



Green Banking: The Trend of Maintaining Sustainability of Environmental Business

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Keywords:

Green Banking,
Perception,
Awareness,
Business Sustainability

JEL Classification:

F6, D8, and Q56.

Article History:

Received: 19 April 2022

Revised: 29 July 2022

Accepted: 26 January 2023

Published: 30 September 2023



Citation:

Adhitya, F., Farida, D.N., & Andestri, F. (2023). Green Banking: The Trend of Maintaining Sustainability of Environmental Business. *Global Review of Islamic Economics and Business*, 11(1), 84-95.
<https://doi.org/10.14421/grieb.2023.111-05>

Abstract: Various countries are currently facing the degradation of energy resources, natural resources, and environmental pollution. As the party providing financing, banks must participate in reducing environmental damage. Based on interviews conducted with 30 customers who use financing services in banking, the results show that: financing obtained from banks is used for business capital financing, which includes businesses: food stalls, catering, grocery stores, workshops, and expedition services. Based on the interview results, the fact that these businesses have not implemented the concept of an environmentally friendly business is also obtained. This type of research is qualitative research. The data sources for this study were 32 BSI customers in the Central Java region. The findings indicated that 32 respondents of BSI in the Central Java Area are already familiar with green banking. However, when it comes to e-banking, only 37.5% of respondents were aware of green banking. Up to 56.25% of customers realize the need to recycle waste and manage the waste generated by their products. In short, most of BSI's customers in the Central Java region have not implemented the green banking concept in their business. This study's practical implications imply that customers' preferences for using the money they are given to fund environmentally friendly firms may exist. Concerning its theoretical implications, this study aims to improve the theory of green banking and how it relates to the sustainability of businesses.

Originality/Value: This research primarily focuses on customer perceptions of the implementation of green banking. However, no research focuses on customer business activities that apply green banking principles, especially MSMEs. At the same time, the customer's business activities are the responsibility of both the business actor and the financier (Bank).

Introduction

All countries are faced with issues such as the depletion of energy supplies and natural resources, and contamination of the environment. Furthermore, due to human behavior that is not environmentally friendly, the development of non-renewable natural resources worsens environmental resources

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<https://doi.org/10.14421/grieb.2023.111-05>



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(Makmun, 2016). Meanwhile, the threat of climate change and global warming is increasingly weakening the earth's sustainability in meeting human needs and welfare.

In recent years, global warming caused by climate change has become an international phenomenon. Global warming is due to business behaviour and industrial competition that ignores the natural environment. Greenhouse gas emissions are considered responsible for changing the balance of ecosystems, which results in losses in many countries. Sustainable development has emerged as a new paradigm in the current development discourse, which overexploits the natural environment for economic prosperity (Bihari & Pandey, 2015). Several countries designed Sustainability Development Goals to take practical action to solve global problems such as poverty, inequality, and climate change.

The environmental damage creates social awareness in various parties, both at the macro and micro levels. In addition, environmental damage causes the corporate world to be more serious about getting involved in activities that can positively impact the environment as a form of corporate social responsibility. Banks were just the party that supplied finance and thus were exempt from this responsibility, even though, historically, the party primarily accountable for environmental damage was the business actor. However, now that this assumption has begun to shift, banks, as the party providing financing, are required to participate in reducing environmental damage (Soemargono, 2014). When providing financing, a bank must consider whether or not the activities carried out by the debtor harm the environment.

From an Islamic point of view, environmental protection for vigilance is significant for all people. Human habitation is expected to be preserved and developed naturally. Therefore, Islam emphasizes the need and importance of environmental protection, namely living in harmony with nature, achieving sustainable development, enriching life on earth, and making the best use of available resources (Masukujjaman et al., 2016). Environmental damage and religious aspect is basically interrelated since the nature's destruction is mostly led by human's greed, where greediness in human may emerge because of spiritual crisis (Saadah & Farida, 2019). With the awareness of the dangers facing our earth today, people are increasingly attracted to the idea of "green," which has been a part of religion in human history. Environmental damage and religious aspect are basically interrelated since the nature's destruction is mostly led by human's greed. Greediness in human may emerge because of spiritual crisis.

The financial and banking sectors that are part of the identity cannot be separated from environmental problems, although they do not directly contribute to environmental pollution at energy consumption, waste disposal, and other activities. Although environmental protection is a form of responsibility of the banking sector, they also need to control the environmental impact resulting from the implementation of business activities. Banks, as corporate citizens who are part of global corporate citizens and the surrounding environment, must fully support efforts by the Ministry of Environment (Kementerian Lingkungan Hidup/KLH) to transition to a more ecologically friendly and climate-friendly economic framework, Bank Indonesia (BI), and the Financial Services Authority (OJK).” Banks, Bank Indonesia (BI) and Financial Services Authority (OJK) should support the effort of Ministry of Environment to be more ecologically friendly and climate-friendly in economic framework. Banks can alter their everyday operations to prevent pollution by implementing recycling initiatives, establishing paperless banking, utilizing energy-efficient resources, and supporting local activities. To secure the sustainability of their core business, they can also implement financing and investment techniques to support environmentally friendly projects and create environmentally friendly products (Pariag-Maraye et al., 2017).”

The essence of the green banking system is an effort to strengthen bank risk management capabilities, especially those related to the environment, and encourage banks to improve business sustainability based on renewable energy, energy efficiency, agriculture and tourism, the environment, and various products that are in the Eco-label. This step demonstrates the bank's grasp of the possible risk of environmental damage in its financial activities, which can have a detrimental impact on the affected bank's financial value and reputation. Thus, banks must adopt a green strategy and take the initiative to incorporate environmental and ecological concerns into their investment and financing

philosophies. Therefore, banks will direct the industry to make investments mandated for environmental management and use the right technology and management system (Masukujjaman & Aktar, 2013).

Banking is a crucial sector that mediates between economic development and environmental protection. It can be said that the bank does not significantly affect the environment through emissions and pollution. And yet, the actions of its customers may have an external impact on the environment. As significant technology users, banks can support green practices and become leaders in facing global environmental challenges. Banks play an essential role since they finance numerous projects, including steel mills, paper mills, manufacturing firms, chemical fertilizer industries, and small and medium enterprises (MSMEs). Activities resulting from the customer's business will cause environmental pollution and cause carbon emissions. As the financial provider, banks shall establish firm regulations to ensure that the projects run by the customers have adopted environmentally-friendly concept. This commitment is a proof of social responsibilities of banks and the customers to ensure sustainable environment in the future. In addition, banks can provide loans at lower rates and other incentives to the industry to adopt green technologies that will have a lasting positive effect on the global environment (Zhixia et al., 2018).

Many studies related to green banking have been carried out. This research primarily focuses on customer perceptions of the implementation of green banking. However, no research focuses on customer business activities that apply green banking principles, especially MSMEs. At the same time, the customer's business activities are the responsibility of both the business actor and the financier (Bank). SMEs are essential pillars of the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs, the number of SMEs currently reaches 64.2 million, with a contribution to GDP of 61.07%. With the high number of SMEs, the contribution of environmental pollution will also increase due to their business activities. Hence, this study aims to explore the practice of green banking, which is concentrated on banking financing provided to SMEs.

There has been lots of research on green banking. However, this study primarily focuses on customer perceptions of the implementation of green banking. Unfortunately, research on customer business activities that apply green banking principles is yet to be conducted that much. The customer's business activities are the responsibility of not only the business actors but also the financier (Bank).

Based on interviews conducted with 30 customers, who use financing services in banking, the results show that: financing obtained from banks is used for business capital financing, which includes businesses, namely food stalls, catering, grocery stores, workshops, and expedition services. The interview found that these businesses have not implemented the concept of environmentally friendly business with the following explanation:

Table 1 Results of Interviews with Financing Customers

No	Type of business	Information
1	Food stalls	Using plastic for food packaging and straws, pouring kitchen waste down the drains, continuing to use inefficient lighting, and lacking a trash can to segregate organic and inorganic waste.
2	Grocery store	Plastic is used as a wrapping for consumer-purchased goods, and most grocery store items that customers own are made of plastic.
3	Workshop	The workshop uses energy that is not ecologically friendly, lacks a vehicle emission control system, and some items are not recycled.

Researchers are undoubtedly concerned by these findings given that business continuity also needs to examine issues related to resource sustainability. Based on the aforementioned issues, it is crucial to understand how to investigate customer perceptions of green banking implementation, which concentrates not only on green banking generally but also on business actors who receive financing from banks that implement green banking.

SRI theory focuses on investors/financiers to invest with due to social responsibility. Socially responsible investing is a theory emphasizing that the investment should help foster positive outcomes

for the world by not accommodating companies that harm the environment, whether social or natural (Fauzan, 2007). Therefore, SRI theory serves as a blueprint to improve the relationship between green banking practices and a green image, bank trust, and focus on social responsibility investment to improve sustainability performance (Ibe-enwo et al., 2019). There are four main groups of shareholders and actors in SRI (Wagemans et al., 2013). The four groups are as follows:

a. Institutional investors

Institutional investors, including pension funds, insurance companies, and banks, are the first substantial group and the most critical shareholders of public companies. Applying SRI by institutional investors is related to developing various international agreements, practices, and networks. The Global Reporting Initiative (GRI), for instance, promotes social reporting standards. Shareholders who support the investment principle of GRI, IIGCC, and other agreements encourage public companies to adopt these principles in reporting ESG issues (Economic, Social, and Governance).

b. Individual investors

Individual investors referred to here are those who invest in retail funds. This retail fund has greatly facilitated SRI growth among individual investors.

c. Active NGO

Some religious organizations have played a pioneering role in SRI. Recently, environmental NGOs, trade unions, human rights organizations, and several other civil society organizations have also been involved in SRI. NGOs actively participate in SRI in two ways: first, NGOs can become their shareholders and use their shareholders' rights and power to influence the company's behaviour and investment; second, NGOs use more indirect strategies besides being active as shareholders by working together or influencing other shareholders. They serve as advisors and SRI supporters for institutional investors like pension funds, helping them to put together specific SRI funds and eventually become founders or sponsors of SRI funds.

d. Financial Industry

Due to its dual function as a shareholder in SRI and an intermediary for other SRI investors, the financial sector is a crucial participant in SRI. Research by Louche (2004) reported that the financial industry in the Netherlands greatly facilitated the transition to SRI by focusing on activism to the more institutionalized SRI form. The financial sector currently offers SRI infrastructure and information bases through SRI funds, SRI-focused rating agencies, and sustainability indexes such as the Dow Jones sustainability index and FTSe4Good. This development resulted in a shift from the investment sector where NGOs played a significant role to the sector where larger financial institutions had guided and formed SRI into a more critical form of investment.

Literature Review

Green Banking

The idea of "green banking" was introduced in 1980 by Triodos Bank in the Netherlands, which started the banking industry's commitment to sustainability from the beginning and the banking industry's commitment to environmental sustainability. In 1990, the Bank launched the "Green Fund" to fund environmentally friendly projects and all other projects (Shaumya & Arulrajah, 2016). *Green banking* refers to banking activity that pays special attention to environmental, social, and ecological factors to protect nature and save natural resources (Choudhury et al., 2013). Another definition of "green banking" is "a public financing organization that offers low, long-term costs and supports clean and low-carbon project finance by employing the public through various financial channels to attract private participation." (Paluszak & Paluszak, 2016).

The green banking initiative is a natural extension of Corporate Social Responsibility (CSR) that promotes sustainable development. The banking sector has an important role to play in improving current conditions. The bank monitors borrowing business activities while looking for ways to utilize sustainability. The bank can require its customers to follow the sustainability guidelines to meet the requirements of its business financing (Pek et al., 2019).

The main goal of green banking is to save the natural environment by using two ways: technological innovation in banking to reduce the effects of environmental damage by using an online bill payment system instead of a manual payment system. Innovating in technology, the company improves

management behaviour innovation in banking practices to reduce negative environmental impacts such as efforts to reduce employee waste, energy-saving behaviour in each branch, providing loans for environmentally friendly projects, and others (Rai et al., 2019). Green Banking is a banking activity that pays special attention to the environment and social and ecological factors that aim to protect nature "and save natural resources (Choudhury et al., 2013).

Green banking means that banking is socially responsible and environmentally friendly. The bank acts as a financing intermediary in financing economic activities and carrying out all other activities in line with achieving the goal of a healthy environment for present and future generations. In addition to sustainable investments and regular green operating processes, green banking has also been motivated to combine moral, socially and ethically appropriate, and corporate social responsibility. One form of green banking is the existence of green financing. Green finance significantly contributes to the green industry and economy as an essential component of a global initiative by a group of stakeholders to save the environment. Green financing involves providing or enabling financing for projects that benefit the environment and industry and environmentally friendly products through grants, debt, and equity mechanisms (Harun Ur Rashid & Uddin, 2018).

Banks hold a particular position in a country's economic system that can impact business, production, and other economic activities through financing (Choudhury et al., 2013). Green banking benefits banks in ways other than financial gains, such as enhanced reputation, increased client loyalty, a positive influence on the environment, and simplified banking procedures. Also, it aids in increasing corporate awareness of its social and environmental obligations (Vijai & Natarajan, 2015). Green banking practices are realized in several respects: financing with competitive margins, financing funded by national organizations to support the construction of specific industrial / business openings such as renewable energy efficiency, agricultural production, green buildings, and special types of financing given to companies by Sharia banks. Banks must implement electronic banks to promote environmentally friendly practices and reduce carbon footprint under certain environmental standard requirements used to finance MSME green investment in bundles with consulting services for environmental protection and sustainable development (Thanh & Phuong, 2017).

Environmental sustainability

Environmental sustainability is 'the ability to maintain valuable things in the physical environment (natural and biological). Environmental sustainability can be defined as conditions of balance, resilience, and linkages that enable human society to meet its needs while not exceeding the capacity of its supporting ecosystems to continue and regenerate the services needed to meet these needs or our actions to reduce biological diversity (Morelli, 2011). Environmental systems are attempting to sustain an untimed global life support system. In advanced industrial countries, the problems related to the environment become very critical, and their dependence on natural resources for growth and development underlines the need to implement policies and plans for sustainable resource use (Yadav & Pathak, 2013). In Green Banking Policy, Bank shall request for the fulfilment of Analysis Documents on Environmental Impacts (AMDAL), Results of Proper Assessment (Gold, Green, Blue) from the Ministry of Environment and Forestry (KLHK), fulfilment of the technical aspects of environmental management, and the compliance with spatial planning which is entirely supervised and implemented with licensing.

Methods

In this study, the researchers asked approximately nine main questions to explore the implementation of green banking in the financing provided to bank customers. This question can be further developed and adapted to the conditions in the field. To accurately portray the study's findings, interviews were held in eight cities in Central Java. In conducting interviews, the researchers looked for customers randomly. Of those eight cities, 32 customers were willing to be interviewed. The results of the interviews are described below.

The first question for the interview is related to the application for business capital financing at Bank Rakyat Indonesia Syariah (BRI Syariah), Bank Syariah Mandiri (BSM), as well as Bank Negara Indonesia Syariah (BNI Syariah), and Bank Syariah Indonesia (BSI). The researchers may need to ask

this question to ensure that the customer has financing at the bank. The results showed that 31.25% of customers have financing at BRI Syariah, 50% at BSM, and the remaining 18.75% at BNI Syariah. BSM customers dominated the number of respondents because Bank Syariah Mandiri is the largest Sharia bank compared to BRIS and BNI Syariah.

Table 2 Distribution of Respondents in Indonesian Islamic Banks

No	Bank name	Number of Respondents	%
1	Bank Syariah Mandiri	10	31.25
2	Bank Rakyat Indonesia Syariah	16	50
3	BNI Syariah	6	18.75
	Total	32	100

The second question asked is related to the procedure for applying for financing. This question is intended to observe what procedures must be fulfilled by customers. The interview's findings revealed that not all banks inquire about a customer's business's environmental practices when they submit a loan application. Banking places a greater emphasis on revenue generated by business operations.

The third question is related to customers' use of online banking. According to the results of the interview, 37.5% of clients, or 12 customers, use online banking. Customers use online banking for a variety of reasons, including to make their transactions more practical and accessible, to speed up the process and increase efficiency, and to make it simpler for them to manage their incoming and outgoing cash. By using online banking, customers have indirectly participated in implementing green banking. However, the interview results also show that most respondents do not use online banking (62.5%). Respondents do not use mobile banking for several reasons, including living in the village, old age factor leading to unfamiliarity with technology, rarely using mobile phones, and unwillingness to use online banking's.

The question in the fourth bullet point is if Internet banking is being done on its initiative or knowledge, or if it is a Standard Operating Procedure. Online banking is one of the implementations of green banking to support the sustainability of an environmentally sound business. Based on interviews with respondents who have used online banking, 12 respondents admitted to using online banking in their consciousness.

The fifth question asks why customers do not use online banking. The purpose of this question raised in the interview is to determine the cause of customers not using online banking. From the data obtained, 20 of 32 respondents did not use online banking. In the interview, it is revealed that the respondents do not use online banking due to several reasons, for example, unfamiliarity with online banking features, infrequent use of cell phones, infrequent transactions, and not registering their phone numbers.

The sixth question investigates what types of businesses are approved by BSI financing. The purpose of this question is to map the type of business and its propensity to harm or pollute the environment. Based on the results of the interview, the following results were obtained:

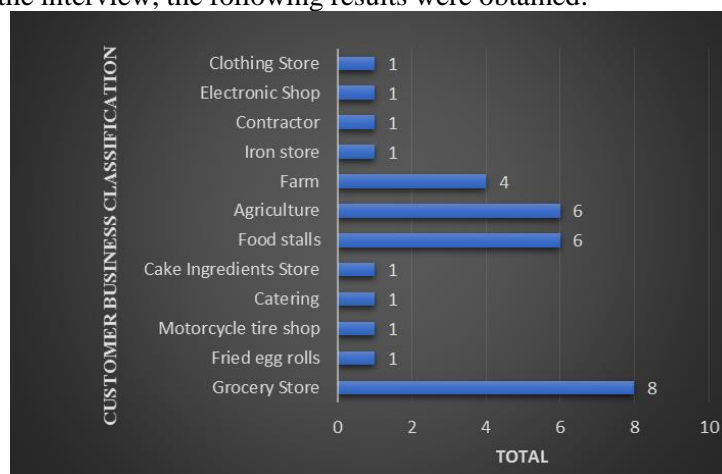


Figure 1. Customer Type of Business

The figure 1 shows that the majority of respondents' types of businesses are grocery stores. According to the information from the interview, the reason for choosing to open a grocery store business is because the capital is relatively small and easy to manage.

The sixth query addresses the use of non-biodegradable materials (based on plastic, styrofoam, and chemicals/preservatives). It aims to obtain customer information about the materials used to support the customer's business. For example, whether or not those materials are environmentally friendly. The concept of an environmentally friendly business will support the creation of a sustainable business. The results of the interview on the seventh question showed that 25 respondents, or 78.1%, use materials that are harmful to the environment. In comparison, only seven respondents have used environmentally friendly materials.

The eighth question concerns the plan to reduce the use of materials that are not readily biodegradable (based on plastic, styrofoam, chemicals/preservatives). It is intended to identify the essential ingredients used to support the customer's business and to obtain information on whether the customer intends to support such implementation. For example, green banking, where the business or business being financed, is an environmentally friendly business. The interview reveals that, of 32 respondents, 20 people have not any plans yet to reduce the use of non-biodegradable materials in their businesses in near future (plastic-based, styrofoam, chemicals/preservatives). On the other hand, the remaining 12 have confirmed that they do not intend to reduce using these materials.

The ninth bullet point asks about the waste recycling process from the production process. This question aims to obtain information on whether the customer intends to support the implementation of green banking at Bank Syariah Indonesia through the ability to carry out the waste recycling process. A total of 18 respondents provided information that they carried out the process of recycling waste and sorting waste (organic and inorganic). The remaining 14 respondents did not recycle.

Result Implementation of Green Banking in Bank Syariah Indonesia (BSI) From the Perspective of BSI Internal Employees

Bank Syariah Indonesia (BSI) of Central Java Region is one of the financial institutions that have a vital role in distributing funds. Banks are intermediary institutions or financial intermediaries to their customers for small and large industries. In other words, Bank is the contributor or mediator in environmental damage from the businesses it finances. Banks are intermediary institutions or financial intermediaries to their customers for small and large industries.

As a financial service institution, banking is one of the financial institutions considered strategic enough to reduce or emphasize the impact of severe environmental damage through its financing products and business. Banks in the procedural provision or distribution of financing must also pay attention to risk aspects related to the environment. In the interview, the researchers discussed the opinions of sources or informants regarding the implementation of green banking. Islamic banking itself intends to realize environmentally friendly banking. Therefore, before applying green banking, Banks must understand the concept of green banking. The understanding of the green banking concept can be seen through several statements from the internal Bank Syariah Indonesia (BSI) Semarang. Below is an interview transcription with one of the BSI employees with initial SBA:

"Green banking is an effort from the banking sector as a financial institution. The duties of which is to channel funds that may also impact the environment of the business. Hence, BSI has a moral responsibility to ensure that the disbursed financing is used for funding environmentally friendly businesses."

Furthermore, BSI employees with initial DFR explained that green banking is related to environmental impact analysis along with the following explanation:

"The concept of green banking is also important because it prioritizes environmental impact analysis. Indeed, banks themselves are interdependent, so the point is that financing makes environmental risks certain and taken care of, especially in terms of financing distribution."

Based on the interviews from the two informants above, the green banking concept is defined as the banking effort to mitigate the risk of environmental damage through financing with environmental impact analysis and environmentally friendly practices implementation being essential in its activities. Furthermore, in financing distribution, customers are usually required to fulfil complementary documents for their loan application before the financing is realized, such as personal identity or other prerequisites provided by the bank. The distribution of financing, in this case, must be based on the concept of green banking.

By understanding its financing procedure, this study is expected to be able to gain information on whether BSI has carried out initial screening related to the type of customer business. The interview results showed that customers must fulfil the general application procedures, namely Identity Cards (KTP), village certificates, and land certificates. After all the requirements are met, the bank will conduct a survey related to the type of customer business and the feasibility of getting funded. The bank also surveys any need for capital for customer business development. The majority of respondents felt the ease and speed of the process of the financing procedures. However, from this initial procedure, it turns out that not all banks ask about the type of customer's business and whether or not it is environmentally friendly. It is because the majority of the recipients of financing are business actors who do not carry out the production process. Thus, the efforts made in their business do not have much impact on the environment.

In conducting an assessment of the analysis of customer business prospects, an interview with Mr. AH, Branch Manager of BSI Temanggung, was conducted on August 6, 2021. Here is his statement:

"BSI Temanggung provides financing for the agriculture sector. Much financing is allocated to tobacco farmers. There is also the husbandry sector, for the livestock business. But, of course, they also have to have a business certificate from RT, RW, and Local Village. If it is in the form of a partnership company (CV), there must be a permit for environmental disturbance."

Islamic banks need to maintain and control their business activities continuously. That is why Bank Syariah Indonesia (BSI), before providing financing to customers, always explains the concept of green banking implemented at BSI so that it is also applied to the business being financed. The following is an excerpt from an interview with Mrs. AS, the marketing officer of BSI KC Semarang:

"When marketing financing products to customers, we marketers explain the green banking concept, including recommendations for online banking as part of implementing green banking and directives so that customers' businesses do not pollute and harm the environment."

This statement proves that banks pay attention to environmental permits as well. However, several banks may not pay attention to social and environmental risks in assessing customer business prospects. In that case, it will cause problems in the future, such as environmental damage, and may impact on closing the business or industry that end up in non-performing or lousy financing.

Based on the interview above, BSI is very concerned about financing and environmental analysis. BSI always analyses the customer's business prospects and asks the customer to fulfil the environmental documents of its business. Banks also have the right to cancel financing if one of the documents related to the environment is not available. Of course, in the distribution of financing based on the green banking concept, there is a business classification as to what is included in the sustainable category and what financing products follow the green banking concept. Mrs. AS, a marketing officer of BSI KC Semarang, said that:

"The concept of green banking at BSI has already been implemented, specifically for SME and Micro customers."

From the explanation of Mrs. AS, it can be said that the distribution of financing is channelled to the Micro, Small, and Medium Enterprises (MSME) sector. Therefore, the conclusion from the explanation above is that applying the green banking concept at BSI Central Java is a form of action to mitigate environmental risks through its financing products. Meanwhile, actions in the form of management assessments on environmental and social aspects can be seen through the fulfilment of environmental documents and the cancellation of financing if the business involved may damage the environment.

Implementation of Green Banking from the Perspective of Bank Syariah Indonesia (BSI) Financing Customers

The researchers also investigated BSI customers who received BSI financing. The researchers interviewed 32 respondents across the Central Java region. Subsequently, 8 districts/cities in Central Java were taken as samples. The data of respondents who were interviewed are as figure 2. According to the figure 2, clients are primarily between the ages of 40 and 50, while respondents between the ages of 60 and 70 make up the least number of customers.

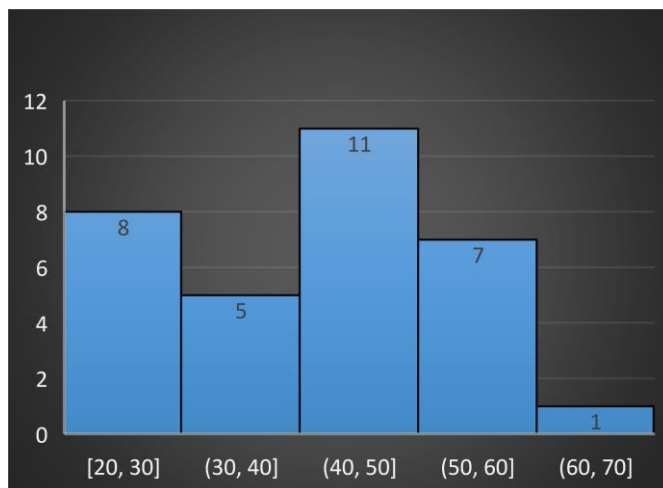


Figure 2. Age Range of Respondents

The type of business mainly funded by the Regional Islamic Bank of Indonesia, Central Java, is customers with an essential food shop business. The food business is high in demand because it is easy to run, and does not require abundant capital. Therefore, the primary food shop is included in the micro-business category.

The data are obtained from respondents' responses to questions of this research. The interview is conducted face-to-face with the respondents. The 32 respondents who were interviewed were all Bank Syariah Indonesia (BSI) clients who met the requirements for financing through BSI. The respondent's answer is then presented in the form of excerpts from interviews. The excerpt describes the respondents' answers when questioned about Green Banking and sustainable business. Based on a face-to-face interview, 32 respondents admitted to having financing from BSI. The provision of financing follows the Standard Operational Procedure determined by BSI and goes through several debtor eligibility screening processes, such as the survey process to customers.

"What was asked at the time of the survey was the clarity of my business, whether or not my business may harm the environment; that's why I asked for a business certificate from the village," it was explained that there must be a BPKB (proof of motor vehicle ownership) guarantee. However, it depends on how much the financing is."¹

BSI has reached the stage of sustainable banking, where the Bank already has a reference so that all its activities adopt the concept of sustainability. This activity can be seen in the sustainability report submitted by BSI. To actualize a sustainable financing program that is in line with sustainable development goals, BSI is committed to developing the bank that has been done through improving services. In carrying out its business operations, BSI always pays attention to the 3P (Profit, People, and Planet) aspects by providing sharia financial services and products that present innovative digital services accessible to all people.

In the green banking policy, BSI asks companies to fulfil complete requirements. These requirements include environmental impact analysis documents (AMDAL), PROPER assessment results (Gold, Green, Blue), compliance with technical aspects of environmental management, and

¹Iqbal (R2), interview in Kudus Regency on August 6, 2021

spatial suitability. All Prospective debtors will go through three validation methods to ensure that the financing or credit provided by the bank does not impact the environment. The validation method is through the Walk-in client, Canvassing, and Referrals. In addition to having a policy for green banking, BSI has also established a Sustainable Finance Implementation Assistance Work Unit. This Work Unit consists of Project Steering Committee assisted by the Project Secretary. This work unit will conduct regular supervision for customers or debtors who receive green banking financing regarding their compliance with implementing sustainable finance principles. This monitoring activity is carried out through periodic visits at least once every four months.

Maintaining Sustainability of Environmentally Friendly Business

BSI encourages customers who receive green banking financing to continue improving their sustainability performance by implementing informal forums in the form of discussions and seminars on related aspects to control environmental and social risks. Since the beginning, BSI has been committed to implementing efficient and environmentally sound operations in environmental management. The strategic step taken is to make various savings. These savings include saving electrical energy, saving water, saving fuel, and saving paper. In addition, BSI also utilizes information technology in banking transactions.

The contribution of sustainability to customers is also a concern of BSI. The commitment to improve customer satisfaction is always carried out by fulfilling customer rights and ensuring that all customer expectations are met. Service quality improvement and the development of various digital banking products are always carried out. Application improvements are continuously made to make it easier for customers to access BSI's financing products.

The more people care about the environment, the more they care about the products they consume. Consequently, customer businesses should be adjusted to be environmentally friendly so that business continuity is preserved.

Conclusion and Recommendation

Various countries are currently faced with the degradation of energy resources, natural resources, and environmental pollution. As the party providing financing, banks must participate in reducing environmental damage. This research is mostly focused on customer perceptions of the implementation of green banking, we found the following key finding : (i) In exploring the awareness of BSI Regional Customers in Central Java on Financing Products and Services in implementing Green Banking, 37.5% were found to use e-banking, (ii) Exploration of the Business Relationship of BSI Customers in Central Java to Efforts to Maintain Sustainability of Environmentally Friendly Businesses resulted in 56.25% recycling waste/waste, and (iii) Most of BSI's customers have not implemented green banking in their business. The customer's level of awareness of the green banking paradigm is relatively low, as evidenced by the small number of customers who use online banking. The results of this study recommended that the Bank Syariah Indonesia (BSI) includes additional supporting documents on the financing terms, which include an analysis of the business environment (SKU containing environmental disturbances/environmental pollution), Bank Syariah Indonesia needs to conduct sustainable business education / environmentally friendly business by involving campus practitioners/academics and assistance specifically regarding the use of online banking is required.

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