

ESG Credit Scoring Models Market Forecasts to 2032 – Global Analysis By Model Type (Qualitative Models, Quantitative Models, Hybrid Models and Machine-Learning-Based Models), Component, Application, End User, and By Geography.

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Abstracts

According to Statistics MRC, the Global ESG Credit Scoring Models Market is accounted for \$17.4 billion in 2025 and is expected to reach \$55.6 billion by 2032 growing at a CAGR of 18.0% during the forecast period. ESG Credit Scoring Models incorporate environmental, social, and governance metrics into traditional credit assessments. These models evaluate a borrower's sustainability practices, ethical governance, and social impact alongside financial indicators. Used by banks, investors, and rating agencies, they promote responsible lending and align portfolios with ESG goals. AI and big data enhance scoring accuracy and regulatory compliance. As ESG mandates grow, these models influence capital allocation, risk management, and corporate behavior, reshaping how creditworthiness is defined in modern finance.

According to a Moody's Investors Service survey, 60% of commercial banks in Europe are now piloting or have implemented ESG risk factors into their corporate lending decisions, influencing credit terms and availability.

Market Dynamics:

Driver:

Increased investor focus on sustainability

The growing emphasis on sustainable investing is driving demand for ESG-integrated

credit scoring models. Investors are increasingly evaluating environmental, social, and governance (ESG) factors alongside financial metrics to assess long-term risk and value. This shift is prompting financial institutions to adopt AI-powered ESG scoring tools that offer transparency and accountability. As ESG compliance becomes central to capital allocation and regulatory frameworks, credit scoring models that incorporate sustainability metrics are gaining traction across asset classes and geographies, reshaping how creditworthiness is evaluated.

Restraint:

Lack of standardized ESG metrics

The absence of universally accepted ESG definitions and scoring frameworks poses a major restraint. Variability in data sources, rating methodologies, and disclosure practices leads to inconsistent ESG scores across providers. This lack of standardization undermines comparability, investor confidence, and regulatory alignment. Financial institutions face challenges in integrating ESG data into credit models due to fragmented taxonomies and subjective interpretations. Until global standards are established, the reliability and scalability of ESG credit scoring models will remain constrained.

Opportunity:

Emergence of AI-based ESG analytics

AI-driven ESG analytics present a transformative opportunity for credit scoring. Machine learning models can process vast, unstructured datasets—such as news, social media, and corporate disclosures—to generate dynamic ESG insights. These tools enhance predictive accuracy, detect emerging risks, and reduce human bias. Natural language processing (NLP) enables real-time sentiment analysis and controversy tracking. As demand for granular, forward-looking ESG data grows, AI-powered platforms will play a critical role in scaling ESG integration across credit risk assessment and investment decision-making.

Threat:

Data manipulation and greenwashing risks

The rise of ESG scoring has led to increased instances of greenwashing, where

companies exaggerate or misrepresent sustainability practices. Inaccurate or manipulated ESG disclosures can distort credit assessments and mislead investors. Without robust verification mechanisms, ESG models are vulnerable to biased inputs and reputational risks. Regulatory scrutiny is intensifying, and scoring providers must implement rigorous data validation, audit trails, and transparency protocols. Failure to address these risks could erode trust in ESG credit scoring systems and hinder adoption.

Covid-19 Impact:

The COVID-19 pandemic accelerated the integration of ESG factors into credit risk frameworks. The crisis exposed vulnerabilities in supply chains, labor practices, and corporate governance, prompting investors to reassess non-financial risks. ESG scoring models gained prominence as tools for evaluating resilience and long-term viability. Post-pandemic, there is heightened demand for real-time ESG monitoring and scenario analysis. Financial institutions are embedding ESG metrics into stress testing and portfolio management, reinforcing the strategic importance of ESG in credit evaluation.

The machine-learning-based models segment is expected to be the largest during the forecast period

The machine-learning-based models segment is expected to account for the largest market share during the forecast period, due to their ability to analyze complex, high-volume ESG datasets. These models continuously learn from new inputs, improving scoring accuracy and adaptability. They can identify patterns in environmental impact, governance practices, and social behavior that traditional models may overlook. Financial institutions prefer machine learning for its scalability, speed, and predictive power. As ESG data sources diversify, machine-learning models will remain central to next-generation credit scoring systems.

The scoring algorithms segment is expected to have the highest CAGR during the forecast period

Over the forecast period, the scoring algorithms segment is predicted to witness the highest growth rate, driven by demand for customizable, transparent ESG evaluation tools. These algorithms assign weighted scores to ESG indicators, enabling tailored credit assessments aligned with investor priorities and regulatory requirements. Advancements in algorithmic design allow for real-time updates, sector-specific modeling, and integration with financial risk metrics. As stakeholders seek clarity and

comparability in ESG ratings, scoring algorithms will gain traction for their flexibility and auditability in credit decision-making.

Region with largest share:

During the forecast period, the Asia Pacific region is expected to hold the largest market share, supported by rapid financial digitization, regulatory momentum, and growing ESG awareness. Countries like China, Japan, and Singapore are implementing ESG disclosure mandates and sustainable finance frameworks. Regional banks and asset managers are adopting ESG scoring tools to align with global standards and attract responsible capital. The region's expanding middle class and environmental challenges further drive demand for ESG-integrated credit models, positioning Asia Pacific as a dominant market.

Region with highest CAGR:

Over the forecast period, the North America region is anticipated to exhibit the highest CAGR due to its mature financial ecosystem, regulatory evolution, and leadership in AI innovation. U.S. and Canadian institutions are integrating ESG scoring into credit underwriting, investment screening, and portfolio risk management. The SEC's focus on ESG disclosures and investor demand for sustainable assets are accelerating adoption. Fintech startups and data providers are developing advanced ESG analytics platforms, supported by venture capital and institutional partnerships. This innovation ecosystem fuels rapid market growth.

Key players in the market

Some of the key players in ESG Credit Scoring Models Market include MSCI, Moody's, Fitch Ratings, S&P Global, EcoVadis, CDP, ISS (Institutional Shareholder Services), LSEG (London Stock Exchange Group/Refinitiv), FTSE Russell, Morningstar Sustainalytics, RepRisk, Bloomberg ESG Data, Arabesque S-Ray, Vigeo Eiris, Inrate, RobecoSAM, Truvalue Labs and Oekom Research.

Key Developments:

In August 2025, MSCI introduced the new ESG Impact+ Credit Score, designed to integrate forward-looking physical climate risk and just transition metrics directly into corporate credit ratings, providing a more dynamic assessment of a borrower's resilience.

In July 2025, S&P Global launched the S&P Global ESG Credit Indicator 2.0, an enhanced model that incorporates real-time supply chain sustainability data and biodiversity impact scores, offering a more granular view of environmental, social, and governance factors for industrial and municipal borrowers.

In June 2025, Moody's ESG Solutions announced the launch of its 'ESG360' Platform, a centralized system for continuous monitoring of ESG credit risks, leveraging AI to track controversies and positive ESG momentum across sovereign, corporate, and financial institution portfolios.

Model Types Covered:

Qualitative Models

Quantitative Models

Hybrid Models

Machine-Learning-Based Models

Components Covered:

Data Aggregation Systems

Scoring Algorithms

Reporting Dashboards

APIs & Integration Tools

Applications Covered:

Credit Risk Assessment

Sustainable Investment Evaluation

Corporate Lending Analysis

Portfolio Management

End Users Covered:

Banks & Financial Institutions

Credit Rating Agencies

Investment Firms

Regulatory Authorities

Regions Covered:

North America

US

Canada

Mexico

Europe

Germany

UK

Italy

France

Spain

Rest of Europe

Asia Pacific

Japan

China

India

Australia

New Zealand

South Korea

Rest of Asia Pacific

South America

Argentina

Brazil

Chile

Rest of South America

Middle East & Africa

Saudi Arabia

UAE

Qatar

South Africa

Rest of Middle East & Africa

What our report offers:

- Market share assessments for the regional and country-level segments
- Strategic recommendations for the new entrants
- Covers Market data for the years 2024, 2025, 2026, 2028, and 2032
- Market Trends (Drivers, Constraints, Opportunities, Threats, Challenges, Investment Opportunities, and recommendations)
- Strategic recommendations in key business segments based on the market estimations
- Competitive landscaping mapping the key common trends
- Company profiling with detailed strategies, financials, and recent developments
- Supply chain trends mapping the latest technological advancements

Free Customization Offerings:

All the customers of this report will be entitled to receive one of the following free customization options:

Company Profiling

Comprehensive profiling of additional market players (up to 3)

SWOT Analysis of key players (up to 3)

Regional Segmentation

Market estimations, Forecasts and CAGR of any prominent country as per the client's interest (Note: Depends on feasibility check)

Competitive Benchmarking

Benchmarking of key players based on product portfolio, geographical presence, and strategic alliances

Contents

1 EXECUTIVE SUMMARY

2 PREFACE

- 2.1 Abstract
- 2.2 Stake Holders
- 2.3 Research Scope
- 2.4 Research Methodology
 - 2.4.1 Data Mining
 - 2.4.2 Data Analysis
 - 2.4.3 Data Validation
 - 2.4.4 Research Approach
- 2.5 Research Sources
 - 2.5.1 Primary Research Sources
 - 2.5.2 Secondary Research Sources
 - 2.5.3 Assumptions

3 MARKET TREND ANALYSIS

- 3.1 Introduction
- 3.2 Drivers
- 3.3 Restraints
- 3.4 Opportunities
- 3.5 Threats
- 3.6 Application Analysis
- 3.7 End User Analysis
- 3.8 Emerging Markets
- 3.9 Impact of Covid-19

4 PORTERS FIVE FORCE ANALYSIS

- 4.1 Bargaining power of suppliers
- 4.2 Bargaining power of buyers
- 4.3 Threat of substitutes
- 4.4 Threat of new entrants
- 4.5 Competitive rivalry

5 GLOBAL ESG CREDIT SCORING MODELS MARKET, BY MODEL TYPE

- 5.1 Introduction
- 5.2 Qualitative Models
- 5.3 Quantitative Models
- 5.4 Hybrid Models
- 5.5 Machine-Learning-Based Models

6 GLOBAL ESG CREDIT SCORING MODELS MARKET, BY COMPONENT

- 6.1 Introduction
- 6.2 Data Aggregation Systems
- 6.3 Scoring Algorithms
- 6.4 Reporting Dashboards
- 6.5 APIs & Integration Tools

7 GLOBAL ESG CREDIT SCORING MODELS MARKET, BY APPLICATION

- 7.1 Introduction
- 7.2 Credit Risk Assessment
- 7.3 Sustainable Investment Evaluation
- 7.4 Corporate Lending Analysis
- 7.5 Portfolio Management

8 GLOBAL ESG CREDIT SCORING MODELS MARKET, BY END USER

- 8.1 Introduction
- 8.2 Banks & Financial Institutions
- 8.3 Credit Rating Agencies
- 8.4 Investment Firms
- 8.5 Regulatory Authorities

9 GLOBAL ESG CREDIT SCORING MODELS MARKET, BY GEOGRAPHY

- 9.1 Introduction
- 9.2 North America
 - 9.2.1 US
 - 9.2.2 Canada
 - 9.2.3 Mexico

9.3 Europe

9.3.1 Germany

9.3.2 UK

9.3.3 Italy

9.3.4 France

9.3.5 Spain

9.3.6 Rest of Europe

9.4 Asia Pacific

9.4.1 Japan

9.4.2 China

9.4.3 India

9.4.4 Australia

9.4.5 New Zealand

9.4.6 South Korea

9.4.7 Rest of Asia Pacific

9.5 South America

9.5.1 Argentina

9.5.2 Brazil

9.5.3 Chile

9.5.4 Rest of South America

9.6 Middle East & Africa

9.6.1 Saudi Arabia

9.6.2 UAE

9.6.3 Qatar

9.6.4 South Africa

9.6.5 Rest of Middle East & Africa

10 KEY DEVELOPMENTS

10.1 Agreements, Partnerships, Collaborations and Joint Ventures

10.2 Acquisitions & Mergers

10.3 New Product Launch

10.4 Expansions

10.5 Other Key Strategies

11 COMPANY PROFILING

11.1 MSCI

11.2 Moody's

- 11.3 Fitch Ratings
- 11.4 S&P Global
- 11.5 EcoVadis
- 11.6 CDP
- 11.7 ISS (Institutional Shareholder Services)
- 11.8 LSEG (London Stock Exchange Group/Refinitiv)
- 11.9 FTSE Russell
- 11.10 Morningstar Sustainalytics
- 11.11 RepRisk
- 11.12 Bloomberg ESG Data
- 11.13 Arabesque S-Ray
- 11.14 Vigeo Eiris
- 11.15 Inrate
- 11.16 RobecoSAM
- 11.17 Truvalue Labs
- 11.18 Oekom Research

List Of Tables

LIST OF TABLES

Table 1 Global ESG Credit Scoring Models Market Outlook, By Region (2024-2032) (\$MN)

Table 2 Global ESG Credit Scoring Models Market Outlook, By Model Type (2024-2032) (\$MN)

Table 3 Global ESG Credit Scoring Models Market Outlook, By Qualitative Models (2024-2032) (\$MN)

Table 4 Global ESG Credit Scoring Models Market Outlook, By Quantitative Models (2024-2032) (\$MN)

Table 5 Global ESG Credit Scoring Models Market Outlook, By Hybrid Models (2024-2032) (\$MN)

Table 6 Global ESG Credit Scoring Models Market Outlook, By Machine-Learning-Based Models (2024-2032) (\$MN)

Table 7 Global ESG Credit Scoring Models Market Outlook, By Component (2024-2032) (\$MN)

Table 8 Global ESG Credit Scoring Models Market Outlook, By Data Aggregation Systems (2024-2032) (\$MN)

Table 9 Global ESG Credit Scoring Models Market Outlook, By Scoring Algorithms (2024-2032) (\$MN)

Table 10 Global ESG Credit Scoring Models Market Outlook, By Reporting Dashboards (2024-2032) (\$MN)

Table 11 Global ESG Credit Scoring Models Market Outlook, By APIs & Integration Tools (2024-2032) (\$MN)

Table 12 Global ESG Credit Scoring Models Market Outlook, By Application (2024-2032) (\$MN)

Table 13 Global ESG Credit Scoring Models Market Outlook, By Credit Risk Assessment (2024-2032) (\$MN)

Table 14 Global ESG Credit Scoring Models Market Outlook, By Sustainable Investment Evaluation (2024-2032) (\$MN)

Table 15 Global ESG Credit Scoring Models Market Outlook, By Corporate Lending Analysis (2024-2032) (\$MN)

Table 16 Global ESG Credit Scoring Models Market Outlook, By Portfolio Management (2024-2032) (\$MN)

Table 17 Global ESG Credit Scoring Models Market Outlook, By End User (2024-2032) (\$MN)

Table 18 Global ESG Credit Scoring Models Market Outlook, By Banks & Financial

Institutions (2024-2032) (\$MN)

Table 19 Global ESG Credit Scoring Models Market Outlook, By Credit Rating Agencies (2024-2032) (\$MN)

Table 20 Global ESG Credit Scoring Models Market Outlook, By Investment Firms (2024-2032) (\$MN)

Table 21 Global ESG Credit Scoring Models Market Outlook, By Regulatory Authorities (2024-2032) (\$MN)

Note: Tables for North America, Europe, APAC, South America, and Middle East & Africa Regions are also represented in the same manner as above.

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