

Independent study title	THE EVIDENCE ON THE GREEN BOND PREMIUM IN ASIA-PACIFIC AND EUROPE MARKETS
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## ABSTRACT

Green bond issuance moves toward pro-environmental preferences when it is crucially used to finance environmental projects. This study examines the existence of green bond premium in both primary and secondary bond markets by using 770 green bonds and 16,880 conventional bonds issued from Asia-Pacific and Europe. To find a pair of identical bonds, we employ Propensity Score Matching and Coarsened Exact Matching, as well as Bootstrapping and Synthetic Minority Oversampling Techniques. The result shows that green bond yields are on average 8-120 basis points lower than conventional bonds in Asia-Pacific markets, indicating that a green bond premium exists. However, there is no solid evidence in Europe markets. Our finding explains a potential mismatch in green bond supply and support the view that green bond issuance raises additional issuer's cost of fund while also concerning on information asymmetry that raises a risk of greenwashing.

Keywords: Green Bond Premium, Pro-environmental Preferences, Propensity Score Matching, Coarsened Exact Matching, Asia-Pacific, Europe, Greenwashing