

Pressemitteilung

CFS survey: “Green Finance” – Financial sector to play a role in the attainment of climate goals / Sustainability is a relevant factor in investment decisions / Government intervention not desired

FRANKFURT, 10 May 2019. In light of the growing debate over climate change and its consequences, sustainability considerations are also taking on greater importance in the financial sector. Under the headings “Sustainable Finance” or “Green Finance”, numerous initiatives have been launched to address the financial sector's contribution to attaining climate goals. A recent survey by the Center for Financial Studies showed that the majority of the German financial industry (64%) believes that the financial sector could play a supporting role in achieving climate goals. Indeed, 17% of respondents would even attribute a major role to the financial sector. By contrast, 18% of those surveyed do not regard the financial sector as relevant to the climate goals.

“I see great opportunities for the Financial Centre Frankfurt to profit from the growing trend towards sustainable financial products as well as from trading in emission rights,” Professor Volker Brühl, Managing Director of the Center for Financial Studies, interprets the survey results.

Demand for sustainable investment products (e.g. green bonds) is on the rise. The majority of the financial industry (70%) believes that sustainability will be an important factor in how investors decide to allocate capital in the future. By contrast, 26% of respondents believe that sustainability considerations will not influence investment decisions.

On the issue of how much government influence should be exerted, the German financial industry is fairly unanimous (70%) that no government incentives such as tax relief should be offered for green bonds, nor should regulatory advantages such as lower capital requirements be granted to banks that do little or no business with companies harming the environment.

“Banking regulation should not be overloaded with climate policy goals. Firstly, the financial sector is already subject to a dense network of regulations. Secondly, looser capital requirements for environmentally friendly financing could lead to false incentives that jeopardize financial stability,” Professor Brühl adds.

Regarding the question of whether a company's environmental impacts should be factored into banks' corporate lending decisions (e.g. through ratings), opinions in the financial industry are rather divided. While 52% of respondents support this approach, 45% are opposed to it.

Hubertus Väth, Managing Director of Frankfurt Main Finance e.V., emphasizes: “The results clearly show that the time is ripe and sustainable products are in demand. In addition, they show that further government incentives are not necessary. This is an encouraging sign that today, sustainable products are already competitive.”

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The results are based on a quarterly management survey in the German financial sector.

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