

Chapter 14

Impact of Green Banking Practices on Sustainable Performance of Banks Through Analysis of the Mediating Effect of Green Finance

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ABSTRACT

This research paper explores the impact of green banking practices on the sustainable performance through analysis of the mediating effect of green financing and

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moderating effect of green leadership. The data were collected from 250 employees of the banking sector through a self-administered questionnaire and online questionnaire made in google forms. The analysis was conducted through Smart PLS-4 and SEM model was used. The study's findings demonstrate that, in contrast to bank customer-related GB practices, which were not statistically significant; people, normal business operations, and policy-related GB practices have significant positive effects on green financing. Banks' environmental performance was significantly and favorably affected by the financing of green initiatives. Also, it was found that in contrast to employee and customer-related GB activities, banks' ordinary business operations and policy-related practices significantly affect their environmental performances. Green banking practices can have a significant impact on the sustainable performance of the banks

1- INTRODUCTION

Sustainability is an emerging trend globally, with major corporations integrating it into business practices. Industrialization has disrupted ecological balance, often at the community's expense, sparking social concerns over environmental issues. As a result, many industries are embracing environmental responsibility as part of their corporate social responsibility (CSR). The banking sector, crucial for sustainable development, has seen the concept of "green banking" gain traction. Banks now play a significant role in addressing climate risks, promoting economic recovery, and lowering climate vulnerability through ethical financing practices (Lymeropoulos, 2012). Globally, banks are investing heavily in green initiatives to reduce carbon emissions and build a green brand image (Skouloudis, 2009; Green Finance Development in Bangladesh, 2018). Studies have found a positive association between CSR and green marketing, which in turn enhances banks' green reputation (Amoah, 2022).

Banks play an important role in the sustainable development of a country and the term "green banking" has gained prominence in recent years. Financial, economic, and environmental changes are causing the financial services sector to adapt, and banking operations are now fully integrating ethical principles and ideals (Lymeropoulos, A model of green bank marketing, 2012). (Lymeropoulos C. a., 2012).The banking sector supports environmental adaptation by allocating finance to climate-vulnerable industries, lowering climate risks, and supporting economic recovery. Sustainability is now synonymous with environmental and green banking (Bowman, 2010). The banks are broadcasting corporate social responsibility (CSR) activities (Kiliç, 2016).

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