

GREEN CREDIT ACCORDING TO LAWS AND REGULATIONS IN VIETNAM

CRÉDITO VERDE DE ACORDO COM AS LEIS E REGULAMENTOS DO VIETNÃ*

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Abstract: Green credit is the source of capital provided for business investment projects that effectively use natural resources; respond to climate change; manage the waste; control pollution, improve environmental quality; restore natural ecosystems; conserve nature and biodiversity and generate other environmental benefits to achieve economic prosperity, environmental sustainability and social equity. Therefore, the paper is approached on the basis of a combination of the traditional legal analysis method and the law and economics combining method to clarify the legal and economic aspects of green credit according to the criteria of green growth and sustainable development. The research results show that green conditions for credit granting requests are the basis for credit institutions to make credit granting decisions that not only meet the requirements prescribed by law but also ensure the harmony among benefits of credit institutions (as a business entity in the economy), investors (with many risks that are difficult to predict) as well as macroeconomic development goals through development stage. Legalizing the green content in credit granting is a task that needs to be implemented immediately. This contributes to promoting the development of many green projects and environmentally friendly projects as well as minimizes negative impacts from credit granting decisions which does not rely on green criteria in practice and minimizes legal risks for stakeholders.

Keywords: Green credit. Credit institutions. Environmental protection. Law. Vietnam.

Resumo: O crédito verde é a fonte de capital fornecido para projetos de investimento empresarial que utilizam efetivamente os recursos naturais; respondem às mudanças climáticas; gerenciam os resíduos; controlam a poluição, melhoram a qualidade ambiental; restauram os ecossistemas naturais; conservam a natureza e a biodiversidade e geram outros benefícios ambientais para alcançar prosperidade econômica, sustentabilidade ambiental e equidade social. Portanto, o documento é abordado com base em uma combinação do método tradicional de análise jurídica e do método de combinação jurídica e econômica para esclarecer os aspectos jurídicos e econômicos do crédito verde de acordo com os critérios de crescimento verde e desenvolvimento sustentável. Os resultados da pesquisa mostram que as condições verdes para os pedidos de concessão de crédito são a base para que as instituições de crédito tomem decisões de concessão de crédito que não apenas satisfaçam os requisitos prescritos por lei, mas também garantam a harmonia entre os benefícios das instituições de crédito (como uma entidade empresarial na economia), investidores (com muitos riscos difíceis de prever), bem como as metas de desenvolvimento macroeconômico através da fase de desenvolvimento. A legalização do conteúdo verde na concessão de crédito é uma tarefa que precisa ser implementada imediatamente. Isto contribui para promover o desenvolvimento de muitos projetos verdes e projetos ecológicos, assim como minimiza os impactos negativos das decisões de concessão de crédito que não dependem de critérios verdes na prática e minimiza os riscos legais para as partes interessadas.

Palavras-chave: Crédito verde. Instituições de crédito. Proteção ambiental. Direito. Vietnã.

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1. INTRODUCTION

The transition from a brown economy to a green economy is an irreversible trend due to the serious impact of economic activities on the ecological environment, the deterioration of natural resources, environmental changes, and ecological imbalance. In order to protect and restore the environment and biodiversity from the impacts of economic activities, countries need to quickly transform growth models that meet the criteria of reducing greenhouse gas emissions. Greenhouse is based on the choice of environmentally friendly business investment projects as well as changing green consumption habits, that is, transitioning to a green economy.

The green economy provides a macroeconomic approach to sustainable economic growth with a focus on investment, employment, and skills with a focus on improving manufacturing processes and consumption practices in order to reduce resource consumption through changing the way resources are used to bring value to society. The green economy model aims to reduce the amount of resources needed as well as the amount of emissions and waste generated per unit of product or service. This goal can only be achieved when stakeholders in the production and consumption processes understand that natural capital is an important economic asset, a source of public benefit, especially for those who have a livelihood dependent on natural resources. Thus, the green economy does not exclude or replace sustainable development but creates a source of a new focus on the economy, investment, capital and infrastructure, jobs and skills, and socially and environmentally positive outcomes (UNEP-UN Environment Programme).

One of the issues to be concerned about when developing a green economy is to secure financial resources for green investment projects. Due to its vulnerable nature, financial system in the process of development, ensuring stability is a requirement that is always concerned by countries, therefore, to transform from financial stability to green finance, commercial banks, credit markets and monetary policy (Raberto, M., Ozel, B., Ponta, L. et al., 2019:429-465; Virginia Harper Ho., 2018:610-668) play a key role. The fact shows that green credit development has a close link with ensuring the sustainability of the financial system, since ensuring the sustainability of the financial system in green credit development depends on system of policies, initiatives in solving problems in development and related legal regulations (Alex Nicholls, 2021).

Al-Qudah, A.A., Hamdan, A., Al-Okaily, M. et al. (2022) indicated a relationship between lending for green projects and credit risk showed that green lending rates, credit

quality, scale of banks, and solvency. Gao, D.; Mo, X.; Duan, K.; Li, Y. (2022) on the basis of empirical research on China's Grade A listed industrial enterprises from 2008–2019 concluded that green credit policy is an effective way to realize the goal “environmental excellence” and guide businesses to implement green innovation effectively.

Green credit development needs to be based on specific and clear legal provisions, in which, clarifying the "green" factor in the legal regulations is a decisive factor for green credit identification (Barua, S., 2020:101-120), because Green credit policy plays an important role in encouraging low carbon technology applications (Zhigang Chen et al., 2022). The contribution of banks to green growth and green economy is reflected in two basic aspects: (i) the connection between organizations and individuals and the management process of investment projects, including environmental risks; and (ii) the activities of banks have a direct impact on the environment, through the application of voucher payment technology and the application of e-banking (Dang, T. T., & Nguyen, T. T., 2021:33-43).

Because policies and laws on green credit have a direct impact on the choice of green development strategies of enterprises in the economy (He, L., Gan, S. & Zhong, T., 2022), it requires countries to establish a legal framework for credit institutions supply green credit for businesses in the economy. That means policies and laws on green credit have a direct impact on the transformation or implementation of green projects of enterprises because credit capital is a factor considered by businesses as a decisive factor for the success of the business development strategy of the enterprise (Hetong Wang et al., 2022).

Like other countries, Vietnam's green growth strategy has also been implemented since 2012 and has made adjustments for the period 2021–2030, with a vision of 2050. When converting to a green growth model, encouraging businesses to invest in green business projects is a central factor that determines the success of the green economic model. However, the legal framework for green credit in Vietnam has not been stipulated in the Law on Credit Institutions. In other words, the absence of legal regulations governing green credit relations is a major obstacle in increasing the proportion of credit growth for business investment projects in Vietnam. Therefore, reviewing, adjusting, and perfecting the banking and credit institutions in line with green growth goals; researching and building a model of green banking development; and promulgating preferential credit policies for green investment projects are some of the tasks and solutions that need to be

implemented in order to create a unified legal framework for green credit activities in Vietnam today.

2. METHODOLOGY

The study is carried out in the context that Vietnam is implementing the Green Growth Strategy for the period 2021-2030 with a vision of 2050. Due to the lack of a regulatory legal framework, green credit activities have not yet become mainstream. The common and inevitable trend, especially the green factor, is reflected in the standards to minimize environmental risks in credit granting activities. To overcome this loophole, the article is based on the method of analyzing written law with the main content of describing and analyzing the legal provisions related to credit granting activities of credit institutions, and relevant regulations, especially in the field of environment and environmental protection in business investment activities. The rule sources used for analysis are:

- Law No. 47/2010/QH12 dated June 16, 2010 of the National Assembly on Credit Institutions.

- Law No. 17/2017/QH14 dated November 20, 2017 of the National Assembly amending and supplementing a number of articles of the Law on Credit Institutions.

- Law No. 72/2020/QH14 dated November 17, 2020 on environmental protection.

- Decision No. 11658/QĐ-TTg dated October 1, 2021 of the Prime Minister approving the National Strategy on Green Growth in the 2021 - 2030 period, with a vision of 2050.

- Decision No. 986/QĐ-TTg dated August 8, 2018 of the Prime Minister approving the Strategy for Development of the Banking Industry in Vietnam to 2025, with orientation to 2030.

Beside the legal data source, the opinions and theories of experts expressed in the research work are also used collected from library research using parallel legal approach, and learning approach. The research data is analyzed in qualitative form, presented in the form of descriptive analysis to help identify views and multi-dimensional views on green credit in the correlation to ensure the harmonization of national interests (in order to achieve green growth goals), the interests of credit institutions (in choosing business investment projects and timely response to environmental risks) and investors (need stable and long term capital sources).

3. RESULTS AND DISCUSSION

3.1. Green credit in the green financial system and green growth

Bank credit capital plays an important role in the economic development of each country from economic modernization (Elvira Valerevna Sitnikova, Irina Nikolaevna Tretyakova, Tatyana Sergeevna Kolmykova., 2015:659-665) to agricultural and rural development (Yuanyuan Peng, Rashid Latief & Yueshu Zhou., 2021:1878-1889). Investment and business activities directly affect the ecological environment where these activities take place. People today, more and more facing climate change, require not only the change of daily needs but also efforts to manage the environment according to the requirements of sustainable development (Tran, T., Do, H., Vu, T & Do, N., 2020:365-386). Achieving this goal requires efforts and attention from the government to businesses in the economy as an agent of environmental pollution. Besides, the role of stakeholders such as organizations providing capital for business activities and organizations that have a role in ensuring balanced development between economic development and environmental protection and solving social problems. Associations also play an important role, although these organizations do not have a direct impact on the environment, to a certain extent, due to the requirements of environmental protection, these organizations are also agents to help minimize negative impacts on the environment. Negative impact on the environment from economic activities. In other words, banks also need to apply green strategies to their operations, construction, investment, and financial strategies according to green growth criteria (Vika Nath, Nitin Nayak, Ankit Goel., 2014:45-62) with the main content aimed at supporting operations having a positive impact on the environment, reducing carbon emissions, saving natural resources, promote sustainable development by encouraging environmentally friendly investments. Green banking as a concept is a proactive and intelligent way of thinking about future sustainability (Kanak Tara & Ritesh Kumar, 2015:1029-1038).

Hongmin Zhang and Cong Qin (2021) think green credit is the behavior of commercial banks toward customer loan requests based on the criteria for green credit issued by the state. If investors carry out low-carbon business investment activities, they will be provided with low-interest lending support or other methods to encourage loans for investment-friendly activities. with the environment. For businesses whose loans are at risk of damage, commercial banks will apply improvement measures through "Credit conditions" such as high lending rates. The essence of green credit is that commercial

banks balance the relationship between business efficiency and sustainable development, promoting synchronous development and common growth between the two sides. Lei, ., Wang, Y., Zhao, D. et al. (2021) emphasizes its role as one of the most important financial tools to promote sustainable development, not only contributing to the improvement of the local economy but also creating a spatial spillover effect to promote sustainable development of a green economy in the surrounding areas of green credit.

As can be seen from the above analysis, green credit is one of the green financial flows from various economic regions (private enterprises, government, and non-profit regions), which provides priority and goals for the sustainable development of the economy. Green credit is a part of the banking industry, which has made great contributions to the construction of green banks. Through green credit, commercial banks provide short-term capital and central and long-term investment projects in response to banks' environmental protection and social responsibility. In other words, friendly consumption, risks, or dangers pose a threat to the environment, which is the first requirement of credit rating decisions. Therefore, green credit provides a financial tool to meet global environmental and social challenges. Green credit shows the views of credit organizations in providing enterprises with investment projects and consumption while responding to infrastructure through credit: i) It will not harm the environment; ii) It may help protect the common ecosystem or the environment; iii) Solving environmental and social challenges; iv) Green consumption; Improve the green financial resources of women target groups. To be sure, the green credit standard reflects the people-centered green growth content, which helps to reduce the vulnerability of human beings before climate change; Encourages individuals to live a lifestyle that is responsible to society and society, and shapes a society in which green living culture, modern civilization and nature, and environment are integrated. The green economy is characterized by low carbon, utilizing social resources and cooperation efficiency, reducing environmental scarcity, managing ecological scarcity, and sustainable development goals, which means that the green economy will not harm the environment to reduce greenhouse climate change; Green economy refers to the economy with deep growth, fewer consumables, strengthening the ecological industry and technological innovation; Green economy is an economy with sustainable growth, poverty eradication, and fair development (Kim Ngoc., Nguyen, Thi Kim Thu, 2015:9-17).

3.2. Vietnam's green credit regulatory framework: there are many shortcomings and limitations

3.2.1. *Green criteria have not been specified in credit granting operations*

Law No. 47/2010/QH12 dated June 16, 2010, of the National Assembly on Credit Institutions stipulates that credit extension is an agreement between a credit institution and a customer, whereby, a credit institution agrees to allow organizations and individuals to use a sum of money or commit to allowing the use of an amount of money in principle with a return within a certain period to meet different requirements of customers through credit operations (Table 1).

Table 1. Credit extension operations and governing legal documents

Bank business name	Professional content	Legal documents detailing
Loan	A loan is a form of credit, whereby the lender assigns or commits to hand over to the customer a sum of money to use for a specified purpose within a certain period as agreed upon with the principle of full repayment with profit.	Circular No. 39/2016/TT-NHNN dated December 30, 2016, of the Governor of the State Bank of Vietnam regulating lending activities of credit institutions, and foreign bank branches to customers.
Discount	Discount is the purchase with a term or purchase with recourse to the beneficiary's negotiable instruments and other valuable papers before maturity.	Circular No. 04/2013/TT-NHNN dated March 1, 2013, of the Governor of the State Bank of Vietnam regulating the discounting of negotiable instruments and other valuable papers of credit institutions and branches Foreign banks for customers [†]
Financial leasing	Financial leasing means medium- and long-term credit extension based on a financial leasing contract between a financial lessor and a finance lessee. The finance lessor commits to purchase the finance lease asset at the request of the finance lessee and holds the ownership rights to the finance lease asset throughout the lease term. The finance lessee uses the finance lease asset and pays the rent during the lease term specified in the finance	Decree No. 39/2014/ND-CP dated May 7, 2014, of the Government on the operation of finance companies and financial leasing companies [‡]

[†] This Circular is amended and supplemented by Circular No. 21/2016/TT-NHNN dated June 30, 2016, of the State Bank of Vietnam.

[‡] This Decree is amended and supplemented by Decree No. 16/2019/ND-CP dated February 1, 2019, of the Government.

	lease contract.	
Factoring	Factoring is a form of granting credit to a seller or a buyer through the acquisition with the right to recourse to receivables or payables arising from the purchase and sale of goods, provision of services under contracts for the purchase and sale of goods, and provision of services.	Circular No. 21/2017/TT-NHNN dated May 17, 2017, of the Governor of the State Bank of Vietnam regulating factoring activities of credit institutions, and foreign bank branches.
Bank guarantee	A Bank guarantee is a form of credit extension whereby a credit institution commits to the guarantee recipient that the credit institution will perform financial obligations on behalf of the customer when the customer fails to perform or perform failure to fulfill the committed obligations; the customer must accept the debt and return it to the credit institution as agreed.	Circular No. 07/2015/TT-NHNN dated June 25, 2015, of the Governor of the State Bank of Vietnam providing for bank guarantees [§]

A survey of the content of regulations on credit extension showed that only lending activities with regulations on compliance with the law on environmental protection are principles of lending and borrowing. Accordingly, the lending activities of credit institutions to customers are carried out according to the agreement between the credit institution and the customer, by the provisions of Circular No. 39/2016/TT-NHNN dated May 30th. December 2016 by the Governor of the State Bank of Vietnam and relevant laws, including the law on environmental protection. In other words, being friendly, low carbon, and reducing environmental risks is the core "green" content that has not been regulated as a loan condition**. On the other hand, credit institutions are only entitled to

[§] This Circular is amended and supplemented by Circular No. 13/2017/TT-NHNN dated September 29, 2017, of the Governor of the State Bank of Vietnam.

** According to the provisions of Article 7 of Circular No. 39/2016/TT-NHNN dated December 30, 2016, of the Governor of the State Bank of Vietnam, credit institutions consider and decide to lend when customers fully meet the following conditions:

1. Customer is a legal entity with a civil legal capacity as prescribed by law. Customers are individuals aged full 18 years or older with full civil act capacity as prescribed by law or from full 15 years old to under 18 years old without loss or limitation of civil act capacity as prescribed by law.
2. Demand for loans to use for lawful purposes.
3. Having a feasible plan to use capital.
4. Have the financial ability to repay the debt.
5. In case customers borrow capital from a credit institution at the lending interest rate in service of agricultural and rural development, implementation of export business plans, and business services of small and medium-sized enterprises. , developing supporting industries and serving the business of high-tech enterprises, customers are assessed by credit institutions as having a transparent and healthy financial situation.

refuse to give loans to carry out business investment activities in sectors and trades prohibited by law from business investment; payment of expenses, meeting the financial needs of transactions and acts prohibited by law; buy and use goods and services in industries and trades that are prohibited by law to invest in the business, gold bars or to reverse debts... This is the reason why Vien The Giang, and Vo Thi My Huong (2019: 19-23) reasoned that organized Credit can be given to any customer who needs a loan if they do not fall into the unending capital needs without paying attention to the risk of adverse impacts on the environment of business investment projects.

In fact, the content "consistent with the law on environmental protection" is difficult to determine because Law No. 72/2020/QH14 dated November 17, 2020, on environmental protection has a wide scope of regulation related to activities. environmental protection action; rights, obligations, and responsibilities of agencies, organizations, communities, households, and individuals in environmental protection activities (Article 1). In reality, Green innovation development and the effectiveness of development finance act as mediators in promoting interest in environmental legislation. Green innovation and financial development to reduce emissions are proof that environmental regulations play a role in stimulating technological development as well as better promoting the primacy of human resources. To a certain extent, green innovation and financial development contribute significantly to the balanced development of credible sources for the renewable energy sector in both capital regulation and productivity enhancement. invest. Green innovation and financial development to reduce emissions are proof that environmental regulations play a role in stimulating technological development as well as better promoting the primacy of human resources. To a certain extent, green innovation and financial development contribute significantly to the balanced development of credible sources for the renewable energy sector in both capital regulation and productivity enhancement. invest. Green innovation and financial development to reduce emissions are proof that environmental regulations play a role in stimulating technological development as well as better promoting the primacy of human resources. To a certain extent, green innovation and financial development contribute significantly to the balanced development of credible sources for the renewable energy sector in both capital regulation and productivity enhancement investments (Hsu, CC., Quang-Thanh, N., Chien, F. *et al.*, 2021:57386-57397).

3.2.2. Environmental risk management in lending activities: essential but not regulated yet

Law No. 72/2020/QH14 dated November 17, 2020, on environmental protection explains the content of green credit based on investment projects that meet environmental standards. Accordingly, green credit is credit granted to investment projects: a) Effective use of natural resources; b) Responding to climate change; c) Waste management; d) Treat pollution and improving environmental quality; d) Restoration of natural ecosystems; e) Conservation of nature and biodiversity; g) Create other environmental benefits (Article 149(1)).

At the same time, Law No. 72/2020/QH14 dated November 17, 2020, also stipulates that when granting green credit for some projects as well as regulations on investment projects, they must be consistent with regulations on risk management. The environment in lending activities under the guidance of the Governor of the State Bank (Article 149(2),(4)). This practice makes the regulation of green credit only half done because environmental risk management in the current period contains many unpredictable situations due to the increasing severity of climate change. climate. In that context, environmental risks bring material damage to businesses in the economy (who are using credit sources) and will "transfer" these damages to credit institutions. users (lenders in the economy). Therefore, developing green credit requires synergy from the policies of the central bank, supervisory authorities, and the active participation of commercial banks, residential communities as well as organizations and individuals (Park, H., Kim, J.D., 2020; The UN Environment Inquiry, 2017).

Law No. 46/2010/QH12 dated June 16, 2010, on the State Bank of Vietnam does not yet have regulations on the task of managing environmental and social risks in banking activities of credit institutions. . At the same time, the State Bank of Vietnam has not yet issued guidelines to identify environmental risks in credit granting activities. This is a large legal gap that may hinder the development of green credit in Vietnam. Reality has proven that business investment projects under green criteria all contain environmental risks that cannot be predicted because environmental risks are likely to occur and bring about property losses. capital and income of subjects implementing projects, production, and business plans that have adverse impacts on the environment, arise environmental incidents or because of violations of regulations on environmental protection, shall be handled by competent agencies. under the provisions of the law.

In addition, Law No. 47/2010/QH12 dated June 16, 2010 acts as the Law "regulating the establishment, organization, operation, special control, reorganization and dissolution of credit institutions; the establishment, organization, and operation of foreign

bank branches, representative offices of foreign credit institutions, and other foreign institutions engaged in banking activities” but in the section on general regulations on banking activities. There is also no regulation on "green" criteria before making credit granting decisions. This is evidenced in the provisions of Article 94(1) Law No. 47/2010/QH12 dated June 16, 2010, which emphasizes the aspect of requesting customers to provide documents proving the feasible capital use plan, their financial capacity, legal capital use purposes, and security measures. guarantee the loan before deciding to grant credit to a credit institution. That means Vietnamese legislators focus on recovering capital already granted credit rather than the impact of using capital to implement business investment projects that are at risk of harming the environment.

The consequence of the lack of regulation on environmental risk management is not ensuring the comprehensiveness of the green credit concept. This situation will make it difficult to measure the level of environmental risks in lending activities to meet the requirements of green credit, especially the classification, identification, and measurement of environmental risks in credit-granting activities. application as well as monitoring, controlling and proposing solutions to overcome and limit risks arising. In other words, the lack of regulation of environmental risks in activities is the biggest barrier to green credit development in Vietnam. This is also a challenge in achieving the goal of green growth through greening the economy, which is dominated by bank credit.

3.2.3. Developing green credit in the banking industry development strategy to 2025, vision to 2030: needs the efforts of both the State Bank and credit institutions

Green credit in the Banking Industry Development Strategy to 2025, with a vision for 2030 can clearly show the specific goal to strive for by the end of 2025, which is to increase the efficiency of credit capital allocation to serve development requirements. Socioeconomy promotes the development of "green credit", "green bank" to contribute to the transformation of the economy towards green growth, low carbon emissions, and adaptation to climate change; increase the proportion of bank credit capital invested in renewable energy, clean energy, low-carbon production, and consumption industries. Integrate content on sustainable development, climate change, and green growth in credit loan programs and projects. At the same time, implement green banking activities through increasing awareness and responsibility for the environment and society of the banking industry business.

Carrying out its responsibilities, the State Bank of Vietnam has issued many management and administrative documents to implement green credit content in the

practice of operating the banking market. However, as analyzed above, promulgating regulations to guide environmental and social risk management in lending activities of credit institutions is the "key" to the development of green credit in Vietnam. , but not yet implemented (Table 2). The State Bank of Vietnam should quickly issue a manual on social and environmental risk assessment for economic sectors as a basis for credit institutions for credit appraisal and decision.

Table 2. The system of documents on management and administration of green credit of the State Bank of Vietnam

o.	Name of Documents	Purposes
	Directive No. 03/CT-NHNN dated 24/3/2015 on promoting green credit growth and managing environmental - social risks in credit granting activities	Implement the National Action Plan on green growth for the period 2014-2020 in Decision No. 403/QD-TTg dated March 20, 2014, of the Prime Minister.
	Decision No. 1552/QD-NHNN dated August 6, 2015, promulgates the Action Plan of the Banking sector to implement the National Strategy on Green Growth to 2020	Implement Decision 1393/QD-TTg dated September 25, 2012, of the Prime Minister approving the national strategy on green growth; Decision 403/QD-TTg dated March 20, 2014, of the Prime Minister approving the National Action Plan on Green Growth for the period 2014 - 2020
	Decision No. 1604/QD-NHNN dated 7/8/2018 approves the green bank development project in Vietnam	Increasing awareness and social responsibility of the banking system for environmental protection, combating climate change, gradually greening banking operations, directing credit flows into friendly project financing with the environment, promoting green production, service and consumption industries, clean energy, and renewable energy; actively contribute to promoting green growth and sustainable development.
	Decision No. 34/QD-NHNN dated January 7, 2019, of the State Bank on promulgating the Action Program of the Banking sector to implement the Strategy for the Development of the Banking Industry in Vietnam to 2025, with orientation to 2020. 2030	Implement green banking activities through increasing awareness and responsibility towards the social environment of the banking industry in business; strengthen the capacity of credit institutions to develop products that mobilize and lend credit to renewable energy, clean energy, low-carbon production, and consumption industries to contribute to environmental protection, improve the efficiency of resource and energy use

Implementing Decision 1552/QD-NHNN dated August 6, 2015, on the Action Plan of the banking sector to implement the National Strategy on Green Growth until 2020, 84 credit institutions have submitted reports on their results. implementation, of which 67/84 credit institutions implemented relevant content on green banking and green credit development, based on integrating regulations and guiding documents in operations. Bank. However, in Vietnam, green credit is very dependent on the development strategy of the renewable energy sector, and the agricultural sector, sometimes there is a phenomenon like a "movement", so it lacks sustainability. Meanwhile, to transition to a sustainable green credit model, the legal framework and financial institutions play an extremely important role (Hyounkum Park and Jong Dae Kim., 2020).

4. CONCLUSION

Transforming into a green economy is an indispensable trend that each country has to make appropriate amendments, depending on the development situation (Khairunnessa, F., Vazquez-Brust, D. A., & Yakovleva, N., 2021). For green credit, countries also focus on building a policy and legal framework for practical implementation (Zhou, X.Y, Caldecott, B.L., Hoepner, AGF., & Wang, Y., 2020). The legal framework governing green credit relations is an interaction between practitioners and global climate change in order to achieve sustainable and environmentally friendly investment goals. In particular, business activities typically affect the environment in a direct or indirect way, so to invest in a business project is to invest for the environment, natural resources, and biodiversity not only for the present but also for the future. Environmental degradation and resource depletion due to overexploitation to meet input needs for business activities are the main causes of climate change as well as ecological imbalance, which must take a long time to restore, or can never be restored.

Vietnam has transitioned to a market mechanism, with a strategy of industrialization, modernization, investment attraction and gaining achievements, but the losses from business investment activities also bring about serious consequences. As one of the countries severely affected by climate change, when converting to a green growth model, Vietnam was determined not to trade the environment for growth at all costs, but to focus on thorough development, which means giving priority to environmentally friendly business investment projects. The current policy orientation of Vietnam is to mainly enhance preferential policies and create favorable conditions for investors with

environmentally friendly business investment projects to access credit sources. Nevertheless, it is very essential to promulgate a legal framework for green credit in the long term because credit institutions, by means of the regulations on green credit, will have a legal basis to have a classification and check on the business investment projects potentially causing environmental damage. Also, these institutions can identify latent environmental risks that may happen so that credit institutions, customers, and policy makers will be able to take timely measures.

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