

Green Banking Practices: The Case of XYZ Bank in Syria

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Abstract.

Green banking is a term which is trending for the time being, it is banking from which a nation gets environmental benefits of implementing its standards. This study aims to examine and evaluate XYZ bank's practices in terms of friendly environment behavior in Syria. The qualitative approach was used in the form of semi-structured interviews to meet our goals. The major finding of this research the bank's employee aware about green banking practices but there is no strict regulation from the bank itself and the central bank of Syria as well. This research is a pioneering attempt towards green banking practices addressing the Syrian context. The in-hand study revealed the importance of increasing the bank's employee awareness of green banking practices. Moreover, strict policies should be obliged by the authorities.

Keywords: *Green Banking, Environment-Friendly, Syria.*

I. Introduction

Green banking concept is becoming very common in the world, it protects the earth from harmful practices by humans being. Green banking has a significant role to set a fingerprint in global warming reduction. Green banking concept is started in western countries and currently is considered in most of the countries worldwide. Green banking generally indicates friendly practices toward the environment and reducing the footprint of carbon from banking activities. One may say green banking is the image of social corporate responsibility, but it is all about to maintain the world liveable without any damages [1]. Syrian banks have been experiencing rough circumstances resulted from the latest crisis since 2011. which has influenced their profits, work, and results. It has been through fluctuated history, stretching from the Ottoman occupation. Over the period mechanisms of management and other aspects

have changed drastically [2] and [3]. This long period witnessed the transition from the dominance of international banks moving through the banking industry in the pre-independence period to the stage of the appearance of private national and Arab banks in the post-independence phase [4]. After a long period of the nonexistence of private banking and after the conviction of the inadequacy of public banks to meet the financial needs of the state, organizations and citizens, parliamentary decree in 2001 allowed private banks to operate in Syria, accompanied by another announcement allowing Islamic banks to start up in 2005 [5,6].

The main purpose of pioneering concept so-called green banking is to ensure proper use of the resources in favour of the environment [7,8]. Green banking is a proactive step toward keeping our spaceship liveable avoiding arduous consequences of the misused resources. For

instance, all the factor will be evaluated before giving a credit whether the project environment-friendly or not. Since then, there have been several conferences, programs, initiatives, and activities. World leaders participated to reduce the rising temperature and carbon emissions, but all initiatives to date have been non-binding in nature. However, in December 2015, 195 countries adopted the climate deal at the Climate Conference in Paris [9].

The Following are the most common activities considered by green banking[10]:

The bank helps the environment through self-regulation and online banking.

Green banking concentrates on stability and social safety by contributing positively to the community.

Acknowledging risk factors concerning environmental conditions. before giving the fund.

Green banking always worries about growth sustainability and environment-friendly in the business and for social purposes.

Creating a suitable atmosphere inside and outside the bank.

Decreasing the energy consumption and GDP in a nation.

One of the green banking concerns is to strengthens the ability of bank risk management and encourages banks to increase their environmentally friendly financing portfolio. The concept was narrowed down in this research into internal banking operations such as reduce the consumption of paper, fuel, electricity, etc. due to the current situation and regulation in Syria. Most of the bank reluctant give finance, subsequently, this research narrowed down in

this article into internal banking operations such as reduce the consumption of paper, fuel, electricity, etc.

This study focuses on bank employee practices and their awareness of green banking. Consequently, it works on the perception of employees towards green banking. It is vital to research the bank's practices in the environment regards. Subsequently, give information to the central bank of Syria to take further procedures to improve the bank's behaviours positively towards the environment. This research particularly useful because there is a dearth of researches in the Syrian context.

II. Literature review

There is a wide range of studies on green banking related issues. The green banking concept was found at Triodos bank from Dutch origin which started the environmental sustainability in the banking industry in 1980 [11]. several pieces of research stated that green banking environment-friendly practices, and it reduces the influence of the negative environmental [12] and [13]. Green banking includes encouraging social responsibility where banks estimate before financing a scheme whether it is environment-friendly and has any expected future environmental implications [14]. Zerbib[15] found that green finance is less profitable than the conventional one.

Hart and Ahuja [16], asserted that there is a positive relationship between financial performance and environmental performance. Originally, banks were making the report of their financial performance only, but now it is time to analyse environmental and social performance as well. Consequently, green banking is not only a CSR"s activity of a bank but also it is about making the nation habitable without any

environmental significant damage. Islam and Das [8] attempted to portray the practices of green banking in the case of Bangladesh, the authors used the secondary source of data depending on the reports on the banks operating in Bangladesh. The main finding of this study is the green banking practices in the country not at a satisfactory level. And is recommended for the government to take an initiative to see while the government declaration has been followed accurately by the banks operating in Bangladesh.

In the case of Indonesia [10] attempted to test the influence of Green Banking implementation on the relationship between Going Concern and Corporate Social Responsibility. The study used secondary data sources using a quantitative approach. The result showed that the implementation of Green Banking was able to strengthen the relationship between Corporate Social Responsibility and Going Concern on Banking Companies in Indonesia Stock Exchange.

D'Orazio&Popoyan, [17] found that the regulation obliged from the central bank very important for green banking practices. Mahfuzur and Barua [18] tried to evaluate a total of 54 banks in Bangladesh, this research finds that most banks are trapped in the lower boundaries of the performance when it comes to the environmental impact. On the other hand, foreign banks were performing better compared to state-owned banks. The paper also identifies several reasons for the banks' poor performance and proposes corrective measures. The lessons may be useful for redesigning banking practices around the world to save the environment.

A banking sector is the main source of finance. Therefore, the role of the banks in controlling environmental pollution is extremely valuable. One of the most essential movements of banks is the allocation of credit. In this context proper analysis of the investment projects from the environmental perspective, before financing, is extremely necessary for the banks. Furthermore, most of the governments in the global concern about keeping the environment and reducing unfriendly-environment practices. The literature review shows that with the exception of a few, no wide-range of researches deals with green banking practices around the world. Especially in Syria, this study needs to be explored thoroughly. Hence, this study has been initiated in the Syrian context in order to fill this empirical knowledge gap. Moreover, this study offers crucial information to the Syrian government to keep the environment healthy and evaluate banks green practices.

Conceptual model

The research model of this paper was relayed on the theoretical background and review of previous literature. This dimension of this research were developed to examine the green banking practices in a bank [19], [8] and [16],

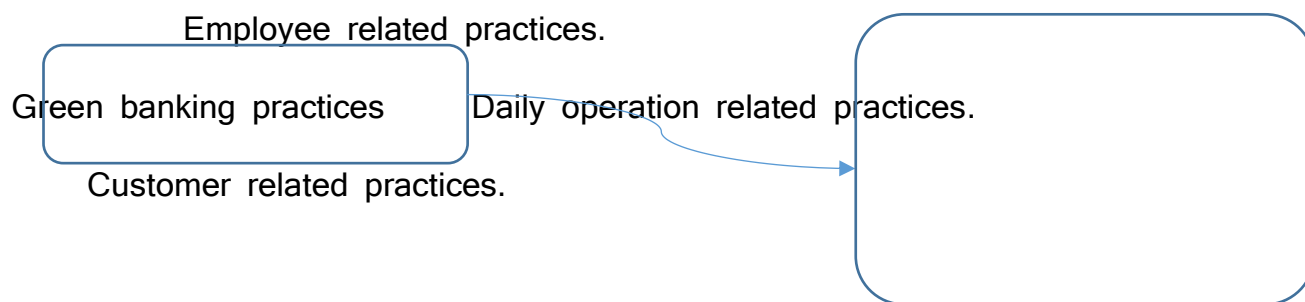


Figure 1. Bank's policy related practices.

The objective of this study is as following:

To analyze the green banking practices in XYZ bank in Syria;

To provide some suggestions in green banking regards.

III. Research Methodology

For this study, we have employed a qualitative research method. Marriam [20]:

“it allows a researcher to understand how people interpret their practices, how they build their experiences and what meaning they attribute to their experiences”.

The aim of applying qualitative research methodology for this study is to generate inclusive information to examine the perception XYZ bank employee green banking practices. Brief responses to structured questions will not be capable to give the needed in-depth to evaluate the issue in hand [21].

3.1. Sample and collection

A total of 10 interviewees was selected, seven males and three females, Damascus city resident, at least 2 years of working experience in the bank. Most of the interviewees were working as customer service operations because we think they who interact the most with the customers, Hence, give us a full picture of the bank's clients perceptions towards Islamic banking. Moreover, higher awareness level towards the bank practices in aggregate. Echchabi&

Abd Aziz, [21] advise that 10 interviewees are enough to allow an in-depth exploration in phenomenological researches. And the number of respondents is considered enough, as has been used in previous studies [21] and [16].

To reach the interviewees' perception, we carried in-depth interviews of each informant separately, in particular, using a recorder, semi-structured interview, roughly 20 minutes for each interviewee. Before playing the recording, the interviewees were given a guarantee that their identities will not appear in any publication.

The following is the main points discussed with the informants

Use of papers on both sides for internal consumption customer awareness and willingness towards e-banking from perspective of the employees.

Use of online communications properly in the best manner to encourage green practices.

Using energy-saving bulbs.

Video /audio conferencing instead of physical travel.

Banks fuel consumption and its uses.

Efficient use of printer cartridges, photocopy toner, office stationery etc.

Sharing electronic files, voice mail, and e-mail instead of paper memos.

Common use of table stationeries instead of individual use.

Green finance offered by the bank.

Regulation and announcement from bot central bank and XYZ bank in green banking practices regards.

3.2. Analysis

Ten recorded interviews reviewed to end up with a correct understanding of the subject of this research. A phenomenological approach was adopted. To reach a comprehensive understanding of participants' practices [22].

The ultimate goal of applying qualitative research was to end up with a better understanding of bankers 'perceptions and practices about green banking. The analysis covered a number of issues such as employee and daily operations practices in terms of green banking.

IV. Results and discussion

4.1. Awarenesslevel among bankers of green banking

One of the main concerns of this research is to examine the awareness level of green banking operations among XYZ employees about green banking practices. The interviews show evidence that more than half of the informants aware of green banking practices and goals. Interviewee C stated, "green banking is very important and I have heard about some policies related to the matter, but in my opinion, the management does that to end up reducing the cost" while others were the other way round, they do not have an idea about green banking and its practices. The interviewee G stated, "since I have been recruited no one informed green practices, but I work naturally without any consideration whether it is environment-friendly or not". On the other hand, most of the interviewees show a willingness to adopt such a system resulting from its

benefits to our planet interviewee H stated: "after knowing the bad effect we are causing to the environment and the danger of the accumulation, green banking should take a serious step in our country".

Nature dictates people not to engage in something they do not know, do not understand, cannot do or are not convinced of. Therefore, increasing the employee's awareness level of green banking effects and its consequences on both the organization and national level. So, the question arises: How to build employees' awareness of the role of knowledge management in their organizations?

The following is the recommended elements to solve the subject matter:

Providing appropriate explanations and training.

Making sure that managers "walk the talk", by showing it is important themselves and encouraging their staff to do it.

Ensuring that reward systems for employees.

4.2. Polices related to the green banking

In this section, we tried to see whether there are compulsory policies settled by the bank management in the subject matter or not. All the interviewees confirmed there are no strict policies from the central bank that force private banks to go green. Interviewee A stated, "I have not been informed that there is a strict policy from the central bank of Syria to commit with green banking practices". On the other hand, all informant confirmed there are policies set by the bank to reduce the consumption of paper, fuel, electricity. Interviewee C declared "there is a policy has been delivered by the bank to reduce the consumption of paper and electricity, but I guess the bank declare it to reduce the cost not concerning the environment"

All in all, most of the informants were the subject of this study are not aware whether there is a policy from the central bank or not. On the other hand, most of them confirmed there are policies related to the subject matter has been set by the bank.

4.3. Green banking practices

After introducing and asking the informants about their awareness level towards the first, we tried to evaluate and examine their daily practices whether it goes alongside with green banking practices or not. As mentioned earlier in section (a) most of the informants aware about the environment, but the question arises “are they willing to keep this environment? The result reveals that not all the informant who are aware of green banking and its impact on the environment committing to green practices. Which indicate the importance of strict policies related? The interviewee A mentioned “previously we had something so-called “green projects” which are focused particularly on agricultural investments, but currently we are not offering any of this fund as a consequence of the current crisis and the risk correlated to this project. When it comes to papers the used papers are gathered for recycling. Electricity, banks using a led lamp to conserve consumed energy. Because the bank relying on gen-sets electricity rather than the one offered from the government due to its inconsistency. Hence, there is a tremendous amount of emissions resulted from this gen-sets which conflict with green banking practices.

E-banking has been initiated in the bank, but the public awareness about the E-banking very low especially when it comes to low-educated people. On the other hand, there is a reasonable percentage accepted these new products.

Additionally, in the mailing standards in the bank, all the emails are sent through the bank’s mailing system attached with the statement “be green, keep

it on-screen” and this statement is written using a green font.

V. Conclusion

The main purpose of this study is to examine employees ‘level of awareness as well as their practices related to green banking. Moreover, indicating to the main practices related to green banking, using a qualitative approach. The major finding of this study, most of the interviewees aware of green banking practices but there is no strict policy to force them to implement those practices. In general, XYZ bank practices were not concerning the environment particularly those enormous gen-sets used by all banks in Syria. This should be replaced by a green alternative such as have tremendous batteries instead of using gen-sets which ha negative environmental effects. Which will subsequently help the bank to reduce costs and time, reduce risk, which will also heighten the bank reputation as well as environmental sustainability.

Having this result, Further studies should consider all the banks operating in Syria both nation-banks and private banking sector alike.

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