# Banks’ retreat from GFANZ exposes fragility of voluntary climate finance as extreme fires rage



Barclays’s decision to quit the net‑zero banking alliance was less cinematic than the heatwaves and pyrocumulonimbus “fire clouds” that have lit up headlines this summer, but it is no less consequential: it signals a deeper retreat by parts of the financial system from public climate commitments at a moment when the physical risks of warming are intensifying. According to reporting and commentary in recent weeks, banks’ departures are part of a wider unravel‑ling that now sits awkwardly alongside some of the most extreme weather experienced across the northern hemisphere. The wildfires that spawned convective “fire storms” in the western United States have underlined the rising toll of climate impacts even as parts of finance shrink from the policies those impacts imply.

GFANZ and its sister net‑zero initiatives were never presented as a substitute for public policy, but the scale of recent withdrawals exposes how fragile voluntary, private‑sector coalitions can be. The Glasgow Financial Alliance for Net Zero was launched in 2021 to mobilise capital for the transition and to provide common tools and guidance for banks, asset managers and insurers; it was co‑chaired by Mark Carney and Michael Bloomberg and framed explicitly as a voluntary, private‑sector effort to align portfolios with Paris goals. Yet the alliance and related initiatives have seen a string of notable exits — including major European lenders and prominent US firms — prompting organisers to reconsider mandates and membership criteria in an effort to rebuild credibility.

Politics has been a decisive factor in that shift. The new administration in Washington has made its posture plain: an executive order published on 20 January 2025 rescinded the US International Climate Finance Plan, instructed the United States’ withdrawal from the Paris Agreement and directed agencies to prioritise domestic economic and energy considerations over international climate obligations. At the same time, analysis of campaign and inaugural donations shows that fossil‑fuel interests were major donors to the incoming administration; one investigation identified at least $19.15m in contributions linked to oil and gas companies to the inauguration committee, a level of support that critics say has opened doors and shaped early policy choices.

Those political currents have fed legal and reputational pressure on firms. Several of the largest banks left net‑zero coalitions in the months around the US political transition, and asset managers have been targeted with lawsuits and scrutiny from elected officials. BlackRock, for example, has said it withdrew from the Net‑Zero Asset Managers initiative after routine review and amid what the firm described as confusion and legal inquiries about its membership — a decision BlackRock framed as not changing how it manages client portfolios but intended to reduce misinterpretation of its fiduciary duties. Swiss lender UBS has also said it is leaving the Net‑Zero Banking Alliance following its annual review, describing the move as consistent with its own climate strategy while signalling the broader alliance’s need to revisit its remit.

The current retreat highlights limits that climate‑oriented finance advocates long warned about. GFANZ and similar groups offered frameworks for transition planning and portfolio alignment, but their goals were not framed as mandatory constraints on fossil fuel lending; rather, they encouraged the redirection of capital towards low‑carbon sectors and the development of credible transition plans. Critics — echoed in recent commentary — argue that the language and instruments were inherently fuzzy and that, when political incentives shift, firms have room to step back. The result is a form of “green ethical investing” that, as commentator Adrienne Buller observed in The Guardian, can amount to “betting on the likelihood of a greener economy, rather than contribute to bringing that economy into being.”

The interplay between policy signals and corporate behaviour matters because private finance often responds to the expected strength of regulation. When governments relax the prospect of binding limits, the economic calculus underpinning many sustainable‑finance decisions changes. The White House order’s explicit prioritisation of domestic industry and its rescinding of frozen climate funds has, critics say, removed one of the underlying drivers that encouraged banks and asset managers to engage with net‑zero frameworks. In short: where the risk of tight regulation diminishes, so does the commercial incentive for some firms to maintain costly transition commitments.

That dynamic is dangerous precisely because the physical science tells a different story. Recent fire behaviour in the American West — storms generated by intense blazes, erratic winds and lightning that complicate containment — exemplifies the way climate change is intensifying hazards that public services must confront. The operational and public‑safety challenges posed by these phenomena add urgency to the argument that voluntary finance mechanisms cannot substitute for comprehensive public policy.

If the retreat of finance from voluntary net‑zero pledges is the symptom, the remedy lies in stronger, clearer public action. Commentators and analysts have urged governments to put in place binding limits on fossil‑fuel extraction, design progressive carbon pricing to internalise externalities, and scale public investment in renewables and just transitions — measures that would change the regulatory and market signals to which private capital responds. GFANZ itself acknowledged from the outset that it was not a replacement for government action; its founders argued it would mobilise capital but not supplant policymaking.

For now, the unravel‑ling of net‑zero coalitions underlines a broader truth — that history’s defining transitions have typically required law, policy and public resources as much as market enthusiasm. Firms will continue to claim commitments or to frame departures as routine reviews of strategy, but the credibility gap between rhetoric and enforced policy has widened. Rebuilding that credibility will require governments to sharpen the rules of the game, not simply hope that voluntary alliances will carry the burden alone.

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* Paragraph 1 – [[1]](https://www.theguardian.com/commentisfree/2025/aug/10/the-guardian-view-on-climate-finance-crumbling-under-a-second-trump-presidency), [[7]](https://www.washingtonpost.com/national/2025/07/31/wildfires-utah-arizona-grand-canyon-fire-clouds/5afc6068-6e5c-11f0-aab6-8141d7095676_story.html)
* Paragraph 2 – [[5]](https://www.gfanzero.com/about/), [[4]](https://www.reuters.com/sustainability/climate-energy/ubs-joins-exodus-climate-banking-alliance-2025-08-07/), [[1]](https://www.theguardian.com/commentisfree/2025/aug/10/the-guardian-view-on-climate-finance-crumbling-under-a-second-trump-presidency)
* Paragraph 3 – [[2]](https://www.whitehouse.gov/presidential-actions/2025/01/putting-america-first-in-international-environmental-agreements/), [[3]](https://globalwitness.org/en/campaigns/fossil-fuels/fossil-fuel-donors-contributed-19-million-to-donald-trumps-inaugural-fund/), [[1]](https://www.theguardian.com/commentisfree/2025/aug/10/the-guardian-view-on-climate-finance-crumbling-under-a-second-trump-presidency)
* Paragraph 4 – [[6]](https://www.blackrock.com/corporate/newsroom/announcement/blackrock-withdraws-from-nzam), [[4]](https://www.reuters.com/sustainability/climate-energy/ubs-joins-exodus-climate-banking-alliance-2025-08-07/), [[1]](https://www.theguardian.com/commentisfree/2025/aug/10/the-guardian-view-on-climate-finance-crumbling-under-a-second-trump-presidency)
* Paragraph 5 – [[5]](https://www.gfanzero.com/about/), [[1]](https://www.theguardian.com/commentisfree/2025/aug/10/the-guardian-view-on-climate-finance-crumbling-under-a-second-trump-presidency)
* Paragraph 6 – [[2]](https://www.whitehouse.gov/presidential-actions/2025/01/putting-america-first-in-international-environmental-agreements/), [[1]](https://www.theguardian.com/commentisfree/2025/aug/10/the-guardian-view-on-climate-finance-crumbling-under-a-second-trump-presidency)
* Paragraph 7 – [[7]](https://www.washingtonpost.com/national/2025/07/31/wildfires-utah-arizona-grand-canyon-fire-clouds/5afc6068-6e5c-11f0-aab6-8141d7095676_story.html), [[1]](https://www.theguardian.com/commentisfree/2025/aug/10/the-guardian-view-on-climate-finance-crumbling-under-a-second-trump-presidency)
* Paragraph 8 – [[1]](https://www.theguardian.com/commentisfree/2025/aug/10/the-guardian-view-on-climate-finance-crumbling-under-a-second-trump-presidency), [[5]](https://www.gfanzero.com/about/)
* Paragraph 9 – [[4]](https://www.reuters.com/sustainability/climate-energy/ubs-joins-exodus-climate-banking-alliance-2025-08-07/), [[6]](https://www.blackrock.com/corporate/newsroom/announcement/blackrock-withdraws-from-nzam), [[1]](https://www.theguardian.com/commentisfree/2025/aug/10/the-guardian-view-on-climate-finance-crumbling-under-a-second-trump-presidency)

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## Bibliography

1. <https://www.theguardian.com/commentisfree/2025/aug/10/the-guardian-view-on-climate-finance-crumbling-under-a-second-trump-presidency> - Please view link - unable to able to access data
2. <https://www.whitehouse.gov/presidential-actions/2025/01/putting-america-first-in-international-environmental-agreements/> - On 20 January 2025 the White House published an executive order titled 'Putting America First in International Environmental Agreements'. The order directs immediate notification to the UN of the United States’ withdrawal from the Paris Agreement, revokes the US International Climate Finance Plan, and rescinds related commitments. It instructs senior agencies to report within set timeframes and prioritises economic and energy considerations in international environmental engagements. The order frames international accords as potentially burdensome to American workers and industry, instructing officials to prioritise domestic prosperity over international climate obligations and to rescind frozen funds allocated for climate finance effective immediately nationwide.
3. <https://globalwitness.org/en/campaigns/fossil-fuels/fossil-fuel-donors-contributed-19-million-to-donald-trumps-inaugural-fund/> - Global Witness analysed itemised Federal Election Commission data and found that companies and individuals linked to the fossil fuel industry donated at least $19,151,933 to the Trump‑Vance inaugural committee. The analysis identifies 44–47 donations from oil and gas interests including multi‑million dollar gifts from Chevron, ExxonMobil, ConocoPhillips and Occidental. Global Witness notes its total is likely conservative, excluding diversified investors and donors with common names it could not verify. The report argues such contributions create access and influence for fossil fuel interests, and highlights concerns about policy direction, noting the administration’s rollback of climate commitments and prioritisation of energy production.
4. <https://www.reuters.com/sustainability/climate-energy/ubs-joins-exodus-climate-banking-alliance-2025-08-07/> - Reuters reports that Swiss bank UBS announced its departure from the Net‑Zero Banking Alliance (NZBA) on 7 August 2025, joining a wider exodus that included Barclays and HSBC. The piece explains NZBA was established in 2021 to align banks’ lending with net‑zero goals but has lost several major members amid political pressure and legal scrutiny in the United States. UBS said its decision followed annual reviews and that it remains committed to its own climate strategies. Reuters notes the departures have prompted the alliance to reconsider its mandate and to revise membership criteria to retain participants globally and rebuild credibility.
5. <https://www.gfanzero.com/about/> - The GFANZ 'About' page explains the Glasgow Financial Alliance for Net Zero was launched in April 2021 to mobilise capital for the net‑zero transition. Co‑chaired by Mark Carney and Michael Bloomberg, GFANZ brought together banks, asset managers, insurers and other financial firms to provide guidance, tools and coordination so institutions could set credible transition plans aligned with the Paris Agreement. The site details GFANZ’s mission, sectors and publications, and lists its members and regional networks. It describes workstreams on transition planning, portfolio alignment metrics and mobilising finance for emerging markets, while underscoring the initiative’s voluntary, private‑sector nature and external partnerships.
6. <https://www.blackrock.com/corporate/newsroom/announcement/blackrock-withdraws-from-nzam> - BlackRock’s newsroom published a letter announcing the firm’s formal withdrawal from the Net Zero Asset Managers (NZAM) initiative. The statement says membership had caused confusion about BlackRock’s practices and had led to legal inquiries by public officials, prompting a routine review and the decision to withdraw. BlackRock emphasised the move did not change how it manages client portfolios or its ongoing sustainable investment strategies, asserting its continued commitment to helping clients meet investment goals. The announcement highlighted regulatory and geopolitical differences across jurisdictions and framed the withdrawal as a step to avoid misinterpretation of BlackRock’s fiduciary duties and public scrutiny.
7. <https://www.washingtonpost.com/national/2025/07/31/wildfires-utah-arizona-grand-canyon-fire-clouds/5afc6068-6e5c-11f0-aab6-8141d7095676_story.html> - The Washington Post explains that several wildfires in the western United States in July 2025 grew so intense they generated towering pyrocumulus and pyrocumulonimbus 'fire clouds', creating their own weather systems. Reporters describe how the Dragon Bravo and other blazes produced repeated convective columns, producing erratic winds, downdrafts and lightning that complicated containment and threatened firefighters’ safety. Scientists and incident officers warned these fire‑driven storms can intensify spread and create dangerous conditions. The article situates this behaviour within wider trends of prolonged drought, high temperatures and an extended fire season linked to climate change, stressing operational and public‑safety challenges and urgency.