Conference Name: MBP 2024 Tokyo International Conference on Management & Business Practices, 18-19 January
Conference Dates: 18-Jan- 2024 to 19-Jan- 2024
Conference Venue: TKP Ichigaya Conference Center, Building 2F, 8 Ichigaya Hachiman-cho, Shinjuku-ku, Tokyo 162-0844
Appears in: PEOPLE: International Journal of Social Sciences (ISSN 2454-5899)
Publication year: 2024

Cheng et. al., 2024

Volume 2024, pp. 78-79

DOI- https://doi.org/10.20319/icssh.2024.7879

This paper can be cited as: Cheng, S.Y and Hou, H. (2024). Financial Development and Carbon Emission Intensity. MBP 2024 Tokyo International Conference on Management & Business Practices, 18-19 January. Proceedings of Social Science and Humanities Research Association (SSHRA), 2024, 78-79.

FINANCIAL DEVELOPMENT AND CARBON EMISSION INTENSITY

Su-Yin Cheng
Department of Business Administration
Shih Hsin University, No.1, Ln.17, Sec.1, Muzha Rd., Wenshan Dist., Taipei City 116, Taiwan, R.O.C.
csy@mail.shu.edu.tw

Han Hou
Department of Finance and Banking
Shih Chien University, No.70, Dazhi St., Zhongshan Dist., Taipei City 10462, Taiwan, R.O.C.
finhh@g2.usc.edu.tw

Abstract

Theoretic and empirical literature provides debate relationships between financial development and carbon emissions. Does financial development matters for carbon emissions? This study considers two additional aspects into the field. First is to consider a comprehensive measure of financial development that takes the functions of financial depth, efficiency, and access into account. Second, the nonlinear finance-carbon relationships build on the different development stages of financial system is considered. Considering the above two dimensions, this study explores the dynamic effects of financial development on carbon emissions utilizing pooled mean group estimator (PMG). By analyzing a panel of data for 82 countries from 1991 to 2020, we conclude that the effect of financial development on carbon emissions varies by the financial functions and the level of financial development. We find that financial access and

financial efficiency are two critical functions reduce carbon emission intensity, while financial depth has an ambiguous effect on carbon emission intensity. To ensure environmental quality, this study stresses that financial system should provide broadly affordable financial services and increases efficiency.

Keywords
Financial Development, Carbon Emissions, Pooled Mean Group Estimator, Dynamic Effects, Financial Efficiency.

JEL classification: C33; F30; G22; O16; O43