# Major US and Japanese banks exit net-zero alliance amid legal fears after Trump’s return



Major financial institutions in the United States and Japan are withdrawing from a key international decarbonization initiative, raising concerns about the future of global climate efforts. This shift has been prompted by increasing legal risks following the return of former US President Donald Trump to the White House in January 2025. Known for his opposition to climate action, Trump's administration is influencing major banks to reconsider their participation in climate-related commitments.

At the heart of this retreat is the Net-Zero Banking Alliance (NZBA), established in 2021 during the Biden administration. The alliance had grown to include over 140 financial institutions by 2024, all pledging to align their lending and investment strategies with goals aimed at achieving net-zero greenhouse gas emissions by 2050.

However, following Trump’s confirmed return to office in November 2024, prominent US banks such as Goldman Sachs and Citigroup exited the NZBA swiftly. They appear to be responding to the changed political environment and heightened legal scrutiny. This movement soon extended to Japan, where Sumitomo Mitsui Financial Group (SMFG) led the departure in March 2025. It was followed by other major Japanese banks including Mitsubishi UFJ Financial Group (MUFG) and Mizuho Financial Group. Among Japan’s major banks, only Sumitomo Mitsui Trust Group remains committed to the alliance.

One of the driving factors behind these exits is concern over antitrust laws. Specifically, there is apprehension that coordinated efforts to reduce lending to fossil fuel companies within the NZBA could be interpreted as violations of antitrust regulations. In the US Congress, particularly among Republican lawmakers, the alliance has been derided as a "climate cartel." Given the new administration’s willingness to disrupt private enterprise, financial institutions see ongoing participation in the NZBA as potentially risky.

Despite their withdrawal, these banks maintain that they remain committed to decarbonization goals. Nonetheless, an insider from a megabank pointed out, "Didn't they join because they believed in it? Now it just looks like they're leaving because everyone else is." This discrepancy between public commitment and action underscores tensions within the financial sector regarding climate policies.

Financial backing from institutions like those in the NZBA has been fundamental in underlining the value of decarbonization, even when environmentally friendly projects involve higher costs. This belief has sustained momentum in global climate initiatives. The recent wave of exits from the NZBA could result in a significant shift in tone within the financial community and may slow progress in achieving net-zero emissions targets.

The information is reported by JAPAN Forward, highlighting the implications of these developments on international climate cooperation and the financial sector’s role in sustainable investment.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.gtreview.com/news/americas/six-big-us-banks-pull-out-of-net-zero-banking-alliance/> - This article corroborates the claim that six major US banks, including Goldman Sachs and Citigroup, exited the Net-Zero Banking Alliance (NZBA) around the start of 2025, following speculation about their departure and coinciding with the political shift due to Donald Trump's return to the presidency.
2. <https://www.unepfi.org/net-zero-banking/members/> - This official UNEP Finance Initiative page confirms the withdrawal of major Japanese banks such as Mizuho Financial Group from the NZBA in early 2025, supporting the information about Japanese banks following the US trend and leaving the alliance.
3. <https://www.clearbluemarkets.com/knowledge-base/financial-institutions-withdrawing-from-net-zero-alliances> - This source explains the broader context of withdrawals by major financial institutions from net-zero alliances including NZBA, detailing the growing legal and political risks, especially under the influence of the Trump administration, and the concern about possible antitrust law violations.
4. <https://sustainabilityunlocked.com/discover/insights/Impact-US-Banks-Net-Zero-Banking-Alliance> - This analysis discusses the impact of US banks exiting the NZBA as a preemptive response to political pressure and anti-climate action sentiments linked to the Trump administration's stance, illustrating the link between political change and banks' strategic decisions.
5. <https://www.business-humanrights.org/en/latest-news/net-zero-banking-alliance-drops-15-target/> - This article supports the detail that due to member withdrawals including major banks, the NZBA has reconsidered its climate ambition, loosening membership rules and dropping the stricter 1.5-degree Celsius alignment target, signaling a strategic shift in response to challenges.
6. <https://www.japanforward.com/articles/major-japanese-banks-withdraw-from-net-zero-banking-alliance/> - This Japan Forward article highlights the recent withdrawal of major Japanese banks from the NZBA and their continued tension between proclaimed commitment to decarbonization and public withdrawal, reinforcing the nuanced situation within Japan’s financial sector regarding climate policies.
7. <https://news.google.com/rss/articles/CBMijgFBVV95cUxNTVBnM2xWcFZPMUFCVVpZb3o5LWxmRjBVeWRicWdlWFBtc1dEMllEXzJVVmFRZ2dzR3FnMGRIUE9kdDVYUzdWVDYxYjdkOWV0QjhSZGttbVpIWjdMUjMzb283STNiUVotSGgwOGR0UkVRanoxV0NLbGFPWGlYV1NFWERfaTBGcm9uMDcyZTZ3?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data