Can green finance effectively reduce carbon dioxide emissions while promoting economic growth?

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New research published in *Business Strategy and the Environment* based on information from G7 countries demonstrates that green finance—loans, investments, and incentives that support environmentally-friendly projects and activities—can reduce carbon dioxide emissions. Also, data indicate that investments in green projects are profitable.

The study found that G7 countries' environmental conditions have been negatively impacted by economic development; however, there are advantages of green finance solutions for economic growth.

The study's investigators note that companies across various industries can contribute to environmental sustainability by proactively investing in green finance initiatives and renewable energy.

"Companies must also ensure that their growth strategies incorporate environmental considerations to avoid exacerbating carbon dioxide emissions and climate change," said corresponding author Kaliyan Mathiyazhagan, Ph.D., of the Thiagarajar School of Management, in India.

More information: Rim El Khoury et al, The nexus of Green finance and renewable energy on CO2 emissions, *Business Strategy and the Environment* (2024). DOI: 10.1002/bse.3914

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