



# GREEN BANKING PRACTICES ON BANK'S ENVIRONMENTAL PERFORMANCE: MEDIATION ROLE OF ENVIRONMENTAL OBSESSION PASSION

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## Abstract

*Banking sector are responsible for major responsible for change in climate both directly and indirectly. The concept of green practices in Pakistan is scarce specially for a healthy environment. Which triggers the strong impact on banks which is why the research focuses on green practices on bank's environmental performance and how environmental obsession passion can mediate the effect on environmental performance. Sustainable banking antecedents are composed of micro level factors which relates to operations, investments and policies of banks practices, and macro level factors including green culture among others. There is tremendous scope for research exploring the association between these antecedents of sustainable green banking practices on environmental performance. Banks like other institutions have potential to impact environment in either ways i.e. positive or negative. Theories which based on natural and value norms, checks the green practices (green banking operations, investment and policy) on bank's environmental performance with mediating role of environmental obsessive passion. Data were collected from 241 banks in Karachi. As a result, Green banking operations, investments, and policy have a substantial impact on the adoption of*

*environmental performance this also implies that relationship of bank values and behaviors with corporate environmental performance. Such proposed study can access to network and identifies the variables which help justified level of research to improve banking practices in the banking environment. Also, this study aids in the explanation of literature in green banking, which accelerates research in the same domain.*

*Keywords: Bank practices, environmental performance, environmental obsession passion, green banking practices, green policy*

## **INTRODUCTION**

The whole world is persistently recording climate change as well environmental disaster making the world more polluted which means that since the scholars start discussing environmental issues the impact on environmental performance is unknown to the international community. Addition to green banking in asian region specifically to Pakistan has shown a positive attitude towards the green banking practices in recent years. For this mainly banks play a greater role in promoting and implementing green banking practice to improve banking financial stability as well as eco-friendly environment for better performance within the banking environment Palakiyèm Kpemoua (2016); Ntagungira, Camara, and Bougonou (2017). This implies that for the past three to four years, the implementation of green banking practices grew by positive, indicating a decrease in environmental hazard, the real term which forms the biggest point of reduction in banking pollution Palakiyem Kpemoua (2016). Recognizing environmental challenges Global events have put pressure on various companies, adding the banking industries, particularly banking sector, to acknowledge green management practices and sustainable banking practices. This introduces significant responsibilities and possibilities on banks. Some strategic actions are not similar to the environment, however, their eco-friendly strategy would might have significant influence on the environmental performance. However, the banking industry consumes the most resources such as paper and power due to its huge network of automated teller machines and branches. Regardless, digital banking technology and enabling greenhouses projects developed throughout can help to reduce the negative impact on banking environment to a larger degree. As a response, there is indeed a larger demand for environmentally friendly banking practices to be researched included in daily operations, investments, policies and so on.

This paper explores the influence of bank's sustainable practices on environmental performance, as well as the mediating influence of environmental obsession passion on bank environmental performance, which is a crucial component within banks to enhance and to adopt

eco-friendly banking practices, by highlighting the value at the banks, social, and financial levels (Mohammad Masukujaman et al. 2017). According to several researches, adopting green banking practices by banks aids in customer retention, which may lead towards an appropriate environment performance of the banks (Iqbal, Nisha, Rifat, and Panda 2018), Financial stability policy, financial regulatory policy, credit allocation policy, and market creating policy are all examples of banking policy are all examples of green banking policy instruments Volz (2018). Theories contend that the the efficacy of these programs is developing owing to a less availability of relevant data and methodology for comparing performance between developed and poor countries. Some scholars examine the performance of banks green credit policy; Instead, these studies are few and produce inconsistent results, primarily regarding policy implementation or target achievement Mengqi and Jin Ren et al. (2016). According to Barling (2013), obsessive passion based on environment is a driver of management environmental performance. According to Afsar (2016), bank's obsessive passion is predictor of pro-environmental practices. Banks Obsessive passion is the outcome of consciously incorporating an activity into one's identity. Such consequences result from individual 's psychological and/or societal pressure, either because certain variables, such as sense of social acceptance or self-esteem, are linked with the action, or if the sense of enthusiasm obtained from environmental changes becomes obsessive Jackson & Seo (2010). These studies, taken together, shed light on environmental passion's capacity to mediate environmental performance in a higher educational context. Investigating green practices research Boiral, (2009) and environmental passion Robertson & Barling, (2013), the current study intends to add to this emerge of research by investigation bank's obsessive passion as a mediating effect in affiliation between bank's green practices and environmental performance.

## LITERATURE REVIEW

Environmental management practices and banking performance, knowing such a connection seems to be critical because banks are progressively being held accountable for being both profitable as well as environmentally sustainable (Lankoski 2000; Günther et al. 2004; Orlitzky et al. 2011). However, the findings of these studies don't provide a systematic and coherent view (see Günther et al. 2004; Molina Azzorn et al. 2009). It is still unclear which variables mediate or influence the relationship (Lankoski 2008). The deficiencies are primarily attributed to study methodological flaws and environmental performance measurement issues (Salzmann et al. 2005). It is currently unknown how these measures are causally linked in order to explain the various study results. It's also unclear how they relate to the Environmental construct. The lack of theoretical foundation has been criticized by many

academics (Salzmann et al. 2005; McWilliams et al. 2006). On a normative level, the question of how to measure environmental performance correctly arises, prompting several scholars to call for more research (Günther et al. 2004; Weber 2008; Orlitzky et al. 2011).

Green banking entails business practices that emphasize economic and social development with such a greater aspect on environmental health (Hart and Dowell 2011). This definition has three interpretations. To initiate, (Jones, York, Vedula, Conger, & Lenox, 2019) the purpose of green investments is to support environmentally beneficial projects, with environmental benefits including environmental improvements, coping with climate change, and resource efficiency. Second, according to Shaumya and Arulrajah (2016), it directs employees' daily operations to ensure environmental accountability, which aids in carbon footprint reduction (Masud, Kaium, Hossain, and Kim 2018). Banks' performances were evaluated based on management quality and loan growth. According to Mahmoudi (2020), adopting QES (Quality, Environment, and Social) standards has a significant positive effect on goods exports and services, particularly in developing countries. According to Shankar (2020), banking operations needs to be more sustainable by encouraging adoption of greener practices implemented by the management of the bank. It is transparent that a bank's green policy includes banking services that assist banks in adhering to the State Bank of Pakistan's guidelines on green initiatives, project operations, and risk assessment. Green banking primarily refers to banks' environmental responsibility and performance in daily operations (Bai, 2011). According to Borgers and Pownall (2014), investors have a positive attitude toward the environment of banks because of the environmental and social benefits. Green banking practices, according to Naranjo (2014), are a key approach by firms to build a positive image and aid in the development of management practices. Green banking, according to Riffat, Powell, and Aydin (2016), helps firms, customers, and governments strengthen their relationships. According to the bank's operations Arulrajah (2017), adoption of green practices in everyday activities which use the least amount of energy and promote online banking practices to lower the cost of operations in solid form, such as paper.

Indicators of performance are based on processes (efficient use of raw materials) and structures (effectiveness in meeting eco-efficiency targets) as well as refer to a financial performance measures (economic efficiency in implementing environmental programs). Data are evaluated physical and financial environmental effects. Ilinitch (1998). Banks must achieve important environmental certifications and standards to ensure environmental performance. Achieve regular goals for energy conservation, recycling, and waste reduction techniques while saving a significant amount of money. To get a current update on environmental performance balance, a timeline should be established based on previous years. Green operations practises

related to banks are those that 'contribute to the improvement of environmental performance in firms' operations (Nunes and Bennett 2010). Green operations include the use of cards that banks can provide to their customers. In order to obtain approval, banks implement green operations practices as a result to gain competitive advantages and superior environmental returns McLaughlin (1996) by providing customers with user-friendly mobile and internet banking facilities. Banks have adopted various environmental strategies that focus on internal green management, such as environmental management systems, to address environmental concerns Zhu and Sarkis (2004).

Operations is a critical functional department in charge of product design, manufacturing, and distribution (Klassen and McLaughlin 1996). Employee operations practises take these operational decisions into account with the goal of identifying potential opportunities and threats related to improving the firm's environmental performance (Drake and Spinler 2013). Green product/process design is an important tool for enterprises producing green products that allow them to reduce or eliminate emissions and wastes (Agrawal and Ülkü 2013; Tibor and Feldman 1996). Previous research has discovered a link between green product/process design and environmental performance (e.g. Green et al. 2012; Zhu and Sarkis 2004). When a company accepts environmental efforts as a strategic imperative and has the commitment and support of the top management team, the company can move forward with the implementation of green product/process design (Green et al. 2012). Green banking policies relating to banks play a key role in putting green policies into actions (Renwick, Redman, & Maguire, 2008, 2013). Bank-related Green banking practises include green training and green performance management. Organizations have discovered that establishing a reputation as an environmentally conscious employer is a beneficial strategy (Phillips, 2007; Stringer, 2009). According to research, corporations can safeguard the environment by integrating banking policy with green environmental performance (Epstein & Roy, 1997). Organizations can encourage management to develop environmental preservation skills and focus on environmental issues through green training, allowing them to achieve their environmental goals (Baumgartner & Winter, 2014; Kim et al., 2019; Saeed et al., 2019). The green bank's strategy is established in a reward management style to attract, retain, and motivate management to contribute to environmental goals (Jabbour, de Sousa Jabbour, Govindan, Teixeira, & de Souza Freitas, 2013; Mandip, 2012; Saeed et al., 2019). As a result, green banking practises are critical to developing environmental enthusiasm. Pakistan has also seen a slew of environmental concerns, including rising population, haphazard application of efficient technology, and a poorly managed waste management system (Bukhari et al. 2020). Few of the banking technologies contributing to the green environment are online banking, online bill payment, and other financial transactions, i.e.

boosting the encouragement of online digital activities (Miah, Rahman, and Mamoon 2020). There is still a dearth of research and understanding in corporate policies, bank development, and customer-related activities (Bukhari et al. 2020).

Obsessive passion is the outcome of a deliberate integration of the activity into one's identity. Internalization results from intrapersonal and/or interpersonal pressure, either because particular contingencies, such as feelings of social approval or self-esteem, are associated with the activity, or because the sense of exhilaration received from activity involvement becomes uncontrolled. According to research, when management is worried about their environmental performance, they will contribute to extrarole activities and become involved in their bank's green practises (Pham et al., 2019; Jackson & Seo 2010). When banks engage in green activities such as green banking, they become more passionate about the environment and will go above and beyond their real work responsibilities (i.e., job description), eventually adding to the organization's environmental performance. Banks with environmental passion operate more energetically for the betterment of the environment, which has a favourable impact on bank performance and organisational performance. Researchers have yet to establish a solid conclusion about the impact of pressures on company environmental performance (Kassinis and Vafeas 2006), and there is limited empirical evidence that environment pressures improve environmental performance. Higher pressures are connected with lower hazardous emissions, while varied traits and dependencies are associated with varying levels of environmental performance (Darnall, Henriques, and Sadorsky 2010). The environment fixation pressures scale was largely adapted from Delmas and Toffel (2008); larger and older manufacturers may have more resources for implementing green operational methods in order to counter employee pressures (Bowen 2002; Darnall, Henriques, and Sadorsky 2010). Environmental pressures and demands from various organisations are a significant motivator for businesses to implement green operations methods in order to improve environmental performance.

## RESEARCH METHODOLOGY

### The Study

This research proposes to investigate the influence of a bank's green practises on environmental performance, which necessitates objective measurement, for which a quantitative data gathering method will be applied. Surveys or questionnaires are usually more appropriate in research with an explanatory study design. The necessary information from responders will be obtained through a written series of questions on a 5-point scale. To collect data, a self-administered cross-sectional survey approach (containing both online

and offline channels) will be employed, which is regarded a good method of testing the model and relationships (Cobanoglu & Cobanoglu, 2003). The responses of the respondents will be summarised and examined to generate generalisations. The generated questionnaire will be distributed to the intended respondents both online and offline. Following in the footsteps of Carey et al. (2011), we employed ordinary least squares analysis to assess our hypotheses using reliability, discriminant, and convergent validity analysis. We employed the methodologies proposed by Baron and Kenny to test the mediating effect of Environment obsessive passion (1986). The testing strategy is the most commonly utilised method for evaluating mediation (MacKinnon et al., 2002). Primary data collected from the sample were examined using SPSS, a computer-based statistical data analysis tool, to calculate descriptive statistics using basic regression analysis. This study's suggested model has five latent variables. Furthermore, the current study intends to investigate the impact of green activities on banks environmental performance, as well as to explore a novel framework.

### **Sampling and Data collection**

The sample is a subset of the entire population, and inferential statistics is to generalize from the population (Cooper and Schindler 2008). This research is focused on Pakistani context in which vast population is employed in banking sector. Keeping in view the testing model of the research, firms/entities are becoming more concerned about their environmental performance. The profile of sample consists of bank, job position, gender, age, educational qualification and working experience. Data were collected from 241 Banks. Sample will be collected from commercial banks. Out of 241 respondents are managers, assistant managers, officers, banking assistants, and other staffs. Mostly are males and some of them are females. Among the total number of banks in different districts of Karachi we used convenient sampling techniques. Convenience sampling technique shall be used for the purpose of collection of data as less heterogeneity is expected in the respondents. We collected data from banks occupying different positions in the banks. Population of this study are the of banks operating in Pakistan. For the purpose of this research, the theoretical population of are those people who also hold at least are managers of any bank operating in Pakistan.

### **Operationalization of Variables**

The structured questionnaire of this study consists of three parts. Part I: data on bank profile. Part II: regarding banks green practices. Finally, in part III: Banks were asked to provide their views on environmental performance of their banks. Five point Likert scale

was assigned to measure the variables of the study and all are closed questions. The dimensions are: daily operation related practice was measured by using four items such as reduce paper usage, energy efficient equipment's, e-waste management and eco-friendly green practices, Bank's Investment related practice was measured by four items such as green loan, green projects, facilitate green enterprises and green credit evaluation, and Bank's policy related practice was measured using five items such as green branches, green policy, green partnership, green strategic planning and green procurement. Each item of this instrument was rated using a five-points Likert scale (1 = strongly disagree to 5 = strongly agree) to indicate how respondents agree or disagree regarding availability of green practices in their banks.

Table 1: Operationalization of Variables

Symbol	Variables	Source
<b>GBO</b>	Green Banking Operations	Chen, and Gerlach (2013)
<b>GI</b>	Green Investments	Garanti and Popoola (2018)
<b>GBP</b>	Green Banking Policy	Garanti and Popoola (2018)
<b>EOP</b>	Environmental Obsessive Passion	Afsar et al. (2016) and Robertson and Barling (2013)
<b>EP</b>	Environmental Performance	Montabon et al. (2007)

### Conceptual Framework and Hypothesis Development

In order to validate the findings from the study, quantitative analysis will be carried out using statistical tools. To this end, the following hypotheses are formulated for testing.

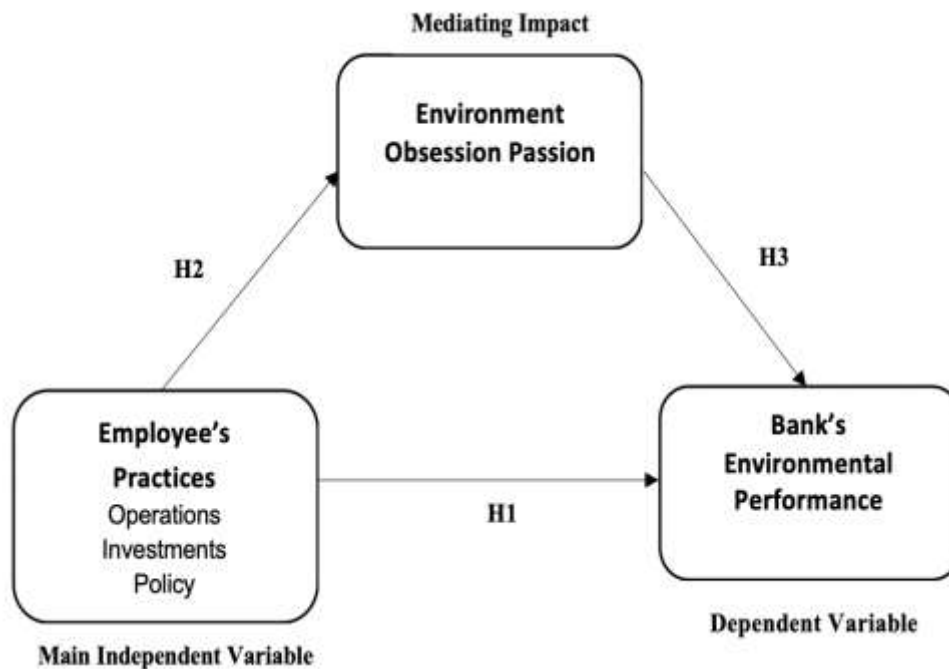
*Hypothesis 1:* Bank's Green practices include Banks Operations, Banks Investments, and policy will relate positively on Environmental Performance.

*Hypothesis 2:* Bank's Green practices will relate positively to environmental passion.

*Hypothesis 3:* Obsession passion will mediate the link between bank's green practices and bank's environmental performance.



Figure 1: Conceptual Model



From the framework, banking practices is expected to impact the bank's environmental performance by changes in any of the following control variables, which includes Banking Operations related practices, Investments related practices and Banking policy related practices. By putting all the variables together, the research might suggest some significant impact on the environmental performance. According to theories, the control variables will strengthen the main dependent variable by making the impact seen. Again, from the framework, bank's green practices influences obsession passion which mediates the relationship between banking practices and environmental performance. The conceptual framework of a study "sets the stage" for the presentation of the particular research question that drives the investigation based on the problem statement Wigton and McGaghie (2001). The problem statement of a thesis presents the context and the issues that caused the researcher to conduct the study. From theories, it is clear that every bank has some major components to evaluate banking performances. To evaluate bank's performance green practices is made up of these three major components;

- Bank's green operations related practices (private and commercial banks),
- Bank's green investment related practices,
- Bank's Green Policy related practices.

## ANALYSIS AND RESULT

### Demographic Analysis

Demographic analysis seeks to determine the trajectory of personal factors variables in a specific area and time period. Group analyses, for example, are feasible in which the behaviour of a certain group is tracked over time Klimczuk (2001). The respondent's information on gender, age, education level, and experience in number of years in banking industry has been recorded in demographic section. Table 2 represents that 56% survey respondents are male, while female respondents share 44% in the total survey respondents. Overall 4.5% of the respondents are below the age of 25, 20% are 26 to 35, 52.5% are 36 to 45, 22% are 46 to 55, and 3% are 56 years and above. Regarding education, 8% of the respondents have doctorate degree, 60% hold master's degree, 35% have bachelor's degree, and 2.5% have other qualifications. Concerning the amount of experience in the banking business, 5% of respondents answered that they had been operating for the bank for less than 3 years, 35% for 4 - 6 years, 40% for 7 to 9 years, 17.5 percent for 10 to 14 years, and 2% for 15 years or more.

Table 2: Demographic characteristics

Attributes	Category	Distribution %
<b>Gender</b>	Male	56
	Female	44
<b>Age</b>	Under 25 years	4.5
	26-35 years	20
	36-45 years	52.5
	46-55 years	22
	56 years and above	3
<b>Qualification</b>	Bachelors	35
	Masters	60
	Doctorate	8
	Others	2.5
<b>Years of Experience</b>	< 3 years	5%
	4-6	35
	7-9	40
	10-14	17.5
	>15 years	2

## Measurement Model

Once the uni-dimensionality of the measurement scales is established, an assessment of the statistical reliability is necessary before conducting any further validation analysis (Ahire, Golhar, and Waller 1996). This study examined the measurement-model through reliability, discriminant, and convergent validity (Hair et al., 2017). Convergent validity and reliability of all constructs were investigated through Composite reliability (CR), Cronbach's alpha (CA), and Average Variance Extracted (AVE), and the factor is loading. Convergent validity can be ascertained if the loadings are greater than 0.5 (Hair, Black, Babin, & Anderson, 2010). Composite reliability greater than 0.7 (Gefen, Straub, & Boudreau, 2000) and the average variance extracted is greater than 0.5 (Fornell & Larcker, 1981). Results in table 3 show that environmental pressures from different groups (such as customers, suppliers and competitors) have a significant positive effect on the adoption of green operations practices such as internal green management. Environment Obsession pressures are important antecedent factors influencing the implementation of green operations practices, especially adopting internal green management. This finding is consistent with the principles of ST, which explain firms' implementation of green operations practices as a response to different requirements, expectations and preferences (Buysse and Verbeke 2003; Donaldson and Preston 1995; Freeman 1984; Ramanathan, Poomkaew, and Nath 2014). If CR and CA have values more than 0.7, and also the AVE values are more significant than the required value of 0.5. Besides, all constructs' factor loadings fall within the necessary range of being equal or greater than 0.5 with the significance value of  $p < 0.01$ . The findings show that the measurement model meets all goods' convergent validity and reliability (Cohen, 1988). Further discriminant validity was measured through the Fornell-Larcker's method, a traditional approach, and required that the AVE's square root be more than correlated values (Fornell and Larcker, 1981). *Fornell Larcker's* method, as in the following table indicates that the measurement model meets the criteria of Discriminant Validity square root of the AVE values are greater than the correlated value of the constructs.

Table 3: Measurement model through reliability, discriminant, and convergent validity

	CR	CA	AVE
<b>Green Banking operations</b>	0.903	0.936	0.830
<b>Green Investment Related Practice</b>	0.872	0.917	0.787
<b>Green Policy Related Practice</b>	0.846	0.893	0.678
<b>Environmental Obsessive Passion</b>	0.851	0.833	0.777
<b>Environmental Performance</b>	0.901	0.927	0.717

## Structural Model

The structural model analysis was made through explanatory-power ( $R^2$ ) and path coefficient ( $\beta$ ) values the exogenous variables explain the significant variance in the endogenous variables (Environmental performance and Environmental obsessive passion) with  $R^2$  0.313 and 0.645, respectively. According to the standards, the value of 0.75 is considered substantial, 0.50 as moderate, and 0.25 as weak (Hair et al., 2017).

This study used bootstrapping techniques with 5,000 samples (nonparametric inference technique) to check the hypotheses' validity. Perceived green banking operations (GBP), Green Banking Investment (GBI) and Green Banking Policy (GBP) have a significant positive influence on Environmental performance (EP) with H1a  $\beta$ 0.249,  $t$  5 2.811, H2a  $\beta$ 0.256,  $t$  5 2.958, and H3a  $\beta$  0.760,  $t$  7.602, respectively. In addition, GBO, GBI and GBP also impact EOP positively. Relating the effect between bank's green banking practices and environmental performance was tested using the procedure suggested by Hayes and Preacher (2014). It proposes that greener practices would moderate the strength of the mediated relationship with the banks green practices and environmental performance such that impact with higher green values than with low individual green values. Study revealed that the GBO and EP H4  $\beta$  0.170,  $t$  2.633, with H5  $\beta$  0.081,  $t$  1.421 and H6  $\beta$  0.028,  $t$  0.466, respectively. In light of the above, it is suggested that the influence of banks green practices on environmental performance is statistically more significant via environmental passion with high individual green values than with lower green values. Mediation effect of EOP was tested through a series of steps as proposed by (Nitzlet al., 2016). This study assessed the indirect impact of bank's green practices on Environmental performance through the environmental obsessive passion.

As per structural model we can see Hypothesis 1, 2 and 3 significantly enhance environmental performance which the study found that environmental passion also supports in the similar vien if we add environment obsession passion into regression model the significant indirect impact of GBO and GBP with  $\beta$  0.192,  $t$  2.768 (H7) and  $\beta$  0.585,  $t$  6.399 (H8) respectively. However, the indirect impact of GBI was insignificant  $\beta$  0.052,  $t$  0.759 (H9). The results are stated in Table 4 which suggested that environmental passion partially mediates the association between bank's banking practices and environmental performance is also proved.

Table 4: Results of Hypothesis test using Structural Equation Model

Path (Hypothesized)	$\beta$	t-values	Code of Hypothesis	Decision
GBO->EP	0.249**	2.811	H1	Supported
GBI->EP	0.256**	2.958	H2	Supported
GBP->EP	0.760**	7.602	H3	Supported
GBO->EOP	0.389**	3.714	H1	Supported
GBI->EOP	0.279**	3.091	H2	Supported
GBP->EOP	0.555**	4.511	H3	Supported
<b>Mediating/Interaction effect</b>				
GBO->EOP->EP	0.192**	2.768		Supported
GBI->EOP->EP	0.052	0.759		Not supported
GBP->EOP->EP	0.585**	6.399		Supported

As we can see to examine the mediation effect of environmental obsessive passion on the association between green practices and environmental performance. reveals that green practices significantly enhance environmental performance which supports Hypothesis 1, 2, 3. Similarly bank's green practices positively correlate with environmental obsession passion thus the data supports. In the similar vein after we added environmental passion into regression model the effect of obsession passion on environmental performance marked reduced ( $\beta = 0.052$ ). In addition, our data support the positive effect of environmental passion on environmental performance. Hence it is observed that that environmental passion partially mediates the association between green bank's green practices and bank's environmental performance which is also proved.

## DISCUSSION AND CONCLUSION

The study aimed to investigate the influence of employees' green banking habits at selected Pakistani banks Data were evaluated utilizing structural equation modelling to test the validity, consistency, and structure relevance of the study model's variables. The findings were consistent with many earlier worldwide research Bukhari al (2020), and the results suggested that all three identified criteria had a substantial impact on the bank's environmental performance. Similarly, all three green banking practices also impact the environmental obsessive passion significantly. These findings ascertain that day to day banks operations

demand to meet the requirement of Green environment which are manifested on daily basis. As regards banking policies and investment, they are concerned with the internal businesses practices which are not visible unless enquired about. The mediating impact of environmental obsessive possession, it mediates the relationship between green banking operations and green banking policies but not green investment. This implies that as implies directly get influenced by day to day operations and banking policies which tend to instigate passion of the environment.

However, as green investments by banks are strategic tools which don't have potential to influence the banks directly and instant thus no mediating impact of environmental passion in case of investment conforms to the findings of the literature. The findings have ramifications for both bank managers and academics. The study offers a solid foundation including both managerial as well as theoretical implications because it used an adequate approach and ensured reliability and validity. This empirical study investigates current existing green banking practises in Pakistan. The conceptual model established through this research serves as a useful tool for measuring the intention of green banking adoption. As a result of this study, investors and analysts will have a better understanding of the application of sustainable ecofriendly banking practises and how these practises affect bank performance in general. This could be used to evaluate future bank green practises acceptance as well as improving greener conditions in Pakistan. This research has significance for policy and regulatory formation in the Pakistan banking sector. Policymakers at the institutional level should make an effort. The Financial services Authorities of Pakistan should make it mandatory for everyone listed banks must reveal their green banking initiatives in their final reports in order to increase public awareness of such practises. Furthermore, the Central Bank (SBP) must provide a strong strategic framework for banks to implement staff green practises that contribute to environmental performance. Furthermore, the government should integrate green banking practises for financial organisations as a condition in corporate governance rules.

## **FUTURE RESEARCH**

In the future, researchers should test and validate the results or findings in different contexts and cultural backgrounds. This study was cross-sectional. Future researchers may use longitudinal research design to identify or unveil the role green banking practices in impacting environmental performance. Moreover, this research can also be further extended with an extended sample size, and studies would be of a greater value if comparison is made between conventional and Islamic banks or national and multinational banks in the paradigm of green banking practices.

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