

4th April 2022

China experiments personal carbon accounts

After imposing various decarbonisation regulations on its industrial polluters, China is now extending its environmental efforts to its 1.4 billion citizens by attempting to influence their green behaviours. Earlier this year, the National Development and Reform Commission (NDRC) released the [Promoting Green Consumption Action Plan](#), aiming to stimulate the country's consumption towards a direction that matches its net-zero environmental commitment.

More recently, a number of Chinese cities including Shanghai and Shenzhen have launched pilot programs for personal carbon accounts, as an effort to guide and record their citizens' green consumption and transportation behaviours. On 28th March, Zhejiang province, a major economic powerhouse on the east coast, also launched personal carbon account services for its residents, becoming the first provincial-level government in China to roll out such an innovative measure.

Unlike carbon control measures for industrial polluters that aim at regulating and limiting the amount of carbon emissions, these personal carbon account programs seek to provide guidance and incentives to facilitate green consumption and transportation behaviours by cultivating green awareness in people's daily life. For instance, the [Zhejiang-based program](#) integrates data access across 17 application scenarios in the fields of clothing, food, housing and transportation. With the help of payment apps like Alipay, participants of the program could seamlessly log their eligible green behaviours on the platform in exchange for certain gifts and privileges, similar to a typical membership rewards program.

Notably, several Chinese local commercial banks such as CITIC Bank and Shanghai Pudong Development Bank (SPD Bank) have also recently launched similar programs for their retail and corporate clients. Taking the CITIC Bank's pilot program for example, upon approval from the user, it leverages information gathered from credit card bills to calculate the carbon reduction of the user's green consumption and transportation behaviours. Targeting corporate clients, the SPD Bank's program rewards clients who have

been involved in green bond issuance services with fee reduction incentives and free green consultancy services.

While applications and incentives of these experimental programs may seem limited at present, personal carbon accounts have the potential to influence public behaviours toward a greener lifestyle if the incentive mechanism is well designed. However, given the current underdeveloped status of carbon accounting methods in personal consumption, program designers would have to be mindful of accounting methodologies that may lead to unintended results of greenwashing. Furthermore, as the Chinese government places increasing emphasis on personal data protection, properly collecting and managing personal data when calculating personal carbon reduction would be another key area of focus for further developing such personal carbon account programs.

Overall, we view such innovative programs as an encouraging sign that the Chinese government has realised the importance of consumer behaviour in fulfilling the country's environmental commitment. With China's large consumer base and strong industrial manufacturing capacity, green consumption could potentially be the next growth engine after its success in leading renewable technologies.

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