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WiPäd Bachelor Theses FSS 2024: Topics

- TOPIC NR1:** **Governance Mechanisms in the Green Bond Market: The Role of External Reviews**
Advisor: Larissa Ginzinger
- TOPIC NR2:** **Tackling the Gender Investment Gap: Do Women Need “Pink” Financial Products?**
Advisor: Larissa Ginzinger



TOPIC NR1: Governance Mechanisms in the Green Bond Market: The Role of External Reviews

Advisor: Larissa Ginzinger

Green bonds, which are used to finance environmentally friendly ("green") projects, are a relatively recent development in sustainable finance. The first green bond was issued by the European Investment Bank in 2007 to finance renewable energy and energy efficiency projects. Since then, green bonds have surged in popularity – a development that has been referred to as the "green bond boom" (e.g, Morgan Stanley, 2017).

However, the market has moved much faster than regulators. As a result, the green bond market lacks public regulation and standardization. Instead, the governance of the green bond market is decentralized and largely shaped by private standards (e.g. the International Capital Market Association's Green Bond Principles) and governance mechanisms. In this context, external reviews by third parties ("external review providers"), which ensure the "greenness" of a bond, play a central role.

Requirements:

The goal of this thesis is twofold. First, the student is required to provide a comprehensive literature review on governance standards and mechanisms in the green bond market. The discussion should include, but not be limited to, (1) the development of the green bond market over time; (2) the status quo of standards and governance mechanisms in the green bond market; (3) a comprehensive overview of the market for external reviews; (4) the European Union's "European Green Bond" standard. Second, the student is required to conduct a case study that carefully examines different types of external reviews by different review providers from a governance perspective.

Introductory Literature:

- Climate Bonds Initiative (2022). Sustainable Debt: Global State of the Market in 2022, https://www.climatebonds.net/files/reports/cbi_sotm_2022_03e.pdf.
- Flammer, C. (2021). Corporate green bonds. *Journal of Financial Economics*, 142(2), 499-516.
- Flammer, C. (2020). Green bonds: effectiveness and implications for public policy. *Environmental and Energy Policy and the Economy*, 1(1), 95-128.
- Tang, D. Y., & Zhang, Y. (2020). Do shareholders benefit from green bonds?. *Journal of Corporate Finance*, 61, 101427.
- Ramos Muñoz, D.& Smoleńska A. (2023). *Greening the Bond Market: A European Perspective*, Palgrave Macmillan Cham.
- Simeth, N. (2022). The value of external reviews in the secondary green bond market. *Finance Research Letters*, 46, 102306.

TOPIC NR2: Tackling the Gender Investment Gap: Do Women Need “Pink” Financial Products?

Advisor: Larissa Ginzinger

Women are much less active than men in financial planning, stock market participation, and retirement savings (e.g., Almenberg & Dreber (2015), Lusardi & Mitchell (2008)). The reasons for the gender investment gap are multifaceted, ranging from women's comparatively lower financial literacy (e.g., Lusardi & Mitchell (2011)) to poorer financial advice provided to women (e.g., Bucher-Koenen et al. (2023)).

In recent years, banks, asset managers, and other financial service providers have discovered women as a sales target group. They increasingly promote "pink" financial products, such as "women's funds" or "pink funds", which invest exclusively in companies deemed "women-friendly". The argument is that female clients may prioritize different criteria than men when making investment decisions and that "women-friendly" firms may outperform competitors. However, the potential drawback of such fund specialization, namely reduced portfolio diversification, is often disregarded.

Requirements:

The goal of this thesis is to assess whether pink financial products can be an effective way of tackling the gender investment gap. The student is required to provide a comprehensive literature survey on the gender investment gap und “pink” financial products. The discussion should include but not be limited to (1) the status quo of the gender investment gap; (2) the reasons why women invest less in financial markets; (3) an overview of the market for 'pink' financial products; (4) a critical discussion of the potential advantages and disadvantages of 'pink' financial products. In the context of (4), the student should discuss the performance of 'pink' funds compared to their conventional counterparts and present relevant facts and figures.

Introductory Literature:

- Almenberg, J., & Dreber, A. (2015). Gender, stock market participation and financial literacy. *Economics Letters*, 137, 140-142.
- Bucher-Koenen, T., Hackethal, A., Koenen, J., & Laudenbach, C. (2023). Gender differences in financial advice. SSRN Working Paper.
- Bucher-Koenen, T., Alessie, R. J., Lusardi, A., & Van Rooij, M. (2021). Fearless woman: Financial literacy and stock market participation (No. w28723). National Bureau of Economic Research Working Paper.
- Capelle-Blancard, G., Desroziers, A., & Rebérioux, A. Does it Pay to Be Gender Friendly? Evidence from Portfolio Strategies. SSRN Working Paper.
- Lusardi, A., & Mitchell, O. S. (2008). Planning and financial literacy: How do women fare?. *American Economic Review*, 98(2), 413-417.
- Lusardi, A., & Mitchell, O. S. (2011). Financial literacy around the world: an overview. *Journal of Pension Economics & Finance*, 10(4), 497-508.
- Niessen-Ruenzi, A., & Zimmerer, L. (2024). The Gender Investment Gap: Reasons and Consequences. SSRN Working Paper.