

Fighting Climate Change With FinTech
Discussion at ABFER 2024

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Overview

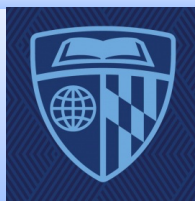
Households are key sources of GHG emissions

Apps help in various ways

- In finance, manage savings, spending, and investments
- Reduce behavioral biases (author and discussant)

Can “FinTech” Apps help “fight” climate change? How?

- Footprint calculator (disclosure).
- Offsetting Opportunities



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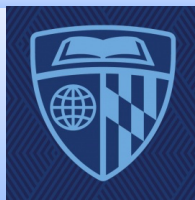
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- Offsetting Opportunities
- Marketing campaign for exogenous variation — instrument



Key Results

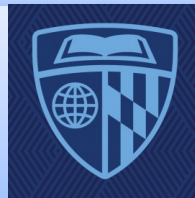
Simply disclosing carbon footprint calculation doesn't do much

Purchasing offsetting works — sort of.

- The offsets themselves reduce carbon footprint through reforestation
- The offsets do not induce broad changes

Individuals do not cut nor increase carbon elsewhere

- Tesla buyers don't become tree huggers nor do they gorge on Hummers
- Does it flag evidence against models in which carbon-avoidance is costly and for ones with intrinsic carbon preferences?



Overall Assessment

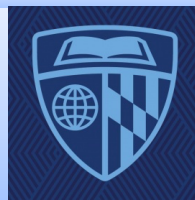
Interesting experiment, thoughtfully done.

- Would have liked to see a bit more on marketing campaign
- Is a caveat on reforestation is needed — v. other green expressions, e.g., sustainably sourced coffee

Interesting evidence for the many reasons the authors flag

- Non-results — heterogeneity — are also interesting

Also very nicely written



Comments 1

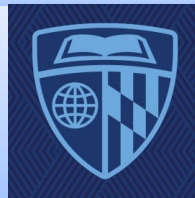
Data are local to platform. I see this as a minor issue but some commentary on outside-platform data seems apt.

The ask list is limitless but I was thinking consumer green behavior

- *As attribute?*
- *As effect?*

Some thoughts.

- What if I was driving or start driving an electric car?
- Weatherized or weatherize home? Does it necessarily appear here?



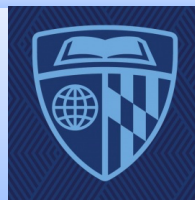
Comments 2

The paper rightly says that it helps study spending *across* categories

- Some comments on omitted product categories?

External validity across population segments.

- Some data on the young's role in carbon emissions, solutions, and their special intergenerational externality concerns.
- The heterogeneity non-results answer the external validity questions but are there selection issues in your older segment?



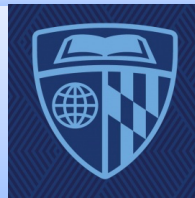
Comments 3

The paper already has evidence of broad interest. Is more possible?

For a brand of academics, structural inferencing is the next stop.

Two things come to mind.

- Deep preference parameters that can help calibrate policies or models.
- Counterfactual inferencing within the existing set up:
 - “FinTech” treatment relative to *other* green treatments?
 - For this, perhaps consider some “natural experiments”



Comments 4

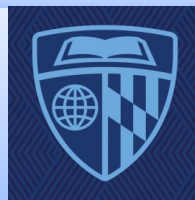
We have many climate change programs by governments and others

- Many targeting corporations: ESG activism, scope disclosures
- But some — [US Inflation Reduction Act](#) — target households

So many micro-level programs for consumers

- 5 cent charge for plastic bags by Montgomery County, MD.
- \$7,500 tax credit for electric cars
- Flight ticket prices to buy carbon credits

Is there a triple D-I-D lurking somewhere? Just curious



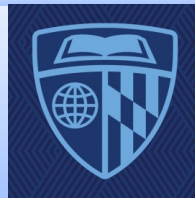
Comments 5

“Nudges” and non-human intervention “robo-advising” are studied in other domains. What might we expect in the green space? Why?

This point basically asks how to contextualize the green space?

- Is it the demand for avoiding noxious products?
- Is it about problems of externalities versus direct benefits or costs?
- Is it about providing information (regardless of context)?

Maybe context doesn't matter, people respond similarly to all robo-advice. Maybe this population is like that. Do we have data on how this population behaves?



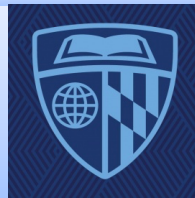
Comments 6

Source of climate data and credibility

It is known that people's reactions to advice depend on whether they trust the source of advice or the advisor

Would people believe this particular form of advice?

- Does it explain uptake? Or something else?
- Can we say something about another form of (robo or not) advice?



Overall

A lot has been said and will be said in the climate finance literature. Most work features policy changes — and corporates.

Experiments are an interesting methodological direction to move the research agenda forward.

The paper's “green nudge” using an App within banking is interesting

- Granular data, granular outcomes, interesting channels
- I am not 100% sure about the role of *FinTech*. Paper may perhaps be broader scope than just that.

