

**GREEN BANKING POLICY IN SHARIA BANKING COMPANIES  
(EMPIRICAL STUDY ON SHARIA BANKING IN SOUTH SUMATRA)****Rico Apriandika<sup>1</sup>, Mister Candera<sup>2\*</sup>, Efrina Masdaini<sup>3</sup>, Aditya Teguh Mahendra<sup>4</sup>**<sup>1,2,3,4</sup>Universitas Muhammadiyah Palembang

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**\*Email:** [mister\\_candera@um-palembang.ac.id](mailto:mister_candera@um-palembang.ac.id)**ABSTRACT**

This research aims to describe green banking policies in sharia banking companies in South Sumatra. The research sample was middle management female employees in sharia banking in South Sumatra who had implemented a green banking policy. Data collection was carried out through questionnaires. Before being distributed, the questionnaire was tested first on similar companies. Data were analyzed using descriptive analysis. The research results show that in general the Green Banking policy in Sharia Banking in South Sumatra is good. This is based on the distribution of responses, the majority of which have implemented green banking policies (Green Product, Green Operational, Green Customer, & Green Policy). The results of this research can be used as a reference for future researchers, especially in the study of Green Banking in South Sumatra.

**INTRODUCTION**

The problem of environmental sustainability has become a global issue that requires serious attention. In the banking context, green banking policies are very important to reduce the negative impact of business on the environment. However, there are still many banks that do not prioritize environmental aspects in their activities. Therefore, this research aims to examine green banking policies in sharia banking companies in South Sumatra. Currently, Islamic banks in Indonesia have begun to pay attention to environmental aspects in their activities. This is as stated by Biswas, (2011) that in general all banks play an intermediary role in the economy, therefore the possibility for banks to contribute to sustainable development is very potential. Guang-Wen & Siddik, (2022) ; Guang-Wen & Siddik, (2023) also stated that banks are very necessary in a country's mission to achieve the SDGs. This can be done through technological innovations such as blockchain, green banking, and online banking Nassiry, (2023) as well as sponsoring various environmentally friendly projects, such as renewable energy or green industrial development, where banks contribute significantly to Akter & Siddik's sustainable performance, (t). However, there are still many banks that have not reported the results of green banking implementation, so research needs to be carried out to find out how far Islamic banks have implemented green banking policies. The knowledge gap regarding green banking policies in sharia banks in South Sumatra is still very wide. Islamic banks do not yet have clear and integrated policies in their activities, so research needs to be carried out to find out how Islamic banks can improve their green banking policies. It is

hoped that this research can contribute to increasing awareness and knowledge about green banking policies in sharia banks in South Sumatra.

Green banking is a business strategy that prioritizes sustainability in its business practices, where banks that apply the green banking concept will produce company output, competitive advantage, good corporate identity, and a strong brand image in achieving predetermined company targets. Green banking does not only focus on profits, but also prioritizes environmental and community aspects in order to be able to maintain sustainability in the long term (Sulistiyowati, t; Ria et al, 2023; Anggaraini et al, 2020). Sharia banks in Indonesia have developed a sharia-based financial system. Sharia banks such as Bank Muamalat Indonesia have implemented green banking programs which focus on providing credit to environmentally friendly projects. Sharia banks also have a policy of not financing customers who are clearly endangering the environment. Thus, this research aims to examine green banking policies in sharia banking companies in South Sumatra using a quantitative approach. It is hoped that this research can contribute to increasing awareness and knowledge about green banking policies in sharia banks in South Sumatra.

## **METHOD**

The location of the research was a sharia banking company in South Sumatra. This research was conducted for approximately 5 months, namely from February to July 2024. The data collection method in this research was carried out through distributing questionnaires to respondents selected purposively. This questionnaire is designed to collect quantitative data related to green banking policies in sharia banking companies in South Sumatra. The data obtained in this research is quantitative data sourced from questionnaires. This quantitative data includes numbers and measurable information collected from respondents regarding green banking policies at sharia banking companies in South Sumatra. The source of data obtained in this research is primary data collected through questionnaires. This primary data is direct information from respondents who are individuals or parties related to sharia banking companies in South Sumatra. The data analysis method used in this research is descriptive analysis which focuses on green banking variables which include green products, green operations, green customers and green policy in the context of quantitative research.

## **RESULTS**

The results of the descriptive analysis of the collected data reveal the views and attitudes of respondents regarding the implementation of various green initiatives in banking operations. Identify the level of respondents' agreement with statements that describe green banking policies and practices, the following is data obtained from the questionnaire:

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**Green Banking Variable Description Green Product Indicator**

**Table 1. Green Product Description**

No	Statement	frequency of respondents' answers					Total
		Strongly Agree	Agree	Disagree	Don't Agree	Strongly Disagree	
1	Utilizing digital banking can help reduce emissions by reducing dependence on physical processes that require energy.	58	23	26	1	0	108
		54%	21%	24%	1%	0%	100%
2	Utilizing digital banking can help reduce emissions by reducing dependence on physical processes that require energy.	60	24	24	0	0	108
		56%	22%	22%	0%	0%	100%
3	The use of information technology can increase the effectiveness of introducing banking products to customers	37	47	23	1		108
		34%	44%	21%	1%	0%	100%
4	Transparency of product features, costs, benefits, and risks inherent in e-banking is critical to increasing customer trust and satisfaction.	58	25	24	1		108
		54%	23%	22%	1%	0%	100%
5	Financing environmentally friendly projects and renewable energy (green projects) is a strategic step to support sustainability and reduce negative environmental	58	26	24			108
		54%	24%	22%	0%	0%	100%

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impacts.							
6	AMDAL document requirements in providing credit (green financing) ensure that funded projects have minimal environmental impacts and support sustainable development practices.	46	37	25			108
		43%	34%	23%	0%	0%	100%

Based on the table above, it can be explained as follows

1. The use of digital banking reduces emissions: As many as 54% of respondents strongly agree and 21% agree that digital banking reduces emissions by reducing dependence on physical processes that require energy.
2. Implementation of E-billing increases efficiency and reduces paper use: 56% of respondents strongly agree and 22% agree that e-billing increases operational efficiency and reduces paper use.
3. Utilization of information technology increases the effectiveness of product introduction: As many as 34% of respondents strongly agree and 44% agree that information technology increases the effectiveness of product introduction.
4. Transparency of product features in e-banking is important for customer trust: 54% of respondents strongly agree and 23% agree about the importance of transparency of e-banking product features for customer trust.
5. Environmentally friendly project financing supports sustainability: 54% of respondents strongly agree and 24% agree that environmentally friendly project financing is a strategic step to support sustainability.
6. AMDAL document requirements in green financing are important for minimal environmental impact: 43% of respondents strongly agree and 34% agree that AMDAL document requirements are important to ensure funded projects have minimal environmental impact.

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**Description of Green Banking Variables Green Operational Indicators**

**Table 2. Green Operational Description**

No	Statement	frequency of respondents' answers					Total
		Strongly Agree	Agree	Strongly Agree	Don't Agree	Strongly Agree	
1	Green offices or green buildings implement environmentally friendly designs and operations to reduce carbon footprints and increase energy efficiency.	57	25	26			108
		53%	23%	24%	0%	0%	100%
2	Efficient consumption of materials such as electricity, water and fuel can reduce operational costs and negative impacts on the environment.	48	36	24			108
		44%	33%	22%	0%	0%	100%
3	Saving paper usage contributes to environmental preservation and reduces operational costs.	50	46	12			108
		46%	43%	11%	0%	0%	100%
4	Waste processing and utilization management through recycling can reduce pollution and support environmental sustainability.	38	57	13			108
		35%	53%	12%	0%	0%	100%
5	Providing infrastructure to support activities is an important step to ensure smooth and efficient implementation of various activities.	47	47	14			108
		44%	44%	13%	0%	0%	100%

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6	The initiative to mitigate greenhouse emissions aims to reduce the impact of greenhouse gases on global climate change.	36	48	24			
		33%	44%	22%	0%	0%	100%

Based on the table above, it can be explained as follows:

1. Green offices or green buildings reduce carbon footprints: As many as 53% of respondents strongly agree and 23% agree that green offices reduce carbon footprints and increase energy efficiency.
2. Efficient material consumption reduces operational costs and environmental impact: 44% of respondents strongly agree and 33% agree that efficient material consumption reduces operational costs and environmental impact.
3. Saving paper use contributes to environmental preservation: 46% of respondents strongly agree and 43% agree that saving paper use contributes to environmental preservation.
4. Waste management through recycling reduces pollution: 35% of respondents strongly agree and 53% agree that waste management through recycling reduces pollution.
5. Providing supporting infrastructure ensures activity efficiency: 44% of respondents strongly agree and 44% agree that providing supporting infrastructure ensures activity efficiency.
6. Initiating greenhouse emissions mitigation is important for climate change: 33% of respondents strongly agree and 44% agree that initiating greenhouse emissions mitigation is important for reducing the impacts of climate change.

**Green Banking Variable Description Green Customer Indicator**  
**Table 3. Description of Green Customer**

No	Statement	frequency of respondents' answers					Total
		Strongly Agree	Agree	Disagree	Don't Agree	Strongly Disagree	
1	Customer education for online transactions helps increase understanding and comfort in using digital banking services.	47	50	11			108
		44%	46%	10%	0%	0%	100%

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	The use of information technology in providing online customer services provides easy access, efficiency and a better user experience in	59	23	26			108
2	interacting with banking services.	55%	21%	24%	0%	0%	100%
	Responsive handling and resolution of customer complaints or grievances through the use of digital banking speeds up the process and increases customer	58	24	26			108
3	satisfaction.	54%	22%	24%	0%	0%	100%

Based on the table above, it can be explained as follows:

1. Customer education about online transactions increases understanding: 44% of respondents strongly agree and 46% agree that customer education about online transactions increases understanding and comfort.
2. The use of information technology in customer service provides convenience: 55% of respondents strongly agree and 21% agree that information technology provides ease of access and a better user experience.
3. Handling customer complaints through digital banking speeds up the process: 54% of respondents strongly agree and 22% agree that handling customer complaints through digital banking speeds up the process and increases customer satisfaction.

### Description of Green Banking Variables 2

**Table 4. Description of Green Policy**

No	Statement	frequency of respondents' answers					Total
		Strongly Agree	Agree	Disagree	Don't Agree	Strongly Disagree	
	Appeals, announcements and company regulations play an important role in minimizing the impact of company operations on the environment.	59	37	12			108
1		55%	34%	11%	0%	0%	100%

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	Environmental development fund distribution policies and partnership programs support environmentally related activities to	48	38	22			108
2	increase sustainability	44%	35%	20%	0%	0%	100%
	Considering environmental aspects in strategic planning and business decision making is important to ensure the sustainability of company operations.	46	38	24			108
3		43%	35%	22%	0%	0%	100%
	Environmentally friendly banking commitments and policies support sustainable practices in banking operations and services.	48	36	24			108
4		44%	33%	22%	0%	0%	100%
	Training and education policies regarding environmental conservation for employees and the community support awareness and positive action towards environmental conservation.	59	26	23			108
5		55%	24%	21%	0%	0%	100%
	The bank's initiatives and involvement in encouraging and training its employees regarding the green movement aims to increase environmental and sustainability awareness.	58	24	26			108
6		54%	22%	24%	0%	0%	100%



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Based on the table above, it can be explained as follows

1. Company advisories and regulations minimize operational impacts: 55% of respondents strongly agree and 34% agree that company advisories and regulations minimize operational impacts on the environment.
2. Environmental development fund distribution policies support sustainability: 44% of respondents strongly agree and 35% agree that fund distribution policies support sustainability.
3. Consideration of environmental aspects in strategic planning is important for sustainability: 43% of respondents strongly agree and 35% agree that consideration of environmental aspects in strategic planning is important for operational sustainability.
4. Environmentally friendly banking policy commitments support sustainable practices: 44% of respondents strongly agree and 33% agree that environmentally friendly banking policy commitments support sustainable practices.
5. Training policies on environmental conservation support awareness: 55% of respondents strongly agree and 24% agree that training policies on environmental conservation support awareness and positive action.
6. The bank's initiative in training employees on the green movement increases environmental awareness: 54% of respondents strongly agree and 22% agree that the bank's initiative in training employees on the green movement increases environmental and sustainability awareness.

### CONCLUSION

This research analyzes the implementation of green banking policies in sharia banking companies in South Sumatra with a focus on four main indicators: green product, green operations, green customer, and green policy. Overall, the results of this research show that sharia banking companies in South Sumatra have implemented green banking policies well. However, there are still several areas that require more attention to achieve optimal sustainability in sharia banking operations. It is hoped that this research can become a reference for further research and contribute to increasing awareness and knowledge regarding green banking policies in sharia banking.

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