Chapter 16

Financial Services and Green Investment on ESG Investing for a Sustainable Future

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ABSTRACT

The financial services industry is transforming as investment businesses become greener. The urgency of global environmental challenges has boosted investor interest in ESG investment. Although long-standing, ESG investing remains specialized. ESG factors in investment portfolios may increase economic and social satisfaction, according to this paper. These factors may harm investment portfolios. A worldwide green finance legal framework aims to avoid greenwashing, establish standards, and encourage sustainable development. It examines how ESG efforts effect green money using many research approaches. Risk assessments and industry trends are examined for the company. A resilient and fair economy with ESG investments requires financial services, according to the results. This occurred because financial services are vital.

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I. INTRODUCTION

The financial services sector, which is now experiencing a period of upheaval, is undergoing transformations as a result of the increasing significance of sustainability in investment strategy (Ashwin Kumar et al., 2016). Throughout this process of transition, investment strategies are required to include sustainability. The financial services industry is the primary force behind this transition. When it comes to the investment industry, "ESG investing," which stands for "environmental, social, and governance investment," has become more popular due to the demand from investors and the need of finding solutions to global sustainability concerns. This is because the term includes "environmental, social, and governance investment". This caused it. This problem arises from sustainability's rising global relevance. Although formerly considered a specialized method, environmental, social, and governance investment (ESG investing) has revolutionized the financial world. Thus, it has become a robust framework that highlights the relationship between financial performance and social and environmental goals. It is possible that the adoption of ESG principles and the investment in businesses that promote social responsibility, ethical governance, and environmentally responsible operations might contribute to the development of an economy that is more resilient and egalitarian. Investing may be beneficial to the economy in both directions. It is possible for businesses to get advantages from both of these investment strategies. This tendency is also driven by a moral need to support enterprises. This adds to the financial data linking sustainable enterprises to longer-term profitability than their competitors. This impulse drives this inclination. Important financial records also contributed to this transition. In addition, each of these causes is contributing significantly to the wider trend (Bauer, Koedijk, & Otten, 2002). These two traits will drive the present transition, given the existing situation. Systemic change solutions must be funded to address global issues including inequality, resource scarcity, and climate change. Green investment ideas channel funds toward systemic transformation (Cassetta & Pini, 2017). Green investing strategies may help achieve this objective. This strategy may allow a part of funding to be used to explore systemic change solutions.

Throughout this discussion, we will look at the effects of adding environmental, social, and governance (ESG) elements to investment portfolios. In the course of this investigation, we will take into consideration both the positive and negative aspects of doing so. During the course of this conversation, participants will have the opportunity to get a more in-depth understanding of the problem that they are currently dealing with today. In addition, we will investigate the ways in which investments in environmental, social, and governance (ESG) activities contribute to sustainable development, as well as the responsibilities that financial institutions play in this movement. only growing. Additionally, we will examine how these investments support sustainable development. This will be done in addition to the previously listed measures. This conversation will occur within the parameters of the evaluation that will be conducted, which will be a part of the more thorough research that will be conducted on the subject of green money. The financial services sector is able to help drive economies and other sectors toward a more sustainable and equitable future because of its dedication to sustainability (De Marchi & Grandinetti, 2013). Its emphasis on sustainability is the reason behind this. This is because the industry operates with the goal of establishing a sustainable environment. The area of the economy being discussed or debated benefits from the existence of this authority.