jan Reinders

1. Besides the traditional macro-financial approach to financial sector stress testing, proper assessment of climate shocks warrants the development of alternative and more granular modeling approaches **(Chapter 2)**
2. In addition to equity portfolios, loan and bond portfolios can also lose a substantial share of their value in adverse carbon tax scenarios – which is especially relevant for the Dutch banking sector **(Chapter 3)**
3. Stranded business and real-estate are much more relevant from financial risk perspective than mere stranded assets, as defined by potentially unburnable fossil fuel reserves **(Chapter 3)**
4. A likely explanation for the post pandemic stock market recovery is a combination of strong fiscal support measures and – importantly – ever looser monetary policy **(Chapter 4)**
5. Climate-related disasters in Latin America have historically caused substantial increases in Non-Performing Loans (NPLs) in the banking sector **(Chapter 5)**
6. A better understanding of climate-related financial risks will benefit both financial stability and the transition towards a greener economy
7. The financial sector will only be about as green as the economy and cannot solve the climate change problem by itself
8. To successfully mitigate climate change and reach the Paris targets, one needs to address the inequality problem as well
9. Regulating private crypto currencies could be beneficial for both financial stability and the transition towards a greener economy
10. Besides potential concerns for financial stability, climate-related financial risks also have important implications for micro-prudential supervision
11. There are (many) more roads leading to Rome than to Paris