

A Financial Services Perspective

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Finance June 2019

BOV
Bank of Valletta

Investment needs a Market to reach its objectives

- Energy Efficiency Investment is effectively empowered by consumers
- Investment is required to produce, research market, compete with traditional methods..... it expects a return on investment to become a success
- Investment needs a market – that market is finally sustained and maintained by consumers whose decisions will eventually create a return to the investment made.

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*where as a bank we relate
with our customers, who
act both as*

- *suppliers or producers*
- and
- *actual consumers*

*to make the investment in
energy efficiency or
renewable energy less
risky.*

Types of Risk associated with **Energy Renewal/ Efficiency** and Mitigation measures thereto

Risk

- Performance Risks
- Construction Risks
- Design Risks
- Equipment Risks
- Operational and Maintenance Risks
- Weather Risks & Changes in hours of use
- Energy Price Risks
- The Consumer Market
 - i. Consumer Purchase Anxiety/Risk Perception
 - ii. Conflicts between Perception and Expectations
 - iii. Substantial Capital Outlay
 - iv. Financing Costs to the unknown

Mitigators

- Bank Performance Guarantees / Third Party Insurance.
- Bank Performance Bonds / supporting Contractors financial position.
- Bank subjecting finance to International Standards and Third Party reviews.
- Bank Financial Support for longer Product Warranties.
- Bank Financing supporting Clear Maintenance Protocols / & the like.
- Bank financing supporting research and administration of installations etc.,
- Hedging in the market.
- Collaboration with Retailers & Resources Authority – providing finance repayable from cost savings.
- Income generation at fixed price intervals

Lowest Cost Consumer Finance with Free Life Cover up to €25,000 Loan Balance
Interest Free Loans to Consumers
Home Loans are life covered as well
Collaboration with retailers & suppliers

Who decides ?

In Home or Household
Energy efficiency it is
the Consumer.....

*.....who needs to make the decision
in respect of purchasing energy
efficient goods or assets that mainly
include :*

- construction material,
- Building Renovation
- household appliances,
- apertures,
- insulation,
- heating and cooling,
- most important motor vehicles

Energy Efficiency Investment

***Energy Efficiency
Investment
requires instant
cost savings in the
form of profit for
that Investment to
make a return***

- At Business Level - Investment takes the form of
 - Financing the importation, installation of solar water heaters, heat pumps, PVs, drainage filtration systems, recycling initiatives etc
 - Energy generating installations both for domestic and industrial use
 - Water reservoirs that permit lower artificial water production
 - Energy saving lighting, and equipment, appliances

Energy Efficiency Investment

Energy Efficiency Investment requires consumer acceptance for that Investment to make a return either

- ***for Cost Savings or***
- ***for Income***
- ***sometimes both***

- At Consumer Level - Investment takes the form of
 - solar water heaters,
 - heat pumps
 - PVs – energy generating installations,
 - Water reservoirs that permit lower artificial water production and spatial greenery in residential areas.....
 - energy saving lightning and equipment/appliances
 - Eco Motor Transport
 - of the least cost in terms of investment we may assume being the conversion to auto gas of petrol fuelled vehicles.

Who is finally paying and who expects return?

Converting

Expenditure into Savings and Income

possibly leading to **enhancing feasibility of repayments** relative to financial/living commitments

by “**recycling**” the Consumer Loan Repayment **into a Home Investment**, that in economic terms will in future ultimately be considered as an

**Green Home Economic
Factor of Production**

- It's the consumer that **foots the energy bill**.....living and travelling
- Any **savings emanating from energy efficiency** are used to fathom that additional expenditure or bother in purchasing and installing Energy Efficient Equipment.
- In the case of PV Financing & Solar Water Heaters, the repayment is paid off from energy bill savings, and extend **to generate income** that can be utilised to buy further energy efficient equipment

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- Providing finance for energy efficient equipment, the finance of which in many cases is provided with a loan balance life cover for free.
- Lower or no finance costs for energy efficient vehicles and equipment
- Home Loans and ECP issues

Life Cover

- eliminates investment **cost purchase anxiety**,
- provides **a safety net** for those liabilities that
 - can cause a headache and
 - low liquidity
 - deplete household savings

in cases when tragic circumstances occur to household breadwinners

How Green @bankofvalletta ?

PERSONAL LOANS

Finance up to 10 years, the direct purchase of energy efficient equipment, fixtures, additional ancillaries – innovatively environmental personal enhancements (Higher Quality of Life/Better Social Inclusion)

HOME LOANS

Take the form as part thereof of a Green Mortgage – financing a residential buildings includes
PVs, Solar Water Heaters, Insulation, other fixtures, heat pumps, green roofs ...an endless list
EPC issues
For tomorrow's Smart Eco Homes

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