

Sustainable Finance

Harald J. Bolsinger  
Johannes Hoffmann  
Bernd Villhauer *Editors*

# The European Central Bank and Its Role in a Sustainable Finance System

 Springer

# **Sustainable Finance**

## **Series Editors**

Karen Wendt, CEO. Eccos Impact GmbH, President of SwissFinTechLadies, President Sustainable-Finance, Cham, Zug, Switzerland

Margarethe Rammerstorfer, Professor for Energy Finance and Investments, Institute for Finance, Banking and Insurance WU Vienna, Vienna, Austria

*Sustainable Finance* is a concise and authoritative reference series linking research and practice. It provides reliable concepts and research findings in the ever growing field of sustainable investing and finance, SDG economics and Leadership with the declared commitment to present the theories, methods, tools and investment approaches that can fulfil the United Nations Sustainable Development Goals and the Paris Agreement COP 21/22 alongside with de-risking assets and creating triple purpose solutions that ensure the parity of profit, people and planet through choice architecture passion and performance. The series addresses market failure, systemic risk and reinvents portfolio theory, portfolio engineering as well as behavioural finance, financial mediation, product innovation, shared values, community building, business strategy and innovation, exponential tech and creation of social capital. Sustainable Finance and SDG Economics series helps to understand keynotes on international guidelines, guiding accounting and accountability principles, prototyping new developments in triple bottom line investing, cost benefit analysis, integrated financial first plus impact first concepts and impact measurement. Going beyond adjacent fields (like accounting, marketing, strategy, risk management) it integrates the concept of psychology, innovation, exponential tech, choice architecture, alternative economics, blue economy shared values, professions of the future, leadership, human and community development, team culture, impact, quantitative and qualitative measurement, Harvard Negotiation, mediation and complementary currency design using exponential tech and ledger technology. Books in the series contain latest findings from research, concepts for implementation, as well as best practices and case studies for the finance industry.

Harald J. Bolsinger • Johannes Hoffmann •  
Bernd Villhauer  
Editors

# The European Central Bank and Its Role in a Sustainable Finance System

 Springer

*Editors*

Harald J. Bolsinger  
Technical University of Applied Sciences  
Würzburg-Schweinfurt (THWS)  
Würzburg, Germany

Johannes Hoffmann  
Goethe University Frankfurt  
Frankfurt, Germany

Bernd Villhauer  
Weltethos-Institut  
Tübingen, Baden-Württemberg, Germany

ISSN 2522-8285

Sustainable Finance

ISBN 978-3-031-24477-3

<https://doi.org/10.1007/978-3-031-24478-0>

ISSN 2522-8293 (electronic)

ISBN 978-3-031-24478-0 (eBook)

© The Editor(s) (if applicable) and The Author(s), under exclusive license to Springer Nature Switzerland AG 2023

This work is subject to copyright. All rights are solely and exclusively licensed by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors, and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, expressed or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

This Springer imprint is published by the registered company Springer Nature Switzerland AG  
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

# Foreword

*Ladies and Gentlemen,*

*It gives me great pleasure to welcome you today to the Goethe University.*

*First of all, I would like to thank the organizers of today's conference, and especially Dr. Villhauer and Professor Hoffmann, and to welcome those who will be presenting papers to the conference.*

*I would also like to welcome the members of the Research Group on Finance and Business and all other colleagues present.*

In the past, theology used to be oriented solely towards the next world and concerned itself exclusively with the message of the Gospels and with revelation. Those days have long passed. The Goethe University has traditionally been closely involved in this shift of emphasis, and I would like to pay tribute here to our research project *Theologie Interkulturell*, or Intercultural Theology, as an example.

Now that humanity has become "our second skin" in the electronic age, to quote the Canadian philosopher Marshall McLuhan, much has changed since we have become aware of this. This is particularly noticeable where young people are concerned, and here at the Goethe University it is visible in the activities of the Green Office, which is organized by the students; theological scholarship is changing too and is broadening its object of investigation.

The Frankfurter Forschungsgruppe Ethisch-Ökologisches Rating, or Research Group on Ethical-Ecological Rating, which was founded by the (late) economist Gerhard Scherhorn together with the moral theologian Johannes Hoffmann, who is present today, has been considering many of the recent changes within the field. Right from the start, the structure of the research methods employed by the group was interdisciplinary, transdisciplinary, intercultural, and ecumenical. Female and male scholars, students, and, if I may put it this way, practitioners with many years of professional experience work together in the research group. And furthermore, the word "rating" expresses an aspiration that is the research group's own: the findings should no longer be pure theory, but should be of practical use.

The goal is to identify values and norms that can be used to shape the world. Does this mean that the world should be made in the image of the findings of academic

research? A world shaped by knowledge that comes into existence via an open dialogue, after the weighing up of all aspects and relevant factors and through our awareness of human responsibility for the Anthropocene? This is a target-oriented idea, one that carries a heavy burden of responsibility for the president of a university where knowledge for sustainability, justice, and the development of society in the twenty-first century is being elaborated!

Ladies and gentlemen, the basic requirements for this are twofold: on the one hand, the trust placed by society in scientific findings, which is very valuable and must constantly be earned anew by means of transparency and reflection on scientific methods, and, on the other hand, being prepared and actively striving to transfer these findings to the space where political decisions are made and to society.

We are responsible ourselves for the first of these and receive support for our efforts to transfer knowledge. For example, a Federal Agency for Disruptive Innovation has been set up and magic words like “start-ups” and “social entrepreneurship” are omnipresent. And when one sees what can happen when something new is also urgently needed (one only needs to think of a certain vaccine which, in just over a year, was researched, tested, manufactured, and made commercially available) one can appreciate that this may be a good way of proceeding: those of us working in universities, especially, are not only researchers but also teachers, and the concept and scope of teaching need to be understood in a broad sense. We want to pass our knowledge on.

While I was preparing these welcoming remarks for today’s conference, it struck me that the Research Group is engaged in connecting theology and the world of finance by means of the hinge of sustainability and that this generates a shared approach or level of analysis. It makes it possible, in accordance with what is expected of science today, to examine a question from different perspectives and using the tools of the widest range of disciplines, and in this way to grasp the full complexity of problems arising in a globalized world.

Thinking problems together, thinking globally, is a challenge. If one pursues a certain question or a certain interest together with others, those involved need to develop a shared language, an overarching understanding of the complexities, if they are to be able to take everything into account when formulating hypotheses—and so to live up to the demands of a science that reflects on its own methods.

Ladies and gentlemen, this process can be painful. Knowledge produced by individual disciplines can, will, and must be placed in question in the light of transdisciplinarity. No single discipline enjoys sovereignty in joint work, and added value only comes into being when one turns towards a new transdisciplinary way of thinking and accepts that new disciplines with future-oriented ambitions of their own will emerge out of transdisciplinarity.

This is precisely what the Research Group wants, and it wants more than that: it wants to discuss these issues with practitioners and to cooperate with them—in other words, to go even further in thinking the idea of transdisciplinarity. All sides, not just science but also the perspectives of society, the economy, and politics, should be involved.

In my view this is the right course to follow. We as scientists, and especially we as members of a university with its unique distinguishing features, want to create sustainability. And, yes, we want to transfer it to society.

Moreover, with this goal of developing knowledge for societal development, sustainability, and justice in the twenty-first century we are also, as scientists and as the Goethe University, increasingly acting politically. We can no longer hide behind the claim that our assumptions are purely theoretical and that we are politically objective. As society changes we change too, but we promise that we will not leave the sphere of science and that we understand our findings as something we offer to others.

The Research Group on Ethical-Ecological Rating has also changed. It is now headed by Dr. Bernd Villhauer, who is General Manager of the Weltethos-Institut or Global Ethics Institute at the University of Tübingen. It also has a new name and is now called the Research Group on Finance and Business. Did the ethics of ecological rating get lost on the way to Baden-Württemberg? By no means. On the Group's website, and elsewhere too I am sure, Dr. Villhauer writes: "An ethically based and sustainability-oriented financial system is not only possible, it is also urgently needed."

Another thing that has not changed is the striving of the Research Group to exert an influence on the general process of developing an informed opinion. As I understand it, the Group were pioneers in this field in the 1990s: the project of working out an ethical-ecological rating on the basis of scientific criteria. The fact that they are continuing this work, in a different form of course, is something that should be celebrated.

Ladies and gentlemen, the process of creating knowledge, whether in the political sphere or in writing the latest standard work in an academic field, always involves the temptation to convince other people. And it is true that one can sometimes lose one's temper as one tries to do so. But debate, and especially debating with those who do not share one's position, is constitutive: and where can such conversations take place, if not in the university? For this reason, I would also like to make a special point here of thanking our colleagues from the world of practice who have accepted the challenge of an open discussion in an academic environment. It is not self-evident that this should happen, but it is extremely important, for it is in such discussions that academic findings can be refined and the transfer of knowledge tested.

Once again, I would like to welcome you all to the Goethe University; for all our sakes, I hope you will enjoy a productive conference.

Johann Wolfgang Goethe University Frankfurt  
Frankfurt am Main, Germany

Enrico Schleiff



# Contents

**From “Climate Finance” to “Climate Finance Society” to a Culture of Sustainability: Changing Perspectives on the ECB’s New Strategy . . .** 1  
Harald J. Bolsinger and Ulrich Klüh

**Sustainable Finance: What Has Happened—What Needs to Happen? . .** 7  
von Johannes Hoffmann

**The New Sustainability Strategy of the ECB . . . . .** 11  
Peter Ehrlich

**Independently Green? An Integrated Strategy for a Transformative ECB . . . . .** 17  
Ulrich Klüh and Janina Urban

**Credibility in the Financial Market: A Practical Perspective . . . . .** 65  
von Jens Minnemann

**Fundamental Rights in the Core Business of the ECB: Still No Issue . . .** 81  
Harald J. Bolsinger

**What to Do with Modern Money Theory (MMT)? . . . . .** 111  
von Dirk Ehnts

**The Role of the EU Taxonomy . . . . .** 123  
Bernd Villhauer

# About the Editors

**Harald J. Bolsinger** is the former Dean and Vice-Dean of the Faculty of Economics and Business Administration at the Technical University of Applied Sciences Würzburg-Schweinfurt (THWS), Germany. He gained extensive practical experience in corporate customer care and sales in the cooperative banking sector, as an economic promoter for the city of Nuremberg, Germany, and in independent management consultancy. He is active in numerous initiatives to promote sustainable corporate governance, corporate responsibility, and Christian values in business and academic life. He has taught at various universities, and his current focus is chiefly on sustainable corporate management and values management, as well as business ethics issues. He served in the Research Group Finance and Economy of the Weltethos Institute at the University of Tübingen as Director Regulatory Policy (Member of the Board) until January 2023.

**Johannes Hofmann** was in charge of developing the Frankfurt-Hohenheimer catalogue, providing the most comprehensive criteria for ethical investments with over 800 evaluation criteria the basis for assigning sustainability ratings to many companies worldwide. He is Chairman of the Founding Board of the Research Group Finance and Economy of the Weltethos Institute at the University of Tübingen.

**Bernd Villhauer** is Managing Director of the Global Ethic Institute (WEIT) at the University of Tübingen, Germany and has taught at the universities of Karlsruhe, Jena, Darmstadt, and Tübingen. His main research interests are in cultural and media science issues, as well as theoretical and practical philosophy and economics. He is the co-founder of the Institute for Philosophy of Practice in Darmstadt, Germany and Director of the Good Governance Lab at the European School of Governance (EUSG). In the Research Group Finance and Economy of the Weltethos Institute at the University of Tübingen, he is Member of the Board (Director Research Organization).

# From “Climate Finance” to “Climate Finance Society” to a Culture of Sustainability: Changing Perspectives on the ECB’s New Strategy



Harald J. Bolsinger and Ulrich Klüh

**Abstract** In this text, all contributions are summarized and the focus of the volume is explained. It highlights the importance of a new cultural setting for ECB sustainability strategies. From a system in which the financial sector incorporates sustainability according to its own logic, as does the real sector, the political sector, the regulatory sector, and the civil society, we need to start working on a system of mutually consistent logics to move from “(ECB) Climate Finance” to a “Climate Finance Society” and from “Sustainable Finance” to a “Sustainable Finance Society.” On this basis, one could then start working on the even more ambitious project of putting culture center stage.

In 2021, the European Central Bank (ECB) has finally set sail to become a serious actor in the transformation to a sustainable economy and society. After years of incremental change, it has integrated concerns about climate change in its strategy. With this focus on climate (and the associated disregard with respect to other dimensions of sustainability), the ECB mirrors developments on the level of the European Union (EU) in general. There, initiatives such as the Green Deal, the Fit for 55 program, or the EU taxonomy can be considered serious attempts to get down to business with respect to the ecological threats resulting from climate change. In contrast to the ECB, these programs make reference to other aspects of sustainable development, ranging from planetary boundaries in general to social aspects, human

---

Ulrich Klüh acknowledges financial support by the Federal Ministry of Education and Research of Germany in the framework of its funding initiative Sustainable Finance and Climate Protection (SFCP).

---

H. J. Bolsinger (✉)

Technical University of Applied Sciences Würzburg-Schweinfurt (THWS), Würzburg, Germany

e-mail: [harald.bolsinger@thws.de](mailto:harald.bolsinger@thws.de)

U. Klüh

Center for Sustainable Economic and Corporate Policy, Darmstadt, Germany

e-mail: [ulrich.klueh@h-da.de](mailto:ulrich.klueh@h-da.de)

rights, and working conditions. Similar to the ECB, however, the EU commission's proposals are clearly biased toward the issue of climate change. And similar to the ECB, the commission acts from a deep conviction that climate change is a challenge that can be addressed within the logic of the current economic system.

The ECB's strategy on climate can be seen as a commitment to incorporate climate change considerations into its operational framework. The details of implementing this commitment are not known yet, as they will be developed under the framework of an "action plan" and "roadmap," emphasizing

- Macroeconomic modeling and assessment of implications for monetary policy transmission
- Statistical data for climate change risk analyses
- Disclosures as a requirement for eligibility as collateral and asset purchases
- Enhancement of risk assessment capabilities
- Collateral framework
- Corporate sector asset purchases

Especially the mentioning of the disclosure requirements, the collateral framework, and corporate asset purchases has led the financial community to believe that the ECB is willing to take the gloves off when it comes to climate change. However, it is still unclear how bold changes to the current rules will be. What is clear is how the ECB legitimizes its engagement in the fight against climate change. Climate change will not be considered as a stand-alone ("secondary") objective. It is introduced through its potential relevance for price stability. Its incorporation is mainly justified by the concern that "climate change and the transition towards a more sustainable economy affect the outlook for price stability" and that "climate change and the carbon transition affect the value and the risk profile of the assets held on the Eurosystem's balance sheet, potentially leading to an undesirable accumulation of climate-related financial risks" (ECB 2021a, b).

While the mentioned changes are a step forward, the new strategy has been the object of controversial discussions. Some observers, especially in Germany, fear that the ECB is taking on too much responsibility in areas not directly related to its primary mandate. Others criticize the lack of detail, concrete action, and the fact that the priorities of monetary policy remain unchanged. Others still find the ECB's reaction to be too much focused on a single sustainability issue, climate change, ignoring the fact that the challenge of planetary boundaries can only be addressed in a holistic way, taking into account the complex interplay between different boundaries and more generally the complexity of ecosystems, especially in a situation where the latter have already been severely damaged. A final group of critics emphasize the need to go beyond ecological concerns, as the transformation lying ahead of us will require a more fundamental overhaul of the way social, cultural, and ethical issues are incorporated in our ways of organizing economic activity.

In spite of the varied nature of the criticism, the academic debate on the ECB's role in the sustainability transformation has been rather one-dimensional. It has mainly focused on one perspective, mainstream economic reasoning. Within the economic sphere, it has largely relied on standard descriptions of the macro-financial nexus, such as the one associated with the so-called neoclassical synthesis. It has

been highly Eurocentric, neglecting the perspectives of the Global South and what is now often called the emergence of a “terrestrial” political economy and political ecology (Latour 2018). Finally, it has been very technocratic. In its better moments, it has taken on board aspects from the political sciences, but social and cultural perspectives have been largely neglected.

On October 13, 2021, the *Research Group Finance and Economics of the Global Ethics Institute* organized a conference at Goethe University in Frankfurt/Main to “change perspectives” and in this way widen and deepen the debate on ECB sustainability. Its objective was to offer a platform for a more systematic, holistic, and multidimensional treatment of the ECB’s new strategy and to organize an unremitting change

- From purely economized and modernistic to transdisciplinary and transformative perspectives, taking into account the question of how to embed the economy into the wider context of a world society under severe ecological threat
- From mainly Eurocentric to global perspectives, taking into account the importance of views from the Global South and the emergence of terrestrial perspectives
- From the economic perspectives derived from the neoclassical synthesis and mainstream finance to a more pluralistic economics, giving voice to approaches such as the Modern Monetary Theory (MMT) or economic history
- From largely technocratic to more holistic perspectives, taking on board the views from civil society, business community, sustainability research, and transformational science, and a more broader view of the limits of the economy and its specific rationality

In his welcome address to the conference, the president of the Goethe University, Enrico Schleiff, commended this intention and related it to the tradition of his university and the history of the Research Group Finance and Economics of the Global Ethic Institute. He made visible how its predecessor, the “Research Group on Ethical-Ecological Rating” (Frankfurter Forschungsgruppe Ethisch-Ökologisches Rating), had always diverged from one-dimensional approaches to finance and money and how it has continuously multiplied and integrated different perspectives. Founded by economist Gerhard Scherhorn together with moral theologian Johannes Hoffmann, it bridged theology, philosophy, and the world of finance and economy by means of the hinge of sustainability. In this way, it generated a unique shared approach and a holistic level of analysis that is upheld by its successor group at Weltethos Institute in events such as the one on the ECB.

The chairman of the founding board of the research group Johannes Hoffmann gave an overview of the sustainability situation in the global financial markets directly after Schleiff’s thematic introduction: “Sustainable Finance: What Has Happened—What Needs to Happen?” He made clear how much has changed already and how sustainability has become a mainstream concern. He also emphasized, however, that much of the current thinking in the area of sustainable finance is characterized by a tendency to preserve the existing logics of finance and by a lack to take into account ethical and cultural dimensions more systematically.