

The Vienna Initiative focuses on ensuring financial stability in Central, Eastern, and Southeastern Europe by facilitating discussions among banking representatives, regulators, and institutions. Its relevance has grown during events like the COVID-19 pandemic and the war in Ukraine, addressing critical issues such as green transition, regulatory practices, and data gaps in the banking sector. A working group was established in 2021 to develop a report on greening the financial sector, emphasizing the need for banks to identify transition paths and stranded assets.

New sustainability reporting standards are set to aid smaller companies starting next year, with increased obligations for smaller banks in three years under corporate sustainability directives. While there are challenges related to data management, progress has been noted, with rapid developments in climate stress tests and enhanced scrutiny from stakeholders regarding banks' climate risk evaluations.

Multilateral development banks are prioritizing green initiatives, yet confusion persists between local and EU regulations. The energy sector is key to the green transition, aiming for a 55% reduction in emissions by 2030 and climate neutrality by 2050. While renewable energy is replacing traditional sources in Central Eastern Europe, challenges like price volatility and the need for substantial investment in energy efficiency and infrastructure remain. The aging building stock further necessitates increased investment to improve energy efficiency.