



## Transition Risk to a Low-Carbon Economy and the Effects on Financial Markets

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### Message from the Guest Editors

Climate change raises the urgency of committing to climate transition and the related risks. Climate-related risks and their transmission mechanisms could affect economic entities by generating higher costs of doing business and increasing the market volatility of asset values. Although financial markets can contribute to an orderly transition to a low-carbon economy, transition risk can influence investment decisions and pose significant threats to financial stability. The aim of this Special Issue is to promote research on the transition risk to a low-carbon economy and its consequences for financial markets and market players. In particular, this Special Issue focuses on research related to sustainable finance and financial innovation and how they interact with financial markets, the evaluation of investments and risk management procedures. We invite both theoretical and empirical papers and encourage researchers from multiple disciplines to submit manuscripts.

**Keywords:** climate econometrics; climate finance; financial innovation; financial markets; low-carbon economy; portfolio allocation; risk management; sustainable finance; transition risk.





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