Sustainable Finance: Myths vs. Realities

**Myth #1**: Sustainable finance is about “green” products.
- Reality: Sustainable finance can mean a range of things, from financing renewable energy projects to funding socially responsible initiatives.

**Myth #2**: The topic overlays with ESG.
- Reality: While sustainable finance and ESG are related, they are distinct concepts. ESG focuses on environmental, social, and governance factors, whereas sustainable finance encompasses broader financial strategies that aim to address sustainability challenges.

**Myth #3**: Sustainability will take time to develop.
- Reality: Sustainable finance is already well-developed and is growing rapidly. The shift towards sustainability is happening now, driven by regulatory changes, investor demand, and changes in market dynamics.

**Myth #4**: More sustainable finance means more regulation.
- Reality: Regulation can be a catalyst for sustainable finance. However, it can also be a barrier. FinTech companies are leveraging innovative technologies to provide more sustainable financial products who don’t have to comply with traditional regulatory frameworks.

**Myth #5**: Implementing responsible investment means even more work.
- Reality: Implementing responsible investment practices can be more efficient and cost-effective than expected. Modern tools and technologies can help streamline the process and make it more accessible to a wider range of investors.

**Myth #6**: Only financial performance matters in investment.
- Reality: Sustainable finance goes beyond financial performance. It considers a range of factors, including environmental impact, social and governance criteria, and stakeholder engagement.

**Myth #7**: The sustainable finance action plan will take years to implement.
- Reality: The sustainable finance action plan is already underway. Key players are making significant progress, and many initiatives are being implemented quickly.

**Myth #8**: The finite nature of the earth makes there only be one way to achieve sustainability.
- Reality: Sustainability is a journey, and there is no one-size-fits-all solution. Different approaches and strategies can be applied in different contexts.

**Myth #9**: The transition to sustainable finance will be smooth and uneventful.
- Reality: The transition will be complex and require significant adaptation across the financial industry. There will be challenges along the way, but the overall trend is towards sustainability.

**Myth #10**: Sustainability is the risk of relying on a lower ESG profile due to a perceived reduction in risk.
- Reality: Sustainable finance is about risk management. It involves identifying, assessing, and prioritizing ESG risks, and managing them effectively.

Contact us

Oliver Cerri
Head of Sustainability
PwC Luxembourg
+352 48 48 4174

Nathalie Dorgnaz
Sustainable Finance Lead, PwC Luxembourg
+352 48 48 2204

Jörg Ackermann
Partner, Financial Services Consulting, PwC Luxembourg
+352 48 48 4131

© 2020 PwC. All rights reserved.