

# Chapter 3

## Sustainable Finance and Equitable Growth: An Empirical Review

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### **ABSTRACT**

*This chapter discusses major empirical discourses linking sustainable finance with equitable growth. The chapter examines the existing literature on sustainable finance and equitable growth published in Scopus during the period 2010-2025. VosViewer is utilized to conduct bibliographical coupling of the 737 research articles published on the topic. The analysis shows a surge in research publications since 2016 resulting from the introduction of UN SDGs and thereafter the post pandemic period, resulting from the growing interest on sustainable finance research. Thematic analysis highlights the overreliance on business and economic departments and reflects lack of research initiatives focusing on the interdisciplinary nature of the research theme. Based on the analysis, it is argued that the current research reinforce neoliberal paradigms rather than challenging structural inequities. This chapter serves as both a critique and a roadmap, urging scholars to confront the field's complicity in maintaining status quo power dynamics while charting pathways for radical reimagining.*

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## INTRODUCTION

Sustainable finance plays a crucial role in promoting inclusive and equitable economic growth. There is a clear call for intervention as economic progress over the last few decades has neglected the importance of protecting and retaining the environmental, social and ecological landscape, resulting in significant challenges to the ecosystem, livelihood and overall wellbeing of society. As a result, empirical research has addressed the importance of building sustainable finance models for promoting profitable and responsible businesses that address both economic and environmental sustainability. Unlike conventional finance models that focus mainly on the financial considerations, sustainable finance models seeks to integrate social, environmental, and climate change considerations into business strategies (Kashi & Shah, 2023a). Importantly, the debates on sustainable finance indicated a transition from “maximizing shareholder wealth’ as the core purpose of capital investment to “optimizing stakeholder prosperity”. The concerns over the growing challenges such as climate change, global warming biodiversity loss, ecosystem degradation, pollution, water scarcity, ocean degradation, and deforestation also necessitated interventions and actions on developing financial models that align with climate resilience, social and environmental responsibility along with economic sustainability. The shift in focus ushered empirical discussions in financial landscape on sustainable processes and products such as green bonds, impact investing, socially responsible investing, among the few.

Sustainable finance seeks to deploy financial capital to economic sectors or activities that are more likely to generate and/or reinforce positive economic, environmental, and/or social impacts (Migliorelli, 2021). A review of the existing literature on sustainable finance shows its growing recognition for addressing the environmental, social and ecological challenges. Sharma (2023) discussed the transformation of sustainable finance from a niche investment approach into a mainstream consideration, driven by the change in the investor behavior and expectations, increased awareness of environmental and social challenges, and the emergence of innovative financial products such as green bonds (Sharma, 2023). Sustainable finance has emerged as a pivotal force in the global financial landscape, reflecting a growing recognition of the environmental risks and sustainability challenges facing today's markets (Judijanto et al., 2024). However, the financial system’s ability to positively respond to sustainability transition demands is contingent upon a directional transformation that involves regulatory, political, structural, theoretical, and relational shifts (Kashi & Shah, 2023a)

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