

# **Firms' Perception of Access to Green Finance in an Emerging Economy - How Smaller Firms View "Greener" Financial Option**

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## **Abstract**

The paper investigates the smaller firm's perception and motivation of using green finance as a source of capital for firms in Vietnam. Using survey evidence from 53 firms in wide-range industries in Vietnam, the research reveals how firms in a rapidly developing economy, in which the economy's growth was attributed to industrial development and heavy reliance on non-renewable energy sources, perceive their financial options. The results show that most of the firms consider the cost of using green finance lower than that of traditional sources. However, it was seen as procedure burden, namely the more complex and more information required, discouraged them from applying for green finance sources. Furthermore, the survey also reveals internal factors are the most which motivates managers to use green finance, and the result shows that the government regulations, reputational benefits, and lower and more diversified source of finance are the main drivers for smaller firms to access and use the "greener" financial option.

**Keywords:** green finance, source of finance, firm's perception