

# The Impact of Green Finance Development on Enterprises' Investment and Financing Strategies

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**Abstract:** With the global advancement of the concept of sustainable development and environmental protection work, especially under the systematic deployment of green development in the report of the 20th National Congress of the Communist Party of China, the development of green finance in China has an increasingly significant impact on enterprise operation and management. Against the backdrop of the continuous deepening of green finance, it has multi-dimensional and profound impacts on enterprises' investment and financing decisions, resource allocation, and development strategies. Based on this, this paper focuses on the level of enterprises' investment and financing strategies, deeply analyzes the specific impacts of green finance development on enterprises, analyzes them in combination with practical problems, and then proposes corresponding optimization countermeasures, aiming to provide theoretical support and practical references for enhancing the core competitiveness of enterprises in the context of green finance.

**Keywords:** Green finance; Enterprises; Investment and financing

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## 1. Introduction

Against the backdrop of increasingly prominent global climate change and ecological environment problems, green finance has become a key force in promoting green and low-carbon transformation and sustainable development. As one of the countries with the largest carbon emissions globally, China has attached great importance to the development of green finance in recent years. Especially after the proposal of the "Dual-carbon" goals, green finance has been given a strategic position. The government promotes the innovation of green financial products, standard construction, and environmental information disclosure through policy support, and improves the financial support mechanism.

The essence of green finance is to guide capital to low-carbon, environmentally friendly, and efficient clean industries, promoting a virtuous interaction between economic development and ecological protection. This provides enterprises with diversified financing tools (such as green bonds and green credit), improves the financing

structure and cost, and promotes green technology innovation and transformation. However, the green finance system is still in the stage of improvement, with problems such as insufficient information disclosure, inconsistent project standards, and the risk of greenwashing, bringing uncertainties and risks to enterprises. Small and medium-sized enterprises, in particular, face more challenges<sup>[1]</sup>.

This paper will analyze the impact of green finance on enterprise strategies, explore the difficulties of small and medium-sized enterprises in green investment and financing, and put forward practical policy suggestions and strategic optimization plans to contribute to the high-quality development of the green economy.

## **2. The current situation of the impact of green finance development on enterprises' investment and financing strategies**

### **2.1. Guiding enterprises to achieve green transformation and upgrading**

Green finance is not only an innovation of financial products but also a mechanism for guiding enterprise transformation through the allocation of financial resources. With the improvement of the policy system, when formulating investment and financing strategies, enterprises no longer only focus on economic returns but also pay attention to green indicators such as environmental impact, carbon footprint control, and energy conservation and emission reduction. This change in concept has prompted enterprises to carry out green technology transformation, optimize the energy structure, and design low-carbon products, promoting the transformation of the production and operation system towards green, intelligent, and low-carbon directions.

Financial tools such as green credit and green bonds provide enterprises with financial support and cost advantages. For example, many commercial banks have launched a “green channel” approval mechanism, offering incentives such as preferential interest rates and simplified approvals for projects that meet environmental protection standards. In the capital market, enterprises that issue green bonds and conduct green asset securitization can obtain a higher market subscription rate and investor recognition, further enhancing their financing capabilities, market image, and brand value<sup>[2]</sup>.

### **2.2. Reducing financing costs and optimizing resource allocation**

The development of green finance has broadened enterprises' financing channels and reduced financing costs through differential financial policies. With the gradual refinement of green finance assessment standards and the maturity of the rating mechanism, financial institutions tend to allocate resources to environmental protection, energy-saving, and carbon-reducing enterprises<sup>[3]</sup>. Enterprises that meet the conditions of green projects can not only enjoy lower loan interest rates and longer loan terms but also receive government subsidies, tax incentives, and green guarantees.

### **2.3. Remodeling enterprises' investment and financing strategies and decision-making systems**

Green finance has not only changed the financing tools and cost structure but also deeply influenced enterprises' investment and financing strategies and governance structures. Nowadays, when making major investment decisions, enterprises must incorporate environmental impact and carbon footprint accounting into feasibility studies and strategic assessments, strengthen green compliance reviews, and set green performance indicators. This has prompted enterprises to restructure their internal investment and financing processes, forming a dual-decision-making system with the core of “green benefits + financial returns”.

To meet the requirements of green finance for information transparency, enterprises need to establish a systematic green investment and financing management system, including mechanisms such as green fund use planning, environmental impact target setting, project performance tracking, third-party certification, and compliance disclosure. This not only improves enterprises' environmental governance capabilities but also strengthens the trust foundation with financial institutions<sup>[4]</sup>.

### **3. Problems in the impact of green finance development on enterprises' investment and financing strategies**

#### **3.1. Imperfect market system and lack of unified green finance standards**

Although China's green finance has achieved phased results, it is still in the initial stage of exploration overall. The market system construction is imperfect, and the institutional system is not yet systematic. On the one hand, the categories of green financial products are relatively single<sup>[5]</sup>. The product structure is mainly composed of green credit and green bonds. Emerging tools such as green funds, green insurance, and carbon financial derivatives have developed slowly, and a diversified and full-cycle-covering financial product system has not yet been formed, making it difficult to meet the financing needs of different types of enterprises.

On the other hand, the definitions, identifications, and evaluation standards of green projects have not been unified. Although there are policy documents such as the "Green Bond-Supported Project Catalogue (2021 Edition)" for reference, there are still significant differences among different financial institutions in the definition of green assets, review dimensions, and identification processes. There is a lack of a unified green rating and certification system. In addition, the carbon financial market has not been fully established. The national carbon market is still in the pilot stage of quota trading. The pricing mechanism, trading rules of carbon assets, and their effective connection with enterprise financing mechanisms are still immature, restricting the guiding role of green finance in resource allocation<sup>[6]</sup>.

#### **3.2. Imperfect information disclosure mechanism and lagging regulatory system**

The core of green finance is "transparency" and "sustainability". However, in current practice, the imperfect green information disclosure system remains a key issue restricting the high-quality development of green finance<sup>[7]</sup>. Some enterprises do not disclose information on the environmental performance of green projects and carbon emission reduction in a timely and standardized manner, and there are even cases of exaggerated publicity or false statements. This not only hinders financial institutions from accurately assessing project risks and sustainability but also damages the rights and interests of investors and the market trust foundation.

At the same time, China's green finance regulatory system is relatively lagging, and a systematic regulatory framework and strong law-enforcement mechanism have not yet been formed. There are overlapping responsibilities and regulatory blind spots, especially in aspects such as green project review, post-event supervision of green bonds, and third-party verification<sup>[8-10]</sup>. Although the "Measures for the Legal Disclosure of Enterprise Environmental Information" was issued in 2022, its implementation intensity and coverage are still limited, and there is a lack of a coordination mechanism with financial supervision, making it difficult to effectively curb "greenwashing" behaviors and affecting the resource-guiding efficiency and credibility of green finance.

### **3.3. Unstable capital source structure and limited financing channels**

Stable and diversified financing sources are the basis for enterprises to achieve green transformation. However, currently, China's green finance still highly depends on policy-based funds and government-guided funds, and the supply of market-based green financial resources is insufficient. On the one hand, local fiscal funds and special green subsidies dominate. Once the policy direction is adjusted or the finance is tightened, it is easy to cause the financing chain of enterprise green projects to break, restricting the stability of their medium-and long-term development plans.

On the other hand, diversified green financing tools such as green bonds, carbon finance, and green asset securitization are still in their infancy. The market depth is insufficient, and the motivation for financial innovation is not strong, resulting in a single financing method for enterprises and limited risk-resistance capabilities. Especially for small and medium-sized enterprises, due to a lack of collateral, weak information disclosure capabilities, and small-scale green projects, they generally face the dual dilemma of “difficult and expensive financing” and find it difficult to fully enjoy the policy dividends of green finance.

In addition, there is no linkage mechanism between the carbon market and green credit. Enterprises find it difficult to obtain liquidity support through the realization of carbon assets, which is also not conducive to the formation of an effective assessment, trading, and financing loop for green assets.

### **3.4. Insufficient enterprise green awareness and high-risk barriers to green investment**

The sustainable operation of green finance requires the active strategic participation of enterprises and the internalization of the green concept. However, currently, there is still a significant lack of enterprises' awareness of green development. Some enterprises regard green transformation as an “external pressure” rather than an “internal driving force”, respond passively to green finance policies, and are not enthusiastic about developing green projects. Especially in small and medium-sized enterprises and traditional manufacturing industries, the green strategy has not been embedded in the long-term plans of enterprises, resulting in a lack of a synergistic effect between green finance and enterprise strategies<sup>[11]</sup>.

In addition, most green investments are concentrated in high-tech fields such as new energy, new materials, and energy conservation and emission reduction. These projects have long cycles, high technical thresholds, and large capital requirements, with high uncertainty and failure risks.

## **4. Countermeasures for enterprises' investment and financing strategies under the influence of the green finance market**

### **4.1. Promoting the construction of the green finance market system and unifying financial standards and certification mechanisms**

The orderly development of the green finance market requires the coordinated participation of multiple stakeholders and institutional construction. Currently, the development of green finance in China is still in a stage with inconsistent standards and incomplete norms. It is necessary to accelerate the construction of the standard system and market mechanism.

On the one hand, the government should increase support for small and medium-sized enterprises and promote the transformation of green finance from “dominated by large enterprises” to “inclusive and shared”. By setting up green special subsidies, implementing tax exemptions and reductions, providing financing guarantees and interest-subsidized loans, etc., the participation threshold for small and medium-sized enterprises can be



reduced, and their motivation for green transformation can be enhanced<sup>[12]</sup>.

On the other hand, financial institutions should be encouraged to strengthen product innovation, expand new-type financial tools such as green insurance, green leasing, and carbon asset securitization, and improve the coverage and service flexibility of green finance<sup>[13]</sup>.

In addition, a unified and authoritative green standard system should be constructed, clarifying the identification standards, evaluation methods, and certification processes of green projects. International experience, such as the EU Taxonomy, can be drawn on to promote the integration of China's green standards with global standards and improve the transparency and international compatibility of green financial products.

## **4.2. Improving the information disclosure mechanism and the green regulatory system**

A sound information disclosure system and a standardized regulatory mechanism are important guarantees for the effective operation of green finance. Enterprises should establish a perfect information disclosure mechanism and take the initiative to disclose key indicators such as the use of funds for green projects, environmental benefits, and carbon emission reductions to meet the supervision needs of financial institutions and the public.

Regulatory agencies should establish a whole-process supervision system covering pre-event, in-event, and post-event, especially strengthening the authenticity review and performance evaluation of products such as green bonds and loans. Severe punishment should be imposed on “greenwashing” behaviors to increase the cost of violations and build a long-term governance mechanism for green finance.

At the same time, the construction of a unified information disclosure platform should be promoted, and a national-level green finance information sharing system should be established to improve data transparency and achieve information connectivity and risk co-governance among regulatory departments, financial institutions, and enterprises<sup>[14]</sup>.

## **4.3. Broadening diverse green financing channels and stimulating enterprises' financing vitality**

Constructing diverse and stable financing channels is the key for enterprises to optimize their investment and financing structures and achieve green transformation. Enterprises should reasonably select green financing tools according to their development stages and project characteristics. For example, mature enterprises can use stable tools such as green bonds and credit, while growing enterprises can introduce green equity financing and venture capital.

The government and regulatory departments should encourage the establishment of green industry development funds, green technology funds, etc., to guide the wide participation of social capital; accelerate the construction of a green finance comprehensive service platform, promote the development of green industrial chain finance, and improve the efficiency and coverage of capital flow.

In addition, financial institutions such as banks, securities companies, and insurance companies should be promoted to establish green service franchise mechanisms, set up green rating systems and risk tolerance mechanisms, and customize financing plans for enterprises, especially to improve the financing availability and capabilities of small, medium, and micro-enterprises.

## **4.4. Strengthening enterprises' green awareness and capacity building, and consolidating the foundation for strategic implementation**

Enterprises are important actors in the green finance system, and their green awareness and capabilities are the core guarantees for investment and financing transformation. Enterprises should integrate the green concept into

strategic formulation and daily operations and build a management system with the core of Environment, Social, and Governance (ESG).

The green awareness of management and employees should be enhanced through environmental protection regulations training, carbon management construction, and green performance evaluation. At the same time, since green projects mostly involve fields such as new energy and energy-saving and environmental protection, enterprises should strengthen their technology research and development and innovation capabilities to enhance the controllability and implementation rate of projects.

To alleviate the shortage of talents in the field of green finance, enterprises should also accelerate the cultivation of cross-disciplinary and composite talents in green finance, environmental science, and technical economics, build a professional talent echelon, and improve the comprehensive capabilities of project evaluation, implementation, and management<sup>[15]</sup>.

## 5. Conclusion

As an important financial means to achieve the “Dual-carbon” goals and promote the construction of ecological civilization, green finance is profoundly reshaping the investment and financing strategic logic and resource allocation methods of enterprises. Starting from the impact of green finance on enterprises, this paper systematically sorts out its positive effects in promoting green transformation, optimizing the financing structure, and remodeling the decision-making system. At the same time, it also analyzes the practical problems currently faced in the development of green finance, such as inconsistent market standards, insufficient information disclosure, limited financing channels, and insufficient enterprise capabilities.

To address the above challenges, this paper proposes countermeasures, including promoting the unification of green finance standards, improving the information disclosure mechanism, expanding financing paths, and enhancing enterprises’ green governance capabilities, aiming to provide a reference for enterprises to build a sustainable investment and financing system that adapts to the green finance environment.

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## Disclosure statement

The authors declare no conflict of interest.

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