

The Importance of Greener Emissions and Digital Finance in Modern Economy

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DESCRIPTION

Understanding how digital finance programmes may reduce climate risk benefits the economy, particularly for the emerging economies, and poses hazards to the financial system. China has had unprecedented economic boom since the 1980s, but it has come at a significant environmental cost. Pollution from industrial emissions is considerable. On the one hand, the use of digital money might increase pollution. Investments may lead to an increase in output, and continues production results in more industrial pollution emissions. Green projects could attract more investment, but they might also cost more than brown projects. Additionally, providers of digital money services may also be significant energy consumers. For instance, by 2010, the total power consumed by the world's data centers had increased to at least 203 terawatt-hours, or almost 1.1% of the total electricity consumed worldwide. On the other hand, digital money can promote more green initiatives, and funded green initiatives can lower emissions of local industrial pollution. Studying this subject is crucial since lowering industrial pollution and minimizing climatic hazards can eventually contribute to the development of a sustainable economy. The purpose of this study is to determine whether digital finance reduces carbon emissions and what process produces less harmful emissions. Through mobile applications, people can rapidly access investment opportunities to the new generation of digital technology. There are three ways that digital banking can help cut down on emissions of harmful substances. First off all, due to Digital Banking more people are having access to financial services. As a result, more people can participate in green projects, giving those projects more money to cut industrial pollution emissions. Individual investors in China have access to green money through Alipay, a payment system that doesn't require a minimum initial commitment. Second, through increased individual understanding, digital banking lowers industrial environmental emissions.

Even while traditional finance and pollution reduction has been the subject of extensive research, thorough study of the effect of digital money on carbon reduction is still lacking. The majority of study on digital finance in the environmental sector is based on studies of single-platform businesses or publicly traded organization's micro-mechanisms. Regarding the effectiveness of digital money in lowering carbon emissions and enhancing the environment, the literature takes a variety of positions. Academic study of green finance has progressively gotten deeper as it has advanced. Early on, academics focused more on the meanings, purposes, and pathways of green finance. The growth of green finance can assist banks in managing risk while also reshaping the Chinese economy. Additionally, it is thought that the legal framework creates a solid platform for green financing and green credits. With the growth of green finance, academics started to focus more on determining the state of green finance development. Existing empirical studies on emission reduction primarily use theory to account for the effects of green credit policies because there was a lack of digital finance data in the early years. Other more recent studies on digital credit mostly focus on how it affects innovation activities, which are a key factor in reducing carbon emissions. Because of this, it is difficult to determine if digital money actually reduces emissions. The digital economy is mentioned in the road plan for carbon neutrality in the 14th Five-Year Plan for National Economic and Social Development and the Outline of Long-Term Goals for 2035. The foundational elements for achieving carbon neutrality are new energy and innovation. According to the most recent Index Climate Action Roadmap published by the Global Climate Action Summit, the world can reduce carbon emissions by 15% by 2020 by utilizing digital technology in the areas of energy, manufacturing, agriculture, land, construction, services, transportation, and traffic management. The potential of digital money as a tool for advancing sustainable development has progressively come to the attention of academic scholars and policymakers.

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