



جامعة عجمان  
AJMAN UNIVERSITY

# **Factors Affecting Financial Institutions' Strategies to Meet the UAE's Net-Zero and Climate Resilience Objectives**

**Submitted by:**

Aliya Mohamad

Ikram Abdu Endris

Meera Taha Abdulkarim

**Project Supervisor: Dr. Adnan Aziz**

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## Abstract

The United Arab Emirates (UAE) has set ambitious targets to achieve a net-zero and climate-resilient future by 2050, with the financial sector, including both conventional and Islamic finance, playing a pivotal role in this transition. This research critically examines the key factors influencing the sector's strategies to support these national goals, with a particular focus on the integration of technology and investment in driving sustainable practices across various domains, such as clean tech financing and green investments. Utilizing a robust data analysis framework through SPSS and grounded in primary data collected over a defined period, the study investigates the effectiveness of incentives for sustainable practices, the implementation of climate risk management strategies, and the role of capacity-building initiatives for financial professionals. The findings of this research identify significant opportunities and challenges faced by the UAE's financial sector in advancing sustainable finance. One of the central recommendations is the establishment of a Sustainable Finance Innovation Hub (SFIH) to serve as a catalyst for green investments, foster innovation in sustainable finance, and attract international expertise. This hub would be instrumental in advancing the UAE's ambitious climate goals, providing a strategic platform for the financial sector to contribute effectively to the nation's sustainable future.

**Keywords:** *Green transition, Net-Zero, Financial sector, Climate Resilience, Sustainability*

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## **Introduction of the Study**

### **1.0 Introduction**

The United Arab Emirates (UAE) has set ambitious goals to surpass net-zero emissions by 2050 and strengthen its climate resilience, as the global drive towards sustainability gathers momentum. The UAE is dedicated to combating climate change and promoting sustainable development, as evidenced by these aims. As a major source of capital mobilization, innovation, and economic sustainability, the financial sector plays a critical role in this transition.

In this context, the financial sector's contribution to sustainability extends beyond financing environmentally friendly initiatives. It encompasses innovative approaches to financing, comprehensive climate risk assessments, and the creation of investment opportunities aligned with environmental and social objectives. The proposed UAE's Sustainable Finance Innovation Hub (SFIH), for instance, serves as a pivotal platform for advancing these efforts, bringing together key stakeholders to drive sustainable finance initiatives. By strategically leveraging such platforms, the UAE can enhance its resilience to environmental challenges, reduce climate risks, and facilitate a smooth transition to a sustainable economy.

The research study explores how the UAE's finance industry can assist the nation in accomplishing its goals of climate resilience and net-zero emissions. It presents an in-depth analysis of sustainable finance in the United Arab Emirates, involving key strategies and measures that financial institutions might implement. The research delves into the effectiveness of numerous financial instruments, including sustainability-linked conventional and Islamic debt financing, green bonds / Sukuk, project finance, equity investments etc. and analyses the integration of climate risk assessment into financial operations.

The research uses a quantitative methodology to gather data from key financial sector stakeholders in the United Arab Emirates through questionnaires. The results will provide policymakers and financial institutions with concrete recommendations on how to enhance the sector's contributions to the UAE's sustainability goals. Through practical insights into employing the financial sector for the UAE's path towards a net-zero and climate-resilient future, this research aims to fill in gaps in the existing literature and apply strategic recommendations.

### **1.1 Research Problem**

Despite the significant potential of the financial sector to drive the UAE's net-zero and climate resilience objectives, there is a noticeable lack of focused research on the specific strategies and actions that financial institutions in the UAE can adopt. Existing literature often addresses the broader concept of sustainable finance without delving into region-specific challenges and opportunities. This gap in research leaves a critical void in understanding how localized financial mechanisms and innovations can be harnessed to meet the UAE's unique environmental goals. For instance, Ziolo et al. (2021) and Park, S. K. (2023) explore sustainable finance in global contexts but do not provide detailed analysis specific to the UAE. This study aims to address the gap by providing a detailed examination of the UAE's financial sector's role in supporting the country's sustainability goals, thereby offering targeted insights and practical recommendations.

### **1.2 Research Objective**

The aim of this paper is:

- To understand the factors that influence the strategies of financial institutions in achieving UAE's Net-zero and climate resilience goals.

### 1.3 Research Question

To achieve the objectives of this research, the study seeks to present an overview and analysis of the following research question:

- What are the factors that influence the strategies of financial institutions in achieving UAE’s Net-zero and climate resilience goals?

### 1.4 Conceptual Framework

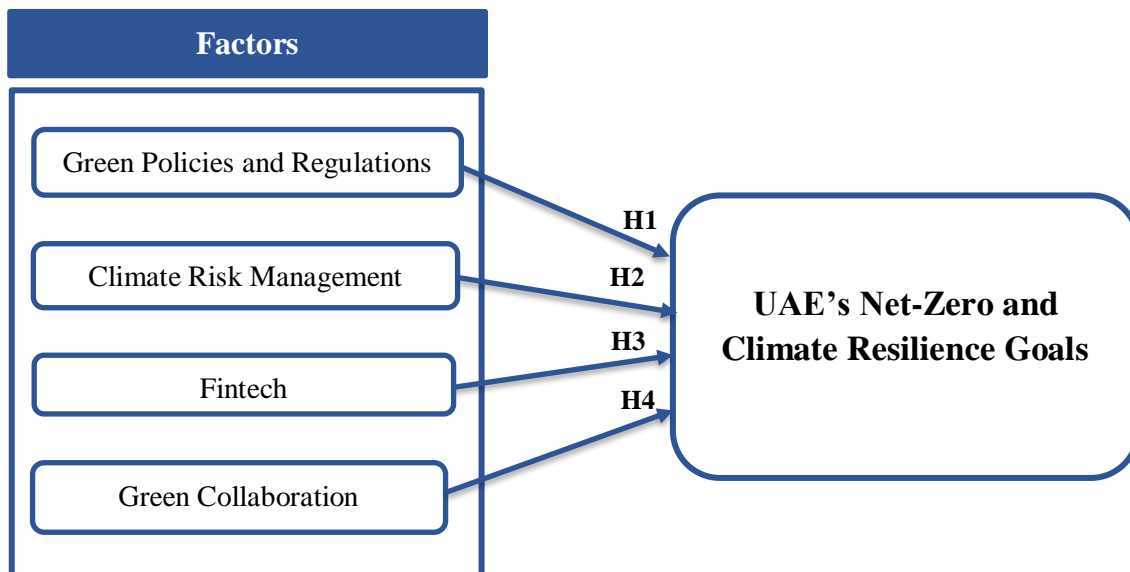


Figure 1: Conceptual framework

### 1.5 Research Hypothesis

**H1:** Green policies and regulations positively influence the strategies of financial institutions in achieving UAE’s Net-zero and climate resilience goals

**H0:** Green policies and regulations negatively influence the strategies of financial institutions in achieving UAE’s Net-zero and climate resilience goals

**H2:** Climate risk management positively influences the strategies of financial institutions in achieving UAE’s Net-zero and climate resilience goals

**H0:** Climate risk management negatively influences the strategies of financial institutions in achieving UAE’s Net-zero and climate resilience goals



**H3:** Fintech positively influences the strategies of financial institutions in achieving UAE's Net-zero and climate resilience goals

**H0:** Fintech negatively influences the strategies of financial institutions in achieving UAE's Net-zero and climate resilience goals

**H4:** Green collaborations positively influence the strategies of financial institutions in achieving UAE's Net-zero and climate resilience goals

**H0:** Green collaborations negatively influence the strategies of financial institutions in achieving UAE's Net-zero and climate resilience goals

## 1.6 Independent Variable

**Green Policies and Regulations** in this research indicate the policies and laws set by the government to enforce sustainable business practices.

**Climate Risk Management** in this research indicates the tools used to evaluate and manage climate hazards and their circumstances over time.

**Fintech** in this research indicates the use of technology in the financial sector.

**Green Collaboration** in this research indicates the sharing of resources among stakeholders, including the government, businesses, communities, and NGOs to foster sustainable development.

## 1.7 Dependent Variable

**UAE's Net-Zero and Climate Resilience Goals** in this research indicate the strategic initiative and long-term goals set by the UAE government to reduce greenhouse gas (GHG) emissions and limit the rise in global temperature

## **Literature Review**

### **2.0 Introduction**

The financial sector in the United Arab Emirates (UAE) plays a pivotal role in advancing the country's ambitious goals of achieving net-zero greenhouse gas emissions and enhancing climate resilience. This literature review examines the conceptual framework further focusing on the independent variables; Green Policies and Regulations, Climate Risk Management, Fintech, and Green Collaboration, and how they influence the dependent variable; UAE's Net-Zero and Climate Resilience Goals.

### **2.1 Sustainability in Financial Institutions**

Financial institutions are becoming more conscious of sustainability as a means of coordinating their activities with social and environmental objectives. They understand that sustainable practices may reduce risks and improve long-term profitability, as well as mounting regulatory demands and stakeholder expectations, are the main forces behind this change (Dikau, S., & Volz, U., 2021). Financial institutions are encouraging ethical lending / financing and investing practices by including environmental, social, and governance (ESG) factors in their decision-making procedures. In addition to promoting global sustainability goals, this integration aids in risk management for institutions related to social injustice and climate change, preserving their adaptability in a world that is changing quickly (Wang et al., 2022).

### **2.2 Net-Zero and Climate Resilience Goals in the UAE**

As an oil-producing country, the United Arab Emirates (UAE) has mostly relied on fossil fuels, particularly oil and natural gas, to meet its energy demands. And with its rapid urbanization

and industrial development, energy demands have spiralled, instigating a strategic move toward sustainable practices (Bojarajan et al., 2024). With regard to sustainability and preservation of the environment, the UAE's commitment to net zero and climate resilience marks a major shift. Establishing itself as a frontrunner in the worldwide battle against climate change, the country intends to reduce greenhouse gas emissions to net zero by the middle of the century with programs like the UAE Net-Zero by 2050 Strategic Initiative. This goal includes increased climate resilience in agriculture, infrastructure, and water resources, in addition to transitioning to renewable energy sources. To accomplish these ambitious objectives, the UAE's strategy maintains a strong emphasis on innovation, investments in green technology, and partnerships with international collaborators (Lintang, F.A. et al., 2024).

## **2.3 Factors Influencing UAE's Net-Zero and Climate Resilience Goals**

### **2.3.1 Green Policies and Regulations**

Central to guiding financial sector activities towards sustainability are the UAE's regulatory and policy frameworks. The UAE Net-Zero by 2050 Strategic Initiative sets the ambitious target of achieving net-zero emissions by mid-century, necessitating robust support from financial institutions (UAE Government, 2021). Compliance with regulations from the Central Bank of the UAE and the Emirates Securities and Commodities Authority, including mandatory environmental, social, and governance (ESG) reporting, ensures transparency and accountability in financial operations (Central Bank of the UAE, 2022). These regulations provide a foundation for financial institutions to align their strategies with national sustainability objectives.

Implementing comprehensive ESG reporting standards enhances transparency and accountability in financial activities. Robust metrics for assessing environmental and social

impacts guide institutions in aligning their investments with sustainability goals (Sustainability Accounting Standards Board, 2020; Global Impact Investing Network, 2019).

Government-provided incentives and subsidies are instrumental in promoting green investments. Tax incentives for renewable energy projects and subsidies for green initiatives make sustainable practices financially viable, accelerating their adoption (International Renewable Energy Agency, 2018).

### **2.3.2 Climate Risk Management**

Integrating climate risk assessment into financial institutions' risk management processes is pivotal. Financial entities must evaluate how climate change impacts their portfolios, considering both physical risks (e.g., extreme weather events) and transition risks (e.g., policy changes affecting carbon emissions) (Task Force on Climate-related Financial Disclosures, 2017). The development of climate-related insurance products supports economic resilience by aiding recovery from climate-induced damages (Swiss Re, 2019).

### **2.3.3 Fintech**

Technological advancements, particularly in financial technology (fintech), enhance the efficiency and impact of sustainable finance. Fintech platforms facilitate peer-to-peer lending / financing for green projects and blockchain technology provides secure tracking of environmental impacts, improving accountability in green investments (World Economic Forum, 2018; Accenture, 2020). These innovations are essential for modernizing the financial sector and supporting sustainability objectives.

### **2.3.4 Green Collaborations**

Public-private partnerships play a crucial role in mobilizing resources for large-scale infrastructure projects aimed at reducing carbon emissions. Collaboration between financial institutions and government bodies co-funds initiatives like renewable energy projects and

sustainable urban development, leveraging public sector support and private sector innovation (OECD, 2016; International Finance Corporation, 2021).

Engaging diverse stakeholders, including businesses, communities, and NGOs, is crucial for successful sustainable finance initiatives. Collaboration ensures that sustainability strategies address diverse societal needs and foster inclusive economic growth (Stakeholder Forum, 2020; Rockefeller Foundation, 2021).

By examining these factors, this literature review underscores the pivotal role of the financial sector in supporting the UAE's transition to a sustainable and resilient economy, aligned with global climate objectives.

## **Research Methodology**

### **3.0 Introduction**

Achieving Net-Zero and climate resilience in the UAE is a critical goal, with financial institutions playing a key role in driving sustainable development. However, aligning financial strategies with these objectives presents challenges and opportunities that need careful consideration. This paper examines the factors influencing these strategies, such as regulatory pressures and investment risks, to understand how institutions can better support the UAE's climate goals. The research methodology includes a review of relevant financial data and insights from industry stakeholders, helping to identify key factors that shape these strategies.

### **3.1 Respondent Selection Mechanism**

The respondents for this study were meticulously selected based on their active involvement in sustainable finance initiatives within the United Arab Emirates. This cohort includes representatives from academic institutions such as Ajman University, professional services firms like PwC, financial institutions including Ajman Bank, and business networks such as the Ajman Chamber of Commerce, as well as students specializing in sustainability or finance. These participants were chosen to provide diverse perspectives, ensuring a comprehensive understanding of the challenges and opportunities in advancing the UAE's sustainability goals.

### **3.2 Likert Scaling Method**

The survey questions employ a Likert scale, which spans from strongly agree to strongly disagree, to gauge participants' opinions and actions about financial sustainability.

## Discussions and Findings

### 4.0 The Empirical analysis of the study

This study's empirical research focuses on exploring the data gathered to comprehend the financial factors impacting financial institutions' strategies for achieving the UAE's goals for climate resilience and Net-Zero. A thorough examination of the quantitative and qualitative data is provided in this part, with an emphasis on significant relationships, trends, and patterns. The research intends to give insights into how financial forces, including market opportunities, regulatory constraints, and investment risks, are changing institutional strategies through interpretative analysis and statistical testing. The study objectives will be examined in light of the empirical findings, which provide evidence-based conclusions that enhance comprehension of the possibilities and problems encountered by financial institutions in the context of the UAE's sustainability goals.

### 4.1 Discussions

The SPSS program was used to perform several analyses, including assessing responses based on demographic data, specifically focusing on age and gender.

*Table 4.1:* Demographics Table 1

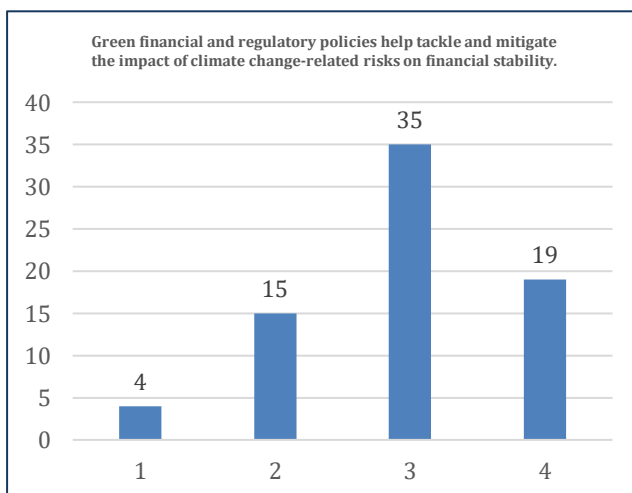
Gender				
	Frequency	Percent	Valid Percent	Cumulative Percent
<b>Female</b>	57	71.3	71.3	71.3
<b>Male</b>	23	28.7	28.7	100.0
<b>Total</b>	80	100.0	100.0	

**Table 4.1.1:** illustrates that the majority of respondents were female, with 57 females comprising 71.3% of the sample, while the remaining 23 respondents, or 23%, were male.

**Table 4.1.2:** Demographics Table 2

Age				
	Frequency	Percent	Valid Percent	Cumulative Percent
<b>Below 25</b>	48	60.0	60.0	60.0
<b>26-30</b>	17	21.3	21.3	81.3
<b>31-35</b>	9	11.3	11.3	92.5
<b>36-40</b>	3	3.8	3.8	96.3
<b>Above 40</b>	3	3.8	3.8	100.0
<b>Total</b>	80	100.0	100.0	

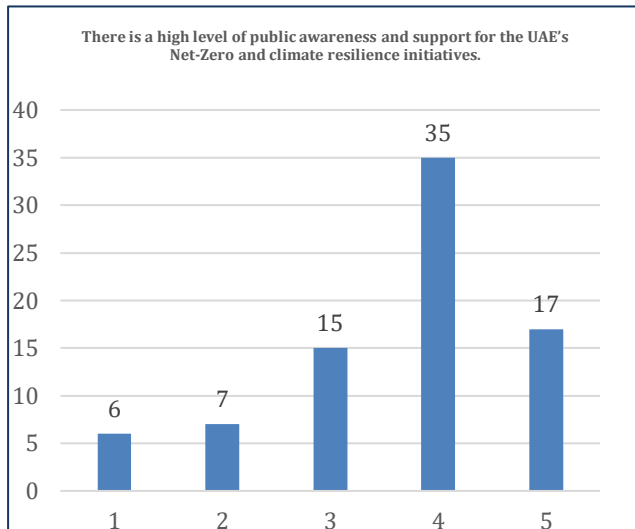
**Table 4.1.2:** The majority of respondents were below the age of 25, totalling 48 participants. There were 17 respondents between 26 to 30, 9 respondents aged 31 to 35, and 3 respondents aged above 40.



**Figure 4.1.3** - The participants responded that they felt Green financial and regulatory policies help tackle and mitigate the impact of climate change-related risks on financial stability.

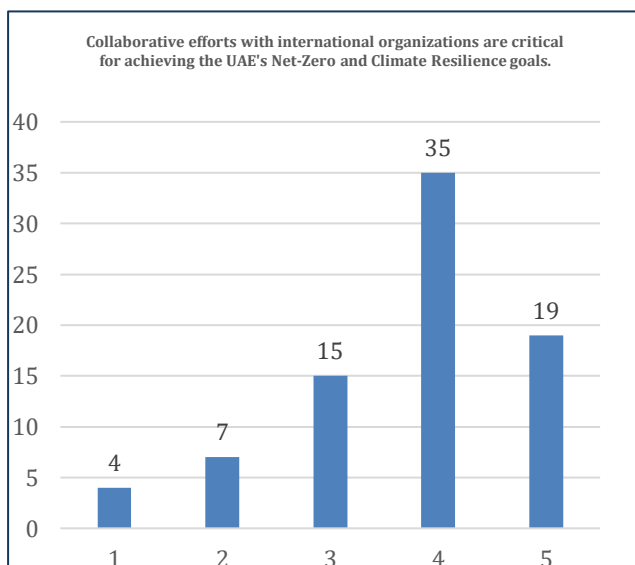
Among the 80 participants, the majority was in agreement with the regulatory policies, suggesting that the sample aligns well with the focus of this research.





**Figure 4.1.4** - Participants were asked whether there is a high level of public awareness and support for the UAE's Net-Zero and climate resilience initiatives.

Among the 80 participants, most agreed that they were aware of the initiatives and supported them, indicating a significant level of public engagement within the UAE.



**Figure 4.1.5** - Participants were asked about the significance of collaborating with international organizations to achieve the UAE's Net-Zero and climate resilience goals.

Among the 80 participants, the majority agreed that such collaborative efforts are essential, underscoring their belief in the critical role of international partnerships in advancing the UAE's climate objectives.

## 4.2 Findings

### 4.2.1 Descriptive Statistics

*Table 4.2.1:* Descriptive Statistics Table

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>Green Policies and Regulations</b>	80	1.00	5.00	<b>3.7219</b>	.91920
<b>Climate Risk Management</b>	80	1.00	5.00	3.6542	.93599
<b>Fintech</b>	80	1.00	5.00	3.6500	.91454
<b>Green Collaboration</b>	80	1.00	5.00	3.6844	<b>.93942</b>
<b>UAE’s Net-Zero and Climate Resilience Goals</b>	80	1.00	5.00	3.6500	<b>.94534</b>
<b>Valid N (listwise)</b>	80				

Descriptive statistics provides an indication of the data distribution and classifies outliers by showing the maximum, minimum, mean and standard deviation.

**Table 4.2.1** displays the descriptive statistics for both the dependent and independent variables. All the variables show approximately a mean of 4, indicating that most of the respondents have agreed with the survey statements. The standard variations marginally differ for each variable. For the variable “Green Policies and Regulations”, the standard variation shows a value of approximately (0.92). “Climate Risk Management” shows (0.93), “Fintech” shows (0.91), Green Collaboration shows approximately (0.94) and the dependent variable “UAE’s Net-Zero and Climate Resilience Goals” shows approximately (0.94). The highest standard deviation is for the variables “Green Collaboration” and “UAE’s Net-Zero and Climate Resilience Goals” and the lowest is for “Fintech”.

#### 4.2.2 Reliability Test

*Table 4.2.2: Reliability Table*

<b>Cronbach's Alpha</b>	<b>Value</b>	<b>No. of items</b>
<b>Green Policies and Regulations</b>	<b>.904</b>	4
<b>Climate Risk Management</b>	.854	3
<b>Fintech</b>	.806	4
<b>Green Collaboration</b>	.915	4
<b>UAE's Net-Zero and Climate Resilience Goals</b>	.921	5

Reliability Test (Cronbach's Alpha) is a measure of internal consistency, indicating how closely related a set of items is within a scale.

For Green Policies and Regulations, the Cronbach's Alpha value is 0.904, reflecting excellent reliability and suggesting high internal consistency among the four items in this scale. Climate Risk Management scored 0.854, showing very good reliability, with strong consistency across its three items. The Fintech scale has a reliability score of 0.806, also good, indicating consistent measurement across its four items. UAE's Net-Zero and Climate Resilience Goals received a Cronbach's Alpha of 0.921, demonstrating excellent reliability across its five items. Lastly, Green Collaboration has a Cronbach's Alpha of 0.915, indicating excellent internal consistency among its four items.

Overall, these results suggest that the scales used for measuring these constructs are reliable, with all Cronbach's Alpha values above 0.8, indicating strong internal consistency.

### 4.2.3 Correlation Analysis

*Table 4.2.3: Correlation Table*

	<b>Green Policies and Regulations</b>	<b>Climate Risk Management</b>	<b>Fintech</b>	<b>Green Collaboration</b>	<b>UAE's Net-Zero and Climate Resilience Goals</b>
<b>Green Policies and Regulations</b>	1	.933**	.891**	<b>.963**</b>	.780**
<b>Climate Risk Management</b>	.933**	1	.924**	.886**	.769**
<b>Fintech</b>	.891**	.924**	1	.873**	.822**
<b>Green Collaboration</b>	.963**	.886**	.873**	1	.853**
<b>UAE's Net-Zero and Climate Resilience Goals</b>	.780**	.769**	.822**	.853**	1

The Pearson correlation coefficients reveal the strength and direction of the linear relationships between the variables. All correlations are positive and significant at the 0.01 level.

As shown in Table 4.2.3, Green Policies and Regulations (GPR) show the strongest correlation with Green Collaboration (GC) at 0.963, indicating a very strong positive relationship, while the correlation with UAE's Net-Zero and Climate Resilience Goals (UG) is the weakest at 0.780, though still strong. Climate Risk Management (CRM) has the highest correlation with Fintech (FT) at 0.924, showing a very strong relationship, and the lowest with UG at 0.769. Fintech (FT) is strongly correlated with CRM (0.924), and least with UG (0.822). UG's

highest correlation is with FT (0.822) and the lowest with CRM (0.769). Lastly, GC is most strongly correlated with GPR (0.963) and least with UG (0.853).

#### 4.2.4 Regression Analysis

*Table 4.2.4: Regression Analysis Table*

	<b>t-statistic</b>	<b>p-value</b>	<b>B-beta</b>	<b>r-square</b>
<b>H1: Green Policies and Regulations</b>	-4.678	<.001	-1.266	.818
<b>H2: Climate Risk Management</b>	.999	<b>.321</b>	.175	.818
<b>H3: Fintech</b>	3.322	.001	.455	.818
<b>H4: Green Collaboration</b>	6.854	<.001	1.304	.818

Regression analysis shows the relationship between two or more variables. It identifies the variables with clear significance by analyzing the relationship between the independent and dependent variables. The r-square statistic shows the extent to which the hypothesis fits the data. It assesses the degree to which the regression line accurately represents the data under analysis.

As illustrated in **Table 4.2.4**, the r-square value is 0.818 and most variables show p-values that are less than 0.05. Therefore hypotheses 1, 3 and 4 can be accepted; but hypothesis 2 showing p-value of 0.321, should be rejected.

## 4.2.5 Testing the Hypothesis

**Table 4.2.5:** Testing Hypothesis Table

<b>Hypothesis</b>	<b>Variables</b>	<b>t-statistics</b>	<b>p-value</b>	<b>Hypothesis Accepted/Rejected</b>
<b>H1</b>	Green Policies and Regulations →  <i>UAE's Net-Zero and Climate Resilience Goals</i>	-4.678	<.001	Accepted
<b>H2</b>	Climate Risk Management →  <i>UAE's Net-Zero and Climate Resilience Goals</i>	.999	.321	Rejected
<b>H3</b>	Fintech →  <i>UAE's Net-Zero and Climate Resilience Goals</i>	3.322	.001	Accepted
<b>H4</b>	Green Collaboration →  <i>UAE's Net-Zero and Climate Resilience Goals</i>	6.854	<.001	Accepted

Testing the hypothesis shows whether the research hypothesis is accepted or rejected grounded on the survey data.

**Table 4.2.5** shows the significant value (p-value), and the hypothesis is accepted if it is less than 0 and rejected if it is more than 0.05. As demonstrated in the table, H1, H3, and H4 are accepted while H2 is rejected.

The hypothesis that was rejected implies that “Climate Risk Management” is viewed to have a slight impact on “UAE’s Net-Zero and Climate Resilience Goals”.

## Conclusion

### 5.0 Summary

This project investigates the financial factors impacting institutions' strategies to achieve the UAE's Net-Zero and climate resilience goals. Through a quantitative survey of financial stakeholders, the study evaluated the influence of Green Policies and Regulations (GPR), Climate Risk Management (CRM), Fintech (FT), and Green Collaboration (GC).

The results show that Green Policies and Regulations, Fintech and Green Collaboration have a significant impact on financial strategies. In contrast, Climate Risk Management is perceived to have a relatively minor effect on achieving the UAE's climate objectives. For example, GPR and GC are strongly correlated, suggesting that effective regulation and collaboration are critical.

Based on the findings of this research, which align with earlier discussions highlighting the positive effects of green policies, the need for enhanced collaboration, and the importance of innovative financial strategies, there is a clear necessity for a coordinated approach to achieving the UAE's net-zero and climate resilience goals. The research emphasizes that the successful attainment of these objectives requires a collective effort, integrating key elements such as green funding, climate risk management, and collaborative initiatives among financial institutions, development bodies, and government agencies. To address these challenges, the study recommends the creation of a dedicated Sustainable Finance Innovation Hub (SFIH). This hub would be instrumental in developing innovative financing solutions, conducting comprehensive climate risk assessments, and fostering active collaboration across sectors. By doing so, the SFIH would create an enabling environment for the financial sector to effectively contribute to sustainable investments and advance the UAE's ambitious climate targets.

## 5.1 Conclusion

The research underscores the importance of Green Policies and Regulations, Climate Risk Management, Fintech, and Green Collaboration in shaping financial strategies for the UAE's Net-Zero and climate resilience objectives. Although these factors are influential, Climate Risk Management was perceived to have a lesser effect on the UAE's climate goals, suggesting that while regulations and collaboration are crucial, there are challenges in leveraging risk management to drive substantial progress.

In response to these insights, the study recommends the establishment of a Sustainable Finance Innovation Hub (SFIH). This recommendation is rooted in the feedback from respondents, who highlighted the need for innovative financing solutions and more robust climate risk integration. The SFIH would serve as a strategic platform to address these gaps by focusing on developing new financial tools, enhancing the incorporation of climate risk assessments into financial decision-making, and fostering deeper collaboration among financial institutions, development bodies, and government agencies. By directly aligning with the needs and perceptions of key stakeholders, the SFIH would enable the UAE's financial sector to more effectively contribute to the nation's climate and sustainability goals.

In conclusion, the findings of this research, supported by the responses of survey participants, emphasize the necessity for financial institutions to adopt comprehensive strategies that incorporate regulatory compliance, robust risk management, and collaborative efforts. The proposed SFIH emerges as a strategic response to the challenges highlighted by respondents, offering a structured approach to promoting sustainable finance practices. Ultimately, the SFIH would play a pivotal role in advancing the UAE's ambitious climate objectives, ensuring both environmental sustainability and long-term financial resilience.



## 5.2 Recommendation

To effectively support the UAE's net-zero and climate resilience goals, we recommend establishing a Sustainable Finance Innovation Hub (SFIH). Based on the feedback from survey respondents, this hub would address the critical need for innovative financing solutions, climate risk integration, and enhanced collaboration across sectors. The SFIH will focus on developing Bankable Nature Solutions (BNS) for projects valued at USD 10 billion, specifically targeting innovative mitigation and adaptation strategies that leverage public and philanthropic capital. By ensuring these projects are bankable, the SFIH will enable the financial sector to contribute sustainably and profitably to the nation's climate challenges.

The SFIH will work closely with financial institutions, development bodies, and the government to create innovative financing mechanisms, including green bonds and climate-resilient solutions for adaptation projects. By offering loans, grants, and investments, the SFIH will fund infrastructure upgrades, water management, and coastal protection, and other adaptation investments.

In addition, the SFIH will integrate climate risk assessments into financial operations, equipping institutions with the tools and expertise needed to make informed decisions and enhance their climate resilience. This will align with the UAE's adaptation goals by supporting the development of specialized insurance products, such as climate risk and parametric insurance, which are vital for managing climate-related risks and facilitating recovery efforts.

Driving innovation in adaptation financing, the SFIH will also develop specialized financial products tailored to the UAE's unique needs, including climate-resilient bonds and sustainability-linked loans. These instruments will not only facilitate funding for adaptation projects but also encourage private sector engagement, accelerating the UAE's climate adaptation efforts.

Moreover, the SFIH will play a pivotal role in knowledge sharing, capacity building, and fostering collaboration within the financial sector and among other key stakeholders. By partnering with government entities, research institutions, and international organizations, the hub will enhance the understanding of climate risks, develop comprehensive adaptation frameworks, and build the capacity needed to support effective adaptation initiatives. Through workshops, training programs, and research activities, the SFIH will cultivate a skilled workforce capable of driving climate resilience and adaptation in the UAE.

By establishing the SFIH as a national initiative, funded by a consortium of financial institutions and supported by experts from various fields, the UAE can effectively pursue its net-zero and climate resilience goals. This initiative will create a pipeline of commercially viable projects, enabling the financial sector to act as capital providers and ensuring both environmental impact and financial returns.

## **5.3 Limitations and Scope**

### **5.3.3 Limitations**

During the project, several limitations posed challenges. The reliance on available data restricted the depth and accuracy of our analysis, particularly due to limited secondary data specific to sustainable finance strategies in the UAE. This scarcity made it challenging to conduct a comprehensive literature review and positioned our research uniquely for future exploration. Additionally, the quantitative surveys, conducted under time constraints, may not have captured all the complexities of the financial sector's role. Furthermore, some respondents provided hasty answers, potentially compromising the reliability of survey data.

### **5.3.2 Scope for Further Study**

Future research can address these limitations by employing more rigorous data collection methods and expanding the scope of inquiry. Longitudinal studies tracking the evolution of sustainable finance strategies over time would offer deeper insights into their effectiveness and adaptability. Qualitative research methods, such as in-depth interviews and focus groups, should be utilized to gain nuanced perspectives from stakeholders. Moreover, exploring the impact of emerging technologies like blockchain and artificial intelligence on sustainable finance practices can uncover new opportunities and mitigate challenges faced by the financial sector in the UAE.

By addressing these limitations and expanding the scope of future research, we can enhance the reliability and depth of understanding regarding the financial sector's role in achieving the UAE's net-zero and climate resilience goals. This approach will contribute to more informed decision-making and effective implementation of sustainable finance initiatives.

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## Appendix

### Survey Questionnaire:

Dear Participants,

You are invited to participate in our survey. This survey is part of a research project to investigate financial professionals' point of view on important elements influencing strategies of financial institutions in achieving UAE's Net-Zero and Climate Resilience goals.

It will take approximately [] minutes to complete the survey

Your participation in this study is completely voluntary. It is very important for us to learn your opinions. Your information will be coded and will remain confidential. Your survey responses will be strictly confidential and data from this research will be reported only in the aggregate.

Thank you very much for your time and support. Please start with the survey now by clicking on the Start button below.

### Demographic Questions

#### 1. Gender

- Female
- Male

#### 2. Age

- Below 25
- 26-30
- 31-35
- 36-40
- Above 40

### Section 1: Green Policies and Regulations

	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Green financial and regulatory policies help incentivize investments in low-carbon sectors					
2	Green industrial policies help facilitate the transition to a low-carbon economy					
3	Green financial and regulatory policies help tackle and mitigate the impact of climate change-related risks on financial stability					
4	Setting credit guidance policies based on institutions carbon emissions footprint					

	help tackle climate change-related financial risks (CRFRs)					
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## Section 2: Climate Risk Management

	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Using AI and advanced technologies to gain insights into climate risks will aid financial institutions in meeting green regulatory requirements and promoting sustainability and climate resilience					
2	Climate risk management can be an effective tool to guide financial institutions in setting up their green growth strategies.					
3	Obtaining insights about climate hazards affecting the financial institutions enhances decision-making and strategic planning on green growth					

## Section 3: Fintech

	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Financial technologies (Fintech) reduce costs, promote efficiency, and support sustainable development					
2	Financial technologies (Fintech) support industrial restructuring toward reducing reliance on polluting energy sources					
3	Financial technologies (Fintech) increase operational efficiency using data monitoring tools					
4	Financial technologies (Fintech) accelerate decision-making and risk management					

## Section 4: UAE's Net-Zero and Climate Resilience Goals

	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree

1	The UAE has effectively adapted its infrastructure and policies to address climate change					
2	There is a high level of public awareness and support for the UAE's Net-Zero and climate resilience initiatives.					
3	The national strategies implemented in the UAE are effectively driving the country toward its environmental objectives.					
4	The UAE is successfully collaborating with international partners to advance its climate and sustainability goals.					
5	The UAE is well-prepared to meet future climate challenges through its environmental initiatives.					

### Section 5: Green Collaboration

	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Public awareness and education on the benefits of sustainable development are essential for driving demand for green financial products.					
2	Partnerships between financial institutions and governments to build large-scale projects directed to support sustainable development and foster inclusive economic growth					
3	Stakeholders' engagement ensures that financial strategies include comprehensive needs leading toward sustainable development					
4	Collaborative efforts with international organizations are critical for achieving the UAE's Net-Zero and Climate Resilience goals.					