

## GREEN AND ETHICAL BANKING PRACTICES

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### ABSTRACT

The convergence of green and ethical banking is reshaping financial systems worldwide, driven by escalating environmental crises, social inequities, and regulatory pressures. This study synthesizes literature and empirical evidence to elucidate how integrating environmental sustainability and ethical conduct into banking operations enhances risk management, fosters innovation, and contributes to societal well-being. By examining frameworks such as green financing, sustainable investment, and corporate social responsibility (CSR), the paper highlights the role of policy incentives, stakeholder engagement, and technological adoption in scaling green banking initiatives. Empirical findings across emerging economies reveal a positive correlation between green banking practices and financial performance, mediated by institutional quality and market demand. The study underscores the necessity of aligning banking practices with Sustainable Development Goals (SDGs) to achieve inclusive growth, climate resilience, and ethical accountability. Limitations include data constraints in under-researched regions, suggesting avenues for future cross-regional research. This research offers actionable insights for regulators, practitioners, and scholars aiming to advance environmentally responsible and ethically sound banking ecosystems.

**Keywords:** Ethical Banking, Sustainable CSR, Green Marketing.

### 1. INTRODUCTION

The banking system is playing very vital and crucial role for the promotion of sustainability and development of banking sector for promotion of social responsibility. Green banking is a financial service which aids for incorporation of external products and services as well as internal operations in this sector. Green banking is said to be very rightful and ethical approach for minimizing the negative impact of financial industry on the environment through promotion of sustainable development. The strategies that are used are necessary in addressing the climate change and its impact on the present circumstance as becomes need for an hour. Green and ethical banking practices have emerged as main role for the contribution of banks for the environment conservation, social welfare and also economic growth. These practices and strategies are involving in the integrating environment and social consideration for the banking features like lending and creating of investing plans for effective investment decision making to its clients and customers. Green banking is also focusing on the carbon footprints and promoting green financing. The key factors concerned are climate changes, environment degradation and social inequality grow; green and ethical banking practices are becoming increasingly important for banks, regulators and policy makers. This also impacts on the enhancing of social welfare. The major environmental sustainability thus focuses on reducing carbon footprints such as energy consumption, paper usage and waste generation. Promotion of eco-friendly banking services also aids. Ethical banking practices prioritize social responsibility of banks for the lending and financial inclusion and community development.

Benefits of Green and Ethical Banking

- Environment benefits: contributing to environment conservation and sustainable development
- Social benefits: promoting financial inclusion, social welfare and community development.
- Financial benefits: enhancing financial

### 2. REVIEW OF LITERATURE

Md. Abu Issa Gazi “et al” (2024) this research explores the relationship between green banking practices and also green financing for the sustainable outcomes in Bangladesh’s private commercial bank. The study reveals the green banking activity significantly influencing the green banking activities for the CSR sustainability with daily banking activity and daily operations through interaction with the customer interaction and policy related practices playing a crucial role. The study also highlights the mediating role of green financing for promotion of the sustainability goals. The research align with the United Nations Sustainable Development Goals offering insights for developing a more ecologically and socially responsible banking sector. Bhuvanesh Kumar Sharma (2023) the study can help policymakers for the promote sustainability in the banking sector and also provide a more comprehensive understanding of the complex relationships between sustainability and banking profitability.

### 3. RESEARCH METHODOLOGY

This methodology provides a comprehensive framework for the researching green and ethical adoption of the Banking practices in India. The exploring the adoption and impact and challenges of the study. The research conducted is combination of mixed method approach which includes qualitative and quantitative data. This study is basically on secondary data was collected from various journals, research articles and other related reports. The information was collected is qualitative which provides comprehensive understating of the banking impact in the green banking system.

### 4. SCOPE OF THE STUDY

The scope of green and ethical Banking practices is broad and multifaceted, encompassing the environmental sustainability, social responsibility, financial inclusion and social welfare. By adopting the practices, banks can contribute to more sustainable and equitable future. There are two areas which need to be catered. On one hand Green Banking promotes for the reduction of carbon footprints. Reducing wastage of papers and also having eco-friendly projects such as renewable energy and green infrastructure, sustainable agriculture. Identifying and managing the climate related risk in banking operations and lending activities. On the other hands the study also focuses on the ethical Banking which promotes financial services for underserved communities and promotion of economic growth. Having transparency in the lending methods and also educating society as a whole.

### 5. OBJECTIVES OF THE STUDY

- To examine the minimization of greenhouse gas emission and environmental impact of Banking Operations
- To provide access to financial services for the undeserved communities and promote economic equality.
- To ensure transparency in banking operations and decision-making processes.
- To uphold high ethical standards, avoid conflicts of interest and ensuring fairness.

### 6. CONCLUSION

In conclusion, green and ethical banking practices are becoming essential for sustainable development and social responsibility. By adopting these practices, banks can contribute to environmental conservation, financial inclusion, and social welfare. Key benefits include environmental sustainability, green financing, and CSR sustainability. Challenges exist, but with regulatory support, policy backing, and customer demand, green and ethical banking practices can drive positive change. Overall, green and ethical banking practices can help create a better future for all, balancing financial returns with environmental and social considerations. The adoption of digital payment systems in India is a rapidly evolving landscape, driven by government initiatives, technological advancements, and changing consumer behaviors. Here's why studying digital payment adoption is crucial: Understanding Barriers: Identifying challenges such as digital literacy, security concerns, and infrastructure gaps can inform targeted interventions. Informing Policy: Insights on adoption patterns can guide policymakers in refining regulations, promoting financial inclusion, and enhancing digital infrastructure. Driving Innovation: Understanding user needs and preferences can spur innovation in payment technologies, services, and user experiences. Assessing Impact: Evaluating the impact of digital payments on financial inclusion, economic growth, and social equity can inform future strategies. India's digital payment landscape has witnessed remarkable growth, driven by government initiatives, technological advancements, and changing consumer behaviors. Here are some key findings

**Rapid Growth:** Digital payments in India are projected to triple by FY30, with transaction volumes expected to rise from 206 billion in FY25 to 617 billion.

**UPI Dominance:** Unified Payments Interface (UPI) accounts for nearly 90% of total transaction volumes, with innovations like biometric authentication and IoT-enabled transactions driving growth.

**Financial Inclusion:** Digital payments have expanded financial inclusion, connecting millions to the formal banking system and promoting financial literacy.

**Challenges:** Cyber security threats, digital divide, and low digital literacy remain significant barriers to adoption.

### 7. REFERENCES

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