

Sustainable Finance in The European Banking Sector: Special Reference to Green Bonds

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Abstract

Sustainable finance plays a significant part in transforming the global financial system. The devastating implications of climate change have highlighted the demand for a more sustainable economy, with major investments required to facilitate a green, low-carbon transition. As the public sector alone cannot meet such financial requirements, the public authorities have looked for solutions to address the management of climate and environment-related financial risks through green finance. Green bonds are becoming an important part of sustainable development due to their capacity to finance environmentally friendly projects. Previous studies have analysed the role of financial institutions in the sustainable finance. However, most of them have been limited by the lack of available data. Our research compares five European banks in terms of green bond issuance and describes the most significant projects financed through green bonds. Our findings show the green sectors with a higher growth and the marked rise in green bond issuance, especially in 2021 in the energy efficiency sector. Our work underline the enormous efforts and implications of the financial institutions in the development of sustainable financial products, especially in green bonds. Our research helps market participants to make informed decisions and policy makers to promote green finance.

Keywords: Climate Change, Environmental impact, Green Bond; Green Sectors, Sustainable finance