

SUSTAINABLE BANKING: A LITERATURE REVIEW AND BIBLIOMETRIC ANALYSIS

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Abstract

During the beginning of 80's the extensive literatures on sustainable banking was unproductive and this issue continues to the end of 2000's. Based on this situation, the researchers used Bibliometric analysis of various literatures of about 719 studies which includes articles, reviews, conference papers, book chapters from Scopus and Web of Science (WoS) categories during the period 2000 – 2021. About 2324 studies were identified from the database. To undergo the research we acknowledged the main domains which are closely related to sustainable banking from its evolution. The main domains such as corporate social responsibility, banking sector, economic growth, ethical banking, financial stability, green banking, sustainable finance, banking industry, banking system, micro finance and banking regulations. Further we mapped with this into VOS Viewer and analysed that how these domains can contribute to Sustainability in the Banking sector. It is found that, several climatic risks are faced by the banking sector all over the world and hence, the financial sector must make necessary alterations to environmental friendly strategies to climate sensitive sectors. Sustainability is still under a question mark in the banking sector as several advancements being introduced not only in the area of technology but also in physical appearance day by day. Finally to say, the banks have to engage in green sustainable strategies towards sustainable banking in the banking industry.

Keywords: Sustainability, Sustainable Banking, Ethical Banking, Green Banking, Corporate Social Responsibility.

Introduction

The financial system in the economy has a pivotal role to play in the economy. In the broader sense we can say they provide adequate financing and liquidity for those who need to prosper not only for today but for tomorrow also. The main role of financial system in a country is to provide fund and stabilise the liquidity of the economy. To ensure that there are financial regulators who take up the risks that would threaten the stability of the economy (Rockstrom, 2009). The Banking Industry plays a unique intermediate role in the area of finance and in order to achieve sustainable development, it is very vital for mobilising financial resources towards sustainable goals (Thorsten et. al. 2010). To improve the human well being with financial aspect and to sustain in the economy we have to focus more on sustainable development which actually plays a holistic approach that balances environmental concerns with economic progress (M. Gavrilescu, 2011).

Sustainability is defined as "filling current demands without jeopardising future generation's ability to satisfy their own needs" (Keeble B.R., U.N. Brundland Commission, 1987). Several external incidents were affected the banking industry deeply such as global financial crisis in 2008, Politics and recently the Covid – 19 Pandemic. But the last shock changed the shape of global financial crisis. The peoples were turned into digitalisation and it paved the way for sustainable transformation of banks (Scholtens, 2009). Technological advances have brought about a digital environment in which banks behaviour business based on multi-channels (on line banking), systems (crowd-lending), records management (large information analysis), synthetic intelligence (financial robo-advisors), block chain (crypto-currencies), and related infrastructures including 5G, cloud computing and machine gaining knowledge of. (OECD, 2017).

Sustainable banking is defined as “the implementation management of credit / financing to banks and different economic establishments to encompass threat factors of economic, social and environmental sustainability or implementation of commercial enterprise management banking and monetary institutions by way of now not decreasing the hazard of asset loss both every party creditors (owners of capital) and the borrowers (organizations / customers who want capital), belongings in query are tangible and intangible property” (Jeucken M., 2001). By considering the Corporate Social Responsibility (CSR), the banks with a higher perceptibility among consumers reveal greater concern to get better corporate image (Castelo B.M. & Lima R.L., 2006).

Ethical banking is another important aspect of sustainability. Banks which are greater socially conscious have a robust coverage against making an investment in carbon-generating sectors or businesses that have interaction in exploitative labour practices. Some banks invest their money into agencies or corporations targeted on social justice or community improvement and environmental sustainability. Those banks are classically transparent, approximately their enterprise practices as part of a holistic dedication to their stakeholders. (H Aaron & Porter K, 2022). The banks ought to show transparency of their statistics or output and site of belongings are the fundamental factors that differentiate ethical banks from other monetary establishments. Climatic change is an inevitable factor in the banking sector for sustainable development. At the identical time weather related dangers also are causing bodily and intense risks for the financial sector. (Park, H., Kim, J.D., 2020).

Green banking may be a subset of sustainable banking which has a tendency to seize broader social and environmental dimensions. (Dufays, 2012). Eventually, we can say the idea of “green Banking” is more or less similar to ‘ethical banking’ idea, which begins with the purpose of shielding the environment, as it entails nurturing the environmental and social responsibility at the same time as offering great banking offerings. (Bihari, 2011). The above mentioned key factors of the banking industry lead to Sustainable banking. Moreover, there is a rising trend of sustainable banking, which encompasses a widespread review of existing literature. The enormous literature of sustainable banking specializes in particular glimpse which fails to provide a clean picture of sustainable banking (Karlan S. D, 2007). Though, a comprehensive evaluate of the literatures of sustainable banking as the principle research is not presented here.

To conduct the study, we adopted the different literatures of sustainable banking which was published in various indexed Journals from (SSCI) Social Science Citation Index database, (WoS) Web of Science and Scopus database. About 719 studies were published in between 2000 and 2021. The analysis has been done based on multiple dimensions of banking literatures through various journals from WoS categories and Scopus database and it shows the ethical perspectives of sustainable banking. Based on the analysis nine observations were found and that differentiate the sustainable banking literatures. It also describes the understanding shape and connectivity styles of numerous domains, examines the fruition of various subjects, and envisages the instructional recognition of interest which formed the topic of sustainable banking and facilitates to discover the research gap.

Research Gap

The study is restricted to published papers of peer-reviewed category selected from Scopus and WoS database used for Bibliometric analysis (D. Naveen, et. al, 2021). For the study we identified 2324 publications which is inclusive of articles, conference papers, books, book chapters and review studies from WoS, SSCI and Scopus database that match the keyword, ‘Ethical Banking’ and ‘Sustainable Banking’. Apart from that, some other terms which are related to sustainable banking were also considered for study such as financial sector or industry sector. Consequently we took the complete articles and individual abstracts to affirm the persistence of every paper. Moreover, the study adopted systematic literature reviews which particularly focus on banks sustainability rather than bank’s customers’ welfare matters (Ribeiro, J.P.C. et. al., 2022). After considering the preliminary screening of the available studies we identified some possible disagreements and to reach at the final sample selection which comprise of 719 studies from 2000 to 2021.

Out of the 719 studies (articles/reviews/proceedings) which consist of more than 1723 keywords to get the relationships between them we applied co-word analysis (T.C. Lin, Tang K.Y., Lin S.S., Changlai M.L. & Hsu Y.S., 2022) for benchmark process. For the purpose of analysis we applied VOS software for grouping the different keywords of similar nature (van Eck, N.J., Waltman, L., 2010).

Findings of the Study

Sustainable Banking trends over the period 2000 – 2021, its evolution and progress from WoS (Web of Science) and Scopus Data base.

The following figures 1 and 2 depicts the different literatures towards sustainable banking based on the amount of research papers/reviews/articles published for the period of the period 2000 – 2021, ‘h’ index and its citations per paper. The studies on sustainable banking had been done since 1988 and which was the first paper on the term ‘sustainability’ was published. The banks all over the world gave predominant importance to sustainability after the 2007 – 08 financial crises. Hence the study has given most important consideration after this period. As majority of the articles published between 2011 and 2021, research particularly focused on this period. Out of the samples 2324, about 85.31 percent of the papers published during this period.

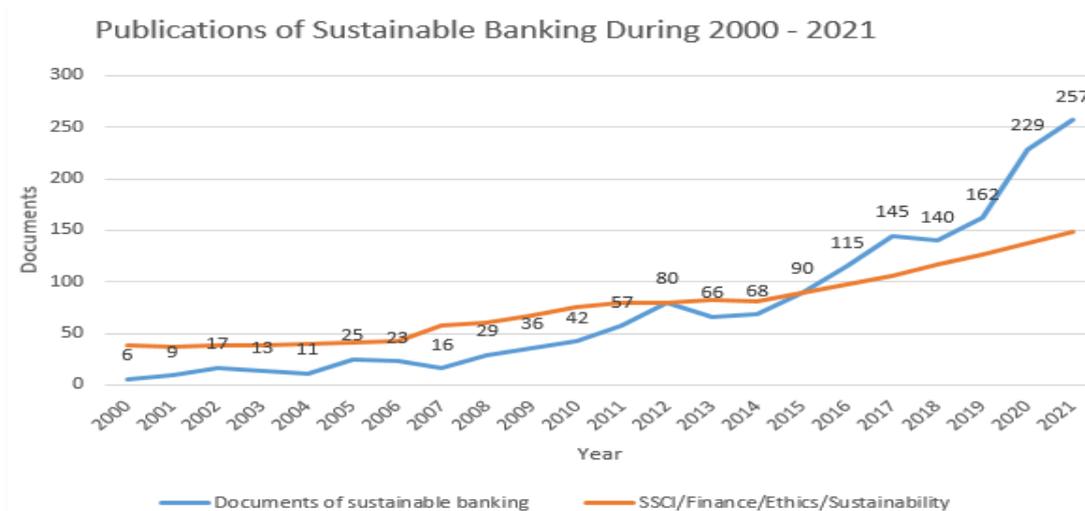


Figure No.1

Figure showing the total publications in Sustainable Banking for the period 2000 – 2021

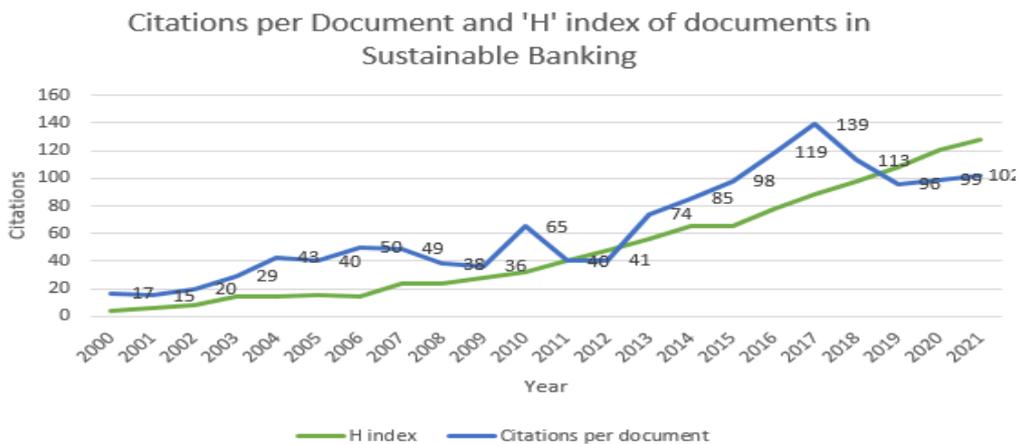


Figure No. 2

‘H’ index and citations of the documents in Sustainable Banking

From the above it can be concluded that, various studies on sustainable banking are mostly published in Economics, Business and Management Journals except Banking and Finance Journals as the core Domain.

Table No. 1 - Different Publications in Sustainable Banking Journals from 2000 – 2021

| Publication | Frequency | Percentage of total sample | Scopus / WoS Categories (Journal Quartile) |
|---|------------------|-----------------------------------|---|
| Sustainability | 46 | 15.69% | Environmental Science (Q2), Sustainability and Environment (Q2), Social Science – Planning and Development (Q2), Business and Management (Q1) |
| Corporate social responsibility & Environmental Management | 29 | 8.36% | Environmental Studies (Q1), Management (Q1) |
| Environment, Development and Sustainability | 18 | 4.06% | Economics (Q1), Environmental Science(Q2) |
| Journal of Business Research | 14 | 3.76% | Business (Q1) |
| Journal of Banking and Finance | 14 | 3.76% | Economics (Q1), Banking and Finance(Q2) |
| International Journal of Sustainable Development and Planning | 8 | 1.69% | Management (Q2), Sustainability and Environment (Q2) |
| Journal of Business Ethics | 7 | 1.56% | Business & Management (Q1), |

From the above Table No. 1 explains the transversal nature of Corporate Social Responsibility and Environmental Management, Environmental Science, Sustainability, Development and Sustainability are the top three journals that appear among the most frequent in sustainable banking. However, unlike journals related to allied areas are also considered. ‘Economics, Planning and Development’ is often expressed in International Journal of Sustainable Development and planning, ‘Business & Management’ is discussed in Journal of Business Ethics, ‘Business’ is included in Journal of Business Research. Sustainable banking related studies are very few in economics or finance related Journals which are depicted in Figure No. 1. While going through the different studies, it was found that, less than 15 articles are there in Journal of Banking and Finance based on the topic of sustainable banking, majority of the papers published in 2012 or later and it shows a tremendous increase towards the concept of green finance mechanism or green banking that lead to sustainability.

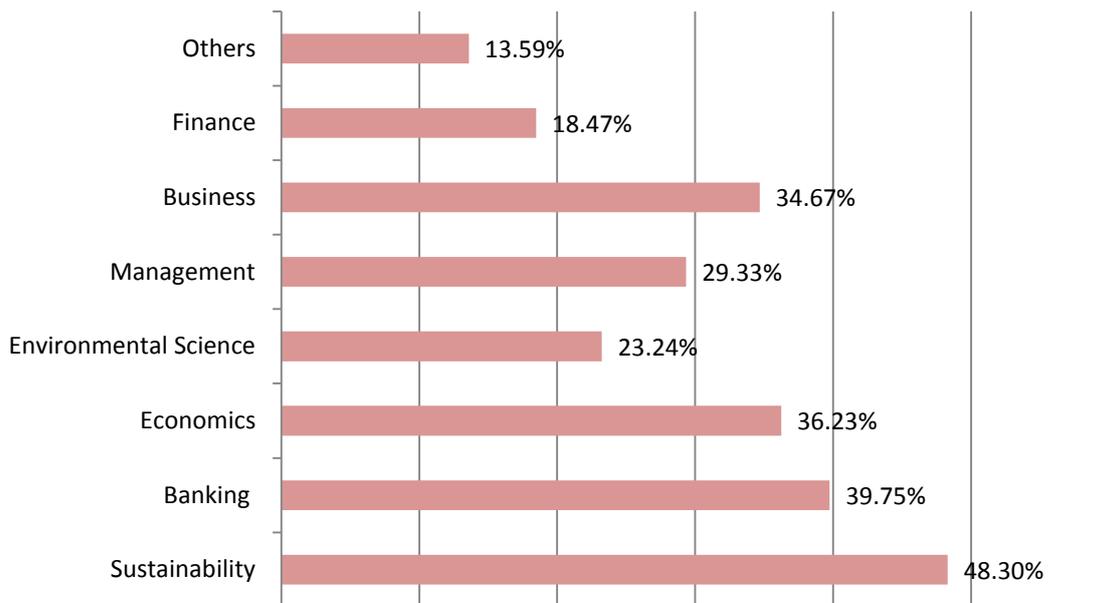


Figure No. 3

Percentage of Articles published in Scopus / WoS categories during 2000 - 2021

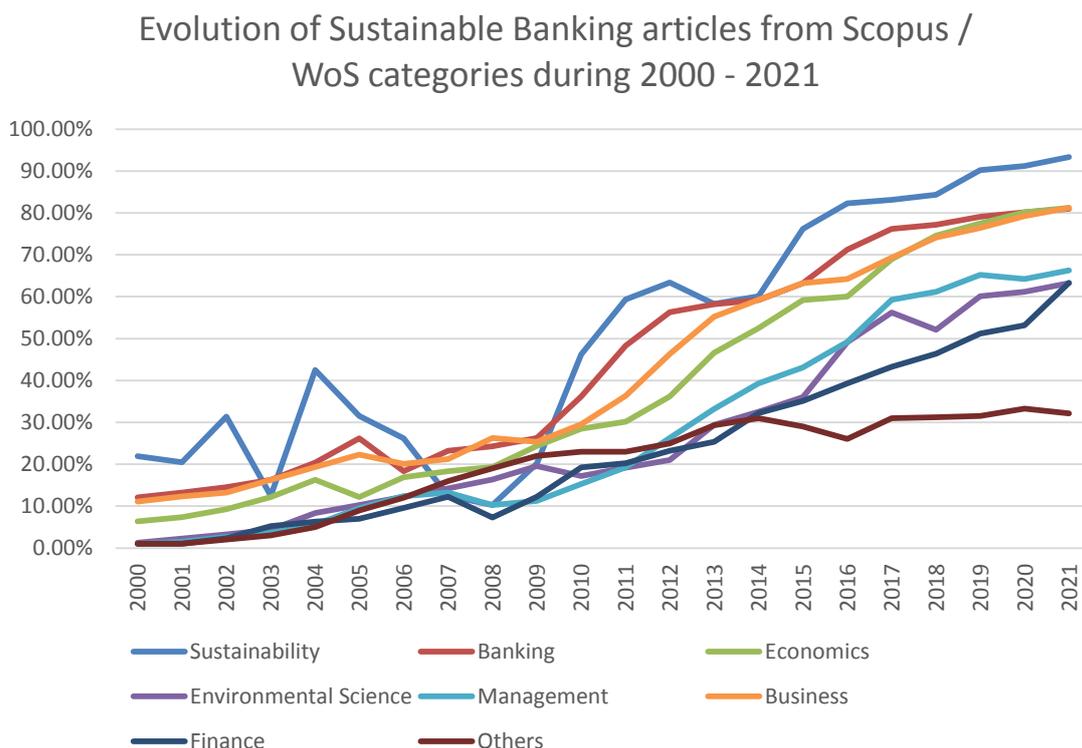


Fig: 4 Evolution of Sustainable Banking articles from Scopus / WoS from 2000 - 2021

Considering the above fact, it is found that there is huge increase in the publishing pattern after 2007 – 2008 financial crisis and after 2019 Pandemic issue it rejuvenates the importance of Sustainability. Nowadays everyone tends to use digital transactions even if it is for a very smaller amount. It shows the effectiveness of sustainability and how people automatically changed their minds to digital currency than paper.

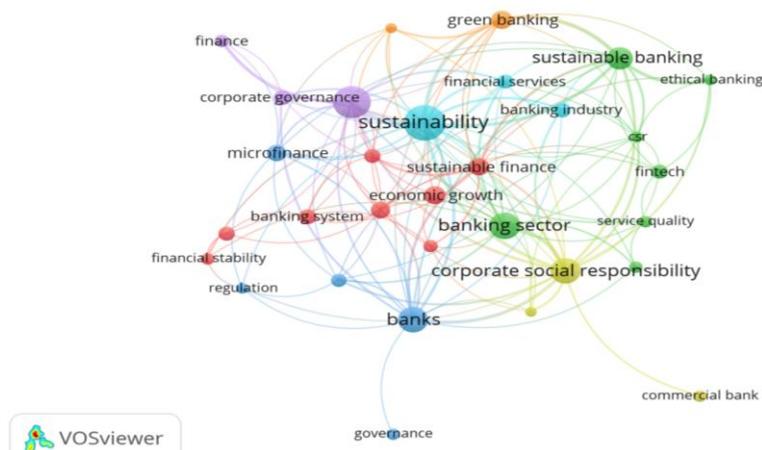


Fig: 4 Connectivity among different keywords to Sustainability and Sustainable Banking

Conclusion

As per the research findings it shows a clear idea about the history and evolution of sustainable banking literatures across various journals of Scopus / WoS categories. With the help of VOS viewer (van Eck, N.J., Waltman, L., 2010) we can identify which are all the keywords that can lead to sustainability and Sustainable Banking. The concept of ‘sustainability’ gives an attention to the minds of Corporates, Banks and Scholars during the period of 2007 – 08 financial crises and 2019 pandemic period (Forgione and Migliardo, 2020). Covid 19 pandemic has affected all the business sectors towards sustainability. Banks have changed their approach to CSR activities after the financial crisis, because they are more aware of their credit risk and reputation (Scholtens, 2006). Globally, financial sectors and industrial sectors tried their best to anchor themselves during pandemic even though; technologically well versed companies could sustain in the economy (Xiang S. et. al. 2021).

From the above, majority of the Journals under finance were not considered the concept of ‘Sustainable Banking’ as it was not their main domain. An average of 32.25% of the Journals cover sustainability as the main domain of publication as compared to other Main stream Journals such as Journal of Banking and Finance, Journal of Business Ethics and Journal of Business Research, etc. It will be better if the areas related to SDG’s, Sustainable Development Finance, Green Finance, Green Banking, Green IoT or Green CSR to benefit from coverage in Finance related Journals.

Further it was identified there are certain studies which specifically focused on customer aspect towards their awareness towards the concept of ‘Green Finance’, ‘Green Banking’, that can contribute to sustainable development and how that affects the environment. The banking sector all over the world facilitates alteration of environmental gracious strategies that alleviate climatic risks and it supports restoration by way of diverting the finances to climate sensitive sectors (Park and Kim, 2020). In today’s world we use the keyword environmental and Green Banking has the synonym with sustainability (Karna et. al. 2003). Academic studies related to Green Banking, Green Finance, Green Marketing and Environmental Sustainability is likely to continue as there are several regulatory developments still going on.

To conclude it is found that, from the above collected sample studies, almost all the papers published under the domain of sustainability in Scopus / WoS category is very low since 2000 to 2010. But, there is a remarkable increase in various studies related to sustainable banking during the period of 2007 – 08 financial crises and 2019 pandemic situation. In the practical sense, figuring out the key issues in Sustainable banking in exclusive areas results in the improvement of studies to recognize not unusual subjects and one of kind contexts is a hectic venture. With the view of this more modern studies can be made to cope with the shortage of observe and strengthen know-how inside the unique areas (Purmunno et. al. 2020).

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