

---

# Green Credits and Risk-Taking in Chinese Commercial Banks: Heterogeneity between Systemically Important Banks and Non-Systemically Important Banks

## Running title: Green Credits and Risk-Taking in Commercial Banks

Yuetong Wu<sup>1</sup> and Yatim Puan<sup>\*1</sup>

<sup>1</sup>UKM-Graduate School of Business (UKM-GSB), Universiti Kebangsaan Malaysia, 43600 Bangi, Selangor, Malaysia – Malaysia

### Abstract

Systemically important banks (SIBs) play a critical role in financial stability and are key implementers of green credit policies in China. This study investigates how green credit influences the risk-taking behavior of Chinese banks, comparing SIBs and non-SIBs. Using data from 36 Chinese banks (2010–2023), this research employs fixed-effect panel regressions and lagged risk-taking data to control for endogeneity. The sample is split into two periods for robustness testing: 2010–2015 and 2016–2023. Results show that green credit has an insignificant effect on overall bank risk-taking but significantly reduces the risk-taking of SIBs, particularly after the 2016 "Guidelines for Green Finance." This study contributes by highlighting the heterogeneous impacts of green credit on different types of banks, providing valuable insights for policymakers and bank managers to improve risk management and support sustainable development in China's banking sector.

---

\*Speaker