The Box: a tool for bank influence Methodology

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- The Box is a tool for investors to use their counterparty selection process to influence bank behaviour.
- It is derived from traditional market usage, where dealers can be sanctioned by investors for poor behaviour, by being removed from the possible counterparty list for ongoing transactions.
- By monitoring syndication fees, specifically from aligned and non-aligned activities, investors can direct business to the best performers and so incentivise a change in behaviour within banks.
- The Box is a flexible tool that can be used to influence any population of banks, with rankings tailored to any preference to drive incentives towards more aligned behaviour.



GLOBAL LARGE BANKS LEAGUE TABLES | GLOBAL LARGE BANKS TRENDS

Download report for Jun 2026

Banks: All | Total Fees (USDmn): 773.54 – 3,059.43 | Quarter: Jun 2026

Summary

Syndication fees have risen quarter-on-quarter, however fossil is up +252% and green +62%.

This leads to the net figure turning negative, with USD-19 million net fees in the past year for large banks.

Credit Agricole, Societe Generale, and BNP Paribas remain at the top, but all worsening their net fees compared to the last report.

Wells Fargo also worsen its net fees at the bottom.

Rank	Bank	Net green/fossil	3m change	1y change	2y change	Total fees USDmn	Chg in fossil fees
1	Credit Agricole	11.2%	0 →	0 →	2 ↑	1,072.7	-43%
2	BNP Paribas	8.5%	1 ↑	1 ↑	-1 ↓	1,594.4	-79%
3	Societe Generale	6.3%	-1 ↓	-1 ↓	-1 ↓	774.3	-52%
4	UBS & Credit Suisse	4.4%	4 ↑	4 ↑	0 →	767.4	-43%
5	Deutsche Bank	4.1%	-1 ↓	2 ↑	2 ↑	1,497.7	-11%
6	HSBC	2.8%	-1 ↓	0 →	-1 ↓	1,322.9	-49%
7	SMBC	1.5%	4 ↑	3 ↑	-1 ↓	895.9	-56%
8	MUFG	0.3%	-1 ↓	-4 ↓	7 ↑	956.5	-8%
9	Banco Santander	-0.1%	-3 ↓	-4 ↓	-1 ↓	900.2	-23%
10	Barclays	-1.0%	0 →	4 ↑	1 ↑	1,503.6	-9%
11	JP Morgan	-1.4%	2 ↑	5 ↑	3 ↑	3,051.7	-44%
12	Goldman Sachs	-1.6%	-3 ↓	0 →	1 ↑	1,739.4	16%
13	Morgan Stanley	-2.4%	3 ↑	-2 ↓	-4 ↓	2,078.0	80%
14	BofA Securities	-2.6%	1 ↑	1 ↑	2 ↑	2,425.6	-37%
15	Citi	-2.7%	-1 ↓	-2 ↓	-3 ↓	2,309.6	-19%
16	Mizuho Financial	-3.1%	-4 ↓	-7 ↓	-6 ↓	1,091.0	-26%
17	RBC	-3.2%	0 →	0 →	0 →	941.7	-37%
18	TD Securities	-4.8%	0 →	1 ↑	0 →	758.0	-41%
19	Wells Fargo	-8.6%	0 →	-1 ↓	0 →	1,275.8	-10%

Banks are key in facilitating access to capital markets. When arranging a bond or loan, despite not directly using its balance sheet, the reputation of the bank is essential in representing the borrower to investors, and thus enabling debt to be raised. Historically it has been hard to influence this activity; it is often not covered by bank sustainability policies, which focus on direct lending.

By monitoring syndication fees, specifically from aligned and non-aligned activities, investors can direct business to the best performers and so incentivise a change in behaviour within banks.

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Counterparty selection as a tool for behaviour change

The banking industry, both as a provider of direct capital and facilitation of access to capital markets, has a unique ability to influence the pace of climate transition. However, its ambition to do so is often challenged,[1] and an important question is how to get better alignment between banks' and climate-focused investors' climate change mitigation strategies.

Key users of financial markets, Asset Owners, Managers and Bond Issuers (AOMBIs), have a choice to make in how they procure financial services in general, and banking services in particular. Services generate fees, and fees are a particularly compelling form of revenue for banks, as it is, in contrast to the banks' lending businesses, not subject to future balance-sheet exposure and risk charges. Thus, any fee-generative business, such as bond issuance, secondary trading, or custody services, has the significant potential to influence banks' behaviour.

Consequently, if sustainability factors are incorporated into AOMBIs' counterparty selection, such that certain behaviours are rewarded with more business or sanctioned through removal of business, then it can have important effects to drive climate strategy alignment.[2]

This article proposes 'The Box' as a methodology to systematically use counterparty arguments to drive such bank alignment.[3]

Expand an existing tool to sustainability

The process of ceasing doing business with a certain bank is generally called ‘putting the bank in the freezer / box’ and is a commonplace market practice, explicitly or implicitly, outside the remit of ESG/climate alignment.

It is simply a process of putting a relationship into cryostasis, i.e. ceasing to do business with a view to letting the relationship thaw out once certain objectives have been achieved. It is a potentially powerful, yet low-cost, tool for bank counterparties to manage bank relationships and incentives.

This tool is often used to police bank behaviour; for example if an investor felt that a bank was engaging in unfair methods, such as favouritism or discriminatory pricing in the secondary markets, "boxing" the bank on other business would serve to provide the penalty for such behaviour.

The effect of ‘boxing’ a bank can be significant, especially if action comes from a large counterparty. It is not only a matter of the direct revenue effects, but has a reputational dimension too: if sovereign wealth fund X says that they are not doing business with bank Y, then bond issuer Z will be less inclined to issue their bond through Y. At the prospect of such feedback effects, banks as business organisations are likely to seek to change. Losing an important buy-side client with associated reputational loss (even if temporarily) will probably prove more consequential than any gain from running the odd bond mandate.

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[1] For example "FCA warns banks over 'greenwashing' in sustainable loans", FT, 29 Jun 2023 and "Are banks greenwashing with their 'green finance' claims?", ShareAction, 22 Nov 2023.

[2] "US bank BNY Mellon cuts ties with Adani's Carmichael coalmine", Guardian, 5 Nov 2021, is a template case where counterparty arguments were used to disincentivise a bank from committing to non-climate aligned lending activities.

[3] Also see "Buy-side traders start to cool on ESG-deficient dealers", Risk.Net, 11 Jan 2022.

Banks and sustainability

In 2023 PCAF launched its methodology on a carbon emissions standard for capital market emissions.[4] According to the standard, banks will need to account for a third of the emissions linked to their capital market deals when reporting their carbon footprint. For banks applying the standard this means that facilitated emissions, i.e. those generated by underwriting-related activities such as bond issuance, will now be partially accounted for. Banks already need to account for 100% of the emissions from any on-balance-sheet financing.

AFII's 'The Box' takes the latest bonds and loans data into account to rank banks on their deal fee generation towards fossil versus green lending. Being able to take the latest data into account makes the feedback mechanism both faster and clearer, while also netting green efforts as a way of promoting more climate-aligned behaviour.

Historically, it has been hard for investors to hold banks to account for the impact of their lending business.[5] Indeed, researchers have found that, using Euro-area data, banks that portray "*their activities as more sustainable extend more credit to borrowers in brown industries and borrowers with higher emissions in general.*"

It is even harder to understand the impact of debt-arranging business, where no direct balance sheet is used, however the bank's reputation is essential to facilitate capital market access.

Using a tool such as 'The Box' would serve to link businesses within banks. The head of trading, now facing losing business due to the client choices of a DCM team, would have increased empowerment to drive overall sustainability decisions at the bank.

The Box implementation

We propose the following implementation procedure for 'The Box':

1. Generate a league table of banks' syndication activities, using preference for aligned activities.
2. Communicate to the bottom tiers that they are 'at risk' from fee-generating activity exclusion, either bilaterally or publicly. A bilateral discussion is likely to be better at driving direct alignment with the individual counterparty with less stigma attached to it, whereas a public announcement is likely to drive incentives among all counterparties. The pre-exclusion discussion is also important to verify the underlying data for the process, noting that fee data can have certain imprecisions.
3. Execute and communicate a de-selection for the poorest performing bank(s) in terms of business flows. For example:
    - Asset owners/managers: De-list the institutions from the eligible counterparty list for new trades for a certain set of products such as cash bonds, credit derivatives, IR swaps and futures, FX transactions. On primary market transactions, communicate such preferences to the syndicate.

[4] "Banks get carbon emissions standard they sought for stock, bond deals", Reuters, 1 Dec 2023.
[5] "'Glossy Green' Banks in the Spotlight", Nordsip, 10 May 2023.

- Bond issuers: De-list the institution from syndicating bond deals or executing other financing transactions over the boxed period.

4. After a pre-set period, say 3-6 months, repeat the process starting at step 1. An advantage of this process is that the feedback, positive or negative, can be relatively quick and within single compensation cycles, thus driving short-term behaviour more efficiently than an annual cycle.

Best execution

The Markets in Financial Instruments Directive 2014 (MiFID 2) provides specific requirements around best execution: "*A firm must take all sufficient steps to obtain, when executing orders, the best possible results for its clients taking into account the execution factors*".[6]

The act of removing any counterparty would seem to strictly increase transaction costs, by reducing the number of available counterparties. However, we believe selective use of this tool is not necessarily inconsistent with MiFID 2 requirements.

- As a first step, engagement around league table performance will support improved behaviour, with no direct impact on execution.
- De-selecting counterparties 'on-a-tie' will not impact execution, but will affect bank profitability, and so should impact behaviour.
- The majority of execution is typically focused on a small number of counterparties, so excluding banks outside this 'tier-1' list is unlikely to affect transaction costs. This can be monitored and adjusted if necessary.

The idea of 'The Box' is derived from traditional market usage where dealers are sanctioned by investors in order to ensure longer term alignment. Short-term transaction costs may go up but longer term transaction costs go down through a better functioning market place. It should also be noted that investors with a larger number of counterparties will see a proportionally smaller potential transaction cost impact.

Methodology

In order to create our league tables, we must define a data-set. The methodology used is described below.

Syndication fees

Syndication fees are USD payments which the bank receives for arranging and organising the issuance. Typically, a number of banks would be involved in a deal, however the fees paid are not flat, with 'lead' arrangers receiving more.

We consider the fee to be an indication both of how much work the bank provided to arrange the bond or loan, and of how important it was for the issuer to have that bank involved. Banks do not work for free, and issuers do not pay fees that they do not have to.

[6] "COBS 11.2A Best execution, MiFID provisions", FCA, accessed 7 Dec 2023.

There is good competition in the market for bond and loan syndication, and so we expect fee levels to reflect bank appetite for certain business, i.e. for a controversial issuer who may have fewer banks offering to represent it, we would expect fees to be higher.

We also look at syndication fees on a relative basis, i.e. what portion of total bank syndication revenues are represented by selected desirable or undesirable activities. This is essential to adjust for the total size of different banks, and so make league table comparisons.

Data collection

Data is collected at the deal level, and then aggregated to provide rankings.

We restrict the population only to vanilla deals, to get a good overview of the market. The following are excluded: variable interest redemptions, bonds without warrants or that are credit linked, convertibles, retained deals, and schuldscheins. Self-led deals must have a transaction amount above USD50 million. Deal call, put and maturity length must be more than 540 days. Only deals with an effective date within the specified time window are included.

Eligible securities, both bonds and loans, are identified in Bloomberg Finance L.P., alongside the fees paid to participating banks. Where fee information is not available, they are estimated using Bloomberg Finance L.P.'s Bond Fee Model that leverages as-reported values where available to predict non-reported fees based on issuer and security-level information.[7]

Current fees are collected over a one-year rolling window. We collect data for the past three years, to calculate two years' of rolling fees, in order to understand changes in behaviour. This means that for tables which are effective 31 May 2026 (as the tables in this document are), the initial ranking uses an observation period of 1 June 2025 to 31 May 2026, and earlier periods are used accordingly.

This granular dataset can also be used to identify individual transactions that may be misaligned with a bank's sustainability policy, and so present an engagement priority.

Ranking

The dataset above gives us, for each institution and period, fees generated from the undesirable behaviour we are seeking to discourage, fees generated from desirable behaviour we are seeking to encourage, and total fees which are used to consider relative performance.

The metric used for ranking is a percentage, as per below calculation:

$$Net\ aligned\ fee\ share\ for\ bank_i = \frac{\sum_{r=1}^{m} Aligned\ fees_r - \sum_{r=1}^{n} Non\text{-}aligned\ fees_r}{\sum_{r=1}^{p} Total\ fees_r}$$

where *m, n, p* are the total number of relevant deals for bank *i* in the specified rolling window.

When both positive and negative behaviour is included, the net fees for consideration can be positive or negative, and a further analysis can consider this as an important delineator in overall performance.

Clearly, the net fee number will be dependent on market conditions, e.g. there may be larger needs for issuances in certain sectors versus others, which makes it useful to look at net fee shares on a relative basis

[7] For more information see the Wallet Share Fact Sheet in the LEAG help section in Bloomberg Finance L.P.

within certain groups of banks, rather than an outright number.[8] We create this relative comparison simply by ranking peer groups of banks. The ranking is monitored over time, with changes in ranking being identified and analysed. This gives a real-time estimate of how the bank is behaving in the market in terms of their focus in facilitating deals that are undesirable.

The green/fossil league tables

We apply this methodology to create the green/fossil rankings.

We first isolate fees from fossil deals, but also look to give credit for green activity, which can shift the balance of business a bank does, by looking at net fees, and prefer to keep the two sectors separate for transparency.[9] These league tables have been produced and monitored regularly since Sep 2021. We define a fossil bond issue or deal as any issue with a BICS2 level classification of "Coal Operations", "Exploration & Production", "Integrated Oils", "Oil & Gas Services & Equipment", "Pipeline" or "Refining & Marketing".[10] We define a green deal as green bond or loan issuance, as defined by the green instrument indicator data field in Bloomberg Finance L.P.

The net fees are calculated as below for each bank, and then ranked within peer groups.

$$Net\ green/fossil\ fee\ share\ for\ bank_i = \frac{\sum_{r=1}^{m} Green\ fees_r - \sum_{r=1}^{n} Fossil\ fees_r}{\sum_{r=1}^{p} Total\ fees_r}$$

Each ranking reports (where data is available): the current rank; the change over 3 months, 1 year and 2 years; total fees from eligible deals in the period; the net green/fossil figure (total green fees less total fossil fees divided by total fees); and the change in fossil fees against the average of the prior one and two years.

Please contact the team to discuss bespoke tables.

[8] For example, renewable energy structurally has larger funding needs in a build-out compared to oil and gas companies that may be almost self-financing through cash flows in already established activities.

[9] We note JPMorgan has announced that from a sustainable financing point of view they will begin to combine oil and gas financing with green financing, and consider the energy mix target of that portfolio, as reported in "JPMorgan Has a New Way to Gauge Its Green Progress", Bloomberg, 15 Nov 2023. We prefer to separate the two sectors for more transparency.

[10] Industry classifications from Bloomberg Finance L.P.

Version log

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