

Wealth 2050 – part four

The exponential growth of green finance

In the fourth part of our Wealth 2050 series, we look at the critical part that green finance will play in the effort to fight the ever-spiralling climate emergency.

Green finance is a loan or investment that's used to support environmentally friendly activity, or help businesses achieve sustainable change.

It will play an integral part in raising the £1.4 trillion needed to reach net zero by 2050¹.

Green finance can be used to fund:

- wind farms
- solar power projects
- green constructions
- energy retrofits
- clean transportation
- and waste management.

Green finance has become a fast-growing segment of the capital markets, with investors looking to incorporate ESG practices across existing portfolios of assets and shift capital from more traditional assets to green ones.

In November 2008, the World Bank issued the first ever green bond creating the blueprint for sustainable investing in the capital markets.

Today, this model is being applied to bonds that are raising financing for all 17 of the United Nation's Sustainable Development Goals².

Green finance has grown by more than a hundred-fold in the last decade³.

Currently, the space remains heavily dominated by green bond issuance, but global green lending has grown rapidly since 2017.

It's even thought that green mortgages – which can be used to buy homes with high energy performance certificates – will soon become very popular.

¹ <https://www.cityam.com/uk-fiscal-watchdog-puts-cost-of-reaching-net-zero-at-1-4trn/>

² <https://www.worldbank.org/en/news/feature/2018/11/27/from-evolution-to-revolution-10-years-of-green-bonds>

³ <https://www.edie.net/global-green-finance-market-grew-more-than-a-hundred-fold-over-the-last-decade/>

We believe that the availability and use of sustainable and green finance will continue to grow exponentially in the next few years and that the products themselves will further diversify as they seek to meet more particular client or sector needs⁴.

Green finance could in fact become so mainstream that by 2050 businesses and investors will find there is no alternative.

At HSBC, we're proud to be one of the financial institutions playing an important role in shaping this fast-developing market⁵.

We even have our own 'green team', to help our clients become more sustainable.

To find out more, speak to your Relationship Manager or visit privatebanking.hsbc.com

⁴ <https://www.about.hsbc.co.uk/news-and-media/hsbc-uk-announces-green-team-to-help-customers-become-more-sustainable>

⁵ <https://www.hsbc.com/investors/fixed-income-investors/green-and-sustainability-bonds>