

Banking on Climate Change

How Finance Actors and Transnational Regulatory
Regimes Are Responding

Megan Bowman

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By

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It is now known that our climate change trajectory is far beyond initial predictions of a worst case scenario. The imperative to move to a low-carbon global economy calls for the most significant market and economic transition in modern history. This will require massive financial input so it is essential to understand the ever-increasing role of private finance actors – banks, insurers, and institutional investors – in helping to meet this global challenge.

Banking on Climate Change provides a comprehensive and cross-jurisdictional analysis of legislative and policy responses to climate change and the financial crisis in key market economies; activities of multilateral development banks and specialized climate funds; the influences of corporate law and corporate governance norms on directors' decisionmaking; risk/return theory for a range of private finance actors; how business case logic and corporate social responsibility influence financial behaviors; and Chinese 'state capital' for global green investment.

Moreover, at the heart of this book is an in-depth qualitative study in the field of corporate climate finance. Personal interviews in the United States, Europe and Australia with senior bank personnel and other corporate parties as well as nongovernment organizations reveal rich data that open a window on bank decision-making and provide lessons for other private finance actors, legal practitioners and policy-makers.

"In dealing with climate change, it is important to understand the impact and roles of banks and other private finance actors. In this ground-breaking study, Megan Bowman has written an empirically based analysis of the issues from a global perspective, recognizing the interplay with financial regulation. This is a timely

work on an important issue, and is highly recommended."

– The Hon. Mr. Justice William Blair, *High Court of Justice of England and Wales*

"Human mediated climate change is the central defining dilemma of this century, and our preparedness as a society to respond, adapt, and slow the phenomenon is accordingly one of our great challenges. Financial market actors (working within and across borders) will play a critical role in this process. And yet, there has been little serious academic and policy work analyzing the efficacy and preparedness of such actors to take on the task. Megan Bowman's contribution fills this void in an accessible, creative, and politically pertinent way. It is an indispensable must-read for anyone wishing to go beyond 'celebrating the problem' of global climate change, and into positing a workable set of solutions."

– Prof. Eric Talley, *Columbia University, New York*

"Banking on Climate Change is an essential source of penetrating analysis for those in the policy community who want to get beyond just talking about the vital role of the financial sector in the solution to the climate problem."

– Adjunct Prof. Howard Bamsey AM, *Australian National University and former Director-General of the Global Green Growth Institute (Seoul)*.

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