# Green banking initiatives: a qualitative study on the banking sector

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**Abstract:** *In this article, the work carried out to improve the practice of financing green projects by commercial banks, as well as the continuous and systematic processes of improvement through simple use, technical and physical infrastructure, personal data protection and security, as well as providing service according to international standards showing, efficient use of material resources and taking into account other indicators.The Banking industry plays an important role in economic growth and environmental protection by promoting environmentally sustainable and socially responsible institutions. The banking of this kind can be termed as "Green Banking". Change is the need of the hour for survival in all spheres. Banks can provide important leadership for the required economic innovation that will provide new opportunities for financing and investment policies. Green Banking means combining operational improvements, technologies and changing client habits in banking business. Adoption of Green Banking practices will not only be useful for environment, but also benefit in greater operational efficiencies, a lower vulnerability to manual errors,fraud, and cost reductions in banking activities.*

**Key words:** *Joint financing mechanism, commercial banks, "green platform", "green" project.*

## Introduction:

Global warming is a growing problem, and climate changes are now moving toward a state that is greater than usual. Various industries and customers' needs to change their buying behavior to save our planet. As a key performer in society, the bank sector is evolving and changing towards a greener future. The changes have given birth to the term Green Banking.

The concern for environmental sustainability by the banks has given rise to concept of Green Banking. The concept of "Green Banking" will be mutually beneficial to the banks, industries and the economy. Green financing is the part of green banking. Green banking means promoting environmental friendly practices and reducing your carbon footprints from your banking activities. Green banking aims at improving the operations and technology along with making the clients habits environment friendly in the banking business. It is like normal banking along with the consideration for social as well as environmental factors for protecting the environment. It is the way of conducting the banking business along with considering the social and environmental impacts of its activities.


***Figure1***.Conceptual model of Green banking initiatives

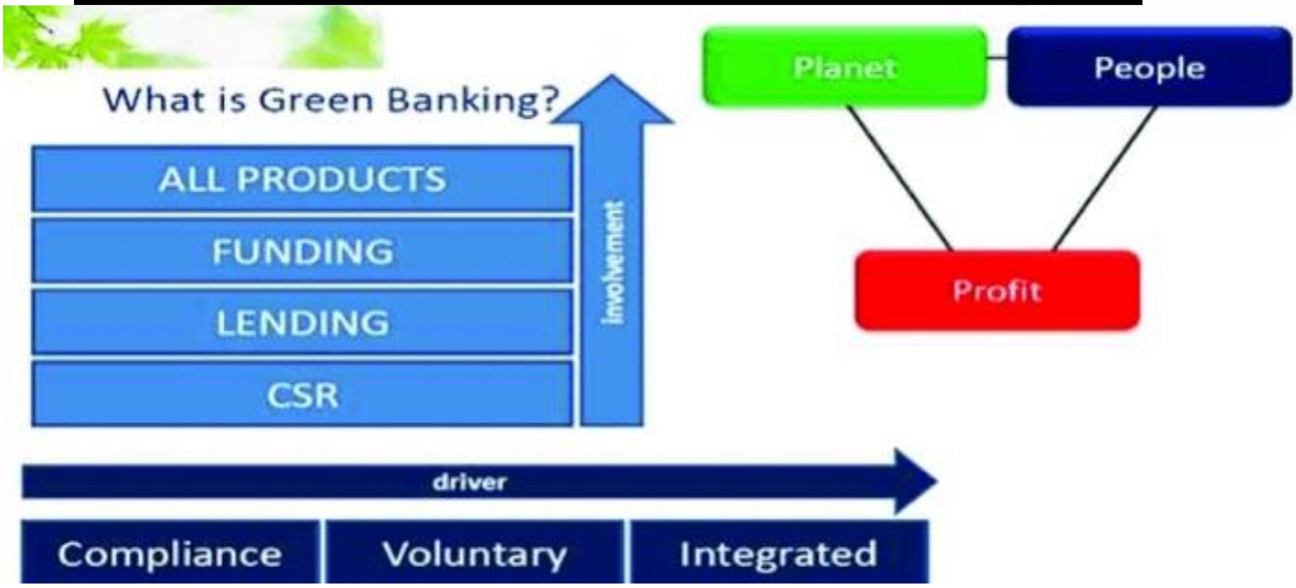



***Figure 2.*** Concept of Green Banking on the Triple Bottom[1]

green strategy to enhance green performance including green disclosure is commonly used in environmental management strategy [3,4]. Considering this, environmental management or green management is the key driver for a sustainability management strategy and is interconnected with triple bottom lines (see Figure 1). Prior literature has stated that the financial sector disclosed green information to be legitimate in society and improve their value, reputation, sustainability, and the competitiveness of their company [5].

**Green banking and green banking disclosure**

Green banking is a concept that has gained significant attention in the financial sector due to its poten-tial to promote environmental sustainability and corporate responsibility (Aslam & Jawaid, 2023; Bouma et. al., 2017). The concept involves integrating environmental considerations into banking operations and decision-making processes, promoting sustainable development and reducing the ecological footprint of financial activities (Peeters, 2005; Ziolo et. al., 2019).

Green banking has developed over time, reflecting the increasing recognition of financial institution’s need to align themselves with environmental goals and contribute to sustainable practices (Akomea-Frimpong et.al., 2022). Various factors, including regula-tory initiatives, market dynamics, and growing

[1] Line. SourceMahfuzur Rahmon va Barua [19], b. 2.

awareness of environmental issues, have influenced the evolution of green banking in the financial sector. Expanding the role of regulators and financial institu-tions has created new opportunities for private sector banks and influenced the risk management prac-tices of individual financial institutions. Institutional policies, such as China's Green Credit Policy, have also influenced the concept of green banking, reflecting the linkage between environmental consider-ations and financial practices (Park & Kim, 2020).

Green banking has also gained traction in specific regional contexts, such as Bangladesh and India, where efforts have been observed to develop frame-works for assessing sustainable banking performance and implementing green banking initiatives (Kumar & Prakash, 2020; Sharma & Choubey, 2022).Furthermore, the potential for synergies between environmental sustainability and financial gover-nance within specific banking frameworks has been explored by integrating green banking with Islamic banking practices (Issa et.al., 2022; Rahmayati et. al., 2022). Green banking represents a significant shift towards greater environmental responsibility and sustainability in the financial sector. Aligning banking practices with environmental objectives, green banking has the potential to drive positive environmental outcomes, enhance corporate sustainability, and contribute to the development of new sustainable busi-ness models. It is a promising approach to promoting sustainable development [5].

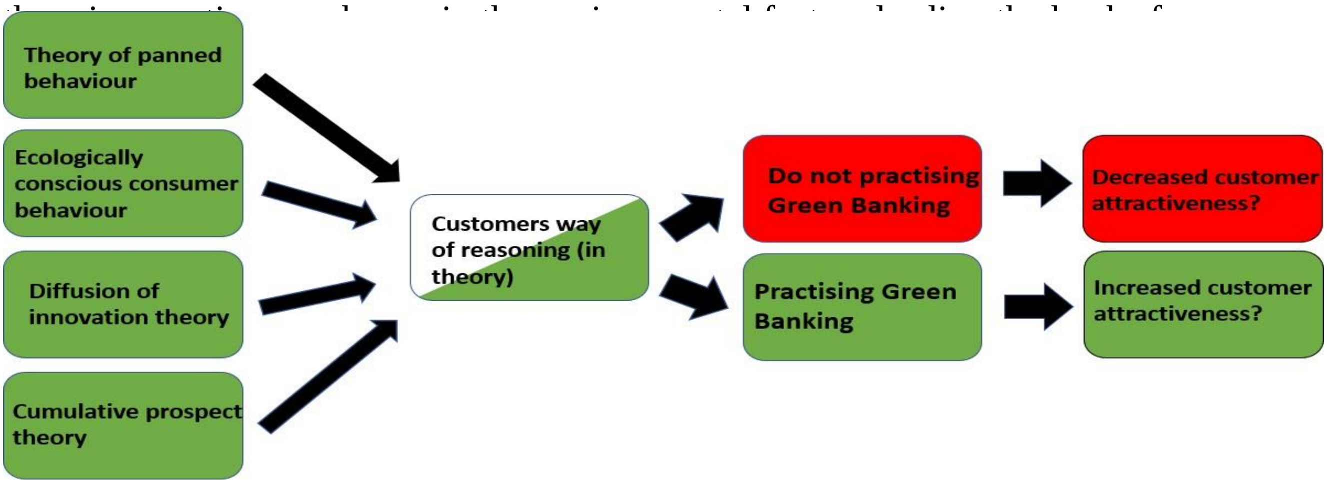
Green banking is crucial in promoting sustainable development by integrating environmental consid-erations into banking operations and decision-making processes. This includes managing environmental risks, identifying green investment opportunities, and implementing environmentally responsible banking practices. Green banking disclosure is crucial to this process, requiring transparent reporting of banking institutions' environmental initiatives, policies, and performance (Bose et. al., 2018). This transparency meets regulatory demands and enhances the trust and reputation of banks in the eyes of the public and investors. The relationship between green banking practices and disclosures has been the subject of many studies and has shown mixed results. Several studies suggest a positive correlation between pro-active environmental efforts by banks and a positive public perception. For instance, Sharma and Choubey (2022) found that green banking initiatives can significantly influence a bank's green brand image.(2022) suggest that corporate disclosure of environmental information positively correlates with bank financing, mainly when supported by formal policies such as the issuance of Green Credit Guidelines. This highlights the significance of policies and regulations in supporting green banking initiatives. Transparent disclosure of environmental initiatives and performance is crucial for building positive stake-holder relationships. This enhances the bank's reputation and provides access to financial resources that support green banking activities[3,4].

*Figure3:*Theory illustration

Four theories have now been presented and discussed, some theories with a more psychological angle, and some aremore economically angled. Green Banking as anew, and for some people, an unknown concept is here to stay. It will probably continue to evolve in line with the continuously changing environment and society. The concept Green Banking in connection to customer attractiveness can be seen as a "black box". As illustrated in the model (the half green box), the chosen theories will probably notbe enough to reveal the entire "black box". The reason for people's actions and reasoning in various situations can be hard to understand. However, understanding that could be useful for banks to gain opportunities and customers in favor of their competitors. The knowledge that can make the box brighter and easier to understand is the behavior and reasoning of both regular and green customers, customer's attitude, adaptation time towards new products and concepts, and behavior during risky and uncertain situations. This knowledge will be useful for banks in terms of where their green focus should lie in the future[6].

**Conclusion:**

Green banking refers to the initiatives taken by banks to encourage environment-friendly investment. Green banking as a concept is a proactive and smart way of thinking towards future sustainability. It is very important for the banks to be pro-active and accelerate the rate of the growth of the economy. As

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