

How banks are responding to the Los Angeles-area wildfires

Article

The news: Multiple wildfires have ravaged the Los Angeles area, destroying thousands of homes, schools, and businesses—forcing around 200,000 locals to evacuate, and killing at least 27 people, per NBC News.

How banks have responded: Aside from multiple banks ensuring employee safety by temporarily closing [branches](#) located in the fire zone, per American Banker, financial

institutions (FIs) with a local presence have focused on providing relief to their impacted customers. Here are some examples of how banks have responded so far:

- **Bank of Montreal** waived maintenance, overdraft, and ATM fees and extended payment deadlines for affected customers.
- **U.S. Bank** activated its ATMs for disaster-related donations.
- **JPMorgan** and **Bank of America** offered mortgage forbearance to affected customers, allowing them to pause or reduce loan payments, per Reuters.
- And several banks have donated to charitable relief efforts or to their foundations to support long-term recovery.

The impact of climate change: These tragedies have a steep cost for banks:

- Bank branches in affected areas may face repair costs and reduced customer activity, leading to a temporary decline in local business operations.
- Banks with exposure to mortgage loans in high-risk areas face increased likelihood of default and loss.

And while relief efforts are essential for customer support, banks will see some changes in profitability as a result:

- Forbearance periods may extend up to a year or beyond, straining profitability from unpaid or delayed loans.
- Donations to foundations and charitable efforts can reach millions of dollars.

What's next: This natural disaster won't be the last one banks and their customers must navigate in the next years, meaning this will be a repeated expense—especially for FIs that operate in disaster-prone areas. To ensure long-term resilience, banks should consider:

- Integrating climate risk analysis into their operations, proactively identifying vulnerable assets and customers.
- Investing in adaptive technologies, such as remote services, to maintain continuity during disasters.

And although many big banks are [retreating from climate groups](#), climate change will continue to impact their bottom line. Investing and collaborating in climate change mitigation may mean investing in the long-term profitability of their business.

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