The nine nuclear-armed states are planning to spend more than USD 1,000,000,000,000 over the next decade to maintain, and modernize their nuclear weapons. While the majority of that money comes from taxpayers in the nuclear-armed countries, the Don’t Bank on the Bomb report shows that the private sector is also investing over USD 314,349,920,000 in the private companies that produce, maintain, and modernize the nuclear arsenals in France, India, the United Kingdom, and the United States. These investments are made by banks, pension funds, and asset managers. What can be done to stop this modernisation? What can the public do?

A wide range of financial institutions operate in our globalised world. These include privately owned companies and state-owned institutions, banks, insurance companies, investment funds, investment banks, pension funds, export credit agencies and many others. As a large majority of companies rely on the financial markets and financial institutions to provide them with operating capital, these financial institutions play a key role in every segment of human activity. In choosing which companies and projects they will finance and invest in, financial institutions play a significant role in our increasingly interconnected world. Choosing to avoid investment in controversial items- from tobacco to nuclear arms, can result in changed global policies- and reduces the chances of humanitarian harm.

Public pressure can change the policies of financial institutions and encourage the development of policies that prohibit any investment in nuclear weapons. Simply alerting financial institution clients of these investments can change the policies, and lead to divestment from nuclear weapon producers. Almost every member of the public has a bank account or is part of a pension plan: Therefore, if their bank or pension fund is investing in nuclear weapon producers, so are they. Divestment campaigns are a way to bring an abstract issue such as nuclear disarmament back to personal decisions on where people put their own money.

Banks have a large customer base which means that campaigners have large numbers of potential campaign supporters. If enough people take action and express concern over their bank of pension fund investing in nuclear weapons, or if enough customers threaten to withdraw their funds and change their bank accounts, this can have a real impact a bank’s decision to divest from nuclear weapons producing companies.

While it is unlikely that divestment by a single financial institution would create sufficient pressure on a company for it to end its involvement in nuclear weapons work, divestment by even a few institutions based on the same ethical objection can have a significant impact on a company’s strategic direction. Exclusions by financial institutions do have a stigmatizing effect and can convince directors to decide to reduce reliance on nuclear weapons contracts and expand into other areas.

Looking at the period starting January 2010, 298 banks, insurance companies, pension funds, and asset managers from 30 countries were found that invest significantly in the nuclear weapon industry. 175 are based in North America, 65 in Europe, 47 in Asia Pacific, 10 in the Middle East, one in Africa, and none in Latin America or the Caribbean.

The ten most heavily invested financial institutions world wide are all based in the United States, with State Street, Capital Group of Companies, and Blackrock topping the ranks. The top ten US financial institutions alone provided more than USD 126 billion to the identified nuclear weapon producers. Top-ranked in Europe are Royal Bank of Scotland (UK), BNP Paribas (France), and Deutsche Bank (Germany) and in Asia Mitsubishi UFJ Financial (Japan), Life Insurance Corporation of India, and Sumitomo Mitsui Banking (Japan).

Divestment is not the only step that needs to be taken on the path to a world without nuclear weapons, but it is an important one. A coordinated global effort for divestment from nuclear weapons producers can help put a halt to modernization programmes, strengthen the international norm against nuclear weapons, and build momentum towards negotiations on a nuclear weapons ban. Some financial institutions, including government funds, have already opted to exclude nuclear weapons companies from their investment portfolios. It is time for others to end their voluntary involvement in the companies that are involved in the production and maintenance of the global weapons of mass destruction arsenal.