

The Analysis of Regulation on Sustainability in the Financial Sector in Lithuania

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Abstract : Lithuania is known as a trusted location for global business institutions, and it attracts investors with its competitive environment for financial service providers. Along with the aspiration to offer a strong results-oriented and innovations-driven environment for financial service providers, Lithuanian regulatory authorities consistently implement the European Union's high regulatory standards for financial activities, including sustainability-related disclosures. Since European Union directed its policy towards transition to a climate-neutral, green, competitive, and inclusive economy, additional regulatory requirements for financial market participants are adopted: disclosure of sustainable activities, transparency, prevention of greenwashing, etc. The financial sector is one of the key factors influencing the implementation of sustainability objectives in European Union policies and mitigating the negative effects of climate change –public funds are not enough to make a significant impact on sustainable investments, therefore directing public and private capital to green projects may help to finance the necessary changes. The topic of the study is original and has not yet been widely analyzed in Lithuanian legal discourse. There are used quantitative and qualitative methodologies, logical, systematic, and critical analysis principles; hence the aim of this study is to reveal the problem of the implementation of the regulation on sustainability in the Lithuanian financial sector. Additional regulatory requirements could cause serious changes in financial business operations: additional funds, employees, and time have to be dedicated in order for the companies could implement these regulations. Lack of knowledge and data on how to implement new regulatory requirements towards sustainable reporting causes a lot of uncertainty for financial market participants. And for some companies, it might even be an essential point in terms of business continuity. It is considered that the supervisory authorities should find a balance between financial market needs and legal regulation.

Keywords : financial, legal, regulatory, sustainability

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