ESG Industry Report Card Published On Financial Market Infrastructure Companies

LONDON, Dec. 3, 2020 /PRNewswire/ -- The world's financial market infrastructure companies face risks but also opportunities to credit quality from the increasing focus of stakeholders on environmental, social, and governance factors, S&P Global Ratings said today.

"We expect social and environmental risks and opportunities will most likely emerge in the medium to long term, if at all, though what each company does in the next few years will shape them," said S&P Global Ratings credit analyst William Edwards in the report published today, "ESG Industry Report Card: Financial Market Infrastructure Companies."

The report also comments on the ESG risks and opportunities for all rated FMIs, from Asigna Compensacion y Liquidacion of Mexico to Visa Inc.

FMIs have a unique opportunity to use their product expertise, large pools of liquidity, and their role as standard-setters to help issuers, markets, and economies adapt to the carbon transition and climate change. Some might gain large new streams of revenue.

FMIs occupy a privileged and often highly profitable position at the heart of capital markets and payments infrastructure. Failure to manage key stakeholder relationships could spur further regulatory intervention that erodes FMIs' market position, profitability, or both.

Strong governance and robust ERM support our high ratings on FMIs, but their record is not perfect. As in the past, material failures in these areas could precipitate immediate negative rating actions.

"We expect governance to continue to be the ESG factor that influences credit quality most often," Mr. Edwards said.

This report does not constitute a rating action.

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