

IMPACT OF GREEN BANKING ADOPTION AS A SUSTAINABLE PRACTICE ON BANKS' ENVIRONMENTAL PERFORMANCE: A STUDY IN COLOMBO DISTRICT, SRI LANKA

Senarathna, N.^{1*} and Tharanga, N.²

^{1,2}*Department of Accountancy and Finance, Faculty of Management Studies,
Sabaragamuwa University of Sri Lanka, Belihuloya, Sri Lanka*
*tharanga@mgt.sab.ac.lk

1. Introduction

Green banking promotes environmentally favorable practices by reducing carbon footprints and supporting eco-friendly projects. It encourages banks to reduce paper use, invest in renewable energy, and provide green loans. The current banking sector in Sri Lanka is not fully engaged with the green banking concept. This study aims to analyze the impact of green banking adoption as a sustainable practice on banks' environmental performance in the Colombo district, Sri Lanka.

2. Research Methodology

This quantitative research study uses a structured questionnaire distributed to 70 bankers in the Colombo district using the stratified random sampling method. The researcher selected seven banks engaged in green banking practices in the Colombo district. Multiple linear regression analysis was employed to analyze the hypothesis. The research looks at various green banking practices, such as bank employee-related practices, bank operational-related practices, bank customer-related practices, and bank policy-related practices on banks' environmental performance in the Colombo district.

3. Findings and Discussion

The findings elaborated that the bank's employee-related practices, like providing environmental-related training and education to employees, and the bank's policy-related practices, like establishing more green branches and implementing environmental (green) policies, significantly impact the bank's environmental performance. On the other hand, the bank's customer-related and operational-related practices are not significant to the bank's environmental performance.

4. Conclusion and Implications

Findings suggest employee and policy-related practices significantly affect environmental performance, while operational and customer-related practices do not. The findings suggest increasing awareness about green banking operations among bank staff, customers, and authorities using educational training programs, seminars, etc.

Keywords: Banks' environmental performance, Green banking, Sustainable banking practices