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## **GREEN CREDIT POLICY AND THE GREEN SUSTAINABLE DEVELOPMENT OF HEAVILY POLLUTING ENTERPRISES**

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### **Abstract**

This investigation employs annual data from Chinese publicly listed companies covering the period from 2008 to 2020. Its primary objective is to empirically explore the relationship between green credit policies and the Green Sustainable Development (GSD) of heavily polluting enterprises. The results suggest that green credit policies play a significant role in promoting the GSD of heavily polluting enterprises, with green innovation acting as a mediating factor in the association between green credit policies and GSD. In essence, green credit policies facilitate the advancement of the GSD of heavily polluting enterprises by fostering green innovation. Furthermore, supplementary findings underscore the magnifying effect of a loose monetary policy and heightened bank competition on the impact of green credit policies in driving the GSD of heavily polluting enterprises. Heterogeneity analyses emphasize that the influence of green credit policies is more pronounced in stimulating the GSD of large-scale enterprises and those with high liquidity ratios. The conclusions drawn from this study provide a theoretical basis and offer policy recommendations aimed at improving the GSD of heavily polluting enterprises and promoting the effective implementation of green credit.

*Key words:* differences-in-differences, green credit policies, mediating effect, sustainable development

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