

EINLADUNG

Kolloquium
Sommersemester 2022

Prof. Dr. Tobias Tröger

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hält am Dienstag, den **19.04.2022**, um 16:15 Uhr, im Hörsaal 1 des Biologicums, einen Vortrag über

„The Role of Disclosure in Green Finance“



We study the design features of disclosure regulations that seek to trigger the green transition of the global economy and ask whether such regulatory interventions are likely to bring about sufficient market discipline to achieve socially optimal climate targets. We combine a granular institutional analysis with theoretical and empirical insights from economics and finance. Finance theory and empirical evidence suggest that investors may prefer “green” over “dirty” assets for both financial and non-financial reasons and may thus demand higher returns from environmentally-harmful investment opportunities. Investor-led market discipline based on such a cost-of-capital effects can indeed benefit from mandatory transparency requirements and their rigid (public) enforcement, because these requirements prevent an underproduction of the standardized high-quality information that investors need in order to allocate capital according to their preferences.

We categorize the transparency obligations stipulated in green finance regulation as either compelling the standardized disclosure of raw data, or providing quality labels that signal desirable green characteristics of investment products based on a uniform methodology. Both categories of transparency requirements can be imposed at activity, issuer, and portfolio level. The normative arguments for stipulating different categories of transparency obligations on different levels depend on the sophistication of investors and their capacity to process and evaluate information, with “green” labels being particularly attractive not only for retail investors.

We also identify many forces that may prevent markets from achieving socially optimal equilibria, corporate governance problems and other agency conflicts in intermediated investment chains among them. Therefore, disclosure-centered green finance legislation is a second best to more direct forms of regulatory intervention like global carbon taxation and emissions trading schemes. However, inherently transnational market-based green finance concepts can play a supporting role in the sustainable transition, which is particularly important as long as first-best solutions remain politically unavailable.

Einladender: Prof. Dr. Henner Hollert