

## Research Article

# Analysis of Green Banking Implementation in the Banking Industry in Indonesia (2018-2022 Period)

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**ORCID**Devita Veronika Saputri: <https://orcid.org/0009-0001-8448-2451>**Abstract.**

This research aims to analyze the implementation of green banking and the policies implemented in it. The macro approach is carried out through literature studies by collecting secondary data such as scientific articles, planning documents, government policies, and the mass media as well as data related to this research. Data analysis was carried out qualitatively by implementing green banking in several aspects, namely, in the internal bank, in customer service, and during financing. And in its implementation, it has fulfilled the principles of the green banking concept which includes 4 elements of life, namely nature, well-being, economy, and society.

**Keywords:**

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**Published:** 17 May 2024

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Selection and Peer-review under  
the responsibility of the ICIEBDS  
Conference Committee.

## 1. Introduction

The problems that are being faced by the whole world today are environmental management and natural resources and global warming [1], global warming, natural disasters and climate change are considered a form of lack of public awareness of the environment [2], every individual and institution must be responsible for contributing to a green economy and adding to sustainable economic development [1], Banking is an important object in the Indonesian economy. Banking is one of the institutions that is of concern in helping achieve the Sustainable Development Goals (SDGs) program or sustainable development [3].

Although the bank's activities physically do not directly touch the environment, the external impact on customer activities is enormous. Banks are not directly classified as contributors to high environmental pollution. The use of energy, water, and other natural resources in banking activities is not as bad as that used by other sectors,

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such as mining and processing industries. However, banking cannot be separated from the problem of increasing environmental degradation. By providing loans or financing to their customers, banks can become triggers for activities that have an impact on the environment [4], Environmental awareness plays a major role in building a green corporate image as consumers are more aware of purchasing green products and services [5]. Apart from aiming to increase awareness of the environment (environmental-awareness) and changes in business patterns that are more environmentally friendly, the adoption of green banking is inseparable from challenges in its implementation [6].

Implementation of an environmentally sound bank has challenges related to aspects of customer acceptance, use of technology, data protection, costs, and employee capabilities. As a new concept, green banking will require a high-cost allocation for the use of new technology, data protection as well as issues of renewable energy and recycling. Customers also need time to adapt to this new concept, as well as the need to increase the ability of bank employees to adopt green banking practices through environmental education and training activities [6] many companies consider managing the environment as an unnecessary investment. and ineffective, or even misunderstood it is harmful to the company's development [7]. also provides several benefits for the bank itself if in its operations and financing distribution it uses green banking principles because basically, this concept aims to carry out environmentally friendly bank operations, the method is to reduce the use of paper, electricity efficiency, and environmentally friendly offices, and implementing internet-based transactions. That way operational costs can be streamlined, this is the right step to reduce operational costs, considering the quite strategic role of banking in achieving national development goals and in the context of improving banking quality, banks cannot be separated from environmental quality as a result of development, especially in the industrial sector.

## 2. Literature Study

### 2.1. Syariah banking

Banking is an important object in the Indonesian economy. Banking is one of the institutions that is of concern in helping achieve the Sustainable Development Goals (SDGs) program or sustainable development. This means that economic instruments through banking financial institutions need to adapt interdependently to the environment. In carrying out their duties as financial institutions, banks also play a role in providing financing on environmental aspects as well as conducting CSR as a form of

banking attention to the environment and society. Not only carried out by conventional banking but also by Islamic banks along with the strengthening of world attention to environmental issues, the banking industry is currently transforming its behavior and activities.

## 2.2. Green Banking concept

The concept of green banking (green banking) was first developed in Western countries green banks officially started in 2003 to protect the environment, the initial idea of implementing green banking (green banking) was to minimize the use of paper in banking business activities due to making paper it requires felling trees as raw material in making paper. paper naturally reduces oxygen and increases carbon in the air, green banking itself takes proactive steps to protect the environment.

## 2.3. Green Banking an Islamic Perspective

Green Baking According to the views of Ulama, prominent Ulama like Yusuf Al-Qardhawi also contributed to addressing environmental damage. Islamic Sharia is very concerned about protecting the environment, as in the hadith Rasulullah following:

إُجِكَ ( ص ة لال سَاعِ لَطَعَ عَدَسِح ) شَجَشِح عَدَس فُأْبَس

Meaning: Whoever cuts down a bidara tree, Allah will surely put his head in hell. (HR Ahmad) [27]. Commenting on the hadith narrated by Ahmad above, Yusuf Al-Qardhawi explained how urgent forests are in balancing the climate and inviting humans to reduce the negative impacts of industrialist life which can be detrimental to the environment [28]. From a researcher's point of view, he implicitly shows his concern for environmental damage, this means that he indirectly supports the concept of green banking which aims to protect the environment.

## 2.4. Green Banking Indicator

According to the journal Vikas Nath, Nitin Nayak and Ankit Goel in the International Journal of Green Banking Practice said that there are indicators in determining green banking. Which is contained in a concept, namely the Green Coin Rating (GCR) or the Green Coin rating. Where there are 6 indicators of GCR, namely:

- 1) carbon Emissions.

These carbon emissions come from activities that emit gases such as carbon dioxide and methane into the atmosphere, these gases are also known as greenhouse gases, making a nice and green environment worse due to climate change. In this case, it is hoped that companies or banks can use low-carbon technologies such as using incandescent lamps, making building walls weather-tight, using electronics wisely, and considering alternative energy

#### 2) Green Rewards

Is an ethical eco-friendly business founded with a simple vision which is to reward people or companies for living sustainably. In this case, the company has been in direct contact with the process of protecting nature or the ecosystem in it. The various types of green rewards in this company include awards or awards in maintaining or directly related to the sustainability of environmental ecosystems, certification, and so on.

#### 3) Green Building

It is a space for living and working that is healthy and comfortable as well as an energy-efficient building from the point of view of design, construction, and use with very minimal impact on the environment. Where the purpose of green buildings is to use environmentally friendly materials in building buildings or to provide touches that characterize nature, such as giving flowers or plants on the walls and using electricity or layout of rooms that use natural materials. The concept includes the use of sustainable materials, linkages with local ecology, energy conservation, efficient use of water, handling waste, strengthening linkages with nature, and use and renovation of buildings.

#### 4) Reuse/Recycle/Refurbish

Is a concept whereby using, and reprocessing waste into useful new goods or products. The purpose of this indicator is the use of goods that are no longer useful to be reused as new items that can be used both outside and inside the company's activities, such as using paper again into 2 sides with the hope of not using new paper and reducing the use of paper or goods. which can be reused in daily activities

#### 5) Paper Work or Paperless

Is a paper reduction policy in administrative activities, especially in the banking business. The use of paper so far has been increasing rapidly and continues to increase along with the development of the times and demands from all fields. By reducing paper, it is hoped that the company and all its lines can maintain environmental sustainability because the paper itself is made from tree fiber which takes a long time for years to

grow the tree. In banking activities, the use of technology is usually used in operational activities or in banking commercial activities. This concept includes the use of smartphones in applications, computers using ATMs, and so on

#### 6) Green Investment

Is an investment activity that focuses on companies or investment prospects that commit to the conservation of natural resources, production and discovery of alternative sources of new and renewable energy (EBT), implementation of clean air and water projects, as well as investment activities that are friendly to the surrounding environment. Green investment includes the use of environmentally friendly material inputs, low input material intensity, application of the 4R concept (Reduce, Reuse, Recycle, and Recovery) Low energy intensity, HR has environmental insight, low carbon technology, and the use of alternative energy

The four assessment indicators on green investment are: The implementation of water and air projects in this case is expected for corporation-based companies. Especially banks in particular can project the development of water and air projects such as being used as electric power and others as an effort to increase investment.

Use of natural-friendly input materials In this section, banks are expected to be able to apply or use environmentally-friendly materials in running their business such as placing living plants in the corners of buildings or other environmentally friendly materials

Low-carbon technologies are one of the keys to developing a low-carbon economy and are a significant tool for mitigating global warming, the energy crisis, and sustainable development.

Alternative energy use Alternative energy is an energy source whose utilization can replace primary energy. This, banks are expected to be able to implement this, given the depletion of the main energy sources in the world due to the greenhouse gas effect

The calculation method for the green banking concept has the Green Banking formula equal to the total of all Islamic commercial banks in Indonesia that implement Green Banking divided by the Green Banking indicator and then multiplied by one hundred percent.

Several studies on the analysis of the application of green banking have been produced by several previous researchers and the results of one researcher have not been consistent with one another. Research conducted by Ahuja [8] has been carried out in several aspects including internal education, SOP adjustments, RAKB adjustments, human resource development, implementation of information technology

systems, internal environmental management, customer education, and monitoring and reporting.

Research by nurainun mutmainah in research with title Analysis of the Implementation of the Application of Green Banking at bank muamalat Indonesia (2020) glass. To create a healthy and clean environment, Bank Muamalat Indonesia has implemented green banking properly

Research by Shetty nur shabana et all with the title Research Analysis of the Practice of Implementing Green Banking in Islamic Banks, a Case Study of Islamic Banks in Banda Aceh (2023). The conclusion of this study shows that of the 6 indicators of green banking activities used in the study, only 4 indicators have been realized this includes carbon emissions, green rewards, green building, reuse/recycle/refurbish, paperwork or paperless and green investment, only 4 indicators have been realized by the two banks (Bank Muamalat Indonesia and Bank Aceh Syariah), these 4 indicators include carbon emissions, green building, reuse/recycle/refurbish and paper work or paperless.

### 3. Research Method

In this study using qualitative methods which will be outlined in the descriptive analysis research method. This research is also classified as descriptive qualitative, namely as a problem solving procedure that is investigated by describing the state of the subject or object based on the facts that occur. In this research, a qualitative approach is focused on a macro approach carried out through literature studies by taking secondary data such as scientific articles, planning documents, government policies, and the mass media as well as data related to this research. Data analysis was carried out qualitatively. After the data is collected, the next step is for the writer to analyze the data so that conclusions can be drawn. In analyzing the data, the writer uses an inductive thinking method, which is based on general facts and concrete events. The analytical method used is a qualitative descriptive approach.

### 4. Results and Discussion

Implementation of green banking in the banking industry in Indonesia This green banking concept requires banking that is friendly to the environment in its operations. environmentally friendly practices, green banking practices are based on 4 things, namely:

1. Green product digital banking through the use of information technology, such as e-mail and various up-to-date applications, e-faktur, financing of environmentally friendly projects (green projects), the use of digital information technology for the introduction of bank products and services, the requirements for EIA documents i loans (green financing)
2. Green Operational Paperless, green office/green building, maximizing green open space, efficiency in electricity consumption, ar, fuel, minimizing and processing volume, waste, providing infrastructure to support operational activities for the energy economy, initiating mitigation of greenhouse gas emissions
3. Green Customers Directing customers to transact online through internet banking, phone banking, and SMS banking, utilizing digital technology in providing services to customers online, complaints and resolution of customer complaints/demands responding to those of digital banking
4. Green Policy Commitment and environmentally friendly banking policies, training and education related to environmental preservation, employees and society, bank participation to motivate and train employees about the green movement, appeals, announcements, and company regulations to reduce the company's operational impact on the environment, Policy on channeling environmental development funds and partnership programs for activities related to the environment (green partnership), Consideration of environmental aspects in planning strategic and business decision-making (green) strategic planning.

## 5. Conclusions and Suggestions

### 5.1. Conclusion

Derived from the results and discussion described above regarding the analysis of the implementation of green banking in the banking industry in Indonesia. The application of green banking in the banking industry in Indonesia is very good, this can be seen from several green banking indicators that have been implemented in several large banks in Indonesia, for example, the application of green banking in the banking industry, namely the efficiency of electricity use, water use, waste reduction, reducing the use of paper, and reducing glass buildings to create banking that is healthy and friendly to the environment.

## 5.2. Suggestion

It is necessary to hold regular evaluations regarding the extent of green banking implementation in the banking industry

In technology-based services have been implemented so that they are continuously maintained and can be developed again because this is the best solution for reducing paper use as a form of concern for the environment

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