

Research on the Impact of Environmental Information Disclosure Quality on China's Green Bond Financing Efficiency

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Abstract: Green bonds are a new type of debt financing method, which can effectively broaden corporate financing channels and provide sufficient capital support for the development of enterprises. In the context of the current new normal economy, China is gradually transitioning to a low-carbon economy. The disclosure of corporate environmental information has an increasing impact on investment decisions. The environmental information disclosure of green bond issuers will directly affect corporate financing costs and financing Efficiency is therefore, It is of practical significance to study the impact of environmental information disclosure quality on China's green bond financing efficiency. This article first briefly explains the issue of green bonds and China's green bonds, and focuses on analyzing the impact of the quality of environmental information disclosure on the efficiency of China's green bond financing.

Green projects often have the characteristics of large investment scale, high cost, and long cycle. This leads to the need for large-scale capital support in the process of developing green projects. The financing efficiency and financing costs of enterprises are largely related to the green projects. Success or failure. Issuing green bonds is one of the important means to solve corporate financing problems, but compared with ordinary bonds, green bonds have extremely strict requirements for corporate environmental information disclosure. The disclosure of corporate environmental information directly affects financing efficiency and costs. Green bond issuers guarantee the quality of environmental information disclosure, which can effectively reduce investment risks, promote the improvement of financing efficiency, and increase the financing costs of their companies, which has great positive significance for their development.

1. Overview of Green Bonds

The concept of green bonds compared to ordinary bonds is that it's green, which means that funds financed by green bonds need to be invested in green projects related to the environment and climate. The issuing units of green bonds include enterprises, governments and investment banks Etc. [1]. Green bonds are mainly divided into four types. One is bonds that raise funds and use them for green purposes. This type of green bond financing funds is dedicated to green projects; The second is income bonds that raise funds for green purposes. This kind of green bonds also needs to be used exclusively for green projects. The third is bonds for green projects. The financing funds of such green bonds will be isolated and used in specific green projects. The fourth is secured green bonds. This type of green bond financing can be used exclusively for green projects or for specific green projects. At present, environmental issues have become a worldwide problem and are not limited to a certain country or region. Therefore, in order to achieve green sustainable development at present and for a long time in the future, The investment scale will inevitably become larger and larger. Under this background, green bonds will gain greater development and form a certain market size [2].

2. Issuance of Green Bonds in China

The development history of green bonds in China is relatively short. In 2015, it was identified as the first year of China's green bond development. Compared with developed countries, it started relatively late. However, in recent years, China has continued to increase support and guidance for green bonds. The intensity has promoted the great development of China's green bond market. According to Wind statistics, China issued a total of 267.953 billion green bonds in 2018, with a total of 144 green bonds issued, an increase of 8.02% and 17.07% compared to the previous year. Bond Market. Judging from the current development situation, there are mainly two uses of green bond financing funds in China, one is to use all financing funds for green project development; one is to use some financing funds for developing green projects, and part of the financing funds to repay the previous period Loans and supplementary green project operating funds, but the proportion must be less than 50%. At present, the main directions for the use of green bond financing funds are energy conservation projects, clean energy projects, and pollution prevention projects. Among the energy conservation projects, the largest investment in urban and rural infrastructure construction. The main pollution prevention projects are mainly sewage treatment and water environment treatment projects. Judging from the current development of the green bond market, The scale of China's green bond market will continue to expand for a long time in the future, and the state will give greater support in this regard, thereby promoting China's transition to a low-carbon economy, and at the same time promoting the solution of China's environmental problems [3].

3. The Impact of the Quality of Environmental Information Disclosure on the Financing Efficiency of China's Green Bonds

3.1 The impact of the relationship between environmental information disclosure and expected investment risks on financing efficiency

According to the evaluation risk hypothesis theory, when investors evaluate the invested enterprise or project, if there is a certain degree of uncertainty, the investor faces the possibility that he cannot make the best decision, thereby increasing the investment risk of the investor and cost of investment. In view of this situation, in order to avoid risks and ensure their own returns, investors will inevitably require better return on investment, which will increase financing costs and reduce financing efficiency for financing companies [4]. The key to this problem is that there is a huge information asymmetry between investors and financing companies, which leads to increased transaction costs. Through the above analysis, we can find that in the financing process, the information held by investors has greatly affected the financing cost and financing efficiency of financing companies. For green bonds, the quality of environmental information disclosure by financing companies determines the degree to which investors have mastery of corporate and green project-related information. When financing companies increase the disclosure of environmental information and ensure the authenticity of the information, investors will know The more information you have, the more confident you can be when making investment decisions, decision-making efficiency will be greatly improved, and because investors have more comprehensive information, they reduce the probability of investors making misjudgments. Therefore, the corresponding risk premium will also be reduced, and ultimately the financing efficiency of the financing company will be greatly improved, and at the same time, financing costs can be saved. On the contrary, if the financing company reduces the environmental information disclosed, or the authenticity of the information cannot be guaranteed, investors need to undergo more in-depth analysis and consideration when making decisions. The efficiency of making investment decisions will be greatly reduced, and the risk premium can also be increased For financing companies, this will affect financing efficiency and even lead to financing failure.

3.2 Impact of the relationship between environmental information disclosure and bond liquidity on financing efficiency

According to the liquidity premium theory and the information asymmetry theory, investors will

inevitably have information asymmetry when making investment decisions. Investors are often at a disadvantage in terms of information and enterprises are in an advantage in terms of information. In the process, the purpose of investors to make up for the disadvantages will inevitably increase the expected price, which will lead to an increase in the bid-ask spread between the two parties, which will affect the liquidity of the bond. In addition, information asymmetry also creates another problem, that is, investors tend to be more familiar with their own areas when making investment decisions, and generally have no willingness to invest or weak willingness to invest in areas they do not understand. There is no need to pay higher transaction costs in order to attract investors. From the above analysis, we can conclude that if companies increase environmental information disclosure and ensure that the disclosure information is true and effective, they can enhance the liquidity of bonds, thereby improving the efficiency of corporate financing and reducing the cost of financing. If companies voluntarily disclose environmental information, and ensure that the information content is complete, comprehensive, and timely, and carry out an objective analysis of the prospects of the company or green projects, there is reasonable evidence, so as to reduce the information asymmetry between investors and enterprises [5]. The lower the information asymmetry between the two parties, the higher the bond liquidity, so it will be more attractive to investors, and effectively reduce the bid-ask spread, and corporate financing efficiency will be greatly improved.

Conclusion

In summary, the quality of corporate environmental information disclosure will directly affect corporate financing efficiency and financing costs. From the current situation, the market potential of green bonds is huge. As long as companies regulate environmental information disclosure and ensure the quality of environmental information disclosure, Ensuring that the content of the information is complete, truthful, effective, and timely, it will inevitably win the favor of investors, and thus get more financial support.

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