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中銀經濟預測

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## Study on International Green Finance Centres

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### I. Definition and Key Characteristics of a Green Finance Centre

There is currently no single authoritative definition for a green finance centre. Based on relevant theories and previous studies in green finance, this report defines a green finance centre as a financial hub distinguished by its comprehensive strengths in areas such as policy support, market mechanisms, and innovation capabilities. Its core functions include offering an extensive and diverse range of green financial products and services, alongside the necessary infrastructure, to facilitate the dynamic flow of global and regional capital into low-carbon, environment-friendly and sustainable projects. A green finance centre is committed to advancing ESG objectives and ensures the compliance of green finance through transparent disclosure standards and effective market regulation. Furthermore, as a core node in global cross-border green investment, a green finance centre facilitates international capital flows, supports climate technology innovation, and promotes low-carbon development, thereby providing robust support for achieving global sustainable development goals.

Specifically, a green finance centre should exhibit the following key characteristics:

**Policy Support and Market Regulation:** A relatively well-developed and comprehensive green finance policy framework and regulatory system provides strong and effective policy support, strengthening market trust and promoting social responsibility through established market rules and transparent disclosure standards for ESG and climate-related information.

**Market Mechanism and Green Financial Products:** An extensive and highly diversified range of green financial products and services—including green bonds, green loans, carbon markets, and climate funds—meets diverse sustainable investment needs and promotes the establishment of a stable green finance market mechanism.

**Drivers of ESG Goals:** Through ESG standards and related risk disclosure systems, a green finance centre supports and assists investors in identifying and managing sustainability risks, channeling capital into projects aligned with ESG principles.

**Financial Innovation and Technical Support:** Equipped with the capacity and a solid technical foundation to support green financial innovation, a green finance centre actively promotes advancements in sustainable financial products, climate technology, and data management, thereby enhancing the diversity and effectiveness of green investment tools.

**Cross-Border Investment and Global Impact:** Acting as a bridge linking global capital with green projects, a green finance centre facilitates cross-border green investment, expands its global impact, and positions itself as a key hub for sustainable financial development.

**Talent and Knowledge Development:** With capabilities to attract and cultivate green finance professionals, a green finance centre becomes a hub for knowledge-sharing and best practices, promoting the advancement of standards and expertise within the green finance industry.

It is evident that an international green finance centre is not merely a concentration of regional sustainable financial resources but an essential force in addressing global climate change and advancing sustainable development. By integrating policy, market mechanisms, and technological innovation, it coordinates diverse stakeholders and actively promotes the globalization of green finance.

## II. Comparative Analysis of Hong Kong and Other Green Finance Centres

This report identifies London, New York, Hong Kong, Singapore, Paris, and Shanghai as green finance centres for this study, based on factors such as their global financial status, policy support, market demand, international influence, and regional representation. Firstly, these centres are established international financial hubs with mature financial markets and capital flows, creating a conducive environment for green finance development. Secondly, the governments in these centres place high importance on green finance, providing policy support. Additionally, investor demand for green financial products in these centres is significant, driving the growth of green bonds and sustainable funds. These centres also have substantial international influence in setting green finance standards. Lastly, these six centres represent major regions in Europe, the America, and Asia, facilitating a comparative analysis of green finance development characteristics across different continents.

### 1. Analytical Framework

In studies and comparisons of different green financial centres, commonly used evaluation indicators are generally divided into two main categories: quantitative and qualitative.

**Quantitative Indicators:** These indicators primarily measure the vibrancy and dynamism and market scale in specific green financial products and services in these centres. The core focus is on key metrics such as the variety and volume of green bonds, green loans, and carbon market transactions. For instance, the volume of green bonds issued and their market share reflect the centre's actual contribution to low-carbon financing. The scale of green loans illustrates the demand for green financing from companies and projects, while activity in carbon markets demonstrates the breadth and depth of ESG investment opportunities facilitated by the centre. The trading volume and number of participants across green financial products reflect not only the vibrancy of the market but also the attractiveness of the financial centre in engaging a broad array of stakeholders within the green finance ecosystem. Together, these quantitative indicators offer an objective assessment of a centre's market size, product diversity, and global influence in green finance.

**Qualitative Indicators:** These indicators assess how supportive a green financial centre's policy and market environment, infrastructure, and institutional frameworks are towards the development of green finance. Factors such as government policy transparency, incentives for sustainable development, carbon reduction policies, and emission targets form critical foundations for green finance growth. The completeness and robustness of the policy environment determine how conducive the market is to green finance innovation and expansion. In terms of market infrastructure, key factors include the transparency and comprehensiveness of clearing systems and green certification frameworks. Talent pool and professional skills are equally critical qualitative indicators, as green finance expertise drives market innovation and the development of new products. Additionally, the centre's commitment to industry standards, regulatory requirements, and emerging green financial products highlights its capacity for innovation. These qualitative indicators reflect a green financial centre's performance in "soft power," i.e., its competitiveness in regulations, policies, innovation, and expertise.

In general, quantitative and qualitative indicators are complementary: the former provides an objective view of the centre's current market conditions, while the latter assesses the level of environmental support and potential for future development. Combining both types of indicators allows for a comprehensive analysis and comparison of the competitiveness, sustainability, and influence of major green financial centres worldwide.

### 2. Comparison of Quantitative Indicators

Quantitative comparisons present certain challenges, as the green finance market is still evolving, and not all financial centres publish green finance-related data. Definitions and statistical standards also vary. In this report, we have

endeavoured to select official sources or single sources for consistent comparison across financial centres, but the data may remain incomplete and not cover all indicators.

Using key quantitative indicators—green bonds, green loans, sustainable investments, and carbon markets—this section analyses the performance of major green financial centres based on 2023 data (Table 1). Variations exist among centres in the indicators for green bonds, green loans, and carbon trading. The section focuses on Hong Kong’s position and characteristics among green financial centres based on available quantitative data.

### **a. Green Bonds - Comparison of Market Size and Issuance Efforts**

Green bonds form the core of the international green finance market, reflecting the financing capacity of financial centres for sustainable development projects. In 2023, Hong Kong’s green bond issuance totalled USD 1.56 billion, positioning Hong Kong as the leading issuer in the Asian market, accounting for 37% of the total green and sustainable bonds arranged in the region. As a prominent financial hub in Asia, Hong Kong has a strong foundation in promoting green bond issuance. However, compared to the US and European markets, there is still room for improvement. Hong Kong’s development potential in green bonds benefits from growing demand for green finance in Mainland China and Asia, supported by government initiatives such as tax incentives, subsidies, and regulatory encouragement for green bond issuance. Although Hong Kong has a notable international influence, to further elevate its global standing, it will need to strengthen financial collaboration with Mainland China and other Asian regions to drive sustainable growth in the green bond market.

### **b. Green Loans - Market Demand and Potential in Green Finance**

Green loans, as another critical green finance instrument, reflect market demand and support for green financing for corporations and projects. It is important to note that current data only includes syndicated loans, while many bilateral green loans are yet to be accounted for. Hong Kong’s position in this market highlights its influence within the Asian green lending landscape, with its financial system’s links to Mainland China potentially enhancing access to green finance resources for sustainable development needs. Many Hong Kong businesses use green loans for carbon reduction, energy-saving, and environmental technology investments, invigorating the green finance market locally and creating further development opportunities in the international green loan market.

Continued growth in Hong Kong’s green lending will require additional policy support to attract international financial institutions and investors. Compared with London and New York, Hong Kong still needs to expand the variety and innovation of green loan products. Drawing on the experiences of the European and US markets, Hong Kong could enrich its green loan product offerings and improve transparency and standardisation within the green loan market to bolster confidence among international investors.

### **c. Carbon Trading - Challenges in Market Transparency and Regional Cooperation**

Carbon trading markets play a crucial role within the global green finance ecosystem, with their scale and activity directly reflecting the prioritisation of carbon reduction and climate change initiatives. At present, neither Hong Kong nor Singapore’s carbon trading markets have disclosed specific transaction data. As an international financial centre, Hong Kong has the potential to leverage its financial infrastructure and strategic location to support the development of a carbon trading system in the Asian region. Notably, Hong Kong could apply its technological strengths in blockchain, fintech, and clearing services to provide technical support for a carbon trading platform, enhancing trading transparency and efficiency to attract more investors.

However, to emerge as a significant player in the global carbon trading market, Hong Kong will need to innovate in carbon market infrastructure and institutional design, particularly by cooperating with Mainland China and other international carbon markets in areas such as emissions certification standards, platform transparency, and market supervision. Additionally, Hong Kong should capitalise on its close connections with Southeast Asian markets to foster regional carbon trading cooperation, thereby enhancing its influence across the Asia-Pacific.

**Table 1. Quantitative Comparison of Key Indicators for Major Green Finance Centres (2023)**

Quantitative Indicators	London	New York	Hong Kong	Singapore	Paris	Shanghai
<b>Green bond (billion US\$)</b>	26.1 <sup>1</sup> * The overall scope of the UK	59.8 * The overall scope of the US	15.6 <sup>2</sup>	2.1 <sup>3</sup>	11.8 *The overall scope of France	20.0 <sup>4</sup> *1USD = 0.15 RMB
<b>Green, social and sustainability-linked loans (billion US\$)</b>	-	-	22.2 <sup>5</sup> *Only including syndicated loans issued in 2023	22.8 <sup>6</sup> *Only including loans issued in 2023; 1USD = 0.75 SGD	213.1 <sup>7</sup> *The overall scope of France	4260.0 <sup>8</sup> *China's outstanding green loans balance by the end of 2023
<b>Carbon emission trading volum (billion US\$)</b>	7.5 <sup>9</sup> * Part of The UK Emissions Trading Scheme (UK ETS)	0.3 <sup>10</sup> * Estimated by the Regional Greenhouse Gas Initiative (RGGI)	The Core Climate has been established, but specific data has not been disclosed	The Climate Impact X (CIX) has been established, but specific data has not been disclosed	47.1 <sup>11</sup> * Part of The EU Emissions Trading Scheme (EU ETS)	0.7 <sup>12</sup>

### 3. Comparison of Qualitative Indicators

Beyond quantitative metrics, qualitative indicators can further illuminate the comparative strengths and weaknesses of these financial centres in green finance. Using the analytical criteria of The Global Green Finance Index (GGFI), this section selects several representative aspects—including policy, market infrastructure, talent pool, sustainable finance taxonomy and disclosure requirements, innovation capacity, and environmental metrics—to assess Hong Kong's green finance strengths and areas for improvement (Table 2).

#### a. Strengths

Hong Kong's strategic location in Asia-Pacific region positions it as a "super-connector" between Mainland China and global markets, attracting substantial green finance investment. The Hong Kong Monetary Authority has introduced various green and sustainable finance funding schemes to support green bonds and green loans. In 2023, the total issuance of green bonds exceeded USD 20 billion, underscoring Hong Kong's role as a key green financial hub in the Asia-Pacific.

In recent years, the HKSAR Government has continued to introduce policies and initiatives to enhance market transparency and strengthen the foundations of green finance, such as the Green and Sustainable Finance Grant Scheme and mandatory ESG disclosure requirements. Furthermore, Hong Kong aligns itself with international standards, promoting the standardization of green finance practices. Through the integration of green finance with financial technology, supported by emerging technologies like blockchain and artificial intelligence, Hong Kong has enhanced the innovation capacity of green financial products, injecting new vitality into the market.

<sup>1</sup> <https://www.statista.com/statistics/1293963/largest-issuers-of-green-bonds-in-uk/>

<sup>2</sup> [https://www.climatebonds.net/files/reports/cbi\\_hk\\_sotm\\_23\\_02e.pdf](https://www.climatebonds.net/files/reports/cbi_hk_sotm_23_02e.pdf)

<sup>3</sup> [https://www.mof.gov.sg/docs/default-source/policies/fiscal/2023-mof\\_sg\\_greenbondreport.pdf](https://www.mof.gov.sg/docs/default-source/policies/fiscal/2023-mof_sg_greenbondreport.pdf)

<sup>4</sup> <https://finance.sina.cn/bond/zsyw/2024-02-05/detail-inafystf7367692.d.html?from=wap>

<sup>5</sup> <https://www.hkma.gov.hk/media/eng/publication-and-research/quarterly-bulletin/qb202403/fa1.pdf>

<sup>6</sup> <https://www.straitstimes.com/business/banking/sustainability-related-loans-in-s-pore-register-sixth-year-of-rise-to-304b>

<sup>7</sup> <https://www.euronews.com/business/2023/11/30/french-banks-ploughing-billions-into-green-and-sustainable-loans>

<sup>8</sup> [https://www.griffith.edu.au/\\_data/assets/pdf\\_file/0038/1943696/China-green-finance-status-and-trends-2023-2024.pdf](https://www.griffith.edu.au/_data/assets/pdf_file/0038/1943696/China-green-finance-status-and-trends-2023-2024.pdf)

<sup>9</sup> <https://www.statista.com/statistics/491740/revenue-from-eu-emissions-trading-scheme-united-kingdom-uk/>

<sup>10</sup> <https://www.nyserda.ny.gov/About/Publications/Program-Planning-Status-Reports/RGGI-Reports>

<sup>11</sup> <https://icapcarbonaction.com/en/ets/eu-emissions-trading-system-eu-ets>

<sup>12</sup> <https://www.jfdaily.com/staticsg/res/html/web/newsDetail.html?id=805646>

**Table 2 Qualitative Comparison of Key Indicators for Major Green Finance Centres**

Qualitative Indicators	London	New York	Hong Kong	Singapore	Paris	Shanghai
<b>Policy</b>	<ul style="list-style-type: none"> <li>- Green Finance Strategy: A long-term strategy released by the UK government to promote climate risk disclosure and green investment.</li> <li>- Mandatory TCFD Disclosure: London was the first to implement the TCFD framework to enhance financial market transparency.</li> </ul>	<ul style="list-style-type: none"> <li>- Climate Leadership and Community Protection Act: New York State has set a net-zero emissions target for 2050, promoting green buildings and energy transition.</li> <li>- Sustainable Development Bonds Support: The New York State government provides tax incentives to support corporate issuance of sustainable development bonds.</li> </ul>	<ul style="list-style-type: none"> <li>- Green and Sustainable Finance Grant Scheme: The Hong Kong Monetary Authority supports the issuance of green bonds and green loans, covering government and corporate financing.</li> <li>- Hong Kong Climate Action Plan 2050: Aims to achieve carbon neutrality.</li> </ul>	<ul style="list-style-type: none"> <li>- Green Finance Action Plan: The Monetary Authority of Singapore (MAS) has introduced various incentives, including subsidies for certification fees for green bonds and green loans.</li> <li>- Carbon Trading Program: MAS supports the establishment of a regional carbon trading market.</li> </ul>	<ul style="list-style-type: none"> <li>- Energy Transition Law: French legislation encourages green investment and significantly reduces reliance on fossil fuels.</li> <li>- Green Bond Issuance Program: The French government supports the issuance of green bonds by local governments and corporations, especially for low-carbon projects.</li> </ul>	<ul style="list-style-type: none"> <li>- Green Finance Reform and Innovation Pilot Zone: Jointly promoted by the People's Bank of China and Shanghai Municipal Government to support green credit and bonds.</li> <li>- Carbon Neutrality Action Plan: Shanghai government encourages companies to achieve carbon neutrality.</li> </ul>
<b>Market Infrastructure</b>	<ul style="list-style-type: none"> <li>- London Stock Exchange Green Segment: Provides a dedicated segment for the trading of green bonds and funds.</li> <li>- Carbon Emission Trading Platform: A market for carbon financial products.</li> </ul>	<ul style="list-style-type: none"> <li>- New York Stock Exchange: Offers ESG disclosure requirements and supports green fund trading.</li> <li>- Regional Green Carbon Market: New York participates in the Regional Greenhouse Gas Initiative (RGGI) carbon trading.</li> </ul>	<ul style="list-style-type: none"> <li>- Sustainable and Green Exchange (STAGE): Asia's first multi-asset sustainable investment product platform, supporting fast-growing global demand for sustainable finance.</li> <li>- Core Climate: the world's only carbon market to offer HKD and RMB settlement for trading of international voluntary carbon credits.</li> </ul>	<ul style="list-style-type: none"> <li>- Singapore Stock Exchange (SGX) Green Bond Platform: Specifically supports the issuance and trading of green bonds.</li> <li>- MAS launched digital platform for seamless ESG data collection and access.</li> </ul>	<ul style="list-style-type: none"> <li>- Euronext Green Bond Platform: Provides green bond issuance support for the EU market.</li> <li>- Carbon Market Development: Paris is one of the key participating cities in the EU carbon trading market.</li> </ul>	<ul style="list-style-type: none"> <li>- Shanghai Stock Exchange Green Segment: Supports the listing of green bonds by corporations and government.</li> <li>- National Carbon Emissions Trading Market: Shanghai is an important pilot city for the national carbon market.</li> </ul>
<b>Talent Pool</b>	<ul style="list-style-type: none"> <li>- Green Finance Education Program: In collaboration with London Business School and Imperial College, focused on green finance education.</li> <li>- Professional Training Courses: The Bank of England offers training in climate risk management.</li> </ul>	<ul style="list-style-type: none"> <li>- Sustainable Finance Courses: Local universities like New York University offer global sustainable finance courses.</li> <li>- Regional Talent Support Program: Promotes green finance talent development.</li> </ul>	<ul style="list-style-type: none"> <li>- Hong Kong University Green Finance Programs: In collaboration with international institutions to train green finance professionals.</li> <li>- Hong Kong Financial Academy: Offers ESG certification courses.</li> <li>- Pioneering Green and Sustainable Finance Training Program.</li> </ul>	<ul style="list-style-type: none"> <li>- Green Finance Certification Program: MAS supports local universities in establishing green finance courses.</li> <li>- FinTech and Green Finance Integration: National University of Singapore offers specialized courses.</li> </ul>	<ul style="list-style-type: none"> <li>- Paris Business School ESG Courses: French higher education institutions offer programs in green finance and ESG.</li> <li>- Government-Funded Talent Development: French government supports education and training related to green finance.</li> </ul>	<ul style="list-style-type: none"> <li>- Green Finance Development Fund: Used for talent development and training.</li> <li>- Collaboration with Tsinghua University and Other Leading Universities: Promotes the development of green finance courses.</li> </ul>

Qualitative Indicators	London	New York	Hong Kong	Singapore	Paris	Shanghai
<b>Taxonomy and Disclosure Requirements for Sustainable Finance</b>	<ul style="list-style-type: none"> <li>- UK Green Taxonomy.</li> <li>- Sustainable Disclosure Requirements (SDR) and UK Sustainable Reporting Standards (UK SRS).</li> </ul>	<ul style="list-style-type: none"> <li>- Green Finance Initiative: New York City promotes standardization for carbon neutrality.</li> <li>- ESG Disclosure Requirements: New York State's green finance standards and disclosure requirements.</li> </ul>	<ul style="list-style-type: none"> <li>- Hong Kong Sustainable Finance Taxonomy (Hong Kong Taxonomy).</li> <li>- HKEX: Environmental, Social, and Governance Reporting Code.</li> </ul>	<ul style="list-style-type: none"> <li>- Singapore-Asia Sustainable Finance Taxonomy.</li> <li>- Mandatory Climate Disclosure for Listed Companies Starting FY2025.</li> </ul>	<ul style="list-style-type: none"> <li>- EU Taxonomy.</li> <li>- EU Sustainable Development Reporting Standards (ESRS) and Supporting Guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>- China-Europe Common Taxonomy (CGT).</li> <li>- Green Bond Support Project Catalogue (2021 Edition).</li> <li>- Shanghai Stock Exchange Environmental Information Disclosure Guidelines for Listed Companies.</li> <li>- Corporate Sustainability Disclosure Standards—Basic Standards (Draft for Comment).</li> </ul>
<b>Innovation Capacity</b>	<ul style="list-style-type: none"> <li>- Green Fintech Innovation: London hosts multiple fintech companies focusing on green finance, using blockchain to support carbon trading.</li> <li>- Green Funds: Developed various green funds attracting global investors.</li> </ul>	<ul style="list-style-type: none"> <li>- Green Building Investment: New York supports financing innovations for green building and sustainable energy projects.</li> <li>- Clean Energy Projects: Innovations in renewable energy financing.</li> </ul>	<ul style="list-style-type: none"> <li>- Green Fintech Innovation: Innovations in green finance products through green technology and blockchain.</li> <li>- Green and Sustainable Finance Grant Scheme: Innovative incentives attract funding.</li> </ul>	<ul style="list-style-type: none"> <li>- Climate Data Analytics: MAS launched climate data analysis tools to help investors manage environmental risks.</li> <li>- Green Loan Innovation: Supports loan products based on ESG indicators.</li> </ul>	<ul style="list-style-type: none"> <li>- Renewable Energy Project Innovation: Paris has launched several financial products supporting renewable energy.</li> <li>- Green Investment Portfolio: Introduced green investment funds focused on a low-carbon economy.</li> </ul>	<ul style="list-style-type: none"> <li>- Green Credit Innovation: Shanghai promotes product innovation in green loans within the banking sector.</li> <li>- Carbon Trading Technology: Supports carbon trading innovation in the fintech field.</li> </ul>
<b>Environmental Performance Metrics</b>	<ul style="list-style-type: none"> <li>- London Climate Action Plan: Significant reduction in greenhouse gas emissions.</li> <li>- Air Quality Improvement: Continuous improvement in air quality driven by policy.</li> </ul>	<ul style="list-style-type: none"> <li>- Greenhouse Gas Reduction Target: New York City aims to reach carbon neutrality by 2050.</li> <li>- Increase in Green Spaces: Green buildings and public green spaces improve the environment.</li> </ul>	<ul style="list-style-type: none"> <li>- Air Quality Challenges: Facing issues with air pollution.</li> <li>- Energy-Efficient Building Measures: Promoting energy-efficient and green buildings.</li> </ul>	<ul style="list-style-type: none"> <li>- Water Resource Management: Singapore excels in water resource management.</li> <li>- Low-Carbon City Development: Continual reduction of carbon emissions.</li> </ul>	<ul style="list-style-type: none"> <li>- Paris Agreement Implementation: Driving carbon reduction measures in the EU and Paris.</li> <li>- Air Quality Improvement: Significant improvements due to low-emission policies.</li> </ul>	<ul style="list-style-type: none"> <li>- Participation in National Carbon Market: Shanghai contributes to carbon reduction through the national carbon market.</li> <li>- Increase in Renewable Energy: Encouraging the use of renewable energy such as solar and wind.</li> </ul>

## b. Areas for Improvement

**Policy Support: The necessity of formulating medium- and long-term plans to ensure policy continuity.** Hong Kong's green finance policies, initiated relatively recently, primarily rely on short-term incentives and lack a medium- to long-term support system. For instance, since 2018, the HKSAR Government has implemented a green bond subsidy program that encourages local enterprises to issue green bonds by offering partial cost support. However, this program remains a short-term measure without a comprehensive policy framework or roadmap. In contrast, London and Paris have achieved greater policy continuity and systematization in green finance. The UK government launched its Green Finance Strategy in 2019, setting long-term goals for green investment and introducing a series of supporting regulations to guide businesses and

investors. Similarly, the EU Taxonomy and Sustainable Finance Disclosure Regulation have established unified standards for green assets and financial products, lending greater stability and coherence to Paris's green finance market. For Hong Kong to position itself as a leading green finance hub, a more systematic and long-term approach to policy development is needed.

**Market Scale and Green Finance Product Range: Limited product offerings.** Hong Kong's green finance market offers a relatively narrow range of products, with innovative options such as green asset-backed securities (ABS) and green insurance yet to gain widespread traction. By contrast, London and Paris offer a broader spectrum of green financial products, including green bonds, green loans, green ABS, and sustainability funds, all of which are well-established and highly liquid. This diversity not only enhances investor engagement but also expands market size. To improve its international competitiveness in green finance, Hong Kong needs to broaden its product range to attract a larger scale of global green investments.

**Talent Pool: Gaps in education and training systems and a shortage of high-level professionals.** Hong Kong's limited talent pool in green finance restricts market development. According to a survey by the Hong Kong Financial Services Development Council, most green finance professionals in Hong Kong are concentrated within a few large or multinational institutions, while local professional training and education systems remain underdeveloped. In contrast, London offers more systematic green finance training, with institutions such as the University of Cambridge and London Business School offering specialised programs in green finance and sustainable investment. Additionally, the UK's Green Finance Institute regularly conducts training, supplying a steady stream of skilled green finance professionals. To support a larger green finance market, Hong Kong should build on its current efforts to attract ESG professionals from Mainland China and overseas by further strengthening its education and training systems and expanding its local talent pool to meet future market demands.

**Environmental Indicators: Improvements needed in environmental governance.** Hong Kong's performance in environmental governance, particularly in air quality and water resource management, lags behind global benchmark cities. According to the 2021 World Air Quality Report, Hong Kong's average PM<sub>2.5</sub> concentration was around 15.8 µg/m<sup>3</sup>, compared to Singapore's 10.4 µg/m<sup>3</sup>, indicating room for improvement in air quality management. Furthermore, Hong Kong's water management faces challenges in sustainable usage and wastewater treatment, with a lower water recycling rate compared to other regions. Singapore, by contrast, excels in eco-governance, ensuring environmental sustainability through its large-scale water recycling programs and comprehensive air quality monitoring systems. Weaknesses in environmental governance could negatively impact Hong Kong's green finance reputation, especially as global investors increasingly consider cities' environmental performance. Enhancing Hong Kong's eco-governance would bolster its international standing in the green finance market.

### III. Major Challenges Facing Hong Kong as a Green Finance Centre

#### 1. Regional Differences in Demand

Currently, Mainland China's green finance standards are striving to align with international standards while emphasizing the priorities of economic restructuring. In contrast, European and American markets prioritize strict carbon emission standards and ambitious climate targets. This divergence poses a challenge for Hong Kong in bridging Mainland and international green finance standards. Balancing the differences between Mainland and international standards—supporting China's dual carbon goal while meeting the net zero goals that most countries and cities globally aim to achieve by 2050—remains a complex task.

#### 2. Economic Structural Constraints

Hong Kong's lack of carbon-intensive industries limits local demand for green finance, making its green finance market highly dependent on regional and international demand. Furthermore, green projects typically require large investments, extended payback periods, and high upfront costs, which poses a challenge for Hong Kong's finance sector, primarily oriented toward traditional financial services. Additionally, the current global economic downturn has increased capital costs, further complicating green project financing.

On the other hand, with Hong Kong's economy centred on finance, services, and trade, overall carbon emissions remain relatively low, primarily stemming from the power, transportation, and construction sectors. Carbon markets generally address the reduction needs of high-emission industries; however, limited industrial emissions and relatively

minor emission differences between firms mean there are too few buyers and sellers to support a robust carbon trading market. Consequently, Hong Kong lacks sufficient local demand for an independent carbon market and must instead rely on government policies and regional partnerships to drive emissions reductions.

### **3. International Competition and Geopolitical Pressures**

Hong Kong faces intense pressure from international competition, particularly from Europe and the United States' competitive edge in policies and standards, which have solidified their influence in the green finance sector and raised international markets entry barriers. Geopolitical tensions, especially the increasing rivalry between China and the U.S., have also led some European and American financial institutions to relocate their Asia-Pacific headquarters out of Hong Kong, resulting in a notable outflow of talent and capital.

## **IV. Policy Proposals to Strengthen Hong Kong's Position as a Green Finance Centre**

In response to the current state of green finance development in Hong Kong and the international competitive environment, the following policy proposals are made to consolidate and enhance Hong Kong's status as a green finance centre:

### **1. Enhancing Policy Support and Incentive Mechanisms**

To accelerate the growth of green finance, Hong Kong should bolster policy support, particularly in the area of incentives, by leveraging successful international practices:

**Establishing a Green Investment Fund:** It is recommended that the HKSAR Government can consider to establish a dedicated green investment fund to offer low-interest loans, risk subsidies, or direct capital investment for projects in areas like renewable energy, energy conservation, and emissions reduction. Under the HKSAR Government's green finance framework, such fund could help lower financing costs, provide stable return expectations for investors, and attract private capital. For example, the EU's European Green Deal Investment Plan aims to raise €1 trillion by 2030 to fund green projects across member states in sectors like renewable energy, transport, and agriculture. Singapore has also set up a Green Industry Venture Fund to support innovation, particularly in carbon-neutral technologies and sustainable agriculture.

**Tax Incentives:** Hong Kong could explore tax relief policies to encourage investments in green financial products by enterprises and individuals. Tax incentives for green bond investments or income tax relief for companies developing green projects could stimulate market activity effectively.

**Developing Diverse Green Financial Products:** Financial institutions should be encouraged to diversify green financial offerings in alignment with Hong Kong's green finance policies to cater to a broader range of customer needs and increase market attractiveness. The HKSAR Government can facilitate this by implementing policies that support product innovation, thereby promoting the growth of the green finance market.

### **2. Strengthening the Legal Framework and Regulatory System**

A robust legal framework and regulatory system is essential for enhancing the credibility of the green finance market. Specific initiative includes:

**Establishing a Green Finance Advisory Committee:** A Green Finance Advisory Committee is proposed to guide strategies and policies for green finance development. Comprised of representatives from the government, financial institutions, academia, and NGOs, this committee would ensure that policies are comprehensive and feasible.

### **3. Promoting Talent Development and Technological Innovation**

The growth of green finance depends on skilled professionals and innovative technology. Hong Kong should undertake the following steps to nurture talent and advance technology in this field:

**Enhancing Education in Green Finance:** Currently, only a few universities in Hong Kong offer green finance courses, which generally lack in-depth coverage of advanced topics, failing to meet the market demand for specialized and advanced expertise. According to HKSAR educational policies, the government can collaborate with financial institutions to provide internships and practical experiences, enabling students to apply theoretical knowledge and build well-rounded skill sets.



**Supporting Technological R&D:** The government should back R&D in green finance by encouraging partnerships between fintech firms and traditional financial institutions. Technologies such as blockchain and artificial intelligence can be applied to enhance transparency and efficiency in green financial products.

**Establishing a Green Finance Research Centre:** A specialized Green Finance Research Centre could be established, bringing together experts from academia, the financial sector, and policy-making bodies to study green finance theories and practices. This centre could serve as a theoretical foundation for policy development and drive innovation in the industry.

#### **4. Expanding International Cooperation and Exchange**

To sustain growth in green finance, Hong Kong should foster stronger partnerships with other green finance centres and learn from their successes. Specific measures include:

**Establishing an International Green Finance Cooperation Platform:** A platform for international collaboration in green finance could be established through partnerships among the government, industry associations, and academic institutions. Regular forums and seminars would facilitate knowledge-sharing, while inviting global experts would help enhance Hong Kong's influence in green finance.

**Participating in Global Green Finance Initiatives:** Active participation in international green finance forums and projects will bolster Hong Kong's voice in global green finance governance. This involvement allows Hong Kong to both learn from and contribute to global advancements in green finance.

**Promoting Cross-Border Green Finance Cooperation:** Hong Kong could establish green finance cooperation mechanisms with nearby countries and regions, such as Southeast Asia, Korea, and Japan, to share green finance information, resources, and technology.

**Supporting Green Finance Development in the Greater Bay Area (GBA):** Hong Kong could leverage integration opportunities in the GBA to closely collaborate with neighbouring regions on green financial product development and cross-border capital flows. By promoting green bonds, engaging in carbon trading, and supporting other cross-border green finance products, Hong Kong can strengthen its leadership in GBA green finance and position itself as a hub connecting Mainland China and global markets.

#### **5. Enhancing Public Awareness and Participation**

Public awareness and involvement are key drivers of green finance growth. Hong Kong can increase public engagement in green finance through the following measures:

**Launching Publicity Campaigns for Green Finance:** The HKSAR Government and financial institutions should organize seminars, lectures, and awareness campaigns to educate the public about green finance. By promoting green finance concepts, they can attract more individuals and businesses to invest, thereby expanding the market.

**Promoting Green Investment Mindsets:** Financial institutions should be encouraged to offer green investment products and promote them via media and social platforms to help investors understand the advantages of green finance. The HKSAR Government can also showcase successful green projects to spark public interest.

**Encouraging Individual Investment in Green Projects:** The HKSAR Government could incentivize personal investments in green projects through tax incentives or other measures, such as tax breaks for green investments or the creation of green investment accounts, to encourage individual capital inflow into the green finance sector.

## **V. Conclusion**

In the context of the rapid global expansion of green finance, Hong Kong, as a leading financial centre, should actively address international competition by implementing policies that strengthen its role in green finance. These policies, including enhanced support mechanisms, a strengthened regulatory framework, talent development, international cooperation, and public engagement, will consolidate Hong Kong's status as a green financial hub. By executing these recommendations, Hong Kong can achieve significant advancements in green finance, contribute more to global sustainability, and become a leading force in coordinating economic and environmental goals for a sustainable future.

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# 主要經濟指標 (Key Economic Indicators)

	2022	2023	2024/Q2	2024/Q3
<b>一、本地生產總值 GDP</b>				
總量 (億港元) GDP(HKD 100million)	28,090	29,010	7,165	7,479
同比增長率 (%) YoY change(%)	-3.7	3.3	3.3	1.8
<b>二、對外商品貿易 External merchandize trade</b>			<b>2024/10</b>	<b>2024/1-10</b>
外貿總值 (億港元) Total trade(HKD 100million)				
總出口 Total exports	45,317	41,774	3,930	37,421
總進口 Total imports	49,275	46,450	4,240	40,438
貿易差額 Trade balance	-3,958	-4,676	-310	-3,017
年增長率 (%) YoY Growth(%)				
總出口 Total exports	-8.6	-7.8	3.5	9.9
總進口 Imports	-7.2	-5.7	4.5	6.8
<b>三、消費物價 Consumer Price</b>				
綜合消費物價升幅 (%) Change in Composite CPI(%)	1.9	2.1	1.4	1.8
<b>四、零售市場 Retail market</b>				
零售額同比升幅 (%) Change in value of total sales YoY(%)	-0.9	16.2	-2.9	-7.1
<b>五、訪港遊客 Visitors</b>				
總人數 (萬人次) Total arrivals(10 thousands)	60.5	3,400.0	409.0	3,667.9
年升幅 (%) YoY change(%)	561.5	5,523.8	18.3	37.0
<b>六、勞動就業 Employment</b>			<b>2024/7-2024/9</b>	<b>2024/8-2024/10</b>
失業人數 (萬人) No. of unemployed(10 thousands)	16.3	11.3	12.0	12.1
失業率 (%) Unemployment rate(%)	4.3	2.9	3.0	3.1
就業不足率 (%) Underemployment rate(%)	2.3	1.1	1.2	1.1
<b>七、住宅買賣 Domestic property sales and price index</b>			<b>2024/8</b>	<b>2024/9</b>
合約宗數 (宗) No. of agreements	45,050	43,002	3,654	2,848
住宅售價指數 (1999=100) Domestic price index	369.7	337.4	292.8	287.9
<b>八、金融市場 Financial market</b>			<b>2024/9</b>	<b>2024/10</b>
港幣匯價 (US\$100=HK\$) 期末值	780.8	781.1	777.0	777.3
HKD exchange rate (US\$100 = HK\$), end of period				
銀行體系收市總結餘 (億港元) 期末值	962.5	449.5	478.0	447.3
Closing aggregate balance(HKD 100million), end of period				
銀行總存款升幅 (%)	1.7	5.1	5.8	5.8
Change in total deposits(%)				
銀行總貸款升幅 (%)	-3.0	-3.6	-2.1	-3.2
Change in total loans & advances(%)				
最優惠貸款利率 (%) 期末值	5.6250	5.8750	5.6250	5.6250
Best lending rate (%), end of period				
恒生指數 Hang Seng Index	19,781	17,047	21,134	20,317