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Power of the Individual Required for Development of Sustainable Finance Market

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Summary

- In the midst of major changes in the way society works to achieve the SDGs (Sustainable Development Goals) and the Paris Agreement, sustainable finance is attracting attention as a way to support these changes from a financial perspective. Since most financial assets are held by the household sector, measures to encourage the participation of individual investors have been examined in Europe and Japan.
- Individuals are becoming increasingly conscious of sustainability, and it is desirable that financial products that take sustainability into account are offered as options in asset management.
- However, the decision of the asset management company is left to determine what is a sustainable financial product, and from the viewpoint of investor protection, asset management and sales companies are required to enhance information disclosure for investors. It is also important for employees of financial institutions and financial advisors, who are in a position to advise individual investors, to deepen their understanding of sustainable finance.
- Individual investors also tend to seek economic returns on sustainable financial products. In parallel with deepening understanding of social returns on investment, the use of tax incentives to encourage asset building, such as Defined Contribution Pensions and NISA, will lead to the promotion of individual investors to participate in a sustainable system.

Attention

This report is a summary translation. The official document is only in Japanese, included in the DIR Research Quarterly Review (Vol.43).