Guest editorial: Perspectives on sustainable practices in banking

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Given the central role banks play locally and globally within business networks, economies and societies, there is a growing imperative to choose a bank with a sustainable moral compass. Extending beyond ethical perspectives and reflective of recent developments within other industries and sectors, the banking industry has attempted to improve its responsible and sustainable agendas, as guided by the UN Sustainable Development Goals (https://sdgs.un.org/goals). This is evidenced by initiatives such as the UN Principles for Responsible Banking and the UN Environment Programme Finance Initiative, involving over 250 banks worldwide, which are aimed at building best practice across key sustainability priorities and demonstrate clear commitments towards a sustainable finance sector. Sustainable banking encompasses a broad range of practices including CSR, ethical banking, green banking and sustainable finance and implies a focus on environmental, social and governance principles, as well as sustainable development (Aracil *et al.*, 2021; Bukhari *et al.*, 2023; Ziolo *et al.*, 2019). Successful sustainable banking policies and practices must consider not only customer perspectives but also those of other key stakeholders including CSOs, activist groups and government agencies. Despite growing commitment in the banking sector to sustainability, recent research has highlighted a continual misalignment between sustainability strategy development and implementation (Grivaljo and García-Wang, 2023) along with evidence of green/whitewashing and unethical or irresponsible banking practices and policies (McGrath and Walker, 2023; Patterson and McEachern, 2018) which impact brand reputation, customer trust and financial success. In light of increasing current political, economic and social pressures, it is critical that financial institutions effectively integrate sustainability practices with core business models leading to long-term sustainability capabilities and social innovations (Lashitew *et al.*, 2020).

This special issue of the *International Journal of Bank Marketing* provides a timely platform for in-depth investigation of contemporary and multi-stakeholder perspectives of sustainable practices in banking, foregrounding key developments, opportunities and challenges. It aims to uncover current insights relating to the role of banks in championing sustainability principles and practices as well as the influence of customers and other stakeholders in shaping and driving sustainability commitments and strategies. It showcases research involving a range of stakeholders including banks/financial institutions, customers, regulators/policy makers, lobby/activist groups and relevant others. Reflecting global recognition of the relevance and importance of sustainability within banking, we received a high number of submissions from a wide range of international scholars. Following a multi-stage, rigorous screening and review process, the special issue showcases 7 papers. Using a range of innovative methods and set within richly diverse markets and contexts, these selected studies present a variety of contemporary theoretical and applied perspectives on key sustainability-related issues. The topics of investigation include sustainability banking practices and performance in Bangladesh; women entrepreneurs and banking SDGs in Nigeria; green microfinance in Cabo Verde; environmental reporting by banks in India; social and financial performance using global panel data; value of CSR banking activities in USA; banks as moralized business institutions and sustainability, and environmental and social considerations in the UK. A summary of the papers is presented next.

Siddik, Yong and *Sharif*'s study examines the influence of sustainable banking on the environmental sustainability performance (SP) of banks in Bangladesh. Using legitimacy

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theory, this quantitative study explores how green banking practices (GBPs), green finance (GF) and corporate social responsibility (CSR) practices affect SP in both direct and indirect ways. The empirical findings reveal that the greater the bank's involvement in green banking activities, the greater the influence of green financing and CSR practices on environmental sustainability. The study contributes by providing new insights into the dynamics of green banking, GF and CSR practices within the framework of legitimacy theory, particularly within the context of a developing nation.

Adefare, Adeola, Mogaji, Nguyen and *Mogaji* investigate the role of banks in supporting women agriculture entrepreneurs (WAEs) to contribute towards achieving Sustainable Development Goals (SDGs) in Nigeria. Their qualitative study found that WAEs require deeper understanding of the value of SDGs while underlining the need for an increased focus by banking to communicate and integrate SDGs across all business operations. Their research recommends prioritizing gender sensitivity and inclusivity for WAEs as well as offering tailored financial products including flexible loan structures and microfinance options. The value of networking and mentoring for WAEs to achieve SDGs and sustainable agriculture was emphasized.

Leite and *Sá* explore the beliefs and perceptions of microfinance institution (MFI) managers regarding environmental threats and the role of green microfinance in influencing engagement in green activities. Set in Cabo Verde, and drawing on protection motivation theory, their qualitative research found that while MFIs play an important role in promoting self-employment and decreasing poverty, their funds may also lead to environmentally damaging practices. Their study contributes to advancing knowledge of green microfinance by considering individual-level factors in understanding the greening of organizations.

The study by *Pawar* and *Munuswamy* investigates the effect of environmental reporting on the financial performance of banks in India. Using secondary research from banks, financial data and environmental reporting datasets, their research highlights the significant negative influence of environmental reporting on the return on assets (ROA) and return on equity (ROE) while indicating the minor influence on earnings per share (EPS) of banking institutions. Their study contributes to research on the influence of environmental reporting on financial performance, specifically in the context of banks within emerging markets.

Focusing on financial self-sufficiency and long-term sustainability of microfinance institutions (MFIs), the study by *Singh* investigates whether social performance moderates the linkage between financial risk and financial performance. Using panel data of worldwide MFIs, the study presents evidence that financial risk is negatively related to financial performance. It also highlights that social performance impacts financial performance and operational self-sufficiency through risk moderation, fostering the sustainability of MFIs in the long term. The study reaffirms that social performance remains core to the mission of MFIs and has a critical risk mitigation role.

Adikaram and *Holcomb*'s study focuses on analysts as knowledgeable information intermediaries in the USA and explores their capability to identify bank's CSR activities and to reliably transmit that information to investors. The authors further explore the viability of focusing on analyst and financial markets to validate genuine bank CSR strengths. Drawing on specific firm and financial data, analyst data and CSR datasets, the study found that analysts correctly distinguish and construe bank CSR strengths from CSR concerns and highlight that CSR strengths increase bank market returns. Their study also demonstrates that methods using knowledgeable intermediaries can help validate bank CSR strengths.

The final study by *Saeudy* and *Hussainey* investigates the development of moralized business ideologies (MBIs) among sustainable banks. Drawing on qualitative research with a sample of small- and medium-sized banks in the UK, MBIs were identified as a new concept, reflecting ethical practices, moralized values, sustainable business models and ecological standards. Their research found that MBIs help banking institutions to create increased sustained positive impact from social and environmental business opportunities. The study offers an interdisciplinary perspective, involving institutional analysis and an exploration of the intersection between banking and MBIs, with a focus on social and environmental considerations.

We would like to express our sincere gratitude and appreciation to our anonymous reviewers for their invaluable insights, constructive feedback and expert guidance which directly augmented the quality and rigor of the submissions. We would also like to express sincere thanks to the authors of the selected papers for their interest in contributing to this special issue and their dedication throughout the review process. Finally, we want to explicitly thank Professor Hooman Estelami, Editor-in-Chief of the *International Journal of Bank Marketing*, for inviting us to edit this special issue and for his invaluable advice and support during the entire process. We hope that this collection will stimulate deeper academic and practitioner interest and engagement in and a long-term multistakeholder commitment to sustainable practices in banking as part of a broader business-environmental-societal priority.

Deirdre O'Loughlin
Department of Marketing, Kemmy Business School, University of Limerick, Limerick, Ireland, and
Morven McEachern
Chester Business School, University of Chester, Chester, UK

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